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# **1<sup>st</sup> Multimodal Logistics Conference**

**“Port Corridors – Imperative For The Success Of Our Economy”**

Presented By

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**10<sup>th</sup> March, 2022**  
**Hotel Serena, Islamabad.**

## **Strategic Location of Pakistan**

- Pakistan is fortunate to have great Port Corridors which are indeed instrumental in our foreign trade.
- Pakistan is placed in a strategic location providing access to sea for Central Asian States and Western Region of China which is fast developing
- Iran and Turkey provide access to Europe through road and rail land routes
- Central Asian States provide an emerging market with land route to Russia. Pakistan provides the closest deep water ports for these countries.
- Yet it is poorly integrated with the region
- Regional trade which is negligible presently has great potential.

## **Objectives of Regional Integration**

- To facilitate movement of people and cargo
- To increase regional trade
- Promote country's economic development
- Create regional peace and harmony
- Achieve prosperity of people

## Requirements For Regional Integration

- Infrastructure development and Road & Rail connectivity from Pakistan Ports.
- Regulatory framework
- Trade facilitation measures
- Trade promotion measures
- Human resource development

## Infrastructure Requirements

- Deep water sea ports with modern terminals for all types of cargo
- Airports with adequate passenger and cargo handling facilities to international standards
- Modern integrated land border crossing terminals
- Modern dry ports at all industrial hubs
- National highways and motorways linking sea ports, airports, land border crossings and dry ports with production and consumption centers
- Railway connectivity being cheapest form of land based transport other than sea

## Trade and Transport Related Legislation

- The legislation of Pakistan relating to carriage of goods by various modes of transport dates back to the times of British India and much of it has become outdated.
- Enact Carriage of Goods by Road Bill which is as old as 1865.
- Enact Carriage of Goods by Sea Bill which is as old as 1925
- Enact Sea Carriage Shipping Documents.
- Enact Marine Insurance Bill.
- Enact Logistics Service Providers Development and Regulatory Authority Bill.
- Enact e-Commerce legislation.
- Enact international trade arbitration legislation.
- Since most of the Carriage of Goods Act are outdated, the liability regime is not properly defined and this is one of the great impediments to facilitate the trade. National Trade & Transport Facilitation Committee (NTTFC) which was established in August 2001 made great efforts in updating all the Acts and submitted to the relevant Ministries but unfortunately it has not yet been adopted.

## PORT QASIM (PQ)

Since my topic is related to the Port Corridors, I would like to emphasize more on the great achievements made by our respective Ports and the Private Terminals in the Ports and will also touch upon the areas which need absolute attention of the concerned authorities not only to sustain our International trade volume but also to improve the same.

I am starting with Port Qasim although it is the second largest port in Pakistan, their policy of landlord concept have changed the entire notion of Marine Trade.

As we all know the Port Qasim was established through an act of parliament on 29<sup>th</sup> June 1973. The Port started operation in 1980 with a dedicated Iron Ore Coal Berth for the bulk handling of imports of raw material for Pakistan Steel Mill. Port Qasim being the first Industrial Port of Pakistan spreads over 15474 acres. It has more than 400 Industrial / commercial units in operation.

The port presently has 18 berths (15 in private sector) with annual handling capacity of 89 millions tons. All commodities ranging from minerals oils, edible oil, coal, rice, wheat, cement to fertilizers, general cargo, containers and LNG are being handled in the port at state-of-the-art terminals. It is the energy hub and only LNG Port of Pakistan.

Let me now highlight that due to the very prudent policy of landlord concept, huge local and foreign investments were attracted at Port Qasim in the Marine Sector which is reflected in the following Table.

## TERMINALS / BERTHS AT PORT QASIM

Name of Berth/Terminal	Commodity	Basis	No. of Ships Handled (2021)	Volume Handled (000 Tonnes) July 2020 - June 2021)
Marginal Wharfs (MW 1 & 2)	General Bulk Cargo		162	2702
Iron Ore & Coal Berth (IOCB)	Coal, Coke & Iron Ore		-	-
Qasim International Container Terminal (QICT)	Containers	BOT	576 1258 (TEUs)	16405
Fauji Oil Terminal & Distribution Co. (FOTCO)	Petroleum	BOO	142	6949
Engro VoPak Terminal Ltd. (EVTL)	Chemicals	BOT	168	1259
Engro Elengy Terminal Ltd. (EETL)	LNG	BOT	71	4428
FWQ - Liquid Cargo Terminal (LCT)	Edible Oils	BOT	151	3034
Fauji Akbar Portia Marine Terminal (FAP)	Oilseeds, Wheat, Rice	BOT	49	3098
Pakistan International Bulk Terminal (PIBT)	Coal, Clinker & Cement	BOT	174	10046
Pak Gas Port Consortium Ltd. (PGPCL)	LNG	BOT	58	3741
Sui Southern Gas Co. Ltd. (SSGC)	LPG	BOT	47	183
Port Qasim Electric Power Co. (P) Ltd. (PQEPT)	Self use Coal for Power Plant	BOO	68	3501
Huaneng Fuyun Port & Shipping (P) Ltd. (HFP&S) (Previously MW 3 & 4)	Self use Coal for Sahiwal Power Plant	BOT	58	2418

From the above Table, the respected audience can see how much volume Private Sector have brought to Port Qasim. This is indeed a very successful story of the policy of landlord concept introduced by the Ministry of Maritime and Port Qasim Authority. All these Private Terminals are providing world class infrastructural facilities to handle their respective products which has not only added value to Port Qasim but have also facilitate the trade.

We believe that there is tremendous potential at Port Qasim to improve the above volume if certain remedial measures are taken by the concerned authorities as under:

- It has now become imperative to carry out dredging, deepening and widening of the main PQA Channel to facilitate the trade for deeper draught vessels and to meet the competitive challenges. With the improvement in the channel draught, deep draught vessels will be able to call Port Qasim which will not only reduce the congestion in the port but will also save huge amount of foreign exchange paid on account of freight. This will in return reduce the cost burden on the common man in these hard economic times.
- The need for finally developing an alternate LNG channel is further underlined before further LNG terminals are developed in the harbor so as not to negatively impact the smooth berthing and sailing of vessels in the already congested PQA channel that primarily only permits day time navigation for large vessels and is a tidal port.



- Since Marine Traffic is increasing at Port Qasim, it is imperative to have continuous night navigation not only to save the cost but also to facilitate the Marine Trade. It is an admitted fact that facilitation always pave the way for more investment and increase in trade.
- Timely dredging of PQA channel and berthing basins of all terminals is imperative; hence, Port Authorities need to have an appropriate dredger which can be readily available whenever the dredging requirement exists.
- Maritime Traffic will further improve at Port Qasim if PQA Channel is dredged which will allow bigger vessels to enter Port Qasim. Deep draught on berth is imperative now a days not only to save the freight but also to maintain the supply chain. Just to give an example of the following regional ports which have deep draught berths which generates huge volumes:

PORTS	DRAUGHTS
JEDDAH	18m
MUNDRA	17.5m
JEBEL ALI	17.5m
SAPT	16.5m
DJIBOUTI	16.1m
NHAVASHEVA	15m
PORT QASIM	13m

- Expansion of terminals and additional private sector Foreign Direct Investment (FDI) in the port is being held up and we need to address the bottle necks facing investment.
- Railway connectivity is imperative.
- Port needs to make investment in improving the port services which will not only improve efficiency but will also generate additional revenue for the ports.

We are very much confident that with the above facilities the marine trade will not only multiply at Port Qasim but will also bring additional Foreign Direct Investment (FDI). Similarly, all these facilities will further add value to Port Qasim which is the first Industrial Port of Pakistan.

## **KARACHI PORT (KPT)**

Karachi Port is the first and largest Port of Pakistan and has been a great corridor serving the International Trade.

Karachi port provides 24/7 safe navigation to the port traffic includes tankers, modern container vessels, bulk carriers and general cargo ships up to 75,000 DWT. The port has 30 dry cargo and 3 liquid cargo handling berths.

The port also has three container terminals named as Karachi International Container Terminal (KICT), Pakistan International Container Terminal (PICT) and South Asia Pakistan Terminals Limited (SAPT). All these three terminals are operated by the private sector on BOT basis. Karachi Port has provided great corridor for these three terminals and the addition of SAPT is indeed a great asset of Pakistan. The performance of these three terminals are indeed exceptional.

Keeping in view the pace of economic growth and quantum of foreign trade, I believe Karachi Port also needs to adopt the policy of landlord concept. We have following suggestions which will not only enhance the trade but will also facilitate the marine trade in Pakistan.

- At Oil Piers, priority is being given to Petroleum tankers which is depriving the private sector to bring non-petroleum tankers at Karachi Port since the waiting time is too long and there is huge uncertainty in berthing.
- Appropriate Storage Space need to be created at Deep Draught berths to store Grains / Oilseeds / Rice and other products as time being there is no storage space available.
- Terminals in the private sector need to be encouraged on BOT basis so that efficiency can be improved for discharging and loading.
- Better coordination is needed between Karachi Port Trust and Port Qasim Authority to meet the dredging requirements of the ports and the terminals.

All Ports are National assets belonging to the Government and should better coordinate and pool resources in order to facilitate handling of vessels.

## **GWADAR PORT**

- Gwadar deep sea port is the second great monument of Pakistan -China friendship after the Karakoram Highway linking Pakistan and China.
- Gwadar port has the potential to become gateway port for Pakistan and the region. Gwadar Port is to Complement Karachi Port and Port Qasim in order to stimulate economic growth of Pakistan and in particular Balochistan utilizing the available resources of the country and also providing an outlet for land locked Central Asian Countries western China and Afghanistan through transit trade and offering transshipment facilities .
- Keeping in view the heavy marine traffic at Karachi Port and Port Qasim, it is imperative that necessary infrastructure is promptly developed at Gwadar Port. While under CPEC lot of activities are going on to develop Gwadar Port, we believe that this port also needs to develop the policy of landlord concept and award Terminals on BOT. In last two years, Pakistan had to import Wheat and Sugar which was indeed an exceptional import items. Such heavy imports of Wheat and Sugar further congested Karachi Port and Port Qasim and Government intervened to give priority to these vessels. Had proper infrastructure was developed at Gwadar, Wheat / Sugar vessel would have gone there.

- To encourage private sector to invest in Gwadar Port, it is imperative that the concern Pakistan and Chinese authorities facilitate the investors by not only offering land at competitive prices but also provide all other related infrastructure.
- Gwadar can be developed as the Hub for the regional trade through Pakistan. For this the most critical element is development of Road and Rail infrastructure connecting Gwadar to regional trade partners such as Afghanistan, China and Central Asian States.

## NATIONAL TRADE AND TRANSPORT FACILITATION COMMITTEE (NTTFC)

Pakistan began its national Trade and Transport Facilitation program with the establishment of the National Trade and Transport Facilitation Committee (NTTFC) in August 2001. The NTTFC worked in coordination with Government ministries and public and private stakeholders in order to adopt trade and transport facilitation measure. The Committee 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 documentations.
- 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.
- Promote training and research in international trade and transport and upgrade knowledge of practices used.

## **ACCOMPLISHMENTS**

The Committee had equal participation of both public and private sectors. The operation of the Committee was originally funded in part by the World Bank and in part by private sector contribution through the Pakistan Shipper's Council of the Federation of Pakistan Chambers of Commerce & Industry (PSC of FPCCI)

### **Introduction of UNLK based document**

- **Goods Declaration form was introduced as Single Administrative Document in December 2002**
- **It can be submitted electronically through internet**
- **Customs officials and agents trained in use of electronic document**
- **It has been adopted in all Customs stations in Pakistan under WeBOC and will lead to development of National Single Window**
- **Certificate of Origin issued by authorized Chambers of Commerce and Industry**
- **Phytosanitary Certificate issued by Department of Plant Protection**
- **Health Certificate issued by Animal Quarantine Department**
- **Commercial Invoice for exporters**



## **CLOSURE OF NTTFC**

Unfortunately NTTFC was closed BY Ministry of Commerce in 2017 due to following reasons:

- ❖ Arrangements for funding the operating expenditure could not be made after withdrawal of EDF support.
- ❖ Indifference of Ministry of Commerce (MoC) towards making the necessary arrangements.

**Private Sector kept insisting on making provision through the national budget or EDF but it was not done.**

The closure of NTTFC was indeed a very inappropriate decision as this standing committee had worked very hard for more than 15 years. This was the only standing committee having public / private sector representations and was instrumental in facilitating the trade.

Efforts are now being made once again to revive this committee and we remain very much confident that concerned authorities will take an appropriate decision in this respect very soon.

“The journey of a  
thousand miles starts  
with a single step.”

- Chinese Proverbs



**THANK YOU**