

Trade and Transport Facilitation Audit Pakistan Country Report

2017



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1. Introduction and Background

Beginning largely in the 1980s, multilateral trade negotiations (under the aegis of GATT and later the WTO) and rapidly growing number of regional and preferential trade agreements have led to a progressive reduction in tariffs - both in the developed as well as the developing countries (Hoekman and Kostecki 2001). In South Asia, while there are still high tariff walls for many goods on the Sensitive List, tariffs have been significantly reduced owing to measures like the SAFTA (De 2014). The decline in tariffs and major improvements in logistics and communication technologies, have led to reduced trade costs and these have been key drivers of fragmented production practices (Ravenhill 2014). Such fragmentation—in the form of expanding global value chains (GVCs)—has meant that not only is trade in intermediate goods growing faster than the finished goods but also over half the manufacturing exports (US\$ 4.5 trillion or 51 percent of the total) are from the GVCs (Banga 2014). While participation in GVCs offers opportunities towards rapid and sustained economic growth, the same requires seamless flow of inputs (including intermediate goods) across geographies at reasonable costs and duration (Serieux 2014). In fact, formation and growth of regional GVCs hinges significantly on whether goods move seamlessly and if inputs are being obtained at by required production locations at globally competitive prices (Serieux 2014).

Although tariffs have been significantly reduced—meaning that part of trade-related transaction costs has declined—non-tariff barriers (NTBs) remain and are in fact considered a significant component of overall trade costs (Kowalski et al 2015). NTBs, routinely discretionary, are aimed at intervening trade flows and can take forms such as price control measures (administered prices and antidumping measures), finance measures (advance import deposit, cash margin requirements, advance duty payments), standards-related measures, licensing requirements (linked with local production, local content requirements) and seasonal prohibitions.¹ Furthermore, there are the often non-discretionary NTBs like cumbersome and weakly harmonized trade procedures, ineffective publication and dissemination of customs procedures, inability to meet standards and SPS-TBT requirements stipulated by the trading partner/s, weak trade logistics (like poor-quality roads, railways testing facilities) and unpredictable transit regime (WTO 2015). These largely addressable obstacles translate into delays, uncertainty and unpredictability—particularly so in developing countries—and raise trade costs which dent competitiveness and trade performance since costs of inputs going into production as well as that of exports goes up (Basnett and Razzaque 2014). Kowalski et al (2015) estimates that over 60 percent of trade costs emanate from non-tariff issues such as cumbersome trade procedures, transit access, weak deployment of ICT technologies in administering trade procedures and currency fluctuations.

Basnett & Razzaque (2014) observes that trade costs remain exorbitant in the region hindering not only intraregional trade which is among the lowest across regions globally (at about 5 percent of the region's total trade) but also formation of regional production networks (Serieux 2014). Trade costs within South Asia, on average, are 20 per cent greater than among country pairs within the ASEAN region and nearly 3 times higher than in the North American Free Trade Agreement (NAFTA) region (Basnett and Razzaque 2014). A number of studies evidence that key drivers of South Asia's significantly high trade costs are weak infrastructure (behind and beyond the border) pushing connectivity costs, poor information flows (publication and dissemination), difficulties in compliance to standards and SPS-TBT requirements, opaque and discretionary application of para-tariffs and inconsistent and unpredictable application of customs and border procedures (Rahman 2015; Basnett and Razzaque 2014; Hertel and Mirza 2009).

¹ Understanding Non-tariff Barriers, WTO (https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm9_e.htm)

Discussing Bangladesh-India trade, Sattar (2014) documents major delays and costs as goods pass via several states in India due to inappropriate dissemination of SAFTA concessions to Indian states. De (2014) suggests that excessive trade costs are also a result of corrupt practices such as soliciting informal payments. While SPS-TBT measures are aimed at securing health, such measures are deployed arbitrarily in the region creating significant unpredictability of trade procedures (Sri Lanka, for instance, has an import ban on tea on grounds of poor quality; Basnett and Razzaque 2014). On testing and certification, Taneja et al (2014) evidences that not only are testing facilities often not located at the respective customs point but the same are frequently poorly equipped which instead is a key factor in lack of mutual recognition of tests and certifications. Para-tariffs or special duties imposed upon imports and other discretionary NTBs further raise transaction costs in trade in South Asia (Sattar 2014). Adhikari and Kharel (2014) observe that transit-related delays emanating from poor port infrastructure makes the trade regime highly unpredictable and costly for landlocked countries in the region.

De (2014) finds that border procedures and documentation requirements in South Asia remain minimally harmonised and documents instances where goods are being inspected by different authorities at various points (on both sides of the border including in transit) instead of being inspected at loading and unloading points. De (2014) suggests that an effective national coordination agency that can coordinate among relevant ministries will be critical to lubricate trade and cut trade costs. While harmonization is a goal, some differences will nevertheless persist. Sattar (2014), hence, suggests that the information on trade procedures and policies needs to be published regularly and any changes in the rules need to be notified well in advance. Furthermore, such information should be frequently and swiftly exchanged among border officials (WTO 2015). Predictably, South Asian economies maintain better trade linkages with the other regions than their neighbourhood despite opportunities (Armstrong et al 2008; De, 2013).

Against the backdrop, studies have suggested that the region stands to benefit substantially from trade and transport facilitation reforms (Armstrong, Drysdale and Kalirajan 2008; Clark et al 2004; Sattar 2014). Such reforms focus upon simplification and harmonization of customs procedures (valuation, inspection, testing, and documentation among others), enhancing border cooperation (coordination, information sharing, infrastructure sharing), developing and improving infrastructure (roads, warehouses, testing and certification labs, deployment of ICT and single window solutions) and predictable and efficient transit mechanisms (WTO 2015). In the otherwise stalled Doha Development Agenda, the Trade Facilitation Agreement (TFA) came up in the 2013 Bali ministerial conference. The agreement emphasizes the need for not only greater research and analysis to prioritize reforms but also technical assistance to developing countries; that the latter should be provided Special and Differential treatment (S&D) in adoption of the trade facilitation reforms. Trade facilitation measures would include, for instance, mutual recognition of certifications and tests. A key mechanism in enabling mutual recognition and accreditation is upgrading of technical capabilities among personnel and physical infrastructure both of which remain weak. At the regional level, initiatives like the South Asian Regional Standards Organisation (SARSO) Dhaka is a step in the right direction.

Existing studies have attempted to quantify not only the benefits that the trade and transport facilitation reforms may bring about in the region but also the costs imposed by the existing trade cost structure. Armstrong, Drysdale and Kalirajan, (2008), for instance, shows that high trade costs and lack of trade facilitation reforms meant that regional trade in South Asia was under 50 percent of the potential (US\$ 16.17 billion against the potential of US\$ 37.55 billion). Several empirical assessments evidence that congestion at ports, complex trade procedures, excessive documentation

(number of documents and signatures required), insufficient use of ICT (Information, Communication Technologies) and poor infrastructure (roads, airports, warehouses and testing laboratories) not only increases the trade costs in the region but also results in routing of trade to informal channels (Wilson, Mann and Otsuki, 2005; Wilson, Mann and Otsuki, 2003; Butt and Bandara, 2008). The latter causes, among other things, loss of public revenue. Clark et. al (2004) estimates that improving the ports' efficiency by the existing 25th percentile to 75th percentile will lower the overall shipping cost by over 12 per cent. De (2009) estimates that a 10 percent rise in transaction costs at the border decreases the country's export by three per cent. Rahman (2015) documents how trade facilitation reforms in Bangladesh via improved port management, reduced number of documents required and deployment of ICT, and deeper adoption of ASYCUDA has resulted in substantial gains in not only export competitiveness but also FDI in Bangladesh. Zeshan, Abbas and Ahmed (2014) suggests that the region has to focus on manufacturing-led growth if it is to register rapid and sustained economic growth and in this, effective trade and transport reforms are critical. Hoekman and Nicita (2010), on the other hand, assesses that welfare gains for consumer from reduced non-tariff barriers is much higher compared to the reduction in tariff barriers. Some of the existing studies have argued that while South Asia Preferential Trade Agreement (SAPTA) and South Asia Free Trade Agreement (SAFTA), initiated in 1995 and 2006 respectively, did attempt to lubricate regional trade and integration but the true potential of the agreements has not been realized due to protectionist tendencies among member countries (Hertel and Mirza 2009; Ahmed and Samavia 2014). On the ways to gain from SAFTA, Ahmad, Kalagama and Ghani (2010) argues that high non-tariff barriers need to be addressed via effective trade facilitation reforms.

Pakistan-specific studies, such as Butt and Bandara (2008), contends that political choices from within Pakistan as well as ones emanating from the region have undermined intraregional trade as well as the integration agenda. On why Pakistan's trade has been low with countries in the region, studies have highlighted that the trade costs with South Asian countries is extremely high (Malik and Chaudhary 2011; Samad and Ahmed 2011). There are other factors as well like low export surpluses (in part due to the recent energy crisis), inefficient production practices, poorly skilled workers, volatile exchange rates and production basket which is similar to other South Asian countries (Malik and Chaudhary 2011; Samad and Ahmed 2011). Predictably, Khoso et. al (2011) observes that while Pakistan stands to benefit from effective implementation of the SAFTA measures which has the potential to reduce trade costs for regional trade, Pakistan needs to significantly improve trade-related services delivered to traders trading with South Asia.

Against this backdrop and given the urgency of the trade and transport facilitation reforms, this country paper assesses the status of trade and transport facilitation in Pakistan with respect to its trade with the South Asian region. By highlighting the major bottlenecks in trade and the key drivers of trade costs, the aim is to prioritize trade and transportation facilitation reforms.

1.1 Select insights from the study and its organization

Section 1 sets the context by outlining, for instance, the concept of trade costs and its key drivers including in the region. The section introduces the trade and transport facilitation agenda, its rationale as documented in studies and the measures the reforms encapsulate. Select studies, mainly ones specific to the South Asia region as well as Pakistan are drawn from in this section to understand the major drivers of trade costs—both tariff and non-tariff costs—in the region. Key sources of exorbitant trade costs in the region, which instead mean reduced competitiveness and minimal intraregional trade, are poor infrastructure, weak information flows on procedures and regulation and unpredictable inconsistent application of customs and border procedures. Subsection 1.2

presents Pakistan's direction of trade. While Pakistan's major exports and imports markets are USA, China and Afghanistan and UAE, China and Saudi Arabia respectively, its trade with South Asia is nevertheless rising. While 5.6 percent of Pakistan's total exports ended up in South Asia in 2012/13, the number has gone up to 6.3 percent in 2015/16 (subsection 1.2). Subsection 1.3 sheds light on Pakistan's trade with the South Asian countries. While the top source of imports is India followed by Bangladesh, Afghanistan is Pakistan's key export destination (around 7 percent of Pakistan exports end up in Afghanistan). Major commodities exported to Afghanistan are sugar, cements and wheat while the top Pakistan exports to India are dates, dry-fruits and cements. Cotton fabrics are exported to both Sri Lanka and Bangladesh (Subsection 1.3).

Section 2 examines the state of trade logistics in Pakistan where we briefly discuss not only Pakistan's major trade routes and corridors and their quality and efficiency but also the important trade agreements and treaties such as the Afghanistan Pakistan Transit Trade Agreement 2010 (APTTA 2010). APTTA outlines, among other provisions—such as that India cannot access Afghanistan via Wahgah—the major routes via which Afghanistan can conduct transit trade. Published literature has been drawn upon to understand the obstacles like Pakistan's poor infrastructure particularly its railways. While Karachi which is home to the Karachi and Port Qasim have been considered the most trade-friendly city, Lahore, which has a land border with India and grapples with a highly restricted trade regime, is considered the least trade friendly among the major commercial hubs in Pakistan. Given the highly restricted trade regime between India and Pakistan, much of the trade is conducted via other countries and often informally (subsection 2.1 and 2.2). Trade costs in Lahore and in general for Pakistan can be lowered if SAFTA (South Asian Free Trade Area) provisions were implemented which instead could pave way for railways-led containerised transportation at the Wahgah-Atari point. Both subsections 2.1 and 2.2 document some of the key trade facilitation reforms in the recent years that have allowed, for instance, electronic submission and processing of documents. Subsection 2.2 discusses the quality of shipping connectivity with the region by looking at the port infrastructure, their capacity and ongoing upgrading efforts. Subsections 2.3 and 2.4 assess the road, rail and air transport. In South Asia, Pakistan and India, both have vastly superior road infrastructure (for instance, road density) although the transit times are several times higher than in developed countries. This translates into low freight rates in both countries compared to the rest in the region (Subsection 2.3). However, inefficiencies in trucking services in Pakistan are significant. Overloading and costly motor vehicle registration drive up trade costs (Subsection 2.3). Rail transport, on the other hand, carries about 4 percent of Pakistan's annual freight (Subsection 2.4). Section 2 documents some of the new projects being undertaken in Pakistan.

Section 3 assess trade procedures and documentation requirements for trading with South Asian countries. Provisions contained in the APTTA 2010 are delved into. The aim of the APTTA 2010 has been to facilitate the movement of goods between and through the countries' respective territories. This instead is aimed at ensuring efficient and effective administration of principally the transit trade. The agreement stipulates the routes as well as the documents. The section documents that procedures and documents required in trading via the Wahgah-Atari route as well as the trade facilitation efforts. The procedures remain cumbersome, costly and extremely restrictive as all good are required to pass through scanners. Furthermore, poor quality storage means high possibility of damage during delays which are common.

Drawing from published studies as well as comparative assessments like the Logistics Performance Index (LPI), section 4 examines the major trade facilitation issues and concerns in Pakistan with respect to its trade with South Asia. This is followed by a discussion brief of the national trade facilitation strategy. Discretionary NTBs are routinely applied by Pakistan (Subsection 4.2.1) whether it is distortionary subsidies to its businesses, cumbersome transit provisions, special

procedures in valuation of automobiles and pre-shipment inspection in used machinery. There are import quotas on certain chemicals while permission is required in importing finished pharmaceuticals (Subsection 4.2.1). Pakistan is subjected to NTBs such as paratariffs and restriction on financial transaction while in its trade with India, Indian states routinely apply discretionary NTBs (Subsection 4.2.2). Draws from published policy documents and report, Section 4 documents NTBs specific to each of the South Asian countries as well as products and each of these is subsequently analysed albeit briefly.

Section 5 delves into institutions and regulatory frameworks in trade facilitation efforts. Along with a brief analysis of some of the key projects into trade facilitation, important institutions and their role in trade facilitation—Ministry of Commerce, National Trade and Transport Facilitation Committee (NTTFC; under the Ministry of Commerce), Ministry of Textiles, Federal Board of Revenue (FBR) Pakistan Standards and Quality Control Authority (PSQCA), Ministry of Ports and Shipping, Trade Development Authority of Pakistan (TDAP) and the National Logistics Cell is analysed. Light is shed upon major policies and legislations as well as institution-specific mandate in trade facilitation. While there are a host of entities involved in implementing trade and transport facilitation reforms, there is no single credible empowered authority/body so far to formulate and oversee trade facilitation efforts (Subsection 5.1). Subsection 5.2 discusses major trade agreements signed by Pakistan like SAPTA, SAFTA, APTTA and Pakistan-Sri Lanka Free Trade Agreement.

In the literature review part (Section 6), some of the key conceptual aspects of trade facilitation are delved into. Indeed, trade facilitation is barely about free movement of goods. The literature discussed in this section—both qualitative and quantitative studies—focuses on trade facilitation issues and quantitative estimations of trade costs and the drivers, among others. South Asia-focused studies are rather few. The discussion in this section outlines that Pakistan's restrictive trade policies require major rethinking and that trade facilitation efforts should focus on further enabling the trading environment. Furthermore, studies focused on Pakistan suggest that if Pakistan can implement trade facilitation reforms with India, this will translate into enhanced competitiveness for Pakistan as the cost of inputs for production activities will go down (in pharmaceutical production, for instance). Similar observations exist for auto sector. While there is a free trade agreement with Sri Lanka, the trade has not expanded as expected and this is largely due to port and connectivity issues (Section 6).

Section 7 discusses the primary survey and its findings. The primary survey, guided by the Trade and Transport Facilitation Toolkit of the World Bank, assesses the major obstacles and bottlenecks that drive up trade costs and in turn helps identifying the key trade facilitation reform areas. The survey attempts to assess the quality of services provided and collects data on components broadly the publication of rules, quality of infrastructure, treatment of goods in transit and efficiency of processing of trade by customs and border authorities. A total of 148 respondents including mainly private (traders, freight forwarders, transporters) but also public participants (public officials overseeing trade at major customs points and trade routes) were surveyed across the major commercial hubs like Karachi, Lahore and Peshawar. While 80 percent of the respondents are familiar with the national customs website and the fact that it provides information (90 percent suggest there is information available on trade), responses are not encouraging when it comes to information on average clearance or release time. On average, the number of documents required in exports to South Asia is between 5 and 8. While progress has been made on lubricating trade, major gaps remain whether it is issuance of advance rulings or risk assessment in inspections. About 55 percent respondents suggested that risk assessment was not a regular practice. Similarly, in treatment of goods in transit, only a sixth of the respondents suggested that information on transit formalities was freely and widely available.

The major trade facilitation initiatives undertaken by Pakistan are documented in section 8. There have been several important initiatives such as advancements in implementing Pakistan Customs Computerized System (PACCS) in compliance with the revised Kyoto Conventions and GATT articles. On infrastructure, the Planning Commission has come out with the Modernization of Transportation Vision 2025 while in the China-Pakistan Economic Corridor, progress is being made. Pakistan is in line to introduce EDI or electronic data interchange. This said, several urgent reforms remain such as the single window, improvement in quality of warehouses and upgrading in efficiency of standards inspection bodies; the latter has been identified as the top priority trade facilitation area in the primary survey.

Priority trade facilitation reform areas and the tentative investment requirements have been discussed in section 9. The top priority reform areas, according to the respondents surveyed here, are improving the efficiency of quality/standards inspection agencies, setting up single-window operations at border points and improvements in quality and efficiency of warehousing, trans-loading facilities, the ports, roads. Setting up single window operations has been estimated to require US\$ 4 million at Chaman, Karachi, Torkum and Wahgah (Section 9).

In the concluding section, the study suggests action points such as the need to improve standards inspection bodies and expedited financial transactions in trade with South Asian countries.

The next subsections discuss Nepal's trade situation with the world as well as South Asia followed by a brief discussion of the rationale and objectives of the study.

1.1. Pakistan's Direction of Trade

Post-independence in 1947 Pakistan was actively trading with South Asia in its initial years. These trade levels, however, dropped after the late 1960s owing to the geo-political tensions in the region. Since then, Pakistan's major trading partners have primarily been the developed countries in North America and European Union. The last decade witnessed some changes in this trading pattern with an increase in the share of trade with developing countries specifically China. This is mainly due to the preferential trading arrangements with economies like China and Malaysia. Trade with economies of South Asia has shown some signs of improvement only in the last decade, but progress is rather modest. Much of the improvements in trade with South Asia is attributable to a free trade agreement with Sri Lanka and a rising demand for merchandise and services in Afghanistan (Ahmed et al. 2010; Shabbir and Ahmed, 2014). Pakistan's exports to SAARC countries increased from 5.6 per cent to 6.3 per cent of its total exports between 2012-13 to 2015-16. The share of exports to developed countries rose from 41.5 per cent in 2012-13 to over 50 per cent in 2015-16. Imports from SAARC countries is a meagre 4.4 per cent identical to the 2012-13 level.

Table 1: Pakistan's Direction of Trade: Destination of Exports and Origin of Imports (% share)

	1990-91	1994-95	1999-00	2004-05	2008-09	2009-10	2010-11	2011-12	2012-13	2015-16
Developed Countries										
Exports	60.8	58.9	61	55.9	46.4	43.7	43.3	40.3	41.5	50.8
Imports	58.3	49.3	36.7	38	29.1	26.3	22.2	21	21.5	23.3
Council for Mutual Economic Assistance										
Exports	3	0.4	0.4	0.9	1.2	1.2	1.3	1.4	1.5	2.0
Imports	1.8	2.1	1.2	2.1	3.1	1.2	1.1	1.1	1	1.0
Developing Countries										
Exports	39.2	40.7	38.6	43.2	52.4	55.1	55.4	58.3	57	45.9
Imports	41.7	48.6	62.1	59.9	67.8	72.5	76.7	77.9	77.6	80.3
SAARC Countries										
Exports	3.5	3.4	3.2	4.6	5	5.4	6.5	5.4	5.6	6.3
Imports	1.5	1.4	1.9	3.2	3.8	3.9	4.7	3.7	4.3	3.3
Other Asian Countries										
Exports	14.6	17.1	12.4	8.7	8.5	11.2	11.8	14.5	15.4	14.1
Imports	9.6	9.4	10.3	13.7	15.2	16.3	17.8	18.3	18.2	25.6

Source: MoFPK (2017; Economic Survey of Pakistan 2016-17)

Table 2 below shows the major export partners of Pakistan during 2008-16. The top exporting destinations included United States of America (USA), followed by China, Afghanistan, United Kingdom (UK), Germany and U.A.E (United Arab Emirates). The total exports to these countries, on average, has been nearly 50 per cent of Pakistan's total exports. Exports to China increased from 4 per cent in 2008-09 to 11 per cent in 2012-13 but fell to 11 per cent in 2015-16. During the same 2008-2016 period, exports to USA have declined marginally from 19 per cent to 17 per cent. Exports to the UAE have declined rather sizably. Its share went down to four per cent of the total in 2015-16 from 8 per cent in 2008.

Table 2: Pakistan's Major Export Markets (Percentage of total exports)

Country	2008-09	2009-10	2010-11	2011-12	2012-13	2015-16
U.S.A	19	17	16	15	14	17
China	4	6	7	9	11	8
Afghanistan	8	8	9	10	8	7
U.A.E	8	9	7	10	9	4
United Kingdom	5	5	5	5	5	8
Germany	4	4	5	4	4	5
France	2	2	2	1	4	2
Bangladesh	2	3	4	3	3	3
Italy	3	3	3	2	2	3
Spain	3	2	2	2	2	4
All other	42	41	40	39	38	37
Total	100	100	100	100	100	100

Source: MoFPK (2017; Economic Survey of Pakistan 2016-17)

Pakistan's major import destinations in 2015-16 are China, U.A.E, Saudi Arabia, Kuwait, Indonesia and India, among others (Table 3). The share of imports from China, which was roughly 12 per cent in 2008-09, increased significantly to reach 27 per cent in 2015-16. Singapore, which featured among Pakistan's major destinations in 2012-13, does not feature in 2015-16, while UAE, India and Japan, among other countries, largely held on to their import shares between 2008-09 and 2015-16.

Table 3: Pakistan's Major Import Markets (Percentage of total imports)

Country	2008-09	2009-10	2010-11	2011-12	2012-13	2015-16
U.A.E	9	14	14	17	19	12
China	12	13	14	17	15	27
Saudi Arabia	12	10	11	11	8	5
Singapore	6	7	7	7	7	-
Kuwait	7	7	8	9	9	3
Malaysia	5	5	6	5	5	2
Japan	4	4	4	4	5	4
India	3	4	4	3	4	4
U.S.A	5	5	4	3	4	4
Germany	4	3	2	2	3	2
Indonesia	2	2	2	3	3	5
All other	31	26	24	21	22	32
Total	100	100	100	100	100	100

Source: MoFPK (2017; Economic Survey of Pakistan 2016-17)

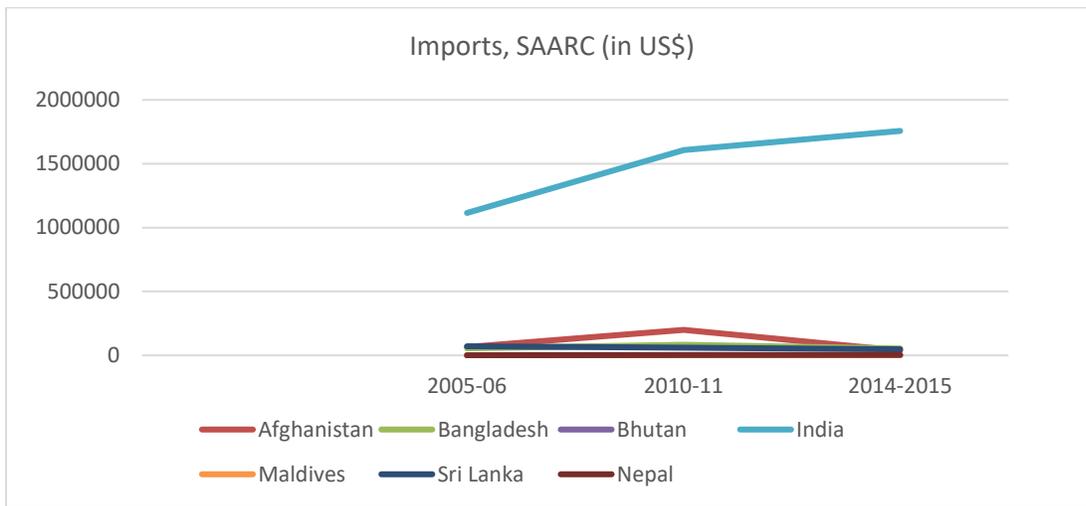
1.2. Pakistan's Trade with South Asia

Pakistan's imports from India is much greater in value in comparison with other South Asian countries (**Figure 1**). Between 2005 and 2015, there has been a sizable increase in imports from India, while exports too have experienced a rather stable growth. Imports from Afghanistan have gradually increased from 2003 to 2013, by 9.8 per cent, with only a small decrease in 2008 (by 4.4 per cent). However, between 2014 and 2015, there has been a fall of over 15 per cent in imports from that country. Between 2003-2013, the level of imports from Bangladesh and Sri Lanka increased by 33.4 per cent and 46.9 per cent, respectively. This is partially due to Pakistan's Free Trade Agreement (FTA) with Sri Lanka (Ahmed, Ahmed and Sohail, 2010). However, there were a lot of fluctuations in the value of imported products from both countries during this period. From 2003 to 2013, the imports from Nepal and Maldives have decreased by 67.6 and 76.4 per cent, respectively.

In the case of India, the easing of political tensions (between 2010 and 2013) had created potential for trade, both overland and via other routes (Ahmed and Adnan 2014). Pakistan's increase in exports to Bangladesh between 2012 and 2014 was largely driven by investments by the Pakistani private sector in that country's export-oriented sectors like textile (**Figure 2**). With Sri Lanka, Pakistan has

been able to increase its exports due to the comprehensive free trade agreement of 2005. Afghanistan’s political stability and somewhat peaceful order has paved the way for greater investment and rising domestic demand. The country is landlocked, which means that much of its import requirements are fulfilled by Pakistan. Figures for trade with Maldives and Nepal are very low. Trade with Bhutan also remains negligible.

Figure 1: Pakistan’s Imports from SAARC

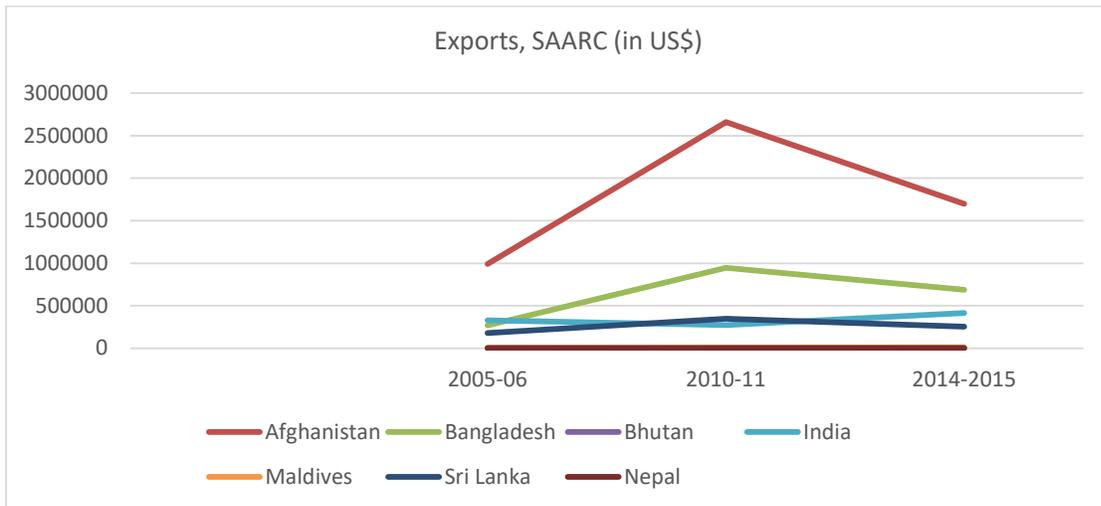


Source: Based on State Bank of Pakistan Statistics (2017)²

Afghanistan is a major export market for Pakistan (**Figure 2**). Between 2003 and 2014, the level of exports to the country increased almost five times. There was a sharp increase in exports to Afghanistan in 2010-11 followed by a subsequent decline in rate of growth. Exports to Bangladesh reached their highest in 2011, which also declined in the next two years. Between 2003 and 2014, the level of exports to Bangladesh increased 4.3 times and, to India, 4.8 times. The level of exports to India fluctuated during the period, with the highest figure recorded in 2013-14. Exports to Nepal and Maldives are negligible and have been decreasing over the years. Exports to Nepal remains low partly because there is no direct access to the Nepalese market as India does not allow transit facilities to Pakistan.

² State Bank of Pakistan Statistics (<http://www.sbp.org.pk/departments/stats>)

Figure 2: Pakistan's Exports to SAARC



Source: Based on State Bank of Pakistan Statistics (2017)

Pakistan's trade with the SAARC region has expanded during the last decade. Despite the slowdown in intra-regional exports in 2011, Pakistan's exports to the region have increased nearly four times since 2003. Imports from India and exports to Afghanistan are of prime importance to the country, given the proximity of both economies. The improved export figures to Bangladesh need to be sustained. In the case of Sri Lanka, it seems that exports have come to a saturation point, calling for the current FTA to be revisited along with bringing about improvements in trade facilitation measures. Pakistan is also being advised to sign a PTA with Afghanistan and deepen the Afghanistan-Pakistan transit trade agreement. The Ministry of Commerce is also looking into extending the transit facility to Tajikistan. Table 4 below shows the exports of Pakistan to South Asian countries along with their percentage share.

Table 4: Pakistan Exports to South Asian Countries (Total Value US \$ 000 and % share of total exports)

Year	India		Bhutan		Bangladesh		Sri Lanka		Afghanistan		Nepal		Maldives	
2002-03	83546	0.70	285	0.00	166235	1.39	83529	0.70	408203	3.42	4806	0.04	2573	0.02
2003-04	158498	1.18	173	0.00	197656	1.48	134715	1.01	464572	3.47	3037	0.02	1948	0.01
2004-05	337218	2.10	242	0.00	234411	1.46	153662	0.96	1064748	6.63	3605	0.02	2932	0.02
2005-06	326704	1.93	51	0.00	266835	1.58	177595	1.05	991503	5.86	2425	0.01	2987	0.02
2006-07	291696	1.64	30	0.00	279252	1.57	208573	1.17	837678	4.70	806	0.00	4014	0.02
2007-08	354637	1.75	19	0.00	422337	2.08	216720	1.07	1447620	7.14	751	0.00	6359	0.03
2008-09	235323	1.34	0	0.00	367379	2.09	216963	1.24	1373863	7.83	1032	0.01	3572	0.02
2009-10	274983	1.28	0	0.00	636809	2.97	283870	1.33	1684666	7.87	721	0.00	3954	0.02
2010-11	272864	1.08	0	0.00	947228	3.74	347722	1.37	2660295	10.50	1275	0.01	5477	0.02
2011-12	347994	1.41	1	0.00	696009	2.83	300904	1.22	2099282	8.53	1284	0.01	5719	0.02
2012-13	402747	1.60	0	0.00	718382	2.86	316382	1.26	1998110	7.95	613	0.00	8450	0.03
2013-14	423,027	1.69	429	0.00	724,123	2.89	260,197	1.04	1,244,772	4.96	2687	0.01	8822	0.03
2014-15	414,918	1.69	375	0.00	689,422	2.80	252,546	1.02	1,699,319	6.90	2728	0.01	8841	0.03

Source: Based on State Bank of Pakistan (2017)

Table 5: Pakistan Imports from South Asian Countries (Total Value US \$ 1000 and % share of total imports)

FY	India		Bhutan		Bangladesh		Sri Lanka		Afghanistan		Nepal		Maldives	
2002-03	226245	1.73	158	0.00	42911	0.33	43248	0.33	31141	0.24	1961	0.02	212	0.00
2003-04	454408	2.53	83	0.00	45078	0.25	45658	0.25	48790	0.27	3710	0.02	61	0.00
2004-05	576701	2.30	572	0.00	68086	0.27	59177	0.24	53218	0.21	3558	0.01	3421	0.01
2005-06	1114995	3.74	250	0.00	55886	0.19	70973	0.24	64944	0.22	4023	0.01	170	0.00
2006-07	1266228	3.88	71	0.00	62335	0.19	59789	0.18	89493	0.27	1518	0.00	2	0.00
2007-08	1691476	4.00	42	0.00	85952	0.20	66216	0.16	85545	0.20	1450	0.00	0	0.00
2008-09	1080404	3.42	184	0.00	76116	0.24	55790	0.18	121162	0.38	835	0.00	7	0.00
2009-10	1559921	4.16	19	0.00	73901	0.20	53369	0.14	138375	0.37	1347	0.00	174	0.00
2010-11	1607346	3.69	130	0.00	82734	0.19	61130	0.14	199529	0.46	1985	0.00	0	0.00
2011-12	1572585	3.59	120	0.00	59485	0.14	83413	0.19	235091	0.54	1629	0.00	99	0.00
2012-13	1874062	4.28	37	0.00	57264	0.13	63524	0.15	307598	0.70	636	0.00	50	0.00
2013-14	1,757,172	4.22	13	0.00	52,659	0.13	59,003	0.14	49856	0.11	523	0.00	777	0.00
2014-15	1,757,172	4.22	282	0.00	53,921	0.13	47277	0.11	37400	0.09	591	0.00	275	0.00

Source: Based on State Bank of Pakistan (2017)

The major commodities exported by Pakistan to the SAARC region in FY15 included cotton (in

various forms), dates, cement and refined sugar. **Table 6** below shows the top-three exports of Pakistan to each South Asian country, between 2011 and 2015, at the HS-4-digit level. The major exports were cement, woven cotton fabrics and wheat.

Table 5: Major Commodities Exported to SAARC Countries (US \$ '000)

HS Code	Product label	Pakistan's exports to Afghanistan			
		FY 2010-11	FY 2011-12	FY 2012-13	FY 2014-15
1701	Cane or beet sugar and chemically pure sucrose, in solid form	0	10349	82564	268857
2523	Cements, Portland, aluminous, slag, super sulfate and similar hydraulic	222571	254244	283247	168299
1101	Wheat or meslin flour,	21695	26	0	163378
HS Code	Product Label	Pakistan's exports to India			
		FY 2010-11	FY 2011-12	FY 2012-13	FY 2014-15
2710	Oil from Petrol and Bituminous Mineral etc	15436	13041	20881	86120
804	Dates, Figs, Pineapples, Avocados etc, Fr or Dried	45542	51604	62053	61826
2523	Cements, Portland, aluminous, slag, super sulfate and similar hydraulic c	42963	36164	28837	42204
HS Code	Product label	Pakistan's exports to Bangladesh			
		FY 2010-11	FY 2011-12	FY 2012-13	FY 2014-15
5209	Woven cotton fabrics, 85% or more cotton, weight over 200 g/m ²	203657	299898	342681	305935
5205	Cotton yarn (not sewing thread) 85% or more cotton, not retail	152283	110534	108432	107227
5211	Woven Cotton Fabrics, Cotton less than 85% Wt >	35659	43343	43281	44768
HS Code	Product label	Pakistan's exports to Nepal			
		FY 2010-11	FY 2011-12	FY 2012-13	FY 2014-15
0804	Dates, figs, pineapples, mangoes, avocados, guavas	277	588	57	614
6306	Tarpaulins, Sails, Awnings and Tents etc.	-	-	-	444
9018	Electro-medical apparatus (electro-cardiographs, infra-red ray app, sy	323	330	292	307
HS Code	Product label	Pakistan's exports to Sri Lanka			
		FY 2010-11	FY 2011-12	FY 2012-13	FY 2014-15

5209	Woven cotton fabrics, 85% or more cotton, weight over 200 g/m ²	58276	60538	72552	57230
2523	Cements, port land, aluminous, slag, super sulfate and similar hydraulic	24993	44737	44995	41481
1006	Rice	11337	17698	15496	22095
HS Code	Product label	Pakistan's exports to Maldives			
		FY 2010-11	FY 2011-12	FY 2012-13	FY 2014-15
1006	Rice	2336	2665	3278	3611
2523	Cements, port land, aluminous, slag, super sulfate and similar hydraulic	308	153	1872	1833
3004	Medicaments NES	306	505	321	796

Source: State Bank of Pakistan (2017)

2. State of Trade Logistics

2.1 Trading across borders and transit issues

The current state of trade logistics has come under critical debate in the country as it continues to hamper both domestic and regional trade. Pakistan's main trade routes and corridors, with respect to South Asia, require substantial improvements. It is noteworthy that several other South Asian countries have taken important measures in this direction, which Pakistan can replicate. For Pakistan, poor physical condition of the roads, the presence of non-motorized traffic, badly performing railways and commercial activities along the roads and a lack of traffic management in bordering regions have imposed difficulties on trade (Samad and Ahmed, 2013).

The World Bank has ranked 13 major industrial cities in Pakistan in terms of their potential in trading across the borders (World Bank 2010). Karachi, being the biggest city in terms production activity and trading across the borders, was ranked first. It also has the advantage of being a port city with the presence of Karachi Port Trust and Port Qasim. Hyderabad and Sukkur were ranked second and third, primarily due to their proximity to Karachi. Most of the merchandise produced by both these cities is traded through Karachi Port. Peshawar, which is another commercial hub and capital of Khyber Pakhtunkhwa Province, was ranked eighth. Most of the goods transported to Afghanistan go through Peshawar.

On the other hand, Lahore in Punjab Province, which is the second largest industrial city in the country, was ranked last (in terms of number of days taken to import and export from Lahore). While Lahore has a functional land route to trade with India, this potential is yet to be realized given the elaborate negative list, expansive non-tariff barriers in both countries and highly restricted list of items to be traded via Wagah-Atari Border (Ahmed et. al, 2015). The cost of trading would have been quite lower if the SAFTA provisions between India and Pakistan could come into force and containerized movement made possible across the Wagah-Atari Border Point (Ahmed and Ghulam, 2011). Furthermore, out of 11 land routes with India, only one is open for trade. Province of Sindh, which remains the only province to not trade with India, has been protesting with the Federal Government to conduct trade.

Official trade of India and Pakistan takes place through Wagah-Atari Border Point by land and rail. Trade facilitation initiatives such as importers and exporters being able to file their goods declaration online, have been made at this border point. Furthermore, the required trade information is available on an online portal. Another breakthrough is the installation of scanners on the Pakistan side, which is facilitating a smooth flow of goods across the border. According to the Wagah Border Point officials, 300-500 trucks cross the border each day.

Regarding the sea route, the most trading time is taken by the Delhi-Mumbai-Karachi Route- 16 days. The least amount of time is taken for trade through Mumbai-Karachi Route, which is 8.5 days (Ahmed and Samad, 2011). Barter trade is also allowed through Kashmir. Citing high barriers to trade between India and Pakistan, Ahmed et. al (2013) have exhibited instances of informal trade between the two countries. They have reported that informal flow from India to Pakistan is valued at US \$ 1.79 billion. These goods flow through Dubai, Kabul, Kandahar, Bandar Abbas and many other adjoining border areas. The key items traded through informal channels include textiles, jewellery, pharmaceuticals, and auto parts.

Pakistan has a transit trade agreement with Afghanistan, formally known as Afghanistan-Pakistan

Transit Trade Agreement (APTTA), which was signed in 2010. There are two major trade routes defined by the agreement: Karachi-Peshawar-Torkhum and Karachi-Chaman-Spin Boldak. A prominent feature of APTTA is the freedom of transit provided for both countries. It allows Pakistan an access to the Central Asian republics, and Afghanistan an access to Pakistan's seaports and land borders including Wagah-Atari Border Point (Shabbir and Ahmed, 2014). India, however, is not allowed to have access to Afghanistan through Wagah. Compared to all the other borders and ports, Chaman and Torkhum crossings have the poorest facilities in the country. The customs and trade related processes on both these border crossings are manual and there is no electronic system to check containers. There is a potential for Peshawar and Chaman to become hubs of trade if they were developed to handle a larger volume of merchandise.

With the rest of South Asia, trade is done through Karachi Port and Port Bin Qasim. As for the goods heading from Khyber Pakhtunkwa and Punjab (Pakistan) to Nepal, Bhutan and Bangladesh, the most direct route is via Wagah, but India does not allow transit trade facilities for Pakistan to do so in retaliation of Pakistan's policy to not allow India transit to Afghanistan and other Central Asian countries. According to some experts, trading with Bangladesh could be cost effective if goods were transported through land routes. Goods transported to Sri Lanka, Maldives and Bangladesh are transported through ports in Karachi.

2.2 Shipping connectivity

Shipping connectivity between the countries in the region is still poor. For an insight into how Pakistan's shipping connectivity is and how it compares in the region, UNCTAD's Liner Shipping Connectivity Index (LSCI) is helpful to draw upon. LSCI indicates a country's position within the global liner shipping networks and is based on the number of ships, their container carrying capacity, the number of services and companies, and the size of the largest ship.³ The three landlocked countries in the region are excluded from the below comparison (Figure 3). As the score improves (maximum being 100), the cost of shipping decreases, thus improving competitiveness. Pakistan scores significantly less than India and Sri Lanka but stands better than Bangladesh and Maldives. All the non-landlocked countries in the region perform significantly below the benchmark level (of Singapore, for instance). The primary survey conducted for this study informs that while shipping rates for both bulk and container trade are reasonable, the port infrastructure, management and efficiency are weak (low freight rates across multiple modes of transportation also documented in World Bank, 2008). Hence, the container dwell times are well above the international standards while adherence to procedures remains cumbersome.

In Pakistan, the three main ports are Karachi, Qasim and Gwadar. Annual container handling volumes of Karachi and Qasim Ports are about 1.5 million TEUs and 0.8 million TEUs, respectively. There are three container terminals in Karachi and Port Qasim, which handle 0.43-0.49 million containers annually (Karachi Port Trust, 2014)⁴. The Karachi Port is managed by the Karachi Port Trust (KPT). Port Qasim is the second busiest, handling the rest of the 40 per cent of the cargo, followed by Karachi Port. It is located on an old channel of the Indus River, 35 km east of Karachi. One of its major advantages is its close proximity to national transport facilities. It is 15 km away from National

³ From the UNCTAD Handbook of Statistics

(<https://stats.unctad.org/handbook/MaritimeTransport/Indicators.html#:~:text=Concepts%20and%20definitions.%20The%20liner%20shipping%20connectivity%20index,companies%2C%20and%20the%20size%20of%20the%20largest%20ship>)

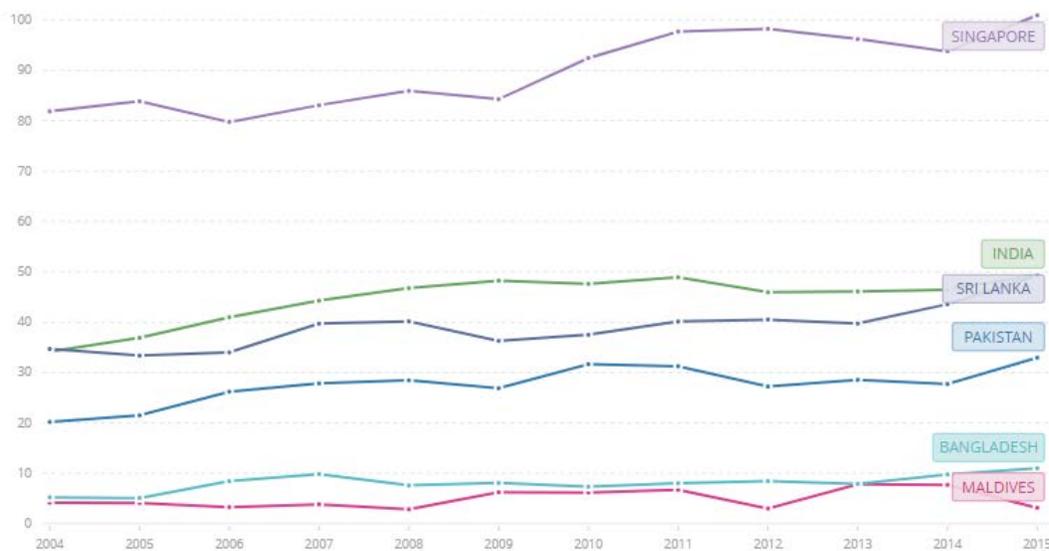
⁴ Karachi Port Trust Data (www.kpt.gov.pk)

Highway, directly linked to the railway network, and 22 km away from the national airport.

Gwadar is a newly developed port located at the entrance of the Persian Gulf at the Arabian Sea, about 460 km west of Karachi in Balochistan. It is a deep-sea water port being projected as a link in the development of an energy and trade corridor to China and Central Asian countries by providing them with short routes to markets in the Middle East and Europe (Ahmed 2014). Maritime transport accounts for 91 per cent of Pakistan’s international trade. Current regulations for shipping and logistics operators are a big disincentive for potential investors. This has held back global logistics operators, shipping companies and other related service providers from fully developing their services in Pakistan.

Many projects in the public and private sectors are underway to upgrade port facilities at Karachi, Qasim and Gwadar, including the review of land allotment policy to attract foreign investment, expansion of iron ore coal berth services and construction of terminals for storage and re-gasification of LNG at Port Qasim, construction of new berths and economic zone at Gwadar, development of a deep water container port at Keamari, widening and deepening of port channels, reconstruction of jetties at Baba and Bhit Islands and construction of yards to provide off-dock storage of containers at Karachi Port (Ministry of Commerce, 2013).

Figure3: Liner Shipping Connectivity Index (score in the y-axis)



Source: UNCTAD Liner Shipping Connectivity Index (2017)

2.3 Road transport

Compared to other regional countries, Bangladesh and India have a better road density. Pakistan has a low road density with roughly 260,000 km of roads, mainly single and two-lane roads, of which 60 per cent are paved. The main road is the National Trade Corridor (NTC), a 1,760 km long highway that runs across north-south Pakistan. The road system has a poor delivery standard. Transit times

through it are three times higher than in Europe or East Asia. Poor physical conditions of the roads, the presence of non-motorized traffic, commercial activities along the road and a lack of traffic management in towns have worsened the road operations (World Bank, 2008; GoP, 2011).

As in the rest of South Asia, most of the inland freight in Pakistan is handled through trucking. Freight rates for bulk cargo are probably the lowest in India and Pakistan but the quality of services in terms of timely delivery is poor (World Bank, 2008). The trucking industry is fragmented with very few international calibre large companies. Some estimates indicate that inefficiencies in this sector have caused a loss in GDP of around PKR 150 billion per annum (World Bank 2008). Double axel rigid trucks, a tendency towards overloading, complex motor vehicle registration and motor vehicle examination systems have increased the cost of doing business. The government of Pakistan has initiated many new projects to improve road infrastructure and the road transport system. The completion and upgradation of all national highways and motorways, the construction of paved roads from all agriculture production areas to market centers, the construction of dual carriage highways to all land border crossings leading to Taftan and Chahbahar with Iran; Torkham, Chaman and Keli Ghulam Khan with Afghanistan; Wagah, Ganda Singhwala and Khokhrapar with India and Urumqi in China are a few examples (GoP, 2014).

2.4 Rail and air transport

Railways in Sri Lanka, Bangladesh and Pakistan carry very little freight. They focus largely on passenger transport. In Pakistan, according to GoP (2014), railways carry only four per cent of the country's freight. The major share of the freight business has been taken up by the trucking industry. There has been very little investment in rail freight and, hence, the quality of service is poor. Rail transport is currently used only for the transport of a few non-sensitive goods. The broader vision of the government is to double the length of rail tracks from Karachi to Peshawar, rehabilitate Peshawar-Torkham, Quetta-Taftan and Quetta-Chaman Rail Tracks, connect Gwadar to the main rail track, modernize the railway signaling system, induct more engines and rolling stock for container movement and introduce a railway carriage tracking system (GoP, 2015).⁵

Air freight is used in South Asia only when there is no option for sea-freight i.e. especially for perishables and jewellery. Trade via air is only a fraction of the total trade in the region. Freight is generally carried as a belly cargo on passenger services and on schedule freighters by charters in peak seasons. There has been a slight increase in passenger and freight air transport as a result of some improvements in air transport connectivity and liberalizing of air services agreements in the region. For example, there are PIA flights from Karachi and Lahore to Nepal, Bangladesh and Delhi. However, much improvement is still needed. Islamabad is not directly connected to capitals of other regional countries. For example, there are no direct flights from Islamabad to the next-door neighbour, i.e. India. A major development is the introduction of international express delivery services by local and international companies to provide more efficient services, at slightly higher rates.

Access to global freight and logistics networks, presence of efficient freight forwarders and distributors, competitive logistics market, efficient customs and reasonable physical infrastructure

⁵ Ministry of Railways, Government of Pakistan (GoP) Data.

<http://www.railways.gov.pk/gop/index.php?q=aHR0cDovLzE5Mi4xNjguNzAuMTM2L3JhaWx3YXlzd2VlL2RlZmF1bHQuYXNweA%3D%3D>

among other things determine the quality of supply chains. These factors influence significantly the cross-border movement of goods and specifically the timeliness of delivery of the shipment. Indeed, participation in production networks and export competitiveness, both hinge on, inter alia, whether supply chains are smooth, predictable and efficient. The Logistics Performance Index (LPI) ranks nations on the efficiency of logistics and towards this, surveys the logistics professionals and their experiences and perception. The LPI provides an overview of trade logistics and associated metrics like delivery timeliness and ranks countries based on it. While Pakistan performs well in customs and infrastructure among South Asian countries, its performance is far below that of India and Sri Lanka in tracking, tracing and timeliness.

Table 6: Logistics Performance Indicators (LPI) 2016, Scores and Rank

Country	Overall LPI score		Customs score		Infrastructure score		International shipments score		Logistics quality and competence score		Tracking and tracing score		Timeliness score	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
India	35	3.42	38	3.17	36	3.34	39	3.36	32	3.39	33	3.52	42	3.74
Pakistan	68	2.92	71	2.66	69	2.70	66	2.93	68	2.82	67	2.91	58	3.48
Sri Lanka	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Bangladesh	87	2.66	82	2.57	87	2.48	84	2.73	80	2.67	92	2.59	109	2.9
Bhutan	135	2.32	128	2.21	151	1.36	108	2.61	131	2.30	131	2.20	129	2.7
Afghanistan	150	2.14	138	2.01	154	1.84	125	2.38	139	2.15	155	1.77	137	2.61

Source: World Bank (Logistics Performance Index; <https://lpi.worldbank.org/>).
NA = Not Applicable, Sri Lanka did not participate in the 2016 survey.

3. Trade Procedures and Documentation

A snapshot into trade procedures and costs is provided by the Trading Across Borders component in the Doing Business Project of the World Bank. The measure is based on firm inputs relating to, inter alia, time and cost in exports and imports. Table 8 lists the average time and cost involved in completing export and import procedures in select countries in the region and beyond. While the indicators capture time and cost of behind and at-the-border trade procedures, these do not include tariffs or trade taxes. Although number of documents and time taken in exports is greater than India, Pakistan is considerably competitive when it comes to the cost of exports. Exporting a standard 20 feet container requires 8 documents, takes 21 days and costs US\$ 765 (compared to US\$ 1005 in imports) (Table 8).

Table 7: Trading across Borders, 2015

Indicator	South Asia	Pakistan	India	Germany
Documents to Export (number)	8.1	8	7	4
Time to Export (days)	33.4	20.7	17.1	9
Cost of Exports (US\$ per container)	1922.9	765	1,332.0	1,015
Documents to Import (number)	9.4	8	10	4
Time to Import (days)	34.4	21	21.1	7
Cost of Import (US\$ per container)	2117.8	1005	1,462.0	1050

Source: Doing Business Report 2015

It has generally been noted that exports and imports procedures in Pakistan are cumbersome and there is inadequate information posted on the Customs Portal. This results in an active role of customs clearing agents, who help the consignees in preparing documents of and clearing consignments. Imports from South Asian countries are generally perceived to be time consuming as there are several compliance requirements for imports.

- First, the appraisal, where the goods are physically verified.
- Secondly, customs duty is calculated and levied upon the importer, which is often problematic due to the arbitrariness involved in such calculations.

Shipments may be received at either the seaport, airport or dry ports declared by the customs authorities; the procedure for clearance is the same for every customs station.

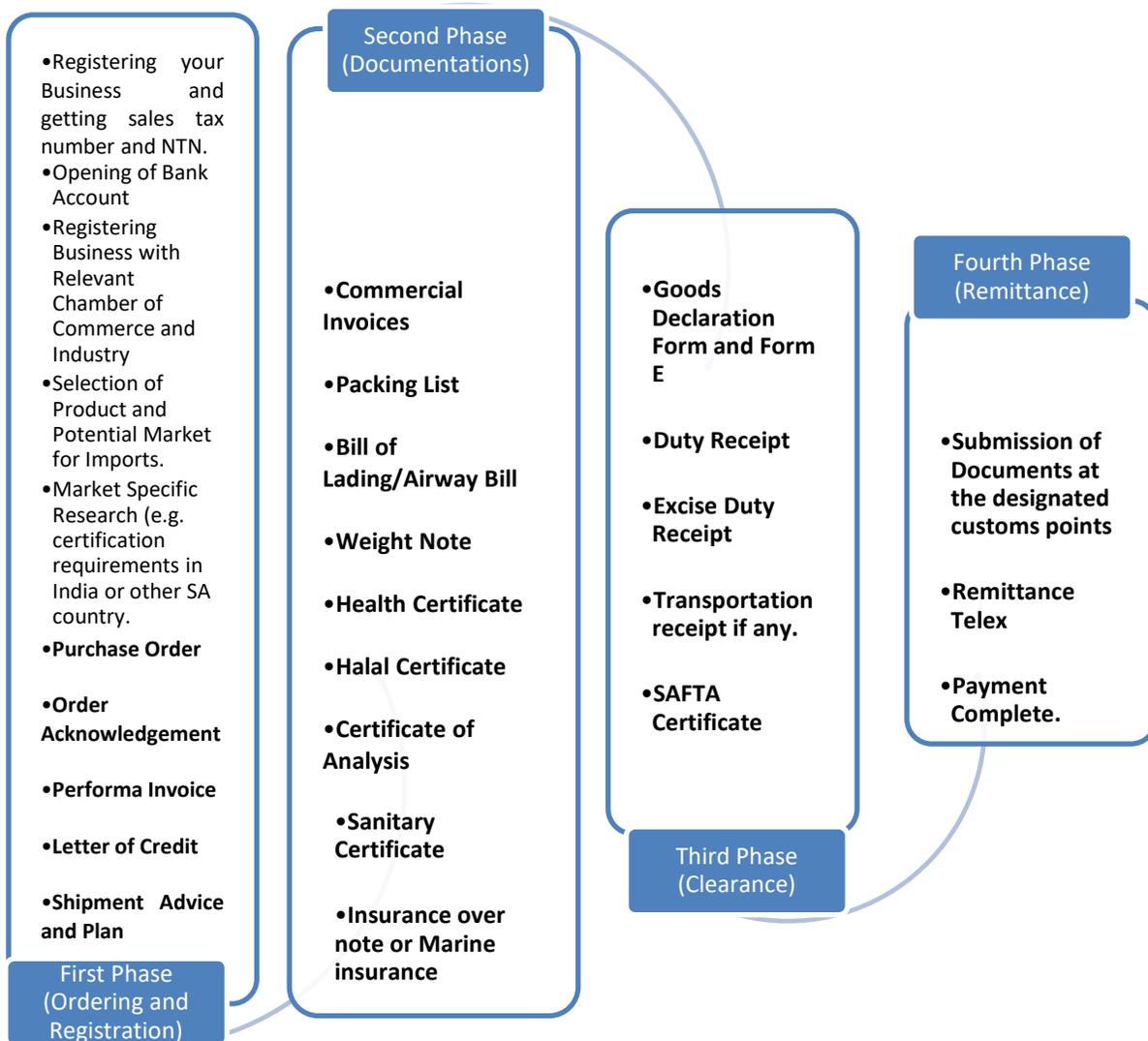
The Federal Board of Revenue (FBR), under which Pakistan Customs performs, often declares the specific customs ports - sea, land and airports- for clearance of goods from South Asian countries. Therefore, the customs procedures and documentations for all the ports remains the same, except for a few. The customs clearance process starts with the arrival of cargo ships, planes and other carriers of goods into the country at the designated ports. Upon arrival of these goods at the customs ports, the authorities issue the Import General Manifest (IGM) to each shipment. Upon the receipt of the IGM, the consignment is further indexed to allow for a systematic reference of all goods received. After issuance of the IGM, the consignment is off-loaded and sent back to the port warehouse. In the case of land customs stations, such as Chaman and Torkhum, IGM is not issued at the arrival of the goods, rather when the goods are off-loaded. Upon arrival of the off-loaded goods, the clearance process starts. This is where the customs clearance agents facilitate.

Below is the list of documents that are required by the customs clearing agents for processing:

1. Invoice of Shipment
2. Packing List
3. Bill of Lading
4. Copy of Letter of Credit
5. Copy of the Sales Tax Registration Certificate as an importer
6. Copy of the National Tax Number Certificate (NTN)
7. Copy of the most recent sales tax return

Additional documents are needed for specific cargo, such as plant quarantine/ health/ phytosanitary certificates for plants, lab test report for food products, analysis report for chemicals and health, etc. where applicable. Presented below is the general checklist for imports from South Asian Countries and procedures that importers generally have to follow for import consignments from South Asian countries:

Figure 4: Documentation checklist for Importers



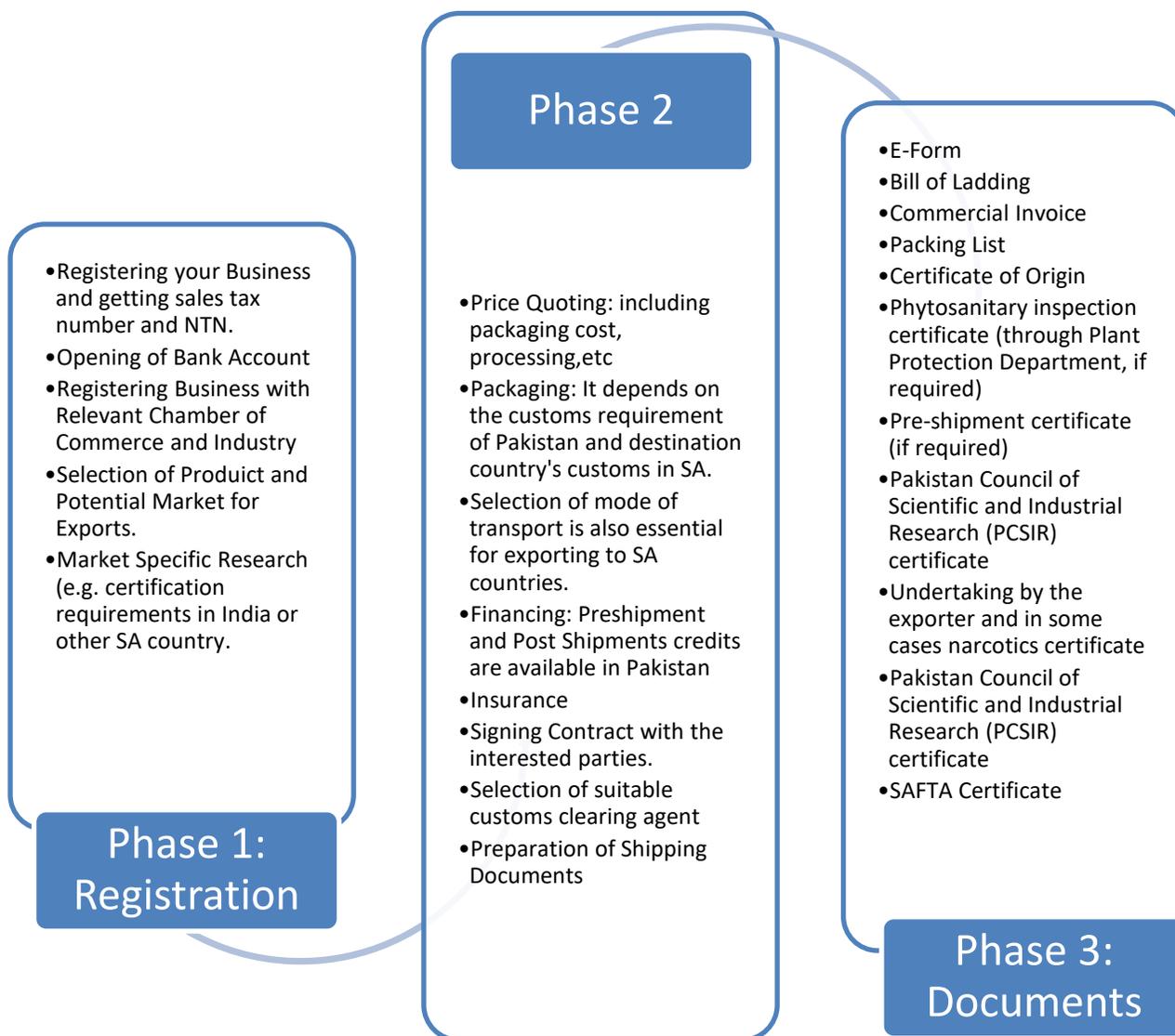
Source: SDPI, 2014.

3.1 Procedures and Documentation in Exports to South Asian Countries

To get the goods delivered to the customs points of other South Asian countries, the first phase will include registration of the business with NTN and acquiring a sales tax number (SDPI, 2014). Secondly, a bank account that accepts letters of credit from South Asian countries needs to be opened. This is followed by the selection and identification of products and markets, the potential market with product preferences, the unit price, import regulations and certification requirements of the country.

The second phase would include packaging according to the customs' and customers' requirement, followed by the mode of travel and sensitive-list verification of the partner country, SAFTA certificate, pre-shipment and post shipment credits. The third phase would be signing of the contract with the prospective buyer. The contract should include the names of the exporter and importer, unit price, quantity, terms of delivery, currency and terms of payment (cash against documents or through letter of credit). The fourth phase- selection of suitable clearing or forwarding agent and preparation of documents.

Figure 5: Flowchart of Procedures for Exports to South Asian Countries



Source: SDPI, 2014 and Business Support Organization Forum, 2014.⁶

⁶ Drawn from BSO Forum (<http://bsoforum.com/business-registrations/importexports-procedures/>)

3.1.1 Transit Trade between Afghanistan and Pakistan

The Afghanistan-Pakistan Transit Trade Agreement (APTTA) was signed in 2010. The aim of this agreement was to facilitate the movement of goods between and through the countries' respective territories and to ensure the efficient and effective administration of transit goods. The other reason was to bring about simplification, transparency and harmonisation of documentation and procedures relevant to the traffic in transit. The routes used for transit traffic through Pakistan and Afghanistan shall include (GoP and GoA, 2010):⁷

- Maritime ports in Pakistan
- Airports in Afghanistan and Pakistan, for air-to-air transit only
- Transit rail/road corridors through Pakistan and Afghanistan
- Land customs stations between Afghanistan and Pakistan or between one contracting party and a third country (in this case, India)

Processing of documents at any of Pakistan's ports can proceed only after the filing of an Import General Manifest (IGM) by the Afghan importer—generally filed before the arrival of a vessel—and submitted electronically to Pakistan Customs. The importer has to send all original shipment documents- that is the contract, the L/C, the invoice, the packing list, the bill of lading, the certificate of origin, the insurance policy and other relevant documents- with a letter of authority to the Customs Agent, who is licensed by Pakistan's Customs for cargo clearance inside the country. The importer, in some cases, is required to endorse the bill of lading in the name of the nominated Customs Agent.

Transit and inland customs clearance documents include:

1. Vehicle operators shall carry a Transit and inland customs clearance document,⁸
2. The document by the inland customs clearance should be for each transport unit and that document will be valid for one journey only and shall specify the period and geographical scope of validity
3. The original copies of the Transit and Inland Customs Clearance Documents should be handed over to customs officials including:

⁷ Government of Pakistan (GoP) and Government of Afghanistan (GoA) Afghanistan-Pakistan Transit Trade Agreement 2010.

⁸ This should include guaranteeing and receipts of the payments of customs duties and taxes, fines and interests.

- a. Issuing and guaranteeing authority
- b. Transport operator
- c. Country of Departure Inland Customs Authorities office
- d. Country of Transit Customs Administration through the territory of which the carriage is to be performed
- e. Inland Customs Authority office of the country of destination
- f. And the audit department in the respective countries.

Specific documents required for transit are as follows (MOCI, 2014)⁹:

1. Temporary Admission Document (TAD): The TAD provides evidence of temporary admission to the host country. There are two types of TAD, one for the land customs stations and another for seaports.
2. Bank Guarantee on Carrier Vehicle in Transit: Transporters must provide a bank guarantee covering part or all of the duties and taxes on the truck.
3. Customs Security on Goods in Transit: in case of trading with South and Central Asia this customs security is necessary, but this is not for the exports from either Afghanistan or Pakistan.

Some other requirements are:

- The truck needs to be containerized with the customs department seal
- Trucks in transit are required to possess third party liability insurance.
- Tracking devices along with certain other requirements for the vehicles

⁹ <http://moci.gov.af/en/page/8605>

Other compulsory documents include:

- (i) Bill of lading/delivery order
- (ii) L/C
- (iii) Import licence issued by Afghanistan's Customs Authority
- (iv) COO
- (v) Insurance of goods, if applicable
- (vi) Invoice (Original)
- (vii) Packing list (Original)
- (viii) Additional documents for specific cargo such as plant quarantine/ health/ phytosanitary certificates for plants, lab test report for food products, analysis report for chemicals, health certificate, where applicable.

3.1.2 Trade Procedures and Documentations for Wahgah-Atari Route

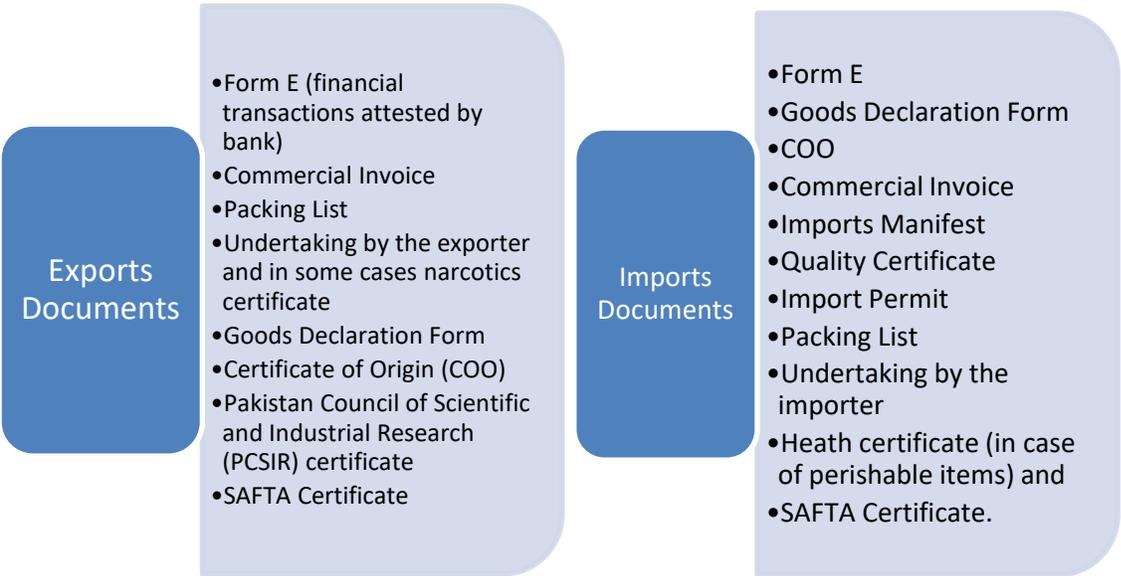
Rules formulated for Wahgah-Atari Border Point are relatively more stringent than for other ports. Only 137 items can enter Pakistan through Wahgah-Atari. An Electronic Data Interchange (EDI) system has been installed recently by the authorities. A major clearance issue faced by traders here is the less than desired trading hours allowed for border trade. The border are open from 9 a.m. to 5 p.m. and all trucks, after offloading the goods in an area called neutral zone, are supposed to return to the Pakistan side of the border before 5 p.m. There is no sampling and all goods must pass through scanners. The entire consignment is physically checked by the customs and other officials when offloaded.

Some important trade-related infrastructure is missing here. For example, due to a lack of sheds, perishable items and construction materials (e.g cement and chemicals) are damaged by rain and moisture. Hence, trading activity only resumes once the weather clears. This delay is adding to the overall cost of trade. In the event of a higher demand, the clearance mechanism gets clogged and the consignments have to wait for a longer time. The precise duration is not indicated by the customs staff – adding to the overall uncertainty in delivery of consignments. There are additional certificate requirements for Pakistan. When these requirements are altered, they are usually notified only to the Indian customs officials. The Pakistani traders are not informed promptly, leading to more delays in compliance. For example: the testing in the case of agricultural and livestock items is conducted in different cities across India, depending upon the type of good. Thus, the additional certificate requirements in some cases were reported to be 20 per cent of the cost of the goods (SDPI, 2014).

On the financial side, the letters of credit issued by Pakistani banks beyond a certain threshold are

not accepted by banks in India and vice versa. The trader is left with no option but to open multiple letters of credit, which again leads to increasing the value of traded goods and, in turn, making them uncompetitive vis-à-vis other countries. Here is the general list of documents required for exporting and importing from India through the Wahgah-Atari Border Point. Whereas the typical business procedure remains the same, as explained in the above section, the specific documents required at the Wahgah-Atari Borderpoint are:

Figure 5: Documents required at Wahgah-Atari Borderpoint



Source: Ministry of Commerce (Government of Pakistan)

4. Major Trade Facilitation Issues and Concerns

Weerahewa (2009) highlights the importance of Logistic Performance Index (LPI) as improvements in it have large positive effects on the value of exports. Relatedly, estimates in the study show that trade costs have a significant negative impact of exports. Furthermore, to lower the trade costs by 17 per cent, a 0.72 score improvement in LPI is required (Weerahewa 2009). In the LPI (see Table 7), Pakistan performs better than all countries in the region, except India with which the differentials in score and rank are sizable. In infrastructure, for example, Pakistan ranks 69th, globally, with a score of 2.69 while India occupies the 36th position. A similar observation can be made in the customs score.

Both customs procedure and quality of infrastructure impacts trade costs. Apart from the LPI, the World Economic Forum, in its Global Competitiveness Report, compiles an index that ranks countries on Customs Procedure and Quality of Infrastructure. Table 9 presents the ranking and score of Pakistan, compared to other South Asian countries, regarding the burden of customs procedures and the quality of overall infrastructure. Pakistan is ranked 93rd among 137 countries on the burden of customs procedures, which is worse than India and Sri Lanka. In terms of the quality of the overall trade infrastructure, Pakistan is ranked 110th in a list of 137 countries, which indicates poor trade-related infrastructure on and behind-the-borders or within the country. On the quality of overall infrastructure, India and Sri Lanka are ranked better. For Pakistan, the major issue regarding trade facilitation comes from its poor performance in terms of the burden of customs procedures and the quality of overall infrastructure.

Table 8: Customs Procedures and Infrastructure Ranking (Global Competitiveness Index 2017)

Country	Burden of Customs Procedures		Quality of Overall Infrastructure	
	Rank (out of 137)	Score (1-7)	Rank (out of 137)	Score (1-7)
India	47	4.6	66	4.2
Pakistan	93	3.7	110	3.0
Sri Lanka	84	3.9	85	3.8
Bangladesh	98	3.6	111	2.9
Nepal	109	3.4	119	2.6
Bhutan	54	4.5	89	3.6

Source: Global Competitiveness Report 2017

4.1. Trade regulations, frameworks, and procedures

Transport infrastructure alone does not guarantee quick and smooth movement of goods. Trade regulatory policies and procedures are equally important in facilitating trade. Multiple and complex technical standards, inconsistent and complex border crossing procedures, excessive documentation requirements and lack of information about trade related laws and procedures are the common NTBs in South Asia. Moreover, at times, there are multiple agencies with conflicting objectives at border crossings. Procedures are opaque while the business community is mostly absent from designing and

implementing trade facilitation reforms.

National Trade Facilitation Strategy: Pakistan developed the National Trade Facilitation Strategy in 2008, which was revised in 2012 in the light of a changing environment and Pakistan's priorities in regional and international trade. The revision is known as the Second Strategic Trade Policy Framework (STPF) 2012-15. The aim of this strategy is to strengthen the initiatives taken in the 2009-12 strategy and explore avenues for export competitiveness. The foremost objective is to enhance regional trade, supplemented by efficiencies in the regulatory environment. It further aims to enhance agro-processed exports, exports to Least Developed Countries (LDCs), exports of service sectors, revamp export promotion agencies, facilitate industry in the ongoing energy crisis, enhance diversification in exports and rationalize the tariff protection policy (MoF 2013). It was under the previous National Trade Facilitation Strategy (NTFS) that the National Trade and Transport Facilitation Committee (NTTFC) was formed, the role of which was to improve the coordination among the government departments related to trade and transport facilitation.

The strategy also defines the rules of engagement for Pakistan Customs, where they keep themselves abreast with the developments in World Customs Organization (WCO). This is to ensure that all the procedures and systems adopted by Pakistan Customs are in accordance with the treaty obligations and recommendations of WCO. Under the NTFS, the strategy related to SPS controls will also be reviewed to ensure compliance with the World Trade Organisation (WTO). NTFS mandates that there is electronic filing of trade documents and that the trade documents are standardized based on UN Layout Key (UNLK). This strategy also aims to facilitate the Economic Cooperation Organisation (ECO) members with transit trade facility with harmonized and standardized procedures for these countries.

Given the implementation and results of NTFS and NTTFC, it becomes important to compare trade facilitation indicators of Pakistan with those of other South Asian countries. Table 8 reveals the comparison of Pakistan with India, Sri Lanka, Bangladesh, Asia and Lower-Middle Income Countries. Pakistan performs better than the Asian and lower middle-income countries' average in areas of advance rulings and automation, according to OECD trade facilitation indicators. Pakistan's performance in involvement of the trade community and streamlining of procedures is below the averages of Asian and lower middle-income countries.

Table 9: Trade Facilitation Indicators and Score (out of 2)

Indicators	Pakistan	India	Sri Lanka	Bangladesh	Asia	LMIC
Information Availability	1.7	1.9	1.3	1.9	1.5	1.6
Involvement of trade community	0.5	1.3	1.7	1	1.4	1.2
Advance Ruling	1.6	2	-	0.4	1	0.9
Appeal Procedures	1.3	1.8	1.9	0.8	1.5	1.3
Fee and charges	1.5	0.5	1.4	1.6	1.4	1.2
Formalities - Documents	1.2	1.5	1.6	1	1.2	1.2
Formalities - Automation	1.5	1.5	0.7	1	1.1	1
Formalities - Procedures	0.9	0.9	1.3	0.8	1.2	1.2
Border Agency Cooperation	1.5	2	1	1.6	1.5	1.3
Governance and Impartiality		1.8	1.5	1.2	1.8	1.5

Source: OECD Trade Facilitation Indicators (2013)¹⁰

Pakistan's main trade policy instrument is the tariff regime. Industrial policy is influenced by a large number of SROs (Statutory Regulatory Orders), which specify concessions/exemptions in tariffs by end use and product. The tariff schedule is not transparent and does not indicate the preferential tariffs on each product.¹¹ Beyond the customs duty, importers pay a Goods and Services Tax (GST) of 16 per cent and a presumptive income tax of five per cent on commercial importers and three per cent on industrial importers.

4.2. Major NTBs and procedural obstacles in Pakistan – South Asia Trade

Sardar (2013) documents the several non-tariff barriers (NTBs) that hamper Pakistan's trade with the region. Major ones in these are stringent visa regime, trade distorting subsidies to domestic industry, overland transportation restrictions, restricted trade-related financial transactions regime, transit restrictions and port of call restrictions. NTBs related to financial transactions are cumbersome payment system, restrictive official foreign exchange allocations, regulations concerning terms of trade for import payments, non-acceptance of letter of credit and absence of bank branches in neighbouring countries. Predictably and as has been widely documented for the

¹⁰ OECD (2013). Available at: http://www.oecd.org/trade/facilitation/indicators.htm#Asia_TFI

¹¹ SAFTA tariffs, for example, are not included in the main Customs Tariff Schedule of Federal Board of Revenue (FBR). They are indicated in a separate SRO, 558 (1)/2004, updated to 01-06-2012. The coverage and tariffs under FTAs with countries like China are presented in other SROs of FBR.

region, Pakistan itself imposes a host of NTBs to either discourage imports or to increase documentations against the South Asian region.

4.2.1 Major NTBs practiced by Pakistan in trade with South Asia

Drawing significantly from Pasha and Pasha (2013), the NTBs generally applied by Pakistan are as follows: ¹²

- For the most part, Pakistan applies transaction values and WTO customs valuation rules for valuation. But special valuation procedures are applicable to motor vehicles (both new and old), cosmetics and toiletries, polyester yarn and motorcycles.
- Minimum import values apply only to motorcycle parts. ¹³
- Used machinery and equipment are subject to pre-shipment inspection
- Imports of certain items are subject to special licensing due to health, safety, security, religious and environmental reasons, for example, re-treaded tyres and alcohol. This also applies to goods in transit to Afghanistan. Licensing is also required in Engineering Development Board governed concessional imports of materials, components and auto parts for the automotive sector.
- Import quotas apply to certain chemicals used in industry.
- Finished pharmaceuticals cannot be imported without prior approval from Ministry of Health.
- The agriculture sector in Pakistan is somewhat subsidized for example on inputs like fertilizers and electricity.
- Pakistan has 27,000 national standards, covering mainly agriculture, food stuffs, chemicals, civil and mechanical engineering and textiles. About 15,000 are ISO standards and 7,000 are IEC/OIML standards. However, enforcement remains poor.
- There are 25 notifications covering mainly sampling and testing procedures as well as labelling, packaging, storage and transport of several food products, pharmaceuticals, etc.
- Pakistan's SPS-related legislation is relatively outdated.

¹² This summary also draws from WTO's **Trade Policy Review of Pakistan** for 2008 and updates based on more recent notifications in the Import Policy. Significantly drawn upon is Pasha, D.H.A., and Pasha, D.A.G. (2013). *Non-Tariff Barriers of India and Pakistan and their Impact. Institute of Public Policy, Beaconhouse National University.*

¹³ They constitute a NTB as they constitute tariff values for determination of duty paid.

Quality control measures include licenses with no specific ex-ante criteria and licenses for selected importers and sanitary and phytosanitary measures. Technical barriers to trade include marketing requirements, labelling requirements, testing, inspection and quarantine requirements and pre-shipment inspection and certificate requirements (Raihan and De, 2013).

4.2.2 Major NTBs and procedural obstacles against Pakistan in trade with South Asia

Pakistan raised the issue of non-tariff barriers against its exports during the First Meeting of the SAFTA Sub-Group on Non-Tariff Measures (NTMs) held on 16 and 17 May 2006, at SAARC Secretariat, Kathmandu. A complete list of NTMs and Para-Tariff Measures faced by export products of Pakistan under Article 7(4) of the SAFTA Agreement are provided in Table 11. Pakistan argues that due to these NTMs (especially from India), it has not been able to realize its actual potential of exports under SAFTA.

Table 10: NTBs against Pakistan

S.No.	Description of Product/ Other Aspects (HS Code, if relevant)	Description of Barriers (including legislation, if identified)	Importing Member State	REMARKS
1.	All products	Since more than one Ministries/ Departments are involved in the regulation of imports, each has their own sets of rules and procedures. Though this may be true for other countries as well, in the case of India there is no single official publication/compendium that might cover all information on tariffs, tax rates and other relevant procedural formalities to facilitate the exporters.	India, Bangladesh, Afghanistan and Nepal	This results in uncertainties and delays; discourages prospective exporters and acts as an NTB.
2.	All products	The relevant clauses of Indian Customs Act i.e. Section 2(41) and Section 14(1) provide the evaluation officers with discretion beyond the international norms and practices. In some cases, this discretion is	India	Unnecessary and multiple queries on bills of entry on Pakistani exports. Indian Customs Valuation methodology does not reflect actual

		exercised on a country-to-country basis.		transactions values and effectively raises tariff rates. This act as harassment for exporters.
3.	All Products	Separate tariffs and Federal excise tax schedules, as well as additional public notifications and notices to determine current tariff and tax rates and or other requirements for imports into India.	India and Bangladesh	Absence of a simplified and transparent tariff regime acts as an NTB
4.	All products	Indian states have also adopted measures which restrict the use, sale and consumption of many other agricultural, and industrial products. Full view of these measures is difficult to ascertain for lack of any published or electronically available material.	India	The lengthy procedures discourage importers.
5.	All products	In India each state has its own set of rules about interstate movement of goods. Goods moving across the states, are also subject to further inspection and even taxes/fees.		The procedures cause waste of time and money.
6.	All products	In many cases Indian banks do not accept LCs issued by Pakistani banks in favour of general exporters.	India	In view of this phenomenon, in most of the cases, payments between Pakistani exporters and Indian importers are settled through the Asian Currency Union, which adds to the transaction cost and therefore acts as an NTB.
7.	Cross section of products	Prospective exporters are required to obtain license	India	This adds to the business cost and

	including Cement, Gelatine, Condensed Milk, Electrical Appliances, Mineral Water, Steel Products, Leather Products, X-ray equipment, Dry Cell Battery, Thermometers, Helmets and Gas Cylinders	from the Bureau of Indian Standard (BIS) and besides the application/processing charges, which require to pay costs of inspection visits from India to the exporting countries. Furthermore, such license is required to be renewed annually for new inspection/testing of samples etc.		affects competitiveness of imports into India.
8.	Primary agricultural products	Requirement of bio-security and Sanitary and Phyto-sanitary plus requirement for import permit. Eligibility for import permit requires risk analysis of the products which is a complex process and lacks transparency. India continues import licensing for about 600 items, on the grounds that restrictions are needed to ensure protection for "human", animal or plant life or health". Imports of nearly all livestock, agricultural and food products require some kind of phyto-sanitary or sanitary certificate and import permission, issued under the general supervision of the Ministry of Agriculture.	India	This adds to the cost and time of the transaction making exports to India uncompetitive.
9.	Poultry, dairy products and meat (frozen, chilled or fresh)	Requirement of import permit from the Department of Animal Husbandry and Dairy which is a time-consuming process.	India	Affects cost of imports into India.
10.	Leather, leather goods and melamine products	Requirement of laboratory testing. Samples of export consignment are sent to testing laboratory far away from Customs points.	India	This causes delays and undesirable demurrage, thus adding affecting competitiveness of imports into India.
11.	Textile and textile products	Following trade restrictive measures are applied to use	India	

		<p>of AZO dyes in manufacture of fabrics: -</p> <ul style="list-style-type: none"> • Pre-shipment inspection certificate from textile testing laboratory accredited to the National Accreditation Agency of the country of origin. • Non-availability of the certificate requires testing from the notified agencies in India for each and every Colour of every consignment. <p>In some cases, even certificates by EU accredited labs on this account have been rejected by Indian Customs and such consignments are subjected to repeat tests in India.</p> <p>Marking requirements for Textile:</p> <ul style="list-style-type: none"> • Textile (consumer protection) Regulation of 1988 imposes strict marking requirements for yarns, fibres, fabrics imported into India. • Following markings are required to be clearly visible on the face plate of each piece of quality. <ul style="list-style-type: none"> (a) Name and address of manufacturer and the person who causes such manufacture. (b) Description of the cloth e.g. "dhoti", "sari", suiting, etc. (c) Sort Number of cloth. 		<p>Pakistan has banned the import of AZO dyes but still consignments exported to India are tested.</p> <p>It takes seven days to three months for testing.</p> <p>The cost of such tests and procedures represent 10% of the value of consignment.</p> <p>The complex set of regulations discourage exporters, affect cost competitiveness of exports to India and delay clearance at the customs stage.</p>
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		<ul style="list-style-type: none"> • Length in meters and width in centimetres. “fast to normal washing” or “not fast to normal indication. • To indicate process like pre-shrink or mercerized. • The words “seconds” or “damage”/“defective piece” when the piece of cloth is specified as such. • In case the cloth made from manmade fibre or filament yarns the words “made from” followed by the words spun/spun, filament/filament or spun/filament. • Month and year of packing. • The exact composition of the cloth expressed in percentage by weight on each of the individual constituents of fabric. • The marking to be made on alternate meter of the cloth at a higher not exceeding 2.5 centimetres from the selvage. • Marking of the words and letters has to be made in Hindi and in English in capital letters. • The size of character has also been specified. • The consignments are examined/ 		<p>There is no written instructions/rules or guidelines for Customs in this regard. Such instructions are given on/for individual consignments. In many cases these restrictions and regulations can result in stoppage of imports into India. In such cases these regulations actually work as quantitative restrictions.</p>
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		checked 100% for verification.		
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Source: GoP, 2006

5. Institutions and Regulations

5.1. Institutional Overview

In Pakistan like in many other South Asian countries, there is no single authority to formulate trade facilitation policies. Various ministries and agencies are involved in designing and implementing trade facilitation measures. Ministry of Commerce, Ministry of Communication, Ministry of Ports and Shipping, Ministry of Railways, Ministry of Defence, Planning Commission, Federal Board of Revenue, National Logistic Cell are some of the entities involved in framing Pakistan's trade facilitation policies. Due to the absence of a regulatory framework for these departments for trade facilitation, there are information gaps and the policies are not coherent often leading to implementation failure. However, Trade and Transport Facilitation Committee (NTTFC) has been formed under Ministry of Commerce. Many trade and transport related legislations such as Carriage of Goods by Road Bill, 2013, Carriage of Goods by Sea Bill, 2013 and Logistics Services Providers Development and Regulatory Authority Bill, 2013 are pending enactment. Pakistan is also not a signatory to many of the bilateral and multilateral trade and transport agreements. Railway and Motor Vehicle agreements for regulation of passenger and cargo traffic among SAARC member states have not been concluded due to reservations by some of the member states including Pakistan itself. In the section below, we briefly describe the role of key institutions for trade facilitation in Pakistan:

Ministry of Commerce (MoC), Pakistan: MoC plays a pivotal role in drafting policies and their subsequent implementation. It is the premier ministry which has all the responsibilities of overseeing trade related issues and concerns. Over the years, MoC has moved from a body forming annual trade policy towards framing strategic policy for export and import for the medium term. A large part of the ministry's mandate has been taken over by FBR and Ministry of Textile.

Ministry of Textile: Much like the Textile Policy 2009-2014 and the Textile Policy 2014-2019, the Textiles Investment Support Fund prioritizes upgradation of machinery and technology, building of required infrastructure, developing skills, promoting standardization, establishing a zero-rated exports regime, rationalizing trade, removing regulatory bottlenecks, building big export houses, initiating a market insurance scheme and using the information and communication technology. Implementation of the policy is undertaken by a committee comprising the textile minister, industry representatives and stakeholders. The Ministry of Textile is also in the process of formulating and drafting the next textile policy, which will be implemented over the 2015-20 period. It also aims to implement certain measures and policies that would help boost regional trade (MoF, 2014). On trade facilitation, the policy aims to facilitate doing business and curb the hurdles in doing so.¹⁴ Recent projects undertaken by the Ministry of Textile include setting up of Pakistan- Korea Technology Institute and Garment Cities in Karachi, Lahore and Faisalabad. The related agreements include signing of MOU between Pakistan and Tajikistan for collaboration in textiles development. The Ministry has also signed an MOU with Lasbela University of Agriculture to establish a Cotton Research Station at Lasbela.

National Trade and Transport Facilitation Committee (NTTFC): NTTFC was formed under the Ministry of Commerce. This was achieved through Resolution No. 1(8)/94-ITO/UNCTAD, of 14 July 1998. The objective of setting up this committee was to encourage and support coordination among

¹⁴Textile Policy 2014-19, Government of Pakistan (available at <http://www.textile.gov.pk/moti/userfiles1/file/Textile%20Policy%202014-19.pdf>)

various government agencies and commercial enterprises. Secondly, a competent inter-agency secretariat needed to be created for adaptation of international best practices for trade facilitation. This committee also helps in resolving disputes among parties and helps the government to update Pakistan's legal and institutional environment for trade and transport facilitation.

National Logistics Cell (NLC): It is a public-sector enterprise that deals with construction of mega structures and management of dry ports and border terminals. It is also responsible for placing scanners at dry ports and border points and managing of weigh bridges and warehousing facilities. Earlier, the NLC had a presence at Wagah, Torkhum and Chaman Border Points. Two new terminals are being developed by NLC, one at Sust Border, to facilitate trade between China and Pakistan, and the second one at Taftan Border with Iran. An agreement (costing around US\$11 million) regarding purchase of ten refurbished locomotives has been signed between NLC and Korean Rail (NLC, 2014). Due to this agreement, 30 locomotives will be used by NLC Express Freight Train (NEFT) for freight operations in 2014.

Afghanistan-Pakistan Transit Trade Coordination Authority: The role of this authority is to facilitate trade by building and upgrading requisite infrastructure, in accordance with international best practices and ensuring clearance of transit traffic. APTTCA was established to oversee and ensure effective implementation of the Afghanistan-Pakistan Transit Trade Agreement (APTTA). This committee meets twice a year and is co-chaired by the Deputy Minister for Commerce and Industries, Government of Afghanistan and the Commerce Secretary, Government of Pakistan.

Responsibilities of this committee include monitoring and implementation of the Agreement; ensuring uniform interpretation and application of the Agreement by both parties; formulating, monitoring implementation and effectiveness of measures adopted to address and curb unauthorized trade; resolving disputes that may arise regarding implementation of the agreement; authorizing studies on issues related to transit trade; and considering any other matter for proper running of the agreement (MoC, 2014). The APTTCA secretariat is based within Ministry of Commerce. In January 2015, the scope of this agreement was extended to include Tajikistan. A trilateral meeting among Afghanistan, Pakistan and Tajikistan has already taken place to extend the transit facilities to Dushanbe.

Trade Development Authority of Pakistan (TDAP): TDAP's trade facilitation unit helps exporters in availing the opportunities. It aims to improve the composition and diversification of exports. This division is also responsible to handle disputes that arise with countries in South Asia. TDAP also organizes several export promotion exhibitions in various cities across the globe.

The Authority conducts Expo Pakistan, which is a trade fair in Pakistan that showcases the country's exportable merchandise and services. Foreign exhibitors are also given an opportunity to showcase their products here. Business deals at the last Expo Pakistan, in 2013, were estimated at US\$ 1 billion.¹⁵ Lahore International Expo Centre and Karachi Expo Centre provide a platform to exporters, traders and service providers to showcase their products and services through trade exhibitions, fairs and conferences.

National Trade Corridor Improvement Project: The objective of this World Bank funded project is to improve the transport logistics system. Due to the slow progress of the project, the World Bank pulled out in 2007. Now, the Asian Development Bank (ADB) is working for the implementation of the NTCIP. In 2007, ADB approved a multi-tranche financing facility (MFF) of \$900 million for the

¹⁵ Available at: <http://expopakistan.gov.pk/about.php>

National Trade Corridor Highway Investment Program (NTCHIP).

Ministry of Ports and Shipping: Ministry of Ports and Shipping facilitates the ports and shipping industry of Pakistan. It provides policy guidelines to encourage port development and growth in shipping. It handles Karachi Port Trust, Port Bin Qasim and Gwadar Port. Gwadar Port Authority has just sanctioned a Special Economic Zone to facilitate regional development in Baluchistan Province (Dawn 2017). Other projects at various stages include the construction of East-Bay Expressway, the construction of Breakwaters and dredging of berthing areas and channels. Pak-China Technical and Vocational Institute, under construction in Baluchistan, has recently been inaugurated (Daily Balochistan Express 2018).

Pakistan Standards and Quality Control Authority: The Pakistan Standards and Quality Control Authority is the national standardization body. Its function includes facilitating trade and furthering international cooperation in relation to standards and conformity assessment. It inspects and tests products and services for their quality specifications for trade purposes. It has a presence at all the major border points of the country.

Ministry of Communications: In the context of trade facilitation, Ministry of Communications has a central role, due to its mandate for improving transportation infrastructure in the country. It promotes international competitiveness of exports, ensures smooth travel on roads and works on expanding road networks. The Ministry has initiated many new projects to improve road infrastructure and the road transport system, such as completion and upgradation of all national highways and motorways, construction of paved roads from all agriculture production areas to market centres, construction of dual carriage highways to all land border crossings leading to Taftan and Chahbahar with Iran; Torkham, Chaman and Keli Ghulam Khan with Afghanistan; Wagah, Ganda Singhwala and Khokhrapar with India and Urmumqi with China.

In 2004, Pakistan signed an agreement formulated by United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) to develop international road transport in Asia. The Inter-Governmental Agreement on Asian Highway Network was also signed by 26 other countries.

Federal Board of Revenue (FBR): Pakistan Customs works under FBR and is the guardian of Pakistan's borders. It prevents the movement of contraband goods and is a facilitator of bona fide trade. It provides a major source of revenue to the Government of Pakistan in the form of taxes levied on the goods traded across the borders. FBR maintains a web portal to provide traders with information and engineered business processes for e-filing of tax returns and Goods Declarations.

Provincial Departments: Provincial governments in Pakistan also play some role in trade facilitation. For example, Punjab Board of Investment and Trade (PBIT) is an investment promotion agency to facilitate and support trade and investment in Punjab. Recently, it helped in increasing India-Pakistan trade through the land route and facilitated high level meetings between both the Punjab Provinces (India's Punjab and Pakistan's Punjab). Provincial Revenue Departments have their policies for goods travelling through their provincial domains. Most of these are in terms of cess on the trucks and goods being transported through trade routes. In a recent budget announcement made by Khyber Pakhtunkwa Province, the government there levied a one per cent tax on goods for exports to Afghanistan, including goods transported by North Atlantic Treaty Organization (NATO).

5.2. Trade Agreements signed by Pakistan

South Asia Free Trade Agreement and South Asia Preferential Trade Agreement: The

framework agreement on South Asia Preferential Trade Agreement (SAPTA) was approved in 1993 and implemented in 1995. SAPTA was a preferential trading arrangement, aimed at promoting and sustaining mutual trade and economic cooperation among SAARC countries. SAPTA, in which Pakistan played a major role, become the first step towards South Asian Free Trade Area (SAFTA). Later, during 12th SAARC Summit on 6 January 2004, all member countries signed SAFTA. On 22 March 2006, the SAARC secretariat issued a formal notification announcing the implementation of SAFTA with effect from 1 January 2006. Under SAFTA, Pakistan needs to adopt the following measures for trade facilitation (MoC, 2014):

- Harmonisation of standards, standardization of certification of products
- Simplification and harmonisation of customs clearance procedures
- Harmonization of national customs classification based on the HS coding system
- Assistance by the customs authorities for dispute resolution
- Simplification of banking procedures
- Transit facilities to Afghanistan
- Development of communication systems and transport infrastructure, and
- Simplification of business visas.

Pakistan is steadily moving towards harmonization of procedures and documentations and, under the second phase of SAFTA, Pakistan has also revised the sensitive list of products for all the South Asian countries. Under the third phase, Pakistan issued a request list for Bangladesh, India and Sri Lanka.

Afghanistan-Pakistan Transit Trade Agreement (APTTA) 2010: The agreement was signed to facilitate the movement of goods between and through the territories of the two countries. The objectives of this agreement are to ensure efficient and effective administration of transit transport, simplification and harmonization of customs procedures and documents (according to revised Kyoto Convention 1999), promotion of intermodal freight transport, minimization of customs fraud and monitoring the trade of controlled chemical substances. Under this agreement, there shall be freedom of transit, through territories of Pakistan and Afghanistan, via the pre-settled routes most convenient for international transit. There shall be no distinction regarding the flag of the vessel, the place of origin, departure, entry, exit or destination. Pakistan and Afghanistan agreed to ensure the clearance of transit traffic without delay and to maintain and establish related infrastructure and customs clearance facilities. It was also agreed that up to five per cent of the containers arriving at the port of entry will be subject to examination.

In order to further facilitate transit trade, Pakistan and Afghanistan agreed to establish one or more enquiry points for traders and transporters to acquire specific information related to customs inspection, certification and documentary customs formalities. Article-34 of the agreement refers to the establishment of Afghanistan-Pakistan Transit Trade Coordination Authority (APTTCA) to monitor, facilitate and effectively implement APTTA.

SAARC Agreement on Trade in Services (SATIS): SATIS came into force on 29 November 2010, after ratification by all SAARC member countries.¹⁶ The objectives of this agreement are to promote and enhance trade in services. The aim was to progressively cover liberalisation of trade in services with a broad-based and deeper coverage of most of the services sector/sub sectors with a view to fulfilling the objectives of Article V of General Agreement on Trade in Services (GATS). Under this agreement, Pakistan is to follow a positive list approach. Meanwhile, it also refers to a provision regarding real and effective market access to all other South Asian countries.

Pakistan-Sri Lanka Free Trade Agreement: A Free Trade Agreement (FTA)¹⁷ signed between Pakistan and Sri Lanka came into operation in 2005. Under the FTA, Pakistan and Sri Lanka agreed to offer preferential market access to each other's exports. Sri Lanka would be able to enjoy duty free access on 206 products in the Pakistani market. Pakistan, in return, would gain duty free access on 102 products in the Sri Lankan market. The objective of this agreement was to promote trade in goods and services, fair competition and removal of NTBs. In order to facilitate trade between Pakistan and Sri Lanka, cooperation among the customs authorities has been emphasized by the agreement. The two sides agreed on building a working group to deal with customs related issues and harmonization of tariffs. Pakistan and Sri Lanka have also agreed on eliminating all other agreements and NTBs. Both these countries have also agreed not to increase existing para-tariffs or introduce any new ones without the consent of both the parties.

¹⁶ SAARC Agreement on Trade in Services (SATIS) Available at: [http://saarc-sec.org/uploads/document/SAARC%20Agreement%20on%20Trade%20in%20Services%20\(signed\)_20121011091030.pdf](http://saarc-sec.org/uploads/document/SAARC%20Agreement%20on%20Trade%20in%20Services%20(signed)_20121011091030.pdf)

¹⁷ Pakistan-Sri Lanka Free Trade Agreement. Available at: http://www.commerce.gov.pk/?page_id=215

6. Literature Review

Trade facilitation has gained immense importance in national level trade policies. As countries realize the potential of regional trade, several facets of trade facilitation have already been explored, the primary of which is detailed datasets for establishing competitiveness baselines. Broadly, three main areas of trade facilitation are found to be discussed in the literature:

- Significance of trade facilitation for increasing trade flows and reducing trade cost
- Assessing the trade facilitation needs of the economies using trade facilitation audit techniques and tool kits

Assessing the relative economic and trade impact of specific trade facilitation measures using gravity and CGE models.

A substantial amount of work has been done for developing countries to assess their trade facilitation improvement requirements and estimate the reduction in trade cost and potential improvement in trade flows. Yet, there is very little analytical work done regarding the South Asian region so far. Trade facilitation is defined briefly, as well as broadly, by the available literature. United Nations Conference on Trade and Development (UNCTAD) and Organization for Economic Cooperation and Development (OECD) have limited the scope of their definitions by including only free movement of goods by focusing merely on customs procedures and technical regulations that delay the trade process while the World Bank (WB) places a broader definition to its trade facilitation initiatives by including reforms in customs, regulatory frameworks and standards (Nanda, 2003).

Quantifying the gains of trade facilitation is complex and challenging. Wilson et al (2003), among the early works in trade facilitation, discusses concepts of trade facilitation and trade flows in the Asia-Pacific region through gravity model calculations, considering country specific data for ports, customs, regulatory environment and facilities for e-business. This study shows that inefficient ports and the regulatory burden on the trader hamper trade more than other indicators. Subsequently, using a single measure of trade facilitation in a computable general equilibrium (CGE) framework, they find negative effects of a shock on trade even though there are large gains from trade facilitation (Wilson et. al, 2005). Wilson, Mann and Ostuki (2004), on the other hand, shows that global trade facilitation would help improve trade in manufactured goods by US \$ 377 billion, which is an increase of 9.7 per cent over what would happen otherwise.

The literature, until recently, focused more on trade facilitation measures and their impact on the trade volumes. Now, studies have started to consider trade costs, which includes costs incurred at the borders, which ultimately impacts the traded volumes (Persson, 2012). Zaki (2010) calculated the dynamic CGE modelling approach for Egypt to combine the trade facilitation aspects. The calculation concluded that if trade facilitation incorporates cost, it has better impact on improving trade with the other countries. By employing the general equilibrium or gravity models, several other studies have assessed the impact of reduced transaction costs on trade flows.

Baier and Bergstrand (2001) examine the impact of transport cost reduction by using the gravity equation and found that eight per cent of the average growth in real bilateral trade flows among OECD countries between the late 1950s to late 1980s is explained by trade cost reduction. Moise and Sorescu (2013), using OECD trade facilitation indicators, assess the impact of specific trade

facilitation measures on 127 non-OECD countries' trade. They have identified the priority areas which have much greater impact on trade volumes and trade costs. These areas are availability of information on trade, simple and homogeneous documents, streamlining of procedures and extensive use of automated processes. A combined implementation of these would result in trade cost reduction of 14.5 per cent for lower income countries, 15.5 per cent for middle income countries and 13.2 per cent for upper middle-income countries.

Several studies indicate that reducing border delays is critical in order to have positive impact on trade and welfare. Poor trade facilitation, high transport cost and small market size remain the major obstacles to regional trade agreements in the African countries (Yang and Gupta, 2008). Hummel (2001), linking tariff with trade facilitation, found that each day saved in shipping time is worth a 0.5 per cent reduction of ad valorem tariff. Cudmore and Whalley (2004), comparing the conventional equilibrium model with one that includes border delays, estimated that while the former model shows a welfare gain of 0.044 per cent, the latter model indicated a welfare loss of 0.13 per cent.

Shepherd and Wilson (2009) used the standard gravity model for Southeast Asian countries and the results show that trade flows are sensitive to transport infrastructure and communication technology. This study shows that improving port facilitation could expand trade in the region by 7.5 per cent.

6.1 Studies focused on South Asia and Pakistan

South Asia has been the least integrated region in the world and very little has been achieved in terms of political and economic coordination across borders (Hertel and Mirza, 2009; Aggarwal and Urata, 2013). Studying the impact of trade facilitation measures in South Asia, Wilson and Ostuki (2007) observed a continued weakness of South Asian countries in port and transport infrastructure, regulatory environments and service sector infrastructure. This argument is also supported by Engman (2005). The study further highlights that raising the level of trade facilitation by the rest of the world could lead to gains in trade in South Asia, but much of the gains are attributed to capacity building within the region.

Lacklustre trade facilitation in South Asia is the most notable NTB impeding the growth in regional trade volumes. It is also due to ports and airports in the region being less advanced than other countries in Asia and they cannot process the goods in due time (World Bank, 2006; Hertel and Mirza, 2009; CUTS, 2013). South Asian countries need trade facilitation measures for expanding both international trade and trade within the region. And, gains in trade after trade facilitation are dependent on how the region responds in terms of geo-politics (Otsuki, Honda and Wilson, 2013).

A study by De et al (2008) shows that if transaction costs fall by 10 per cent in South Asia, it will resultantly increase a country's export by three per cent. The same study also demonstrates that transit trade arrangements in the South Asian region is poor and that limited arrangements have been made for landlocked countries in the region.

A study by Raihan (2014) mentions Carnat's work which refutes the notion that trade between developing countries could lead to excessive trade diversion among developing countries in a regional trade agreement and between these countries and third countries. By using the gravity model, his study showed that trade between developing countries in a regional trade agreement led

to similar level of trade diversion as seen in other regional trade agreements. The evidence implies that trade can be increased between countries in the South through measures such as trade facilitation, which are undertaken in regional trade agreements (RTA), to eradicate barriers to trade.

According to the Overall Trade Restrictive Index, Pakistan is in the 88th percentile, which is lower than India's, and it's among the group of countries that have the most restrictive policies. Recent literature notes that Pakistan has failed to gain from the trade boom in South Asia and the world (Reis and Taglioni, 2013; Reis et. al, 2013; Ali and Shah, 2013). Pakistan is facing a severe trade deficit primarily due to its exporting only to specific trading partners and it has not diversified its exports over the years (Mohmand and Aidu, 2013). This study also mentions that neighbouring countries and common borders are not helping to boost its exports and suggests diversifying exports both in terms of products and destination.

Mehmood et. al (2010) have mentioned two important factors for the less than liberal trading regime in the country. These include tariffs (an important source of revenue for the government) and a hefty dependence on imports of intermediate goods. Khan (1998) has summarized measures taken by the government over the past five decades. He concludes that Pakistan's policy makers have an exports bias. This has declined over the years with some tariff reforms and efforts initiated towards improving the export base in the country.

Bashir (2003) studied the dynamic impacts of trade liberalization policies on the agriculture sector's export performance. It concluded that domestic policies have a much larger impact on export performance of agricultural products. Trade facilitation, therefore, will continue to play a strong role.

There are a number of studies available on the India-Pakistan trade potential and barriers, and their transport situation. Pakistan and India are the largest economies in South Asia, yet, they have very low levels of bilateral trade, mainly due to political tensions, poor trade facilitation, Pakistan's reluctance to grant Most Favored Nation (MFN) status to India and India's reluctance to remove Pakistan-specific NTBs (Naqvi, 2009).

Raihan and De (2013) conclude that Pakistan's granting of MFN status to India will be beneficial, if it is supported by improved trade facilitation measures and connectivity between the two countries. This in turn will also benefit the region as a whole. Another, similar, study by De, Raihan and Ghani (2013) gives the same results and it mentions the immediate trade facilitation measures that are required for better trading relations between India and Pakistan. They say that in order to reduce the cost of trading, there is a dire need to improve infrastructure on the borders, clearer policies and procedures and market-oriented regulatory systems.

Gopalan et. al (2013) also discuss the provision of MFN status to India and its impact on domestic output, consumer welfare gains and net welfare impact for Pakistan. The authors are of the view that Pakistan is following stringent trade liberalization policies, which is hampering trade in South Asia, and this is being fuelled by costly and poor transport facilities among them (Taneja, 2014; Taneja, Prakash and Kalita 2013). The potential impact of SAFTA on consumer welfare gains, calculated by Chatterjee and George (2012), for Pakistan would amount to US \$ 206.18 million. The gain from India would be US \$ 203.88 million, from Sri Lanka US \$ 0.36 million, from Nepal US \$0.30 million and from Bangladesh it was estimated to be US\$ 1.64 million.

Raihan, Khan, and Qureshi (2014) attempt to highlight the gains from reduction in transaction costs in bilateral trade in South Asia. Simulation results from the Global Trade Analysis Project (GTAP) model show that, under SAFTA's full implementation, there would be large welfare gains for India

and Pakistan, some for Nepal and Sri Lanka and possibly some welfare loss for Bangladesh, due to a possible larger trade diversification effect.

A study by Ahmed, Qaiyum and Batool (2014) shows that pharmaceutical trade between India and Pakistan can be beneficial for Pakistan. Most of the raw materials that Pakistan's pharmaceutical sector uses are imported and if that raw material is imported from India, it would significantly reduce the cost of inputs and transportation for the industry. Another study by Ahmed, Qaiyum and Batool (2014) elaborates the advantages of opening up trade between India and Pakistan in the auto-sector. This study comes up with findings showing almost 60 per cent of the raw materials being imported by Pakistan and that it would be beneficial for the industry if it imported those from India. India is producing many of these auto parts and, if imported from India, the cost of production in Pakistan would be significantly reduced.

Pakistan has a comparative advantage in leather industries compared to other South Asian countries, but exports to the region is low due to the high cost of trading, poor infrastructure and cumbersome procedures (Shahab and Mahmood, 2013; Ahmed et al 2014). Both for Pakistan and India, Afghanistan presents wide trading opportunities, but the poor infrastructure and security situation along the bordering regions of Afghanistan and Pakistan is reducing the movement of goods across the borders and Pakistan is reluctant to provide transit trade facility to India (Hanauer and Chalk 2012).

Pakistan has had a Free Trade Agreement (FTA) with Sri Lanka since 2005, but this has not been able to expand the trade volume as expected, due to a sluggish regime on the major ports as well as some connectivity issues (Abeyratne, 2012; Ahmed et al 2010). The impact of Pakistan-Sri Lanka Free Trade Agreement (PSFTA) on exports to Pakistan is pretty small, indicating that Pakistan is not a notable export destination for Sri Lanka (Kelegama and Karunaratne, 2013).

A study by Bhuyan (2006) exhibits the trade potential and barriers to trade between Pakistan and Bangladesh. This study shows that there are multiple NTBs on Pakistan's side restricting imports from Bangladesh. These mainly include quantitative restrictions, the imposition of quality standards and strict rules of origin. The volume of trade is also low because there is no direct shipment between these countries. India does not allow transit trade facility to both these countries. Most of the shipment comes through Singapore or Dubai.

The reasons for low intra-regional trade within SAARC are: similar comparative advantages for many goods, low trade complementarities, stringent trade policies and political instability (Kemal 2004). He also estimated the Grubel-Lloyd indices for SAARC countries concluding that intra-industry trade in the SAARC region is lower for Pakistan. But, there are chances of expanding such trade through expansion of the overall export base of the country.

In a more recent study, the Grubel-Lloyd indices given by Akram (2013) exhibit that the share of intra-industry trade for Pakistan is rising with Bangladesh, India and Sri Lanka. Pakistan needs to work on trading the goods in which it has a comparative advantage in order to strengthen trade and investment in the region.

Transactions cost of exporting to the rest of the world is lower vis-à-vis South Asian countries. There are a number of studies which refer to the welfare impact of trade from South Asia, yet the system and procedures are not in favour of exporters and importers in Pakistan (SDPI, 2013). These procedural complexities result in informal flow of goods and in turn reduced revenue for the government.

Pakistan's National Trade Facilitation Strategy (2012) aims to address the major issues regarding trade facilitation. Improved connectivity and cooperation, both nationally and regionally, are some of the essential steps towards achieving better levels of trade facilitation. Pakistan is faced with a number of challenges that need to be addressed before envisaging high levels of trade facilitation measures in the country. These challenges are both regulatory and capacity building related. Regulatory reforms include simplification of customs procedures, information availability for all the stakeholders and improved physical infrastructure.

Raihan et al. (2014) have highlighted a number of Non-Tariff Measures (NTMs) that disrupt trade facilitation measures in Pakistan. The first set pertains to port restrictions. Currently, 137 items are allowed to enter Pakistan through Wahgah-Atari Border. Political and security considerations are the major reasons for such restrictions. SPS related inspections, customs inspections and other trade related matters are relatively minor reasons for such a scenario. Imports from Afghanistan are also subject to port specific restrictions. Political restrictions affect 585 categories of products under different levels of HS chapters. Furthermore, on the SPS and TBT front, the SPS measures pertaining to human, animal, plant health and related food safety issues are applied to about 79 product categories. TBT requirements apply to 186 product categories. Raihan et al (2014) evidence that due to poor coordination between the relevant departments and the private sector, standards and procedures change frequently and hence the regime is unpredictable.

Pasha and Pasha (2014) highlight the major NTBs as well as impediments to trade facilitation in Pakistan. The results of this exercise reveal that traders in Pakistan face several trade related bottlenecks, which hamper the smooth flow of goods. Some of them are mentioned below:

- Certification requirements
- Testing requirements are different for different products (acceptance by accreditation agencies)
- TBT restrictions
- Poor handling at Indian ports of entry and dealing with issues of Indian customs
- Transportation constraints
- Banking constraints (especially in trading with India)

The above survey was conducted specifically regarding trade with India. Therefore, it is important to conduct a survey to include traders trading with other South Asian countries. A report by UNCTAD (2013) raised certain concerns, and some satisfaction, regarding the trade facilitation measures that Pakistan has taken so far. The report mentions that customs related reforms in Pakistan are currently underway, but, on the other hand, the country has not paid any attention to developing a single window and enquiry points. This report also highlights the need for publication of trade related information as a major concern along with discipline issues on fees and charges. SDPI conducted a survey in Pakistan on trade and transport related bottlenecks in order to gauge the priority areas that the government of Pakistan needs to attend for a smooth flow of consignments from Pakistan to other South Asian countries.

7. Trade and Transport Facilitation Audit: The Primary Survey and its Findings

7.1 Methodology and Objectives

The primary survey attempts to understand the state of trade and transport facilitation in Pakistan. To do this, the major bottlenecks in the supply chain that drive up trade costs and dent competitiveness are assessed. The survey examines the frictions, inadequacies and hurdles involved in Pakistan's trade with other South Asian countries. Analytical and methodological guidance in the primary survey—of mainly private but also public participants in trade—is the Trade and Transport Facilitation Toolkit of the World Bank (World Bank 2010). The framework is geared towards assessing the quality of trade-related services delivered to traders who get probed of their perception and experience of trade logistics and infrastructure. Furthermore, the survey data enables prioritization of trade and transport facilitation interventions. Private sectors actors include exporters, importers, freight-forwarders, transport operators, business associations, customs agents and brokers. Key public participants include customs, border agencies, officials from ministries like commerce and finance and regulators in the transport sector among others.

We ask for responses on: (a) publication of trade related rules and regulations; (b) rules and procedures for exports and imports; (c) quality and efficiency of trade-related infrastructure and services; (d) treatment of goods in transit; and (d) use of Information and Communications Technology (ICT) to facilitate exports and imports. The total number of respondents is 148. The targeted routes covered during the study were Chaman border in Balochistan, Torkhum border in Khyber Pakhtunkhwa, Karachi Airport, Karachi Port, Port Bin Qasim in Karachi, Lahore Airport, Peshawar City and Wagah Border in Lahore. The survey, thus, captures the responses of the business community (including exporters and importers), customs officials, freight forwarders, transport associations, trade unions, chambers of commerce in Karachi, Lahore, Peshawar, Quetta and Chaman, and representatives of other relevant government departments.

Respondents for the survey were selected based on the products that they were trading with South Asian countries through specific border points that were selected for the survey (Table 12). The products selected at each border point were the highest value traded items there they were selected based on the maximum value of trade with the other country (shown in the figures extracted from the International Trade Map at the four-digit level)¹⁸. Secondly, the highest value of products passing through particular border points were also selected as it was easy to get hold of those respondents in the close-by cities. It was observed that the major goods passing through the border points were.

The sample was generated randomly from the list of these representatives with stratification by location and major products exported or imported. In a stratified random sample, all population units are grouped within homogeneous groups and simple random samples are selected from within each group. This method helped us to compute estimates for each of the strata.

¹⁸ International Trade Centre. Available at: <http://www.intracen.org/itc/market-info-tools/trade-statistics/>

Table 12: Surveyed ports, categories of respondents and products dealt into

Port	Total Respondents	Categories of Respondents	Broad Categories of Products Selected	
			HS Code	Product Name
Torkhum (Peshawar)	31	1 Chamber of Commerce 3 Customs and Ports Authority 2 Road Carrier 10 Importers 10 Exporters 5 Freight Forwarders	5701 2523 0902 1006 0806	Carpets and textiles Cement Tea Rice Fruit (dried)
Wagah (Lahore, Lahore Airport)	20	2 Chamber of Commerce 6 Importers 8 Exporters 2 Customs Authority 2 Freight Forwarder	4203 3923 5205 0701	Leather Plastic Products Yarn Potatoes
Karachi (Karachi Port, Port Bin Qasim, Karachi Airport)	70	36 Exporters 18 Importers 1 Road Carrier 3 Customs Authority 5 Freight Forwarders 5 Chamber of Commerce 1 Ministry/Department 1 Others	4203 0709 6114 6302 0804	Leather Vegetable Garments Bed, table, toilet and kitchen Linen Dates and Mangoes
Chaman	27	8 Exporters 9 Importers 3 Road Carriers 3 Customs Authority 3 Freight Forwarder	5701 1101 0810 2523	Carpets and textiles Wheat Fruit Cement

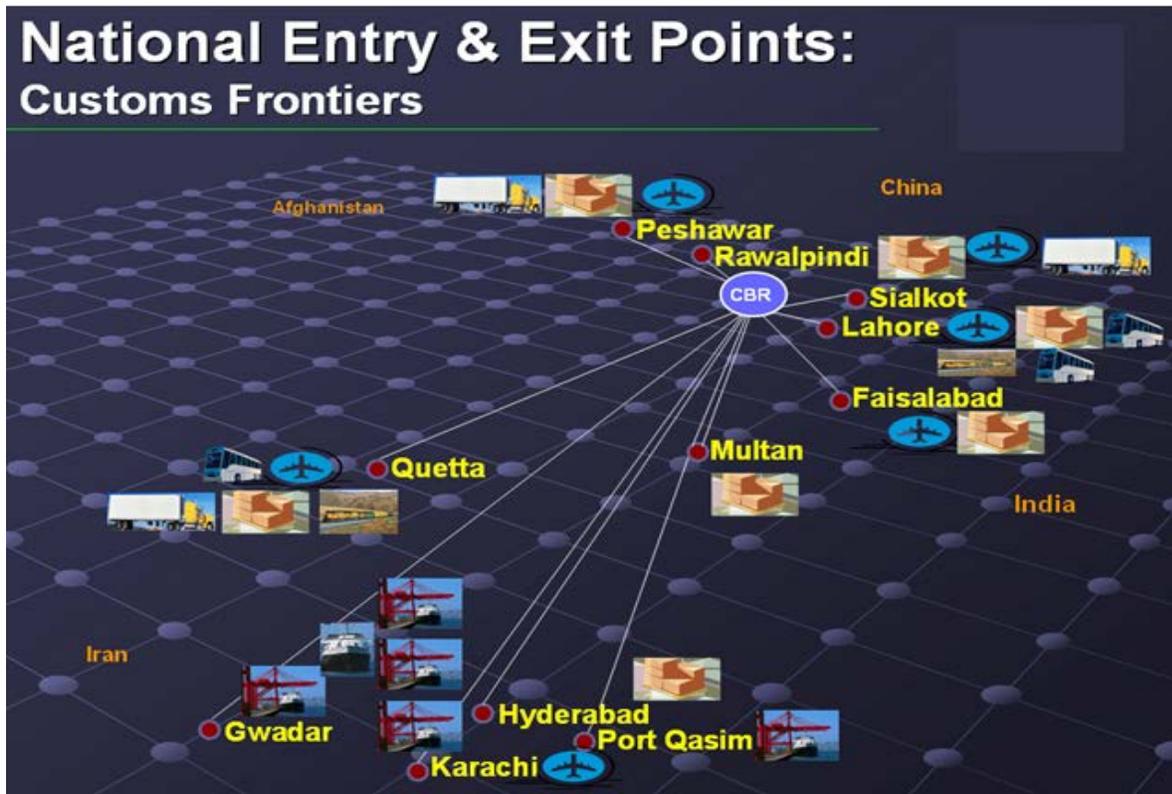
7.1.1 Description of Products

Carpets and rugs are among the major import items from Afghanistan. Most of these carpets and rugs are hand woven, which have a high demand in Pakistan. Major chunk of the exports, in terms of volume, to South Asian countries is cement. Afghanistan and India are the major buyers for Pakistan's cement and limestone. Rice is also among the top exported item of Pakistan to the world. Due to poor agricultural facilities in Afghanistan the country imports the product from Pakistan. Pakistan's *basmati* rice named (Airi 9) is among the country's top exported items in its export basket.

Pakistan imports some tea and dried fruits from Afghanistan as its own production of these items cannot cater to the high demand during peak seasons. Leather is mostly exported to India, Afghanistan and Bangladesh. Pakistan's leather quality is much better as compared to other countries, but unfortunately it is not exporting finished leather goods to India. Most of the leather is used by Indian industries as raw material. Pakistani textile takes the major share in the export basket. Pakistan has started to import yarn as a raw material from India. Earlier, Indian yarn was available at low prices, but now the government has imposed a five per cent duty on its imports. Potatoes and plastic are also imported from India during low production periods in Pakistan. Garments and bed, table, toilet and kitchen linen are the main products exported to developed countries from Pakistan, due to the high quality of fabric used by Pakistan's industries. These products are also exported to Sri Lanka and India (most of these products go through indirect channels).

National entry and exit points in Pakistan are shown in the image below:

Figure 4: National Entry and Exit Points



Source: Federal Board of Revenue (2014)¹⁹

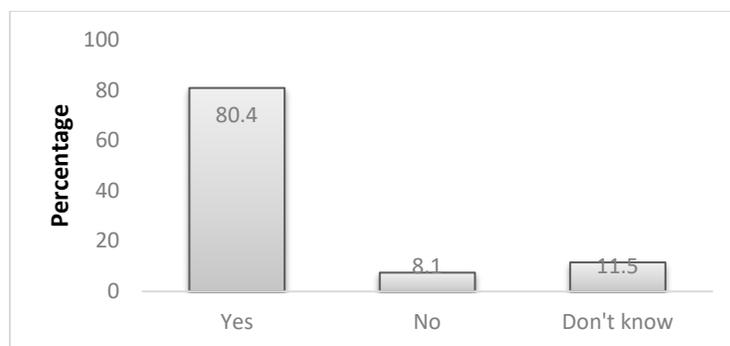
¹⁹FBR (2014) <http://www.fbr.gov.pk/ShowArticle.aspx?view=Article&ActionID=110&ArticleID=>

7.2. Empirical Results from the Survey

7.2.1 Publication of Trade Related Rules and Regulations

When 148 respondents were asked about the official customs website detailing procedures related to import and export, along with other technical information, around 80.4 per cent of them said that there is a customs website and that they have knowledge about its features (**Figure 5**). The rest were not aware of this information. Awareness among traders in Pakistan regarding official customs information still requires bolstering, as most of them rely on their clearing agents for such information. There is room for FBR and provincial revenue authorities to step up their outreach efforts. This will, in due course, also bridge the trust deficit.

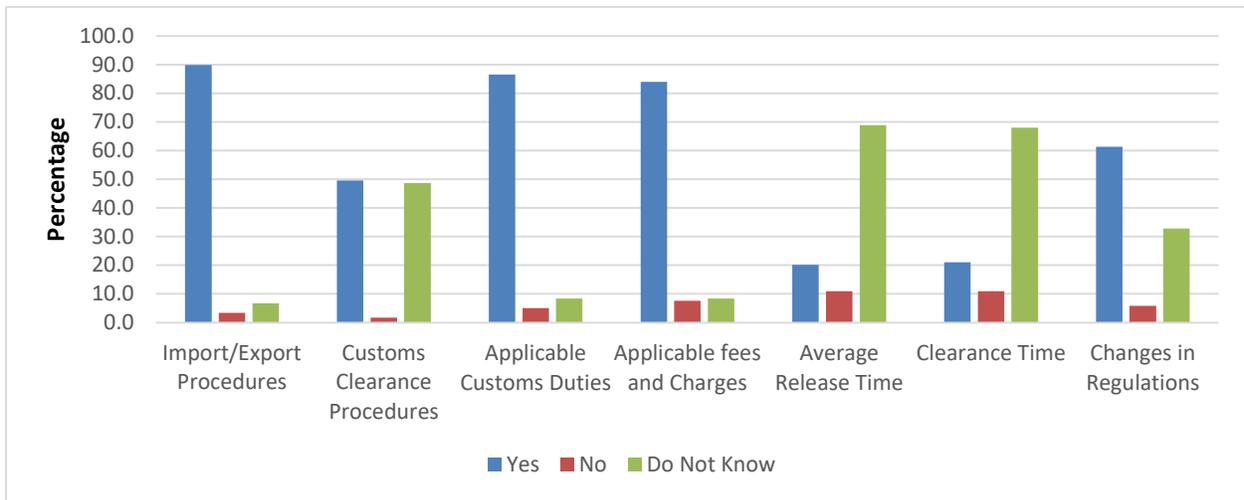
Figure 4: National customs website



Source: SDPI Survey Unit, 2014

What all information does the customs website provide? Out of 119 respondents, 90 per cent (suggesting that they were aware of such portal), reported that the national custom website covers information related to import/export procedures (Figure 5). Similarly, 49.6 per cent said that it informs on clearance procedures. 86.6 per cent said that information related to applicable customs duties is also available, while 84 per cent responded that information on applicable fees and charges is available. Only around 20 per cent were aware that there is any information on average release time and clearance time information. Around 39 per cent did not know that changes in regulations can also be accessed from the customs website. The customs website in Pakistan is not comprehensive. Several traders in our qualitative discussion revealed that real time customs clearance procedures, average release time and clearance time should be part of an interactive web portal. (See also IFC and World Bank, 2010).

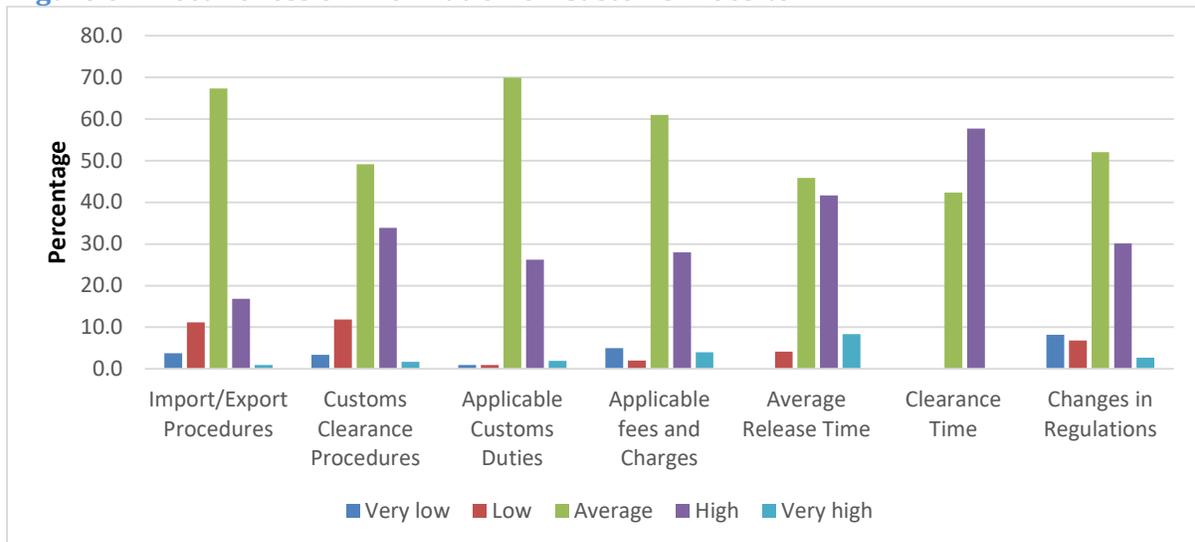
Figure 5: What does the customs website provide?



Source: SDPI Survey Unit, 2014

Figure 6 also indicates that website needs to contain more comprehensive information about export and import procedures. Similarly, the frequent changes in trade regulations, through statutory regulatory orders (SROs), are rarely updated on the website in a timely manner. The lag with which this information is uploaded results in an unnecessary loss to the business community. One recommendation could be that the website needs to provide country-wise and product wise classification of applicable duties and fees, import/export procedures and some information on average clearance time.

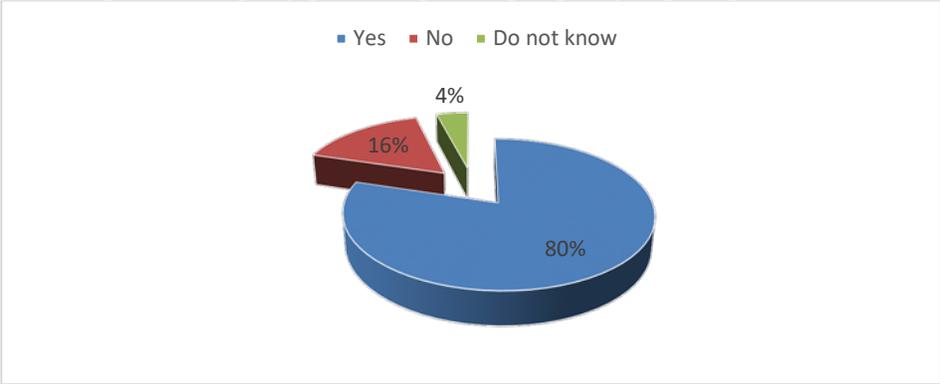
Figure 6: Effectiveness of Information on Customs Website



Source: SDPI Survey Unit, 2014

Around 16 per cent of the 148 respondents said that there is no inquiry point for export/import procedures (Figure 8). Another four per cent showed complete ignorance about a focal person to direct their inquiries to. This could partially be due to the low outreach efforts by the tax authorities. The examples of the use of both print and electronic media by advanced countries could offer some solutions. There are inquiry points at each of the customs headquarters of the provinces, but for borders like Torkhum and Chaman, these inquiry points are of no use.

Figure 7: Inquiry point regarding export/import procedure



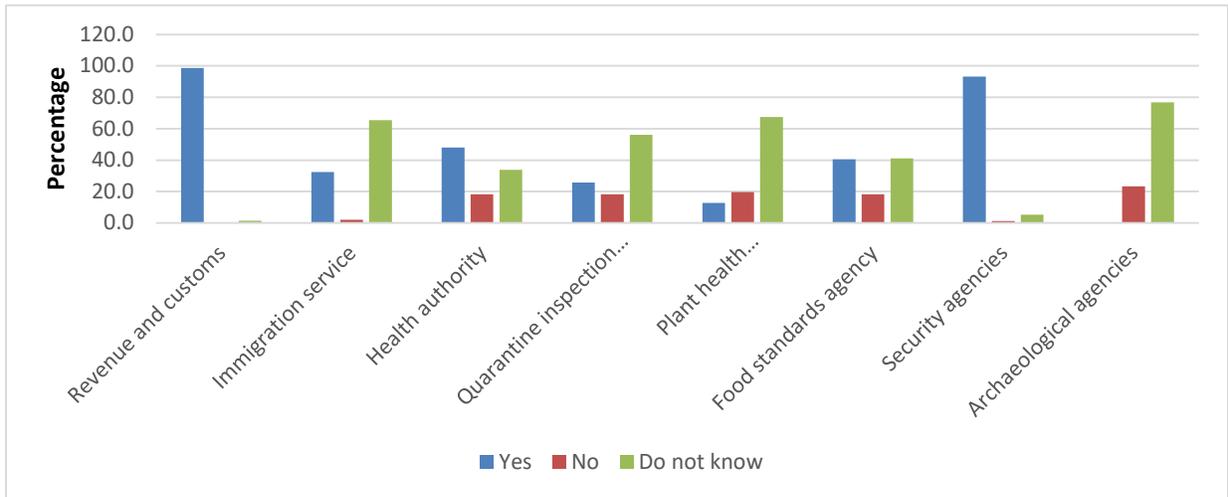
Source: SDPI Survey Unit, 2014

7.2.2 Rules and procedures for export and import

Respondents were asked about different border management agencies operating at the border points. While a majority (i.e. 98.6 per cent of 148 respondents) were aware of the presence of revenue and customs authority at border points (Figure 9), 65.5 per cent were unaware about the presence of immigration services there. Around 48 per cent of the 148 respondents reported that health authorities have their offices at the border points. Similarly, 56.1 per cent of the respondents did not know about quarantine inspection services. In the case of agriculture and livestock trade, 63.6 per cent of the total 148 said they did not know whether the plant health inspectorate was located at those border points.

As governments work in resource scarcity, it is understandable that the presence of the border management agencies might differ from border to border, but there is no indication of these border management agencies on any of the web portals of the government. The Ministry of Commerce may press upon the agenda of integrated border management at all trading points at the border. This would greatly reduce the transactions costs for the trading community.

Figure 8: Presence of Border Management Agencies

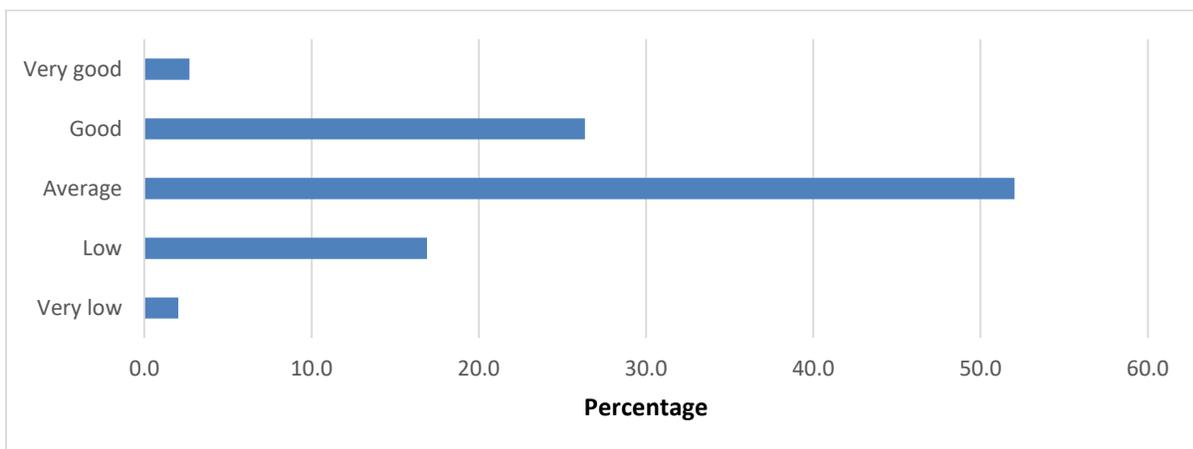


Source: SDPI Survey Unit, 2014

Until integrated border management practices are put in place, it is important to strengthen the coordination mechanisms between the various agencies. This is also important as the respondents found grievance redressal as average.

Figure:10 indicates that 52.4 per cent of the respondents termed the coordination among agencies as average. A significant proportion was dissatisfied and reported low level of coordination.

Figure 9: Coordination between Border Management Agencies



Source: SDPI Survey Unit, 2014

7.2.3 Documents, Signatures and Days required in Trade

Normally, five to eight documents are required for exports to South Asian countries, as reported by a maximum number of respondents. The minimum number of documents may go up to 17-18 (as reported by three per cent of 57 respondents) on a few occasions, depending upon the commodity sector under consideration. The maximum number of documents for exports to South Asian countries could possibly be as high as 20 (see Annex 2, Table 19 for details). For exports to developed countries, the minimum number of documents reported are five to eight, whereas the maximum could be seven to 10. Around 7.5 per cent of the respondents informed that the maximum number of documents could be approximately 12 for exports to developed countries (see Annex 2, Table 19 for details). In the case of OECD countries, when they are trading with each other, the number of documents required are four. And, these documents, are comparatively simpler in nature.

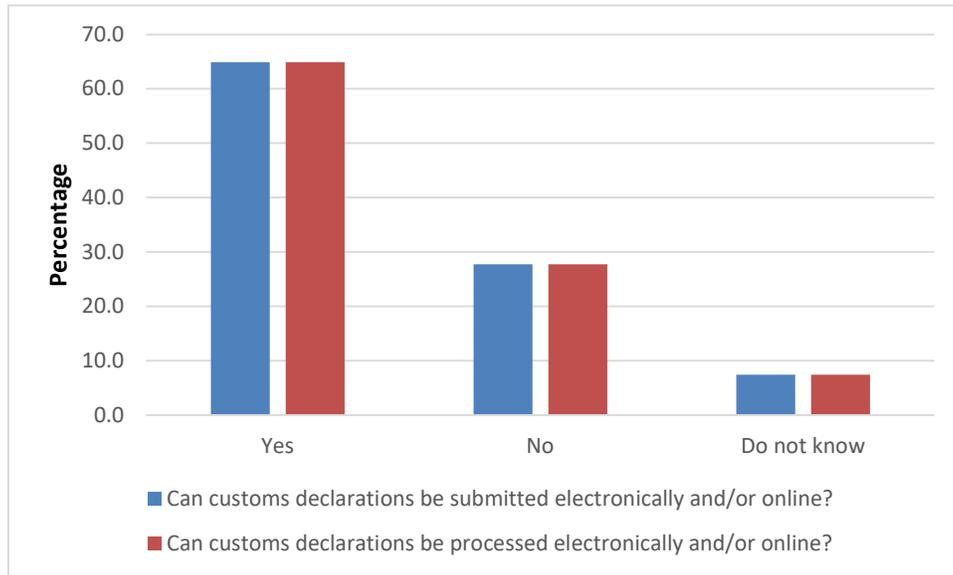
About 76.3 per cent of our 59 respondents reported that the minimum number of signatures for exports to South Asian countries for customs clearance ranges between four to eight. On the question of the maximum number of signatures, 75.9 per cent of the 59 respondents reported that four to eight signatures are required. For exports to developed countries, the minimum number of signatures are reported to be between three and eight. There can be no specific answer to the number of signatories required for different types of products. Hence, the process needs to be harmonized across all commodity groups. In reality, seven to eight signatures are required. Until harmonization takes place, the process, i.e. documents and signatories required, should be properly documented on the custom's web portal. Unless this is done, the room for rent-seeking remains wide open.

7.2.4 Electronic Filing and Customs Declaration

Sixty five percent among 148 respondents said that customs declaration can be processed and submitted electronically (Figure 11), while 27.7 per cent replied in the negative. When asked about the efficiency of the system, 37.2 per cent said that the efficiency of the online submission system is good (Figure 11), while 36.5 per cent reported that it is satisfactory and depends upon the time that you log on to the server.

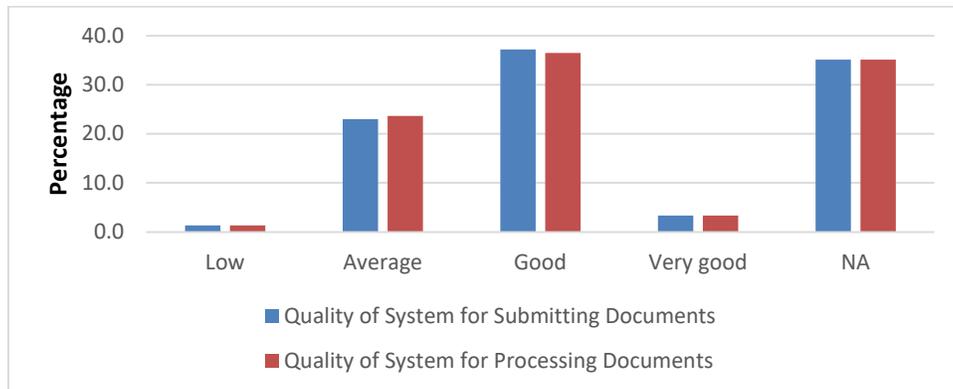
A significant number of respondents were not aware of online submission and processing of documents. There were anecdotal evidences where traders recalled calling the helpline only to be informed that too much load on the bandwidth was slowing down filing or even preventing the uploading at that point. Some reported that, in the case of Afghanistan, they were asked to file manually, as information desks were not well attended to troubleshoot IT related problems at the border crossings. Along the Pakistan-Afghanistan border, most of the traders could not afford freight forwarders or customs clearance agents who are generally well equipped with this kind of information. It is noteworthy that most traders in the case of Afghanistan fall in the category of small enterprises, who may not be able to afford large costs involved in online declaration. In reality, customs declaration can be submitted and processed electronically and the electronic system has improved over the years.

Figure 10: Can customs declarations be submitted and processed electronically?



Source: SDPI Survey Unit, 2014.

Figure 11: Efficiency of IT/Online System

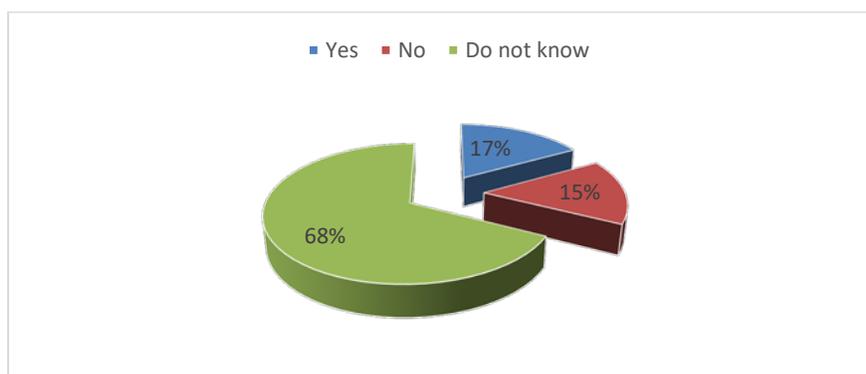


Source: SDPI Survey Unit, 2014

7.2.5 Advance rulings and pre-arrival processing of consignments

Out of the 148 respondents, 68 per cent are not aware of the issuance of advance rulings by the customs authority (Figure 13). Advance rulings are binding decisions by the Customs at the request of the person concerned on specific particulars in relation to the intended importation or exportation of goods. Advance rulings can be requested with regard to either the classification, the origin or the Customs value of the goods in preparation for importation or exportation. Advance rulings facilitate the declaration and consequently the release and clearance process, as critical assessments in relation with the goods have already been made in the advance ruling. Those who were aware of advance ruling mentioned that this does help in exporting and importing perishable items more quickly. The option for advance rulings and pre-arrival processing of goods is available, and most of the traders of perishable items like fruits and vegetables take this option. Others wait for the consignments.

Figure 12: Advance Rulings from Custom Authority

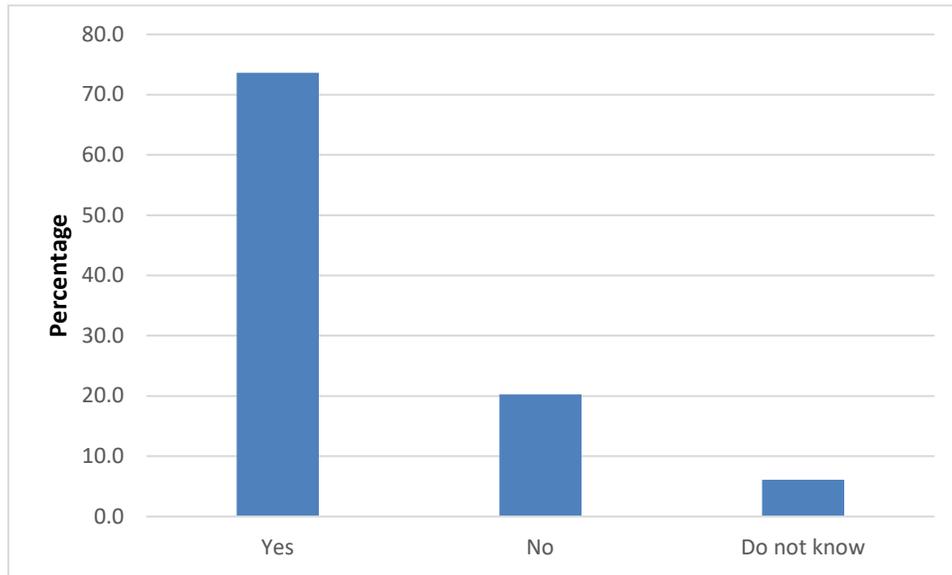


Source: SDPI Survey Unit, 2014

Around 74 per cent of the 148 said that the customs authority allows pre-arrival processing of trade consignments (Figure 14). In cross-border trade transactions the clearance and release of goods at points of entry often create a barrier to trade because of long delays. Modernization of Customs procedures so as to expedite the clearance and the release are therefore an import trade facilitation tool. Advance lodging of information allows for a release with little or no delay upon arrival. The effectiveness of pre-arrival processing is average, as reported by half of the respondents. The trend towards pre-arrival processing of export and import consignments is on the rise in a number of developed countries due to their large volumes of trade. The World Customs Organization strongly supports this concept and recommends the governments to adopt such measures and increase the list of products eligible for pre-arrival processing.²⁰

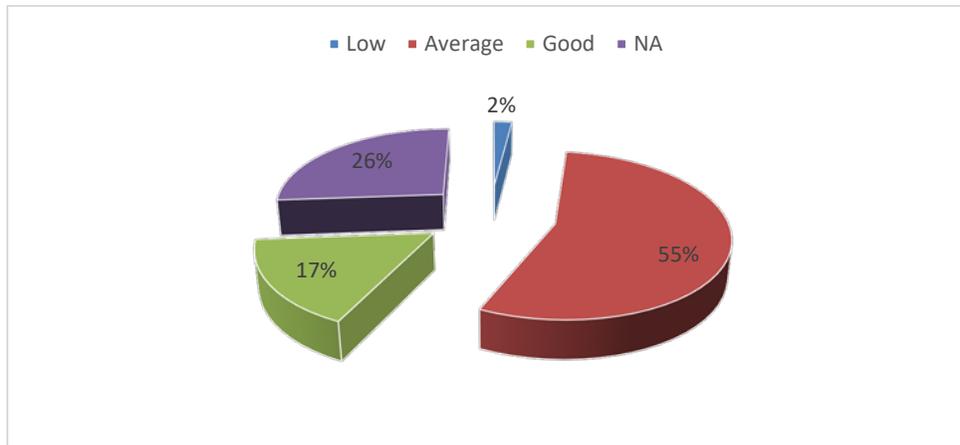
²⁰ World Customs Organization at <http://www.wcoomd.org/en/topics/facilitation/resources/~media/D0F3EA60B983435EABE3C63DC23636C6.ashx>

Figure 13: Pre-arrival processing of export/import consignments



Source: SDPI Survey Unit, 2014

Figure 14: Effectiveness of pre-arrival processing

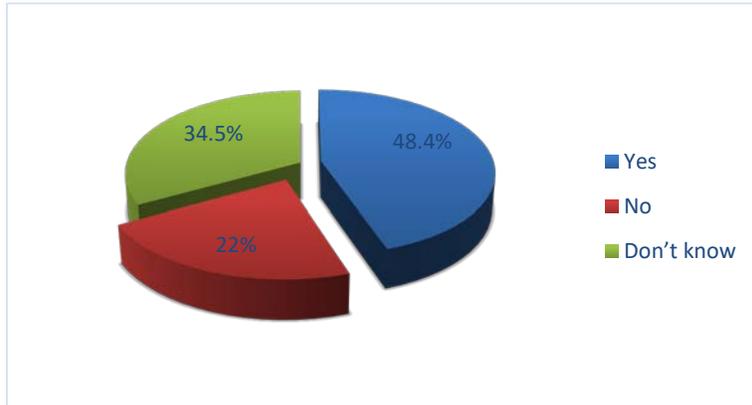


Source: SDPI Survey Unit, 2014

7.2.6 Risk assessment, Inward Inspection and Customs procedure

When respondents were asked about risk assessment techniques in Pakistan, 44.8 per cent of the 148 said that the country uses risk assessment techniques (Figure 16), while 34.5 per cent do not have any information on this. Risk assessment is applied by the customs authority, which is done for goods that are either sensitive or perishable.

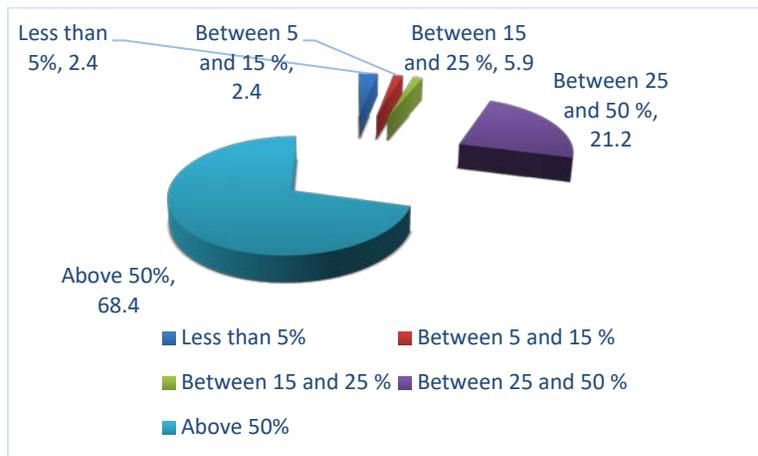
Figure 15: Risk assessment technique



Source: SDPI Survey Unit, 2014

When enquired about physical inspection of inward-bound consignments, nearly 70 per cent of 85 respondents reported that above 50 per cent of the consignments are checked (Figure 17). As explained earlier, we can see that at Wagah-Atari Border, 100 per cent of the products are physically inspected by the customs officials and National Logistics Cell scanners. Trucks are not allowed to cross the border without being inspected. This leaves consignments to all kinds of vulnerabilities, either mishandling by the custom officials or weather-related changes, such as moisture and heat. A majority of the respondents mentioned that valuation of customs duties is done on transaction value of the goods, which is a good measure according to the WTO agreement.

Figure 16: Inward consignments inspection



Source: SDPI Survey Unit, 2014

Out of the 148 respondents, 77 per cent stated that there exists a post-clearance audit system. Post clearance audit (PCA) or audit-based controls are defined by the [Revised Kyoto Convention](#) as measures by which the Customs satisfy themselves as to the accuracy and authenticity of declarations through the examination of the relevant books, records, business systems and commercial data held by persons concerned. When the respondents were asked about single window operations by the authorities only four of the 148 responded in the affirmative.

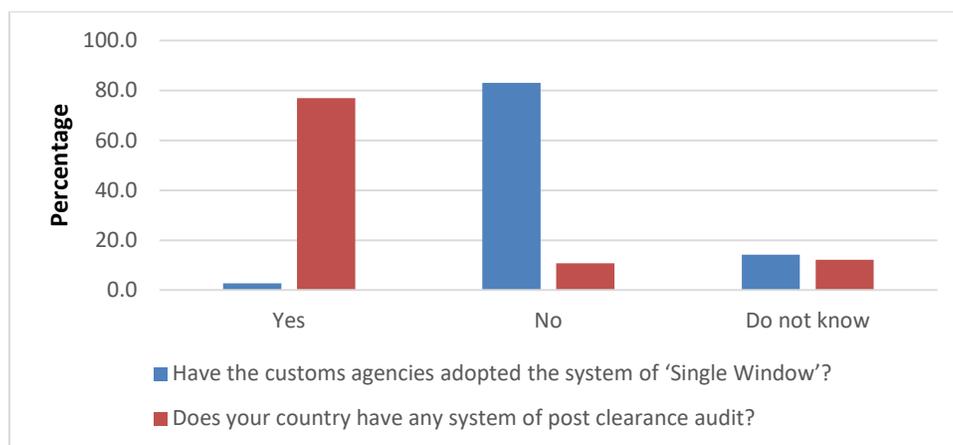
There have been voices of dissent against the stringent policies of the customs and their possible role in hampering trade. Since Federal Board of Revenue (FBR) looks after customs, both the customs and FBR must set their priorities right. In order to facilitate trade, a single window customs processing must be introduced at all border points. India has already introduced the system at a number of their ports.

Table 13: Cross Tabs for Single Window

			Have the customs agencies adopted the system of 'Single Window'?			Total
			Yes	No	Do not know	
Government Official or Not	Government	Count	2	11	0	13
		% within Government Official or Not	15.4%	84.6%	0.0%	100.0%
	Non-Government	Count	2	112	21	135
		% within Government Official or Not	1.5%	83.0%	15.6%	100.0%

Source: SDPI Survey Unit, 2014

Figure 17: Customs Procedure



Source: SDPI Survey Unit, 2014

On inspection of consignments, a majority of the respondents from the private sector said that they paid irregular payments and bribes to clear their consignments. From the public sector, too, there were two respondents who confessed that the system sometimes compels traders to resort to speed money for expediting their inspections. There were four officials who remained indifferent. However, seven rejected outright of any possibility of the private sector giving bribes.

Table 14: Cross Tabulations: Irregular payments/Bribes

			Do you have to pay irregular payments/bribes to clear the consignment?			Total
			Yes	No	Do not know	
Government Official or Not.	1.00	Count	2	7	4	13
		% within Government	15.4%	53.8%	30.8%	100.0%
	2.00	Count	54	23	58	135
		% within Non-Government	40.0%	17.0%	43.0%	100.0%

Source: SDPI Survey Unit, 2014

7.2.7 Time taken to clear consignments

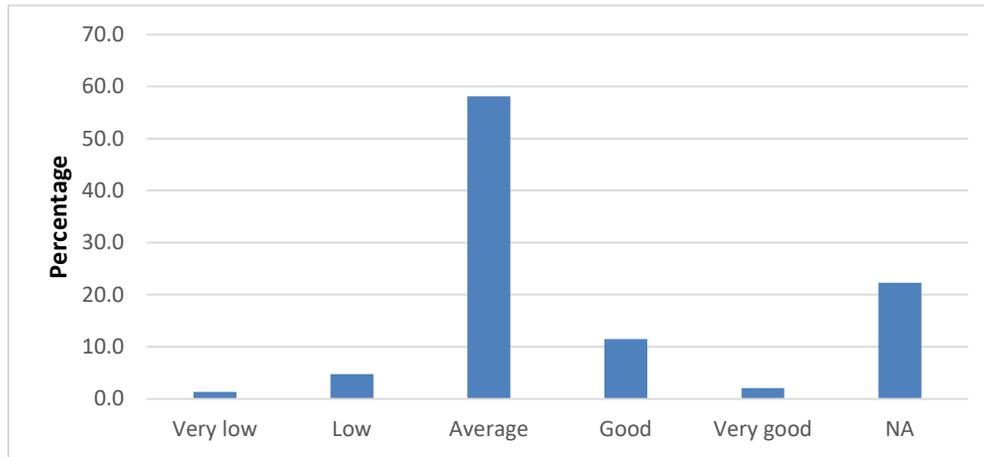
Nearly 80 per cent of the respondents stated that it takes a maximum of four days to clear outward bound consignments; while at the airports it ranges between one to five days. Import consignments also take the same number of days. Respondents mentioned different numbers of days for different kinds of product categorization at the border points (Table 25). Some of the perishable goods are cleared the day they arrive at ports, but a few of the products are not cleared unless all the tests have been conducted and cleared by all the relevant departments.²¹ Traders also said that documentation and certification issues, in the case of South Asian countries, increases the time and, therefore, the transactions cost.

7.2.8 Customs Efficiency

Most of the respondents have termed the efficiency of customs processes as average. This operational inefficiency has a negative impact on the trade facilitation measures announced at the policy level and the burden of incompetency of customs falls on traders.

²¹ Plant Quarantine Department Test, Drugs Tests and Animal Husbandry tests.

Figure 18: Customs operational efficiency



Source: SDPI Survey Unit, 2014

In our cross-tabulations, we observed that 62.2 per cent of 135 respondents from the private sector said that customs operational efficiency was average, while a majority of the government officials said that it was either good or very good. When asked about the customs operational efficiency at road frontiers, two out of 13 government officials said that it was very good, while 25 respondents from the private sector said that it was average and 13 termed it good. The government officials said that customs operational efficiency at other customs points were efficient, while a majority from the private sector saw it as average.

Table 115: Cross Tabulations of Customs Operational Efficiency

			What is your experience of customs operation efficiency at? Port						Total
			Very low	Low	Average	Good	Very good	NA	
Government Official or Not.	1.00	Count	0	0	2	5	2	4	13
		% within	0.0%	0.0%	15.4%	38.5%	15.4%	30.8%	100.0%
	2.00	Count	2	7	84	12	1	29	135
		% within	1.5%	5.2%	62.2%	8.9%	.7%	21.5%	100.0%
			What is your experience of customs operation efficiency at? Airport					Total	
			Low	Average	Good	NA			
Government Official or Not.	1.00	Count	0	0	1	12	13		
		% within	0.0%	0.0%	7.7%	92.3%	100.0%		
	2.00	Count	1	4	4	126	135		
		% within	0.7%	3.0%	3.0%	93.3%	100.0%		
			What is your experience of customs operation efficiency at? Road frontiers					Total	
			Low	Average	Good	Very good	NA		
	1.00	Count	0	1	1	2	9	13	

Government Official or Not.	2.00	% within	0.0%	7.7%	7.7%	15.4%	69.2%	100.0%	
		Count	1	25	13	3	93	135	
		% within	.7%	18.5%	9.6%	2.2%	68.9%	100.0%	
			What is your experience of customs operation efficiency at? Rail frontiers						
			Low	Average	Very good	NA	Total		
Government Official or Not.	1.00	Count	0	0	0	13	13		
		% within	0.0%	0.0%	0.0%	100.0%	100.0%		
	2.00	Count	2	1	2	130	135		
		% within	1.5%	.7%	1.5%	96.3%	100.0%		
			What is your experience of customs operation efficiency at? Inland container depots (ICD)						
			Average	Very good	NA	Total			
Government Official or Not.	1.00	Count	0	2	11	13			
		% within	0.0%	15.4%	84.6%	100.0%			
	2.00	Count	3	0	132	135			
		% within	2.2%	0.0%	97.8%	100.0%			
			What is your experience of customs operation efficiency at? Customs points						
			Low	Average	Good	Very good	NA	Total	
Government Official or Not.	1.00	Count	0	2	6	4	1	13	
		% within	0.0%	15.4%	46.2%	30.8%	7.7%	100.0%	
	2.00	Count	9	100	17	1	8	135	
		% within	6.7%	74.1%	12.6%	.7%	5.9%	100.0%	
			What is your experience of customs operation efficiency at? Quarantine check posts						
			Very low	Low	Average	Good	Very good	NA	Total
Government Official or Not.	1.00	Count	0	0	0	1	2	10	13
		% within Government Officials	0.0%	0.0%	0.0%	7.7%	15.4%	76.9%	100.0%
	2.00	Count	1	2	10	5	2	115	135
		% within Private Sector	.7%	1.5%	7.4%	3.7%	1.5%	85.2%	100.0%

7.2.9 Trade related Infrastructure and Services

Roads, telecommunication and IT services have been performing better, according to our respondents. Warehousing and ports facilities were termed average by most respondents. Regarding railways, very few responses came, as, in Pakistan, railways performance is uncertain. Due to the lack of timeliness, traders usually do not rely on this sector, unless it is an absolute need called for by bulk consignments.

Respondents seem to be satisfied with insurance and banking services, but they have rated all the other services as average performing. These include road transport facilities, maritime transport services, freight forwarders, customs agents, quality inspection services and health/SPS agencies.

Electronic Data Interchange (EDI) has been introduced recently, which helps in electronic filing of information, certificate of origin (COO) and declaration by the trader. Secondly, the major reservation with banking services was that L/Cs issued by banks in Pakistan are not accepted by Indian banks and vice versa. In the case of Bangladesh, most of the transactions come via Singapore and Dubai.

Pakistan's land and seaports are well equipped to handle containers and inspection through scanners. Due to these scanners, congestions are largely avoided. There is an urgent need to automate a number of processes, including proper training of those who are involved in direct handling of goods at the ports. We even had four out of 13 government officials saying that ports are not well equipped. On the other hand, 60 private sector respondents out of 135 said that the quality of ports was average, and 23 replied that it was of low quality. As the private sector has knowledge of ports of other countries, they were well aware of regional comparisons. They termed Pakistan's port infrastructure still lacking in many respects (World Bank 2010).

Table126: Cross Tabulations on Quality of Infrastructure

			Please rate the quality of the following infrastructure? Ports						
			Very low	Low	Average	Good	Very good	NA	Total
Government Official or Not	Government	Count	2	2	1	5	2	1	13
		% within Government Official or Not	15.4%	15.4%	7.7%	38.5%	15.4%	7.7%	100.0%
	Non-Government	Count	8	15	60	23	1	28	135
		% within Government Official or Not	5.9%	11.1%	44.4%	17.0%	.7%	20.7%	100.0%
			Please rate the quality of the following infrastructure? Airports						
			Low	Average	Good	Very good	NA	Total	
	Government	Count	1	1	0	2	9	13	

Government Official or Not		% within Government Official or Not	7.7%	7.7%	0.0%	15.4%	69.2%	100.0%	
	Non-Government	Count	8	2	6	0	119	135	
		% within Government Official or Not	5.9%	1.5%	4.4%	0.0%	88.1%	100.0%	
Please rate the quality of the following infrastructure?									
Roads									
			Very low	Low	Average	Good	Very good	NA	Total
Government Official or Not	Government	Count	3	0	3	5	2	0	13
		% within Government Official or Not	23.1%	0.0%	23.1%	38.5%	15.4%	0.0%	100.0%
	Non-Government	Count	14	18	34	65	3	1	135
		% within Government Official or Not	10.4%	13.3%	25.2%	48.1%	2.2%	.7%	100.0%
Please rate the quality of the following infrastructure?									
Railways									
			Very low	Low	Average	Good	Very good	NA	Total
Government Official or Not	Government	Count	0	1	1	0	2	9	13
		% within Government Official or Not	0.0%	7.7%	7.7%	0.0%	15.4%	69.2%	100.0%
	Non-Government	Count	4	2	2	3	1	123	135
		% within Government Official or Not	3.0%	1.5%	1.5%	2.2%	.7%	91.1%	100.0%
Please rate the quality of the following infrastructure?									
Warehouse/ trans-loading facilities									
			Very low	Low	Average	Good	Very good	NA	Total
Government Official or Not	Government	Count	1	0	3	4	1	4	13
		% within Government Official or Not	7.7%	0.0%	23.1%	30.8%	7.7%	30.8%	100.0%
	Non Government	Count	4	20	74	6	0	31	135
		% within Government Official or Not	3.0%	14.8%	54.8%	4.4%	0.0%	23.0%	100.0%
Please rate the quality of the following infrastructure?									
Telecommunication and IT services									
									Total

			Very low	Low	Average	Good	Very good	NA	
Government Official or Not	Government	Count	2	1	1	4	2	3	13
		% within Government Official or Not	15.4%	7.7%	7.7%	30.8%	15.4%	23.1%	100.0%
	Non-Government	Count	2	9	35	62	3	24	135
		% within Government Official or Not	1.5%	6.7%	25.9%	45.9%	2.2%	17.8%	100.0%

Source: SDPI Survey Unit, 2014

While deliberating on the cost of the logistics services, both public and private sector respondents agreed that the cost of road transport is high, whereas the cost of railways is much lower. Air cargo charges for trading within South Asia were termed higher than for comparable distances to other regions. The charges for ports and maritime services were termed average by both the groups. The responses from our cohort of freight forwarders and customs clearing agents were similar.

Table 137: Cross Tabulations on Transport Rates

			Road transport rates					Total	
			Very low	Low	Average	High	Very high		NA
Government Official or Not	Government	Count	0	0	7	1	1	4	13
		% within Government Official or Not	0.0%	0.0%	53.8%	7.7%	7.7%	30.8%	100.0%
	Non-Government	Count	1	7	72	44	7	4	135
		% within Government Official or Not	.7%	5.2%	53.3%	32.6%	5.2%	3.0%	100.0%
			Rail transport rates					Total	
			Very low	Average	High	Very high	NA		
Government Official or Not	Government	Count	0	2	1	0	10	13	
		% within Government Official or Not	0.0%	15.4%	7.7%	0.0%	76.9%	100.0%	
	Non-Government	Count	1	8	3	1	122	135	
		% within Government	.7%	5.9%	2.2%	.7%	90.4%	100.0%	

		Official or Not								
			Airport charges							
			Average	High	Very high	NA	Total			
Government Official or Not	Government	Count	1	1	2	9	13			
		% within Government Official or Not	7.7%	7.7%	15.4%	69.2%	100.0%			
	Non-Government	Count	2	14	0	119	135			
		% within Government Official or Not	1.5%	10.4%	0.0%	88.1%	100.0%			
			Air cargo charges							
			Average	High	Very high	NA	Total			
Government Official or Not	Government	Count	0	2	1	10	13			
		% within Government Official or Not	0.0%	15.4%	7.7%	76.9%	100.0%			
	Non-Government	Count	2	15	0	118	135			
		% within Government Official or Not	1.5%	11.1%	0.0%	87.4%	100.0%			
			Port charges							
			Very low	Average	High	Very high	NA	Total		
Government Official or Not	Government	Count			2	7	1	2	1	13
		% within Government Official or Not			15.4%	53.8%	7.7%	15.4%	7.7%	100.0%
	Non-Government	Count			0	76	24	2	33	135
		% within Government Official or Not			0.0%	56.3%	17.8%	1.5%	24.4%	100.0%
			Maritime transport charges						Total	
			Low	Average	High	Very high	NA			
		Count	0	6	0	0	7	13		

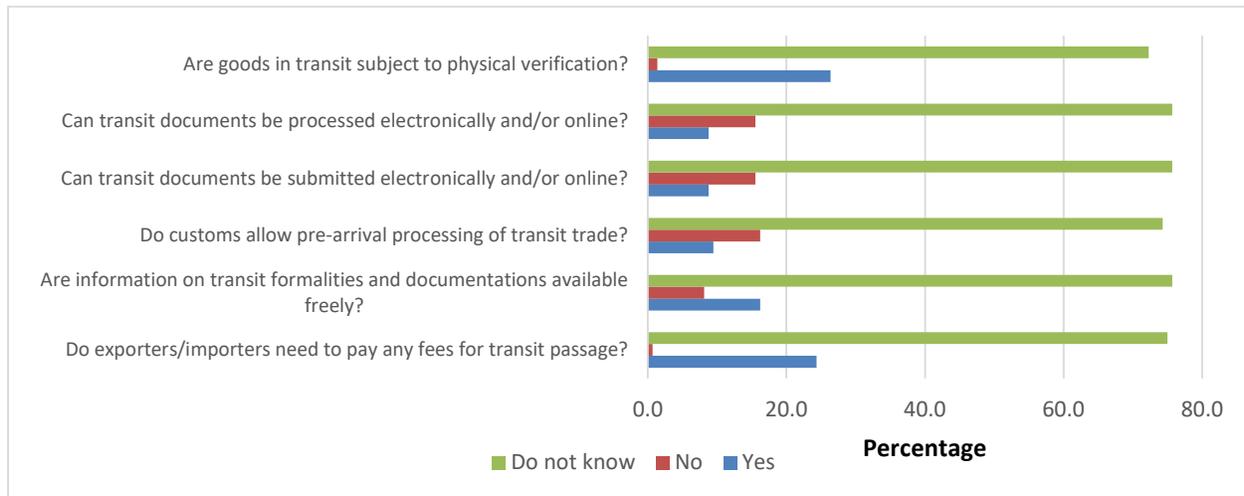
Government Official or Not	Government	% within Government Official or Not	0.0 %	46.2 %	0.0%	0.0 %	53.8 %	100.0%	
	Non-Government	Count	1	48	31	1	54	135	
		% within Government Official or Not	.7 %	35.6 %	23.0 %	.7%	40.0 %	100.0%	
			Freight forwarders charges				Total		
			Low	Average	High	Very high	NA		
Government Official or Not	Government	Count	0	5	0	0	8	13	
		% within Government Official or Not	0.0 %	38.5 %	0.0%	0.0 %	61.5 %	100.0%	
	Non-Government	Count	6	93	21	1	14	135	
		% within Government Official or Not	4.4 %	68.9 %	15.6 %	.7%	10.4 %	100.0%	
			Customs agent's charges					Total	
			Very low	Low	Average	High	Very high	NA	
Government Official or Not	Government	Count	0	0	8	1	0	4	13
		% within Government Official or Not	0.0 %	0.0%	61.5 %	7.7 %	0.0%	30.8%	100.0%
	Non-Government	Count	1	4	73	47	4	6	135
		% within Government Official or Not	.7 %	3.0%	54.1 %	34.8%	3.0%	4.4%	100.0%

7.2.10 Treatment of Goods in Transit

The transit trade of Pakistan is limited to an arrangement with Afghanistan. It is only recently that Pakistan has been considering extending this facility to Tajikistan. According to our respondents, there was some additional documentation required for transit facility. Up to five documents may be required in some cases. Out of the 148 respondents, 75 per cent were not aware of transit passage fees paid by traders, while only 24.3 per cent said that there was a transit fee and were well aware about the rates. A little over 16 per cent said that information on transit formalities and documentation is fully available. Nearly 75 per cent do not have any information on pre-arrival processing of transit goods, whereas 16.2 per cent said there was information available. Only 8.8 per cent of the 148 respondents said that transit documents can be submitted and processed online,

while 15.5 per cent said that documents cannot be submitted and processed online. In reality, these documents can be submitted online. About 26.4 per cent of the 148 said that transit goods are subject to physical verification.

Figure 19: Information on Transit



Source: SDPI Survey Unit, 2014

This implies that most of the goods are physically checked before they cross into Afghanistan. Recently, there were cases of goods kept for days under the custody of customs officials at Karachi Port and Port Bin Qasim. This happens often, because of changes in the transit trade policy and due to disagreements between the governments of Pakistan and Afghanistan. This largely impacts the traders, because they have to face the extra cost incurred during this whole process (including parking of goods at the port for the increased time period).

Secondly, the issue of physical inspection of goods by customs authorities in Pakistan and Afghanistan means that these goods are subject to double inspection, thus making them vulnerable to all kind of calamities.

We had 29 per cent of the 148 respondents informing us that customs escorts were not required to transport goods in transit, while 16 per cent said that it was required seldom and for high risk goods. These escorts are primarily for NATO consignments passing through Pakistan, because most of them are carrying weapons and ammunitions. Lower levels of transit trade with Afghanistan should continue after the withdrawal of NATO and US troops from that country. It was observed that 68.2 per cent were aware of the transit agreement between Pakistan and Afghanistan and several of them said that there were pledges to deepen this agreement through an FTA between the two countries and that this had not happened yet. Also, 89.9 per cent of the respondents said that they were not aware that Pakistan was a signatory to any international conventions related to transit.

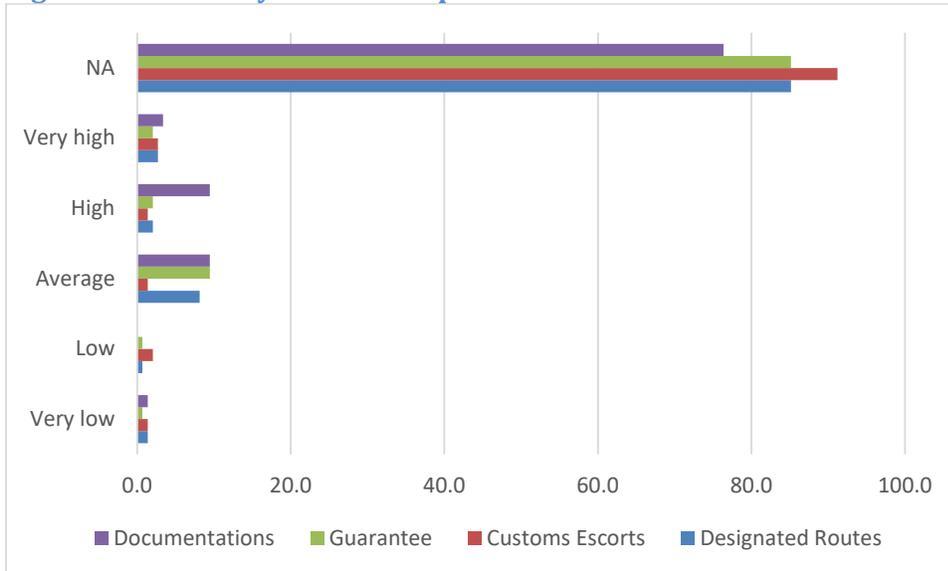
Table 148: Is customs escort required for goods in transit?

		Frequency	Percent	Valid Percent
Valid	Yes	2	1.4	1.4
	No	29	19.6	19.6
	Seldom for high risk goods	16	10.8	10.8
	Do not know	101	68.2	68.2
	Total	148	100.0	100.0

Source: SDPI Survey Unit, 2014

Some reported the difficulty in transit operations as high (Figure 21). The reasons for such difficulties arise from security concerns, uncertainty of port and transport operations and arbitrariness at the customs' end. Such difficulties are exacerbated due to the lack of a documented and observed grievance redress mechanism for those dealing in commercial and transit trade with Afghanistan.

Figure 20: Difficulty in Transit Operations



Source: SDPI Survey Unit, 2014

7.3 Priority Intervention Areas

In the final section of the survey, respondents were asked what the priority levels of the different trade facilitation measures should be and how they would categorize those measures.

Table 18 exhibits the categorization of those responses.

113 respondents said that as a first step towards trade facilitation, the country must give high priority to improve the efficiency of standards inspection agencies. The problem arises when international standards are not being followed and these agencies try to implement their own local versions at the ports. And, 85 per cent of the respondents laid a high priority on developing a single window operation that allows an importer and exporter to provide the necessary information and documentation to a designated host government agency just once. The improvement in quality of warehousing and trans-loading facility was mentioned by nearly 84 per cent of the respondents as a high priority target for better trade facilitation measures regarding the region. There are warehousing and trans-loading facilities available at seaports in the country, but Wahgah, Chaman and Torkhum Borders do not have any such facilities. The efficiency and quality of ports have long been a concern for traders in the country. This was also mentioned by the respondents, as 83 per cent of the 148 respondents said that efficiency of ports must be given high priority. There were several instances where ports were not being able to handle consignments leading to congestion. Recently, this was observed at Karachi Port and at Wahgah-Atari Border.

Out of our 146 respondents, 82 per cent highlighted the physical inspection by customs as a major issue hampering a smooth flow of goods. Discussions with the traders revealed that, at some of the border points, almost 100 per cent of the consignments were subject to physical verification by the customs authorities. Out of 146 respondents, 116 said that the poor quality of roads in Pakistan needs attention. Trade facilitation measures cannot run alone if they are not being backed by adequate transport facilitation.

Table 159: Priority Areas for Trade Facilitation Measures

		Very Low/Low		Average		High/Very High	
		Frequency	%	Frequency	%	Frequency	%
1	Efficiency of quality/standard inspection agencies	4	2.9	14	10.3	118	86.8
2	Single window	11	8.4	8	6.1	112	85.5
3	Quality of warehouse/trans-loading facilities	14	10.9	7	5.4	108	83.7
4	Quality/efficiency of ports	7	5.7	14	11.4	102	82.9
5	Physical inspection by customs	6	4.1	20	13.7	120	82.2
6	Post clearance audit	4	3.0	22	16.7	106	80.3
7	Quality/efficiency of Roads	15	10.3	15	10.3	116	79.5

8	Quality of telecommunication and IT services	7	5.1	23	16.7	108	78.3
9	Coordination between border management agencies	1	0.7	36	25.5	104	73.8
10	Irregular payments/bribes	12	16.9	7	9.9	52	73.2
11	Time taken to clear inward/outward goods	11	7.5	30	20.4	106	72.1
12	Decrease the cost of using logistics services	12	8.6	30	21.4	98	70.0
13	Efficiency of health/SPS agencies/quarantine			20	30.8	45	69.2
14	Transit agreement with neighbouring countries	2	5.1	10	25.6	27	69.2
15	Electronic/Online submission of customs documents	5	3.7	46	34.3	83	61.9
16	Quality/efficiency of railways	9	26.5	4	11.8	21	61.8
17	Decrease loss and damage of cargo	8	14.0	15	26.3	34	59.6
18	Physical verification of transit goods	3	6.8	15	34.1	26	59.1
19	Fees, documents and formalities for transit passage	5	12.8	12	30.8	22	56.4
20	Issue and validity of advance ruling	10	22.7	13	29.5	21	47.7
21	Pre-arrival processing of import documents	11	14.9	30	40.5	33	44.6
22	Pre-arrival processing of transit goods	9	26.5	10	29.4	15	44.1
23	Publication of trade related rules and regulations	2	1.5	81	59.6	53	39.0
24	Inquiry point regarding export/import procedures and formalities	7	4.7	83	56.5	57	38.8
25	Quality/efficiency of airports	8	28.6	10	35.7	10	35.7
26	Decrease the number/time required of export/import documents	7	4.7	93	62.8	48	32.4

Source: SDPI Survey Unit, 2014

8. Major Trade Facilitation Reforms in Pakistan

Customs laws and procedures play an important role in trade facilitation via simplification of processes and reduction in time taken for trade. Customs improvements support the development of a just-in-time supply chain approach required by competitive manufacturers. An OECD research found that customs and administrative procedures have a substantial impact on international trade (Wilson, 2007). The same study also suggested that cumbersome customs procedures are a challenge for developing countries to export to developed as well as developing countries.

Over the last two decades, the focus of customs departments has changed from revenue collection to trade facilitation by striking a successful balance between effective control measures and facilitation of trade. It is well recognized by the customs authorities that excessive documentation, physical inspections and, sometimes, multiple inspections by more than one agency cause lengthy delays in customs clearance and cost escalation. Many developing countries have, therefore, initiated reforms in customs procedures and administration to simplify business processes and facilitate trade. In this regard, the Revised Kyoto Convention (RKC) provides guidelines on good customs practices and related arrangements.

UNCTAD Trade and Transport Facilitation Project II (2011) assessed Pakistan's readiness to implement the measures proposed in Trade Facilitation Agreement (TFA). The report provides an insight into the current status of trade facilitation measures in Pakistan and indicates that more than 90 per cent of the proposed measures have been fully or partially implemented. TFA's first impact on trade policy will be to overcome the business-as-usual inertia among trade policymakers. The Bali ministerial decision required all WTO members to submit their Category A commitments by July 2014. Similarly, once those commitments come into force (expected by August 2015), the Government of Pakistan will notify the measures it has designated under Categories B and C, along with indicative dates of implementation (Saeed 2014)²². Saeed (2014) also mentions that certain international obligations were disregarded or circumvented on one pretext or another in the course of the implementation of WTO Agreement on Customs Valuation and Trade Related Investment Measures in Pakistan.

Pakistan customs has recently taken several initiatives to facilitate trade in compliance with Revised Kyoto Convention (RKC) and General Agreement on Tariffs and Trade (GATT) Article V, VIII and X. WeBOC, known earlier as Pakistan Customs Computerized System (PACCS). This is the end-to-end fully automated customs clearance system introduced by Pakistan customs. Web-based One Customs (WeBOC) is a web based customs clearance system for imports as well as exports. Pakistan customs is also introducing the Electronic Data Interchange (EDI) initiative. An EDI has already been established, with Afghan Customs, at Torkham. The plan is to develop the system at all the border stations with India and Iran, and China at Wahgah and Sust. There is a plan to develop EDIs among all the government departments and agencies involved in the import or export of goods. This would serve as a first step towards building "A Single Window". An EDI has been established between Engineering Development Board (EDB) and Trade Development Authority.²³ To further facilitate

²² Saeed, M. (2014) 'The WTO Trade Facilitation Agreement: Implications for Pakistan.' *The Lahore Journal of Economics*. pp 439-460 Available at: <http://121.52.153.179/JOURNAL/Volume%2019,%20SE/19%20Mohammad%20Saeed%20Final.pdf>

²³ Engineering Development Board (EDB), which is an attached Department of the Ministry of Industries, Government of Pakistan, is responsible for debiting of quota allocated to the manufacturers of engineering goods and assemblers of automotive vehicles under the concessionary regime. With the development of EDI, uploading of allocated quota and debiting thereof made through automated system (WEBOC) has facilitated the industry. Trade Development Authority of Pakistan (TDAP), which is an attached department of the Ministry of Commerce, is responsible for promoting trade with different countries of the world.

trade, four new Directorate Generals; - viz. Transit Trade, Reform and Automation, Risk Management and Intellectual Property Right (IPR) Enforcement- have been created recently.

In order to facilitate trade with Afghanistan, Ministry of Commerce in Islamabad has offered training to customs officials on the Afghan side in automating trade processes. Recently the Planning Commission launched Vision 2025, which mentions the modernization of transportation infrastructure and improved regional connectivity. The document offers a strategic programme for regional connectivity. It envisages connecting Pakistan through enhanced physical infrastructure development, effective institutional arrangements and improved people to people connectivity in the region. China-Pakistan Economic Corridor (CPEC), under Vision 2025, offers a unique opportunity to Pakistan to integrate with regional partners and become a hub for trade and manufacturing. For this, Gwadar Port is to be developed as an international free port. Vision 2025 specifically mentions increasing road density from 32km/100 square kilometres to 64km/100 square kilometres and the freight handling share of the railways in the country from four per cent to 20 per cent. Below (Figure 21) is a map of the new economic corridor between China and Pakistan. According to some non-official sources, China may invest US\$ 32 billion on this corridor, which will significantly reduce its trade cost and improve access to warm waters through Gwadar Port. This corridor starts from Kashgar (China), passes through Islamabad, Multan, Sukkar, Karachi and reach Gwadar. Once the corridor is operational, Pakistan may offer transit facility to India through Lahore. Afghanistan will also soon be in a position to utilise this corridor to reach the ports in Karachi, Lahore and Gwadar.

Figure 21: Map of China-Pakistan Economic Corridor (CPEC)



Source: South China Morning Post²⁴

²⁴ South China Morning Post (<http://www.scmp.com/business/commodities/article/1359761/pakistan-happy-aid-chinas-quest-land-route-west-india-not-so>)

9. Priority Facilitation Measures and their Investment Requirements

Our survey respondents have identified the following priority areas for trade facilitation as needing urgent attention of the government (Table 20):

1. Efficiency of quality/standard inspection agencies
2. Single-window operations at border points
3. Quality warehousing/trans-loading facilities
4. Quality and efficiency of the ports
5. Physical inspection by customs
6. Quality/efficiency of the roads

The first one is improving the efficiency of quality/standards inspection agencies. This refers to the soft component of trade facilitation measures the poor efficiency of which was highlighted by the survey respondents. To improve their efficiency the concerned agencies need to adopt international best practices. The government also needs to allocate resources to train the agencies involved. The second initiative that the respondents have emphasized is developing single-window operations by the customs authorities. Currently, in Pakistan, there are multiple windows with paperwork involved at each of them. This adds to the complexity and tardiness of the clearance procedure. The clearance system requires multiple copies of documents and an average customs clearance time of three days. Sea ports in the country are well equipped, with warehousing facilities in Karachi. In contrast, none of the land borders are equipped with any warehousing and trans-loading facilities. Goods are often damaged due to bad weather conditions and manual loading/unloading at different border points.

The quality and efficiency of the ports in handling goods also require urgent government attention for a smooth flow of consignments. Manual procedures at the ports hamper a smooth flow of consignments, and document requirements at different ports are also not in alignment with international standards.

Physical inspection by the customs was also raised as the major source of problem by the respondents. Some of our respondents at land customs stations reported that goods are subject to 100 per cent inspection. With the use of advanced electronic scanners, this issue can be resolved and goods can pass through the border points more quickly. The sixth important aspect mentioned by the respondents was the quality and efficiency of the roads in Pakistan. Pakistan should (according to several respondents) sign the SAARC transport agreement, which was tabled during 18th SAARC Summit in Kathmandu.

The investment requirements under each of the priority areas are given below (Table 20):

Table 20: Priority Interventions areas

Areas of facilitation	Activities	Indicative Budget (USD Million)	Budget Narrative
Efficiency of quality/standard inspection agencies	Product Conformity Centre [Chamman, Wagah, Torkum]	0.12	This amount has been derived from the budget allocated for a similar project at Karachi. For details PSQCA website.
Single window operations	Windows at Chamman, Karachi, Torkum and Wagah	4.00	Cost provided in presentation by Director (Reforms & Automation), Pakistan Customs, Federal Board of Revenue
Quality of warehousing/transloading facilities	Warehousing improvements for Port Qasim in Planning Commission Annual Plan 2010	2.25	Budget allocation provided in PSDP Planning Commission Document 2010 (awaiting release)
Quality and efficiency of the ports	Dedicated terminal and road link for transit cargo at Karachi	2.54	We have taken indicative estimates set by the Government of Pakistan for Gwadar Port. See PSDP Document of Planning Commission 2011
Physical inspection by customs	Capacity building of customs officials (for random screening)	1.47	Derived from past projects of similar nature (funded through FBR)
Quality/Efficiency of the roads	Karachi - Hyderabad Motorway	131.75	Indicative cost as part of Pakistan-China Economic Corridor
	Karachi - Lahore Motorway	594.02	Indicative cost as part of Pakistan-China Economic Corridor
Total		736.16	

10. Conclusion and way forward

The respondents in this survey have highlighted important trade facilitation reforms which primarily fall under: efficiency of standard inspection agencies, single window operations for reducing transactions costs, quality of warehousing and trans-loading facilities, efficiency of the ports, mechanisms of physical inspection by customs and efficiency of the road linkages.

Nearly 87 per cent of the 148 respondents thought that the first and foremost step towards trade facilitation in the country should be to improve the efficiency of standards inspection agencies. The problem arises when international standards are not being followed and these agencies try to implement their own local versions of those standards at the ports.

Our survey findings also indicate that for 85 per cent of those respondents developing a single window operation was a high priority. This would allow traders to submit the necessary information and documentation to a designated agency all at once. Secondly, improvements in the quality of warehousing and trans-loading facility was desired by nearly 84 per cent of the respondents. There are warehousing and trans-loading facilities available at seaports in the country. However, Wahgah, Chaman and Torkhum Borders, which are land gateways to Afghanistan and India, do not have the capacity to accommodate any trade expansion. Thirdly, the efficiency and quality of port facilities has long been a concern for traders in the country. This was also mentioned by the respondents, as 83 per cent of them said that the efficiency of ports must be given high priority. There have been a number of instances where ports were not able to handle consignments leading to congestion, delays and wastage of perishable merchandise, particularly at Karachi Port.

Fourth, 82 per cent of the respondents also highlighted the technical issues in physical inspection by customs as a major hurdle to a smooth flow of goods. Discussions with the traders revealed that, at some of the border points, 100 per cent of the consignment is subject to inspection and verification by customs authorities. This, however, is not usually done in an efficient manner. Hence, frequent damages to consignments. Finally, according to 74 per cent of the respondents, the poor quality of roads in Pakistan will continue to reduce the potential gains that may be derived from trade facilitation measures. In essence, the reform of road infrastructure and trade facilitation measures should be managed simultaneously so that both initiatives complement each other.

Both of the most recent democratic governments (Pakistan Muslim League-Nawaz and Pakistan People Party) have vowed to promote trade facilitation and regional integration across Central and South Asia. Our interviews with government officials at FBR and Ministry of Commerce revealed that trade documentation procedures have been simplified over the years. A relatively smaller number of documents are required to import and export from and to South Asian countries today than in the past. The customs authorities have implemented electronic procedures for submitting and processing trade documents through online portals. Banking channels are being improved so that L/Cs of large amounts can be processed relatively quickly.

However, there have been little efforts to produce independent analyses of gaps in trade facilitation practices in Pakistan. This study aims to fill some of this void, even though, due to time and resource constraints, we have limited ourselves to a sample of responses in limited sectors. This limitation of our research study may be addressed by a more comprehensive work in the future.

The business community in Pakistan views the government's efforts with scepticism. The government has not allowed most favoured nation (MFN) or Non-Discriminatory Market Access

(NDMA) status to India, which has been promised thrice since 2010. Both countries were also supposed to open bank branches in Islamabad and New Delhi. The talks at the level of central banks have been going on since 2011 with no specific breakthroughs. The political frictions between India and Pakistan also act as a disincentive for both countries to invest in opening more land routes between the two neighbours. Currently, only one land route, out of 11, is open for trading.

Our discussions with the private sector also revealed that they are willing to support and upgrade the public trade infrastructure facilities at the border posts through public-private-partnerships. These will be important to develop cross-border supply chain linkages as both countries have allowed foreign direct investment into each other's territory since 2011. Furthermore, the benefits of such supply chain linkages will extend to other SAARC member countries, in particular the LDCs, whose intermediate goods and primary goods would then find markets in countries with a higher population within the region.

While in the case of trade linkages with India, the efficiency of existing roads requires improvements, however, on the western front, for improving trade volumes with Afghanistan, new road linkages will have to be developed. The road networks that need to be urgently revamped include the Indus Highway (N-55), Regional Cooperation for Development Highway (N-25) connecting Karachi to Chaman via Lakpass, Lakpaas-Taftan (N-40), Sukkur-Quetta (N-65), and Nowshera – Dir – Chitral (N-45) Highway, Gwadar – Hoshab – Khuzdar – Rathodero Motorway (M-8) and Hasan Abdal – Mansehra Expressway. Besides this, and in order to make Pakistan – China Corridor operational, Karachi – Hyderabad Motorway and Karachi – Lahore Motorway should receive budgetary allocation on a priority basis.

On the request of Afghanistan, Pakistan is considering extending technical support and trainings for capacity building of the staff of the newly established Afghanistan Railway Authority (AFRA). In addition to the ongoing rail (extension) projects, the Peshawar-Landikotal-Torkham rail link and the Quetta-Taftan rail link will need to be rehabilitated. The Gwadar-Khuzdar-Rathodero rail link may be constructed under the Pakistan-China Economic Corridor Project being coordinated by the Planning Commission.

Trade between India and Pakistan is also constrained due to a lack of testing facilities, particularly in the case of high-end manufacturing (e.g. automobiles). It is recommended that Engineering Development Board facilitate Pakistan Standards and Quality Control Authority (PSQCA) in establishing sector-specific testing facilities in order to facilitate trade in value added intermediate goods and final products. Finally, there are two segments which need to be taken on board because they will gain as direct beneficiaries from trade facilitation measures:

- First, the small and medium enterprises in Pakistan have a vast potential to export to Afghanistan and India's Punjab Province (given proximity-related economies). The Small and Medium Enterprise Development Authority may conduct a detailed assessment of sector-specific facilitation required by SMEs to trade with both neighbours. The currently high informal trade with India is also threatening local production by SMEs. Customs clearance checkpoints require stringent reform, immediately, to check this informal flow of goods, particularly in textile, pharmaceuticals and auto parts.

- Secondly, consumers in Pakistan will significantly gain from the reduced prices once trade volumes increase. It is in the interest of consumer representatives to conduct research and carry out advocacy on specific trade facilitation measures that can most benefit the consumers. This is particularly true for agricultural trade in which consumers in the region can immensely benefit in terms of improved food security and price stability in the region.

In the short to medium term, we recommend incorporating the following under each area of priority reform:

- For improving the efficiency of product standards agencies, we recommend establishing Product Conformity Centres at Chaman, Wagah and Torkhum
- In the case of single window operations, we propose operationalizing such a customs window at Karachi, Wagah, Torkhum and Chamman
- To improve the quality of warehousing and trans-loading facilities, we have recommended expediting the already approved (since 2010) warehouse improvement and trans-loading project for Port Qasim
- To lessen the burden on existing port terminals, we are proposing a dedicated (new) terminal for transit-bound cargo reaching Karachi.

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Annexure

Annex1

Questionnaire for Trade Facilitation Audit

Product Name:			
Country of Study:			
Trade Route/Port	19. Chaman	<input type="checkbox"/>	
	20. Karachi Airport	<input type="checkbox"/>	
	21. Karachi Port	<input type="checkbox"/>	
	22. Lahore Airport	<input type="checkbox"/>	
	23. Peshawar	<input type="checkbox"/>	
	24. Port Bin Qasim	<input type="checkbox"/>	
	25. Wagah	<input type="checkbox"/>	

Note: The numbers assigned to each trade route is the unique code for that particular trade route.

Part I: Respondent details

Title:	<input type="checkbox"/> Mr. <input type="checkbox"/> Mrs. <input type="checkbox"/> Ms. <input type="checkbox"/> Dr. <input type="checkbox"/> Others (precise):	
Full Name:		
Agency/organization:		
Contact address:		
Department:		
Telephone:		
Email:		
Your work area(s): Please select the option that best describe your current area of work.	<p>Forwarder/Agent/ Multimodal Transport Operator</p> <p>Exporter</p> <p>Importer</p> <p>Shipping line/ship's agent</p> <p>Road Carrier</p> <p>Airline Operator</p> <p>Railway Operator</p> <p>Port Authority</p> <p>Airport Authority</p> <p>Customs Authority</p> <p>Chamber of Commerce</p> <p>Ministry/Department of Commerce</p> <p>Ministry/Department of Finance</p> <p>Ministry/Department of Transport</p>	

	Others	
Scale of operation	Small Medium Large Not applicable	
Located in Special Economic Zone, including SEZ, BOI managed zone, industrial park etc.	Yes No	

Part II: Questionnaire

1. Publication of trade related rules and regulations

- 1.1. Is there any national customs website that provides a minimum set of information related to customs duties, other applicable fees and export, import and transit procedures?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

- 1.2. If yes, does it cover information in the following areas?

	Yes	No	Do not know	
Import/Export Procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Customs clearance procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Applicable customs duties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Applicable fees and charges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Average release time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Clearance time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Changes in regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

1.3. If yes, please rate the effectiveness of the information.

	Very Low	Low	Average	High	Very High	
Import/Export Procedures	<input type="checkbox"/>					
Customs clearance procedures	<input type="checkbox"/>					
Applicable customs duties	<input type="checkbox"/>					
Applicable fees and charges	<input type="checkbox"/>					
Average release time	<input type="checkbox"/>					
Clearance time	<input type="checkbox"/>					
Changes in regulations	<input type="checkbox"/>					

1.4. Is there any inquiry point to address queries regarding export/import procedures and formalities?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

2. Rules and procedures for export and import

2.1. Which of the following border management agencies are operating at the border point?

	Yes	No	Do not know	
2.1.1. Revenue and customs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Immigration service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Quarantine inspection service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Plant health inspectorate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Food standards agency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Security agencies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Archaeological agencies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Others (Please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2.2. Please rate the coordination between border management agencies.

Very Low	Low	Average	Good	Very Good	
<input type="checkbox"/>					

If importer, skip to 2.6.

2.3. How many documents are required for customs clearance for **typical exports**? If a precise number is not possible, please provide range.

	Minimum	Maximum
2.3.1. Exports to South Asian Countries		
Exports to Developed Countries		
Not Applicable		

2.4. How many signatures are required for customs clearance for **typical exports**? If a precise number is not possible, please provide range.

	Minimum	Maximum
Exports to South Asian Countries		
Exports to Developed Countries		
Not Applicable		

2.5. How many days are required to prepare all the **export documents**? (Please specify in days) If a precise number is not possible, please provide range.

	Minimum	Maximum
Exports to South Asian Countries		
Exports to Developed Countries		
Not Applicable		

If exporter, skip to 2.9.

2.6. How many documents are required for customs clearance for **typical imports**? If a precise number is not possible, please provide range.

	Minimum	Maximum
2.6.1. Imports from South Asian Countries		
Imports from Developed Countries		

Not Applicable		
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2.7. How many signatures are required for customs clearance for **typical imports**? If a precise number is not possible, please provide range.

	Minimum	Maximum
2.7.1. Imports from South Asian Countries		
Imports from Developed Countries		
Not Applicable		

2.8. How many days are required to prepare all the **import documents**? (Please specify in days) If a precise number is not possible, please provide range.

	Minimum	Maximum
Imports from South Asian Countries		
Imports from Developed Countries		
Not Applicable		

2.9. Do customs and other border agencies accept copies of documents not authenticated?

Yes	<input type="checkbox"/>	
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No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

2.10. Can customs declarations be submitted and processed electronically and/or online?

	Yes	No	Do not know	
(a) Submitted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(b) Processed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2.10.1. If yes, please rate the quality of the functioning of the system.

	Very Low	Bad	Average	Good	Very Good	
2.10.1(a) Submitted	<input type="checkbox"/>					
2.10.1(b) Processed	<input type="checkbox"/>					

2.11. Can supporting documents be submitted and processed electronically and/or online?

	Yes	No	Do not know	
(a) Submitted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(b) Processed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2.11.1. If yes,

Fully	<input type="checkbox"/>	
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Partially	<input type="checkbox"/>	
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2.11.2. If yes, please rate the quality of the functioning of the system.

	Very Low	Bad	Average	Good	Very Good	
2.11.2 (a) Submitted	<input type="checkbox"/>					
2.11.2 (b) Processed	<input type="checkbox"/>					

2.12. Does your customs authority/ department issue advance rulings?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

2.12.1. If yes, what is the length of time for which advance ruling is valid? (Please specify days)

.....

2.12.2. If yes, what proportion of the request gets positive response? (Please specify in percentage)

.....

2.13. Does Customs allow for pre-arrival processing of export/import consignments?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	

Do not know	<input type="checkbox"/>	
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2.13.1. If yes, please rate the effectiveness of pre-arrival processing.

Very Low	Low	Average	Good	Very Good	
<input type="checkbox"/>					

2.14. Does your country use risk/ threat assessment technique?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

If exporter, skip to 2.20.

2.15. What proportions of your **inward consignments** are subject to physical inspection by customs?

Less than 5 percent	<input type="checkbox"/>	
Between 5 and 15 percent	<input type="checkbox"/>	
Between 15 and 25 percent	<input type="checkbox"/>	
Between 25 and 50 percent	<input type="checkbox"/>	
Above 50 percent	<input type="checkbox"/>	

2.16. What is the basis for valuation of **customs duties**?

Transaction value	<input type="checkbox"/>	
Transaction value of identical goods	<input type="checkbox"/>	
Transaction value of similar goods	<input type="checkbox"/>	
Computed Value	<input type="checkbox"/>	
Reference Value	<input type="checkbox"/>	

2.17. If more than one system of **customs valuation** is applied, please provide what proportion of the value of consignment fall under the following valuation method.

Transaction value	
Transaction value of identical goods	
Transaction value of similar goods	
Computed Value	
Reference Value	

2.18. Can goods be released pending **final clearance** against accepted guarantee?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

2.19. Does your country implement **authorized traders scheme**?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

2.20. Have the customs agencies adopted the system of 'Single Window'?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

2.20.1. If yes, please rate the quality of the system.

Very Low	Low	Average	Good	Very Good	
<input type="checkbox"/>					

2.21. Does your country have any system of post-clearance audit?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

2.21.1. If yes, what percentage of consignment is liable for post-clearance audit?

Less than 5 percent	<input type="checkbox"/>	
Between 5 and 15 percent	<input type="checkbox"/>	
Between 15 and 25 percent	<input type="checkbox"/>	
Between 25 and 50 percent	<input type="checkbox"/>	
Above 50 percent	<input type="checkbox"/>	

2.21.2. If yes, please rate the effectiveness of post-clearance audit.

Very Low	Low	Average	Good	Very Good	
<input type="checkbox"/>					

2.22. If you are not satisfied with the decision made by the customs or any other border management authority, is a non-judicial review/appeal procedure available?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

2.23. Do you have to pay irregular payments/ 8 to clear the consignments?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	

Do not know	<input type="checkbox"/>	
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2.23.1. If yes, please provide the frequency, i.e. percentage of the cases you have made such payments.

Less than 5 percent	<input type="checkbox"/>	
Between 5 and 15 percent	<input type="checkbox"/>	
Between 15 and 25 percent	<input type="checkbox"/>	
Between 25 and 50 percent	<input type="checkbox"/>	
Above 50 percent	<input type="checkbox"/>	

2.24. What is the average time taken to clear **outward goods**? If not applicable write NA.

Place	Time		Not Applicable
	Days	Hours	
Ports			
Airports			
Road frontiers			
Rail frontiers			
Inland container depots (ICDs)			
Customs points			

2.25. What is the average time taken to clear **inward goods**? If not applicable write NA.

Place	Time	Not Applicable

	Days	Hours	
Ports			
Airports			
Road frontiers			
Rail frontiers			
Inland container depots (ICDs)			
Customs points			
Quarantine check post			

2.26. What is your experience of customs operational efficiency at:

	Very Low	Low	Average	Good	Very Good	N/A	
Ports	<input type="checkbox"/>						
Airports	<input type="checkbox"/>						
Road frontiers	<input type="checkbox"/>						
Rail frontiers	<input type="checkbox"/>						
Inland container depots (ICDs)	<input type="checkbox"/>						
Customs point	<input type="checkbox"/>						
Quarantine check post	<input type="checkbox"/>						

3. Trade-related infrastructure and services

3.1. Please rate the quality of the following infrastructure.

	Very Low	Low	Average	Good	Very Good	N/A	
Ports	<input type="checkbox"/>						
Airports	<input type="checkbox"/>						
Roads	<input type="checkbox"/>						
Railways	<input type="checkbox"/>						
Warehouse/ trans-loading facilities	<input type="checkbox"/>						
Tele-communication and IT services	<input type="checkbox"/>						

3.2 Please rate the efficiency of the following service providers.

	Very Low	Low	Average	High	Very High	N/A	
Road transport services	<input type="checkbox"/>						
Rail transport services	<input type="checkbox"/>						
Maritime transport service	<input type="checkbox"/>						
Freight forwarders	<input type="checkbox"/>						

Customs agent	<input type="checkbox"/>						
Quality/standard inspection agencies	<input type="checkbox"/>						
Health/ SPS agencies/ Quarantine	<input type="checkbox"/>						
Banking services	<input type="checkbox"/>						
Insurance services	<input type="checkbox"/>						
Visa services	<input type="checkbox"/>						

3.3. Based on your experience, how do you assess the cost of the following logistics services?

	Very Low	Low	Average	High	Very High	N/A	
Road transport rates	<input type="checkbox"/>						
Rail transport rates	<input type="checkbox"/>						
Airport charges	<input type="checkbox"/>						
Air cargo charges	<input type="checkbox"/>						
Port charges	<input type="checkbox"/>						
Maritime transport charges	<input type="checkbox"/>						
Freight forwarders' charges	<input type="checkbox"/>						
Customs agent's charges	<input type="checkbox"/>						

3.4. Have you ever incurred any loss/damage of cargo during the last five years?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	

3.4.1. If yes, what was the percentage of loss/damage incurred?

Less than 5 percent	<input type="checkbox"/>	
Between 5 and 15 percent	<input type="checkbox"/>	
Between 15 and 25 percent	<input type="checkbox"/>	
Between 25 and 50 percent	<input type="checkbox"/>	
Above 50 percent	<input type="checkbox"/>	

3.4.2. If yes, reasons for loss/damage?

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4. Treatment of goods in transit

4.1. Do exporters/importers need to pay any fees for transit passage?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	

Do not know	<input type="checkbox"/>	
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4.1.1. If yes, is information on such fees freely available?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

4.2. How many additional documents are required to use transit passage? (Please specify the numbers)

.....

4.3. Is information on transit formalities and documentations available freely?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

4.4. Do customs allow pre-arrival processing of transit trade?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

4.5. Can transit documents be submitted and processed electronically and/or online?

	Yes	No	Do not know	
4.5 (a) Submitted	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.5 (b) Processed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

4.5.1. If yes, does it apply to all transit documents?

All documents	<input type="checkbox"/>	
Only partial	<input type="checkbox"/>	

4.5.2. If yes, please rate the quality of the functioning of the system.

	Very Low	Bad	Average	Good	Very Good	
4.5.2 (a) Submitted	<input type="checkbox"/>					
4.5.2 (b) Processed	<input type="checkbox"/>					

4.6. Are goods in transit subject to physical verification?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

4.6.1. If yes, what proportion of the consignment is liable for physical verification?

Less than 5 percent	<input type="checkbox"/>	
Between 5 and 15 percent	<input type="checkbox"/>	
Between 15 and 25 percent	<input type="checkbox"/>	
Between 25 and 50 percent	<input type="checkbox"/>	
Above 50 percent	<input type="checkbox"/>	

4.7. Do you need to provide guarantee/insurance for goods in transit?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

4.7.1. If yes, in which form?

Cash	<input type="checkbox"/>	
Bonds	<input type="checkbox"/>	
Bank Guarantee	<input type="checkbox"/>	
Insurance	<input type="checkbox"/>	
Any one of the above	<input type="checkbox"/>	

4.8. Is the transit guarantee limited to the values of duties and charges?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

4.9. How many days does it take to release the transit guarantee?

.....

4.10. Are customs escorts required to transport goods in transit?

Yes	<input type="checkbox"/>	
No	<input type="checkbox"/>	
Seldom for high risk goods	<input type="checkbox"/>	
Do not know	<input type="checkbox"/>	

4.11. Does your country have any transit agreement with neighbouring countries?

Designated routes	<input type="checkbox"/>					
Customs escorts	<input type="checkbox"/>					
Guarantee	<input type="checkbox"/>					
Documentation	<input type="checkbox"/>					

5. Priority areas

5.1 What is the priority level of the following as per the need to bring about changes to improve trade facilitation?

	Very Low	Low	Average	High	Very High	N/A	
Publication of trade related rules and regulations	<input type="checkbox"/>						
Inquiry point regarding export/import procedures and formalities	<input type="checkbox"/>						
Coordination between border management agencies	<input type="checkbox"/>						
Decrease the number/time required of export/import documents	<input type="checkbox"/>						
Electronic/Online submission of customs documents	<input type="checkbox"/>						
Issue and validity of advance ruling	<input type="checkbox"/>						
Pre-arrival processing of import documents	<input type="checkbox"/>						
Physical inspection by customs	<input type="checkbox"/>						
Single window	<input type="checkbox"/>						
Post clearance audit	<input type="checkbox"/>						
Irregular payments/bribes	<input type="checkbox"/>						
Time taken to clear inward/outward goods	<input type="checkbox"/>						

	Very Low	Low	Average	High	Very High	N/A	
Quality/efficiency of ports	<input type="checkbox"/>						
Quality/efficiency of airports	<input type="checkbox"/>						
Quality/efficiency of Roads	<input type="checkbox"/>						
Quality/efficiency of railways	<input type="checkbox"/>						
Quality of warehouse/trans-loading facilities	<input type="checkbox"/>						
Quality of telecommunication and IT services	<input type="checkbox"/>						
Efficiency of quality/standard inspection agencies	<input type="checkbox"/>						
Efficiency of health/SPS agencies/quarantine	<input type="checkbox"/>						
Decrease loss and damage of cargo	<input type="checkbox"/>						
Decrease the cost of using logistics services	<input type="checkbox"/>						
Transit agreement with neighbouring countries	<input type="checkbox"/>						
Fees, documents and formalities for transit passage	<input type="checkbox"/>						
Pre-arrival processing of transit goods	<input type="checkbox"/>						
Physical verification of transit goods	<input type="checkbox"/>						

Annex 2

Table 21

Minimum number of documents required for South Asian countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	2.0	4.5	4.5
	3	1	.7	1.5	6.0
	4	5	3.4	7.5	13.4
	5	21	14.2	31.3	44.8
	6	14	9.5	20.9	65.7
	7	14	9.5	20.9	86.6
	8	5	3.4	7.5	94.0
	15	2	1.4	3.0	97.0
	17	1	.7	1.5	98.5
	18	1	.7	1.5	100.0
	Total	67	45.3	100.0	
Missing	System	81	54.7		
Total		148	100.0		

Maximum number of documents required for South Asian countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	3	2.0	5.3	5.3
	4	1	.7	1.8	7.0
	5	4	2.7	7.0	14.0
	6	3	2.0	5.3	19.3
	7	7	4.7	12.3	31.6
	8	19	12.8	33.3	64.9
	9	4	2.7	7.0	71.9
	10	12	8.1	21.1	93.0
	20	4	2.7	7.0	100.0
	Total	57	38.5	100.0	
Missing	System	91	61.5		
Total		148	100.0		

Minimum number of documents required for developed countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4	1	.7	2.0	2.0

	5	13	8.8	26.5	28.6
	6	13	8.8	26.5	55.1
	7	17	11.5	34.7	89.8
	8	5	3.4	10.2	100.0
	Total	49	33.1	100.0	
Missing	System	99	66.9		
Total		148	100.0		

Maximum number of documents required for developed countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	7	5	3.4	12.5	12.5
	8	14	9.5	35.0	47.5
	9	4	2.7	10.0	57.5
	10	14	9.5	35.0	92.5
	12	3	2.0	7.5	100.0
	Total	40	27.0	100.0	
Missing	System	108	73.0		
Total		148	100.0		

Minimum number of signatures required for South Asian countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	1.4	3.4	3.4
	2	2	1.4	3.4	6.8
	3	3	2.0	5.1	11.9
	4	20	13.5	33.9	45.8
	5	11	7.4	18.6	64.4
	6	6	4.1	10.2	74.6
	7	5	3.4	8.5	83.1
	8	3	2.0	5.1	88.1
	10	3	2.0	5.1	93.2
	15	2	1.4	3.4	96.6
	17	1	.7	1.7	98.3
	18	1	.7	1.7	100.0
	Total	59	39.9	100.0	
Missing	System	89	60.1		
Total		148	100.0		

Maximum number of signatures required for South Asian countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	.7	1.7	1.7
	3	3	2.0	5.2	6.9
	4	10	6.8	17.2	24.1
	5	11	7.4	19.0	43.1
	6	9	6.1	15.5	58.6
	7	8	5.4	13.8	72.4
	8	6	4.1	10.3	82.8
	10	3	2.0	5.2	87.9
	14	1	.7	1.7	89.7
	15	2	1.4	3.4	93.1
	20	4	2.7	6.9	100.0
	Total	58	39.2	100.0	
Missing	System	90	60.8		
Total		148	100.0		

Minimum signatures required for developed countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	3	2.0	6.1	6.1
	4	23	15.5	46.9	53.1
	5	12	8.1	24.5	77.6
	6	6	4.1	12.2	89.8
	7	4	2.7	8.2	98.0
	8	1	.7	2.0	100.0
	Total	49	33.1	100.0	
Missing	System	99	66.9		
Total		148	100.0		

Maximum signatures required for developed countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5	9	6.1	22.5	22.5
	6	11	7.4	27.5	50.0
	7	10	6.8	25.0	75.0
	8	7	4.7	17.5	92.5
	9	2	1.4	5.0	97.5
	11	1	.7	2.5	100.0
	Total	40	27.0	100.0	
Missing	System	108	73.0		
Total		148	100.0		

Minimum days required for South Asian countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	14	9.5	21.5	21.5
	2	19	12.8	29.2	50.8
	3	6	4.1	9.2	60.0
	4	7	4.7	10.8	70.8
	5	6	4.1	9.2	80.0
	6	1	.7	1.5	81.5
	7	9	6.1	13.8	95.4
	8	1	.7	1.5	96.9
	9	2	1.4	3.1	100.0
	Total	65	43.9	100.0	
Missing	System	83	56.1		
Total		148	100.0		

Maximum days required for South Asian countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	10	6.8	20.8	20.8
	3	5	3.4	10.4	31.3
	4	4	2.7	8.3	39.6
	5	8	5.4	16.7	56.3
	6	6	4.1	12.5	68.8
	7	8	5.4	16.7	85.4
	8	3	2.0	6.3	91.7
	10	4	2.7	8.3	100.0
	Total	48	32.4	100.0	
Missing	System	100	67.6		
Total		148	100.0		

Minimum days required for developed countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	.7	2.0	2.0
	2	18	12.2	36.0	38.0
	3	7	4.7	14.0	52.0
	4	10	6.8	20.0	72.0
	5	9	6.1	18.0	90.0
	6	1	.7	2.0	92.0

	7	1	.7	2.0	94.0
	8	3	2.0	6.0	100.0
	Total	50	33.8	100.0	
Missing	System	98	66.2		
Total		148	100.0		

Maximum days required for developed countries (export)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	4	1	.7	2.5	2.5
	5	10	6.8	25.0	27.5
	6	7	4.7	17.5	45.0
	7	6	4.1	15.0	60.0
	8	5	3.4	12.5	72.5
	9	2	1.4	5.0	77.5
	10	5	3.4	12.5	90.0
	14	3	2.0	7.5	97.5
	15	1	.7	2.5	100.0
	Total	40	27.0	100.0	
Missing	System	108	73.0		
Total		148	100.0		

Not Applicable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NA	23	15.5	100.0	100.0
Missing	System	125	84.5		
Total		148	100.0		

Minimum documents required for South Asian countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	4.1	9.1	9.1
	3	7	4.7	10.6	19.7
	4	3	2.0	4.5	24.2
	5	26	17.6	39.4	63.6
	6	10	6.8	15.2	78.8
	7	4	2.7	6.1	84.8
	8	5	3.4	7.6	92.4
	10	3	2.0	4.5	97.0
	12	2	1.4	3.0	100.0
	Total	66	44.6	100.0	

Missing System	82	55.4		
Total	148	100.0		

Maximum documents required for South Asian countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	4	2.7	6.8	6.8
	3	2	1.4	3.4	10.2
	4	2	1.4	3.4	13.6
	5	2	1.4	3.4	16.9
	6	1	.7	1.7	18.6
	7	4	2.7	6.8	25.4
	8	25	16.9	42.4	67.8
	9	3	2.0	5.1	72.9
	10	6	4.1	10.2	83.1
	11	2	1.4	3.4	86.4
	12	5	3.4	8.5	94.9
	15	1	.7	1.7	96.6
	16	2	1.4	3.4	100.0
	Total	59	39.9	100.0	
Missing System		89	60.1		
Total		148	100.0		

Minimum documents required for developed countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	2	1.4	10.0	10.0
	4	1	.7	5.0	15.0
	5	8	5.4	40.0	55.0
	6	4	2.7	20.0	75.0
	7	4	2.7	20.0	95.0
	10	1	.7	5.0	100.0
	Total	20	13.5	100.0	
Missing System		128	86.5		
Total		148	100.0		

Maximum documents required for developed countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	7	2	1.4	12.5	12.5
	8	6	4.1	37.5	50.0
	9	3	2.0	18.8	68.8

	10	2	1.4	12.5	81.3
	11	1	.7	6.3	87.5
	12	2	1.4	12.5	100.0
	Total	16	10.8	100.0	
Missing	System	132	89.2		
Total		148	100.0		

Not Applicable

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NA	15	10.1	100.0	100.0
Missing	System	133	89.9		
Total		148	100.0		

Minimum signatures required for South Asian countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	2.0	5.4	5.4
	2	4	2.7	7.1	12.5
	3	7	4.7	12.5	25.0
	4	10	6.8	17.9	42.9
	5	14	9.5	25.0	67.9
	6	7	4.7	12.5	80.4
	8	2	1.4	3.6	83.9
	10	3	2.0	5.4	89.3
	12	3	2.0	5.4	94.6
	15	1	.7	1.8	96.4
	18	2	1.4	3.6	100.0
	Total	56	37.8	100.0	
Missing	System	92	62.2		
Total		148	100.0		

Maximum signatures required for South Asian countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	.7	1.7	1.7
	3	5	3.4	8.5	10.2
	4	11	7.4	18.6	28.8
	5	1	.7	1.7	30.5
	6	6	4.1	10.2	40.7
	7	6	4.1	10.2	50.8
	8	14	9.5	23.7	74.6

	9	3	2.0	5.1	79.7
	10	3	2.0	5.1	84.7
	15	4	2.7	6.8	91.5
	16	2	1.4	3.4	94.9
	30	1	.7	1.7	96.6
	50	2	1.4	3.4	100.0
	Total	59	39.9	100.0	
Missing	System	89	60.1		
Total		148	100.0		

Minimum signatures required for developed countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	4	2.7	20.0	20.0
	4	4	2.7	20.0	40.0
	5	10	6.8	50.0	90.0
	6	2	1.4	10.0	100.0
	Total	20	13.5	100.0	
Missing	System	128	86.5		
Total		148	100.0		

Maximum signatures required for developed countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	6	3	2.0	18.8	18.8
	7	3	2.0	18.8	37.5
	8	6	4.1	37.5	75.0
	9	3	2.0	18.8	93.8
	10	1	.7	6.3	100.0
	Total	16	10.8	100.0	
Missing	System	132	89.2		
Total		148	100.0		

Minimum days required for South Asian countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	14	9.5	25.5	25.5
	2	13	8.8	23.6	49.1
	3	11	7.4	20.0	69.1
	4	9	6.1	16.4	85.5
	5	3	2.0	5.5	90.9

	6	2	1.4	3.6	94.5
	7	2	1.4	3.6	98.2
	10	1	.7	1.8	100.0
	Total	55	37.2	100.0	
Missing	System	93	62.8		
Total		148	100.0		

Maximum days required for South Asian countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	14	9.5	24.6	24.6
	3	3	2.0	5.3	29.8
	4	3	2.0	5.3	35.1
	5	5	3.4	8.8	43.9
	6	2	1.4	3.5	47.4
	7	12	8.1	21.1	68.4
	8	5	3.4	8.8	77.2
	10	6	4.1	10.5	87.7
	12	1	.7	1.8	89.5
	14	6	4.1	10.5	100.0
	Total	57	38.5	100.0	
Missing	System	91	61.5		
Total		148	100.0		

Minimum days required for developed countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	6	4.1	33.3	33.3
	3	6	4.1	33.3	66.7
	4	5	3.4	27.8	94.4
	6	1	.7	5.6	100.0
	Total	18	12.2	100.0	
Missing	System	130	87.8		
Total		148	100.0		

Maximum Days required for developed countries (import)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5	4	2.7	33.3	33.3
	6	2	1.4	16.7	50.0
	7	1	.7	8.3	58.3
	8	2	1.4	16.7	75.0

10	2	1.4	16.7	91.7
14	1	.7	8.3	100.0
Total	12	8.1	100.0	
Missing System	136	91.9		
Total	148	100.0		

Questions were asked about whether supporting documents can be submitted and processed electronically or not. Here are the responses from that:

Table 16

Can supporting documents be submitted electronically and/or online?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	88	59.5	59.5	59.5
No	49	33.1	33.1	92.6
Do not know	11	7.4	7.4	100.0
Total	148	100.0	100.0	

Can supporting documents be processed electronically and/or online?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	88	59.5	59.5	59.5
No	49	33.1	33.1	92.6
Do not know	11	7.4	7.4	100.0
Total	148	100.0	100.0	

If yes, fully or partially

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Fully	10	6.8	6.8	6.8
Partially	78	52.7	52.7	59.5
NA	60	40.5	40.5	100.0
Total	148	100.0	100.0	

If yes, please rate the quality of the functioning of the system: Submitted

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low	3	2.0	2.0	2.0
Low	1	.7	.7	2.7

Average	35	23.6	23.6	26.4
Good	48	32.4	32.4	58.8
Very good	1	.7	.7	59.5
NA	60	40.5	40.5	100.0
Total	148	100.0	100.0	

If yes, please rate the quality of the functioning of the system: Processed

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low	2	1.4	1.4	1.4
Low	2	1.4	1.4	2.7
Average	33	22.3	22.3	25.0
Good	50	33.8	33.8	58.8
Very good	1	.7	.7	59.5
NA	60	40.5	40.5	100.0
Total	148	100.0	100.0	

Table 17

Does your customs authority/department issue advance rulings?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	25	16.9	16.9	16.9
No	23	15.5	15.5	32.4
Do not know	100	67.6	67.6	100.0
Total	148	100.0	100.0	

If yes, what is the length of time for which advance ruling is valid (in days)?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2	1	.7	11.1	11.1
3	2	1.4	22.2	33.3
7	2	1.4	22.2	55.6
14	1	.7	11.1	66.7
90	3	2.0	33.3	100.0
Total	9	6.1	100.0	
Missing System	139	93.9		
Total	148	100.0		

If yes, what proportion of the request gets positive response (in percent)?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	10	3	2.0	14.3	14.3
	15	4	2.7	19.0	33.3
	35	2	1.4	9.5	42.9
	40	4	2.7	19.0	61.9
	50	1	.7	4.8	66.7
	70	1	.7	4.8	71.4
	80	4	2.7	19.0	90.5
	95	2	1.4	9.5	100.0
	Total	21	14.2	100.0	
Missing	System	127	85.8		
Total		148	100.0		

Table 18

What is the basis for valuation of customs duties?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Transaction value	51	34.5	81.0	81.0
	Transaction value of identical goods	10	6.8	15.9	96.8
	Reference value	2	1.4	3.2	100.0
	Total	63	42.6	100.0	
Missing	System	85	57.4		
Total		148	100.0		

If multiple response in Q2.16

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		127	85.8	85.8	85.8
	1,2	1	.7	.7	86.5
	1,2,3,4,5	5	3.4	3.4	89.9
	1,2,5	1	.7	.7	90.5
	1,4,5	4	2.7	2.7	93.2
	1,5	4	2.7	2.7	95.9
	2,3	1	.7	.7	96.6
	2,3,4	2	1.4	1.4	98.0
	2,4	1	.7	.7	98.6
	2,5	1	.7	.7	99.3

4,5	1	.7	.7	100.0
Total	148	100.0	100.0	

Transaction value

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 5.00	4	2.7	6.6	6.6
50.00	1	.7	1.6	8.2
100.00	56	37.8	91.8	100.0
Total	61	41.2	100.0	
Missing System	87	58.8		
Total	148	100.0		

Transaction value of identical goods

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 50.00	1	.7	25.0	25.0
60.00	1	.7	25.0	50.0
100.00	2	1.4	50.0	100.0
Total	4	2.7	100.0	
Missing System	144	97.3		
Total	148	100.0		

Transaction value of similar goods

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 40.00	1	.7	100.0	100.0
Missing System	147	99.3		
Total	148	100.0		

Computed value

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 30.00	1	.7	20.0	20.0
60.00	4	2.7	80.0	100.0
Total	5	3.4	100.0	
Missing System	143	96.6		
Total	148	100.0		

Reference value

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	35.00	4	2.7	57.1	57.1
	65.00	1	.7	14.3	71.4
	70.00	1	.7	14.3	85.7
	100.00	1	.7	14.3	100.0
	Total	7	4.7	100.0	
Missing	System	141	95.3		
Total		148	100.0		

Table 19

Can goods be released pending final clearance against accepted guarantee?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	2.7	4.7	4.7
	No	28	18.9	32.9	37.6
	Do not know	53	35.8	62.4	100.0
	Total	85	57.4	100.0	
Missing	System	63	42.6		
Total		148	100.0		

Does your country implement authorized traders scheme?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	31	20.9	36.5	36.5
	No	18	12.2	21.2	57.6
	Do not know	36	24.3	42.4	100.0
	Total	85	57.4	100.0	
Missing	System	63	42.6		
Total		148	100.0		

Table 20

If yes, please rate the effectiveness of post-clearance audit

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	1	1.4	1.4	1.4
	Low	9	6.1	6.1	7.4
	Average	83	56.1	56.1	63.5
	Good	18	12.2	12.2	75.7
	Very good	3	2.0	2.0	77.7
	NA	33	22.3	22.3	100.0
	Total	148	100.0	100.0	

Table 21

What is the average time taken to clear outward goods? Ports (days)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	25	16.9	30.5	30.5
	2	23	15.5	28.0	58.5
	3	10	6.8	12.2	70.7
	4	10	6.8	12.2	82.9
	5	2	1.4	2.4	85.4
	7	5	3.4	6.1	91.5
	8	1	.7	1.2	92.7
	10	4	2.7	4.9	97.6
	15	2	1.4	2.4	100.0
	Total		82	55.4	100.0
Missing	System	66	44.6		
Total		148	100.0		

What is the average time taken to clear outward goods? Ports (hours)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	.7	25.0	25.0
	2	1	.7	25.0	50.0
	5	2	1.4	50.0	100.0
	Total	4	2.7	100.0	
Missing	System	144	97.3		
Total		148	100.0		

What is the average time taken to clear outward goods? Airports (days)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	1.4	28.6	28.6
	2	1	.7	14.3	42.9
	3	1	.7	14.3	57.1
	4	1	.7	14.3	71.4
	5	2	1.4	28.6	100.0
	Total		7	4.7	100.0
Missing	System	141	95.3		
Total		148	100.0		

What is the average time taken to clear outward goods? Airports (hours)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	.7	33.3	33.3
	2	1	.7	33.3	66.7
	12	1	.7	33.3	100.0
	Total	3	2.0	100.0	
Missing	System	145	98.0		
Total		148	100.0		

What is the average time taken to clear outward goods? Road frontiers (days)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	10	6.8	33.3	33.3
	2	8	5.4	26.7	60.0
	3	4	2.7	13.3	73.3
	4	1	.7	3.3	76.7
	5	2	1.4	6.7	83.3
	6	1	.7	3.3	86.7
	7	1	.7	3.3	90.0
	10	3	2.0	10.0	100.0
	Total	30	20.3	100.0	
	Missing	System	118	79.7	
Total		148	100.0		

What is the average time taken to clear outward goods? Rail frontiers (days)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3	1	.7	33.3	33.3
	4	1	.7	33.3	66.7
	6	1	.7	33.3	100.0
	Total	3	2.0	100.0	
Missing	System	145	98.0		

Total		148	100.0		
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What is the average time taken to clear outward goods? Customs points (days)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	28	18.9	36.4	36.4
	2	18	12.2	23.4	59.7
	3	9	6.1	11.7	71.4
	4	9	6.1	11.7	83.1
	5	2	1.4	2.6	85.7
	7	5	3.4	6.5	92.2
	8	1	.7	1.3	93.5
	10	5	3.4	6.5	100.0
	Total		77	52.0	100.0
Missing	System	71	48.0		
Total		148	100.0		

What is the average time taken to clear outward goods? Customs points (hours)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	.7	100.0	100.0
Missing	System	147	99.3		
Total		148	100.0		

What is the average time taken to clear inward goods? Ports (days)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	24	16.2	37.5	37.5
	2	6	4.1	9.4	46.9
	3	7	4.7	10.9	57.8
	4	8	5.4	12.5	70.3
	5	8	5.4	12.5	82.8
	7	6	4.1	9.4	92.2
	8	1	.7	1.6	93.8

	10	4	2.7	6.3	100.0
Missing	Total	64	43.2	100.0	
	System	84	56.8		
Total		148	100.0		

What is the average time taken to clear inward goods? Airports (days)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	.7	25.0	25.0
	3	2	1.4	50.0	75.0
	5	1	.7	25.0	100.0
	Total	4	2.7	100.0	
Missing	System	144	97.3		
Total		148	100.0		

What is the average time taken to clear inward goods? Road frontiers (days)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	12	8.1	50.0	50.0
	2	2	1.4	8.3	58.3
	3	6	4.1	25.0	83.3
	4	1	.7	4.2	87.5
	7	2	1.4	8.3	95.8
	8	1	.7	4.2	100.0
	Total	24	16.2	100.0	
Missing	System	124	83.8		
Total		148	100.0		

What is the average time taken to clear inward goods? Road frontiers (hours)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	.7	100.0	100.0
Missing	System	147	99.3		
Total		148	100.0		

What is the average time taken to clear inward goods? Rail frontiers (hours)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	1	.7	100.0	100.0
Missing	System	147	99.3		
Total		148	100.0		

What is the average time taken to clear inward goods? Customs points (days)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	22	14.9	30.1	30.1
	2	22	14.9	30.1	60.3
	3	7	4.7	9.6	69.9
	4	9	6.1	12.3	82.2
	5	4	2.7	5.5	87.7
	7	5	3.4	6.8	94.5
	8	1	.7	1.4	95.9
	10	3	2.0	4.1	100.0
	Total		73	49.3	100.0
Missing	System	75	50.7		
Total		148	100.0		

What is the average time taken to clear inward goods? Customs points (hours)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	.7	33.3	33.3
	3	1	.7	33.3	66.7

	5	1	.7	33.3	100.0
	Total	3	2.0	100.0	
Missing	System	145	98.0		
Total		148	100.0		

What is the average time taken to clear inward goods? Quarantine checkpoint (days)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	13	8.8	72.2	72.2
	2	2	1.4	11.1	83.3
	3	1	.7	5.6	88.9
	7	1	.7	5.6	94.4
	8	1	.7	5.6	100.0
	Total	18	12.2	100.0	
Missing	System	130	87.8		
Total		148	100.0		

Table 22

Efficiency of road transport services.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	7	4.7	4.7	4.7
	Low	6	4.1	4.1	8.8
	Average	106	71.6	71.6	80.4
	High	22	14.9	14.9	95.3
	Very high	4	2.7	2.7	98.0
	NA	3	2.0	2.0	100.0
	Total	148	100.0	100.0	

Efficiency of rail transport services.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	5	3.4	3.4	3.4
	Low	3	2.0	2.0	5.4
	Average	4	2.7	2.7	8.1
	High	4	2.7	2.7	10.8
	Very high	2	1.4	1.4	12.2
	NA	130	87.8	87.8	100.0
	Total	148	100.0	100.0	

Efficiency of maritime transport services.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Average	61	41.2	41.2	41.2
	High	28	18.9	18.9	60.1
	NA	59	39.9	39.9	100.0
Total	148	100.0	100.0		

Efficiency of freight forwarders

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	1	.7	.7	.7

Low	2	1.4	1.4	2.0
Average	80	54.1	54.1	56.1
High	35	23.6	23.6	79.7
Very high	1	.7	.7	80.4
NA	29	19.6	19.6	100.0
Total	148	100.0	100.0	

Efficiency of customs agent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low	4	2.7	2.7	2.7
Average	84	56.8	56.8	59.5
High	42	28.4	28.4	87.8
Very high	4	2.7	2.7	90.5
NA	14	9.5	9.5	100.0
Total	148	100.0	100.0	

Efficiency of quality/standard inspection agency

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Very low	1	.7	.7	.7
Low	6	4.1	4.1	4.7
Average	90	60.8	60.8	65.5
High	9	6.1	6.1	71.6
Very high	1	.7	.7	72.3
NA	41	27.7	27.7	100.0
Total	148	100.0	100.0	

Efficiency of health/SPS agencies/quarantine

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Low	4	2.7	2.7	2.7
Average	27	18.2	18.2	20.9
High	7	4.7	4.7	25.7
NA	110	74.3	74.3	100.0
Total	148	100.0	100.0	

Efficiency of banking services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	1	.7	.7	.7
	Low	2	1.4	1.4	2.0
	Average	31	20.9	20.9	23.0
	High	86	58.1	58.1	81.1
	Very high	11	7.4	7.4	88.5
	NA	17	11.5	11.5	100.0
	Total	148	100.0	100.0	

Efficiency of insurance services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low	3	2.0	2.0	2.0
	Average	49	33.1	33.1	35.1
	High	52	35.1	35.1	70.3
	Very high	3	2.0	2.0	72.3
	NA	41	27.7	27.7	100.0
	Total	148	100.0	100.0	

Efficiency of visa services.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very low	4	2.7	2.7	2.7
	Low	3	2.0	2.0	4.7
	Average	16	10.8	10.8	15.5
	High	9	6.1	6.1	21.6
	NA	116	78.4	78.4	100.0
	Total	148	100.0	100.0	