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**China-Pakistan Economic Corridor (CPEC) – An Opportunity for
Economic & Social Transformation**

Understanding Port Efficiency: A CPEC Perspective

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Introduction

- In 2015, China was the largest export economy of the world, reaching an export value of \$2281.9 billion USD
- However, as a result of decrease in commodity and energy prices in recent years, China faces challenges in maintaining its existing growth rate. (UN International Merchandise Trade Statistics, 2015)
- China tends to create new markets for Chinese companies; tackling industrial overcapacity; and amassing enormous foreign reserves (Summers, 2016; Amir, 2016)

Introduction

- China has invested heavily to boost integrated economic growth through mega infrastructure projects across 6 corridors to provide a crucial connection between economic nodes that are usually centers in an urban landscape (Brunner, 2013).
- China-Pakistan Economic Corridor (CPEC) gives the regional connectivity to global powers by virtue of the geographical location of Pakistan in pursuit of furthering their economic interests (Shaikh et al., 2016).
- However, this transportation corridor traverses extremely harsh landscape and weather conditions that consequently pose colossal infrastructure challenges (Derya, 2017).

Introduction

- The key components of a port production process are a transport route and logistics corridor comprising ports that feature both physical infrastructure and logistics suprastructure (Rodruigue, 2012).
- The efficient operationalization of CPEC is largely dependent on the productivity of dry ports and sea ports situated at various nodes on supply chain routes to facilitate imports, transit trade and export functions (Derya, 2017, Rafi et al., 2016).
- The CPEC operationalization in November 2016 from Sost Dry Port in Gilgit-Baltistan faced a barrage of operational challenges (“Customs Today,” 2016).

Research Objective

The current study attempts to provide an insight into the efficacious use and development of Pakistani ports located along the China-Pakistan Economic Corridor, and to develop an understanding about port efficiency. The said understanding may help the policy makers prioritize development initiatives regarding physical infrastructure, logistics suprastructure and value-added services at ports to make CPEC a success.

Literature Review

- The China- Pakistan Economic Corridor (CPEC) is the realization of China's vision of "One Belt, One Road", a means through which landlocked countries gain interconnectivity (Wang, 2016).
- The CPEC envisions upgrading infrastructure, developing the energy sector and establishing industrial parks with an estimated cost of \$46 billion USD by 2030 (Amir, 2016).
- Pakistan would become the first transit hub in the new Silk Road (Nilofer et al., 2015).

Literature Review

- A port or terminal is a common user facility with public authority status, equipped with fixed installations and offering value-added services for handling and temporarily providing storage facilities for any kind of goods, (Jaržemskis et al., 2007, Patra, 2015).
- Customs controls the clearance of goods for home-consumption, warehousing, temporary storage for onward transit and exports (Van Klink et al, 1998; Slack, 1999; Notteboom, 2002).

Literature Review

- Port efficiency leads to speedy trade facilitation and competitiveness (Bichou et al., 2004; Le-Griffin et al, 2006; Sutomo et al., 2012; Beresford et al, 2012; Patra, 2015).
- Port efficiency relates to the performance by logistics operators and Customs for cargo clearance and trans-shipment through port services based on available infrastructure (Sanchez et al., 2003; Tongzon et al., 2009; Sutomo et al., 2012; Kobina van Dyck et al., 2015).
- Port efficiency is a key contributor to a nation's international economic and trade competitiveness and development (Cullinane et al., 2002)

Literature Review

- Spatial structures are referred to as **physical or real-estate terminal infrastructures** i.e., inland ports, airports, train stations and sea ports etc. constructed and erected as fixed locations and facilities (Cullinane et al., 2002).
- Technical structures at a port are the cargo handling facilities, installed or movable, referred to as **logistics suprastructures** (Ruiz- Garcia et al., 2013; Kobina Van Dyck et al., 2015).
- Port efficiency has been measured through performance of spatial and technical structures through various indicators (Pfohl et al., 2000, Cullinane et al., 2002, Wanke, 2013).

Literature Review

- Physical infrastructure includes Bonded Warehouses, Assessment Halls, Goods Examination Sheds, Fumigation and Quarantine Sheds, Forensic and Sample testing laboratories to facilitate trade (Notteboom et al., 2001; Maglen, 2002).
- Logistics suprastructure includes Cargo handling machinery that increases port efficiency by clearing port area for new arrivals (Roderigue et al., 2010).
- A robust ICT infrastructure is an important component of logistics suprastructure for strategic networking among transport nodes for efficient inland and cross-border traffic management (Notteboom et al., 2001).

Literature Review

- **Value-added Services** relate to cargo handling, Customs clearance, phyto-sanitary and material testing to efficiently reduce cargo dwell time & decrease the overall cost of the shipper (Beresford et al., 2012; Sanchez et al., 2003, Otsuki et al., 2013, Maglen, 2002)
- In-Gate and Out-Gate automated operations can lead to port efficiency in terms of real-time control of container flow (Giuliano et al., 2008).
- Web-enabled surveillance of incoming and outgoing cargo through installation of various electronic reporting mechanisms lead to prevention of enroute cargo pilferage (Bichou, 2011).

Research Methodology

- Qualitative methods were used by the researchers in order to explore and understand port efficiency in the perspective of CPEC.
- 45 to 60 minutes Face-to-face Interviews with the respondents were conducted.
- The respondents included 12 males and 3 females.
- The respondents were knowledgeable and experienced Pakistani professionals from public and private sectors dealing with trade facilitation.

Respondent Details

Respondents	Gender	Title	Age	Experience
Respondent 1	Female	Senior Policy Making Government Official	56	27 years
Respondent 2	Male	Senior Government Official	44	15 years
Respondent 3	Male	Senior Government Official	35	10 years
Respondent 4	Male	Entrepreneur (Multi-National Firm)	40	13 years
Respondent 5	Male	Senior Official (Port Authority)	51	24 years
Respondent 6	Male	Import Manager (Industrial Manufacturing)	52	18 years
Respondent 7	Male	Senior Operations Manager (Freight Forwarding)	51	35 years
Respondent 8	Male	Technical Manager (IT)	52	23 years
Respondent 9	Male	Marketing Manager (Trading)	36	10 years
Respondent 10	Male	Senior Executive (Construction Firm)	47	22 years
Respondent 11	Female	Senior Government Official	49	27 years
Respondent 12	Male	Chief Executive (Clearing House)	43	18 years
Respondent 13	Male	Senior Executive (Chamber of Commerce)	53	36 years
Respondent 14	Male	Senior Executive (Chamber of Commerce)	61	39 years
Respondent 15	Female	Professor (Higher Education)	60	32 years

Findings and Discussions

From the interviews the following themes were found:

1. China-Pakistan Economic Corridor and its significance
2. Importance of Port - Structures and Services and Port efficiency
3. CPEC and Port Efficiency based on Physical & Logistics Infrastructures
4. CPEC and Port efficiency based on Value-added Services

Conclusion

- The study evidently highlights that port efficiency plays a vital role in trade facilitation in the international business arena.
- Port efficiency is achieved through the right mix of port infrastructure, logistics supra-structure and related value-added services.
- Enhancement in port efficiency become more significant against the CPEC backdrop as Pakistani ports will see a tremendous increase in containerized traffic in the near future.
- Top management must have comprehensive knowledge of the factors that optimize port efficiency. This would help in formulating policies to make supply chain operations associated with port clearances more competitive and cost-effective.

Thank You