

Framing Smuggling Free Trade Policy at Afghan Border with Special Emphasis on Role of Customs: Challenges and Way Forward.

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Abstract:

Since its establishment in 1947, the Pakistan-Afghanistan border has been a focal point of tension and smuggling due to the contentious status of the Durand Line. The rough and porous terrain of this border has facilitated the smuggling of contraband goods, drugs, and weapons, leading to significant economic losses and internal security threats. Despite efforts by both countries to address this issue, the lack of mutual trust, coordinated actions, and effective data sharing has limited their success. This paper evaluates the current state of smuggling across the Pak-Afghan border, highlighting the constraints faced by Pakistan Customs, including corruption, insufficient infrastructure, and technological limitations. It offers a multi-faceted approach to improve smuggling control, including operationalizing border stations, rationalizing tariffs, and enhancing regional cooperation. The recommendations emphasize the need for a coordinated strategy involving both nations and international partners to effectively combat smuggling and ensure regional stability.

Key words:

smuggling, Pak-Afghan border, Customs enforcement, border management, regional cooperation

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Introduction

Since its inception in 1947, Pakistan has been continuously dealing with the Pak-Afghan border status, as Afghanistan, throughout these 75 years, has been creating issues regarding the status of the Durand Line. This border is not only a geographic demarcation but also a Pandora's box of complex issues, with smuggling being at the top of these. For decades, it has been used as an ideal route for smuggling contraband goods, drugs, and weapons due to its rough and porous terrain. The consequences of these activities extend beyond economic losses; they pose a serious threat to our internal security. Both countries have worked on this phenomenon, but in the absence of mutual trust, coordinated efforts, and data sharing, their steps have been futile. Pakistan Customs, as the lead agency in controlling smuggling, has managed only a limited amount of smuggling activities, as will be discussed further in this paper. To tackle the issue of smuggling across the Pakistan-Afghanistan border, urgent attention and collaborative efforts from both nations, as well as regional and international partners, are required. Only through a comprehensive understanding of the underlying challenges and the development of effective countermeasures can we hope to address this issue and foster greater security and prosperity in the region.

Statement of the Problem

The Pak-Afghan border, a long, porous, and contentious boundary, is proving to be a gateway for smugglers and smuggling activities, affecting not only our economy and policy-making but also becoming a threat to our national security. Pakistan Customs, as the custodians of the border, is entrusted with the task of preventing smuggling, which they are unable to achieve due to various geographical, political, financial, technical, and administrative reasons. This study will focus on the following questions relating to the issue of border management and smuggling and how this can be managed:

1. How can we manage Afghan government hostility towards border fencing, which is currently necessary for effective border control?
2. What is the critical analysis of the role of Customs in combating smuggling at the Pak-Afghan border while providing trade facilitation?

Research Methodology

This study will be descriptive and analytical in nature, utilizing a secondary data collection method. Various news articles, interviews, and research papers from different scholars were consulted. Situational analysis was applied to understand the current magnitude of smuggling. Stakeholder analysis and regulatory analysis were used to uncover the basic structure

dealing with smuggling. PESTEL analysis was applied to identify the causes of smuggling, and impact analysis and SWOT analysis were also used in this paper.

Situational Analysis

Pakistan shares a 2,611-kilometer border with Afghanistan, which is long, porous, and volatile. A total of 11 out of 34 Afghan provinces adjoin Balochistan and Khyber Pakhtunkhwa, including the newly merged districts. The majority of the people living across the border are Pashtun, with family ties on both sides, making it practically impossible to prevent their cross-border movement. There are 23 divided villages, six in Khyber Pakhtunkhwa and 17 in Balochistan, split by the Pakistan-Afghanistan border. There are 8 authorized border stations along the Pak-Afghan border; in addition to these authorized routes, there are close to 100 other routes frequently used by locals and smugglers. According to rough estimates, daily passage through the Chaman and Torkham borders ranges from 10,000 to 30,000 people, with more than 5,000 crossing illegally through unauthorized routes. The border is secured by Pakistani security forces, the Afghan National Army, and the Afghan Border Police.

Every day, a wide range of items, including arms, narcotics, livestock, agricultural products, contraband goods, and currency, are smuggled across the Pakistan-Afghanistan border. According to unofficial estimates, the size of the informal economy is more than 50% of the GDP, meaning the informal economy is worth more than \$150 billion annually (Pakistan Observer, 2023). The following breakdown will help illustrate the gravity of the damage done to our economy due to the smuggling of the top 11 items.

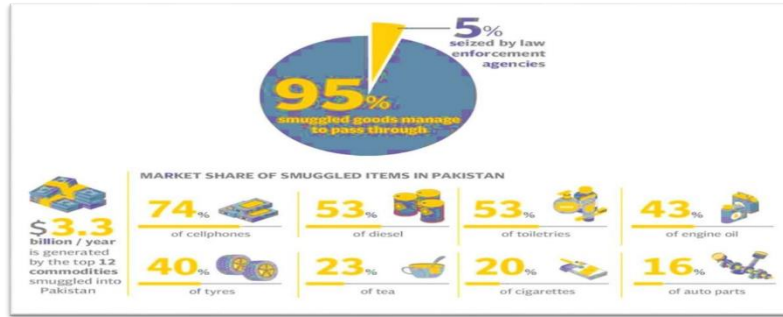
LIST OF TOP 11 ITEMS

Mobile phones	1100m US\$
Diesel	874m US\$
Plastic	222m US\$
Auto parts	184m US\$
Vehicles	175m US\$
Tyres	118m US\$
Steel sheets	112m US\$
Tea	77m US\$
Cigarettes	27m US\$

Electronic items	9m US\$
Garments	2.5m US\$

Source (Pakistan observer 2023)

The law enforcement agencies are trying hard to control this phenomenon, but a significant amount of smuggled goods still make their way into our local markets. The following diagram is self-explanatory regarding the extent of the informal economy currently in the field.



Source (How smuggling is bleeding Pakistan's revenue dry, 2020)

Smuggling is carried out not only by organized networks but also by common people as a means of earning a livelihood. At border stations, we see hundreds of young children carrying small packages of various goods to earn \$2-\$4 per day (UNICEF, 2023).

The same applies to the Pak-Afghan transit trade, which is in place for imports by Afghanistan through Pakistan's sea route. However, it is widely misused by smugglers to bring imported items into Pakistan. Recently, the Afghan government declared the worth of transit goods via Pakistan as \$14.8 billion, whereas according to Pakistani calculations, it was \$44.4 billion, meaning the remaining goods ended up in Pakistan's market (Aslam, 2023).

Stakeholder Analysis

Stakeholder analysis will be conducted to highlight the interests and roles of different stakeholders in smuggling.

Law Enforcement Agencies

Customs, Frontier Corps, Anti-Narcotics Force, intelligence agencies, and many other government agencies have been assigned the task of enforcing border regulations, combating smuggling, and protecting national security and economic interests.

Local Communities

People living along the border are directly affected by smuggling activities. Although smuggling is an income source for many people in border areas, and they may be involved as smugglers or facilitators, a large portion suffers from the negative consequences of smuggling, such as economic instability and increased criminal activity.

Smuggling Networks

The key stakeholders in smuggling are the organized smuggling groups that have established strong connections not only with influential people but also with government officials. Combatting such groups is a challenge for both governments.

Businesses and Traders

Legitimate businesses and traders face the direct impact of smuggling, as easy and cheap access to illicit goods may disrupt markets and create an uneven playing field. This makes competition even harder for them in the current economic scenario.

Media and Journalists

The media play a significant role in reporting on smuggling activities, exposing their impact on society, and influencing public opinion. They can also highlight the efforts made by the government to tackle smuggling.

Financial Institutions

Illegal financial networks are often used by smugglers for money movement, making it difficult to achieve a documented economy. Banks and financial institutions in Pakistan, responsible for maintaining economic transparency, are working hard to prevent money laundering and illegal financial transactions related to smuggling.

Judiciary and Legal Community

The judiciary and legal community can play an important role in dealing with smuggling through the speedy disposal of cases and strict, merit-based decisions, rather than focusing on petty details.

NGOs and Civil Society

Non-governmental organizations and civil society groups can advocate for better border management, support victims of smuggling, and work on initiatives to raise awareness about the adverse effects of smuggling.

To devise an effective strategy to combat smuggling, we need to analyze the interests of all stakeholders and formulate a policy based on these interests and their effects on our policy.

PESTEL Analysis of the Causes of Smuggling

Political Factors

Political instability in both countries, weak governance structures, border disputes, lack of cooperation between Pakistan and Afghanistan, and inadequate facilities, such as accessible crossing points, have paved the way for smuggling.

Economic Factors

Poverty, unemployment, limited economic opportunities, and price differentials are some of the main economic reasons for the increase in smuggling. Smugglers see potential profit margins due to market imbalances.

Socio-Cultural Factors

Tribal culture, social acceptance, demand for specific goods (e.g., drugs, weapons), the presence of well-established smuggling networks, and the mindset of the people all contribute to smuggling activities.

Technological Factors

Our technology is not up-to-date or adequate for deployment throughout the border. The unavailability of required infrastructure and complex declaration/clearance systems contribute to the uninterrupted flow of smuggled goods into our country. On the other hand, smugglers are adapting to advancements in technology, communication, and transportation to carry out their activities smoothly.

Environmental Factors

The rough and challenging terrain along the border, tough weather conditions, and inaccessible areas make it difficult to establish physical barriers and effectively monitor the region.

Legal Factors

Legal frameworks are inadequate with many lacunae. Enforcement of these legal frameworks is compromised by corruption and collusion among law enforcement agencies, as well as lenient penalties for smuggling. All these factors combine to create a favorable environment for smuggling.

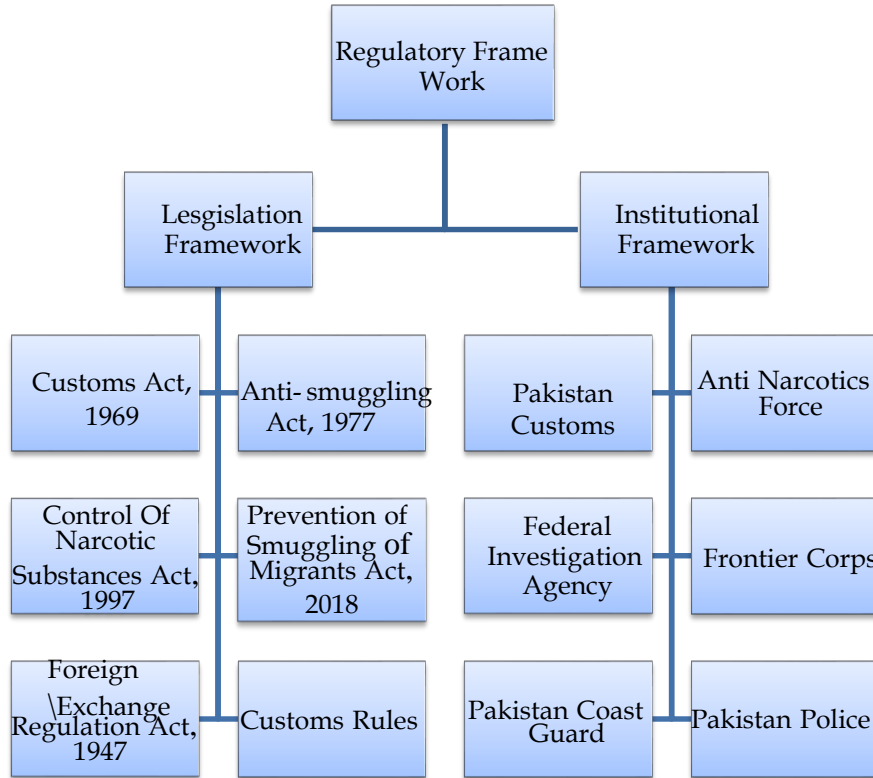
Impact Analysis

- The first and foremost effect is on our economy through the loss of government revenue due to tax evasion on smuggled goods. The illicit trade burdens our domestic economy, investment in essential services, and infrastructure, thus hindering development, growth, and job creation.
- Local industries and businesses are severely harmed by the unfair competition posed by smuggled goods in the market. Local markets are flooded with smuggled goods available at cheap rates, resulting in reduced investment, a decline in the competitiveness of local businesses, and job losses.
- Criminal networks are growing stronger, leading to increased criminal activity. The easy access to illegal goods, drugs, and weapons used by these criminal groups poses a significant threat to our internal security.
- Smuggling fosters a culture of lawlessness, corruption, mistrust among institutions, and a sense of ultimate authority for these criminal networks, leading to social unrest, increased crime rates, and a breakdown of social cohesion in affected regions.
- The smuggling of timber and other items has adverse environmental effects, such as deforestation. The lack of regulation and oversight in smuggling operations can lead to environmental degradation, as evidenced by the United Nations Environmental Program report, which states, “Afghanistan's forest cover has decreased by about 50 percent over the past three decades” (Islamic State smuggling timber into Pakistan, 2016).
- The inability to address the smuggling menace on both sides will lead to accusations and mistrust between neighboring countries, resulting in hostile relations and non-cooperation on critical issues.
- Smuggling networks are often involved in human trafficking, exploiting the weak and vulnerable segments of society under the guise of providing better opportunities, which creates a humanitarian challenge for governments.
- The continuous smuggling phenomenon and its consequences on local industry have deterred foreign investors from investing in Pakistan.

A comprehensive approach is required to address the smuggling issue by improving border security, fostering mutual cooperation, implementing effective law enforcement, and enacting economic reforms targeting local industries. Only through such dedicated efforts can the adverse impacts of smuggling be mitigated, leading to greater economic stability, security, and social progress in the region.

Regulatory Framework Analysis

Regulatory framework analysis is conducted to highlight the different organizations and their associated laws dealing with the phenomenon of smuggling. Some of these organizations handle specific items; for example, the Anti-Narcotics Force (ANF) deals with narcotics, while Customs deals with all types of items.



SWOT Analysis of Customs in Combating Smuggling

Pakistan Customs plays a pivotal role by undertaking several critical tasks. Its primary responsibilities include the collection of duties and taxes from imports and exports, ensuring the smooth and efficient clearance of goods crossing the national borders, and actively combating the illegal smuggling of goods. The following table shows Customs' performance during 2022–2023.

	Currency		NDP vehicles		Misc Goods		Total	
	No of cases	value	No of cases	value	No of cases	value	No of cases	value
Cutoms Enforcement Peshawar	91	204m	83	337.15m	447	1959.85m	621	2501
Customs Enforcement D.I.Khan	11	21.23	40	357.80	98	3526.4	149	3905
Customs Intelligence KPK	-	-	119	470.55	108	1517.30	227	1987

Source: (Customs Collectorate of Enforcement Peshawar, D.I.Khan, Customs intelligence)

To understand and gauge the ability of Pakistan Customs to curb smuggling, we will conduct a SWOT analysis.

Strengths:

Experience and Expertise: Customs authorities, being the front-line agency in dealing with cross-border trade and smuggling issues, possess valuable expertise in identifying illegal activities.

Legal Authority: They have the required legal backing in the form of the Customs Act 1969, Customs Rules 2001, and various other CGOs to inspect goods and vehicles crossing the border, which is crucial for the detection and prevention of smuggling.

Technological Advancements: Border terminals are now equipped with the latest technology, such as scanners, walk-through detectors, and mobile scanners, enabling Customs authorities to better detect and thwart smuggling attempts.

Collaboration with Other Agencies: Customs departments have delegated anti-smuggling roles to other departments, such as FC and Police, to assist in dealing with smuggling. They also collaborate with intelligence agencies to share information and coordinate efforts to combat smuggling.

Weaknesses:

Corruption: Corruption within Customs remains a pressing concern, spreading its roots and affecting all corners of the service, which hinders effective smuggling control efforts.

Resource Constraints: Customs authorities may face resource limitations in terms of manpower, equipment, and budget, impacting their ability to effectively cover the vast and porous border.

Challenges of Terrain: The Pak-Afghan border has a long and rough terrain, making it challenging to access and control every part effectively, thereby creating opportunities for smugglers to operate.

Intelligence Gaps: Smugglers can be sophisticated and find ways to evade detection, exploiting intelligence gaps within the Customs organization.

Opportunities:

Regional Cooperation: To achieve effective management of smuggling control, improved and consistent cooperation between the two countries is necessary. This will lead to better information sharing and joint efforts to combat smuggling at the border.

Training and Capacity Building: Training and capacity building are crucial for enhancing Customs officers' skills in the detection and prevention of smuggling, as well as keeping them updated on new innovations and best practices. Customs has a separate Directorate of Training and Research where capacity-building courses are conducted routinely, and they also collaborate with the WCO for international training of their officers.

Customs Modernization: Customs is moving towards the Pakistan Single Window (PSW) operation. With improved infrastructure and processes, they will become more efficient and effective in border control.

Public Awareness Campaigns: Raising awareness among the public about the negative impacts of smuggling, how it affects individuals and the nation as a whole, what agencies are doing, and what help is required from the public will not only dispel the notion that agencies are doing nothing but will also garner support and information to combat the issue.

Threats:

Cross-Border Conflicts: Ongoing regional conflicts, tensions among security forces at the border, and the terrorism element can disrupt Customs operations and the control of smuggling at the border.

Sophisticated Smuggling Techniques: Smugglers' tactics are continuously evolving, using innovative and more sophisticated methods to avoid detection and detention by law enforcement agencies.

Lack of Political Will: Without strong political will and support, efforts to control smuggling are futile, as the availability of required resources for Customs will only be possible in the presence of a strong political will to act against troublemakers.

Increased Demand for Illicit Goods: High demand for certain smuggled goods can make it difficult to eradicate smuggling activities entirely. This is evident in cases of drug and arms smuggling, where higher demand results in higher rates of smuggling.

Conclusion

The above discussion concludes that smuggling is indeed a complex phenomenon, and addressing this issue is not a simple task. Various factors, such as socio-economic conditions, political instability, and security issues, contribute to the growth of this menace. The government is making considerable efforts to control it, but physical constraints, corruption in the system, and technological limitations hinder effective management. A focused and coordinated approach, with the support of all stakeholders, is required to address the issue effectively.

Recommendations

Controlling smuggling at the Pak-Afghan border requires a multi-faceted approach involving effective policies, cooperation between the two countries, and robust law enforcement measures. Here are several policy recommendations to help control smuggling:

- I. Currently, Pakistan has 8 notified Customs stations along the Pak-Afghan border: Torkham (Khyber), Chaman (Balochistan), Arandu (Chitral), Gursal (Bajaur), Nawa Pass (Mohmand), Kharlachi (Kurram), Ghulam Khan (North Waziristan), and Angoor Adda (South Waziristan). Out of these 8 stations, 2 are fully functional, 3 are semi-functional, and the remaining 3 are not operational at all. This situation reflects a lack of commitment to facilitating people, leaving them with no option but smuggling. It is impractical for someone to travel from Chitral to Khyber just for legal import. These stations need to be operationalized with proper deployment of Customs staff (Pakistan Border Crossings, 2023).
- II. Conduct more research to identify viable locations for new crossing points.

- III. Following the 31st Amendment, there is no longer a concept of exempted areas. We need to move towards focusing on the border and eliminate inland check posts by Customs. Anti-smuggling squads should operate only in border districts to facilitate trade within the rest of the country.
- IV. Rationalize tariffs. Smuggling is not cost-free but has a comparative advantage. Providing equal opportunities will naturally shift these elements toward legal trade.
- V. Implement stern measures on both sides of the border to curb smuggling under the Afghanistan-Pakistan Transit Trade Agreement (APTTA). This could include imposing a quota system or quantitative restrictions based on actual consumption, as the quantity of goods imported by Afghanistan often exceeds their actual requirement, leading to smuggling into Pakistan.
- VI. Address the economic conditions of the area with a focused approach by creating alternative economic opportunities through vocational training, microfinance initiatives, and investment in industries and agriculture to provide legal and sustainable economic avenues.
- VII. Invest in training and capacity-building programs for border guards, law enforcement personnel, and Customs officers to keep pace with world standards. The focus should be on specialized training in detection techniques, interdiction strategies, and the identification of smuggled goods, including drugs, weapons, and counterfeit items. Seek assistance from international organizations, such as the United Nations Office on Drugs and Crime (UNODC) and the World Customs Organization (WCO), to benefit from their expertise, training programs, and technical assistance.
- VIII. Promote intelligence sharing and cooperation between Pakistan and Afghanistan to exchange information on smuggling networks, routes, and key individuals involved. In addition to information sharing, establish joint task forces and dedicated units to investigate and disrupt smuggling operations.
- IX. Develop a countrywide database of criminals, smugglers, and vehicles used in the transportation of smuggled goods.
- X. Implement Coordinated Border Management (CBM) as defined by the World Customs Organization: “a coordinated approach by border control agencies, both domestic and international, in the context of seeking

greater efficiencies over managing trade and travel flows, while maintaining a balance with compliance requirements” (Coordinated Border Management, 2020). Regulate Pak-Afghan border affairs following the WCO CBM concept, involving four levels of commitment and coordination:

- Decision Level: Requires political will and mutual trust from both states to make important decisions regarding border management.
- Planning Level: Border agencies of both countries should interact and develop a mutually agreed-upon functional border management strategy.
- Coordination Level: Coordination between the headquarters of agencies deployed on both sides of the border is necessary for successful implementation of the strategies devised at the planning level.
- Execution Level: On-field bodies should resolve any issues or hurdles encountered during the implementation of the mutually agreed strategy.

- XI. XI. Establish border markets as a tool for the socio-economic uplift of the region. Although a project has been started, it faces many hurdles from the Afghan side. This issue should be discussed with the Afghan government, as implementing this project will create new opportunities for locals.
- XII.
- XIII. XII. Invest in border infrastructure by constructing proper border crossings, establishing Customs facilities, and upgrading roads and transportation networks. This will enable efficient trade and travel while facilitating better monitoring and control of goods and people crossing the border.
- XIV.
- XV. XIII. Establish Customs base stations (similar to Army/FC forts) in border districts with adequate logistics and Customs patrolling units. Focus on concrete measures for border security enhancement, such as increasing the deployment of well-trained staff, establishing additional checkpoints, using advanced surveillance technologies (cameras, drones, sensors), and improving communication networks to enhance coordination between different security agencies.

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