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## Office of Economic Growth and Infrastructure

### CAREC: Transport & Trade Facilitation May 2014



*Enhancing Regional Trade and Cooperation. Bridging Central Asia and South Asia.*



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# INFRASTRUCTURE

Connecting South and Central Asia



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## Gardez - Khost Road (101km)

Start Point (Gardez) at Km 0.00  
MGRS: 415WC125317772

Gardez City

Paktia Province

Shwak District

Phase IV (Final Phase) – In Procurement – 25 Km

Zadran District

Nadir Shah Kot District

Khost City

Ending Point (Khost Matun) at Km 102  
MGRS: 425WB9032596002

Shamal District

Khost Province

Legend

Gardez to Khost





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## Gardez-Khost Highway

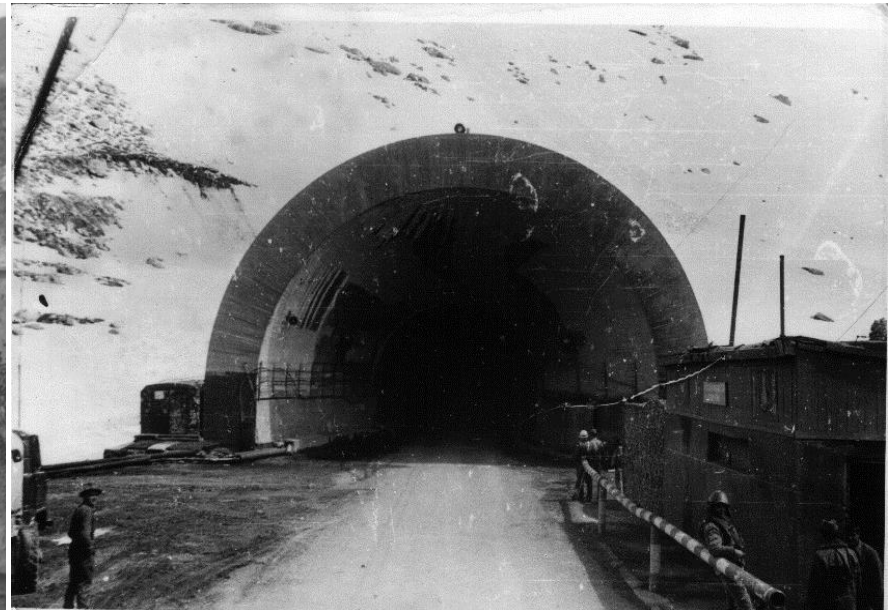
- At project start-up the condition of the highway in 2007 was a combination of unimproved roadway and partially graveled or paved surfaces.
- Overloaded trucks and an under-designed road contributed to extensive damage over decades of constant use, with frequent flooding and landslides in the mountains often making the road impassable.
- The road begins in central Gardez and extends 23 kilometers southeastward over the Sata Kanda mountain pass at 2,900 meters (9,500 feet) above sea level. From the pass the road follows a river characterized by high cliffs on one side and steep drop-off on the other. The road drops to 1,500 meters elevation at kilometer 70 and further decreases in elevation in the broad Khost River valley, reaching 1,200 meters at Khost City.
- The project includes bridges, causeways, drainage structures, excavation, river training and asphalt pavement construction to international standards.



# Salang Corridor



Salang Tunnel - South Portal, 2011



Tunnel Under Construction, 1960



## Background

- **Salang Corridor:** Constructed by the Soviet Union
  - 2.6 Km tunnel
  - 83 Km two-lane road (Jabal Seraj to Khenjaan)
  - 21 Snow Galleries—tunnel like structures
- **Issues:** 50 years of wear, war, and poor maintenance
  - Single travel lane in places
  - Poor ventilation and lighting in Tunnel
  - Poor pavement condition
- **Results:**
  - Lengthy delays for travelers
  - Safety Issues
  - \$60M in Economic loss per year



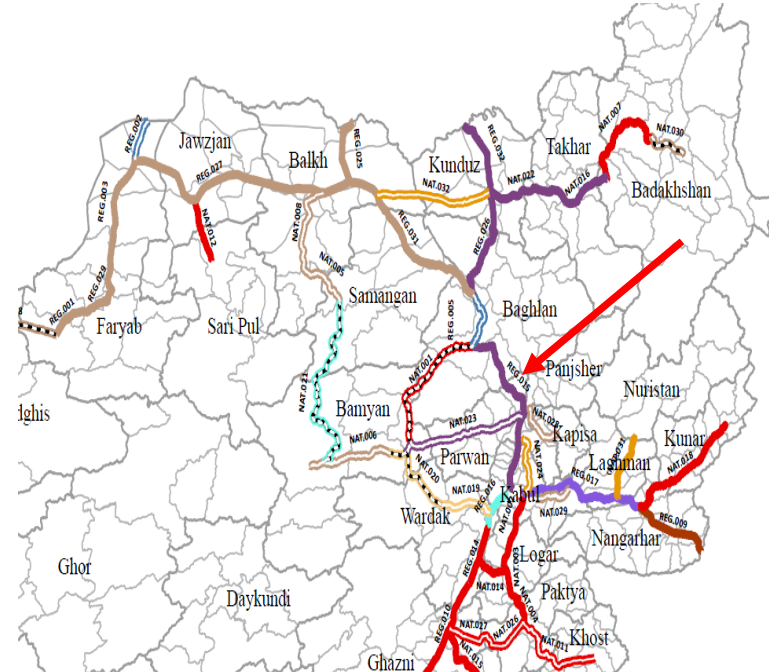


## Necessity of Salang Passage

Only viable overland connection between Kabul and Northern Afghanistan

### Economic Impact:

- Nearly 100% of goods reaching Kabul from the north move through the corridor
- Key to development of Afghanistan's extractive Industries
- **Traffic:** Currently about 6,000 vehicles/day



Salang Tunnel -North Portal

- **Afghan Perception:** The corridor is seen by Afghans as a physical link between north and south and as a symbol of unity between ethnic tribes located in the north and Pashtun south.
- **Security:** The corridor's economic and symbolic importance makes it critical to the overall security of the country.





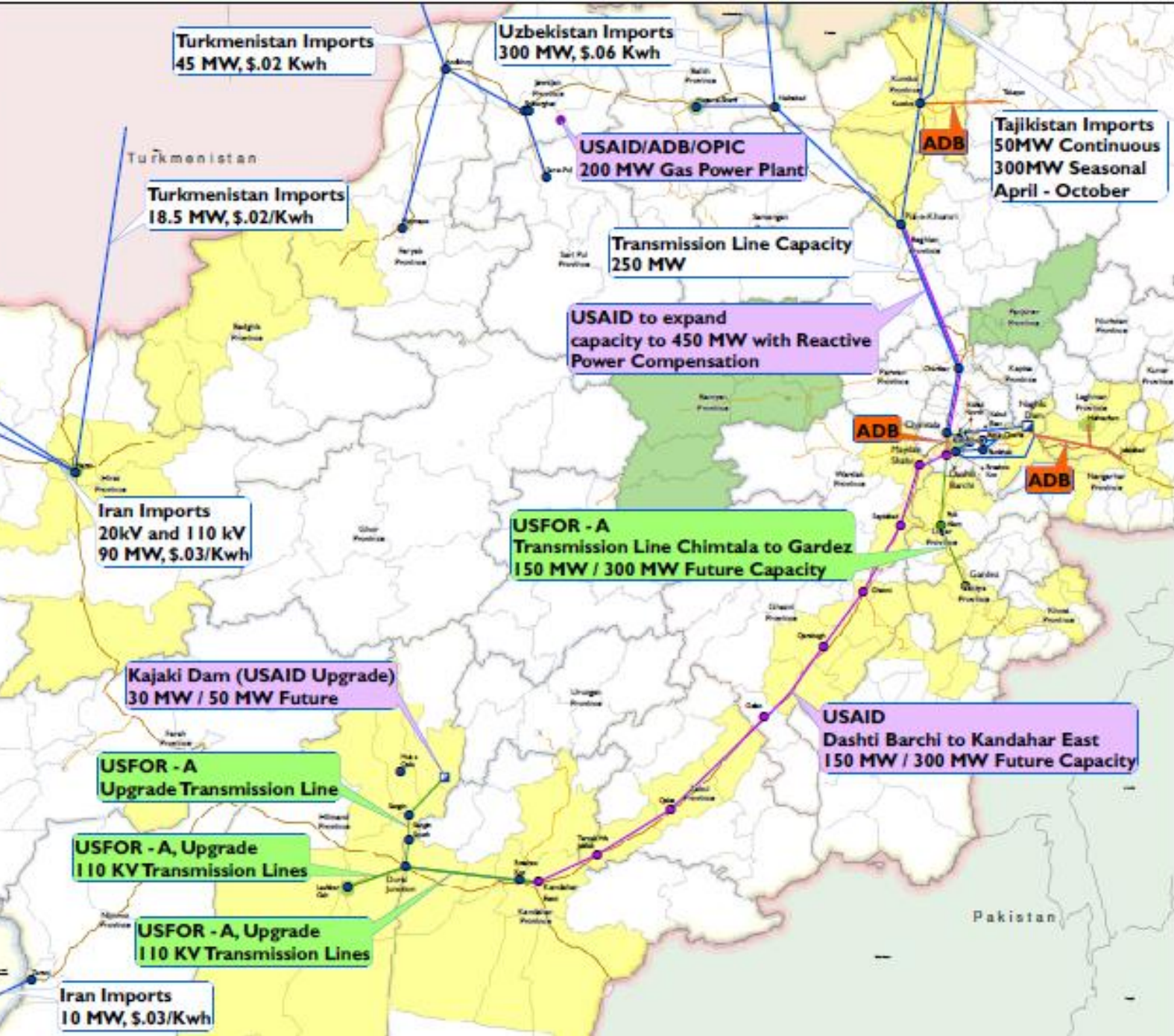
## Other Connectivity Supportive Infrastructure

- Regional Energy Infrastructure
  - USG supporting CASA-1000 (transmission of 1300MW from Kyrgyzstan & Tajikistan to Pakistan and Afghanistan)
  - TUTAP: USAID/Afghanistan is supporting the North-South Power Line Upgrade to send power over the Salang Pass.
- Afghanistan Projects
  - Kandahar Helmand Power Project (KHPP)
  - Power Transmission Expansion and Connectivity (PTEC)
  - Sheberghan Gas Development Project

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## Transitional Power Investment

- USAID Substations
- USAID Transmission Line
- Shoberghan Gas Power Plant
- USFOR - A Substations
- USFOR - A Transmission Line
- ADB Transmission Line
- Existing Substations
- Existing Transmission Line
- Province Capital
- Transition Cities
- Transition Area
- National Highway (Existing)
- National Highway (Under Construction)
- Regional Highway (Existing)
- Regional Highway (Under Construction)
- Other Country Major Highways
- District Boundaries
- Key Terrain District
- Province Boundaries
- International Borders





# TRADE FACILITATION

Afghanistan Trade and Revenue Project  
(ATAR)



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## Overview of the ATAR Objectives

**Objective:** Business climate strengthened to enable private investment, enhanced trade, job creation, and fiscal sustainability

A four-year US\$78 M project with spending divided between 3 Components:

**Component 1:** Capacity of Government of the Islamic Republic of Afghanistan (GIROA) to formulate and implement liberal policy framework for trade and investment in accordance with international standards, including WTO.

**Component 2:** Regional and global integration (**primary focus of this presentation**) enhanced through bilateral and multi-lateral agreements, private sector capacity building, and B2B linkages.

**Component 3:** GIROA revenue generation for fiscal sustainability strengthened through reforms and anti-corruption measures in customs and taxation



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## Afghanistan Trade and Revenue (ATAR) Project





## Framework for Integration and Cooperation

- In each country ATAR will operate under the framework that maximizes results towards the objectives of facilitating and increasing regional trade, investment, and cooperation and securing trade and transit rights

Country	Possible Framework
Afghanistan	CBTA 5 (and 6), SAFTA, APTTA (and PATTTA), WTO
Kyrgyzstan	CBTA 5 and WTO
Tajikistan	CBTA 5, PATTTA, and WTO
Turkmenistan	WTO and Planned Bilateral Transport/Transit Agreement with Afghanistan
Uzbekistan	WTO, Planned Bilateral Trade/Transit Agreement with Afghanistan, and CBTA 6
Pakistan	CBTA 5 (and 6), SAFTA, APTTA (and PATTTA), and WTO
India	SAFTA and WTO



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## **ATAR Main Regional Activities:**

### **Trade Facilitation Support for Decreasing Trade and Transit Costs and Delays**

- a. Supporting negotiations, ratification, & implementation of regional/bilateral trade/transport/transit agreements and international commitments (WCO, WTO, TIR) – promote sound modalities and best regional practices
- b. Regional harmonization in the implementation of the new WTO Agreement on Trade Facilitation and the WTO Agreement on Customs Valuation (international best practices)
- c. Trade/Transit route mapping to identify the most viable routes and identify/address bottlenecks (non-tariff barriers, logistics, & transport) to allow optimization of route efficiency
- d. Studies and analytical modeling (partial and general equilibrium models) to identify a deeper/broader integration framework across Central Asia-Afghanistan-South Asia to promote greater trade, investment, and economic cooperation
- e. Regional EDI for pre-arrival processing, reducing corruption, and monitoring transit
- f. Greater regional Customs-to-Customs cooperation including joint border clearance, risk management, and mutual AEO recognition



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## **ATAR Main Regional Activities:**

### **Private Sector and Civil Society Engagement in Trade Facilitation**

- a. Facilitate formation of Joint Business Council / Joint Chambers of Commerce across the region to promote collaboration on addressing trade/transit problems
- b. Build region wide analytical capacity of private sector and, where possible, civil society organizations, to participate in regional trade policy decisions, identify and diagnose/analyze problems, and advocate for pro-trade policy and trade facilitation measures
- c. Build region wide capacity on advocacy and public-private dialogue
- d. Build capacity of freight forwarders associations and logistics organizations to identify issues and solutions to increase their efficiency and improve transport corridor performance
- e. Assist in establishing transparent mechanisms for allowing meaningful private sector/CSO participation in policy and legal reforms





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## **ATAR Main Regional Activities:**

### **Promotion of Trade and Business Opportunities (Central Asia-Afghanistan-South Asia)**

- a. Conduct regional studies to identify comparative advantage, regional competitiveness, and trade complementarity across Central Asia-Afghanistan-South Asia
- b. Support identification of trade opportunities and possible business joint ventures and trading requirements to build greater regional awareness and access
- c. Provide sustainable web-based access to current trade requirements and opportunities
- d. Conduct regional training on market analysis, promotion and marketing/sales strategies and techniques, global supply chain management, and access to finance
- e. Facilitate/guide regional and bilateral business-to-business events for Central Asia-Afghanistan-South Asia



**Thank you. Questions?**