

Trade and Transport Facilitation Audit in Afghanistan

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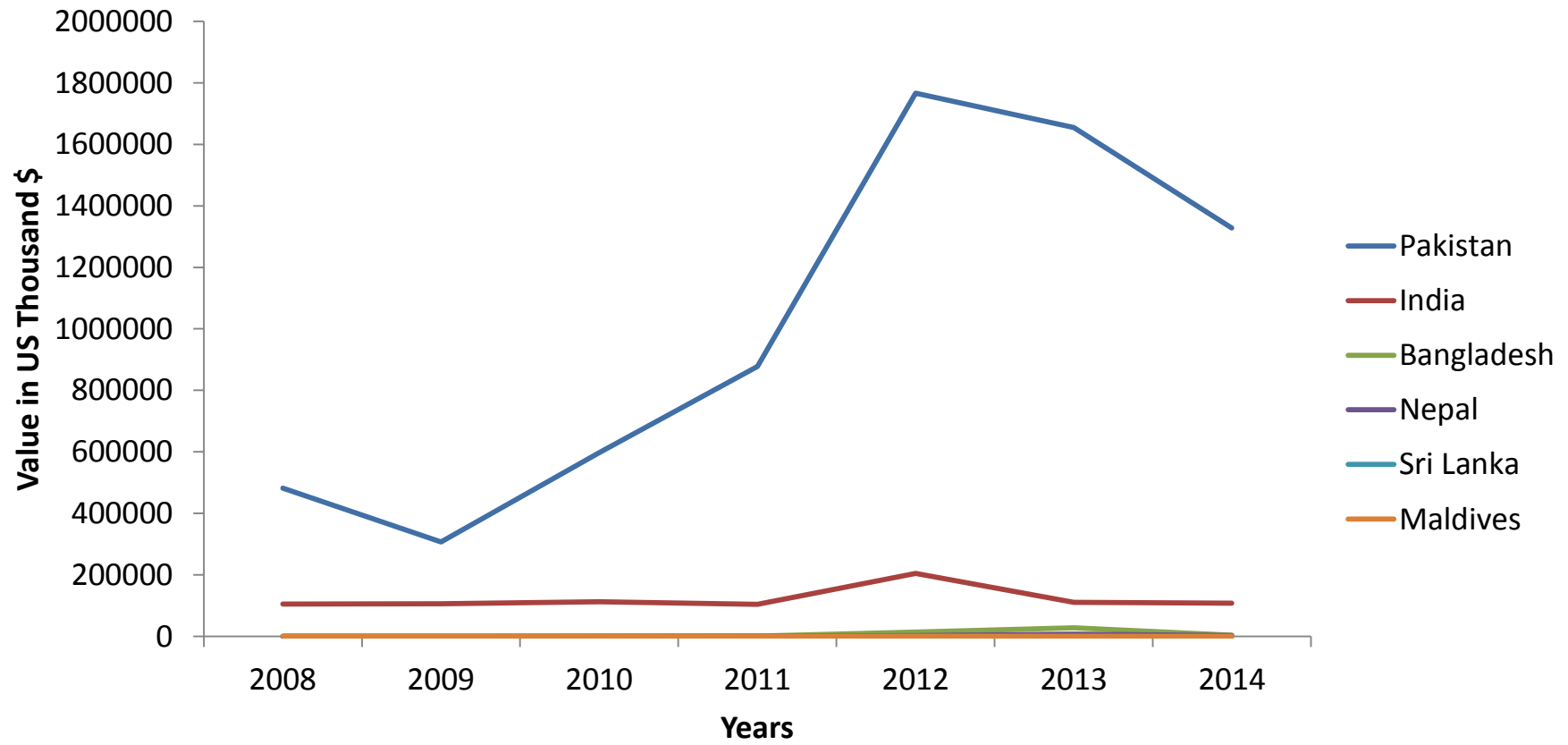
Objectives of this study

- Identifying trade- and transport-related bottlenecks in Afghanistan
- Assessing the benefits of removing these bottlenecks
- Stocktaking of ongoing reforms in trade- and transport related areas
- Assessing minimum investment requirement for addressing bottlenecks.

Major Trading Partners

- Major export destinations (2015)
 - Half of exports to Pakistan, India and Iran
- Major import origins (2015)
 - Pakistan, Iran, China and Japan

Afghanistan's Imports from South Asia



Source: Pakistan Economic Survey

Ease of trading across borders

- No. of export documents higher in comparison to South Asian average
- Time to export and import almost twice the average of South Asia
- Cost to export and import almost thrice the average of South Asia

Afghanistan's Main Trade Transport Routes

Transit Country	Transit Port	Transit Route	Destination
Pakistan	Karachi	→ Peshawar → <u>Torkham</u> → → Quetta → <u>Spin Boldak</u> →	Kabul-Kandahar
Iran	<u>Bandar Abbas</u>	→ <u>Islam Qala</u> → Herat	Kabul -Kandahar

Survey Methodology

- Instrument aimed to look at
 - publication and administration of policies related to trade issues
 - rules and procedures for imports and exports
 - quality and efficiency of trade related infrastructure and services
 - treatment of goods in transit
 - use of ICT to facilitate exports and imports

Survey Methodology

– Respondents

- 60 in-depth interviews in Kabul and Jalalabad
- FGD and roundtable meeting in Kabul
- Online inquiry from Dubai-based Afghan traders

Respondent Category	Number of Interviews
Exporter	24
Importer	19
Road Carrier/freight forwarders	2
Customs authority	6
Chamber of commerce	4
Ministry/Department of Commerce	4
Others	1
Total	60

Accessibility of customs information

- National customs website still requires improvement
- Information regarding release time, frequent changes in regulations, and clearance time is inadequate
- Effectiveness of this information varies depending upon the sector of trade
- Security agencies, food inspection bodies' inspection points not well known
- The coordination between these agencies requires further reforms.

Customs Processing and Documentation

- Processing of custom's declaration is still not fully online
- Advance ruling and pre-arrival processing of imports is often not on schedule
- Single window for customs not being utilized by most traders
- Irregular payments for clearing consignments
- Availability of non-judicial review.

Transit Processing & Documentation

- Both manual and electronic submission of transit documentation possible
- Pre-arrival processing of transit consignments not possible in majority cases
- Transit guarantee value not commonly known.

Priority Trade Facilitation Areas

- Better coordination between border management agencies
- Check on irregular payments and bribes
- Transit agreement with neighboring countries (Turkmenistan and Iran)
- Decreasing the number/time required for export/import documents
- Decreasing the time taken to clear inward/ outward goods.

Proposed initiatives for Trade Facilitation

- Introducing on-line submission of trade documents
- Integrated customs post
- Extending automated customs software to Spin Boldak
- Administrative measures to curb informal trade.

Estimated Financial Cost

Objective	Proposed Project	Investment Required (USD Million)	Budget Details
Coordination between border management agencies and reducing time to clear goods	Integrated customs Post	1.224	4 customs officers, 1 project director, data server, IT infrastructure. Total 2 border point/offices. Rates have been obtained from counterpart offices in Chaman and Torkhum
Irregular payments/bribes	Extending automated customs software to Spin Boldak	2.2	Cost of software. Rates taken from counterpart software on Pakistan side
Decrease the number/time required by export/import documents	Introducing on-line submission of trade documents	3.012	One MIS Unit will: set up web portal, 1 data server, hire 3 IT staff, 1 project manager
Total cost of 2 border points		6.436	One hopes more border points will be opened. This cost only provides estimates for two such points.

Medium-term Financing Requirements

- Sustained investments to fully benefit from Afghanistan-Pakistan Transit Trade Agreement (APTTA)
 - Aims to modernize, simplify and standardize transaction and customs procedures
 - Up scaling of logistic service
 - Trilateral trade between Pakistan, Afghanistan and Tajikistan
 - Kabul – Peshawar motorway
 - Additional transit trade corridors.

Can CAREC help Afghanistan's trade potential?

- Central Asia Regional Economic Cooperation (CAREC) programme links Afghanistan, Azerbaijan, China, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Uzbekistan and Turkmenistan
- CAREC will help Afghanistan through:
 - Improvement of seaports, roads and rail
 - Harmonization of trade, customs and transport regulatory framework
 - Accession to international conventions.

Thank You



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