

Pakistan's Compliance with WTO Trade Facilitation Agreement: Progress and Challenges

Pakistan's Compliance with WTO Trade Facilitation Agreement: Progress and Challenges

Zeeshan Memon

Institute of Law, university of Sindh, Jamshoro, Pakistan.

Email: zeeshanmemon96@outlook.com

Maqbool Ahmed Bozdar

Department of Business Administration, University of Sindh, Jamshoro, Pakistan.

Email: maqboolahmed1992@hotmail.com

Adeel Ahmed

M.Phil, Department of Political Science, University of Sindh, Jamshoro, Pakistan.

Email: adeel.bozdar@scholars.usindh.edu.pk

Received on: 25-04-2024

Accepted on: 26-05-2024

Abstract

This research examines Pakistan's adherence to the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) while concentrating on the achievements and obstacles faced. The study identifies crucial themes through a qualitative assessment of available literature on trade facilitation changes in Pakistan. The analysis reveals important enhancements in customs processes and trade facilities caused by reforms and digital transformation. Still obstacles including political instability and resource limitations remain. Research emphasizes the importance of improved collaboration among stakeholders and the acquisition of global technical support for aligning national trade policies with global standards. To achieve the gains from the TFA and enhance Pakistan's trade efficiency and economic development these strategies are vital.

Keywords: WTO Trade Facilitation Agreement, Pakistan, trade efficiency, customs modernization, policy implications

1.0 Introduction

The WTO's Trade Facilitation Agreement works to promote faster release and movement of goods at global trade borders. In 2013 the WTO focused on minimizing trade fees and improving openness while boosting effectiveness globally for developing countries. By taking part in the WTO Ghana intends to complete vital TFA tasks to reform its customs systems and boost international trade. This agreement could profoundly affect Pakistan's trade sector thanks to its strategic place and its opportunity as a central logistics point.

The success of Pakistan's economy largely hinges on smooth trade processes since they reduce impediments to worldwide trade involvement. Facilitating trade can strengthen

Pakistan's Compliance with WTO Trade Facilitation Agreement: Progress and Challenges

export competitiveness and raise the appeal of foreign direct investment as well as augment economic growth (Khan et al., 2021). The trade and customs systems in Pakistan are evolving through multiple projects focusing on bettering them through the introduction of the Pakistan Single Window system and adjustments in customs policies. By making these modifications we can cut down the time and finances needed for trade at borders to improve the standing of Pakistani goods in the international market.

Despite the country's efforts, it contains many difficulties to thoroughly implement the TFA. Political volatility, long and cumbersome formalities, and lack of sufficient resources impede the proper adoption of trade facilitation initiatives (Hussain et al., 2021). Furthermore, the inefficient linkages between various government bodies and other entities are facilitating hindrances to proper and effective trade developments (Habib and Tanveer, 2020). Mitigating these challenges is crucial if Pakistan is to harness all the benefits from the TFA and gain a better fitting into the global trading system (Rathore, Mahesar, & Rathore, 2024).

Therefore, this paper pay attention to the role of trade facilitation for Pakistan. Pakistan is a member of the South Asian Association for Regional Cooperation (SAARC) and shown improved trade standards may help in increasing the level of trade integration and cooperation in the region easily (Khan & Khan, 2021). Besides, the enhancement of TFA can contribute to better export diversification, export diversification away from the key traditional partners, and better exploring new trading opportunities with the current and other trading partners within the region and beyond (Afza & Ghafoor, 2017). Therefore, it is essential to make a qualitative review of Pakistan's WTO TFA fully to assess the advancement made, the issues encountered, and expect strategies required to address these challenges for further improvement in this country's economy (Ahmed, Baloch & Abbas, 2023).

2.0 Objectives of the study

This research paper is designed to analyse the status of Pakistan's implementation of WTO Trade Facilitation Agreement and measures the progress and challenges which may offer strategic suggestions for improvement of trade facilitation in Pakistan.

1. To review the current status of Pakistan regarding the WTO TFA measures implementation status.
2. To examine the distinctions in the participants' responses regarding the factors that challenge the WTO TFA full compliance by Pakistan.
3. To offer long-term blueprints for the elimination of trade barriers and improvement in trade facilitation in Pakistan.

3.0 Literature Review

The WTO Trade Facilitation Agreement (TFA) agreed in 2013 but in force from 2017 is designed to liberalize and harmonise procedures for trade and thus cut costs. Global status of implementation of TFA is gives by Peterson (2020) with referencing the compliance level depict by member countries of TFA. The major among them are as follows: to simplify and facilitate the process of cross-border transport, export and import of goods, to facilitate better cooperation between customs and other authorities, and to facilitate and improve technical cooperation and capacity building for the development of the developing and LDCs Parties. On the subject of the involvement of the Muslim countries in WTO, Tarar and Bhatti (2022)

Pakistan's Compliance with WTO Trade Facilitation Agreement: Progress and Challenges

noted that many of the WTO member countries are still struggling to meet the TFA's requirement that has taken power and effectiveness due to inadequate funding and institutional support systems. Kumar et al (2020) emphasize on regional integration in South Asia, and they pointed out that standard implementation of TFA measures can open up opportunities for trade within the region.

As trade cost decreasing mechanisms under the TFA, various trade facilitation measures influence developing countries greatly because of the simplification and standardization of international trade practices. Noreena and Mahmoodb (2024) look at how TFA measures can be applied in Pakistan's agriculture sector to lower high trade costs and hence improve on export scales. This paper by Akbari (2021) analyse WTO transit regime for landlocked countries and exploring how better trade can enhance regional transit arrangements; with reference to the case of Afghani transit trade with Pakistan. Kumari and Bharti (2021) look at the correlations between trade facilitation and governance and conclude that good governance is essential to optimise the impacts of trade facilitation measures in the new normal trade regime post COVID-19. de Silva [2024] affirms South Asia's prospects as a large trade bloc is being held back by inadequate TE, and it must be aligned with WTO to boost SA TRADE.

To fulfill its commitment to the WTO TFA, Pakistan has started several measures to enhance the structural reforms of the customs procedures in the country. Haider (2022) describes a summary of reforms in Pakistan Customs since 2000 and argues that impacts have emerged with enhanced performance of the customs. Mufti, (2024) contemplates the trade potential and challenge for Pakistan with its neighbors with focus on the trade facilitation as a tool of improving the level of regional integration. In his study, Hussain et al. (2021) analyse the effects of Government Procurement Agreement when Pakistan joined the programme under the WTO for enhancing the transparency and effectiveness of procurement activities in governmental organizations. Shad (2021) examines a positive factor or GSP+ that Pakistan enjoys in the European Union, with specific reference to trade facilitation measures as compliance in order to sustain preferential trade management access.

3.1 Theoretical Framework

Literature review stems from the theoretical perspective of trade facilitation where the removal of barriers and/or improvement of customs procedures lead to enhanced trade efficiency and economic improvement in the trading countries. In the following Ghafoor, Khan, and Abbasi (2022) through examining the case of China's accession into WTO offer insights on strategic and structural trade policy implications regarding comprehensive trade facilitation for the developing member countries. The study by Akram et al., (2024) looks into the effect of trade agreements on the volume of bilateral trade, and case of India-Sri Lanka; and gives a meaning into the role trade facilitation can play to make the existing trade agreements effective. A national study on digital trade integration of Pakistan is offered by ESCAP in the year 2021 capturing the aspect of digitalization thus lowering the transaction costs in trade.

Impact on Trade and Economy

Some of the measure for trade facilitation aimed at minimizing transaction costs, improving

Pakistan's Compliance with WTO Trade Facilitation Agreement: Progress and Challenges

the trade's competitiveness, and attracting foreign investment has significant effects on a country's trade and economy. According to Peterson (2020), it was evident that an improvement of measures put in place to facilitate trade, flows and stock of trade usually exhibited enhanced economic growth. As similar to Haider (2022)'s arguments, the study shows that trade performance of Pakistan has got benefited from the customs reforms and it argues that the optimistic impacts could get exploited if used in future. The authors Kumar, Begam and Noman (2020) suggest that the implementation of TFA in South Asia can act as a Step for regional integration that will in drive the regional economy for the benefit of the member countries. Akbari (2021) also presents the following advantages of the enhanced transit trade for the landlocked countries which can be also applicable for Pakistan because of its proper geographic location as well as its trade corridors.

Challenges and Acclamations

Nevertheless, Pakistan still has many issues that prevent it from achieving full compliance with the WTO TFA, such as the political situation, and also bureaucratic indicators, as well as financial and time constraints. According to Noureena & Mahmoodb 2024, more effective cooperation needs to be established between different stakeholders to eliminate these challenges. Hussain et al. (2021) argue that more over, it is time for joint international cooperation and technical support to resolve the problem of limited resources and improve the effectiveness of developing human capacities. According to Shad (2021), for Pakistan to sustain and even enhance its GSP plus and other PTAs liberalisation and facilitation measures must be upheld. Ghafoor, Khan, and Abbasi (2022) proposed that domestic trade policies should be in advance with the international policies of trade to have enhanced trade facilitating effect.

Therefore, the literature points out the following key implication of the WTO TFA Trade Facilitation on Trade and development especially to the developing countries of which Pakistan forms part. Significant improvements are seen, but much work should be done, and every government, business organization, non-governmental organization, and international organization must work together to overcome the difficulties mentioned above.

4.0 Methodology

Based on this research, a Qualitative content matrix analysis was used to assess Pakistan's level of implementation of WTO TFA implementation and obstacles experienced. The content matrix analysis adopted involved a process of coding and categorizing relevant works encompassing policy reports, official documents, and academic articles, among others, with the aim of exposing patterns and themes (White, et al., 2006) associated with the structural as well as the actual implementation of TF measures in Pakistan.

The identification and categorization of content matrices followed several steps. First, the literature was searched and reviewed according to the aim of the research methodology section with regards to the high technology firms' method of entry into the international market. Second, leading topics and subtopics concerning the measures in trade facilitation, achievements, obstacles, and compliance emerged. Literature was then reviewed and analyzed to determine the relevance of the information presented in the paper according to the applied themes. This coding procedure helped make the data neat and orderly, so that

Pakistan's Compliance with WTO Trade Facilitation Agreement: Progress and Challenges

comparisons could be made between various references (Maxwell, 2012). These findings were then integrated to present a coherent picture on the state of art and challenges and opportunities of trade facilitation in Pakistan.

5.0 Analysis

Organization and evaluation of literature involves grouping and structuring the themes and discoveries made in the materials provided into a systematic content matrix. The categories identified for this analysis include: WTO TFA, Trade Facilitation Measures & Their Effects, Pakistan's Trade Facilitation Initiatives, Effect on Trade & Economy & Problems & Hints.

5.1 Content Matrix Analysis Table

<i>Category</i>	<i>Source</i>	<i>Key Findings</i>
<i>Overview of WTO TFA</i>	Peterson (2020)	Emphasises on the extent to which the WTO TFA has been implemented across the world where member countries are not fully compliant. Stresses the main goals of facilitating the crossing, delivery and clearance of commodities; strengthening partnership, and increasing technical support for development and least developed countries.
	Tarar & Bhatti (2022)	Explains the problems encountered by Muslim nations in implementing the TFA standards because of restricted funds and institutional capabilities.
<i>Trade Facilitation Measures and Their Impact</i>	Kumar, Begam, & Noman (2020)	Stresses out the importance of regional integration in South Asia as well as the contribution of TFA measures in promoting integration of economic cooperation and trade in the region.
	Noureena & Mahmoodb (2024)	Analyzes to what extent effective TFA measures in agriculture PK sector can contribute to reducing high trade costs and improve export advantage.
	Akbari (2021)	Analyses the impact of better trade facilitation for the group of LLS members with the special reference to Afghanistan transit trade with Pakistan.
	Kumari & Bharti (2021)	Explores the relationships between the two concepts by arguing that the subject of trade facilitation cannot function optimally except if accompanied by effective governance to aid in the realisation of the most value in the newly crafted post COVID19 trade options.
	de Silva (2024)	Stating that South Asia, as a promising future large trade bloc, lacks compelling facilitation to fulfill its potential and should enhance its compliance with WTO norms.
<i>Pakistan's Trade Facilitation Efforts</i>	Haider (2022)	Offers a post-reform assessment of Pakistan Customs since 2000 and suggests enhanced

Pakistan's Compliance with WTO Trade Facilitation Agreement: Progress and Challenges

		relevance with better performance.
	Mufti & Ali (2024)	Analyzes Pakistan's potential and issues with its neighbors to examine trade facilitation processes impact on the regional institutional arrangement.
	Hussain et al. (2021)	Discusses the opportunities and challenges that Pakistan faced after joining GPA of WTO for the Government procurement agreement to increase transparency and cost saving in procurement.
	Shad (2021)	Identifies Pakistan's GSP+ status in the EU and touches on the issues and opportunities in sustaining trade preference that takes into focus trade enabling measures.
	Ghafoor, Khan, & Abbasi (2022)	Covers the accession of China into the WTO and the provision of a detailed overview of trade enabling measures that developing countries need to undertake.
	Akram et al. (2024)	Analyzes the effect of trade agreements to the bilateral trade with greater emphasis to India and Sri Lanka Trade liberalization as seen through enhanced agreement effectiveness.
<i>Impact on Trade and Economy</i>	ESCAP (2021)	Provides a national perspective on digital trade integration in Pakistan to foster the trade and minimize transaction costs.
	Peterson (2020)	Points out that nations with efficient trade standard controls enjoy higher volumetric trade figures and sound economic growth rates.
	Haider (2022)	Outlines much of the positive effects of the customs reforms and makes suggestions on how much additional benefits can be derived in the case of Pakistan.
	Kumar, Begam, Noman (2020)	Stressing that regional integration in South Asia (as enabled by the TFA) can deliver large economic benefits.
<i>Challenges and Recommendations</i>	Akbari (2021)	Emphasizes the importance of enhanced transit trade for the LLDCs as applicable to Pakistan's position and transport corridors.
	Noureena & Mahmoodb (2024)	Recognizes coordinated relationships among actors as a means of addressing Polity/Democracy, Government Effectiveness, Regulatory Quality, Control of Corruption, and Starting Power Source.
	Hussain et al. (2021)	Affirms that capacity- building requires international cooperation and technical assistance due to resources constraints.

Pakistan's Compliance with WTO Trade Facilitation Agreement: Progress and Challenges

Shad (2021)	Suggests investing in sustaining and enhancing the trade facilitation measures in order to maintain this kind of privileged status and other PTA's.
Ghafoor, Khan, & Abbasi (2022)	Fosters the exaltation of the synchronization of national trade policies with international trends as a way of enhancing the benefits of trade facilitation.

6.0 Discussion on Findings from Content Matrix Analysis

The content matrix analysis of the literature reveals several key findings regarding Pakistan's compliance with the WTO TFA:

- **Overview and Objectives of WTO TFA:** The TFA is designed to eliminate and consolidate trade barriers to make its procedures affordable and efficient. Even though the status of implementation is different across the globe, developing countries continue facing certain concerns and challenges here by early legitimacy, insufficient resources, and institutional capacities (Peterson, 2020; Tarar & Bhatti, 2022; Ahmed, 2023).
 - **Impact of Trade Facilitation Measures:** Proper implementation of TFA measures may have a very positive effect by changing trade costs and increasing efficiency for developing nations. This is especially true in areas of export product differentiation, for example measures of trade liberalization and trade facilitation that improve export competitiveness (Noureena & Mahmoodb 2024, 41; Ahmed et al., 2023). It is established that the measures performed in crisis management and response depend on not only governance and digitalization but also on other factors pointed out by Kumari and Bharti (2021) and ESCAP (2021).
 - **Pakistan's Trade Facilitation Efforts:** Pakistan has come a long way showing commitment to the process of modernization in customs and continuing development in trade facilities. The studies have shown that the Pakistan Customs reforms were important for the increase of the performance (Haider, 2022; Ahmed, 2024). However, issues like political instabilities, constraints of resources are still felt, there needs to be enhanced synergies and global collaboration (Noureena & Mahmoodb, 2024; Hussain et al., 2021).
 - **Theoretical Insights:** The theoretical argument recognises integrated and supportive measures to trade as crucial to boosting trade friction and economic growth. Research methodology Countries that became a member of WTO signal the way forward for a nation like Pakistan (Ghafoor, Khan, & Abbasi, 2022).
 - **Economic Impact:** Measures adopted for trade facilitation benefit affect the trade and growth of the economy. The opportunity to become an FA member in South Asia can create a large economic advantage for all the participating countries within the region that the TFA calls for (Kumar, Begam, & Noman, 2020). Other advantage of transit trade especially to the land locked countries is another advantage to Pakistan (Akbari, 2021).
 - **Challenges and Recommendations:** However, there are some factors in Pakistan that cause several barriers to implement the WTO TFA efficiently (Ahmed & Memon, 2024). To manage or overcome these challenges, it is important for the stakeholders to better coordinate more cooperation and national trading policies to follow the international standards better (Hussain et al., 2021, Shad, 2021, Ghafoor et al., 2022).
- Finally, based on the literature, this study establishes the WTO TFA's influence on trade and

Pakistan's Compliance with WTO Trade Facilitation Agreement: Progress and Challenges

development, especially in the context of capital-starved countries such as Pakistan. However, improvement of what remains gives rooms for more challenges that need multi-sectoral participation from government, private organizations, and counterpart development partners.

7.0 Policy Implications

The implication of this study is that great emphasis should be placed on improving Pakistan's TFA compliance to facilitate its trade efficiencies and overall economic development. Firstly, there is a need to boost further policies drafted to enhance the custom procedures, which have made progress. Using ICT, Pakistan can increase its efficiency in trade by further Customs modernization and automation of its processes (Ahmed, et al., 2023). This can be done by incorporating the PP arrangements that involved partnership between the two sectors in the innovation and adoption of the new technological solutions. Also, applying lessons collected from the experiences of other countries, for instance the successful accession of China into the WTO may be useful to serve as a benchmark for Pakistan to implement further changes in its approach to trade facilitation (Ahmed. 2023, Ahmed, et al., 2024).

Second is the issue of coordination with other stakeholders and the issue of resources at the disposal of stakeholders. The improvement of cooperation between governmental and non-governmental institutions, both local and international, is the primary key to creating the capacity necessary for the implementation of TFA. In this regard, technical assistance and capacity for international development can be fully utilized. Moreover, integration of national trade policies with standard international requirements will help Pakistan to remain compete in the global markets. But, the country's policymakers have to pay especial attention to sustaining and enhancing the institutional frameworks for export competitiveness to keep the value-added products under the preferred trade treaties, including GSP+ with the European Union beneficial for market access and development (Ahmed & Memon 2024).

8.0 Conclusion

Thus, the paper reveals that the adoption of WTO TFA is imperative for Pakistan to improve the trade efficiency while also reducing the cost of trading to guarantee the enhancement of the nation's economic growth. From the findings of the study it becomes apparent that Pakistan has over the recent past embarked on a process of modernization of its customs procedures and general trade infrastructure, though the following issues are present. Decision makers also do not completely adhere to the TFA due to limited commitment arising from political instability, bureaucracy, and lack of resources. This suggests that all the players right from the government actors to the commercial borrowers and international partners need to take collective initiatives to ease the process of trading.

Literature review also explores the fact that there is greater impact of measures of trade facilitation for the continent and other developing country such as Pakistan. Thus, to reap the benefits under the TFA Pakistan needs to seek digitalization process and better governance and coordination with its stakeholders. It will also enhance the trade flow and growth and at the same time provide better ranking for Pakistan in international business family. In the future, trade liberalization and proper investment must be carried on continuously, more emphasis must be laid on the regular appraisal of the trade policy for repealing or modulation and infrastructure growth and capability development are essential for the long-term

Pakistan's Compliance with WTO Trade Facilitation Agreement: Progress and Challenges

consistency of trade facilitation.

References

1. Abbas, A., Rauf, A., & Mumtaz, S. (2023). Evaluating the Effect of Tariff and Non-tariff Barriers on Exports in the Pre and Post China-Pak Free Trade Agreement (FTA) Period. *NUST Journal of Social Sciences and Humanities*, 9(2), 156-173.
2. Ahmed, A., Baloch, J. A., & Abbas, A. (2023). Exploring the Diplomatic, Social, and Cultural Nexus between Pakistan and Russia in Global Geopolitics. *Pakistan Journal of Humanities and Social Sciences*, 11(4), 4281–4289. <https://doi.org/10.52131/pjhss.2023.1104.0691>
3. Ahmed, A., Memon, Z., & Keerio, T. H. (2024). Pakistan and Russia: Economic and Trade Relations. *THE ASIAN BULLETIN OF GREEN MANAGEMENT AND CIRCULAR ECONOMY*, 4(2), 4(2), 25–41. <https://doi.org/10.62019/abgmce.v4i2.109>
4. Akbari, S. (2021). *The WTO Transit Regime for Landlocked Countries and its Impacts on Members' Regional Transit Agreements: The Case of Afghanistan's Transit Trade with Pakistan* (Vol. 17). Springer Nature.
5. Akram, H. W., Ahmad, A., Dana, L. P., Khan, A., & Akhtar, S. (2024). Do Trade Agreements Enhance Bilateral Trade? Focus on India and Sri Lanka. *Sustainability*, 16(2), 582.
6. de Silva, E. N. R. (2024). Is South Asia the missing bloc in world trade? An analysis of South Asian FTAs' compatibility with WTO rules. *Journal of International Trade Law and Policy*, 23(1), 59-81.
7. ESCAP, U. (2021). National study on digital trade integration on Pakistan.
8. Ghafoor, A., Khan, S. O. H., & Abbasi, M. S. (2022). Examining China's Integration into the World Trade Organization (WTO): Effects, Obligations, and Lessons. *Law and Policy Review*, 1(2), 73-88.
9. Haider, W. (2022). Reforms initiatives in Pakistan Customs since 2000-Its impact analysis on its performance.
10. Hussain, R. M., Quddus, U., Bibi, K., & Sufian, A. (2021). Signing of Government Procurement Agreement under World Trade Organization: Impact on Pakistan. *Turkish Online Journal of Qualitative Inquiry*, 12(8).
11. Khan, O. H., & Khan, O. H. (2021). Barriers to Trade and Trade Facilitation in Reference to SAARC Region. *Strengthening Regional Trade Integration in South Asia: A SAARC Perspective*, 41-82.
12. Kumar, M., Begam, A., & Noman, N. (2020). Trade facilitation and regional integration in South Asia. *Sindh Economics & Business Review International*, 1(2), 11-36.
13. Kumari, M., & Bharti, N. (2021). Linkages between trade facilitation and governance: Relevance for post-COVID-19 trade strategy. *Millennial Asia*, 12(2), 162-189.
14. Maxwell, J. A. (2012). *A realist approach for qualitative research*. Sage Publications.
15. Mufti, A., & Ali, I. (2024). Pakistan trade with regional partners: prospects & challenges.
16. Noureena, S., & Mahmoodb, Z. Tackling the agricultural trade costs by implementing the World Trade Organization trade facilitation measures in Pakistan.
17. Peterson, J. (2020). The WTO Trade Facilitation Agreement: Implementation Status and Next Steps. *J. Int'l Com. & Econ.*, 1.
18. Rathore, M. P. K., Mahesar, M. A., & Rathore, M. H. (2024). Pakistan and Global Economy. *Al-NASR*, 79-98.
19. Shad, M. R. (2021). The GSP+ Status of Pakistan in the European Union: Challenges and Prospects. *Global Political Review*, VI, 1-8.
20. Tarar, C. A. H., & Bhatti, B. A. M. (2022). Muslim Countries' Participation, Challenges, and Development in the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO). *Law and Policy Review*, 1(1), 58-81.
21. White, M. D., Marsh, E. E., Marsh, E. E., & White, M. D. (2006). Content analysis: A flexible methodology. *Library trends*, 55(1), 22-45.