



PAJCCI 11th Focus Group Discussion Meeting Islamabad

02nd February 2023

Introduction

PAJCCI held 11th Focus Group Discussion on “Current economic & political issues marring the full realization of bilateral trade potential” at Islamabad which was attended by large number of business community members from Pakistan & Afghanistan, government dignitaries from Pakistan Customs, FBR, Ministry of Commerce, Ministry of Foreign Affairs, Directorate of Transit Trade, representatives of trade associations and media.

Khan Jan Alokozai; Co-Chairman PAJCCI welcomed all delegates and government officials. He said that frequent meetings and coordination between the B2B members from both sides has been very effective method in bringing the issues faced by business community to the attention of both governments. However, it's time to involve Afghan government to remove communication barriers, bring focus to resolving business community issues, giving them direct opportunity to engage with their Pakistan counterparts, the inclusion will bring reality of the issues to light being faced by business community, this will also bring firm commitment of Afghan government while at the same time generating positive response from ministerial & official level.

Qazi Zahid; President PAJCCI expressed heartfelt gratitude to all the delegates and participants for joining PAJCCI in bringing the trade issues to table with commitment to resolve. He said that despite ongoing dismal environment faced by both countries, the people and especially business community is positive that our futures are tied together and jointly we can rise above the economic turmoil and stabilize the region with our peaceful economic measures & sustainable actions. He strongly recommended that Afghan government shall be engaged at relevant forums to bring positivity and commitment by all stakeholders.

The forum jointly resolved that long term politics free economic policy will benefit both the countries tremendously, generate employment and peace across region. We are the closest neighbors and trading with each other is the only way to ensure bright future.

Both countries must find ways & means to assure international community of peaceful economic activities in the region and pave way to sign APTTA, PTA, tariff rationalization and other agreements to facilitate economic activities.



Highlighted Issues and Recommendations

The agenda items focused on trade barriers impacting actual potential of trade with Afghanistan and transit trade with CAR. The forum was attended by PAJCCI management and executives, business community and representatives of trading associations, Pakistan Customs, Ministry of Commerce, FBR, DTT and media.

Trade Barriers in Bilateral and Transit Trade		
No	Deliberated Item	Status/Follow up action
1	Regulatory barriers Pending SROs and actions by both governments	<ul style="list-style-type: none"> • Sales tax and duty draw back claims SRO are still pending with GOP • SRO for cross stuffing was issued after PAJCCI meeting with Minister of Commerce in August 2022 however not implemented in essence. • TAD process was agreed by both governments however still not implemented due to lack of trust and coordination while giving precedence to politics over economic stability • Unnecessary document required by Pakistan Embassy to issue business visa, rejected of SME traders visa, non-refundable fee and slow process. • Unilateral actions by either government continue to create barriers like increasing duties on particular item without discussion. • Closing of border crossings without information • Holding up & imposition of transit fee by Afghan government • Pending T-1 forms by Afghan customs amounting to 47,000 despite technical assistance provided by Pakistan Customs • High taxes on coal, Sulphur & mineral imports from Afghanistan • Slow clearance of empty containers by Afghan side • Slow GD processing by Pakistan side at Karachi Port • High valuation and invoice issues by Pakistan side for Afghan transit trade <p>All these items were highlighted in Joint Committee Meetings held in Chaman (Jan 23, 2023) and Torkham/Peshawar (Feb 1, 2023), reports of both are attached along with, hence repetitive details are not reiterated here.</p> <p>PAJCCI will work with both governments to highlight issues and follow up till resolution.</p>



2	B2B connectivity and initiatives	<p>PAJCCI has been providing diversified platform to B2B stakeholders of both countries and several resolutions are passed by both sides however both governments do not take private stakeholders in confidence while issuing policy frameworks and regulations.</p> <p>B2B initiatives faced several challenges in continuing trade when governments take unilateral and isolated decisions impacting trade thus reducing trade volume.</p> <p>Increasing cost of businesses is another barrier that B2B stakeholders faced due to non-supportive governmental policies.</p> <p>Governments are urged to take business community in confidence, give them hearing regarding critical matters especially in matters of tariff, taxation, negative list, operations at border crossings, trading in new products.</p>
3	Pakistan-Afghanistan Government Relationship	<p>Both governments need to form “Joint National Committee” comprising of all relevant departments from both sides to work together in areas of joint economic policy, visa matters, APTTA, PTA, Expos, border bazaars, tariff rationalization, double taxation and long-term economic policy covering bilateral and transit trade.</p>
4	Women Led Businesses and AWCCI involvement	<p>Afghan delegation informed that Afghan government is already supporting women led businesses and in next quarter there will be sizeable Afghan women participation at events and forums</p>
5	Infrastructure barriers	<p>Infrastructure on Afghan side remains the burning issue whereas PAK side has undertaken several projects to improve the roads & other facilities.</p> <p>Afghan side assured that Afghan private stakeholders have improved the infrastructure to enhance trading activities and it will be operational in upcoming weeks.</p> <p><i>It may be noted that the recent floods, inflation, international sanctions and economic conditions have contributed to damage on both sides and it may take some time before smooth trading activities to resume and infrastructure to be repaired.</i></p>
6	Engagement of Afghan Government	<p>Delegates strongly recommended to involve and engage Afghan government participation at events and forums to ensure that issue ownership is taken and matters</p>



		<p>resolve.</p> <p>Nothing can be achieved if one partner is not given due space and respect in resolving mutual matters</p>
7	Counter measures to negative propaganda	<p>Co-Chairman PAJCCI recommended that business community of the both countries must counter negative propaganda of unscrupulous elements targeting PAK-AFG relationship in all spheres and become each other's ambassadors in the region.</p> <p>He said that business community has high reach in Afghanistan & CAR which shall be used to explore new trading opportunities, technical support to either government, safeguarding bilateral interests and above all make efforts to reach the true trade potential of USD 15Bn.</p> <p>He stressed the need of holding future meetings in Afghanistan to involve Afghan business community and government on large scale.</p>
8	Other Highlights	<p>Director Transit Trade Pakistan Customs apprised the house that clearance of empty containers has been successfully conducted and at times due to seasonal traffic congestion may occur.</p> <p>Afghan side has weekly off on Fridays and half days on Thursday which contributes to slow clearance on their side.</p> <p>Ministry of Commerce representative informed that Joint Expos are in schedule for this year in both countries. Dates will be finalized after consultation and approval of both governments.</p>



ABBREVIATION GALLERY

PAJCCI	Pakistan Afghanistan Joint Chamber of Commerce & Industry
TAD	Temporary Admission Document
SVP	Senior Vice President
TDAP	Trade Development Authority of Pakistan
E-Form	Export Form
CCCI	Chaman Chamber of Commerce & Industry
KCCI	Kandahar Chamber of Commerce & Industry
SCCI	Spin Boldak Chamber of Commerce & Industry
TPL	Tracker Private Limited
EIF	Electronic Import Form
FATF	Financial Action Task Force
USD	US Dollars
DG	Director General
DGTT	Directorate General Transit Trade
MoC	Ministry of Commerce
FBR	Federal Board of Revenue
AICC	Afghanistan Inter-ministerial Coordination Cell
SBP	State Bank of Pakistan
GD	Goods Declaration
SRO	Statutory Regulatory Orders
ToR	Terms of Reference
OFAC	US Treasury sub agency
GOP	Government of Pakistan
GM	General Manager
AC	Assistant Commissioner
NLC	National Logistics Cell
CIS / CARs	Commonwealth of Independent States / Central Asian Region
ITTMS	Integrated Transit Trade Management System