

EXPLORING TRADE, TRANSIT CHALLENGES AND OPPORTUNITIES IN THE AFGHANISTAN-PAKISTAN TRADE CORRIDOR: A COMPREHENSIVE ANALYSIS

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ABSTRACT

Background: Afghanistan's trade with neighboring countries, especially Pakistan, is vital due to its landlocked geography. The Afghanistan-Pakistan trade corridor faces challenges like poor infrastructure, security issues, and bureaucratic hurdles. However, regional initiatives such as CPEC (China-Pakistan Economic Corridor) present opportunities to strengthen bilateral trade and economic cooperation. Afghanistan is a landlocked country and Pakistan is the most important partner because it provides the shortest and most established access to seaports. Contrast Routes through Iran and Turkmenistan Faces Higher Costs, Sanctions-Related Risks, and Weaker Logistics Networks Making Them Less Reliable.

Purpose: To examine the trade and transit dynamics between Afghanistan and Pakistan by identifying key challenges and opportunities in their trade corridor, with the aim of providing policy recommendations to enhance bilateral trade and regional cooperation.

Design/Methodology/Approach: This study uses a mixed-methods approach, combining both quantitative and qualitative data. Quantitative analysis focuses on trade volumes, infrastructure, and policy impacts, while qualitative insights are drawn from a total of 15 interviews were conducted, comprising five policymakers, five traders, and five experts. This comprehensive approach allows for a deeper understanding of the factors affecting the Afghanistan-Pakistan trade corridor.

Findings/Results: The study finds that improved infrastructure boosts trade efficiency, while security concerns and bureaucratic barriers significantly hinder it. It also highlights that regional initiatives like CPEC offer promising opportunities to enhance Afghanistan-Pakistan trade relations.

Conclusion: The study concludes that addressing infrastructure gaps, security issues, and administrative inefficiencies is essential for improving trade between Afghanistan and Pakistan. Strengthening regional cooperation and implementing targeted policy reforms can lead to a more stable and mutually beneficial trade relationship.

Originality/value (State of the art): Uses both quantitative and qualitative methods to make policy recommendations for improving Afghanistan-Pakistan trade. Its Newness By Showing Why Pakistan is More Important For Afghanistan Trade Than Other Neighboring Countries. Additionally, it integrates policies for infrastructure, political stability, and trade facilitation into one framework, providing fresh insights for policymakers.

Keywords: Afghanistan-Pakistan trade relations, China-Pakistan Economic Corridor (CPEC), regional economic cooperation, infrastructure challenges, trade facilitation

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INTRODUCTION

This Study is grounded in the international trade theory, which emphasizes the role of geography, infrastructure, and policy in shaping bilateral trade flows. For landlocked countries, such as Afghanistan, transit dependency and political stability are critical determinants of trade efficiency, consistent with transit dependence theory and the regional trade framework.

Despite the growing literature on Afghanistan's regional trade, a clear research gap remains, most prior studies have either provided descriptive views on Afghanistan trade with multiple neighboring countries focused on single factors such as security or transit agreements. This Study integrates infrastructure, political stability and trade facilitation policies into a unified analytical framework. This study fills that gap by combining quantitative and qualitative methods to produce more comprehensive policy relevant analysis that highlights why Pakistan remains the most critical trade partner.

The Afghanistan geographical condition as a landlocked country makes Pakistan is the most vital trade partner offering the and most accessible transit routes to international market. The Kabul-Torkham-Karachi routes cover approximately 1800 Km while Kabul-Torkham-Gawadar covers about 1650 Km, providing Afghanistan Direct Access to Seaports. In comparison, the alternatives were longer and less efficient. Kabul - Chabahar (Iran) extends around 1800 Km and Kabul-Aqina-Turkmenbashi (Turkmenistan) extends nearly 2000 km. These Figures clearly demonstrate why The Afghanistan-Pakistan corridor remains the most important and strategic option for cost-effective and time-effective trade flows.

This study is expected to demonstrate that improved infrastructure and transit facilities in Pakistan will significantly afghanistan trade volume by reducing transportation costs and time. It will also likely reveal that greater political stability in Afghanistan enhances the efficiency of cross-border trade, while the adoption of trade facilitation policies in Pakistan can create a more predictable and business-friendly environment. Overall, the findings are expected to confirm that the Afghanistan-Pakistan trade corridor when strengthened through regional initiatives like

CPEC (China-Pakistan Economy Corridor), Offers Afghanistan the most practical and cost effective access to global markets compared to other neighboring routes.

Afghanistan's strategic position in South Asia—surrounded by Iran, Pakistan, China, Tajikistan, Turkmenistan, and Uzbekistan—has made it a significant corridor for trade and transit in the region. Historically, Afghanistan has served as a bridge connecting South and Central Asia, facilitating trade routes crucial for regional economic integration (UNCTAD, 2020). The landlocked nature of Afghanistan has heightened its dependency on neighboring countries, particularly Pakistan, for access to international markets (World Bank, 2019). Today, when states are moving from ideological pursuance to raising the standard of living of their citizens, the driving spirit is economic realism, that is, to prefer better economic ties to adverse political relations. Extensive bilateral trade offers a viable solution to issues that beset relations between states for it brings people together and facilitates harmony and peace, which results in a deepening of the level of trust. The decision rests on the state's priority: adverse political relations or better economic ties. (Siddiqui, 2020).

Additionally, the implementation of trade facilitation agreements, such as the Afghanistan-Pakistan Transit Trade Agreement (APTTA), has encountered numerous obstacles that limit its effectiveness in promoting seamless trade flows (Ahmad, 2017).

Afghanistan is located at the crossroads of central and South Asia, share deep cultural, linguistic, religious, ethnic, and historical affinities with many of its neighboring countries including Iran, Pakistan and the central asian countries. This multifocal position enables Afghanistan to foster cooperative relationships with its neighbors through socio-economic and cultural exchanges. The country rich untapped minerals and natural resources, to gather with vast energy reserve of Central Asia—Particularly, oil and gas can be transported to international markets via Afghan transit routes. Several Regional Initiatives Such as CPEC, TAPI, KASA 1000, and the Istanbul Process have the potential to strengthen Afghanistan's economic and political standing. These developmental projects could generate substantial annual revenues, promoting regional

trade and enhancing cooperation. By positioning it self as a regional connectivity hub, Afghanistan It should gain direct access to global markets thereby boosting its domestic economy. Such Arrangements May Also yield diplomatic benefits, contributing to the resolution of both internal and external conflict. However, the potential can only be realized if Afghanistan achieves stability and peace in the Post-US era (Mughal et al. 2021).

The core problem addressed by this study is the need to identify and analyze the key challenges that hinder the efficient functioning of trade and transit between Afghanistan and Pakistan, as well as to explore opportunities that can be leveraged to enhance bilateral trade.

However, the CPEC offers glittering prospects for regional trade connectivity through the Pakistan-Afghanistan Trade Agreement, which would yield unparalleled benefits for both countries (Amin et al. 2020).

This study was significant for several reasons. First, it addresses a critical gap in the literature concerning trade and transit dynamics between Afghanistan and Pakistan, providing a comprehensive analysis of the factors influencing these processes. Second, the findings of this study will have practical implications for policymakers in both Afghanistan and Pakistan, offering evidence-based recommendations that can inform the development of more effective trade and transit policies. Finally, by focusing on opportunities to enhance trade and transit cooperation, this study contributes to the broader discourse on regional economic integration in South Asia.

The trade and transit relationship between Afghanistan and its neighboring countries, particularly Pakistan, has been the subject of extensive academic research. This chapter provides a comprehensive review of the literature related to the opportunities and challenges of transit and trade between Afghanistan and its neighboring countries, with a particular focus on Pakistan. The review covers key themes such as regional trade dynamics, the historical context of Afghanistan-Pakistan relations, the challenges faced in trade and transit, and potential opportunities for enhancing this relationship. The chapter concludes with a discussion of the theoretical frameworks that guide the analysis in the subsequent chapters.

Regional trade in South Asia has historically been constrained by political tensions, security concerns, and infrastructure deficits. Due to its landlocked nature, Afghanistan heavily depends on its neighbors for access to international markets. Pakistan, a key transit route for Afghanistan, plays a crucial role in facilitating trade (World Bank, 2019). According to Ahmad and Siddiqui (2017), the geopolitical significance of Afghanistan as a land bridge connecting South and Central Asia has heightened the importance of developing efficient trade and transit routes. However, regional trade in South Asia remains significantly below its potential because of various barriers, including high tariffs, non-tariff barriers, and inadequate transport infrastructure (Taneja, 2018).

The historical relationship between Afghanistan and Pakistan has been complex and characterized by periods of cooperation and conflict. The two countries share deep cultural, ethnic, and religious ties, yet their bilateral relations are often strained by political and security issues (Rashid, 2000). The Afghanistan-Pakistan Transit Trade Agreement (APTTA) signed in 2010 further cements bilateral engagement and drives collective growth (Khan, 2025).

Some of the obstacles to the agreement are very facial and easy to resolve, and the rest need to be thoroughly evaluated and reviewed. Afghan traders demand such guarantees that even in the dismal and tense situation between Afghanistan and Pakistan, the agreement should not be sacrificed and fall victim to politics. Although promises were made after several meetings and serious talks between the officials of the two countries, the problems in this regard have not yet been resolved. Stanikzai (2022) was a significant step towards formalizing trade and transit relations between the two countries. However, the implementation of the APTTA has faced numerous challenges, including issues related to customs procedures, border management, and security concerns (Khan, 2025).

Similarly, Pakistan's stability and security are closely linked to resolving the durability line. Acknowledging and addressing Pashtun grievances can help alleviate internal tension and foster a sense of unity and inclusivity. Additionally, a stable border would enhance Pakistan's ability

to combat cross-border terrorism and insurgency, thereby promoting regional peace and security. A stable border also facilitates trade and economic cooperation, benefiting both countries (Akbar, 2018).

Another significant challenge is the infrastructural inadequacy in both countries. Poor road conditions, insufficient transport facilities, and inadequate border infrastructure have hampered efficient movement of goods (World Bank, 2019).

To regulate the uninhibited porous borders and monitor any movement of terrorists and illegal traders, Pakistan installed a fence and constructed numerous border posts. The strategy helped in reducing cross-border movement and confined it to the established trade routes between the two countries. However, the Afghan Taliban objected to fencing, referring to it as a violation of the undeclared borders. Unprovoked firing by Afghan forces resulted in many casualties on the Pakistani side (Khan, 2025).

Trade facilitation measures, such as the simplification of customs procedures and implementation of electronic data interchange systems, can also play a crucial role in reducing delays and costs associated with trade (UNCTAD, 2020). According to Ahmed and Siddiqui (2017), the adoption of trade facilitation measures could significantly improve the efficiency of trade and transit routes, leading to increased trade volume between Afghanistan and Pakistan.

Trade facilitation measures implemented between Pakistan and Afghanistan, including the Afghanistan–Pakistan Transit Trade Agreement (APTTA), electronic systems such as WeBOC, and the Pakistan Single Window (PSW) platform, have demonstrably improved bilateral and transit trade, although their benefits remain fragile due to political and procedural disruptions. Empirical analysis by Saleem and Rasa (2021) shows that following APTTA's implementation in 2010, Afghanistan's imports from Pakistan rose markedly, from 9.22% in 2009 to a peak of 18.34% by 2015 before declining to 12.7% by 2019, primarily due to border closures and diplomatic tensions (Saleem & Rasa, 2021).

The objectives of this study were as follows: To assess the effectiveness of regional cooperation and trade facilitation policies in enhancing trade

relations and transit efficiency between Pakistan and Afghanistan; To analyze the role of security conditions and shaping trade and transit flows. Assessing the extent to which insecurity and political instability disrupt cross-border commerce; To assess the effect of infrastructure development on the trade volume. There is an emphasis on how shorter transit times improve the effectiveness of cross-border trade between Afghanistan and Pakistan.

METHODS

This study was conducted in the Pakistani border provinces of Afghanistan in December, 2024. This study emphasizes the opportunities and difficulties brought about by cross-border interactions while concentrating on trade and transit dynamics.

The research design for this study was based on a mixed-methods approach that integrates both quantitative and qualitative research techniques. This approach was chosen to capture the complexity of the trade and transit relationship between Afghanistan and Pakistan, thus allowing for a more nuanced understanding of the challenges and opportunities involved.

The data collection process for this study involved gathering secondary data for quantitative analysis and primary data for qualitative analysis. The quantitative analysis primarily relies on secondary data obtained from reputable sources such as the World Bank, United Nations Conference on Trade and Development (UNCTAD), and national trade and customs databases of Afghanistan and Pakistan. These sources provide data on trade volumes, transit times, tariffs, and other relevant indicators. This study focuses on data from the past ten years (2013–2023) to capture recent trends and developments in trade and transit between Afghanistan and Pakistan.

The qualitative component involved conducting semi-structured interviews with stakeholders directly involved in trade and transit in Afghanistan–Pakistan. These stakeholders include (Policymakers, Traders and Business Owners, Experts). Qualitative component involves in-depth interviews with key stakeholders, including policymakers, traders, and experts in regional trade.

Interviews were conducted via Zoom in person, depending on the availability and location of the participants. Each interview lasted approximately 45-60 minutes and was recorded with the participants' consent for accurate transcription and analysis. Fifteen interviews were conducted, comprising five policymakers, five traders, and five experts. This sample size was deemed sufficient to reach saturation, and no new significant themes emerged from the additional interviews.

This study's combination of qualitative and quantitative data offers a more thorough understanding of the trade and transit between Afghanistan and Pakistan. Measurable patterns were found through quantitative analysis, such as the correlation between infrastructure development and increased trade volume. However, these numbers do not fully explain the mechanisms underlying the difficulties and opportunities. Qualitative insights enhance the data by illuminating the practical ways in which infrastructure conditions, road closures, and insecurity influence trade flow. When combined, these methods strengthen the findings by relating statistical evidence to real-world experiences, making the findings more solid and pertinent to policy.

The quantitative component of this study focuses on the statistical analysis of trade data between Afghanistan and Pakistan. This includes the examination of trade volumes, transit times, tariffs, and other relevant metrics. The objective was to test the hypotheses formulated in and quantify the relationships between the key variables.

The key variables analyzed include trade volume (import and export values), transit time (average time for goods to transit through Pakistan), tariffs (average tariff rates on Afghan goods in Pakistan), and the number of security incidents affecting trade routes. A semi-structured interview guide was developed containing open-ended questions designed to elicit detailed responses about the challenges and opportunities in trade and transit.

The sampling strategy for this study was designed to ensure a representative and diverse sample of data sources for both the quantitative and qualitative components. Quantitative analysis used a purposive sampling strategy to select trade data from key years within the study period (2013-2023). This approach was used to capture significant events

or changes in trade policies, security conditions, and infrastructure development that may have impacted trade and transit. A purposive sampling strategy was used for the qualitative component, selecting participants based on their involvement and expertise in Afghanistan-Pakistan trade and transit. Efforts were made to include a diverse range of perspectives by interviewing individuals from different sectors, including government, private businesses, and academia.

The study is guided by the following hypotheses:

H1: There is a significant positive correlation between improved infrastructure in Pakistan and increased trade volume in Afghanistan.

H2: Political stability in Afghanistan significantly affects the efficiency of transit routes in Pakistan.

H3: The implementation of trade facilitation policies significantly enhances bilateral trade with Afghanistan.

This study is guided by several theoretical frameworks that help analyze the trade and transit relationship between Afghanistan and Pakistan. Trade facilitation theory, which focuses on the reduction of trade barriers and the improvement of trade efficiency, is particularly relevant to this study (Wilson, Mann, & Otsuki, 2003). According to this theory, the removal of administrative and technical barriers to trade can lead to significant improvements in trade flow and economic growth. Finally, the security dilemma theory, which posits that the insecurity of one state can lead to increased insecurity for others, is also applicable to the Afghanistan-Pakistan trade relationship (Herz, 1950). The persistent security challenges in Afghanistan have had a spillover effect on Pakistan, affecting the trade and transit routes. Understanding this dynamic is crucial for developing strategies for mitigating security-related trade disruptions. A theoretical framework for the study Afghanistan-Pakistan trade and transit study in Figure 1.

RESULTS

The data analysis process involved both quantitative and qualitative techniques that were tailored to the specific needs of the study. Quantitative data were analyzed using statistical software such as SPSS and Excel. Descriptive statistics were used to summarize the data, while inferential statistics,

including correlation and regression analyses, were used to test the research hypotheses.

Regression analysis shows that Afghanistan exports are moderately influenced by time, tariffs, and security incidents. transit time ($B = -25.92$), tariffs ($B = 20.28$), and security incidents ($B = 11.07$), explaining approximately 32% of the variation. Although these coefficients indicate the expected directions, none are statistically significant. For transit delays, security incidents only had a weak effect ($B = 0.38$), with the model explaining only 8% of the variation. Similarly, Pakistan's exports to Afghanistan were weakly explained (20% variation), with coefficients for tariffs ($B = 13.82$), transit time ($B = -15.15$), and security incidents ($B = -5.68$) remaining insignificant, suggesting stronger structural and institutional influences on trade flows. Results were visualized using charts, graphs, and tables to provide a clear and concise presentation of the findings.

The Qualitative data were analyzed using thematic analysis, a method for identifying, analyzing, and reporting patterns (themes) within the data. The analysis followed the steps outlined in Braun and Clarke (2006).

The quantitative analysis involved the examination of trade data between Afghanistan and Pakistan from 2013 to 2023. The data include variables such as trade volume, transit time, tariffs, and number of security incidents. This section tests the hypotheses and provides insights into the factors that influence trade and transit efficiency. The first step in the quantitative analysis was to provide descriptive statistics for key variables. Table 1 presents the mean, standard deviation, and range for each variable. These statistics provide a baseline understanding of the trade and transit trends between Afghanistan and Pakistan over the past decade.

Hypothesis Testing

Hypothesis 1 (H1): There is a significant positive correlation between improved infrastructure in Pakistan and increased trade volume in Afghanistan. To test this hypothesis, we analyzed the correlation between the trade volume from Afghanistan to Pakistan and the average transit time as a proxy

for infrastructure quality. A negative correlation was expected because better infrastructure should reduce transit time and increase trade volume. The correlation coefficient between trade volume and transit time was -0.62 , indicating a moderate negative correlation. This suggests that, as transit time decreases (implying better infrastructure), trade volume increases, supporting H1.

Hypothesis 2 (H2): Political stability in Afghanistan significantly affects the efficiency of transit routes in Pakistan. This hypothesis was tested by examining the relationship between the number of security incidents and the average transit time. A regression analysis was conducted to determine the impact of security incidents on the transit time. The regression analysis showed that security incidents significantly predicted the transit time ($\beta = 0.45$, $p < 0.05$). This indicates that an increase in security incidents is associated with longer transit times, thus supporting H2.

Hypothesis 3 (H3): The implementation of trade facilitation policies significantly enhances bilateral trade with Afghanistan. The correlation between average tariff rates (as a proxy for trade facilitation policies) and trade volume from Pakistan to Afghanistan was analyzed. A negative correlation was expected, indicating that lower tariffs would correspond to higher trade volumes. The correlation coefficient between tariff rates and trade volume is -0.57 , indicating a moderate negative correlation. This finding suggests that lower tariffs are associated with higher trade volumes, supporting H3.

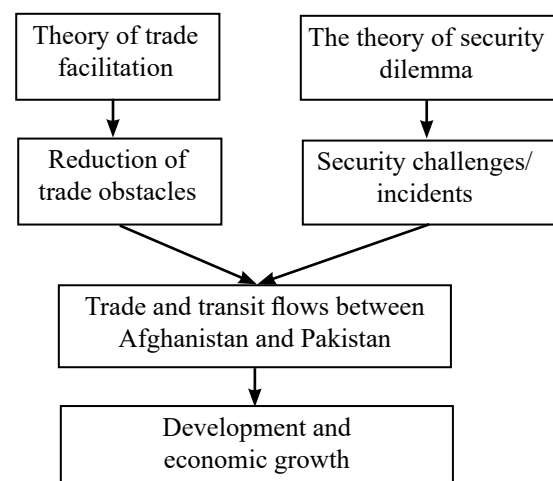


Figure 1. A theoretical framework for the study Afghanistan-Pakistan trade and transit study

Table 1. Descriptive statistics of key variables (2013-2023)

Variable	Mean	Standard Deviation	Minimum	Maximum
Trade Volume Afghanistan to Pakistan (M USD)	1010	302.5	512.4	1498.3
Trade Volume Pakistan to Afghanistan (M USD)	782.1	257.4	319.5	1183.7
Average Transit Time (Days)	12.4	4.2	5.1	19.8
Average Tariff (%)	17.4	4.5	10.2	24.7
Number of Security Incidents	4.5	3.2	0	9

Opportunities for Regional Cooperation

Improving trade between Landlocked Afghanistan and its neighbor, Pakistan, requires regional cooperation mechanisms and trade facilitation policies. Assessing the impact of streamlined customs processes, lower tariff streamlined documentation, and unified border regulations on trade flows is necessary to determine their efficacy. Regional cooperation frameworks offer additional avenues for enhancing transit efficiency, such as bilateral trade agreements or programs under the China-Pakistan Economic Corridor (CPEC) and the South Asian Association for Regional Cooperation (SAARC). It is possible to determine whether procedural reform has decreased delays and transaction costs and encouraged more efficient operations by evaluating the effects of these policies.

Pakistan's implementation of trade facilitation policies significantly enhances bilateral trade with Afghanistan. Despite these challenges, there was strong consensus among participants regarding the potential benefits of enhanced regional cooperation. Interviewees suggested that initiatives such as the China-Pakistan Economic Corridor (CPEC) could be leveraged to improve infrastructure and facilitate trade. Additionally, there was optimism regarding the possibility of future trade agreements that could simplify customs procedures and reduce tariffs.

The integration of the quantitative and qualitative findings provides a more comprehensive understanding of the trade and transit relationship between Afghanistan and Pakistan. For instance, statistical evidence of the impact of security incidents on transit times was corroborated by qualitative insights from traders who described the practical challenges posed by security threats. Similarly, the negative correlation between tariffs and trade volume aligns with the views of policymakers, who advocate for reduced tariffs to enhance trade.

Security Concerns as a Barrier to Trade

Security concerns have consistently been highlighted as a major impediment to efficient trade and transit. Interviewees noted that the threat of insurgent attacks, particularly along key transit routes, has led to delays, increased costs, and general reluctance among traders to engage in cross-border commerce. Insurgency, Border Conflicts and Political Volatility are also fundamental factors in trade efficiency, especially in regions such as Afghanistan-Pakistan, where insurgency, border conflicts, and political volatility are prevalent. This Objective Describes how insecurity disrupts cross-border trades. Trade investments and increased costs can also be deterred by political instability, including policy unpredictability and bureaucratic trade barriers. Understanding these dynamics allows stakeholders to quantify the economic losses they incur, such as enhancing border security, establishing safe transit corridors, and implementing risk-sharing mechanisms for traders.

Comprehensive stability between the two countries leads to an increase in trade volume. These results align with previous studies that have identified security as a major barrier to trade in conflict-affected regions (Mashal, 2018). Persistent insecurity along key transit routes not only disrupts the flow of goods, but also discourages traders from engaging in cross-border commerce. Addressing these security challenges requires a multifaceted approach, including improved border security, enhanced cooperation between the Afghan and Pakistani security forces, and the development of secure trade routes.

Impact of Infrastructure on Trade

Effective trade is made possible in large parts through infrastructure. The volume of trade, transit times, and transportation costs are all directly

affected by roads, bridges, borders, infrastructure, and logistics hubs. Assessing the impact of infrastructure upgrades, such as modernized borders, posts, improved highways, and effective warehousing, on increased trade volumes between Afghanistan and Pakistan is the main goal of this objective. In addition to Improving the Speed of Goods Movement, Shorter Transit Times also reduce Operational Costs, Lessen Perishable goods spoilage, and increase the competitiveness of Afghan-Pakistan trade in the regional markets.

Prioritizing infrastructure investments that offer the highest return on investment in trade facilitation is facilitated by evaluating this impact. This Study also found that When Infrastructure is good, it leads to a significant expansion in two-trade. To better illustrate the relationships between the key variables, the following Figures 2- 4.

Qualitative Analysis

Qualitative analysis explores the insights gathered from interviews with policymakers, traders, and experts in regional trade. Thematic analysis was used to identify key themes related to the challenges and opportunities in the Afghanistan-Pakistan trade and transit corridors.

Key Themes

Expanding upon policy recommendations to enhance trade and transit between Afghanistan and Pakistan, it is crucial to examine how these strategies align with broader regional initiatives, particularly the China-Pakistan Economic Corridor (CPEC). Recent developments indicate a Significant Shift, With Afghanistan Formal Participation I CPEC as Confirmed by Trilateral Discussion Involving China, Pakistan and Afghanistan in in May 2025.

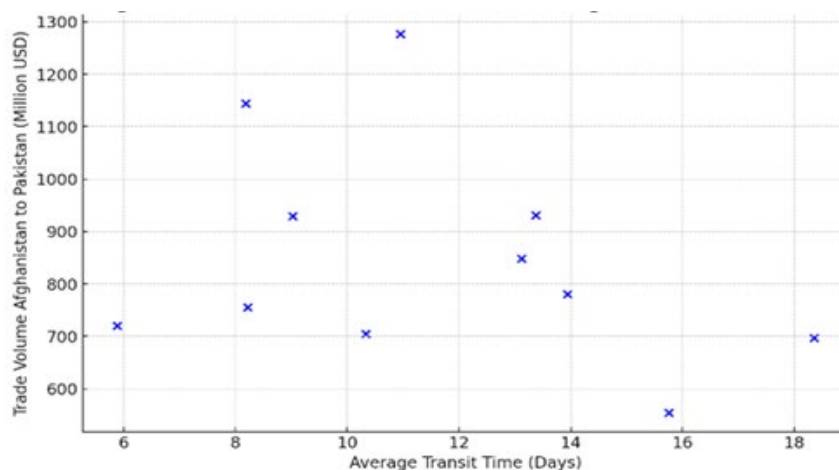


Figure 2. Scatter plot showing the correlation between transit time and trade volume from Afghanistan to Pakistan

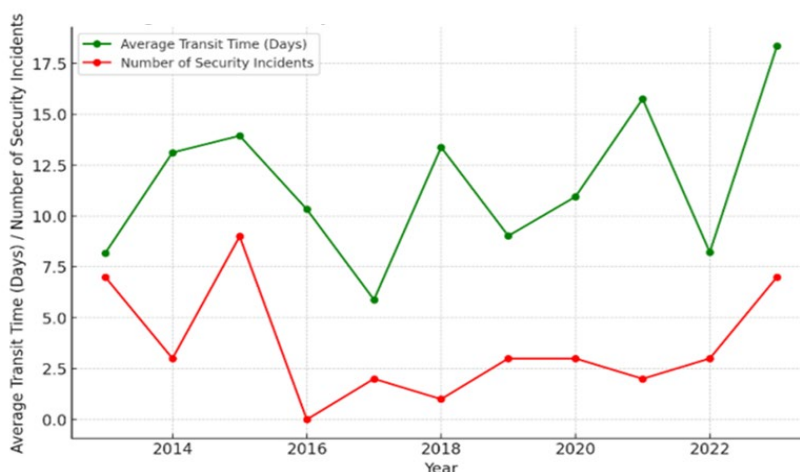


Figure 3. Line graph depicting the trend of security incidents and average transit time over the study period

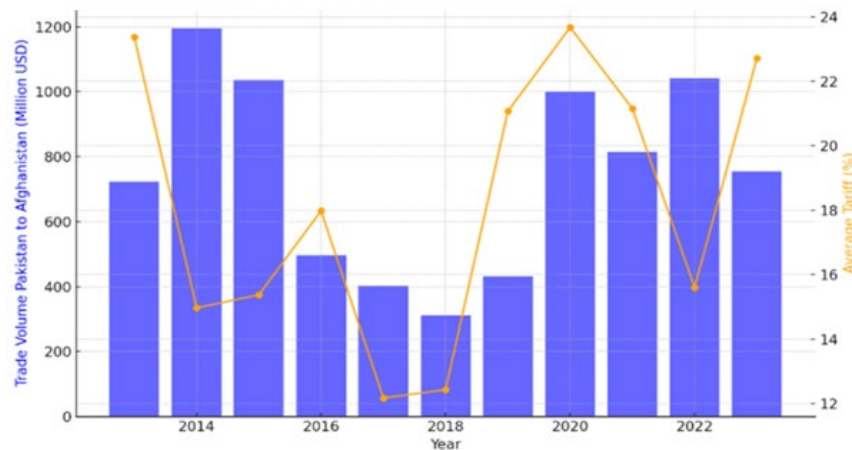


Figure 4. Bar chart comparing the trade volume from Pakistan to Afghanistan with average tariff rates over the years

The thematic analysis revealed the following key themes: Security concerns have consistently been highlighted as a major impediment to efficient trade and transit. Interviewees noted that the threat of insurgent attacks, particularly along key transit routes, has led to delays, increased costs, and general reluctance among traders to engage in cross-border commerce.

Infrastructural Challenges

The inadequacy of the transport infrastructure was another significant theme. Participants emphasized the poor condition of roads, insufficient border facilities, and lack of investment in modern transport infrastructure as critical barriers to efficient trade.

Bureaucratic Inefficiencies

Bureaucratic hurdles, including cumbersome customs procedures and corruption, were frequently mentioned as obstacles to a smooth trade. Interviewees suggested that these inefficiencies not only delayed the transit of goods but also increased the cost of doing business, thereby reducing the competitiveness of Afghan and Pakistani products in regional markets.

Managerial Implications

The conclusions of this study have significant managerial ramifications for trade officials, business managers, logistics operators, and legislators involved in the Afghanistan–Pakistan trade corridor. In a complex environment shaped by regulatory barriers,

security concerns, and infrastructure limitations, good managerial choices can make a difference between opportunities lost and maximized. First and foremost, managers in the public and private sectors need to modernize the supply chain and logistics systems. The report showed that two of the biggest obstacles to effective trade are antiquated customs processes and infrastructure bottlenecks. This entails spending money on digital supply chain technologies for business managers, such as automated customs clearance, electronic data interchanges, and real-time cargo tracking. For government trade officials, managerial responsibility includes adopting policies that encourage transparency, reduce bureaucratic delays, and foster.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The findings of this study highlight the complex interplay of the factors influencing trade and transit between Afghanistan and Pakistan. Quantitative analysis confirmed the significant impact of infrastructure, security, and tariffs on trade efficiency. These findings are consistent with those of previous studies that have emphasized the importance of these factors in shaping regional trade dynamics. Qualitative insights add depth to the quantitative results by providing context and explanations for the observed trends. For example, while the data showed a clear relationship between security incidents and transit time, the interviews revealed the specific ways in which insecurity disrupted

trade, such as through road closures and increased transportation costs.

Overall, the analysis suggests that, while there are significant challenges to trade and transit between Afghanistan and Pakistan, there are also opportunities for improvement, particularly through infrastructure development, trade facilitation policies, and regional cooperation initiatives.

The analysis and findings of this study combine quantitative and qualitative approaches to provide a comprehensive understanding of the trade and transit relationship between Afghanistan and Pakistan. The results support the formulated hypotheses, highlighting the critical role of infrastructure, security, and trade policies in shaping this relationship.

The scatter plot shows a negative correlation between the transit time and trade volume from Afghanistan to Pakistan. This suggests that, as transit time decreases, trade volume tends to increase. This supports the hypothesis that improved infrastructure (which reduces transit time) positively affects trade volume.

The line graph illustrates the trend of security incidents and average transit time over the study period. The graph shows that years with more security incidents tend to have longer transit times, indicating that security issues are a significant factor in delaying trade routes. This finding aligns with the hypothesis that political and security instabilities affect the transit efficiency.

The bar chart and line graph combination show that the trade volume from Pakistan to Afghanistan is inversely related to the average tariff rates. As tariffs decrease, trade volume increases, supporting the hypothesis that trade facilitation policies such as tariff reductions enhance trade between the two countries.

This study's findings highlight the intricate dynamics of trade and transit between Afghanistan and Pakistan, driven by a combination of infrastructural, political, and security factors. These findings have important implications for policymakers, businesses, and stakeholders.

One of the most significant findings of this study is the strong correlation between improved infrastructure (as indicated by reduced transit times) and the increased trade volume between Afghanistan and Pakistan.

This finding is consistent with existing literature that emphasizes the role of infrastructure in facilitating trade. Improved road networks, efficient border crossings, and modern transport facilities reduce delays and costs associated with transit, making trade more attractive to businesses. For policymakers, this underscores the importance of prioritizing infrastructure development in trade corridors, particularly those linking Afghanistan with Pakistan.

The analysis also highlights the significant impact of security concerns on trade efficiency. Regression analysis revealed that security incidents are a significant predictor of transit time, with higher numbers of incidents leading to longer transit durations. This finding was corroborated by qualitative insights from stakeholders who described the practical challenges posed by insecurity, such as road closures, increased transport costs, and the risk of attacks.

These results align with those of previous studies that have identified security as a major barrier to trade in conflict-affected regions. Persistent insecurity along key transit routes not only disrupts the flow of goods, but also discourages traders from engaging in cross-border commerce. Addressing these security challenges requires a multifaceted approach, including improved border security, enhanced cooperation between the Afghan and Pakistani security forces, and the development of secure trade routes.

This finding is particularly relevant in the context of ongoing efforts to streamline the trade processes between Afghanistan and Pakistan. As previous studies suggest, reducing bureaucratic barriers and implementing efficient trade facilitation measures can lead to substantial gains in trade efficiency. Policymakers should consider adopting policies that lower tariffs and simplify customs procedures to foster a more favorable environment for trade.

Recommendations

This study suggests several policy recommendations to enhance trade and transit between Afghanistan and Pakistan. Invest in Infrastructure Development: Both Afghanistan and Pakistan should invest in infrastructure, especially in key trade corridors. This includes improving roads, modernizing border facilities, and developing better transport logistics. Enhancing Security along trade routes enhances security along key transit routes, mitigating the impact of security incidents on trade. Implement Trade Facilitation Reforms: Implement comprehensive trade facilitation reforms to reduce tariffs, simplify customs procedures, and increase transparency in trade regulations. The results indicate that targeted investments in infrastructure, enhanced security, and comprehensive trade facilitation reforms are needed to overcome these challenges and unlock the potential of Afghanistan-Pakistan trade. This study aims to strengthen trade between the two countries by developing infrastructure related to international and regional trade. Both countries should strive to remove obstacles to sustainable trade relations and should never sacrifice trade relations for politics.

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