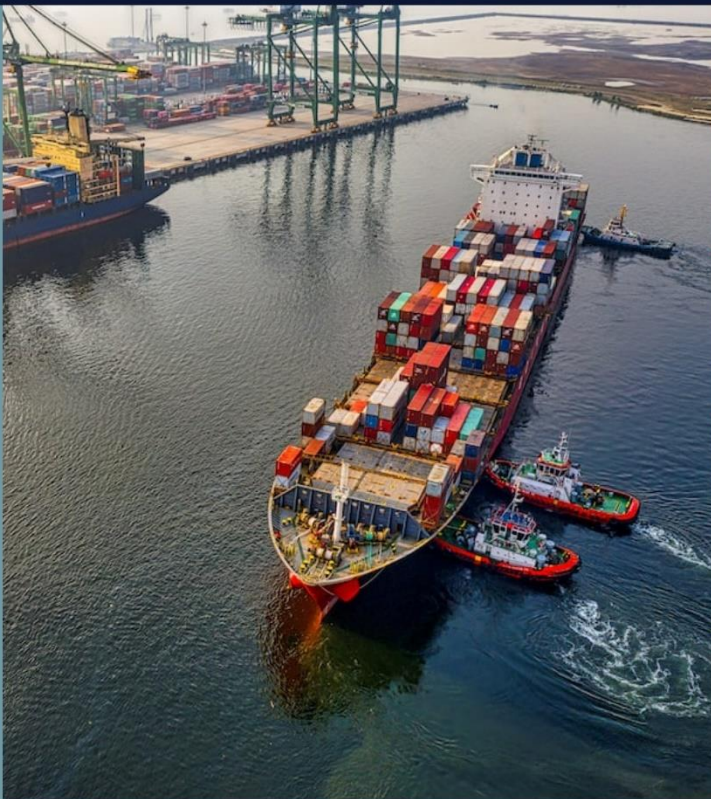


3rd REPORT

Advancing through Collective Action
towards Good Governance
in the Maritime Industry of Pakistan

April 2023–September 2023



A joint project of Global Compact Network Pakistan and Maritime Anti-Corruption Network (Denmark)



Global Compact
Network Pakistan



CONTENTS

A

Introduction & Messages

B

MACN Project Time Line Pakistan Activities carried out since
Sept 2021 – Sept 2023

C

MACN 1st Roundtable Conference
Annex-1

D

MACN 2nd Roundtable Conference
Annex-2

E

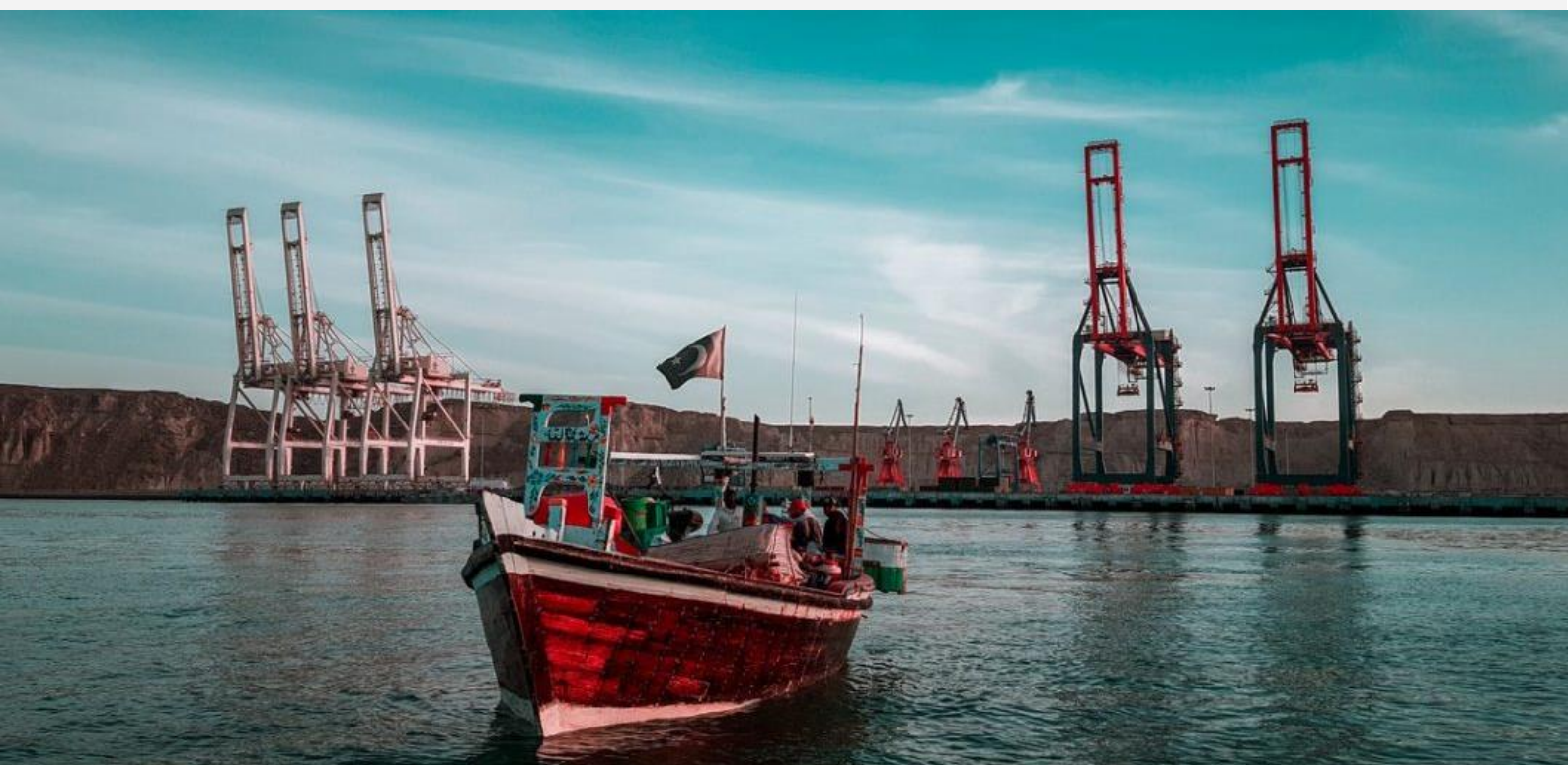
MACN 3rd Maritime Conference
Annex-3

F

Trainings
Message Commandant Pakistan Marine Academy, President
APSAA, Dean BUKC

G

Meetings with Stakeholders



Introduction–MACN

The **Maritime Anti-Corruption Network (MACN)** is a global business network working towards the vision of a maritime industry, free of corruption that enables fair trade to the benefit of society at large. Established in 2011 by a small group of committed maritime companies, MACN has grown to include over 190 + Shipping / Tankers / Port Terminal companies globally and has become one of the pre-eminent examples of collective action to tackle corruption. Our projects based on Collective Action initiatives are going on in various countries including Nigeria, India, Bangladesh, Pakistan, Indonesia, Egypt, Ukraine, Argentina etc. We have established help desk successfully in some countries.

MACN and its members work towards the elimination of all forms of maritime corruption by raising awareness of the challenges faced; implementing the MACN Anti-Corruption Principles; and co-developing and sharing best practices; collaborating with governments, non-governmental organizations, and civil society to identify and mitigate the root causes of corruption; and creating a culture of integrity within the maritime community.



MACN works towards its vision through three objectives that are elaborated in the MACN Mission, and symbol: Capability Building, Collective Action, and Collaboration.

Introduction–GCNP

The **Global Compact Network Pakistan (GCNP)** was formally launched in December 2005.

The Global Compact Network Pakistan is working with the objective to promote the 10 Principles of UNGC and assist companies and other stakeholders to engage in strategic Corporate Social Responsibility initiatives (CSR) and programs.

GCN Pakistan represents national interests at United Nations Global Compact (UNGC) forums and conferences throughout the world. As a principal promoter of UNGC, it encourages the membership of signatories in the Local Network.

Since 2005, GCNP has been engaged in building awareness on issues relating to human rights, labor standards, environment and anti-corruption through round table discussions and capacity-building trainings to help promote sustainable development of enterprises. It has also facilitated in supporting its members on sustainability reporting, including CoP (Communication on Progress) and GRI (Global Reporting Initiative). Through its various programs and events, GCN Pakistan has spearheaded the national awareness on Corporate Social Responsibility (CSR). With the launch of the SDGs (Sustainable Development Goals) by the United Nations in 2015, the GCN Pakistan has been engaged in multi-stakeholder dialogue and discussions at national, regional and global levels to promote the 17 SDGs.



HUMAN RIGHTS



LABOUR



ENVIRONMENT



ANTI-CORRUPTION

UNGC Principle 10:

Businesses should work **against corruption in all its forms**, including extortion and bribery.



Anti-Corruption



MESSAGES FROM GCNP-MACN REPRESENTATIVES

Majyd Aziz, President GCNP

The partnership between Global Compact Network Pakistan and Maritime Anti-Corruption Network (Denmark) has made tremendous headway after the official launch of the Project at the GCNP Mega Event in March 2023. Although the Project commenced two years ago, the Project made a wobbly start due to the challenges of navigating through the Maritime ecosystem. However, perseverance and determination, coupled with the pragmatic advice from, and forbearance of, MACN Team, resulted in an impetus that assured continuity and action.



During the transition of two months, after the death of Fasihul Karim Siddiqui, there were consultative and awareness meetings with stakeholders, and gradually a relationship of trust and confidence developed. The stakeholders, despite having their own concerns and opinions, offered full support to the Project. Resultantly, August and September were the months of formidable actions, initiatives, and promotion. The details of the meetings, events, and visits are enumerated in the report and self-explanatory.

Now is the time to cash in the achievements and progress. Now is the time to take on board the heads of the three national ports, namely, Karachi, Port Qasim, and Gwadar and sensitize them about the progress of the Project. Now is the time to speed up promotion and interaction with the relevant Ministry and other government agencies, departments and organizations. Now is the time to prove that the success of the Project would, by and large, be beneficial to Pakistan, in general, and the private sector, in particular.

October 2023 is the month of consolidation and the time to chalk out the plans of the Project from November 2023 to June 2024. GCNP and MACN teams are frequently brainstorming to structure the way forward. New activity initiatives for the first half of 2024 are being discussed and deliberated via virtual meetings. GCNP and MACN are also working to submit inputs for the country's next Shipping Policy. In the coming future, the solid foundation of this Project would also be meaningful for other sectors of the Blue Economy as well as external factors that directly or indirectly impact upon the theme of this Project.

On behalf of the GCNP Team, I am pleased to convey thanks, appreciation, and gratitude to MACN Team for continued guidance, suggestions, and support. These actions have emboldened us and given us the momentum to endeavour passionately to make this Project the most successful Project of MACN. We can do it!



Khalid Junejo, Executive Director GCNP



It is with great pleasure that I present this update on the progress made, from April 2023 to September 2023, towards our aim of achieving a corruption-free work environment in maritime practices and business.

Global Compact Network Pakistan's activities during this six-month period include many engagements, consultative and fact-finding meetings with stakeholders, training of stakeholders, and three maritime conferences.

Given the fact that maritime trade is rife with corrupt practices and about 90% of Pakistan's trade occurs through this sector, Pakistan's exchequer and the maritime business suffer hugely. This report aims to provide an overview of the progress made in combating this corruption and highlighting the issues and challenges faced by the maritime industry. It also highlights the measures that need to be taken as the way forward to a corruption free work environment. The eventual aim is to enhance integrity and compliance with the law of the land and effectively prevent corrupt practices.

We sincerely hope that this report serves as a valuable resource for all stakeholders, offering insights and guidance towards building a more transparent and accountable maritime sector in Pakistan.

Thank you for your commitment to this cause and for your continued support for our shared pursuit of a corruption-free world.



Syed Tanvir Ahmed, Project Advisor GCNP-MACN

In today's world, the issue of corruption has become a major concern across various sectors and nations. By adopting an anti-corruption stance, we are striving to create a fair and transparent society where integrity and accountability are paramount.

MACN (Maritime Anti-Corruption Network), Denmark, a partner of the Global Compact Network Pakistan (GCNP), which aims to identify and address corrupt practices in consultation with the stakeholders and establish a collective action platform against corruption in the maritime industry. The primary goal is to comprehensively address detrimental practices, create an environment where best practices, aligned with principles of good governance and corruption eradication, flourish.



MACN team, during the past months, met with industry stakeholders including associations, government officials, port authorities, academia, etc., and briefed them on the project and sought their feedback on issues. The stakeholders have shown their enthusiasm to support the cause that will help to save colossal losses due to the menace of corruption thus benefitting the industry and the national exchequer. Illegal practices can increase the cost of doing business and undermine fair competition. This results in inefficiencies at ports and affects the smooth handling of goods and services. At the macro level, it results in market distortions, causing increased prices for consumers and businesses, which hampers investment opportunities.

The primary purpose of the forum is to unite and stand together against corruption, leveraging collective strength to combat corrupt practices and moving towards establishing a help desk with the support of all stakeholders. There is a need to focus on the significance of capacity enhancement in equipping companies and their staff to effectively combat corruption.

To carve the way forward, a series of round table meetings were held with the stakeholders to discuss various dimensions of the issues involved and their possible and viable solutions. This involves establishing strict legal frameworks, implementing transparent processes and procedures, and promoting ethical conduct among individuals and organizations. There is a need to diligently adhere to regulatory compliance, initiation of strong internal controls / compliance programs, and due diligence when selecting partners. It is felt that there is a requirement of Whistleblowing and Help Desk mechanisms to expose concerns within the sector and to influence policies. Capacity building and training of human resource is crucial and MACN is involved in arranging training programs.

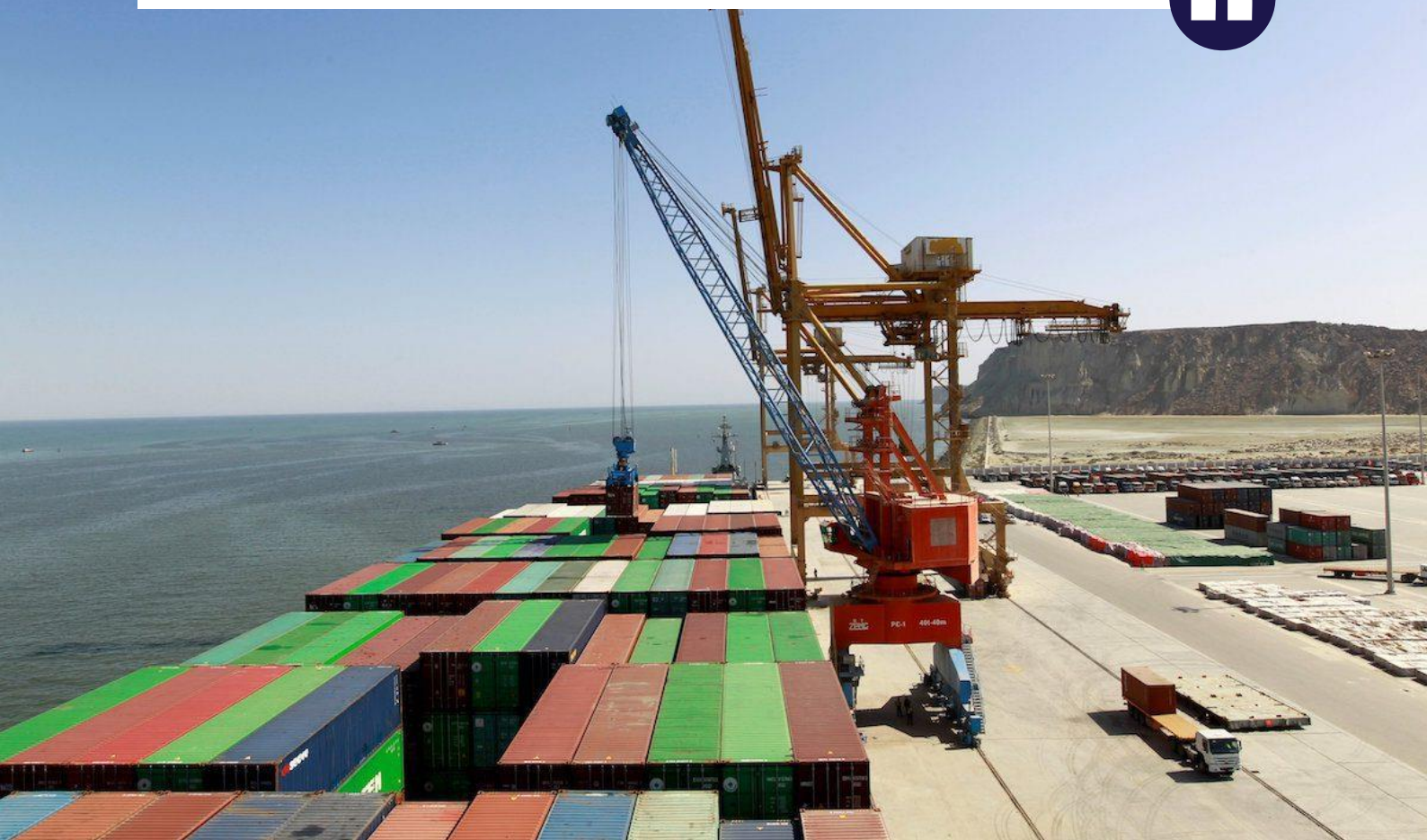


Muhammad Akram, Project Manager, GCNP-MACN

As we gear up for this 3rd report of the project which commenced in September 2021, I am excited to share some positive developments and progress made in our mission to combat corruption in the maritime industry in Pakistan under the banner of “Collective Action Program.”

Team MACN’s relentless dedication and collaboration have resulted in noteworthy achievements which we showcase in this report. This includes training sessions, round table conferences, fruitful meetings with industry’s professionals, and meetings with associations’ leaders and bureaucrats to gain awareness of developments, procedures and processes etc. From impactful initiatives to strides in promoting transparency and integrity, all business partners have played a crucial role in advancing MACN's goals under the banner of GCNP in Pakistan including support from MACN team from Denmark.

This report serves not only as a testament to our collective efforts but also as a beacon for the positive change we are fostering in the maritime sector. It's an opportunity to highlight the success stories, challenges overcome, and lessons learned on our journey towards a corruption-free maritime industry in Pakistan.



Cecilia Müller Torbrand, CEO MACN

Our collective action forum has enabled the private sector in Pakistan to overcome the trust deficit and work together on common challenges. We have facilitated constructive dialogue and shared solutions among different stakeholders. Our primary goal is to sustain this platform of collaboration and transparency.



Jonas Sørberg Erlandsen, Senior Lead South Asia MACN



At MACN we highly appreciate our collaboration with Global Compact Pakistan. Corruption erodes the trust of the people in the government and the rule of law. It also hampers the economic growth and social welfare of the country.

Collective action against corruption is important because it can create a culture of accountability, transparency, and integrity in the public and private sectors. It can also mobilize the citizens and civil society to demand and monitor reforms that can curb corruption and improve governance.

Mathias Bak, Associate MACN

The power of collective action lies in the strength that comes from unity. When businesses, governments, and civil society comes together we amplify the capabilities we have individually. Reducing corruption and safeguarding business integrity through collective action is not just ethical; it's economically sensible. Through collective action we can achieve an economic environment with a level playing field, and transparent procedures. This will benefit both businesses, consumers and society at large.



"The power of collective action lies in the strength that comes from unity. When businesses, governments, and civil society comes together we amplify the capabilities we have individually. Reducing corruption and safeguarding business integrity through collective action is not just ethical; it's economically sensible. Through collective action we can achieve an economic environment with a level playing field, and transparent procedures. This will benefit both businesses, consumers and society at large.

MACN Project Time Line – Pakistan

Activities carried out since Sept 2021 – Sept 2023



MACN 1ST ROUNDTABLE CONFERENCE

Introduction of Best Practices in the Maritime Industry of Pakistan

August 1, 2023 | 4:00–7:00 PM | Hotel Mövenpick Karachi, Pakistan



Meeting Objectives:

- To address the prevailing issues of bad practices within the maritime industry in Pakistan
- To discuss and propose good practices being undertaken in maritime industry elsewhere
- To facilitate open discussion, knowledge sharing, and collaboration to find sustainable solutions
- To promote transparency, integrity, and accountability within the sector

Participants offered their comments, suggestions, and recommendations while discussing and presenting their ideas and thoughts. Since the Conference was conducted under the Chatham House Rules, therefore, the names of the participants have not been mentioned in the report.



1st Round-Table Conference

1st Round-table Conference was organized by Global Compact Network Pakistan (GCNP) and Maritime Anti-Corruption Network (MACN), Denmark at Movenpick Hotel, Karachi, Pakistan on August 1, 2023. The meeting aimed to create awareness and to discuss issues regarding corrupt and illegal practices in the maritime industry of Pakistan. Mr. Majyd Aziz, the then-President, Global Compact Network Pakistan (GCNP), delivered welcome address. Later Mr. Mathias Bak, Associate, Maritime Anti-Corruption Network (MACN), Denmark introduced MACN Denmark in his speech.

Esteemed participants from the Karachi Chamber of Commerce and Industry (KCCI), Sindh Industrial Trading Estate (S.I.T.E.), the Maritime Anti-Corruption Network (MACN), Denmark, and significant stakeholders of the Maritime Industry of Pakistan were warmly welcomed. The event garnered significant support from diverse stakeholders and associations, underscoring the initiative's importance. It was highlighted that the maritime industry's intricate challenges required persistent involvement and extensive domain knowledge. The primary goal is to comprehensively address detrimental practices, fostering an environment where best practices flourish, aligning with principles of good governance and corruption eradication. It was stressed to diligently adhere to regulatory compliance and hold one-on-one meetings, among stakeholders providing opportunities for the associations to influence governmental policies.

Participants were urged to play a critical role in steering towards effective governance, transcending the obstacles encountered to achieve the targets. Upholding a culture of least tolerance against corruption was emphasized, with a call for collective action from companies, associations, senior management, and employees. Collaboration and unity were highlighted as crucial components to combat bad practices effectively, focusing on avoiding shortcuts and embracing transformative outcomes through best practices.

The event underscored the potential for achievements through unity and collaboration, urging collective efforts aligned with the overarching goal of achieving eradication of corrupt practices in the maritime industry.

Maritime Anti-Corruption Network, Denmark was introduced as a business network comprised of around 190+ companies, mostly shipping lines, dedicated to promoting a corruption-free environment and advocating fair trade within the maritime industry. MACN's mission and activities, in various countries including Argentina, Nigeria, Ukraine, Pakistan, India, Bangladesh and Indonesia were highlighted. Participants were informed that MACN plans to expand into Malaysia as well. These projects involve many stakeholders within the value chain working together to combat shared challenges and, ultimately, corruption.

Examples of MACN's successful initiatives, such as reducing cash demands for vessel clearance in Argentina and establishing a help desk to resolve bribery demands in real-time in Nigeria, were given. These successes highlighted the positive outcomes of collective action.

The importance of maritime trade for Pakistan, as it constitutes almost 80% of global goods transportation, was discussed by the participants. It was noted that Pakistan relied heavily on maritime routes with 90% of trade passing through the Karachi Port and Port Qasim. The ports handle a significant portion of maritime trade, with Gwadar port showing immense potential. The vast potential of Pakistan's coastline, stretching approximately 1000 kilometres providing opportunities in energy, fisheries and shipping, was highlighted. The shipping sector contributes around 32% to international trade and 26% to tourism activities. The pristine, unspoiled coastlines hold strategic importance, especially the Karachi ports, although unregulated trade and port management complexities hinder economic progress.

The management issues arising from lack of coordination were discussed and it was urged to understand the root causes and seek collective action. It was highlighted that corruption leads to delays, inefficiencies, and bottlenecks in the

maritime value chain, which is disrupted due to corrupt practices. When rules are bent for financial gain, the value chains become less efficient. Transparent practices, in contrast, improve the overall efficiency of the industry. The companies succumbing to corrupt demands face escalating legal and reputational risks. High-profile cases of bribery (threat to impose fines) have surged in recent years, and this can adversely affect profitability. Companies are increasingly focused on mitigating these risks, which are linked to capital allocation. Corruption on a macro scale results in market distortions, causing increased prices for consumers and businesses, which hampers investment opportunities. It is collectively essential to maintain a healthy business environment.

The seafarers' working conditions were also discussed and it was pointed out that corruption impacts the working conditions of seafarers, with instances of physical threats and hostile environments in certain ports leading to seafarers leaving their careers. This situation affects the industry's workforce and its reputation.

Attention was drawn towards the importance of fostering conversations, setting standards, and collectively working towards a corruption-free environment within the maritime industry. Productive discussions to contribute to this vision was encouraged amongst attendees. Participants from diverse organizations were encouraged to share insights, good practices, and challenges faced in the maritime industry, emphasizing a collaborative problem-solving approach during the interactive discussion segment.

Other speakers emphasized addressing maritime industry-related concerns through proactive action and fostering positive practices. The main objective of the gathering was to promote positive practices within the maritime industry. This includes sharing knowledge, exploring sustainable solutions, and advocating for transparency, integrity, and accountability. The comprehensive goal extends to understanding root causes, legal and ethical systems, trade transparency, trust building, refinement in Customs' procedures, ethical leadership, and human resource development. The approach also involves engaging with the public and civil society,

addressing negative practices like bribery, and encouraging practices such as whistleblowing. It was pointed out that the prevalence of corruption is not isolated to individuals but is a societal issue.

The role of contemporary media and its engagement with maritime industry to curb illegal practices was also discussed. The conference stressed to curb unfavourable practices and promote best international practices within the maritime industry, involving various trade Associations and Chambers.

Concerns were raised particularly lack of transparency and various issues afflicting the maritime sector, including port congestion, exorbitant demurrage charges, limited berth availability, security apprehensions, theft, an inefficient dispute resolution system, as well as instances of corruption and bribery. Challenges in the maritime sector were highlighted which included factors like COVID-19 and strikes, resulting in financial loss for importers and exporters in the absence of any legal framework.

The Ministry of Maritime Affairs was requested to take practical steps to address these issues. It was acknowledged that, while corruption is prevalent, the government is committed to bring change through automation and other measures.

The significance of "association" was underscored as a means of collective action, where a unified voice can address issues effectively. The efforts to modernize processes in various industries were recognized e.g., streamlining issues related to the classification of goods under Customs Harmonized System codes by Pakistan Customs.

It was mentioned that an organizational restructuring, a Single Window mechanism for issues handling, effective leadership, a unified consortium, and a robust think tank for economic innovation are needed. Holistic consideration of maritime and shipping policies, long-term strategies, governance, consumer protection, company registration, ocean-related promotions, and resource management is essential to address business needs comprehensively.

The challenges faced by Pakistan's traders and importers, particularly regarding the cumbersome process of importing goods were discussed and

attention was drawn to revisiting customs laws, specifically mentioning Section 82 of the Customs Act, 1969, which causes significant delays in operations, affecting cargo movements and government revenue. Section 82 needs to be amended to streamline dispatch and transportation processes, ultimately optimizing operations.

Port performance emerges as a critical factor, encompassing timely handling beyond just containers and trucks. Participants advocated for analyzing past incidences of corruption to identify areas for potential improvement and emphasized the need for efficient revenue generation. Capacity building is a recurring theme and is important. Stakeholders must collaborate and work collectively to find viable solutions, setting higher benchmarks and standards to enhance infrastructure and operations.

The background regarding the growth of the Pakistan International Freight Forwarders Association (PIFFA), since its establishment in 2004, was highlighted. It was emphasized that there was a need for proper recognition and support for the freight forwarding industry. Engaging with the Ministry of Commerce, PIFFA aims to declare freight forwarding as an essential industry to boost the country's economy. It was remarked that there is a lack of recognition for the freight forwarding and logistics sectors in Pakistan. It was suggested that logistics policy issues may be discussed to work towards a national trade and logistics policy framework. There should be a unified forum to address numerous problems faced by the industry.

The emergence of recent bad practices within the maritime industry, especially in the freight forwarding and logistics sectors was mentioned. There is a need to identify and address vital issues, particularly illegal / bad practices affecting trade must be officially documented. It was recommended to enhance trade capacity, emphasizing the importance of Pakistan's national carrier, the Pakistan National Shipping Corporation (PNSC) and Pakistan International Airlines (PIA), and the need for capacity building and competitiveness in logistics. The association (PIFFA) is committed to bringing improvement through training and education, offering globally

recognized diploma courses and practical training through PIFFA's training institute.

The challenges faced by the maritime industry in general and the transport industry, especially bonded carriers, in particular, were highlighted in the late '90s and the first decade of this century along with the need for clarity and consensus among various stakeholders. The Customs Bonded Carrier Association's viewpoint and the growing influence of the Indian business landscape in Pakistan were discussed. The complexities of Pakistan's economy were highlighted, including taxation difficulties, cumbersome procedures, customs clearance delays, high costs of doing business and frequent changes in policies. The vital role of bonded carriers in dry ports and transshipment was discussed. Attention was invited towards policy improvements in areas related to transportation and logistics.

The role of the Global Compact Network Pakistan and Maritime Anti-Corruption Network, Denmark was appreciated by the Customs Agents for providing a platform for stakeholders to discuss challenges and emphasizing the need to address unresolved issues by having one-to-one meetings among stakeholders like shipping companies and terminal operators, which significantly impact the maritime sector.

A major concern shown was regarding the prevalence of corruption, both conventional and unconventional. Financial instability and integrity issues within some organizations, hampering the work of other stakeholders, were discussed. Instances were cited where corruption led to delays and financial losses for companies, affecting their operations and competitiveness. Some participants advocated stronger laws and regulations to prevent such malpractices and ensure fair practices within the industry. Accountability across the board was required as it affects businesses at a large scale. The establishment of some legal authority to monitor the work of the players in the logistics chain, was also proposed. The urgency in addressing corrupt practices, bad procedures, and legal loopholes was also emphasized.

Key recommendations included the protection of bonafide importers / exporters, an extension of the National Freight and Logistics Policy to encompass maritime trade, and the establishment of a robust regulatory framework in consultation with stakeholders.

A need was felt for the governing body and parliament to support the eradication of these practices and suggested amendments to existing laws to make progress. A collaborative approach involving concerned trade bodies and government departments can serve as a game-changer, fostering progress and leading to improved infrastructure and operations through the establishment of higher standards and benchmarks.

It was recommended to take feedback from trade bodies including the Chambers of Commerce and

Industry. The participants renewed their pledge for enduring support for the maritime industry. The Karachi Chamber of Commerce pledged unwavering support and action in addressing difficulties. Discussing these concerns within the Chamber of Commerce and inviting all stakeholders to collectively address the prevailing challenges was encouraged.

The importance of good governance, open-door policies for complaints, and the need to address bad practices collectively was mentioned. The significance of collective action as the most promising solution to multifaceted challenges in the maritime sector was emphasized.



ANNEXURE-1

ANNEX-1.1 AGENDA

MACN 1st Roundtable Conference

Start Time	End Time	Particulars	Person Responsible
4:00 PM	4:30 PM	Networking & Running Tea	
4:30 PM	4:35 PM	Recitation from Holy Quran	Ms. Zainab, Executive-IT, GCNP
4:35 PM	4:45 PM	Welcome Address	Mr. Majyd Aziz, President, GCNP
4:45 PM	4:50 PM	Why we are here/ Briefing on the conference Procedure	Mr. Muhammad Akram, Project Manager, GCNP-MACN
4:50 PM	5:00 PM	Intro of MACN and Collective Action Approach – Its outcome.	Mr. Mathias Bak, Associate MACN
5:00 PM	5:10 PM	Presentation / Issues w.r.t. Maritime Industry faced by the trade – on behalf of FPCCI	Dr. Nuzhat Khan CEO, Blue net plus Federation of Chamber of Commerce & Industry, Karachi
5:10 PM	5:20 PM	Presentation by Terminal Operator	Mr. Muhammad Rizwan, Representative of Terminal Operator
5:20 PM	5:30 PM	Presentation by Custom Agents	Mr. Khurram Ejaz, Representative of Custom Agents
5:30 PM	5:40 PM	Presentation by Bulk Carrier Operator	Mr. Anwar Rehman Alvi, Commercial Operations Advisor, Fauji Akbar Portia Terminal
5:40 PM	5:50 PM	Presentation by Stevedore	Mr. Kamran Fareed, President, Stevedore Conference Pakistan
5:50 PM	6:00 PM	Presentation by All Pakistan Custom Bonded Carrier Association	Mr. Shams Burney, Chairman, All Pakistan Custom Bonded Carrier Association
6:00 PM	6:10 PM	Presentation by PIFFA	Mr. Shakeel Ahmed Immediate Past Chairman of PIFFA
6:10 PM	6:20 PM	Presentation by S.I.T.E Association	Mr. Riazuddin, President, S.I.T.E. Association
6:20 PM	6:50 PM	Question Answer / Discussion	
6:50 PM	7:00 PM	Speech by the Chief Guest	Mr. Tariq Yousuf, President, Karachi Chamber of Commerce and Industry
7:00 PM	7:05 PM	Memento Presentation	
7:05 PM	7:10 PM	Vote of Thanks, followed by Hi-tea	Mr. Tanvir Ahmad, Project Advisor, GCNP-MACN

ANNEX-1.2
LIST OF PARTICIPANTS
MACN 1st Roundtable Conference

S.NO	NAME	ORGANIZATION	DESIGNATION
1	Kashif Ali	Transparency International	Executive Director
2	Adnan Rafiq	Pakistan Single Window (PSW)	Domain Officer
3	Nadeem Sarwar	Pakistan Single Window (PSW)	Project Manager
4	M. Raheel	Pakistan Single Window (PSW)	S.B.A
5	CAPT S.F Ali	Trans Marine	GM operations
6	Mehmood Khan	Bolan Logistic (Pvt.) Limited	CEO
7	Abdul Rehman	M.A. Land Transport Co.(Pvt.)	Director
8	Iftikhar Ali	All Pakistan Customs Agents Association (APCAA)	Member Executive Committee
9	M. Wasim	-	Senior Manager
10	Muhammad Rizwan	Lincoln Law & Business Associates	Head of Port Logistics and Services
11	Dr Nuzhat Khan	Blue Net Plus Karachi	CEO
12	Kamran Fareed	Pakistan Stevedores Conference (Guarantee) Limited	Chairman
13	Shams Burney	All Pakistan Customs Bonded Carrier Association (APCBCA)	Chairman
14	Shakeel Ahmed	Pakistan International Freight Forwarders Association (PIFFA)	Immediate Past Chairman
15	Riazuddin	S.I.T.E Association	President
16	Tariq Yousuf	Karachi Chamber of Commerce and Industry (KCCI)	President
17	Muhhamd Owais	Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)	Vice Chairman
18	Syed Tahir Hussain	Pakistan Ship's Agents Association	Secretary General
19	Syed Zeenat Siddiqui	Pakistan Ship's Agents Association	Dy. Secretary
20	M. Younus Somro	Karachi Chamber of Commerce & Industry (KCCI)	Former VP, KCAA
21	Abdul Aziz Usman	Qasim Freight Station	Documentation Manager
22	Muhammad Shafiq	APBCA	CEO
23	Shah Zawat	Zawat	CEO
24	Nadeem Mazher	Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)	-
25	Col. Saeed	Transfast Logistics Pvt Ltd	CEO

S.NO	NAME	ORGANIZATION	DESIGNATION
26	Mehmood Ansari	United Cargo	CEO
27	Zafar Saeed	International Chamber of Commerce	Former MMC
28	M. Asif	Qasim Freight Station	Assistant General Manager
29	Shaikh Muhammad Tariq	All Pakistan Customs Agents Association (APCAA)	Vice Chairman
30	Prof. Dr. Muhammad Zahid	Bahria University Karachi Campus	Dean, Dept Management Sciences
31	Dr. Asif Imam	Bahria University Karachi Campus	Head of the Department / Associate Professor Dept School of Maritime Sciences
32	Engr. H. Shahrukh	Bahira University	Sr. Lecturer
33	Abdullah	Pak Shaheen	CEO
34	M.Tyyab	Al Tijjar Logistics (SMC-Pvt) Ltd.	CEO
35	Qamar Alam	All Pakistan Customs Agent	Vice Chairman
36	M.H	All Pakistan Customs Agent	Vice Chairman
37	Fasih Haider	Qasim International Container Terminal Pakistan Limited (QICT)	GM Operations
38	Syed Mubashir Ali Shah	Bahria University Karachi Campus	Student
39	M. Hamza Zaheer	Bahria University Karachi Campus	Student
40	Malika Thir	Bahria University Karachi Campus	Student
41	Sadaf Afridi	Bahria University Karachi Campus	Student
42	Urooba Razi	Bahria University Karachi Campus	Student
43	M. Junaid	OGA	Officer
44	Javeed		Businessman
45	Rasheed Jan	Westbury Group of Companies	CEO
46	Junaid Mehmood	Karachi Custom Agent Association (KCAA)	Joint Secretary
47	M. Danish	Four Fox	Senior Web Developer
48	Ahsan Mujaddadi	Autodial Solution	Sales Representative
49	Syed Immad Hussain	Hapag-Lloyd Pakistan (Private) Ltd	Manager Operation
50	Sagar Kumar	Hapag-Lloyd Pakistan (Private) Ltd	Supervisor Operation
51	Kamran Farid	Pakistan Stevedores Conference G Ltd	President
52	Khalid Mehmood	Rahmani Traders	CEO
53	Maqbool Malik	All Pakistan Customs Agents Association (APCAA)	Chairman
54	Wajid	Seatrade	Central Manager
55	M. Amin	All Pakistan Customs Agents Association (APCAA)	Member
56	Qamar	-	-
57	Khalid Shafi	Impo. / Expo. Consultant	CEO
58	Zishan Rajan	RANS INTL	Director
59	Usman	-	-
60	Alia Shahid	Directorate of Port and Shipping	Director General

S.NO	NAME	ORGANIZATION	DESIGNATION
61	Irfan Vazer	P&I Club	Correspondent
62	Shams Burney	All Pakistan Customs Bonded Carrier Association (APCBCA)	Chairman
63	Dr. Manzoor	FBR	Chief Commissioner (Retd.)
64	Hafsa Afridi	GBA	
65	M. Saleem	Pari Parwan	-
66	Sajjad Suria	Green Shipping Line	Coordinator
67	Majyd Aziz	Global Compact Network Pakistan	President
68	Syed Tanvir Ahmad	Global Compact Network Pakistan	Project Advisor, MACN
69	Muhammad Akram	Global Compact Network Pakistan	Project Manager, MACN
70	Nuzhat Jahan	Global Compact Network Pakistan	Secretary General
71	Fawad Zahir	Global Compact Network Pakistan	Program Manager
72	Samreen Shaikh	Global Compact Network Pakistan	Marketing Manager
73	Muhammad Hassan	Global Compact Network Pakistan	IT Consultant
74	Zainab Fatima	Global Compact Network Pakistan	Executive-IT
75	Fatima Khatoon	Global Compact Network Pakistan	Volunteer
76	Hanif Maseh	Global Compact Network Pakistan	Office Assistant
77	Samit	Employers' Federation of Pakistan	IT-Executive
78	Murtaza Naqvi	Employers' Federation of Pakistan	Finance Manager
79	Shahbaz	Employers' Federation of Pakistan	Office Assistant
80	Tahir	Jehan Pakistan	Photographer



ANNEX-1.3
PRESS RELEASE
MACN 1st Roundtable Conference

Contact-free ecosystem facility must for business: KCCI president

KARACHI: Today's fast-track global business demands that online documentation and digitization is essential for Pakistan's private sector and that a total contact-free ecosystem must be introduced in the country. Karachi Chamber of Commerce & Industry (KCCI), being the representative organization of all Karachi's trade and industry, has been advocating this system. KCCI acknowledges that a lot of progress has been made to digitize a number of government organisations and it is high time the private sector's time, efforts, and money are not wasted in visiting government departments and agencies". These views were expressed by Chief Guest Muhammad Tariq Yousuf, President Karachi Chamber of Commerce and Industry while addressing the "Global Compact Network Pakistan Roundtable Conference on Maritime Anti-Corruption Network".

KCCI president Tariq Yousuf added that a contact-free environment would be beneficial for the private sector since it would reduce to a large extent the lack of transparency, reduce port congestion, enhance the security of data and cargo, help in the huge decrease in the elements of corruption, bribery, and red tape. It is also imperative that a structured Alternate Dispute Resolution system be activated as this would reduce filing of court cases and legal complaints. He offered full support of KCCI in the campaign to eliminate bad practices in the Maritime sector since after all 90% of Pakistan's imports and exports are through sea posts.

Mathias Bak from MACN Denmark, in his virtual speech, highlighted in detail the activities of MACN and stated that MACN is a global business network working towards the vision of a maritime industry free of corruption that enables fair trade for the benefit of society. Established in 2011 by a small group of committed maritime companies, MACN has grown to include over 180 companies globally, and has become one of the pre-eminent examples of collective action to tackle corruption.

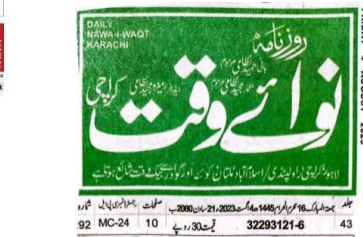
"MACN and its members work towards the elimination of all forms of maritime corruption by: raising awareness of the challenges faced, implementing the MACN Anti-Corruption Principles and co-developing and sharing best practices; collaborating with governments, non-governmental organizations, and civil society to identify and mitigate the root causes of corruption, and creating a culture of integrity within the maritime community."

Majyd Aziz, President GCNP, in his welcome address, stated that every day vessels with cargo enter Ports and cargo cleared by Customs, and the process involves numerous stakeholders across several jurisdictions. Generally speaking, this scenario creates huge opportunities for bad practices, such as illicit payments, one of the biggest problems faced by importers and exporters as well as other port users. "It is our moral duty to challenge this, both individually and collectively, to create an impartial, safer, and brighter future for generations to come. If concerned private sector institutions and other players do not take a stand now, it would manifest their concurrence and invariable support to its ever-increasing damaging impact."

President GCNP added that bad practices, such as corruption and bribery, are expensive and significantly add to the cost of production and higher prices for the consumers. These also affect compliance with international anti-corruption standards. He emphasized that from an ethical standpoint, these undermine both democracy and law by directing money away from morally sound enterprises and government Treasury and into the hands of unscrupulous officials and black sheep in the private sector.

Majyd Aziz moreover enumerated steps that would help mitigate these bad practices. He said that it is imperative to implement a comprehensive anti-bribery and good governance compliance program, periodically review policies and assess the effectiveness of this program, adopt a zero-tolerance culture, strengthen internal controls by conducting training programs for employees, hire and appoint agents after a strict due diligence, and introduce a whistle-blower mechanism for stakeholders to inform without fear of retaliation.

The conference brought together representatives from various organizations, including FPCCI, KCCI, Customs Agents, Terminal Operators, Stevedore Conference Pakistan, All-Pakistan Custom Bonded Carrier Association, SITE Association of Industry, Karachi Customs Agents Association, and others.



PRINTED 4 AUGUST 2023



The Financial Daily

Subscription Published from Karachi and Lahore

All Pakistan Customs Agents Association calls upon federal government to establish shipping and ports ombudsman

Commerce Report
KARACHI: Mr. Majid A. Malik, Chairman, All Pakistan Customs Agents Association and Shadi Tariq, Vice Chairman, All Pakistan Customs Agents Association, called upon the Federal Government to establish a Shipping and Ports Ombudsman in Karachi.
In an effort to foster transparency, efficiency, and fair practices in the shipping industry, Mr. Majid A. Malik, Chairman, All Pakistan Customs Agents Association and Shadi Tariq, Vice Chairman, All Pakistan Customs Agents Association, are urging the Federal Government to establish a Shipping and Ports Ombudsman. The proposed Ombudsman, headquartered in Karachi, would be a neutral body, headed by a retired judge, to handle complaints, resolve disputes, and support vulnerable stakeholders.



MACN 2ND ROUNDTABLE CONFERENCE

Identification of Mal-Practices / Corrupt Practices and their solutions
in the Maritime Industry of Pakistan

August 24, 2023 | 6:00–8:00 PM | Hotel Mövenpick Karachi, Pakistan



Meeting Objectives:

- Identification of malpractices / corrupt practices and their solution in Maritime Industry of Pakistan
- Point of view of private sector - senior leadership of various Associations including Traders, Chambers of Commerce, International Chamber of Commerce, Customs Agents, Terminal Operators, Freight Forwarders, Ship's Agents, Shipping lines, Stevedores, Bonded Carriers, Off-dock Terminals
- Sharing of challenges faced by various stake holders
- Sharing of positive / good practices

2nd Round-table Conference was organized by Global Compact Network Pakistan (GCNP) and Maritime Anti-Corruption Network (MACN), Denmark at Movenpick Hotel, Karachi, Pakistan on August 24, 2023.

The esteemed participants of the Meeting were from:

- a) All Pakistan Custom Agents Association.
- b) All Pakistan Shipping Association
- c) All Pakistan Paper Merchant Association
- d) International Chamber of Commerce
- e) Karachi Chamber of Commerce & Industry
- f) Karachi Custom Agents Association
- g) Off Dock Terminals (Karachi)
- h) Pakistan Ships' Agents Association
- i) Pakistan Stevedores Conference (Guarantee) Limited
- j) PIFFA - Pakistan International Freight Forwarder Association
- k) PRGMEA - Pakistan Readymade Garments Manufacturers & Exporters Association
- l) Terminal Operators (sea port)

2nd Round-Table Conference

Mr. Majyd Aziz, President GCNP, in his opening remarks said that the aim of this conference was to initiate an open and candid discussion. To facilitate this, Chatham House Rules would be adhered to. Communication could take place in Urdu and/or English language as per convenience.

In this context, we often focus on direct corruption of government officials. This misuse of their discretionary powers is not simple bribery. It is extortion, as these individuals exploit their positions. Additionally, we grapple with the trading of insider information and influence peddling. In Pakistan, we face the challenge of favouritism, cronyism, nepotism, and similar practices. This can undermine transparency. It is often stated that the global economic cost of corruption has been estimated over two trillion dollars worldwide. Much like elsewhere, corruption has been institutionalized in Pakistan, too. The modus operandi often involves companies exerting influence by giving costly gifts or hosting special dinners for officials.

Our focus is now on subsequent actions. Our collective action should be directed towards developing an action plan. We may choose only one department and try to eliminate corruption. If we can achieve this then the model can be replicated throughout the entire structure, from top to bottom, whether it's within government, the political sphere, the judicial system or private sector.

Mathias Bak, Associate, MACN Denmark, stated that he believed that the most opportune approach was to harness the potential of MACN and to collectively formulate an action plan. MACN has undertaken projects in numerous countries, including Argentina, Egypt, Ukraine, Nigeria, India, Bangladesh, and are also expanding in Indonesia. Hence, they possess insights into how this system works. Mr. Bak stated that he believed that having all stakeholders gathered and adopting a collective approach truly proves effective, along with the advantages associated with it. Firstly, this enacts the concept of strength in numbers. The initial reason why this approach is so influential is that

when stakeholders unite, they establish a cohesive platform. If they collectively voice their stance against corruption, their message becomes far more powerful. Pooling their resources magnifies both their voices and their capabilities. Their actions are driven not solely by ethical considerations, but also by economic sensibility.

This could involve sharing data regarding specific practices they aim to change or collectively opposing something through a campaign. When they harness the strength of numbers, they gain the ability to bring about significant change. Another compelling reason for the potency of collective action is its potential to pave the way for shared, transparent, and publicly accessible standard operating procedures. Agreeing upon standard operating procedures means setting common benchmarks. When all adhere to the same rules, they also understand what to expect from fellow stakeholders and public authorities. Establishing these operating procedures also enables them to define what constitutes a violation.

Hence, creating standard operating procedures (SOPs) can serve as a means of mutual accountability, which inherently acts as a robust deterrent against various illicit activities. Additionally, these shared standards allow assessment of potential violations based on a common framework. This can be framed as compliance with established operating procedures—a shared framework for conducting business—rather than resorting to accusations like corruption.

Moreover, collaboration of stakeholders from various sectors, gathered around the same table, enables all to tackle misunderstandings, inefficiencies, skewed business practices, and potential conflicts arising due to these inefficiencies. Drawing from their experiences in past projects, from Nigeria to Argentina, and increasingly in Egypt, India, and other countries, sustained improvements in business environment for maritime enterprises were seen after such collective efforts. It all originated from a diverse group convening and focusing on future objectives.

International Chamber of Commerce stated that they hold observer status at the UN and support initiative of the Global Compact Network Pakistan and MACN. In the ICC, they have an internationally recognized Customs and Trade Facilitation Commission that addresses various aspects related to customs facilitation, trade, shipping, logistics, and more. They also look after the International Road Transport Union (IRU) matters. As a member of the International Road Transport Union, they are a part of the Global Compact Network Pakistan's initiative.

Traders / Importers discussed issues related to Shipping Lines and Terminal Operators. These included exorbitant and unjust charges and practices. It was stated that Statutory Regulatory Order (SRO) 450/2001 mentions that only the shipping line would issue the DO (Delivery Order). However, the shipping line/agent does not give any facility. The definition of 'Freight' in international law and local practice remains a contentious issue. These practices sometimes lead to inflated charges, concealed within the freight cost. Additionally, there are some opaque charges during the loading process, under the label of 'CYCY' ('Container Yard' to 'Container Yard'). Terminal handling charges are also included in these charges. Port Terminals also receive charges from Traders. Hence, Traders pay charges at the time of booking (at load port), to shipping company and also to the terminal operator for handling containers.

Traders made efforts and SRO 1220/2015 was issued wherein the shipping companies cannot charge any demurrage and detention where specifically it is not agreed and also not mentioned on the B/L (Bill of Lading). Input of Shipping Agents was also obtained by the trade. Traders stated that the Shipping Agent were of the view that if charges were written on the B/L then they would charge, on which trade agreed. Customs declared that if illegal charges were demanded, then customs would cancel the licence. Shipping sector went to the court. Court never stated that they can demand illegal charges. One may see any law, Hague Rules, Hamburg Rules, SRO 1220/2015, any international or local law, if it permits to impose such charges trade is willing to pay the same.

If shipping sector is providing any facility, then they can charge. One shipping company is charging Rs.50,000 other Rs.100,000 and third Rs.300,000 for issuing a paper called 'Delivery Order' (DO). One trader paid Rs. 125,000 as DO charges for one container and Rs. 225,000 for next two containers. The shipping sector was asked by the traders about the rationale of such charges. They stated that it was a practice in Pakistan and they charge this amount for their expenses. There is an estimate that the sector collects 75 billion rupees from Pakistan in the name of DO charges. Customs don't take any action and hide behind the pretext of court proceedings regarding SRO 1220/2015. The matter is pending in the court.

The traders further said that in the past Competition Commission of Pakistan raided the offices and got papers, which revealed that Shipping Companies simply asked to charge this much of amount. Competition Commission imposed a fine of 1 million rupees.

Port terminal operators may confirm whether the scheduled charges should be paid by the shipping companies or the importer, if the B/L carries condition of 'CY to CY'. If same charges are paid at multiple stages then it increases the cost of doing business.

Moreover, charges are in dollars. If the charges are \$50 in USA then the same amount should not be taken in Pakistan and may commensurate as per local environment and cost/charges.

Traders often find themselves constrained by the terms of shipping company's contracts and prevailing regulations. Traders feels that the Pakistan Ship's Agent Association's office and the Competitive Commission of Pakistan can play an important role in this matter. The concerns should be addressed.

Traders were of the view that international shipping law may be implemented. The question is whether this is the responsibility of Ministry of Maritime Affairs or any other government department. In Pakistan there is no legal frame work but Ministry of Maritime Affair should take up this matter and initiative.

All Pakistan Customs Agents Association (APCAA)

informed that in the past, the Karachi Chamber of Commerce took the initiative of forming a committee comprising amongst others, of Customs, Director General of Port and Shipping, Chairman Pakistan National Shipping Corporation and Karachi Customs Agents Association. The Committee, with the consensus of all the stakeholders recommended establishing a Shipping Rates Advisory Board (SRAB). Mr Hasil Bukhsh Bizenjo was heading this initiative. The file is with the Secretary Ministry of Maritime Affairs. Had the recommendations of the Committee been implemented, the issue would have been resolved.

APCAA emphasized focus on international standards of terminals, shipping lines, and other sectors. The Terminal Operators facilities are neither in accordance with international standards nor as per agreement with the Government of Pakistan. The examination area does not have sheds and in the rainy season examination is halted which causes delay and importer has to ultimately pay the demurrage / storage charges of the Terminals. If a container sustains damage during this period, the trader bears the charges.

APCAA also proposed the establishment of a Maritime Ombudsman for this sector, as has been done by some countries. Spot mediation has also gained popularity in recent years due to its effectiveness in resolving disputes quickly.

Traders/Exporters stated that DO charges (Delivery Order Charges) vary among shipping companies, ranging from Rs. 90,000 to Rs. 140,000. The trader cannot argue about this disparity otherwise his container is held up for 2-3 days and he had to pay extra storage charges to the terminal. Container deposit fee used to be Rs.10,000 but now it ranges from Rs. 70,000 to Rs. 400,000. Refund is issued 2-3 months after the return of the container. At times, the refund cheque is post-dated. With the current interest rate of 20-22%, the companies earn interest on this held up amount. Shipping line or agency may resolve these issues.

FBR has many issues. Valuation is the key issue we may fix the values and tax rates. If we fix the rates then corruption will be reduced.

The Chamber of Commerce & Industry's

representative stated that the container deposit was usually refunded quite late. In one case a shipping company refund security deposit was taken in December 2022 and refunded on August 22, 2023, after a delay of about 8 months.

3 - 5 days free period is given by the Shipping companies. Thereafter until 9 days, US \$ 70/day are charged, then after 10 days \$120/day are charged. If the container is returned after more than 10 days, the shipping lines charge \$120/day for complete 10 days without deducting the free days period.

In recent past when foreign exchange was not available and L/C payments were not being released by the State Bank of Pakistan (SBP), the clearance was delayed due to SBP's policies and importers had to pay a rent of PKR appx 2-3 million on one container. The Chairman Karachi Port Trust (KPT), Mr Tariq Huda and Finance Minister, Mr. Miftah Ismail intervened and offered shipping lines to allow removal of containers from the port and unloading of goods at either the KPT premises or at the Trading Corporation of Pakistan (TCP) godown free of charge for subsequent clearance by the customs and banks but the shipping lines did not agree to the proposal, stating that they would not allow to move containers until original B/L is provided.

Customs, which is a licensing authority for shipping lines / agents, was empowered to reduce / waive the shipping charges if there is no fault of the trader. However, these powers could not be exercised by the Customs department due to court cases. The powers of Customs to issue Delay & Detention certificate was challenged in the court and a stay order was granted. Individual traders cannot afford expensive lawyers unlike shipping companies. These lawyers help in maintaining the stay order. Customs and Maritime Departments do not pursue cases effectively and are helpless.

The security deposit pay orders may not be encashed and security returned without delay. Another issue is that, with the time period for depositing the container security pay order being 1000 Hours to 1200 Hours, a ship berthing late on Thursday is unable to deposit the pay order within the time frame on Friday but the container free

period or rent period continues to be counted over the weekend.

In case of imports, the Saturday is off-day by the Shipping Lines when the Customs, Banks, Ports and Terminals operate as usual is tantamount to penalizing importers by way of applying late charges. On the other hand, the same shipping lines work on Saturdays and Sundays in case of exports, understandably as this facilitates their business. Thus, in case of imports, same treatment may be given.

Container damage charges issue was discussed. One participant quoted an incidence where in case of 7 B/Ls container deposit amount was withheld allegedly due to container damage. The item stored in the container being perfumery, there could not be any damage caused. On top of this, the shipping surveyor arrived after a delay of a week to conduct the survey. At this stage, even if the surveyor declares that container is not damaged, one has to pay the surveyor charges. There are instances where same container came from Dubai 3-4 times and every time container damage charges had to be paid as importer / traders had no option and no remedy available. With the shipping line charging for insurance of containers, there should not be any container damage charges.

A fraud of NVOCC (Non Vessel Owning Common Carrier) has come to surface where one operator has disappeared after taking PKR 350 million from traders, bonded carriers etc. NVOCC works like a Freight Forwarder and issues DOs etc. The issue is that when NVOCC does not lodge an Import Manifest, it should not be allowed to issue DOs. These should be issued by the shipping line, which lodges Import Manifest.

Terminal Operators occupy major port areas and have complex agreement with KPT. The signatory for the terminal operator and the person actually managing and operating the terminal are different. Some terminals are being operated by tax haven companies or off shore companies, raising possibility of tax avoidance also. Such companies must not be engaged.

Similarly, while charges for dangerous goods are imposed on such cargo, no separate area has been ear-marked for such goods by the Terminal Operators. Moreover, staff is not skilled and

mishandling can lead to container damage and these incidents are recorded through videos and such damage charges are to be paid by the importer despite having no fault on his part.

At times, the shipping companies do not receive containers, which are returned on Fridays by the importer. This forces him to retain the containers over the weekend ending up with an undue payment of three days. Besides the truck has also to be engaged for the weekend as it waits till Monday when shipping company receives empty container. Truck charges are also paid for 3 days. The shipping companies should receive the containers on 24/7 or at least on weekends also when they work for export of cargo round the clock.

Karachi Customs Agents Association (KCAA) stated that besides DO charges, Late DO Charges were also being taken. When no service / facility is being provided, then there is no justification for DO or Late DO Charges.

Referring to Dirty Container Charges, an example of a container of Pharmaceutical Injections was given. This container was cleared under the Green Channel, but Dirty Container Charges were imposed. The participant stated “we can’t fight or protest as we don’t know who decides these charges”.

If Container Charges or Delivery Order Charges of one client of a customs agent is pending then shipping companies halt processing and releasing of containers of all of his different clients. This is an illegal practice besides being ethically and morally incorrect.

The Terminal Operators while replying to the observation regarding companies registered in tax havens areas, stated that it is not necessary that every off shore company is involved in evasion of taxes or in money laundering. In case of evasion, such companies show activity in off-shore area while in fact no physical activity is generated there and only fake income is shown. But, if a Terminal is registered in Pakistan, made with heavy investment and providing services, employment and using latest technology and paying due taxes

in Pakistan, then it should not be labelled as evading taxes. One such terminal was among the thirty highest tax payers in Pakistan and taking out profit after permission of the SBP.

Sea Port Terminal Operators (TO) charge for the facilities and services like delivery, stuffing, scanning, cross stuffing, examination or any other service as per laid down tariff, provided by them on the request of importers or exporters. TOs charge all clients uniformly not resorting to the illegal practice of differential treatment to customers and taking unauthorized charges. TOs aim to clear the container taking minimum dwell time and use space to roll maximum containers.

Shipping Lines are coming to Pakistan because of latest facilities provided by the Terminal Operators. In the past, gate vessels used to come at the port. Swing operations were carried out i.e., unloading from one side and then the ship was moved to unload from other side and all extra expenses were borne by the traders.

Pakistan National Shipping Corporation (PNSC) should have taken over the shipping operations but unfortunately, they did not come up to the expectations and traders had to rely on the foreign shipping lines.

There were complaints of examination areas being unclean and dirty. One terminal made improvements by laying plastic sheets and canvas cloth in the examination area. This practice was then followed by others.

The TO can reduce demurrage / storage charges if rental agreement with the government / port authorities (KPT/PQ) is revised and rent is reduced. The benefit can then be passed on to the clients. Presently the government is not prepared to lose its revenue.

During foreign exchange (FE) shortage, Terminal Operators asked the government to allow cross stuffing so that the local cheap containers could be utilized and shipping line containers could be returned. In such situations container can be replaced and all other formalities including FE availability, customs assessment and examination can be completed subsequently. Government may allow cross stuffing in future if such a situation arises.

Customs is authorized to issue Licenses to shipping lines / agents. A Delivery Order is required to take delivery of the cargo. If Customs allow Cross Stuffing of the cargo in another container, then the shipping line should issue a No Objection Certificate. This measure would also be in the interest of the shipping lines.

An amendment should be made in the Customs Law that, in unusual circumstances and where there is no fault of the importer (like Foreign Exchange issue or COVID like situation), Customs can ask the Shipping Line to issue an NOC for cross stuffing and DO may be issued after payment of duty / taxes and other formalities. The shipping company should be bound by the Government / Customs to issue NOC for cross stuffing. If required other relevant and applicable laws should similarly be changed, or perhaps a regulatory body should be formed to monitor this.

The government should have come to help the trade because there was no fault on their part but they were suffering and losing money due to delay in issuance of foreign exchange. Raw material was not available to factories at that time.

One major issue is that of stuck-up containers. Many containers are stuck up in auction. There are hundreds of containers and customs does not release the containers prior to auction.

An innovative solution needs to be found for situations such as non-availability of foreign exchange and detrimental effects on the business environment and economy of pandemics. We should not need to approach a Terminal or a shipping line. There should be some built in mechanism to deal with such emergencies. Terminal Operator does not charge any amount outside their fixed tariff. TO want to create space and clear the containers to utilize the space. If it does not, it will lose money.

The President GCNP was of the view that we should find a common ground and also try mediation where required. There is an institution known as Musaliha International Centre for Arbitration and Dispute Resolution (MICADR) which can help in immediate mediation. Stakeholders should come on one platform to suggest and implement quick dispute resolution mechanism.

The Off-dock Terminal Operator's representative stated that there are certain issues regarding compliance. With the passage of time, there is a lot of improvement in Terminal businesses over the last 20 years. There were cases of missing containers as all processes were manual. It was decided later that there should be a complete tracking trail for each and every container. Now this system has gradually improved and, with automation, it has created a lot of transparency in the workflow as it was an international need. The cargo log is always maintained starting from booking and then passing authorization. There are a lot of checks and balances. The cargo is off loaded at the terminal and reported to the Customs Authorities. In the past, even the consolidators didn't know about the container in which his export cargo had been sent and only the terminal used to tell them. But now information is available / uploaded and it is already known which cargo will be loaded in which container. In case of Exports, certain compliances are required. For example USA needs special certificate and compliance procedure and also needs to see the working ability of the terminal, code of conduct, dealing with the customers and dispute resolution mechanism. LCL cargo (loose consignments) are mostly cleared from the off-dock terminals.

The Pakistan International Freight Forwarder Association (PIFFA) stated that when a container is stuck up and not cleared in time, then government cannot waive off its rent (dues of the shipping company) or storage charges (dues of terminals). To ensure timely clearance of containers, the government should define timelines for examination and clearance of containers from various departments, whether it is Custom, Plant Quarantine, PSQCA or any other department. The issue arises as the importers themselves don't know about the clearance time. There was no problem of foreign exchange prior to July-August 2023, but issue of these late charges was there. The Shipping Lines and Terminals already give free time. The Custom department should clear those consignments in a given time frame.

The problems faced by Importers have been discussed, whereas no issues of exporters were

discussed. If the corruption in Customs and other departments is eliminated, then there will be no delay at all. There should be a transparent policy of the government to accelerate clearances, say commodity wise fixation of duty and taxes etc.

The government rejected the suggestion of cross stuffing, which is a solution but we understand that this was not easy. Since containers are not cleared in time, the Importers ask for more time beyond the free period. The reasons for delays in clearance of goods from customs / other departments need to be defined and analysed and addressed. The Customs department could fix some timelines in which the goods are cleared. If the goods are not cleared, they should be sent to the warehouse to avoid any late charges.

Some issues can be ascribed to the Importers also as a large number are involved in under valuation or mis-declaration or claiming wrong exemption. These scenarios cause delays in clearances of consignments. Presently, over 55% of consignments are cleared in the Green Channel from Customs. For the rest, some timelines have to be fixed or in case of discrepancy some solution must be found.

As for freight charges, customers do not pay freight at the load port. This burden then comes at the destination port and on the importer. Secondly, NVOCC means that they have a license and they can file manifest and work like a shipping line.

Pakistan Ship's Agents Association (PSAA) stated that presently there is no legal cover to MACN but since a number of presidents of various trade organizations / associations are sitting so it has a say and legal support. If 10 presidents of the trade organizations sitting here could not resolve these issues then how MACN, which otherwise has no legal cover or legal authority, can do it?

The participant talked about FIA and especially immigration of ships. If a ship is berthed at the Karachi Port or Port Qasim, FIA staff check crew documents. Every seaman or seafarer should be entered in the Seaman Book. If FIA staff member says that this book is not acceptable then what is the remedy? The flag state issue the Seamen Book. We are signatory of IMO and ILO also under which ID cards are issued to seamen. It would help to

know the law under which this book is not acceptable since the shipping agent has to inform his principal. The laws at least should be quoted under which the seaman book is not being accepted and ship is being threatened with a fine.

That shipping line / agent and its principal has the legal right to know so that they can approach a court of law. A superintendent is barred from leaving the ship but the FIA (immigration) doesn't quote any law. The seaman book is issued and Pakistan is signatory of ILO convention under which seaman employment card is issued. And when the ship is registered in some country and they issue a book then there should be no question. So if a superintendent cannot be allowed to leave the ship then this fact may be given to shipping agent in writing. The Superintendents at the ship are retired seamen and their names are already entered in the seaman book. After retirement, they join as a superintendent. Only their status is changed and it is entered in the seaman book that now they are joining as superintendent. Certain crew members are also not accepted by immigration staff despite their entry in the seaman book.

If the ship is registered in one country and Seaman Book is issued from some other country it is not accepted. Basically, the responsibility is that of the flag state where the ship has been registered and that country takes the whole responsibility of everything including the crew and entry in the papers.

If the crew member comes to Pakistan, we earn foreign exchange, which is spent in our country. In the past, a number of crew members (25 people or sometimes more) used to sign off and join so they used to come to Karachi. The crew members used to fly to Pakistan and spent one or two days and then leave for their country or join the ship. In fact, it was a form of tourism.

Now they have stopped changing crew here and do so in Dubai or some other country. IMO adopted a convention in 1978 called the International Convention on Standards of Training, Certification, and Watch-keeping for Seafarers (STCW). The immigration staff questions the documentation under ILO agreement and IMO. The issue is whether the immigration staff of FIA has been

trained under STCW. Similarly, there is an Environment Protection Department, which imposes fines on the ships. The government should train their people in their departments so that they can bring improvement in the working and follow the law and conventions signed by the Pakistan.

All Pakistan Shipping Association while replying to the complaints related to illegal or hidden charges by the shipping lines, it was clarified that there are no hidden charges and all charges are contractual and according to the bill of lading and the carriage contract. The shipping lines charge as per declared tariff, which is accessible to everyone and is displayed at the website. If some Shipping Line or Shipping Agent claims other than the published tariff then the charges definitely are illegal and the shipping line association does not support it.

The shipping lines have a legal and compliance team which are the ambassadors and are against any corruption or money laundering or illegal charges. We will take up corruption issues at the highest level and we condemn any form of corruption.

As for container detention charges, every shipping line give some free days and if the consignment is not cleared in that free time then definitely rent charges also called container detention charges, would be imposed. Container is the asset of the shipping line and whether it is leased or owned, it is the property of shipping line. So if there is no fault of a shipping line and its containers are stuck up then definitely, they have a right to charge the rent. We don't take any undue advantage at all. Our utmost priority is that the container should be cleared immediately. But in case of floods, there are shipping companies which increased free period. Similarly in case of COVID-19 millions of rupees were waived off.

As far as the Damage and Dirty Container charges are concerned specific complaints are not known. If there are some issues or some illegal demands the matter should be brought to the knowledge of the Association and since every shipping line has a different procedure so that the Association could take up the matter with individual shipping line and then decide at higher level. We cannot talk on behalf of individual shipping line at this forum.

As far as delay in returning of security deposit and encashment is concerned, again the Association is not in a position to talk on behalf of individual shipping line and individual complaints. If the security amount is not returned in 2 to 3 months then it is not a proper way. We condemn any such illegal practice. But every shipping line has its own procedure. Since several departments are involved in processing so probably it takes some time in processing the refund claim which could be 2 to 3 weeks. Every shipping line has its own policy and working so we can discuss again the issue at the Association level and if there are some instances, we can talk to individual shipping line in this regard.

This conference was about the collective approach towards anticorruption measures in maritime sector. We should move forward how to stop corruption and wish you to talk about it and then make policy and discuss it at higher level.

The training is an important aspect, because there are a lot of departments which don't know the consequences or exact legal position. Systemic changes are also required. Basically, we need to start from the top level and at the policy making level in all organizations.

Pakistan Stevedore Conference (Guarantee) Limited (Association of Stevedores) stated that Abu Dhabi Port had taken over operations of one terminal and it is heard that they may take over other terminals and berths also. Thus they are trying to remove the stevedoring from berth 10-17 at Karachi port and this will kill the employment opportunities. The taking over organisation will simply say that we don't need these Stevedores or KDLB (Karachi Dockyard Labour Board) labour. Our existence is threatened. After coming of Abu Dhabi port the operational cost will increase. This issue needs to be taken up. Similarly Customs Agent will also be not working in that area.

Syed Tanvir Ahmad, Advisor GCNP-MACN, thanked all participants and appreciated their inputs and feedback. He also acknowledged that many issues could not be discussed and debated due to paucity of time.

On immigration SOP progress, he informed participants that MACN had contacted Assistant Director, Immigration and sent a letter to the Director FIA. On a complaint of Pakistan Ship's Agents Association an inquiry was initiated, which has yet to be concluded. When this issue was discussed with FIA, they informed that no action could be taken regarding new SOP as they follow the existing FIA handbook and current law on the subject. Immigration staff is of the view that a ship is registered in one country whereas the Seaman Book has been issued by Panama or some tax havens in most of the cases and are suspicious. Whether they're right or wrong, it is their interpretation of law. The FIA (immigration) is of the view that we can sit together and develop an SOP so that we can be on the same page. It was proposed that MACN may send a draft SOP to immigration. The shipping line and shipping agents associations may draft an SOP to be discussed with FIA and to send it to higher level for approval. The PIFFA may be consulted in this regard by the All Pakistan Shipping Association and Pakistan Ship's Agents Association.

He suggested that as there could be issues which had not been discussed due to shortage of time, the same could be given in writing. Many participants pointed out that there was no legal framework for various stakeholders. There were some proposed draft law on logistics in the past, which could not be passed by the parliament. We wish to take your opinion on that legislation also whether it should be pursued as such or needs some changes. But there should be some law where all the stakeholders should agree to bring transparency.

Mediation is another solution that we have discussed at this forum. While it is an innovative suggestion, it has yet to be tried. MACN is not a legal force but with stakeholders support, it can be an effective voice with the backing of UNGCN and MACN Denmark. MACN has 190 members and mostly shipping lines. Some countries including India have done a successful experiment and establish a helpdesk.

ANNEXURE-2

ANNEX-2.1

AGENDA

MACN 2nd Roundtable Conference

Start Time	End Time	Particulars	Person Responsible
5:45 PM	6:00 PM	Guests to be seated	
6:00 PM	6:05 PM	Recitation from Holy Quran	Ms. Zainab Fatima, Executive-IT, GCNP
6:05 PM	6:10 PM	Welcome Address	Mr. Majyd Aziz, President GCNP
6:10 PM	6:15 PM	Why we should adopt collective action approach	Mathias Bak – Associate, MACN, Denmark (live)
6:15 PM	6:20 PM	Objective of the Conference	Mr. Muhammad Akram, Project Manager, GCNP-MACN
6:20 PM	Identification of Mal-Practices / Corrupt Practices and their solutions in Maritime Industry of Pakistan		
6:20 PM	6:25 PM	Importers / Exporters	Paper Merchants Association
6:25 PM	6:30 PM	Importers / Exporters	Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA)
6:30 PM	6:35 PM	Importers / Exporters	Pakistan Hosiery Manufacturers & Exporters Association (PHMA)
6:35 PM	6:40 PM	Chamber of Commerce	Karachi Chamber Commerce and Industry & International Chamber of Commerce
6:40 PM	6:45 PM	Customs Agents	All Pakistan Custom Agents Association
6:45 PM	6:50 PM	Customs Agents	Karachi Customs Agents Association
6:50 PM	6:55 PM	Terminal Operations	Terminal Operators
6:55 PM	7:00 PM	Freight Forwarders	Pakistan International Freight Forwarders Association (PIFFA)
7:00 PM	7:05 PM	Ship's Agents	Pakistan Ship's Agents Association
7:05 PM	7:10 PM	Shipping Lines	Shipping Association
7:10 PM	7:15 PM	Stevedores	Stevedore Conference of Pakistan
7:15 PM	7:20 PM	Bonded Carriers	Bonded Carriers Association
7:25 PM	7:55 PM	Questions / Answers / Discussion Session	
7:55 PM	8:00 PM	Closing Remarks – Vote of thanks	Syed Tanvir Ahmad, Project Advisor, GCNP-MACN
8:00 PM	Dinner		

ANNEX-2.2
LIST OF PARTICIPANTS
MACN 2nd Roundtable Conference

S.NO	NAME	ORGANIZATION	DESIGNATION
1	CAPT Syed Farrukh Ali	Trans Marine	GM Operation
2	Kamran Farid	Pakistan Stevedores Conference G Ltd	President
3	Muhammad Haris	All Pakistan Rafan Merchants Associates	Service Chairman
4	Sheikh Mohammad Tahir	All Pakistan Shipping Association	Vice Chairman
5	Maqbool Ahmad Malik	All Pakistan Customs Agents Association (APCAA)	Chairman
6	Sheikh M. Tariq	All Pakistan Customs Agents Association (APCAA)	Vice Chairman
7	M. Asif Anwar	Qasim Freight Station	A. G Manager
8	Abdul Aziz Usman	Qasim Freight Station	Documentation Manager
9	Nadeem Mazher	Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)	EC member
10	Muhammad Rizwan	Lincoln Law & Business Associates	Head of Logistics and Port
11	Ghulam Dastagir Paracha	Pakistan International Freight Forwarders Association (PIFFA)	EC Member Director
12	Javaid Basini	Pakistan National Committee of the International Chamber of Commerce (PNC) ICC	Secretary General
13	Nadeem Kamil	Karachi Custom Agent Association (KCAA)	President
14	Atiq Ahmed	Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)	Executive
15	Junaid Mehmood	Karachi Custom Agent Association (KCAA)	Joint Secretary
16	Muhammad Younus Soomro	Karachi Custom Agent Association (KCAA)	Former VP
17	M. Babar Khan	Pakistan Hosiery Manufacturers & Exporters Association	Central Chairman
18	Malik Shabbir	Karachi Custom Agent Association	MMC
19	Rana Tanveer	Karachi Custom Agent Association	Member

S.NO	NAME	ORGANIZATION	DESIGNATION
20	Majyd Aziz	Global Compact Network Pakistan	President
21	Syed Tanvir Ahmad	Global Compact Network Pakistan	Project Advisor
22	Muhammad Akram	Global Compact Network Pakistan	Project Manager
23	Nuzhat Jahan	Global Compact Network Pakistan	Secretary General
24	Fawad Zahir	Global Compact Network Pakistan	Program Manager
25	Samreen Shaikh	Global Compact Network Pakistan	Marketing Manager
26	Muhammad Hassan	Global Compact Network Pakistan	Consultant IT
27	Zainab Fatima	Global Compact Network Pakistan	Executive IT
28	Fatima Khatoon	Global Compact Network Pakistan	Volunteer
29	Hanif Maseh	Global Compact Network Pakistan	Office Assistant
30	Samit	Employers' Federation of Pakistan	IT Executive
31	Murtaza Naqvi	Employers' Federation of Pakistan	Finance Manager
32	Shahbaz	Employers' Federation of Pakistan	Office Assistant



ANNEX-2.3

PRESS RELEASE

MACN 2nd Roundtable Conference

Huge economic costs of corruption: Majyd Aziz

KARACHI: Majyd Aziz, the then-President Global Compact Network Pakistan (GCNP), stated that corruption in business is a universal problem and worldwide economic cost of corruption is in excess of \$2 trillion. In Pakistan, corruption and bad practices are now institutionalized and hampering economic progress. The widespread corruption results in an inefficient economy. Moreover, the moral cost of corruption is endemic too and those who have discretionary or decision-making powers are either forced to commit corrupt practices or are deeply involved in taking advantage of their positions.

Majyd Aziz was chairing the Roundtable Meeting on Identification of Good Practices, Malpractices and Corrupt Practices and their Solutions in Maritime Industry of Pakistan, hosted by GCNP in association with Maritime Anti-Corruption Network (MACN), Denmark. He was addressing users and stakeholders of Maritime industry from eleven Chambers of Commerce and Associations.

He advised that we all should agree in introducing transparency, having minimum tolerance for corruption, and working as a united force. Influence peddling or giving expensive presents or payments given to receive undue advantage are normal. Corruption includes acts when businesses make political donations with intent of influencing political decisions changing policies or amending laws. Favouritism, nepotism, cronyism, etc. are forms of corruption because these lead to unfair preferential treatment at the expense of others. He wondered why stakeholders do not focus on one office or department at one time and sincerely pledge not to offer bribes or gifts. This can only happen if collective action is taken and agreed by all stakeholders.

Mathias Bak of MACN Denmark, who participated virtually, advised that stakeholders must sit and develop standard operating procedures and a strong platform to become a powerful deterrent against bad practices. He added that full compliance of the SOPs would enable stakeholders to change the system through optimization of their resources. He said that curbing corruption is essential for economic growth and reducing cost. Developing consensus on efficiencies, transparency, and efforts, would ensure integrity, and free them from challenges of undue pressures.

During an informative, lively, and focused discussion among the stakeholders, there were a number of suggestions and proposals, especially with regard to detention charges and avoidable demurrages. There was a consensus to establish a Ship Agents Advisory Board that would be the focal point for all disputes and Port activities. Fixation of the Import Trade Price formula would end arbitrary value fixation and corruption in Customs. There is a need to form a monitoring body to keep a check on shipping companies.

The participants also observed that the Customs and Port authorities unilaterally change rules and regulations, and these changes result in corruption and bad practices. Issues were also highlighted on cross stuffing and if cross stuffing were allowed for selected transit trade, why should not it be allowed for general cargo. A procedure and selectivity criteria of examination by Customs be enforced. Moreover, transparent policies by the government were needed to end corruption in the Customs.

The participants made numerous complaints against the mushrooming of labor unions, use of by-road workers at the port, entry of unauthorized persons in the port, mandatory employing of workers of Karachi Dock Labor Board whose daily wages are very high, and the strong-arm attitude of officials of Department of Plant

Quarantine. These and many more charges increase the cost of cargo clearance and ultimately paid by the general consumer.

Advisor GCNP, Syed Tanvir Ahmad, informed the participants that they had a meeting with FIA and a detailed letter was handed over to the concerned Director. MACN proposed that the old SOPs have become outdated and are not relevant today. FIA should study the ILO Maritime Convention and amend the SOPs accordingly. Project Manager GCNP, Muhammad Akram, moderated the meeting and informed that MACN / GCNP were holding regular seminars and individual consultative meetings and trying to find beneficial solutions. The National Conference would be held on 22 September where Mr. Bak of MACN Denmark would present the latest positive initiatives and action taken in other countries.

Representatives and office bearers from PIFFA, QICT, Custom Agents, Shipping Lines, Stevedores, Cargo Handling, PRGMEA, PHMA, QFS Terminal, KCCI, ICCI, Paper Merchants, attended the meeting. They unanimously expressed their willingness to join the fight against corruption and bad practices and offered full support and cooperation to GCNP & MACN.

AZB

Huge economic costs of corruption: Majyd Aziz



KARACHI Majyd Aziz, President of Global Compact Network Pakistan (GCNP), has said that corruption in business is a universal problem and that the worldwide economic costs of corruption are in excess of \$2 trillion. In Pakistan, corruption and bad practices are now institutionalized and hampering economic progress. The widespread corruption results in an inefficient economy. Moreover, the moral cost of corruption is endemic too and those who have discretionary or decision-making powers are either forced to commit corrupt practices or are deeply involved in taking advantage of their positions.

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He advised all should agree on introducing transparency, having zero tolerance for corruption, and working as a united force. Influence peddling or giving expensive presents or payments to receive undue advantage are normal. Corruption is also when businesses make political decisions with the intent of influencing political decisions changing policies or amending laws. Favoritism, nepotism, cronyism, etc., are forms of corruption because these lead to unfair preferential treatment at the expense of others. He wondered why stakeholders do not focus on one office or department at a time and sincerely pledge not to offer bribes or gifts. This can only happen if collective action is taken and agreed by all stakeholders.

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Corruption Costs Exceed \$2 Trillion Globally: Majyd Aziz



Statesman Report
KARACHI Majyd Aziz, President of Global Compact Network Pakistan (GCNP), has said that corruption in business is a universal problem and that the worldwide economic costs of corruption are in excess of \$2 trillion. In Pakistan, corruption and bad practices are now institutionalized and hampering economic progress. The widespread corruption results in an inefficient economy. Moreover, the moral cost of corruption is endemic too and those who have discretionary or decision-making powers are either forced to commit corrupt practices or are deeply involved in taking advantage of their positions.

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National Courier

Economic costs of corruption over \$2tr globally: Majyd Aziz



Statesman Report
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The Financial Daily

Corruption, bad practices Are hampering economic growth of country: Majyd

KARACHI Majyd Aziz, President of Global Compact Network Pakistan (GCNP), has said that corruption in business is a universal problem and that the worldwide economic costs of corruption are in excess of \$2 trillion. In Pakistan, corruption and bad practices are now institutionalized and hampering economic progress. The widespread corruption results in an inefficient economy. Moreover, the moral cost of corruption is endemic too and those who have discretionary or decision-making powers are either forced to commit corrupt practices or are deeply involved in taking advantage of their positions.

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ECONOMY

Huge economic costs of corruption: Majyd Aziz



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During an informal, busy and focused session with the stakeholders, there was a number of suggestions and proposals, especially with regard to innovative charges and workable damages. These were a consensus to establish a Non-Resident Advisory Board that would be the first point of call for disputes and law violations. Fostering of the import trade Price Formula would and working price between and competition in Customs. There was a need to form a Monitoring body to keep a check on shipping companies.

Mathias Bak of MACN Denmark participated virtually, advised that stakeholders must sit and develop standard operating procedures and have a strong platform to become a powerful deterrent against bad practices. He added that full compliance with the SOPs would enable stakeholders to change the system through optimization of their resources. He said that curbing corruption is essential for economic growth and reducing costs. Developing consensus on efficiencies, transparency, and efforts, would ensure integrity, and free them from the challenges of undue pressures.

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TRADE CHRONICLE

Huge economic costs of corruption: Majyd Aziz



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MACN 3RD MARITIME CONFERENCE

Combating Menace of Corruption in the Maritime Industry

A Way Forward – Applying Collective Action Approach

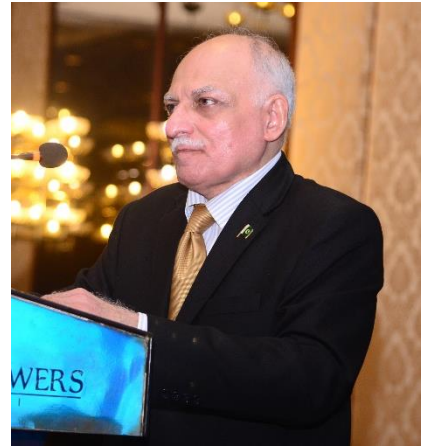
September 22, 2023 | 6:00–8:00 PM | Avari Towers Karachi, Pakistan



3rd Round-Table Conference

Mr. Majyd Aziz, President Global Compact Network Pakistan (GCNP)

Mr. Aziz welcomed the distinguished guests including Special Assistant to the Prime Minister on Maritime Affairs, Mr. Iftikhar Rao, the Director General of Ports and Shipping, Ms. Alia Shahid, and Associate MACN, Mr. Mathias Bak at the conference arranged by the Global Compact Network Pakistan (GCNP) and Maritime Anti-Corruption Network, Denmark (MACN) at the Avari Tower Hotel, Karachi. He spoke about challenges of corruption in the maritime sector and the need to take concrete steps in the fight against corruption. He emphasized the importance of efficient digital processes and a targeted approach to tackle corruption, underlining our collective moral duty to address the issue.



Mr. Aziz also addressed specific concerns related to the operation of ports in Pakistan, such as the ban on coal handling at the Karachi Port, advocating continuous port operations, and addressing issues related to vacant berths and losses.

He highlighted the need for a maritime university in Pakistan to consolidate maritime education programs and promote the blue economy. He concluded by emphasizing determination and commitment to the country despite challenges and underscored the mottoes "When no one can do it, Pakistan can" and "Pakistan first."

He mentioned about difficulties faced at the inception of the project two years ago. He was of the view that this event marked the conclusion of phase one during which we have conducted extensive consultations, raised awareness, and maintained a close liaison with Denmark. It's time to initiate phase two, focusing on concrete steps forward.



Mr. Muhammad Akram, Project Manager GCNP-MACN began by highlighting the uniqueness of Pakistan's demographics in having 50% population less than 17 years of age and emphasizing upon human resource development for maritime industry of Pakistan considering Pakistani youth.

He highlighted training sessions conducted to-date by MACN in Pakistan at Pakistan Customs Academy, Bahria University Karachi Campus, All Pakistan Ship Agents Association, Pakistan Marine Academy and PIFFA training centre to develop and educate human resource in the maritime industry where approximately 400 participants attended these sessions altogether.

Mentioning the objective of the project, Mr. Akram emphasized the "Collective Action Approach" towards combating the menace of corruption in Pakistan Maritime Industry that began two years back and has now touched upon almost all the stake holders raising their awareness levels higher.

In the end, he committed to enhance the training and development activities for Maritime Industry of Pakistan by involving Bahria University, Karachi, Pakistan Marine Academy, stakeholders and Maritime Anti-Corruption Network, (MACN), Denmark, through many tailor-made training programs for futuristic Human Resources needs of the industry.

Mr. Mathias Bak, Associate MACN Denmark visited Pakistan to attend the conference and impart training in maritime sector. At the Maritime Conference, in his address, he introduced MACN, a global organization headquartered in Copenhagen with 196 members from various maritime sectors, working passionately towards a corruption-free maritime industry.

Mr. Bak stated that the shared objective of MACN is a corruption-free maritime industry, which he acknowledged will not happen overnight, but a critical mass has been reached. As majority of MACN's members are shipping lines, which collectively handles about 50% of the world's tonnage, making them a reliable force to bring change.

Emphasizing on collective action, he explained that it involved stakeholder's collaboration to address shared challenges, differing from traditional anti-corruption methods that focus on catching individuals. Realizing that traditional approaches are often ineffective for systemic corruption issues that require coordinated efforts.

Mr. Bak illustrated the power of collective action by showing that individual refusal to pay a bribe does not lead to substantial change, but a collective refusal can bring about significant change, similar to effectiveness of labor unions. He further cited various collective action projects worldwide, starting from Argentina, where the project was commenced in 2011, focusing on challenges related to grain exports. He continued by sharing success stories in Nigeria and India, where the approach significantly has reduced incidents of bribery during port clearances. He also emphasized that the model's effectiveness relies on everyone adhering to established rules and processes, achieved through a meticulous, time-consuming approach.

Moving forward, he outlined the approach stating that it initiates the working by assessing the problem and determining potential impact, followed by alliance-building & its scope, funding identification and partner selection. He shared step-by-step approach involving stakeholder engagement, rule development & risk assessment, culminating in the help desk phase based on local needs.

He concluded his speech by expressing hope for Pakistan's maritime industry' stakeholders to follow a similar path and effectively address corruption challenges in its maritime industry. He underlined the meticulous and time-consuming nature of the process, but has been proven to drive progress.



Topic: Pakistan Single Window – Way Forward

An overview of Pakistan Single Window and its commitment to revolutionize trade through automation.

Mr. Adnan Rafique, Additional Director Customs a senior customs officer currently affiliated with Pakistan Single Window (PSW) is engaged in trade process automation. Mr. Adnan Rafique introduced Pakistan Single Window, an organization revolutionizing trade through automation in Pakistan. He highlighted the background, initiatives, achievements, and future direction of the organization.



Pakistan incurs significant trade costs due to regulatory compliance issues, prompting the need for automation. PSW has successfully automated 80% of trade-related compliance requirements, making documents processing electronic and reducing trade costs.

He mentioned upcoming initiatives which include expanding automation capabilities, improving the user experience, and fostering a trade-friendly environment in Pakistan. The goal is to harness technology to make trade processes more efficient and competitive, ultimately transforming trade in Pakistan.

Mentioning PSW achievements, he stated that they have successfully automated 80% of trade-related compliance requirements, enabling electronic processing of licenses, permits, and certificates. It introduced a Trade Information Portal consolidating regulatory requirements for traders. Simplified and accelerated the user subscription and KYC process, reducing the time to obtain an ID for international trade from one and a half months to 15 minutes. They have implemented a unified payment system and user management system, integrating with 29 banks.

PSW serves as a one-stop platform for all trade-related information in Pakistan, making international trade requirements easily accessible. Integration with various organizations has been made for user authentication, to enhance efficiency and reduce misuse. Integration with pre-shipment inspection companies has been completed thus eliminating manual certificate issuance and associated costs.

He introduced Port Community System (PCS) which aims to streamline and automate maritime sector processes in Pakistan, identified through studies by the World Bank and the World Customs Organization. Its objectives include optimizing logistics processes, ensuring data consistency, supporting data-driven governance, and connecting stakeholders for seamless interactions. Achievements include portal and application design, adoption of a microservice-based architecture, and hardware selection. This will reduce the corruption also.

Ongoing integrations with multiple countries' customs systems in underway to enhance efficiency and accuracy. Expected implementation of the Port Community System (PCS) in major ports in Pakistan will offer electronic issuance of documents and risk management using AI. Plans for increased efficiency, accuracy, cost savings, and strong data security in the future will be ensured. PSW aims to become a data-driven organization, consolidating state-related data for future decision-making. He said that the way forward is to focus on efficiency, accuracy, citizen services, stakeholder engagement, accountability, scalability, and data-driven policies to optimize trade processes. The goal is gather all state-related data at one platform for informed decision-making in the future.

PANEL DISCUSSION

A panel discussion was held on the topic of “Combating Menace of Corruption in the Maritime Industry – Role of your Organization”. The following panellists participated in the discussion:

Panellist 1: Mr. Kashif Ali, Executive Director, Transparency International, Pakistan

Panellist 2: Dr. Commander Idrees, Senior Faculty Member, Bahria University, Karachi Campus

Panellist 3: Mr. Kamran Fareed, President, Pakistan Stevedore Conference (Guarantee) Limited

Panellist 4: Capt. Muquadas Sharif, Pakistan's Ship's Agent Association

The questions asked from the four panellists and their replies are as under:

Mr. Kashif Ali, Executive Director, Transparency International, Pakistan was asked about the global best practices or strategies that have proven effective in combating corruption within maritime industry and how could Pakistan adopt and implement them. Mr. Kashif Ali underscored the significant impact of corruption on the cost of doing business in the maritime industry. He highlighted the challenge of under-invoicing and suggested reforms in customs valuation regime and in the procedures for fixation of values for assessment of duty & taxes. He further appreciated the initiative of Pakistan Single Window system and cited it as a good practice to regulate trade. On the aspect of collaboration by civil society organizations with the industry stakeholders to monitor and report corruption in the maritime sector effectively, Mr. Kashif Ali advocated civil society's involvement in combating corruption and mentioned the GCNP (Global Compact Network Pakistan) and MACN (Maritime Anti-corruption Network), Denmark platform as good models. He further pointed out the need for whistleblowing channels, protection mechanisms and complaint systems to encourage reporting of corruption. He suggested regular training on anti-corruption management and compliance for maritime professionals.





Commander Dr. Idrees, Senior Faculty Member, Bahria University, Karachi Campus was asked as to how academic institutions can contribute to research and promote measures within the maritime industry and what specific courses or educational programs can be developed to address corruption challenges and promote ethics in maritime operations. Commander Dr. Idrees acknowledged the role of education in promoting ethical practices and combating corruption in the maritime sector. He mentioned the provision of specific courses, financial management, and leadership training to address corruption challenges. He further shared that Bahria

University's maritime department is the first of its kind in Pakistan, offering maritime education and engaging in data analysis.

Mr. Kamran Fareed, President, Stevedore Conference of Pakistan dilated on collective action to combat corruption in the maritime industry and discussed the role of Stevedore Conference in serving trade and industry. He stressed on collaboration with other industry stakeholders to combat corruption effectively. Mr. Kamran addressed concerns about foreign investments affecting local entrepreneurship in the maritime industry.



During his discourse, Mr. Fareed asked a question to the Chief Guest raising his concern about the contradiction between the government's aim to encourage the private sector in the maritime industry and the leasing of berths to foreign investors, seemingly ignoring local entrepreneurs. He requested clarification and insights regarding this apparent contradiction in the government's approach.



Replying to the question raised by Mr Kamran, the **Chief Guest, Admiral Iftikhar Rao**, responded by emphasizing the importance of the private sector in the maritime industry and highlighted successful models like PICT (Pakistan International Container Terminal) developed by local entrepreneurs. He further acknowledged the leasing of berths to foreign investors but stated that these decisions were made before the current administration and were already finalized.

Mr. Rao mentioned efforts to engage with the private sector and formulate a shipping policy to address concerns and requested suggestions from the industry. He discussed the need for legal cover through amendments and ordinances to build trust and foster private sector involvement. Mr. Rao expressed commitment to pushing efforts forward within the limited time available and engaging with stakeholders to make a lasting impact.



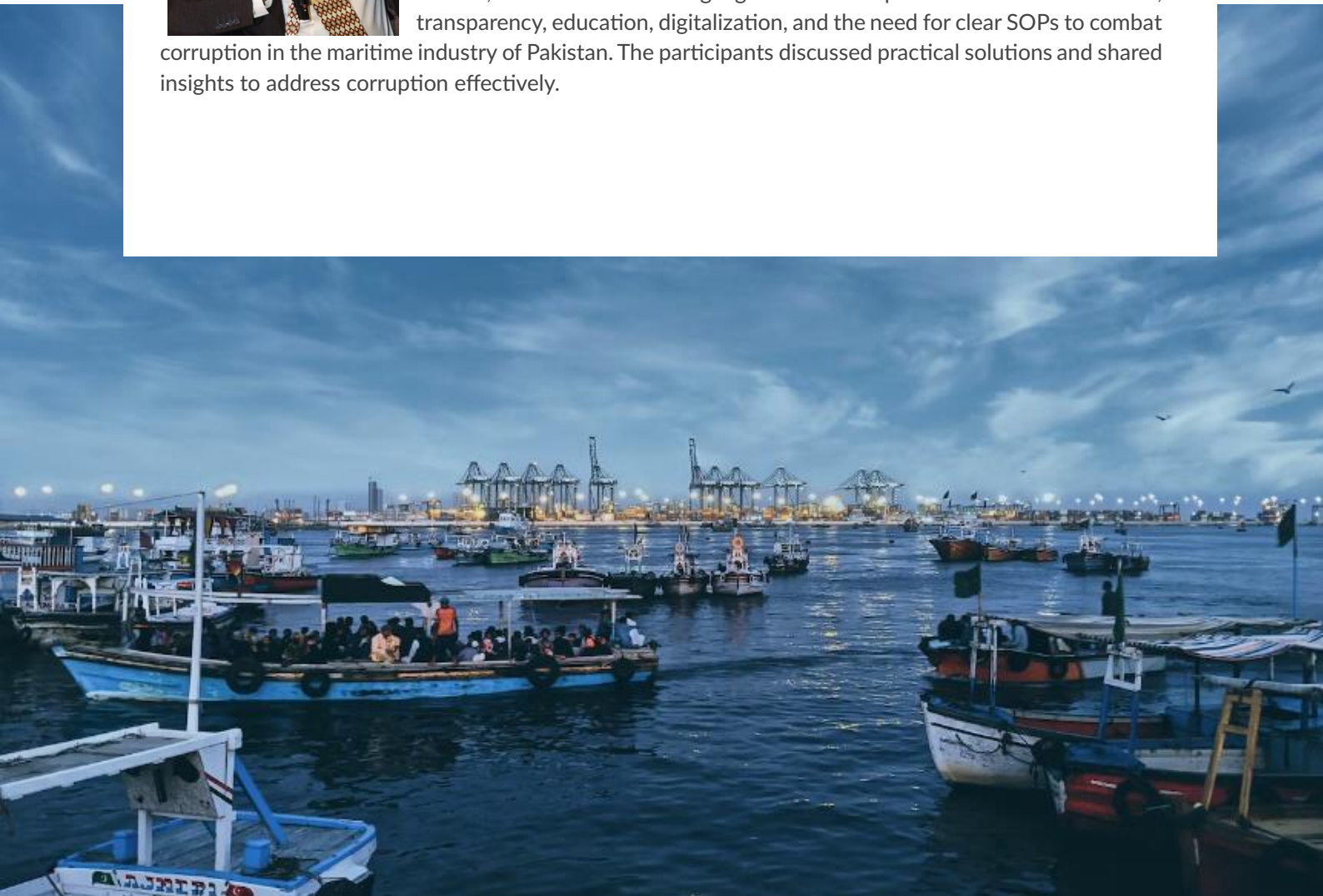
Capt. Muquadas Sharif representing Pakistan's Ship's Agent Association in response to a question spoke about efforts of ship agents to address corruption challenges, and additional measures taken to minimize corrupt practices in their interactions with port authorities and other stakeholders and highlighted the need for clear standard operating procedures (SOPs) to prevent corruption and guide interactions with authorities. He further said that the single-window system can streamline processes and reduce opportunities for corruption.

Ms. Aliya Shahid, Director General, Port and Shipping while commenting on the point raised by Capt. Muquadas Sharif, she elaborated on the efforts to establish a standardized SOP package with the help of various organizations, including the FIA and PSAA. She highlighted the importance of automation and the Pakistan Single Window (PSW) initiative in reducing corruption and improving transparency.



Mr. Ali Tahir, Mercantile Marine Department representative raised his concerns about corruption related to cargo loading exceeding designated drafts on ships. He suggested implementing a whistle-blower scheme to encourage reporting of malpractices on ships as being done in developed countries to combat the menace of corruption.

Overall, the discussion highlighted the importance of collaboration, transparency, education, digitalization, and the need for clear SOPs to combat corruption in the maritime industry of Pakistan. The participants discussed practical solutions and shared insights to address corruption effectively.





CHIEF GUEST

Vice Admiral (R) Iftikhar Ahmed Rao (Hi-M), Special Assistant to Prime Minister (Maritime Affairs) and Minister of State in his address stated that when the Millennium Goals were established by the UN in 2000, the Global Combat Network was also founded in the same year by the UN Secretary-General at that time. Pakistan joined this Global Combat initiative about five years later. Maritime Anti-Corruption Network (MACN), Denmark was founded in 2011, but it took 10 years for us to join it in 2021. Nevertheless, he hoped to make up for the delay and move forward more swiftly as corruption, especially in the maritime sector, is a great nuisance in its smooth functioning and

growth.

Mr. Rao said that he had keen interest in the maritime sector due to his background of Navy and shipbuilding. He talked about his engagement with maritime sector and the blue economy. In this regard he quoted his book "The Elements of Blue Economy". He acknowledged that the limited awareness of maritime matters in Pakistan was due to a lack of exposure to the sea for a significant portion of the population in Pakistan. He said that our coasts have great potential including marine and coastal tourism. In this regard he mentioned his book "Gwadar Bay to Sir Creek: Golden Coasts of Pakistan". He emphasized the importance of maritime economic security and maritime military security as part of our National Security Policy (NSP) in economic development of our country. In this regard, he mentioned his book under print titled "Maritime Security: Challenges and Responses in a changing world".

He requested maritime experts for their input for improving Pakistan's maritime industry through collaboration and to make positive changes. He showed his commitment to implement the shipping policy and to amend the related laws for improvement. He encouraged recommendations and insights from the private sector and discussed ongoing efforts to improve Pakistan's maritime sector. He highlighted that US\$ 7 billion are spent annually on freight. Mr. Rao proposed to reduce freight expenditure and convert it from USD to Pakistani rupees. He stressed for involvement of private sector in the shipping industry and emphasized the maritime economic security.

He invited attention towards the upcoming global shortage of seafarers, especially that of officers and discussed the importance of training to meet international shipping companies' requirements. He also underscored the need for human resource planning, especially at the Pakistan Marine Academy.

Mr. Rao emphasized the importance of effective communication and education on maritime matters and encouraged to comply with international agreements like the Hong Kong Convention on ship recycling and advocated for a program similar to SENSREC (Safe and Environmentally Sound Recycling of Ships) in Bangladesh for compliance.

He advocated the inclusion of the blue economy as a subject within the special investment facilitation endeavours.



Guest of Honour at the Maritime Conference, Ms. Alia Shahid, DG Ports & Shipping expressed her gratitude and privilege at being a part of the gathering since joining as the DG. She emphasized that initial focus should be on sensitizing on corruption before diving into the work in a serious manner. Ms. Shahid highlighted the potential of the gathering as an avenue to tackle corruption collectively. She pointed out that while some initiatives may seem impossible at the start but consistent efforts can lead to establishing new standards that would be irreversible.



She shared an example from her experience in the education department where a program was started when teachers were hired through a third party, which brought transparency. It was something very opposite to the practice where teachers were being hired through just simply handing over an appointment letter. This illustrates how seemingly impossible initiatives can become common practice with determination and persistence.

Ms. Alia Shahid encouraged the audience not to lose hope and cited the Pakistan Single Window (PSW) as a doable example, urging for collective efforts toward a better future. If 77 organizations can be part of the PSW, then many more organizations can also be a part of this initiative. Ms. Alia Shahid highlighted the possibility of replicating efficient processes from other countries where paperwork and physical inspections are minimized.

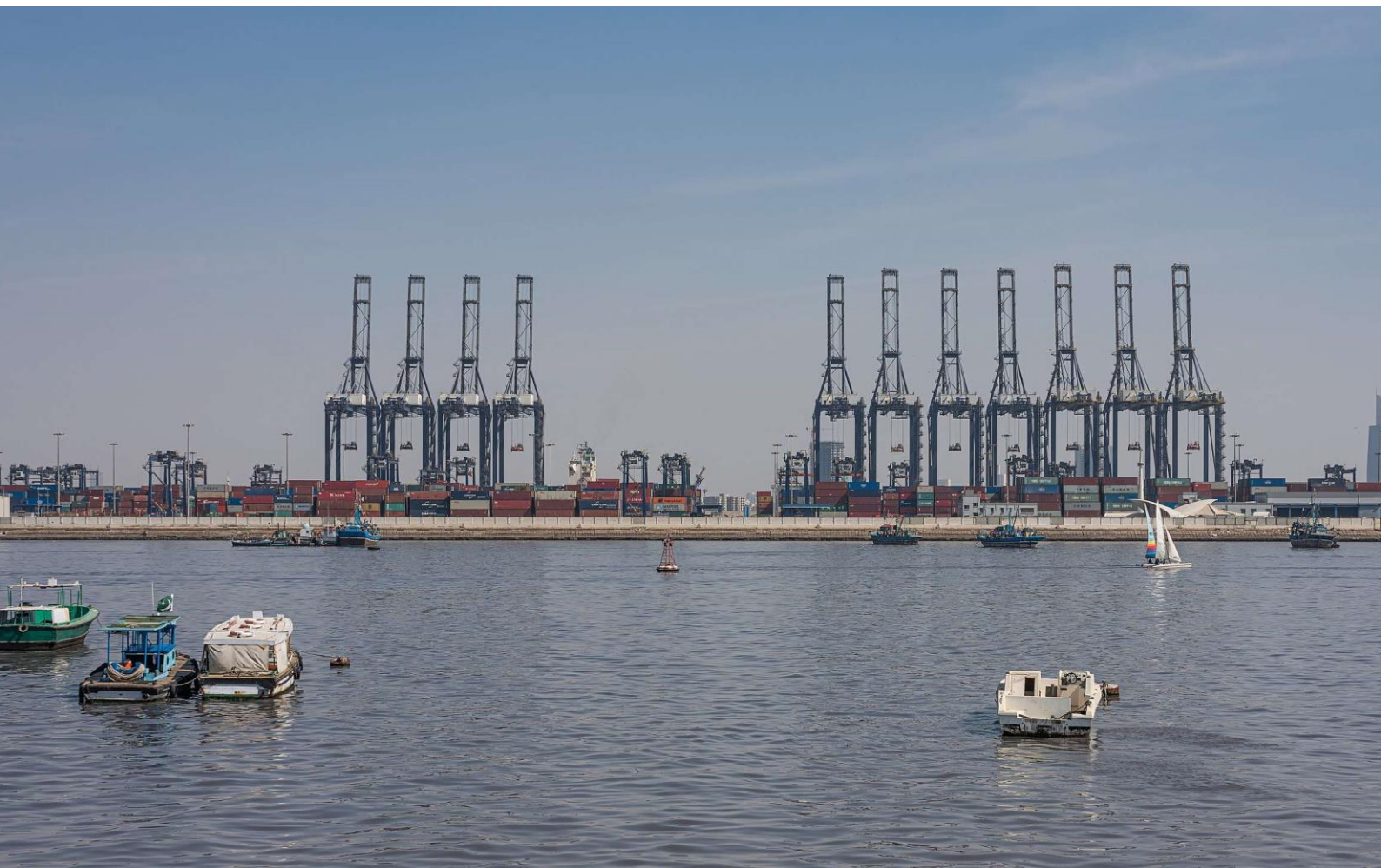


Mr. Syed Tanvir Ahmad, Project Advisor GCPN-MACN expressed gratitude for everyone's valuable time and presence at the event. He highlighted the pervasive issue of corruption in the country, making it challenging for individuals or companies to confront powerful government departments. He emphasized the need for a strong platform to address this issue. He discussed the collaboration with the organizations like the United Nations Global Compact (UNGC) and the Maritime Anti-Corruption Network (MACN), Denmark to create a powerful platform to fight corruption to expand its role in other countries also. He acknowledged the support from various stakeholders, including government organizations, NGOs, trade bodies, industry and other associations.



Mr. Tanvir Ahmed envisioned building a powerful platform by uniting different stakeholders such as shipping line owners, P&I clubs, shipping agents, terminal operators, freight forwarders, customs agents and many more. The aim is to combat corruption issues like "speed money" or small item demands. He informed about ongoing discussions on establishing Standard Operating Procedures (SOPs) to combat corruption, Federal Investigation Agency (FIA) has been engaged to create SOPs and address different interpretations of the law.

He emphasized that the primary purpose of the forum is to unite and stand together against corruption, leveraging collective strength to combat corrupt practices. At the end, he extended his gratitude once again for the presence and participation of everyone, highlighting the importance of collective action against corruption.



ANNEXURE-3

ANNEX-3.1

AGENDA

MACN 3rd Maritime Conference

Start Time	End Time	Particulars	Person Responsible
05:00 PM	05:30 PM	Arrival of the guests / Networking	Team GCNP – Reception
05:30 PM	05:33 PM	Recitation from Holy Quran and translation	Fatima Khatoon
05:33 PM	05:35 PM	National Anthem	Team GCNP
05:35 PM	05:50 PM	Welcome Address	Majyd Aziz, President GCNP
05:50 PM	05:55 PM	GCNP – MACN Project Update and Future	M. Akram, Project Manager GCNP-MACN
06:00 PM	06:10 PM	MACN – Hindrances, Issues, Success – Where to from here in Pakistan	Mathias Bak, Associate MACN
06:10 PM	06:30 PM	Way Forward – Pakistan Single Window	Mr. Adnan Rafeeq, Domain Officer, PSW
06:30 PM	07:10 PM	Panel Discussion	<ol style="list-style-type: none"> 1. Commander Idrees, Senior Faculty Member, Bahria University Karachi Campus 2. Mr. Kamran Farid, President, Pakistan Stevedore Conference (Guarantee) Limited 3. Mr. Kashif Ali, Executive Director, Transparency International 4. Capt. Muquadas Sharif, Manager Operations GSA
07:10 PM	07:30 PM	Keynote Address by the Chief Guest	Vice Admiral (R) Iftikhar Ahmed Rao (HI-M)
07:30 PM	07:35 PM	Keynote Address by the Guest of Honor	Ms. Alia Shahid, Director General, Port & Shipping,
07:35 PM	07:45 PM	Memento presentation to the speakers and panelists	Chief Guest – Vice Admiral (R), Iftikhar Ahmed Rao (HI-M)
07:45 PM	07:50 PM	Memento presentation to the Chief Guest	Mathias Bak, Majyd Aziz, Khalid Junejo, Syed Tanvir, M. Akram
07:50 PM	07:55 PM	Vote of Thanks	Syed Tanvir Ahmad, Project Advisor GCNP-MACN,
07:55 PM	08:00 PM	Group Photograph	Participants on stage
08:00 PM		Dinner	

ANNEX-3.2
LIST OF PARTICIPANTS
MACN 3rd Maritime Conference

S.NO	NAME	ORGANIZATION	DESIGNATION
1	Alia Shahid	Port and Shipping	Director General
2	Mathias Bak	Maritime Anti-Corruption Network (MACN)	Associate
3	Arif Qasim	MAQ International	-
4	Sami Shaikh	Burshane LPG (Pakistan) Limited	Chairman
5	Adnan Rafiq	Pakistan Single Window	Domain Officer
6	Arif Ashfaq	MESA	Sr. Manager
7	Raheel Memon	Pakistan Single Window	Sr. Business Analyst
8	Abdul Hamid	-	Shipping Manager
9	M. Sharif	Sea Trade Group	DM Finance
10	M. Faisal	Mercantile Marine Department	Engineer
11	Muhammad Owais	Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)	Vice Chairman
12	Rehan A. Khan	Project Shipping	Boarding Officer
13	Capt Muqqadas	General Shipping Agencies (Pvt) Ltd	Operational Manager
14	Abdul Majeed	All Pakistan Customs Agents Association (APCAA)	Member Executive Committee
15	Imran Ali	UMA Pvt. Limited	A.M Legal
16	Adnan	Bahria Foundation	DMB (CB)
17	Kashif Ali	Transparency International	Executive Director
18	Syed Waleed Ahmed	Mercantile Marine Department	Assistant Director
19	Ateeq ur Rehman	Karachi Chamber of Commerce & Industry (KCCI)	-
20	Chefan	Nayab Tax Consultancy	CEO
21	Maqbool Malik	All Pakistan Customs Agents Association (APCAA)	Chairman
22	Naeem Mehmood	Gulf Agency Company (GAC Pakistan)	Manager
23	S.Tahir Hussain	Pakistan Ship's Agents Association (PSAA)	Secretary General
24	S. Shafiq	Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)	Coordinator
25	Noor Ahmed	Eastern group	Impact Manager
26	Syed Fasih Mehdi	Eastwind Shipping	OPS LEAD
27	Khalid Mhemood	Rehmani Trader	CEO

S.NO	NAME	ORGANIZATION	DESIGNATION
28	Mr. Ejaz	M/S Saam	Executive Officer
29	Ali Mehwar		
30	A.Ghafoor		
31	Yameen	Eastern Sea Transport Private Limited	Assistant OPS
32	Ahmed Saeed Siddiqui	Federal Board of Revenue of Pakistan (FBR)	Chief Commissioner IR
33	M. Sameer	Bahria University	Student
34	N. A Lanjwani	Pakistan Marine Academy	Admin Officer
35	Habib Ullah	Pakistan Marine Academy	Education Officer
36	Lt. Cdr. (R) Muhammad Idrees	Bahria University Karachi Campus	Faculty Member Maritime dept
37	Osama	-	Account
38	Atti Abbas	-	Electrical Engineer
39	Ahmed Zaheer	-	-
40	Faisal	-	-
41	Mirza Shahid Baig	Legal Aid Centre	Executive Director
42	Ahmed Raza Shahid	Legal Aid Centre	Director Legal
43	Brigdr. (R) Javed Mobin	Sea Trade Group	Director
44	Kamran Farid	Pakistan Stevedores Conference	President
45	Sharoor Akhter	Pakistan Marine Academy	Education Officer
46	Nasim Sher	Pakistan Marine Academy	-
47	Atiq Ahmed	Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)	Member
48	Fasih Haider	Qasim International Container Terminal (QICT)	General Manager
49	Irfan Vazeer	P&I Club	Correspondent
50	Shams Burney	All Pakistan Customs Bonded Carrier Association (APCBCA)	Chairman
51	Dr. Manzoor	FBR	Chief Commissioner (R)
52	Hafsa Afridi	-	-
53	M.Saleem	-	-
54	Sajjad Suria	Green Shipping Line	Coordinator
55	Arshad	Sarhad Logistics (Pvt.) Limited	CEO
56	Advocate Aniq	M.A.A Consultants	Partner
57	Syed Ali Tahir	Mercantile Marine Department	Ship Surveyor
58	Mathiullah	-	-
59	Arshad		

S.NO	NAME	ORGANIZATION	DESIGNATION
60	Majyd Aziz	Global Compact Network Pakistan	President
61	Khalid Junejo	Global Compact Network Pakistan	Executive Director
62	Syed Tanvir Ahmad	Global Compact Network Pakistan	Project Manager MACN Pakistan
63	Muhammad Akram	Global Compact Network Pakistan	Project Manager MACN Pakistan
64	Muhammad Hassan	Global Compact Network Pakistan	IT Consultant
65	Zainab Fatima	Global Compact Network Pakistan	Executive IT
66	Fatima Khatoon	Global Compact Network Pakistan	Volunteer
67	Hanif Maseh	Global Compact Network Pakistan	Office Assistant
68	Syed Nazar Ali	Employers' Federation of Pakistan	Secretary General
69	Samit	Employers' Federation of Pakistan	IT Executive
70	Murtaza Naqvi	Employers' Federation of Pakistan	Finance Manager
71	Humayun Nazir	Employers' Federation of Pakistan	BOD
72	Shahbaz	Employers' Federation of Pakistan	Office Assistant
73	Farhat Fatima	PILER	Program Manager



ANNEX-3.3
PRESS RELEASE
MACN 3rd Maritime Conference

Futuristic Shipping Policy being prepared ~~ Vice Admiral(R) Iftikhar Rao

Vice Admiral (R) Iftikhar Rao, Special Assistant to the Prime Minister for Maritime, disclosed that the government is shaping a futuristic Shipping Policy keeping in view the new dynamics of the Maritime Sector. The Policy would address all aspects that would lead to a pragmatic outlook and enable all stakeholders to participate with more determination. He added that Maritime Economic Security is also crucial although it is different from Maritime Naval Security. Therefore, it is imperative that Maritime Economic Security and Maritime Military Security given equal importance. He was presenting his keynote address as Chief Guest at the Maritime Conference hosted by Global Compact Network Pakistan and Maritime Anti-Corruption Network based in Denmark.

Admiral Rao further stated that Pakistan pays over \$7 billion each year to foreign shipping lines and this is a huge burden on the country's foreign exchange reserves. He said that until 1960, Pakistan had no state-owned shipping company and now has only PNSC. He advised the private sector to enter the shipping sector since the future is very profitable in shipping. He also advised that the private sector should become major players in the Blue Economy. In his opinion, those who are in the Maritime Industry are very fortunate and progressive. He said that, unfortunately, information is lacking about Maritime Industry and Blue Economy and hence the transformation and change are very slow and that is why private sector is not eager to invest. However, the good side is that the private sector is always pragmatic and practical and that is why he is very optimistic.

Admiral Rao added that there would be a mega shortage of seafarers since demand for trained human resource would greatly increase. Therefore, it is imperative that the graduates of Pakistan Marine Academy be provided practical training on foreign ships through arrangement with the owners of these shipping lines. He also asked the private sector to provide ways and means to train the cadets who, as seafarers, could be employed at international level on foreign ships and earn foreign exchange for the country. He said that in the first instance, at least 100 seafarers should be annually accommodated and the government is in contact with the shipping lines for their support.

Majyd Aziz, President GCNP, in his welcome address, said that GCNP and MACN are focused on initiating fundamental change in the Maritime ecosystem through sensitizing, informing, and training stakeholders to substantially eradicate corrupt practices. He said that three major conferences along with many consultative meetings, individual sessions, webinars etc have been undertaken. He said he is pleased to report that all stakeholders and users of ports have unanimously joined the bandwagon and have pledged to achieve the objective of zero tolerance for corruption. He said the menace of corruption has tarnished the global image of Pakistan and at the same time increased the cost of doing business. Moreover, corruption is now institutionalized, and it is high time that exemplary punishment is given to those whose corrupt practices are well known, as this would introduce deterrence for others who indulge in corrupt or bad practices. He proposed that Blue Economy should also be a priority in the Special Investment Facilitation Council domain since focus on indigenous resources must be encouraged rather than too much dependence on imported inputs. He also said that GCNP is working on an App so that members could access this for any issues faced by them. He suggested that this App should be linked to PSW so that fast track remedy could be provided.

Ms Alia Shahid, Director General Ports & Shipping, in her speech stated that she has been involved with this project from day one, and is pleased that momentum has been created to achieve the objectives. She added that any new project generally seems impossible but if it doable and feasible, then everyone must join to make

Mathias Bak, Associate from MACN, in his presentation said that now it is time to undertake a collective action by all stakeholders. Collective action is a process in which stakeholders coordinate to jointly address shared challenges and create a critical mass in order to forge ahead with unity and sincerity of purpose. He disclosed that such efforts have been successful in Nigeria, India, and Argentina where the positive rate was nearly 100%. He outlined five stages of the collective action lifecycle that are essential. He enumerated these as mapping and alliances building, scoping, inception, implementation, and continuous adaptation. He said that the project in Pakistan is at inception stage and with the full support of stakeholders, it would not take long to reach the implementation stage. He said MACN is committed to achieve this in Pakistan.

Project Manager Muhammad Akram moderated a very informative panel discussion. The panelists Kamran Farid, President Stevedores Conference, Kashif Ali, Executive Director Transparency International, Capt. Muqadas Sharif, representing Ship Agents, and Commander Idrees of Bahria University offered their views on how collective action could be structured and sustained among maritime industry stakeholders to minimize corruption in the handling of cargo and operations within ports, and what role could regulatory frameworks and industry guidelines play in fostering a culture of integrity and transparency within the maritime industry. Advisor of the project, Syed Tanvir Ahmad offered the concluding remarks and vote of thanx while GCNP Executive Director, Khalid Junejo, organized and coordinated the event.



MESSAGES

Mr. Abdul Rauf, Chairman Pakistan Ship's Agents Association Corruption is a menace wherever and whenever it happens. It gives me relief to know Global Compact Network Pakistan in collaboration with MACN Denmark have joined hands to eradicate corruption in the Maritime Industry and to highlight best practices for combating corruption.



In this vein, training sessions were conducted by GCNP-MACN which is a very good initiative. Shipping agent's compliance training for PSAA members was conducted by Mr. Mathias Bak, Associate MACN, Denmark.

PSAA representatives clarified that most corruption stems from Customs procedures and emphasized the need for online documentation to reduce corruption, highlighting that PSW is a good initiative. Moreover, incident reporting services by MACN for shipping companies can be a good tool against corruption. I believe GCNP and MACN will bring about a positive change.



Dr. Asif Inam, Principal Bahria School of Maritime and Applied Sciences

on behalf of the Bahria University Karachi Campus (BUKC), I extend my gratitude to Maritime Anti-Corruption Network (MACN), Denmark, for their active engagement and commitment to upholding the highest standards of integrity in the maritime industry of Pakistan. MACN conducted training programs at the university, which emphasized the importance of fostering a culture of transparency, integrity, and ethical conduct within maritime organizations. Students and faculty members gained insights into identifying corruption red flags, implementing robust

and establishing effective internal controls to mitigate corruption risks. The students were engaged in the interactive lectures / presentations, which created a dynamic learning environment.

The Bahria University welcomes the proposal of signing a MOU with the MACN, Denmark for future collaboration in training, research and syllabus developments for students and maritime personnel. Moving forward, we remain dedicated to nurturing continuous learning and cooperation in pursuit of a corruption-free maritime environment.

Rizwan Ali Munawar SI(M), Commandant, Pakistan Marine Academy was pleased to share the positive outcomes of the training conducted by Maritime Anti-corruption Network, Denmark, at Pakistan Marine Academy for its students and faculty members on the topic of "Changing Faces of Seaports – Good Practices and IMO Guidelines for Good Governance in the Industry". The Training program aimed at enhancing awareness, knowledge, and skills among maritime students in preventing and combating corruption within the industry.



The training highlighted the aspect that corruption in the maritime industry threatens seafarers' rights and erode trust in the institutions. However, when united, individuals can combat corruption effectively. Various risks in the industry were discussed, including bribery, where individuals obtain advantages through money or other payments. The importance of asking for justification and written documentation when someone requests payment was emphasized to the participants. MACN underscored the need to equip individuals with knowledge on safeguarding their rights. The session was meticulously designed to address the unique challenges associated with corruption in the maritime domain. Such trainings are fruitful and useful for the new entrants in the industry and gives some food for thought and a different view of the industry.

I wish that the efforts of MACN may bring a positive change in the industry.

TRAINING SESSION for PAKISTAN SHIP'S AGENTS ASSOCIATION (PSAA)

September 20, 2023 | Hotel Movenpick Karachi, Pakistan





Mr. Mathias Bak, Associate, MACN (Maritime Anti-Corruption Network), Denmark imparted training to members of Pakistan Ship's Agents Association. During his presentation, Mr. Bak highlighted the persistent issue of bribery within the maritime industry. He outlined the mission and framework of their efforts, including principles like open seas, collaborative action, capacity enhancement, and cooperation. He highlighted the significance of capacity enhancement in equipping companies and their staff to effectively combat corruption.

Mr. Bak cautioned and spelled out the severity of consequences faced by companies which are involved in bribery allegations. He cited a case where a company faced massive fines totalling \$4 billion across multiple countries due to allegations of bribery last year, even though the company had used agents for these activities. This case illustrated the global perspective in combating bribery and corruption.

He highlighted the importance of compliance for international shippers and how investing in compliance is essential for staying competitive in the global market. He acknowledged that shipping agents as a part of their Association, which included major players in the industry, have a shared commitment to foster a corruption-free maritime industry.

During the training program, he further discussed the concept of collective action, where industry players unite to advocate for solutions and bring about change in the operating environment. Mr. Mathias quoted examples from Argentina and Nigeria, where collective action programs helped in reducing corrupt practices within the industry.

He explained the challenges faced in addressing corruption, including unjust demands, extortion, and duress situations. Mr. Mathias emphasized the importance of strong internal compliance programs and due diligence when selecting partners.

The presentation also provided high-level tips for combating corruption, such as understanding as to which processes are the most at risk, training of staff, providing frontline support and having reporting channels in place. He encouraged sharing success stories and cooperation among industry peers to drive positive change.

In conclusion, Mr. Mathias Bak outlined how MACN can assist in combatting corruption by providing a platform for industry collaboration and offering concrete tools and templates to help organizations establish anti-corruption measures tailored to their needs. He emphasized the importance of being prepared, preventing risks, and standing firm when faced with corrupt demands while maintaining diplomacy and safety as top priorities.



TRAINING SESSION for PAKISTAN MARINE ACADEMY (PMA)

September 23, 2023 | Pakistan Marine Academy



Mr. Mathias Bak, Associate MACN Denmark, conducted a training session at Maritime Academy of Pakistan. He gave his presentation to more than 200 trainee marine officers and other participants.

Mr. Bak introduced MACN, which represents 190+ maritime companies (mostly shipping lines) with a goal of ensuring a corruption-free industry that operates efficiently and safely.

He clarified the key terms being used including corruption as the “misuse of power for personal gain”, and integrity as “doing what's right and doing it in the right way”. The employers value integrity, making it a valuable skill. Corruption in the maritime industry threatens seafarers' rights and erodes trust in the institutions. However, when united, individuals can combat corruption effectively.



He discussed various risks in the industry, including bribery, where individuals obtain advantages through money or other payments. Examples included customs officials demanding bribes without proof and immigration officials seeking valuable items in exchange for passport stamps. Some companies may ask seafarers to pay for job opportunities, which can lead to debt and exploitation.

The importance of asking for justification and written documentation when someone requests payment was highlighted to the participants. Port staff demands money, even during inspections with no issue found, was mentioned, along with examples of inspectors causing trouble for ships. The challenges of changing contracts of seafarers with shipping companies were also discussed.

MACN underscores the need to equip individuals with knowledge on safeguarding their rights. Drawing an analogy to chess, Mr. Mathias advised anticipating potential challenges and planning ahead, urging PMA marine officer / cadets to be proactive and well-informed about local rules and customs when visiting different ports and countries.

The paramount rule is to prioritize personal safety, followed by seeking help and support when faced with difficulties. Mr. Bak, encouraged familiarity with country's laws and company policies to navigate unethical situations effectively. He stressed the importance of maintaining composure and a friendly demeanour when dealing with requests for money, highlighting that individuals often make such requests due to challenging circumstances.

He advised future seafarers for not engaging in negotiations regarding unethical requests and remain firm in refusal. He further stated that for those find themselves in unfavourable situations, the International Seafarers Welfare Assistance Network (ISWAN) is a vital organization offering a worldwide hotline for seafarers in need of practical support and assistance, demonstrating dedication to seafarers' well-being.

Mr. Bak also addressed a question about jurisdiction concerning corruption against humanity and smuggling and trafficking, explaining that these matters typically fall under respective law enforcement agencies' purview.

He presented a case involving a doctor requiring additional payment for earwax removal to issue a fit-for-duty certificate. He advised against payment of any illegal money and asking to give in writing and the port inspector / staff may be told that it's not a personal decision but a company policy. In this case, the doctor eventually provided the certificate.

He then discussed another case where a seafarer hiring agency (crewing agency) after contract demanded extra money for sending on the ship (to secure a spot). He recommended that written details should be requested, reminding them of the contract, and not paying the extra money, as it is unauthorized.



Mr. Bak encouraged individuals to reach out to trusted organizations or their own company for support and suggested to explore other options, if faced with such dilemmas.

He also mentioned a case where immigration officials demanded bribe for a passport stamp. Mr. Bak advised to stay calm in such situations and explain to the official that payment can only be made with an invoice and not to engage in negotiations, otherwise you would end up paying some illegal money. He emphasized the importance of being prepared, rejecting corrupt demands, reporting them, and sharing experiences to help others. He concluded by urging seafarers to be leaders in maintaining ethical practices.

At the end, Mr. Bak offered to answer questions from the audience. First question from a cadet was if the port agencies demand some illegal payment informally or 'tea money' and our company's policy is to pay illegal money to resolve the issue then should we pay a small amount of money or refuse? Mathias addressed the concerns about informal payments like 'tea money' and potential company instructions to pay 'speed money' for state control inspections and stated that it is a declining trend in companies giving such orders due to legal risks. While the final decision rests with the company, he hoped that seafarers would never face such a situation. The variations in names for these payments (e.g., 'speed money,' 'tea money,' 'chicken money') are attributed to cultural differences, but the unethical practice remains same.

Another participant observed that the International Seafarers' Welfare Assistance Network (ISWAN) can provide assistance globally and have a hotline that operates round the clock. They offer practical help, even things like helping you to stay connected with your family when you're at sea.

There was a common question about whether the International Transport Workers' Federation (ITF) is only focused on ship owners. Mr. Bak explained that though ITF is funded by ship owners, but it doesn't mean they support only ship owners. They have helped seafarers in various cases. However, it's true that there have been situations where seafarers were asked to leave their vessels, promised payment, but never received it. So, while ITF can be a resource, it's important to be aware of your rights and local laws to protect yourself in case you face such situations.

A cadet asked if I saw my senior colleagues in giving illegal gratification or were involved in illegal practice then what should I do. Mr. Mathias said that it was an excellent question and when it comes to addressing such situations, I believe in the principle of 'do no harm,' much like what doctors adhere to. If you find that your subordinates or colleagues are involved in activities that seem unethical or illegal, your first step should be to tell them to stop. But if your warnings go unheeded, and the misconduct is severe, then it becomes necessary to report the issue and take appropriate action. However, it's essential not to rush to judgments. He acknowledged the complexity of real-world dilemmas.

Commandant Pakistan Maritime Academy, Commodore Rizwan Ali Munawar in his concluding remarks welcomed Mr. Bak at Pakistan Marine Academy and expressed his gratitude for sharing information that many of participants were unaware of. He addressed cadets and said "gentlemen, you will indeed encounter the challenges that have been discussed today. I've experienced these issues in my own career, and I can assure you that there may come a time when you're tempted to resort to bribery, especially if you've made a mistake. However, let me emphasize that this is not the right path." The key is to prepare yourself diligently to prevent such situations because they scrutinize you for any shortcomings. Until they find a deficiency, they cannot accuse you. So, invest in your education and training, as this knowledge will prove invaluable. These situations will test you, but remember, you can become the only Pakistani on board, surrounded by different nationalities who might not understand your language initially. Typically, ships are diverse, and it takes time to build rapport with your colleagues. Until then, your professionalism is your shield. In conclusion, I'd like to extend my heartfelt thanks to Mr. Mathias Bak from MACN Denmark, for being our esteemed guest speaker and for his time and providing insights. We leave here more informed than when we arrived.



Meetings with Stakeholders

Transparency International (TI)

Ocean World (Pvt.) Ltd

All Pakistan Customs Bonded Carriers Association

Federation of Pakistan Chambers of Commerce & Industry

Pakistan Readymade Garments Manufacturers & Exporters
Association (PRGMEA)

Bin Qasim Association of Trade & Industry (BQATI)

Qasim Freight Station (QFS)

SITE Association of Industry

Fauji Akbar Portia Marine Terminal

Port Logistics & Services Lincoln Law & Business Associates

Pakistan Stevedores Conference (Guarantee) Limited

Bahria Off-dock Terminal

South Asia Pakistan Terminal Ltd (SAPTL)

Qasim International Container Terminal Pakistan
Limited (QICT)

Karachi Chamber of Commerce & Industry (KCCI)

International Chamber of Commerce (ICC)

Karachi Customs Agents Association (KCAA)

All Pakistan Customs Agents Association (APCAA)

Federal Investigation Agency (FIA)

General Shipping Agencies (Pvt) Ltd (GSA)

All Pakistan Shipping Association (APSA)

Mercantile Marine Department (MMD)

Musaliha International Centre for Arbitration and
Dispute Resolution (MICADR)

1. Transparency International (TI)



Two meetings were held with the Transparency International (TI) Pakistan as under:

- a) **FIRST MEETING** was held with the Executive Director, TI Pakistan, Mr. Kashif Ali, on April 5, 2023 in his office located at Phase 7, DHA, Karachi.
- b) **SECOND MEETING** was held with Chairman TI Pakistan, Justice (R) Zia Pervaiz, and Executive Director TI Pakistan, Mr. Kashif Ali, at the Marriott Hotel, Karachi on September 23, 2023. Associate MACN, Denmark Mr. Mathias Bak, was also present during this second meeting.

Transparency International's local chapter in Pakistan is a part of a worldwide movement operating across more than 100 countries dedicated to eradicating the injustices caused by corruption. Their primary focus is on addressing issues that significantly affect the lives of individuals and communities. TI aims to ensure accountability among the influential figures for the collective welfare. Through active advocacy, extensive campaigns, and thorough research, TI strives to uncover and challenge the structures and connections that promote corruption, pushing for increased openness and honesty in every facet of public life within the country. TI is represented at national level through their regional chapter and helps in preparing / advocating important legislation and contacting important key ministries of the Government of Pakistan. At local level TI gets involve with individuals and organizations, standing against corruption pursuing the cases through many advocacies and legal centres.

During meeting the Chairman TI Pakistan and Executive Director TI Pakistan were briefed about GCNP, its 10 principles and the MACN project in detail. They appreciated the project and assured to extend their full cooperation to the project. During the meeting, following points were discussed:

- a) TI monitors PPRA (Public Procurement Regulatory Authority) rules and SPPRA (Sindh Public Procurement Regulatory Authority) and their implementation on various governmental projects.
- b) TI provides technical assistance, whenever needed.
- c) It conducts workshops for enhancing awareness among the organizations covering such topics as Right to information, CRC – Citizen Reporting Card, awareness sessions, Governmental projects on climate e.g. Flood Dash Board.
- d) TI also helps getting the data for its Corruption Perception Index (CPI). All local chapters of TI are independent.
- e) Mr. Kashif Ali also shared success stories in Pakistan including Pakistan Post Office Project and COVID Vaccination.
- f) GCNP-MACN project and Transparency International (TI) may join hands in many areas. Following area were identified for mutual cooperation:
 - (i) Enhancing awareness on SDG 13 and 16
 - (ii) Awareness on “Business for Peace”
 - (iii) Research on “Anti-Corruption Mechanism”
 - (iv) Corporate Integrity – Anti-Corruption etc.

Second Meeting:

A follow-up luncheon meeting was held on September 23, 2023 at the Hotel Marriott. Following were present:

TI:

- I. Justice (R) Zia Pervaiz, Chairman Transparency International, Pakistan
- II. Mr. Kashif Ali, Executive Director Transparency International, Pakistan

MACN & GCNP Team:

- I. Mr. Mathias Bak, Associate MACN, Denmark
- II. Syed Tanvir Ahmad, Advisor GCNP-MACN
- III. Muhammad Akram, Project Manager GCNP-MACN

The TI team explained their policy and involvement as under:

- a) Transparency International is involved in youth engagement, and are in touch with various universities trying to educate students and increase awareness.
- b) They are also working on climate governance. They hold seminars on climate change governance issues.
- c) TI is also involved in the Citizens Engagement Program, getting society to play its role towards eliminating corruption.
- d) TI is working on policy side also towards a corruption free society.
- e) They requested the GCNP - MACN team to share knowledge of the corruption issues within the maritime sector with them so that they could also play a role in improving governance and eliminating corruption in the maritime sector alongside the GCNP – MACN team.
- f) TI showed keen interest in the proposal of 'Help Desk' by MACN.

Both entities expressed their keen desire of improving governance and eliminating corruption in the maritime sector of Pakistan. Both entities also expressed their keenness to join hands on this matter and it was agreed that an MoU for enhancing awareness and joining hands would be finalized between the two organizations. Transparency International had used this mechanism with other organizations too where felt they could add value.

The meeting was ended with the understanding that in future the cooperation between both the organizations would continue.



(L to R): Project Manager GCNP Muhammad Akram, Chairman TI Pakistan Justice (R) Zia Pervaiz, Associate MACN Mathias Bak, Advisor GCNP Syed Tanvir Ahmad, and Executive Director TI Kashif Ali.

2. Ocean World (Pvt.) Ltd

May 18, 2023

Present:

Ocean World:

Mr. Younus Vayani

Director Operations Ocean World (Pvt)
Ltd.

GCNP:

1. Syed Tanvir Ahmad, Project Advisor GCNP-MACN

2. Muhammad Akram, Project Manager GCNP-MACN

A meeting was held with Director Operations, Ocean World (Pvt) Ltd, Mr. Younus Vayani, on May 18, 2023 at his office located at Progressive Plaza, Karachi. He was briefed about GCNP, its 10 principles and MACN project being operated in Pakistan, India and Bangladesh in detail. He welcomed the team and assured his full cooperation.

Ocean World Private Limited is incorporated as a Group of Companies. The main business objective of the company is to concentrate on Shipping Agency, Stevedoring, Manning Agency, Ship Brokering/Chartering, International Freight Forwarding, Clearing / Forwarding, Transportation, Logistics Services, Pilot Boat Services, Water / Bunker Barge Services.

They provide Pilot Boat, Survey Boat, Crew / Supply Boat, Speed Boat, Water Barge, Oil Barge services to M/s. Dredging International Belgium, M/s. Vanoord Dredging & Marine Contractors BV Netherlands, M/s. Jan De Nul Group Netherlands, M/s. China Harbour Engineering Company Ltd China, during the Channel & Maintenance Project at Port Qasim since many years.

Mr Vayani gave some background of stevedoring at KPT in pre-partition days. There were 4 companies owned by the Parsi community. They used their own labour. Later on, other companies also came in and after 1947 they were hiring private labor. In 1974 Karachi Dock Labor Board (KDLB) was established. Currently 40 stevedoring companies are operating. They have established Pakistan Stevedore Conference Private Limited, an association of stevedores.

He said that custodians of general cargo delivered at KPT hire Stevedores companies for handling the cargo. In case of new container terminals, they also engage labor from Stevedore companies. They do not hire Karachi dock labor. The Karachi dock labour is hired under the law by the companies for cargo arriving at the Karachi Port Trust (KPT) berths. The container terminal does not hire KDLB labour as they are not bound to hire labour of KDLB. No stevedoring company is presently functioning at private port terminals and are free to contract their own labour and not bound by the Karachi dock labor. Terminals like DP world, FAP, QICT at Port Qasim and PICT, KICT at Karachi port are not bound under the law to hire Karachi board labor.

He emphasized establishing a help desk. He said that federal government must intervene for reduction of storage / demurrages charges rates by the terminal operators. Presently terminals are charging minimum \$25 per day per container as storage charges after free period, which is on higher side and increasing the cost of doing business. The government should fix the rates, especially an upper slab needs to be fixed.

The meeting ended with a vote of thanks from the GCNP team.

3. All Pakistan Customs Bonded Carriers Association

May 18, 2023

Present:

Mr. Shams Burney Chairman
All Pakistan Customs Bonded Carriers
Association

GCNP:
1. Syed Tanvir Ahmad, Project Advisor GCNP-MACN
2. Muhammad Akram, Project Manager GCNP-MACN

A meeting was held with Chairman All Pakistan Customs Bonded Carriers Association, Mr. Shams Burney on May 18, 2023 at the office of Syed Tanvir Ahmad. He was briefed about GCNP, its 10 principles and MACN project being operated in Pakistan, India and Bangladesh in detail.

The Chairman assured his full cooperation. He appreciated the idea of establishing a help desk and said that all the stakeholders, like Karachi Custom Agents, All Pakistan Custom Agents, Stevedores, Shipping Agents and Shipping Lines, should be brought on board for establishing a helpdesk. He recommended streamlining the procedure of transportation of cargo from Karachi to dry ports, to control leakages and theft incidents. He proposed that trackers should be installed on each container which will safeguard the government revenue. He also stated that the Customs Agents License Rules needs to be looked into and amended to bring these aforementioned changes. He mentioned the aspect of valuation of customs on the basis of displacement and weight of a ship which needs to be looked into for streamlining the whole procedure. He stressed to make necessary changes in the concerned law. He also mentioned about the working of Survey department of Karachi Port Trust, which needs to be looked into for necessary changes.

The meeting ended with a vote of thanks from the GCNP team.

4. Federation of Pakistan Chambers of Commerce & Industry

June 24, 2023



Present

FPCCI:
1. Mr. Shabbir Mansha
Vice President (2022-23)
2. Engr M.A Jabbar
Vice President (2022-23)

GCNP:
1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

Two meetings were held with Federation of Pakistan Chambers of Commerce & Industry (FPCCI) with its Vice Presidents.

First meeting was held with Mr. Shabbir Mansha, Vice President (2022-23), Federation of Pakistan Chambers of Commerce & Industry (FPCCI) on June 24, 2023 at 3.30 pm at the office of FPCCI, Karachi.

Second meeting was held with Engr M.A Jabbar, Vice President on 26-06-2023 in FPCCI office.

They were briefed about GCNP, its 10 principles and MACN project being operated in Pakistan, India and Bangladesh in detail. The GCNP team was welcomed and assured of full cooperation.



Mr. Shabbir Mansha discussed the issues being faced by trade. He began with the matter of contract shipments for loose cargo and containerized cargo for which there is no fixed point where deliveries are to be made. In the agreement, the location for the delivery of contract based cargo should also be mentioned. Whereas in destination based shipments, the destination is fixed, but in contract based consignments some necessary changes needs to be made in the law as well as in PSW system in the port community system module.

He encouraged and appreciated the idea of helpdesk and its working. He said that a detailed letter needs to be sent by the GCNP team to FPCCI mentioning the objectives and detailed working of Helpdesk so that the FPCCI may take some action. He said that FPCCI is willing to provide space and some manpower for this purpose. He said that FPCCI may be designated as a Focal person for the Helpdesk. He said that they are in a better position to handle Helpdesk as all federal government departments as well as provincial government departments are in close contact with FPCCI. They can help in drafting laws, rules and regulation in this regard.

Engineer M.A Jabbar appreciated the idea of a helpdesk. He advised preparing a note on the helpdesk for the President of FPCCI. The Additional Secretary General of FPCCI, Mr. Ahmed Zaman, has information on trade bodies and cost of doing business, and can help in establishing a helpdesk. He also stated that port and Shipping committee of FPCCI may also be contacted in this regard, which is headed by Mr. Abdullah Farukh of Pak Shaheen off dock terminal. A copy of the brief is to be sent to Mr. Farukh also.

He also emphasized that without proper legislation we cannot move forward. There are no checks and balances as far as terminal operators, shipping lines, shipping agents, stevedores and some other stakeholder of maritime industry are concerned. The present legislation is insufficient and does not meet the present day requirements. In order to remove difficulties, new legal framework is necessary. Mr. Jabbar offered that FPCCI can help and guide GCNP to draft new legislation.

The meeting ended with a vote of thanks from the GCNP team.



5. Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) (South), Karachi, Pakistan

July 8, 2023



Present:

PRGMEA:

1. Shaikh Shafiq Jhok Wala, Chairman
2. Ms. Shaista Naz, Secretary

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

A meeting was held with Chairman PRGMEA, Shaikh Shafiq Jhok Wala on July 8, 2023 at 12:30 pm in his office. The PRGMEA team was briefed about GCNP, its 10 principles and the MACN project in detail. They appreciated the project and assured to extend their full cooperation for it.

Brief history of PRGMEA Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA), with 1200 members, is one of the leading trade bodies in Pakistan. PRGMEA represents Pakistan's textile and apparel industry. Its main objectives include promoting exports, advocating policy reforms, providing technical support, and enhancing competitiveness of Pakistani garments. PRGMEA actively promotes Pakistani garments through trade fairs and exhibitions, advocates favorable policies, offers skill development programs, conducts research, and encourages networking. Its aim is to support the growth and development of the readymade garments sector in Pakistan. Its members export worth \$ 3.0 + billion to their customers all over the world and, therefore, they regularly interact with shipping companies. PRGMEA is national partner of The International Apparel Federation (IAF) for Pakistan. They have established Pakistan Readymade Garment Technical Training Institute (PRGTTI) in 1997.



Chairman PRGMEA extended his invitation to us to visit their training centres where they offer minimum 3-month courses in different trades like fashion design, stitching and export documentation etc. The courses are registered with Sindh Board of Technical Education (A Sindh Government Technical Education Body). Their certificate is internationally recognized. The training centre fulfils the industry manpower need.

Issues discussed during meeting with PRGMEA:

- a) As per a World Bank Survey, businesses in Pakistan are required to have 47 compliances which is a major source of corruption.
- b) PRGMEA members face problems in the areas of audit with Customs, FBR, Shipping Companies, Custom agents, terminals etc.
- c) With shipping companies, containers charges issue is prominent one. Shipping company DO charges vary from company to company. It should be uniform.
- d) Container deposit fee has increased manifold. The refund of shipping company is issued after 2-3 months of return of container.
- e) Port charges are very high and increasing their expenses.
- f) Although government pays good attention to their issues but shipping companies do not bother to resolve their issues.

- g) Cost of doing business is high due to weak regulatory framework affecting the competitiveness.
- h) There should be a single regulatory authority to regulate control shipping lines, shipping agents, freight forwarders, terminal operators, KPT, Port Qasim Authority etc.

The meeting ended with a vote of thanks from the GCNP team.

6. Bin Qasim Association of Trade & Industry (BQATI)

July 10, 2023



Present:

Westbury Group of Companies:

1. Mr. Abdul Rasheed Jan Muhammad,
CEO

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

A meeting was held with the CEO of Westbury Group of Companies, Mr. Abdul Rasheed Jan Muhammad, on July 10, 2023 in his office. Westbury Group is in the business of construction and infrastructure development, real estate, energy, hospitality, and trading. They are one of the largest importers and manufacturer of edible oil and its raw material. They own Mapak Edible Oils (Pvt.) Ltd., Mapak Bin Qasim Bulk (Pvt.) Ltd., FWQ Enterprises Pvt. Ltd. Dalda is a big name in the manufacturing and marketing of edible oil /ghee. Mr. Abdul Rasheed Jan Muhammad is also involved with the following organizations in his own capacity:

- | | |
|--|---------------|
| I. Pakistan Shipper's Council of FPCCI | Chairman |
| II. Pakistan Edible Oil Refiners Association (PEORA) | Chairman |
| III. Bin Qasim Association of Trade and Ind. (BQATI) | Past Chairman |
| IV. Pakistan Malaysia Business Council of FPCCI | Director |
| V. Dalda Foods, Westbury (Pvt.) Ltd, F&B Bulk Storage
Trading Enterprises (Pvt.) Ltd., Shakoo (Pvt.) Ltd. | CEO |
| VI. Bulk Management (Pakistan) Pvt. Ltd. | Director |

The GCNP team briefed him about GCNP, its 10 principles, and the MACN project in detail. He was briefed about collective action approach taken by MACN-GCNP in Pakistan. He was also briefed about the training program held in recent past on it.

Mr. Rashid Jan Muhammad assured the MACN team of his full cooperation. He emphasized that MACN must coordinate with other stake holders. He has been actively involved in developing some legal framework to resolve various maritime trade related issues since 1995 till 2016.

Issues discussed during the meeting:

- a) No legal framework exists presently for many stakeholders (like shipping agents, freight forwarders, carriage of goods, courier companies etc.).
- b) He stated that NTTFC - National Trade and Transport Facilitation Committee was working under the Ministry of Commerce and had been discontinued. The Committee was working on trade related issues (including maritime trade). He stated that NTTFC was a good platform and should be revived.
- c) He specially referred to SRAB - Shipping Rates Advisory Board - and was of the view that some work was done to resolve shipping rates issues but the idea of SRAB could not materialize. This Board was involved in drafting of legal framework.
- d) He advised GCNP to contact Pakistan Shippers Council, a body of Federation Chamber of Commerce & Industry, which is also a relevant forum.
- e) The National Freight & Logistic Policy needs to be consulted.

- f) The cost of doing business has tremendously gone high. As per study, conducted sometime back, there are 40 – 50 charges being paid by the maritime trade. This needs to be rationalized.
- g) There are many hidden charges being demanded by the shipping companies, shipping agents and freight forwarders.
- h) Bill of Lading (B/L) must be followed in its true spirit as most of the companies in Pakistan import goods on C&F basis, hence all charges are included therein (like charges related to delivery order, shipping agents, freight forwarders, handling, loading, unloading etc. These charges should be included in B/L amount and collecting extra charges at destination has been a hot issue and needs to be resolved.
- i) There should be uniformity in the Delivery Order (DO) charges of shipping lines.
- j) The program must move forward but not on ad-hoc basis.
- k) He highlighted the corrupt practices of freight forwarders, shipping agents and some irregularities of other stake holders. He said customs issue licenses to shipping agents but has no control over them as it is ceremonial type of control.
- l) He stated that businesses cannot be alleged unless there is legal framework. Though some practices are unwarranted and perhaps immoral but not corrupt practices. He further stated that the shipping agents and freight forwarders were of the view that since they have not violated any law (as there is no law enacted for them) so they are not involved in any illegal practice.
- m) The shortage claim issue is very technical in nature. Due to shortages in import of edible oil at the shore tanks, the shipping lines have increased the freight charges by few dollars per MT. This has a big impact on our foreign exchange as well as cost of imports of edible oils.
- n) The program must move forward and should not be run on ad-hoc basis.

Suggestion / Proposal:

- a) Mr. Rasheed Jan Muhammad emphasized two points:
 - Establish a vehicle to carry forward the message (strong forum)
 - Establish a legal frame-work
- b) For legal framework GCNP may consult previous proposals of
 - Shipping Rates Advisory Board
 - Logistic Provider Bill
 - National Freight & Logistic Policy (Mr. Javed Bilwani & Mr. Rashid Godil worked on it).
- c) He further identified that three persons have worked on establishing legal framework in the past in this regards mentioning Mr. Javed Mansoor (Secy NTTFC), Aamir Durrani (ex-World Bank) and Capt Irfan Naqvi. They will have data with them and may be helpful in this regard.
- d) National Trade & Transport Facilitation Committee (NTTFC) may be revived.
- e) Number of documents demanded by various government agencies from importers / manufactures, should be reduced.
- f) GCNP needs to enhance awareness on such issues related to maritime corruption.

The meeting ended with a vote of thanks from the GCNP team.

7. Qasim Freight Station (QFS)

July 12, 2023 at QFS Office, Clifton Karachi



Present

Team QFS:

Mr. Abdul Rehman Punjwani, CEO, QFS

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN

2. Mr. Muhammad Akram, Project Manager GCNP-MACN

- a) Following the government's policy QFS, from the private sector, commenced contributing its part toward development of port and shipping by establishing first Off Dock container terminal at Port Qasim under the name of Qasim Freight Station since August 1998. QFS was established at Port Qasim in the designated area for such activities by the port called Container Freight Station Village (CFS Village).
- b) QFS provides services for expeditious movement of import / export cargo for consolidation and deconsolidation since October 2000.
- c) QFS has 12-acre land under its control where three sheds are maintained by them to provide services to many companies in Pakistan. They have 85,000 sq. ft covered area for their work. They handle sensitive, dangerous and scrap cargos at their location
- d) QFS can handle 2500+ TEUs at a time at their premises using various state of the art equipment.

The following discussions took place:

- a) In Pakistan, shipping lines have their own business practices which, in the eyes of some, create issues.
- b) They face issues at Exit / Entry points at the port.
- c) There are differences in the handling rates: SAPT charges \$36 / move while recently launched Abu Dhabi terminal charging \$18 / move.
- d) Storage charges at the port are PKR 2500 – 3000 per day, while lines charges are \$100 per day.
- e) Many traders / clients do not read the terms and conditions mentioned at the back of B/L, D/O, LCL
- f) Off-Dock terminals should disclose their rates on their site / sheets.
- g) International definition of Terminal handling charges may be adopted.
- h) "Common Pool Fund of Customs" need to be looked into for storage place of containers.
- i) Container leasing charges are \$1.50 – 2.0 per day.
- j) We must look into international tariff on containers to bring parity in Pakistan.
- k) Refrigerated Containers are being stolen in Pakistan.
- l) Money transfer by shipping companies on their earning under "Other Expenses" needs to be looked into.

The meeting ended with a vote of thanks from the GCNP team.

8. SITE Association of Industry

July 13, 2023



Present:

SITE:

Mr. Riaz Uddin, President, SITE
Association of Industry, Karachi

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

The GCNP team visited SITE (Sind industrial Trading Estate Association) Association of Industry. This is an old Association of manufacturers, importers and exporters. President, SITE Association, Mr. Riaz Uddin was briefed on GCNP, its 10 principles and the MACN project being operated in Pakistan, India and Bangladesh. He welcomed the team and assured it of his full cooperation. Other members (importers, exporters and Industrialists) were also present during the meeting.



He stated that they were facing technical problems from customs. Customs Act, 1969 should be re-written as it was developed in patches. Many HS code were removed. The Tariff, HS code and work on cascading principle of Singapore and Malaysia may be consulted. There should be a unified rate of duty for each category. Customs Tariff has many distortions. The customs duty, regulatory duty and additional custom duty sometimes exceeds hundred percent of the value due to which there is more evasion of duty / taxes and leads to mis-declaration. In classification people try to circumvent certain classification HS codes due to high tariff rates. He also pointed out that at dry ports (inland customs depots) practices and assessment is not the same as was in vogue in Karachi.

Regarding corruption issues, he said that they had many issues with freight forwarders, especially by the exporters. The stevedoring charges have also increased manifold. There is no regulatory authority, which can regulate the freight forwarders and other maritime stakeholders, at present. Some legal framework may be developed in this regard.

The exporters have to pay terminal handling charges in dollars. The free storage is only for 3 days for exporters. In the past they used to have seven days free storage time. The storage charges were Rs. 36,000 per container which has gone up to Rs. 88,000 per container. Generally, the charges have increased from \$300 to \$800 now. The terminal operator's charges also keep on changing.

There are customs examination issues in exports consignments. Sometimes there is no dry place where examination is carried out, if there are more containers then the space is not available. Examination site is dirty and after examination, the goods are spoiled and then the items are not properly re-packed and are rejected by the buyer. Sometimes quantity is reduced. The terminals needs to devise fool proof mechanism. There were some problem regarding Export Facilitation Scheme also and some malpractices were observed.

There is a cartelization. There is a need for regulatory framework so that charges can be rationalized or negotiated with shipping lines, terminal operators, freight forwarders etc., by the government in case of force majeure like COVID-19 situation. The importer should not have been penalized in such situation like COVID-19. The government should have put an economic emergency and State Bank of Pakistan should have intervened.

In case of foreign exchange (FE) regulations, some powers were delegated to the banks (for prioritization of allocation of FE) which also created problems for importers. The foreign exchange department of State Bank of Pakistan should have resolved these issues.

The Foreign Exchange Department of State Bank of Pakistan changed the policy and allowed 365 days credit for opening of letter of credit (for self-funded transactions). The traders opened L/C on these credit terms, but later the Federal Investigating Agency started investigations that money was transferred from Pakistan illegally as no supplier can give credit for one year. There were complaints that FIA harassed the importer on this account.

There are many lacunas in the State Bank of Pakistan working and some malpractices were also reported. He said that government has no voting powers in the SBP Board, though it has given autonomy but SBP is not acting promptly to address the complaints after loosening of government's control. He said the Bangladesh's Central Bank imposed penalties on the banks for misusing their powers. Another issue is that of imports and export forms issued through Pakistan Single Window, which is also a root cause of mal-practices in the banks and customs.

He said that government policies kept on changing. Some reforms should be introduced. There are several agencies. Procedures and the system is not in favor of the traders. There are two important Committees in the Chamber of Commerce & Industry relating to Port and Shipping and Customs, which should play its important role.

As for smuggling issue, he stated that higher rate of duty is encouraging smuggling. The rate of duty should be lower than the cost of smuggling. Policy issue needs to be tackled as enforcement alone cannot work.

9. Fauji Akbar Portia Marine Terminal

July 13, 2023 at the Sind Club

Present

FAP:

Mr. Anwar Ur Rehman Alavi,
Commercial Operations Advisor

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

The introduction of Fauji Akbar Portia (FAP) Marine Terminals presented a comprehensive overview of its operations and impact since its establishment in 2010. It highlights the transformative role the terminal has played in elevating the standard of dry cargo imports and exports within Pakistan, aligning its operations with global benchmarks.



The terminal serves as a pivotal hub offering end-to-end supply chain solutions. It handles diverse cargo types, including grains, cereals, oilseeds, and fertilizers, both in bagged and bulk formats. FAP incorporates modern mechanical and pneumatic unloaders, facilitating the efficient handling of cargoes at rates up to 1,600 ton per hour. This high discharge and loading capacity contribute to quicker vessel turnaround times, subsequently reducing costs for consignees and shippers.

One of the notable strengths of FAP is its emphasis on enhanced efficiency, which allows importers and exporters to align shipments with milling requirements. This synchronization helps in minimizing inventory costs, offering a strategic advantage to those engaged in trade through the terminal.

The services provided by FAP encompass a wide spectrum, including vessel discharge, storage options in silos and warehouses, and the crucial aspects of bagging and dispatching cargo, illustrating a

comprehensive approach to cargo handling. The following suggestions/ recommendations/concerns/ were discussed:

- a) **Private Sector Empowerment:** Suggested granting the private sector a more substantial role, providing them with increased opportunities and freedom to leverage their full capabilities and strengths within the maritime industry.
- b) **Allocation of Terminals:** Proposed to allocate grain and fertilizer terminals at Karachi Port Trust (KPT) to Abu Dhabi.
- c) **Implementation of Unmanned Weigh Bridges:** Suggested the introduction of unmanned weighbridges, potentially aiming to streamline operations and reduce manual labor, promoting efficiency and accuracy in cargo weighing procedures.
- d) **Involvement of Railways to Reduce Congestion:** Recommendation to involve the railway system in maritime operations to alleviate congestion, possibly advocating a multimodal transport approach to enhance efficiency.
- e) **Fumigation Practices:** Raised concerns regarding the use of Methyl Bromide for fumigation, noting its banned status globally but its continued use in Pakistan, particularly in ship cleaning, and highlighted the Plant Protection Department's approval of its use.
- f) **Fumigation Comparisons with Dubai:** Highlighted the contrast in fumigation practices between Pakistan and Dubai, specifically stating that fumigation might not be a requirement in Dubai's maritime operations.
- g) **Time and Cost of Fumigation:** Noted the time and financial implications of the fumigation process, indicating it takes 1.5 days to complete fumigation processes at the port, and highlighted the considerable cost of approximately \$60,000 for fumigation services.
- h) **Limited Railway Lines for Terminals:** He discussed the absence of railway lines for terminals and inadequate railway infrastructure for other terminals other than QICT.
- i) **Port Congestion as the Primary Challenge:** Identified port congestion as the primary and most pressing challenge, potentially causing operational delays and hindrances within the port.
- j) **Transition from Bags to Bulks:** Mentioned the global shift from the usage of bags to bulks in maritime operations, highlighting an international trend in cargo handling practices that might be considered for adaptation within the Pakistani maritime industry.

The meeting ended with a vote of thanks from the GCNP team.

10. Port Logistics & Services Lincoln Law & Business Associates

July 15, 2023



Present:

Mr. Muhammad Rizwan,
Head of Port Logistics & Services,
Former GM QICT, NLC off dock
terminal

GCNP:

- 1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
- 2. Mr. Muhammad Akram, Project Manager GCNP-MACN

A meeting was held with Head of Port Logistics & Services, Lincoln Law & Business Associates, Mr. Muhammad Rizwan, on 15th July, 2023 at the office of Project Adviser GCNP-MACN, Syed Tanvir Ahmad. Mr. Rizwan is a former GM, Qasim International Freight Station (QICT) where he served for 25 years. He also served at the NLC off-dock terminal.

At the outset of meeting, Mr. Rizwan was briefed about GCNP, its 10 principles and MACN project being operated in Pakistan, India and Bangladesh in detail. He assured his full cooperation. He was briefed

about the collective action approach taken by MACN-GCNP Pakistan and about the training programs held in recent past on the collective action approach.

The following issues were discussed during the meeting:

- a) There are issues of charges raised by traders. The terminal charges for providing services that are requested by the importer or exporter as per tariff.
- b) Terminal Operator (TO) always want to clear the container and avail minimum dwell time to use space to roll maximum containers.
- c) Hundreds of containers are stuck up in Auction, which takes a lot of space at the terminal. Terminal space should be utilized and containers should keep rolling on to earn and meet expenses.
- d) QICT was the pioneer in making improvements in the examination area on the complaints of exporters, where it had laid down plastic sheets and canvas cloth in the examination area.
- e) The charges of terminals seems high to the traders but Terminals have huge expenses and rent to be paid to the Port Authorities. If the rent is reduced, the storage charges can be reduced to some extent.
- f) In case of emergencies, cross stuffing in local containers should be allowed by the government to return the containers to the shipping line. Moreover, Government may allow storage outside the Terminal premises inside the port area or outside the port area to help the traders.
- g) The Shipping Lines should be requested to issue NOC for cross stuffing.

The meeting ended with a vote of thanks from the GCNP team.

11. Pakistan Stevedores Conference (Guarantee) Limited:

July 17, 2023 at Shoaib Siddiqui's Office

Present

Stevedore Conference Pakistan:
Mr. Kamran Farid, President

GCNP:
1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

The following was discussed:

- a) In the mid-70s, the nature of cargo at KPT was somewhat different. They were handling loose and bulk cargo. No containerization had taken then. They were using bags and handling loose cargo. Maximum cap was of 3 tons. For specialized operations, handling of 7-10 ton was allowed.
- b) For manual cargo handling, the labor demand was high. Karachi Dock Workers (Regulation of Employment) Scheme was promulgated through an Ordinance in December 1973, which was eventually passed as Karachi Dock Workers (Regulation of Employment) Act 1974.
- c) Prior to promulgation of KDLB (Karachi Dock Labour Board) scheme, the dock workers were being engaged for the job of loading / unloading of cargo onto / from ships on daily wage basis.



- d) Stevedoring Companies were licensed by KPT then. Currently there are 40 stevedoring companies licensed by KPT as registered employers of dock workers under the said scheme. Prior to that, Pakistan Stevedore Conference was formed by KPT in 1961.
- e) They follow KPT bylaws.
- f) The conference focuses on maritime logistics, port operations, cargo handling, and related industries.
- g) Current leadership is more concerned with advancements in technology, safety measures, regulatory changes, and best practices in port operations.
- h) Stevedore companies deal with all agencies responsible for handling port matters.
- i) All Stevedore companies are also responsible for security while performing at KPT and KDLB.
- j) All the workers are under the compulsion now and their cost is borne by the port users.
- k) There are 2,700 registered workers.
- l) The operating cost of the scheme is recovered through levy of cess on dry cargo / containers handled at the port which is the main source of fund generation. This cess is payable by three beneficiaries i.e.

Beneficiary	Cost Component in %
Ship Agents	52
Stevedore	18
KPT	30

- m) Labor cost has gone up tremendously. If a worker is engaged for 10 days by a stevedoring company, the remaining 20 days payment is made by Karachi Dock Labor Board (KDLB). At the moment, a worker cost is Rs. 54,000 for working in a single shift. In addition to this amount, workers are eligible for house rent, uniform, overtime allowance, shoes, delivery allowance / charges, death charges etc.
- n) Workers are unionized. Union submits a charter of demand every two years for negotiation.
- o) This issue relates to KPT only. There are no labor issues at Port Qasim where stevedore charge for labor at PQA.
- p) At Karachi Port Trust (KPT) there is 60% liquid cargo while loose cargo is about 40%.
- q) During the days of Gen Pervez Musharraf, it was decided to eliminate dock workers with the help of World Bank funding. It could not materialize then.
- r) There have been efforts to eliminate dock workers owing to the changing nature of cargo while containerization cargo handling has been increased tremendously.

12. Bahria Off-dock Terminal

July 18, 2023



Bahria Transshipment
Hub of Pakistan Ltd.

Present:

Captain (Retd) Izhar Baig,
Chief Executive Officer,
Bahria Off-dock Terminal

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

A meeting was held with Chief Executive Officer, Bahria Off-dock Terminal, Captain (Retd) Izhar Baig, on July 18, 2023 at 12:30 pm at his office. He was briefed on GCNP, its 10 principles and the MACN project being operated in Pakistan, India and Bangladesh in detail.

The Bahria Off-dock Terminal was developed as a Transshipment hub. This is a project of Bahria Foundation, a charitable trust of Pakistan Navy. The terminal tried to get exclusive rights for transit trade. However, the Government allowed cross stuffing at all off-dock terminals for Uzbekistan and for other

Central Asian States. Presently they do not have much business as they are far away from the Karachi port and transportation cost is on the higher side, which prevents the traders to book cargo for clearance from this terminal. Few big freight forwarders are also on the Board of Bahria Terminal but are unable to attract business. On our visit, we saw consignments of old and used tyres, and 2-3 containers carrying LCL cargo and 2 refer containers. They are now developing facility for more refer containers. At present 2 points for refrigerated containers are in place.

We discussed various issues faced by the off-dock terminals. Capt (R) Izhar Baig, stated that corruption is rampant all over the Pakistan. He wanted to understand the methodology MACN would advise to eradicate corruption, given that controlling or tackling is even not possible in Pakistan. The mandate and work of MACN and its scope was clarified to the CEO. He said that there are governing laws in every sphere like customs, immigration, health, shipping, terminals etc. He said the basic issue is that of enforcement and proper implementation. Otherwise there is no dearth of any legislation.

There are various agencies like Customs, Port and Shipping department, Mercantile Marine Department, Karachi Port Trust, Port Muhammad bin Qasim (PQ), immigration, health, phytosanitary, quarantine, etc. If any importer or exporter has any grievance, he should contact the relevant agency.

He also raised the point that if any forum like a 'Helpdesk' is formed, then a stakeholder will be more concerned about his profitability and pay little attention towards the grievances. Mostly the importers and exporters complain about higher charges of shipping lines, freight forwarders, terminals etc. Currently, MACN has no legal power. It can only use moral pressure.



His point of view was that there are many forums already available to aggrieved parties. The private sector prefers to focus on their businesses and revenues. Port Terminal Charges include an amount for Freight Forwarders. Whatever a Freight Forwarder charges, the Terminal simply adds the amount in its bill and passes it on to the trader. In return, the Terminal receives a commission. In short, the Terminal's consideration is its own income. Importers / exporters want to control the charges through legislation. He said that for the Terminal, increased cost of doing business is not its issue.

He was of the view that corruption is so rampant in Pakistan that Terminals cannot do anything. If anyone tries to eliminate bad but not illegal practices, he, as a stakeholder, would probably lose business. No business can tolerate losses, particularly if no illegality is involved in the profit making. He was referring to extra ordinary charges of the Off-Dock Terminals. Traders always complain about high storage charges and excess charges of Freight Forwarders but Off-Dock Terminals cannot do anything as their basic motive is to earn profit.

The meeting ended with a vote of thanks from the GCNP team.

13. South Asia Pakistan Terminal Ltd (SAPTL) Karachi, Pakistan

July 18, 2023

Present:

SAPT:

1. Changsu Kim, Head of Business Unit
2. Capt. Jamal ud din, Manager Marine & Coordination,

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN



A meeting was held with Head of Business Unit, South Asia Pakistan Terminal Ltd (SAPTL), Mr. Changsu Kim, on July 18, 2023 at 3.30 pm at the main terminal building located at Karachi port. He was briefed about GCNP, its 10 principles and MACN project being operated in Pakistan, India and Bangladesh in detail.

Hutchison Ports Pakistan is the country's first deep-water container terminal, designed to accommodate super post panamax ships. The port is situated at the Kemari Groyne (yard) basin and provides the most convenient access to large vessels entering Karachi. The US\$1.4 billion terminal operates as a partnership between Hutchison Ports Pakistan, a member of the Hutchison Ports Network, and Karachi Port Trust. Hutchison Ports has invested US\$600 million to develop the terminal and install latest technology, whereas Karachi Port Trust has invested over US\$350 million on reclamation work and dredging. With this high-tech, deep-water facility at the Karachi Port, Pakistan has the basis to compete with global peers as a modern trading economy.

Mr. Kim welcomed the MACN initiative on eliminating corruption. He said they face many issues especially from Customs department and other agencies. These need to be resolved at higher level so that those issues should not erupt again. He said that capacity wise it is one of the biggest port terminals. He gave examples of other countries where the procedures are set and working is smooth unless port operator



commits some mistake. As administration is new so they are facing some problems. He also welcomed the idea of Help Desk and said that they will support this idea.

14. Representative of a Terminal Operator

July 10, 2023

Present

Representative of terminal operator GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

A meeting was held with the representative of the terminal operator, on July 24, 2023, at their office. He was briefed on GCNP, its 10 principles and the MACN project being operated in Pakistan, India, and Bangladesh in detail. He welcomed the team and assured his full cooperation.

The terminal was conceptualized in the early nineties in response to a tender that was floated by the Government of Pakistan, for the construction of the first dedicated international container terminal, to be built at Port Muhammad Bin Qasim on a build/own/operate basis. The Terminal commenced operations in 1997. In 2006, when P&O Ports was bought over by terminal operator World Globally, it was added to the terminal portfolio in the subcontinent region. It is Pakistan's leading container terminal operator.

Terminal Operator Karachi is the only container terminal in Pakistan that employs its own private labour, which in turn results in a huge saving for the shipping lines customers. Since May 2008, Terminal Operator has been managing an IC3 program, which is part of the Safe Freight Initiative under US Customs and Border Protection, with the aim of 100% scanning of container prior to entering US ports.

He stated that a major issue is that of auction of cargo. The auction procedure, from the fixation of value to calculation and disbursement of the amount, is too lengthy. Most of the procedure is manual and done by the appraiser and takes much time. Complete procedure should be automated. The major issue with the port terminals is that almost 25% of the space is taken over by cargo that is to be auctioned. This

utilization of space is un-productive for terminals, doesn't give any revenue, creates congestion and increases the grounding time. Some swift procedure needs to be put in place along with automation. It takes months and years in final disposal of the auction cargo. Most of the time the bids are not accepted as the value is fixed on higher side without keeping in view the condition of the cargo and market realities. The whole auction procedure should be streamlined for swift clearance and return of container to the shipping company. In fact, Pakistan is losing money to shipping lines in the form of foreign exchange and also paying to the terminals.

The terminal staff often commit procedural mistakes during handling of cargo. Customs does not accept these as genuine mistakes and treats them as deliberate attempts to contravene some law. All stakeholders require simplification of laws. The view of a customs officer is final. The issue is that if this view is not acceptable then the only forum to appeal to is the Federal Tax Ombudsman (FTO), but immediate relief is not possible given FTO's office procedures.

Permission for Off-Dock Terminals needs further automation. These permissions are being issued in routine. The approval should be subject to some criteria of automation. At present, there are ten conditions that need to be fulfilled to obtain a license to operate a port terminal.

On scanners, he was of the view that terminals have scanners which have double view whereas the Customs scanners are of single view. There should be some uniform criteria and policy so that all the scanners installed by the Terminals or by Customs department or by any other agency should be of same specifications.

About Freight Forwarders (FF) he said that credit is provided by them so the goods ultimately gets expensive. The rate for FF charges should be published. Some legal framework is required to safe guard interest of shippers and shipping lines as the shipper wants to get credit and shipping lines needs payment confirmation and guarantee. Freight forwarders can help to lower the rates, but it needs some legal framework and laws for uniform and seamless working.

The major complaint from terminals is of high storage rates called demurrages. An easy solution is for FPCCI to establish its own storage places or off-dock terminals. In case of cargo stuck up due to Customs procedures, the Customs Department should help in shifting the cargo to the Customs Bonded Warehouses, established under common pool fund (CPF), where they should have their own tariffs. Similarly cross stuffing should be allowed at FPCCI's off-dock terminals and they can help the importers by having a separate storage place at cheaper rates. If cross stuffing is allowed, then containers of the shipping line can be returned and can be replaced with local cheap containers. This business model, if adopted, can reduce the cost of the terminals.

The business model used to determine the storage rates of a Terminal. The private sector determines the tariff as per their cost and profits. Tariffs are open to all, and we are against any cartelization. In case there is some doubt that some cartel is being formed by the port terminals, then the way out is to contact Competition Commission of Pakistan for remedy. Terminal charges should also be published, and there should be no hidden charges. Terminal operator is in favor of an open and transparent policy and publishing its charges making them available for all to know.

The SOPs are made by the Customs Collectorate. They become valid when approved by the Federal Board of Revenue (FBR). Sometimes the procedure is given by stakeholders and are forwarded by the Collectorate to FBR, but is neither approved nor is any reply received. There should be some portal where all procedures should be placed, and Collectorate may give their input and those procedures should be approved or amended within a defined period of time.

The meeting ended with a vote of thanks from the GCNP team.

15. Karachi Chamber of Commerce & Industry

July, 27 2023



Present

KCCI:

Mr. Tariq Yusaf President

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

A meeting was held with President Karachi Chamber of Commerce and Industry (KCCA) for 2022 – 2023, Mr. Tariq Yusuf on July 27, 2023 at 11.30 am at his factory. He was briefed on GCNP, its 10 principles and the MACN project being operated in Pakistan, India and Bangladesh in detail. He welcomed the team and assured them of his full cooperation.

Mr. Tariq Yusuf stated that our export sector is far behind India and Bangladesh. He cited the examples of Bangladesh where the trailers loaded with export consignments / containers are not stopped by the general public even during protests. In case of other hurdles also, the containers carrying the export banner or yellow light on trailer showing export consignments are given priority. This is the level of facilitation and special status given to the exporters in Bangladesh. He said that similar priority needs to be given to Pakistani exporters by the Government of Pakistan.

He advised to see the head of Shipping and Logistic Committee of Karachi Chamber of Commerce & Industry for further facilitation. He also supported the idea of a Helpdesk.

16. International Chamber of Commerce (ICC)

August 8, 2023



Present

ICC:

1. Tariq M. Rangoonwala, Chairman Pakistan National Committee,
2. Javed Basini, Secretary General

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

They were briefed about GCNP, its 10 principles and MACN project being operated in Pakistan, India and Bangladesh in detail. He welcomed the team and assured his full cooperation.

Mr. Tariq Rangoonwala, Chairman Pakistan National Committee of the ICC gave background of International Chamber of Commerce, Pakistan, which was founded in 1955. Pakistan actively participated in ICC affairs. Pakistan hosted the International Businessmen's Conference in Karachi in 1960 under CAFE-ICC. PNC-ICC is registered as an Association of Persons (AOP) in Pakistan. Focus areas for ICC include direct investment protection, trade facilitation, intellectual property, Digital Economy, IT & telecom, energy & environment, documentary credits, trade finance rules. Their Key Roles in Conventions are in National Guaranteeing and Issuing Organization for the Istanbul Convention on temporary admission under ATA Carnets and the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention).



Mr. Rangoonwala explained about the TIR convention, which was signed by Pakistan in July 2015. Pakistan National Committee is an Active Member of the International Road Transport Union (IRU) and has been designated by Government of Pakistan as Guaranteeing and Issuing Organization for TIR in Pakistan. A trilateral agreement was signed amongst FBR, IRU and PNC-ICC for the TIR transport of goods with at least one leg of the journey by road. Cargo moves under a paper named TIR carnet. TIR has reduced cost by up to 38%. At present TIR notified stations are Karachi Port, Port Qasim, Gwadar, Sost border, Chaman, Torkham, Taftan, All upcountry dry ports, designated CFSs and borders stations.

Seven TIR admissions including NLC, TCS and Faisal Movers have been approved so far by the National Authorization Committee while 15 more admissions are pending. There is high tariff for Islamabad to Uzbekistan journey. Our depth at the port is from 11-15 meters. In 2018 the TIR operations started. 35 consignments were sent under TIR during 2022 and 200+ consignments have been dispatched during 2023 from Pakistan. In case of China, we can't go beyond Kashghar in case of normal trade, but under TIR, we can go beyond Kashghar.

Basically, MNCs desire a regular supply chain without any disruption. TIR is monitored by the International Road Transport Union (IRU) in Geneva. 22 million TEUs are sent to UAE and 6% are sent to Pakistan. The TIR multimodal operations is yet to be tested in Jabl-e-Ali, Dubai for sending consignments to Pakistan and further to CARs. That testing could not be done as yet. There is no uniformity regarding cross stuffing. The containers of shipping companies are too expensive if cross stuffing in TIR is allowed it will increase the potential of transit cargo to CARs.

The meeting ended with a vote of thanks from MACN team.

17. Karachi Customs Agents Association (KCAA)

August 9, 2023



Present

KCAA:

1. Zahid Bashir Choudhry,
Secretary General

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

They were briefed about GCNP, its 10 principles and MACN project being operated in Pakistan, India and Bangladesh in detail. He welcomed the team and assured his full cooperation. Team GCNP met with Mr. Zahid Bashir Choudhry, General Secretary at the office of KCAA to discuss issues being faced by Customs Agents and to seek their point of view on the issues.

- a) The important point mentioned by Mr. Zahid Bashir, General Secretary, KCAA was that many of the issues are due to lack of regulatory framework. Therefore, many stakeholders, directly or indirectly are applying their own policies for traders and custom agents where one can't find similarity.
- b) The traders are paying terminal handling charges to:
 - (i) Container terminals
 - (ii) Shipping lines
- c) There is no such problem in Bangladesh and Sri Lanka as both the countries have established regulatory authority, while there is no regulatory authority in Dubai and the traders there are facing the same problems.



- d) Since there is no legislation, some of the stake holders did not waive extra charges incurred due to Covid-19 in Pakistan, rather Indian authorities waived off extra charges thus giving relief to the traders which helped bring down the cost of doing business.
- e) In 2019 – 2020, 4000 GDs were being filed per day. Current rate is 1200 GDs per day, showing a sharp decline in the business.
- f) Container detention charges are not aligned and shipping companies are free to charge as per their own SOP.
- g) Karachi Chamber of Commerce & Industry (KCCI) did work on container detention charges where government approved the SRO but it was challenged by shipping companies in the court.
- h) Some multinational shipping companies have enhanced their insurance rates by Rs. 4000 – 5000/ton.
- i) On the same token the shipping lines are charging, Dirty Container Charges, Late D/O charges.
- j) In case a container is held for a month or two due to customs checking, Customs Department issue a letter to terminal operators to waive the charges as per customs law but the same was not entertained by the terminal operators being sub-judice in the court.
- k) On the issue of Container Charges, the shipping lines maintain that it is the responsibility of Customs Agents and not that of traders.
- l) Examination Staff at the sea port terminals are not skilled.
- m) More damages occur to the material being inspected which is a loss to the trader. It is more loss to the trader and country, if the material inspected is being exported.
- n) They are using old outdated equipment.
- o) Bulk Material Terminals (specially working on LCL cargo) are over charging. They commenced releasing rates on their websites during Covid-19 only. They have reverted back to their old practices.
- p) Another important point mentioned was the lack of qualified and trained staff of the traders which causes such issues extensively. The qualified staff can help the traders to overcome such issues as well.

The MACN team noted that the points discussed above during the meeting were important in their nature and may lead would to a direction in future to propose corrective actions. Another important aspect was that KCAA have more qualified and experienced leadership to combat the issue of corruption in the maritime industry and they may be front runners.

The meeting ended with a vote of thanks from GCNP team.

18. All Pakistan Customs Agents Association (APCAA)

August 10, 2023 at Pearl Continental Hotel, Karachi



Present

APCAA

1. Maqbool Malik, President
2. Shaikh Tariq, Vice President

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

The invitation to have a luncheon meeting was extended to Team GCNP by APCAA President, Mr. Maqbool Malik which was accepted with thanks. The objective of this meeting was to understand the issues faced by Customs Agents and to explore the areas of cooperation between the organizations.

Karachi Port Trust (KPT) was established under KPT Act of 1886. KPT has its geographical territory and its tariff applies to the storage of goods lying at KPT territory only. There is always a difference of opinion as far as shipping and DO charges are concerned. To resolve the issue a proposal was considered for

establishing an authority for shipping rates. Shipping Rate Advisory Board (SRAB) was proposed to be established but it could not be materialized.

Mr. Shaikh Tariq said that there is always some dispute as far as shipping lines' practices are concerned. The other stakeholders compare it with international practices. He suggested that international commercial terms and practices of payments of different charges by sellers and buyers must be mutually agreed and followed as there is no local law to regulate and fix responsibility of payment of different charges by the seller and buyer.



International Commercial Terms (INCOTERMS) may be introduced and followed which are unknown in Pakistan but applicable in developed countries.

[Incoterms ® or International Commercial Terms are the common language of international trade. Established by the International Chamber of Commerce (ICC), they are standard terms which are commonly incorporated into contracts for the trade of goods around the world. Incoterms define the responsibilities of exporters and importers in the arrangement of shipments and the transfer of liability involved at various stages of the transaction.]

The following figure shows the distribution of cost as per Incoterms.

Guided Imports			FCA Incoterm 2020 Free Carrier (place) Any Mode or Modes of Transport							Transfer of Risk: On Buyer's Transport		
Export Packaging	Loading Charges	Delivery to Port/Place	Export Duty, Taxes & Customs Clearance	Origin Terminal Handling Charges	Loading on Carriage	Freight Charges	Insurance	Destination Terminal Handling Charges	Delivery to Destination	Unloading at Destination	Import Duty, Taxes & Customs Clearance	
SELLER	SELLER	SELLER	SELLER	BUYER	BUYER	BUYER	Negotiable	BUYER	BUYER	BUYER	BUYER	

The following issues were also discussed:

- Presently PNSC is only handling liquid cargo whereas it should start containerized cargo service also to solve trader problems and to save precious foreign exchange.
- There are issues related to empty containers theft, which needs to be resolved.
- It was proposed to revisit the Customs Agents Rules to make necessary changes.
- LO-LO (Lift On – Lift Off) Charges: Since there is no legislation, these are charged by Terminal Operators whereas these charges are already included in the freight as the B/L includes charges from Container Yard to Container Yard ("CY to CY").
- Trade bodies in Pakistan have no say in legislation and little influence in devising the government policies.
- Besides other charges, the Pakistan Standard Quality Controlling Authority (PSQCA) fee is much high and Quarantine tests are very expensive. These may be conducted on the basis of risk parameters and very selectively as all items are being imported regularly by the same importers.
- As an unwritten policy and to discourage import of "Miscellaneous items" customs staff make conscious efforts to delay clearance. The customs always feel that there are chances of mis-declaration of description and quantity. Mostly these containers are held for 5-6 days before

inspection by customs department. This also depends on the policy of individual officers also. Some officers go according to law while others use such tactics to discourage import of miscellaneous items containers. There should be a uniform policy across the country at all customs ports and according to the laid down law.

- h) Alternative Dispute Resolution Commission (ADRC) can provide a better solution for mediation before final discussion. This system ADR option may be exhausted before taking legal course of action. "Mediation Committees" may be established and referred to for mediation between the importer and the Customs department. The impediments may be removed in the Alternate Dispute system and should be followed as per spirit of the law.
- i) Once ADRC Forum is exhausted, and prior to going to the Collector, the dispute may be referred to a committee consisting of representatives from:
 - (i) Customs Agent
 - (ii) Customs
 - (iii) Traders groupThe committee may take up the issues.
- j) At the moment case involving Rs. 1200 – 1400 billion are stuck up in litigation.

The meeting ended with a vote of thanks from GCNP team.

19. Federal Investigation Agency (FIA)

August 23, 2023



Present

FIA

Abbass Ali, Immigration Officer
Karachi Sea Port

GCNP:

1. Syed Tanvir Ahmad Project Advisor GCNP-MACN
2. Mr. Muhammad Akram, Project Manager GCNP-MACN

Team GCNP comprising of Syed Tanvir Ahmad and Muhammad Akram held a meeting with Mr. Abbas Ali, Immigration Officer Karachi Sea Port in the Assistant Director FIA's office on Tuesday, August 23, 2023. Prior to that the MACN team handed over a letter to the Director FIA requesting to develop a SOP on the immigration issues related to sea farers. Team MACN explained the project and its activities in Pakistan.

MACN team conveyed the difficulties being faced by the Pakistan Ship's Agents Association regarding shipping crews' immigration / Sea Farers' Identity. The matter on SOP development was also discussed. Mr. Abbas Ali briefed the team about the past activities took place in this regard by FIA. Various points were discussed. during the meeting:

- (i) FIA's past efforts to solve Sea Farers Identity issue.
- (ii) Submission of draft SOPs by the Pakistan Ship's Agents Association (PSAA) to FIA.
- (iii) Pakistan's ratification of articles 108, 185 for Sea Farers Identification.
- (iv) PSAA's difficulties being faced by their members.

It was decided that Team MACN will visit PSAA to seek their point of view on the immigration SOP and MACN Team will propose an SOP after having a thorough discussion with all the stakeholders. It was assured that Assistant Director Office will extend full support from Karachi to forward the proposal to their head office in Islamabad.

Follow-up Meeting with Pakistan Ship's Agents Association (PSAA)

On September 8, 2023, a follow-up meeting took place at PSAA office with Secretary General PSAA, Syed Tahir Hussain, at Kemari, Karachi to discuss the outcome of meeting with FIA. It was agreed that working on SOP development will be continued by GCNP-MACN and PSAA will extend their full cooperation on the matter.

The meeting ended with a vote of thanks from GCNP team.

20. General Shipping Agencies (Pvt) Ltd (GSA)

September 20, 2023 at GSA Office



GSA:

Muhammad Ali Rajpar, MD

Syed Tahir Ali, Secretary General,
PSAA

GCNP & MACN

1. Mathias Bak, Associate MACN

2. Syed Tanvir Ahmad Project Advisor GCNP-MACN

3. Mr. Muhammad Akram, Project Manager GCNP-MACN

They were briefed about GCNP, its 10 principles and MACN project being operated in Pakistan, India and Bangladesh in detail. He welcomed the team and assured his full cooperation.

While introducing GSA, Mr Rajpar said that General Shipping Agencies (PVT) Ltd. work with a trade mark of "The ports & shipping experts". It has been the first Pakistani shipping agency to obtain an ISO certification and kept updating with its latest version of the standard. GSA is associated with The Baltic and International Maritime Council, BIMCO in Pakistan and supports it by providing Pakistan port position to its Weekly News. GSA also maintains a professional indemnity cover from ITIC (London), a mutual insurance company, against potential losses to their principals arising from negligent error or omission.

Mr. Mathias Bak thanked Mr. Rajpar for the meeting at GSA office. Mr. Rajpar showed his interest to explore the cooperation with BIMCO.

He informed the meeting that Pakistan Customs did not provide any license to Pakistan International Freight Forwarders Association (PIFFA) and PIFFA is a self-regulating body now. He also informed about the draft of Pakistan Courier and Logistic Regulatory Authority Act, which could not be presented in the parliament. Mr. Rajpar showed his interest to support "Help Desk" concept in Pakistan and offered space and manpower for the project.

It was assured mutually to keep supporting each other professionally.



21. All Pakistan Shipping Association (APSA)

September 21, 2023 at APSA Office,
8th Floor, PNSC Building, Karachi.



Present

APSA

GCNP & MACN

- | | |
|--|---|
| 1. Mr. Aasim Azim Siddiqui, Chairman | 1. Mr. Mathias Bak, Associate MACN |
| 2. Mr. Abid Aziz, Sr. Gen GM Operations | 2. Syed Tanvir Ahmad, Project Advisor GCNP-MACN |
| 3. Capt. Ibrahim Zaheer, Secretary General | 3. Muhammad Akram Project Manager GCNP-MACN |

Meeting started with each other's introductions. Team GCNP & MACN thanked Team APSA for their time for the meeting. Mr. Mathias Bak introduced activities of MACN and the achievements. He stressed upon the need of applying the "Collective Action Program" in Pakistan for which MACN has embarked on the project for the past two years. Mr. Bak emphasized on working together towards curbing of corruption in the industry. Preparing SOPs, addressing legal issues which are creating hindrances in the day-today working needed to be looked into jointly.

Mr. Asim Azim Siddiqui while welcoming the team, appreciated the efforts being made by MACN around the globe and in Pakistan. He emphasized on various issues being faced by the APSA and suggested steps to overcome the issues. The Chairman informed that the APSA has transformed into a contemporary and customer-focused organization. It has adeptly navigated the challenges posed by its external environment, reshaping its operations and leveraging its expertise to pursue fresh goals. As time has passed, the Association has grown and, under its capable leadership, is well-equipped to address the evolving needs of the shipping industry for years to come in Pakistan.

Addressing the issue of corruption in the industry, Mr. Siddiqui proposed to establish a "Coordination Committee" drawing members from industry's stakeholders like Pakistan Ship's Agents Association (PSAA), APSA, PIFFA. MACN-GCNP may coordinate and help the associations to draft a SOP. While the proposal was appreciated, it was decided that team GCNP would commence working on gathering the stakeholders to move forward.

Later the team took a round of the APSA's office and met the staff who told about the working and achievements of the association. It was agreed upon to remain in contact and support the mutual cause.



22. Mercantile Marine Department (MMD)

September 14, 2023 & September 21, 2023

At MMD Office and Marriott Hotel, Karachi.

Present

MMD:

Principal Officer, Syed Salman Raza

GCNP & MACN:

1. Mr. Mathias Bak, Associate MACN
2. Syed Tanvir Ahmad, Project Advisor GCNP-MACN
3. Mr. Muhammad Akram, Project Manager GCNP-MACN

Two meetings were held with the Mercantile Marine Department (MMD).

First Meeting – 14th September 2023

The Mercantile Marine Department (MMD) was established in 1930, and is responsible for the safety of the sea farers and ships/boats, ensures ships navigate safely, and take care of the environment also. It works under the Directorate General, Ports and Shipping, which is part of the Ministry of Maritime Affairs. MMD is headed by a Principal Officer who handles ship registrations and takes care of lighthouses, testing sailors, registering ships.

They follow the Merchant Shipping Ordinance and international agreements on sea safety. The Principal Officer welcomed the team GCNP-MACN in his office.

Principal Officer, Mr. Salman Raza briefed the team GCNP & MACN on the working of MMD and how it functions.

MACN team apprised him about the project having “Collective Action Approach” and related activities and working of MACN and its collaboration with GCNP in Pakistan.

MMD provides following services to the port users and other beneficiaries, such as:

- a) Seafarers verification
- b) Survey and Inspection Services
- c) Issuance of statutory certificates
- d) Registration / Transfer of ownership of craft
- e) Conduct examination of various categories of seafarers including engineers etc.
- f) Medical Examination of seafarers
- g) Registration / transfer of boats, ships etc.



Mr. Salman Raza assured his full support to the objectives of the projects and offered his services as a stake holder of maritime industry of Pakistan to the MACN project. The meeting was concluded with offering thanks to the Principal Officer and his team.

Second Meeting – September 21, 2023

During the recent Karachi visit of Mr. Mathias Bak, Team GCNP invited MMD management on a luncheon meeting where the MMD management was introduced to Mr. Mathias Bak, who apprised the participants of the working of MACN and how the Collective Action Program is functioning in many countries including Pakistan. Mr. Bak was also briefed on MMD activities and efforts being carried out by them. Both the organizations decided to stay in touch in future and support the activities as well.



23. Musaliha International Centre for Arbitration and Dispute Resolution (MICADR)

September 22, 2023



Present:

MICADR

Justice (R) Arif Khilji, MD

Mr. Shahzar Elahi (Islamabad),

Co-Founder & Associate Director

GCNP & MACN

1. Mr. Mathias Bak, Associate MACN

2. Majyd Aziz, President, GCNP

3. Syed Tanvir Ahmad, Project Advisor GCNP-MACN

4. Mr. Muhammad Akram, Project Manager GCNP-MACN

Team GCNP-MACN met with MICADR team at their office to understand working of MICADR and explore opportunities to work together. After the team's introduction, Mr. Mathias Bak introduced the working of MACN and shared the details of GCNP cooperated MACN project in Pakistan.

Justice (R) Arif Khilji explained about the Musaliha International Center for Arbitration and Dispute Resolution (MICADR) stands out as Pakistan's premier Alternative Dispute Resolution Center, acknowledged by both the Federal Government and the Sindh High Court. MICADR offers cutting-edge mediation, arbitration, and negotiation services tailored for individuals, entities, and state bodies. The name is inspired by the Urdu word "musaalihat," meaning reproaching or conciliation, and the Arabic concept of "maslaha," which underpins Islamic jurisdiction, reflects their commitment to harmonious resolution.

MICADR firmly believe in the efficacy of alternative dispute resolution, a belief rooted in the global recognition of these methods. MICADR mission is not just about delivering justice; it's about eliminating conflict while preserving the sanctity of relationships and connections. MICADR operates with the conviction that resolving disputes through alternative means is not just a practical approach but a pathway to maintaining the integrity of relationships.

With the above background, the MD informed the participants that:

- a) 2.2 million cases are now pending in the courts at the moment.
- b) Average time of concluding the cases at the courts is 15 years.
- c) Rs. 1200 billion are stuck up in FBR under litigation.
- d) State and the Court have recognized the MICADR.
- e) MICADR has trained 130 judges on ADR mechanism.
- f) 730 advocates have been trained in Islamabad Capital Territory and Sindh province.
- g) 100 law students are trained in Sindh province.

- h) 40,000 citizens are provided knowledge about MICADR and ADR mechanism.
- i) MICADR has 02 offices in Karachi and Islamabad and 08 offices in Sindh province.
- j) MICADR is going to commence their activities in Gilgit Baltistan shortly.
- k) ADR mechanism is divided into three phases:
 - (i) Negotiation
 - (ii) Mediation
 - (iii) Arbitration
- l) ADR is a party centric procedure engaging less lawyers while it supports bringing in more professionals like finance managers to sort out the issues.
- m) There is no appeal against the decision.
- n) Average time for decision has gone down tremendously.
- o) The decision made under ADR is judicially enforceable.
- p) Mediation can play its role in the cases related to “Port and Court” (Maritime people involved in the court matters)

Justice (R) Arif Khilji informed the participants that in Turkey, it is mandatory to go through ADR mediation process prior to lodge any suit. In Turkey, they have established “On-line” dispute resolution system. It was agreed to stay in touch and keep sharing the ideas for cooperation in the future.



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