

INTERNATIONAL INTELLECTUAL PROPERTY ALLIANCE

2007 SPECIAL 301 REPORT

PAKISTAN

Special 301 Recommendation: IIPA recommends that Pakistan remain on the Watch List in recognition of effective action taken to eradicate optical disc piracy. However, IIPA remains extremely concerned about Pakistan's persistent failure to address book piracy in a meaningful way and to take other necessary actions to address piracy in general. Thus, IIPA recommends an out-of-cycle review (OCR) to be conducted in September 2007 to assess Pakistan's progress in (1) undertaking significant action against pirate booksellers, often located in Urdu bazaars, namely, FIA-led enforcement followed by prosecutions of cases leading to significant penalties; (2) ensuring that the National Book Foundation ceases all activity considered infringing under international norms; (3) making the Intellectual Property Organization a more meaningful and effective organization, functioning to allow input from government officials and private sector representatives alike, and staging a comprehensive plan for tackling Pakistan's outstanding piracy issues; (4) beginning the prosecution of the optical disc manufacturing pirates that were arrested over a year ago; (5) stepping up enforcement against retail piracy; and (6) improving border enforcement against the growing number of pirate imports from Malaysia and other countries.

EXECUTIVE SUMMARY

IIPA recommended that Pakistan be lowered to the Watch List in the 2006 annual Special 301 cycle, and that USTR conduct an out-of-cycle review. Citing "notable progress on IPR issues during the past year," Pakistan was lowered to the Special 301 Watch List, and noting that "[d]espite significant improvements, piracy rates remain a concern and the United States will work with Pakistan to achieve further improvements in its IPR protection and enforcement regimes." Notwithstanding that optical disc production for export has largely ceased, and that former retail piracy havens like Rainbow Centre appear to be largely clean, IIPA once again notes concern that book piracy continues unabated, while other problems like end-user software piracy and cable piracy also cause significant losses to legitimate U.S. business. In addition, the FIA and Pakistani government still have not followed through on prosecuting the key optical disc plant owners. Thus, a key component of enforcement against optical disc piracy remains unfinished. IIPA now understands that the Chair of the IPO resigned from his post and that the Vice Chairman is serving in the interim, so, it is even more important in this period of transition to keep the pressure on good enforcement against piracy and to avoid backsliding in this area.

PRIORITY ACTIONS REQUESTED IN 2007

- **Significantly Reduce Book Piracy:** Pakistan is one of the world's worst markets for books, as piracy of published materials is rampant. Large-scale photocopy piracy and higher quality print piracy have completely decimated the market for most legitimate publishers. The Federal Investigation Agency (FIA) must devote resources and manpower to raid pirate printers and warehouses where pirated books are stored, and pirate retailers, especially those in the Karachi and Lahore Urdu Bazaars. The Ministry of Education must ensure that

all books being used in educational institutions are legitimate copies, and that pirate photocopying is no longer tolerated.

- **Fix Royalty-Free Book Compulsory License That Violates TRIPS:** The government of Pakistan amended its copyright ordinance in 2000 to include Section 36(3) that allows a royalty-free compulsory license of books. This amendment was passed without any opportunity for publishers to comment. This provision threatens to further diminish a market already almost completely overrun by piracy. This royalty-free compulsory license violates the Berne Convention and TRIPS and the government of Pakistan must repeal it.
- **Prosecute Optical Disc Plant Owners:** The Pakistani government took unprecedented actions in 2005, shutting down several factories engaged in piracy of optical discs. Now, the persons responsible for massive pirate OD production in Pakistan (including those who were arrested during the 2005 raids) should be expeditiously prosecuted and given deterrent sentences consistent with the huge scale of their infringing activity. The remaining plants must continue to operate under close government supervision and regular inspections, and the plants previously found to be engaged in piracy, and/or recidivist plants, must remain closed and equipment dismantled and/or destroyed.
- **Take Action Against “Burning” Operations and Seize More Pirate Imports:** With the resounding success of the actions by IPO and FIA against pirate plant production of optical discs, increased vigilance will be needed in 2007 through raids, seizures, and monitoring at the border to ensure that the void is not filled by “burning” operations and/or pirate imports from Southeast Asia. FIA should take swift action against any “burning” operations, including raids, seizures, and, where warranted, arrests. A directive should be issued to Customs officials to be increasingly active in intercepting pirate imports at the borders.
- **Take Actions Against Business Software Piracy and Other Forms of Piracy:** The rate of unauthorized use of business software in Pakistan is extremely high. Inspections should be run against those suspected to be engaged in this form of piracy, and prosecutions brought. In addition, while many prosecutions were brought against those engaging in hard-disk loading of pirate software onto computers, the slow pace of court processes and lack of deterrent sentences has meant those engaging in this activity will not be deterred. Steps should be taken to reverse this trend.
- **Take Action Against Cable and Satellite Piracy:** There are around 50,000 satellite dishes receiving unauthorized programming in Pakistan, and over 10% of Pakistani households have unauthorized cable TV connections. It is vital that the Pakistani government take action to address this serious problem.
- **Amend Copyright Law to Enhance Enforcement, Create Deterrence:** The laws in Pakistan remain a weak link, since there are no mandatory minimum sentences; as a result, judges impose only nominal fines which have no deterrent value, and actually embolden pirates. It is essential to strengthen laws by introducing minimum sentences, including mandatory fines and jail sentences.
- **Pass Optical Disc Regulation:** As promptly as possible the Pakistani government should pass and implement an effective optical disc law to enable control over optical disc production, including licensing, inspections (including by representative organizations), closure of plants in violation, monitoring and control on imports of production equipment and

raw materials (including optical grade polycarbonate), requirements to use unique source identifiers (SID mastering-LBR and mold codes) to track the location of production, etc.

For more details on Pakistan's Special 301 history, see IIPA's "History" Appendix to this filing at <http://www.iipa.com/pdf/2007SPEC301HISTORICALSUMMARY.pdf>. Please also see previous years' reports at <http://www.iipa.com/countryreports.html>.

PAKISTAN Estimated Trade Losses Due to Copyright Piracy (in millions of U.S. dollars) and Levels of Piracy: 2002-2006¹										
INDUSTRY	2006		2005		2004		2003		2002	
	Loss	Level								
Records & Music	25.0	100%	25.0	100%	70.0	100%	70.0	100%	60.0	83%
Books	55.0	NA	55.0	NA	52.0	NA	44.0	NA	44.0	NA
Business Software ²	20.0	84%	26.0	86%	14.0	82%	9.0	83%	11.2	80%
Entertainment Software	NA	NA								
Motion Pictures	NA	NA	NA	NA	12.0	NA	12.0	95%	12.0	95%
TOTALS	100.0		106.0		148.0		135.0		127.2	

PIRACY AND ENFORCEMENT UPDATE IN PAKISTAN

Book Piracy Remains Serious: Pakistan is perhaps the worst book piracy haven in the world. Large-scale photocopy piracy and print piracy make the market virtually untenable for legitimate publishers. All types of books are pirated – practically anything that can sell more than a few hundred copies. English language novels and other trade books are popular among pirates, and as a result, U.S. publishers of mainstream commercial fiction and non-fiction are struggling. This type of piracy affects academic titles as well. While the quality of the pirated copies is often poor across the board, some pirates are now able to produce better quality copies that are more difficult to differentiate from the legitimate versions. To this end, publishers are forced to employ measures such as the use of holograms to distinguish legitimate product from counterfeits.

The academic market in Pakistan has been completely overrun by piracy. Elementary and high school courses taught in English routinely feature pirate versions of books.³ Piracy at the university levels is even worse, with rates soaring over 90%. Often, one student will purchase the required reading for a class and then organize the photocopying for the entire

¹ The methodology used by IIPA member associations to calculate these estimated piracy levels and losses is described in IIPA's 2007 Special 301 submission at www.iipa.com/pdf/2007spec301methodology.pdf. For information on the history of Pakistan under Special 301 review, see Appendix D at (<http://www.iipa.com/pdf/2007SPEC301USTRHISTORY.pdf>) and Appendix E at (<http://www.iipa.com/pdf/2007SPEC301HISTORICALSUMMARY.pdf>) of this submission.

² BSA's 2006 statistics are preliminary. They represent the U.S. publishers' share of software piracy losses in Pakistan, and follow the methodology compiled in the Third Annual BSA/IDC Global Software Piracy Study (May 2006), available at <http://www.bsa.org/globalstudy/>. These figures cover, in addition to business applications software, computer applications such as operating systems, consumer applications such as PC gaming, personal finance, and reference software. BSA's 2005 piracy statistics were preliminary at the time of IIPA's February 13, 2006 Special 301 filing; the 2005 data was revised and posted on the IIPA website in September 2006 (see <http://www.iipa.com/statistics.html>), and the 2005 revisions (if any) are reflected above.

³ It should be noted that the potential market for elementary and high school materials in English is immense, given the sheer numbers of middle-class families in Pakistan who are sending their children to English-medium schools. However, in 2006, for example, one piracy case involved the discovery of 200,000 covers of grade 2 social studies books seized from a bindery; the legitimate company had sold 50,000 copies for the year of that book.

class, or lend the book to other students for them to copy any material they require.⁴ Some medical titles have been pirated, usually in one color, so they have misleading and inaccurate illustrations. Lack of government motivation to reduce book piracy levels results in an almost total lack of criminal prosecutions, even in cases where pirates are arrested, and fines are derisory. Thus, there is little deterrence in the market. Piracy levels can range from 40% to over 90% of the market, depending on the title.⁵

By contrast, publishers report a higher rate of legitimate sales of reference materials to libraries. This is likely attributable to the high cost of producing these materials and the relatively small market over which to spread production costs, making this market unattractive to pirates looking to turn a large profit. This may also be due to the Pakistani government's "National Education Policy 1998-2010" which states in part, "School, college and university libraries shall be equipped with the latest reading materials/services." Contributing to this increase in business in Pakistan are the increased imports of Indian-printed "technical" and "religious" titles.⁶ The problems inherent in a system generating demand from India include: 1) reason to suspect shipments from India are mixed, containing pirate books, Indian-only reprints, and copies that are legitimate for distribution in Pakistan; and 2) general hostility among many to having India supply Pakistan with books on cultural/social/political grounds. Nonetheless, it may be that in the short term providing authorized texts from India is a way for legitimate right holders to gain a toehold in a previously impenetrable market.

A longer term solution to opening up the market in Pakistan is to deal effectively with the Urdu bazaars. Recently, publishers have engaged in trying to clean up the Urdu Bazaar in Karachi, which features 350 booksellers and wholesalers (there are a further 700 sellers in a second bazaar in Lahore). The bazaars are the main source of pirated books for Pakistan and have remained relatively untouched by raid action over the past few years. Notwithstanding some enforcement actions in late 2005 and into 2006,⁷ the bazaars remain rife with piracy, and enforcement has been weak to nonexistent given the political connectedness of the pirate booksellers. In addition, IIPA continues to be alarmed by the incidents of violence carried out by pirate operators.⁸

Illustrative of the lack of will and weakness of the authorities in Pakistan was a police-assisted raid in Karachi in a book market replete with piracy. Books were seized and some offenders were taken to the neighborhood police station. However, there was a strong reaction from the market and many of the booksellers surrounded the police station demanding that the police not file the "First Information Report" (FIR) against the offenders and to release them immediately. The police folded under the pressure and asked for a written undertaking from the

⁴ This is further evidenced by the fact that U.S. publishers receive routine requests for free supplementary materials from professors who have apparently adopted the book, in regions where there are absolutely no legitimate sales.

⁵ There are even "regional" pirate editions of highly successful school books, i.e., Karachi may have one or two pirated editions, and Lahore one or two of its own. Local school texts are pirated at the rate of at least 50%, while imported college texts are pirated at far higher rates.

⁶ Included in "technical" titles are business, economics, and pure science books.

⁷ In September 2005, publishers began conducting a series of inspections on the Urdu Bazaar in Karachi. The initial actions resulted in the seizure of around 3,000 infringing titles and four arrests by the police. The reaction by local pirate traders was strong, as they staged strikes (including hunger strikes) and demonstrations. The inspections and the following strikes/demonstrations attracted much media attention. Eventually, with the intervention of police and government officials, the strike was called off.

⁸ In one incident in 2005, a copyright agent was kidnapped and tortured (by being hung upside down for several hours) before escaping. During his absence, his family was threatened. Other industry representatives note that they have tried to get Pakistani government assistance in 2006, but due to lack of responses, they have had to make private security arrangements.

offenders that they would not engage in piracy, whereupon they released the defendants without filing an FIR.

Royalty-Free Compulsory License for Books Is Out of Step with International Standards: The government of Pakistan amended its copyright ordinance in 2000 to include a provision (Section 36(3)) that allows a royalty-free compulsory license of books. Specifically, it provides, “[t]he Federal Government or the Board may, upon an application by any government or statutory institution, in the public interest, grant a licence to reprint, translate, adapt or publish any textbook on non-profit basis.” Included in “government or statutory institution” is the National Book Foundation (NBF), which is part of the Ministry of Education and has been previously accused of engaging in unauthorized reproduction. This amendment was passed without any opportunity for comment from publishers and threatens to further diminish a market already almost completely overrun by piracy. This royalty-free compulsory license violates the Berne Convention and TRIPS⁹ and Pakistan must delete it.

Successful Prosecutions Needed in Optical Disc Factory Piracy Cases: The Pakistani government (with great leadership of the Federal Investigation Agency) took unprecedented actions in 2005, initially shutting down six pirate factories, raiding warehouses, and overseeing the closure of four other plants,¹⁰ all of which had been engaged in brazen production of pirate optical discs for several years. The persons responsible for this massive pirate OD production, including those who were arrested during the 2005 raids, should be expeditiously prosecuted and given deterrent sentences consistent with the huge scale of their infringing activity. Regarding the ongoing investigations/cases, in May 2005, a total of nine persons were arrested during the initial raids and criminal cases were launched against the owners of the six plants initially raided. In December 2005, in a positive development for these cases, the Director General of FIA Islamabad transferred the cases to the Special Investigation Group (SIG) Islamabad, which will directly report to the Director General of FIA. IIPA is pleased that the IPO continues to keep this issue on the front burner in Pakistan, but looks to leadership to finally dispose of cases against plant owners and financiers.

Pirate Production Shifts to “Burning” on Recordable Discs; Imports Also Noted: As a result of the resoundingly successful enforcement actions in Pakistan in 2005, pirate optical disc factory production has virtually ceased. In 2006, there was very little known importation of polycarbonate (the plastic used to make optical discs). There remains one factory in Pakistan with one known line, but this capacity is dwarfed by the capacity levels in previous years. Factory produced discs are now being replaced, but at nowhere near the same levels, by “burning” of content onto recordable discs. As a result, domestic availability of product in the open markets of Pakistan has also been reduced significantly, and the export problem noted in previous reports has virtually vanished. Small quantities of unauthorized factory DVDs are available.¹¹ However, it appears these are imported from Southeast Asia, possibly Indonesia and/or Malaysia. Recent Customs seizures would appear to back this assertion up. There have been only a few enforcement actions against major burning operations.¹²

⁹ The compulsory license cannot withstand scrutiny when compared with the Berne Convention’s three-part test, which is incorporated by reference into the TRIPS Agreement. Thus, Article 36(3), completely out of the bounds of Pakistan’s international obligations. It also may run afoul of private property rights enumerated in the Constitution of Pakistan and should be considered in light of this constitutional requirement as well.

¹⁰ As of February 2006, only one plant (Sadaf CD) had apparently reopened but only for the production of licensed Pakistani products. The remaining optical disc plants remained sealed or voluntary closed.

¹¹ As of late 2005, pirate film DVDs were sold for US\$2, while pirate film DVD-Rs were sold for US\$1.35.

¹² See *IFPI Enforcement Bulletin*, September 2006 (on file with IIPA) (reporting the first major raids on pirate CD-R duplication facilities by the Federal Investigation Agency (FIA). Total seizures included 273 CD-R burners - 39 stacks

Cable and Satellite Piracy: Piracy of cable and satellite broadcasting signals is out of control in Pakistan, with cable companies estimated to transmit without authorization 94% to 97% of the programming they provide to end users. In 2006, such piracy remained pervasive in the absence of sustained enforcement. The illegal cable piracy operations are serviced by “lead *walas*” who obtain cable feeds from a cable operator with hardware facility (head end). Unfortunately, to date, IIPA is unaware of any actions taken against these pirate cable operations. Similar action to that taken against the optical disc plants in 2005 should be taken in the case of cable piracy in Pakistan in 2007.

Formation of IPO and FIA Involvement Bring Greater Enforcement Coordination and Results: The Intellectual Property Organization of Pakistan was formed in April 2005 under the personal directive of Prime Minister Shaukat Aziz, and was formalized through the promulgation of the “Ordinance to Provide for the Establishment of the Intellectual Property Organization of Pakistan” in August 2005 (effective December 7, 2005).¹³ IPO reports directly to the Prime Minister via a 15-member Policy Board, drawn from the public and private sector. On April 16, 2005, there was also an official announcement that the Federal Investigation Agency (FIA) would be the lead agency for IPR enforcement; raids on optical disc production facilities commenced soon thereafter. IIPA commends the Pakistani government for the establishment of the IPO and placing enforcement authority with the FIA. However, to our knowledge, no overall strategy for performing the anticipated functions of the IPO has been formulated. The IPO must take meaningful steps to build a public/private partnership in this organization, stabilize its leadership and promote implementation of its mandate.

IIPA continues to advocate establishment of an Intellectual Property Rights Task Force within FIA and provided at all provincial levels. Reportedly, the Pakistani government has appointed a dedicated IPR police officer in Karachi. IIPA hopes that this officer can increase his coordination with industry in the months to come, and that such dedicated units will be expanded. FIA reported some impressive actions in the Karachi area during the period from April 2005 to April 2006, with seizures of 367,252 pirate DVDs and CDs containing illegal copies of software, recorded music and films along with manufacturing equipment.¹⁴ FIA also reported that 56 people involved in the illegal business had been arrested in Karachi, Lahore, Rawalpindi and Peshawar under the Copyright Ordinance during the same period.¹⁵ Industry applauds the major seizures made during 2006 in Lahore (over 300,000 CDRs seized including 279 burners) and in Rawalpindi (over 150,000 CDs/CVDs/CDRs/DVDRs seized).

each with 7 burners - from a private apartment in Lahore, 18,000 pirated CD-Rs containing Pakistani TV dramas, stage plays and songs, around 2,000 pirated CD-Rs containing Hollywood and Bollywood films, about 20 pornographic films and 1,983 blank CD-Rs; in total the FIA confiscated more than 22,000 pirated CD-Rs and arrested two brothers who ran a CD shop in Hall Road, Lahore).

¹³ An Ordinance to Provide for the Establishment of the Intellectual Property Organization of Pakistan, Ordinance No. XXI of 2005, Registered No. M-302 / I.-7646 (December 4, 2005). The Ordinance formally institutes the Intellectual Property Organization of Pakistan (IPO) as a federally mandated autonomous intellectual property rights organization which will report to the Federal Cabinet. The Ordinance also provides an enforcement mechanism through the FIA to investigate and take action against any IPR (copyright, trademark, patent) offense anywhere in the country. The Ordinance is intended to be a one-stop shop infrastructure to address all IPR issues in Pakistan including enforcement, litigation, awareness, and new laws. Two meetings have been held so far of the Policy Board of the IPO; so far, the meetings were focused on staff recruitment, salaries, setting up IPO offices in Karachi and Lahore, etc.

¹⁴ *FIA Seizes Over 300,000 Pirated DVDs, CDs in 12 Months*, The Baluchistan Times, April 9, 2006.

¹⁵ *Id.*

Business Software End-User Piracy Is Endemic: Despite significant public awareness and enforcement drives by the business software industry, the piracy situation for the business software sector remained serious in 2006. Pakistan holds the dubious distinction of having one of the highest end-user software piracy levels in the world.¹⁶

Courts Still Do Not Effectively Deter Piracy: Pakistani courts still do not effectively mete out deterrent results in piracy cases, and cases are marred by procedural hurdles (such as excessive documentary requirements) and delays. The maximum fine a pirate has received from prosecutions for publishing piracy was Rs15,000 (US\$251) in 2004, hardly a deterrent, and most cases involving publishers resulted in far lower fines.¹⁷ IIPA members report that judges routinely view piracy as a misdemeanor, thus punishments are often token fines and hardly deterrent. The Copyright Law should be amended to provide minimum jail sentences/fines for crimes involving copyright infringement. Pakistani court processes are also marred by procedural hurdles.

COPYRIGHT AND RELATED LAWS

Penalties in Copyright Law Fail to Deter Piracy: Copyright protection in Pakistan is generally provided under the Copyright Ordinance, 1962 (as last amended in 2000), which provides generally strong administrative tools to fight piracy, including, for example, provisions enabling the Registrar to monitor exports, with the ability to inspect and seize pirated goods leaving Pakistan.¹⁸ Remaining problems in the ordinance include criminal fines that remain far too low to deter piracy.¹⁹ Criminal penalties must at least be amended to include minimum fines and prison terms. In addition to the TRIPS-incompatible royalty-free compulsory license discussed above, there are other overly broad exceptions to protection, and unclear full retroactive protection for works and sound recordings as required by TRIPS.

Pakistan Should Implement the WCT and WPPT: Pakistan should join and further amend its laws to fully implement the WIPO Internet Treaties, the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT), which establish the framework for the protection of copyrighted works in the online environment. Pakistan should also adopt the 1971 (Paris) text of the Berne Convention and should join the Geneva [Phonograms] Convention.

Motion Picture Ordinance Should Cover Home Video Products: IIPA also encourages Pakistan to amend its Motion Picture Ordinance to more clearly cover home video products, and understands that the Ministry of Culture has announced plans to do this. The motion picture industry has reviewed and provided comments on drafts of the proposed amendments, which would require licensing of video shops and would include minimum penalties for infringements, all of which would be helpful in the fight against this form of piracy.

Pakistan Should Pass and Implement an Effective Law to Curtail Pirate Optical Disc Production: To ensure that optical disc pirate production does not return, the Pakistani

¹⁶ In 2005, there were 28 criminal cases lodged against hard disk loaders (computer resellers that fill computers with illegal software), arising from complaints by the Business Software Alliance. However, these cases have apparently not had a deterrent effect.

¹⁷ Cases from 2005 are still languishing in the courts, marred by delays, so IIPA does not yet have 2005 statistics for book publishers.

¹⁸ Please see the 2003 Special 301 report on Pakistan, at <http://www.iipa.com/rbc/2003/2003SPEC301PAKISTAN.pdf>, for a full discussion of the Pakistan Copyright Act.

¹⁹ Some industries have suggested that the minimum fine must be increased, e.g., to PKR500,000 (US\$8,240).

government should introduce effective optical disc plant control measures, giving the government and right holders the ability to track the movement of optical media production equipment and parts, as well as the raw materials (including optical grade polycarbonate), and compelling plants to use unique source identifiers (SID mastering LBR and mold codes) to track location of production, in order to successfully halt the production of pirate optical discs.²⁰ Such regulations will give Pakistani authorities a needed tool to conduct spot inspections and raids on plants, seize infringing copies of product and machinery, and impose administrative and criminal penalties to deter the organized manufacturing and distribution of pirate product. In December 2005, IPO was once again provided with model optical disc legislation, and it is hoped that a draft will emerge and proceed to passage in 2007.

Generalized System of Preferences: On January 24, 2005, IIPA endorsed termination of the Generalized System of Preferences (GSP) piracy investigation of Pakistan, and called on the Pakistani government to remain vigilant against book piracy.²¹ IIPA's GSP petition had been accepted in June 2004 by the United States Trade Representative to evaluate whether Pakistan remained eligible to retain its GSP trade benefits due to poor copyright protection and enforcement. As a result of termination, Pakistan continues to enjoy duty-free status for imports of certain products into the United States. During 2005, the United States imported \$96.8 million worth of products into the United States duty-free, or 3% of its total imports to the U.S. During the first 11 months of 2006, \$116.7 million of products from Pakistan were imported into the U.S. duty-free, representing 3.4% of Pakistan's total imports into the U.S.²²

²⁰ The global copyright community has agreed on the key elements of an effective optical disc law; please see the 2003 Special 301 report on Pakistan, at <http://www.iipa.com/rbc/2003/2003SPEC301PAKISTAN.pdf>, for a full discussion of what is needed in Pakistan's optical disc regulation.

²¹ IIPA recognized the progress made in reducing the impact of optical disc piracy in Pakistan, while noting that outstanding issues such as book piracy continue to merit attention. IIPA noted,

Vigilance will be needed, however, to ensure that the problem of massive optical disc piracy does not return to Pakistan. The plants must remain closed and the Government should implement mechanisms to ensure that optical disc piracy remains in check. In addition, other forms of piracy, especially book piracy, remain serious problems in Pakistan. The Pakistani Government must continue to address these outstanding issues, and the U.S. Government should continue to press to resolve these issues.

²² During 2004, the United States imported \$94.2 million worth of products into the United States duty-free, or 3.3% of its total imports to the U.S.