STUDY NOTES · BASIC CONCEPT

Main reasons behind drop in Pakistan-Afghanistan mutual trade

International Relations

26 Jan 2011

Trade between Pakistan and Afghanistan experienced a significant decline of approximately 40% in 2025 compared to the previous year, primarily due to prolonged border closures and heightened political and security tensions. Some reports indicate an even steeper drop of 53% in the first half of the 2025-2026 fiscal year.

According to data from the Taliban commerce ministry, the total bilateral trade volume between the two nations fell from $2.461 billion in 2024 to $1.766 billion in 2025, representing a decrease of $695 million. Afghan exports to Pakistan dropped from $817 million to $505 million, while imports from Pakistan decreased from $1.644 billion to $1.261 billion during the same period.

The main reasons for this sharp decline include:

BECOME IAS
AI-Powered UPSC Preparation by ZINKPOT

Prolonged Border Closures:

Key commercial crossings, such as Torkham and Spin Boldak, have remained closed for extended periods, in some instances for nearly three months, disrupting commercial routes and the flow of goods.

Political and Security Tensions:

Clashes between Pakistani forces and Taliban fighters, notably in October 2025, led to Pakistan closing eight border crossing points.

Demands for Security Guarantees:

Pakistan's Foreign Ministry has stated that border crossings will remain closed until Afghanistan's rulers provide credible, written guarantees to prevent militant attacks and take action against the Tehreek-e-Taliban Pakistan (TTP).

Restrictions on Movement and Administrative Issues:

The introduction of passport and visa requirements, replacing older identity card systems, along with long delays in goods clearance at major crossing points like Torkham, have also contributed to the trade disruption. The prolonged disruptions have led to significant losses for traders on both sides, increased prices for essential goods in Afghan markets, and prompted Afghan authorities to explore alternative trade routes through countries like Iran and Central Asia.

BECOME IAS
AI-Powered UPSC Preparation by ZINKPOT