

**Agreed Minutes for the third meeting of the Joint Working Group on Trade, Commerce and Investment between Afghanistan and India**

The third meeting of the Joint Working Group on Trade, Commerce and Investment (hereinafter stated as the JWG) was held in Kabul on 25<sup>th</sup> October, 2018 and represented a significant step forward in promoting bilateral economic cooperation between Afghanistan and India.

2. The meeting was co-chaired by H.E Ms. Kamila Sidiqi, Deputy Minister of Trade Affairs, Ministry of Industry and Commerce of the Government of Islamic Republic of Afghanistan and H.E Mr. Anup Wadhawan, Commerce Secretary, Ministry of Commerce and Industry, Government of the Republic of India. The members of the Afghan and Indian delegation are listed in Annex I and II respectively.
3. The Head of the Afghan delegation, Ms. Kamila Sidiqi extended a warm welcome to the Indian Delegation. She stated that she is hopeful that the discussions today will make a definite and bold progress in promoting bilateral trade relations between the two nations. Furthermore, she stated that she is happy to report that since our visit to Delhi in 2017, for the second meeting of the JWG, a great deal of progress has been made on mutually agreed issues which will be reflected upon in greater clarity and depth in the current discussions. She outlined that Afghanistan remains committed to enhance its trade relations with India and appreciated India's ongoing support for Afghanistan.
4. The leader of the Indian delegation, Mr. Anup Wadhawan expressed gratitude for the warm hospitality extended by the Afghanistan side to the Indian delegation. He emphasised the importance of JWG in bilateral relations. He noted that frequent high level visits signify warmth and high level of trust in the relationship. He expressed happiness on the recent growth in bilateral trade but noted that there is huge potential for further growth. He identified pharmaceuticals as one of the potential products of export from India to Afghanistan and offered to provide high quality and affordable generic Indian drugs to Afghanistan. In this regard he suggested that Afghanistan may consider acceptance of Indian pharmacopoeia, which will facilitate expeditious provision of high quality medicines to Afghanistan. Noting the importance of land based transit route and appreciating the efforts undertaken by Afghanistan for inclusion of India in expanded Afghanistan Pakistan Transit Trade Agreement (APTTA), he outlined that extension of the Agreement would be beneficial for both countries. He also mentioned that both countries may utilise the accession of India and Afghanistan to TIR convention for emphasising the right of transit of both the countries through other territories. He also impressed upon improving the utilisation of air freight corridor and requested Afghanistan's support for operationalisation of Chabahar port. Noting the support provided by India to Afghanistan on WTO matters, he expressed India's willingness in providing further assistance on such issues. He also suggested that WTO forum may be utilised by both sides for stressing their right of transit, for reciprocal market access.
5. Both sides discussed and adopted the agenda at **Annex-III**.

6. Both sides reviewed the progress on the Agreed Minutes of the Second meeting of the JWG held on 29<sup>th</sup>-30<sup>th</sup> March, 2018 in New Delhi. The status of various issues, and the decisions thereon, are reflected in **Annex- IV**.

7. Other bilateral trade issues were then taken up for discussion.

8. The Afghanistan side raised the following issues:

#### **8.1 Issues related to air freight corridor**

The Afghan side expressed their concern regarding certain challenges which are hampering the full utilization of air freight corridor, currently in place between the two countries. It was mentioned that the average time taken for clearance in India exceeds 6 hours, which leads to levy of extra charges, and it was requested to expedite the process of clearances to complete it within 6 hours.

Afghan side expressed concern that the Food Safety and Standard Authority of India (FSSAI) testing and Plant and Quarantine and Customs procedures are time consuming.

The Afghan side also requested that landing permission may be provided to aircrafts, on request basis as such permission is generally not given in Mumbai during the night in summer months, and in some instances in New Delhi. It was requested that landing permission may be afforded during the night as well, considering the nature of perishable goods.

The Indian side noted the concern relating to time taken in clearances and agreed to examine the issue in consultation with the concerned Customs and other regulatory authorities. The Indian side also agreed to take up the issue relating to landing permission of aircrafts with the aviation authority in India.

#### **8.2 Double Taxation issues of airlines**

The Afghan officials raised concerns regarding the double taxation of Afghan airline companies in India. It was mentioned that based on the understanding signed by the authorities of both countries on 14<sup>th</sup> September 1975, Afghan airlines shall not be taxed in India and Indian airlines shall not be taxed in Afghanistan.

The Indian side agreed to examine the issue in consultation with concerned authorities.

#### **8.3 Business disputes**

The Afghan Side raised the issue of business disputes involving Afghan and Indian businessmen which are under resolution through the Indian Judicial system. It was mentioned that judicial procedures to address the trade and investment disputes in India are time consuming and in some instances, a dispute can take around 4 years to be resolved in that system. This negatively affects Afghan and Indian traders in terms of time and cost. The Afghan side proposed the establishment of a Joint Arbitral Commission to the Indian delegation in order to address the trade and investment disputes.





The Indian side clarified that trade disputes could be taken up for resolution through the Director General of Foreign Trade (DGFT) under the provisions of the Foreign Trade Policy of India. It was suggested that the Directorate General for International Trade at Ministry of Industry and Commerce of Afghanistan could work with DGFT for cooperation in this context.

## **9. Concept Notes**

The Afghanistan side mentioned that a number of concept notes were shared with the Indian side, prior to the 3<sup>rd</sup> meeting of the Joint Working Group. The salient features of the concept notes and the discussion on them is summarized below:

### **9.1 Creation of a permanent design center for handicrafts in Afghanistan**

The Afghanistan side sought support of the Government of India in creation of a permanent design center for handicrafts in Afghanistan, aimed at improving the strength and capacity of women and youth in Afghanistan.

The Indian side informed that the concept note is being examined by the relevant authorities and a response would be provided soon.

### **9.2 Contribution for creation of an Export Bank in Afghanistan for Afghan exports**

The Afghanistan side requested the Indian side for investments in establishing an Export Bank in Afghanistan for exporters, in order to boost export.

The Indian side mentioned that at present Indian institutions may not be able to make any investment in Exim Bank of Afghanistan. However, Exim Bank of India can share its experience and expertise in the fields of capacity creation, institution strengthening, export development, export capability creation and enhancing international competitiveness for setting up similar institutions in Afghanistan.

### **9.3 Allocation of a space for Afghan product within SEZ and Economic Zone**

The Afghanistan side sought space and show rooms in SEZs in India to help Afghanistan carpet, handicraft and gem stone traders boost their business by sending products to other parts of India and out of the country using SEZ facilities. The space is being sought for gem stone, handicrafts and carpet sector in any one of the SEZs at Jodhpur Handicraft/Carpet free zone, Mahindra World City, Handicraft/Carpet Jaipur, Jaipur Gemstone SEZ and Mani Kanchan Gemstone, West Bengal.

The Indian side informed that it might not be possible to allocate Afghanistan specific space for the purpose of showrooms. However, trading and warehousing units for Afghanistan could be considered in SEZs, subject to the availability and a request from Afghanistan through a formal proposal to the corresponding authority i.e. the concerned Development Commissioner.

### **9.4 Proposals requiring investment by India:**

The following proposals were mentioned by the Afghanistan side:

- a. *Establishment of a 500 Beds Super Specialty (Complex) Hospital in Kabul based on Public Private Partnership (PPP)*

The Afghanistan side sought establishment of a Super Specialty hospital with proper equipment and staff in Kabul, along with teaching facilities. The project is proposed to be run through Public Private Partnership Build Operate Transfer (BOT) model and support was sought from Government of India or private sector investment or through Special Purpose Vehicle (SPV) in the context of Public Private Partnership.

*b. Establishment of food and medicine testing laboratories in Afghanistan (PPP)*

The Afghanistan side informed that there is only one basic set up for testing of food and medicine products in Kabul, which is also under equipped. Apart from strengthening the existing laboratory in Kabul, the Afghanistan side is seeking to establish four regional food and medicine testing labs in different provinces viz. Herat, Nangarhar, Kandahar and Mazar-e-Sharif with support from Government of India through Public Private Partnership mechanism. The total expenditure for the project is calculated at around 15.5 million USD.

*c. Reviving public pharmaceutical manufacturing units in Afghanistan*

The Afghanistan side informed that it is seeking to revive its public pharmaceutical manufacturing units by implementing organization reforms such as re-structuring of recruitment procedures, organization, digitalization of warehousing system, expansion of existing infrastructure and production capacity through design and construction of new facilities and equipping the units with new machinery. The total cost for the same is estimated at USD 20 million and support of the Government of India was sought for this purpose.



In respect of the three proposals above, the Indian side mentioned that since the proposals are requiring commitment of huge amount of funds, the decision requires detailed deliberations, considering the totality of circumstances. The proposals are being examined by the Indian side. However, the Indian side offered to assist in capacity building of the Afghan side for implementing these projects. The Indian side also suggested that Afghanistan may consider utilization of the Line of Credit, amounting to USD 50 million extended by India, on these proposals.

The Indian side also offered to facilitate a meeting of Afghan side with the Indian Industry for establishing the projects in PPP mode.

**9.5 Cooperation to treat Afghan children who have congenital heart disease**

The Afghan side mentioned that the hospital sector in Afghanistan is in poor shape and congenital heart disease (CHD) is the one of the underserved specialty service. It was proposed that a plan of action may be designed to identify children with CHD requiring treatment in India, establish a coordination body to technically coordinate and transfer children with CHD to India and prepare a MoU to be signed between the Ministry of Public Health of Afghanistan and Ministry of Health in India for implementation of this plan.

The Indian side mentioned that the issue relating to the cooperation in treating Afghan children affected by Congenital Heart Diseases is being examined by the Indian side and a response will be provided.





## **9.6 Proposals relating to Agriculture**

### ***a. Promoting the professional capacity of farmers in the gardening sector***

The Afghan side mentioned that the professional capacity of gardener and farmer in Afghanistan is very low as a result of which they do not receive sufficient income from their agricultural activities. It was proposed to develop the capacity of 540 farmers who will receive technical training courses on horticulture management, processing and cultivation of vegetables in different areas of Afghanistan. The approximate cost identified for the project was USD 313863 and support of the Indian side was sought for the same.

### ***b. Establishment of Greenhouses***

The Afghanistan side mentioned that development of greenhouse in different areas of Afghanistan will facilitate the development of vegetables in Afghanistan. The proposal envisages development of 60 greenhouses and training of 60 farmers in the cultivation and harvesting of greenhouse vegetables. The approximate cost identified for the project is USD 146116.

For both the agriculture related proposals, the Indian side stated that it is willing to associate with Afghanistan in the capacity building of its farmers in modern technologies of vegetable production, processing and trading of horticulture products including Green House Technology. The training can be provided by different institutes in India and experts from Indian institutes can also be deputed for imparting training in Afghanistan.

Both sides however agreed that the issues may be referred to the India - Afghanistan Task Force on Agriculture which is the correct forum for taking decisions on that.

## **9.7 Technical support for launching certification services at ANSA**

The Afghan side mentioned that Afghanistan National Standard Agency (ANSA) aims to strengthen its management system certification. Although the audit team has undergone theoretical training, it requires physical audit training under the supervision of an experienced audit team leader. In respect of product certification, the requirements for development of products certification manual, laboratory information management system, recruitment of qualified technical staff in the laboratory and support in capacity building of TBT staff were identified.

The Indian side stated that accreditation for Management systems certification and product certification can be done by National Accreditation Board for Certification Bodies (NABCB) and accreditation for labs by National Accreditation Board for Testing and Calibration Laboratories (NABL). It was also mentioned that International Standards have been revised and ANSA would require revision of its Management Systems Certification Manual and other documentation as per the revised standard. Bureau of Indian Standards (BIS) can assist them in the process and also consider including ANSA personnel in the BIS audits as Auditor-in-training, organize training programs for ANSA personnel on laboratory Quality Management System and provide training to ANSA personnel in respect to Conformity

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Assessment/Certification Procedure. The Indian side requested Afghanistan to inform specific requirements in this regard. The Afghan side agreed to submit the specific requirements.

#### **9.8 Metrology needs at ANSA**

The Afghan side mentioned that support for metrology needs would be required for basic training in the field of metrology. Deputation of an expert in Kabul for help in preparation of documents for law/legislations etc, calibration of equipment and donation of books related to field of metrology for development of a library.

The India side mentioned that training in the field of Legal Metrology in India could be provided at identified Indian institutes and Indian experts could also be deputed for training of Afghanistan's technical persons in Afghan laboratories. It was also informed that an expert of Legal Metrology having expertise of drafting rules etc. for preparing documents/Law/Legislation etc. can also be deputed to Afghanistan for short duration. The Indian side further stated that calibration of weights and measures as well as donation of books can also be facilitated. The Afghanistan side may indicate specific requirements in this regard. The Afghan side agreed to submit the requirements.

#### **9.9 Proposals related to field on Mining and geology**

##### *a. Afghanistan Geological Survey "AGS" Technical proposal for field works and laboratories equipment*

The Afghan side informed that in the concept note, AGS has proposed upgradation of standard field and laboratories equipments, to enable development of AGS as full-fledged service provider. Support from Indian side is sought for such upgradation.

##### *b. Technical and Managerial capacity building of Afghan personnel*

The Afghanistan side mentioned that it is proposed to develop capacity of the employees of the Ministry of Mines and Petroleum in technical, financial and policy areas. For this purpose educational programmes and trainings for them are to be organized and a list of 26 such programmes/trainings has been prepared. The Afghanistan side sought support from India for such capacity building.

##### *c. IT Capacity Building Programs*

Under this proposal, increase in the capacity of the Directorate of Information technology towards IT training and certification, IT infrastructural development and data recovery is envisaged.

For all three proposals related to Mines and Geology, the Indian side stated that since a separate Joint Working Group under the MoU on Cooperation in the field of Geology and Mineral Development has already been constituted, these issues may be discussed in the meeting of that Joint Working Group.

##### *d. Concept Note on Higher studies scholarship for Ministry of Mine and Petroleum*

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The issue was raised by Afghan side, however, it was agreed to be referred to the concerned working group, where Afghan side could submit the proposed concept note.

#### **9.10 Establishment of Joint Chamber of Commerce and Industries between Afghanistan and India**

Afghan side requested the establishment of Afghan – India Joint Chamber of Commerce and Industries. It was mentioned that from Afghan side, the chamber will be represented by Afghanistan Chamber of Commerce and Industries, Afghanistan Chamber of Mines and Industries and Afghanistan Women Chamber of Commerce and Industries and that a proposal has been already sent to FICCI. The Indian side agreed to pursue the proposal with Department of Industrial Policy and Promotion, in order to expedite the process of establishing Afghan-India Chamber of Commerce and Industries.

10. The Indian side raised the following issues:

#### **10.1 Facilitation of transit for Indian export cargo to Afghanistan**

The Indian side mentioned that the lack of overland transit facilities is hampering India's exports to Afghanistan.

The Indian side also noted that the issue of expansion of the Afghanistan Pakistan Transit Trade Agreement (APTTA) was discussed in the last JWG meeting and Afghanistan was requested to facilitate inclusion of India under expanded APTTA, as it would have positive effect on bilateral trade. Since APTTA is yet to be expanded, the Indian side requested for continued support of Afghanistan for inclusion of India in the amended/new APTTA. The Afghan side mentioned that despite sustained efforts to include India as a party to APTTA, no favorable outcome has materialized yet.

Both sides also noted that the bilateral motor vehicle agreement between India and Afghanistan has been signed in September-2017 which overcomes the technical objection in denying access to Afghan trucks till ICP Attari. While expressing full commitment to receive Afghan trucks at ICP Attari, the Indian side mentioned that efforts need to be made for full transit rights for Indian exports to Afghanistan and vice-versa, via land route.

Both sides agreed to pursue the aforementioned issues in relevant platforms.

#### **10.2 Cooperation on export of pharma products from India and strengthening Afghan medicine regulatory system**

The Indian side reiterated that India can provide high quality and affordable drugs and pharmaceutical products to Afghanistan. The discussion on this issue was also carried out in the last meeting and in respect of pooled procurement contract, the Afghan side stated that it was preparing for pooled procurement, and looked forward to leading Indian enterprises participating in the competitive process. The Afghan side responded that a government to

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- government contact could accelerate the process by exchange of information between MoPH/NMHRA and DOC.

The Indian side also mentioned that delay in testing of samples at key ports continues to affect the export of pharmaceutical products from India to Afghanistan. In order to overcome such an impediment, the Indian side suggested that third party inspection (i. e. Pre-shipment inspection) may be carried out for pharma products.

The Indian side recalled that the proposal for opening of Affordable Medicine and Reliable Implants for Treatment (AMRIT) stores in Afghanistan, where exclusively Indian made generic drugs are proposed to be sold, was made during the meeting of the Hon'ble Prime Minister of India and Hon'ble President of Afghanistan in September 2018. The Indian side reiterated the proposal and sought views of Afghanistan.

The Afghan side requested that the Indian side need to submit a detailed proposal within a month to NMHRA for the establishment of the AMRIT stores in Afghanistan.

For capacity building of Afghan officials, the Indian side suggested that Central Drug Standard Control Organization (CDSCO) and National Medicines and Healthcare Products Regulatory Authority (NMHRA) Afghanistan, based on the approved MoU, should work towards implementation phase. Afghan Side mentioned that capacity building component could be supported by CDSCO and Ministry of External Affairs of India.

The Afghan Side stated that the MoU between CDSCO and NMHRA has already considered fast track registration of Indian pharmaceutical companies and healthcare products. It was also mentioned that the third party pre-shipment quality control testing is agreed and will be operationalized by both sides soon. The Indian side agreed to share information needed for fast track registration of Indian Companies in Afghanistan; i.e. List of manufacturing plants approved by US FDA, PMDA, EDQM, and other stringent regulatory authorities.

Indian side requested recognition of the Indian Pharmacopoeia by NMHRA used for registration of medicine and healthcare products in Afghanistan, which will help Indian exporters maintain their competitiveness. The Afghan side replied that the issue will be taken up for discussion and decision by the Afghan National Medicine Board in one month, and the decision will be conveyed accordingly.

Both sides agreed that the use of air freight corridor for export of pharma and healthcare products, joint manufacture of medicines in Afghanistan and hospital services by Afghan and Indian private sectors are useful initiatives and agreed to support them.

### 10.3 Direct sourcing of rough gemstones

The Indian side noted that the issue was also discussed in the last meeting of the JWG. The Indian side had expressed its desire for direct procurement of rough gemstones through organisations such as Gems and Jewellery Export Promotion council (GJEPC) and offered to provide support for facilitating such trade through a buyer seller meet.

The Indian side requested that Afghanistan may consider removal of legal impediments, if any, in direct sale of rough gemstones to India, as it will facilitate its direct exports to India, which





anyhow are reaching India through indirect route. The Indian side also mentioned that Afghanistan may participate in the next India Rough Gemstones Show in January 2019 or an exhibition that could be organized in Kabul. The Indian side also stated that Afghanistan may consider the suggestion made during the recent high level meeting to participate in road-shows on rough gem stones in Gujarat, which has a highly developed gems cutting and polishing industry.

Afghan Side mentioned that based on current policies and regulations, export of rough gemstones are not allowed. However, export of gemstones after certain value addition and processing inside Afghanistan, can be facilitated. Meanwhile, Afghan side encouraged Indian Investors to invest in gemstones processing and value addition in Afghanistan.

The Indian side suggested that in the interim till requisite capacity is developed in Afghanistan, a balanced approach could be pursued, including building up of the capacity and export of rough gemstones.

#### 10.4 Chabahar transit related issues

The Indian side reiterated that the development of Chabahar port would provide an alternative route for facilitating the transit of cargo to and from Afghanistan. The utility of Chabahar for Afghanistan was amply demonstrated in the wheat and lentils shipments to Afghanistan through the port. Both sides stated the need to work together for operationalization of the Chabahar Port, in view of the recent international developments.

#### 10.5 Issues related to visas for Indian and Afghan Traders

The Indian side mentioned that the issue was raised during the last meeting of the JWG when the Indian side highlighted difficulties being faced by Indian businessmen such as long processing time and issue of only a single entry Business visa. The Indian side informed that the issue is yet to be resolved and still difficulties are being faced by Indians in getting business visas. The Indian side again requested the Afghan side to expeditiously issue multiple entry visas of 1-5 years duration for Indian businessmen, which will also help to facilitate trade.

The Afghan side responded that currently 1-3 years multiple entry visa is being issued to Indian traders and noted the request for issuance of 1-5 years multiple entry visa to Indian traders.

The Afghan side also mentioned that despite tangible progress and introduction of new visa regime reflected in the Agreed Minutes of the second meeting of the JWG, procuring Indian visa has remained an issue for Afghan traders and entrepreneurs. Afghan Side requested their Indian counterparts to make the visa regime more favorable in order to boost the current volume of trade. They also requested that India should provide written guidance on the terms and procedures to obtain 1-5 years' visa with continuous stay of 180 days.

The Indian side proposed the registration of Afghan traders in India, in order to benefit from the above mentioned visa regime. Afghan side mentioned that, in the meantime, in primary stage, aforementioned long term visas may be issued to traders trading via air freight corridor. It was agreed by the Indian side to examine the request..



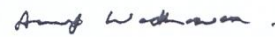
11. Both sides agreed to revert back on the decisions taken in the meeting, preferably within three months.
12. The meeting was held in a warm and cordial atmosphere.
13. It was agreed that next meeting of the Joint Working Group on Trade, Commerce and Investment between India and Afghanistan would be held in New Delhi, on mutually agreed dates decided through Diplomatic Channels

This Agreed Minutes is signed on 25th October, 2018 in Kabul, in English Language.



(Kamila Siddiqi)

Deputy Minister of Industry and Commerce  
Government of the Islamic Republic of Afghanistan



(Anup Wadhawan)

Commerce Secretary

Government of the Republic of India