

## TRANSCENDING BARRIERS OF BILATERAL TRADE BETWEEN PAKISTAN AND KAZAKHSTAN

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### Abstract

*The article probes diversified barriers hindering the growth of bilateral trade between Pakistan and Kazakhstan to a significant level. Pakistan is the 5<sup>th</sup> largest market of the world and Kazakhstan contributes 70% in the GDP of Central Asia. Both countries have not been able to realize the true economic potential in the form of a prosperous bilateral trade and commerce. Qualitative research method is based on the grounded research theory. Historic analysis technique has been adopted in the paper whereby bilateral trade data of last five years has been analyzed to get insight into a number of challenges and impediments obstructing o substantial development of the bilateral trade. Primary source of data is interview and secondary data has been obtained from existing research. Finally, the study proposes some pragmatic policy guidelines to achieve the booming trade between Pakistan and Kazakhstan.*

**Keyword:** Gawadar port, QTTA, Barriers to trade, BRI, Transit Trade Agreement, Land-locked

International trade can be defined as the physical movement of goods or electronic transfer of services across international borders.<sup>1</sup> Trade in broader spectrum is part of the economic cooperation. For regional economic cooperation with the Central Asian Republics (CARs), an efficient transport

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<sup>1</sup> Neil J. Smelser and Paul B. Baltes, eds. *international Encyclopedia of the Social & Behavioral Sciences*. Vol. 11. (Amsterdam: Elsevier, 2001).

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and logistics sector is essential.<sup>2</sup> CARs have immense energy potential by having gas reserves ranging 230-360 trillion cubic meter and around 15-31 million barrels of oil.<sup>3</sup>

Kazakhstan is the richest country of Central Asia. Along the old Silk Road, Kazakhstan had cities like Almaty, Taraz, Sairam, Otrar and Turkistan while the Pakistani cities were linked with the ancient trade route included Peshawar, Quetta, Debal, Taxila and Multan. Proximity to the trade routes linking to South Asia, Africa and Middle East, makes Pakistan an attractive option for the CARs as it can liberate the landlocked CARs via transit route. For having greater export intensity and relatively greater specialized manufacturing, Pakistan can serve as potential trading partner of Kazakhstan and other Central Asian countries.<sup>4</sup> Central Asia is a market comprising a population of over 82.4 million<sup>5</sup> and a US\$ 411.2 billion GDP that are attractive statistics for Pakistani investors and traders.<sup>6</sup> With Central Asia, Pakistan presently conducts less than one percent of its world trade and the bigger portion of this negligible trade volume is carried out with Kazakhstan. Kazakhstan got independence in 1991 and Pakistan was among the earliest nations to recognize Kazakhstan.<sup>7</sup> The Belt and Road Initiative, the Chinese mega project provides an opportunity to both Pakistan and Kazakhstan to expand bilateral trade, regional connectivity and investment. Under BRI, the China Pakistan Economic Corridor (CPEC) with investment of US\$ 62 billion is operating in Pakistan and around 75 infrastructure projects with aggregate investment of US\$ 35 billion are running in Kazakhstan. This massive scale BRI activity can be a catalyst to facilitate economic cooperation between Pakistan and Kazakhstan.<sup>8</sup> A sustained bilateral trade between Pakistan and

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<sup>2</sup>Bhukiya, Sanjay, and Ritesh Patel. "The Relationship Between Logistics Performance Index and International Trade: An Empirical Analysis." Available at: [www.ijrpr.com](http://www.ijrpr.com)

<sup>3</sup>Mubeen Adnan, and Bushra Fatima, Strategic and economic interests of Pakistan and India in Central Asia, *Journal of South Asian Studies*, 30(2) (2015): 187 – 200

<sup>4</sup> Saleem Khan, Sher Ali, and Saima Urooge. "The analysis of regional bilateral trade between Pakistan and Central Asian Republics." (2019): 93-106

<sup>5</sup>Worldometers, "Central Asia Population (2024) (Live)." <https://www.worldometers.info/world-population/central-asia-population/#>. Accessed September 10, 2024.

<sup>6</sup> Rassul Rysmambetov. "What to Expect from Central Asian Economies in 2024". *The Times of Central Asia*. (June 27, 2024). <https://timesca.com/what-to-expect-from-central-asian-economies-in-2024/>.

<sup>7</sup> Government of Kazakhstan. "Bilateral Relations" *Embassy of the Republic of Kazakhstan and the Islamic Republic of Pakistan*, (Islamabad, 2024). Retrieved on September 14, 2024. Available at: <https://www.gov.kz/memleket/entities/mfa-islamabad/activities/2147?lang=en>

<sup>8</sup> Hans-Christian Brauweiler; Aida Yerimpasheva; Assem Zakirova. "The Impact of Logistics on Economic Cooperation in Central Asia." *Discourses in Social Market*

Kazakhstan can lead to active economic coordination between Central Asia and South Asia.

Despite very intimate relationship spanning over 33 years, both Pakistan and Kazakhstan have not been able to develop substantial trade volume. During this period, 30 MOUs and agreements signed by the both countries have not been materialized. The Quadrilateral Transit and Trade Agreement (QTTA) signed by China, Pakistan, Kazakhstan and Kyrgyzstan in 1995, could not become regularly operational. QTTA makes available to Central Asia, the much-needed shortest access to warm waters of Gwadar port in Pakistan for trade with Middle East and Africa.

### **History of Trade and Commerce between Pakistan and Kazakhstan**

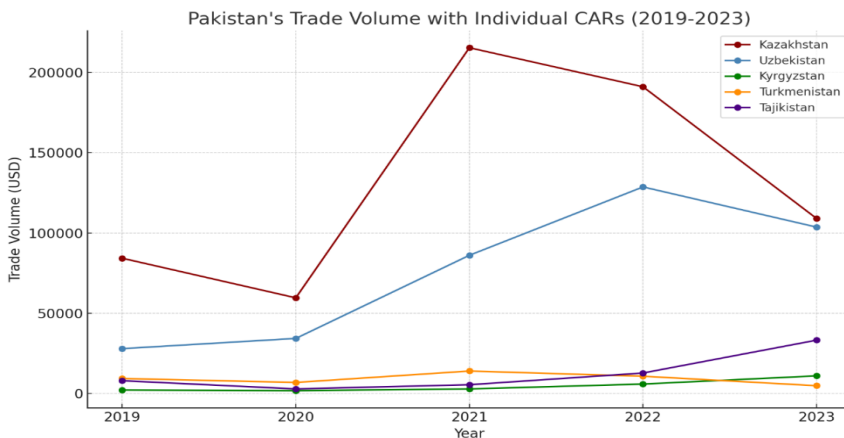
Pakistani goods and services also have very good quality as compared to those of China, Russia and Turkiye in the market of Kazakhstan. That is why, a number of goods imported from Pakistan are very popular in this Central Asian market. By analyzing the last 5-years' data from 2019 to 2023, it has been found that the goods and products of sports, pharmaceuticals, textiles, vegetables, fruits, soap, detergents, tea, surgical instruments, cutlery, pink salt etc. are frequently imported from Pakistan. Similarly, raw hides, oil seeds, silk, chemicals, iron and steel, cereals, grains and energy products etc. are imported by Pakistan from Kazakhstan.

Table 1: **Trade Volume of Pakistan with CARs** (US \$ in Thousands)

Particulars	2023	2022	2021	2020	2019	Total (5- Years)
<b>Kazakhstan</b>	109,055	191,139	215,459	59,626	84,302	659,581
<b>Uzbekistan</b>	103,692	128,723	86,134	34,324	27,961	380,834
<b>Kyrgyzstan</b>	11,066	5,963	2,854	1,785	2,180	23,848
<b>Turkmenistan</b>	4,865	10,785	14,005	6,996	9,358	46,009
<b>Tajikistan</b>	33,248	12,777	5,481	2,888	7,980	62,374

Source: <https://www.trademap.org/Index.aspx>

Figure 1: Trade Volume of Pakistan with CARs



Source: By authors

The same trade volume data in percentage projects better assessment as below:

Total Trade with CARs (5-Years)	Kazakhstan	Uzbekistan	Kyrgyzstan	Turkmenistan	Tajikistan
1,172,646	56.2 %	32.5 %	2 %	3.95%	5.35%

Source: By authors

It is clear that the overall trend of Pakistan’s trade with Central Asia is very dismal. Even the predominant position of 56.2% trade with Kazakhstan is insignificant in comparison with the infinite potential in store. Currently having 20.6 million population, Kazakhstan has so far attracted US\$ 431 billion FDI that is around 70% of entire FDI coming into Central Asia. Kazakhstan ranks 25th on the Ease of Doing Business Index. According to Strategy Kazakhstan-2050, the Central Asian giant is on its way to become part of top 30 most developed nations of the world. However, Pakistan’s trade volume with Kazakhstan has reached in 2023 barely to US\$ 109.055 (M) that is only a negligible share out of US\$ 139.8 billion i.e. Kazakhstan’s total trade turnover with the world in year 2023.<sup>9</sup>

**Barriers and Challenges of the Bilateral Trade:**

Over the years, the trade between Pakistan and Kazakhstan could not rise to the level cherished by both countries. Diversified challenges and impediments

<sup>9</sup> Muhammad Rafiq, “Recent Developments in Kazakhstan’s Investment Landscape”. *The Astana Times*. (March 28, 2024). Available at: <https://astanatimes.com/2024/03/recent-developments-in-kazakhstans-investment-landscape/>

have inhibited the growth of trade and commerce between Pakistan and Kazakhstan. Moreover, the connectivity corridors are also not fully operational. Let us analyze how such factors contribute to the lower trade turnover between Pakistan and Kazakhstan.

A. **Absence of Rail Connectivity:**

There is no direct rail link between Pakistan and all Central Asian states that are landlocked with vast geographical distances. Even 96% domestic cargo in Pakistan is conducted through road transport which is second most expensive mode following air cargo.<sup>10</sup> On the other hand, CARs too find it very costlier to dispatch their goods to the sea ports of Pakistan because of poor railway network and infrastructure in Pakistan.<sup>11</sup> Iran is at advantage to offer direct railway connection to the Central Asian countries via Turkmenistan.

B. **Challenge of Logistics:**

Strikes and political unrest frequently disrupt the supply chain between Pakistan and Kazakhstan especially at Pakistan and Afghanistan borders. Sometimes, the perishable goods are damaged with this. During severe winter, Pakistan and China border at Khunjab too is blocked. Logistic impediments seriously affect economic output.<sup>12</sup> Issues of customs clearance, infrastructure constraints, documentary complexities, regulatory compliance, and costlier transportation are other logistic problems. With poor technology integration, the management of visibility gap in the supply chain is very critical. When entering Kazakhstan, Pakistani cargo vehicles pay double fuel cost and for them, the reverse load is also very difficult to find by.

Inefficiency at government level, workforce incapability and low digitization and technology are the key challenges of Pakistan's logistics sector.<sup>13</sup>

C. **Trade Competition:**

Another challenge faced by Pakistan is international trade competition. In year 2020, Pakistan's trade with CARs was below USD one billion despite geographical proximity. And in the same period, India registered its trade of

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<sup>10</sup> Nadeem Ul Haque and Saba Anwar. "Transports and Logistics." *The Pakistan Development Review* (2024): 325-352.

<sup>11</sup> Rashid Amjad, Ejaz Ghani and others. "Export Barriers in Pakistan: Results of a Firm-Level Survey." (Munich Personal RePEc Archive, September 1, 2012). Available at: <https://mpra.ub.uni-muenchen.de/41978/>.

<sup>12</sup> Andrew B Griffiths, and Raymond Zammuto, Institutional governance systems and variations in national competitive advantage: An integrative framework. *Academy of Management Review* 30 (4), (2005), 823-842. Available at: <https://doi.org/10.5465/AMR.2005.1837888072823>

<sup>13</sup> [Muhammad Saleem Sumbal](#), [Mujtaba Hassan Agha](#), [Aleena Nisar](#), and Felix T.S Chan, "Logistics performance system and their impact on economic corridors: a developing economy perspective", *Industrial Management & Data Systems*, Vol. 124 No. 3, (2024), 1005-1025. Available at: <https://doi.org/10.1108/IMDS-03-2023-0151>

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more than US\$ 2 billion with the CARs.<sup>14</sup> In 2019, Türkiye had a trade of US\$ 8.5 billion with the CARs.<sup>15</sup> Both India and Türkiye have no direct link with Central Asia. In addition to that, the local bazaars are also gutted with the Russian and Chinese goods. This situation highlights trade competition in this market and for attracting a sizeable share, the products must be highly competitive.

**D. Issue of Financial Services:**

Banks finance commercial transportation, warehousing, working capital and issue letter of credit to boost international trade.<sup>16</sup> Traders in Central Asia prefer not to avail trade finance or letter of credit, perhaps due to stringent cross border funds transfer, volatile currency and lack of correspondence relationships. Businesses in Kazakhstan and other CARs prioritize to pay back the exporters from sale proceeds. Currently, there is no Pakistani bank operating in Central Asia to facilitate the traders. Previously operating National Bank of Pakistan is also closed now.<sup>17</sup> This situation discourages serious businesses with higher trade volumes.

**E. Non-Availability of Business Facilitation Centers:**

Business facilitation measures enhance the competitiveness of exports.<sup>18</sup> It is global best practice to boost trade by making available business facilitation points. But in Pakistan and CARs, such centers are scarcely found where trained personnel equipped with up-to-date market knowledge and expertise could guide the traders about tax holidays, documentation, regulatory information, product innovation and logistics etc.

**F. Lack of Institutional Networking:**

Smaller distance in intergovernmental institutions contributes to greater international trade. The bilateral trade between Pakistan is not supported by the networking of institutions and government organs on both sides. Therefore, a common tendency is to ink a number of protocols and MOUs that are mere

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<sup>14</sup>Aarti Bansal, “Continuity in India’s ties with Central Asia,” Observer Research Foundation, February 9, 2021, <https://www.orfonline.org/expert-speak/continuity-india-ties-central-asia/>

<sup>15</sup>MOFA. Tr. “Türkiye’s relations with Central Asian Republics”. (Ministry of Foreign Affairs Republic of Türkiye, 2024). Available at: [https://www.mfa.gov.tr/turkiye\\_s-relations-with-central-asian-republics.en.mfa](https://www.mfa.gov.tr/turkiye_s-relations-with-central-asian-republics.en.mfa). Accessed September 10, 2024.

<sup>16</sup>Djurayeva Munira Sadilloeyvna, Role of Commercial Banks in the Development of the Modern Economic System. *Ethiopian International Journal of Multidisciplinary Research*, 11(11), (2024), 241-248.

<sup>17</sup> Raja Adnan Razaq and Muhammad Haroon Hussain, “Trade with Central Asian Republics: Banking Sector Policy Option for Pakistan”. *Journal of Development and Social Sciences* 5, no. 2 (April 9, 2024): 255–270.

<sup>18</sup> Zhang Shujie & Zhao Shilu, Impact of Trade Facilitation on Export Competitiveness: A Regional Perspective, The implication of customs modernization on export competitiveness in China, (2009). Available at: [https://www.unescap.org/sites/default/d8files/7-THEI~1\\_0.PDF](https://www.unescap.org/sites/default/d8files/7-THEI~1_0.PDF)

optics without any binding nature. During a decade from 1991 to 2020, over 245 MOUs and protocols were signed in the mutual visits of the dignitaries of Pakistan and CARs that were followed by no tangible outcomes.<sup>19</sup>

**G. Global Powers Rivalry:**

International trade with Central Asia has flourished alongside the global rivalry. Pakistan and Central Asia are the main lands of colossal Belt and Road Initiative of China with an extensive network of rails and roads in every nook and corner. For instance, out of the 6 corridors of BRI, three pass through Kazakhstan and Pakistan. Opposed to such Chinese infrastructure development, the Chabahar port and the International North-South Transport Corridor (INSTC) are promoted by India and US. On the contrary, Eurasian Economic Union (EEU) consisting of five Eurasian states grind their own interests.<sup>20</sup>

**H. Non-Functional QTTA:**

The Quadrilateral Transit and Trade Agreement (QTTA) signed in 1995 among Pakistan, Kazakhstan, China and Kyrgyzstan was aimed at bypassing the instable Afghanistan, as a secure transport corridor to facilitate trade between Pakistan and Central Asia through Xinjiang, the Western province of China.<sup>21</sup> But due to the continuous volatile situation in Afghanistan, dependence on QTTA could not be established on various grounds.<sup>22</sup> In fact QTTA is subject to extreme climate for five months from December to April. Therefore, on account of heavy snowfall and frequent landslides, the operations of QTTA are blocked on Karakoram Highway that connects Pakistan with China. At Torugart Pass that connects China with Kyrgyzstan, the same hurdle affects the trade route in extreme winter.

**I. Inefficiency at Border Control and Customs:**

Another barrier is exceptional delay confronted when the trade vehicles get customs clearance while crossing the borders of China and Central Asia. Such practice not only raises trade cost but also makes regional trade less attractive. It has been observed in Asian Development Bank research that border crossings at Chaman and Torkham, are one of the most sluggish and

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<sup>19</sup> MOFA. Pakistan, *Central Asia*. (Ministry of Foreign Affairs, 2024). Available at: <https://mofa.gov.pk> Accessed September 10, 2024.

<sup>20</sup> Zaki Shaikh, "Analysis – Iran Offers Central Asian Nations Route to Access Global Waters." (Anadolu Agency, April 11, 2021). Available at: <https://www.aa.com.tr/en/analysis/analysis-iran-offers-central-asian-nations-route-to-access-global-waters/2205230>, Accessed September 10, 2024.

<sup>21</sup> Muhammad Shoab, "Presentation on Quadrilateral Agreement." *CAREC Program* (2015).

<sup>22</sup> Umer Khan, "Pakistan's Road to Central Asia: A Perspective through Prism of Transit Trade Treaties." *Pakistan Journal of International Affairs* 6(2), (June 20, 2023). Available at: <https://doi.org/10.52337/pjia.v6i2.790>

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expensive.<sup>23</sup> Geographically, Afghanistan is a natural transit hub between CARs and Pakistan. However, the procedure of un-loading and then re-loading is sheer violation of Afghanistan-Pakistan Transit Trade Agreement-2010 (APTTA) and this practice causes extra delay damaging especially the perishable goods like potato and orange.<sup>24</sup>

**J. Issues with TIR Adherence:**

Trade between Pakistan and Kazakhstan is carried out along the Afghanistan-Uzbekistan transit route. TIR is an international transit system with global coverage of more than 65 countries.<sup>25</sup> It has been reported that occasionally Pakistani cargo vehicles under TIR system, bound for Central Asia, are un-sealed on the plea of drug-control at the Uzbekistan border, in non-adherence to the TIR convention. It may be due to intra-regional rivalry but as a consequence, the confidence to carry trade cargo through TIR regime is shattered.

**K. Problems at Sea Ports:**

Longer dwell times at the sea ports of Pakistan impose demurrages and increase the land transportation cost. Even the rate of security deposit, demurrage charges and other port charges is higher than the Iranian sea port of Bandar Abbas.<sup>26</sup> The amount of security deposit at Karachi Sea port is 20 times more than that of Bandar Abbas. In fact, Pakistan is not able to get the advantage of Gwadar as deep-sea port due to above-referred operational inefficiencies.

**L. Hitch at the Chinese Route:**

For trade of Pakistan with Central Asia, the secondary route is the Karakoram Highway traversing through the Muslim majority Xinjiang province till Kyrgyzstan. In addition to the blockage in harsh winter, China reflects sensitivity regarding religious extremism in Xinjiang. Trade caravans passing

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<sup>23</sup> Umar Khan, "Pakistan's Trade Opportunities and Challenges With CARs: : Kazakhstan and Turkmenistan in Perspective". *Central Asia no. 91*, Winter (2022): 1–28. Available at: <https://www.asc-centralasia.edu.pk/index.php/ca/article/view/186>. Accessed October 16, 2024

<sup>24</sup> Arif Rafiq, "Regional Transit Trade Isn't Enough to Drive Pakistan's Gwadar Port." (Washington D.C.: Middle East Institute, October 14 2020). Available at: [Regional transit trade isn't enough to drive Pakistan's Gwadar Port | Middle East Institute](#)

<sup>25</sup> Wang, Shuangshuang, Sirong Kuang, Haiguang Song, Erchao Sun, Mengling Li, Yuepeng Liu, Ziwei Xia et al. "The role of TIR domain-containing proteins in bacterial defense against phages." *Nature Communications* 15, no. 1 (2024): 7384

<sup>26</sup> Umar Khan, "Pakistan's Trade Opportunities and Challenges With CARs: Kazakhstan and Turkmenistan in Perspective". *Central Asia no. 91*, Winter (2022): 1–28. Available at: <https://www.asc-centralasia.edu.pk/index.php/ca/article/view/186>. Accessed October 16, 2024



through Xinjiang province face heightened security and scrutiny.<sup>27</sup> Hence the cargo transport is subject to unusual security controls at both entry and exit places besides visa issues. As a result, the cargo goods reach the destination quite late, thus causing higher costs to traders. Turnaround time for the trade transport through Xinjiang is very long.<sup>28</sup>

Then, the Kyrgyz customs authorities, on the pretext of inspection, create complications and try to maximize the custom levy as a member of EAEU from the Kazakhstan bound trade vehicles.

**Proposed Guidelines to Transcend the Barriers:**

International trading partners have the vision that the trade plays key role in the national economic development as it brings down poverty, creates employment and makes contribution to the GDP.<sup>29</sup> But in order to achieve this goal, challenges need to be coped with and the barriers have to be crossed that come in the way trade operations.

In order to realize the dream of a prosperous trade between Pakistan and Kazakhstan, the impediments, barriers and the challenges detailed above must be addressed with practical measures. While not limiting to the opportunities of tapping energy and natural resources, Pakistan must strategize to market its goods and services in the competitive environment of Kazakhstan.

In this context, we put forward some pragmatic guidelines to achieve a sustained and prosperous trade and commerce between Pakistan and Kazakhstan, as under:

**i. Activating the Office of Trade and Investment Officers:**

Office of the Commercial Attaché/Trade and Investment Office in Kazakhstan must be equipped with necessary means and resources so that wide range of activities like image building, B2B meetings, investment promotions, single country exhibitions, road shows, G2G meetings, tourism promotion, international exhibitions, product specific events, and generating trade leads, etc. are taken up. The role of commercial diplomacy has three aspects i.e. facilitation, advisory and representation that highlight the significance of commercial attaches and trade & investment officers.<sup>30</sup> Activation of this role

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<sup>27</sup> Ayesha Alam, Kousar BiBi, and Mukesh Kumar Khatwani, "Xinjiang a Gateway to China Belt and Road Initiative and Regional Connectivity". *Journal of Pakistan-China Studies (JPCS)* 5 (1) (2024), 38-51. <https://doi.org/10.55733/jpcs.v5i1.85>.

<sup>28</sup> Ibid.

<sup>29</sup>Nwabueze Okenna and Moses Adesanya, International Trade and the Economies of Developing Countries. *American International Journal of Multidisciplinary Scientific Research*, 6(2), (2020), 31-39

<sup>30</sup>Olivier Naray "Commercial diplomats in the Context of international business." In *Economic Diplomacy*, (Brill Nijhoff, 2011), 121-148.

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is all the more important in Kazakhstan because it is financial and commercial hub of entire Central Asia.

### **ii. Developing Niche in the “Asian Century”**

The 21<sup>st</sup> century is now called the “Asian Century”.<sup>31</sup> It is foreboded that the dominance of the Western nations would be outpaced by Asian countries in current century. The prediction is made on the basis of factors like liberalization of economies, demographic advantage and the youth bulge.<sup>32</sup> In order to materialize the economic advantage, Pakistan must develop its niche in Kazakhstan where further penetration into the Eurasian market can also be made. The countries like Turkiye, Iran and India have already established their niche in the Central Asia. Goldman Sachs predicts Pakistan to be sixth largest economy of the globe by 2075, if appropriate measures supported with efficient institutional framework are implemented.<sup>33</sup> The policy makers must be cognizant of this economic forecast and realize economic integration with Central Asia.

### **iii. Trade through Governance of Institutional Network**

It is well established fact that the volume of bilateral trade between Pakistan and Kazakhstan can be escalated to the desired level, if configuration of the state organizations is created through a system of institutional governance.<sup>34</sup> For example, there must be close networking between Kaz Invest of Kazakhstan and the Board of Investment of Pakistan to promote investment at the bilateral level. Similarly, an intimate liaison between State Bank of Kazakhstan and the National Bank of the Republic of Kazakhstan is essential to establish banking cooperation between both banking sectors. Such governance of state institutions of both countries would certainly boost trade and promote economic integration.

### **iv. Setting up Pakistan Pavilion**

In the big cities of Kazakhstan like Almaty, Astana, Shimkent etc. Pakistan pavilions should be established with necessary infrastructure to showcase Pakistani goods and products. These facilities should be adjoined by the

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<sup>31</sup>Yoram Evron, Kowner Rotem and P. R. Kumaraswamy. "East and West Asia in the Twenty-First Century: From Bilateral to Interregional Relationships." In *East-West Asia Relations in the 21st Century*, (Routledge, 2024), 3-14.

<sup>32</sup>Manahal Jaffer, “The Asian Century.” *Modern Diplomacy*, (June 7, 2024). Available at: <https://moderndiplomacy.eu/2024/06/08/the-asian-century/>.

<sup>33</sup>Goldman Sachs. “*The Global Economy in 2075: Growth Slows as Asia Rises.*” (2022). Available at: <https://www.goldmansachs.com/insights/articles/the-global-economy-in-2075-growth-slows-as-asia-rises>.

<sup>34</sup>Andrew Griffiths, and Zammuto Raymond "Institutional governance systems and variations in national competitive advantage: An integrative framework." *Academy of Management Review* 30(4), (2005), 823-842.

warehouses with ample stocks. Trade and Development Authority of Pakistan can sponsor this structure and should attract the local traders for purchase of Pakistani products. This arrangement would certainly reduce the risk of Pakistani exporters. These pavilions would serve as mini markets of Pakistan facilitating the growth of Pakistani trade and commerce with Kazakhstan. National pavilions are very successful as part of nation branding model.<sup>35</sup>

#### **v. Establishment of Air Corridor**

The economists consider air connectivity as the most effective source of economic cooperation. The aviation industry significantly contributes to global trade expansion.<sup>36</sup>

In comparison with the land and sea transport, the aviation logistics drastically reduces transit time especially in case of the perishable goods and pharmaceuticals that can reach the remote destinations within hours. No doubt, aviation logistics urges economic development and trade growth.<sup>37</sup> Earlier, there were direct flights between Pakistan and Kazakhstan in 1990s and then in 2023. But no regular flight operation could take place due to visa restrictions and low passenger turnover. One solution is getting Fifth Freedom Right that allows picking passengers from Almaty and Astana for onward to Europe. India has already increased its market share in Kazakhstan through daily flights to and from Indian cities. Pakistan must emulate this practice.

#### **vi. Executing Transit Trade Agreement with Kazakhstan**

Under transit trade agreement, a foreign product is purchased and sold to some other state but domestic customs duty is not paid. Pakistan is already in transit trade agreement with Afghanistan, Uzbekistan and Tajikistan which can import products from other countries via Pakistani sea ports without paying any custom duty to Pakistan except transit fee. However, transit trade agreement with Kazakhstan is in doldrums due to negotiations of customs duty that requires endorsement of all EAEU members including Armenia. Kazakhstan is the biggest trading partner of Pakistan with 56.2% share in trade with the Central Asia. Hence, every effort should be made to execute transit trade agreement with Kazakhstan.<sup>38</sup>

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<sup>35</sup>Rissanen Annika, "Nations on display. Nation branding strategies and their implementation in national pavilions: the cases of Finland and the Kingdom of Saudi Arabia." Master's thesis, (2024).

<sup>28</sup>Asif Raihan et al "Taking flight: Exploring the relationship between air transport and Malaysian economic growth." *Journal of Air Transport Management* 115 (2024): 102540.

<sup>37</sup>Zhihua Sun, "A study on the evaluation of competitiveness in the aviation logistics industry cluster in Zhengzhou." *Scientific Reports* 14, no. 1 (2024): 2659

<sup>38</sup>Horoz Logistics, "What are Transit Trade Processes?" (2024). Available at: <https://www.horoz.com.tr/en/corporate/media/blog/detail/what-are-transit-trade-processes->



Uzbekistan has already expressed its intent to join QTTA. So, the linking of QTTA with China-Kyrgyzstan-Uzbekistan Railway could be instrumental in the activation of QTTA.<sup>41</sup>

**x. Access to Eurasian Economic Union (EAEU) for Free Trade:**

Pakistan is trying since 2015 to enter a Free Trade Agreement (FTA) with EAEU that is a custom union consisting of five members. Trade with Kazakhstan will automatically expand when the FTA is signed with the EAEU. Such agreement with EAEU requires the consensus of all five member states. So, the initiation of diplomatic relations with Armenia can end the resistance shown by Armenia in striking the deal of FTA. This breakthrough would open vistas of greater economic opportunities for Pakistan in the markets of Eurasia via Kazakhstan and Kyrgyzstan that are EAEU members. Central Asian market may not be bigger but that can be catalyst for access to the Eurasian market.

The idea of Greater Eurasian Partnership through BRI also has appeal as it would intensify the trade activity between Pakistan and Kazakhstan.<sup>42</sup>

**xi. Collaboration of Kazakhstan with Trans-Afghan Railway Corridor:**

Trans-Afghan Railway Corridor that connects Pakistan, Afghanistan and Uzbekistan, is regarded as “Event of the Century” in Uzbekistan.<sup>43</sup> It is shortest link extending access to the sea ports of Pakistan through express trains for cargo and passengers bringing down both transportation time and cargo cost. Issues of gauge difference, high altitude and blockage in harsh weather must be resolved on priority. Utility of the project would be further bolstered by linking this project to the China-Kyrgyzstan-Uzbekistan (SKU) railway corridor that would create a nexus of South Asia, China, Europe and Russia as a game changer for regional economy.<sup>44</sup> Kazakhstan has just recently declared to engage in construction of the Trans-Afghan railway by supplying domestically produced upper structure of the railway that includes fastenings and sleepers. With its participation, Kazakhstan aims to transform it to a multi-modal corridor from Kazakhstan via Uzbekistan to Afghanistan

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<sup>41</sup>Zang Hongyuan, "Problems and prospects of the project of China-Kyrgyzstan-Uzbekistan railway." *Sharqshunoslik. Vostokovedenie. Oriental Studies* 03 (2022): 104-112.

<sup>42</sup>Korybko, A., and V. M. Morozov. "Pakistan's role in Russia's Greater Eurasian partnership." *Полис. Политические исследования* 3 (2020): 9-22

<sup>43</sup>Ismail, Muhammad. "A Railway Future Project: Pakistan, Afghanistan, and Uzbekistan in the twenty-first century." *Galaxy International Interdisciplinary Research Journal* 9, (10) (2021): 50-55.

<sup>44</sup>Khitakhunov, Azimzhan. "The China-Kyrgyzstan-Uzbekistan Railway: Causes And \ Consequences." *Eurasian Research Journal* 6(3), (2024): 41-54.

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and Pakistan and then onward to the Jebel Ali Sea port in UAE. So, an active collaboration of all stakeholders with Kazakhstan is vital.<sup>45</sup>

### **xii. Collaboration of Kazakhstan in TAPI Gas Project:**

TAPI is Turkmenistan-Afghanistan-Pakistan-India natural gas project with 33 billion cubic meters annual gas export capacity from Turkmenistan. It is a US\$ 10 billion Asian Development Bank Project.<sup>46</sup> TAPI project is anticipated to boost regional economic interdependence while deflating hostility and conflict.<sup>47</sup> Kazakhstan has also come forward to negotiate with Turkmenistan as it is interested in constructing gas pipeline of TAPI at the third stage of developing the Turkmen Galkunysh gas filed situated in the southern Turkmenistan.<sup>48</sup>

### **xiii. Drifting Away with the Emerging Trends:**

Business operations need transformation according to the emerging trends in the global trade and business. Digital trade and eCommerce are order of the day in business.<sup>49</sup> Therefore, business operations must be digitized and eCommerce must be adopted parallel to the physical commerce. In order to minimize the volatility of trade currency, global trade players are also resorting to barter transactions. In global trade market, now it is very essential to understand the common regularity requirement of green trade in environment friendly atmosphere. The concept has evolved into the integration of economic benefits with the protection of environment.<sup>50</sup> Besides, women entrepreneurship is also being encouraged in the international trade. The economic benefit of GPS Plus is also associated with the protection of human rights.<sup>51</sup> In present day, the significance of SMEs can also not be played down. Therefore, catching up with these emerging trends is very significant in bilateral trade between Pakistan and Kazakhstan also.<sup>52</sup>

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<sup>45</sup>Saniya Sakinova, "Kazakhstan to Take Part in Construction of Trans-Afghan Railway", *The Astana Times*, (April 26, 2024)

<sup>46</sup>AK Chaturvedi. "Introduction to the South Asia Energy Corridor." *The South Asian Energy Corridor: Toward Sustainability and Security*, (2024): 1.

<sup>47</sup>S.D'Souza, "The TAPI Pipeline: A Recipe for Peace or Instability?" (SSRN, October 3, 2012). Available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2154964](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2154964).

<sup>48</sup>Interfax Group, "Kazakhstan negotiating accession to TAPI gas pipeline project" [https://interfax.com/newsroom/top-stories/106905/October\\_22](https://interfax.com/newsroom/top-stories/106905/October_22), 2024

<sup>49</sup>Xiaoyan Gao, "Research on the Development Strategy of Cross-border E-commerce in China Under the Background of Digital Trade." *International Journal of Education and Humanities* 14, (1) (2024): 147-151.

<sup>50</sup> Zhihan Wang "Green Trade Opportunities and Challenges within the Belt and Road Initiative." *Financial Economics Research* 1(2) (2024): 1-8.

<sup>51</sup> Junji Nakagawa, "Mainstreaming Non-trade Concerns in International Trade Law." In *Changing Orders in International Economic Law Volume 1*, pp. 151-160. Routledge, 2024.

<sup>52</sup> Tubishat, Bassam Mustafa Abdul-Rahman. "Electronic Commerce and Consumer Protection in Jordan: Emerging Trend." *International Journal of Religion* 5(2), (2024): 328-345.

### **Conclusion:**

Pakistan and Kazakhstan are hubs of the Asia. With the salient features of their economies, both countries are poised to be the key players of the “Asian Century”. The current century is going to witness the dominance of Asia based on growing middle class, buoyant youth, inter-regional trade, rising consumption and higher volumes of investment in infrastructure and technology. In this context, it prime time to ride on the developmental wave by implementing the above guidelines and cross the barriers to win their potential share in international trade.

For Kazakhstan and Central Asia, the biggest hurdle is being geographically landlocked. These countries are not connected to the sea for cheaper marine trade. Pakistan offers this much needed access to the port of Gawadar in the Balochistan province. It is deeper sea port in comparison with Iran’s Chabahar port and heavy cargo can be handled easily. Access to these Pakistani ports is available through QTTA trade route, Trans-Afghan Railway or via Afghanistan transport routes. Transit trade agreement between Pakistan and Kazakhstan could be quite beneficial in increasing the volume of trade. Meaningful efforts must be invested to operationalize the connectivity projects and transport corridors that are still to be implemented or completed. It is re-iterated that the current trade volume of Pakistan’s trade with Kazakhstan of US\$ 109 million is trivial. In order to have a fair share from Kazakhstan’s trade of US\$ 139.8 billion with the world, the policy makers must gear up to remove the above analyzed impediments in bilateral trade.

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