

## Appendix II

# Pakistan and the GATS

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## GATS

The General Agreement on Trade in Services (GATS), one of the World Trade Organization (WTO) Agreements, governs world services trade. The GATS spells out the international multilateral rules for trade in services. The rules were negotiated by the Governments themselves and, thereby, set out the framework within which firms and individuals can operate. It became part of the WTO regime in January 1995 and is one of international agreements enforced by the WTO's 151 members. GATS aims to open up the services sector comprehensively to global trade and competition.

The broad range of services covered by world trade rules, through the GATS, is organized according to twelve (12) broad categories given below. The 12 main sectors are further divided into 154 sub-sectors. The full GATS services sectoral classification list is contained in Appendix V:

- Business
- Communications
- Construction and engineering
- Distribution
- Education
- Environment
- Financial services
- Health and social services
- Tourism
- Sports, culture and entertainment
- Transport
- Other services –anything else outside the above sectors.

The coverage of GATS is extensive – it includes postal services, services related to scientific research, architecture, publishing, etc! In short, many, if not most, aspects of our everyday life – from access to water, electricity, sports and recreation— are likely to be affected by GATS. This means that, through GATS, the fulfilment of some of our most basic needs will be governed by world trade rules and subjected to the drive for open and fair competition in world markets.

Under the GATS rules, a service can be traded in following four ways, known as "modes of supply":

- **Mode 1 - Cross-border supply** - This refers to the flow of services from the territory (country) of one WTO Member into the territory (country) of another Member in such a way that does not require the physical movement of supplier or consumer. Examples of this include international telephone calls, courier and Internet services.
- **Mode 2 - Consumption abroad** – This involves movement of the consumer to the country of the supplier. Examples of this kind of consumer include tourists and patients going abroad for treatment.

- **Mode 3 - Foreign commercial presence** – This refers to situations in which service providers locate their businesses and operations in a country or territory other than their own. Establishing a presence includes ownership or lease of premises. Examples include bank branches, subsidiaries of foreign insurance companies or hotel chains.
- **Mode 4 - Movement of natural persons (MNP)** – This consists of persons of one Member entering the territory (country) of another Member to supply a service. As such, it refers to the provision of services that require the temporary movement of “natural persons” or overseas workers, e.g., an actress or construction worker. Mode 4 deserves special attention for the Asia-Pacific region because of its implications on the huge, largely unskilled numbers of overseas workers who seek jobs abroad.

The GATS has two parts: the framework agreement containing the general rules and disciplines (such as modes of supply mentioned above); and the national “schedules” that list individual countries’ specific commitments on access to their domestic markets by foreign suppliers. The individual country commitment schedules are available on the WTO website and should be reviewed by a services exporter in its initial research on a particular market to gain prior knowledge regarding the extent of market access given in its area of services expertise. Details of Pakistan’s services commitments are provided at the end of this section.

Initially, Pakistan lacked an adequate infrastructure base in the services sector; what little it had was mainly concentrated in the public sector. These services were being run in an inefficient manner, which caused businesses to suffer due to increased cost of business. In response, the Government embarked on a programme of economic deregulation and liberalization in the early 1990s. Privatization in the banking, insurance, telecommunication and transport sectors brought in private capital for the improvement of aging infrastructure. Resultantly, Pakistani producers now have access to modern infrastructure in certain areas, so essential to be globally competitive. For example, following the liberalization of the telecom sector, today Pakistan has a state of the art telecommunication system in place.

The benefits of services liberalization extend far beyond the service industries themselves; they are felt through their effects on all other economic activities. The main benefits that countries have attained through services liberalization include:

1. **Improvements in economic performance.** With more players in the market to provide services, liberalization spurs competition, making service providers excel in their roles leading to an efficient services infrastructure, which is a strategically important input for all sectors, goods and services.
2. **Development.** Access to world-class services helps exporters and producers in developing countries to capitalize on their competitive strength, whatever the goods and services they are selling. They can build on foreign investment and expertise to advance in international services markets – from tourism and construction to software development and health care.
3. **Consumer savings.** There is strong evidence in many services, not least telecoms, that liberalization leads to lower prices, better quality and wider choice for consumers.
4. **Faster innovation.** Countries with liberalized services markets have seen greater product and process innovation.
5. **Greater transparency and predictability.** A country's commitments in its WTO services schedule amount to a legally binding guarantee that foreign firms will be allowed to supply their services under stable conditions. This gives everyone with a stake in the sector—producers, investors, workers and users—a clear idea of the rules of the game. They are able to plan for the future with greater certainty, which encourages long-term investment.
6. **Technology transfer.** Services commitments at the WTO help to encourage foreign direct investment (FDI). Such FDI typically brings with it new skills and technologies that spill over into the wider economy in various ways. Domestic employees learn the new skills (and spread them when they leave the firm). Domestic firms adopt the new techniques. And firms in other sectors that use services-sector inputs such as telecoms and finance benefit too.

Given that liberalisation of trade in services benefits economies in the short as well as the long run, Pakistan is actively pursuing an agenda of liberalisation of trade in services through unilateral, reciprocal negotiations, regional integration agreements and bilateral free trade agreements. Pakistan has received requests from its trading partners for provision of market access and national treatment to foreign service suppliers, either bilaterally or plurilaterally, during the Doha Round of WTO negotiations. The national schedule of commitments offered by Pakistan lists those services it wishes to guarantee access to foreign suppliers. All commitments apply on a non-discriminatory basis to all WTO Members. In addition to provision of information regarding the services committed, the schedules limit the degree to which foreign services providers can operate in our market. For example, a country making a commitment to allow foreign banks to operate in its territory may limit the number of banking licenses to be granted (a market access limitation). It might also fix a limit on the number of branches a foreign bank may open (a national treatment limitation). Pakistan's schedule of specific services commitments is provided at the end of this section.

### **Pakistan's objectives**

Pakistan's objectives for its services sector are reflected in the comprehensive liberalization regime being negotiated at the WTO, and in Pakistan's opening commitments offer. These commitments were far-reaching, and the following chart gives them in detail. Pakistan has made significant progress in implementing its liberalization commitments in many services. But implementation is not yet complete and has not been without problems. Its transparent regulatory process and simpler licensing and operating requirements continue to attract foreign providers of services in Pakistan, in addition to its efficient telecom infrastructural facilities.

Pakistan is well aware of the benefits of liberalization of the services sector, in terms of new entrants, local as well as foreign, and the important gains likely to stem from increased competition and efficiency of production, as Pakistan has experienced in its 'telecommunications sector'. The Government of Pakistan is following a conscious policy, as have other developing countries, of liberalizing its trade and investment regimes to promote growth through increasing value added exports. No negative effects have been experienced as a result of autonomous liberalization in the services sectors. The Government wishes to 'lock in' its commitments in the services sectors, thereby reinforcing its policy in both 'goods' and 'services' sectors and giving a positive signal to international investors of its predictable, transparent and stable business environment.

Mode 4 liberalization has not progressed in a way that allows developing countries like Pakistan to use their comparative advantage in low and medium skill labour-intensive services, since strict and discretionary visa and licensing requirements, lack of recognition of qualifications, burdensome procedures and economic need tests act as barriers. Pakistan has tabled a number of papers, together with a group of developing countries, on these issues. For example, a December 2005 paper on Mode 4 related issues (WTO document TN/S/W/57) offered practical suggestions on how developed countries can make substantial Mode 4 commitments without worrying about security related issues or the concern that short term workers may turn into illegal immigrants.

Pakistan's offensive interests lie in getting predictable market access for its Mode 4 temporary service providers globally. Its interests also lie in Mode 1 in the area of Business Process Outsourcing (BPO). So it is seeking full commitments from WTO Members in Mode 1 and Mode 4 to remove all barriers to market entry.

### **Pakistan's GATS offer**

In the Uruguay Round, Pakistan made commitments in six sectors, namely business services, financial services, communication services, health and related services, construction and related engineering services, and tourism and travel related services. A total of 42 sub-sectors were scheduled with limitations.

During the current Doha Round of negotiations a request-offer approach has been adopted. According to this approach, Member countries make their initial requests to other countries for opening up their service sectors. Pakistan received initial requests from 19 countries: US, European Communities (EC), Australia, China, Japan, Korea, Switzerland, Hong Kong, Norway, Poland, Mauritius, Malaysia, Singapore, Canada, India, Malaysia, Mauritius, Egypt and Bahrain.

Pakistan submitted its initial GATS offer in May 2005. The offer took into consideration the initial market access requests as well as revised requests made by its trading partners including, *inter alia*, Australia, EC, Switzerland, Singapore, and US. Pakistan's initial offer was submitted after consultations by the Ministry of Commerce with the respective stakeholders.

Pakistan's offer is conditional on the market access Pakistan receives in other areas of the WTO negotiations. It also retains the right to add, remove or modify any element of its offer until a final agreement that meets Pakistan's objectives is reached.

The highlights of Pakistan's initial offer are:

- Equity limit increased from 51% to 60% unless specified otherwise.
- No restriction on acquisition of real estate by non-Pakistani entities.
- Categories for 'intra corporate transferees' and 'business visitors' have been defined to facilitate the temporary entry of business visitors and other service suppliers. Reasonable/generous time periods have been allocated to facilitate such temporary 'stays' and 'visits'.
- Considerable improvements have been proposed:
  - In telecommunication services, a number of restrictions in Modes 1, 2, 3 have been removed. Online services and mobile telephone services have been offered as new proposed commitments.
  - In construction and related engineering services, the equity limit has been raised to 51% from 40% and restrictions removed in Mode 2.
  - In financial services, the offer entails no limit on volume of deposits and other repayable funds mobilized by foreign banks. Existing foreign banks as well as new ones will be allowed to open up to 25 branches. ATMs are not to be treated as separate branches. Transmission of permissible funds, including foreign currency, can be effected through banks having an authorized dealers' license. Commercial banks incorporated in Pakistan and branches of foreign banks can undertake leasing business provided it is not their core and major line of business. Financial institutions can undertake portfolio management services through their locally incorporated subsidiaries and financial and investment advisory services through subsidiary companies.
  - In integrated engineering, the equity limit has been raised to 51% and equity and joint partnership restriction restrictions removed for companies registered with the Securities and Exchange Commission of Pakistan.
  - In computer and related services, the limitation on Mode 1 has been removed.
  - In tourism services, improved market access commitments are proposed in Modes 1 and 2.
  - In hotels and restaurants, and travel agencies and tour operator services, removal of market access limitations is proposed in Modes 1 and 2.

- New commitments have been proposed in the business services, distribution services, educational services, and environmental services sectors. In business services, commitments are proposed in the legal services and accounting, auditing and bookkeeping services, architectural services, veterinary services and services provided by midwives, nurses, physiotherapists and para medics sub-sectors. Furthermore, computer related services, research and development services, rental and leasing services, printing and publishing, agriculture storage facilities and rangeland services have been proposed for making commitments. In communications, commitments are proposed in courier services while in distribution services, retailing and wholesaling services are proposed for making commitments.

## Pakistan's GATS Commitments

### Pakistan's schedule of specific commitments<sup>4</sup>

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<b><i>I. HORIZONTAL COMMITMENTS</i></b>			
ALL SECTORS INCLUDED IN THIS SCHEDULE			
	<p>3) (i) Except in the case of representative offices where specifically provided for in this Schedule, commitments under 'commercial presence' are subject to incorporation in Pakistan with maximum foreign equity participation of fifty one per cent unless a different percentage is inscribed against a particular sector or sub-sector</p> <p>(ii) All expenses of representative offices where specifically provided for in this Schedule, shall be met by remittances from abroad. Such offices shall restrict their activities to the undertaking of liaison work or of representing the interest of the parent company abroad.</p> <p>4) Unbound, except for measures concerning the entry or temporary stay of natural persons up to a maximum of fifty per cent in superior categories (namely, Executives and Specialists) in an undertaking. These natural persons shall have been employed by juridical persons of another Member for a period of not less than one year prior to the date of application for entry into Pakistan, and shall be transferred to render services to the</p>	<p>3) Acquisition of real estate by non-Pakistani entities and/or persons is subject to authorization on a case-by-case basis keeping into account the purpose and location of the undertaking</p>	

<sup>4</sup> Source: Ministry of Commerce, WTO Wing. This document has been prepared, in English only, under the Secretariat's own responsibility and without prejudice to the positions of Members and to their rights and obligations under the WTO.

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
	<p>juridical person in Pakistan.</p> <p>(i) Executives are: Persons within an organization who primarily direct the management of the organization or establish goals and policies for the organization or a major component or function of the organization, exercise wide latitude in decision-making, and receive only general supervision or direction from higher level executives, or the Board of Directors.</p> <p>(ii) Specialists are: Persons within the organization who possess knowledge at an advanced level of expertise and who possess proprietary knowledge of the organization's product, service, research equipment, techniques and management</p>		
<b>SECTOR SPECIFIC COMMITMENTS</b>			
<b>1. BUSINESS SERVICES</b>			
Services incidental to agriculture & forestry (excluding fishing and hunting) (CPC No. 881 + 882)	1) Unbound 2) Unbound* 3) None 4) Unbound except as indicated under horizontal measures	1) Unbound 2) Unbound* 3) None 4) Unbound except as indicated under horizontal measures	
Services incidental to mining (CPC No. 883 + 5115)	1) Unbound 2) Unbound* 3) None 4) Unbound except as indicated under horizontal measures	1) Unbound 2) Unbound* 3) None 4) Unbound except as indicated under horizontal measures	

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
Engineering services for building infrastructures: harbours, dams, hydal power, and airports, only (CPC No. 8672)	1) Unbound 2) Unbound* 3) (i) Maximum of 40 per cent foreign shareholding in engineering consultancy companies; (ii) Subject to partnership and/or joint venture with Pakistani engineers or engineering companies. 4) Unbound except as indicated under horizontal measures	1) Unbound 2) Unbound* 3) None 4) Unbound	
Integrated engineering services (CPC No. 8673)	1) Unbound 2) Unbound* 3) (i) Maximum of 40 per cent foreign shareholding in engineering consultancy companies; (ii) Subject to partnership and/or joint venture with Pakistani engineers or engineering companies. 4) Unbound except as indicated under horizontal measures	1) Unbound 2) Unbound* 3) None 4) Unbound	
<b>B. Computer &amp; Related Services</b>			
Consultancy services related to the installation of computer hardware (CPC No. 841)	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures	
Software implementation services (CPC No. 842)	1) Unbound 2) None 3) None 4) Unbound except as indicated under horizontal measures	1) Unbound 2) None 3) None 4) Unbound except as indicated under horizontal measures	

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
Data processing services (CPC No. 843)	1) Unbound 2) None 3) None 4) Unbound except as indicated under horizontal measures	1) Unbound 2) None 3) None 4) Unbound except as indicated under horizontal measures	
Data base services (CPC No. 844)	1) Unbound 2) None 3) None 4) Unbound except as indicated under horizontal measures	1) Unbound 2) None 3) None 4) Unbound except as indicated under horizontal measures	
R&D services on natural sciences (CPC No. 851)	1) Unbound 2) None 3) None 4) Unbound except as indicated under horizontal measures	1) Unbound 2) None 3) None 4) Unbound except as indicated under horizontal measures	
Technical testing and analysis services (CPC No. 8676)	1) Unbound* 2) None 3) None 4) Unbound except as indicated under horizontal measures	1) Unbound* 2) None 3) None 4) Unbound except as indicated under horizontal measures	

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<b>2. COMMUNICATION SERVICES</b>			
<b>C. Telecommunications services</b>			
<p>General conditions of this schedule: This offer is subject to the following general conditions:</p> <ul style="list-style-type: none"> <li>- Policy, regulatory and operation functions are separate and compliance is necessary.</li> <li>- All services to be provided in Pakistan shall require a licence from the Regulatory authority established under the law.</li> <li>- Operators and Service providers may be granted licence in accordance with the local legislation.</li> <li>- The number of operators, service providers and licensees may be limited due to technical constraints.</li> <li>- The confidentiality of International Total Accounting Rate (TAR) shall be maintained.</li> <li>- The bilateral agreements on accounting rates shall be in accordance with ITU guidelines.</li> <li>- Up to 100% foreign investment on licensed services may be permitted.</li> <li>- This schedule on basic telecommunications does not include any broadcasting services.<sup>5</sup></li> </ul>			
<p>Local, domestic long distance and international services, for public:</p>	<p>Until 2003, no bypass<sup>6</sup> of PTCL network and PTCL shall have exclusivity.</p> <p>None as of 1.1.2004.</p>		<p>About 12 % stake of the Pakistan Telecommunication Corporation (PTC), the sole operator for all basic Telecommunication Services was sold to the national and international buyers in 1994-95.</p>

5 Broadcasting service is defined as a radio communication service in which the transmissions are intended for direct reception by the general public. This service may include sound transmission, television transmissions or other types of transmissions. In Pakistan Telecom Law, like many other countries, broadcasting is not part of basic telecommunication services.

6 The GMPCCS/Satellite operators shall be reputed to pass traffic via Pakistan PSTN through transit and Gateway exchanges, especially in case of overseas communication from Pakistan. Any operation contrary to this shall be termed as ‘bypass’.

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<p>(a) Voice telephone services</p> <p>Packet-switched data, E-mail, Internet and Intranet services</p> <p>(c) Circuit-switched data transmission services</p>	<p>1) All telecommunication services shall be provided by licensed operators subject to the exclusivity period of 7 years for basic telephony services under the law in favour of PTCL. This exclusivity shall expire by the year 2003.</p> <p>None as of 1.1.2004.</p> <p>2) Alternative practices such as call back are not allowed. Country direct card service can only be permitted by mutual agreement with the licensed operator.</p> <p>3) Unbound</p> <p>4) Unbound except as indicated in horizontal section.</p> <p>Until 2003, except for domestic VSAT, only through network facilities of PTCL. The regulatory authority to grant licences and authorizations to private companies for operation of data, E-mail, Internet and Intranet services in addition to the licences already granted.</p> <p>2) None</p> <p>3) Subject to technical constraints, the regulatory authority to grant licences and authorizations to private companies for operation of domestic VSAT, data, E-mail, Internet &amp; Intranet services in addition to the licences already granted.</p> <p>4) Unbound except as indicated in horizontal section.</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound except as indicated in horizontal section.</p> <p>1) Unbound</p> <p>2) None</p> <p>3) None except for technical constraints</p> <p>4) Unbound except as indicated in horizontal section</p>	<p>The Corporation has been, inter alia, converted into a limited company namely Pakistan Telecommunication Company Ltd (PTCL) with effect from 1 January 1996 through the promulgation of a law. Bound with US\$ 150 million have been floated with an option to convert them into PTCL shares.</p>

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Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(d) VSAT for domestic data services	1) The regulatory authority to grant licences and authorizations to private companies for operation of VSAT for domestic data, E-mail, Internet and Intranet services in addition to the licences already granted 2) None 3) None 4) Unbound except as indicated in the horizontal section	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section	The Pakistan Telecommunication Authority is responsible to: <ul style="list-style-type: none"> <li>- Regulate telecommunication services.</li> <li>- Grant and renew licences.</li> <li>- Promote &amp; protect the interests of consumers</li> <li>- Promote efficient cost effective &amp; competitive services.</li> <li>- Regulate tariffs.</li> </ul>
(e) Telex services	1) None 2) None 3) None 4) Unbound except as indicated in horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in horizontal section.	Prescribe standards <ul style="list-style-type: none"> <li>- Determine terms of interconnection agreements.</li> </ul>
(f) Telegraph services	1) The regulatory authority shall grant licences and authorizations to private companies for operation of Telegraph services using PTCL infrastructure until 2003. 2) None 3) None 4) Unbound except as indicated in horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in horizontal section.	<ul style="list-style-type: none"> <li>-- Issue regulations.</li> <li>- Receive applications for frequency allocation.</li> <li>- Enforcement on valuation</li> <li>- International traffic and accounting settlements</li> </ul>
(g) Facsimile services	1) None 2) None 3) None 4) Unbound except as indicated in horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in horizontal section.	

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Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(h) Private leased circuit services	1) Pakistan Telecommunication Company Limited, except for domestic VSAT, is the exclusive service provider for seven years. This exclusivity shall expire by the year 2003.  None as of 1.1.2004.  2) None 3) Pakistan Telecommunication Company Limited, except for domestic VSAT, is the exclusive service provider for seven years. This exclusivity shall expire by the year 2003. 4) Unbound except as indicated in horizontal section.	1) Unbound  2) None 3) Unbound  4) Unbound except as indicated in horizontal section.	The frequency allocation Board established under the law is responsible to allocate and assign frequency spectrum for telecommunication, broadcasting public and private wireless services and classify radio telecommunication services.
(i) Video conferencing tele-medicine and tele-education terminal end services	1) The regulatory authority shall grant licences and authorizations to private companies for operation of video-conferencing, tele-education and telemedicine services, using PTCL network until seven years.  2) None 3) None 4) Unbound except as indicated in horizontal section	1) None  2) None 3) None 4) Unbound except as indicated in horizontal section	<ul style="list-style-type: none"> <li>- Cellular Mobile telephone services.</li> <li>- Card pay phones services</li> <li>- Paging</li> <li>- Data network operation</li> <li>- Voice Mail Service</li> <li>- Audio Tex Service</li> <li>- Trunk Radio service</li> <li>- Electronic Mail and internet services</li> <li>- Use of domestic satellites for provision of telecom services</li> <li>- Manufacture of telex, fax, all PABXs/Digital exchanges and modems</li> </ul>

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(j) Trunked radio service	<ol style="list-style-type: none"> <li>1) The regulatory authority to grant licences and authorizations to private companies for operation of Trunked Radio service in addition to the licences already granted using PTCL network until 2003.</li> <li>2) None</li> <li>3) None</li> <li>4) Unbound except as indicated in horizontal section</li> </ol>	<ol style="list-style-type: none"> <li>1) None</li> <li>2) None</li> <li>3) None</li> <li>4) Unbound except as indicated in the horizontal section</li> </ol>	<ul style="list-style-type: none"> <li>- Manufacture of Fibre/Optic/ copper cables</li> <li>- Manufacture of telephone sets, terminal equipment answering machine etc.</li> <li>- Manufacture of jointing material or copper/optic cables</li> </ul> <p>Regulatory Authority shall grant licences on competitive basis as per telecom law and regulations. Regulatory Authority may grant licences for satellite based services on following conditions:</p> <ol style="list-style-type: none"> <li>(a) Frequency clearance by Board</li> <li>(b) Security and sovereignty regulations</li> <li>(c) Availability of ITUT/R standards</li> <li>(d) Resolution of cross-border communication issues; and</li> <li>(e) Resolution of Customs procedures</li> </ol>
(k) Satellite based telephony services, ncluding value added services operating over satellite	<ol style="list-style-type: none"> <li>1) Maintaining PTCL exclusivity for seven years on basic and international telephony services and safeguarding PSTN bypass licences shall be granted</li> <li>2) None</li> <li>3) None</li> <li>4) Unbound except as indicated in horizontal section</li> </ol>	<ol style="list-style-type: none"> <li>1) None</li> <li>2) None</li> <li>3) None except for technical, sovereignty, security constraints and safeguarding PSTN bypass</li> <li>4) Unbound except as indicated in horizontal section</li> </ol>	

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
On-line information and data base retrieval (CPC No. 7523)	1) None 2) Unbound 3) (a) As in measures applicable to all sectors (b) Subject to use of Pakistan Telecommunication Corporation network 4) Unbound except as indicated under horizontal measures	1) None 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures	
On-line information and/or data processing (CPC No. 843)	1) Unbound 2) Unbound 3) (a) As in measures applicable to all sectors (b) Subject to use of Pakistan Telecommunication Corporation network 4) Unbound except as indicated under horizontal measures	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures	
<b>3. CONSTRUCTION AND RELATED ENGINEERING SERVICES</b>			
<b>B. Construction Work for Civil Engineering</b> for bridges, elevated highways, tunnels and subways (CPC No. 5132)	1) Unbound* 2) Unbound* 3) (i) As in measures applicable to all sectors; (ii) Subject to partnership and/or joint venture with Pakistani engineers or engineering companies. 4) Unbound except as indicated under horizontal measures	1) Unbound* 2) Unbound* 3) None 4) Unbound	
Construction Work for Civil Engineering for waterways, harbours, dams and other waterworks (CPC No. 5133)	1) Unbound* 2) Unbound* 3) (i) As in measures applicable to all sectors; (ii) Subject to partnership and/or joint venture with Pakistani engineers or engineering companies. 4) Unbound except as indicated under horizontal measures	1) Unbound* 2) Unbound* 3) None 4) Unbound	

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<b>7. FINANCIAL SERVICES</b>			
Pakistan undertakes the Commitments on Financial Services in terms of the provisions of Part III of the Agreement. These commitments are based on the understanding outlined in Article XIX of the Agreement, and are subject to the availability of similar commitments from large number of countries of significance to Pakistan. For these reasons, Pakistan does not consider itself to be prevented from adopting or enforcing non-discriminatory measures aiming at protecting the soundness and integrity of banking and insurance industry.			
<b>A. Insurance and Insurance-related Services</b>			
- Life	1) Unbound 2) Unbound 3) (a) Bound for the existing foreign insurance services providers as to their scope of operations and equity structure. (b) Maximum of 25% of foreign shareholding in existing life insurance companies. (c) Foreign equity in new life insurance companies permitted up to 51%. 4) Unbound except as indicated under horizontal measures.	1) Unbound 2) Unbound 3) Unbound 4) Unbound except as indicated under horizontal measures.	
- Non-life	1) Unbound 2) Unbound 3) Bound for the existing foreign insurance services providers as to their scope of operations and equity structure. 4) Unbound except as indicated under horizontal measures.	1) Unbound 2) Unbound 3) Unbound 4) Unbound except as indicated under horizontal measures.	
Reinsurance services Reinsurance services and retrocession (CPC 81299)	1) None 2) Unbound 3) Unbound 4) Unbound except as indicated under horizontal measures.	1) Unbound 2) Unbound 3) Unbound 4) Unbound except as indicated under horizontal measures.	

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Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<p><b>B. Financial Services (excl. insurance)</b></p> <p>I. Banking</p> <p>(a) Acceptance of deposits and other repayable funds from the public in Pakistan</p>	<p>The commitments in Financial Services are given to the nationals and financial institutions of the Members whose laws and policies do not bar the provision of similar commitments to the Pakistani nationals and financial institutions.</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) (i) Bound for the volume of deposits and other repayable funds mobilised by foreign banks in Pakistan as at the time of conclusion of the Negotiations on 12 December 1997.</p> <p>(ii) Foreign banks (other than those already operating their branches in Pakistan as on 12 December 1997) permitted to accept deposits and other repayable funds from public by setting up locally incorporated limited companies with foreign equity ownership up to 49%.</p> <p>Licence to undertake commercial banking business required from the Central Bank. The Licence to foreign banks will be issued on the basis of same eligibility criteria as applicable to domestic commercial banks. The minimum paid-up capital required to undertake banking business by foreign banks shall not be more than what is required by the domestic commercial banks, i.e. US\$11.5 million.</p>	<p>Provisions of all banking and financial services in Pakistan are subject to the injunctions regarding Islamic banking as pronounced by the competent courts in Pakistan.</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) The shares held by foreign nationals and foreign financial institutions in their locally incorporated subsidiaries not transferable without the prior written approval of the Central Bank.</p>	

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<p>(b) Lending of all types including consumer credit, mortgage, factoring, credit and financing commercial transaction</p>	<p>(iii) Bound for the number of branches of foreign banks operating in Pakistan as at the conclusion of the Negotiation on 12 December 1997. Change in the controlling shareholders of the foreign banks operating their branches in Pakistan may require new licence. Other foreign banks will be allowed up to three branches at the place of their choice. ATM's installed at the branch premises not treated as a separate branch.</p> <p>(iv) Prior permission in writing of the Central Bank is required by any person for holding beneficial ownership of 5% or more of the paid-up capital of any bank/financial institution.</p> <p>(v) Representation of foreign nationals on the Board of Directors allowed in proportion to their share holding.</p> <p>4) Unbound</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) (i) Bound for the total volume of foreign banks' assets in Pakistan at the time of the conclusion of the Negotiations on 12 December 1997.</p> <p>(ii) Investments in shares of existing domestic banks permitted to foreign nationals/foreign financial institutions for trading purposes. Acquisition of management control of existing public sector banks considered on case-by-case basis under specific Sale-Purchase Agreements to be approved by the Central Bank.</p>	<p>4) Unbound</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) Lending by banks to companies controlled by non-residents is subject to the borrowing entitlements of the foreign companies as determined by foreign exchange rules applicable from time to time.</p>	

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Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(c) All payment and money transmission services including traveller cheques and banker's draft (but excluding credit, charge and debit cards)	<p>4) Unbound except as indicated under horizontal measures.</p> <p>Employment of foreign nationals in banks and financial institutions operating in Pakistan require prior clearance of the Central Bank.</p> <p>1) Unbound 2) Unbound 3) Foreign banks branches operating in Pakistan at the conclusion of the Negotiation on 12 December 1997 and banks incorporated in Pakistan permitted to undertake all payment and money transmission services. 4) Unbound except as indicated under horizontal measures.</p>	<p>4) Unbound except as indicated under horizontal measures.</p> <p>1) Unbound 2) Unbound 3) Unbound</p> <p>4) Unbound except as indicated under horizontal measures.</p>	
(d) Guarantees and commitments	<p>1) Unbound 2) Unbound 3) Guarantees and commitments in foreign currency and those undertaken in favour or on behalf of non-resident to be governed by foreign exchange laws. 4) Unbound except as indicated under horizontal measures.</p>		
(e) Trading, for own account only of: money market instruments; foreign exchange; transferable securities; other negotiable instruments.	<p>1) Unbound 2) Unbound 3) (i) The issue, sale and purchase of foreign currency and traveller cheques is allowed to commercial banks licensed as Authorized Dealer.</p>	<p>1) Unbound 2) Unbound 3) Unbound</p>	

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(f) Participation in issues of all kinds of securities including only public underwriting and placement as agent and provision of services related to such issues	<p>(ii) Foreign banks allowed to set up joint ventures with local persons with equity participation up to 50% after obtaining Licence from the State Bank to undertake the sale and purchase of foreign currency and traveller cheques.</p> <p>(iii) Transmission of permissible funds including foreign currency can be effected only through authorized banking channels.</p> <p>(iv) Commercial banks incorporated in Pakistan and the branches of foreign banks in operation as on 12 December 1997 allowed to operate in call money market.</p> <p>4) Unbound except as indicated under horizontal measures.</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) Branches of foreign banks in operation as on 12 December 1997 and banks (including investment banks) incorporated in Pakistan permitted to arrange and participate in any public issue and underwriting of securities up to 30% of the total paid-up capital of the issuer or 30% of their respective paid-up capital whichever is less. All investments in shares made as a consequence of underwriting commitments must be reported forthwith to the Central Bank, and is required to be disinvested within 30 days of the investments as approved by the Central Bank.</p> <p>4) Unbound except as indicated under horizontal measures.</p>	<p>4) Unbound except as indicated under horizontal measures.</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound except as indicated under horizontal measures.</p>	

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(g) Settlement and clearing services for negotiable instruments (cheques, bills and promissory notes only)	1) Unbound 2) Unbound 3) All commercial banks are required to be members of the clearing system operated/approved by Central Bank to effect interbank settlements. 4) Unbound except as indicated under horizontal measures.	1) Unbound 2) Unbound 3) Unbound 4) Unbound except as indicated under horizontal measures.	
II. Leasing	1) Unbound 2) Unbound 3) Foreign leasing companies will be permitted to set up subsidiary leasing companies in Pakistan with shareholding not exceeding 51% of the total capital to undertake operational leasing including cross-border leasing. Resource mobilization from the domestic market to be governed by the same rules and regulations as applicable to domestic mobilization of resources. 4) Unbound except as indicated under horizontal measures.	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures.	
III. Asset Management: the following only: (a) Cash or portfolio management; (b) All forms of collective investment management; and (c) Custodial & depository services.	1) Unbound 2) Unbound 3) (i) Entities licensed by the Central Bank and banks incorporated in Pakistan can undertake portfolio management services through their locally incorporated subsidiaries set up for the purpose with shareholding in such subsidiaries up to 51%. (ii) Management of foreign currency assets will be governed by the foreign exchange regulations applicable from time to time. 4) Unbound except as indicated under horizontal measures.	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures.	

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
IV. Financial and investment advisory services	1) Unbound 2) Unbound 3) Banks incorporated in Pakistan will be permitted to undertake financial and advisory services through subsidiary companies set up for this purpose with shareholding up to 100% provided that transactions undertaken/services provided by such subsidiaries do not create any financial obligations whether contingent or otherwise on the balance sheet of the holding company or otherwise. 4) Unbound	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures.	
V. Provision and transfer of financial information and financial data	1) Unbound, except for the provision of publicly available data and financial information on corporate entities by institutional providers having commercial presence in Pakistan. 2) Unbound 3) Unbound 4) Unbound except as indicated under horizontal measures.	1) Unbound 2) Unbound 3) Unbound 4) Unbound except as indicated under horizontal measures.	
<b>8. HEALTH AND RELATED SOCIAL SERVICES</b>			
<b>A. Hospital services</b> (CPC No. 9311)	1) Unbound* 2) None 3) (a) As in measures applicable to all sectors (b) Subject to Pakistan Medical and Dental Council Regulations 4) Unbound except as indicated under horizontal measures	1) Unbound* 2) None 3) None 4) Unbound except as indicated under horizontal measures	

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
Medical and dental services (CPC No. 9312)	1) Unbound* 2) None 3) (a) As in measures applicable to all sectors (b) Subject to Pakistan Medical and Dental Council Regulations 4) Unbound except as indicated under horizontal measures	1) Unbound* 2) None 3) None 4) Unbound except as indicated under horizontal measures	
<b>9. TOURISM &amp; TRAVEL RELATED SERVICES</b>			
<b>A. Hotels and restaurants (including catering)</b> (CPC No. 614-643)	1) Unbound* 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures	1) Unbound* 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures	
<b>B. Travel agencies and tour operator services</b> (CPC No. 7471)	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures	

\* Unbound due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply. (2) Consumption abroad. (3) Commercial presence. (4) Presence of natural persons.