

## Transport and Communication

A strong and reliable transport and communication sector is extremely important for the advancement of the economic system. The present government attaches high importance to this sector. The China Pakistan Economic Corridor (CPEC) is also going to build up an efficient transport and communication system which will not only positively influence mobility of the factors of productions, stimulate trade, extension of markets, increase in employment, but will also support spread of education as well increase in social welfare, and help in stability of prices.

### National Highway Authority

The present National Highway Authority (NHA) network comprises of 39 national highways, motorways, expressways, and strategic roads. Current length of this network is 12,131 km. Under Annual Maintenance Plan (AMP) funded through NHA's own resources, about 665 km road network has been

rehabilitated / improved across the country. Pakistan is geographically bisected into two halves by River Indus. Eastern segment is historically well developed. To bring the Western segment at par with the Eastern half, NHA is improving East West connectivity through construction of numerous bridges across river Indus in addition to investing and paying extra attention to the development of west.

### Expansion of NHA Network

NHA's existing development portfolio consists of 72 on-going projects with an allocation of Rs. 305,020.337 million in PSDP 2017-18 out of which 86,150.000 million is as Foreign Exchange Component (FEC) and Rs. 218,870.337 million is as local component. There are also 13 new schemes in PSDP 2017-18 with total estimated cost of Rs. 14,700.000 million. Currently following are the ongoing CPEC projects related to NHA.

#### • Short Term Projects (Eastern Alignment)

Sr.	Project Name	Length in Km	Status	Indicative Plan Period
1	Khunjrab – Raikot including Atta Abad Lake	335 Km	Completed	-
2	Raikot – Thakot (N-35)	270 Km	Planning Stage	2018-23
3	Thakot – Havelian (E-35)	118 Km	Under Construction	2013-20
4	Havelian – M1 (Burhan) E-35	59 km	Completed	2013-19
5	M1 – Gojra (M-1, M-2, M4)	402 km	Completed	-
6	Gojra – Khanewal (M-4)	127 km	Under Construction	2013-18
7	Khanewal – Multan (M-4 Ext.)	57 Km	Completed	-
8	Multan – Sukkur (M-5)	392 Km	Under Construction	2013-19
9	Sukkur – Hyderabad (M-6)	296 km	Under Procurement	2018-23
10	Hyderabad – Karachi (M-9)	136 Km	Substantially Completed	2013-18 (June 2018)
11	Sukkur – Shikarpur (N-65)	40 km	Completed	-
12	Shikarpur – RatoDero (N-55)	49 km	FS / DD for Dualization commenced	2018-23
13	RatoDero – QubaSaeed Khan (M-8)	59 km	Completed	2013-18
14	QubaSaeed Khan – Wangu Hills (M-8)	42 km	Near in Completion	2013-18
15	Wangu Hills – Khuzdar (M-8)	113 km	Near in Completion	2013-18
16	Khuzdar – Basima (N-30)	110 km	PC-I approved	2018-2020
17	Basima-Hoshab-Gwadar	400km	Completed	

• **Short to Medium Term Projects (Western Alignment)**

Sr.	Project Name	Length in Km	Status	Indicative Plan Period
1	Hakla (Islamabad) – Yarik (D.I. Khan)	285 Km	Under Construction	2013-19
2	Yarik – Zhob (N-50)	235 km	PC-I approved Detailed Design is in process	2018-23
3	Zhob – Quetta (N-50)	331 km	Planning Stage	2018-23
4	Quetta – Khuzdar (N-25)	306 Km	Detailed Design is in progress	2018-23
5	Surab – Hoshab (N-85)	449 Km	Completed	-
6	Hoshab – Gwadar (M-8)	193 Km	Completed	-

• **Medium to Long Term Projects (Central Alignment):**

Sr.	Project Name	Length in Km	Status	Indicative Plan Period
1	D.I. Khan – DG Khan	229 Km	Feasibility Study Plan in 2025	2023-28 2028-33
2	D.G. Khan – Dera Allah Yar	303 Km	Feasibility Study Plan in 2025	2023-28 2028-33
3	Dera Allah Yar – Wangu Hills	94 Km	Feasibility Study Plan in 2025	2023-28 2028-33

**Motorways**

NHA has constructed three segments of Pakistan Motorway Network viz M-1 (Peshawar-Islamabad), M-2 (Islamabad-Lahore) and M-3 (Pindi Bhattian-Faisalabad)

bringing remote areas on mainline and boosting economic activities. NHA is now constructing M-4 (Faisalabad-Khanewal-Multan) and Karachi-Hyderabad Motorway (M-9). Detail of NHA Motorway network is as under:

Sr.No.	Motorway	Length	Status
1.	M-1 (Peshawar-Islamabad)	156 Km	Completed
2.	M-2 (Islamabad-Lahore)	357 Km	Completed
3.	Havelian – Manserah	39 km	Under construction
4.	Hazara Motorway (E-35)	59 km	Under construction
5.	Hakla-D.I.Khan	285 km	Completion Dec:2019
6.	Sialkot-Lahore	91.3 km	Completion Dec:2018
7.	Lahore-Multan (M-3)	230 km	Completion Aug:2018
8.	Faisalabad-Gojra (M-4)	58 km	Completed
9.	Gojra-Shorkot (M-4)	62 km	Completion: August 2018
10.	Shorkot- Khanewal (M-4)	64 km	Completion: August 2018
11.	KWL-MLN (M-4 Ext.)	56 km	Completed
12.	Sukkur-Multan (M-5)	392 km	Completion 2019
13.	Hyderabad-Sukkur (M-6)	296 km	Procurement under process
14.	Karachi-Hyderabad (M-9)	136km	Under Completion June 2018
<b>Total Length</b>		<b>2,362.3km</b>	

In addition to above, following is the detail of projects through development partners' assistance;

**A. Asian Development Bank (ADB) Assisted Projects**

- i. Flood Emergency Rehabilitation Project - Phase-I (343 km) (Under Construction)

- ii. Construction of Gojra - Khanewal M-4 (126 km) (Under Process)
- iii. Flood Emergency Rehabilitation Project - Phase-II (335 km) (Under Construction)
- iv. Balochistan Package
- Zhob - Mughalkot Section of N-50 (80 km) (Under Construction)

- QillaSaifullah - Waigum - Rud section of N-70 (124 km) (Under Construction)
- v. Burhan - Havelian Expressway (E-35) 59 km(Under Construction)

**B. Islamic Development Bank (IDB) Assisted Projects**

- Multan - Khanewal Section (57 km) M-4 Extension (Completed)

**C. Japan Assisted Projects, JICA (Japan International Cooperation Agency)**

- i. Sehwan - Ratodero Section (200 km) of N-55 (Completed)
- ii. Rakhi Gajj - Bewata Section (34 km) of N-70 (Under Construction)

**D. Korean Exim Bank Assisted Projects**

- i. Chakdarra - Chitral Section (141 km) of N-45 (In procurement stage)
- ii. Malakand Tunnel (In procurement stage)

**E. US AID Grant**

- i. Quetta - Chaman Section of N-25 (120 km) (Completed)
- ii. Peshawar - Torkham Section of N-5 (45 km) (PC-I is in process of approval)

**F. Chinese Financing:**

- i. Raikot - Thakot Section of KKH (276 km) (Loan arrangement is under process)

- ii. Multan – Sukhar (M-5) (392 km) (Completion June 2018)

Further, NHA has planned projects on PPP basis worth Rs. 210,000 Million to be started in near future.

**China-Pakistan Economic Corridor and connectivity**

CPEC complements Pakistan Vision 2025 and Chinese concept of developing Silk Road Economic Belt and 21<sup>st</sup> Century Maritime Silk route. Through CPEC, Pakistan is harnessing its geostrategic location into a geo-economic advantage. It is a massive bilateral project to improve soft as well as hard infrastructure within Pakistan for better trade with China. The goal of CPEC is both to transform Pakistan' economy by modernizing its road, rail, air, and energy transportation systems and to connect the deep-sea ports of Gwadar and Karachi to China and other global economies. Numerous countries have shown interest in participating in this initiative. It is a framework of regional connectivity and a hope for regional peace, development and economic growth.

**CPEC Transport Infrastructure Projects (planned/ under execution)**

The development of Gwadar is a priority of the government. Lying at the mouth of the Persian Gulf, Gwadar is a strategic warm water deep sea port being developed under CPEC. Following transport infrastructure projects are included in CPEC:

S. No.	Projects
1	KKH Phase II (Thakot- Havelian Section)
2	Karachi- Peshawar Motorway (Multan- Sukkur Section)
	<b>Western Route Projects</b>
3	Up gradation of D.I.Khan- Zhob, N-50 Phase-I (210 Km)
4	KKH Thakot –Raikot N35 remaining portion (136 Km)
	<b>Provincial Projects</b>
5	Keti Bunder Sea Port Development Project, Sindh
6	Naukundi- Mashkhel-Panjgur Road Project connecting with M-8 & N-85, Balochistan.
7	Chitral CPEC link road from Gilgit, Shandor, Chitral to Chakdara, KP-GB
8	Mirpur- Muzaffarabad- Mensehra Road Construction for Connectivity with CPEC route, AJK
9	Quetta Water Supply Scheme from Pat feeder Canal, Balochistan
10	Iron Ore Mining, Processing & Steel Mills complex at Chiniot, Punjab.

## Pakistan Economic Survey 2017-18

In addition to road projects, Pakistan and China have agreed to establish a dry port at Havelian, ground breaking of the project is planned this year.

Besides rail and road projects, CPEC focuses on urban development in its nodal cities. For the purpose, 6<sup>th</sup> Joint Coordination Committee (JCC) has approved inclusion of mass transit system in all the four provinces that are in planning and execution phase.

- i. Greater Peshawar Region Mass Transit
- ii. Quetta Mass Transit
- iii. Orange Line – Lahore
- iv. Karachi Circular Railways

### Fiber Optic Connectivity

Pakistan and China are executing Cross- border Fiber optic project (Khunjerab- Rawalpindi). Completion of the 820 km long cable is planned in August 2018. The project will surely support

IT sector development in northern parts of the country besides connecting the Transit Europe-Asia Terrestrial Cable Network with Pakistan. A Pilot Project of Digital Television DTMB (Digital Terrestrial Multiband Broadcast) has also been completed under CPEC.

### Railways

Railway Revitalization Strategy is being implemented, which envisages improvements in business processes and the institutional framework, financial stability, and service delivery.

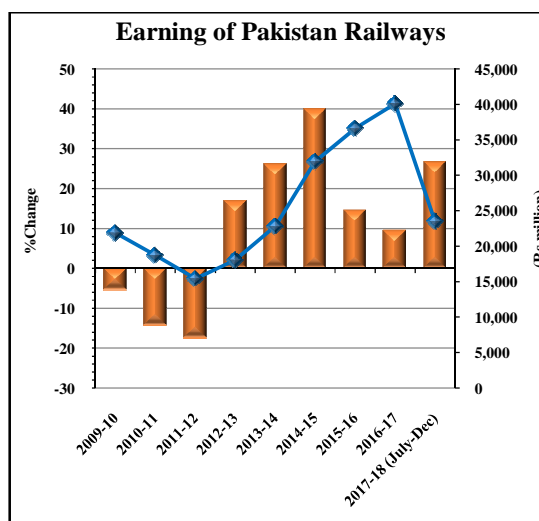
### Current Scenario and Future Plan

During July-Dec 2017-18, gross earnings of Pakistan Railways, number of passenger carried, freight carried and freight tonnes earning has improved by 26.7 percent, 4.7 percent, 55.8 percent and 62.1 percent respectively over the corresponding period of last year. The details are given in the table.

**Table 13.1: Earning of Pakistan Railway**

Fiscal Year	Earning (Rs in million)	% Change
2008-09	23,160	----
2009-10	21,886	-5.5
2010-11	18,740	-14.4
2011-12	15,444	-17.5
2012-13	18,070.55	17
2013-14	22,800.22	26.173
2014-15	31,924	40
2015-16	36,581.87	14.6
2016-17	40,064.95	9.5
<b>(July-Dec)</b>		
2016-17	18548.10	
2017-18	23,505.54	26.7

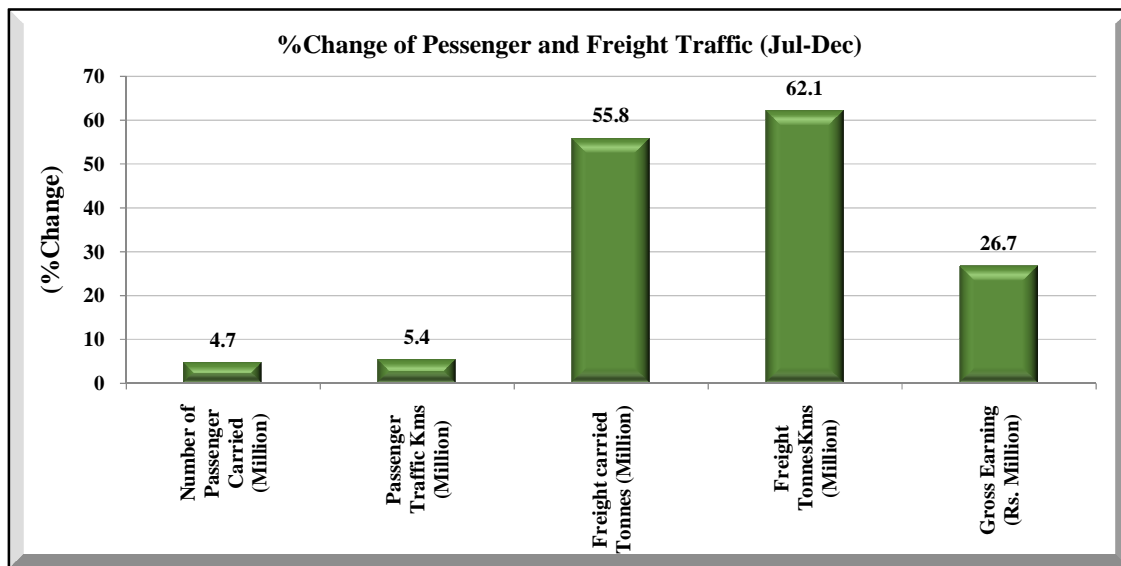
Source: Ministry of Railways



**Table 13.2: Passenger and Freight Traffic**

Subject	2014-15	2015-16	2016-17	(July-Dec)		
				2016-17	2017-18	%Change
Number of Passengers Carried (Million)	52.9	52.2	52.4	26.6	27.9	4.7
Passenger Traffic Kms (Million)	20288.0	21201.0	22475.7	12132.0	12785.0	5.4
Freight carried Tonnes (Million)	3.6	5.0	5.6	2.4	3.8	55.8
Freight Tonnes Kms (Million)	3301.0	4773.5	5031.3	2160.1	3501.3	62.1
Gross Earning (Rs. Million)	31924.0	36581.9	40065.0	18548.1	23505.5	26.7

Source: Ministry of Railways



### New Initiatives

Ministry of Railways is taking following new initiatives to improve performance of Pakistan Railways:

- i. Pakistan Railways is to undertake necessary steps to increase its share in the overall transport sector of Pakistan from 4 percent to 20 percent. Ministry of Railways has prepared Pakistan Railway Strategic Plan (PRSP) to operationalize the targets set in the vision which would provide a long term framework for railway sector development in Pakistan.
- ii. Improve availability of locomotives through special repair of existing locomotives and procurement of new locomotives.
- iii. Special repair/rehabilitation of existing

coaches & wagons and procurement of new coaches & bogie freight wagons.

#### iv. Up-gradation of ML-III:

Quetta-Taftan Railway line is an important section of railway network in the context of regional connectivity with Europe through Iran and Turkey and tapping the mineral potential of Balochistan. In addition, extension of ML-III (Quetta-Bostan-Zhob-D.I Khan-Kotla Jam section) will provide important connection for transportation of freight and passengers between North and South of the country. A feasibility study for up-gradation of ML-III is under process.

- i. The following three trains have also been offered for outsourcing of the commercial management under PPP mode:-

S.No	Train	Route
1	Musa-Pak Express (115-Up/116-Dn)	Lahore-Multan Cantt via Sahiwal
2	Karachi Express (15-Up/16-Dn)	Lahore-Karachi Cantt via Multan Cantt
3	Shalimar Express (27-Up/28-Dn)	Lahore-Karachi Cantt via Faisalabad

### Achievements during the fiscal year 2017-18

#### A. Track

I. The following projects will be completed during the FY 2017-18:

- a. Acquisition of land for Railway Container Yard, Station and Railway line from Sea

Port up to Coastal Highway at Gwadar (Revised).

- b. Doubling/Improvement of existing track from Port Qasim to Bin Qasim Station (CPEC).
- c. (a) PC-II for Feasibility Study to Connect Gwadar with Karachi.

- d. (b) Feasibility Study from Gwadar to Besima and from Besima to Jacobabad via Khuzdar (CPEC).
- e. Preliminary Design/Drawings for Upgradation/rehabilitation of main line (ML-1) and establishment of Dry port near Havelian under CPEC and hiring of design/drawings vetting consultants.
- f. Reopening of rail car from Kohat to Rawalpindi on experimental basis.

**II.** During 2017-18, 74 kms of track was rehabilitated on the Pakistan Railway network besides laying of new track of 4 kms track.

### **B. Rolling Stock**

**I.** The following projects will be completed during the FY 2017-18:-

- i. Rehabilitation of 27 (HGMU- 30 Class) Diesel Electric Locomotives (Revised).
- ii. Procurement/Manufacture of 585 Hopper Wagons and 20 Bogie Brake Vans for Coal Transportation.
- iii. Procurement/ Manufacture of 780 High Capacity Bogie (Hopper) Wagons and 20 Bogie Brake Vans for Coal Transportation (Ph-I)
- iv. Rehabilitation of Rolling Stock and Track.
- v. Special Repair of 800 Coaches and 2000 Wagons.

**II.** Following initiatives are under way for rehabilitation of held up locomotives.

- i. Rehabilitation of 27 (HGMU-30) of 3000 HP DE Locomotives has been completed.
- ii. Special Repair of 100 DE locomotives, to improve their reliability and performance, are also being carried out through PSDP at a cost of Rs.4967 million.
- iii. LC for Procurement of 20 DE locomotives (2000-2500 HP) has been opened during FY 2017-18 and four plants & machinery have been received during FY 2017-18 under project titled "Procurement of 75 DE Locomotives".

- iv. Award of contract for procurement of 234 different types of traction motors (GE-761, D-77/78 & D-29) has been made. Moreover, rehabilitation of 66, Hit-395 type traction motors is under process.

**III.** The procurement/manufacture of 490 hopper wagons and 20 brake vans will be completed during FY 2017-18.

**IV.** Special repair of 19 coaches and 50 wagons and rehabilitation of 15 wagons has been completed during FY 2017-18.

**V.** The PC-I for the procurement/manufacture of 820 high capacity bogie freight wagons & 230 passenger coaches has been approved by ECNEC at a cost of Rs. 31.194 billion during FY 2017-18.

### **Pakistan International Airlines**

Pakistan International Airlines (PIA) has been converted into a company under Companies Ordinance 1984 in order to improve corporate governance. A new Strategic Business Plan 2018-22 has been developed, which provides a five-year roadmap for improving the national carrier's performance. The plan prioritizes segregation of non-core functions from core functions, improvement in customer experience and product, route rationalization, cost reduction/ optimization, HR capability development and IT modernization. The plan is supplemented by a financial restructuring plan, which focuses on curtailing financial and operational losses.

Despite financial constraints and tough and uneven competitive environment PIA gave a stable performance during 2017. To reduce losses PIA had to take measures like route rationalization and temporarily suspended its New York route which was incurring loss of Rs 1.2 billion per annum. The aircrafts was deployed on more profitable routes especially Saudi Arabia. Similarly the Salalah (Oman) route was also suspended to reduce losses. However, frequencies on other viable routes were increased particularly on domestic network i.e Karachi-Lahore-Islamabad.

## Transport and Communication

Significant improvement was achieved on cargo side and the load factor increased by 6.2 percent to 55.2 percent and the tonnage carried increased by 7 percent to 1,469 million RTKs (Revenue Tonne Kilometers).

To cater to market demand PIA had to acquire four A320 aircraft on wet lease which helped during the Hajj season and the capacity remained at the previous level of 2016. Two

new destinations Najaf (Iraq) and Bangkok (Thailand) were opened during 2017. PIA completely refurbished its whole fleet of 32 aircraft. This included change of seat covers, carpets and deep cleansing to the micro level thus giving a totally new look of the aircraft interior. Improvements were carried out in flight service area by imparting trainings and refreshers to all the cabin crew.

**Table 13.3: PIAC Performance**

Indicators	Units	Year 2014	Year 2015	Year 2016	Year 2017
PIA Fleet	No. of planes	34	38	38	36
Route	Kms	389,445	367,251	382,057	360,937
Available Seat	million Kms	16,536	16,666	19,196	19,108
Passenger Load Factor	in percent	72	70.3	71.6	73.20
Revenue Flown	000 Kms	61,389	67,630	79,842	75,207
Revenue Hours Flown	Hours	101,556	111,455	131,838	122,081
Revenue Passengers Carried	000nos.	4,202	4,393	5,487	5,342
Revenue Passengers	million Kms	11,903	11,711	13,751	13,988
Revenue Tonne	million Kms	1,241	1,191	1,375	1,469
Revenue Load Factor	in percent	52	48.9	49.2	55.2
Operating Revenue **	Rs. million	99,519	91,269	89,842	-
Operating Expenses **	Rs. million	11,048	121,222	125,961	-
Available Tonne	million Kms	2,396	2,435	2,798	2,659

\* PIA financial year is based on calendar year i.e. January to December.

\*\* Revenue and cost is based on un-audited accounts.

**Source: Civil Aviation Authority**

### Maritime Affairs Division

#### Pakistan National Shipping Corporation (PNSC)

While the global shipping industry has started showing signs of entering the recovery phase with an increase in Baltic Dry Index (BDI) in the dry bulk segment and an increase in world scale and Average Freight Rate Assessment (AFRA) in liquid segment internationally, therefore there is a likelihood of recovery in the coming months.

#### Financial Performance

During July-December FY 2017-18, financial performance of PNSC is as under:

**Table 13.5: Financial Performance (Rs 000)**

Financial Results	July- December FY 2017-18
Revenue	5,485,915
Expenses	(4,139,005)
Gross Profit	1,346,910
Other Income	671,013
Administrative, General and Other expenses	(979,915)
Finance Cost	(135,229)
<b>Profit before tax</b>	<b>902,779</b>

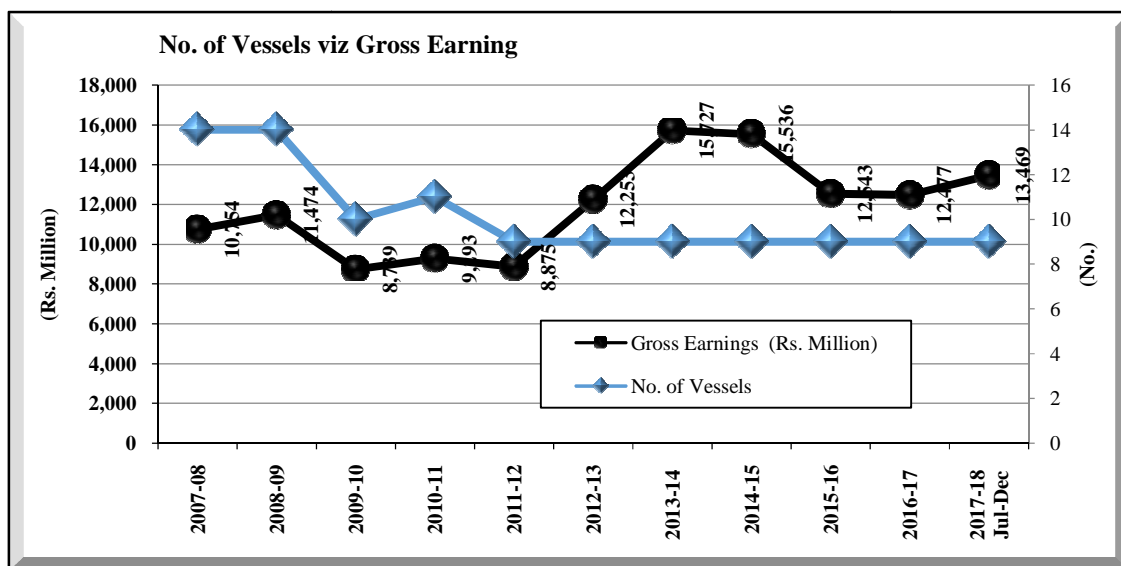
#### Commercial Performance

The commercial and financial performance (un-audited) covering six months activities from 1<sup>st</sup> July 2017 to 31<sup>st</sup> December 2017 is given in the following tables.

**Table 13.4: Commercial Performance**

FY 2017-18 (July-Dec)	Tanker	Chartering	SLOT Consolidated	
	Liquid Cargo (MT)	Dry Cargo MT	TEUs	BB/LCL
	5,774,146.82	882,198.00	1,758.00	43,822.65

The gross earnings of PNSC during last 10 years can be visualized as under:



#### Future Plans of PNSC

- PNSC is in process of acquiring up to two (2) LR-1 product tankers to cater sea transportation requirements of imported clean petroleum products of Pakistan.
- PNSC has also planned to establish a modern ship/ marine workshop in Gwadar to cater future demands of repair and maintenance of ships, craft etc. Currently land acquisition is in progress.
- Furthermore, PNSC intends to engage its dry bulk carriers in transportation of coal

for Pakistan in anticipation of upcoming coal fired power plants which will reduce dependency on foreign carriers required to meet local coal transportation demand.

#### Fleet Strength of PNSC

At present, PNSC fleet comprises of 09 vessels of various type /size (05 bulk carriers & 04 aframax tankers) with a total deadweight capacity (cargo carrying capacity) of 681,806 metric tons i.e. highest ever carrying capacity since inception of PNSC . The present fleet strength of PNSC is as under:

**Table 13.6: Fleet Strength**

SR #	SHIP	BUILT	ACQUIRED IN	TYPE	DWT
1	SIBI	2009	2011	HAND SIZE BC	28,442
2	HYDERABAD	2004	2011	SUPRAMAX BC	52,951
3	MALAKAND	2004	2010	PANAMAX BC	76,830
4	CHITRAL	2003	2010	HANDYMAX BC	46,710
5	MULTAN	2002	2012	SUPRAMAX BC	50,244
6	QUETTA	2003	2008	AFRAMAX TANKER	107,215
7	LAHORE	2003	2010	AFRAMAX TANKER	107,018
8	KARACHI	2003	2010	AFRAMAX TANKER	107,081
9	SHALAMAR	2006	2014	AFRAMAX TANKER	105,315
				<b>TOTAL</b>	<b>681,806</b>

#### Karachi Port Trust (KPT)

During the FY 2018 (Jul-Dec) total cargo handled by KPT shows a progress of 5.3

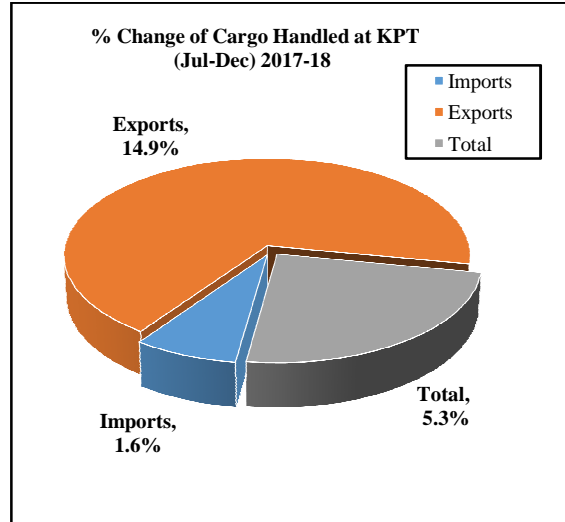
percent with the breakup of export and import of 14.9 percent and 1.6 percent respectively as compared to corresponding period of last year, as shown below;



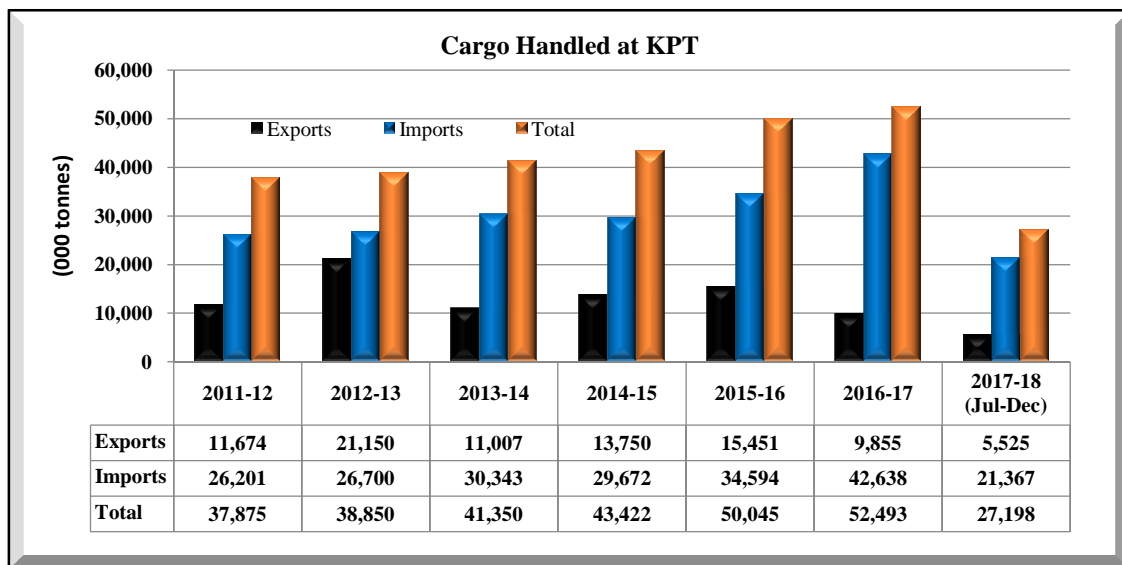
**Table. 13.7: Cargo Handled at Karachi Port Trust (000 tonnes)**

Period	Exports	Imports	Total
2011-12	11,674	26,201	37,875
2012-13	21,150	26,700	38,850
2013-14	11,007	30,343	41,350
2014-15	13,750	29,672	43,422
2015-16	15,451	34,594	50,045
2016-17	9,855	42,638	52,493
<b>(Jul-Dec)</b>			
2016-17	4,810	21,024	25,834
2017-18	5,525	21,367	27,198
<b>%Change (Jul-Dec)</b>	<b>14.9</b>	<b>1.6</b>	<b>5.3</b>
<b>2017-18/ 2016-17</b>			

**Source: Karachi Port Trust**



The commercial performance of Karachi Port Trust during last six year along with 1<sup>st</sup> half of FY 2018;



### Port Qasim Authority (PQA)

Total cargo handling at PQA stands at 21.367 million tonnes during July- December 2017-18. Port Qasim handled a total volume of 21.367 million tonnes during the first half of fiscal year 2017-18 (July- December), showing a substantial increase of 24.5 percent over the 17.165 million tonnes recorded for the same period a year before. The increase of 24.5 percent is attributed to increased handling of Petroleum Oils and Lubricants (POL),

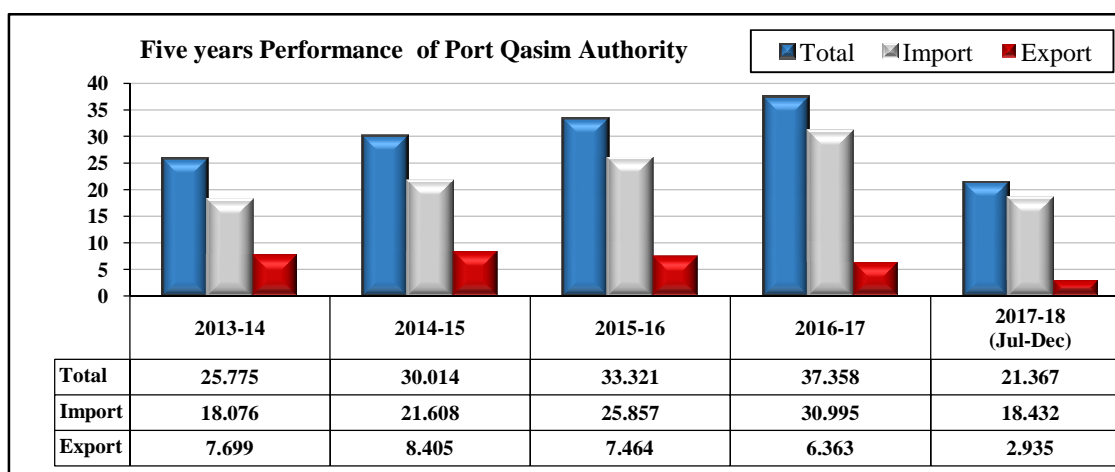
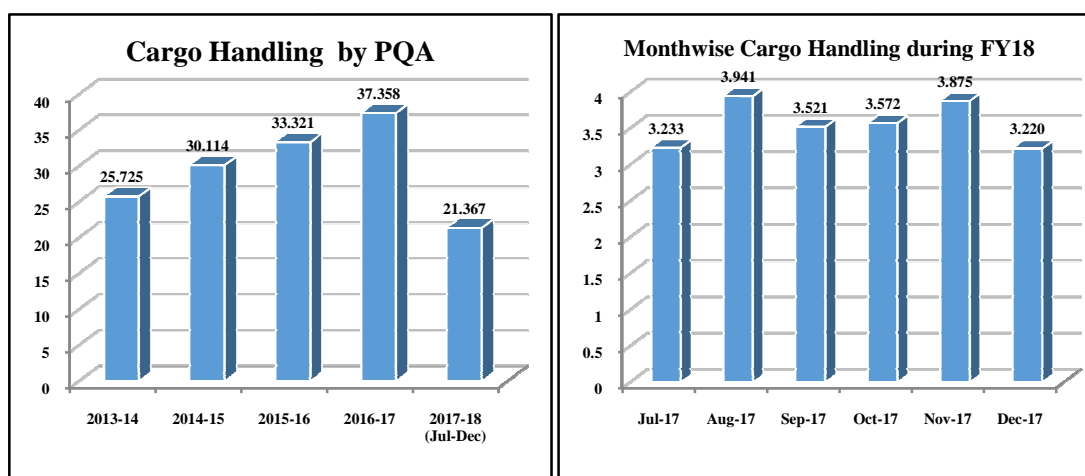
Chemicals, Containerized cargo, Grain, Coal and LNG.

Out of the 21.367 million tonnes, the liquid cargo was 9.872 million tonnes, containerized cargo was 6.865 tonnes and remaining 4.630 million tonnes was miscellaneous types of dry bulk/ break bulk cargo. August remained the highest month in the first half of current fiscal year, reaching over 3.941 million tonnes, while average cargo handling remained at the port at 3.561 million tonnes per month during the July to December 2017-18.

**Table 13.8: cargo handled by PQA (000, tonnes)**

Period	Total	Import	Export
2013-14	25.775	18.076	7.699
2014-15	30.014	21.608	8.405
2015-16	33.321	25.857	7.464
2016-17	37.358	30.995	6.363
2017-18 (Jul-Dec)	21.367	18.432	2.935

Source: Port Qasim Authority



### Gwadar Port

Gwadar Port, the first deep sea port in the country, is a complement to Karachi Port and Port Qasim in order to stimulate economic growth of Pakistan in general and Balochistan in particular by utilizing the available resources of the country and also providing an outlet for land-locked Central Asian States, Western China and Afghanistan through transit trade and offering transshipment facilities.

### Port Operation and Renovation

The earlier port operator, M/s PSA Gwadar International Pte Ltd, was unsuccessful in bringing business to the port and further expansion of its infrastructure. Since May 2013, the port's concessional rights were transferred to the new operator, viz. China Overseas Ports Holding Company Limited (COPHCL). Since the concessions were handed-over to COPHCL, it has been working on improving port

facilities, surrounding environment and port business. The port operator has invested more than \$40 million for up-gradation of the port facilities. The port is now fully operational and receiving commercial vessels on regular basis.

Since 2008, Gwadar Port has handled around 6.474 Metric Ton cargo from 220 ships. The Chinese Operator is working on increasing the number of ship calls at the port. Two ship-liners (COSCO & Sino-Trans) are calling regularly at the port. From May 2015 Container Business has also been started from Gwadar Port. From 7<sup>th</sup> March, 2018 weekly container service has been started by COSCO.

**Table 13.9: Summary of trade up to March 2018**

Total Import	23,832 Metric tons
Total Export	320 Metric tons

### Communication

#### Information and Communication Technology Sector

The Telecommunication market in Pakistan is open and deregulated, offering level playing field to operators. Through enabling telecommunication policies and spectrum auction for next generation mobile services, the broadband penetration has jumped from 3.7 million to 52 million. Information and Communication Technology Sector is pillared on three of the sectors i.e Telecom Sector, Information Technology Sector and National Initiatives for ICTs (IT & Telecom) which is elaborated as under;

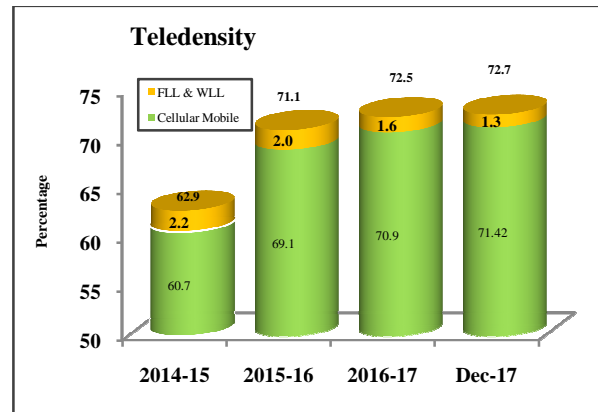
#### 1. Telecom Sector

Through the enabling policies of the Ministry of Information Technology and Telecommunication (M/o IT&T), the telecommunication sector in the country has not only witnessed steady growth, but has also contributed to the national exchequer.

#### Telecom Sector Analysis

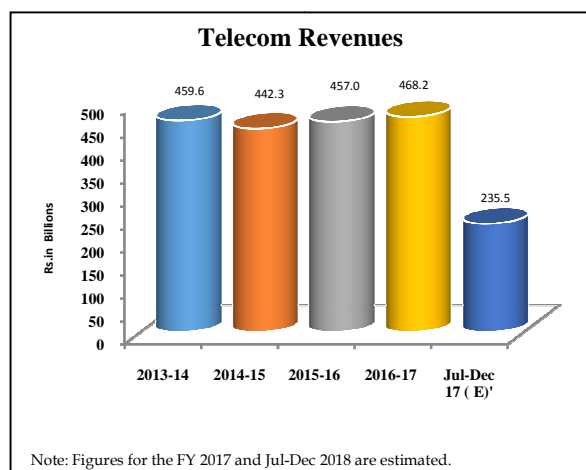
Telecom sector has shown positive growth during the first two quarters of FY 2017-18. Total teledensity reached 72.7 percent at the end of 2<sup>nd</sup> quarter of FY 2017-18, compared to 72.5 percent at the end of last fiscal year. The

prime driver of teledensity rise is the growth in cellular mobile subscribers and the teledensity as of February 2018 is 74.2 percent.



#### Telecom Revenues

Revenues from telecom sector reached an estimated Rs. 235.5 billion during the first two quarters of FY 2017-18. The commercial launch of 3G and 4G Long Term Evolution (LTE) services has opened new opportunities for revenue generation for the mobile operators. Availability of 3G and 4G services has enabled development of new applications and data base services, and people of Pakistan are quickly adapting to these new technologies and services.



#### Telecom Investment

In terms of overall investment in the telecom sector, the momentum that was started in FY 2012-13 for the up-gradation of telecom networks for 3G and 4G services has continued. Telecom operators have invested US\$ 322.9 million during the first two quarters of FY

## Pakistan Economic Survey 2017-18

2017-18. The main driver behind this investment is the cellular mobile sector which

has invested US \$267.94 million during the first two quarters of FY 2017-18.

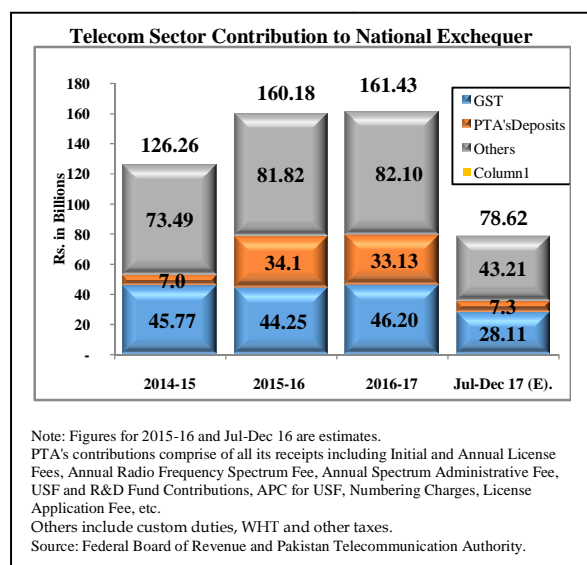
**Table 13.10: Telecom Investment**

US\$ (Million)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 Jul-Dec 17 (E)
Cellular	570.4	1,789.7	977.6	659.4	486.1	267.94
LDI	1.9	1.8	12.2	8.9	11.3	9.95
Fixed	28.0	24.1	15.5	54.0	137.5	45.00
Total	600.3	1,815.6	1,005.3	722.3	634.9	322.9

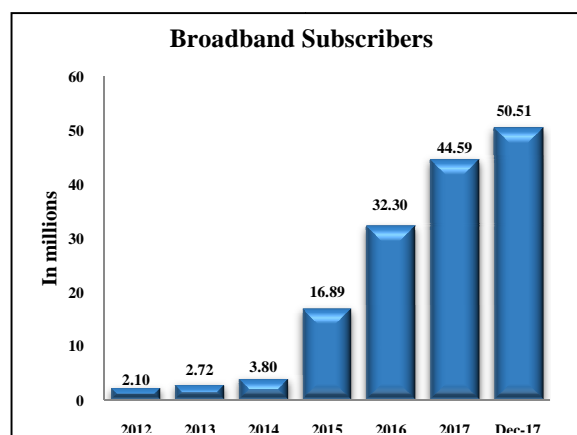
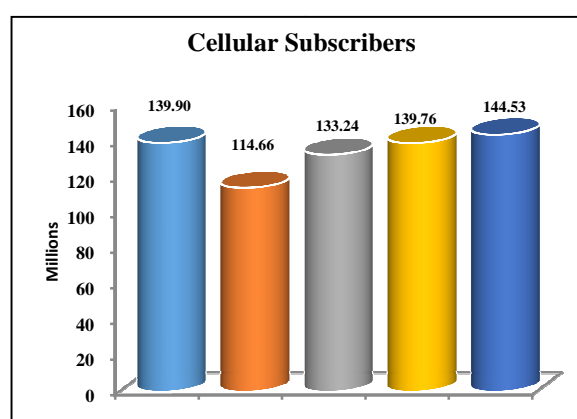
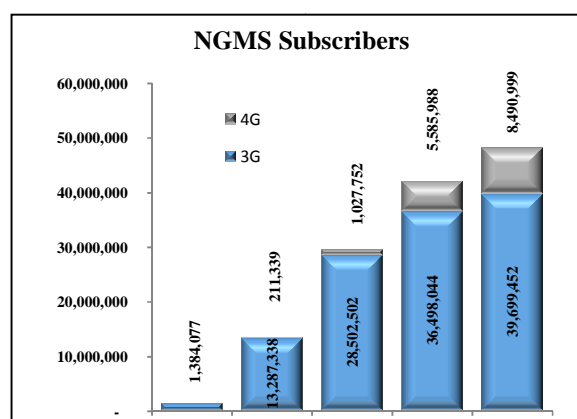
### Telecom Sector Contribution to the National Exchequer

Telecom sector is a significant source of revenue generation for the national exchequer. During the first two quarters of the FY 2017-18, telecom sector contributed estimated Rs 78.62 billion to the national exchequer in terms of taxes, regulatory fees, initial and annual license fees, activation tax, and other charges.



### Cellular Subscribers

By the end of December 2017, the total number of mobile subscriptions in Pakistan reached at 144.53 million with the net addition of 4.77 million subscribers during July, 2017 to December 2017. Biometric re-verification of SIMs in 2014-15 had an adverse impact on the cellular subscriber base. However, the industry has survived through the tough period and continues to regain subscribers at a fast pace and the mobile subscriptions has rose to 147.5 by the end of February 2018.



### 3G and 4G LTE Subscribers

3G and 4G LTE subscribers have reached at 48.19 million at the end of December, 2017 as compared to 42 million as of June 2017 which shows that on average, there have been more than one million subscriptions to 3G&4G LTE networks per month. More coverage and reduced tariffs has further increased the pace of 3G and 4G LTE subscriptions which stood at 51.2 million by the end of February 2018.

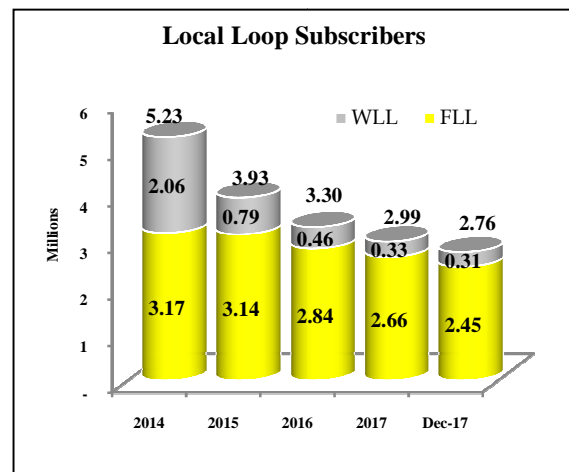
### Broadband Subscribers

Broadband subscriber base showed strong growth during July, 2017 to December 2017. At the end of December 2017, broadband subscribers stood at 50.51 million as compared to 44.59 million at the end of last fiscal year. The number of net subscriber additions in the period stood at 6 million. By the end of February 2018, the total mobile broadband subscribers were 53.5 million.

### Local Loop Subscribers

The subscriber base of local loop segment has

reached 2.76 million at the end of December 2017 as compared to 2.99 million as of June, 2017. Fixed Local Loop (FLL) subscriber base has been relatively steady as 2.72 million subscribers (Dec, 2016) are reported as compared to 2.99 million (June 2017). The closure of PTCL's Wireless Local Loop (WLL) connections and the mobile substitution effect has resulted into gradual decline of the local loop subscriptions.



**Table 13.11: Local Loops Subscribers**

Financial Year	Telephones (FLL & WLL)	Broadband Connections (3G, 4G & Fixed)	Mobile Phones
2013-14	5,231,731	3,795,923	139,974,754
2014-15	3,931,296	16,885,518	114,658,434
2015-16	3,295,169	40,147,991	133,241,465
2016-17	2,986,310	44,586,733	139,758,116
2017-18 (Jul-Dec)	2,759,323	45,376,133	144,525,637

**Note: FLL and WLL Subscribers upt oSep 2017**

### Auction of Unsold Next Generation Mobile Services (NGMS) Spectrum in Pakistan

The next generation mobile services were introduced in 2014 through spectrum auction for provision of 3G and 4G mobile services in the country. This transparent auction generated USD 1.2 Billion for the national exchequer and opened new horizons of ICT development in the country. The said Auction received international acclaim and the Government of Pakistan (Ministry of IT & Telecom) won the "Spectrum for Mobile Broadband Award 2015" at GSMA's Mobile World Congress Event held in Barcelona, Spain in March 2015.

This was followed by another auction of unsold

spectrum in 850 Mhz band in 2016, generating over USD 400 million for the national exchequer.

Following the successful auctions stated above, extensive stakeholders consultations were undertaken and for the auction of unsold 2x10 MHz of frequency spectrum in 1800 MHz band. Accordingly, a Policy Directive was issued on 27<sup>th</sup> March 2017, whereby PTA was entrusted to undertake transparent auction process. The base price for the said spectrum was set as USD 295 million and all existing cellular mobile operators (CMOs) as well as new players were eligible to participate in the auction.

### **Spectrum Plan**

In line with the provisions of the Telecommunications Policy 2015, Spectrum Strategy provides a three-year roadmap for spectrum allocation/assignment as well as on spectrum-related frameworks. It highlights government's plan with regard to spectrum availability, refarming requirements, spectrum pricing and spectrum trading/sharing.

This comprehensive strategy was developed in close collaboration with International Telecommunication Union (ITU) which provided technical assistance without any cost with stakeholder committee that includes representatives from PTA, FAB (Frequency Allocation Board) and spectrum veterans. It is planned that the first rolling spectrum plan for Pakistan will be issued during the FY 2018-19.

The IT and Telecom sectors are expanding and generating new jobs as businesses utilize modern ICT technologies such as e-commerce, e-banking, e-health, e-education, and business related to IT applications. Information Technology sector is also exhibiting accelerated progress with approximate total IT turnover of USD 4 billion (basing on Bearing Point Model), including both exports and domestic revenue (Source: PSEB; assessment by Bearing Point's Study).

### **Cyber Governance:**

The Prime Minister designated the M/oIT&T with the lead role for providing policy inputs on issues related to cyber governance. In this regard, a high level Cyber Governance Policy Committee was constituted with the mandate to carry out consultations on aspects related to cyber governance on a regular and permanent basis, formulate National Policy for cyber governance, devise strategy/mechanism to implement the policy and harmonize working and operational reporting mechanism of all departments currently dealing with the subject.

Extensive efforts have been undertaken for the formulation of cyber governance policy aimed at developing secure and resilient cyber space for all stakeholders including general public, in consultation with stakeholders. It is expected that the final draft of the policy will be

submitted in the upcoming fiscal year for approval of the Federal Cabinet.

### **Infrastructure Development in Unserved and Underserved Areas of the Country**

To connect the unconnected in the unserved and underserved areas of the country, projects are being designed for the provision of next generation broadband and telephony across the country. Through the Universal Service Fund (USF), M/oIT & T is committed to minimize the information and communication gap between rural and urban communities. In this regard, a subsidy of more than Rs. 27 Billion has been given during the last five years.

USF Optic Fiber Cable programme is concentrating on connecting the unserved Tehsil Headquarters (THQs) and major town enroute. Till date about 6,400 kms of optic fiber cable (OFC) has been laid and 79 THQs and towns have been provided with the connectivity. This year USF has successfully launched a project to provide connectivity to 35 unserved THQs and towns in Khyber Pakhtunkhwa. Contract has been signed and Rs. 800 million have been allocated for this project.

One such initiative is to provide next generation broadband and telephony coverage along the unserved route of national motorways and highways, including segments of Pak China Economic Corridor (CPEC) and major roads which have national significance and high demand by the travelers across Pakistan. It is estimated that around 7,700 kms of routes are unserved and at least Rs. 18 billion will be required to provide this coverage.

USF is also working on new projects where existing infrastructure providing 2G and WLL services under USF BSD projects will be upgraded to provide next generation broadband services thereby expanding connectivity and coverage to the whole of the country with respect to high speed broadband.

For already running projects under USF Broadband for Sustainable Development (BSD) Programme during current financial year, 191 mauzas have been provided with telephony and mobile internet services including 7 projects

under its Broadband for Sustainable Development Programme.

### Information Technology Sector

The M/o IT&T continues to support all credible private sector initiatives aimed at bolstering the local IT industry and attracting foreign investment. Government realizes that it has an important role in terms of providing a conducive environment to IT industry through infrastructure and HR development. Government's incentives for IT industry include:

- Zero income tax on IT exports till June 2019
- 100% equity ownership allowed to foreign investors
- 100% repatriation of capital and dividends allowed
- 7 year tax holiday for venture capital funds.
- Three-year tax holiday for IT startups with no minimum tax and withholding tax
- Tax holiday for venture capital funds till 2024.

### Establishment of Information Technology Parks

The Software Technology Parks (STPs) are a major factor in facilitating the IT companies and play a major role in the development of the IT industry.

A new state of the art IT Park in Islamabad is being established under financing from Korea Exim bank through the Economic Development Cooperation Fund (EDCF), spreading over an area of 47.7 acres of land. The construction of IT Park will be undertaken in two phases on

14.9 acres of land. Cost estimate for first phase is USD 88.25 million for which loan agreement has been signed. It is expected that design and construction of IT Park will be completed by 2020. In addition to the above, M/o IT&T is in process of planning, for undertaking the feasibility study, to establish such state of the art technology parks in the cities of Lahore and Karachi.

### Pakistan Electronic Media Regulatory Authority (PEMRA)

PEMRA is primarily mandated for licensing and regulating the establishment and operation of all broadcast media (satellite TV & FM radio) and distribution services (Cable TV, DTH, IPTV, Mobile TV etc.) in Pakistan

### Present Status of Private Electronic Media

Pakistan Electronic Media Regulatory Authority (PEMRA) is now in its 15<sup>th</sup> year and during these 15 years, the country has witnessed a massive growth in the number of TV channels and FM Radio stations in the private sector which is unmatched in the South Asian region and perhaps elsewhere.

Now with more than 90 Pakistan electronic media channels and more than 20 channels with Landing Rights Permission in Pakistan, this boom is owed to the government's unequivocal commitment to a free media and the proactive role played by PEMRA in facilitating the growth of the electronic media. The unprecedented growth of TV channels, Cable TV and launch of FM Radio stations has indeed contributed remarkably in raising the standards of public awareness and literacy. A glance at the following facts and figures on licensing of media amply substantiates growth which has taken place in electronic media in private sector in last fifteen years.

**Table 13.12: Licensing Status**

Satellite TV Licenses issued	88
News & Current Affairs	26
Entertainment	37
Regional languages	18
Specialized Subject	04
Health	01
Education	01
Sports	01
Agriculture	01

**Table 13.12: Licensing Status**

FM Radio Licenses issued	219
Commercial	165
Non Commercial	54
Cable TV Licenses issued	4,057
Landing Rights Permission Licenses issued	30
Motive TV (Video and Audio content Provision) Service Licensing	04
Internet Protocol TV (IPTV) Licenses issued	02
Licensing during Jul- Feb 2018	
Category	Number of Licenses
Landing rights permission to TV Channels	4
FM Radio licenses	11
Cable TV licenses	468
New Licenses	210

### Pakistan Television Corporation Limited

At present PTV is operating 7 multiple channels i.e. PTV Home, PTV News, PTV Sports, PTV Global, PTV National, PTV Bolan and PTV World. PTV English News telecasts information about Pakistan domestically as well as internationally. Pakistan Television covers 100 percent area of population on terrestrial net work. Following Rebroadcast Stations are ready to inaugurate:-

**Jaglot / Bunji Gilgit-Baltistan:** The transmitter will cover 50 Square Kilometer area and 1,000 populations.

**Astore:** The transmitter will cover 60 Square Kilometer area and 2,000 population.

**Aliabad Karimabad:** The transmitter will cover 20.0 Square Kilometer area and 18,000 populations.

**Pooran KPK:** The transmitter will cover 50 Square Kilometer area and 70,000 populations.

### PTV Terrestrial Digitalization of DTMB Through Grants in Aid

In order to uplift the socio economic conditions particularly in the less developed areas, PTV has planned terrestrial Digitalization Digital Terrestrial Multimedia Broadcast (DTMB) Project through grant in aid by the Government of Peoples Republic of China. A DTMB pilot has been installed at Remote Backup Service (RBS) Murree by Chinese grant currently. DTMB Demo project through grants in aid is in the pipeline for extending the digitalization

expansion. After digitalization channel loading capacity of DTMB transmission will support 12 to 25 channels in contrast to existing present analog transmitter.

### Major Activities Proposed To Be Undertaken In The Financial Year 2018-19.

RBS Mian Channu will be completed.

RBS Badin will be completed.

RBS Shaker Garh will be completed.

RBS Ziarat will be completed.

RBS Kharan will be completed.

Number of registered TV sets holders as on 31<sup>st</sup> December, 2017 are 17,605,422

### Pakistan Broadcasting Corporation

Pakistan Broadcasting Corporation is one of the most important and effective electronic media, for the projection of government policies and aspirations of the people of Pakistan at home and abroad. It aims to provide information, education and entertainment to the masses through radio news and programmes of high standard. It also counters adverse foreign propaganda and negative perceptions. Radio is playing significant role in promoting Islamic ideology and national unity with the principles of democracy, freedom, equality, tolerance and social justice. It promotes national and local languages, culture and value. It also helps in discouraging sectarianism, provincialism and terrorism.



**14<sup>th</sup> August 2017 – 70 Years of Independence Celebrations**

PBC broadcasted special programmes in Urdu and all regional languages in connection with 70 years independence celebrations 2017 from 23<sup>rd</sup> March, 2017 to 22<sup>nd</sup> March, 2018 from all stations and channels. These programmes included talks, features, documentaries, national songs, interviews of workers of Pakistan Movement, extracts from the speeches of Quaid-e-Azam Muhammad Ali Jinnah, dramas, special azadi shows, extensive lectures, seminars and mushairas.

**Saut-ul-Quran Channel/Network**

The length of Saut-ul-Quran Channel has been enhanced upto 19 hours daily back in 2015-16 and the number of relaying stations were increased upto 15 channels in 2016-17, which has now reached 19 by 2017-18 and will ultimately be increased up to 40 by 2019-20.

**Major Activities / Proposals to be under taken in the Forthcoming Fiscal Years 2018-19, 2019-20 & 2020-21**

- 21 new Saut-ul-Quran Channels in different cities will be established in the forthcoming fiscal years 2018-19, 2019-20 and 2020-21.
- PBC is going to establish a dedicated Music Channel network named Dhanak on FM-94 from Islamabad, Lahore and Karachi simultaneously in pursuance of great demand of public in general and discharge of obligations of PBC to provide entertainment to the masses, the channel will replace the existing Varsa channel. The channel, in its transmission, will ensure to provide quality music of all categories including Naat, Qawali, Geet, Ghazal, Folk Lore, National Songs, Classical & Semi Classical, Instrumental etc.
- PBC plans to enhance its MW's coverage area of the country by installation of new MW Transmitters.
- New, young, educated and talented voices will be explored and inducted in the programmes. Every major PBC Station will hunt and engage at least 10 fresh voices and the small stations will find out a minimum of five new voices in the year 2018-2019.

- The publicity scale of all PBC programmes through website will be extended by utilization of multi platforms of social media in 2018-19.
- Importance will be given to provide smooth signals of MW/FM transmitters to the people living across the Eastern and Western Boarder and Tribal Areas to counter hostile propaganda from neighboring countries.

**Pakistan Post Office****a. Counter Automation System**

Almost one hundred Post Offices throughout Pakistan have already been provided with counter automation facility for the better service quality to the customers through a LAN based system.

**b. Centralized Software Solution For Financial Services**

Currently Electronic Money Order Service (EMOs), Online Computerized collection of all utility bills through Centralized Software Solution has been implemented at the 83 automated GPOs while rollout of Military Pension Payment System at 82 GPOs and 03 HPOs have been implemented. However, Savings Bank and PT Record and Child Support Program (CSP) Services are in customization stage which will soon be implemented in 83 GPOs.

**c. Computerized Pension Payment System**

Pakistan Post disburses pension to 1.3 million retired military personal through computerized Military Pension Payment System which is available at all GPOs. The pensioners are receiving the pension in a hassle free environment. Pakistan Post is also disbursing pension to over 40,000 PTCL pensioners every month. In an effort to streamline payment of pension to PTCL pensioners, Pakistan Post has developed a separate system for PTCL pension disbursement. The same has been rolled out over 83 GPOs.

**d. Chief Controller of Stamps**

A web based system has been implemented to meet the requirement of Chief Controller of Stamps with relevance to stock position of

stamps. The web based module also covers three regional offices of Centralized Software Solution (CSS) i.e Rawalpindi, Lahore, Quetta

#### **e. Payment of Postal Pension through CSS**

Pakistan Post is developing a computerized Postal Pensioners System which is in pipeline.

#### **f. Achievements of Savings Bank**

More than three thousand post offices are providing the following Savings Bank services to the people of Pakistan:-

- Savings Bank Ordinary Accounts.
  - Special Savings Accounts.
  - Defence Savings Certificates.
  - Special Savings Certificates.
  - Regular Income Certificates.
- i. The progress of Savings Bank during the period 01-07-2017 to 31-12-2017 is as under:-

**Table 13.15: Progress of Savings Banks**

I	Total number of Accounts 31-12-2017	930,331
ii	Total closing balance on 31-12-2017	Rs 118,906.655 (M)
iii	Total commission on 31-12-2017	Rs 594.533 (M)

- ii. Field Offices of Pakistan Post are playing a vital role in mobilization of financial resources through Savings Bank Schemes. Savings Bank is also being shifted from manual work to CSS which will add value to the business.

#### **g. Western Union Money Remittance Business**

During the first six months (July-2017 to December-2017) of the current financial year 2017-2018, Pakistan Post has received the foreign remittances amounting to US \$ 34.666 million equivalent to Rs.3,671.298 million.

#### **h. Benazir Income Support Programme (BISP):**

A complete web-enable tracking and monitoring system for disbursement of funds for Benazir Income Support Programme (BISP) has been evolved that includes continuous processing, monitoring and reconciliation of the specialized money orders scheme. The same has been implemented at all 83 automated GPOs throughout Pakistan. Over, 48.58 million money orders have been issued up to 31<sup>st</sup> December, 2017 and an amount of around Rs. 133.467 billion has been disbursed. During the first six months (July-2017 to December-2017) of the current financial year 2017-2018, a total of Rs.329,976 BISP Money Orders along with required funds of Rs. 3.615 billion were

received from BISP authorities, out of which 86 percent Money Orders amounting to Rs. 1.368 billion have been paid within prescribed period of time.

#### **i. International Postal Services:**

Pakistan Post has mail links with all countries of the world except Israel. Exchange of mail is carried out under rules and regulations of the Universal Postal Union. Direct mail links exist with 68 countries and rest of the mail is exchanged by utilizing the transit facilities of intermediary countries.

#### **j. Achievements in International Postal Services:**

Pakistan post dispatches more volume of mail than it receives for delivery. Thus, it always remains net-creditor. Pakistan Post received an amount of Rs 14.870 million during the period from July 2017 to January 2018 on account of Terminal Dues for international mail received from and dispatched to other countries.

#### **k. First Micro Finance Banking (FMFB):**

Pakistan Post has earned Rs. 10.8609 Million during the period from April to December 2017 through commission on disbursement/recovery of First Micro Finance Bank (FMFB) loan and services/space provided to the FMFB operators. Detailed break up is as under:

## Transport and Communication

### April-2017 to December-2017

FMFB Loan Disbursed	=	1625.486 (Million)
FMFB Loan Recovered	=	1555.99 (Million)
PPO Commission on Disbursement,		
Recoveries and rent Charges	=	<u>10.8609 (Million)</u>
<b>Total Revenue Earned</b>	=	<b><u>10.8609 (Million)</u></b>

### 1. Postal Life Insurance (PLI):

The updates about Postal Life Insurance for the period from July-2017 to December-2017 is given below:-

Fresh Policies		Inforce Policies	
No of Fresh Policies Issued =	6,882	No of Policies =	440,171
Fresh Premium Income =	106.346 Million	Premium Income =	2,723,727 Million
Sum Assured =	2,480.865 Million	Sum Assured =	75,711.740 Million

### m. Philately

The following Commemorative Postage Stamps have been issued for the period from March 2017 to 9<sup>th</sup> April -2018.

1	13 <sup>th</sup> Economic Cooperation Organization (ECO) Summit at Islamabad	01-03-2017	Rs. 8/- each design
2	Men of Letters Services Majeed Amjad	29-06-2017	Rs. 8/-
3	Pakistan and Asian Development Bank 50 Years of Partnering for Development.	06-07-2017	Rs.8/-
4	Maulana Mufti Mahmood (1919-1980)	14-10-2017	Rs. 8/-
5	200 <sup>th</sup> Birth Anniversary Sir Syed Ahmed Khan	17-10-2017	Rs. 10/-
6	125 <sup>th</sup> Anniversary of Government Islamia College Railway Road, Lahore.	01-11-2017	Rs.8/-
7	Pakistan Winner of the ICC Champions Trophy 2017	02-11-2017	Rs. 10/- each design
8	70 <sup>th</sup> Anniversary of Establishment of Diplomatic Relations between Pakistan and Turkey.	09-11-2017	Rs.10/- Each design
9	75 <sup>th</sup> Anniversary of No. 6 Air Transport Support Squadron, Pakistan Air Force	01-12-2017	Rs. 10/-
10	Dr. Ruth Katharian Martha Pfau (1929-2017)	03-12-2017	Rs. 8/-
11	Diamond Jubilee Celebrations of the Imam of his Highness the Aga Khan	08-12-2017	Rs. 10/- each design
12	Issuance of Commemorative Postage Stamp on Green Pakistan Programme	09-02-2018	Rs. 8/-each design

### n. Number of Post Office:

The requisite summary of Rural & Urban Post Offices in Pakistan Post as on 01-02-2018 is as follows:

Urban	Rural	Total
2046	9450	11496

### Conclusion

With the continuing expansion of the transportation and communication sector throughout the country, Pakistan is on the path for preparing for the adequate creating transport networks building up a sustainable infrastructure with the objective of setting the foundations for social economic development, prosperity and security in the region. CPEC is a

national plan supported by Chinese government, to effectively cater for imperative national local plans of transport and communication, which is in line with Vision 2025. The short-term early harvest projects are expected to be completed by 2020; medium-term projects by 2025; and long-term projects by 2030. The cellular mobile sector has been a major contributor to the expanding market for telecommunication and the various technologies that come with it, bringing the country to high standards of telecommunication structured at par with the rest of the world. Overall, the transportation and communication sector is growing that will meet the upcoming requirements of the country.