

**Afghanistan Pakistan transit trade agreement-2010:  
implications for Pakistan**

**THESIS FOR M. PHIL DEGREE IN POLITICAL SCIENCE**



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**Dedicated to my parents and family who have always been the  
most valuable source of support, motivation and  
companionship for me in all my endeavors**

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**BABAR ALI**

## **DECLARATION**

I, Babar Ali s/o Sadiq Ali, ID No. 13001112006, student of M. Phil at the University of Management of Technology, Lahore, do hereby solemnly affirm that this thesis entitled as Afghanistan Pakistan Transit Trade Agreement-2010: Implications for Pakistan, is entirely my individual research work and has not been submitted to any other university or institution for any other purpose.

**BABAR ALI**

## **CERTIFICATE OF SUPERVISOR**

It is certified that the research work contained in this thesis titled Afghanistan Pakistan Transit Trade Agreement-2010: Implications for Pakistan, has been carried out and completed by Babar Ali, student ID: 13001112006, under my supervision.

It is also certified that M.Phil thesis of Babar Ali, student ID: 13001112006, on the topic Afghanistan Pakistan Transit Trade Agreement-2010: Implications for Pakistan, is his original research work and all the sources have been cited in accordance with the prescribed format. Its scope and significance warrant its acceptance to the Department of Political Science. UMT Lahore for the award of M.Phil Degree in Political Science.

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## **LIST OF ABBREVIATIONS**

<b>ACCI</b>	Afghanistan Chamber of Commerce and Industry
<b>APTTA</b>	Afghanistan Pakistan Transit Trade Agreement
<b>APTTCA</b>	Afghanistan Pakistan Transit Trade Coordination Authority
<b>CARs</b>	Central Asian Republics
<b>CCCI</b>	Chaman Chamber of Commerce and Industry
<b>ECO</b>	Economic Cooperation Organization
<b>FBR</b>	Federal Board of Revenue, Government of Pakistan
<b>FC</b>	Frontier Crops
<b>GDP</b>	Gross Domestic Product
<b>GATT</b>	General Agreement on Tariffs and Trade
<b>ISAF</b>	International Security Assistance Force
<b>KPK</b>	Khyber Pakhtunkhwa
<b>KCCI</b>	Karachi Chamber of Commerce and Industry
<b>MoU</b>	Memorandum of Understanding
<b>MFN</b>	Most Favored Nation
<b>NDMA</b>	National Disasters Management Authority
<b>NLC</b>	National Logistic Cell
<b>NWFP</b>	North West Frontier Province
<b>PAJCCI</b>	Pakistan Afghanistan Joint Chamber of Commerce & Industry
<b>SAARC</b>	South Asian Association for Regional Cooperation
<b>SAFTA</b>	South Asian Free Trade Agreement
<b>SBP</b>	State Bank of Pakistan
<b>TAPI</b>	Turkmenistan-Afghanistan-Pakistan-India Gas Pipeline
<b>TDAP</b>	Trade Development Authority of Pakistan, Ministry of Commerce, Government of Pakistan
<b>TIR</b>	Transport Internationaux Routiers or International Road Transport System
<b>USSR</b>	Union of Soviet Socialist Republic
<b>USD or US\$</b>	United States Dollar
<b>USAID</b>	United States Agency for International Development
<b>VAT</b>	Value Added Tax
<b>WTO</b>	World Trade Organization

# MAP OF AFGHANISTAN-PAKISTAN



Source: [www.mapsafghanistan.com](http://www.mapsafghanistan.com)

## **ABSTRACT**

The aim of this work is to provide a comprehensive framework about historical relations between two Muslim neighbours, especially in the context of Afghanistan Pakistan Transit Trade Agreement-2010 (APTTA) and its implications for Pakistan. Trade always plays a positive role to build peace and harmony between different countries. People of different nations cooperate with each other and trade can be used an effective tool in bilateral relations. Since implementation of APTTA-2010, there is consecutive fluctuation in mutual transit trade and there could be huge profit if the same was implemented in letter and spirit. Regrettably, the trade volume is going down day by day which is hampering economy of both the countries. No doubt, both the countries have pathetic historical background but on many occasions they showed amicable relations. In fact, Afghanistan and Pakistan can get massive benefits by establishing trade and peace harmony. Interestingly, Pakistan earned more revenue as compare to Afghanistan in bilateral trade but some hidden hands did not want to see economic boost up in the country. Informal trade can be more fatal for poor revenue and it should be controlled by taking solid measures. Moreover, how we can develop and secure this agreement? While perusing the historical aspects, a student of history can find that most of the time, the government of Afghanistan showed it's proclivity towards Russia formerly Union of Soviet Socialist Republic as well as India for foreign trade and now many Afghan businessmen and entrepreneurs are willing to establish their trade with Central Asian States instead of Pakistan. That is a grave situation for the government of Pakistan. Now, it is decisive time to launch commendable steps in formulating bilateral trade with Afghanistan because being neighbour and Muslim country, Afghanistan can provide huge advantages to Pakistan because

Afghanistan being a land locked country intends to take advantages in developing its economy. This dissertation is a review about the prevailing position of the Afghanistan and Pakistan Transit Trade Agreement-2010 that was signed to provide benefits to Afghanistan through sea-ports of Pakistan.

## **CHAPTER STRUCTURE**

This dissertation has five chapters, starting with 'Introduction' a brief chronological background of two neighbor countries and their foreign policies. Moreover, this chapter consists of Objectives of the Study, Research Questions, Methodology, Independent & Dependent Variables, Setting, Sampling Procedure and Importance of the Study.

Chapter two elaborates 'Pak-Afghan Bilateral Transit Trade' the Geo-Strategic Importance of both the countries and the significance of the APTTA-2010 to Afghanistan as well as Pakistan. Moreover, it will also highlight some other important facts associated with trade and bilateral relations.

Chapter three indicates 'Informal Trade' including Smuggling, long border and sufficient crossing points, Lack of Revenue personnel and Lack of Modern Technology. In this chapter it will be established that how security agencies from the both sides can formulate solid arrangements to prevent such anomalies.

Chapter four points out the 'Dispute, Impediments, Bottlenecks' regarding passage tax, partial shipment, bonded carriers, manufactures resentments, investment process, missing of containers, visa quandary, Iran factor, infrastructure dilemma, trade barriers, weak security arrangements and many more.

Chapter five is designated about 'APTTA-2010 and its Implications for Pakistan'. It would tell us about the prevailing situation after the implementation of APTTA-2010. At the end concluding remarks are more beneficial to summarize arguments.

## CHAPTER 1

### INTRODUCTION

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Man is a social animal said by Aristotle. On this planet from inception of life, he made very hardest struggle to get his livelihood. In ancient times man had no proper means of trade and transportation, due to which he was unable to formulate relations with others. It is said that “*necessity is the mother of invention*” and this citation implies on the whole progress and prosperity of human beings. There was a time when man used to live in caves and hunted wild animals for his survival but that circumstances were not adequate for his daily requirements.