

**CROSS-BORDER TRADE: CHALLENGES  
AND PROSPECTS. A CASE STUDY OF  
PAKISTAN - IRAN BORDERS.**



Pakistan Institute of Development Economics

*By*

**Muhammad Ehsan**

**PIDE2021FMPHILPP22**

**Supervisor**

**Dr. Uzma Zia**

**MPhil Public Policy**

**PIDE School of Social Sciences**

**Pakistan Institute of Development Economics,**

**Islamabad**

**2024**



Pakistan Institute of Development Economics, Islamabad  
*PIDE School of Social Sciences*

CERTIFICATE

This is to certify that this thesis entitled: “**Cross-Border Trade: Challenges and Prospects. A Case Study of Pakistan-Iran Borders.**” submitted by Muhammad Ehsan is accepted in its present form by the PIDE School of Social Sciences, Pakistan Institute of Development Economics (PIDE), Islamabad as satisfying the requirements for partial fulfillment of the degree in Master of Philosophy in Public Policy.

Supervisor:

Dr. Uzma Zia

Signature:

Uzma

External Examiner:

Dr. Umaima Arif

Signature:

Umaima

Head,

PIDE School of Social Sciences: Dr. Hafsa Hina

Signature:

Hafsa

## Author's Declaration

I **Muhammad Ehsan** hereby state that my MPhil thesis titled "**Cross-border trade: Challenges and Prospects. A case study of Pakistan Iran borders**" is my own work and has not been submitted previously by me for taking any degree from Pakistan Institute of Development Economics or anywhere else in the country/world.

At any time if my statement is found to be incorrect even after my Graduation the university has the right to withdraw my MPhil degree.

Date: 19-2-24



Signature of Student

*Muhammad Ehsan*

Name of Student

## **Dedication**

*I dedicate this research thesis to unfortunately underprivileged locals of district Chaghi and Washuk, they rely solely on cross-border trade as their only source of livelihood.*

## **Acknowledgement**

I want to express my sincere gratitude to all those who helped, advised, constructively criticized, and contributed to completing this research thesis. The journey has been arduous, rewarding and filled with personal growth. I am grateful for the assistance, guidance, and support I have received throughout this thesis journey.

First and foremost, I would like to express my deepest thanks to my supervisor, Dr. Uzma Zia, whose constructive criticism, insights, and encouragement helped me shape this research work. You have consistently inspired me with your commitment to excellence and passion.

I am deeply thankful to our Head of Department (PSSS), Dr Hafsa Hina, and our dedicated coordinator, Fahd Zulfiqar, for their continued support and encouragement. I am genuinely grateful for their positive impact and motivation on my academic and personal growth.

Heartfelt gratitude to my friends, Bilal Mengal, Haji Khalid Sasoli, Haji Ibrahim Barech, and Fida Sasoli, for their unconditional support in the journey of data collection and their assistance in reaching out to the stakeholders. Mainly thanks to the superintendent of Customs for his guidance, support, and facilitation throughout data collection at the Taftan border.

Last but certainly not least. I sincerely thank all the participants who generously shared their views and insights for this thesis. Your contributions are the foundation of this thesis, and I am incredibly thankful for your willingness to participate in this research.

## Abstract

Cross-border trade is crucial in fostering the economy, significantly contributing to the country's economic growth, and providing an avenue for the local population residing on both sides of the borders. Pakistan and Iran share a 900 km long border called the "Gold Smith Line." The residents of both sides are Baloch ethnicity, which share the same culture and a homogenous society. Despite these similarities and historically friendly relations, the trade between these two countries is relatively low. This study aimed to determine the reasons for low trade between Pakistan and Iran by adopting qualitative data collection technique. A survey of traders and stakeholders was done along with personal visits and interviews. The study explored the socio-economic impacts of cross-border trade on the local population as their only source of earning is border trade-related businesses. It also examined the adaptation of international trade standards, mainly at the Tatan Border. For this reason, and due to the lack of prior research, this exploratory case study design has been used to explore the prospects and reasons for low trade between Pakistan and Iran and determine the socio-economic impacts of trade on the local population of Districts "Chaghi" and District "Washuk". Findings indicate numerous reasons for the low trade between these two countries. US sanctions, Infrastructure inefficiency and operational deficiencies are main contributing factors to trade slow down. Results reveal that few international standards are being followed and need upgradation. Cross-border trade is the only source of livelihood and employment in the bordering areas of Pakistani province (Balochistan) and Irani (Sistan-o-Balochistan) which instigated different trade routes. The study recommends overcoming infrastructure inefficiency and operational deficiencies providing cold storage and warehouses, resolving telecommunication issues, speed money and hectic clearance procedures to fasten the trade. Most importantly, encouraging the involvement of local communities in trade processes and maintaining their employability is recommended.

**Keywords:** Cross-border trade, US-Sanctions, Socio-economic, International standards, Pakistan, Iran, Taftan.

## Table of Contents

<b>Author’s Declaration</b> .....	<b>ii</b>
<b>Dedication</b> .....	<b>iii</b>
<b>Acknowledgement</b> .....	<b>iv</b>
<b>Abstract</b> .....	<b>v</b>
<b>Table of Contents</b> .....	<b>vi</b>
<b>List of Figures</b> .....	<b>ix</b>
<b>List of Tables</b> .....	<b>x</b>
<b>List of Abbreviations</b> .....	<b>xi</b>
<b>CHAPTER 1</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the study .....	1
1.2 Statement of the problem .....	2
1.3 Research Problem .....	2
1.4 Research Questions .....	3
1.5 Objectives.....	3
1.6 Significance of the Research .....	4
1.7 Research Gap .....	4
<b>CHAPTER 2</b> .....	<b>5</b>
<b>LITERATURE REVIEW</b> .....	<b>5</b>
2.1. Cross-border trade.....	5
2.2. Informal Trade .....	8
2.3. Pak-Iran Trade Relations .....	9
2.4 Review of Policies and Regulations.....	10
2.5 Pakistan-Iran Economic Relations and Trade Agreements: .....	12
<b>CHAPTER 3</b> .....	<b>15</b>
<b>METHODOLOGY</b> .....	<b>15</b>
3.1 Research strategy.....	15
3.2 Research design .....	15
3.3 Methods of data collection .....	16
3.4 Sampling.....	16
3.5 Key Themes/ Discussion Points.....	16
3.6 Analysis .....	17
3.7 Locale .....	18

1.6 Data collection & Ethics .....	19
<b>CHAPTER 4.....</b>	<b>22</b>
<b>RESULTS AND DISCUSSIONS .....</b>	<b>22</b>
4.1 Introduction .....	22
4.2 Reasons of Low Trade between Pakistan and Iran .....	22
4.2.1 The US Factor .....	22
4.2.3 Infrastructure and Basic Facilities .....	25
4.2.4 Weighing and Scanning Facility.....	27
4.2.5 Banking Facility .....	29
4.2.6 Telecommunications Problem .....	29
4.2.7 Complicated Clearance Process .....	30
4.2.8 Quetta-Taftan Railway line (ML-4).....	34
4.3 To assess the Socio-economic impacts of legal and illegal cross-border trade in Balochistan ..	34
4.3.1 Livelihood opportunities .....	35
4.3.2 Employment opportunities .....	36
4.3.3 Economic empowerment and rise in standard of living due to Spill-over effect .....	37
4.3.4 Border Markets .....	40
4.4 Importance of Taftan border and nature of trade flows .....	40
4.5 To assess if Pakistan has adopted the international standards of trade and quality controls on trading at Pak-Iran borders .....	42
4.5.1 WTO and TFA .....	43
4.5.2 Pakistan and TFA.....	45
4.5.3 Pakistan Single Window (PSW) .....	45
4.5.4 Revised Kyoto Convention .....	45
4.5.5 Benefits of a proper and harmonized implementation of RKC.....	46
4.5.5.1 Reduced trading costs and faster release .....	49
4.5.5.2 Improvements in Revenue .....	50
4.5.5.3 Economic competitiveness and rise in foreign direct investment FDI.....	50
4.5.5 Pakistan and Revised Kyoto Convention.....	52
4.5.6. Conclusion of the chapter .....	55
<b>CHAPTER 5.....</b>	<b>56</b>
<b>CONCLUSION AND RECOMMENDATIONS .....</b>	<b>56</b>
5.1 Conclusion.....	56
5.2 Policy Recommendations.....	58
<b>References.....</b>	<b>59</b>
<b>Appendices.....</b>	<b>66</b>



Appendix A.....	66
Appendix B.....	67
Appendix C.....	68
Appendix D.....	69
Appendix E.....	70
Appendix F.....	71
Appendix G.....	72

## List of Figures

Figure 1.1:	Categories of Stakeholders involved in trade between Pak-Iran.....	04
Figure 3.1:	Division of Cross-border trade between Pakistan and Iran.....	14
Figure 3.2:	Map of Taftan and Mashkel Border points .....	16
Figure 3.3:	Map of Taftan and Mashkel border crossing points formal/informal .....	16
Figure 4.1:	Imports and Exports of Pakistan with Iran from 2017-2023.....	21
Figure 4.2:	Export and Import processes at Taftan border .....	25.
Figure 4.3:	Responses of Transporters/Drivers regarding Issues/Hurdles .....	28
Figure 4.4:	Responses/recommendations of Traders regarding Issues and Hurdles ....	29
Figure 4.5:	Recommendations and suggestions of Locals .....	35
Figure 4.6:	Responses/recommendations of official stakeholders regarding trade related facilities .....	44
Figure 4.7:	Historical roadmap of the RKC.....	42
Figure 4.8:	Specific Annexes and chapters in Revised Kyoto Convention.....	48

## **List of Tables**

Table 4.1:	List of Imported and Exported commodities between Pak and Iran .....	20.
Table 4.2:	Trade facilitation measures in the WTO Trade Facilitations Agreement, listed by Article .....	34.
Table 4.3:	Pakistan's compliance status to mandatory RKC provisions.....	43
Table 4.4:	Pakistan's compliance status to entire RKC provisions.....	44

## **List of Abbreviations**

CBT	Cross-border trade
FGD	Focus Group Discussion
FTA	Free Trade Agreement
GD	Goods Declarations
ICBT	Informal Cross-border trade
IPR	Institute for policy reforms
JEC	Joint Economic Commission
LCCI	Lahore Chamber of Commerce and Industry
LPI	Logistics Performance Index
MOC	Ministry of Commerce
NAFTA	North American Free Trade Area
NBP	National Bank of Pakistan
NLC	National Logistic Cell
PBS	Pakistan Bureau of statistics
PTA	Preferential Trade Agreement
RKC	Revised Kyoto Convention
SAFTA	South Asia Free Trade Agreement
SDG	Sustainable Development Goals
TDAP	Trade Development Authority of Pakistan
UNCTD	United Nations Conference for Trade and Development
WB	World Bank
WCO	World Customs Organizations
WeBoc	Web Based One Custom
WTO	World Trade Organization

# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the study

Cross-border trade (CBT)<sup>1</sup> is the process of trading products and services among individuals, businesses, or other legal entities from different countries. It is categorised into formal and informal trade. Formal CBT is legal international trade conducted by registered traders who follow all relevant laws. At the same time, the definition of informal CBT varies and refers to trade that is not conducted within the legal framework. Small enterprises in the region conduct informal cross-border trade (member nations in eastern and southern Africa), which COMESA defines as trade that is not officially registered (Njiwa, 2013). Informal cross-border trade (ICBT) was characterised as lawful but unregulated (unregistered, unrecorded, and legally unreported) trade (Higgins, 2012). The informal sector is smaller than the CBT and is characterised by simple entry and departure for businesses (Dongala, 1993).

CBT must be addressed for all countries as it allows countries to access a broader range of goods and services, leading to increased economic growth and empowerment, greater efficiency, and lower costs. It also promotes competition and diversification of trade among economies. Cross-border trade is vital for Pakistan as it can help to access new markets and increase trade with other countries. Pakistan has an important strategic location, with proximity to South Asia, Central Asia, Iran, and Middle Eastern countries. Pakistan has several trade agreements, such as the CPEC with China, the South Asia Free Trade Agreement (SAFTA), the Preferential Trade Agreement (PTA) with Iran and the Pakistan-Afghanistan Transit Trade Agreement (MOC, 2006). These agreements can help Pakistan to boost cross-border trade with other countries.

Iran is one of the neighbouring countries of Pakistan and shares a border with the country's largest province, Balochistan. Among the other provinces of Pakistan, Balochistan is the economically underdeveloped province. According to a report published by the Institute for Policy Reforms (IRP), Balochistan is rich in natural resources but still has a low GDP share in Pakistan's economy; its current GDP share is less than 5% (Pasha, 2015). Iran shares a long border with Pakistan, with strong socio-economic, ethnic, and cultural similarities in the border areas, which could be used to explore trade relations between these two countries. This research

---

<sup>1</sup> Described as "the flow of goods and services over international land boundaries within reach of kilometres prescribed by legislation" Kaminski and Mitra 2010.

study emphasises the status of Pakistan-Iran cross-border trade relations and the factors affecting the strong trade ties between these two countries. It also focuses on how cross-border trade contributes to the socio-economic empowerment of the border region. Moreover, to find ways to improve the currently negative trade balance and low trade relations, reduce multidimensional poverty in Pakistan, and Increase employment opportunities for local communities and economic stability in Pakistan and Balochistan.

Trade relations between Pakistan and Iran can help both countries' economic prosperity. If a trade agreement is adequately designed and managed, it can help the economic prosperity of both countries. Iran has one of the largest economies in the region, so it would be beneficial for Pakistan to enhance its foreign trade relations with this country. According to Pakistan's Ministry of Foreign Affairs, Iran was Pakistan's fourth-largest trading partner in 2017, with bilateral trade reaching \$ 1.3 billion. Pakistan's trade volume with Iran is US \$ 392.08 million, in which exports are \$ 22.86 million and imports are \$ 360 million (Mofa, 2019).

## **1.2 Statement of the problem**

The volume of cross-border trade between Iran and Pakistan is meagre compared to other countries. According to the Ministry of Foreign Affairs of Pakistan, the trade volume between Pakistan and Iran is US \$ 392.08 million, with US \$ 22.86 million in exports and US \$ 369.23 million in imports. However, Iran is a developed nation with a prosperous economy. Exploring the reasons for low trade between these two neighbouring countries is essential. It is important to see how trading is being done at various terminals and what factors impede trade flows. Likewise, explore how quickly international standards are adopted on the Taftan and Mashkel borders. Moreover, illegal border trade is being held on Mashkel, and Taftan is used for formal trade (Baloch & Lashari, 2021). How can a developed border trade bring economic growth to the region?

## **1.3 Research Problem**

Presently, Pakistan and Iran share four main official border crossing points<sup>2</sup> for trade and public movement between the two countries (Caravanistan, 2022). Northwest Balochistan's Taftan is 295 kilometres from Dalbandin, the district Chaghi's administrative centre, along the Pakistan-Iran border. Road and rail links are also there to connect Pakistan with Iran, Turkey,

---

<sup>2</sup> Mirjahva-Taftan, Mand-Pishin, Gabd-Rimdan and Mashkel

Turkmenistan, and the rest of Europe. It also acts as a well-known land trade route with the Iranian city of Mirjaveh in the Sistan-Balochistan province of Iran.

One of the most frequent problems in cross-border trade is the lengthy and unpredictable delays at the border caused by inadequate border infrastructure, challenging clearance procedures, and technology failures. Cross-border trade with problems like insufficient infrastructure and complicated clearance procedures cause lengthy, unpredictable waits at the border, obstructing regional economic integration (ADB, 2023).

Being a relatively old border, the Taftan Border still needs to undergo a complete analysis to determine the costs and benefits of cross-border businesses (trade flows). There needs to be more literature on the Pakistan-Iran and Taftan-Mashkel borders. From a trading perspective, it is crucial to draw attention to the issues caused by the reduced use of this border point. District Chaghi (Taftan border) and district Washuk (Mashkel border) are among the poorest districts all over Pakistan. District Chaghi and Washuk are extremely poor and have the highest rate of multidimensional poverty (MoP, 2018). Border trade helps reduce poverty and directly correlates with economic growth (world Bank, 2022). The locals may get employed in various jobs at the border, which undoubtedly benefits them. To embrace international norms and rules following other nations while transacting across boundaries. International standards and rules must be adopted to preserve countries' and traders' rights.

#### **1.4 Research Questions**

1. What are the major challenges of cross-border trade between Pakistan and Iran?
2. Why trade between these two neighbouring countries is low?

#### **1.5 Objectives**

1. To explore the actual and potential political and legal barriers to cross-border trade between Pakistan and Iran.
2. To assess the Socio-economic impacts of legal and illegal cross-border trade in Balochistan.
3. To assess if Pakistan has adopted the international standards of trade and quality controls on trading at Pak-Iran borders.

## **1.6 Significance of the Research**

The significance of the study is that it explored the reasons for the low trade between Pakistan and Iran at the Taftan and Mashkel borders. It also developed a policy recommendation to address the causes of low cross-border trade. The Taftan and Mashkel borders are more important for connecting Pakistan with other Middle Eastern and Central Asian countries. However, the enhancement of border trade will contribute to the development of the local people and the rest of the country. It is expected that there will be economic prosperity and growth in the long run. This research also explored the socio-economic aspects (income, education, employment, community safety, and social supports) and Socio-political aspects (Security, hunger, national wealth, inequality in income, unity in diversity, and political conflicts are factors that must be considered.

## **1.7 Research Gap**

Despite the significant economic importance of cross-border trade between Pakistan and Iran, an apparent need for more literature exists. Taftan border is the oldest terminal, a gateway for Pakistan to other European, Central Asian, and Middle Eastern countries. There is a lack of comprehensive primary data that could comprehend the challenges and prospects of the Taftan and Mashkel general borders. Various research suggests that inadequate technology, lengthy clearance procedures, poor infrastructure, irregularities, etc., are the major contributing factors that slow the cross-border trade between countries. Moreover, the inhabitants of Balochistan's five bordering districts rely on border trade-related activities for their livelihood. Research is needed to explore the spill-over effects of cross-border trade and the socio-economic footprints of legal and illegal trade on local communities. For formulating policies that promote economic growth, it is essential to understand the socio-economic impacts of cross-border trade on local communities.

Furthermore, many studies point to the need for international standards for cross-border trade, which provide smoothness to trade flow and protect the rights of the individuals attached to cross-border trade. This research has explored how international standards are being practised during cross-border trade between Pakistan and Iran and would significantly contribute to developing targeted policies and interventions focused on enhancing cross-border trade efficiency and effectiveness.



## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1. Cross-border trade**

The relevance of trade expansion among less developed nations to promote economic development has become standard (Musonda, 1995). Cross Border Trade is generally split into two categories: formal and informal. Formal cross-border trade is any international trade in lawful goods and services conducted by traders who are duly registered and who abide by all applicable laws in the trading nations.

Borders are institutions with certain norms and behaviours that impact how they function, endure, and evolve (Newman, 2011). These institutions lay the foundation for how people see boundaries, how they work, and how they should change over time to reflect a state's values and objectives. Trade across borders helps border regions' economies grow. However, internal vulnerabilities and external threats must be effectively reduced by utilising all available resources. People still have more access to cash, bureaucracy that makes it challenging to obtain a licence, rising internal issues, and community flaws that prevent it from competing and taking advantage of market needs are all factors.

Since the 1980s, border regions have received more and more scholarly attention. In some regions of the globe, state borders are becoming more permeable because of accelerated global economic and cultural exchanges and strengthened supranational integration structures such as the European Union (EU) and the North American Free Trade Area (NAFTA). The dramatic increase in the securitisation of state borders over the past decade must be considered when analysing this opening of political boundaries and the shift in their significance. When confronted with opposing bordering trends, many border regions and cities view cross-border flows and exchanges as growth and expansion opportunities and actively participate in this territorial reorganisation process.

Many academics (Gamble & Anthony , 1996) (Grieco, 2008) have used "cross-border integration" to refer to various processes and forms that have helped revive cross-border

regionalism, including increased trade between neighbouring regions, the growth of institutional cooperation, and the emergence of new scalar discourses and imaginaries.

Cross-border integration is explicitly known in border studies as a regionally based phenomenon along national borders in various domains, from economics to politics to culture. Cross-border integration refers to the repercussions of international trade liberalisation in international trade theory. Conversely, convergences between neighbouring territories can result just as readily from interactions contributing to the erosion of disparities as from national-level development processes.

According to (Grieco, 2008), nation-states are primarily concerned with their security and power and are less eager for collaboration because they are often predisposed toward conflict and rivalry. As expressed by (Glaser, 2010), cooperation is uncommon and restricted to subordinate tasks, whereas competition is the norm and frequently intense. Despite the increased propensity for conflict and competition as described by (Grieco, 2008), maintaining the ongoing conflict, mainly when it is present in a proximity zone, is always tricky. (Milner, 1992) asserts that policy coordination allows actors to adapt their conduct to the actual or projected preferences of others and achieve cooperation amongst nation-states. Thus, cooperation among the states can aid in pursuing shared economic gains, eventually resulting in regionalism. Regionalism aims to reorganise a particular regional area along separate economic and political lines for mutual benefit, primarily in the economic sphere (Gamble & Anthony, 1996).

Trade corridors aid in the start-up of economic activity along the targeted routes and may contain energy pipelines, industrial parks, communications and electricity transmission cables, and tourism-related activities (Ishida, 2009). The creation of economic corridors aims to connect diverse economic nodes while fostering connectedness between the economic agents operating within a given geographic area and using a defined framework (Brunner, 2013). Building and improving infrastructure is considered an instrument of regional geopolitics since states seek to stray from their defined geographies while pursuing national objectives (Daniels, 2013). Regional infrastructure's density and quality, which determine its ability to facilitate trade and produce higher revenue and prosperity, are critical factors in a region's ability to integrate economically (De, 2013).

Economic connectedness is a powerful tool to combat narrow political narratives, turning the world into a massive stockpile of weapons and ammunition. In the aftermath of the new global

order, economic and trade partnerships are prioritised more than political alliances. Pakistan, which is situated at the intersection of Central and West Asia, has achieved a considerable tilt in its economic connections on both a global and regional scale. It is close to two of the wealthiest nations in the world (Khetran, 2016).

According to a study (Castanho, Loures, Fernández, & Pozo, 2018), cross-border entrepreneurship activities can foster business linkages across numerous nations and help smaller nations' economies flourish internationally. Thus, promoting international relations and economic success through cross-border corporate activity is crucial. World political and economic links are expanding in the current climate, which impacts various activities (Darwich, Valbjørn, & Makdisi, 2021). Business activities heavily depend on international relations. For the growth of the two nations' economies, the role of cross-border trade is essential.

(Castanho, Loures, Fernández, & Pozo, 2018) further Argues that in "A Step Closer to Achieving Major Structural Changes and Sustainable Cities within European Territory," cross-border cooperation (CBC) positively impacts entrepreneurship and regional development. What would Pakistan gain from improved regional connectivity along its western border besides granting better market access for its exports to Europe, Western Asia, and Central Asia? Naturally, this would require an integrated strategy in which the nation gradually enhances its local road network the border crossings and implements a more favourable global regulatory environment for road transportation (Khan, 2014).

Trade is a growth catalyst that expands economic opportunities, reduces destitution, and increases employment opportunities. Recent studies indicate that trade liberalisation increases economic empowerment by an average of 1.0 to 1.5 percentage points, resulting in a 10 to 20% increase in income after ten years. Since 1990, trade has increased incomes by 50% for the poorest 40% of the population and 24% globally. Since 1990, more than one billion people have been lifted out of destitution due to economic growth supported by better Trade practices (world Bank, 2022).

International standards play a vital role in cross-border trade by guaranteeing conformity and expediting procedures. Cross-border trade includes import and export activity and exchanges of products and services between buyers and sellers in different nations. Tariffs, trade agreements, and other trade regulations between governments influence international trade, which includes imports and exports between businesses based in various nations (Hurrigan,

2023). Significant documentation, inconsistent standards, origin regulations, tariffs and non-tariff barriers, and other issues make cross-border trading challenging and expensive for businesses. Adopting and upholding international standards may help firms and regulatory bodies cut expenses, increase productivity, and guarantee more seamless cross-border trade activities (KPMG, 2022).

## **2.2. Informal Trade**

The definition of informal cross-border trade (ICBT) varies across writers and institutions. Informal cross-border trade, conducted by small enterprises in the region (member nations in eastern and southern Africa), is defined by COMESA as not officially registered trade (Njiwa, 2013). ICBT was characterised as a lawful but unregulated (unregistered, unrecorded, and legally unreported) trade (Higgins, 2012). The informal sector is smaller than the ICBT, which is characterised by simple entry and departure for businesses (Dongala, 1993).

At the borders with Iran and Afghanistan, goods from both the agricultural and non-agricultural sectors are illegally transferred to or from Pakistan. Uses locations and routes in the Chaman, Pishin, Badeen, and Panjgur regions. Jiwani, Taftan, Mand, Nokundi, Gwadar, and Jiwani sites are used for smuggling from Iran and Balochistan to Afghanistan (Bashir, Farooq, & Sharif, 2000).

According to research conducted by (Raheem, Badshah, Arshed, 2021), the findings showed that locals residing on the Pak-Iran border were happy with their illegal trade, primarily dependent on their proficiency and knowledge of border smuggling. They admitted that the majority of their economy was based on smuggling, including ration food from Iran, gasoline, diesel, oil, and other essential products. Government-imposed restrictions on trade, such as border closures or sanctions, also fuel cross-border informality. Unreported cross-border trade is significant and essential to the growth of a country on micro level. Additionally, it emphasises how much more can be gained regarding regional food security and resource allocation efficiency when supply and demand function naturally.

Cross-border trade, in terms of physical goods and data, can have far-reaching socioeconomic implications for local communities, and it's essential to consider the specific needs and challenges of different types of traders and businesses involved. Local communities may have significant socioeconomic effects from cross-border trade. Depending on the strength of the ties between the participating countries, it may accelerate economic development in those nations (Iusarciuc M. , 2015). However, cross-border trade's impact is broader than physical

goods movement. Cross-border data flows also play a central role in the modern economy, underpinning international trade and investment and creating new business models based on data use, processing, and storage (Moyo, 2023). The African Continental Free Trade Area (ACFTA) is expected to open new markets and spur economic growth, potentially impacting informal cross-border trade. However, it's essential to recognize informal cross-border traders' unique challenges and needs, such as the lack of explicit provisions to protect them and the potential disadvantages they may face when operating in formal channels (Gomez, Southiseng, Walsh, & Sapuay, 2011).

### **2.3. Pak-Iran Trade Relations**

This study focuses on Pakistan-Iran trade, and both countries share an extended border area. Hence, it is essential to see how trade happens between the two countries—plenty of literature worldwide on border issues in the context of trade. In Pakistan, border trade with Iran is enormously low (Khan, 2014), and more research needs to explore the issue deeply.

According to the (World Bank, 2022), cross-border trade is directly correlated with economic growth. However, Pakistan's trade with Iran is meagre compared to other countries. Despite that, Pakistan and Iran share a long border where both sides have socio-economic similarities. Because of the lack of extensive literature, studying the status of trade between Iran and Pakistan and the quality of facilities at various border points is necessary. Almost seven districts of Balochistan are located at the Pak-Iran border; trade and smuggling are the primary sources of income for the people living in border districts.

In his paper (Quittmeyer, 1979), argues that Pakistan is a state that lacks natural resources, whereas Iran is a state that is wealthy in resources like gas and oil. Additionally, these states have the same border. Natural resource transportation is relatively simple in this scenario. Pakistan may easily import fossil fuels from Iran and cut transportation costs by millions of dollars. On the other hand, Pakistan's neighbours, namely China and India, desperately need energy resources. These circumstances help the transformation of Pakistan into a regional hub for energy transit.

Iran possesses abundant natural resources, but Pakistan, too, needs natural resources in significant amounts. In this context, any bilateral economic deal between Iran and Pakistan benefits both bordering Muslim countries. However, there is little cross-border trade between

Pakistan and Iran because of international economic sanctions and pressure placed on Iran due to its nuclear and missile programs, the state of regional law and order, and mutual mistrust (Kumar, 2008). Currently, trade between Pakistan and Iran is valued at less than \$1 billion. Up to \$5 billion can be raised annually in this way. However, the United States of America's and the United Nations' international sanctions frequently make it more difficult for the two adjacent governments to have open commercial and economic relations.

According to (Kozahnov, 2011), they are establishing the regional collaboration Organization by Iran, Pakistan, and Turkey for mutual trade and collaboration at the regional level, which led to the development of economic ties between the two countries in the late 1980s. This organization later became the Economic Cooperation Organization. However, the organization's primary goal is to promote trade and business between these Muslim-dominated countries and their neighbours. While Pakistan produces a high-quality fabric that is the greatest in the world, Iran is wealthy in carpet manufacture. Both regional states can trade mutually beneficial goods with one another in this fashion. There is a win-win scenario in the case of trade between the two nearby Muslim states.

Political and religious groups in Pakistan claim, according to a 2013 study by the Pakistan Institute of Peace, that Pakistan's relations with Iran should be guided by its national interests rather than by concerns of offending the US. It would strengthen ties with Iran and advance economic cooperation, security, and interfaith harmony (PIPS, 2013). Despite geography and the infrastructure made possible by the Economic Organization Cooperation (ECO) framework, trade between Pakistan and Iran has yet to reach its potential, according to a 2013 report by the International Monetary Fund (IMF). Pakistan is currently Iran's eleventh-largest trading partner (Akhtar, 2013).

However, many trade, smuggling, and illicit financial activities occur between the two nations through third-country channels. This is primarily due to the sanctions placed on Iran by the West and the prospect of penalties on nations that conduct trade with Iran.

## **2.4 Review of Policies and Regulations**

This section reviews key policies and regulations to enhance trade between Pakistan and Iran. The role of policies is like a catalyst which makes trading easier among countries and boosts trade flows. Most of the countries prefer to get into Free Trade Agreements (FTAs), which are

referred to as Preferential Trade Agreements (PTAs) or Regional Trade Agreements (RTAs). On similar grounds, Pakistan and Iran also signed a trade agreement to carry on trade between them.

Preferential Trade Agreement of Pakistan and Iran: On March 4, 2004, Pakistan and the Islamic Republic of Iran inked a preferential trade agreement. On May 25, 2005, the deal was approved by the Cabinet. As mutually agreed, the agreement was enacted on September 1, 2006. According to the Agreement, Iran received concessions on 309 tariff lines from Iran while Pakistan received concessions on 338. About 18% of both countries' MFN tariffs are covered by the preferences that both nations have granted to one another.

Paper and paperboard, cereals, meat and edible meat, machinery, and plastics at the HS 02 Level are Pakistan's top reported exports to Iran. "Paper and paperboard, surface-colored, surface-decorated or printed," "Film and sheet etc., non-cellular etc., of polymers of ethylene," and "Machines for making bags, sacks or envelopes of paper or paperboard" account for 44%, 62%, and 91% of Pakistan's total world exports, respectively, at the HS 06 level from the top 20 exports.

Pakistan receives unique benefits on the commodities listed in the PTA Tariff Schedule as a signatory. 12 out of the top 50 HS 06 exports to Iran, or 24%, are subject to special tariffs as part of the PTA. These 24% of goods were made up of, in that order, Cereal (Rice), Paper and Paperboard, Plastics, Cotton, Pharmaceutical Products, Wood and Articles of Wood, Tools, Implements, and Cutlery. They also included items under HS 10, HS 48, HS 39, HS 52, HS 30, HS 44, and HS 82.

Among Pakistan's top Iranian imports are mineral fuels, floating structures, iron and steel, edible vegetables, and raw hides. Less than 5% of Pakistan's overall international imports are made up of the first four categories, whereas 12% or more are made up of raw hides.

Pakistan, the other party to the Iran-Pakistan PTA, likewise grants Iran tariff breaks on goods it imports from the nation listed in the agreed-upon Tariff schedule. Around 44% (or 22 out of 50) of the top 50 goods Pakistan imports from Iran at the HS 06 level are exempt from tariffs. The HS categories for the goods that received concessions were as follows: Mineral Fuels (HS 27), Edible Vegetables and Certain Roots and Tubers (HS 07), Salt, Sulfur, Earth and Stones, Plastering Materials, Lime and Cement (HS 24), Edible Fruits, Peels of Citrus Fruits or Melons (HS 08), Plastics and Articles Thereof (HS 39), Organic Chemicals (HS 29), Dairy Produce (HS 04), Glass and Glassware (HS 70), Products of Animal Origin (HS 05), Iron (Fertilizers).

Regulation of Trade between Pakistan and Iran: The Joint Economic Commission, founded in 1986, oversees relations between Pakistan and Iran. It offers a helpful institutional framework for selecting industries and regions to foster business and economic ties between the Islamic neighbouring republics. This commission also set up a periodic assessment to track the execution of various decisions made in this context by the representatives of the two governments. The joint economic committee between Iran and Pakistan convened at a predetermined time to discuss implementing the decisions made during the previous session (Pandian, 2005).

Recently, Pakistan and Iran have signed 39 memorandums of understanding in a border trade committee meeting. Both countries want to have smooth trade relations. The Ministry of Commerce is determined to make trade efforts between both countries by doing PTA and FTA. Moreover, the Chamber of Commerce and Industry of Quetta want to carry on efforts to increase the quantum of bilateral trade through legal routes and has shown concern about free bilateral trade between the countries (Bayramli , 2023).

By the Iran-Pakistan preferential trade agreement, Iran had recently taken prohibited goods off the list of items Pakistan could import. Both countries also agreed upon several initiatives to support energy cooperation as Pakistan is facing a shortage of gas and petroleum products (Bayramli , 2023).

In this globalized time, trade agreements among nations have become essential for trade policy. Pakistan and Iran have also realized the importance of trading with each other. The new initiatives and recent table talks are expected to bring both countries a new and smooth trading shape.

## **2.5 Pakistan-Iran Economic Relations and Trade Agreements:**

Pakistan and Iran have always maintained amicable ties. As (Burke, 1973) claims, Pakistan's continuing affection for Iran is also a result of the fact that Iran is the place where Pakistani culture originated and where our (Pakistan) national language, Urdu, derives from Persian. Throughout their contacts, Pakistan and Iran have experienced shifts in geopolitics. Geographical closeness and centuries-old historical links serve as the basis for this relationship. Their association is built on the exchange of economy, ideas, and culture, which offers a conducive environment for cooperative economic activity based on Trade among both countries.



Over the years, Pakistan and Iran have signed several economic agreements: Preferential Trade Agreement (PTA)<sup>3</sup>, Bilateral Investment Treaty (BIT)<sup>4</sup>, Free Trade Agreement (FTA)<sup>5</sup>, Joint Economic Commission (JEC)<sup>6</sup>, Border Trade Agreements and MoUs for Banking and Financial Cooperation to expand their Trade and economic ties. The two nations want to increase connectivity, strengthen the economy, and foster economic development with these agreements. It is crucial to highlight those various circumstances, including geopolitical tensions, international sanctions on Iran, and local economic objectives, have frequently impacted the implementation and advancement of these agreements.

On April 07, 2022, the Ministry of Commerce, Pakistan, issued a notification to permit public-sector businesses and private-sector investors to import and export commodities under the "Barter-trade mechanism".<sup>7</sup> This policy aimed to enhance regional Trade. Both countries have agreed to increase their annual trade exchanges to \$5 billion by 2023 (Khan M. , 2021). On February 01, 2023, at the Lahore Chamber of Commerce and Industry (LCCI), the Iranian consular general (CG) Mehran Movahedfar revealed that "The State Bank of Pakistan is creating hurdles in our operations. He remarked that the firms exporting rice from Pakistan have similar issues. As a result, several enterprises have declined to continue working together" (Tribune, 2023).

Despite international economic sanctions on Iran, on June 02, 2023, The Ministry of Commerce of Pakistan issued a particular order allowing barter trading for specific items, including oil and natural gas, with Afghanistan, Iran, and Russia (Shahid & Shahzad, 2023). The import followed-by-export approach (Khan F. I., 2023) will be adhered to under the barter trading arrangement, ensuring that exports equal the value of imported items. With the help of this trading strategy, Pakistani companies can now export 26 different products to Afghanistan, Iran, and Russia, including milk, eggs, cereal, meat and fish products, pharmaceuticals, fruits and vegetables, fish products, salt, rice, salt, pharmaceuticals, steel, clothing and footwear, and leather goods. Pakistan can also import various goods from these nations, including petroleum

---

<sup>3</sup> See the Notification of the agreement at: <https://www.commerce.gov.pk/about-us/trade-agreements/pak-iran-preferential-trade-agreement/>.

<sup>4</sup> See the Notification of the agreement <https://investmentpolicy.unctad.org/international-investment-agreements/treaties/bit/2035/iran-islamic-republic-of---pakistan-bit-1995->.

<sup>5</sup> See the Notification of the agreement <https://www.islamabad.mfa.ir/en/newsview/539515/2nd-round-of-iran-pakistan-fta-talks-kicks-off>

<sup>6</sup> See the Notification of the agreement: [http://pid.gov.pk/site/press\\_detail/20586](http://pid.gov.pk/site/press_detail/20586).

<sup>7</sup> See the Notification of the agreement: <https://www.commerce.gov.pk/wp-content/uploads/2022/04/Notification-for-Operationalization-of-Barter-Trade-with-Iran.pdf>.

oils, fertilizers, chemicals, fruits, vegetables, minerals, spices, coal, cotton, rubber, wheat, pulses, and metals (Gilani, 2023).

Previously, both countries agreed on a Preferential Trade Agreement (PTA)<sup>8</sup>. This agreement allows Pakistan and Iran for concessions on 18% of commodities for both countries. Iran received concessions from Pakistan on 338 items, whereas Pakistan received concessions from Iran on 309 items (PTA, 2006).

Economic cooperation between Pakistan and Iran goes back many years. The basis for economic relations has been intense geographic closeness, shared cultural antecedents, and expected economic objectives. Even in the face of international economic sanctions, Trade can be facilitated because both nations have resources and goods that complement one another's requirements. A senior ranked officer at the Ministry of Information expressed his views:

*"Pakistan and Iran might investigate alternate trade channels. Barter agreements, in which commodities are directly transferred without monetary transactions, can assist both nations in getting over financial constraints. Additionally, by minimizing dependency on foreign currencies, creating currency exchange agreements can promote Trade more efficiently."*

In a nutshell, it is obvious that the economic cooperation between Pakistan and Iran has deep roots, driven by geographical proximity, cultural similarities, and shared economic goals. Despite facing international pressures and sanctions, both nations have managed to maintain trade ties due to complementary resources and goods. Exploring alternative trade channels and new vistas has become need of time especially due to deep down cultural similarities. Additionally, investment programs, establishment of more banks at border areas and founding currency exchange agreements to reduce reliance on foreign currencies could further enhance trade efficiency between the two countries.

---

<sup>8</sup> On March 4, 2004, Pakistan signed a Preferential Trade Agreement with the Islamic Republic of Iran. The Cabinet ratified the agreement on May 25, 2005. As agreed by both parties, the agreement became effective on September 1, 2006. Under the terms of the Agreement, Pakistan granted Iran concessions on 338 tariff lines, while Iran granted concessions on 309. Preferences granted by both nations to each other account for approximately 18% of each nation's MFN tariff.

## **CHAPTER 3**

### **METHODOLOGY**

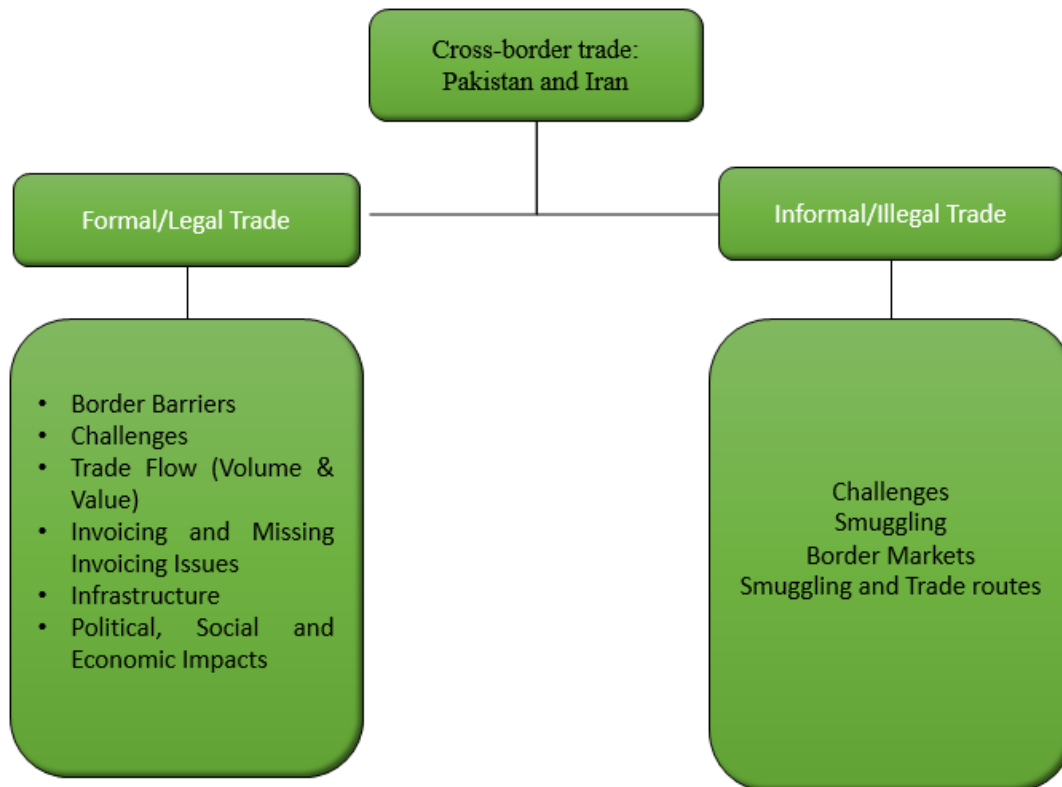
#### **3.1 Research strategy**

The research plan has been carried out with the aid of the research strategy. It systematically guides the researcher's thoughts and actions toward achieving its goals. The researcher uses the most effective research methodology for gathering and analysing data. Either sort of strategy or a combination of strategies can be used. This study is based on Qualitative research methodology and used 2 Focus group discussions (FDGs) and 57 in-depth interviews in 8 categories conducted with different stakeholders directly related to cross-border trade.

#### **3.2 Research design**

An exploratory case study research design has been used in this research. An exploratory case study examines a variety of situations where there is a lack of prior research (Durepos, Mills , & Wiebe, 2010). The exploratory case study is frequently used in research contexts when there are no defined guidelines, yet evidence is still needed to create sound hypotheses. Exploratory case study research design, in its broadest sense, offers the researcher a high degree of flexibility and independence in data collecting and research design. Thus, this research has adopted an exploratory case study design due to a lack of preliminary research on border trade via Taftan and Mashkel.

**Figure 3.1. Formal & Informal Division of Cross-border trade between Pakistan and Iran**



### 3.3 Methods of data collection

Qualitative methodologies have been used in the research to gather the data: focus group discussions, key informant interviews, and in-depth interviews with all the identified stakeholders.

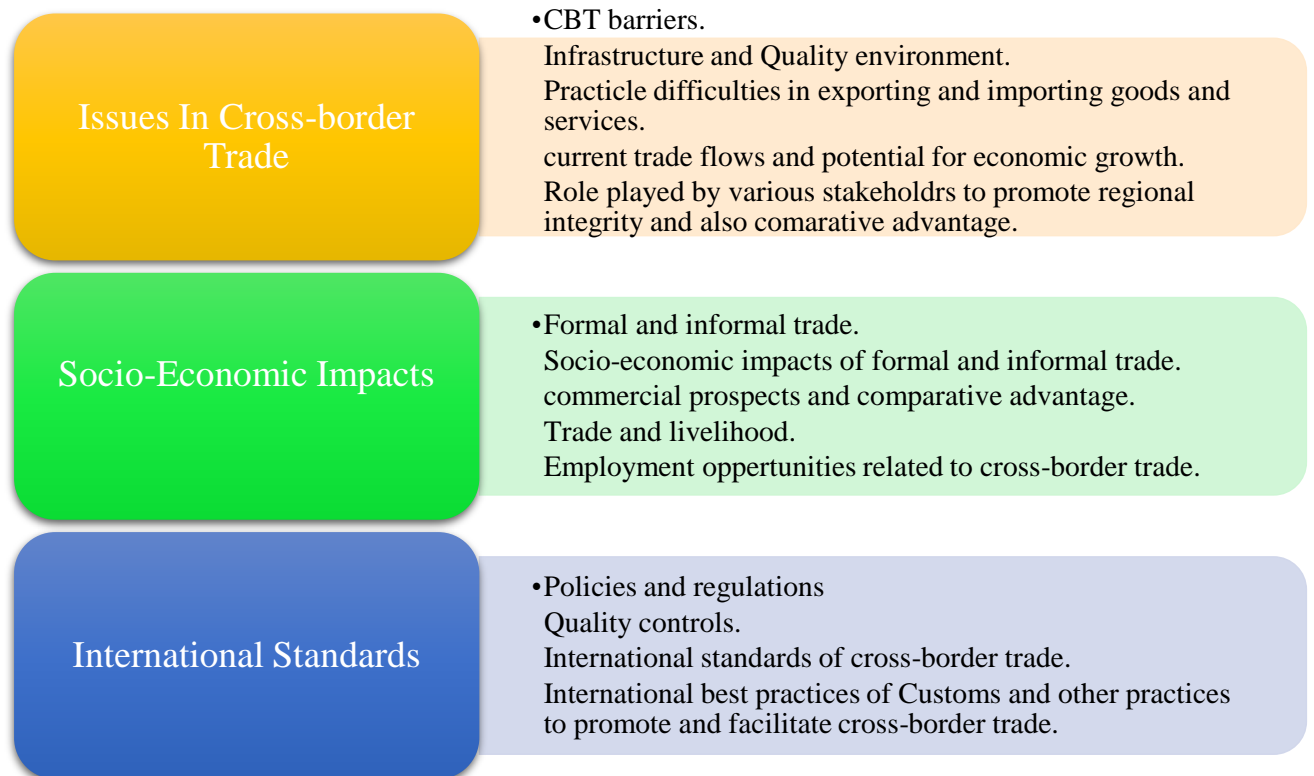
### 3.4 Sampling

This research used and adopted convenient sampling techniques. This nonprobability sampling allows the researcher to gather and collect data based on convenience.

### 3.5 Key Themes/ Discussion Points

- Border barriers (port efficiency and customs administration)
- Barriers behind the border (infrastructure quality and regulatory environment)

- Determine the practical difficulties traders have while importing or exporting goods and services and suggest solutions.
- Must thoroughly understand the current trade flows and its potential for growth.
- Invoicing and over-invoicing issues in formal trade.
- Role played by various parties or stakeholders, such as the political and social spheres, in promoting cross-border trade.
- Identify commercial prospects, comparative advantages, and regional integration opportunities between Pakistan and Iran.
- An examination of the primary obstacles that official traders face, such as transportation, information, funding, and ways to balance trade between Pakistan and Iran, which informal traders overcome.
- Policies, quality controls and international standards.



### 3.6 Analysis

The method of evaluating qualitative data, known as thematic analysis, involves going through a data collection to identify, analyse, and report recurring themes. (Clarke & Braun, 2014). Compared to a category that characterises and organises the "manifest content" of a data

collection, a theme is a more abstract concept requiring greater data interpretation and integration. (Nowell, Moules, & Norris, 2017). The interviews and two focus group discussions (In Balochi and Brahvi languages) have been transcribed, and a thematic analysis technique has been used to analyse the data. The goal was to encourage economic development and prosperity by making specific, fact-based recommendations to encourage cross-border trade.

### 3.7 Locale

The Locale of this thesis was the borders of Taftan and Mashkel.

**Figure 3.2: Map of Taftan and Mashkel Border points**



**Figure 3.3: Map of Taftan and Mashkel Trade Routes**



Trade Route formal/Informal District Chagai and District Washuk<sup>9</sup>

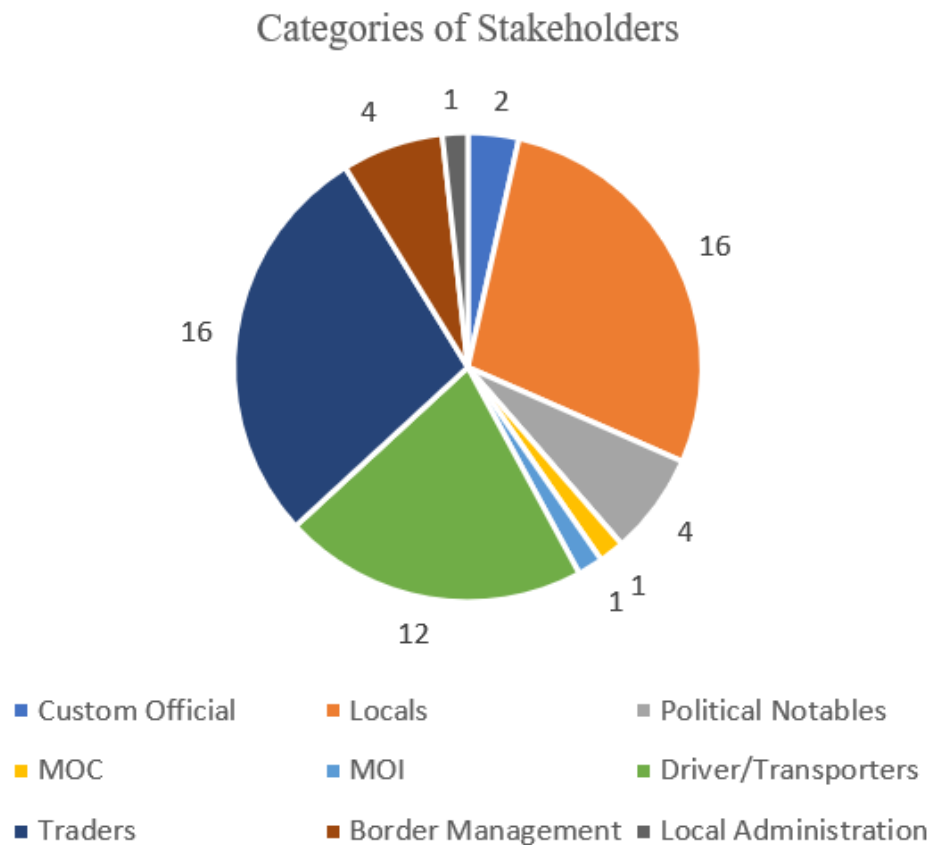
### 1.6 Data collection & Ethics

The stakeholders in this research were the traders, locals, local government representatives, customs agents, political notables, representatives of border management (Custom Police, Frontier Corps, and Levis) and civil officials, Representatives of the Ministry of Communication and Ministry of Commerce.

During the data collection, the researcher has ensured the confidentiality of the interviewee, ethical consideration and taking care of cultural harmony.

<sup>9</sup> These graphs have been taken from <https://www.usf.org.pk/programs/projects/lot17-chagai>, <https://www.unocha.org/publications/map/pakistan/pakistan-health-facilities-washuk-balochistan-province-13-march-2019>. The Routes identified by the Researcher.

**Figure 1.1. Categories of the stakeholder involved in trade between Pak-Iran**



### **Traders**

Traders are key players who are intimately involved in the business side of international trade. Their experiences shed light on available facilities and the difficulties involved in international trade. Trader insights play a significant role in the economic components of the study.

### **Drivers and Transporters**

The logistical difficulties encountered in cross-border trade are closely related to the engagement of drivers and transport companies. The operational challenges, transportation infrastructure, and regulatory difficulties that affect trade routes' efficiency are clarified by their experiences. Examining their viewpoints is crucial to comprehending the real-world difficulties they encounter daily.

### **Customs officials and Agents (Taftan)**

An essential component of the legal system controlling international trade is the presence of customs officers and agents. Speaking with them in an interview sheds light on the difficulties



encountered in guaranteeing compliance and implementing trade laws and customs processes. Comprehending their viewpoints facilitates the assessment of regulatory systems' efficacy.

### **Locals (Washuk and Chaghi)**

Locals living close to the border between Iran and Pakistan are essential responders because they may shed light on how cross-border commerce directly affects their day-to-day lives. Their viewpoints cover the cultural ramifications, socioeconomic elements, and community dynamics impacted by the trade activity. It is essential to comprehend their experiences to determine the general attitude towards cross-border trade.

### **Border Management (Washuk and Chaghi)**

Border management personnel are essential in overseeing and enabling international trade. Their knowledge is crucial for comprehending the legal environment, difficulties in enforcing the law, and the general efficacy of border control methods. Their viewpoints provide a substantial contribution to the evaluation of the current trade flow regulation methods.

### **Ministry of Commerce (MoC)**

Regarding cross-border trade policy, the Ministry of Commerce speaks for the country. Speaking with this ministry's representatives can offer insight into trade agreements, macroeconomic factors, and strategic objectives pertaining to the border between Iran and Pakistan. Understanding the more significant national agenda in cross-border commerce depends on their opinions.

### **Ministry of Information (MoI)**

When it comes to influencing public opinion and distributing information on international trade, the Ministry of Information plays an important role. Examining their viewpoints aids in comprehending the function of public awareness campaigns, communication tactics, and the possible impact of the media on how people see international commerce.

### **Local Administration (Taftan and Mashkel)**

The involvement of local administrative officials facilitates the growth and governance of border regions. Awareness of the broader effects of cross-border trade on regional infrastructure, services, and community development requires an awareness of their viewpoints. Local government representatives' perspectives offer a comprehensive picture of the socioeconomic effects of cross-border trade at the regional level.

## **CHAPTER 4**

### **RESULTS AND DISCUSSIONS**

#### **4.1 Introduction**

After completing the necessary processing and categorization of the primary data obtained through focus group discussions and in-depth interviews, the discussion continued following the proposed themes. The researcher investigated, interpreted, and contextualized the findings within thematic constructs. In this chapter's subsequent sections, the researcher thoroughly explored the core of the research findings.

#### **4.2 Reasons of Low Trade between Pakistan and Iran**

Pakistan shares a long border with Iran, but the trade ties with Iran have yet to be made smoother. This keeps our trade volume relatively low with Iran. This section explores and reports the detailed reasons for low trade between Pakistan and Iran.

##### **4.2.1 The US Factor**

Due to its extensive sanctions against Iran, the United States significantly influences how Pakistan and Iran conduct their economic ties. These restrictions directly impact the two nations' energy, investment, and trade links. Regarding the US sanctions, Pakistan's economic contacts with Iran are complicated by its historical links to both the US and Iran and by its regional interests and security concerns. A respondent at MoC Pakistan expressed:

*"The main barrier impeding trade between Iran and Pakistan is US sanctions. It draws attention to the fact that these sanctions have a wide range of consequences, affecting direct trade and other economic efforts and agreements."*

He also emphasized:

*"In light of these difficulties, we require alterations to policy, upgrades to the infrastructure, and simplification of the processes."*

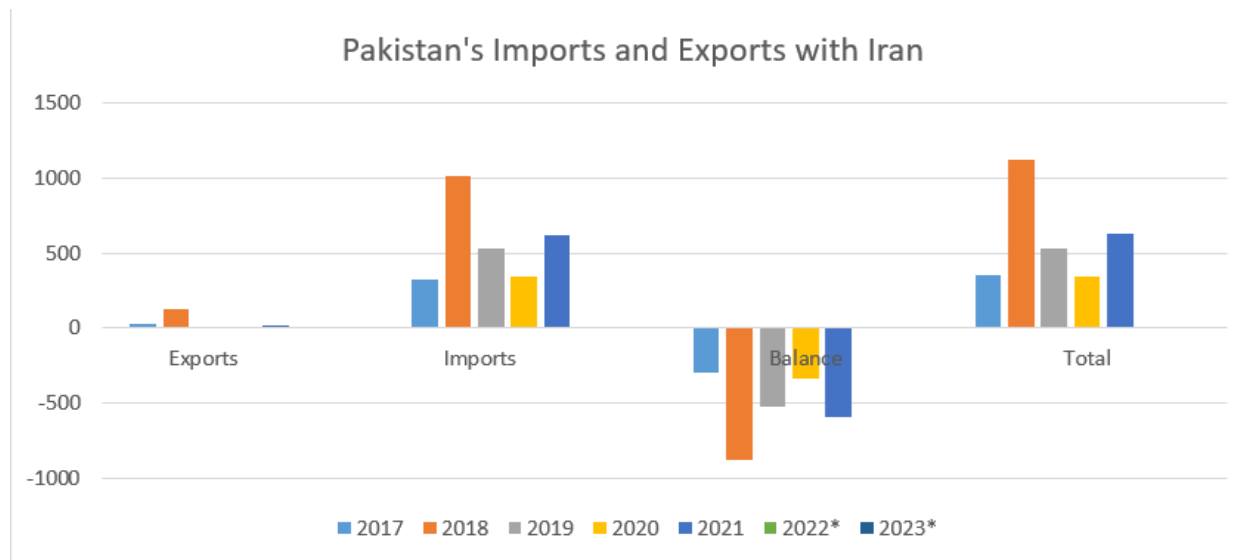
**Table 4.1: List of Imported and Exported commodities between Pak and Iran**

Pakistan's Trade with Iran		
No	Pakistan Exports	Pakistan's Imports
1	Mango	LPG
2	Rice	Iron Scrape
3	Petalrose	Iron Wire
4	Banana	Cement
5	Jojobe	Fresh Dates
6	Sportswear	Chick-Pea
7		Raisin
8		Dry-Fruits
9		Iran/Plastic Pipe
10		Sulpher & more

*Source: Researcher's own survey and Observations*

The Iran-Pakistan relationship has changed immensely since it first began in 1947. Initially, "Pakistan has close and friendly ties with Iran" (Zubair, 2017). Significant cultural, socio-economic, and security cooperation existed between the two countries. For instance, Iran supported Pakistan morally and materially throughout its wars with India in 1965 and 1971 (Kumar S. , 2008). The lack of confidence between Islamabad and Tehran was exacerbated by the US-led "War on Terror," which united Pakistan and the US (Karim, 2023). The level of economic collaboration is now far lower than it might be (See above table 4.1). According to the Trade Authority of Pakistan (TDAP), Iran is a non-traditional trading partner of Pakistan (As shown in figure 4.1). In 2019, bilateral trade between Pakistan and Iran was \$ 537.3 million; however, the trade balance stayed inconveniently skewed to Iran's benefit due to Pakistan's imports of commodities worth \$ 532.6 million (TDAP, 2022).

**Figure 4.1: Imports and Exports of Pakistan with Iran from 2017-2023**



Source: TDAP, OEC and Researcher's Interviews

Commercial banks in Pakistan are reluctant to do financial transactions with Iranian institutions due to US sanctions against Iran. A payment system is needed for the traders and investors in both nations. According to (Shahid & Shahzad, 2023), a lack of banking channels can also hamper the trade. This issue was also pointed out by a senior official at MoC; he stated:

*"Despite Pakistan and Iran's proximity, it is true that there is a meagre trade between the two countries due to the lack of direct banking channels because of US sanctions."*

National interests are the core and dominant factor forming economic ties between countries. Relations between Pakistan and Iran in the post-9/11 strategic context were unsuccessful due to the fractious US-Iran relations and Pakistan's close strategic connections with the US as a frontline ally in the global war on terror (Ahmed, Ali, & Shah, 2017).

Furthermore, the United States has significantly influenced the economic ties between Pakistan and Iran. Geopolitics, global sanctions, and regional alliances have affected the nature and extent of economic connections between these two neighbouring countries. Despite obstacles brought on by US sanctions against Iran, both countries still have room to promote improved economic ties that can help both countries. A respondent at the Ministry of Information cited:

*"US sanctions have a big impact on Pakistan-Iran economic relations, and many more interconnected elements add to the complexity of their bilateral dealings. The shortcomings in banking channels stand out as a key barrier, making transactions and financial exchanges difficult because of the limitations imposed by sanctions. Parallel to this, better connection and adequate infrastructure along borderlines obstruct effective trade movements, causing delays, higher costs, and logistical challenges. Further limiting real economic growth is the frequency of unofficial payments and bribes in trade transactions, which weaken openness and encourage a corrupt atmosphere. The lack of basic amenities and services at border crossing points exacerbates economic inefficiencies and worsens operational difficulties."*

#### **4.2.3 Infrastructure and Basic Facilities**

Infrastructure deficiencies significantly affect Iran-Pakistan cross-border trade<sup>10</sup>. According to the World Bank, poor infrastructure is one of the most significant obstacles to international trade and can significantly impact trade facilitation (World Bank, 2022). The analysis conducted by (Plekhanov & Koczan, 2013) reveals a vital finding concerning the effect of infrastructure improvements on trade gains. They argued that the potential trade benefits resulting from enhancements in infrastructure are substantial and surpass the impacts of reducing tariff barriers to trade. Furthermore, the extent of these benefits is contingent upon the trading partners' infrastructure capability, with the most significant advantages observed in situations where trading partners possess highly advanced infrastructure. In such instances, enhancements to a country's infrastructure have proven effective in addressing critical bottlenecks along specific trade routes. The study shows that the simultaneous and complementary enhancements in infrastructure have the most significant potential to facilitate trade effectively.

A Policymaker at the Ministry of Commerce also pointed out this issue by adding:

*"The Pak-Iran route has been identified as a barrier to economic efficiency. Additionally, the lack of functional railway services has been recognized as a lost opportunity for trade development."*

---

<sup>10</sup> The term "infrastructure deficits" refers to the absence of adequate and modern facilities, transportation networks, and border crossings necessary to efficiently move products and people between two countries. These deficits result in bottlenecks, delays, and additional expenses, impeding trade activities.

The Quetta-Taftan route (633km) (Also called London Road)<sup>11</sup> is a vital trade route that facilitates trade between Pakistan, Iran, Central Asia, and Europe. This road is currently a single lane, which poses numerous challenges and restrictions<sup>12</sup>. It is essential to consider doubling and well-maintaining the road to maximize the potential of this trade route and assure its effectiveness in encouraging trade and connectivity.

The main products that Pakistan exports to Iran are primarily agricultural products (See Table. 4.1). Pakistan has enormous export potential for fruits and vegetables. According to data from the Pakistan Bureau of Statistics (PBS), During the first 11 months of the fiscal year 2022-23 (May-July), Pakistan's export earnings from fruits and vegetables reached \$248.04 million and \$283.75 million (PBS, 2022).

Due to a need for more efficient logistics infrastructure and difficulties with international shipments, trade expenses are high. According to a report by TDAP, these obstacles reduce the competitiveness of Pakistan's fruits and vegetables on the global market. Several variables contribute to Pakistan's low performance on the Logistics Performance Index (LPI) of the World Bank. The country's current ranking of 122 out of 160 economies demonstrates the severity of its logistical challenges (TDAP, 2022).

A trader responded to the non-availability of warehouses and cold storage:

*"Ironically, Pakistan mostly exports perishable goods to Iran even though we do not have cold storage and enough warehouse space. This lack of basic facilities shows how hard it is for traders and the trade environment. To facilitate the trade and encourage the people to be involved in trade-like activities, installing and building warehouse and cold storage is mandatory to avoid possible losses."*

A customs officer responded.

*"Pakistan must immediately invest in sophisticated cold storage and warehouse facilities. Such investments would prevent traders' financial losses, encourage participation in cross-border*

---

<sup>11</sup> The given name of the road which connects Quetta (Pakistan) to London (England). See Annexure.

<sup>12</sup> The over-reliance on highways for the delivery of goods is a major reason for highway accidents. According to DIG Jhakrani, several entrenched interests caused the transportation of 90% of goods from railroads to roadways. "These days, slow-moving, heavily laden vehicles on the highways frequently result in accidents," he asserted. Relocating the delivery of commodities off-roads helps improve traffic flow, lowering the risk of accidents. <https://thefridaytimes.com/12-Feb-2021/balochistan-s-highway-needs>

*trade, promote economic empowerment, and establish Pakistan as a credible and efficient trading partner. To address this issue, the government, private sector, and other trade facilitation partners must collaborate to develop an environment favorable to trade and investment in basic infrastructure."*

Perishable products comprise a sizable portion of Pakistan's exports to Iran, highlighting a multifaceted challenge for the country's trade ecosystem. Due to the sensitivity of these products to time, temperature, and handling conditions, it is crucial to address a critical infrastructure deficiency: the need for adequate cold storage and warehousing facilities.

#### **4.2.4 Weighing and Scanning Facility**

The Taftan border crossing point between Pakistan and Iran facilitates trade between these neighboring countries. The National Logistics Cell (NLC), charged with ensuring the efficient operation of the border crossing, is responsible for administrating and managing this essential terminal. It is crucial in bilateral trade relations as Taftan is Pakistan and Iran's only operational crossing point.

The Installed essential weighing and scanning facilities within the Taftan border terminal's premises are among its most notable features. These infrastructures ensure that all vehicles importing and exporting goods comply with regulatory standards and experience necessary inspections. However, despite their significance, there are relevant concerns that require consideration.

A custom official directly involved with the terminal's operations has expressed worries about the status of the terminal's weighing and scanning machines. According to the official, *"these devices have become obsolete and should be replaced. The statement reflects a genuine concern: outdated technology can result in delays in inspection, inaccuracies, and inefficiencies."* In an era characterized by swift technological progress, providing border terminals with advanced technology is essential to guarantee goods' rapid and accurate processing.

Another respondent expressed his views about the available facilities; he added: *"When NLC was not in charge of the border terminals, we witnessed 600 to 800/day vehicles arriving here. However, now the number of trucks has reduced to 200 trucks per day. I would suggest that*

there should be more weighing and scanning machines because the clearance process takes time, and we have to wait for days to receive and send shipments."

**Figure 4.2: Export and Import processes at Taftan border<sup>13</sup>**



*Sources: Researcher's Interviews, (Survey) and Observations*

<sup>13</sup> The Figure 4.2 presents the overall process which carried out by a truck at Taftan Terminal.



# Import Process at Taftan



*Sources: Researcher's Interviews, (Survey) and Observations*

## 4.2.5 Banking Facility

The National Bank of Pakistan (NBP) is the only bank Taftan, a small but busy town, uses for daily transactions and business activities. Almost all these stakeholders (Traders, locals, customs agents, and even customs officers) shared their grievances about insufficient banking options. In talks with groups (Focus Group Discussion) and individual interviews, they stressed the importance of opening more banks in the area right away. This joint request comes from having more than one bank, making it harder to get cash, slowing down reporting mechanisms through banks, and can cause business slowdown. The fact that everyone in Taftan wants more banks is not just a matter of ease; it is also an essential step toward making money more accessible, passing through banking channels and making the trade environment smoother.

## 4.2.6 Telecommunications Problem

Due to the extensive adoption of digital technology, particularly the internet, world trade is enduring a profound transformation. The infrastructure, network, and services of telecommunications are, thus, from the perspective of the development of global trade, an essential economic resource and, increasingly, a prerequisite for entering and competing in international markets. According to the head of the United Nations Conference for Trade and

Development (UNCTAD) (Moreira, 2013), telecommunications must be considered a vital resource for international trade in goods and services. Like any other limited resource, telecommunications can be utilized for positive or negative results. The telecommunications resource may enhance the flow of international trade if adjusted appropriately (in terms of volume, nature, and cost). It can increase the value of trade activities beyond the transaction if used correctly (in terms of applications and cost).

The districts (Chaghi and Washuk) located in border areas of Balochistan face acute problems with telecommunications. Due to the lack of a communication system, the individuals related to trade activities face problems in coordination and communication.

As a respondent of FGD expressed his views in these words:

*“The most considerable trouble we face at Taftan is weak network issues. The customs authorities have made a new rule and issued a notification that says customs agent must do their jobs with the PSW (Pakistan Single Window) system instead of the Weboc system. If you do not follow this rule, you could be fined. With many other custom clearance agents, I started to use PSW, but this heavy and loaded software is hard to use with weak internet. Clearance agents are having trouble because of the lack of quality internet, and they are getting fined rupees 500 every day for submitting Goods Declarations (GDs) in WeBoc instead of PSW.”*

#### **4.2.7 Complicated Clearance Process**

One of the problems with international trade at the Pak-Iran border is the time it takes to clear things for export or import by following the rules and processes of the country in question and the transaction costs that go along with this. Reducing the time, it takes to get goods through customs is a response to the needs of trade, where operators need to plan for the flow of goods across borders to meet strict production schedules and just-in-time inventory systems. In their study, (Yue & Liua, 2013) tried to figure out how time delays affect the price and quality of purchased goods. They found that the effect of time delays on quality and price can vary significantly between several types of products. Products that go bad quickly (perishable) are likely to be more affected by slow customs processes. In particular, the study found that time delays in a perishable product greatly lower its quality and price.

A trader at the Taftan border explained his point of view regarding perishable goods:

*"Pakistan's main exports to Iran are perishable items. Most deliveries to Iran are expected to take between 2 and 3 days, but a complicated clearance process and long waiting times can greatly increase this time to 7 or 8 days before the goods reach their destination. This situation not only causes traders to lose money but also makes them less likely to keep doing business in exports and imports."*

(Arnold & Subramanian, 2001) Studied the transportation and logistics networks in South Asia and found that the most critical issues for traders were related to logistics services' timeliness, dependability, and safety. (Engman, 2005) concluded that many nations need more efficient border procedures, resulting in delayed and unreliable delivery, expensive customs clearance, and decreased revenue for traders. Trade facilitation programs that are effectively implemented can reduce trade transaction costs, increase customs productivity, and improve trade tax collection.

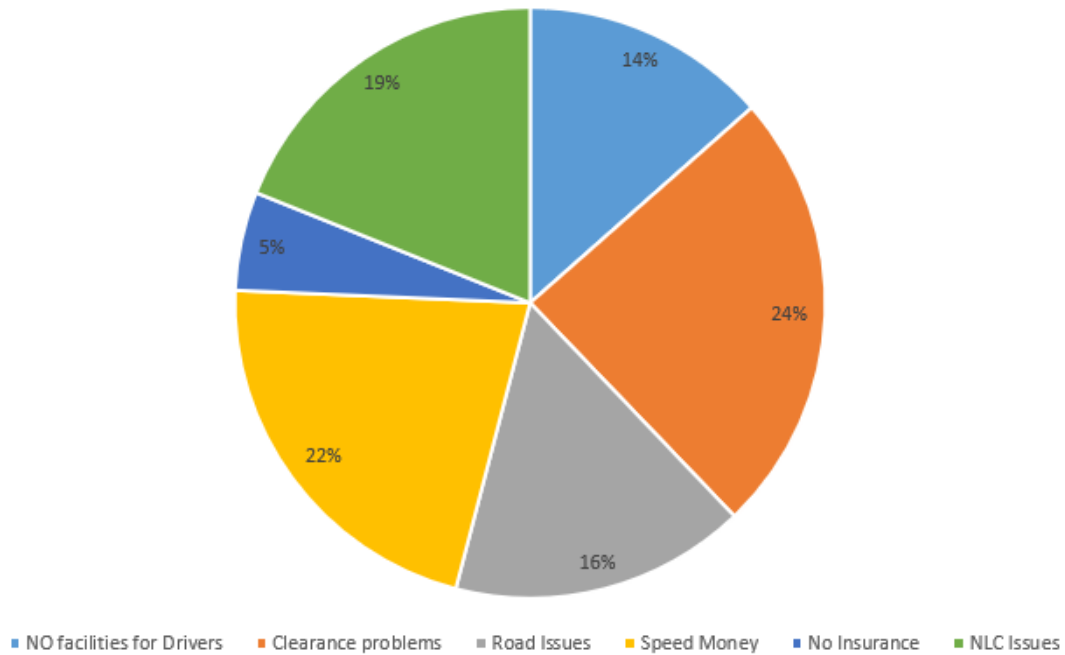
A respondent (transporter-cum-driver) narrated that:

*"We are unhappy with NLC's extra fees and delays that could have been avoided. They are concerned that they want payment to speed up the clearance process. They have even scanned the vehicles when they were empty. By giving them more money, we can speed up the clearance process. Also, some goods must undergo two clearance processes at the Taftan and Quetta stations. As transporters, we lose much money because NLC's acts cause prolonged delays, costing us much money."*

Another customs official stressed that mis-invoicing is a major issue but due to the abandonment of the Taftan border no one is dare to talk about this grave issue. Another clearance agent expressed that *"Mis-invoicing is common here, but no one talks about it"*.

(Mahmood, 2016) undertook an evaluation of the level of trade mis-invoicing in Pakistan with its 21 developed trading partners from 1972 to 2013. The analysis discovered that the overall trade mis-invoicing in Pakistan during a 41-year period was more than 92.7 billion US dollars. The gross income loss to the national exchequer because of trade mis-invoicing was projected to be 21.2 billion US dollars during the entire period. According to the survey, the national exchequer loses 0.26 billion US dollars each year due to customs duty and export withholding tax evasion.

**Figure 4.3: Responses of Transporters/Drivers regarding Issues/Hurdles**



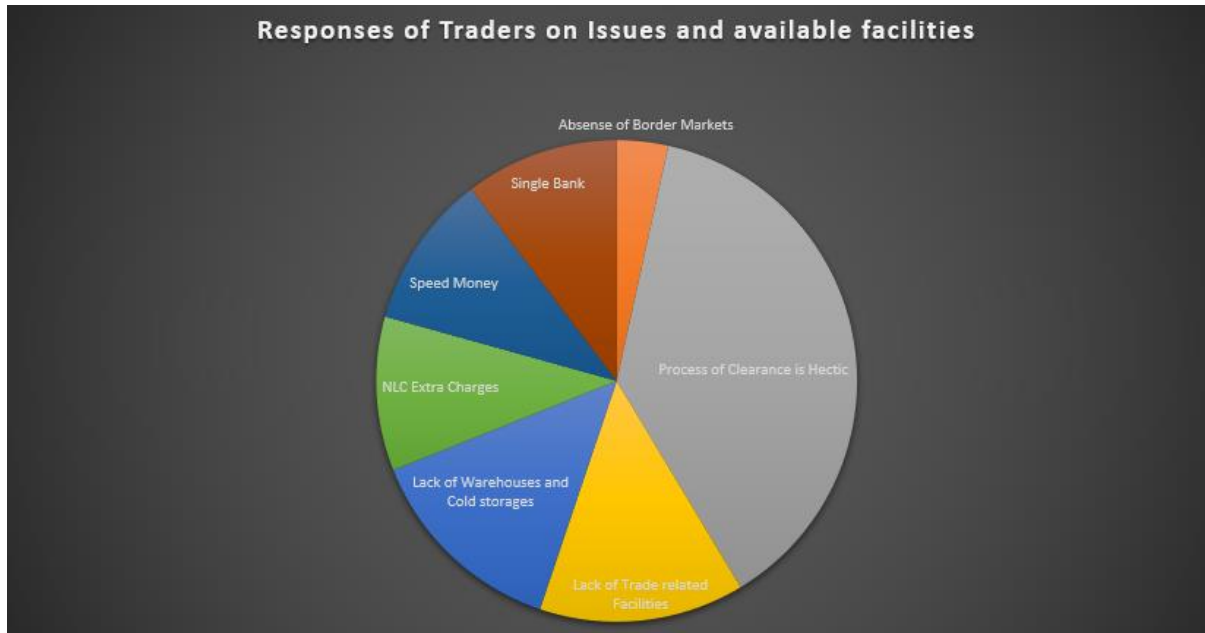
*Source: Researcher's Interviews (Survey)*

- ✚ If you repair the roads between Quetta and Taftan, it will become easier to trade.
- ✚ Build cold storage and warehouses.
- ✚ Encourage and make it easier for everyone to follow legal trade methods.
- ✚ Provide roads and other essential services at the Mashkel border.
- ✚ Deal with the complaints of traders and locals about administration issues and network problems.
- ✚ Give traders, transporters, and locals the necessary resources, making the clearance process easier.
- ✚ Make trade legal and include people from the area in it. Set up border markets, try to stop people from being crooked, and build col storages as most Pakistani imports are agricultural goods.
- ✚ Only one Bank, the National Bank of Pakistan (NBP), provides services to day-to-day and trade activities.

In conclusion, even though Pakistan and Iran share strong historical and cultural ties, political and legal obstacles, such as international sanctions, infrastructure deficiencies, telecommunications issues, and complicated clearance procedures, have impeded the open flow of cross-border trade. To enhance economic cooperation and realize the maximum potential of trade between these two neighbouring nations, it will be necessary to address these

obstacles through improved infrastructure, streamlined processes, and diplomatic efforts (See traders' responses on missing facilities in Table 4.4.

**Figure 4.4: Responses/recommendations of Traders regarding Issues and Hurdles**



*Source: Researcher's Interviews and Survey*

- ✚ Increase the number of border markets and put them under the direction of the local government.
- ✚ Build sheds for workers and vehicles and cold storage facilities at border crossing terminals to keep perishable things safe and store them well.
- ✚ Deal with the lack of banking facilities to make cross-border trade payments easier.
- ✚ Take steps to get rid of speed money, a bribe that makes it hard to do business.
- ✚ Help Traders and their businesses by giving them basic facilities and ways to share their losses.
- ✚ Fix security problems, fix the roads, and ensure the telecommunication systems work well.
- ✚ To improve the trade situation, improve things like building cold storage, restrooms, and clean drinking water for workers at NLC.

#### **4.2.8 Quetta-Taftan Railway line (ML-4)**

The cross-border railway geographically shortens transportation distance, with lower transportation time compared to sea transportation and lower cost than air transportation. It provides a vital trade channel for countries along the route (Lin , 2020).

The Quetta–Taftan Railway Line (also called Main Line 4 or ML-4) is one of four main railway lines in Pakistan, operated and maintained by Pakistan Railways. Colin Garratt, in his book “An Illustrated Encyclopaedia of Locomotives”, listed one hundred great railway routes around the World. Two railway routes from Pakistan are also included in this top 100 list. One is the historic Khyber Pass Railway, and the other is the Trans-Balochistan Quetta-Zahedan Railway (Garratt, 2018). This railway corridor is being used for the ITI project<sup>14</sup>. As explained by Shakeri, there are some impediments to the ITI project, as the Quetta Zahedan route requires refurbishment, as it was established in 1902 (Akram, 2022).

Many stakeholders responded to the railway question for the sake of cross-border trade. A political notable expressed concern over this method of transportation. He added, “*We have a railway line, but it is not in use; the train's speed is 15-20/hour. The government should develop the lines and bring new locomotives and buses to enhance trade. As this is cheap and takes less time.*”

#### **4.3 To assess the Socio-economic impacts of legal and illegal cross-border trade in Balochistan**

Cross-border trade plays a significant role in changing the socio-economic conditions of any region. World bank states that “trade is an engine of growth that creates better jobs, reduces poverty, and increases economic opportunity” (world Bank, 2022). The second objective of this thesis is to explore and analyse the socio-economic impacts of legal and illegal cross-trade trade on locals and people of Balochistan. The focus group discussions and interviews revealed various socio-economic impacts of cross-border trade like livelihood opportunities,

---

<sup>14</sup> The Istanbul-Tehran-Islamabad Railway, also known as the ITI Train, is an international freight train that travels via Tehran, Iran, between Islamabad, Pakistan, and Istanbul, Turkey. On a trial basis, the train was introduced on August 14, 2009. It is a significant initiative by the Organization for Economic Cooperation. <http://news.bbc.co.uk/2/hi/8201934.stm>”

employment opportunities, poverty reduction<sup>15</sup> and rise in standard of living through spillover impact.

#### **4.3.1 Livelihood opportunities**

Domestic food security, education access, and asset accumulation. In addition, the study concludes that cross-border trade is a viable strategy for accessing income, food, education, and assets such as land and housing. Residents of both Mashkel and Taftan shed light on the economic opportunities cross-border trade provides. Abdul Ahad, a loader at NLC (National et al.), described how cross-border trade has allowed him and his family to earn a sustainable living. Prior to engaging in cross-border trade, he was unemployed and needed a means of income. However, his involvement in this trade allowed him to improve his and his family's livelihood substantially.

Another respondent narrated:

*"We can provide for our families and make a living once the border is open. According to him, he can make a comfortable living through cross-border trading despite possessing only one skill: driving".*

This suggests that for many natives like him, cross-border trading is crucial to support themselves and their families.

One more interviewee brings up the positive social and economic effects of cross-border trade in the area in a roundabout way.

*"When trade is going well, it provides jobs, which lets people invest in themselves and raise their standard of living. Cross-border trade helps the region's economy grow and prosper".*

Another interviewee indicated that.

The government has not done anything extra to help the locals involved in cross-border trade. This lack of help makes the problems worse for locals and traders. They are making it hard for the traders to stay with formal traders instead of switching to informal trade".

---

<sup>15</sup> The 2030 Agenda for Sustainable Development recognizes trade as a catalyst for appropriate economic growth and possibly contributes to poverty reduction. - WTO

### 4.3.2 Employment opportunities

Trade can raise incomes, generate employment, and increase average earnings in developed and developing nations (Acevedo et al., 2014). Cross-border trade via the Taftan and Mashkel borders created many employment opportunities for the locals and the entire region. As expressed by the President, chambers of Commerce of Quetta, Balochistan,

*“Trade with Iran is another form of natural resource for the people of Balochistan. Not only are the people of these two districts (Chaghi and Washuk) involved in cross-border trade with Iran, but also all over the Balochistan people are involved in this business. They can easily get any employment opportunity here”.*

Cross-border trade generates employment opportunities for various individuals with varying skill levels. Numerous occupations are associated with cross-border trade, ranging from local traders, shop owners, and transporters to customs officials, logistics personnel, workers, and customs agents.

A respondent states, *“I am the only person in my family involved in cross-border trade directly, but all four of my family members count on the money I make from cross-border trade”.* This dependence shows how essential and significant cross-border trade is for the local economies. This also shows that other employment opportunities are not paying enough in that area, and people rely only on trading.

One of the respondents expressed:

*“Cross-border trade is the only available employment opportunity in their region. This indicates that cross-border trade is a vital source of income for the residents of our district”.*

He further expressed:

*“Cross-border trade has improved our standard of living and impacted our lives positively. This transformation is essential for individuals with limited skills, like me; he stated that my only skill is driving. Still, I can earn a good income through cross-border trade”.*



### 4.3.3 Economic empowerment and rise in standard of living due to Spill-over effect

The 2030 Agenda for Sustainable Development Goals (SDGs) acknowledges international trade as a source of inclusive economic empowerment and poverty reduction and a crucial means to achieve desired goals (UNCTAD, 2017). Both districts, Washuk and Chaghi, are among the poorest districts of Pakistan generally and Balochistan specifically. According to a report by UNDP, “Multidimensional Poverty in Pakistan”, both districts, Chaghi and Washuk, have the highest multidimensional poverty incidences, 89.2 and 81.9, with intensity of 61.2 and 56.9 respectively (UNDP, 2016).

The locals of Taftan and Mashkel at the Pakistan-Iran border are significantly impacted by cross-border trade. It has given them some awareness, enabled them to upgrade their living standards, provided various employment opportunities, and enabled them to invest in education and healthcare. The 2015 joint WTO’s publication, “The Role of Trade in Ending Poverty”, bolstered the evidence that trade has played a crucial role in reducing poverty and that the continued integration of developing countries into an open global economy will be essential to achieving the 2030 goal of ending extreme poverty (world Bank, 2022). Cross-border trade has provided locals with employment opportunities, including intermediaries, loaders, transporters, drivers, custom agents, and shopkeepers. This variety of jobs accommodates various skill levels and enables people to find employment based on their skills.

Furthermore, most respondents emphasized that cross-border trade is their primary or only source of income. They and their families depend heavily on this trade to make a livelihood, indicating a high degree of economic dependence on cross-border activities.

According to one FGD respondent, *“By creating income opportunities for locals, cross-border trade positively affects the education and health of people of these districts. This allows everyone to afford a higher education and quality healthcare for themselves and their families”*.

One respondent emphasized the importance of cross-border trade in the lives of locals. He added that; *“Chaghi and Washuk districts have no viable means of income other than cross-border trade. This lack of alternative employment opportunities highlights the importance of cross-border trade in sustaining local economic activity and population.”*

However, one respondent also emphasizes some obstacles to cross-border trade, such as the region's lack of basic infrastructure, such as banking facilities, warehouses, cold storage, shelters, clean water, hospitals, and quality education. These issues hinder the expansion and prosperity of commercially active inhabitants.

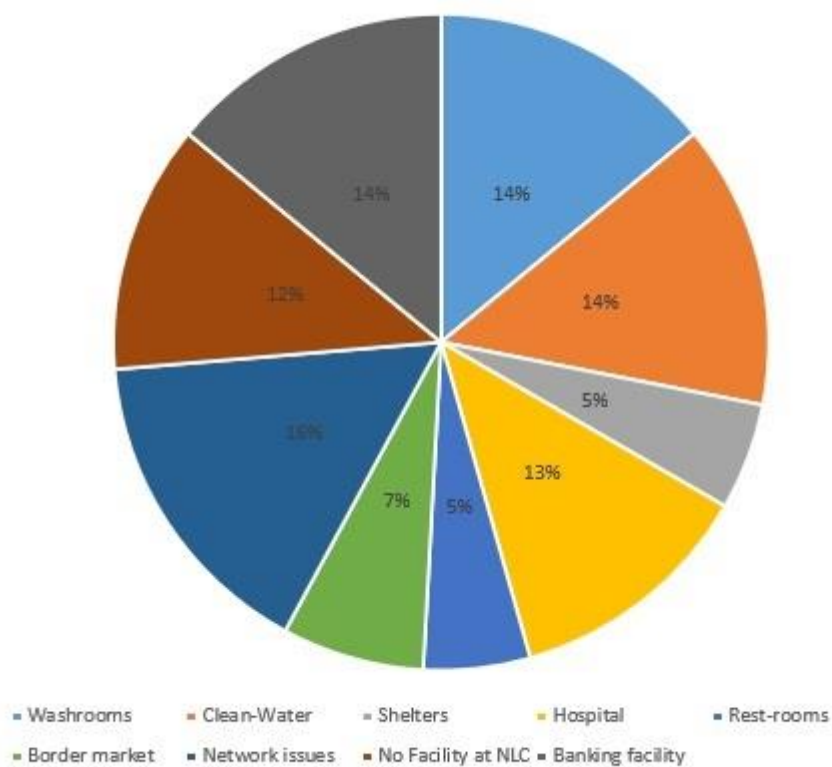
One FGD respondent shows his concerns over security issues related to illegal cross-border trade at the Mashkel border; *“Border trade without regulation is “life-threatening:” Illegal cross-border trade is frequently associated with smuggling and a lack of appropriate regulation, resulting in security risks such as conflicts with law enforcement authorities, the possibility of violence, and exposure to hazardous situations.”* He added that the government should regularize the oil trading from Iran.

One more respondent, FGD, expressed his views and favoured formal trade over informal trade due to its perils and risks. "Informal trade, also known as smuggling, poses significant hazards to the safety and wellbeing of those who engage in it. He added that promoting formal trade channels can facilitate secure and more legitimate cross-border trade". He added that the local population had no other means to earn bread for their families; illegal trading was more necessary than a profit.

Due to a lack of other income opportunities, cross-border trade is essential for providing employment opportunities, enhancing living conditions, and supporting the education and health of the local population. The spillover effect is evident in how cross-border trade earnings support the immediate family and a more extensive network of dependents. To maximize the positive outcomes of cross-border trade on the lives of locals, it is necessary to resolve issues such as informal trade, a lack of infrastructure, and insufficient government support. Formalizing trade, investing in infrastructure, and providing basic amenities can all contribute to the sustainable growth and development of the region.

**Figure 4.5: Recommendations and suggestions of Locals**

Locals and worker's recommendations and suggestions



*Sources: Researcher's Interviews, (Survey) and Observations*

- ✚ NLC's area must be expanded and cleaned up. The mud makes people sick.
- ✚ Provide essential facilities at the border, such as clean drinking water, workers' bathrooms, and vehicle shelters.

- ✚ We need hospitals and quality education for our children.
- ✚ Roads should be repaired and doubled.
- ✚ Fix network problems and increase the number of banks to make trade go more smoothly.
- ✚ Get rid of the fees (Speed Money) traders pay at different checkpoints.

#### **4.3.4 Border Markets**

Pakistan and Iran have opened their second border market at the Mand-Pashin (District Panjgur, Balochistan) border crossing point. The marketplace is the second of six to be built along the Pakistan-Iran border because of a 2012 deal made by the two countries. Border markets are anticipated to promote economic growth, facilitate cross-border trade, and provide small new-scale business opportunities for local communities. The purpose of the Taftan border market was to facilitate the locals to deal with Iranian communities for small-scale business.

While in focus group discussions and in-depth interviews with locals, they emphasized that *"Border markets are under the supervision of frontier corps FC. Border market is just a boundary wall with no facility. there are few products available for sale and purchase, like cement and tiles"*.

One local waiting at the FC quarter's main gate expressed, *"I am here to take permission to sell Mangoes at Border Market. but the FC authorities refused to enter. There is no benefit for the downtrodden people at Border Market"*.

An Official of local administration strongly believed that *"there must be more border market for small level business, that would benefit locals"*.

#### **4.4 Importance of Taftan border and nature of trade flows**

The Taftan border is one of the oldest borders between Pakistan and Iran. This border was recognized on February 12, 1983<sup>16</sup>. In terms of cross-border trade, the Taftan is extremely important. This border is a vital trade route connecting Pakistan to the rest of the world via land, especially Middle Eastern and European countries. It is a vital gateway for trade and commerce, particularly for the people of the region. This border crossing is utilized by both

---

<sup>16</sup> The customs official has provided data to the researcher at the Taftan border.

Pakistan and Iran for import and export activities, contributing to their bilateral trade. The superintendent of Customs at Taftan border mentioned: “Taftan is busiest border crossing point in Pakistan; alone at Taftan border, the aggregate volume of trade between Iran and Pakistan in the year of July 2021 to March 2022 was 16912.19 million rupees and July 2022 and March 2023 20395.69 million rupees”. He further added that “For regional economic and commercial integration, this border crossing is crucial. Facilitating cross-border goods movement strengthens economic connections and creates opportunities for businesses on both sides to expand their markets”.

One Government official added, *“The government should promote formal trade using public awareness messages and to promote greater economic integration between the two countries; the government should facilitate the trade for the encouragement of traders”*.

On the other hand, the Mashkel border is as significant as the Taftan border in terms of illegal trade. According to (Notezai, 2021), In Balochistan alone, the livelihood of up to 2.2 million people directly depends on oil smuggling. Mashkel border is known only for oil smuggling. One official at the Mashkel border added, *“As everyone knows, around 5000 Zamyad<sup>17</sup> vehicles daily bring diesel and petrol here. As I already mentioned, everyone, including notables of the area, knows that oil smuggling is the only way to earn money here. Hence, we do not make hurdles in oil smuggling. However, we highly discourage drug and human trafficking. We do not allow this act, and our patrolling teams are always active”*.

One of the respondents, who is a trader cum political activist, expressed his views that *“It is a huge border; on both sides, the residents belong to Baloch ethnicity. So, it is easy to trade. Not only people of this region but people from other districts of Balochistan are involved in trade-related activities. This border created many employment opportunities. Hundreds and thousands of families rely on trade through this border”*.

One trader emphasized the importance of the Taftan border as he mentioned, *“These two borders are incredibly significant in providing opportunities to the people of this region. As you know, the border business is the only way to earn money for the people of this region. The people of these four districts are almost involved in the oil trading business. This border (Taftan) is also important because it connects Pakistan to other parts of the world, especially Middle Eastern countries, and Europe through road”*.

---

<sup>17</sup> Zamyad is an Iranian-made Pickup vehicle used to carry goods from Iran to Pakistan. In Pakistan, people call it Zambaad.

The assessment of the socioeconomic effects of cross-border trade (legal and illegal) in Balochistan reveals that it has a significant impact on the lives of the local population. Cross-border trade has emerged as a critical driver of economic growth and development, providing tangible opportunities for improved livelihoods, job creation, poverty alleviation, and a general rise in living standards.

Notably, reducing poverty and increasing living standards are undeniable spillover effects of cross-border trade. The 2030 Agenda for Sustainable Development recognizes international trade as a catalyst for inclusive economic empowerment and poverty reduction, and the people of Chaghi and Washuk, two of Balochistan's poorest districts, have experienced measurable improvements in their living conditions because of cross-border trade. It has permitted individuals and families to invest in education, healthcare, and well-being.

In conclusion, the residual effects of cross-border trade in Balochistan are evident in its contribution to livelihoods, employment opportunities, reduction in poverty, and improvement in living standards. To optimize these positive outcomes, it is essential to resolve challenges, promote formal trade channels, invest in infrastructure, and provide crucial amenities. Cross-border trade is a vital force in the region's economic and social transformation, contributing to the well-being and prosperity of its residents.

#### **4.5 To assess if Pakistan has adopted the international standards<sup>18</sup> of trade and quality controls<sup>19</sup> on trading at Pak-Iran borders**

In the modern context of globalization and integration, implementing internationally accepted standards and agreements in the field of Customs at the national and international levels plays a significant role. For Pakistan's economy to grow, it is essential to move closer to the countries of the first world. The import and export processes should follow internationally accepted standards for better dealing. This would make cross-border trade less costly and more profitable. Further, keeping up with the supply chain of the traded goods is more important to ensure that things are delivered quickly and reliably. In this way, the World Customs

---

<sup>18</sup> According to International convention on Simplification and Harmonization of custom procedures, the term "standards" refers to a provision whose implementation is deemed essential for harmonizing and simplifying Customs procedures and practices. [https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/conventions/kyoto-convention/revised-kyoto-convention/body\\_gen-annex-and-specific-annexes.pdf?la=en](https://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/conventions/kyoto-convention/revised-kyoto-convention/body_gen-annex-and-specific-annexes.pdf?la=en)

<sup>19</sup> Quality control refers to the operational activities and techniques which aim to sustain the quality of goods and services that will satisfy the requirements of sellers and consumers. <https://www.brecorder.com/news/3148437>

Organization (WCO)'s<sup>20</sup> rules and directions, as stated in the Revised Kyoto Convention, are immensely helpful. This section aims to assess whether the international standards, guidelines of trade and quality controls are being followed at the Pakistan and Iran borders.

#### **4.5.1 WTO and TFA**

The World Trade Organization WTO is the only global international organization dealing with trading rules between countries. The WTO agreements are the hearts of the organization. Most trading countries negotiated, signed, adopted, and ratified in their parliaments. The primary purpose of the WTO is to open trade for the benefit of all and to ensure that trade flows as freely, predictably, and smoothly as possible (WTO, 2015).

The Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO) became officially functional on 22 February 2017. The FTA attempts to make it easier to release and clear goods, particularly by allowing data and documentation related to cross-border trade transactions to be exchanged electronically. The following trade facilitation measures are shown in Table through streamlining, modernizing, and harmonizing. 4.5 The TFA significantly contributes to increasing global trade, output, and trade facilitation.

---

<sup>20</sup> In 1952, the Customs Cooperation Council, now called the World Customs Organization (WCO), was set up in Brussels. It has 180 members from Customs departments worldwide, and its stated goal is to improve the efficiency of Customs management and make trade more accessible by eliminating needless trade restrictions.

**Table 4.2. Trade facilitation measures in the WTO Trade Facilitations Agreement, listed by Article**

Art. 1	Publication and Availability of Information
Art. 2	Opportunity to Comment, Information Before Entry Into Force, and Consultations
Art. 3	Advance Rulings
Art. 4	Procedures for Appeal or Review
Art. 5	Other Measures to Enhance Impartiality, Non-Discrimination and Transparency
Art. 6	Disciplines on Fees and Charges Imposed on or in Connection with Importation and Exportation
Art. 7	Release and Clearance of Goods
Art. 8	Border Agency Cooperation
Art. 9	Movement of Goods Intended for Importation Under Customs Control
Art. 10	Formalities Connected with Importation and Exportation and Transit
Art. 11	Freedom of Transit
Art. 12	Customs Cooperation
Art. 23	Institutional Arrangements

*Source: [www.mag.wcoomg.org](http://www.mag.wcoomg.org)*

The TFA's implementation has already improved access to new export opportunities, increased revenue collection efficiency, and enhanced transparency in customs procedures. It has also resulted in fewer documentation requirements and reduced red tape (WTO, 2015). During interviews, many stakeholders showed their concerns over the custom's inefficiency. A



clearance agent argued: "We work till late night hours due to customs officials delayed arrivals", while customs officials contended, "We work under much pressure because our staff is small in numbers". (Elliott 2019, Wilson 2007) both emphasized that the customs staff and procedures can significantly impacted the cross-border trade.

#### **4.5.2 Pakistan and TFA**

As a member state of the WTO, Pakistan has significantly improved its compliance with the Trade Facilitation Agreement (TFA) of the World Trade Organization (WTO). According to the Federal Board of Revenue (FBR) we are going from 34% in June 2018 to 79% in November 2020. Pakistan is implementing the WTO's TFA at a higher rate than regional nations like Bangladesh and India, which have compliance rates of 36.1% and 78.2%, respectively. Pakistan has a higher implementation rate than both the average for all developing nations (65.2%) and the average for WTO members (65.5%) (FBR, 2020).

#### **4.5.3 Pakistan Single Window (PSW)**

Pakistan single window (PSW) is an integrated digital platform that lets parties involved in trade easily submit information and documents for import, export, and transit with a single-entry point and other regulatory requirements. It is all about making business faster and cheaper by going digital and ditching the old paper-based ways, and the aim is to digitalise Pakistan's cross-border trade (PSW, 2023). A customs official asserted that we had to follow the rules and regulations since we signed WTO agreements. There is an urgent need to improve and upgrade the current infrastructure and enhance staff at border crossing points.

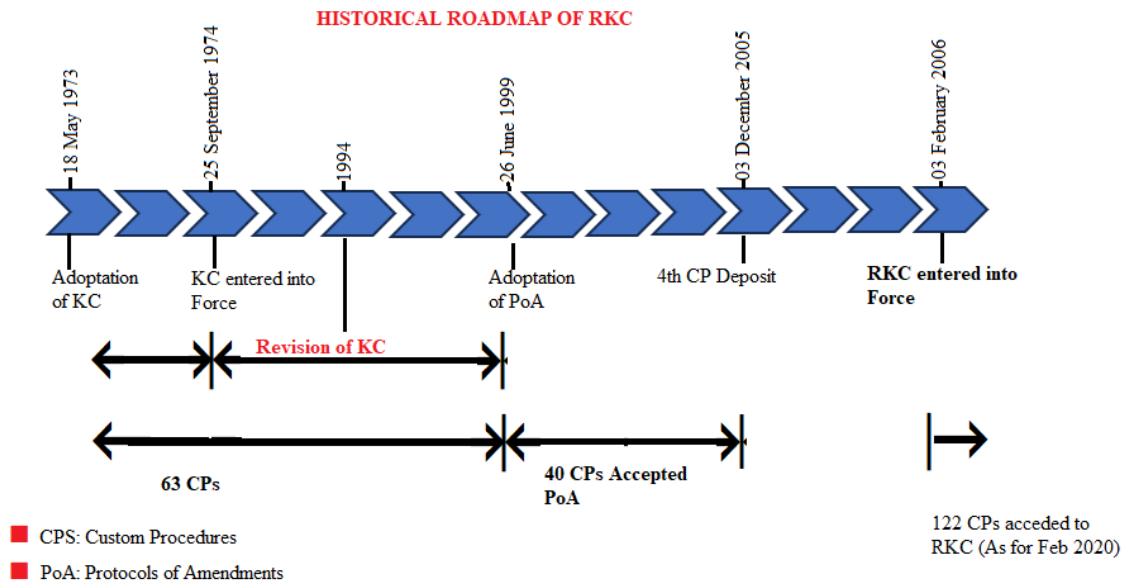
While almost all customs clearance agents expressed their disappointment, *"The customs official has issued strict instructions to use PSW instead of the WeBoc system with a penalty of 500 for non-compliance. However, we cannot do so due to the poor internet connectivity; that is why we pay 500 fines for every transaction."*

#### **4.5.4 Revised Kyoto Convention**

The revised Kyoto Convention is the framework for modern and efficient customs procedures in the twenty-first world (WTO, 2015). In 1973, the Kyoto Convention was adopted at the WCO Council Session in Kyoto, Japan, and entered into force in 1974 (Figure 4.7). Consequently, rapid technological advancements and increased international trade necessitated

an amendment to the 1973 convention, enacted at the 94th Session of the WCO Council in June 1999 and entered into force on February 3, 2006.

**Figure 4.7: Historical roadmap of the RKC**



Source: The Researcher

#### 4.5.5 Benefits of a proper and harmonized implementation of RKC

In a study “*Estimating the WCO Revised Kyoto Convention's Impact on International Trade*” (Svensson, Estimating the WCO Revised Kyoto Convention’s Impact on International Trade , 2012) stated that the Revised Kyoto Convention has positively impacted international trade, leading to higher levels of trade and the growth of supply networks. In this regard (Ravindrakumar, 2013) emphasis that the customs tariffs have a significant role as a fiscal policy instrument in influencing a country's trade policy, economic expansion, and distribution of income. The RKC explicitly outlines the essential criteria that Pakistan must adhere to in its customs practices to create a favorable environment for trade. It is crucial to note that Pakistan did not fully ratify the RKC (USAID, 2014).

**Table 4.3: Pakistan’s compliance status to mandatory RKC provisions**

Mandatory Provisions	Complaint				Non-Complaint	NA	Total
	Complaint	Substantially Complaint	Partially Complaint	Marginally Complaint			
General Annex	52	14	33	3	17	2	121
Chap 1 of special Annex A formalities prior to lodgment of GD	11	4	2	0	1	1	19
Chap 1 of special annex B clearance for home usage	0	0	0	0	1	1	2
Chap 1 of special annex C Outright exportation	0	1	0	0	1	1	3
Chap 1 of special annex J Travelers	31	2	0	0	5	1	39
<b>Total mandatory standards/Recommended practices and Transitional standards</b>	<b>96</b>	<b>21</b>	<b>35</b>	<b>3</b>	<b>25</b>	<b>6</b>	<b>184</b>
<b>Pakistan’s compliance standards (%) against 184 mandatory provisions</b>	<b>52.17%</b>	<b>11.41%</b>	<b>19.02%</b>	<b>1.63%</b>	<b>13.58%</b>	<b>3.26%</b>	

Source: The Researcher and USAID

**Table 4.4: Pakistan’s compliance status to entire RKC provisions**

Annex	Complaint				Non-Complaint	NA	Total
	Complaint	Substantially Complaint	Partially Complaint	Marginally Complaint			
General	52	14	33	3	17	2	121
A	19	7	2	0	2	2	42
B	11	2	4	0	6	1	24
C	0	1	0	0	1	1	3
D	15	8	2	0	10	2	37
E	9	4	11	0	27	3	54
F	28	4	5	0	25	6	63
G	12	4	1	0	5	1	23
H	17	1	2	0	6	1	27
J	64	8	4	0	10	5	91
K	9	1	18	0	8	2	39
<b>Total</b>	<b>236</b>	<b>54</b>	<b>82</b>	<b>3</b>	<b>117</b>	<b>26</b>	<b>514</b>
<b>Pakistan’s compliance standards (%) against all 514 RKC provisions</b>	<b>45.91%</b>	<b>10.50%</b>	<b>15.95%</b>	<b>0.50%</b>	<b>22.75%</b>	<b>5.00%</b>	

Source: The Researcher and USAID

The General Annex, ten Specific Annexes<sup>21</sup>, and the Convention Body are made up the RKC<sup>22</sup>. The Contracting parties are bound to abide these General and specific annexes. Member nations

<sup>21</sup> See Figure 4.8

<sup>22</sup> Three main components make up the Revised Kyoto Convention: the Body, the General Annex, and the Specific Annexes. The preamble and 20 articles that outline the convention's main features as a treaty make up the convention's body. These articles cover topics such as definitions, the convention's scope and structure, administrative procedures, convention acceptance or amendment processes, dispute resolution, and more. The General Annex and the ten Specific Annexes, which comprise the crux of the treaty and cover a range of customs administration topics, come after the Body. Each Specific Annex focuses on a specific method or practice, whereas the General Annex covers all customs procedures and practices mentioned in this agreement. The General Annex binds each party to the contract. On the other hand, it is not required to accept any of the Specific Annexes or their chapters.

A party is bound by all of the standards in one or more Specific Annexes (or chapters) once it accepts them, however it is free to express disagreement with any of the suggested practices.<sup>8</sup>

The "standards"—provisions that "the implementation of which is recognized as necessary for the achievement of harmonization and simplification of Customs procedures and practices"—are outlined in both the General and Specific Annexes.

were still free to accede to any Specific Annex or chapter of any annex, nevertheless. Pakistan acceded to the following chapter Annexes, Specific Annexes A, B, C, and J, exercising its right to adopt any Specific Annex or chapter. In 2013, the Trade Project of USAID did a Legal Gap Analysis to evaluate Pakistan's adherence to the RKC (Revised Kyoto Convention). The Legal Gap Analysis Report indicates that out of 184 required Standards, Pakistan adheres to 94 standards, demonstrates significant adherence to 21 standards, exhibits partial adherence to 35 standards, and displays minimal adherence to 3 standards. Pakistan does not meet 25 requirements (Table 4.3) in a satisfactory manner. The Trade Project also assessed Pakistan's overall degree of adherence in relation to the entire Revised Kyoto Convention (RKC). (Table 4.4) shows Pakistan is following 236 out of 514 standards, largely compliant with 54, somewhat compliant with 82, and non-compliant with 117 (USAID, 2014).

To ensure that the altered customs laws, regulations, administrative guidelines, and operational procedures effectively align with the updated specifications, procedures, systems, and controls, it is imperative to strictly adhere to RKC's principles. According to (Mathur, Sajal, & Hoe, 2020), a contemporary Customs legal framework should include provisions for a minimum Customs value of goods or a minimum amount of duties/taxes. It should also allow for the implementation of risk management techniques and audit-based controls to ensure effective Customs control over goods. Additionally, it should promote collaboration between Customs administrations and other border agencies. Since 1999, the protocols of the Revised Kyoto Convention (RKC) have established the worldwide benchmark for contemporary Customs legislations. It encompasses several aspects such as customs requirements, controls, declarations, and processes. Its objective is to streamline global trade. The most efficient way to achieve this goal is by promoting its harmonized and extensive implementation.

#### **4.5.5.1 Reduced trading costs and faster release**

Several RKC measures, such as computerized or Electronic Data Interchange (EDI) Customs systems, Customs risk management systems, and pre-arrival procedures. It is anticipated that the provision of information will enhance the efficiency of Customs release procedures.

---

Additionally, "transitional standards" for which a longer implementation period is allowed are included in the General Annex. Apart from the standards, several Annexes include "recommended practices" that are acknowledged as a step towards the unification and streamlining of Customs operations and practices. It is thought that these practices should be used as far as feasible.

Expediting the clearance of products at borders offers direct and indirect advantages for both Customs administrations and businesses. For instance, it allows Customs administrations to efficiently handle a greater number of transactions at borders, so allowing them to allocate their limited resources to goods that pose a higher risk. It also enables traders to improve their competitiveness in both domestic and foreign markets, hence increasing business opportunities.

Moreover, the anticipation is that expediting the clearance of goods at borders will lead to a decrease in trade expenses for businesses. According to (Hummels & Schaur, 2013), reducing the shipping time for produced items by one day would result in a cost savings equivalent to 0.8 percent of the goods' worth. Additionally, RKC methods aimed at decreasing trade costs may encompass simplified Customs formalities, diminished data prerequisites, and enhanced predictability in the timing of release and requisite Customs procedures. Also, (Walkenhors & Yasui, 2009) quotes that if trade expenses were decreased by an average of 1 percent globally, it is anticipated that global revenue would increase by around USD 40 billion.

#### **4.5.5.2 Improvements in Revenue**

Revenue collection is seen by many Customs administrations as a crucial duty (WCO, 2009). It is commonly known that the numerous RKC programs have a positive impact on Customs administrations' potential to enhance revenue collection. First, a boost in revenue may be possible if the tax base was expanded (because of more imports) because of accelerated product release and lower trade costs. Moreover, the Organization for Economic Cooperation and Development (Walkenhors & Yasui, 2009) suggested that the introduction of trade facilitation policies may lessen the incentives for "informal" cross-border trading.

#### **4.5.5.3 Economic competitiveness and rise in foreign direct investment FDI**

It is anticipated that several RKC measures, including the Customs-Business Partnership, appeals processes, and transparency will increase FDI and economic competitiveness. A study of World Bank indicated that one of the key considerations for the private sector when choosing where to invest was effective and straightforward cross-border processes. Furthermore, as stated in the World Competitiveness Yearbook quoted, "Customs authorities do facilitate the efficient transit of goods" is one of the factors used to assess a country's competitiveness (Garelli, 2009). The World Trade Organization has stressed the need of avoiding the use of customs processes as non-tariff trade barriers, acknowledging that trading internationally is a major driver of economic growth. In addition to becoming more competitive in both local and

foreign markets, traders who can exchange items more quickly and at a cheaper cost may find that they may export more goods and other perishable commodities that they were previously unable to do.

In her Book "Globalization, Trade Liberalization and Business Dynamism" (Boshkov, 2020) argues that World trade continues to expand at an accelerated rate. Governments must embrace the experience of positioning their people to compete in markets and attract investment effectively. Successful participation in the global economy will increasingly depend on a country's level of education, the security of its trade infrastructure, the extent to which competition is permitted to flourish in the logistics services industries, and the adequacy of its legal framework for relatively disputed commodity movements and supply chain services. Reforms and the continuous development of their trade processes and business climates are advantageous for all nations. Reforms that advance nations in the correct direction do not necessitate formal commitments and obligations to other countries. Trade facilitation is essential to the nation's interest in enhancing prosperity. She further emphasized that the revised Kyoto Convention is the finest example of modern trade facilitation and is a blueprint for reform in developing nations. Once the trade is facilitated through this "schematic plan", the business will reap the benefits.

In conclusion, it is crucial to remember that why a proper implementation of the RKC is important? The primary cause is the problems posed by global trade (Wolfgang & Rogmann, 2019), These include the expanding significance of global value chains, the rising body of bilateral and regional free trade agreements, digitalization, and other noteworthy technology advancements in recent years. Customs and international trade are also significantly impacted by a few other socioeconomic developments, including growing populations, changes in the political and economic centres of power, a lack of sustainable economic development, the need to protect the environment, the risks associated with international supply chains, nationalization tendencies, and concerns about globalization.

Considering these global concerns, a proper and coordinated application of the RKC leads to increased legal predictability and certainty, a better and more thorough harmonization of customs procedures and processes, and ultimately, an even greater degree of compatibility between the various national laws. this will increase trade facilitation and bolster the RKC's objectives.

#### **Figure 4.8: Specific Annexes and chapters in Revised Kyoto Convention**

Specific Annexes	Chapters therein
<b>A – Arrivals of goods in a Custom territory</b>	A1 – Formalities prior to the lodgment of the Goods declaration
	A2 – Temporary storage of Goods
<b>B – Importation</b>	B1 – Clearance for home use
	B2 – Re-importation in the same state
	B3 – Relief from import duties and Taxes
<b>C – Exportation</b>	C1 – Outright exportation
<b>D – Customs warehouses and free zones</b>	D1 – Customs Warehouse
	D2 – Free Zones
<b>E – Transit</b>	E1 – Customs Transit
	E2 – Transshipment
	E3 – Carriage of Goods coastwise
<b>F – Processing</b>	F1 – Inward Processing
	F2 – Outward Processing
	F3 – Drawback
	F4 – Processing of Goods for home use
<b>G – Temporary admission</b>	G1 – Temporary Admission
<b>H – Offences</b>	H1 – Customs Offences
<b>J – Special Procedures</b>	J1 – Travellers
	J2 – Postal Traffic
	J3 – Means of transport for commercial Use
	J4 – Stores
	J5 – Relief Consignments
	K1 – Rules of Origin

Source: *The Research and unstats.un.org*

#### 4.5.5 Pakistan and Revised Kyoto Convention



In 2004, Pakistan acceded to the RKC. On February 19, 2004, the instrument of accession was signed by then-president Pervez Musharraf. The instrument of accession was approved in Brussels on October 1, 2004, after which Pakistan became an official member of the RKC (PTA, 2006). In addition to the General Annex, Pakistan has joined the first chapters of the following four Specific Annexes of the convention:

Specific Annex A: Arrival of Goods in Customs Territory

Specific Annex B: Importation

Specific Annex C: Exportation

Specific Annex J: Specific procedures

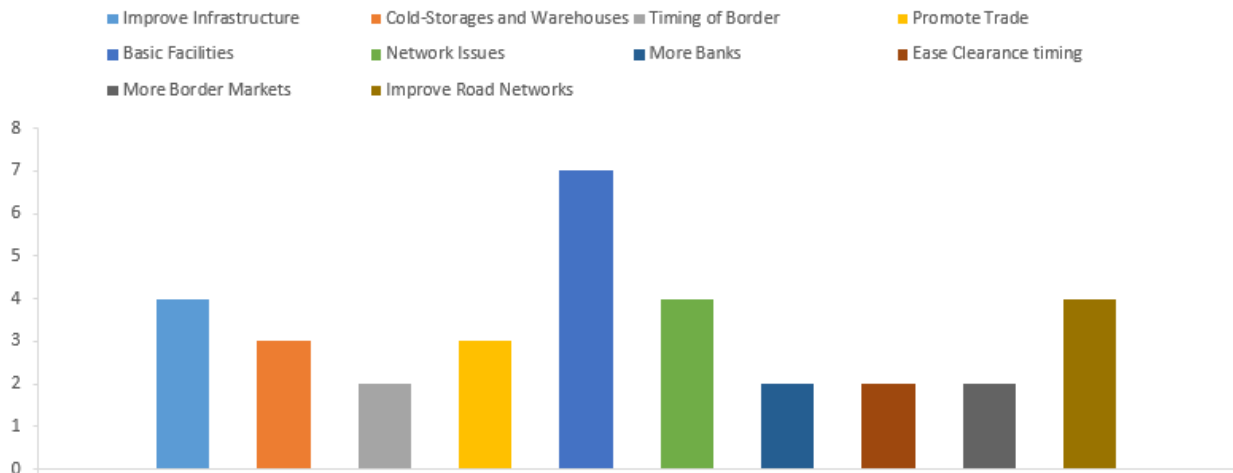
A Customs official indicated that "most of the procedures that we follow are as per the guidelines of RKC. Yes, International standards are being followed, but it is not to mention that it still requires upgradation to meet the standards developed nations maintain".

Pakistan's signing of the revised Kyoto Convention (RKC) demonstrates its commitment to aligning customs processes with international standards. Even with this vow and the desire of its customs agencies to adhere to these globally recognized guidelines, the Pakistani trade confronts enormous hurdles in achieving a continuous trade flow. These obstacles are primarily due to a severe lack of essential facilities and inadequate infrastructure.

In-depth interviews with customs officers, traders, and other stakeholders and focus group discussions have illuminated the pressing issues and shared experiences of individuals directly involved in international trade. These dialogues resulted in straightforward suggestions to close significant gaps and simplify trade processes to match RKC standards better.

**Figure 4.6: Responses/recommendations of official stakeholders regarding trade related facilities**

## CUSTOM AND OTHER OFFICIAL STAKEHOLDER'S RECOMMENDATIONS



Source: Researcher's Interviews (Survey)

1

- ✚ A single road (Taftan to Quetta) is another trade barrier that must be doubled for smooth trade.
- ✚ Most of Pakistani imports are agricultural goods, and there must be cold storage and warehouses.
- ✚ Trade timings must be longer than average.
- ✚ Encourage and make it easier for everyone to follow legal trade processes.
- ✚ Provide roads and other essential services at the Mashkel border.
- ✚ Deal with the complaints of traders and locals about administration issues and network problems.
- ✚ Cellular issues should be resolved as soon as possible.
- ✚ Focus on setting up new facilities, lowering taxes, strengthening business ties with Iran, and giving traders, workers, and people all basic trade facilities.
- ✚ Make trade legal and include people from the area in it. Set up border markets.

#### **4.5.6. Conclusion of the chapter**

The relationship between Pakistan and Iran is historically and culturally rooted, but cross-border trade still needs to be meagre compared to other trade partners of Pakistan. The US sanctions on Iran have a significant impact on their economic relations, making trade and investment more difficult, but this is not the only contributing factor which hinders the trade between Iran and Pakistan; other contributing factors are Inadequate infrastructure, such as subpar roads, poor internet and a lack of banking facilities, also slows down cross-border trade.

Trade between Pakistan and Iran has significant socioeconomic effects on the region, especially in impoverished districts such as Washuk and Chaghi. It has resulted in a decrease in poverty, an improvement in living standards, and the creation of jobs, which has benefited the area's residents. The Taftan border is an essential route for trade connecting Pakistan to other countries in the Middle East and Europe; this route is essential in facilitating cross-border trade.

Pakistan must employ international standards and quality regulations following the Trade Facilitation Agreement (TFA) and Revised Kyoto Convention (RKC) to ensure efficient cross-border trade. 2004 Pakistan joined the RKC, aligning its customs procedures with international standards. However, infrastructure and facilities require refinement to satisfy the standards of developed countries.

Pakistan and Iran share a prosperous historical relationship and engage in cross-border trade. However, its full potential could be improved by obstacles such as infrastructure deficiencies, operational inefficiencies, and lack of trade promotion among the masses. Addressing these obstacles, adopting international standards, and investing in infrastructure are crucial for improving cross-border trade between the two countries.

## CHAPTER 5

### CONCLUSION AND RECOMMENDATIONS

#### 5.1 Conclusion

This study investigated the dynamics, obstacles, and reasons for low trade between Pakistan and Iran centered on the Taftan and Mashkel borders. The overarching objective was to investigate the variety of factors influencing the volume of trade and to assess its socioeconomic impact on the local population. Using an exploratory case study design grounded in qualitative research methodology, the researcher conducted an in-depth analysis of the various problems in the cross-border trade scenario. The prominent findings show that the significant influence of external factors, primarily the imposition of U.S. sanctions, constitutes a formidable barrier to expanding cross-border trade between Pakistan and Iran. These sanctions cast a pervasive shadow over the economic interactions between the two countries, thereby significantly limiting trade growth. This research reveals, however, that the obstacles to cross-border trade extend beyond international geopolitics to include domestic variables, especially infrastructural deficiencies, which pose equally enormous challenges.

Infrastructure deficiencies, such as a lack of cold storage for perishable products, shortage of warehouses and the absence of robust banking facilities, encounter traders with tangible obstacles and limit the trade flow across international borders. The key stakeholders' insights highlight the significance of these challenges, and their recommendations provide a road map for enhancing the efficiency of cross-border trade. These recommendations span a broad spectrum, incorporating the expansion of border markets under the auspices of local governance, the construction of cold storage facilities, and the eradication of fraudulent practices such as "speed money." Local development and empowerment emerge as central themes in the stakeholder recommendations. In addition to trade-related facilities, healthcare, education, and telecommunications are included in the requirement for infrastructure improvements. The desire for improved road and railway networks and fast telecommunications systems suggests a broad perspective of development that transcends the trade sector.

Concurrently, this research highlights the importance of addressing security issues at the Mashkel border, updating transportation infrastructure, and assuring the efficiency of

communication systems. Based on these foundational improvements, an environment favourable to trade and economic development can be established. In addition, expanding and improving the National Logistic Cell (NLC) area and providing necessities such as clean drinking water, restrooms for employees, and vehicle shelters could significantly enhance the working conditions for all stakeholders involved in cross-border trade. The involvement of local communities is essential in the context of trade between nations. Therefore, addressing their grievances and ensuring their active participation in the trade process is essential. In addition to facilitating trade, establishing border markets creates economic opportunities for locals, developing a sense of ownership and engagement.

Cross-border trade between Pakistan and Iran, with Taftan Terminal as its focal point, represents a complex yet prospective frontier for economic growth and regional cooperation. The collective resolve and vision of stakeholders, exemplified by their recommendations, reflect a determination to overcome obstacles and unleash the latent potential of cross-border trade despite the persistence of obstacles. Implementation of this study's recommendations has the potential to pave the way for a more dynamic, inclusive, and sustainable cross-border trade ecosystem. In turn, this will benefit not only the traders and stakeholders involved but also the local communities of Balochistan and the nations of Pakistan and Iran.

Finally, the significant contribution of the researcher is to offer a thorough and nuanced knowledge of the prospects and challenges associated with cross-border trade, especially along the Pakistan-Iran border. Through interactions with a wide range of stakeholders, including residents, carriers, border management authorities, ministry representatives, traders, customs officials, and local government, the research comprehensively analyses the complex network of problems related to cross-border trade. The research explores the macro-level issues about national laws and regulations and reveals the micro-level effects on people and communities through in-depth interviews and focus group discussions. The results provide a significant understanding of cross-border trade's socio-cultural, economic, legal, and logistical aspects, laying the groundwork for wise policy decisions and well-thought-out interventions that will improve the effectiveness and sustainability of trade in the area.

## 5.2 Policy Recommendations

Based on this research, several policy recommendations can be developed to resolve the issues and increase cross-border trade between Pakistan and Iran, specifically at the Taftan and Mashkel borders. These recommendations are meant to promote economic growth, enhancement of infrastructure, and regional cooperation.

- To enhance the overall trading experience, necessary cross-border trade facilities at terminals, such as clean water, restrooms for workers, and vehicle shelters, should be established. Concentrate on expanding and developing road networks between essential trade routes such as Quetta and Taftan to facilitate goods' trade and fast movement.
- Establish comprehensive banking facilities and guarantee simple access to financial services for traders.
- Take steps to reduce corruption and illegal practices, such as "speed money," at various checkpoints.
- Promote the involvement of local communities in trade-related decision-making processes. Promote economic opportunity for residents by establishing and maintaining border markets under local government control. Extend trading hours to accommodate the diverse requirements and schedules of traders, thereby enabling extended trading hours.
- Establish and uphold explicit legal frameworks and standardized trade procedures to improve the credibility of international trade.
- Explore avenues for expanded collaboration and economic ties with Iran. Engage in regional cooperation initiatives to improve trade relations with neighbours. Promote legal and standardized trade activities among traders, locals, and transporters, focusing on following international trade guidelines and regulations.

## References

- Acevedo, G. L., Lederman, D., & Savchenko, Y. (2014, September). Trade Adjustment Assistance Programs. *World Bank*. Retrieved from [https://www.researchgate.net/profile/Gladys-Lopez-Acevedo/publication/316527102\\_Trade\\_Adjustment\\_Assistance\\_Programs/links/590253f60f7e9bcf65491164/Trade-Adjustment-Assistance-Programs.pdf](https://www.researchgate.net/profile/Gladys-Lopez-Acevedo/publication/316527102_Trade_Adjustment_Assistance_Programs/links/590253f60f7e9bcf65491164/Trade-Adjustment-Assistance-Programs.pdf)
- ADB. (2023). *Central Asia Regional Economic Cooperation Regional Improving Border Services Project: Environmental Monitoring Report*. Asian Development Bank. Retrieved from <https://www.adb.org/projects/documents/pak-46378-002-emr-5>
- Ahmed, M., Ali, T., & Shah, Z. (2017). The US Factor in Pakistan-Iran Relations: New Dimensions. *Journal of Political Science*, 14(1), 295-314. Retrieved from <https://www.proquest.com/docview/1927103387?parentSessionId=xVKHtmH2o%2BpzUq%2FcwdKfkhCkd2GblDRzcHy6xuVCt8k%3D>
- Akhtar, S. (2013). Economic sanctions main reason of Pakistan's low trade with Iran . Islamabad, Pakistan: The News. Retrieved from <http://www.thenews.com.pk/Todays-News-3-161732-Economic-sanctions-main-reason-of-Pakistans-low-tradewith-Iran>
- Akram, S. (2022). *Islamabad Tehran Istanbul Freight Train: Prospects for Regional Connectivity*. Institute of Strategic studies Islamabad. Retrieved from [chrome-extension://efaidnbissi.org.pk/wp-content/uploads/2022/04/Report\\_Webinar\\_Feb\\_24\\_2022.pdf](chrome-extension://efaidnbissi.org.pk/wp-content/uploads/2022/04/Report_Webinar_Feb_24_2022.pdf)
- Arnold, J., & Subramanian, U. (2001). Forging Subregional Links in Transportation and Logistics in South Asia. *World Bank Group*. doi:<https://doi.org/10.1596/0-8213-4885-X>
- Baloch, K., & Lashari, N. (2021). *With Few Job Options, Balochistan Residents Turn To Smuggling*. Radio Free Europe. Retrieved from <https://www.rferl.org/a/fuel-smuggling-pakistan-iran-balochistan/31097489.html>
- Bashir, A., Farooq, U., & Sharif, M. (2000). Illegal Trade of Pakistan with Afghanistan and Iran through Balochistan: Size, Balance and Loss to the Public Exchequer. *International Journal of Agriculture and Biology*, 2(3), 200-204. Retrieved from [https://www.fsublishers.org/published\\_papers/86902\\_..pdf](https://www.fsublishers.org/published_papers/86902_..pdf)
- Bayramli , N. (2023). *Iran, Pakistan Sign MoUs to Boost Trade, Economic Ties*. Tehran: Caspian News. doi:<https://caspiannews.com/news-detail/iran-pakistan-sign-mous-to-boost-trade-economic-ties-2023-1-18-0/>
- Boshkov, T. (2020). *Globalization, Trade Liberalization and Business Dynamism*. Lambert Academic Publishing.
- Brunner, H. P. (2013, August). What is Economic Corridor Development and What Can It Achieve in Asia's Subregions? *Regional Economic Integration Working Papers*(117), 48. Retrieved from <https://www.adb.org/publications/economic-corridor-development-and-what-it-can-achieve-in-asia-subregions>
- Burke, S. M. (1973). *Pakistan's foreign policy: an historical analysis*.
- Caravanistan. (2022). *Pakistan border crossings*. Retrieved from Caravanistan: <https://caravanistan.com/border-crossings/pakistan/>

- Castanho, R., Loures, L., Fernández, J., & Pozo, L. (2018, February ). Identifying critical factors for success in Cross Border Cooperation (CBC) development projects. *Habitat International*, 72, 92-99. doi:doi.org/10.1016/j.habitatint.2016.10.004
- Clarke, V., & Braun, V. (2014). Thematic analysis. In A. C. Michalos (Ed.), *Encyclopaedia of Quality of Life and Well-Being Research*. 6626-6628.
- Daniels, R. (2013, March 25). Strategic Competition in South Asia: Gwadar, Chabahar, and the Risks of Infrastructure Development. *The Journal of the National Committee on American Foreign Policy*, 93-100. doi:https://doi.org/10.1080/10803920.2013.776887
- Darwich, M., Valbjørn, M., & Makdisi, K. (2021, November). The Politics of Teaching International Relations in the Arab World: Reading Walt in Beirut, Wendt in Doha, and Abul-Fadl in Cairo . *International Studies Perspectives (ISP)*, 22(4), 407–438. doi:https://doi.org/10.1093/isp/ekaa020
- De, P. (2013, March). Connectivity, trade facilitation and regional cooperation in South Asia. *Commonwealth Secretariat*, 2. Retrieved from <https://www.econstor.eu/bitstream/10419/214198/1/1690138912.pdf>
- Dongala, J. (1993, June). THE INFORMAL SECTOR TRADE AMONG SUB-SAHARAN AFRICAN COUNTRIES: A SURVEY AND EMPIRICAL INVESTIGATION. *The Developing Economics*, 31(2), 151-170. doi:https://doi.org/10.1111/j.1746-1049.1993.tb00019.x
- Durepos, G., Mills , A. J., & Wiebe, E. (2010). *Encyclopedia of Case Study Research* (Vol. 1). SAGE publications.
- Engman, M. (2005). The Economic Impact of Trade Facilitation. *OECD Trade Policy Papers*, 21. Retrieved from [https://www.oecd-ilibrary.org/the-economic-impact-of-trade-facilitation\\_5lgl4dc44n36.pdf](https://www.oecd-ilibrary.org/the-economic-impact-of-trade-facilitation_5lgl4dc44n36.pdf)
- FBR. (2020). Rise of Pakistan in implementation index of WTO's trade facilitation agreement. Islamabad, Pakistan. Retrieved from <https://www.fbr.gov.pk/rise-of-pakistan-in-implementation-index-of-wtos-trade-facilitation-agreement/152618>
- Gamble, A., & Anthony , P. (1996). *Regionalism and World Order* (1 ed.). Bloomsbury Publishing. Retrieved from [www.bloomsbury.com/us/regionalism-and-world-order-9780333636848/](http://www.bloomsbury.com/us/regionalism-and-world-order-9780333636848/)
- Garelli. (2009). IMD world competitiveness yearbook 2009. *Lausanne: International Institute for Management Development*, 543.
- Garratt, C. (2018). *An Illustrated Encyclopedia of Locomotives: A Guide to the Golden Age of Train Engines from 1830 to 2000*. (Illustrated, Ed.) Anness Publishing, 2018.
- Gilani, I. (2023). <https://pakobserver.net/business-community-welcomes-barter-trade-with-russia-iran-and-afghanistan/>. Retrieved from <https://pakobserver.net/business-community-welcomes-barter-trade-with-russia-iran-and-afghanistan/>
- Glaser, C. L. (2010). *Rational Theory of International Politics. The Logic of Competition and Cooperation*. Princeton University Press . doi:https://doi.org/10.1515/9781400835133
- Grieco, J. M. (2008). *Cooperation among Nations: Europe, America, and Nontariff Barriers to Trade*. Cambridge University Press.



- Higgins, K. (2012). Supporting trade expansion and gender equality: Tackling gender-intensified constraints to trade. *Bridges Africa*, 1(3).
- Hummels, D., & Schaur, G. (2013, December). Time as a Trade Barrier. *American Economic Review*, 103(7), 2935-59. doi:DOI: 10.1257/aer.103.7.2935
- Ishida, M. (2009, March). Special Economic Zones and Economic Corridors. *Research on Development Strategies for CLMV Countries*, 33-52. Retrieved from [www.eria.org/uploads/media/Research-Project-Report/RPR\\_FY2008\\_5\\_Chapter\\_2.pdf](http://www.eria.org/uploads/media/Research-Project-Report/RPR_FY2008_5_Chapter_2.pdf)
- Kaplan, R. (2009). *Center stage for the 21st century* (Vol. 88). Foreign Affairs.
- Karim, U. (2023). The Pakistan–Iran relationship and the changing nature of regional and domestic security and strategic interests. *Global Discourse*, 20-38. doi:<https://doi.org/10.1332/204378921X16585144068826>
- Khan. (2014, October). Trade Routes Through Pakistan's Western Border Countless Opportunities, Limitless Rewards. *Pakistan Horizon*, 67(3/4), 28. Retrieved from <https://www.jstor.org/stable/44988710>
- Khan, F. I. (2023). Pakistan Initiating Barter Trade with Russia, Iran and Afghanistan. CSCR. Retrieved from <https://cscr.pk/explore/themes/trade-economics/pakistan-initiating-barter-trade-with-russia-iran-and-afghanistan/#:~:text=Trading%20items%20under%20a%20B2B,mechanism%20provided%20in%20the%20order.>
- Khan, M. (2021). Pakistan, Iran set \$5bn trade target by 2023. *DAWN*. DAWN. Retrieved from <https://www.dawn.com/news/1656473/pakistan-iran-set-5bn-trade-target-by-2023>
- Khetran, M. S. (2016). Economic Connectivity. *Strategic Studies*, 36(4), 61-76. Retrieved from [www.jstor.org/stable/pdf/48535974.pdf](http://www.jstor.org/stable/pdf/48535974.pdf)
- Kozahnov, N. (2011). *US economic sanctions against Iran: Undermined by external factors* (Vol. 18). Middle East Policy.
- Kumar. (2008). *Pakistan–Iran Relations: The US Factor* (32 ed., Vol. 5). Strategic Analysis.
- Kumar, S. (2008). Pakistan–Iran Relations: The US Factor. *Strategic Analysis*, 774-785. Retrieved from <https://www.tandfonline.com/doi/pdf/10.1080/09700160802309159>
- Lin , Z. (2020). Research on the South China Cross-border Railway Lines Connecting with Trans-Asia Railway . *Academic Journal of Humanities & Social Sciences* , 3(4), 13-17. doi:10.25236/AJHSS.2020.030402
- Mathur, Sajal, & Hoe, A. (2020). Trade and environment: What can we learn from trade policy reviews? doi:doi:10.30875/e4cb3fa0-en
- Milner, H. (1992). *International theories of cooperation among nations: strengths and weaknesses* (Vol. 44). Princeton School of Public and International Affairs. doi:<https://doi.org/10.2307/2010546>
- MOC. (2006). *PAK-IRAN Preferential Trade Agreement (PTA)*. Retrieved from Ministry of Commerce: [https://www.commerce.gov.pk/about-us/trade-agreements/pak-iran-preferential-trade-agreement/#:~:text=PAK%2DIRAN%20Preferential%20Trade%20Agreement%20\(PTA\)&text=T](https://www.commerce.gov.pk/about-us/trade-agreements/pak-iran-preferential-trade-agreement/#:~:text=PAK%2DIRAN%20Preferential%20Trade%20Agreement%20(PTA)&text=T)

he%20Cabinet%20ratified%20the%20agreement,concessions%20on%20309%20tariff%20lines.

- Mofa. (2019). *Overview of relations*. Retrieved from Ministry of Foreign Affairs: <https://mofa.gov.pk/news-items/>
- MoP. (2018). *Special Development scheme for the uplifting of 20 poorest districts in Pakistan*. Ministry of Planning. Retrieved from <https://www.pc.gov.pk/web/poorestdistricts>
- Moreira, C. (2013). Telecommunications: A Key Resource for International Trade. *Journal of Internet banking and Finance*, 18(3). Retrieved from <https://www.icommercentral.com/open-access/telecommunications-a-key-resource-for-international-trade.php?aid=38755>
- Musonda, F. M. (1995). Tanzania's Trade with PTA Countries: A Special Emphasis on Non-Traditional Products. *African Economic Research Consortium (AERC)*, 80. Retrieved from <https://policycommons.net/artifacts/1444608/tanzanias-trade-with-pta-countries/2076355/> on 25 Sep 2023. CID: 20.500.12592/d5h3tv.
- Newman, D. (2011, November). On borders and power: A theoretical framework. *Journal of Borderlands Studies*, 18(1), 13-25 . doi:<https://doi.org/10.1080/08865655.2003.9695598>
- Njiwa, D. (2013, March). Tackling informal cross-border trade in Southern Africa. *Bridges Africa*, 2(1), 9-11.
- Notezai, M. A. (2021, March 26). The hidden costs of Pakistan's crackdown on Iranian oil smuggling. *Nikkei Asia*. Retrieved from <https://asia.nikkei.com/Opinion/The-hidden-costs-of-Pakistan-s-crackdown-on-Iranian-oil-smuggling>
- Nowell, L. S., Moules, N. J., & Norris, J. M. (2017, October). Thematic Analysis: Striving to Meet the Trustworthiness Criteria. *Sage Journals* . doi:<https://doi.org/10.1177/160940691773384>
- Paasi, A. (1997). *Territories, Boundaries and Consciousness: The Changing Geographies of the Finnish-Russian Border* (1 ed.). Wiley.
- Pandian, S. G. (2005). Energy trade as a confidence-building measure between India and Pakistan: a study of the Indo-Iran trans-Pakistan pipeline project. *Contemporary South Asia*, 14(3), 307-320. doi:<https://doi.org/10.1080/09584930500463750>
- Pasha, H. A. (2015). *Growth of the provincial Economies*. Islamabad: Institute for Policy Reforms. Retrieved from <https://ipr.org.pk/wp-content/uploads/2016/04/GROWTH-OF-PROVINCIAL-ECONOMICS-.pdf>
- PBS. (2022). *ADVANCE RELEASE ON EXTERNALTRADE STATISTICS*. Islamabad: Pakistan Bureau of Statistics. Retrieved from [https://www.pbs.gov.pk/sites/default/files/external\\_trade/monthly\\_external\\_trade/2022/january-2022/release\\_statement\\_january\\_2022.pdf](https://www.pbs.gov.pk/sites/default/files/external_trade/monthly_external_trade/2022/january-2022/release_statement_january_2022.pdf)
- PIPS. (2013). *Pakistan Security Report*. Islamabad: Pakistan Institute of Peace Studies. Retrieved from [pakpips.com/web/wp-content/uploads/2017/11/sr2013.pdf](http://pakpips.com/web/wp-content/uploads/2017/11/sr2013.pdf)
- Plekhanov , A., & Koczan, Z. (2013). *How important are non-tariff barriers? Complementarity of infrastructure and institutions of trading partners*. European Bank for Reconstruction and Development. Retrieved from <https://www.ebrd.com/downloads/research/economics/workingpapers/wp0159.pdf>

- PSW. (2023). PSW. Retrieved from Pakistan Single Window: <https://www.psw.gov.pk/>
- PTA. (2006, September 1). *Preferential Trade Agreement*. Retrieved from Ministry of Commerce: [https://www.commerce.gov.pk/about-us/trade-agreements/pak-iran-preferential-trade-agreement/#:~:text=PAK%2DIRAN%20Preferential%20Trade%20Agreement%20\(PTA\)&text=The%20Cabinet%20ratified%20the%20agreement,concessions%20on%20309%20tariff%20lines.](https://www.commerce.gov.pk/about-us/trade-agreements/pak-iran-preferential-trade-agreement/#:~:text=PAK%2DIRAN%20Preferential%20Trade%20Agreement%20(PTA)&text=The%20Cabinet%20ratified%20the%20agreement,concessions%20on%20309%20tariff%20lines.)
- Quittmeyer, R. C. (1979). Seismicity variations in the Makran region of Pakistan and Iran: Relation to great earthquakes. 1212–1228. doi:<https://doi.org/10.1007/BF00876216>
- Raheem, A., Badshah, I., & Arshed, W. (2021, Oct-Dec). Political Economy of Smuggling: The Living Source for the Natives. A case study of Jiwani-Iran border, Balochistan. *Journal of development and social sciences*, 2(5), 835-848. doi:[http://doi.org/10.47205/jdss.2021\(2-IV\)66](http://doi.org/10.47205/jdss.2021(2-IV)66)
- Ravindrakumar. (2013). WTO Customs Valuation-A Decade of Sri Lankan Experience 2003-2013.
- Shahid, A., & Shahzad, A. (2023). Pakistan outlines process for barter trade with Afghanistan, Iran, Russia. Retrieved from <https://www.reuters.com/world/pakistan-engage-barter-trade-with-afghanistan-iran-russia-2023-06-02/>
- Svensson, J. (2012). Estimating the WCO Revised Kyoto Convention's Impact on International Trade. *Lund University Department of Economics*, 34-36.
- Svensson, J. (2012). Estimating the WCO Revised Kyoto Convention's Impact on International Trade . (L. U. Economics, Ed.) Retrieved from chrome-extension:<https://lup.lub.lu.se/luur/download?func=downloadFile&recordId=2607321&fileId=2607322>
- TDAP. (2022). *Pakistan-Iran trade relationship*. Trade Development Authority Pakistan. Retrieved from <https://tdap.gov.pk/wp-content/uploads/2022/03/Pak-IRAN-Wrap.pdf>
- Tehsin, M. (2017, Winter). Iran-Pakistan Relations: Challenges, Constraints and Opportunities. *FWU Journal of Social Sciences*, 11(2), 39-50. Retrieved from [http://sbbwu.edu.pk/journal/Winter\\_2017\\_Vol\\_11\\_No\\_2/4.%20Iran%20Pakistan%20Relations%20ChallengesConstraints%20and%20Opportunities.pdf](http://sbbwu.edu.pk/journal/Winter_2017_Vol_11_No_2/4.%20Iran%20Pakistan%20Relations%20ChallengesConstraints%20and%20Opportunities.pdf)
- Tribune. (2023). *No improvement in Pak-Iran barter trade*. Retrieved from <https://tribune.com.pk/story/2398695/no-improvement-in-pak-iran-barter-trade>
- UNCTAD. (2017). *Prosperity for All*. Retrieved from Welcome to the United Nations Conference on Trade and Development: <https://unctad.org/topic/trade-analysis/trade-and-SDGs>
- UNDP. (2016). *Multidimensional poverty in Pakistan*. Retrieved from chrome-extension://efaidnbmnnnhttps://www.undp.org/sites/g/files/zskgke326/files/migration/pk/Multidimensional-Poverty-in-Pakistan.pdf
- USAID. (2014). *WTO Agreement on Trade Facilitation and the Revised Kyoto Convention: Implications for Customs Compliance*. Islamabad: USAID Pakistan. Retrieved from [https://pdf.usaid.gov/pdf\\_docs/PA00K24W.pdf](https://pdf.usaid.gov/pdf_docs/PA00K24W.pdf)
- Walkenhors, P., & Yasui, T. (2009, January 19). Quantitative Assessment of the Benefits of Trade Facilitation. *OECD*, 19 - 49. Retrieved from <https://doi.org/10.1787/9789264056954-2-en>

- WB. (2018). *Stronger Open Trade Policies Enable Economic Growth for All*. The World Bank. Retrieved from <https://www.worldbank.org/en/results/2018/04/03/stronger-open-trade-policies-enables-economic-growth-for-all>
- WB. (2019). *Subnational Studies measuring business regulations*. Retrieved from World Bank: <https://subnational.doingbusiness.org/en/data/exploretopics/trading-across-borders/good-practices>
- WB. (2022). *Trade Overview*. Retrieved from World Bank: <https://www.worldbank.org/en/topic/trade/overview>
- WCO. (2009). *World trade organization*. Retrieved from WCO: [www.wcoomd.org](http://www.wcoomd.org)
- Wolfgang, H., & Rogmann, A. (2019). On the future of the WCO Revised Kyoto Convention.
- World Bank. (2022, June 13). *Increasing Cross-Border Trade in the Africa's Great Lakes Region to Support Greater Prosperity, Stability, and Integration*. Retrieved from The World Bank: <https://www.worldbank.org/en/news/press-release/2022/06/13/increasing-cross-border-trade-in-the-africa-s-great-lakes-region-to-support-greater-prosperity-stability-and-integration>
- WT-O. (2007). *World Trade Organization*. Retrieved from [https://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf\\_revised\\_kyoto\\_conv.aspx](https://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv.aspx)
- WTO. (2015). *The Role of Trade in Ending Poverty*. World Bank and WTO. Retrieved from [https://www.wto.org/english/res\\_e/publications\\_e/worldbankandwto15\\_e.htm](https://www.wto.org/english/res_e/publications_e/worldbankandwto15_e.htm)
- Yue, C., & Liua, L. (2013). Investigating the impact of soft time delays on trade. *Food Policy*, 39, 108-114. Retrieved from <https://pdf.sciencedirectassets.com/271787/1-s2.0-S0306919213X00028/1-s2.0-S0306919213000109/main.pdf?X-Amz-Security-Token=IQoJb3JpZ2luX2VjECwaCXVzLWVhc3QtMSJGMEQICtzD%2BbLBiONbn1Y%2FE9xY%2BIX3l1bzKm73R>
- Zata, T. P. (2016). The contribution of Cross-Border trade in Meeting household needs in LÜDERITZ, Namibia. Retrieved from [https://repository.up.ac.za/bitstream/handle/2263/57233/Zata\\_Contribution\\_2016.pdf?sequence=1&isAllowed=y](https://repository.up.ac.za/bitstream/handle/2263/57233/Zata_Contribution_2016.pdf?sequence=1&isAllowed=y)
- Zubair, M. M. (2017). Abdul Sattar, Pakistan's Foreign Policy 1947-2016. *CISS Insight Quarterly Journal*, 5. Retrieved from <http://www.journal.ciss.org.pk/index.php/ciss-insight/article/view/41>

# Appendices

## Appendix A

View of Taftan border city



**Appendix B**

Scanning and Weighting house and inside and outside of the NLC area.



## Appendix C

Total Imports and Exports goods at Via Taftan border

DESCRIPTION NAME	
EXPORT	1 IRON SCRAPE
	2 CERAMIC TILES
	3 IRON WIRE
	4 RELL
	5 LPG
	6 FOOTS OLI
	7 WHITESPRIT
	8 COLE
	9 CEMENT
	10 CLINKER
MANGO	11 SHEEP SKIN
	12 GOAT SKIN
RICE	13 COW SKIN
	14 SHEEP STOMACH
PETALROSE	15 SHEEP INTESINAL
	16 CORRIANDER SEEDS
BANANA	17 FRESH DATES
	18 FRESH TOMATOES
JOJOBE	19 GRAPS
	20 APPLE
KINNO	21 BARLEY (JOE)
	22 RAISIN
FOOTBALL	23 PLUMS
	24 CHICK PEA
GLOVES	25 SHEEP WOOL
	26 MILLET SEEDS
POTATO	27 SODIUM SULPHIDE
	28 BITUMEN
	29 EZOGAM
	30 ONION
	31 COCONUT
	32 PENUT WITHOUT SHELL
	33 CUTCH BLOCK
	34 PISTACHIO
	35 FRESH MILK
	36 NETRO
	37 KIDNEY BEANS
	38 SORGHUM SEEDS
	39 FRESH CBBAGE
	40 WHITE CEMENT
	41 SULPHER
	42 IRON PIPE
	43 PLASTIC PIPE
	44 RUBBER SCRAPE
	45 WALNUT

## Appendix D Various Receipts

- I. International Consignment Note
- II. Phytosanitary Certificate
- III. Transport note (Import from Taftan to NLC Dry Port Quetta through cross-stuffed vehicles)
- IV. Weight Receipt at NLC

**Transport Note (Import from Taftan to NLC Dry Port Quetta through Cross-Staffed Vehicles)**

No. 619710  
Date: 29/05/2023

VIA Port: QCSE/MCC Quetta-Import

BL NO/VIR No	Marks and Number	BL Weight (KG)	Packing	Importer Name	Final Destination
TAFT270520-0073 / TAFT-2351-27052023	KC-84209	23000	8,000	SHIRKAT ARMAGHAN JETA	JETA

Container No.	Vehicle No.	PCCSS Seal No.
Open Truck	KC84209	Wire-317360

Laden Weight (KG)	Vehicle Weight (KG)	Gross Weight (KG)
23000.00	32600.00	9600.00

Total No. of Packages  
(8,000)

Nature of Packing  
(Pallets, Packages, Cartons, Cases, Bags, Rales, Sheets, Pieces)  
(N/A)

Certified that the Details on this Document are correct	Certified that the above mentioned goods have been sealed and Transhipped in my presence	Certified that the above mentioned goods have been received by Customs on _____ with seal intact
---	--	--

Signature with date and Stamp of Transporter      Signature with date and Stamp of Customs PCCSS Officer at Port of sealing      Signature with date and Stamp of Customs PCCSS Officer at Port of destination

**TAFTAN BORDER TERMINAL**  
National Logistics Cell  
PAKISTAN

Print Date: 29/05/23

Serial No: 7360      Date Pass No: 72713      CMSIS No: \_\_\_\_\_

Vehicle No: TKL 988      Chapter No: \_\_\_\_\_      Clearing Agent Name: NADIR

Importer name: \_\_\_\_\_      Driver's name: DALAN M      Description: CHECK PEA

Type of vehicle: TRUCK      Status: Import      Dimension & Nos of wheels: 10

Legend	Weight	Time	Weight Date	Type
First Weight	43,530 Kgs	04:04 PM	29/05/23	Manual
Second Weight	13,640 Kgs	04:04 PM	29/05/23	Auto
Net Weight	29,890 Kgs	40kg 37.32kg	747 Munds 800 Munds	10 Kg 30 Kg

Amount: \_\_\_\_\_

Remarks (if any): \_\_\_\_\_

Admin (Signature Operator): \_\_\_\_\_      (Signature Inspector of Customs): \_\_\_\_\_

**PHYSANITARY CERTIFICATE**

S/N No. 01 2 292480

ISLAMIC REPUBLIC OF IRAN  
MINISTRY OF AGRICULTURE  
PLANT PROTECTION ORGANIZATION

1. Name and Address of Exporter  
bazaragani diba mehr dariyan  
Tehran, Hajjiyeh, North of Shahid Ismail Muhammad  
Mousavi Alley, Shahid Ahmad Shahrvaridi Alley, No. 14,  
3rd floor  
0215778484

2. Declared Name and Address of Importer  
shaban traders  
Quetta - Pakistan

3. Name of Plant Protection Organization of the Country of Origin  
Pakistan

4. Place of Origin  
I.R. IRAN

5. Declared Means of Conveyance  
By Truck, No: 37995

6. Declared Point of Entry  
TAFTAN

Name of Produce	Botanical Name of Plants	Number and Description of Packages	Distinguishing Marks	Quantity Declared
1. coriander	Coriandrum sativum	625 Bags	*****	Gross: 23842 Kg

TOTAL COUNT: 625      25000KGS

11-01-10-75681211

7. Name of Produce: \_\_\_\_\_

8. Botanical Name of Plants: \_\_\_\_\_

9. Number and Description of Packages: \_\_\_\_\_

10. Distinguishing Marks: \_\_\_\_\_

11. Quantity Declared: \_\_\_\_\_

12. This is to certify that the plants, plant products or other regulated articles described herein have been inspected and/or tested according to appropriate official procedures and are considered to be free from the quarantine pests specified by the importing contracting party and to conform with the current phytosanitary requirements of the importing contracting party, including those for regulated non-quarantine pest.

13. Additional Declaration: \_\_\_\_\_



**Appendix E**

Oil godowns (Warehouse, in local language also called Mandi) at Mashkel border.



## Appendix F

Historical pictures of Quetta Taftan route. This land routes has been used to travel from Quetta to London via land.



## **Appendix G**

The Questionnaires for in depth interviews and focus group discussions.

### **Questions for locals**

**Name:** \_\_\_\_\_

**Occupation:** \_\_\_\_\_

- 1) Do you involve directly or indirectly with CBT at Taftan/Mashkel Borders?
- 2) How much do you aware about CBT that take place at Taftan and Mashkel borders?
- 3) How much CBT effects your living standards?
- 4) Are there any other options for livelihood available in your town other than CBT?
- 5) What kind of employment opportunities does CBT created for the locals?
- 6) How many of your family members are involved in CBT? Or how many of your family members are dependent of this type of activities?
- 7) How CBT affects the locals, in term of employment, education and health?
- 8) What do you prefer formal or informal trade? And why?
- 9) What are the major issues being faced during CBT at Taftan and Mashkel borders?
- 10) What type of jobs you perform at Taftan/Mashkel borders?
- 11) What type of missing facilities at these borders? What you suggest and recommend for better trade at these border points?
- 12) Any special facilities or relaxations for the local from the government?
- 13) Are there any life threatening risks while doing informal trade? Any other security issues you face while doing job at border crossing points?
- 14) Any other hurdles you face?
- 15) Why CBT is important for you?

### **Questions for Traders**

**Name:** \_\_\_\_\_

**Occupation:** \_\_\_\_\_

- 1) What is the total cost of transport you bear while importing and exporting goods at Taftan/Mashkel border?
- 2) What are the major barriers that effects the CBT?
- 3) Are there any special facilities given by government to promote CBT between Iran and Pakistan?
- 4) What do you expect from government to promote trade and facilitate the traders?
- 5) What type of commodities are being import and export at Taftan and Mashkel borders?
- 6) Which currency is being used for trade?
- 7) Which methods of transaction is followed for CBT?
- 8) What type of Trade (Informal/formal) is being done? Does informal trade is affecting formal trade?
- 9) How much significant these two borders are? And why?
- 10) Is there any security issue that hinders the CBT between Iran and Pakistan?
- 11) What do you think, why the volume of trade between Iran and Pakistan is low?
- 12) What are your recommendations and suggestions to improve and promote CBT between Iran and Pakistan?
- 13) What is the procedure of certification of goods?
- 14) How can CBT play a role to promote small business?
- 15) From where you buy and where to sell the goods?
- 16) What are the Business and Negotiating terms?
- 17) What the traders Fear the most?
- 18) What is the market value of the trade?

### 3 Questions for Transporters-Divers

**Name:** \_\_\_\_\_

**Occupation:** \_\_\_\_\_

- 1) What major issues do you people face?
- 2) Does process of clearance is friendly or complicated?
- 3) What is the cost of truck or Vehicle?
- 4) What type of documents are required for clearance at Taftan and Mashkel borders?

- 5) Is there any security issue?
- 6) Are your vehicles and other loaded goods are insured?
- 7) Who bears the losses?
- 8) Which commodities are frequently imported or exported?
- 9) How long does it take to reach the destination?
- 10) How much you satisfied about the roads.
- 11) What methods do you use for payments?
- 12) How much do you satisfy with the infrastructure?
- 13) Total time and Distance you cover?
- 14) How much do you satisfy with the facilities available for truck and other vehicle drivers?
- 15) Is there any facility of warehouses?
- 16) What do you people do during the border's closures?
- 17) Any recommendations and Suggestions?

**Questions for the Representatives of Local Government**

**Name:** \_\_\_\_\_

**Occupation:** \_\_\_\_\_

- 1) How much significant these border points are? And why?
- 2) Does CBT effect the livelihood of locals?
- 3) What type of facilities are given by the local government to the traders and locals?
- 4) How much local government is contributing the improve the trade activities?
- 5) Why CBT is low at Taftan and Mashkel borders?
- 6) How you differentiate Taftan and Mashkel borders in terms of infrastructure and other facilities?
- 7) What is the socio-economic impacts of CBT on local?
- 8) How local government deal with the informal trade?
- 9) Does Informal trade is affecting the formal trade?
- 10) What are the routes of formal and informal trades?
- 11) What are the security issues faced during CBT at Taftan and Mashkel?
- 12) What are your suggestions and Recommendations to improve the CBT at Taftan and Mashkel?

- 13) Does government provide any warehouse facilities to traders?

**Questions for Custom agents**

**Name:** \_\_\_\_\_

**Occupation:** \_\_\_\_\_

- 1) Taftan is the oldest border as compare to Mashkel border, when both borders were officially recognized international border points?
- 2) What major roles play by Pakistan Customs in the CBT at Taftan and Mashkel borders?
- 3) What is the volume of trade between Pakistan and Iran?
- 4) What challenges are faced in CBT at Taftan and Mashkel borders?
- 5) What facilities are available for CBT at Taftan and Mashkel borders?
- 6) Why volume of trade is very low between Pakistan and Iran?
- 7) What are the political and legal barriers in CBT between Pak and Iran?
- 8) What is the process of clearance of goods?
- 9) What are the key operational challenges?
- 10) How Pakistan customs deals with informal trade?
- 11) Revenue gets by Pakistan customs at Taftan and Mashkel borders?
- 12) What standards are being followed at Taftan and Mashkel borders for CBT?
- 13) What are your recommendations and Suggestions to promote CBT and improve trade between Pakistan and Iran?
- 14) Are there any security issues being faced during CBT between Pakistan and Iran?
- 15) Capacity of total oil being traded?

**Questions for the Political Notables**

**Name:** \_\_\_\_\_

**Occupation:** \_\_\_\_\_

- 1) What roles play the CBT between Pakistan and Iran for the betterment of the people of Balochistan?

- 2) How CBT can bring socio economic changes?
- 3) How much significant the CBT is? In term of Employment, Livelihood, education?
- 4) Does CBT between Pakistan and Iran can contribute in Balochistan's Economy?
- 5) Why CBT between Pakistan and Iran is low?
- 6) Is there any security issues that hinder the CBT between Pakistan and Iran?
- 7) What measures should be taken to improve the CBT between Pakistan and Iran?
- 8) How much CBT between Pakistan and Iran is important in term of Economic growth?
- 9) What roles the Politicians can play to improve and promoting the CBT between Pakistan and Iran?
- 10) Why does the CBT is very low between Pakistan and Iran, Despite that Pakistan and Iran both shares a huge border.
- 11) How do you see informal and formal trades between Pakistan and Iran?
- 12) What policies and measures should be adopted to promote and Improve CBT between Pakistan and Iran?
- 13) What are the major security issues faced at Taftan and Mashkel borders? How can Politicians cope up these hurdles?
- 14) What are the Political and Legal barriers of trade between Iran and Pakistan?
- 15) How much border trade is important in terms of development?
- 16) Any recommendation and suggestion to improve CBT between Pakistan and Iran?

### **Questions for Border Management**

**Name:** \_\_\_\_\_

**Occupation:** \_\_\_\_\_

- 1) What role does law enforcement agencies play in CBT between Pakistan and Iran?
- 2) What types of issues being faced at Taftan and Mashkel borders, which slow down the trade activities between Pakistan and Iran?
- 3) What facilities are available for traders and other activities to facilities and speed up the trade between Pakistan and Iran?
- 4) What are the major security issues at these borders?

- 5) How Law enforcement agencies deals with the informal trade?
- 6) Why Informal trade is being done, what are the major causes?
- 7) What improvement you suggest coping up the informal trade?
- 8) What activities must be done to improve the CBT between Pakistan and Iran?
- 9) What is the expected volume of informal trade at Taftan and Mashkel Bprders?
- 10) The informal trade routes and activities? How Iranian Authorities deal with informal trade?
- 11) Does Informal trade is beneficial for Iranian authorities? Do they promote it?
- 12) What do you suggest and recommend improving the CBT at Taftan and Mashkel Borders?

**Questions for Ministries (Information and Commerce)**

**Name:** \_\_\_\_\_

**Occupation:** \_\_\_\_\_

- 1) What roles does ministry of (Information/Commerce) can play in improving the CBT between Pakistan and Iran?
- 2) Why trade is low between Pakistan and Iran?
- 3) Pakistan shares a huge border with Iran, still Pakistan's trade Iran is very low as compared to the Iranian trades with other countries?
- 4) Does US sanctions are the only factors that limited the trade volume between Iran and Pakistan?
- 5) Do Pakistani authorities are following the international standards at Taftan and Mashkel borders?
- 6) How do the Ministry facilitate the CBT between Pakistan and Iran via Taftan and Mashkel borders?
- 7) What are the policies to cope up with informal trade between Pakistan and Iran?
- 8) How can CBT have improved between Pakistan and Iran?
- 9) What steps are followed in the process of cross border trade with Iran?
- 10) How can CBT improve the economic growth?
- 11) Despite many trades' agreement with Iran, still trade is very low. What are the main reasons?
- 12) Recommendation for facilitation of CBT between Pakistan and Iran?