

## RECORD NOTES ON

### BRAINSTORMING SESSION ON REVAMPING THE MECHANISM OF TRADE DISPUTES RESOLUTION IN PAKISTAN HELD AT GUJRANWALA CHAMBER OF COMMERCE & INDUSTRY ON 17TH JUNE, 2015.

A fourth of its series, brainstorming session with regard to revamping the Mechanism of Trade Disputes Resolution in Pakistan was held at Gujranwala Chamber of Commerce & Industry, (GuCC&I), Gujranwala on 17th June, 2015. The meeting was chaired by Mr. Kashif Aziz, Sr. Vice-President GuCC&I and Ms. Roubina Taufiq Shah, Director General, Trade Dispute Resolution Organization (TDRO). Ms. Aameera Pervaiz, Deputy Director TDAP Gujranwala, Vice President, Federation of Pakistan Chamber of Commerce & Industry (FPCC&I), ex-President and Members of GuCC&I, Vice President of Gujrat Chamber of Commerce & Industry (GtCC&I), Representatives of Fan Manufacturers Association, Gujrat participated in the brainstorming session. Attendance sheets of the participants attended the session is placed in record. The session started with **Recitation from Holy Quran.**

2. **Mr. Kashif Aziz, Sr. Vice-President GuCC&I** welcomed Director General, TDRO team to visit to Gujranwala Chamber of Commerce & Industry (GuCC&I) on behalf of Vice President and Members of Management Committee and to all the participants in the session. Mr. Kashif Aziz stated that the visit of DG is of utmost importance for the GuCC&I and also thankful to TDRO who **keeping** in view the significance of the Chamber and discussing its problems. He stated that establishment of TDRO by Ministry of Commerce is a very welcome step of present Government. Business community was in need of such an organization since long. He hoped that the said organization would play a positive role with regard to resolution of trade disputes between Pakistani and International Business Community. Mr. Kashif Aziz further deliberated that the Pakistani business community has to face lot of challenges out of which one of the major challenge is International Trade Disputes. He further stated that Business Community of Gujranwala are facing problems in trade agreements with China, India, Central Asia, Saudi Arabia, Europe, USA and African Countries and GuCC&I raises these problems at different forums. However, due to non-existence of an Organization in the past, such matters could not bear fruit. He mentioned few problems and suggestions for consideration of TDRO, like Over trading, Poor Documentation; Supply of inferior quality material; Delays in shipment due to Poor Clearing and Forwarding Channels; Poor Banking Channels / Businessmen avoiding these Channels; Difficulties in obtaining Visa by businessmen; and Fraud Cases etc.

3. Mr. Kashif added that previously the businessmen were trying to resolve these problems at their own, however hardly few cases have successfully been resolved. He stated that the members of GuCC&I will also give proposals in light of their experiences which may be useful and helpful in preparation of Trade Dispute Law. He also requested to appraise the Members of GuCC&I with regard to EU, TRTA program. The Sr. Vice President suggested a few points as below which should also be considered while preparing TDRO's Law and Rules:

- To establish TDRO's full time support desk in all foreign missions of Pakistan wherein all the Commercial Officers should fully cooperate. Besides the local governments of these countries, Trade and Commercial Ministers, Chambers as well as the cooperation of Police Department should also be available to TDRO so that amicable solution of business disputes and payments can be made in light of the prevailing laws of other countries;
- TDRO should form committees within all Chambers of Commerce & Industry in Pakistan. These committees should be registered with TDRO and work as sub-committees to refer the dispute cases to TDRO, so that TDRO through its Consultants at home or in different countries may resolve trade disputes.

4. **Ms. Roubina Taufiq Shah, Director General, TDRO** thanked GuCC&I for providing the forum to TDRO to discuss the most important issue of revamping the Mechanism of Trade Disputes Resolution in Pakistan. DG TDRO made a presentation where she explained the reasons for the establishment of the Organization and its mandate. She informed the participants of the efforts of TDRO for drafting of trade dispute laws through comparative study of dispute settlement mechanism in various countries. She stated that Pakistani businessmen are facing hurdles in their business and one of the leading factor is the trade disputes arising between them and their counterparts. She opined that commercial disputes that end in courts of law are always costly and usually a bitter experience. She added that the replies / suggestions received on a survey carried out by TDRO from Pakistan's foreign missions and the trade bodies have been formulated in the form of two reports published in collaboration of Prime Institute with whom TDRO has signed a MoU. She indicated that TDRO has also signed a MoU with NCDR which is an internationally recognized body in Pakistan engaged in Mediation and Alternative Dispute Resolution (ADR).

5. Ms. Shah informed that Imports and Exports Registration had been discontinued in 2002 and trade was made so easy that all kinds of new exporters entered the field. She emphasized the need to provide a strong role to TDRO so that the interest of genuine businessman can amicably be protected. The DG mentioned that TDRO with ITC assistance is drafting ADR/Arbitration laws with the assistance of the international and local consultant. The stakeholder consultations are in process and the objectives of this brainstorming session was to seek comments/views of the trade bodies about the weaknesses in the current mechanism of trade dispute and to gather suggestions for the new Act being formulated. Local consultant will study the local laws and thus give input accordingly. The Foreign Consultant will study foreign laws to harmonize the law of TDRO with the law of other countries. She indicated that TDRO has been making efforts for preparing such rules and laws which may be acceptable locally as well as recognized internationally. She appealed to the private sector to come forward and give their honest opinion about the current system, weaknesses and suggestions for improving the same. (She requested all the participants of GuCC&I, GtCC&I and Fan Manufacturers Association to fill in the TDRO's proforma and return the same for analysis). The DG also stated that TDRO is providing assistance to Pakistani importers and exporters who are defrauded in international trade and also educating & training exporters and importers to avoid disputes. She urged the participants to avail the services of Trade Dispute

Resolution Organization. She concluded that establishment of TDRO is aimed at swift resolution of trade disputes of business community and improve the image of the country world over.

6. **Vice President, Gujrat Chamber of Commerce & Industry (GtCC&I) Mr. Nadeem Ahmed Cheema** stated that disputes related to fan industry are on the rise. The problems usually arise due to undocumented exports. He emphasized the need of trainings / seminars for exporters to avoid unintentional problems. He opined that strong and empowered mediation committees at Chambers and TDRO should be formed. These committees should be approved by the Ministry of Commerce. When the Law is framed and TDRO is strong, then the trade bodies can play an effective role. The Vice President, assured full support from GtCC&I .

7. **Mr. Ikhtlaq Butt, ex-President GuCC&I and CEO M/s. Sonex, Gujranwala** manufacturers and exporters of Tiles and Utensils stated that GuCC&I will fully cooperate and support TDRO in formation of Law, Rules and Regulations for trade disputes resolution mechanism. Dispute resolution committees at chambers will help TDRO resolve disputes. He further said that focus of TDRO should be reduced to a particular extent. It may also be useful in giving a platform to foreign buyers.

8. **Kh. Zarar, Regional Vice President of FPCC&I** stated that due to reciprocity in dispute resolution between countries, TDRO should not get involved in Standards and Quality assurance and take any responsibility in the matter. Funds of EDF can be utilized for this purpose. He opined that the Members of respective field or Importers and Exporters should be taken in the dispute resolution committee. He further stated that the time lines for the decision of the dispute settlement should be set. Kh. Zarar added that the power to enforce decisions of TDRO will be applicable through their CNIC, Tax number and options of black listing such Importers or Exporters should be there. If blacklisting takes place then question is whether company or the individual should be blacklisted.

#### **Question Answer Session - Open House Discussion:**

9. **Mr. Nauman Salahuddin an Exporter of Jai-Namaz** made a complaint with regard to Cyber crime i.e. hacking of account through internet. Hacking of TT is a major problem. He said that an amount of US\$ 18,000/- sent through T.T. was hacked by some person. He indicated that the person has been traced out but neither police nor FIA is taking action to recover the amount. He opined that the TDRO's mandate should include liaison with FIA. An Exporter or Importer should be helped by allowing to go to single desk rather than to contact different agencies to get his grievances addressed. Dispute Settlement time frame to be defined. He lamented that Embassies response is pathetic. NTN should be blacklisted rather than CNIC as blacklisting of CNIC will completely destroy the person. He suggested that TDRO's office in Gujranwala be established.

10. **Mr. Abdul Qadir, Importer of Stainless Steel** said that being an importer of stainless steel verifies the credibility of the exporter. He suggested that the TDRO's Draft Law and Rules should be consulted with Trade bodies before finalization.

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11. **A producer of Engineering Sector products ( Transformers)** said that there is no accredited or world level Laboratory in the country for quality and standardization for export purposes, nor any support from Engineering & Development Board (EDB). Engineering sector products are suffering badly. Mr. Kashif Aziz added that his firm is also manufacturer of engineering sector products under the brand of PECO engineering products producing Transformers, Switches, Relay Connectors and Wires etc. which is also facing the same problems. DG TDRO informed that the department is liaising with the PNAC and PSQCA to address this issue. .

12. **An importer of steel sheets** stated that in order to check that the supplier is bona-fide, its worthiness can be checked through some International agencies recognized by SBP and appointed by Commercial Banks for credit rating of Import and Export firms / companies to certain extent. They deal with suppliers credit funds out flows; buyer and suppliers relationships; Imports or exports of goods supplied whether defective or not and their quality etc. Some of the renowned International Credit companies are: Seyes; Dunn; Bradstreet; ICI-L etc. He further viewed that the agencies recognized / appointed by State Bank of Pakistan (SBP) to compile such credit reports are not reliable hence need to be taken into consideration. He suggested that the credit report should be stopped through SBP as it as a wastage of money. He stated that without acceptance clause no importer agrees to take L/C. Foreign Banks and SBP may consider Bill of Lading together with House Bill to be submitted along with master bill for release of cargo to be presented. He further stated that SBP may be asked to do away with the Credit Report on L/C and hand it over to Chambers for facilitation of traders. Chambers recommendation letter be given weight-age. He opined that TDRO should also arrange such a session on Engineering Sector. The Importer of Steel Sheets recommended establishment of TDRO's office at Gujranwala. DG TDRO informed the meeting that the matter has already been taken up with EDB and session will soon be arranged.

13. **A Garments Exporter** stated that support desk in TDAP at Gujranwala be established for integration between all embassies, missions abroad. He suggested that instead of ***Dispute Resolution, Dispute prevention should be encouraged***. The Act of TDRO should have scope, expertise, quantum and capacity to decide the cases. TDRO should take very strict measures to resolve the cases. Capacity building of exporters/importers should take place. Pakistan Government should sign treaties with other countries, for bilateral actions on Dispute Resolution. He suggested that while preparing legislation for Trade Dispute Resolution it may be preferred to declare it as Authority so that the FIA and NAB can be referred fraud cases. TDRO should have a support desk in TDAP and Chambers with constant Liaison with Commercial Counselors abroad. It was also suggested that SBP should be consulted for allowing E-Commerce business in Pakistan.

14. The Brainstorming Session ended with vote of thanks from both sides followed by exchange / distribution of Shields between the two organizations. Gujranwala Chambers arranged lunch for the participants.

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