



PRESS RELEASE

PAKISTAN AFGHANISTAN JOINT CHAMBER OF COMMERCE & INDUSTRY

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PAJCCI developing cross-border stakeholders' policy advocacy draft for reducing the trust deficit and enhancing economic connectivity across the border: Chairman PAJCCI

(Islamabad) In line with the chain of events pertinent to Af-Pak economic connectivity, Pakistan Afghanistan Joint Chamber of Commerce & Industry (PAJCCI) recently conducted a roundtable meeting on Mar 26, 2018. The main emphasis of this event was to nurture the environment of trust and facilitate initiation of table talks between the two countries for peace and economic prosperity across the border. The meeting was chaired by Zubair Motiwala, Chairman PAJCCI and His Excellency Mr. Zardashat Shams, Deputy Head of Mission, Embassy of Afghanistan.

The meeting was conducted under the aegis of PAJCCI's manifesto of "Segregating Economic Aspirations from Political and Security Imperatives" and development of subsequent policy advocacy document leading towards enhancement in confidence, rejuvenation of business ties and eradication of common issues hampering growth and connectivity.

Chairman PAJCCI established that keeping the current confidence level and business stagnance between Pakistan and Afghanistan, it was vitally important to re-establish confidence building measures, most importantly to bring the stakeholders at one platform for facilitating the process of comprehensive table talks. This roundtable session aims to discuss proposals submitted by relevant stakeholders across the border, for devising a comprehensive draft of issues and possible solutions for submission to strategic decision makers.

Motiwala reiterated significance of national sanctity and security and supported all measures that respective Governments may take to ensure the same. However, he emphasized that the same may not be continued at the beset of hurting the economic and social ties across the

border through measures such as abrupt closure of the border for an indefinite period resulting in massive monetary losses and trust deficit. He urged governments on both the sides to segregate business and trade ties from political and security tensions, and suggested that Pak-Afghan trade, both bilateral and transit, needs rejuvenation and appropriate confidence building measures may be instilled for removing deep-rooted mistrust in Pak-Afghan relationship that is not only hampering political dialogue but also significantly impacting the economic transition between both the countries.

During the meeting, a thorough discussion was done on issues relevant to both transit and trade along with possible resolutions and future advocacy ambitions. It was also highlighted that these worsening relations have also affected trade of Pakistan with Central Asian countries and has a devastating impact on the local economy.

Motiwala urged Governments to consider the effects of recent political turmoil over bilateral and transit trade whereby Pakistan-Afghanistan trade has dropped significantly in the last 2-3 years. Despite having potential of \$5 billion, lately trade has fallen from \$2.5 billion to \$1.4 billion because of bilateral tensions that caused other countries to penetrate in Afghanistan easily, as India has recently acquired a very strong hold both socially and economically in the Afghanistan, causing double damage to the Pakistani economy and neighborly relationship. Additionally the recent figures are showing a rise in Afghanistan's trade with Iran (both transit and bilateral) and a corresponding decline in business with Pakistan due to disturbing political ties accruing since long. He also added that even though Karachi is the most economical route for Transit Trade for Afghanistan; however, Iran's facilitation to Afghan businessmen is pulling the business away. He emphasized that only fiscal reforms and rationalizing of tariffs will curb the tendency towards parallel trade and enhance the mainstream trade. That would not only improve the deteriorating trade balance of Pakistan with Afghanistan, but would also help wiping off the prevailing current account deficit of Pakistan.

He further added that frequent border closures, heavy demurrages, waiting time, uncertainty and diversion of both bilateral and transit trade to other avenues is causing psychological rift and is resulting in long-run instability in relations with the prime neighbor of Pakistan. He believed that both the Governments should keenly follow-up the matter and develop measures of a long term nature, for ensuring overall economic stability in the region. He once again requested the Ministry of Commerce and Finance ministry to consider the appeal of PAJCCI for waiver of any applicable port charges (detention / demurrage) applied to Afghan consignments / containers accruing from the closure of the border to limit the monetary losses of the business community.

Motiwala also brought to light the issue of regulatory duties imposed on imports from Afghanistan, and requested it to be waived for the better connectivity amongst the neighboring countries. Chairman PAJCCI further requested for 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.

He mentioned that recent SRO issued by the Food and Security department to present health standard certificates (Quarantine Certificate, Afloxine test, Form A, import permit etc) on the Agri products (820 types of items) being imported to Pakistan have significantly affected the Afghan exporters by causing heavy losses because thousands of tons of cotton, Fresh fruits vegetables are stranded at the border. The concerned tests and certificates are not applicable in the region and also getting the import permit for Afghan businessmen would be challenging due to Quarantine office being located in Karachi only. He strongly urged the Ministry of Commerce to facilitate Afghan traders in this context and develop policy for facilitation without causing any procedural violence at our end, or may consider the routine quarantine certificate issued by Ministry of Agriculture of Afghanistan to save the Afghan exporters from distress at this time of their exports. Chaman and Gawadar Chamber insisted that it is not possible to provide all these certificates of Afghan imports and to issue test reports of perishable goods on priority basis as the goods are under heavy transport detentions charges and by nature perishable. Additionally the infrastructure support is critically limited and in this season of Afghan exports especially of fruits that would have demoralizing effect on the traders.

The participants also highlighted difficulties faced at borders due to ineffective facilitation and deteriorating infrastructure. The deliberations also focused upon possible solutions for mutually beneficial results.

H.E. Mr. Zardashat Shams, showed his gratitude for the productive effort of PAJCCI and said that this can be helpful for the betterment of relations on both the sides. This forum can enhance the business, commerce and trade of both countries by de-politicization and contribution of PAJCCI in ensuring the same is commendable. On behalf of Ambassador he ensured support from the office for finalizing this process and leading the negotiations on right track.

Motiwala stated that despite socio-political turmoil across the border, the people-to-people connect is highly commendable. He further offered PAJCCI's services as a bilateral entity, having its members in both the countries, to act as a joint platform to support the overarching objective of peace, prosperity and economic connectivity.

He mentioned that with due support from Co-Chairman PAJCCI, Khan Jan Alokozai a draft proposal and policy advocacy document is being prepared and requested meetings with the honorable President of Afghanistan, Prime Minister of Pakistan and Chief of Army Staff for deliberating on the same for incorporating strategic insight and facilitate the issues hampering the historical ties between two brotherly nations.

The meeting was attended by representatives from chambers, think tanks, embassies, relevant ministries and the business community.

