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Pakistan's Regional Exports Show Modest Growth

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Pakistan's trade with seven neighboring nations grew by 2.08% in fiscal year 2024-25, reaching \$4.427 billion despite mixed performance across key markets. State Bank of Pakistan (SBP) data reveals these regional exports constituted 13.7% of Pakistan's total \$32.295 billion export portfolio, demonstrating the strategic importance of nearby markets. While China remained the top regional destination despite an

8.6% decline, Afghanistan and Bangladesh emerged as bright spots with 38.7% and 19.1% growth respectively. This uneven performance highlights both opportunities and challenges in Pakistan's regional trade strategy.

The export contraction to China falling from \$2.71 billion to \$2.48 billion raises concerns about Pakistan's competitiveness in its largest regional market. Analysts attribute this decline to shifting Chinese demand and increased competition from Southeast Asian suppliers. Conversely, the surge in Afghan trade reflects improved border management and growing demand for Pakistani foodstuffs and construction materials. Bangladesh's impressive uptake of Pakistani textiles and agricultural products suggests untapped potential in South Asian markets that could offset reliance on traditional Western buyers.

Sri Lanka and Nepal presented disappointing results, with exports dropping 4.1% and 10.1% respectively, underscoring the need for targeted trade initiatives. The marginal trade volumes with India (\$0) and Maldives (not specified) indicate persistent geopolitical barriers limiting South Asian economic integration. Commerce experts emphasize that Pakistan must address both supply-side constraints and diplomatic hurdles to capitalize on regional opportunities. "Our exporters need better trade facilitation and smarter diplomacy to unlock neighboring markets," remarked a Karachi-based trade analyst, noting that regional trade still falls below potential.

As Pakistan navigates global economic headwinds, these regional trade figures offer both warning signs and roadmaps. The Afghanistan and Bangladesh success stories prove that geographic proximity can yield dividends when paired with pragmatic policies. However, the China slump

serves as a reminder that no market can be taken for granted. For Pakistan to achieve export-led growth, it must cultivate regional markets while aggressively addressing productivity gaps that hinder competitiveness. The coming year will test whether Pakistan can transform these modest gains into sustainable trade momentum.

