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Trade Tensions Mount at Pakistan-China Border Over Tax Disputes

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A confrontation between traders and government authorities intensified Monday at the Pakistan-China border, as several members of the Pak-China Trades Action Committee were detained amid protests against taxation policies, according to media reports from Gilgit-Baltistan. The traders had closed the Silk Route Dry Port, an important customs and logistics facility, and blocked the Karakoram Highway (KH) in the Hunza and Nagar districts, disrupting travel and commerce in the region.

The Pak-China Trades Action Committee (PCTAC), representing local traders involved in cross-border commerce, initiated the shutdown early Monday. Their central grievance is the ongoing imposition of income tax and sales tax at the Sost Silk Dry Port, a critical hub for goods moving between Pakistan and China. The blockade has left hundreds of travelers, including tourists, stranded along the KH, one of the few arteries connecting Pakistan's northern areas with the rest of the country.

The traders argue that these taxes significantly increase the cost of doing business and erode competitiveness, especially in an already challenging economic environment. Many local voices have expressed frustration that the government's tax policies fail to recognize the unique economic conditions of border trade, placing undue burdens on the traders who sustain regional commerce.

Officials have defended the taxes as essential for revenue generation and regulatory oversight, but have yet to engage in meaningful dialogue with the PCTAC. This hardline approach has only heightened tensions, contributing to the standoff that risks destabilizing trade relations at a critical gateway between the two countries.

Given the geopolitical significance of the Silk Route Dry Port and the Karakoram Highway, a swift resolution is imperative. Continued disruptions not only harm local economies but also threaten broader bilateral trade objectives. Moving forward, government authorities must prioritize open communication with stakeholders to balance fiscal policy with the economic realities of cross-border trade.

The unfolding situation underscores a broader challenge faced by Pakistan's current administration: managing economic demands while ensuring that taxation policies do not stifle commerce or alienate vital regional partners. Unless addressed pragmatically, such disputes could undermine the country's efforts to boost trade and economic growth in strategically important border regions.