

Section 3

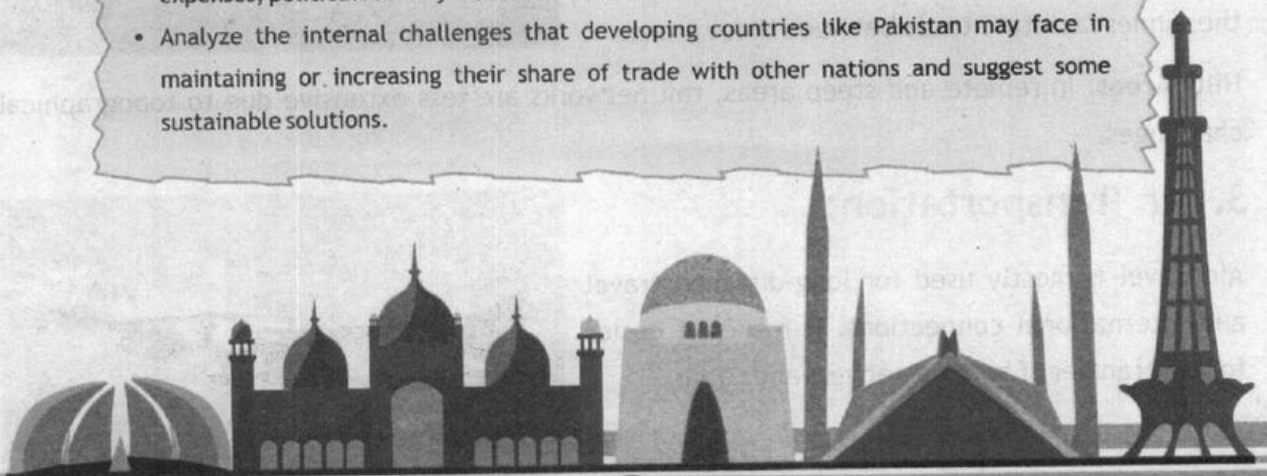
Resources and Economic Development of Pakistan

UNIT 09

TRANSPORT AND TRADE

In this unit the students will be able to:

- Categorize the mode of transportation in Pakistan based on their purposes, and assess the regional differences in the concentration and arrangement of road, rail, and air transportation networks throughout Pakistan, taking into account factors such as topography, population, and economic activity.
- Analyze the concept of dry ports in urban areas of Pakistan, highlighting their advantages in streamlining the transportation of goods for export while reducing dependence on conventional seaports.
- Compare and contrast the advantages and disadvantages of different transport modes for the movement of both goods and people within Pakistan, considering factors such as speed, cost, reliability, and environmental impact.
- Analyze the role of trade in Pakistan's trade economy, including benefits such as increased competitiveness and access to global market.
- Assess the influence of Pakistan's trade routes, such as Gwadar Port, CPEC and Karachi Port on global trade with China, Central Asia, and the Middle East to comprehend the factors that impact international trade, including trade agreements, tariffs, transportation expenses, political stability and market demand.
- Analyze the internal challenges that developing countries like Pakistan may face in maintaining or increasing their share of trade with other nations and suggest some sustainable solutions.



Transportation in Pakistan can be categorized into a number of modes. It can be included air travel, rail travel, and road travel. All kind of transportation has many purposes.

1. Road Transportation:

In Pakistan, intercity travel and the movement of cargo by road are the two purposes of this transportation that are most frequently used.

Regional Differences:

Northern Areas: In mountainous areas like Gilgit-Baltistan and Khyber Pakhtunkhwa, road networks are primarily built to connect remote areas and tourism destinations.



Urban areas: Densely populated urban areas like Karachi, Lahore, and Rawalpindi have extensive road networks to handle the huge volume of traffic.

Rural areas: Connectivity might be challenging in rural areas with less developed roads.

2. Transportation by Rail:

The main purposes of rail transportation in Pakistan are long-distance passenger travel and goods transportation. It includes the coal, cement, and agricultural products.

Main Trunk Lines: By connecting significant cities like Peshawar, Lahore, Rawalpindi, and Karachi, these lines facilitate trade between these areas.



Hilly Areas: In remote and steep areas, rail networks are less extensive due to topographical challenges.

3. Air Transportation:

Air travel is mostly used for long-distance travel and international connections. It makes it easier for the transfer of both passengers and cargo.



4. Regional Differences:

- **Important Airports:** Important cities like Karachi, Lahore, and Islamabad are home to significant international airports that provide travel locally and internationally.
- **Regional Airports:** In cities like Quetta, Peshawar, Sialkot, and Faisalabad, there are smaller regional airports that facilitate domestic flights and regional connectivity.

Factors Affecting Regional Variations:

1. **Topography:** Northern mountainous areas make it difficult to expand the road and rail networks. It leads to limited connectivity in these areas.
2. **In Coastal area:** Connectivity is far better due to their generally flat topography and support for road and rail networks.
3. **Population Distribution:** Densely populated cities need extensive road systems in order to manage traffic. Due to lower population density in rural areas they have fewer transit options.
4. **Economic Activity:** In the cities like Karachi, Lahore, Faisalabad and Sialkot which are considered major industrial and economic hubs of Pakistan, well-developed transit networks encourage their trade and commerce. They get great benefits from it. Agricultural regions rely on road and rail networks for the movement of goods and crops.
5. **Government Policies:** Rules and Regulations with the government's spending influence the creation of transportation infrastructure. In some areas, the connectivity of roads and rail has improved because of the China-Pakistan Economic Corridor (CPEC).

In conclusion, there are several uses for transportation in Pakistan. The geographical differences create variations in the use of these modes. Different geographical factors (such as population density, economic activity, and political laws) work complicatedly to shape networks. The nation's development still places a high priority on infrastructure and communication improvements.

Dry Ports:

Inland ports or terminals are sometimes known as dry ports. In Pakistan's urban areas, they are essential for the transportation of goods for export. These facilities are given in key areas of the country. Highways, railroads, and even airplanes are some of the modes of transportation that connect dry ports to seaports. They enhance the efficiency of the export process and reduce dependency on traditional seaports. Dry Ports have a number of advantages:



1. **Reduced Traffic:** Major traffic jams are common in Pakistan's urban areas. They can delay the transportation of goods to and from seaports. Dry ports help in reducing road blocking and pollution both by diverting a large amount of traffic away from urban areas.
2. **Savings:** By using dry ports, we can significantly reduce the cost of delivering goods to seaports. Long-distance trucking, which transports commodities from a point to the seaport, saves both time and money. In global market, businesses are trying to save transportation expenses. China's Belt and Road Initiative is an ample example of it.
3. **Better Logistics:** Dry ports serve as logistical centers by providing locations for the distribution and storage of goods. This helps exporters manage their supply chains efficiently by streamlining cargo transportation.
4. **Accessibility:** Dry ports are placed in close to the cities which are considered production and industrial hubs. So, it becomes quick and easy for exporters and manufacturers to reach there. As a result, businesses can rapidly deliver their goods to the dry port where they can be prepared for shipment. Travel time is reduced, and the overall effectiveness of the supply chain is increased.
5. **Customs clearance and paperwork:** Dry ports frequently include customs facilities, which helps hasten the export clearance process. When customs officials are present, any issues may be handled quickly. It helps to reduce delays and assures simpler exports.
6. **Economic Development:** The construction of dry ports in urban areas can stimulate economic growth by growing new businesses, creating job opportunities, and promoting trade. These locations can serve as a center for value-added services like packing, labeling, and quality control.
7. Having customs officials on-site can help resolve any issues quickly. It helps not only in reducing delays but ensuring smoother exports also.
8. **Reduced Dependence on Seaports:** Pakistan's significant dependence on seaports has frequently caused blockages and delays in international trade. Dry ports assist in reducing this dependence.
9. **Security and safety:** Better safety measures are often used at dry ports. These measures lower the danger of cargo damage and theft. This is especially crucial for expensive or delicate goods.

In conclusion, the dry ports in Pakistani cities have several benefits. They not only expedite the export of commodities but minimize the dependence on traditional seaports also. Moreover, the expansion of dry ports can boost Pakistan's trade competitiveness and economic growth.

Advantages and Disadvantages of Different Modes of Transportation:

Every nation's infrastructure must include transportation as it affects economic growth, accessibility, and general quality of life. In Pakistan, both goods and people are transported by using a variety of transport methods. Each mode has advantages and problems of its own. We'll contrast and analyze different modes in this section based on things like speed, price, dependability, and environmental impact:

1. Road Transport:

Advantages:

- i. **Speed:** Since most areas of Pakistan can be reached by road, small distances can be traveled by road quite quickly.
- ii. **Cost:** Compared to other infrastructure, the building and maintaining of roads is less expensive.
- iii. **Flexibility:** Road transportation is appropriate for both urban and rural areas because it can reach distant locations.
- iv. **Reliability:** Road transportation is often dependable for short-distance and local travel.

Disadvantages:

- i. **Traffic jamming:** Major cities like Karachi and Lahore see heavy traffic, which causes delays.
- ii. **Safety:** Poor road conditions and high accident rates, especially in mountainous areas, can be risky.
- iii. **Pollution:** Road traffic contributes to pollution and road degradation, which has an effect on the environment.

2. Rail Transportation:

Advantages:

- i. **Speed:** Trains are more suitable for large distances, especially for huge cargo.
- ii. **Cost:** For long distances and huge volumes of cargo, rail transportation is the most economical option.
- iii. **Efficiency:** It uses less energy and has a lower environmental effect.



Note For Teachers: Plan a study trip for the students to your nearest sea port or dry port and explain the students its advantages and disadvantages.

Disadvantages:

- i. **Reliability:** Because of Pakistan's old rail infrastructure and poor maintenance, delays are common.
- ii. **Limited Connectivity:** Basically, rail networks connect big cities and ignore the rural areas.
- iii. **Passenger Services:** Due to reduced speeds and old-fashioned infrastructure, passenger trains are less popular.

3. Air Travel:

Advantages

- i. **Speed:** Air travel is the quickest option to link with remote areas of Pakistan.
Airports in major cities like Islamabad, Lahore, and Karachi are well connected.

- ii. **Reliability:** In terms of schedules, flights are typically dependable.

Disadvantages:

- i. **Price:** Air travel can be costly, which limits its accessibility for many individuals.
- ii. **Limited Cargo:** Since air transportation is expensive, it is typically reserved for expensive and urgent commodities.
- iii. **Environmental Impact:** Aviation discharges play a significant role in the production of greenhouse gases.

4. Water Transportation:

Advantages:

- i. **Cost:** For international trade, water transport via ports like Karachi and Gwadar can be economical.
- ii. **Bulk Goods:** Especially, goods in huge quantity can be import and export by water transportation.
- iii. **Low Environmental Impact:** Compared to other modes, ships have a lower carbon impact on environment.

Disadvantages:

- i. **Speed:** When it comes to inland travel, water transport is slower than other options.
- ii. **Limited Reach:** Access to some areas is hampered by Pakistan's underdeveloped interior waterways.
- iii. **Infrastructure:** Ports and waterways need a lot of repair and investment.

Environmental Effect:

Due to emissions of greenhouse gases and pollutants, road and air transportation tend to have higher environmental impacts rather than rail and water transport which have lower emissions and generally considered more environmental friendly.

In Pakistan, the choice of transportation mode depends on different factors such as the needs of passengers, distance, accessibility and environmental concerns. Each mode has its positive and negative impacts.

Trade:

An action of buying and selling of goods and services is called trade. Trade is necessary to Pakistan's economy. It offers a variety of advantages. Here, we'll examine how trade affects Pakistan's economy:

1. **Economic Development and Growth:** Trade is making a huge economic contribution to Pakistan. A significant amount of the nation's GDP is made up of exports and imports of commodities and services. Pakistan can contact to a larger client base through international trade and can promote its economic growth through greater output and consumption.
2. **Export expansion:** Trade assists Pakistan to expand its exports beyond agriculture and textiles. Trade reduces dependence on a limited number of products and helps to alleviate the risks.
3. **Competitiveness:** Participation in international trade increases the competitiveness of Pakistani industries. Businesses must increase their productivity and quality if they want to succeed in international markets. Better productivity, innovation, and cost-effectiveness can result from increased competitiveness.
4. **Access to Technology and Skills:** Trade exposes Pakistani businesses to foreign best practices and innovations. Importing machinery and other high-tech commodities can raise domestic productivity. Knowledge transfer and skill development can be facilitated by collaboration with overseas partners.
5. **Foreign Exchange:** Exports produce foreign exchange profits, which Pakistan needs in order to pay its debts abroad and keep the rupee stable. Pakistan's economic stability depends on a strong foreign exchange market and a stable currency.
6. **Job Creation:** Trade-related activities generate employment across a range of industries, including marketing, banking, and manufacturing. This may lessen poverty and unemployment.

7. Availability of raw materials: It is crucial to access the raw materials and ideas through trade, which may not be affordable or available locally. It is essential for maintaining sectors like textiles and manufacturing.

8. Access to the world market: Pakistan receives special access to international markets through trade agreements and membership in organizations like the World Trade Organization (WTO). These agreements can lower trade obstacles and tariffs and increasing the competitiveness of Pakistani goods in foreign markets.

9. Consumer Welfare and Choice: Consumers in Pakistan have access to a greater range of goods through international trade, which raises their level of living. More competition can result in higher-quality goods with lower pricing.

10. Financial Stability: Trade can promote economic stability by attracting foreign investment, encouraging savings and investment in the economy. It also helps in expanding revenue streams to reduce dependence on a particular industry or market.

It is important to recognize that while trade has many advantages, it also has drawbacks such as trade imbalances, shifts in global demand, and exposure to outside economic shocks. Pakistan must put more effort into developing its infrastructure, encouraging entrepreneurship and innovation, and implementing sensible trade policies that match its objectives for economic development.

Trade Routes:

Global trade between China, Central Asia, and the Middle East is significantly impacted by Pakistan's trade routes, particularly Gwadar Port, the China-Pakistan Economic Corridor (CPEC), and Karachi Port. The dynamics of regional and international trade are significantly transformed by these trading routes. An assessment of their impact can be found here:

1. The CPEC (China-Pakistan Economic Corridor):

Impact on Global Market: This route has great impact on world economics. The China-Pakistan Economic Corridor (CPEC) has become a vital economic route from Western China to the Arabian Sea port of Gwadar. China now has a faster and more effective way to enter global markets, particularly those in Europe and the Middle East.

Impact on China: The CPEC enables China to reduce its dependence on the blocked and time-consuming maritime routes across the South China Sea and the Strait of Malacca. This improves the durability and security of Chinese trade by lowering the vulnerability of its supply networks.

Impact on Central Asia and the Middle East: The CPEC provides a chance to these region's countries to expand their trade with China by expanding their trading routes. Their dependence on Russia or Iran for economic relations could be waned as a result.

2. Gwadar Port: Gwadar Port has a significant impact on international trade due to its beneficial location at the entrance to the Persian Gulf. It might make trading easier between China, the Middle East, and Africa.

Impact on China: Gwadar Port provides a different path for Chinese exports to reach foreign markets and is a key hub in China's Belt and Road Initiative (BRI). In terms of maritime trade, it reduces China's dependence on the South China Sea and the Strait of Malacca.

Impact on Middle East and Africa: Gwadar Port offers a more direct way for Middle Eastern and African nations to reach Chinese and Asian markets. It can also act as a hub for the uploading and unloading of products to and from these areas.

3. Karachi Port: Karachi Port is the busiest and largest seaport in Pakistan. It handles a sizable amount of the nation's trade. It functions as the entrance to the Arabian Sea.

Impact on Regional Trade: The Karachi Port is essential for facilitating trade with a number of Middle Eastern nations, such as Saudi Arabia, the UAE, and Qatar. Moreover, it acts as an important channel for goods going to Central Asia.

Impact on Regional Connectivity: Port of Karachi is connected to the road and rail networks. It increases the effectiveness and connectivity and makes it possible for goods to be carried to and from Central Asia. It promotes regional trade and economic integration.



In conclusion, trade with China, Central Asia, and the Middle East is greatly impacted by quicker and more

effective trade routes, lessen reliance on chokepoints that are crowded, and encourage economic integration. However, a number of other elements, like as political stability, security, the development of infrastructure, and the desire of nations to participate in regional cooperation and economic alliances, also play a role in their success.

Factors impacting the Global Trades:

1. Trade Agreements: The China-Pakistan Economic Corridor (CPEC) is an important bilateral deal between the two nations. It connects Pakistan's Gwadar Port with China's northwest area. This trade corridor encourages the exchange of products and services and lowers the economic barriers between China and Pakistan.

2. Taxes: One of the main advantages of CPEC is the lowering of trade restrictions and tariffs between China and Pakistan. As a result, trade between the two countries becomes more efficient and encourages imports and exports. The largest and busiest seaport in Pakistan is Karachi Port. It has favorable tax structures and it can impact on the cost of trade with various nations.

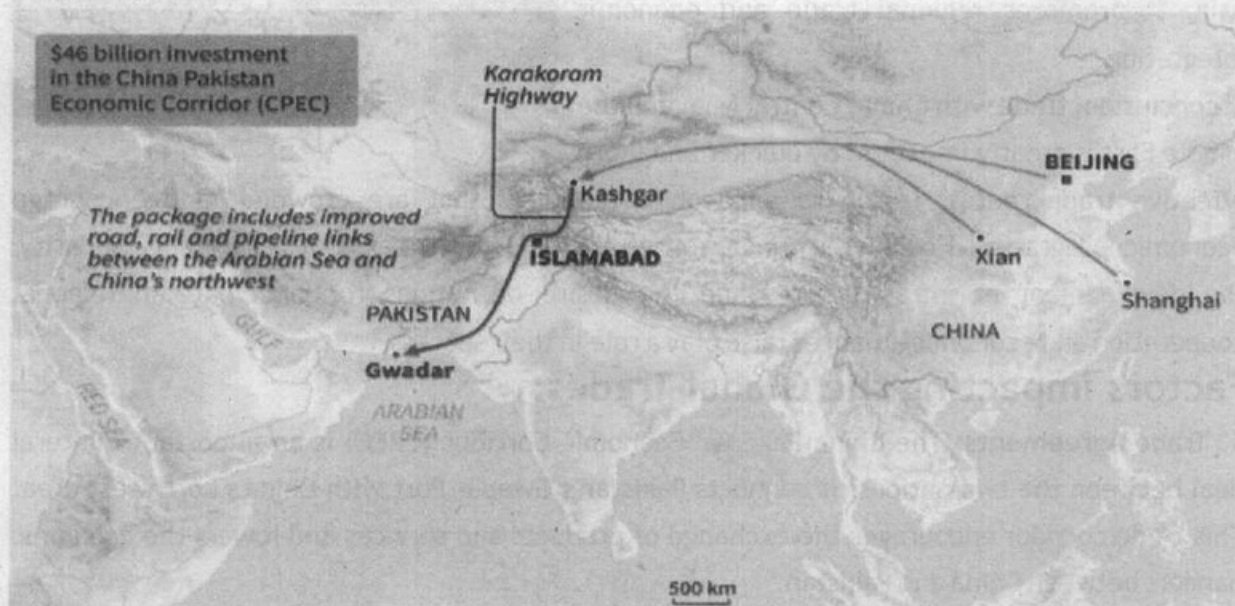
3. Transportation Costs: Gwadar Port helps to keep transportation costs for commodities going to Central Asia and the Middle East to a minimum level. It becomes easy because of its beneficial location close to important shipping lanes. Trade expenses can be significantly impacted by effective management.

4. Stability in politics: Pakistan's political stability is important for preserving and extending trade networks. Trade flows can be interrupted by political chaos or instability, which can leave multinational firms concerned.

5. Market Demand: The demand for goods and services in China, Central Asia, and the Middle East is heavily impacted through these routes. For firms wishing to trade internationally, understanding market dynamics, consumer preferences, and growing industries is crucial.

6. Infrastructure Development: Projects related to Gwadar Port and CPEC's infrastructure, such as the road, rail, and energy sectors, improve connectivity and cut down on transit times. It resulted in boosting the effectiveness of commerce.

7. Security Issues: Trade activity may be troubled by security issues in some areas along the trade routes. Cargo and employee safety must be guaranteed for these routes to continue to be reliable.



8. Geopolitical Factors: Trade agreements and partnerships using these routes may be impacted by geopolitical factors in the region, including the participation of other nations like India, the United States, and Russia.

9. Environmental Considerations: when trade increases, the environmental pollution increases too.

In summary, the impact of Pakistan's trade routes on international trade with China, Central Asia, and the Middle East is multifaceted and influenced by a number of factors. Furthermore, efficient administration and continuing monitoring of these factors are necessary too.

Internal Challenges and Some Sustainable Solutions for increasing Trade in Pakistan:

Developing countries are frequently facing internal challenges when it comes to increasing their share in international trade. So, Pakistan is also facing a variety of domestic problems. These difficulties may have several sides and be connected to one another. They need long-term remedies that deal with the root causes. The following is an analysis of several internal issues and possible solutions:

1. Infrastructure shortcomings:

Obstacle: Poor energy, logistics, and transportation infrastructure can make trade more expensive and time-consuming.

Solution: Invest in infrastructure development through public-private partnerships, encourage foreign direct investment (FDI) in infrastructure projects, and improve maintenance and administration of existing assets.

2. Administrative Red Tape:

Obstacle: Difficult and dragging bureaucratic procedures, such as regulatory and customs hurdles, can suppress trade and raise the cost of conducting business.

Solution: It is important to cut back on pointless rules to promote trade. Ensure to make open and effective customs rules.

3. Weak Institutions for Trade Facilitation and Promotion:

Obstacle: Trade Facilitation Centers may have limited abilities so efforts to promote exports and expand markets may be hindered.

Solution: It is important to strengthen Trade Facilitation Center and train their staff members.

Develop a thorough export marketing plan. Implement strategies to aid trade finance.

4. Training and Competencies Challenge:

Challenge: A nation's capacity to engage in global trade can be limited by a shortage of skilled workforce and low levels of education.

Solution: Investment requires in educational and vocational training programs so that skilled workers can be prepared. These programs should be matched to the demands of the labor market and new sectors.

5. Terrible Regulatory Framework:

Challenge: Poorly applied regulations might discourage international investment and trade.

Solution: Implementation of the rules is important to establish a business-friendly climate. By improving enforcement of regulations, international norms and agreements can be followed properly.

6. Access to affordable loans:

Challenge: Financing is a big challenge that can limit the expansion of businesses, particularly small and medium-sized enterprises.

Solution: Create and extend the loans limits for small and middle businesses, promote the growth of microfinance organizations.

7. Political and Policy Stability:

Challenge: Constant political instability and policy changes can reduce investor confidence and cause trade disruptions.

Solution: Encourage political stability by implementing comprehensive policymaking and democratic governance. Create long-term economic plans that are independent of political cycles.

8. Corruption and Transparency:

Challenge: Corruption can make it more expensive to conduct business and can tilt the playing

Do You Know?

The value of CPEC projects was \$46 billion originally. In 2022, it rose to \$65 billion.

Expand Your Horizon

<https://tdap.gov.pk>

<https://www.nlc.com.pk>dry-ports>

field.

Solution: Anti-corruption measures should be strengthened, openness should be improved, and good governance should be promoted. Reduce corruption by putting technology-driven solutions.

9. Access to Technology and Creativity:

Challenge: Lack of originality and restricted access to technology might make it difficult to be competitive

Solution: Promote technology transfer through collaborations with developed nations and international organizations, invest in research and development, and encourage creativity through financial incentives.

Developing nations like Pakistan can improve their trade performance and gradually grow their share of world trade by addressing these internal difficulties which will promote more economic stability and prosperity. These solutions must be a part of a comprehensive plan that involves cooperation between national and international partners as well as the private and public sectors.

Exercise

Answer the following questions by choosing the best answer A, B, C or D.

1. Rail networks are ----- extensive in remote and steep areas.
a. less b. more c. very d. not
2. -----transport is the slowest in all modes of transportation.
a. rail b. air c. road d. water
3. An action of buying and selling of goods and services is called-----
a. shop keeping b. online shopping c. trade d. consuming goods
4. Skilled workforce is the key factor for -----growth of the country.
a. economic b. social c. political d. cultural
5. People used to travel from one city to another by-----
a. bus b. train c. ship d. aero plane

6. Dry ports are more-----than sea ports for import and export of goods.
a. affordable b. reliable c. comfortable d. suitable
7. ----- can reduce the investor confidence.
a. political instability b. financial pressure
c. strict rules d. lack of transparency
8. Densely populated areas have extensive road networks to handle
a. cargo b. imported goods
c. huge traffic d. delicate goods
9. The term "Red Tape" is used for.....
a. delay tactics b. cricket ball
c. stop sign d. wrap cords
10. ----- is a big challenge for increasing trade in developing countries.
a. Population control b. political instability
c. corruption d. cleanliness

Answer the following questions briefly.

1. Describe the importance of Pakistan's trade routes in context of international trade?
2. What is meant by topography?
3. Analyze the concept of dry ports?
4. How can dry ports reduce dependence on conventional sea ports?
5. Write a paragraph on the importance of CPEC for Pakistan?
6. Why does the air transport is considered most expensive?
7. How can Pakistan increase its share of trade in international market? Suggest five points,

Answer the following questions in detail.

1. Explain the modes of transportation with their advantages and disadvantages.
2. Write down the advantages of dry ports in trade?
3. Analyze the role of trade in Pakistan's trade economy.

4. Assess the influence of Pakistan's trade routes in the international trade especially Gwadar port and Karachi Port?
5. How can Pakistan increase its international trade? Give some suitable suggestions.

Compare and Contrast

How mode of road transportation does is better than the mode of air transportation in terms o passengers and cargo?

Project

Design a "Trade Route Travelogue" to explore CPEC trade routes in Pakistan.

Glossary

Logistics: the commercial activity of transporting goods to customers

Streamlining: smooth, efficient, smooth running

Hasten: hurry, go fast, go quickly, speed up, make faster

Stimulate: motivate, encourage, arouse

Emissions: Releases, discharges, secretions

Pollutants: Impurities, Poisons, chemicals

Alleviate: reduce, ease, relieve, diminish

Entrepreneurship: the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit.

Dynamics: the forces or properties which arouse growth, development or change within a system or process

Chaos: disorder, disarray, disorganization, confusion

List more words and write their meaning that you find difficult in this chapter.

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