



## PRESS RELEASE

PAKISTAN AFGHANISTAN JOINT CHAMBER OF COMMERCE & INDUSTRY

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### **PAJCCI commended Prime Minister's initiative to facilitate Afghan Transit Trade by enhancing ease of doing business**

Due to political turmoil and trust deficit aggravated by intrusion of external forces, the reduction in bilateral trade and transit regime across the border was explicitly observed. However, in line with Prime Minister Pakistan's vision that was reflected critically in the recently led meeting with governmental departments to facilitate both bilateral trade and transit by enhancing ease of doing business and reducing procedural hindrances, PAJCCI strongly hoped that this can roll out the economic momentum.

Chairman PAJCCI, Zubair Motiwala established that PAJCCI's endeavors have been realized fruitfully keeping in view recent initiatives undertaken by the government, including operationalization of Torkham border for 24/7, inauguration of the Azakhel dry port and move to allow import of cotton from Afghanistan by Economic Coordination Committee. The recent delegation of business stakeholders led by Chairman PAJCCI to Afghanistan that met Ministry of Commerce, Ministry of Foreign Affairs and Customs & Revenue Department also reiterated the need of strengthening common grounds across the border for regional peace and prosperity.

In line with the proposals presented by PAJCCI, another important milestone to ensure cost effective, high quality transit regime is lately receiving humongous focus by the official sectors and recent meeting conducted by Federal Secretary, Maritime Affairs to deliberate on highlighted issues of cross-stuffing, regulating the shipping lines, improvising the cost implications, physical examination and enhancing port based facilities was of significant importance.

Keeping feedback of stakeholders on view and in pursuance of Prime Minister's commitment to nourish facilitating platform specifically in context of Afghan Transit trade, Secretary Maritime Affairs established that unregulated sector of the shipping sector in Pakistan will now be brought under Maritime Affairs and appropriately devised measures will be taken to ensure extension of best possible services, plausible alternatives and high quality services to the business community. It was highlighted that variable and excessive security deposits and detention charges demanded by Foreign shipping lines is not in congruence with the risk regime applicable in Pakistan, whereby it was agreed that during the course of at least three years not a

single container was lost or damaged and the quantum of business has always been appealing. Secretary PAJCCI, Ms. Faiza highlighted that the situation further gets aggravated for the importer when detention is applied in consequence to external factors like ongoing goods transporters strikes, insufficient staff, delayed checking / congestion and non-working scanners at the port. Hence, this problem should also be taken into consideration while devising ToRs for application of detention. In the meanwhile, other stakeholders highlighted that alternative to allow cross-stuffing at the ports and / or increasing the demurrage free days to 30 can also help resolve the issues to a greater extent. Additionally round the clock inspection of cargo by Pakistan Customs at the port should be ensured in practice for ensuring expedited movements and faster processing to eliminate the issue of congestion at the port.

The security deposits, which are not only on the higher side but also are variable in the context of different shipping lines, should not be collected in cash as that restricts the cash flow of importers and as disbursement of these are made by shipping lines after 2 months, despite their agreement to do so in 7 days, creates a deplorable situation. It was suggested that alternative of insurance guarantee as is applicable in case of bonded carriers and is executed well by Directorate of Transit Trade can be replicated in this case as well.

The problem of excessive physical examination and scanning, over and above the 5% limit was also discussed, especially in context of Marks and Numbers application whereby as per APTTA it was desired to mark the consignments "In transit to Afghanistan". DGTT established that this practice is generally avoided by the importers hence increases the time taken by the customs. The stakeholders though requested the Ministry of Commerce to waive this requirement in line with extensive security measures already undertaken like use of trackers, containerized cargo, insurance guarantees, etc. DGTT further ensured that the fool proof system in place guarantees no pilferages while transit goods are moved to cross the border. However, the problem of transit goods returning back to Pakistan, damaging the local industry, is of central focus but that should be taken care off by either implementing Fiscal reforms or appropriate border management system.