

Trade and Transport Facilitation Audit in Pakistan

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SDPI
Sustainable Development Policy Institute

Objectives of this study

- Identifying trade- and transport-related bottlenecks in Pakistan
- Assessing the benefits of removing these bottlenecks
- Stocktaking of ongoing reforms in trade- and transport related areas
- Assessing minimum investment requirement for addressing bottlenecks.

Pakistan's Direction of Trade

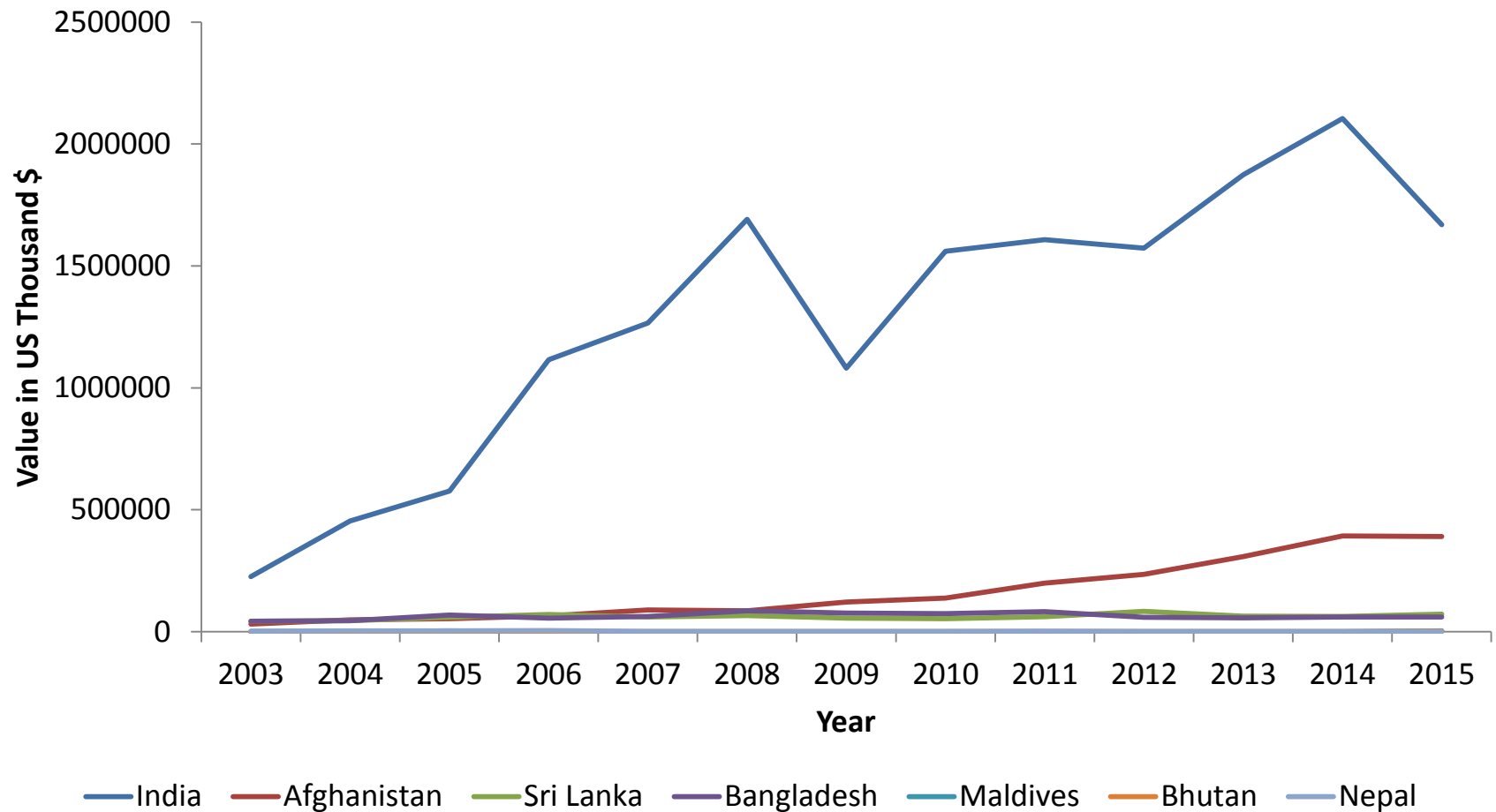
Destination of Exports and Origin of Imports

- Pakistan's trade with developed economies (2015)
 - Exports (44%)
 - Imports (21%)
- Pakistan's trade with developing economies (2015)
 - Exports (56%)
 - Imports (79%)
- Pakistan's trade with South Asia (2015)
 - Exports (6%)
 - Imports (5%)

Major Trading Partners

- Major export destinations (2015)
 - Half of exports to US, China, EU and Afghanistan
 - Exports to Bangladesh (3.2%)
- Major import origins (2015)
 - Middle East and China (40%)
 - Imports from India (4%)

Pakistan's Imports from South Asia



Source: Pakistan Economic Survey

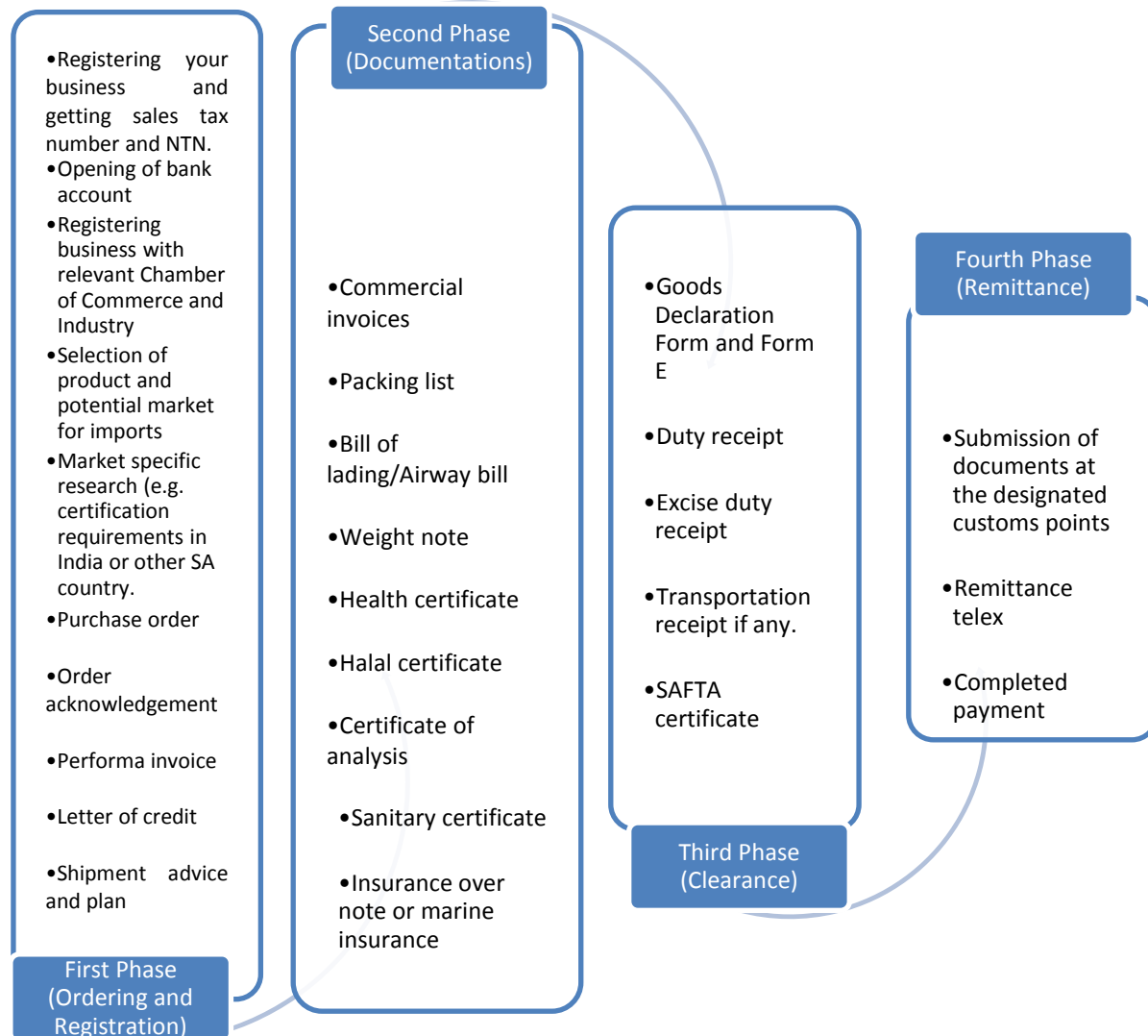
Key exports to South Asia

Product code	
	Pakistan's exports to India (top-3)
0804	Fruits and Vegetables
7404	Copper waste and scrap
2523	Cements, Portland, aluminous, slag, super sulfates
	Pakistan's exports to Bangladesh (top-3)
5209	Woven cotton fabrics
5205	Cotton yarn
5201	Cotton, not carded or combed
	Pakistan's exports to Sri Lanka (top-3)
5209	Woven cotton fabrics
2523	Cements, port land, aluminous, slag, super sulfates
1701	Cane or beet sugar and chemically pure sucrose, in solid form

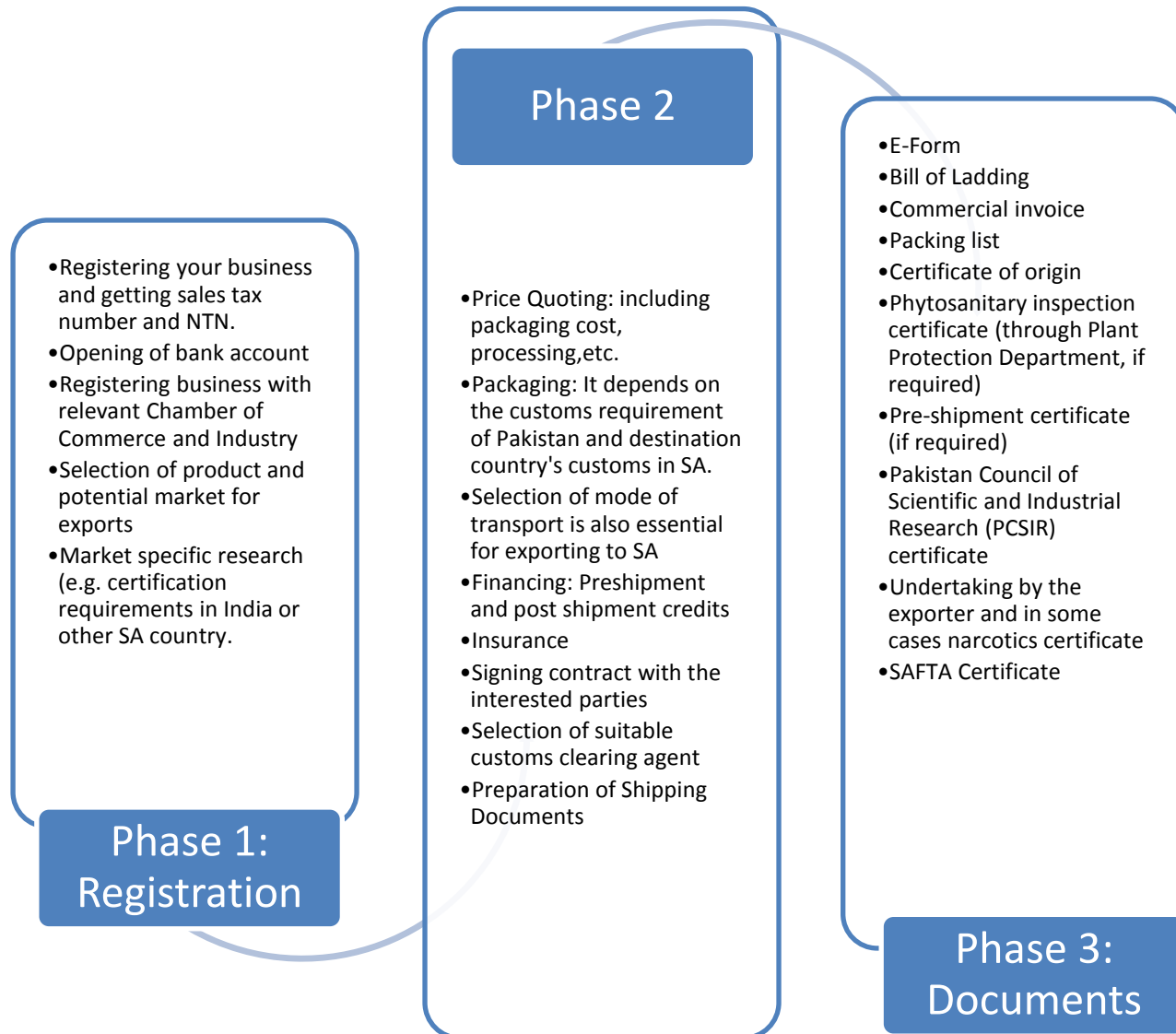
Ease of trading across borders

- No. of export documents same as South Asian average
- However Pakistan performed better than South Asian average in case of time and cost to export; time and cost to import
- Integrated border management system at all border posts

Process and documentation for importers



Process and documentation for exporters



Survey Methodology

- Instrument aimed to look at
 - publication and administration of policies related to trade issues
 - rules and procedures for imports and exports
 - quality and efficiency of trade related infrastructure and services
 - treatment of goods in transit
 - use of ICT to facilitate exports and imports

Survey Methodology

- Targeted routes covered under this study
 - Chaman border in Balochistan province
 - Torkhum border in Khyber Pakhtunkhwa province
 - Karachi airport, Karachi port, Port Bin Qasim in Karachi
 - Lahore airport
 - Peshawar city (now has dry port)
 - Wagah border in Lahore.
- Respondents
 - 148 valid firm-level responses
 - FGDs in three Chambers of Commerce offices
 - In-depth interviews with relevant officials

Accessibility of customs information

- Online customs information is available
- Effectiveness of this information varies depending upon the sector of trade
- Inquiry point in the case of missing information not known to 20%
- Health and plant health inspection points not known by a quarter of respondents
- Almost 17% termed coordination between border management agencies as poor.

Customs Processing and Documentation

- For 30% customs declaration cannot be submitted online
- 68% not aware about advance rulings
- 26% were not aware about pre-arrival processing
- 83% not availing single window facility
- 100% verification at Wagah – Attari border, slowing down the processing.

Transit Processing & Documentation

- 100% verification for Afghanistan
- However all documentation can be processed and tracked online.

Priority Trade Facilitation Areas

- Efficiency of inspection agencies
- Making single window operations at border points effective
- Efficiency of warehousing facilities and need for common bonded warehousing
- Expediting physical inspection by customs

Proposed initiatives for Trade Facilitation

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

Estimated Investment Requirement

Areas of facilitation	Acitivities	Indicative Budget (USD Million)	Budget Narrative
Efficiency of quality/standard inspection agencies	Product Confirmity Centre [Chamman, Wagah, Torkum]	0.12	This amount has been derived from the budget allocated for a similar project at Karachi
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 for Gawadar Port (PSDP estimate)
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 China-Pakistan Economic Corridor (CPEC)
	Karachi - Lahore Motorway	594.02	Indicative cost as part of China-Pakistan Economic Corridor
Total		736.16	

Can CPEC help trade with South Asia?

PROJECTS	US\$ Millions
Energy	35,413
Transport and Infrastructure	
Roads	6,100
Rail Network	3,690
Gwadar Port	793
Others	44
Total	46,040

Can CPEC help trade with South Asia?

Sr. No	Projects		Length (km)	Cost (US\$ Million)
	Roads			
1	KKH Phase II (Raikot – Islamabad Section)		440	3,500
2	Peshawar-Karachi Motorway (Multan-Sukkur Section)		392	2,600
	Rail Sector Projects			
3	Expansion and reconstruction of existing Line ML-1	Main Line from Peshawar to Karachi	1736	3,650
4	Havelian Dry port			40
	TOTAL			9,790

Thank You



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