

**Trade Project**

# USAID Trade Project

## Human Resource Capacity Development Needs Assessment for the National Tariff Commission

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## Executive Summary

The National Tariff Commission of Pakistan (NTC) is a public sector organization under the Ministry of Commerce (MOC) that is responsible for administering World Trade Organization (WTO) compliant national trade defense measures against unfair trade practices to promote and preserve the competitiveness of local industry. The MOC recently committed to strengthening the NTC's capacity in pursuing trade normalization with India (one of the top priorities on current political agenda) and other regional trading partners. In light of this recent commitment, the MOC requested the USAID Trade Project to assess NTC and related national legislation, to ensure that Pakistan is well prepared to make WTO compliant use of the national trade defense measures at hand, and provide technical assistance where needed. This report summarizes the outcomes of NTC's Human Resource Capacity Development Needs Assessment conducted by the Trade Project for the NTC staff – particularly the technical and legal staff directly involved in the core NTC functions like, Investigation.

Qualitative, primary research methodology was adopted for this assessment. A two-pronged approach was followed for data collection and analysis:

- a. Self-assessment of training needs by NTC staff
- b. Third party/USAID Trade team's independent analysis based on the interviews with NTC staff

NTC faces the following key challenges with regards to human resource capacity development:

- a. NTC's budget does not provide for effective human resource and organizational capacity development. Without adequate budget allocation, the NTC cannot institutionalize a constant learning environment or an effective knowledge management system for managing institutional productivity. Neither can it sustain the basic hardware infrastructure required to facilitate organizational operations.
- b. NTC's existing human resource capacity development is predominantly based on on-the-job learning. On the job learning, when unaccompanied by an effective knowledge management system and a human resource capacity development strategy, tends to be slow and of limited effectiveness in raising the capacity of individuals to the desired proficiency. Given NTC's lack of organizational experience in administering all types of trade defense laws, reliance on "on-the-job" training of the NTC staff will continue to limit NTC's capacity to effectively provide a level playing field to the private sector against all types of unfair trade practices evenly.
- c. The programmed delivery of training is an important element of human resource capacity building, but it can prove to be inadequate in the absence of an enabling organizational infrastructure and culture. Barriers to optimal staff productivity at NTC include:
  - i. Inability of the staff to execute responsibilities and complete required investigative tasks due to unavailability of funds
  - ii. NTC staffs face limitations in their ability to effectively and efficiently meet the terms of their assignment as a result of lacking information and communications technology infrastructure (ICT).



- iii. Improved access to required data and information can increase staff capacity to accomplish more in any given time. Due to budget limitations, the NTC is only able to access low-cost or free-of-charge economic and trade-related data in raw form from Pakistan Revenue Automation Limited (PRAL) - an autonomous government-owned company – to support its investigations.

Regular need based staff training is an effective tool to reduce and eliminate small knowledge gaps in the short and medium term. It can also support changes in work methodologies used, like relying more on international best practices. Furthermore, it can be a powerful tool to motivate and retain high performing staff. There are some training needs that were identified across the Investigation and Legal departments. NTC staff in these technical departments has varying academic backgrounds. Yet, the investigative techniques involved in evaluating a trade defense case require that the technical staff have adequate proficiency in multiple disciplines including Economics, Financial Analysis, Accounting and Law. The NTC technical staff across all tiers needs regular 'case based' trainings on investigation process and methodologies for each of the trade defense measures: anti-dumping, countervailing and safeguard measures.

In addition to the above mentioned training, NTC require an orientation training program as well as orientation guides for new staff recruited by NTC.

The capacity development needs of NTC staff vary primarily with the organizational tier, the functional department the staff belongs to and the length of on the job experience of the individual staff. The nature of the trainings or capacity development methods vary with the organizational tier the respective staff belongs to, given the varying types of responsibilities.

According to its vision statement NTC aspires to develop into a knowledge-based organization (KBO). To administer the trade defence laws effectively, NTC must be able to interpret relevant local and international laws effectively; and it must be able to assess and evaluate the case for or against a trade defence measure confidently and in an acceptable time period. To be able to do all that NTC must be able to draw on existing knowledge within and out-side of NTC and should be able to create new knowledge as well. Therefore, for NTC, developing into a knowledge based is a logical step towards realizing organizational effectiveness.

While the vision of becoming a knowledge based organization will require a concerted effort and re-organization over the medium term period, following are recommendations for immediate consideration to improve the existing human resource capacity of NTC:

- a. NTC's budget needs to support the core functions of NTC adequately, including those relating to knowledge creation and sharing
- b. Infrastructure and IT hardware related improvements are essential for smooth functioning of the overall organization and its staff's optimal productivity.
- c. Knowledge management practices and tools need to be institutionalized within NTC.
- d. The investigating staff needs to have access to quality data, up to date information and means of verification.
- e. NTC must institutionalize annual staff knowledge needs assessment and develop a training and human capacity development plan for that year that should be accounted for in NTC's annual budget.
- f. An effective staff orientation plan and material needs to be established at NTC
- g. Regular case appraisals and mentoring should be institutionalized



Just because NTC has knowledge and research at its core does not mean that it is a knowledge based organization. Knowledge based organizations (KBOs) are often characterized by four key factors<sup>1</sup>: Process, Place, Purpose and Perspective.

- a. Process: A KBO has institutionalised processes and procedures for sharing and creating knowledge, in addition to the other concrete and observable activities it is primarily engaged in.
- b. Place: The knowledge that relates to effective evaluation and administration of trade defence cases is a by-product of interactions with counterpart organizations in other countries, the international trade community, research organizations, and the Trade Law community, among others. NTC staff must have regular interactions with respective stakeholders and sources of knowledge sharing and creation outside of NTC. In case of NTC, interaction of its technical investigation and legal staff with local businesses and global counterparts is essential to remain effective in evaluating and administering trade defence measures.
- c. Purpose: Even a highly effective knowledge management processes will not ensure that the NTC will perform better than its counterparts in engaged in a trade defence dispute, unless NTC is able to not only plug the gap between the knowledge it currently needs and has but also the gap between the knowledge NTC has and the knowledge its competitors or counterparts have.

Perspective: Having knowledge based perspective means that NTC needs to take knowledge into account in all aspects of its functions and operations. This means that knowledge will become the sole criteria of who NTC hires, how it spends, and how it relates to its stakeholders.

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<sup>1</sup> Michael H. Zack, 2003, "Rethinking the Knowledge Based Organization"



## Introduction

This report describes the findings of a rapid ‘Human Capacity Development Needs Assessment’ carried out for the NTC by the USAID Trade Project. The purpose of this exercise was to highlight priority areas for enhancing or developing NTC’s human resource capacity in the context of administering national trade defense laws to provide a level playing field in a liberalized trade environment of Pakistan. The report will also assist the Trade Project and NTC in prioritizing the training requirements identified through this assessment, for the budget and time available to the Project. Trade Project was requested by the MOC, Pakistan to initiate this exercise with the intent of strengthening the NTC in the light of the recent economic and trade developments in the country including the trade liberalization with India.

## Report Structure

In the subsequent sections the report will present the findings of the assessment. Prior to the findings, the report will provide background on the NTC mandate, its current organizational structure and the existing challenges related to human resource capacity development. Subsequently, the report will explain the methodology used for the assessment, followed by the findings. The report concludes with recommendations for human resource capacity development of NTC in the short to long term.

## Background: The National Tariff Commission of Pakistan

The NTC was established under the National Tariff Commission Act, 1990. It is a federal government body and ancillary organization of the MOC of the Government of Pakistan.

At the time of its establishment, the primary function of the NTC was to advise the Government on tariff measures and assistance for indigenous industry protection and competitiveness and promoting exports from Pakistan. In 2000, with the introduction of Anti-Dumping Duties Ordinance, NTC’s functions expanded to include administration of trade defense laws with regard to Pakistan’s international treaty obligations by imposing anti-dumping duties where applicable. NTC, in its current shape, has the mandate to administer the following defense laws objectively and transparently to ensure the provision of level playing field for all local and foreign businesses:

- a. *Anti-Dumping Duties Ordinance, 2000* – Under this law, NTC can investigate cases where a product is being exported into Pakistan at a price lower than the price at which it is sold in the domestic market and has caused or threatens to cause damage to Pakistan’s domestic industry. Where NTC’s investigation confirms dumping, duties are imposed on that particular organization(s) for 5 years to be extended if required.
- b. *Countervailing Duties Ordinance, 2001* – This law gives NTC the authority to determine that a subsidy to an exporter to Pakistan exists, causing or threatening to cause material injury to Pakistan’s domestic industry. A subsidy might involve some advantage from the government to the exporter to Pakistan through direct fund transfer, tax exemptions, subsidized goods and services or goods purchased at more than market price. NTC can confirm a subsidy if requested by the effected businesses and levy duties for up to 5 years.
- c. *Safeguards Measures Ordinance, 2002* – This trade defense law can be applied by NTC when there is a sudden and unforeseen surge in imports of any product that affects or threatens to affect Pakistan’s domestic industry negatively. A safeguard duty may be imposed or a quota may be imposed for such a product’s import from any of the country’s ‘Most Favored Nations’.



## Organizational Structure

NTC is a “commission” under the MOC, Federal Government of Pakistan. The National Tariff Commission Act, 1990, NTC is a commission consisting of a Chairman (not below the status of Federal Secretary to the Government of Pakistan) and two Members (not below the status of Additional Secretary to the Federal Government of Pakistan). The Commission hence, is made up of three senior civil servants who join NTC on a term-based assignment for three years. They hold different academic qualifications and multiple government departments’ experiences.

The Commission as constituted by the Chairman and the Members delegates responsibilities and tasks to respective technical and administrative staff. The staff under the Commission is organized under the following functions:

- a. **Investigation:** NTC staff engaged in investigating trade defense cases is organized under the three Director Generals (DGs) – Investigation. Currently the position of one Director General- Investigation is vacant. Each DG manages one or multiple teams of investigation staff. Each team under the DG for Investigation is hierarchically organized and comprises of one Director, who in turn supervises one Deputy Director (DD) and two Assistant Directors. The additional directors and the deputy directors assist in the information analysis whereas the Director and the DG supervise the processing of a trade defense case from the point when the application for trade defense measure is submitted to the NTC to the close of the case.

The Investigation staff is permanent staff hired specifically for NTC. Staff hired for the Director, DD or the Assistant Director positions for Investigation have varying academic background ranging from first class Master’s to higher degrees in Economics, Business Administration or relevant subjects. The level of knowledge, amongst the NTC staff engaged in investigation of cases for trade defense measures, regarding trade, trade laws, economics, accounts and other relevant areas varies with their background, qualification and experience. Thus the priority areas for re-enforcing basic principles involved in conducting a trade defense case analysis vary with the NTC staff for Investigation.

Currently, of the three DG positions for the investigation, one position is vacant; of the four Director positions, two are vacant; of the three Deputy Director positions, one is vacant; and of the nine Assistant Director positions, three are vacant.

- b. **Legal:** Until recently, the NTC legal staff was organized under the Administration team. They have now been assigned to each of the three Investigation teams. There are three legal officers in total; including one Chief Legal Officer (equivalent to Director) and two Legal Officers (equivalent to Deputy Directors). The Legal Officers work in close collaboration with their respective Investigation teams in verifying the legal aspects of each case under investigation. Under the current hierarchy, the Legal Officers report to their respective Directors - Investigation and not to the Chief Legal Officer. However they consult the Chief Legal Officer for his opinion and advice as and when needed.

The Legal staff is hired from the private sector on extendable contracts. The selection criterion includes basic law degree with relevant experience; trade law experience is preferred. The law institutes/universities in Pakistan are not specialized in the field of trade law education therefore NTC hires candidates with basic law degrees (LLB/LLM) and trains them in areas of trade defense laws through on-the-job training and exposure to local court cases.



- c. **Administration:** NTC has an Administration and Coordination team supervised by a Secretary (equivalent to Director General). The team comprises of two Directors; Director Administration and Director Coordination. The team also has five Assistant Directors to assist the Directors in their day to day administration and coordination tasks.

The Administration staff is hired as permanent NTC-committed staff. The selection criterion for Administration staff's hiring includes first class Master's degree in any relevant subject such as Business Administration, Human Resource Management, Mass Communication or Journalism.

- d. **Research and Information Technology (IT):** The Research and IT team at NTC is headed by Director General - Research and IT. The team includes a Director for IT and a Director for Research. The Director Research is supported by a DD for Library. The Director IT has one DD and one Assistant Director under him but both are currently vacant.

The Research and IT team members are also hired as permanent and dedicated NTC staff. They have varying experience and academic background while their selection criterion includes first class Master's degree in Economics, Business Administration, IT and any other relevant subject.

## Methodology

Qualitative, primary research methodology was adopted for this assessment. A two-pronged approach was followed for data collection and analysis:

- a. Self-assessment of training needs by NTC staff
- b. Third party/USAID Trade team's independent analysis based on the interviews with NTC staff

The Trade Project developed an assessment tool (attached in Annex 2) that keeps in view NTC's current organizational structure, staff composition and the roles and responsibilities of NTC staff across the organization tiers and functional departments. The questionnaire was self-administered – i.e., administered by the Trade Project team – through face to face interviews with NTC staff. The Trade team conducted one to one as well as focus group discussions with staff from each organizational tier and functional department to assess their human resource capacity development needs. The Trade Project also interviewed the supervisors of each staff group to cross validate the human resource capacity needs of that group.

For example, the Project held individual and focus group interviews with the Assistant Directors in the functional department "Investigation" for the assessment of their own capacity development needs, and also interviewed their supervisors, the Deputy Directors (Investigation), to get the supervisors' perspective on the capacity development needs.

Thus, the information collected was then reviewed and verified through a discussion with NTC staff on an anti-dumping specific case study (attached in Annex 3) by a separate Trade Project team comprising of senior consultants and trade advisors.

## The Challenge of Human Resource Capacity Development for NTC

The Trade Project team observed that NTC faces several challenges with regards to human resource capacity development. The key challenges highlighted during the Human Capacity Development Needs Assessment are outlined below.



### NTC’s Budget Does Not Provide for Effective Human Resource Capacity Development

NTC cites financial constraints as the key reason for the human capacity gaps. The NTC has historically relied on donor funds for staff trainings. Staff trainings and staff interaction with international counterparts, including those in the WTO, was earlier funded by the Asian Development Bank (ADB). As the financial support for training or capacity building from the ADB and WTO was discontinued, so were the trainings or NTC’s participation in WTO technical working groups on trade defence laws (Please see Annex 1).

Budgetary constraints are also cited or lack of basic infrastructure such as laptops or personal computers for relevant staff, especially the staff engaged in research and investigation.

Without adequate budget allocation, the NTC cannot institutionalize a constant learning environment or an effective knowledge management system for managing institutional productivity. Neither can it sustain the basic hardware infrastructure required to facilitate organizational operations.

### Reliance on On-the-Job Learning

Given that the NTC’s current budget does not provide for programmed and structured learning environment consisting of efficient knowledge sharing and needs based, programmed staff capacity building program including trainings, NTC’s existing human resource capacity development is predominantly based on on-the-job learning.

On the job learning, when unaccompanied by an effective knowledge management system and a human resource capacity development strategy, tends to be slow and of limited effectiveness in raising the capacity of individuals to the desired proficiency. The limitations are stronger if the organization in question itself lacks the experience or knowledge required to manage its full mandate.

NTC is fairly new in administering trade defense laws. The administration of trade defense laws was introduced as one of its mandates in 2000 with the *Anti-Dumping Duties Ordinance*; whereas the administration of Countervailing Duties and the Safeguard Measures were introduced in NTC’s mandate in 2001 and 2002 respectively. Furthermore, NTC’s experience in administering trade defense laws is concentrated towards anti-dumping cases, while it has very little experience and thus organizational knowledge of administering Countervailing or Safeguard measures. **Table 1** summarises NTC’s experience in administering the three trade defence laws.

**Table 1: NTC Staff's Experience in Administering the Statutes**

#	Statute	NTC’s Experience of Administering the Respective Trade Defense Measures (as of July 2012)
2	Anti-Dumping Duties Ordinance, 2000	<ul style="list-style-type: none"> <li>• 76 Initiated</li> <li>• 40 Definitive Duty</li> <li>• 08 Application withdrawn</li> <li>• 11 Investigations Terminated</li> <li>• 18 In Process</li> </ul>
3	Countervailing Duties Ordinance, 2001	<ul style="list-style-type: none"> <li>• 02 In process</li> </ul>
4	Safeguard Measures Ordinance, 2002	<ul style="list-style-type: none"> <li>• 01 initiated</li> </ul>

Given NTC’s lack of organizational experience in administering all types of trade defense laws, reliance on “on-the-job” training of the NTC staff will continue to limit NTC’s capacity to effectively provide a level playing field to the private sector against all types of unfair trade practices evenly.



## **Staff Productivity**

Capacity development occurs at the individual level and institutional level. The programmed delivery of training is an important element of human resource capacity building, but it can prove to be inadequate in the absence of an enabling organizational infrastructure and culture. Below are examples of challenges to staff productivity identified during the Human Capacity Development Needs Assessment.

### *Inability to Execute Responsibilities and Complete Required Tasks due to Scarce Funds*

NTC manages applications from the private sector for trade defense measures through a multi-tiered investigative process, requiring verification of applicants' data and information using primary and secondary research. The latter includes interviews and data collection at the site of the applicant's business/es. NTC also responds to trade defense challenges from other countries against Pakistani companies or the country itself (in case of safeguard measures). In such instances NTC staffs are required to travel to the country in question to investigate and resolve the issue. According to NTC's senior management, approximately 95% of NTC's annual budget is allocated to salaries, leaving little to no funds to support the requisite investigative functions involved in administering trade defense laws. NTC staff must either look for funds outside of its budget for basic functional responsibilities such as data gathering and verification or it must forego activities and rely on secondary but less reliable information.

### *Improved ICT Infrastructure can Improve Staff Productivity*

NTC staffs face limitations in their ability to effectively and efficiently meet the terms of their assignment as a result of lacking information and communications technology infrastructure (ICT). Not all NTC technical staff, especially the Assistant Directors for Investigation, have reliable and dedicated personal computers. This affects efficiency and quality of work, especially since the technical staff at the Assistant Director level is responsible for conducting the ground research and analysis. Other office materials and/or supplies were also found to be in short supply. Some staff explained that they buy their own stationary, at times, as the NTC lacks the budget to replenish office supplies.

### *Limited Access to Quality Data and Existing Knowledge*

Improved access to required data and information can increase staff capacity to accomplish more in any given time. Due to budget limitations, the NTC is only able to access low-cost or free-of-charge economic and trade-related data in raw form from Pakistan Revenue Automation Limited (PRAL) - an autonomous government-owned company – to support its investigations. Raw data analyses require additional staff which could otherwise be used to prepare case justifications, presentations or conduct field investigations. Given the availability of funds, NTC can purchase customized data thus reducing the burden on and increasing the capacity of the existing staff.

Investigating staffs need to access to institutional knowledge to effectively manage their case load. This may be possible by maintaining an electronic repository or database of all past cases handled by NTC. Staff can be provided with electronic access to these documents which will reduce the amount of time spent searching through paper files. The paper-based filing also makes archiving and further research on previous cases unreliable and difficult to manage.

NTC staff also requires access to international knowledge banks like technical journals, product journals, past cases at WTO and latest trade defense laws related publications. The NTC also has a library which has been affected by budget shortfalls. The library needs to be updated, maintained and could also be made available to the staff in electronic form in order to improve efficiency and quality of work.



## Training Needs

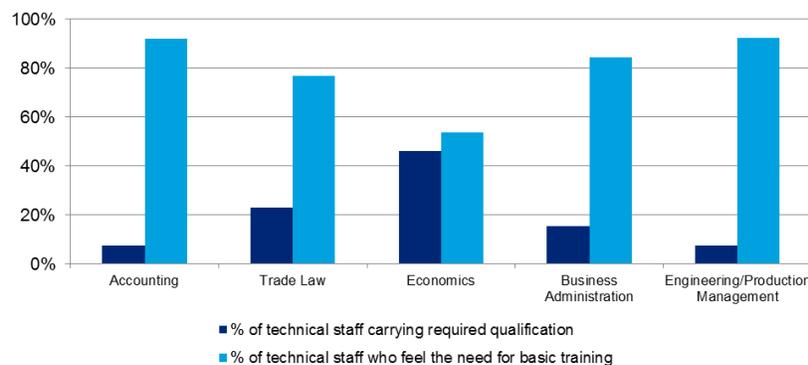
Regular need based staff training is an effective tool to reduce and eliminate small knowledge gaps in the short and medium term. It can also support changes in work methodologies used, like relying more on international best practices. Furthermore, it can be a powerful tool to motivate and retain high performing staff.

This section highlights the training needs identified through the Human Capacity Development Needs Assessment.

### Training Needs across Organizational Tiers (Investigation and Legal Departments)

There are some training needs that were identified across the Investigation and Legal departments. NTC staff in these technical departments has varying academic backgrounds. Yet, the investigative techniques involved in evaluating a trade defense case require that the technical staff have adequate proficiency in multiple disciplines including Economics, Financial Analysis, Accounting and Law. **Figure 1** below shows the academic background of the existing technical staff from the Director to the Assistant Director level in the Investigation and Legal departments. It also shows the percentage of the staff that expressed the need for training in the required discipline to be able to conduct case investigations with respect to trade defense measures effectively.

**Figure 1: NTC Officers Current Qualification and Perceived Need for Generic Trainings**



While it would be useful for all officers from Director to the Assistant Director levels to attend basic introductory courses in these areas except the one that they hold a specialized degree in, the NTC technical staff across all tiers need regular ‘case based’ trainings on investigation process and methodologies for each of the trade defense measures: anti-dumping, countervailing and safeguard measures. The training would need to cover the respective legal as well as the investigative processes and procedures. These trainings will be most effective if based on several case studies so that the staff is able to understand common interpretation and data access issues that may arise from case to case basis and also have some practice in how to deal with the idiosyncrasies.

In addition to the above mentioned training, NTC require an orientation training program as well as orientation guides for new staff recruited by NTC.

### Training Needs for Each Technical Staff Tier

The capacity development needs of NTC staff vary primarily with the organizational tier, the functional department the staff belongs to and the length of on the job experience of the individual staff. Some priority areas for capacity development through trainings and exposure to best practices are common across NTC’s organizational tiers and technical departments such as Investigation and Legal. These



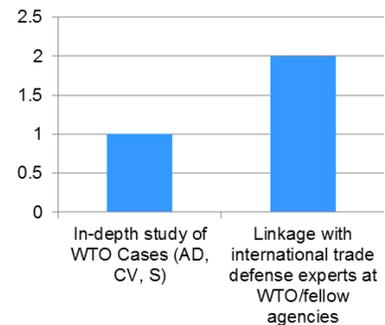
priority areas include developing NTC staff capacity with regards to the investigative techniques; case interpretation and best practices and international precedence with regards to administering the national anti-dumping, countervailing and safeguard measures.

The nature of the trainings or capacity development methods vary with the organizational tier the respective staff belongs to, given the varying types of responsibilities. The subsections below summarize for each tier of the NTC staff the outcome of their capacity development needs assessment as identified by the respective group of staff.

Director Generals (DGs) - Self Assessed Training Needs

The DGs make up the highest layer of NTC-committed technical staff in the organizational structure and they report to the members of the Commission directly. Each DG heads an Investigation Directorate and supervises a team of Directors, Deputy Directors and Assistant Directors. The DGs guide the entire investigation of each case assigned to their directorate and present the findings to the Commission for final decision. The DGs also comment on sister directorates' investigations in order to strengthen their cases before they are presented before the Commission. They also interact with counterpart agencies around the world, WTO and relevant local government departments such as the Ministry of Commerce and Customs etc. The minimum experience required to be promoted to the position of DG at NTC is about 17 years. The NTC DGs have attended a donor-funded training at the World Trade Institute (WTI), Bernes on basic anti-dumping investigation and some WTO courses held locally. They had also attended some WTO group meetings in Geneva in 2007.

**Figure 2: Priority Capacity Development Goals - Director Generals for Investigation**



Following are the main findings from the DGs' self-assessment:

*Priority Capacity Development Objectives:*

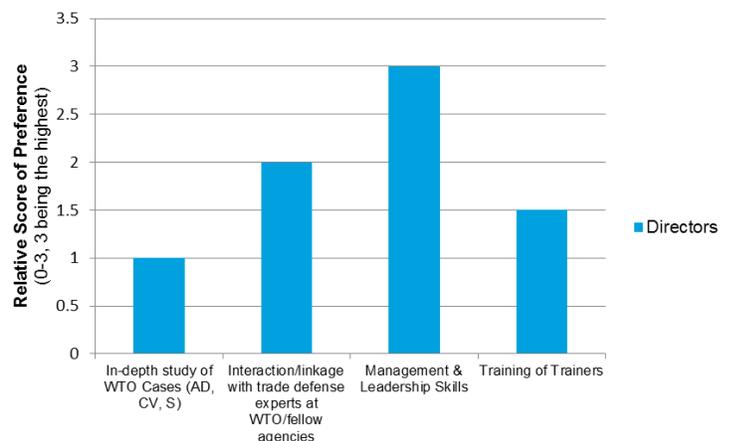
- Improved capacity to implement trade defense instruments (TDIs) such as anti-subsidy and safeguard measures as these have not been applied by NTC.
- Increased liaison and interaction with international counterparts and practitioners of trade defense measures to remain up to date with contemporary practices, issues and precedence being developed with regards to the use of trade defense laws

*Preferred Nature of Support:*

- Participation in the World Trade Organization's (WTO) technical working groups (see the annex for details on WTO technical groups)
- Interaction/visits to and from the counterpart agencies
- Training on the investigation methodologies for countervailing, capacity and safeguard measures
- Advance management & leadership courses

Directors – Self Assessed Training Needs

The Directors report to the DGs and assist them in the management and supervision of





the investigations in their respective directorates. They work with their Deputy Directors and Assistance Directors in preparing the presentations for the Commission and verifying all data provided by the applicants and other stakeholders. Directors normally hold 12 years of experience on average. The Directors have also attended donor-funded trainings by WTI and WTO. However, they have not attended any training in the past 5 years.

Following are the main findings from the Directors' self-assessment:

*Priority Capacity Development Objectives:*

- i. Improved capacity to implement trade defense instruments (TDIs) such as countervailing and safeguard measures as these have not been applied by NTC.
- ii. Improved knowledge of basic principles of relevant subjects, such as economics and accounting, used during investigations
- iii. Increased liaison and interaction with international counterparts and practitioners of trade defense measures to remain up to date with contemporary practices, issues and precedence being developed with regards to the use of trade defense laws

*Preferred Nature of Support:*

- i. Participation in the World Trade Organization's (WTO) technical working groups and forums such as Doha negotiations
- ii. Training on the investigation methodologies for countervailing measures and safeguard measures
- iii. Starter/refresher courses on Financial Statements Analysis, Product Classification
- iv. Advance management & leadership courses

*Deputy Directors – Self Assessed Training Needs*

Deputy Directors report to the Directors and normally carry 5 years of experience. They provide day to day guidance and direction to the Assistant Directors and review their work more closely before sending it forward to the Directors. When a new applicant comes in, Deputy Directors provide them with initial counseling and guidance. Most of them have also attended the WTI and WTO trainings in the past but no recent training courses.

Following are the main findings from their self-assessment:

*Priority Capacity Development Objectives:*

- i. Improved capacity to implement trade defense instruments (TDIs) such as countervailing and safeguard measures, sunset reviews and dispute settlement
- ii. Improved knowledge of basic principles of relevant subjects, such as economics and accounting, used during investigations
- iii. Improved communication skills for more effective presentations, business correspondence and public dealing
- iv. Increased liaison and interaction with international counterparts and practitioners of trade defense measures to remain up to date with contemporary practices, issues and precedence being developed with regards to the use of trade defense laws

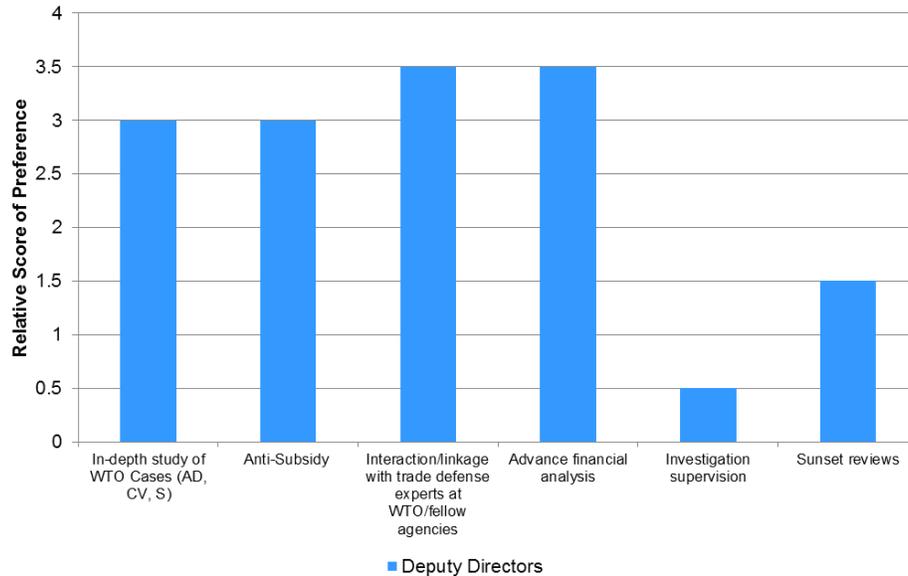
*Preferred Nature of Support:*

- i. Increased exposure to WTO negotiation meetings
- ii. Starter/refresher courses on:
  - o Accounting



- Trade Defense Laws
- Economics
- Product classification
- iii. Training courses on communication skills:
  - Report writing
  - Presentation skills

**Figure 4: Priority Capacity Development Needs - Deputy Directors for Investigation**



**Legal Officers – Self Assessed Training Needs**

Legal Officers are hired at NTC on contractual basis. They are equivalent to the Deputy Directors and normally carry 5 of experience. They are lawyers but there is no law institute in the country that provides specialization in trade law therefore the legal officers need to improve their knowledge and capacity in this area. Normally there is limited or no budget available to fund trainings for contractual staff. This is a serious concern because advance expertise in trade law is essential for proper functioning of NTC.

Following are some additional needs identified by the self-assessment of Legal Officers:

*Priority Capacity Development Objectives:*

- i. Improved capacity to interpret and implement trade defense instruments (TDIs) such as countervailing and safeguard measures, sunset reviews and dispute settlement
- ii. Improved communication skills for more effective presentations, business correspondence and public dealing
- iii. Increased liaison and interaction with international counterparts and trade defense lawyers to remain up to date with contemporary practices, issues and precedence being developed with regards to the use of trade defense laws

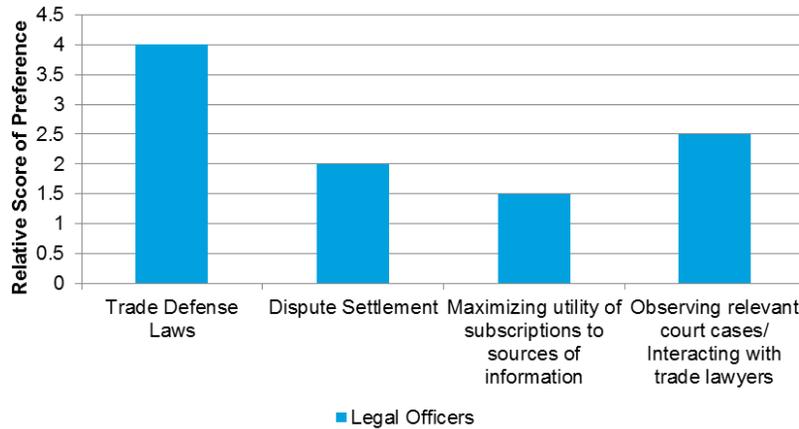
*Preferred Nature of Support:*

- i. Participation in Advisory Council of World Trade Laws (ACWL) courses
- ii. For Implementation & interpretation of WTO laws
- iii. Increased interaction with local & international Trade Lawyers
- iv. Participation in relevant court cases as observers



- v. Training course on communication skills:
  - o Report writing
  - o Presentation skills

**Figure 5: Priority Capacity Development Areas - Legal Officers**



#### Assistant Directors – Self Assessed Training Needs

These are the junior-most staff members at NTC. They are normally fresh or with 1 or 2 years of experience. They are qualified in one of the relevant areas e.g. economics or accounting etc. They interact with applicants and other stakeholders to gather all the required information and to verify it under the supervision of their respective Deputy Directors. They also spend a significant amount of their time organizing and analyzing information and evidence for the cases under investigation.

The main findings from Assistant Directors' self-assessment are as follows:

#### *Priority Capacity Development Objectives:*

- i. Improved capacity to interpret and implement trade defense instruments (TDIs) such as antidumping, countervailing and safeguard measures
- ii. Improved knowledge of basic principles of economics, accounting and trade law
- iii. Increased knowledge of trade data analysis for more efficient and comprehensive investigation
- iv. Better communication skills for more effective presentations, business correspondence and public dealing

#### *Preferred Nature of Support:*

- i. Detailed training course on all NTC laws
- ii. Training on trade data analysis tools e.g. SPSS
- iii. Seminar/workshop on Indian Trade Policies (in light of Pak-India trade)
- iv. Starter/refresher courses on:
  - o Accounting
  - o Economics (regression, correlation, economic modeling)
  - o Trade Law

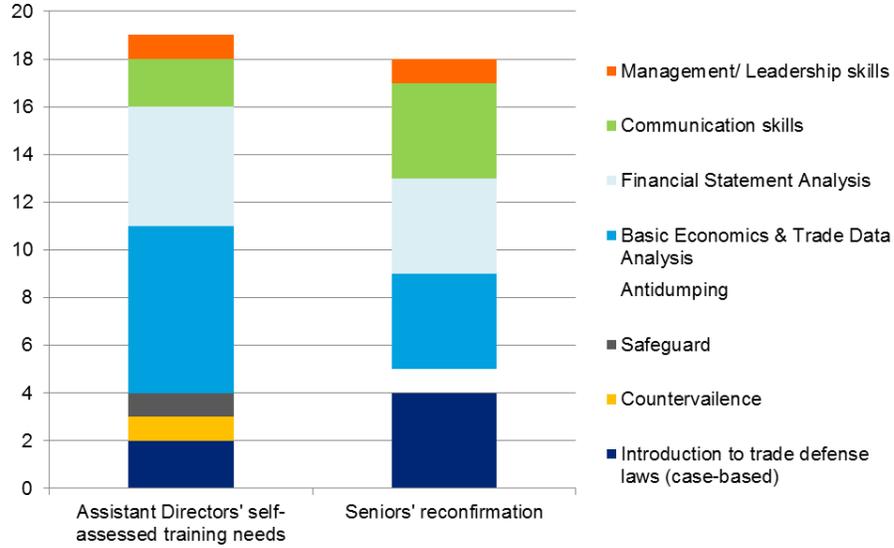
#### *Additional needs identified by seniors:*

- i. Advance training in implementation & interpretation of Anti-dumping law
- ii. Short management courses:



- iii. Training on communication skills:
  - o Report writing
  - o Presentation skills

**Figure 6: Priority Capacity Development Needs – Assistant Directors**





## **Recommendations for Immediate Consideration**

According to its vision statement NTC aspires to “*Develop into a knowledge-based organization specializing in international trade and related matters through training, research and participations in international forums in order to further the development of balanced foreign trade and national economy.*”

As the organization in Pakistan responsible for administering the WTO compliant national trade defence laws) objectively and effectively to provide a level playing field to industry against unfair trade practices, NTC needs to develop an organizational culture that encourages constant learning and effective knowledge management. To administer the trade defence laws effectively, NTC must be able to interpret relevant local and international laws effectively; and it must be able to assess and evaluate the case for or against a trade defence measure confidently and in an acceptable time period. To be able to do all that NTC must be able to draw on existing knowledge within and out-side of NTC and should be able to create new knowledge as well. Therefore, for NTC, developing into a knowledge based is a logical step towards realizing organizational effectiveness.

While the vision of becoming a knowledge based organization will require a concerted effort and re-organization over the medium term period, following are recommendations for immediate consideration to improve the existing human resource capacity of NTC.

### **NTC’s Budget Needs to Support Core Functions like Knowledge Creation and Sharing**

NTC’s capacity is fundamentally constrained through by the budget allocated to it by the Ministry of Commerce, Government of Pakistan. As per the general practice of budget determination of most of the departments of the Government of Pakistan, the budget of NTC for any given year is based on a percentage increase over the previous year’s budget. Because the budget of NTC is not program or activity based, it does not reflect the budget required to meet NTC’s functions and operations.

Because the Ministry of Commerce of the Government of Pakistan has committed in its statement to the Cabinet to develop NTC’s capacity to administer trade defense laws in and around trade with India is liberalized, the Ministry of Commerce and NTC must reassess NTC’s budget requirements to develop and sustain the capacity of NTC in administering trade defense laws effectively.

The budget requirements should be forward looking, in terms of capacity goal of NTC and not be based on current operations and functions only.

### **Upgrade Infrastructure**

Infrastructure and IT hardware related improvements are essential for smooth functioning of the overall organization and its staff’s optimal productivity. Staff engaged in research and case development need reliable and dedicated IT hardware to undertake extensive research. Other office materials/supplies to facilitate the daily work also need to be improved. The upcoming IT infrastructure assessment undertaken by the team will highlight more on these weaknesses.

### **Institutionalize Knowledge Management Practices and Tools**

NTC staff needs to have access to international knowledge banks like technical journals, product journals, past cases at WTO and latest trade defense laws related publications. The existing knowledge available in terms of past cases and documents is primarily in hard copy / paper based formats. Developing, maintaining, storing and sharing knowledge material electronically will improve organizational productivity.



For this NTC library needs to be digitized, appropriate ICT infrastructure needs to be installed, staff at all levels needs to be provided connectivity both at the office as well as from their home through lap-tops, internet connectivity and if possible smart phones.

NTC also needs to develop standard operating procedures on information sharing and creating. Incentives for intra NTC collaboration and organized mentorship need to be developed and institutionalized through various means such as by including these in job responsibilities and criteria for performance assessment of relevant staff.

### **Improved access to data**

The investigating staff needs to have access to quality data, up to date information and means of verification. They also need access to knowledge outside of NTC with respect to past and recent interpretation of various trade defense laws and latest case studies from Pakistan and other countries. NTC must have a budget to provide for the required access to quality data and information.

### **Develop Annual Staff Training Plan and Execute Effectively**

NTC must institutionalize annual staff knowledge needs assessment and develop a training and human capacity development plan for that year that should be accounted for in NTC's annual budget.

### **Develop a Comprehensive Orientation Program for New Staff**

The orientation for new staff is not very well-defined at NTC. At the level of Assistant Director which is the junior staff in NTC, the USAID Trade team recognized a strong need of regular and institutionalized training efforts which should be undertaken by their superiors such as Director / Deputy Director, but due to the increasing workload this responsibility has not effectively been managed. Currently, the junior staff is left with tasks on their own and gathers information where it can be found and seeks 'ad hoc' advice from senior staff mostly in the interpretation of Pakistan's provisions of trade defense laws. This "on the job" learning lacks consistency and slows down the investigation process and becomes critical as these laws are embedded in a framework including tight deadlines for each party involved. The skills required to undertake a successful investigation are multiple ranging from expertise in economic analysis, law, accounting/financial statements including cost accounting as well as valuation of goods. There is need for a comprehensive curriculum and training plan to orient new staff with the functions of NTC.

### **Encourage Learning through Appraisals and Mentorship**

Appraisals can encourage healthy competition among staff members about improving their credentials in relevant areas. Learning could be included in the criterion for promotions, salary increments and other benefits.

Internal mentoring can also be formalized and incentivized through appraisal or performance plans. A structured internal mentoring program will support continuity of the learning cycle within the organization where the senior trained staff will mentor and guide the newly hired team members and simultaneously grow in their own career.

## **Conclusion and Strategic Consideration**

Just because NTC has knowledge and research at its core does not mean that it is a knowledge based organization. Knowledge based organizations (KBOs) are often characterized by four key factors<sup>2</sup>.

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<sup>2</sup> Michael H. Zack, 2003, "Rethinking the Knowledge Based Organization"



### **Process: Knowledge Creation and Sharing**

A KBO has institutionalised processes and procedures for sharing and creating knowledge, in addition to the other concrete and observable activities it is primarily engaged in.

To be a KBO, NTC must institutionalize knowledge management processes to:

- i. Ensure that knowledge created in one part of the organization can be accessed for application by another part of NTC;
- ii. Ensure that knowledge is captured and shared over time so that the NTC benefits from past experience
- iii. Knowledge and sources of knowledge (people, documents, etc.) are easily accessible and that there are possibilities of collaboration between different centres of knowledge
- iv. NTC provides regular opportunities and incentives for learning

Thus, NTC requires an adequate ICT infrastructure for knowledge management supporting electronic based knowledge storage and retrieval. The knowledge creation, sharing and collaboration must become important criteria in the performance evaluation of staff. NTC must be able to sustain the knowledge management processes through adequate budget allocation for the processes. The processes related to knowledge creation and sharing must be considered as “investment” rather than as an “expense”

### **Place: Knowledge Boundaries**

The knowledge that relates to effective evaluation and administration of trade defence cases is a by-product of interactions with counterpart organizations in other countries, the international trade community, research organizations, and the Trade Law community, among others. NTC staff must have regular interactions with respective stakeholders and sources of knowledge sharing and creation outside of NTC. In case of NTC, interaction of its technical investigation and legal staff with local businesses and global counterparts is essential to remain effective in evaluating and administering trade defence measures.

One of the ways NTC can remain engaged with international sources of knowledge is through regular participation of its relevant staff in the WTO's technical working groups (See Annex 2).

### **Purpose: Knowledge Strategy**

Even a highly effective knowledge management processes will not ensure that the NTC will perform better than its counterparts in engaged in a trade defence dispute, unless NTC is able to not only plug the gap between the knowledge it currently needs and has but also the gap between the knowledge NTC has and the knowledge its competitors or counterparts have.

This implies not only the need to develop a relationship with its counterparts through structured and informal virtual and face to face interaction but also to invest in regular benchmarking of NTC's knowledge base against that of its competitors / counterparts. Benchmarking alone will not be adequate. NTC must be able to invest in plugging the knowledge gaps so identified.

### **Perspective: The knowledge Point of View**

Having knowledge based perspective means that NTC needs to take knowledge into account in all aspects of its functions and operations. This means that knowledge will become the sole criteria of who NTC hires, how it spends, and how it relates to its stakeholders.



## Annex 1: NTC Past Trainings

All international trainings attended by the NTC technical staff have been sponsored by donors. The staff members who had attended these courses are now at Deputy Director, Director and Director General levels. Many have also left the organization since then. The last classroom-based training was attended by NTC staff in 2004 and the last technical group meetings were attended in 2007. The fresh staff i.e. Assistant Directors have not attended any local or international training so far.

**Table 2 Past Training Attended by NTC Staff**

#	Training Title	Provider	Sponsor	Year
1	Workshop on Agreement on Antidumping	WTO	WTO	2002
2	Workshop on Agreement on Subsidies and Countervailing Measures	WTO	WTO	2002
3	Workshop on Agreement on Safeguard Measures	WTO	WTO	2003
4	Workshop on Dispute Settlement Understanding	WTO	WTO	2004
5	Visit to European Commission	European Commission	Asian Development Bank (ADB)	2002
6	Visit to US Department of Commerce and US ITC	US Department of Commerce and US ITC	ADB	2002
7	Visit to European Commission	European Commission	ADB	2006
8	Visit to US Department of Commerce and US ITC	US Department of Commerce and US ITC	ADB	2006
9	Basic Antidumping Course	World Trade Institute, Berne, Switzerland	ADB	2003
10	WTO Technical Meetings and regional seminars	WTO	ADB	2002-2007 (24 visits)
11	Finance Training for Asst Directors	Pakistan Institute of Management (PIM)	NTC	2005



## **Annex 2: WTO and the Constituent Committees**

The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. It is run by its member governments. Pakistan is also one of its member states. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business. Following are some of the WTO's main functions:

- Administering WTO trade agreements
- Forum for trade negotiations
- Handling trade disputes
- Monitoring national trade policies
- Technical assistance and training for developing countries
- Cooperation with other international organizations

WTO comprises of several trade-related specialized bodies, committees and technical sub-groups. All member governments at WTO are also members to these bodies. These bodies are chaired by each of the member country representatives on a rotational basis. The committees and groups meet regularly and the meetings' schedule is announced for any interested members' representatives to attend and observe.

Meetings of WTO Rules/Technical Groups and Committees of Antidumping Practices, Subsidies and Safeguards are a good source of institutional capacity building for NTC. Participation, observation and inter-action with counterpart investigating authorities of other countries will provide the much-needed exposure and international liaison to NTC officers. They have attended a few WTO meetings and seminars in the past however due to budgetary constraints NTC is unable to continue sending its officers for these useful exposure visits. The last WTO meeting that was attended by any NTC officer was in 2007. Since then NTC staff has struggled to build upon and utilize the contacts developed during these visits to understand latest practices via email and phone. It is therefore strongly recommended to develop a sustainable mechanism for continuous networking of NTC staff with their counterparts from around the world and continued knowledge enhancement by participation in relevant WTO meetings and discussion.



Meetings of following committees/groups are relevant to NTC's work:

**Table 3 List of Relevant WTO Meetings/Group Discussions Scheduled in Coming Months**

#	WTO Bodies	Nature & Participants of Meetings	Tentative Schedule of Meeting
1	Committee on Safeguard Measures	Permanent body to ensure WTO implementation. All countries notify actions taken under Safeguard Measures. Amendments in country laws are notified, practices are questioned. Senior management teams of agencies attend this meeting	October 22, 2012
2	Committee on Subsidies and Countervailing Measures	Permanent body to ensure WTO implementation. All countries notify actions taken under Subsidies & Countervailing. Amendments in country laws are notified, practices are questioned. Senior management teams of agencies attend this meeting	October 23, 2012
3	Committee on Antidumping Practices	Permanent body to ensure WTO implementation. All countries notify actions taken under Antidumping law. Amendments in country laws are notified, practices are questioned. Senior management teams of agencies attend this meeting	October 24, 2012
4	Negotiating Group on Rules (NGR)	All member states are its members. They discuss how the agreement should be improved in the face of continued developments & newer issues in trade	October 25, 2012
4.a.	Technical Group on Questionnaire and verification (under NGR)	Investigating officers share their individual practices in order to develop consensus on uniform practices across all member states	
5	Dispute Settlement Body	A session/body of the General Council of WTO. Makes decisions on trade disputes between governments that are adjudicated by the WTO. All member states' representatives attend it.	October 23, 2012 December 17, 2012
6	Committee on Rules of Origin	Permanent body to ensure WTO implementation. All countries notify actions taken under Rules of Origin. Senior management teams of agencies attend this meeting	November 21 & 22, 2012
7	Workshops/seminars on trade defense laws	For all levels of investigating staff of agencies	TBD
8	Panel/Appellate Body Proceedings	Attended by agencies' staff for observation of Appellate proceedings	TBD

\*All groups & committees hold frequent meetings from September to July each year

\*The meetings of NGR and its Technical Group are usually scheduled once in two months

\*All related groups meet during the same week on consecutive dates to utilize maximum time of participants arriving from different parts of the world



### Annex 3: Training Needs Assessment Questionnaire (Directors)

Name: \_\_\_\_\_

Department: \_\_\_\_\_

Number of Team Members: \_\_\_\_\_

1. Can you please describe the various roles each position has in the NTC, starting from yours to the Directors, the Deputy Directors and the Assistant Directors?

Director General	
Director	
Deputy Director	
Assistant Director	



2. Can you please describe the flow of an application and how it is processed within NTC? (Probe: what are the go / no go decision nodes, who is involved at what decision / process level? Probe: What is the role of your team/department in this process flow?)

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3. What major capacity improvement areas for each of the following tier groups:

Tier Group	Skill Sets Required	Capacity Improvement Areas
Deputy Directors		
Assistant Directors		

4. Give top 5 training needs for each level of your team members (i.e., Directors, Deputy Directors and Assistant Directors)

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	Directors	Deputy Directors	Assistant Directors
1			
2			
3			
4			
5			



5. What trainings have your team members attended in the past? (Note by who provided the training, funded the training, year the training was given)

	<b>Directors</b>	<b>Deputy Directors</b>	<b>Assistant Directors</b>
1			
2			
3			



## **Annex 4: Antidumping Case Scenario for Independent Verification by USAID Trade Team**

The Chairman,  
National Tariff Commission,  
Islamabad.

**Subject: Complaint of Dumping of Polyester Fabric from Golden Dragon Textiles, Beijing, China.**

I am writing on behalf of Al-Fallah Textile Mills (Pvt) Ltd located in Korangi Industrial Area, Karachi. We are the largest producer of polyester fabric in Pakistan representing 60% of the domestic market share. The remaining market share is divided amongst other local manufacturers and imports mainly from China and Indonesia.

The Al-Fallah Textile Mills employ 3000 people and have an annual turnover of US \$ 1 billion out of which we pay US \$ 1 million as taxes to the Government.

The tariff on polyester fabric at the import stage is 15% custom duty along with 17% sales tax and 6% withholding tax. This tariff protection is important for us to sustain our manufacturing in Pakistan and to provide livelihood to 3000 employees of people. There are hundreds of downstream vendors benefiting through our business as we engage them for their services. At this tariff protection level we can withstand competition from China, India, Vietnam and Malaysia which provides substantial incentive and subsidy to their domestic manufacturer.

Recently, we have learned from the domestic market that Golden Dragon Textiles located in Beijing China has started dumping polyester fabric in the market in connivance with some unscrupulous importers in Pakistan. The C&F price for exports to Pakistan quoted by this manufacturer creates serious doubts on the possibility of manufacturing this product at such undervalued price. We have annexed a calculation sheet comparing the cost of manufacturing of one meter of polyester fabric which clearly indicates that it is not possible to manufacture polyester fabric at the C&F price quoted by Golden Dragon Textiles.

We fear that if this trend continues it will cost material injury to not only us but also to other manufacturers and ultimately the domestic industry may be forced to shut down. In our calculation sheet annexed with this complaint we have provided positive evidence and objective examination to prove the high probability of material injury to our business.

In view of the above, we request the National Tariff Commission to initiate anti-dumping investigations against Golden Dragon Textiles. In case the commission requires any further information, we will be glad to provide the same.

Hope to hear soon from you,

Peter Bernhardt  
Attorney-at-Law  
For and on behalf of Al-Fallah Textile Mills.