

**MINUTES OF 14TH NTTFC MEETING
HELD AT 10.30 HOURS ON 28TH JULY 2009 AT
CONFERENCE HALL, TDAP, KARACHI.**

The meeting was chaired by Khawaja Muhammad Naeem, Additional Secretary II, Ministry of Commerce.

2. The list of participants is attached as Annex I.
3. The Chairman welcomed the participants, and the participants introduced themselves. The Chairman then asked the Executive Secretary NTTFC to proceed with the Agenda.

Item 1. Review of Minutes of 13th NTTFC Meeting

1.1 Pakistan Community based Computerized System (PaCCS) of Pakistan Customs for clearance of cargo

4. Ms. Lubna Jaffar Ali, Additional Collector PaCCS informed that at present system audit of PaCCS was being carried out. This was expected to be completed by end September. The decision regarding roll out of PaCCS will be taken after completion of the system audit.

1.2 Explosives Laws and Rules

5. Mr. Tariq Rangoonwala, Chairman ICC-Pakistan stated that because of intervention of NTTFC the facility of using the same tanks for storage of diesel oil and fuel oil had become possible.

6. Mr. Rasheed Janmohammad, Chairman PSC stated that the problem of limited capacity for storage of ethanol at KPT and PQA still persisted. There were constraints at Karachi Port because lack of availability of space. But in Port Qasim plenty of space was available and suitable area could be allocated for construction of storage tanks for ethanol.

Action: PQA

7. It was decided that PQA should review the situation and make suitable space available for storage of ethanol.

1.3 National Trade Facilitation Strategy (NTFS)

8. Project Director TTFP-2 reported that the National Trade Facilitation Strategy was approved by the Ministry of Commerce and the Chairman, FBR in June 2008. Reminders to concerned organizations had been issued by Ministry of Commerce. Executive Secretary NTTFC informed that progress reports had been received from PHDEB, FBR and Ministry of Communications. The items being discussed under the Agenda were part of the National Trade Facilitation Strategy.

1.4 ECO Transit Transport Framework Agreement (TTFA)

9. Executive Secretary NTTFC informed that in the last meeting of the Regional Planning Council of ECO held in Tehran in January 2009 it had been proposed, that to test operation of TTFA a trial run of road transport on Pakistan - Iran – Turkey – Azerbaijan route may be operated. The representative of Ministry of Communications did not have any information regarding further progress in the matter. Chairman directed Project Director TTFU to take up the matter with Ministry of Communications to advise progress in the matter.

Action: Project Director TTFU and Ministry of Communications

10. Executive Secretary NTTFC stated that it had been decided to run an inaugural train from Pakistan to Turkey on 14th August 2009. The textile manufacturers had asked for the schedule and route of the train to be advertised well in time to enable textile exporters ship their cargo by this train. Mir Mohammad Khaskheli, Divisional Superintendent Karachi, Pakistan Railways stated that arrangements for running the inaugural train were being worked out. The representative of Pakistan Railways has returned from Turkey the previous day. Details regarding the proposed schedule were not yet available.

Action: Project Director TTFU and Ministry of Railways

11. Chairman directed Project Director TTFU to take up the matter with Ministry of Railways to advise the schedule and also to advertise it well in time to enable exporters use it for export of goods.

1.5 Establishment of Capital Based Support Group (CBSG) for Trade Facilitation Need Assessment

12. Executive Secretary NTTFC reported that in view of the 7th WTO Ministerial Conference scheduled at Geneva from 30th November to 2nd proposals contained in the proposed Trade Facilitation Agreement. The Ministry of Commerce has constituted a Trade Facilitation Working Group which is to finalize Pakistan position on Trade Facilitation agreement Proposals by 30th October 2009. Report of the first meeting of the Working Group is to be submitted to WTO Wing, Ministry of Commerce by 15th August 2009. The Chairman directed that first meeting of the Working Group may be held around 10-11 August 2009 for the report to be submitted as scheduled.

Action: Executive Secretary NTTFC

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

13. Project Director TTFU gave a detailed presentation on TTFP-2 and informed that the technical assistance agreement signed with UNCTAD on 18 January 2008 had become outdated and needed revision. Two video conferences had been held between Ministry of Commerce, UNCTAD, World Bank and NTTFC. World Bank representative, Project Director TTFU and Executive Secretary NTTFC will visit Geneva on 24-25 August 2009 to revise the agreement.

14. During discussions on various activities of the project Mr. Tariq Rangoonwala, Chairman ICC-Pakistan pointed out that accession to TIR Convention was essential for transit trade to Central Asian Republics and other countries to West of Pakistan. The same was supported by Mr. Babar Badat, Director TIR Commission-Pakistan. Project

Action: Project
Director TTFU

Director TTFU informed that a Summary for accession to TIR Convention had been submitted to the Cabinet. However the Ministry of Foreign Affairs requested the Cabinet Secretariat to withdraw the Summary for further discussions.

Action: Mr.
Babar Badat /
Chairman
PIFFA

15. Mr. Babar Badat highlighted the importance of logistics in improving the trade competitiveness and reducing the cost of doing business. He described the work being done by PIFFA for enhancing the professional competence of freight forwarding industry and recommended establishment of a high powered body for coordinated resolution of issues related to various modes of transport and Customs procedures. He highlighted the importance of streamlining the procedures for establishing the air-sea link in Pakistan. The Chairman advised Mr. Babar Badat to submit his proposals in writing to Ministry of Commerce and NTTFC Secretariat.

Action: Mr.
Tariq
Rangoonwala

16. Mr. Tariq Rangoonwala also raised issues relating to cold store facilities at the seaports and airports, duty free import of prefabricated structures for establishment of warehouses and establishment of cold chain. He stated the Customs tariffs and requirements for exemption from Engineering Development Board for import of prefabricated structures, insulation panels, refrigeration plants and other support equipment required for establishing cold stores and warehouses need to be rationalized to make import of these items economical for the cold storage facilities to be established. The Chairman advised Mr. Tariq Rangoonwala to submit his detailed proposals in writing to Ministry of Commerce and NTTFC Secretariat for this to be taken up with FBR.

Action: Project
Director
TTFU/PHDEB

17. The Project Director, TTFU stated that after conducting feasibility studies, PC-I for the Establishment of Cool Chain in Pakistan costing Rs.7.5 billion was submitted to Planning Commission for consideration by CDWP/ECNEC. The Project was considered by pre-CDWP meeting held in Planning Commission in January 2008. It was decided by the pre-CDWP meeting that since the cost of the Project is quite high, it will not be possible to fund the entire amount from PSDP. Therefore Infrastructure Project Development Facility (IPDF) was directed to split PC-I into two to be financed by public and private sector. The Transaction Advisor appointed by IPDF has prepared a report suggesting the activities to be financed through private sector. Once the final decision is taken, PHDEB will prepare the PC-I consisting of those activities, which are to be financed by public sector through PSDP. Mr. Jamal Hasnie, General Manager (South) PHDEB stated that PHDEB is fully aware of these developments and will take action accordingly.

Action: Executive
Secretary NTTFC

18. Mr. Tariq Rangoonwala recommended that representative of the Chartered Institute of Logistics and Transport (CILT) should also be invited to the meetings of NTTFC. The Chairman directed Executive Secretary NTTFC to issue the invitation to CILT for the future meetings of NTTFC.

Item 3. Trade-Info Web Portal

Action: Executive
Secretary NTTFC

19. Executive Secretary NTTFC informed that substantial part of the work had been completed. The consultant has uploaded the data for various segments, but it is yet to be checked and deficiencies in the system eliminated. Deployment of the Web Portal is expected by end August 2009. The Chairman directed Executive Secretary NTTFC to ensure deployment by end August 2009.

Item 4. Transport Legislation

20. Rear Admiral Syed Afzal, Director General (Ports & Shipping) informed that the summary for approval of the Cabinet of the following Bills were being printed and will be submitted to the Cabinet on receipt of the prints:

Action:
Ministry of
Ports &
Shipping

- 1 Bill for enactment of Carriage of Goods by Sea Act, 2009
- 2 Bill for enactment of Sea Carriage Shipping Documents Act, 2009

21. Mr. Khizer Javaid, Deputy Director Ministry of Communications stated that the Summary for the Cabinet for the Bill for enactment of Carriage of Goods by Road (Liabilities) Act, 2009 had been submitted for approval of the Secretary Communications. The Chairman advised both the Ministries to expedite submission of the Summaries to the Cabinet.

Action:
Ministry of
Communications

22. The Executive Secretary NTTFC informed that the Bill for enactment of the Carriage by Air Act, 2009 had been approved in principle by the Cabinet in its meeting held on 18th February 2009 and had been referred by the Ministry of Defence to the Ministry of Law, Justice and Parliamentary Affairs for vetting. After clearance by the Ministry of Law the Bill will be resubmitted to the Cabinet for approval and thereafter forwarded to the National Assembly.

Action: Ministry
of Defence

Item 5. Marine Insurance Act

23. Project Director TTFU informed that the Summary for the Cabinet for Marine Insurance Bill, 2009 is under submission to Commerce Minister.

Action: Ministry
of Commerce

Item 6. Afghanistan Pakistan Transit Trade Agreement (APTTA)

24. Project Director TTFU informed that two meetings of Afghanistan Pakistan Transit Trade Agreement Joint Working Group had already been held. The third meeting of the joint Working Group was scheduled in Islamabad on 4-5 August 2009. Mr. Shakil Dhingra, Chairman Standing Committee FPCCI stated that a number of commodities for which there was little consumption in Afghanistan were being imported under Afghan Transit Trade. These eventually flowed back to Pakistan adversely affecting the national industry. He quoted the examples of tea and paper stickers. He suggested that in Afghan Transit Trade Agreement there should be a provision for negative list, in which all such items should be included. The Chairman informed that it was not possible to include any item in the negative list. However, FPCCI should provide a list of such items to Ministry of Commerce with complete data so that the issue may be discussed to evolve a suitable mechanism to prevent flow-back of Afghan transit goods.

Action: FPCCI

Item 7. Ratification of bilateral road transport agreements between the Government of Pakistan and the Governments of Iran, Turkey and Uzbekistan

a) Agreement between Pakistan and Iran

25. Representative, Ministry of Communications informed that The Instrument of Ratification has been signed by the President of Pakistan. Ministry of Foreign Affairs has been approached to inform the Iranian side with the request to expedite its ratification process so as the Agreement could be operationalized.

Action:
Ministry of
Communications

b) Agreement between Pakistan and Turkey

26. Representative Ministry of Communications informed that a Summary for the Cabinet to ratify the agreement between Pakistan and Turkey is under submission.

c) Agreement between Pakistan and Uzbekistan

27. Representative, Ministry of Communications informed that The Instrument of Ratification has been signed by the President of Pakistan. Ministry of Foreign Affairs has been approached to inform the Uzbek side with the request to expedite its ratification process so as the Agreement could be operationalized.

Item 8. Negotiation of bilateral transit traffic agreements between the Government of Pakistan and the Governments of Tajikistan, Turkmenistan and Kyrgyzstan

Action:
Ministry of
Communications

28. Representative, Ministry of Communications informed that a Summary has been initiated for approval of the Prime Minister to start negotiations with the Republic of Tajikistan and the Republic of Turkmenistan for bilateral Agreements on Transit Trade.

Item 9. TIR Convention

29. The subject was taken up during discussions on item 2 and has already been reported in Para 14.

Item 10. Review of various Customs Conventions for accession

30. The Executive Secretary NTTFC informed that a Committee chaired by Chief (International Customs) had discussed accession to the following Customs Conventions in a meeting held on 23rd April 2009:

- Customs Convention on Temporary Importation of Commercial Road Vehicles (1956)
- Customs Convention on Containers (1972)
- International Convention on the Harmonization of Frontier Control of Goods (1982)

Action:
Ministry of
Communications
and Chief (IC)
FBR

31 Mr. Nasir Masroor Ahmed, Collector (MCCA) FBR stated that comments of Ministry of Communications on the Minutes of Meeting were awaited for follow up action. The Chairman directed Representative Ministry of Communications to expedite submission of the comments.

Item 11. IT enablement and electronic linkage of Department of Plant Protection (DPP) and Animal Quarantine Department (AQD) with Pakistan Customs

32. Mr. Humayun Zafar, Director (Customs Automation) PRAL informed that the Scope of Work for providing electronic connectivity to DPP and AQD to bring them on community network of Pakistan Customs and enable import and export of the related commodities to be checked by these organizations has already been agreed with DPP and AQD. This was now being checked by the field officers of Pakistan Customs. It was expected that this check will be completed by next week. After that PRAL will require 3 to

Action:
Director (AC)
PRAL

4 months for developing the necessary system and training the staff of these organizations in its use.

33. Mr. Abdul Majid Khan, QLA Animal Quarantine Department stated that at present many animal products were being cleared by Pakistan Customs under PaCCS without subjecting these to inspection by Animal Quarantine Department as required under Pakistan Animal Quarantine (Import and Export of Animals and Animal Products) Ordinance, 1979, and this was creating great health hazard. Executive Secretary NTTFC clarified by stating that the subject had been discussed with the concerned Customs officials and they had pointed out that Customs offered only those items for inspection by AQD and DPP which were mentioned in Import Policy Order, 2008. After consultation with AQD and DPP the Ministry of Commerce had been advised HS Codes of all the items to be included in Import Policy Order 2009. The Chairman stated that these items will be included in the Import Policy Order, 2009.

Action: Ministry
of Commerce

Item 12. Any other business with permission of the Chair

12.1 Coastal Shipping Policy

34. Mr. Tariq Rangoonwala stated that at present there was no private shipping company in Pakistan. To encourage national shipping it was necessary to formulate a coastal shipping policy to promote coastal trade through sea transport under the protection provided to national shipping through cabotage. Under this policy coastal jetties, which should be outside the Customs bonded area, should be built all along the coast. Mr. M. A. Rajpar, Chairman, Pakistan Ship Agents Association stated that the present Shipping Policy of Pakistan was very good. Many tax concessions valid till 2020 had been allowed in the policy. The reason for private entrepreneurs not registering their ships in Pakistan is that shipping is very capital intensive with mobile assets, and past policies of the government have discouraged the private ship owners from taking the associated risks. Probably better results would be achieved by allowing similar facilities to ship management companies and creating the necessary infrastructure for coastal shipping where lesser capital and fewer risks are involved. The Chairman advised Mr. Tariq Rangoonwala to submit his detailed proposal in writing.

Action: Mr. Tariq
Rangoonwala

12.2 Shipping Charges

35. Mr. Shakil Dhingra, Representative FPCCI stated that many businessmen were suffering because of the heavy charges levied by shipping agents and freight forwarders at the time of delivery of the imported cargo. There was a need for establishing standardised rates for various services offered by ship agents and freight forwarders for delivery of the cargo. Mr. Rasheed Janmohammad, Chairman PSC stated that this was a long standing issue, which had not been resolved because of no government authority being prepared to take responsibility for enforcing a regulatory mechanism. Efforts made in NTTFC after conducting a survey of the situation had not yielded any result. He suggested that another effort may be made by the concerned parties and NTTFC Secretariat getting together to find a solution to the problem.

Action: FPCCI,
PIFFA and
PSAA

36. Mr. Babar Badat, representing PIFFA stated that this was a business to business issue. Government could not regulate the rates for services. The traders had to learn the modern shipping practices and fix their rates before booking the cargo. He suggested that the traders should order their consignments on FOB basis and arrange the freight through local freight forwarders. He stated that proper arrangement would be for PIFFA,

PSAA and FPCCI to sit together and resolve the issues relating to any malpractice. Mr. Rajpar, Chairman PSA supported Mr. Babar Badat and stated that in every trade there are some bad performers. Over 90 percent of the complaints are against hardly a dozen freight forwarders and shipping agents. The solution lies in collecting the statistical data of complaints against them, and then for the trade to take appropriate measures to eliminate them. PSAA had advised FPCCI to collect this data and publish a List of Shame of parties indulging in malpractices; but no action had been taken by FPCCI. He reiterated the offer to FPCCI for PIFFA, PSAA and FPCCI to sit together and resolve the issue. The Chairman concluded that this was a business to business issues and the concerned parties should get together to resolve it.

12.3 Levy of FED on terminals and stevedoring

37 Mr. Rasheed Janmohammad pointed out that the government had in the budget for 2009-10 levied 16% FED on stevedoring and terminals. The levy of FED had resulted in increasing the cost of doing business and was adversely affecting the trade. Moreover in cases it involved double taxation as FED had to be paid for stevedoring when the cargo was discharged from ship; and later again when it was delivered from the terminal. He proposed that levy of FED on terminals should be eliminated. Director General (Ports and Shipping) stated that the ports were even more adversely affected. Besides the 16% FED on all port charges, they were also required to pay 35% income tax. Efforts were being made to reduce port dues. FED will nullify any reduction in port charges and the income tax will adversely affect the cash flow of the ports. The Chairman advised all concerned to submit there proposals in writing.

Action: Mr.
Rasheed
Janmohammad,
DG (P&S)

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

Javaid Mansoor
Executive Secretary
NTTFC

ANNEX I

List of Participants
14th Meeting of National Trade & Transport Facilitation Committee
Held at 10:30 Hours on 28th July 2009
at Conference Hall, TDAP, Karachi

Sr. No.	Name	Designation	Organization	Telephone / Fax EMAIL
1	Khawaja Muhammad Naeem	Additional Secretary Commerce-II	Ministry of Commerce	021-9202621
2	Syed Irtiqa Ahmed Zaidi	Project Director – TTFP-II	Ministry of Commerce	Irtiqa.z@gmail.com
3	R. Adml (R) Syed Afzal	D.G. (Port & Shipping)	Ministry of Ports and Shipping	021-9204196
4	Mr. Nasir Masroor Ahmed	Collector (MCCA) Appraisalment	FBR Pakistan Customs	021-9214166 Fax: 9214172
5	Mr. Jamal Ali Hasnie	G.M.	P.H.D.E.B. Ministry of Commerce	0323-2002073
6	Brig. Muhammad Akhtar	Director - Dry Port and Border Terminal	NLC – Lahore	042-35712378 0321-5442727
7	Mr. Humayun Zafar	Director	PRAL	0321-5371169
8	Ms. Lubna Jaffar Ali	Additional Collector	PACCS	021-9214160 0345-2793319
9	Rear Admiral Azhar Hayat	GMO	KPT	0333-2246255
10	Mir Mohammad Khaskheli	D.S. Karachi	Pakistan Railways	021-9213500-1
11	Capt. Aftab Siddiqui	Director (Commercial)	PNSC	asiddiqi@pns.com.pk
12	Mr. Rasheed Janmohammad	Chairman / Director	Pakistan Shippers Council / NTTFC	2410427
13	Mr. Babar Badat	Chairman / Director	TIR Commission / NTTFC	0300-8225222
14	Mr. Tariq Rangoonwala	Chairman	PNC-ICC Pakistan	iccpak@cyber.net.pk
15	Mr. M.A. Rajpar	Chairman	Pakistan Ships Agents Association	0314-2002000
16	Mr. Shakil Dhingra	Chairman (Shipping Committee)	FPCCI	dhingra@cubexs.net.pk
17	Mr. Arifuddin Qadri	Dy. General Manager Cargo	P.I.A.	0300-9248818
18	Ms. Nasreen Ali	Director	TDAP	021-9207202
19	Mr. Tippu Sultan	Head (Advisory)	TDAP	tippu98@yahoo.com
20	Mr. Jawed Saeed Sheikh	Manager (Cargo Operations)	Port Qasim Authority	021-9272186
21	Mr. Aslam Nadeem	Deputy Chief	Ministry of Industries & Prod.	051-9207035

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Sr. No.	Name	Designation	Organization	Telephone / Fax EMAIL
22	Mr. Khizer Javaid	Dy. Director	Ministry of Communication	khizerja@gmail.com
23	Mr. Muslim Raza	SPL - Sindh	SMEDA	111-111-456
24	Syed Jawad Shah	Assistant Director – NTCMU	Planning Commission of Pakistan	051-9202616 0321-5491771
25	Mr. Abdul Haseeb	Assistant Director	State Bank of Pakistan	2453977 / 9212527
26	Mr. Mudassar Kureshi	VP / Head Comm Assets South	UBL / Pakistan Banking Association	99204546
27	Mr. Abdul Majid Khan	Q.L.A.	Animal Quarantine Department	4552670
28	Mr. Hasan Zaidi	Transport Specialist	World Bank	0333-5152323
29	Mr. Javaid Mansoor	Executive Secretary	NTTFC	021-5242570 nttfc@cyber.net.pk
30	Mr. Waheed Alam	Deputy Secretary	NTTFC	021-5242568 nttfc@cyber.net.pk