NATIONAL MARITIME CONFERENCE

Collective Action Program to Introduce International Benchmark Practices







February 28, 2024 at
Pearl Continental Hotel, Karachi

Global Compact Network Pakistan MACN

Address by Ms. Cecilia Torbrand, CEO of MACN

Ms. Cecilia began her speech by expressing gratitude to the audience for allowing her to participate online. She thanked everyone for their time and attention.

Ms. Torbrand emphasized the critical need for both private and public sectors to collaborate in finding resilient solutions. She highlighted that collective action, through a unified platform, has proven effective globally. This approach strengthens efforts to eradicate illicit practices by leveraging the combined strength and resources of diverse stakeholders.



Cecilia Müller Torbrand
CEO, MACN



She noted that effective dialogue between the public and private sectors leads to sustainable solutions. MACN has observed that collaboration helps identify corrupt activities and facilitates collective problem-solving. This dialogue is essential for creating a transparent and efficient trade environment. Ms. Torbrand pointed out that businesses and governments often operate on different timelines and have varying perspectives and incentives. MACN's role is to bridge these gaps by bringing stakeholders together around the common goal of improving trade practices, rather than focusing solely on corruption. She further added that unified efforts ensure that all parties adhere to and consistently interpret trade regulations. This consistency fosters professional dialogue between shipping captains and national officials, enhancing both ethical practices and trade efficiency. When expectations are clear and rules are consistently applied, the risk of corruption diminishes.

Ms. Torbrand emphasized that streamlined and transparent trade practices benefit both foreign and local parties. By working together, stakeholders can identify and address bottlenecks and grey areas that often lead to corruption. This proactive approach not only enhances trade efficiency but also promotes economic growth.

Encouragement and Positive Outcomes

Drawing from MACN's experiences in other countries, she highlighted the sustainable results achieved through public-private collaboration. She encouraged the audience to feel empowered and optimistic about the potential for similar success in Pakistan. She emphasized that transparency leads to concrete and positive outcomes. Ms. Torbrand reaffirmed MACN's commitment to partnering with Pakistan to improve trade practices. She emphasized on the importance of such events to strengthen dialogue, identify challenges, and implement effective solutions. By working together, both sectors can achieve significant improvements in trade operations.

While concluding, Ms. Cecilia Torbrand thanked the audience, MACN team, and all participants for their engagement and dedication. She expressed her belief in the collective approach and its potential to drive meaningful change. She encouraged everyone to continue working together, so that this collaboration would lead to a better and more transparent future for trade in Pakistan.



Address by Mr. Jonas Erlandsen, Lead South Asia, MACN



Jonas Søberg Erlandsen
Senior Lead South Asia, MACN

Mr. Jonas Erlandsen expressed his pleasure to revisit Pakistan after the initial launch of the collective action program in association with the Global Compact Network Pakistan in 2023. Over the past two years, the focus has been on creating a safe space to discuss everyday issues, particularly corruption, which is a global problem, not confined to any particular country.

With the world becoming increasingly connected, the shipping industry has also become more streamlined. Previously, long voyages have been shortened, and instant communication via platforms like WhatsApp has become common. This enhancement highlights issues such as delays, which can accumulate into significant resource wastage. The approach taken in Pakistan has been business optimization, a universally relatable topic.

Mr. Erlandsen noted the positive feedback from industry stakeholders and the willingness to address problems. He emphasized that it is time for action, moving beyond discussion to implementation. Collective action varies by region, and while some issues are common globally, their handling differs country by country. Problems like container detention charges and delays in auctions require tailored solutions. Mr. Erlandsen was optimistic about the progress made in Pakistan over the past two years, attributing achievements to the local maritime industry rather than the MACN itself. The organization's role is to unite people to achieve common goals.

Looking ahead, Mr. Erlandsen hoped that within the next ten years, consistent efforts could lead to a significant reduction in corruption. He believed in the potential for collective action to solve even more challenging problems when people work together. He thanked the audience for their attention, reaffirming his optimistic outlook for the future.





Address by Mr. Mathias Bak, Associate, MACN

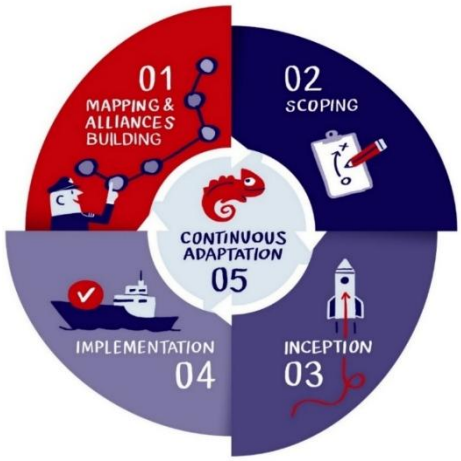
Mr. Mathias Bak started his presentation by focusing on MACN approach to collective action, future steps, and transforming recent momentum into tangible gains for trade improvement. He called this the life cycle of a collective action program, a methodology has been tested in eight countries.



Mathias Bak, Associate MACN

Collective action is not about imposing external solutions but rather about supporting local stakeholders to find their own solutions. Applying this approach, MACN meet businesses, stakeholders, and associations to introduce its methodology, emphasizing that the solutions lie in their hands. MACN role is to facilitate trade and maritime stakeholders.

Initially, MACN often encounters hesitancy and skepticism. Many people deny corruption issues, possibly out of empathy. Usually, the first step of creating awareness is a lengthy process, engaging with stakeholders to understand the real issues, and addressing the root causes rather than just symptoms.



Collective Action Cycle:

The collective action cycle involves building trust, identifying issues, and developing solutions collaboratively. Once MACN team has a committed coalition, it moves into the inception phase. In Pakistan, this phase has been marked by positive and candid interactions, turning initial skepticism into support. This progress gives us hope for an effective collective action program that could become a success story for other countries.

Our interactions with the government have been very positive, with significant goodwill from both the private and public sectors. However, goodwill alone doesn't drive change. We need to transition from the inception phase to the implementation phase, where real-world solutions are applied. To ensure effective implementation, Mathias Bak recommended establishing a working group or coordination committee comprising major stakeholders. This group would discuss and address corruption, fostering transparency and efficiency. Additionally, creating a mechanism for dialogue between the public and private sectors would help address grievances and improve trust.

Moving from the inception phase to the implementation phase is crucial. This phase involves applying the solutions developed during the collective action cycle in real-world scenarios. It is essential to have mechanisms in place to ensure that these solutions are practical and effective.

Throughout our efforts, we have encountered skepticism, with people doubting the possibility of change. However, through persistent engagement and building trust, we have seen a shift in attitudes In Pakistan. This change gives us hope that our collective action program will yield significant results in this country.

He concluded that while the awareness-raising phase of the project had been successful, we must now focus on the next stage: **implementation.** This transition is crucial and requires careful planning and action. **Establishing working groups**, **fostering public-private dialogue**, and **ensuring practical solutions** are key steps forward.



Address by Ms. Alia Shahid, Director General, Ports & Shipping, Pakistan

Ms. Alia Shahid began her speech by reflecting on her 18-month tenure in the department and the valuable insights she has gained from forums focused on transparency in the ports and shipping sector. She praised the efforts of MACN and the Global Compact Network Pakistan for bringing critical issues to light. She noted their progress in understanding the sector's complexities and proposing viable solutions, emphasizing the need for collaborative efforts to advance concrete solutions. Ms. Aliya Shahid highlighted legislative loopholes and outdated regulations rather than deliberate wrongdoing. Addressing these issues requires comprehensive understanding and targeted reforms.



Aliya Shahid, Director General Port & Shipping

Digitalization Efforts: The Ministry of Maritime Affairs is working closely with the Pakistan Single Window (PSW) to develop a maritime single window, as mandated by the International Maritime Organization. This system aims to streamline ship documentation and reduce manual processes, with full integration expected by June 2024. This initiative will allow electronic submission of forms and approvals, significantly reducing processing time and human involvement.

Legislative Changes: Ms. Shahid discussed ongoing revisions to the Merchant Shipping Ordinance 2001, prompted by the federal government directives and recent developments. This includes incorporating provisions from the Maritime Labor Convention, which Pakistan is set to ratify soon. The goal is to streamline registration and other maritime administrative processes. She emphasized the importance of collaboration between various departments, including customs, to ensure effective legislative provisions. This requires a thorough understanding of the root causes of issues and addressing them through appropriate legislative frameworks.

She supported the idea of establishing a complaint redressal system for the maritime sector, acknowledging the numerous stakeholders involved. She agreed that such an initiative must be backed by proper legislation to be effective. She emphasized that transparency is a continuum, not a checkbox. The goal is to move to greater transparency, setting milestones and indicators to measure progress and success.

Ms. Aliya Shahid reaffirmed her office's commitment to supporting legislative changes and improving transparency in the ports and shipping sector. She emphasized the need for ongoing efforts and collaboration to achieve these goals, expressing readiness to work with all relevant parties to bring about meaningful change.





Panel Discussion

During the National Maritime Conference held on February 28, 2024, at the Pearl Continental Hotel, Karachi, a panel discussion was held. Four experienced panelists were invited to share their thoughts and opinions topic. Their profile and brief description are given here:



In the panel discussion, the panelists were asked their opinions and views on the efficacy of a centralized help desk or a focal point in addressing illegal practices/malpractices in the maritime industry, regulatory authority, and dispute settlement mechanism.



Panelist:
Dr. Hamid Haroon
Trade Economist, FPCCI.

Dr. Haroon currently leads the Trade & Industrial research team at the Policy Advisory Board of Federation of Pakistan Chamber of Commerce & Industry (FPCCI). His role involves delving into the intricacies of trade policy, trade agreement, export diversification, and the maritime and logistics sectors.

He holds a PhD in Economics from the Pakistan Institute of Development Economics, Islamabad. He is actively engaged in projects that enhance trade facilitation and works towards the mutual recognition of nontariff barriers among trading partners and economics of regulations.

The panelists were of the view that having both a help desk and a focal point was essential. Without a help desk, individuals will continue to operate in isolation or only communicate amongst themselves lacking a unified platform. Establishing a help desk within the office of the Director General of Ports and Shipping would be the most effective approach. The DG holds the authority and oversees all departments, thus making the office a very suitable location for managing the help desk. However, this office should not be toothless. It must be supported by all shipping lines and all stakeholders in the maritime industry, including port authorities and terminal operators. The Pakistan Single Window office may take up the challenge. Additionally, traders should have the option to request through the system to replace containers with shipper-owned containers, allowing for immediate cross-stuffing. There is also a need to establish a robust regulatory body. This body may include members from the Ministry of Commerce, the Ministry of Ports and Shipping, Chambers of Commerce, and representatives from the shipping companies. Such a high-powered entity would be capable of implementing and enforcing strong regulations to address these challenges effectively.

It was recommended by the panelists that legislation should grant significant power to some government authority to address issues related to delays and detentions. The licensing authority, either the DG Ports and Shipping or some other designated body, should have the mandate to approve and reduce various charges.

As for the dispute settlement mechanism, the consensus was to introduce cost reduction measures and granting digital power to the Federal Tax Ombudsman will help in managing the issues effectively. This is crucial in reducing the cost of doing business and mitigating challenges in the maritime industry. An alternate was proposed that a dispute resolution committee or some similar forum that includes all stakeholders. This committee may be established at FPCCI as these problems are primarily faced by the traders. While these issues are also faced by other stakeholders such as customs agents and shipping agents, the affected party mainly is the trader.

The help desk could be managed by a team comprising representatives from the relevant government departments, Customs Agents and Ship Agents. It may work under the umbrella of DG, Ports & Shipping. MACN's assistance in capacity building and training on the help desk platform would also be required.

On anonymous reporting, the Government instructions are very clear. Anonymous cases should not be handled or taken into consideration. The law is also clear on the subject and there are precedents and orders from the courts. Another view was that there has to be specific proper documentation. Otherwise, it's a waste of time and resources to act on anonymous calls, as we have a very lengthy litigation system. Properly documented applications should be accepted.

Conclusion

All the panelists agreed on the following:

a. Establish a help desk / focal point for the maritime sector.
b. This help desk may be established under the umbrella of DG, Ports & Shipping.
c. All stake holders must be a part of the initiative including members from the Ministry of Commerce, Ministry of Ports and Shipping, FBR, FPCCI and representatives from the shipping sector.
d. There is need for a strong legal framework to support the help desk.
e. Such a desk would help in resolution of issues of the stakeholders.
f. This can also be used as a dispute resolution platform.
g. Anonymous complaints should not be entertained at this platform.



Panelist:
Mr. Qasim Khokar
Principal,
Customs Academy of Pakistan

He has 23 years of experience in public policy and electrical engineering divisions at mid-level and senior level in Pakistan Customs and public sector organizations. He briefly served as founding Managing Director of Punjab Energy Efficiency & Conservation Agency, Lahore and later on as PSO to Member (Customs), FBR. He held many important assignments related to enforcement, appraisement, academics and inspection positions. His extensive background in Development, Trade, Environment & Energy sector has seen him professionally manage large scale departmental clearances, budgets, and supply chain. He also has been steering on business planning and expansion strategies for large organizations.



Panelist:
Syed Salman Raza
Principal Officer,
Mercantile Marine Department & Registrar of Ships.

A senior Merchant Navy Officer, Mr. Raza holds an MBA degree from Geneva. He is also a certified International Purchasing Consultant (CIPC). He has worked within and outside Pakistan holding maritime assignments such as Technical Manager and Ship Surveyor. As the Principal Officer of Mercantile Marine Department, he reports to the Director General Ports and Shipping, Ministry of Maritime Affairs.



Panelist:
Mr Shah Zaman
Managing Director,
Zaman Agencies

Mr. Zaman is a Chemical Engineer from the Punjab University, Lahore. He is presently serving as the Managing Director at Zaman Agencies Pvt. Ltd. He brings to the table a wealth of experience spanning 41 years in business. His previous role includes serving as the Senior Vice President at Karachi Customs Agents Association (KCAA). Throughout his career, he has played a pivotal role in advancing the maritime industry and improving the profession of customs agents.

Presentation by Pakistan Single Window (PSW)

Introduction to PSW:



Imran Habib
Senior Business Analyst, PSW

PSW is an initiative aimed at streamlining and integrating trade operations in Pakistan. It addresses inefficiencies and the high cost of doing business in import, export, and transit consignments, which is $450 million more than that of South Asian countries.

Background and Achievements of PSW

PSW was established as part of Pakistan's commitment to the Trade Facilitation Agreement under the World Trade Organization. 77 government agencies that regulate trade were identified for integration into PSW. The establishment of Pakistan's single window fulfills Pakistan's commitment under the World Trade Organization State Facilitation Agreement.

Key Accomplishments:

- Eight agencies/departments, covering around 75% of the licenses, permits, certificates, and other regulated documents (LPCOs), have been integrated electronically.
- A trade information portal (dipp.dua.pk) has been developed, offering essential trade procedure information with over 77,000 users subscribed.
- Introduction of services, like unified payments and electronic registrations, significantly reduce processing times from 20 days to as little as 15 minutes.

Coverage and Integration:

- Coverage in Phases 1 and 2 of PSW: 95% on seaports, 70% on land border stations, 95% on dry ports, and 95% on off-dock terminals.
- Goals: 16 OGAs for 80% coverage during 2024, 22 OGAs for 92% coverage in 2025, and 30 OGAs for 98% coverage in 2026.

Legal and Digital Integration

- PSW is backed by the PSW Act of 2021, making it mandatory for agencies to align with international standards and best practices.
- The Act provides PSW with overriding powers and a legal basis for its operations.

- Integration with organizations like FBR, NADRA, and Pakistan mobile database enables real-time verification during the subscription process.
- PSW is connected with 29 commercial banks for cross-border remittance and data exchange, and with shipment inspection companies for optimized consignment clearing processes.

Port Community System (PCS)

- PCS is a neutral platform focused on improving maritime sector efficiency by connecting all stakeholders involved in vessel clearance and management.
- It aims to reduce bottlenecks, enhance transparency, and improve overall trade efficiency.

- PCS aims to be a collaborative platform benefiting shipping lines, government agencies, terminal operators, and other stakeholders.
- Implementation follows a structured model: analyzing current processes (AS-IS), identifying improvement areas, re-engineering business processes, and deploying new systems.

- PCS development is divided into Minimum Viable Products (MVPs):
    - MVP 1.0 and 1.5: Focus on vessel management, port clearance, and related payments.
    - MVP 2.0 and 2.5: Focus on terminal integration and electronic data interchange (EDI) message exchange.

- Achievements include 100% database modeling for MVP 1.0, completed wireframes, user subscription testing, and ongoing development and testing for MVP 1.5.

- PCS benefits include port authorities, shipping lines, terminals, FIA, port health departments, Pakistan customs, freight forwarders, transporters, and import / export stakeholders.
- A single submission of data through PCS ensures efficient routing to concerned authorities, reducing redundant documentation and improving processing times.

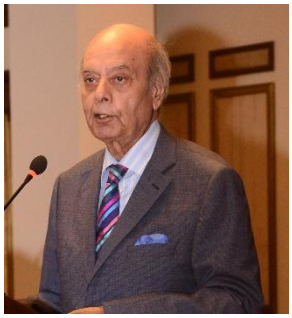
Conclusion

PSW, through its various initiatives like PCS, is revolutionizing Pakistan's trade and maritime sectors by reducing costs, improving transparency, and streamlining processes. The ongoing and future initiatives aim to further enhance efficiency, integration, and collaboration across all stakeholders involved in Pakistan's trade operations.



Address by Justice (R) Shaiq Usmani, Board Member of Transparency International, Pakistan

Justice (R) Shaiq Usmani, addressed the National Maritime Conference on Collective Action against Illegal Practices and the Introduction of Best International Practices. He praised the Global Compact Network Pakistan (GCNP) and Maritime Anti-Corruption Network (MACN), Denmark for organizing the event and highlighted Transparency International Pakistan's commitment to promoting transparency and accountability in governance.



Justice (R) Shaiq Usmani

Justice (R) Usmani emphasized the critical role of the maritime industry in Pakistan's economy and severe threat posed by corruption. The United Nations estimates that corruption can inflate international business transaction costs by up to 10%.

The Pakistan Single Window (PSW) is a key tool in the fight against maritime corruption. By providing an integrated digital platform for trade-related transactions, the PSW enhances transparency and reduces opportunities for corruption through standardized information submission and real-time data exchange.

To combat corruption effectively, Justice (R) Usmani suggested implementing transparent regulations and enhancing international cooperation. Transparent regulations should include clear, accessible rules for licensing, inspections, and permits, enforced consistently and subject to public scrutiny. International cooperation through information-sharing, joint investigations, and coordinated enforcement can address transnational corruption.

He highlighted the vital role of civil society organizations (CSOs) in promoting transparency and accountability. CSOs can conduct independent monitoring, uncover corrupt practices, and advocate for stronger anti-corruption laws. By establishing whistleblower mechanisms, promoting public access to information, and providing anti-corruption training, CSOs can foster integrity and ethics in the maritime industry.

He called for a collective commitment to safeguarding Pakistan's maritime borders and ensuring the security and prosperity of the nation. He urged the audience to work together towards a future where the maritime domain thrives in sustainability, security, and shared prosperity.



He thanked the delegates and expressed hope for a future where Pakistan's maritime industry will operate with transparency and integrity.

Address by Mr. Javed Iqbal, Secretary General, All Pakistan Ship Breakers' Association

Mr. Javed Iqbal, Secretary General of All Pakistan Ship Breakers' Association, addressed the audience. He represented the shipbreaking industry, Gadani, near Karachi, a major revenue-generating entity contributing close to PKR 20 billion annually during peak operations. This industry is highly labor-intensive and is fully documented.



Mr. Iqbal emphasized the need for increased facilitation within the legal framework to ensure entrepreneurs investing billions in the industry can operate without hurdles. This is crucial for motivating further investments in steel and other key sectors, providing competitively priced steel bars and other items to the construction sector and various projects.

Javed Iqbal, Secretary General All Pakistan Ship Breakers' Association

The low employment rates have also affected workers from various regions, including KPK, Baluchistan, and Sindh. However, with operations resuming after nearly a year, there is hope for continuity with support from the new setup.

The government has been encouraging private sector investment in shipping and has formed committees to address various issues. The goal is to motivate the shipping sector to register their ships under the Pakistani flag, which would significantly reduce freight costs currently paid to foreign flag ship owners.

