



Afghanistan

Formal name: Islamic Republic of Afghanistan

Capital city: Kabul



GDP
US\$27 billion



Total Imports & Exports
US\$1.68 million



World Bank
"Doing Business" Ranking
167 of 183



Population
29.83 million



Afghanistan is located along what used to be the ancient Silk Road, and today is in the heart of the Middle Eastern, Central Asian and the Indian subcontinent. The primary languages spoken are Pashtu and Dari, while the local currency is the afghani (AFA) which traded at AFA46.45 to US \$1 in 2010. In 2007, Afghanistan became a member of the South Asian Association for Regional Cooperation (SAARC).

Afghanistan has frequented international headlines for its ongoing wars. The Taliban took control of Afghanistan in 1996 and had control of nearly 90% of the country until 2000. Following the 9/11 attacks in New York, the United States entered the country and American initiated attacks allowed opposition parties to prosper. The Taliban were succeeded by Hamid Karzai, who became interim president in 2002 and won the country's first presidential election in 2004.

Afghanistan's economy relies primarily on agriculture, which is estimated to involve 80% of the population. The country also has access to a wealth of mineral resources, in which investment has been limited because of social and political unrest.

Strengthening ties between China and Afghanistan are emerging. In March 2010, President Karzai visited China and signed a number of new agreements in regards to facilitating trade of specific Afghan imports into China. Afghanistan could also, in the future, play an important role in opening trade between China and Central Asia.

1 A Place in Between



China and Afghanistan have enjoyed warmer relations recently. For the last decade, China has committed nearly US \$1 billion in aid to Afghanistan and has also made modest contributions to training Afghanistan's National Security Forces.

At one time, Afghanistan was at the center of some of the world's most important civilizations. The arts and sciences thrived, and cultivation and advanced farming techniques turned the plains around Kabul into a great bread basket. In 1219, the Mongols came and left a devastating path of destruction from which the country has never quite recovered from. Since then, Afghanistan has been the setting for "The Great Game" (a tug of war between the British Empire and Russia in the nineteenth century over the area) and also played a prominent role in the collapse of the Soviet Union. Following the 9/11 terrorist attacks in the United States, Afghanistan once again played "host" to world powers.

An Unlucky Country

Ahmad Shah Durrani created the Durrani Empire in 1747, and by 1751, had conquered the entire present day Afghanistan, Pakistan, Khosaran and Kohistan provinces of Iran, along with Delhi in India. Durrani established his capital in Kandahar and his tomb, a pilgrimage site for many, remains there to this day. Following the end of his reign, the country's capital relocated to Kabul in the nineteenth century and much of Afghanistan's territories were ceded to the British. After becoming a buffer state between Britain and Russia, Afghanistan regained full independence from the United Kingdom on August 19, 1919, following the third Anglo-Afghan war.

After relative peace and prosperity in the first half of the twentieth century, Afghanistan has since suffered under a continuous and brutal civil war. In 1978, a Soviet-backed communist coup toppled President Mahammad Daoud and a bloody power-struggle followed. Fighting eventually escalated to a Soviet invasion in December 1979. Following the Soviet pull out in 1989, Afghanistan once again lost any chance for peace as regional factions squared off. With the emergence of the Taliban, war enveloped the country as the Taliban's influence spread and their extreme Islamic policies drew the attention of Western leaders. An American-led invasion eventually toppled the Taliban from power, but failed to bring peace to the country. While NATO troops have assisted the government in gaining control of major urban centers, and billions of dollars have been provided by the international community for reconstruction, the Taliban has proved to be resilient and war continues.

China and Afghanistan

In 2009, China's interests in Afghanistan expanded and extend beyond trade to social stability, which invariably affects China's more remote western regions. The Chinese Ministry of Foreign Affairs reported that the two countries were engaging in high-level talks between President Hu Jintao and President Hamid Karzai in 2010. As well, Chinese investment has played a notable role in infrastructure development through jumpstarting road construction and communication projects.

China has watched the re-emergence of the Taliban with apprehension, given the threat to stability in the region. China's vast frontier province of Xinjiang, inhabited by the Uyghur Muslim minority groups who have traditional ethnic ties to Afghanistan, is a security concern for Beijing. China is interested in helping Afghanistan become a stable, moderate state, that is open to Chinese investment, and perhaps most importantly, free of a Western military presence.

Commercial and Strategic Interests

In 2007, state-owned China Metallurgical Group invested a staggering US \$3 billion in Afghanistan's Aynak copper field. The largest foreign direct investment project in the country's history involves not only mining, but also the construction of US \$500 million worth of power plants, hospitals, mosques and a railway from Tajikistan to Pakistan to support exploration. The Financial Times reported that that the scope of this project is significant, given that the funds invested would equal more than a third of all international development money spent in Afghanistan between 2002 and 2010.

The investment is only the start of a new Sino-Afghan relationship and is seen by watchers as a test of Afghanistan's feasibility as an investment site. Afghanistan has

large unexplored reserves of oil and natural gas in the northern part of the country. Other resources include large iron ore deposits between Herat and the Panjshir Valley and reserves of gold in the provinces of Badakhshan, Takhar and Ghazni. As China demands increasing amounts of raw materials for its rapidly expanding economy, these reserves will become strategically important to Beijing.

Border Crossings

There is not currently a viable route between Afghanistan and China, however ancient mountain passes, fit only for donkeys at best, litter the Pamir mountains in this area. The border crossing between the two countries is officially closed. However, this does not prevent Afghani traders from the northern frontier regions from turning up at the regional Sunday commodity market in Kashgar, in western Xinjiang. There have been discussions between the Afghani and Chinese governments concerning the feasibility of developing the Wakhjir Pass into Afghanistan's northern frontier, which if completed would provide access overland to Kabul, through the Pamir mountains across the Hindu Kush from Taxkorgan, where China already has overland port facilities at Khunjerab (currently serving Pakistan). This would provide a direct route from Kabul to Kashgar.

China's Neighbors

Who is Influencing China and Who China is Influencing
in the New Emerging Asia

, D.S.&A. (Ed.)

2012, VIII, 83 p. 38 illus. in color., Softcover

ISBN: 978-3-642-27614-9