

A Controversial Shift in Afghan Transit Monitoring, Challenges and Changes in Afghan Transit Shipment.

Once again, Pakistan has introduced new regulations for monitoring transit shipments to Afghanistan, and as always, Afghan traders are bearing the brunt of these changes. The Federal Board of Revenue (FBR) of Pakistan has recently rolled out a new system for overseeing transit trade, which has sparked criticism and frustration among stakeholders. Afghan traders argue that these measures are just another example of Pakistan creating unnecessary hurdles, adding complications and costs to an already challenging process.

These new policies are seen as yet another blow to Afghanistan's trade, a recurring issue that has long troubled Afghan traders. From increased fees to stricter monitoring, the changes not only disrupt the smooth flow of goods but also cause significant delays and financial losses. Afghan traders have repeatedly voiced their concerns about the impact of Pakistan's policies on their business, but it seems the cycle of creating barriers continues.

This pattern of imposing new restrictions is nothing new. Time and again, Afghan traders have faced challenges due to Pakistan's regulatory shifts, which seem to prioritize control over facilitation. For Afghan traders, the story remains the same: rising costs, shrinking profits, and missed opportunities. With this latest move, it feels like history is repeating itself, and Afghan traders are left to navigate an even tougher trade landscape.

Transition from Satellite Tracking to Human Surveillance

Previously, transit shipments to Afghanistan were monitored using satellite tracking technology, overseen by TPL Trakker, a private company with expertise in container tracking since 2013. However, the FBR terminated the company's license at the end of 2024, citing outdated technology, recurring technical failures, and an inability to provide reliable real-time tracking. While TPL Trakker refuted these claims, asserting that their system was restored after a brief cyberattack, the FBR has moved forward with a new approach.

The revised system replaces satellite tracking with human surveillance and the use of Prime Mover Devices (PMDs) installed on vehicles. This change has drawn criticism as PMDs track vehicle movement but lack the capability to monitor containers directly, increasing the risk of pilferage and smuggling. Moreover, the new contractors appointed for monitoring lack experience in container tracking and do not possess essential Container Surveillance Devices

(CSDs). Transporters and industry stakeholders have expressed concerns over the reduced effectiveness and increased costs associated with these changes.

New Standard Operating Procedures (SOPs)

To mitigate risks, the FBR has introduced new SOPs, effective from December 27, 2024. These include:

1. **Convoy Movement:** Shipments are to be transported in convoys escorted by customs officials from the port of entry to the destination. However, certain items such as sugar, edible oil, and UN cargo are exempt from convoy requirements.
2. **Selective Scanning:** Shipments will undergo scanning at both the entry and destination points, with scanned images shared through designated channels for verification.
3. **24/7 Monitoring:** A central customs control room has been established to provide real-time tracking of vehicles and ensure compliance with the Afghan Transit Trade (APT) and Temporary Admission (TA) agreements.

Impacts on Afghan Trade

These changes have particularly alarmed Afghan traders, who are already navigating challenges posed by seasonal trade demands, such as the fruit harvest. The additional costs for installing PMDs (approximately Rs20,000 per vehicle) and per-trip fees to contractors (Rs5,278) have raised operational expenses for transporters. Afghan traders claim these measures violate the Afghanistan-Pakistan Transit Trade Agreement (APTTA) and international transit norms, leading to delays and diversions of cargo to alternative routes, including Iran.

A letter from Khan Jan Alokozai, the Co-President of the Pakistan Afghanistan Joint Chamber of Commerce and Industry (PAJCCI), has raised concerns about the new restrictions imposed by Customs Pakistan on Afghan transit cargo. These restrictions include mandatory 100% scanning at both entry and exit points, movement of cargo in convoys under Customs escorts, and additional monitoring requirements.

He highlights that these measures are causing delays and higher costs, making trade difficult for Afghan traders and leading to the diversion of cargo to Iran. Alokozai emphasizes that these rules violate the Afghanistan-Pakistan Transit Trade Agreement (APTTA) and international transit norms.

He requests the intervention of Junaid Esmail Makda, the President of PAJCCI, to address these challenges and ensure smooth trade and transit in line with existing agreements.

Technical and Administrative Gaps

The abrupt shift from TPL Trakker to new contractors has exposed several gaps in the monitoring system. The new firms lack the expertise and equipment necessary for effective container tracking. For instance, CSD devices, which are critical for preventing cargo theft, are unavailable with the new contractors. The Licensing Committee admitted this limitation during its December 31 meeting, attributing it to a nationwide shortage of CSDs.

Despite these challenges, the FBR allowed the new contractors to begin operations, relying heavily on customs staff to fill monitoring gaps. Additional human resources from Customs Enforcement have been deployed to oversee bonded cargo at origins and along transit routes, further straining resources and efficiency.

Contextualizing the Current Issues with Past Challenges

The ongoing controversy echoes challenges identified in a 2021 report that detailed Afghanistan's transit trade struggles, exacerbated by the COVID-19 pandemic. At that time, Afghan traders faced numerous obstacles, including excessive scanning, lack of bonded carriers, and shortages of tracking devices. Over 90,000 to 100,000 transit containers passed through Pakistan annually, and the inefficiencies in transit monitoring and customs clearance created severe economic repercussions.

Key issues included:

1. **Excessive Scanning:** Afghan transit cargo was subjected to 100% scanning at Pakistani ports, a significant deviation from the standard 20% requirement. This led to delays and added costs.
2. **Delays and Exploitation:** Trucks carrying Afghan cargo were forced to stop at checkpoints where bribes and extortion were rampant, further delaying shipments and increasing expenses.
3. **Financial Burdens:** Afghan traders incurred millions in demurrage charges and detention fees, with costs skyrocketing due to monopolized tracking systems and bonded carrier shortages.
4. **Comparative Inefficiencies:** A comparison with Iran's streamlined transit processes during the pandemic highlighted Pakistan's inefficiencies, with transit trade through Pakistan declining by 23% while Iran's increased by 6%.

Broader Implications and Recommendations

The FBR's new measures aim to modernize transit trade monitoring but risk further alienating Afghan traders and reducing bilateral trade volumes. As stakeholders contend with higher costs, increased delays, and reduced transparency, the following recommendations emerge:

1. **Diversify Transit Routes:** Afghanistan must strengthen trade ties with Iran and Central Asia to reduce dependence on Pakistan. Negotiating access through Turkmenistan and Uzbekistan can provide alternative pathways for trade.
2. **Renegotiate APTTA:** The Afghanistan-Pakistan Transit Trade Agreement should be revised to align with international norms, ensuring fair and efficient trade processes.
3. **Address Monitoring Gaps:** The FBR should invest in robust container tracking technologies and ensure contractors possess the necessary expertise and equipment to effectively monitor shipments.
4. **Enhance Collaboration:** Both nations must prioritize dialogue and cooperation to resolve transit issues. This includes fostering institutional capacities within Afghanistan to advocate for its trade interests.
5. **Combat Corruption:** A concerted effort is needed to eliminate bribes and extortion at transit checkpoints, ensuring smoother and more cost-effective trade routes.

Conclusion

The FBR's recent changes to Afghan transit monitoring reflect a broader challenge of balancing security and efficiency in trade systems. While the intention to enhance oversight is commendable, the execution has amplified trade disruptions and eroded trust among stakeholders. Drawing lessons from past crises, Pakistan and Afghanistan must work collaboratively to create a balanced and transparent transit system that fosters economic resilience and regional cooperation. A concerted effort to address administrative inefficiencies and uphold international standards is essential to restore confidence and facilitate the smooth flow of goods across borders.