



FREIGHT FORWARDING AND LOGISTICS INDUSTRY OF PAKISTAN

EXECUTIVE SUMMARY

The Freight Forwarding and Logistics industry plays a vital role in the overall economy of Pakistan and covers air freight, sea freight, custom clearance, warehousing, road transportation, rail transportation, packing and other allied value added services.

Indeed in a global context an efficient Freight Forwarding and Logistics Industry is the backbone of any economy. It plays a significant role in eliminating wastage and makes available the right product at the right time. Pakistan, primarily an agro-based economy, can increase its exports by up to 30% due to wastage stemming from an insufficient logistics system.

The Logistics Industry plays an important role in Pakistan's economy – yet, it is plagued by inefficiency in terms of lacking a basic infrastructure; cost & time effectiveness with respect of the supply of goods within as well as outside the country and thus could perhaps be termed as a child of sorrow. Unfortunately, Pakistan's Logistics system lacks expertise in various aspects.

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1. INTRODUCTION OF FREIGHT FORWARDING/LOGISTICS INDUSTRY

Logistics refers to the management of the flow of the goods between the point of origin and the point of consumption in order to meet the requirements of customers as well as corporations. Physical items, such as food, materials, animals, equipment and liquids, as well as abstract items, such as time, information, particles as well as energy fall into this category and are managed in logistics. As far as the logistics of physical items are concerned they usually involve the integration of information flow, such as material handling, inventory, market forecasting warehousing, freight transportation etc.

The movement of goods & services from one point of origin to an overseas point of destination ensuring timely safe arrival of the internationally traded merchandise falls under the category of the freight forwarder. Such an entity handles everything through a combination of land, sea, air or a combination of these – documentation, customs clearance, shipping, unpacking, delivery, consolidation of cargo and the transportation from the factory to the ports or warehouses.

In Pakistan – that is early 1980s the freight forwarding industry emerged, with subdued growth in the early years, due to the huge client reluctance not wanting to risk their overseas business relationships by giving their consignments in unknown market



entities. Later though, this industry evolved as an intelligent intermediary between shipping lines, exporters, as well as importers. The major factors fostering industry growth included the growth in international trade, the increase in market acceptance of tangible benefits of international freight forwarding services, containerization and the growth in Pakistan's international trade.

A strong freight forwarding industry is imperative if the country is to capitalize on emerging opportunities as well as enhancing the efficiency of vulnerable industries. The increasing complexity of global trade practices comprising multi-modal transportation, cargo consolidation at regional hubs, distribution at destinations and multiple documentation have increased the importance of intermediaries providing logistics solutions.

Today the role of Freight Forwarder can be summarized as follows:

- Air Freight
- Sea Freight
- Buyer's Consolidation for international buyers like DECATHLON, H&M, MARKS & SPENCER, MANGO, NEXT, DEBENHAMS, AUCHAN, BAUR, GAP, IKEA, Nike, Walmart, JC Penny and others.
- Direct-to-Store products like managing the export of hanging garments.
- Origin Cargo Management (OCM) – arranging inland transportation from the origin, coordination with vendors, consolidation of cargo at consolidation points, QC inspection, labeling / bar coding, stuffing and shipping as per buyers' reference.
- Warehousing – offering storage services with complete inventory management through modern IT based WMS meeting desired criteria of customers like FIFO, LIFO, FEFO and LEFO; batch / lot expiry control and ABC analysis.
- Bonded Warehousing services – offering storage spaces for custom bonded cargo.
- Cold Storages – offering cold storage warehouses for temperature controlled cargo of different industries.
- Dry Transportation Services – covering both primary and secondary transportation. Primary from the factory to warehouses and from warehouses to distributors; whereas secondary covering from distributor to retailers.
- Reefer Transportation Services – offering transport services to cold chain products covering FMCG, pharmaceutical and agro sector business.
- Fuel and Liquid Transportation – offering services for liquid transportation to OMCs (Oil Marketing Companies) like Shell, Chevron, PSO etc. and liquid chemical transportation.
- Expo and Event Logistics – offering services for managing complete logistics for expo goods for exports from Pakistan. For international expos, freight forwarders are working in collaboration with TDAP. Freight Forwarders are also playing key role in exhibitions like IDEAS, IGATEX, POGEE, etc.
- Fruits and Vegetable Processing Centers - with the induction of modern retail chains like Metro and Carrefour this is another avenue taken care by freight forwarding companies to provide clean and properly processed fruits and vegetables to customers.
- Supply Chain Consultancy Services – covering solution designing for many local and international companies to address their Supply Chain needs.
- JIT and VMI – these cost saving and efficient inventory methods work in collaboration with efficient logistics partners who support companies to achieve these desired goals.
- Project Logistics – moving complete plant and machinery from the site of



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origin, transporting it to relevant sea port / airport, custom clearance, arranging vessel / airline as per the cargo dimensions, shipping it to destinations, custom clearance, arranging special transportation equipment to move it to the installation sites and offloading to specific installations areas.

Primarily the logistic sector is marked by a poor freight rail service, inferior highway conditions; most of the vehicle system is long outrun and obsolete; there's inefficiency in terms of long customs clearance whereas the container lingers on time at ports; the air freight system can be termed inefficient as well and an undeveloped supply chain system fails to supplement the forte of varied transport modes into a well-integrated system (about 96% of merchandise is moved by costly trucks) - despite Pakistan enjoying a great location strategically with a 1,046 km coastline along the Arabian sea and the gulf of Oman in the south, its location at the crossroads of South Asia, Central Asia and the Middle East - a common 1600 km border shared with India and with the potential for trade with landlocked Central Asian States:

Afghanistan (Afghan Transit Trade) and China (Karakoram highway).

It is also neglected in terms of investment - private/public; indicating an investment potential in which businessmen can capitalize this industries' potential.

Currently, the logistic cost in Pakistan is way higher than that of its competitors - about 30 % of the total product cost.

The importance of the industry lies in managing the logistics of the Pakistans' international trade. The services provided by international freight forwarding companies facilitate exports including textile, cotton / CP Goods, leather and leather goods, sports goods, surgical, rice, fruits and vegetable and seafood which collectively generate over 80% of the country's foreign exchange earnings. At the same time, imports handled by the industry ensure uninterrupted flows of industrial raw materials, plant and machinery, spares and components to maintain industrial production at competitive costs.

2. ROLE IN TRADE FACILITATION:

2.1 Economic importance of freight forwarding industry:

The international freight forwarding industry is classified in the transportation (sea, air, road and rail), storage and communication segment of the services sector, which is the largest contributor to Pakistan's GDP. Whilst services comprise 53.1% of the GDP, transport/ storage/ communication is 11% of this number and freight forwarding is 6.6% of transport/ storage/ communication sector. The importance of the industry lies in managing the logistics of the country's international trade. The services provided by international freight forwarding companies facilitate exports including textile, cotton / CP goods and its made-ups, leather and leather goods, sports goods,

surgical, rice, fruits and vegetable and seafood which collectively generate over 80% of the country's foreign exchange earnings. At the same time, imports handled by the industry ensure uninterrupted flows of industrial raw materials, plant and machinery, spares and components to maintain industrial production at competitive costs.

2.2 Global competitiveness:

In the ascertainment of the country's competitiveness in the global market the logistics costs play a vital role. The variation in such costs range from a mere 10% to 30% - according to research; which depend on the efficiency of the countries' international freight forwarding services as well as on their transportation. If the logistics infra-



structure is inefficient it leads to higher economic cost than the tariff barriers restricting the market access. Global trade, indeed is driven by competitive forces – thus the efficient role of the international freight forwarder becomes only more important. Moreover, countries enjoying an efficient logistics infrastructure are likely to win access market share with their capacity of ensuring timely secure transportation of their goods to the end user. Also, it should be noted that the efficient logistics cycle leads to decrease in wastages, such as inefficiencies and it helps to acquire direct savings to the finances of the country.

2.3 Investments:

With regard to the freight forwarding industry a key investment factor is working capital requirements which support higher operating overheads and growing trade receivables. Cash flow management is a major challenge for international freight forwarders which is because in some cases shipping companies extend about 15 days credit, whereas clients usually stretch payments up to 60 days.

Lately, there has been a shift to investments in infrastructure developments including transportation, distribution and warehousing by the freight forwarding companies. Nevertheless, such investments have been competing with the unorganized “traditional models”. For example, in the transportation, these are mainly directed to the trucking units.

Largely, the companies are involved in outsourcing customs clearance as well as warehousing, packing, transportation to vendor firms – however, the established players hold their in-house solutions. There is anticipated growth in the businesses that will encourage more investments in areas such as warehouses, trucks, containers, forklifts, office premises and information technology.

2.4 Customer profile:

Multinationals as well as local companies fall under the clientele of the freight forwarding companies. A variety of needs

is covered to the catering needs of the industry including:



Source: own

Cotton, textiles, leather products, sports goods, surgical goods, handicrafts, rice etc. fall under the main exports. As far as the main imports are concerned, plant & machinery, pharmaceuticals & electrical components. Small and medium sized businesses as well as corporate clients fall under the category of the customer base of this industry. The average number of customers ranges from a mere 10 to 20 at the lower end and above 800 at the upper end.

2.5 Human resources:

For the effective management of specific tasks such as the multimodal logistics planning, inland delivery, pricing, sea freight, documentation and the handling of some risky goods well trained manpower is required. It should be noted that roughly 24,000 full time employees account of the total labor force in the industry. Moreover, outsourcing enables an indirect employment from activities such as warehousing, packing, transportation handling at ports/container terminals as well as customs clearance. Nevertheless, there has been improvement in the talent pool in this industry since the development of the training institute by the PIFFA. In addition, universities and colleges have introduced supply chain and logistics as part of the curriculum. However, the industry still faces problems while hiring from the urban population since the pay and benefits are way below average compared to alternative employment – also, as of now the long term career growth prospects don't seem so favorable to them.



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3. INTRODUCTION OF SUPPLY CHAIN, TRUCKING AND WAREHOUSING

3.1 Supply Chain Management:

The strategic, tactical and operational levels in the supply chain management hold utmost importance in today's competitive environment. It is vital to maximize the value generated by the organization, satisfying customer demands and also to minimizing cost whilst maximizing profitability. The alignment of roles of purchasing, manufacturing and distribution need to be determined and fully understood by companies in order to be able to achieve competitive advantage and other business benefits.

Also, cost control plays an important part – thus more companies look forward towards logistics companies for outsourcing their business at the same time this frees their assets as well as human resources and logistics companies come up with their solutions – this gives rise to the prospect of growth in the logistics sector as this trend is also spreading in Pakistan.

3.2 Trucking:

Similarly Pakistan has been deficient in the road transport sector. This shortfall will need to be addressed and an enabling environment will need to be built whereby this sector can play its role in the national as well as in the regional economy.

According to the country's economists, inefficiencies involved in goods transportation eat up about 2% of the countries' GDP. With the present infrastructure, there is a deficiency of the supply of an efficient network to meet the demand for today and tomorrow. According to the National Highway Authority (NHA), the heavy truck fleet composition does not meet the demand of long haul traffic. As per international standards, articulated trucks (trailers) should be at least 50% of the truck fleet whereas in Pakistan, articulated trucks comprise only 12% of the fleet thus. It is imperative that the organized sector gets involved into this business to realize cost effective solutions and to enhance environmental effects (Green Supply Chain).

Pakistan is majorly dependent on road transportation – which marks a huge challenge due to its poor infrastructure and major dependence on costly trucks, which are mostly outdated and obsolete. The NTC – the national trade corridor is plagued by weak conditions, there is absence of a well maintained trucking industry location. It is of utmost importance to develop these areas, since Pakistan's logistics heavily rely on road transportation – export time needs to be reduced and product quality needs to be increased.



A typical Pakistani Truck – source: Internet

The National Trade Corridor (NTC) is a 1,760 km long highway crossing Pakistan from north to south regulated by the national highway authority. It's interesting to see that although its length accounts less than 1%, it serves about 80% of the total road network carrying 60% of the intercity traffic.

Challenges:

- Informal trucking sector/lack of trucking legislation
- Lack of refrigerated vehicles
- Perishable goods hence face lower price and shelf life
- Lack of quality service providers
- Lack of standard cargo



- Limited availability of cargo insurance
- Lack of training schools, mentors, vehicles & licensing facilities

It should be noted that currently agricultural goods, such as fruits and vegetables are transported from rural harvesting areas only on trucks, being the only way. The truck loads account for 206,404 million tons-km of goods per year, which is about 93% of the country's total.

Recommendations:

- Improvement of NTC - the national trade corridor
- Improvement of regulation of the Transport and Trade Sector
- Supporting incentives for the renewal off fleets in the Freight Transport Sector
- Truck Insurance Schemes Reshaping

Hence, there are ample opportunities for companies willing to operate modern truck fleets in this sector. Moreover, the international experiences of foreign companies could play a key role in introducing cost effective and efficient concepts. In addition, the international experiences of German companies can play a key role to introduce cost effective and efficient concepts like long body 50 ft. trailers and road trains.

3.3 Warehousing:

Similarly the warehousing sector has not developed because the ports were giving long free times to the trade i.e. in the past the cargo was carried on break bulk vessels and the discharging of such vessels would take several days, hence the free time allowed by the ports to the cargo was generous i.e. 10 days. Today the containerized vessels take no more than 18 or 20 hours to discharge and reload hence the free time allowed should be 2 or 3 days. The Government reduced it from a 10 days period to currently 5 days. The most important factor for companies is to be close to their end consumer markets and take advantage of efficient solutions. Modern warehousing structures are now

coming up in Pakistan to meet the requirement of efficient storage solutions and increasing throughput requirements.

3.4 Cold Chain Logistics:

The distribution of products that are temperature-sensitive is a huge challenge. Quality and freshness can only be assured if the goods are constantly kept under a temperature controlled environment. Pakistan presents the greatest opportunities for cold chain logistics and the report on Global Cold Chain Logistics 2012-13, has found that supply chains in the countries like Pakistan, India, China, Vietnam, etc. are extremely under developed, particularly those for refrigerated food stuffs.

30 to 35% of the dairy produce, fruits and vegetables are lost or spoiled because of poor storage, handling or transportation. Similarly the lack of cold storage or cool chain and temperature control warehousing is hampering the development of this sector. There is also lack of refrigerated vehicles, limiting the volume of temperature sensitive goods that can be transported throughout the country.

Cold Chain Logistics not only serves the agro based industries but is also a vital factor for dairy, pharmaceutical, FMCG, confectionery and food related industries. Freight Forwarding and Logistics players play a key role in this sector by offering integrated solutions for these cold chain products. More and more cold storage warehouses are coming up to meet international standards and provide cost effective solutions to the trade. However the gap is huge and opportunities abound.

3.5 Air Freight

Air freight - there is not reliance on air freight cargo in Pakistan, as there is more dependence on other transport means - hence air cargo is infrequently used.

About 139 airports are present in the country, out of which, six are international ones - namely in Karachi, Lahore, Islamabad, Peshawar, Quetta and Sialkot. PIA - Pakistan International Airline is the major national airline).



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4. ROLE OF PAKISTAN RAILWAYS IN LOGISTIC SYSTEM IN PAKISTAN:

4.1 Role:

Pakistan Railways plays a vital role by ensuring a safe economic environment friendly mode of commotion – moreover, a good performing rail transport infrastructure is important for a country's development as it also facilitates commerce and trade, promotes rural development and generates revenue for the economy. As far as Pakistan Railways is concerned it has improved in terms of punctuality, cleanliness and its service quality.

State run Pakistan Railways is the rail service provider in Pakistan supervised by the Ministry of Railways – comprising 8,163 km railway network, including a 293 km of electrified track.

Approximately 200 freight stations are operated by Pakistan Railways' freight business unit. However, as far as perishable goods are concerned – they are barely used by railway for transportation means.

Challenges:

- Road Transport dominance in Pakistan
- Traditional supply driven services
- Lack of competition in the sector
- Lack of modern management techniques
- Poor delivery time
- Lack of reliable tracking information system

Recommendations:

- Investment in railway, in order to reduce dependence on road transport
- Promotion of public private partnerships (many unserved areas present)
- Introduction of modern management techniques in Pakistan's' Railways' Freight Division
- Eradication of cross subsidizing practices amongst non-profitable and profitable freight routes
- Eradication of lines of commercial justification disappearance
- Openness for demands of potential and present customers, to get rid of the long outdated company supply driven services

4.2 Freight:

With about over 200 freight stations on the railway network the freight business unit of Pakistan operates, generating revenue from the movement of agriculture, industrial as well as imported products (e.g. petroleum, oil, lubricants – POL, wheat, fertilizers, coal, cement, sugar, rock phosphate).



Source: own

The freight business unit offers services to meet customer requirements and reduce cost through efficiency, innovation and modernization. All possible efforts are made to increase revenues and pass on the benefits to customers.

The freight rates structure is based on market trends, particularly of road transport, which is the railways' main competitor. The freight rates are no longer rigid but flexible, depending on the lead, season and quantum offered.

The modern and efficient freight train system is an urgent requirement of Pakistan as due to the introduction of consumer financing the number of private vehicles has increased manifold in recent past and due to improved standard of living the trend of traveling by car and using public road transport system (Daewoo and Blue Lines) that result in congestion on highways and that cannot be discouraged. Therefore, it is necessary for the Government to work on the improvement of freight train system to minimize transportation of goods from road but the main problem is competition of both government organizations competing each other i.e Pakistan Railways and National Logistic Cell (Department of Pakistan Army). According to available statistics from Pakistan International Freight Forwarders Association almost 95% of goods are transported by road and remaining are transported by trains.



5. INTRODUCTION OF INLAND WATER TRANSPORT AUTHORITY:

According to the chairman of the Planning Commission Task Force on Maritime Industry's recommendation establishing an inland water transport authority (IWTA) for the management of transportation on the country's canals/ivers which the government also approved, it is a vital step forward - hence, Pakistan has begun to look at ancient transportation system (the canals and rivers) in order to save money as well as to improve the flow of goods. Also Pakistan's roads are becoming more congested. Moreover the price of imported fuel getting way too high. It should be noted that no provision for water transportation had been made, although Pakistan's network - very extensive, of large and small canals were built in the 19th/20th centuries by the British irrigation purposes. The Government approved the pilot project after Chairman's presentation on the viability of maritime transportation. In 2009, President of Pakistan advised the Government to engage consultants to revamp the Karachi Port Trust, Karachi Shipyard and other areas by evolving strategies for using rivers and canals for transportation.

5.1 Conservation of fuel:

Ample jobs can be created in a new project, since the use of the inland waterways will reduce the fuel costs since freight rates will drop, whilst the burden on the roads would decrease and the waterways could easily manage the part of the growing load at fraction of the cost of the building of new roads - this means; every kilometer of a standard 24 ft. wide roads' cost roughly accounts Rs. 80-100 m (US 930,000 - US 1.17 m), whereas the commissioning of the 200 km of the Indus Pilot Project is less than Rs. 100 m. The maintenance of roads averages 1% of construction cost takes up billions of rupees yearly, however it would be a small cost for the waterways, which means one liter of fuel carrying a ton of cargo 20 km by the truck, nevertheless 180 km on water. Fuel savings are crucial and would earn carbon credits (which translate into cash) with the yearly oil import bills reaching US 12 billion (Rs. 1.03 trillion).

The draft legislation has been prepared and

after provinces, the law ministry and other stakeholders gave their consent, it has been put up for cabinet approval for final execution of project. While the provinces are being encouraged to start working on canal projects, river navigation falls under the Federation's purview under the 18th Constitutional Amendment, "Once IWTA legislation is promulgated, all inland navigation will come under one national authority".

The private sector, which will fund all shore equipment, terminals and cargo craft has conducted financial studies and has started acquiring river craft to carry cargo.

5.2 What kind of barges can pass?

A barge carrying 500 tons can operate in 5 feet of water, adding that many such barges tied together, towed by a single tug, can carry several thousand tones. A bigger barge carrying 1,500 tons needs only 7 feet of water, while 10 feet of water is sufficient for 3,000-tonne barges. Major cargo movement would be north/south, along the Peshawar/Karachi gradient, which is the same as the flow of the Indus River. "In the northern 200 km of the Indus, down to Kalabagh, waters are deep and bridges are high; however, a little work needs to be done on its navigable channel. To carry 1,500 tons on 200 km, 60 trucks would use 15,000 liters of fuel and three trains would use 4,200 liters, while one barge would use only 1,600 liters.

The second phase of the project would be Kacchi Canal:

- Running parallel to Indus along its West Bank
- 300 km with depths of 12 to 14 feet in the Punjab, 200 km in Balochistan
- Kacchi Canal length 500 km transferring irrigation water from river Indus to Balochistan
- About 300 km of the canal passing through Punjab lined for controlling erosion (with steady flow and no discharge)
- Once entering Balochistan its depth is 12 ft. becoming an irrigation canal
- Use for transport becomes less apt downstream since the removal of water



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from the irrigation. The canals depth drops until it is only a few feet deep by the time it's reached its end.

- Financial impact: every kilometer of a standard 24 foot wide road costs Rs. 80 to Rs. 100 million
- Cost of commissioning entire 200 km of the Indus pilot project was less than Rs. 100 million
- One liter of fuel = carries one ton of cargo 20 km by truck
- One liter of fuel = carries one ton of cargo 180 km on water

Keeping in view of the importance and feasibility of the project, it is necessary for commercial think tank to get the work expedited by making arrangement of investment in sector of IWTA that can result in various sectors i.e. reduce road traffic, reduce fuel cost, direct and on time delivery at destinations in upcountry etc.

The maritime transport in Pakistan accounts for about 91% as far as the countries' international trade is concerned.

The terminal handling costs as well as port costs, which are transferred into ultimate transport fees result in higher costs for the importers as well as exporters. This highlights the problem of Pakistan's inefficient regulation policies. Thus, there is high

potential for improvement in this sector in terms of creating jobs and for the facilitation of trade and investment.

The main ports in Pakistan include Karachi which is the busiest and largest port and handles roughly 60% of the countries' cargo managed by the KPT - Karachi Port Trust; the second busiest port is port Qasim, handling roughly 40% of the countries' cargo - this port enjoys many advantages due to its favorable location by just being 22 km away from the international airport, it's direct linkage to the railway network and by just being 15 km away from the national highway. Port Gwadar became operational in 2008 - located at the entrance of the Persian Gulf and about roughly 460 km west of Karachi; with its trade corridor to China and Central Asia providing short access routes to Europe and Middle East. In short, the port infrastructure is quite favorable. Improvement is needed in:

- Custom facilities
- Storage facilities
- Connection with other transport means with the Karachi Port
- Integration with international regulation

6. CURRENT ISSUES FACED BY THE INDUSTRY

6.1 Policy recommendations:

It should be noted that export targets are unlikely to be achieved with the absence of a solid freight forwarding industry. The Government needs to view this sector as part of the mainstream economy considering the fact of the end of preferential access to developed markets under the arising global trade environment. A solid regulatory structure and professionalism in the industry cannot be achieved with the absence of a logistic sector.

6.2 Transit Trade Procedures:

Pakistan enjoys a strategic geographic position for managing transit trade (landlocked Afghanistan and Central Asian countries). Nevertheless, the transit rules are troublesome thus resulting in delays. It should be noted that Pakistan in the region

is the only country not being a signatory to the TIR Convention - the most widely practiced globally transit cargo procedures agreement. Moreover, lately initiatives taken by industry members resulted in Pakistan Governments' decision to confirm the convention. This increases the possibilities of more business volumes for the international freight forwarding companies in coming years emerging from the increased transit trade flows - thus the rationalization of such rules is of immense importance.

6.3 Infrastructure constraints

The industry is negatively impacted by severe infrastructure constraints. Ports are notoriously inefficient. Exporters suffer losses via nonprofessional handling by dock labor and damage of less than container load (LCL)



cargoes, due to lack of covered storage facilities exposing merchandise to pilferage and weather hazards. These problems are aggravated by operations restricted to specified working hours, high wages for port labor and document processing by multiple government agencies.

There is an urgent need for establishing additional container freight stations (CFS) since the existing stations are operating at full capacity. In addition, major infrastructure developments are required for warehousing, trucking and cold chain sector.

6.4 Access to bank financing:

Due to the growing business volumes naturally the industry's needs for the working capital are rising. Overseas buyers will require the delivery of ordered merchandise on duty paid terms – due to the full implementation of WTO.

Pakistan's international freight forwarding industry is deprived of operating funds due to the conservative lending policies of commercial banks. The banks are only willing to lend a hand extending credit on fully secured terms and also only at high interest rates. The difficulty in acquiring working capital financing from commercial banks is not confined to the industry. Commercial banks are averse to lend a helping hand financing to the service sector in Pakistan solely working on the basis of cash flows. The decision of lending rests on business prerogative, more of an understanding of the business dynamics of the logistics sector and perhaps some credit rating would enable companies access bank financing in line with a prudential criteria established by the central bank.

7. CONCLUSION

There is wide scope and potential for improvement and investment in all these industries. Moreover, areas such as freight villages providing logistics related services do not exist. There is an utmost need for high quality warehousing, break bulk centers, truck parking and packing re-packing points – there are no such facilities in Pakistan.

Out of the many challenges it is crucial and of immense importance for Pakistan to work on its policies, introducing new policies to match up with international standards – also to improve the transit trade procedure as the current transit rules can be termed as cumbersome resulting in procedural delays. Also, the establishment of additional container freight stations hold great importance since they're working at their full

capacity. There's potential and utmost need for high quality development of the cold chain sector, warehousing and trucking. There is lack of refrigerated vehicles, which limits the volume of temperature sensitive goods to be transported throughout the country. For instance it holds great value for food related industries, dairy etc. and not only to agro based foods.

The logistics industry requires well trained manpower in order to manage the specialized tasks – often it is difficult to hire well educated trained workforce from the urban population, since the salaries are way below average. There is a lack of training institutes and guidance – which gives scope for investment.

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