



GATEWAY TO EMERGING MARKETS PAKISTAN

Presented by M.Nadeem Khan on
behalf of PIFFA - Pakistan

Pakistan Facts

- Population – 180 Million +
- Area – 796095 sq. km
- Provinces – 04
- Literacy Rate – 56 %
- International Airports : 07 Karachi, Islamabad, Lahore, Peshawar, Quetta, Multan and Sialkot
- GDP Growth:
 - 2008.....2.038% USD 164.557 Billion
 - 2009..... 1.966% USD 166.515 Billion
 - 2010..... 3.0% USD 177.901 Billion
- **Area** 796,096 square kilometers
- **Population** 170 million
- **Location** South Asia , bordering the Arabian Sea , between India on the east and Iran and Afghanistan on the west and China in the north.
- **Land Boundaries Total** 7,266 km (Afghanistan 2,430 km, China 580 km, India 2,240 km, Iran 909 km).
- **Coastline** 1,046 km
- **Climate** 4 Seasons, dry desert, temperate in northwest; arctic in north.
- **Terrain** Flat Indus plain in east, mountains in north and northwest, Balochistan plateau in west and desert in south.
- **Elevation Extremes** Lowest point: Arabian Sea 0 m, Highest point: K2 (Mt. Godwin Austin - 8611 meters)
- **Government Type** Parliamentary
- **Capital** Islamabad

Mainstay of the Economy - By Region



Pakistan trade Statistics

(Commodities & Import – Export) Throughput



IMPORT:

Pakistan imports were worth 4288 Million USD in May of 2011.

Pakistan imports mainly

Petroleum, Petroleum, Products , Machinery, Plastics,
Transportation, Equipment, Edible oils, Paper,
Paperboard, Iron , Steel ,Tea

Major import partners are:

- European Union
- China, Saudi Arabia
- United Arab Emirates
- United States

EXPORT:

Pakistan exports were worth 2308 Million USD in May of 2011.

Pakistan exports

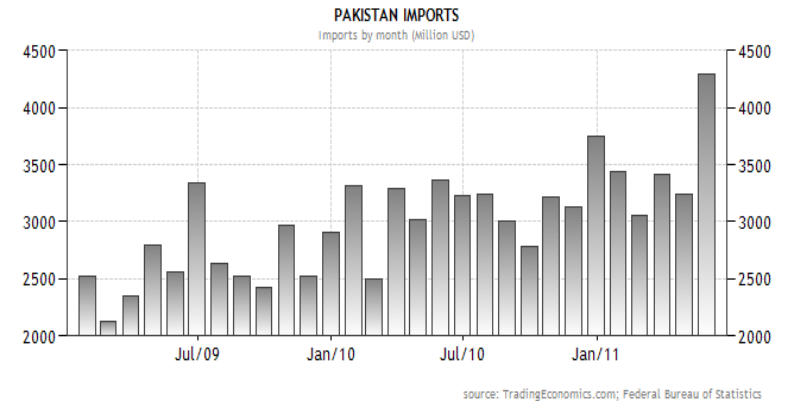
Rice, Furniture, cotton fiber, cement, tiles, marble, textiles, clothing,
leather goods, sports goods, surgical instruments, electrical appliances,
software, carpets

Rugs, food products.

Pakistan now is being very well recognized for producing and exporting
cements in Asia and Mid-East.

Main exports partners are

- European Union (UK)
- United States
- UAE
- Afghanistan



Freight Forwarding Industry



- Countries with the capacity to ensure timely and secure transportation of goods between their primary producers and ultimate consumers are likely to win increasing market share in the emerging world trade environment.
- The international freight forwarding industry emerged in Pakistan in the early 1980s. Initially, the industry comprised a few firms catering to a niche market to the shipments of plants and machinery.
- Growth in the country's international trade, the growing trend towards containerization and increasing market acceptance of the tangible benefits of international freight forwarding services were the major factors driving industry growth.
- Currently, the industry comprises about 550 entities with an estimated annual turnover of Rs 43 billion, over 12,000 employees and geographical coverage in the major export-oriented centers .



PIFFA- Pakistan International Freight Forwarders Association



- PIFFA is the sole representative trade body of the Freight Forwarding & Logistics sector of Pakistan, registered by Ministry of Commerce in December 2004.
- Total members – 550.
- PIFFA is funded by subscription and run by its members. It operates with a full-time Secretariat which administers and manages the Association's affairs.
- PIFFA aims to provide effective representation and support for Pakistan freight services industry to observe the highest standards of professional competence.
- PIFFA members adopt a code of conduct, and trade under a nationally accepted set of Standard Trading Conditions.
- PIFFA acquired affiliation with FIATA Zurich in September, 2005.
- PIFFA closely liaised with NTTFC, Ministry of Commerce in drafting proposed Logistics Service Providers Regulatory Act – 2011, to provide regulatory regime for the freight forwarding industry.

Objectives

1. Uphold a high standard of business ethics and professional conduct among freight forwarders;
2. Reorganization of PIFFA Secretariat's internal systems and procedures;
3. Legislation of Logistics Service Providers Regulatory Act – 2011;
4. Declaration of transshipment port in Pakistan & establishment of PIFFA CFS Terminals
5. Resolve Bill of Lading issue
6. FIATA FWB/FBL and liability insurance coverage
7. Relations with Shipping Lines
8. Sales Tax levy
9. Government Relations
10. Training and Education

Key Objectives

- PIFFA - ADB collaboration for 'CAREC Transport & Trade Corridor Performance Measurement & Monitoring' (CPMM) study.
- PIFFA signed MOU with ADB to assist in its CPMM study on December 26, 2011
- PIFFA team has successfully submitted required data for the period Jan-Oct'2012 and will continue to cooperate in this Time/Cost study

Key Initiatives

Standing Committees

Standing Committees:

PIFFA Executive Committee has formed several Standing Committees and delegated responsibilities to attend to specific Member/Industry related issues. Some of the important Standing Committees are:

- Membership Matters
- Afghan Transit Trade
- Trade Disputes & Reconciliation
- Import & Export Consolidation
- Corporate, Legal & Tax Affairs
- Corporate Social Responsibilities
- Defaulted Payments
- Transshipment Hub & Trade Development
- Air Freight & Aviation Affairs
- Terminals & Ports Affairs
- Trucking
- Dry Ports/Airport Affairs at different locations



Key Initiatives

Training and Development

- In 2006 PIFFA in collaboration with FIATA conducted a three weeks “Training-of-Trainer” (T-o-T) programme. 40 participants took training which was followed by six months modules development process.
- These modules were put-up for validation to FIATA. Out of 8 countries Pakistan was the only country to get validation.
- PIFFA T-o-T program was further expanded to Lahore in 2011 in collaboration with UNCTAD and FIATA wherein 35 participants from Lahore, Sialkot and Faisalabad enrolled and actively participated.
- **Vocational training:** PIFFA runs a vocational training course to promote a high level of professional education and experience, essential to provide logistics services.
- Presently 10 batches in Karachi & maiden batch at Lahore have passed out and over 350 participants have successfully completed the training.
- **PIFFA Training Institute** is now formally registered under Societies Act in August, 2011.
- The Institute will have its own building wherein training & education will be imparted in various disciplines up to University level.
- The funding for the project will be generated from industry leaders.

PIFFA-FIATA Diploma Course



- **PIFFA** Diploma in International Freight Forwarding comprises of 14 modules spread over 265 hours of study (about 8 months' period)
- **14 Modules** designed as per FIATA Minimum Standards of Vocational Training are as under:
 - Introduction to Freight Forwarding
 - Maritime Containers
 - Sea Freight
 - Multimodal Transport
 - Air Freight
 - Road Transportation
 - Rail Transportation
 - Logistics Transport
 - Customs Procedures
 - Inland Waterways
 - Insurance
 - Safety & Security
 - Dangerous Goods by Air/Sea
 - Information & Communication Technology

Some glimpses of PIFFA training activities...



Social Events

- PIFFA organized **Excellence Award & Gala Night-2012** on June 16, 2012 wherein **AWARDS** were conferred in 21 categories. Some of the key categories were:
 - Best Shipping Line
 - Best Airlines
 - Best Ports & Port Facilities
 - Best Container Terminals
 - Best Consolidation Freight Station etc.
- Member companies and its staff voted online to register their choice.
- During the ceremony recognition was accorded to Members who contributed in the development and progress of the Industry over the years.





Pakistan trade relation with regional states

- Pakistan is located at a strategic and important location at the cross-roads of South Asia, the Middle East and Central Asia.
- Pakistan's geographical location can make it a strong Hub for the flow through traffic between Asia and Europe.
- The country has great potential for trade with landlocked **Central Asian States, Iran, Afghanistan** and to the west and north into **China**, via the Karakoram highway.
- There is a common border of 1600 kilometer between Pakistan & India

Indo – Pak bilateral trade

- Sub continent is a region, where more than one-fifth of the world population resides and which is fast becoming one of the key drivers of the global economy.
- Bilateral trade between India and China has crossed \$70 billion. In comparison, India-Pakistan trade totals a mere \$2.7 billion.
- Pakistan accounts for 0.43 per cent of India's trade, but much more is traded between the two countries through unofficial channels, and third countries such as Dubai.
- A study by Peterson Institute for International Economics (PIIE) gravity model, shows the potential of formal trade between India and Pakistan is roughly 20 times greater than recorded trade.
- The liberalization of bilateral trade between Pakistan and India would not only lend impetus to the integration of both economies but would also boost productivity and economic growth and promote broader regional cooperation.



Routing Possibilities

- By Road
 - Wagah Border is a preferred ICS (Inland Customs station).
 - Can be cost effective.
 - Less Transit time compared with SeaFreight.
- By Air.
 - Lahore Airport is preferred due to proximity and location.
 - Well established facility and customs station.
 - Connection possibility:
 - Direct
 - PIA with 2 flight a week (Saturday and Wednesday.).
 - Indirect,
 - Etihad Airways, Daily.
 - Qatar Airways 4 flights a week
 - Emirates Daily 7 flights a week.
- Sea freight
 - Karachi port and QICT Ports are preferred ports.
 - Good possibilities via Karachi.



Pakistan exports to ECO countries



Share of Pakistan in imports of CAR is less than 0.1%

Exports of Pakistan to ECO countries

Figures in million US Dollars

Country	2008-09	2009-10	2010-11
Afghanistan	982.185	1,396.489	1,933.432
Turkey	414.828	515.888	765.000
Iran	171.754	120.083	162.100
Kazakhstan	2.188	2.682	4.522
Azerbaijan	3.066	1.988	5.058
Uzbekistan	1.467	2.179	2.746
Kyrgyzstan	0.886	0.667	0.619
Turkmenistan	0.285	0.521	0.640
Tajikistan	0.207	0.522	0.757

Source: FBR statistics through www.tradeinfo.pk

Regional trade major impediments

- In recent years, Pakistan's growth of imports has far outpaced growth of exports, resulting in a large and growing trade deficit.
- Refusal to allow overland routes to third countries is a major impediment to regional trade.
- Long cargo dwell times, limited implementation of transit agreements, and high transit costs are just some of the trade constraints that hinder movement of goods.
- Customs and border procedures are not oriented to facilitate trade where as in sufficient infrastructure add on to the problems.
- High costs and dwell times have contributed to unauthorized cross border trade.
- Pakistan lacks solid trade relationship with its large and economically dynamic neighbors.

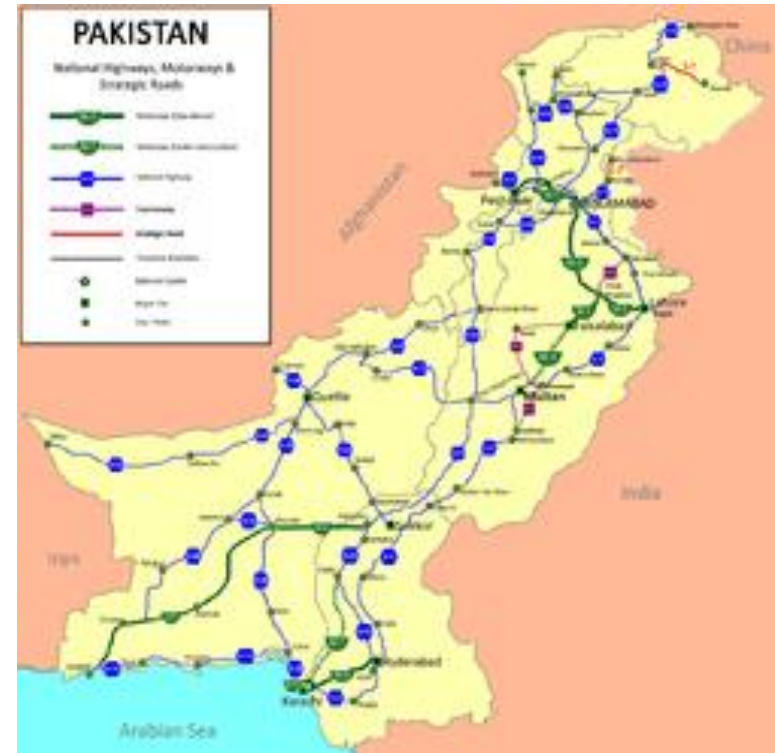


ASIAN HIGHWAY ROUTES IN PAKISTAN

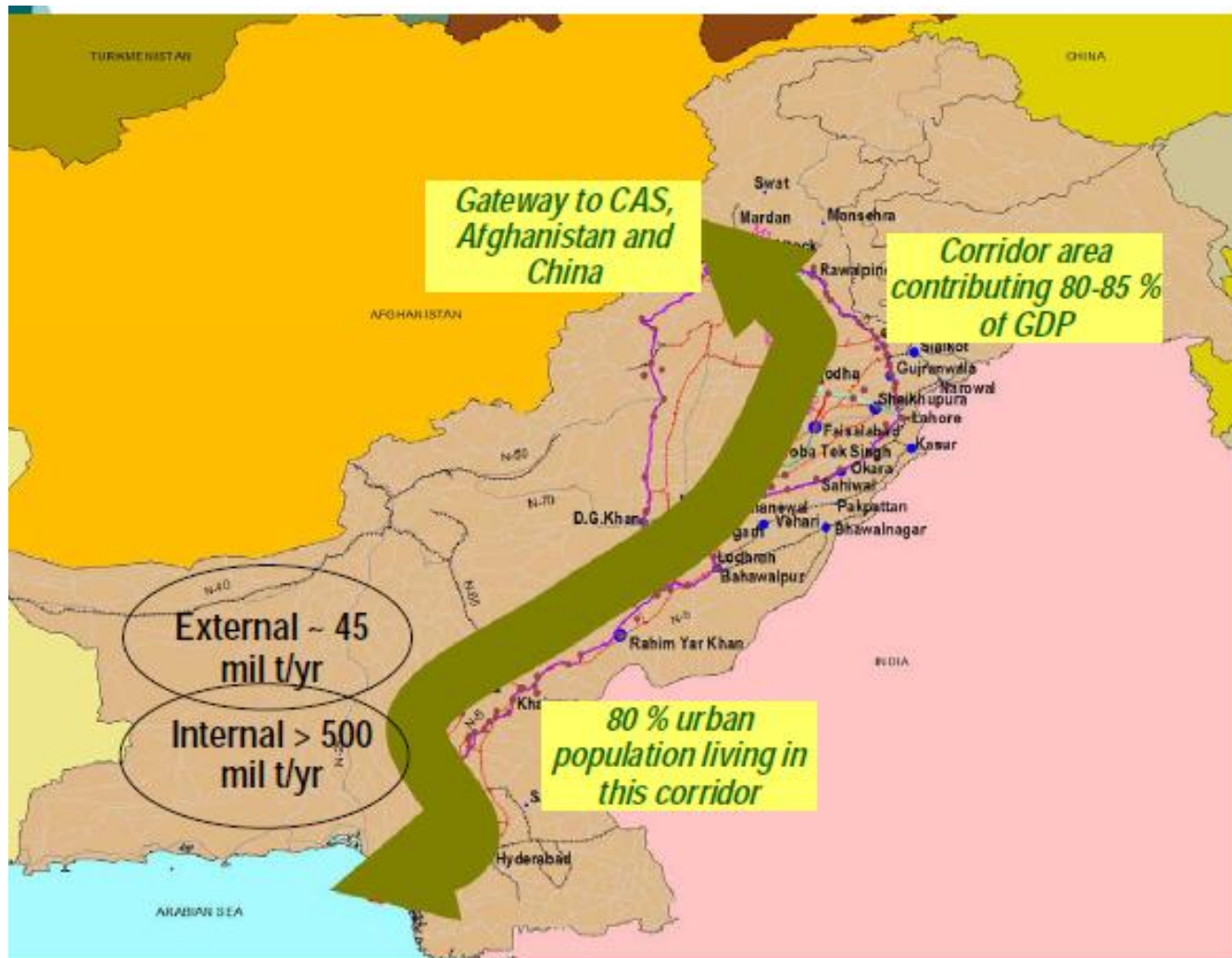


National Trade Corridor Program (NTC)

- The Government of Pakistan in 2005 has launched major initiatives around the (NTC) to reduce the cost of trade by improving transport logistics infrastructure and services.
- Through this initiative the Government aims to bring the quality of transport services to international standards.
- This will reduce the cost of doing business in Pakistan and enhance export competitiveness, accelerate industrialization and sustain the high economic growth achieved.
- The National Trade Corridor Improvement Program (NTCIP) hinges on a consensus building process with all stakeholders through informed consultation that focuses on:
 - Quick results through policy interventions, systematic and procedural improvements,
 - Longer term higher cost investments (with pragmatic investment assessment from the private sector) and
 - Deep rooted institutional reforms to ensure sustainability.
- **Estimated Savings to Economy: Rs250-300bil/yr**—including Rs140-170bil/yr in Highways, Trucking, and Railways; Rs32bil/yr in Ports; and, Rs905bil/yr Trade Logistics



Pakistan's internal & external trade routes

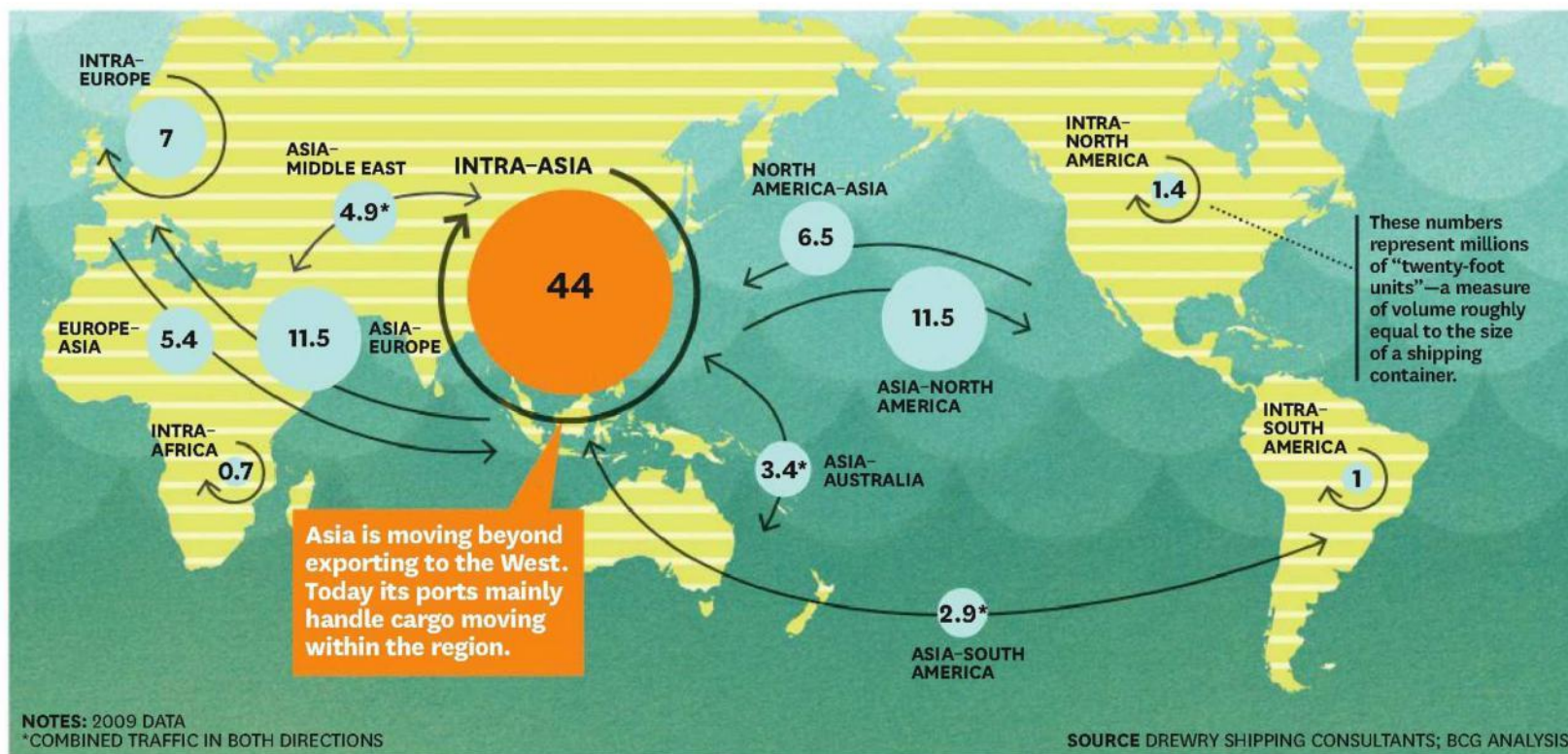


- 2 ports handling 95 % of external trade.
- Two main roads and a main railway line handling 65 percent of total land freight.
- 10 dry ports catering to high value external trade.
- Pipelines carrying 6 mil tones of POL.

World Trade Patterns

FIRST

What the West Doesn't Get About China





Pakistan Transit Routes



Pakistan becoming Asia's trade, energy and transport corridor



Improvement of regional connectivity

- Cross border trade is the major bottle neck for transport and trade in the region
- The need is to establish competitive corridors across the region
- Develop sustainable, transport and trade networks
- Improve regional connectivity through infrastructure development of sea ports, road & rail network
- Harmonize trade, customs and transport regulator framework to remove barriers to trade;
- Enter into regional and bilateral transit transport agreements laying down simple procedures for the transit traffic.

Benefits to develop regional transport corridor will

- Improve competitiveness of regional trade
- Enhance share of world trade
- Reduce transport costs and enhance affordability through:
 - Provision of world class infrastructure
 - Efficient logistics chain
- Increase regional connectivity from **China, Far East, Middle East, Europe/USA to Afghanistan, SAARC and CIS countries.**



THANK YOU FOR YOUR TIME