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Editorial

All Praises to Allah, the Compassionate and the Most Merciful for bestowing all energies, hard work and team effort to the Pakistan Institute for Parliamentary Services (PIPS) that celebrates its 10th year of creation in wake of PIPS Act passed in December 2018. Hats off to the across party Board of Governors of the Institute, the Senate and National Assembly of Pakistan as well as all provincial and legislative assemblies for their unflinching support to consolidate PIPS into centre of parliamentary excellence. Pakistan Institute for Parliamentary Services is dedicated to provide legislative, research, capacity building and outreach services to all Members of Parliamentary institutions. In January 2019, PIPS Research on demand that commenced in May 2009 enters its decade while its Research Digest also completes its five years of publication since Jan., 2014. We are indebted to all our worthy contributors from amongst Honourable Members of Parliament (MPs) professors and area experts, parliamentary researchers and functionaries for their writings as well as around 2000 readers including MPs, academia, civil society and diplomats for their confidence in PIPS. PIPS has humbly contributed in providing technical assistance on 150 new private Members' Bills, published over 45 books on essential parliamentary topics and oriented over 10,000 youth on working of Parliament.

This Issue includes absorbing pieces on Labour law implementations in Pakistan and China US Trade War. It also records only a small cross section of invaluable words of appreciation during last 12 months that PIPS received from Honourable Members of Parliament, academia and subject experts viz a viz its services. We have also included a paper on Enhancing Exports, which PIPS was ranked amongst best three papers written in PIPS 5th Annual six weeks National Parliamentary Development Course (NPDC 2018) that marked its century of BS 17-18 officers who have attended the promotional exam in last five years. PIPS team continues to offer legislative, research, capacity building and outreach services to individual MPs and committees with traditional zeal. For feedback and seek any services contact at research@pips.gov.pk.

May Allah SWT bless our every household and its people a happy and contented 2019, amin!!!

Muhammad Rashid Mafzool Zaka
D.G (Research and Legislation)



Group Photo of Slogan of PAKISTAN ZINDABAD with Honourable MNAs Mohsin Shahnawaz Ranjha, Mr Mustafa Mehmood, Mr Ameer Sultan, Mr Farrukh Habib and Ms Shahida Akhter Ali along with PIPS Executive Director and more than 150 delegates of International Conference on Youth and Parliament from seven countries hosted by PIPS on December 11, 2018

Kashmir APPG Draft Report Human Rights Inquiry October, 2018

(Excerpts of key recommendations)

The All Party Parliamentary Group of the UK Parliament (comprising more than 70 parliamentarians from the House of Commons and House of Lords) have recently presented a report in the British parliament regarding human rights violations by Indian forces in the Indian Held Kashmir (IHK). The APPG Report presented by Labour MP Chris Leslie has condemned the Indian government for violating human rights by exercising excessive use of force against people of the valley pointing out the fact that the Indian government is continuously refusing British independent observers to enter IHK for recording situation on ground. The group has given its recommendations for tackling the conflict in the valley and region. Some key recommendations of the said report are provided as under.

Key Recommendations:

1. The Government of India must repeal the Armed Forces (Jammu and Kashmir) Special Powers Act 1990 and enable prosecution of armed forces and security personnel in the civilian judicial system.
2. The Government of Jammu and Kashmir must urgently provide a strict and limited statutory basis for administrative detention powers, in line with international legal principles, by repealing or amending the Public Safety Act 1978.
3. The Government of India must initiate a comprehensive public investigation into the identities of bodies in mass and unmarked graves, with an independent forensic verification process and provide for a full freedom of information mechanism for the families of suspected victims of enforced disappearance.
4. The Government of India should immediately ban the use of pellet firing shotguns.
5. The Government of Jammu and Kashmir must open its prisons to international inspection.
6. The Governments of India and Pakistan should work to resume regularised visa-regulated civilian travel across the Line of Control and reunite separated families.

ANALYSIS

Enhancing Pakistan's Export: Measures and Way Forward¹**Bisma Rehman Zafar**

Research Officer, National Assembly of Pakistan

Abstract

Given the importance of international trade and export performance in economic growth, this paper entails an overview of Pakistan's exports in the light of emerging global challenges and identifies key structural and policy issues that stifle Pakistan's exports.

It is argued that Pakistan has lagged behind its comparators due to a combination of factors including lack of modern technology and human resource development, shortage of required skills, lack of quality certifications and conformity to international standards, poor physical infrastructure, lack of foreign direct investment and high cost of doing business etc.

The paper stresses that while regional economic integration can help Pakistan boost its exports, there is a need to introduce an appropriate regulatory and legal framework that streamlines cross-border flow of goods, people and vehicles with well-defined transit rights and arrangements. To improve global competitiveness, Pakistan needs to create competency in more labour intensive components of complex products gradually advancing to more skill and technology intensive activities. Moreover, there is a need to devise policies and strategies to promote technology up gradation, improve business climate, enhance institutional quality and support small and medium enterprises. These initiatives can be instrumental in achieving greater competitiveness which is essential to galvanize exports and thus enhance the country's long term growth prospects.

A. INTRODUCTION

Exports are the backbone of any country; they provide an interface into how globally competitive a country is. Likewise, a robust export base secures a country against deteriorating current account balance. In general, exports facilitate the exploitation of economies of scale; allow resource allocation according to comparative advantage; improve foreign exchange reserves position and guarantee easy financing of imports; increase efficiency and productivity through competition; increase employment and allow for knowledge spill-overs that will encourage domestic innovation.

The exports of almost all the countries in South Asia are on the rise. Unfortunately with Pakistan, the case is opposite. Despite the revival of economic growth since 2013-14, Pakistan's export earnings have declined. Pakistan's exports have continued to lag behind other developing countries over the past several years. A comparison of Pakistan's exports with other developing countries clearly points out the weaknesses of the trade regime followed by Pakistan in the last few decades. The most disturbing trend is the consistent fall in exports to GDP ratio in Pakistan as compared with other developing countries.

¹ The article was ranked among the top best research papers written by in total 27 officers from all 8 Houses in BS 17-18 5th annual NPDC (Nov-Dec 2018) at PIPS.

Aim of Study

The aim of this research study is to carry out an in depth analysis of Pakistan's export performance in the light of emerging global challenges. Furthermore, the study shall look into the key structural and policy issues that stifle Pakistan's exports and lastly propose measures to address the dilemma of declining exports over the years in Pakistan.

B. SITUATIONAL OVERVIEW

Pakistan has been facing trade deficit since last few years and is currently on its highest peak (See Fig: 1). Pakistan's exports during the last 25 years have increased from US\$ 6.9 billion in FY1992 to US\$ 23.2 billion in FY2018 at a compound annual growth rate of 4.4% compared to approximately 16% by the regional competitors.²

During years 2007-10, the exports remained at around \$19 billion. In 2010-11, the tailwind of international commodity price hike (cotton and rice) enabled a quantum jump in exports from US\$19.3 billion to US\$24.8 billion. For the next five years, the exports hovered between 24 to 25 billion dollars till the commodity crisis abetted by contraction of global market that pulled the exports down to US\$ 20.4 billion during 2014-17 and reached up to US\$ 23.2 billion in 2018. During the last decade, Pakistan's share in global exports has declined by 18% whereas that of the regional peers has doubled. Pakistan's ranking in exporting countries also declined from 60th in 2006 to 68th in 2016.^{3,4}

However, on a positive note, the exports of Pakistan are increasing at present. In FY 2018, the exports registered positive growth of 13.7% from USD 20.4 billion to USD 23.2 billion. In the current financial year (July-September 2018), the exports have registered a positive growth of 4.56% from USD 5.16 billion to USD 5.36 billion.⁵

Fig 1: Pakistan's Trade Trends (billion US\$)

Trends	2014-15	2015-16	2016-17	2017-18
Exports	23.667	20.787	20.42	23.222
Imports	45.826	44.685	50.91	60.867
Balance	-22.159	-23.898	-32.488	-37.645

Source: Pakistan Bureau of Statistics

The increase in Pakistan exports is mainly because of better performance of food products, textile, footballs, leather goods, footwear, surgical goods, chemical & pharmaceutical, gems, engineering goods etc. Textile products continue to dominate Pakistan's export basket with 58% share and it has increased from US\$12.45 billion in FY 2016-17 to US\$13.53 billion in FY 2017-18. The items which showed landmark increase in export growth are Wheat (22,668.69%) and

² Pakistan Bureau of Statistics, (Accessed on November 17th, 2018).

³ UN Comtrade . (n.d.). <http://comtrade.un.org>. (Accessed November 17, 2018).

⁴ Pakistan Bureau of Statistics (Accessed November 17, 2018).

⁵ National Assembly Secretariat "Questions for Oral Answers" Friday, 2nd November, 2018, http://www.na.gov.pk/uploads/documents/questions/1541138694_363.pdf

Sugar (215.662%). The items which registered decrease in the export of other manufactures group are Canvas Footwear (-55.94%), other Footwear (-9.46%), Transport Equipment (-7.73%), and Furniture (14.27%) etc.

The year 2017-18 brought a mighty challenge for the economic management of the country by booking US\$ 37.6 billion in deficit, which has been all time high in the Country's history. Thus the gap between Country's modest exports and cannibalizing imports still remains negative.⁶ (See Annex- III)

Fig 2: Percentage Change in Imports and Exports during 2017-18

Value in US \$ in Million			
Exports	July-September 2018	July-September 2017	% Change in July-Sept 2018 over July-September 2017
Exports	5,390	5,156	4.56
Imports	14,260	14,170	0.63
Balance of Trade	-8,869	-9,014	-1.61

Source: National Assembly Secretariat "Questions for Oral Answers" Friday, 2nd November, 2018.

C. OBSTACLES IN EXPORT GROWTH

The following are some of the major obstacles in the export growth of Pakistan:-

i. Lack of Product Diversity

The Product Concentration Index of Pakistan is higher as compared to other countries in the region. Not only Pakistan's export base is undiversified, it is also concentrated in products with low technological content. Consequently, Pakistan is lagging behind in gaining comparative advantage in world's export market.

ii. Lack of Market Diversification

Not only Pakistan's export products are concentrated in few products but also highly concentrated in just few markets namely, USA, UK, Germany, China, Afghanistan and UAE. (See Annex-I)

iii. Weak Industrial Base

Pakistan's industrial base has always been narrow and lacks required dynamism of modern times. In 2016-17, textile sector's share in the total exports had been 60% and only 5 items made 80% of Pakistan's total exports. It has various structural problems that led to low output, slack investment rates and sluggish exports.

iv. High Cost of Doing Business

The cost of doing business has increased manifolds, leading to constant decline in exports. The key factors of high cost of business in the Country are raw material, cost of finance, utilities, technology, human resource, infrastructure and supporting institutions. Pakistan currently stands

⁶National Assembly Secretariat "Questions for Oral Answers" Friday, 2nd November, 2018, http://www.na.gov.pk/uploads/documents/questions/1541138694_363.pdf

at 136th position out of 190 countries in terms of ease of doing business and still has a long way to go.

v. *High Tariffs*

Currently, Pakistan maintains the third highest weighted mean tariff amongst the 68 countries having more than US\$ 20 billion annual exports, which needs a dispassionate review.

The excessive tariffs have affected the competitiveness of manufacturing by increasing the cost of inputs. The sustained high level of tariff protection has engendered inefficiencies in several industries. Excessive tariffs have created an anti-export bias by making the domestic market more lucrative than a highly competitive export market.

vi. *Investment-Trade Disconnect*

One of the major causes for the decline in Pakistan's exports in the recent past is the lack of investment in export-oriented manufacturing.

In Pakistan's neighborhood, China and India successfully leveraged the Foreign Direct Investment (FDI) to stimulate exports. Chinese exports increased at a compound annual growth rate (CAGR) of 15% from \$73 billion in 1991 to \$ 2.275 trillion in 2015, accompanied by the cumulative net FDI inflow of \$2.818 trillion. Similarly, Indian exports since 1991 increased by 11.5% annually complemented by a cumulative FDI inflow of US\$ 364 billion.⁷

D. WAY FORWARD

Pakistan needs to address policy and infrastructure related bottle necks for a turn-around of its exports sector. The Country needs to keep trade on its priority to wade out the trade deficit in order to gain advantage of its bilateral, regional and multilateral trade engagements. The key ways forwards are as under:-

i. *Entrepreneurship*

One of the primary ways of enhancing exports is to support entrepreneurship and to create new avenues for growth. Entrepreneurship creates a virtuous cycle of prosperity as the people not only get employed themselves and create value for the society and the economy but they also promote employment opportunities for others.

ii. *R&D and Innovation*

At present Pakistan is spending only 0.3% of its GDP on Research, Development and innovation which is quite low as compared to its competitors. The spending in R&D initiatives and innovation promotion activities need to be enhanced to at least 2% of GDP to bring Pakistan at par with its regional and global partners.

iii. *Value Addition*

The third way is to enhance the exports of value added items within the existing portfolio of exports. Value addition has two key benefits. One is that products are able to fetch a higher price and a better profit in return. Second is that it can build a brand in value added products which creates trust for the product and trust again means higher profits.

iv. *Focus on Services Sector*

The fourth point is to have more focus on the services sector along with manufacturing. The services sector is now contributing 59% of Pakistan's GDP and 25% to the cumulative global trade. Services sector includes the global outsourcing industry, IT, telecom and the tourism sector.

⁷UNCTAD, <https://unctad.org/en/Pages/Home.aspx>.

v. *Skilled Labour*

The labour productivity growth in Pakistan is lower than its regional competitors. Since 2001 Pakistan's labour productivity growth has been around 1.8% compared with Bangladesh's 3.5%, India's 5.4% and China's 8.6%.⁸ Pakistan's first ever Technical and Vocational Education and Training (TVET) Policy, is waiting for approval for the last two years. The TVET Policy has the potential to unlock export expansion through provision of skilled human resource. Its implementation would help in tapping the expansion potential for the exports.

vi. *Live Stock Policy*

The overall performance of the livestock sector remains below par due to several supply side and regulatory constraints. There is a dire need to formulate a national livestock and dairy policy in consultation with the stakeholders in order to realize the true economic potential of this sector. The government should also reduce electricity tariffs for livestock and dairy farmers.

vii. *Dispute Resolution Mechanism*

Trade dispute resolution mechanism should be made effective by strengthening Trade Dispute Resolution Organization (TDRO). The Ministry of Commerce needs to pro-actively pursue the approval of the TDRO Act from the Parliament which is expected to change the face of trade dispute resolution mechanism in the country.

viii. *Regulatory Duties*

More than 1600 tariff lines are facing Regulatory Duties (RDs). It is putting unfair burden on export sector by increasing cost. RDs need to be done away with to reduce cost of imported inputs that would provide cheaper, diversified and quality inputs to our firms which are pivotal for their enhanced participation in international trade.

ix. *Growth in International Trade*

Despite liberalisation of its trade regime, Pakistan has not fully benefitted from opportunities emanating from the growth in international trade during the past decade. Increasing world population and growing global prosperity is fuelling the demand for new products. Relocation of industries from developed to developing countries in the wake of global restructuring and increasing outsourcing opportunities from developed countries offer greater opportunities for Pakistani exporters.

x. *Focus on SMEs*

SMEs face many hindrances in the exporting procedure. These barriers are different in nature and can be internal (informational, functional and marketing) or external (procedural, governmental, task and environmental). Despite some efforts for the improvement of SMEs in Pakistan, more endeavours are required to attain considerable improvement. The potential of the market of Pakistan is not doubted. So if appropriate and structured steps are undertaken then the SMEs of Pakistan can contribute positively to the growth of the economy in no time. The benefits acquired by the SME exporting can enlarge the foreign exchange reserves to develop a helpful skeleton to progress.

xi. *Increasing Comparative Advantage*

⁸ CEIC Data. <http://www.ceicdata.com/indicators> (Accessed November 20, 2018).

Identification of suitable firms and facilitation of linkages with firms in friendly countries like China, Iran and Turkey as well as in other regional countries through business groups would be extremely useful for technology transfer and to get involved in Regional or Global Value Chains; specifically in areas where Pakistan lacks comparative advantage.

E. CONCLUSION

It is well recognized in literature that countries having a better export performance also enjoy better economic growth and vice versa. Increasing world population and growing global prosperity is fuelling the demand for new products. Relocation of industries from developed to developing countries in the wake of global restructuring offer greater opportunities for Pakistani exporters.

Pakistan has an untapped potential of \$12.8 billion for exports thus, it is imperative that Pakistani manufacturers ensure that the most efficient mix of inputs is sourced from domestic and international markets. Producers of consumer goods as well as intermediate goods and raw material must participate in global value chains. This can help increase competitiveness of domestic production and consequently total exports of Pakistan as, a vibrant domestic manufacturing sector along with focus on the services sector is necessary to promote economic growth.

In conclusion, long-term policies must be introduced in the country in order to promote exports rather than focusing on short-term gains that are unlikely to be sustainable in the long run.

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ANNEX-I

Pakistan's Major Exports Markets ⁹

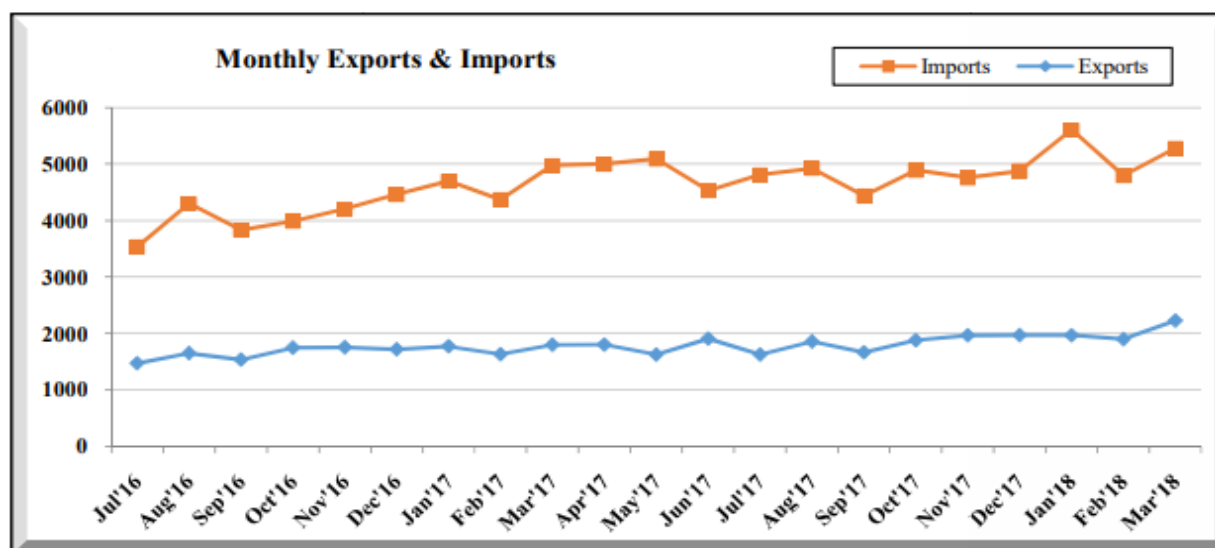
Major Exports Markets (Rs billion & Percentage share)										
Country	2014-15		2015-16		2016-17		July-January			
	Rs	% Share	Rs	% Share	Rs	% Share	2016-17		2017-18 P	
							Rs	% Share	Rs	% Share
USA	374.4	16	364.8	17	361.1	17	205.3	17	222.5	16
CHINA	219.9	9	174.0	8	153.8	7	96.7	8	96.3	7
AFGHANISTAN	198.8	8	149.9	7	133.1	6	79.0	6	95.4	7
UNITED KINGDOM	160.2	7	164.7	8	163.1	8	93.4	8	102.7	7
GERMANY	119.0	5	118.0	5	125.1	6	71.7	6	82.2	6
U.A.E	102.9	4	85.5	4	83.0	4	43.2	4	50.3	4
BANGLADESH	70.7	3	72.3	3	65.4	3	38.0	3	41.9	3
ITALY	67.6	3	67.7	3	68.6	3	38.1	3	44.2	3
SPAIN	81.7	3	84.3	4	85.5	4	49.8	4	61.7	4
FRANCE	38.2	2	36.0	2	38.8	2	22.0	2	24.5	2
All Other	964.1	40	849.6	39	860.7	40	484.2	40	576.2	41
Total	2,397.5	100	2,166.8	100	2,138.2	100	1,221.4	100	1,397.9	100
P : Provisional										

⁹ Ministry of Finance, *Pakistan Economic Survey 2017-18*, (Islamabad: Printing Corporation of Pakistan, 2018)

ANNEX-II

Major Exports of Pakistan ¹⁰

Pakistan's Major Exports (Percentage Share)								
Commodity	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	July-January	
							2016-17	2017-18 P
Cotton Manufactures	49.9	51.7	53.1	54.5	55	59.4	60.3	57.9
Leather**	4.4	4.7	5.1	4.8	4.9	4.5	8.2	4.3
Rice	8.7	8.4	7.6	8.5	8.8	7.9	7.5	8.3
Sub-Total of three Items	63	64.8	65.8	67.8	68.7	71.8	76.0	70.5
Other items	37.3	35.2	34.2	32.2	31.3	28.2	24.0	29.5
Total	100	100	100	100	100	100	100	100
P : Provisional, ** Leather & Leather Manufactured								

Monthly Imports and Exports Position July 2016-March 2018 ¹¹

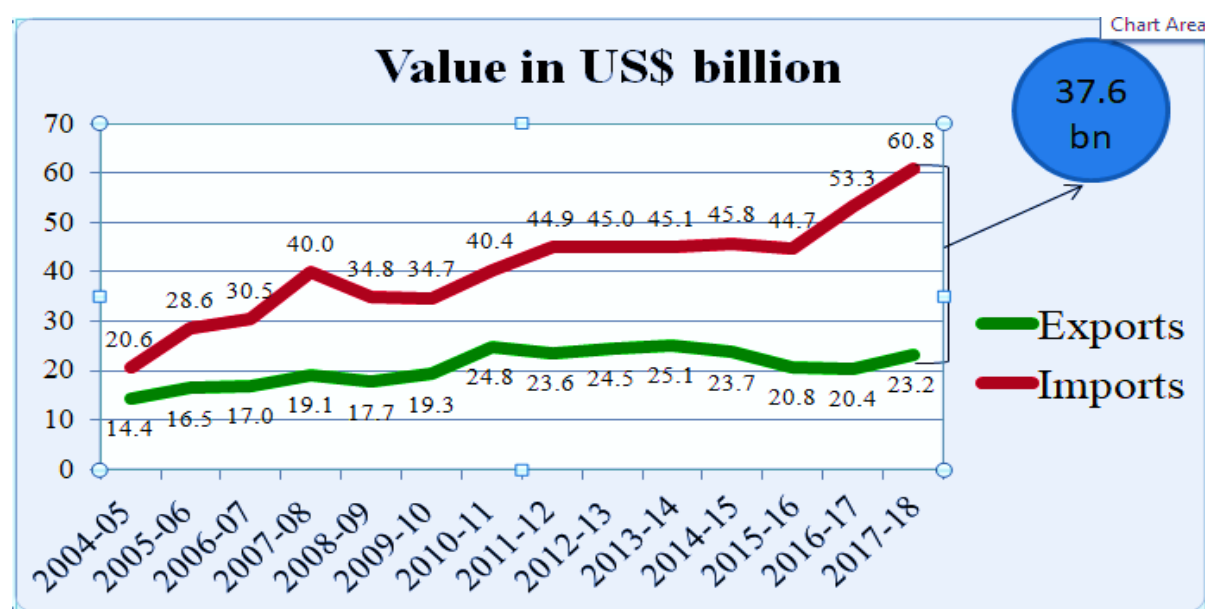
¹⁰ Ministry of Finance, *Pakistan Economic Survey 2017-18*, (Islamabad: Printing Corporation of Pakistan, 2018)

¹¹ Ministry of Finance, "Trade and Payments" in *Pakistan Economic Survey 2017-18*, (Islamabad: Printing Corporation of Pakistan, 2018)

ANNEX-III

Pakistan's Current Account Deficit July 2017-March 2018 ¹²

Current Account Deficit										(\$ Billion)
Jun-17	1.445	CA deficit, % Change MoM	Jun-16		CA deficit, % Change YoY					Average Growth in CA deficit
Jul-17	1.932	33.7	Jul-16	0.701	175.61	Jul-17	2.053	Jul-16	0.662	210.12
Aug-17	0.545	-71.8	Aug-16	0.658	-17.17	Jul-Aug-17	2.601	Jul-Aug-16	1.287	102.10
Sep-17	1.069	96.1	Sep-16	0.278	284.53	Jul-Sep-17	3.557	Jul-Sep-16	1.637	117.29
Oct-17	1.26	17.9	Oct-16	0.622	102.57	Jul-Oct-17	5.013	Jul-Oct-16	2.259	121.91
Nov-17	1.677	33.1	Nov-16	1.112	50.81	Jul-Nov-17	6.430	Jul-Nov-16	3.371	90.74
Dec-17	1.437	-14.3	Dec-16	1.289	11.48	Jul-Dec-17	7.413	Jul-Dec-16	4.660	59.08
Jan-18	1.665	15.9	Jan-17	1.522	9.40	Jul-Jan-18	9.156	Jul-Jan-17	6.182	48.11
Feb-18	1.281	-23.1	Feb-17	1.034	23.89	Jul-Feb-18	10.826	Jul-Feb-17	7.216	50.03
Mar-18	1.163	-9.2	Mar-17	0.665	74.89	Jul-Mar-18	12.029	Jul-Mar-17	7.99	50.55

Trade Balance of Pakistan 2004-2018 ¹³

¹² Ministry of Finance, "Agriculture" in *Pakistan Economic Survey 2017-18*, (Islamabad: Printing Corporation of Pakistan, 2018) p 14. http://www.finance.gov.pk/survey/chapters_18/02-Agriculture.pdf

¹³ Pakistan Bureau of Statistics, <http://www.pbs.gov.pk/>

OPINION**US-China Trade War****Fakiha Mahmood**

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INTRODUCTION

US-China bilateral trade began expanding in the aftermath of US-China Relations Act of 2000 signed in October by US President Bill Clinton. The Act culminated into the Chinese entry in the WTO¹ in 2001. Consequently, in 2004 the US-China trade rose to \$231 billion which stood at \$5 billion in 1980. China became the second largest trading partner of US after Canada in 2006.²

China achieved significant milestone in September 2008, when it surpassed Japan to become the largest holder of US debt (treasuries) at almost \$600 billion. With the economy valued at \$1.33 trillion for the second quarter of 2010, China got the status of the world's second-largest economy leaving behind Japan at \$1.28 trillion. China is expected to lead the world in terms of the size of its economy by 2027 leaving behind the United States of America.³

In 2011, the US trade deficit with China reached its highest level at \$295.5 billion. In March 2012, the US along-with EU and Japan requested for consultations with China over its restrictions on the export of rare earth metals⁴ (Table below provides complete list of trade dispute cases between US and China brought at the forum of WTO).

US TARIFFS ON CHINESE IMPORTS

In March 2018, the US administration imposed tariffs on Chinese imports worth almost \$50 billion, citing allegations that Chinese companies are involved in stealing US technology and intellectual property. Target goods included clothing, shoes, and electronics. In retaliation, China imposed tariffs on US products in April.

In July 2018, Trump Administration announced the imposition of 25 percent tariffs on Chinese exports worth \$46.3 billion implemented in two stages. The first round of tariffs of 25% on imports worth \$34 billion took effect on July 6, 2018. The Chinese side responded by imposing tariffs on equivalent US products.

In September 2018, the US administration announced tariffs on additional \$200 billion worth of Chinese products. The US authorities have cited various reasons for the imposition of tariffs including the practice of forced technology transfer, issues pertaining to intellectual property rights, and cyber intrusions into US commercial computer networks to gain unauthorized access to sensitive business information.⁵

¹ World Trade Organization

² Council on Foreign Relations, "Timeline: US relations with China 1949-2018," <https://www.cfr.org/timeline/us-relations-china>, (accessed October 25, 2018).

³ Ibid.

⁴ Ibid.

⁵ Office of the US Trade Representative, "USTR Finalizes Tariffs on \$200 Billion of Chinese Imports in Response to China's Unfair Trade Practices," (September 2018), <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/september/ustr-finalizes-tariffs-200>, (Accessed October 24, 2018); Robert Z. Lawrence, "How the US should confront China without threatening the Global Trading system," (August 2018),

China-US Trade dispute cases in the World Trade Organization (WTO)				
Sr. no.	Case	Complainant	Consultations Requested	Current Status
1	China — Value-Added Tax on Integrated Circuits	UNITED STATES	18 March 2004	<i>Withdrawn, Mutually agreed solution</i>
2	China — Measures Affecting Imports of Automobile Parts	UNITED STATES	30 March 2006	<i>Implementation notified by Respondent</i>
3	China — Certain Measures Granting Refunds, Reductions or Exemptions from Taxes and Other Payments	UNITED STATES	2 February 2007	<i>Settled or Terminated (Withdrawn, Mutually agreed solution)</i>
4	China — Measures Affecting the Protection and Enforcement of Intellectual Property Rights	UNITED STATES	10 April 2007	<i>Implementation notified by Respondent</i>
5	China — Measures Affecting Trading Rights and Distribution Services for Certain Publications and Audiovisual Entertainment Products	UNITED STATES	10 April 2007	<i>Implementation notified by Respondent</i>
6	United States — Preliminary Anti-Dumping and Countervailing Duty Determinations on Coated Free Sheet Paper from China	CHINA	14 September 2007	<i>In Consultation</i>
7	China — Measures Affecting Financial Information Services and Foreign Financial Information Suppliers	UNITED STATES	3 March 2008	<i>Settled or terminated (withdrawn, mutually agreed solution)</i>
8	United States — Definitive Anti-Dumping and Countervailing Duties on Certain Products from China	CHINA	19 September 2008	<i>Implementation notified by Respondent</i>
9	China — Grants, Loans and Other Incentives	UNITED STATES	19 December 2008	<i>In consultation</i>
10	United States — Certain Measures Affecting Imports of Poultry from China	CHINA	17 April 2009	<i>Report Adopted, (s) no further action required</i>
11	China — Measures Related to the Exportation of Various	UNITED STATES	23 June 2009	<i>Implementation notified by Respondent</i>

Peterson Institute for International Economics, <https://piie.com/system/files/documents/pb18-17.pdf>, (accessed September 27, 2018).

	Raw Materials				
12	United States — Measures Affecting Imports of Certain Passenger Vehicle and Light Truck Tyres from China	CHINA	14 September 2009	Report Adopted, no further action required	(s)
13	China — Certain Measures Affecting Electronic Payment Services	UNITED STATES	15 September 2010	Implementation notified by Respondent	
14	China — Countervailing and Anti-Dumping Duties on Grain Oriented Flat-rolled Electrical Steel from the United States	UNITED STATES	15 September 2010	Report Adopted, with recommendation to bring measure into conformity	(s)
15	China — Measures concerning wind power equipment	UNITED STATES	22 December 2010	In consultation	
16	United States — Anti-Dumping Measures on Shrimp and Diamond Sawblades from China	CHINA	28 February 2011	Implementation notified by Respondent	
17	China — Anti-Dumping and Countervailing Duty Measures on Broiler Products from the United States	UNITED STATES	20 September 2011	Compliance Proceedings completed with finding (s) of non-compliance	
18	China — Measures Related to the Exportation of Rare Earths, Tungsten and Molybdenum	UNITED STATES, EUROPEAN UNION, JAPAN	13 March 2012	Implementation notified by Respondent	
19	United States — Countervailing Duty Measures on Certain Products from China	CHINA	25 May 2012	Compliance proceedings ongoing	
20	China — Anti-Dumping and Countervailing Duties on Certain Automobiles from the United States	UNITED STATES	5 July 2012	Report Adopted, no further action required	(s)
21	United States — Countervailing and Anti-dumping Measures on Certain Products from China	CHINA	17 September 2012	Report Adopted, with recommendation to bring measure into conformity	(s)
22	China — Certain Measures Affecting the Automobile and Automobile-Parts Industries	UNITED STATES	17 September 2012	In consultation	
23	United States — Certain Methodologies and their Application to Anti-Dumping Proceedings Involving China	CHINA	3 December 2013	Authorization to retaliate requested (including 22.6 arbitration)	

24	China — Measures Related to Demonstration Bases and common Service Platforms Programmes	UNITED STATES	11 February 2015	<i>Panel established but not yet composed</i>
25	China — Tax Measures Concerning Certain Domestically Produced Aircraft	UNITED STATES	8 December 2015	<i>In consultation</i>
26	China — Export Duties on Certain Raw Materials	UNITED STATES	13 July 2016	<i>Panel established, but not yet composed</i>
27	China — Domestic Support for Agricultural Producers	UNITED STATES	13 September 2016	<i>Panel composed</i>
28	United States — Measures Related to Price Comparison Methodologies	CHINA	12 December 2016	<i>In consultation</i>
29	China — Tariff Rate Quotas for Certain Agricultural Products	UNITED STATES	15 December 2016	<i>Panel composed</i>
30	China — Subsidies to Producers of Primary Aluminium	UNITED STATES	12 January 2017	<i>In consultation</i>
31	China — Certain Measures Concerning the Protection of Intellectual Property Rights	UNITED STATES	23 March 2018	<i>In consultation</i>
32	United States — Tariff Measures on Certain Goods from China	CHINA	4 April 2018	<i>In consultation</i>
33	United States — Certain Measures on Steel and Aluminium Products	CHINA	5 April 2018	<i>In consultation</i>
34	China — Additional Duties on Certain Products from the United States	UNITED STATES	16 July 2018	<i>In consultation</i>
35	United States — Safeguard Measure on Imports of Crystalline Silicon Photovoltaic Products	CHINA	14 August 2018	<i>In consultation</i>
36	United States — Certain Measures Related to Renewable Energy	CHINA	14 August 2018	<i>In consultation</i>
37	United States — Tariff Measures on Certain Goods from China II	CHINA	23 August 2018	<i>In consultation</i>
Source: <i>World Trade Organization (WTO)</i>				

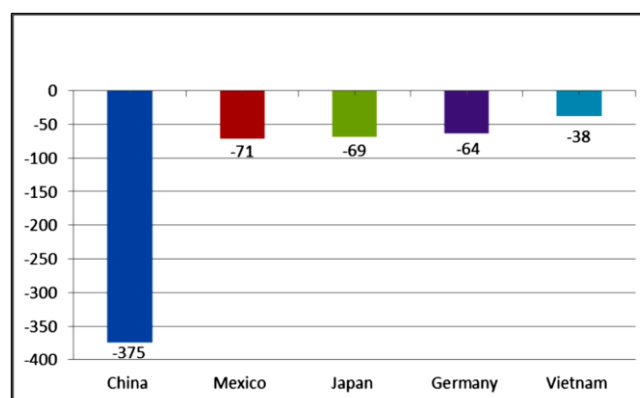
CRITICISM ON US TRADE WITH CHINA

The critics of US-China trade build their argument around the perceived job losses in the US due to Chinese imports. However, the argument has largely been criticized for having weak grounds, because some studies provide evidence to the fact that US-China bilateral trade has opened up plethora of employment opportunities for Americans.⁶

Furthermore, one of the major concerns in the US against trade with China relates to increasing trade deficit between both countries. As of 2017, United States has highest merchandise trade deficit with China at \$375 billion, which rose from \$84 billion in 2000. The significant increase in the trade deficit with China has compelled many in the US to advocate for imposing tariffs on Chinese products. However, a CRS report⁷ provides different reasons for this increasing trade deficit. The major factor for increasing US-China trade balance is the shift in production facilities from various Asian countries to China over the past few years. In other words, a number of goods which were earlier produced in Japan, South Korea, and Hong Kong are now manufactured in China and then exported to the United States. This is mainly because over the past few years a number of multinational companies shifted their export-oriented manufacturing facilities from other countries to China.⁸

Another concern pertains to Chinese holding of large scale debt securities. The US Treasury securities held by China increased from \$118 billion in 2002 to \$1.19 trillion in 2017. Now China is the largest foreign holder of US Treasury securities. In terms of the share of total foreign holdings, China's holdings of US Treasury securities rose from 9.6% in 2002 to a historical high of 26.1% in 2010. Critics argue that China can exploit the holding of US treasury securities in order to leverage the trade policy in its favor by threatening to sell the US Treasury securities.⁹

Figure 1: Five Largest U.S. Merchandise Trade Imbalances in 2017 (\$ in billions)



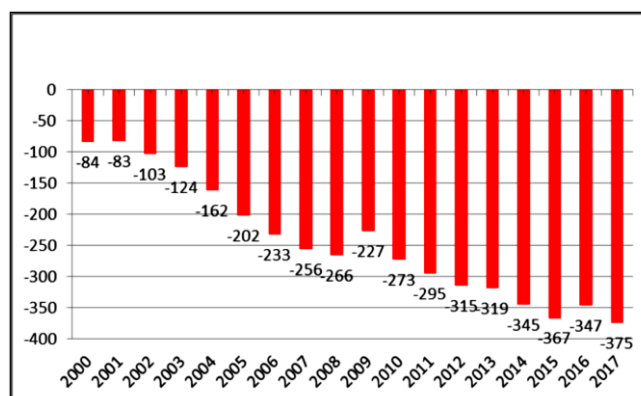
Source: Wyne M. Morrison, "China-US Trade issues," *Congressional Research Service* (July 30, 2018), <https://fas.org/sgp/crs/row/RL33536.pdf>, (accessed October 4, 2018).

⁶ See for example; Oxford Economics, "Understanding the US-China trade relationship," (January 2017), <https://www.uschina.org/sites/default/files/Oxford%20Economics%20US%20Jobs%20and%20China%20Trade%20Report.pdf>, (accessed September 27, 2018).

⁷ Wyne M. Morrison, "China-US Trade issues," *Congressional Research Service* (July 30, 2018), <https://fas.org/sgp/crs/row/RL33536.pdf>, (accessed October 4, 2018).

⁸ Ibid.

⁹ Ibid.

Figure 2: U.S. Merchandise Trade Balance with China: 2000-2017 (\$ in billions)

Source: Wyne M. Morrison, "China-US Trade issues," *Congressional Research Service* (July 30, 2018), <https://fas.org/sgp/crs/row/RL33536.pdf>, (accessed October 4, 2018).

TRADE PROTECTIONISM UNDER THE TRUMP ADMINISTRATION

A glance over the past few months reveal that apart from China, the Trump Administration has used tariffs against many countries. For Example:

- **January 22, 2018:** President Trump approved global safeguard tariffs on \$8.5 billion imports of solar panels and \$1.8 billion of washing machines.
- **March 1, 2018:** On national security grounds US announced forthcoming tariffs on all trading partners of 25 percent on steel and 10 percent on aluminum. The tariffs covered imports worth \$48 billion targeting countries like Canada, the European Union, Mexico and South Korea.
- **March 8, 2018:** President Trump issued formal steel and aluminum tariff proclamations which would take effect from March 23. However, Canada and Mexico were temporarily excluded from the list until the conclusion of NAFTA renegotiation talks. The President also offered negotiation for other countries in order to get removed from the list.
- **March 22, 2018:** President Trump grants further exemptions for steel and aluminum tariffs to European Union, South Korea, Brazil, Argentina, and Australia, but only through May 1, 2018.
- **March 23, 2018:** steel and aluminum tariffs took effect with exemptions for selected countries. The US imposed 25% steel tariff on countries which exported \$10.2 billion to US in 2017 and 10% aluminum tariff was imposed on countries which exported \$7.7 billion to US.
- **June 01, 2018:** the US removed tariff exemptions granted to EU, Canada, and Mexico. Australia remained the only trading partner with regard to steel and aluminum without tariffs.
- **August 10, 2018:** the US President announced the decision to increase the steel tariff rate for Turkey from 25% to 50%.¹⁰

¹⁰ Chad P. Bown and Melina Kolb, "Trump trade war timeline: an up-to-date guide," updated September 24, 2018, *Peterson Institute for International Economics*, <https://piie.com/system/files/documents/trump-trade-war-timeline.pdf>, (accessed October 29, 2018).

In response, US had to face counter tariffs from almost all of these countries. Consequently, the US Trade Representative filed disputes against Canada, European Union, Mexico and Turkey at the World Trade Organization in July 2018. Furthermore, in view of the export fallout from tariff imposition the Trump Administration had to offer subsidies for US farmers. On July 24, the Administration announced up to \$12 billion subsidies for the loss in exports resulting from the imposition of tariffs.¹¹

The Trump Administration has made use of the pretext of national security under Section 232 of the Trade Expansion Act of 1962 in order to impose tariffs on steel and aluminum imports. While the Articles of GATT may not get violated from the imposition of tariffs citing national security reasons in such a manner, however, this is generally understood among member states that such provisions are rarely used and even in extreme circumstances. The use of such a narrow definition of national security in the international trade arena has set new precedents which may be detrimental for the international trade order.¹²

Moreover, the interdependent nature of trade ensures reciprocity if one side harms other. In almost all the cases where the US Administration has imposed tariffs, the other side has responded with similar tariffs. Consequently, the US exports have suffered and this was the reason that the Administration had to offer subsidies for farmers in order to compensate for the losses.

PAKISTAN'S SINO-US DILEMMA

Due to its geostrategic location, Pakistan is a key player in great power politics being played between China and US in the South Asian region. Pakistan has bilateral relationship both with US and China since independence. The emergence of China on the global stage is being perceived in the western countries as a potential challenger for the current world order based on the supremacy of United States. Therefore, Pakistan finds itself in a difficult position to balance out between the two countries in order to ensure cordial relationship with each one of them.

For decades, Pakistan and US have developed closely knit relationship. The ups and downs of the bilateral relationship apart, Pakistan have been a strategic ally of the US since the cold war. In current scenario, the ongoing war in Afghanistan and the US military presence in the region necessitate active US involvement in Pakistan.

On the other side, China is the only neighbor with whom Pakistan has enjoyed cordial relationship since both countries gained independence. Pakistan also played instrumental role in opening channels of communication between US and mainland China. More recently, the China-Pakistan Economic Corridor has enabled the bilateral relationship to witness unprecedented heights. Under the CPEC, China has injected billions of dollars investment in Pakistan over the past few years. This investment has facilitated completion of various infrastructure, transport and communication as well as energy related projects in Pakistan.

While CPEC got much welcome in Pakistan for the potential to be a game changer, policy makers in the US perceived CPEC critically. More recently, concerns have been raised over the capacity of Pakistan to repay Chinese loans. Furthermore, the stated intention of Pakistan to approach IMF for bailout package has received backlash from the US side.

¹¹ Ibid.

¹² Robert Z. Lawrence, "How the US should confront China without threatening the Global Trading system," (August 2018), *Peterson Institute for International Economics*, <https://piie.com/system/files/documents/pb18-17.pdf>, (accessed September 27, 2018).

“In 2016, the IMF agreed to a \$1.5 billion bailout loan with Sri Lanka due to unsustainable debts to China. Recently, it has been reported that the incoming government of Pakistan will pursue an IMF bailout in part due to rising current-account deficit and external debt obligations caused by the China-Pakistan Economic Corridor (CPEC). These financial crises illustrate the dangers of China’s debt-trap diplomacy and its Belt and Road Initiative (BRI) to developing countries, as well as the national security threat they pose to the United States.”¹³

In their view, the expanded Chinese influence in the region can pose security risks for the US with military presence around the Indian Ocean. Chinese involvement in the development of Gwadar is particularly seen from the security prism as there were reports of establishing a Chinese military base in Gwadar in future.

“... last year, the Sri Lankan government, unable to repay over \$1 billion of Chinese debt for construction of the Hambantota Port, granted a Chinese state company a 99-year lease on the facility. There are concerns that given Pakistan’s growing debt, the same could happen at Gwadar Port in Pakistan. In China’s “String of Pearls” strategy for the Indo-Pacific, Gwadar and Hambantota are important footholds that if converted into naval bases will enable the PLA Navy to maintain a permanent presence in the Indian Ocean.”

CONCLUSION

China has witnessed impressive economic growth in past three to four decades, leaving many advanced countries behind. The economic growth of China has been paralleled with equal growth in trade with the US. Both countries have heavily benefitted from bilateral trade. As China prepares to consolidate the era of global leadership by assuming the great power status, bilateral relationship between US and China are worsening. The series of tariffs imposed by the Trump Administration on China have accelerated a so-called trade war between both the countries which may ultimately prove to be detrimental for economic growth of both states as well as for the world at large.

While China has been specifically hit by US tariffs, a glance over the past few months reveals a protectionist conduct on the part of US Administration in terms of international trade. The Trump Administration has imposed tariffs on various countries irrespective of its relationship with the receiving state including Canada, European Union, Mexico etc. With these protectionist trade policies the US has been undermining the very rules of international trade agreed by the western countries in the aftermath of Second World War.

In the current scenario, where the world is experiencing a power transition phenomenon from western to eastern hemisphere, Pakistan needs to tread its path to economic development very carefully. Continuing with CPEC related commitments without compromising on the US concerns would require serious deliberations at highest level.

¹³ United States Senate, Letter to Secretary US Department of Treasury and US Department of State signed by 16 Senators, (dated August 03, 2018), <https://www.perdue.senate.gov/imo/media/doc/IMF%20China%20Belt%20and%20Road%20Initiative%20Letter.pdf>, (accessed October 17, 2018).

ANALYSIS

Defending Human Rights: A Critical Account of Labour Laws of Pakistan
(Part II as continued from last month's issue)

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Pakistan has an extensive legal framework for protection of human rights. Many of the internationally acknowledged human rights are enshrined in the Constitution of Pakistan. Furthermore, specific laws have been enacted in the areas of labour rights. However, the issue of business and human rights has not received due attention in Pakistan as even the National Action Plan on Human Rights, 2016 makes no mention of this issue.

The objective of this paper is to identify gaps in the existing laws of Pakistan regarding labour rights and to seek way forward in shape of suitable changes for making these laws more effective and consistent. The fulfillment of labour rights is imperative for human security in a society and the International Labour Organization (ILO) was created to foster humane conditions for workers to ensure social security and justice. Pakistan has ratified the 36 ILO Conventions and accordingly many laws to protect these labour rights have been enacted yet their implementation in letter and spirit leaves much to be desired. The issue becomes more important as after the 18th Constitutional Amendment, the provincial governments bear the core responsibility to RESPECT, PROVIDE and FULFILL the labour rights as enshrined by the ILO conventions ratified, the Constitution of Pakistan and the labour laws enacted from time to time. The Standing Committees in the National Parliament and provincial assemblies must scrutinize the respective governments' policy, service delivery, resource allocations, implementation and remedial measures viz a viz labour rights.

In the Last special issue of PIPS Parliamentary Research Digest on HUMAN RIGHTS in December, 2018 to mark the 70th anniversary of Universal Declaration of Human Rights (UDHR), the author had identified legislative rights legislation in Pakistan pertaining to key issues of Minimum Wages, Equal Remuneration to men and women and last but not the least Bonded Labour. This article discusses the right of collective bargaining and unions in addition to consolidating the way forward for meeting the aspirations of the Constitution and more than 57.2 million total work force of the country according to data produced by the CIA World Factbook, making it the ninth largest country by available human workforce.

RIGHT TO ORGANIZE AND COLLECTIVE BARGAINING

The right of association is considered as a fundamental right in the International Labour Law regime. The Right to Organize and Collective Bargaining Convention 1948 (No. 87) (hereinafter referred to as the Convention No. 87), explicitly provides that workers and employers have right to join organizations of their choosing without prior authorization.¹ Furthermore, Convention No. 87 also permits the workers' and employers' organizations to draft their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and formulate their programmes.² The right to form association and collective bargaining are considered as important rights as they ensure decent conditions at work. After ratification of this

¹ The Right to Organize and Collective Bargaining Convention 1948 (No. 87), Article 2.

² Ibid, Article 3.

Note: This article is contribution due to PIPS - CDIP Taber project on Legislative Archiving compiling the entire Provincial assembly code of Pakistan.

Instrument, many countries have enacted specific laws to safeguard the right to organize and collective bargaining. Industrial relations³ legislation is pivotal to regulating and implementing the employer-employee relationship. A holistic legislative framework is an essential prerequisite to ensuring necessary protections and guarantees and resolution of industrial disputes in an amicable manner. The right to form associations or unions is recognized as a fundamental right in the Constitution of Pakistan.⁴

Specific Industrial Relations Legislation in Pakistan- A Historical Account

Pakistan inherited important labour legislation that was formulated in the days before its independence. Important amongst these are those pertaining to industrial relations:

- a) The Trade Union Act, 1926
- b) Industrial Disputes Act, 1947

Unlike many other colonial laws, these laws were quite progressive as the entire workforce, except the police, the military, and state administration employees, had the right to form and join trade unions of their own choice and exercise the right of collective bargaining. These laws even permitted the trade unions to maintain funds for the political party of their own choice, to garner political support on labour issues in Parliament.⁵

During the military regime of Ayub Khan, the legislation on labour rights underwent a series of retrogressive changes. The Industrial Disputes Act, 1947 was replaced with Industrial Disputes Ordinance 1959. Under this Ordinance, the workers' right to strike was curtailed. The law made it compulsory for the workers to give notice to the employer prior to holding a strike.⁶ The law also enabled the courts to prohibit any ongoing strike or lockout.⁷ The ban on the right to strike under the Industrial Dispute Ordinance of 1959 weakened the labour movement and hindered the protection of workers' rights.

The industrial disputes and trade unions were consolidated into a single law, namely the Industrial Relations Ordinance 1969. This legislation strived to settle industrial disputes through statutory provisions.⁸ This law was then repealed by the Industrial Relations Ordinance 2002 during the military regime of Musharraf. This was another retrogressive legislative initiative, as the rights granted to the labour unions under the preceding legislation (IRO 1969) were abridged under the new law.⁹ In 2008, the democratically elected government passed the Industrial Relations Act 2008. This legislation did address some important labour issues, for instance, supervisors were included in the definition of worker. Similarly, this legislation re-established the Labour Appellate Tribunals for speedy disposal of appeals against the judgments of the labour

³ Industrial relations imply the interaction between employers and employees or their representatives and the mechanism by which the standards and other terms and conditions of employment are negotiated, adjusted, and enforced.

⁴ The Constitution of the Islamic Republic of Pakistan, Article 17.

⁵ Trade Unions Act, 1926, Section 16.

⁶ Rashid Amjad, and Khalid Mahmood. "Industrial relations and the political process in Pakistan 1947-1977." International Institute for Labour Studies, Geneva, Switzerland. (1982):34.

⁷ Ibid.

⁸ Ansari *et al.* "Governing the labour market: the impossibility of corporatist reforms." *The Pakistan Development Review* (2006): 992.

⁹ Iftikhar Ahmed, Labour and Employment Law: A Profile of Pakistan, at https://wageindicator.org/documents/Labour_and_Employment_Law-A_Profile_on_Pakistan.pdf (Accessed January 18, 2018).

courts.¹⁰ Though the IRA, 2008 did bring about some important positive changes in the industrial relations law, the Act left much to be desired. The law considered the agreement between the employer and workman as part of a settlement.¹¹ Such an arrangement would defeat the very purpose of collective bargaining. Similarly, the appointment of chairman was left to the discretion of the Federal Government. The IRA, 2008 remained in effect until April 2010, when the government passed the eighteenth constitutional amendment.

Industrial Relations Act, 2012

Under the eighteenth constitutional amendment, the concurrent list was abolished as a result of which many subjects including labour and union matters were devolved to provinces. Pursuant to this important constitutional amendment, the Industrial Relations Act (IRA) was passed in 2012. With a few exceptions, as is the case with provincial IRAs, the law covers all workers. It regulates trade unions, worker's participation and industrial disputes. It also defines unfair labour practices and establishes the National Industrial Relations Commission.

GAPS IN EXISTING LABOUR LAWS

- i. The West Pakistan Minimum Wage Ordinance, 1961 does not apply to certain classes of workers such as agricultural workers, workers employed in charitable institutions, coal mine workers and federal and provincial employees.
- ii. The West Pakistan Minimum Wages for Unskilled Workers, Ordinance 1969 omits to include the unskilled workers employed in the informal sectors of economy.
- iii. The presence of a separate law for unskilled workers is discriminatory as the government can set minimum wages without engaging in consultation with the relevant stakeholders.
- iv. The role of Minimum Wage Boards established under the West Pakistan Minimum Wage Ordinance, 1961 is merely symbolic. The Minimum Wage Boards can recommend rates for minimum wages, but the power to legally declare minimum wages lies with the provincial government. This makes the Minimum Wage Boards practically dysfunctional.
- v. By law the Minimum Wage Boards are required to consider factors such as changes in economic conditions, cost of living and other relevant factors, while suggesting revision of minimum wage rates. However, it is important to note that the law is silent on what constitutes 'changes in economic conditions', 'cost of living' and 'other relevant factors'.
- vi. Though the law requires the provincial government to appoint employers' and workers' representatives to Minimum Wage Board, it is up to the government to decide which organizations are considered representatives of employers and employees. The representatives thus appointed by the government usually lack credibility with the concerned stakeholders.
- vii. The penalties imposed for underpayment of wages under the minimum wages laws are inadequate.
- viii. The Coal Mines (Fixation of Rates of Wages) Ordinance, 1960 does not provide any penalty for underpayment of wages to the coal workers.
- ix. The lack of capacity and resources for adequate inspection has led to unsatisfactory implementation of the minimum wages law.
- x. The presence of various laws on the issue of minimum wages has led to inconsistencies and poor implementation.

¹⁰ Under IRO 2002, the appeals against the decisions of the Labour Courts had to be filed in the High Court that resulted in protracted litigation and high costs.

¹¹ IRA, 2008 Section 2.

- xi. The existing labour laws do not contain specific provisions vis-à-vis equal wages for both men and women. The principle of equal remuneration is only mentioned in the West Pakistan Minimum Wage Rules, 1962 which is often ignored by the employers.
- xii. The absence of punishment for discriminating in wage rates on the basis of gender provides an opportunity to the employers to pay less wages to women. The Sindh Minimum Wage Act 2015, provides a penalty for gender discrimination in the payment of minimum wages.¹² Similarly, the Khyber Pakhtunkhwa Payment of Wages Act 2013 does contain a broad provision specifying that there would be no discrimination on the basis gender, religion, sect, caste, colour, creed, ethnic background in the wages and other benefits for work of equal value.¹³
- xiii. Article 2 of the Equal Remuneration Convention 1951, requires Member States to ensure equal remuneration for men and women by means of national laws or regulations, legally established machinery for wage determination, collective agreements between employers and workers or a combination of these means. Though Pakistan has ratified this Convention, the issue of equal pay has not been given much importance for many years. The absence of specific legislation makes it nearly impossible to enforce equal pay for men and women working in different establishments.
- xiv. The Bonded Labour System (Abolition) Act, 1992 does not contain a broad framework regarding the rehabilitation of victims of bonded labour. The Act entrusts this function to the vigilance committee; however, the performance of the vigilance committees has not been satisfactory. The absence of an effective rehabilitation system is a serious flaw in the law that needs to be addressed.
- xv. The law on bonded labour does not provide any monitoring and evaluation mechanism to ensure compliance of the law.
- xvi. The Prevention and Control of Human Trafficking Ordinance 2002, contains no provisions to prevent domestic (internal) trafficking. Domestic trafficking of persons within Pakistan is a major factor in the prevailing forced labour in the country.
- xvii. Under the Industrial Relations Act, 2012, no other trade union could be registered, if there are already two or more registered trade unions in the establishment, or industry with which the trade union is connected, unless it has, as its member not less than 20 percent of workers employed in that establishment or industry.¹⁴ This provision poses a serious impediment in formation of unions.
- xviii. Under IRA, 2012 a worker is not entitled to be a member of more than one trade union.¹⁵ This restricts the choice of workers in joining trade unions.
- xix. The IRA 2012, excludes certain categories of workers from scope of its application.¹⁶ This deprives such workers of their right to join trade unions. Furthermore, the definition of workman and worker excludes any person who is employed mainly in managerial or administrative capacity.
- xx. Under the present law, the government or employers have extensive powers to prohibit, limit or cease the strike action. Under the IRA, 2012, where a strike continues for more than 30 days, the government is empowered to prohibit such a strike, if it is satisfied that such a strike is causing serious hardship to the community or is prejudicial to the national interests.¹⁷
- xxi. The existing law on industrial relations also allows the Conciliator to replace the workers during a strike if he believes that the cessation of work is likely to cause damage to the

¹² The Sindh Minimum Wages Act, 2015 s.15(4)

¹³ The Khyber Pakhtunkhwa Payment of Wages Act, 2013 s.26.

¹⁴ Industrial Relations Act, 2012 Section 8 (2) (b).

¹⁵ Industrial Relations Act, 2012, Section 3 (a).

¹⁶ Industrial Relations Act, 2012, Section 1 (3).

¹⁷ IRA, 2012 Section 48 (3)

machinery.¹⁸ Using this as an excuse, the employer may coerce the workers to end a strike without thorough negotiations.

WAY FORWARD

- 1) The Parliament may, after consultation with all the concerned stakeholders, recommend the Federal Government to ratify the ILO's Minimum Wage Fixing Convention, 1970.
- 2) The minimum wages law should be applicable to all categories of workers. Workers such as agricultural workers and home-based workers should also be covered under the minimum wage law.
- 3) The law should require the employers to display the minimum wages (as determined by the government) at a conspicuous part of their establishment.
- 4) The law should also specify objective criteria for determination of minimum wages. It is important for the government to enumerate and publish the following:
 - elements to be considered as economic conditions;
 - elements to be considered in cost of living; and
 - elements to be considered as relevant other factors
- 5) The law should also provide transparent criteria for the appointment of the members of the Minimum Wage Boards. The government should ensure full consultation with the representatives of workers and employers, while making such appointments. The law should also require the government to publish the following details to ensure transparency:
 - criteria for appointment
 - nominations from trade unions, including employers' representatives
 - reasons for appointment to the Board
- 6) The minimum wage law should strengthen the Minimum Wage Boards. The Board should exercise its powers independently. Since the Board is staffed with personnel having expertise in the industrial relations, their recommendations regarding setting minimum wages should be accorded due importance. When making recommendations, the Board should publish reasons for their opinion. The law should bind the government to follow the recommendations made by the Board, unless there are compelling reasons not to do so.
- 7) The labour inspection systems should be strengthened to ensure effective compliance with the law.
- 8) The penalties under the existing laws are inadequate and should be enhanced. The law should also enable the authorities to seal the establishment for continued violations of minimum wages law. This would result in better compliance of the labour laws.
- 9) The West Pakistan Minimum Wages for Unskilled Workers Ordinance, 1969 and the Coal Miners (Fixation of Rates of Wages) Ordinance, 1960 may be repealed to remove inconsistencies in wage setting mechanisms for various classes of workers. Single minimum wage legislation should cover all types of workers.
- 10) The government may publish an annual report on the overall compliance status of the minimum wage legislation.
- 11) A specific new law may be enacted to ensure that there is no discrimination in wages on the basis of gender. This is not a novel idea, as such legislation exists in various countries. This legislative initiative would make it mandatory for all employers to ensure equal pay for work of equal value.
- 12) Another option through which equality in pay can be ensured is to amend the existing legal framework on wages. Specific provisions may be added in the existing laws to address the issue of discrimination of wages on basis of gender.

¹⁸ IRA, 2012, Section 31 (h)

- 13) There is also a need to conduct a periodic study of gaps in the wages of men and women in various industries and to identify the causes of such gaps.
- 14) Effective monitoring mechanisms should be included in the law on bonded labour.
- 15) More often than not, domestic workers are subjected to forced labour. The absence of any specific legislation has contributed to the ongoing ordeal of domestic workers. There is a need to enact a specific law to protect the rights of domestic workers.
- 16) As it has been noted, the IRA 2012 contains many provisions that put the employer in an advantageous position in relation to the workers. There is a need to establish parity in the relationship between employers and workers.
- 17) The law should allow workers to join more than one trade unions.
- 18) Agricultural labour does not have any protection under the labour laws of Pakistan. It is important to extend the legal protections to the workers engaged in the agriculture.
- 19) While amending the existing law, it is important to take into account the basic ILO basic principles, core labour standards and international human rights.

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- xvii. The Khyber Pakhtunkhwa Payment of Wages Act, 2013.
- xviii. Industrial Relations Act, 2012.
- xix. West Pakistan Minimum Wage Rules, 1962

PIPS FIRST INTERNATIONAL CONFERENCE ON YOUTH AND PARLIAMENT DECEMBER 11, 2018

Pakistan Institute for Parliamentary Services organized historic International Conference on Youth and Parliament to commemorate the 70 years of Universal Declaration of Human Rights on December 11, 2018. A total of 140 Students from different universities of Pakistan including international students' delegates from Afghanistan, Libya, Nigeria, Palestine, Somalia and Yemen participated in the event. The first session of the Conference was based on panel discussion on Youth and Parliament where five Parliamentarians namely Honourable MNAs Mohsin Shahnawaz Ranjha, Mr Mustafa Mehmood, Mr Ameer Sultan, Mr Farrukh Habib and Ms Shahida Akhter Ali from four different parties participated and shared their thoughts and their parties' initiatives on the subject matter.

In the second session of the conference, mock session of Youth Parliament was organized where the young participants participated in the proceedings of mock session as cabinet members and opposition members. In a mock exercise, selected students took oath as Speaker of the House, Leader of Opposition and Deputy Speaker. The participants lauded the role of PIPS in inculcating and conveying parliamentary knowledge among various sectors of society especially youth.

Some key recommendations from the event are given below

- a. Parliamentary democracy and supremacy of Constitution should be respected by all institutions.
- b. Political parties should encourage youth by raising them to offices of responsibility.
- c. Parliament should legislate to restore student unions to engage students in dialogue process.
- d. Universities should allow dialogue and freedom of ideas with choice of accommodating and respecting disagreements.
- e. Pakistan Institute for Parliamentary Services should at large scale orient youth with working of parliament and vision of father of the nation Quaid-e-Azam Muhammad Ali Jinnah.



MEMBERS AND READERS FEEDBACK/COMMENTS

- i. PIPS is passionate about Parliamentary work in the country; it is indeed great support through its research, legislative and capacity building initiatives* (Hon Senator Shahzad Waseem, Oct., 2018)
- ii. Research taught and practised at PIPS never seen before ;* (MNA Ms. Nafeesa Khattak shared students' impressions after PIPS session in Board of Governors Meeting)
- iii. Narrative of Peace and Tolerance well written* (Senator Nisar Memon)
- iv. PIPS bridge between Parliament and People* (Senator Farhatullah Babar)
- v. PIPS legislative and research support means so much to me* (Hon. MNA Shehryar Afridi and now State Minister for Interior, at Constitution day April 10, 2018)
- vi. PIPS playing great role in developing youth's synergy for parliamentary democracy by engaging in opportunities of learning* (Hon MNA Mohsin Shahnawaz Ranjha, on Int'l Conference on Youth and Parliament, Dec., 2018)
- vii. PIPS budget analysis services for MPs and programmes on Youth engagement with Parliament are remarkable initiatives* (Hon. MNA Ms Shahida Akhter Ali)
- viii. We look forward to being part of PIPS initiative on building narrative of peace, tolerance and democracy* (Hon MNA Mr Mustafa Mahmood, Dec, 2018)
- ix. Found PIPS Research papers much relevant as compared to many others* (Hon MNA Jaffer Iqbal on an international conference on security and anti-terrorism)
- x. All-encompassing and well written papers* (former National Security Adviser Mr Janjua on PIPS thematic paper for Speakers Conference, Dec 2017)
- xi. Parliament@70 initiative absorbing* (Mr. Gregor Head KAS, visit to PIPS)
- xii. All PIPS publications are thorough and very relevant to any parliamentary institution or House* (Speaker Balochistan and Speaker GB Assembly, 2017 during National SDGs Moot, 2018)
- xiii. PIPS has produced entire curriculum on all conceptual Parliamentary areas* (Mr. Mushtaq Ahmad – Addl. Secretary National Assembly, Dec., 2018)
- xiv. PIPS is on top of it vis a vis setting and implementing best parliamentary research practices* (Rob Clement, former Director Research UK House of Commons)
- xv. PIPS Research Digest a great piece of scholarly objective analysis* (VC Sindh University Jamshoro, Nov., 2018)
- xvi. Research Digests are very important for our institutional Scholars/readers* (Prof Dr. Khalil Ahmed, Dean, Faculty of Life Sciences)
- xvii. Legislative support by PIPS amazing* (Senator Sehar Kamran, April 2018)
- xviii. Providing so many research services and contributing so many books in short span great achievement* (Secretary General King Prajadhipok's Institute, Thailand, Prof Woothisarn Tenchai at 20th anniversary conference Nov., 2018)
- xix. PIPS Research Digest is great academic and research contribution* (VC Uni. of Punjab, April 2018)
- xx. Research Digest raising absorbing issues* (by I A Rehman in The Dawn Newspaper)

A TRIBUTE TO FATHER OF THE NATION
“QUAID-E-AZAM MUHAMMAD ALI JINNAH”
ON HIS 142nd BIRTH ANNIVERSARY



“Few individuals significantly alter the course of history. Fewer still modify the map of the world. Hardly anyone can be credited with creating a nation-state. Mohammad Ali Jinnah did all three.”

Stanley Wolpert, Jinnah of Pakistan



PAKISTAN INSTITUTE FOR PARLIAMENTARY SERVICES
DEDICATED TO PARLIAMENTARY EXCELLENCE

Pakistan Institute for Parliamentary Services was established in Dec 2008 through an act of the Parliament to promote research, provide training and to provide facility of information to the Parliamentarians in performance of their duties and for matters connected therewith and ancillary thereto.

PIPS team endeavors to serve the Parliament through its cherished values of :

Integrity, professionalism, non-partisanship, accessibility and anticipation

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