



Afghanistan; From Landlocked to Land-Linked

By: Cdre (Retd) Bilal Abdul Nasir SI(M)

Like the 49 landlocked countries of the World, Afghanistan also relies mostly on transit trade through neighbouring countries. It mostly conducts trade through land routes and very less through air routes. Afghanistan's major transit trade route is through the Pakistani ports of Karachi and Bin Qasim and some through Iranian port of Chahbahar. The volume of Afghanistan's trade with other neighbours is very less.

Primarily three types of bilateral trade take place between Pakistan and Afghanistan i.e. formal (or official) trade, the informal (or unofficial) trade and the transit trade.

The formal trade, comprising local goods produced in Pakistan and Afghanistan, is conducted through legal ways and is generally documented. It contributes towards the economy of both the countries, but the quantum is very small and accounts for almost 2 percent of the total bilateral trade.

The informal trade, as the name implies, is conducted through illegal ways (both ways i.e. from Pakistan to Afghanistan and vice versa), remains undocumented and contributes towards the black market economy. It would be rather more appropriate to term it as smuggling. Its exact value remains undetermined but is estimated to be around 15% of the total Pak-Afghan bilateral trade. It mostly comprises locally produced goods like wheat, rice, fruits, spices, fertilizers, cement, petroleum products, carpets, precious stones, timber and scrap metals. Few items imported by Afghanistan from Gulf countries (by air), Iran or CARs (mostly electronics in small quantity) are also smuggled to Pakistan.

The third form of trade is transit trade, which constitutes almost 80 to 83% of the bilateral trade. It is recorded and conducted through official channel utilizing Pakistani ports. Some of these items are purportedly either smuggled back to Pakistan or never cross the border. However, since the institution of Afghanistan Pakistan Transit Trade Agreement (APTTA), strict border management, stringent customs procedures and introduction of

negative lists by Pakistan, this trend has been somewhat arrested. Nevertheless, Pakistan needs to further streamline its procedure to document the transit trade right from the Pakistani ports till the border crossing to Afghanistan before the turf is ceded to Iran and Afghanistan starts importing its goods through Chahbahar.

Afghanistan being a landlocked country cannot remain isolated in a globalized world. The international rules and regulations allow Afghanistan to be integrated into the international economic system. Pakistan must help Afghanistan transition from being **'landlocked'** to **'land-linked'** and overcome the constraints imposed by its geography.

In doing so, both countries will benefit, provided the agreements are not misused through smuggling or malpractices. The communications infrastructure in both Pakistan and Afghanistan will improve, job opportunities will be created, more revenues will be generated (or saved) and, above all, interdependence will increase. It will also lead to significant improvement in bilateral relations.

It must be realized that the privileges of landlocked countries are recognized by international laws since long. The landlocked countries of the world started raising their demand for a share in sea-borne trade as early as 1864 when Switzerland had put forward a claim to raise its maritime flag. Despite opposition by few countries, this right was eventually recognized in the peace treaties concluded between various European nations after WW-1.

It was in this backdrop that a declaration was unanimously adopted in the Barcelona Conference in 1921, authorizing the seagoing vessels of landlocked countries to fly their flags. The declaration stated that "The Barcelona Conference has for all times, embodied the right of all states without sea-coast to fly a flag on the sea". The understanding reached in Barcelona Conference was later incorporated in Article V of the General Agreement on Tariffs and Trade (GATT). Subsequently, Article 33 of the Havana Charter for International Trade Organization expressly refers to freedom of transit for landlocked countries.

The UN General Assembly Resolution 1028 (XI) also calls its members "to give full recognition to the needs of landlocked member states in the matter of transit and trade." The rights of transit were further substantiated at Law of the Sea Conference convened in Geneva on 27 April 1958, which led to adoption of Articles 2, 3 and 4 of UN Convention on Law of the Sea (UNCLOS) that recognize the right of transit and innocent passage of vessels of any state through territorial waters of other states.

Finally, the Convention on Transit Trade for landlocked counties was concluded under the auspices of UN, which came into force in 1965. Since then the landlocked neighbours of counties with sea coast can benefit from the trade facilitations.

In 2003, the United Nations had adopted a significant declaration at Almaty, Kazakhstan famously known as the 'Almaty Programme of Action' aimed at connecting the landlocked countries to international markets, facilitating trade, transportation and transit. Besides protecting the rights of the landlocked countries, the declaration calls upon the participating countries to promote interconnectivity and trade facilitation. Pakistan, being a permanent member of the UN, is duty bound to abide by the provision of the declaration.

Nevertheless, whenever a country wants to put pressure on a landlocked neighbour, it can do it on one pretext or the other. The country can simply close the borders citing

prevailing security situation or any other reason. It may even impose certain restrictions on transportation means or routes to be followed. Delaying tactics can also be adopted through other means. Pakistan had used this option against Afghanistan several times. Pak-Afghan border remained closed for over seven months after Salalah Incident in November 2011.

Economic cooperation and integration, particularly trade expansion measures cannot be pursued effectively unless there is an infrastructure in place to support the process. Thus efficient port facilities have to be established and rail, road and air links improved. Synergy has to be created in the domains of telecom, banking, financing and customs services as well. Moreover, radical reforms are needed in modernization of transport sector, particularly in case of Pakistan and Afghanistan where the main mode of freight transportation is by road.

By facilitating trade through own territory, Pakistan's overall communications infrastructure and services will improve leading to job creation and poverty reduction. It will also help in attracting the FDI, the banking sector will thrive and, above all, it will lead to significant improvement in bilateral relations. Sadly, the Afghan transit trade through Pakistan has not accrued the desired dividend owing to its misuse primarily because of poor management and neglect. In this fast evolving globalized world, countries are moving closer to each other through trade. Let Pakistan may not be singled out and left behind in this race.

The Writer is associated with the National Institute of Maritime Affairs. The views expressed are his own.