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Afghanistan's Trade with Regional Dynamics: An Analysis

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ABSTRACT

Afghanistan is one of most important countries of South Asia serving as bridge between Central Asia, South Asia and the Middle East besides its geographical and geostrategic location in the world. It connects Pakistan with the Central Asian Republics in terms of trade and business enterprises and provides the shortest routes for transportation and communication. Due to the worsening security situation between Pakistan and Afghanistan during the late 2025s, the Pak-Afghan Border had to be closed, depriving both the countries of trades and business enterprises but the latter suffered the most for its dependence on the former. Afghanistan had to take initiatives and tried to strengthen its trade relations with the regional dynamics including Iran, Tajikistan, Uzbekistan, Kazakhstan, Belarus and other non-neighboring states. This study aims at analyzing Afghanistan's trade with regional dynamics in the wake of the current security scenario emanating from the escalation of tension between Pakistan and Afghanistan.

Introduction

The closure of Pak-Afghan Border provided Afghanistan with many opportunities of gaining more importance in the region particularly in Central Asia where the third week of February 2026 remained filled with meetings (Pannier, 2026). An extraordinary meeting of the Regional Contact Group of Special Representatives of Central Asian Counties was held in Astana, the Capital of Kazakhstan. A delegate from Uzbekistan's Syrdarya Province visited Kabul while Uzbekistan's Chamber of Commerce organized a business forum in the northern Afghan city of Mazar Sharif (Pannier, 2026). Afghanistan is very important for the peace and stability of regional dynamics. Due to strategic location and significance of Afghanistan, peace in the country is no longer a matter of domestic issue, rather it has evolved into a regional and global dynamics alike (Dr, 2026). Only a peaceful Afghanistan can guarantee peace and stability in the region on account of

the importance and geostrategic location in South Asia. The Taliban's retake of the country in August 2021, it was believed that the country would be destined to have peace and security besides providing political stability to the people but peace and security cannot be maintained in the country due to internal conflict as well as external conflict with some of the countries. But it is also a matter of fact that the history of Afghanistan is testimony to power vacuum, political instability, leadership crisis and civil war. Political instability and security situation worsened in Afghanistan during 1980s and 2001s when the country had to face military intervention from the Soviet Union and the United States respectively. Business community and investors want to have trade and business enterprises in the areas where complete security and peace prevails. Recent researches throw doubt on the Taliban Regime that they may not protect foreign nationals and investors (Dr, 2026).

A Peaceful and Stable Future for Afghanistan

The meeting in Astana is of great importance for Afghanistan as well as the regional dynamics because it helped in bringing together the special representatives of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan for Afghanistan. The group was formed in August 2025 keeping in view the dire need for creating harmony and cordial relationships for trade and business opportunities. The aim of the Astana meeting was create coordination among the regional dynamics but it is also a matter of concern that the 5th Central Asian State, the Turkmenistan did not participate in the coordination (Pannier, 2026).The special representatives showed their concern and enthusiasm regarding their neighboring country, Afghanistan. Mr. Yerkin Tokumov, special representative of Kazakhstan said that Kazakhstan in the past has viewed Afghanistan through the prism of security threats but it is also important that economic opportunities do exist between the two countries (Pannier, 2026). Representatives of the Central Asian States observed that none of the Central Asian State has yet recognized officially the Taliban regime while only Russia has recognized the Taliban regime. But even their non-recognition of the Taliban government has not stopped them, Kazakhstan and Uzbekistan from finding a new market for their exports and business enterprises (Pannier, 2026).

Mr. Ismatulla Ergashev, Special Representative of Uzbekistan points out that his country's trade with Afghanistan during 2025 amounts to nearly $1.7 billion. Exact statistical data between the Afghan-Kazakh trade has not yet been released but during the first eight months of 2025 trade totals some round about $335.9 million, and in 2024 amounts to $545.2 million. During 2022, Kazakh-Afghan trade reached nearly $1 billion (987.9 million) (Pannier, 2026). It is important to note that about 90% of the trade of Afghanistan amounts to exports from Kazakhstan and Uzbekistan. Kazakhstan provides for the major supply of wheat and other grains to Afghanistan while Uzbekistan counts for biggest supporter of electricity to Afghanistan (Pannier, 2026). Kyrgyzstan's trade with Afghanistan is significantly less, but during the period from March 2024 to March 2025, trade stood at $66 million. Taking Central Asian States as a bloc, the Central Asian States are now the leading partners of Afghanistan with more volume of trade than Pakistan, India or China.

Tokumov, representative of Kazakhstan highlights the strategic importance of Afghanistan as a transit corridor that could open trade routes between Central Asia and the Indian Ocean. Turdakun Sydykov, representative of Kyrgyzstan opines that trade, economic and transport projects with the Central Asian Countries are a key condition for a peaceful and stable Afghanistan and the entire region as whole. The group meeting also discussed the humanitarian aid for Afghanistan since four of these Central Asian States have provided humanitarian aid to Afghanistan since the Taliban retook the country in August 2021. The Astana agenda not only focused on the trade and business

amongst Afghanistan and the Central States but also pinpointed the security situation particularly at the regional level (Pannier, 2026).

Business with Uzbekistan

A delegation of Uzbekistan, Syrdarya Province, led by Syrdarya Governor Erkinjon Turdimov visited Afghanistan during February 16-18 for attending a business forum (Pannier, 2026). The Uzbek delegation met several top Taliban officials including Foreign Minister, Muttaqi and Minister of Industry and Trade, Nuriddin Azizi. Governor Turdimov also met the Governor of Afghanistan Northern Province, Balkh for discussing trade and business enterprises. Balkh is the only province that directly connects Uzbekistan to Afghanistan and provides route for trade and business activities between the two countries besides helping in providing trade routes for connecting Afghanistan with the Central Asian Republics. It is also important to mention that the Governor of Balkh province had the opportunity to visit Tajikistan in October 2025 and met the Tajik Security Chief, Saymumin Yatimov. The forum ended with Uzbekistan and Afghanistan's representatives signing 25 deals worth $300 million. The agreements focused on construction, food products, agriculture, furniture production, textiles, and pharmaceutical cooperation (Pannier, 2026). Uzbekistan's Chamber of Commerce brought together more than 150 Afghan businessmen and representatives from more than 50 companies from Uzbekistan for a business forum in Mazar-i-Sharif that was conducted from February 16-18. Preliminary agreements worth potentially more than $200 million were signed (Pannier, 2026).

A Window of Opportunity

In the wake of the closure of Pak-Afghan border as a result of skirmishes between the Afghanistan and Pakistan, the former will have more space for entering into trade and business enterprises with the Central Asian Republics. Bilateral relations are developing to a great extent since the Central Asian States share the goals of increasing trade with Afghanistan and opening up routes through that country connecting them to Pakistani ports on the Arabian Sea (Pannier, 2026). Northern neighbors of Afghanistan are also aware that peace, stability and security in Afghanistan are very important for the regional dynamics of the Central Asian States. Since the independence of the five Central Asian States in 1991, they have been contending with instability and uncertainty along the southern border.

Long history of war, political instability and security concerns in Afghanistan has hampered Afghanistan's capacity to serve as a transit center for trade and emergency; yet there are opportunities to leverage its position for strengthening economic relations between Pakistan and Central Asian States (Wareen , 2026). Afghanistan's cordial relations with these states would result in enhanced regional collaboration and sustained investment. Historically Afghanistan has served as a crucial link in the ancient Silk Road with the aim of facilitating trade and business between the East and West (Wareen , 2026). Afghanistan's geographic position puts it a gateway for the resource-rich Central Asian Republics for having access to the global market through Pakistan's warm water ports of Karachi and Gawadar. The Central Asian Economic Cooperation (CAREC) program initiated in 2001 for enhancing regional integration has identified Afghanistan as vital player in integrating the region through economy. The CAREC corridor has been designed to improve trade routes and resultantly boosting economy between the Central Afghanistan, Central Asia and Pakistan (Wareen , 2026).

Some researchers are of the view that Chinese investors and labors operating in Afghanistan and who are associated with the mineral extradition projects near Afghanistan-Tajikistan border are faced with persistent threats from militant groups (Dr, 2026). During the period of September 2024

and early 2026, at least seven attacks were recorded in the border regions, resulting in the death of nine Chinese national and injuries to ten others (Dr, 2026). But security incidents may not hinder the trade and business enterprises between the investors as China has emerged as one of the few major powers willing to engage itself economically and make investment with Afghanistan under the Taliban Regime. China remains more concerned with making investment in Afghanistan and particularly her involvement in mining, gold and strategic minerals make China a potential economic partner for Kabul's current government. In the absence of broad international recognition and amid ongoing sanctions, foreign investment from Beijing is widely viewed as critical to stabilizing Afghanistan's fragile economy (Dr, 2026).

Despite efforts for the trade and business activities economic engagement and bilateral trade cannot flourish in an environment stuck by insecurity and instability. The nature of borders, particularly remoteness and mountainous area coupled with treacherous nature of border where many mineral projects are located are prone to armed groups and the militants operating beyond the effective state control (Dr, 2026). In the wake of security challenges, urban centers may appear stable but peripheral regions may often present governance and enforcement challenges. The gap between urban and peripheral regions creates a dual burden for the Taliban Regime; projecting an image of national stability while confronting decentralized militant threats undermining that narrative (Dr, 2026). Afghanistan is very important to the regional dynamics since it lies at the crossroads of South and Central Asia, linking regional trade corridors and energy routes. The regional powers look at a very stable and protected Afghanistan particularly China where she considers stability in Afghanistan intersects with concerns about cross- border militancy and the protection of Belt and Road-linked interests (Dr, 2026).

Afghanistan-Iran Trade

Both Afghanistan and Iran have shown their willingness to boost and enhance bilateral trade and economic relations (Bamyani , 2024). On March 14, 2025 Afghanistan government's acting minister for industry and commerce, Mr. Nooruddin Azizi, had the opportunity to meet Iran's deputy agricultural minister, Ali Reza Mohajer, and Hassan Kazemi Qomi, Iran's special envoy to Afghanistan (Bamyani , 2024). The two countries agreed to deliberate on agricultural development in Afghanistan, the establishment of a customs office in Nimroz province of Afghanistan, transit relations, and other means for enchanting trade between the two countries. They also signed a cooperation agreement aimed at improving the productivity and best practices relating to agriculture and livestock. Besides bilateral relations, trade, transit and business enterprises Iran also remains concerned with political development in Afghanistan since security of the region is associated with the security and political stability of Afghanistan (Tariq, Hussain , & Ali , 2026). But it is also a fact that the two neighboring countries have been facing issue over water sharing for over a decade getting more escalated after the retake of Afghanistan by Taliban in August 2021 (Bamyani , 2024). The Iranian officials have asked time and again to the Taliban government to release the water of the River Helmand as per the Helmand River Water Treaty of 1973 that requires Afghanistan to release 26 cubic centimeters of water per second or 850 million cubic meters annually (Bamyani , 2024).

Afghanistan and Uzbekistan Bilateral Trade

Supporting self-reliance and boosting Afghan economy, Afghanistan and Uzbekistan signed 25 commercial memorandums of understanding worth more than $300 million, signifying a bilateral economic cooperation (News, 2026). The agreements were concluded at a trade connectivity conference attended by Afghanistan's Minister of Industry and Commerce, Nooruddin Azizi, and

the Governor of Uzbekistan's Syrdarya region, Erkinjon Turdimov, along with senior officials and business leaders from both countries (News, 2026)**.** The agreements focused on creating a strong political and economic momentum behind expanding bilateral ties between Afghanistan and Uzbekistan (Tariq, Hussain , & Ali , 2026). The two counterparts urged that trade has been increased between the two states at an unprecedented pace in the recent years and that they aim to increase trade volumes in the upcoming years. The trade arrangements highlight preferential trade arrangements covering eight Afghan export items and six Uzbek products (News, 2026). The newly signed agreements cover key areas such as construction, foods products, agriculture, furniture, textiles, and pharmaceuticals, reflecting growing privates-sector confidence and signing a new phase in Afghanistan-Uzbekistan economic partnership (News, 2026).

Afghanistan-Belarus Trade Agreement

In order to strengthen trade and economic uplift of the country, Afghanistan signed trade agreement with Belarus (Tariq, Hussain , & Ali , 2026). The agreement was signed as a result of the high level delegate from the Afghan government, led by the head of the Emirati Companies, Ahmad Jan Bilal and CEO of the National Development Company, Mr. Abdul Rahman, accompanied by representatives from the Ministry of Foreign Affairs and technical team visited Belarus for the advancement of bilateral cooperation (News, 2026). The Afghan authorities confirm that they held meetings with the officials from the Belarus' Ministries of Foreign Affairs, Agriculture, and Industry to consider political, economic and trade-related issues for the economic boost and uplift. The delegate also visited major state and industrial enterprises, including the state and chemical services, and the agricultural farms under the Ministry of Agriculture (News, 2026). Both the states have shown agreement on strengthening and expanding technical collaboration in the fields of industry, agricultural machinery, and construction of materials, food security, public health and education with the aim of enhancing long-term economic and industrial partnerships between the two nations (News, 2026).

Pakistan-Afghanistan Bilateral Trade and Afghanistan's Trade with Regional Dynamics is of utmost importance for both Afghanistan as well as Pakistan (News, 2026) & (Tariq, Hussain , & Ali , 2026). Afghanistan highlights the vital role not only as a direct trading partner for Pakistan but also as a transit route for Pakistan's trade with the Central Asian States (News, 2026). Pakistan's trade exports to Afghanistan increased during 2020 and 2024 growing from $852.31 million in 2020 to $1,140.17 million in 2024. Major exports during the period included cereals, cement, pharmaceuticals, edible vegetables, and textiles (Tariq, Hussain , & Ali , 2026). On the imports side, Pakistan observed a decline where Pakistan's purchases from Afghanistan peaked at $880.07 million in 2023 before declining to $566.44 million in 2024 (News, 2026) & (Tariq, Hussain , & Ali , 2026)**.** In addition, Afghanistan maintains strong trade ties with the neighboring countries of Iran, Tajikistan and Uzbekistan. In 2023 Afghanistan's exports to Tajikistan reached $ 42.22 million, mainly fresh vegetables while imports stood at $ 80.67 million dominated from electrical energy with a cost of $57.04 million and cement with a cost of $13.99 million (Amir & Shakoor , 2025).

Afghanistan also maintains close trade ties and business activities with non-border regional countries & (Tariq, Hussain , & Ali , 2026). Amongst these, Afghanistan's trade during 2023 remained focused on major partners including India, China, Kazakhstan, Turkey, and the UAE. India proved to be the major export market of Afghanistan with $666.15 million in exports, comprising dried fruits, resins, and gums while the share of imports stood at $362.34 million mainly by pharmaceuticals. China received $64 million in exports, mostly pine nuts, and supplied $1,269.78 million in imports (Amir & Shakoor , 2025). Trade with Kazakhstan involved $31.15

million in exports (flavored waters) and $615.51 million in imports (wheat flour). Turkey accounted for $31.15 million in exports (dried apricots) and $256.41 million in imports (oils, machinery), while trade with the UAE in 2022 stood at $9.48 million in exports (mainly gold) and $1,254.38 million in imports, largely tobacco products (Amir & Shakoor , 2025).

Discussion and Conclusion

Afghanistan is very central to the regional and global security on account of its geopolitical and geostrategic location in the world. It serves as a gateway and helps in connecting the Central Asia, South Asia and the Middle East and caters for providing the shortest routes for the transportation and communication. As consequence of strained relations between Pakistan and Afghanistan in the late 2025s, the Pak-Afghan border's closure resulted in exploring new ways and vistas for Afghanistan for having trade and business activities. The regional powers including Tajikistan, Uzbekistan, Kazakhstan, Iran, Belarus and other non-neighboring had the opportunity to sign trade agreements with Afghanistan. The suspension of Pak-Afghan trade, if on one hand, deprived the Taliban regime of trade and business with Pakistan but on the other hand, also provided them with the opportunity to explore new vista of trade with the regional dynamics hence broadening their bilateral relations as well as economic boost.

To strengthen trade and business activities between Afghanistan and the Central Asian Republics, efforts were taken for improving trade relations with the regional dynamics and non-neighboring countries. Many agreements and memorandum of understandings were signed amongst Afghanistan and Central Asian States focusing on the key sectors of imports and exports. These efforts became more fruitful in the meeting of Astana where the special representatives of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan and Afghanistan came in direct contact with one another for the economic boost and economic development of their respective countries. The basic theme of the Astana meeting centered on reaching at a coordinated approach towards bilateral trade besides making improvements on close cooperation and relations. It is also a matter of concern that though the Central Asian States have no recognized the Taliban Regime yet they have been instrumental in carrying on trade and bilateral relations. For making further improvements and establishing cordial relations, the regional states need to move a step forward with the recognition of the current government of Afghanistan under the Taliban.

The Central Asian States are now the leading partners of Afghanistan in terms of bilateral trade and business activities with more volume of trade than Pakistan, India or China. This may increase further by signing more trade and business treaties and agreements through entering into more confidence building measures and grating the status of most favored nations to one another. But for all trade activities and business enterprises, a stable Afghanistan free of internal and external conflicts can be of more help to the regional dynamics. Both Afghanistan and the regional dynamics need to include Turkmenistan within the ambit of their bilateral agreements and business enterprises, being one of the most significant countries of the region. Afghanistan also needs to improve relations with Pakistan since the Pak-Afghan Border has served as one of the busiest and shortest trade route between Pakistan and Afghanistan. The normalization of relations between Pakistan and Afghanistan is not only in the favor of both the countries but also in the best interest of the region.

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