

**MINUTES OF 10<sup>TH</sup> NTTFC MEETING  
HELD ON 15TH JANUARY 2007 AT  
FEDERATION HOUSE, KARACHI**

The meeting was chaired by Syed Asif Shah, Secretary Commerce and Chairman NTTFC.

List of the participants is attached as Annex I

The meeting started with recitation from Holy Quran. Mr. Rasheed Janmuhammad, Chairman Pakistan Shippers Council (PSC) welcoming Secretary Commerce/Chairman NTTFC, thanked him for sparing his valuable time from other pressing official engagements to chair the meeting of NTTFC.

Secretary Commerce/Chairman NTTFC in his opening remarks welcomed all NTTFC members and appreciated their participation. He hoped that their valuable inputs during the deliberations in the meeting will be useful in taking appropriate decisions. The Chairman said that the NTTFC meeting is being held after quite some time as he could not chair the meeting earlier due to very tight schedule of meetings at Islamabad. He then invited Mr. Javaid Mansoor Executive Secretary NTTFC to proceed further with the agenda of the meeting. The Executive Secretary NTTFC introduced the agenda of the meeting as under:

**Item 1. Review of Minutes of 9<sup>th</sup> NTTFC Meeting**

As the items of the minutes of 9<sup>th</sup> NTTFC meeting requiring review were included in the agenda as individual items, it was agreed that this will be covered during the course of discussion on the agenda items.

**Item 2. Report on transport legislation**

**1. Bills for Enactment of Carriage of Goods by Sea Act, 2006 and Sea Carriage Shipping Documents Act, 2006**

Executive Secretary, NTTFC informed that the two Bills were introduced in the National Assembly on 08 September 2006 and referred to the concerned Standing Committee the same day. The Bills are lying in limbo because Maulana Muhammad Khan Sherani, Chairman, National Assembly Standing Committee on Ports and Shipping has not convened the meeting of the Committee so far.

**Decision**

*Secretary, Ministry of Commerce will take up the matter with the Secretary, National Assembly to get the matter expedited. If needed, he will also talk to Maulana Sherani.*

**2. Carriage of Goods by Road (Liabilities) Act**

The Bill for enactment of Carriage of Goods by Road (Liability) Act has been approved by the National Assembly Standing Committee on Communications. Report of the Standing Committee has been prepared by the NA Secretariat and is expected to be presented during the next session of the House.

**Decision**

*The Ministry of Communications to coordinate with the National Assembly Secretariat for early passage of the Bill.*

**3. Carriage by Air Act**

The President of Pakistan has signed the instrument of ratification of the Montreal Convention and it has been forwarded to the Deputy High Commissioner, Ottawa for depositing it with the appropriate authority.

The Ministry of Defence will submit the summary for approval in principle of the Carriage of Goods by Air Act to the Cabinet after receiving confirmation from Pakistan High Commission in Canada that the document of ratification has been accepted.

**Decision**

*Ministry of Defence to pursue ratification of Montreal Convention and approval of Carriage by Air Act by the Cabinet.*

**Item 3. Marine Insurance Act**

The Chairman informed that the summary for approval in principle of the Cabinet was submitted by the Ministry of Commerce to the Cabinet Division. The Prime Minister directed that necessary inputs of the provincial governments should be obtained as repeal of certain sections of the Transfer of Property Act, 1882 and the Stamp Act 1899 had been proposed.

The comments of all the provincial governments were obtained. As the Governments of Balochistan, Sindh and NWFP had raised some objections, legal opinion was obtained. It was found that the objections were not tenable. However, the Cabinet Division advised that consensus of the provincial governments may be obtained. A Working Paper had been circulated by the Ministry of Commerce to the Law Departments of the provincial governments. Meetings with the Law Departments of the provincial governments will be convened shortly to develop consensus.

**Decision**

*Ministry of Commerce to convene meeting with the Law Departments of the provincial governments expeditiously to evolve the consensus and obtain the Cabinet approval for enactment of Marine Insurance Act.*

**Item 4. Progress on logistic security initiatives**

The Executive Secretary, NTTFC reported that the WCO Framework of Standards had been studied. The Framework rests on the twin pillars of:

1. Customs-to-Customs network arrangements
2. Customs-to-Business partnerships.

The objectives of the Framework are to be mainly implemented by Pakistan Customs. To implement the security requirements of WCO Framework the Central Board of Revenue has adopted National Supply Chain Security Strategy. In pursuance of this strategy CBR signed an agreement with US Department of Homeland Security on 4 March 2006 for introducing Integrated Cargo/Container Control (IC<sup>3</sup>) Pilot Program at Port Qasim. Work on establishing the facility is in progress. The facility is expected to become operational in first quarter of 2007.

The second pillar of Customs-to-Business partnership is meant to enhance the security of supply chain while facilitating the flow of goods across borders. It requires development of Authorized Economic Operators (AEOs) involved in international trade supply chain, who will engage in self-assessment process measured against pre-determined security standards and best practices to ensure that their internal policies and procedures provide adequate safeguards against the compromise of their shipments and containers until they are released from Customs control at destination.

AEOs are required to incorporate pre-determined security best practices into their existing business practices. Some time back NTTFC Secretariat had developed Pakistan Supply Chain Security (PSCS) Code. These could be suitably amended to meet the security standards and best practices requirements of WCO Framework of Standards. The same could then be got approved by CBR from WCO and used for qualifying the AEOs. Concurrence of CBR/Pakistan Customs was requested to proceed with the proposal.

Project Director PACCS, Pakistan Customs informed that Pakistan Customs had been discussing the possibility of Customs to Customs network with a number of regional countries. But at this stage this arrangement was not feasible because the systems of other countries were not based on the latest WCO data models, and were therefore not compatible. When the other systems are upgraded to the required standard development of Customs to Customs network will be taken in hand.

NLC representative stated that NLC had installed container scanners at Port Qasim, Lahore, Jamroud and Chaman. Another container scanner was under installation at Moghalpura Dry Port, Lahore. None of these scanners were being utilized and NLC was suffering losses. Action needed to be taken to utilize these scanners.

Project Director PACCS stated that the containers installed by NLC were of outdated technology and did not meet the Customs requirement of identifying the items contained in a container. Moreover, Pakistan Customs had adopted Risk Management System (RMS), whereby only those containers considered to be at risk were scanned. Pakistan Customs was also negotiating with KICT, PICT and QICT to install state of the art scanners at their container terminals.

Project Director TTFP, Ministry of Commerce was of the opinion that the decision of installing scanners and their quality was taken prior to the signing of the agreement between CBR and US department of Homeland Security in March 2006 for implementing International Cargo/Container Control (IC3) Pilot Programme. Since the programme is being implemented by CBR through a project approved by CDWP, therefore coordination between CBR and NLC is needed before further installing of scanners by NLC.

Director, PICT pointed out that while NLC had installed scanners based on old technology the private container terminal operators were being asked by Customs to install much more expensive cutting edge technology scanners. Moreover, the scanner installed at Port Qasim under Cargo/Container Control (IC<sup>3</sup>) Pilot Program would divert containers bound for USA to QICT. To provide equal playing field to all container terminal operators, similar scanner should also be installed at Karachi port.

Chairman, ICC Pakistan stated that installing container scanners at off-dock terminals, which provided consolidating and deconsolidating services for LCL containers, was not financially feasible. It should be possible for them to install smaller scanners like those installed at the airports to scan smaller size packages which are placed in the containers. After scanning these packages could be placed in the containers and sealed under proper security arrangements.

Chairman stated that it was necessary to carefully review the decision to install containers by NLC. If these had become redundant, then necessary decision needed to be taken to avoid further expenditure on their installation. In this connection he will hold a meeting with Chairman CBR soon.

Chairman, ICC Pakistan further stated that there was need for facilitating sea-air link for inter-modal movement of cargo from sea to air and vice versa.

Project Director PACCS stated that as far as Custom-to-Business partnership of WCO Framework of Standards was concerned, it was voluntary and not mandatory requirement. Pakistan Customs had already developed direct linkages with a number of business organizations.

### **Decision**

*NLC is to submit a comprehensive report regarding the installation of container scanners by NLC and the problems being experienced with their operation to the Secretary, Ministry of Commerce with a copy endorsed to Executive Secretary, NTTFC for the position to be reviewed at a higher level and appropriate decision taken to avoid wasteful expenditure. Secretary Commerce will hold a meeting with Chairman CBR, on this subject.*

## **Item 5. Accession to TIR Convention**

Chairman informed that the instrument of accession previously deposited with the United Nations by the Government of Pakistan was not accepted as it contained reservation not acceptable to UN. It was subsequently decided to submit a revised instrument of accession to TIR Convention incorporating permissible reservation under Article 57 paragraph 2 to 6 of the TIR Convention along with a declaration on the lines advised by the UN legal office. Draft summary for the Cabinet on the subject has been sent to the Ministry of Law for obtaining views/concurrence and comments of the Attorney General of Pakistan. The reply from Attorney General of Pakistan is awaited. The matter is being pursued vigorously and it is expected that his comments will be received soon. On getting the draft summary cleared by him, it will be submitted to the Cabinet for approval.

### **Decision**

*Ministry of Commerce is to obtain expeditiously the Cabinet approval for accession to TIR convention with permissible reservations.*

## **Item 6. Notification of ATA Carnet Rules**

Chairman ICC Pakistan reported that for implementation of the Istanbul convention the draft of ATA Carnet Rules had been received by ICC Pakistan, but these had not yet been notified. ICC Pakistan has proposed certain amendments to the rules, which are yet to be discussed with Member Customs, CBR. It is expected that this will be done soon and the finalized ATA Carnet Rules implemented with effect from 1 July 2007. In the meanwhile it is proposed to conduct the ATA Carnet Implementation Workshop.

### **Decision**

*All necessary actions may be taken by CBR for implementation of ATA Carnet Rules by 1 July 2007.*

## **Item 7. Freight Forwarding**

Chairman PIFFA reported that to raise the professional standards of freight forwarders PIFFA had conducted a 2 weeks workshop on training for trainers for freight forwarders in collaboration with International Federation of Freight Forwarders Associations (FIATA). Foreign experts conducted this workshop and 32 representatives of freight forwarders participated in it.

PIFFA had also conducted a very successful Regional Transit Trade Workshop at Karachi on 13 January 2007. Besides about 200 local participants, President FIATA, representatives of IRU and representatives of freight forwarders and road carriers from Kazakhstan, Uzbekistan and China participated in the workshop. On 14<sup>th</sup> January 2007 the Chairman PIFFA along with the President FIATA called on the Prime Minister and briefed him on the developments in the freight forwarding industry.

In response to a query from the Chairman PSC, regarding finalizing the rules for regulation of the freight forwarding industry, the Chairman PIFFA stated that it had been agreed with CBR that the freight forwarding industry will work on self regulating basis and the rules for self regulation will be drafted by PIFFA and forwarded to the Chairman, CBR by end January 2007 for review.

### **Decision**

- 1. Chairman PIFFA is to submit a report on the Regional Transit Trade Workshop to the Ministry of Commerce expeditiously.*
- 2. The rules for self-regulations of freight forwarders may be drafted by PIFFA by end January 2007 and forwarded to Chairman, CBR and Secretary, Ministry of Commerce for review.*

## **Item 8. United Nations electronic Documents (UNeDocs) for International Trade**

Executive Secretary, NTTFC reported that following the decision of the 8<sup>th</sup> meeting of NTTFC to develop United Nations electronic Documents (UNeDocs) for international trade of Pakistan NTTFC has been in touch with SITPRO, UK and UN/CEFACT to explore various avenues for getting this work done. A workshop on UNeDocs in New Delhi and another at Geneva had also been attended by the Executive Secretary to get familiar with the requirements. A proposal for developing UneDocs for Pakistan had also been received from TNL, who had developed UNeDocsUK for SITPRO, UK. There were various options for getting this work done by TNL or a Pakistani software consultant supported by a competent international consultant. This item was covered under the objectives of TTFP 2, implementation of which has just started.

### **Decision**

*The arrangements for execution of UneDocs may be decided when implementation of TTFP2 comes in full operation.*

## **Item 9. Study on establishing Pakistan Electronic Trade (PAKET) Network for international trade**

Executive Secretary, NTTFC reported that Sidat Hyder Murshed Associates (SMHA) had submitted its report of the study for establishing Pakistan Electronic Trade (PAKET) Network. The World Bank organized a video-conference for the peers' review of PAKET on 22 December 2006 to identify the additional work that may be carried out by SHMA to finalize the report and subsequent development of PAKET. Comments of the peers are being collected by the World Bank to decide further course of action. SHMA have been asked to prepare the Terms of Reference (TOR) for inviting Expression of Interest (EOI) to carry out the necessary software development work for establishment of PAKET.

During meeting of the National Trade Corridor (NTC) Committee on Trade Facilitation held on 13 November 2006 Chairman, CBR reiterated that PACCS solution is a tested and developed solution and necessary developments within this system are possible for an effective EDI with all the stakeholders. Executive Secretary, NTTFC stated that while PACCS has to be the focal point for international trade and transport transactions there are some documents relating to negotiations and execution of the contracts which would require a separate exclusive portal linked to PACCS. Project Director PACCS, Pakistan Customs stated that PACCS had the provision for all stakeholders to be linked to it. As far as the documents relating to trade negotiations were concerned these could be transacted over the internet.

General Manager Cargo, PIA stated that while the air industry had advanced systems for electronic transaction of documents, these had not been integrated with Pakistan Customs and PACCS was not being implemented at the airports. Project Director PACCS clarified that at present the PACCS pilot project had been implemented at the seaport container terminals and it will gradually be extended to all Customs stations including the airports and dry ports.

Director Project TTFP, Ministry of Commerce stated that as PAKET was one of the objectives of TTFP 2 the Ministry of Commerce had to be involved in the decision on how it may be executed.

### **Decision**

*In deference to the decision of the Chairman CBR, Secretary Commerce agreed that PACCS may be the focal point for implementation of PAKET by Pakistan Customs. However, its implementation will be subject to review by the Ministry of Commerce.*

## **Item 10. Logistic Cost Study**

Executive Secretary, NTTFC reported that the logistics cost study had identified that the major logistics challenges in Pakistan today are related to domestic transport, IT development and implementation of contemporary "in-house logistics". The key parameter in contemporary

logistics – low lead-time, frequent and smaller deliveries, reliability in delivery time and quality – need to be introduced and focused at Pakistani companies.

To create awareness amongst the traders and transporters, presentations had been made to the Chartered Institute of Logistics and Transport and Faisalabad Chamber of Commerce and industry. FPCCI and some other major Chambers of Commerce and Industry have also been approached to make the presentation to them.

**Decision**

1. *FPCCI may organize a presentation of findings of the Logistics Cost Study to its members.*
2. *The report of the Logistics Cost Study may be circulated to all major chambers of commerce and industry.*

**Item 11. Creation/improvement of cargo handling facilities at airports in Pakistan**

Project Director TTFP, Ministry of Commerce reported that report of the study on creation/improvement of cargo handling facilities at airports in Pakistan had been submitted to the Prime Minister's Secretariat and the Planning Commission. The meetings convened by Member Infrastructure, Planning Commission, to discuss the report had to be postponed a number of times on the request of Civil Aviation Authority.

General Manager Marketing, CAA stated that before attending the meeting convened by Planning Commission the report had to be studied internally by CAA and discussed in the Board of Directors. CAA point of view could be presented in the meeting only after a decision has been taken by the Board of Directors.

General Manager Cargo, PIA pointed out that the cargo handling facilities at Karachi airport were scattered over 6 places and resulted in delays and extra handling costs. These could be integrated at relatively low cost.

**Decision**

*CAA may expedite the decision of its Board of Directors and report its response to the recommendations of the study to NTCIP Task Force.*

**Item 12. UN/LOCODE (United Nations Code for Trade and Transport Locations)**

Executive Secretary, NTTFC reported that many cities and towns of Pakistan did not have codes according to internationally standardised location code (UN/LOCODE). To facilitate trade all towns of reasonable size need to be identified and given international codes. A comprehensive list of such locations has been prepared for submission to UN/ECE to allocate the LOCODES. The list had been forwarded to Pakistan Railways to confirm that all operational railway stations had been included.

Deputy Divisional Superintendent Karachi, Pakistan Railways stated that the list of operational railway stations will be forwarded to NTTFC Secretariat within a week.

**Decision**

*On receipt of the list of railway stations from Pakistan Railways the request for allocation of LOCODES may be submitted by NTTFC Secretariat to the Global Trade Solutions Section, Economic Commission for Europe, United Nations.*

**Item 13. ebXML for managers**

Executive Secretary, NTTFC explained that ebXML is being extensively used for transfer of electronic trade documents through the internet. To promote electronic trade documents it is important that ebXML should be understood by the managers. To achieve this ECP.NI (Platform for eNetherlands) and Equens have published a booklet "ebXML for managers". Permission has been obtained from the publishers for the book to be translated in Urdu and placed on NTTFC

website on the condition that original technical text will be followed, their logos retained and a formal agreement to the same effect will be signed.

### **Decision**

*The agreement may be signed by the NTTFC Secretariat and the book translated in Urdu for placing on NTTFC website.*

### **Item 14. Second Trade and Transport Facilitation Project (TTFP-2)**

Executive Secretary, NTTFC reported that TTFP-2 has work program of 8 objectives covering 25 items to be executed over the next 5 years. As all the work cannot be taken in hand simultaneously these will need to be prioritized according to the requirements. It was proposed that a Steering Committee of the Project may be constituted to decide the items that may be taken in hand from time to time and review the progress.

A few members pointed out the necessity of forming specialist sub-committees of a few representatives of the concerned stakeholders to study specific subjects and report on them.

Executive Secretary, NTTFC advised that according to the past practice Working Groups under NTTFC could be formed on any subject of interest, provided it falls within the Terms of Reference of NTTFC. NTTFC will welcome proposals from members regarding the issues that they would like to be studied.

### **Decision**

*A Steering Committee of the Project comprising the following is constituted to prioritise the items from the objectives of TTFP-2 and other activities, that may be taken in hand from time to time and review their progress:*

<i>Additional Secretary, Ministry of Commerce</i>	<i>Chairman</i>
<i>Project Director, TTFP-2</i>	<i>Member</i>
<i>Chairman, PSC</i>	<i>Member</i>
<i>Member Customs, CBR</i>	<i>Member</i>
<i>Project Director PACCS, Pakistan Customs</i>	<i>Member</i>
<i>Joint Secretary, Ministry of Communications</i>	<i>Member</i>
<i>Director General, Ports &amp; Shipping</i>	<i>Member</i>
<i>Senior Transport Specialist, World Bank</i>	<i>Member</i>
<i>Chief Technical Advisor, TTFP 2</i>	<i>Member</i>
<i>Executive Secretary, NTTFC</i>	<i>Member/Secretary</i>

*Any other member may be co-opted on need basis.*

### **Item 15. Membership of NTTFC**

Executive Secretary, NTTFC pointed out that the membership of NTTFC did not include some Ministries, Civil Aviation Authority and important chambers of commerce and industry which had to be involved in the work relating to trade and transport facilitation. Moreover, Export Promotion Bureau had to be replaced by Trade Development Authority. It was therefore proposed to expand the membership of NTTFC.

### **Decision**

*A revised Resolution of NTTFC may be notified adding the following to the list of Members and deleting Export Promotion Bureau*

- 1. Ministry of Food, Agriculture and Livestock*
- 2. Ministry of Industries*
- 3. Civil Aviation Authority*
- 4. Trade Development Authority of Pakistan*
- 5. Karachi Chamber of Commerce and Industry*
- 6. Lahore Chamber of Commerce and Industry*

7. *Faisalabad Chamber of Commerce and Industry*
8. *Sialkot Chamber of Commerce and Industry*
9. *Sarhad Chamber of Commerce and Industry*
10. *Chamber of Commerce and Industry, Quetta*

*Ministry of Commerce may write to the Ministry of Food, Agriculture and Livestock to designate Director General, Plant protection Department and Director General, Animal Quarantine Department as its representatives on NTTFC.*

**Item 16. Any other item with approval of the Chairman**

There being no other business the meeting concluded with thanks to the chair and the participants.

**ANNEX I****LIST OF PARTICIPANTS**  
**10<sup>th</sup> Meeting of National Trade & Transport Facilitation Committee**

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Organization</b>	<b>Telephone / Fax/ Email</b>
1	Syed Asif Shah	Secretary	Ministry of Commerce	051-9210277 051-9203024
2	Mr. Nasim Qureshi	Additional Secretary	Ministry of Commerce	051-9203825 051-9205241
3	Syed Irtiqah Ahmed Zaidi	Project Director TTFP	Ministry of Commerce	051-9201796 051-9203024 irtiqazaidi@gmail.com
4	Mr. Naveed Arif	Secretary	Trade Development Authority of Pakistan	021-9206484
5	Mr. Firdaus Alam	Joint Secretary	Ministry of Communication	051-920 3738
6	Capt. Hashmat Ullah Shah	Director General Operations	Port Qasim Authority	021-473 0148
7	Mr. Azhar Majeed Khalid	Project Director	CARE - Pakistan Customs	021-921 4160
8	Mr. A. Rasheed Janmohammad	Chairman	Pakistan Shippers Council	021-241 0427 021- 241 6791
9	Mr. Zahid Hussain	Chief Executive Officer	FPCCI	021-5873691-3-4
10	Mr. M. Shahid Latif	GM Cargo	Pakistan International Airlines	467 4696 <a href="mailto:khifypk@piac.com.pk">khifypk@piac.com.pk</a>
11	Capt. Aftab Siddiqui	Ex. Director Commercial	Pakistan National Shipping Corporation	021-9204051 021-9203974 <a href="mailto:asiddiqi@pnsc.com.pk">asiddiqi@pnsc.com.pk</a>
12	Col. Atiq-uz-Zaman Kayani	Dy. Director Ports & Shipping	National Logistic Cell	021-926 3077
13	Mr. Maqsood-un-Nabi	Deputy Divisional Superintendent	Pakistan Railways	021- 921 3503
14	Mr. Muhammad Iqbal	Chief Operating Officer	Pakistan Horticulture Development & Export Board	021-496 9507
15	Mr. Salman Khalid	Project Director IIN	SMEDA	042-111-111-456
16	Mr. Alqera Atiq	General Manager Marketing (Airlines)	Civil Aviation Authority	021-924 8863 021-924 8200 mkg.mgr.al@caapakistan.com.pk

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Organization</b>	<b>Telephone / Fax/ Email</b>
17	Mr. Muhammad Akmal	Joint Director	State Bank of Pakistan	021-921 2486 021-245 3952
18	Mr. Zaheer Ahmed	FEO	State Bank of Pakistan	021-245 3965
19	Mr. Babar Badat	Chairman	PIFFA	021-5221881-3 021-220 2626 021-5221884
20	Mr. Tariq Rangoonwala	Chairman	ICC-Pakistan	021-231 1453
21	Capt. Kh. Imran Manzoor	Manager (Insurance & Claims)	Pakistan National Shipping Corporation	021-920 4042
22	Mr. Ali Mardan Abbasi	Deputy Traffic Manager (West)	Karachi Port Trust	021-921 4325
23	Mr. Mehmoud Sharif	Manager (MIS)	Karachi Port Trust	021-921 4679
24	Mr. Sharique Siddqui	Director	Pakistan International Container Terminal	021-240 0450 021-240 0281
25	R.Admiral (R) S.H. Khalid	Vice Chairman	Pakistan Ships' Agents Association	021-5898864
26	Mr. Nafis Ahmad	Secretary	All Pakistan Shipping Association	111-111-862 (3114) 021-231 0443
27	Mr. Junaid Zamir	General Manager Comm. & BD	Qasim International Container Terminal	4739100 junaid.zamir@qict.com.pk
28	Mr. Shahzad Basir	Project Manager	Pakistan Software Export Board	051-920 4074
29	Mr. Brendan D'lima	Joint Executive Vice President	New Jubilee Insurance Co. Ltd.	021-241 6291
30	Mr. Abdul Subhan	Additional Secretary General	FPCCI	021-5873691-3-4
31	Mr. Javaid Basini	Secretary	ICC-Pakistan	021-231 1453
32	Mr. Javaid Mansoor	Executive Secretary	NTTFC	021-5822871 021-5821814 nttfc@cyber.net.pk

