

Multi-year Expert Meeting  
on Transport, Trade Logistics and Trade  
Facilitation:

**Sustainable Freight Transport Systems:  
Opportunities for Developing Countries**

14-16 October 2015

**NATIONAL EXPERIENCE – PAKISTAN**

by

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**Country Statement on Sustainable Transport**

Multi Year Expert Meeting (14-16<sup>th</sup> October 2015 at Geneva)

**Honourable Chairman,  
Distinguished delegates,  
Ladies and Gentlemen,**

It is a matter of great honour and privilege for me to be part of FOURTH SESSION OF THE MULTIYEAR EXPERT MEETING ON TRANSPORT, TRADE LOGISTICS AND TRADE FACILITATION which will not only take into account the current policy development processes but will also identify the main issues and challenges associated with the effective implementation of sustainable freight transport systems as well as highlight potential opportunities available for developing countries. Government of Pakistan is indeed grateful to UNCTAD for providing us opportunity to share our initiatives, our vision and strategy adopted for achieving the goals of sustainable freight transport systems.

Pakistan highly appreciates the work done by UNCTAD in assisting the developing countries with initiatives to achieve a shift towards greater sustainability and resilience in freight transport and trade facilitation. Government of Pakistan fully supports the objectives of UNCTAD which are mainly aimed at achieving the goals of environmentally friendly and sustainable freight transportation system.

**Excellencies,** Improving the trade and logistics competitiveness is a key concern of the Government of Pakistan as the quality, cost and efficiency of freight transport are becoming increasingly important to attract investment, exploit the potential of regional supply hub and to save high wastages on account of cross-sectional deficiencies.

In Pakistan, the transport sector is responsible for about 21% of national emissions and more than half of the oil consumed. Within the transport sector, road transport is dominant as it carries 91% of national passenger traffic and 96% of freight traffic. As the population and economy have grown, the size and number of vehicles have drastically increased from 2.7 million in 1990 to 5.5 million in 2005 (an increase of over 100%) and 9.8 million currently. The absence of good public transportation system and the deteriorating condition of the railway system in Pakistan has led to a dramatic shift of people and cargo towards road transport.

## **Barriers/Challenges: Technologies & Logistics**

- Overloading
  - Asia: 52% of trucks 45% over payload weight limit
  - Pakistan: 70% of 2-3 axle and 40% of 4-6 axle trucks overloaded

## **Barriers and challenges in adopting cleaner technologies**

- Limited applicability and availability of certain technologies (e.g. aerodynamics on slow highways)
- Fragmented technology suppliers network makes access to technologies difficult for carriers
- Limited policies for trucks and introduced much later than for light-duty vehicles
  - Emission reduction technologies (e.g. Diesel particulate filters) will only work if legislated
- Limited verification/certification systems for technologies

## **Barriers and challenges in adopting better logistics and operations**

- Freight rarely included in design and planning of urban transport systems & policy development
- Shippers seem to have a less direct relationships with carriers
- Long-haul trucks often travel large parts of trips in urban areas causing congestion
- Limited knowledge and experience with logistics solutions (e.g. drop and hook; standard container sizes)
- Small shipments with less than full containers & empty returns
- Different transport modes covered by different government agencies, making intermodal transport and shift to other freight modes more difficult
- Highly fragmented with a majority owner-driver trucks
  - Most companies have 1-2 trucks, and only 10% of companies have more than 15 trucks
- Old trucks and poor maintenance practices

## **Barriers: Knowledge & Capacity**

- Lack of knowledge on green freight especially small trucking companies / driver-owners
- No training program available for all truck drivers particularly at large trucking companies
- Lack of an agreed methodologies for fuel and emission measurement
- Limited public information available on freight sector
- Limited recognition for good practice in freight sector (e.g. Award)

## **Barriers: Financing**

- Transport infrastructure gap and investment needs resulting in access and connectivity issues – poor transport infrastructure
- Limited tax policies for truck sector relevant to energy and emissions management
- Investment costs are too high for many companies, even if potential savings are high and payback periods short
- Truck sector not considered most reliable sector for lending (especially small companies and individual truck driver-owners)
- Banks currently start providing loans for new trucks but not for in-use fleet
- ESCOs (energy service companies) established for industry but no experience with trucking fleets

To address the transport and the related problems in the country, Government of Pakistan in collaboration of UNDP is implementing Pakistan Sustainable Transport (PAKSTRAN) with the global objective to provide technical assistance to reduce the growth of energy consumption & related greenhouse gas (GHG) emissions from transport sector in Pakistan, while simultaneously improving urban environmental conditions (i.e. improved air quality, urban mobility, equity, city aesthetics); and improving fuel efficiency in freight transport of Pakistan as well as its trade competitiveness.

The expected outcomes of this Project are:

- **Outcome 1:** An operational sustainable urban transport system in Punjab province;
- **Outcome 2:** An operational sustainable urban transport system in Sindh province;
- **Outcome 3:** Improved fuel efficiency in truck freight transport; &
- **Outcome 4:** Increased public awareness and institutional capacity on sustainable transport concepts.

## **Initiatives of Pakistan for Sustainable Freight Transport**

- **Formulation of National Transport Policy:** It mainly covers Road, Rail, Air/Civil Aviation, Maritime Transportation, Water Transport on Rivers and Canals, Transport Logistics and Customs, Urban Transport and Inter Modal Transfer and its broad objectives are to: Provide safe, reliable, effective, efficient, affordable, accessible, sustainable and fully integrated transport system that will best meet the needs of freight & passenger access and mobility requirements while being environmentally and economically sustainable and energy efficient.
- **Enforcement of National Highways Safety Ordinance (NHSO)** to control over loading and regulating the traffic on Highways & Motorways Network
- **Formulation of National Trade Facilitation Strategy** has been evolved/updated based on the international developments and the situation in Pakistan. The measures that need to be adopted have been identified. An Action Plan indicating the targets for executing various strategy objectives has been set-forth and followed up.

- **Implementation of Trucking Policy** to reform and promote an integrated and sustainable modernization of trucking sector for improving the trade and logistics efficiencies and reducing the cost to the economy through efficient management of the Road Freight Sector.
- **Integrated Transit Trade Management System (ITTMS):** Present Government has launched Integrated Transit Trade Management System (ITTMS) with Federal Ministers of Finance, Communications, Commerce & Foreign Affairs as its Members to facilitate the transit trade thereby improving the facilities at Torkham, Chaman, Wagah and Taftan borders. This integrated approach will reduce the cost of doing business in Pakistan and bring the trade and transport logistics chain and services to international standards
- **Establishment of Land Port Authority:** To facilitate and efficiently handle the inland and international transport, Land Port Authority comprising all concerned stakeholders is being established. It will improve trade logistics, freight transport services and regional connectivity.
- **Introduction of Different Transport Bills:** To modernize legislation of Pakistan relating to carriage of goods/freight transport, following Bills/Policies have been introduced:
  - Carriage by Air Bill, 2011
  - Carriage of Goods by Road Bill, 2014
  - Carriage of Goods by Sea Bill, 2012
  - Sea Carriage Shipping Documents Bill, 2012
  - Marine Insurance Bill, 2012
- **Vehicle Standards have been developed**
- **In order to mitigate the congestion and pollution (fuel emissions) in major cities;**
  - Bus Rapid Transit System has been launched in major cities of Lahore and Islamabad and have been put to operation. Project of BRTS in Multan city has also been commenced and will be made operational in one year.
  - Karachi Green Line BRTS project (total: 17.8 Kms, 3.45 Kms is elevated and 14.35 kms at grade), being funded by the Government, is one of the nine (9) Mass Transit Corridors. Amongst the others, Orange Line, the yellow lines are also being actively pursued by the Government of Sindh. The Blue Line is Public – Private partnership project and is in advanced stages of Planning and Design.
  - Orange line Metro Train has also been taken up in Lahore city and is planned to be completed in two years time.

Taking into consideration the UN General Assembly Resolution on “Role of transport and transit corridors in ensuring international cooperation, stability and sustainable development”, Our government has embarked upon various infrastructure development programs to enhance the regional connectivity, improve efficiency of transport and trade logistics sector. Our vision is to provide safe, reliable, affordable and modern means of transportation which effectively supports the economy and act as a catalyst for the socio-economic growth. National Highways & Motorways Network link Pakistan with all neighbouring countries through Chaman, Torkham, Taftan, Wagah and Khunjrab borders.

Pakistan in collaboration with China is endeavoring to develop Economic Corridor (CPEC) program with massive investment of US\$ 46 billion to provide seamless connectivity to Ports at Gwadar and Karachi thereby also developing special economic zones. Pakistan participated in phases-I & II of Euro Asian Transport Links Project. Pakistan's Transport Corridors (Rail & Road both) have been integrated with Euro-Asian Transport Links (EATL), Asian Highways & Rail Networks under UNESCAP and CAREC International Transport Corridors thus providing efficient connectivity with Pakistan's deep sea ports at Karachi and Gwadar. Our Government is also focusing to create a commercial and accountable environment in Pakistan Railways and increase private sector participation in operation of rail services. Land locked Central Asian States can benefit from the Pakistan's Transport Corridors for transportation of their goods through Karachi and Gwadar Ports.

**Honourable Delegates,** Pakistan has a fairly developed roads, rail, air and ports infrastructure. Pakistan has 260,000 kms of all weather road network, 8000 km of rail network, 3 well developed multimodal ports and 36 operational Airports. Road is the most preferred mode of transportation and share more than 91% of the country's passenger and freight traffic. There are 12,131 km federally administered National Highways / Motorways. The promotion of inter-regional cooperation is in line with the strategy evolved for developing Euro-Asian Transport Links by United Nations Economic Commission for Europe (UN-ECE) and UN-ESCAP.

We also firmly believe that besides developing efficient Transport Corridors, Legal & Regulatory Framework for movement of goods and passengers in the shape of Transport Agreements is also of paramount importance to achieve the goals of regional integration. To facilitate movement of people and goods, Government of Pakistan has entered into many Bilateral as well as Multilateral Transport Agreements with different countries. Pakistan is signatory to Asian Highways Network and Asian Railways Network Agreements under the aegis of UNESCAP.

For free and smooth flow of transit traffic, Pakistan realizes the importance of the International Transport & Trade Conventions. Pakistan has already acceded to International UN Conventions on Road Traffic 1968 and on Road Signs & Signals of 1968. Pakistan's accession to International COTIF Convention covering rail traffic and Customs Convention on International Transport of Goods under the Cover of TIR Convention 1975 are landmark achievements. To facilitate the movement of transit traffic under TIR Convention, our Government is actively engaged in required preparatory arrangements for its successful implementation. For accession to other important International Conventions such as Customs Convention on Temporary Importation of Commercial Road Vehicles (1956), Customs Convention on Containers (1972) and International Convention on the Harmonization of Frontier Control of Goods (1982), a Working Group comprising representatives of various concerned Ministries/ Departments has been constituted by Government of Pakistan to study the legal implications, adoptability in terms of Pakistan's existing procedures/rules and recommend appropriate measures for accession by Pakistan to these Conventions.

## **Recommendations for Way Forward towards Sustainable Freight Transport**

- All developing countries need to work towards reducing their heavy reliance on oil and minimize the negative environmental impacts
- Sustainability and resilience criteria need to be integrated into Transport Development Plans
- Governments to take active leading role in ensuring a shift to financing sustainable and efficient freight transport infrastructure and services.
- Owing to limited availability of public sector funds, execution of transport infrastructure projects on Public Private Partnerships (PPP) basis need to accorded priority by Governments for which proper Regulatory Framework with incentives for the Private Investors is needed to be framed to attract investment.
- To promote trade and transport facilitation, Governments of particularly developing countries to consider accession to International Trade and Transport Conventions so as their procedures are harmonized with international practices,
- Three Strategies /approaches need to be opted;
  - **Avoid**: reduce the need to travel or the travel
    - Promotion of local production and consumption
    - Co-location of facilities within supply chain and with ports
    - Improved logistics
    - Load management
  - Example: HCMC (Vietnam): 60% of all food sourced from within city boundaries
  - **Shift**: more energy-efficient modes
    - Optimization of railways and inland waterways where possible
    - Different vehicle types that better match the loads
  - Example: DHL improved carbon efficiency by 19% in 2009. Strategies included replacing 60 four-wheelers with 75 motorbikes
  - **Improve**:Infrastructure, energy efficient modes, logistics, operations, technologies
    - Fuel economy standards
    - Stricter implementation of anti-overloading laws
    - Technological tools, such radio frequency identification tags (RFID), global positioning systems (GPS) and vehicle routing software
  - Example: fuel economy improvement in the ASEAN region from 2015 to 2035 will reduce 26% of CO2 emissions from light and heavy duty vehicles

Before concluding **Ladies & Gentlemen**, I am confident that this Expert Group Meeting will come up with positive decisions and pragmatic recommendations which would go a long way in achieving the goals of sustainable freight transportation system.

**Distinguished delegates,** In the end, I would like to convey my sincerest thanks and best wishes to the United Nations Conference on Trade and Development (UNCTAD) for putting up strenuous efforts to make this Forum a real success.

**Thank you and God bless you all**

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