



# **NATIONAL TRADE CORRIDOR IMPROVEMENT PROGRAM**

**by**

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# Pakistan's Vision 2030

*“ Developed, industrialized, just and prosperous  
Pakistan through rapid and sustainable  
development in a resource constrained economy  
by deploying knowledge inputs ”*



# TRADE & TRANSPORT SECTOR VISION

- **Improve competitiveness of Pakistani trade internationally**
  - **Enhance Pakistan's share of world trade (currently only 0.2%)**
  - **Increase Pakistan's exports from US\$ 17 billion in 2006 to between US\$ 200-250 billion by 2030**
- **Establish an efficient and well integrated transport system that will facilitate the development of a competitive economy**
- **Reduce transport costs and enhance affordability**
- **Ensure safety in mobility**
- **Enhance regional connectivity**



PLANNING COMMISSION

# NATIONAL TRADE CORRIDOR (NTC)



## **PAKISTAN'S TOTAL TRADE (By Volume)**

	<b>(billion ton-km)</b>
<b>Total Present Land Trade (Demand)</b>	<b>123</b>
<b>Total North South Corridor Trade (80%)</b>	<b>100</b>
<b>Present N-S System Capacity</b>	<b>136</b>
<b>Total Projected Trade on NTC by 2010</b>	<b>138</b>
<b>Total Projected Trade on NTC by 2012</b>	<b>160</b>

**Under the NTC Improvement Program, the NTC capacity would be increased to 204 btk by 2012**

# National Targets

Year	Railways		Roads		Air Transport	
	Passenger (Billion Pass.Km)	Freight (Billion Ton-Km)	Passenger (Billion Pass.Km)	Freight (Billion Ton-Km)	Passenger (Billion Pass.Km)	Freight (Billion Ton-Km)
2006-07	27	6	251	126	28	0.30
2007-08	29	8	271	135	30	0.33
2008-09	31	11	293	145	32	0.35
2009-10	34	14	316	155	34	0.38
2010-11	36	18	341	166	37	0.41
2011-12	39	23	368	177	39	0.45
ACGR %	12	30	8	7	7	8

# EXISTING SITUATION



- **Container dwell times** at ports are 7 days — 3 times that of developed countries / East Asia
- **Road freight** (which carries 95 % of land freight) takes 4-6 days between ports and north country — Twice the equivalent time in Europe / East Asia, and there are delays in connectivity
- **Trucking** quality, speed and service are low, obsolete models / non-euro compliant, individual ownership (not an industry)
- **Rail** carries < 5 % of freight and takes from 1–2 days on main line (Khi-Lhr); and upto 16 days (Khi-Quetta) to deliver upcountry — 2 to 3 times slower than in China and US

# EXISTING SITUATION

Continued....



- Low performance costing economy 4-6 % of GDP (per annum)
- Projected growth will double demand by 2015, and require much higher levels of service
- Additionally, passenger demand will need to be simultaneously met

**THE EXISTING CAPACITY CANNOT SUPPORT 7-8 %  
SUSTAINED GROWTH**

# NTC VISION



- **Evolve strategic plan to tackle the logistics and business development to contribute to economic growth**
- **Upgrade existing transport infrastructure and create new assets**
- **Create greater synergy between the rural, provincial and federally supported transport infrastructure to reduce cost and increase affordability**
- **Develop broad range of support services such as shipping, freight management, trucking, insurance, and banking**
- **Bring about substantive and qualitative changes to the industrial and services base by better economic mix to promote value addition, job creation and poverty reduction**

# NTC STRATEGIC THRUST



## **Rationale:**

- To gain competitive advantage in the fast globalizing world
- Enhance efficiencies and affordability through:
  - ✓ provision of world class infrastructure,
  - ✓ efficient logistics chain,
  - ✓ smooth interface between the public and private sectors,
  - ✓ better rural-urban connectivity with affordable options

**NTC development adopts a**

**Holistic and Integrated Approach to:**

**Reduce the cost of doing business by improving trade logistics to international standards**

# NTC STRATEGIC THEMES



- Reduce costs and improve affordability
- Make ports through-put more efficient (**time and cost**)
- Provide timely rail and road (**limited access**) connectivity between ports and upcountry
- Substantially increase rail's land freight share and increase rail efficiencies
- Modernize trucking fleet and increase fuel efficiency
- Modernize Aviation & Air Transport fleet

# NTC DEVELOPMENT FOCUSES ON OVERHAULING COMPLETE LOGISTICS SYSTEM



- **Procedures** — legislation, regulation, administration and documentation
- **Services** — shipping and port services, trucking, railways, handling, warehousing, customs, insurance, banking, freight forwarding
- **Infrastructure** — ports, roads, rail, aviation / air transport warehouses / dry-ports, and pipelines – **Longer term higher cost investments**

**The institutional needs and policy measures  
incorporated within the sectoral programs**

# WORKING ARRANGEMENTS, METHODOLOGY & OUTCOMES



- Prime Minister's Inter-agency **NTC Task Force chaired by Deputy Chairman, Planning Commission (PC)**
- Task Force operating through **seven committees**, each chaired by the Federal Secretary concerned
  - ⇒ Ports & Shipping
  - ⇒ Trade facilitation
  - ⇒ Highways Modernization
  - ⇒ Trucking Modernization
  - ⇒ Railways Restructuring and Modernization
  - ⇒ Aviation and Air Transport Modernization
  - ⇒ Energy Logistics
- **NTC Secretariat established in PC for inter-sectoral coordination, analytical work, performance assessment and impact evaluation**

# WORKING ARRANGMENTS, METHODOLOGY & OUTCOMES



Conti...

- NTC Core Group established to provide overall leadership with participation of senior Planning Commission staff and representatives of key development partners including World Bank, Asian Development Bank and JBIC
- One focus of the NTC Core Group is consultative process with the districts and the provincial governments to increase rural access and affordability
- Action Plans for each thematic area to be refined into **World Class Business Plans**
  - ✓ technical, financial & economic viability analysis
  - ✓ commercial approach
  - ✓ detailed information to attract investment from the private sector, both domestic & international

# WORKING ARRANGMENTS, METHODOLOGY & OUTCOMES



Conti..

- **Investments** estimated at over **USD 6 billion** (next 5 to 6 years) to be sequenced strategically; kick-start through high priority projects
- Road shows for investors as marketing events
- Interaction with other regional countries with experience on holistic corridor development
- Linkages being developed with farm-to-market roads and provincial road network to increase mobility, accessibility and affordability within the national priority program
- Performance indicators to monitor progress & ensure timely outcomes

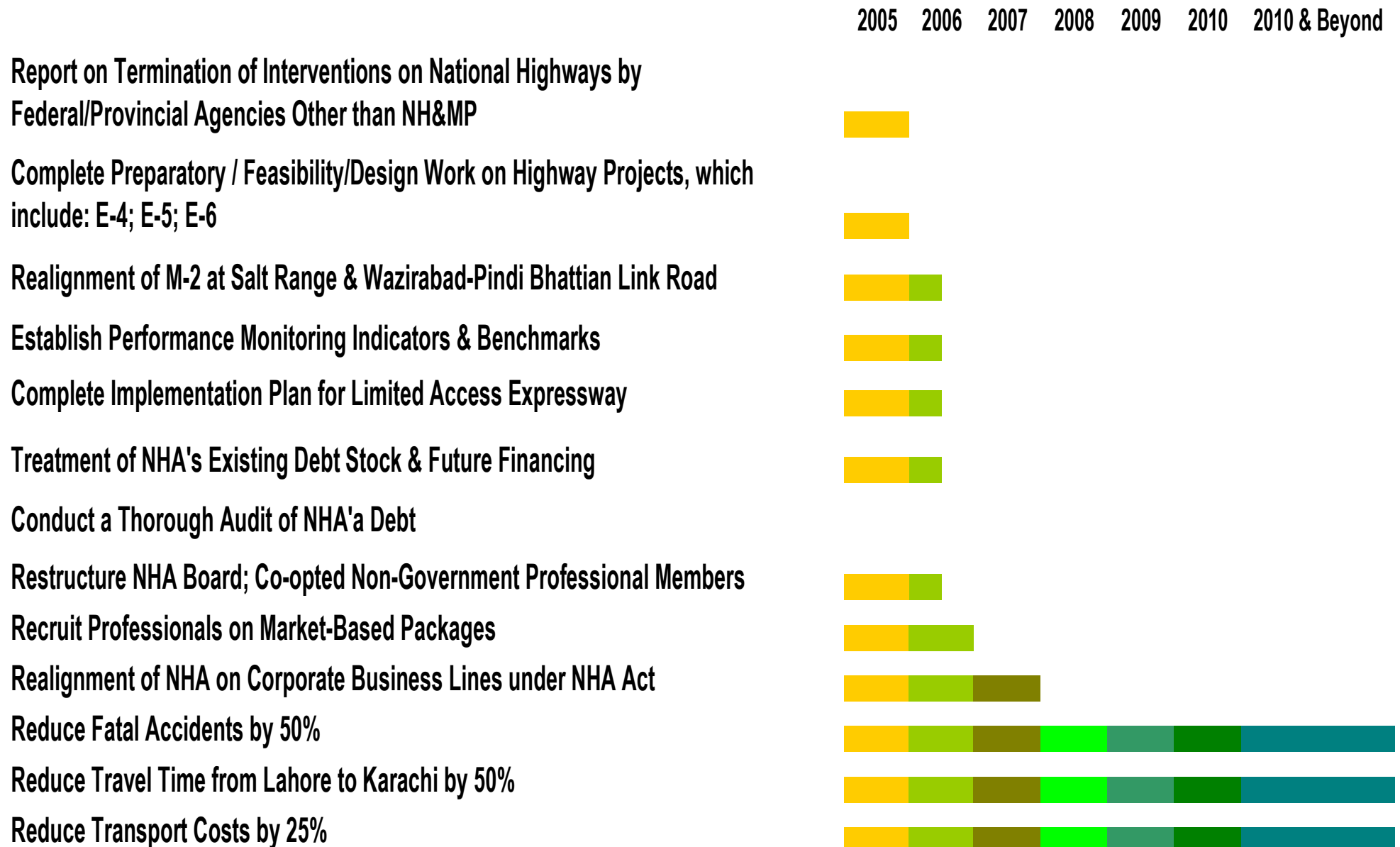
# HIGHWAYS MODERNIZATION



- Enhance capacity of North-South (N-S) & allied National Highways
- Commercial management of N-S highways and introduction of Intelligent Transport System (starting with electronic tolling)
- Segregation between non-motorized / local & motorized traffic and through traffic

**Highways modernization can save Pakistan US\$ 2 bill annually**

# TARGETS & TIME LINE FOR HIGHWAYS

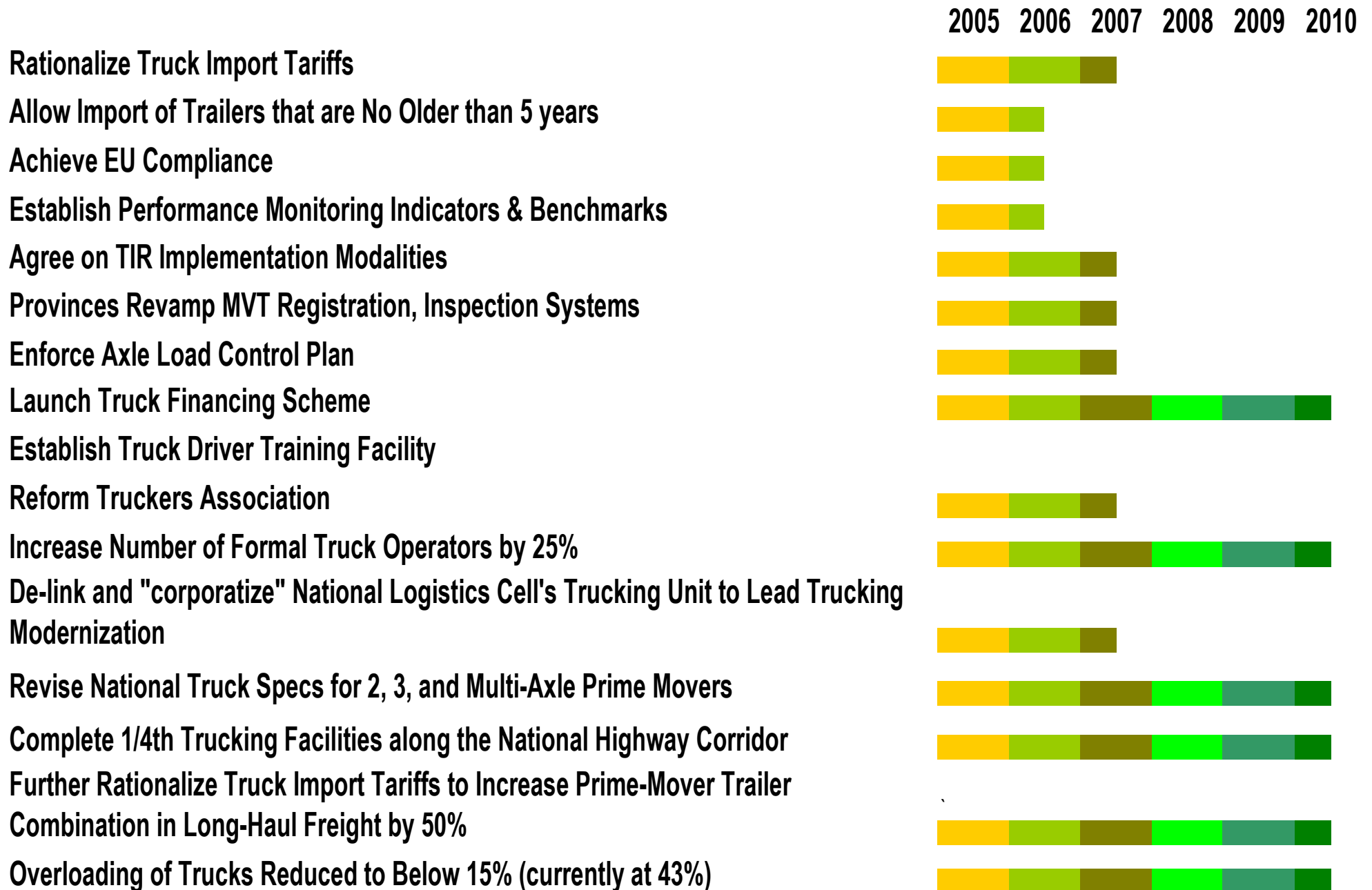


# TRUCKING MODERNIZATION



- **Make Pakistan regional hub for international trade / facilitate expanding trade volume**
- **Effectively control overloading, environmental externalities and fuels quality**
- **Reduce operating costs, achieve fuel efficiency & save road assets**
- **Replace obsolete 2-axle and 3-axle rigid trucks**
- **Encourage introduction of modern prime movers / multi-axle, euro standard trucks by rationalizing import tariffs**
- **Incentivize fleet operations – declare trucking as an industry**
- **Replace ineffective MVE System**
- **Revise National Truck Specifications and mainstream roadside assembly / conversion / modification accordingly**

# TARGETS AND TIME LINE FOR TRUCKING



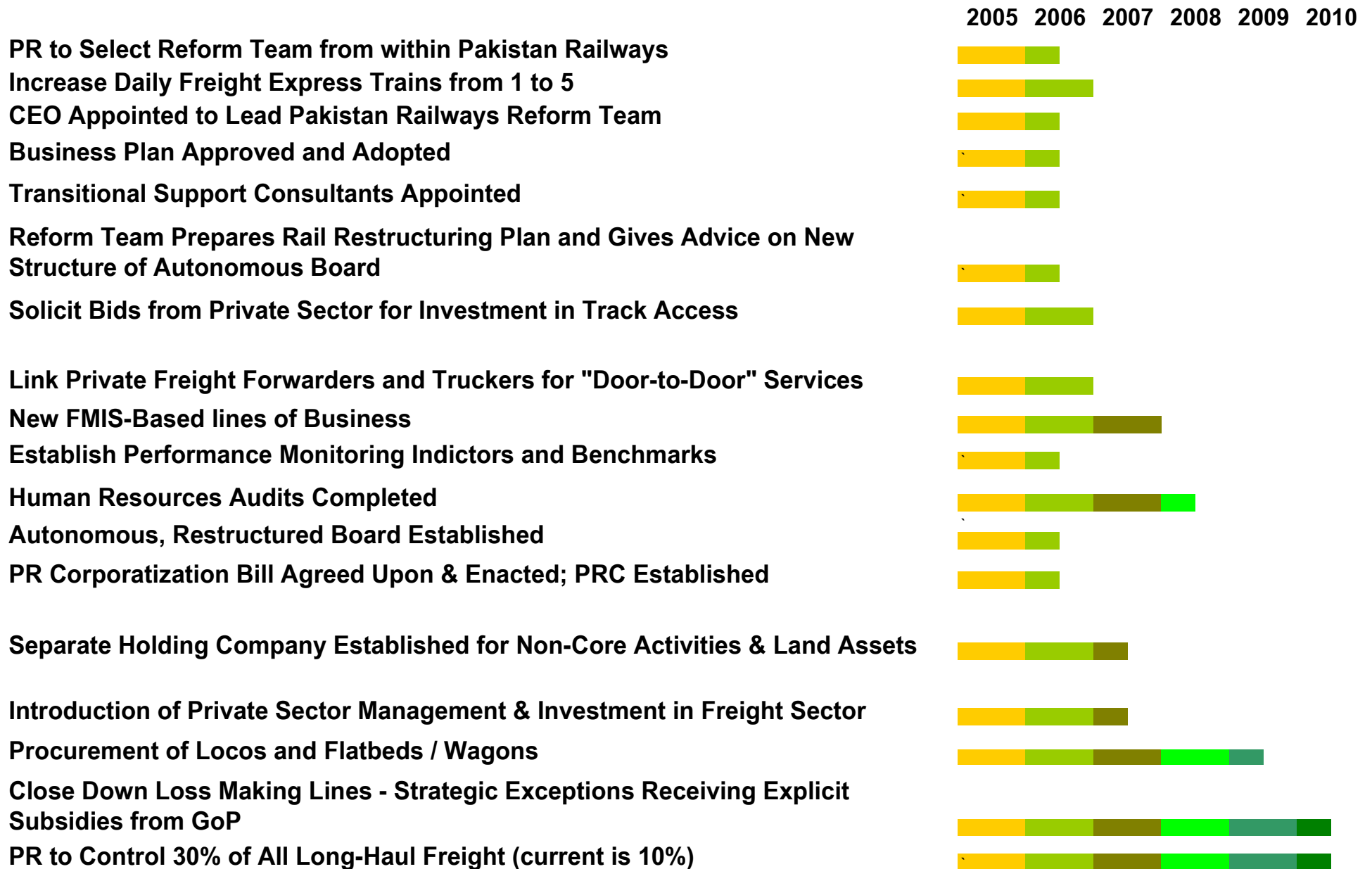
# RAILWAY RESTRUCTURING & MODERNIZATION



- Create a PR Freight Business Unit with dedicated locos and rolling stock
- Create a commercial rail environment eliminating cross subsidies
- Introduce private sector management and financing in rail freight sector
- Ensure Fast Track Access for PR' freight business to reduce travel time for Karachi-Lahore container services to 28 hrs against present 56 hrs
- Door to Door service through involvement of private road transport haulers from Railway Stations

**Competitive Railways can save Pakistan USD 1.0 billion annually**

# TARGETS AND TIME LINE FOR RAILWAYS



# PORTS IMPROVEMENT & MODERNIZATION



- Ports to reduce costs, improve logistics, and upgrade the existing infrastructure to enhance Pakistan trade competitiveness
- New ports sector master plan & business plan
- Berth draft of Karachi Port and Port Qasim to be deepened to attract larger capacity vessels
- Reduce free cargo dwell time to 3/4 days
- Reduce vessel charges to international norms
- Reduce port costs and terminal handling charges
- Professional port management
- Establish IT Port Community Network

**Efficient ports can save Pakistan US\$ 450 million annually**

# AVIATION & AIR TRANSPORT MODERNIZATION



## Objective

- Develop and improve cargo infrastructure at important airports for meeting delivery needs of a modern global supply chain.

## Thrust of Cargo Operations

- Unilateral open sky policy
- Demand based development of infrastructure
- Users charges & fuel prices to be regionally competitive
- Bifurcation of regulatory, commercial and operating functions
- Liberalization of air service agreements
- Encouragement of private sector airlines to operate on international routes

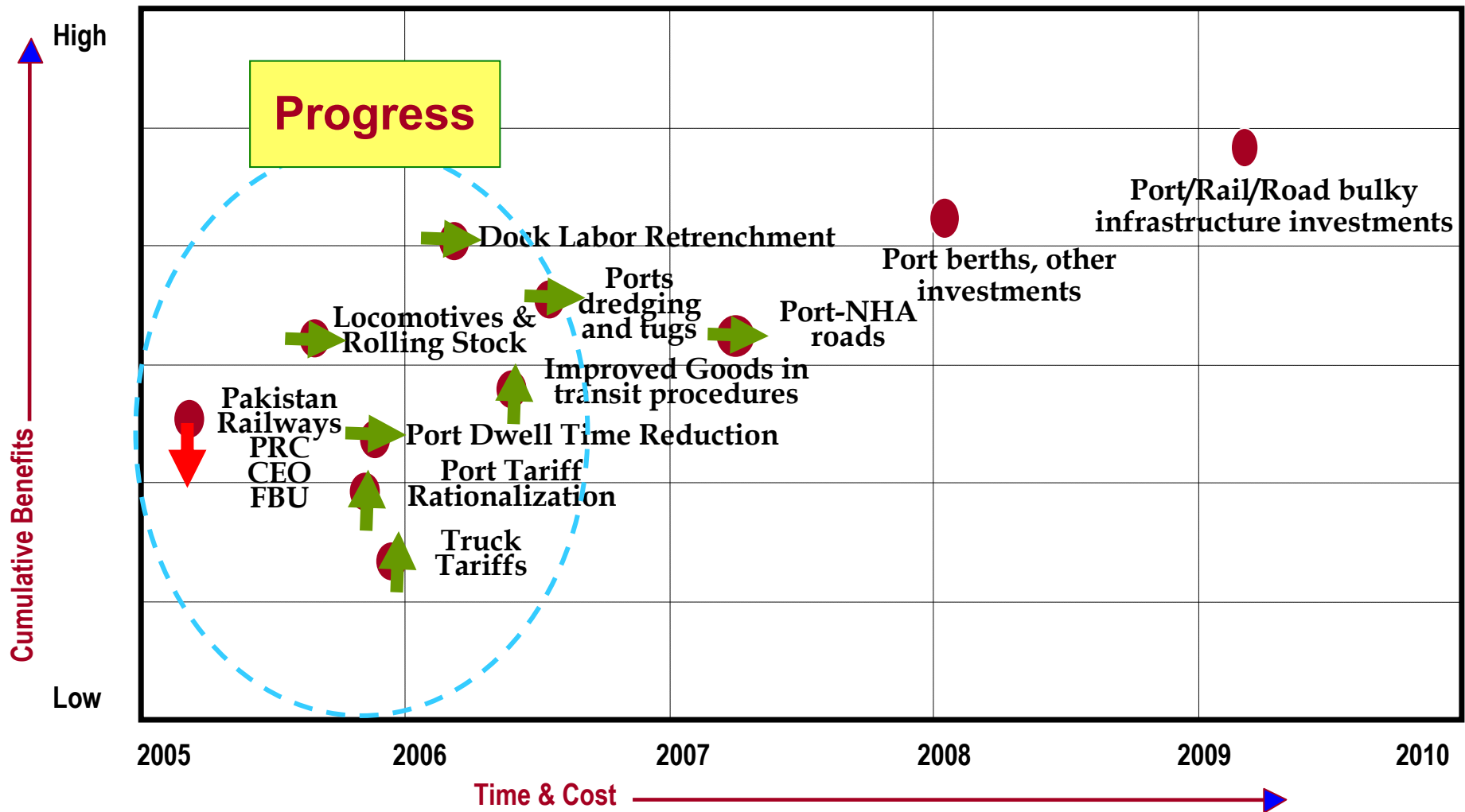
# TRADE FACILITATION



- Modernize / streamline trade & transport logistics practices
- Develop trade facilitation strategy
- Expedite implementation of Customs Administrative Reforms **(CARE)**
- Develop Freight Forwarding, Insurance, Banking to support trade logistics
- Strengthen National Trade & Transport Facilitation Committee
- Revamp / modernize other trade organizations (such as **FPCCI**)
- Publicize Trade Facilitation — **WTO, SAFTA, ECO**

**Trade facilitation can save Pakistan US\$ 1.3 billion annually**

# Efficiency Gains in Trade Logistics: Overview and current status



# NEXT STEPS



- **Evolving a new strategic framework for business development along the NTC, with action plans and road shows**
  - ✓ diversified industrial base
  - ✓ diversified service industry base (warehousing, distribution, wholesale and retail)
  - ✓ more efficient logistics chain
  - ✓ development of city clusters
  - ✓ Strengthened trading base
- **Fully tap the potential savings of over US\$ 7 billion resulting from efficiency in private sector logistics (trade to trade and government to trade transactions) by streamlining areas such as warehousing, shipping, inventory control, and efficient administration**
- **Focus on NTC development to enhance affordability and job creation for low income groups and as a vehicle for poverty reduction**