



## Minutes of the Board Meeting

### Karachi

*May 16, 2022*

The meeting was chaired by President PAJCCI. Attendance sheet is attached herewith.

- The meeting started with recitation from Holy Quran.
- Secretary General PAJCCI presented Activity report including membership, financial and operational aspects.

Subsequently, the agenda items were deliberated fully and the following resolutions were identified:

- Faiza Zubair; Secretary General updated on the status of recent interactions with government to address high impact issues faced by business community.

### Highlighted Issues and Recommendations

<b>1- Trade Barriers</b>	
<b>Current Status</b>	<p>Chaman being one of the most monumental borders, despite several assurances by State Bank of Pakistan and other commercial banks, E Form is not made available either in Chaman or in Quetta (Capital city of Baluchistan) that is sheer discrimination. Business people have to obtain the form from other provinces.</p> <p>Absence of cross border committee at Chaman, as is present at Torkham, increases difficulties in addressing quick kill issues and also an apparent discrimination towards the province. This is another discrimination.</p> <p>State Bank of Pakistan has asked business community from Afghanistan to bring USD which is not possible due to dearth of foreign exchange, absence of banking operations, international sanctions, forfeiture of Afghan deposits, refusal of international corresponding and commercial banks to process third party payment in case of PAK-AFG trade activity. It is further aggravated by absence of cash counters at border leading to security challenges.</p> <p>Non-competitive dry fruit tariff on Afghan exports resulting in increase of transit dry fruit trade with India that is offering extremely lower tariffs.</p> <p>Viable barter trade mechanism with Afghanistan will be of temporary nature due to trade balance hence third-party payment and trading in local currency is recommended.</p> <p>Unnecessary and multiple security checks are another source of stress for traders despite effective border management and proper documentation.</p>



	<p>Issue of Sales Tax refund and duty drawbacks due to absence of E-Forms are increasing the losses and resulting in higher tariff which is benefiting the competition. This would further enhance while conducting barter trade.</p> <p>In last Karachi meeting, DG Transit Trade asserted to allow Cross and de-stuffing, however, no notification is issued yet.</p>
<p><b>Further Actions / Recommendations</b></p>	<p>Disparity with Baluchistan be avoided, E-Form &amp; EIF shall be made available in Baluchistan by State Bank of Pakistan without discrimination, at Chaman border preferably or at least in Quetta.</p> <p>Custom / private sector liaison committee on the lines of Torkham be established to resolve real-time issues.</p> <p>Till the operationalization of banking channels in Afghanistan, refusal of corresponding and commercial banks to process third party payments and absence of viable barter trade policy the requirement of E-Form &amp; EIF must be further suspended till 6 months. PAJCCI has followed it up well by getting it extended thrice however doing it for 6 months will give proper breathing space to develop alternate mechanism.</p> <p>FBR is urged to rationalize tariff for dry fruit to ensure market share and revenue to national exchequer.</p> <p>Security forces must be advised to avoid hassling traders and remove multiple checks. Intelligence should focus on security checks and do not breach custom domain by re-checking consignments that increases time and add cost of doing business.</p> <p>Vehicles with proper documentation, especially GD, should be facilitated and not passed through undue checking at multiple check-posts.</p> <p>QCCI provided input that barter trade with Iran is of permanent nature whereas with Afghanistan the dynamics are different due to diverse trading products and once banking channels will be operational, it will be just an alternate, hence, this matter shall be undertaken with due diligence.</p> <p>Sales tax refunds and duty draw back process via land routes shall be re-designed to address special circumstances in case of trade with Afghanistan and it should also inculcate upcoming barter trade requirement so that Pakistani business community is not at stake.</p> <p>PAJCCI will follow-up DGTT for issuance of SRO allowing cross-stuffing and de-stuffing as committed.</p>



<b>Current Status</b>	Ministry of Commerce has nominated PAJCCI as lead organization from Pakistan side to hold discussion, taking the lead from Pak-Iran barter trade agreement, hence representative from Quetta Chamber provided detailed insights for barter trade mechanism with Iran to set baseline for Pak-Afghan ToRs.
<b>Further Actions / Recommendations</b>	<p>PAJCCI shall include in recommendations for the type of products, payment mechanism, achievement of trade balance, dispute resolution and arbitration clauses.</p> <p>A separate module will be required for Customs, FBR and PSW for barter trade with Afghanistan to be successful and viable.</p> <p>PAJCCI will soon hold deliberation meeting for Pakistan side and then cross border to devise effective ToRs and communicate the same to Ministries across the border.</p>

### 3-Infrastructure and timings issues

<b>Current Status</b>	<p>Border crossings shall be operational for 24 hours, as committed, which will ensure that trade flows without delay and will enhance economic transactions significantly.</p> <p>Only one gate was operational at Chaman causing severe congestion and delays.</p> <p>Electricity plants and tax-free zones to be established to further the trade</p>
<b>Further Actions / Recommendations</b>	<p>PAJCCI will initiate communication with relevant government functionaries to increase timings</p> <p>Business community has built another gate on self-financed basis to facilitate movement, however Government should take example of Taftan (Pak-Iran border) and increase number of gates at the border for increasing efficiency and revenue stream.</p> <p>Tax free zones will bring raw materials for local manufacturing which can be exported as value added products from Pakistan.</p>

### 4- Other Important Highlights

<b>Highlights</b>	<p>PAJCCI to consult multiple relevant stakeholders on board to discuss barter agreement to avoid credibility issues and curb fraudulent practices.</p> <p>Government of Pakistan was urged to keep Chairman PAJCCI engaged to address the issues faced by business community and for their effective resolution.</p> <p>PAJCCI to conduct session at Chaman border soon.</p>
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<b>Way Forward</b>	<p>PAJCCI will continue to take lead in representing all matters requiring resolution at all levels, as was done in Past.</p> <p>PAJCCI will take up barter trade policy formation task with priority, work has already been started though.</p> <p>Banking issues will be rigorously followed with Ministry and SBP for resolution.</p> <p>PAJCCI to ensure discrimination with Baluchistan province be reduced.</p>
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