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**PAKISTAN TRADE PROJECT**

# **PROCESSES & BENEFITS OF FORMAL EXPORTS**

**TRAINING COURSE FOR CURRENT &  
POTENTIAL WOMEN EXPORTERS  
MARCH - JUNE 2010**

**March 2010**



## DAY 1 SESSIONS

**Session-1 Introduction & Expectations**

**Session-2 Self-Assessment Exercise**

**Session-3 Why Formal Trade Processes?**

**Session-4 Formal Export Processes & Related Documents**

**Session-5 Export Pricing, Packaging & Export Contracts**



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## **SESSION – 1**

# **INTRODUCTION & EXPECTATIONS**

## **SESSION – 2**

# **SELF-ASSESSMENT EXERCISE**

## **SESSION – 3**

# **WHY FORMAL TRADE PROCESSES?**



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## WHAT WE WILL COVER NOW

- Making the decision to export
- What are formal export procedures?
- Why not 'suit-case export'?
- Advantages & risks of export business?
- What are the usual mistakes made by new exporters?
- What kind of export processes suit what kind of business? What are the determining factors for formal export



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## WHY EXPORT?

- Earning foreign exchange
- Larger market
- Larger growth rate
- Earning more
- Government incentives & support for exports
- New technologies
- Creates jobs
- Self reliance & prosperity



## WHAT IS EXPORTING?

**Exporting is selling to some one who is:**

- Thousands of miles away from you;
- Speaking a different language;
- Having different customs;
- Different preferences;
- Different requirements;
- Different currency; and
- Different import regulations.



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## HOW YOU START EXPORTING?

- Selection of a Product
- Open an office with all required facilities
- Registration For Export
  - Bank account
  - NTN
  - Registration with Chambers
  - Registration with SECP if limited company



## SELECTION OF MARKET

- i. The economic position of the country
- ii. Size of the Market and whether it is expanding or shrinking.
- iii. Market growth in a given product
- iv. Unit price of the product. Whether it is more or less than other countries
- v. Import regime in the importing country
- vi. Location of the market etc.



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## FINANCING FOR EXPORT

- Exporter should try and depend on his own resources;
- However, pre-shipment and post-shipment credits are available from SBP (more details in another lecture)
- Product becomes expensive with borrowed finance;
- High markup rates of banks



## GENERAL EXPORT DOCUMENTS

- Current bank account is required for export proceedings and documents.
- Membership certificate of Chamber of Commerce and Industries or any relevant trade association.
- Once the consignment, usually a clearing agent's services are sought. The following documents are required to provide to clearing agent to clear the consignment:
- The following documents are normally used in exports:-
  1. E-Form (Through authorized Commercial Bank)
  2. Goods Declaration (Through Customs)
  3. Bill of Lading or Air Way Bill (Through Freight Forwarding Agent)
  4. Commercial Invoice (Exporter)
  5. Packing List (Exporter)
  6. Certificate Country of origin (Through Chamber)
  7. Generalized System of Preferences (Through TDAP)



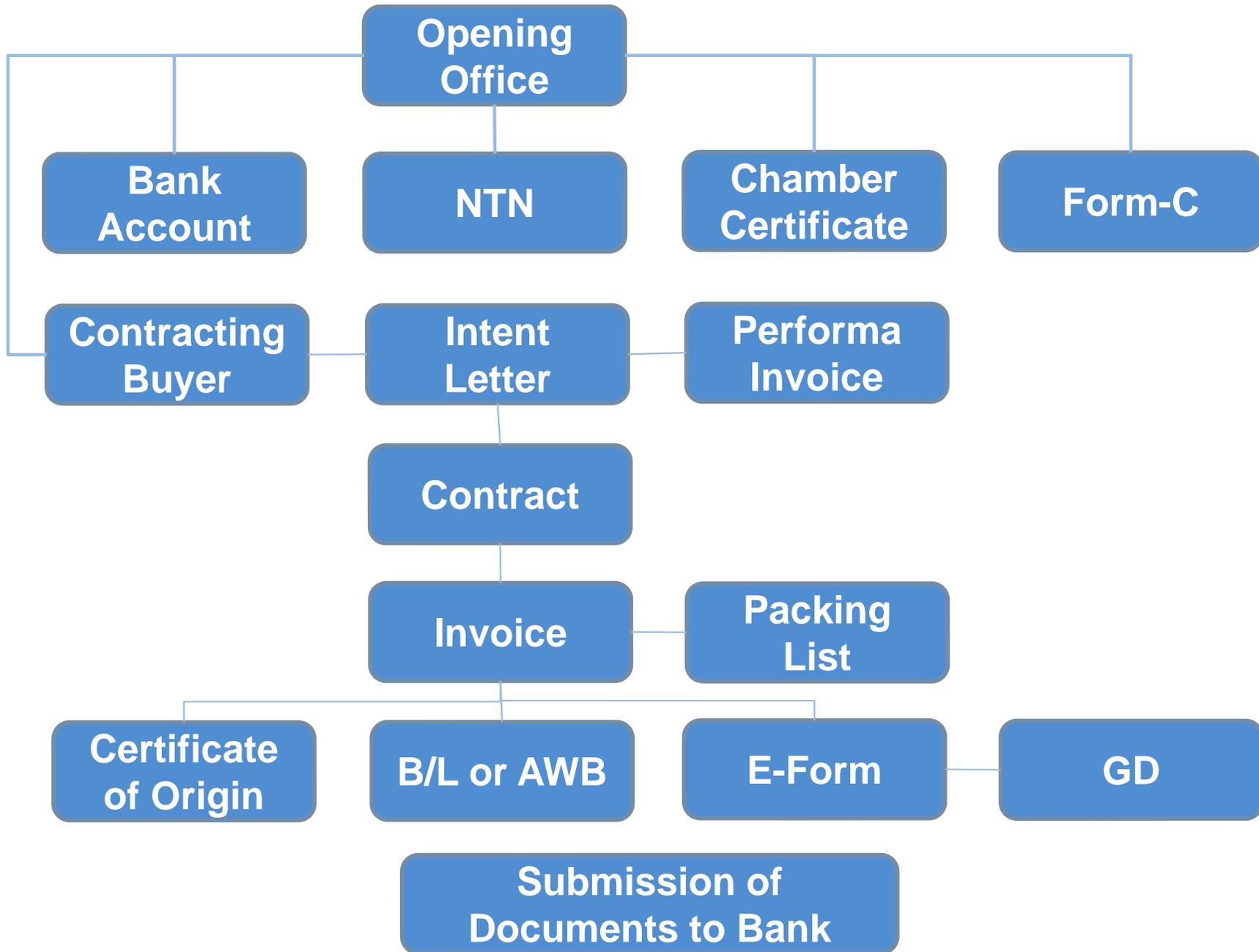
## CUSTOMS PROCEDURES (New)

- Export your cargo on 24X7 basis.
- Fill your declarations online on Custom software or use customs client end software to fill declarations offline.
- If you are unsure of export requirements use TARIP (Tariff and Integrated Policy) to determine exact export requirements.
- File your declarations online to Customs from anywhere in the country. (No paper documents required in support of declaration).
- Monitor the status of declaration online from your office.
- Wait for allow loading status from PACCS ( Pakistan Customs Computerized System software).
- Obtain drawbacks / rebates without the need for filing rebate claims or calculation sheets.
- File declarations to Customs without form-E.
- Obtain drawbacks / rebates with the sail of the vessel without waiting for BCA.
- Examination of cargo is not mandatory and is based on risk potential of the cargo .



## WHAT DO YOU NEED TO DO IN CUSTOMS?

1. Acquire Unique User ID's from Customs.
2. Attend a simple training program on how to use PACCS  
Customs arranges training free of charge and in most business cities of Pakistan.
3. Ensure that your containers are sealed, and accompanied by the documents as listed below while passing into the port (legislation):
  - a. Invoice
  - b. Packing list
  - c. Consignment note
4. Kindly ensure that your goods pass-in at the port well in advance of the departure of the vessel ( min 8 hours and 4 hours in case of perishables)





## POST SHIPMENT DOCUMENTS

- GSP for export to certain countries – documents required invoice & B/L or AWB (shipped on board stamp)
- 4th copy of shipping (through customs) bill to be used for rebates on bank/sales tax refund/textile quota.
- BCA (Bank Credit Advice) from commercial banks after foreign exchange is received. The BCA is proof for the purpose of rebates (not required under new scheme), refinance scheme etc.



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## POINTS TO PONDER FOR EXPORTERS

- Navigate the channels of government regulations,
- Avoid unnecessary fines and penalties that are a result of due to improper exporting procedures.
- Export profitably, without mismanaging letters of credit that result in lost profits.
- Give yourself a competitive edge and your international customers the best possible service.
- Get to know common Inco terms
- Shipping and packaging methods
- Ways of working with freight forwarders
- Product design /Product adaptation
- Quality control
- Standardization



## ADVANTAGES TO CONSIDER

- Enhance your domestic competitiveness
- Increase sales and profits
- Gain your global market share
- Reduce dependence on existing markets
- Exploit international trade technology
- Extend sales potential of existing products
- Stabilize seasonal market fluctuations
- Enhance potential for expansion of your business
- Sell excess production capacity
- Maintain cost competitiveness in your domestic market





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## DISADVANTAGES OF EXPORTS

- You may need to wait for long-term gains
- Hire staff to launch international trading
- Modify your product or packaging
- Develop new promotional material
- Incur added administrative costs
- Dedicate personnel for traveling
- Wait long for payments
- Apply for additional financing
- Deal with special licenses and regulations



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## SOME COMMON RISKS IN FORMAL EXPORTS

- Far off customer
- Credit risk / payment
- Poor quality risk / rejection of goods
- Transportation and logistics risks / theft, loss
- Legal risks / different laws
- Political risks / policies of importing countries
- Unforeseen risks / any natural disaster
- Exchange rate risks / ups & downs in currency
- Cultural and language risks / misunderstandings in language or INCOTERMS





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## PROBLEMS OF WOMEN-OWNED BUSINESS

- Lack of information on business
- Lack of resources – finance, office facilities, personnel etc;
- Lack of cooperation from family
- Inadequate production facilities
- Lack of knowledge of laws
- Unrealistic prices
- Lack of mobility
- Lack of marketing knowledge;
- Lack of Financial managements



## WHY SMALL BUSINESSES FAIL?

- Lack of Time Management
- Overexpansion. Wanting to be the first to market with a new product
- Poor capital structure
- Overspending
- Lack of reserve funds
- Bad business location
- Poor execution and internal controls
- inaccurate projections, faulty assumptions
- An inadequate business plan
- Failure to change with the times
- Great Boss, Mediocre Staff
- Uncontrolled Growth
- Not understanding the target market requirements



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## **WHY SMALL BUSINESSES FAIL** *(Continued)*

- They spend more money than they bring in and their overhead is too high
- Women especially have lack of production facilities – economies of scale
- failure to create a niche
- Ineffective marketing and self-promotion
- Underestimating the competition



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## MANAGING YOUR RISKS

- Complete & Proper planning
- Raise appropriate finances
- Educate your self in export business
- Make suitable investments
- Manage your finances
- Market research
- Know your buyer
- Know the laws of your and buyer's land
- Don't jump on opportunities
- Stick to one market till stable
- Know your competitors
- Do not commit unless sure of delivering



## INTERNAL ASSESSMENT OF READINESS TO EXPORT – ARE YOU READY?

- Manufacturing capacity
- Own building / office?
- Management and organization of the firm
- Financial resources
- Technical knowledge
- Marketing capacity & Marketing know-how
- Export experience
- Product readiness for export (PRE)
- Awareness of rules and laws
- Product adaptation capacity
- Cooperation of family
- Ready to travel abroad?
- No hesitations?



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## **HARMONIZED COMMODITY DESCRIPTION AND CODING SYSTEM (HS)**



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## HARMONIZED COMMODITY DESCRIPTION AND CODING SYSTEM (HS)

- ❖ The HS is the international standard for reporting goods to customs and other government agencies;
- ❖ Created and is administered by the World Customs Organization (WCO) since 1988 and is used by more than 180 countries worldwide;
- ❖ HS codes are essentially the language of international trade - its 1996 version covers 5,113 items at the 6-digit level with detailed product definitions.
- ❖ Importers and exporters are legally required to declare their products to Customs by means of HS codes;
- ❖ They are the numerical codes that describe "what" is being shipped to and from countries worldwide, and they form the basis upon which all modern customs management systems operate;



## HARMONIZED COMMODITY DESCRIPTION AND CODING SYSTEM (HS)

- ❖ HS classification determines a product's rate of duty, its import and export admissibility, and whether or not it should be physically examined.
- ❖ The first 4 & 6 digits of the HS are used universally. Each country may then add to the original 6 to suit its own tariff and statistical needs, creating 8, 10, and sometimes 12 digit national codes.



HS Chapter

HS Heading

HS Subheading



Country Subheading



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## HARMONIZED COMMODITY DESCRIPTION AND CODING SYSTEM (HS)

- ❖ The HTS is organized into 21 sections and 96 chapters, accompanied with general rules of interpretation and explanatory notes;
- ❖ HS begins by assigning goods to categories of crude and natural products, and from there proceeds to categories with increasing complexity;
- ❖ The two final chapters, 98 and 99, are reserved for national use. Chapter 98 comprises special classification provisions, and chapter 99 contains temporary modifications pursuant to a parties' national directive or legislation;
- ❖ Chapter 77 is reserved for future international use;



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## HARMONIZED COMMODITY DESCRIPTION AND CODING SYSTEM (HS)

<b>01-05</b>	<u><a href="#">Animal &amp; Animal Products</a></u>
<b>06-15</b>	<u><a href="#">Vegetable Products</a></u>
<b>16-24</b>	<u><a href="#">Foodstuffs</a></u>
<b>25-27</b>	<u><a href="#">Mineral Products</a></u>
<b>28-38</b>	<u><a href="#">Chemicals &amp; Allied Industries</a></u>
<b>39-40</b>	<u><a href="#">Plastics / Rubbers</a></u>
<b>41-43</b>	<u><a href="#">Raw Hides, Skins, Leather, &amp; Furs</a></u>
<b>44-49</b>	<u><a href="#">Wood &amp; Wood Products</a></u>
<b>50-63</b>	<u><a href="#">Textiles</a></u>
<b>64-67</b>	<u><a href="#">Footwear / Headgear</a></u>
<b>68-71</b>	<u><a href="#">Stone / Glass</a></u>
<b>72-83</b>	<u><a href="#">Metals</a></u>
<b>84-85</b>	<u><a href="#">Machinery / Electrical</a></u>
<b>86-89</b>	<u><a href="#">Transportation</a></u>
<b>90-97</b>	<u><a href="#">Miscellaneous</a></u>
<b>98-99</b>	<u><a href="#">Service</a></u>



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**Website Navigation**  
**[www.trademap.org](http://www.trademap.org)**



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## [www.trademap.org](http://www.trademap.org)

- A tool available on the internet
- Free to the public from the developing countries including Pakistan
- A product of the International Trade Center
- Provides users with indicators on export performance, international demand, alternative markets and the role of competitors
- Covers 220 countries and territories and 5300 products of the Harmonized System
- Also available at the tariff line level for more than 120 countries and on a quarterly and monthly basis for more than 50 countries



## WHAT KIND OF DATA SHOULD YOU LOOK FOR?

Some examples:

- What are total imports of your product type in the target country?
- Who are the top exporters to that country?
- What is the average unit price of the top exporters in the target country?
- What are the unique selling proposition or the source of competitiveness of the top exporters?
- What technology / design type or input are the exporters using?

Most of the stats on these questions are available at the Trade Map



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## **SESSION – 4**

# **FORMAL EXPORT PROCESSES & RELATED DOCUMENTS**



## VARIOUS PLAYERS IN THE PROCESS

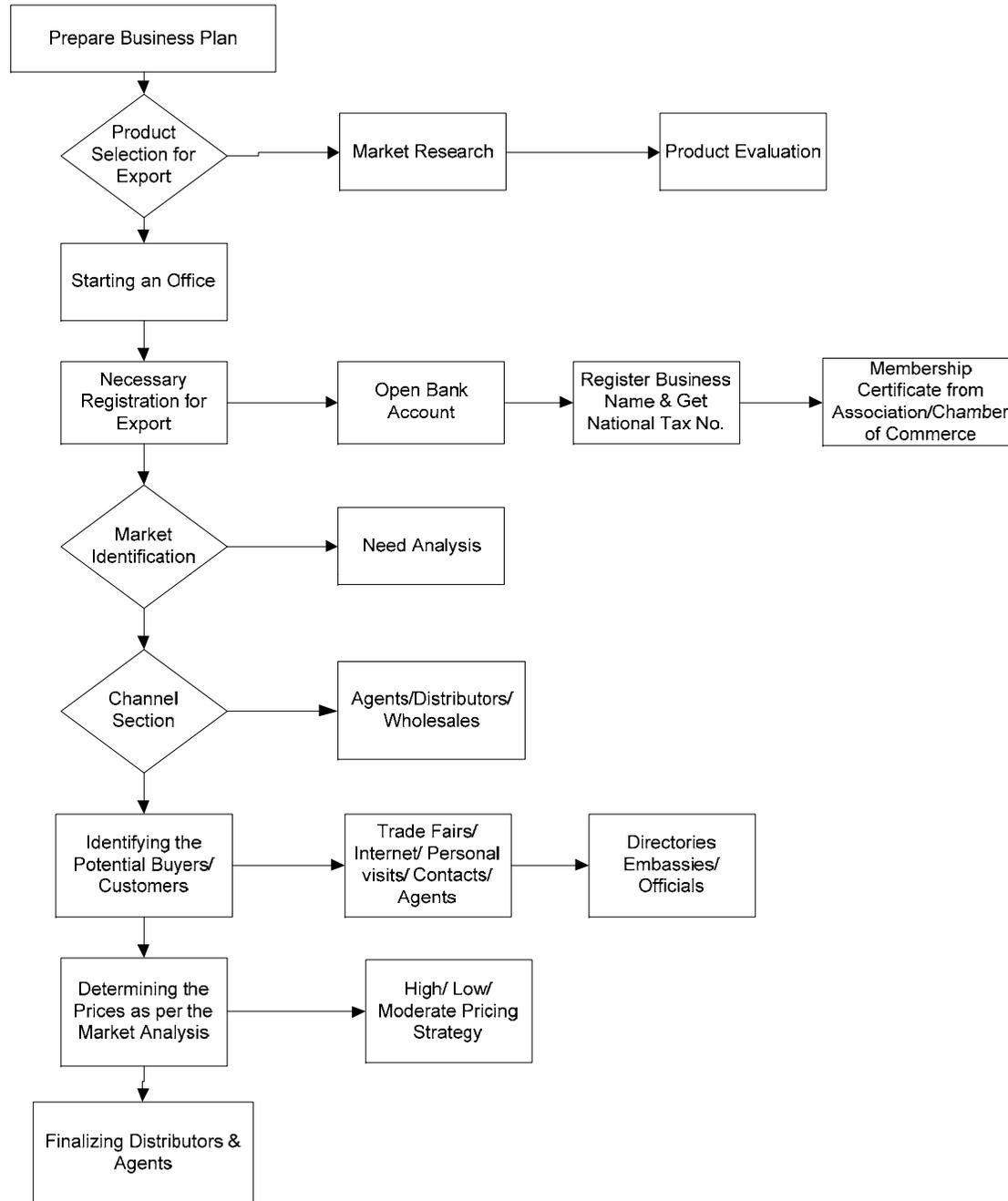


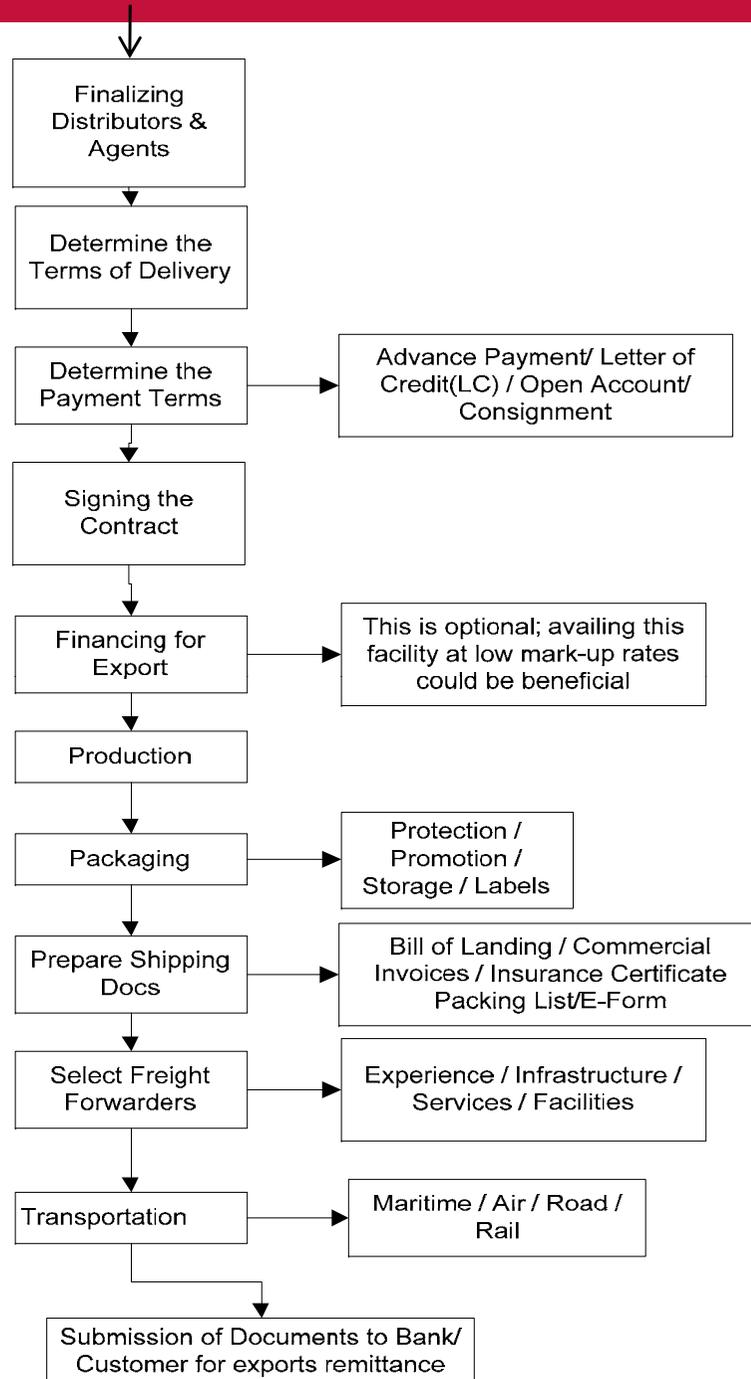


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## EXPORT PROCESS FLOW







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## DOCUMENTS USED IN FORMAL EXPORTS FROM PAKISTAN



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## STARTING DOCUMENTS

- NTN
- STR



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FBR REGISTRARS		Government of Pakistan Federal Board of Revenue Taxpayer Registration Form		TRF-01	
1	Sheet No. _____ of _____	Token No. <b>N*</b> _____		Date of Filing _____	
2	<b>Apply For</b> <input type="checkbox"/> New Registration (for Income Tax, Sales Tax, Federal Excise, Withholding Agent) <input type="checkbox"/> Duplicate Certificate <input type="checkbox"/> ST or FED Registration, who already have NTN <input type="checkbox"/> Change in Particulars <input type="checkbox"/> Second NTN	<input type="checkbox"/> Company <input type="checkbox"/> Pvt. Ltd. <input type="checkbox"/> Public Ltd. <input type="checkbox"/> Small Company <input type="checkbox"/> Trust <input type="checkbox"/> Unit Trust <input type="checkbox"/> Moolaha <input type="checkbox"/> Individual <input type="checkbox"/> NGO <input type="checkbox"/> Society <input type="checkbox"/> Any other (Please specify) <input type="checkbox"/> Body of persons formed under a foreign law <input type="checkbox"/> AOP <input type="checkbox"/> Non-Resident <input type="checkbox"/> HUF <input type="checkbox"/> Firm <input type="checkbox"/> Artificial Juridical Person			
3	Category	Country of Res. Resident _____ (for individual only - Non Residents to write Passport No.)		Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	
4	Status	Country of Res. Resident _____ (for Company & Registered AOP only)		Birth/ Inc. Date _____	
5	CNIC/NTN No. _____	Registered Office Address for Company and Mailing/Business Address for Individual & AOP for all correspondence			
6	Reg / Inc. No. _____	Office/Shop/House / Flat / Plot No. _____ Street/Lane/Plaza/Floor/Village _____ Block/Mohala/Section/Block Post Office/etc. _____			
7	Name _____	Province _____ District _____ City/Town _____ Area/Town _____ Activity Code _____			
8	Principal Activity	Register for <input type="checkbox"/> Income Tax <input type="checkbox"/> Sales Tax <input type="checkbox"/> Federal Excise <input type="checkbox"/> Withholding agent for VTA <input type="checkbox"/> Withholding Agent for ST/Tax <input type="checkbox"/> Revision <b>N*</b> _____			
9	Rep. Type <input type="checkbox"/> Representative <input type="checkbox"/> Authorized Rep. u/s 223	In Capacity as _____			
10	Rep. Name _____	Address _____ Office/Shop/House / Flat / Plot No. _____ Street/Lane/Plaza/Floor/Village _____ Block/Mohala/Section/Block Post Office/etc. _____			
11	Rep. Address	Province _____ District _____ City/Town _____ Area/Town _____			
12	Phone _____	Mobile _____ Area Code _____ Number _____			
13	E-Mail _____	E-Mail address for all correspondence _____			
14	Total Director/Shareholder/Partner _____	Please provide information about top-10 Directors/Shareholders/Partners (if applicable) _____			
15	Type NTN/CNIC/ Passport No. _____	Name of Director/Shareholder/Partner _____	Share Capital _____	Share % _____	Action (Add/Remove) _____
16	All Other Shareholders/ Directors/Partners (in short form) _____				Action (Add/Close) _____
17	Activity Code _____	Other Business Activities in addition to the Principal Activity given at 14-9 above _____			
18	Total business/branches _____	Provide details of all business/branches/boutlets/etc. use additional copies of this form if needed			
19	Bus/Br. Serial _____	Action Requested <input type="checkbox"/> Add <input type="checkbox"/> Change <input type="checkbox"/> Close		_____	
20	Bus/Br. Type _____	Business Branch Name _____			
21	Address _____	Office/Shop/House / Flat / Plot No. _____ Street/Lane/Plaza/Floor/Village _____ Block/Mohala/Section/Block Post Office/etc. _____			
22	Nature of Premises Possession <input type="checkbox"/> owned <input type="checkbox"/> rented <input type="checkbox"/> others	Owner's CNIC/ NTN/ E TIN _____		Owner's Name _____	
23	Electricity Ref. No. _____	Gas Connection installed <input type="checkbox"/> Yes <input type="checkbox"/> No		Gas Consumer No. _____	
24	Phone No. _____	Business/ Branch Start Date _____		Business/ Branch Close Date, if applicable _____	
25	Total Bank Accounts _____	Provide details of all bank accounts, use additional copies of this form if needed			
26	Account Sr. _____	Action Requested <input type="checkbox"/> Add <input type="checkbox"/> Change <input type="checkbox"/> Close		_____	
27	A/C No. _____	A/C Title _____		Type _____	
28	Bank Name _____	City _____		Branch _____	
29	(Dep. Mob. U.S., CIB, etc.)	Account Start Date _____		Account Close Date, if close action is requested _____	
30	NTN/ E TIN _____	Name _____			
31	Address _____	City _____			
32	I, the undersigned solemnly declare that to the best of my knowledge and belief the information given above is correct and complete. It is further declared that any notice sent on the e-mail address or the address given in the registry portion will be accepted as legal notice served under the law.				
33	Date _____	CNIC/ Passport No. _____	Name of Applicant _____	SIGNATURE _____	

NTN FORM



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**GOVERNMENT OF PAKISTAN  
Federal Board of Revenue  
Taxpayer Registration Form**

**STR-1**

1	Sheet No. <input type="text"/> of <input type="text"/>	Token No. <b>N*</b> <input type="text"/>																																																																		
2	<input type="checkbox"/> <b>Apply For</b> <input type="checkbox"/> New Registration (for Income Tax, Sales Tax, Federal Excise, IT W/H Agent or S T W/H Agent) <input type="checkbox"/> ST or FED Registration, who already have NTN <input type="checkbox"/> Change in Particulars	<input type="checkbox"/> Duplicate Certificate <input type="checkbox"/> Current NTN <input type="text"/>																																																																		
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30	Name <input type="text"/>																																																																			
31	Address <input type="text"/>																																																																			
32	I, the undersigned solemnly declare that to the best of my knowledge and belief the information given above is correct and complete. It is further declared that any notice sent on the e-mail address or the address given in the registry portion will be accepted as legal notice served under the law.																																																																			
33	Date <input type="text"/>	SIGNATURE <input type="text"/>																																																																		
34	GNIC/ Passport No. <input type="text"/>	Name of Applicant <input type="text"/>																																																																		



## MAJOR PLAYERS & THEIR RESPECTIVE DOCUMENTS

- Form E .....Bank
- Goods Declaration .....Custom/Clearing Agent
- Bill of Lading .....Shipping/Freight Forwarding Agent



## PLAYER # 1: BANK

- Maintaining a Current Account
- Issuance of Form E (for Exports) by Bank – 4 Copies (refer to page 4 in the booklet)
  - 1st Copy → Pakistan Customs → State Bank of Pakistan
  - 2nd Copy → Bank
  - 3rd Copy → Bank → State Bank of Pakistan
  - 4th Copy → Exporter
- Verification of Form E by Bank – Bank undertaking to Government of Pakistan;
- Form **E** is also called the “Security Stationary”





## PLAYER # 1: BANK

### Forms of Payment:

- Cash in advance
- Letter of Credit
- Collection (Documents against Payments, Documents against Acceptance & Open Account)

### International Payment Methods Rank in terms of **THE MOST SECURE** to **THE LEAST SECURE**

- Cash in Advance;
- Letter of Credit;
- Documents against Payment (DP);
- Documents against Acceptance (DA);
- Open account



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Arrangement under documentary collection in which an exporter instructs the presenting bank to hand over shipping and title documents (see document of title) to the importer only if the importer accepts the accompanying bill of exchange or draft by signing it.

**D/A**

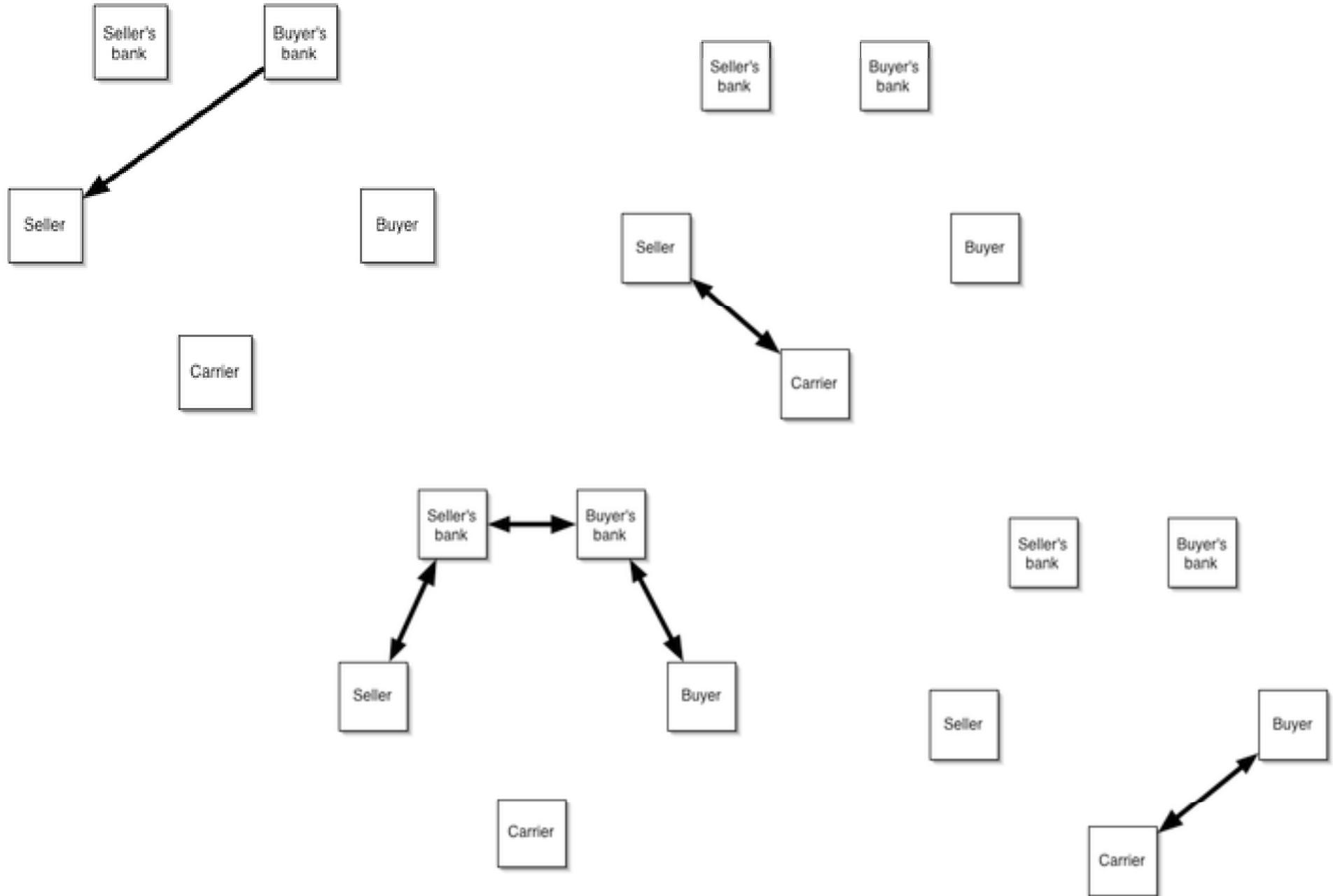


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Arrangement under documentary collection in which an exporter instructs the presenting bank to hand over shipping and title documents (see document of title) to the importer only if the importer fully pays the accompanying bill of exchange or draft. Also called cash against documents.

## D/P





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## NOW YOU HAVE ...

- Business Firm
- Bank Account
- National Tax Number
- Sales Tax Number
- PACCS or PRAL Registration
- Trade Association/ Chamber Membership
- Purchase Order OR Contract OR Letter of Credit
- Invoice
- Packing List
- Form E verified by Bank
- Goods Declaration - GD (Pakistan Customs Form)



## PLAYER # 2: CLEARING AGENT

- Clearing agents are licensed to conduct clearing activities on behalf of exporters from Customs;
- Clearing Agents who interact with Pakistan Customs are required to obtain a Clearing Agent Registration Certificate/Code to represent their clients or act on their behalf;



## PLAYER # 3: PAKISTAN CUSTOMS

### Export by:

- Land
- Sea
- Air

### Two Systems:

- PACCS – Pakistan Customs Computerized System or;
- PRAL – Pakistan Revenue Automation Limited;



## PLAYER # 3: PAKISTAN CUSTOMS

### 4 Steps before shipment is PASSED to Board

PASS IN & FORMAL Registration;

- Physical Verification & Examination;
- Drug Enforcement Cell Examination;
- Shipment Allowed

‘**Made Receipt**’ is issued to be verified by Shipping Line for Rebate Claim



## PLAYER # 3: PAKISTAN CUSTOMS

### Other Important Requirements

- Trademark Registry Certificate as per requirements & nature of product;
- Laboratory Certificate as per requirements & nature of product;

*There is no Fee for Custom Inspection on EXPORTS*



## PLAYER # 3: PAKISTAN CUSTOMS

- Export Development Surcharge (EDS) is charged by the Customs at the rate of 0.25 percent on every export consignment will be collected by banks on realization of export proceeds.

The basis of the collection of EDS is the FOB value of the goods and EDS would be collected at the rate of 0.25 percent of the value of goods.

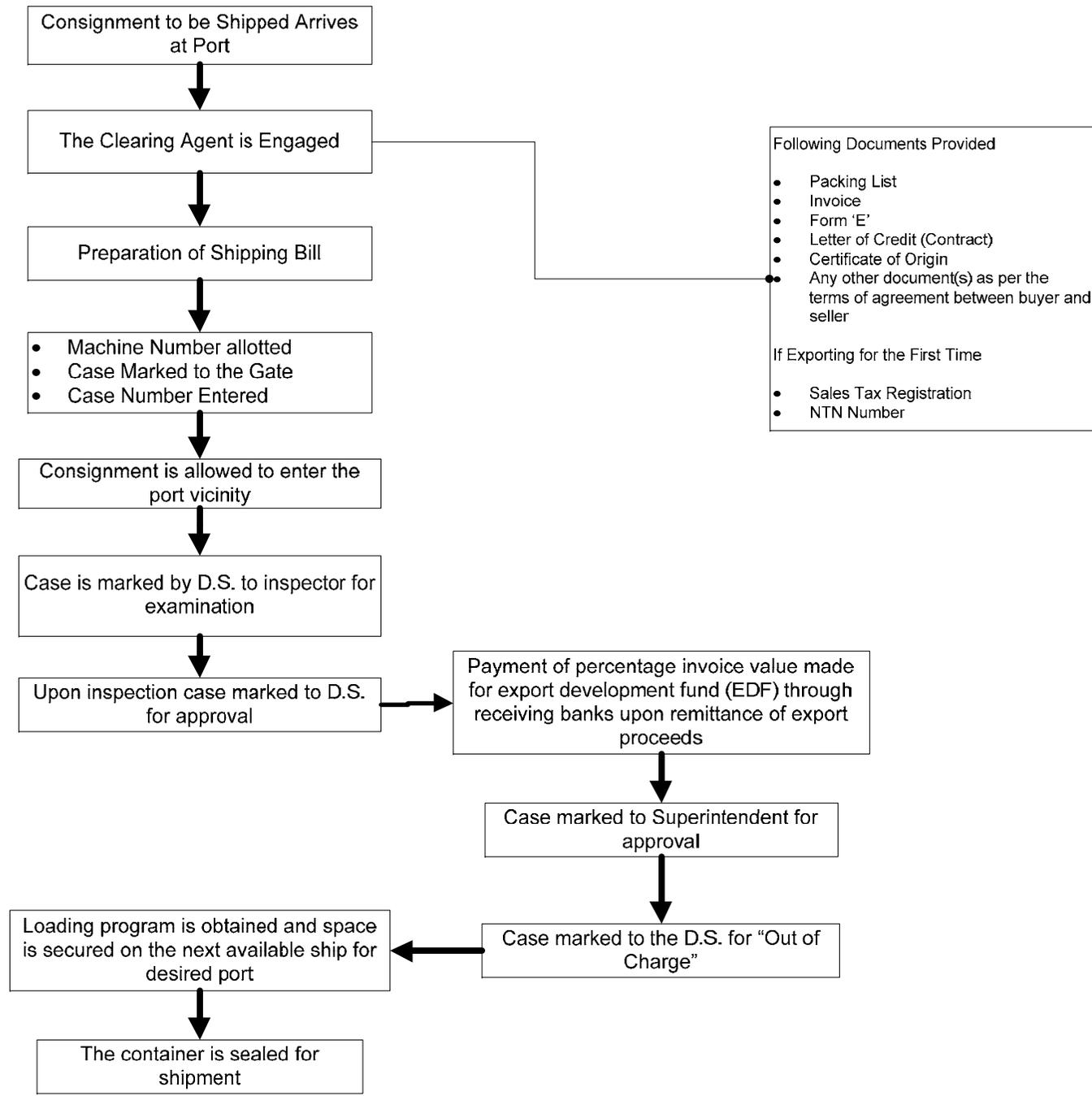
- EDS will be transferred to Ministry of Commerce as Export Development Fund (EDF)
- Withholding Tax ranges from 0.75% to 1.25% based on product categories.



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## CUSTOM CLEARANCE PROCEDURE





## PLAYER # 4: FREIGHT FORWARDER

- A third party logistics provider (or non asset based) – a forwarder dispatches shipments via asset-based carriers and books or otherwise arranges space for those shipments for exporters;
- Freight forwarders have the expertise that allow them to prepare and process the documentation and perform related activities pertaining to shipments.
- Freight forwarder handles both FCL (Full Container Load/ Full Carload) and LCL (Less than container load, Loose container load, Less than carload, Loose carload)

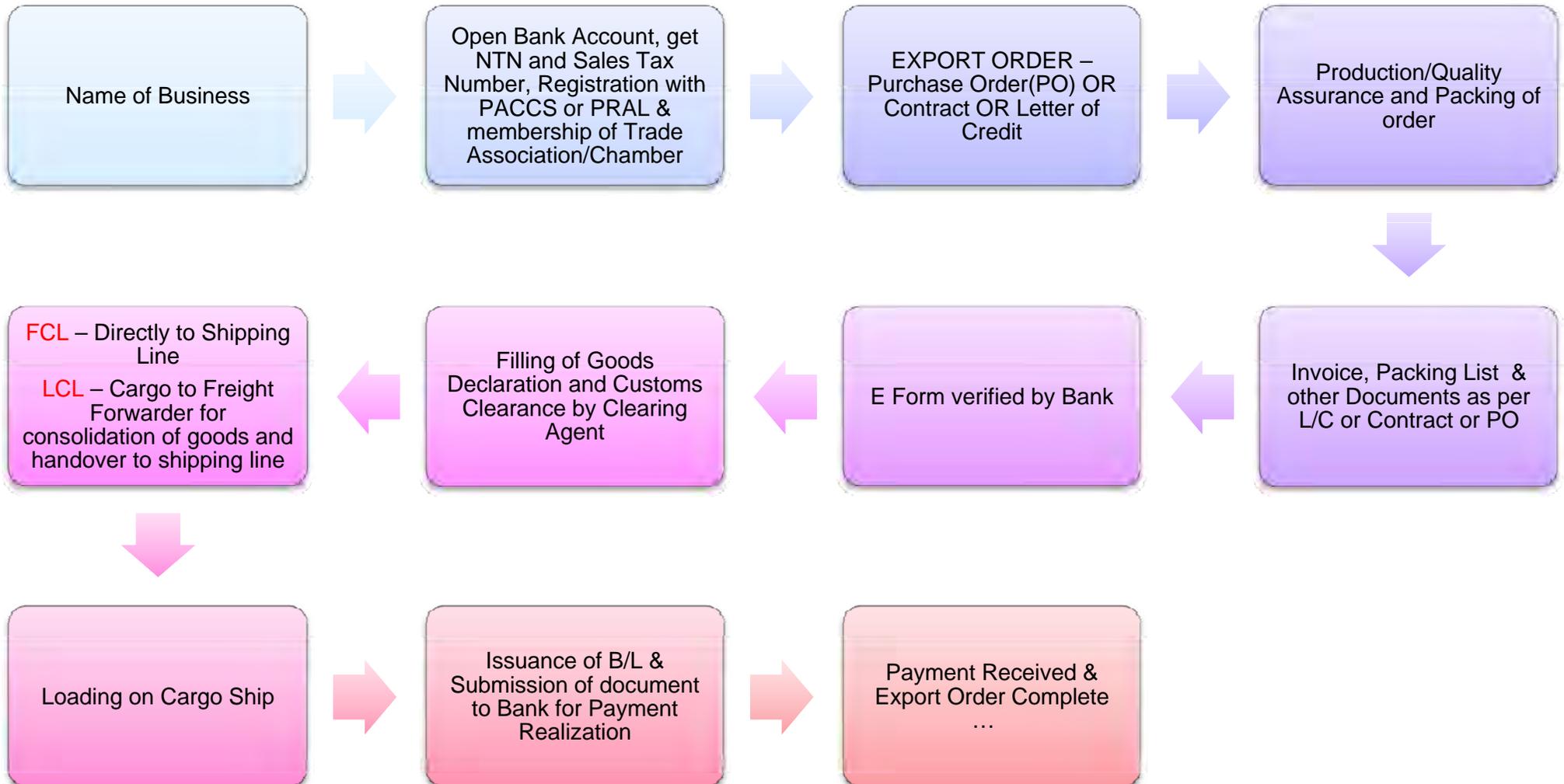


## PLAYER # 5: SHIPPING LINE

- A **shipping line** is a business that operates ships that it may or may not own
- A **Bill of Lading** (referred to as a **BOL** or **B/L**) is a document issued by a Shipping Line/ Carrier to a Exporter, acknowledging that specified goods have been received on board as cargo for delivery to the consignee
- A bill of lading can be used as a traded object and it serves a number of purposes:
  - It is a receipt signed by the carrier confirming whether goods matching the contract description have been received in good condition
  - It is also a document of transfer, being freely transferable but not a negotiable instrument in the legal sense, i.e. it governs all the legal aspects of physical carriage, and, like a cheque or other negotiable instrument, it may be endorsed affecting ownership of the goods actually being carried



## FORMAL EXPORT PROCESS





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## **SESSION – 5**

# **EXPORT PRICING, PACKAGING & EXPORT CONTRACTS**



## QUOTING A PRICE

1. For export, quoting of price means what price to charge to remain competitive abroad.
2. Your decision on what price to set for your product's will have to consider:
  - The costs
  - The market:
  - The intended profit margin.



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## ELEMENTS OF COSTING

- Fixed costs
- Shipping ex factory to port of departure
- Air or sea freight and insurance
- Import duty and taxes
- Customs clearance/broker fee
- Ground transportation from port of entry to warehouse or customer, as appropriate
- Warehousing fees, if applicable
- Agent's commission or importer's mark-up, as appropriate
- Break-bulk fees, if third party warehouse applies
- Packaging and labelling to local standards
- Product certification, if required
- Product liability insurance
- Advertising and promotional costs.



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## DIFFERENT METHODS FOR CALCULATING PRICE

- Cost-oriented pricing / Marginal cost pricing
- Cost-plus method
- Market-oriented pricing/ Buyer-based pricing
- Competition-oriented pricing.
- Price adjustment strategies



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## SOME IMPORTANT TIPS

- For securing good price check up price of the same product of your competitors
- prepare your export price list in the currency of country of export or in dollars;
- Consider currency fluctuations when preparing the price list
- Do not include "suggested retail prices" on your wholesale price list
- Win buyers through better service
- offer same value proposal as local suppliers, Payment terms, delivery and after-sale servicing are important considerations.
- Be Prepared To Meet Growing Demand
- Be Prepared To Spend Time And Money
- Make Decisions On A Commercial Ground



## KINDS EXPORT PACKING & PACKAGING

1. **Box/Cases:** wooden in structure of various sizes, airtight, providing for cargoes like equipment and car accessories
2. **Glass container:** used for dangerous liquid cargoes such as acids.
3. **Barrel/Drum:** wood, plastic or metal used for liquid or greasy cargoes;
4. **Bags:** cotton, plastic, paper or jute, ideal for cement, fertilizer, flour, chemicals, etc.;
5. **Crates/Skeleton case:** wooden structure between a bale and a case for light weight goods of large cubic capacity like machinery.
6. **Can/Tin:** small metal container for small quantities of paint oil or certain foodstuffs.
7. **Container:** large container for loading and unloading by mechanical handling.
8. **Bale:** pressed together and tied with rope or metal wire, for paper, wool, cotton, and carpets;



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## INNER PACKAGING

- Blocking & Filling
- Cushioning
- ESD **Electro Static Discharge**
- Corrosion Protection
- Inner Fittings





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## DIFFERENT EXPORT PACKAGING MATERIALS

### Plywood Boxes





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## Corrugated Packaging





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## Expandable Plates





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## Reusable packaging Steel Racks & Containers





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## Plywood Container





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## Plastic Packaging Systems





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## Watertight Boxes and Cases





## FUNCTIONS OF PACKING

- Protecting the goods and intact
- Packing makes it convenient for storing, transporting, loading, unloading and distributing the commodities.
- Strong packing protects the commodities from theft and damaged
- Good packing can reduce shipping space
- Good packaging saves freight paid.



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## FACTOR TO CONSIDER FOR PACKAGING

- Protection
- Security
- Mode of transport
- Cost
- Waste regulations



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## SIGNING OF A CONTRACT

An export contract with buyer includes following elements:

- i. Name of exporter
- ii. Name of importer
- iii. Item of sale
- iv. Unit price
- v. Total quantity
- vi. Terms of delivery (FOB, C&F, CIF etc.)
- vii. Terms of payment (Consignment, deferred payment, LC irrevocable, LC confirmed, revolving LC)
- viii. Mode of shipment (Sea, Air, Road)
- ix. Currency in which transaction is to be made.
- x. Validity period of a contract & delivery period.
- xi. Shipping marks if any.
- xii. Arbitration clause.



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## OTHER IMPORTANT ISSUES FOR CONTRACTS

1. Plain English
2. Different Date Formats
3. Units of Measurement
4. Currency
5. Interpretation or Translation
6. Signing of the Contract
7. All verbal agreements must be confirmed in writing
8. Be Aware Of Frauds



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**DAY-2**



## DAY 2 SESSIONS

<b>Session-1</b>	<b>Insurance, Incoterms Shipping/ Transportation etc</b>
<b>Session-2</b>	<b>Export Refinance Scheme</b>
<b>Session-3</b>	<b>Trade Facilitation Institutions</b>
<b>Session-4</b>	<b>Export Planning</b>



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## **SESSION – 1**

### **INSURANCE, INCOTERMS**

### **SHIPPING/ TRANSPORTATION**

### **ETC**



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## INSURANCE FOR EXPORTERS

**What is cargo Insurance? Or marine insurance?**

An indemnity, that is, to compensate for the loss or damage in terms of the value of the insured goods.

The amount insured as agreed between the insurer and the assured forms the basis of indemnity.



## WHY CARGO INSURANCE IS REQUIRED?

- To protect the value of goods
- To minimize risks
- To protect your business if anything unforeseen happens



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## RESPONSIBILITY OF INSURANCE

Exporter's responsibility If :

- Contract price CIF,
- Contract includes war risk insurance
- FAS (free along side, named point of shipment} cost of the insurance would be billed as a separate expense,

If payment to be by letter of Credit, the issuing bank in the foreign importer's country will insist on having *marine insurance* – the importer can then arrange it



## ADVANTAGES OF ARRANGING INSURANCE BY EXPORTER

- Insurance company of its choice.
- Claim is payable in the exporter's own currency
- Reimbursement can be sought from a local insurance company
- Certificate of Insurance issued by bank for protection of exporter
- Claims are usually settled faster if the exporter has arranged the insurance
- If importer's responsibility, he may forget to insure or sees his own benefit



## INCOTERMS

- International Commercial Terms : A series of international sales terms widely used throughout the world to divide transaction costs and responsibilities between buyer and seller and reflect standard transportation practices.
- They closely correspond to the U.N. Convention on Contracts for the International Sale of Goods.
- Devised and published by the International Chamber of Commerce (ICC)
- Incoterms 2000, endorsed by the United Nations Commission on International Trade Law (UNCITRAL).



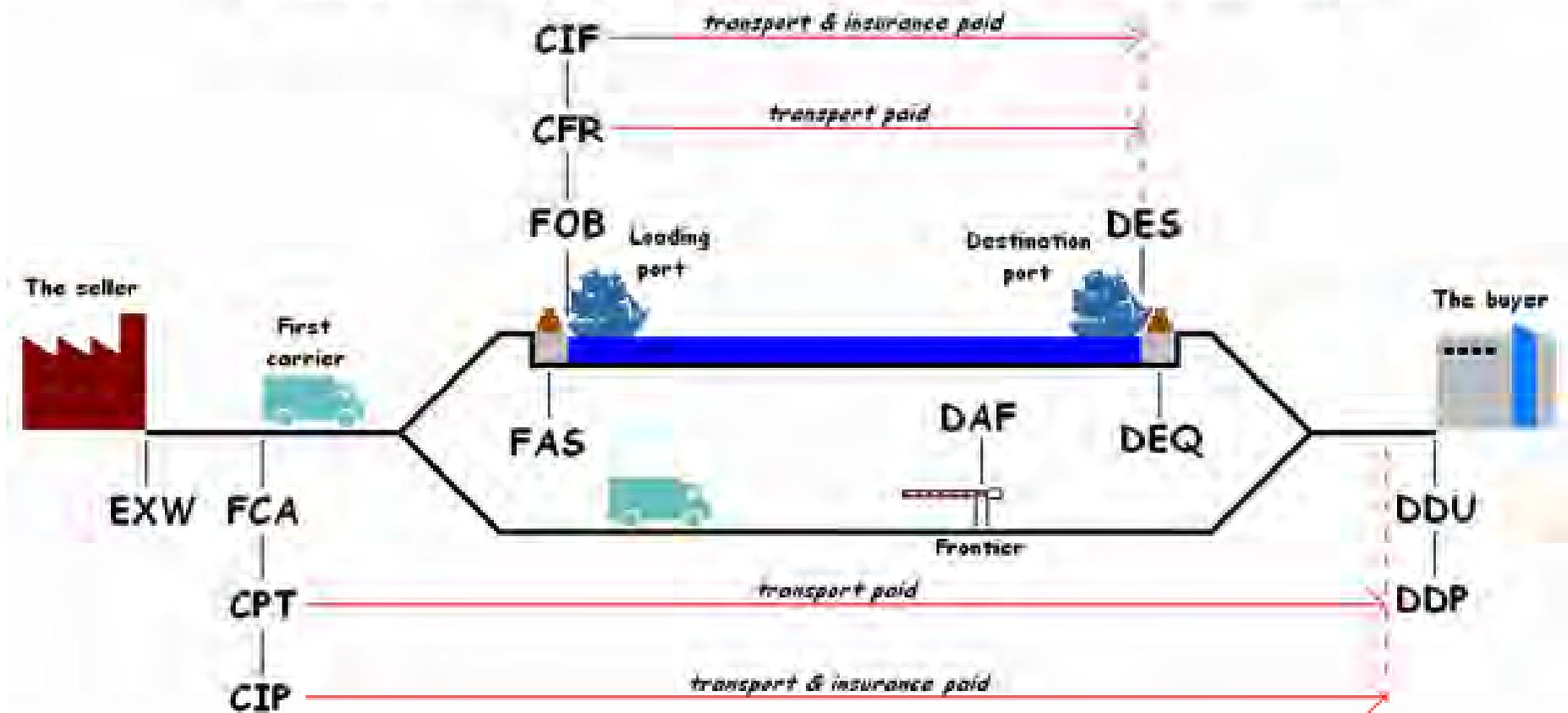
## STANDARD INCOTERMS

- **Group E – Departure**
  - EXW. Ex Works (named place)
- **Group F - Main Carriage Unpaid**
  - FCA. Free Carrier (named place)
  - FAS. Free Alongside Ship (named loading port)
  - FOB. Free On Board (named loading port)
  - Group C - Main Carriage Paid
  - CFR. Cost and Freight (named destination port)
  - CIF. Cost, Insurance and Freight (named destination port)
  - CPT. Carriage Paid To (named place of destination)
  - CIP. Carriage and Insurance Paid to (named place of destination)
  - CTO. Container Terminal Order
- **Group D - Arrival:**
  - DAF. Delivered At Frontier (named place)
  - DES. Delivered Ex Ship (named port)
  - DEQ. Delivered Ex Quay (named port)
  - DDU. Delivered Duty Unpaid (named destination place)
  - DDP. Delivered Duty Paid (named destination place)



## TRANSFER OF RISK FROM SELLER TO BUYER

Incoterms 2000: Transfer of risk from the seller to the buyer







## INTERNATIONAL TERMS OF PAYMENT

- Cash in advance,
- Letter of credit,
- Documentary collection or draft,
- CAD Cash against documents
- Open account, and
- DA basis
- Other payment mechanisms, such as consignment sales



## RISK FOR THE SELLER

Method	Usual Time of Payment	Goods Available To Buyer	Risk to Seller	Risk to Buyer	Comments
Cash in advance	Before shipment	After payment	None	Complete.	Special goods manufactured to buyer-only specification
Letter Of Credit (L/C) (See next two items.)		Commercial Invoice must match the L/C exactly.			total accuracy
Confirmed irrevocable credit	After shipment	After payment	double assurance	degree of risk	assurance that issuing bank has been deemed acceptable by confirming bank
Unconfirmed irrevocable credit	-do-	-do-	Seller has single bank assurance	-do-	On agreement becomes open account with buyer's bank as collection agent



## RISK FOR THE SELLER *(Continued)*

Method	Usual Time of Payment	Goods Available To Buyer	Risk to Seller	Risk to Buyer	Comments
Drafts (See next two items.)	Remittance may still take one week to one month		terms and conditions mutually agreed upon		determine the most desirable means of doing business in a given country.
Sight Draft (with documents against acceptance)	On presentation of draft to buyer	Before payment after acceptance	Relies on buyer to honor draft	Assures shipment but not content	For Seller a check against the bank account of the buyer Payable upon presentation of documents.
Time Drafts (with documents against acceptance)	On maturity of the draft	Before payment	Relies on buyer to honor draft	-do-	Payable based upon the acceptance , remains only a promissory note, with conditions
DA Basis / Open account	As agreed, usually by invoice	Before payment	Relies completely on buyer to pay	None	Should be done with persons of confidence



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## EXPORT TRANSPORTATION AND SHIPMENT

### Factors considered for transport of goods:

- Quick! Fast delivery
- Safety
- Cost
- Business Size
- Convenience
- Flag Preference
- Freight Forwarder



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## BASIC MODES OF SHIPMENT

- Air Transport
- Water Transport
- Road Transport
- Rail Transport
- Parcel post
- Other



## **FACTORS INFLUENCING RATE CHARGED OF CARGO**

1. The weight of the goods being shipped
2. The dimensions of the goods being shipped
3. The shape of the goods
4. Ease of damage
5. Ease of pilferage
6. Need for refrigeration or other special conditions
7. Direction of traffic



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## SHIPPING HAZARDS

- Port of shipment
- In the ship hold
- On Board Ship
- Port of Destination
- Shipping Losses



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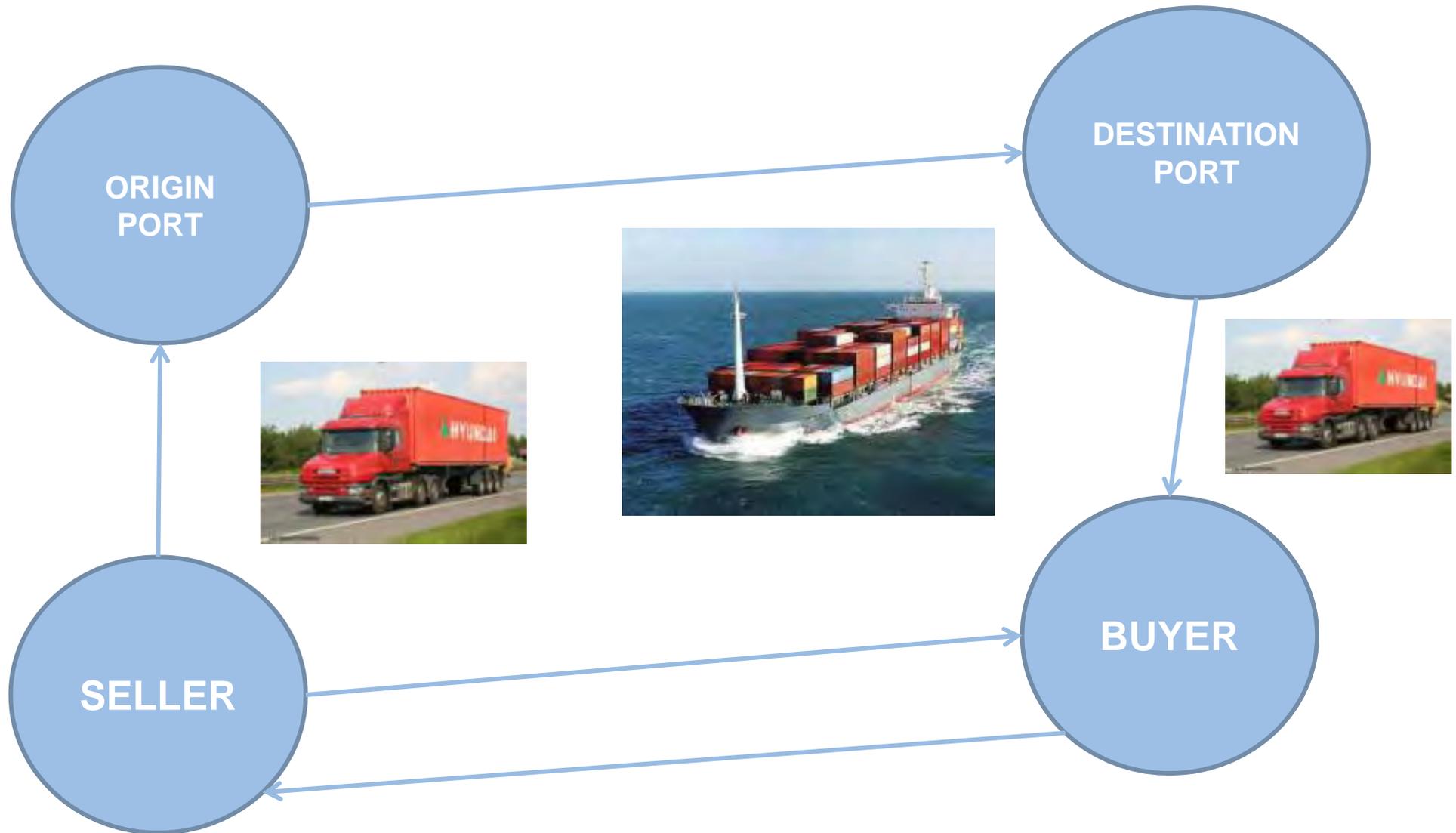
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## LOGISTICS AND SUPPLY CHAIN MANAGEMENT



## HOW LOGISTICS WORK





## MODE OF LOGISTICS

- BY SEA



- BY AIR



- LAND TRANSPORT





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## TRANSPORT BY SEA

### ADVANTAGES

- More capacity
- Cost effective
- Capable of heavy lifts and over dimensional cargo

### DISADVANTAGES

- Longer transit times
- No access to upcountry





## TYPES OF SEA MOVEMENT

- **Containerized**
- **Break Bulk**
- **RORO**
- **Tankers**





## TRANSPORT BY AIR

### ADVANTAGES

- Fast movement
- Perishable transport

### DISADVANTAGES

- High Cost
- Less capacity





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## LAND TRANSPORT

- By Road
- By Rail





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- **Water shipments**



- **Loading**





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- **Air Shipments**





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- **Rail Shipments**



- **Container on Train**





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- **Warehousing Facilities**





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## **SESSION – 2**

# **EXPORT REFINANCE SCHEME**



## SHORT TERM CREDIT SCHEME

- The Export Finance Scheme has been in operations since 1973, and has gone in to major modifications with the time.
- Aim is to boost exports of non-traditional items in Pakistan.

### Part 1

(Eligible Commodities)  
(Case to Case Basis)

- Pre Shipment
- Post Shipment

### Part 2

(Eligible Commodities)  
(Performance Base)

- Based on the last year's export performance in respect of eligible commodities.



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## **SCHEME IS AVAILABLE FOR:**

- Value added commodities except those mentioned in “Negative List” attached to State Bank of Pakistan’s Circular No. 35 of 2001 ;
- Direct Exporters - DE (those who export directly) ;
- Indirect Exporters – IDE (those who are the input supplier to Direct Exporters) ;
- Small, Medium and Emerging Exporters (who report exported up to equivalent of USD 2.5 Million in preceding/previous year) ;
- Trading Companies (who are not the manufacturers).



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## **RATE:**

- Current rate to be charged by financing banks from exporters is 9% (1st April 2010)



## OPERATIONS OF THE SCHEME

### PART 1

1. Transaction based Scheme
2. Coverage to the extent of 100% of the Export Order / Contract / LC
3. Facility available for both post and pre-shipment stage
4. Facility available for:
  - Direct Exporters                      180 days
  - Indirect Exporters                      120 days
5. Performance required: shipment / delivery of eligible goods by DE /IDE



## OPERATIONS OF THE SCHEME

### PART 1

## PRE – REQUISITE DOCUMENTS

### 1. DIRECT EXPORTERS

- Application /Undertaking on Form “B”
- Demand Promissory Note (D.P. Note) from exporter (on prescribed format)
- Copy of Export Order/LC

### 2. INDIRECT EXPORTERS

- Application/Undertaking on Form C
- Inland Letter of Credit / Standardized Purchase Order (ILC/SPO). Showing the supply of inputs and the amount involved by the Indirect Exporter to be used by Direct Exporter to execute a specific export order.
- Demand Promissory Note (D.P. Note) on prescribed form



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## OPERATIONS OF THE SCHEME

### PART 2

- Annual revolving limit based on half of the previous year export performance in respect of eligible commodities;
- Available to Direct Exporters but not to Indirect Exporters;
- Monitoring of performance through EF – 1 Statement;

### PRE-REQUISITE DOCUMENTS

- Duplicate of EE – 1, showing exports made in previous year under both parts of eligible items;
- D.P Note;
- Undertaking.



## OPERATIONS OF THE SCHEME

### PROCEDURE FOR EFS

- Interested exporter can apply to any scheduled bank for the facility on prescribed form available with banks;
- After the scrutiny of the documents bank can grant the facility to the applicant.
- More details is available on <http://www.sbp.org.pk/incentives/efs.htm>



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## LONG TERM CREDIT SCHEME

### LONG TERM FINANCING FACILITY (LTFF) IS FOR IMPORTED AND LOCALLY MANUFACTURED PLANT & MACHINERY

- Under this facility, Participating Financial Institutions (PFIs) shall provide long term local currency finance for imported and locally manufactured new plant and machinery to be used by the export oriented projects (There is Schedule 1 for list of sectors eligible for financing under this facility);
- The facility shall be available to the export oriented projects only if their annual export is equivalent to US \$5 million or at least 50% of the sales whichever is lower;
- More details is available on <http://www.sbp.org.pk/incentives/ltf-eop/ltpci.htm>



## ISLAMIC EXPORT REFINANCE SCHEME (IERS)

- The IERS is a refinance scheme that SBP has developed to cater to the requirements of the banks and exporters who wish to avail finances under Shariah compliant modes. Exporters can avail the scheme from participating Islamic Banks or Islamic Banking branches of Commercial banks, if the exporter fulfills the criteria stated in the scheme for Musharika Pool
- The refinance rate is not fixed under IERS, as this will be against Shariah. However, in order to provide a level playing field to the exporters, the Islamic Banks have to ensure that at the time of entering into an agreement the profit charged by them from the exporters should not exceed the rates prescribed by the SBP under the conventional EFS
- More details is available on <http://www.sbp.org.pk/incentives/iers.htm>



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## **SESSION – 3 TRADE FACILITATION INSTITUTIONS**



## WHAT WE WILL LEARN NOW

- Role of commerce and trade officers in export facilitation
- Role of commercial attaches abroad & foreign missions in Pakistan in export facilitation & product promotion of export business?
- Govt. policies for promoting Women Entrepreneurs;
- What are trading houses and how can they help in export?
- Role of a Cargo Agent



## WOMEN STATISTICS IN PAKISTAN

### Women labor figs:

1. Crude labor force	26.3%
2. Refined economic activity	36.7%
3. Legislators, senior officials, managers	1.8%
4. Professional & technical workers	7.40%

### Female labor force

	14%
1. Agriculture & forestry	75%
2. Manufacturing	11.8%
3. Construction	0.4%
4. Wholesale & retail	1.8%
5. Transport , storage & communication	0.2%
6. Community , social & personal services	10.6%



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## PAKISTANI WOMEN

- A lot of potential
- Have strengths & weaknesses
- Need handholding assistance
- Need focus / training
- Can become engines of economic growth
- Need emphasis by government



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## VISION PAKISTAN 2020

- As per Pakistan Constitution, women enjoy equal rights, equal respect, equal decision-making authority, equal mobility, equal protection, equal access to law and justice, equal under the law, equal in economic empowerment opportunities, and equal in society



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## ROLE OF COMMERCE & TRADE OFFICERS IN EXPORTS

Plays various roles as per the department he / she is placed in like:

- Ministry of Commerce;
- TDAP
- DGTO
- As Trade Councilor abroad



## ROLE IN MINISTRY OF COMMERCE:

- Trade diplomacy and market access initiatives
- Multilateral trade negotiations and compatibility of domestic laws with WTO laws
- Imports and exports across custom frontiers
- Export promotion
- Commercial intelligence and statistics
- Tariff policy and its implementation
- Anti-dumping duties, countervailing duties and safeguard laws
- Inter-Provincial trade
- Domestic Commerce
- Organization and control of Chambers and trade associations
- Law of Insurance and regulation and control of Insurance companies
- Administrative Control of Attached Departments/Organizations
- Selection of Trade Officers for posting in Pakistan's Missions abroad
- Formulating, processing and monitoring of development projects of Ministry and affiliated organizations.
- Tabulations of Trade Statistics and Analysis based thereon
- Registration, Monitoring and Supervision of all Trade Bodies in the country under the Trade Organization Law of 2007.
- Administration and funding of Local & International trade fairs and exhibitions;



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## ROLE IN TDAP

- Export and Supply Management and value addition of export products;
- International Marketing support to exporters like organizing local and foreign Exhibitions
- Market analyses & market reports
- Communication with stakeholders, advertising, publication of bulletins and promotional literature
- Policies, Procedures and International Liaison with Trade related organizations
- Organizing seminars/ workshops on various policy issues
- One to one consultation of exporters/ stakeholders
- Dissemination of information to stakeholders including export inquires,
- Managing libraries & Collection of exporters profiles
- Liaison with the stake holders like trade bodies, associations, chambers, trade missions abroad, TPOs (Trade Promotion Organizations) of other countries, other public sector organizations
- Small & Medium Enterprise Development & Women Entrepreneurship
- Export contracts & GSP
- Management of Expo Centers in Karachi & Lahore;
- Interaction with Business Support Organizations (BSOs),



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## EXPORT STRATEGY

### The 7-point strategy of TDAP:

1. Enhance World Market
2. Value addition
3. Export Diversification
4. Geographic Expansion
5. Women Entrepreneurship
6. Traditional partner Countries
7. Leverage International Trade
8. Blocks / Agreements





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## ENHANCE WORLD MARKET

Enhance world market shares of the Core Product Categories via

1. Increased penetration of Core Product Categories in the top 10 respective countries
2. Selectively increase the penetration of the Core Product Categories in the next top 10 countries

### **Core Categories**

- **Textile & Garments**
- **Raw Cotton Yarn (all types)**
- **Fabrics**
- **Garments**
- **Made up(excluding towels)**
- **Towels**
- **Art silk & synthetic textiles**

### **Other Core Categories**

- **Rice**
- **Leather & Leather products**
- **Sports goods**
- **Carpets & Wools**
- **Surgical instruments**
- **Petroleum products**



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## VALUE ADDITION

- Pursue enhancement of manufacturing and marketing capabilities and efficiencies with a view to achieve value addition and increased competitive strength for our Core Product Categories.





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## **FUNCTIONS OF INTERNATIONAL MARKETING DIVISION TDAP**

- Analysis of existing and potential markets for developing export promotional activities
- Planning and management of trade exhibitions abroad
- Selection of participants through a competitive and transparent process
- Preparation of briefs on various countries & regional geographies in line with the export strategy
- Analysis of economic activity reports
- Proposals formulation and implementation of decision. Preparing reports for JMCs and JBCs)



## **FUNCTIONS OF INTERNATIONAL MARKETING DIVISION TDAP *(Continued)***

- Development and implementation of MOUs
- Facilitation/hosting of incoming delegations
- Coordination with Missions regarding trade disputes, promotional events, displays, EMDF expenditures, etc.
- Monitoring/maintaining EMDF balances with Missions.
- Effecting Foreign remittances from EMDF for expenditures, etc.
- Support for designing services (advertisements, leaflets, stall construction / lay outs)
- Visa facilitation for exhibitors, delegates and TDAP officers.
- Budgeting of events and preparation of foreign exchange requirements



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## PARTICIPATION IN TRADE FAIRS



- To maximize Pakistani exports and their share in global market.
- To give opportunity new and medium to small size exporters to explore international markets.
- To increase geographical spread.
- To increase exports of our developmental categories.
- To support exposure of Pakistani exports in the regional trade blocks.
- To encourage women entrepreneurship.
- To project a correct modern and enterprising image of Pakistan as an exporting country.



## ROLE AS TRADE COUNCILORS

- Promotion of trade between the two countries
- Matchmaking services for intending importers/ investors
- Providing up-to-date trade, investment and tariff policies of Pakistan
- Collecting trade data and market intelligence
- Facilitating Pakistan participation in foreign exhibitions
- Providing the required assistance to businessmen in host country to invest in/ trade with Pakistan
- Facilitating Trade delegations to & from Pakistan
- Liaison with importers/exporters of host country & Pakistan
- liaison with Government Departments and trade bodies of both countries
- Representing Pakistan on trade issues at various forums



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## **ROLE AS TRADE COUNCILORS** *(Continued)*

- Organizing exhibitions including solo exhibitions for Pakistani exporters
- Organizing seminars, workshops on various topics of mutual interest
- Efforts to develop a liaison between Pakistan & host country for women entrepreneur & SME promotion
- circulation & responding to trade enquiries and market requirements in host country & Pakistan
- assisting Pakistani businessmen in promotion of their products in the host country
- assisting host country businessmen to get visas for Pakistan
- any other activity to be supported or undertaken which directly or indirectly have bearings on trade/ business promotion of Pakistan



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## ROLE OF CHAMBERS IN TRADE FACILITATION

- Conducting export seminars, workshops, and roundtables;
- Providing certificates of origin;
- Developing trade promotion programs, including overseas missions, mailings, and event planning;
- Organizing Pakistani pavilions in foreign trade shows;
- Providing contacts with foreign companies and distributors;
- Relaying export sales leads and other opportunities to members;
- Organizing transportation routings and shipment consolidations;
- Hosting visiting trade missions from other countries;
- Conducting international activities at domestic trade shows;
- Circulating Trade information among members;
- Liaison with Govt organizations for trade facilitation
- Providing trade policy inputs to MOCs
- Issue Visa recommendation letters for exporters
- Promoting & facilitating Women Entrepreneurs



## GOVERNMENT POLICIES FOR WOMEN ENTREPRENEURS

### Initiatives of Ministry of Commerce in Trade Policy 2009-12

1. Special importance to Skill upgradation of women workers
2. Special incentives to encourage women in export-oriented services sector such as designing, cultural industries
3. Skill development programmes in women intensive export sectors
4. Access to credit for women-managed SMEs in export sectors
5. Protection and promotion of women intensive GI products
6. Increasing the participation of women in international exhibition and delegations
7. Encourage independent and good quality gender-oriented research and analysis on how to enhance women's trade capabilities
8. Study impact of gender-based barriers to market access and economic costs of gender inequality and the consequent trade-offs
9. Women Business Incubation Center (WBIC), Lahore



## TRADE DEVELOPMENT AUTHORITY OF PAKISTAN (TDAP) MOC

- Directorate of Women Entrepreneur at TDAP Lahore;
- WE Desks in all 11 offices;
- Organization of annual event Wexnet;
- Subsidized participation of WE in all local foreign trade exhibitions;
- 15% WE quota in all trade delegations abroad;
- Special workshops and seminars for development of WE



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## DIRECTOR GENERAL TRADE ORGANIZATIONS ( DGTO) MOC

**Registration of Women Chambers all over Pakistan as follows:**

- Islamabad Women Chamber of C&I;
- South Punjab Women Chamber of C&I - Multan
- Women Chamber of C& I- Lahore;
- Women Chamber of C&I Sindh;
- Sindh Women Chamber of C&I



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## INCENTIVES BY SMEDA

**Women Business Incubation Center to provide 'hands-on support' to Women Entrepreneurs (WEs)- functions**

1. Pre-feasibility Studies business studies ;
2. Comprehensive Database of Wes
3. Business Plan Development
4. Space for offices, Exhibition/Display facility and Business Development Services (including training programs).
5. Access to professional services of experts and consultants in areas of legal, marketing, finance, accounting, product development and others ;
6. Business to Business linkup and business match-making desk;
7. Establishing/ Strengthening Women Business Forums & more effective Information Dissemination Channels
8. Seminars and workshops/ Training courses given their need assessment;



## ECONOMIC EMPOWERMENT BY MOWD

- **Jafakash Aurat: –**
  - a) Patti Development Project (Chitral) by AKRSP
  - b) Economic Empowerment of Rural Women - (Gujranwala & Sheikhpura) by FWBL.
  - c) Supporting Skill & Micro Enterprise Development Project – Gawadar by Khushhali Bank
- Economic Empowerment of Rural Women in Tharparkar by Thardeep
- 10% quota reserved for women in CSS & across the board to reduce gender gap
- 4 Career Development Centers in Punjab (University of Punjab, Lahore, Islamia University Bahawalpur, Bahauddin Zakaria University, Multan, Agriculture University Faisalabad)
- Establishment & Strengthening of the Women Development Department of AJ&K



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## INCENTIVES BY FIRST WOMEN BANK LIMITED( FWBL)

1. Microcredit to Women Entrepreneurs on easy terms;
2. Developing new Women Entrepreneurs
3. Linking the center with branch network countrywide.
4. Providing Women Entrepreneurs information and business advice relating to business planning and management
5. Sales & Marketing of products;
6. Guidance on Export Quality Standards.
7. Exhibitions of products at Chamber of Commerce and Export Promotion Bureau and other places at concessionary rates.
8. Lecture / Seminars on business, Management and Export.



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## WHAT IS A TRADING HOUSE?

International trading houses are commercial intermediaries specialized in the long term development of trade in goods and services supplied mainly by other parties.



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## THE SERVICES THAT TRADING HOUSES PROVIDE

- Market selection and market research
- Customer identification and evaluation
- Commercial and technical negotiations
- Vendor development
- Product/packaging adaptation and technology upgrading
- Imports, particularly of items required for export production
- Financial arrangements including securing credits
- Counter-Trading
- Protection against export risks including insurance
- Ensuring payments
- Export documentation and shipping
- Managing crises and disasters
- Dealing with claims
- After-sale service and spare-parts availability
- Project exports, consortia and tender business
- Creating distribution networks abroad
- Special relations with the government



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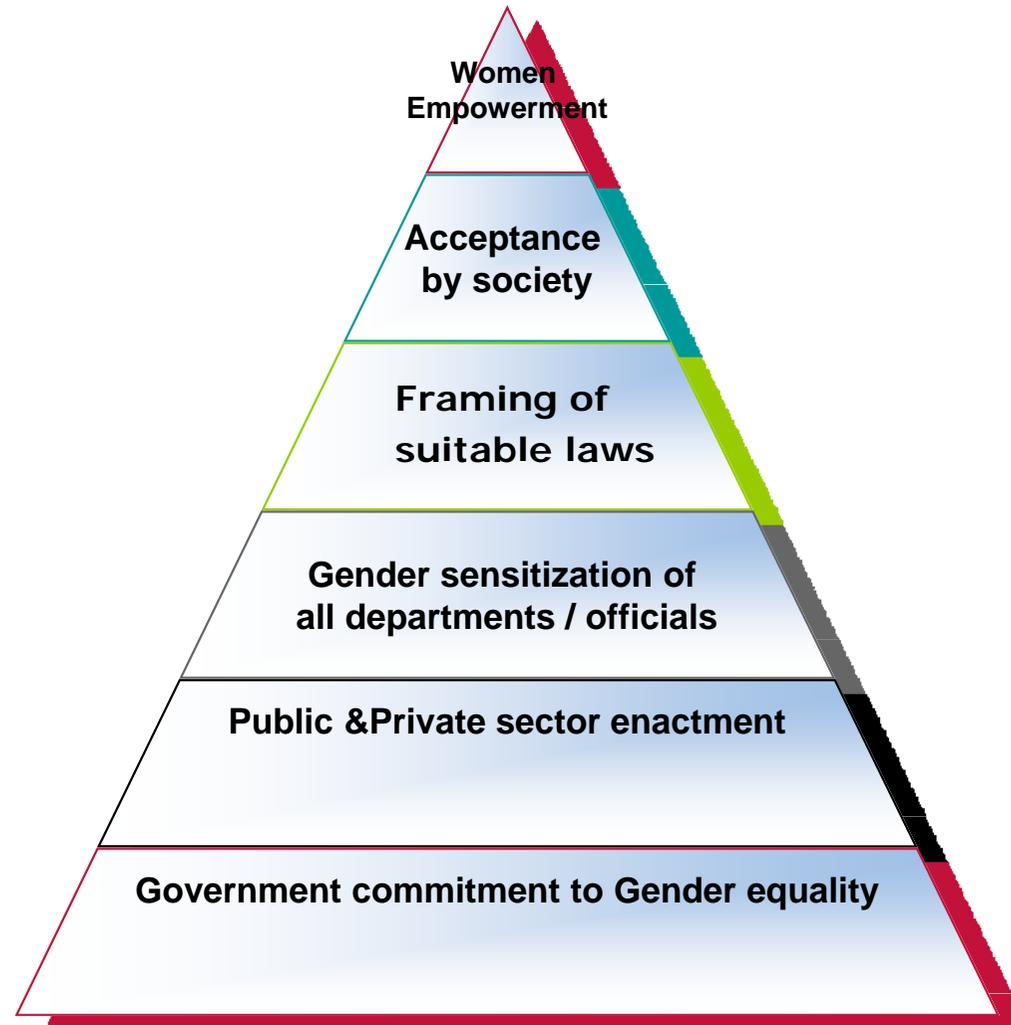
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## SERVICES PROVIDED BY CARGO AGENTS

- **Consulting:** Cargo Consulting Services
- **Forwarding:** Ocean and Air Freight Forwarding
- **Trucking:** Trucking from the supplier to the port or airport and delivery to the final destination in the destination country.
- **Logistics:** Third Party Logistics
- **Warehouse:** Warehouse and Consolidation Services
- **Courier:** Mailing and Courier Services
- **Mailing:** Mailing and Re-Mailing Services
- **Customs:** Customs Clearance and Customs Brokerage Services
- **Shipping:** Cargo reservation , Shipping & Documentation



## THE EMPOWERMENT PYRAMID





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## **SESSION – 4**

# **EXPORT LEARNING**



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## WHAT WE WILL LEARN NOW

- How can an exporter keep track of latest export developments in international markets?
- Sources of country-specific information
- Need analysis for my product and country of export
- Concept of Clusters



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## DATA- INFORMATION- SOURCES

- UNCTAD
- ITC
- TDAP
- CBI
- Commercial companies
- Same product exporters
- Talk to TDAP's local office
- Catch a plane! Visit the market



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## WHAT AN EXPORTER NEEDS TO DO?

- Select And Evaluate Your Market
- Know the market's requirements
- Assess your target customers
- Examine your competitors
- Be prepared to compete against lower-cost, lower-price local companies
- Understand every market has different demands and changes every few years
- Analyze, "Position" and Modify Your Products as per market demand



## ANALYSIS OF PRODUCTS FOR EXPORT

### Ask your selves:

- Why do your local customers like your products?
- Would it have the same use abroad?
- What modifications to make the product more acceptable to foreign buyers?
- Can you be sure of consistence high product quality ?
- How would the present branding, packaging and labeling be changed for exporting?
- What technical specifications of the product would be acceptable in the target country?
- What after-sales service, required would be provided?



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## ANALYSIS OF PRODUCTS FOR EXPORT *(Continued)*

### More questions!

- Would the product meet foreign health and safety standard requirements?
- How can you maintain product superiority?
- How do you keep ahead of the competition?
- Can you produce the quantities of product that may be required?
- Will you be able to maintain continuity of supply?



## ANALYSIS OF EXPORT PRICING

- Pricing depends on where, how, when, what
- An all-inclusive price,
- In local currency or in US dollars,
- Delivered to the buyers warehouse,
- nearest port, airport, or city.
- Know the guiding principles & calculate an export price



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## **BUSINESS PLAN HOW YOU MAKE IT**

1. Executive Summary
2. Business Overview
3. Product overview
4. Funding / finances
5. Market Analysis
6. Customer Profile
7. Target Market Profile
8. Market Penetration strategies



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## **BUSINESS PLAN HOW YOU MAKE IT** *(Continued)*

1. Regulations
2. Marketing Strategy Overview
3. Promotion
4. Distribution System
5. Product Packaging and Labeling
6. Transportation
7. Management

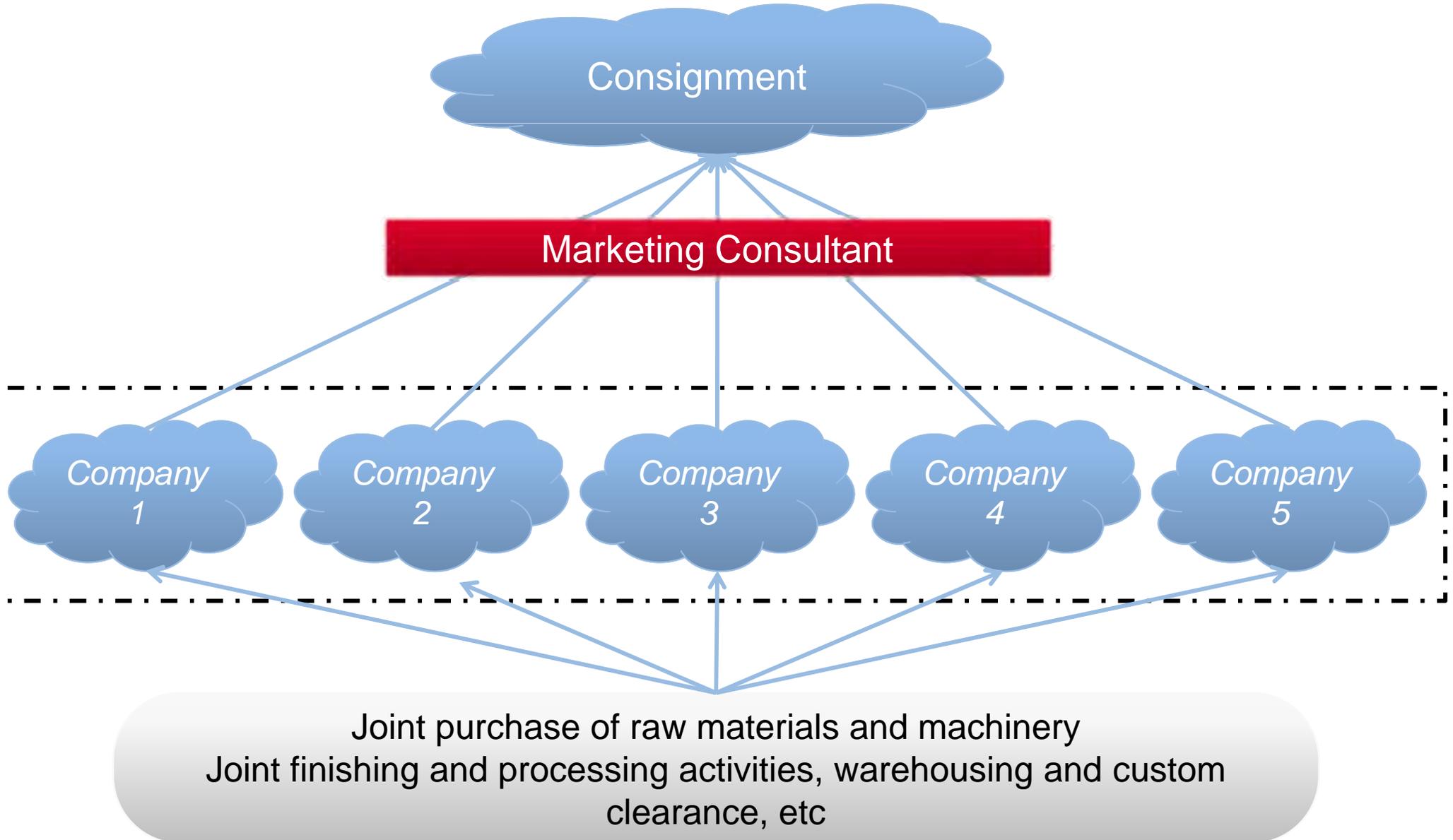


## TYPES OF CLUSTERS

- The geographical cluster
- Sectoral clusters (a cluster of businesses operating together from within the same commercial sector)
- Horizontal cluster (interconnections between businesses at a sharing of resources level e.g. knowledge management)
- Vertical cluster (i.e. a **supply chain** cluster)

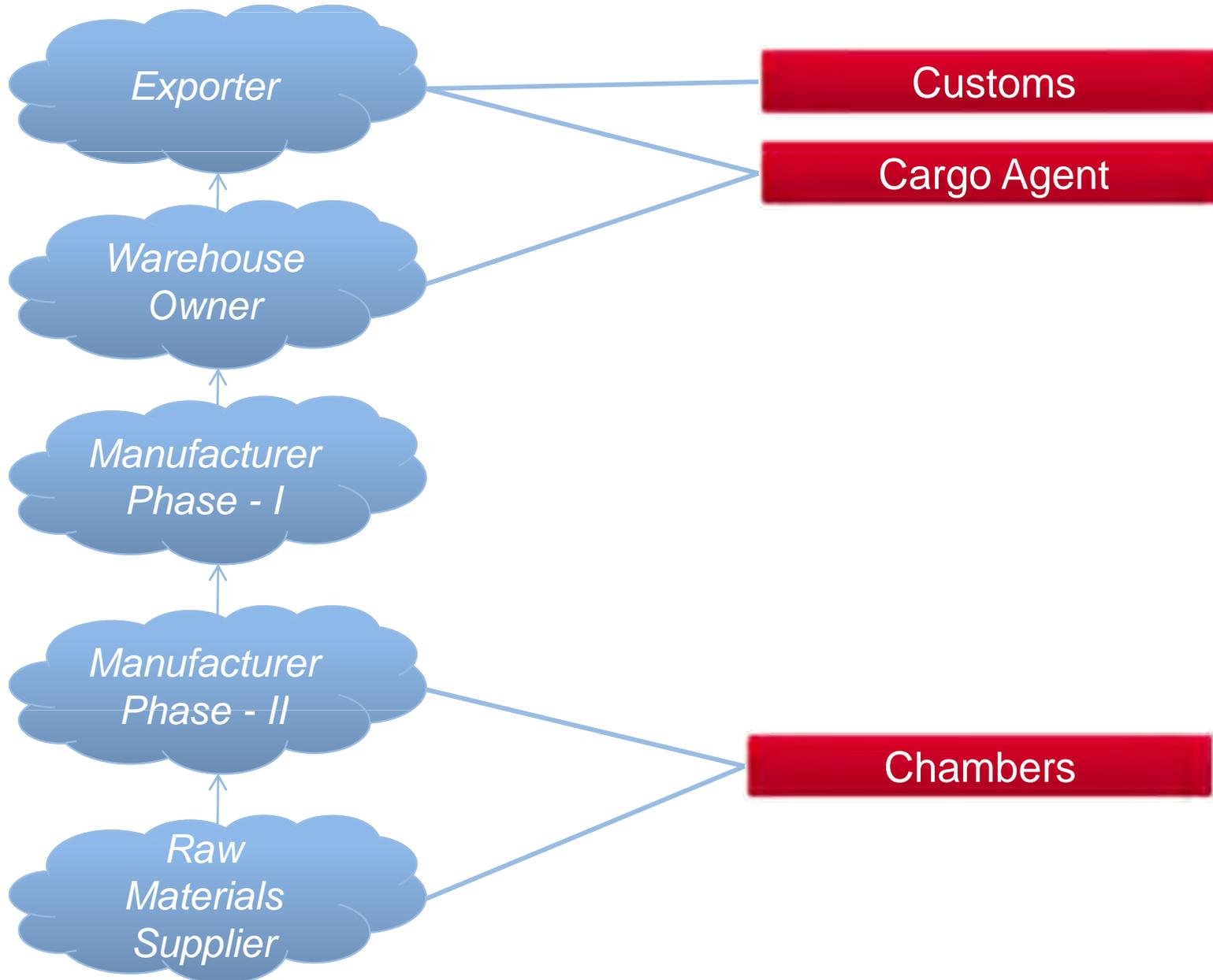


## HORIZONTAL CLUSTERS



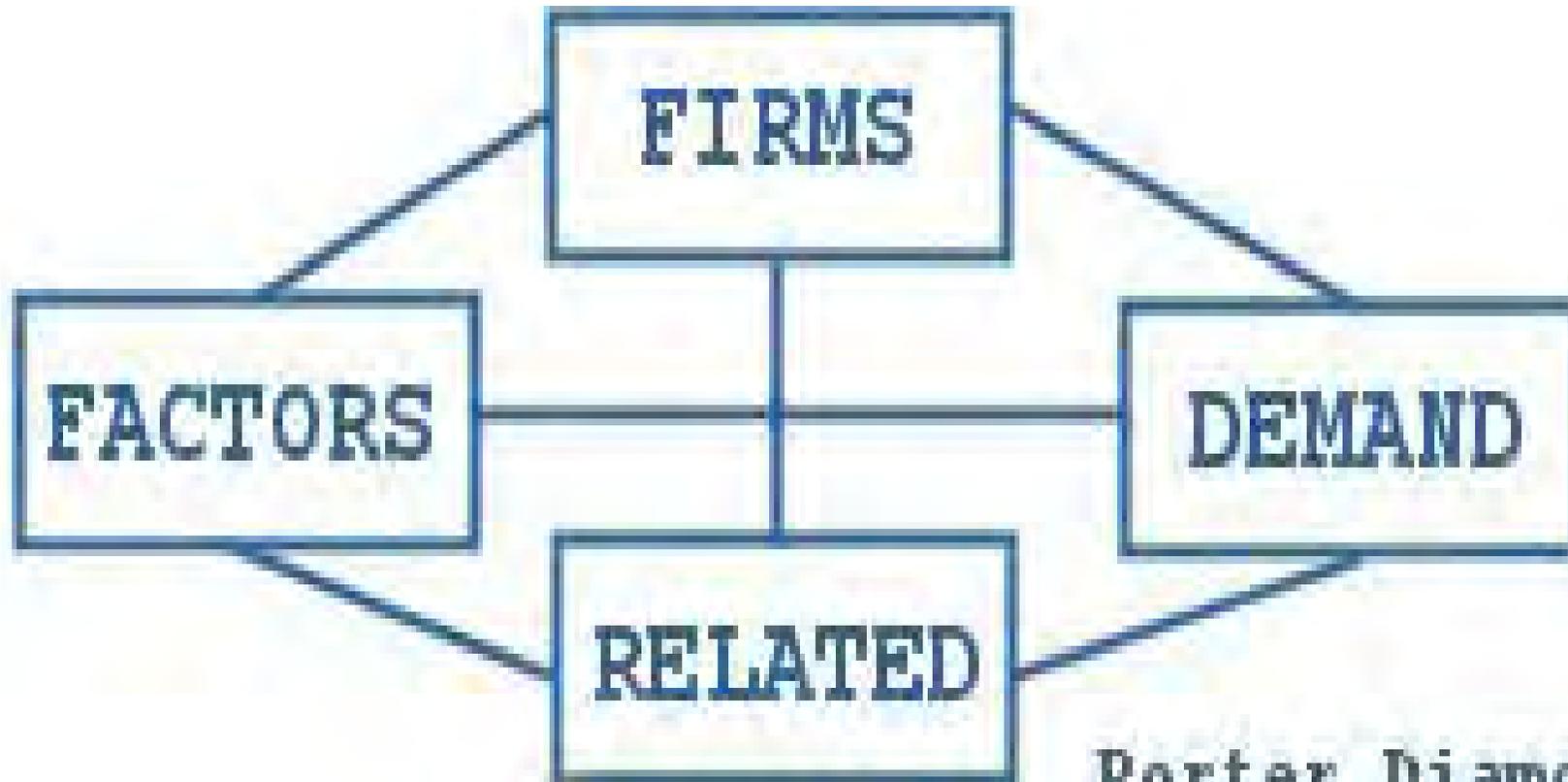


## VERTICAL CLUSTERS





## PRINCIPAL ELEMENTS OF CLUSTERS



Porter Diamond



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## BENEFITS OF CLUSTERS

1. The availability of specific natural resources
2. Proximity to markets
3. The presence of input and equipment suppliers
4. Supplies of specialized labour
5. The availability of infrastructure
6. The economies of scale in production
7. Low transaction costs
8. Superior access to information
9. Institutional support
10. Obtaining critical mass
11. Attracting foreign direct investment





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## CLUSTERS PRESENTLY OPERATIVE IN PAKISTAN

1. Electric fans in Gujrat;
2. Cutlery in Wazirabad;
3. Ready-made garments in Lahore;
4. Leather and leather products in Korangi, Karachi; and
5. Gems and jewellery in Saddar, Karachi.
6. The sports goods cluster in Sialkot;
7. The surgical instruments cluster in Sialkot;
8. The automotive components cluster in Karachi;
9. The knitwear cluster in Karachi;
10. The knitwear cluster in Lahore;
11. The electrical appliances cluster in Karachi;
12. The electrical appliances cluster in Lahore.
13. The ceramics and pottery cluster in Gujrat



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## CLUSTERS PRESENTLY OPERATIVE IN PAKISTAN

14. The domestic electrical appliances cluster in Gujrat/Gujranwala;
15. The leather and leather products cluster in Sialkot;
16. The woodworking cluster in Chiniot;
17. The cotton ginning cluster in Rahim Yar Khan;
18. The handloom weaving cluster in Multan; and
19. The textile machinery spare parts and components cluster in Faisalabad.
20. The handloom weaving cluster in Multan
21. The home furnishings cluster in Multan;
22. The polyester cluster in Gujranwala;
23. The handloom weaving cluster in Hyderabad;
24. The weaving cluster in Hyderabad; and
25. The textile cluster in Dadu.



## PROSPECTS OF CLUSTERS OF WOMEN OWNED BUSINESSES

- Improving women business owners' understanding of markets.
- Improving competitiveness of goods and services offered by women
- Linking buyers and sellers and preparing women entrepreneurs to participate in trade fairs.
- Clustering of similar products like ladies garments, jewellery, handicrafts & bed linen etc.
- Common website & catalogue development
- Cost reduction through joint bulk purchases of raw material
- Network-based joint marketing distribution channel (Domestic & international),
- 'Qualified supplier' of Chain-stores (Makro & Metro);
- Joint Production & Quality improvement steps;
- New designs development
- Product diversification
- Standardization of product;
- Joint processing facilities
- Joint Marketing



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**THANK YOU**