

Present govt's performance needs improvement – Mohammed A Rajpar

Exclusive Interview of Managing Director, General Shipping Agencies

■ By Mustafa Tahir

The present government should launch some signature projects for the port sector as it is to yet to launch any major development project in this arena”, this was stated by Mohammad A Rajpar, Managing Director of General Shipping Agencies in a recent interview with the Energy Update. Following are the important excerpts of his exclusive interview for our readers.

EU: What are your achievements, qualification and experience in shipping sector?

Rajpar: I hold a Bachelor of Science in Business Administration degree from Bucknell University, U.S.A. and M. Phil (Economics) degree from Cambridge University, U.K.; I am the Managing Director of a family-owned shipping company called General Shipping Agencies (Pvt) Ltd since 1992 which is based in Karachi, Pakistan and was established by my father in 1974. I am proud to state the company is recognised and trusted as one of the leading shipping agencies in Pakistan.

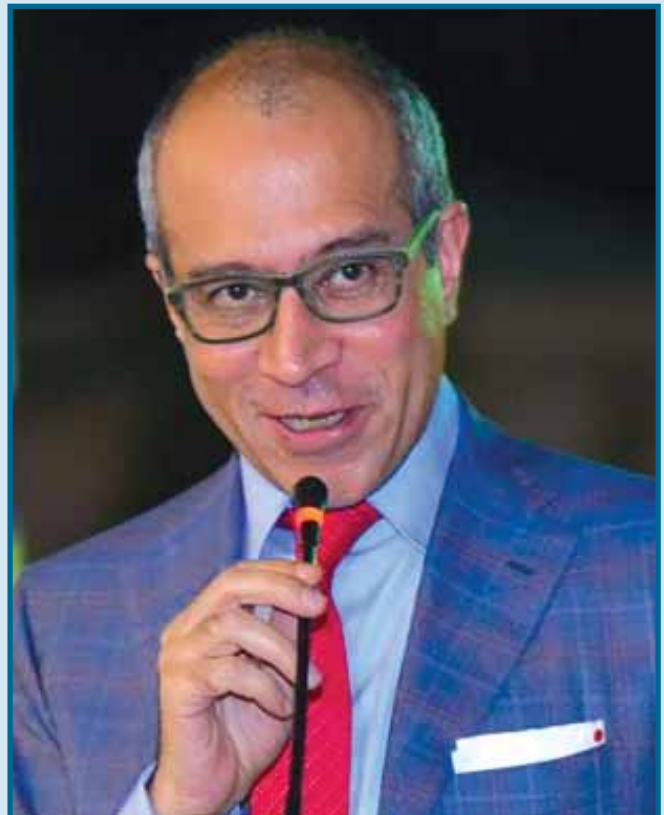
EU: What are the most important, core values and vision of your organization?

Rajpar: The most important core value for us is to conduct business in an ethical manner whilst our vision is to be amongst the highest quality performers to our principals.

EU: What is your decision making process to run your business?

Rajpar: After taking into consideration the prevailing business environment in terms of opportunities and challenges, I take input, advice from my senior management team and then decide what to do. Of course, when I am truly confused about any decision, I consult with my father. Lately, I have also enjoyed obtaining input from my son who is currently gaining work experience abroad but remains peripherally involved with our business.

EU: Would you like to share the challenges and any improvement in shipping sector in PTI regime?



Rajpar: The PTI government had announced its shipping policy on 18th September, 2019 which was notified on 15th November, 2019 extending various incentives in income tax, Customs duty and sales tax until 2030 instead of the previous 2020. One major development is that Pakistan's private shipping will get some additional benefit as compared to PNSC. The new shipping companies, known as Pakistan Resident Ship Owning Companies, will be operated as Pakistan's private shipping lines but will be considered as the national flag carrier of Pakistan.

These shipping companies will pay a lower tonnage tax of \$0.75 Per GRT (Gross Registered Tonnage) annually for the first five years for each individual vessel. After the relaxation period, the company will pay \$1 per GRT annually on the income of vessel operations. It is pertinent to mention here that to provide incentive to new private entrants, the government has set a tonnage tax of \$1 Per GRT annually for Pakistan National Shipping Corporation (PNSC).

Challenges in Shipping Sector

EU: What is the role of PSAA and how many organisations affiliated with the association?

Rajpar: Pakistan Ship's Agents Association (PSAA) was formed in 1976 and is the sole licensed trade association for shipping agents comprising 56 reputed members handling vessels calling at Pakistani Ports. PSAA is registered with the Ministry of Commerce under the Trade Organizations Act, 2013. The main objective of this Association is to resolve problems faced by its members and to make a positive contribution to the long term progress of the Ports and Shipping industry in Pakistan. PSAA enjoys a high reputation at all official levels including Ministry of Maritime Affairs (MOMA), Karachi Port Trust (KPT), Port Qasim Authority (PQA), Customs, etc. Its members are represented on several high profile committees formed by the Federal Government from time to time at MOMA, KPT, PQA, Karachi Dock Labour Board (KDLB), etc.

EU: Please brief about your CSR activities in Pakistan?

Rajpar: We have primarily been involved with two types of CSR activities; one is related to the general beautification of the city e.g. Eduljee Dinshaw Road Project in December, 2015, initiating the international public art festival in Karachi through painting of our office building in December, 2019 by an Italian artist depicting the birds and flowers of Pakistan and Italy and soon to be launched Nehar-e-Khayyam project. The other type of activity is related to education. Of course, recently we have been most involved in distributing ration packs to deserving families affected by COVID-19.

EU: What is your strategy during current pandemic?

Rajpar: The effects of this pandemic are going to last for two years. I fear that some of the industries and businesses will be completely wiped out like airlines, cinemas, theme parks and gymnasiums. It is going to be a real change. It might be possible that the present situation could bring some positive change like for instance we will be more careful about the environment in future with lessening of our carbon footprint.

EU: What would be the pandemic's repercussions on the shipping industry of Pakistan?

Rajpar: There has been difference between 30 to 40 per cent in volume of



the business depending upon the commodity you are dealing with and the geographical area of your operations. There has been a decrease in the imports of oil and LNG while textile exports have also been affected as many orders of this industry have been cancelled.

EU: What are your own expectations from the government in the current situation?

Rajpar: I don't expect the government will offer any bailout package to our industry owing to its own constraints. The private sector has to do the adjustments and cost cutting on its own. The options like mergers and acquisitions have to be exercised for survival and revival of the businesses. The government has offered concessions to other industrial sectors but we haven't yet officially asked the government to grant us any relief package. We have only verbally informed the government about our issues during our recent interaction with the federal maritime affairs minister. I don't have much expectation from the government as it is already too much overburdened.

EU: What is the general reaction of the people associated with the shipping industry in the current situation?

Rajpar: Obviously they are very worried. They see it as a survival issue. People associated with our industry have to think where to do the cost cutting in their businesses when the marine traffic has decreased considerably.

EU: How much is the effect of the current situation on the LNG trade?

Rajpar: There has been decrease in Qatari volume of the LNG being imported by 20 to 40 per cent while the non-Qatari volume has decreased by 80 per cent. The good thing is that the government hasn't declared force majeure on energy contract as otherwise it would have created far-reaching effects on trade of the country related to other important commodities as well as possibly impacting Pakistan's credit worthiness.

EU: What will be the benefit for us of the decrease in global LNG prices?

Rajpar: We will definitely get the benefit if in case the lower prices get sustained as I do believe it is going to happen. But you have to be patient for some time.

EU: How do you see the performance of the present government with regards to your own shipping industry?

Rajpar: Generally speaking I have not been satisfied with the working of the present government as they lack any cohesive strategy. It seems that all the ministries and agencies have been working in isolation. I have yet to see any extraordinary work of the present government. You haven't seen any major development project of the present government. This government should launch some signature projects for the port sector. At least one more terminal should be added to the present port infrastructure. The expansion of the Gwadar port should take place. The tug boats and pilot boats of Karachi Port Trust should be in very good condition as they are very old now. Whereas the same assets of the Port Qasim Authority have been in good shape as they were either hired or purchased lately. No doubt the present government has offered a new benefit to the private sector related to the shipping lines never earlier given by any previous government by offering them extra relief in income tax. There is no doubt about the intentions and honesty of the present government but its performance needs improvement.

EU: What is your own assessment of Keamari poisonous gas leakage incident?

Rajpar: I was out of the country when the tragedy occurred. I have yet to see any conclusive investigation report of the incident in the public domain and we are unlikely to see any such report. The incident will always remain a mystery. ■