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Pakistan-Afghanistan's economic relations after 9/11

Abstract

Afghanistan is a landlocked country and always depended upon the cooperation of Iran, India and Pakistan to develop its international trade links with the world through seas. Pakistan's economic relations with Afghanistan passed through various stages after the creation of Pakistan. From 1947 to 1965 their economic relations witnessed ups and downs owing to political reasons but once it concluded Transit trade Agreement of 1965, their economic ties solidified despite all odds. By concluding the Transit trade agreement of 2010 it ties between Pakistan and Afghanistan further consolidated because now they became international trade partners. After 9/11 Pakistan provided financial and technical assistance to the Afghanistan for its Reconstruction, Rehabilitation and Development. This study argues that Pakistan and Afghanistan have unquestionable significance for each other. especially for economic reason, make it compulsion for both the countries to have cordial relations in their respective vested interests and larger interests of peace and prosperity in regional and international context

Introduction

Afghanistan is endowed with the wealth of natural resources, including extensive deposit of natural gas, Petroleum, sulfur, Lead, Iron, Chromate, Zink, Salt, and many precious and semiprecious stones. Unfortunately due to the continuing conflict they could not make their best effort to explore their more and more resources which can make their economy better. As Musa Khan Jalalzai says that "In 1970 Soviet Union estimated Afghanistan had gas 400 Million tons of Coal."¹ Economically, Afghanistan is faced with three basic requirements - a trade outlet to the sea, trade and aid for economic development. Afghanistan is a landlocked state with primitive means of communications. It has no railroads of any significance and it is only now that roads are being developed. Afghan trade can pass through three overland routes, viz., through Pakistan, Iran and the Soviet Union. The route from Afghanistan through the Khyber Pass to the port of Karachi in Pakistan is the most natural and best developed trade route for Afghanistan. However, Afghanistan has not utilized this route fully due to its political differences with Pakistan.² Afghanistan situated at crossroad of the Asia could serve as major supplier of natural resources but unfortunately was in Afghanistan failed it was economic potential and it has to relied on external factors of the international community from 1950 to onward. Prime Minister Daoud Khan assumed the power of President in 1973 and took some initiative for new

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modernization programme as state regulation of economy, social welfare reforms and education expansions. Import and export industry were under control of the government. Banks were nationalized in order to industrial development. Agreement between the USSR and Afghanistan was signed for Oil, Development irrigation factories, transport, and highway construction. That was the time period when Afghanistan experienced Brain Drain, all skilled workers and educated people fled to neighboring countries like Iran, Pakistan, and USSR. actually became the cause of agricultural decline shortage of foodstuff led to black market and prices of basic things were increased to 90% after 1980s. He also took military and economic assistance from the US and USSR, for rapid growth. Afghanistan received fifty percent of its foreign aid from USSR between 1950 to 1970 and thirty percent from US. Agreement was signed between Pakistan and Afghanistan so Pakistan opened its border with Afghanistan in January, 1962 for eight weeks so that American goods could be cleared which had accumulated at Peshawar. This shows the importance and need of an overland route for Afghanistan and the role that this need has played in shaping its policies. economy consisted on Transit trade, Drug Trade and Gem trade. Many minerals also discovered in recent time in Afghanistan so many countries and private sector presented their services to the Afghanistan as Chinese Metallurgical Group Cooperation (MCC) invested 3USD billion in cooper mine in Kabul. The major export partners of Afghanistan are India 25.5%,Pakistan 25.9%,US 14.9%, Tajikistan 9.6%, Germany 5% and the major import partners are Pakistan 23.3%, US 29.1% Germany 4.2%, India 7.6%, Russia 4.5%. "Foreign trade has been a vital necessity for Afghanistan ever since the country has been a national entity. Afghanistan has few natural resources and so it depends for most of its consumer goods, except food, and for all its producer goods on imports. Its chief exports, Karakul fur and agricultural products, provide for the much needed imports and they form the main source of capital in the country".³

Pakistan Afghanistan economic relations

Facts	Pakistan	Afghanistan
Population (in millions)	177.28	29.12
Bordering Area (kms.)	2,430	2,430
Total Area (Sq. kms.)	796,095	652,630
Per Capital Income (Purchasing Parity US\$)	2,600	800
Trade Balance (US \$)	1.47	(1.47)
Annual ATT (US \$)	1.08	1.08

Economic relations between both of the counties have long been remained source of strength as Afghanistan is a landlocked country and most of the trade traditionally passed through the border of Pakistan and Iran, most economic and viable transit routes. It was regulated under the Transit Trade agreement of 1965 which allowed all Transit to Afghan imports from all over the countries by the port

of Karachi. Informal transit trade, across the Durand Line existed since the birth of Pakistan. Primarily, two routes, the Peshawar–Torkham and Chaman–Spin Boldak crossing points were agreed upon in 1965 for trade. Imports by Afghanistan were exempted from the custom duties, service charges, port levies and handling fees. Afghan trade and development Cell (1995) was established to develop trade with Central Asia also transit trade and development project in Afghanistan. The formation of Pakistan and Afghanistan joint Economic Commission JEC (2002) had offered tremendous opportunities to both of the countries to boost up their bilateral trade. JEC made possible for both countries to reexamine their trade and formulate panes to strengthen economic collaboration.⁴ During the regular meetings both the countries took various effective steps to further improve business-to-business interaction and enhance bilateral trade through further streamlining of procedures, holding single country exhibitions and establishment of joint chambers of commerce and industry. Both sides agreed to establish Pak-Afghan Joint Custom Committee, to examine issues relating to trade and transit. The JEC was informed that \$49.926 million had been utilized out of \$100 million development assistance announced by Pakistan in 2002 for the reconstruction and rehabilitation of Afghanistan. Pakistan delegation gave progress on various projects like Chaman-Kandahar Railway Line, Rehabilitation of Turkham-Jalalabad Road, Ghulam Khan Khost Road, and Power Transmission lines to Khost, provision of 200 trucks, 100 buses, 38 ambulances, assistance to Kabul University, rehabilitation of schools, faculty block in Bulkh University, Mazar-e-Sharif and Kidney Centre at Jalalabad.⁵

Reconstruction of Afghanistan and role of Pakistan

Govt. of Pakistan provided financial, technical and institutional assistance to the Govt. of Afghanistan for its Reconstruction, Rehabilitation and Development. For this purpose, and enclosed coordination with Govt. of Afghanistan, Projects and activities were identified to implement through aid program. All programs aim to promote sustainable development and infrastructure development in this region. Under Pakistan planning commission Afghanistan cell was established to evaluate all projects.⁶ In 2002 Pakistan announced a contribution of 100 Dollar Million when International conference held in Tokyo for the economic reconstruction of Afghanistan, has seen the heartening response to the urgent need to assist a country that has face destruction and violence.⁷ In the reconstruction process of Afghanistan Pakistan estimated 400\$ to 500\$ million for particular in the reconstruction. Gas companies had also focused their attention towards Afghanistan and the Government has sought detail from the Sui southern and Northern gas companies as to what roles they could play in the gas infrastructure and rehabilitation of Afghanistan.⁸

“Projected completed in 2002-2003 (In million) US\$10.00

1. Donation of 50,000 M.T wheat to Afghanistan through PASSCO
8.12
2. Payment to PIA for Afghan Hajis from Kabul-Jeddah Kabul
0.516
3. Repeater station: for Kabul-Peshawar digital radio Kabul.
0.075
4. Five million religious text books printed and delivered in 2003."⁹
0.817

Total: 9.528

“Projected completed in 2003-2004

1. payment to ministry of communication for the design study of
0.17
2. Torkham-Jalalabad road.
3. Released to Ministry of Foreign Affairs for urgent equipment.
4.808
4. Released to Ministry of Railway for construction of design
5. Feasibility study of Chamman-Kandhar rail link.
0.30
6. Released of the Ministry of communication for construction
8.33
7. Of Torkham-Jalalabad road.
8. Released to Ministry of water and power for establishment of
0.2
9. Office at Kabul by NESPAK.
10. Released to ministry of Interior for training of Afghan officers
0.09
11. At national police Academy Islamabad.”¹⁰

Total: 13.898

Projected completed in 2004-2005

1. “Released to Ministry of Interior for training of officers
0.044
2. at National Police Academy.
3. funds for supply of 100 buses to Afghanistan.
4.833
4. Released to Ministry of Interior for training of Afghan officers
0.065

5. at National police academy.
6. TA/D in mid break of 37 afghan police officers at National Police Academy. 0.051
7. Provision of T.V transmitter for installation for Kandahar.
8. Cost of rail link from Chamman-Spinboldak. 0.139

Total: 1.288

1. Supply of 9600 tents to Afghanistan. 0.783
2. Cost of Torkham-Jalalabad Road.”¹¹ 8.6

Total: 15.828

Projected completed in 2005-2006

1. Road Torkham to Jalalabad. US\$34.42
2. construction of local road of Jalalabad (3.253&2.5KM)¹² US\$0.81

Prime Minister of Pakistan Shaukat Aziz visited Kabul in 2007 where he announced that Pakistan would increase funds for the rehabilitation of Afghanistan from \$250 to 300 million. He also mentioned that “Pakistan was taking measures to increase \$1.2 billion bilateral trade with Afghanistan in this regard mentioned the construction of the rail link from Chamman to Spin Boldak”.¹³

Trade

Pakistan is no doubt the largest trading partner of Afghanistan and Afghanistan is the third largest, export market for Pakistani goods after the US and India. It is estimated that Pakistan's exports to Afghanistan had reached US\$1.87 billion in 2010-11. This is in total opposite to the position before 2001 even Taliban government was in power but official trade was never crossed US\$ 26 million. It is fact that Afghanistan is a fast up-and-coming market of strategic importance, and it is close to some of the fastest-growing and largest markets in the world. Strategically it is located between the energy-rich, republics of Central Asia, and the major seaports in South Asia, providing a key transit route, for central Asian oil and gas to markets in overseas and South Asia . It has access to markets of important fast growing of neighboring countries, including markets such as Pakistan, China, and India Afghanistan offers of pro-business minded environment, with legislation is really favorable for private investments. Over the few years, more than US\$ 8.4 billion, in reconstruction and humanitarian aid, process and it is expected to significant opportunities would be generated in construction, related manufacturing industries and construction materials. There is no doubt that Afghanistan; today is an ideal place for investors. Due to long war

period there is need of almost everything in Afghanistan, as consumer goods or industrial development. Many national and international companies are investing in Afghanistan right now as two major international hotels (Hyatt and Serena) have invested in Afghanistan. Leading international banks have opened offices as Afghanistan International Bank (AIB), from Pakistan, National Bank of Pakistan Jalalabad Branch, Standard Chartered Bank and Habib Bank Ltd opened their Branches there.

From 2004-2005 respective exchange arrived at a record high of \$ 1.5 billion, from \$1.2 billion. The visits of the leader of the States and ecclesiastical levels trades were held. Pakistan raised its help from \$100 to \$250 million. Throughout the thirteenth SAARC Summit in Dhaka Pakistan embraced Afghanistan's offered for the SAARC participation. The Foreign Minister headed Pakistan assignment at the London Conference on Afghanistan on 31 January to 1 Feb 2006 where Pakistan promised an expansion \$50 Million for the nation reproduction. Pakistan in addition to Afghanistan's different nations is the part of the joint coordination and observing board, commanded with directing the execution of the Afghanistan Compact. As of late first holder scanner framework was established by Pakistan International Container Terminal. It has X-Ray Accelerated Technology with double perspective examining. It gives 3d picture both from the side and top of the holders. It gave non-nosy examination, which expedite the Customs with the goal that he can see the material without opening the holders. By diminishing the time and exertion, depleted by the ordinary strategy, of traditions examination it might expedite the exchange. These Kind of moves shows that Pakistan needs and do, to use all conceivable assets with the intention that Afghan travel exchange could be expedited and likewise unfold its legitimate exchange with Afghanistan. Two states have been locked in addition to Turkmenistan, in dialogues over Turkmenistan-Afghanistan-Pakistan (TAP) which is gas pipeline venture. This is a generally significant step towards pushing respective exchange of Pakistan-Afghanistan. To attempt the cognizant endeavors for exchange between Afghanistan and Pakistan, it might be commonly valuable for nations as it might help both of them particularly nearly sew their economies, to their common profit. From 2006-7 decrease was seen because of the strict measures have been taken against the unlawful carrying and exchange. A few components were taking favorable circumstances from the offices. In 2010-11 reciprocal exchange had ascended \$2508 million. In the event that we see exchange offset that there is most likely that it is dependably in fever of Pakistan.

In Pakistan's exports to Afghanistan, Share by product (2010)

- i. Petroleum Products 36%
- ii. Engineered Goods 6%
- iii. Cement and Fruit 11%
- iv. Plastic and Chemicals 5%
- v. Pharmaceuticals 4%
- vi. Fruits, Vegetables and Food 7%¹⁴

From 2004 to 2009 export rate of Pakistan to Afghanistan was increased.

Pakistan	Pakistan exports to Afghanistan	Pakistan imports from Afghanistan	Balance of Trade	Total Export of Pakistan	Afghanistan % share in total exports	Total imports of Pakistan	Afghanistan % share in total Imports
2004-05	747.721	38.971	708.75	14391.08	5.20	20598.114	.19
2005-06	1063.67	47.490	1016.18	16452.40	6.47	28586.007	.16
2006-07	753.9390	76.230	677.709	16976.243	4.44	30539.709	.24
2007-08	1143.6630	90.486	1053.17	19222.857	5.95	39968.496	.22
2008-09	1397.5180	93.067	1117.30	17781.883	7.86	34822.059	.27

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Afghanistan turned into third major trade end after the US and the UAE. The agenda of the things, traded to Afghanistan, long and fluctuated. It incorporated development materials, concrete, fuel, palatable oils, oilseeds, nourishment things incorporating wheat flour and rice, products of the soil, dessert shop, mineral waters and desserts, solutions, cleansers and cleansers and an immense cluster of kitchen ware and restroom fittings.

Products Exported from Pakistan Million US\$ Products Imported into Pakistan Million US\$

Commodity Description	2007	2008	2009	Commodity Description	2007	2008	2009
Petro and Petr. Products	313.92	424.51	432.36	Iron and Steel and its articles	19.06	28.62	21.72
Plastic and Articles thereof	79.59	120.97	145.92	Edible Fruits , Nuts Etc.	18.3	23.72	15.43
Wheat Flour	98.09	149.09	151.39	Edible Vegetables	11.43	17.57	16.71
Animal/vegetables fats or oil	106.95	162.55	175.34	Wood Charcoal, Wood Article	4.57	9.42	9.63
Iron and steel and its	42.96	65.29	68.97	Leather and Leather manufactures	2.28	4.71	4.28

Top Ten Items Pakistan exported to Afghanistan Product Pakistan's exports to Afghanistan

	2003	2004	2005
All product	408.20	991.50	1373.86
Minerals fuels, oil, distillation product, etc	82.47	278.53	394.49

Salt, Sculpture, earth, stone, plaster, lime, and cement.	20.12	85.09	149.39
Cereals	34.49	50.08	148.57
Animal Vegetable fats and oils	43.69	99.40	93.91
Articles of iron or steel	19.43	34.27	85.14
Plastic and article thereof	12.58	72.70	69.22
Pharmaceutical products	2.44	9.45	59.05
Edible fruit, nuts, peel of citrus fruit, melons	11.61	0.55	43.79
Dairy products, eggs honey, edible animal products nest	5.66	15.68	41.61
Source: Karachi Chamber of Commerce and Industry	6.76	23.90	38.99

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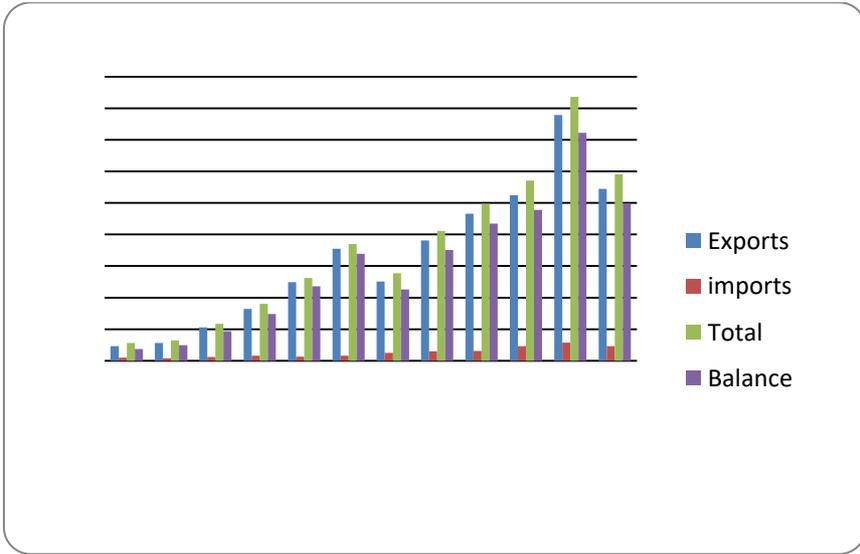
Throughout visit to Kabul Prime Minister Yousuf Raza Gilani said that "Islamabad needed to upgrade the volume of respective exchange between two neighbours from less than two billion dollars to five billion dollars in the following five years."

"Mr. Arif Habib, a previous director of Karachi Stock Exchange and administrator of Arif Habib gathering of organizations says in the event that you take a cutting edge approach you can do such a large number of things. Our banks are working in Afghanistan. I figure presently they are concentrated on exchange financing yet once peace and request is restored there, they can attempt numerous more exercises. Likewise, if Afghan powers are enthused about building a capital business sector, Pakistan is in a position to help them."¹⁷ Currently Pakistani bond rules in the focal and particularly in north district of Afghanistan where major recreation exercises are going on. Pakistan has traded 4.7 million tons to Afghanistan throughout the year 2010-2011 and 2.5 million tons throughout the first 50% of 2011- 2012. Pakistani items have rivalry in the Afghan advertise, essentially from Turkey, Iran and particularly China there are a few offices and troubles to the brokers the extent that the exchange between two nations is concerned.

- Procedures of Customs clearance in Afghanistan are easier than in Sri Lanka and other countries
- Duties are levied at 5%, additional on steel products, costs for clearing the cargo, an additional 7% -10%, which in fact includes cargo, clearance and speed money.
- 100% payment is received by Exporters in advance in USD or PKR, so bank financing for traders is not an issue

- Pakistan and Afghanistan, being members of ECO, has no difference to the promotion of the trade.
- To travel Kabul Visas are not issue but it is very problematic to obtain visas to travel other cities and by restricting the ability of sales it really creates problem for the customer service managers and representatives so that they can visit other cities of Afghanistan where their products are going to be sale.
- There are many Domestic hurdles as for the manufacturers of steel products, advised their supply costs, are higher raw materials has to import as steel from worldwide and zinc from India. Traders have many Selling hurdles a Language is hurdle in Afghanistan but even than traders are building their relation with Afghan market.
- Afghan customs require a deposit assurance of 110% of the value of declared cargo it can be bank guarantee or in cash of goods, transiting through Afghanistan. It will be released after submission of documents of cargo exit, but due to non-payment of informal payment which was 10%, it can take several months to release of the deposit amount, more than a year.
- To import from Afghanistan Certificate of source is a must.
- Special packing instructions are required by the Afghan Customs for each individual packed cargo.
- There is no usage of Information Technology at Afghan customs
- For engineered goods no Standards Conformity certificates are required
- For clearance of Cargo takes 1-3 days by Pakistan customs

There were some fares made to Afghanistan are paper instead of physical transactions, this is on the grounds that it got productive for the brokers in Pakistan to accept installment in US Dollars and issue trade archives for intensely burdened things, for example smokes or high worth buyer white merchandise so as to gather a discount on bargains charge and extract obligations for products that may actually never leave the nation. Pakistan reciprocal import-send out in the period 2001 to 2012 remained empowering for the Pakistan as well as for Afghanistan.



Year	Exports	Imports	Total	Balance
2000-01	140	30	170	111
2001-02	169	23	192	146
2002-03	316	35	351	281
2003-04	493	47	540	445
2004-05	748	39	787	709
2005-06	1,063	48	1,111	1,016
2006-07	754	76	830	678
2007-08	1,144	91	1,235	1,052
2008-09	1,398	93	1,491	1,305
2010-10	1,572	139	1,711	1,433
2010-11	2,337	172	2,509	2,165
2011-12	1,633	138	1,771	1,495

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The Afghanistan is additionally searching for aid in investigation of oil and gas, mining, power era, and development .So that mineral stores might be produced which worth of US \$1 trillion (Rs. 90 trillion), which could effortlessly convert Afghanistan into one heading mining focuses of the planet. Pakistan has offered likewise offered her administrations as apparatus and gear to Afghanistan. Water and Power Development Authority WAPDA additionally guaranteed to help Afghanistan to advance hydroelectric power era, on the Kabul River so vigor

could be sent out to the district. In the same way, the national lead Oil and Gas Development Company Limited's wanting to help Afghanistan in oil and gas investigation. "Pakistan's two state-claimed gas utilities, Sui Northern Gas Pipelines and Sui Southern Gas Company, will serve to improve the Afghan transmission Network."¹⁹

Pak-Afghan Transit Trade Agreement:

From 2006 Pakistan and Afghanistan believed that agreement of 1965 ought to be updated. After seven gatherings from May 2009 to July 2010 joint working group consisted on senior officials of both countries reshaped it. In July 2010 in the vicinity of US Secretary of State Hillary Clinton, Pakistan and Afghanistan finished another Afghan-Pakistan Transit Trade Agreement (APTTA) 2010, which allowed Afghan trucks to carry export goods to Wagah border for destinations in India. Riaz Muhammad Khan mentions in his book that some critics said that agreement was signed under the pressure of U.S secretary of State as "United States had earlier prepared a study on the potential of overland transit trade."²⁰ Hillary said that we were taking interest due to two reasons, one was to enable Afghanistan so that it could trade its goods to India, and secondly they could use APTTA arrangement for supplies for their forces in Afghanistan.²¹ Pakistan and Afghanistan have arrived at a comprehension on the wide parameters of Afghan fares to Pakistan and India and the utilization of Afghan region for Pakistan's fares to the Central Asian states. Refusing overland exchange to India had two explanations one on political premise and second on monetary base, at political level authorization of exchange could demonstrate supportive to make the relations smooth and better and resolution might questions particularly Kashmir. At the financial level aid overland travel from India evoked Pakistani dealers' reasons for alarm of losing exchange through rivalry. The issue was likewise joined to the bigger issue of respective exchange between Pakistan and India. Meanwhile it has mostly defeat the impediment with respect to gain entrance to Afghanistan by occupying its exchange through Iran."²² Ahmad Rashid mentions in his book that Competition between Iranian and Pakistan's ports was positive as both ports were needed volumes of trade increased.²³ There were competition between Pakistan and Iran to attract Central Asia's trade with Arabian Gulf countries to their respective ports. Iran offered to dedicate the port of Bander Abbas to Central Asian trade while Pakistan developed Gawader a port on Balochistan Coast with Chinese help. This competition benefited Afghanistan because all routes passed through Kabul. If only Afghanistan could offer good power, cold storage and other facilities, trade and custom revenues for Kabul would increase dramatically.

Both of the nations dependably tried their hardest deliberations to upgrade participation in remaking, travel exchange, and specialized ventures. They consented to advance the correspondence system, help exchange to \$15 billion a year by 2015.

Handing over Buses to Afghanistan:

In March 2005 Afghan President Karzai went to Pakistan as a boss visitor at the day parade of Pakistan. Throughout visit Pakistan and Afghanistan marked five settlements, one was to start a transport administration between Peshawar-Torkham- Jalalabad over the NWFP and Kandahar and Quetta the Baluchistan. Starting of the transport administration between two urban areas of Pakistan and Afghanistan served to carry the two nation's closure however more than that, Islamabad may as well help Kabul manufacture its line with the goal that the individuals of Afghanistan could enter a stage of industrialization and more towards improvement. Another critical issue talked about between two guides was Turkmenistan-Afghanistan-Pakistan gas channel line. Other matter as revamping of Afghanistan and revitalizing the Economic Cooperation Organization were additionally talked over. Special gathering was held at remote office the Minister of state for Foreign Affairs Makhdum Khusro Bakhtyar handed over the keys to the Afghan Ambassador of Afghanistan H.E. Dr. Nanguyalai Tarzai senior official of the Ministry and the nearby Afghan Embassy. Minister said that" A long and stable Afghanistan is in investment of Pakistan in light of the fact that we are partners in peace and prosperity. The Afghan Ambassador thanked for it. Pakistan had so far given over 200 trucks, 100 transports, and 45 ambulances to Afghanistan and fourteen completely provided portable therapeutic units were promised.

Pak-Afghan Joint Chamber of Commerce and Industry:

Pak-Afghan Joint Chamber of Commerce and Industry (2012) established so that both of the nations could commonly profited from exchange, and move towards development of the business Mohammad Zubair Motiwala was chosen as the first President of (PAJCCI).Centers of the PAJCCI are in Karachi and Kabul.

Pak-Afghan Participation in Regional Economic Organizations:

Pakistan and Afghanistan are the member of the (Central Asia Regional Economic Cooperation program)CAREC established in 2001,joined by different countries, purpose of the CAREC to promote coordination in customs energy, transport, trade, trade policy and facilitation. Afghanistan joined it in 2005 whereas Pakistan joined in 2010. SAARCE (South Asia Association for Regional Cooperation) is another platform joined by eight countries Pakistan, Afghanistan, Bangladesh, Bhutan, India, Nepal, Sri Lanka, and Maldives. Afghanistan became the member of SAARC in 2007 and also joined South Asian free Trade Agreement in Feb 2008. Its aim is to promote peace, social Justice, economic prosperity. From 2002 to 2012 seven Summit were held in which both Pakistan and Afghanistan also participated.12th SAARC Summit was held in Islamabad, SAARC countries signed the South Asia Free Trade Agreement (SAFTA), which created a structure for the establishment of a free trade area. This agreement practically implemented on January 1, 2008. According to that agreement, SAARC members were to reduce their duties to 20 per cent by 2009. There is no any doubt, that if the SAFTA and APTTA agreements are to be implemented, to stop development in the South Asian countries, there will be no force on the earth. But it should also be

realized that core issue of right of self-determination, in Jammu and Kashmir which is the main stumbling block, in the path of progress of South Asia. The time Kashmir issue is not resolved; Pakistan is not allowing India to use trade routes and trade facilities or allowing her especially to trade with Afghanistan through its land route. Both of the countries are member ECO(Economic Cooperation Organization) of which is inter-governmental organization established in 1985 initially Pakistan ,Iran and Turkey were member of it but later on Afghanistan and Central Asian States also joined it in 2005 trade agreement was signed with the aim of reducing intra-ECO tariffs, non-tariff barriers and other trade related charges. Pakistan and Afghanistan are observer of the SCO(Shanghai Cooperation Organization) wanted to get full membership of SCO. Trade project and working group, involving Pakistan, Afghanistan and Tajikistan and Kyrgyz Republic held meeting in Feb 2012, purpose of the meeting was to streamline the procedure to implement CASA 1000 Megawatt project. "Which envisages the import of hydropower from Central Asia through Afghanistan, Afghanistan, Kyrgyz Republic, Pakistan and Tajikistan have been pursuing the development of electricity trade through the establishment of a Central Asia -South Asia Regional electricity Market. A cross border transmission line project has been proposed, aimed at supplying 1,300 MW of surplus hydropower available from Kyrgyz Republic and Tajikistan to Pakistan through Afghanistan." ²⁴

Analysis:

Pakistan and Afghanistan might as well work together to kill pirating and to push travel exchange. As Jamaluddin Afghani and Allama Iqbal liked the thought of North-West British India and Afghanistan together structuring a solitary Muslim state. After 9/11 Despite of the political reservations and contradiction in both nations with respect to the Afghanistan Pakistan Transit Trade Treaty, both nations remained significant exchange accomplices. Joint Economic Commission played exceptionally essential and noteworthy chances to support up their financial relations between two nations particularly Pakistan assumed extremely significant part in reproduction of Afghanistan to advertise manageable and base improvement in the locale. Restoration of the Torkham-Jalabad Street by Pakistan to expedite exchange between two nations was secured. Enlargement of the chamman-Spinboldak rail connection was financed by Pakistan. \$330 billion was given by Pakistan in remaking and improvement of base in this time. Establishment of the joint Chamber of Commerce swayed private representatives to contribute one another nations. Transit Trade agreement 2010 is an alternate accomplishment of Both Countries. Pakistan stayed far ahead the extent that fare to Afghanistan are concerned, yearly figure touch \$4 billion dollar. Pakistan, as at present constituted is poor in minerals however rich in nourishment and filaments while Afghanistan has colossal untapped mineral and labour assets. Also, Afghans might have the ability to get coordinate access to Pakistan's ports of Arabian Sea, while Pakistanis can get steer access to Central Asian markets. A combination of the two might be monstrous conceivable outcomes not just for the individuals of the two nations yet for the whole Muslim planet.

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