

Extension of CPEC to Afghanistan: Pros and Cons

Amina Khan



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CONTENTS

	<i>Page</i>
Abstract	1
Introduction	2
Extending CPEC to Afghanistan	5
China in Afghanistan	8
Benefits of Extending CPEC to Afghanistan	12
Obstacles/Challenges of Extending CPEC to Afghanistan	18
Recommendations	24
Conclusion	25

Abstract

The China-Pakistan Economic Corridor (CPEC) is the flagship project of China's Belt and Road Initiative (BRI) that will cover a distance of 2700 km,¹ connecting the Chinese city of Kashgar with the Pakistani port of Gwadar, in Baluchistan, bordering Afghanistan.² While its potential for Pakistan and the region has been widely recognized, there have been talks of extending CPEC to Afghanistan. Beyond potential calls for CPEC's extension to Afghanistan from Beijing, no concrete headway has been made in this regard. As a result, there are currently no (publicly available) plans or proposals detailing the nature of the projects and their estimated financing needs. However, the fact remains that CPEC is a mega regional connectivity project that aims to benefit the economies of the region as a whole, and Afghanistan in particular has far more to gain from it. Kabul's inclusion holds the potential to boost the country's economy and reduce its dependence on foreign aid. Moreover, it will provide Kabul and Islamabad with an opportunity to improve their strained bilateral relationship. At the same time, there are, however, major obstacles of insecurity and instability in Afghanistan, along with regional rivalries and politics that prevent the immediate extension of the flagship project. Hence, keeping the above in mind and in the absence of a feasibility report, this paper will attempt to analyse the possible inclusion of Afghanistan into CPEC and assess the benefits to the country itself, as well as the region (if at all). More importantly, it will focus on the barriers to opening up CPEC in Afghanistan and present a set of recommendations.

Key Words: CPEC, Pakistan Afghanistan, regional connectivity, trade, instability, regional rivalry.

¹ "China Pakistan Economic Corridor (CPEC)," *Board of Investment (BOI)*, N.D., accessed on January 25, 2019, <https://invest.gov.pk/industrial-cooperation-CPEC>

² Naveed Aman Khan, "Pakistan, Afghanistan, China & CPEC," October 10, 2017, <http://www.cpecinfo.com/news/pakistan-afghanistan-china--cpec/NDI2Nw==>

Introduction

In 2013, President Xi announced the launch of a mega infrastructure project expected to cost over 1 trillion dollars called the Belt and Road Initiative (BRI).³ This mega project, often known as the “New Silk Road”, is a large network of infrastructure development in areas such as transport, communication, mining, energy and IT that spans over 60 countries.⁴ The project also extends into industrial parks, special economic zones (SEZs), urban development and tourism.⁵ The BRI stands to increase regional connectivity and international trade by building on its five main areas of cooperation between China and BRI participating countries: policy co-ordination, facilities connectivity, facilitation of unimpeded trade, financial integration and building people to people bonds through cultural exchange.⁶ The BRI has mainly manifested through its six main land corridors out of which the China-Pak Economic Corridor (CPEC) stands as the flagship corridor of China’s Belt and Road Initiative (BRI).⁷

The China-Pakistan Economic Corridor (CPEC) will cover a distance of 2700 km,⁸ connecting the Chinese city of Kashgar with the Pakistani port of Gwadar, situated in the province of Baluchistan, bordering Afghanistan.⁹ While its potential for Pakistan has been widely recognized - there have been talks of extending

³ Lily Kuo and Niko Kommenda, "What Is China's Belt and Road Initiative?" *The Guardian*, July 30, 2018, <https://www.theguardian.com/cities/ng-interactive/2018/jul/30/what-china-belt-road-initiative-silk-road-explainer>

⁴ "China's Massive Belt and Road Initiative," Council on Foreign Relations, *CFR*, May 21, 2019, <https://www.cfr.org/backgrounder/chinas-massive-belt-and-road-initiative>

⁵ "Project Overview," Belt and Road Initiative, <https://www.beltroad-initiative.com/projects/>

⁶ "The Belt and Road Initiative," *HKTDC*, <http://china-trade-research.hktdc.com/business-news/article/The-Belt-and-Road-Initiative/The-Belt-and-Road-Initiative/obor/en/1/1X000000/1X0A36B7.htm>

⁷ Charles Kunaka, "Six Corridors of Integration: Connectivity along the Overland Corridors of the Belt and Road Initiative," *World Bank Blogs*, September 4, 2018, <https://blogs.worldbank.org/trade/six-corridors-integration-connectivity-along-overland-corridors-belt-and-road-initiative>

⁸ "China Pakistan Economic Corridor (CPEC)."

⁹ <http://cpec.gov.pk/introduction/1>.

CPEC to Afghanistan. Recognizing the possibilities and benefits arising out of CPEC's extension to Afghanistan, China has expressed its willingness to extend CPEC to Afghanistan. In December 2017, the Chinese Foreign Minister Wang Yi stated that "both China and Pakistan are willing to extend CPEC to Afghanistan."¹⁰ He further said that, "through Afghanistan, CPEC could be connected with the China-Central and Western Asia Economic Corridor."¹¹ Furthermore, in June 2019, President Xi reaffirmed China's interest in playing an active role in bringing stability to Afghanistan through the Belt and Road initiative.¹² However, beyond potential calls for CPEC's extension to Afghanistan from Beijing, no concrete headway has been made in this regard. As a result, there are currently no (publicly available) plans or proposals detailing the nature of the projects and their estimated financing needs

CPEC is a mega regional connectivity project that has the potential to benefit the economies of not only China and Pakistan alone, but the region including Afghanistan.

In particular, Afghanistan has far more to gain from it. Kabul's inclusion into CPEC would not only boost the country's economy, trade, infrastructure, and reduce its dependence on foreign aid, but it will also provide Afghanistan and Pakistan with an opportunity to improve their often-strained bilateral relationship.

While the opportunities and benefits arising out of CPEC's possible extension to Afghanistan remain vast, at the same time a number of challenges confront the possible extension of CPEC to

¹⁰ Ben Blanchard, "China, Pakistan to look at including Afghanistan in \$57 billion economic corridor," *Reuters*, December 26, 2017, <https://uk.reuters.com/article/uk-china-pakistan-afghanistan/china-pakistan-to-look-at-including-afghanistan-in-57-billion-economic-corridor-idUKKBNIK0EI>

¹¹ "China, Pakistan, Afghanistan agree to discuss extending economic corridor," *Xinhua*, December 26, 2017, http://www.xinhuanet.com/english/2017-12/26/c_136853623.htm

¹² "Chinese, Afghan presidents pledge joint efforts to promote ties," *China Daily*, June 14, 2019, <http://www.chinadaily.com.cn/a/201906/14/WS5d02f8aaa3103dbf14328293.html>

Afghanistan. These include amongst others; lack of clarity about the proposal and its modalities as no publicly available plans or proposals detailing the nature of the projects and their estimated financing needs are available. Other factors include Kabul's apparent reluctance, unstable security situation in Afghanistan including foreign presence, existence of numerous terrorist groups, regional rivalries and politics such as the complex nature of Pak-Afghan and the Indo-Pak rivalry, as well as India's opposition to CPEC. Hence, keeping the above factors in mind, the immediate extension of the flagship project remains vague to say the least.

However, despite the ambiguity and challenges surrounding CPEC's extension to Afghanistan, there is no doubt that CPEC will benefit the economies of the region as a whole, in particular Afghanistan, which is in desperate need of economic and infrastructural development. According to a joint report published by the Swedish Committee for Afghanistan (SCA) in 2018, Afghanistan continues to depend heavily on aid and that poverty is more widespread today than it was immediately after the fall of the Taliban.¹³ The inclusion of Afghanistan in CPEC would not only help bring much needed stability to the country, deny space to extremist elements, but could also contribute in boosting the country's economy and reduce its dependence on foreign aid. It would also help Afghanistan benefit from its untapped resources, as well as become a part of the regional trade hub by connecting China with Central Asia, as well as Pakistan.

Moreover, the project could also help provide Afghanistan and Pakistan with a platform to improve and strengthen their often strained bilateral relationship, leading to mutual economic interdependence, thus reducing the chances of tensions. For Pakistan, it would mean a stable and secure western neighbor with whom it could settle its outstanding bilateral issues, as well much needed trade and economic development. For China, it means a stable and secure network for trade and economic development. Therefore, all three neighbors will greatly benefit from trilateral

¹³ "Aid Effectiveness in Afghanistan," *Swedish Committee for Afghanistan (SCA)* March 15, 2018, <https://swedishcommittee.org/blog/afghanistan-very-difficult-country-deliver-aid>

cooperation, which will ensure stability, security, economic, infrastructural development and connectivity.¹⁴

However, for this there needs to be willingness on all sides to cooperate, in particular between Pakistan and Afghanistan who have shown signs of reluctance in expanding the project. While China is convinced of the benefits of the CPEC project and is determined to include Afghanistan, the uneasy and often strained Pak-Afghan relationship has prevented the expansion of the project. Therefore, it remains to be seen whether China can convince both neighbors to move beyond their differences, and instead channel their efforts for a common regional vision that will be of immense benefit to all.

Hence, keeping the above in mind and whilst being cognizant of the limitations of this paper due to the lack of any (publicly available) plans or proposals detailing the nature of the potential projects and their estimated financial needs, this paper will attempt to answer a few main questions regarding CPEC's extension to Afghanistan.

1. What are the prospects of CPEC's extension to Afghanistan?
2. What are possible benefits to Afghanistan and the region, if any at all?
3. What are the barriers to extending CPEC to Afghanistan?
4. What are possible steps that could be taken to overcome these barriers?

Extending CPEC to Afghanistan

On December 26, 2017, the Chinese Foreign Minister Wang Yi said that, "China and Pakistan are willing to extend the CPEC to Afghanistan."¹⁵ He further expressed that in order for this to happen, "the three countries need to reach a gradual consensus, tackling

¹⁴ "Pakistan, Afghanistan, China & CPEC."

¹⁵ "Wang Yi: To Discuss Extending CPEC to Afghanistan in a Proper Manner," December 26, 2017, Source *Ministry of Foreign Affairs, the People's Republic of China*
https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1522540.shtml

easier, smaller projects first.”¹⁶ Wang Yi made the comments after the first Afghanistan-China-Pakistan Foreign Ministers’ Dialogue, in Beijing. Pakistan’s then Foreign Minister, Khawaja Asif talked about, “the successful implementation of CPEC.... serving as a model for enhancing connectivity and cooperation through similar projects with neighboring countries, including Afghanistan, Iran and with Central and West Asia.” However, he did not specifically mention Afghanistan’s inclusion in the project.¹⁷ Interestingly, Afghanistan’s Foreign Minister Salahuddin Rabbani also did not comment on Afghanistan’s inclusion in CPEC.

With the exception of the comments made by Afghanistan’s former Ambassador to Pakistan, Dr. Omer Zakhilwal, who stated back in 2016 that Kabul supported CPEC and wanted to be included in the project as it was “equally relevant to Afghanistan like Pakistan, and anything that will be good for Pakistan will be good for the entire region”¹⁸, so far Kabul has not given an official statement declaring its inclusion in the project. On the contrary, in 2017, President Ashraf Ghani, while speaking at an event in New Delhi, opined that, “Kabul’s inclusion in the project, as well as Islamabad’s access to Central Asia is conditioned upon New Delhi’s access to Afghanistan through the Wagah border.”¹⁹ Since then, Kabul has not made any statement regarding the project, clearly indicting reluctance on its part.

However, after the conclusion of the 1st China-Afghanistan-Pakistan Foreign Ministers’ Dialogue in Beijing on December 26, 2017, all three sides agreed to push forward regional connectivity and international cooperation under the Belt and Road Initiative (BRI). Moreover, Pakistan and Afghanistan reaffirmed to support the joint construction of BRI proposed by China and agreed to align respective development strategies with the building of the Belt and Road Initiative, and actively discuss trilateral cooperation under the

¹⁶ "China, Pakistan to look at including Afghanistan in \$57 billion economic corridor."

¹⁷ Ibid.

¹⁸ Inamullah Khattak, "Afghanistan desires role in CPEC, Envoy says," *Dawn*, October 14, 2016, <https://www.dawn.com/news/1289978>

¹⁹ "No to CPEC unless Pakistan provides trade access to India: President Ghani," *Dawn*, October 25, 2017, <https://www.dawn.com/news/1366168>

“Belt and Road” framework.²⁰ Afghanistan and Pakistan’s commitment to ‘support’, ‘align respective development strategies’ and push forward ‘regional connectivity under the Belt and Road Initiative’²¹ demonstrates Kabul’s tacit willingness to be included, as well as Islamabad’s acceptance of Kabul’s inclusion.

It is interesting to note that during the follow-up meeting at the 2nd Afghanistan-China-Pakistan Foreign Ministers’ Dialogue in Kabul in December 2018, while the three sides “reaffirmed their commitment to advancing connectivity under the BRI, and promote China-Afghanistan-Pakistan trilateral cooperation under the framework of jointly building the Belt and Road Initiative”,²² again, no specific mention was made regarding Kabul’s inclusion into CPEC. However, the sheer fact that all sides reaffirmed “to advancing connectivity under BRI, promoting China-Afghanistan-Pakistan trilateral cooperation under the framework of jointly building the BRI,”²³ again clearly implies Kabul and Islamabad’s willingness to move forward on the project. Yet despite the trilateral/joint communiqués, and reiteration of the prospects of the CPEC initiative by Chinese officials, there is considerable lack of clarity between the three stakeholders regarding the project itself, as well as its modalities.

China’s Ambassador to Afghanistan, H.E. Liu Jinsong, while speaking on the subject in January 2019 said that, “Afghanistan is the linchpin for the Belt and Road Initiative” and that, “CPEC is also open for Afghanistan and for the last years, in the trilateral meetings between Afghanistan, Pakistan and China, we are always talking about future opportunities. CPEC can extend, or be linked, to

²⁰ "Wang Yi Talks about Eight Major Consensus Reached at the 1st China-Afghanistan-Pakistan Foreign Ministers' Dialogue," *Ministry of Foreign Affairs, the People's Republic of China*, December 26, 2017, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1522536.shtml

²¹ Ibid.

²² “Joint Statement of the 2nd Afghanistan-China-Pakistan Foreign Ministers’ Dialogue,” December 15, 2018, *Ministry of Foreign Affairs of the Islamic Republic of Afghanistan*, <https://www.mfa.gov.af/news/joint-statement-of-the-2nd-afghanistan-china-pakistan-foreign-ministers-dialogue.html>

²³ Ibid.

Afghanistan.”²⁴ Yet, despite the statements, questions pertaining to how Afghanistan will be linked to the BRI and CPEC in specific or related investments continues to remain vague. Apart from clarity, visible reluctance on the part of Kabul and Islamabad indicates the uneasiness both neighbors have towards each other, as well as the prospects of extending the project.

China in Afghanistan

Traditionally, China’s role in Afghanistan has been limited to say the least. While China’s interest and involvement in Afghanistan remained distant and limited in the 90s, after the fall of the Taliban in late 2001, Sino-Afghan ties began to expand. Since then, Sino-Afghan ties have greatly evolved. While supportive of peace and stability in Afghanistan, China for most of the part has deliberately kept away from the security aspect, and instead has focused on playing a more proactive and constructive role in terms of economic and political investment. China has not only given much needed economic investment, but has also provided necessary facilitation between the Afghan government and the Taliban in realizing reconciliation, as well as help improve ties between Islamabad and Kabul.

Since 2001, China has increased its economic and trade ties with Afghanistan considerably, becoming a significant trade partner of Afghanistan. To this end, both countries have signed a number of agreements such as the establishment of Sino-Afghan Economic Committee in 2006,²⁵ followed by the Comprehensive Cooperative

²⁴ Keynote Address by Ambassador Liu Jinsong at the Launch Ceremony of DROPS’ study on "Integrating Afghanistan into the Belt and Road Initiative: Review, Analysis and Prospects," *Organization for Policy Research and Development Studies (DROPS)*, January 16, 2019, <http://www.dropsafghanistan.org/wp-content/uploads/2019/02/Amb.-Jinsong-Keynote-Address-at-launch-of-DROPS-BRI-Study-Jan-2019-1.pdf>

²⁵ "Joint Statement Between The People's Republic of China and the Islamic Republic of Afghanistan," June 20, 2006, *GOV.cn*, http://www.gov.cn/misc/2006-06/20/content_315724.htm

Partnership Agreement in 2010,²⁶ and a Customs Cooperation Agreement in 2017.²⁷ China has also shown keen interest in Afghanistan's vast natural and mineral resources which are believed to be worth between US \$ 1-3 trillion.²⁸ In fact, China was the first to tap into, as well as benefit from these resources by securing the \$3 billion bid for the Aynak copper field in Logar,²⁹ in what is believed to be the second largest undeveloped copper field in the world.³⁰ It also attained drilling rights in the Amu Darya Basin in 2011.³¹

On the political front, China has begun to assume a key role, particularly exploring avenues to help bring peace and stability to Afghanistan. Since 2014, Beijing has hosted a number of Taliban delegations, initiated and taken part in a number of formats revolving around the peace process between the Afghan government and the Taliban. These include, amongst others, hosting Taliban members in track two dialogues, Quadrilateral Cooperation and Coordination Mechanism (QCCM), Heart of Asia Format, Kabul Process, Moscow Format, to help foster talks. Apart from supporting

²⁶ Hujjatullah Zia, "China's Role in Building Trust between Afghanistan and Pakistan," *Outlook Afghanistan*, June 4, 2018,

²⁷ "Afghanistan, China sign agreement on customs cooperation," *Afghanistan Times*, May 15, 2017, <http://www.afghanistantimes.af/afghanistan-china-sign-agreement-on-customs-cooperation/>

²⁸ Mariam Amini, "At stake in US military efforts to stabilize Afghanistan: At least \$3 trillion in natural resources," *CBNC*, August 19, 2017, <https://www.cnn.com/2017/08/18/trumps-afghanistan-strategy-may-unlock-3-trillion-in-natural-resources.html>

²⁹ "Supplementary Resettlement Action Plan for MesAynak Copper Mines Afghanistan Extractives For Development," Islamic Republic of Afghanistan Ministry of Mines and Petroleum, May 26, 2018, <http://mom.gov.af/Content/files/Aynak%20Copper.pdf>

³⁰ Although China secured a 30-year lease over the site, operations have been on hold following differences over the site between the Afghan government and the consortium that secured the deal. (Laura Zhou, "Is there still hope for China, Afghanistan's long-stalled US\$3 billion copper mining deal?" *South China Morning Post*, May 12, 2017, <https://www.scmp.com/news/china/diplomacy-defence/article/2093852/talks-aim-jump-start-china-miners-stalled-afghanistan>)

³¹ "Afghanistan Signs Oil Deal with China," *Tolo News*, December 28, 2011, <https://www.tolonews.com/business/afghanistan-signs-oil-deal-china>

the peace process, Beijing played a significant role in the ceasefire between the Taliban and Afghan government in June 2018, in the capacity of a mediator.³² China's growing role in Afghanistan is also exemplified by the recent statement made by President Xi in June 2019. Not only did Xi assure Afghanistan of Chinese support in various sectors within the BRI framework, in reference to China's role in the Afghan peace process, he also stated that, "The Chinese side firmly supports a comprehensive and inclusive Afghan-led and Afghan-owned peace and reconciliation process and will continue to actively encourage and promote talks through various channels to help the Afghan people achieve internal dialogue."³³

Beijing has also played a pivotal role in helping to improve Pak-Afghan ties which have been in a perpetual state of tensions. It has extended all efforts to ease tensions and bring both neighbors closer through the China-Afghanistan-Pakistan trilateral mechanism. Beijing's growing interest and involvement in Afghanistan appears to stem from its trepidation of transnational terrorism, possible spread of militancy into its Xinjiang province, and support to the Chinese militant groups i.e. the East Turkestan Islamic Movement (ETIM). Apart from the spread of militancy, ongoing instability in Afghanistan and its subsequent effects on the region continue to pose major hurdles for China's hopes of regional connectivity and more so for the implementation and success of CPEC. Another factor that has led to Beijing's increased focus on Afghanistan revolves around regional politics, presence of the US, and the growing role of India in Afghanistan.

Hence, given its strategic location and vast economic opportunities, stability in Afghanistan is essential for China's BRI initiative, which is not only limited to the successful implementation of CPEC with Pakistan and the rest of South Asia, but also for the implementation of the China-Central Asia and West Asia Economic

³² Kamran Yousaf, "Afghan Eid Truce backed by Pakistan, China", *Express Tribune*, June 11, 2018, <https://tribune.com.pk/story/1732330/1-afghan-eid-truce-backed-pakistan-china/>

³³ "Chinese, Afghan presidents pledge joint efforts to promote ties."

Corridor,³⁴ covering the Central Asia States,³⁵ Afghanistan, Iran and Turkey.³⁶ Afghanistan's location gives it a key advantage as a potential link between both these corridors. Afghanistan's potential as a key link has also been echoed by the Chinese foreign minister, Wang Yi who said that through Afghanistan, the two corridors i.e CPEC and China-Central Asia and West Asia Economic Corridor could be connected.³⁷

While alternate routes exist to connect China with Central Asia, Afghanistan provides Beijing with the most economic route to Central Asia, as Afghanistan sits at the heart of the Silk Road. Hence, it was this realization that resulted in both countries agreeing to construct a new silk route that would connect both countries via Wakhan, Afghanistan's north-eastern border with China. Separating Pakistan from Tajikistan, Wakhan was once a part of the old Silk Road connecting China to Central Asia.³⁸ Hence, if Afghanistan becomes a part of the CPEC, the project can easily be extended to Tajikistan through Wakhan.³⁹

While the modalities of the project are yet to be disclosed, in all probability, Afghanistan will benefit from CPEC through the two

³⁴ Haroun Rahimi, "Chinese investment in Afghanistan: A Story of Success or Failure," *ACADEMIA*, https://webcache.googleusercontent.com/search?q=cache:dF7zmveHK0oJ:https://www.academia.edu/13637787/Chinese_investment_in_Afghanistan_A_Story_of_Success_or_Failure+&cd=1&hl=en&ct=clnk&gl=pk

³⁵ The China-Central Asia and West Asia Economic Corridor will cover five Central Asian States i.e. Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan.

³⁶ Ben Derudder, Xingjian Liu and Charles Kunak, "Connectivity Along Overland Corridors of the Belt and Road Initiative," MTI Discussion Paper No.6, October 2018, <http://documents.worldbank.org/curated/en/264651538637972468/pdf/130490-MTI-Discussion-Paper-6-Final.pdf>

³⁷ "Wang Yi: To Discuss Extending CPEC to Afghanistan in a Proper Manner," December 26, 2017, *Ministry of Foreign Affairs, the People's Republic of China*, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1522540.shtml

³⁸ Frank Sun, "The Wakhan Corridor: an opportunity," *Daily Times*, February 24, 2018, <https://dailytimes.com.pk/206501/wakhan-corridor-opportunity/>

³⁹ Hassnain Javed, "Wakhan corridor and CPEC," *The Nation*, February 26, 2018, <https://nation.com.pk/26-Feb-2018/wakhan-corridor-and-cpec>

defined routes - western route i. e Torkham - Jalalabad and the south eastern route i.e from Chaman to Kandahar.

Keeping the above in mind, China is keen to include Afghanistan and thus extend the CPEC project to Afghanistan. However, there is a lack of clarity regarding the possible extension to Afghanistan. So far, no modalities have been revealed beyond the statements given by Chinese officials. It is yet to be determined as to what the exact proposal will entail, what will be the terms of the agreement, whether it will be bilateral or trilateral agreement, details pertaining to the total investment, as well as the exact role of each state.

Neither Kabul nor Islamabad have given official statements on the issue, which shows that the details of the possible extension to Afghanistan are yet to be discussed and agreed upon by the principle stakeholders. At the same time, it not only highlights strained Pak-Afghan ties, but that reservations and reluctance exists on both sides regarding Kabul's possible inclusion in the project. Furthermore, CPEC is a project under China's BRI project, and a bilateral agreement between Beijing and Islamabad, it is yet to be determined whether the project will be made into a trilateral framework in order to accommodate Kabul, or will it be a separate agreement between Beijing and Kabul.

These are important questions that need to be addressed. Until then, the prospects of Kabul's inclusion in CPEC will remain vague. More importantly, all principle stakeholders need to be on board as it is clearly evident that there is lack of clarity and reluctance on the part of both Afghanistan and Pakistan - two essential complements of the project.

Benefits of Extending CPEC to Afghanistan

- The benefits of any project the size and scale of CPEC is bound to benefit all three states, significantly in terms of connectivity, economic development and trade interdependence. CPEC is a mega regional connectivity project that will not only benefit the economies of the region

as a whole, but will also ensure collective security, stability and infrastructural development. More so, Afghanistan has far more to gain from its inclusion in CPEC, as it could serve as a link connecting the two corridors i.e CPEC and China-Central Asia and West Asia Economic Corridor,⁴⁰ and thus act as a much needed bridge and trade hub between the two regions, thus reaping benefits from both corridors.

- The inclusion of Afghanistan in CPEC would not only help bring stability to the country, but would also play a significant role in boosting the country's economy. Decades of conflict in Afghanistan has resulted in the urgent need of economic growth and sustained infrastructural development. By providing foreign investment and businesses along with employment, CPEC can ensure that growth. It will also help Afghanistan reduce its dependence on foreign aid, and instead become a major stakeholder and contributor of the project.
- While the modalities of the project are yet to be disclosed, in all probability, Afghanistan will benefit from CPEC through the two defined routes, namely the western route i.e Torkham to Jalalabad and the south eastern route i.e from Chaman to Kandahar. By becoming a part of CPEC, Afghanistan would benefit significantly from a cheaper and much easier route connecting it to Gwadar, which will further provide it access to the Indian Ocean and beyond.⁴¹
- Afghanistan is believed to possess a number of discovered, as well as undiscovered deposits of natural resources, including fossil fuels, rare minerals, uranium, lithium, copper, and gold to name a few. However, due to decades of war and instability, the country has not been able to tap its resources and benefit from its mineral wealth. While the exact amount and quantity of the resources is debatable, Afghanistan's Ministry of Mines and Petroleum has

⁴⁰ "Wang Yi: To Discuss Extending CPEC to Afghanistan in a Proper Manner."

⁴¹ Muhammad Muneer, "Extending CPEC to Afghanistan," *IPRI*, March 8, 2018, <http://www.ipripak.org/extending-cpec-to-afghanistan/>

approximated the country's mineral wealth at an estimated \$3 trillion.⁴² It may also be recalled that during the time of the Taliban, the group had sent its representatives to Texas in 1997, to hold meetings with Union Oil Company of California (UNOCAL) regarding a \$2 billion oil deal.⁴³ Hence, there is no doubt that the country possesses mineral wealth and if tapped in the right manner, it could very well bring economic prosperity and stability to Afghanistan. Therefore, if included in the CPEC project, Afghanistan will be able to benefit from its untapped resources, which would lead to a number of benefits for the country in terms of foreign investment, employment, and making Afghanistan a significant part of the regional trade hub.

- By becoming a part of CPEC, Afghanistan will gain access to the wider BRI network.⁴⁴ Apart from access to China and Central Asia, Afghanistan will have access to South Asia and even parts of Europe. This will provide Afghan goods with a greater and more diverse market outreach.
- Although China has increased its political and economic clout in Afghanistan and has secured contracts to develop the Aynak copper mine and drilling rights of the Amu Darya,⁴⁵ these project have failed to deliver due to allegations of corruption, as well as the ongoing security situation of Afghanistan. Hence, if Afghanistan decides to join CPEC, it will ensure China's long-term investment in such projects.
- Once Afghanistan becomes a part of CPEC, apart from the economic benefits, the project will also provide Pakistan and

⁴² Amini, "At stake in US military efforts to stabilize Afghanistan: At least \$3 trillion in natural resources."

⁴³ Ibid.

⁴⁴ Anurag Ram Chandran, "Why Afghanistan Should Join CPEC," *The Diplomat*, May 5, 2017, <https://thediplomat.com/2017/05/why-afghanistan-should-join-cpec/>

⁴⁵ Mark Landler and James Risen, "Trump Finds Reason for the U.S. to Remain in Afghanistan: Minerals," *New York Times*, July 25, 2017, <https://www.nytimes.com/2017/07/25/world/asia/afghanistan-trump-mineral-deposits.html?mcubz=3>

Afghanistan with a platform to improve and strengthen their strained bilateral relationship and a much needed rationale to avoid conflict. While it is perceived that the strained Pak-Afghan relationship is one of the major hurdles in CPEC's potential expansion to Afghanistan, on the contrary, its implementation could be used to forge closer ties between the two neighbors and create interdependence.

- Given its geographical proximity, historical, cultural and religious affiliations to Afghanistan, no other country has more to gain or lose from Afghanistan than Pakistan. History has shown that events in Afghanistan, even though domestic in nature, have always had a direct impact on Pakistan. Therefore, if progress and stability returns to Afghanistan, it will provide Pakistan with a secure western border, prospects of trade, investment, industrialization and connectivity to Central Asia and beyond. Whatever benefits CPEC will bring to Pakistan, be it economic development, infrastructure, investment, or industrialization, they will benefit Afghanistan as well which will create interdependence, reducing the chances of divergence between the two. Independent of the CPEC project, Pakistan has already initiated several infrastructural projects (construction of roads) to enhance its connectivity with Afghanistan. These include, the Peshawar-Torkham road completed in 2015;⁴⁶ Torkham-Jalalabad road 2018;⁴⁷ and the D.I. Khan – Angoor Adda - Ghulam Khan road connecting to Paktika and Khost in Afghanistan.⁴⁸

⁴⁶ "Construction of Peshawar Torkham Road," *FWO*, <https://www.fwo.com.pk/projects/ongoing-projects/highways/404-construction-of-peshawar-torkham-road/>. "President opens Peshawar-Torkham Highway," *The News*, August 28, 2015, <https://www.thenews.com.pk/print/14314-president-opens-peshawar-torkham-highway>

⁴⁷ <https://www.fwo.com.pk/projects/ongoing-projects/highways/488-additional-carriageway-of-torkham-jalalabad-road-ii-project-afghanistan>

⁴⁸ "Pakistan, Afghanistan, China & CPEC," *corridor.pk*, October 25, 2017, <http://corridor.pk/2017/10/25/pakistan-afghanistan-china-cpec/>

- Subsequently, both countries inclusion in CPEC could also help address other standing bilateral issues such as the Afghanistan – Pakistan Transit Trade Agreement, border management and water sharing over river Kabul. Subsequently, connectivity with Pakistan through CPEC will help curb the existing illegal trade between both countries, and instead encourage legal and formal trade, permitting trade and investment to flourish in the region. Hence, improved Pak-Afghan bilateral ties would help bring peace and development in the entire region. Afghanistan's inclusion in CPEC will bind and unite both states to work together for a common regional good.
- Strategic differences and rivalries over and in Afghanistan continue to be, amongst others, one of the key impediments to achieving peace in Afghanistan, as well as the prospects of extending CPEC to Afghanistan. The proposed extension of CPEC to Afghanistan is also directly linked to South Asian politics which is primarily being driven by the Indo-Pak rivalry and India's opposition to CPEC. Islamabad acknowledges New Delhi's role and presence in Afghanistan so long as it is not detrimental to Pakistan. However, in recent years there have been growing concerns regarding New Delhi's support to nationalist and terrorist elements such as the Baluchistan Liberation Army (BLA) and the Tehrik-i-Taliban Pakistan (TTP) based in Afghanistan. Hence, if Afghanistan is included in the project, it will deny such elements space to operate against Pakistan. Moreover, Kabul's inclusion may encourage New Delhi to abandon its opposition to the project and even become a part of the initiative.
- Although Afghanistan and India enjoy close historical ties, they are not immediate neighbors. However, with Afghanistan's inclusion, it could serve as a common ground for cooperation between the two states. Hence, with better Pak-Indo ties, the prospects of allowing India's transit trade through Pakistan to Afghanistan could be considered, and thus, Afghanistan could also serve as a gateway to Central

Asia and beyond for both states. Once CPEC is extended to Afghanistan, and becomes a trilateral framework, it could be further extended to other South Asian states, namely India.

- Afghanistan-China-Pakistan trilateral and ministers dialogue are important forums that are bringing the three countries closer to each other. Although Kabul has not formally joined the project, in anticipation of its joining, China is trying to facilitate and connect the two neighbors. In this regard, Beijing has agreed to support several infrastructural, energy and connectivity related initiatives on both sides of the Pak - Afghan border which include the Kabul-Peshawar motor and railway, as well as the Quetta-Kandahar railway.⁴⁹ Apart from the above, Beijing has also agreed to support cold storages at Chaman and Spin Boldak, and an immigration reception centre and drinking water supply system on both sides of the Ghulam Khan Khel crossing point in North Waziristan.⁵⁰
- If extended to Afghanistan, CPEC will become a collective and regional project which will mean economic and security interdependence. This interdependence could lead to joint security mechanisms between the three states which would further lead to peace and security in the region at large. More importantly, a stable and peaceful Afghanistan will deny space to terrorist groups who have been operating from Afghanistan, and thus prevent transnational terrorism as is being practised by the Islamic State Khorasan Province (ISKP) - something the region is suffering from. Subsequently, a stable Afghanistan will ensure stability on its border which is essential for deterring cross border movement by terrorists. Both Pakistan and China are concerned over the presence and support militants get from Afghanistan, be it in China's Xinjiang or militants in FATA. However, with a stable Afghanistan, it will help improve the security situation in both countries.

⁴⁹ "Joint Statement of the 2nd Afghanistan-China-Pakistan Foreign Ministers' Dialogue."

⁵⁰ Ibid.

Obstacles to Extending CPEC to Afghanistan

While CPEC hopes to bring immense benefits to the region, a number of obstacles stand in the way of extending the project to Afghanistan.

- Unless and until the security situation in Afghanistan does not improve, CPEC will remain a mere plan. A political settlement between the Taliban and Kabul is the only solution to end the Afghan crisis. Hence, all efforts need to be exerted to push for a peaceful and negotiated settlement to end the Afghan war. In this regard, both China and Pakistan have exerted all their influence to help initiate dialogue between the Taliban and Kabul. More importantly, the Taliban have not opposed China's investment in Afghanistan i.e. bid over the copper mine, nor China's role in the peace process and they have not shown opposition to Afghanistan's inclusion in the CPEC project as is the case with Afghanistan's inclusion in TAPI. Hence, China, who is acknowledged for her neutrality by Afghanistan along with her close ties with Pakistan could ensure the future of the mega project.
- President Ghani has stated that more than 21 terrorist groups operate in Afghanistan including the Islamic State Khorasan Province (ISKP).⁵¹ Since its emergence, ISKP or Daesh, has brought immense confusion and disorder to the already complex state of affairs in Afghanistan, carrying out some of the most lethal attacks the country has witnessed in its recent history.⁵² ISKP has continued to launch deadly attacks, refusing to discriminate between Afghan civilians, forces, and groups that oppose it, i.e. Afghan Taliban. While the

⁵¹ "16 years later, Afghan capital under siege," *CBS*, January 2018, <https://www.cbsnews.com/news/16-years-later-afghan-capital-under-siege/>

⁵² Lizzie Dearden, "Isis in Afghanistan: Group claims responsibility for Jalalabad suicide bombing that killed 35," *Independent*, April 18, 2015, <https://www.independent.co.uk/news/world/middle-east/isis-in-afghanistan-group-claims-responsibility-for-jalalabad-suicide-bombing-that-killed-30-10186561.html>

challenges faced by Afghanistan are certainly manifold and daunting, national reconciliation and peace with the Afghan Taliban, despite the difficulty of doing so, are the most fundamental steps to ensuring stability in Afghanistan. Not only will a negotiated settlement with the Taliban end violence, it will also deny ISKP space to flourish, thus allowing for projects like CPEC to be extended to Afghanistan. Thus, Afghanistan's future solely rests on the success of the reconciliation process with the Afghan Taliban. Moreover, the ISKP has proved its resilience by sustaining its presence in Afghanistan, despite facing attacks by multiple stakeholders. The ISKP is without a doubt the most lethal threat to the future of Afghanistan since it poses a serious danger to the future survival of the Afghan government, Taliban, and the region as a whole. No group has more to gain from the ongoing war between the Taliban and Afghan government than the ISKP.

- Similarly, insecurity in China's autonomous Xinjiang region and Beijing's economic interests in Afghanistan inform China's fear of ISKP presence. Inhabited by Uighur Muslims, the Xinjiang region, has been a source of difficulty for the Chinese for quite some time - the East Turkestan Islamic Movement (ETIM) has been instigating violence and fermenting anti-state sentiment against the Chinese state, resulting in widespread discontentment and low-level violence.⁵³ The Chinese fear the ETIM may find sanctuary in Afghanistan, allowing them to coordinate cross border or internal attacks against China with groups such as ISKP. Additionally, economic investments in the form of telecom, copper mining and oil production in Afghanistan, and a desire to protect them motivate China's desire to work with regional neighbors to counter ISKP.⁵⁴ Hence, unless the threat of ISKP is curbed, the consequences of the continued

⁵³ Muhammad Faisal, "Beijing as a peace broker in Afghanistan: motivations and constraints," *South Asian Voices*, April 16, 2018
<https://southasianvoices.org/beijing-peace-broker-afghanistan-motivations-constraints/>

⁵⁴ Ibid.

presence of the group will challenge the project's extension to Afghanistan.

- The strained Pak-Afghan relationship has been one of the biggest impediments to regional cohesiveness and connectivity. Pak-Afghan relations for the most have been in a state of escalating tensions, trapped in a downward spiral of antagonism and mistrust, due to unfulfilled expectations, reignited border disputes, lack of progress on the peace process with the Afghan Taliban, counter-terrorism differences and issue of Afghan refugees. Despite such close geographical proximity, religious, cultural and ethnic affinities, both countries have been estranged neighbors. Hence, for any progress in Afghanistan as a whole, as well as the peace process, it is paramount that both countries overcome their differences, move beyond the past and work towards a broad spectrum partnership that entails political, economic and social avenues to strengthen ties, create mutual interdependence and connectivity which can easily be achieved through the Afghanistan Pakistan Action Plan for Peace and Solidarity (APAPPS), and CPEC.
- Pakistan has extended all efforts to strengthen its ties with Kabul through the signing on the bilateral agreement APAPPS, has helped initiate dialogue between Kabul and the Afghan Taliban through the Murree peace process of 2015, played a role in other initiatives aimed at initiating peace such as the Doha talks, the Eid ceasefire, and released important Taliban members such as Mullah Abdul Ghani Baradar and Mullah Abdul Samad Sani, to name a few. However, despite these moves, Kabul continues to question Pakistan's intentions. For any meaningful engagement between the two neighbors, Kabul's expectations from Pakistan and vice versa must be conceivable and grounded in reality. Both countries need to take ownership and avoid seeking refuge in the futile blame game - which is counterproductive and futile to say the least. While Pakistan, undoubtedly has an important role to play in the peace process as a supporter and facilitator, at the end of the day,

peace can only be achieved through intra Afghan talks between Kabul and the Taliban.

- Hence, while the peace process is an important factor in improving Pak-Afghan ties, it should not be the sole factor. The outcome of the peace talks should not govern and determine Afghanistan's relationship with Pakistan. Both Pakistan and Afghanistan must broaden their bilateral relationship from the security aspect and focus on areas that can bring economic and social relief to their masses, as well as create mutual interdependence and connectivity such as CPEC.
- It is important to highlight that in the past, most of Afghanistan's imports and exports would go through Pakistan, but India is trying to divert the trade through the air freight corridor, as well as the Chabahar port. Hence, Pakistan needs to realize that the Afghanistan of today is not what it was in 2001. Despite the poor state of affairs (weak economy, poor governance, violence), Afghanistan and its policy makers have evolved in several meaningful ways. They have found new options to operate and function politically, socially, and economically, and have strengthened ties with regional partners such as India. While they may continue to reluctantly rely on Pakistan, this reliance is decreasing. For instance, Afghan trade is now taking place through the air freight corridor and the Chabahar port, and Pak-Afghan trade and transit volume decreased by 20 percent in 2018.⁵⁵ In 2018, Pak-Afghan trade and transit valued at least \$1 billion compared to \$1.5 billion in 2017.⁵⁶ While there was a time when Pakistani goods dominated the Afghan market, since 2016 that too has

⁵⁵ Rohullah Arman, "Afghanistan-Pakistan Trade Volume Shrinks By 20 Percent," *Tolo News*, December 22, 2018, <https://www.tolonews.com/business/afghanistan-pakistan-trade-volume%20shrinks%20-20-percent>

⁵⁶ Ibid.

changed. Since 2016, Pakistan's access to the Afghan market has been reduced by 50%.⁵⁷

- Apart from decrease in Pak-Afghan trade, since 2017, Pakistan has also been losing Afghan medical tourism to India due to strict border and visa policies.⁵⁸ These are developments in Afghan policies, priorities, and abilities that Pakistan needs to be aware of and at the same time can benefit from as it proceeds with its own regional and bilateral approaches. Therefore, Pakistan must take steps to ensure that Afghanistan's trade goes through its border by introducing legal yet flexible trade and border policies, and demonstrate that this will be sustainable, stable, and a more efficient option. Another factor that could help increase trade, connectivity and economic interdependence could be through Afghanistan's inclusion into CPEC. By doing so, despite the bilateral challenges, both countries will be compelled to avoid tensions and work together for a common good. This will come with the realization that the bilateral relationship is mutually beneficial.
- China is eager to include Afghanistan in the CPEC project. However, so far, no modalities have been discussed or reached regarding terms of the contract, the exact route, and what the inclusion will entail. It appears that the hope that Kabul will join is simply an invitation that will have to be worked out in detail between the principle stakeholders. Also, while CPEC is a project under China's BRI project, the fact remains that it is a bilateral agreement between China and Pakistan, hence will the CPEC project be made into a trilateral framework or will it be bilateral? These are important questions that continue to remain unanswered and need immediate attention. However, these can only be addressed once Kabul gives a commitment of its desire to be included in CPEC.

⁵⁷ Shahid Iqbal, "Pakistan loses 50pc market share in Kabul," *Dawn*, March 4, 2018, <https://www.dawn.com/news/1393106>

⁵⁸ Mubarak Zeb Khan, "Pakistan losing Afghan medical tourism to India," *Dawn*, December 22, 2018, <https://www.dawn.com/news/1452926>

- Another factor that stands in the way of CPEC and its possible extension to Afghanistan is politics and rivalries in South Asia which is solely driven by the Indo-Pak rivalry, and India's opposition to CPEC.⁵⁹ India has openly expressed its opposition regarding CPEC, claiming that, “the project passes through Pakistan-occupied-Kashmir challenges Indian sovereignty.”⁶⁰ This further includes the diplomatic disengagements between Afghanistan, Pakistan and India, which stems from Kabul's insistence that its inclusion in CPEC, as well as Pakistan's access to Central Asia is conditioned upon New Delhi's access to Afghanistan through the Wagah border. Keeping in mind the continuing Pak-Indo tensions, it would be wise for Kabul to avoid attaching conditionalities to the project itself, which will only lead to further complications and reduces Kabul's chance of benefitting from the project as Pakistan is already a part of CPEC. However, if Afghanistan wants to come on board and join the project, it must learn to balance its ties with India. It cannot let a mega project like CPEC slip due to its ties with India. Instead, Afghanistan should aim to be neutral and provide both countries with a common ground to establish workable ties that do not undermine each other's interests.
- However, if Afghanistan does decide to join the project and if China and India find any common ground in Afghanistan, there are concerns that given the close ties, investment and influence of India in Afghanistan, Pakistan might lose out. Subsequently, if Afghanistan joins the project, Pakistan will have to consider Kabul's request of access to India through the Wagah border. For regional trade and connectivity,

⁵⁹ "Pakistan dismisses India's concerns over China-Pakistan Economic Corridor," *Express Tribune*, June 2, 2015, <https://tribune.com.pk/story/896213/pakistan-dismisses-indias-concerns-over-china-pakistan-economic-corridor/>

⁶⁰ Rajat Pandit "India expresses strong opposition to China Pakistan Economic Corridor, says challenges Indian sovereignty," *Economic Times*, July 12, 2018, economictimes.indiatimes.com/articleshow/57664537.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Pakistan will have to alter its policy and eventually accommodate Kabul's request for access.

- Additionally, once Kabul is included in the project and a potential, prosperous and economically sound Afghanistan is achieved in the distant future, there are chances that bilateral irritants between Pakistan and Afghanistan could resurface such as Kabul's non-acceptance of the Durand Line, and issues pertaining to river Kabul. These will further strain the already complex Pak-Afghan relationship.

Recommendations

All three stakeholders need to establish and outline the parameters of their political, strategic and economic relationship particularly within and under the framework of the China-Afghanistan-Pakistan trilateral framework, where all three sides need to focus on the following:

- A proactive debate must be initiated amongst the three states at all levels; governmental, non-governmental and academic, in order to chalk out the modalities of the extension, trace the pros and cons of this initiative, and to find a feasible way to achieve it.
- The future parameters of this project be implemented, only when all three states have reached an agreement on CPEC and its modalities.
- China-Afghanistan-Pakistan must focus on communication, co-ordination, and co-operation.
- Rapprochement between Pakistan and Afghanistan in key.

For any initiative to take place, it is paramount that both Pakistan and Afghanistan settle their differences. This can be done through the initiation of:

- Confidence building measures.

- Implementation of APAPPS.
- Engagement through bilateral, as well as trilateral talks.
- Trade barriers need to be abolished - focus on reviving transit trade agreement.
- Effective border management - hindering movement of terrorists yet promoting legal movement across Durand Line.
- Doing away with safe haven on both sides of the border. Promote cultural exchange; students and academicians.
- Bringing peace in Afghanistan.
- China and Pakistan must continue to support the peace process, and Islamabad must use whatever influence it has on the Taliban to encourage them to the negotiating table.
- China and Pakistan must support political stability in Afghanistan.
- China and Pakistan must support and encourage trade and investment in Afghanistan.
- All three countries along with other regional countries must adopt and implement a regional approach towards ISKP.

Conclusion

For a starter, China must be more open and clearer about its vision to include Afghanistan in CPEC, this would entail the modalities, the route and the contours of the agreement i.e. bilateral or trilateral. Simply saying it would like to include Afghanistan in CPEC is vague and raises a number of concerns regarding transparency of the project and the proposal itself. At the same time, it needs to have all stakeholders on board including Pakistan and Afghanistan, and as already discussed, Afghanistan has given no official statement indicating its inclusion. Hence, unless and until all

the modalities are not accepted and declared, the chances of extending CPEC remain slim.

Afghanistan too has to be clear on its stance regarding CPEC and must not attach conditions on its participation i.e. access to India via Wagah. Kabul must not let regional rivalries and politics jeopardize its chances of inclusion in this mega project that it can significantly benefit from. While Kabul clearly enjoys a close bilateral relationship with India, it should not deny itself the opportunity of joining CPEC. Kabul must therefore strive to create a sense of balance and remain neutral between India and Pakistan, becoming a much needed ground and gateway, where all countries, i.e. Pakistan, China and India can benefit without undermining each other's interests.

Moreover, unless and until Kabul and Islamabad do not move beyond their mutual mistrust and focus on resolving irritants between them, any hopes for extending CPEC will remain an illusion. Both countries need to recognize that geopolitical realities within and that of the region are not what they used to be. The region is evolving and so are its dynamics, new realities such as regional instability, transnational terrorism, and new actors such as the presence of ISKP have taken centre stage. Hence, in such testing times, it is pivotal that both countries move beyond the past and work towards a broad-spectrum partnership that entails political, economic and social avenues to strengthen ties, create mutual interdependence and connectivity. While security may be an important aspect of the Pak-Afghan relationship, it should not be the sole determinant. Instead, ties should be viewed through an economic prism, as well as incentivizing trade and connectivity, and one such opportunity could be through Afghanistan's inclusion in CPEC. Considering the economic, infrastructural and energy needs of both countries, Islamabad and Kabul should focus on projects that will help bring much needed economic, energy and developmental relief. Hence, all efforts should be made to encourage better bilateral ties between Pakistan and Afghanistan. In this regard, China must continue to extend its efforts to bring both countries closer, and the extension of CPEC to Afghanistan could be that catalyst.



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