Improving Transport Connectivity

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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
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:
  - Lahore – Patti (Burki road)
  - Kasur – Ferozpur (Ganda Singh)
  - Sahiwal – Fazilka (linking Southern Punjab)
  - Munabao – Khokhrapur 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
Conclusion

- Liberalization of Transport Services, Accession to TIR Convention, Opening new Border Routes, Trade Facilitation, Building Supply Chains can greatly expand connectivity

- Greater connectivity leads to More economic activity leads to Less poverty

- “When goods cannot cross borders, armies will.” Frederic Bastiat