

Executive Summary

1. National Trade Corridor Improvement Programme (NTCIP) of the Government of Pakistan emphasizes on modernizing and strengthening of Trade and Transport Logistics of the Country. The framework to improve the North - South Corridor takes a holistic and integrated approach to reduce the cost of doing business in Pakistan by improving trade and logistics chain and bringing it up to the international standards.
2. The overall aim is to enhance regional connectivity for improving links to Central Asian States, Iran, Afghanistan and India and to focus on the challenges and opportunities arising out of the expanding trade regime across the National Trade Corridor. According to an estimate, losses on account of inefficiencies in this sector are costing the economy Rs 150* billion per annum. In order for Pakistan to compete regionally and internationally, modernization of the entire Road Freight Sector with particular emphasis on Trucking Sector modernization is required as our dependence on road freight is almost 96% of the total ton/km and is growing fast.
3. In view of the targets given to the Trucking Sector in NTCIP, MOIP&SI /EDB carried out a year long exercise to interface with the stakeholders and to find out ways and means to achieve the targets for making Pakistan a regional hub for international trade and to facilitate expanding trade volume. In addition to this, excessive discussions have been undertaken to streamline the vehicle Registration Issues and Motor Vehicle Examination functions and implement effective control of overloading through enforcement. Achieving fuel efficiency & saving road assets by replacing obsolete 2-axle and 3-axle rigid trucks have also been the subjects requiring attention for a properly structured Trucking sector.
4. During the course, tariff rationalization was also taken up to encourage introduction of modern prime movers / multi-axle, euro standard Trucks and a long term Policy with pre-announced tariff regime was firmed up to provide a predictable and transparent investment environment.
5. In pursuance of the targets envisaged in NTCIP relating to Modernization of the Trucking Sector, the Ministry of Industries, Production & Special Initiatives has formulated this comprehensive Policy with due consensus of the stakeholders.
6. The objective of this policy document is to reform and promote an integrated, enduring and sustainable Modernization of the Trucking Sector in Pakistan with a holistic approach. Instead of dealing with each subject and in isolation, the following cross sectional and cross cutting subjects relating directly or indirectly to Modernization of the Trucking Sector in Pakistan have been incorporated in the policy:
 - Industry Status for Trucking Sector
 - Motor Vehicle Registration (MVR)
 - Motor Vehicle Examination (MVE)
 - Axle Load management
 - Drivers Training & Re-training / Licensing & Re-licensing
 - Trans Freight Stations/Modern Cargo Handling Facilities
 - Trailer Manufacturing and Registration
 - National Standards and Specifications for Trucks and Trailers
 - Industrial Estates for Truck/ Bus Body Makers.
7. Lack of recognition of trucking sector by the financial Institutions for lending as creditable customers has surfaced as a core issue of this sector. Out of the current population of nearly 209,000 registered trucks in the country almost 65 - 70% are double axle rigid trucks and the sector is dominated by small ownerships, comprising of old trucks which are fuel

**World Bank reported figures ,Break up: Rs 60 - 90 Billion/Year - Extra fuel cost, Rs 30 - 35 Billion / Year - Additional, Road User cost Rs 25 Billion /Year-Contribution to the infrastructure deficit*

Industry Status

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inefficient with tendency of overloading. For efficient transportation, there is a growing demand for Prime Movers and Multi Axle Trucks/ Trailers which have a positive bearing on the modernization and development of lateral and downstream industries.

8. The Freight Forwarding activity has already been declared as an industry by the government in the year 2005, which covers the soft part of the trucking operations. Therefore in order to encourage fleet operations Trucking Sector has been declared as an "Industry" by the GoP. Industrial status will facilitate the Trucking Sector on account of:
 - i) Lending by commercial banks to the trucks/ fleet operators, hassle free and at competitive rates.
 - ii) Insurance companies gearing-up to provide cover to the trucking sector.
 - iii) Extending the necessary tax incentives to the sector.
 - iv) Utilities would be available at industrial rates instead of commercial rates.
 - v) Helping the trucking sector to organize itself on a platform through establishing a National Chamber or a Federation.
 - vi) Attracting the much needed foreign investment in the formal fleet operations.
9. The policy framework provides for the encouragement of fleet operations through incentives, which will improve the scale of operations, equipment and ensure better returns to the operators.

Motor Vehicle Registration System (MVRS)

10. The vehicle registration system is a repository that contains data and information which several stakeholders require and need to access for efficient functioning in their respective domains. The registration system is a functional domain of the Motor Registering Authority (MRA) of the Excise and Taxation Departments (E&TD) falling under various Provincial Governments.
11. MVRS is important, not only for the direct functioning of the E&TD but also for other stakeholders that need to interact with the system in the proposed integrated environment. The capability to access data

and to be interactive, enables the registration system to become more accurate, reliable and meaningful. Although MVRS have been computerized in various provinces but there is no coordination and connectivity between Provinces and Federal Government agencies.

12. The emerging complexities of the current environment demands an integrated framework that should therefore be able to manage large and fast growing vehicle population and serve the wider requirements of relevant stakeholders.
13. The GoP has therefore approved the creation of a "**Central Data Repository**" (CDR) without infringing on the provincial domains through a mechanism that brings in the Federal role and positions the Provincial Registration Systems to contribute to the wider national needs such as those of the National Trade Corridor.
14. A detailed operational mechanism of CDR has been clearly defined in Chapter-5. Federal CDR would be established by Ministry of Communications through NADRA in consultation with the Provincial Transport Departments. The Government has consented to house the Federal CDR at NADRA.

Motor Vehicle Examination (MVE)

15. In the context of "Modernizing the Trucking Sector", regular fitness testing of vehicles and certification for road worthiness is an essential component of road and environment safety. The legal basis for motor vehicle fitness examination and fitness certification exists in Motor Vehicles Ordinance 1965, under Rule 35 of Motor Vehicle Rules 1969. Beyond the legal requirement, there is complete absence of any detailed operational standards or an effective regulatory framework that can manage modern day requirements and compliance with international standards of vehicle fitness testing and certification. Currently, vehicle fitness certification i.e. periodic requirement for Inspection and Certification applies only to commercial vehicles. Even with these vehicles the certification function is no more than an

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eye wash. The Motor Vehicle Examiners are neither trained nor equipped for the function of testing and certification and the provincial systems are not harmonized.

16. Introduction of effective Vehicle Fitness Testing and Certification applicable to all categories and classes of vehicles in Pakistan was therefore proposed in this policy document which was duly approved by GoP. In the context of modernizing the Trucking Industry, in particular, an early start is required to address the category of heavy vehicles as this category poses the highest compromises to road safety.
17. The function of Motor Vehicle Examination shall be revamped by introducing vehicle fitness testing regime with a graduated implementation and enforcement approach. Establishment of dedicated and certified workshops/fitness testing stations can be undertaken as the Public - Private Partnership Projects or complete outsourcing of the fitness facilities could be looked into .
18. With the implementation of the new regime, the Motor Vehicle Examiner, with an enhanced capability and capacity, would takeover the roles of regulation, inspection, investigation and monitoring. In this context, a set of uniform standards and inspection procedures shall be introduced in all the Provinces and District Transport Departments/ MVEs.
19. Ministry of Communications/ NTRC shall undertake a project in consultation with Provincial Authorities to revamp and strengthen MVE to carry out licensing/ accreditation and periodic inspection of the Vehicle Fitness Stations (VFTS) along with standardizing inspection procedures in all Provinces and defining standard criteria for designated workshops or VFTS.

Axle Load Management

20. The illegal Modification of trucks in the back street markets and low freight rates due to unhealthy competition encourages overloading which results in road damages and causes accidents. According to an estimate, 30% of the 2, 3 axle trucks are overloaded while 40% of 4, 5 and 6 axle trucks are overloaded. Road deterioration and damages due to overloading are

imposing huge infrastructure maintenance cost as well as slow travel times and high fuel costs. It is therefore proposed that strict implement of the "Axle Overload Control Regime" in accordance with the National Highway Safety Ordinance 2000 should be ensured. The implementation of the permissible load limits as defined by NHA shall be enforced.

21. In addition to the above, following measures shall further be taken to ensure strict enforcement of axle load regime :
 - i) Weigh-bridges near loading points of goods and at entry points of Highways and Motorways. (NHAs phase wise programme to ensure the same).
 - ii) NHA to access truck data from the Provincial MVR/ CDR.
 - iii) Weighbridges also to be established at the Trans Freight Stations.

Drivers Licensing/Training

22. There is a complete lack of system to regulate learning, testing and licensing. The holder of driving license generally poses a danger, both to his own life and to the life and property of others. As the vehicle population increases and with it unqualified drivers, ever increasing speeds on an improving network of roads and highways are creating great risk to life and property then ever before.
23. There is an urgent need to revamp the Driver Licensing System in Pakistan. Also in the context of Modernization of Trucking Sector, the subject of licensing the truck drivers, appropriately trained for driving modern vehicles on national and international highways needs to have a proper and systemized approach to re-train and re-license the existing population of almost 0.2 million drivers.
24. For this, establishment of accredited, approved, well equipped driver training schools for truck drivers, having modern training systems and techniques to cater to the modern day demands of driving on the National Trade Corridor in accordance with international norm and standards have been approved by GoP under the Trucking Policy.
25. Ministry of Communications/ NTRC in collaboration with NAVTEC and TEVTA

shall implement the above proposal. Interested local OEM's will be encouraged to participate in setting up Driver Training Schools. NLC, which has presently got a well established set up of drivers training shall be brought into the loop and their facilities to be opened up for training of other drivers. Existing Driver Licensing Laws, Rules and Regulations shall be Reviewed and harmonized by NTRC.

Trans Freight Stations

- 26 Presently, there are no specified in-transit Parking and waiting areas of trucks, as a consequence of which the periphery and all major cities are cluttered and choked with a growing expanse of disorganized parking and waiting areas.
- 27 Introduction of dedicated, multi purpose parking and resting facilities for trucks and drivers referred to as "**Trans Freight Stations**" (TFS) at locations close to the main cities have been approved by GoP on Federal Roads. Provincial Governments may decide the matter as they deem fit. The 'TFS' would be a logical facilitation point or hub for providing '**Single Point**' for truck operations, by having all the possible support infrastructure like registered and authorized workshops, service stations, storage facilities, MVE and MVR etc. Conceptual layout of TFS has been detailed in Chaper-7.
28. Opportunities such as these would also attract local and foreign investors to the truck fleet operations. Land for the TFS shall be provided by Provinces at suitable locations close to main cities. These 'TFS' would be established by National Industrial Parks Management & Development Company (NIPS) and would be managed through Public/Private partnership - MoIP&SI would be the focal point.

Trailer Manufacturing and Separate Trailer Registration

29. For encouraging the local trailer manufacturers, the GoP has already provided exemption of sales tax to local

trailer manufacturers registered with EDB as they import CKD Kits under SRO 656 (I)/2006. To further streamline this sector, separate registration of trailers is being proposed in the Trucking Policy. Non Registered Trailer Manufacturers in the informal sector would require to get registered within next four years. Ministry of Communications shall coordinate with the Provincial Registration Authorities to enforce the following:

- i) Trailer manufactures to provide chassis number stamped on the trailer frame.
- ii) The number to be on record of the Registering Authority as a Vehicle Identification Number.
- iii) Implementation of the decision and provision to display two number plates, distinct in color, on the rear back of the last trailer.

National Standards and Specifications for Trucks / Trailers/ Semi Trailers

30. While firming up the Trucking Policy to modernize the present trucking fleet, issue of absence of National Standards and Specifications emerged as an important core area requiring immediate attention. National Standards for LCV's, HCV's and Trailers/ Semi Trailers have therefore been drafted by EDB/ MoIP&SI through active participation of OEM's and Auto Sector Experts. PSQCA shall implement and enforce these standards after adoption.

Industrial Estates for Truck/Bus Body Makers

31. Truck body making activity is being carried out in a fragmented and unorganized manner at various clusters throughout the country. In order to streamline this activity, establishment of Truck/Bus Body Making Industrial Estates is recommended in the Trucking Policy. NIPS shall establish a Model Industrial Estate at Lahore. An Action Plan would be prepared by NIPS for establishing such Estates in other clusters in various cities of the country.