

6TH REGIONAL ECONOMIC COOPERATION CONFERENCE ON AFGHANISTAN

BOOK

*Transcript of Remarks, Statements,
and Speeches; Meetings at the Margin
of the Conference; Academic Forum
articles; RECCA Essay Contest essays;
and Chairman's Statment*



Islamic Republic of Afghanistan
Ministry of Foreign Affairs

RECCA

This book consists of collected statements, concluding document and materials of the meetings in the margin of the Sixth Regional Economic Cooperation Conference on Afghanistan (RECCA-VI).

Compiled by
Faheem Hunarwar

Reviewed by
Mostainbillah Balagh

Transcripts of Remarks, Statements, and Speeches

Welcome Remarks by

H.E. Salahuddin Rabbani, Foreign Minister of the Islamic Republic of Afghanistan.

Remarks Delivered by H.E. Mohammad Ashraf Ghani, President of I.R. Afghanistan.

Statement by Sirodjidin Aslov, the Minister of Foreign Affairs of the Republic of Tajikistan.

Statement by H.E. Muhammetguly Muhammedov, Minister of Finance of Turkmenistan.

Statement of H.E. Rahmani Fazli, Interior Minister of Islamic Republic of Iran.

Remarks by H.E. Sartaj Aziz, Advisor to the Prime Minister on National Security and Foreign Affairs, Islamic Republic of Pakistan.

Transcript of Statement by H.E. Arjun B. Thapa, Secretary General, South Asian Association for Regional Cooperation.

Transcript of Speech of H.E. Sujata Mehta, Secretary for Multilateral and Economic Relations, Ministry of External Affairs of India.

Statement of H.E. Yasser Morad Usman Hosny, Deputy Foreign Minister Republic of Egypt.

The Statement of the Deputy Minister of Education of the Republic of Kazakhstan, Takir Balykayev at the Sixth Regional Economic Cooperation Conference on Afghanistan "The Silk Road through Afghanistan".

The Statement of the Omar Ahmad Karim Al-Barzanji, Deputy Minister of Ministry of Foreign Affairs of Iraq.

Statement by Mr. Sayed Aqa, Vice President of the Islamic Development Bank.

Statement by Ms. Maria Aurora Mejia Errasquin, Special Representative of Spain.

Statement by Mr. Saud Abdulaziz Albassam, Representative of Kingdom of Saudi Arabia.

Statement by Mr. Nicholas Haysom, the special representative of the United Nations Secretary-General.

Statement by Donald Larry Sampler, Assistant to the Administrator in the Office of Afghanistan and Pakistan Affairs (OAPA), USAID.

Statement by H.E. Ambassador Ali Sait Akin, Ambassador of the Republic of Turkey in Afghanistan.

Statement by Mr. Tareq Y.M. Almenayes, Economic Advisor of Kuwait Fund.

Statement by United Kingdom Head of Delegation.

Statement by Mr. Negesh Kumar, Head UNESCAP Regional Office New Delhi, India.

Statement by H.E. Hiroshi Takahashi, Japan Ambassador to Kabul, Afghanistan.

Statement by Mrs. Nurjehan Mawani, Agha Khan Development Network, Diplomatic Representative, Afghanistan.

Statement by Mr. Nicholas Haysom, The Special Representative of the United Nations Secretary-General.

Statement by Ms. Annette Dixon, South Asia Region Vice President, World Bank.

Statement by Mr. Stefan Huber, Deputy Head of Mission and Charge de Affairs, European Union.

Statement by Mr. Sayed Jalaleddin Alavi Sabzevari, Deputy Secretary General, Economic Cooperation Organization.

Statement by H.E. Deng Xijun, Ambassador of China to Afghanistan.

Closing remarks by H.E. Dr. Abdullah Abdullah, Chief Executive of the Islamic Republic of Afghanistan.

Concluding Statement of H.E. Salahuddin Rabbani, Minister of Foreign Affairs of Islamic Republic of Afghanistan.

Transcripts of **REMARKS, STATEMENTS, & SPEECHES**

H.E. Salahuddin Rabbani

*Minister of Foreign Affairs,
Islamic Republic of Afghanistan*

H.E. Salahuddin Rabbani

*Minister of Foreign Affairs,
Islamic Republic of Afghanistan*

In the name of Allah, the compassionate, the merciful;

His Excellency, President Mohammad Ashraf Ghani

H.E. Foreign Affairs, of Tajikistan, Siroddin Aslov

H.E. Dr. Khalid Bin Mohammad Al-Attayah, Foreign Minister of State of Qatar.

H.E. Muhammetguly Muhammedov, Minister of Finance of Turkmenistan.

H.E. Abdolreza Rahmani Fazli, Minister of Interior, Islamic Republic of Iran.

H.E. Sartaj Aziz, National Security and Foreign Affairs Advisor of Islamic Republic Pakistan

H.E. H.E. Arjun B. Thapa, Secretary General of SAARC

Excellencies,

Distinguished Delegates,

Ladies and gentlemen,

I am very delighted to welcome you and members of your delegates to Kabul.

My ministerial colleagues and I immensely appreciate your participation in the Sixth Meeting of Regional Economic Cooperation Conference on Afghanistan with a much more robust and result oriented agenda than the last time we met three years ago.

We consider your August presence here as a manifestation of your country's firm commitment towards Afghanistan and we look forward to working with all of you including our neighbours, international partners, the private sector and international organizations to fully operationalize RECCA as an effective mechanism of Regional Economic Cooperation that is no longer Afghanistan centric but region centric.

I would like to take this opportunity to thank the friendly countries of Tajikistan, Turkey, India and Pakistan for hosting the previous meetings of RECCA which like today brought together key regional and international stakeholders to discuss opportunities for Economic Cooperation among the countries of [inaudible] region in support of the economic growth and stability in Afghanistan.

Although we may not be fully satisfied with the tangible results of the previous RECCA meetings, we have repeatedly reached broad consciences on the fact that in order for any regional economic cooperation to bear fruit our governments must commit full political will for implementation of [inaudible] concrete win-win decisions we reach in our meetings.

Ladies and gentlemen,

Afghanistan is no longer a passive recipient of international assistance; we are a country that is centrally located at the heart of Asian Continent which has emerged as the epicenter of global, economic and financial markets.

It is hard to imagine the realization of any economic corridors including east-west and north-south without the full involvement of Afghanistan.

This does not mean that we are only a major trade and transit hub in the region, but we are also one of the most naturally [inaudible] countries of the south and Central Asia with the resilient enterprising and youthful population which can be harnessed to reach our full economic potential.

In the same vein, the socio economic characteristics of South and Central Asia resembles those of Afghanistan constituting the bulk of Asia's population and energy resources every near and far neighbor of Afghanistan needs to take off economically in order to meet the expectations of their increasingly educated and skilled populations.

Indeed for South Asia to reach its full economic potential it will have to rely on increased trade and transit including energy supply through Afghanistan.

In this light the National Unity Government of Afghanistan has actively supported the feasibility studies and implementation of such major energy projects as the CASA 1000 to help meet the rising energy demand in South Asia.

Ladies and gentlemen,

As we continue to be a primary victim of terrorism which has unfortunately found consistent support outside of Afghanistan, we have strongly advocate for creating regional economic interdependencies and adopting a win-win approach that defines the course of our fast shrinking world in the twenty first century.

We know from the tragic history of Europe in the ninetieth and early twentieth century's that zero sum power politics proved self defeating immeasurably costing strong and weak states alike.

We too know from other successful regional economic groupings such as ASEAN and NAFTA where win-win approach is backed by strong political will for mutual benefit have prevailed.

In Afghanistan win-win Regional Economic Cooperation that fosters and enabling environment for cross border trade, business and investment is the corner stone of our foreign policy.

Our doors have always been open for investment for the region the rest of the world.

The reform agenda of the National Unity Government of Afghanistan squarely focuses on further strengthening our governance and rule of law institutions in support of private sector led economic growth.

Our visionary leadership stands firmly behind our efforts to implement the necessary reforms to make it easier than every other country in the region to do business in Afghanistan.

Ladies and gentlemen,

Needless to re emphasize our world is increasingly interdependent. Our rise cannot happen without joining hands and hearts without our neighbors to implement each other's efforts to grow economically.

Afghanistan as a landlocked country relies on the stability and prosperity of our six neighbors with all of whom we have signed Kabul Declaration on Good Neighborly Relations which guides our sincere cooperative relationship with them.

The Ministry of Foreign Affairs of Islamic Republic of Afghanistan looks forward to the much follow up work that needs to be done in the weeks and months following our two day meetings.

Let me conclude by saying that my ministerial colleagues and I look forward to working with our respective counterparts in the region and beyond to translate some of the concrete steps taken here into tangible, sustainable results that underpin the future of our economic cooperation including the private sector and sovereign wealth funds.

Excellencies,

Ladies and gentlemen,

It is now my distinct honor to invite His. Excellency Dr. Mohammad Ashraf Ghani, the President of Islamic Republic of Afghanistan to deliver the key note address.

Thank you.

H.E. Mohammad Ashraf Ghani

President of the Islamic Republic of Afghanistan

H.E. Mohammad Ashraf Ghani

President of the Islamic Republic of Afghanistan



In the name of Allah, the compassionate, the merciful;

Minister Rabbani, thank you for the excellent introduction. Excellencies the ministers, heads of International and regional organizations, distinguished ambassadors, experts, Afghan colleagues, Ladies and gentlemen!

Thank you first for your presence, for your commitment, for your interest, for your support and interest, and most significantly for your engagement and ideas. Your presence here is a very strong signal of hope, we stand for hope against climate of despair and your presence signals that very strongly so on behalf of the nation, the state and myself, I welcome you and thank you for your engagement.

Our choice is simple, do we become a roundabout or we become a cul-de-sac? [Inaudible], the historian traveling Afghanistan and summarizing history and came with two terms: roundabout, a place through which ideas, people and goods flow and from which they disperse throughout the entire region. Cul-de-sac: a dead-end Place where ideas, people and goods were unable to connect and flow within a wider system. It was a place of entrapment.

Afghanistan for millennium was a roundabout end of the 19 century, emergence of two European colonial empires turned it into a cul-de-sac, but we suffer from a short term image vis a vis a long [inaudible] of history. The 19th century colonial image has defined the sasmeta phone for outsiders.

Our goal is to restore our long connectivity which is to become a hub and a center of interactions and relations. We all talk about the Silk Road, what was the Silk Road? Was it a mere road or was it a system?

First, let me very quickly highlight some of the features of the Silk Road. First, it was one of the most sophisticated financial systems in the world, the word “cheque” was invented here and the transactions from Nepal to Nishni Novograts was one system of transaction where you did not have to carry cash and endanger your lives, and second, it was a system of dispute resolution, one of the most sophisticated systems private sector dispute resolution interacting both with the Mongols code with the Islamic laws and prior to that, with the Zoroastrian, Greek and Buddhist system.

Third, it had a system of nodal cities, each city served as a center of interactivity with enormously sophisticated populations. Kabul had citizens from 16 to the end of 19th century of every conceivable religion, sect and nationality. It was based on comparative and competitive advantage, spices, silk, etc. Everything floats.

There was an integrated transport network. Today we look at our nomadism as a relic of the past at that time it was central to make system possible. The jingle of the caravans still echo, but most significantly, its present today, its legacy is entrepreneurial cultures and commercially oriented systems. In the absence of the Silk Road, you could not possibly imagine north India, south India is connected much more to the ocean trading systems, the Central Asian, Afghans, and Iranians interacting and understanding each other.

This legacy is a very important legacy to build upon. But everything depends of course on perspective, so what are ways of looking? Looking out, if you are an Afghan and you are looking out, what do you see? We see the emergence of Asian continental economy. Asia has been at war for 500 years, Europe was at war for 500 years too.

These are called the two long wars; we envisage twentieth century has been bad to Asia. We have been the heartland of conflict and twenty first century began very poorly. But in the next fifty years, we hope to see the end of the long Asian war, and the emergence of an Asian continental economy. Looking in from outside, what do people see? A difficult balance of constraints and opportunities. People are frightened by insecurity, people are frightened by acts of terror, but today’s meeting I hope is an indication that the Afghan will never surrender.

Our guests and our partners have shown that threats will not deter you, so we need to understand the balance of constraints but also see the opportunities but the most important thing I think is looking forward and what is it that allows us to move forward. We can use inspiration from the past that we were a roundabout and the place of inventions and systems. In order to build a common future, we have no choice but to build a common future.

Water resources, the five river systems; we provide water to all our neighbors except China, which we share and harnessing of these waters, internal waters that we suffer \$1 billion a year from floods; our distinguished Minister of Agriculture, Mr. Zamir and his colleagues as Minister Usmani and others are working on this.

We have an entrepreneurial culture, legacy of the Silk Road, and we have a very significant diaspora- a million Afghans live in Europe, North America and Australia and they are connected by thousands ties and millions of ties-the remittance is a very significant asset; we find millions of our compatriots living in Iran and Pakistan; we are grateful to both governments for their support but these are very significant asset; this you cannot plan for Afghanistan based on notions of an isolated state or a country bounded by constraints; it is the opportunities.

A region, ladies and gentlemen, distinguished colleagues, is not an active geography. There is no definition of what a region is geographically, it is an act of political economy, it is an act of cultural understanding and it is an act of overcoming geographical and historical constraints. It is an act of imagination, where the past yields to the future and where the present is used as a stepping stone and as a platform for the future. So what is a suggestive framework? First, we need to engage, identify critical stakeholders. You around this table in this room are our critical stakeholders; we need to establish a common understanding because that common understanding among stakeholders is critical to moving forward.

This basis of this ladies and gentlemen is course common interests. Lose-lose propositions have robbed us of opportunities, win-win propositions will allow us to build a common future. Women are stakeholders in this, the poor are stakeholders in this, the youth are the stakeholders in this, but most significantly, our citizens are the stakeholders in this. Political elite have the obligation and the moral responsibility to lived one of the poorest groups of people on earth to prosperity because what is tragic both for Afghanistan and for our neighbors, close or far, is that we are an incredibly rich country but inhabited by the majority of the poor people and we need to change this so that we have a country where all of us share, stakeholders are created to literally owning pieces of assets and identifying with the systems.

Second, map our assets. We have tremendous assets and I will do a quick stock taking it, but three, also identify our constraints. What is it that is preventing us? Particularly in the areas of knowledge and governance from moving forward, and lastly, identify the policy constraints and infrastructural constraints and deal with them. We have to both work with them and deal with them. That is difficult.

What are Afghanistan’s resources? First, I hope no one will dispute that we have been given one of the best climates. Our Qatari colleagues and others know that, (laughter). Once there is peace, our Chinese colleague has reminded us that we could have a million tourists from China alone. Beijing is incredibly hot, Kabul is delightful and when I take you to Badakhshan or to Paktia or to Andarab or to Bamyan you will see that our climate has given us a blessing.

We also have four distinct seasons. But second is our location; Frederick Starr has done this fantastic book; it is called the lost enlightenment. The best roads of connectivity between different parts of Asia go through Central Asia and Afghanistan; so our location for 200 years has been a curse; in the next 500 years, I think will be one of our most significant advantages. Second, agriculture, horticulture and pastoral potential; we were one of the places where systematic underground irrigation was invested, where 2500 years ago we created some of the most sophisticated irrigation networks as the systems of cooperation and that stayed with us.

Third is our energy potential. From water, hydro we have about 25,000 but altogether... Dr. Qayumi, my distinguished colleague and friend, whom we honored because he just resigned as President of San Jose state university to serve again his nation in his birthplace has identified 360,000 megawatts out of wind and sun and other sources.

Our mineral resources... 33% of our current mineral wealth has been mapped; it is estimated between 1 and 3 trillion dollars; once the 100 % is mapped and a very distinguished Minister of Mining, Dr. Saba, is leading the effort, we will really see what is on and what is off; we do have the potential to become the largest producer of copper and iron in the world within the decade. We will be a significant player in the Gold Market; we have 14 of the 17 rare earth materials that will determine the future of technology globally and it goes on.

And last and I hope most significantly, the government of National Unity has both the political will and a capable team; we are incredibly proud of our government, the national security team that Mr. Atmar very ably leads; this is a country composed of people with dedication, with patriotism and with a common framework. So let's do the quick storm thinking in terms of the infrastructure because that is the key issue. I list very quickly and go through them:

Airports- we have invested over 10 billion dollars in airports; these were done through military assistance; six of those airports within the next two months are going to be on offer for private public partnerships; these are major assets that have been created in the last 14 years; we have airport capability in some of our remotest locations; 110 formerly security bases are now being??? and they offer an immense opportunity both to our regional partners and to ourselves as takeoff point.

Canals and dams: as I said our water is an immense resource and of course we both need a national and a regional framework of cooperation; canals and dams will now be built systematically. 85 % is it Minister Zamir? 85 % of our historical canals are now digitized, so we know exactly what to do and fortunately we have over 200 projects again in the small and medium irrigation fields that are ready for implementation; the feasibility studies have been completed.

Fiber Optics: Mr. Wahidi is here; we are in the process of completing the fiber optics string load and it is a priority in the set of connectivity.

Pipelines: we are focused both on early wins as well as regional integration; we are going to bring pipelines from our neighbors; Minister Saba is very ably leading this effort to start a petrochemical industry and a fertilizer industry; we don't need to wait for the entire regional connectivity in order to jumpstart this very significant thing and we are delighted that the Minister for Foreign Affairs of Qatar is here and Qatar has been path breaking experience where we call on and of course our Iranian colleagues, our Tajik and Pakistani colleagues are all here.

Railways: we created our first railway authority in 1927; we brought a Dutchman courtesy of German foreign assistance and I thank the German ambassador because we just celebrated our 100 anniversary of cooperation but that tree did not translate and what is really fantastic is the road, is the route that the then German team prepared is exactly the route that we are working on right now. So finally, I think we will be able in the 100th anniversary to shift to reap the dividends. The feasibility studies are fast underway and our connectivity with ...Uzbekistan has been established; we are working on connecting Turkmenistan and Tajikistan very quickly as well as building connectivity to the wider region and Iran was the first country to assist us with the railway and we are looking at completion of that project.

Roads: we have invested billions of dollars in our road system so Afghanistan of today is not Afghanistan of 14 years ago; Minister Baligh is very ably leading this effort; our key is operation and maintenance of the past assets and moving forward to creating this system.

Transmission Systems: transmission lines are the first part where we are delivering regionally. CASA-1000 would have broken all the constraints; we have shown that we can trade long-term gains for short-term losses so the price structure that was an obstacle we decided to break it and I hope that this can show the first delivery between Central Asia and South Asia.

Our bilateral cooperation with Tajikistan, Turkmenistan, Uzbekistan and Iran in this area has been well established; now our key goal is to become a regional transit hub and that hopefully will very quickly be realized. The reason I took this quick stop taking is to indicate to you that we are not beginning from scratch; we have a lot of assets to build upon and to connect; at times, a decision by one of our neighbors to build a 10 or 60 mile additional connectivity can make all the difference to utilization of the existing assets; it should be really important to map these missing gaps and to focus on those as a priority; now there is need for... we have adopted a systems approach; what are some of the key characteristics? First, infrastructure is going to be a cluster and not isolation.

The areas that I indicated to you would be approached simultaneously, building project by project is a recipe for defeat, for cost increases, for lack of quality, a system approach will bring this together and if signification develop. Second we can assure you that we have a transparent and efficient procurement system, I personally preside over the national procurement process organization, Dr Abdullah vice president Danish, Ministers of Economy, Finance and Justice.

Every Saturday we take two to five hours to go through every project, so that our international colleagues, our regional partners and our international organizations in particular our own entrepreneurs can be assured that corruption will not take its toll that inefficiency that people particular that delays will not happen.

Thirdly we are clarifying the core functions of the ministries, all ministries are not going to do projects, it is going to be concentrated in couple of major ministries like public works, so that the division is clear and responsibilities. Fourthly, we are investing in the national construction industry , I don't know of a single country that is been able to spend money properly and effectively, without investing in the national construction, in here we invite global partnerships, regional partnerships, to work. Fifthly is public-private partnership.

Public-private partnership is absolutely the key to this both vis a vis the region and we want to embark on new form in innovative way. The history of public private partnership is mixed. Australia is a very negative experience and is documented; UK is an excellent experience has in the region falls in between so it is important.

Next are the regional projects. The rate of return, the economic feasibility would look differently, if we approach projects just from a national prospective, but transit once its added in regional connectivity is figured, the economic will change fundamentally, and so would the buy it. So we very much welcome regional investment and support, you are our key partners in this and we are delighted to work with you.

Let me conclude with a message of hope. Networks of terror and violence want to turn the Arab Islamic word into a cul-de-sac. Their message is one of despair; their form of violence is directed to ensure that innocent people and our culture heritage are destroyed. What possible danger could the statue of Buda of Palmira, beautiful heritage or Baghdad's or any other city's heritage pose to our holy religion.

We need to have the courage to speak for the absolute majority of the Muslim world, and that messages that the absolute majority of the Muslim worlds rejects the message of hate, rejects the message of violence, rejects the message of intolerance. We invented, I hope it is not taken a mess, look at the [inaudible] civilization, look at the [Fatimid] civilization in Cairo, the Uma civilization in Kurtuba; these were global center for interactivity. The global centers the grand Islamic civilizational syntheses was based on tolerance, on understandings, what other civilization would have invested one hundred years of continuous investment in project of translation to translate historical arithmetic and mathematical words from India to Greek works, to Roman law and to others.

That is the civilizations that we are the heirs of. The cul-de-sac proposal is a rejectionist proposal and we reject that very concept.

Their ecology and morphology is distinctive and is a threat to the region and the world, but our people are with us and stand for hope. Your commitment and engagement embodies hope and trust in the future. On behalf of our brave defense and security forces, our peace loving people, our noble people, the nobility is not because we are Afghans, the nobility is that we have taken 40 years of suffering and are still standing tall. Our message to all those who support terror who support violence is in historical afghan proverb, "You cannot force an afghan to heaven, you can persuade him to go to hill", we do not want to go to hell, but let's together pave the way towards the future of common understanding and cooperation.

Your Excellency Mr. Muhammad Ashraf Ghani, the President of Foreign Affairs of the Islamic Republic of Afghanistan
Dear brother Salahuddin Rabbani, the Minister of Foreign Affairs of the Islamic Republic of Afghanistan,
Dear Colleagues,
Ladies and Gentlemen,

First of all I am pleased to extend my warmest greetings to all participants of the Sixth Regional Economic Cooperation Conference on Afghanistan. I would like to thank the Government of Afghanistan for the warm and generous hospitality and excellent organization of this Conference – a vitally important event in economic reconstruction of our neighboring country. We believe that since 2005, RECCA has contributed to the efforts of the Government of Afghanistan to ensure peace, stability and prosperity in the country. Kabul 2005, Delhi 2006, Islamabad 2009, Istanbul 2011 and Dushanbe 2012 conferences have helped us to give the projects and the efforts made year after year a more precise shape and content; some of those projects are still under way and some have been successfully implemented. Thus, today we have a good opportunity to review and evaluate the progress made up to date.

The course of the plenary sessions of the Conference, meetings of Working Groups, academic and business forums, the outcomes and continuation of the implementation of commitments taken in RECCA V in Dushanbe have defined priority directions on further enhancement of regional and international cooperation for the sake of socio-economic development in Afghanistan and in the region.

Today's meeting; being convened under the slogan "The Silk Road through Afghanistan", should be complemented and supported by concrete projects of mutually beneficial interests aimed at social, trade, economic, transport and communication development of the country. The implementation of the projects considered in previous RECCA meetings serves as the basis for sustainable development and long-term economic cooperation with Afghanistan, which is the key element in the process of achieving comprehensive sustainable peace and development of integration processes in the region.

It is worth noting that development of socio-economic spheres of Afghanistan is impossible without ensuring of security. Within this context, we consider it necessary to continue providing technical and financial assistance to the Government of Afghanistan in fight against transnational organized crime. Bilateral and multilateral relations with legal bodies of Afghanistan have to be further developed within the context of regional and global security programs. Implementation of vital security projects, training and development of professional skills for security forces in Afghanistan, as well as enhancement of cross-border security cooperation are key elements on the way to sustainable peace and development. In this regard we consider efforts of partner states in rehabilitation and enhancement of economic potential of Afghanistan through coordination and implementation of a number of short, mid and long term infrastructure projects not less important.

Dear colleagues,
Less developed infrastructure of Afghanistan, first of all in transport and energy sectors, is the main barrier to achieve sustainable economic growth. In this regard, we consider it necessary to focus on elaboration of specific economic projects. We are confident that the existing obstacles in infrastructure development could be tackled through engineering solutions, for example construction of railways, high voltage electricity lines, pipelines, trade facilitation, cross-border trade, etc. Implementation of these measures can open up new possibilities for effective integration with existing regional networks. Practical implementation of these plans will be significant business resolution and model for development of other important projects on transmission of electricity to long distances, on construction of unified regional energy network as well as on transmission of goods and hydrocarbons.

Development of the regional transport infrastructure by improving the existing networks and construction of new ones aimed at creation of transport corridors to Pakistan, Iran and Turkmenistan through Afghanistan is the issue of vital importance. We believe that in the nearest future these networks will turn into a traffic artery of the region, apparently stimulating significant increase in trade turnover between neighboring countries and substantially contributing to the budget of Afghanistan. Tajikistan, as a neighboring country, strongly supports development and implementation of such programs and proposes concrete economic projects in the framework of this Conference.

In particular, position of Tajikistan in respect to socio-economic reconstruction of Afghanistan has been announced during the RECCA V held in March 2012 in Dushanbe, which gathered participants from more than 46 countries and about 30 international and regional organizations. Putting it more precisely, 17 projects in the sphere of transport, communication, energy, education, capacity building in border management have been proposed during the RECCA V which would significantly contribute to the development of our brotherly country – Afghanistan.

In this connection, implementation of such measures will unite the regional market, create balance in allocation of natural resources of the region, attract investments and allow the countries to integrate into the global economic system.

Ladies and Gentlemen,
With the aim to achieve these goals, particularly in efficient implementation of infrastructure projects, it is also necessary to pay due attention to capacity building of the country.

Therefore, from our point of view it would be desirable to enhance and deepen cooperation between educational and research institutions in the region on conducting training programs for the specialists involved in implementation of the projects.

In this regard, we would like to propose to establish a multidiscipline training center for the specialists of Afghanistan involved in socio-economic development of the country.

Alongside with points mentioned above we urge for more active participation of the interested parties on implementation of the projects adopted during the previous RECCA meetings. Most of them are reflected in the Final Declaration of the RECCA V held in Dushanbe and deserve more focused attention. All these projects aimed at comprehensive socio-economic rehabilitation of Afghanistan and development of the region as a whole: Construction of high voltage electricity transmission line (500 kW) Tajikistan – Afghanistan – Turkmenistan and Tajikistan – Afghanistan – Iran; Construction of gas pipeline from Afghan Shibirghon to Tajikistan; Construction of the railway Tajikistan – Afghanistan – Turkmenistan and Tajikistan – Afghanistan – Pakistan; Creation of a Training facility for Afghan specialists and engineers in Dushanbe.

We have already a good example of successful implementation of a project considered in previous RECCA conferences: It is the project on electricity transmission between Sangtuda and Puli Khumri (220 kW). Today, thanks to this energy line Afghanistan receives electricity from Tajikistan.

Another big project, which deserves our special attention, is the Project on transmission of electricity from Central to South Asia, CASA 1000. This project has also been included into the Final Declaration of the RECCA V. Today, the Project has received broad support from the international financial institutions and the world community. The feasibility study of the project has also received a positive feedback. The financial component required for implementation of this project has almost completely resolved and we, on our turn, need to consolidate our efforts to put the project into the implementation phase.

Excellences,

In conclusion, I would like to emphasize that a key to successful implementation of any program and project is ensuring of peace and stability in Afghanistan. Today we can observe that after the withdrawal of International Coalition Forces the country still needs wider support. Taking this opportunity, I call upon our international partners to increase their involvement and enhance their cooperation with the Government of Afghanistan on overcoming the existing obstacles on way of sustainable development of the country

We are well aware of all efforts made by the Government of Afghanistan in this direction and we fully support the peace process in friendly country. Tajikistan always stands ready for continuation of political dialogue on solution of wider range of problems.

In order to achieve our goals we are keen to take consecutive, pragmatic and coordinated steps based on constructive dialogue, mutual respect, confidence and equality. Let me once again to express my sincere gratitude to the organizers of this Conference and to all of you for close and fruitful collaboration.

Thank you.

H.E. Muhammetguly Muhammedov

Minister of Finance of Turkmenistan

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Minister of Finance of Turkmenistan

His Excellency Dr. Mohammad Ashraf Ghani, President of Islamic Republic of Afghanistan

Dear participants of the meeting,
Ladies and gentlemen!

Let me welcome you on behalf of Turkmenistan at such a high level meeting.

I take this opportunity to thank the organizer of Sixth Regional Economic Cooperation Conference on Afghanistan for the high level of organization and wish all the participants of the meeting successful cooperation.

I am convinced that such a [inaudible] composition of the Sixth Regional Economic Cooperation on Afghanistan presents great possibilities and opportunities for the official exchange of views and opinions on the wide range of issues in the area of mutual interest which will provide the new empathy to the development of effective and mutual, beneficial economic cooperation with the Islamic Republic of Afghanistan.

Ladies and gentlemen,

It should be noted that our country is consistently implementing the foreign policy based on the principles of positive neutrality, peace and wide international cooperation aimed at stability, security and sustainable development in the region.

December of this year we will mark the 20th anniversary of the United Nations general assembly resolution on the international recognition of the status of permanent neutrality of Turkmenistan. The effectiveness of Turkmenistan on neutral foreign policy has been reconfirmed by the new United Nation general assembly resolution devoted to neutrality of Turkmenistan and adopted on the third of June 2015.

Turkmenistan proposes to maximize the potential of the neutrality of our country in ensuring the long term peace, stability and security first of all in the Central Asia and its neighboring regions.

Particular importance is attached with development of fruitful relation with the neighboring countries including Afghanistan.

At the end of August this year the President of Turkmenistan made an official visit to Afghanistan and [inaudible] additional important step toward further strengthening and expansion of the traditional, intergovernmental dialogue and which outlined the priority areas of cooperation between Turkmenistan and Afghanistan for the coming years including those within the framework of regional cooperation.

Turkmenistan stands as the supporter of peace, security and sustainable development in Afghanistan promoting exclusively peaceful solution to the issues and problems of the situations in Afghanistan through negotiations and the creation of new political and diplomatic mechanism designed for the long term.

Turkmenistan will continue providing all its support in the process of peaceful settlement of the situation exclusively through peacefully political solutions including though that utilize the capacity of United Nations Regional Center for Preventive Diplomacy in Central Asia which is located in Ashgabat.

It should be noted that our country is actively involved in the extension program of activity within the framework of the Istanbul Process on Afghanistan. These activities specific infrastructural projects on regional development designed to positively contribute to the process of stabilized situation in Afghanistan. Principal position of our country on Afghanistan was clearly marked by the President of Turkmenistan Gurbanguly Berdimuhamedov at the sixty-fifth United Nations General Assembly. During his recent official visit to Afghanistan the President Gurbanguly Berdimuhamedov confirmed the readiness of our country to host the Seventh Regional Economic Cooperation Conference on Afghanistan RECCA in the Turkmen capital in the year 2017. Turkmenistan will be happy to continue the promising dialogue on various issues of regional cooperation and we hope to see you to the participants of the event.

Ladies and gentlemen,

Turkmen - Afghan relations are developing successfully at both bilateral level and within the frameworks of international organizations. The important areas of our interaction are the cooperation in trade, economic, energy and transport sectors. One of the major key direction of cooperation both bilateral and on regional basis is in the partnership in the fields of

energy security. Great importance is attached to the joint efforts on gas pipeline projects Turkmenistan-Afghanistan-Pakistan-India. The implementation of this ambitious project will have a positive impact on the social and economic development of not only the participating countries but also on the region as a whole.

The implementation of this project could be an important factor improving the overall situation in Central Asia and South Asia. It will give a different radically new sense of direction to geo-political and economic processes taking place in this part of the globe.

Besides the obvious economic and commercial benefits and dividends to all its members, the project if implemented can become the starting point of true integration of Afghanistan into the global economy as an equal partner and active participant of modern global economic relations. According to the most conservative [inaudible] only for gas transit Afghanistan will receive one billion dollars a year. The successful implementation of this project will also contribute to Afghanistan economy and improvement of social and economic situation of the Afghan people including through the creation of twelve thousand new work places.

The implementation of this project has recently made a visibly progress having resolved the major issues related to its implementation.

The electric power industry is also one of the priorities of the Turkmen – Afghan partnership. As is known the electricity produced in Turkmenistan, is supplied at favorable terms to the northern regions of Afghanistan.

After the completion of new facilities of the relevant infrastructure, the volume of the above mentioned electricity supplies will increase even further. It should be noted that electric power supplied from Turkmenistan may be intended not only for Afghanistan but could transit through Afghanistan to other states in the region. In this area of cooperation work carried out in close cooperation between Turkmen and Afghan specialists and this will significantly increase the effectiveness of cooperation in this field. On the regional scale the most important area of cooperation is transport sector. The unique location of our country as a cross roads of north-south and east-west allows Turkmenistan to actively participate in the formation of multi road combined transport infrastructure on the regional and transcontinental scales.

In shaping its own approach to the development of transport sector and transport infrastructure, Turkmenistan believes that Central Asia is a strategic region in Eurasia and integral essential part of modern global development process. [Inaudible] opportunities for Turkmenistan and its neighbor states in the region in connection with implementation of the project for construction of the railway Kazakhstan – Turkmenistan – Iran with the length of 900 km as well as a combination of road, rail and sea links between the CIS countries and Central Asia, even the large potential of transport and communication networks of Central Asian, Caspian, Black Sea and Belt Baltic regions. A good example of cooperation in the transport and communication is the construction of railway Turkmenistan – Afghanistan – Tajikistan the completion of which will generate substantial income.

Construction of railway line Atamurad–Imam Nazar–Aqina to be followed by the construction of railway line through Andkhoy to Tajikistan.

Within the framework of his official visit to Afghanistan the president of Turkmenistan has proposed to construct the railway to Andkhoy at the expense of Turkmenistan's own funds. The length of railway line within the territory of Turkmenistan will reach 85 km.

The transport corridor Afghanistan-Turkmenistan-Azerbaijan-Georgia-Turkey will also play a big role by contributing to the revival of the great Silk Road. Among the priority directions of international cooperation of Turkmenistan including the Islamic Republic of Afghanistan, the significant place it has taken by questions by ensuring ecological safety and stability of development in Central Asia and on a global scale.

Turkmenistan pays special attention to strengthening of bilateral ties in the humanitarian sphere also.

H.E. Muhammetguly Muhammedov

Minister of Finance of Turkmenistan

H.E. Rahmani Fazli

Interior Minister of Islamic Republic of Iran

Ladies and gentlemen,

Constructive foreign policy of Turkmenistan and the creative initiative of our president can be repeatedly voiced from the tribune of the United Nations at the upcoming [inaudible] session General Assembly United Nations; Turkmenistan will urge the international community to provide active support to the Afghan Government to promote the effective integration of our country into regional and international economic developments particularly in energy and transport. An essential aspect of the support to the Afghan people is the humanitarian component and assistance in training of professionals for economic and social spheres.

Turkmenistan is convinced that settlement of the situation in Afghanistan is possibly only through peaceful political means based on a broad national dialogue. Turkmenistan will continue to actively cooperate with the international community in the framework of Istanbul Process, first of all in the promotion of confidence building measures such as the infrastructural projects and trade.

Ladies and gentlemen,

In conclusion I would like to note that the basis for International cooperation policy of Turkmenistan is the vision of regional cooperation as lasting link of strategic stability in Central Asia and in South-East Asia.

Putting forward the important international initiatives including the implementation of major projects on energy, transport and communication spheres, Turkmenistan is making its significant contribution to the formation of new architecture of geopolitical and economic cooperation that meets the modern tendencies of global development.

Turkmenistan will continue to be committed the policy of peace and creation of well being for the prosperity of all of our countries.

Thank you for attention.

In the name of God

The compassionate; the merciful

Dear Foreign Minister of Islamic Republic of Afghanistan, dear participant ministers, ladies and gentlemen;

I would like to begin by extending my own gratitude for the hospitality of the government and people of Islamic Republic of Afghanistan and their appropriate planning for holding the Sixth Regional Cooperation Conference.

I would hope the results of this conference will be the origin of prosperity for Islamic Republic of Afghanistan and regional countries.

Dear chairman of conference,

Dear participants;

Islamic Republic of Iran has numerous cultural, historical language and religious commonality with the Islamic Republic of Afghanistan. Iran in different junctures of contemporary history of Afghanistan has been alongside of government and people of Afghanistan and has friendly relations with the government of this country after the period 2001.

After the formation of National solidarity Government of Afghanistan Iran has supported this government and we make effort in all dimensions to extend our relations with Afghanistan.

Fundamental policy of the Islamic Republic of Iran has been constantly to support of peace and stability in Afghanistan. For achieving of this end, Iran has considered peace; stability and security in Afghanistan such as peace and stability in Iran and region, and in the past years, we have endeavored to have constructive cooperation with regional countries especially Afghanistan.

As before we would maintain a safe Afghanistan with a prosperous, dynamic and self-sufficient economy, to secure and ensure the interests of all regional countries.

Recent nuclear deal of Islamic Republic of Iran with 5+1 group can be another beginning for promoting and expanding regional cooperation and interaction for flourishing and booming of our neighboring countries economy, especially Afghanistan.

This deal has provided new opportunities for mobilizing and bringing into effect of numerous capacities of Islamic Republic of Iran and our country is ready to share the interests of this deal for the furthering and progressing of regional development.

Dear friends;

Increasing of violence, extremism and unsafe geographical expansion from south to the north of Afghanistan in the side of emergence of extremist groups with the new names and particulars, has increased the regional concerns.

We believe firmly that terrorists and extremists ever would divisible to bad and good ones; we should reach to this common understanding such groups are not only a threat for the region but also for all humanity.

Allow me once again to take the opportunity and propose the initiative of our dear president H.E. Rouhani in relation of cooperation for a world devoid of extremism and violence to out dear colleagues.

In this framework, we are able to pave the ground appropriately for combating threats and promoting joint cooperation towards balanced and durable development in the region.

Dear colleagues;

Islamic Republic of Iran due to unique geographical situation and appropriate security conditions and roads and rail ways infrastructures, is ready to contribute to the transit capacities of Afghanistan and economic and trade boom of the region.

It is natural that formation of an effective economic cooperation in the, region, would also contribute to the decrease of instabilities, and problems.

Connection of Afghanistan and middle Asia through Iran's Chabahar port has been the long dream of our country and the whole region that fortunately is under implementation.

Chabahar is a unique, appropriate and low cost route for such countries for accessing to free waters and provide the ground for interweaving and connecting of region's economies.

In May 2015, a memorandum of cooperation for Indian's partnership in developing of the first phase of Chabahar port between Ministers of transportation of two countries was signed in Tehran.

Based on this memorandum of cooperation Indian Government has invested 85 million Dollar for completing and equipping of this phase and for ten years has right to use this phase.

Two parties are being negotiating for concluding executive contracts.

Islamic Republic of Iran would consider the development of Chabahar as an effort for achieving strategy of government in expanding of East axis and facilitating of region connections, especially connection of Afghanistan and middle Asia with Oman Sea and Indian Ocean, and accordingly we welcome the investment of all interested countries in Chabahar and its connective roads.

Iran also provides one of the shortest; cheapest and cost effective routes for trade between Afghanistan- Turkey and Afghanistan- Caucasus and Europe.

Dear audience;

We believe firmly that regional convergence is the most appropriate strategy for solving the problems of the region. In this connection, it is necessary; targeted aids of regional countries for reconstruction 'of Afghanistan to be increased and continued.

Successful experience of Islamic Republic of Iran in building and constructing of infrastructures after the Islamic revolution and imposed war is an appropriate example for transferring to Afghanistan and in this regard Islamic Republic of Iran is ready to cooperate with International community for implementation of infrastructure projects especially in the field of roads and railways.

Islamic Republic of Iran due to its own strategic situation in the region can be considered as a means for connecting regional countries to the global markets for export and import of goods and capital.

For achieving such purpose, Islamic Republic of Iran has put on its main priorities the expansion of railways network and its extension of railways network and its extension to neighboring countries railway project of Khawaf - Herat, initially designed for such objective.

This project in the framework of 4 parts, 191 Kilometer long, is expected to extend access of Afghanistan to the regional and global markets.

According to the agreement of 1385 (solar calendar), signed between Iran and Afghanistan, it is decided; 3 parts of this railway, 138 kilometer long, will be built through grants of Islamic Republic of Iran and its 4 part to be build by the government of Afghanistan.

At the present time, has completed the infrastructure of two parts in the territory of Iran and its superstructure operations has begun.

The cost of building of mentioned three parts that Iran's government has undertaken is more than 250 million dollars.

Dear colleagues;

Construction road project of 78 bar (Mahirood) to the province of Farah is considered as another major projects of Islamic Republic of Iran.

This project, 120 Kilometers long, would connect the formal boundary of 78 bar located in Iran's South Korasan province to the province of Farah in Afghanistan and while facilitate transit of goods and reduction of distance for travel from Bandarabas and Chabahar to Afghanistan, would lay the ground for exporting of productions and economic boom in the region.

Now, 75% of this project was constructed, 65 Kilometer of the project was completed and became operational.

Once again, I would like to express my gratitude and thanks to the dear host of this conference for timely holding it, and would hope in the light of active assistance and cooperation of all regional and trans regional countries, the expected objectives especially the pivotal issue of the present conference under the title of (revival of silk road) will be achieved soon.

Islamic Republic of Iran once again would voice its readiness for promoting cooperation in the frame work of this conference and close interaction with friendly and brotherly government of Afghanistan.

At the end, on behalf of peoples and government of Islamic Republic of Iran, I would like to give assurance to the government of Afghanistan that Islamic Republic of Iran like the past three decades alongside them, will contribute for achieving to a safe, durable, booming and developed Afghanistan.

Thank you for your attention.

H.E. Sartaj Aziz

*Advisor to the Prime Minister on National Security and Foreign Affairs,
Islamic Republic of Pakistan*

H.E. Sartaj Aziz

*Advisor to the Prime Minister on National Security and Foreign Affairs,
Islamic Republic of Pakistan*

His Excellency President Muhammad Ashraf Ghani,
His Excellency Foreign Minister Salahuddin Rabbani,
Honorable Heads of Delegations,

Excellencies,
Ladies and Gentlemen!

Let me begin by thanking His Excellency President Muhammad Ashraf Ghani, for addressing this meeting and sharing his vision to make Afghanistan a developed, prosperous and regionally integrated country.

Pakistan fully supports this forward-looking and progressive vision, and the plans for regional connectivity.

Ladies and Gentlemen!

RECCA, over the years, has evolved into a dynamic platform, which has done a commendable work in crafting a vision and a roadmap of developmental projects complementing the Afghanistan's National Development Strategy.

Pakistan fully subscribes to the core objectives of RECCA for promoting a robust and multi-dimensional development cooperation with Afghanistan and trans-regional development cooperation among the countries of the region.

It is heartening to note that objectives of RECCA-VI are also reinforcing framework adopted under the Heart of Asia-Istanbul process, which Pakistan is co-chairing alongside Afghanistan. This mutual reinforcement augurs well for a prosperous and peaceful Afghanistan.

I have carefully listened to my colleagues and found considerable convergence on how to move forward in a pragmatic and concrete manner to create synergies needed for benefitting from greater regional cooperation and integration.

Transforming Afghanistan into an "Asian roundabout" would not only require internal initiatives but also concrete and substantive cooperation of other regional countries.

Excellencies and Distinguished Participants!

Pakistan is working on a number of cross-border and trans-regional connectivity projects, including infrastructure, road/rail and energy, and promotion of trade and investment. These projects include some under RECCA framework and some on the bilateral plane.

I am pleased to share that we have expedited work on rail connectivity projects, including Peshawar-Jalalabad and Chaman-Spinboldak Rail Links between Pakistan and Afghanistan.

Besides, we are also working on the feasibility study for Peshawar-Kabul Motorway. The stalled work on Torkham-Jalalabad Additional Carriageway has started and is expected to be completed by December 2016. We are committed to extend these road networks to Central Asia.

The China Pakistan Economic Corridor (CPEC) can also play a transformative role, not only for Pakistan but for the region as a whole. Once implemented, the CPEC would provide a competitive transit route for trade between western China, which is undergoing rapid development, Central Asia and Afghanistan.

Significant breakthroughs on CASA-1000 and TAPI gas pipeline projects have put these projects on fast-track. We are hoping to finalize the remaining issues in the coming months. We are also considering collaboration with Afghanistan in hydro power generation at Kunar River and a joint venture in petroleum sector.

Besides agreeing to increase the volume of our bilateral trade, Pakistan and Afghanistan have undertaken to remove impediments to the full implementation of Afghanistan Pakistan Transit Trade Agreement (APPTA). In this connection the 5th meeting of Afghanistan Pakistan Transit Trade Coordination Authority (APPTCA) was held in Islamabad on 1-2 January 2015, which positively resolved a number issue relating to implementation APPTA.

We are now focusing on harmonization/simplification of practices, business friendly visa regimes, regulations, legislations and agreements in the areas of trade and transit which facilitate the flow of goods and services, greater public-private partnership and enhanced people-to-people contacts. The Government of Pakistan has also decided to accede to the TIR Convention. This will facilitate promotion of trade between the two countries and the region.

We are committed to enhance our assistance for training of Afghan civil servants including diplomats and police. We would also impart training to doctors, para-medical staff, teachers, postal, banking, railways, customs and civil aviation officials.

Excellencies!

I conclude by reiterating Pakistan's firm support for and constructive contribution towards regional and international processes for reconstruction, development and progress of Afghanistan.

Thank You.

H.E. Arjun B. Thapa

Secretary General,

South Asian Association for Regional Cooperation (SAARC)

H.E. Arjun B. Thapa

Secretary General,

South Asian Association for Regional Cooperation (SAARC)

H.E. Dr. Mohammad Ashraf Ghani, President of Islamic Republic of Afghanistan
H.E. Salahuddin Rabbani, Minister of Foreign Affairs of Islamic Republic of Afghanistan.

Excellency Delegates,
Ladies and gentlemen,

It is indeed an honor and privilege for me to attend this ministerial meeting of the Sixth Regional Economic Cooperation Conference on Afghanistan RECCA being held here in Kabul.

Allow me at the outset to express my thankfulness to the esteemed Government of Afghanistan for inviting me in this important forum.

I would also like to take this opportunity to express our gratitude to the Government of Afghanistan for extended generous hospitality to me and my delegation since our arrival in Afghanistan.

Excellency;

I believe that the RECCA-VI is being convened at an opportune moment as Afghanistan prepares to fully integrate itself not only into South Asia but also into Central Asia.

Located strategically at the cross roads of Eurasia, I have every reason to believe that Afghanistan can be a regional hub for connecting South Asia to Central Asia as mentioned by His Excellency President Mohammad Ashraf Ghani.

There is no doubt that economic integration is the backbone of any regional integration and there SAARC also has taken steps towards this. We have given ourselves path breaking instruments, South Asian Free Trade Area (SAFTA) and SAARC Agreement on Trade and Services (SATS) covering trade, goods and services. I am happy to mention that trade [inaudible] are steadily increasing. Although they do exist, their potentials which are it to be realized.

Studies on the subjects point out to the low level of economic integration, going to significant informal trade in the region and high cost of trading due to [inaudible] physical connectivity in the region. These short comings are being addressed through sustain dialogue to non tariff bearers and transportations. A dedicated organization under the [inaudible] of SAARC namely SAARC Regional Standards Organization (SARSO) is working towards harmonization of standards. In the meanwhile SAARC Arbitration Council has been setup facilitating dispute resolution through arbitration. During the eighteen SAARC Summit held in Kathmandu in November 2014, SAARC leaders has envisioned and ambitious path for economic integration, leading eventually to the creation of the South Asian Economic Union in phased manner by moving from free trade to custom [inaudible] market.

Excellencies,
Distinguished delegates,
Ladies and gentlemen,

Transport connectivity is a key pre requisite for the promotion of intraregional trade across the region. Following a series of intergovernmental meetings, SAARC is currently engaged with the preparatory work to launch the Indian Ocean Cargo and Passenger Free Service among India, Maldives and Srilanka. Beside member states are also pursuing the finalization of Regional Railways Agreement and Motor Vehicle Agreement. In addition SAARC is also conducting a demonstration run of container train among Bangladesh, India and Nepal.

I am confident that upon their implementation these measures will greatly boost goods and the people across the region.

I am happy to mention that SAARC leaders at the last summit held in Kathmandu in November 2014 emphasized among others the need for linking South Asia with other regions including Central Asia and beyond by all modes of connectivity and direct relevant authorities to initiate national, regional and sub regional measures and necessary arrangements. Operation in the field of energy is one of the priority areas in SAARC. Securing sustainable energy supplies to meet energy needs at affordable price has become a major energy policy imperative of our member states.

In this context the SAARC working group on energy and expert group on different energy commodities are pursuing a plan of action in this vital sector of cooperation. The SAARC energy center is in operation since April 2006 as one of the regional centers of excellence.

The SAARC framework agreement for energy is in place. During eighteenth SAARC summit directed the relevant SAARC bodies and mechanisms to identify regional and sub regional projects in the area of power generation transmission and power trade including hydropower, natural gas, solar and fuel and implement them with high priority and view to meet the increasing demand for power in the region.

In order to develop beneficially projects SAARC does have the SAARC Development Fund (SDF) operational since 2010.

SDF is currently implementing nine regional projects with fifty six implementing and lead implementing agencies covering all the eight member states that strengthens the livelihoods of home based workers and small farmers enabling connectivity and container of e-governance to rural population to reduce infant mortality and taking steps at ending violence against children.

As of date, SAARC has already committed 66.512 Million US Dollars for social window projects. SDF is ready now to activate its economic and infrastructural windows. Last but not the least the role of the private sector in majority of cases playing into action the policy decision taken by our member states that seems greater significance for fostering regional cooperation. That is why one would notice that in almost all the SAARC Summit Declarations especially in the recent ones there has been [inaudible] of the role of private sector in carrying the SAARC process forward. For this reason efforts are underway to involve the private sector where ever possible in the SAARC process.

Excellencies,

I am confident that the RECCA – VI will be very useful not only reviewing the progress since it was conceived in 2005 but also helping Afghanistan in responding emerging opportunities.

With these remarks I would like to wish this Ministerial meeting a fruitful outcome.

I thank you very much.

H.E. Yasser Morad Usman Hosny

Deputy Foreign Minister Republic of Egypt

H.E. Takir Balykayev

Deputy Minister of Education of the Republic of Kazakhstan

You Excellency Hekmat Khalil Karzai, Deputy Foreign Minister,
Distinguished heads of delegations,
Ladies and gentlemen

I am indeed delighted to be amongst you today and have this opportunity to speak about an issue of considerable interest in the context of this important regional conference.

I want to take this opportunity to thank our distinguished hosts for their gracious hospitality and excellent arrangements which made my first visit to this historic land a memorable one.

Building on the regional economic cooperation conference on Afghanistan series initiated in 2005 and held in Kabul, Islamabad, New Delhi, Istanbul and Dushanbe. This year RECCA-VI returned to its birth place, Kabul.

Carrying on with the tradition of meeting regularly to share our ideas in the hope of finding new and more effective ways of action.

Our gathering here today holds special significance as this nation embarks on a new chapter in its political history after the formation of Afghan Unity Government.

Ladies and gentlemen,

This year's gripping theme "The Silk Road through Afghanistan" and its focus on three major developmental areas namely Energy, Regional Connectivity of Trade and Transportation and Promoting the Private Sector could not be more relevant to the shared history between Egypt, Afghanistan and the region.

With the seven thousands of history, Egypt has long been the center of global commerce and at the access of trade routes linking Asia, Europe and Africa. Two branches of the Silk Road intersected Egyptian maritime and caravan routes feeding into the historic commercial artery carrying all the luxury goods then available. Such a rich past has left Egypt with [inaudible] past heritage, traditional Nile cruises, bazaars and other trade and religious centers. Fast forward to 2015 Egypt launched its ambitious new Suez Canal project expanding the capacity of the existing Suez Canal with plans to build six new tunnels under the canal and to transfer 76 thousands square kilometers area on both banks of the canal into an international logistic, commercial and industrial area.

The project added a new 35 kilometers long second shipping lane in the existing 164 kilometers long canal allowing for separated passing in opposite directions. It also included the deepening and expansion of a 37 kilometers long section of the existing canal. This new project and other regional and international initiative will not only revitalize the Silk Road. To borrow President Ghani's word but will also complement Egypt new project expanding the maritime component in addition to the tradition land based component, thus opening up a plat era of opportunities and avenues for cooperation.

Excellencies,

Since 2005 Regional Economic Cooperation Conference on Afghanistan has served as primary International forum for advancing regional stability and prosperity by restoring Afghanistan's central role as land bridge between Central Asia, South Asia, the Middle East and Europe for the exchange of commerce, cultures and ideas. The over arching goals of regional cooperation in the Afghanistan Development Strategy (ANDS) is to contribute to achieving the welfare of the Afghani people for promoting economic exchange between Afghanistan and its neighbors.

In this context Egypt has spared no effort in assisting Afghanistan. Our role has two folds, firstly capacity buildings of Afghans in different fields such as health, education, agriculture as well as police training programs, diplomacy and judicial affairs. Secondly through Al-Azher Egypt's one thousand year old seats of Islamic learning by promoting teaching of moderate Islam that champion peace and tolerance. Al-Azher scholars working in Afghanistan as well as its annual scholarships...

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Your Excellency, Deputy Minister of Foreign Affairs of Islamic Republic of Afghanistan,
Distinguished Ministers and Heads of Delegations!
Esteemed Participants,

First of all, let me express our sincere gratitude to the Government of Afghanistan for hosting and excellent organization of this Conference.

Kazakhstan believes that the Sixth RECCA will be a significant milestone in increasing economic regional connectivity and further strengthening of regional cooperation in various areas.

The main theme of this conference – "The Silk Road through Afghanistan" – reflects the endeavors of the Government of Afghanistan to turn this country into a hub that will connect Central Asia to South Asia. We believe that with implementation of the current and future projects within this conference (and beyond) Afghanistan will find its path to stabilization and reconstruction.

Esteemed Participants,

At the last RECCA conference in Dushanbe we agreed to take serious and measureable steps towards the implementation of the several priority projects. In accordance with the RECCA – V declaration, the Regional Disaster Risk Management Center in Almaty in Kazakhstan has been established and it is ready to start its activities.

In this regard, Kazakhstan and Kyrgyzstan call upon our partners to formally join this center that aims strengthening regional cooperation through coordinated activities in disaster risk reduction and disaster response. Afghanistan has also expressed its readiness to be a member of this center at the present we are waiting that our Afghan partners will complete necessary formal procedures to join this center.

Distinguished participants,

Regional energy projects will play vital role in turning Afghanistan into a hub that will connect Central Asia to South Asia. In this regard, Kazakhstan supports CASA-1000 project and upon realization of this project we will have an opportunity to export our excess energy during the winter period when the CASA-1000 grid will be under loaded.

Construction of roads and railroads in Afghanistan and its connection to neighbors is of crucial importance to increasing regional connectivity.

Kazakhstan has been contributing to the international transit corridor "Western Europe-Western China" that will significantly increase the trade turnover between Europe, China and Central Asia.

Last year the leaders of Kazakhstan, Turkmenistan and Iran launched the transnational railroad linking three countries to the Persian Gulf. This railroad can be extended to Afghanistan and connect our countries. A representative from Kazakhstan National Railways Company "Kazakhstan Temir Zholy" is also attending this conference.

Yesterday he had fruitful negotiations with his colleagues from Afghanistan railways authorities. We hope that these negotiations will serve as a basis for further development of bilateral cooperation in railways sphere.

H.E. Takir Balykayev

Deputy Minister of Education of the Republic of Kazakhstan

H.E. Omar Ahmad Karim Al-Barzanji

Deputy Minister of Ministry of Foreign Affairs of Iraq

Distinguished participants,

Given that all projects require well-educated personnel. Kazakhstan highlights the importance of investments into human resources of Afghanistan as one of the most important elements of restructuring Afghanistan economy.

That is why Kazakhstan has been implementing an educational program for Afghan young people. This year we witnessed the second group of graduates of different professions that have started working and making their contribution to the development of Afghanistan.

Moreover, upon the request of the Afghanistan Government, Kazakhstan made a decision to prolong its educational program two years and just recently in Kabul we have admitted a new group of students.

Dear Colleagues,

Without peace and national accord in Afghanistan, it is difficult to achieve the implementation of important regional projects. For this reason the Afghan-led and Afghan-owned peace negotiation process is the paramount goal of the international diplomacy.

Kazakhstan supports the Government of National Unity, in its efforts to start a dialogue with the armed opposition and we hope that the recently re-launched talks will resume and bring positive results.

At the same time we are concerned with the rise of violence in the recent months in Afghanistan. Lack of security and growing instability hinder implementation of regional projects that aim reconstruction of the country.

As security and economy issues intertwine, they have major effect not only on Afghanistan but the whole region including Central Asia. All of our partners should recognize their responsibility in maintaining regional stability within the framework of multilateral cooperation, including SCO and other regional organizations.

Kazakhstan has always advocated an open and transparent approach in addressing Afghanistan issues and calls upon concerned parties to take concrete steps that will promote security and stability in Afghanistan.

Ladies and gentlemen;

Finally, I would like to reaffirm Kazakhstan's commitment to a continued cooperation with all concerned parties to reach peace and stability in Afghanistan.

In conclusion, I would like to wish you all a fruitful session in the spirit of mutual understanding and openness.

Thank you for your attention!

H.E. Dr. Salahuddin Rabbani, Foreign Minister of the Islamic Republic of Afghanistan,
Excellencies, Ministers of Foreign Affairs of friendly countries,
Ladies and gentlemen,

Peace be upon you,

It is an honor to participate at this year's Sixth Regional Economic Cooperation Conference on Afghanistan. Representing the Iraqi delegation this year, our nation as a whole aspires to resolve as many issues as possible in the most efficient and beneficial way to all nations, present and involved.

On behalf of his Excellency, Dr. Ibrahim Al-Ja'afari, Iraq's Minister of Foreign Affairs; I would like to convey to you his greetings and hopes that along this journey, Iraq and its conflicting nations aim to find common territory and respectively become allies and aid one another in thriving and prospering as a unit to achieve successful outcomes serving economic cooperation amongst neighboring countries of the region.

Allow me to express my appreciation for the warm hospitality and positive working energy flowing throughout this reception offered by my fellow colleagues in the Ministry of Foreign Affairs of the Islamic Republic of Afghanistan and other governmental bodies.

Ladies and gentlemen,

Iraq's participation in the Sixth Regional Economic Cooperation Conference on Afghanistan comes in the context of its multiple participations in the meetings related to Afghanistan in order to achieve its stability, development, unity, sovereignty and salvation of its people suffering from wars and other core dilemmas.

Without a doubt, the cooperation and support given to Afghanistan is the responsibility of the international community, especially countries of the region. My country, Iraq whole heartedly believes that the stability and prosperity of any country of a particular region of the world is for the benefit of all.

Iraq always strives for humanity and civilization to ameliorate and coalesces in order to achieve sustainable transformations and will continue to do so during this meeting and upcoming ones.

Iraq's attitude comes in the context of the principles that are stipulated under the UN Charter to respect the sovereignty and independence of states, establishment of proper - neighborly relations, non-inference in internal affairs and promotion of regional cooperation in all areas; especially the economic and security fields, as well as combating terrorism, extremism and building confidence.

In light of these principles, Iraq calls for implementing programs, agreements and treaties that target strengthening cooperation between the countries in various areas while avoiding adoption policies that may raise tensions and rivalries taken as an approach to resolve international and regional conflicts. Thus, Iraq's initiatives come in resolving crises of certain countries, including hosting a meeting gathering representatives from Iran and groups of 5+1 in 2012 to resolve the Iranian nuclear program crisis; in addition to its stance towards finding a solution to the Syrian crisis politically and bringing concerned parties to negotiate and prioritize their own internal affairs, and lastly, Iraq's stance on Yemen's crisis. Iraq was at the forefront of countries participating in all meetings related to Afghanistan, either through the Regional Economic Cooperation Conference on Afghanistan (RECCA) or the Istanbul Process for the "Heart of Asia" countries, through which Iraq joined as one of the supporting countries, along with the meetings of Bonn which were held before them. Iraq calls upon all countries to support Afghanistan's government and its people in this critical state of its history in order to democratize and secure Afghan societies, internally and externally.

The process of rebuilding and instilling confidence in the hearts of its people will help support the reconciliation process led by the Afghan people themselves and provide forms of encouragement, especially in terms of the economic viewpoint.

Iraq looks with great interest at economic cooperation with all fellow countries of the region, especially the ones participating in (RECCA), because of its loyal allies aiding one another towards maintaining peace and stability.

Proud and unified, we seek to promote cooperation and economic integration, by working as one; granting each other the enlightenment and knowledge required both flourishing and motivating other nations actively participating as well, Fellow delegates, everyone is well aware that the ancient civilization of Iraq was one of the important connecting links in the Silk Road between Eastern and Western civilizations.

It is strong work in order to revive the Silk Road, and encourage every effort in this regard to achieve this goal, and so it expresses its deep appreciation to fellow brothers in Afghanistan, where they put the conference slogan “Silk Road through Afghanistan”.

Iraq is aiming to create and portray plans to link the railway projects with neighboring countries, especially Iran, Turkey and Arab countries as well; to join countries of the region with a network of pipelines to transfer oil, gas and electrical power, which will serve the interests of our regional populations. Iraq has tremendous economic potentials that make it eligible for economic integration with countries of the region; Iraq welcomes all international and regional efforts working to develop common economic mechanisms that will benefit economic and human development to serve the interests of people in all countries of the region, and world.

Your Excellencies,

As you all may know, the most challenging obstacle that faces the development, growth, and security of forming a democratic state in Iraq is terrorism, Terrorism has hit the core of my country in various forms, ever since the fall of the dictatorial regime in 2003. The latest form of terrorism in Iraq happens to be the formation of ISIS (Daash), which dominated a huge area in Iraq and still continues to.

These barbaric extremists have committed the worst criminal acts, violating Iraqi citizens by stealing and smuggling Iraq’s economic resources, including oil to finance its war machine; in addition to stealing archeological artifacts and selling them to specialized gangs, attempting to erase Iraqi history and culture. Most importantly, Iraq reaffirms the priority to re-inform your Excellencies, that these groups have targeted the Iraqi population regardless of their sects and religions. The international community must understand that ISIS (Daash) does not represent any particular sector entity and that every state and society, is threatened by their existence.

This modern terrorist organization benefiting from globalization, is promoting inhumane activities in order to jeopardize this generation and upcoming generations by blocking our efforts in shielding and securing a future, peaceful generation for every nation. Some may be confused as to why this extremist group labels themselves as “Islamic” and claims to be “rooted in Islamic principle” and to clear this confusion; ISIS (Daash) does not represent any Muslim individual or Islamic principle.

They simply use Islam as a communication tool to manipulate our youth’s brains in order to join their forces worldwide, with no goal but to continue gaining support and recognition from their target audience in the international community in order to continue killing, destroying and displacing.

Iraq is now at the front of the line fighting these terrorist groups. Thus, it is necessary to realize that supporting Iraq is not a matter of enhancing.

Bilateral relations but facing a common challenge that makes it imperative for all countries to stand firmly against it. There is no justification to be neutral in this war, because it is simply a conflict between humanity and its murderers, between civilization and deterioration and it is not possible to be neutral. It comes to our surprise that some countries still look at this conflict as a sectarian one or as a civil war, which is a narrow minded opinion lacking depth and analysis. Here we have to emphasize that any economic cooperation or integration will not be fruitful unless countries of the region and world, adopt a comprehensive and serious mechanism to combat terrorism and extremism through mutual cooperation and coordination.

Cooperation in the economic field and moving away from interference in internal affairs should be an integral part of the comprehensive strategy to face the challenges proposing a threat to the existence and stability of states.

Thank you very much.

Let me first, in my capacity as an Afghan citizen, thank all our guests who have travelled, despite concerns of your dear ones at home, to participate in RECCA VI. It is a clear indication of your personal support and that of your governments and institutions to stability and economic development in this region. On behalf of the President of the Islamic Development Bank Group H.E. Ahmad Mohammed Ali, I would like to thank the Government of Afghanistan, particularly the Ministry of Foreign Affairs for their hospitality and professional organization of this strategic event.

As HE President Ashraf Ghani clearly stated “Political elites have the responsibility to lift one of the biggest group of world’s poor people (citizens of this region) out of poverty to prosperity.” We have not choice, but to work together to achieve tangible results for the people of Afghanistan and the entire region, beyond declarations.

The IDBG is ready and committed to work in partnership with all of you -governments, MDBs, bilateral donors, the UN system, CSOs, and the private sector - on practical actions to advance regional cooperation and contribute to regional stability, poverty reduction, and economic prosperity. Global financial industry experts have concluded that application of Islamic Finance Systems including Islamic banking, Islamic micro-finance, AWQAF (Islamic endowment), SUKUK (Islamic bonds), TAKAFUL (Islamic insurance) and other services is of particular importance to power sustainable and equitable economic growth.

This is a niche area for IDB Group. We are prepared to work with you all by sharing our expertise and knowledge to promote regional cooperation. In addition to project financing that is of critical importance for stability and growth of Afghanistan and its neighbors, we believe development of a comprehensive Islamic economic model will ensure success and gain for all — Muslims and non-Muslims alike. Financial Centres like Hong Kong, London Moscow and Tokyo are embracing Islamic banking and finance system. We have seen that some of these countries have issued SUKUKS.

Excellencies, ladies and gentlemen,

Let me emphasize my plea to us all to commit ourselves to actions and delivery of tangible results soon after this meeting of RECCA VI. Beyond declarations, we should establish a simple coordination mechanism, particularly among donor and financial institutions, and establish clear bench marks for action. Business as usual will not get us much far.

Let us use economic rational, logic of mutual gain for the region whole, and at the same time be brave to use tools in our hands to prevail over what was very diplomatically put by H.E. Hekmat Khalil Karzai Deputy Foreign Minister for Political Affairs in the region, to make regional economic cooperation and integration a reality.

Establishment of a coordination mechanism and a joint enabling facility for regional cooperation will significantly help realization of our collective aim—sustainable regional economic development and stability. We would like to thank the Government of Afghanistan for their hospitality for hosting this important event in Kabul.

Thank you very much.

Ms. Maria Aurora Mejia Errasquin

Special Representative of Spain

Mr. Saud Abdulaziz Albassam

Representative of Kingdom of Saudi Arabia

Your Excellency, Minister of Foreign Affairs of the Islamic Republic of Afghanistan,
Excellencies,
Distinguished colleagues,

Spain thanks, and at the same time congratulates, the Government of Afghanistan for hosting the Sixth Ministerial Meeting of the Regional Economic Cooperation Conference on Afghanistan (RECCA).

This meeting takes place in a crucial year for Afghanistan, which is experiencing a process of three transitions, a political transition, after the constitution of the National Unity Government, a military transition and, finally, an economic transition, in which regional cooperation is a key factor, and that is why we are all here today.

Today we are supporting a process with a view to fully replacing weapons by bricks and conflict by cooperation. Spain knows well the difficulties, after fourteen years of involvement to preserve stability in Afghanistan, mainly managing the PRT in the border province of Badghis, where we clearly saw that regional cooperation is essential to generate the positive economic and security dynamics that Afghanistan and the region need.

Now, this region can move forward with multiple possibilities for trade and energy corridors, inserted in the concept of the Silk Road, in which Afghanistan can play a central role, due to its strategic geographical position. Spain knows well the Silk Road, which begins in China and ends precisely in our country, more exactly in Valencia.

Among other issues, Silk Road means tourism. We are organizing next year a meeting of representatives of the Silk Road cities; and we applaud the renewed interest shown by Afghanistan for the World Tourism Organization and its participation in the next tourism world congress.

We are convinced that an important part of Afghanistan's future lies on the commitment of the new Government to regional cooperation. Spain encourages the Afghan authorities, as well as all countries in the region and international organizations to undertake the necessary measures to pursue in this direction.

But in order to increase investment and advance on issues like tourism, as mentioned before, or regional trade or interconnectivity, we need peace and security. Spain fully supports the idea of an Afghan-led and Afghan-owned peace and reconciliation process. Furthermore, we maintain, along other stakeholders, the firm conviction that peace and stability in Afghanistan are instrumental to peace and stability in the region at large.

Now, as a non permanent member of the United Nations Security Council for the years 2015-2016, Spain remains committed to Afghanistan's stability and development. We have done so in the past and we will remain engaged, together with our allies, in this Transformation Decade.

We firmly hope that this meeting will contribute to substantive regional solutions conducive to a scenario of growth in the years to come.

Thank you very much.

Honorable Mr. Chairman, Ladies and Gentlemen,

On behalf of the Kingdom of Saudi Arabia, I would like to express our thanks and appreciation for the kind invitation of Islamic Republic of Afghanistan to participate in this important conference on Afghanistan.

We value with great respect the efforts that have been made for the preparation of this conference which identifies some of the important projects which contribute to stronger regional cooperation between Afghanistan and its neighbors.

We think these projects are constructive tool for supporting the stabilization and enhancement of growth and contribute greatly towards economic and political integration of the region. We hope that this conference will succeed in mobilizing the requisite support.

Mr. Chairman, Saudi Arabia has always given its political and economic support to Afghanistan on all fronts. Saudi Arabia has been supporting the Afghan people for more than two decades. The total assistance to Afghanistan since late 2001, has reached more than US\$ 470 Million, out of which US\$ 40 Million is a donation by the Saudi people and US\$ 430 Million is an official government aid.

This amount includes US\$ 80 Million which was given as a part for budget support and humanitarian needs, and the remaining amount of US\$ 350 Million is in the form of highly concessional loan channeled through the Saudi Fund for Development, out of which US\$ 102 Million was allocated for the construction and rehabilitation of road sectors.

Moreover, the Saudi Fund for Development stands ready to allocate US\$ 240 Million for financing top priority development projects in other sectors such as health and education, and will coordinate with Afghan Government for utilization of this contribution. We are confident that our brothers in Afghanistan, at all levels, have the desire and the will to lay down the foundation for putting back their country on the right course towards sustainable development. Finally, Mr. Chairman, I would like to emphasize that Saudi Arabia will continue to render its strong support to Afghanistan on all fronts and will contribute to help financing Afghan developmental projects through the Saudi Fund for Development.

Thank you.

Mr. Nicholas Haysom

The Special Representative of the United Nations Secretary-General

Mr. Donald Larry Sampler

*Assistant to the Administrator in the Office of
Afghanistan and Pakistan Affairs (OAPA), USAID*

Minister, Excellences, Distinguished colleagues,

UNAMA is pleased to participate in the RECCA-6 conference today. This forum provides a valuable opportunity to highlight the salient topic of regional economic connectivity. This is in alignment with the connected drive we have seen from the government of Afghanistan for greater engagement with its neighbor and its emphasis on greater economic security cooperation.

Regional economic cooperation is vital for any sustainable economic cooperation development in Afghanistan. But this economic collaboration in turn requires a concerted effort towards involving its connectivity with its neighbors. The logic which should animated economic integration is a win- win, a mutually beneficial development for the region as a whole; as the economy grows and jobs and wealth are created, the impact will, indeed, reach beyond economic gains. As the benefits derived form, increased economic development impact households, both in Afghanistan and its neighbors, it will contribute to increased political and social stability across the region. Investment in Afghanistan's infrastructure by its neighbors is not charity but self- interest, an investment in the region and in each neighbor's stability and act for own prosperity and stability.

There are we have lead major infrastructure initiatives that are currently underway, both in the fields of energy and in dry goods trade. These include the CASA1000 electricity project and the TAPI gas transmission project. We acknowledge the progress that has been made on these and encourage the countries of the region, and the international community to facilitate the early completion of these initiatives. We also note proposed major North South and East to West road and rail corridors. For Afghanistan it will be important to ensure the development of its own infrastructure linking it to these major logistics corridors, to ensure that Afghanistan gains the maximum benefit from them, and we look to relevant stakeholders to support these linkages.

For real progress to be made on economic connectivity within the region, however, it will not be enough to simply develop the physical infrastructure, the "Hardware" as we see it. It will be necessary to further develop the "Software", to broaden transit trade framework agreements to facilitate the smooth movement of goods and increase the economic viability of inter and intra-regional trade. We, therefore, encourage the region and international stakeholders together to implement the required physical infrastructure, as well as transit trade agreements and their custom harmonization.

On behalf of UNAMA, and the broader UN family in Afghanistan, I would like to thank the Islamic Republic of Afghanistan for organizing the 6th Regional Economic Cooperation Conference on Afghanistan. We hope that this conference will help stimulate regional economic cooperation or the betterment of the lives of the people of Afghanistan and the people of the whole regain pledge our support to the goal.

Thank You.

Excellencies, Heads of Delegation, Colleagues and Friends;

It is an honor to be here today in Kabul to represent the United States Government for the sixth gathering of the Regional Economic Cooperation Conference on Afghanistan (RECCA). The Afghan government has done an outstanding job organizing this large international meeting, and I want to acknowledge their superb efforts and thank them for their role in hosting this important forum. I would also like to thank my colleagues for their thoughtful interventions.

This year's RECCA represents the latest stepping stone in the process of improving regional economic cooperation between Afghanistan and its neighbors in South and Central Asia and unlocking the potential for greater regional trade. Each new gathering yields understandings small and large that, taken as a whole, reinforce the considerable and hard-earned progress already achieved. The region's wealth of natural resources, nascent trade agreements, and a burgeoning network of transport and energy connections underscore the great economic promise of a more integrated South and Central Asia.

Regional connectivity in all three RECCA core areas - energy, infrastructure, and economic integration - has never been more important - to the U.S. government, to Afghanistan, to countries of the region, and to international donors.

A number of high-level events -including this RECCA meeting, CAREC in Mongolia, the Silk Road Forum in Georgia, and the Heart of Asia ministerial in Pakistan in December all demonstrate our firms believe that regional connectivity will-improve livelihoods, stability, and ultimately security in the region. This is a goal the United States has strongly supported, as demonstrated by our work to further the New Silk Road initiative.

The U.S. government actively supports regional integration through our work to help build a regional energy market, facilitate trade and transport, improve customs and border processes, and link businesses and people across borders.

On energy, we support the vision of Afghanistan as the center of a regional energy market. We strongly support two complementary projects, the CASA-1000 and TUTAP that will bring low-cost and clean energy from Central Asia to Afghanistan and Pakistan.

In regards to trade, we have seen a lot of progress in the region. I would like to congratulate all the countries on moving forward to finalize and implement these bilateral and regional trade agreements. Afghanistan is approaching a pivotal moment as it modernizes its trade relations and routes.

However, for business to take full advantage of these trade agreements, the process of moving goods from country to country needs to be made even easier by harmonizing the road pass system and introducing a multi-entry visa regime. We all know that much remains to be done, as only 15% of the total trade of South and Central Asia is intraregional. But we see progress in the areas of policy, infrastructure, and systems that lay the foundation for increasing trade and transit within the region and beyond.

By focusing our collective attention on key priorities, we can all help Afghanistan and the entire region to leverage its central geopolitical position to effectively create jobs, economic growth and stability.

We look forward to continuing to work with all of you to ensure that Afghanistan and the region realize their shared aspiration for a stable, secure, peaceful, and prosperous future.

Thank you.

H.E. Ambassador Ali Sait Akin

Ambassador of the Republic of Turkey in Afghanistan

Mr. Tareq Y.M. Almenayes

Economic Advisor of The Kuwait Fund

Excellency Ministers,
Distinguished heads of delegations,
Ladies and gentlemen,

I would like to thank the government of Afghanistan and the Ministry of Foreign Affairs for this well-organized conference and warm hospitality extended to participants.

We welcome Afghanistan playing a central role in promoting dialogue and development in the region and contributing to better economic integration by actively participating in the regional forums projects.

We believe that this conference is timely in terms of reviewing our commitment for advancing regional integration and also supporting Afghanistan in achieving peace and prosperity.

By effective utilization of its natural resources, attracting investment to Afghanistan may increase growth and create jobs thus achieving a sustainable economic development.

In this region, we welcome the emphasis of RECCA-VI on projects that aim to transform Afghanistan into a regional trade and transportation hub. Lapis Lazuli trade corridor projects, these projects could also complement confidence building identified in the scope of "Heat of Asia - Istanbul process".

We are of the view that regional cooperation is good and beneficial to all and could reinforce peace and stability in the region thus we fully support this conference work with all in this region.

The President Ghani this morning rightly said that the historical Silk Road was a simple road but the transit zone this has led me to develop an idea with your permission I would like to put forward this idea here in Kabul in the heart of the Silk Road and call for the formation of a Silk Road free trade and transit area based in Afghanistan in which goods, capital and professionals could freely move, I believe that by such as approach and projects, we could revive the historical Silk Road.

Thank you.

On behalf of The Kuwait Fund, it is my honor and privilege to participate in this Conference expressing my thanks and gratitude to the Government of the Islamic Republic of Afghanistan for inviting the Kuwait Fund to participate, and our appreciation to the Ministry of Foreign Affairs for their excellent arrangement in organizing this event and for the efforts exerted towards the preparation of this meeting, and for the encountered hospitality.

In this context, I must state here that the highly informative and comprehensive presentations by the speakers in the three working group sessions deserve praise and appreciation.

As some of you might already know, the Kuwait Fund established more than 50 years ago by the Government of the State of Kuwait, with the objective of promoting economic development in the developing countries. No geographic, ethnic, religious, or cultural barriers restrict the activities of the Fund. Our Kuwait Fund operations today cover 104 countries extending from the Caribbean and Central America in the Western Hemisphere to the Solomon Islands in the Eastern Hemisphere, where we have participated in the financing of more than 900 development projects by extending concessional loans amounting to US\$ 18.5 billion and hundreds of grants and technical assistances.

The type of projects in which the Fund participates is the economically viable projects, of a developmental nature in all infrastructure sectors along with social projects in the fields of health and education. Such involvement has never stopped and is continuously increasing, and reflects the firm commitment of the State of Kuwait to participate actively with the international Donors Community in supporting the efforts of the developing countries in their program to achieve higher rates of sustainable economic and social development.

It's clear from the interventions by the speakers and the following discussions the challenges facing the region countries, at the same time the high potential envisioned in the future of these countries. To overcome these challenges and benefit from the potential resources in the region, one must admit that strengthening intra-region economic cooperation is considered a prerequisite to achieve sustainable economic growth toward higher social and economic development.

I would like to take this opportunity to express great satisfaction of the Kuwait Fund for having been a partner in the development efforts of the Islamic Republic of Afghanistan and for the co-operation; we received from all government authorities. This fruitful partnership started in 1974 by extending Technical Assistance to finance feasibility study to establish a sugar factory, followed in 1979 by financing agricultural project in which a soft loan in the amount of approximately US\$ 29 million was extended and fully disbursed.

In addition to the above, and joining the international communities' effort to rebuild Afghanistan, a grant in the amount of US\$ 30 million has been committed, out of this grant an amount equal to US\$ 15 million has been transferred to Afghanistan Reconstruction Fund, while the remaining amount was used to finance a road project and financing micro and small agriculture projects.

Furthermore, I am pleased to announce today that a draft grant agreement was initiated between Afghanistan Government, Kuwait Fund and Agricultural Development Fund to provide financing for micro and small agricultural projects in the amount of US\$ 7 million. This grant is being extended pursuant to the initiative by His Highness The Emir of Kuwait, announced during the 4th Islamic Economic Forum held in Kuwait in 2008, and for this purpose the Kuwait Goodwill Fund was established in the amount of US\$ 100 million in order to assist Islamic countries in their endeavors to achieve food security and assure the basic right to food to the poor people in 22 Islamic countries.

Recognizing the financial difficulties facing the Government of Afghanistan, a debt relief agreement, within the framework of the Heavily Indebted Poor Countries Initiative, known as HIPC initiative, was recently signed. The signing of this agreement shall pave the way for Kuwait Fund to resume its development activities in supporting Afghanistan endeavors in achieving its economic development and social goals.

To that end, Kuwait Fund, on behalf of Kuwait Government, reaffirms its readiness to continue with the international donor's community to support the efforts of the friendly Government of Afghanistan to develop its infrastructures projects deemed as high priority in Afghanistan economic and social development plan and promote the economic integration among the region countries which we are currently involved in their development programs leading to sustained economic growth and social development.

Thank You.

The United Kingdom congratulates the Government of the Islamic Republic of Afghanistan on its organization of this conference. And we are pleased to have provided practical support to it.

It is not a controversial proposition that encouraging greater economic cooperation is important for the future of Afghanistan, as well as for the region. Re-energizing these trading patterns and economic relationships is central to bringing lasting security, stability and prosperity.

Regional economic cooperation was a key theme for His Excellency President Ghani at the London Conference on Afghanistan in December 2014. On that occasion the President, Chief Executive Dr. Abdullah and foreign ministers from neighboring countries discussed how Afghanistan's historical role as the Asian trade and transit hub could be improved. They recognized that Afghanistan sits at the heart of a populous and fast-developing region: greater cooperation and connectivity, supported by harmonized economic policies, could be a game-changer for Central and South Asia, providing a significant stimulus to the economies of the region by opening up markets and encouraging more effective management of shared resources.

So the RECCA-VI conference is an important opportunity to reaffirm our support for this agenda, as well as to recognize the progress made and the challenges ahead. And some good progress has indeed been made. The UK particularly welcomes the finalizing of agreements on the [Central Asia South Asia] CASA 1000 electricity trade project. We are delighted to be able to support it, contributing 31 million pounds through the World Bank Trust Fund. Projects such as CASA 1000 mark the start of what we hope will become an effective regional energy market in Central and South Asia.

There are similar opportunities for growth in regional trade, transit, and investment markets, but such opportunities will only be achievable if there is a clear focus on a small number of specific projects that can be implemented on time. And that there is a genuine political commitment, across the region, to make these proposals happen. So the message this conference can convey is that prioritization and clarity of focus are vital to help reinforce the political momentum necessary to ensure that ambitious, cross-border projects are delivered successfully.

The UK also welcomes steps taken by the World Bank Group and Asian Development Group to explore how CASA 1000 and the TUTAP initiative [Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan] can be aligned.

Effective international coordination is key to delivering large-scale, regional projects. It is therefore important to look closely at how priority projects can be supported through existing regional forums, so as to avoid any duplication of effort and to help maintain clarity of purpose.

There are clear links to the Heart of Asia Istanbul Process, for example, and where it is appropriate to do so, these links should be used to improve regional efforts to support project implementation.

Beyond projects such as CASA 1000 and TUTAP, there is still more work to be done to unlock the significant potential that Afghanistan's geographic location offers.

We would in particular support further improvements to the transit trade environment to make it easier for the people of the region to trade with one another. This will help the development of effective trade corridors, which in turn will allow more people across the region to get their goods to a wider range of people and markets.

The UK welcomes the Afghan government's careful consideration of how to build on RECCA SIX and we look forward to continuing discussions on the best strategy for implementing the projects that are needed to realize Afghanistan's vision for its place in the region.

My government will continue our strong support to the government of Afghanistan, and Afghanistan's regional partners, to help achieve this.

Thank You.

Your Excellency Deputy Minister,
Distinguished guests,
Ladies and gentlemen,

Mr. Chairman, Excellencies, Ministers, distinguished delegates it is an honor to participate in this important conference and represent UNESCAP.

At the outset I wish to congratulate the Ministry of Foreign Affairs of Afghanistan on successfully organizing this very important RECCA conference, the sixth edition here in Kabul. Having participated in the working group sessions yesterday one can only feel convinced and confident that there is a huge potential of mutually beneficial regional cooperation to foster shared prosperity in this whole region with Afghanistan performing the role of the hub. RECCA has emerged as an important platform for these discussions and I am sure and confident with the participation of all development partners it will lead to some meaning and fruitful results.

Mr. Chairman, UNESCAP as the regional development arm of the UN for A-P promotes regional cooperation and integration among its 53 members and 9 associate members through its convening power, it has helped to create and institutional framework for regional cooperation that includes the Asian Development Bank, The Asian Clearing Union, Regional Early working system for Tsunami and other hazards.

Keeping in mind the criticality of transport connectivity for harnessing the potential of regional economic integration, ESCAP has facilitated international agreements in Asian Highway and Trans Asian Railway besides developing the route maps of AH and TAR networks. Currently a new Agreement on Dry Ports is open for accession as a part of ESCAP's Vision of evolving networks for Asia.

Recognizing the potential of transport connectivity in this region especially to assist Land-Locked countries like Afghanistan become land bridges, ESCAP is implementing a project in South Asia – Central Asia transport connectivity. ESCAP believes that the region needs extended transport corridors linking the sub regions to fully harness the strategic location of this sub region to emerge as a hub of Europe and Asia trade. These corridors should link Istanbul to Myanmar and beyond through South Asia.

Mr. Chairman:
ESCAP is also supporting Afghanistan's development through capacity building and technical assistance in the areas of trade including WTO accession, building productive capacity, in climate resilient agriculture, sustainable energy and in disaster risk reduction.

ESCAP jointly with UNECE is implementing UNSPECA project of which Afghanistan is an important member and chaired the Ministerial Council. SPECA is active in several sectors including energy, transport and statistics. In conclusion, Mr. Chairman, with its vast untapped natural resource endowments, and its strategic geographical location, Afghanistan is praised to emerge as an important hub of economic activity in Asia. ESCAP stands ready to support Afghanistan in this transformation.

Thank You.

Mr. Hiroshi Takahashi

Japan Ambassador in Afghanistan

Ms. Nurjehan Mawani

AKDN Diplomatic Representative, Afghanistan

Distinguished heads of delegations
Ladies and Gentlemen,

On behalf of the Government of Japan, let me express congratulations, and great respect to the efforts of the Government of Afghanistan for hosting the RECCA VI.

Ladies and gentlemen,

I honestly believe that an Afghanistan with stable security and well-developed economy will become a core of stable distribution in the region and enable the regional countries to make the most of their own fortune. However, in order to reach this goal, international cooperation, especially regional cooperation is indispensable on top of Afghanistan's own efforts.

Afghanistan is rich in agricultural and mineral resources and has a further potential, but they hit various obstacles and are not fully utilized its potential due to the various difficulties. Many of those obstacles, however, can be overcome through cooperating of the international community as well as the countries in the region.

The underdeveloped transportation infrastructure both within and outside Afghanistan is one of such obstacles. Japan intends to support the efforts to improve inter-connectivity of the region based on the belief that infrastructure development is a field in which Japan can make the best of its resources and knowledge.

Cross-border illegal activities are jeopardizing security and impeding business activities. Japan has been providing assistance for border control, under the assessment that appropriate border control prevents illegal activities such as drug trafficking while enhancing business activities.

In the region where fast-flowing rivers stride over the international borders, regional cooperation is required for disaster management as well. From this perspective, Japan has been working hand in hand with Afghanistan and its neighbors. Also, Japan has been contributing to the development of agriculture and stockbreeding in Afghanistan and the neighboring countries, through assistance to the projects for enhancing control of trans-boundary animal diseases, such as Foot-and-Mouth Disease.

Drawing upon our unique strength, Japan will continue to provide assistance to Afghanistan and regional countries to the possible extent, so that Afghanistan can take advantage of its geographic characteristics and contribute to the regional development as the hub of commodity and energy distribution and passenger transport that stretches out in all directions. Furthermore, Japan intends to encourage cooperation among regional countries in tackling common threats and dangers through such assistance.

Ladies and gentlemen,

It is also necessary that Afghanistan and each country in the region make further efforts. In order to rein in rampant internal violence and to prevent its spreading across the border, Afghanistan needs to develop its human resources, enact domestic legislation and encourage its industries. By providing assistance that amounts to approximately 5.8 billion US dollars since 2001, Japan has been supporting Afghanistan's efforts to realize self-reliance in both security and economy through such areas of agriculture, and rural development, infrastructure, capacity building of police and justice sectors as well as development of human resources.

We, Japan, call on Afghanistan and its neighbors for further cooperation in various fields including economy and security.

As one of the major donors in the region, Japan is determined to continue its support to the constructive efforts by Afghanistan and its neighboring countries.

Thank you very much for your kind attention.

Mr. Chairman,
Excellencies,
Honoured colleagues,

On behalf of the Aga Khan Development Network, allow me to extend my sincere appreciation to the Government of the Islamic Republic of Afghanistan and the Ministry of Foreign Affairs for hosting the sixth Regional Economic Cooperation Conference on Afghanistan. AKDN is honoured to participate in this important regional initiative.

Through its programmes and investments, in collaboration with governments across the region, international partners, and communities, AKDN seeks to improve the quality of human life with a "core conviction that human progress depends on human cooperation," which can overcome seemingly insurmountable obstacles.

The goal of RECCA is to stimulate economic development in Central Asia, in which AKDN has a strong footprint that spans Afghanistan, Tajikistan, the Kyrgyz Republic, Kazakhstan, and further, to Pakistan, India and hopefully in the future, also to China.

AKDN has established long-term institutions in the region, including schools, universities, hospitals, banking institutions, leisure facilities, and telecommunications infrastructure. We are working on expanding innovations, including in cross-border energy supply, mobile banking, eHealth, and support to small and medium enterprises to serve even the most marginalised populations. Our development experience over three decades in the region has demonstrated that inclusive economic participation leads to sustainable socioeconomic development, and ultimately peace and stability.

Mr. Chairman, today, I would like to highlight two approaches that are at the centre of AKDN's development philosophy, and which are relevant to the RECCA-VI deliberations. The first is our multi-input approach, and the second is the principle of inclusive economic participation.

Allow me to relay two examples from AKDN's regional work that speak to this, and are perhaps worthy of replication: The first is that Public-Private Partnerships, when coupled with multiple complementary interventions, in our experience, magnify the socioeconomic impact. In 2002, the Aga Khan Fund for Economic Development (AKFED) established Pamir Energy, a public-private partnership with the Government of Tajikistan, to turn around a post-Soviet utility to provide reliable, affordable and clean 24-hour energy to underserved communities in the region.

After becoming a viable enterprise in Tajikistan and the best performing utility in Central Asia, Pamir Energy, with the support of the Tajik and Afghan governments; Germany; Norway; Switzerland; the United States; and the World Bank Group, began exporting electricity to Afghanistan in 2008, reaching nearly 30,000 people as well as healthcare facilities, schools, businesses and government offices in the remote Badakhshan region.

Ms. Nurjehan Mawani

AKDN Diplomatic Representative, Afghanistan

Ms. Annette Dixon

South Asia Region Vice President, World Bank

This cross-border energy transmission has also catalysed the commercial economy in that region, increasing the number of businesses by nearly three-fold. In addition, access to clean energy reduces respiratory health problems, especially among children; improves school performance, including enabling more girls to attend school; provides access to computers; and allows local medical facilities to connect, through eHealth, with institutions, including at the French Medical Institute for Children in Kabul and the Aga Khan University in Karachi.

Pamir Energy will continue to expand its reach and improve the quality of life of the people it serves, while at the same time reducing dependence on fuel and biomass for energy needs. Construction is currently underway for another transmission line, which will increase the reach to nearly 40,000 people in Afghanistan alone, while plans have been created to develop six more cross-border transmission lines and bring energy to a total of more than 120,000 people in the most remote communities. Upon completion, all transmission lines are handed over to the government and become property of the national utility, DABS. Pamir Energy collaborates closely with DABS at all stages, from design and specification to training and maintenance.

The second example Mr. Chairman, relates to the critical importance of building skilled human resource capacity to ensure sustainable economic development. One major regional initiative to support and advance this is the University of Central Asia (UCA), which was established through an International Treaty between Tajikistan, the Kyrgyz Republic, Kazakhstan, and His Highness the Aga Khan. UCA's mission is to promote the social and economic development of mountain societies, while at the same time helping the different peoples of the region to preserve and draw upon their rich cultural traditions and heritages as assets for the future.

UCA is providing demand-driven and market-responsive training and education to build human resource capacity to catalyse economic growth in remote communities and boost the marketability of people from rural areas. The university is collaborating with Ministries of higher education and labour, among others, in the region. To date, UCA has enrolled over 80,000 learners from Tajikistan, the Kyrgyz Republic, Kazakhstan, and Afghanistan; alumni surveys show that 70% of graduates of certificate programmes have found new jobs or been promoted because of the training they received.

With campuses in three countries and programmes across four, including Afghanistan, UCA is engaged in policy relevant research on regional economic relations and trade. It is also working in close partnership with government ministries in central Asia to bring together civil servants from the region for a programme in policy analysis to strengthen human and institutional capacities and promote economic, educational, and cultural exchange and cooperation. With the support of our partners, including Canada, to date, the programme has reached over 100 civil servants from Afghanistan, the Kyrgyz Republic, and Tajikistan, with this tailor-made curriculum benchmarked to international standards.

In conclusion Mr. Chairman, I would like to express AKDN's deep appreciation for this opportunity to share our long standing experience around regional economic development and cooperation, and our shared vision that the wider region's growth and prosperity are closely interlinked. Allow me to share with you a quote from His Highness the Aga Khan, "just as fear can be infectious, so is hope." The AKDN remains ready to continue our support to RECCA and other complementary regional initiatives.

Thank You.

Good evening!

Excellencies, Ladies and Gentlemen,

It is a great privilege to be here with you in Kabul. Firstly, allow me to acknowledge the Government's outstanding job in organizing this large international gathering.

We are here today with a common purpose. We share a collective commitment to rebuild a stable and prosperous Afghanistan. While the National Unity Government, is making headway on a number of development and economic issues facing the country.

Yet we all must play our role in bolstering and reinforcing the country's hard-earned progress and support the way forward.

As we heard from President Ghani, in the past, Afghanistan's strategic location served as a vital land bridge for trade and commerce between Central and South Asia, and between the Far East, the Middle East and Europe. Today, Afghanistan can rebuild this key role through improved regional integration initiatives. Regional integration is important to poverty reduction, economic growth and addressing fragility.

We continue to support regional integration initiatives: trade facilitation and customs reforms; improving and upgrading the transport networks; and investments in energy and extractives and water resources.

On the Energy side, several regional initiatives are on-going to help Afghanistan emerge as a conduit for energy between these regions. The CASA-1 000 project intends to carry power from Central Asia to Pakistan.

The World Bank along with a number of other donors is supporting this key project between Afghanistan, the Kyrgyz Republic, Pakistan, and Tajikistan. [Last year, the Bank's Board approved \$526.5 million in grant and credit financing to implement the project in the four countries which together with TUTAP can form series of a regional power trade, a win-win prospect to countries.

Another regional energy initiative is the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, which proposes to carry Central Asian gas to Pakistan and India.

On regional trade facilitation, the World Bank has provided [over \$70 million] to support Government's modernization of its customs infrastructure and automation of systems. This has resulted in better controls over movement of cargo and improved coordination and connectivity with neighboring customs. [This has also resulted in increases in customs revenue collection -- from US\$400 million in 2010 to almost \$800 million in 2014.]

Ms. Annette Dixon

South Asia Region Vice President, World Bank

Mr. Stefan Huber

*Deputy Head of Mission and Charge de Affairs,
European Union*

Regionally, the Bank is actively supporting the ongoing initiative between Afghanistan, Pakistan and Central Asian neighbors to identify key areas for improved trade and investment cooperation in the region.

Likewise, Afghanistan's mineral deposits – ore - can be a potential driver of economic growth and revenue generation in the region. These investments are large, complex and time consuming. In recent years, the government of Afghanistan has made significant progress in creating an enabling environment for private investment in the extractive sectors. The Bank will continue supporting the Government with technical assistance and capacity building in this sector to adapt to the complexities and market conditions with appropriate strategies.

Afghanistan is endowed with many rivers. Many of these major river systems are shared with their neighbors. Developing these river basins to expand irrigation; generate renewable hydroelectricity; and mitigate flooding risks requires the right platform for water sharing and cooperation with its neighbors.

With our experience in other parts of the world, the World Bank stands ready to support Afghanistan and its neighbors explore effective platforms for cooperation and development of these river systems.

The World Bank regards RECCA as an opportunity to further advance regional consensus and cooperation on projects and reform initiatives that can help unlock the region's potential for private investment and increased economic growth. The World Bank also recognizes complementary work and significant achievements under CAREC, with the excellent support of the Asian Development Bank.

In conclusion, allow me to reiterate our message: the World Bank is committed to being a long- term development partner for eliminating poverty and enhancing peace and stability in Afghanistan and elsewhere in the world". We will continue to work for a prosperous Afghanistan through the financial, technical assistance and analytical activities of the International Development Association (IDA) and the Afghanistan Reconstruction Trust Fund (ARTF). And, we look forward to our continued partnership with the people and government of Afghanistan.

Thank You.

Minister, Excellencies, distinguished colleagues,

I have the honour of speaking on behalf of the European Union and its Member States, the Kingdom of Norway and the Swiss Confederation.

As we approach the end of the Government's first year in office, we welcome the vigour with which regional economic cooperation has been advanced, with concerted efforts towards confidence building, active participation in regional dialogues, and sustained commitment to regional economic projects.

The European Union and its Member States, the Kingdom of Norway and the Swiss Confederation believe that increased regional economic cooperation, in particular the development of intra-regional trade and infrastructure and agreed frameworks for efficient exploitation of shared natural resources, including water basin management, will provide benefits for all countries in the region. Progress in economic integration and regional connectivity is much needed to encourage investment and eradicate entrenched poverty.

We strongly welcome the prospect of tangible progress being made on large-scale regional energy/infrastructure projects, including electricity delivery and trade/transit agreements. To ensure that RECCA VI helps achieve shared economic gains, there must be a clear focus on feasible projects and realistic timeframes. We encourage the attempts to focus on a list of a limited number of priority projects in the fields of regional trade, transit, and investment, in order to build on the necessary political momentum for their implementation.

Rather than creating any new structures or competing processes, concrete progress can be made on the financing and implementation of RECCA's prioritised projects by linking up to the Heart of Asia — Istanbul Process' two economic Confidence Building Measures on regional infrastructure and trade, commerce and investment opportunities, where relevant. These Confidence Building measures may also help ensure a results-oriented follow-up of RECCA-identified activities, as well as appropriate involvement of the Istanbul Process participating states, without creating new mechanisms that duplicate effort.

The European Union and its Member States, the Kingdom of Norway and the Swiss Confederation thank the Islamic Republic of Afghanistan for organising the 6th Regional Economic Cooperation Conference. RECCA must be used to as a solid launch-pad for even more successful regional economic cooperation, inducing greater prosperity and connectivity that will increase the stability of both Afghanistan and the wider region.
Thank You.

Mr. Sayed Jalaleddin Alavi Sabzevari

Deputy Secretary General,

Economic Cooperation Organization (ECO)

Mr. Deng Xijun

Ambassador of China in Afghanistan

The Honourable Co -Chairman,
Honourable Ministers and High Level Officials,
Distinguished Participants,
Ladies and Gentlemen,

It is a great honour for me to represent the Economic Cooperation Organization (ECO) at the sixth Regional Economic Cooperation Conference on Afghanistan. I would like to express my gratitude to the Government of the Islamic Republic of Afghanistan for inviting the ECO to this important and august forum.

Excellencies,
The Islamic Republic of Afghanistan has been engaged in regional activities sponsored by the Economic Cooperation Organization since its accession to ECO in 1992. Since then and in the last 3 decades, ECO and Afghanistan have been mutually contributing to one another's development programmes. For ECO, a region of diverse membership from South, West and Central Asia and Caucuses, covering an area of 8 million square kilometers connecting China to Europe and Russia to Persian Gulf and Sea of Oman, Afghanistan is considered as a country of huge potential to offer for regional development programmes.

For Afghanistan also, ECO has also mattered. With the exception of China, five out of six Afghanistan's neighbours are members of the ECO. This implies that most of the ECO projects have, in one way or another, involved and will involve Afghanistan as a contributing and beneficiary member country.

As an organization dealing with the economic development of a region of over 440 million inhabitants and endowed with vast natural and human resources, the ECO and its Members States possess great potential for achieving socio-economic development and generating regional economic growth with the direct bearing on the national development programmes of its members, including Afghanistan.

Trade promotion, quality management, banking and finance, transport and regional connectivity, agriculture and food security, energy efficiency and environment, disaster risk reduction, health, and drug trafficking and organized crime are among areas where ECO has developed regional frameworks and networks for cooperation. ECO has also developed Afghanistan-friendly projects, including rail and road transit corridors, and has established a Special Reconstruction Fund for Afghanistan, with a view to assisting this Country in overall efforts to respond to its developmental needs and requirements.

ECO has also proved its credibility as a regional partner for global agenda for helping Afghanistan. We have been in partnership with major UN agencies as well as other players in the international community in implementation of some projects targeting Afghanistan. In December 2014, ECO successfully completed a 5-year project aimed at fighting drug trafficking from/to Afghanistan sponsored by the European Union. The Member States of the ECO were extended capacity building and technical support within the framework of the 9.5 million Euro project. As part of the project, a number of measures were adopted to develop and strengthen the capacities of the Member States in tackling the menace of drug trafficking that affects the regional economies, as well as the stability and prosperity in Afghanistan.

Excellencies Ladies and Gentlemen,

We are in ECO in the process of developing our Vision for the next ten years which may entail re-defining ECO policy towards Afghanistan, with a view to responding more effectively to the emerging needs of this Country. ECO will soon co-organize with the Government of Afghanistan, a special meeting with the participation of the Afghan authorities and interested donors to review the performance of the ECO Special Fund for Reconstruction of Afghanistan and to develop ECO Advocacy Policy for Afghanistan in the years to come.

Let me conclude by assuring the government of Afghanistan of the full support of ECO for the national, regional and global activities aiming at securing higher rate of economic growth for Afghanistan and more prosperity for its people. We also remain ready to share with potential partners from outside the Region our capacities to help implement development-friendly programmes for Afghanistan.

Thank You.

Thank you, Mr. Chairman. First of all, on behalf H.E. Mr. Wang Yi, Minister of Foreign Affairs of China, I would like to express congratulations on the successful convening of the 6th Regional Economic Cooperation Conference on Afghanistan (RECCA-VI) and appreciation to the enormous efforts made by the Afghan side.

The theme of RECCA-VI is "The Silk Road through Afghanistan". More than two thousand years ago the diligent and courageous people of Eurasia explored and opened up several routes of trade and cultural exchanges that linked the major civilizations of Asia, Europe and Africa, collectively called the Silk Road by later generations. Since then, the Silk Road Spirit - "peace and cooperation, openness and inclusiveness, learning from each other and mutual benefit"- has been passed from generation to generation, promoted the progress of human civilization, and contributed greatly to the prosperity and development of the countries along the Silk Road. Symbolizing communication and cooperation between the East and the West, the Silk Road Spirit is a historic and cultural heritage shared by all countries around the world.

In September and October of 2013, Chinese President Xi Jinping put forward the initiatives of jointly building a Silk Road Economic Belt and a 21st-Century Maritime Silk Road. Up to now, more than 60 countries including Afghanistan along the routes and international organizations have shown great interest in taking part in the development of the Belt and Road.

The Belt and Road is designed to promote the connectivity of Asian, European and African continents and their adjacent seas, thus realizing diversified, independent, balanced and sustainable development in these countries. It will help align the development strategies of the countries along the Belt and Road. Strengthening policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bond are major contents of the Belt and Road. In promoting this initiative, China will follow the principle of wide consultation, joint contribution and shared benefits. It will be a real chorus comprising all countries along the routes, not a solo for China itself.

To develop the Belt and Road is not to replace existing mechanisms or initiatives for regional cooperation. Much to the contrary, we will build on the existing basis to help countries align their development strategies and form complementarities.

Afghanistan is one of the important countries along the ancient Silk Road. Afghanistan used to be the traffic hub connecting central Asia, south Asia and west Asia, and has tremendous geographical potentiality.

Mr. Deng Xijun

Ambassador of China in Afghanistan

Closing Remarks by H.E. Dr. Abdullah Abdullah

Chief Executive of the Islamic Republic of Afghanistan

China wishes to take the opportunity to work together with Afghanistan, to inherit and carry forward the Silk Road Spirit, to write a new chapter of the Silk Road and build the China-Afghanistan community of common destiny, so as to create a happy life for the people.

Afghanistan and Pakistan are both close and friendly neighbors of China, and the stability and development of the two countries are closely related to that of China.

As a major project of the “Belt and Road” initiative, the China-Pakistan Economic Corridor is located in where the Silk Road Economic Belt and the 21st Century Maritime Silk Road meet, which will not only offer new opportunities for the promotion of the connectivity of Afghanistan, China and Pakistan, but also have great significance for economic development and export of energy and mineral resources of Afghanistan.

China is willing to display the radiation effect of CPEC, jointly build the community of common interest and destiny with Afghanistan and Pakistan, and work together for the regional development and prosperity.

Since the inception of the first RECCA in 2005, it has played a positive role on advancing Afghan peace reconstruction, strengthening the economic and trade relations with neighboring countries, and enhancing the connectivity level of this region. The peace and prosperity of Afghanistan serves the common interests of the regional countries and need the joint support and participation of the regional countries and international community.

As a friendly neighbor, China hopes to see a united, stable and developing Afghanistan which lives in harmony with its neighbors, and supports the Afghan side to strengthen cooperation with regional countries in the fields of commerce, energy and connectivity by taking advantages of the geographic position and rich natural resources.

China is willing to play a greater constructive role in Afghanistan, continue to support the effective administration of the Afghan National Unity Government, support the reconciliation between the Afghan Government and various political factions including the Taliban, support the economic and social reconstruction of Afghanistan, support Afghanistan’s integration in regional cooperation, and work with the international community to make unremitting efforts to realize the successful transition of Afghanistan.

Thank You.

Excellencies,
Distinguished delegates,
Ladies and gentlemen,

You have arrived at the conclusion of the Sixth Regional Economic Cooperation Conference on Afghanistan (RECCA-VI). We are, all together, also commemorating the 10th anniversary of RECCA, an important regional cooperation platform that was kicked off in 2005. This in itself is an accomplishment, and I want to congratulate all member states, international organizations and other delegates for their efforts in this regard.

I am told that it has been a very busy two days for all participants, as much territory has been covered and discussed, and we have together come to some important conclusions about the way forward.

I take this opportunity to thank all regional partners and other stakeholders, and express my sincere appreciation for your input and valuable contributions.

I can say with confidence that RECCA has moved into a new era. This forum is now truly regional in its perspective, and pragmatic in its approach to economic cooperation and regional economic integration.

Using modern analytical tools backed by empirical data collection and up-to-date information, it is easier to undertake feasibility studies, research and evaluations on bankable small-to-large scale infrastructure projects. More importantly, we have reached new milestones as our collective endeavors have taken us closer to project implementation thresholds.

Ladies and gentlemen,

I would like to take this opportunity and express Afghanistan’s appreciation to Turkmenistan for hosting the next round of RECCA to be held in Ashgabat. As the visit of Turkmenistan’s President to Kabul a few days ago demonstrated, important initiatives to modernize and expand projects in the transport, energy and trade sectors are underway in our region - stretching from Russia and Kazakhstan to Turkey and the Persian Gulf region on one side, and to China and India on the other.

This demonstrates that we are all positively impacted by the ongoing infrastructural revolution, the opening of new corridors and the creation of new opportunities and livelihoods for millions of our citizens.

As our greater region undergoes change, we see the re-emergence of multiple new Silk Roads. We are eager to see them complement each other, leading to land and maritime connectivity that benefit all stakeholders.

There is no doubt that regional connectivity will be increasing with the finalization of the Lapis Lazuli and Five Nation Railway corridors.

The key to getting projects off the ground is through partnerships – public, private and a combination of both, in the contexts of bilateral, multi-lateral and regional cooperation.

The technical feasibility and financial viability of these projects will continue to be assessed to assure bankability, best practice, accountability and fair market value.

The near-completion of the CASA1000 energy project, which will add to our power capacity is an example of win-win regional cooperation.

Although some of the larger mega projects that are listed in the annex of the RECCA Main Document are of longer-term significance, and will be dealt with in due time, the projects that were presented to you here in this Conference are deemed feasible, chosen because of their prospective catalytic impact and their modest investment cost. In other words, these projects represent the low-hanging fruits that need to be harvested by the regional partners.

Closing Remarks by H.E. Dr. Abdullah Abdullah

Chief Executive of the Islamic Republic of Afghanistan

Dear friends and colleagues,

In our Declaration, we have committed ourselves to take advantage of the emerging geo-economic environment, in order to seize the opportunities before us as part of the construct of the multiple new Silk Roads. As the RECCA process has highlighted, the selected projects are proposed strategically, in order to facilitate activity, energize the pathways and reduce the bottlenecks on these emerging trade and transit corridors.

It is in this spirit, that Afghanistan's National Unity Government welcomes the ongoing realization of five economic corridors in our region. They each have the potential to unlock our regional economic capacities at a time when volatility is becoming a cyclical norm as demonstrated by currency fluctuations, stock market instability and commodity price vacillation.

Some of our partners come from the public sector; some come from the private sector. Both are crucial. Furthermore, governments – as in donors - and international financial institutions (IFIs) can play an important role in providing seed capital for viable project kickoff, easing the risk factor for private investors.

The key to this process moving forward now is the launch of the RECCA Implementation Phase. We welcome stakeholders, partners and investors to work with us hand-in-hand during this critical phase. To facilitate our interactions, I am happy to see that high-tech connectivity in the form of an online portal will act as a window and allow us all to monitor in real-time the investment road shows and progress reports on all aspects of project management and implementation.

Ladies and gentlemen,

Per the Economic Impact Analyses presented at this conference, there is real incentive and tangible economic benefit for all regional partners of South and Central Asia to engage in increased trade, transit, transport, energy transfer and investment along the new pathways being developed.

Afghanistan stands at the crossroads, as part of the roundabout, as a key hub and a land-bridge for the realization of our collective interconnectivity.

We are working on eliminating the threats posed to security and stability in the form of terrorism, radicalism and narcotics. We are very much a victim of these scourges and appreciate the international effort to combat these threats.

We do, however, need more robust measures to tackle terrorism in all its traditional and newer forms. It is not sufficient to engage in talk and promises, but fail to deliver in deed and action.

We are paying a high price, but we are united in our aim to address these menaces in all its forms. We need your cooperation, as you need ours, to bolster our defenses and protect our people, and the well-being of our social, political and economic institutions.

Dear friends,

As we deal with a diverse set of challenges, this conference has proven to us once again that the opportunities and potential for growth and prosperity at the regional level are real and attainable. The work has already started, and Afghanistan is ready to play its role in the larger context.

You have spent several years and worked hard within the RECCA framework laying down a solid foundation. Let us now go forward, united behind the vision of our chairman's statement. Let us bring projects to life to help in the growth of our regional corridors; and let us partner on this road until we bring to the peoples and nations of our greater region the stability and prosperity they so much deserve.

Thank You.

Concluding Statment by H.E. Salahuddin Rabbani

Minister of Foreign Affairs of the Islamic Republic of Afghanistan

Excellencies,

Distinguished delegates, ladies and gentlemen,

AS we have reached the end of the Sixth Regional Economic Cooperation Conference on Afghanistan, the largest International gathering held here since the establishment of National Unity Government last year, please allow me to convey my gratitude to all participants for their useful contribution throughout our discussions over the past two day and what has turned out to be truly historic and successful conference.

As you all know, our gathering took place at a time when Afghanistan is working diligently to overcome challenges of enormous magnitude and to become a self reliant nation which controls her future destiny.

The successful conclusion of RECCA – VI despite the prevailing security environment in the country speaks volumes of the collective resolve of Afghanistan and regional and International partners to achieve lasting peace, stability and prosperity, indeed not just in our country but throughout the region.

Ladies and gentlemen,

The National Unity Government has prioritized achieving a robust and self reliant economy as an essential precondition of our stability and prosperity. In this context, I can say with confidence that since its inception a decade ago RECCA has played a helpful role in promoting greater economical cooperation between Afghanistan and other regional countries. We are can agree that RECCA-VI was a truly remarkable event. We heard from multiple stake holders, official delegations, private sectors, economic experts and civil society on ways to how to enhance the economic cooperation among regional countries.

As an over arching strategic goal of RECCA-VI regional economic strategy let us continue to make progress on these bankable projects and emerging trade and transit corridors, all of which together have considerable potential for further profitability connecting through Afghanistan the people of central, south and south-west Asia and their key economic activities including agriculture, light manufacturing and energy and mineral extraction with essential trade, transit and energy enablers. These include the Lapis Lazuli route that will connect Afghanistan, Turkmenistan, Azerbaijan, Georgia and Turkey.

The five nation corridor linking China to Iran through Afghanistan, Tajikistan and the Kyrgyz Republic and the Chabahar Port through which Afghanistan and India will be connected through Iran. Moreover the CASA-1000 and TAPI projects two landmark initiatives which in fact came into being at the first RECCA meeting in 2005 here in Kabul have now reached the implementation phase.

As such these projects illustrates what can be achieved by working together on mutual initiatives that serve our common interest and that spirit as we move forward it will be critically important that we share no effort to fulfill the commitments we have made during this conference as well as in our future gatherings.

Despite the positive momentum gathered must remain clear eyed about the challenges ahead therefore we must continue to collaborate, synergize and expand our network of partnership to implement various projects and initiatives to which we have committed.

Concluding Statment by H.E. Salahuddin Rabbani

Minister of Foreign Affairs of the Islamic Republic of Afghanistan

Ladies and gentlemen,

RECCA-VI was an opportune moment for all of us to look for the horizon and elevate our economic cooperation to new heights by increasing trade and transit, strengthening regional connectivity and implementing our shared economic goals we are actually investing in our own security, stability and prosperity.

I wish to re irritate my gratitude to distinguished participants from various counties, institutions, agencies, private sector and civil society for your active engagement in this conference. We look forward to our continued collaboration in the coming months as well as in our next meeting in Ashgabat, Turkmenistan next year.

Ladies and gentlemen,

I would like to take this opportunity to give a vote of thanks to many [inaudible] organizations and individuals that have made RECCA-VI a great success.

Foremost I would like to thank the following heads of official delegations for their input and concrete proposals for making RECCA-VI a result oriented mechanism for regional economic cooperation.

H.E. Foreign Affairs, of Tajikistan, Sirodjdin Aslov.

H.E. Dr. Khalid Bin Mohammad Al-Attiyah, Foreign Minister of State of Qatar.

H.E. Muhammetguly Muhammedov, Minister of Finance of Turkmenistan.

H.E. Abdolreza Rahmani Fazli, Minister of Interior, Islamic Republic of Iran.

H.E. Sartaj Aziz, National Security and Foreign Affairs Advisor of Islamic Republic Pakistan.

Last but not the least H.E. Arjun B. Thapa, Secretary General of SAARC.

Our sincere appreciation also goes to our friends in the private sector especially to the business leaders and investors. As an over arching strategic goal of RECCA-VI's regional economic strategy, I would like to offer our sincere thanks to all the international and regional organizations, financial institutions, tink-thanks, civil society organizations who contributed to the high level substantive discussions and far sighted working sessions for this conference.

We are also thankful to the generous sponsorship of following organizations:

The Afghanistan Investment Support Agency, USAID, UNDP and UK Foreign Office as well as our partners, The Hague Institute, UNESCAP, Afghanistan Chamber of Commerce and Industry and ADB and I wish one of Afghanistan's leading International investors Mr. Abdul Rahman Alkozay the chairman and the owner of Alkozay International Limited.

He is a generous [inaudible] with a firm commitment to social cooperate responsibility which our ministry is a beneficiary of we are grateful to Mr. Alkozay for his patriotic contribution and wish him the very best.

Last but not least, I would like to thank H.E President Mohammad Ashraf Ghani, H.E Chief Executive Dr. Abdullah Abdullah for their visionary leadership and support which ensured the success of this conference.

I am also grateful to the entire Afghan Government including my ministry colleagues for their tireless efforts through process.

I thank you very much.

Meetings in the
MARGIN *of the*
CONFERENCE

Afghan President meets Iranian Interior Minister



September 3, 2015

President Mohammad Ashraf Ghani met with Abdolreza Rahmani Fazli, the Minister for Interior Affairs of the Islamic Republic of Iran this afternoon in Kabul, Afghanistan.

In the meeting that took place in Arg, the two sides discussed ways to further expand bilateral relations and cooperation.

President Ghani said that the border between Afghanistan and Iran should be a point

of economic and security cooperation. He added that the government of Afghanistan has been seeking to strengthen commercial relations with Iran and that we want to further expand bilateral cooperation particularly after the agreement of Iran with the United States.

The President said that we want to have clear progress in cooperation between the two countries so that bilateral relations get further strengthened as the two countries face common opportunities and challenges.

The President underscored that the government of Afghanistan has never been in denial of realities but has always sought solutions to problems.

The President said that we want to increase the number of customs centers along the border with Iran, which can not only lead to increased revenue for both sides but also contribute to the counter narcotics efforts and prevention of smuggling of illegal goods.

Highlighting the problems of Afghan refugees, the President said the issue should be worked out in a clear framework and solutions be sought in a phased manner.

Minister Abdolreza Rahmani Fazli said that Iran has brotherly and friendly relations with Afghanistan and the government of Iran is committed to a future of friendship with Afghanistan. He added that as a close neighbor, Iran believes that a threat to Afghanistan is in fact a threat to Iran.

Minister Abdolreza Rahmani Fazli said that in order to solve economic and security problems, poverty and ignorance must be fought since the enemy attempts to take advantage of people through these two channels.

Mr. Fazli said that security of Afghanistan is important for Iran and besides the friendship and brotherhood between the two countries, realizing the situation in the country, the political leadership of Iran helps Afghanistan to ensure peace.

Foreign Minister Salahuddin Rabbani, Finance Minister Eklil Hakimi, National Security Advisor Mohammad Hanif Atmar and Director General of the Office of Administrative Affairs Abdul Salaam Rahim were also present in the meeting.

Afghan President meets SAARC Secretary General



September 3, 2015

President Mohammad Ashraf Ghani met with the Secretary General of the South Asian Association for Regional Cooperation (SAARC), Arjun Bahadur Thapa this afternoon in Kabul, Afghanistan.

In the meeting that took place in ARG, the two sides talked about the role of Afghanistan in SAARC and considered important implementation of big economic projects connecting South Asia to Central Asia through Afghanistan.

President Ghani said that the government of Afghanistan has full cooperation with SAARC and is ready to sign three agreements based on the request of the organization in areas of energy, disaster management as well as prevention of organized crime and different kinds of smuggling.

Appreciating Afghanistan's readiness to sign the agreements, Mr. Arjun Bahadur Thapa called the Regional Economic Cooperation Conference an important opportunity for the country.

Mr. Nasir Andisha, the Deputy Foreign Minister for Administrative Affairs was also present in the meeting.

Afghan Foreign Minister meets Iranian Interior Minister



September 3, 2015

Afghanistan Minister of Foreign Affairs, H.E. Salahuddin Rabbani met with the H.E. Abdolreza Rahmani Fazli, Minister of Interior, Islamic Republic of Iran today after noon at the sideline of Sixth Regional Economic Cooperation Conference on Afghanistan RECCA - VI at Ministry of Foreign Affairs.

At the beginning Minister of Foreign Affairs of Islamic Republic of Afghanistan thanked Minister of Interior of Islamic Republic of Iran for participating in the Sixth Regional Economic Cooperation Conference for Afghanistan (RECCA-VI).

The Minister of Interior of Islamic Republic of Iran thanked the Government of Islamic Republic of Afghanistan for inviting him at the mentioned conference and hoped that the conference will have fruitful outcomes.

In this meeting, the ministers talked about various issues related to Afghan refugees in Iran, joint compact against drugs and its trafficking within the framework of economical and security commissions.

Afghan Foreign Minister meets Minister of Foreign Affairs of Tajikistan



September 3, 2015

Within the framework of the Sixth Regional Economic Cooperation Conference on Afghanistan (RECCA-VI), the Minister of Foreign Affairs of the Islamic Republic of Afghanistan met with the Minister of Foreign Affairs of Tajikistan.

During the meeting they discussed the topical issues of bilateral cooperation between

Tajikistan and Afghanistan in political, economic, cultural and humanitarian spheres.

Taking into account the issues discussed in the agenda of the Conference, the parties highlighted the need for further action at the regional level on implementation of projects aimed at social and economic development of Afghanistan, including increase of the volume of transit trade through the implementation of projects on construction of railways and automobile roads, as well as the issues of transit of electricity to the northern provinces of Afghanistan.

Deputy Foreign Minister Meets Deputy Assistant for Asian Affairs of the Ministry of Foreign Affairs of the Arab Republic of Egypt

September 3, 2015

Deputy Foreign Minister, Mr. Hekmat Khalil Karzai met with the Deputy Assistant for Asian Affairs of the Ministry of Foreign Affairs of the Arab Republic Egypt, Mr. Yasser Murad today before noon.

At the beginning, Mr. Karzai thanked Mr. Murad for participating in the Sixth Regional Economic Cooperation Conference for Afghanistan (RECCA-VI) and talked about the history of friendly relations of the two countries as well as cooperation of the Arab Republic of Egypt to Afghanistan in various areas.



Mr. Karzai while pointing out the Arab Islamic Countries' place in the Foreign Policy of the National Unity Government, stated: "Promoting close relations with the Islamic countries is in the center of Afghanistan's foreign policy amongst which Egypt is the most important country."

Later on, Mr. Murad while emphasizing on the need for strengthening the cultural, political, and economic cooperation between the two countries, added: "Egypt and Afghanistan suffer from terrorism and extremism jointly and there is a need for Islamic world consensus in order to jointly counter terrorism."

At this meeting, both sides emphasized on further strengthening of the relations between the two countries in various political, economic and cultural areas.

Deputy Foreign Minister Meets Deputy Minister of Department of Foreign Affairs and Trade of Australia



September 3, 2015

Deputy Foreign Minister, Mr. Naseer Ahmad Andisha met with the Deputy Minister of Department of Foreign Affairs and Trade of Australia, Mr. Ric Lawson Wells.

At the beginning, Mr. Andisha talked regarding the importance of the Sixth Regional Economic Cooperation Conference for Afghanistan (RECCA-VI) and thanked the Australian delegation for attending this

Mr. Andisha recalled the sacrifices of the Australian soldiers during the last years of assuring security in Afghanistan and added: "Australia has been one of the important countries in supporting Afghanistan during the last years and the Australian military forces' contribution in assuring security in Afghanistan as well as Australia's role in equipping Afghan defense and security forces have been significant."

Later on, Mr. Wells called the holding of REECA-VI a positive step towards sustainable development and regional integrity and stated his country's support in RECCA-VI programs.

He added: "Australia will remain committed towards the promised long term support, especially during the transformation decade and will continue to support Afghanistan in combating terrorism which is a common threat to the world."

During this meeting, both sides talked thoroughly about strengthening bilateral relations, including the continuance of long term cooperation according to the strategic framework, signed by the both countries.

Deputy Foreign Minister Meets Secretary General of SAARC



September 3, 2015

Deputy Foreign Minister, Mr. Hekmat Khalil Karzai met with the Secretary General of South Asian Association for Regional Cooperation, Mr. Arjun Bahadur Thapa.

At the beginning, gave information regarding the importance of RECCA-VI and talked regarding how to implement the projects of this conference.

Mr. Karzai stated that strengthening regional cooperation is one of the priorities of the National Unity

Government foreign policy and added: "Strengthening regional cooperation will result in sustainable stability and security in the region, without which we will not reach big economic, political and security goals."

Mr. Karzai asked the Secretary General of SAARC that one of the SAARC centers should be opened in Kabul.

Later on, Mr. Thapa called the RECCA-VI session a success for Afghanistan. He also gave information on the SAARC regional cooperation organization developments and stated: "Regional cooperation can be a main factor in sustainable economic growth which will positively and directly affect the living situation of the people."

During this meeting, both sides talked thoroughly regarding the RECCA-VI agenda and other important political and economic issues of Afghanistan and the region.

Deputy Foreign Minister Meets Swedish Special Envoy for Afghanistan and Pakistan



September 3, 2015

Deputy Foreign Minister, Mr. Hekmat Khalil Karzai met with the Swedish Special Envoy for Afghanistan and Pakistan, Mrs. Helena Sangeland.

At the beginning, Mr. Karzai gave information regarding RECCA-VI and called it a very important strengthening regional economic cooperation and stated: "The Silk Road which is one of the main axis of discussion in this conference, will result in sustainable economic stability and paving the ground for economic opportunities in the region and

Afghanistan, as a connecting point for South Asia and Central Asia, can play an important role in this regard."

Later on, the Swedish Special Envoy for Afghanistan and Pakistan, who visited Kabul in order to attend RECCA-VI, called the holding of this conference a good opportunity for strengthening stability and regional cooperation which directly affects the lives of the people.

Mrs. Sangeland added: "The Government of Sweden besides its all round support of this conference, is a partner and supporter of Afghanistan in reaching sustainable peace and stability."

It is worth mentioning that during this meeting, both sides talked thoroughly on further strengthening the bilateral relations between Afghanistan and Sweden.

Chairman's STATEMENT

Chairman's Statment

Sixth Regional Economic Cooperation Conference on Afghanistan RECCA-VI

3-4 September 2015 Kabul, Afghanistan

- 1 The Sixth Regional Economic Cooperation Conference on Afghanistan (RECCA-VI) met in Kabul, Afghanistan on 3-4 September 2015 to further develop and consolidate cooperation and partnership towards promoting regional economic cooperation in Afghanistan and across the region. Inaugurated by His Excellency Mohammad Ashraf Ghani, President of the Islamic Republic of Afghanistan, the Conference was chaired by His Excellency Salahuddin Rabbani, Foreign Minister of the Islamic Republic of Afghanistan. High-level Delegations and senior representatives from over 60 states and organizations took part in this historically significant gathering, celebrating the 10th Anniversary of the RECCA Process.
- 2 The RECCA-VI participants welcomed the commitments made at the 5 December 2011 "Bonn International Conference on Afghanistan", the 8 July 2012 "Tokyo Conference on Afghanistan", the strong international support demonstrated for Afghanistan's continued progress towards stability and development, including during the "Transformation Decade of 2015-2024", as well as the 3-4 December 2014 London Conference on Self-Reliance;
- 3 The Participants welcomed the continued success of the Heart of Asia Istanbul Process on Regional Security and Cooperation for a Secure and Stable Afghanistan, and anticipating closer linkages and complementarities between RECCA-VI prioritized projects and the Heart of Asia Istanbul Process;
- 4 The Participants emphasized that the Kabul Conference builds on the enduring nature of the commitments made during the previous five meetings of the Regional Economic Cooperation Conference on Afghanistan (Kabul, 2005; New Delhi, 2006; Islamabad, 2009; Istanbul, 2010; Dushanbe, 2012);
- 5 The Participants welcomed the commitment of partner countries, the United Nations, the European Union and the international financial institutions in the region to play an active and contributing role in the implementation of the outcomes of RECCA-VI;
- 6 The Participants broadly concurred that coordinated regional economic development strategies should support the overall regional economic integration vision, and emphasizing shared ownership of the work towards comprehensive regional connectivity and its importance in promoting region-wide economic integration, confidence, and prosperity;
- 7 The Participants took note of major investments in two major corridor agreements (as outlined in the main conference report) which could provide Afghanistan and others in the region with considerable opportunities for enhanced trade and transit benefits;
- 8 The Participants took note of the Lapis Lazuli Corridor as a promising multimodal transit trade and transport route among Afghanistan, Turkmenistan, Azerbaijan, Georgia, and Turkey in order to augment transport infrastructure and connectivity in the region, thereby increasing trade and transit among the countries partnering in this new transport corridor;
- 9 The Participants took note of the "One Belt - One Road" initiative launched by China and its comprehensive potential benefits for the economic and social development of East Asia, Central Asia, and South Asia;
- 10 The Participants recognized the benefits of the Northern Corridor, Middle Corridor, and Southern Corridor for the development of multimodal transport and logistics facilities between Asia and Europe and their sizable contribution to the linkage across existing markets as well as the creation of new markets;
- 11 The Participants took note of the Five Nations Railway Corridor connecting trans-Asian urban centers in order to enhance intra-regional trade and transit, and also to facilitate greater regional economic integration by constructing a railway network linking China to Iran via Afghanistan, Tajikistan, and Kyrgyzstan;

Chairman's Statement

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- 12 The Participants recognized the key importance of the Turkmenistan, Afghanistan, Pakistan, India Gas Pipeline Project (TAPI) and the Central Asia-South Asia Power Transmission Project (CASA-1000) in developing regional cooperation on this energy corridor, and welcoming the joint efforts of participant countries and international financial institutions towards the implementation of these projects;
- 13 The Participants recognized the need to build connectivity in the region in order to help bridge the digital divide, enhancing information sharing between countries in the region, and welcoming the ESCAP's (Economic and Social Commission for Asia and the Pacific) Asia-Pacific Information Superhighway Initiative and Afghanistan's efforts to build a rapid and secure data transit pathway;
- 14 The Participants recognized the need to continue initial discussions with new financiers including Sovereign Wealth Funds, the New Development Bank (NDB), Asian Infrastructure Investment Bank (AIIB), as well as to develop new project financing modalities such as public-private partnerships and power purchase agreements;
- 15 The Participants took note of the need to supplement the RECCA platform with post conference investment road-shows and an on-line interactive web portal, showcasing bankable investment project to prospective financiers and regional governments;
- 16 The participants had a general concurrence on investment priority for projects (as outlined in the main conference report) capable of demonstrating progress in 12-18 months, being scalable in the next 2-3 years, and generating tangible returns on investment for Afghanistan's neighbours in the areas of regional transport, energy, trade and transit that are designed to serve as critical pieces of infrastructure in wider regional economic integration efforts in South and Central Asia, the Middle East, and the Caucasus;
- 17 The participants had also a general concurrence on investment priority projects that are designed to function as specific pieces of the Lapis-Lazuli Transit Trade and Transport Route Agreement, Chabahar Trilateral Transport Agreement (and Garland Highway), and the Five Nations Railways Corridor, which have tangible prospective economic and financial benefits – direct and indirect – for the regional partners;
- 18 Informed by the illustrative projects and new project financing modalities outlined in the RECCA-VI main conference report, the participants made clear their awareness of the need to take serious and measurable steps towards the implementation of a modest range of infrastructure priority projects;
- 19 The participants agreed on the need to expedite the illustrative bankable projects with the intended purpose of making concrete progress in financing and implementation in the short and medium term, including through support provided by the two economic Confidence Building Measures of the Heart of Asia Istanbul Process;
- 20 International financial institutions and development banks are especially called upon to identify innovative approaches to financing regionally beneficial projects, as well as recognized the importance of the RECCA-VI international investment road shows in order to showcase priority regional public-private investment partnerships in the months and years ahead;
- 21 The Chairman offered his gratitude to the participants of the Conference, the Academic Forum, and the Business Exhibition for their extraordinary commitment to the high-level discussions of the conference;
- 22 The Chairman thanked the Government of Tajikistan for hosting the fifth RECCA in 2012 in Dushanbe, and the Chairman offered his gratitude to the Government of Turkmenistan to host the next RECCA meeting in 2017.

ACADEMIC FORUM *Articles*

China's Belt and Road Initiative and Afghanistan

Reshaping Afghanistan's Central Position



Mr. CHEN XIAOCHEN

Researcher, Chongyang Institute for Financial Studies, Renmin University of China (RDCY)

Which region in the geographical term does Afghanistan belong to? West Asia, Central Asia or South Asia? This is a very interesting question. As early as 19th century, Alexander Von Humboldt, a well-acknowledged German Geologist created the concept of "Central Asia" and categorized Afghanistan into the region. In some Chinese geographic textbooks, Afghanistan belongs to West Asia. Former American President George W. Bush annexed Afghanistan into his "Greater Middle East" by seeing (inappropriately) it as part of Middle East. However, more people would rather regard it as part of South Asia. Now, some would even argue it could be an extension of East Asia.

No matter what geographical, cultural and political concerns are behind the different concepts, they all indicate a clear fact that Afghanistan is a landlocked nation located in the central Eurasia Continent, a real "heartland" in this regard.

In the past, Afghanistan was once an important center for trade thus enjoyed great prosperity. Among other peoples, ancient Chinese also made contribution to it. In Han Dynasty, Zhang Qian was dispatched as a diplomatic envoy westward in 138 BC. After 13 years of traveling he eventually reached today's Afghanistan and became the first Chinese who set foot upon this land. Since then, the communication between China and Afghanistan has never been impeded by Pamirs. However, Afghanistan was gradually marginalized in modern times when Afghanistan had been invaded by three global empires - the Great Britain, the Soviet Union and the United States, which brought hardships to Afghani people.

After all, great powers rival for its geopolitical importance using their forces. Under these circumstances, "the Central Position" brought turmoil instead of prosperity to this land.

Now, instead of military existence, the rising China has launched "Belt and Road Initiative" aiming at economic development rather than territorial intentions. I would expect this initiative will exert Afghanistan's geographical advantage in a positive way. That also explains why it has been warmly welcomed by Afghanistan among over 60 nations along even beyond the region since it was proposed. I would also suggest that under this initiative Afghanistan is able to make full use of its geographical advantage, reshape its "central place", improve its economy and promote peace and stability.

Belt and Road Initiative and Economic Corridors

When Chinese President Xi Jinping visited Central Asia and Southeast Asia in September and October of 2013, he raised the initiative of jointly building the Silk Road Economic Belt and the 21st Century Maritime Silk Road (hereinafter referred to as the Belt and Road), which have attracted close attention from the world.

Being different from its literal meaning, the "Belt and Road" is more than one belt and one road. It is a broad initiative of China for economic cooperation across the Eurasian Continent. Some key proposals of this initiative, obviously, can be called "economic corridors". At least two of them are closely relevant to Afghanistan.

One is "China-Central Asia-West Asia" Economic Corridor. Starting from Xinjiang, this corridor overlaps with New Eurasian Land Bridge within China's territory, and builds a new economic corridor which links Central Asian countries, Iran, Iraq and Turkey up and reaches the Persian Gulf, coast of the Mediterranean and Arabian Peninsula after stepping out of China's border from Alataw Pass-Khorgos. This corridor is an energy passage in the route where China-Central Asia oil and gas pipelines must pass through. At present, this pipeline is now the longest natural gas pipeline in the world which starts from the border between Turkistan and Uzbekistan at the right bank of Amu Darya and enters into China from Khorgos via Uzbekistan and Kazakhstan.

The other major corridor is the China-Pakistan Economic Corridor. Chinese Prime Minister Li Keqiang proposed such vision of jointly building

this corridor when he visited Pakistan in 2013. It aims at enhancing China-Pakistan cooperation in the fields of transportation, energy, maritime and so on, as well as advancing the connectivity between these two economies by creating a major economic artery from Kashgar of Xinjiang, China in the north to Gwadar Port of Pakistan in the south. Running through several key hubs of both Silk Road Economic Belt to its north and 21st-Century Maritime Silk Road to its south, China-Pakistan Economic Corridor is a trade route up to 3000 kilometers in its total length with various projects such as railway, highway, oil-gas pipelines and optic cable passageways.

Neither of these two economic corridors is limited within some specific geographic sphere as Afghanistan is located in the influential scope of them. In fact, roads in Chinese refer to a broader perspective.

China's Belt and Road Initiative consists five pillars:

First of all, policy coordination. For Afghanistan, the precondition of the build-up of Belt and Road Initiative is security cooperation. The specific plans should be jointly decided by Afghans themselves. Moreover, all relevant countries should strengthen their cooperation in the fields such as anti-terrorism and drug control. Further, the role of regional cooperation platforms as Shanghai Cooperation Organization (SCO) should be fully played in order to improve the security situation in Afghanistan and its surrounding regions jointly.

Second, facilities connectivity. On the basis of respecting each other's sovereignty and security concerns, countries along the Belt and Road should improve the connectivity and technical standard systems, jointly push forward the construction of international arteries, and form an infrastructure network connecting Afghanistan with other part of Asia. This part will be elaborated specifically in the following sections.

Third, unimpeded trade. All relevant countries should improve trade and investment facilitation toward Afghanistan and eliminate trade barriers through tariff reduction so that Afghanistan can play a more significant role in regional and Eurasian trade as logistics efficiency increases and commercial intercourse expands.

Advancing cooperation on mineral exploitation is especially vital for Afghanistan as it is rich in resource reserves and possesses vast market demand. Countries should corporately exploit mineral resources in environmental friendly and community sharing approaches to transform its resource potential into development advantage.

Fourth, financial integration. Investment is what Afghanistan needs urgently with a missing gap between demand and supply. Several new financial institutions founded or pushed forward by China, such as Asian Infrastructure Investment Bank (AIIB), New Development Bank and Silk Road Fund have potentials to fuel the investment in Afghanistan and this region. This part will be elaborated specifically in the following sections.

Last but not least, people-to-people bond. Chinese government has been committed to enhancing people-to-people exchange and communication based on respecting cultural diversity, so as to forge a firm public foundation for regional cooperation. For example, Chinese government will increase personnel training for Afghanistan and expand cultural exchange. Now, I would like to elaborate how the Belt and Road Initiative can help Afghanistan's reconstruction by enhancing its central geo-economic role through connectivity.

Connectivity and Afghanistan's Central Position

For Afghanistan, the top priority of the Belt and Road Initiative is to speed up infrastructure construction and interconnection, which is the cornerstone for extending regional economic and trade cooperation and making Afghanistan a central place for economic activities again. Chinese have an old saying "to be rich, construct a road first". This has been proved as Chinese experience that good infrastructure would lay a solid foundation for industrialization. It also has spill-over effects socially and culturally: building roads will not only drive the local economy by facilitating trade and production, it will also change people's life by increasing job opportunities and labor mobility, which will further broaden people's horizon, reduce extreme thoughts and open possibilities as people travel to and from distant places.

Afghanistan enjoys a geo-strategic importance as it connects Central Asia-South Asia and Middle East. Countries in or around this region such as India, Pakistan, Iran, Uzbekistan, Turkmenistan, Tajikistan and China are being involved in construction of transportation and energy strategic passage to and through Afghanistan. In general, the construction of strategic passage in Afghanistan has important implications: it is helpful to Afghanistan's communication with

outside world and its stability.

With the rising demand from East Asia and South Asia, and rapid increase in commercial import and export, connecting Afghanistan and further connecting across the entire Eurasia has become a shared vision. Afghanistan will benefit from it to a large extent by taxation, employment, transit fees, and energy shares. For example, the proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline is expected to create 3,000 to 5,000 job opportunities, 433 million transit fees, and 14 million cubic meters of natural gas for import if it is built. More importantly, the construction of transportation energy passage will lay a solid foundation for industries such as mining, in turn create more sustainable demands for an energy supply network.

Railways have irreplaceable value in modern transportation system for its high cumulative and stable capacity. But it was not until the end of 2011 when the 75km Afghani-Uzbekistani railway opened to traffic that Afghanistan finally started railroad operation and walked in a new era of heavy haul cross-border modern transportation network. Shortly after that on January 2012, Afghanistan signed an economic and technology cooperation agreement with Tajikistan and agreed to construct a railway connecting the two countries. In addition, Afghanistan also has agreed to construct a railway passage toward Turkmenistan.

By far Chinese enterprises have been involved in Afghani domestic railways. In September 2011, China Metallurgical Group Corporation signed a contract with Afghani government and agreed to construct hundreds of miles of railway that links Anyak and other copper mines in the central, east and northern border area of Afghanistan. Once it is completed, it will transport mineral products and carry passengers. Besides, a China-Iran railway passing Afghanistan is also in the blueprint, for which Afghani Ambassador to China openly expressed his welcome to Chinese companies to bid. Last, despite of many difficulties on the ground, Afghanistan also has suggested China to build a China-Afghanistan railway directly through Wakhan Corridor.

Road transportation is a more realistic approach at present. There are three main arteries for Afghanistan to connect with other countries: the southern line - to Karachi as the main trade passage; the western line - to Bandar Abbas; the northern line - to Hairatan and finally Kashgar. The overland Silk Road may rehabilitate the northern line with technology to overcome the difficulties in high mountainous area in winter, and then boost the trade through Uzbekistan to Xinjiang, China, while the maritime Silk Road is expected to enhance the capacity of Pakistani

ports to accelerate the cargo transportation.

China Railway 14th Construction Bureau Co., Ltd has contracted for part of Jalalabad Highway rehabilitation project from Kabul eastward to the border area with Pakistan. Apart from road transportation, there are also several main energy passages through Afghanistan. Located between energy-rich Central Asia and Middle East and energy-short South Asia and China like a crossing, Afghanistan enjoys huge geo-energy potentials. Therefore, building an energy passage through Afghanistan linking energy supply and consumption has become a shared vision.

Afghan people along the energy passage can benefit from transit fees. After Chinese National Petroleum Corp. (CNPC) was authorized the drilling right in Armudaliya in 2011, it planned to build a natural gas pipeline linking Turkmenistan, Tajikistan, Afghanistan, and China (TTAC). This proposed project has received positive response from Afghani side, although security is still the obstacle for further developing.

Electricity is essential to the social welfare and information access of the people. However, electricity is still in shortage in Afghanistan, and highly reliant on import. It cannot meet the needs of households, let alone production sectors.

Here I would like to propose an "electricity corridor", including an ultra-high voltage (UHV) transmission network linking Xinjiang, China to Afghanistan and Pakistan. On one hand, Xinjiang has abundant supply of wind power, solar power and coal production which can be transformed into electricity. On the other hand, Afghanistan is in need of electricity. It also has potentials in solar energy productions. Thus, there would have been a united power grid alike the Northern European grid despite of the security problems and high costs for equipment maintenance. This will even power the planned industrial park blocked by the lack of grid.

Considering the problems on the ground, it still has potential in future if the lines and towers can be protected against attacks.

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China's Belt and Road Initiative and Afghanistan

Reshaping Afghanistan's Central Position

Although China has potentials in participating in infrastructure and connectivity in Afghanistan, it is not proper to see the Belt and Road Initiative as merely China's proposal and projects. In fact, Chinese government has officially made it clear that it welcomes countries to accelerate the interconnection in this region and it is willing to participate in the related construction under Silk Road Economic Belt and other cooperation frameworks to promote Afghanistan's local transportation and logistics.

I view this as a wise position. China should not and will not reject other countries' efforts in the construction of infrastructure. On the contrary, China should try to find a method to connect these plans raised by various parties, and to promote regional openness and inclusiveness. Various silk road initiatives can work together well. Among them, I would in particular suggest that the United States should consider seriously coordinating its New Silk Road Plan with China's Belt and Road Initiative.

In fact, any plan, as long as it could promote the connectivity in Afghanistan and this region, improve economic development and peace and stability, should receive support, no matter from which country. China's interests lie in a stable and peaceful Afghanistan and region, no matter which countries help it happen.

Investment through Cooperation

Investment is the key element for economic growth, and social stability in turn. I advocate that we should put investment on the top element in reconstructing Afghanistan. Related countries should work together to enhance investment into this country. International institutions such as AIIB should play a positive role in the process. In addition, some new funds of commercialized operation such as the Silk Road Fund can also seek investment opportunities in Afghanistan. Apart from serving as an energy passage, Afghanistan is also rich in energy and natural resources itself. It is estimated by Energy Intelligence Agency (EIA) that Afghanistan has approximately 1 trillion dollars worth of mineral resources and almost none has ever been exploited.

Reconstructing Afghanistan heavily relies on its mining industry. Afghanistan's former Minister of Mining Industry once expressed to media that by the year of 2024, Afghanistan's metals and oil production would take up 45% of Afghanistan's entire Gross Domestic Production (GDP).

However, exploiting oil and mining requires consistently heavy investment in the long term, which is what Afghanistan is mostly lack of nowadays. It is reported that in the past decade, foreign direct investment (FDI) has reached \$271 million on average annually, but the figure is far from enough. And it is no doubt that all projects must be conducted in environmental friendly and community sharing approaches to make a sustainable and inclusive growth.

At present, China is the biggest investor as a country in Afghanistan with its two largest investment projects in oil and mining industry. In March 2011, CNPC established a joint venture with Watan Group and exploited 3 fields at Amu Darya Basin jointly. In less than one year after signing the contract, the oil production testing station operated successfully. This was the first time that Afghanistan's oil field officially started production in the past three decades. However, the tough security situation still impedes the project.

Moreover, the construction of infrastructure requires substantial and sustainable investment and financial aid. In March 2015, Afghani President Ashraf Ghani stated in the speech that China is one of the biggest financial supporters to Afghanistan in the past ten years, and "China provides voluntary supports to Afghanistan and all went entirely to the construction of infrastructure."

Apart from bilateral economic cooperation, I would suggest that the countries including China should enhance their investment to Afghanistan by taking full advantage of the existing multilateral cooperation mechanisms, and by pushing forward the building of the Belt and Road and to promote the development of regional cooperation on Afghanistan.

First, we should improve the investment for infrastructure by institutions such as Asian Development Bank (ADB) and Asian Infrastructure Investment Bank (AIIB). According to a World Bank report, Afghanistan requires financial funding more than 7 billion USD per year after 2014. But according to the ADB datas, the loans it provides to Asia in 2013 as a whole only amounts to 21 billion dollars. Obviously, there is a huge missing gap between the needs for investment and supplies. By far, Afghanistan has still not joined AIIB. However, it is highly feasible that AIIB will fund the infrastructure investment in Afghanistan in future.

Second, we should make the economic use of existing institutions viewed more as political ones.

The countries involved should enhance the role of multilateral cooperation mechanisms in economic development such as SCO, Conference on Interaction and Confidence-Building Measures in Asia (CICA), Asia-Europe Meeting (ASEM), Asia Cooperation Dialogue (ACD), and Central Asia Regional Economic Cooperation (CAREC) to strengthen communication with relevant countries to work together in helping Afghanistan, and attract more countries, institutions and other entities to participate in the Belt and Road Initiative.

However, it is obvious that security is still the dilemma. In the long run, investment will ultimately lift people out of poverty, and then reduce the incentives toward terrorism and turmoil. But security tension still prohibits investments in short term. To work it out, an Afghani-led domestic political talk should be enhanced, and one of its aims could be protecting foreign investment.

Conclusion

China's Belt and Road Initiative could work for Afghani people in many ways, including providing electricity, increasing trade, creating jobs, leaving transit fees for energy passage, connecting this land with outside world, and encouraging more investment. Upheld by five pillars, Belt and Road Initiative will in particular strengthen the reconstruction of this country by enhancing infrastructure and attracting investment in a cooperative and inclusive way. There are various initiatives raised by different countries and institutions; however, they can work together for Afghanistan's peace and prosperity, which is of the interests for its neighboring countries.

In all, although security situation still cast a real tension on the ground, initiatives for economic development especially in infrastructure and investment can be designed for alleviating the tensions in the long run and at root, and reshaping Afghanistan's central place in Eurasia.

Building Peace in Afghanistan through Regional Economic Integration:

From RECCA-VI to the Heart of Asia Ministerial



Dr. RICHARD PONZIO
Head of the Global Governance Program,
The Hague Institute for Global Justice

Afghanistan, its neighbors, and international partners face a stark choice today: either cling to a continued – yet unsustainable – dependency on foreign aid and military assistance to promote Afghan economic development and stability, or transform the country into a financially sustainable trade and transit hub that benefits its citizens and region through new economic opportunities and a durable peace. Given the regional nature of Afghanistan's myriad economic, political, and security challenges, the choice is clear.

Since November 2011, the Istanbul Process on Regional Security and Cooperation for a Secure and Stable Afghanistan, also known as "The Heart of Asia Istanbul Process", has sought to combine a focus on regional political dialogue, security, and economic integration to address several of the most fundamental threats and challenges facing Afghanistan and its wider region. With the introduction of two confidence-building measures (CBMs) on Trade, Commerce & Investment and Regional Infrastructure in 2012, the Istanbul Process has built directly on progress achieved by the series of Regional Economic Cooperation Conferences on Afghanistan (RECCA), initiated in December 2005 in Kabul. In considering the way forward for advancing regional economic integration with Afghanistan, my paper examines the economic dimensions of Afghanistan's decades-long conflict, reviews the respective strengths of the Istanbul Process and RECCA since 2011 in improving the conditions for peacebuilding and reconciliation, considers the level and effectiveness of collaboration between these two regional forums, and finally, offers concrete recommendations for improving Istanbul Process-RECCA coordination, implementation, and further strengthening of the

regional economic and governance dimensions for achieving a durable peace in Afghanistan.¹

The Afghan conflict's regional economic dimensions and the role of RECCA and the Istanbul Process

With Afghan security forces suffering casualty rates 50 percent higher during the first half of 2015 than in the same period a year earlier,² one could argue that the recently completed security and political transitions in Afghanistan are failing to deliver durable peace, just as Western-led forces and donors pull back their assistance. Equally problematic is that Afghanistan's third critical economic transition has yet to be fulfilled. Without it, the growth, jobs, and public revenue so essential to successful state- and peacebuilding – by creating unique incentives for the currently stalled political reconciliation effort necessary to end the conflict – will, indeed, remain elusive.

Since 2001, the Government of Afghanistan and its international partners have faced a crisis in generating immediate employment opportunities and reducing the pool of young men vulnerable to extremism. While the country's unemployment rate hovers around 8 percent (2013), according to the World Bank,³ it is much higher in conflict-affected areas and is classified nationally as "vulnerable employment".⁴ There has also been limited progress in attracting private sector investment and building adequate infrastructure for transportation, energy, and trade facilitation.

At the same time, the huge potential scale and viability of continental land-transport across Afghanistan and other forms of regional economic cooperation (e.g., in the areas of energy, mineral extraction, agriculture, and water management) remain largely untapped. For example, intraregional trade for the five Central Asian Republics, Afghanistan, and Pakistan is comparatively low, accounting for just 6.2 percent of the total global trade of these nations.⁵ Job creation efforts have yet to bear significant fruit in Afghanistan, in part, due to the significant slowdown in Afghan economic growth in recent years, as well as the procedural and infrastructural deficiencies linked to cross-border commerce.⁶ Consequently, the demonstrable economic, social, and political benefits of expanded regional trade, while potentially substantial (e.g., customs/border taxes account for nearly half of the country's public revenue), have been elusive.

Meanwhile, peace negotiations in Afghanistan are currently focused on engendering high-level

reconciliations talks – formally between the Afghan Government and the Taliban, with the support of Pakistan, the U.S., and other regional and global powers. However, successful peace negotiations are normally more inclusive, both in terms of the stakeholders engaged and the issues addressed. Indeed, research shows that 50 percent of peace agreements fail when too few of the people affected by an agreement support it.⁷

By integrating regional economic cooperation with political dialogue, reconciliation, and reintegration, a comprehensive peace process that includes a strong economic component will further "incentivize peace", increasing neighboring country support, and the likelihood that more Afghan citizens will accept the outcomes associated with peace negotiations. By redoubling support for a select number of ambitious, yet realistic regional economic investment priorities, Afghanistan's neighbors – including both governments and private investors – will realize that the stakes are high, in economic and other terms, if regional diplomatic talks fail to result in durable peace (i.e., it is in their economic self-interest for political negotiations to succeed). Economic growth generated through new cross-border investment opportunities can contribute to jobs and public revenue generation. Besides serving as issues for peace and reconciliation talks, both jobs and public revenue are fundamental to building regional stability – which can, in turn, improve conditions for negotiations and building a durable peace in Afghanistan. Renewed attention toward job-creation and public revenue generation can also help address government corruption and legitimacy, important factors affecting how Afghanistan develops economically and attracts foreign direct investment and new trading partners.

Besides what the academic literature says about the positive academic dimensions of peacebuilding, multiple, concurrent "Silk Road" regional economic initiatives promoted by major Eurasian economies, as well as global economic powers, have the potential to benefit Afghanistan directly – both economically and politically – by intensifying commercial ties with its neighbors. By far the most impressive to date is the Chinese led Silk Road Economic Belt ("One Belt, One Road" initiative) backed up by over US 100\$ billion in new investment pledges in transport, energy, and other sectors across Central Asia.⁸

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Building Peace in Afghanistan through Regional Economic Integration:

From RECCA-VI to the Heart of Asia Ministerial

A complimentary effort, further initiated by China, is its Maritime Silk Road project, designed to expand commercial links via regional and global sea lanes. Also noteworthy in recent years are the Kazakh-initiated, and now regionally supported, Silk Wind project, Turkey's Modern Silk Road project, and the United States' New Silk Road initiative. In adopting an Afghanistan-centric approach, the latter effort has sought, since July 2011, to "...bolster peace and stability in the region by supporting a transition to trade and helping open new markets connecting Afghanistan to Central Asia, Pakistan, India and beyond."⁹ The jury is still very much out, however, whether these "new Silk Roads" will traverse through or, quite possibly in the end, around Afghanistan.

RECCA and the Istanbul Process: Regional Economic Peace building Pioneers

Two major international forums – the Sixth Regional Economic Cooperation Conference on Afghanistan (RECCA-VI) from 3-4 September 2015 in Kabul and the next Istanbul Process "Heart of Asia" Ministerial planned for 8 December 2015 in Islamabad – present timely opportunities to accelerate regional economic integration – and by association, Afghan economic transition – as a means of building greater confidence, trust, and mutual dependency between Afghanistan and its neighbors. Earlier, the author has expounded on the inherent economic and social benefits of connecting Central, South, and Southwest Asia through new transit, energy, and communications corridors in Afghanistan.¹⁰ Binding Afghanistan's economic future ever closer to its Eurasian neighbors might also be the best chance for a political breakthrough to the country's decades-long conflict.

RECCA

Beginning in December 2005, successive rounds of the Regional Economic Cooperation Conference on Afghanistan have provided a regional platform for Central, South, and Southwest Asian Foreign and Economic Ministers to engage their counterparts in Kabul in forging consensus around concrete policies and investment project opportunities – such as the CASA-1000 regional energy project and new road and rail connections – to deepen cross-border economic relations centering on Afghanistan. Donor countries and organizations have provided technical and financial assistance to priorities identified by RECCA since the first

meeting in Kabul. With subsequent gatherings in New Delhi, Islamabad, Istanbul, and Dushanbe, private sector representatives and scholars have further grown in influence vis-à-vis this regional economic cooperation agenda.

Among the major strengths of the Regional Economic Cooperation Conference on Afghanistan are the following: (i) It has sustained a dialogue on Afghan regional economic priorities that matter to other South-Central Asian countries and their development partners on six successive occasions since 2005 across the region; (ii) RECCA's inclusive approach to regional cooperation, which aims to harness the talents and resources of the governments, international agencies, scholars, the business community, and civil society organizations; and (iii) through private sector exhibitions and steps to engage business leaders in policy dialogue, RECCA has created new opportunities for facilitating private investment and innovative regional public-private-partnerships.

Meanwhile, areas of this periodic forum in urgent need of improvement include: (i) a more serious and sustained commitment to follow-through on regional investment projects and policy priorities agreed to at RECCA forums; (ii) rigorous economic impact analyses for all regional investment projects identified; and (iii) the need for closer collaboration with the Istanbul Process and other regional cooperation platforms, including the South Asian Association for Regional Cooperation (SAARC), the Central Asia Regional Economic Cooperation program (CAREC), and the Economic Cooperation Organization (ECO).

As demonstrated in the RECCA-VI main strategy and stocktaking document, *Towards Regional Economic Growth & Stability: The Silk Road through Afghanistan*, and Chairman's Statement, the Government of Afghanistan is making a concerted effort to address these three fundamental shortcomings.¹¹ In particular, the Afghan Government's announcement to establish a virtual RECCA Commission to facilitate progress and to conduct Investment Road Shows to market its regional economic cooperation priorities bodes well for transforming the Regional Economic Cooperation Conference on Afghanistan into a results-oriented platform that aggressively cultivates and matches prospective regional and wider international investors with key partners in Afghanistan. However, with continued marked political and security challenges in Afghanistan and South-Central Asia, the full potential of

RECCA will only be realized when an appropriate division of responsibilities worked out between it, the Istanbul Process, and other regional cooperation forums involving Afghanistan.

Istanbul Process

Since November 2011, the Istanbul "Heart of Asia" Process has sought to combine a focus on regional political dialogue, security, and economic cooperation – among fourteen Eurasian countries with another twenty "supporting" countries and regional and international organizations assuming observer status – to address several of the most pressing threats and challenges facing Afghanistan and its wider region. With the introduction of two confidence-building measures (CBMs) on Trade, Commerce & Investment and Regional Infrastructure in 2012, the Istanbul Process has built directly on progress achieved by the series of RECCA forums since 2005. In fact, agreed to shortly after the Fifth Regional Economic Cooperation Conference on Afghanistan (RECCA-V), held in March 2012 in Dushanbe, the Istanbul Process economic CBMs designed in May 2012 adopted, nearly in full, the fifteen Regional Investment Projects and Policy Priorities introduced at RECCA-V.

Key strengths of the Istanbul Process include: (i) the pursuit of regional cooperation through a comprehensive approach with political, economic, and security elements; (ii) annual Ministerial-level meetings complemented by the periodic meetings of six confidence-building measure working groups, led by countries in the region; and (iii) a concern for and careful analysis of the tensions contributing to regional instability. Though not an overt focus of the Heart of Asia, the same factors driving instability across borders tend to preclude progress toward a negotiated peace settlement in Afghanistan.

At the same time, some shortcomings of the Istanbul Process include: (i) the privileging of political and security goals at the expense of far greater investments in regional economic cooperation goals; (ii) limited technical knowledge of regional economic priorities and follow-through to recommendations made in economic CBM working groups, let alone annual Ministerial-level meetings; and (iii) in general, poor coordination and identification of mutually beneficial opportunities with the RECCA forum, as well as other regional cooperation platforms such as SAARC, CAREC, ECO, and the Shanghai Cooperation Organization.

Going forward, it is critical to undertake an honest appraisal of the Istanbul Process, both of its positive attributes and limitations. At its core, the Heart of Asia represents an important political forum with the ability to bring major governmental actors around the table to talk through some of the most thorny and intractable issues causing friction in regional relationships. Skillfully managed, the various configurations of the Istanbul Process can also apply targeted and positive pressure in direct support of efforts to bring reluctant protagonists to the negotiating table and to help incentivize a sustained dialogue towards a negotiated peace in Afghanistan. They could also help to make political reconciliation talks more inclusive in terms of the number of actors and scope of issues involved which, as argued earlier, has a tendency to result in a more durable and just peace processes.

Bridging the Gap: Overcoming Coordination Deficiencies between RECCA and the Istanbul Process

Diplomats with a natural predilection toward political and security goals have tended to dominate Heart of Asia proceedings, often missing out on important connections achieved through a more holistic perspective on regional cooperation. Without a serious investment in the time, analytical skills, and public-private partnership building required to advance major regional economic investment opportunities, near-term political and security concerns will continue to sidestep innovative economic initiatives that can genuinely help to unite the region. For instance, by only superficially adopting a comprehensive approach to regional cooperation (with economic, political, and security dimensions jointly pursued), the economic CBM working group meetings of the Istanbul Process reflect discussions around, more often than not, well-meaning aspirational goals, rather than hard-nosed economic analysis and genuine problem-solving so critical to leveraging both private and public investors. And despite the significant overlap in the infrastructure and policy priorities identified through the Heart of Asia CBMs and the RECCA priorities, only limited efforts have been made to pursue follow-through in a common and mutually beneficial way that plays to the strengths of both forums.

As argued above, the Heart of Asia forum does not lend itself to serious, technical-level problem-solving essential to unblocking regional economic cooperation bottlenecks in a timely and effective manner.¹² On this point, its deepened relations and coordination with the RECCA would represent a "win-win", by maximizing the Istanbul Process' true strengths and redirecting its energies more fully towards its ultimate peacebuilding goal. In short, through its primarily technical-level discussions, backed-up by robust

economic analysis and aggressive private sector outreach, the RECCA is poised to deliver for the Heart of Asia forum tangible, cross-border commercial achievements essential for building the confidence and trust necessary between Afghanistan and its neighbors to work through long-standing regional and bilateral political and security dilemmas.

With this year's RECCA determined to garner support over the next two years – between now and RECCA VII in 2017 in Turkmenistan – for a select group of viable, financially attractive, and much-needed regional investment projects, an opportunity arises to achieve a more genuinely integrated approach to regional cooperation. By finally beginning to place economics on par with political and security goals, "non-traditional security issues" that underpin people's livelihoods and the overall health of a society can aid directly fundamental peacebuilding and reconciliation efforts. In particular, the Istanbul Process can benefit from RECCA's latest innovations outlined above, including steps to attract capital through a combination of private investors, Sovereign Wealth Funds, and Regional Development Banks. In short, a new division of labor and comparative strengths is emerging, whereby the RECCA and Heart of Asia forums can build important connections and play to each other strengths in the closely inter-related areas of regional economic cooperation, regional stability, and political dialogue.

Toward a Common Approach to Economic Peacebuilding in Afghanistan and South-Central Asia

Beginning around mid-way through Afghanistan's Bonn Process (2001-2005), initial explorations were made to end the country's long-standing conflict by bringing the Taliban movement in the political institution-building process culminating in a new constitution (2004) and presidential and parliamentary elections (2004 and 2005, respectively).¹³ A U.S.-facilitated "diplomatic surge", beginning in early 2011, placed efforts toward a negotiated settlement, for the Afghan government and major actors in the international community, on par in importance alongside the "military and civilian surges" begun in 2009.¹⁴

Though the process has met significant obstacles along the way,¹⁵ the National Unity Government – through the initiative in particular of President Ashraf Ghani – has begun to reinvigorate the idea of formal negotiations with the Taliban through aggressive outreach to a still recalcitrant Pakistan.¹⁶ It is no coincidence that, in July 2011, then U.S. Secretary of State Hillary Clinton announced, in a speech in Chennai, India, American support for a "New Silk Road" initiative that aims to help the Afghan government and business community accelerate cross-border commercial ties and, over

time, to transform the country into a regional trade and transit hub.¹⁷ From this American perspective – and that of an increasing number of Afghan and international partners – regional economic cooperation between Afghanistan and its neighbors is viewed as a fundamental building block for regional stability and improving the conditions for dialogue within the region on some of the most politically intractable and contentious issues. With work toward formal talks between the Afghan Government and Taliban movement currently in limbo in part due to leadership succession questions following the confirmed death of Taliban leader Mullah Omar, it is time to redouble efforts through a combination of this month's RECCA-VI forum and the Istanbul Process Ministerial planned for December in Islamabad to establish a more favorable regional climate to get the talks back on track.

Combining the strengths of both the RECCA and Heart of Asia Ministerial forums, four concrete ways through which the two regional platforms can inject new energy, vision, and practical incentives into the currently stalled discussions toward a formal negotiation on a lasting political settlement are:

- **Underscore Unifying Issues:** Opinion leaders and civil society groups, especially from within the region, should remind governments, businesses, and people in Central, South, and Southwest Asia that the issues they have in common – near, medium, and long-term economic interests, a shared history (including along the ancient and now re-emerging Silk Roads), and an increasingly shared identity thanks to modern communications and cultural exchanges – are far greater than what divides them; conversely, violence and other tensions in one country adversely affects everyone in the wider region. Though the region's war and illicit narcotics economies thrive from the continuation of terrorist activities and a breakdown in law and order, a vibrant, legal (and taxable) regional economy has already begun to demonstrate significant returns to growth, jobs, and public revenue to Afghanistan and each of its neighbors.

- **Boost Bilateral Relations:** Regional governments and international partners should capitalize on the decision to convene the two respective high-level and high-profile forums this year in Kabul and Islamabad to underscore the importance of Afghan-Pakistani relations as the lynchpin to wider regional economic cooperation and fundamental to mitigating regional tensions and addressing the root sources of both countries' unceasing violence. As noted above, Pakistan continues to evince a cool response to renewed Afghan outreach efforts designed to leverage Pakistani pressure to bring the Taliban to the negotiating table. *Continued...*

Building Peace in Afghanistan through Regional Economic Integration:

From RECCA-VI to the Heart of Asia Ministerial

Cooperation toward convening successful RECCA and Istanbul Process Ministerial Meetings this year will foster greater Afghan-Pakistani interaction at multiple levels of government, serving as building blocks for dialogue on sensitive peace negotiation topics.

• **Creatively Confront Militancy:** Offer a “new pull factor” to steer younger generation and would-be Taliban fighters away from violence and other criminal forms of behavior towards new, economically viable livelihood opportunities that benefit themselves, their families, and their communities. When high unemployment (combined with high levels of illiteracy and intolerance) in conflict-affected regions crushes the aspirations of Afghan and Pakistani youth, and economic uncertainty prevails among those earning an honest income, the conditions are ripe for the younger generation to fall prey to ruthless Taliban recruiters.

• **Improve Economic-Political-Security Coordination:** Demarcate clearly a “division of comparative advantages”, whereby RECCA leads on purely economic and technical discussions (underpinned by rigorous research and continuous dialogue with prospective private investors and sovereign wealth funds) and the Istanbul Process translates the concrete economic incentives, good-will, and trust generated from RECCA facilitated cross-border commercial cooperation into tangible political and security-building outcomes for the region.

As noted earlier, the main RECCA-VI strategy document, titled “*Towards Regional Economic Growth & Stability: The Silk Road through Afghanistan*”, has presented a compelling economic overview of current trends and challenges, as well as identified a select group of realistic investment priorities and reforms.

These strong analytical underpinnings, including an assessment of progress since the last RECCA meeting in 2012 in Dushanbe, and a roadmap for future regional economic cooperation should be fully utilized to prepare the upcoming meetings of the Istanbul Process CBMs on Trade, Commerce & Investment and Regional Infrastructure

Coupled with the Afghan Government’s newly proposed RECCA implementation support modalities (including, for example, (i) an Investment Road Show, (ii) a Virtual Commission supported by a user-friendly web-portal to provide timely updates on projects, assessments, and feasibility studies to key regional development partners, and (iii) a National RECCA Board to engage government, business groups, and civil society in follow-through), the opportunities multiply for mutually beneficial links between RECCA and the Istanbul Process. Ideally, some of the visits to regional capitals as part of the Investment Road Show, perhaps in the Gulf States¹⁸ or maybe India and Kazakhstan, can take place in the months leading up to this December’s Heart of Asia Ministerial in Islamabad, to demonstrate real progress and determination following this week’s gathering here in Kabul.

Beyond the Istanbul Process links, it will be important for connections to be strengthened with the upcoming CAREC Ministerial meeting later this month in Ulaanbaatar, a Silk Road regional economic cooperation conference planned for October in Georgia, and the regular meetings of other regional forums, such as SAARC, ECO, and the SCO.

Conclusion: Economic Cooperation as a Key to Durable Peace in Afghanistan and South-Central Asia

Though far from being silver bullet solutions, these steps, taken together with an unwavering commitment from the region’s leaders, can help to create a new political dynamic for dialogue among Afghanistan and its neighbors on a range of contentious economic, political, and even security issues. They seek to invest greater resources and leadership in Afghanistan’s unfinished economic transition, thereby ensuring greater parity with the country’s earlier security and political transitions. Alongside the preceding analysis, they also seek to contribute a sober assessment of the strengths and limitations of the Regional Economic Cooperation Conference on Afghanistan and Istanbul “Heart of Asia” Process forums, with the aim of forging a more rational, effective, and cost-conscious system of mutually reinforcing regional cooperation platforms in South-Central Asia and the wider region.

Furthermore, the above recommendations offer new opportunities to improve conditions for bringing the Taliban back to the negotiating table following the confusion stemming from the recent confirmation of the death of their leader Mullah Omar. With the potential to induce the Pakistani leadership to cooperate more to advance a growing number of common interests with Afghanistan on one hand, and the threat of the Islamic State making inroads among a militant hardcore within the Taliban movement on the other, the decisions made in the coming four months to bind Afghanistan and its region’s future for the coming forty years and beyond may prove decisive to averting yet further bloodshed and untold sorrow within a resilient people with much to offer to their neighbors and the wider world.

Apocalypse on the Indus



Mr. KHALID AZIZ
Chairman, Regional Institute of Policy Research & Training, Peshawar, Pakistan

1. Introduction

A trajectory of population growth combined with the melting of the glaciers in the Hindu Kush and the more than three decade long drought that prevails in the Afghanistan-Pakistan region is creating an Apocalypse in the Indus Basin. However the word is used in the sense of ‘discovery’ connected with ‘disclose, reveal, lay bare, expose’ -the data and prognosis submitted can thus be read as “omens,” lending an urgency to the call for a joint Afghanistan – Pakistan understanding on the use of the waters in the Kabul River Basin as it will come under increasing strain.

Pakistan’s Planning Minister recently remarked that the economy was now poised for takeoff. Is it or is he being overtly hopeful? He is of course right in remarking that if peace and security is not forthcoming, then this hope too will be lost. The projections discussed here justify one to assume the presence of a major threat around the corner. Thus a preemptive initiative leading to the signing of a water treaty on the usage of the waters of the River Kabul basin by both countries seems in their best long term interest.

As this paper notes, the threats facing Pakistan and Afghanistan do not emanate from the traditional security area alone. However, one of the principle driver of the current regional insurgency is the poor life options generated for the region’s inhabitants by a convergence of very high population growth coupled with a dwindling precipitation. The security of the region is thus challenged by:

- A big increase in the population of both the nations.
- Global warming and glacier melting coupled

with a long term drought

• Absence of an institutional frame work to manage system wide water shortage in the River Indus and Kabul River Basins, between Afghanistan and Pakistan.

Given the obvious convergence of negative threats facing the region, it is an Apocalypse waiting to happen, it is no longer a question of ‘if’ but ‘when’?

2. The drivers of insecurity and the path to friendship

Geography has been the crucial determiner of Afghanistan’s history and state formation. It has dictated its past and influences its future. The importance of geography as a driver of state policy is recognized by President Ashraf Ghani when in his talk at the China Institute of International Studies, Beijing, in October 2014, he identified the close linkage of geography to political economy, (Ashraf Ghani). The latter according to him can transform geography. He believes, that countries of the region are now entering the post-Westphalia phase in Asia now, where both India and China will generate more than %40 of the world’s GDP. He sees Afghanistan as a regional platform, where various routes and pipelines converge. In his vision cooperative development and transformation are pivotal. If that is the future, then the time is ripe for both Afghanistan and Pakistan to begin talks for water sharing in the River Kabul basin. However, this must be preceded by a strategic shift from the present frayed relations to a more genuinely friendliness, that unfortunately is currently absent.

It may be noted that both Afghanistan and Pakistan are the product of the 19th and 20th century Imperialistic sway over the region. While Afghanistan was wedged into Central Asia by the British and the Russians, Pakistan as part of undivided India was firmly under the grips of Britain. The geopolitical pressures of Central Asia forced Britain to keep Afghanistan as a buffer, while what later became Pakistan and composed of areas adjacent to Afghanistan, provided a second buffer, and between the then Soviet dominated Central Asia and a Western supported Pakistan. The later protecting its core in Punjab against India as well as the larger threat of Communism. Since both Afghanistan and Pakistan in sense became pawns in the international balance of power moves, the development of the economic and human potential remained obscured.

The job of integrating the buffer states of Central and S. Asia into a collective security framework after division of India in 1947, was a glaring

omission in the Partition design. The failure to realize that after Britain’s departure a void will emerge, is incomprehensible; how could the issue of maintaining security on the Sub-Continent’s Western borders be left unattended in 1947? A former foreign minister of India lamented, “..... That the partition did not solve any security issues for the successor countries; rather, it generated many new challenges.” (Jaswant Singh, 18-5).

Subsequently, foreign policy choices adopted by elites in Afghanistan, Pakistan and India took their respective nations on divergent courses. Because of Afghanistan’s irredentist claims on Pakistani territory and the enmity between Pakistan and India led to an inimical future for both Afghanistan and Pakistan. It is a pity that the time that should have been spent on national consolidation and human development in both countries was squandered on “Zero-Sum,” adventures. Amongst other follies, it led Pakistan to formulate its own version of a Monroe Doctrine ‘Lite,’ for Afghanistan; it led her to support the Taliban to pre-empt India’s growing influence in Afghanistan.

Mr. Karzai the long tenured Afghan President (2014 - 2001), who came to power after the Bonn Agreement preferred friendship with India and it thus lessened good-will for Afghanistan in Pakistan.

The assumed threat feared by Pakistan due to the US presence in Afghanistan and its subsequent strategic alliance with India, relating to transfer of nuclear technology, further raised Pakistan’s concern regarding the role of Afghanistan in the region and its friendliness with India that increased pressure on Pakistan’s Western borders. President Ashraf Ghani was prescient to see the fault line and attempted to transform Afghanistan’s relation with Pakistan, when on his first official visit in November 2014, he displayed astuteness and his symbolic choreography took Afghan-Pakistan relationship to new heights of fraternity. However recent suspicions related to security has created a reversion.

Continued...

1 As requested by the RECCA-VI Academic Forum organizers, my paper aims to respond to the following question: “How can coordination be improved between implementation of the RECCA-VI action plan and the Trade, Commerce, & Investment and Regional Infrastructure Confidence Building Measures of the Heart of Asia Istanbul Process?”
2 Visit: http://www.nytimes.com/2015/07/23/world/asia/afghan-security-forces-struggle-just-to-maintain-stalemate.html?_r=0, accessed on August 15, 2015.
3 Visit: <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS>, accessed on August 20, 2015.
4 According to the Government of Afghanistan’s National Risks and Vulnerability Assessment 2007/8: A profile of Afghanistan, “More than 90 percent of jobs can be classified as vulnerable employment that do not secure stable and sufficient income.”
5 Bill Krist, “Can Regional Connectivity Promote Development Along the New Silk Road?”, visit: <http://americatradepolicy.com/can-regional-connectivity-promote-development-along-the-new-silk-road/#.VeGWH86HqT>
6 (Not visible)
7 See, for example: Michael Doyle and Nicholas Sambanis, *Making War and Building Peace* (Princeton, New Jersey, Princeton University Press, 2006), 13.
8 See, for example, Camille Brugier, “China’s way: the new Silk Road”, European Union Institute for Security Studies, May 2014, visit: http://www.iss.europa.eu/uploads/media/Brief_14_New_Silk_Road.pdf, accessed on August 28, 2015; and Jacob Stokes, “China’s Road Rules: Beijing Looks West toward Eurasian Integration”, April 19, 2015, <https://www.foreignaffairs.com/articles/asia/2015-04-19/chinas-road-rules>, accessed on August 28, 2015.
9 Visit: <http://www.state.gov/p/sca/ci/af/newsilkrad/>, accessed on August 25, 2015.
10 Visit: <http://foreignpolicy.com/2014/12/17/in-the-afterglow-of-the-london-conference/>, and http://www.thehagueinstituteforglobaljustice.org/index.php?page=Recent_Commentary&pid=176&id=2198zoekwoord=Richard%20Ponzio, both accessed on August 20, 2015.

11 Islamic Republic of Afghanistan, Towards Regional Economic Growth & Stability: The Silk Road through Afghanistan, Kabul: Islamic Republic of Afghanistan, August 2015. For the RECCA-VI Chairman’s Statement, visit: <http://recca.af/wp-content/uploads/2015/09/Chairman-Statement-Combined-Version1.pdf>, accessed on September 11, 2015.
12 This perspective stems from the author’s examination of the Istanbul Process/two confidence-building measure working groups on Trade, Commerce & Investment and Regional Infrastructure since their formation in 2012 and related documents, coupled with interviews and discussions with diplomats and other contributors from Istanbul Process. See also: Dr. Peter Middlebrook, “Study of Funding Modalities for Heart of Asia Confidence Building Measures”, December 2013.
13 See, for example, Richard Ponzio, *Democratic Peacebuilding: Aiding Afghanistan and other Fragile States* (Oxford: OUP, 2011), chapters three and four.
14 Marc Grossman, “Seven Cities and Two Years: The Diplomatic Campaign in Afghanistan and Pakistan”, *Yale Journal of International Affairs*, Summer 2013, 66-67.
15 For example, throughout 2011, a series of altercations between Pakistan and the U.S.—including the assault on Osama bin Laden’s compound in May 2011 leading to is demise—heightened tensions between the two countries, leading to reduced cooperation by Pakistan in facilitating Afghan negotiations with the Taliban. In the late spring of 2013, progress toward formal Afghan Government-Taliban negotiations suffered another major setback when the Taliban insulted the Afghan government by raising its political flag in a compound in Doha provided by the Qatari government for the purpose of enabling peace negotiations.
16 Moeed Yusuf and Scott Smith, “Ashraf Ghani’s Pakistan Outreach: Fighting against the Odds”, United States Institute of Peace Special Report, July 2015.
17 Visit: <http://www.state.gov/p/sca/ci/af/newsilkrad/>, accessed on August 25, 2015.
18 At the RECCA-VI forum, Qatar announced its willingness to host the inaugural Investment Road Show.

Apocalypse on the Indus

Scholars have discovered that the change from indifference to friendship between nations follows the following set pattern;

- Reconciliation begins with an act of unilateral accommodation; a state beset with insecurity decides to remove it by exercising strategic restraint, thus making a peace offering to an adversary.

- This step is followed by a reciprocal restraint by the other party. The states trade concessions and shift their relations from rivalry to cooperation.

- The 3rd stage signifying stable peace is the deepening of societal integration. Where the elites and civil society and other classes of society in both nations begin to make investment and lobby for removal of remaining barriers and restrictions.

- The fourth and final phase entails the generation of new narratives and identities through elite statements, popular culture (media, literature, theater, film) and “items laden with political symbols such as flags and anthems, the states in question embrace a new domestic discourse that alters the identity they possess of the other,” (Kupchan,6).

This paper advocates the fostering of greater regional cooperation between Afghanistan and Pakistan, such a possibility can be accelerated if they agree to manage the River Kabul Basin jointly.

It is a truism that good relations between the two countries can be catalyzed if they reach an understanding on sharing the waters of the Kabul River Basin. Failure to take this step will be a challenge to future of peace, if shortage of water occurs and leads to increased tension between the two neighbors.

The usage of waters from River Kabul as well as the minor tributaries of Gomal, Kaitu and Tochi are important for agriculture in Pakistan’s sub-regions of Tank, D.I Khan, Bannu and North Waziristan, their regular flow needs to be formalized (Aziz K: P.7).

The UN panel on global warming has projected that the availability of water to the Indus basin faces a reduction of about 30-34 MAF annually and will thus reduce the irrigated acreage in Pakistan by 2040, from the existing 45 million acres to about 28 million acres (UNEP & WMO). This sharp decline in water availability will not only cause food insecurity but also effect

its exports and employment. The crisis will be aggravated, if one notes that by 2050, Pakistan’s population is expected to increase to 344 million. Similarly Afghanistan’s population will increase to 72 million in the same period, (UNFPA, 2001) While the resource and demographic picture appears to be negative, the progress of international law and conventions dealing with sharing of river basins between countries, shows a positive trend and thus offers a ray of hope. It is further discussed in section 10 below. Therefore creation of a new institutional framework could help in managing the certain future crisis. Others who are pessimistic, have opined that global warming, dwindling water resources combined with the negative demography of the region, will create a security crisis instead, (Hanasz:3-4). Although mankind has experience of resolving water conflict, it is a moot point, whether Afghanistan and Pakistan will recognize the threat in time? However, the regional experience of avoidance of conflict on water, between India and Pakistan by the Indus Basin Treaty of 1960, and between Afghanistan and Iran by the Helmand River Treaty (1973) are the two models available for replicating a water treaty between Afghanistan and Pakistan, this is discussed more fully in section 9 of this paper.

3. Hydrological Situation in Afghanistan

Today, Afghanistan has a population of 38 million, of whom 85% are directly dependent on agriculture. Afghanistan has 19 million acres of land, of which 12.7 million acres are available for farming. Before 1978, 10.8 million acres of land was cultivated. After the Jihad against the Soviet Union in 1978-88, a major portion of the irrigation infrastructure was damaged thus reducing irrigated land to 7.7 million acres that further decreased to 4.6 million acres due to drought and Taliban misrule. Before 1978, Afghanistan was self-sufficient in food production and an exporter of agricultural produce, (Aziz K: P. 4).

Afghanistan is suffering from serious social dislocation caused by war coupled with a shortage of rainfall with consequential reduction of water in its aquifers and rivers. This drought has given birth to social unrest and a return to religious Radicalism for solving poverty and livelihood issues. Regional long-term data indicates a region wide reduction in precipitation in Afghanistan. The drought began in 1898 and has continued on a downward trend. As a result irrigation declined by 70%. This reduced irrigated land by 60%. More than 36% of the underground springs

(Karez) have dried up and the discharge in the remaining reduced by 83%. It decreased Karez command land by 84%; it has affected about 11 million farmers. 30 Afghan provinces have water shortage. Of these 28% are suffering from drought (FAO/WFP: 2-3)

4. Current usage of River Kabul waters.

Kabul River Basin is one of Afghanistan’s major water ways. The river rises in the Hindu Kush and after 430 miles joins the Indus at Attock. Its major tributaries are Logar, Panjshir, Kunar and River Swat. Afghanistan has a current total potential of 58.7 MAF of water. Surface water flows in rivers and streams account for 46.19 MAF and ground water accounts for 12.5 MAF. Out of the total water available agriculture uses approximately 16 MAF, leaving a balance of about 30.18 MAF for further development. In the face of reduced livelihood opportunities, development of agriculture will obviously pay dividends.

Usage of Kabul River water in Pakistan shows the following;

- The flow of river Kabul before it joins the waters of Chitral, Swat and Kunar Rivers is 14.6 MAF.

- At Warsak the flow of River Kabul entering Pakistan, increases to 17 MAF.

- Thus the Swat and Kunar Rivers contribute 2.4 MAF, (Aziz K: 5:6)

The Afghan irrigation strategy as reported in a (GIRoA) publication on Trans boundary Waters, is to treble its existing water storage from 10% to 30% in the next few years. This will consequently reduce the flows to Pakistan and more specifically to KP province’s civil and lift canals based on river Kabul flows. Afghanistan is developing four new dams on River Kabul at Naghlu, Sarobi (2) and Darunta (Wikipedia), yet no discussion with Pakistan has taken place regarding the impact of these developments on its usage.

5. Afghanistan’s position regarding River Kabul Basin

In the policy paper by the Afghan Government relating to Trans boundary Water issued in 2007, (GIRoA), the following assertions were made regarding Kabul River Basin;

- That there are currently four major dams under construction on the river.

- The following additional water needs were projected inside Afghanistan;
- Meeting the urban needs of Kabul city.
- New irrigation projects were planned and they will need water.
- Additional investment will be required for constructing additional management structures to control and regulate river Kabul’s flows.

In addition the policy paper made the following recommendations:

- There was a need to gather flow monitoring of the river and accumulate better hydrological data.

- The current water consumption had to be calculated.

- The amount of water needed for recharge of ground water needs to be calculated and taken into account.

- The total flows entering Pakistan need to be measured.

- The policy paper proposed the establishment of bilateral groups to promote cooperation at the technical level to ascertain cost sharing with Pakistan for maintenance of the system.

- Any agreement with Pakistan must also take into account the flows it receives from smaller rivers like Gomal, Matun and Shamal.

- The paper proposed joint management of Kunar River with Pakistan.

6. Effect of reduced water from Kabul River

Pakistan has the world’s largest contiguous irrigation system, which irrigates 45.2 million acres of land. Agriculture accounts for 23% of Pakistan’s GDP and provides employment to 55% of its labor force. However, irrigation in Pakistan is organized around utilization of the Indus and regulation of water through storages and weirs that manage an annual mean flow of about 143.1 MAF. It was after the construction of irrigation infrastructure under the Indus Basin Treaty (1960) that enabled Pakistan to double its irrigated acreage after 1947, to about 45.2 million acres. (Aziz K, Shahid, Mujib) Currently, Pakistan is classified as water short, and in 2016 it is projected to join the category of a water scarce country. River inflows in Pakistan decreased by 20% after 1947. This shortage is now further compounded by faster glacial melt, while rain has become unpredictable. This has threatened its aquatic and environmental diversity of wetlands, rangelands and forests. At the same time, water losses due to design features in the canal system is around 50 MAF annually. Another 15-30 MAF of flood water is lost due to seepage.

Furthermore salinity and water logging adds to Pakistan’s growing list of woes in the agriculture sector, (Aziz K: 7).

The limited irrigated agriculture in KP is heavily dependent on waters of River Kabul. The precipitation in KP and the tribal areas is falling rapidly as in Afghanistan. In the tribal belt of Pakistan water scarcity has reached dangerous levels with a rapidly declining water table. Thus, new irrigation water supplies are crucial to provide security to livelihoods in this dry region of KP and tribal areas of Pakistan.

7. Impact of water shortage

The report on global warming indicates that the snow in the Himalayas and the size of glaciers on its Western most extension in the Hindu Kush, will warm up. It is projected that the Himalayan glaciers will reduce in size by 35-40%. This will reduce the flows in the Indus and only 65-70 MAF of water will be available against the current off-take of 143.1 MAF. It is projected that as a result, agriculture command area in the Indus Basin will be reduced to about 28 million acres from the existing 45 million acres! How water shortages coupled with a population of 300 million projected in 2050 (UNFP), will pan out is not too difficult to imagine. It is surely a catastrophe in the making. Environmentalists, policy makers and system experts are unanimous in concluding that scarcity of water will increase chances of violent conflict. Water resource management is thus integral to security and regional stability. It may be noted that water shortage is a major contributory factor of human insecurity in Afghanistan, its shortage has driven the inhabitants to seek extreme solutions to create livelihoods through alternate employment, (Aziz K: P. 10)

8. Efforts by Pakistan to engage Afghanistan on water sharing

On September 9th, 2003 the government of Pakistan formed a technical committee to formulate a draft water treaty with Afghanistan; but it failed to give its findings alleging that water inflows of Kabul River flow data wasn’t available. In 2005, a technical committee was formed by the government of Pakistan, under AGN Abbasi, it proposed that Pakistan should negotiate a water treaty with Afghanistan, so that the rights are clearly identified and common solutions are found. Experience in negotiating water sharing matters in the presence of a 3rd party like the World Bank or the UN does help in achieving an agreement on water usage between nations, (Aziz K: P. 11-12)

Negotiating a water treaty on the River Kabul is thus an outstanding need of the region and cannot be ignored for long. Both the countries need to move out from a position of dormancy. Others

could help in investing in the basin works related to joint management of the river.

Such a design will usher an era of peace and assist in better managing the consequences of climate change and the resulting reduction of water availability. In action will be an invitation to chaos and human agony comparable to an Apocalypse. To broaden chances of peace it will be ideal if both the countries shift from a ‘competitive’ to a ‘cooperative’ stance. The foreign policy narratives emerging out of Kabul and Islamabad are usually anchored in the divisive language of ‘winning’, ‘losing’, ‘injustice’, ‘might’ and ‘force’. Such a discourse is damaging to the needs of formulating any agreement. This discourse needs to be replaced by emotions related to ‘join’, ‘share’, ‘help’, ‘gift’, ‘respect’ and ‘forgive’.

For this reason we need to change the current disruptive narrative and transform it to one of cooperation and regional well-being. This requires visionary leadership. Happily such a journey can begin by agreeing to a treaty for sharing the water of Kabul River Basin.

9. Can the IBT be a model for a Treaty on River Kabul?

The two models available for crafting a design for an Afghan-Pak Treaty on River Kabul Basin is the Afghan-Iranian Treaty on Helmand River (1973), and the Indo-Pak Indus Basin Treaty (1960). Although both treaties are the product of separate needs, yet they contain provisions that could be useful in crafting a treaty for Kabul River Basin.

Apparently the joint use of the waters of Helmand River by Afghanistan and Iran had the following weaknesses;

- The treaty provides shares and leaves little room for further developments

- No new constructions like dams etc. are allowed under the treaty unless both parties agree; such a consensus is difficult to achieve.

- There is an inherent negative geo-political aspect noted by experts, who feel that Iran is not happy with agricultural growth in Afghanistan as it reduces the flows of water to Iranian Sistan – Baluchistan, which draws its limited waters from Hamun Lake that is filled by the Helmand (King & Strutewagen).

Twelve years before the IBT was signed in 1960, David Lilienthal, a former Chairman of the TVA, visited India and Pakistan as a journalist in 1948, when the two neighbors were on the verge of a war on the issue of water distribution, it was indicated by India that it intended to use all the waters of the three Eastern rivers Ravi, Bias and Sutlej. This would completely disrupt the irrigation in Pakistani Punjab and threatened to make dry 1.6 million acres of irrigated land.

Continued...

Apocalypse on the Indus

Lilienthal proposed that to create social cohesion between two inimical states was to encourage the formulation of a water treaty between them to operate the Indus basin as a single unit for purposes of irrigation. Lilienthal suggested that the World Bank use its good offices to help formulate such a treaty. Eugene Black, the President of the World Bank and a close friend of Lilienthal, convinced the experts of both the countries, that during negotiation they should stress the “functional” rather than the “political” aspects of the dispute, while Pakistan built its argument in the negotiation, on its rights based on historical usage, Eugene Black, encouraged the parties to focus on “optimizing” the water of River Indus. After six year of talks, the Indus Basin Treaty was finally signed between India and Pakistan in 1960.

To compensate Pakistan for the loss of water to India, a huge development component amounting to \$1.07billion was executed. Under it, water of the three western rivers agreed under the IBT as Pakistan’s share (Indus Jhelum, Chenab) were diverted to supply water for irrigation to lands in Punjab and Sindh to compensate for the flows lost to India. This led to the construction of the Tarbella and Mangla dams as well as the construction of five barrages and weirs that were necessary to transfer water from the West to the parched lands in the East. For this 650 kilometer of new canals were constructed. A permanent Indus Commission composed of technical experts was created to oversee the implementation of the agreement and to monitor basin wide matters.(Aziz K, Shahid, Mujib)

It is a tribute to the vision of David Lilienthal, who wanted to create better social cohesion between two of the most intransigent nations in S. Asia – that his dream became a reality. It may be highlighted that even in the worst of times (there have been two wars fought between India and Pakistan after the signing of the IBT), the agreement remained in effect even when nothing else seemed to be working between the two nations. The Indus Commission meets regularly and resolves water issues, even during the worst of relations. Thus, the IBT offers a good design for future collaboration between the two countries. The following are the main lessons learnt from the IBT (Aziz: P. 15);

- The parties’ sensitivity to the crucial role of availability of water for national development transcended their rivalries making an agreement possible.

- Water management became an instrument of conflict management.

- India’s more powerful position as an upper riparian, permitted her to delay the negotiations.

- Availability of funds to execute essential infrastructure under the IBT played a positive role in reaching an agreement. Positive role by the World Bank as a neutral 3rd party with the relevant technical expertise was very helpful.

- The ratification of IBT increased the chances of peace in the region by providing social cohesion arising out of joint usage of water.

- As water shortage increase, the chances of agreement become distant.

- Basins that lack joint institutions to adjust to hydrological /climate change are prone to conflict, (Oregon State University) It is thus crucial for both the countries to think through what design to follow if they wish to formulate a treaty for the River Kabul Basin?

10. Global rules about water sharing

While there is regional tension in the apportionment and usage of joint water resources, yet at the same time there has been a gradual accumulation of rules to act as paths for resolving water related disputes.

The FAO has documented 3600 water treaties from 805 AD until 1984. Below is a gist of some of the pivotal rules for handling water sharing issues;

(Madrid Declaration of 1911)

- It declared against the unilateral alteration of a river basin without dealing with rights of the lower riparian.
- It advocated creation of joint water commissions to settle matters of joint usage.

(Helsinki Rules 1966)

- River basins were considered indivisible where 2 or more users were its beneficiaries.
- It formulated the concept of “Equitable Utilization,” and thus advocated the concept of shared sovereignty over common river basins.

- States were entitled to reasonable and equitable share.

(UN Convention on Uses of International Water Courses 1997).

- Art. 6 defines what is meant by ‘equitable’

and ‘reasonable’ usage; it includes: Geographic, hydrological, climatic ecological requirements.

- It included the social and economic needs of the water using states.

- It prioritized principle of rationality above past rights.

(Berlin Conference Rules 2004)

- It clarified definitions that were vague.

- It recognized that persons affected had the human right to become parties to deliberations on water sharing.

- It advocated amelioration of systemic droughts in a region by devising joint usage (Aziz K: P. 10-15).

Despite the development of rationality in the discourse for using water courses jointly by states, there is apprehension that customary international law is too weak to modify state behavior and thus chances of acrimony over water issues is considerable, (Dellapenna: 274).

11. Conclusion

The discussion in this paper projects the emergence of multiple crisis in the Basins of the Kabul and Indus Rivers where rampant population growth, systemic regional drought, and global warming threaten the livelihood of millions, who remain hostage to these factors. To prevent collapse of the social environment, it is essential that both Afghanistan and Pakistan should create the preferred institutional framework to handle the oncoming events. Failure to do so will lead to regional fragmentation and chaos that needs to be avoided at all costs. If we fail to understand this basic fact then we will have only ourselves to blame.

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Afghanistan as Trans-regional Hub: Lessons from History and Way Forward



Mr. SHAKTI SINHA

Chairperson, South Asian Institute for Strategic Affairs (SAISA)

Introduction

Afghanistan is often referred to as the ‘graveyard of empires’, which implies that the country is somewhat disconnected from the outside world, so much so that outside external powers do not understand it and hence come to grief. Alternatively, Afghanistan is portrayed as inherently unstable because according to the stereotype, the Afghans are at peace only when they are fighting. But is this the reality? And if not, do we have an alternate narrative? And if so, what lessons, if any, can we derive from it?

Both these statements are untrue, based on half-reading of history and of contemporary realities. Territories of the country that we know as Afghanistan have been a part of different empires for centuries, e.g., Mughal, Safavid, Central Asian Khanates, and in turn Afghan rulers like Mahmud Ghazni, Mohamed Ghor, Ahmad Shah Durrani have ruled over lands that presently are part of different countries. In fact the great Mughal Empire that ruled over most of present day India, Bangladesh and Pakistan had its beginnings in Kabul, over which Babur ruled for two decades before he descended into the Indo-Gangetic plains in 1526 C.E. and established himself as the ruler of *Hindustan*. And the present nation of Afghanistan, particularly its borders, owes its origin to the British success in stopping the southern march of the Russian empire towards India.¹

The second point to keep in mind is that till just over a century and a half, Afghanistan acted as a land-bridge between South Asia and Central Asia, facilitating trading relations that benefitted all concerned. There was a vibrant network of cities, routes and trading communities

that had economic and occasionally military consequences. This wide and dispersed network, incorrectly referred to as ‘the silk route’, stretched from Astrakhan and Orenburg in Central Russia to Eastern and Southern India at its height. However the establishment of European trading and military dominance over India reduced the vibrancy of this network, unsettling the socio-economic institutions of Afghanistan, which in turn led to political instability and foreign interference in Afghan affairs; the Russian takeover of the ‘Stans’ of Central Asia and the partition of India in 1947 dealt it a death blow.

Economic Growth and Challenges

The inability of the US army and its allies to put down the resurgent Taliban insurgency and their decision to withdraw their forces has created considerable challenges to the post-2001 Afghan State. Most of the attention of the international media, strategic community and leaders of countries invested in Afghanistan has been on the security and political transition. Important as these are there is a third dimension that often gets ignored, and that is the economic one. The simplest explanation for this is that unless there is adequate security, there can be no economic growth. Or that absent a stable political system with credible State institutions to enforce contracts, uphold public order etc., investors would shy away. Both these explanations are correct but incomplete. Day to day life of the community and of individuals continues and is not suspended till peace is restored or stability prevails. A sustained improvement in the quality of life of the community helps establish State legitimacy. This in turn when combined with sound leadership and control over corruption strengthens State institutions that deliver goods and services (including public order and justice) that the citizens want and need. The simple point is that there is no condition precedent for any of these desirable outcomes to be achieved, advances in each facilitates forward movement in the other two.

The GDP growth has been robust recently, averaging 9% per year over the period 2003–² 12, though there have been considerable fluctuations. It fell from 14% in 2012 to 3.6% in 2013 and 3.2% in 2014. While gross domestic investment to GDP has moved in the 18–20% range, the share of the private sector, which had touched 5% in 2012, slipped to just over 4% in subsequent years. The result is that growth rate of non-agricultural GDP that can generate sustained employment, which was in the 7–11% range in 2007–11, fell to just over 3% in subsequent years. The consequence

was that government revenues, which had reached a high of 10.1% of GDP in 2012, slipped to 9.5% in 2013. In other words not only was the rate of growth of economic activity slowing down, but it was shifting from high-value goods that attracted higher taxes to lower-value goods yielding lower duties.³ Lower compliance, arising from higher levels of uncertainty, also contributed to the inability to gather more resources for the government at a time when internal security expenditure has been going up. Retrenchment of donor assistance has led to cutting back of investments for development. The net result was that government expenditure as percentage of GDP fell 0.7% in 2013.

Due to write-off of earlier loans and generous grant financing post-2001, Afghanistan’s external debt at US\$ 1.3 billion or 6.1% of GDP is sustainable. Government’s overall budget is in balance with grant financing equivalent to 43.4% of the GDP (2012) making up for the huge revenue shortfall, or excess of expenditure over domestic revenue collection. The International Monetary Fund (IMF) assessed that for Afghanistan to grow, it needed macroeconomic stability, structural reforms, and political and security stability. However, large (and growing) security expenditure, development needs and limited domestic revenue capacity means that Afghanistan will remain dependent on donor financing for a long-time. Donor fatigue and diversion-of-attention elsewhere could jeopardise the considerable socio-economic gains made over the past decade. It must be remembered that despite the high GDP growth rate, increased school enrolment, reduction in Infant Mortality Rate due to much better healthcare coverage, Afghanistan remains a very poor country, falling in the bottom 7% of country Human Development Index ratings, according to the 2012 Human Development Report.

¹ Since most of narrative would be dealing with the period before 1947 C.E. when the departing British left behind two dominions, India and Pakistan—Bangladesh split off from the latter in 1971—the subcontinent would be referred to its then appellation of India or Hindustan. Not to do so would be historically incorrect.

² All budget related figures from IMF (Art IV Discussions, 2014) and World Bank (Data Book).

³ Import duties, low in the context of the region, remain the largest source of revenue of the government of Afghanistan.

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Afghanistan as Trans-regional Hub: Lessons from History and Way Forward

Location is probably the single-most important factor that can both be the key growth-driver of the Afghan economy. And work to stabilise the broader region as it will move the present zero-sum-game to one where all benefit. (Mining by contrast can contribute significantly but its needs huge initial investments and a long gestation period which in the present situation of low commodity prices is unlikely to happen soon. But it too requires a better security environment and much better transport links with neighbours.)

This is not just a dream but one which is routed in cold economic logic. Standard economic thinking tells us that Afghanistan's link with the external world is quite limited, looking at its level of economic development. This is particularly so when once donor financing (43% of GDP) is factored out. But this again is an incomplete reading of the situation, for Afghanistan is an extremely open economy with foreign trade to GDP ratio at around 50%. In 2012, while legal exports were just 2.5% of GDP, imports were over 41%, with exports of illegal substances account for 4%. Afghanistan is considerably exposed to economic developments in its neighbouring countries, particularly Pakistan.

The question is how does Afghanistan leverage its position to become a trans-regional hub linking Central Asia to South Asia, and China to West Asia? Does history have any lessons for present day policy makers in the region, and beyond?

Historical Linkages and networks

The 19th century is rightly seen as the age of imperialism, which destroyed not just 'native' kingdoms and empires, but entire societies. Local economic systems were targeted through discriminatory policies so that they collapsed, de-industrialisation occurred on a colossal level.²² Historical trading networks were disrupted and the world was globalised with colonies reduced to supplying the 'metropolitan' coloniser with raw materials, in turn absorbing the final products of industrialised Europe. This hub-and-spoke operation obviously worked to the disadvantage of the colonies though it was projected as a progressive age of discoveries and inventions, and ridding the world of traditional, 'backward' societies and 'debauched' rulers.

In contrast, the 18th century is presented as the dark ages. The great empires of the Mughals and the Safavids were breaking down, ceding effective territory to local strongmen, who while nominally loyal to the emperor, actually acted independently. Big cities and consumer centres saw stagnation

and decay and the pomp and show of the Court became faded. However, the reality is far more complex. It was a period of ferment but breaking down was replaced by multiple happenings, perhaps a phrase 'a million mutinies' used by a contemporary writer about India at the turn of the last century could be equally applied to that era.²³ Baghdad developed as a political and economic magnet, the Uzbeks set up khanates in Bukhara and Kokand, the Zand in Iran while in India, numerous principalities arose among the slowly dissolving Mughal Empire — Marathas, Awadh, Bengal, Rohillas, Kasur, etc. The net result was the emergence of multiple and diverse centres of demand, and overall economic activity increased. The rulers of these highly urbanised entities realised the benefits of trade for its multiplier effect on overall economic activity, and hence on revenue generated, and sought to attract trade and traders.²⁴

It is impossible to think of the trading networks that linked Afghanistan without understanding the key role played by Afghan and Central Asian nomads, or *Powindas*. Pastoralism is inherently stagnant, with practically little technological innovation that would allow for productivity increases. Consequently, pastoral nomads by virtue of the need to move their flocks to seasonal grazing grounds became natural carriers of goods from production to consumption centres. Their other advantages, namely the relatively large size of the pastoral group and the carrying of weapons facilitated the development, and safety, of trading routes. Large movements does destabilise a traditional economy but facilitates the maximum use of human and capital resources. North India in the 18th century was a combination of settled agriculture and pastoral nomadism. These armed mobile groups, who were relatively under-employed for large parts of the year, lent themselves to initially forming infantry units on hire. Ultimately, these nomad turned soldiers turned traders' set-up a number of principalities in India in the course of the 18th century. These principalities in turn facilitated the functioning of trading networks linking North India to Kabul and beyond; in turn acted as both demand and production centres.

Three other events gave a fillip to this trans-regional trade in this period. One, European dominance of India's coastal trade, prior to exercising political sovereignty, pushed Indian traders to moving onto this South-North axis. Two, Russia set its eyes firmly on to India with its sub-continental market, and to do so directly bypassing European trading arrangements.

Three, historians estimate that between the raids of Nadir Shah and Ahmad Shah Durrani, tributes worth approximately 500–1000 million Indian rupees mostly in the form of minted coins left India. Once such huge sums of money entered the local economy, they generated huge trading volumes with its multiplier effect spread over a wide area and time-span.

Historically, India was self-sufficient except in war horses and precious metals. India exported cotton textiles and garments, silks, rhubarb, herbs and gold coins. Indian traders were found settled in most trading cities including Astrakhan. It was estimated in Kabul in early 19th century that around 24,000 camels were used by the trading caravans. Writing three hundred years before this, Babur reports that there were two land routes between Hindustan and Khurasan (modern day Western Afghanistan and Eastern Iran), via Kabul and Kandahar.²⁵ 'To Kabul caravans come from Kashgar, Fergana, Turkistan, Samarkand, Bukhara, Balkh, Hissar and Badakshan.' About 8,000–10,000 horses would pass through Kabul every year on their way to India. (By mid-18th century this annual flow would go up to the 200,000–250,000.) Babur reports that annually from India, 'caravans of 15,000 to 20,000 household heads, bringing slaves, white cloth, sugar candy, refined and common sugars and aromatic roots' came. Kabul was a premier trading city because in its bazaars, there were 'products of Khurasan, Turkey, Iraq and China, while it is Hindustan's own bazaar.'

¹ Pavlov, I.V., 'Historical Premises for India's Transition to Capitalism',

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² Naipaul, V.S., 'India: A Million Mutinies Now', Rupa 7 Co, New Delhi, 1990.

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⁴ Babur, 'Baburnama', Penguin Classics, Penguin Books, New Delhi 2006.

There was no single route connecting two points or even two regions, particularly as it crossed the Hindu Kush. The network was widely dispersed connecting many economic centres, initially linking India to the Caspian Sea. One spur went westwards towards Xinjiang and ultimately China. Tsarist Russia was not happy about using Astrakhan so it developed an alternate 'port' at Orenburg. The Afghan and Central Asian nomads linked the different components together. The four seasonal centres of nomads were Derajat, Kabul, Balkh and Bukhara. Basically the herds moved to Kabul in summer and down to Balkh and Derajat in winter. There was similar movement between Balkh and Bukhara.

But with the British succeeding in diverting India's foreign trade away from Asia to Europe via the sea route, the introduction of fast ships that made land-trade superfluous and the abolition of kingdoms and principalities in India, demand for horses and for precious metals (for coinage) collapsed. With this, the Afghan trading network was reduced to a trickle, and could no longer sustain the economies dependant on it. This adversely affected political stability in Afghanistan, and once the British realised the extent of Russian designs on their Indian possession, foreign interference and juggling for influence would become the dominant strain in Afghan affairs. The stereotype of Afghanistan being both a 'graveyard of empires' and an ungovernable space can be traced to the clumsy way the British went about trying to stop the Russian advance towards India, which they managed to by agreeing to Afghanistan becoming a buffer State, and to the negative impact of British political and economic dominance of India on Afghanistan.

Reasons for Success

The success of this trading network was its ability to link producers and consumers. This did not come about through creation of a single political space like an overarching Empire, or even the establishment of a single, friction-free economic space as the European Union. In fact, the breakdown of large empires and their replacement by many principalities actually led to an increase in trading volumes. There were four key factors that facilitated the working of this extensive system.

One, Indian manufactures were in demand in different societies. In fact, in Roman times, often the fear was expressed that the adverse balance of trade would mean that all of Rome's gold would flow to India. Archaeological finds in different ports and even inland town in India's Deep South still yield substantial hordes of Roman coins. Historically, India has been an importer of gold, the largest till recently. However, India lately emerged as a large importer, primarily of horses and of precious metals. In fact, Russian records

show that in the mid-18th century, India had become a net importer, and this was one of the factors driving Russian expansion southwards. These mutually-benefitting trading relations ensured that many groups benefitted so they ensured its functioning even when faced with collapse of empires and unprecedented political changes.

Two, during the period under study, Indian rupees were valued for their purity and consistency, so were used as medium of Exchange. Jos Gommans quotes Russian sources reporting that in Orenburg, prices were quoted in roubles and rupees. The money carried out by Nadir Shah and Ahmad Shah Durrani made it more freely available across a wider area. A standard credible currency reduces risks (both exchange and purity) and facilitates cross-national transactions.

Three, the presence of trading networks, primarily of Afghan nomads and also of Indian traders, facilitated trade due to reduction in risk premiums e.g., contracts could be entered in within the network at minimum cost of compliance. This also ensured that long-distance movement of actual cash was minimised. Instead, financial instruments like hundis were used, as a form of remittance instrument to transfer money from place to place, as a form of credit instrument or IOU to borrow money and as a bill of exchange in trade transactions. A Portuguese priest (Fr Godinho) who travelled to Europe overland in the 16th century reported that hundis issued by traders in Surat in western India were honoured in Basra and beyond.

Four, there was no single dominant factor that could dictate trade. There was a dense, geographically dispersed network utilising many routes. When there was insecurity or a breakdown along a route or area, traders simply shifted to another route. Similarly, when local extortion threatened to make trade non-economic, that area was simply bypassed. In fact, seeing the advantages of trade, often rulers vied with one another to attract traders and manufacturers.

Lessons Learnt and the Way Ahead

Presently, Central Asian countries are rich in energy resources but are limited in who to sell to. China has emerged as a strong market but it will not pick up the entire surplus that can be generated. India is a market they would like to enter. Similarly, rather than be tied to their present suppliers, they could access goods and manufactures from India. However trade with India is constrained by geography as these entities do not have common borders. Instability in Afghanistan and Pakistan's refusal to allow transshipment comes in the way. Similarly, Pakistan could both gain new markets and access energy supplies from Central Asia. However,

not just political but structural issues constrain developing robust inter-regional trade linking Central Asia with South Asia with Afghanistan at the centre facilitating it. The present zero-sum game would have to give way and history suggests various policy options.

1. Looking at the political systems, having a common currency is not an option. However, conversion and foreign exchange risks would have to be smoothened. Countries across the region must allow markets to determine the currency levels, and make their currencies freely convertible on the current account. Artificial pegs and manipulated levels pegs only lead to leakages and prevent profitable legal trade. This undermines confidence levels in that currency. Afghanistan leads the way with very transparent, bazaar driven rates. Since it is also an open economy, foreign currency is freely traded and available. Gradually, weaker currencies get discarded in international transactions and in effect, traders switch to a credible currency to ensure price stability and mitigate exchange risks. This phenomenon is referred to dollarisation but does not imply the substitution of local currency by the US dollar. There is no substitute for open, transparent, tradable on the current account foreign exchange regimes.

2. Most of the countries in Central Asia and South Asia had followed autarkic economic policies for decades. The resultant trade-pessimism has meant that their markets are insufficiently integrated into the international system, much less into each other's. The absence of cross-national and cross-regional trading networks constrains development of trade due to information asymmetries with enhanced risk premiums in the absence of mutually recognised institutions, i.e. standards, dispute resolution etc. Governments, regional platforms and multilateral development institutions should work to create trade facilitating institutions, address behind-the-border issues, organise trade promotion events and bring businesses together.

Continued...

Afghanistan as Trans-regional Hub: Lessons from History and Way Forward

3. Trade must not be seen as a zero-sum-game, rather as one which enhances the welfare of all. Where bilateral trading relations discriminate against third parties, then often the result is trade diversion, but where it is non-discriminatory, it becomes trade enhancing. That is, the total trading volumes go up because availability of cheaper inputs combined with access to new markets leads to growth of productive capacity.⁵ In the specific case of India-Afghanistan trade, Afghan exports can use the land route to access the Indian markets, but not vice versa. Though apparently directed at India, Afghanistan suffers greater welfare losses as it cannot access cheaper goods that its economy requires. India is Afghanistan's second biggest market absorbing 28% of its exports (2014); Pakistan is the biggest recipient of Afghanistan's goods (33%). On the one hand, Afghanistan is Pakistan's third biggest market (US\$ 2.3 billion, 9%), after USA (US\$ 3.5 billion, 14%) and China (US\$ 3 billion, 12%). But ironically, Afghanistan does not even figure in the top 20 of Pakistan's sources of imports. While lop-sided bilateral trade figures are not unusual or necessarily significant, Afghanistan has become an important factor in Pakistan's growth strategy but not the other way around. The health of the Afghan economy matters to Pakistan as it has emerged as a major market for Pakistani goods with adverse developments in the former likely to affect Pakistan disproportionately. Similarly, Pakistan is constrained in its efforts to directly

link with the economy of the 'Stans', since the latter has indicated their interest in accessing the Indian market overland both to diversify their exports and imports. Trans-national transport networks linking Central Asia and South Asia that would allow the free flow of goods would disproportionately benefit the poorer and less-integrated countries like Afghanistan, Pakistan, Tajikistan and Kyrgyz Republic.

4. Trans-national transport and infrastructure projects (railway lines, lapis lazuli corridor, Chahbahar port, CASA 1000, etc.), both announced and under implementation, should be given priority and completed on schedule so that benefits could start flowing to different stakeholders across countries. This would both be a strong demonstration of the potential trans-regional networks in pushing economic development and also provide an opportunity to work on easing different process issues that constrain trans-border economic relations.

5. Pending these changes, or concurrently with negotiations on them with regional partners at different platforms, Afghanistan should go ahead with launching pilot export-oriented manufacturing and processing hubs. These should be located in relatively secure areas and not reliant on road and/or rail links for the movement of goods. The US and NATO have developed a number of airports with substantial infrastructure — large sheds, generating stations, accommodation, water supply and waste disposal systems etc. Some

of these could be turned into export promotion zones (EPZs) where Afghanistan's abundant fruits could be converted into squashes, purees, juices etc, thereby give a push to value-added manufacture/food processing. This would have the added advantage of enabling the farmer obtain better prices and yields for fruit that currently have no takers or is sold at distress prices. Other such ventures including processing of carpets, production of handicrafts etc. should be explored. Success in air-borne international trade would put pressure on Afghanistan's partners to develop better and open transport and transit networks that would benefit the whole neighbourhood.

Conclusion

The trans-national transport linkages initiatives represent an opportunity to once again place Afghanistan at the centre of trans-regional trade, both East-West and North-South. Ironically the displacement of colonialism by nationalism had raised barriers to such movements of goods, services and people. On one hand, physical infrastructure has to be built to provide for easy access. On the other this would need to be complimented through improved trade facilitation e.g., closer banking linkages, harmonisation, simplification and modernisation of customs procedures, streamline trans-national transportation linkages, etc. Afghanistan's development and stability depends on how fast and soon these become reality.

Perspectives of Regional Cooperation in the Network of Central Asia and Afghanistan



Mr. TALANT SULTANOV
Director of the National Institute for Strategic Studies of the Kyrgyz Republic

Geopolitical importance of Afghanistan is crystal clear and the future security of this country is necessary for stability and development of the whole Central Asian region. In this regard it puts the issue of intensification of regional cooperation which is aimed at facilitating reconstruction of Afghanistan on the agenda.

Also, one thing is obvious at the moment: developments in Afghanistan after withdrawal of NATO troops will have an influence on the further development of both - country itself and surrounding region, which includes Kyrgyz Republic. Time will show, is this influence negative or acceptable on the whole.

Crossroad location of Afghanistan allows it to play an important role in the economic, political and cultural relations between the countries of the region. Interests of Kyrgyz Republic in relations with Islamic Republic of Afghanistan have both bilateral and multilateral aspect. Bilateral relations of Kyrgyz Republic and Afghanistan are

less developed as opposed to some post-soviet Central Asian countries. However, opening of the Embassy of the Kyrgyz Republic in Kabul on 21st June 2013 is a positive step in development and intensification of bilateral relations of Kyrgyz Republic and Afghanistan. Bilateral cooperation is also realizing in joint efforts of countries in execution of their obligations on counteractions to terroristic threat and general challenges.

Multilateral cooperation is possible in the network of regional cooperation. Regional initiatives and organizations cover a number of countries unequally, at the same time various multilateral platforms can be useful in varying degrees for building relationship with Afghanistan. But intensity of economic and social relations is not always determined within the region, and it calls into question how main relationship and vector of regional organizations are formed within post-soviet region of Central Asia. On the other hand, attempts in establishing wider regional links outside of post-soviet Central Asia are also don't draw outlines of other region. The feature of Afghanistan as part of a post-soviet Central Asian space, including Kyrgyz Republic, is doubtful for now.

Analysis of current situation of regional cooperation has indicated following points:

- The highlight of developments after 2014 is not NATO troops withdrawal, but political trajectory of Afghanistan's development and its future;
- Regional players like CSTO (Collective Security Treaty Organization), SCO (Shanghai Cooperation Organization) and other regional organizations will have more active role;
- Various players (USA, EU, etc) will increase their efforts on involving Central Asian countries for development of Afghanistan after 2014, and these countries may use this opportunity to have more active participation in reconstruction of Afghanistan and improving bilateral relations with Afghanistan.

• At the moment there is no single conception of Central Asian region. Countries are divided by interests in compliance with their internal resources; frequently dissensions take place between them because of border issues.

• It is necessary to reject traditional perception of issues from point of view that presence or absence of threats from Afghanistan's side. Potential of economic and humanitarian cooperation must be examined.

In connection with abovementioned, perspective directions for contributing to the regional cooperation are:

- Intensification of education and humanitarian links between Kyrgyz Republic and Islamic Republic of Afghanistan through establishing relations between educational organizations of both sides, as well as responding to the increasing demand in Afghanistan for engineers and construction specialists. Facilitation to the activities of the OSCE Academy, unique regional center of postgraduate education, should be increased.
- Development of bilateral trade of agricultural products, as well as export of construction materials, textiles and furniture are perspective spheres.
- Creation of favorable conditions for implementation of commercial initiatives in abovementioned areas, including assistance to Kyrgyz companies' participation in projects on reconstruction of Afghanistan. It is also necessary to work on possibility of regular scheduled flights New Delhi – Bishkek and Karachi – Bishkek with stop in Kabul.
- Development of cultural-historical initiatives with involving of Central Asian post-soviet countries and Afghanistan should be carried out on an ongoing basis.

⁵ This is a simplified version of how open trading regimes help developing countries. These would need supporting environment—a healthy, educated workforce, sanctity of property rights, enforcement of contracts, availability of credit, etc.

How will Health Economy Benefit Afghanistan in Future Development and Economic Growth with 'One Belt-One Road' (Pan-Continental Infrastructure Initiative)



Mr. ZOU ZIHUAN
Research Fellow on Global Health,
Peking University

Although China's aid is not the most, but it is sincere, completely without any political conditions. In the fifties and sixties of the 20th century, China is not rich in their own circumstances, for reconstruction of the Parwan irrigation project, Kandahar hospital. These projects now still play a positive role in to improve local people's livelihood and well-being. In recent years, the Chinese government actively supported the process of peace and reconstruction in Afghanistan, as of October 2014, China has provides 15.2 billion RMB of grant assistance, through bilateral and multilateral channels for visit nearly a thousand people in various fields of professional and technical personnel training, provides ten batches of material assistance to Afghanistan and to the Afghan reconstruction of the Republic hospital, Kabul University Department of Chinese language and literature teaching building and guest house, the National Center for science education, the office of the president multifunctional center and other important engineering, has played a good role in promoting, won the praise of Afghan public from economic development and improving people's livelihood. Last October Ghani President went to China for a state visit, China announced 20 billion yuan of grant assistance to Afghanistan during 2014 - 2017 fiscal years, the next 5 years training 3000 professionals in various fields.¹

1. Public health is one of the key issues in Afghanistan's development and economic growth

The life expectancy of the people (including both men and women) in China, America, Afghanistan and India are 75², 79³, 60⁴ and 66⁵ respectively. As for the five countries in Central Asia, Turkmenistan is 63⁶, Kyrgyzstan is 69⁷, Uzbekistan is 69⁸, Tajikistan is 68⁹, while Kazakhstan is 68. So to say, the gap of life expectancy between Afghanistan and India are 6 years. Compare with the level of public health in India, this gap of 6 years is not a figure that cannot be reduced. After that the higher cost on public health will be spent, let's say from the human resource perspective the investment will be better returned, cost efficiency will be improved.

2. The experience of China on public health sector

The life expectancy of Chinese people is only about 40 in the early years after the foundation of China in 1949. However, as years past by, The average life span of Chinese is almost the same as the Americans', but its per capita health spending is only 1/16 of that of the Americans'.

China eliminated infectious disease such as chistosomiasis (1950s), trematodiasis (1994) and poliomyelitis (1995)¹¹ by the combination of grass-roots mobilization and vaccination.

China's invention of artemisinin in controlling malaria has produced good economic results, reducing the medical cost in African countries a lot.

Since 1960s, China has started to send medical teams to Africa for free medical support and disease prevention and control. By the end of 2009, China has built 54 hospitals and 30 anti-malaria treatment centers as well as donating anti-malaria pharmaceuticals at the value of 0.2 billion RMB to 35 African countries. December 2006, Li Guoqiao, and Song Jianping led the team to Union of Comoros, an African countries on Indian ocean, implementation of artemisinin rapid removal treatment of malaria. More than 2200000 people took part in the treatment of artemisinin treatment, more than 30,000 population to take preventive medicine. Jian Ping song, given a set of data: Comoros in 2014 achieved zero malaria

deaths, the malaria incidence decreased to 2154 cases, compared with 2006, decreased by 98%, malaria infection rate from the 142/1000 population (2006), a decrease of population 2.8/1000.¹²

This is the first time in the world to help an African country to quickly control the success of malaria epidemics through population and medicine intervention.

The experience of China is below, the training of health workers/ medical personnel on grass-roots public healthcare, grass-roots citizen mobilization to eliminate infectious disease and building CDC system to ensure vaccination.¹³

1 www.fmprc.gov.cn/mfa_chn/wjdt_611265/zwbdt_611281/t1263368.shtml

2 China: www.who.int/gho/countries/chn.pdf

3 America: www.who.int/gho/countries/usa.pdf

4 Afghanistan: www.who.int/gho/countries/afg.pdf

5 India: www.who.int/gho/countries/ind.pdf

6 Turkmenistan: www.who.int/gho/countries/tkm.pdf

7 Kyrgyzstan: www.who.int/gho/countries/kgz.pdf

8 Uzbekistan: www.who.int/gho/countries/uzb.pdf

9 Tajikistan: www.who.int/gho/countries/tjk.pdf

10 Kazakhstan: www.who.int/gho/countries/kaz.pdf

11 www.infect.dxy.cn/article/77974

12 www.webcache.googleusercontent.com/search?q=cache:6kQzHxMnMY:epaper.southcn.com/nfdaily/html/2015-06/29/content_7443435.htm+&cd=24&hl=zh-CN&ct=clnk&gl=cn

13 www.chinanews.com/jk/2015/06-29/7371483.shtml

3. How China's SOEs and Private Firms can contribute to the Health Economy of Afghanistan, technology transfer, possibilities, barriers and difficulties.

According to the statistics, the total capacity of China's medical industry (including medicine and medical device) in 2014 is about 1.33 trillion RMB and there are 4700 firms.¹⁴

Although China has many big pharmaceutical enterprises, most of them are far from being internationalized. In order to encourage Chinese investors or establish China-Afghan joint-venture pharmaceutical manufactures in Afghanistan, the main difficulties are below, as for the issue of experts, on one hand, Chinese experts are still need to be encouraged to work in Afghanistan, one the other hand, Afghanistan also has the problem of loss of experts. While Afghanistan has GSP with China, EU, US, India and Korea, this will be a great advantage.

4. Sino-Afghan Public Health Cooperation with One Belt One Road (Pan-continental infrastructure initiative)

There are 5 levels of Chinese foreign aid on public health sector:

1. Providing medicines and other medical materials.
2. Providing medical equipments.
3. Dispatching medical teams.
4. Building hospitals and medical care centers.
5. Providing medical training for foreign experts.

By the end of 2012, China has built more than 180 hospitals and health care centers all over Africa and Latin America.

As President Xi Jinping pays much attention to Sino-African Cooperation Forum and willing to upgrade it to Sino-African Cooperation Summit later in December in Johannesburg, to establish a forum on the health cooperation of One Belt One Road is needed.

The Committee of Public Health and Family Planning, Ministry of Science and Ministry of Commerce of People's Republic of China have lunched the cultivation plan for training foreign experts and high talents. The quota is 500¹⁵ scholarship for Afghanistan as announced by President Xi Jinping to President Mohammad Ashraf Ghani.

While limited by the quota of training and amount go budget of governmental aid programs, non-governmental organizations should be encouraged to play more important roles in Sino-Afghan public health cooperation.

The combination of the volunteers from the governmental medical bodies and those from non-governmental bodies, the combination of training, treatment and medicine should be realized.

14 www.askci.com/news/chanye/2015/02/11/142313a4pn_all.shtml4
15 www.news.qq.com/a/20141101/008660.htm

China's Role in the Connectivity of Afghanistan with the Initiative of 'One Belt One Road': From the perspective of Financing



Miss WANG LIN
Fellow of the CBN-Research, a Chinese economic think tank

China has been a game-changer in many aspects of the current global landscape, regional institutions, and international issues.

China's engagement in Africa in the past ten years change the development system in its post-colonial era with capital flows in infrastructure, industrialization and energy resources developments.

With the initiative of revival of the Silk Road by calling for One Belt One Road, China will work together with the related and willing countries to vault 3 billion more people into the middle class by 2050.¹

By proposing and leading to build the New Development Bank and Asian Infrastructure Investment Bank, China is trying to implement the existed global financial institutions which have not changed since the 1950s and 1970s, while the world economy structure has dramatically changed with the emergence of developing countries and emerging economies.

What will be China's role in the connectivity of Afghanistan in light of the economic, political and military transforms will just start? Here I want to first illustrate what is China's initiative of One Belt One Road. Then argue about what are the

opportunities the One Belt One Road Initiatives provide to Afghanistan and the World from the Financing Perspective. Last but not least, I want to address to Afghanistan leaders that how to catch the opportunities provided by One Belt One Road, joining AIIB will be a good decision.

What is China's Initiative of One Belt One Road?

The Silk Road Spirit - "peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit"

Chinese President Xi Jinping proposed the idea of Silk Road Economic Belt which is the inland part of the current One Belt One Road Initiatives during a speech at Kazakstan's Nazarbayev University in September, 2013, when he visited Kharzarstan to promote the connectivity and cooperation in the region, especially connecting Chin's west inland provinces, like Xinjiang, Shanxito Central Asia, WestAsiaand Europe.

With the launch of the Silk Road Vision and Action, it is consensus in the policy makers and scholars that Silk Road Initiatives have got into the second phase of complementing and acting.

The Chinese government has drafted and published the Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road to promote the implementation of the Initiative, instill vigor and vitality into the ancient Silk Road, connect Asian, European and African countries more closely and promote mutually beneficial cooperation to a new high and in new forms.

Afghanistan is one of the countries that could be encompassed by the Belt and Road connected to the vibrant East Asia economic circle at one end and developed European economic circle at the other. Afghanistan has huge potential for economic development with the rehabilitation and reconstruction.

Afghanistan is definitely in the central position of the Silk Road Economic Belt geopolitically by connecting China, Central Asia, South Asia and Middle East countries.

What's more, Afghanistan leaders are also very active in supporting and cooperate with China on

Silk Road Economic Belt. Less than 20 days after President Xi propose the SREB, Afghan Former president, Mr. Karzai paid a visit to Xi'an, China zto attend Euroasian Forum.

On the opening ceremony speech, Mr. Karzai claiming that Afghanistan will support China's initiative of SREB. With the tradition and symbolic green cloth, Mr. Karzai was very impressive among all the presented foreign leaders.

I think that Mr. Karzai is one of the very few world leaders that address the importance of SREB and claim supportive for that. To be honest, even at that time, most of the Chinese scholars hadn't know what SREB really mean and how will this initiative influence the whole picture including China's foreign policy, foreign aid and overseas investments trends and flows in the following two years 2014 to 2015 that we have seen as well as at least next ten years as expected.

The Silk Road Economic Belt focuses on bringing together China, Central Asia, Russia and Europe (the Baltic); linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean.²

On land, the Initiative will focus on jointly building a new Eurasian Land Bridge and developing China-Mongolia-Russia, China-Central Asia-West Asia and China-Indochina Peninsula economic corridors by taking advantage of international transport routes, relying on core cities along the Belt and Road and using key economic industrial parks as cooperation platforms.

The 21st-Century Maritime Silk Road is designed to go from China's coast to Europe through the South China Sea and the Indian Ocean in one route, and from China's coast through the South China Sea to the South Pacific in the other.

¹ McKinsey & Company, One Belt, One Road: From dialogue to action.

² Vision and actions on jointly building Belt and Road. Issued by the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, with State Council authorization.

At sea, the Initiative will focus on jointly building smooth, secure and efficient transport routes connecting major sea ports along the Belt and Road. The China-Pakistan Economic Corridor and the Bangladesh-China-India-Myanmar Economic Corridor are closely related to the Belt and Road Initiative, and therefore require closer cooperation and greater progress.

The Initiative is an ambitious economic vision of the opening-up of and cooperation among the countries along the Belt and Road. Countries should work in concert and move towards the objectives of mutual benefit and common security.

To be specific, they need to improve the region's infrastructure, and put in place a secure and efficient network of land, sea and air passages, lifting their connectivity to a higher level; further enhance trade and investment facilitation, establish a network of free trade areas that meet high standards, maintain closer economic ties, and deepen political trust; enhance cultural exchanges; encourage different civilizations to learn from each other and flourish together; and promote mutual understanding, peace and friendship among people of all countries.

From the Financing Perspective, what are the opportunities the One Belt One Road Initiatives Provide to Afghanistan and the World?

Among the five major goals of One Belt One Road Initiative, I regard financial integration a pillar among the other four goals, policy coordination, facilities connectivity, unimpeded trade, and people-to-people bonds.

China has already establish, proposed to build some new IFIs or regional financial institutions as well as domestic ones to support the global infrastructure investments and construction to improve the connectivity not only in the region but also in Africa and Latin America.

In terms of the cooperation of financial integration, China will make joint efforts to establish the Asian Infrastructure Investment Bank and BRICS New Development Bank. For now, the 57 founding members of AIIB have signed the AIIB treaty and the bank is due to establish by the end of 2015. The other important mechanism in financial sector is to set up and put into operation the Silk Road Fund.

Asian Infrastructure Investment Bank

Poor infrastructure cost a lot of economic growth. Take Africa as an example, in the past ten years, most African countries are growing at 5%-7%. If the infrastructure improves, that will be 7%-9%. In Africa, as data from Africa Development Bank,

the gap of infrastructure is about 50 billion.

While in Asia, as forecast and evaluated by ADB, from 2010 to 2020, in ten years, if The infrastructure in all economies in Asia want to achieve the average level of global infrastructure, it at least needs 8 trillion UDS. The current international financial institutions and regional ones could not fulfill this great demand, including World Bank, Asia Development Bank and etc.

The purpose of AIIB is to foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors.

The authorized capital stock of the Bank shall be one hundred billion United States dollars, divided into one million shares having a par value of 100,000 dollars each.³

The original authorized capital stock shall be divided into paid-in shares and callable shares. Shares having an aggregate par value of twenty billion dollars shall be paid-in shares, and shares having an aggregate par value of eighty billion dollars shall be callable.

AIIB also address to promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions.

AIIB aims to promote investment in both public and private capital for development purposes. It also has special regard to the needs of less developed members in the region.

AIIB intends to encourage private investments in projects, enterprises and activities in infrastructure and other productive sectors by supplement private investment when private capital is not available on reasonable terms and conditions.

Silk Road Fund

Silk Road Fund is 40 billion USD⁴, a mid and long term developing fund which could be regarded a longer-term PE (private equity). Compared with AIIB as an international financial institution, it is 100% owned and operated by the Chinese side.

Silk Road Fund is 100% commercially operated and it addresses four principles: match, effectiveness, cooperation, openness.

First, it need to match the development strategies of the targeted country. help the Chinese company to find the investment opportunities and provide financing. the basic idea is develop together and prosper together.

Second, effectiveness, the 40 billion mainly come from China foreign reserves. China Investment Company, China Development Bank, and EximBank are all share holders about 5%. So the Fund needs to pursue mid-long term stable and reasonable return of investments. The stake holders of the Fund present that it does not mean to replace other institutions, but complement with each other and take good advantage of different institutions.

The third and forth principles are cooperation and openness.

These are obvious in the first project that the Fund has invested in. It is the Kirot Hydropower plant in Pakistan, one of the early-harvest projects of China Pakistan Economic Corridor.

It is an investment projects by China Three Gorges local investment company in South Asia. The company has been doing business in Pakistan for more than 10 years. Besides, Three Gorges is the largest hydropower construction in the world in terms of capacity.

The Silk Road Funs's first program chose electricity which is Pakistan's urgent sector to develop and invest.

The other highlight of the first bill is that the project is in cooperation with International Financial Center, the investment branch under World Bank. It means that the international organizations also want and be able to engage in China's initiative of One Belt One Road with predicted commercial returns.

The Silk Road Fund can not only provide debts, but also make equity investments for the project, which is a breakthrough in terms of investments.

Behind the financing involvements, it is the gathering and consolidation of different local resources, expertise, knowledge, technology.

The cooperated government need to promise certain level of return. It also could be the investment in private areas, but needs the support from the local government. The basic principle is to match the development priorities of the cooperate country.

³ The Articles of Agreement of the Asian Infrastructure Investment Bank

⁴ Interviews with Governor of People's Bank of China, Zhou Xiaochuan

Continued...

China's Role in the Connectivity of Afghanistan with the Initiative of 'One Belt One Road': From the perspective of Financing

Other financing arrangements

China Development Bank is largest development financial institution in the world in terms of its total assets, accumulated to 1.65 trillion. CDB has already lent 300 billion USD. CDB is the largest overseas investment and financing Chinese institution.

Exim Bank has already provide loans and preferential loans for many infrastructure projects, China-Russia Railway bridge, China Pakistan road, Gwadar port, and many transnational railways.

With China's large amount of foreign reserve and the diversified mechanism of financing institutions and arrangements, I believe Afghanistan can have a big share in this big cake.

So what should Afghanistan Policy Makers do to address the budget challenges they face and the financing opportunities provided by One Belt One Road?

Huge amount of investment is what Afghanistan needs to rehabilitate and develop especially in light of global economy shrinking and the leave of NATO army.

World Bank report shows that Afghanistan requires more than 7 billion USD financial funding per year after 2014.

Afghanistan has not joined AIIB and is not one of the 57 founding members of AIIB.

I think Afghanistan should apply to join AIIB to be one of the member and make full use of this new financial institutions to fuel investments.

Almost the majority of the countries in Central Asia and South Asia, who are also Afghanistan's partners in connectivity have already joined AIIB and will become founding member.

In South Asia, they are India, Iran, Pakistan, Nepal, Bangladesh, Sri Lanka, Maldives. Four of the five Central Asian countries are all founding members of AIIB except Turkmenistan. They are

Tajikistan, Kazakhstan, Uzbekistan, Kyrgyzstan.

However, it definitely does not mean that if Afghanistan does not join AIIB, then Afghanistan's infrastructure will not get the support from AIIB. But I think the possibilities will be lower and the projects in Afghanistan will not be the priorities. Most of the existed founding members have great demands to invest in infrastructure.

But it is still feasible that AIIB will fund the infrastructure investment in Afghanistan in the future.

The current Afghanistan is a deeply donation-dependent country. But for the long term sustainable development, it needs to utilize the donation in a commercial way and transform into an investment supported country.

In China, we have an old saying, that confidence is more important than gold. And the security and stability is the foundation of the confidence.

By improving the business environment (security and stability, lack of market, bottleneck of infrastructure, bureaucracy, financing difficulty), Afghanistan can play the regional hub role and take good advantage of that, transforming from a land-locked country to a land-linked country.

ESSAY CONTEST

Essays

How Can Afghanistan Retake Its Position as A Transit and Transport Hub between Central Asia and South Asia?

Mr. SHOAI B AHMAD RAHIM
Winner, Essay Contest

The geo-economic, geo-strategic and geo-political location of Afghanistan has been of significant importance historically. Its position in the ancient Silk Route, South Asia and presence in the middle of important neighboring countries are the factors which have served as an advantage as well as disadvantage for the country depending on how effectively the opportunity has been exploited by the government. One of the important advantages has been the use of Afghanistan as transit and transport hub between Central Asia and South Asia. However, decades of war and political instability resulted in loss of this golden economic opportunity. After the fall of Taliban, the new government again focused on the revival of the lost opportunity. This is possible if the government can use the private sector as an engine to take the country towards self-sustainability by ensuring security and fighting corruption, political stability, provide the needed soft and hard infrastructure, and economic and regional integration.

Afghanistan is located at the heart of the ancient Silk Route. The northern route which splits in the west of Kashgherhas a southern branch which heads down towards Balkh province. The southern route or Karakoram was mainly single route running from China through Karakoram mountains connects Pakistan and China. It

then sets off westward, but with southward branches, it enables to complete the journey by sea from various points. Later, it passes through northern part of Pakistan over the mountain of Hindukush and then into Afghanistan where it joins the northern route again near Turkmenistan. Afghanistan's strategic location along the Silk Route connected it with the Middle Eastern and other Asian cultures.

Afghanistan's geographic location is again very strategic as it lies in the heart of Asia and surrounded by six countries. This makes the country land locked with no access to great waters. It has borders with Uzbekistan, Turkmenistan, and Tajikistan in the north, with Iran in the west, with Pakistan in the south-east, and China in the remote east. Further, although the country has no direct land contact with India, the proximity is very close to call both countries neighbors. In the light of strategic context outlined above, Afghanistan is in great position to link the markets of South Asia, Middle East, Central Asia and China as a transit and transport hub. However, the government has to pave the way for the golden opportunity to be explored. As such, the government would have to rely on the private sector as an engine to lead the country towards a self-sustaining economy. This is possible only if the government is able to create enabling environment for private sector development. The efforts in the last decade to jump start the private sector have not met the expectations. The trade deficit is huge while the gap between imports and exports are increasing every passing year. The neighboring countries are important trading partners. Afghanistan's imports stood at \$ 8.7 billion in 2014, which included petroleum, base metals and related articles, food items, machinery and equipment. The share of total imports from the neighboring countries includes 14% from Pakistan, 11% Uzbekistan, 9.1% Iran and 9% from China. The remaining share of total imports is mainly contributed by other trading partners including Russia, Turkmenistan, Japan and Kazakhstan. On the other hand, the exports have been very low. The total exports in 2014 stood at \$ 514 million resulting in a total trade deficit of 8.2 billion.

The poor performance of Afghanistan reflected by above statistics does not mean the country lacks resources and production capacity. The country is blessed with fertile land, natural and

human resources whether it's fresh and dried fruits, gemstones and minerals, saffron, carpets and many other potential products. The small and medium enterprises (SMEs) have made their efforts to make a slow but steady growth despite challenging environment. However, the support intervention in the last decade has been based on the quick fix interventions rather than sustainable solutions to barriers the private sector development.

The government has to develop strategies for strengthening of private sector by supporting the SMEs to ensure import substitution and decrease in trade deficit. A broad-based strategy which can produce results in short, medium and long terms to meet the sustainability needs of the economy of a fragile state. In this context, the government has to work on two fronts. On one hand, it can rely on the neighboring and other countries in the region extending technical trainings, exposure visits, and technology transfer. On the other hand, the government would need to pursue an aid for trade strategy with major donors including USA, Britain, Australia, and Canada. This is mainly because our products including dry fruits, raisin, pomegranates, Saffron, carpet and products from other potential sectors are not producing desired outcomes due to lack of access to international markets.

A consistent decrease in trade deficit and increase in the GDP driven by private sector can ensure a self-sustainable Afghan economy. This would lay down the foundation for Afghanistan to regain its position as transit and transport hub. This would offer great potential for economic growth for Afghanistan and other countries in the region. For instance, Frederick Starr & Adib Farhadi mention in their work titled Finish the Job: Jump-Start Afghanistan's Economy, "India estimates that if the political economy of the region improves and as little as 20% of [its] western trade is sent by roads, \$100 billion dollars-worth of goods will pass through Afghanistan." However, the government will be required to do extensive work on different fronts to be able to regain the transit and transport hub.

Infrastructure is a prerequisite for any country to become a transit and transport hub. The government needs to develop an effective transport strategy which would ensure to deliver the needed soft and hard infrastructure. In this regard, the government has to adopt modern approaches. For instance, public private partnership (PPP) experimented in India, South Korea, Thailand and other countries in mega infrastructure projects have produced good results. However, the government would be required to start from the grass root level. At the moment, there is no law or regulation about PPP in the country. The mega infrastructure projects like rail road network in the country would require such modern approaches as this options has been implemented in many developed and developing countries.

Economic and regional integration is another front on which the government has to make considerable efforts. Afghanistan is already a member of regional and economic forums like South Asian Association for Regional Cooperation (SAARC), Economic Cooperation Organization (ECO), and Shanghai Cooperation Organization (SCO). However, the participation of Afghanistan has not been very effective. One of the reasons is low capacity of government organization like Ministry of Commerce and Industries (MoCI), which are the lead for these platforms. The treaties and agreements have to be carefully designed to ensure maximum gains for the country. Apart from MoCI, other organizations like Export Promotion Agency of Afghanistan (EPAA), Afghanistan Chamber of Commerce and Industries (ACCI), and Afghanistan Investment Support Agency (AISA) have to play their role in economic and regional integration by attending and organizing expos, trade events, exhibitions, and other relevant interventions.

As is the fate of most landlocked countries, there are political handicaps facing Afghanistan. These handicaps have economic consequences for the country. A sudden deteriorating in the political relations affects the trade relations and mechanism. Afghanistan has mostly relied on Pakistan for imports and trades compared to that of Iran. These political relations have always affected the trade ties. This is one of the reasons why traders complain and face problems at the ports. For instance, the recent escalation of political tension between the two countries stirred anger among the nation resulting in boycott of Pakistani products. In response to public demand, the trade unions and organizations had

to make public statements about stopping the import of Pakistani products.

In order to turn into a reliable and uninterrupted trade, transit and transport hub, it is important for Afghanistan to establish peaceful ties on one side. On the other side, there is need to create an environment in which the gates open for bilateral negotiations and dialogues are always open. In the meantime, the alternative routes should always be kept open. For instance, during 1950s and 1960s, when the political relations between the two countries interrupted the trade, Afghanistan started using the Russian routes as an alternative option. In the same way, including other countries in bilateral agreements like Afghanistan Pakistan Transit Trade Agreement (APTTA) can create a pressure on all the member countries to cooperate and respect the treaties or agreements when there is tension between any two countries.

The government also has to invest extensive amount of energy on controlling corruption and bureaucratic structures. The corruption is at the peak in the main transit points at the borders. This not only affects the trade, government revenue, and the development of private sector in the country. Due to poor control over the transit points and weak policies, the government has not been able reap the benefits of existing trade. At present, Afghanistan is ranked as 7th worst place in the world to do business by World Bank. A 2014 Wall Street Journal article on worst places to do business started with this paragraph "You'd have to be heroic — or perhaps willing to break the law — to start a business in Venezuela, Afghanistan or Libya." One of the ways to reduce corruption and bureaucracy is introduction of technology in the system. For example electronic systems to record and process customs collections would be an effective way to monitor the system. This would be even more useful if the same system is installed on both sides of the border. This will not only improve the system but also provide accurate data on trade and transit.

The instability in the country has brought insecurity for all sections of the society. Afghan feel insecure as they comes across terror incidents in schools, hospitals, on highways and government locations. Businessmen and investors find it difficult to convince themselves and engage in such circumstances. The current security situation in Afghanistan way beyond attracting international investors. The security situation on highways has worsened in the recent times due to increased number of kidnapping. The

roads leading to and from the key transit points for example Kabul- Kandahar and Herat Kabul are not safe from security point of view. The government has to develop strategies to ensure security of highways as they are the main sources of transit. In this context, they can increase forces on side. On the other side, they can increase the forces on these routes. However, this would not be enough if Afghanistan is thinking about regaining its position as a transit and transport hub. The government has to make use of all its resources to settle down issues with militant groups across the country.

The improvement in security situation will facilitate and ensure implementation of mega energy projects like Turkmenistan, Afghanistan, Pakistan and India (TAPI) pipeline and Central Asia- South Asia (CASA) 1000 electricity transfer project. This will generate great impact on trade, transit circumstances and thereby on economic development of the country.

In today's political economy, the economic giant and super powers play a significant role when it comes to exerting influence. In this context, USA and China can play a vital role in removing the bottlenecks and overcoming major challenges raised due to political relations between the countries. China has great interest to invest and revive the ancient silk route. They recently signed a contract of more than 40 billion dollars to establish China Pakistan Economic Corridor (CPEC). In the same way, the USA has great influence on the countries in the region. Through effective foreign policy and diplomacy, Afghanistan can enter invite these countries for strategic partnership and achieve broader economic goals.

In a nutshell, Afghanistan is owned with significant strategic position because of its location. This makes it a linking point between markets of Central Asia, South Asia, Middle East and China. Afghanistan has been traditionally benefitting economically from the transit routes on its surface. However, decades of war and change in the global and regional politics has deprived the country of this opportunity. Afghanistan can become market driven self-sustainable economy which will lay down the foundations for converting the country into transit and transport hub. The government would be required to do extensive work on infrastructure, reducing corruption, regional and economic integration, legislation, and finally using the influence of strategic partners.

Silk Road through Afghanistan

Ms. RABIA LATIF
Second Position, Essay Contest

The Silk Road or Silk Route is an ancient network of trade and cultural transmission routes that were central to cultural interaction through regions of the Asian continent connecting the West and East by merchants, pilgrims, monks, soldiers, nomads, and urban dwellers from China and India to the Mediterranean Sea during various periods of time. Afghanistan was the heart of this network with merchants trading their goods from the Far East to Asia Minor. As the year 2014 brings important security, political and economic transitions to Afghanistan, the country is already becoming more economically connected to its neighbors, and advancements in media and communications are part of the “substantial progress” that offers reasons for optimism, a top State Department official says. The United States is working with Afghanistan and countries in Central and South Asia to create an economically vibrant and interconnected region through the “New Silk Road” initiative, which will remove cross-border trade barriers and promote economic activity.

The United States and its international partners have begun to transfer responsibility for Afghanistan’s security to the Afghan National Security Forces, as was agreed last November in Lisbon. As Afghan President Hamid Karzai announced on November 26, nearly half of the population will be under Afghan security

responsibility in the near future, and by the end of 2014, security throughout the whole of the country will be the responsibility of the Afghans themselves. But there are risks in any such transformation. As World Bank President Robert Zoellick has pointed out, transition in post conflict societies has too often brought unintentional economic hardship. To sustain the many gains that Afghans have achieved over the past decade, and to advance the United States’ long-term partnership with the Afghan government, Washington and our allies and partners must focus on the future of Afghanistan’s economy. Afghanistan’s political and economic futures are linked. That is why Congress and the U.S. people have provided generous assistance to build Afghan capacity. And we are working closely with the Afghan government to wean the Afghan economy off international assistance and lay the foundation for sustainable, private-sector-led growth. As part of this effort, Afghanistan must be firmly integrated into the economic life of its region. A secure, stable, and prosperous Afghanistan can exist only in the context of a secure, stable, and prosperous neighborhood. That is the premise of what Clinton and others are calling the “new Silk Road.”

To create the context in which Afghanistan can grow, the United States is already shifting its assistance efforts from stabilization projects to investments that focus on spurring growth and integrating Afghanistan into the economy of South and Central Asia. Growing employment and genuine economic opportunities in sectors such as agriculture and light manufacturing, facilitated by an improved business climate and greater market access, will blunt the appeal of violent extremism and narcotics trade.

Afghanistan’s neighbors stand to benefit from expanded regional linkages and many of them have already begun to take steps toward achieving the new Silk Road vision. Last year, Afghanistan and Pakistan agreed to harmonize customs arrangements, institute international standards at crossing points, work to reduce smuggling, and increase government revenues from legitimate trade. In late September, the commerce ministers of India and Pakistan pledged to normalize their countries’ bilateral trade relationship -- a milestone, given the more than half century of enmity that exists between these two nations. At the conference on Afghanistan in Istanbul

last month, regional governments committed to encourage growth and stability through a series of steps to improve economic and trade confidence. If governments follow through, each country would be better positioned to generate economic growth and opportunity for its people and offer greater market opportunities for both their own people and the people of Afghanistan.

The private sector can be the engine for Afghanistan and Central Asia’s long-term economic growth. Afghanistan is now more connected to the rest of the world, through the media, online and through trade, than it was in the 1990s. Its people can help consolidate these gains in partnership with its neighbors, the United States and the international community through the vision of regional economic connectivity known as the New Silk Road. What we seek is an economically vibrant, interconnected region, in which Afghanistan is a full partner. Obama administration believes “this can be achieved while remaining appropriately vigilant against the security threats emanating from terrorism, narcotics smuggling and other forms of transnational crime. The Asian Development Bank has reported that intraregional trade grew by an average 21 percent per year between 2001 and 2011, but Central Asia still remains the world’s least economically integrated region, with intraregional trade accounting for only 6.2 percent of global trade in the five Central Asian countries plus Afghanistan.

The New Silk Road vision has both physical components, such as improving transport, communications and energy infrastructure, and practices that include improved regulations and laws that will allow goods and services to flow efficiently within Central Asia and Afghanistan and between the region and the global community. The United States has been investing significant resources and political capital to improve both components of the New Silk Road, particularly in Afghanistan. The United States has provided more than \$2 billion for energy transmission lines, hydropower plants and associated energy reforms in Afghanistan. We have built or rehabilitated more than 3,000 kilometers of roads and have helped Afghanistan establish a National Rail Authority and develop a national rail plan. And with U.S. technical assistance, Afghanistan now has more than 4,000 kilometers in fiber-optic cable.

Since resuming operations in Afghanistan in 2002, ADB is a key donor in the transport sector. ADB has recently approved \$754 million in assistance to rebuild Afghanistan’s shattered road and rail network, bringing to more than \$2 billion the amount it has contributed to the country’s reconstruction over the past decade. The new funding will upgrade hundreds of kilometers of priority roads and finance construction of new facilities to complement the ADB-funded rail line connecting the northern hub of Mazar-e-Sharif and Uzbekistan. ADB is also involved in the reconstruction and rehabilitation of Afghanistan’s 2,700 km Ring Road. Work on the last remaining 233 km stretch of road will soon be underway and when complete will connect the northwestern towns of Qaisar, Bala Murghab, and Laman. Infrastructure links the new mineral centers to markets, creates jobs, improves trade, and - perhaps most importantly - provides Afghans with a sense of hope for the future,” said Juan Miranda, ADB’s Director General for Central and West Asia. “With the development of modern road, rail and energy networks, Afghanistan is poised to reap the benefits of its strategic location and become a pivotal crossroads for trade and commerce.

ADB’s focus on Afghanistan’s transport and energy networks will enable Afghanistan to fulfill its role as a key player in the Central Asia Regional Economic Cooperation (CAREC) program, the 10-country partnership that promotes the implementation of regional projects in energy, transport, and trade facilitation. The New Silk Road vision is a shared commitment to promote

private-sector investment, increase regional trade and transit, and foster a network of linkages throughout the region. The creation of a New Silk Road will help Afghanistan and its neighbors maximize the value of natural resources, build human capacity, create jobs, generate revenue to pay for needed services, and capitalize on the region’s economic potential. The CAREC Action Plan focuses on the development of the six CAREC corridors, which will facilitate transport and trade within and through the CAREC region and provide important links among the world’s rapidly growing markets around the CAREC region. When completed, the six land transport corridors would cover 3,600 kilometers of roads and 2,000 kilometers of railway, traversing the CAREC region and linking Europe, East Asia, South Asia, the Middle East, and beyond. ADB is committed to supporting this process and to helping Asia ensure that economic cooperation and integration bring benefits to the people of the CAREC, and Asia as a whole.

Afghanistan can once again reclaim its proud history of commerce and culture and become an integrated link at the heart of the new Silk Road. As important as these transport projects are for Afghanistan, they are equally important for the Central Asia region and for the world. Transport infrastructure and energy supply are the backbone and lifeblood of any economy. For Central Asia, transit through Afghanistan is a vital lifeline, linking landlocked economies to critical global markets.

Afghanistan: A New Beginning, A New Hope

Mr.SAHELI CHATTARAJ
Third Position, Essay Contest

Along with the four great inventions of 'paper making', 'gunpowder', 'printing' and 'compass' the Chinese also started the historic network of trade routes early in the Han dynasty which became popular under the name of the "Silk Road (丝绸之路)". The "Silk Road" formed the historic link between China and the Roman Empire connecting China, India, Persia, Arabia and Europe trespassing through the Dunhuang, Kashgar, the Himalayas, the Pamirs, the Merv and the Damascus. The route derived its name especially from the trade of Chinese silk from China to the outside- Central Asia, Persia, Africa, Europe and India through the exploration of the Chinese envoy Zhang Qian (张骞). Along with trade, it also opened up long-distance political, economic and cultural ties between these ancient civilizations. Similar to the Silk Road there also existed similar connecting platforms like the Persian Royal Road established during the Achaemenid Empire which ran through Susa in North Persia (present day Iran) to the Mediterranean Sea in Asia Minor (present day Turkey). Similar to the Silk Road the main purpose of such linking platforms was exchange of trade and commerce between the different regions.

But alongside serving the economic utility, the Silk Road also fulfilled other missions. Several small and large settlements were built along the linking paths to accommodate the traders and the travelers on their journey. This in turn also facilitated the exchange of several languages, culture, distinct goods and even religion between Central Asia and the east. Buddhism also was spread from India to China through the Silk Road. Several Buddhist artifacts and grottoes were also built along the Silk Road dedicated to the amalgamation of culture and religion during that period. The Silk Road also served as the road leading to peace for refugees who had to flee from one place to another in search for a safe destination and peace during times of wars and battles. Thus the Silk Road linked communities, people, religions, culture and also economies and spread hope and prosperity among several civilizations.

Keeping this historic creation in mind and with a greater vision for the future, the United States in 2011 started initiating the new idea of a greater Central Asian economic and infrastructure integration and with the aspiration towards further political stability and support to Afghanistan. Later in 2013, the Chinese president Xi Jinping (习近平) also brought out his idea of the "New Silk Road" which he called the Maritime Silk Route which would facilitate foreign trade, exchange of energy, promote infrastructure development in Asia and also consolidate China's influence in the region. Both the United States and China are extremely keen for developing the energy resources in Central Asia and the surrounding region.

During the ancient Silk Road which flourished during the Chinese Han Dynasty, Central Asian countries including Kyrgyzstan, Tajikistan, Kazakhstan, Uzbekistan, Turkmenistan, and Afghanistan, as well as modern-day Pakistan and India were the recipients of the wave of globalisation during that time. Central Asia formed the pivotal joint connecting the valuable and precious exchange of silk, spices, jade and other goods from the east to the west and vice-versa. But today when we look at the same path, Central Asian countries especially Afghanistan are more or less evolving around intra-regional

trade though with immense potential, than promoting an international global trade on a broader spectrum.

In the aftermath of the 9/11, development of Afghanistan can only revive its nation through a more active economic functionality and prove itself to the external world. Its geographic location and potential components should accelerate and push the process of opening up and integrating with the outside for Afghanistan. Afghanistan's vivid natural resources offer miraculous solutions to the issue of its development and the renewal of its state. The priced resources of Afghanistan's oil, gas, copper, iron, gemstones, and more if combined with an effective and functional transportation grid can offer an outstanding solution a promising future to Afghanistan's economy building even independent of any kind of foreign assistance.

Amidst several devastation, destruction and poverty in Afghanistan, the land provides a spectacular stunning beauty which valleys, snow clad mountains and lakes. The land was in fact famous for its exotic and rare rail stop during the 1960s which caught the attraction of several tourists with the snowcapped mountains, relics from thousands years old empires, deserts and lush valleys. Authentic afghan music is in demand everywhere in the international market but most of it in Afghanistan is generally made only for the internal domestic market and hardly reaches the international world unless it is recorded and produced in the west. Therefore Afghanistan holds within itself a great potential not only for its own domestic market but also for the regional or its nearby neighbors and also to serve the international world markets.

Research has proved once and again the presence of undiscovered oil reserves and natural resources in Afghanistan. This throws a positive light for the industrial development of Afghanistan. This could in turn provide multinational oil companies and other nearby governments with a drilling and production program. All neighboring governments including those of Pakistan, India and China are interested in negotiations with the state. It must be accepted that sufficient guarantee of security is essential for the certainty of the real success but the state is surrounded with several booming opportunities.

Several areas in the state of Afghanistan show presence of major resource deposits like those of copper, iron, oil and gas. Several countries like Australia, Canada, USA, India, Kazakhstan, Russia and China submit tender offers to the state for mining and allied industries. Along with the above mentioned resources, coal resources are also abundantly available in Afghanistan. Lead, Tin, Gold, Bauxite, Barite and other mineral resources also have their presence in Afghanistan. All these and more can provide attractive investment opportunities both within and outside Afghanistan and lead to a better cooperative partnership with the other Nations if utilized properly.

Afghanistan along with Pakistan, Tajikistan and China also share the Pamir mountain range which is also known as the Bam-i-Duniuh or the "Roof of the World". History has shown us that these highlands possess and controls the rich lands in the plains sooner or later. Therefore along with the rich natural resources that need to be exploited, new pipelines and rail road trespassing through Afghanistan, a promising future awaits the nation.

Therefore, Afghanistan needs to claim its ancient place and position in the international system- the position of the epicenter of trade, commerce and economic relations with the world, the position of the beautiful tourist attraction, the position of a rich art and cultural propeller. The proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline could provide major economic benefits for Afghanistan. This in fact has also been a focus of United States' policy. Turkmenistan is also the home to the world's second-largest deposit of natural gas, and the TAPI would also allow for the diversification of its exports not only concentrating on China but also by delivering energy to India and Pakistan. But the project has been continuously delayed due to the challenges in gathering suitable investors. The energy sector is the major driving force in today's society. Therefore, if managed and tackled efficiently, it could pave its path to an extremely luring future with high percentages of economic benefits.

Moreover, Afghanistan also needs to create a more friendly and attractive domestic and internal atmosphere for the outside world so as to invite and attract foreign economies to invest and engage evading the previous pictures of destruction, war

and devastation there. It needs to welcome the world into its land and nation with hands stretched forwards in a friendly gesture. Afghanistan cannot any longer just limit itself to the analysis for military operations or political developments and reconstruction processes. It cannot any longer possess a narrow view of the developments in Afghanistan instead should adopt a more holistic approach of the various sectors for the overall development of Afghanistan. There needs to be a change and progress on the part of the international community as well in understanding and analyzing Afghanistan.

Students of International Relations and the Afghanistan fraternity should take the lead and develop and attempt a new guide and newer theories towards understanding and analyzing Afghanistan. For several years now Afghanistan has been receiving aid in forms of finance, resources and political capital for its restructuring but this process has achieved limited results. There have been several analyses justifying this point. Comparatively easy source of money may have discouraged the state from generating local capacity and thus on the contrary lead to the slowing down of the process of development and establishing a sustainable political order in Afghanistan. The domestic government also as result had limited incentives for the development of a standing long term bargain with its people for the development of the entire nation. This may have aggravated the failure of the process of democratization there. This in turn eroded the strength of the nation and enabled adverse oppositional sources to weaken the legitimacy of the nation. The major dependence on foreign external aid both financially, militarily and through other channels produced a conflict between the owners and the controllers. The foreign actors also wanted and desired to exercise a control over their program and the utilization of the funds and also had an undocumented reform agenda in their minds. The local domestic players therefore also insisted for the similar kind of goals in order to please the international community providing with the aids.

At the end of the day, state building needs to be facilitated and essentially driven by the national and the state actors themselves. This can also ensure a greater accountability and also sustainability of the nation. The nation should take advantage of its own autonomy and assist and initiate the process of nation building.

Local ownership and local entrepreneurship should be given the driver's seat for the better facilitation of a self reliant Afghanistan. Afghanistan needs to take advantage and exploit its natural resources, geographic location in order to cooperate and engage with the international players instead of offering an entirely submissive approach towards solving the distorted situated and conditions of the state. This will also generate new opportunities for employment in the state and offer a ray of fresh hope to the people at large.

Afghanistan needs to capture the evolving policy changes of the international players towards itself and indulge itself in a tactical maneuvering and readjustment of the nation. It is time for Afghanistan to move away from the potential challenges and embrace the new options and opportunities with a positive tone. The international players realize their modest gains of cooperating and engaging with Afghanistan in the energy sector, therefore Afghanistan should also take advantage and exploit the opportunities knocking its door.

Afghanistan should reclaim its position as the epicenter of the ancient Silk Road in the new trade linkages as well and point out to the world and the great powers the mutual gains and interests of greater cooperation and engagement instead of total reliance and dependence on foreign assistance. Afghanistan needs to balance its relationship with the external international powers and put an effort to derive benefits from both competition and cooperation. The long historical and civilizational relationship needs to be remolded in a newer and modern forms. The old wine needs to be poured into a new bottle and spread a new flavour.

Therefore, it's time that Afghanistan treads on its path of a new foreign policy, a path of dependence and self reliance. It needs to materialize newer policies, test new principles, struggle and cooperate towards a newer world order. Both individual and state actors need to join hands and move towards a new dawn of Afghanistan. The people of Afghanistan need to be armed with a new hope towards development, self reliance and sustainability wherein people will put greater efforts for the emancipation of the self and the building of a stronger and reliant state. And if we speak the version of a great optimist- the great Indian poet Rabindranath Tagore- "If I can't make it through one door, I'll go through another door - or I'll make a door. Something terrific will come no matter how dark the present."