



PRESS RELEASE

PAKISTAN AFGHANISTAN JOINT CHAMBER OF COMMERCE & INDUSTRY

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Politics should be segregated from Economics, only Pakistan Afghanistan progressive ties can ensure regional peace and prosperity: Zubair Motiwala, Chairman PAJCCI

(Islamabad) While addressing the “Public-Private Dialogue forum on Pakistan – Afghanistan Transit & Trade” organized by USAID and Sarhad Chamber of Commerce, Chairman PAJCCI Zubair Motiwala iterated that significance of national sanctity and security and supported all measures that respective Governments may take to ensure the same. However, 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. He elaborated on the manifesto of the Pakistan Afghanistan Joint Chamber of Commerce & Industry (PAJCCI) to help revive and strengthen long-standing business ties between both the countries and reiterated that APTTCA and JEC meetings will play pivotal role in reviving confidence building measures across the border.

During the stay, Chairman PAJCCI also headed the delegation of private sector for meeting relevant stakeholders and officials for better representation of the challenges faced by business communities across the border due to declining bilateral trade and shifting of transit trade from Pakistan. The delegation met Advisor to Prime Minister for Finance, Revenue and Economic Affairs – Honorable Miftah Ismail, Ambassador Afghanistan - H.E. Dr. Omar Zakhilwal, DG Afghanistan Ministry of Foreign Affairs – Mansoor Ahmad Khan to deliberate matter of utmost concerns.

As part of delegation Junaid Makda (President PAJCCI) added that the chamber since its inception, has been making all relevant endeavors to improve and stabilize confidence building measures between the two countries and ensuring that business communities across the border attain mutual benefits in terms of trade, transit, security, peace and prosperity. He 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.

Motiwala established that as a cross border entity, PAJCCI unanimously developed both short-term and long-term solutions for eradicating the common menace. He enlisted several initiatives taken by PAJCCI in past that has formally aided policy making and arbitration amongst private sector of both the countries and nourished regional integration for mutual benefits. As a long term solution, he emphasized greatly on the dire need of tariff rationalization and fiscal reforms to counter parallel trade between the two countries and urged that in order to protect the rights of trading and business partners across the border, an arbitration clause may be made part of the contractual obligations. He emphasized on the importance of establishing Export Houses for the business and trading community across the border under PAJCCI's umbrella, run by professional management with due support from the Governments on both the sides. This concept would eliminate issues related to quality specifications, trust deficit, insurance and payment matters and will build the confidence amongst each other. Additionally, regional integration and common investment opportunities in both countries would be a breakthrough initiative to enhance connectivity in the regional business landscape.

DG Afghanistan Ministry of Foreign Affairs lauded the efforts of PAJCCI and established that PAJCCI's name will be included in the proposal for the development cross-border economic committee under the Government. This would bring stakeholders' feedback from across the border under the notice of concerned that would help them in formulating appropriate strategies.

Motiwala urged finance ministry 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 \$1.6 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 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 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.

Honorable Miftah Ismail acknowledged proposal of PAJCCI and agreed to convene meeting with Ambassador Afghanistan in the context of pending APTTCA and JEC meetings. He also assured due support from the finance ministry to the private sector in expanding the exports and developing fruitful trade ties in the region. He also affirmed that he will raise the issues of waiver of regulatory duties imposed upon Afghanistan and demurrage and detention applied during the time of border closure with the Ministry of commerce for its effective resolution.

The delegation while meeting the Ambassador Afghanistan urged for facilitating the process of joint discussions and specially aiding in holding the APTTCA and JEC meetings. PAJCCI also extended invitation to participate in its recent meeting in Peshawar and Jalalabad to be held in February 2018 for expediting the process of confidence building.

H.E. Afghanistan Ambassador strongly established that these issues are not only aggravating business ties with Pakistan, but also the social connectivity between the two countries. He stated that heavy demurrages, waiting time, trust deficit is resulting in long-run instability in relations with the prime neighbor 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.

During the visit, PAJCCI also signed Memorandum of Association (MOU) with Pakistan Iran Joint Chamber of Commerce & Industry (PIJCCI) for enhancing the trilateral economic and social ties and to ensure regional integration and prosperity.

