

Creating a New Silk Road

By *per* Concordiam Staff

The Afghan redevelopment strategy calls for making the country a transit hub for the region

For more than 1,000 years, the historical Silk Road, as related by travelers such as Marco Polo, was a multipronged trading network that linked the peoples of Europe and the Middle East with the riches of China. Spanning deserts, grasslands, mountains and seas between the Mediterranean and East Asia, the Silk Road brought wealth to the oases and trading depots along its route, including the towns of Herat and Mazar-e Sharif in Afghanistan. The Silk Road carried more than just the precious spun fabric craved by wealthy Westerners and Middle Easterners. Gold, ceramics, gems, spices, linen and exotic plants and animals also made the nearly 8,100-kilometer transcontinental journey by caravan. So valuable was the cargo transported on the Silk Road – and so lucrative the monopoly exerted by many of its traders – that it inspired the European Age of Discovery that began in the 15th century.



Authorities open a Panj River bridge that later increased trade between Afghanistan and Tajikistan. Such modern infrastructure projects are key to plans for reconstituting a New Silk Road. AFP/GETTY IMAGES

The Silk Road was so consequential for world history that it has become the organizing philosophy around which the international community would like to rebuild Afghanistan. The New Silk Road (NSR) is a multinational strategy that focuses on upgrading infrastructure and liberalizing trade in Afghanistan to aid its re-emergence as a lucrative commercial hub for Central Asia. NSR would bolster landlocked Afghanistan as an indispensable trading crossroads and “energy bridge” for the region. The strategy aims to leverage technical, financial and political resources of coalition partners to develop roads, railroads, pipelines and electric lines. The encouragement of trade, including the removal of commercial barriers at Afghanistan’s international borders, would help complete the transformation.

For the first time in decades, Afghanistan’s neighbors could view it less as a geopolitical trouble spot and more as an autonomous economic and diplomatic partner. By investing in a productive Afghanistan, its neighbors would have a stake in a peaceful Afghanistan. Or so the strategy envisions. Professor Andrew Kuchins, one of the “founding fathers” of the NSR concept, argues that the plan is vital for regional reconciliation: “Promoting greater connectivity between Afghanistan and its neighbors is not just an economic strategy but also a political one. If Afghanistan’s neighbors benefit economically from and have a stake in the country’s economic development, they will have incentives to support the long-term stabilization of Afghanistan as well.”

Despite billions of dollars poured into Afghan reconstruction and development since 2001, the results, by more or less general consent, have not been wholly satisfying if the goal is to create an economically self-sufficient nation. The expansion of rural health care and co-educational schooling notwithstanding, Afghanistan remains dependent on massive foreign aid to pay its bills, provide jobs for its people, stimulate economic growth and equip and train its security forces.

Afghanistan is one of the least developed countries in the world, with a population estimated at 30.6 million people. Officially, half of Afghans live on about \$1 a day, and unemployment hovers around 35 percent. Life expectancy is 48.1 years; infant mortality is the highest in the world, (134 per 1,000 live births). Three-quarters of the population is illiterate. With a high population growth rate (more than half of society is under 18), Afghanistan will need investment to stimulate strong economic growth.

Nevertheless, significant economic progress has occurred since 2001: Afghanistan’s per capita GDP has more than quadrupled, from \$125 in 2002 to \$528 in 2011. More than 7 million children are now enrolled in school, 39 percent of whom are girls, and more than 60 percent of Afghans have access to basic health services, compared with 8 percent



Fuel trucks line up near terminals in Pakistan’s port city of Karachi in July 2012. For landlocked Afghanistan, rail and road access to Pakistani seaports is critical for increasing international trade. AFP/GETTY IMAGES

in 2002. With support from the Sustainable Marketplace Initiative, 680 Afghan businesses have won 1,300 contracts valued at more than \$1 billion that will help create or sustain 13,000 jobs, or about 1 percent of the labor force.

From 2002 to 2007, road construction consumed \$1.43 billion, or 24 percent, of the U.S. aid budget to Afghanistan. Thanks to that investment, 1,700 kilometers of roads were paved and another 1,100 kilometers laid in gravel. Nevertheless, fewer than 10 percent of Afghanistan’s roads qualify as modern, stifling connectivity among Afghans themselves and between Afghans and the larger world.

The economic challenge posed by the 2014 transition and beyond is how the withdrawal of existing civilian and military resources will be replaced. International donors – mostly the U.S. and Europe – agreed during 2012’s Tokyo conference to provide \$16 billion in civilian aid to Afghanistan from 2012 to 2016. But the country can’t rely on large donations forever, and how dwindling aid will impact the security environment in Afghanistan is a major topic of discussion. Theoretically underpinning NSR is a

concern that the country lacks an “overarching” development strategy aimed at self-sufficiency after the military drawdown. Professor Frederick Starr, who has written several studies supporting the concept, said transit and transportation is the key to everything, be it extracting and exporting the country’s billions of dollars in mineral wealth, importing finished Chinese consumer goods, or providing natural gas from Turkmenistan across Afghanistan to the consumers of Pakistan and India.

Much progress is already under way. Uzbekistan used financing from the Asian Development Bank to extend a railway to Mazar-e Sharif and transmits electricity to Kabul. Tajikistan, too, plans to install a rail line to Afghanistan from its capital of Dushanbe. China is helping reconstruct the main north-south road across Pakistan. By broadening this growing network of rail and trucking corridors – east over the Khyber Pass to China, northwest into Turkmenistan to reach the Caspian Sea and Europe and south toward Indian Ocean ports such as Pakistan’s Gwadar – Afghanistan will, for all purposes, no longer be landlocked.

“Neither the development of agriculture nor the

exploitation of natural wealth is possible without the prior development of transport, both within Afghanistan and between Afghanistan and the broader world,” Starr wrote in 2011. “Farm produce is worthless until it reaches markets where it can claim a higher price. Nor can value be derived from minerals, gas, or hydroelectric power until they are delivered to paying customers, whether by truck, railroad, pipelines, or electric transmission lines.”

In Starr’s opinion, NSR will not only provide billions of dollars in taxes, tariffs and royalties for the Afghan government, but also tangible benefits to large swaths of the Afghan population. Even those Afghans not employed directly in producing crops and minerals or transporting them abroad will labor in spinoff businesses spurred by rising general prosperity. These ideas aren’t just theoretical. When a new heavy duty bridge opened across the Panj River between Afghanistan and Tajikistan in 2007, trade increased sevenfold on a route formerly reliant on ferries. Even more surprising, Afghan land prices along the southbound road to Kunduz soared in response to the increased traffic. China has already agreed to invest \$3.5 billion in the Aynak copper mine in



Afghan workers pick saffron flowers on a farm in Herat in 2011. The lucrative export, valued as a spice, could earn Afghanistan about \$200 million a year, income needed to help rebuild the country’s economy. GETTY IMAGES



An Afghan policeman patrols a stretch of the country's first railroad near the Uzbekistan border. AFP/GETTY IMAGES

Logar province near Kabul. In 2010, Afghanistan and Pakistan mutually approved a transit agreement that liberalizes trade between the two neighbors.

The World Bank notes that “robust economic growth” is generally a prerequisite for successful transitions involving the curtailment of outside aid, citing the relatively successful precedents of Rwanda and Mozambique. The examples of China, South Korea and India prove that formerly economically underperforming Asian states rent by inner conflict, be they ethnic or political conflicts, can achieve relatively high standards of living for hundreds of millions of people.

Said Kuchins: “In the long run, the private sector will be the real arbiter of success. Private sector engagement, guidance, and support will be essential for the development of trade and transit infrastructure.”

Critics contend the country lacks the necessary security and legal protections for widespread private investment. As *Time* magazine noted in a 2012 story about the new “trade-instead-of-aid” philosophy, Afghanistan still sits in a complicated region of the world full of unresolved disputes: “On the old Silk Road, the private sector covered everything

from caravans to security. But traders rarely had to worry about the customs delays and prohibitive tariffs that plague regional trade today.”

But supporters argue that investment and security are not mutually exclusive and one can’t take precedent over the other. Economic opportunity spreads security, not least among nonideological members of the insurgency drawn to arms by the higher-than-average pay provided by agents of the Taliban. Starr argues that greater interaction with the world beyond Afghanistan’s borders will help neutralize one of the Taliban’s key weapons: its ability to seal off the country from the world, physically and psychologically.

“Members of Afghanistan’s rising generation will find new possibilities in the fresh contacts, interactions, and influences from every direction that trade will open to them,” Starr wrote. “Transport-borne trade will generate wealth both in the cities and countryside, and will eclipse drug trafficking as the main channel for Afghanistan’s international commercial transactions. It will get Afghan farm produce to lucrative markets that are now beyond reach, and will carry resources and energy to consumers who are prepared to pay premium prices for them.” □