

Afghanistan in SAARC: Emerging Opportunities in Regional Integration

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1. Introduction

South Asia, which spreads from Afghanistan to India and Maldives to Nepal, historically has carried an image of being an integrated cultural, economic, and environmental space. It represents co-existence of various communities, cultures, and religions. It was in this historic context that Afghanistan was warmly welcomed by the SAARC member states. With the inclusion of this new member the region envisaged strengthening of sustainable development.

In this note, we aim to understand the role of Afghanistan for regional cooperation and stability in South Asia. The paper discusses possible opportunities and challenges associated with Afghanistan's transition from a war-ravaged country to a progressive democratic state. We also try to study the economic benefits resulting from Afghanistan's integration into SAARC nations, particularly for Afghanistan and generally for the whole South Asian region.

2. Afghanistan's peace and stability and SAARC

The second Bonn Conference on Afghanistan remarked: "We believe a stable and prosperous Afghanistan can only be envisioned in a stable and prosperous region." The statement correctly asserts that stability in Afghanistan and stability in the region are two reinforcing pillars; remove one and both could steadily become counter-productive.

3. Afghanistan also needs help to play a productive role in SAARC with initiatives such as the

'New Silk Road,' and in the extraction of its USD 3 trillion worth of mineral deposits. According to Human Development Report 2012, Afghanistan ranks low in SAARC where per capita income is only \$ 1000, Human Development Index (HDI) is 0.374 and life expectancy is 49.1 years. This status is associated with internal conflict and instability of the past.

The 16th SAARC summit had declared the next decade as a 'Decade of intra-regional connectivity'. However, continued destabilization in Afghanistan has implications for achieving this goal. Stability of Afghanistan is now not just the concern of Afghanistan but also the responsibility of the SAARC region.

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4. Afghanistan in SAARC: New Market Destiny

Afghanistan is already a member of Economic Cooperation Organization (ECO) and Organization of Islamic Conference (OIC). Its inclusion in SAARC initiates a new process of regional integration, bordering with South Asian countries with a stretch of 2,430kms of border with Pakistan, China, and Iran.

As India's growth is thriving, it has gained more confidence in opening to its neighbours. On the other hand, Pakistan is following a similar path. Pakistan is already one of the largest trading partners of Afghanistan. To facilitate trade and commerce, many agreements and treaties between the governments have been signed in this region. Treaties like "India-Sri Lankan Free Trade Agreement," "Afghanistan-Pakistan Transit Trade Agreement," "India-Nepal Trade Agreement,"

5. Initiatives for Afghan Development

At present, several initiatives have been taken for the development of Afghanistan, regionally and internationally. Many in Afghanistan complain that the prolonged military intervention did not bring change as per people's aspirations. In the face of criticism, the Western world started to raise funds for the development of the Afghan Republic.

The question on security concerns is still relevant. The threat to Afghanistan should not be considered as the threat to that country only because instability in the region will affect all other SAARC member states. Pakistan and India always encouraged Kabul for realizing a stable government. Now, the friendly relations need to be harnessed for assistance so that Afghanistan can recover from the wounds of conflict. Afghanistan is geographically tied up with Pakistan. Both the countries have a border on the map but, culturally, the two are borderless. So, instability in Afghanistan directly affects Pakistan.

6. Possible Opportunities for Development of Afghanistan

There are several areas which can benefit the development process in Afghanistan. Agriculture, trade, tourism, energy, handicraft industry, mining are some important sectors for mobilizing inclusive growth and jobs.

6.1. Agriculture

Afghanistan is densely populated and farmed intensively. More than 60 per cent of its population is engaged in agriculture. They have the lowest standard of living in the country.

Several initiatives have already been taken such as building irrigation canals, providing seeds and pesticides, and providing technical assistance, and so on.

Farmers however require more persuasion regarding usage of modern technology and methods of farming. Outreach programmes and initiatives are required to convince them. We focus on hardware development. However, software development, such as 'adaptation and 'empowerment' is necessary for the transformation of Afghanistan.

6.2. Energy

Addition of Afghanistan in SAARC reflects an important energy gain for all member states. There is a minimal energy trade among the South Asian countries, despite the fact that energy needs in the region are exponentially growing. Afghanistan can be a key transit for providing route for energy and gas trade from Central Asia. CASA-1000 and TAPI are two projects that can set an example for future initiatives.²

6.3. Transit Trade

The Asian Development Bank is striving to build an integrated multi-modal transport system and inter-linked road corridors. The SAARC working group on transport will propose development of sub-regional projects after identification and cost-benefit analysis. This will develop a draft with suitable regional agreements so as to create a link between South Asian countries as well as with Central and West Asia.

The working group is also dealing with the issues of transport connectivity. The SAARC Regional Multi-modal Transport Study (SRMTS) was completed in 2007. This study identified

10 different road corridors, five rail corridors, 16 aviation gateways, 10 maritime gateways and two inland waterways transport for increasing connectivity within the region. Besides, it has recommended concluding a regional transport agreement in order to facilitate the cross-border movement of transport vehicles.

Presently, SAARC nations do not have any existing arrangement of regional transit but there is some degree of bilateral transit arrangement which focuses on landlocked countries like

Afghanistan, Bhutan, and Nepal. Therefore, the cost of transportation and lapse in time at borders are big impediments, if these barriers can be removed, the landlocked countries in this region will greatly benefit.

6.4. Tourism

Despite years of war, many tourists from around the world visit Afghanistan for its unique beauty and heritage. The country has numerous historical sites as it carries a

² CASA-1000 is Central Asia South Asia electricity connection (1000 MWs). TAPI is Turkmenistan, Afghanistan, Pakistan and India gas pipe line project.

history of more than six thousand years. This attraction includes 2000 years old Buddha statues, the city of Balkh, the tomb of Hazrat Ali, the lakes of Band-e Amir, the deep lapis lazuli blue of the waters are a pleasant contrast to the plain colours of the surrounding mountains.

The government sector now needs to encourage the private sector to invest in the tourism industry. This can diversify the sources of income across the Afghan economy.

6.5. Handicrafts

Afghanistan offers handicrafts, such as the Afghan carpets, karakul coats as well as Afghan fur overcoats and jackets. Embroidered material, caps, and waist-coats, hand-woven silk fabrics and antiques are some of the items that attract a traveler. Carpets and rugs provided over 10 per cent of export revenues in 1981 and were very popular in Western Europe. During Taliban's regime, the handicraft industry did not flourish. However, at present, this industry can increase the growth of Afghan GDP.

In South Asia, other member state are also producing handicrafts. If a supply chain is established for this sector, this will benefit the whole South Asia.

6.6. Mining

Afghanistan has a rich resource potential, which if used properly, can increase government's revenue manifold. The Afghanistan Ministry of Mines has identified considerable deposits of precious minerals throughout Afghanistan, with an estimated total value of total \$1 trillion.

Afghanistan carries expensive deposits of everything from marble, iron ore to emeralds, copper, lithium and natural gas. Afghanistan, however, lacks market and basic transport system to import these expensive deposits. The country also has nearly 100 billion cubic meters of gas reserves. If these natural resources are properly extracted, traded and marketed, Afghanistan will progress enormously within South Asia and globally.

7. Opportunities for Poverty Reduction through Trade

Around 40 per cent of the Afghan population lives below the poverty line. Several INGOs are working to improve the people's lives who are affected from decades of wars, calamities, and conflict.

Eradicating poverty is the first objective and goal adopted by Afghanistan under the Millennium Development Goals (MDGs). For significant reduction in poverty levels, the country needs a highly stable, conducive and secure environment.

There is a necessity of developing rural employment through building a proper road system that will connect the rural population to the markets.

Achievement of these goals requires extensive, predictable, and sustained international aid. The problem of poverty should be combated with a new sense of urgency by actively promoting the synergetic partnership among national governments, international agencies, the private sector, and the civil society.

8. Opportunities for Effective Implementation of SAFTA and APPTA

Sub-regional frameworks under SAFTA have been operationalized by some member countries. Afghanistan and Pakistan have agreed to revise APPTA in January 2015. This will allow more expedient clearance of Afghan bound cargo. Furthermore both countries also agreed on allowing same transit terms to Tajikistan. There is a need to deepen such agreements and focus now on trade in services and building supply chains.

9. Going Forward

The decade of 2010-20 has been declared as the “decade of intra-regional connectivity” by SAARC. Afghanistan’s role in SAARC needs to be encouraged as a political and geographical connector between Central Asia, the Middle East, and South Asia. Afghanistan’s reconstruction should be given utmost importance particularly in areas of investment, trade, and economy.

Regional cooperation is highly recommended for rapid acceleration of economic growth and poverty reduction in the entire region. Also, effective implementation of APPTA will help boost the economy of Afghanistan and Pakistan both.

Afghanistan’s possible supply chain linkages in agriculture, tourism, handicrafts, and mining can boost growth and jobs in the country and across the region. In this regard SAARC Development Fund may be approached by the Government of Afghanistan to provided financial and technical resources.