



Afghan-Pak Transit Trade Agreement (“APTTA”)

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APTTA – Objectives

- To safeguard the strategic interest of Pakistan,
- To ensure compliance of International Protocols,
- To safeguard the interest of Pakistan's business fraternity,
- To discourage Smuggling,
- To ensure optimum revenue to national exchequer, and
- To ensure smooth flow of Goods i.e. inconformity with international practices.



APTTA – Basic Facts & Figures

Facts	Afghanistan	Pakistan
Population (in million)	29.12	177.28
Bordering Area (kms.)	2,430	2,430
Total Area (Sq. kms.)	652,630	796,095
Per Capital Income (Purchasing Parity US \$)	800	2,600
Trade Balance (US \$)	(1.47)	1.47
Annual ATT (US \$)	1.08	1.08



APTTA – Salient Features of Revised Agreement

- Pakistan will facilitate Afghan Exports to India upto Wagha Border in Afghan Trucks,
- No Indian Exports will be allowed through Wagha, however, feasible proposal may be considered in future,
- Goods will be allowed to transport in Container, Open trucks (bulk and oversize cargo), and other transportation units (in the case of perishable goods e.g. fruits etc.),
- Arbitration shall be selected, in case of disagreement on common name by draw from a lot of 4 proposed names (two non-national by each party

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APTTA – Core Issues

- Smuggling under the guise of Pak Afghan Trade is causing loss of billions to exchequer,
- Afghanistan is land-lock country, however, it has three open territories i.e. Pakistan, Iran, and Central Asian Republics (“CAR”),
- Universally 58 land-lock countries are in existence, however, APTTA is unique in many respects, and
- Concept of Periodic Review is missing feature, and,
- Ground facts are not conducive to enforce APTTA in letter and spirits.



APTTA – Salient Features of Revised Agreement

- Measures to curb un-authorized flow back of goods as follows:
 - Installation of Tracking Device in Transportation Units,
 - Sharing of Information from Custom to Custom, and
 - En-cashable financial guarantees for an equivalent to Pakistan levies and its release consequent to arrival in Afghanistan.



APTTA - Suggestions

1. Quantity Based Agreement:
 - a) To Ensure Pakistan's National Interests, especially financial interests, Trade Quantities, based on the normal consumption factor ($\pm 10\%$), shall be allowed instead of unrestricted quantities,
 - b) Agreed trade quantities shall be allocated based on seasonal factors and restricted seasonal movement shall be allowed, and
 - c) A Complete list of goods allowed under ATT shall be prepared in conjunction with Trade Bodies.



APTTA - Suggestions

2. Permission to Afghan Trucks to carry Afghan Exports till Wagha Border and to carry ATT goods from anywhere in Pakistan:
 - a) To secure the interest local transport entities an allocation shall be made in percentage terms and it shall be defined in the agreement,
 - b) Pakistani Transporters shall be allowed, in exclusivity, to transport goods to and from Central Asian Republic ("CAR")



APTTA - Suggestions

3. Packing Mode of Goods – Where Tracking:
 - a) Tracking System on Containers: Alone Tracking System can be circumvented. In order to secure this stipulation ALARM system shall be introduced with at-least 3 place monitoring i.e. Private Tracking Firm, FBR, and Afghan Customs,
 - b) In the event of raising of ALARM, duties secured shall be en-cashed forthwith,
 - c) Heavy penalties shall be levied, and
 - d) Importer and Transporter shall be debarred from Trading / transporting goods in future.



APTTA - Suggestions

4. Packing of Goods – Oversize & Bulk:
 - a) Comprehensive List of Such Goods shall be agreed upon between countries,
 - b) Appropriate tracking-cum-alarm system shall be placed to ensure national interests, and
 - c) In the event of misuse heavy penalties shall be imposed and consequent blacklisting shall be made.

5. Packing of Goods – Fruit and Perishable:
 - a) Tracker fitted Cold Storage Container shall be used with Alarm System.



APTTA - Suggestions

6. Financial Guarantees:

- a) It is preferable to have cash deposits or Guarantee of Government of Afghanistan rather than Financial Guarantees, and
- b) Consequent to clearance by Tracking company and both customs i.e. conclusive evidence of goods crossing Afghan Border such cash deposits shall be remitted to Afghan Government or paid through NBP at Kabul or Kandhar



APTTA - Suggestions

7. Passage to CAR:

- a) Afghan's consent on allowing Pakistani export to CAR is not catered in the agreement,
- b) Agreement on all technical and logistical aspects must be clarified in the APTTA,
- c) Pakistani Transporting entities shall be given free access for to and from carrying of goods to CAR



APTTA - Suggestions

8. Afghan Exports to India through Wagha:
 - a) Preferably a negative list shall be drawn to accommodate Pakistani Exporters, exporting Pakistani Origin Goods to India with tariff,
 - b) Like Afghan Authorities retaining 100% and refunding 90% on all exports to CAR, same treatment shall be demanded from Afghan exports to India via land route of Wagha, and
 - c) Rights of Inspection of Afghan Trucks carrying Exports to India shall be incorporated in an explicit manner to stop unauthorized exports to India.



APTTA - Suggestions

9. Restrictions: Either country may maintain or introduce such measures or restrictions as are necessary for the purpose of:
- a) Protecting public morals,
 - b) Protecting human, animal and plant life,
 - c) Implementing laws relating to import and export of gold and silver bullion,
 - d) Safeguarding national treasures, and
 - e) Safeguarding such other interests as may be mutually agreed upon.



APTTA - Suggestions

10. Defined Entry and Exit Points:

- a) All the entry and exit points shall be defined in the main body of the agreement, and
- b) List of infrastructure at each entry and exit point shall also be made part of the agreement.

11. Preferable Currencies: It is proposed that all the dealings shall be made in local currencies of Pakistan and Afghanistan.



APTTA - Suggestions

12. Other Suggestions:

- a) A full-time strategic group comprises of experts shall be made to review the progress on an ongoing basis,
- b) Trade Bodies and other stakeholders shall be made part of the exercise in their official capacities rather individual basis,
- c) Yearly review and renewal of agreement shall be made part of agreement, and
- d) Any decision with relates to exporting Indian Goods to Afghanistan shall not be allowed for a minimum period of 5 years