

**MINUTES OF THE FIFTH MEETING OF AFGHANISTAN PAKISTAN TRANSIT TRADE
COORDINATION AUTHORITY (APTTCA)
HELD ON JANUARY 1-2, 2015, AT SERENA HOTEL, ISLAMABAD**

The Fifth meeting of Afghanistan Pakistan Transit Trade Coordination Authority (APTTCA) was held on January 1-2, 2015 in Islamabad. The meeting was inaugurated jointly by Mr. Muhammad Shahzad Arbab, Secretary, Ministry of Commerce, Government of Pakistan and Mr. Mozammil Shinwari, Acting Minister of Commerce & Industries, Afghanistan. Both co- chairs of APTTCA highlighted the desire by the political leadership of Afghanistan and Pakistan to work in unison for smooth crossing of transit cargo across borders.

2. Representatives from various government departments attended the meeting and participated. The lists of Afghan and Pakistan delegations is at **Annex-I**.

3. A very detailed and thorough discussion on all the issues took place in a very cordial and friendly atmosphere. The following decisions were made;
 - a. Various options were discussed to reduce time and cost in transit trade including 100% scanning, installation of trackers on prime movers and containers and multiple guarantees. It is agreed that;
 - i. Requirement of scanning of Afghan transit cargo will be reduced to 20% subject to risk profiling and introduction of Risk Management System. It is agreed that Risk Management System will be established within next three months;
 - ii. Cost of trackers on prime movers will not be charged from importers. This cost will be borne by the bonded carrier companies. Moreover, Pakistan Customs will try to reduce the cost of trackers on containers;
 - iii. There will be a single revolving guarantee charged from the importers;
 - iv. Number of bonded carriers to handle Afghan Transit cargo will be increased to provide competition and thereby reduce cost;
 - v. Condition for one consignment one carrier will be relaxed. One consignment on two carriers or two consignments on one carrier will be allowed.

 - b. Pakistan side informed that Afghan registered trucks are allowed to carry fruits and vegetables up to Wahga for exports to India on Letter of Guarantee issued by Ministry of Transport & Civil Aviation, Afghanistan. They agreed that necessary amendments will be made in the rules



to include all exports rather than only fruits and vegetables. Pakistan side agreed to allow Afghan Truck holding letter of guarantee to go up to Wahga by 20th Jan 2015. Afghan side further proposed that the all types of financial securities pertaining to the entry/movement of Commercial vehicles should be waived off on reciprocal basis to boost the trade. Pakistani side agreed that the proposal will be examined and will be decided in the next APTTCA meeting. Pakistan side agreed that on their way back Afghan trucks can pick up exports cargo from Pakistan to Afghanistan. However, it was clarified that in terms of Article 21 (b) of Protocol I of APTTA, 2010, which deals with the matters of transportation to or from third country which is not signatory of APTTA, transportation of goods to or from third country is only allowed in case both the contracting states (Pakistan and Afghanistan) have transportation of goods agreement with that third non-contracting state (India). Since there is no such agreement, hence, Afghan request to carry their goods beyond Wahga is not tenable under APTTA, 2010.

- c. Implementation of EDI was discussed in great detail and a tight time schedule is agreed to officially launch EDI by March, 2015. It is agreed that Pakistani side will forward a draft of technical proposal of EDI within seven days i.e., up to 8th January 2015. On receipt, the Afghan side will examine the document and provide its comments within two weeks (Jan 9-22, 2015). Pakistan side will review Afghan's response within one week (Jan 23-29, 2015). Both sides will complete all software/hardware requirements for the EDI implementation within two weeks (Jan 30-Feb 12, 2015). Both sides will deploy the new EDI system and testing phase will start w.e.f. Feb 20, 2015. The full implementation of EDI will start w.e.f. March 1, 2015 at Torkham & Chaman and exchange of data will be through XML messaging. Other Customs stations will be added to the EDI system with mutual concurrence by the two Customs Administrations. After one month, an audit either by the technical team of the two Customs Administration or mutually agreed third party, will be conducted to point out any lacunas/shortcomings and to propose appropriate solutions accordingly. In case, the EDI audit is delayed for any reason, the EDI system will continue to operate. After 30 days of the implementation of the EDI system, the EDI will replace the manual transmission of manual documents i.e., cross-border certificate, T-1, issued against GD& Certificate of Check post for the release of Customs guarantee at Karachi if any discrepancies are found in the data, the Afghan trader will have to provide the manual documents at Karachi for the release of guarantees.



- d. Afghan side informed that traders' registration in the WeBOC system has started in the Ministry of Commerce & Industries of Afghanistan through the ID provided by the FBR. Afghan side also informed that under "Edit" more options are required to be provided to tackle issues such as reset password of the trader, modify email address of the trader, blocking of the black-listed traders, and cancellation of the registration. Pakistani side agreed to modify the WeBOC Registration Module appropriately so that the above-stated options are available to the Ministry of Commerce, Afghanistan.
- e. On WeBOC training, it is agreed that the Pakistani side will provide the trainers to Afghanistan or run training programs through "Video Link". Pakistani side also agreed to train Afghan officials and traders on WeBOC System at Karachi.
- f. Pakistan informed that partial shipment has already been allowed under SRO 121 (I) 2014 on case to case basis. On request from Afghan side, Pakistan agreed that necessary changes in the WeBOC system will be incorporated by February 2015 to allow system based partial shipments for all transit goods rather case to case manual arrangement in place now.
- g. Pakistan side informed that a liaison committee comprising of senior officers from Directorate of transit Trade, Karachi, Commercial Attaché of Afghanistan in Karachi and two representatives from Pak- Afghan Joint Chamber of Commerce and Industry (PAJCCI) has been constituted to address the day to day issues of the traders in transit trade. It was mutually agreed that similar Liaison Committees will also be established in Peshawar and Quetta within next 15 days.
- h. On the issue of discriminatory charges for Afghan cargo on Pakistani sea ports, Pakistan side clarified that contrary to common perception, there is no discrimination in port charges between local and Afghan transit cargo. In fact the charges are more favourable for Afghan Transit than local cargo. As a good will gesture, Port Qasim Authority, after consultation with QICT (DP World Container Terminal), offered to further slash down tariff schedule as under:-

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Scanning	Before	Revised
20 Feet	Rs.2500	Rs.1000
40 Feet	Rs. 5000	Rs. 1500
Weighment	Before	Revised
20 Feet	Rs.1000	Rs.600
40 Feet	Rs.1500	Rs.800

On Afghanistan's request, Pakistan agreed that issue of demurrage charges and charges by shipping lines will be discussed with the Ministry of Ports & Shipping and Shipping Lines. Particularly, on the issue of time for free of demurrage charges, Afghan side pointed out that whereas, Pakistan International Container Terminal (PICT) and Qasim International Container Terminal (QICT) provide 14 days as free of demurrage charges for Afghan Transit Cargo, the Karachi International Container Terminal (KICT) provides only 5 days. Pakistan agreed that KICT will be requested to provide same time as provided by PICT and QICT.

- i. Since many government departments are involved in the effective operationalization of APTTA, need for a focal point was highlighted. It was agreed that from Afghanistan side Mr. Muhammad Rahim Momand, Director General International trade, Ministry of Commerce and Industries, Afghanistan and from Pakistan Mrs. Robina Ather, Additional Secretary, Ministry of Commerce, Pakistan will be the focal persons to coordinate between different departments.
- j. Pakistan side informed that Chaman and Torkham. Customs are already working on Saturdays for Afghan Transit cargo. It is agreed that Karachi Customs will also entertain Afghan Transit Cargo on Saturdays.
- k. Pakistan side expressed its concerns on US\$ 100 charges and 110% financial guarantees on export to CARS through Afghanistan. Afghanistan side agreed that such charges will be eliminated as agreed in Finance Ministers' meeting on 13 November 2014.
- l. Afghan side informed that customs rules under APTTA have been issued. They handed over copy of the notification in Dari language. Informal version of the translation in English will be provided soon.
- m. On Afghanistan's initiative to collect duty taxes for Afghan Transit Trade at Karachi Port Qasim and Gwader, Pakistan informed that it is ready to provide all facilities and logistic



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support. It is agreed that a joint working group will be constituted which will meet in 3rd week of January, 2015 in Islamabad to discuss the modalities. A joint feasibility study will be initiated simultaneously.

- n. Afghan side informed that that Afghan transit cargo is examined and sealed into container on entry in Pakistan. However, when the cargo arrives at Karachi it is subjected to re-examination. In response, Pakistan side stated that no such examination / de-stuffing / un-loading is required at Karachi Ports.
- o. Afghan side raised the issue of de-stuffing / cross stuffing of Afghan transit goods from the containers of shipping lines to the containers of local shipping service provider before filing Goods Declaration at Karachi Ports. Afghan side further elaborated that international shipping lines require huge amount of security deposits from Afghan traders which ultimately require a great amount of capital to serve the demand of the said companies. Pakistan side agreed to consider Afghan's request.
- p. Afghan side raised the issue of black listed items, they added that in APTTA, 2010, there is no such clause / terms / conditions to ban import any of specific lawful items via Karachi Ports in transit to Afghanistan. However, the customs authorities are not allowing certain products such as old or new auto parts / tobacco / automotive batteries to be imported from transit trade to Afghanistan despite high demand in the Afghan market. Pakistan side agreed to discuss it with customs authorities.
- q. Afghan side proposed that levying insurance guarantee requirement shall only be imposed on those items which are sensitive. Afghan side insisted to eliminate insurance guarantee requirements for basic items in transit trade. Pakistan side agreed to further look at the proposal and discuss it with all concerned stakeholders.
- r. Afghan side raised the concern on the increase in the diversion of transit goods destined for Central Asia from Pakistan. Afghan side proposed that the competent authority in Pakistan may share the list of genuine Pakistani traders who are transiting goods through Afghanistan to Central Asian Republics. By monitoring this list, Ministry of Commerce & Industry (MoCI) of the Islamic Republic of Afghanistan in the spirit of APTTA will be able to provide all necessary facilitation and courtesy to the traders listed as legitimate transit transporters to Central Asia



by the competent authority of Pakistan. Pakistan side agreed to respond in the matter after consulting concerned stakeholders.

- s. Recalling the minutes of the meeting between Finance Ministers' of both countries held in Islamabad on 13th November, 2014, to further facilitate transit trade, it is required to develop the trans-shipment facilities in Peshawar. Both sides agreed to constitute the technical level working group to develop modality for the implementation of the decisions made by both Finance Ministers' by the end of February, 2015.
 - t. For greater economic integration, both sides agreed on the extension of APTTA to Tajikistan.
 - u. It was decided that next meeting of the APTTCA will be held after three months in March, 2015 in Kabul, Afghanistan.
4. *Done and signed on the 3rd January, 2015 at Islamabad, Pakistan.*


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