

VISIT OF MR. ASIM SIDDIQUI, CHAIRMAN, ALL PAKISTAN SHIPPING ASSOCIATION (APSA).

ON 29TH APRIL, 2024 AT 12:15 PM, KCCI

PARTICIPANTS

S No.	Name	Designation
1	Iftikhar Ahmed Sheikh	President KCCI
2	Altaf A. Ghaffar	Senior Vice President
3	Tanveer Ahmed Barry	Vice President
4	Muhammaf Farooq Zahid	Chairman Maritime Affair Subcommittee-KCCI
5	Aslam Pakhali	Deputy Chairman Maritime Affair Subcommittee-KCCI
6	Muhammad Younus Soomro	Advisor Maritime Affair Subcommittee-KCCI
7	Sheikh Waqas Anjum	Chairman Customs & Valuation Subcommittee-KCCI
8	Asim Siddiqui	Chairman, APSA
9	Capt Ibrahim Zaheer Khan	Secretary General, APSA
10	Imran Bawani	CEO, CMA CGM
From KCCI Secretariat		
11	S.M.H Rizvi	Secretary General-KCCI
12	Ghulam Sarwar Khan	Deputy Secretary-KCCI

Mr. Iftikhar Ahmed Sheikh, President of KCCI, welcomed Mr. Asim Siddiqui, Chairman of APSA, and his team to the KCCI office; and introduced the office bearers and managing committee members that were present. Mr. Asim started by asking Mr. Aslam Pakhali about the countries where fruits and vegetables are exported from Pakistan. He informed Mr. Asim that fruits and vegetables are currently being exported to the Far East and Russia. Mr. Asim then asked about the items that are being exported to the Philippines and their respective volume of exports of those items. Mr. Aslam Pakhali responded by informing Mr. Asim that mainly oranges are exported to the Philippines, but the volume of exports has decreased significantly mainly due to two reasons. Firstly, the quality of the Pakistani oranges have not improved in the last 60 years – our products have a limited shelf life and numerous seeds compared to seedless oranges that are being grown by other countries. Secondly, being a part of the ASEAN countries, the Chinese have taken over the market. These issues have been raised in many forums including the Ministry of National Fruit Security & Research. Mr. Asim asked if the farmers are aware of these advancements, in response to which Mr. Younus Soomro said that farmers have a different mindset. The farmers hesitate to adopt new methods and don't want to change their farming style, fearing that they might be taken over. Mr. Aslam Pakhali added that during General Musharraf's tenure, a new department called the Pakistan Horticulture Export Board was established primarily for product development. However, after a while, it was converted into a company by Mr. Maqdoom Ameen Fahim. Mr. Aslam added that we can export oranges to China, but unfortunately, we cannot meet their

quarantine requirements and our fruits lack the cosmetic appearance that Chinese consumers prefer.

The Senior Vice President Mr. Altaf A. Ghaffar questioned Mr. Asim about the way in which the shipping companies operate in Pakistan, unregulated by the Government, which is causing a lot of hardship for business owners. According to Mr. Asim Siddiqui, APSA represents thirty agency shipping lines in Pakistan. Most of these shipping companies operate as a service provider with their central office located overseas and work on systems that they cannot alter in Pakistan. He added that just like terminals such as QICT, KGTL, and SAPT are all part of a multinational set-up with limited flexibility to amend their operating systems we as agents of foreign shipping lines also have limited control on the operational set-up. We have to seek approval from the head office for any fee waivers that we wish to provide as we are unable to alter the operational system that makes it all happen. Mr. Altaf A. Ghaffar said that our President, Mr. Iftikhar Ahmed Sheikh, has put a lot of effort in trying to find a solution to this and many other issues being faced by the business community and is better suited to discuss this further.

Mr. Iftikhar Ahmed Sheikh spoke about concerns of the business community who are incurring extremely high costs at the hands of shipping companies in the form of the exorbitant amounts for detention charges that they charge, over which the traders have no control. He stressed the need of a formal regulatory authority that has oversight on the industry and can work towards addressing and resolving the issues being faced by traders in the country. He also said he has raised a number of concerns in his meeting with the Chairman KPT and lately with the Federal Minister for Maritime Affairs, Mr. Qaiser Ahmed Sheikh. The main points raised included:

1. A regulatory body should be established consisting of representatives from both the business community and the shipping companies and other interested parties, which should convene to consider the issues and their potential solutions.
2. For the last few years, containers have can only be released from Karachi ports between 11:00 p.m. and 5:00 a.m., in accordance with high court orders. Even though the terminal operates around the clock, with these restrictions, the five free days usually granted by the shipping lines is insufficient to transport containers through heavy traffic.
3. Shipping companies charge detention charges of up to \$150 per day (which is equivalent to approximately Rs. 45000 a day). Whilst the terminals charge between Rs. 3000 and Rs. 5000 per day for storage. This difference is excessive and such a discrepancy does not exist in any other market. This discrepancy is not workable for the business community as it is driving up operating costs. The President said that we are willing to sit together to devise a workable plan of action that is acceptable to all stakeholders.
4. Delivery order costs are also exorbitantly high going up to as high as Rs. 150,000 in case of certain shipping companies. In addition to this, charges such as THC charges are imposed by shipping lines and terminals; and the reason for these charges being charged by both the shipping company and the terminals is not clear to us.
5. The free days start from the moment the vessel docks at the berth. We demand that the free days should start once the cargo is fully discharged.
6. Businesses have faced a number of challenges lately due to Pakistan's foreign exchange situation. Due to the shortage of USD, clearance of documents was taking significant

longer than usual and the importers were being charged huge sums in the form of container rent and demurrage. We demand that the container rent should be capped at the actual cost of the container and thereafter nominal charge of Rs. 2000–Rs. 3000 should be charged from importers.

7. Shipping companies demand pay orders for security deposits, which in most cases are encashed and a refund is usually provided 30-45 days after the refund request is submitted in the form of a pre-dated cheque. This is against the high court's order, which clearly states that the security deposits need to be returned within seven days of the refund case being filed.
8. Insurance costs are charged by shipping companies; yet they deduct cleaning and damage costs from the deposit. Unfair damage/cleaning charges are imposed even on dry shipping containers containing cloth or pulses.
9. A majority of the shipping companies close at 2:30 pm; and a message is conveyed by the guards that we should return on the next working day. Additionally, most of the shipping companies close at 12:00 pm on Friday and are off on Saturday and Sunday, yet they charge up to \$150 per day while they are closed. The shipping lines should not charge rent for days on which they are unable to issue delivery orders such as weekends and public holidays. The President also added that the staff at shipping companies behaves in a condescending manner and is outright rude in certain instances.

Mr. Younus Soomro stated that we have all the evidences to corroborate the points raised by the President and also showed a video of security guards of a shipping company misbehaving and manhandling a representative of the importer. Mr. Younus Soomro also showed evidence of misconduct by MSC shipping and Greenpak Shipping. He informed Mr. Asim Siddiqui that he hopes that he will address all these issues and instruct the shipping companies to mend their ways.

Talking about reefer containers, Mr. Aslam Pakhali stressed the importance of the shipping companies outlining the destination charges at the outset as opposed to charging fees at the destination without providing any prior information. In addition in case of trans-shipments if the schedule of a vessel changes the line charges delay, detention and plugins charges from the consignee who in turn deducts it from our payment. He further added that these delays also at times affect the temperature of refer containers and therefore affects the quality of the cargo.

Mr. Asim Siddiqui said that he has come to the KCCI as a friend of the business community. He said that he would like to address the points that were raised by giving the perspective of the shipping companies.

1. He said he will not discuss regulatory issues as that is a separate discussion but stressed that we should look at him as the regulator and he is available to address/solve any issues being faced by the traders.
2. With respect to free days, he stated that the free days are calculated by the system at the time of booking. At the time of booking the shipper has the option of requesting additional free days and based on that request shipping companies quote the freight. He did agree

that the free days starting from the time the vessel arrives is a genuine issue and that he will take it up with the members of his association.

On the point related to detention charges, he started by saying that he will not discuss whether the detention charges are low or high but said that these charges are penalties imposed by the companies in lieu of potential loss of business once the container is not returned within the agreed timeline. He did say that he will discuss the point of these charges with the shipping companies and evaluate the possibility of bringing it down to reasonable levels. Mr. Imran Bawani said if there is issue of detention charges they can come to him he will try see and help.

3. On the point related to THCs Mr. Asim said that there are two types of terminal charges. One is related to charges incurred when the cargo is offloaded from the vessel and the other are charges that are charged by the terminals. Mr. Asim agreed that both shipping line and terminal should not charge the same charges.
4. Acknowledging the varying exchange rates charged by shipping companies he assured the President that he will work to resolve this issue. The President insisted that the rent and all charges should not be charged US dollars and instead should be charged in the local currency like in other countries.
5. Mr. Asim further acknowledged that a shipping line that charges insurance should not take security deposit, but also outlined that the insurance charges only covers theft.

Mr. Waqas Anjum, Chairman, Customs and Valuation Subcommittee KCCI suggested that all the shipping lines should share the contact number of their focal person with the KCCI for correspondence and Mr Asim agreed to look into this. Mr. Waqas further added that quite a few shipping companies are charging very high rates in the form of late DO charges which does not make any sense, Mr. Asim noted this point and assured those present that it will be discussed with shipping companies.

Mr. Asim made the point that there is perfect competition in the industry and by boycotting a shipping company that engages in unethical behavior we can drive out unethical businesses from the market. He said that instead of blaming the entire industry we should single out the companies that are engaging in unethical practices, because in doing so the regional or global offices will get involve and will question the senior management; and the senior management will certainly want to avoid such a situation from airing. Mr. Iftikhar Ahmed Sheikh added that while he had brought up the subject of shipping businesses in the media in general, going forward he will name the shipping companies.

Conclusion

It was concluded by Mr. Iftikhar Ahmed Sheikh, Mr. Asim Siddiqui and all members of the meeting that a Joint Action Working Committee should be formed comprising of members from both the KCCI and the shipping companies to sit and discuss how to resolve these concerns.