



PAJCCI Stakeholders Meeting-Torkham Border / Peshawar

01st February 2023

Introduction

PAJCCI held stakeholders meeting at Torkham Border Crossing and participants also visited operational Border Crossing to observe real time operations. The meeting was attended by PAJCCI executives from the both sides, Afghan delegation, Government Officials consisting of Arbab Qasier, Director, Directorate of Transit Trade, M. Ashfaq, Collector Peshawar, Ather Naveed, Additional Director, Directorate of Transit Trade Peshawar, Representative of Banks, FIA, Custom Enforcement & Appraisalment and media. The meeting further continued in Peshawar where number of businessmen attended the meeting and deliberate upon issues of significant nature.

Business community expressed gratitude to PAJCCI for engaging local trade community in border areas and arranging the visit of Afghan delegation which is instrumental in developing better communication with each other while exploring solutions and potential of bilateral trade.

The house emphasized the involvement of Afghan Government in meetings and events to ensure that Government to Government lines of communication remains open and government level issues are duly resolved. The non-implementation of TAD, Cross-Stuffing, tariff rationalization and various initiatives like ease of Business Visa, security breaches and multiple checks, unilateral transit fee increment by Afghan authorities are escalating due to non-engagement of Afghan government thereby multiplying problems for business community and SME traders which has huge potential and prospects in increasing employment for border communities of both the countries. Non-engagement has also seriously reduced the trust between the two countries and both are operating in silos without creating awareness & understanding that regional trade & peace is dependent on prosperous Pakistan-Afghanistan economic stability and relationship.

Delegates appreciated the efforts of PAJCCI in resolving the issues while arranging various engagement events of the stakeholders.



Highlighted Issues and Recommendations

The agenda items focused on issue resolution while working with both governments in harmony. The forum was attended by PAJCCI officials, business community and representatives of trading associations.

1- Issues in bilateral & Transit trade	
Current Status	<p>Problems faced at Afghan side:</p> <ul style="list-style-type: none"> • Slow and delayed clearance of empty containers / trucks leading to non-availability in the market thereby raising costs. • High charges on local transport, increased from Af 4-5000 to Af 16-17000 per container. This triple cost and delayed returns increasing significant cost of doing business further aggravated by unstable dollar momentum. • Imposition of unilateral transit fee of USD 47 per ton on several items • Afghan side works half day on Thursday and off on Friday that causes delay, back log and increases associated costs. • Pending approximately 47000 T1 forms despite continuous reminders and offering capacity building by Pakistan. This has been raised in last meetings of PAJCCI as well and need immediate resolution. • Shortage and high cost of trained labor resulting in damages to goods while loading and unloading. • Shortage and high charges for trucks and containers intended for CIS and beyond, there are no standardized rates and also monopoly is used. If demanded 40ft container then 30ft container is provided on the charged of 40ft. • Obstacles in PVC exports from Pakistan whereas Iran and Turkey are using similar routes without hindrances. • Higher side tariff on Coal, Sulphur and other minerals required by Pakistan <p>Problems faced at Pakistan Side:</p> <ul style="list-style-type: none"> • Documentation and high valuation by Pakistan Customs resulting in diversion of 500 trucks to Bandar Abbas instead of Pakistani ports for transit trade • Undue requirement of original invoices from Afghan businesses at Pakistan side. • Slow processing of custom officials especially in processing GDs in Karachi. Previously it took 1-2 days and now on the minimum it takes 5-6 days. • Slow processing and high rejection of business visa for Afghan traders causing loss of money, as it is non-refundable. Additionally, on regular traders visa as a businessmen, requirement of investment has been applied, which is discouraging and can have reciprocal impact.

	<ul style="list-style-type: none"> Discouraging visa policy for SME traders which is hindering border community economic stability and employment and they are shifting to Iran and China affecting border side businesses in Pakistan significantly (known as 'Parchoun' business commonly). Another hurdle is that Karachi customs asks for picture of port of loading, proof of payment and confirmation of shipper about payment receiving, which is not part of any SRO. With driver, a helper should be allowed, especially in difficult terrains and huge consignments, single driver cannot handle the pressure. Afghan side do not unnecessarily bother Pakistani trucks for road passes or sought undue guarantees whereas Afghan trucks are not facilitated accordingly,
Future Actions	<p>Both governments need to increase communication and conduct frequent bilateral meetings to develop joint processes for trade activity.</p> <p>It was updated by DTT that as reported by PAJCCI, an emergent action was taken to ensure clearance of empty containers / trucks. In coordination with Afghan side, within weeks' time, all delayed trucks / containers were cleared on both borders, Chaman and Torkham.</p> <p>Both governments need to put aside politics and implement agreed upon policies on TAD, Cross-Stuffing to reduce high charges by international shipping lines, tariff rationalization on items required by both sides, remove obstacles in transit trade by opening ways, zero taxation, avoidance of double taxation, availability of transport, dedicated separate gates to facilitate trade / transit and movement of empty containers effectively, security and quick clearance.</p> <p>On the documentation and high valuation issue, Pakistan Customs and Kabul counterpart are already in discussion. However, it was highlighted that it requires amendment in rules on Afghan side. Keeping the intensity of issue, PAJCCI organized a meeting with Customs authorities where Zubair Motiwala advised measures to resolve the issue (letter attached).</p> <p>Both sides urged to reduce multiple checking points especially from bona fide traders having all genuine documents.</p> <p>If Afghanistan can trade with other countries using third party payments then Pakistan should also negotiate with international agencies to ensure that payment processes that are business supportive.</p> <p>Visa policy shall be clear for traders, SME traders, business community and investors instead of requiring unnecessary documents.</p> <p>Both sides should ensure stable freight charges and changes be brought after proper announcements and grace time.</p>

	PAJCCI will coordinate with relevant ministries on both sides to remove barriers and procedural issues however active involvement of Afghan government is imperative.

2- Significant Initiatives Sought

Current Status	<p>PAJCCI has been conducting various engagement events since its inception and has conducted several sessions in Afghanistan as well. However, after August 2021, sessions & engagements were limited to Pakistan due to various reasons.</p> <p>Several meetings were held at various border crossings and Afghan delegations were invited however no representative from Afghan government was included.</p> <p>During this quarter Afghan delegation members and Co-Chairman PAJCCI; Khan Jan Alokzai has strongly recommended to hold meetings in Afghanistan to develop beneficial support from Afghan government for business community of both sides.</p> <p>PAJCCI's unique position allows it to engage several ministers and government officials from both sides however in changing scenario, non-inclusive policy of Afghan authorities has multiplied the problems impacting bilateral and transit trade.</p> <p>Due to this element several business and social supportive initiatives have been halted and not implemented like TAD, Cross-Stuffing, Ease of Visa, border bazaars, People to People small and household trade, transit trade to CARs, complimentary tariff on items required by both sides and overall slow-down in bilateral trade through each other is evident. Whereas Afghan trade has increased with Iran, China & Turkey.</p>
Further Actions	<p>PAJCCI leadership and business community as a whole has jointly recommended to hold quarterly meetings in Afghanistan.</p> <p>Afghan commercial attaches based in Pakistan must be invited in all meetings being held in Pakistan to create good will and giving respectable involvement to Afghan government.</p> <p>Pakistan cannot perform in isolation whereby international community continues to undermine is efforts in keeping the balance in the region.</p>

3-Other Highlights

<p>Current Status</p>	<ul style="list-style-type: none"> • Pakistan side showed interest in increasing Transit Trade and increase in facilities for Afghan transit trade at Karachi Port. • Non supportive attitude from international shipping lines was highlighted who are charging highest possible tariff. Shipping companies charge high detention charges i.e., 180-280 USD on 40 feet container and 100-150 USD on 20 feet container. Hence immediate implementation of cross-stuffing be done. • Bonded carriers are also not supporting cross-stuffing, which is the only solution to humongous detention and demurrage charges, thereby increasing cost of business. • Both sides resolved that additional air routes are necessity to provide facilities to people of both countries especially it complements trade and tourism. • An example of Iran Commercial Attache was quoted who visits markets personally to see positioning, availability and status of their products and brands competitively and provide strategic insight to their respective ministries for improvement, where needed. • APTTA and PTA should be revisited and signed immediately to eliminate issues at hand. PAJCCI has already provided stakeholders review on the both, hence both Governments should inculcate those. • In order to reduce burden at Karachi port, dry ports like Aza Khel may be utilized for GD Filing, which would also generate employment opportunities in KPK. • Bonded carriers charge insurance, hence should be responsible for safety of goods till they reach destination. Private trucks be allowed to reduce monopoly and high costs associated. • Cargoes in bulk quantities that include sugar, wheat, urea should be transported in railway wagons of 60 tons. This would support railway would and result in reduced transportation charges overall.
<p>Way Forward</p>	<p>PAJCCI will continue to coordinate with all stakeholders to deliberate issues faced by business community and solutions to be taken to respective governments.</p> <p>It is time that both governments seriously take up relevant issues with aim to resolve and support peaceful trading activity.</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