

## WORKING PAPER 19 - The NSRI and the BRI: the Future of Central Asia

By Dr Ab. Hamid Sheikh  
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Dr Abdul Hamid Sheikh is an Educationist and completed his studies at the University of Kashmir, with a specialisation in South Asia, Central Asia and Kashmir: Past and Present. He qualified for the National Eligibility Test (NET) in 2013 and State Eligibility Test (SET) in 2017 for Assistant Professor in history. The author has a number of publications to his credit in reputed journals and worked on the Kashmir Silk Route project. He has participated in number of Workshops, Seminars and International conferences.

### Abstract

Maintaining peace and peaceful co-existence is one of the major goals of integration. It is rightly believed that a peaceful international society can emerge by working together in workshops and market places rather than by signing pacts in chancelleries. The United States of America and its Western allies earnestly desire to empower conflict-ridden Afghanistan so that the country can achieve economic sustainability and lasting peace. Regional integration theorists believe that this is possible through economic integration with both Central and South Asia so as to gain wider access to regional trade and transportation. Accordingly, in 2011, the US announced a trade and transportation project, the New Silk Road Initiative (NSRI), intended to integrate South and Central Asia with war-torn Afghanistan. This constitute an act of intra-state and trans-border trade agreement among Eurasian countries including Afghanistan, Pakistan, India, Central Asia, and Europe. It seeks to renew the Ancient Silk Route so as to open up new markets and economic opportunities for the land locked counties of Central Asia and Afghanistan, thereby boosting their economic growth, creating new jobs, attracting foreign investment, reducing poverty and ensuring regional stability. However, in 2013 China announced a most ambitious foreign policy and economic initiative known as the One Belt, One Road (OBOR) initiative-referred to as the Belt and Road Initiative (BRI) - intended to ensure - a strong economic and political lead in South and Central Asia. China aims to connect its underdeveloped hinterland to Europe through Central Asia. China's BRI became a big challenge to the United States' NSRI and is emerging as more productive, beneficial and successful.

**Keywords:** Economic Cooperation, New Silk Road Initiative, Afghanistan, Stability, Central Asia, Trans-border Corporation, Belt and Road Initiative.

## Introduction

The New Silk Road was used by US Secretary of State Hilary Clinton in 2011 as part of a plan of drawdown from Afghanistan from 2014 onwards. The US was very serious about stabilising its position in Central Asia. The main objective of this New Silk Road Initiative (NSRI) was to enhance more suitable and advanced technologies and developments so as to boost trade. This Initiative further laid a foundation for regional cooperation; create political flexibility; improve economic growth; and offered trade diversifications-as well as investments in the sectors of transportation, mining and energy (Fedorenko, 2013, p. 3). The project intends is to open up new markets and economic opportunities for the landlocked countries of Central Asia and Afghanistan (Castelli and Scacciavillani, 2012), thereby boosting their economic growth, creating new jobs, attracting foreign investment, reducing poverty, ensuring regional stability, and promoting democratic values in the region as a whole. The NSRI was perceived to bring stability to Afghanistan by means of regional and economic integration with South and Central Asia. However, the US is not the sole actor working for stability in Afghanistan; China has stakes in South and Central Asia as well.

China possesses a growing leverage in the emerging geo-political and geo-economic spheres of Central and South Asia. Beijing placed huge investments in mining and construction in Central Asia and Afghanistan. China's role is crucial and linked to its internal energy deficiency. The 'Silk Road Economic Belt and Maritime Silk Road' initiative collectively known as Belt and Road Initiative (BRI), is the main expression of the strategy of China's 'New Silk Road.' The Chinese believe that Central Asia was not only a part of the post-Soviet system, but also of the Muslim world. Beijing increasingly cherishes building a privileged partnership with Central Asia (Peyrouse, Boonstra and Laruelle, 2012, p. 10) as well as with Pakistan, Iran and Afghanistan (Kemp, 2010) so as to diversify its role in the newly growing regional competition and cooperation setups. It intends to exploit the Shanghai Cooperation Organisation (SCO) and other regional frameworks for counter-insurgency practice and training of national armies and officers (Falkowski and Lang, 2014, pp. 19-20) and thereby safeguard its interests in the restive Muslim Uighur belt of Xinjiang. The BRI aims to increase connectivity so as enhance trade flows and spur long-term regional economic growth and development, benefiting all those involved (Bandey, 2011, pp. 472-73, 483-484). The roles of both China and the United States have attracted attention, especially as both countries have proposed the 'New Silk Road' strategy almost at the same time. Due to their similar range, the two countries coexist in both competition and cooperation.

## 2.1. The Silk Route: Past and Present

### 2.1.1. The Ancient Silk Route

Although the Silk Route is a new concept by Ferdinand Von Richtofen, the German geographer and explorer, who visited China during the latter half of the 19<sup>th</sup> century, it has existed since the 3<sup>rd</sup>-2<sup>nd</sup> century B.C. It functioned as a network of interlinked trade routes across the Afro-Eurasian landmass connecting East, South, and West Asia with the Mediterranean and European world as well as parts of North and East Africa (Killion, 2006, p. 65). Originating in the Chinese city of Buoying and traversing several other cities, it reached the Gansu Province, where it fragmented into northern and southern branches so as to reach the ancient city of Kashghar. The northern route moved along the mountainous ranges of the north and south of the Taklamakan desert. The southern route branched off at Dunhuang, passed through the Shan'shan (the area near Lob Nor), Miran, Khotan (Hetian) and reached Yarkand (Shache), where it split into three branches: one went up to Kashghar; a second towards Bactria, Merv, Hamadan (Ekbatana), Mesopotamia, Syria and Antioch and third one moved through Gilgit and Wakhan to the south of Gandhara and Bharosh (Brigaza). Kashghar was the junction of routes in Asia. Incidentally, some offshoots of the southern route traversed Karakorum so as to reach Kashmir via Ladakh. Presently, the route is operational between China and Pakistan – so as to connect to Afghanistan over the Hindu Kush Mountains. (Killion, 2006, p. 66)

### 2.1.2. The Genesis of the Silk Route

The trading idea on the route developed under strange circumstances. China was often threatened by the Yuezhi Central Asian tribes of the Oxus region<sup>1</sup> and the Xiongnu tribes of the Mongolian grasslands<sup>2</sup> during the 3<sup>rd</sup> century B.C. However, compared to the latter, the former were largely friendly with the Chinese Qin dynasty in the 3<sup>rd</sup> century B.C. (Liu, 2010, p. 3) Nonetheless, both the Qin (221-207 B.C.) and the Han rulers (206 B.C.-220 A.D.) vainly strived to woo the Xiongnu through gifts in silk textiles and floss.<sup>3</sup> Inevitably, therefore, the Han King Wudi (141-87 B.C.) sought to form an anti-Xiongnu alliance with the Yuezhis and sent his military commander Zhang Qian to them. Unluckily, he was

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<sup>1</sup> They lived in a region near China, northwest of its western borders, between the northern foothills of the eastern end of the Tianshan Mountains and the Turfan Depression. They acted as middlemen between China and Central Asia in ancient times.

<sup>2</sup> Another powerful nomadic confederacy. Unlike the Yuezhi, they were in constant conflict with nearby Chinese states.

<sup>3</sup> A silk padding used to make quilt – cloth made to protect from the cold winter on the steppe.

caught on the way by the Xiongnu and held captive for 10 long years, during which he married a Xiongnu woman and fathered her children. Finally, he escaped from there and returned to the Yuezhis for an alliance against the Xiongnu. On failure, however, he managed to reach back to the Han court where he reported to the emperor Wudi (141-87 B.C) (Liu, 2010, p. 3) the whole story of his journey from China to Mongolia and thence to Uzbekistan and other Western regions.<sup>4</sup> His report unfolded the impregnable myth about the western land and opened the vistas for China's trade with Central Asia and beyond. During his eleven years journey, Qian had become familiar with the mountains, deserts, and routes of the steppe (Boulnois, 2005, p. 66). The succeeding four decades of Han rule (90-130 A.D.) saw Zhang Qian's route of journey blossoming with China's trade with the Kushans (their empire extended from Afghanistan to Xinjiang), Parthians (Iranians) and the Romans (Foret and Kaplony, 2008, p. 11). This laid the foundation for intra-state trade along the vast trans-surface route called the Ancient Silk Route.

While silk was a special commodity and symbol of power and prestige among the ruling elite, horses were indispensable to the Chinese military aristocracy. Slaves also constituted chief items of China's trade<sup>5</sup> with its Silk Route partners (Liu, 2010, p. 113). So were regional varieties part of its vibrant trade in silk, slaves, horses, spices, tea, resin, hemp, cotton, pepper, textiles, ivory, jewels, gold, silver, glassware, porcelain, jewels, dry fruits, livestock, carpets, felts, etc. formed the principal items of import and export. Though regional powers were in perpetual conflict over regional leadership and resources (Kaw, 2010, pp. 111-131), they protected the conduction of smooth trade along the Ancient Silk Route. They patronized it beyond proportions and were at times partners in its endeavours through their agents and firms.

Besides commodity exchange, the Ancient Silk Route was instrumental in linking peoples, communities and nations with one another for artistic, scholarly, cultural, religious and spiritual pursuits - which, in turn, fostered multiculturalism, values of human co-existence and a rich tradition of religious syncretism through the work of eminent monks, missionaries, pilgrims, sufis, saints and *pirs* (holy men). Their contribution propelled many existing religious trends and spiritual conceptions (Bandey, 2011, pp. 3-5). During Kushan

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<sup>4</sup> The 'Western Regions' (*xi yu*) that the eastern network of the Silk Road crossed corresponded largely to what is today the Xinjiang Uyghur Autonomous Region.

<sup>5</sup> The slaves of Chitral, Hunza, Gilgit, Yasin and other adjoining areas of Kashmir also formed an important item of trade. The Chitral boys and girls were the most prized among all other groups of slaves brought to the Turkestan for their superior beauty, docility and fidelity. They were even sold by the Raja of Yasin.

rule, the ancient Indian faith and art (Fewkes, 2009, p. 39) of Buddhism spread from India to Gandhara, Bactria, Tarim Basin, China (Hambly, 1966, pp. 48-49) and the whole Central, South and South East Asia. It flourished and became a popular faith among the peoples nestling on and along the ancient Silk Route. (Liu, 2010, pp. 42,58, 72) Like Buddhism, the Silk Route facilitated the spread of Islam from Central Asia to India - as is amply vindicated by literary and archaeological evidences. Ladakhi scholar Abdul Ghani Sheikh reports that the Tangchey area of Ladakh abounds with boulders dating from the 7<sup>th</sup>-8<sup>th</sup> century and containing Quranic inscriptions and the names of Central Asian Muslim commanders and administrators (Fewkes, 2009, p. 40). The Sufi imprints are easily traced not only in Kashmir proper but also in its neighbouring Himalayan and Pir Panjal regions, in Gilgit, Ladakh, Jammu, etc. Appreciably, Muslim rulers constructed mosques, tombs, hostels, and caravansarai for prayers, rest and accommodation of both humans and pack animals along the whole network of the Silk Route. Sadly, however, what was once a road of dialogue, economic prosperity, cross-cultural fertilization and people-to-people contacts froze due to the discovery of the Sea Route in 15<sup>th</sup> century and ended up witnessing enmity among nation states and the emergence of rigid national borders. This led to the division of families of the common ethno-historical descent and stoppage of people-to-people contacts, commodity exchanges, and cross cultural, ideological and religious fertilization (Laruelle and Peyrouse, 2011, August, pp. 179-96).

### 2.1.3. The New Silk Route

Globalisation is considered as the dominant expressions of regional or economic integration - with multiple benefits to the partner states (Kaw, 2014, p. 77). It connotes an evolving spatial process that frequently seeks to reduce ethnic, national and cultural distinctions. Laura Adams notes that globalization is a process that contributes to international integration and homogenisation (Adams, 2002, p. 6). However, Helen Wallace maintains that European integration characterizes a distinct west European effort to contain its benefits reaching out to the developing countries. West Europeans invented a form of regional governance with polity-like features so as to extend the state and broaden the boundary between themselves and the rest of the world (Wallace and Wallace, 1996, p. 16). In this age of globalization and regional integration Asia's geopolitical value has been replaced by the huge potential of China and the United States. Both countries have separately proposed a plan called the 'New Silk Road'.

There is a strong momentum for the re-opening of the Silk Route. In fact, one of the responses to the new century's challenges is to create networks of new infrastructural and trade linkages on both regional and macro-regional levels and conceptualize them in new

geo-political and geo-economic settings. Expanding markets and input sources beyond national boundaries is one of the key characteristics of regional integration. One can expect higher economic growth and improved human welfare through expanded and shared markets for goods and services. Bella Balassa defined economic integration as a process and as a state of affairs. As a process, it encompasses measures designed to abolish economic discrimination between partner national states. Viewed as a state of affairs, it can be represented by the absence of various forms of discrimination between national economies (Balassa, 1961, p. 1). According to Allen, the basic ingredient of any integration is the elimination of barriers to trade among two or more countries (Allen, 1963, p. 450). The revival has become most important for physically reconnecting Central and South Asia over Afghanistan so as to boost regional and global peace and development. The geo-strategic importance of Central Asia, the heart of the Ancient Silk Route, has enormously increased over the past few decades.<sup>6</sup> Schiff and Winters note that economic integration agreements between neighbouring countries in particular (regional integration agreements) can reduce the probabilities of illegal border migration and its associated problems (Schiff and Alan, 2003, pp. 174-75). The revival of the Silk Route gained importance because of economic, political and security-related reasons. The NSRI is a multi-billion \$US project that seeks to re-invent the Afghanistan-bound ancient Silk Route for intra-regional trade and transportation between South and Central Asia. The focus of this initiative is not only Afghanistan but the establishment and strengthening of economic ties with Central Asia so as to forward Central Asia's economic and political modernization. The United States hopes to keep partners together and maintain security in Central Asia by linking local people and society (Liang, 2012). At the same time, Afghanistan was considered crucial for every US-led development scheme concerning Central and South Asia. China came forward with policies designed to enhance connectivity with neighbouring countries through the Belt and Road Initiative (BRI). Beijing has been trying to reduce its exposure to security risks and possible disruptions to its oil and resources supplies from its eastern coastal regions and beyond by building east-west pipelines such as the Kazakhstan-China and Central Asia-China pipelines (Rana and Chia, 2014, May, p. 5).

#### 2.1.3.1. The New Silk Road Initiative (NSRI)

Intra-state cooperation is an established reality of the 21st globalised world. Countries are intimately engaged in common policy formulations and executions regarding common

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<sup>6</sup> The importance of Central Asia increased due to the energy dumps, use of its soil by the Western forces for counter- insurgency in Afghanistan and fragility of political profile.

challenges, especially in the areas of security and energy. Daniel Yergin rightly notes that the real risk to the supplies of hydrocarbons over the next decade is not of geology but that of geopolitics (Kalicki, & Goldwyn, 2005, p. 51). These compulsions drive nation states to establish a framework for coordination and greater integration (Mill, 1948, p. 305). The accruing benefits are multiple, as participating countries are able to diversify their products, share expertise and resources, address common security threats, remove trade hassles and reduce costs on the marketing and transportation of industrial products. Consequently, hitherto traditional enemies are becoming friends. A security threat to a particular country is perceived as a threat to its regional partners. Failing state systems are becoming a matter of concern to regional partners at large. Similarly, the problems linked to regional variation, unequal resource distribution, environmental disorder, climatic change etc. are collectively addressed under the stipulated norms of mutual cooperation. The revival of the Silk Road has become all the more important to physically reconnect Central and South Asia over Afghanistan - all intertwined for regional and global peace and development.

The Central Asian region was not a US priority until the 1990s, though US energy firms had invested in oil and natural gas in Kazakhstan, Turkmenistan, and Uzbekistan. However, Russia was certainly a US priority until the mid-1990s. US Deputy Secretary Strobe Talbott was a strong proponent of the 'Russia First' strategy for maintaining regional balance (Starr, 2005, pp. 6-8, 17-18). The situation changed only by the 2<sup>nd</sup> half of 1990s, when Central Asia appeared on both US and Chinese radars.<sup>7</sup> Zbigniew Brzezinski wrote that 'access to that resource (Central Asian gas and oil) and sharing in its potential wealth represent objectives that stir national ambitions, motivate corporate interests, rekindle historical claims, revive imperial aspirations and fuel international rivalries...The geostrategic implications for America are clear. America is too distant to be dominant in this part of Eurasia but too powerful not to be engaged . . . Russia is too weak to regain imperial domination over the region or to exclude others from it, but it is also too close and too strong to be excluded.' (Brzezinski, 1997, pp. 125, 148). In order to exploit the region's energy potential and scuttle Russian monopoly out of Central Asian energy transportation, a US think tank sought to work out new strategies (The White House, 1998, pp. 39-41). S. F. Starr publicised the idea of a 'Greater Central Asia' (GCA)<sup>8</sup> in the early 2000s. He

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<sup>7</sup> Central Asia is important to China for energy imports and the geographical proximity to the restive Turkic-populated Uighur province of Xinjiang. Besides, it offers a direct land-route access to Europe. China has also much to do with the security scenario of Central Asia.

<sup>8</sup> The GCA was a multifaceted, multipurpose macro-project aimed at bringing Central Asian countries and Afghanistan together for the realization of a huge set of social and economic development objectives as well as tasks involved with democratic transformation.

conceptualised a vast zone of cooperation including post-soviet republics and adjacent South and West Asian neighbours and intended to safeguard US interests, circumvent terrorism, promote intra-regional trade for Afghanistan in particular and other countries in general and, above all, de-monopolize Russian marketing hegemony over Central Asian energy resources (Starr, 2005, pp. 6-18, 67). Above all else, the main aim of the US plan for a 'Greater Central Asian Partnership' (GCAP) was to make the region's socio-economic and political profiles compatible with US policy decisions (Starr, 2005, pp. 6-8, 17-18, 67). In 2006, Secretary of State, Condoleezza Rice announced a reorganization of the US State Department's South Asia Bureau so as to include Central Asian states and a new 'Greater Central Asia' scheme. The US was convinced that 'it represents what we're trying to do, which is to think of this region as one that will need to be integrated, and that will be a very important goal for us' (Purtas, 2008, pp.115-30.). This made Starr's idea of a GCAP and the US's policy congruent. Many analysts, especially Russians, perceive the CGA as part of a calculated US effort to reframe the Asiatic rim (including former Soviet republics) in accordance with its designated vision and strategy (Starr, 2005, p. 67).

The US and its Allies hoped to bolster peace and stability in Afghanistan by boosting trade and help open new markets connecting it to Central Asia, Pakistan, India and beyond. Countries in the region know they have more to gain economically by working together than by being isolated. Game theory holds that decision makers do not operate in isolation, and their decisions cannot be unilateral, 'even two completely isolated individuals, who play with each other in absolute silence and without knowing each other's identity, must tacitly reach some meeting of the minds.' (Schelling, 1988, p. 163). So, it is possible to devise strategies that take into account the other, persuading it not to inflict harm on oneself because of the consequences that would follow. The South Asian economy is improving very fast, with a growing population and its demand for inexpensive, efficient, and reliable energy. Central Asia is a repository of vast energy resources including oil, gas and hydropower. The diversion of these resources southward from Central Asia to South Asia through Afghanistan would be a win-win for both the region's energy supplies and its energy users (US Department of State, 2009-2017). Game theory speaks of zero-sum games in which there is an absolute winner and absolute loser (it is purely competitive) and non-zero sum games in which both sides lose or both sides win (Dellios, 2017, p. 231). The US has provided support for Central Asia South Asia-1000 (CASA-1000) regional electricity grid, including a \$15 million contribution following the March 2014 World Bank commitment of \$526 million that allows Kyrgyzstan and Tajikistan to sell hydropower to Afghanistan and Pakistan. The US provided over \$1.7 billion in support for energy transmission lines and hydropower plants in Afghanistan since 2010 - and 1000 megawatts



were added to Pakistan's power grid, supplying power to over 16 million people, the goal was to boost trade and transit in South and Central Asia by improving roads, railways, bridges, border crossing facilities and by harmonising national custom systems, bringing states into multilateral trade institutions, and getting neighbours to work together so as to break down institutional and bureaucratic barriers to trade. The US has built or rehabilitated over 3000 Km. of roads in Afghanistan, supported Kazakhstan and Afghanistan's accession to the WTO and provided technical assistance for the passage of the 2010 Afghanistan-Pakistan-Transit-Trade Agreement (APTTA) and Cross-Border Transport Agreement (CBTA) between Kyrgyzstan, Tajikistan and Afghanistan. The US works with regional partners so as to reduce border wait times, increase cooperation at key checkpoints and crossings, and prevent the transit of illegal and dangerous material. Since 2009, intra-regional trade in Central Asia has increased by 49 percent, the average cost of crossing regional border decreased by 15 percent and customs procedures have been streamlined at seven Afghan border crossing points, resulting in expedite trade with an average release time down from eight days in 2009 to three and half hours in 2013, saving \$38 million annually (US Department of State, 2009-2017).

Regional economic connectivity involves more than infrastructure, border crossings, and the movement of goods and services. Jansen and Vennes state that Regional Integration Agreements (RIAs) help increase the benefits from participation in international trade and reduce associated costs. RIAs help participating countries to liberalise trade policy, reduce costs, reduce the risk of possible protectionist measures by trading partners, boost intra-regional trade, and overcome domestic political resistance to broader trade liberalisation (Jansen and Vennes, 2006, p. 14). To Krugman, the integration of regional economies is a first step to create a larger regional market for trade and investment. It stimulates greater efficiency, productivity gains and competitiveness – and this not just by lowering border barriers, but also by reducing other costs and risks related to trade and investment. Hiemenz and Lang Hammer hold that one of the possible gains of integration is the ability by member states to extract better terms from bargain during international negotiations (Hiemenz and Langhammer, 1990, p. 9). Walter Mattli underlines the significance of three major pillars for the success of an economic cooperation arrangement. The potential for economic gains from market exchange within a region is needed so as to assure the demand of norms, regulations and regional policies. Supply conditions must be fulfilled by political leaders so as to accommodate demands for regional institutions at each step of the integration process. Finally, there must be a strong state with a benevolent leadership, or a hegemon, to share coordination responsibilities and costs of the process (Mattli, 1999, p. 42). Sharing ideas and the expansion of economic markets also creates opportunities for youth, women

and minorities and enhances regional stability and prosperity. Balassa listed the principle dynamic effects of integration on large-scale economies, their technological change, market structure and competition, productivity growth, risk and uncertainty, and investment activity (Allen, 1963, p. 451). To Brada and Mendez, integration raises investment, reduces risks and enables firms to lower their costs as a result of increased economies of scale as well as a bigger pool of consumers (Brada, Joseph and Mendez, 1988, pp. 163-64). In the Asian energy and trade rim, Afghanistan is indispensable under the US tactical and strategic spheres (Lang and Falkowski, October 2014, p. 10). A top priority of the NSRI is to simplify and harmonise national customs systems so as to lower the cost of trade. The United States Agency for International Development's (USAID), the Trade and Accession Facilitation for Afghanistan (TAFA) and the TAFA-II programs supported a reorganization of the Afghan Customs Department which helped streamline customs procedures at seven border crossings in Afghanistan (Zimmerman, 2015, October, pp. 15-16). The US' objective is to empower Afghanistan with the help of additional transit and taxes from projected energy pipelines and intra-regional and trans-border trade projects between Central and South Asia. However, these are hard to realize in view of continuing Afghan turmoil and unfriendly India-Pakistan ties (Kaw, 2014, pp. 75-98). The Central Asia Regional Economic Cooperation framework was designed to streamline border customs and inspection requirements (Zimmerman, 2015, October, pp. 15-16).

The US aimed to end the Afghan conflict through country's economic empowerment. This is why Washington managed, amid conflict, to provide billions and billions of \$USD for the country's economic reconstruction. The US also encouraged international tendering for the exploration of Afghanistan's mineral wealth worth trillions of \$USD. The NSRI is a part of the US scheme to integrate energy-rich Central Asia and energy-deficient South Asia through and over Afghanistan and to reconstruct significant infrastructure links broken by decades of conflict. The US has funded university studies for hundreds of Afghan students across Central Asia, sponsored the Central Asia-Afghanistan Women's Economic Symposium and the South Asia Women's Entrepreneurship Symposium in support of thousands of women entrepreneurs and business owners and organised trade delegations, meetings and conferences in Almaty, Islamabad, Kabul, Mazar-i-Sharif and Termez - resulting in over \$15 million in trade deals (US Department of State, 2009-2017). However, the existing and growing Chinese influence seriously threatens the US' plans for Eurasia (Fouskas & Gokay, 2005, p. 29). Chinese experts routinely dismiss the project as an attempt to maintain America's influence in the region as the US draws down forces in Afghanistan. At the same time, Beijing questions whether Washington is willing to commit the political and economic capital required to support such a major effort. This view is

reinforced by the fact that a number of major NSRI initiatives appear to be stalled, including the perennial Turkmenistan-Afghanistan-Pakistan-India Pipeline (TAPI) (Zimmerman, 2015, October, p. 7).

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

The Chinese New Silk Road policies aim to enhance connectivity with neighbouring countries. In 2013, Chinese President Xi Jinping proposed to build the strategic idea of the ‘Silk Road Economic Zone’ and ‘Maritime Silk Road’ in the twenty-first Century with Central Asia, collectively referred as Belt and Road Initiative (BRI). Under this strategy, energy and transport infrastructure projects are to be developed in cooperation with neighbouring countries. A Maritime Silk Road is also to be developed focusing on the littorals of Southeast Asia (Rana and Chia, 2014, May, p. 3). There are important differences between the Belt and the Road with implications for both Chinese and foreign firms. The Belt is a land corridor that crosses Central Asia reaching Europe and connects two of the world’s largest economies, China and Europe. The route will emerge as a major logistics corridor and create new opportunities for both Central Asia and Eastern Europe. The Maritime Road is a densely populated consumer and industrial opportunity. Like the landlocked Belt, it also connects China and Europe, yet it crosses Southeast Asia, South Asia, the Middle East and East Africa. The multinationals from all countries will find significant opportunities over the coming decades (Mckenzie, 2017, p. 5). The idea of the BRI was to forge closer economic ties, deepen cooperation, and expand development in Eurasia. In early 2015, the contours of Beijing’s strategy began to emerge as China’s leadership laid out plans for this ‘Silk Road Economic Belt’ crossing through Central Asia, and a ‘Maritime Silk Road’ crossing through Southeast and South Asia. Both have been portrayed as an opportunity to reshape the economic and political order in Central Asia and the Asian Pacific by promoting a network of trade routes, political cooperation, and cultural exchanges. By doing so, China intends to place its sometimes-restive western and interior provinces at the heart of its engagement with Central and South Asia in an effort to accelerate development and promote stability. Beijing sees accelerated development as the most promising cure for the persistent instability in Xinjiang Province, where concerns exist regarding growing threats from terrorism, extremism, and separatism. By establishing the province as a gateway to a ‘Eurasian Land Bridge’ through Central Asia to Europe, China hopes to alleviate one of the greatest threats to its internal security. The March 2015 blueprint for BRI states that China intends to ‘make good use of Xinjiang’s geographical advantages’ and ‘make it a key transportation, trade, logistics, culture, science, and education centre.’ While China has gone to great lengths to frame its initiatives in

cooperative non-exclusionary terms and emphasize its openness to a wide range of stakeholders, it also clearly intends to further establish itself as a central actor in regional affairs. The BRI constitutes an effort to counterbalance the US' 'pivot to Asia' and American attempts to 'dominate' the region. Chinese policy makers consider the BRI as a mechanism to promote peace and stability in the region by strengthening China's bilateral relations with its neighbours and developing international organizations not dominated by Western powers (Zimmerman, 2015, October, p. 6). The Chinese vision of the BRI has been depicted by regional economic integration theorists. Lawrence introduced the concepts of 'shallow integration' and 'deep integration'. Deeper integration is currently becoming more important than simple shallow integration limited and confined to the change in the tariff or 'border barriers.' For once tariffs are removed, there still remain complex problems between union countries regarding different regulatory policies. Deep integration, on the other hand, refers to a wider space of cooperation. In this case, member states pursue common rules and supra-national implementation mechanisms. National practices include competition policy, product standards, tax policy, administrative procedures, investment policy, and labour or environmental standards (Galal and Hoekman, 1997, pp. 22-24). De Melo and Panagariya describe it next to the 'second wave of regionalization' for it involves an additional focus regarding the coordination of the whole legal and institutional setup governing the member countries of a union (Melo and Panagariya, 1993, p. 17). According to the Chinese President Xi Jinping as of January 2017 over 100 countries and international organizations have responded well to the initiative and over 40 have signed cooperation agreements. Already, BRI-related projects involving over \$900 billion USD are under way. However, it is worth noting that the Asian Development Bank estimates that by 2030 the initiative will cost over \$22.6 trillion. In any case, the Initiative has received an immense amount of positive reactions (LehmanBrown International Accountants Publisher, 2017, p. 2).

China uses the BRI to increase its regional influence and play a larger leadership role. It was around mid-2014 that President Xi Jinping began pushing the mantra of 'Asia for Asians.' China began invoking a sense of regionalism and creating a space for itself to lead by presenting new solutions to regional issues. China stressed on the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia (Baruah, 2018, August, p. 8). The objective of inter-state integration is to establish a frame work for coordination and greater integration for mutual benefits including security (Mill, 1948, p. 305). Karl Deutsch defined this regional integration as 'a relationship among units in which these are mutually interdependent and jointly produce system properties which they would separately lack.' (Deutsch, 1968, p. 159) De Lombaerde and Van Langenhove describe it

as a worldwide phenomenon of territorial systems that increases interactions and creates new forms of organisation which co-exist with traditional forms of state - led organisation at the national level (Lombaerde and Langenhove, 2007, pp. 277-283). The regional development aspect of the BRI is one of China's most important economic policy objectives. In 2014, the BRI was officially incorporated into China's national economic development strategy at the Central Economic Work Conference, the annual agenda-setting economic summit for policymakers (Cai, 2017, March, pp. 6-7). One can expect higher economic growth and improved human welfare through an expanded and shared market for goods and services. Economic integration encompasses measures designed to abolish economic discrimination between partner national states. It can be also represented by the absence of various forms of discrimination between national economies (Balassa, 1961, p. 1). According to Allen, the basic ingredient of any integration is the elimination of barriers to trade among two or more countries (Allen, 1963, p. 450). There is a demand in both China and South Asia for gas and electricity, which is abundant in Central Asia. Therefore, energy cooperation and energy infrastructure connectivity has been an important topic under the BRI, which already provides other infrastructure (both hard and soft) for regional and extra-regional connectivity. Afghanistan will certainly have a significant role in energy cooperation between Central Asia and South Asia - a role that has been recognized, with several energy transmission projects under way (Safi and Alizada, 2018, August, p. 6). China's trade with the Central Asian region has grown dramatically in recent years, from roughly \$1 billion in 2000 to over \$50 billion in 2013. China identifies transportation bottlenecks as a primary barrier to regional economic integration. In its initial stages, the Silk Road Economic Belt is being framed as a series of transportation, energy, and telecommunication infrastructure projects.

Beijing intends the recently established Asian Infrastructure Investment Bank (AIIB) to act as important financing instrument for BRI-related projects. The AIIB will possess a \$100 billion capital base and constitute a multilateral institution with up to 57 countries registered as 'founding members' (50 countries signed the Articles of Agreement, the other seven had not yet obtained approval from their legislatures). The BRI is to strengthen cooperation between European and Asian countries, promote trade, and achieve mutual benefits and win-win situations. The Asian Investment Bank focused on solving the problem of infrastructure, while stimulating the rapid development of the economy (Wuthnow, 2017, October, pp. 4-7). China also pushed for the Shanghai Cooperation Organization (SCO) to establish a financial institution that would provide an additional funding stream for BRI-related projects. Russia has historically been concerned over the potential of an SCO development bank increasing China's leverage in Central Asia, but

this dynamic appears to be shifting. In March 2015, SCO General Secretary Dmitry Mezentsev said that the organization would ‘combine its development strategies’ with China’s Silk Road strategy and that all members would be invited to participate in the initiative. Four months later, Russian President Vladimir Putin agreed to take steps to integrate the Silk Road Economic Belt with the Eurasian Economic Union (EEU), using the SCO as a coordinating platform. Beijing appears to view the SCO as a primary mechanism to rally regional support for its initiatives as the organization increasingly looks to play a greater role in global affairs. Chinese policy experts have described plans for the SCO to play a ‘driving role’ in the BRI. The SCO granted Afghanistan observer status in the SCO in 2012 and, in July 2015, voted to grant full membership to both India and Pakistan (Zimmerman, 2015, October, p. 7). Michael Clarke has pointed out that the Chinese government and the Shanghai Cooperation Organization (SCO) are determined to fight terrorism, extremism and separatism (three evils; Clarke, 2016, January, p. 16). The China-Pakistan Economic Corridor (CPEC), which links Kashgar in Xinjiang with the Port of Gwadar has been called a ‘flagship project’ of the BRI. This project is also the clearest example of how the BRI’s geo-strategic rationale intersects with its economic drivers (Cai, 2017, March, pp. 6-7). Chinese experts characterise the CPEC as an effort to increase Pakistan’s economic resilience and encourage stability, as well as a way to reduce China’s dependence on petroleum passing through the Malacca Straits from the Middle East to China. China has also long worked with Pakistan so as to isolate Uighur militant groups in the region and dissuade other extremist groups from providing them support. As China has increasingly developed an Afghanistan policy outside its relationship with Pakistan, it has also started to pursue more direct methods for applying pressure to Uighur militants in the region, including direct engagement with Afghanistan (Zimmerman, 2015, October, pp. 10-13). China can address the internal security problems in Xinjiang through economic development - as Gwadar is the closest sea port to the landlocked western region. Beijing realizes that substantial investment and trade will promote economic growth and stability, thus alleviating socio-economic disparity in the region (Bhattacharjee, 2015, May, p. 2). Besides peace and economic stability in Xinjiang, the Gwadar port offers Beijing an advantageous position in the energy-rich Caspian Region. The corridor provides an important trade route linking Xinjiang to the energy-rich Central Asian states through the Gwadar port for the purposes of energy and trade exchange (Cai, 2017, March, p. 3). The success of China’s regional economic ambitions depends on stability within Afghanistan. There is a general agreement over the importance of stability in Afghanistan to the success of Beijing’s regional economic ambitions. China has adopted a two-step process over the past twelve years so as to increase its stake in Afghanistan, meaning investments and

political engagement. In 2007 Beijing won it won a \$3.5 billion contract to operate the Ayanak copper-gold mine in the country's eastern Logar Province. Later it also invested in oil and gas exploration projects and railway infrastructure development in the war-torn country. Beijing made political contacts with both the Afghan government and the Taliban so as to promote a political settlement of the conflict (Haider, 2020, April 1). China's Foreign Minister Wang Yi articulated during his visit to Kabul in 2014 that China believes peace and stability in Afghanistan to have an impact on the security of western China and in the tranquility and development of the entire region (Zimmerman, 2015, October, pp. 10-13). Beijing wills to block any contact between the Taliban and ethnic Uighur Muslim militants seeking independence from China. Long-term stability in Afghanistan is also necessary in order to extend the CPEC to the war-wracked country. Beijing sees Afghanistan as a primary link between Central Asia and the CPEC. Beijing has pursued positive engagements with the Taliban movement which controls over half of Afghanistan's territory. These ties have increased over the past couple of years. In 2019 Taliban representatives paid at least two visits to Beijing (in June and September) so as to pursue talks with Beijing officials (Haider, 2020, April 1).

The US response to a rising China has largely focused on bolstering military capabilities, doctrines and partnerships in the Asia-Pacific or Indo-Pacific. This approach overstates the security threat and understates (ignores) the economic challenge. The nascent BRI illustrates the transformative geo-political implications of China's rise. The major infrastructure and development projects designed to connect various Eurasian regions is a coherent enterprise of unprecedented scale: \$4 trillion of promised investments in 65 countries representing 70 percent of the global population, 55 percent of its GNP, and 75 percent of its energy reserves (The Diplomat, 2018, June 5). Beijing has played an active role in the run up to the Afghan endgame, as it has aspired to assume a greater role in Afghanistan after the U.S military withdrawal. China's economic interests in Afghanistan coincide with its wider plans: to develop western China, increase regional trade links, build energy pipelines, and expand its economic influence in the region. China is likely to deepen its strategic partnership with both Pakistan and Afghanistan so as to form a 'Pamir Group' and establish a new Silk Road linking the Caucasus to western China (Haider, 2020, April 1). The US-Taliban peace deal may add a new dimension to the NSRI. The agreement is an important milestone in war-torn Afghanistan's contemporary history. It may prove to be a positive turning point leading to a de-escalation of conflict, or a negative one heralding the start of a new escalatory phase of violence in Afghanistan's decades-old civil war. Afghanistan's experience over the past four decades, the Taliban's record, the U.S.'s own history of washing its hands off Afghanistan once its limited goals are met, and the sheer

complexity of the Afghan conflict indicate that the Agreement for Bringing Peace to Afghanistan might not bring peace to the war-ravaged country (Ramachandran, 2020, March 7). However, the gap in US-Taliban talks created space for Beijing to increase its reconciliation role in Afghanistan. Presently, China is committed to host a meeting between the Afghan government and the Taliban, a key US demand that has been rejected by said Taliban - which deride the Afghan government as a US puppet. If this were to occur, it would mean that, after the withdrawal of US troops from Afghanistan, the actual political settlement process would be initiated and led by Beijing (Haider, 2020, April 1).

### 3.1. Conclusion

The ancient Silk Route constitute a natural transcontinental trade and transportation project spawning various areas from China to Europe and Africa through India, Afghanistan, Central Asia, the Middle East, etc. It is emerging under peculiar circumstances. The US announced a trade and transportation project (NSRI) for South and Central Asian integration over war-torn Afghanistan. It symbolizes an act of intra-state and trans-border trade agreement among Eurasian countries including Afghanistan, Pakistan, India, Central Asia and Europe. It seeks to renew the Old Silk Route in a new fashion and with new interests and actors. The NSRI aims to promote more efficient land-based transit and trade infrastructure at the regional level and allow free trade and transportation along national borders. The US primary purpose is to restore stability and economic vigour in Afghanistan by building a South Asian trade network, improving infrastructure constructions and legal systems, attracting investments, etc. It is hoped that Afghanistan can be transformed into an economically successful country wherein America's image is enhanced. Ultimately, the US wills to establish long-term dominance in the country and the region at large. Other goals include to weaken Russia's influence in Central Asia and China's stand in Southeast Asia – as America's comprehensive national strength and international status are enhance and expanded in the whole of Eurasia. The NSRI thus constitutes a sort of foreign policy vision for both Central Asia and South Asia.

The BRI aims to stabilize China's western peripheries, rekindle its economy, propel non-Western international economic institutions, gain influence in other countries and diversify trade supplies/routes while circumventing the US pivot to Asia. The BRI initiative has the potential to integrate Afghanistan into the regional economy in ways the U.S. has sought to do for years. Central Asia has always been a strategic area for Eurasian continental competitions in the world. China and the five Central Asian countries have united to form a strategic partnership of friendly relationship and higher trust degrees. Non-interference with each other's foreign policy has also been an unprecedented benefit. This has achieved



a win-win cooperation structure. Beijing believes that the U.S. and its allies have worked to prevent China from playing a role in the region commensurate with its size and economic clout. The U.S. has reinforced this perspective in recent months through its failure to pass IMF reforms and its subsequent opposition to the AIIB. While the Silk Road initiatives have been envisioned as inclusive and adaptive frameworks, they were also conceived, in part, as a way to address this perceived imbalance. Thus, it is unlikely that Beijing will see a significant role for the US in the BRI.

The recent peace deal between Afghanistan and Taliban's could change the trajectory of the conflict, yet it is unlikely to bring peace to Afghanistan. Narrow self-interest by the two signatories drove the deal, rather than the objective of peace in Afghanistan. The conflict-ridden but strategically located country of Afghanistan could either prove to be a unique opportunity, or a formidable security challenge for China. China has worked over the past twelve years to convert security problems emanating from volatile Afghanistan into a strategic and economic opportunity to expand its influence to South and Central Asia and even further to the Middle East and Europe. Beijing gradually attains greater economic stakes and diplomatic influence in the war-ravaged country. China may be expected to leverage the CPEC so as to provide a springboard for the extension of its BRI into both Afghanistan and Iran, and onwards into the energy-rich Gulf region. The withdrawal of US troops may be an opportune time for China to become a major player in Afghanistan - with the help of Pakistan.

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