

USAID Trade Project

Analysis of Afghanistan Pakistan Transit Trade Agreement (APT TA)

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Acronyms

Acronym	Definition
ACD	Afghan Customs Department
ADB	Asian Development Bank
ADR	Agreement concerning the International Carriage of Dangerous Goods by Road
AO	Appraising Officer
APCP	Afghanistan Pakistan Cooperation Process
APTTA	Afghanistan-Pakistan Transit Trade Agreement
APTTCA	Afghanistan Pakistan Transit Trade Coordination Authority
ASEAN	Association of Southeast Asian Nations
ATT	Afghanistan Transit Trade
ATTA	Afghanistan Transit Trade Agreement
BCP	Border Crossing Point
BOT	Build, Operate and Transfer
CAR	Central Asian Republic
CBC	Cross Border Certificate
CBTA	Cross Border Transport of Persons, Vehicles, and Goods
COC	Certificate of Conformity
ECO	Economic Cooperation Organization
EDI	Electronic Data Interchange
FBR	Federal Board of Revenue
FC	Frontier Corps
FIA	Federal Investigation Agency
GD	Goods Declaration Form
GoP	Government of Pakistan
ICD	Inland Clearance Depot
NHA	National Highway Authority
NH&MP	National Highway and Motorway Police
NOC	No Objection Certificate
NTN	National Tax Number
PA	Principal Appraisal
PKR	Pakistan Rupees
RMS	Risk Management System
RKC	Revised Kyoto Convention
SAARC	South Asian Association for Regional Cooperation
SAS	Sanitary and Phyto-Sanitary
TAD	Temporary Admission Document
UN	United Nations
UNLK	United Nations Layout Key
WEBOC	Web Based One Customs
WTO	World Trade Organization

Executive Summary

Regional integration and intra-regional trade have played an important role in the economic prosperity of many countries, the Association of Southeast Asian Nations (ASEAN) being one such example. Regional interlinking of the Central Asian Republics (CARs), Afghanistan and the South Asian region is in the early stages and there is much room for growth. Currently, Pakistan's trade with the CARs is insignificant. Pakistan's exports to CARs account for approximately 0.054%¹ of its total exports while imports by Pakistan from CARs accounts for about 0.05% of its total imports. These low volumes reflect the difficulty Pakistani traders have accessing CARs' markets. One of the constraints is the lack of infrastructure and transport links between Pakistan and CARs. Security concerns while transiting goods from Afghanistan to CARs also inhibit stronger trade and transit ties in the region.

The Afghanistan-Pakistan Transit Trade Agreement (APTTA, 2010) is the first step taken to address these issues; it proposes greater facilitation in the movement of goods through the territories of the Contracting Parties. This connectivity can be further enhanced by extending an invitation to CARs to join the Agreement. Pakistan has already taken the initiative by inviting Tajikistan to join the Agreement to form APTTA +1; the Government of Pakistan's (GoP) Ministry of Commerce (MoC) has shared the draft text of APTTA +1 for negotiations. Pakistan joined the Cross Border Trade Agreement (CBTA) as an observer in February 2012 and efforts are underway by the MoC to develop stakeholder consensus on Pakistan's accession to the CBTA Agreement; however, before APTTA is extended to Tajikistan or Pakistan accedes to the CBTA, challenges in the implementation of APTTA need to be addressed. To address the challenges in APTTA's implementation, both Pakistan and Afghanistan need to show flexibility in renegotiating some of the Agreement's existing provisions.

It is, therefore, important to analyze the implementation of key provisions of APTTA and address any shortcomings. The objective of this report is to highlight the main provisions of the APTTA Agreement, describe the current situation with respect to these provisions, and propose necessary steps to address shortcomings in the implementation of the Agreement.

¹ Calculations performed by Trade Project, based on data from ITC Trade Map (accessed March 10, 2014).

Introduction

The first attempt to regulate and codify all the scattered provisions – under the auspices of which transit trade between Pakistan and Afghanistan occurred – was in 1965, when Pakistan and Afghanistan signed a bilateral transit treaty. The treaty recognized the right of Afghanistan to access the seaports of Pakistan, but did not address Pakistan's access to Central Asia through the territory of Afghanistan.

In spite of the bilateral Afghanistan Transit Trade Agreement (ATTA, 1965), Pakistani stakeholders still held the perception that the extension of transit facility to Afghanistan was being used for unauthorized trade, causing injury to the domestic industry and loss of revenue to the GoP. In addition, Pakistan was interested in enhanced market access to the Central Asian Republics through Afghanistan after the CARs achieved independence in 1991. These two factors were instrumental in compelling the GoP to negotiate a new transit treaty with Afghanistan.

Afghanistan also remained keen to upgrade the existing treaty due to their growing need for trade and transit through the seaports of Pakistan, which provide Afghanistan with the shortest and most cost effective route for global trade. Additionally, Afghanistan desired greater access to the growing Indian market. The 1965 Treaty only provided Afghanistan with access to the ports of Pakistan and did not contain provisions providing rights to trade with India through Pakistan's land routes. Subsequently, through special dispensation in the Import and Export Control Act, the GoP allowed exports of fresh fruits, vegetables and herbs from Afghanistan to India through the Wagah land border station. Despite repeated requests from India and Afghanistan, Pakistan continues to disallow transit of Indian exports to Afghanistan through its land routes.

Negotiations between Pakistan and Afghanistan on a new transit treaty commenced in 2008 after a visiting delegation from Afghanistan tabled a draft text for Pakistan's consideration. The text of the Agreement was prepared by the World Bank's consultants and was based on the provisions of the World Customs Organization's (WCO) Revised Kyoto Convention (RKC)². It took both sides more than two years to conclude the negotiations and the new transit treaty became operational from June 12, 2011. The new treaty contains fifty-eight articles, two annexures, and four protocols. The protocols annexed to the treaty are an integral part of the treaty and are binding on both parties.

This report highlights the salient features of APTTA - entry/exit points, security provisions, movement of vehicles, Customs cooperation, dispute settlement, and the Afghanistan Pakistan Transit Trade Coordination Authority (APTTCA) - and includes a detailed analysis of the key provisions of the Agreement, describing the current implementation status as of May 2014 and recommendations to address identified shortcomings.

Entry/ Exit Points

APTTA 2010 gives rights to both parties with respect to freedom of transit through their territories. The right to this transit is subject to the condition that the movement will be restricted to the defined land routes. Annexure 1 of the Agreement provides details on the transit corridors and ports of entry and exit for the Contracting Parties.

Afghanistan and Pakistan share a 2,430km³ border with several passes and transit points connecting the two countries. Three border crossing points have been agreed along the Pak-Afghan

² The International Convention on the Simplification and Harmonization of Customs procedures (Kyoto Convention) entered into force in 1974 and was revised in 1999. The Revised Kyoto Convention entered into force on February 3, 2006, and promotes trade facilitation and effective controls through its legal provisions.

³ United Nations Office on Drugs and Crime. 2014. *Country Profile: Pakistan*.
<https://www.unodc.org/pakistan/en/country-profile.html> (accessed May 2, 2014)

border in the APTTA Agreement: the Torkham, Chaman-Spin Boldak, and Ghulam Khan⁴ border crossings.

The Agreement provides Pakistan with access to all countries bordering Afghanistan. The entry/exit points for Pakistan in Afghanistan are:

- Iran via Islam Qila and Zaranj border
- Uzbekistan via Hairatan
- Tajikistan via Ali Khanum, Sher Khan Bandar
- Turkmenistan via Aqina and Torghundi

Afghanistan has been provided access to the three ports of Pakistan: Port Qasim, Gwadar Port and Port of Karachi. Access to China is granted via the Sost/Tashkurgan border point and to India via the Wagah border point. With respect to Afghanistan's access to India, Afghan trucks are allowed access on designated routes to Wagah where the cargo is off-loaded onto Indian trucks and the Afghan trucks on return are permitted to carry Pakistan's exports for Afghanistan.

Figure 1: Entry and Exit Points Under APTTA⁵



⁴ It was agreed that the route of Ghulam Khan will become operational at a later date

⁵ Modified by Trade Project, original file taken from www.Devpolicy.org

Security Provisions

A significant concern of the GoP regarding Afghan imports transiting through Pakistan has been the issue of unauthorized trade. Unauthorized trade could occur as (i) transit diversion, whereby goods in transit to Afghanistan are diverted in Pakistan for consumption/sale; and (ii) transit goods intended for Afghanistan are brought back to Pakistan across the porous border after physically entering Afghanistan. APTTA includes provisions to address the issue of unauthorized trade.

There are currently five security levels under APTTA:

- Insurance Guarantees
- Tracking devices
- Bank Guarantee for vehicles
- Bonded Carrier license
- Container security deposit

The Agreement allows only trucks owned by licensed customs bonded carriers to carry international transit. Protocol One, “International Carriage by Road of Goods and Baggage in Transit”, outlines the framework for licensing of transport operators. The Agreement permits the Contracting Parties to issue licenses to transport operators on terms and conditions as deemed fit by them. The Afghanistan – Pakistan Transit Trade Rules, notified by Pakistan’s Federal Board of Revenue (FBR), ascertain the conditions for licensing and carriage of goods by transport operators.

Figure 2: Licensing of Bonded Carriers Under Afghanistan-Pakistan Transit Trade Rules

Licensing Requirements for Bonded Carriers Under Afghanistan - Pakistan Transit Trade Rules

As per the Afghanistan–Pakistan Transit Trade Rules, a transport operator is only eligible for license if it possesses a fleet of minimum twenty-five registered vehicles, is registered under the Companies Ordinance, 1984, with membership of the concerned Chamber of Commerce and Industry, and possesses a National Tax Number (NTN) under the provisions of Income Tax Ordinance 2001. The licenses are issued against financial security for rupees fifteen million and a revolving insurance guarantee of rupees five million from an insurance company of repute.

The use of financial security for safeguarding customs revenues and taxes is an important provision included in APTTA to curb unauthorized trade. APTTA obligates the Contracting Parties to provide and accept financial guarantees equal to leviable duties and taxes for transit goods. The amount of custom security is ascertained by the respective customs department. Pakistan Customs’ rules also address certain stipulations with regard to the security of customs duties and taxes.

Figure 2: Customs Security Under Afghan-Pakistan Transit Trade Rules

Custom Security under Afghanistan - Pakistan Transit Trade Rules

As per rule 619 of the Afghanistan–Pakistan Transit Trade Rules, the Afghan importer of goods shall furnish Customs Security in the form of an insurance guarantee. The insurance guarantee should be valid for at least one year and en-cashable in Pakistan. The amount of Customs Security for transit operations is determined by the Appraising Officer (AO) and the Principal Appraiser (PA) of the office of departure. In case transport units are registered in Afghanistan, a bank guarantee or revolving bank guarantee equal to ten percent of the amount of duty needs to be lodged and in case a transport operator desires to operate less than four transport units, there is a requirement for a bank guarantee amounting to one hundred percent of the amount of duties involved.

To secure customs duties and taxes on the transport units, the Agreement requires Contracting Parties to furnish bank guarantees for the entry of transport units. In the third APTTCA meeting held on October 11, 2012 in Islamabad, Pakistan agreed to accept guarantees from the Afghan Ministry of Communications instead of bank guarantees, as banks in Afghanistan and Pakistan were reluctant to furnish such guarantees. This arrangement provided a viable option to Afghan traders to use Afghan trucks for transit of their goods through Pakistan.

APTTA requires that road vehicles travelling through another Contracting Party's territory are covered under the third party vehicle insurance in the host country. APTTA requires its signatories to take necessary steps to ensure that vehicles registered in their territory are covered under such insurance schemes.

APTTA also necessitates the use of vehicle tracking systems and instructs the Contracting Parties to track the movement of vehicles in their respective countries. These provisions, if suitably implemented, are an important step in effectively dealing with the problem of unauthorized trade.

Movement of Vehicles

APTTA allows road vehicles registered in respective countries admittance into the territory of the other Contracting Party provided certain requisites with respect to documentation, insurance and technical requirements of vehicles are met. The Agreement guides both Contracting Parties to recognize driving licences, vehicle registration documents, and inspection certificates issued by competent authorities of the other Contracting Party. Additionally the Agreement instructs granting multiple entry permits – valid for a period of six months with each stay not exceeding fifteen days – to drivers of vehicles and persons engaged in international transit traffic operations.

Under APTTA, the following documents are required for the movement of vehicles transiting through the host country:

Temporary Admission Document (TAD): TAD is essential for the entry of road vehicles into each Contracting Party's territory. Two types of TAD can be issued:

- a. TAD for transit traffic rights for goods imported or exported by sea for transportation, through the territories of one or both Contracting Parties
- b. TAD for transit rights for goods not imported or exported by sea (i.e., transit rights to move through the territory of the other Contracting Party to retrieve and/or deliver cargo from/to a third country provided both the Contracting Parties have a Transport Agreement with the third country

Registration Certificate: APTTA requires every vehicle providing international carriage services to carry a valid certificate of registration. The certificate of registration should meet the conditions set out in Protocol One of the Agreement.

Inspection Certificate: The Agreement guides each Contracting Party to conduct periodic inspections of road vehicles registered in its territory to ensure the vehicles meet required standards. The Agreement also establishes procedures for recognition of inspection certificates issued by each Contracting Party.

Vehicles entering into the territory of the other Contracting Party are required to meet certain technical requirements as indicated in Protocol One of the Agreement. These are provided below:

Vehicle Tracking System: Vehicles that intend to transit through the host country are required to have trackers installed

Registration Plate: Every vehicle in international traffic should display its registration number at the front and at the rear of the vehicle, legible at a distance of forty meters

Nationality Sign: Every vehicle in international traffic should have a distinctive sign of state in which it is registered; the letters should be painted in black on a white background

Weight of Vehicles: **Table 1** identifies the maximum weight of vehicles permitted under APTTA

Table 1: Maximum Weight of Vehicles Permitted Under APTTA

Description	Pakistan	Afghanistan
Single axle vehicles	17.5 tonnes	17.5 tonnes
Double axle vehicles	27.5 tonnes	27.5 tonnes
Triple axle vehicles	39.5 tonnes	39.5 tonnes
Quadruple axle vehicles	49.5 tonnes	49.5 tonnes

Dimensions of Vehicles: **Table 2** identifies the maximum dimensions of vehicles permitted under APTTA

Table 2: Maximum Dimensions of Vehicles Permitted Under APTTA

Description	Pakistan	Afghanistan
Width	2.5 m	3.0 m
Length: rigid chassis vehicles	12.0 m	12.0 m
Length: articulated vehicles	17.4 m	17.4 m
Height	4.0 m	4.0 m

Axle load: **Table 3** identifies the maximum axle load permitted under APTTA

Table 3: Maximum Axle Load Permitted Under APTTA

Description	Pakistan	Afghanistan
Single axle	12.0 tonnes	12.0 tonnes
Tandem axle	22.0 tonnes	22.0 tonnes
Tridem axle	31.0 tonnes	31.0 tonnes
Front axle	5.5 tonnes	5.5 tonnes

Customs Cooperation

Protocol Three, “Customs Control and Transit Regime”, of the APTTA Agreement provides the framework with respect to customs documentation and processing procedures. It also establishes the rules for mutual administrative assistance. The protocol requires prompt communication of information between Customs authorities of the respective Contracting Parties, and requires the establishment of an electronic interface for Customs-to-Customs information sharing, and joint customs control at the border entry and exit points.

As of November 1, 2013, a pilot Electronic Data Interchange (EDI) system became operational on the Karachi-Torkham transit trade route. This system provides the mechanism to electronically exchange information between Pakistan and Afghan Customs, and provides relevant data on transit goods and their receipt in Afghanistan through a “T1”⁶ and a “Cross Border Certificate (CBC)”⁷ issued by the Afghan Customs Department (ACD). The EDI system will be replicated on the Karachi-Chaman route after the pilot project is successful on the Karachi – Torkham transit route.

The Agreement stipulates the Contracting Parties to encourage cooperative arrangements between the Customs services of both countries, accept mutual recognition of checks undertaken by respective Customs authorities, and to limit Customs controls to ensure speedy clearance of transit goods. The Agreement also instructs both parties to refer to the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention, 1999) as a guideline for these efforts.

Protocol Three of the Agreement also addresses the issue of business hours observed by the respective Custom offices for customs transit. Historically, the border posts at the Pakistan – Afghan border close early in the colder months to enable officer staff to return home during daylight hours. The Protocol directs Customs offices located on the common frontier to remain open even on holidays to clear goods carried under customs transit.

APTTCA

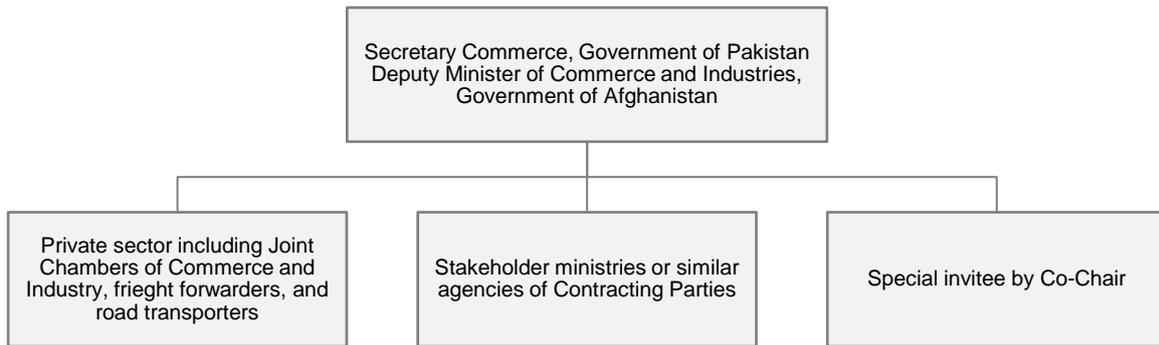
To ensure effective implementation of APTTA, the Agreement establishes APTTCA, which is required to meet once every six months, alternating between the territory of each Contracting Party. The authority is co-chaired by the Deputy Minister of Commerce and Industries, Government of Afghanistan and the Secretary Commerce, Government of Pakistan, and is tasked to perform the following functions:

- Monitor effective implementation of the Agreement
- Ensure uniform interpretation and application of the Agreement by both parties
- Formulate measures to address/ curb unauthorized trade
- Monitor implementation and effectiveness of measures adopted to curb unauthorized trade
- Resolve disputes that may arise regarding the interpretation or implementation of APTTA
- Authorize studies on issues related to transit trade
- Consider any other matter for smooth operation of the Agreement

⁶ T1 is issued and attested by Afghan Customs: it bears the cross reference of the Goods Declaration (GD) filed in Pakistan and is sent, together with the GD, to the office of departure through the respective customs border station.

⁷ The Cross Border Certificate confirms that the consignment mentioned in the relevant T-1 form has crossed the Customs check post or station: Samarkhel (Jalalabad) in the case of transit through Torkham, and Spin Bodlak in the case of transit from Chaman. On the basis of the Cross Border Certificate, Customs shall release the customs security.

Figure 3: APTTCA Organizational Structure



APTTCA has proven to be an effective forum in which both sides have shown considerable flexibility in resolving operational issues relating to implementation of the Agreement.

Dispute Settlement

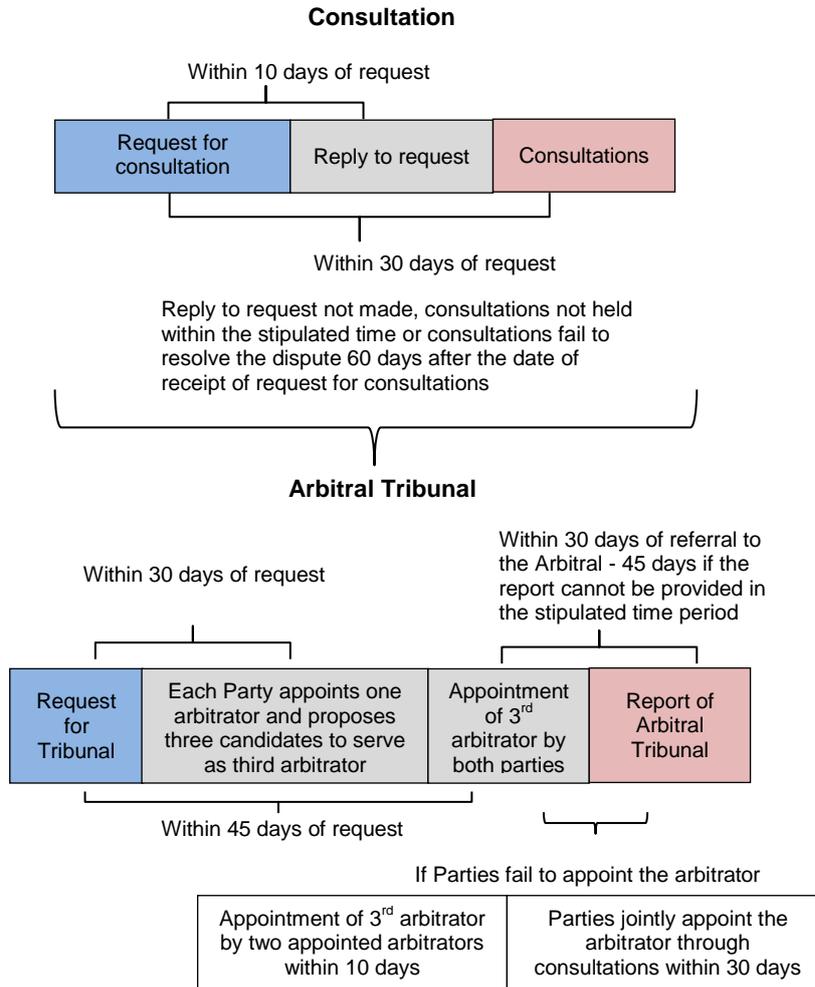
APTTA provides a robust mechanism for settling disputes among Contracting Parties concerning the interpretation or implementation of the Agreement. In case any disagreement regarding the interpretation or implementation of the Agreement cannot be resolved through APTTCA, a party may request consultations with the other party. The request for consultations should be in writing and must identify the reasons for the request. The party recipient of the request ought to respond within ten days and should enter into consultations within thirty days after receipt of request. If the aforementioned timeframe vis-à-vis the reply to request and entering into consultations is not met, or consultations fail to resolve the dispute within sixty days after the date the request is received, the party that made the initial request for consultations may provide a written request to the other party to establish an arbitral tribunal.

The arbitral tribunal is to be composed of two arbitrators – appointed within thirty days, one by each party. These arbitrators may be nationals of the respective Contracting Parties. A third arbitrator is to be appointed within forty-five days of the receipt of request for establishment of the arbitral tribunal. The third arbitrator is to chair the tribunal and should fulfil the following criteria:

- Not be a national of the country of either party
- Not have his or her usual place of residence in the country of either party
- Not be employed by either party, nor have dealt with the dispute in any capacity

The Agreement authorizes the tribunal to determine its own procedural rules, in light of the World Trade Organization’s (WTO) Understanding on Rules and Procedures Governing the Settlement of Disputes, and instructs the tribunal to provide its report to parties within thirty days after the initial date of referral.

Figure 5: APTTA Dispute Settlement Procedure



Policy and Implementation Gaps

Time is of critical importance in international trade. Delays in the clearance of consignments increases transaction costs and reduces competitiveness in international trade. Both Afghanistan and Pakistan complain of such delays.

The major causes of delay in transit are the prevalent law and order situation, frequent transporters' strikes, and anomalies or variance in documents submitted by Afghan importers. Lack of harmonization and inadequate communication between the Pakistan and Afghanistan Customs

Departments also hinder the timely completion of transit formalities. Pakistan's non-accession to the TIR Convention also encumbers its connectivity with Central Asia. Afghanistan and the CARs have already acceded to the TIR Convention. Accession to the TIR Convention is vital for Pakistan to connect with the CARs and beyond. Additionally, the nonexistence of a risk management system in customs operations leads to time-consuming examination, even for low risk consignments.

Variations in the cost of clearance and transit, and the absence of a comprehensive list of all the fees and charges incurred in transit and border crossings, contribute to the obscurities surrounding the total cost of transit. A case in point is the variation in charges levied on bonded carriers for transit. As per one estimate, the variation in costs for bonded carriers can fluctuate by between PKR 100,000 - 150,000.

Transit of Goods

The Agreement uses three layers of security to ensure that there are no leakages during transit. The release of goods requires production of insurance guarantees equal to the leviable duties and taxes. The transport is to be carried through bonded carriers only. The containers and transport units are to be installed with tracking devices. These excessive security layers, however, have increased the cost of transit for Afghan traders. Pakistan may consider easing these layers to facilitate Afghan Transit Trade (ATT).

The Agreement uses financial securities for the release of transit goods transiting through the territory of the Contracting Parties. This created problems for traders because bank charges for such guarantees were very high. The issue was later temporarily resolved by APTTCA when Pakistan agreed to release Afghan transit goods on the production of insurance guarantees. A large number of insurance guarantees are still pending release from Pakistan's Customs authorities despite the fact that the goods have reached their destination. The delay in the release of insurance guarantees resulted from Pakistan's demand for filing of a Goods Declaration Form (GD) by Afghan traders in Afghanistan. This issue was temporarily resolved after Pakistan agreed to release the insurance guarantees on the production of a T-1 document, attested by Afghan Customs and bearing a cross reference to the transit declaration filed in Pakistan, along with a certificate confirming that the consignment crossed the Afghan towns of Samarkhel or Spin-Boldak. The successful implementation of an EDI system by both countries would help expedite the release of insurance guarantees being submitted by Afghan traders as security for the release of their transit consignments.

Temporary Admission of Transport Units

Under Article 3 of Protocol 2, a bank guarantee, revolving bank guarantee, or Carnet-de-Passage is required for the temporary admission of commercial vehicles. Banks in both countries refuse to issue such guarantees, thereby hampering the movement of transport units carrying transit goods. The issue was temporarily resolved during the third APPTCA meeting held in October 2012, wherein Pakistan provided special dispensation to Afghan trucks entering Pakistan upon production of a letter of guarantee from the Afghanistan Ministry of Transport. A permanent solution is still required. Pakistan's accession to the TIR Convention could help resolve this issue as the TIR Carnet allows temporary admission of commercial vehicles carrying transit goods.

APTTA only allows vehicles equipped with a tracking system to carry transit goods. Currently, 'TPL Trakker' is providing the tracking services to Pakistan Customs, and tracking devices are being installed on all vehicles rendering Afghan transit services. Afghanistan, on the other hand, does not have a proper tracking system in place. There is, therefore, a need to extend tracking services past the Torkham border to the Jalalabad Customs Inland Clearance Depot. The cost of tracking should also be reduced to reflect the cost of similar services in other countries. Effective implementation of the tracking system can strengthen stakeholder confidence and may reduce the need for layers of security provisioned in APTTA.

Trucking Sector of Pakistan

The Pakistani trucking sector comprises a large number of single vehicle owners operating underpowered trucks (i.e., trucks that do not have the required engine capacity). Afghanistan has also raised concerns regarding the underpowered fleet of bonded carriers authorized to transfer Afghan transit goods from Pakistani ports through steep mountainous terrain. The trucking industry needs to be modernized to ensure that the significant volume of transit trade via road network is handled in a timely manner.

APTTA allows road vehicles of Contracting Parties to enter into the territory of the other Contracting Party to carry out transit services; however, Afghan trucks have reportedly not been able to travel beyond Peshawar for this purpose. In addition, the Afghan trucks travelling to Peshawar are entering the territory of Pakistan without third party insurance – a necessary requirement under APTTA. Afghanistan must develop the necessary regulatory environment to facilitate insurance companies to issue third party liability insurance.

Transit through Railways

Railways were the preferred choice of Afghan traders for the transit of their goods due to cost advantages. Excessive delays and lack of space in railway transit, however, have diverted transit traffic to road transport, thereby increasing the pressure on Pakistan's fragile road infrastructure.

Electronic Data Interchange (EDI)

APTTA requires the Contracting Parties to create an environment that ensures greater coordination between the Customs Departments of both countries. An important step in this direction is the implementation of EDI. Through the Afghanistan Pakistan Cooperation Process (APCP) a Technical Working Group was established in January 2013 to address the implementation of EDI. Pakistan wants early implementation of EDI to facilitate Afghanistan Transit Trade (ATT) and reduce the cost of transit.

An EDI system has been operational since November 1, 2013 at the Karachi-Torkham transit trade route. The implementation of the EDI system on the Karachi-Chaman transit trade route is expected to follow. The EDI system provides a mechanism to electronically exchange information between Pakistan and Afghan Customs and will provide information about clearance and payment of duties and taxes upon full implementation of the system.

Automation

Pakistan Customs' automated system, the Web Based One Customs (WeBOC) system, does not contain a module for transit trade. Consequently, the process at the ports and land border stations is not fully automated, and documentation requirements consume valuable time in transit trade. Pakistan Customs authorities should develop the required transit module for WeBOC to reduce time for transit trade. A satisfactory launch of the WeBOC Transit Module will also be a step in the direction of creating a paperless environment, with the exception of hard copies required to accompany the transport units (rail/truck).

Transit Rules

Afghanistan has not yet notified Pakistan of its customs transit rules required under the Agreement, despite repeated requests by Pakistan and assurances by the Afghan government. Afghanistan should notify the customs transit rules as soon as possible to facilitate transparency and encourage Pakistani traders to use Afghan territory for transit to Central Asia.

Risk Management

APTTA states that only 5% of containers are to be examined. In fact, under the Risk Management System (RMS) of One-Customs, only 2% of containers are required to be selected and inspection of the remaining 3% (maximum) of the containers is left to the discretion of senior Customs officers. This practice is not being observed, and 5% of the containers are being selected under One-Customs, with additional containers examined at the discretion of the Customs officers. Checks on transit consignments by law enforcement agencies, which occur in addition to checks by the Customs authorities of both countries, further delay the movement of traffic and increase the transactional cost of trading. Pakistan is advised to introduce RMS in its Customs operations to limit interventions on low risk consignments.

Government of Pakistan Action Items

- Establish an effective mechanism to ensure smooth functioning of the EDI system
- Accede to the Customs Convention on Containers (1972)
- Fast-track the implementation of the Single Business Window concept
- Accede to the TIR Convention
- Identify major points of delay in transit and take necessary action to address policy and implementation challenges to reduce transit time⁸
- Implement the transit trade module in the WeBOC system
- Introduce RMS in Customs operations
- Compile a comprehensive list of all the fees and charges that are incurred in transit and border crossing
- Review and align all Customs documentation requirements with the United Nations Layout Key (UNLK)
- APTTCA should meet more frequently to resolve implementation issues as soon as possible

The attached table lists the provisions of APTTA, describes the current situation with respect to these provisions, and provides recommendations to address identified shortcomings.

⁸ The Trade Project's updated Dwell Time Report, to be issued in May 2014, will serve as a helpful reference in this regard.

Analysis of APTTA's Substantive Provisions

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
1.	<p>General Provisions</p> <p>Purpose and Objectives The Contracting Parties agree to facilitate the movement of goods between and through their respective territories and to provide all possible facilities in accordance with the provisions of this Agreement.</p> <p>The Contracting Parties shall take all necessary measures:</p> <ul style="list-style-type: none"> To ensure the efficient and effective administration of transit transport, avoiding unnecessary delays in the movement of goods and commercial vehicles between and through their territories To bring about the simplification, transparency and harmonization of documentation and procedures relevant to traffic in transit To promote intermodal freight transport To cooperate with a view to minimizing the incidence of customs fraud and avoidance To monitor the trade of controlled chemical substances with the aim of preventing their diversion for illicit purposes 	<p>Major delays in transit are due to filing and processing the GD, poor infrastructure, and time consumed at borders to negotiate through the overcrowded border crossings.</p> <p>The Trade Project has initiated a dwell time study which is expected to be completed in May 2014. The study highlights the points of delay on the Transit route from the Port of Karachi to exit points, together with an estimate of costs to trade due to delays (authorized/receipted and unauthorized/un-receipted).</p> <p>The challenges in implementing trade facilitation measures have resulted in diversion of transit trade to the ports of Iran. Pakistan must facilitate transit trade to bring back the traffic lost from Pakistani ports.</p> <p>One of the constraints in Pakistan's connectivity with Central Asia is Pakistan's non-accession to the TIR Convention. Afghanistan and all the CARs have acceded to the TIR Convention.</p> <p>Poor infrastructure at Customs border posts (Torkham and Chaman) also has a negative impact on the free flow of transit traffic. Efforts are being made to establish data exchange facilities between Pakistan and Afghan Customs authorities at the Torkham and Chaman border crossings.</p>	<p>Identify the major points of delay in transit from the dwell time study and take necessary action to address the policy, infrastructure, and logistic issues and ensure that these are implemented within reasonable timeframes.</p> <p>A pilot EDI has been operationalized between Afghanistan and Pakistan at the Karachi – Torkham route. There is a need to extend the EDI to Karachi – Chaman route.</p> <p>Fast-track implementation of the Single Window and Risk-Based Management systems for expeditious clearance of transit consignments.</p> <p>Accession to the TIR convention is recommended.</p>

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	<p>Designation of Transit Transport Corridors</p> <p>The routes used for transit traffic through Pakistan and Afghanistan shall include:</p> <ul style="list-style-type: none"> Maritime ports in Pakistan (the right to use the Port of Karachi, Port Qasim, and Gwadar Port for the movement of goods in transit to and from Afghanistan in accordance with the official tariffs, rates, and conditions applicable to other users of the ports without any discrimination). Airports in Afghanistan and Pakistan, for air-to-air transit only Transit rail/road corridors through Pakistan and Afghanistan Land stations between the Contracting Parties, or between one Contracting Party and a third country. <p>Annex 1 to this Agreement on “International Transit Transport Corridors and Ports of Entry and Exit” defines routes and points of entry and exit for the transport of goods in transit. These corridors may be discontinued or new ones added upon mutual written agreement.</p>	<p>The railways have been a preferred choice for Afghan traders for the transit of their goods due to cost advantages; however, due to excessive delays and lack of space in railway transit, transit traffic has diverted to road transport.</p> <p>For the passage of traffic in transit by road through Pakistan, Pakistan’s Ministry of Communications⁹ notified the transit transport routes and ports of entry/exit as indicated in Annex 1 to this Agreement. The National Highway Authority¹⁰ (NHA) is responsible for keeping all the transit routes in well-maintained condition as per the provisions of the Agreement and the National Highway and Motorway Police¹¹ (NH&MP) is tasked to take effective measures for regulating and facilitating transit traffic on the designated transit transport routes.</p> <p>As per Clause 631 of Afghanistan-Pakistan Transit Trade Rules, all vehicles carrying transit freight are required to register at locations mentioned below, en route to respective destinations.</p> <p><i>Transit via Torkham</i></p> <ul style="list-style-type: none"> Khairabad Customs check post Kohat Customs check post <p><i>Transit via Chaman</i></p> <ul style="list-style-type: none"> Baleli Customs check post <p>While all ports are government owned, the GoP has rented out services and facilities in both ports to private container terminal operators on long leases under a Build, Operate, and Transfer (BOT) basis</p>	<p>Improvement in infrastructure will have a substantial impact in facilitating transit trade.</p> <p>Infrastructure development at the land border crossings of Torkham and Chaman will improve capacity so as to enable them to cater to the needs of overland traffic.</p> <p>Implementation of the Trucking Policy, which includes the modernization and up-gradation of the trucking fleet, is recommended. Pakistan’s Ministry of Industries and Production is the implementing department but coordination from other government departments and private sector organizations will be necessary for its effective implementation.</p> <p>Implementation of the track access policy, which will allow the private sector to import locomotives and market and operate their own services on state-owned infrastructure, is recommended.</p> <p>Separate transit for pedestrian traffic and vehicle movement at border crossing points is recommended.</p> <p>Pakistan has three operational seaports in reasonably good condition. The Karachi Port and Port Qasim are already operating at international standards and the Gwadar Port has been recently handed over to a Chinese state-owned operating firm.</p>

⁹ Government of Pakistan. 2011. Afghanistan-Pakistan Transit Trade Rules, Pakistan Customs Rules.

¹⁰ National Highway Authority. 2014. *Responsibilities of NHA*. <http://nha.gov.pk/responsibilities-of-nha/> (accessed April 30, 2014)

¹¹ National Highway and Motorway Police. 2014. <http://www.nhmp.gov.pk/> (accessed April 30, 2014)

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
		<p>Pakistan’s Ministry of Railways oversees the administration of the railway network.</p> <p>Roads accommodate a larger share of transit traffic. The up-gradation and proper maintenance of roads will ensure timely movement of goods. Poor road infrastructure at the Khyber Pass in FATA and the Kojak Pass in Baluchistan are a major cause of delay in transit traffic.</p> <p>Several projects have been initiated to improve the road infrastructure.</p> <p>Peshawar – Torkham Highway The Peshawar – Torkham Highway is 54 km long. It starts at the Peshawar-Kyber Agency border and goes through Takhta Baig, Jamrud, Ali Masjid, Shagai Forte, and Landi Kotal, ending at Torkham. USAID has now provided funding to complete the up-gradation project in the Khyber Pass, connecting Peshawar with Torkham (about 45 km). The timely completion of this project will remove major bottlenecks in facilitating traffic through Torkham.</p> <p>Bannu – Miran Shah – Ghulam Khan Road The FATA Secretariat is undertaking various projects under the FATA Infrastructure Program (FIP) in North and South Waziristan Agencies. Widening and improvement of the existing Bannu – Miran Shah – Ghulam Khan Road (80 km) is included in the Program. USAID is also providing assistance for rehabilitation of the road. The development of this road network will help to open Ghulam Khan for transit trade.</p> <p>Kalat – Quetta – Chaman Highway The Kalat – Quetta – Chaman highway is 247 km long, divided into four sections for construction purposes.</p> <p>Initially funds were being provided for the project by the Asian</p>	<p>It is recommended that Pakistan continue the policy of allowing the private sector to develop and manage seaport facilities on long leases under BOT.</p> <p>Establishment of new dry ports is recommended.</p> <p>Under international transit systems such as the TIR, containers are not checked en-route unless there are exceptional circumstances. In the case of Pakistan, goods are subject to multiple checks en-route. These excessive checks need to be curbed to expedite transit trade.</p>

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
		Development Bank (ADB) but funds were withdrawn by the ADB in 2009-2010 because of the slow pace of work, primarily due to the tense security situation in the area. The NHA, having no other source of funding, is keeping the project alive through intermittent, small funding amounts. USAID has now provided funds to complete the up-gradation project in Khyber Pass, connecting Peshawar with Torkham (approximately 45 km).	
	<p>Safety of Traffic in Transit</p> <p>The Contracting Parties shall take all necessary measures to ensure the safety of traffic in transit along the transit routes specified in Annex 1 to this Agreement.</p>	<p>The NH&MP is tasked to take effective measures for regulating and facilitating transit traffic on the designated transit transport routes.</p> <p>The Ministry of Interior’s Federal Investigation Agency (FIA), Immigration, and the Frontier Corps (FC) are responsible for security along the Pakistan-Afghanistan border.</p>	<p>Security is a major concern highlighted by many stakeholders, and impacts transit trade. Better safety measures along the transit corridors will help strengthen confidence among traders and other stakeholders and encourage use of the ports of Pakistan.</p>
2.	Transport Operators		
	<p>Licensing of Transport Operators</p> <p>The Contracting Parties agree to harmonize and facilitate the requirements necessary for the carriage of goods into/from and through their territories.</p> <p>The national transport operators in order to undertake international transport operations shall be licensed by the Contracting Party where they are commercially registered, according to the criteria set out in Protocol One, Section II of this Agreement - “Criteria for Licensing Road Transport Operators for International Carriage of Goods in Transit”.</p>	<p>Only those trucks are allowed to carry goods that are owned by licensed customs bonded carriers. All trucks owned by these carriers are also registered with Customs.</p> <p>As per clause 638 of Afghanistan–Pakistan Transit Trade Rules, a transport operator is only eligible for license if the bonded carrier possesses a fleet of minimum twenty-five registered vehicles and is registered under the Companies Ordinance, 1984, and with the concerned Chamber of Commerce and Industry, and possesses a National Tax Number (NTN) under the provisions of Income Tax Ordinance 2001. The bonded carrier will be allowed to use only such vehicles which have a permanently installed tracking device from an approved tracking company.</p> <p>The license to transport operators is issued by the Collector of Customs Appraisalment, Karachi for a period of two years on the recommendation of a committee comprising Collectors of Customs (Appraisalment, Preventive and Port Qasim) and the</p>	<p>Streamlining the registration of vehicles as bonded carriers is recommended.</p> <p>Implementation of the Trucking Policy, which includes the modernization and up-gradation of the trucking fleet, is recommended. Pakistan’s Ministry of Industries and Production is the implementing department but coordination from other government departments and private sector organizations will be necessary for its effective implementation.</p> <p>Implementing a system for common recognition of international road transport operators’ licenses is recommended.</p>

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
		<p>Director, Directorate of Intelligence and Investigation – FBR, Karachi.¹²</p> <p>The licenses to transport operators are issued against a bank guarantee for PKR 15 million and a revolving insurance guarantee of PKR 5 million from an insurance company of repute.¹³</p> <p>A major concern and impediment to a vehicle’s registration as a bonded carrier is the time involved in the registration process. It usually takes one whole day to complete the registration for one file, which should not take more than two hours under efficient conditions.</p> <p>The charges borne by bonded carriers for transit are determined by the prevailing market prices and vary significantly. As per one estimate, the variation in freight rates of bonded carriers can fluctuate by PKR 100,000 - 150,000 per vehicle for a twenty-foot container.</p> <p>The Pakistani trucking sector comprises a large number of single vehicle owners operating outdated and underpowered trucks. Usually, a licensed transport operator develops a pool of such vehicles by registering them under a company or individual name. As a result, the quality of their service is well below international standards.</p>	
	<p>Exchange of Road Traffic Rights According to Article 10, the national transport operators licensed for international transport operations in one of the Contracting Parties shall be entitled to apply for a Temporary Admission Document (TAD) in order to undertake transport operations of goods in</p>	<p>Clauses 608 – 618 of the Pakistan Customs Rules address the requirements and procedures for use by Afghan Commercial Vehicles for transport of transit goods in Pakistan.</p> <p>Possession of TADs is necessary for admittance of vehicles into the other Contracting Party’s territory.</p>	<p>Additional options should be allowed for the easy movement of Contracting Parties’ vehicles. For instance, the TIR Convention provides an internationally acceptable platform allowing road vehicles and their cargo to cross multiple borders. Afghanistan and the CARs have made it operational in their respective territories, but</p>

¹² Federal Board of Revenue, Government of Pakistan. 2011. Afghanistan-Pakistan Transit Trade Rules, Pakistan Customs Rules, Clause 639.

¹³ Federal Board of Revenue, Government of Pakistan. 2011. Afghanistan-Pakistan Transit Trade Rules, Pakistan Customs Rules, Clause 639.

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	<p>transit to/from and through the territory of the other Contracting Party in accordance with Protocols One and Two of the Agreement.</p> <p>Two types of transit TADs shall be issued as per procedure established in Protocols One and Two:</p> <ul style="list-style-type: none"> TAD for transit traffic rights for the goods imported or exported by sea for transportation through the territories of one or both Contracting Parties TAD for transit rights for goods not imported or exported by sea (i.e., to go through the territory of the other Contracting Party to pick up and deliver cargo to/from a third country, provided both Contracting Parties have a Transport Agreement with the third country) <p>The Contracting Parties may agree to set up a quota system when issuing transit TADs to respect a fair share of traffic between the two Contracting Parties.</p> <p>The vehicles carrying transit cargo will be allowed to carry the return transit cargo from the territory of the other Contracting Party.</p>	<p>The road transit TAD is issued by Assistant or Deputy Collector – subject to whose territorial jurisdiction the vehicle of Afghanistan enters.</p> <p>The authorities competent to issue road transit TADs are:</p> <ul style="list-style-type: none"> Afghanistan - Ministry of Transportation and Civil Aviation Pakistan - Federal Board of Revenue (FBR) <p>Inspection of vehicles and a subsequent Certificate of Conformity (CoC) by a competent authority are necessary conditions for the issuance of a TAD.</p> <p>As per clause 609 of Customs Rules, the period of validity of the TAD in case goods are imported or exported by sea shall not exceed fifteen days (to be issued in pink colored paper) from the date of issue. In case the goods are not imported or exported by sea the period of validity shall not exceed thirty days from the date of issuance.</p> <p>The TAD is issued for one vehicle at a time, for a single journey – one outward and return journey across the territory of a Contracting Party. It is non-transferable to anyone other than the carrier to whom it is issued.</p> <p>Five copies of the TAD need to be prepared each time.</p>	<p>Pakistan has not.</p>
	<p>Prohibition of Internal Transport and Third Country Transport</p> <p>Unless specific permission has been obtained from the relevant authorities of the concerned Contracting Party, units of transport registered in one Contracting Party shall be prohibited from carrying:</p> <ul style="list-style-type: none"> Goods loaded at a point in the territory of the other Contracting Party for delivery to any other point in the same territory 	<p>This restriction is presently followed strictly by both countries.</p>	<p>No implementation gaps are identified.</p>

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	<p>(cabotage)</p> <ul style="list-style-type: none"> Goods from/to another country (third country) other than the operator's home country, which are delivered/picked up to/from the territory of the other Contracting Party 		
	<p>Railway Transport Operator The Contracting Parties shall extend national treatment to transit goods by rail.</p> <p>The movement of transit goods will be made as per Railway Rules & Regulations of the country through which the goods are in transit.</p>	<p>Railways have been a preferred choice of Afghan traders for the transit of their goods due to cost advantages; however, excessive delays and lack of space in railway transit have diverted rail traffic to road transport.</p>	<p>The revitalization of the railway system is needed under a comprehensive master plan to ensure this mode of transit can support Pakistan's trade and economic wellbeing. The coordination of various public and private sector stakeholders to implement a program will be important in this effort.</p> <p>The long-awaited <i>track access policy</i>, which will allow the private sector to import locomotives and market and operate their own rail services on state-owned infrastructure, should be implemented. Pakistan Railways must develop a fair and equitable agreement document that adequately protects the interests of private sector investors it hopes to attract in order to make the program work effectively.</p>
	<p>Commercial Presence Subject to domestic legislation and clearance from the concerned authorities, the Contracting Parties agree to grant permission to freight forwarders and transport operators of the other Contracting Party to establish offices in their respective territories for the purpose of operating activities related to trade in transit. This permission of commercial presence shall be granted on the basis of reciprocity.</p>	<p>The enabling regulations have not been notified by both sides yet.</p>	<p>There is a need for both sides to notify the regulations facilitating the commercial presence of freight forwarders and transport operators in their respective territories.</p>
	<p>National Treatment The Contracting Parties agree that in the national legislations, rules and procedures</p>		<p>APTTCA should ensure the implementation of this provision by monitoring complaints from the transporters regarding discrimination vis-a-vis the</p>

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	affecting transit traffic treatment applied to the transporters from the other Contracting Party shall be no less favorable than those applied to similar services and service providers in their own country.		local operators.
	<p>Admittance and Requirement of Road Vehicle</p> <p>The Contracting Parties shall admit to their territory vehicles whether left-hand or right-hand drives, (operated commercially), registered in the other Contracting Party, in accordance with the rules set out in Protocol One of this Agreement.</p>	<p>Pakistan acceded to the Vienna Convention on Road Traffic on March 19, 1986.¹⁴</p> <p>Pakistan acceded to the Convention on Road Signs and Signals on January 14, 1980.¹⁵</p> <p>Pakistan ratified the Intergovernmental Agreement on the Asian Highway Network on October 19, 2005.¹⁶</p> <p>As per Protocol One of APTTA, the Contracting Parties shall admit vehicles which possess a CoC or a corresponding document, issued by the competent certifying body in the home country of registry.</p> <p>Vehicles entering into another Contracting Party's territory need to carry a valid certificate of registration issued by the competent authority of its home country.</p> <p>Protocol One of APTTA details the necessary conditions to be fulfilled by vehicles to enter into another Contracting Party's territory.</p>	APTTCA should monitor complaints in this regard.
	<p>Vehicle Tracking System</p> <p>The Contracting Parties shall allow only those vehicles which are equipped with a tracking</p>	As per Rule 328 of Pakistan Customs Law, in case of transshipment ¹⁷ bonded carriers will be allowed to use only such vehicles/trailer units which have a permanently installed	As Afghanistan does not have a tracking system, extending tracking past Torkham to Jalalabad Customs Inland Clearance Depot (ICD) will

¹⁴ United Nations Economic Commission for Europe. 2014. *List of Contracting Parties to the Convention on Road Traffic (Vienna, 8 November 1968)*. http://www.unece.org/fileadmin/DAM/trans/conventn/CP_Vienna_convention.pdf (accessed April 30, 2014)

¹⁵ United Nations Treaty Series. 2014. *Convention on Road Signs and Signals*. Vienna, 8 November 1968. https://treaties.un.org/Pages/ViewDetailsIII.aspx?src=TREATY&mtdsg_no=XI-B-20&chapter=11&Temp=mtdsg3&lang=en (accessed May 5, 2014)

¹⁶ United Nations Treaty Series. 2014. *Intergovernmental Agreement on the Asian Highway Network*. Bangkok, 18 November 2003.

http://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XI-B-34&chapter=11&lang=en (accessed May 5, 2014)

¹⁷ Pakistan Customs consider "Transshipment" to include bonded movements between sea ports and dry ports situated throughout the country.

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	system. Movement of vehicles shall be tracked by the Contracting Parties in their respective countries.	<p>tracking device from a reputable company.</p> <p>Currently tracking devices are being installed on all vehicles rendering Afghan transit services. 'TPL Trakker' is providing the tracking services to Pakistan Customs. One tracking device is attached to the container and the other to the truck's engine. The one-time tracking system cost of installing the tracking system onto the vehicle / truck is PKR 33,000, and the cost of the tracker mounted on the container is PKR 6692 per unit per trip.</p> <p>Afghanistan does not have any tracking system in place.</p>	<p>ensure better monitoring.</p> <p>The cost of tracking needs to be reduced to make it comparable to similar services in other countries.</p>
	<p>Mutual Recognition of Driving Licenses</p> <p>The Contracting Parties shall recognize domestic driving licenses, vehicle registration documents and vehicle license plates that are issued by the competent authorities of the other Contracting Party.</p>	Both Contracting Parties recognize each other's driving licenses.	No implementation gaps identified.
	<p>Technical Requirements of Vehicles</p> <p>Road transport vehicles shall conform to the technical requirements regarding dimensions, maximum weights and loads, emission standards and related matters with a view to harmonization and the establishment of common standards specified in Protocol One Section One of this Agreement - "Technical Requirements for the Admittance of Road Vehicles."</p>	The Afghan side has indicated their concern that the bonded carriers authorized to transfer Afghan transit goods from Pakistani ports do not have the required engine capacity to travel through mountainous terrain of Afghanistan.	<p>Implementation of the Trucking Policy, which includes the modernization and up-gradation of the trucking fleet, is recommended. Pakistan's Ministry of Industries and Production is the implementing department but coordination from other government departments and private sector organizations will be necessary for its effective implementation. To effectively handle trade with the CARs, the implementation of the Trucking Policy is essential.</p> <p>Accession to and implementation of the Customs Convention on Containers, 1972 is recommended.</p>
	<p>Third Party Liability Insurance</p> <p>Road vehicles traveling to the territory of the other Contracting Party shall comply with</p>	There have been serious challenges in implementing this provision as Afghanistan does not have the necessary regulatory regime for third party liability insurance. Afghan	Pakistan should urge Afghanistan to develop the necessary regulatory environment to facilitate insurance companies to issue third party liability

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	<p>requirements for compulsory third party vehicle liability insurance in the host country.</p> <p>The Contracting Parties shall take all steps necessary to ensure that motor vehicles registered in their respective territories have insurance that covers third party liability incurred in the course of transit traffic.</p>	<p>trucks travelling to Peshawar are entering the territory of Pakistan without third party insurance. The insurance companies in Pakistan are charging high rates of premium for third party liability insurance for bonded carriers.</p>	<p>insurance.</p>
	<p>Multiple Entry Transit Permit</p> <p>The Contracting Parties shall, in accordance with their respective laws, rules and regulations, grant multiple entry permits valid for a period of six months each stay (which is not to exceed 15 days) to the drivers of the vehicles and the persons engaged in international transit traffic operations who are subject to permit requirements.</p> <p>Procedures for granting of permit, mentioned in paragraph 1 above, shall be simplified including reducing the number of documents required for the procurement of such permit.</p>	<p>Duration of stay in the host country under APTTA is normally limited to 15 days. Due to the long distance from the Afghan border to ports in Pakistan and long waiting times at ports for loading/unloading and clearance, this time limit may cause substantial practical problems for non-Pakistani transporters.</p>	<p>The Contracting Parties have already agreed to issue six month multiple entry visas under Article 20 of the Agreement. It is recommended that the duration of stay for each entry be extended to 45 days. This will help facilitate the logistics service operators.</p>
3	Charges and Fees		
	<p>Levies and Charges</p> <p>Each Contracting Party may levy charges, generally applicable for all traffic in the territories of the Contracting Parties, including fees for weighing, scanning and sealing by customs officials; toll for the use of roads, bridges, tunnels and parking, or those commensurate with the administrative expenses which result from traffic in transit, or with the costs of services rendered.</p> <p>All charges imposed on traffic in transit shall</p>	<p>A large number of Afghan consignments are lying at the ports of Pakistan un-cleared due to heavy demurrage charges that have accrued. The Afghan Government has requested Pakistan to waive the demurrage charges to facilitate the Afghan Traders in clearing their consignments. The demurrages relating to Karachi Port have been waived, but those relating to Port Qasim are still pending as Port Qasim is a private sector entity and the GoP does not have much leverage to persuade Port Qasim to write-off demurrages on Afghan Consignments.</p> <p>Afghanistan is charging 110% of the value of goods as security</p>	<p>There is a need to compile a comprehensive list of all the fees and charges that are incurred in transit and border crossing. The three privately owned container terminals have their own schedule of charges that are applied on cargo handled by them. It is essential to make the costs involved in transit competitive to those incurred on other routes in order to effectively tap the potential use of Corridor 5 and Pakistan's use of Afghan territory for trade with the CARs.</p> <p>A system already exists in Pakistan Customs to</p>

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	<p>be reasonable and applied in a non-discriminatory manner.</p> <p>National Treatment The Contracting Parties agree that any charges, expenses or financial obligations incurred with regard to the means of transport and labor used for transit operations, administrative expenses entailed, or actual cost of services rendered shall be calculated on the same basis as those for similar domestic transport operators.</p>	<p>from Pakistan for transit to Central Asia. The Government of Afghanistan continues to give assurance that it will waive these charges.</p> <p>The approximate charges for seal verification and examination are PKR 5000 and PKR 8000, respectively, at the Karachi Port.</p> <p>There is no single and easy-to-access place where all fees are published.</p>	<p>waive charges due to any delay in the clearance of goods when the trader is not at fault. This system needs to be implemented by all Terminal Operators. In the event there is disagreement over any container which stays at the port beyond the free period, it should be moved to Karachi Port Trust area, Port Qasim Authority area, or a Customs bond.</p> <p>A number of law enforcement agencies and local and regional authorities are charging levies on traffic and transit. The APTTCA needs to collect information on all such levies and ensure that levies only allowed under the agreement are charged without discrimination.</p> <p>The dissemination of updated schedule of charges, preferably on the internet, should be made available to the stakeholders.</p>
4	Customs		
	<p>Harmonization of Customs Controls and other Controls The Contracting Parties agree to harmonize border facilities for goods in transit as per international best practices. In particular, the Contracting Parties agree to make every effort to ensure that:</p> <ul style="list-style-type: none"> Controls other than Customs controls of goods and vehicles in transit, by the relevant authorities responsible for the enforcement of applicable laws and regulations, shall be carried out in a harmonized manner with Customs controls, simultaneously if possible, or with minimum delay 	<p>Pakistan is in the process of developing an RKC implementation roadmap with technical assistance from the Trade Project. The Trade Project's RKC Gap Analysis is being studied to assist in these efforts.</p> <p>A national Single Window is being developed with the eventual aim to link all stakeholders in Pakistan to Pakistan Customs' WeBOC system.</p>	<p>The Contracting Parties are advised to expedite the implementation of the provisions of RKC (Annex –E) relating to traffic and transit.</p> <p>The FBR needs to introduce Single Window at all ports and land border stations for facilitating traffic in transit.</p> <p>The successful implementation of an EDI system between Pakistan and Afghanistan is also essential for facilitating transit trade.</p>

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	<ul style="list-style-type: none"> Customs authorities may, through explicit delegation of powers by other control services, carry out on their behalf all or part of the control for which these services are responsible. In this case, the relevant services will ensure that Customs have the required means in terms of training, information, and equipment to conduct properly these controls. 		
	<p>Provision of Infrastructure and Services The Contracting Parties, with a view to ensuring the clearance of transit traffic without delay, agree:</p> <ul style="list-style-type: none"> To maintain or establish related infrastructure and Customs clearance facilities, within their national jurisdiction, physically adjacent to each other as far as possible, so as to facilitate the inspection of the means of transport and their cargo To cooperate in order to gradually achieve “coordinated controls” by which the officials of the Contracting Parties will carry out their inspection jointly and simultaneously To ensure that adequate human resources are made available for the speedy completion and clearance of border formalities, such as immigration, Customs, and other controls and inspections To coordinate the hours of operation of 	<p>The existing border stations at Torkham and Chaman are not designed to effectively support Single Business Window.</p> <p>The delay in the clearance of goods at the port and land border stations increases the transaction cost of international trade. There have been persistent complaints by Afghan traders of delays at Chaman and Torkham land border stations. This has forced the traders to explore Iranian ports for the import of consignments. The Trade Project has estimated that one day’s delay in clearance, at Torkham and Chaman, increases the transaction cost for Afghan traders by an average of USD 250. This calculation is based on information gathered from freight forwarders and clearing agents in Pakistan handling transit cargo.</p> <p>At an average, three hundred Afghan containers transit through the territory of Pakistan per day. A delay of one day in clearance at Chaman and Torkham could lead to substantial losses for Afghan traders. This cost is ultimately shifted to the Afghan consumers, generating additional hardship for a population already suffering from economic and security challenges.</p>	<p>Infrastructure improvement at the Torkham and Chaman border stations is recommended.</p> <p>ADB is working on a project to improve the Torkham and Chaman border Customs stations. A reported USD 50 million has already been allocated by ADB for this purpose.</p>

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	<p>their adjacent Customs stations</p> <ul style="list-style-type: none"> To provide adequate and secure parking space for container trucks and other vehicles awaiting clearance To provide facilities for priority clearance of commercial vehicles with the appropriate transit permits To provide and maintain rapid and reliable telecommunication services 		
	<p>Treatment of Personal effects Subject to such conditions as the Customs administration may impose, the driver and other members of the crew of the vehicle shall be allowed to import temporarily a reasonable quantity of personal effects, having regard to the period of stay in the country of importation.</p> <p>Provisions for the journey and small quantities of tobacco, cigars and cigarettes for personal consumption, shall be admitted free of import duties and import taxes.</p>	<p>No complaints were received during the interview survey.</p>	<p>No gaps were identified.</p>
	<p>Custom Security The Contracting Parties shall undertake to use and accept as Customs security for ensuring the fulfillment of any obligation arising under a Customs transit operation between Pakistan and Afghanistan.</p> <p>The amount of Customs security for a transit operation shall be determined by Customs so that it covers any import levies chargeable on goods in transit.</p>	<p>There are currently five security levels:</p> <ul style="list-style-type: none"> Insurance Guarantees Tracking devices Bank Guarantee for vehicles Bonded carrier security for license Container security deposit <p>As per clause 619 of the Afghanistan-Pakistan Transit Trade Rules, the Afghan importer of goods shall furnish Customs Security in the form of an insurance guarantee.</p>	<p>Expeditious implementation of EDI and review of its performance over time to assess its effectiveness in reconciling the movement of ATT is recommended.</p> <p>Availability of pre-arrival information through EDI will assist Customs to prepare for necessary inspections and execution of security protocols for incoming cargo.</p> <p>Reviewing the performance of the tracking system to determine its effectiveness is</p>

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	<p>Persons who regularly carry out Customs transit operations shall be entitled to lodge a revolving guarantee, acceptable to Customs, which shall be valid for at least one year.</p>	<p>The insurance guarantee should be valid for at least one year and should be en-cashable in Pakistan.</p> <p>The amount of Customs Security for transit operations is determined by the AO and the Principal Appraiser of the office of departure.</p> <p>In case transport units are registered in Afghanistan, a bank guarantee or revolving bank guarantee equivalent to ten percent of the amount of duty needs to be lodged.</p> <p>In case a transport operator desires to operate less than four transport units, he shall provide a bank guarantee of one hundred percent of the amount of duty.</p> <p>There have been serious delays relating to the release of insurance guarantees, increasing the transaction cost of transit trade.</p> <p>The FBR (Customs) took the position that the release of insurance guarantees will only be authorized once the ACD (in the past CBCs were furnished by the Customs Agent) provides documented confirmation that the duties and taxes associated with the entry of the transit goods into Afghanistan have been paid.</p> <p>ACD has been unwilling to share the corresponding official ASYCUDA Single Administrative Document, SAD (equivalent to the Pakistani Goods Declaration - GD) from the office of destination with FBR (Customs) as required by APTTA 2010's Protocol 3 Section 3 Article 18 - "Formalities to be Completed at Offices En-Route and at Office at Destination".</p> <p>In the second APTTCA meeting held in Islamabad on October 11-12, 2012 it was agreed that the following documents in hard copy would have to be submitted to FBR (Customs) directly by ACD before the FBR (Customs) would release an insurance</p>	<p>recommended.</p> <p>Once these checks and controls are found to be satisfactory, FBR/Customs may consider whether to restrict the provision of insurance guarantees to only those items that are prone to promoting informal trade.</p> <p>The Contracting Parties may also consider the option of waving the financial security for goods as the bonded carries are also liable under the license agreement to reimburse any revenue leakages during transit.</p>

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
		<p>guarantee:</p> <ul style="list-style-type: none"> • T1 document • A CBC is issued by ACD at a roadside stall inside the ACD Territory • The duplicate copy of the Pakistani Goods Declaration duly endorsed by ACD is to accompany the T1 and the CBC described above <p>The documents as agreed have not been provided by Afghan Customs leading to further delays in the release of Insurance guarantees.</p> <p>Afghan traders raised concerns about the high rates of insurance premiums. Since then, insurance fees have dropped three fold in recent times, and with an increasing number of insurance providers there is a downward pressure on these fees due to increased competition. Nonetheless, Afghan traders would prefer if no insurance guarantee is demanded.</p> <p>In the event that APTTA terms are extended to Tajikistan, their transport operators and freight forwarders will also face challenges of complying with current APTTA financial guarantee requirements.</p>	
	<p>Business Hours and Competence of Customs Offices for Customs Transit For the purpose of this Protocol, the corresponding Customs offices which are located on the common frontier shall also be open on holidays as mutually to be agreed.</p> <p>Contracting Parties authorize their corresponding frontier Customs offices to clear all goods carried under Customs transit in accordance with the provisions of this Protocol.</p>	<p>Due to the prevailing security situation at Torkham and Chaman, the law enforcement agencies are reluctant to extend business hours.</p>	<p>It is recommended to ensure that border posts have sufficient human resource and facilities needed to function –as per the stipulated hours - throughout the year, including holidays. The Trade Project has provided a generator and lights at the Chaman border station, which have increased the working time by several hours after dusk. Safe and secure accommodation at or near the border crossing would also improve performance at such locations.</p>
	<p>Goods Declaration for Customs Transit Contracting Parties may jointly prescribe the</p>	<p>As per SRO 601(I) /2011 Transport operator or the Customs agent shall file the GD at the office of departure. The GD shall</p>	<p>Pakistan Customs' automated system, the Web Based One Customs (WeBOC) system, does not</p>

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	<p>GDs to be used for Customs transit operations in accordance with this Protocol.</p>	<p>be accompanied by the following documents</p> <ul style="list-style-type: none"> • Original Invoice • Bill of Lading • Original Packing List • Importability documents <ul style="list-style-type: none"> ○ Valid <i>jawaznama</i>¹⁸ (for commercial consignments) ○ Exemption certificate (for non-commercial consignments) • Customs Security as provided under these rules • Letter of authorization from the importer based in Afghanistan with respect to the validity of the <i>jawaznama</i> or <i>mafinama</i> <p>Currently six copies of the GD need to be prepared, and it usually takes one to two days to file the GD.</p> <p>Common glitches associated with GD forms are:</p> <ul style="list-style-type: none"> • Information provided in GD is often not clear enough for valuation purposes • Harmonized System description of imported goods are not accurately specified <p>Common malpractices identified in the <i>jawaznama</i> are:</p> <ul style="list-style-type: none"> • Fake photos of the person on the <i>jawaznama</i> • Fake official seal on the <i>jawaznama</i> • Fake ID on the <i>jawaznama</i> <p>The <i>jawaznama</i> has to be verified from the Afghan Consulate; this process usually takes a long time (approximately one week). The clearing agents verify the <i>jawaznama</i> from the Afghan Consulate on their own and attach a verified copy of the <i>jawaznama</i> along with the GD to expedite the process.</p>	<p>contain a module for transit trade. Consequently, the process at the ports and land border stations is not fully automated, and documentation requirements consume valuable time in transit trade. Pakistan Customs authorities should develop the required transit module for WeBOC to reduce time for transit trade.</p> <p>Previously, 9 copies of the GD were required to be filed by Customs agents; this number was reduced to 6 with the assistance of the Trade Project. It is, however, recommended that with the satisfactory launch of the WeBOC Transit Module, a paperless environment should be maintained, with the exception of hard copies required to accompany the transport units (rail/truck)</p>

¹⁸ A *jawaznama* functions as an import permit against which Afghans can import goods into Afghanistan.

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
		<p>In the past, nine copies of the GD were required for clearance. Afghanistan often raised its objection to the excessive number of GDs required.¹⁹ Subsequently the number of GDs required has been reduced to six.</p> <p>Clauses 602 – 607 of the Afghanistan-Pakistan Transit Trade Rules highlight the procedures to be carried out in processing of the GDs.</p>	
	<p>Exemption from Physical Customs Inspection and Escort En Route The Customs authorities shall refrain from routine physical inspection of the vehicle and cargo en route unless an irregularity is suspected in view of explicit tampering of seals or locks of the transport unit or some reliable specific intelligence.</p>	<p>The Agreement only permits the inspection of 5% of the consignments through a risk-based management system. The existing situation is not in compliance with this provision as a number of law enforcement agencies and regional and local authorities are examining the transit consignments, especially those passing through the KPK province.</p>	<p>Customs authorities should ensure implementation of the Agreement, which only allows inspection of 5% of consignments. If there are serious doubts or concrete information regarding the misuse of transit facilities, then Customs authorities should be permitted additional inspection of consignments en route.</p>
	<p>Risk Management Up to 5% of containers arriving at port of entry will be subject to examination under the risk management system. No further inspection is allowed en route unless irregularity is suspected as provided in the Revised Kyoto Convention, 1999 (Article 21).</p>	<p>APTTA states that only 5% of containers are to be examined. In fact only 2% of containers are required to be selected under the Risk Management System under One-Customs and the remaining 3% (maximum) is at the discretion of senior Customs officers. This is not being observed- 5% of the containers are being selected under One-Customs and additional containers are being examined at the discretion of the Customs officers.</p>	<p>Introduction of a RMS in Customs Operations to limit Customs intervention on low risk consignments is recommended. The RMS should have risk profiling capacity and perform examinations according to it.</p>
	<p>Phyto-sanitary and Veterinary Inspection The Contracting Parties may be guided by the multilateral agreements signed under the umbrella of the World Health Organization, Food and Agriculture Organization and World Organization of Animal Health and other related international organizations in applying inspection of goods crossing the border vis-a-</p>	<p>The Ministry of National Food Security and the Ministry of National Health Services are responsible for the Sanitary and Phyto-Sanitary (SPS) requirements of agricultural products, animals/animal products.</p> <p>After the passage of the 18th Constitutional Amendment, the implementation of health and SPS standards has been delegated to the provincial governments.</p>	<p>The SPS standards' implementation, especially at land border stations, is very weak. Pakistan needs to strengthen the provincial authorities in implementing these provisions</p>

¹⁹ In a follow up meeting (September 29, 2011) to the Inter-Ministerial meeting on the implementation of APTTA held September 6, 2011, the Afghan representatives noted that nine copies of a GD are excessive and should be reduced to a reasonable number.

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	vis phyto -sanitary and veterinary inspection (Article 22)		
	<p>Transport of Perishable Goods</p> <ul style="list-style-type: none"> Subject to the provisions of this Agreement, the Contracting Parties shall endeavor to facilitate and speed up the transport of perishable goods and to grant a priority regime for border crossing clearance formalities to avoid undue delays. The Contracting Parties agree to define phyto-sanitary measures and Customs requirements to allow direct transport of perishable goods without transshipment (Article 23). 	<p>As per clause 644 of the Afghanistan – Pakistan Transit Trade Rules, Customs may grant priority to consignments consisting of live animals and perishable goods.</p> <p>There are a large number of complaints from Afghan exports with respect to delays in perishable consignments. Afghanistan has been affected because most of the Afghan exports are fresh fruits, vegetables, and herbs.</p>	<p>Pakistan should improve the clearance procedures for perishable consignments at Chaman and Wagah to facilitate Afghan exports.</p> <p>At present, there are no facilities for Reefer trucks at Chaman and Torkham. Plug-on facilities for provision of power to Reefer containers and provision of cold storage facilities for items such as vaccines, etc. should be provided.</p>
	<p>Transport of Dangerous Goods</p> <ul style="list-style-type: none"> The Contracting Parties agree to take into account the provisions of the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR) (1957, Geneva as amended 2007) for transit and cross border movements of dangerous goods. Dangerous Goods are those substances and articles that are referred to as “Dangerous Goods” in Annexes A (General Provisions and Provisions Concerning Dangerous Articles and 	<p>The European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR) was signed at Geneva on September 30, 1957 under the auspices of the United Nations Economic Commission for Europe, and it entered into force on January 29, 1968.²⁰ Among the CAREC countries Tajikistan acceded to the ADR on December 28, 2011 and Kazakhstan acceded on July 26, 2001.²¹</p> <p>Pakistan ratified the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade in July 2005.²²</p>	<p>The Contracting Parties should develop a module in their automated clearance system to monitor the transit of dangerous goods.</p>

²⁰ United Nations Economic Commission for Europe. 2014. *About the ADR*. http://www.unece.org/trans/danger/publi/adr/adr_e.html (accessed May 2, 2014)

²¹ United Nations Economic Commission for Europe. 2014. *Present Status of ADR*. http://www.unece.org/trans/danger/publi/adr/legalinst_53_tdg_adr.html (accessed May 2, 2014)

²² Rotterdam Convention- United Nations Environment Programme. 2014. *Status of Ratifications*. <http://www.pic.int/Countries/Statusofratifications/tabid/1072/language/en-US/Default.aspx> (accessed April 30, 2014)

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	Substances) and B (Provisions Concerning Transport Equipment and Transport Operations) of the ADR.		
	<p>Precursors and Chemical Substances The Contracting Parties agree to set out measures to strengthen their administrative cooperation to prevent the diversion of substances used in the illicit manufacture of narcotic drugs or psychotropic substances as defined in Protocol Four of this Agreement on Control of Precursors and Chemical Substances used in the Illicit Manufacture of Narcotic Drugs or Psychotropic Substances (Article 26).</p>	<p>Pakistan has ratified the following United Nations (UN) conventions and regional bilateral treaties:</p> <ul style="list-style-type: none"> • Single Convention on Narcotic Drugs, 1961 as amended by the 1972 Protocol²³ • UN Convention on Psychotropic Substances, 1971²⁴ • UN Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances 1988 and subsequent UN resolutions, in particular the UN General Assembly's 20th Special Session Resolution S-20/4B²⁵ • South Asian Association for Regional Cooperation (SAARC) Convention on Narcotic Drugs and Psychotropic Substances, 1990²⁶ • Protocol on Drug Matters with Economic Cooperation Organization (ECO) Countries²⁷ <p>Protocol Four of APTTA provides the legal framework under which trade in precursors and chemical substances should take place.</p> <p>As per clause 642 of Afghanistan-Pakistan Transit Trade Rules, for the import of controlled substances, the importer shall obtain special permission from the Government of the importing Contracting Party. The permission letter shall be presented to the Customs office of departure through the respective Ministry of Narcotics.</p>	<p>It is recommended that the implementation of these Conventions by Pakistan is reviewed.</p>

²³ Anti-Narcotics Force. 2014. *International Obligations*. <http://www.anf.gov.pk/treaties.php> (accessed April 30, 2014)

²⁴ ibid

²⁵ Ibid

²⁶ Ibid

²⁷ Ibid

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
		<p>NOCs from the Contracting Party's designated Anti-Narcotics force are also required for clearance of controlled substances.</p> <p>Containers carrying controlled substances will be 100% examined and can be checked en-route by the country's designated Anti-Narcotics force.</p> <p>The following substances – in agreement with the UN Convention against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances, 1988 - are referred to under Protocol Four of APTTA:</p> <p>Table I:</p> <ul style="list-style-type: none"> • Acetic anhydride • N-Acetylanthranilic acid • Ephedrine • Ergometrine • Ergotamine • Isosafrole • Lysergic acid • 3,4-Methylenedioxyphenyl- 2 Propanone • Norephedrine • 1-Phenyl-2-propanone • Piperonal • Potassium permanganate • Pseudoephedrine • Safrole <p>Table II:</p> <ul style="list-style-type: none"> • Acetone • Anthranilic acid • Ethyl ether • Hydrochloric acid. • Methyl ethyl Ketone • Phenylacetic acid 	

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
		<ul style="list-style-type: none"> • Piperidine • Sulphuric acid • Toluene 	
	<p>Communication of Information / Electronic Data Interchange (EDI)</p> <ul style="list-style-type: none"> • The Customs authorities of the Contracting Parties shall, on request, communicate to each other as promptly as possible: <ul style="list-style-type: none"> ▪ Any available information relating to GD completed or accepted in their territory which is suspected of being false ▪ Any available information enabling the authenticity of seals claimed to have been affixed in their territory to be verified. • The Customs administrations of Contracting Parties shall ensure Customs-to-Customs cooperation by information sharing through setting up the facility of electronic interface • The Customs administrations of both Contracting Parties at the point of entry shall make arrangements of communication through hotline • The Customs administrations of both Contracting Parties shall make arrangements for joint Customs control at entry and exit points with mutual consent 	<p>Efforts are being made to establish data exchange facilities between Pakistan and Afghan Customs authorities at Torkham and Chaman border crossings.</p> <p>An EDI system has become operational from November 1, 2013, at the Karachi-Torkham transit trade route; Equipping the Karachi-Chaman transit trade route with an EDI system is yet to follow. This system provides the mechanism to electronically exchange information between Pakistan and Afghan Customs and will provide information about clearance and payment of duties and taxes upon its full implementation.</p> <p>Through the APCP a Technical Working Group was established in January 2013 to address the implementation of EDI. The Pakistan side wants early implementation of EDI as this would facilitate ATT and bring down the cost of transit.</p> <p>The Custom authorities in Pakistan will be initiating the registration of Afghan traders as a condition for releasing their consignments for transit. This may create further resentment among the Afghan traders as they might be unwilling to provide complete details to Pakistan authorities. The transit trade module under development for new customs software (WEBOC) requires registration of Afghan traders.</p>	<p>A pilot EDI system is operational between Afghanistan and Pakistan at the Karachi-Torkham route. There is, however, a need to extend the EDI to the Karachi-Chaman route.</p>
5	Documentation and Procedures		
	Documentation and Procedures	The flow of documentation in Pakistan is generally a manual	A review of the alignment of documents with the

#	APTTA Substantive Provisions	Existing Situation	Gaps and Recommended Actions
	<p>The Contracting Parties agree to make effort:</p> <ul style="list-style-type: none"> • To limit the number of documents and reduce procedures and formalities required for traffic in transit • To harmonize, as much as possible, codes and descriptions of commodities commonly used in international trade • To consolidate procedures and documentation so that transit traffic will not be subjected to redundant requirements • To periodically review the necessity and usefulness of all documents and procedures prescribed for transit traffic • To adopt a risk management approach for transit traffic in order to reduce delays • To establish a Customs Transit System, including a Customs Guarantee Coverage, for the cargo as mutually agreed • To align their documents to the UNLK for trade documents 	<p>paper-based system which results in time-consuming processing of documents and poor record keeping.</p> <p>Incomplete sets of shipping documents and discrepancies in shipping documents cause delays in transit.</p> <p>Most of the documents needed for transit trade - as per APTTA - are in English.</p> <p>In the past, nine copies of GD were required for clearance. Afghanistan objected to the excessive number of GDs required. Subsequently, the number of GDs required has been reduced to six.</p>	<p>UNLK is recommended.</p> <p>It is recommended that with the satisfactory launching of the WeBOC Transit Module, a paperless environment should be maintained, with the exception of hard copies required to accompany the transport (rail/truck).</p>