

Prospects for Regional Connectivity between Central and South Asia: Role of Afghanistan and Pakistan

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Abstract

The chaotic withdrawal of foreign forces from Afghanistan in August 2021 created a new geopolitical landscape in the region. This change offers opportunities for regional actors to assist Afghanistan in resolving its political and economic challenges thereby creating opportunities for regional prosperity. This paper explores the potential of Afghanistan to serve as a pivot for connectivity between Central Asia and South Asia, analyzes potential of Pakistan to serve as a gateway to regional integration and connectivity, and examines the role of China and Russia in shaping the regional dynamics. The study emphasizes potential for economic prosperity that can be achieved by implementing long delayed regional connectivity projects and highlights Pakistan's geo-economic vision, focusing on enhanced engagement with Central Asian Republics (CARs). The findings of this research paper will be helpful in understanding the evolving geopolitical situation in the region and consequent challenges and opportunities for peace, stability and economic development through regional connectivity in Eurasia.

Keywords: Afghanistan, Pakistan, Central Asia, South Asia, Connectivity, Development, Geopolitics, Geo-economics

Introduction

Following the chaotic withdrawal of foreign forces from Afghanistan in August 2021, a significant change in the geopolitical landscape has taken place, impacting the entire region. After two decades of struggle, the Taliban have regained control of Afghanistan. However, there are shared concerns at the regional and global levels regarding political and economic stability in the country, coupled with the risk of terrorism spreading across the region and beyond. As a result, global attention is now turning to regional actors for their assistance in resolving Afghanistan's political and economic challenges. In this context, Pakistan's role will continue to remain important for promoting peace and stability in the region.

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The Taliban interim government is eager to establish diplomatic and economic ties with foreign countries particularly Pakistan, China, Russia, Iran and the CARs. Regional powers remain hopeful for a politically and economically stable Afghanistan that is at peace with itself and its neighbors, in particular Pakistan, which continues to face terrorism emanating from Afghanistan.² The Government of Pakistan has repeatedly highlighted the alarming surge in terrorist incidents, citing a 60% increase, and a staggering 500% rise in suicide bombings in Pakistan since the Taliban have regained control of Kabul. These attacks have claimed the lives of nearly 2,300 Pakistanis and the bloodshed has been attributed to the Tehrik-i-Taliban Pakistan (TTP), a group operating from bases in Afghanistan.³

The above is in sharp contrast to the assurance given by Afghanistan's interim Foreign Minister Mr Amir Khan Muttaqi in a statement in October 2021, outlining the new foreign policy of the Taliban interim government where he emphasized Afghanistan's commitment to not allowing its territory to be used as a base for threatening the security of other countries.⁴

Afghanistan has consistently attracted the attention of major world powers due to its strategic location and geopolitical and geo-economic considerations. It serves as a crucial link connecting Pakistan with Central Asia. Afghanistan is located on the ancient trade routes collectively known as "The Silk Road," which traversed various regions in Asia.⁵ This route served as a vital trade artery connecting the Roman Empire, Medieval European countries and China.⁶

Central Asia possesses abundant reserves of oil and gas. However, its potential to become an economic powerhouse in the region is hindered by its landlocked nature. Nevertheless, the historical, economic and socio-cultural

² "Taliban, China, Russia Foreign Ministers Attend Huddle on Afghanistan." n.d. VOA. <https://www.voanews.com/a/russia-china-fm-attend-high-level-conference-on-afghanistan-/7049551.html>

³ "Pakistan to Taliban-Ruled Afghanistan: Choose Bilateral Ties or Support for Militants." 2023. Voice of America. November 8, 2023. <https://www.voanews.com/a/pakistan-to-taliban-ruled-afghanistan-choose-bilateral-ties-or-support-for-militants-/7346720.html>.

⁴ "Taliban Wins Regional Backing for UN Aid Conference." n.d. www.aljazeera.com. <https://www.aljazeera.com/news/2021/10/20/russia-hosts-taliban-for-talks-but-warns-no-recognition-for-now>.

⁵ Omrani, B. (2015, July 15). 'Afghanistan and the Silk Road: The land at the heart of world trade'. <https://unama.unmissions.org/afghanistan-and-silk-road-land-heart-world-trade-bijan-omrani>.

⁶ Britannica, T. Editors of Encyclopaedia (2021, November 9). Silk Road. Encyclopaedia Britannica. <https://www.britannica.com/topic/Silk-Road-trade-route>

links between Central Asia and South Asia are extensive. There is therefore significant potential for multidimensional cooperation between Pakistan, Afghanistan and CARs.⁷

Given the vital role of a stable Afghanistan in fostering regional peace and stability, the evolving situation in Afghanistan presents a very precarious predicament for Pakistan.⁸ Consequently, Pakistan's policy initiatives have become crucial in ensuring regional peace and prosperity. Moreover, pursuing a well-balanced geostrategic approach towards Afghanistan not only holds potential economic benefits for Pakistan but also for its neighboring states and the broader region. The two neighboring Muslim countries, Afghanistan and Pakistan, share a 2640-kilometer-long border, offering significant potential for mutually beneficial outcomes owing to their geostrategic location. Unfortunately, historically, relations between Afghanistan and Pakistan have been characterized by persistent undercurrents of tensions and conflict rather than cordiality and cooperation. However, the change of government in Kabul in August 2021 has transformed the dynamics of relationship between the two neighboring countries, presenting greater prospects for regional cooperation.

Several factors contribute to the increasing opportunities for regional cooperation. Firstly, the withdrawal of foreign forces from Afghanistan has ushered in a new geopolitical landscape in the region. Secondly, Pakistan's policy focus has recently shifted from geopolitics to geo-economics, emphasizing the diversification of resources through economic measures. Pakistan, leveraging its geostrategic location, holds considerable potential to become a hub of regional connectivity and development by working closely with Afghanistan and other regional actors including China and Russia, which have shared interests in Afghanistan.⁹

This research paper explores the potential of Afghanistan acting as the lynchpin of connectivity between Central and South Asia. Additionally, the study aims to analyze opportunities that may arise for Pakistan for enhancing trade and economic cooperation with regional countries. Furthermore, it investigates the role of China and Russia in shaping the regional dynamics.

⁷ Wasi, Nausheen. 2002. "Pakistan's Interests in Central Asia." *Pakistan Horizon* 55 (4): 15–26. <http://www.jstor.org/stable/41404017>.

⁸ Noor, Sitara. "The Taliban's Ascendance in Afghanistan: Implications for Pakistan." *Counter Terrorist Trends and Analyses* 13, no. 4 (2021): 14–18. <https://www.jstor.org/stable/48618778>.

⁹ Fischer, Sabine, and Angela Stanzel. "Afghanistan: The West Fails – a Win for China and Russia?" *Stiftung Wissenschaft und Politik*, September 2021. https://www.swpberlin.org/publications/products/comments/2021C50_MoscowBeijing_Afghanistan.pdf.

The following research questions have been answered in the paper: (i) What is the potential of Afghanistan to serve as a pivot for connectivity between Central Asia and South Asia?; (ii) What is the potential of Pakistan to play a central role in promoting regional integration, particularly in facilitating enhanced engagement with the CARs?; and (iii) What are the key strategies employed by China and Russia in shaping the regional dynamics amid the evolving geopolitical situation in Afghanistan and the region?

This research paper uses a qualitative approach and relies on secondary sources including academic papers, reports, and news articles. Through a literature review, the paper will explore Afghanistan's potential as a hub for connecting Central and South Asia, Pakistan's role in regional integration, and the influence of China and Russia. The information gathered will be analyzed to understand the evolving geopolitical situation in the region and the opportunities and challenges it presents for peace, stability and shared economic growth.

Pakistan's Approach to Peace and Stability in Afghanistan

In the United States-led Global War on Terror, Pakistan experienced a significant toll second only to Afghanistan in terms of casualties. Pakistan suffered a loss of more than 83,000 lives¹⁰ and an estimated economic loss of USD 150 billion due to the spillover effects of instability in Afghanistan.¹¹ Despite the colossal damage, Pakistan assumed a pivotal role in fostering diplomatic initiatives aimed at achieving peace in Afghanistan. Notably, Pakistan played a key role in facilitating the High Afghan Peace Council (HPC) talks between the Taliban and the Afghan government in 2010. The Murree Talks hosted by Pakistan in July 2015 marked the first official dialogue between the Taliban and the Afghan government since 2001. Pakistan hosted the 5th Ministerial Conference of the Heart of Asia – Istanbul Process (HOA-IP) on 9 December 2015, reaffirming its commitment to promoting regional security, economic cooperation and political dialogue centered on Afghanistan.

The inaugural meeting of the Quadrilateral Coordination Group (QCG) on the Afghan peace and reconciliation process was held in Islamabad in January 2016. Russia valued Pakistan's ability to contribute to the Afghan peace process and therefore decided to cooperate closely with Islamabad by

¹⁰ gulfnews.com. (n.d.). *83,000 lives lost in Pakistan's war on terrorism*. [online] Available at: <https://gulfnews.com/world/asia/pakistan/83000-lives-lost-in-pakistans-war-on-terrorism-1.76428064>.

¹¹ "Officials Say 'War on Terror' Caused over \$150 Billion in Losses for Pakistan since 9/11," Arab News PK, September 11, 2021, <https://www.arabnews.pk/node/1926731/pakistan>.

establishing the Moscow Format of Consultations in December 2016. Russia was also instrumental in bringing Pakistan into the Troika on Afghanistan comprising three big powers – Russia, China and the United States. It was renamed as Troika Plus after the inclusion of Pakistan. It was a unique honor for Pakistan as many other countries including India had made unsuccessful attempts to become a part of this exclusive quadrilateral grouping.

Pakistan continued its proactive engagement in fostering peace in Afghanistan by supporting the Doha Peace Talks. As a Confidence Building Measure (CBM), Pakistan released Mullah Abdul Ghani Baradar from prison in October 2018, which enabled him to play his role as the principal representative of the Taliban in the 2020 Doha Peace Talks. After multiple rounds of talks facilitated by Pakistan and nearly two decades of war, a peace deal or the Doha Accord was signed between the United States and the Taliban on 29 February 2020 in Doha. The agreement paved way for the peace and the withdrawal of foreign troops from Afghanistan.¹² However, the withdrawal of the troops without a well-planned exit strategy provided the Taliban with ample opportunity to seize control of Afghanistan. In August 2021, the Taliban dramatically regained control of Kabul with minimal resistance, mirroring their previous takeover of the Afghan capital.¹³

The US and NATO troops left Afghanistan in a chaotic manner followed by grave humanitarian and economic crises. The UN World Food Programme (WFP) had warned that more than half of the population, about 22.8 million people, could face acute food insecurity, while 3.2 million children under five could suffer from acute malnutrition due to a sharp increase in inflation.¹⁴ The World Health Organization (WHO) had also alerted regarding the collapse of the healthcare system in Afghanistan.¹⁵ Ironically, the United States froze Afghanistan Central Bank's assets worth USD 9.5 billion thereby leading to

¹² Maizland, Lindsay. 2020. "US-Taliban Peace Deal: What to Know." Council on Foreign Relations. March 2, 2020. <https://www.cfr.org/backgrounder/us-taliban-peace-deal-agreement-afghanistan-war>.

¹³ Mellen, Ruby. 2021. "The Shocking Speed of the Taliban's Advance: A Visual Timeline." Washington Post. August 16, 2021. <https://www.washingtonpost.com/world/2021/08/16/taliban-timeline/>.

¹⁴ "Half of Afghanistan's Population Face Acute Hunger as Humanitarian Needs Grow to Record Levels | World Food Programme." 2021. www.wfp.org. October 25, 2021. <https://www.wfp.org/news/half-afghanistans-population-face-acute-hunger-humanitarian-needs-grow-record-levels>.

¹⁵ World Health Organization. 2022. "Afghanistan's Health System Is on the Brink of Collapse: Urgent Action Is Needed." www.who.int. January 24, 2022 <https://www.who.int/news-room/feature-stories/detail/afghanistan-s-health-system-is-on-the-brink-of-collapse-urgent-action-is-needed>.

an acute economic crisis in the country.¹⁶ The International Monetary Fund (IMF) had also restricted the Taliban from accessing USD 440 million in emergency reserves.¹⁷

Contrarily, Islamabad took urgent steps to help suffering Afghans. Pakistan immediately announced medical, food and other humanitarian aid worth USD 28 million for Afghanistan including 50,000 metric tons of wheat. Pakistan also authorized the transport of food aid from India through Pakistan to Afghanistan.¹⁸

Following the events of 15 August 2021, when the operation to evacuate the US troops, citizens and other NATO nationals was underway, Pakistan emerged as the “biggest base” for the safe evacuation of foreigners from Afghanistan. Islamabad facilitated numerous foreign military and commercial flights, granting access to its airspace for airlift operations from Kabul.¹⁹ Moreover, Pakistan allowed the continued operation of Air Lines of Communication (ALOC) and Ground Lines of Communication (GLOC), serving as crucial logistical lifelines for the US and NATO forces in Afghanistan.

Pakistan was one of the few countries which maintained embassies in Kabul, issuing visas to foreigners, including diplomats and journalists. The Executive Director of the WFP acknowledged Pakistan’s support in repairing damaged planes returning from Kabul and establishing a “humanitarian air bridge” over the war-torn country.²⁰

¹⁶ Mohsin, Saleha. 2021. “US Freezes Afghan Central Bank’s Assets of \$9.5bn.” Al Jazeera. August 18, 2021. <https://www.aljazeera.com/economy/2021/8/18/us-freezes-afghan-central-banks-assets-of-9-5bn#:~:text=The%20U.S.%20has%20frozen%20nearly>.

¹⁷ Lawder, David. 2021. “IMF Blocks Afghanistan’s Access to SDR Reserves over Lack of Clarity on Government.” *Reuters*, August 19, 2021, sec. Asia Pacific. <https://www.reuters.com/world/asia-pacific/biden-administration-seeks-block-taliban-accessing-reserves-imf-new-york-times-2021-08-18/>.

¹⁸ Asad Hashim, “Pakistan Pledges \$28m in Afghanistan Humanitarian Support,” Al Jazeera, accessed January 5, 2024, <https://www.aljazeera.com/news/2021/11/23/pakistan-pledges-28-million-in-afghanistan-humanitarian-support#:~:text=%E2%80%9C5BThe%20PM%5D%20ordered%20an>.

¹⁹ “Pakistan Emerges as ‘Biggest Base for Evacuation’ of Foreigners from Afghanistan,” *gulfnews.com*, accessed December 1, 2022, <https://gulfnews.com/world/asia/pakistan/pakistan-emerges-as-biggest-base-for-evacuation-of-foreigners-from-afghanistan-1.81866652>.

²⁰ Dawn.com, “WFP Chief Thanks Pakistan for Help in Establishing ‘Humanitarian Air Bridge’ to Afghanistan,” DAWN.COM, August 26, 2021, <https://www.dawn.com/news/1642737>.

On 11 November 2021, Pakistan hosted the Troika Plus meeting addressing critical issues such as the economic crisis, women's rights, humanitarian aid, and the role of the UN in stabilizing Afghanistan.²¹ As the humanitarian situation in Afghanistan grew increasingly dire, Pakistan urged the international community not to isolate the Taliban administration and the Afghan people.²²

More recently, Ambassador Asif Durrani (R), Pakistan's special representative on Afghanistan, highlighted during the 2023 Margalla Dialogue that the regional approach had played a crucial role in supporting Afghanistan. He noted that there exists an understanding among Afghanistan's immediate neighbors and Russia to jointly recognize the Taliban government at an appropriate time.²³

Interests of Regional Powers in Afghanistan

Afghanistan, historically recognized as the "Graveyard of Empires," has significantly shaped regional geopolitical dynamics, compelling neighboring nations to adopt stringent foreign policy measures. Due to over four decades of turmoil in Afghanistan, the region has remained economically underdeveloped. However, with the withdrawal of foreign forces from Afghanistan, new opportunities have emerged for global and regional powers such as Pakistan, Iran, China, Russia and CARs to boost their economic activities in the region.

China, Pakistan and Afghanistan have the opportunity to cooperate within the framework of China Pakistan Economic Corridor (CPEC). Both the nations have already expressed their willingness to extend CPEC to Afghanistan.²⁴ Iran, faced with severe economic sanctions, is also seeking cooperative markets in the region. Russia continues to maintain its traditional interest in the region, particularly in securing access to warm-water ports.

²¹ "Joint Statement: Joint Statement on Troika plus Meeting, 11 November 2021, Islamabad," mofa.gov.pk, accessed January 5, 2024, <https://mofa.gov.pk/press-releases/joint-statement-joint-statement-on-troika-plus-meeting-11-november-2021-islamabad>.

²² Voice of America. "Pakistan PM Urges World to Support Taliban, Not Isolate It," September 24, 2021. <https://www.voanews.com/a/pakistan-pm-urges-world-to-support-taliban-not-isolate-it/6245191.html>.

²³ "Regional Countries Mulling Simultaneous Taliban Recognition, Pakistani Envoy Says." 2023. Voice of America. November 16, 2023. <https://www.voanews.com/a/regional-countries-mulling-simultaneous-taliban-recognition-pakistani-envoy-says/7357983.html>.

²⁴ Voice of America. "Extension of China-Pakistan Corridor to Afghanistan Presents Challenges," July 12, 2023. <https://www.voanews.com/a/extension-of-china-pakistan-corridor-to-afghanistan-presents-challenges-/7178387.html>.

Economic Prosperity through Regional Connectivity

The emergence of globalization has opened up new avenues for connectivity and regional cooperation, and the world is more connected than ever before. The European Union (EU) stands as a prime example of regional connectivity, embodying a vision of cooperation and integration among its member states. Established in the aftermath of World War II with the primary goal of fostering economic collaboration, the EU has evolved into a multifaceted organization that extends beyond trade.

The removal of barriers to the movement of goods, services, capital and people has not only facilitated economic growth but also fostered a sense of interconnectedness among EU member states. The Schengen Agreement, which allows for visa-free travel across participating countries, symbolizes the deep level of trust and collaboration. Additionally, the euro currency further solidifies economic ties. The EU's success in regional connectivity serves as an inspiration for other regions seeking to overcome historical divides and build a common future based on cooperation and mutual understanding.

Several connectivity projects in Central Asia and South Asia aim to enhance trade, transportation and economic integration among the countries in these regions.

i. Central Asia Regional Economic Cooperation (CAREC) Program

The Asian Development Bank (ADB) initiated the Central Asia Regional Economic Cooperation (CAREC) Program in 1997 to promote economic cooperation among nations in Central Asia, as well as neighboring regions such as Transcaucasia and South Asia. It involves 11 member countries including Afghanistan, Azerbaijan, China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan and Uzbekistan working collectively to develop transport corridors, energy infrastructure and trade facilitation to improve regional connectivity and foster economic cooperation.

The central vision of the CAREC Program is “Good Neighbors, Good Partners and Good Prospects.” By December 2021, the CAREC program had made significant investments in member countries amounting to USD forty-one billion.²⁵ Pakistan's road network is linked to CAREC Corridor 5 (East Asia-Middle East and South Asia) which creates an important trade route between landlocked CARs and Pakistan's strategically located warm water ports of Gwadar and Karachi.²⁶

²⁵ “CAREC Program.” n.d. CAREC Program. https://www.carecprogram.org/?page_id=31.

²⁶ “Pakistan.” n.d. CAREC Program. https://www.carecprogram.org/?page_id=9.

ii. Belt and Road Initiative (BRI)

China's ambitious global infrastructure project, the Belt and Road Initiative (BRI), also known as the New Silk Road, was introduced by President Xi Jinping in 2013. Its primary goal was to establish extensive connections between East Asia and Europe through various development and investment initiatives. Over the past decade, the BRI has expanded its scope to include Africa, Oceania and Latin America, significantly enhancing China's economic and political influence. Originally, it comprised the Silk Road Economic Belt and the Maritime Silk Road and was referred to as the One Belt, One Road (OBOR) initiative.²⁷

The project encompasses the establishment of an extensive network of railways, energy pipelines, highways and streamlined border crossings. This network would extend westward through the Central Asia and southward towards Pakistan and Southeast Asia. The BRI aims to overcome connectivity challenges across Asia. Additionally, China has financed special economic zones to promote employment opportunities. The 21st Century Maritime Silk Road, announced at the 2013 ASEAN summit, focuses on investing in port development along the Indian Ocean, spanning Southeast Asia to East Africa and parts of Europe, to facilitate maritime trade.²⁸

Currently, over 150 countries, representing around 75% of the world's population and accounting for more than half of the global Gross Domestic Product (GDP), have either participated in BRI projects or expressed interest in doing so.²⁹ China has already invested an estimated USD one trillion in BRI efforts and experts project that expenditures over the BRI's lifespan could potentially reach up to USD eight trillion.³⁰

iii. China Pakistan Economic Corridor (CPEC)

Introduced in 2015 by President Xi Jinping, the CPEC is an ambitious connectivity project with a funding of USD sixty-two billion.³¹ The project aims

²⁷ Chatzky, Andrew, James McBride and Noah Berman. 2023. "China's Massive Belt and Road Initiative." Council on Foreign Relations. February 2, 2023. <https://www.cfr.org/backgrounder/chinas-massive-belt-and-road-initiative>.

²⁸ Ibid.

²⁹ Wang Jun former Deputy Prime Minister of China, "Soft Roads of the BRI Initiative," Pakistan Observer, July 12, 2023, <https://pakobserver.net/soft-roads-of-the-bri-initiative/>.

³⁰ Ibid. Chatzky, Andrew, James McBride and Noah Berman. 2023. "China's Massive Belt and Road Initiative." Council on Foreign Relations. February 2, 2023. <https://www.cfr.org/backgrounder/chinas-massive-belt-and-road-initiative>.

³¹ "CPEC Investment Pushed from USD five billion to USD sixty-two billion." 2017. The Express Tribune. April 12, 2017. <https://tribune.com.pk/story/1381733/cpec-investment-pushed-55b-62b>.

to establish a transportation link from the western Chinese city of Kashgar to the deep seaport of Gwadar in Pakistan, strategically positioned near Iran and the shipping lanes of the Persian Gulf. As a crucial component of China's broader BRI, the CPEC is envisioned as a growth axis and a development belt that fosters collaboration, mutual benefits and common prosperity. At its core, the CPEC revolves around the establishment of a comprehensive transportation corridor and industrial cooperation between China and Pakistan.

Over the last ten years CPEC has attracted an influx of direct investments totaling USD 25.4 billion from China. The construction of 510 kilometers of highways and the expansion of the national transmission network by 886 kilometers have also been key accomplishments of the CPEC.³² The project has been instrumental in generating around 200,000 employment opportunities. Projects under CPEC have also bolstered the country's power sector, resulting in the production of 8,020 MW of electric power.³³

While the CPEC brings substantial benefits to both Pakistan and China, its potential extends far beyond the two countries. It holds remarkable promise for the region and the world, representing a journey toward economic regionalization in an increasingly globalized world. The CPEC embodies a model centered on peace, development and win-win outcomes for all parties involved.³⁴

iv. Turkmenistan-Afghanistan-Pakistan-India (TAPI) Gas Pipeline

Signed in December 2010, the TAPI gas pipeline is a major energy project that aims to transport natural gas from Turkmenistan to Afghanistan, Pakistan and India through 1,814 kilometer pipeline with a capacity to transport 33 billion cubic meters of natural gas annually.³⁵ The pipeline will establish a direct energy link between Central Asia and South Asia. Once operational, TAPI will transform the regional energy landscape.

For three decades, the development of TAPI was not possible due to the situation in Afghanistan. However, in a major development, Turkmenistan and Pakistan have entered into a formal agreement known as the Joint

³² "CPEC Projects Garnered \$25b Direct Investment," The Express Tribune, July 10, 2023, <https://tribune.com.pk/story/2425529/cpec-projects-garnered-25b-direct-investment>.

³³ "10-Year Celebrations: Planning Minister Spells out CPEC Achievements," Brecorder, June 23, 2023, <https://www.brecorder.com/news/40249413>.

³⁴ "CPEC | China-Pakistan Economic Corridor (CPEC) Authority Official Website." <https://cpec.gov.pk/>.

³⁵ "Pakistan and Turkmenistan Sign Agreement for TAPI Gas Pipeline Project," World Pipelines, June 12, 2023, <https://www.worldpipelines.com/project-news/12062023-pakistan-and-turkmenistan-sign-agreement-for-tapi-gas-pipeline-project/>.

Implementation Plan (JIP) with the aim of expediting progress on the TAPI. Notably, Pakistan has proposed to Turkmenistan the development of a section of the gas pipeline reaching up to Herat in Afghanistan. This proposition is also anticipated to facilitate the overall advancement of the project.³⁶

v. Afghanistan-Pakistan Transit Trade Agreement of 2010 (APTTA)

The agreement permits Afghanistan to access Pakistani seaports and land routes enabling international trade and export of Afghan goods to India. In return, Islamabad gains access to Central Asian markets through Afghanistan. According to the State Bank of Pakistan, Pakistan emerged as Afghanistan's largest trade partner in 2022, with bilateral trade reaching a value of USD 1.5 billion.³⁷ According to Pakistan's Ministry of Commerce, over the past decade, more than 832,000 containers of Afghan transit trade carrying goods worth USD thirty-three billion have crossed Pakistan. Afghanistan unilaterally pulled out of the APTTA in March 2017.³⁸ However, Pakistan extended the Agreement in 2022 and subsequently granted another extension until the signing of the revised APTTA.³⁹

vi. Central Asia-South Asia Electricity Transmission and Trade Project (CASA-1000)

CASA-1000 is a USD 1.2 billion project which will allow the export of surplus hydroelectricity from Central Asia to South Asia through 1,387-kilometer-long transmission lines across four countries. The project stands as the largest regional power project that will transport 1,300 MW of electricity from Tajikistan and Kyrgyz Republic to Afghanistan and Pakistan. The project serves as a crucial first step in strengthening regional energy cooperation and facilitating cross-border electricity trade.⁴⁰ The project is

³⁶ "TAPI Gas Pipeline Implementation Plan Signed." n.d. www.thenews.com.pk. <https://www.thenews.com.pk/print/1078383-tapi-gas-pipeline-implementation-plan-signed>.

³⁷ Silk Road Briefing. 2023. "China to Become Afghanistan's Second Largest Trade Partner in 2023 - Silk Road Briefing," February 16, 2023. <https://www.silkroadbriefing.com/news/2023/02/16/china-to-become-afghanistans-second-largest-trade-partner-in-2023/#:~:text=Pakistan%2C%20currently%20the%20largest%20Afghani>.

³⁸ "Afghan President Bans Pakistani Trucks from Entering Afghanistan." DAWN.COM. October 23, 2017. <https://www.dawn.com/news/1365712/afghan-president-bans-pakistani-trucks-from-entering-afghanistan>.

³⁹ <https://tribune.com.pk/author/190>. 2022. "Revised Transit Trade Deal Remains Elusive." The Express Tribune. May 20, 2022. <https://tribune.com.pk/story/2357393/revised-transit-trade-deal-remains-elusive>.

⁴⁰ "CASA-1000 – CASA 1000 Power Transmission and Trade Project." n.d. <https://www.casa-1000.org/>.

delayed due to the withdrawal of funding by the USAID and World Bank after the Taliban took control of Kabul.⁴¹

vii. The Wakhan Corridor

The Wakhan Corridor, a narrow 350-kilometer-long strip of territory located in north-eastern Afghanistan, possesses significant potential for regional connectivity. At its narrowest point, it is just 18-kilometer-wide. The corridor connects China with Afghanistan and separates Tajikistan from Pakistan. The Corridor's strategic location makes it a potential hub for facilitating trade and transportation between Central Asia, South Asia and the Middle East. It also provides Pakistan with the shortest route to Central Asia.⁴²

Additionally, the corridor's proximity to the Karakoram Highway and the CPEC adds to its geostrategic importance. It aligns with China's BRI, providing a shorter and easier access route to Afghan markets. By improving road and rail networks, border crossing facilities and logistical infrastructure, the Corridor could provide a shorter and more efficient trade route for landlocked countries of Central Asia to access the ports in Pakistan and the Arabian Sea.⁴³ The Afghan government has been engaging in trade and investment discussions with China, urging it to accelerate efforts in reopening the Silk Road trade routes, specifically the Wakhan Corridor.⁴⁴

viii. The Shanghai Cooperation Organization (SCO)

The Shanghai Cooperation Organization (SCO) is the largest regional organization in the world in terms of both geographic scope and population. It encompasses approximately 80% of the Eurasian territory with member states comprising around 50% of the world's population.⁴⁵ The main objectives of the SCO are: (i) to strengthen relations among member states; (ii) to promote cooperation in political affairs, economics, trade, scientific-technical, cultural and educational spheres as well as in energy, transportation, tourism and

⁴¹ "CASA-1000 Project Reportedly Delayed for Two More Years," TOLONews, accessed July 12, 2023, <https://tolonews.com/business-182159>.

⁴² Munir, Muhammad. 2018. "Pakistan-China Strategic Interdependence: Post-9/11 Imperatives." *Strategic Studies* 38 (2): 21–42. <https://www.jstor.org/stable/48539135>.

⁴³ "The Wakhan Corridor." 2023. *The Nation*. June 16, 2023. <https://www.nation.com.pk/16-Jun-2023/the-wakhan-corridor>.

⁴⁴ "Afghanistan in Talks with China to Re-Establish Old Silk Road Trade Routes." 2022. *Silk Road Briefing*. November 29, 2022. <https://www.silkroadbriefing.com/news/2022/11/30/afghanistan-in-talks-with-china-to-re-establish-old-silk-road-trade-routes/>.

⁴⁵ "How Pakistan Can Further Leverage SCO in 2022 and Beyond?" 2022. *The Express Tribune*. October 6, 2022. <https://tribune.com.pk/story/2380474/how-pakistan-can-further-leverage-sco-in-2022-and-beyond>.

environmental protection; (iii) to safeguard regional peace, security and stability; and (iv) to create a democratic, equitable international political and economic order.⁴⁶ Currently, SCO full members include China, Russia, Kyrgyz Republic, Kazakhstan, Tajikistan, Uzbekistan, Pakistan, India and Iran. Economically, the SCO commands a significant share of the global market, with its member states accounting for more than 30% of the world's GDP.⁴⁷ Therefore, the Organization holds great potential for enhancing economic integration and collaboration thereby unlocking substantial economic benefits for its member states and promoting greater regional prosperity. By fostering trade, investment and infrastructure development within the region, the SCO can enhance economic integration and development in the region.

The SCO can also contribute to regional security and stability, which is essential for economic development. In the area of counterterrorism efforts on the regional level, SCO's Regional Anti-Terrorist Structure (RATS) coordinates with the regional countries to combat three evils including terrorism, extremism and separatism. It provides a platform for member states to interact, conduct counterterrorism exercises and collaborate on search operations and other counterterrorism activities.⁴⁸

ix. South Asian Association for Regional Cooperation (SAARC)

SAARC was established in 1985 with the aim of promoting regional cooperation and integration among South Asian countries. Member countries include Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. However, the effectiveness of SAARC has been hindered mainly due to political tensions among member countries. Since November 2016, the Organization remains dysfunctional due to India's refusal to attend the 19th SAARC Summit in Islamabad. Additionally, regional initiatives such as the South Asian Free Trade Area (SAFTA) have also faced implementation challenges. South Asia's trade dynamics reveal that intra-regional trade constitutes a mere 5% of its overall commercial activities.⁴⁹ This meager figure has led the World Bank to classify the region as one of the least integrated in the global context.⁵⁰

⁴⁶ "Shanghai Cooperation Organization (SCO) Initiative." n.d. Aric.adb.org. <https://aric.adb.org/initiative/shanghai-cooperation-organization>.

⁴⁷ "Shanghai Cooperation Organisation | SCO." n.d. Eng.sectsc.org. <http://eng.sectsc.org/news/20191023/590687.html>.

⁴⁸ "Structure | SCO." n.d. Eng.sectsc.org. <http://eng.sectsc.org/structure/#6>.

⁴⁹ "SAARC Is Dead. Long Live Subregional Cooperation." n.d. Thediplomat.com. <https://thediplomat.com/2022/09/saarc-is-dead-long-live-sub-regional-cooperation/>.

⁵⁰ "Overview." n.d. World Bank. <https://www.worldbank.org/en/programs/south-asia-regional-integration/overview>.

x. Economic Cooperation Organization (ECO)

Regional Cooperation for Development (RCD), which was established in 1964 with Pakistan, Iran and Türkiye as its members, was renamed Economic Cooperation Organization in 1985. ECO was initially envisioned as a platform for fostering regional connectivity among Pakistan, Iran and Türkiye. In 1992, ECO was expanded to include Afghanistan, five Central Asian Republics (CARs) and Azerbaijan with a view to facilitating connectivity across Europe, Central Asia, South Asia, the Middle East and the Caucasus.⁵¹

The inclusion of CARs significantly amplified ECO's connectivity potential, particularly considering the vast untapped natural resources in the region. The landlocked CARs, rich in resources, are actively seeking access to global markets, and ECO provides them with vital gateways through Pakistan, Iran and Türkiye. This connectivity has increased the overall resource potential of ECO. ECO covers twice the area of the EU with approximately 6% of the world's population. It stands at the heart of the world's most important junction connecting five regions (Europe, Central Asia, South Asia, the Middle East and the Caucasus) making it a potential trade hub for global commerce. ECO's geostrategic location, connectivity potential and rich energy resources make it a key driver for the regional connectivity.⁵²

China's Strategic Interests in Afghanistan

China is interested in exploring economic opportunities offered by Afghanistan. Beijing has recently become the first country to welcome the appointment of Ambassador of the interim Afghan government to China.⁵³ China and Pakistan agreed in May 2023 to include Afghanistan in CPEC, which is the flagship project of BRI. This accord, as reported by Pakistan's Ministry of Foreign Affairs, has the potential to attract substantial financial resources, amounting to billions of dollars, which would be allocated towards the development of critical infrastructure projects within Afghanistan.⁵⁴ By

⁵¹ "History – Economic Cooperation Organization." n.d. Accessed February 28, 2024. <https://eco.int/history/>.

⁵² Ameer Khan, Osama Ameer, and Khan, "Reviving Economic Cooperation Organisation (ECO) for Regional Connectivity" 3, no. 1: 2022, accessed January 3, 2024, <https://journals.pakistanreview.com/index.php/JGPSS/article/download/137/93>.

⁵³ Voice of America. (2024). *China's President Accepts Credentials from Afghan Representative*. [online] Available at: <https://www.voanews.com/a/china-s-president-receives-afghan-ambassador-taliban-seek-recognition-from-russia-iran-/7463837.html>.

⁵⁴ Briefing, Silk Road. 2023. "Afghanistan Accepted into China's Belt & Road Initiative." Silk Road Briefing. May 29, 2023. <https://www.silkroadbriefing.com/news/2023/05/29/afghanistan-accepted-into-chinas-belt-road-initiative/>.

joining CPEC, Afghanistan will have the opportunity to stabilize its economy by expanding its trade prospects.

Given the vast mineral wealth in the country, there exists significant potential for collaboration between China and Afghanistan in the exploitation of these mineral resources. According to the Ministry of Mines and Petroleum of Afghanistan, the country possesses significant reserves of rare earth minerals estimated to have economic value ranging from USD one to three trillion. These valuable resources encompass a diverse range of minerals such as copper, gold, oil, natural gas, coal, chromium, gemstones, iron ore, uranium, gypsum, bauxite, lithium, lead, zinc, talc, sulfur, travertine and marble.⁵⁵

In January 2023, the Taliban signed an arrangement with a Chinese corporation, granting it the rights to exploit oil reserves located in the northern region of Afghanistan. Within the terms of the agreement, the Xinjiang Central Asia Petroleum and Gas Company has committed to invest USD 150 million annually in Afghanistan, with the amount rising to USD 540 million within three years, throughout the duration of the 25-year contract.⁵⁶

Russian Vision for Eurasian Integration

With the withdrawal of foreign forces from Afghanistan, Russia aims to implement President Putin's vision of Eurasian integration. The Russian vision for regional connectivity revolves around strengthening economic integration, infrastructure development and cooperation among neighboring countries. The Eurasian Economic Union (EAEU) plays a central role in Russia's strategy, aiming to deepen economic integration among member states through the elimination of trade barriers, the harmonization of regulations and the facilitation of cross-border transportation and logistics.⁵⁷ Moscow also emphasizes the importance of energy connectivity, particularly through pipelines and energy infrastructure projects, to ensure the reliable supply and transit of energy resources across the region.⁵⁸ Additionally, Russia actively

⁵⁵ Daly, Tom and Shivani Singh. 2021. "Factbox: What Are Afghanistan's Untapped Minerals and Resources?" Reuters. August 19, 2021. <https://www.reuters.com/world/asia-pacific/what-are-afghanistans-untapped-minerals-resources-2021-08-19/>.

⁵⁶ "Taliban Settle Oil Deal with Chinese Company." n.d. [thediplomat.com](https://thediplomat.com/2023/01/taliban-settle-oil-deal-with-chinese-company/) Accessed June 12, 2023.

⁵⁷ "Eurasian Economic Union." 2017. [Eaeunion.org](http://www.eaeunion.org/?lang=en#about). 2017.

⁵⁸ "What the 'Power of Siberia' Tells Us about China-Russia Relations." n.d. [thediplomat.com](https://thediplomat.com/2019/12/what-the-power-of-siberia-tells-us-about-china-russia-relations/). Accessed June 19, 2023.

participates in various multilateral initiatives, such as SCO and the Collective Security Treaty Organization (CSTO), which serve as platforms for regional cooperation and security.⁵⁹

Russia's vision for regional connectivity extends beyond its immediate neighborhood, as evidenced by President Putin's vision of Greater Eurasian Partnership (GEP). The development of transportation corridors will open up new trade routes and diversify economic linkages. Russia also supports infrastructure projects, such as the Eurasian Land Bridge, which seeks to connect Europe and Asia through Russia, promoting transit trade and reinforcing Russia's position as a key transit country.⁶⁰

President Putin sees BRI as important for Russia. Russia's participation in the BRI will further strengthen existing strategic partnership between Russia and China, potentially replacing the US influence in the region.⁶¹ On 8 May 2015, a Joint Statement on Cooperation regarding the development of joint projects between the EAEU and the Silk Road was signed by China and Russia.⁶² In May 2018, another significant agreement for trade and economic cooperation was concluded among the member states of the EAEU and China.⁶³

Geo-economic Imperatives of Central Asian Republics (CARs)

The Central Asian Republics (CARs) – Kazakhstan, Uzbekistan, Turkmenistan, Kyrgyz Republic and Tajikistan – are resource-rich countries with vast reserves of gas, oil, coal, iron and also produce important agricultural products such as wheat and cotton.⁶⁴ However, their geographical position and lack of access to the sea limit their possibilities for foreign trade. Likewise, interregional trade potential between South and Central Asia remains largely untapped. The integration of regional countries through cross-border

⁵⁹ Dorjpalam, Erdenetsogt. n.d. "Analytics." Valdai Club. Accessed June 19, 2023 <https://valdaiclub.com/a/highlights/russia-central-asia-and-the-csto/>.

⁶⁰ "The Eurasian Landbridges | Port Economics, Management and Policy." 2020. November 20, 2020. <https://porteconomicsmanagement.org/pemp/contents/part2-port-hinterlands-regionalization/eurasian-landbridge/>.

⁶¹ CGTN. 2023. "Putin: Eurasian Economic Union Supports Pairing with China's BRI." News.cgtn.com. May 25, 2023. <https://news.cgtn.com/news/2023-05-25-Putin-Eurasian-Economic-Union-supports-pairing-with-China-s-BRI-1k65JcgBE1a/index.html>.

⁶² Zigu, Li. 2019. "Connecting the BRI with Eurasian Economic Union Is Strategic Choice of China, Russia." www.ciis.org.cn. June 10, 2019. https://www.ciis.org.cn/english/COMMENTARIES/202007/t20200715_2538.html.

⁶³ Remyga, Oleg. 2018. "Linking the Eurasian Economic Union and China's Belt and Road." Reconnecting Asia. November 9, 2018. <https://reconasia.csis.org/linking-eurasian-economic-union-and-chinas-belt-and-road/>.

⁶⁴ "Agricultural Potential of Central Asian Countries." n.d. <https://www.eurasianresearch.org/publication/agricultural-potential-of-central-asian-countries/>.

connectivity projects can also become the basis for coordination of political and economic policies.

Connecting Central Asia with Pakistan via Afghanistan, through projects like the TAPI pipeline, CASA-1000, railway and energy projects will benefit Afghanistan's economy and reduce its dependence on foreign aid.⁶⁵ Pakistan has offered Russia and CARs access to its seaports as part of regional connectivity for shared prosperity. Given Pakistan's geographical and historical links with the CARs, there is a lot of potential for expanding economic partnerships and promoting economic progress in the region. CPEC has the potential to play an important role in this regard.

Pakistan's Geo-Economic Vision

Pakistan is situated at the confluence of the four most dynamic regions of the world connecting Central Asia, South Asia, East Asia and the Middle East. The country has made a strategic pivot from geopolitics to geo-economics. Given its geostrategic location at the crossroads of regional and global confluence and having an arch-nuclear rival as its eastern neighbor, historically, Pakistan has predominantly centered its policy agenda on military security. However, there is now a growing recognition and discourse within policy circles regarding the importance of economic security. This shift is reflected in the National Security Policy (NSP) 2022-2026 which encompasses economic security as a vital component.⁶⁶

Notably, the NSP acknowledges the potential of Afghanistan as a key gateway for fostering economic connectivity with the CARs. Pakistan's "Vision Central Asia" policy is centered around strengthening productive engagement with Central Asian nations, with a focus on five key areas: political relations, trade and investment, energy and connectivity, security and defense, and people-to-people contacts. According to the NSP, Islamabad is allowing a strategic shift toward geo-economic priorities, particularly in expanding trade and economic connections by establishing robust connectivity between Pakistan and Central Asia. Pakistan is also actively working to materialize energy and transit agreements with the CARs.⁶⁷

⁶⁵ "CAR Regionalism and Pakistan." n.d. www.thenews.com.pk. Accessed June 22, 2023. <https://www.thenews.com.pk/print/744238-car-regionalism-and-pakistan>.

⁶⁶ National Security Division, *National Security Policy of Pakistan, 2022*, <https://nsd.gov.pk/assets/documents/polisys.pdf>

⁶⁷ "Joint Communiqué on Official Visit of President of the Republic of Tajikistan, H.E. Emomali Rahmon to Islamic Republic of Pakistan – Ministry of Foreign Affairs." n.d. Accessed June 12, 2023. <https://mofa.gov.pk/joint-communicue-on-official-visit-of-president-of-the-republic-of-tajikistan-h-e-emomali-rahmon-to-islamic-republic-of-pakistan/>.

Recent Connectivity Trends

In a significant development, Russian trucks carrying goods arrived in Pakistan in July 2023, marking a significant milestone under the TIR Convention, or *Transports Internationaux Routiers* (International Road Transport) Convention. The first Russian discounted oil cargo arrived in Pakistan on 11 June 2023 with 45,122 metric tons of Russian crude oil.⁶⁸ Similarly, in August 2023, Kazakhstan sent several trucks on a new trade route to Pakistan through Afghanistan.⁶⁹

In December 2022, Pakistan and Uzbekistan signed nine Memoranda of Understanding (MoUs) to expand investments and bilateral trade to USD one billion.⁷⁰ In another significant step towards regional economic collaboration, Pakistan, Afghanistan, and Uzbekistan have also signed a MoU to enhance their economic ties and regional connectivity through increased trade. The agreement aims to facilitate transit, boost joint investments, reduce transit costs and improve transportation facilities. Additionally, it seeks to modernize customs systems, expand the banking system, ensure food security, simplify visa issuance and resolve visa issues.⁷¹ This cooperation is expected to strengthen the trilateral relationship and promote economic growth in the region.

In March 2024, Pakistan exported Kinnow to Russia via a land route for the first time. A convoy of 16 refrigerated trucks from the National Logistics Corporation carrying Kinnows from Sargodha entered Russia, covering a distance of almost 6,000 kilometers through Iran and Azerbaijan.⁷²

Conclusion

Withdrawal of foreign forces from Afghanistan after two decades long presence, establishment of interim Taliban government in Afghanistan and

⁶⁸ “After Discounted Oil Cargoes, First-Ever Russian Truck Crosses into Pakistan Carrying Export Goods,” Arab News PK, July 9, 2023, <https://www.arabnews.pk/node/2334631pakistan>.

⁶⁹ Ualikhanova, Aruzhan. 2023. “Kazakhstan Sends First Trucks on New Trade Route to Pakistan.” The Astana Times. August 1, 2023. <https://astanatimes.com/2023/08/kazakhstan-sends-first-trucks-on-new-trade-route-to-pakistan/>.

⁷⁰ Sherani, Tahir. 2022. “Pakistan, Uzbekistan Sign MoUs to Increase Bilateral Trade to \$1bn.” DAWN.COM. December 26, 2022. <https://www.dawn.com/news/1728370>.

⁷¹ Zahera Salehi, “Transit MoU Signed between Afghanistan, Uzbekistan, and Pakistan,” Bakhtar News Agency, BNA, November 15, 2023, <https://www.bakhtarnews.af/en/transit-mou-signed-between-afghanistan-uzbekistan-and-pakistan/>.

⁷² “16 Truckloads of Pakistani Kinnows Reach Russia,” DAWN.COM, March 11, 2024, <https://www.dawn.com/news/1820639>.

Pakistan's strategic location have given rise to optimism for the realization of long-delayed energy and connectivity projects from Central Asia to Pakistan and beyond through Afghanistan. Interest and involvement of regional countries including China and Russia in efforts to promote peace and stability in Afghanistan in collaboration with the Taliban interim government have raised hopes for the region-wide connectivity for development through road and rail links, continued engagement of Pakistan as well as other regional countries with Afghanistan is therefore important.

