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# **Pakistan's Trade Potential with Central Asian Republics (CARs)**

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**by**

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### **Introduction**

Pakistan's relations with the Central Asian Republics (CARs)—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—are based on common history, religion, and cultural similarities. Ever since the independence of these nations in the early 1990s, Pakistan has pursued vigorously establishing close political, economic, and security links with them. The overall aim has been to promote regional integration, increase connectivity, and realize the economic potential of this resource-abundant but landlocked region. Thus, Pakistan perceives its engagement with CARs through the prism of strategic depth, economic diversification, and energy security.

A fundamental component of Pakistan's engagement with CARs is the quest for regional connectivity. The nation visualizes itself as a natural trade and transit link connecting Central Asia to South Asia, the Middle East, and the rest of the world. The strategic position of Pakistan, which has access to the Arabian Sea through ports such as Karachi and Gwadar, is a more desirable partner for the landlocked countries of Central Asia, which are looking for alternative routes to global markets. In this regard, the China-Pakistan Economic Corridor (CPEC) is of great promise, not just as a two-way project with China but also as a larger regional system that could place CARs within an extended network of fiber optic, pipelines, roads, and railways.

The construction of a strategic trade infrastructure between Pakistan and the CARs has gained strength over the past few years. Pakistan has signed several bilateral

agreements and memoranda of understanding (MoUs) on trade, transport, energy cooperation, and visa facilitation. A significant breakthrough was achieved through signing the Quadrilateral Traffic in Transit Agreement (QTTA) between Pakistan, China, Kyrgyzstan, and Kazakhstan, which provides an alternative to the volatile Afghan transit route. At the same time, Pakistan has been pushing to be included in the Central Asia Regional Economic Cooperation (CAREC) and has sought membership in regional connectivity forums like the Ashgabat Agreement and Lapis Lazuli Corridor.

Energy trade is another pillar of Pakistan's strategic framework with CARs. With Pakistan having perpetual shortages of energy and the CARs having surplus electricity and immense reserves of oil and natural gas, there is natural complementarity. The most prominent project in this respect is the CASA-1000 (Central Asia-South Asia Electricity Transmission and Trade Project), which will transfer excess hydropower from Kyrgyzstan and Tajikistan to Pakistan through Afghanistan. Likewise, the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline is another high-profile project that, if it materializes, would alter regional energy patterns. In spite of security and financial challenges, Pakistan is devoted to such transnational ventures.

Trade between Pakistan and CARs has traditionally remained low on account of infrastructural and logistical hurdles, visa impediments, and lack of private sector interaction. Recent efforts, though, indicate a transition toward more institutionalized trade ties. Pakistan has initiated Preferential Trade Agreements (PTAs) with various CARs and has organized frequent bilateral forums on trade. The opening of trade and investment offices in Pakistani missions in Central Asia and reciprocally demonstrates increased willingness to institutionalize collaboration on economic diplomacy. Additionally, the reopening of direct air services, rationalization of visa policies, and encouragement of business-to-business relations are increasingly building economic relationships.

### **Overview of Pakistan-CARs Trade Relations**

Pakistan's trade with the Central Asian Republics (CARs)—Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—has shown growth but remains below potential. In the first eight months of FY2023-24 (July–February), Pakistan's exports to these countries increased by 21.17%, reaching \$158.07 million, up from \$130.45

million in the same period the previous year. However, imports from the region declined by 18.56% to \$17.46 million during the same period. Despite this growth, the overall trade volume is modest compared to the potential. Trade with CARs is estimated between \$400 million and \$500 million annually, primarily via transit through Afghanistan<sup>1</sup>.

**Table 1: Pakistan's Trade with CARs (2024)**

Country	Exports	Imports	Total trade	Balance
Kazakhstan	\$277.58	\$1.54	\$279.12	\$276.04
Kyrgyzstan	\$8.56	\$0.23	\$8.79	\$8.33
Tajikistan	\$19.21	\$2.58	\$21.80	\$16.63
Turkmenistan	\$1.81	\$3.69	\$5.50	(\$1.87)
Uzbekistan	\$95.17	\$18.46	\$113.63	\$76.71
<b>Total</b>	<b>\$402.33</b>	<b>\$26.50</b>	<b>\$428.83</b>	<b>\$375.83</b>
<b>Source: UN ComTrade</b>				

The table highlights Pakistan's trade relations with the Central Asian Republics (CARs), revealing a strong export-oriented dynamic. Pakistan's total exports to the CARs amount to \$402.33 million, while imports are comparatively low at \$26.50 million, resulting in a significant trade surplus of \$375.83 million. Kazakhstan and Uzbekistan are Pakistan's largest trading partners in the region, accounting for the bulk of the trade volume and surplus, with Kazakhstan alone contributing over \$276 million in surplus. Smaller trade volumes with Kyrgyzstan and Tajikistan also reflect positive balances, though on a modest scale. Notably, Turkmenistan is the only country with which Pakistan has a trade deficit, albeit a minor one. Overall, the data underscores Pakistan's dominant export position in the region but also suggests significant untapped potential for expanding and diversifying trade, especially by leveraging regional connectivity initiatives and strategic partnerships.

The table 2 outlines the current and potential export strengths of five Central Asian countries. Kazakhstan and Uzbekistan, with current exports around USD 83–88

<sup>1</sup>Pakistan's exports to central Asian states jump 21pc in 8 months - DAWN.COM  
[Dawn+3Dawn+3Dawn+3](#)



million, could nearly double their earnings by expanding into processed and industrial goods. Tajikistan, despite modest current exports (USD 12.09M), shows exceptional potential (USD 3.1–3.95B) in medium oils and wheat. Kyrgyzstan and Turkmenistan, with very low export values (USD 7M and 1.81M), have modest to undefined potential, focusing on pharmaceuticals, furniture, and industrial goods. Overall, significant untapped export potential exists, especially for Tajikistan.

**Table 2: Major Export Products by Country (Current and Potential)**

Country	Current Main Exports	Export Value (USD Million)	Reference	Potential High-Value Exports	Estimated Potential (USD Million)
Kazakhstan	Cereals, fruits, oil seeds, pharmaceuticals, vegetables	83.5	Pakistan Business Council (2020-21) <sup>2</sup>	Processed foods, industrial chemicals, medical equipment	170-215
Uzbekistan	Pharmaceutical products (37%), food products, textiles	88.18	Embassy of Uzbekistan Malaysia <sup>3</sup>	Generic medicines, rice, processed foods	160-205
Tajikistan	Rice, vegetables, fruits	12.09	Ministry of Foreign Affairs Pakistan <sup>4</sup>	Medium oils, medicaments, wheat	3100-3950 <sup>5</sup>
Kyrgyzstan	Chemical products, vegetable products, textiles	7.0	Observatory of Economic Complexity <sup>5</sup>	Pharmaceuticals, furniture, consumer goods	40-60

<sup>2</sup> Pakistan Business Council. (2020-21). *Market Access Series 2020-21: The Republic of Kazakhstan - Trade Structure Analysis*. "Pakistan's main exports to Kazakhstan are cereals, fruits, oil seeds, pharmaceutical products and vegetables, while the country's main imports from Kazakhstan are chemicals, vegetables, raw hides and skins, coffee, tea, spices, oil seeds, fruits and live animals."  
<https://www.pbc.org.pk/research/market-access-series-2020-21-the-republic-of-kazakhstan>

<sup>3</sup> Embassy of the Republic of Uzbekistan in Malaysia. *State and prospects of economic cooperation with Central and South Asian countries*. "In the structure of imports from Pakistan: pharmaceutical products account for 37%; food products (potatoes, citrus fruits, rice, etc.)"  
[https://uzbekembassy.com.my/eng/news\\_press/economy/](https://uzbekembassy.com.my/eng/news_press/economy/)

<sup>4</sup> Ministry of Foreign Affairs Pakistan. *Central Asia*. <https://mofa.gov.pk/central-asia>

<sup>5</sup> Observatory of Economic Complexity. *Kyrgyzstan (KGZ) and Pakistan (PAK) Trade*.  
<https://oec.world/en/profile/bilateral-country/kgz/partner/pak>

<b>Turkmenistan</b>	Agricultural products	1.81	Trading Economics <sup>6</sup>	Food products, textiles, industrial goods	
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## Key Challenges Limiting Trade Expansion

Pakistan's trade with the Central Asian Republics is confronted with a number of challenges. To begin with, adverse transport links—absence of direct links and seasonal access problems—make logistics costly and untrustworthy. Next, non-tariff obstacles like long customs formalities, excess documentation, and ineffective border management raise cost and delays for traders.

Third, economic and financial restrictions such as restricted banking relationships, poor trade finance, and currency convertibility issues complicate transactions, particularly for small businesses. Finally, regulations and standardization challenges such as differing product standards and lack of mutual recognition arrangements provide more impediments, while unstable regulatory regimes discourage long-term trade obligations.

## Policy Recommendations

To realize the full trade potential between the CARs and Pakistan, there is a need for a phased strategy integrating infrastructure development, regulatory improvement, financial support, and strategic diplomacy. In the near term, Pakistan needs to accelerate priority infrastructure projects under CPEC that enhance connectivity with the CARs, open 24/7 logistics hubs along border points, and adopt digital cargo tracking systems to minimize transit time. In the medium term, initiatives need to go towards creating integrated economic corridors, establishing multimodal transport centers, and establishing special economic zones with incentives aimed at CARs trade.

On the trade facilitation side, direct reforms need to involve introducing single-window customs operations, reducing documentation levels by half, and establishing trade liaison offices in every CAR capital. This needs to be preceded by engaging in negotiation of extensive preferential trade agreements, mutual standard recognition, and the establishment of regional dispute settlement mechanisms. At the same time,

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<sup>6</sup> Trading Economics. (2025). *Pakistan Exports to Turkmenistan - 2025 Data*.  
<https://tradingeconomics.com/pakistan/exports/turkmenistan>

strategic economic diplomacy has to be enhanced through sector-specific trade missions, the formation of a Pakistan-CARs Joint Business Council, and developing country-specific market access strategies. In the medium term, this has to transition into permanent trade promotion offices, industry-specific access arrangements, and regional value chain formation in high-potential sectors.

Financial integration is just as important. In the near term, direct bank channels have to be opened, along with industry-specific trade financing products and currency swap programs to mitigate forex risks. Longer-term strategies involve the establishment of a special Pakistan-CARs Investment Fund, digital financial platforms, and joint venture arrangements in focus sectors. Last but not least, harmonization of Pakistan's efforts with regional-level initiatives is crucial. This involves augmenting interaction with SCO mechanisms, aligning CPEC approaches with CARs development plans, and complementing China's BRI for the region. In the long term, Pakistan needs to pursue closer integration in terms of cooperation with the Eurasian Economic Union, joining CAREC corridors, and multilateral agreements in energy and water resource sharing.

## **Conclusion**

Pakistan's increasing relations with the Central Asian Republics are promising regional connectivity and trade. With common cultural bonds and geographical location benefits, if anything, there is even less reason for lack of trade. The reasons of infrastructure shortage, regulatory obstacles, and money problems still prevail. But continued thrusts under CPEC, fresh trade pacts, and increased diplomatic engagement have established a solid platform for advancement.

By prioritizing upgrading infrastructure, streamlined trade procedures, facilitation of finance, and greater regional cooperation, Pakistan has the ability to shift its function into a central trade and transit hub. This can be achieved through determined policy initiatives and clear coordination with regional economic schemes.