

GOVERNMENT OF PAKISTAN
MINISTRY OF COMMUNICATIONS
NATIONAL TRANSPORT RESEARCH CENTER

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PROPOSAL

“DEVELOPMENT OF TRADE AND TRANSPORT FACILITATION FRAMEWORK”

PHASE-I

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ANNEXURES

1. BACKGROUND:

The project study titled "Development of Trade and Transport Facilitation Framework" is of immense importance and proposed in the light of OIC COMCEC Strategy, GATT Framework , TTFA, SAFTA Agreement, International Accord and Standards of Dry Ports (**Annex-A**), International Standards of Freight Transport, Bali agreement which is likely to be signed in August 2014 and UNO General Assembly resolution 68/4- "**Implementation of the Ministerial Declaration on Transport Development in Asia and the Pacific, including the Regional Action Program for Transport Development in Asia and the Pacific, phase II (2012-2016), and the Regional Strategic Framework for the Facilitation of International Road Transport**" (**Annex-B**) and comprehensive UNO guidelines for trade and transport facilitation framework (**Annex-C**).

In recent years, Pakistan has increased focus on trade with regional markets and on better integration with the regional value and supply chain through building trade corridors with neighbouring countries to reap the full benefits of trade and transit. This is in line with the growing awareness that the biggest trade facilitation gains are to be made in regional trade. Out of 15 elements of **Strategic Trade Policy Framework 2012-15**, the number one element is focus on regional trade. Strategic location provides Pakistan a large potential to play a pivotal role in creating a huge regional market for trade and investment. However, an infrastructural constraint at the border crossing points is one of the major bottlenecks in increasing regional trade. **Under Articles V (Freedom of Trade) and Article VIII (Fees and Formalities connected with importation and exportation) of General Agreement on Tariff and Trade (GATT), Pakistan is bound to provide transit trade facilitation at its international border crossing points.**¹

The National Trade Facilitation Strategy asserts the simplification of customs procedures, transport and infrastructure development and integrated border management. According to Afghanistan-Pakistan Transit Trade Agreement (APTTA),

¹ The paragraph "Today international trade.....border crossing point" is taken from ADB Interim Report (March 7, 2014) titled, "Improving Border Services Project" to highlight the importance of the subject under discussion.

both the governments are bound to build infrastructure at border points for free flow of traffic.

In early 2000, three major initiatives have been taken by Pakistan for cross-border transportation to promote and enhance legitimate trade in a secure and safe environment. These initiatives were:

- Improving Custom Clearance Systems by introducing Pakistan Custom's Computerized System (PaCCS) along with an easy clearing document called Single Administrative Documents (SAD) which replaced 10 documents
- National Trade and Transport Facilitation Committee (NTTFC) under the Trade and Transport Facilitation Project (TTFP) was setup to make simplification, standardization and harmonization of trade and transport related documents and procedures
- National Trade Corridor (NTC) in 2005 established to facilitate the transporters, investors and other stakeholders in reducing the cost of doing business

2. NEED OF RESEARCH STUDY:

Keeping in view the structural, procedural and institutional bottlenecks in local transport system and the glaring gaps and issues in transport links, nodes and services (as per international standards) in order to cater the demand for international transport for trade and transit as a result of International and regional trade and transit agreements and opening up of borders under the cover of trade corridors, the current situation would be more worsened and the potential benefits of regional trade and transit might convert into huge burden on national economy. It is therefore, a dire need to develop a comprehensive Trade and Transport Facilitation Framework at Federal Level to address the current issues in transport and logistics sectors and provide the guidance to fulfill the implementation gaps of International and regional agreements.

As per functions of the Ministry of Communications under Rules of Business 1973, the Ministry is mandated with the task to achieve national cohesion and integration through development of sustainable communication infrastructure for Socio-

economic uplift of the country by providing enabling environment to facilitate movement of people, goods and services in minimum time and cost.

The proposed study would address the structural, procedural and institutional gaps in transport links, nodes and services sector of Pakistan and would provide the rigorous research based solutions and policy options to the Ministry to achieve the national goals of inclusive growth and development through harmonizing the transport and logistics sector in line with the international and regional trade and transport agreements. This document would also provide technical info to other ministries / divisions and all other stakeholders working in the domain.

3. INTRODUCTION:

Transport, trade and economic development are the corners of a triangular, breeding and supporting each other. A good transportation infrastructure is an important precondition for an export-led economic growth and development. The situation of a country's transport sector is a critical determinant of its transport costs and the degree of access to domestic and foreign markets, all of which impact the country's development prospects. Given the same factor endowments, countries with higher transport costs will often achieve lower real incomes because more resources need to be employed for transportation, thereby realizing fewer gains from trade.

The development effects of transport are beyond economic domain and can also contribute to human development in general. The improvement of transportation networks will generally result in better public services, especially in education and health. The increased accessibility of a certain location will also pave the way for more employment opportunities, by both attracting more investment and by connecting it to greater markets easier and cheaper. Thus, targeted and well-planned transport investments, coupled with regulatory reforms and a sound legal framework enhance a country's economic prosperity and level of development.

Transport is not only important for international trade but also it is a necessity for poverty reduction. IMF (2008 and 2009) suggests that development of the transport infrastructure increases the ability of the people to reach basic services like education and health and makes the markets closer to business environment which will facilitate trade and encourage investment.

Undoubtedly, economic activity is considered one of the key pillars of the welfare and development of Pakistan. In order to take the deserved share from the ever-growing world trade, secure, reliable, well-functioning and interconnected transport infrastructure and system is indispensable for Pakistan.

In this regard, Pakistan has always attributed utmost importance to transport cooperation since its inception. Keeping in view the geographical location of Pakistan, it is widely acknowledged that the potential benefit from regional trade, transit and integration would add \$10- \$15 billion annually to the economy, if the transport system is harmonized in line with international agreements and standards. Going on the road, apart from some very important steps taken in the past like establishment of National Trade Corridor (NTC), there is a need to develop trade and transport facilitation framework, a permanent regulatory functioning framework to revitalize the cooperation among the OIC countries as well as with the neighboring countries.

3.1 REGIONAL OVERVIEW OF TRADE AND TRANSPORT: WHERE PAKISTAN STANDS? WHERE IT SHOULD BE!

The logistics performance index (Quality of trade and transport-related infrastructure 1=low to 5=high) in Pakistan was last measured at 2.08 in 2010, according to the World Bank. Data are from Logistics Performance Index surveys conducted by the World Bank in partnership with academic and international institutions and private companies and individuals engaged in international logistics. The table below shows that there is no significant improvement in the transport and logistics sector of Pakistan in past eight years. It asserts the need of drastic changes required in the structure of transport system and procedural changes in customs department.

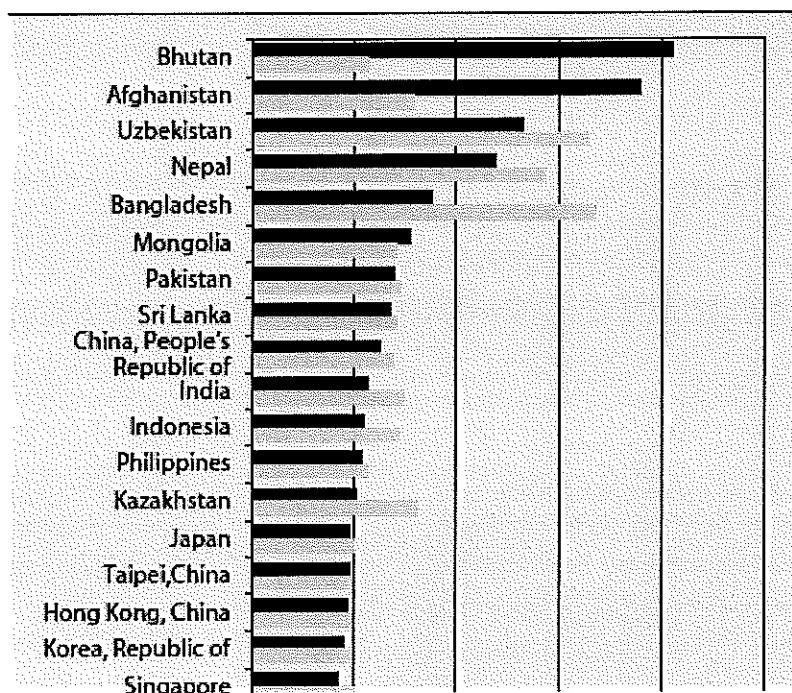
According to this index, Pakistan is ranked at 110, while India is at 47 and China is at 27. It shows that Pakistan needs to do a lot more to become competitive in the post era of regional integration.

Year	Index Value
2006	2.37
2008	2.36
2010	2.08
2012	2.69

Source : <http://www.tradingeconomics.com/pakistan/logistics-performance-index-quality-of-trade-and-transport-related-infrastructure-1-low-to-5-high-wb-data.html>

According to World Bank estimates of Advelorem trade cost using CIF, FOB method, it is clear that at present, the Advelorem trade cost in Pakistan is much higher than India and China. It means that every day delay in transit has multiplicative effect on transportation cost component of trade.

Advelorem Trade Cost Using CIF, FOB Method By World Bank



The expected increase in international trade volume as a result of trade corridors might cause aggravating the existing structural and operation issues of transportation system. In this regard, the intermodal transport as suggested in Pakistan Transport Plan Study (PTPS) by JICA-NTRC is the only solution. Intermodal transport is becoming popular all over Asia due to its characteristics of door-to-door service through the integration of various modes of transport in the logistics chain, improved coordination and services and the development of intermodal interfaces. The development of intermodal transport requires transport links, nodes, and services. The development of dry ports, an important component of intermodal transport, could play a major role in promoting intermodal transport in Pakistan.

3.2 KEY POLICY AREAS OF TRANSPORTATION SYSTEM FOR REGIONAL INTEGRATION

Transportation system includes **transport links, nodes and services**. Transport links refer to highways, railway network and inland waterways. Transport nodes refer to seaports, dry ports, and airport and logistics intermodal terminal. Transport services refer to freight transportation through roads, railways and airplanes.

To make the free flow of freight on transport links, government generally make motorways and highways. To make quick and easy transit at border crossing, the government converts these border crossing points into trade corridors. To provide better, fast, least cost and safe freight services, the government with the support of private sector places the modernized and containerized freight system. Trade Corridors are defined by International Organizations as follows;

World Trade Organization (WTO): The simplification and harmonization of international trade procedures, where trade procedures are the activities, practices, and formalities involved in collecting, presenting, communicating, and processing data and other information required for the movement of goods in international trade.

World Customs Organization (WCO): The avoidance of unnecessary trade restrictiveness. This can be achieved by applying modern techniques and technologies, while improving the quality of controls in an internationally harmonized manner.

United Nations Centre for Trade Facilitation and

Electronic Business (UN / CEFAC): The simplification, standardization, and harmonization of procedures and associated information flows required to move goods from seller to buyer and to make payments.

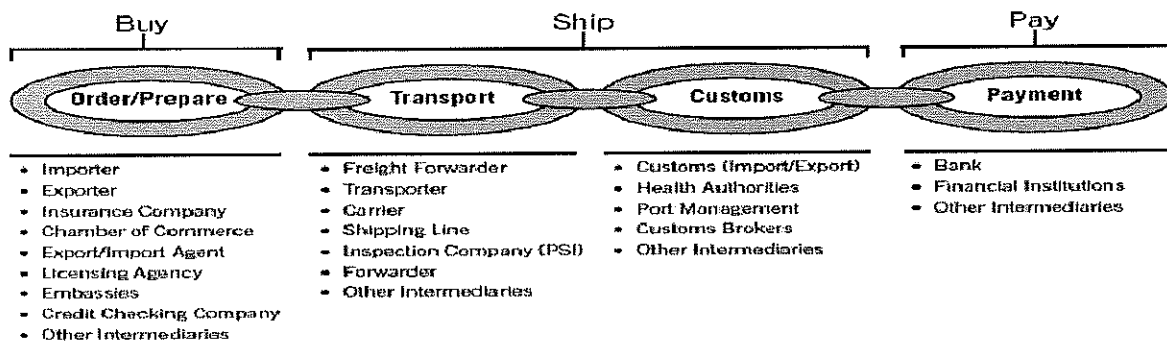
International Chamber of Commerce (ICC): Improve the efficiency of the processes associated with trading in goods across national borders.

Organization for Economic Co-operation and

Development (OECD): The simplification and standardization of procedures and associated information flows required to move goods internationally from seller to buyer and to pass payments in the other direction.

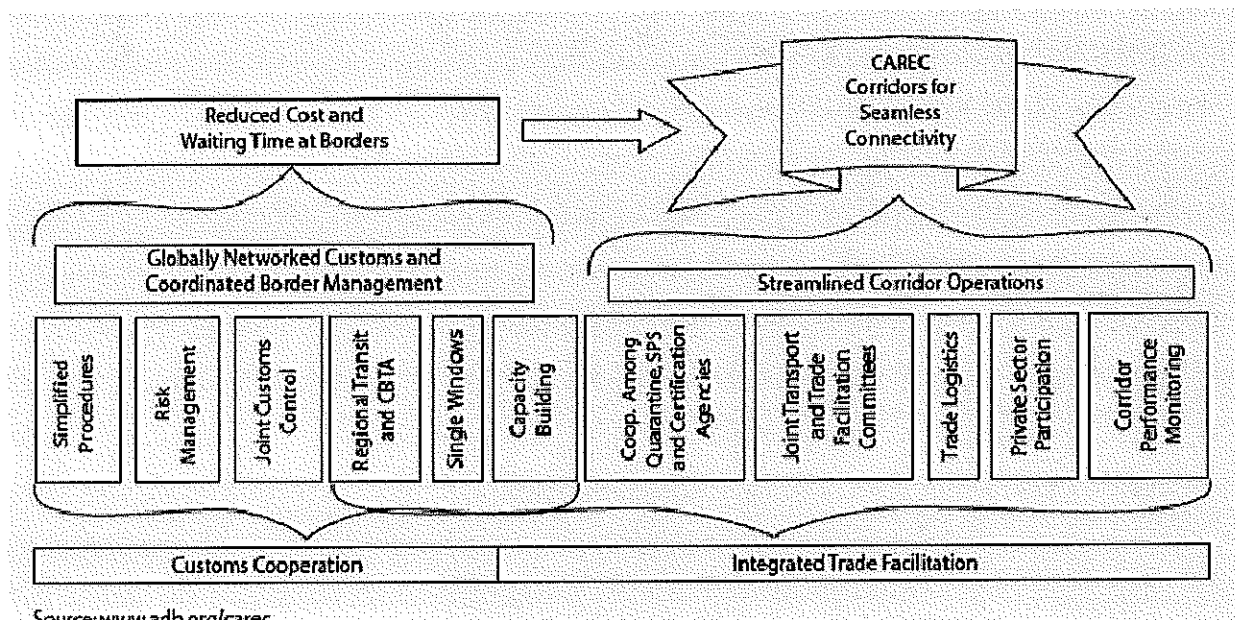
Asia-Pacific Economic Cooperation (APEC): The simplification and rationalization of customs and other administrative procedures that delay or increase the cost of moving goods across international borders.

A complete trade chain includes four steps, which are order/prepare, transport, customs and payment. It is shown in the figure below;



The Central Asian States have succeeded in regional integration. These States have developed and adopted Economic Cooperation and Trade Facilitation framework. This framework in practice has two distinctive operational pillars which are Customs cooperation and integrated trade facilitation through trade corridors.

Under Customs cooperation, they have reduced cost and waiting time at borders through enforcement of globally networked customs and coordinated border management system. Under this system, they have simplified procedures, risk management system, joint customs control, regional transit and single windows operations. Under trade corridors for seamless connectivity, they have streamlined corridor operations. These operations include cooperation among quarantines, joint transport and trade facilitation committees, trade logistics, private sector participation and corridor performance monitoring. The whole framework is shown below;



4. OBJECTIVES OF THE STUDY

This study will help in describing the structural, operational, and procedural requirements in the context of national & international transport (both passenger and freight). The objectives of the study are as follows;

- a. To study the taxes, fees and other kinds of charges for transit / international & national transport at entry point on boarders and dry ports.
- b. To study technical, infrastructural and procedural incompatibilities with international freight transport
- c. To study the issues in signing and implementation of relevant international agreements and conventions
- d. To study the implementation status of transport policies at federal, provincial and district levels

The objectives of the study are primarily founded on the basic principles underpinning National Transport Policy (NTP). These principles are:

- i. Ensure that existing transport infrastructure is optimally managed and maintained before embarking on new infrastructure investment, which should be rigorously justified by means of engineering, economic, financial, environmental and land acquisition / resettlement evaluations;
- ii. Develop reliable traffic forecasts, based on a sound database of existing traffic, costs and condition; and realistic growth rates for explanatory variables;
- iii. Discontinue most non-viable services, which give rise to heavy subsidies from Government and inefficient cross-subsidy from other profitable services;
- iv. Ensure that public sector transport providers concentrate on their core business activities;
- v. Give high priority to safety regulations;
- vi. Ensure that the pricing and investment decisions of public sector monopolies, duopolies and oligopolies are carefully monitored;
- vii. Set up institutional arrangements so that there is efficient coordination between transport modes.

5. METHODOLOGY

Tradability is primarily dependent on comparative advantage.

There has been very fundamental question to examine the comparative advantage in trade in services. Since in trade services, two factors including technology and factor supplies especially human resource play pivotal role in making trade in services possible by creating comparative advantage. So to capture the impact of these two factors, the application of Balassa (1965) index of Revealed Comparative Advantage is appropriate. RCA is most appropriate methodology to examine the comparative advantage for a given service in a given period across countries. It also explains the implications of the determinants of a country's relative position in trade in services. To understand the theoretical underpinnings of Balassa index more rigorously, Dornbusch, Fischer and Samuelson (DFS, 1977) model with Ricardian specification is used. Further the DFS is extended by incorporating the trade costs and it ultimately leads to the theoretical basis of Balassa index which is quite appropriate to examine the comparative advantage in trade in services.

5.1 TECHNOLOGY

Assume there are two countries which produce consumer services which would be indexed by j , $\varepsilon[1, K]$, where K shows whole amount of services which are provided from home or abroad.

For given j , $b(j)$ represents the unit labour requirement of home country and $b^*(j)$ is the unit labour requirement of foreign country. Now each service can be categorized by its relative unit labour requirement (cost) that is $b^*(j)/b(j)$. The unit cost of labour at home is w and at abroad is w^* . The unit labour costs are determined on assumption that the trade in services between two countries is balanced. Now assume that there is no trade costs, so the home country will export a certain service j if it is the low-cost provider as shown below;

$$b(j)w \leq b^*(j)w^* \quad 5.1$$

Now relax the assumption of no trade costs. Let assume that trade costs are the function of institutions, regulatory framework, distance, tariffs and the like. Assume that

$h(.)$ and $h^*(.)$ be the fraction of trade costs in home country and foreign country with the reference of country of origin. In this situation, the home country will provide the service j as long as the following condition is fulfilled.

$$b(j)w \leq \frac{b^*(j)w^*}{h^*(.)} \quad 5.2$$

In above situation, the home country's comparative advantage in particular service is taken in decreasing order. Here, the relative observed comparative advantage of foreign country would be as follows; $B^*(j)$

$$B^*(j) = \frac{b^*(j)/h^*(.)}{b(j)} \quad 5.3$$

$$B^*(j+1) < B^*(j)$$

$B^*(j)$ ratio is assumed to be unique for all j for the simplification of the model. Similarly, if the exports from home country is costly and then the foreign country will provide service j with the following condition;

$$b^*(j)w^* \leq \frac{b(j)w}{h(.)} \quad 5.4$$

Similarly, the adjusted (with trade costs) comparative advantage of home country would be

$$B(j) = \frac{b^*(j)}{b(j)/h(.)}, \quad B(j+1) < B(j) \quad 5.5$$

It is further assumed that the costs of trade include shipping and technology costs. It is further assumed that the home country provide a range of services indexed from one to some service $x^*(w, h^*(.))$ which is explained as;

$$x^* \leq (B^*(w, h^*))^{-1} < x^* + 1 \quad 5.6$$

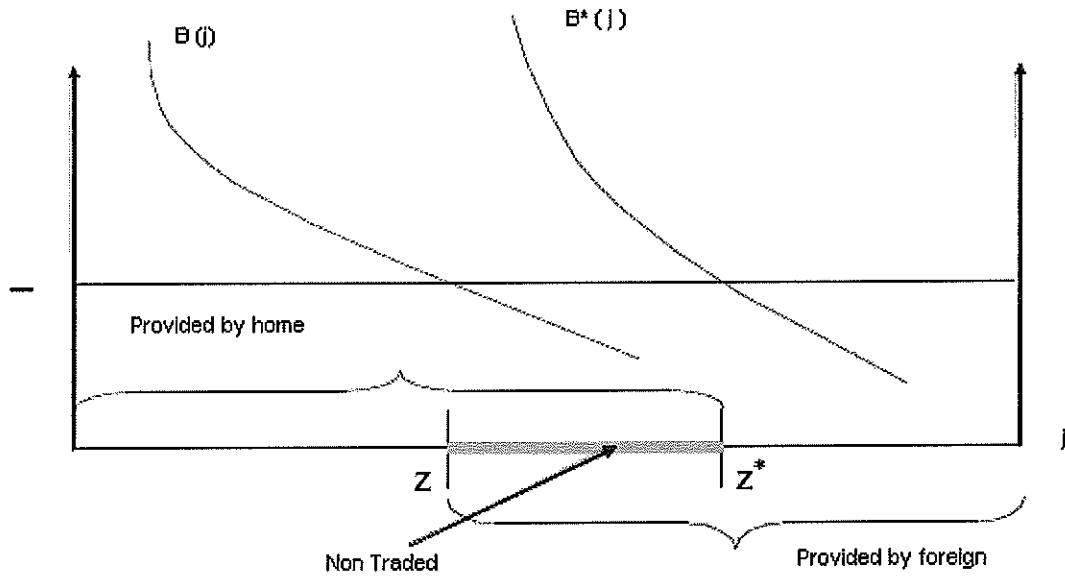
And foreign country provides the services ranging from $x(w, h)$ to n define as below;

$$x \leq (B(w, h))^{-1} < x + 1 \quad 5.7$$

Where $x \leq x^*$

The graphical representation is shown in fig 5.1 below;

Fig: 5.1



Equations 5.4 and 5.6 which are graphically explained in above figure reveal that the comparative advantage and export performance of home country is jointly determined by the relative unit labour and trade costs of both home and foreign countries. The borderline service which the home country will export would be determined by its own trade cost and technological advantage. The borderline service z in which the home country has comparative disadvantage in providing service. For given technologies and trade costs, it explains that the relative unit labour cost has to fall within the following interval:

$$\frac{b^*(k)}{b(k)/h(.)} \leq w \leq \frac{b^*(j)/h^*(.)}{b(j)}, \quad j \leq x^*, k \geq x \quad 5.8$$

Adjusted for costs of trade, on the right hand side of the inequality in equation 5.8, the home country has comparative advantage in all services indexed j while on left hand side, the foreign country has a comparative advantage in services indexed k .

5.2 DEMAND

It is assumed that identical Cobb-Douglas preferences present which guarantee constant expenditure shares. Define $d(j)$ as the share of domestic income y spent on service j .

$$d(j) = \frac{p(j)c(j)}{y} > 0 \forall i \quad 5.9$$

Where $d(j)$ is domestic use of service j and $p(j)$ is its price. There is positive demand for all services, so by definition, it is

$$\sum_{j=1}^n d(j) = 1 \quad 5.10$$

Similar preferences in the two countries guarantee that

$$d(j) = d^*(j) \quad 5.11$$

The foreign income y^* Share spent on services which are imported and explained as

$$\lambda = \sum_{j=1}^x d(j) \quad 5.12$$

Here x is the borderline service that is not exclusively provided in home country. Now the share of domestic income y used to get services provided by the foreign country is defined as;

$$\lambda^* = \sum_{j=x+1}^n d(j) \quad 5.13$$

x^* shows the incremental services. The actual 'borderline' services will be determined in equilibrium. Equilibrium has the condition that domestic labour income is equal to the world spending on domestically provided services.

$$wl = (1 - \lambda^*)wl + \lambda.w^*l^* \quad 5.14$$

Here land l^* are the labour provision in home and foreign countries respectively. So the equation 5.14 can be written as

$$w = \frac{\lambda}{\lambda^*} \cdot \frac{l^*}{l} = D\left(x, x^*, \frac{l^*}{l}\right) \quad 5.15$$

Since x and x^* determine λ and λ^* . The function $D(\cdot)$ explains the demand side of the model. For given relative labour provision, it shows relative factor wage w that are consistent with trade patterns and defined by x and x^* . It is increasing in the share of income foreigners spent on services provided by home and vice versa. Since the whole income is spent on services j in this model. Moreover, the relative wages also determine relative demands for services, and $D(\cdot)$ shows demand schedule. Equilibrium is explained as;

$$B(\bar{x}) \leq \bar{w} = \frac{\bar{\lambda}}{\lambda^*} \cdot \frac{l^*}{l} = D\left(\bar{x}; \bar{x}^*; \frac{l^*}{l}\right) \leq B^*(\bar{x}^*) \quad 5.16$$

Here the bar variables define their static or equilibrium values.

Now each service j will be sorted out into service category k and the world income y^w is normalized to 1. Suppose that the share of home country in world income be q . Suppose q_j is the level of service j provided by home country which is the fraction of world income. Let $q_j = d(j)$ if j is traded service and $q_j = q \cdot d(j)$ if it is non-traded service. So the category k services exports are

$$e_k = (1 - q) \sum_{j=1}^j d_k(j) \quad 5.17$$

and the total exports of home country at FOB are

$$e = \sum_{k=1}^n e_k = (1 - q) \sum_{k=1}^n \sum_{j=1}^j d_k(j) \quad 5.18$$

Now taking into account the costs of trade and prices, the equation of exports is defined as below;

$$e_k(j) = d(j) \cdot (1 - q) = \frac{d(j) \cdot w b_k(j) \cdot (1 - q)}{p_k(j)} \quad 5.19$$

Inserting 5.19 into Balassa-Index and after simplifications, it leads to;

$$DI_k = \frac{\sum_{j=1}^x \frac{b_k(j)}{p_k(j)}}{\left(w \cdot (1 - q) \cdot \sum_{j=1}^x \frac{b_k(j)}{p_k(j)} + w \cdot q \cdot \sum_{j=x+1}^n \frac{b^*_k(j)}{p^*_k(j)} \right) \cdot \frac{\sum_{j=1}^n \sum_{j=1}^x \frac{b_k(j)}{p_k(j)}}{w \cdot (1 - q) \cdot \sum_{j=1}^n \sum_{j=1}^x \frac{b_k(j)}{p_k(j)} + \sum_{j=1}^n \sum_{j=1}^x \frac{b^*_k(j)}{p^*_k(j)}}$$

5.20

Now taking log on both sides and after simplifications, the equation 5.20 is shown as below;

$$DI_k = \frac{\sigma_k / \lambda}{((1-q)\sigma_k + q\sigma_k^*) / ((1-q)\lambda + q\lambda^*)} \quad 5.21$$

5.3 MODEL OF TRANSMISSION MECHANISM OF ECONOMIC GROWTH

The model is based on Neo-classical aggregate production function in per capita terms. On the basis of review of literature (feder 1982, Grossman 1988 etc), Government expenditure (i.e. development expenditures and non-development expenditures), Export, Import and Trade in Services and public and private capital formation are included in the production function at levels. The functional form is as follows;

$$C_t = f(A_t, B_t, D_t, E_t, F_t, G_t) \quad 5.3.1$$

Where C = GDP per capita, A = per capita private capital formation, B = per capita public capital formation, D = non-development expenditures, E = development expenditures, F = export of services G = import of services H = Trade in Services and t = 1, 2, 3,, T.

Let there be linear relationship among the variables in their levels, therefore the simple econometric specification of the model is;

$$C_t = \phi_0 + \phi_1 A_t + \phi_2 B_t + \phi_3 D_t + \phi_4 E_t + \phi_5 F_t + \phi_6 G_t + \mu \quad \dots \quad 5.3.2$$

Where all the coefficients are expected to have positive signs

The above models will help in estimating the competitive key factors in the region. In addition, to incorporate the costs (**Annex-D**) and demands (**Annex-E**) associated with transport links, nodes and services will be estimated keeping in view the

freight charges model (**Annex-F**) and transit trade (**Annex-G**) models. These models will further be integrated with above said model of comparative advantage to determine the impact of trade and transit through transportation system on economic growth, employment generation and poverty reduction (**Annex-H**).

6. DATA TYPE AND ESTIMATION TECHNIQUES / TOOLS

To carry out the proposed study, primary and secondary data will be used. Secondary data will be taken from State Bank database, ITC database, UN database on trade and transport, WDI and IFS. The primary data will be collected through traffic count surveys at Wahga border crossing point of international freight transport and dry ports, observational and interview surveys at the Moghalpura dry port and Wahga border to analyze the structural and procedural bottlenecks at the transport nodes. The interview surveys will also be made with traders, freight forwarders, government officials and operators who are linked with transport links, nodes and services. To meet the international standards of carrying out surveys for getting more accurate results, all type of related surveys from foresaid will be carried out at Wahga border for 10 days, at Moghalpura for 10 days. Four days will be taken to hold meetings with officials in transport and related departments at Lahore to discuss the issues and possible solutions in the transport system and to discuss the implementation status of announced government policies in transport sector during 2013-14. The primary data will be collected as per proforma / questionnaires given at (**Annex-I**).

On attaining all the required statistics, the in-depth analysis will be made to address the following issues;

- I. Poor infrastructure and maintenance services
- II. High costs associated with the sector
- III. Incompatible vehicle dimensions, maximum gross weight and axle loads
- IV. Transit fees and charges
- V. Transit bonds and guarantees
- VI. Monitoring of trucks in transit countries

- VII. Complex and prolonged border-crossing procedures
- VIII. Inadequate human and institutional capacity of relevant authorities
- IX. Lack of a sound, harmonized regulatory framework
- X. No systematic compilation of data of transit traffic
- XI. Physical and bureaucratic constraints
- XII. Supply chains are very fragmented
- XIII. Non- standardized commercial practices
- XIV. No agreed codes for representation of information
- XV. No Effective and mutual cooperation mechanism between traders and officials

The following tools will be used for in-depth analysis of the foresaid issues;

- I. Logistics Benchmarking
- II. Trade modeling by estimating gravity equations of two-stage pooled least square technique to assess trade potential
- III. Freight flow analysis at dry port to map existing movements
- IV. Survey of private sector to consider firm priorities
- V. Sector diagnostic to benchmark sector performance
- VI. Supply chain analysis to identify cost and time bottlenecks
- VII. Point surveys & travelogues to validate check points / stoppages

7. SCOPE OF THE STUDY

The results of study "Development of Trade and Transport Facilitation Framework Phase-I" is necessarily limited to the real effects of one transit rout, one dry port and one metropolitan city. However, it would provide NTRC complete guidelines to conduct a comprehensive study in the same area across Pakistan in order to layout a complete integrated stage-wise implementation plan inbuilt in "Trade and Transport Facilitation Framework".

8. OUTCOME / SOCIO-ECONOMIC BENEFITS

This study would provide technical info in the adoption of comprehensive methodology by keeping in view all geographical, ecological, social, economic, political and environmental factors while laying out a detailed facilitation framework which entails the structural, operational, institutional and procedural requirements in the context of national & international freight transport to boost trade, reduce poverty and generate employment while keeping in view the issues of security and safety and principles of equity, reciprocity and mutual benefit sharing of trade bounties.

This study will fulfill the R&D based technical requirements of the Ministry of Communications and other following Ministries / Departments on their demands reflected time and again through official correspondence;

- I. Planning Commission
- II. Ministry of Communications
- III. Ministry of Finance
- IV. Pakistan Bureau of Statistics
- V. National Highway Authority
- VI. PhD Scholars and Academia for pure research
- VII. Other transport & infrastructural related departments

This study would also help in seeking funds from international donor agencies for the expansion of roads, improvement of transport logistics and in the modernization of passenger and freight transport. The benefits of this study both to the government and the traders on adoption of trade facilitation measures may be seen at **Annex-J**. The Expected output and impact evaluation tables are shown herewith.

OUTPUT TABLE: 1		
CURRENT SITUATION (GAINS / LOSS)		
% of GDP	Poverty reduction	Employment generation
Transport Links		
Transport Nodes		
Transport Services		

OUTPUT TABLE: 2

MEASURES REQUIRED		
Structural	Procedural	Institutional
Transport Links		
Transport Nodes		
Transport Services		

OUTPUT TABLE: 3

POTENTIAL BENEFITS FROM HARMONIZED TRANSPORT SYSTEM		
% of GDP	Poverty reduction	Employment generation
Transport Links		
Transport Nodes		
Transport Services		

OUTPUT TABLE 4: IMPACT EVALUATION OF TRADE AND TRANSPORT FACILITATION FRAMEWORK

INTERNATIONAL STANDARDS			CURRENT SITUATION (GAINS / LOSS)		
Logistics Component	Trade, Income and /or Productivity	Transport Cost/ Transit Times / Reduction in prices of goods	% of GDP	Poverty reduction	Employment generation
Macro-Analysis on Logistics/ Trade Infrastructure	Reducing logistics costs can positively impact the share of trade in GDP. Improving infrastructure produces large real income gains and reduces Gini.	Each day saved worth 0.8 ad valorem tariff . A day is equal to 1 percent of trade.			
Trucking Services	Consumer Surpluses from improved access. Expanding hinterlands for rural producers. Large elasticities for intra-regional trade.	Competition in trucking, maintenance of travel speeds (ROW) required to reap benefits of improved roads			
Port Efficiency	Port efficiency reduces maritime transport costs.	Freight rates decrease when countries are connected by direct road, rail and shipping service and with broader competition			
Border Crossings / Customs	Without borders, trade responds to "gravitational pull" of neighboring economies--by product and overall.	Delays in customs increase costs. Distance increases transport costs. Unified procedures & compatible IT systems reduce times. Delays in transit have a negative impact on trade			
Storage, Warehousing	Financial burden of high inventory typically > 3% of GDP.	Third party access to storage critical for independent shippers. Lower inventory holdings reduce production costs.			

9. REQUIREMENTS

9.1 RESEARCH EQUIPMENTS / BOOKS / SOFTWARES / SURVEY EQUIPMENTS

To undertake the proposed research study, the following research / survey equipments, software for data analyzes and modeling and books improve the research resource and technicalities are required:

S.No	TYPE	NO.	JUSTIFICATION
A. Field Survey Equipments			
1	Video Camera	1	To carryout photographic based observational survey. Also to record interviews, if required.
2	Other Survey Equipments, including torches, chairs, etc	---	To continue the traffic count and personal interview surveys at night because the volume of freight traffic is generally higher at night.
B. Softwares For Data Analyses, Model Estimation and Inferences			
1	E-views (version 8)	1	It is required for analyses of time series and pooled data and model estimation through different transport economics, and econometric techniques and tools to infer policy options
	SPSS	1	It is required especially for codified data which is obtained from primary qualitative data. It is used to infer results from interviews and observational surveys statistics, which are qualitative in nature.
	HDM-4 for VOC Estimation	1	It is comprehensive software. It is developed by World Bank and adopted almost all national and international research organizations to estimate Vehicle Operating Cost (VOC). VOC estimates explain the fuel and operational efficiency of both passenger and freight transport.
C. Requirement of Secondary Data Sets			
1.	World Development Indicators (WDI) CD	1	WDI is the database developed by World Bank and IFS is the database developed by IMF. These data bases are required to analyze the historical trends in trade and transport logistics in terms of development, the policy issues and their impact at present in drafting the policies in the sector especially in view of boosting regional trade and integration
	International Financial Statistics (IFS) CD	2	
D. Books Required			

1	Transport Economics, 4th Edition by Susan Grant	1	Books are required improve the research resource and technicalities
2	Transport Policy (Hobert Paper) The Myth of Integrated Transport Planning	1	
E. Research Equipments Required for Effective Collaboration with National and International Research Institutes in Transport Sector and Dissemination of Research			
1	Laptops(Core i-7)	6	<p>a. These research equipments are required for effective collaboration with national and international research institutes (e.g. TRL) by arranging workshops / seminars through video conferencing. Keeping in view the security issues and high administrative costs, video conferencing is the least cost and safest method to interact with international professionals across the world and to take benefits from their profound and practical knowledge in the field.</p> <p>b. These equipments would also help in data entry, coding and estimations of results on faster speed.</p> <p>c. These equipments would also help in on-line integration with e-library of HEC, Springer Link, J-Store and others. It would provide the research quick and ready availability of review of literature in the area concerned.</p> <p>d. These equipments would also help in disseminating the research carried out in NTRC within and across the country by arranging seminars /workshops and abroad through video conferencing.</p>
2	Printers 401-A	6	
3	Multimedia	1	
4	Photocopier	1	
5	High Speed Scanner	2	
6	LED 42 inche	1	
7	Server (Core i7) with LCD	1	
8	Fire wall	1	
9	Fiber Internet Connection	Lumsup	
10	Networking and others	Lumsup	
11	Wood Works (Tables, Chairs, cabins etc.	Lumsup	
12	Softwares / drivers	1	

9.2 HUMAN RESOURCE / LABOUR REQUIREMENT

To carry out the study, the proposed study team consists:-

Mrs. Amna Imran Khan	JS (MOC) / Chief NTRC	Overall Incharge
Mr. Ahmed Gulzar	Research Officer, NTRC	Study Incharge (Tech)
Dr. Shahid Karim	Section Officer (MOC)	Study Incharge (Admn)

To carry out surveys in Lahore, the proposed survey team is as follows:-

Mr. Amna Imran Khan	JS (MOC) / Chief NTRC	Overall Incharge
Mr. Ahmed Gulzar	Research Officer, NTRC	Survey Team Leader
Mr. Alamgir	Research Officer, NTRC	Coordinator

And survey team staff includes 2 assistants / Naib Qasid and 1 driver.

The overall Incharge of survey team would pay a surprise visit for 4 days to monitoring the execution of work in the field or lead the survey team in the meetings with officials, traders and operators

9.3 TRANSPORT REQUIREMENT

Official Vehicle will be used.

10. TIMELINE

The expected time of completion is 40 days. The activity-base time distribution is as follows:-

- a. Carrying out Surveys 24 Days
- b. Data Entry / Coding 6 Days
- c. Estimations / Simulations 5 Days
- d. Report Writing 5 Days

11. COST ESTIMATES

The summary of cost estimates to undertake the proposed research study is as follows: The details may be seen at **Annex-K**.

SUMMARY OF ESTIMATED COST OF THE STUDY

Rupees in million

Sr#	DESCRIPTION	COST
1	Field survey equipments	0.1
2	Softwares for data analyses, model estimation and Inferences	0.235
3	Books / International dataset CDs	0.265
4	Research equipments for dissemination of research and institutional integration	1.778
5	Operational expenditures of surveys*	0.48
6	Miscellaneous.	0.02
7	Sub Total	2.878
	Contingencies @ 10 % of Sub Total	0.2878
	Grand Total	3.1658

*It includes POL, hotel charges and TA/DA and others



Economic and Social Council

Distr.: General
10 January 2013

Original: English

Economic and Social Commission for Asia and the Pacific

Sixty-ninth session

Bangkok, 25 April-1 May 2013

Item 3 (c) of the provisional agenda*

Review of issues pertinent to the subsidiary structure of the Commission, including the work of the regional institutions:
Transport

Report of the Committee on Transport on its third session

Addendum

Finalized draft intergovernmental agreement on dry ports

The Parties to this Agreement,

Recalling Economic and Social Commission for Asia and the Pacific resolution 66/4 of 19 May 2010 on the implementation of the Bangkok Declaration on Transport Development in Asia and the request contained therein to work towards the development of an intergovernmental agreement on dry ports,

Conscious of the need to promote and develop an international integrated intermodal transport and logistics system in Asia and with neighbouring regions,

Mindful of the expected increase in international goods transport as a consequence of growing international trade in the ongoing process of globalization,

Determined to strengthen connectivity and seamless international movement of goods, facilitate increased efficiency and reduce the cost of transport and logistics as well as to extend its reach to inland areas and wider hinterlands,

Encouraged by the successful regional cooperation that led to the entry into force of the Intergovernmental Agreement on the Asian Highway Network¹ and the Intergovernmental Agreement on the Trans-Asian Railway Network,²

Considering that, in order to strengthen relations and promote international trade among members of the Economic and Social Commission for Asia and the Pacific, it is essential to develop dry ports of international

* E/ESCAP/69/L.1.

¹ United Nations, *Treaty Series*, vol. 2323, No. 41607.

² United Nations, *Treaty Series*, vol. 2596, No. 46171.

Handwritten notes and stamps on the left margin:
- Diary No. 141
- Date: 11-10-2013
- AS (C) 20
- dated: 23-2-2013
- OFFICE OF THE SECRETARY (C)
- Diary No. 748
- Date: 27-2-13
- UN NO. 854... (MOC)
- 06/1/2013

Handwritten signatures and initials on the right margin:
- Ed
- S.S.
- JC-II
- Div. (RT) 181

importance to the requirement of international transport and to reduce the adverse impact of transport on the environment,

Recognizing the need to develop guiding principles for the development and operation of dry ports of international importance for harmonization and facilitation of intermodal transport in Asia and the Pacific,

Keeping in view the role of dry ports of international importance as an important component of an effective and efficient international integrated intermodal transport and logistics system, especially in addressing the specific needs of landlocked, transit and coastal States,

Have agreed as follows:

Article 1

Definition

For the purposes of the Intergovernmental Agreement on Dry Ports (the "Agreement"), a dry port of international importance ("dry port") shall refer to an inland location as a logistics centre connected to one or more modes of transport for the handling, storage and regulatory inspection of goods moving in international trade and the execution of applicable customs control and formalities.

Article 2

Identification of dry ports

The Parties hereby adopt the list of dry ports, contained in annex I to the Agreement, as the basis for the coordinated development of important nodes in an international integrated intermodal transport and logistics system. The Parties intend to develop these dry ports within the framework of their national programmes and in accordance with national laws and regulations.

Article 3

Development of the dry ports

The dry ports listed in annex I to the Agreement should be brought into conformity with the guiding principles for the development and operation of dry ports as described in annex II to the Agreement.

Article 4

Signature, ratification, acceptance, approval and accession

1. The Agreement shall be open for signature to States that are members of the United Nations Economic and Social Commission for Asia and the Pacific at (**name of city and country**) from **xx to xx xxxx 2013**, and thereafter at United Nations Headquarters in New York from **xx xxxx 2013 to 31 December 2014**.

2. The Agreement shall be subject to ratification, acceptance or approval by signatory States.

3. The Agreement shall be open to accession by non-signatory States which are members of the United Nations Economic and Social Commission for Asia and the Pacific.

Pakistan

Customs Dry Port, Hyderabad	Customs Dry Port, Peshawar
Faisalabad Dry Port Trust, Faisalabad	Lahore Dry Port, Mughalpura
Margalla Dry Ports, Islamabad	Multan Dry Port Trust, Multan
National Logistics Center Container Freight Station, Lahore	
National Logistics Center Dry Port, Quetta	Pakistan Railways Prem Nagar Dry Port, Kasur
Railways Dry Port, Quetta	Sambrial Dry Port, Sialkot
Silk Route Dry Port, Sost, Gilgit, Baltistan	

Philippines

[Clark, Angeles City, Pampanga, Luzon]	[Davao City, Eastern Mindanao]
[Koronadal City, South Cotabato]	
[Laguindingan, Misamis Oriental, Northern Mindanao]	
[Zamboanga City, Western Mindanao]	

Republic of Korea

Uiwang ICD, Uiwang

Russian Federation

Janino Logistic Park, Saint Petersburg Region

Multimodal Logistic Complex "Rostov universal port", Rostov-on-Don Region

Terminal Logistics Centre "Baltiysky", Leningrad Region

Terminal Logistics Centre "Kleshchiha", Novosibirsk

Terminal Logistics Centre "Doskino", Nizhny Novgorod,
[Dmitrovsky Multimodal Centre, Moscow Region]

[Kaliningrad]	[Kazan]
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[Multimodal Logistic Complex "Southern Primorsky Terminal", Primorsky Region]

[Svijazhsky Multimodal Logistic Centre, Tatarstan]

[Terminal Logistics Centre "Primorsky" Ussuriysk, Primorsky Region]

[Terminal Logistics Centre "Tamansky", Krasnodar Region]

[Terminal Logistics Centre "Beliy Rast", Moscow Region]

[Volgograd]	[Yekaterinburg]
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Sri Lanka

[Peliyagoda, Colombo]	[Telangapata, Colombo]
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Tajikistan

Dushanbe, Dushanbe	Karamyk, Jirgital
Khujand, Khujand	Kurgan-Tube, Kurgan-Tube
Nizhniy Panj, Qumsamgir	Tursunzade, Tursunzade
Vakhdad, Vakhdad	

Annex II

Guiding principles for the development and operation of dry ports

1. General

The development and operation of dry ports, as listed in annex I of the Agreement, shall be guided by the principles described below. Parties shall make every possible effort to conform to these principles in constructing, upgrading and operating dry ports.

2. Functions

The basic functions of dry ports shall include the handling, storage and regulatory inspection of goods moving in international trade and the execution of applicable customs control and formalities. Additional functions of dry ports may include, but are not limited to:

- (a) Receipt and dispatch;
- (b) Consolidation and distribution;
- (c) Warehousing;
- (d) Transshipment.

3. Institutional, administrative and regulatory framework

Parties shall initiate institutional, administrative and regulatory frameworks that are favourable to the development and smooth operation of dry ports, including procedures for regulatory inspection and the execution of applicable customs control and formalities in line with the national laws and regulations of the Party concerned. Dry ports, as listed in annex I of this Agreement, may be designated as points of origin or destination in transport and customs documentation. The Parties shall collaborate with relevant transport service providers, international organizations and institutions to ensure recognition of dry ports. The ownership of dry ports can be public, private or public-private partnerships.

4. Design, layout and capacity

Dry ports shall be developed with adequate capacity and layout to allow for the secure and smooth flow of containers, cargoes and vehicles within and through the dry port and to make provision for expansion of capacity, as appropriate, taking into account the modes of transport served, the requirements of the users of the dry port and expected future container and cargo volumes.

5. Infrastructure, equipment and facilities

Dry ports shall have infrastructure, equipment and manpower commensurate with existing and expected freight volumes at the discretion of the Parties in accordance with their national laws, regulations and practices. This provision is recommendatory in nature and shall not be binding with respect to the following:

- (a) A secure area with a gate for dedicated entrance and exit;
- (b) Covered and open storage areas separated for import, export and transshipment, and for perishable goods, high-value cargoes and dangerous cargoes, including hazardous substances;
- (c) Warehousing facilities, which may include customs bonded warehousing facilities;
- (d) Customs supervision, control, inspection and storage facilities;
- (e) Appropriate cargo and container handling equipment;
- (f) Internal service roads and pavement for use in the operation and stacking area;
- (g) Vehicle holding areas with adequate parking space for freight vehicles;
- (h) An administrative building for customs, freight forwarders, shippers, customs brokers, banks and other related agencies;
- (i) Information and communication systems, which include electronic data interchange systems, scanners and vehicle weighing equipment;
- (j) A container, vehicle and equipment repair yard, if necessary.

Distr.: For participants only
17 March 2014

English only

Economic and Social Commission for Asia and the Pacific
Advisory Committee of Permanent Representatives and
Other Representatives Designated by Members of the Commission

353rd session
Bangkok, 24 March 2014

Proposed strategic framework for the period 2016-2017

Note by the secretariat*

Summary

The present document, which has been prepared as a draft fascicle for consideration by the Committee for Programme and Coordination (CPC) in June 2014, contains ESCAP's strategic framework for the period 2016-2017. This unedited version incorporates comments made by Members to the proposed strategic framework circulated at the 352nd session of ACPR as well as revisions proposed by the Programme Planning and Budget Division, Department of Management.

ACPR Members are invited to provide comments on the current version of the strategic framework.

* The present document has been issued without formal editing.

70
92

Legislative Mandates

General Assembly resolutions

- 55/2 United Nations Millennium Declaration
- 57/253 World Summit on Sustainable Development
- 57/270 A and B Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic and social fields
- 60/1 2005 World Summit Outcome
- 61/16 Strengthening of the Economic and Social Council
- 63/239 Doha Declaration on Financing for Development: outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus
- 64/1 High-level United Nations Conference on South-South Cooperation
- 64/186 Building connectivity through the Trans-Eurasian Information Super Highway (subprogrammes 1, 5, 6 and 8)
- 64/193 Follow-up to and implementation of the Monterrey Consensus and the outcome of the 2008 Review Conference (Doha Declaration on Financing for Development) (subprogrammes 1, 2, 4 and 6)
- 64/222 Nairobi outcome document of the High-level United Nations Conference on South-South Cooperation
- 64/289 System-wide coherence
- 65/1 Keeping the promise: united to achieve the Millennium Development Goals
- 65/125 Cooperation between the United Nations and the Eurasian Economic Community
- 65/140 Cooperation between the United Nations and the Organization of the Islamic Conference
- 65/146 Innovative mechanisms of financing for development (subprogrammes 1, 2, 4 and 6)
- 65/163 United Nations Decade of Education for Sustainable Development (2005-2014)
- 65/214 Human rights and extreme poverty

- 69/4 Asia-Pacific Ministerial Dialogue: From the Millennium Development Goals to the United Nations Development Agenda beyond 2015

Subprogramme 2
Trade and investment

General Assembly resolutions

- 68/199 International trade and development

Economic and Social Council resolutions

- 2005/38 Statute of the Asian and Pacific Centre for Transfer of Technology

- 2013/4 Statute of the Centre for Sustainable Agricultural Mechanization

Economic and Social Commission for Asia and the Pacific resolutions

- 61/3 Statute of the United Nations Asian and Pacific Centre for Agricultural Engineering and Machinery

- 61/4 Statute of the Asian and Pacific Centre for Transfer of Technology

- 62/6 Managing globalization through strengthened regional cooperation in trade and investment

- 68/3 Enabling paperless trade and the cross-border recognition of electronic data and documents for inclusive and sustainable intraregional trade facilitation

- 69/5 Statute of the Centre for Sustainable Agricultural Mechanization

Subprogramme 3
Transport

General Assembly resolutions

- 66/260 Improving global road safety

Economic and Social Commission for Asia and the Pacific resolutions

- 60/4 Intergovernmental Agreement on the Asian Highway Network

- 62/4 Intergovernmental Agreement on the Trans-Asian Railway Network
- 64/5 Establishment of the Forum of Asian Ministers of Transport
- 66/4 Implementation of the Bangkok Declaration on Transport Development in Asia
- 66/5 Implementation of the Jakarta Declaration on Public-Private Partnerships for Infrastructure Development in Asia and the Pacific
- 66/6 Improving road safety in Asia and the Pacific
- 68/4 Implementation of the Ministerial Declaration on Transport Development in Asia and the Pacific, including the Regional Action Programme for Transport Development in Asia and the Pacific, phase II (2012-2016), and the Regional Strategic Framework for the Facilitation of International Road Transport
- 69/6 Implementation of the Tehran Declaration to promote public-private partnerships in infrastructure development in Asia and the Pacific for sustainable development
- 69/7 Intergovernmental Agreement on Dry Ports

Subprogramme 4
Environment and development

General Assembly resolutions

- 58/217 International Decade for Action, "Water for Life", 2005-2015
- 59/228 Activities undertaken during the International Year of Freshwater, 2003, preparations for the International Decade for Action, "Water for Life", 2005-2015, and further efforts to achieve the sustainable development of water resources
- 64/198 Midterm comprehensive review of the implementation of the International Decade for Action, 'Water for Life', 2005-2015
- 64/292 The human right to water and sanitation
- 65/151 International Year for Sustainable Energy for All
- 65/154 International Year of Water Cooperation, 2013
- 67/204 Implementation of the International Year of Water Cooperation, 2013
- 67/215 Promotion of new and renewable sources of energy

- 66/11 Regional preparations for the High-level Intergovernmental Meeting on the Final Review of the Implementation of the Asian and Pacific Decade of Disabled Persons, 2003-2012
- 66/12 Sixth Asian and Pacific Population Conference
- 67/5 Full and effective implementation of the Madrid International Plan of Action on Ageing in the Asia-Pacific region
- 67/6 Enhancing accessibility for persons with disabilities at ESCAP
- 67/7 Role of cooperatives in social development in Asia and the Pacific
- 67/8 Strengthening social protection systems in Asia and the Pacific
- 67/9 Asia-Pacific regional review of the progress achieved in realizing the Declaration of Commitment on HIV/AIDS and the Political Declaration on HIV/AIDS
- 68/6 Asia-Pacific regional preparations for the special session of the General Assembly on the International Conference on Population and Development beyond 2014
- 68/7 Asian and Pacific Decade of Persons with Disabilities, 2013-2022
- 69/13 Implementation of the Ministerial Declaration on the Asian and Pacific Decade of Persons with Disabilities, 2013-2022, and the Incheon Strategy to "Make the Right Real" for Persons with Disabilities in Asia and the Pacific
- 69/14 Implementation of the Bangkok statement on the Asia-Pacific review of the implementation of the Madrid International Plan of Action on Ageing
- E/ESCAP/
APPC(6)/3,
Chap I Asian and Pacific Ministerial Declaration on Population and Development 2013

Subprogramme 7
Statistics

General Assembly resolutions

- 68/261 Fundamental Principles of Official Statistics

Economic and Social Council resolutions

- 2006/6 Strengthening statistical capacity
- 2011/15 Revision of the statute of the Statistical Institute for Asia and the

Pacific

2013/21 Fundamental Principles of Official Statistics

Economic and Social Commission for Asia and the Pacific resolutions

- 246 (XLII) Statistical services in Asia and the Pacific
- 65/2 Regional technical cooperation and capacity-building in statistics development in Asia and the Pacific
- 67/10 A core set of economic statistics to guide the improvement of basic economic statistics in Asia and the Pacific
- 67/11 Strengthening statistical capacity in Asia and the Pacific
- 67/12 Improvement of civil registration and vital statistics in Asia and the Pacific
- 67/13 Revision of the statute of the Statistical Institute for Asia and the Pacific
- 69/15 Implementing the outcome of the High-level Meeting on the Improvement of Civil Registration and Vital Statistics in Asia and the Pacific
- 69/16 A core set of population and social statistics to guide national capacity development in Asia and the Pacific

Subprogramme 8**Subregional activities for development***General Assembly resolutions*

- 63/260 Development-related activities
- 65/2 Outcome document of the High-level Review Meeting on the implementation of the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States
- 67/78 Oceans and the law of the sea
- 67/206 International Year of Small Island Developing States
- 68/238 Follow-up to and implementation of the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States

UNITED NATIONS

**Compendium
of
Trade Facilitation
Recommendations**

Prepared by

*the secretariat of the United Nations Centre for Trade Facilitation
and Electronic Business
(UN/CEFACT)*



UNITED NATIONS
2001

A. General provisions to facilitate trade

A.1. Trade

General bonds to cover Customs, immigration and health obligations	ICAO
Facilitation of clearance of cargo, passengers, crew and baggage	IMO
Establishment of a national focal point for trade facilitation	UN/CEFACT, IMO
Limitation on requests for copies of documents	UN/CEFACT
Use of Facilitation Measures related to International Trade Procedures	UN/CEFACT
Preshipment Inspection not a regulatory requirement	UN/CEFACT
Use of Preshipment Inspection as an interim recourse	UN/CEFACT
Use of Preshipment Inspection to carry out Customs related activities	UN/CEFACT
Agreement on Preshipment Inspection	WTO
Procedures to be as simple as possible	WTO
Agreement on Rules of Origin	WTO
Agreement on Technical Barriers to Trade (TBT Agreement)	WTO
Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement)	WTO

A.2. Customs and other regulatory bodies

Co-ordination and harmonization of controls	ICAO, UN/ECE, WCO
Information on veterinary inspection requirements	ICAO, UN/ECE
Sanitary certificates and other documents to be simple and standardized	IMO
Adequate resources for control services	UN/ECE
Coordinated and joint controls between adjacent countries	UN/ECE, WCO
Information on medicosanitary inspection requirements	UN/ECE
Information on phytosanitary inspection requirements	UN/ECE
Information on technical standards requirements	UN/ECE
Information on quality controls	UN/ECE
Coordinate working hours at borders	UN/ECE, WCO
Publicity for official tariff, information on clearance procedures, etc.	WCO
Provision by Customs of information of a specific nature	WCO
Customs to give information on duties and taxes, valuation and procedures	WCO
No penalty for inadvertent declaration errors	WCO
Designated offices for Customs clearance	WCO
Person to make declaration	WCO

B.3. Provisions relating to transit

B.3.1. General

Normally no technical standards control	UN/ECE
Normally no quality control	UN/ECE
Freedom of transit to be allowed	WTO
No distinction based on flag, origin, ownership, etc.	WTO
No unnecessary delays or restrictions	WTO

B.3.2. Customs

Limitation of inspection	UN/ECE
Exemption from Customs duties	UN/ECE, WCO
Flat rate bonds for transit goods	UN/ECE
No routine calculation of duty on transit goods	UN/ECE
TIR transit regime valid for all modes of transport	UN/ECE
Normally no escort of goods	UN/ECE
No duty on transit goods accidentally lost or destroyed	WCO
No escort of goods in transit or itinerary	WCO
Commercial or transport document as descriptive part of transit declaration	WCO
No unnecessary delays or restrictions	WTO

B.3.3. Health and Safety

No medicosanitary inspection for goods in transit if no contamination risk	UN/ECE
No veterinary inspection for animal products in transit if no contamination risk	UN/ECE
No phytosanitary inspection for goods in transit if no contamination risk	UN/ECE

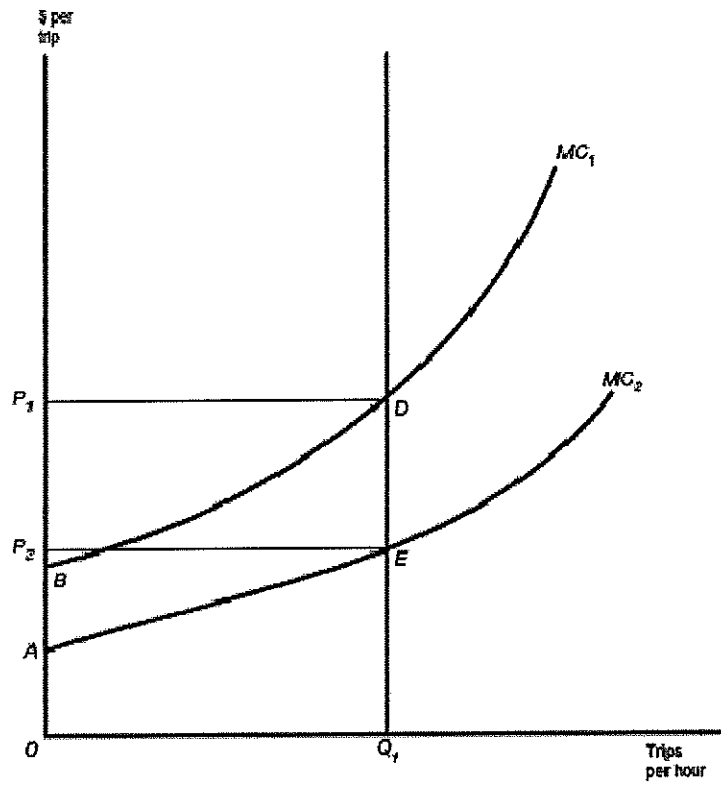
C.3. Multimodal transport

Use of blank-back forms	UN/CEFACT
Use of codes for modes of transport	UN/CEFACT
Layout Key for Standard Consignment Instructions	UN/CEFACT
Undocumented temporary importation of vehicles or containers containing goods under TIR	UN/ECE
Acceptance of foreign Customs seals on containers	UN/ECE, WCO
Minimum Customs formalities for means of transport	WCO
Temporary importation of means of transport	WCO
Duty on destroyed or damaged means of transport	WCO
No prior authentication of means of transport documents	WCO
Reduced number of copies of declaration of arrival	WCO
Use of foreign containers in internal traffic	WCO
Acceptance of foreign containers for temporary admission	WCO
Temporary admission for replacement parts for containers	WCO
Temporary admission for accessories and equipment for containers	WCO
Undocumented temporary importation of foreign containers	WCO
Acceptance of approved foreign containers	WCO

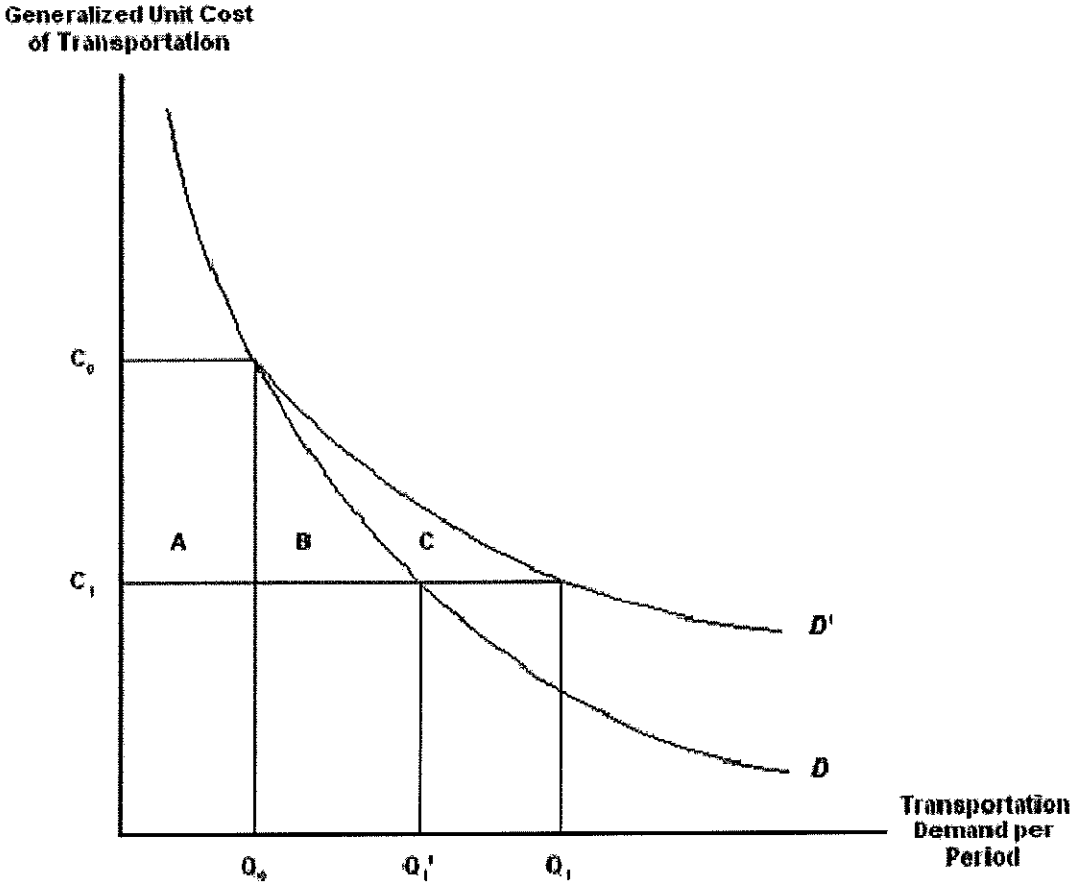
D. Provisions relating to the movement of persons

No passenger manifest to be required for air transport	ICAO
Use of Standard Passenger Manifest if one required	ICAO

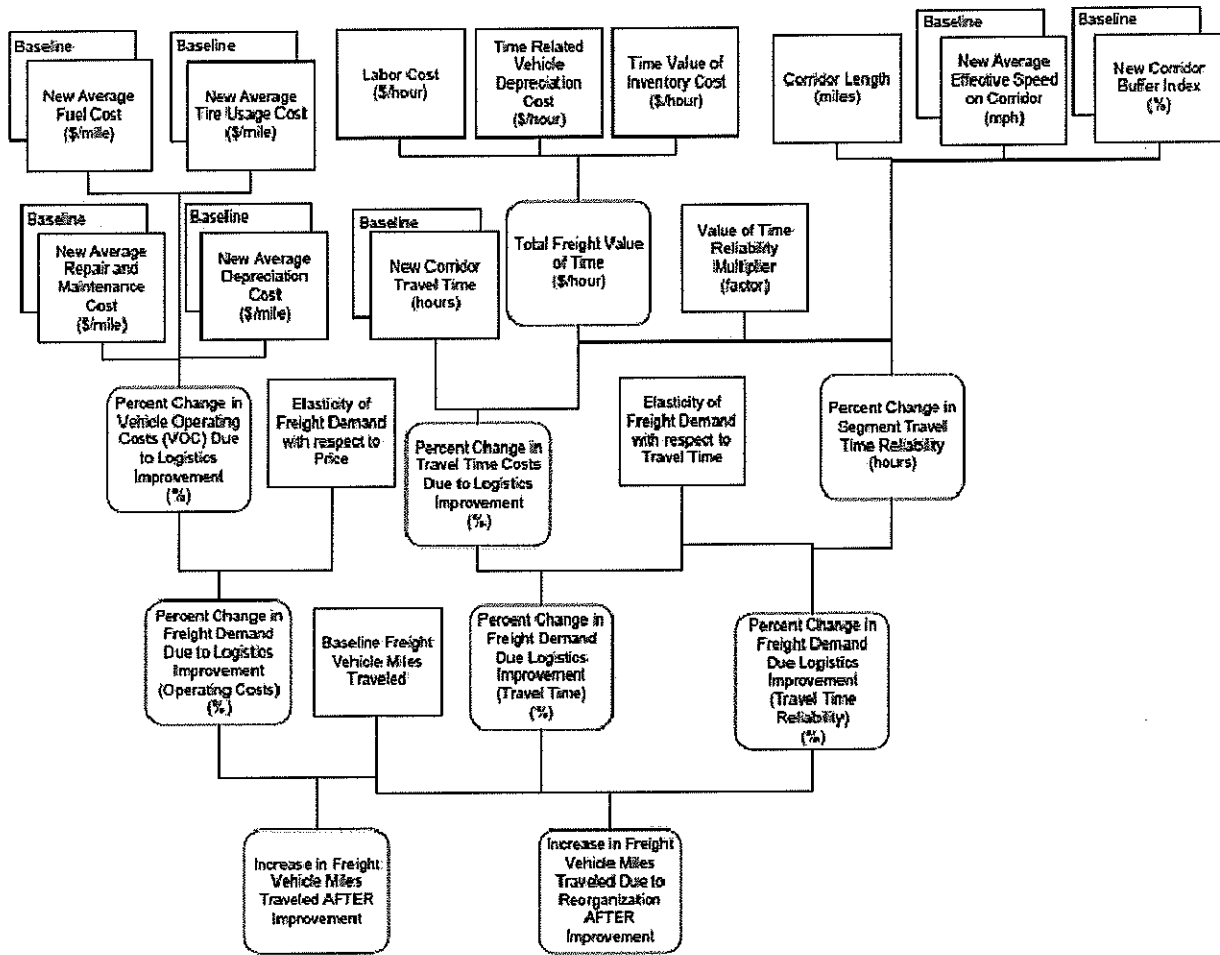
ECONOMIC ANALYSIS OF TRANSPORT LINKS-NODES-SERVICES



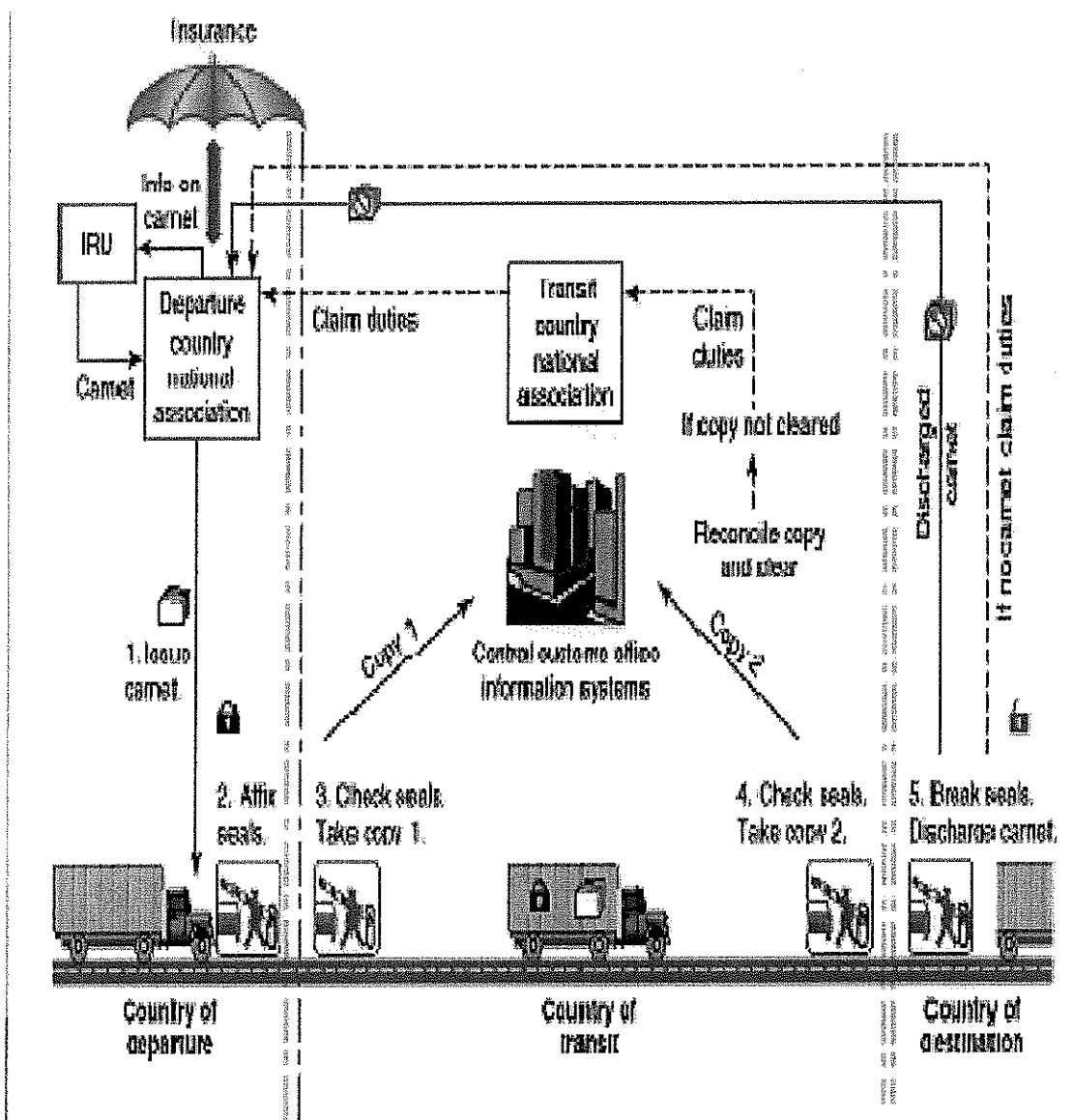
CHANGE IN TRANSPORTATION DEMAND DUE TO CHANGE IN TRADE DEMAND



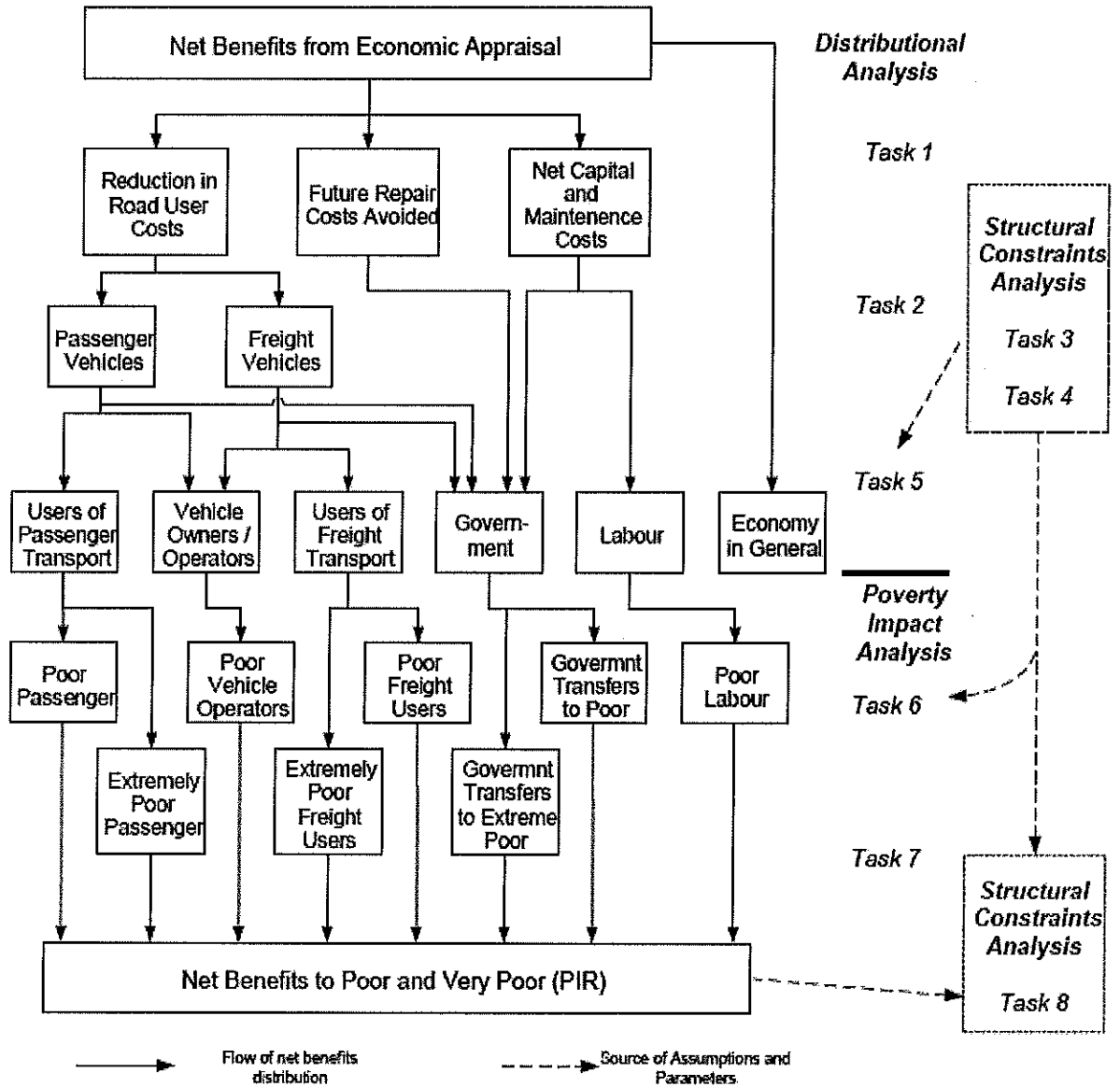
FREIGHT CHARGES MODELLING



MODEL OF REGIONAL TRANSIT FOR TRADE



SOCIO-ECONOMIC BENEFITS OF IMPROVED TRANSPORT SYSTEM



STATISTICAL DATA WILL BE REQUIRED ON THE BASIS OF ANNEXED
PROFORMA /QUESTIONNAIRES

QUESTIONNAIR# : BORDER CROSSING POINTS (BCPs) STANDARD CHARACTERISTICS

Sr#	BCPs STANDARDS	Current Situaton	Gaps	Remarks
1	Presents good image of a country			
2	It is user friendly			
3	It is safe and efficient			
4	Facilitate the movement of people			
5	Facilitate the movement of goods			
6	Ensure national security			
7	stops immigration			
8	stops migration			
9	stops prohibited imports			
10	stops prohibited exports			
11	Generate revenue collection to the potential			
12	Readily provide trade statistics			
13	Sanitary and phytosanitary measures are adopted			
14	Provide conducive environment			

Questionnaire # BCP STANDARD DESIGN AND LAYOUT UNDER GATT ARTICLES V, VIII AND REVISED KYOTO CONVENTION

Sr#	BCPs STANDARDS	Current Situaton	Gaps	Remarks
1	Wider approach road			
2	Multi entry and exit traffic lanes			
3	Check booths in each lane built to the height of a truck			
4	Segregated import and export transshipment areas			
5	Segregated vehicle traffic lanes			
6	Segregated bus pasenger lanes			
7	Segregated pedestrian lanes			
8	Extra lanes to cater perishable products			
9	Extra lanes to cater near future demand			
10	X-Ray Scanners and latest weighing machines			
11	Integrated administrative building to provide one window operation			
12	Risk management system			
13	Combined border management			
14	Customs to customs coordination			
15	Greater custom to business participation			
16	Efficient entry based risk management			
17	Efficient post clearance audit (PCA)			
18	Facilities for canteens and rest areas			
19	Quik cargo inspection and testing laboratories			
20	All time availability of sniffer dogs			
21	Authorized Economic Operator Scheme (AEO)			
22	Check booths on entry and exit lanes are linked to passport, road transport, immigration and customs databank which allows customs to use risk management, red and green channel selection in future			
23	Weighing machines which also measures dimensions and transmit data to central databank allowing end to end checking			
24	Fixed tunnel and mobile X-Ray scanning machines linked with central data bank			
25	Vehicle number plate scanner linked to road transport database to to get a security check on the truck company and a road worthiness check on the truck			
26	Control room complete with CCTV and accommodation for multi-agency staffs			
27	SPS facilities including disinfection facility			
28	Geographic, topographic and climatic factors well taken into account			
29	Safe and secure working environment			
30	Environment friendly BCP desing			
31	Extra land for future expansion			

QUESTIONNAIRE : KEY FEATURES OF DRYPORT

SR#	Features	Current Situation	Gaps	Remarks
1	Modes served			
2	Environmental Concerns / benefits			
3	Potential for model shift			
4	Type of ownership			
5	Operational arrangements			
6	Government Policy			
7	Government Incentives			
8	custom clearance services			
9	Maintenance services			
10	Storage services			
11	forwarding services			
12	Reduce risk for road accidents			
13	May serve as a depot			
14	Warehouse service			
15	Loading and unloading facilities			
16	Handling services			
17	Effective monitoring system			
18	INSTITUTIONAL			
19	Promote efficiency among transacting partners			
20	Minimize distributional conflicts			
21	Monitor compliance			
22	Improve operational efficiency			

QUESTIONNAIRE : KEY FEATURES OF DRYPORT

Sr#	Features	Current Situation	Gaps	Remarks
1	Reducing total transport expenses;			
2	Shift from road to rail transport, which is more			
3	Connecting cargo handling from the port with other types			
4	common transport centre;			
5	Strengthening the ports in transport chains;			
6	Strengthening multi-modal solutions;			
7	Reducing the use of expensive, centrally located areas in			
8	The seaport get a larger hinterland and can therefore			
9	advantage, because the seaport now can store a larger			
10	Possibly avoiding traffic bottlenecks, which give less			
11	near the harbour area, due to the fact that a modal			
12	Reducing local environmental problems in the cities;			
13	Integrating port areas with the cities.			
14	Especially in Less Developed Countries (LDC's) the			
15	hinterland can be beneficiary for an area in form of			
16	affected area.			
17	The possibility of speeding up the customs clearance			
18	transferred overseas can be gained by establishing dry			
19	conduct customs clearance.			

QUESTIONNAIRE # ANALYSES OF DRYPORTS

Competitive strength		
Dry port productivity	Indicators	Returns profit to the companies at the dry port.
	Measures:	Infrastructure, subsidies, services
Dry port attractiveness	Indicators	Number of customers, investors
	Measures:	Infrastructure, marketing, European platforms
Dry port efficiency	Indicators	Cooperation level
	Measures:	Development agency, eLogistics
Dry port potential	Indicators	Capacity loading, all relevant harbour facilities available
	Measures:	Area management, training programs, dry port development groups

ANALYSES OF DRYPORTS

Economic environment		
Dry port productivity:	Indicators	Tax receipts
	Measures:	Establishment policy, creation of corridors, intermodal supply chains
Dry port attractiveness	Indicators	Number of business and commercial relations
	Measures:	Creation of business relations, marketing, communication of capabilities, cooperation with other institutions and companies
Dry port efficiency:	Indicators	Number of decision levels
	Measures:	Creation of business processes and administrative processes, eGovernment
Dry port potential:	Indicators	Working group activities
	Measures:	Implementation of working groups, public private partnership, logistics council
Labour market effects		
Dry port productivity	Indicators	Jobs, development of the region in general
	Measures:	Job exchange, spin offs, multipliers
Dry port attractiveness:	Indicators	Wage levels
	Measures:	Organisational development, staff development
Dry port efficiency:	Indicators	Hits jobs exchange
	Measures:	Job firms, exchange of employees
Dry port potential:	Indicators	Training jobs, courses
	Measures:	Create cooperation business education, dry port development

QUESTIONNAIRE # ANALYSES OF DRYPORTS

Ecological impact		
Dry port productivity	Indicators	Emission reduction levels
	Measures:	Strategic environmental program, waste management concepts
Dry port attractiveness:	Indicators	Intensity of communication activities
	Measures:	Ecological reporting, green sponsoring, less congestion in inner city areas
Dry port efficiency:	Indicators	Number of information points
	Measures:	Environmental information systems
Dry port potential:	Indicators	Annual improvement rate
	Measures:	Environmental management and audit scheme, green training courses.

QUESTIONNAIRE # ANALYSES OF DRYPORTS

Social and Environmental Development		
Dry port productivity	Indicators	Number of sick persons, expenses for social sponsoring
	Measures:	Strategic social program
Dry port attractiveness:	Indicators	Intensity of social activities
	Measures:	Social reporting, participating in Agenda 21 activities
Dry port efficiency:	Indicators	Number of contact persons, existence of a supporting business process
	Measures:	Social information systems
Dry port potential:	Indicators	Training jobs, courses
	Measures:	Qualification programs, participating in dry port

QUESTIONNAIRE # VEHICLE OPERATING COST

Description of Expenditure		Cost/Km (Rs.)	Proportion (%)	
1	Depreciation			
2	Fuel Cost			
3	Engine and General Maintenance			
4	Tyre Cost			
5	Lubricant + Filters			
6	Rents ,Utilities and Token Tax			
7	Salaries and Administartion Cost			
8	Misc. Expenditure			
Total Cost Rs.				

QUESTIONNAIRE # VEHICLE OPERATING COST

Capital Cost

*Price of truck (Rs.)	Type of truck / container	Depreciation cost/ year (Rs.)	Depreciation cost/year (Rs.)

* Price is without tyres cost and Slvage value

Fuel Cost

Fuel price/Kg (Rs.)	Type of truck / container	Kg/km (Rs.)	Cost/Km (Rs.)

QUESTIONNAIRE # VEHICLE OPERATING COST

Cost of Lubricants and Filters

Item	Unit	Rate/Unit (Rs.)	Changing Interval (Km)	Total Requirement	Total Cost (Rs.)	Total Cost/Km (Rs.)
Engine Oil						
Gear / Transmission Oil						
Rear Axle Reducing Oil						
Steering Gear Oil						
Clutch Fluid						
Oil Filter						
Fuel Filter						
Air Filter						
Air Drier						

QUESTIONNAIRE # VEHICLE OPERATING COST

Rent and Utility Costs

Total no of trucks

Items	Total Cost/Year	Total Cost /truck/Year (Rs.)	Total Cost/Km (Rs.)
Depots			
Head Office			
Electric and Water			
Token Tax			
Route Permit Per truck			
Vehicle Inspection fee Per truck			

QUESTIONNAIRE # VEHICLE OPERATING COST

Salaries and Administration Costs

Description	Salary/Month	Total Qty (No.)	Total Cost /Month	Total Cost/truck /Month	Cost/Km (Rs.)
Drivers (with commission 2.5%)					
Collectors / Conductors (with commission 2.5%)					
Inspectors / Checkers					
Workshops					
Head Office					
Supervisors/Time Checkers					

TABLE: DETAILS OF FREIGHT TRANSPORT

Customer:		
Job:		
Distance:		
Time taken:		
Cost information per vehicle		
Time related cost		
Time cost per day (from Figure 5)		
Mileage related cost		
Cost per mile (from Figure 5)		
Total		
Job specific costs		
Reload charge		
Total cost		
Operating margin (% profit)
Desired rate		
Total job cost		

TABLE: DETAILS OF FREIGHT TRANSPORT

1. Name of customer:			
2. Details of job (include any special features):			
3. Size of truck required		15. Return load time cost	
4. Estimated days/hours for job		16. Return load distance cost	
5. Estimated trip miles		17. Return load specific costs	
6. Market/competitor rates (if known)		18. Total return load costs	
7. Anticipated time cost of job		19. Total round trip costs (10 + 18)	
8. Anticipated distance cost of job		20. Return load revenue	
9. Job specific cost:		21. Minimum required outward revenue (19 - 20)	
Substance			
Bonus			
Tolls			
Ferry			
Other			
10. Total cost of job (7 + 8 + 9)		22. Actual revenue (i.e. actual price paid by the customer)	
11. Target margin		23. Actual time-related costs	
12. Target revenue (10 + 11)		24. Actual distance-related costs	
13. Target rate		25. Actual job-specific costs	
14. Agreed rate		26. Actual profit or loss (22 - 23 - 24 - 25)	

Notes

- a) You will often find that a job will be completed with some hours in the day left over. These hours will be costing you money. You will need to decide whether you can use them for something else. If not, can those hours be charged to the job without making you uncompetitive?
- b) Where a return load is involved, it is important that you cost the whole round trip, allowing for the revenue you are likely to earn for the return and deciding how much to allow against the outward job for which you are quoting.
- c) When you are allocating costs in lines 7, 8, 15 and 16, don't forget when using the appropriate figures from Table 4, if possible to substitute your own costs where they are different.

Based on: Fish, B. H. 'Know Your Costs. Costing and Management Accounting for Road Haulage Operation'. March 2005.

QUESTIONNAIRE : DETAILS OF FREIGHT TRANSPORT

SR#	Head of Cost	Cost in Rupees
	Haulage revenue (own vehicles only)	
	Distance related costs	
	Fuel and lubrication	
	Tyres	
	Spares	
	Outside repairs	
	Total distance related	
	Time related costs	
	Drivers' wages and NIC	
	Depreciation (vehicles)	
	Licences	
	Insurance:	
	Job specific costs	
	Drivers' subsistence	
	Special bonus payments	
	Tolls and ferry charges	
	Total job related	
	Total operating costs (B + C + D)	
	Gross profit own vehicles (A - E)	
	Revenue from subcontractors	
	Less paid to subcontractors	
	Gross profit on subcontract	
	Total gross profit (F + G)	
	Overheads as schedule	
	Net profit (H - I)	

QUESTIONNAIRE # RESPONSE OF FREIGHT FORWARDERS TO TRAFFIC CONGESTIONS / ISSUES

DESCRIPTION	Current Situation
Operational measures	
Earlier departure of trucks (and later return)	
Delivery at an earlier time	
Use of more trucks	
Use of back up trucks	
Tactical measures	
Broadening of planning horizon	
Use of night distribution	
Use of planning software	
Strategic measures	
Consolidation of transport-networks with other transport companies	
Strategic cooperation with other transport	
Design of new and innovative logistics concepts	

TRADE FACILITATION BENEFITS

Benefit to Government	Benefit to Trader
<ul style="list-style-type: none">• Increased effectiveness of control methods• More efficient deployment of resources• Correct revenue yields• Improved trader compliance• Encouragement of foreign investment• Accelerated economic development	<ul style="list-style-type: none">• Lower costs and reduced delays• Faster customs clearance and release through predictable official intervention• Simpler commercial framework for doing both domestic and international trade• Enhanced competitiveness

Source: Economic Commission for Europe (ECE), 2002.

DETAIL OF COST ESTIMATES

Table1 : Photo Graphic Survey Equipments

Sr#	Item	No	Estimated Cost in Rupees
1	Digital handcam camera and other accessories	1	100,000

Table2 : Books and Secondary Data Sets Required

Sr#	Item	No	Estimated Cost in Rupees
1	WDI and IFS CDs (one each)	1	200000
2	Transport Economics, 4th Edition by Susan Grant	1	50,000
3	Transport Policy (Hobert Paper) The Myth of Integrated Transport Planning	1	15,000
Total			265,000

Table 3: Softwares For Data Analysis

Sr#	Item	No	Estimated Cost in Rupees
1	E-Views Version 8	1	55,000
2	HDM-4 For VOC	1	150,000
3	SPSS	1	30,000
Total			235,000

Table 4: Research Equipments for dissemination of research

S.No	TYPE	NO.	Unit Price	AMOUNT
1	Laptops(Core i-7)[Dell]	6	97,405	584430
2	Printers (HP)401-A	6	27,000	162000
3	Multimedia(Sony)	1	52,635	52635
4	Photocopier	1	100,000	100000
5	High Speed Scanner	2	15,000	30000
6	LED 42 inche	1	75,000	75000
7	Server (Core i7) with LCD	1	100,000	100000
8	Fire wall	1	120,000	120000
9	Fiber Internet Connection	Lumsup	100,000	100,000
10	Networking and others	Lumsup	100,000	100,000
11	Wood Works (Tables, Chairs,	Lumsup	200,000	200,000
12	Softwares / drivers	1	70,000	70000
Sub-total				1,694,065
Contingencies (5% of Sub-total)				84,703
Total				1,778,768

Table5 : TA / DA of Survey Team

	Rate Per			
	Day (Rs.)	No	Total Days	Total in Ruppes
TA / DA of Officer (BS-20)	2050	1	4	8200
TA / DA of Officer (BS-17)	1600	2	24	76800
TA / DA of Driver (BS-5)	450	1	24	10800
TA / DA of Naib Qasid (BS-5)	400	2	24	19200
Total				115000

Table6: Operational Expenditures of Survey

Sr #	ITEM	Qty.	Total in Rupees
1	POL	Lumsup	15000
2	Hotel Charges of Survey Team	Lumsup	345000
3	Stationary Items	Lumsup	5000
Total			365000

Box 3.1: Types of (Sub)regional Corridors and Suggested Framework

Type of Corridor	Suggested Framework for Action
Transport corridor	<p>Cross-border transport agreement covering</p> <ul style="list-style-type: none"> (i) single-stop/single-window customs inspection; (ii) cross-border movement of persons (i.e., visas for persons engaged in transport operations); (iii) transit traffic regimes; (iv) exchange of commercial traffic rights; and (v) harmonization of standards
Logistics corridor	<p>Agreements on logistics services:^a</p> <ul style="list-style-type: none"> (i) core freight logistics services, (ii) related freight logistics services, and (iii) non-core freight logistics services.
Integrated trade facilitation corridor	<p>Agreements on</p> <ul style="list-style-type: none"> (i) customs harmonization, (ii) inspection and quarantine (sanitary and phytosanitary [SPS] measures), (iii) risk management, (iv) post-clearance audit, and (v) mobility of business people.
Economic corridor	<p>Strategy or action plan that covers the following:^b</p> <ul style="list-style-type: none"> (i) integrated infrastructure (multimodal transport, cross-border container transport, upgrading rail and road systems, constructing missing links, rural electrification along border, regional power planning, regional power trade, building regional power grid, etc.); (ii) trade and transport facilitation (standard trade valuation system, third party logistics, cross-border movements, standardization of trade documents, import facilitation, single-stop customs inspections, exchange of traffic rights, multi-entry visa arrangements, etc.); (iii) investment (joint industrial investment promotion program, establishment of logistics centers, creation of border economic zones, etc.); (iv) tourism (joint tourism marketing, tourism promotion with selected themes and routes such as Buddhism and/or Muslim pilgrimage tourism, overland tours, sustainable tourism, etc.); and (v) private sector development (industrial parks, border trade promotion and outreach events, supply chain management of selected products, and role of private sector in power trade, telecommunication, and tourism).

^a United Nations Conference for Trade and Development (UNCTAD), 2005.

Executive Summary

1. National Trade Corridor Improvement Programme (NTCIP) of the Government of Pakistan emphasizes on modernizing and strengthening of Trade and Transport Logistics of the Country. The framework to improve the North - South Corridor takes a holistic and integrated approach to reduce the cost of doing business in Pakistan by improving trade and logistics chain and bringing it up to the international standards.
2. The overall aim is to enhance regional connectivity for improving links to Central Asian States, Iran, Afghanistan and India and to focus on the challenges and opportunities arising out of the expanding trade regime across the National Trade Corridor. According to an estimate, losses on account of inefficiencies in this sector are costing the economy Rs 150* billion per annum. In order for Pakistan to compete regionally and internationally, modernization of the entire Road Freight Sector with particular emphasis on Trucking Sector modernization is required as our dependence on road freight is almost 96% of the total ton/km and is growing fast.
3. In view of the targets given to the Trucking Sector in NTCIP, MOIP&SI /EDB carried out a year long exercise to interface with the stakeholders and to find out ways and means to achieve the targets for making Pakistan a regional hub for international trade and to facilitate expanding trade volume. In addition to this, excessive discussions have been undertaken to streamline the vehicle Registration Issues and Motor Vehicle Examination functions and implement effective control of overloading through enforcement. Achieving fuel efficiency & saving road assets by replacing obsolete 2-axle and 3-axle rigid trucks have also been the subjects requiring attention for a properly structured Trucking sector.
4. During the course, tariff rationalization was also taken up to encourage introduction of modern prime movers / multi-axle, euro standard Trucks and a long term Policy with pre-announced tariff regime was firmed up to provide a predictable and transparent investment environment.
5. In pursuance of the targets envisaged in NTCIP relating to Modernization of the Trucking Sector, the Ministry of Industries, Production & Special Initiatives has formulated this comprehensive Policy with due consensus of the stakeholders.
6. The objective of this policy document is to reform and promote an integrated, enduring and sustainable Modernization of the Trucking Sector in Pakistan with a holistic approach. Instead of dealing with each subject and in isolation, the following cross sectional and cross cutting subjects relating directly or indirectly to Modernization of the Trucking Sector in Pakistan have been incorporated in the policy:
 - Industry Status for Trucking Sector
 - Motor Vehicle Registration (MVR)
 - Motor Vehicle Examination (MVE)
 - Axle Load management
 - Drivers Training & Re-training / Licensing & Re-licensing
 - Trans Freight Stations/Modern Cargo Handling Facilities
 - Trailer Manufacturing and Registration
 - National Standards and Specifications for Trucks and Trailers
 - Industrial Estates for Truck/ Bus Body Makers.
7. Lack of recognition of trucking sector by the financial Institutions for lending as creditable customers has surfaced as a core issue of this sector. Out of the current population of nearly 209,000 registered trucks in the country almost 65 - 70% are double axle rigid trucks and the sector is dominated by small ownerships, comprising of old trucks which are fuel

**World Bank reported figures ,Break up: Rs 60 - 90 Billion/Year - Extra fuel cost, Rs 30 - 35 Billion / Year - Additional, Road User cost Rs 25 Billion /Year-Contribution to the infrastructure deficit*

EXECUTIVE SUMMARY

inefficient with tendency of overloading. For efficient transportation, there is a growing demand for Prime Movers and Multi Axle Trucks/ Trailers which have a positive bearing on the modernization and development of lateral and downstream industries.

8. The Freight Forwarding activity has already been declared as an industry by the government in the year 2005, which covers the soft part of the trucking operations. Therefore in order to encourage fleet operations Trucking Sector has been declared as an "Industry" by the GoP. Industrial status will facilitate the Trucking Sector on account of:

- i) Lending by commercial banks to the trucks/ fleet operators, hassle free and at competitive rates.
- ii) Insurance companies gearing-up to provide cover to the trucking sector.
- iii) Extending the necessary tax incentives to the sector.
- iv) Utilities would be available at industrial rates instead of commercial rates.
- v) Helping the trucking sector to organize itself on a platform through establishing a National Chamber or a Federation.
- vi) Attracting the much needed foreign investment in the formal fleet operations.

9. The policy framework provides for the encouragement of fleet operations through incentives, which will improve the scale of operations, equipment and ensure better returns to the operators.

Motor Vehicle Registration System (MVRS)

10. The vehicle registration system is a repository that contains data and information which several stakeholders require and need to access for efficient functioning in their respective domains. The registration system is a functional domain of the Motor Registering Authority (MRA) of the Excise and Taxation Departments (E&TD) falling under various Provincial Governments.

11. MVRS is important, not only for the direct functioning of the E&TD but also for other stakeholders that need to interact with the system in the proposed integrated environment. The capability to access data

and to be interactive, enables the registration system to become more accurate, reliable and meaningful. Although MVRS have been computerized in various provinces but there is no coordination and connectivity between Provinces and Federal Government agencies.

12. The emerging complexities of the current environment demands an integrated framework that should therefore be able to manage large and fast growing vehicle population and serve the wider requirements of relevant stakeholders.

13. The GoP has therefore approved the creation of a "Central Data Repository" (CDR) without infringing on the provincial domains through a mechanism that brings in the Federal role and positions the Provincial Registration Systems to contribute to the wider national needs such as those of the National Trade Corridor.

14. A detailed operational mechanism of CDR has been clearly defined in Chapter-5. Federal CDR would be established by Ministry of Communications through NADRA in consultation with the Provincial Transport Departments. The Government has consented to house the Federal CDR at NADRA.

Motor Vehicle Examination (MVE)

15. In the context of "Modernizing the Trucking Sector", regular fitness testing of vehicles and certification for road worthiness is an essential component of road and environment safety. The legal basis for motor vehicle fitness examination and fitness certification exists in Motor Vehicles Ordinance 1965, under Rule 35 of Motor Vehicle Rules 1969. Beyond the legal requirement, there is complete absence of any detailed operational standards or an effective regulatory framework that can manage modern day requirements and compliance with international standards of vehicle fitness testing and certification. Currently, vehicle fitness certification i.e. periodic requirement for Inspection and Certification applies only to commercial vehicles. Even with these vehicles the certification function is no more than an

EXECUTIVE SUMMARY

eye wash. The Motor Vehicle Examiners are neither trained nor equipped for the function of testing and certification and the provincial systems are not harmonized.

16. Introduction of effective Vehicle Fitness Testing and Certification applicable to all categories and classes of vehicles in Pakistan was therefore proposed in this policy document which was duly approved by GoP. In the context of modernizing the Trucking Industry, in particular, an early start is required to address the category of heavy vehicles as this category poses the highest compromises to road safety.
17. The function of Motor Vehicle Examination shall be revamped by introducing vehicle fitness testing regime with a graduated implementation and enforcement approach. Establishment of dedicated and certified workshops/fitness testing stations can be undertaken as the Public - Private Partnership Projects or complete outsourcing of the fitness facilities could be looked into .
18. With the implementation of the new regime, the Motor Vehicle Examiner, with an enhanced capability and capacity, would takeover the roles of regulation, inspection, investigation and monitoring. In this context, a set of uniform standards and inspection procedures shall be introduced in all the Provinces and District Transport Departments/ MVEs.
19. Ministry of Communications/ NTRC shall undertake a project in consultation with Provincial Authorities to revamp and strengthen MVE to carry out licensing/ accreditation and periodic inspection of the Vehicle Fitness Stations (VFTS) along with standardizing inspection procedures in all Provinces and defining standard criteria for designated workshops or VFTS.

Axle Load Management

20. The illegal Modification of trucks in the back street markets and low freight rates due to unhealthy competition encourages overloading which results in road damages and causes accidents. According to an estimate, 30% of the 2, 3 axle trucks are overloaded while 40% of 4, 5 and 6 axle trucks are overloaded. Road deterioration and damages due to overloading are

imposing huge infrastructure maintenance cost as well as slow travel times and high fuel costs. It is therefore proposed that strict implement of the "Axle Overload Control Regime" in accordance with the National Highway Safety Ordinance 2000 should be ensured. The implementation of the permissible load limits as defined by NHA shall be enforced.

21. In addition to the above, following measures shall further be taken to ensure strict enforcement of axle load regime :
 - i) Weigh-bridges near loading points of goods and at entry points of Highways and Motorways. (NHAs phase wise programme to ensure the same).
 - ii) NHA to access truck data from the Provincial MVR/ CDR.
 - iii) Weighbridges also to be established at the Trans Freight Stations.

Drivers Licensing/Training

22. There is a complete lack of system to regulate learning, testing and licensing. The holder of driving license generally poses a danger, both to his own life and to the life and property of others. As the vehicle population increases and with it unqualified drivers, ever increasing speeds on an improving network of roads and highways are creating great risk to life and property then ever before.
23. There is an urgent need to revamp the Driver Licensing System in Pakistan. Also in the context of Modernization of Trucking Sector, the subject of licensing the truck drivers, appropriately trained for driving modern vehicles on national and international highways needs to have a proper and systemized approach to re-train and re-license the existing population of almost 0.2 million drivers.
24. For this, establishment of accredited, approved, well equipped driver training schools for truck drivers, having modern training systems and techniques to cater to the modern day demands of driving on the National Trade Corridor in accordance with international norm and standards have been approved by GoP under the Trucking Policy.
25. Ministry of Communications/ NTRC in collaboration with NAVTEC and TEVTA

EXECUTIVE SUMMARY

shall implement the above proposal. Interested local OEM's will be encouraged to participate in setting up Driver Training Schools. NLC, which has presently got a well established set up of drivers training shall be brought into the loop and their facilities to be opened up for training of other drivers. Existing Driver Licensing Laws, Rules and Regulations shall be Reviewed and harmonized by NTRC.

Trans Freight Stations

- 26 Presently, there are no specified in-transit Parking and waiting areas of trucks, as a consequence of which the periphery and all major cities are cluttered and choked with a growing expanse of disorganized parking and waiting areas.
- 27 Introduction of dedicated, multi purpose parking and resting facilities for trucks and drivers referred to as "Trans Freight Stations" (TFS) at locations close to the main cities have been approved by GoP on Federal Roads. Provincial Governments may decide the matter as they deem fit. The 'TFS' would be a logical facilitation point or hub for providing 'Single Point' for truck operations, by having all the possible support infrastructure like registered and authorized workshops, service stations, storage facilities, MVE and MVR etc. Conceptual layout of TFS has been detailed in Chapter-7.
28. Opportunities such as these would also attract local and foreign investors to the truck fleet operations. Land for the TFS shall be provided by Provinces at suitable locations close to main cities. These 'TFS' would be established by National Industrial Parks Management & Development Company (NIPS) and would be managed through Public/Private partnership - MoIP&SI would be the focal point.

Trailer Manufacturing and Separate Trailer Registration

29. For encouraging the local trailer manufacturers, the GoP has already provided exemption of sales tax to local

trailer manufacturers registered with EDB as they import CKD Kits under SRO 656 (I)/2006. To further streamline this sector, separate registration of trailers is being proposed in the Trucking Policy. Non Registered Trailer Manufacturers in the informal sector would require to get registered within next four years. Ministry of Communications shall coordinate with the Provincial Registration Authorities to enforce the following:

- i) Trailer manufactures to provide chassis number stamped on the trailer frame.
- ii) The number to be on record of the Registering Authority as a Vehicle Identification Number.
- iii) Implementation of the decision and provision to display two number plates, distinct in color, on the rear back of the last trailer.

National Standards and Specifications for Trucks / Trailers/ Semi Trailers

30. While firming up the Trucking Policy to modernize the present trucking fleet, issue of absence of National Standards and Specifications emerged as an important core area requiring immediate attention. National Standards for LCV's, HCV's and Trailers/ Semi Trailers have therefore been drafted by EDB/ MoIP&SI through active participation of OEM's and Auto Sector Experts. PSQCA shall implement and enforce these standards after adoption.

Industrial Estates for Truck/Bus Body Makers

31. Truck body making activity is being carried out in a fragmented and unorganized manner at various clusters throughout the country. In order to streamline this activity, establishment of Truck/Bus Body Making Industrial Estates is recommended in the Trucking Policy. NIPS shall establish a Model Industrial Estate at Lahore. An Action Plan would be prepared by NIPS for establishing such Estates in other clusters in various cities of the country.

Industry Status For Trucking Sector

3.1 Section - I Background

The trucking sector of Pakistan is operating in a highly competitive environment, consisting mainly of a very large informal and un-organized segment. Low quality of service is seriously impeding Pakistan's trade competitiveness at both the internal and external levels. On the domestic front, an unhealthy and intense internal competition prevails in the sector compelling it to operate at very low profits. The sector generally comprises of very small fleet ownership except for a few firms which are regular fleet operators. Single ownership of old, obsolete Bedford trucks is a common phenomenon which cannot be overcome in the present environment as with increasing fuel prices and

competition, the sector becomes more & more marginalized. The concept of informal financing with 100% interest rates constrains the driver-owner to switch over from the old Bedford and other obsolete trucks to modern vehicles. The reason for the lack of access to banking sector finance by investors and entrepreneurs is the lack of recognition of the Trucking Sector as a credible and documented sector of the economy. For efficient transportation, there is a growing demand for Prime Movers and Multi Axle Trucks/ Trailers which have a positive bearing on the modernization and development of lateral and downstream Industry.

3.2 Section - II Policy Recommendations

3.2.1 In this back drop, the Trucking Policy declares this sector as an "Industry". The Freight Forwarding has already been declared as an industry by the Government in year 2005 which covers the soft part of the trucking operations.

3.3.2 Giving Industrial status to the trucking sector will not only encourage fleet operations but would also enable facilitating the sector on account of:

I. Lending by commercial banks to the trucks/ fleet operators, at competitive rates.

- II. Insurance cover to the trucking sector.
- III. Relevant tax incentives becoming applicable to the sector.
- IV. Utilities obtained at industrial rates instead of commercial rates.
- V. Enabling the trucking sector to organize itself on a platform.
- VI. Attracting the much needed foreign investment in the formal fleet operations.

INDUSTRY STATUS FOR TRUCKING SECTOR

3.3.3 This step of giving industry status would be a positive move towards organizing the Trucking Sector and changing the current fragmented nature of the sector. The Trucking Policy further recommends the following additional incentives for this sector:

- Allocation of dedicated funding by State Bank of Pakistan / IFI's - 50% interest to be picked up by the GoP.
- Withdrawal of 1% Federal Insurance Fee and 5% Federal Excise Duty (FED) on gross

- Investment tax credit allowance of 15% be allowed to fleet operators for which eligibility criteria has been defined.
- National Freight and Logistics Chamber (NFLC) to be constituted to formally organize the Sector.

Eligibility Criteria of fleet operators

- Companies owning: 20-25 Trucks (Imported used Trucks)
OR
- Companies owning: 10-15 Trucks (new Trucks)
- Capacity (GVW): 280 HP(28-30 Tons) and above.
- Engine : Euro-II (At least 25% of Fleet)
- Mandatory Vehicle Tracking System
- Registered with NFLC

3.3.4 These incentives shall be finalized after due consultation with the Finance Division.

3.3.5 Implementation

MoIP&SI to notify the Industry status of the Trucking Sector as approved by Economic Coordination Committee (ECC) of the Cabinet in their decision.

REPORT OF TRANSIT TRAFFIC PRACTITIONER'S COMMITTEE

1. Introduction

In pursuance of the decision of 4th Meeting of Steering Committee for Trade and Transport Facilitation Project (TTFP-2) held on 27th December 2007 a Committee comprising the following was constituted to identify bottlenecks in smooth flow of transit traffic to/from Afghanistan and Central Asian Republics (CARs) and propose measures for its streamlining:

Mr. Firdaus Alam, Joint Secretary Ministry of Communications, Islamabad	--	Chairman
Syed Irtiqa Ahmed Zaidi, Project Director TTFP-2 Ministry of Commerce, Islamabad	--	Member
Deputy Secretary (Administration) Ministry of Ports & Shipping, Islamabad	--	Member
Mr. Habib-ur-Rehman, Joint Director (Operations) Ministry of Railways, Islamabad	--	Member
Mr. Amir Muhammad Khan Murwat, Chief (Facilitation & Compliance) FBR, Islamabad	--	Member
Brig(R) G.A. Khan Niazi, Director NLC HQ Dry Port, Lahore	--	Member
Mr. Faiz Rasool Khan, VP & Life Member, FPCCI Peshawar	--	Member
Haji Nazir Ahmad, Director, Bashir Ahmad & Company, Karachi	--	Member
Mr. Yaqoob Sheikh, CEO, Pyramid Logistics (Pvt) Ltd, Karachi	--	Member
Major (R) Tariq Hayat Malik, Managing Director Pak Caspian Trade Links, Wah Cantt.	--	Member
Raja Shakil Ahmed, Managing Director, Pindi Carwan, Rawalpindi	--	Member
Mr. Javaid Mansoor, Executive Secretary, NTTFC, Karachi	--	Member/Secretary

2. The Terms of Reference of the above Committee are as under:

- a. To determine availability and suitability of vehicles for transport from Karachi Port and Port Qasim to Afghanistan and CARs, and suggest required improvements in the transport vehicles and system;
- b. To review the existing Customs Procedures at Torkhum and Chaman border crossings, arrangements for data exchange between Pakistan and Afghanistan Custom authorities, and propose measures for necessary improvements;
- c. To identify difficulties encountered in transportation of Cargo to Central Asian Republics through Afghanistan and propose measures for eliminating these difficulties;

- d. To identify bilateral/multilateral agreements that need to be entered into or improved upon to facilitate transit traffic to Afghanistan and Central Asian Republics (CARs); and
- e. To identify international conventions which need to be ratified/acceded by Pakistan to facilitate transit traffic to Afghanistan and Central Asian Republics.

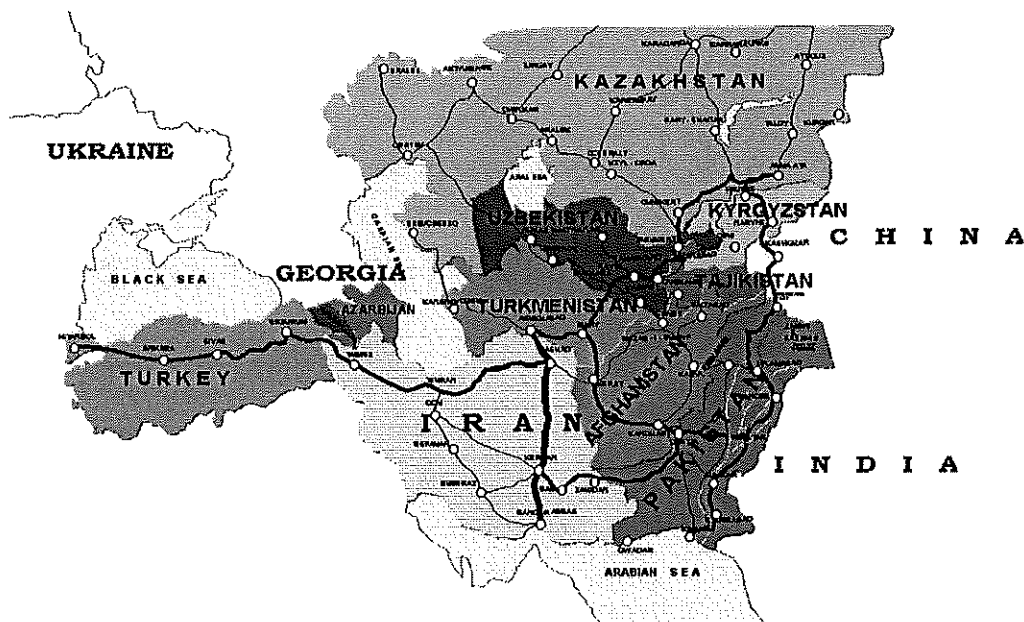
3. The Committee first met at Karachi on 6th and 7th May 2008. The list of Participants is attached as **Annex I**. Second meeting of the Committee was held on 24th October 2008. List of participants of the second meeting is attached as **Annex II**. During the intervening period Mr. Firdaus Alam retired and Mr. Altaf Asghar, Joint Secretary, Ministry of Communication assumed the charge as Chairman of the Committee. The Core Working Group constituted by NTTFC to look into the requirements for opening the land transit route between Pakistan and Turkey through Iran was also invited to join the second meeting.

4. On 6th May 2008 presentations were made by Capt. Tariq Masood, Manager Traffic, KPT; Syed Tanvir Ahmad, Additional Collector Appraisal, Pakistan Customs and Capt. Rashid Jamil, Chief Operating Officer, Karachi International Container Terminal (KICT). The Container handling facilities at KICT and Afghan Transit Shed at KPT containing the frustrated Afghan transit Cargo were also inspected. The information provided during the presentations was discussed in detail.

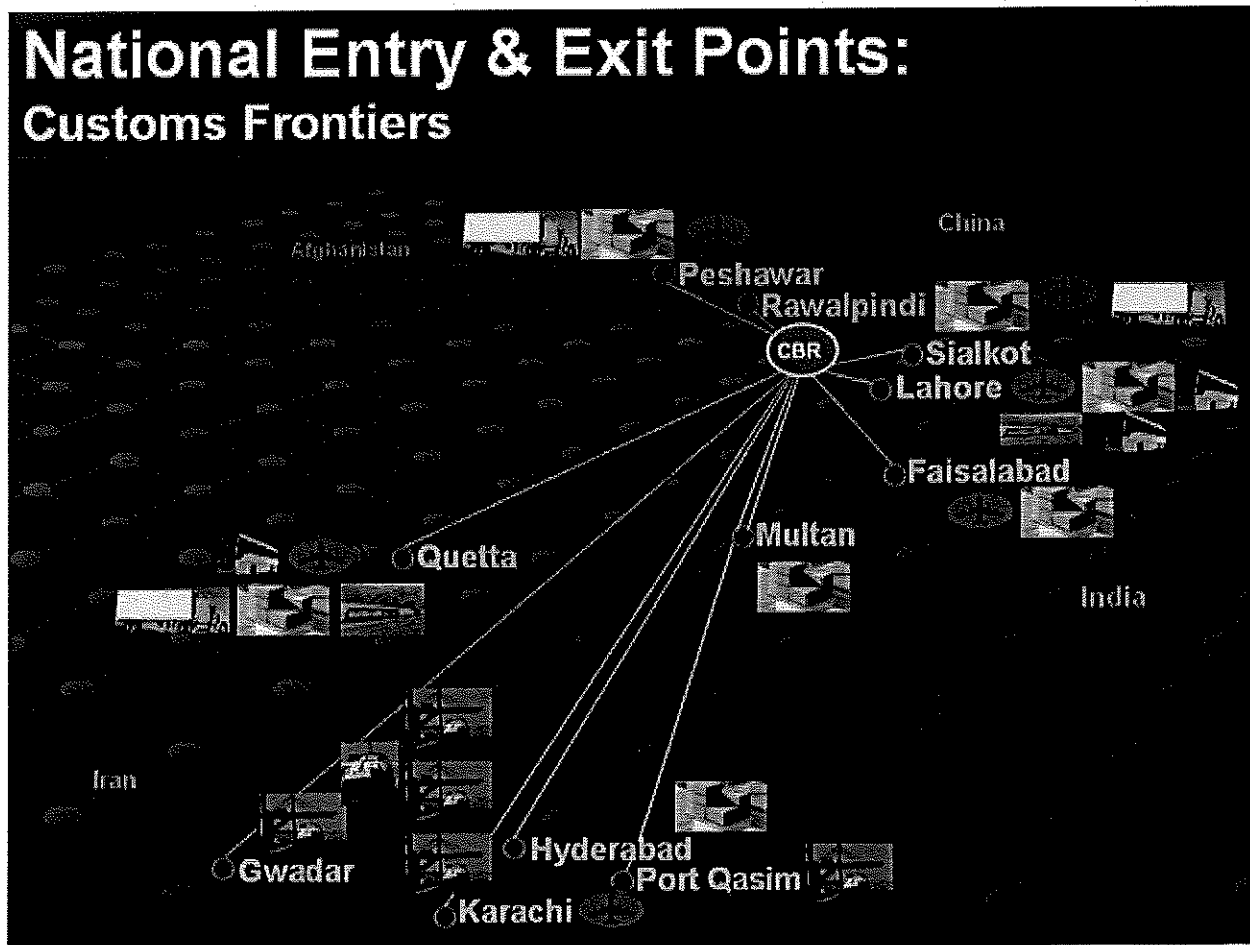
5. On 7th May 2008 the meeting was held in NTTFC Secretariat, Karachi under the chairmanship of Mr. Firdaus Alam, Joint Secretary, Ministry of Communications, where presentations were made by Mr. M. Shoaib Dogar, Deputy Director (Road Transport), Ministry of Communications and Mr. Javaid Mansoor, Executive Secretary, NTTFC. The main points emerging from the presentations and discussions subsequent to the presentations were circulated to members of the Committee as report of the first meeting for their review and comments to finalize the report in the second meeting.

6. Report of the first meeting was reviewed in the second meeting of the Committee held on 24th October 2008 and after detailed discussions the present report was finalized.

Map 1. Asian Highways through ECO Countries



NATIONAL ENTRY & EXIT POINTS: CUSTOMS FRONTIERS



DISTANCES WITHIN PAKISTAN

	Abbottabad	Bahawalpur	Bela	Chitral	D.I. Khan	Faisalabad	Gilgit	Hyderabad	Islamabad	Jhelum	Karachi	Kohat	Lahore	Larkana	Moen Jo Daro	Murree	Multan	Muzaffarabad	New Mirpur	Peshawar	Quetta	Rawalpindi	Saidu	Sargodha	Sialkot	Sukkur	Taxila	Thatta	Turbat
Abbottabad	832	1865	402	518	475	446	1508	122	224	1583	257	391	1282	1316	64	739	76	267	186	1593	116	262	364	333	1188	99	1606	2278	
Bahawalpur	1033	1091	389	330	1274	676	729	608	951	663	441	465	488	777	93	963	811	877	766	716	952	375	583	360	744	774	1447		
Bela	2124	1320	1363	2311	367	1762	1642	142	1692	1474	688	692	1812	1127	1891	1683	1916	536	1749	1845	1408	1616	673	1777	283	414			
Chitral	632	730	613	1766	361	482	1942	369	650	1556	1580	466	997	428	531	304	1857	374	216	622	592	1451	347	1965	2537				
D.I. Khan	270	970	962	396	398	1247	267	416	861	895	441	303	517	446	332	1162	376	491	277	507	756	373	1170	1842					
Faisalabad	921	1006	372	251	1181	533	143	796	819	420	237	486	295	519	1086	257	593	90	200	690	385	1104	1777						
Gilgit	1954	868	671	2129	703	838	1743	1767	510	1184	470	713	668	2044	563	399	811	791	1634	536	2227	2722							
Hyderabad	1405	1294	175	1339	1117	311	335	1455	769	1534	1328	1952	721	1362	1625	1051	1234	315	1418	98	771								
Islamabad	121	1586	185	298	1194	1218	53	636	129	169	167	1486	13	249	261	238	1088	40	1602	2172									
Jhelum	1460	282	167	1073	1698	171	515	249	48	268	1368	108	344	206	109	967	135	1381	2054										
Karachi	1514	1292	486	510	1630	945	1709	1503	1728	715	1667	1894	1228	1416	49	1596	101	566											
Kohat	550	1129	1152	237	570	311	330	64	1429	174	224	422	391	1024	146	1437	2094												
Lahore	936	830	339	348	417	211	436	1207	276	511	172	117	801	303	1215	1898													
Larkana	24	1244	558	1326	1117	1342	426	1181	1424	940	1024	105	1208	408	1081														
Moen Jo Daro	1268	933	1344	1141	1366	451	1205	1448	864	1048	129	1233	433	1095															
Murree	686	76	219	223	1546	63	222	311	280	1139	50	1553	2226																
Multan	764	959	793	859	623	959	282	465	454	656	967	1546																	
Muzaffarabad	285	229	1621	139	222	366	366	1216	166	1682	2305																		
New Mirpur	316	1411	156	392	254	149	1006	183	1419	2092																			
Peshawar	1643	160	159	408	378	1237	133	1651	2323																				
Quetta	1481	1718	1141	1324	406	1510	819	950																					
Rawalpindi	236	248	217	1077	27	1496	2163																						
Saidu	484	453	1313	209	1726	2396																							
Sargodha	212	739	275	1149	1822																								
Sialkot	919	245	1333	2005																									
Sukkur	1104	414	1696																										
Taxila	1510	2180																											
Thatta	697																												

Road Network of Pakistan

