3. Intellectual Property Protection

Pakistan has ratified the Uruguay Round of multilateral trade negotiations which provides for trade agreements with comprehensive protection for intellectual property. Some of the major intellectual property issues facing companies operating in Pakistan are:

Copyrights - Pakistan Copyrights act is fairly comprehensive, but the enforcement responsibility is with the provincial law authorities. The copyright law covers the piracy of copyrighted material, however lack of resources and poor capability for enforcement of the law make the implementation a difficult process.

Patents - Legislation for protection of patents in Pakistan needs to be strengthened to allow appropriate protection for chemical processes, mechanical and other electronic devices.

Compulsory Licensing - Stringent compulsory licensing measures and provisions have the potential to render patent protection virtually meaningless.

Royalty Payments - Pakistan present policy guidelines have abolished the ceiling on payment of royalties and technical fees and can be negotiated under the clauses of the specific contractual arrangements, including the patent licensing payments. The royalty payments are covered under the double taxation treaty between Pakistan and Canada.

Trademarks - International Trade Brands are permitted to be used in Pakistan and have protection under the law for foreign trade marks usage.

VII. Foreign Investment Regime

The barriers to foreign investment in Pakistan are principally due to the inability of the government to put in place the institutional arrangements for allowing the establishment of the various regulatory regimes. As mentioned above the government has announced its intent to establish regulatory authorities for Natural Gas, Petroleum Regulatory Board, National Electric Power Regulatory Authority, Insurance Regulatory Authority and Railways Regulatory Authority. The federal cabinet has already approved an Act to replace the Corporate Law Authority with a Securities Exchange and Corporate Affairs Commission of Pakistan (SECAP). In addition to improving the physical infrastructure for transportation, ports, airports and telecommunications, supply of energy will encourage growth in industrialization. On the management side, closer monitoring of fiscal policies to control budgetary deficit will free up resources for the private sector and will encourage foreign investment in Pakistan. The privatization of state-owned assets and consequently the retiring of the debt has slowed down due to several factors, including institutional weaknesses in the Privatization Commission. A comprehensive plan to privatize public utilities (power, telecommunications, railways, natural gas transmission and distribution), financial institutions and industries would enhance investors confidence. The transparent award of public contracts and strict adherence to rules in the privatization program are essential for foreign investment confidence and commitments. Foreign investors have indicated concern regarding the inability of provincial governments to control the law and order situation. The breakdown of law and order has affected industrial production and commercial activity in major cities and towns. The government has made attempts to bring the situation under control through reorganization of police and other security forces. Several new (and tougher) laws have been legislated and