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Minutes of the Second meeting of Afghanistan Pakistan Transit Trade Coordination Authority (APTTCA) Meeting

(Held on 31st May - 1st June 2011, at Serena Hotel, Kabul)

The Second meeting of Afghanistan Pakistan Transit Trade Coordination Authority (APTTCA) was held on May 31st to June 1st, 2011 in Kabul. The meeting was inaugurated jointly by H.E. Anwar Ul Haq Ahady, Minister for Commerce & Industries, Afghanistan and H.E. Zafar Mahmood, Secretary, Ministry of Commerce, Government of Pakistan. The lists of delegations is at **Annex-I**.

H.E. Dr. Anwar Ul Haq Ahady, Minister of Commerce & Industries of Islamic Republic of Afghanistan welcomed the Pakistani delegation and expressed wishes for their productive and comfortable stay in Kabul. He noted the significant progress made during the previous meetings in resolving outstanding implementation issues. He further indicated the openness of Afghanistan to address remaining issues in a rapid manner for the launching of APTTA on June 12, 2011.

In his opening remarks, H.E. Mr. Zafar Mahmood, Secretary, Ministry of Commerce, Government of Pakistan, expressed his pleasure to be in Kabul to attend the second meeting of the Afghan Pakistan Transit Trade Coordination Authority. He thanked His Excellency Dr. Anwar Ul Haq Ahady and the government of Islamic Republic of Afghanistan for the hospitality extended to him and his delegation. He expressed satisfaction on the successful conclusion of the negotiation process and signing of the Afghanistan Pakistan Transit Trade Agreement in October 2010. He also appreciated the growth in bilateral trade and hoped that trade between the two countries will cross US \$2 Billion by end of the financial year. He expressed his desire to resolve all outstanding issues so that APTTA can be implemented at the earliest.

Both H.E. Dr. Anwar Ul Haq Ahady and H.E. Mr. Zafar Mahmood indicated the importance of APTTA as model agreement for transit trade that can be followed by other countries.

Item I:

Agenda of the meeting

The meeting approved the agenda which is attached as **Annex-II**.

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Item 2:

Review of implementation of decisions of first APTTCA meeting

The Meeting reviewed the implementation of decisions of first APTTCA Meeting held on 11-12 February 2011 in Islamabad as under:

a. Framing Rules of Business for APTTCA

Draft rules of business have been framed by Afghanistan and will be submitted to the Government of Pakistan for their views/comments soon.

b. APTTA Implementation

The issue of provision of financial security for goods has been resolved in APTTCA subcommittee meeting held on May 7th 2011.

c. Notification of transit transport routes:

The Pakistan side informed that the Ministry of Communication has already notified the transit transport routes, the ports of entry/exit as provided in the APTTA. Afghanistan will similarly notify the designated routes to be used under APTTA to all relevant agencies in Afghanistan.

d. Demurrage Charges:

The Pakistan side informed that in compliance with announcement of Prime Minister of Pakistan made during his visit to Kabul in December 2010 the Government of Pakistan has decided to waive off the demurrage charges. The relevant information will be officially shared with the Government of Afghanistan through diplomatic channels.

e. Problems faced by Pakistani Exporters in Afghanistan:

The agenda item was reviewed. Afghanistan side requested for removal of collection of Rahdari imposed by tribal administration in Pakistan.

Item 3:

Minutes of the APTTCA sub-committee meeting held on 7th May 2011

a. Custom Security for goods: (Article 3, Protocol 3)

The meeting considered the minutes of APTTCA subcommittee meeting held on 7th May 2011 at Kabul. The minutes and recommendations of the subcommittee were approved



(Annex-III). For the purpose of clarity, Para 5 of the minutes of the meeting is reproduced as follows:

(Para 5)

Both parties agreed that "custom security as envisaged in Article 3 of Protocol 3, shall mean, insurance guarantee for the amount of the import levies on transit goods. Insurance guarantee shall be issued by any reputable insurance company, submitted to the customs by the importers or their authorized customs clearing agents, brokers or transport operators."

Item 4:

Custom Security for Vehicles: (Article 14, Protocol 2)

Afghanistan raised the following points with regard to provision of bank guarantee for transport vehicles:

(a) The provisions of Article 14, Protocol-2 made it mandatory for all transport vehicles crossing into Pakistan/Afghanistan to deposit bank guarantee/revolving bank guarantee equivalent to duties/taxes leviable in the host country.

(b) Although the Provisions are reciprocal but in Afghanistan rate of leviable duty/taxes on transport vehicles is much less than in Pakistan. The deposit of heavier amount of bank guarantees by Afghan transporters would make it financially non-viable for Afghan transporters to operate. Such a situation is highly un-fair and one sided. It was requested by them that as the bank guarantee is only a safeguard measure, Pakistan shall consider accepting an en-cashable revolving bank guarantee equivalent to 25 % of the leviable duties/taxes of the host country. It may be provided either by a transport operator or on his behalf by a clearing agent, the Chamber of Commerce or the concerned government department. In case an operator desires to operate less than four trucks he shall provide a bank guarantee of 100% of the leviable duties and taxes for each truck. If a vehicle does not return to the home country as per provisions of the agreement the bank guarantee shall be en-cashed for the full amount of the duties/taxes leviable on the vehicle. The above arrangement may be reviewed by APTCA on the request of either contracting party.

Pakistan side appreciated and noted the concerns of the Afghans. It was agreed to take up the case to the appropriate authorities in Pakistan for formal approval on the lines suggested above.

Item 5:

Biometric System:

Both parties agreed to install the biometric system as soon as possible. Pakistan side indicated that it will endeavor to install the system at Torkham by 30th October, 2011. Until biometric system is installed, both countries will continue the current practice.

Item 6:

Tracking Device, Customs to Customs Information and Non Containerized Sealable vehicles

The meeting referred to Para 11 of the minutes of the first meeting of APTTCA where this issue was discussed and both sides agreed that the traffic in transit in respective countries will not be hampered for want of tracking devices, if the systems are not already in place.

It was decided that a subgroup of customs officials of both countries shall meet in June 2011 at Islamabad to discuss the modalities and mechanism relating to (1) tracking device; (2) custom to custom sharing of information and (3) reaching an agreement to define the standards for sealable and non-containerized vehicles within one month.

Item 7:

Other Issues

a. Validity of Temporary Admission Document (TAD)

Afghan side requested for review of Article 25, sub clause 2 of Protocol 1, that the transit time allowed under Type A and B of Temporary Admission Document may be enhanced to 45 days in place of existing 15 days and 30 days. The Pakistani side agreed to consider the request of the Afghan Government to enhance the transit time for both categories of Temporary Admission Document, after operationalisation any difficulties are encountered.

b. Request of the Afghan Chamber of Commerce and Industries

The Afghan Chamber of Commerce and Industries raised the following issues which are causing delays in clearance of their consignment. As a result they have to pay demurrages and extra payments to the shipping companies as detention charges for containers:

- i. It was pointed out that Peshawar and Quetta Collectorates are not clearing partial consignments. In one case ten containers arrived at Amangarh whereas one container was lying at Karachi. Railways didn't have the capacity to transport it to Peshawar. As a result the

ten containers are being held at Amangar for a long time. Similar situation exists at Chaman, where Afghan importers have to suffer for no fault on their part.

ii. The Chamber further pointed out that in a number of cases the containers are booked only up to Karachi. Such cargo (sugar) is de-stuffed at Karachi but customs does not allow re-stuffing of such cargo in other containers.

iii. The Chamber stated that the bulk cargo is allowed to be carried in open vehicles as per provisions of the APTTA 2010. They cited an example of vehicles which were imported in bulk through car carrier ship. The Pakistan customs is not allowing these vehicles in car carriers and insisting to carry the vehicle in container.

The Pakistan side agreed to raise the above issues with the concerned authorities for resolution.



H.E. Zafar Mahmood,

Secretary, Ministry of Commerce,

Government of Islamic Republic of Pakistan



H. E. Gulam Mohammad Yailaqi,

Deputy Minister for Commerce & Industries,

Government of Islamic Republic of Afghanistan



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Annex -1

LIST OF AFGHAN DELEGATION

- H.E. Dr. Ghulam Mohammad Yailaqi, Deputy Minister, Ministry of Commerce and Industries
- Mr. Mozammil Shinwari, Director General of International Trade Department of the Ministry of Commerce and Industry;
- Mr. Abdul Rahim Saeedi, DG of Private Sector Development, Ministry of Commerce and Industry,
- Mr. Yonus Mogol, Director of Transit, Ministry of Commerce
- Mr. Gul Pacha, Technical Director of the Afghan Customs Department, Ministry of Finance;
- Mr. Mohammed Umer Momand, Director of Planning and Reform of Afghan Customs Department, Ministry of Finance;
- Mr. Saifullah Abid, Adviser, Ministry of Finance
- Mr. Ahmad Jawid Azadzoy, Director of Pakistan Desk, Ministry of Foreign Affairs
- Mr. Haleem Sadrey, Director of Transit for Afghan Custom Department, Ministry of Finance;
- Mr. Khan Jan Alkozai, Vice President of the Afghan Chamber of Commerce and Industry ACCI;
- Mr. Safir Sahar, ACD Adviser

LIST OF PAKISTAN DELEGATION

- H.E. Mr. Zafar Mahmood, Secretary, Ministry of Commerce, Islamabad
- Mr. Himayat Ullah Khan, Senior Joint Secretary, Ministry of Commerce, Islamabad
- Syed Tanvir Ahmed, Commissioner Regional Tax Office, Karachi
- Mr. Ahmad Saeed, Joint Secretary, Ministry of Interior, Islamabad
- Mr. Daroo Khan, Representative of Afghan-Pakistan joint Chamber of Commerce and Industry, Chaman, Quetta
- Mr. Haji Fateh Khan, The Federation of International Transport Companies, Pakistan



**Agenda of
Second Meeting of Afghanistan Pakistan Transit Trade Coordination Authority
(APTTCA),**

31 May to 1st June, 2011
Serena Hotel, Kabul

PROVISIONAL AGENDA

- Opening of the Meeting
- Adoption of Agenda
- Discussion on truck guarantee and temporary admission document
- Discussion on other provisions of APTTA as Financial guarantee, tracking devices and Biometrics device
- Any other matter
- Dates and venue of the Third Meeting of APTTCA
- Adoption of the meeting minutes
- Closing of the meeting



Agenda

Second Meeting of Afghanistan - Pakistan Transit Trade Coordination Authority (APTICA) Meeting

(Kabul, 31st May – 1st June, 2011)

Tentative Agenda

Tuesday, 31 May, 2011

Arrival of delegates from Pakistan on Tuesday 31st May 2011

DAY 1: Tuesday, 31 May, 2011

Venue: Serena Hotel, Kabul

1100-1115 Registration

Opening Session (1000-1100)

1115-1125 Welcome Remarks by Mozammil Shinwari, Director General of International Trade Directorate

1125-1135 Recitation of the Holy Quran

1135-1145 Opening Statement by H.E Dr. Anwar- ul-Haq Ahady, Ministry of Commerce and Industries

1145-1155 Statement by H.E Mr. Zafar Mahmood, Secretary of Commerce, Ministry of Commerce of Pakistan

1200-1300 Lunch Break

Working Session (1300-1800)

1300-1330 Approval of the minutes of APTTCA subcommittee held on 7th May 2011

1330-1530 Truck Guarantee
Biometric system
Installation of tracking device

1530 -1546 Tea Breaks

1546-1800 Temporary admission document (TAD)

- Dinner of Pakistan delegation at Serena Hotel

DAY 2: (Wednesday, 1st June 2011)

Working Session (1000-1800)

1000-1100 Sealable Non-Containerized Trucks

1100-130 Tea Breaks

1130-1300 Discussion on customs to customs information

1300-1400 Lunch/Prayer Break

1400-1800 - Drafting of Minutes

Signing of Minutes

- Dinner at Serena Hotel

Day 3:

2nd June 2011: Departure of Pakistan delegates from Kabul



Minutes of the APTTCA Sub Committee Meeting

Hold on 7th May, 2011, at Kabul Serena Hotel

1. The Afghanistan-Pakistan Transit Trade Coordination Authority (APTTCA) subcommittee held a meeting on May 7, 2011 in Kabul, Afghanistan. The meeting was inaugurated jointly by Mr. Mozammi Shiwari, DG of International Trade, Ministry of Commerce and Industries, Afghanistan and Mr. Himayat Ullah Khan, Senior Joint Secretary, Ministry of Commerce, Pakistan. A list of the members of the delegations of both the countries is given at Annex-1.

2. In his inaugural address, the DG of International Trade of Afghanistan extended a warm welcome to the Pakistani delegation and wished that their stay would be enjoyable and pleasant. He pointed that both countries shall focus on resolving the outstanding issues in implementation of APTTA. He hoped that both Parties would agree on these matters.

3. In his opening remarks, Mr. Himayat Ullah Khan, Senior Joint Secretary, Ministry of Commerce of Pakistan thanked Afghanistan for extending warm hospitality to his delegation and expressed determination to resolve the outstanding issues and facilitate early implementation of the agreement. He expressed the hope that the second APTTCA meeting will be convened soon to announce the exact date of APTTA implementation.

The meeting discussed the issues and made the following recommendations:

5. Both Parties recommended that customs security as envisaged in Article 3 of Protocol 3 shall mean, "Insurance Guarantee" for the amount of the import levies on transit goods. Insurance guarantees shall be issued by any reputable insurance company, submitted to the customs by the importers or their authorized customs clearing agents, brokers or transport operators.

6. Both Parties recommended that the bank guarantee involving guarantee/carnet de passage as provided in Article 14, section V of Protocol 2 will be discussed in the upcoming APTTCA meeting.

7. The customs to customs data sharing shall be discussed by the customs authorities of both Parties in the meeting scheduled to be held in Islamabad in the second week of May, 2011. The APTTA implementation will not be hampered for want of electronic customs to customs data exchange.

8. The implementation of the other two issues, namely the tracking device and biometric system had already been decided in the first APTTCA meeting held in Islamabad, Pakistan from 11-12 February 2011.

