

Developing A Free Trade Policy Framework to Combat Contraband Goods at The Pak-Iran Border: Implications and Strategies

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Abstract:

The longstanding issue of smuggling at the Iran-Pakistan border is driven by the region's historical role as a trade hub between Central and South Asia. The porous nature of the border has facilitated cultural exchange and economic interdependence, supporting local livelihoods despite the challenges posed by contraband trade. Smuggling, exacerbated by economic disparities, regional conflict, and international sanctions, remains a persistent challenge. Efforts to control have created socioeconomic difficulties for border communities reliant on informal trade networks. This research highlights the multifaceted nature of the contraband trade issue, emphasizing the need for a comprehensive free trade policy framework. Recommendations include strengthening border security, establishing special economic zones, fostering diplomatic dialogues, creating a joint task force, encouraging regional economic collaboration, and launching public awareness campaigns. Regional and international cooperation is essential for effectively addressing the contraband trade at the Iran-Pakistan border.

Key words:

Smuggling, Iran-Pakistan Border, Free Trade Policy, Economic Disparities, Border Security

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Introduction

The problem of smuggling at the Iran-Pakistan border is not a new problem. It has existed for centuries due to various factors. The region has been a hub for trade routes between Central and South Asia, which has made it an attractive place for commerce. Trade along these routes has created a porous and dynamic border that has facilitated cultural exchange, economic interdependence, and cross-border trade for generations of local residents. The trade has played an essential role in supporting livelihoods in the region. Despite the challenges posed by the contraband goods trade, this enduring tradition continues to shape the present-day dynamics of the border region. Furthermore, the porous nature of the border has historically facilitated the flow of goods, ideas, and cultures due to the region's economic and geostrategic significance (Anees, 2023). Conversely, it has also introduced challenges in enforcing trade regulations and ensuring security.

Smuggling has been a persistent challenge for authorities in Iran and neighboring countries, driven by economic disparities, regional conflict, and international sanctions. In 2013, when international sanctions were imposed on Iran, the demand for Iranian fuel escalated on both sides of the border, leading to a significant increase in smuggling activities. The subsequent increase in fuel smuggling not only boosted the profitability of the contraband trade but also highlighted the limitations of traditional border controls (Ianchovichina et al., 2016).

This issue holds great importance for both society and policymakers due to various compelling reasons. The trade of contraband goods undermines legitimate trade, causing significant revenue losses for both nations. Moreover, it sustains shadowy networks and organized crime, leading to a pervasive sense of insecurity in the region (Albaloshi, 2013).

The border communities have always depended on cross-border trade for their economic survival. Their social structure is closely linked with the informal trade networks that have developed over many years. However, the government's efforts to control the border through fencing and other measures are now causing significant socioeconomic difficulties for these communities. The changes in trade patterns are creating new challenges that they must face (Tehsin, 2017).

Problem Statement

The Pak-Iran border is facing a persistent challenge of smuggling, which

is harming legitimate trade. The situation is further worsened by the lack of an effective trade policy, making the region vulnerable to security threats. Therefore, it is essential to develop a focused trade policy framework that promotes cooperation between the two countries, balances legitimate trade facilitation, and prevents the movement of contraband goods across the border.

Research methodology

1. How does contraband smuggling across the Pak-Iran border impact legitimate trade between the two countries?
2. What factors contribute to the ineffectiveness of the current trade policy framework in addressing contraband smuggling across the Pak-Iran border?
3. What specific measures can be incorporated into a focused trade policy framework to balance legitimate trade facilitation and curb contraband smuggling across the Pak-Iran border?

Literature Review

The Iran-Pakistan border is a dynamic region where shared economic interests coincide with formidable social and security challenges. It serves as a conduit for an enduring predicament: the contraband goods trade, which threatens economic stability and introduces significant security and social perils to both nations. Historically, the Iran-Pakistan border has been a hub of cross-border trade, with an annual trade volume exceeding \$2 billion. Pakistan, a country abundant in agricultural resources, exports products like rice to Iran. Conversely, the inhabitants of Baluchistan, residing in the border region, have historically economized by obtaining Iranian food and goods from traders across the border (Khan, 2023). This cross-border trade enhances economic interactions between the countries and sustains livelihoods and local economies. The trade that thrives along the border extends far beyond mere economic sustenance; it contributes to a profound sense of shared prosperity between the people of Iran and Pakistan (Anees, 2023).

Moreover, the economic importance of this border goes far beyond transactions and trade figures; it encompasses cultural exchange, shared growth, and historical connections. It is a testament to the adaptability and resilience of these nations' border communities, who have continued to strive even in the face of a shifting economic and political landscape (Kouzehgar, 2012). Authorities on both sides of the border have initiated measures that have significantly reformulated the domain of cross-border trade. Most notably, the extensive fencing of the vast 904-kilometer-long border has introduced new intricacies into the trade equation. While this measure was primarily enacted for security reasons, it has inadvertently disrupted the

traditional trade practices that have characterized the region for generations. Simultaneously, the Pakistani authorities have amplified efforts to clamp down on traders importing items from the Iranian side (Karim, 2017). This highlights a shift towards a more controlled trade environment, aiming to curb informal trade. While understandable from a security standpoint, these measures present logistical and economic intricacies for the border communities and traders engaged in cross-border trade (Imtiaz, 2019). The local communities and traders residing near the border region face the challenge of acclimating to these shifting circumstances, where once well-trodden smuggling routes have given way to controlled monitoring checkpoints, aligning with the findings elucidated by Shah (2022).

To address the relentless challenge of unchecked smuggling of goods, Pakistan has raised the issue with Iran and emphasized the need to facilitate legal trade channels. One significant measure taken is introducing a specific order, particularly permitting barter trade with Afghanistan, Iran, and Russia for certain goods, including petroleum and natural gas. This innovative approach alleviates the pressure on Pakistan's rapidly depleting foreign reserves. Conversely, these government initiatives are not without their challenges. A significant portion, up to 35%, of the diesel sold in Pakistan has been smuggled initially from Iran. The consequences of this smuggling undermine legitimate commerce, distort prices, and impact the sustainability of domestic businesses, specifically in the energy sector (Shahid & Shahzad, 2023).

The border security situation remains a prominent concern for both Pakistan and Iran. The 900-kilometer-long border is not merely a geographical division but reflects a dynamic region brimming with economic potential and shared interests (Karim, 2017). With annual trade estimated at around \$1.5 billion, the stability of the border region is of profound significance. Security challenges disrupt legitimate commerce and expose local communities to a vast range of risks. To provide coherence and legitimacy to trade activities in the region, the Commerce Ministry of Pakistan has unveiled a list of 57 eligible products under the Business-to-Business (B2B) Barter Trade Mechanism 2023. Pakistan's exports, particularly agricultural products such as rice, strengthen economic bonds, contributing substantially to economic prosperity, food security, and the sustenance of livelihoods on both sides of the border (Writer, 2023).

The Pakistani government has implemented stringent measures to clamp down on traders importing goods from the Iranian region in response to the shifting dynamics along the border. The enforcement of stricter controls highlights an evolving security domain and a concerted effort to formalize trade (Lal, 2021). The persistent illicit trade of essential commodities, including oil, gas, and petrochemical materials, casts a shadow over the

region. International sanctions have categorized the import of these materials as illicit, ultimately leading to their smuggling through undisclosed routes. The Iran-Pakistan border region has emerged as a focal point for these illegal activities, with Iranian fuel smuggling thriving despite the imposed sanctions (Ianchovichina et al., 2016). This unlawful practice of smuggling not only undermines the formal economy but also fuels an underground economy, often intertwining with organized criminal networks operating across the border. The border security situation is a cause of mutual concern for both Pakistan and Iran (Amin & Khan, 2021). The extensive border, fraught with challenges like smuggling, threatens the region's stability. While both nations seek to strengthen economic bonds through legitimate trade, they are confronted by the uncertainties caused by an unpredictable security environment. These security dynamics along the border can potentially disrupt bilateral trade volumes (Tehsin, 2017). Effective navigation of these multifaceted challenges demands a nuanced understanding of the border's economic significance and the consequences of security measures such as border fencing. Policymakers must grapple with the intricate dynamics of a region where historical trade traditions coexist with contemporary security demands. As they strive to formulate effective policies to address the contraband goods trade challenge, they must balance the imperatives of security with the necessity to sustain the economic well-being and livelihoods of the border communities (Anees, 2023).

Situational Analysis

Pakistan shares a long, porous border of 969 km with Iran. In Baluchistan, Iranian fuel, along with many other commodities including edibles, is much cheaper and more affordable than locally available products. The locals in this province are turning to smuggling due to a lack of job opportunities in the region, making fuel smuggling the sole viable means of earning a livelihood. Around 1,800 fuel stations have been identified by the government as selling smuggled oil (The Nation, 2023). Major routes used for smuggling from Iran are:

- Taftan - Nokkundi - Noshki - Basima - Surab - Khuzdar - Kurk (towards Sindh via Shahdadkot)
- Chidgai - Panjgoor - Basima - Surab - Hoshab - Lasbella - Karachi Kalat - Mastung - Dasht Bolan - Jacobabad - Sukkur - Punjab
- Balnigore (Kech) - Dasht - Hoshab - Basima - Surab (towards Quetta)
- Dasht - Hoshab - Awaran - Bela - Dureji (towards Karachi)
- Aspikahan - Mand - Balnigore - Talar - Pasni - Ormara - Hingol (toward Karachi)



Smuggling has been occurring across international borders into the province of Baluchistan for a multitude of reasons. Baluchistan is overly dependent on outdated agricultural methods, resulting in widespread poverty, as agriculture and livestock are the mainstay of the provincial economy and constitute 50% of the Provincial GDP. The absence of major industries providing employment opportunities for the youth compels poor people to resort to smuggling. Rampant poverty drives individuals to engage in smuggling to support their families. Due to the long, porous borders, the province faces the economic implications of what economists call the “border effects” – discontinuity in prices and trade at the border between countries, which necessitates smuggling. Smuggling of fuel and goods occurs on the Pak-Iran border both from land and high seas into the coastal belt of Baluchistan. The security of the Pak-Iran border is managed by the Frontier Corps (FC). Pakistan Customs has established its presence at several points along the Pak-Iran border, such as Panjgur, Mand, and BP-250, and has check-posts along the coastline to intercept smuggled goods traveling from Gwadar to Karachi.

Legal Framework

Pakistan-Iran Preferential Trade Agreement (PTA)

To promote legitimate trade between Pakistan and Iran, the two countries signed a Preferential Trade Agreement (PTA) in 2004, which came into effect in 2007. The PTA offers preferential tariffs on various goods traded between the two nations, including agricultural products, textiles, chemicals, and machinery. This agreement has helped enhance trade between both countries, amounting to \$28.1 billion in 2022, a significant increase from \$3.1 billion in 2006. The PTA has also diversified trade between the two countries, which was previously dominated by oil and gas. However, some critics argue that the PTA is too limited in scope, as it only covers a small number of goods and services.

The Preferential Trade Agreement (PTA) between Iran and Pakistan has not led to the expected increase in trade. This is mainly due to high import tariffs imposed by Iran on certain items, such as fruits, vegetables, cereals, leather, and footwear, which have been hindering Pakistan's exports. It is important to note that bilateral trade has been significantly in favor of Iran. Pakistan's exports to Iran have been steadily declining, as shown in Table 1, from data provided by the Observatory of Economic Complexity (OEC) spanning from 2011 to 2021.

Year	Exports from Pakistan to Iran	Exports from Iran to Pakistan
2021	\$18 million	\$614 million
2020	\$3.2 thousand	\$352 million
2019	\$4.68 million	\$502 million
2018	\$124 million	\$1.08 billion
2017	\$162 million	\$856 million
2016	\$201 million	\$815 million
2015	\$103 million	\$663 million
2014	\$128 million	\$909 million
2013	\$185 million	\$637 million
2012	\$142 million	\$110 million
2011	\$219 million	\$568 million

(Source: OEC, 2021)

The Preferential Trade Agreement between Pakistan and Iran has not resulted in the expected increase in trade. In fact, Pakistan's exports to Iran have seen a significant decline over the years, dropping from \$219 million in 2011 to a meager \$18 million in 2021. On the other hand, Iran's exports to Pakistan have fluctuated between \$568 million and \$352 million during the same period. It is worth noting that in 2018, Iran's exports to Pakistan surpassed the \$1 billion mark. Pakistan's exports to Iran consist of various products, including metalworking machine parts, rice, paper, meat, chemicals, textiles, vegetables, and fruits. Conversely, Pakistan imports petroleum, gas, iron ore, hides and skins, as well as chemical products from Iran. However, there is some positive news recently, as Iran lifted restrictions on certain goods that were previously on its import ban list for trade with Pakistan in December 2021.

To understand the dynamics of Iran-Pakistan trade relations, it is essential to take into account the context of Iran's relations with the United States. Iran has faced sanctions due to its nuclear power program and other geopolitical factors. The U.S. sanctions on Iran, coupled with pressure on Pakistan to reduce trade connections with Iran, have led to a delay in the construction of

Pakistan's segment of the Iran-Pakistan gas pipeline. In response to the situation, Iran has expressed its intention to impose an \$18 billion penalty if the project remains unfinished by March 2024. Given Pakistan's energy deficiency, the country imported refined and crude oil totaling \$6.462 billion in 2020 and expensive liquefied natural gas (LNG) valued at \$3.4 billion in 2021, primarily from Qatar.

Another issue negatively impacting trade is the absence of banks in each other's capitals. Pakistan has already acceded to Iran's request to open a branch in Karachi; however, Iran has been reluctant to extend the same facility to Pakistan in their territory. Due to U.S. sanctions on Iran, Pakistani commercial banks are cautious about engaging in financial transactions with their Iranian counterparts. This cautious approach creates challenges for business communities in both nations, primarily due to the absence of a reliable payment mechanism. Consequently, these challenges contribute to the prevalence of illegal and undocumented trade, fostering smuggling activities across borders. The lack of banking facilities becomes a significant hindrance to legitimate trade.

One of the most formidable challenges along the Iran-Pakistan border is the illicit trade of indispensable commodities like oil, gas, and petrochemical materials (Ianchovichina et al., 2016). This illicit commerce is primarily a consequence of global sanctions imposed on Iran, classifying the import of these materials as unlawful. As a result, a substantial portion of these essential resources is smuggled via covert routes and not from formal trade channels (DAWN.COM, 2023). Furthermore, Iranian fuel smuggling, in particular, has thrived as an exceedingly profitable business for decades, establishing its presence on both sides of the border. The importance of this issue intensified following the imposition of U.S. sanctions on Iran in 2013. These sanctions, originally designed to curb Iran's economic activities, inadvertently fueled the expansion of this illegal trade, making it a cornerstone of the regional economy (Ianchovichina et al., 2016).

The Joint Trade Committee (JTC) is a bilateral organization that convenes regularly to discuss trade-related matters and explore ways to enhance trade relations between Iran and Pakistan. The JTC has played a pivotal role in resolving trade disputes and promoting trade between the two countries. Additionally, the JTC has been actively involved in developing new trade initiatives, including the barter trade agreement between Iran and Pakistan.

Barter Trade Agreement

Iran and Pakistan entered into a barter trade agreement that will take effect in May 2023. Under the agreement, Pakistani goods and services can be exchanged for Iranian oil imports. Trade between Iran and Pakistan is anticipated to increase as a result of the barter trade, as it will lessen Pakistan's

reliance on foreign oil imports. By avoiding the need for foreign exchange and lowering reliance on the US dollar, barter trade has the potential to greatly increase trade between Pakistan and Iran. This could lessen their reliance on the US dollar, which can be a volatile currency subject to sanctions, and increase economic growth and cooperation between the two nations.

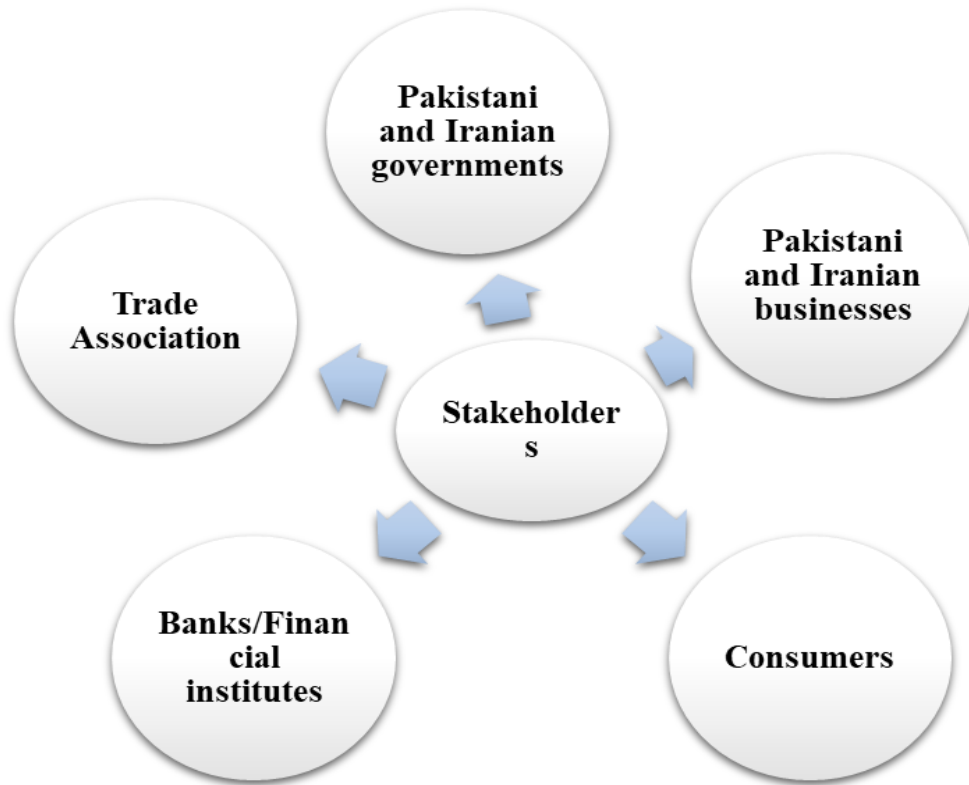
However, from a logistical perspective, barter trade can be challenging. To ensure fair and transparent transactions, careful matching of goods and services as well as substantial documentation are needed. Potential conflicts and administrative expenses may arise as a result. It can be difficult to find appropriate matches between Iranian and Pakistani goods for barter trade because of variations in market preferences, demand trends, and production capacities. This might restrict the range of trade in barter.

Besides the trade policies listed above, Iran and Pakistan are also members of the following regional economic organizations:

- The Economic Cooperation Organization (ECO)
- The Organization of Islamic Cooperation (OIC)
- The South Asian Association for Regional Cooperation (SAARC)

Membership in these organizations can facilitate trade between Iran and Pakistan by providing a forum for regional economic cooperation and by reducing trade barriers.

Stakeholder Analysis



Stakeholder Interests		Power	Role
Pakistani and Iranian governments	Circumventing US sanctions on Iran, promoting economic cooperation, and diversifying trade routes to reduce reliance on the US dollar.	Have the ultimate authority to approve or reject trade agreement Can influence the terms of the agreement	Formulate trade policies to promote economic cooperation between both the countries
Pakistani and Iranian businesses	To access new markets and expand their sales reduce reliance on imported goods new sources of financing	Can decide whether or not to participate in trade agreement Can influence the direction of trade agreement	To convince both the governments to open markets and provide easy access

		Can lobby the governments to support their interests	
Consumers	To access lower-priced goods To enjoy greater product diversity	Can influence the demand for goods that are traded under the barter trade agreement	Can complain to the governments if they are unhappy with the effects of trade agreement
Banks and financial institutions	To generate new business opportunities To develop new products and services	Can provide or deny financing to businesses engaged in trade	Can influence the development of new trade finance products
Trade associations	To provide their members with essential information and support To promote the barter trade agreement among their members	Can educate their members about trade agreement Can provide support to businesses that are engaged in trade	To provide support to the government and conduct Public awareness campaigns

Gap Analysis of Existing Preferential Trade Agreement

A gap analysis of the Pakistan-Iran Preferential Trade Agreement (PTA) can identify areas where the agreement can be improved to better achieve its objectives.

Current State	Desired State	Gap
PTA only covers a limited number of goods, covers only 500 goods	Widening the scope and inclusion of more items	Expand the scope of the PTA or introduce an FTA or another bilateral trade policy
PTA does not address non-tariff barriers to trade, such as technical barriers to trade (TBTs) and sanitary and phytosanitary (SPS) measures	Address non-tariff barriers	To negotiate provisions to address TBTs and SPS measures

PTA lacks a formal dispute settlement mechanism	Establish a dispute settlement mechanism	Develop a formal dispute settlement mechanism to resolve trade disputes efficiently and fairly
PTA does not provide adequate protection for investments from Iran and Pakistan in each other's markets	Enhance investment protection, Promote trade facilitation, Strengthen institutional cooperation	Strengthen investment protection provisions to encourage investment flows Implement measures to streamline customs procedures and reduce the time and cost of trade Enhance cooperation between relevant institutions in Iran and Pakistan to facilitate the implementation and monitoring of the PTA

SWOT Analysis

A SWOT analysis can help dissect the intricate issue of contraband goods trade at the Iran-Pakistan border and provide a comprehension of the external and internal factors that can impact the direction of the policy framework.

Strengths

- A paramount strength lies in the shared interests of both Iran and Pakistan in addressing the challenge of contraband trade.
- Common objective of enhanced security and economic prosperity in the border region.
- Potential for regional and international cooperation.
- Participation in regional forums and global organizations.
- Combined efforts of multiple stakeholders for comprehensive solutions.

Weaknesses

- The inherent vulnerability in border security due to its porous nature

and limited resources. The porous nature of the Iran-Pakistan border, compounded by limited resources at checkpoints, introduces substantial vulnerabilities that illegal traders exploit (Karim, 2017).

- Regulatory and legal gaps that provide opportunities for contraband trade to flourish. Both nations grapple with regulatory and legal gaps, representing significant weaknesses in the current framework (DAWN, 2023).
- Lack of mandatory regulatory reforms and legal improvements. Without mandatory regulatory reforms and legal improvements, the battle against contraband trade remains an uphill struggle.

Opportunities

- Strengthening border security is crucial for mitigating vulnerabilities and enforcing legal trade regulations.
- Strategic investments in increased personnel, advanced surveillance technology, and capacity-building for law enforcement agencies can significantly enhance border security capabilities.
- Economic integration offers a promising opportunity to address contraband goods-related activities.
- Encouraging trade and economic cooperation among provinces and states can stimulate economic growth and shared prosperity in both regions.
- Regional integration initiatives can foster stronger economic ties, making legitimate trade more attractive to communities. • Economic integration serves as both an opportunity and a potential solution to the contraband goods challenge.

Threats

- The persistence and adaptability of illicit networks operating in the region pose a significant threat.
- These networks have shown remarkable resilience, continuously adapting their operations to circumvent enforcement initiatives.
- Their resilience makes eradicating the contraband trade an ongoing challenge, requiring constant vigilance. • Policymakers must innovate to disrupt contraband goods networks and effectively control illicit trade.
- Resistance to change, whether due to vested interests, deeply ingrained

practices, or a lack of awareness, poses a substantial threat to policy implementation.

- Overcoming resistance to change is crucial for successful policy implementation.
- Failure to address this can hinder progress and impede the achievement of overarching policy goals.

Comparative analysis

The ASEAN Free Trade Area (AFTA) and Its Impact on Smuggling

The ASEAN Free Trade Area (AFTA) was established in 1992 among the 10 member states of the Association of Southeast Asian Nations (ASEAN): Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. The agreement aims to promote economic growth and integration within the region by reducing tariffs and non-tariff barriers to trade. AFTA's implementation has significantly contributed to economic growth in ASEAN countries. According to the ASEAN Secretariat, the region's GDP increased by an average of 5.2% annually between 2010 and 2020. Additionally, AFTA has facilitated trade flows within the region, with intra-ASEAN trade increasing from 25% of total ASEAN trade in 2002 to 40% in 2020. AFTA has also had a positive impact on efforts to combat smuggling of goods such as cigarettes, alcohol, and pharmaceuticals in the region (ASEAN Secretariat, 2019).

According to a report, the prevalence of illicit cigarettes in ASEAN declined from 18% in 2009 to 12% in 2019. This decline is attributed in part to AFTA's measures to reduce tariffs on legal cigarettes and strengthen border controls (WHO, 2020). According to the International Rice Research Institute (IRRI), rice smuggling in ASEAN has declined by approximately 20% since the implementation of AFTA. This reduction is attributed to the elimination of tariffs on rice trade within the region, which has made it less profitable to smuggle rice across borders.

Similarly, the volume of illicit alcohol consumed in ASEAN declined by 10% between 2010 and 2017 due to the harmonization of customs procedures and increased cooperation between customs authorities (ICAP, 2018). A 2021 report by the International Pharmaceutical Manufacturers & Associations (IFPMA) found that the value of counterfeit and substandard medicines in ASEAN declined by 15% between 2015 and 2020. This decline is attributed in part to AFTA's measures to improve regulatory oversight and consumer awareness. The International Sugar Organization (ISO) estimates that sugar smuggling in ASEAN has declined by around 30% since AFTA came into effect. The International Energy Agency (IEA) reports that fuel smuggling in

ASEAN has fallen by an estimated 40% since the implementation of AFTA.

These figures demonstrate the positive impact of AFTA on combating smuggling in specific countries within ASEAN. For instance, in Indonesia, the prevalence of illicit cigarettes declined from 29% in 2009 to 11% in 2019. Similarly, in Thailand, the volume of illicit alcohol consumed declined by 20% between 2010 and 2017.

Conclusion

The extensive exploration of the border region uncovered a multifaceted tapestry of complexities and nuances. The contraband goods trade issue, involving a diverse range of illicit items, casts a profound shadow over the economies and security of Iran and Pakistan. Weaknesses in border security and the existence of legal and regulatory gaps exacerbate the persistence of this challenge. Nevertheless, a glimmer of hope emanates from the shared interests between both nations and the potential for regional and global cooperation. Moreover, the urgency of addressing the issue of contraband goods at the Iran-Pakistan border is an immutable reality. Each passing day that contraband trade remains unchecked extracts significant economic revenues, bolsters criminal enterprises, and imperils regional security. Procrastination only allows more time for illicit networks to strengthen their operations and deepen the challenge. To effectively confront the multifaceted issue of contraband goods trade, a comprehensive free trade policy framework is imperative. Such a framework is not a static document but a dynamic, evolving vision—a plan encompassing a holistic strategy, including heightened border security measures, streamlined trade facilitation procedures, regional integration endeavors, diplomatic initiatives, and public awareness campaigns. Additionally, it recognizes the indispensable role of global and regional collaboration as a potential force multiplier for success. Furthermore, this comprehensive free trade policy framework is not just a roadmap but a compass that guides Iran and Pakistan toward a shared future of security and prosperity. It envisions a future where the Iran-Pakistan border emerges as a symbol of cooperation and a conduit for collective success.

Recommendations

1. In the face of the intricate and pressing issue of contraband goods trade at the Iran-Pakistan border, a strategic set of policy recommendations emerges. These recommendations encompass both short-term and long-term strategies, aiming to address the issue comprehensively. It is crucial to navigate this complex terrain while being mindful of the distinctive challenges and opportunities inherent to the border region.

2. In the short term, it is strongly recommended to promptly strengthen border security by augmenting personnel and enhancing the allocation of additional resources at border checkpoints. This includes the swift deployment of additional personnel and the incorporation of advanced surveillance technology to substantially improve the monitoring and control of the border. The potential benefits of implementing this short-term measure are significant. Immediate reinforcement of border security serves as a robust deterrent against contraband trade, making it less appealing to illicit traders. The increased presence of personnel and the adoption of advanced surveillance technology ensure more efficient and vigilant border management, leading to higher confiscation rates, reduced illicit activities, and an overall strengthening of the border's security infrastructure. This measure forms a foundational building block for establishing a secure and resilient border.
3. Another significant strategic recommendation involves establishing cross-border trade zones or special economic zones. This multifaceted measure requires substantial efforts, including infrastructure development, meticulous strategic planning, and collaborative engagement with diverse stakeholders. The potential advantages of establishing these zones over the long term are considerable. They act as catalysts for economic growth, offering employment opportunities and fostering the expansion of legitimate trade activities.
4. Another short-term recommendation emphasizes the importance of diplomatic dialogues between Iran and Pakistan, including regular meetings, negotiations, and discussions. These dialogues focus on trust-building, collaboration, and policy agreements, aiming to swiftly enhance bilateral relations and address the challenge of contraband trade. They lay the groundwork for fruitful cooperation, promoting mutual understanding and trust while establishing shared visions and goals for combating illegitimate trade in the short term.
5. Conversely, the long-term recommendation advocates establishing a dedicated joint task force focused on combating contraband. This initiative includes legal agreements, resource allocation, and operational coordination, underscoring a substantial and long-lasting commitment. Over the long term, the joint task force embodies exceptional cross-border cooperation and intelligence sharing.
6. Another short-term recommendation highlights the importance of encouraging trade and economic collaboration among bordering provinces and states, focusing on the need for active engagement from regional authorities. This initiative involves removing trade barriers and facilitating cross-border economic activities in the short term. The

potential benefits of this approach are substantial, as it stimulates regional integration, leading to immediate economic growth, employment opportunities, and enhanced economic stability. Additionally, it fosters cross-border economic collaboration, strengthening the bonds between neighboring regions and facilitating shared prosperity. Collectively, these outcomes contribute to a more resilient and stable border region.

7. Another short-term recommendation is the launch of public awareness campaigns as a significant strategy to counter contraband trade and mitigate the illicit trade of tobacco. These campaigns include developing educational materials, engaging with the community, and utilizing diverse communication channels to effectively disseminate information about the risks associated with contraband trade.
8. Furthermore, regional and international collaboration stands as a linchpin for the effective execution of these recommendations. Collective cooperation with neighboring nations, active participation in regional forums, and seeking support from global organizations are paramount for effectively addressing contraband trade at the Iran-Pakistan border. Regional forums act as a pivotal platform for joint operations, intelligence sharing, and coordinated efforts, playing an indispensable role in controlling the trade of contraband goods. International organizations also provide essential resources, including financial assistance, technological expertise, and training, which enhance the enforcement capabilities necessary to combat contraband trade. This collaborative and coordinated strategy fosters a more resilient, comprehensive, and sustainable approach to addressing this critical issue in the border region.

Proposed policy framework

A proposed framework for the Pakistan-Iran Free Trade Agreement, based on the ASEAN FTA, is set out below:

Scope and Coverage

Goods: To eliminate tariffs and other trade barriers significantly, the FTA should cover all goods traded between Pakistan and Iran.

Services: Trade in services, which includes various sectors such as professions, finance, and transport services, should be covered by the Free Trade Agreement.

Investment: The Free Trade Agreement should set out clear and transparent rules for investors, including provisions on nondiscrimination, national treatment, and protection against expropriation.

Intellectual Property Rights (IPR): The FTA should address IPR protection, including copyrights, trademarks, patents, and geographical indications.

Tariff Elimination

Tariff Schedule: A tariff reduction schedule, outlining the time frame and modalities for abolishing tariffs on goods traded between Pakistan and Iran, should be included in the Free Trade Agreement.

Specific and Differential Treatment (S&DTs): The Free Trade Agreement should incorporate specific and differential treatment measures to address the varying levels of economic development in Pakistan and Iran. This may include extended periods for the elimination of tariffs and exemptions for certain important products.

Rules of Origin: The FTA should establish clear and straightforward rules of origin to determine which products qualify for special treatment.

Non-Tariff Barriers (NTBs)

Technical Regulations and Standards: The FTA should harmonize specialized controls and benchmarks to reduce non-tariff measures (NTMs) and encourage trade.

Sanitary and Phytosanitary (SPS) Measures: The FTA should establish a framework for cooperation on SPS measures to ensure food safety and protection of animal and plant health.

Customs Procedures: The FTA should streamline customs procedures to facilitate smooth cross-border trade.

Other Provisions

Dispute Settlement Mechanism: To resolve trade disputes between Pakistan and Iran, the FTA should establish an open and efficient dispute resolution mechanism.

Trade Facilitation: The Free Trade Agreement (FTA) should include clauses that promote trade facilitation, such as paperless trade, electronic customs clearance, and streamlined customs processes.

Economic Cooperation: The Free Trade Agreement (FTA) should foster economic collaboration between Pakistan and Iran in areas such as technology transfer, infrastructure development, and tourism.

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