



## **Afghanistan-Pakistan Trans-border Economic Activities and its Challenges**

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With the respect of a long borderline between Afghanistan and Pakistan, there are some regions in the east of Afghanistan, which have been recognized as a free zone for most legal and illegal economic activities. This paper attempts to shed light those economic activities and their benefits through descriptive statistics. There are some economic activities, which take place on that region such as free tax re-export, narcotic traffic, and so on. These economic activities have advantages and disadvantages for the both sides of the line. Consumers of the both sides are gaining from these activities, but informal and illegal economic activities along the Durand line have harmed economy of Afghanistan. Business of narcotic and rapid changes in its price from the field to the border and destination country is one of the serious challenges for Afghanistan, as well as for the region. Although poppy (raw material of the narcotic) is cultivating in Afghanistan, east border is the main corridor for exporting of narcotic to the world. Formal import and informal re-export (unregistered) increase the gap between export and import's statistics and affect official statistics. This paper has focused on the informal and illegal economic activities that take place on the Torkham, Shalman and Sarsobai markets, which are the main crossing points between Afghanistan and Pakistan.

**Keywords:** Crossing point; Informal; Illegal; Re-export;