



Public-Private Dialogue Forum on Pakistan-Afghanistan Economic Connectivity





AGENDA

Recitation from Holy Quran

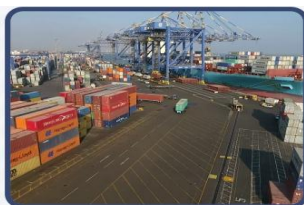
Opening Remarks by Chairman PAJCCI – Mr. Zubair Motiwala

Deliberations on drafts submitted by relevant stakeholders pertinent to trade and transit issues and relevant proposals in line with the following:

- Core issues hampering the effective table-talks between the government of two countries.
- Stakeholders' perspectives with specific reference to economic imperatives, bottlenecks and possible alternatives.
- Identification of pertinent advocacy goals for the enhancement of bilateral and transit trade while ensuring both security and political priorities.
- Futuristic strategies for Pak-Afghan connectivity in specific and overall region in general.

Compiling the critical items of concern and possible resolutions with the consent of the stakeholders highlighting:

- Major transit and bilateral trade barriers for both Afghanistan and Pakistan
- Significant proposals of resolutions with course of action and required impact





PAJCCI's Manifesto

- Segregate Economic Aspirations from Political and Security Imperatives.
- Progressive, Productive, Pragmatic and Peaceful Pakistan and Afghanistan is the only answer to both regional and international prosperity and harmony. This is in the larger interest of the WORLD at large!
- Resolution at Af-Pak Economic Connectivity Meeting in February 2018.
- Develop comprehensive draft for Governments across the border to help attain PAJCCI's manifesto, in collaboration with all relevant stakeholders present at the forum.

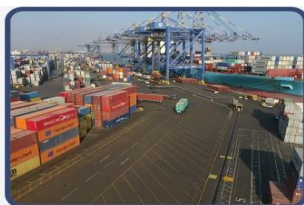


Transit Trade

Transit Trade of Afghanistan through Pakistan (Values in US million \$)

Fiscal Year	Commercial	Non Commercial *	Total
FY 2010-11			3,128.01
FY 2011-12			1,702.27
FY 2012-13	1,327.4	139.06	1,466.46
FY 2013-14	2,022.42	161.73	2,184.15
FY 2014-15	2,918.1	134.86	3,052.96
FY 2015-16	3,224.73	235.31	3,460.04
FY 2016-17	2,752.89	127.08	2,879.97
July – Dec 2017-18			1,467.02

Source: Ministry of Commerce



Transit Trade

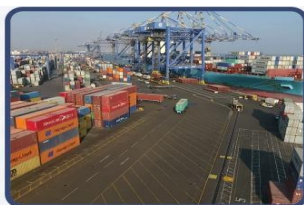
AFGHAN GOODS IN TRANSIT TO INDIA FROM WAGHA

Financial Year	No. of Trucks	Value: Pak Rs in Million
2012-13	2,277	13,166
2013-14	2,711	13,4558
2014-15	2,406	14,677
2015-16	3,865	21,497
2016-17	2,504	18,087

PAK GOODS IN TRANSIT TO CENTRAL ASIA VIA AFGHANISTAN

Financial year	Value: Pak Rs in Million
2012-13	552
2013-14	888
2014-15	615
2015-16	469
2016-17	294

Source: Pak Embassy in Kabul

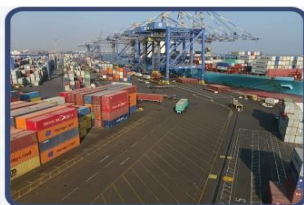


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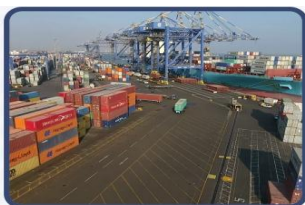


TRANSIT TRADE: ISSUES

- **Delays at Karachi port and Dry Ports**
- **Problems caused due to scan and physical examination of Afghan Transit cargo at Karachi:**

The following cost are caused (Source: Afghan Chpt):

- a) Pak Rupees 8,000 de stuffing for each container
 - b) Pak Rupees 5,000 stuffing
 - c) Pak Rupees 8,000 as under table money to expedite the consignment
 - d) It takes 5-6 days to complete the procedure to clear the cargo
 - e) 6 days detention charges amount Pak Rs 50,000/ per container
- **Abrupt border closures must be avoided**



TRANSIT TRADE: ISSUES

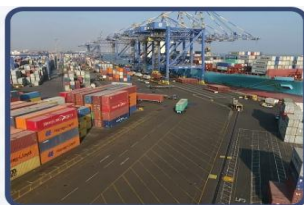
- **Excessive security deposits demanded by the shipping company:**

SECURITY DEPOSITS : BANDAR ABBAS VS. KARACHI		
CONTAINER SIZE	USD	USD
40 FT	300	5000
20 FT	150	3000

Source: Ministry of Commerce

Afghan Chapter Feedback

- Afghan importers are required to pay security deposit of Pak Rupees 500,000-800,000 for 40'ft container
- The established cost for brand new 40'ft container is around Pak Rs 200,000
- Shipping companies refund the security deposit after one month once the empty container is returned back to them.
- In case of imports by Pakistani traders the shipping company demands security deposit of Pak Rs. 50,000 for return of their empty container.





TRANSIT TRADE: ISSUES

- **Cross Stuffing of Afghan Transit cargo shall be allowed and must be optional for use:**

Reasons:

- a) The shipping companies at Karachi demand huge amount as security deposit for return of their empty container
- b) Transit cargo is exposed to demurrage & detention charges due to many unforeseen reasons
- c) Since the shipping company generally provides 14-21 days free detention, but it takes at least 30-35 days to complete the cycle of returning the empty container back to the shipping company in Karachi, the transit comes under heavy detention charges.



TRANSIT TRADE: ISSUES

- **Heavy Cost of Transit Via Karachi:**

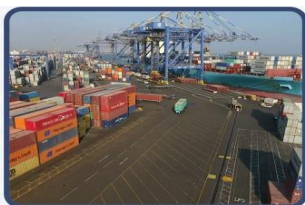
- a) Transit cargo is subjected to install tracker device which cost Pak Rs 7,000 /container
- b) Provide insurance guarantee at rate of 0.25% based on the extra ordinary value fixed by the customs authorities in Karachi customs
- c) Since Monopoly of Transit cargo is awarded to Bonded Carrier, the Bonded carrier is charging very excessive in land charges.

- **Varying Demurrage free days:**

KICT only 5 days free (Most of Afghan Transit cargo use KICT)

PICT & QICT port 15 days free

- **Bonded carriers monopoly be neutralized**



TRANSIT TRADE: ISSUES

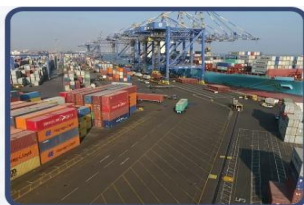
- **Delay in the return of Transit Truck**

- **Pakistan Side:**

Return of empty container takes abnormal time, due to delay in clearance process by Afghan authorities which effects whole Transportation system and causes incline in general freights up to 800\$ due to shortage of vehicles in market

- **Afghan Side:**

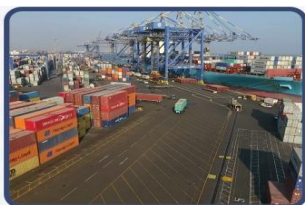
The trucks which bring the empty container esp. from Jalalabad back to Karachi are delayed for hours by Pakistan security forces that causes heavy traffic Jam at Afghan side of the border and as the result the trucks remain stranded for weeks and leads to heavy detention charges.





TRANSIT TRADE: ISSUES

- **Partial shipment still is an issue**
- **Amendment of shipping documents must be allowed and facilitated**
- **Enhancements of trade routes and opening of further borders**
- **Railway wagon shall be started to carry Transit cargo from Karachi**
- **Refund of Demurrage charges not implemented yet**
- **Pakistan transit with Central Asia is hampered totally, extensive charges are imposed (unofficial) and direct trading is discouraged by Afghanistan.**
- **Capacity building is a challenge!**

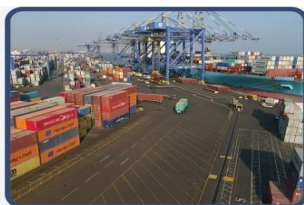


Bilateral Trade

Bilateral Trade of Pakistan with Afghanistan (US Million \$)

Fiscal Year	Exports to Afg.	Imports from Afg.	Total	Balance (+)
2009-10	1571.5	139.3	1710.8	1433
2010-11	2336.7	172.0	2508.7	2164.7
2011-12	2249.6	199.4	2449.0	2050.2
2012-13	2066.0	287.8	2353.8	1778.2
2013-14	1870.5	359.6	2030.1	1510.4
2014-15	1961.4	322.6	2284.0	1638.8
2015-16	1437.3	409.9	1847.2	1027.4
2016-17	1285.94	337.20	1637.14	962.73

Source: Ministry of Commerce



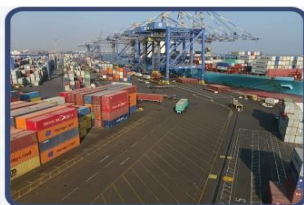
Semi-Annual Bilateral Trade



Bilateral Trade of Pakistan with Afghanistan (US Million \$)

Fiscal Year	Exports to Afg.	Imports from Afg.	Total	Balance (+)
2016-17 (July-Dec)	654.70	227.84	882.54	426.86
2017-18 (July-Dec)	726.37	280.45	1006.82	445.91

Source: Ministry of Commerce



Comparative Analysis with India & Iran



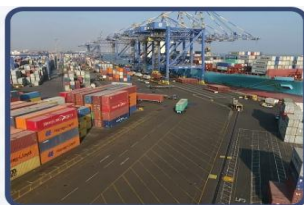
Exports of Afghanistan to Pakistan, India and Iran Value in US Million \$

	2016-17	2015-16	2014-15	2013-14
Exports to India	230	189	160	103
Exports to Pakistan	283	227	188	198
Exports to Iran	19	29	33	43

Imports of Afghanistan to Pakistan, India and Iran Value in US Million \$

	2016-17	2015-16	2014-15	2013-14
Imports from India	153	131	108	147
Imports from Pakistan	1199	1346	1328	1742
Imports from Iran	1265	1808	1506	1511

Source: CSO Afghanistan / ITC





Issues in Bilateral Trade

- The **invoice of Afghanistan** for its export of fresh fruit is not acceptable to Pakistan custom authority, Afghanistan valuate its fresh fruit around 50-90 USD per metric ton, which is not acceptable to the custom authority of Pakistan and they valuate the same one ton of fresh fruits 600-700 USD, which automatically comes under the high custom duties, in other side the invoice and valuation of Pakistani fresh fruit is acceptable to Afghan authority and valuate one ton of fresh fruits from 80-90 USD
- Regulatory Duties at both the sides
- Business Visa regime is non-supportive, though both official sides claims otherwise
- Discouragement of investment on both sides, especially joint ones.
- Abrupt closure of borders and lesser operational border routes
- Pending Preferential Trade Agreement between the two countries





Issues in Bilateral Trade

- The Recent SRO which was issued by the Food and security department of Pakistan in October 2017, stated that from 15-jan-2018 all the Agri products (820 types of items) which will importing to Pakistan will entertain to present health standard certificates (**Quarantine** Certificate, Afloxine test, Form A, import permit etc) and the policy intensely implemented on all imports coming to Pakistan, imposition of this restriction faced Afghan exporters with heavy losses because thousands of tons of cotton, Fresh fruits and fresh vegetable halted in the border.
- Capacity Building is highly critical
- Custom Duties in terms of Dollars
- Illegal extortion of Money at borders





PAJCCI's Proposals

- Segregate business and trade ties from political and military tensions, though, establish strong security measures that are vital for stabilization and sustainability of both the countries without compromising upon the sentiments of the business community across the border.
- Initiate table talks between both the countries for facilitating the process of joint discussions in order to revive the economic transition (APTTCA / JEC).
- Appropriate confidence building measures may be instilled for removing deep-rooted mistrust in Pak-Afghan relationship
- Employment of appropriate fiscal measures, rationalization of tariffs and improvement in allied governmental policies can result in remarkable ties.
- Frequent border closures, heavy demurrages, waiting time, uncertainty and diversion of both bilateral and transit trade to other avenues is causing psychological rift.





PAJCCI's Proposals

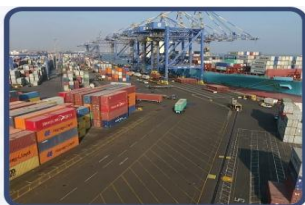
- It is urged to extend promised waiver for demurrage and detention (for the time of border closure), decrease undue security deposits and bonded carrier charges, ensure the right infrastructure at border and port.
- The economic committee comprising PAJCCI directors from both the sides should be brought into alignment with Parliament for appropriate policy making. The committee may be consulted for economic advice and be taken into confidence before taking extreme measures such as closure of borders or revision of economic policies in general. This committee would act as economic and confidence building catalyst to ensure further enhancement of bilateral trade, rejuvenate regional linkages, promote joint investments.
- Convening a meeting between private sectors and government officials of both the countries for facilitating them in reconnecting with each other and identifying common grounds of peace, prosperity and strong economic ties.
- Gawadar should be made part of Afghan transit trade, in order to reap mutual benefits.





PAJCCI's Proposals

- Regulatory duties must be revisited at both the sides
- Policy Advocacy should be done for Perishable vs. Non-Perishable items trade
- Export House to be established for strengthening bilateral ties and enhancing trust.
- Mutually beneficial visa regimes be established especially business visa category.
- The provision of a financial mechanism for trade is mandatory. Instituting an EXIM bank for trade settlements in multiple currencies is recommended, as is an institutional arrangement for freight insurance and similar cost.
- Socio-economic inclusion may be ensured (media, education, joint projects, cultural engagements).
- Afghan Transit should be treated under international rules and regulation especially in Karachi port, Afghan transit cargos are scanning or examining same as Pakistani internal cargo treated.
- TIR conventions should be operationalized.





PAJCCI's Proposals

- Services exports should also be promoted and considered while policy advocacy
- More borders be operationalized, railway option should be given priority.
- Quarantine related certificate should be abolished in presence of other related documents due to the absence of right infrastructure at borders.
- Advocacy with Afghanistan must be done on Pakistan's trade with Tajikistan and other Central Asian countries for the benefit of region.
- Pakistan should engage further in capacity building of Afghanistan, especially nurturing business acumen of young female entrepreneurs.
- PAJCCI be made part of Economic Committee constituted at Governmental level to represent business concerns of both the sides.

