



د ریاست الوزراء اقتصادي معاونیت  
د مطبوعاتو ریاست

# آبادي اوونیزه

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د اقتصادي او ټولنيزو مسایلو په برخه کې  
د ریاست الوزراء اقتصادي معاونیت خبري اوونیزه



## Editorial

In today's rapidly changing world, governments prioritize economic development to provide their citizens with comprehensive and improved living standards. Such progress, however, cannot be achieved without sustained economic growth and development. Commitment from governments plays a vital role in establishing the foundation for economic advancement. One crucial prerequisite for economic development is ensuring security. By bolstering security measures, governments pave the way for progress in not only political, social, and cultural domains but also in the economic sector. Alhamdulillah, with the re-establishment of the Islamic Emirate, complete security has been restored throughout Afghanistan, creating a safe environment for its people. The establishment of a robust central government, eradication of administrative corruption, elimination of arbitrary practices, and eradication of power disparities have collectively laid the groundwork for economic growth and development. The improved security situation has attracted both domestic and foreign investors who seek to benefit from the stable environment in Afghanistan. Infrastructure development, such as the construction of highways and the expansion of railway networks, is underway. Meanwhile, the legal extraction of the country's abundant natural resources continues. These endeavors, coupled with the expansion of the trade sector, have resulted in a

doubling of exports compared to previous years. These factors are instrumental in achieving economic stability and development, and the Islamic Emirate is dedicated to pursuing them relentlessly.

By embracing an economy-oriented policy and implementing robust mechanisms for growth, the Islamic Emirate has played a significant role in maintaining the country's economic stability. A key institution in this regard is the Office of the Deputy PM for Economic Affairs, led by Mullah Abdul Ghani Baradar Akhund. In his discussions, he consistently emphasizes the commitment to Afghanistan's economic development, assuring that the government will go to great lengths to sustain the country's economy. *Abaadi Weekly Newsletter*, the weekly online newsletter, serves as a news platform focusing on economic and social affairs. It aims to highlight the activities of the Office of the Deputy PM for Economic Affairs. In addition to featuring updates from the office, the newsletter covers articles on the economy, domestic and foreign economic news, and other relevant topics. Our primary objective is to effectively communicate to individuals the full spectrum of government economic activities that have a direct impact on their lives enabling them to stay informed about their government's actions and make informed judgments.

## The Economic Advantages of the Silk Road for Afghanistan



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### Introduction

Throughout history, Afghanistan's strategic geographical location has positioned it as a vital crossroad, facilitating interactions between diverse civilizations. Centuries ago, ancient Afghanistan served as a crucial hub for trade, agriculture, cultural exchange, and migration between the East and the West. This renowned trade route, known as the Silk Road, intersected in Afghanistan, making the country a focal point for significant political, economic, social, and religious powers across Asia dating back thousands of years.

The Silk Road traversed the northern and central regions of Afghanistan, connecting Gandhara to Arakozia and linking China with various European, Asian, and African nations. It facilitated the export of Chinese silk fabrics and Indian medicines to Western countries. Afghanistan's pivotal location on this historic land route played a vital role in the international economic relations of that era. However, as global trade evolved, maritime and air routes gained prominence, leading to the neglect of this ancient trade and transit corridor.

Fast forward to 2013, when Xi Jinping assumed the presidency of China, he introduced a major economic initiative: the revival of the Silk Road. This



ambitious plan comprised both a maritime and land component. The land route originates in China, traverses Central Asia and Iran, and extends to the Middle East and Europe. Afghanistan, having signed the "One Belt One Road" agreement, is a key partner in this significant endeavor.

This article delves into the rich history of the ancient Silk Road, Afghanistan's contribution to the new Silk Road initiative, and the economic value and benefits that this route holds for Afghanistan.

## History and location of the Silk Road

Routes serve as tools for connecting and fostering communication among human societies and countries. They have not only facilitated trade but also played a significant role in the exchange of civilizations and cultures over centuries. In the past, the establishment and growth of trade routes greatly influenced the strengthening and sustainability of relations between countries. These routes held immense importance, particularly due to the absence or limited use of sea or waterways, as well as concerns regarding safety. Consequently, certain routes gained prominence and brought fame to the countries along them, with the Silk Road serving as a prime example.

The Silk Road emerged around 114 BC as a reliable trade route, connecting East, West, and South Asia with North Africa and Eastern Europe. This route remained a significant trade corridor for 1,700 years until 1450. Spanning approximately 4,000 miles or 6,500 kilometers, the Silk Road

traversed through various countries, including India, China, Afghanistan, and Rome, effectively linking the continents of Asia, Europe, and Africa. Along the route, travelers could find 970 inns where they could rest, as countries along the way were responsible for constructing these inns and providing facilities. Some of these inns were renowned for their beauty, uniqueness, and regal design, offering travelers a peaceful retreat fit for a king. These inns were meticulously designed to cater to the needs of travelers.

Countries such as Korea, China, India, Pakistan, Afghanistan, Iran, Tajikistan, Uzbekistan, Turkmenistan, Kazakhstan, Kyrgyzstan, Turkey, Iraq, Syria, and others are located along this historic route. The Silk Road derived its name from China's export of silk products to other parts of the world through this corridor 206 years ago. Beyond commercial goods, the Silk Road facilitated the exchange of diverse perspectives, cultures, and religions, with Islam and Buddhism being notable examples.

During the Kushan Empire, Kabul, Kandahar, and Balkh served as major centers in ancient Afghanistan, through which convoys of the Silk Road would pass. Afghanistan not only exported agricultural products but also contributed handicrafts, precious stones, herbs, and other valuable goods to countries worldwide. Medicinal products from India and highly prized silk from China, considered as valuable as gold at the time, were among the goods transported through Afghanistan to Asian, European, and African destinations. Overall, the Silk Road played a pivotal role in the social, intellectual, religious, and economic development of the countries along its path. However, with the advancement of

the world, the emergence of sea routes and airlines led to the neglect of the ancient Silk Road, relegating it to the pages of history.

## New Silk Road

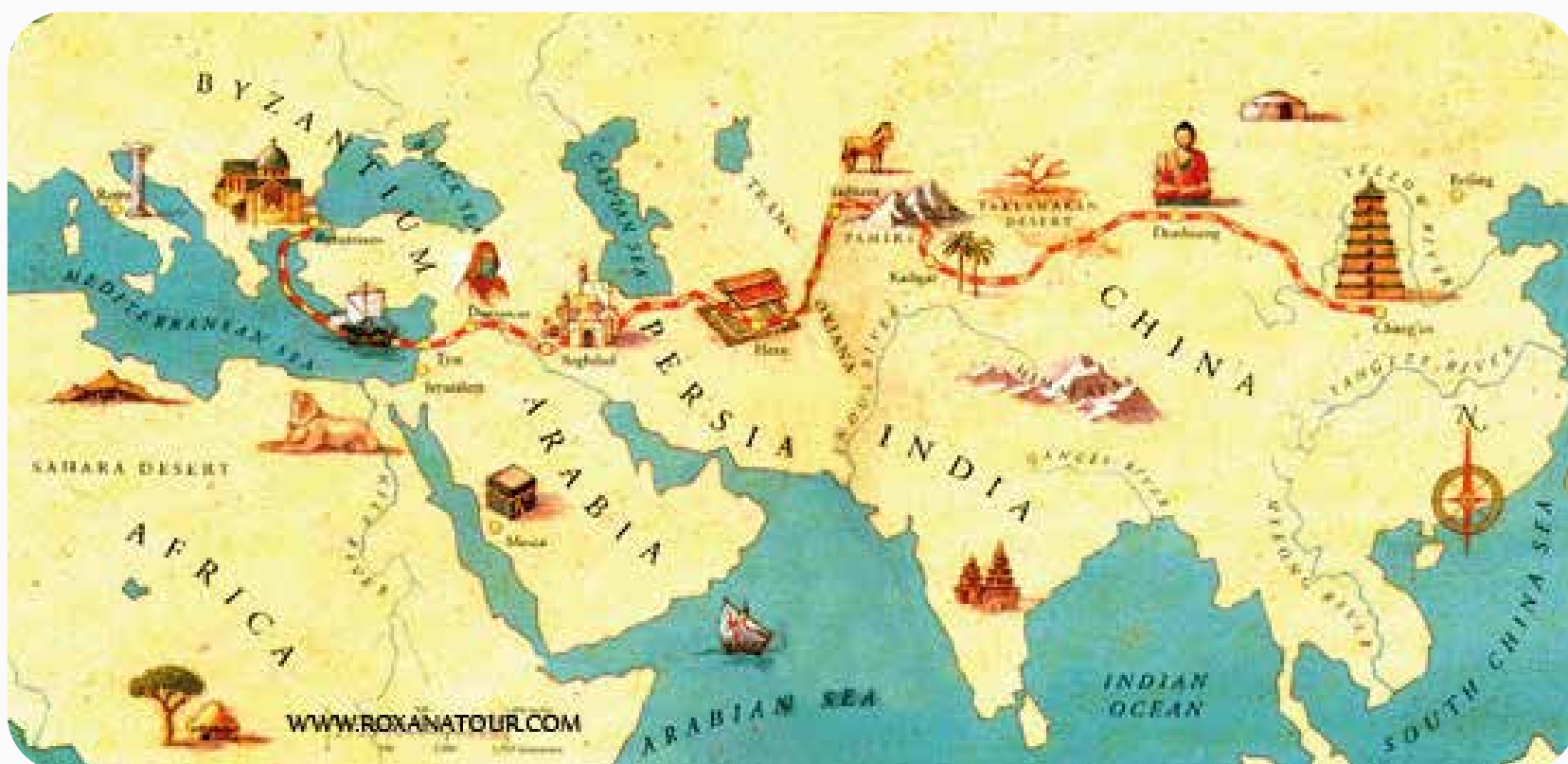


In 2013, Xi Jinping assumed the presidency of China during a period of economic slowdown. To address this situation, Xi Jinping introduced ambitious economic initiatives and took significant steps toward their implementation. One of these initiatives focused on revitalizing the Silk Road.

Under this plan, the New Silk Road encompasses both land and sea routes. The land route starts from China, traverses Central Asia and Iran, and extends to the Middle East and Europe. This comprehensive project aims to revive the ancient Silk Road and engage all the countries along its path. China seeks to access new markets in Asia and Europe, connecting Central Asian nations to South Asia and facilitating trade between Eastern and Western Asia and Europe, with Afghanistan playing a crucial role.

The "One Belt One Road" initiative encompasses land, air, and sea infrastructure, including railways and energy transmission networks, connecting 64 countries and a population of over four and a half billion. The project not only offers economic benefits but also enhances cultural and social ties. Its objectives include strengthening China's trade and relations with Southeast Asia, Central Asia, and European nations, as well as expanding China's capital and capabilities for infrastructure development.

To support these goals, China established the Asian Infrastructure Investment Bank (AIIB) in 2014 with a budget of \$100 billion, attracting membership from 56 countries, including England, Australia, and South





Korea. In 2016, Afghanistan, a significant historical member of the Silk Road, signed the "One Belt One Road" agreement with China, becoming part of this new road plan and reconnecting with its historical trade routes.

The New Silk Road project, designed to foster broad economic connectivity in the region, holds significant value for Afghanistan. Active participation in this project is essential for Afghanistan to rejuvenate its historical importance and engage in regional and international economic processes, transit, and trade.

Furthermore, this project offers a means to connect landlocked countries like Afghanistan with sea routes. Afghanistan, with its agricultural products, handicrafts, and mineral resources, relies on access to markets of choice. By participating in the "One Belt One Road" initiative, Afghanistan can secure cost-effective routes to not only Asian markets but also Europe, facilitating the sale of its products in these regions.

## The economic advantages of the ancient and modern Silk Roads

Constructing highways, roads, railways, airports, and airways for trade and transit is essential as it enables a country to progress and flourish.

The ancient Silk Road held significant importance as a trade route. For centuries, it facilitated trade between Asia, Europe, and Africa. Afghanistan, benefiting from this route, experienced economic growth during that era. The country exported agricultural products, handicrafts, and precious stones to the vast markets of these continents. This flourishing trade not only boosted the economy but also elevated Afghanistan's political standing on the international stage. However, with the emergence of sea and air routes, as well as railways, the ancient Silk Road fell into neglect, negatively impacting Afghanistan's political and economic landscape.

Years later, China's endeavors to revive the Silk Road and the commencement of practical initiatives brought hope for the

countries involved in this economic and trade route. China introduced a comprehensive plan known as One Belt and One Road to revive the ancient Silk Road. This ambitious project aims to reconnect Asia, Europe, and Africa, fostering economic growth and sharing the benefits among participating countries.

One Belt and One Road will reduce the distance between nations and enable traders to transport goods quickly and cost-effectively. Given Afghanistan's central location between Asia and Europe, One Belt and One Road presents development opportunities for the region, transforming it into a hub with four routes.

For Afghanistan, this initiative will create new economic prospects and attract international investors, particularly in the mining sector. It marks a new phase in Afghanistan's economic development. Additionally, as an agrarian nation where a significant portion of the population is engaged in agriculture and farming, connecting Afghanistan's agricultural products market to international markets through this road will yield two-fold benefits. It will foster business growth and enhance the economic conditions of Afghan farmers. Moreover, it will enable the government to increase revenue by collecting taxes. Furthermore, Afghanistan's handicrafts will gain access to international markets, propelling their growth and serving as a lucrative income source in the future.

## Existing Challenges and Resolutions

Afghanistan's strategic geographical position enables it to serve as a vital link connecting various Asian countries, Europe, and other continents. This advantageous location has historically witnessed the passage of significant trade routes, notably the ancient Silk Road, and now the ongoing One Belt and One Road initiative seeks to revive this historic route, with Afghanistan playing a crucial role.

During the heyday of the ancient Silk Road, countries such as China and India prioritized the security and facilitation of trade convoys along this route. However, the current implementation of the One Belt and One Road project faces several

challenges that require collective efforts from the countries along the route to address.

Nevertheless, the Silk Road's new blueprint was unveiled in October 2013, leading to infrastructure development in some countries to facilitate its construction. Regrettably, Afghanistan has encountered specific obstacles hindering the initiation of practical measures to restore the infrastructure. These challenges can be outlined as follows:

1. Widespread corruption within previous governments preceding the Islamic Emirate
2. Foreign interventions, insecurity, and inadequate economic frameworks.
3. Insufficient infrastructure.
4. Regional competition, particularly among major powers.
5. Bureaucratic obstacles.

Currently, a significant portion of the aforementioned challenges has been addressed, and efforts are underway to tackle the remaining issues. Upon assuming power in 2021, the Islamic Emirate prioritized the establishment of a strong and centralized government. They have successfully restored complete security across the country, alleviating the burden of the four-decade-long war.

The Islamic Emirate recognizes the importance of adopting an economy-focused approach, aiming to establish an economic mechanism that can revive Afghanistan's declining economy. Moreover, they are actively working on developing the necessary infrastructure that will facilitate the implementation of the One Belt and One Road project.

Given the existing competition among regional and global powers, it is essential for the Islamic Emirate to shape its foreign policy in a manner that maintains balanced relationships, refraining from interfering in others' internal affairs while safeguarding Afghanistan's own sovereignty. Embracing a constructive approach, the Islamic Emirate should strive to eliminate bureaucratic obstacles, enhance ease of doing business, and implement electronic governance.

By implementing such a governance system, bureaucracy will be mitigated, and processes will become more streamlined



and efficient. If all these measures are carefully considered and implemented, Afghanistan will undoubtedly become an integral participant in international initiatives like the One Belt and One Road, paving the way for inevitable development.

## Conclusion

Afghanistan possesses a distinctive geographical position, situated at the intersection of three significant regional basins: South Asia to the south and east, Central Asia to the north, and Iran to the west. Consequently, Afghanistan serves as a vital connector between these three regions.

The potential for mutually beneficial opportunities between Central Asia and

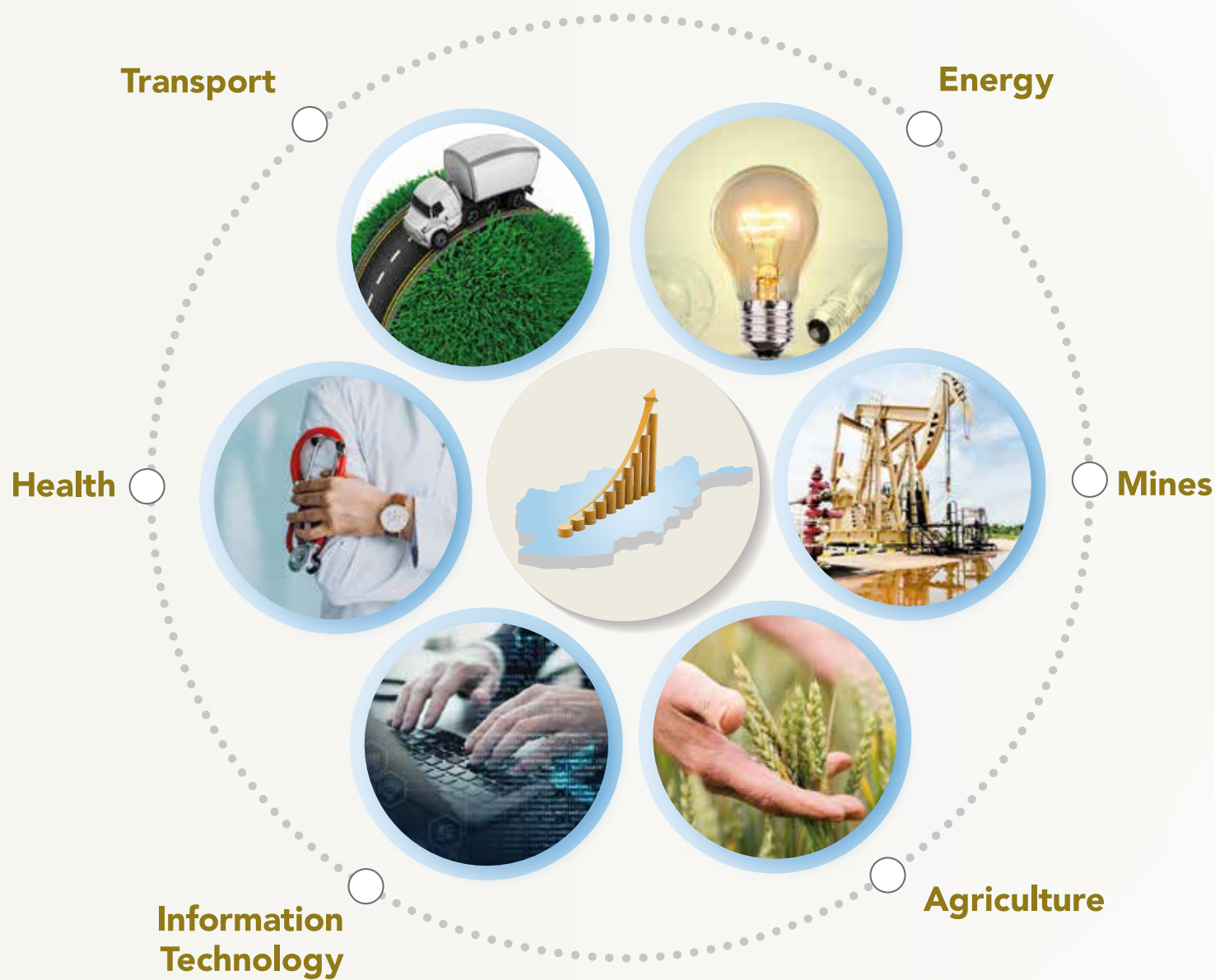
South Asia arises from these basins. In the north of Afghanistan, countries such as Turkmenistan, Tajikistan, Uzbekistan, Kazakhstan, and Kyrgyzstan boast abundant reserves of gas, electricity, oil, and other raw materials. Conversely, in the south and east, Pakistan and India are in great need of these resources. Unfortunately, the lack of reliable transportation and communication routes has hindered the establishment of commercial relations between them. The restoration of communication routes, particularly the historic Silk Road, can address this issue effectively.

The introduction of the One Belt One Road Initiative by Chinese President Xi Jinping brought encouraging prospects for the countries along the route, leading to their positive reception of the initiative. The One

Belt One Road project, reminiscent of the ancient Silk Road, entails substantial financial investment amounting to billions of dollars. This extensive route can facilitate connectivity for landlocked countries without access to waterways.

Afghanistan, being one such landlocked nation, recognizes the necessity of active participation in large-scale international projects. The country possesses abundant natural resources, including agricultural products, as well as intricate handicrafts. To effectively trade these goods, Afghanistan requires reliable pathways. By accessing new markets, Afghanistan will experience growth and prosperity in both the economic and commercial sectors. It will foster business development, leading to a comprehensive expansion of the economy.

## Priority Focus of the Islamic Emirate: Investments in Natural Resources, Energy, and Agriculture



The Islamic Emirate of Afghanistan has established a secure environment throughout the country and implemented a centralized system, paving the way for investment in various sectors. This positive development represents a significant economic shift, with innovation playing a key role in ensuring stability.

Investment, both domestic and foreign, is a critical driver of economic growth and development for countries. Its primary objectives include fostering employment, mitigating inflation, stabilizing the currency, boosting revenue through taxation, reducing imports, increasing exports, facilitating innovation, and adopting advanced technology, ultimately leading to enhanced economic stability.

The Islamic Emirate of Afghanistan is committed to supporting private-sector investment by implementing a pro-economy policy and providing a secure environment for business operations. Notably, the government has identified energy and electricity, mining, agriculture, transportation, health, and information technology sectors as high-priority areas and has taken measures to facilitate investment in these domains.

These efforts have raised expectations, and Afghanistan is moving towards greater economic stability.