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Together we are creating a **ROSHAN PAKISTAN**

USAID Trade Project

July 2014



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The U.S. Agency for International Development (USAID)

- The leading U.S. government agency responsible for foreign development assistance around the world.
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- Priorities for assistance are identified in consultation with the Government of the host country.





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Trade Project Overview

Contract: Contract awarded on June 22, 2009

Current Project Completion Date: August 31, 2014

Objective: Collaborate with the Government of Pakistan (GoP) and the private sector to support trade reform and resolve trade challenges through the provision of technical assistance. Enable increased bilateral and regional trade with Pakistan's neighbors through the implementation of trade and transit agreements, reduction of anti-export bias in trade policy, improved customs processes, border improvements, and trade facilitation measures.

Our Approach: A team of expatriate and national staff work alongside the GoP and key private sector stakeholders, including, among others:

Public Sector	Private Sector
<ul style="list-style-type: none">• Ministry of Commerce (MoC)• Federal Board of Revenue / Customs (FBR)• National Tariff Commission (NTC)• Ministry of Planning (MoP)	<ul style="list-style-type: none">• Chambers of Commerce• Trade Sector Associations• Trade Promotion Organizations



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Pakistan Trade Overview

Component 1	Component 2
Trade Environment	Cross-Border Trade
<p>Implement effective trade related policies, procedures, systems and practices that affect the movement of goods across Pakistan's borders.</p> <p>Objectives</p> <ul style="list-style-type: none">• Reduced cost of inbound/outbound trade• Increased trade volumes• Diversified exports• Increased participation of women• Increased regional and Pakistan-USA trade	<p>Address the constraints at Pakistan's border crossings that affect trade and transit with neighboring countries.</p> <p>Objectives</p> <ul style="list-style-type: none">• Increased cross border trade• Improved trade facilitation along Afghan border• Improved transit facilitation



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Component 1: Improved Trade Environment



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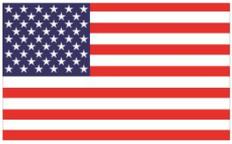
Component 1 Overview

Objective: To support the Government of Pakistan and private sector stakeholders with the reform and implementation of policies, procedures, and practices that affect the movement of goods across Pakistan's borders.

Component 1 activities are delivered through the provision of technical assistance in the following areas:

- Trade liberalization
- Legal reforms
- Compliance with international standards
- Technology portals
- Impacts of Free Trade Agreements
- Gender equality
- Training and mentoring
- Facilitating trade and transit through CAREC Corridors 5 & 6
- Facilitating business-to-business networking among potential exporters and importers in Pakistan, Afghanistan, and the five Central Asian Republics (CARs)

Activities implemented within this component seek to strengthen the overall trade environment in Pakistan by reducing the complexity, cost, and time required to export and import goods



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Trade Normalization with India

Objective: Research and outreach support to the MoC to raise stakeholder awareness of Pakistan-India trade issues related to the normalization of trade relations with India.

Key Counterpart: MoC

Project Highlights:

- Research:
 - Coordinated with IPP on 4 Studies on Pakistan-India trade normalization covering the history, existence of non-tariff barriers, impact on specific sectors, and macro-economic impact of improved trade relations
 - Assessment of Pakistan and India's Investment Policy
 - Impact of Normalizing India - Pakistan Trade Relations on Services Sector
 - Impact Analysis of abolishing the Negative List and ban on imports from Wagah - Attari border
 - Updated Assessment of Wagah - Attari Customs border station
- Conducted initial assessments of the infrastructure and processes at the Wagah-Attari customs station (Punjab) and of the prospective customs station at Khokhrapar - Munabao (Sindh)
- Initiated outreach and awareness campaign in July 2013 (Islamabad and Karachi) with GoP stakeholders, private organizations and public on clarifying issues and communicating benefits of trade normalization with India
- Participated in six stakeholder consultation meetings on normalizing trade with India. Stakeholders included the Pakistan Business Council and members of the textile, pharmaceutical, agriculture, and auto sectors



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Trade Policy Assistance to the MoC

Objective: Provide technical assistance to the MoC with regard to tariff rationalization, trade negotiations, and the design and implementation of Preferential Trade Agreements (PTAs)

Key Counterpart: MoC

- Research Studies:
 - Analyzed the impact on Pakistan's economy of non-implementation of the ILO's "Better Work Program" and other international conventions
 - Prepared report on US Generalized System of Preferences to determine export opportunities for Pakistani traders
 - Finalized individual briefs on services under SATIS commitments and recommendations on Pakistan's conditional maximum and minimum offers to SAARC members under SATIS
 - Analyzed trade potential between Pakistan and the US across six sectors: Agriculture, Fast Moving Consumer Goods (FMCGs), Textiles, Health, Energy and Information and Communications Technology
 - Assistance to the Planning Commission/MoC as a member of the Regional Connectivity working group: Prepared report detailing Pakistan's trade potential, and options for achieving the GoP's Vision 2025 goals
- Provided technical assistance to the MoC in achieving individual stakeholder consensus on the proposed SATIS schedule of commitments to SAARC members
- Provided technical assistance to the MoC in developing Pakistan's negotiating position in the WTO Ministerial Conference, held in Bali from December 2-4, 2013
- Provided assistance with the MoC's tariff rationalization efforts, including research on benchmarking against regional tariffs, analysis of trade diversion, and a proposed three-year phased tariff amendment schedule

Ongoing Assistance:

- Embedded two trade negotiation advisors at the MoC to assist in trade negotiations, developing, and implementing PTAs, and providing related trainings to the MOC staff



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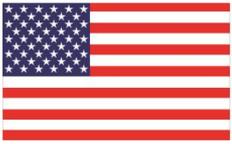
Strengthening National Tariff Commission

Objective: Support and strengthen the NTC in its mission to administer World Trade Organization (WTO)-compliant trade defense laws in compliance with Pakistan's international treaty obligations.

Key Counterparts: NTC, MoC

Project Highlights:

- Finalized a Human Resource capabilities and training needs assessment of the NTC
- Facilitated participation of NTC officers at eight local and international exposure visits and trainings, helping NTC build its human resource capacity and administer trade defense laws in Pakistan
- Reviewed the NTC Act and three national trade defense laws for consistency and compliance with WTO standards; reviewed suggested amendments with the MoC in June 2014
- Supported five NTC outreach and awareness events on trade remedy laws for 192 private sector stakeholders
- Held three focus group discussions in Islamabad, Lahore, and Karachi to gather feedback on, and recommendations to improve, the NTC's service delivery
- Provided nine ICT trainings conducted by the Trade Project's IT experts and externally hired qualified trainers
- Provided extensive ICT equipment, including computers, hardware, printers, generator and digitization equipment to the NTC
- Established an Anti-Dumping Case Management System at the NTC
- Developed and implemented a Digitization plan to support knowledge management



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Legal Reforms - Revised Kyoto Convention and Agreement on Trade Facilitation

Objective: Support the GoP's efforts to comply with provisions of the Revised Kyoto Convention (RKC), an international trade treaty for the harmonization and simplification of customs procedures, and with the WTO Agreement on Trade Facilitation aimed to expedite the movement, release, and clearance of goods through Customs

Key Counterparts: FBR

Project Highlights:

- Completed the Gap Analysis of the Pakistan customs regime with respect to the RKC's General Annex and Annexes A to K
- Completed a report on the implications for Customs compliance with the RKC and ATF
- Conducted a Gap Analysis of the ATF and submitted a report to the FBR highlighting Pakistan's current compliance status with ATF provisions.

Next Steps:

- Finalize the RKC Implementation Roadmap to bring Pakistan's customs regime into alignment with the provisions of the RKC and commitments under the ATF (August 2014)
- Provide an updated draft of the RKC Gap Analysis to reflect FBR feedback (August 2014)



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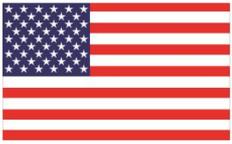
Central Asian Business Opportunities Conference

Objective: Promote intra-regional trade and investment among Afghanistan, Pakistan, and the Central Asian Republics.

Key Counterparts: MoC and Rawalpindi Chamber of Commerce & Industry

Conference Highlights:

- Conference held April 14-16, 2014 in Islamabad, Pakistan
- Nearly 500 public and private sector representatives from Pakistan, Afghanistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan attended
- CABOC facilitated public and private sector discussions on opportunities for, and impediments to, regional trade, and recommendations to resolve current challenges
- Business-to-business (B2B) meetings facilitated private sector networking
- 17 Memoranda of Understanding and 1 Letter of Intent signed among private sector
- “Islamabad Declaration” summarizes CABOC’s achievements, identifies current obstacles to expanded intra-regional trade and investment, and declares the commitment of private sector stakeholders to continue coordinating and communicating to promote economic growth through partnerships
- At the request of the MoC, after the conference the Trade Project provided the Ministry with an implementation roadmap to identify key conference recommendations, relevant GoP counterparts to help achieve these goals, and estimated timelines for completion



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Research on the Central Asian Republics

Objective: Assist the MoC and FBR with research to facilitate informed policy decisions regarding opportunities for enhanced trade and investment in the Central Asia region.

Key Counterparts: MoC, FBR

Project Highlights:

- Primary information was collected through field surveys and interviews in Pakistan and Central Asia, and supplemented with secondary sources
- The research encompassed four primary areas that were further disaggregated to produce a total of twelve reports
 - Technical Assistance for Legal Policy Frameworks to Facilitate Trade and Transit (APTTA, CBTA, QTTA, ECO-TTFA)
 - Economic Opportunities (Goods, Investment, Services, Finance)
 - Trade Facilitation for Trade and Transit (Trade Facilitation, Single Window)
 - Logistics for Trade and Transit (Logistics, TIR Convention)
- Preliminary report findings and executive summaries were disseminated to CABOC attendees in April 2014

Next Step:

- In August 2014, the MoC plans to host a roundtable discussion for public and private sector stakeholders to address challenges related to regional connectivity, during which the Trade Project will present its research findings



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“Women in Trade” Management Training & Mentorship Program and Job Fairs

Objective: Provide opportunities for recent women graduates to explore careers in the private international trade and sourcing sectors and help facilitate multinational and national organizations to access larger pools of qualified resources.

Key Counterparts: Universities, multi-national firms (e.g., Target, Texlynx, JC Penny, etc.)

Project Highlights:

- Round 1: 17 recent women graduates were placed among four well-respected national and multi-national firms with 7 receiving job offers in the trade sector at the conclusion of the program
- Round 2: 48 recent women graduates placed in 15 national and multi-national firms; 29 of the 48 women have received employment offers as of June 30, 2014
- Round 3: 47 recent women graduates underwent the WIT Internship program across 12 national and multi-national trade and logistics organizations; 32 WIT Program trainees secured jobs in the trade and trade facilitation sectors as of June 30, 2014
- WIT Job Fairs held in Lahore and Karachi in June 2014; more than 1000 participants (cumulative) were in attendance



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“Women in Trade” Portal

Objective: Provide opportunities to women entrepreneurs through the development of a user-friendly, web-based tool to facilitate their interaction with exporters, importers, manufacturers, and service providers across South Asia.

Key Counterparts: TradeKey, Private Sector Portal Operating Partner

Project Highlights:

- Finalized the institutional arrangements with TradeKey for the sustainability of the WIT Portal
- Integrated Portal software as a sub-domain of TradeKey’s main trade portal
- Performed individual module and integrated testing of the WIT Portal software
- Conducted outreach seminars and managed an information booth at TradeKey’s WEXNET exhibition for women entrepreneurs in Lahore, March 2014
- As of June 30, 2014, a total of 943 Pakistani business were registered with the Portal

Next Steps:

- TradeKey will continue to implement the online outreach program



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Component 2: Increased Trade at Pakistani Borders



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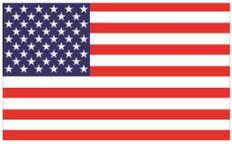
Component 2 Overview

Goal: Address constraints at Pakistan's borders that affect trade and transit traffic with neighboring countries.

Component 2 activities are delivered through the provision of technical assistance in the following areas:

- Electronic Data Interchange Implementation
- Infrastructure Improvements at Border Posts
- Financial Guarantees
- Customs Risk Management System
- Infrastructure Improvements at Border Posts
- Single Window and Single Stop Inspection
- Dwell Time Study

Activities in this component seek to apply and extend Component 1 trade facilitation activities to reduce transaction costs associated with trade along Pakistan's borders.



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Assistance for Electronic Data Interchange

Objective: Support the Federal Board of Revenue's (FBR) implementation of Electronic Data Interchange (EDI) capability in the context of the implementation of the Afghanistan Pakistan Transit Trade Agreement. EDI will enable real-time exchange of data between the customs administrations of the two countries

Key Counterpart: FBR/ Customs

Project Highlights:

- Advised the FBR's technical working group at the Afghanistan Pakistan Cooperation Process (APCP) in September 2011, January 2012, July 2012, and January 2013
- Completed a study entitled, "National Requirements to Determine Messages for EDI" to help the FBR define protocols and requirements for electronic exchange of customs data with Afghanistan
- Deployed ICT equipment, power supply, and internet connectivity at eight customs stations along the Afghan transit trade corridor in support of the FBR's EDI implementation
- Facilitated bi-lateral technical working groups between Pakistan and Afghanistan on EDI in support of the development of a Memorandum of Understanding on data exchange. An agreement between the two customs administrations was reached on EDI messaging and refined business processes

Next Steps:

- Assess capability of CAREC Corridor 5 countries to support EDI implementation, including recommendations and an implementation roadmap (August 2014)



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Single Window

Objective: Support the FBR in establishing a Single Window (SW) facility that allows parties to conduct trade and transport activities in a standardized and coordinated manner that fulfills all import, export, and transit regulatory requirements to reduce inefficiencies, lower costs and facilitate trade.

Key Counterparts: Freight forwarders, clearing agents, custom bonded carriers, insurance companies, FBR

Project Highlights:

- Conducted an analysis of the current state of Single Window systems in Pakistan, Afghanistan, and the Central Asian Republics (CARs)

Next Steps:

- Develop a report, including implementation roadmap, for the FBR on the implementation of a SW System (August 2014)



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Financial Guarantee System

Objective: Facilitate a consensus between Afghan trade representatives, FBR/Customs, and the insurance sector to ease the cost, terms and conditions of financial guarantees in support of Afghanistan-Pakistan transit trade.

Key Counterpart: FBR

Project Highlights:

- Met with the FBR, insurance companies and Afghan importers to build confidence towards the implementation of insurance guarantees
- Worked with the FBR to reduce the eligibility requirements of companies able to issue guarantees
- Supported the FBR on reaching a consensus with Afghanistan on data to release financial guarantees. This was resolved at the Afghanistan-Pakistan Transit Trade Coordination Authority in October 2012 and Pakistan's amended transit trade rules were approved by the GoP on January 18, 2013
- Provided ongoing support to Pakistan Customs in their efforts to reach consensus on transit trade rules/financial guarantees with Afghan Customs



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Customs Risk Management System

Objective: Provide advisory support to the Government of Pakistan for the implementation of efficient risk management practices to better target higher risk goods for specific customs interdiction

Key Counterparts: FBR/Customs, exporters, importers, customs officers, and suppliers

Project Highlights:

- Conducted a comprehensive Training Needs Analysis of Customs Officers
- Developed and designed a training plan for “Train the Trainer” courses, which were delivered to FBR Officials from December 2012-April 2014; additional trainings on CRM, PCA and customs best practices were facilitated from May-August 2014
- Conducted a CRM study tour for 15 FBR Officials at the Centre for Customs and Excise Studies, and Australian Customs, in March 2014
- Completed a gap analysis of PCA practices, including recommendations for reform and an implementation roadmap
- Completed a concept paper on implementation of the Authorized Economic Operator (AEO) program in Pakistan

Next Steps:

- Finalize the CRM gap analysis and implementation roadmap (August 2014)
- Deliver final training on Valuation, Rules of Origin and HS Tariff (August 2014)
- Administer Customs Agents Licensing and Regulation training (August 2014)



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Infrastructure Improvements at Pakistan-India Customs Stations

Objective: Improve the infrastructure and increase the customs capacity of border facilities at the international border crossings of Wagah and Kokhrapar between Pakistan and India

Key Counterparts: FBR, Lahore Customs, Wagah Customs, Kokhrapar Customs

Project Highlights:

- Assessed the Wagah border station's readiness for trade in May 2013
- Completed an updated Wagah Border Assessment Study in September 2013, which included a customs process re-engineering plan, and provided recommendations regarding infrastructure improvements



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Dwell Time Study

Objective: Highlight the short term impact of the 2010 Afghanistan-Pakistan Transit Trade Agreement implementation on average transit dwell times, identify bottlenecks and recommend actions to improve the movement of Afghan transit goods

Key Counterpart: FBR

Project Highlights:

- Conducted baseline Dwell Time study in 2010 for the route from Karachi to Torkham and Karachi to Chaman
- Gathered research and data to update the Dwell Time study in Karachi, December 2013

Next Steps:

- An updated Dwell Time Study on Commercial Transit Trade entering into Karachi en route to Chaman and Torkham is being finalized (August 2014)



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Thank You