Potential and Prospects of Strengthened Transport Connectivity for Regional Economic Integration in Southern Asia

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Aim of the Presentation

- Reiterate the commitment of the regional conference held last year
- To highlight the potential of intra-regional trade
- Point out the challenges
- Suggest a way forward
Geostrategic Significance of Pakistan
Pakistan’s Land Border Stations

<table>
<thead>
<tr>
<th>Afghanistan</th>
<th>Iran</th>
<th>India</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Torkham</td>
<td>Taftan</td>
<td>Wagha</td>
<td>Sust</td>
</tr>
<tr>
<td>Chaman</td>
<td></td>
<td>Khokhrapar</td>
<td></td>
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<tr>
<td>Ghulam Khan</td>
<td></td>
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</tr>
</tbody>
</table>
## Share of Trade with SAARC & China

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Exports</th>
<th>Imports</th>
<th>Total</th>
<th>%age Share</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SAARC</strong></td>
<td>3,246</td>
<td>2,527</td>
<td>5,773</td>
<td>8.3</td>
</tr>
<tr>
<td>Afghanist an</td>
<td>1,870</td>
<td>359</td>
<td>2,230</td>
<td>3.2</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>698</td>
<td>56</td>
<td>754</td>
<td>1.1</td>
</tr>
<tr>
<td>Bhutan</td>
<td>0</td>
<td>0</td>
<td>0.002</td>
<td>0.0</td>
</tr>
<tr>
<td>India</td>
<td>408</td>
<td>2,049</td>
<td>2,458</td>
<td>3.5</td>
</tr>
<tr>
<td>Maldives</td>
<td>8.4</td>
<td>0.02</td>
<td>8.46</td>
<td>0.02</td>
</tr>
<tr>
<td>Nepal</td>
<td>0.65</td>
<td>0.74</td>
<td>1.39</td>
<td>0.002</td>
</tr>
<tr>
<td>Srilanka</td>
<td>260</td>
<td>62</td>
<td>322</td>
<td>.45</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>2,420</td>
<td>7,719</td>
<td>10,139</td>
<td>14.4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>25,110</td>
<td>15,073</td>
<td>70,183</td>
<td>100</td>
</tr>
</tbody>
</table>
Physical Proximity – Advantage to be had
Trade Initiative of Pakistan in the Region

- South Asia Free Trade Area (SAFTA) – Jan 6, 2004
- SAARC Agreement on Trade in Services – Apr 29, 2014
- Pak Sri Lanka FTA – Aug 1, 2002
- ECO Trade Agreement (ECOTA) – Jul 2003
- Pak Iran PTA – Mar 4, 2004
- FTA with China in Goods & Services – Nov 26, 2006
Transit/ Transport Agreements with the Neighbours

- Agreement between Pakistan and Iran on bilateral Road Transportation of Goods
  - Status: The Agreement was signed in July 1987 and is in operation since October 1992.

- Agreement between Pakistan and China on International Road Transport (Goods & Passenger)
  - Status: The Agreement was signed in December 1993 and is in operation since April 2005

- Agreement for Traffic in Transit among China, Kyrgyzstan, Kazakhstan and Pakistan
  - Status: The Agreement was signed in March 1995 and was operationalized in May, 2004
Transit/ Transport Agreements with the Neighbours

- **Agreement between Pakistan and Iran on International Transport of Passengers and Goods by Road**
  - Status: The Agreement was signed in June 2008. Pakistan has ratified the Agreement in 2009. Iran has also ratified it for the agreement to become operational.

- **ECO Transit Transport Framework Agreement (TTFA) (Road, Rails & Ports)**
  - Status: Signed in May 1998 between ECO Member states (except Uzbekistan), came into force in 2006.

- **Agreement between Pakistan and Turkey on Road Transport (Passenger and Goods)**
  - Status: Signed in June 2003 and has been ratified in 2009 by both countries. However, the Agreement is yet to be operationalized. Turkey has also requested transit rout to Afghanistan through Taftan border.

- **Afghanistan Pakistan Transit Trade Agreement, 2010 (APTTA)**
  - Status: Signed on 28 October 2010 and ratified. Agreement is operational.
Accession to International Conventions

- International Carriage by Rail (COTIF), 1980

Accession to the following is in progress

- Customs Convention on Containers, 1972
- International Convention on Harmonization of Frontier Control of Goods, 1982
- Convention on International Carriage of Goods (CMR Convention), 1956
Modern Integrated Border Crossings

- To reduce time taken at borders and thereby increasing connectivity three integrated border crossings are being established: Wahga, Torkham & Chaman

- Pakistan Land Port Authority is being established to strengthen institutional framework
Infrastructure for Connectivity

- **Highways network**
  - Roads from Karachi and Port Qasim to Tuftan, Chaman, Torkhum, Sust and Wagha are available
  - Gwadar to Khuzadr road and is under construction for linkage to Central Asia
  - Dual carriage Karakorum highway is under construction for linkage to and China
  - Construction of Bannu to Ghulam Khan road is under construction for linkage with Afghanistan

- **Railway network**
  - Karachi to Taftan, Chaman, Peshawar, Wagha and Mona Bhao network is available
  - Gwadar to Quetta, Chaman to Kandahar and Peshawar to Torkhum railway lines are under consideration for development development
Trade Facilitation through Policy Interventions

- Establishment of Pakistan Land Port Authority

- Federal Board of Revenue has launched WeBOC (Web based one customs system) on 1st January, 2014 for registration and issuance of user ID and Password top Afghan importers. This system would be developed for automation and setting up single window system.

- A National Trade and Transport Facilitation committee (NTTFC) was established in 1998, headed by The Secretary commerce to monitor, supervise and co-ordinate the implementation of all on going projected related to trade facilitation.

- Draft SAARC Railways Agreement

- Draft Agreement on SAARC Motor Vehicle
Afghanistan Pakistan Transit Trade Agreement (APTTA), 2010

- APPTA has become operational in June, 2011
- Pakistan has offered 7 immediate routes from Karachi, Port Qasim and Gwadar to Chaman and Torkhum border crossings; and Torkhum to Khunjrab for China
- Pakistan has allowed one way transit from Torkhum to Wagha only
- APPTA provides access to Central Asia through Afghanistan
- Afghanistan has offered 13 immediate routes for transit from Torkhum and Chaman to border crossings of Tajikistan, Uzbekistan, Turkmenistan and Iran
- APPTA can be used as a template for similar new agreements in the Region
ECO Truck Caravan & Container Train

- ECO Truck Caravan comprising all member states except Kyrgyzstan and Uzbekistan, was launched from Quetta on 30th September, 2010
  - The initiative was under the ECO Transit Transport Framework Agreement (ECO-TTFA)

- An ECO Container Train connecting Pakistan, Iran and Turkey was launched from Islamabad on 14th August 2009, covering a total distance of 6,443 KM from Islamabad to Istanbul via Iran
  - Monthly train service between Islamabad and Istanbul has been started, although it is not operating regularly because of operational problems
New Proposal

- Agreement between Pakistan and Tajikistan on Transit Traffic.
  - Status: The draft of the Agreement based on APTTA has been submitted to the Government of Tajikistan for consideration through the Ministry of Foreign Affairs. The Agreement is under negotiations. Tajikistan has proposed trilateral Agreement between Tajikistan, Afghanistan and Pakistan.

- Agreement between Pakistan and Turkmenistan on Transit Traffic
  - Status: The draft of the Agreement has been submitted to the Government of Turkmenistan for consideration through the Ministry of Foreign Affairs. The negotiations are underway for finalization of the agreement.
Central Asia Regional Economic Cooperation (CAREC) Program

- Ten countries – CARs+ China+ Mongolia and Pakistan
- Pakistan became member in November 2010
- Pakistan provides shortest route to Arabian Sea
- ADB is working towards US$ 13 billion infrastructure development in energy and trade routes
- ADB is working to link regional countries by transit trade agreements.
Challenges

- Non-harmonization of rules & regulations for goods and for crossing of people and transport
- Cumbersome custom procedures
- Law & order
- Trust deficit
- Lack of quality infrastructure
- Lack of risk assessment procedures
Way Forward

- Economic openness by lowering the tariff and eliminating non-tariff barriers
- Accession to international conventions
- Negotiations and implementation of transit traffic and transport agreements
- Efficient Customs Procedures
- Simplification and harmonization of trade procedures
- Physical connectivity
- Modern Transport and logistics services
- Relatively freer movement of people
- Interconnection of Customs data exchange between regional countries
Thank you
QUEUING DELAYS AT WAHGA
Existing Wagha BCP Layout
Proposed Wagha Trade Terminal Layout