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Voluntary - Public

**Date:** 7/9/2019

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## Pakistan

**Post:** Islamabad

### **Pakistan Halal Labeling Requirements Implemented July 2019**

**Report Categories:**

Trade Policy Monitoring

Trade Policy Monitoring

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**Report Highlights:**

On July 1, 2019, Pakistan implemented onerous new requirements (see SRO 659 below) for all consumer food and beverage products, the third such “special regulatory order” on the issue. The government argues the new standards will improve food safety and consumer education, but the new regulation is reportedly intended to curtail imports, address Pakistan’s balance of payments issue and stimulate domestic processing. Pakistan did not notify the WTO’s TBT Committee of the proposed regulations. In-bound food consignments have slowed, affecting approximately \$200 million in U.S. trade. In response, the USG raised the issue at a bilateral meeting in May, USDA and Department of Commerce wrote letters to Pakistan’s Ministry of Commerce, FAS leadership raised it with Pakistan’s Ambassador to the U.S., then USDA met with Pakistani officials at the WTO TBT Committee in Geneva (June 21, 2019). Neither the U.S. nor other trading partner efforts succeeded in changing Pakistan’s course and imported food volumes will decline for the near future.

## **General Information:**

### **Chronology of recent events:**

**February 19, 2019:** Pakistan's Ministry of Commerce (MOC) issued an SRO concerning consumer food and beverage products; SRO 237 (see attached) amends Pakistan's Imports and Exports (Control) Act, 1950. This order went into effect immediately, resulting in the detention of approximately 300, mainly non-U.S. shipping containers at Pakistani sea and dry ports. The order requires the following information:

1. A minimum 66 percent shelf life at the time of clearance of goods
2. Labeling of nutritional values and usage instructions in Urdu and English
3. The logo of the halal certification body shall be printed on the consumer packaging
4. Each shipment must be accompanied by a 'Halal Certificate' issued by a Halal Certification Body (HCB) accredited by an Accreditation Body (AB) that is a member of either the International Halal Accreditation Forum (IHAF) or the Standards and Metrology Institute for the Islamic Countries (SMIIC).
5. SRO 237 also prohibits the use of stickering, overprinting, stamping or scratched labeling to meet the new labeling requirements.

**March 8, 2019:** OAA wrote a letter to WTO inquiry point at MOC and respectfully requested that Pakistan delay implementation of these requirements by at least six months and notify the SRO to the World Trade Organization (WTO) Secretariat under the terms of Articles 2, 3 and 5 of the Agreement on Technical Barriers to Trade (TBT). WTO Members should also be afforded a reasonable period of time to submit comments (60-90 days), and comments received should be taken into account prior to implementation of the measure. This is particularly impactful for food and beverage product shipments that are reportedly en-route to Pakistan.

**April 2, 2019:** Pakistan's FMCG Importer Association (PFIA) confirmed that the Ministry of Commerce would issue a notification to extend SRO-237 until June 30, 2019. FAS Islamabad mobilized other foreign missions to lobby the Ministry of Commerce to relax the policy and allow more time. Several EU missions also sent letters to the MOC requesting action. FAS continued communication with MOC officials, requesting appropriate labeling including nutritional content and expiration dates, an importer friendly 'Halal' requirements and a delay of at least two years for smooth transition. The Karachi-based Overseas Investment Chamber of Commerce Industry (OICCI) and Pakistan Business Council wrote letters to the MOC.

**April 9, 2019:** After international outreach efforts, the MOC announced on April 9 that implementation of the SRO was postponed until July 1, 2019 and allowed release of the detained containers. MOC delayed implementation of new labeling requirements (see SRO 438 attached) until July 1, 2019.

**April 10, 2019:** Pakistan's FMCG Importer Association (PFIA) wrote a letter to Mr. Abdul Razzak Dawood, Minister for Commerce and Textile and demanded that the government should withdraw this SRO completely instead of making amendments in it as it has created countless problems for the trade.

**May 2, 2019:** During the U.S.–Pakistan Trade and Investment Framework Agreement (TIFA) inter-sessional meeting in Islamabad, the MOC informed that they would notify new labeling requirements to the WTO and would also collaborate with stakeholders.

**May 31, 2019:** Foreign Agricultural Service’s Administrator Ken Isley met with Ambassador Asad Khan, Pakistani Ambassador to the United States, where FAS raised the concerns on the SRO labeling and halal requirements, strongly requesting notification to the WTO and requesting a delay in implementation beyond June 30, 2019. Ambassador Khan made note of FAS’s comments, but no commitment or progress was made.

**June 18, 2019:** Pakistan’s FMCG Importers Association (PFIA) members met with the Ministry of Commerce (MOC) in Islamabad and the following steps were taken during this meeting.

1. MOC agreed on a 50 percent shelf life (instead of the original 66%) at the time of clearance of goods.
2. MOC agreed to include additional recognized foreign Halal certification authorities for the issuance of Halal certificate. MOC is considering the list of recognized halal certification authorities in addition to IHAF and SMIIC in Dubai to be registered with PSQCA and Customs. (Note: No changes were made on the halal requirement overall, meaning all consumer-oriented product shipments need to be accompanied by a halal certificate and have the logo of the halal certifier printed on the packaging.)
3. MOC agreed that the usage instructions do not need to be printed on products like bottled water, milk, ice cream, and chocolates, but the nutritional value and ingredients are required in both languages.
4. MOC did not agree to change labeling options in the form of sticker. The label with nutritional value, ingredients, and usage instructions must be printed in both Urdu and English on consumer packaging.

**June 26, 2019:** The U.S. delegation met with Pakistani officials during the WTO TBT Committee meeting in Geneva. The Pakistan representative acknowledged USG concerns and referenced a new SRO recently issued which addresses some issues and offers flexibilities on implementation. The official also said Pakistan would submit the measure text to the WTO for public comment. The USG team reiterated their request for suspension of implementation and notification of the measure in order to avoid further trade disruptions. On the basis of the WTO committee meeting in Geneva, OAA has requested a meeting with the MOC’s WTO inquiry point to reinforce the commitments made in Geneva, though the June 30, 2019 implementation deadline has passed.

**June 27, 2019:** Despite the June 18 agreement, Pakistan issued SRO 659, again requiring a minimum 66 percent shelf life at the time of clearance of goods.

**July 5, 2019:** OAA met Pakistan’s WTO Inquiry Point at MOC in Islamabad to follow-up on Pakistan’s new halal, shelf-life, and labeling regulations. OAA elaborated that the USG supports Pakistan’s efforts to improve food safety and nutrition awareness through better labeling of processed food product. OAA also respectfully requested that MOC notify the SRO to the World Trade Organization (WTO)

Secretariat under the terms of Articles 2, 3 and 5 of the Agreement on Technical Barriers to Trade (TBT). WTO Members should also be afforded a reasonable period of time to submit comments (60-90 days), and comments received should be taken into account prior to implementation of the measure. MOC point person reaffirmed intentions to adhere to the WTO attestations and to harmonize Pakistan's new labeling regulations in accordance with the WTO guidelines.

**Trade Impact:**

According to Pakistani trade contacts, the halal requirements under SRO 237 will impact trade. The mandatory halal requirements will create burdensome and costly labeling and certification requirements, affecting approximately \$200 million of U.S. consumer-oriented foods and beverages exported to Pakistan, including many products considered naturally halal. Pakistan will become the only known country to have mandatory halal certification for such a wide range of products. By comparison, other Islamic countries with strict halal requirements allow for the voluntary halal certification and labeling of non-animal-based consumer food and beverages products.

**TEXT OF SROs ISSUED BY THE MINISTRY OF COMMERCE (MOC)**

**SRO # 237**

**Government of Pakistan  
Ministry of Commerce and Textile  
(Commerce Division)**  
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Islamabad, the 19<sup>th</sup> February, 2019.

**ORDER**

S.R.O. 237 (I)/2019. In exercise of the powers conferred by sub-section (1) of section 3 of the Imports and Exports (Control) Act, 1950 (XXXIX of 1950), the Federal Government is pleased to direct that the following further amendments shall be made in the Import Policy Order, 2016, namely:

In the aforesaid Order, in Appendix B, in the Table under Part-I, in column (1), against Serial No. 13, in column (4),-

- a) in clause (iii) for the expression "50% (fifty per cent) of the shelf life, calculated from the date of filing of Import General Manifest (IGM)", the expression "66% (2/3<sup>rd</sup>) of the shelf life remaining from the date of manufacturing" shall be substituted; and
- b) after clause (iii), amended as aforesaid, the following clauses shall be inserted, namely:-
  - "(iii a) The ingredients and details of the product (e.g. nutritional facts, usage instructions etc.) of the food products shall be printed in Urdu and English languages on the consumer packaging;
  - (iii b) The logo of the Halal certification body shall be printed on the consumer packaging;
  - (iii c) The labelling under clauses (iii a) and (iii b) above shall not be in the form of a sticker, overprinting, stamp or scratched labelling;
  - (iii d) The shipment shall be accompanied by a 'Halal Certificate' issued by a Halal Certification Body, accredited with an Accrediting Body (AB) which is a member of International Halal Accreditation Forum (IHAF) or Standards Metrology Institute for Islamic Countries (SMIIC);".

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[No.1 (3)/2018-AC (TP)]

  
(Ashfaq Ahmad)  
Deputy Director (TP)

GOVERNMENT OF PAKISTAN  
MINISTRY OF COMMERCE & TEXTILE  
(COMMERCE DIVISION)  
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Islamabad, the 9<sup>th</sup> April, 2019.

**ORDER**

S.R.O. 438 (I)/2019.- In exercise of the powers conferred by sub-section (1) of section 3 of the Imports and Exports (Control) Act, 1950 (XXXIX of 1950), the Federal Government is pleased to direct that the following further amendments shall be made in the Import Policy Order, 2016 namely:

In the aforesaid Order, in Appendix-B, in Table under Part-I, in Column (1) against serial No. 13, in column (4),-

- a) in clause (iii), for the expression "66% (2/3<sup>rd</sup>) of the shelf life remaining from the date of manufacturing", the expression "50% (fifty percent) of the shelf life, calculated from the date of filing of Import General Manifest (IGM)" shall be substituted and shall be deemed to have always so substituted; and
- b) after the clauses (iii d), the following new clause shall be inserted and shall be deemed to have always inserted, namely:-

"(iii e) the provisions of clauses (iii a), (iii b), (iii c) and (iii d) shall take effect from the 1<sup>st</sup> July, 2019".

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[F.No. 1(3)/2018-AC(TP)]

  
(MUHAMMAD NAEEM TARIQ)  
Deputy Director (M&I)

SRO # 659



Government of Pakistan  
Ministry of Commerce & Textile  
(COMMERCE DIVISION)

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Islamabad, the 27<sup>th</sup> June, 2019.

ORDER

S.R.O. 659 (I)/2019. - In exercise of the powers conferred by sub-section (1) of section 3 of the Imports and Exports (Control) Act, 1950 (XXXIX of 1950), the Federal Government is pleased to direct that the following further amendments shall be made in the Import Policy Order, 2016, namely:-

1. In the aforesaid Order, in Appendix-B, in the Table under Part-I, in column (1), against Serial No. 13, in column (4), in clause (iii) for the expression "50% (fifty percent) of the shelf life, calculated from the date of filing of Import General Manifest (IGM)", the expression "66% (2/3<sup>rd</sup>) of the shelf life remaining from the date of manufacturing" shall be substituted.
2. This Order shall take effect from the 1<sup>st</sup> Day of July, 2019.

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[F. No.1 (3)/2018-AC (TP)]

  
(MUHAMMAD NAEEM TARIQ)  
Deputy Director (M&I)

