



## **Silk Road through Afghanistan**

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.