

Islamabad, the 8th November, 2024

Meeting Notice

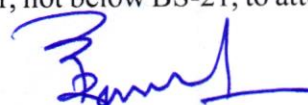
Subject: **3rd Meeting of the Inter-Ministerial Working Group on Transshipment Policy of Pakistan**

In pursuance of the meeting of the Messrs Maersk-APM Terminals with the Honorable Prime Minister on 25-05-2024, the Ministry of Commerce notified an Inter-Ministerial Working Group Minister for Commerce in chair on Transshipment regime of Pakistan.

2. In this regard, first meeting of the Working Group was held on 03-06-2024 under the Chairpersonship of the Minister for Commerce. Minutes of the 1st meeting are at **Annex-I**. Second meeting of the Working Group was held on 26-09-2024 under the Chair of Commerce Minister. Minutes of the meeting along with an updated Action Matrix are at **Annex-II**.

3. Above in view, it is communicated that 3rd meeting of the Interministerial Working Group on Transshipment Policy of Pakistan under the Chairpersonship of Commerce Minister is scheduled on **Thursday, 14th November, 2024** at **1100 hrs** in Committee Room, 4th Floor, A-Block, Ministry of Commerce, Pak. Secretariat, Islamabad. Agenda of the meeting is to take stock of progress of the decisions of the second meeting of the Working Group contained in the Action Matrix (**Annex-II**).

4. Above in view, it requested that Members of the notified Working Group may kindly make it convenient to participate in the meeting or nominate a relevant officer, not below BS-21, to attend the meeting.



(Yousaf Rasool)
Section Officer (WTO-I)

Distribution: -

1. **The Secretary**, Ministry of Communication, Islamabad.
2. **The Secretary**, Ministry of Maritime Affairs, Islamabad.
3. **The Secretary**, Ministry of Railways, Islamabad.
4. **The Secretary**, Ministry of Planning, Development & Special Initiatives, Islamabad.
5. **The Secretary**, Ministry of Industries & Production, Islamabad.
6. **The Chairman**, Federal Board of Revenue, Islamabad.
7. **The Chairman**, Gwadar Port Authority, Gwadar.

Copy to:

- i. Director to the Minister for Commerce, Ministry of Commerce, Islamabad.
- ii. Staff Officer to the Secretary Commerce, Ministry of Commerce, Islamabad.
- iii. APS to the Additional Secretary (Trade Diplomacy), Ministry of Commerce, Islamabad.
- iv. APS to the Director General (Trade Policy), Ministry of Commerce, Islamabad
- v. Director General, Directorate General of Transit Trade, Karachi. (Director Transit Trade, Directorate General of Transit Trade, Karachi may attend the meeting online via Zoom).
- vi. APS to Joint Secretary (FT-II), Ministry of Commerce
- vii. APS to the Joint Secretary (WTO), Ministry of Commerce, Islamabad.
- viii. Deputy Director (IT), Ministry of Commerce, Islamabad, to generate a Zoom Link and facilitate online participation.
- ix. Section Officer (General), to book the Committee Room on 4th Floor, A-Block, MoC and to arrange light refreshment for the participants.

Government of Pakistan
Ministry of Commerce
(WTO Wing)

Subject: Minutes of the First Meeting on Inter-Ministerial Working Group on Transshipment Policy of Pakistan

The first meeting of Inter-Ministerial Working Group on the Transshipment Policy of Pakistan was held under the chairpersonship of Minister for Commerce in the Committee Room of Ministry of Commerce on 03-06-2024 at 1300 Hrs. List of participants is attached at **Annex-I**.

2. Additional Secretary (TD), Ministry of Commerce (MoC) briefly explained the background of the Inter-Ministerial Working Group on Transshipment Policy of Pakistan and requested the participants for a round of introduction.

3. Afterword, Joint Secretary (WTO), Ministry of Commerce made a comprehensive presentation delineating the transshipment regime of Pakistan, the salient features of draft transshipment concept paper 2020 by MoMA, volume of transshipment over the last five years, state of international transshipment at Pakistani ports, issues hindering transshipment in Pakistan, port services comparison for Pakistan's ports with UAE and proposed way forward. Copy of presentation is attached at **Annex-II**.

4. Secretary Railways pointed out that in past Pakistan Railways could carry cargo transiting from Pakistan. He suggested that the practice could be resumed through a simple notification providing cross-stuffing from containers to railway wagons under the transit trade taking place through Pakistan. Though this is not directly related to the transshipment, however, it can have strong bearing in promoting transshipment. In this regard, advice was sought from the JS of relevant FT Wing to the effect that such an arrangement was not covered under the bilateral Transit Trade agreements of Pakistan recently negotiated with the certain Central Asian Republics. According to these agreements, cross stuffing means transfer of goods from one container to another container or any other mode of transportation as per TIR specifications, in the premises of the port/off dock terminal under Customs supervision. Therefore, transshipment operations through railway wagons are possible only under TIR specs (i.e. specs defined for sealed load compartments under TIR) otherwise, cross stuffing from containers to railway wagons could not take place without renegotiating bilateral transit trade agreements with countries in Central Asia.

5. The representative from the Planning Commission expressed that the policy under discussion may be dovetailed with the industrial policy currently under consideration by the Government of Pakistan so that both the policies complement each other.

6. Director General Transit Tarde informed that Transshipment was taking place under Foreign Transshipment Module. Under the existing Customs Act 1969 and Rules thereunder, Transshipment is taking place seamlessly without Customs intervention albeit in small numbers. Hence, the Customs Act and Rules fully account for the movement of goods via Pakistani ports for international transshipment. He also suggested that M/S Maersk may clarify whether it would be interested in developing a new port on islands in the jurisdiction of Government of Pakistan like India's greenfield port at Galathea Bay in Great Nicobar Island, or Maersk is interested only in the existing Pakistani port.

7. It may be noted that Messrs Maersk-APM Terminals' Expression of Interest' manifests a desire to invest, inter alia, in the development of Deepwater Container terminal in Karachi handling Gateway for transit and transshipment cargo.

8. Minister for Commerce directed that a set of proposals to be developed by the Working Group under the three main categories comprising of short-term, medium term and medium to long term. The Minister directed the JS WTO to prepare the draft proposal on these lines for sharing among the stakeholder with roles and responsibilities assigned and requesting the stakeholder for defining the timeline required for completion of the assigned tasks. The Action Matrix is at **Annex-III**.

9. The meeting ended with a vote of thanks to and from the Chair.



ANNEX-I

List of Participant			
S. No.	Participant Name	Department	Participation Mode
1	Minister for Commerce in Chair	Ministry of Commerce	In person
2	Syed Mazhar Ali Shah, Secretary	Ministry of Railways	In person
3	Mr. Gul Zameer Hussain	Ministry of Maritime Affairs	In person
4	Mr. B.A. Nasir, Additional Secretary	Ministry of Communication	In person
5	Mr. Khuda Bux, Director General	Ministry of Industries	In person
6	Mr. Muhammad Awais	Member, Ministry of Planning	Via Zoom
7	Mr. Fawad Ali Shah	Directorate General of Transit Trade	Via Zoom
8	Dr. Kausar	FBR	In person
Participants from Ministry of Commerce			
9	Mr. Ahsan Ali Mangi	Additional Secretary (Trade Diplomacy)	In Person
10	Syed Hamid Ali	Additional Secretary-II (Trade Policy)	In Person
11	Mr. Bilal Khan Pasha	Joint Secretary (WTO)	In Person
12	Mr. Ahmed Fasih	Deputy Secretary WTO	In Person
13	Ms. Tayaba Batool	Trade Expert, Ministry of Commerce	In Person
14	Mr. Yousaf Rasool	Ministry of Commerce	In Person

ANNEX-III

ACTION MATRIX

S. No.	Ministry/Division	Proposed Measures	Timeline
Short Term Measures			
1.	Customs (FBR)	i. Development of Module for allowing Transshipment from International Waters.	2 Weeks
		ii. Modification in SRO to replace Bank Guarantee with Insurance Guarantee for Transit Trade Bulk Cargo coming through Gwadar Port.	
Medium Term Measures			
2.	FBR/ Customs	i. Provision of LCL, Consolidation & Cross Stuffing for Transshipments.	3-6 Months
	FBR/ Customs (Lead) and Ministry of Maritime Affairs	ii. To allow inter port and intra terminals/berths movement of cargo for Transshipments.	
	FBR	iii. Review of applicable port charges to make transshipment competitive in the region and to attract international shipping lines.	
	Ministry of Maritime Affairs	iv. Measures for encouraging Green Shipping practices.	
	Ministry of Railways (Lead) Ministry of Commerce	v. Proposals for Integrating Pakistan Railways with Transit and Transshipment Operations.	
Long Term Measure			
3.	Ministry of Maritime Affairs (Lead) Planning Commission, and Ministry of Commerce	Formulation of National Transshipment Policy.	6-12 Months

7(5)/2024-S. O (WTO-I)
Government of Pakistan
Ministry of Commerce
(WTO Wing)

Islamabad, the 7th October, 2024

Subject: **Minutes of the 2nd Meeting of the Inter-Ministerial Working Group on Transshipment Policy of Pakistan**

The undersigned is directed to refer to the subject cited above and to convey that with reference to the Second Meeting of the Inter-Ministerial Working Group on Transshipment was held under the Chairpersonship of the Minister for Commerce on **Thursday, 26th September, 2024** in the Ministry of Commerce.

2. Above in view, duly approved Minutes of the Second Meeting of the Inter-Ministerial Working Group are enclosed along with an updated Action Matrix. It is, therefore, requested that necessary actions may kindly be initiated to implement decisions of the Inter-Ministerial Working Group. Any update in the matter may kindly be shared with this Ministry at the earliest for information / perusal of the Honourable Minister for Commerce.



(Yousaf Rasool)
Section Officer (WTO-I)

Distribution: -

1. **The Secretary**, Ministry of Communications, Islamabad.
2. **The Secretary**, Ministry of Maritime Affairs, Islamabad.
3. **The Secretary**, Ministry of Railways, Islamabad.
4. **The Secretary**, Ministry of Planning, Development & Special Initiatives, Islamabad.
5. **The Secretary**, Ministry of Industries & Production, Islamabad.
6. **The Chairman**, Federal Board of Revenue, Islamabad.
7. **The Chairman**, Gwadar Port Authority, Gwadar.

Copy to:

Mr. Saiyed Shahzad Sultan, Advisor to Chairman, China Overseas Port Holding Company (COPHC), Karachi.

CC to:

- i. Director General to the Minister for Commerce, Ministry of Commerce, Islamabad.
- ii. Staff Officer to the Secretary Commerce, Ministry of Commerce, Islamabad.
- iii. APS to the Special Secretary, Ministry of Commerce, Islamabad.
- iv. APS to the Additional Secretary (Trade Diplomacy), Ministry of Commerce, Islamabad.
- v. APS to the Additional Secretary (Trade Policy), Ministry of Commerce, Islamabad.
- vi. Director General, Directorate General of Transit Trade, Karachi.
- vii. APS to the Joint Secretary (WTO), Ministry of Commerce, Islamabad.

Government of Pakistan
Ministry of Commerce
(WTO Wing)

Subject: **Minutes of the 2nd Meeting of the Inter-Ministerial Working Group on Transshipment Policy of Pakistan**

The second meeting of Inter-Ministerial Working Group on the Transshipment Policy of Pakistan was held under the chairpersonship of Minister for Commerce in the committee room of Ministry of Commerce on 26-09- 2024 at 1300 Hrs. Agenda of the meeting was to take stock of the decisions of the Action Matrix of the 1st meeting. List of participants is attached at **Annex-I**.

2. After a round of introduction, Joint Secretary (WTO), Ministry of Commerce opened the decision-wise discussion on the decisions of the first meeting of the Working Group.

3. With regard to transshipment from international waters, JS (WTO) informed that participants that Secretary Maritime Affairs had assigned task to Marine Fisheries Department to view the proposal from Pakistan's international commitments from sustainability and responsible fishing practices.

Decision:

- i. Ministry of Maritime Affairs will submit its report whether this practice would entail any implications for Pakistan's commitments to International Conventions, Sustainable and Responsible Fishing and revert by October 4, 2024.
 - ii. Upon clearance from Ministry of Maritime Affairs the Committee will ask FBR to undertake necessary measures.
 - iii. Gwadar Port Authority and the Ministry of Maritime Affairs will determine mechanism for transparency with regard to capture and allay concerns of local fishermen.
4. Modification in SRO to replace Bank Guarantee with Insurance Guarantee for Transit Trade Bulk Cargo coming through Gwadar Port, the meeting was informed that in-house discussions are being held in the MOC to facilitate bulk transit Afghan cargo by replacing bank guarantees with insurance guarantees in consultations with FBR.

FBR informed that to stop pilferage and curb smuggling, insurance guarantees were replaced with bank guarantees. However, Chairman GPA noted that that there had never been a single incident of smuggling of DAP from Afghanistan to Pakistan. The participants were informed that Afghanistan imported 60,0000-90,0000 tons of DAP every year. If this is shipped through Pakistani ports it would result in increase in business activity at sea ports. Besides, it was agreed that the requirement of Bank Guarantee entailed for bulk cargo was prohibitive.

Decision: It was decided that the Committee will make a recommendation to the Prime Minister for replacement of Bank guarantee with Insurance Guarantee for allowing transit of DAP from Pakistan.

5. As regard Provision of LCL, Consolidation & Cross Stuffing for Transshipments, Directorate of Transit Trade informed that they have recommended to allow provision of LCL and cross stuffing through Gwadar Port only.

Decision: It was decided that provision of LCL and cross stuffing are to be allowed on all ports for Transshipment (PQA, KPT and Gwadar). Directorate General of Transit Trade to include the above decision in the recommendation of Committee which have already been shared with FBR in **two weeks' time**.

6. With regard to allowing inter port and intra terminals/berths movement of cargo for Transshipments, FBR develop the mechanism allowing inter port and intra terminals/berths movement of cargo for Transshipments.

Decision: FBR to provide a report to the Working Group in **two weeks' time**.

7. Concerning the matter of reviewing applicable port charges to make transshipment competitive in the region, it was discussed that port charges are determined by the terminal operators as per their agreement with the respective port authorities.

Decision: MoMA to provide a detailed comparative analysis of all applicable port charges by the terminal operators for information of the Working Group in **one month's time**.

8. The meeting also discussed in detail the measures for encouraging Green Shipping It was recommended to encourage green shipping as a long-term goal (2–3 years at least). Besides, Carbon footprint reduction in the shipping industry was emphasized. In this regard, it was mentioned that PNSC (Pakistan National Shipping Corporation) has been tasked with providing gas emission data for each process.

Decision: It was decided that a roadmap including solutions for all related parameters should be ready within 3–6 months.

9. With regard to the Pakistan Railways' proposals for Integrating Pakistan Railways with Transit and Transshipment Operations, Pakistan Railways observed that transshipment be permitted on all dry ports and sea ports, including cross stuffing from containers to sealed Railway Wagons and vice versa, and be included in WeBOC. The proposal of Pakistan Railways was thoroughly discussed and FBR observed that cross stuffing from containers to sealed Railway Wagons and vice versa poses certain threat of pilferage.

Decision: However, it was decided that FBR to amend regulations to allow Pakistan Railways to access port's premises transit and transshipment operations. Besides, Ministry of Maritime Affairs is to share a plan for enhancing port to port connectivity with the view to use railway for inter port and hinterland connectivity both for transit and transshipment.

10. As regard formulation of National Transshipment Policy, MoMA informed that in pursuance of the decision of the 1st meeting of the Inter-Ministerial Working Group held on 03-06-2024, MoMA has constituted and notified a Joint Working Group on 10-07-2024. TOR of the Joint Working Group is to formulate National Transshipment Policy of Pakistan within 6-12 months. It was also pointed out that the total Transshipment volume is less than 1% of the total container volume handled by all of the national ports. Of this, majority of the share comes from countries like China and UAE. Thus, efforts should be made to instill a regional shift in transshipment regime of the country to CARs.

Decision: The First draft for the National Transshipment Policy is expected to be ready within a month, and would then be sent out to the concerned stakeholders for their review. Views / comments received from the stakeholders will be forwarded to the M/o Maritime Affairs for their information and consideration to draft National Transshipment Policy for Pakistan to holistically cater to the transshipments needs.

11. Committee was informed that at present there was no Oil Terminal at Gwadar Port. Commerce Minister asked the GPA and CPHCL representatives to consider developing the facility.










Decision: It was also pointed out that there was now an increasing trend of storing oil in tankers (up to 300,000 Tons) which float in seas or in the port area to deliver when required. Provisions for LCL and Cross Stuffing as recommended earlier will facilitate oil storage as well.

12. In view of the discussions and decisions of the 2nd meeting of Working Group, an updated and revised Action Matrix juxtaposing the decision of the 1st meeting of the Working Group, discussion during the second meeting of the Working Group and the decisions taken in the second meeting is at **Annex-II**.

13. The meeting ended with a vote of thanks to and from the Chair.

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List of Participants for the 2nd Meeting of Inter-Ministerial Meeting on Transshipment Policy of Pakistan on 26-09-2024

S.No	Name	Designation	Contact /Email	Signature
01	Engr. ASIR DURBAN	Manager/EDB/MDP	0321-5067246 yasir@edb.gov.pk	
02	SAYED SHAHZAD	ADVISOR TO CHAIRMAN GOPHC	0331-2213134	
03	PASSAND KHAN BULEDI	CHAIRMAN GNADAR FORI	0333-2634488	
4	Mian Aftab Ali Sher	JS M/o Affairs	0324928767	
5	Fayyaz Nazir	JS (Mo Commerce)		
6	SHAHBAZ LATIF MIRZA	DIRECTOR (RT) M/o COMMUNICATION	03324268596	
7	Shauib Adil	Additional Secretary Ministry of Railways	03008386753	
8	Tahir Marwat	Director of Railways	0333-7725896	
9	Qamar Abbas	Food Policy (Project), M/o	03455279354	
10	Minister for Commerce			
11	Special Secretary, Commerce			
12	Additional Secretary (Trade Policy), M/o Commerce			
13	Joint Secretary (WTO), M/o Commerce			
14	Section Officer (WTO-I), M/o Commerce			

15. Logistics Expert, NITFC, M/o Commerce

16. Research Associate, NITFC, M/o Commerce.

Annex-II

Updated Action Matrix – 2nd Meeting of the Working Group (26-09-2024)

S. No.	Ministry/Division	Proposed Measures of the 1 st Meeting of the WG	Status During the 2 nd meeting of WG on Transshipment	Decisions of the 2 nd Meeting of WG on Transshipment
Short Term Measures				
1.	Customs (FBR)	Development of Module for allowing Transshipment from International Waters.	MFD has been assigned the task to provide a report on transshipment from international waters vis a viz Pakistan's international commitments and implication under international treaties.	<div><div>i.</div><div>Ministry of Maritime Affairs will submit its report whether this practice would entail any implications for Pakistan's commitments to International Conventions and revert by October 4, 2024.</div><div>ii.</div><div>Upon clearance from Ministry of Maritime Affairs the Committee will ask FBR to undertake necessary measures.</div><div>iii.</div><div>Gwadar Port Authority and the Ministry of Maritime Affairs will determine mechanism for transparency with regard to capture to allay concerns of local fishermen</div></div>
		Modification in SRO to replace Bank Guarantee with Insurance Guarantee for Transit Trade Bulk Cargo coming through Gwadar Port.	In-house discussions are being held in the MOC to facilitate bulk transit Afghan cargo by replacing bank guarantees with insurance guarantees.	It was decided that the Committee will make a recommendation to the Prime Minister for replacement of Bank guarantee with Insurance Guarantee for allowing transit of DAP from Pakistan.
Medium Term Measures				

S. No.	Ministry/Division	Proposed Measures of the 1 st Meeting of the WG	Status During the 2 nd meeting of WG on Transshipment	Decisions of the 2 nd Meeting of WG on Transshipment
2.	FBR/ Customs	Provision of LCL, Consolidation & Cross Stuffing for Transshipments.	Directorate of Transit Trade informed that they have recommended to allow provision of LCL and cross stuffing through Gwadar Port only.	Provision of LCL and cross stuffing are to be allowed on all ports (PQA, KPT and Gwadar). Directorate of Transit Trade to include the above decision in the recommendation of Committee which have already been shared with FBR in two weeks' time .
	FBR/ Customs (Lead) and Ministry of Maritime Affairs	To allow inter port and intra terminals/berths movement of cargo for Transshipments.	Directorate of Transit Trade has recommended to the FBR to allow inter port and intra terminals/berths movement of cargo for Transshipments.	FBR to provide a report to the Working Group in two weeks' time .
	FBR	Review of applicable port charges to make transshipment competitive in the region and to attract international shipping lines.	Port charges are determined by the terminal operators are their agreement with respective port authorities.	MoMA to provide a detailed comparative analysis of all applicable port charges by the terminal operators for information of the Working Group in one month's time .
	Ministry of Maritime Affairs	Measures for encouraging Green Shipping practices.	Pakistan has to ensure compliance of regulations under IMO by 2030.	It was decided that a roadmap including solutions for all related parameters should be ready within 3-6 months .
	Ministry of Railways (Lead)	Proposals for Integrating Pakistan Railways with	Response of the Railways to be forwarded to FBR and MoMA.	FBR to amend regulations to allow Pakistan Railways to access port's premises transit and transshipment operations. Besides, port to port connectivity is given to

S. No.	Ministry/Division	Proposed Measures of the 1 st Meeting of the WG	Status During the 2 nd meeting of WG on Transshipment	Decisions of the 2 nd Meeting of WG on Transshipment
	Ministry of Commerce	Transit and Transshipment Operations.		Pakistan Railways to transport cargo from one port to another and from KPT and Port Qasim to Karachi.
			Committee was informed that at present there was no Oil Terminal at Gwadar Port. Commerce Minister asked the GPA and CPHCL representatives to consider developing the facility.	It was also pointed out that there was now an increasing trend of storing oil in tankers (up to 300,000 Tons) which float in seas or in the port area to deliver when required. Provisions for LCL and Cross Stuffing as recommended earlier will facilitate oil storage as well.
Long Term Measure				
3.	Ministry of Maritime Affairs (Lead) Planning Commission, and Ministry of Commerce	Formulation of National Transshipment Policy.	MoMA has constituted and notified a Joint Working Group on 10-07-2024. TOR of the Joint Working Group is to formulate National Transshipment Policy of Pakistan within 6-12 months.	The First draft for the National Transshipment Policy is expected to be ready within a month, and would then be sent out to the concerned stakeholders for their review.