

# China's Belt-Road Initiative and Investment Strategies: A Two Pillar Approach to Afghanistan

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**Abstract:** *Chinese investment in Afghanistan is part of the Belt and Road Initiative (BRI), the country's major foreign policy initiative that aims to build land and maritime infrastructure links to support trade within and outside Asia. However, there are still significant concerns regarding including Afghanistan in the Belt and Road initiative. This article examines the impact of the Chinese Belt and Road Initiative and investment in the mineral resources of Afghanistan. The article concludes by discussing the challenges Kabul will face in reaping the benefits of participating in this extensive connectivity and investment initiative.*

**Keywords:** China, Belt Road Initiative, Investment, Two Pillar Approach

## 1. Prologue

China has launched a political and economic program called One Belt, One Road to reopen historic trading routes in an effort to boost global trade. In addition to expanding China's economic influence, One Belt, One Road aims to raise the political and economic standing of the participating nations. Afghanistan's ongoing political and economic upheaval presents prospects for transformation through the programme. However, One Belt, One Road is viewed from a variety of angles, with detractors of the plan pointing to China's nefarious intentions. (Rasuljanovna & Rakhmonqulovich 2020) Although China is expanding peacefully, there are some concerns about how it will rule the world or address its socioeconomic, political, and security issues, among other things. According to one theory, China would manage these issues much like Europe managed many of its issues during and after the Renaissance and the Industrial Revolution. (Mustafa et al.2020)

## 2. The Belt and Road Initiative (BRI)

Chinese President Xi Jinping visited Central Asia and Southeast Asia in September and October of 2013 and outlined a plan to jointly develop the 21st Century Maritime Silk Road and the Silk Road Economic Belt. (Roy 2017 p.103) . According to China, the Belt and Road Initiative (BRI) is a bold economic plan that aims to foster "cooperation among the Belt and Road countries" so that they can "operate together and progress towards the objectives of mutual benefit and common security. " (Marsden 2016)

By encouraging policy coordination and enhancing connectivity, unrestricted trade, financial integration, and people-to-people ties, the BRI vision paper highlights the significant potential and space for cooperation among regional countries. BRI has been the focal point of Xi's foreign policy since it was introduced in 2013. Sixty-eight nations and international organizations signed cooperation agreements with China on the Belt and Road China wants to "identify new growth-impelling forces, build a new framework for international development, and rebalance

economic globalization. "In May 2017, delegates from over 100 nations attended the Forum, including Afghanistan. (Anthony H. Cordesman et al.2022)

China makes the majority of its investments outside of Afghanistan. (See **Figure-I**) China has insisted that OBOR/BRI should not be mistaken for a Chinese political objective or a strategic undertaking. Instead, it should be viewed as a project for economic development that aims to connect the nations along the Silk Road and beyond to Africa and Europe through the creation of physical infrastructure, the establishment of transport connectivity, the facilitation of trade, and financial, social, cultural, and human connections to address the slowdown and uncertainty in the world economy. Initially, the OBOR initiative experienced mixed responses from many countries on geo-strategic, political, ecological, social, environmental degradation, etc. It will directly impact 65 counties, 4.4 billion people, and 29% of the world's GDP (\$2.1 trillion). (Marsden 2016)

The following is the outline of BRI:

- i. New Eurasian Land Bridge, running from Western China to Western Russia
- ii. China-Mongolia-Russia Corridor, running from Northern China to Eastern Russia
- iii. China-Central Asia-West Asia Corridor running from Western China to Turkey
- iv. China-Indochina Peninsula Corridor, running from Southern China to Singapore
- v. China-Myanmar-Bangladesh-India Corridor, running from Southern China to Myanmar
- vi. China-Pakistan Corridor, running from South-Western China to Pakistan
- vii. Maritime Silk Road, running from the Chinese Coast through Singapore to the Mediterranean

The Asian Infrastructure Investment Bank (AIIB) is a multinational development institution with the mission of promoting infrastructure development throughout the Asia-Pacific region. The Chinese government presented the idea for the bank, which now has 56 member states and 24 prospective members for a total of 80 recognized members. (Tahiri 2017)

Volume 12 Issue 1, January 2023

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The alignment of this initiative's goals with the growth and development needs of many nations, including Vietnam, Mongolia, Kazakhstan, and Poland, to name a few, have strengthened cooperation in a variety of fields,

including trade, investment, infrastructure, and production capacity, as well as in areas like financing and intercultural exchanges.

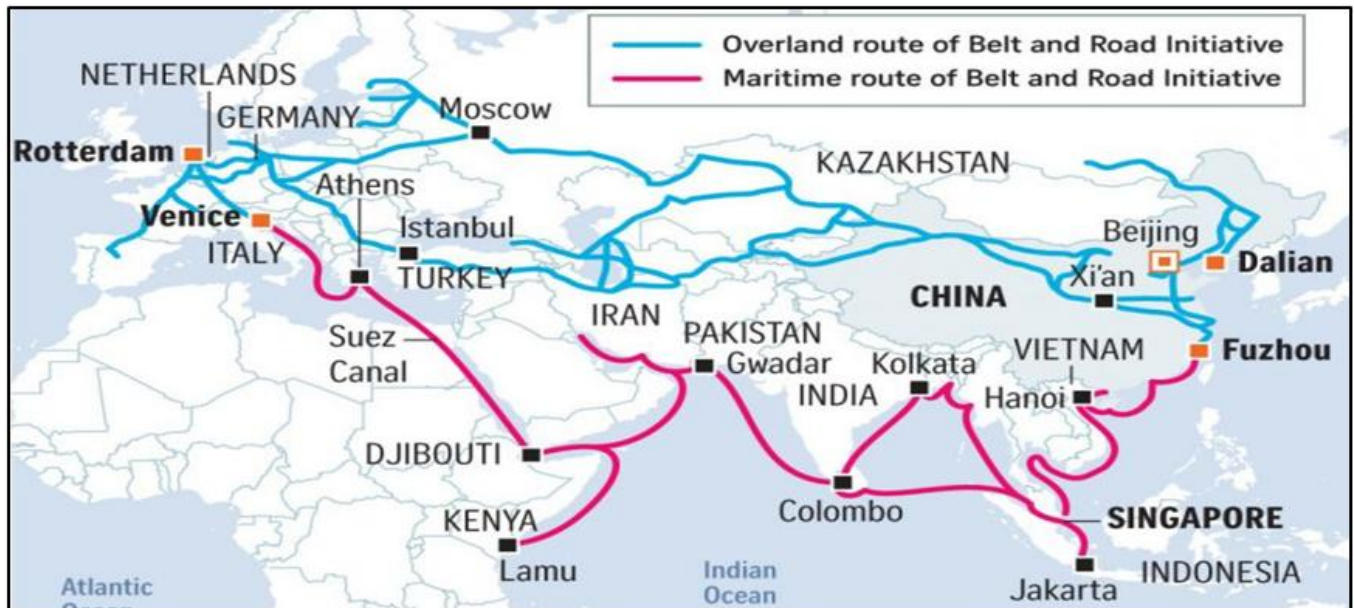


Figure I: Source: World Resources Institute

China aims to invest between \$4 trillion and \$8 trillion in infrastructure in the nations and regions with the greatest growth potential, China's Belt and Road Initiative (BRI) is the most extensive infrastructure investment programme in history. Additionally, the BRI is a multi-stage vision that extends beyond just capital investment. Future versions of it will incorporate cutting-edge digital technologies like embedded sensors and data analytics, enabling participating nations to advance past conventional Western supply chain processes. The BRI's efforts could lead to a 21st-century expansion of technological innovation, global economic growth under Chinese dominance. (Jakes et al.2001)

### 3. Afghanistan's Strategy for BRI

Afghanistan is a geographic hub, thus its turbulence and instability can have a negative effect on this massive undertaking. Other significant Chinese investments in Afghanistan include the Amu Darya oil reserves and the recently announced Mes Aynak copper mine project. Afghanistan, China, and the international community must work together to maintain stability. The participants in this endeavour stand to gain politically and economically, but those who hold different views express concern about the potential for reliance. In their various reporting, media in Afghanistan and China include some of these viewpoints. Positive OBOR propaganda is being spread in China, with a focus on the economic advantages for neighbouring nations. (Dirk van der Kley 2014)

China launched the political and economic project One Belt, One Road (OBOR) to reopen historic trading routes in an effort to promote global trade. OBOR promises to raise the political and economic standards of the member countries as well as expand China's economic influence.

Afghanistan's ongoing political and economic upheaval presents prospects for transformation through the programme. Although the distance between China and Afghanistan is only about 50 miles, there are serious security worries for China's Xinjiang region. (Clarke 2017)

In addition to Kabul's long-standing strategy of fostering regional integration and economic cooperation, this project represents for Afghans a significant step toward enhancing regional cooperation and regional and interregional connection. Most obviously, China's ability to invest in Afghanistan will be hampered by the security situation there. Understanding the challenges China will have in implementing the BRI in Afghanistan requires looking beyond the realm of formal diplomacy and bilateral relations. (Lars Erslev Andersen & Yang Jiang 2018) Since the Han dynasty at least, when the lucrative Silk Road was in operation, there have been largely positive commercial relations between Afghanistan and China. (Fazil n. d. p.20) However, in the past, China has not taken in Afghan refugees. Afghans living there are either students or traders of Chinese goods in Afghanistan and other nations where Afghans have settled and are involved in commodity trading. Behind the diplomatic façade of the BRI's seamless flow of Chinese investment into Afghanistan lies a much more complicated and unsteady reality. ("China, Afghanistan, and the Belt and Road Initiative," n. d. )

In order to promote international initiatives, Kabul established the Regional Economic Cooperation Conference on Afghanistan in 2005, and the Regional Cooperation Directorate was established in the Afghan Ministry of Foreign Affairs in 2011. BRI is an appreciated project from Afghanistan's perspective. The Afghan

government has expressed interest in the project and highlighted the significance of this massive undertaking by stating that the economic development process along the Silk Road will reshape the international development order that has been centred in our region and has great significance for human development in the 21st century. (Tahiri 2017)

According to the Ghani government, the project provides Afghanistan with the chance to reestablish itself as an "Asian transit and commerce roundabout" linking East Asia to West Asia and connecting South Asia to Central Asia, providing economic benefits not only to Afghanistan but to the entire region. The Lapis Lazuli Corridor, the Five Nations Railway, and a number of gas pipeline projects, specifically, are cited by Afghan leaders as being connected to other projects by China as part of its grand connectivity strategy. (Rasuljanovna & Rakhmonqulovich 2020)

Afghani exports have so far included carpets, rugs, dried fruits, and medicinal herbs, but not copper, iron ore, ore, or other natural resources. Afghanistan will have the chance to sell these and other priceless resources to markets in Central Asia, China, West Asia, and portions of Europe through BRI, where it currently does not conduct a lot of business.

Building a trans-Hindukush railroad and road to Central Asia would expand CPEC into the Central Asia Regional Economic Cooperation (CAREC) initiative of the Asian Development Bank and possibly turn Afghanistan into a land bridge connecting Central, South, and West Asia and China. (Marsden 2016)

The Silk Road, which connected China to the West through Afghanistan, fostered a relationship of mutual benefit between the two countries. By reaching out to Western nations and advancing their economic activities, China profited, and Afghanistan benefited from acting as a conduit for trade. The Silk Road was eventually put an end to by the development of more advanced land and maritime trading routes. Despite this, contacts between China and Afghanistan persisted since social, political, and economic growth depended on both nations working together due to their close proximity. Four reasons can be attributed to China's interest in taking on this new, enhanced role:

- 1) Protecting its investment in the nation;
- 2) Containing the extremist activities of groups seen as a serious threat to China's own internal security situation, especially in Xinjiang;
- 3) Securing "a safe corridor for China to extend its reach to Europe"; and
- 4) Gaining access to various natural resources.

Regarding the fourth factor, there are mineral resources in Afghanistan worth around \$1 trillion, including "large veins of iron ore, copper, cobalt, gold, and important industrial metals like lithium." If stabilised, the nation might "become one of the most significant mining hubs in

the world." ("How Afghanistan's \$1 trillion mining wealth sold the war" 2021) (Risen 2010)

#### 4. China's Interest in Afghanistan

Afghanistan is blessed to have a wealth of natural resources, including copper, iron, coal, marble, precious metals, lithium, gemstones, and most importantly, hydrocarbons. While some of these resources have been identified, the majority have not been fully exploited due to the continuous conflict. (Mastroiocco 2015) Over 20 mineralized sites were found to include deposits of copper, mercury, rare-earth elements, sulphur, chromites, asbestos, potash, graphite, and sand and gravel, according to Afghan and American Geological Surveys carried out between 2007 and 2009. (R. R. Beedu 2008 p.130) China provides the financing and help build the infrastructure and encourage industrialization and trade in return for peace and security. China's technology sector and economic growth are supported by access to the natural resources of Afghanistan. China has a plethora of prospects in the tiny Central Asian country. (Fazil n. d.) With the potential to access Afghanistan's mineral reserves and connect China to other nations in an upgraded Silk Road, the possibility of Afghanistan serving as a hub for China's economic development has once again become a possibility; however, there are many obstacles to reviving the international project. The OBOR plan seems to be mutually advantageous on the surface because China offers Afghanistan the resources and support it needs to take part in the new global economy. Further investigation may reveal China's exploitation-driven ambitions in the partnership. We look into how China and Afghanistan see the OBOR initiative. China became Afghanistan's largest economic partner in the twenty-first century, and in the first nine years of this relationship, bilateral trade between the two nations increased from \$25 million to \$250 million. Although it was uncoordinated and unilateral, this was thought to be a highly significant trading development. Chinese electrical products constituted the majority of formal commerce. (Mustafa et al. 2020 p.434)

#### 5. The Road Ahead of China

Afghanistan has the largest unexplored reserves of copper, coal, iron, gas, cobalt, mercury, gold, lithium and thorium, estimated to more than 1 trillion dollars. Foreign investors can now visit the locations of these deposits. Chinese interest in these reserves became apparent following the opening of these sites. The world's largest economy currently belongs to China, despite the dire need for this economy in Afghanistan. Afghanistan is China's neighbour and one of the nations participating in the OBOR, although the country receives hardly any mention in the Chinese media. (Hong et al. 2023) Only 70 news items were published on the subject in the year following Xi Jinping's proposal of the Silk Road Economic Belt in September 2013, and only five of those referenced Afghanistan, making up around 7% of all OBOR coverage. ("BELT AND ROAD INITIATIVE /OBOR" 2017) China has actually demonstrated via its actions that its rise in the Asia-Pacific area is beneficial. The purpose and goal of all of China's policies and initiatives is the

stability and peace of the entire world, from its "One Belt, One Road" project to its arrangements with the Asian Infrastructure Investment Bank for the "Silk Road Fund." The Afghan President Ashraf Ghani visited China shortly after taking office in October 2014, envisioning a positive and upbeat Chinese involvement in Afghanistan. The Afghan president's first official visit to China explains both sides' growing appreciation of the significance of their bilateral relations. (Begum 2012) While Afghans look to China for a significant role in both their economic development and the stabilisation of their security, China also appears open to playing a good role in the modern Afghanistan. The Sino-Afghan connection has a long history, even though modern advances in their bilateral relations are still in the works.

## 6. Concerns and Obstacles

China has actively sought out Afghan participation in the BRI and Afghanistan has high aspirations for the initiative, there are still many unknowns and difficulties that must be overcome before this project can be fully realised. The primary issue is Afghanistan's deteriorating security situation. As long as there are political tussles, Afghanistan will not be able to realise its full potential. (Dirk van der Kley 2014) The Afghan government has to create a strong, inclusive, and democratic state to tackle these issues. The future of this project will be disrupted by instability, and Afghanistan won't receive the economic gains associated with an increased regional connection. (Hatef & Luqiu 2017) Afghanistan will struggle to fully take advantage of the economic potential brought about by BRI unless the nation's security status and high-tech industrial capacity both improve. Due to security reasons, the Mes Aynak project has not yet been put into action, and China has not yet invested in the surrounding infrastructure as promised. Similar delays have occurred with the Amu Darya project, and Beijing has not followed through on its promise to construct an oil refinery in northern Afghanistan. Another crucial concern is whether or not building new railway lines will be economically feasible. (Begum 2012) Power lines from Uzbekistan and Tajikistan are also being extended to Kabul and across Afghanistan, which will cut the time and expense of delivering products along the current highway between Mazar-i-Sharif and Kabul. Transit times will be cut by a railway by 30 percent, on average. Additionally, it cuts the delivery time for commodities from Termez to Karachi by 8 to 10 days and from the Russian border (Ozinki) to Karachi by 16 to 18 days. (Anthony H. Cordesman et al.2022)

In light of this, a few Chinese analysts have expressed doubt about the idea of constructing additional train links between China, Central Asia, and Afghanistan. ("BELT AND ROAD INITIATIVE /OBOR" 2017) For instance, Chu Yin claims that "there is insufficient freight volume from both destinations and Chinese products would lose their price advantage by rail transit compared to maritime route prices. Despite the lofty expectations, there is still a great deal of cynicism. If successful, BRI will have a significant positive impact on the region, including Afghanistan. The success of China's efforts to persuade

partner nations and carry out these grandiose programmes, which lack sufficient details, will determine its destiny.

The BRI is China's grand strategy, but according to Wang Jisi, dean of Peking University's School of International Studies, the country's lack of apparent knowledge of the region poses a significant obstacle to the initiative's successful implementation. ("China Ready To Assist In Afghanistan Belt And Road Railway Infrastructure" 2022)

Despite the fact that there are many potential advantages for both China and Afghanistan in working together on the BRI, these advantages can only be attained after Afghanistan's security situation gets better. The development of a stable Afghanistan depends on the participation and support of Afghanistan's neighbours as well as other international actors in order to address this and other issues. (Dirk van der Kley 2014 p.130) Regarding its financial and economic responsibilities within the nation, China must take on a bigger role. For China to live up to Afghanistan's expectations, it will take a lot of effort as a significant regional force. There are hundreds of road, rail, port, and power generation projects included in China's lauded Belt and Road Initiative, but these two train projects which have a similar visionary origin are just two of them (BRI). (Ahmed et al.2012) Formerly called as One Belt, One Road, this massive, interconnected infrastructure initiative encompasses at least 65 nations, with a total population of 4.4 billion people and approximately a third of global GDP. (Jin et al.2022) The plan is noteworthy not only for its size but also for its timeline. (Akhtar & Sarkar n. d. p.20) Infrastructure development, particularly in the areas of transportation, communications, and power, is the main objective of the first phase. Softer industries like e-commerce, healthcare, education, and financial services would be included in the second phase. The first projects are only just getting underway, and the programme won't be finished until at least 2050.

## 7. Prognosis

China, the world's most populous and quickly developing industrialized country, has made clear that it has substantial political, economic, and security interests in Afghanistan. Afghanistan has abundant natural resources. By offering economic assistance and fostering better political connections, China is attempting to get access to these natural riches, such as the oil and copper reserves in the Aynak region. China is an observer in the Shanghai Cooperation Organization (SCO), which is helping Afghanistan with its security issues even though Afghanistan is a member of SAARC. ("South Asian Association for Regional Cooperation | Migrant Forum in Asia" n. d. ) Approximately 30 million metric tonnes of the 60 million metric tonnes of copper that Afghanistan has in total are thought to be in the sediment-hosted copper deposits at Aynak. Kabul, on the other hand, is accepting and embracing this expanded role in a good light because it is transforming their interactions from bilateral partnerships to strategic partnerships while maintaining modesty. (Rasuljanovna & Rakhmonqulovich 2020) Afghanistan is a very

underdeveloped nation with a terrible infrastructure, high unemployment, and tremendous poverty. The Sino-Afghan economic and trade relations are identified numerous new areas of cooperation, including: agriculture, infrastructure development, hydroelectricity, and natural resources, despite all of this economic support and reciprocal trade agreements.

The long-term goal is economic and strategic cooperation with Afghanistan, driven by the liberal paradigm, which China deems to be the most important and durable. Security may be the immediate goal. A win-win situation, improved security and economic growth in Afghanistan will result from such Chinese cooperation. International media has focused on Afghanistan these past few days and rightly so as the appalling situation left behind continues its descent into utter chaos. Little mentioned however has been the possibility of restructuring Afghanistan's supply and trade chains after twenty years of war. (Dhaka 2013)

## 8. Epilogue

Afghanistan has experienced foreign invasions and intrusions relatively frequently due to the foreign power struggle between the major rivals, mostly because of its geopolitical location. This factor call for more collaboration in the rapidly shifting international security environment, not only between China and Afghanistan but also for the regional integration of all those nations aspiring to regional peace and harmony founded on respect and sovereignty. The main contention of this study is founded on the hypotheses that "constructive engagement with Afghanistan will suit the Chinese strategic, economic, and security interests" in the post-2014 scenario. It is intimately related to China's own economic potential and concerns about national security.

In fact, China would have no incentive in maintaining stability or resisting the current militancy in its autonomous territory of Xinjiang if Afghanistan became fractured, fundamentalist, and anarchic. There is an urgent need for regional nations to engage in Afghanistan through a regional cooperation structure in order to support stability there. All of this must be done while maintaining Afghanistan's geographical integrity and sovereignty in relation to its neighbours. The geoeconomic importance of Afghanistan and the significant Chinese investments there show that both nations want to improve their relations and maintain economic cooperation. The Afghan crisis, the unsure security situation, the weak economy, and the divided society can be resolved by regional cooperation, allowing Afghanistan to forge good connections with the rest of the globe.

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