DOING BUSINESS (2018) – PAKISTAN

Lahore and Karachi

Trading Across Borders

Introduction

1. This briefing paper considers the current position of the DB topic of Trading Across Borders in Pakistan.

2. Pakistan ranks overall 141 out of 190 countries, as measured by the Doing Business 2017 report with a Distance to Frontier (DTF) of 51.77%[1].

3. In relation to Trading Across Borders, Pakistan ranks 172/190 in 2017 with a DTF of 39.14%.

4. The DB data (2017) for Port Qasim covers both Lahore and Karachi and the time taken and cost for documentary and border compliance to determine how easy cross-border trade (import and export) in Pakistan is.

5. Time taken in border compliance for export in Lahore and Karachi is 75 and that for documentary compliance is 59 hours. Similarly, time taken for border and documentary compliance in import related procedures is 129 and 147 hours respectively. Cost for export is $426 and $307 for border and documentary compliance while for export the costs for these are $957 and $786.

6. The reasons for the comparatively higher costs in both documentary and border compliance for export and import compared to the South Asian average could be:

    *   lengthy time to inspect consignments due to lack of automation in systems

    *   complicated paper work or bureaucratic hurdles

    *   lengthy time to make payments through manual systems creating likelihood for corrupt practices

7. The balance of this paper highlights both short-term solutions (to be considered capable of implementation within 100 days) and long-term goals to benefit Pakistan and increase its DTF scoring.

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[1] The Distance to Frontier score captures the gap between an economy's performance and 100 – a measure of best practice.

Table A – Short-term steps to be considered to improve the DTF score of Pakistan Customs and other border agencies

Indicator	Suggested measure
Creation of an automated environment that allows self-assessed electronic declarations	Rolling out of Web Based One Customs (WeBOC) at border Customs stations of Torkham, Chaman, and Taftan
	Integrate WeBOC with banks for E-Payments and taxes
	Approval of Summary for the implementation of National Single Window system in Pakistan
Reducing the need for physical intervention in transactions especially at the point where they cross the border	Integrate at least four more key regulatory authorities relating to cross border trade with WeBOC under Integration of Regulatory Authorities (INTRA) initiative
	Improve existing risk management techniques, including external and internal data collection and management
	Conduct non-intrusive inspections
	Improve the ratio of non-intrusive inspections
	Strengthen Post Clearance Audit (PCA)
Reducing the opportunity for exercising discretion in how a transaction is processed through automation	Deployment of effective business intelligence and performance-monitoring tools
	SOP's development of manuals (assessment examination)

Table B – Long-term goals to be attained to improve the DTF score of Customs-related procedures under Trading Across Borders indicator

Goal	Task
Complying with International Trade Agreements and implementation of Integrated Trade and Transit Management Systems (ITTMS)	Sign the TIR agreement
	Prepare Compliance/Implementation Plan
	Implementation of ITTMS project
	Implement the Customs related provisions of TFAs for reducing steps and costs in trading across borders

Reduce time taken for cross-border trade	Implementation of National Single Window system in Pakistan
	Deployment of effective Risk Management System to cater for all cross-border trade related regulations
	Enable faster regional connectivity through Electronic Data Exchange with China