

USAID Trade Project

Dwell Time Study

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Acronyms

ADB	Asian Development Bank
AO	Appraising Officer
ATF	Agreement on Trade Facilitation
ATT	Afghan Transit Trade
ATTA	Afghanistan Transit Trade Agreement
APTTA	Afghanistan-Pakistan Transit Trade Agreement
APTTCA	Afghanistan Pakistan Transit Trade Coordination Authority
BL	Bill of Lading
BOT	Build, Operate, and Transfer
CA	Customs (Clearing) Agent
CAR	Central Asian Republic
CAREC	Central Asia Regional Economic Cooperation
CBC	Cross Border Certificate
CCR	Central Control Room
CLBC	Customs Licensed Bonded Carrier
CSD	Container Security Device
DGT	Directorate General Transit
DO	Delivery Order
EDI	Electronic Data Interchange
EGM	Export General Manifest
EO	Examination Officer
FBR	Federal Board of Revenue
FC	Frontier Corps
FIA	Federal Investigation Agency
GD	Goods Declaration
GoA	Government of Afghanistan
GoP	Government of Pakistan
IGM	Import General Manifest
IT	Information Technology
KICT	Karachi International Container Terminal
LCL	Less than Container Load
MINFAL	Ministry of Food, Agriculture & Livestock
MoC	Ministry of Commerce
NBP	National Bank of Pakistan
NHA	National Highway Authority
NLC	National Logistics Cell
NOC	No Objection Certificate
OOG	Out of Gauge
PA	Principal Appraiser
PCCSS	Pakistan Customs Container Security System
PICT	Pakistan International Container Terminal
PR	Pakistan Railways
PRAL	Pakistan Revenue Automation Limited
QICT	Qasim International Container Terminal

RCR	Regional Control Room
RKC	Revised Kyoto Convention
RMS	Risk Management System
SVM	Seal Verification Message
SW	Single Window
T-1	A document for domestic transit in Afghanistan
TO	Terminal Operator
VIR	Vehicle Intimation Report
WCO	World Customs Organization
WeBOC	Web Based One Customs

Executive Summary

In December 2010, the Trade Project conducted a dwell time study to identify the time taken for Afghanistan transit consignments to arrive in Karachi and depart Pakistan's territory through the land border posts of Chaman (approximately 848 kilometers- kms) and Torkham (approximately 1,400 kms). In 2010, the results were 23 days for Chaman and 22 days for Torkham.

The Afghanistan-Pakistan Transit Trade Agreement (APTTA) was signed on October 28, 2010 and as of June 13, 2011 Pakistan Customs implemented the Afghanistan-Pakistan Transit Trade Rules to improve the safety and security of transit consignments to safeguard its revenue from pilfered or diverted goods entering Pakistan while in transit.

This revised Dwell Time Study uses data from November-December 2013. The dwell time is 13 days for Karachi to Chaman and 14 days for Karachi to Torkham despite several additional restrictions imposed on transit trade in the 2011 transit rules.¹ Additional restrictions include:

- i. Insurance Guarantee for duties and taxes
- ii. Installation of tracking devices on containers and trucks
- iii. 100% scanning of containers
- iv. 100% weightment of containers/trucks at Karachi and border stations
- v. Carriage of containers allowed only through Customs Licensed Bonded Carriers (CLBCs)
- vi. Examination of goods by Customs (at over 50% of containers prior to the implementation of APTTA in 2011, and between 5%-20% at the time of this report)
- vii. Sealing of containers by Customs

There is room to further improve dwell time for both of these routes. This report contains a number of recommendations that will improve the speed of moving goods from Karachi to Afghanistan. Action in the following areas is required:

- i. Complete automation of transit declaration processing in Web Based One Customs (WeBOC)
- ii. Creation of a Single Window environment for all government agencies and shipping lines for reduced paperwork
- iii. Increase use of Risk Management to allow pre-arrival declaration processing and clearance, decreased physical examinations, decreased documentation scrutiny, decreased scanning and weighing
- iv. Increased access to container tracking systems
- v. Reduce the number and amounts of non-receipted payments/unofficial fees
- vi. Quick release of insurance guarantee by Customs for transit goods after receipt of Cross Border Certificate (CBC)
- vii. Invest in improved infrastructure at the seaports, road networks, and land border posts
- viii. The Terminal Operators should get more space for the storage of transit containers from port authorities
- ix. Upgrade and increase the size of the bonded carrier fleet

If these needs are addressed appropriately (and not necessarily in the order presented), it is not unreasonable to expect that the dwell time for Afghan transit goods could be reduced further to five (5) days.

¹ Different methodologies were used for the 2010 and 2013 assessments; therefore, the reduction in dwell time should be analyzed within the context of the factors addressed in this report, rather than on a strictly comparative basis. For the 2010 assessment the Trade Project partnered with a logistics firm and tracked the movement of Afghan transit consignments from Karachi Port/Port Qasim to the Torkham and Chaman borders through tracking devices. By 2013, the FBR required all trucks and containers carrying Afghan transit goods to be tracked by the FBR on a real time basis using tracking devices. Thus, for the 2013 Assessment, the Trade Project initially intended to rely on tracking data provided by the FBR to indicate the average transit time of Afghan-bound consignments between Karachi Port/Port Qasim and Torkham and Chaman. Despite initially agreeing to provide the average transit time tracked, the FBR was not forthcoming with the information. The Trade Project then had to rely on secondary information from logistics companies and clearing agents.

1. Introduction

Dwell Time in international trade indicates the actual time a consignment stays at the port of entry, commencing from the time the transport has discharged the cargo until it exits from the port premises, having completed all relevant formalities.

This report is an analysis of the combined dwell time and transportation time of transit consignments entering Pakistan until such time as those consignments exit Pakistani territory and enter Afghanistan.

“Transit goods” in the Afghanistan-Pakistan Transit Trade Rules² refers to commercial or non-commercial goods transited through Pakistan to and from Afghanistan.

In 2010, the Trade Project conducted a Dwell Time study for Afghanistan’s imports by sea which pass through Karachi Port and Port Qasim, and are subsequently moved “under bond” (under customs control) to the Torkham and Chaman border crossings where final clearance formalities are completed before entering Afghanistan. A number of changes have been implemented in line with the terms and conditions of APTTA since the initial study.

The objective of the present study is to provide an update to the 2010 Dwell Time report. The current dwell time study also analyzes the various costs (official and unofficial) incurred during a consignment’s transit through Pakistan. The study addresses logistic chain efficiency, and focuses on the movement of Afghanistan’s commercial import cargo carried solely by road.

2. Background

The Karachi Port has served landlocked Afghanistan as its traditional link to the sea. For decades, the bulk of the country’s imports and exports were routed through Pakistan because it provides the shortest access to global trading partners. Despite this geographical advantage, the movement of ATT has been a matter of concern to the trading community in Afghanistan, as the quality of Pakistan’s logistic services has been unreliable in terms of transit time, which in turn has a direct and adverse impact on the overall cost to do business.

Under the earlier bilateral Afghan Transit Trade Agreement (ATTA) of 1965, Pakistan Railways was the sole carrier of Afghanistan’s transit trade. With the gradual decline in rail service and the substantial increase in the volume of traffic after 2002, permission to haul Afghan goods by road was also accorded in 2005. For the next several years, the state-owned National Logistic Cell (NLC) remained the sole road transporter handling transit cargoes to Afghanistan. Afghan traders and their Pakistani Customs Clearing Agents preferred to utilize the rail service (due to railways’ competitive rates), however, a gradual shift to the road sector was inevitable due to the continued deterioration in rail service. Afghan traders continue to maintain concern regarding the quality of Pakistan’s logistic services.

² Customs Rules 2001, Chapter-XXV (Afghanistan-Pakistan Transit Trade Rules), Sub-Chapter-I, Clause 600 (Definitions)

The following table shows the volume of Imports under ATT between 2007 and 2014:

Table 1: Afghan-Pakistan Import Transit Trade 2007-2014

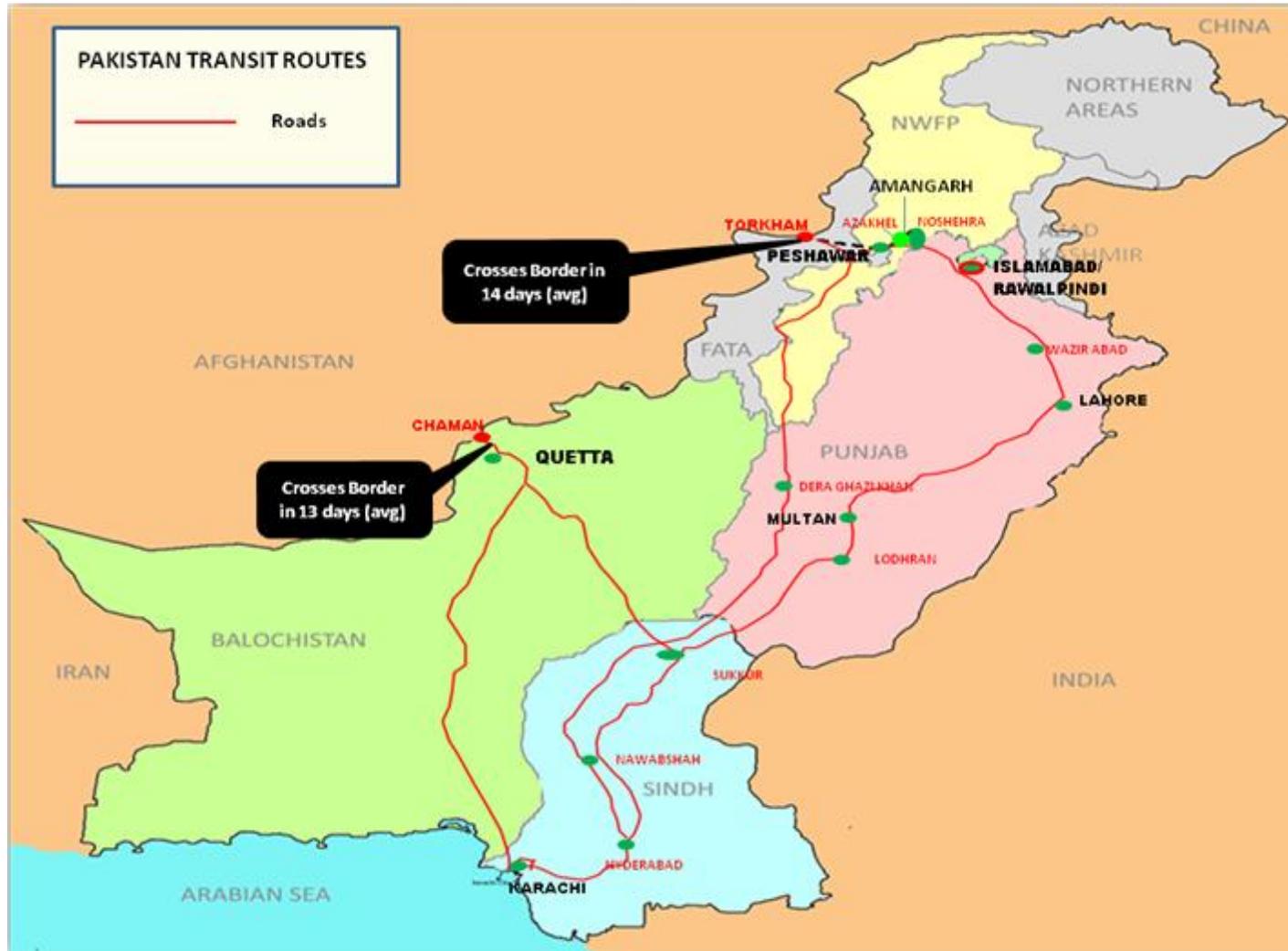
Fiscal Year Summary of Afghan Transit Cleared Through Karachi Port and Port Qasim	
Fiscal Year (July-June)	Number of Containers
2007-2008	64,949
2008-2009	80,115
2009-2010	96,914
2010 - 2011	81,101
2011-2012	56,487
2012 - 2013	24,155
Jul 2013-Dec 2013	16,881 (6 months)
Jan 2014-June 2014	15,000 (6 months) ³

Source: Trade Project from Directorate of Transit / PRAL / FBR

³ Based on an estimate of 2,500/month per discussions with the FBR.

Map 1 shows the two designated routes from Karachi to each of the two Pakistan-Afghanistan border crossings at Torkham and Chaman.

Map 1: Pakistan Afghanistan Transit Routes



3. Objectives

This study was designed to achieve the following objectives:

1. Identify the current average time for Afghan consignments imported by sea via Karachi Port/ Port Qasim to reach and depart the Pak-Afghan border crossings at Chaman or Torkham
2. Identify the average costs (formal and informal) covering the entire logistics chain from the seaports to the relevant border crossings at Chaman/Torkham
3. Identify and analyze the legal instruments that have an impact on the movement of transit goods
4. Identify all stakeholders involved in the movement of traffic to obtain their input concerning this movement
5. Identify problems and bottlenecks delaying or impeding business processes related to this movement
6. Map business processes associated with the clearance and transportation of goods under ATT
7. Identify planned future changes to any business processes by any stakeholder, and recommend a time frame to implement the proposed changes (e.g., plans to automate a particular function)

4. Methodology

The Trade Project team visited the main locations at Karachi Port and Port Qasim, the border stations of Torkham and Chaman, and the Peshawar and Quetta Customs Houses responsible for the Torkham and Chaman border stations. At each of these customs field offices the process chain was mapped and inputs were obtained from officials as well as private sector stakeholders. The Trade Project also used data received from the Tracking Control unit based at Customs House Karachi in order to assess impediments at each of the four stages⁴ covering the carriage of ATT's commercial cargo on trucks through Pakistani territory.

The Trade Project conducted an estimation of the dwell time of consignments from port of entry to border crossings using data obtained from Customs Agents and Customs Licensed Bonded Carriers (CLBCs). The data provided by the Agents was based on their own consignments over the twelve-month period from January 2013 to December 2013.⁵

The study estimates the average time taken and the costs involved for ATT to travel from Karachi Port and Port Qasim (Port Muhammad Bin Qasim) to the respective border crossing posts of Chaman and Torkham. Bottlenecks and possible reasons for these delays are identified. The figures were collected from Customs staff, Customs Agents, Transport Operators, and Terminal Operators.

Recommendations are based on the observations/results of the study. They address shortcomings within the system, and offer possible strategies for tackling transit transport problems, and reducing the dwell time and flow of both cargo and associated documentation through the system.

⁴ (1) Pre-arrival; (2) Arrival of container at the seaport until its exit from seaport; (3) Time the container exits the port until its arrival at the relevant customs border station; and (4) Time the container arrives at the land border station until the goods leave Pakistan and enter Afghanistan territory.

⁵ Despite repeated attempts to obtain official Afghan Transit Trade (ATT) data from the Pakistan Revenue Automated Limited (PRAL)/Customs for January-December 2013, the Trade Project team was unable to obtain the requested data. The study was instead conducted using secondary sources of information (obtained from private stakeholders) to provide estimates on the time required to move consignments into Afghanistan.

5. Relationships with Stakeholders to Implement Important Recommendations

Afghan traders importing goods through Karachi Port and Port Qasim rely primarily on Customs Agents in Pakistan to clear their consignments for transit through Pakistan.

Three groups of stakeholders can influence the dwell time of Afghanistan transit trade moving through Pakistani territory:

- Regulatory authorities managing procedures and commercial practices (involving a range of stakeholders in the public and private sectors - customs, animal quarantine/plant protection departments, shipping lines, and Customs Agents)
- Organizations that maintain physical infrastructure (maintenance of roads and railway networks, dry ports, inland terminals and border crossing stations)
- Logistics service providers (e.g., CLBCs, port/terminal operators)

Each of the following stakeholders play a key role in their respective segments and their performance determines the efficiency of the entire logistics process:

Major Afghan Transit Trade (ATT) Stakeholders



- **Afghan Traders:** Import goods in their name under an import permit (*Jawaznama*) that is valid for a period of 12 months and is issued by the Ministry of Commerce, Government of Afghanistan (GoA), Kabul. Safe and expeditious transportation of goods, at the most competitive cost (covering the entire logistic chain from the Pakistani seaport until receipt at the trader's premises in Afghanistan) is in the trader's interest.
- **Afghan Traders' Agents/Customs Agents:** Pakistani agents (usually Customs Agents) undertake clearance formalities, and settle payments at seaports and border crossings on behalf of Afghan traders. They also arrange overland transportation and deal with all other regulatory and commercial entities that are involved in the passage of transit goods through the entire logistic chain while in Pakistan. In the event that Customs Agents do not have their own branch offices at Peshawar or Chaman, they nominate associates to act as their border agents to address all relevant formalities.

Government of Pakistan (GoP) Entities

- **The Ministry of Commerce (MoC):** The policy-making authority of the GoP on all international and transit trade-related issues. The MoC is also responsible for formulating the government's trade policy and undertaking trade negotiations (including the negotiation of APTTA) with individual countries or economic blocks. The MoC addresses major policy issues concerning the nomination of transit ports, border crossings, and transit routes.
- **The Federal Board of Revenue (FBR/Customs):** The main GoP enforcing entity responsible for international and transit trade. Charged with the processing of transit goods documents and the control of goods from the place of entry to exit points, the FBR is also responsible for safeguarding the country's economy against infringements from international trade and protecting loss of government revenue from transit trade. The main tasks of Customs are to collect revenue, safeguard against informal trade, and to facilitate the movement of passengers and freight. Due to the emphasis on the collection of revenue and efforts to minimize informal trade, there is little evidence from Customs facilitation programs or from private sector stakeholder feedback that trade facilitation is a priority for Pakistan Customs.

Other government ministries and departments

- The Ministry of Interior's Federal Investigation Agency (FIA), Immigration, and the Frontier Corps (FC) are responsible for security along the Pakistan-Afghanistan border.
- The Ministry of Food, Agriculture and Livestock (MINFAL) and the Ministry of Health (for the sanitary/phyto-sanitary requirements of agricultural products, animals/animal products)
- Law enforcement agencies in addition to the Frontier Corps, which include local police in the provinces and khassadars in the tribal area where Torkham is situated and the local civil administrations at Torkham and Chaman. These agencies are not authorized to interfere in the jurisdiction of Customs (unless Customs requests assistance), however, they do exercise authority during the period when goods are passing through the territory under their control. The Khyber Agency for the Torkham border crossing collects payments such as "rahdari," a traditional charge for the right of passage through the tribal territory.

Port authorities (Karachi Port Trust and Port Qasim Authority)

- All ports are government owned; however, under the "landlord" concept, 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.

Private sector stakeholders

- **Tracking Company:** Provides real-time tracking and monitoring of Afghan transit goods. TPL Trakker Ltd. is the sole company providing this service to Pakistan Customs. The Customs Preventive Collectorate at Karachi supervises the tracking and monitoring activities of this company, and these activities are governed by the "Tracking and Monitoring of Cargo Rules, 2012" (see **Annex VII**).
- **Shipping lines and their local agents:** Nearly all ATT arrives in Pakistan by sea; cargo is then placed in the custody of the port/terminal operator before the onward movement over land is permitted (upon completion of relevant formalities).
- **Seaports and private terminal operators:** Provides the interface between the ocean and the overland carriers, and operators' performance directly affects transit trade. Port operations also represent a portion of the logistic costs. When Customs identifies discrepancies during clearance formalities, these costs can increase significantly, resulting not only in delays but also in additional port storage charges and shipping line container detention charges. These

charges are applied by the respective entities on a daily basis beyond the “free time” allowed by ports/terminal operators and shipping lines, respectively.

- **Customs Licensed Bonded Carriers**

APTTA allows only trucks owned by CLBCs to transport Afghanistan’s transit goods. 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 according to the parties’ respective terms and conditions. For Pakistan, the Afghanistan-Pakistan Transit Trade Rules establish the conditions for licensing transport operators. The licenses to transport operators are issued against a bank guarantee for USD 150,000 and a revolving insurance guarantee from an insurance company of repute for USD 50,000.

6. International Obligations Impacting Transit Dwell Times

There are a number of international treaties or agreements to which Pakistan is a signatory and which contain certain obligations related to trade facilitation in general, and transit trade specifically. The three agreements that pertain to ATT are discussed below.

APTTA

The objectives of APTTA, which was signed October 28, 2010, were twofold: (i) replace the outdated ATTA (1965) by facilitating the movement of ATT within the modern trading environment, and (ii) address Pakistan’s concerns regarding informal trade associated with the movement of ATT. Informal trade has had a direct negative impact on the country’s legitimate trade and has caused substantial loss of revenue to the GoP. While there is no reliable estimate of illegal trade (not including contraband items such as drugs and weapons) between Afghanistan and Pakistan, the value was roughly estimated to be approximately USD 2 billion annually; prior to the implementation of APTTA in 2011, Pakistan’s estimated losses from duty forgone due to smuggling were USD 270 million per year.⁶

APTTA Implementation (post-2010 Dwell Time Study)

Several key changes took place after the December 2010 Dwell Time study, necessitating an updated analysis.

- The NLC’s monopoly as sole carrier of transit goods ended in March 2011, and Customs Licensed Bonded Carriers (CLBC) were introduced.
- Submission of a refundable insurance guarantee equivalent to the amount of duties and taxes applicable in Pakistan for Afghan imports commenced in July 2011 (the FBR later provided a 3 month waiver/amnesty period, and the submission of insurance guarantees recommenced in October 2011).
- Pilot Electronic Data Interchange (EDI) between the Customs departments of Afghanistan and Pakistan was launched in November 2013.
- In May 2013, the use of tracking devices, on a real time basis, on transport and container(s) moving from ports to respective border crossings, was introduced.

These provisions were introduced to address ATT “leakage” and attendant revenue loss for the GoP, which adversely affected legitimate trade. The introduction of private CLBCs in March 2011 immediately made haulage rates more competitive, and reduced the wait time for vehicles after port clearance formalities are complete.

⁶ USAID Pakistan Trade Project, “Unauthorized Trade between Pakistan and Afghanistan: A Preliminary Assessment of its Extent and Economic Impact”, February 6, 2011.

Following the implementation of new transit rules (effective June 13, 2011) and acceptance of insurance guarantees (October 13, 2011), a shortfall in the volume of Afghanistan's import traffic through Pakistan was noted (see **Table 1**). Relevant stakeholders, including many clearing agents and some representatives of Pakistan Customs, are of the view that a small percentage of Afghanistan's imports, especially the cargo destined for the northwest of the country, has been moving through the **Chabahar to Zaranj** route. Unfortunately, current trade and transit statistics do not reveal the reasons for the reduction in the volume of Afghanistan's imports through Pakistan.

In light of potential trade diversion through Iran, it is recommended that the GoP undertake a comparative assessment of logistics through Iran. The analysis should compare the regulatory requirements of both Iran and Pakistan, infrastructure and facilities on transit routes (covering the entire logistics chain), quality of services, and cost. Iran will continue to remain Pakistan's competitor not only with regard to ATT, but also with regard to the transit of goods to and from Central Asian states. Pakistan enjoys a geographical advantage; however, the quality of service, reliability, and final cost to traders will determine whether Iran or Pakistan benefits from the above-mentioned transit trade.

Table 2: APTTA Milestones (2010-2013)

Date	APTTA Milestones 2010-2014
Jan 1, 2010	Pre-Signing of APTTA
Oct 28, 2010	APTTA signed
Mar 17, 2011	Customs Licensed Bonded Carriers permitted to lift ATT imports
Jun 12, 2011	Pak-Customs ATT Rules implemented
Oct 13, 2011	Insurance Guarantees accepted by Pak-Customs
Oct 11-12, 2012	Pak/Afghan Customs mutual agreement to accept Cross Border Certificate & T1 document at the 3 rd APTTCA Meeting
Jan 18, 2013	Pak-Customs Rules amended for the release of Insurance Guarantees
May 17, 2013	Tracking of ATT Containers Started
Oct 26, 2013	Release of Insurance Guarantees by Pakistan Customs commenced

WCO Revised Kyoto Convention and the Safe Framework of Standards

The Revised Kyoto Convention (RKC) has a dedicated chapter for transit; however, for the purpose of this document we will discuss the WCO SAFE Framework of Standards⁷ to secure and facilitate global trade. The SAFE Framework includes clearer and expanded directions related to supply chain security, and customs-to-customs and customs-to-business cooperation.

The supply chain consists of the physical movement of goods from origin to destination, and the parallel movement of commercial data. Therefore, the overall goal is to receive mandatory information in order to perform a risk assessment as early as possible in the global supply chain to allow the free and smooth flow of goods. Dwell Time reflects the efficacy of supply chain management, security and control throughout the entire transit trade process. A summary of 11 standards of the SAFE Framework has been provided in **Annex III**.

Pakistan Customs employ integrated control procedures. These include security measures such as a tracking and monitoring system for containers, insurance guarantees, use of CLBCs, a recently launched Electronic Data Interchange (EDI), WeBOC, and the containerized movement of cargo. There are gaps in these measures, however, which require effective and efficient implementation of the WCO SAFE Framework to ensure the safety of the supply chain management system.

⁷ WCO SAFE Framework of Standards – <http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/~/media/55F00628A9F94827B58ECA90C0F84F7F.ashx>

The safety of the supply chain is vulnerable in Pakistan due to security issues; an integrated supply chain management system should be prioritized. Customs-to-Customs collaboration between Pakistan and Afghanistan is below international standards; limitations are evidenced in the ongoing issues surrounding insurance guarantees for ATT goods which are yet to be released by Pakistan Customs. It is expected that the time between point of discharge and Pak-Afghan border crossing will be significantly reduced upon implementation of the WCO Integrated Supply Chain Guidelines.

WTO Agreement on Trade Facilitation (ATF)

The WTO ATF provides further clarification on the expectations for WTO members to expedite the movement, release, and clearance of goods (including transit), and reconfirms many of the SAFE Framework standards applicable to transit goods passing through Pakistan for Afghanistan.

The specific requirements associated with transit are addressed in Article 11 of the ATF: "Freedom of Transit". A summary of Article 11 is provided in **Annex III**.

7. Summary of 2010 Dwell Time Study Recommendations

The recommendations from the dwell time study conducted by the Trade Project in 2010:

- i. The possibility of supplementing NLC's exclusive service by opening up the transport industry to allow private contractors to compete in a fair and equitable manner**

Status: As of March 17, 2011, private sector CLBCs are permitted to carry Afghan transit goods.

- ii. Improve the road system along the trade corridor between Karachi and the two border posts to allow for quicker access to the borders. Special emphasis should be given to the final section of the road through the Khyber and Kojak passes.**

Status: The up-gradation and widening of the 44 km road between Peshawar to Torkham commenced in November 2012 (expected to be completed in 2 years) with funding from USAID. This is expected to expedite the flow of traffic through the Khyber Pass.

- iii. Review all current procedures at customs posts and checkpoints with a view to improve processes and reduce customs clearance times, particularly at Karachi Port.**

Status: The Trade Project has assisted Pakistan Customs in implementing EDI with the Afghanistan Customs Department and introducing the Financial Guarantee system. The Trade Project has also prepared Implementation Roadmaps for National Single Window and Authorized Economic Operators, and a Compliance Risk Management Gap Analysis.

- iv. Build modern border complexes at Torkham and Chaman to handle the current volume of traffic efficiently.**

Status: The Trade Project assisted with border station improvements, including the installation of information technology (IT) equipment, broadband connectivity, and generators at 8 different locations, including Customs House, Karachi; Karachi Port/ Port Qasim; and check posts en route to and at Torkham and Chaman. The Trade Project also provided lighting and generators for the Chaman Customs Station. Efforts to install a total of four weighbridges at Torkham and Chaman (two per location) were delayed, and ultimately cancelled, due security authorities' failure to grant permission for the installation.

The Asian Development Bank (ADB) is now undertaking a major infrastructure development program at Torkham; and is planning to undertake a similar development program for Chaman. The Trade Project assisted the ADB in developing the infrastructure by sharing studies and concept notes/plans prepared for both Chaman and Torkham in 2010-2011. These documents included a topographic survey of the location for the infrastructure at Torkham and Chaman.

The introduction of a Single Window system at both border stations will improve performance and capacity. The FBR/Customs has declared its intention to develop a national Single Window system, which is expected to be subsequently converted to a Regional Single Window; however, the GoP has yet to legislate any organization as the lead agency for the implementation of Single Business Window.

- v. **Conduct periodic assessments (preferably on an annual basis) along transit routes to review processes and procedures in operations and identify causes for delays in the logistic chain.**

Status: The second assessment (following the 2010 Dwell Time Study) was conducted in 2013, the findings of which are contained herein.

- vi. **Investigate and possibly reduce the time between a vessel's arrival and the filing of the Goods Declaration by CAs.**

Status: As of December 31, 2013, the situation remained unchanged.⁸

- vii. **Track truck journeys along transit routes by having drivers fill in a pre-prepared logbook for the duration of the trip. These should be cross-checked at a few points along the way.**

Status: After the implementation of the tracking and monitoring system, effective May 17, 2013 the tracking of containers/vehicles within Pakistani territory is being conducted. A manual system is no longer relevant.

- viii. **Manually track trucks by installing electronic tracking devices on them.**

Status: Real-time tracking and monitoring of Afghan transit goods has been operational since May 17, 2013. The tracking system uses two tracking devices (one on the container, one on the prime mover/truck) and provides a live demonstration of the truck/container journey from gate-out until arrival at the border station.

- ix. **Modernize facilities at border posts.**

Status: The ADB is currently working on infrastructure development at Torkham and Chaman.

- x. **Purchase and install new weighbridges at Torkham and Chaman (being facilitated by the Trade Project and already budgeted)**

⁸ As per the latest information received from the Federal Board of Revenue (May 2014), the time from arrival of vessel until filing of GD has been reduced to almost 0 (previously 2 days).

Status: As mentioned above, this activity was ultimately cancelled due to circumstances beyond the Trade Project's control.

- xi. **Review and recommend improvements of all policies and procedures at Customs at border posts, checkpoints, and Karachi's ports. The FBR may implement these improvements. The Trade Project will assist the FBR in the preparation and delivery of training on any new procedures that may come into effect.**

Status: A number of provisions from APTTA have been implemented since 2010, including EDI, Financial Guarantees, a tracking system, carriage of goods by CLBCs, and Bank Guarantees for vehicles. The Trade Project conducted trainings for Customs officers on Compliance Risk Management topics, and organized a Study Tour to Australia to observe and learn about leading international practices.

8. Current Situation

There have been a number of changes and implementations since the 2010 Dwell Time Study. Although some changes (to ensure supply chain security) have had an adverse effect on the dwell time, the overall effect has been beneficial in improving the efficiency of the transit trade supply chain. Greater efficiency is anticipated as the systems and processes become automated and infrastructure is improved. The analysis below draws on data from 2013 to outline the process flow, in-port dwell and transit time, costs incurred, and the bottlenecks that continued to hamper the flow of goods to Afghanistan as recently as December 2013.

The Afghan Transit Trade Process Flow – Afghan Transit Imports

The process flow is presented in chronological order and describes the formalities relevant to Customs as well as other stakeholders. All stakeholders involved have a direct bearing on the time it takes to clear Afghan imports at each stage of transit through Pakistan. A number of activities covering these processes are, however, undertaken simultaneously, either within the Customs department or with outside stakeholders. The time mentioned at each stage represents the estimated average time taken for the actual work related to clearing a single consignment, once the work has initiated. This estimated average time is indicative of documents that are free of any discrepancy and does not take into account the total waiting time. For example, the documents may be submitted at 1000 hours but the relevant person does not view them until 1130 hours as he/she may be attending to other documents submitted earlier. The estimated average total dwell time covering the entire logistic chain through Pakistan, found in **Annex I**, takes into account waiting times as well.

The whole process of the Afghan Transit Trade (imports) has been broken down into four main stages, in order to make it convenient to identify the dwell time, costs, and bottlenecks at each step. The following provides an overview of the four stages of the ATT process. A more detailed explanation of all processes undertaken in each stage is provided in **Annex I**.

Stage I: Pre-Arrival

Stage I covers the formalities undertaken by the relevant Shipping Line/Customs Agents prior to the arrival of the vessel at the port. About a week before the arrival of the vessel, the Shipping Line's local office files a Vessel Intimation Report (VIR) electronically (as per the Vessel Declaration – Sample attached with **Annex VI**) with the Port Authority/Terminal Operator. Once the VIR is received in the Customs WeBOC system, it generates a unique number, which is used subsequently as an Import General Manifest (IGM), identifying that particular vessel and its voyage.

The details of each consignment loaded at different ports of call for discharge at Pakistani ports (including Afghan transit cargo) are forwarded to the shipping line's local office, where they are compiled into a single document known as the manifest. After allocating each consignment a running index number, the manifest is then electronically filed with Customs (with a copy to the Port /Terminal Operator) at least 12 hours prior to the vessel's arrival. This document is known as the IGM.

Costs Incurred

There are no official payments involved for Afghan transit trade in Stage I.

Time Taken

The actual process of electronically filing a VIR and IGM normally takes about 10 minutes. This does not include the time taken at the Shipping Line's local office in compiling these documents, which are processed through the relevant Shipping Line's automated system.

Identified Bottlenecks

Bottleneck 1: The manifest (IGM) is filed only 12 hours prior to vessel arrival; this should be performed further in advance of vessel arrival. Electronically filing the IGM earlier than the current timeframe will provide greater opportunity for pre-arrival lodgement of transit declarations into the WeBOC system. This can potentially reduce the dwell time of a consignment within the port of arrival as Customs clearance formalities are completed before the container is unloaded.

Recommendation 1

It is recommended that where possible the Import General Manifest be electronically filed with Customs up to 36 hours in advance of vessel arrival to allow earlier lodgement of the transit declaration.

Stage II: Arrival to Exit from Seaport

Stage II covers the steps involved from the arrival of the vessel at the Port/Berth until it exits the port (Gate-Out). This stage involves simultaneous work undertaken at the port terminal where cargo operations commence immediately after berthing, and at the shipping lines local office where the Customs Agent surrenders the original Bill of Lading (B/L). Once the Customs Agent has settled all outstanding payments (with the Shipping Line), the Shipping Line's local office issues the Delivery Order (DO), Gate Pass, and NOC (No Objection Certificate).

Simultaneously, the Customs Agent may file the GD online with Customs under his own registered ID. A hard copy of the GD (in sextuplicate) duly signed by an authorized signatory of the Customs Agent is attached to the set of documents and submitted at the relevant Customs House during office hours. The GD is then processed by Customs (including the scrutiny of documents, examination of goods if required, weighing and scanning of the containers, calculation of duties/taxes for insurance guarantee, submission of insurance guarantee), and is marked out-of-charge once cleared from the Customs system. With out-of-charge stamped on the GD, the Customs Agent arranges for a transport unit from the CLBC, loads the containers into the unit, and moves to the exit gate. At the exit gate, the tracking company mounts a tracking device to the container, and calibrates the tracking devices mounted on the vehicle as well as the container. The Customs Preventive staff then affixes a seal to the container; the Customs Agent performs the Gate-Out formalities, and the truck exits the port. This entire process, from arrival of the ship to gate-out, took about 6.4 days at the time of the updated assessment.

Costs Incurred

The table below outlines the costs incurred by the Afghan Trader to have goods landed, loaded, and removed from Karachi Port/Port Qasim.

Traders incur both official costs as well as non-receipted/unofficial payments required over and above the documented, official payments in order to have activities completed in a timely manner.

Of particular concern is the amount (estimated at up to USD 255) for clearance of transit goods.⁹

Costs Incurred during Stage II: Arrival to Exit from Seaport¹⁰

STAGE	AUTHORIZED		UNAUTHORIZED	
	Receipted Payments (20ft) in USD	Receipted Payments (40ft) in USD	Non-receipted Payments (20ft) in USD	Non-receipted Payments (40ft) in USD
<i>Karachi Port</i>				
Delivery Order	150 - 200	250 - 300	-	-
Terminal Handling Charge (KICT/PICT)	87 - 117	138 - 178	-	-
Port Wharfage	17.4	34.8	-	-
Seal, Allow Loading, Lifter, Crane, Delivery-Out	-	-	25 - 28	25 - 28
Port/Gate expenses for Excess Weight (1 to 3 Ton)	-	-	15 - 20	15 - 20
Customs Clearing Agent	90	130	-	-
Demurrage (14 Days "Free")	8.5; 10; 13; 18 (5, 10, 15 days and onwards after 14 days Free Time)	17; 20; 26; 36 (5, 10, 15 days and onwards after 14 days Free Time)	-	-
Customs (Overall: processing, examination, scanning, seal verification, etc.)	-	-	185	255
Insurance Guarantee (On value of Customs Duties / Taxes)	0.40% / 150 (for instance USD 150 worth insurance guarantee on goods worth USD 0.15million, with 25% duty)	0.40% / 200 (for instance USD 200 worth insurance guarantee on goods worth USD 0.20million, with 25% duty)	-	-
Insurance for Goods (Marine Insurance) on value of goods	0.50% / USD 750 (for instance USD 750 worth marine insurance on goods worth USD 0.15million)	0.50% / USD 1,000 (for instance USD 1,000 worth marine insurance on goods worth USD 0.20million)	-	-
Tracking Devices	66.92 (with additional USD 330 onetime per device per vehicle, and USD 70 annual fee)	66.92 (with additional USD 330 onetime per device per vehicle, and USD 70 annual fee)	-	-
Total Karachi	USD 1311.3	USD 1792.7	USD 225	USD 295

⁹ Based on the Trade Project's interviews with private sector stakeholders including Customs Agents and CLBCs.

¹⁰ Figures from interviews conducted with Customs Agents and Customs Bonded Carriers

Recommendation 2

It is recommended that the FBR conduct an internal investigation to clearly determine the status related to claims of non-receipted payments made to Customs for clearance of consignments.

Time Taken

The Trade Project submitted several requests for information to the FBR in order to obtain real-time aggregated statistics from the WeBOC system regarding GD lodgement until Gate-out. This information was not released by the FBR; therefore the Dwell Time Study was conducted with estimations obtained from Customs Agents, CBLCs, and TPL Trakker.

The actual processing time of documents for Afghan bound consignments in Stage II is approximately 12 hours (aggregate of the times mentioned for each process/step in **Annex I**).

The actual time for clearance of goods from port arrival until exit is much longer, due to waiting times and delays during the process, whether on the part of Shipping Lines, port handling, or Customs processing.

Delays processing Customs documentation may occur as a result of the Customs Agent's submission of incomplete or inaccurate documentation, Customs requiring further information, rent seeking, or inefficiency related to the low priority given to trade facilitation by Customs in general. The average Dwell Time for Afghan transit consignments from arrival at the port until the transport exits the port premises is calculated to be 6.4 days for both Torkham and Chaman.

Average Dwell Time (In Days) Stage II Arrival To Exit from Seaport		
	2013 (Nov-Dec)	2010 ¹¹
Chaman	6.4	14
Torkham	6.4	14
Australia	1.3 ¹²	

The target time for port dwell time for transit shipments should be within 24 hours for transit goods, compared to the benchmark of 1.3 days (FCL Imports, 2007) for Australian Customs, which has implemented several of the trade facilitation reforms that Pakistan Customs ought to implement under APTTA and as a signatory to the RKC. Australia's dwell time results compare favorably with the most recent dwell time measurements from other economies in the Asia-Pacific region.

The following bottlenecks regarding ATT through Pakistan have been identified.

Identified Bottlenecks

Bottleneck 1: The submission of hardcopies of the GD (in sextuplet) along with its electronic filing, and the presentation of the same at each step of the ATT process, is unnecessary. The Customs Agent should only be required to bring documents after Customs calls for originals to mitigate any perceived risks. The transit module developed by Customs is expected to resolve this time-consuming process.

¹¹ Figures from the Trade Project's Dwell Time Study conducted in December 2010.

¹² Benchmark for dwell time from arrival of vessel to the clearance of FCL cargo (regular imports)
 Source: Time Release Study by Australian Customs and Border Protection Service, 2007.

Recommendation 3:

The WeBOC Transit Module should be made operational. This will eliminate the need for filing of hardcopies of Goods Declaration and other documents (e.g., Jawaznama).

Recommendation 4:

It is highly recommended that Customs introduce the WeBOC transit module to ensure that transit declarations can be lodged, assessed, paid, and released immediately upon arrival and preferably prior to arrival. The procedure for the operation of the WeBOC module should allow the filing and processing of documents prior to the arrival of the consignments. This will ensure that the insurance guarantee is ready for filing immediately after filing of the GD.

Bottleneck 2: Shipping Lines do not allow containers to exit the port premises without collecting the refundable “Container Security Deposit”. The charges collected are reportedly USD 3,100 per 20’ container and USD 5,500 per 40’ container, compared to Iran where the charges are more competitive. This is an international practice and the Customs Agent/Importer has to pay the deposit in cash, which remains with the shipping company/ agent. Afghan importers occasionally experience delays in receiving the refunded security deposits (in some cases up to 2 months). This amount is not reflected in the costs table above as it is fully refundable.

Recommendation 5:

The Director General Ports and Shipping and the relevant trade bodies should negotiate with the shipping companies/shipping agents for rationalizing these rates to a more acceptable level.

Bottleneck 3: The original *Jawaznama* (import license for Afghan traders for a period of one year) is required at Karachi and the importer/agent is also required to have it verified by the Consulate General of Afghanistan at Karachi. Such formalities/ extra procedures cause unnecessary delays. This process takes approximately one day (occasionally two days).

It is reasonable to expect physical presentation of a *Jawaznama* for first time traders or the first clearance with a new *Jawaznama*. With subsequent declarations, the Assessment Officer should apply Risk Management via review of the trader’s history and access to an electronically submitted copy as a supporting document. This process should suffice to determine if the document is fraudulent.

Recommendation 6:

It is recommended that Jawaznama be physically presented on the first occasion but thereafter EDI, Single Window, and Risk Management initiatives in the WeBOC system allow the Jawaznamas to be submitted electronically from Kabul.

Bottleneck 4: Customs Treatment of discrepancies detected in the GD and supporting shipping documents:

- i. In event the Customs officer detects minor conflicting data (e.g., spelling of a name, address, destination) in the different shipping documents, delays of a few days to several weeks may occur before these discrepancies are removed.
- ii. In the event the Customs officer feels that the goods are undervalued, the higher value is taken into account by Customs. This valuation will determine the amount of insurance guarantee. If the Custom Agent disputes the decision of the Customs officer, physical examination of the goods takes place and the Customs Valuation Committee takes the final decision. This may result in delays of several days.

- iii. In the event a more serious discrepancy is detected (e.g., contraband goods, left-hand drive vehicles), the goods are confiscated and relevant action taken/penalties imposed against the Customs Agent and others involved.

International conventions lay the foundations for Customs interventions in high-risk consignments for contraband goods that generally include items such as narcotics, weapons, and chemical pre-cursors. If vehicles are consigned to Afghanistan, there is no need for Pakistan to treat them as contraband, unless the legislation dictates that these vehicles cannot transit through Pakistani territory. Therefore, they should not be delayed or seized. It is possible that these delay tactics are used to solicit non-receipted/unofficial payments from Afghan traders.

Recommendation 7:

It is recommended that Customs Appraisers and Examination Officers use risk management, and a logical approach to deal with recurring minor and low risk errors, and that a service level standard of 15 minutes maximum is applied to completing the appraisal process for transit declarations.

Bottleneck 5: Afghan Transit Rules allow only 5% examination, but for particular products mentioned in the Commercial Invoice or for seal issues, the Deputy Collector Examination selects the consignment for examination. This may result in examination of more than 5% (reportedly up to 20%) of the containers. Depending on the availability of the Terminal Operator's handling equipment, it may take as many as 2 to 3 days on average before the container is "grounded" and made ready for examination. The relevant Customs inspector is then contacted by the Customs Agent to carry out the physical examination. The scanning charges for these containers are around USD 70-80 per container.

Recommendation 8:

It is recommended that the WeBOC Risk Management System (RMS) is correctly programmed to ensure that no more than 5% of Afghan transit containers are selected for examination, and that the selection of transit consignments for examination is restricted to the RMS and standard operating procedures.

Bottleneck 6: Scanning of Containers

All transit containers are scanned without any regard for the application of risk management. At the time of this report, there was no set procedure for identifying high-risk consignments. The containers are randomly selected by the computer system. Containers intended for import by Pakistan are rarely scanned. This scanning regime takes time and costs money. Depending on the terminal there are only one or two scanners available and transit containers are in the same waiting line as other containers for import into Pakistan

Recommendation 9:

It is recommended that Pakistan Customs develops and implements a compliance management plan on the basis of which it conducts targeted interventions (including scanning) for only high-risk consignments.

Recommendation 10:

It is recommended that Memoranda of Understanding (MOUs) be established with other Customs administrations so that X-ray images of containers scanned at the point of export be transferred via EDI to Pakistan for image interpretation prior to arrival. This will allow release on the basis of risk prior to arrival.

Bottleneck 7: Tracking Devices

- i. The tracking company's personnel require approval from their head office before mounting/installing the tracking device onto the container. This approval occasionally takes one to two hours, which causes unnecessary delays in this simple process.
- ii. At the customs border station the tracking company's staff removes the tracking device from the container and delivers it to a private courier office or airport (Peshawar or Quetta). The devices are then couriered/air-freighted to Karachi. Due to the overall shortage of tracking devices presently in use it is not uncommon for delays to occur in the reuse of these units.
- iii. Cost of Container Security Devices, Prime Mover Devices, and annual tracking company fees amount to USD 69.2 (per container per trip), USD 330, and USD 70 respectively.

Recommendation 11:

It is recommended that the number of authorized suppliers of tracking devices be increased to facilitate greater supply and competitive pricing.

Bottleneck 8: Gate-Out Details

- i. Customs Agents report that at times the "Gate-Out" details are not entered by Customs staff in the "One Customs" program on the date of the vehicle's exit from the port. As a result the clearance of the relevant consignments at the border station is delayed until the required entry is made in the computer system. It takes 6-7 days for vehicles to reach the border, implying that Customs staff may not complete this task for 6-7 days (or longer) after "Gate-Out".
- ii. The Customs Agents highlighted an additional concern: computer records show the empty container being returned in a shorter period than is possible. As a result of this discrepancy Customs Agents are issued "Show Cause Notices" to argue why legal action should not be taken against them. At the time of this report, there were over a dozen cases being pursued in the courts.

Recommendation 12:

It is recommended that the WeBOC automated system be programmed so that "Gate-Out" passes cannot be issued until the required inputs are entered into the system.

Bottleneck 9: Shipping Lines

Some of the processes and functions the Shipping Lines are involved with are slow and cumbersome solely because they lack automation for the transmittal of documents (such as Way Bills and Bills of Lading) which are required by importers/Customs Agents to claim ownership of consignments and make payments for shipping, in-port handling, Customs Declarations and onward transport. If access to these documents could be electronic, and made available in advance of arrival, the entire dwell time inside port limits would be significantly reduced.

Recommendation 13:

It is recommended that the Federal Board of Revenue/ Pakistan Customs make it mandatory for all Shipping Lines to automate the transmittal of Way Bills, Bills of Lading, and other such documents (currently issued in hard copy) for early trader access to documentation and subsequent payments of fees and charges online. The capacity for automation should also be developed for other counterparts including Customs Agents, Freight Forwarders, and Shipping Agents.

Stage III: Transit from Seaport to Land Border Station

After “Gate-Out”, the vehicle/ transport unit carrying the Afghan transit goods departs for the Customs Border Station Chaman/ Torkham. The vehicle on average takes 6.2 days to reach Chaman, and 7.2 days to reach Torkham. En route to the border station, all vehicles carrying transit cargo stop and are registered at the Customs check post. Documents are presented and verified by Customs officials. The vehicle stops at the Nowshera Customs Check Post and Kohat Customs Check Post for Transit via Torkham and at Baleli Check Post (between Quetta and Qilla Abdullah) for transit via Chaman. The distance from Karachi to Chaman is approximately 848 km and from Karachi to Torkham is around 1400 km.

Costs Incurred¹³ during Stage III: Transit from Seaport to Land Border Station

ROAD TRANSIT		Receipted Payments (20ft) in USD	Receipted Payments (40ft) in USD	Non-Receipted Payments (20ft) in USD	Non-Receipted Payments (40ft) in USD
Freight	Khi-Torkham-Jalalabad (15-20 TONN)	2,600	3,100		
	Khi-Torkham-Kabul (15-20 TONN)	3,100	3,650		
Torkham	Average Freight	2,850	3,375		
Freight	Khi-Chaman-Kandahar (15 – 20 TONN)	2,250	3,320		
	Khi-Chaman-Spinboldak (15-20 TONN)	1,450	2,200		
Torkham	Average Freight	1,850	2,700		
En route					
	Customs Check Posts			Nil	Nil
	Police Check Posts			5	5

Time Taken

The vehicle takes an average of 6.2 days to reach Chaman, and 7.2 days to reach Torkham. En route to Chaman / Torkham, the vehicle stops at the Customs check post for approximately 20-30 minutes. Ideally, Stage III from the seaport to Chaman/Torkham should not take longer than 3 to 4 days.

Average Transit Time (In Days)

Stage III Transit – Seaport to Land Border Station		
	2013 (Nov-Dec)	2010 ¹⁴
Chaman	6.2	9
Torkham	7.2	8

¹³ Figures from interviews conducted with Customs Agents and CLBCs

¹⁴ Figures from the Trade Project’s Dwell Time Study conducted in December 2010

Identified Bottlenecks**Bottleneck 1: Road Conditions**

A number of different sections of the road pavement require maintenance mainly due to overloading of freight vehicles. This ongoing work not only slows traffic but also represents a drain on government resources.

The existing condition of the roads is poor, they are insufficiently wide to travel at speed, and lack appropriate, safe lay-up areas for resting.

Recommendation 14:

It is recommended that all roads between Karachi and Torkham/Chaman be upgraded to a dual lane capacity where the terrain allows, with designated safe parking areas.

Bottleneck 2: Transporting Trucks

The number of containers to be transported from Karachi very often exceeds the capacity of the available trucks of the bonded carrier's fleet. This results in bonded carriers having to sub-contract work to local drivers and trucks which are old and in disrepair. These vehicles very often break down en route to Torkham or Chaman (creating hazards) or are unable to travel at a reasonable speed due to their age, lack of horsepower, and the terrain.

Recommendation 15:

It is recommended that an axle weight policy be introduced to regulate and ensure that loads being carried by trucks are within the safe limits of the vehicle.

Stage IV: Port of Exit Clearance

After reaching the Customs Border Station, the vehicle driver receives a Customs area "Entry Pass", and a focal person from the tracking company's Regional Control Room (RCR) un-mounts (removes) the Container Security Device (CSD) from the container. The vehicle (with container) is then weighed in order to ensure that the same quantity of goods that left Karachi has arrived at the border post intact. After this weighment the Customs Agent submits the relevant documents to the concerned Customs officer.

The Customs officer scrutinizes the documents and verifies the details in its One Customs semi-automated system. The Customs inspector then checks the consignment and ensures the integrity of the seals. Thereafter, the inspector enters the information related to the seal/container in the computer system on a real-time basis and electronically de-seals the container as per prescribed rules.

The electronic de-sealing of the container serves as the confirmation of arrival of goods in transit at the Customs House of the respective Customs station, after which a Gate Pass is issued (in triplicate) and the vehicle/container is then permitted to proceed to the Zero Point for crossing the border (this operation is termed as "out-of-charge"). Relevant documents are shown to the Inspector (Cross Border) who assesses the documents' authenticity and integrity of the seals, and stamps the GD and other relevant documents with "Cross Border", and allows the transport unit to cross the border.

The volume of traffic passing through Torkham and Chaman has outpaced the facilities that are in place to handle this movement. Infrastructure upgrades at the border posts will facilitate efficient handling of current traffic and meet the needs of ever-increasing trade volumes.

Costs Incurred¹⁵ during Stage IV: Port of Exit Clearance

STAGE	AUTHORIZED		UNAUTHORIZED	
	Received Payments (20ft) in USD	Received Payments (40ft) in USD	Non-receipted Payments (20ft) in USD	Non-receipted Payments (40ft) in USD
<i>At Customs Border Station Torkham</i>				
Political Agent Charges / Union Charges / Customs	-	-	92	184
Crane Charges	12	12	-	-
Labor	10	10	-	-
Clearing Agent Charges	-	-	120	160
Ilm-o-Khabar	-	-	40	55
Total Torkham	22	22	252	399
<i>At Customs Border Station Chaman</i>				
Political Agent / Unions / Customs	-	-	92	184
Crane Charges	15	30	-	-
Labor	10	15	-	-
Clearing Agent Charges	-	-	90	90
Ilm-o-Khabar	35	48	5	7
Total Chaman	60	93	187	281

Time Taken

Goods that arrive at the Customs border station prior to 1400 hours are usually cleared the same day, as the clearance takes a few hours and the border gate closes at 1700 hours. A consignment takes on average 0.4 days (the same day) to cross the Pak-Afghan border after entering the Customs border station (Chaman and Torkham).

Identified Bottlenecks

Bottleneck 1: The actual weighing process of trucks takes an average of less than 3 minutes, but depending on the length of the queue, waiting time may extend from 20 to 30 minutes. If the seals are intact, and there is no information from the tracking system that indicates the vehicle diverted off-track during road transit, weighing the vehicle is unnecessary and merely increases the dwell time.

Recommendation 16:

It is recommended that Customs use risk management principles to select a minimal number of vehicles for weighing instead of 100% vehicles as per current practice.

Bottleneck 2: The Border Posts at both Chaman and Torkham lack the facilities necessary for all government border agencies, as well as the required infrastructure for the trading community, and vehicle parking and examining. The supply of electricity is not constant, and this impedes the processing of clearance formality forms in an automated environment.

Recommendation 17:

The GoP should take necessary actions to complete border rehabilitation at Torkham and Chaman. This should include office buildings for all agencies and the trade; storage warehouses; parking areas for trucks, cars, wheelbarrows, and detained vehicles; and separate controlled areas for people on foot.

¹⁵ Figures from interviews conducted with Customs Agents and CLBCs

9. Conclusion

Based on data collected in 2013, the Dwell Time for Afghanistan Transit consignments to Chaman and Torkham are 13 and 14 days, respectively. Since 2010, improvements have been made in the systems and processes that affect dwell time, however, it is still necessary for the GoP and identified transit process stakeholders to work together as required to improve the transit dwell time. A shorter dwell time will not only improve the trade environment between Pakistan and Afghanistan, but will also incentivize traders in the Central Asian region to transit import and export goods through Pakistan, rather than Iran, as a result of reduced costs.

If the recommendations within this report are implemented, it is possible that the dwell time inside the Ports of Karachi could be reduced by 5 days in the short-to-medium term. With extensive road infrastructure improvements and higher standards for trucking fleets, road transit could be reduced by 5 days in the long-term. Together, these reductions would facilitate an ultimate target time of approximately 4 days from landing in Karachi to departure from Chaman and Torkham.

Annex I: Afghan Transit Trade Process, Issues, and Recommendations

Process Flow - Afghan Transit Imports

A detailed description/ narrative of the journey of Afghan transit goods (imports) from their arrival at the Pakistani/ Karachi seaport to exit at the Pakistani land border station (Chaman/Torkham) is provided below. The narrative provides detailed information on different aspects of the step-by-step process (including process times¹⁶, costs, stakeholders/agencies involved, and documents).

Logistics Performance Index (LPI) 2012

In a Global Logistics Performance Index survey conducted by the World Bank in 2012, Pakistan was ranked 71 and Afghanistan was ranked 135.

Country	LPI Rank	LPI Score	Customs	International Shipments	Logistics Competence	Tracking & Tracing	Timeliness
Singapore	1	4.1	4.1	4.0	4.1	4.1	4.4
India	46	3.1	2.8	3.0	3.1	3.1	3.6
Pakistan	71	2.8	2.9	2.9	2.8	2.6	3.1
Afghanistan	135	2.3	2.3	2.3	2.2	2.1	2.8

The LPI is an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics and what they can do to improve their performance. The LPI 2012 allows for comparisons across 155 countries.

Source: <http://lpi.worldbank.org/international/global?sort=asc&order=LPI+Rank#datatable>

Stage I: Pre-Arrival Prior to Vessel Arrival

Step 1: Shipping Line files VIR (Vessel Intimation Report)

A Vessel Intimation Report (VIR) is submitted to the Port Authority/Terminal Operator to arrange for a suitable berth on arrival. The VIR is filed electronically by the Shipping Line's local office (on behalf of the Master of the vessel) about a week prior to the ship's arrival. A sample of the Vessel Declaration through which the VIR is filed is attached with **Annex VI**.

Estimated Time Taken: 5 minutes (electronic message)

Document: VIR (Electronic)

Who Originates: Shipping Line's local office

Who Receives: Port Authority / Terminal Operator, Customs

Authorized Costs: Nil

Step 2: Submission of Import General Manifest (IGM)

The details of each consignment loaded at different ports of call for discharge at Pakistani ports (including Afghan transit cargo) are forwarded to the Shipping Line's local office where they are compiled into a single document known as the manifest. After allocating each consignment a running index number, the manifest is then electronically filed with Customs (with a copy to the Port/Terminal

¹⁶ The time mentioned at each stage represents the estimated average time taken for the actual work related to clearing a single consignment. This estimated average time is indicative of documents that are free of any discrepancy and it does not take into account the total waiting time.

Operator) at least 12 hours prior to the vessel's arrival. This document is known as the Import General Manifest (IGM) (see **Annex VI** for a copy of an IGM).

Estimated Time Taken: Filed electronically 12 hours prior to the arrival of Vessel

Documents: IGM

Who Originates: Shipping Line's loading ports of call and its local office

Who Receives: Customs, Port Authority / Terminal Operator

Authorized costs: NIL

Stage II: Arrival to Exit from Seaport From Arrival of Vessel till Filing of GD

Step 1: Berthing of the Vessel at the Port/ Terminal

Upon the vessel's berthing, the Customs boarding officer completes the arrival papers before cargo operations can commence. A copy of the ship's cargo manifest together with a list of stores, crew, and passengers is submitted to the Customs boarding officer. The immigration officer boarding the vessel at arrival also receives a copy of the crew and passengers' list.

Estimated Time Taken: 30 minutes

Documents: Cargo Manifest, Customs Arrival Papers

Who Originates: Master/Captain of the Vessel

Who Receives: Customs Boarding Officer, Immigration Officer

Authorized Costs: Nil

Step 2: Formalities at the Shipping Line's Local Office

The Original Bill of Lading (B/L) duly endorsed on the reverse (by Consignee and/or Bank) is surrendered by the Customs Agent (on behalf of the Consignee) to the Shipping Line's local office. The Line's office issues the relevant clearance documents to the Customs Agent after checking the B/L and ensuring that all outstanding payments related to the consignment have been settled. Less Than Container Load (LCL) cargo for Afghanistan is not allowed for Commercial goods, and only allowed in Bulk or Out of gauge (OOG) cargoes. The shipping line local office is involved in the manifestation of goods and the issuance of a Delivery Order. Agencies then do the scanning and monitoring, and after an assessment by Customs, loading is approved.

The documents normally issued by the Shipping Line are listed below:

- Delivery Order (D/O)
- Gate Pass
- No Objection Certificate (NOC)

Note: The Customs Agent provides a refundable Container Security Deposit in order for the Shipping Line to issue a Gate Pass and NOC, which will enable the Port/Terminal Operator to allow the container to be moved out of Port premises after completion of all relevant regulatory formalities. The Gate pass issued for the vehicle is from the terminal for "Gate-Out" in both commercial and non-commercial consignments; the NOC is required from the Shipping Line to take the container/cargo out of port and/or across borders on the basis of a fixed security deposit that varies across Shipping Lines.

Estimated Time Taken: 2-3 hours

Documents: B/L, D/O, Gate Pass, NOC

Who Originates: Shipping Line's local office

Who Receives: Customs Agent/Consignee for submission to Port/Terminal (to allow the container to leave the port premises provided all other regulatory formalities are complete)

Authorized Costs: Depending upon the size of the container (20' and 40'), the following payments are made at this step: (i) USD 2,300-5,600 refundable Container Security Deposit (collected by the Shipping Line) (ii) USD 150-200 for issuance of Delivery Order (iii) USD 17.4-34 port Wharfage fee (iv) USD 87-178 Terminal Handling Charges. In addition, the lines allow a "Free Time"¹⁷ of 14 days for goods in-transit to Afghanistan.

From GD Filing to Out-of-Charge

Step 3: Filing of Goods Declaration (GD)

A complete set of documents is compiled by the Customs Agent after receiving them from the Afghan Importer. The GD is prepared and filed online in One Customs (Pakistan Customs software, which will eventually be replaced by WeBOC after the implementation of the Transit Module), under the Customs Agent's Registered ID. A hard copy of the GD (in sextuplicate) duly signed by an authorized signatory of the Customs Agent is attached to the set of documents and submitted at the relevant Customs House (Karachi / Port Qasim).

Note: One time registering of new *Jawaznama* with Pakistan Customs - Afghan importers are issued an Import Permit (*Jawaznama*) by the Ministry of Commerce, Kabul that is valid for a period of 12 months. Whenever the first consignment under a new *Jawaznama* arrives in Pakistan the Customs Agent is required to show this document, in original, to the Afghanistan Transit Section, Customs House (Karachi or Port Qasim) together with a copy duly attested by the Afghan Commercial Counsel at Karachi. The attested copy is retained for future reference relating to subsequent consignments imported under that specific *Jawaznama*.

Estimated Time Taken: (i) 1-2 hours for Electronic Filing via Internet (from Customs Agents premises) (ii) 10 minutes for submission of hard copy at the Customs House together with complete set of shipping documents

Documents: Goods Declaration / Invoice / Packing List / copy of B/L / copy of *Jawaznama*. For certain commodities additional documents are required (e.g., Phytosanitary Certificate)

Who Originates: Customs Agent (on behalf of the Afghan Consignee / trader)

Who Receives: Customs

Authorized Costs: Nil

Step 4: GD Assigned to Appraisal Officer (AO) / Examination Officer (EO)

On receiving the hard copies of the GD and supporting shipping documents at the Directorate General Transit (DGT), the AO / EO scrutinizes them to ensure that the information is in order and compatible. In event of discrepancies / non-compatibility of data in the GD / shipping documents (i.e., inconsistencies in the name or address of the Afghan importer or cargo details) relevant amendments are needed. The amendments may be obtained from the supplier of the goods at the country of origin or from the Shipping Line's local office, usually after referring the matter to the port of loading. This may delay the process by a few days or by many weeks.

Estimated Time Taken: 20 minutes

Documents: GD and set of all shipping documents

Who Originates: Directorate General of Transit

Who Receives: Customs AO / EO

Authorized Costs: Nil (Official); USD 185-255 for overall GD processing (non-receipted/unauthorized)

¹⁷ For Pakistani goods/regular imports, the "Free Time" is 5 days from the date of vessel arrival.

Step 5: Weighing & Scanning

This process happens simultaneously with Step 2 and may be divided into two tasks (i.e., the physical operation at the weighbridge and container scanner, and the documentary action taken based on the report received at the Customs House).

i. Physical Operation

Once the Customs Agent receives the D/O, NOC, and Gate-Pass from the shipping line and has filed the GD with Customs, these documents are submitted to the Terminal Operator requesting them to get the container/consignment weighed, scanned, and shifted to the relevant stacking area in the port. The charges for this operation are paid to the Terminal Operator in accordance with their current schedule of charges. This process usually takes around 3 to 5 days to complete. Most of the delays occur at the port as the Terminal Operator's container handling equipment and trailer may not be readily available.

Estimated Time taken: (i) Weighment 1-2 minutes (per truck); (ii) Scanning 3-5 minutes (per truck)

Documenters: GD, D/O, Gate Pass and NOC

Who Originates: Customs Agent

Who Receives: Terminal Operator, Clearing Agent

Authorized Costs: The schedule of charges vary at each container Terminal

ii. Calculation of Duties and Taxes for Insurance Guarantee

Once the Terminal Operator completes the weighment and scanning of the container the *weighment slip* is taken by the Customs Agent to the AO / EO at the Customs House where the details are verified with the weight appearing on the GD and shipping documents already filed. In the event there are no major discrepancies the amount of taxes and duties applicable are calculated so that the Custom Agent obtains the relevant Insurance Guarantee.

Estimated Time taken: 15-20 minutes

Documenters: GD, D/O, Gate Pass and NOC

Who Originates: Customs Agent

Who Receives: AO / EO

Authorized Costs: Nil

Step 6: Insurance Guarantee

After the duties and taxes have been assessed on the consignment by the Appraising Officer, the Customs Agent contacts one of several "A" class insurance companies on the customs panel to obtain the required Insurance Guarantee. The Customs Agent pays the insurance premium and returns to the AO/ EO at the Custom House where the Insurance Guarantee is attached with the consignment's file.

Estimated Time taken: 1-2 hours

Documenters: Demand letter for making the Insurance policy, Copy of Goods Declaration duly assessed by Customs

Who Originates: Customs Agent

Who Receives: Insurance Company

Authorized Costs: 0.4% (on the Customs Duties / Taxes applicable if goods are consumed within Pakistan) and 0.5% (for Marine Insurance).

Step 7: Physical Examination of Goods

Under APTTA, physical examination of goods is allowed up to 5%. Afghan transit cargo is marked for examination by the system while filing GD. An electronic message is conveyed to the Appraisal Officer (AO) / Principal Appraiser (PA) at the wharf examination section in the port premises, who is randomly selected by the computer to carry out the examination. The Customs Agent requests the Terminal Operator to “ground” the container from the stack for customs examination.

Note: The percentage of physically examined Pakistani imports is fairly high in comparison with international standards. ATT is subject to a maximum of 5% of the goods under the provisions of APTTA. Customs House, Karachi indicated to the Trade Project team that the following percentage of Pakistani imports are accorded free / restricted access under the customs Green / Yellow / Red Channels:

Red (requiring physical examination)	20%
Yellow (where documents are closely scrutinized)	55%
Green (requiring cursory examination of documents)	25%

Customs are in the process of introducing an advanced Compliance Risk Management system, whereby only high-risk consignments would be examined. This will greatly reduce the pressure on the handling equipment and speed up the “grounding” process for both Pakistani goods and Afghan transit goods. The sooner a risk management system is introduced the better it will be for removing this bottleneck presently being experienced by all imports (Afghan and Pakistani).

Estimated Time taken: 1-2 hours (per container)

Documents: GD and complete set of shipping documents

Who Originates: AO / EO at Customs House

Who Receives: Customs Inspector Examination. Cargo operations are undertaken by Terminal Operator’s staff (e.g., crane and forklift drivers if required, labor for unpacking and repacking the packages)

Authorized Costs: Terminal Handling Charges (including the cost of equipment hire – crane, fork lift, labor) is charged by the Terminal Operator and these charges vary between (KICT, PICT & QICT) terminals and the unit involved (20’ / 40’ container).

Step 8: Goods “Out-Of-Charge”

When the GD and shipping documents (including the examination report, wherever relevant) are found to be in order, the AO and/ or the Principle Appraiser (PA) endorses the GD “Out of Charge”, the documentation process at the Customs House is completed, and goods are permitted to exit from the port premises.

Estimated Time taken: 10-15 minutes

Documents: GD and full set of shipping documents

Who Originates: Customs

Who Receives: Pakistan Customs at Torkham and Chaman, Customs Agent

Authorized Costs: Nil

From Out-of-Charge to Gate-Out

Step 9: CLBC

Once the consignment is cleared by Customs with an “Out of Charge” stamped on the GD, the Customs Agent places his demand with the CLBC to arrange for the required vehicle(s). The Customs Agent also provides a copy of the Customs-cleared GD and shipping document to the Port Authority / Terminal Operator with a request to arrange for handling equipment to load the cargo / container on to

the transport. Delays of 2-3 days are not uncommon as the CLBC may not have vehicles readily available.

Note: Carriage of ATT cargo by train is also permissible but Pakistan Railways (PR) freight services have been negligible in recent years, due to an acute shortage of locomotives. The carriage of Pakistani goods as well as Afghanistan transit trade is severely affected. This situation is expected to remain unchanged for the next few years until such time as the rail service is revitalized with the induction of new locomotives into PR's fleet and the "*track access policy*" is implemented, which will enable private investors to operate and market rail services with their own locomotives and rolling stock by paying for the use of the infrastructure, which will continue to be state-owned and maintained by PR.

Estimated Time Taken: (i) 10-20 minutes (loading of container on each truck); (ii) making a truck available for loading may take between 1-3 days

Documents: Communication requesting to provide the required transport

Who Originates: Customs Agent

Who Receives: CLBC and Terminal Operator

Authorized Costs: The rates of haulage are dependent on the: (i) destination of the consignment; (ii) size of the container (20' /40'), weight of the consignment, or (iii) whether specialized transport is required (i.e., carriage of refrigerated units or over dimension cargo).

Step 10: Installation of Tracking Devices

When the loaded vehicle reaches the Port / Terminal Exit Gate, the Customs Agent presents the "*Out-of-Charge*" GD and documents to the Customs staff from the Preventive Collectorate. Form "A" (**Annex VI**) is completed in accordance with the rules of Pakistan Customs Container Security System (PaCCS). Thereafter, the tracking company's team, who are present at the Exit Gate, are asked to mount the tracking device on the container but this does not take place until clearance is received from the tracking company's head office. Once the required clearance is obtained the tracking device is mounted on the container and its serial number and the signature of the tracking company's representative is entered on Form "A".

Note: When CLBCs register their vehicles to carry ATT cargoes, the prime mover is required to have a tracking device permanently affixed to it. This is a onetime requirement and remains attached to the vehicle until such time that it is no longer involved in carrying ATT cargoes.

Estimated Time taken: 20-30 Minutes (per truck)

Documents: Form "A"

Who Originates: Customs (Preventive Collectorate)

Who Receives: Customs Agent, driver of the vehicle and Directorate General Transit (Customs House Karachi / Port Qasim)

Authorized Costs: (i) USD 66.92 per container, (ii) USD 330 one-time cost per vehicle, and (iii) USD 70 Annual fee

Step 11: Sealing of Containers

At the Exit Gate, the Customs Sealing officer stamps Form "A" and attaches Pakistan Customs seal on the container / transport after feeding the information into the computer system. The Form "A" has four copies and their distribution is as follows: the original copy is kept by the Customs Sealing Office (Preventive Collectorate), the second copy is couriered by the Directorate General Transit to the relevant customs border station (Torkham / Chaman), and the third and fourth copies are handed over to the Customs Agent and the driver of the vehicle, respectively. The Clearing Agent also has to pay the cost of the seal at USD 1 per seal through the National Bank of Pakistan (NBP) branch, which takes an additional 30 minutes on average. The Clearing Agents have the facility to make a onetime

payment for as many seals as they are expected to utilize during a specific period. This option is useful for introducing greater efficiency to the Customs Agent work process.

Estimated Time taken: (i) 5-10 Minutes (filling in Form “A” per vehicle); (ii) 30 minutes approximately (paying charges at NBP for the number of seals used)

Documents: Form “A”

Who Originates: Inspector (Preventive Collectorate)

Who Receives: Customs Preventive Collectorate (Sealing Office), Directorate General Transit (Custom House Karachi / Port Qasim), Customs Agent and truck driver

Authorized Costs / Container: USD 1 (per seal)

Step 12: “Gate-Out” of Vehicle / Container

The Customs Agent shows the customs cleared documents that are verified by the Port Authority / Terminal Operator at the Exit Gate and the Customs official notes a reference number manually at gate out and submits it to the Computer Bureau officer of the GoP. This is then shared with the Preventive officer before a “Gate-Out Pass” is issued. Thereafter, the truck is allowed to exit the port premises. If sealed under One Customs, there is no message sent to the Terminal Operator (TO), while under WeBOC system, a Seal Verification Message (SVM) is sent to the TO. Along with the SVM, a note document is submitted to and signed by the TO before the “Gate-Out”. In WeBOC, the TO also verifies the seal and enters it into the system.

Estimated Time taken: 5-10 minutes

Documents: GD, Shipping documents including Form “A”

Who Originates: Customs Agent

Who Receives: Port/ Terminal Operator (view/check the set of documents)

Authorized Costs: Before Gate-Out, a lump sum amount of USD 40 - 48 non-receipted is paid (including Seal, Allow-Loading, Lifter, Crane, delivery-out). Additionally the fee for Customs Agents’ services is between USD 90-130.

Stage III: Transit from Seaport to Land Border Station

Step 1: Vehicle departs from the Seaport (Karachi)

After “Gate-Out”, the vehicle / transport unit carrying the Afghan transit goods departs for the Customs Border Station Chaman/Torkham. The vehicle on average takes 6 days to reach Chaman, and 7 days to reach Torkham.

Step 2: Vehicle stops at Interim Customs Check-Post

En route to the destination at the border station, the vehicle stops at the official Customs check-post where documents are presented to and checked by Customs officials.

Estimated Time taken / truck: 10-20 minutes

Human Resource Involved / truck: Customs officers

Agencies Involved / truck: Customs

Documentation: 5th Copy of GD, Form “A”

Authorized Costs / truck: Average freight for Karachi-Torkham-Jalalabad/Kabul is between USD 2,850-3,370, while average freight for Karachi-Chaman-Kandahar/Spin Boldak is between USD 1,850-2,700. An unofficial payment of approximately USD 5 is made at the Police check-posts en route.

Step 3: Vehicle reaches Customs Land Border Station (Chaman/Torkham)

At the Customs land border station the vehicle stops and documents are presented to and checked by Customs officials.

Stage IV: Port Of Exit Clearance

Documents generally reach the Customs border station prior to arrival of vehicles; however, it has been observed that in some cases the vehicle/goods arrive but the documents are pending.

Step 1: Issuance of Customs Area “Entry Pass”

After reaching the Customs border station, the driver of the vehicle gets the Custom area “Entry Pass” from the staff (sepoys) posted at the entry point. The particulars of the same are entered in the register maintained at the entry point.

Estimated Time taken / truck: 2-3 Minutes

Agencies Involved / Container: Customs

Human Resource Involved / truck: Customs official (Class IV)

Documents Required: 5th Copy of GD, Form-A, Entry Pass

Authorized Costs: Unauthorized lump sum payments ranging between USD 91-182 given to the Political Agents / Unions / Customs.

Step 2: Un-mounting of Tracking device from Container

A focal person of TPL Trakker from the tracking company’s Regional Control Room (RCR) un-mounts the Container Security Device (CSD) from the container, and sends it back to the Central Control Room / Tracking Control Unit at Karachi via Courier or Airfreight through Peshawar Airport. The un-mounting of the tracking device is supervised by a Customs Inspector.

Estimated Time taken / truck: 5-10 Minutes

Agencies Involved / Container: TPL Trakker, Customs

Human Resource Involved / truck: TPL Trakker focal staff, Customs Inspector

Documents Required: 5th Copy of GD, Form-A, Weighment Certificate, Entry Pass

Authorized Costs: Nil

Step 3: Weighment at Private Weighment Bridge

The vehicle then proceeds to the weighment area and gets weighed over the private weighment bridge under the supervision of Customs officials (usually an Inspector or Sepoy). A weighment certificate is issued to the driver of the vehicle once the vehicle is weighed.

Estimated Time taken / truck: 2 Minutes/possible 20-30 minutes waiting time

Agencies Involved / Container: Private Weighbridge Company, Customs

Human Resource Involved / truck: Inspector / Sepoy, Weighbridge Company Personnel

Documents Required: 5th Copy of GD, Form-A, Weighment Certificate, Entry Pass

Authorized Costs: Nil

Step 4: Documents Submission by Customs Agent

After weighment of the vehicle is completed, the driver of the vehicle hands over the entry pass, weighment certificate, 5th copy of GD and Form “A” to the concerned Customs Agent of the Afghan importer of the consignment. The Customs Agent then submits the documents with the concerned Customs clerk at the Afghan Transit group at the Customs station. The clerk makes entry into the relevant registers.

Estimated Time taken / truck: 5-10 Minutes / 30-60 minutes waiting time

Agencies Involved / Container: Customs (Afghan Transit Group), Customs Agent

Human Resource Involved / truck: UDC/ LDC (Upper Division Clerk / Lower Division Clerk)

Documents Required: 5th Copy of GD, Form-A, Weighment Certificate, Entry Pass

Authorized Costs: No specific authorized costs, other than USD 90 for the service fee of the Customs Agent.

Step 5: Checking availability in One-Customs System

The Customs inspector/focal person of PCCSS checks the details of the consignment in the computer system to ensure proper entry by the originating Directorate. The Customs inspector also ensures the reverse side of Form "A" is duly stamped and is reported online on a real time basis by Customs staff, and posted at the check-posts en route to the declared Customs land border crossing. The Customs inspector will further ensure reconciliation of seal number and container numbers with those mentioned in Form "A". If there is no endorsement by the Customs staff at the check-post en route, the Customs Agent has to go back to the check-post to get it duly stamped before the documents can be further processed.

Estimated Time taken / truck: 5-10 Minutes

Agencies Involved / Container: PRAL/PCCSS

Human Resource Involved / truck: Customs Inspector / Focal Person PCCSS

Documents Required: 5th Copy of GD, Form-A, Weighment Certificate, Entry Pass

Authorized Costs: Nil

Step 6: Processing of Documents

After submission of documents to the Customs officer (Clerk / Processing Officer), the Processing Officer processes the documents where the duplicate, quadruplicate and 5th Copies of GDs from office of departure are delivered. On arrival of relevant copies of GDs from office of departure, the Superintendent/Principal Appraiser marks the same to the concerned Clerk who records the particulars of the goods in the Up-Transit / ATT Imports Register.

Estimated Time taken / truck: 5-10 Minutes

Agencies Involved / Container: Customs

Human Resource Involved / truck: Superintendent, Principal Appraiser, Clerk

Documents Required: 5th Copy of GD, Form-A, Weighment Certificate, Entry Pass

Authorized Costs: Nil (the lump sum unauthorized payment made to Customs for smooth processing of documents is mentioned under step 1)

Step 7: Inspection/ Examination

After ensuring the genuineness of documents of the consignment, the Deputy Superintendent / Superintendent Customs marks the GD to Inspector (PCCSS) to inspect and ensure the integrity of the seals. In case the transit goods are those specified under the Risk Management System, then with due approval the inspector undertakes 100% examination of the consignment. In case of any discrepancy, the Inspector reports to the AO / DS, and in case there is no discrepancy, the inspector records an inspection report on the reverse of all copies of GDs and allows de-sealing.

Estimated Time taken / truck: 10-20 minutes for inspection / 60 minutes for examination if required, (which in most cases is not)

Agencies Involved / Container: Customs, PCCSS

Human Resource Involved / truck: Deputy Superintendent, Inspector

Documents Required: 5th Copy of GD, Form-A, Weighment Certificate, Entry Pass

Authorized Costs: Nil

Step 8: De-sealing in System & Allowing Cross-Border / "Out-of-Charge"

The Inspector (PCCSS) enters the information relating to the seals / container in the computer system on a real-time basis and electronically de-seals the container arrived at the Customs border station as per prescribed rules. The electronic de-sealing of the container serves as the confirmation of arrival of goods in Transit at the Customs House of the respective Customs station after which the vehicle / goods / container is allowed cross-border and is out-of-charge. The Inspector also maintains a manual register of de-sealing.

Estimated Time taken/ truck: 5-10 Minutes

Agencies Involved/ Container: Customs / PCCSS

Human Resource Involved / truck: Inspector or Deputy Superintendent / Focal Person PCCSS

Documents Required: 5th Copy of GD, Form-A, Weighment Certificate, Entry Pass

Authorized Costs: Nil

Step 9: Issuance of Gate-Pass

The goods are then dispatched from the Customs House (City) to the Customs House (Border Station/Zero Point). The Appraising Officer/Deputy Superintendent, after reviewing to ensure there are no anomalies in the documents, and physical inspection / examination of the container has been duly carried out, issues a "Gate-Pass" in triplicate for each vehicle: a copy each for Customs, the Customs Agent, and Khasadar/Sepoy.

Estimated Time taken / truck: 5-10 Minutes

Agencies Involved / Container: Customs

Human Resource Involved / truck: Appraising Officer / Deputy Superintendent

Documents Required: 5th Copy of GD, Form-A, Weighment Certificate, Gate-Pass

Authorized Costs: Approximately USD 40-55 for issuance of "ilm-o-khabar" document at the border.

Step 10: Cross Border of Transit Goods

At the Zero-Point, the relevant documents are shown by the Customs Agent to the Inspector (Cross Border). The inspector again satisfies himself with the genuineness of the documents, integrity of the seals and stamps the GD and other relevant documents with "Cross Border" under his name, designation, and stamp and allows the transport unit to cross the border accordingly. In case of any discrepancy, the Inspector (Cross Border) reports the same to the Superintendent for further necessary action at the latter's end. The Inspector also maintains a Cross Border Register and the AO / DS also verify on a monthly basis the entries / signatures of the Cross Border Register.

Estimated Time taken / truck: Every morning for the previous day

Estimated Time taken / truck: 5-10 Minutes

Agencies Involved / Container: Customs

Human Resource Involved / truck: Inspector (Cross Border)

Documents Required: 5th Copy of GD, Form-A, Weighment Certificate, Entry Pass

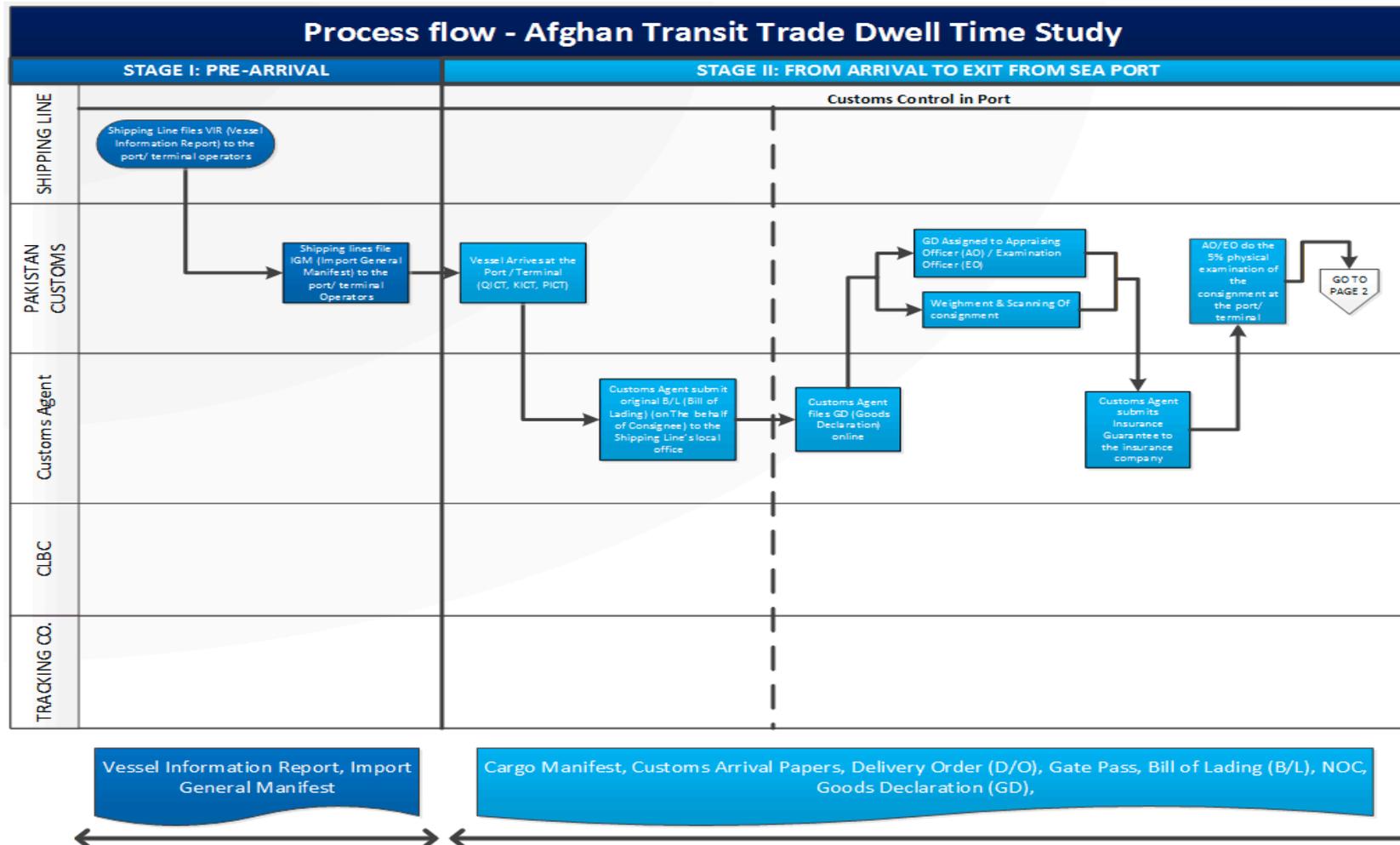
Authorized Costs: Nil

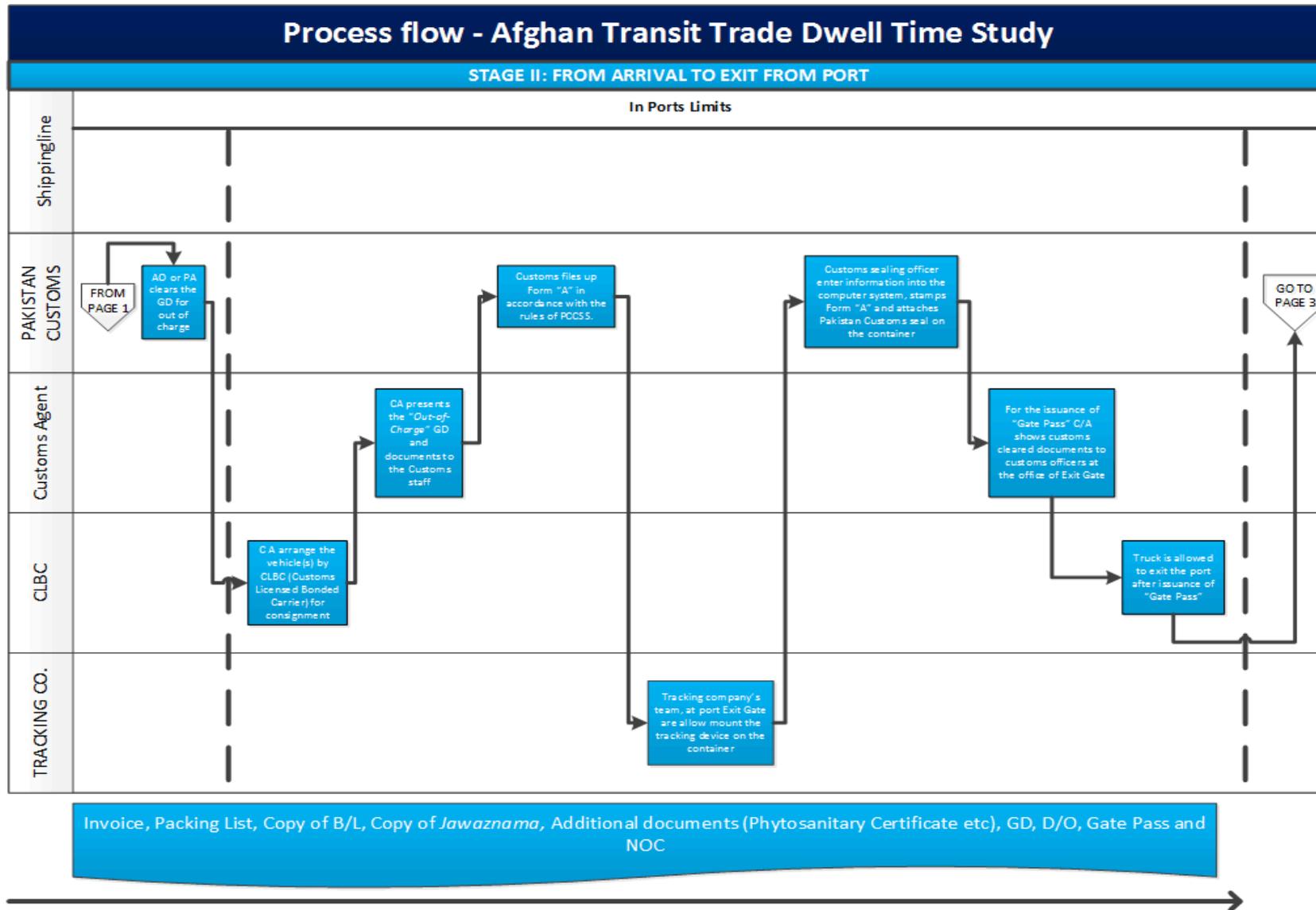
Step 11: Reconciliation of Gate Pass

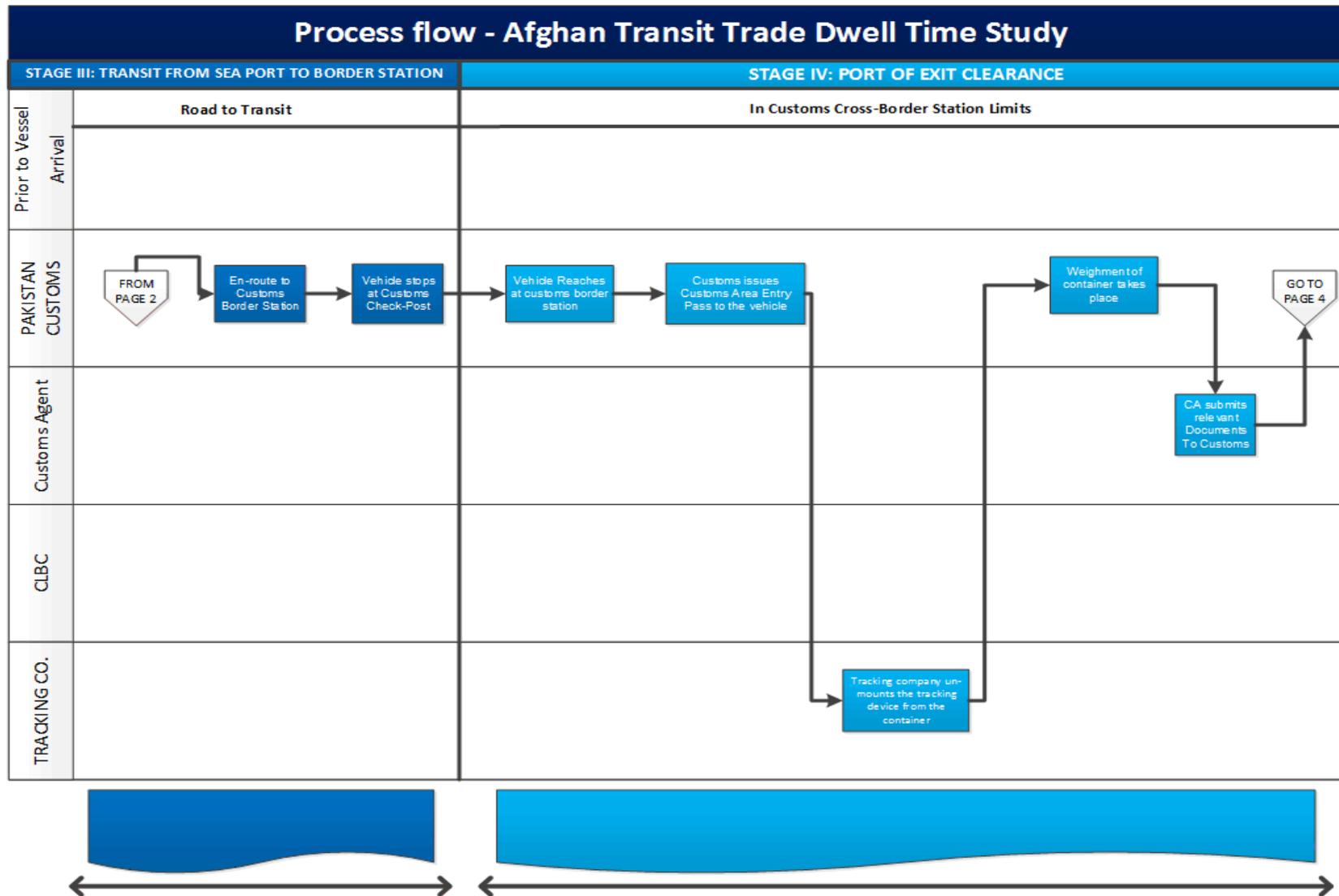
The office of departure at Karachi communicates monthly consolidated statements of all transit consignments and the Customs Border Stations sends reconciliation statements as per available records. A manual Register of Receipt of Afghanistan Customs copy is also maintained

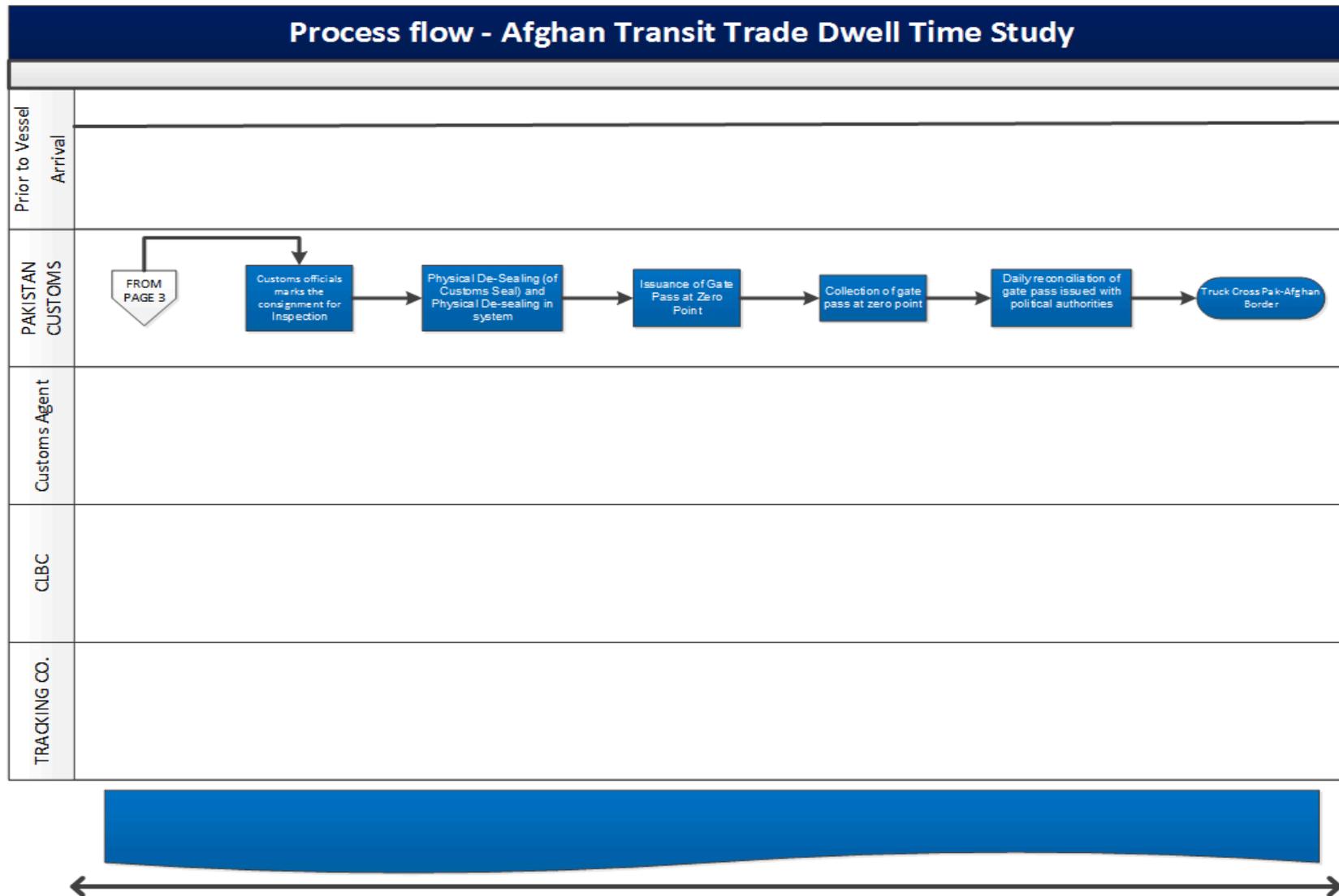
Process Flow Chart for ATT

The following process flow charts describe the ATT Process from Vessel Arrival at the Karachi Port up to the point when the containers cross the Afghan Borders both from Chaman and Torkham Customs Border Stations:







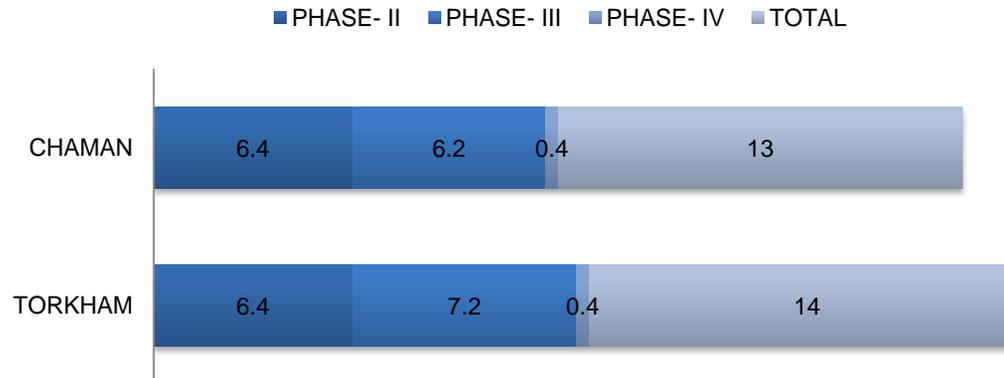


Annex II: Detailed Charts for ATT Dwell Time and Costs

Current Average Dwell Time for ATT (Stage-Wise)

Average Dwell Time for ATT through Dec 2013					
Stages	Stage I	Stage II	Stage III	Stage IV	Stages I to IV
	Pre Arrival	Arrival to 1st Port Clearance	Transit - 1st Port to Land Border Station	Port of Exit Clearance	Total Dwell-Time
CHAMAN	-	6.4 days	6.2 days	0.4 days	13 days
TORKHAM	-	6.4 days	7.2 days	0.4 days	14 days

**Average Dwell Time for ATT
(Nov - Dec 2013)
Days**



Costs

There are a number of costs associated with the ATT process (see table below). The table shows authorized payments to relevant entities as well as “unauthorized” payments or “speed money” (as it is generally referred to) which is paid to expedite the processes. The chart does not list a payment of USD 3,000 for the security of the containers, as it is a refundable cost on the safe return of the container. The “un-receipted” payments are usually around USD 353 per container, but this can depend on the whims of whoever demands payment. Information about these amounts has been obtained from C/As and truckers. Payees include customs staff at posts, transporters, security and/or police authorized en route, or political authorities in the Khyber Agency only.

At Karachi Port

S. No.	STAGE	AUTHORIZED		UNAUTHORIZED	
		Received Payments (20ft) in USD	Received Payments (40ft) in USD	Non-receipted Payments (20ft) in USD	Non-receipted Payments (40ft) in USD
Karachi Port					
1	Delivery Order	150 - 200	250 - 300	-	-
2	Terminal Handling Charge (KICT/PICT)	87 - 117	138 - 178	-	-
3	Port Wharfage	17.40	34.80	-	-
4	Seal, Allow Loading, Lifter, Crane, Delivery-Out	-	-	25 - 28	25 - 28
5	Port/Gate expenses for Excess Weight (1 to 3 ton)	-	-	15 - 20	15 - 20
6	Customs Clearing Agent	90	130	-	-
7	Demurrage (14 Days "Free")	8.5; 10; 13; 18 (5, 10, 15 days and onwards after 14 day Free Time)	17; 20; 26; 36 (5, 10, 15 days and onwards after 14 day Free Time)	-	-
8	Customs (Overall: processing, examination, scanning, seal verification etc.)	-	-	185	255
9	Insurance Guarantee (On value of Customs Duties / Taxes)	0.40% / 150 (for instance USD 150 worth insurance guarantee on goods worth USD 0.15 million, with 25% duty)	0.40% / 200 (for instance USD 200 worth insurance guarantee on goods worth USD 0.20 million, with 25% duty)	-	-
10	Insurance for Goods (Marine Insurance) on value of goods	0.50% / 750 (for instance USD 750 worth marine insurance on goods worth USD 0.15 million)	0.50% / 1,000 (for instance USD 1,000 worth marine insurance on goods worth USD 0.20 million)	-	-
11	Tracking Devices	66.92 (with 330 one time per device vehicle, and 70 annual fee)	66.92 (with 330 one time per device vehicle, and 70 annual fee)	-	-
TOTAL KARACHI		1311.32	1792.72	225	295

At Torkham

S. No.	STAGE		AUTHORIZED		UNAUTHORIZED	
			Received Payments (20ft) in USD	Received Payments (40ft) in USD	Non-receipted Payments (20ft) in USD	Non-receipted Payments (40ft) in USD
Torkham						
1	FREIGHT	Khi-Torkham-Jalalabad (15-20 TONN)	2,600	3,100	-	-
2		Khi-Torkham-Kabul (15-20 TONN)	3,100	3,650	-	-
3		Average Freight	2,850	3,375	-	-
En Route to Torkham						
1		Customs Check Posts	-	-	-	-
2		Police Check Posts	-	-	5	5
At Customs Border Station Torkham						
1		Political Agent Charges / Union Charges / Customs	-	-	92	184
2		Crane Charges	12	12	-	-
3		Labor	10	10	-	-
4		Clearing Agent Charges	-	-	120	160
5		IIm-o-Khabar	-	-	40	55
Total Torkham			2,872	3,397	257	404

At Chaman

S. No.	STAGE		AUTHORIZED		UNAUTHORIZED	
			Received Payments (20ft) in USD	Received Payments (40ft) in USD	Non-receipted Payments (20ft) in USD	Non-receipted Payments (40ft) in USD
Chaman						
1	FREIGHT	Khi-Chaman-Kandahar (15 – 20 TONN)	2,250	3,200	-	-
2		Khi-Chaman-Spinboldak (15-20 TONN)	1,450	2,200	-	-
3		Average Freight	1,850	2,700	-	-
En route to Chaman						
1		Customs Check Posts	-	-	-	-
2		Police Check Posts	-	-	5	5
At Customs Border Station Chaman						
1		Political Agent / Unions / Customs	-	-	92	184
2		Crane Charges	15	30	-	-
3		Labor	10	15	-	-
4		Clearing Agent Charges	-	-	90	90
5		IIm-o-Khabar	35	48	5	7
Total Chaman			1,910	2,791	192	286

Annex III: WCO Revised Kyoto Convention/ Safe Framework of Standards/ WTO Agreement on Trade Facilitation

WCO Revised Kyoto Convention and the Safe Framework of Standards

The WCO SAFE Framework of Standards was unanimously adopted by 166 members of the WCO on June 23, 2005. Large numbers of WCO members expressed their intention to implement the SAFE Framework of Standards in order to strengthen and prepare their Customs administrations for the 21st century. The WCO Framework to secure and facilitate global trade sets forth the principles and standards and presents them for adoption as a minimal threshold of what must be done by WCO Members.

The WCO SAFE Framework aims to establish standards that provide supply chain security and trade facilitation at a global level to endorse certainty and predictability. Pillar 1 of the Customs-to-Customs network arrangement, which primarily deals with security and facilitation of the international trade supply chain against terrorism and transnational crimes, has Standard 1 wholly based upon the integrated supply chain management procedures as indicated in the WCO ISCM¹⁸ Guidelines. The integrated customs controls are the primary part of the customs ISCM where the implementation procedure requires advance sharing of information with customs regarding the exporter and carrier for the security risk assessment, cross border cooperation between customs administrations on risk assessment, and customs control within the stipulated time frame.

The concept of e-business in the trade chain leads to the availability of the required information in the electronic format for the Customs administration and other government agencies. This includes the submission of advance electronic export goods declaration, advance electronic cargo declaration, advance electronic import goods declaration, exchange of information for high risk consignments, “no-load” and “no-unload” notification (to be issued within the stipulated timeframe), the exact time of lodging the Goods and Cargo declarations with the Customs administration, WCO Customs Data Model for export and import formalities, implementation of single window concept and implementation of integrated border management system. From the time the goods are loaded into the container until the unloading, the integrity of the consignment needs to be ensured by addressing the key elements of supply chain security (i.e., in document and physical control, shipment, personnel, and information security including a comprehensive IT security strategy addressing, inter alia, the cross-border recognition of digital certificates).

The customs administration employed in the supply chain should electronically exchange customs data with each other for better control and mitigation of security threats to high-risk consignments. Customs administrations should apply Unique Consignment Reference (UCR) which will enable Customs to link information received from the different parties for a particular consignment and will facilitate the exchange of Customs data between Customs administrations.

Customs administrations should implement Authorized Supply Chains where the exporter and importer carry the status of “Authorized trader” by employing secure economic operators. The authorized traders and secure economic operators should have solid supply chain management policies by imposing security provisions in their supplier and customer relationships.

¹⁸ WCO Customs Integrated Supply Chain Management Guidelines - <http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/~media/D81B2807C64A4B669942F88D51D5FCF6.ashx>

Standard 2 emphasizes the need for the Cargo Inspection Authority to inspect cargo originating, exiting, transiting (including remaining on board), or being transhipped through a country.

Standard 3 specifies the use of modern technology such as Non-Intrusive inspection equipment and radiation detection equipment for inspection. The use of modern technology is a primary key for inspecting the high risk containers.

Standard 4 identifies the establishment of the automated risk management system.

Standard 5 sets the guideline for dealing with the high-risk Cargo or Containers regarding selectivity, profiling, and targeting.

Standard 6 asks for the requirements of advance electronic information on cargo and containers shipments in time for risk mitigation.

Standard 7 states that Customs administrations should provide for joint targeting and screening, and the use of standardized sets of targeting criteria.

Standard 8 is aligned toward the maintenance of performance reports by Customs administrations containing statistical data related to trade activities on the ports.

Standard 9 deals with the security assessment by the Customs Administration in collaboration with the other competent authorities to conduct security assessments involving the movement of goods in the international supply chain. By addressing the gaps of the international supply chain, the time of the transit trade cargos can be reduced largely. Employee integrity can be regarded with utmost importance when it comes to reducing the gaps in the international supply chain models.

Standard 10 is based upon employee integrity, which encourages the customs administration and other competent authorities to conduct programmes to prevent lapses in employee integrity and to identify and combat breaches of integrity.

Standard 11 deals with the outbound security inspections of high-risk containers and cargo at the request of the importing country.

WTO Agreement on Trade Facilitation

This article has thirteen (13) paragraphs covering a number of key areas of the transit procedures that require compliance. They can be summarized as follows:

- Regulations and formalities to be addressed in a less trade restrictive manner
- Reduction in the collection of fees
- Voluntary restraints on traffic in transit
- Equal treatment of products in transit
- Separate infrastructure for transit traffic
- Less burdensome Customs control processes to identify goods and fulfilment of transit requirements
- No Customs charges for goods in transit
- No application of technical regulations and conformity assessment procedures
- Advance filing and processing of transit documentation prior to arrival of goods
- Prompt termination of transit operation at point of exit

- Guarantees sufficient to ensure transit requirements are fulfilled and no delays associated with discharging the guarantee
- Cooperation and coordination between members to enhance freedom of transit
- The appointment of a national transit coordinator

The ATF raises many of the standards that currently exist in the WCO SAFE and APTTA, and as such APTTA should be revisited.

Annex IV: Tracking and Monitoring System

APTTA necessitates the use of a vehicle tracking system and instructs the Contracting Parties to track the movement of vehicles in their respective countries. CLBCs are only allowed to use vehicles that have a permanently installed tracking device from an approved tracking company.

“As per Rule 328 of Pakistan Customs Law; in case of transshipment¹⁹, bonded carrier will be allowed to use only such vehicles/trailer units which have a permanently installed tracking device of a reputable company.”

Currently, tracking devices are being installed on all vehicles rendering Afghan transit services. “TPL Trakker” is providing the tracking services to Pakistan Customs through a joint project called “Safe Transport Environment Project”, falling under the Customs Preventive Collectorate. The tracking company has tracked 23,228 containers since May 17, 2013. The Container Security Device (CSD) and the Prime Mover Device (PMD) are used to track each container. As of December 26, 2013 4,653 vehicles / Prime Movers have been installed with the PMD. The bonded carrier bears a onetime cost of USD 33.0 for the installation of a PMD over a vehicle / truck, while the cost of the CSD mounted on the container is USD 66.92. The CSD is mounted on the container before every trip, hence this cost is incurred for each ATT container per trip.

When there is suspicion of a non-locatable container, an alarm is triggered to the CCR, RCRs, and the Tracking Company’s Mobile Unit. The mobile unit identifies the container before the Customs authorities take charge and take legal cognizance. Afghanistan does not have any tracking system in place.

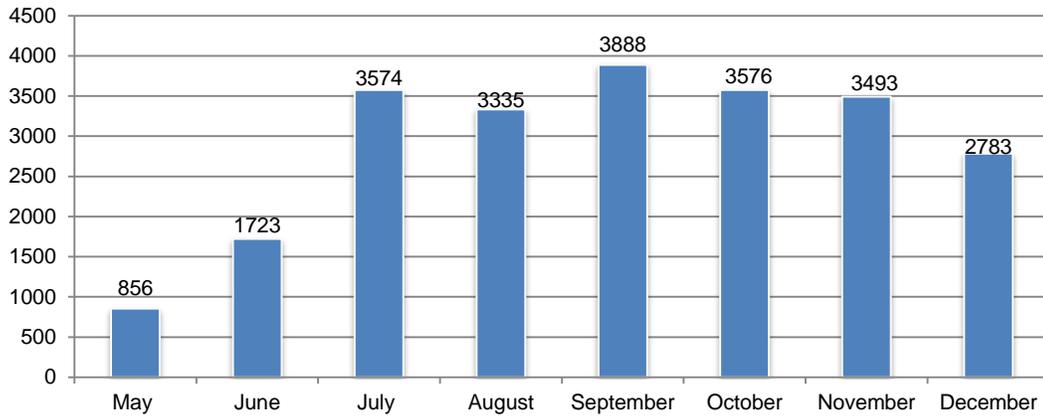
As of December 26, 2013, a total of 10,915 alerts have been triggered.

Data as of December 26, 2013		Trips%	Alarms %
Total Containers Tracked	23,228		
Total Alarms [Generated & Closed]	10,915		
Door Alerts	1,692	7.28%	15.50%
Route Deviation	1,753	7.55%	16.06%
Unusual Stoppage	7,208	31.03%	66.04%
Out of Sync	262	1.13%	2.40%
Major Incidents Recorded	35	0.15%	
Total Prime Mover Devices Installed	4,653		
Total Prime Mover Trips [One Trip can have more than one container]	18,689		
Completed Trips	18,337		
Total Containers in Completed Trips	22,783		
En route Trips	352		
Total Containers in en route Trips	445		

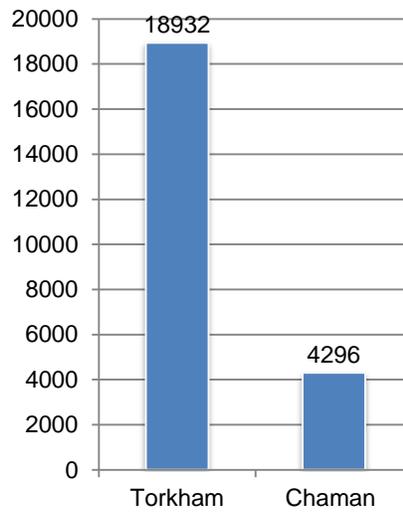
Source: TPL Tracking Control Unit

¹⁹ Pakistan Customs consider “Transshipment” to include bonded movements between seaports and dry ports situated throughout the country.

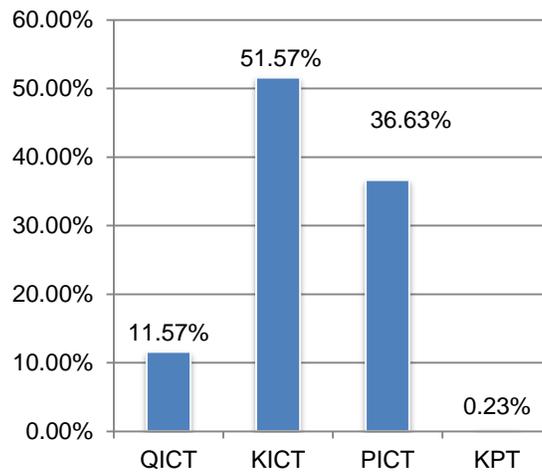
Monthly Container Security Device (CSD) Installations



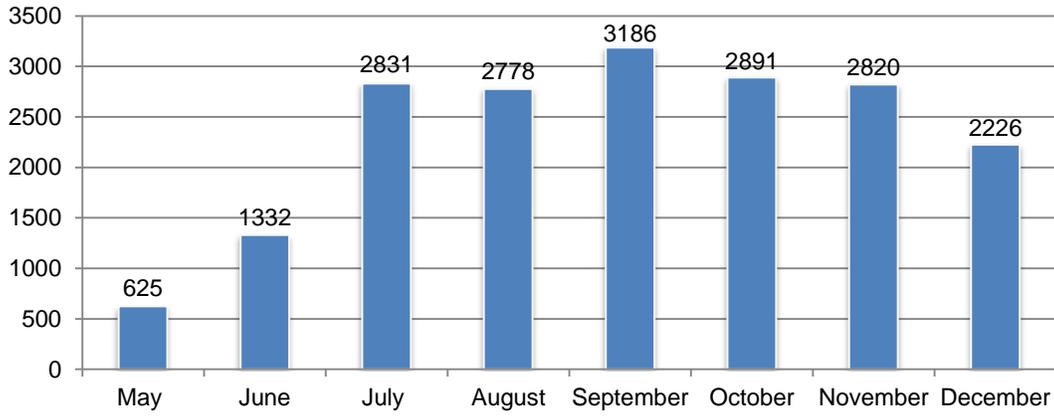
Container Destinations (Torkham/Chaman)



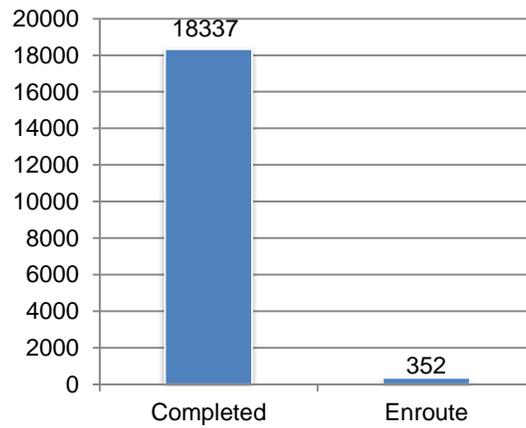
Port of Installation



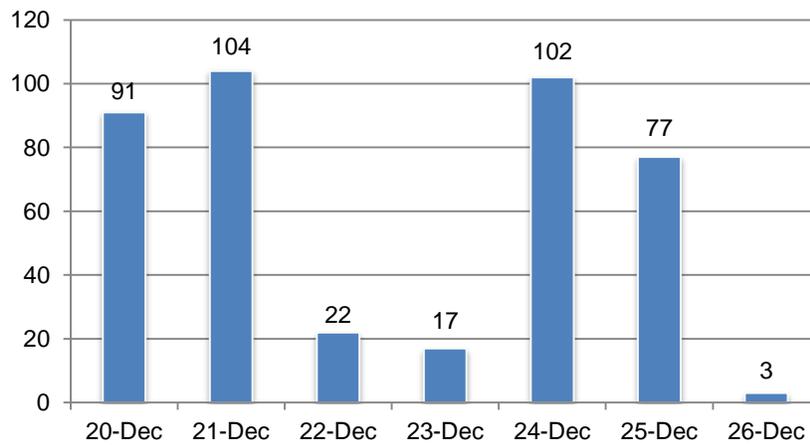
Total Trips – Monthly

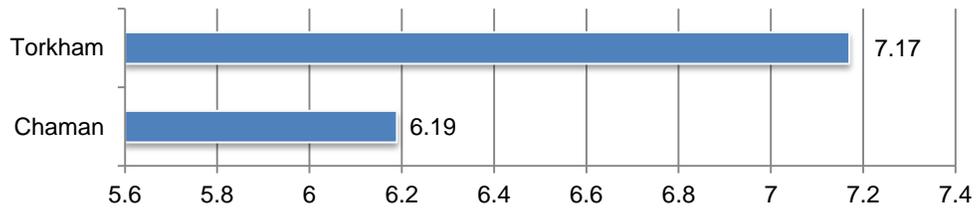
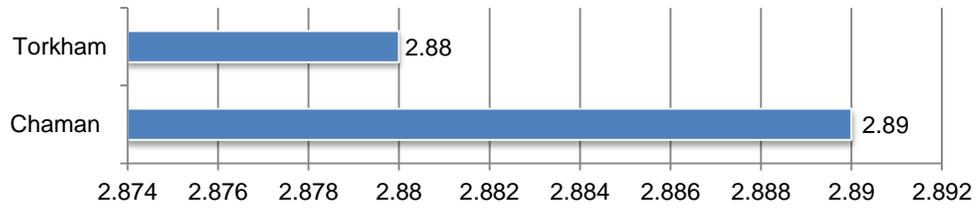


Total Trips



Total Trips – Daily



Average Trip Duration (Days)**Average Over Days Duration**

Annex V: Road Network Used for Transit Trade in Pakistan

Pakistan classifies its road network under the following headings; responsibility for road network construction and maintenance rests with the federal, provincial, district, and local and municipal administrations, respectively:

Type	Responsibility
Motorways/highways/strategic roads	Federal control, National Highway Authority (NHA)
Provincial roads	Provincial control, Communication and Works (C&W) depts.
Subsidiary/farm-to-market roads	District control (District Administration) ²⁰
Urban roads	Municipal/Local - City Government

The total road network in Pakistan is 181,836 km including 118,194 km of high-type and 63,642 km of low-type (“paved” and “unpaved” as defined by the NHA) roads. The NHA established a department under the Ministry of Communication in 1991 to plan, promote, and organize programs for construction, development, operation, and repair and maintenance of national highways, motorways, and strategic roads under federal control. The total length of federal and strategic roads under the administrative control of the NHA is 7,144 km, which accounts for about 4 % of the entire road network, but carries more than 63% of the road traffic in the country.

The traditional highway (N-5) is the main artery covering a distance of 1,756 km from Karachi to Torkham via Multan, Lahore, Rawalpindi, and Peshawar. The N-5 carries over 60% of the entire traffic of the country, which represents almost 80% of its economic activity. The N-5 branches off at Rohri (near Sukkur) to the left, crossing the River Indus from where the N-65 links Quetta, which is about 858 km from Karachi. The Chaman border crossing is a further 124 km.

Pakistan has signed a number of MoUs for the development of trade routes with the Central Asian Republics (CARs). The NHA has undertaken various studies for the development of these trade routes. Domestic and international trade between the CARs and Iran²¹ will use all the main routes (i.e., the National Highway N-5, the Indus Highway N-55, the Karachi-Khuzdar-Quetta-Chaman Highway N-25, and the Quetta-Nokundi-Taftan Highway N-40).

Pakistani Transit Routes

Transiting consignments use a number of alternate routes at various times throughout the year depending on weather conditions (snow, floods) and these conditions’ effect on the roads.

To Torkham:

1. N5: Karachi-Rohri-Multan-Lahore-Rawalpindi-Peshawar, approximately 1,712 km
2. N5: Karachi-Rohri-Sukkur, N55: Shikarpur-Dera Ghazi Khan-Dera Ismail Khan-Kohat-Peshawar, approximately 1,380km. The N5 and N55 are separate routes to the northern parts of Pakistan, running parallel to each other but interconnecting at various points along the route

²⁰ District Administration under the new “nazim” system

²¹ Link for NHA studies and Development projects:

http://nha.gov.pk/index.php?option=com_content&view=category&id=48&Itemid=73

To Chaman:

1. N5: Karachi-Rohri, N65: Sukkur-Sibi-Quetta, approximately 848 km
2. N25: Karachi-Uthal-Khuzdar-Kalat-Quetta, approximately 712 km

The N-5 from Karachi to Peshawar is in reasonable condition; however, recent floods in the country have severely damaged roads, including bridges, at a number of locations. Although some repair work has begun, at the time of this report it was not complete, and the present condition of roads has slowed the movement of traffic.

Road from Peshawar to Torkham

The road to the Torkham border post passes through Karkhano bazaar before entering the tribal belt. It is a broad two-lane all-weather road up to Jamrud. The traffic density has been estimated to be about 50 vehicles per minute (VPM) and is used by heavy commercial vehicles, light private vehicles, and animal transport. Maintenance work is undertaken in small sections more or less all the time, which causes bottlenecks as the road is barely wide enough to allow vehicles to pass each other going in opposite directions. The NHA has been allocated funds to broaden and upgrade the 44 km road from Peshawar to Torkham, but delayed this project indefinitely because of security concerns following military action in Southern Waziristan in late 2009 and early 2010.

The FC or the *khassadars* (from the Political Agents Dept.) staff all of the check posts in the tribal area. The first check post in the tribal area is Takhta Beg where the Political Agent's Department checks the documents of all commercial freight trucks to ensure that the vehicle and driver have permission to travel through the tribal belt.

The FC staffs five check posts en route to Torkham:

1. Takhta Beg
2. Prang Sam
3. Bagyari
4. Michni
5. Landi Khana

The check posts manned by *khassadars* on this road and the distances between each check post are as follows:

1. Hayatabad – Bhagiari (15 km), a single-lane road in poor condition
2. Bhagiari – Ali Masjid (four km), a single-lane road with some wider sections to allow vehicles to overtake each other
3. Ali Masjid – Landi Kotal (ten km), a single-lane road
4. Landi Kotal –Torkham (six km), a wider road, but not a double highway

Heavy vehicles usually take five to six hours to travel from Peshawar to Torkham; light motor vehicles can complete the trip in three to four hours. The World Bank Study (2009) estimates approximately 1,000 to 1,200 trucks and 200 to 300 cars use the road, daily.

Road from Karachi to Quetta

There are two routes from Karachi to Quetta. The traditional N-5 branches off at Rohri on to the N-65, which links Sibi at the head of the Bolan Pass before reaching Quetta. The shorter of the two roads by about 150 km from Karachi to Quetta is the N-25. It is the favored route by freight vehicles carrying goods between the business hubs of Karachi and Quetta. Much of Afghan transit trade also uses this route. The road is not in good condition despite the fact that the NHA carries out maintenance over short sections on a regular basis.

Road from Quetta to Chaman

Chaman is almost 125 km from Quetta. The last 30 km of the road passes through the steep Khojak Pass that leads directly to the Chaman customs border station. There are presently no plans to widen and/or resurface the road; the road continues to deteriorate.

Existing Road Infrastructure Conditions

The general condition of roads is moderate between the seaports and Pak-Afghan customs border stations, except for the sections outlined above. There are plans for the NHA to upgrade sections of the road into six-lane motorways between Peshawar and Karachi over the next few years, but work has not yet begun.

As a comparison, the distance from the container port of Algeciras near Gibraltar, Southern Spain to Paris is approximately 1,500 km and the average transit time is about 15 hours. This dwell time study revealed that the transit time from Karachi to Amangarh, a distance of 1,700 km, takes, on average, six days. Stops at “unofficial” check points while “non-receipted” payments are negotiated before vehicles are permitted to continue their journey also contribute to delays.

The transit of freight vehicles negotiating the Khyber and Khojak passes and on to the border posts is particularly slow due to the following factors:

- a) The steep and winding gradient of the passes are difficult for overloaded and underpowered vehicles
- b) The road is not wide enough to cope with heavy traffic moving in both directions to and from the border crossings
- c) The movement of vehicles is restricted to daylight hours due to security and traffic safety considerations
- d) “Unofficial” check points hamper the flow of traffic while “non-receipted” payments are made
- e) There is an absence of adequate parking facilities at border crossings
- f) Congestion occurs at narrow common crossing points used by thousands of pedestrians and hundreds of vehicles on a daily basis

Annex VI: Tracking and Monitoring of Cargo Rules

GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
FEDERAL BOARD OF REVENUE

Islamabad, the 25th April, 2012.

NOTIFICATION (CUSTOMS)

S.R.O. 413 (I) /2012. In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), the Federal Board of Revenue is pleased to make the following rules, namely:-

CHAPTER-I PRELIMINARY

1. Short title and commencement:

- 1) These rules may be called the Tracking and Monitoring of Cargo Rules, 2012.
- 2) They shall come into force at once.

2. Scope: These rules shall apply to tracking and monitoring of the following types of cargo throughout the journey from the port of entry to the port of exit or from one warehouse to another, on real time basis, namely:-

- (a) Transit cargo under Chapter XXV of the Customs Rules, 2001;
- (b) Petroleum, oil and lubricants (POL) products exported to Afghanistan under Chapter XXII of the Customs Rules, 2001;
- (c) Trans-shipment cargo under Chapter XIV of the Customs Rules, 2001; and
- (d) Safe transportation under Customs General Order (CGO) No. 12 of 2002:

Provided that the cargo transported by Pakistan Railways shall be tracked and monitored under these rules from the date to be specified by the Board, through a General Order.

3. Definitions.- In these rules, unless there is anything repugnant in the subject or context,-

- i. "Act" means the Customs Act, 1969 (IV of 1969);
- ii. "applicant" means any company which applies for a license under these rules;
- iii. "Board" means the Federal Board of Revenue established under the Federal Board of Revenue Act, 2007;
- iv. "carrier" means the carrier defined under Chapter XIV of the Customs Rules, 2001;
- v. "Central Control Room" means a control room established by the licensee in Model Collectorate of Customs (MCC) Preventive at Custom House, Karachi or any other control room specifically designated by the Board;
- vi. "Goods Declaration" means a declaration filed under the provision of the Act or rules made thereunder;
- vii. "Licensing Committee" means a Committee comprising Collectors of Customs (Appraisal), (Port Qasim), (PaCCS), (Exports), Karachi, and Director of Intelligence and Investigation, FBR, Karachi or any other authority designated by the Board;

- viii. "PCCSS" means Pakistan Customs Container Security System, as specified in CGO No. 4 of 2007, dated 31st March, 2007;
- ix. "ports of entry and exit" means an officially designated location at seaport, airport or land Customs station where Customs officers and officials are assigned to accept declarations of merchandise and vehicles, control imports and exports, clear passengers, collect duties and enforce the various provisions of Customs, and other relevant laws;
- x. "Project Director" means the Collector, Model Collectorate of Customs (Preventive), Karachi;
- xi. "Regional Control Room" means a control room established by the licensee in various Model Collectorates of Customs across Pakistan or any other control room designated by the Board;
- xii. "transport operator" means the transport operator defined and licensed under Chapter XXV of the Customs Rules, 2001; and
- xiii. "vehicle" means any rigid road vehicle, articulated vehicle, unaccompanied trailer or semi-trailer.

CHAPTER-II LICENSING

4. Licensing of Companies for tracking and monitoring of cargo:

- 1) No company shall carry out tracking and monitoring of cargo unless it has obtained a license under these rules.
- 2) No licensee under these rules shall establish, maintain or operate any telecommunication system or provide any telecommunication service which is not authorized under the license issued to it by Pakistan Telecommunication Authority (PTA) established under the Pakistan Telecommunication (Re-organisation) Act, 1996.

1. Functioning of Licensing Committee:

- 1) The licensing committee shall function in accordance with the provisions of these rules.
- 2) Collector of Customs (Preventive), Karachi shall be the convener of the licensing committee and its headquarters shall be located in Model Collectorate of Customs (Preventive), Karachi. The Collectorate shall provide secretarial and other allied support required for functioning of the licensing committee.
- 3) The licensing committee shall devise procedures for its functioning, which shall be in accordance with these rules.

1. Application for grant of a license:

- 1) An application to carry out tracking and monitoring of cargo mentioned in these rules shall be made in duplicate to the Board.
- 2) An application under sub-rule (1) shall be accompanied by all the supportive and relevant documents including the following, namely:
 - a) A comprehensive profile of the company;
 - b) Brief about managerial and technical personnel indicating name, position, qualification and experience;
 - c) Total number of current employees;
 - d) List of major clientele;
 - e) Documents showing relevant experience in tracking and monitoring of vehicles and containers;
 - f) Complete history of activities undertaken and synopsis of the projects done;
 - g) Current commitments and status of in-hand projects;
 - h) Valid license obtained from the PTA for the activity or category approved for;
 - i) Incorporation Certificate under the Companies Ordinance 1984;

- j) National Tax Number (NTN) Certificate;
 - k) Audited accounts of the last three financial years;
 - l) Income Tax returns for the last three years;
 - m) Registration with Sales Tax Department, if required;
 - n) Computerized National Identity Cards (CNICs) of the Directors of the company; and
 - o) Undertaking that the company has never been blacklisted by any Government or private department or organization and has not been involved in confirmed cases of fiscal fraud including that specified in section 32A of the Act.
- 3) The applicant shall also declare the fee and charges that it intends to collect from importers of the cargo and from carriers or transport operators during the license period.

7. Criteria for grant of a license:

- 1) The applicant shall be required to provide technological solutions on the basis of GSM or GPRS or Satellite Communication or any other modern technology for monitoring and tracking, on real time basis, of containers and vehicles carrying the cargo mentioned in these rules.
- 2) The applicant shall possess the following qualifications to be considered for issuance of license, namely:-
 - a) it shall be a company duly incorporated under the Companies Ordinance, 1984 (XLVII of 1984);
 - b) it shall have relevant experience and past performance in vehicles and containers tracking;
 - c) it shall be in a financial position to undertake the project – minimum turnover of rupees 350 million or financial worth of rupees 200 million; and
 - d) it shall have appropriate managerial capacity to execute and run the project.
- 3) The system based solution offered by the applicant must have the following features, namely:-
 - a) container, vehicle synchronization;
 - b) alert on deviation from specified or designated routes;
 - c) location, direction and GPS speed data for containers and vehicles;
 - d) container doors monitoring (unauthorized opening, unhinging, tampering, intruding, etc.) alerts;
 - e) route time monitoring;
 - f) unauthorized stoppages (include stoppages which cannot be reasonably excused by the relevant customs officials or as elaborated by the Collector of customs concerned through a Public Notice) reporting;
 - g) electronic geo-fencing;
 - h) theft incidence and reaction;
 - i) data analysis and communication results thereof to Central Control Room (CCR) and Regional Control Room (RCR); and
 - j) must be stable, fault-tolerant, secured, and can be accessed only by authorized username and password as authorized by the customs.
- 4) The system based solution offered by the applicant shall be able to perform the following functions, namely:-
 - a) monitoring capability on real-time basis of a minimum of 3000 containers or trucks from CCR;
 - b) monitoring and tracking of vehicles and containers throughout the journey from Customs point of entry to Customs point of exit on real time basis;
 - c) geo-fencing and creating buffer zones around a certain route or area;

- d) generate detailed journey reports that include stop points and durations, start and end points, area names, etc.;
 - e) the ability to configure the tracking unit remotely;
 - f) the system should work on Client Server basis so that adding and removing users and their privileges could be done efficiently;
 - g) the system must be capable of sending alert messages and trigger alarms (visible and audible) in case of occurrence of abnormal event such as route deviation, stoppages in risky zones and tampering with the tracking unit or cargo etc (different alarms to be shown by different colored icons on the map. Clicking the icon of any vehicle should enable the operator to access the vehicle data base);
 - h) the system shall be able to assign containers and vehicles of one licensee to another licensee for tracking containers and vehicles;
 - i) container and vehicle locations on the map and screen should be represented by icon or symbol;
 - j) in case of absence of one communication network coverage the tracking unit of the system must be able to switch over to another network so as to ensure real time tracking without interruption or break;
 - k) the system should be capable to assign more than one route for one destination and geo fencing for all routes;
 - l) the software package of the system must *inter alia* include,-
 - (i) transit and fleet management application; and
 - (ii) mapping and graphical application to display position of the vehicle and container on digital map of the country;
 - m) the system should be flexible enough to interface with other international databases, if required;
 - n) the availability of extra tools to measure distance, meter scale, change coordinate system, change symbol colours, etc.;
 - o) the ability to assign specific alerts to specific pins (relays) in the tracking unit and the ability to monitor tracking operations through a web page;
 - p) the ability to enter data into the system through electronic media (barcode reader, etc.);
 - q) the system reporting should be capable to filter and process the trip data for statistical and analytical purposes;
 - r) the system must include replay function and allow sharing of information with remote client station;
 - s) the licensee should ensure secure data storage and archiving of data for five years from its generation or recording;
 - t) ability to use Palm-held Devices (PDA's, etc) for reading and writing data into the system at regional sites;
 - u) ability to assign Unique load identifier (ULI) which should contain information about unit number of tracking device (GPS, etc.), Goods Declaration (GD) No. and date, carrier name, vehicle number, location etc.;
 - v) the Communication media should cover all the geo-fenced routes across the country; and
 - w) all Electronic Data Interface (EDI) communication should be encrypted to ensure secure communications.
- 5) The applicant shall also submit a complete list of operations and maintenance required to operate the system based solution.

- 6) The applicant shall specify the expected delivery and implementation time, which shall not exceed four months from the date of issuance of license. The applicant shall also undertake to meet these timelines.

8. Procedure for grant of a license:

- 1) On receipt of an application for grant of license in the Board, the licensing committee shall evaluate it.
- 2) The licensing committee may also fix a date for a hearing to be attended by the applicant for the purposes of evaluation of the application submitted under sub-rule (1).
- 3) The licensing committee may also carry out visits and physical inspections to ascertain eligibility of the applicant for licensing under these rules.
- 4) The applicant shall be required to give practical demonstration of the technological solution offered for licensing.
- 5) The licensing committee shall send its recommendations to the Board within one hundred and twenty days from the date of submission of the application. It shall give detailed reasons for recommending rejection of any application under these rules:

Provided that where complete documents or any information needed for the requisite evaluation have not been provided within fifteen days of the requisition or within thirty days of the submission of application, whichever is later, the application shall be summarily rejected.

- 6) In case a company meets the technical and financial criteria given in these rules, the licensing committee shall recommend to the Board for grant of license to such a company.
- 7) The Board may grant license to the recommended company.
- 8) The qualified company shall be required to deposit bank guarantee for rupees ten million to the licensing committee, as financial security, before issuance of the license. The bank guarantee shall be valid for whole duration of the license and shall be encashable in case of violation of these rules or terms of license leading to loss of government revenue.

- 9. Rights granted to the licensee:** A licensee shall have the right to establish, maintain and operate a system to monitor and track the cargo on real time basis, in accordance with terms and conditions of the license.

10. Terms and conditions of the license:

- 1) Subject to these rules, license shall be granted for a period of three years.
- 2) The license granted under these rules shall be subject to the provisions of the Act.
- 3) The license granted under these rules shall be non-transferrable and shall not be allowed to be used by any sub-contractor.

11. Renewal of the license:

- 1) An application for renewal of license shall be made to the Board, three months before its expiry.
- 2) The licensing committee shall evaluate the application and may recommend renewal of license to the Board.
- 3) The Board may renew the license for further two years on the basis of recommendations of the licensing authority.
- 4) The licensee shall be required to comply with all the provisions of these rules for the renewed period.

CHAPTER III
RESPONSIBILITIES OF THE LICENSEE

12. Licensee to run and manage the system:

- 1) The licensee shall be responsible to operationalize the system within four months of issuance of license.
- 2) The licensee shall run and manage the system under proper warrantee and shall ensure maintenance during the period of license.
- 3) The licensee shall abide by all relevant laws while running the system.

13. Establishment of Central Control Room:

- 1) The licensee shall design, furnish and establish a Central Control Room (CCR) in the Custom House, Karachi or in any other control room designated by the Board.
- 2) The CCR shall be equipped with hardware, software, plasmas, LCDs, communication and other allied equipment for viewing, analyzing the movements of goods and vehicles and responding in cases of alerts.
- 3) The CCR shall have necessary servers and data storage facilities to store and manage data bases for the vehicles monitored daily, with report printing capabilities for each trip.
- 4) The operators at the CCR shall be able to transfer the map or any section of it to any monitor or licensee connected to the system based on pre-assigned priorities.

14. Establishment of Regional Control Rooms:

- 1) The licensee shall design, furnish and establish Regional Control Rooms (RCR) in various Collectorates of Customs or in any other places designated by the Board.
- 2) The RCRs shall be connected with the CCR and equipped with the requisite infrastructure for monitoring the movement of goods and vehicles, and for responding in cases of alerts.

15. Establishment of Mobile Enforcement Units: The Collectorates of Customs shall establish Mobile Enforcement Units (MEU) in respective Collectorates on shift rotation basis (twenty four hours and seven days a week). The MEUs shall be responsible for reacting in case any alert is communicated to them by CCR or RCR and shall co-ordinate with enforcement units of the licensee.

16. Requirements to be met at the points of entry and exit:

- 1) The licensee shall ensure that:
 - (a) Each point of entry and exit is connected to the system with adequate IT infrastructure for initialization and termination of each trip; and
 - (b) Each point of entry and exit is connected with the CCR and RCRs.
- 2) The licensee shall arrange testing and storing facilities for all equipments and mounting or un-mounting of tracking device at each point of entry and exit.
- 3) The licensee shall provide and maintain Palm-held Devices, printers, UPS, etc for smooth operation of the system at each point of entry and exit.
- 4) The system shall be expandable to cover future required points of entry and exit.

17. Services to be provided by the licensee: The licensee shall be required to provide the following services, namely:

- a) Monitoring and tracking of vehicles and containers carrying the cargo mentioned in these rules from Customs port of entry to Customs port of exit on real time basis;
- b) Maintaining en-route integrity of cargo by preventing pilferage or theft or losses;

- c) Access to relevant information through Web-Portal to all stakeholders as allowed under these rules or by the customs;
- d) Flexible solution to cater for any future requirements of tracking under multi-modal and inter-modal transportation environment, e.g. with other stakeholders like Pakistan Railways etc.;
- e) Monitoring timely deliveries and reporting on transport efficiencies;
- f) Managing the system under proper maintenance to ensure smooth operation of the system, compatible with customs procedures and operations so as to ensure running of the system by customs also;
- g) Vehicle immobilization and securing as and when required, and mandatory in case of geo-fencing violation, pilferage attempts, unauthorized or unusual stoppage;
- h) Reporting application capable of generating the following reports:-
 - (i) A map of the route followed by the vehicle and container during the journey;
 - (ii) Vehicle and driver details as well as any violation made during the journey;
 - (iii) Trip report for each journey as soon as the truck arrives at the destination customs center;
 - (iv) Incomplete journeys reports; and
 - (v) Full documentations covering all stages of the journey (electronic and hard copy);
- i) The licensee shall ensure tracking and monitoring enroute covering following:-
 - (i) location and direction of containers and vehicles;
 - (ii) data gathering on real time basis;
 - (iii) mounting, securing and ensuring integrity of device during journey by using machine readable serialized seals;
 - (iv) data analysis on real time basis;
 - (v) jamming device; and
 - (vi) alerts for:
 - a. Unusual Stoppages;
 - b. Device / Tampering or Infringement or Intrusion or Removal or Door Opening; and
 - c. Unusual Deviation from Geo-fencing Device Mounting or Un-mounting; and
- j) The licensee shall also provide:
 - (i) Extension of tracking or monitoring to trans-border, if required;
 - (ii) Customized land marking;
 - (iii) Customized analytical reports;
 - (iv) Scalable solution to handle additional units; and
 - (v) Single interface for monitoring of containers and authorized carriers.

18. Tracking device provided or used by the licensee:

- 1) The tracking device provided or used by the licensee shall have the following features, namely:
 - a) It should be small, of compact size, shock-proof, temperature and fire resistant and with water proof casing;
 - b) It should be reusable, easy to install or mount and remove or un-mount, with high storage capacity;
 - c) It should operate on the following modes:
 - (i) Stand alone using long life (not less than fifteen days) rechargeable battery without connection to the vehicle power supply; and
 - (ii) Using power supply of the vehicle, if needed or for rechargeable purpose;
 - d) It should have a motion detector; and
 - e) The system should have a provision for fast and effective immobilization of vehicle, whenever required.

- 2) The Project Director shall get the tracking and monitoring devices as well as the tracking system installed in vehicles, tested before use. On satisfaction, the Project Director shall allow use of tracking and monitoring devices and installation of tracking system in the vehicles. Same procedure shall be followed in case new device is introduced.
- 3) The Project Director may require replacement of device or tracking system if he is of the view that the equipment is not giving satisfactory results.

19. Mounting of tracking device:

- 1) The licensee shall establish designated areas at the point of entry, which would be in proximity of PCCSS office of MCC Preventive, Karachi and shall be responsible for active and close liaison with it.
- 2) The licensee shall make arrangements in the designated areas for mounting and un-mounting of tracking or monitoring device. Once the GD-TP or GD-AT is out of charged by the relevant Customs Collectorate, the carrier shall take delivery of the goods on the registered vehicle and bring it to the tracker installation area, where the designated tracker company shall install the tracking device on the container. The tracking device shall be synchronized with the fixed tracking device already installed on the vehicle and once both the tracking devices are synchronized the staff of the tracking company shall activate the data on the relevant computer software to be accessed by Customs scanning staff, PCCSS sealing Focal Point and Exit Gate of the terminal operator as well as customs focal point of entry and exit, and CCR.
- 3) The licensee upon being approached by the carrier or transport operator shall affix the tracking device and make it synchronized with the tracking device fixed on the prime mover or vehicle and upload the data in the system and activate the tracking system. The whole procedure shall be completed within fifteen minutes.
- 4) The system shall generate a certificate to this affect, which shall contain details of G.D., container and vehicle number, and the tracker unit ID number.
- 5) If any device is found malfunctioning, it shall be forthwith replaced with a functioning device.
- 6) The vehicle shall then be taken to the designated PCCSS focal point entry, where procedure prescribed under Customs General Order (CGO) No.4 of 2007 shall be completed.

20. Un-mounting of tracking device:

- 1) The licensee shall establish designated areas at the point of exit, which would be in proximity of PCCSS office of Focal Point Exit, and shall be responsible for active and close liaison with it.
- 2) The licensee upon being approached by the carrier or transport operator shall un-mount the tracking device from the container and cargo and upload the data in the system and deactivate or terminate the tracking device journey. The whole procedure shall be completed within fifteen minutes.
- 3) The certificate generated at the time of mounting of tracking device shall be endorsed accordingly.
- 4) If any discrepancy is found, the same shall be reported to the Focal Point of Exit as well as the Collectorate of Customs enroute for taking appropriate action as prescribed under Act or the rules made thereunder.

21. Generation of MIS reports: Reconciliation of each journey of container and vehicle shall be done, on real time basis, by the licensee and delay, unusual or unauthorized stoppages, discrepancies, etc. shall be reported at once. The licensee shall generate report in soft as well as hard copies, giving details of the monthly reconciliation and alerts and results thereof for the Project Director.

22. Technical and training support:

- 1) The licensee shall provide the technical support, as detailed below:-
 - a) Setting up and maintenance of all information technology (IT) infrastructure, wherever needed, for the purposes of these rules;
 - b) The licensee shall be fully responsible for,-
 - (i) All upgrades of the system, hardware and software;
 - (ii) All bug fixes; and
 - (iii) Immediate response and repair of any technical problem in the system during holidays or working days to cover the major, minor and moderate problems for uninterrupted working of the system; and
 - c) Software applications shall be flexible and compatible with other customs related softwares (e.g., PaCCS, One Customs, WeBOC, etc)
- 2) The licensee shall undertake to upgrade, as per the new technological requirement, the installed IT structure, related software, communication equipment etc., as and when required.
- 3) The licensee shall arrange to provide comprehensive technical and operational training to the Customs officers and officials, and other concerned officials and ensure provision of all documentation and technical manuals, wherever and whenever required.
- 4) Quarterly appraisal reviews of functioning and efficacy of the system shall be carried out for which the licensee shall make necessary arrangements.
- 5) The Board shall have proprietary rights of the system for subsequent forensic audit and the licensee shall make available all or any information requisitioned by the Board, the Licensing Authority or the Project Director promptly.

CHAPTER IV SUPERVISION OF THE SYSTEM, ENFORCEMENT AND EARLY TERMINATION

23. Responsibilities of the Project Director:

- 1) The Project Director shall be responsible for overall supervision of the system.
- 2) The Project Director shall send quarterly performance reports to the Board covering *inter alia* the functioning and efficacy of the system, the scope and need of improvements observed in the system, and the steps taken to address problems encountered during operation of the system.
- 3) The Project Director shall be assisted, as and when required, by the Collectors of Customs in preparation of these performance reports.

24. Procedure for cancellation or termination of license:

- 1) The Project Director shall immediately refer the matter to the Licensing Committee for further action under these rules, if he, as a result of supervision of the system, or on receipt of a report from any of the Collector of Customs or on a valid complaint, has reasons to believe that the licensee has,-
 - (a) Failed to set up the infrastructure and to operationalise the system within the time lines committed at the time of issuance of license;
 - (b) Failed to provide the required services to the satisfaction of Customs authorities;
 - (c) Contravened any condition of the license;
 - (d) Contravened any provision of these rules or the Act; or
 - (e) Violated any applicable law while carrying out activities of license under these rules.
- 2) On receipt of reference from the Project Director under sub-rule (1), the Licensing Committee shall cause to serve a notice upon the licensee within fifteen days of receipt of reference, to

show cause within thirty days after the date of the notice, as to why the license issued under these rules should not be cancelled or terminated:

Provided that in cases where the Licensing Authority, on the basis of material evidence, is of the opinion that there exists *prima facie* a sufficient case against the licensee, it may suspend the license to safeguard public finances and to prevent any other serious damage.

- 3) The Licensing Committee may, after giving the licensee adequate opportunity of being heard and after examination of the record, cancel or terminate the license issued under these rules.
- 4) In case of cancellation of license under these rules, the affected company shall have the right to file representation against the orders of the Licensing Committee before the Board.
- 5) The Board shall decide the representation, after giving proper opportunity of being heard.

CHAPTER V FEE AND CHARGES

25. Fee and charges:

- 1) The licensee may charge fee for installation, maintenance and tracking or usage of fixed tracking device on the vehicle from the carrier or the transport operator.
- 2) The licensee may collect fee or charges for installation, and monitoring or usage or tracking of removable tracking device installed on the cargo containers from importers of the cargo.
- 3) No fee whatsoever shall be charged from any of the Collectorates of Customs or the Board.

26. Determination of fee and charges:

- 1) The licensing committee shall at the time of issuance of license get the maximum amount of fee and charges determined which can be collected by the licensee from importers of the cargo, carriers or transport operators during the duration of the license.
- 2) The Project Director shall notify these fee and charges through a public notice for information of all the relevant persons.
- 3) The Project Director and the Collectors of Customs concerned shall ensure that only the fee and charges determined by the licensing authority are being collected by the licensee.

27. Revision or alteration of fee and charges:

- 1) The fee and charges determined in accordance with rule 25 shall not be revised or altered in normal circumstances during the duration of the license.
- 2) In cases where the basis of such determination has undergone significant and material change or where major economic disruption has occurred, the licensee may petition the licensing committee accordingly to revise or alter the determined fee or charges.
- 3) The licensing committee may in circumstances mentioned in sub-rule (2) allow review or alteration in such fee and charges:

Provided that in case where petition has been filed for upward revision or alteration of fee and charges, the representatives of importers and carriers or transport operators shall be given an opportunity to present their point of view during the proceedings.

- 4) The licensee may in case where the petition for upward revision or alteration of the fee and charges has been rejected shall have the option to request the Licensing Committee for cancellation of the license issued under these rules.

- 5) The licensing committee shall, on receipt of such a request under sub-rule (4), cancel the license forthwith.

CHAPTER VI RESPONSIBILITIES OF THE CARRIER AND TRANSPORT OPERATOR

28. Tracking and monitoring of cargo:

- 1) No cargo mentioned in these rules shall be transported from the Customs port of entry unless the tracking and monitoring devices have been installed on the containers and vehicles.
- 2) The carrier and transport operator shall not be allowed to operate a vehicle unless a permanent tracking device is installed in the vehicle.
- 3) While carrying out transportation of cargo under these rules carriers and transport operators shall be required to comply with the relevant provisions of the rules under which they are licensed.

29. Liabilities of the carriers and transport operators:

- 1) The carrier or transport operator shall be responsible for any loss, damage, unauthorized removal or disappearance of the tracking equipment during the course of transportation of goods.
- 2) The carrier or transport operator shall be liable to compensate the licensee in case of occurrence of events mentioned in sub-rule (1).
- 3) In case a dispute arises regarding the extent and nature of liability mentioned in sub-rule (2) on the basis of *bona fide* error or an accident, the matter shall be referred to the Collector of Customs in whose jurisdiction such an event takes place. The Collector concerned shall decide the matter within fifteen days of its receipt. The carrier or transport operator may, on being aggrieved with orders of the Collector, prefer an appeal before the licensing committee. The licensing committee shall decide the matter within thirty days, which shall be final and binding on the licensee and the carrier or transport operator.
- 4) The carriers and transport operators shall remain liable to punitive and other related actions in cases of violation or contravention of the applicable provisions of the Act and rules made thereunder while complying with the provisions of these rules.

CHAPTER VII MISCELLANEOUS

30. Liabilities of the licensee:

- 1) Without prejudice to the action that can be taken under Chapter IV of these rules, the licensee shall be liable to punitive action under the Act and rules made there under, in cases of its wilful collusion with the transport operator or carrier for violation or contravention of any of such provision.
- 2) The licensee shall also be liable to deposit duty and taxes along with surcharges and penalties under the Act and the relevant rules, where it is established through proceedings under the Act, after providing an opportunity of being heard, that the licensee has colluded with the carrier or transport operator resulting in damage or pilferage or loss of cargo specified in these rules.
- 3) In case of loss of synchronization of container tracker with the fixed tracking device installed on the vehicle, appropriate penal action shall be taken against the licensee, if no explanation to the satisfaction of customs authorities is made.

31. Functioning of Mobile Enforcement Units: To check and verify any of the eventualities enroute, the customs squad of MEUs shall patrol the designated routes on which transit and transshipment cargo is plying. The mobile squad may check a vehicle in case it receives authentic information or has reasons to believe that the goods have been pilfered or lost. The squad shall report the eventuality to the nearest RCR. The Mobile Squad shall make endorsement of the action taken with regard to cargo, the transport unit etc, by feeding the information in the system.

32. Audit: The Project Director shall arrange to carry out audit of the system every year. The report shall be used for system related improvements and corrective and remedial actions, where warranted.

[C. No.1(7)L&P/2008]

(Muhammad Irfan Wahid)
Secretary (Law & Procedure)

Annex VII: Afghanistan-Pakistan Transit Trade Agreement

Annex VIII contains sections and articles from APTTA, signed in October 2010 and ratified in December 2010. The full and proper implementation of APTTA will have a direct impact on dwell time. Extracts of the relevant sections of APTTA that will have an impact on dwell time are shown in bold below.

SECTION IV

FACILITATION OF TRANSIT TRADE

ARTICLE 6: PROVISION OF INFRASTRUCTURE AND SERVICES

- 1) The Contracting Parties agree to build or upgrade the required infrastructure as listed under Annex 1 to this Agreement in accordance with international best practices and standards.
- 2) The Contracting Parties, with a view to ensuring the clearance of transit traffic without delay, agree:
 - To maintain or establish **related infrastructure and Custom 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 cargoes; 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 their adjacent Customs stations;
 - To provide facilities for **priority clearance** of commercial vehicles with the appropriate **transit permits**; and
 - To provide **adequate and secure parking space** for container trucks and other vehicles awaiting clearance;

SECTION VII

CUSTOMS CONTROL AND OTHER CONTROLS

ARTICLE 21: HARMONISATION AND SIMPLIFICATION OF CUSTOMS PROCEDURES

- 1) The Contracting Parties agree that all cargo is to be transited through Pakistan and Afghanistan:
 - a. In containers of international specifications;
 - b. For a period of three year the cargo shall be allowed in internationally acceptable and verifiable standard of sealable trucks;
 - c. Oversize and bulk cargo (not imported in containers--like ship load) shall be transported in open trucks or other transport units;
 - d. Export of perishable goods in transit (like fruit and vegetable etc) shall be transported in open trucks or other transport units.
- 2) In case of bulk or oversized cargo which cannot be placed in sealed containers, other means of transport sufficiently secured for Customs and transit control purposes shall be used.
- 3) To limit Customs controls of the means of transport and of goods in transit passing through their territories to the minimum required to ensure compliance with the laws and regulations that the Customs is responsible to enforce.
- 4) **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.

- 5) To **encourage cooperative arrangements between their Customs services in order to ensure speedy customs clearance with minimum delay to transit traffic;**
- 6) To accept mutual recognition of checks and findings undertaken by their respective Customs officials;
- 7) To be guided, whenever possible, by the standards and recommended practices of the *International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention. 1999)*.
- 8) To implement the provisions specified in Protocol Three to this Agreement on *Customs Control*;
- 9) To authorize the importation of containers without the payment of duties and taxes subject to re-exportation and other conditions laid down in the *Customs Convention on Containers (Geneva, 1972)*.

ARTICLE 27: HARMONISATION 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:

- 1) 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 the minimum delay;
- 2) 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 the Customs have the required means in terms of training, information and equipment to conduct properly these controls.

SECTION X

This section provides for **establishment of APTTCA which will also address speedy clearance issues**.

PROTOCOL THREE CUSTOMS CONTROL AND TRANSIT REGIME

Article 7: Business Hours and Competence of Customs Offices for Custom Transit

- 1) 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.
- 2) Contracting Parties authorize their corresponding frontier Customs offices to clear all goods carried under Customs transit in accordance with the provisions of this Protocol.

Article 10: Exemption from Physical Customs Inspection and Escort En-route

- 1) Exemption from physical Inspection - 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.
- 2) Exceptional Physical Customs Inspection - Customs Authorities may by way of exception and in particular when they suspect irregularities, subject the cargo to physical inspection en-route.

Article 20: Communication of Information

- 1) The Customs authorities of the Contracting Parties shall, on request, communicate to each other as promptly as possible:

- a. Any available information relating to GD completed or accepted in their territory which is suspected of being false;
 - b. Any available information enabling the authenticity of seals claimed to have been affixed in their territory to be verified.
- 2) The customs administrations of the Contracting Parties shall ensure customs-to-customs co-operation by information sharing through setting up the facility of electronic interface.
 - 3) The customs administrations of both Contracting Parties at the point of entry shall make arrangements of communication through a hotline.
 - 4) The customs administrations of both Contracting Parties shall make arrangements for joint customs control at entry and exit points with mutual consent.

Annex VIII: Documentation and Forms

Vessel Declaration (for filing VIR)

Incoming Outgoing

Vessel's General Declaration:

Vessel ID.	Name of vessel.	Year built.
Type of vessel.	Nationality of vessel.	Gear / Gearless.
IMO number.	Call sign.	Gross registered tons.
Net registered tons.	Certificate of registry (port, date, number).	LOA.
Dead weight.	Shipping Line (Vessel Operator).	Position of bridge.
Beam.		

Incoming Voyage Information:

Voyage number.	P & I Club (Popup combo field).	Draft Aft (Non-mandatory).
Last port of call.	Draft Fwd.	Free Board (Non-mandatory).
PC Number (last port).	Air Draft (Non-mandatory).	Allocation of TEU's for loading from this port.

ETA and date.	Port of call in Pakistan.	Terminal / Berth.
---------------	---------------------------	-------------------

Quarantine Y / N.	Special requirement.
Purpose of vessel (Popup drop down field).	

Sealing Form

(NO) 21044669408.
 (NO) 1044795361. *bleed*
 C # 835
 29/9/13.

FORM "A"		PAKISTAN CUSTOMS CONTAINER SEALING SYSTEM		PCCSS FOCAL POINT ENTRY COPY	
PHONE:		FAX/MOBILE 0333/3180784.		TRACKING NO. & DATE	
FOCAL POINT ENTRY <i>E. Ishaq</i>				SERIAL # 464603	
FOCAL POINT EXIT <i>Tekh qures</i>					
CARRIER <i>T.A. Land.</i>				<i>2763-2723</i>	
NAME OF REPRESENTATIVE <i>T.A. Brothers</i>		TP APPLICATION / ATTI # NO. <i>13/8/13</i>			
SIGNATURE OF CARRIER'S REPRESENTATIVE <i>Saeed (u/Jan)</i>		CUSTOM GD: <i>2763</i>			
PARTICULARS OF DISPATCH AND RECEIPT		TPIAT # <i>2723 12/8/13</i>			
SEALING AND DESPATCH F.P. ENTRY		CONTAINER #		SEAL INSPECTION AT F.P. (EXIT)	
DATE	TIME	SEAL #	TRANSPORT UNIT	DATE	TIME
<i>5/9/13</i>	<i>12:40</i>	<i>3446039</i>	<i>RSU22281228</i>		
		<i>3446040</i>	<i>RSU2434265</i>		
CERTIFIED THAT THE CUSTOMS SEAL (S) AS ABOVE HAVE BEEN AFFIXED BY THE UNDERSIGNED AS PER PRESCRIBED PROCEDURE					
NAME OF PCCSS OFFICER (ENTRY)		SIGNATURE & STAMP			
<i>Saeed (u/Jan)</i>		<i>E. Ishaq</i>			
CERTIFIED THAT THE CUSTOMS SEAL (S) AND CONTAINER AS ABOVE HAVE BEEN INSPECTED BY THE UNDERSIGNED AS PER PRESCRIBED PROCEDURE AND FOUND INTACT					
NAME OF PCCSS OFFICER (EXIT)		SIGNATURE & STAMP			
NOTE: IN CASE THE CUSTOMS SEAL/OTHER SEALS ARE FOUND BROKEN OR TEMPERED OR THE CONTAINER/TRANSPORT UNIT IS FOUND TEMPERED OR DAMAGED IN A MANNER THAT INTERFERENCE WITH CARGO IS EVIDENT OR SUSPECTED THE PCCSS WILL NOT GIVE THE ABOVE CERTIFICATE AND INSTEAD HE WILL DETAIN THE TRANSPORT UNIT & CONTAINER AS WELL AS DRIVER OR TRANSPORT & REPORT THE MATTER TO PCCSS/LOCAL CUSTOMS AUTHORITIES AS PER SOP IMMEDIATELY					

Import General Manifest

IGM No. 5543 **Date** 13-12-2013 **Vessel Name** ALLIANCE ST. LOUIS

Index No.	Goods Description	Port Of Shipment	Gross Weight (M.Tons)	P A C K A G E S		Size/ No Of Container(s)	Importer Name	Consignor Name	Bill Of Lading No.	Bill Of Lading Date
				No.	Unit					
1	MILITARY CARGO (TWENTY TRLRS/SEMI-TRLRS NOT GT 2.5 TON CAP SPEC CAR) — CARGO IN TRANSIT TO AFGHANISTAN ***** REMAINING DETAIL IS CONTINUED IN MARKS & NUMBERS COLUMN	WILMINGTON	63.539	20	UNITS		US MILITARY (BH5H00) AFGHAN CENTRAL SUPPLY DEPOT	FARRELL LINES	HOEQ0878WIB Q0001	06-11-2013
2	MILITARY CARGO (TWENTY TRLRS/SEMI-TRLRS NOT GT 2.5 TON CAP SPEC CAR) — CARGO IN TRANSIT TO AFGHANISTAN ***** REMAINING DETAIL IS CONTINUED IN MARKS & NUMBERS COLUMN	WILMINGTON	63.539	20	UNITS		US MILITARY (BH5H00) AFGHAN CENTRAL SUPPLY DEPOT	FARRELL LINES	HOEQ0878WIB Q0002	06-11-2013
3	MILITARY CARGO (TWELVE TRLRS/SEMI-TRLRS NOT GT 2.5 TON CAP SPEC CAR) — CARGO IN TRANSIT TO AFGHANISTAN ***** REMAINING DETAIL IS CONTINUED IN MARKS & NUMBERS COLUMN	WILMINGTON	38.123	12	UNITS		US MILITARY (BH5H00) AFGHAN CENTRAL SUPPLY DEPOT	FARRELL LINES	HOEQ0878WIB Q0003	06-11-2013
4	MILITARY CARGO (TWENTY TRLRS/SEMI-TRLRS NOT GT 2.5 TON CAP SPEC CAR) — CARGO IN TRANSIT TO AFGHANISTAN ***** REMAINING DETAIL IS CONTINUED IN MARKS & NUMBERS COLUMN	WILMINGTON	63.539	20	UNITS		US MILITARY (BH5H00) AFGHAN CENTRAL SUPPLY DEPOT	FARRELL LINES	HOEQ0878WIB Q0004	06-11-2013

Courtesy by Pakistan Revenue Automation Ltd (a company own by CBR, Government of Pakistan)

Goods Declaration (GD)

TriPLICATE

GOODS DECLARATION. GD-1
 BILL OF ENTRY BILL OF EXPORT

1. EXPORTER'S/CONSIGNOR'S NAME AND ADDRESS
 CHAI TRADING COMPANY LTD MOMBASA KENYA.
 S/A: PAK CUSTOMS AGENCY TORRHAM.

10. IMPORTER'S/CONSIGNEE'S/PASSENGER NAME
 NOOR HAKIM LTD
 KABUL AFGHANISTAN.

14. NTN
 15. STR. No / PASSPORT NO & DATE
 Jawaz-Nama: 0101-4842

18. DOCUMENTS ATTACHED
 INV BIG
 B/JAWZ IT EXMP
 CO
 PL

22. VESSEL MODE OF TRANSPORT
 ATSAN

23. BL. AWL. CON. NO & DATE
 SA50036K552426 28-06-2013

24. EXCHANGE RATE
 102.00000

25. PORT OF SHIPMENT
 MOMBASA

26. PAYMENT TERMS
 PAYMENT IN ADVANCE

27. PORT OF DISCHARGE
 KPFT

28. PLACE OF DELIVERY
 PTOC

29. DELIVERY TERMS
 CFR

31. NUMBER OF PACKAGES
 220

32. TYPE OF PACKAGE
 PACKAGES

33. GR. GSS. WT Kg
 15.554

34. Volume M3
 0.0000

35. GENERAL DESCRIPTION OF GOODS
 BLACK TEA

36. IN THE CASE OF DANGEROUS GOODS INDICATE HAZARD CLASSIFICATION POINT

37. ITEM NO 1
 38. QUANTITY (a) Unit Type KG
 14960.0000

39. CO CODE
 404

40. SRO NO

41. HS Code
 0902.4020

42. ITEM DESCRIPTION OF GOODS
 KENYA BLACK TEA

43. UNIT VALUE
 Declared Assessed
 0.8000 0.9305/125

44. TOTAL VALUE
 Declared Assessed
 1968.0000

45. CUSTOM VALUE (PKR)
 Declared Assessed
 1245272.0000

46. LEVY CD
 10 % 0.00

47. RATE
 17.00 %

48. SUM PAYABLE (PKR)
 232866.01

49. SUM PAYABLE (PKR)
 88146.00

49. SRO / Test Report No & Dt
 0101-4842

50. FOB VALUE 0

51. FREIGHT 0.00

52. CFR VALUE 11968 US \$ 119 45628/

53. INSURANC 1

54. LANDING CHARGES @ 1

55. OTHER CHARGES 0

56. ASSESSED VALUE PKR 1245272 4242602.5

57. TOTAL REBATE CLAIM PROV. ASSMINT US \$ 81

58. MACHINE NO & DATE
 APFT-AT-2763 1 CD
 12-AUG-2013 17 28 5 ST
 Exch. Rate: 102.00000 6 IT
 Appraiser:
 C16 MIRZA IRFAN BAIG

59. AMOUNT (PKR)
 124527.28
 232866.01
 88146

60. BANK STAMP

61. A.O's Name, Sig & Stamp
 (IRFAN BAIG)
 Appraising Officer
 Custom House
 Karachi.

62. P.A.'s Name, Sig & Stamp

63. CIF/NO & DATE
 02/19/13

64. I declare that the above particulars are true & correct.
T.A. BROTHERS
 Proprietor

65. APPRAISER'S NAME, SIGNATURE & DATE
 SAJJAD HUSSAIN BHUTTO
 L.D.C.-M.C.C
 APPRAISER (M.N.I)

66. Bank Stamp

GOVERNMENT OF PAKISTAN
 DIRECTORATE GENERAL OF CUSTOMS
 AFGHAN TRANSIT
 APPRAISED ON COMPUTER
 VERIFIED FOR NO. 72
 DATE & SIGN: _____
 CUSTOM HOUSE, KARACHI

DESPATCHED
 02 SEP 2013

LIQIYAT ALI
 Principal Appraiser
 Custom House, Karachi

Weighment Certificate



Karachi Port Trust
Weight Certificate

Dated : August 29, 2013

I/C W.B No 11
T. SERIES
KPT

1250-2281228

Traffic Department

M.V. Aysan @ 07-AUG-2013

M/s. T.A BROTHERS

Certified that the Weight within mentioned packages was found as under :-

<u>Wh. Entry No. & Date</u>	<u>No. & Mode of Packaging</u>	<u>Index No.</u>	<u>No. of Vehicles</u>	<u>WEIGHT (in KGs.)</u>		
				<u>Gross Weight</u>	<u>Tare Weight</u>	<u>NET Weight</u>
1508130141/1 20-AUG-2013	1 CONTAINER(S)	28	1	31,820	13,970	15,560
Charges for the Utilized Weigh Bridge Rs. 6 Per Ton or part of a Ton				46 X 6	=	276
Fees for issuance of Certificate						15
						291

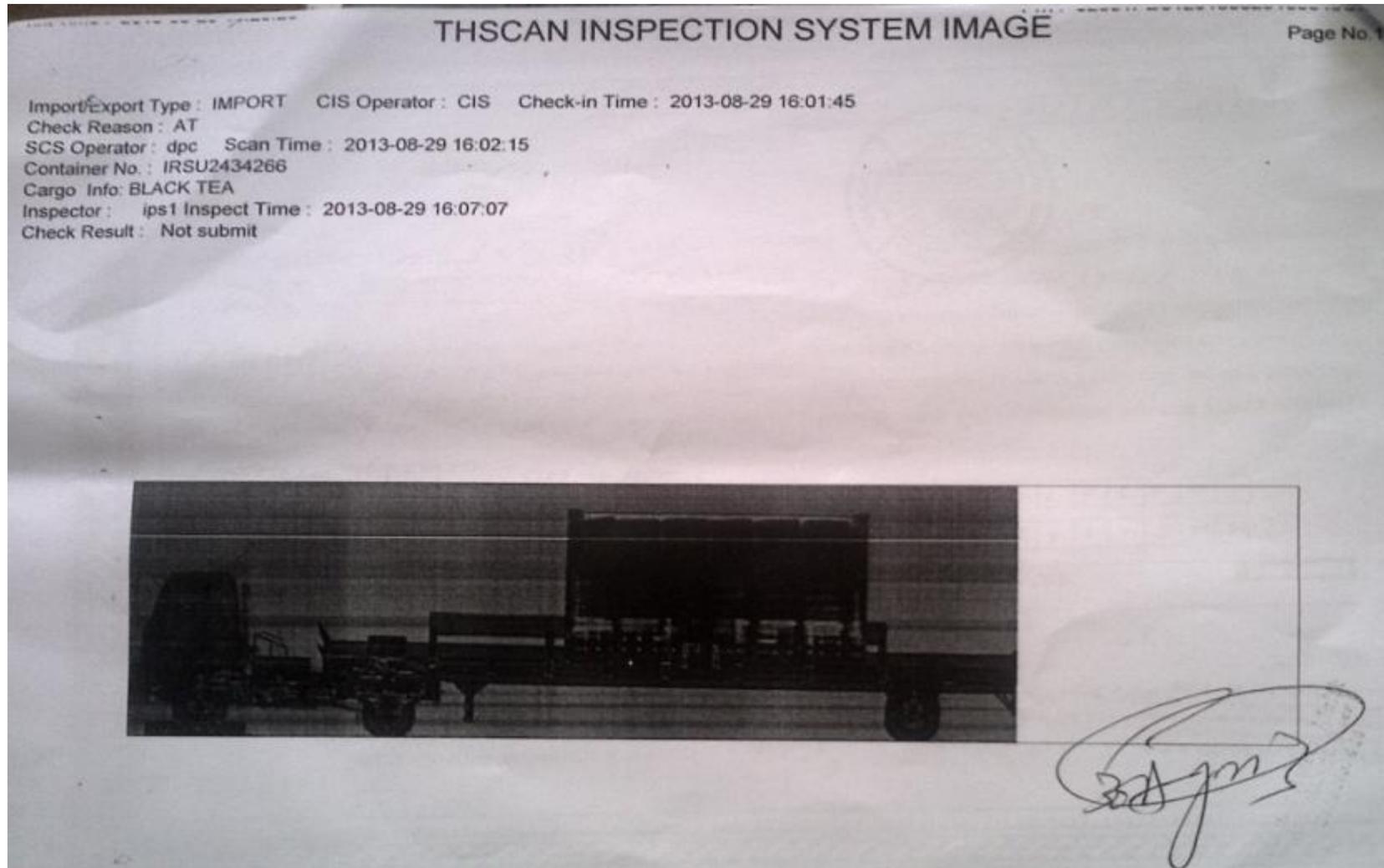
Ameen Malik
Appraising Officer

S. A. Malik
Fees for issuance of Certificate

I/C W.B No 11
T. SERIES
KPT
29/8/13

Amount Received Rupees Two Hundred Ninety-One Only

Inspection System Image



Jawaznama

15182

Islamic Republic of Afghanistan
Ministry of Commerce and Industries
Business Licensing Department

KARIM-UL-WADUD & CO
Creating & Forwarding & Shipping Agent
Head Office: 3rd Floor, Block 4, Durrani Bldg, Durrani Bldg, Durrani Bldg, Durrani Bldg, Durrani Bldg
Karachi Ph: 241-2442 Fax: 241-2443
C.H.A.L. # 1

مقبول افغان لیمیٹڈ
د شرکت نوم

COMPANY NAME: MRQBOL AFGHAN-LTD

08 01 - - 19 2 3 1 3 9 0

1 0 0 7 6 1 4 0 8 2 13 92 / 11 / 12

1 - 4 - 2013 محمد خان ارزادخت
VICE PRESIDENT / نائب رئیس

This is to certify that this license is a valid and registered document with the Business Licensing Department of Ministry of Commerce and Industries, in accordance with the commercial law of Afghanistan the holder of this license can do EXPORT AND IMPORT business according to the commercial law of Afghanistan.

په جواز چې د تجارت د قانون سره سم د سوداګرۍ او صنایعو وزارت د جواز نامو د صادرولو په ریاست کې د ثبت شوی او د اعتبار وړ سند دی. ددې جواز لرونکی کسولای شي چې د تجارت د قانون په رڼه کې د صادراتو و وارداتو په برخه کې د فعالیت وکړي.

په جواز کې د ثبت شوی سند د اعتبار وړ سند دی. ددې جواز لرونکی کسولای شي چې د تجارت د قانون په رڼه کې د صادراتو و وارداتو په برخه کې د فعالیت وکړي.

شماره 109 ثبت کتاب تجرید
۱۳۹۳/۱۱/۱۱

AFGHAN COMMERCIAL ATTACHE KARACHI
1384

1 3 9 3 / 11 / 11 31 - 3 - 2014

Annex IX: Pictures

Container Seal



Karachi Port



Karachi Port

