



PRESENTATION ON:

**“CAPACITY BUILDING OF CONSULTANTS IN WTO  
CONTEXT”**

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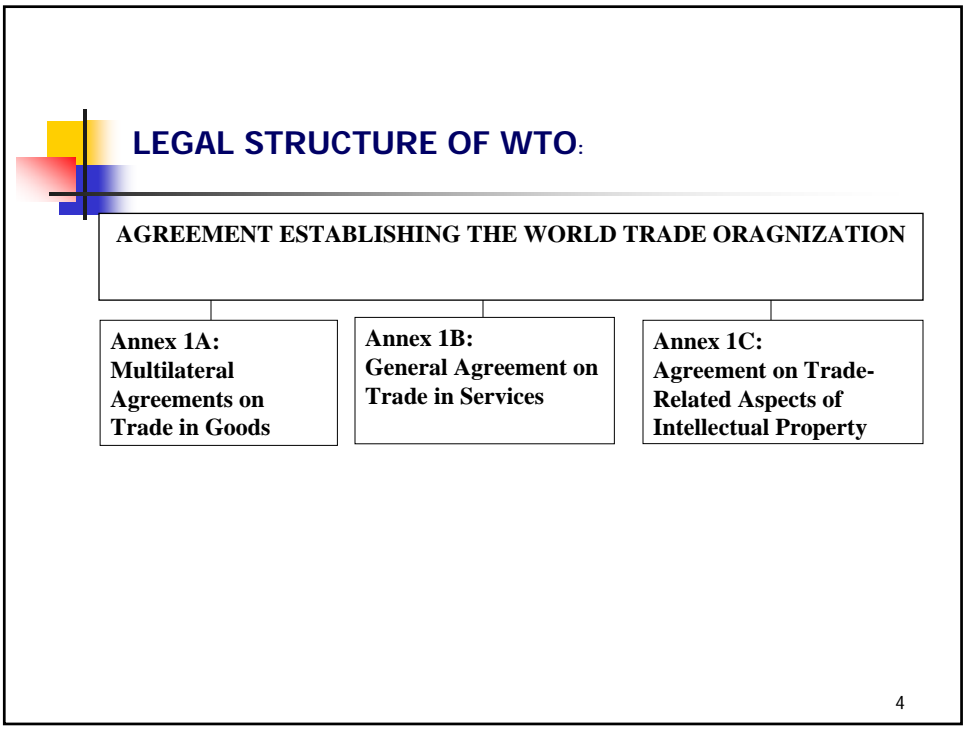
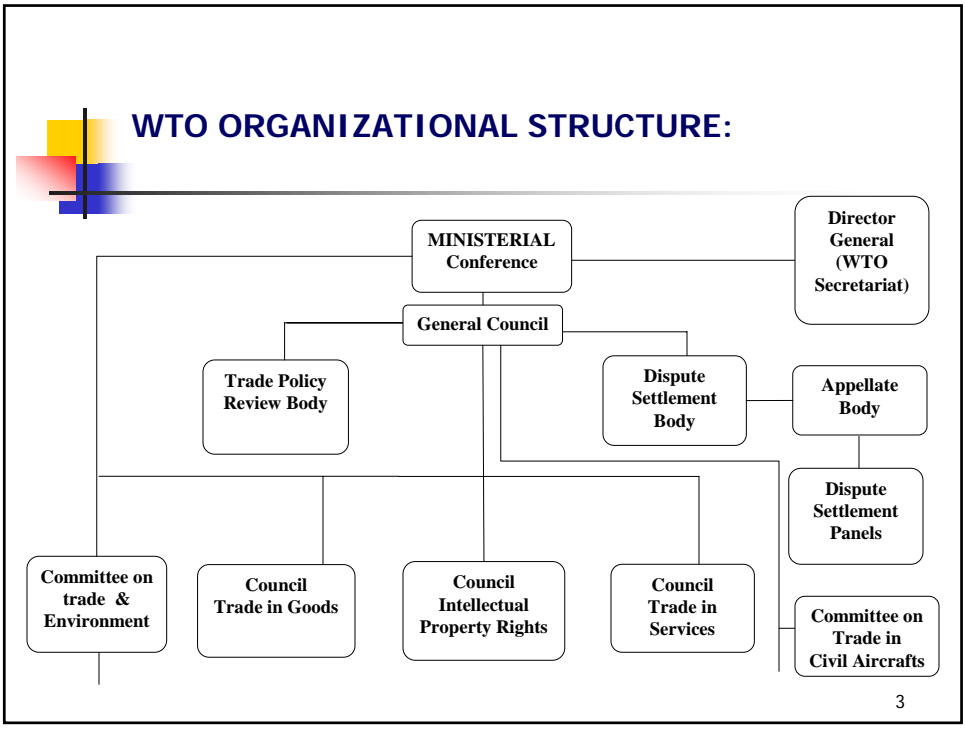
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1

## Meanings:

- Capacity building means ensuring skills, knowledge, structures and resources of organizations and individuals to realize their full potentials
- Consultant means an eligible entity renders independently intellectual services
- Engineering and Architectural services are associated with construction services
- WTO means World Trade Organization which deals with rules of trade among nations under Multilateral Agreements
- WTO context means under Globalised environment following relevant WTO rules

2





## Sectors covered by GATS :

**Annex 1B:  
General Agreement on  
Trade in Services**

1. Business
2. Communication
3. Construction and Engineering
4. Distribution
5. Education
6. Environmental
7. Financial
8. Health & related social
9. Tourism and Travel
10. Recreation and Cultural
11. Transport
12. "Other"

These sectors further sub-divide into over 160 sub-sector

5



## Related to GATS ?

- Construction and Related Engineering Services is one of the 12 sectors under GATS
- General Agreement on Trade in Services-deals with intangibles (intellectual or skill)
- Different from GATT-1947 (Trade in Goods)
- Concluded in Marakesh in December 1994 Part of WTO Regime in 1995
- Multilateral Agreements on Services
- Main elements – Article of Agreement, sartorial Annexes and schedules of commitments of members

6



## Construction and Related Sectors:

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### ■ Sector-3: Construction and Related Engineering Services

- General construction work for buildings(CPC 512)\*
- General construction work for civil engineering(CPC 513)
- Installation and assembly work(CPC 514,516)
- Building completion and finish work(CPC 517)
- Other(CPC 511, 515, 518)

\*UN Provisional Central Product Classification

7



## Construction and Related Sectors:

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### ■ Sector-1(A)(d): Architectural Services(CPC 8671)

- Advisory, Design, Contract Administration etc.

### ■ Sector-1(A)(e): Engineering Services(CPC 8672)

- Advisory, Design, Construction Supervision etc.

### ■ Sector-1(A)(f): Integrated Engineer Services(CPC 8673)

- Turnkey infrastructure projects, Integrated Engineering and Project Management for Water Supply/Sanitation

8



## Construction and Related Sectors:

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- Sector-1(A)(g): Urban planning and landscape architectural services(CPC 8674)
  - Urban planning, Landscape architectural services etc.
- **Anomaly:** Construction Related Engineering Services are included in "Other engineering services during the construction and installation phase(86727)", a subset of Engineering Services under Sector-1(Business services)

9



## Modes of Supply:

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- Supply of services in 4 modes
  - Mode 1: Cross-border supply from territory of one member into another (e.g. commerce)
  - Mode 2: Consumption abroad in the territory of one member to the service (tourism)
  - Mode 3: Commercial Presence by a service provider of one member through commercial presence in the territory of any other member (Branch office)
  - Mode 4: Movement of natural persons by a service provide of one member, through presence of natural persons of a member in the territory of nay other member (travel)

10



## Obligations and Commitments:

- General obligations – MEN under Article II apply
- Exemptions are allowed which are time bound and subject to review
- Specific commitments – Horizontal (apply to all sectors) and sector specific for each mode of supply
  - Market Access (treatment no less favourable than other foreign suppliers)
  - National Treatment (treatment no less favourable than to domestic services providers)
  - Additional commitments (beyond GATS provisions).
  - In all the four modes of supply

11



## Scope of Construction Sector:

- Construction service sector consists of (a) architectural and engineering design and (b) physical construction services
- Planning, feasibility, design, award, construction, operation etc.
- All Engineering disciplines -Architectural, Civil, Structural, Electrical etc.
- Engineering services and Construction for plant, Goods, Construction etc.

12



## Pakistan Schedule-Example:

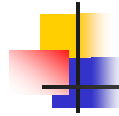
- "Horizontal" commitments which stipulate limitations that apply to all sectors included in the schedule
- "NONE" means no limitations on MA and NT in given sector and mode of supply
- "UNBOUND" means not committed
- "UNBOUND\*" - \*signifies "Unbound due to lack of technical feasibility"

13

## Pakistan Schedule-Example:

Sector or Sub-sector	Mode of Supply**	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
3. Engineering Services for Building Infrastructures: Harbours, dams, hydel power, and airports, only (CPC No. 8672)	1)	Unbound	1) Unbound	
	2)	Unbound*	2) Unbound*	
	3)	(i) Maximum of 40% foreign share holding in engineering consultancy companies (ii) Subject to partnership and /or joint venture with Pakistani engineers or engineering companies	3) None	
	4)	Unbound except as indicated under horizontal measures	4) Unbound	
4. Integrated Engineering Services (CPC No. 8673)	1)	Unbound	1) Unbound	
	2)	Unbound *	2) Unbound *	
	3)	(i) Maximum of 40% foreign share holding in engineering consultancy companies (ii) Subject to partnership and /or joint venture with Pakistani engineers or engineering companies	3) None	
	4)	Unbound except as indicated under horizontal measures	4) Unbound	

\*\* Mode of Supply: 1) = Cross Border Supply 2) = Consumption Abroad  
3) = Commercial Presence 4) = Presence of Natural Persons



## Impediments Abroad:

- **Restrictions in Movement of Natural persons**
  - Visa restrictions/political biases
- **Obstructions to Commercial presence**
  - Independent operation obstructed by developed countries
  - Sponsorship by local agents - unreasonable

15



## Impediments Abroad:

- **Discriminatory Treatments:**
  - Engineering Degree Equivalent to developed countries
  - GATS permits further negotiations
  - International Engineer to deprive third world
  - Nationality is often cause of discrimination
- **Lack of Level Playing Field:**
  - Govt. Procurements kept out of GATS
  - Domestic consultants are precluded in ICB
- **Obstructions to developing countries:**
  - Quality Standards
  - Environmental Standards
  - Technical Standards & Labour Standards
  - International Engineer
  - Visa Restrictions/Political biases

16



## Domestic Impediments :

- Absence of Domestic regulations
- Interference by funding agencies
- Lack of good governance
- Inappropriate accountability
- Inadequate capacity building measures
- Lack of expertise on WTO/GATS
- Lack of Transparency
- Failure in effective preparedness

17



## Domestic Measures Required:

- Involve stake holders; statutory bodies/associations for their part of WTO regime in negotiations
- Legislate Country regulations
- Acquire web based technology and expertise
- Re-model educational to introduce WTO subjects on International Standards and Terminology

18



## Domestic Measures Required:

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- Encourage J/V with foreign consultants for mega where expertise needed
- Initiate domestic capacity building measures in selected sub-sectors
- Increase negotiation skills in WTO
- Acquire ISO Certifications
- Execute MoU with other countries for qualification equivalence
- Conduct relevant training programs

19



WORLD TRADE  
ORGANIZATION



*THANK YOU*

20