

Improving Transport Connectivity

Dr. Manzoor Ahmad Managing Director World Trade Advisors 5 December 2014

The Agenda

- Introduction the Current Status
- > What needs to be done for improving transport connectivity
 - Liberalization of Transport Services
 - Accession to TIR Convention
 - Revival of Silk Road
 - Trade Facilitation
 - Opening new border routes
 - Building Supply Chains
 - Enhanced use of IT systems
- Conclusion

Connecting Energy Rich Countries with Energy Deficit Countries



Liberalization of Trade in Transport Services

- SATIS negotiations almost stagnant
- Current offers very low on ambition
- Unilateral liberalization of services may be the best option
- This would improve access and efficiency
- Would reduce costs and increase quality

TIR Convention

- Pakistan and India not yet members of TIR Convention
- Experience of many countries has shown that TIR greatly facilitated transport connectivity
- Implementing the TIR involves the following:
 - National guarantee associations and Customs Authorities control access
 - Goods accompanied by TIR Carnet, which serves as the control document in the countries of departure, transit, and destination
 - Duties and taxes covered by an internationally valid guarantee
 - Goods travel in approved secure vehicles and containers
 - Customs control measures taken in country of departure are accepted by the countries of transit and destination

TIR International Guarantee Chain

- 3 million TIR Carnets per year covered financially in 57 countries
- ➤ Each TIR Carnet is a financial guarantee for Customs up to 50'000 USD/60'000 €
- IRU issue some \$1 Billion per day in financial guarantees

Trade Facilitation

- Adopting the following measures would significantly increase transport connectivity:
 - Risk management
 - Streamlined border procedures
 - Harmonization and simplification of documents
 - Automated processes
 - Information availability
- Implementing the new World Trade Organization Agreement on Trade Facilitation (ATF) would achieve the above objectives

Trade routes that can be easily made operational

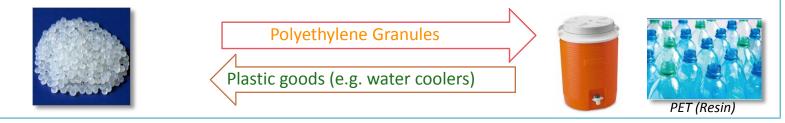
- At present only
 Wagah Attari is open for limited trade (Annex G items)
- Other land crossings that can easily be re-opened:
 - B Lahore Patti (Burki road)
 - Kasur Ferozpur (Ganda Singh)
 - Sahiwal Fazilka (linking Southern Punjab)
 - Munabao Khokhrapar rail (linking Sind)
- Open direct shipping routes



Building supply chains – Plastics and Chemicals

Plastics

- Pakistan imports over \$1 billion of Polyethylene (300kt) and Polypropylene (300kt)
- Less than 10% are imported from India whose petrochemical plants are located near Lahore
- Most plastic manufacturing units (over 400) are located near Lahore
- India can import cheaper and quality plastic goods such as water coolers, bottles and parts



Chemicals

- Pakistan has surplus capacity for soda ash and caustic soda
 - India currently imports these products from more expensive sources
- Huge demand in Pakistan for dyes, colouring materials and organic chemicals

Dyes and colouring materials	
Textiles	000
N	

Conclusion

- Liberalization of Transport Services, Accession to TIR Convention, Opening new Border Routes, Trade Facilitation, Building Supply Chains can greatly expand connectivity
- Greater connectivity More economic activity Less poverty
- "When goods cannot cross borders, armies will." Frederic Bastiat