

## National Trade and Transport Facilitation Committee as an Effective Mechanism for Implementing Trade Facilitation Measures in Pakistan

Pakistan began its national Trade and Transport Facilitation programme with the establishment of the National Trade and Transport Facilitation Committee (NTTFC) in August 2001. The NTTFC works in coordination with government ministries and public and private stakeholders in order to adopt trade and transport facilitation measures.

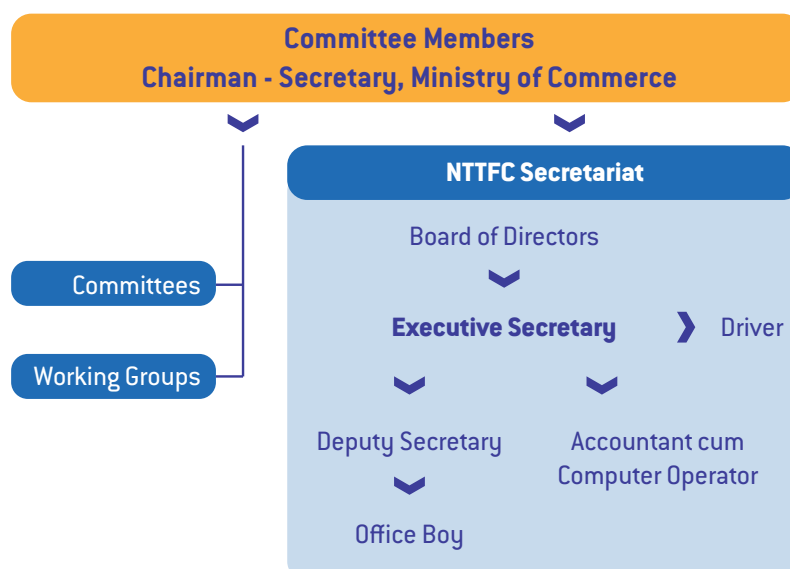
### The establishment of NTTFC

NTTFC was constituted under Resolution No. 1{8}/94-IT0/UNC-TAD of 23rd April 2001 and came into being on 1st August 2001. It was created to:

- > continuously review trade and transport procedures and systems in order to update, simplify and harmonize them;
- > coordinate the efforts of various organizations trying to facilitate international trade and transport;
- > collect and disseminate information on international trade and transport formalities, procedures and documentation;

- > simplify and align trade and transport documents on the basis of the United Nations Layout Key, including documents designed for use in electronic and other automated systems;
- > promote the adoption of standard trade and transport terminology and international codes for trade and transport information; and
- > promote training and research in international trade and transport and upgrade knowledge of practices used.

The Ministry of Commerce, with the technical assistance of UNCTAD, formed a Standing Committee of senior representatives from federal ministries for trade and transport, public sector organizations, chambers of commerce and industry, as well as trade associations. The Resolution has been amended a number of times to reflect new membership. Resolution No. 13{2}/2008-TTFP (NTTFC) dated 18 May 2010 is the latest one in force.





## NTTFC Organizational Structure

The central organ of the NTTFC is the Committee. This is accountable to the Ministry of Commerce. Committee members aim to meet quarterly to review issues related to the facilitation of international trade and transport and to make recommendations. However the average interval of meetings is about 6 months. The Committee is chaired by the Secretary of the Ministry of Commerce and has a consensus-based decision-making process. As of May 2010, the Committee has 38 members, with equal participation of both public and private sectors.

### NTTFC Members

| Public Organizations   | Private Associations  |
|--|---|
| 1. Ministry of Commerce                                      | 1. Multimodal Transport Operators (All Pakistan Shipping Association) |
| 2. Ministry of Communications                                | 2. Federation of Pakistan Chambers of Commerce & Industry (FPCCI)     |
| 3. Ministry of Ports & Shipping                              | 3. Insurance Association of Pakistan                                  |
| 4. Ministry of Finance                                       | 4. Dry Port Operators   |
| 5. Ministry of Planning & Development                        | 5. Pakistan International Freight Forwarders Association (PIFFA)      |
| 6. Ministry of Food, Agriculture and Livestock               | 6. Customs Clearance Agents Associations                              |
| 7. Ministry of Industries                                    | 7. Goods Carriage Associations  |
| 8. Central Board of Revenue                                  | 8. Pakistan Ships Agents Association                                  |
| 9. State Bank of Pakistan                                    | 9. Pakistan Bankers Association                                       |
| 10. Small and Medium Enterprise Development Authority        | 10. International Chamber of Commerce (ICC), Pakistan.                |
| 11. Pakistan Shippers' Council of FPCCI                      | 11. Karachi International Container Terminal (KICT)                   |
| 12. Karachi Port Trust                                       | 12. Qasim International Container Terminal (QICT)                     |
| 13. Port Qasim Authority                                     | 13. Pakistan International Container Terminal (PICT)                  |
| 14. PNSC/National Ship Owners                                | 14. Karachi Chamber of Commerce & Industry                            |
| 15. Pakistan Railways  | 15. Lahore Chamber of Commerce and Industry                           |
| 16. Trade Development Authority of Pakistan                  | 16. Faisalabad Chamber of Commerce and Industry                       |
| 17. Pakistan Horticulture Development & Export Board (PHDEB) | 17. Sialkot Chamber of Commerce and Industry                          |
| 18. Civil Aviation Authority                                 | 18. Sarhad Chamber of Commerce and Industry                           |
| 19. Pakistan International Airlines                          | 19. Chamber of Commerce and Industry, Quetta                          |

The NTTFC secretariat supports the Committee in all its functions. It is supervised by a Board of Directors who meet twice a year to provide vision, approve the work plan, including the budget, and review the performance of the NTTFC.

With the assistance of the NTTFC Secretariat, the Committee establishes working groups on an ad-hoc basis and for specific subjects of interest falling within the NTTFC's terms of reference. Examples of the working groups that have operated in the past include Documents and Standards, Legal, Banking and Logistics Security. The working groups, whose members have technical expertise in trade and transport facilitation related areas, meet as required.

### NTTFC's Funding Arrangements

The operation of the Committee was originally funded in part by the World Bank (through its financial support of the Trade and Transport Facilitation Project) and in part by private sector contributions through the Pakistan Shippers' Council of the Federation of Pakistan Chambers of Commerce and Industry (PSC of FPCCI). Major items of the agreed budget include staff salaries, rental of premises, travel, maintenance and meeting arrangements.

#### Funding for NTTFC Secretariat\*

| Year | World Bank | PSC of FPCCI |
|------|------------|--------------|
| 1    | 100%       |              |
| 2    | 80%        | 20%          |
| 3    | 45%        | 55%          |

\*Starting in 2001

From the third year, the operation of NTTFC has been financially supported by the Ministry of Commerce through the Export Development Fund (EDF), i.e., the fund generated through a levy on Pakistan exports. This financial support was granted because the Board of Administration in charge of managing the EDF recognized the importance of international trade facilitation. As the Secretary of the Ministry of Commerce stated at the 6th meeting of the NTTFC in 2004, trade facilitation has remained an important item of negotiations during the WTO meetings. Therefore a continuous effort is required to resolve these issues expeditiously. The Board of Administration in charge of managing the EDF is chaired by the Minister of Com-



merce. It has a large private sector representation with a strong say in the utilization of the EDF.

NTTFC members from the private sector bear the cost of attending the NTTFC meetings and do not receive any remuneration for their time and efforts.

### NTTFC's Responsibilities

NTTFC is responsible for developing recommendations on measures to be taken to improve trade and transport facilitation in Pakistan. To formulate the recommendations, the NTTFC Secretariat organizes meetings with stakeholders to discuss all possible measures related to the facilitation of international trade and transport. Stakeholders may include a particular ad-hoc working group and relevant NTTFC members.

- ▶ Prior to the meetings, the NTTFC Secretariat prepares information relevant to the discussions.
- ▶ During the meetings, the NTTFC Secretariat records proceedings of the meetings and thus recommendations.
- ▶ At NTTFC meetings, the NTTFC Secretariat presents the outcome of the meetings with stakeholders including the recommendations to NTTFC.

NTTFC can endorse the recommendations. It can coordinate the efforts of its members and other organizations concerned in implementing the recommendations. However, it does not have the authority to implement its own recommendations nor force relevant ministries or government agencies to implement these recommendations. According to the Rules of Business of the Government of Pakistan, it is the responsibility of the relevant ministries or government agencies to decide whether to implement NTTFC recommendations and to take necessary actions once they decide to do so.

### Impact of NTTFC on Trade and Transport Facilitation

NTTFC acts as an intermediary between local stakeholders and international organizations that promote trade and transport facilitation. By maintaining close links with these international organizations, it has sound knowledge of relevant instruments, recommendations and standards. It is thus capable of providing technical assistance to ministries or government agencies

when needed. Arranging seminars in several Pakistani cities to familiarize stakeholders with the International Chamber of Commerce's Uniform Customs and Practice for Documentary Credits (UCP500 and the electronic supplement eUCP500) as well as International Standard Banking Practices (ISBP) is an example of NTTFC's work in streamlining financial and banking provisions relating to foreign trade transactions.

In addition to facilitating the development of recommendations and arranging technical assistance, the NTTFC Secretariat has also carried out technical work on its own. Examples are:

- ▶ preparation of a National Trade Facilitation Strategy;
- ▶ study to Analyse Shipping Line Charges;
- ▶ study on Creation/Improvement of Cargo Handling Facilities at airports in Pakistan;
- ▶ preparation of first draft of Afghanistan/Pakistan Transit Trade Agreement;
- ▶ preparation of first draft of the Agreement between the Government of Pakistan and the Government of Turkmenistan on Transit Traffic;
- ▶ preparation of first draft of the Agreement between the Government of Pakistan and the Government of Tajikistan on Transit Traffic;
- ▶ preparation of draft Logistics Service Providers Regulatory Authority Bill;
- ▶ updating location codes UNLOCODE of Pakistan in consultation with all stakeholders and getting these displayed by UNECE on its website;
- ▶ preparation of Phytosanitary Certificates, Certificates of Origin and Commercial Invoices according to the United Nations Layout Key (UNLK); and
- ▶ maintenance of the Pakistan Trade Information online portal (<http://www.tradeinfo.pk>).

### Lessons Learned

The success and sustainability of NTTFC depends heavily on political will and commitment at the highest level. Essential requirements are support from the top, full commitment and



participation from lead agencies and key stakeholders, and availability of financial resources required to run the NTTFC. In addition to ensuring that all members understand their roles when carrying out the Trade and Transport Facilitation Project and dealing with a relatively high turnover of officials representing its various member organizations, the greatest challenge that NTTFC faces is to balance the participation of

decision makers in the Committee with the participation of technical specialists in the working groups. While the participation of decision makers provides the political commitment that drives trade and transport facilitation work forward, an adequate professional contribution of technical specialists in the working groups enables the follow-up on decisions and recommendations made by the Committee over a long period of time.

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