

# Illegal Trade of Pakistan with Afghanistan and Iran through Balochistan: Size, Balance and Loss to the Public Exchequer

MUHAMMAD SHARIF, UMAR FAROOQ† AND ARSHED BASHIR

*Social Sciences Institute, National Agricultural Research Centre, Park Road, Islamabad*

*†AERU, AARI, Faisalabad, Pakistan*

## ABSTRACT

A variety of agricultural and non-agricultural commodities is traded illegally at Pak-Afghan and Pak-Iran borders. During 1997-98, the trade balance was found in favour of Pakistan at Pak-Afghan borders, whereas, it was in favour of Iran at Pak-Iran borders. Substantial monetary loss is suffered by the Government of Pakistan in terms of public revenues which could be collected in the form of duties and taxes, provided these commodities were legally exchanged at these borders. A huge amount was also involved in bribery which may be re-directed towards cheap availability of the commodities involved at consumer level. Some appropriate measures were also suggested to curb such illegal trade in future.

**Key Words:** Illegal trade; Afghanistan; Iran; Pakistan; Border; Public exchequer

## INTRODUCTION

Illegal trade or smuggling among countries can be defined as the form of trade across the borders/ports with hidden strong collaboration between traders/smugglers and the government officials responsible for controlling such movement across the boundaries. The volume of such trade in a commodity is determined by the extent of differences in the consumer prices between two nations partly created by imposing a high proportion of custom/duties/taxes and the degree of protection offered to indigenous industries through imposing ban on import/export of that commodity. Other factors encouraging smuggling include time to time shortages of supply than demand of different commodities across the borders; undue protection provided to smugglers by the Sardars/Jagirdars, political elites, local administration, higher officials in bureaucracy; negligibly low level of real pressure from higher authorities responsible to control smuggling; weak, lengthy and corrupt process of awarding punishment to the arrested smugglers etc. In case of Pakistan, the existing Federal Government's facility of Afghan Transit Trade through Pakistan and issuance of permits to Afghan refugees from the office of the Commissioner Refugees in Islamabad are also contributing factors for smuggling. The attractive bribes to the official of anti-smuggling agencies is one of the big obstacles in controlling illegal trade across Pakistani borders. These officers resign, if they are complained against or caught red handed. But, the offers received by them are so big that they can have good life without Government job.

Pakistan has its borders with Afghanistan and Iran in the north-west and south-west sides, respectively.

Illegal transfer of commodities (both agricultural and industrial goods) to/from Pakistan to these countries is a regular phenomenon on these borders. The estimates about the magnitude of illegal trade across Pak-Iran and Pak-Afghan borders greatly varies across sources\* in terms of quantities and the estimated money values and loss of public revenue. It was, therefore, felt to be quantified by some impartial agency with the following objectives:

1. Identifying the type of agricultural and non-agricultural commodities illegally traded between Pakistan, Afghanistan and Iran,
2. Identification of the routes used for transporting smuggled commodities in Balochistan province,
3. Generating relatively more reliable estimates of the quantities traded, the monetary values and loss to national exchequer and
4. Suggesting various measures to minimize/control such illegal movement of various goods across the borders for increasing the public revenues and for the benefits of local industries.

## RESEARCH METHODOLOGY

Gathering information about sensitive issue of illegal trade in a very large province (like Balochistan) itself is a big challenge keeping in view the rough and tough transport and climatic conditions of the area. Informal, formal and direct personal observation methods were used to gather the information pertaining to illegal trade across Pak-Iran and Pak-Afghan borders.

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\* For instance, newspapers usually present exaggerated pictures, agencies responsible to control smuggling will report small figures and other sources may fall somewhere in between.

Informal method consisted of gathering necessary information through friendly informal discussions or gossips with smugglers and agencies directly/indirectly involved in such business. Under formal method, the information was collected through meetings arranged with the officials of various agencies\* responsible for monitoring/controlling and maintaining official statistics about legal and illegal trades across borders. Information gathered from both above sources (in terms of type of commodities, their approximate quantities and the money values) was further crudely confirmed by using direct observation method, i.e. personal patrolling on various routes in Balochistan province leading to Pak-Iran and Pak-Afghan borders. Under the direct observation method, the data were recorded (for confirmation and substantiating the information gathered from the above two methods) about the number of trucks carrying agricultural and non-agricultural commodities and per cent carriers possessing legal documents about the import/export of these goods. The prices used for valuing various items were gathered from various markets in Quetta and Chaman for the months of July and August, 1998. The estimates pertain to the financial year 1997-98

## RESULTS AND DISCUSSION

**Trade (legal and illegal) Spots and Route in Balochistan Province.** In Balochistan, a number of

spots and routes were found being used by illegal traders. Chaman, Pishin, Gulistan, Badeen, Panjpai, Panjgoor, Gerd Jungle, Qamardin Karez, Surtal, Tobbah Kakari are the major spots used for trading (both legal and illegal) between Pakistan and Afghanistan. For trade with Iran, the spots generally used are Mand, Sunster, Taftan, Nokundi, Punjgoor, Mashkheel, Kachaow, Noshki, Turbat, Jowdar, Gawadar, Dasht, Pasni and Kawara.

The major routes found used for illegal trade among Pakistan, Afghanistan and Iran were:

- i. Dubai to Quetta via Qandhar and Chaman; Qandhar, Chaman and Noshki; Qandhar and Badeen; Qandhar and Qamardin Karez; Karachi, Qandhar and Chaman (for Afghan Transit Trade only); Karachi and Waesh-Chaman;
- ii. Iran to Quetta via Mand; Sunster; Taftan, Dalbandin and Noshki; Panjgoor and Baseema; Turbat Doshat and Kalat;
- iii. Zahidan to Quetta via Kachaow and Noshki.

**Illegal Trade between Pakistan and Afghanistan.** The agricultural commodities illegally exported from Pakistan to Afghanistan were wheat flour, rice, sugar, cooking oil, vegetable ghee, onion, fresh vegetables, pulses, chillies and cloth (Table I). On the other hand, the non-agricultural goods involved were fertilizers, veterinary medicines, pesticides, sports goods, surgical instruments, fans, gunny bags (Table II). The total value

**Table I. Export of Agricultural Commodities to Afghanistan During 1997-98**

Items	Quantity (000 T)	Price (Rs/T)	Value (Mill. Rs.)	Transport Cost (Rs/T)	Transaction Cost (Rs/T)
Wheat Flour	1,095.00	9,500	10,402.50	1,500	1,300
Sugar	547.50	17,000	9,307.50	1,500	500
Rice Basmati	69.00	23,125	1,595.63	1,500	700
Rice IRR1	150.00	10,750	1,612.50	1,500	1,500
Oil/Ghee	4.38	56,000	245.20	1,000	1,000
Potato	10.00	5,000	50.00	1,200	250
Onion	10.00	10,000	100.00	1,200	300
Lady Finger	5.00	12,975	64.88	1,200	300
Bitter Gourd	5.00	8,300	41.50	1,200	300
Cucumber	5.00	8,150	40.75	1,200	300
Green Peas	5.00	29,100	145.50	1,500	400
Juices	45.00	700	3.15	1,500	500
Mash	7.30	25,225	184.14	1,500	500
Mung	7.30	27,300	199.20	1,500	500
Lentil	7.30	31,575	230.50	1,500	500
Tea	7.30	20,000	1,460.00	1,500	600
Fine Wheat Flour	7.30	11,675	85.23	1,500	400
Gram Flour	7.30	20,000	146.00	1,500	400
Salt	5.00	8,000	40.00	1,500	400
Chillies	2.50	57,650	144.13	1,500	500
Coarsely Grounded Wheat Flour	7.30	12,625	92.16	1,500	500
Curtain Cloth	-	-	1,750.00	1,500	2,000
Total			27,940.46		

\* For instance, Export Promotion Bureau, Balochistan; the office of the Executive Chamber of Commerce, Balochistan; Dry Port, Quetta; office of the Director General Excise and Custom, Quetta; Custom Intelligence Bureau, Quetta and officials of the Anti-Smuggling Agencies at Chaman, Balochistan.

of agricultural and non-agricultural items exported to Afghanistan were estimated at Pak. Rs. 27,940 and 10,830 million per annum, respectively.

The agricultural commodities illegally imported from Afghanistan were fresh fruits (e.g. apple, grapes,

**Table II. Export of non-agricultural commodities to Afghanistan during 1997-98**

Items	Quantity (000 Tons)	Value (Million Rs.)
Urea	1,478.25	10,199.93
Plastic Material	n.a.	40.00
Veterinary Medicine	n.a.	150.00
Pesticides	n.a.	200.00
Sports Goods	n.a.	50.00
Surgical Instruments	n.a.	95.00
Fans	n.a.	60.00
Gunny Bags	n.a.	35.00
Total		10,829.93

plum, apricot, pomegranate and garma), dry fruits (e.g. raisin, almond, pistachio, poppy seed and fig), pulses (e.g. gram, mash and mung), spices (e.g. cumin, coriander and malethi), fodder seeds (lucerne, berseem), livestock products (sheep, goats, wool and skins) and timbers of Deodar, Kail and Patal (Table III). The list of non-

**Table III. Import of agricultural commodities from Afghanistan during 1997-98**

Items	Quantity (000 T or #)	Value (Million Rs.)
Gram	10.00	162.50
Mung	20.00	450.00
Lucern	10.00	575.00
Berseem	20.00	400.00
Cumin	8.80	506.00
Coriander	10.00	200.00
Malethi	20.00	1,800.00
Cardamom	10.00	2,500.00
Tea	25.00	5,200.00
Apple	7.00	126.00
Grapes	18.00	360.00
Plum	10.00	76.20
Apricot	10.00	124.20
Pomegranate	5.00	40.00
Garma	147.60	590.00
Raisin	8.00	300.00
Almond	10.70	428.00
Poppy Seed	2.00	300.00
Fig	2.00	200.00
Onion	18.36	183.60
Potato	4.86	24.30
Sheep	146.00	29.20
Goats	182.50	27.30
Wool	13.14	394.20
Skin	17.52	200.00
Timber+Leakage from this	1,752.00	1,177.00
Total		16,373.60

agricultural goods smuggled into Pakistan from Afghanistan includes electronic goods, tyres, telephones, transport vehicles and their spare parts, Korean blankets, cloth, scrap, electric bulbs, children toys and vacuum cleaners (Table IV). The total value of agricultural and non-agricultural items illegally imported from Afghanistan were estimated at Pak. Rs. 16,374 and 17,589 million per annum, respectively.

Assuming that both the imports and exports are conducted by same parties, the net trade balance was in favour of Pakistan by Pak. Rs. 4757 million during the study period. Assuming 10 and 8% export duties and transactional costs (such as bribe to anti-smuggling

**Table IV. Import of non-agricultural commodities from Afghanistan during 1997-98**

Items	Quantity (Nos.)	Value (Million Rs.)
Refrigerator	3,000	45.00
Television	9,000	108.00
Video Cassette Player	8,000	316.80
Video Cassette Recorder	8,200	480.00
Tape Recorder	19,800	861.00
Irons	72,000	792.00
Bulbs	3,11,04,000	404.30
Tyres	219,000	1,270.20
Telephones	1,112,000	500.00
Blankets	2,92,000	321.20
Cloth & Suits	14,40,000	5,040.00
Cosmetic Items	n.a.	1,000.00
Spare Parts	n.a.	2,000.00
Old Body Parts	n.a.	1,000.00
Vehicle	500	250.00
Scarp	n.a.	3,000.00
Toys	n.a.	60.00
Vacuum Cleaner	n.a.	120.00
Tooth Paste	n.a.	15.00
Battery Cell	n.a.	5.00
Total		17,588.50

agencies) for exported and imported goods, 15 and 10% respectively, the government of Pakistan suffered a loss of about Pak. Rs. 8,927 million per annum, whereas, about 6,462 million rupees gone into the pockets of the people responsible to control smuggling.

**Illegal trade between Pakistan and Iran.** The major agricultural commodities found illegally exported by Pakistan to Iran were rice, sesamum, onion, potatoes, Gur and Kinnows (Table V). The non-agricultural goods involved were sports goods, surgical instruments, safety matches, finished leather, fans, sewing machines, gunny bags, power looms and their parts, bicycles, sanitary fittings and sewing threads (Table VI). The total value of agricultural and non-agricultural items exported to Afghanistan were estimated at Pak. Rs. 5,292 and 623 million per annum, respectively.

On the other hand, fresh and dry fruits, spices, vegetables, processed food items, biscuits, broiler and eggs were the major agricultural imports found illegally traded at Pak-Iran borders (Table VII). The non-agricultural goods imported at this border were petroleum and its products, electronic goods, carpets,

**Table V. Export of agricultural commodities to Iran during 1997-98**

Items	Quantity (000 T or Nos.)	Price (Rs/T or Unit)	Value (Million Rs.)
Rice Basmati	90.00	23,125	2,081.00
Rice IRRI	180.00	10,750	1,935.00
Sesamum	20.00	33,000	660.00
Potato	15.00	56,000	84.00
Onion	20.00	10,600	212.00
Gur	5.00	12,000	60.00
Kinnow	3.00	8,000	24.00
Cattle	6.70	12,000	80.40
Buffaloes	5.60	20,000	112.00
Bullock	2.90	15,000	43.50
Total			5,291.90

**Table VI. Export of non-agricultural commodities from Pakistan to Iran**

Items	Quantity (Nos.)	Value Rs.in Million
Sports Goods	n.a.	95.00
Surgical Instruments	n.a.	150.00
Safety Matches (Carton)	1,8250	5.48
Finished Leather	n.a.	75.50
Fans	1,000	1.50
Sewing Machines	1,000	1.30
Gunny Bags	40,000	1.90
Textile Power Loom & parts	n.a.	200.00
Bicycles	1,000	2.50
Sanitary Fittings	n.a.	40.00
Cotton Sewing Thread	n.a.	50.00
Total		623.18

tiles, plastic made household items, blankets, candles, tarcoal, scrap, cosmetics, soaps, dishwasher, washing powder, sui gas lamps, veterinary medicines and pesticides (Table VIII). The total value of agricultural and non-agricultural items illegally imported at Pak-Iran borders were estimated at Pak. Rs. 5,915 and 29,923 million per annum, respectively.

**Table VII. Import of agricultural commodities from Iran during 1997-98**

Items	Quantity (000 T)	Value (Million Rs.)
Gram	15.00	356.25
Coriander	15.00	337.50
Apple	2.00	36.00
Apricot	2.00	24.90
Raison	6.00	337.50
Pistachio	5.00	1,000.00
Poppy Seed	2.00	440.00
Tomato Paste	25.92	1.35
Lemon Juice	14,440.00	0.60
Chambli (Nashpati Juice)	4.32	0.10
Mixed Vegetable (pickle)	8,648.00	0.35
Cherry Pickle	34,268.00	0.72
Olive Oil	17,280.00	1.21
Olive Pickle	21,600.00	1.08
AAb-e-jow (Barley juice)	1,500.00	0.03
Grape Vinegar	1.50	0.05
Black Cherry Jam	20.80	0.72
Carrot Jam	19.80	0.60
Sweets	43,200.00	2.16
Biscuits A	102.00	0.10
Biscuits B	144.00	0.72
Biscuits C	290.00	0.60
Honey	21.60	0.65
Broiler	10.95	657.00
Eggs (dozen)	109.50	1.64
Total		3201.83

Assuming that both the imports and exports are conducted by same parties, the net trade balance of illegal business between Pakistan and Afghanistan has benefitted Iranian smugglers by Rs. 24,008 million rupees. Again, assuming 10 and 8% export duties and transactional costs (such as bribe to anti-smuggling agencies) for exported goods, and for imported goods, 15 and 10% respectively, the government of Pakistan suffered a loss of about Rs. 5,080 million rupees per annum; whereas, about 3,066 million rupees were paid by Pakistani smugglers to the anti-smuggling agencies.

**Table VIII. Import of non-agricultural commodities from Iran During 1997-98**

Item	Quantity (Nos.)	Value (Million Rs)
Refrigerators	2000	26.0
Cycle Tyres	1,00,000	13.0
Blankets	4,22,000	336.0
Thermos	1,75,000	717.5
Japanese Cloth	970	3,880.0
Scrap	n.a.	4,000.0
Synthetic Carpets	n.a.	2,000.0
Carpets	n.a.	300.0
Ceramic Tiles	n.a.	500.0
Water Cooler	n.a.	1.0
Chatai	n.a.	150.0
Plastic Material	n.a.	600.0
Plastic Pipe	n.a.	5.0
Pullover/Sweater	n.a.	1,916.0
Shoes	n.a.	438.0
Wax/Moom	n.a.	500.0
Tarcoal	n.a.	2,500.0
Petrol	n.a.	7,117.5
Petroleum Products	n.a.	2,500.0
Cosmetic	n.a.	750.0
Soap	n.a.	500.0
Dishwasher	n.a.	150.0
Washing Powder/Surf	n.a.	250.0
Suigas Lamp	36,500	42.7
Pesticides	n.a.	600.0
Veterinary Medicines	n.a.	200.0
Total		29992.7

**Type of Vehicles and Population Involved in Smuggling.** It is estimated that about 20 buses, 200 mini buses, 100 trucks, 100 Mazda vans, 200 pick-up vans, 200 taxis and one train are used for daily commuting

**Table IX. Total value of illegal trade at Pak-Afghan and Pak-Iran borders during 1997-98 (Million Rupees)**

Countries	Exports			Imports		
	Agri.	Non-Agri.	Total	Agri.	Non-Agri.	Total
Afghanistan	27,940.46	10,829.25	38,770.38	16,373.68	17,588.55	33,962.23
Iran	5,291.90	623.18	5,915.08	3,201.83	29,992.70	33,194.53
Total	33,232.36	11,453.11	44,062.46	19,575.51	47,581.25	67,156.76

people between Quetta and Chaman. About 25,000 people are involved in such business, earning about 720 million rupees per annum. This implies that a big network of smugglers is present in Balochistan.

## CONCLUSION AND SUGGESTIONS

The trade balance was found in favour of Pakistan at Pak-Afghan borders; whereas, it was in favour of Iran at Pak-Iran borders.

The following is proposed in order to control such smuggling in future:

- ♦ The duties of the collectors should be rotated after short intervals.
- ♦ Only honest and dutiful persons should be posted at Pak-Afghan and Pak-Iran borders. The honesty of the personals should be monitored through the intelligence department.
- ♦ The official found involved in assisting

smugglers both directly and indirectly should be awarded exemplary punishments through a very rapid and effective prosecution.

- ◆ The arrested smugglers should not be released at any cost. Their punishment should also be exemplary so that no person should dare of entering into such illegal business.

- ◆ The efficient custom/excise officers should be awarded rapid departmental promotions as well as various prizes and medals.

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