

**MINUTES OF 12TH NTTFC MEETING
HELD AT 10.30 HOURS ON 7TH JUNE 2008 AT
TDAP CONFERENCE ROOM, FTC SHARA-E-FAISAL, KARACHI**

The meeting was chaired by Mr. Anisul Hassnain, Additional Secretary II, Ministry of Commerce.

The list of participants is attached as Annex I.

The Chairman welcomed the Members of NTTFC and stated that as he has joined the Ministry of Commerce recently this was the first meeting of NTTFC that he is chairing. He assured the members of his full commitment to supporting the work of NTTFC. After introduction of the participants, he invited Mr. Javaid Mansoor, Executive Secretary NTTFC to proceed with the agenda of the meeting. The Executive Secretary NTTFC introduced the agenda as under:

Item 1. Review of Minutes of 11th NTTFC Meeting

1.1 Freight Forwarding

Certification Rules and Code of Conduct for Certified members of Pakistan International Freight forwarders Association (PIFFA) have been finalized by PIFFA in consultation with Directorate of Trade. The issue relating to the regulatory mechanism for freight forwarders has been discussed in a meeting held in the Ministry of Commerce on 26th May 2008 and it has been proposed to constitute a Committee under the chairmanship of Additional Secretary II, Ministry of Commerce to monitor the performance of freight forwarders in keeping with their Certification Rules and Code of Conduct.

Mr. Nasir Mahmood, Chairman Shipping and Multimodal Transport Sub-Committee, Karachi Chamber of Commerce and Industry raised certain points relating to shipping charges. He was informed that NTC Task Force, Planning Commission had already appointed a Working Group chaired by the Joint Secretary, Ministry of Ports & Shipping to specifically address this issue. The Working Group will be meeting on 9th June 2008 and the representative of KCCI had been invited to the meeting. Therefore this subject may be discussed there.

1.2 Pakistan Electronic Trade (PAKET) Network for International Trade

Mr. Amer Z. Durrani, Senior Transport Specialist, World Bank informed that the Federal Board of Revenue had evaluated Request for Proposal (RFP) for establishment of Pakistan Community based Computerized System (PACCS) and selected the entity to be awarded the contract for establishing PACCS. The selected entity was now required to complete the Financial Close. Once this is done the contract will be awarded.

1.3 Explosives Laws and Rules

Mr. Tariq Rangoonwala, Chairman ICC Pakistan stated that the issues raised earlier regarding the licensing requirement for the liquid bulk terminal facilities for ethanol, High Speed Diesel (HSD) and Fuel Oil (FO) had not yet been resolved. He informed

that the sugar mills had started refining molasses to produce ethanol, which had much higher value in the international market (\$ 650/ton for ethanol compared to \$ 50/ton for molasses). At PQA EVTL terminal had been given the monopoly right for handling ethanol, but it did not have the necessary tanks and the pipeline for handling it. Under this monopoly right other tanks available at PQA could not be utilized for export of ethanol. Because of the space limitations at Keamari, additional tanks could not be established there for exporting increasing volume of ethanol through Karachi Port. To export increasing production of ethanol it is necessary to use the available tanks at PQA for its export through other liquid bulk handling facilities at the marginal wharfs. The views expressed by Mr. Tariq Rangoonwala were supported by Mr. Rasheed Janmohammad, Chairman, Pakistan Shippers Council. He recommended that the Ministry of Industries should issue licenses to enable use of existing molasses tanks at Port Qasim for storage of ethanol.

Mr. Tariq Rangoonwala further stated that because of the seasonal fluctuation of national requirement of import of HSD and FO the use of tanks for their storage had to be changed over from one item to another. Although both of these items were placed in the same category 'C', every time a changeover had to be made the license for one item had to be surrendered and a new license for the other item obtained. This resulted in unnecessary delay and expenditure. It was necessary to introduce some flexibility in the explosives rules of the Ministry of Industry to eliminate the necessity of obtaining new license repeatedly at the time changeover from one item to another within the same category.

Malik Riaz Ahmad, Section Officer, Ministry of Industries stated that the matter had been referred to the Department of Explosives for consideration. Mr. M. Aftab Qazi, Assistant Inspector, Department of Explosives explained that the two items had different flash points and different requirements had to be met according to the Rules. The Chairman advised the representatives of the Ministry of Industry and Department of Explosives to look into the possibility of revising the Rules to introduce the necessary flexibility to facilitate the trade for storage of HSD and FO, and enable storage of ethanol, which is a higher value added product, in the tanks built in Port Qasim for storage of molasses. The representatives of Ministry of Industries responded by promising to resolve the issue within two months.

Decision

- 1. Ministry of Industries to advise Ministry of Commerce and NTTFC within mutually agreed time frame of two months of its decision regarding providing the required flexibility in the Rules for changeover of FO to HSD and vice versa for storage in a tank, and use of molasses tanks at Port Qasim for storage of ethanol to facilitate the trade.*
- 2. PQA to take up the matter with EVTL to enable export of ethanol through the liquid bulk jetties at the PQA marginal wharfs.*

1.4 Appointment of Consultant for IT enablement of Department of Plant Protection

Mr. Zafar Ali, Director Technical, Department of Plant Protection (DPP) stated that the software provided by NTTFC for electronic processing of Phytosanitary Certificates could not be used as the password for operating the software was no longer available with them. DPP required the services of Mr. Burhan Akhlaq of NTTFC to enable use of the software. The Executive Secretary NTTFC informed that Mr. Burhan Akhlaq had left the organization over two years back and his services

were no longer available. However, NTTFC Secretariat will examine the possibility of assisting DPP in this matter.

Executive Secretary NTTFC pointed out that the main issue related to IT enablement of DPP so that DPP offices located all over the country could be linked to its head office and through it to Pakistan Customs for electronic exchange of Phytosanitary Certificates and other related documents. Necessary funds for this purpose had been allocated to Ministry of Information Technology in PSDP under eGovernance of MINFAL. The position had been explained personally to the Director General DPP. DGDPP had informed earlier that matter had been taken up with the Ministry of IT to appoint a consultant to work out the requirements for IT enablement of DPP. This needs to be pursued and expedited.

Mr. Amer Z. Durrani pointed out that Pakistan Customs was now in the process of awarding the contract for PACCS. DPP should get in touch with the Project Director PACCS, Pakistan Customs, who would arrange with the PACCS contractor to make arrangements for electronic exchange of documents between DPP and Pakistan Customs.

Decision

- 1. Department of Plant Protection is to expedite appointment of consultant to establish requirements of the Department for its IT enablement and follow up with appropriate action to achieve it.*
- 2. Department of Plant Protection is to coordinate with the Project Director PACCS, Pakistan Customs to develop necessary linkage for electronic exchange of phytosanitary certificates and other related documents.*

Item 2. Transport Legislation

Executive Secretary NTTFC informed that the following bills for enactment of the Acts relating to carriage of good by road and sea had been approved by the respective Standing Committees of the previous National Assembly

- 1 Bill for enactment of Carriage of Goods by Road (Liabilities) Act, 2006
- 2 Bill for enactment of Carriage of Goods by Sea Act, 2006
- 3 Bill for enactment of Sea Carriage Shipping Documents Act, 2006

However, before the Bills could be passed the National Assembly was dissolved on completion of its tenure. The National Assembly Secretariat has advised that the Bills approved by the Standing Committees of the previous National Assembly should be resubmitted to the Cabinet by the respective Ministry explaining the present status. After obtaining approval of the new cabinet, these may be forwarded through the Ministry of Law and Parliamentary Affairs to the National Assembly Secretariat for reprocessing. The concerned ministries have prepared the Summaries and these are being printed for submission to the Cabinet.

Mr. Tariq Rangoonwala and Mr. A Rasheed Janmohammad, Chairman Pakistan Shippers Council pointed out that getting these Bills processed through the Standing Committees of previous National Assembly had taken many years and there was no assurance of how long it will take to get these Bills processed through the present National Assembly. To expedite the matters the proposed Acts may be promulgated as Ordinances. Syed Irtiqa Ahmed Zaidi, Project Director (TTFP) pointed out that as per rules this is not feasible. The Chairman explained that the ordinances could be issued only in cases of extreme emergency when the National Assembly is not sitting. In the

presence of the National Assembly the Ordinances cannot be issued and the Government Rules of Business have to be followed.

.Executive Secretary NTTFC further informed that processing of Carriage by Air Act had been unduly delayed in the Ministry of Defence. All the necessary clarifications had been provided to the Ministry of Defence. Submission of Summary to the Cabinet needs to be expedited by the Ministry of Defence.

Decision

Ministries of Defence, Communications, and Ports & Shipping may expedite submission of the respective summaries to the Cabinet and subsequent submission of the Bills to the National Assembly through the Ministry of Law and Parliamentary Affairs.

Item 3. Marine Insurance Act

Project Director TTFP, Ministry of Commerce informed that the Summary for approval in principle to introduce the Bill for Marine Insurance Act, 2008 has been prepared by the Ministry of Commerce and is being printed for submission to the Cabinet.

Decision

Ministry of Commerce may expedite submission of the summary to the Cabinet and subsequent submission of the Bill to the National Assembly through the Ministry of Law and Parliamentary Affairs.

Item 4. UN/LOCODE (United Nations Location Codes for Trade and Transport)

Executive Secretary NTTFC informed that the internationally standardized LOCODEs for the relevant locations in Pakistan had been finalized in consultation with Pakistan Railways and advised to UNECE. The proposed LOCODEs have been included in the 2007 edition of UN/LOCODE, and these are accessible on UNECE website www.unece.org/cefact/locode/pk.htm .

Item 5. ebXML for Managers

Executive Secretary NTTFC informed that the translation in Urdu of the book “ebXML for Managers” was carried out by NTTFC Secretariat after obtaining permission of the publishers. An agreement has been signed with the publishers granting permission to NTTFC Secretariat to place Urdu translation of the book on its website for creating awareness in trade and transport organizations regarding the use of this computer language for transmission of electronic documents. Urdu translation of the book is now available on NTTFC website www.nttfc.org . Link to the original book in English has also been provided.

Project Director TTFP appreciated the hard work undertaken by NTTFC in doing Urdu translation of such a voluminous book full of technical terminologies. Chairman also praised the efforts of NTTFC.

Item 6. National Trade Facilitation Strategy

Project Director TTFP informed that the pending matter related to regulation of freight forwarding industry had been discussed in a meeting held in the Ministry of Commerce on 26th May 2008 and it had been decided to constitute a Committee chaired by the

Additional Secretary II, Ministry of Commerce to monitor the performance of freight forwarders in keeping with their Certification Rules and Code of Conduct. The Minutes have been forwarded to FBR for obtaining agreement of the Chairman FBR to the composition of the Committee.

Item 7. Trade and Transport Facilitation Project (TTFP-2)

Project Director TTFP informed that the agreement for TTFP-2 has been signed between the Ministry of Commerce and UNCTAD. It will be implemented after signing of the Credit Agreement between the Government of Pakistan and the World Bank (WB). Mr. Amer Z. Durrani informed that TTFP-2 was a component of Planning Commission's umbrella project in which 8 ministries were involved. Ministry of Commerce had completed its part of the preparatory work, but some tasks concerning other ministries were yet to be completed. It was expected that all the pending work will be completed by July 2008 and the Credit Agreement between the Government of Pakistan and WB signed by September 2008.

Item 8. Pakistan-Afghanistan Transit Traffic Agreement

Project Director TTFP informed that the draft of the proposed Pakistan – Afghanistan Transit Trade Agreement has been finalized in consultation with the stakeholders and approved by the Chairman, FBR. In the meanwhile draft of Afghanistan – Pakistan Transit Agreement has been received. This is being examined in consultation with the concerned ministries and other stakeholders.

Mr. Amer Z. Durrani stated that the World Bank had been working with the Government of Afghanistan in preparation of the draft Agreement submitted by them. To soften the strong positions taken by the Governments of Pakistan and Afghanistan the WB had planned video conferences with representatives of WB and public and private sector of Afghanistan and Pakistan. One such video conference had already been held. Video conferences are intended to be followed up with a proposed workshop in Tashkent to be sponsored by WB in which the public and private sector representatives from Pakistan and Afghanistan may discuss the Pakistan – Afghanistan transit transport issues in an informal atmosphere to arrive at a consensus on the draft of Pakistan – Afghanistan transit trade agreement. Mr. Amer Durrani said that the WB will meet the expenditure of participation of Government representatives. He proposed that PIFFA and ICC Pakistan may finance the participation of representatives from private sector. Mr. Babar Badat, Chairman PIFFA and Mr. Tariq Rangoonwala, Chairman ICC Pakistan indicated their willingness to sponsor private sectors participation in the proposed workshop. Chairman also indicated agreement to the participation of government representatives in such a workshop sponsored by the WB.

Item 9. TIR Convention

Project Director TTFP informed that a meeting has been held between the representatives of the Ministry of Commerce, Ministry of Foreign Affairs and the Ministry of Law and Justice to arrive at a consensus before submitting a Summary to the Cabinet for accession to the TIR Convention. However, it had not been possible to obtain the agreement of the Ministry of Foreign Affairs to eliminate the reservation to which the UN depository had objected. It was now intended to submit the Summary to the Cabinet for decision in the matter.

Chairman PIFFA, Chairman ICC Pakistan and TTFP-2 Team Leader WB emphasized the importance of accession to TIR convention for promotion of transit trade to Central Asian Republics and urged for its early accession.

Decision

In pursuance to the meeting in MoC Accession to TIR Convention is being expedited through Foreign Affairs.

Item 10. Trade-Info Web Portal

Executive Secretary NTTFC informed that the Agreement for developing the Trade info web portal had been signed with the successful bidder on 29th April 2008 and the work had commenced.

Item 11. Issues Raised by Pakistan Ship's Agents Association (PSAA)

Since the representatives of PSAA and KPT were not present, therefore the item was deferred.

Item 12. Inadequate Air Transport Facilities for Export of Mangoes

Executive Secretary NTTFC informed that All Pakistan Fruit and Vegetable Exporters, Importers and Merchants Association had complained to TDAP that last year they experienced serious difficulties with export of mangoes because of inadequate cargo space made available by the airlines. TDAP had referred the matter to NTTFC. Subsequently the subject had been discussed in a meeting in TDAP in which representatives of major airlines and Civil Aviation Authority were present. The airline representatives had pointed out that in the aircrafts operating on regular services there was not adequate cargo space to meet the seasonal requirements of the mango exporters. Chartering aircraft for the purpose was not economically feasible. Therefore alternate means of transport needed to be explored.

Mr. Bashir Saleh, Director TDAP stated that mangoes were a perishable commodity and sea transport to distant destinations was not feasible. Therefore, air transport arrangements had to be made. Chairman PIFFA pointed out that frequent air services with large cargo carrying capacity were available from Dubai to destinations all over the world. The mango exporters should make use of the modern sea-air multimodal transport system by shipping mangoes in refrigerated containers to Dubai and from there onwards by air. Large freight forwarders in Pakistan could provide this service and the overall cost of sea-air transport would be less than the cost of transport by air from Pakistan. PHDEB should play its role by organizing meetings of mango exporters with large freight forwarders providing sea-air multi-modal transport services.

Decision

PHDEB may organize meetings of mango exporters with large freight forwarders providing sea-air multi-modal transport services to work out sea-air transport arrangement for exports of mangoes.

Item 13. Export of Goods to Turkey by Road through Iran

Executive Secretary NTTFC informed that Nagina Cotton Mills Ltd. have pointed out that there is tremendous opportunity for increase of trade of Pakistan with Turkey, in particular for export of Pakistani textiles to Turkey. The transit time by sea between Pakistan and Turkey is prohibitive and discourages development of trade. Export of goods to Turkey by road through Iran would greatly reduce the transit trade time and promote trade between Pakistan and Turkey.

Chairman PIFFA further elaborated by stating that the CEO of Nagina Cotton Mills, who is a former Chairman of APTMA, had informed him that at present, because of high cost of production in Turkey, the Turkish textile mill owners were interested in investing in Pakistan and relocating their plants for manufacture of garments. But they would be willing to do so only if the land transport route between Pakistan and Turkey through Iran is made operational. This required immediate action, as otherwise the Turkish investors will shift their manufacturing facilities to African countries and this window of opportunity would be lost.

After discussion it was agreed that there was need for establishing a core working group that may look into the requirements for making the land transit route between Pakistan and Turkey operational as early as possible.

Decision

A core working group comprising the following was constituted to look into the requirements for opening the land transit route between Pakistan and Turkey through Iran and put forward recommendations for implementation by the Government of Pakistan:

<i>Mr. Firdaus Alam, Joint Secretary, Ministry of Communications</i>	<i>Chairman</i>
<i>Syed Irtiqa Ahmed Zaidi, Project Director (TTFP) M/o Commerce</i>	<i>Member</i>
<i>Mr. Shafqat Ellahi Shaikh, CEO, Nagina Textile Mills Ltd.</i>	<i>Member</i>
<i>Mr. Babar Badat, Chairman, PIFFA</i>	<i>Member</i>
<i>Representative of Member Customs, FBR</i>	<i>Member</i>
<i>Mr. Javaid Mansoor, Executive Secretary, NTTFC</i>	<i>Member/Secretary</i>

Item 14. Any Other Business

Chairman ICC Pakistan stated that at present there were no Rules relating to cabotage for coastal shipping in Pakistan. Capt. M. Alim Shaikh, Director Ports, Ministry of Ports and Shipping pointed out that the Rules relating to cabotage for coastal shipping were covered in Maritime Shipping Ordinance 2001, Part III, Chapter 5.

There being no other business the meeting concluded with thanks to the participants by the Chair which were reciprocated by the participants.

List of Participants
12th Meeting of National Trade & Transport Facilitation Committee
Held at 10:30 Hours on 07th June 2008
at Conference Hall – TDAP - Karachi

Sr. No.	Name	Designation	Organization	Telephone / Fax/ Email
1	Mr. Anisul Hassnain	Additional Secretary Commerce – II	Ministry of Commerce	051-9203825 051-9205241
2	Syed Irtiga Ahmed Zaidi	Project Director TTFP	Ministry of Commerce	051-9203604 0300-5350063 irtiga.z@gmail.com
3	Mr. A. Rasheed Janmohammad	Chairman	Pakistan Shippers Council	021-241 0427 021- 241 6791
4	Mr. Abdullah Laghari	Director Cargo Ops	Port Qasim Authority	0333-2220696
5	Mr. Amer Zafar Durrani	Team Leader TTFP-II	World Bank	0300-8551996 adurrani@worldbank.org
6	Mr. M. Akmal	Joint Director	State Bank of Pakistan Karachi	9212436 Akmal.bhatti@sbp.org.pk
7	Ms. Shahnaz Maqbool	Additional Collector (Appraisalment)	Federal Board of Revenue	9214180
8	Ms. Sabira Hussain	Director Road Transport	Ministry of Communication	9214988
9	Capt. M. Alim Shaikh	Director Ports	Ministry of Ports & Shipping	021-9204197
10	Mr. Junaid Zamir	C.O.O.	Q.I.C.T.	4739006
11	Mr. Bashir Saleh	Director	T.D.A.P.	021-9206496
12	Mr. Anwar Farooqi	Manager Cargo	Civil Aviation Authority	021-9248778
13	Mr. Zafar Ali	Director Technical	Deptt. of Plant Protection	021-9248072
14	Mr. Tariq Rangoonwala	Chairman	ICC – Pakistan	021-2311453
15	Mr. Babar Badat	Chairman	PIFFA & IRT / TIR Commission	0300-8225222 021-2202626
16	Mr. Muslim Raza	PC – Sindh	SMEDA	111-111-456
17	Mr. Jamali Ali Hasnie	General Manager	PHDEB	021-4969507 0323-2002073
18	Col Tanveer Farooqi	Dy. Director	HQ Dry Ports NLC Karachi	0321-2390042
19	Malik Riaz Ahmad	Section Officer	Ministry of Industries	9205904 9205130
20	Mr. Muhammad Aftab Qazi	Asst. Inspector	Deptt. of Explosive	021-4982101
21	Mr. Nasir Mehmood	MC Member & Chairman Shipping & Multi Modal Transport Committee	Karachi Chamber of Commerce	9218001-50 0300-2372170
22	Mr. Sohrab A. Gilani	Manager Corporate Affair	KICT	021-2316401
23	Mr. M. Khalid Khan	President	Karachi Goods Carrier Association	0300-3719914
24	Mr. Ashiq H. Niazi	General Secretary	Karachi Goods Carrier Association	0333-2167930