



Affordable Transport through
NATIONAL TRADE CORRIDOR
IMPROVEMENT PROGRAM
(Pakistan Experience)

by

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28 March 2007



PLANNING COMMISSION

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)

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

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 ARRANGMENTS, 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

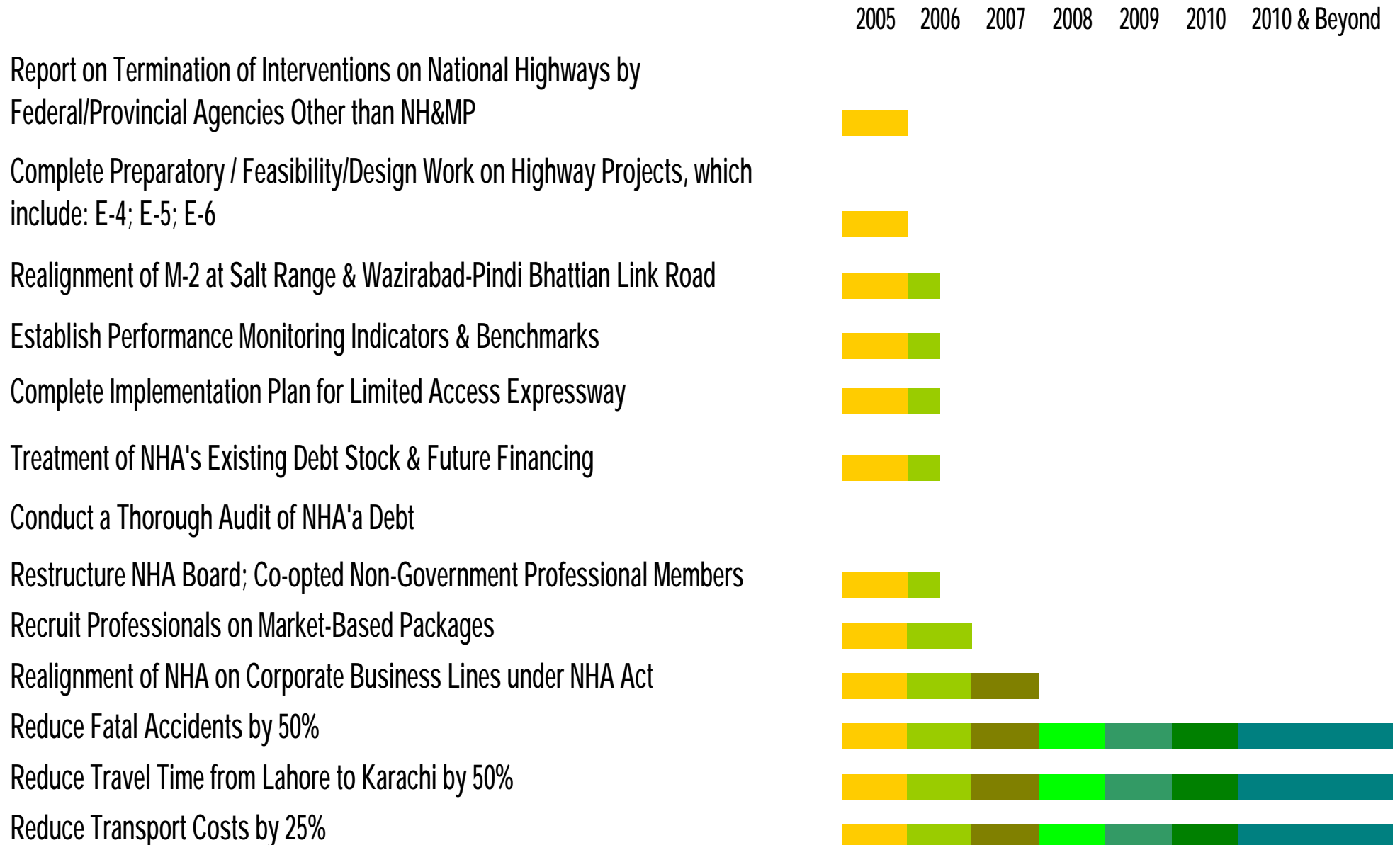
HIGHWAYS MODERNIZATION



- 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

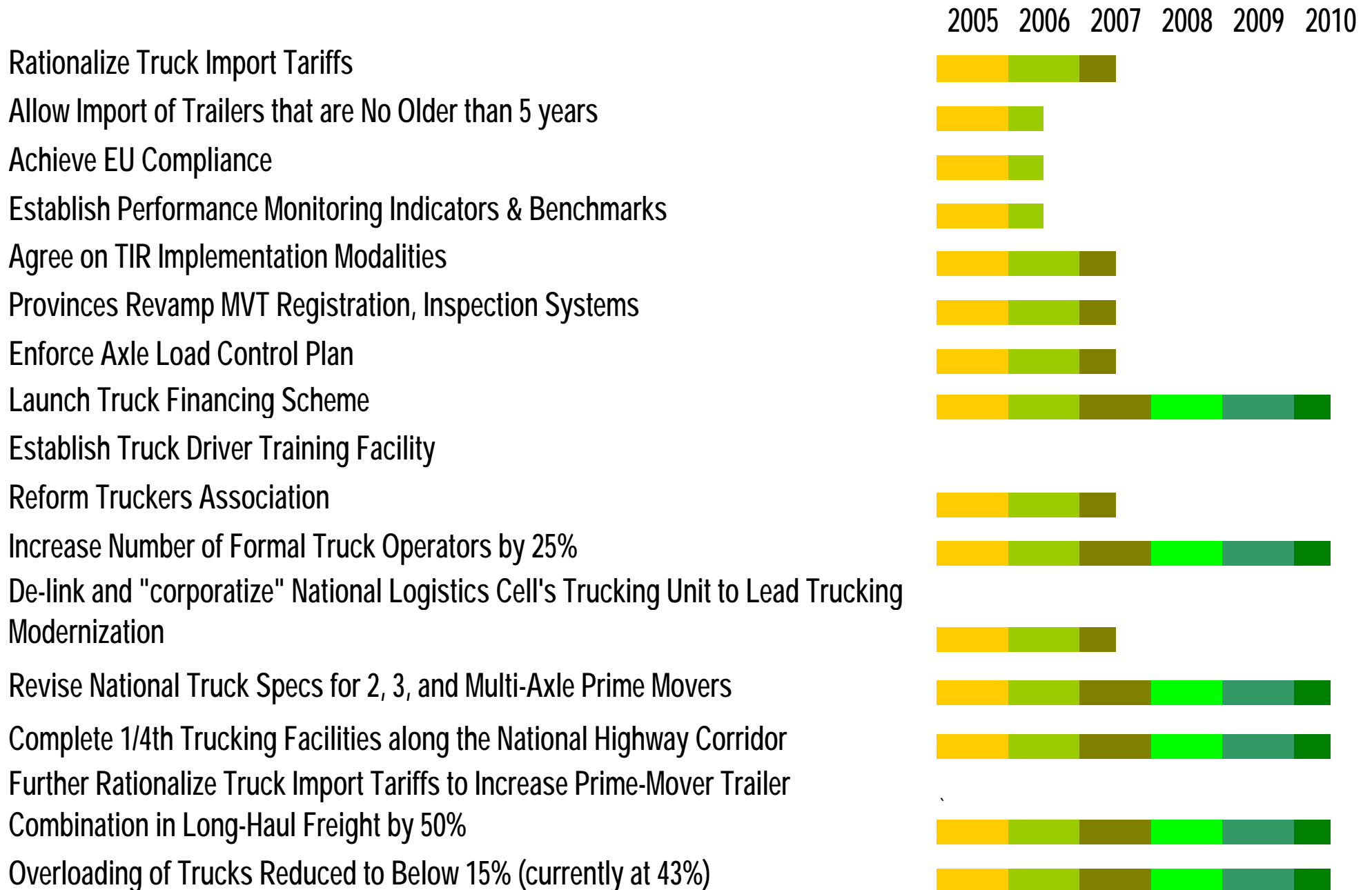


TRUCKING MODERNIZATION



- **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



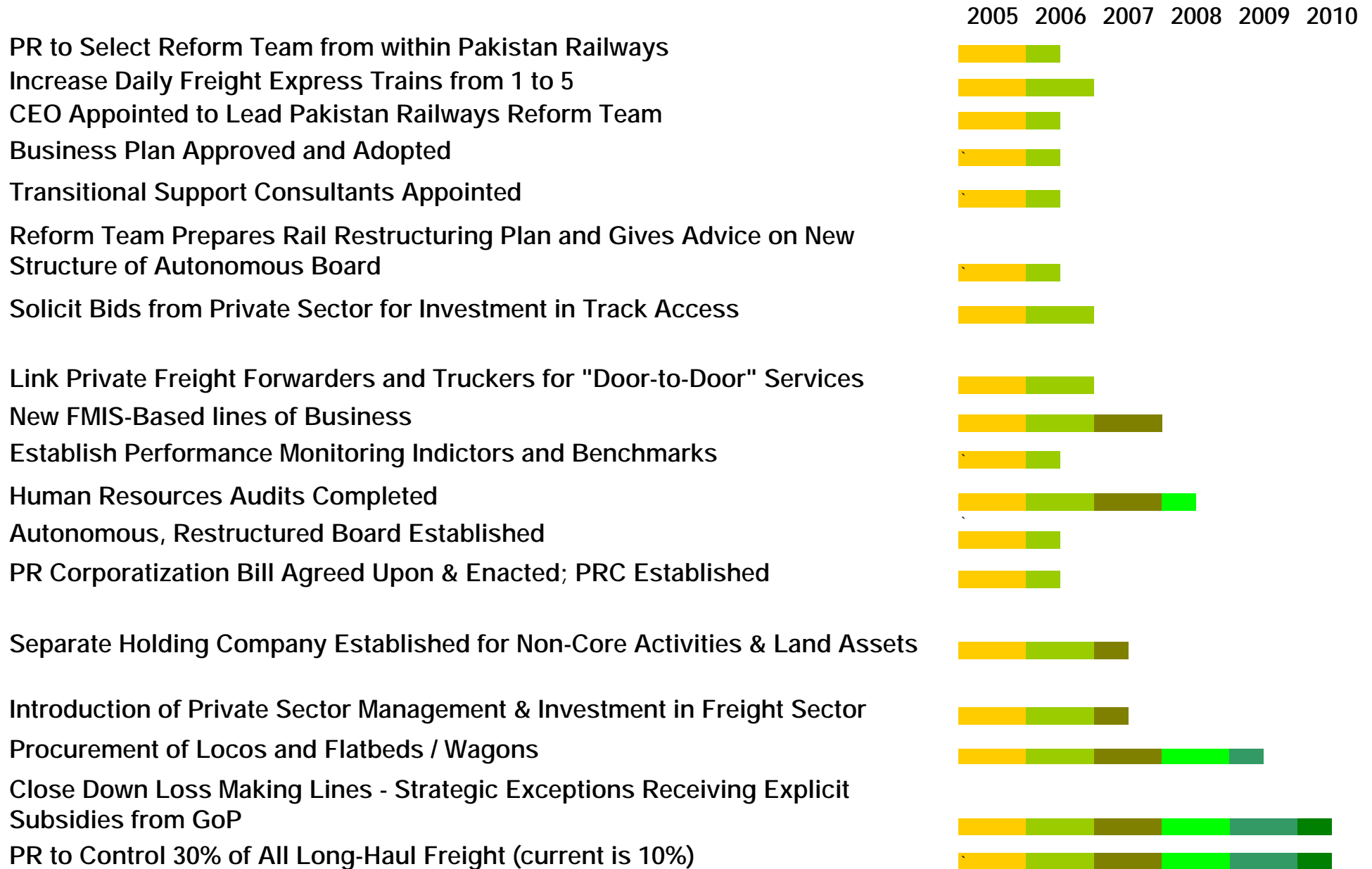
RAILWAY RESTRUCTURING & MODERNIZATION



- 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

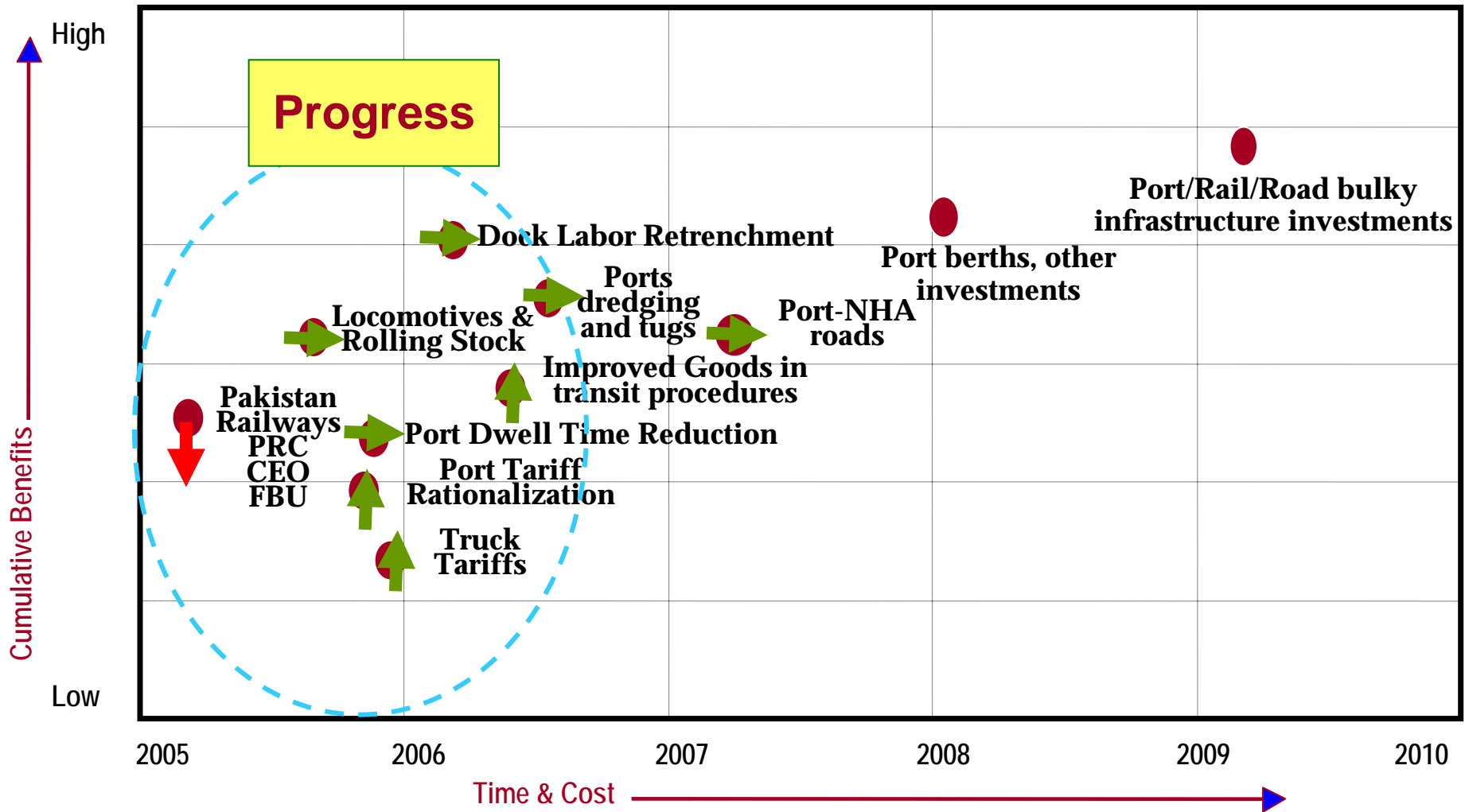
TRADE FACILITATION



- 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**