IMPACTS OF THE CHINESE SREB ON AFGHANISTAN
FINANCIAL AND ECONOMIC IMPACTS OF THE CHINESE SILK ROAD ECONOMIC BELT PROJECT ON AFGHANISTAN

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Abstract

Purpose of the study: This study sought to establish the possible financial or economic benefits that could be derived from the Silk Road Economic Belt project. Emphasis was laid on the perceptions of citizens of the nations of Afghanistan and China on how the project will impact them as a nation, organizations, and individuals.

Methodology: The study took a mixed approach with the main focus being on a qualitative approach with some aspect of quantitative analysis.

Results: It was found that the respondents perceived the project to be of great importance that would have financial impacts on both Afghanistan and China, with conditions of good governance being prominent.

Applications of this study: This research can be used for the universities, teachers, and students.

Novelty/Originality of this study: In this paper, for the first time impacts of the Chinese Sreb on Afghanistan have been studied.

Keywords: Silk Road Economic Belt, Afghanistan, Trade, China, Economic Growth.

INTRODUCTION

A glance at the Silk Road and a subsequent reference to the divergent scientific and historical recordings presents more than 5500 years of history of one of the important trade routes in Asia. The road whose length covers over 8000 kilometers has approximately 122 kilometers passing through a number of Afghan provinces. The Silk Road refers to ancient trade routes networks that were for several centuries at the core of cultural interaction initially through the Eurasia region linking the West and East, as well as stretching from as far as Japan and the Korean Peninsula up to the Mediterranean Sea.

According to Sidaway and Woon (2017), the concept of the Silk Road refers to both the maritime and terrestrial routes that connect the Middle East and Europe, as well as Asia and Africa. Nevertheless, the steppic route (terrestrial) that stretches across the Eurasian steppe is regarded as the Silk Roads “ancestor. Over time, the route has maintained its geo-strategic and geo-economic position, an action that has immensely benefitted both the protection of heritages and the exchange of cultures. The trade activities that occurred along the Silk Road played an important function in the development of nations such as China, Japan, Korea, Europe, Persia, Arabia, Horn of Africa and the Indian sub-continent amongst other regions, in addition to opening long-distance economic and political relations amongst the civilizations. In addition to the exchange of goods through trade, religions, technologies and syncretic philosophies were also exchanged.

A number of diseases including plague also spread throughout the Silk Road. The Silk Road acted as a cultural trade route between the various civilizations that were found along with it. In the course of the antiquity period, some of the key traders on the Silk Road included the Chinese, Indians, Arabs, Jews, Persians, Syrians, Georgians, Greeks, Bactrians, Romans, Somalis, Turkmen and Sogdians amongst others. The success of the Silk Road has led to the development of the route in recent times in a bid to revive and promote trade amongst the nations found along the trade route.

As from the year 2006, the leadership of nations that are found along the Silk Road made the decision to rename the road the “The New Silk Road Economic Belt”. Similarly, in the year 2013, the Chinese government introduced the One Belt One Road initiative, which refers to a development framework and approach that lays emphasis on the cooperation and connectivity amongst nations that are found in the region initially covered by the Silk Road. It comprises two key components that include the Silk Road Economic Belt that is land-based and the Maritime Silk Road that is maritime ongoing, and this does not only make Afghanistan important aspects of the silk route but also the hub of the route. Thus, through the reconstruction of the route, it is highly anticipated that it would have positive impacts on aspects such as the economy, political stability, and security of Afghanistan.

This study sought to establish the possible financial or economic benefits that could be derived from the Silk Road Economic Belt project. Emphasis was laid on the perceptions of citizens of the nations of Afghanistan and China on how the project will impact them as a nation, organizations, and individuals. The study took a mixed approach with the main focus being on a qualitative approach with some aspect of quantitative analysis.
BACKGROUND

The recent visits made by the Afghan president to China, professional discourses and several media reports have consistently been a reminder that the notion of the new Great Silk Road promotion has been under discussions for more than two decades. The notion concerns reviving the trade route that for a number of centuries linked China to Europe through a number of Central Asian countries including Afghanistan, and, therefore, bring improved collaboration and prosperity amongst the nations found along the trade route. This was intended to mitigate the various negative impacts of the remoteness from key international markets that have additionally posed restrictions for central Asian nations that are land-locked.

In reality, a number of concerted efforts have been made with the objective of reviving economic cooperation amongst the central Asian region nations not just by the Asian governments but additionally through a number of global players. Amongst such efforts is the New Silk Road initiative that was developed by Washington in 2011 and introduced by Hillary Clinton who was the Secretary Of State at the time. The main objective behind the establishment of the new Silk Road was to ascertain the political stability of Afghanistan as well as other parts of central Asia through the promotion of the South to South cooperation, political discourse, and close relations. Beijing, on the other hand, made announcement on the Silk Road Economic Belt and the Maritime Silk Road in the year 2013 as part of the One Belt, One Road initiative (Yu, 2017; Adedeji, 2018). In this regard, it can be observed that the Silk Road Economic Belt was mainly introduced as a way of encouraging the West-East economic stability and cooperation within the central Eurasia region through the development of various tools for the construction of a single supra-regional market, as well as ensuring a sustainable movement of products, services, and investments.

China went ahead to establish the Asian Infrastructure Investment Bank as one of the key fiscal tools that would assist in the execution of the Silk Road Economic Belt project (Sidaway & Woon, 2017). However, the nations involved in the Silk Road Economic Belt have maintained that the Silk Road Economic Belt, which is economically empowered, does not in any way rival the similar New Silk Road project initiated by the United States in 2011 (Novikova et al., 2018).

CHINA’S ENGAGEMENT WITH AFGHANISTAN

Even as Afghanistan has been mentioned occasionally in the various statements delivered on the Silk Road Economic Belt by the Chinese government the nation has never been very far from the surface (Palit, 2017). Thus, as Beijing pursues its economic integration with southern and central Asia so as to support the Xinjiang stability and development agenda, it perceives the continued security deterioration in the Central Asia region as being one of the key threats to its economic plan. According to Sidaway and Woon (2017), the discourses with various Chinese scholars have indicated that even as there exists a general concurrence with regards to the significance of Afghanistan stability in relation to the desired success of regional economic pursuits by China, there is also a dearth of agreement with regards to the role that Afghanistan will play in the plan, and not just in terms of economics but additionally in the security and political capacity.

Further, as from the year 2001 that witnessed the intervention of the United States in Afghanistan, China has made several attempts to prevent getting drawn into the Afghan conflict. Whereas China has not made any worthwhile investment in the Taliban led government’s continuation (this is mainly attributable to the observation that Taliban permitted the establishment of several Uighur training camps for militants in Afghanistan), it did not see any gain it would make through association with the military action taken against the militant organization. Also, part of this was mainly as a result of the perspectives that a larger proportion of the Chinese and Beijing had; being considered as one of the key allies of the United States in the Afghan conflict would make China a key target of the Islamists and extremist organizations. All through the Afghan conflict, Beijing worked hard to sustain the various channels that the country had developed with the leaders of Taliban in Pakistan, even as it made attempts at developing effective bilateral relations with the novel Afghan government.

A number of China’s leaders have held the conviction that in case the US would have not been engaged in Afghanistan, then it would have devoted a huge amount of its resources in a bid to contain China. Moreover, Chinese scholars and analysts have effectively interpreted the statements of the US government regarding the “pivot” or rebalancing in relation to Asia as a message that has been thinly coded and mainly intended to restrain the rise of China. Even as China has been concerned about the increasing instability and insecurity in Central Asia, a number of Chinese officials, however, regard the prospects of the free United States choosing to concentrate on China as a key strategic challenge. Thus, the message delivered by Washington has effectively reinforced this perspective.

On the other hand, even as China tends to be appreciative of the observation that the United States whose concentration is directed afar from East Asia, there is concerns on long-term Washington’s regional design for East Asia, especially if one takes into account the various military infrastructure that it is developing in Central Asia. Moreover, a number of Chinese officials have observed their concern regarding the potential of the CIA using United States’ foothold within the region as a way to arouse tension within Xinjiang region. A notable outcome of such suspicions regards the observation that the United States has increasingly felt the pressure from China requiring it to fast remove its military troops from central Asia, even though China seems unprepared to assume the steps that the United States feels are likely to add on to the security and stability of Central Asia region thereby making the drawing out of the American military troops possible.

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The various Chinese authorities have continuously raised concerns with regard to the manner in which China’s initial investments in Afghanistan have been depicted and treated in the United States. An immense degree of sensitivity still exists with regards to the allegation of China trying to bring about power play within Afghanistan and also that it is only coming to reap the fruits of the United States’ labor. In reaction to such observations, a number of Chinese scholars have suggested that such a kind of rhetoric targeting China’s on-going activities in Afghanistan tends to strengthen the perspective that the United States is regarding itself as being in a zero-sum regional rivalry with China.

In spite of China’s growing reputation with regards to the making of investments that are considered high-risk, Beijing seems to perceive some of its most recent investments in Afghanistan with a lot of caution. In the course of the year 2007, Chinese consortium comprising Jangxi Copper and China Metallurgical Group Corporation, which are all owned by the state, was awarded a 30 year lease with a total value of $3 billion to construct copper mines in the Mes Aynak region, an area considered to have the globe second-biggest copper deposits. Through the contract, China will have express access to the much sought after mineral resources, even as Afghanistan will be able to gain from the revenues earned from the mine operations. The investment and business venture are promising to exceed all the international investments that have been made in Afghanistan to this day and are also prone to enable the Afghan government collects a maximum of $500 million in taxes and royalties. This will increase the GDP of Afghanistan by approximately $1.2 billion. According to the World Bank, the project is likely to create approximately 4500 jobs directly and another 7600 jobs indirectly (Palit, 2017). Over and above this, China approved the construction of railway lines that would enable the transportation of the minerals that would be extracted from the mines to Uzbekistan and Pakistan, as well as the construction of a 400 MW power production plant, road and educational institutions, a smelter for the refining of copper, and a coal mine.

Nearly from the beginning, the project turned out to be a major disappointment to both the Chinese investors and the Afghan government. Nonetheless, a number of global observers have accused China Metallurgical Group Corporation of having over-promised in the bids it delivered even as China Metallurgical Group Corporation had notified the authorities of the various unexpected challenges and amongst them was the international interests related to the need to preserve the various archaeological discoveries within the mining sites, as well as the political wrinkles that have occurred in Kabul in relation to the mining laws. The fast-declining international copper prices, the Chinese economic slowdown, and Afghanistan’s deteriorating security situation have additionally compounded the matter. Further, the Mes Aynak area along with the other surrounding regions has also been prime targets of the militant and terrorist organizations. For instance, in the year 2014, China Metallurgical Group Corporation transitorily withdrew all its Chinese employees from the mines following heightened security concerns (Amighini, 2017).

In past years, China has sought to renegotiate the contract terms and China Metallurgical Group Corporation has supposedly made attempts towards getting out of the commitment it made with regards to developing a power plant, copper smelter and railway line noting the dearth of the local phosphate. This has, therefore, led to the questioning of the practicability of the Indian proposal with regards to the mining of iron in Bamiyan, a proposal that is heavily reliant on the planned Chinese SREB infrastructural investments. Moreover, China Metallurgical Group Corporation has additionally proposed the reduction in the amount of royalty payments to be made from the initial 19.5 percent to approximately 10 percent, a request that is prone to bring about an approximated $114 million loss in the yearly revenues to the government of Afghanistan. As of June 2015, the Afghan Minister for Mines proposed that he was willing to reassess Mes Aynak agreement and might, in the end, pull over the renewal of the tender (Palit, 2017).

Still, it can be observed that the government of Afghanistan has continued to have an immense deal on the basis of the project’s success and is interested in seeing it commence soon. However, China Metallurgical Group Corporation has been actively involved in the pursuit of extra investments up to such a time that the after-NATO drawdown milieu becomes increasingly palpable. In this regard, Afghan president has made several deviations with regards to the increment in security support in the areas close to Mes Aynak infrastructures and has gone on to make numerous appeals to various Chinese investors and government to take into considerations the need to increase their investments in the country’s mineral resources (Amighini, 2017). Such appeals led to the securing of the various oil fields development rights in North Afghanistan basins such as Amu Darya by China National Petroleum Company in 2012. In this regard, President Ghani has increasingly built up the outreach to China by his predecessor, and this has resulted in closer security, political and economic relations with the Chinese government one of Afghanistan’s main concerns. Besides President Ghani making his initial official visit to China, he has also made several propositions to China following his assumption of office and has been actively involved in the amassing of support for the “One China Policy”, with regards to the issues surrounding Taiwan, Tibet, and Xinjiang. Moreover, the National Directorate of Security in Afghanistan has regularly informed China with regards to the capture of various Uighur militants in Afghanistan, thereby preparing necessary dossiers for China’s security officials by laying the vital evidence out to enable the tracing the captured Uighur militants to various Islamist camps located in Pakistan. Further, Afghanistan has been engaged in the transfer of militants captured in its territory to China. In this regard, President Ghani has made immense efforts with regards to influence so as to pressure Pakistani government to force Taliban to the discussion table with the government of Afghanistan. In response, China has been increasingly involved and played a direct role with regards to the facilitation of the Afghan peace process involving Taliban and Kabul (Fasslabend, 2015). This saw the appointment of a special representative by China in 2014 to handle the China and Afghanistan issues in 2014, even as China hosted the Istanbul Ministerial Meeting Process. Additionally, China has been involved in negotiation of the trilateral dialogues between Pakistan and Afghanistan. This has been
perceived as China’s readiness to play a positive function, and is, therefore, will offer the essential facilitation at any moment if needed by the different parties found in the country. Additionally, China also hosted two delegations from Afghanistan in the year 2015, and these included the Urumqi meeting that comprised government (Afghan) delegations and Pakistan’s ISI representatives (Palit, 2017). In 2015, officials from United States and China also partook in the observation of the Murree talks between the Taliban and the Afghan government.

In his 2014 visit to China, President Ghani secured a $327 million worth of aid, in addition to the pledge of novel investments and training of the Afghan police for five years. Also, in recent times, pledges have been made by President Xi of China with regards to increasing cooperation on security matters with Afghanistan and the provision of 2016. Chinese experts also emphasize that while there is concern over the current security situation; China remains

**LITERATURE REVIEW**

The main aim of the Silk Road Economic Belt project regards the expansion of China’s economic connections and political influence throughout the Eurasia regions and through the construction of colossal infrastructure projects and divers investment schemes. The Silk Road Economic Belt initiative has turned out to be not a mere concept but also the biggest global project of major economic interests to every nation on the Great Silk Way, including Afghanistan. The execution of the Chinese “Silk Road Economic Belt” initiative can result in the transformation of the novel construction of the global economy throughout Eurasia, in which one of the key links in Afghanistan. The cooperation between Afghanistan and China through the SREB is prone to take Afghanistan to a new level with regards to economic cooperation and integration with the other nations along SREB and also in relation to integration with the international markets (Tsui et al., 2017).

According to Sárvári, the strategic commencement of the SREB cannot only be perceived as a novel initiative that has been opened by China in recent times but is also a new necessity for the Asia-Europe regional economic incorporation, as well as for the globalization of the globe’s economy. This paper, therefore, focuses on the assessment of the extant national and regional advantages that Afghanistan is prone to gain from the SREB.

In highlighting the advantages of the SREB initiative, Jinchen maintains that the SREB initiative is prone to have a positive impact on the Afghan industry. Thus, Clarke additionally maintains that the SREB is likely to take the economy of Afghanistan to another level as a consequence of the coordinated development that is prone to occur along SREB has been put forward, several municipalities and provinces in Afghanistan and nations along the road project have commenced layouts throughout the length of the economic belt, and have also placed forward effective strategies for industry development, and whose layout concepts have been founded with the objective of sharing on the SREB dividend policy. The reasonable layout of the industrial space, therefore, forms the basis of the SREB to effectively play the diffusion and scale effects. Consequently, the areas that surround the SREB including the states, cities, provinces, and nations have to base their various comparative advantages in relation to industry as the main breakthrough.

The announcement of the SREB initiative was immediately followed by the doubling down of Afghanistan’s investments in aspects such as infrastructure, highways, special economic zones, railways, and commercial centers. The investments in both the logistics and transport sectors that were mainly aimed at modernization of Afghanistan’s infrastructure, altering the transport routes architecture of Eurasia, as well as reorienting the international supply chains with regards to the routes that go through Afghanistan. This has led to determination of special economic zones in Afghanistan, and which will include zones such as transport and logistics and industrial zones. According to Tsui et al. (2017), the key objective of the special economic zones is mainly to boost exports and Afghanistan’s transit potential within the Eurasian region, competency development in the global logistics field and foreign investors’ attraction.

Transit and logistics are key sources of immense interest for the investors in Afghanistan, and particularly along the SREB, even though it is not the only one. Moreover, the distribution from the special economic zone attractive, as the distribution times are reduced, especially in instances where dry ports have or will be established, and which will include the transit and logistics zones. Being the transport link that connects the Asian, European and Pacific markets, Afghanistan is prone to be a powerful global logistics hub along the Silk Road as it will enable the development of novel transport and trade links between Central Asia, China, and Europe. Thus, SREB offers Afghanistan the opportunity to effectively promote the expansion of its logistics and transport potential within Asia, and this is also prone to aid it in attracting investment to the nation and the region. In complementing the extant transport projects, SREB will give Afghanistan and other nations located along the SREB to realize their potentials as nations that are landlocked.

In reviewing the advantages that Afghanistan is prone to reap from the SREB initiative, Ranjan notes that the project presents the country with immense opportunity with regards to economic development, as the initiative will aid it in overcoming the various hindrances to economic development through the use of investment in infrastructures such as transportation, telecommunications, and energy. The beneficial geographical location of Afghanistan and copious natural resources, in case used properly, have the ability to make the nation a vital player within the intra-regional energy and trade networks, either as a transit hub or a supplier. Nonetheless, in relation to the deterioration of the security situation in Afghanistan, as well as China’s subsequent detachment in the establishment of concrete roles for Afghanistan, it is deemed that economic gains from the SREB project will mainly depend on the aptitude of the country’s government to generate an optimistic milieu for investments and trade.
Additionally, Minghao asserts that the unique geographical location of Afghanistan also makes it a vital linkage South Asia, over and above West and East Asia. Further, it is ornately endowed with a number of natural resources that are likely to pave way for the country’s economic growth. Nonetheless, Afghanistan has been unable to leverage such advantages so as to facilitate economic development as a result of the prolonged history of war in addition to political instability. At present, Afghan economy is marked by a lower gross domestic product growth of approximately 1.5%, increased levels of inflation, and higher unemployment rates. Afghanistan also has a negative trade balance of approximately $5.65 billion, as a consequence of the increased reliance on imports that amount to $6.42 billion, even as exports have, on the other hand, remained low at $770 million. Over a third of the country’s population are living below the UN set poverty line, even as Afghanistan’s key source of income has continued to be global financial support, which funded nearly 90% of the country’s development budget in the year 2015 (Brewster, 2017).

After the formation of the National Unity government, as a result of the 2014 parliamentary elections, the government expressed its intent to reduce the country’s foreign dependency, in addition to the rebuilding of the economy of Afghanistan on a model that is increasingly sustainable. Such declarations were made after the release of plans for the SREB initiative by China in 2013. The SREB project has committed approximately $890 billion for nearly 900 projects including energy, transport and telecommunication infrastructure in the 60 nations that it will pass through. Moreover, it will lead to economic incorporation networks for both transit and trade throughout Eurasia, and covering nearly two-thirds of the overall population of the globe, 55% of the globe’s GDP, as well as 75% of the energy reserves of the globe. It is worth noting that such statistics have prompted to observe that SREB has the potential to effectively incorporate the nation (Afghanistan) into Asia’s regional economy, in a manner that the United Nevertheless, integration of Afghanistan into SREB and realization of the potential advantages from the integration tends to be an intricate issue. Even as the Sino-Afghan relations have improved considerably over the last few years, leading to China becoming the biggest investor in Afghanistan, China has remained detached with regard to Afghanistan’s political instability and security challenges. This been mirrored in the unwillingness to make known the way in which Afghanistan will be connected to SREB, and also the existing investments in Afghanistan that also fall under the initiative. If SREB will transform the economic future of Afghanistan is reliant on the nation’s aptitude to generate a milieu that will permit its positive contribution in intraregional transit and trade.

On the other hand, regarding the opportunities presented by SREB to Afghanistan, asserts that SREB gives the country the potential to play a key role with regards to the inter-regional transit and trade. Given that it is a resource-rich country, Afghanistan can gain from access to international and regional markets. Afghanistan’s strategic position as the ‘Heart of Asia’ also makes it a vital trade and transit hub for the region. The promising nature of Afghanistan’s rail and road networks has, to this day, making it difficult for the country to make most of the international and intraregional trade. A good instance of such inadequacies has been mirrored in the huge trade expenses of exports that originate from Afghanistan and go to West and Central Asia. At present, an export commodity takes nearly 89 days to move from Afghanistan to the other Asian nations. The dearth of connectivity, with regards to transport and communication, has also been observed as a key hindrance to satisfying the aspirations of Afghanistan as the regional ‘roundabout’ in relation to transit and trade. For example, it has been observed that incase 20% of Asia’s western trade was mainly transported using the roads, commodities worth $100 Afghanistan. The enhanced connectivity of Afghanistan with the other regional economies through transit and trade is approximated to bring a total of $606 million in earnings to Afghanistan.

The upgrading and subsequent relocation of production industries to nations along the Silk Road Economic Belt offer increased opportunities with regards to the industrialization of the nations that lie along the route. The upgrading of China’s production industry along with the relocation of various factories in the nations found along the Silk Route offers opportunities for industrialization in economies that are less developed (Amighini, 2017).

The medium and long-term economic development of Afghanistan will mainly rely on the country’s agriculture, gas and oil, and mineral industries. Bigger proportions of the nation’s population have remained reliant on agricultural activities even as the development of the agricultural sector remains vital for tackling the nation’s runaway poverty. Enhanced connectivity is also of immense importance to the full integration of Afghanistan’s agriculture industry into the global and regional value chains (Huang, Fischer & Xu, 2017). At present, Afghanistan remains richly endowed with increased amounts of natural resources that are untapped and that might make it an important and potential global energy supplier. As such, investing in mineral mining and exploitation activities will enable Afghanistan’s economy to be able to sustain itself through the improvement of revenues, as well as minimizing the reliance on foreign aid and support. above projects along with the enhanced connectivity between Afghanistan’s mining regions and the various global

RESEARCH METHODOLOGY

To answer the research question, the use of apt research methods was critical. The research method utilized in this study entailed a major use of qualitative research methods and some aspect of quantitative techniques. The use of qualitative research methods was mainly informed by the research question which sought to analyze the potential financial and economic impacts of the Silk Road Economic Belt initiative in China and Afghanistan. This implied that the information obtained was ideally the opinions of the respondents.
Qualitative research methods were also chosen for the current study on the basis of the various advantages with regards to aspects such as data collection and analysis. Since the study was based on the perceptions and views of the individuals who are affected by the project, carrying out qualitative analysis was ideal as the open-ended questions allowed for effective capturing of their opinions with minimal restrictions on the sample size. The mean sample size for most qualitative studies is 31. The sample size is mainly dictated by reaching a saturation point where any increase in sample size does not lead to addition of any new perceptions or opinions.

According to Taylor, Bogdan, and DeVault, the qualitative research regards the aptitude of the research method to offer intricate textual description of the manner in which the individuals and local populations tend to experience a research issue, in this case the economic implication of SREB project. It also offers information regarding the human perspective of the issues, which is, on most occasions, conflicting to the opinions and views of others. Moreover, qualitative research was apt for the research given that it is effectual in the identification of factors that are intangible including the socio-economic status of the affected populace and the perceived cultural effects whose functions might qualitative research methods are used together with the quantitative methods, the qualitative research may assist in both the interpretation and improved comprehension of the intricate reality of the subject under investigation, as well as the quantitative data implications. Further, even though the qualitative data-based findings might be extended to take in the views of individuals with comparable to the ones found in the research population, acquiring a richer and intricate comprehension of the given context thereby giving preference to eliciting data, which might be generalized to other notable populations.

Consequently, the qualitative research method was opted for in this study given that it enabled better comprehension of the phenomenon under study from the viewpoint of the participants and this is mainly carried out through the use of interviews. Thus, a simpler clarification of the qualitative methods may lead to the consideration of the aptness of the procedures that lead to nominal as opposed to numerical data. Further, qualitative research was selected in this study as it makes attempts at answering the research questions through exploration of the divergent social contexts and the persons in such contexts.

**SOURCES OF DATA AND DATA COLLECTION TECHNIQUES**

**Data Collection**

Given the observation that a limited number of researches have been carried out with the objective of assessing the fiscal impact of the SREB project, in-depth interviews were chosen as the most appropriate data collection method. As a preferred data collection methodology, the in-depth interview also entailed the use of questionnaires in the collection of appropriate data on the economic and financial effects of the Silk Road on Afghans. Thus, the primary data was mainly gathered from the various study participants through the use of the individual and in-depth interviews. Ethical into consideration, In-depth interviews were applied to tackle the research objective as it enabled the researcher to develop questions in the course of the interview and this added the necessary flexibility in the investigation of the details and discussion of the extant issue relating to the fiscal impact of the SREB project. The use of in-depth interviews ascertains improved exploration of the study phenomenon, the rationale behind its existence and solutions offering in-depth comprehension of the phenomenon being studied. The researcher undertook 1000 unofficial personal and in-depth interviews with random occupied individuals. The use of in-depth interviews was considered apt as it allowed two-way communication and added value to the process of research.

The collection and processing of the data were firmly subject to all individual participants’ approval that was attached to participant’s datasheet. The collected data mainly served as priceless input to enhanced comprehension of the research problem, regarding the financial impact of Silk Road Economic Belt initiative on China and Afghanistan. It, therefore, facilitated a number of areas including the identification of the economic advantages and disadvantages of SREB based on the respondents’ perceptions.

**DATA ANALYSIS**

The collected data was analyzed to determine the implications through comparable and dissimilar commonalities and patterns. The outcomes were after that interpreted with the objective of finding the apt answers to the research questions, as well as finding solutions to the challenges regarding the fiscal impact of the SREB project. A number of related reports were used to complement the interviews with the objective of validating the interviews. As such, the researcher conducted a triangulation of the data sources. Moreover, the data triangulation enabled the verification of data and the research information. This, therefore, implies that the data triangulation was carried out to reinforce the research paper as a result of the increased reliability of the acquired data. As a result, the use of data sources triangulation enabled the validation of the interviews by the researcher.

Additionally, Triangulation was employed with the objective of ascertaining full comprehension of the study given the ability of the method to assist in getting the complete study overview. The study will additionally utilize divergent statistical methodologies to develop credible conclusions. The statistical data were also analyzed along with the facts and theories based on earlier researches so as to arrive at valid conclusions. Microsoft Excel in computing the rate of responses concerning the economic and financial impact of the project. In addition, the 95% confidence intervals.
RESEARCH RESULTS AND FINDINGS

Following the analysis of the data gathered, the following results and findings were obtained:

1. **Have you heard about the Silk Road Economic Belt Project?**

Of the 1000 respondents interviewed, 86.7% observed that they had heard about the Silk Road projects. A majority of the other respondents who observed that they had not heard about the project were from Afghanistan. The 95% confidence interval of the proportion is (84.6%, 88.8%). This implies that we are 95% confident that between 84.6% and 88.8% of the population are aware of the SREB project.

2. **Please tell us what you know about the Silk Road Economic Belt Project**

Asking about what they knew about the SREB project, the interviews observed that they knew various aspects of the project. A larger proportion noted that they knew the project was being carried out to connect Afghanistan, China, and other Asian nations. Further, others noted that the project was meant to enhance trade in the region by connecting the region through railways. Still, other participants observed that the project was being funded by the Chinese government with the objecting of ensuring economic growth and development of the region. Other participants offered related answers that were relevant to the project and its objectives.

3. **Being that Afghanistan is a landlocked country, do you think the Silk Road project will open up the country to international trade?**

From the responses offered by the interviews in relation to this question, it was noted that 95.3% of the participants asserted that the development of the Silk Road was bound to open up the country for international business. The respondents who agreed that Silk Road would open up Afghanistan for trade observed that the road connected the country to other nations and the confidence interval of the proportion is (94.0%, 96.6%). This implies that we are 95% confident that between 94.0% and 96.6% of the population are optimistic that the project will open up Afghanistan to international trade.

On the other hand, the 3.9% of the interviewees who indicated that they were not sure whether the project will open up Afghanistan and the 0.8% who noted the project would not open up the country for international trade based their arguments on aspects such as security, terrorism and Afghanistan’s increased reliance on foreign aid and imports.

4. **How will the road open up the country to international trade?**

The interviewees who observed that the Silk Road Project would open up Afghanistan for international trade observed that the road and railways that were being constructed connected Afghanistan to China and other nations, as well as port cities. As such, the project was seen as being able to ensure faster and easier movement of goods to and from Afghanistan. The connection would have ripple effects as noted by the respondents, for example, connecting to other countries with seaports and airports that have routes connecting to countries with no direct connection to the country.

5. **Being an inter-governmental initiative between China, Afghanistan, and other Asian nations, do you believe the benefits of the Silk Road will reach individuals and organizations, or will only benefit the government?**

In response to the above question, the interviewees observed that the Silk Road was likely to reach the organizations, individuals and the Afghan government in various ways. At the individual level, the project was seen as creating employment opportunities for Afghans. At the organizational level, it was noted that the project would enable faster movement goods country’s GDP and revenues. The respondents were also keen on the fact that these benefits reaching individuals will depend on the policies that the government enacts and individual efforts.

6. **What are some of the financial benefits that the Silk Road will bring to Afghanistan?**

The study participants noted that the Silk Road project was bound to proffer a number of financial benefits to Afghanistan. For instance, the interviews noted that the Silk Road project was bound to create employment opportunities for Afghans working in various economic sectors including transportation, as well as increased business opportunities. Additionally, the interviewees also noted that the development of Silk Road would enable the exploitation of economic resources in Afghanistan and this would enable improvement in the country’s GDP.

7. **Do you anticipate that the turnover for companies will increase upon completion of the SREB project?**

The interviewees in both China and Afghanistan believed that the completion of the SREB project was prone to increase the turnover. However, they also indicated reservations with regard to the competition that would result from the project. The respondents agreed or disagreed to these ideas to different levels as shown in table 1 below;

<table>
<thead>
<tr>
<th>Turnover Anticipation</th>
<th>Proportion (%)</th>
<th>95% CI (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td>16.2</td>
<td>(13.9, 18.5)</td>
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</tbody>
</table>
8. **Do you believe that the SREB project will increase your income level?**

The respondents were not very hopeful that the project would cause any increase in their individual income levels. As shown in Table 2 below, 32.1% felt that it would not increase their income at all, 53.6% had the opinion that it could increase by very little, 12.2% thought it would somewhat increase their income, and 2.1% thought it would increase their income by a great extent.

Table 2: Distribution of respondents on whether their income would increase

<table>
<thead>
<tr>
<th>Turnover Anticipation</th>
<th>Proportion (%)</th>
<th>95% CI (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td>32.1</td>
<td>(29.2, 35.0)</td>
</tr>
<tr>
<td>Very little</td>
<td>53.6</td>
<td>(50.5, 56.7)</td>
</tr>
<tr>
<td>Somewhat</td>
<td>12.2</td>
<td>(10.2, 14.2)</td>
</tr>
<tr>
<td>To a great extent</td>
<td>2.1</td>
<td>(1.2, 3.0)</td>
</tr>
</tbody>
</table>

9. **One of the likely impacts of the SREB project is that it will result in the increased flow of products from different parts of China and Afghanistan. This might have a negative impact on a number of businesses with regard to aspects of price and competition. Do you deem the SREB project as a threat to your organization?**

From the above question, the respondents noted that though SREB was likely to result in increased movement of products and services between China and Afghanistan, it represented a minimal threat to their organization with regards to competition and product prices given that the increase in amount of goods would reduce prices for both Afghanistan and Chinese goods.

10. **It is projected that the completion of the SREB project will lead to the migration of labor from less developed countries to China as well as from China to Afghanistan in pursuit of employment and business opportunities. This is likely to bring about increased competition in the labor market and various industries, and might also affect the financial standings of businesses and individuals. Do you believe the SREB will affect your finances negatively?**

In relation to the above question, 61.6%, (58.6%, 64.6%) 95% CI, of the respondents noted that the SREB project was unlikely to impact their finances negatively. On the other hand, 38.4%, (35.4%, 41.4%) 95% CI, of the respondents noted that the SREB project was likely to affect their finances negatively.

11. **In recent times, Afghanistan has experienced instability as a result of terrorism which has affected the global perception and ranking of the country as an investment destination. Owing to the development of the Silk Road, do you believe that the perception of Afghanistan as an investment destination will change?**

Approximately 85.9% of the respondents noted that the Silk Road project will change the perception of Afghanistan as an investment destination ([83.7%, 88.1%] 95% CI). However, the remaining 14.1% ([11.9%, 16.2%] 95% CI) were sceptical that it would change observing that the changes in the rating and perception would only occur if the government would tackle the issue of terrorism and insecurity.

12. **Do you believe that the Silk Road project will enhance Afghanistan’s security situation?**

69.3% ([66.4%, 72.1%] 95% CI) of the respondents noted that the project would improve the security situation in Afghanistan as the development of the road and railway project would demand improvement of security so as to realize the objectives of ([27.8%, 33.5%] 95% CI) of the respondents observed that the security situation in Afghanistan was dependent on the Afghan government and that the Silk Road project was unlikely to improve it.

13. **At present, Afghanistan imports nearly 80% of its food and other materials for consumption. Do you agree that the development of the Silk Road will enhance Afghanistan’s food situation and make it self-reliant?**
While 58.1% ((55.0%, 61.1%) 95% CI) believed that the Silk Road project would improve the food situation in Afghanistan by making it more reliant, 41.9% ((38.8%, 44.9%) 95% CI) of the respondents believed that the development of the SREB would not make the country self-reliant on its agriculture but would rather increase access to food and reduce the food prices significantly.

14. To what extent do you agree that the Silk Road project will improve the ease of doing business in Afghanistan?

Generally, 98.7% of the respondents believed that the Silk Road project will improve the ease of doing business in Afghanistan as it will enable faster movement of goods and services in the country. (98.0%, 99.4%) 95% CI.

15. To what extent do you agree that there is a need for organizations to change their management structures as a result of the potential changes linked to the SREB?

In relation to the above question, 79.0% ((76.5%, 81.5%) 95% CI) of the study respondents noted that they believed that organizations should change their management structures so as to make most of the SREB project. Most of the respondents observed that the SREB was likely to affect their organizations’ cultures and would, therefore, demand for changes in the management.

16. On a scale of 1-5, how likely is the SREB initiative to affect Afghanistan socially and culturally?

<table>
<thead>
<tr>
<th>Turnover Anticipation</th>
<th>Proportion (%)</th>
<th>95% CI (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td>5.8</td>
<td>(4.3, 7.2)</td>
</tr>
<tr>
<td>Very little</td>
<td>19.2</td>
<td>(16.7, 21.6)</td>
</tr>
<tr>
<td>Somewhat</td>
<td>52.1</td>
<td>(49.0, 55.2)</td>
</tr>
<tr>
<td>To a great extent</td>
<td>22.9</td>
<td>(20.3, 25.5)</td>
</tr>
</tbody>
</table>

DISCUSSION

The Silk Road Economic Belt initiative takes in a number of regions of Afghanistan and other regions and nations that are found along the route. Such regions tend to be amongst the notable economic, political and cultural centers, as well as traffic intersection and energy pooling resources that have immense location benefits and abundant resources. Moreover, the project will also offer a platform that will be used in enhancing cooperation with regards to the energy field with the aid of the resemblances between Afghanistan and other Asian nations to the western regions of China in terms of the energy resources. The eastern regions of China have created light industries and a number of third industries. As such, the increase in the demand for the various production factors not only offers a broader commodity supply along with demand for markets in Afghanistan, other central Asia nations and China western region elements but additionally lays the economic basis for the regional economic belt for Asia. For that reason, the region in addition to nations that are found along the Silk Road Economic Belt route are advised to make most of their individual industries as the commencement point, reinforce the industrial policy communications, look for the universal ground even as they reserve their differences and ensure mutual benefit and reciprocity; the benefit will bring about a complementary partnership that will be aimed at attaining an economic zone industrial arrangement of the scientific and logical.

Analysis of the responses offered by the interviewees provides a positive outlook on the anticipated financial impacts of the Silk Road Economic Belt project both in China and Afghanistan. Even though there are slight differences in the perceptions of the project by the Chinese and Afghan respondents, the general belief is that the project is economically the study respondents not only maintained that they knew and understood the Silk Road project but also indicated that they understood various economic aspects of the project. This is an indication that the Chinese and Afghan governments had carried out extensive public participation and involvement on the project. As such, the respondents acknowledged knowing that the project was not only being carried out to connect Afghanistan, China, and other Asian nations but to enhance trade in the region by connecting the region through railways and roads. Moreover, the respondents observed that the project was being funded by the Chinese government with the objective of ensuring economic growth and development of the region.

The study also disclosed that a larger proportion of the respondents acknowledge the importance of the project with regards to opening up Afghanistan for international trade. From the respondents’ perspectives, the road and railways being developed will connect Afghanistan to China and other nations, as well as port cities, and, for that reason, is seen to make the movements of goods and people from Afghanistan and other nations easy.
However, there was also an agreement between the respondents who did not agree with the observation that SREB would open up Afghanistan maintained that factors such as increased dependence on imports and foreign aid, insecurity, and terrorism were likely to affect the opening up of the country to international trade unless such issues were fixed in time. This is in concurrence with the assertion made by Wolf that the social and political matters that include the trade embargoes, corruption scandals, political transitions, regional confrontations and rivalries, and social stability are seen as being able to become challenging for the SREB project despite the observation that one of the key objectives of the SREB project entails promotion of stability in Afghanistan and other countries along the route. (Blanchard and Flint 2017)

Consultative and inclusive process in ensuring the progressive resolution of the differences. To this ends, the People’s Republic of China has devoted itself to the five key principles that underlie the pursuit of the SREB initiative and these include the mutual respect for both territorial integrity and sovereignty; shared non-interference with the internal affairs of each other; shared non-aggression; shared peaceful co-existence and benefit, and equality. It is very important that the other SREB nations hold close the five principles too so as to make certain the project success.

The belief that the SREB project’s benefits will reach individuals, business organizations and governments is also widespread amongst the Chinese and Afghans, the respondents from the two nations believe that the project will create employment opportunities for Afghans and will also enable faster movement goods (imports and exports) and that the project will also enable increment in Afghanistan’s GDP and revenues. According to Wolf (2016), various studies have confirmed that the SREB project will have a non-trivial economic impact on both China and Afghanistan. For example, the project has been acknowledged to have the aptitude to improve the transport network between China and Afghanistan, and will, for that reason, lead to trade facilitation in the two nations and other countries that lie along the SREB route, and this will, in turn, raise the countries and the region’s GDP growth by approximately 0.1 percent to 0.7 percent annually. This is in line with the observation made by Lin (2015), in which he asserts that the SREB project might additionally contribute in the region’s welfare from the present $6 billion to approximately $100 billion, as well as the view that the overall exports of nations found along the SREB route might additionally increase from the present $5 billion to more than $135 billion. This belief amongst respondents has also been captured in the anticipation that the completion of Afghanistan, as well as led to an increase in the individual income levels. According to Pu, the SREB project will open Afghanistan for international trade will enable Afghanistan to gain access to China. In both instances, the SREB is seen to create novel markets for the organizations and citizens of the nations.

According to Lin, it is essential to build up the cooperation within the advantage industries along with cooperation and other exchanges. The central Asian nations have the largest proportions of the globe’s potential regions for economic development. As such, there are a number of exceptional benefits for the development of trade and economic cooperation with the region. Through the Silk Road Economic Belt project, Central Asia including Afghanistan and other nations will be connected to China and the project will bring together the interests of diverse nations. It is, therefore, considered favourable to not only promote the development of an economic zone with both regional and national radiation throughout the route, but additionally favorable to the sustainable development maintenance, the central Asia’s stability and peace in relation to the economy of the globe through the sharing of the various complementary advantages and opportunities. In the end, it is anticipated that the SREB project will result in the overall economic cooperation of the Asian region in addition to accelerating the economic integration of the region with the economic globalization of the world.

Moreover, amongst the notable economic benefits of SREB that the respondents perceived included the creation of employment opportunities for Afghans working in various economic sectors including transportation, as well as increased business opportunities. Additionally, the interviewees also noted that the development of Silk Road would enable the exploitation of economic resources in Afghanistan and this would enable improvement in the country’s GDP. To attain increased movement of products and services between China and Afghanistan. Even so, SREB was believed to represent a minimal threat to the Afghan and Chinese organizations with regards to competition and product prices given that the increase in amount of goods would reduce prices of goods and services in the two nations. Even so, a larger proportion of the respondents believed that the SREB project was unlikely to affect their finances negatively. Such beliefs are attributed to the observation that the SREB will open novel markets for both Chinese and Afghan businesses, as well as enable the movement of labor between the two nations.

Still, Cooley (2016) concurs that the Silk Road Economic Belt project will bring to the Chinese and Afghan regions and cities, it can be noted that there are over 10 cities and towns that are spread out along the Silk Road Economy Belt project. The towns and cities are in general perceived as the capital economic zone regions and localities in which capital is situated, and which is regarded as a vital economic, political and cultural centers. Most of the towns and cities found along the routes tend to be big and have sturdy self-development capability in addition to the radiation aptitude. Moreover, based on the geographical space, the Silk Road Economy Belt project has been divided into the southern and northern lines. The northern line takes in Chinese cities such as Xi’an, Lianyungang, Urumqi, Lanzhou and a number of central Asia towns and cities. On the other hand, the southern line takes in Chinese cities of Nanjing, Haikou, Fuzhou, Nanning, Guangzhou, and Hangzhou. The two lines are however joined by the cities of Chongqing and Chengdu. The industrial spatial layout area has to be planned using the national, regional as well as the radiation and vital nodes of the Silk Road Economic Belt. Also, there is a need for the design principle to be founded on the theory mode of the industrial
spatial layout and guided by the industrial spatial layout principle and also founded on the space superiority industry of along with strategic stability as the key support, as well as with the multilateral and bilateral project cooperation as the carrier size so as to attain the basic content connectivity, which is also the Shanghai cooperation organization’s platform.

With regards to investments in Afghanistan and the perception of the country as an investment destination, a larger proportion of the respondents anticipated that SREB project will change the perception of Afghanistan as an investment destination. According to Hali, Shukui, and Iqbal, such perspectives may be attributed to the observation that Afghanistan is endowed with a number of vital mineral resources including coal and oil and the development of the SREB will enable their exploitation and the easier movement of products and labor into and out of the country. However, the individuals who opposed the perception of Afghanistan as an investment destination noted that such changes were only attainable in case the Afghan government tackled the issue of terrorism and insecurity. Their views are in agreement with the findings of Blanchard and Flint, who reported that the sovereign (security, political, regulatory, and government effectiveness) and credit risk ratings of SREB countries are also significantly diverse, implying large variations in the quality of governance. For instance, Pakistan, Syria, and Ukraine have very high-security risks, while Iraq and Greece show high sovereign debt default risks. Many other countries have varying levels of economic stability, meaning their economic priorities in implementing SREB projects might be difficult to coordinate.

Lastly, in addition to the view that SREB was bound to impact Afghanistan both culturally and socially due to the movement of labor and exchange of cultural practices between the Afghans and the Chinese, the respondents also believed that the development of the SREB was bound to enhance Afghanistan food situation thereby making it its agriculture. According to Markey & West, this observation is attributable to the observation that SREB will lead to the adoption of new farming technologies and methods from China and other parts of the globe that will enable crop cultivation and animal husbandry in Afghanistan’s arid and semi-arid regions and this would in turn increase food production.

CONCLUSION

In spite of the various financial impacts and advantages that will be realized from the SREB initiative upon conclusion, it has been noted that the distribution of the advantages that will arise from the project will be highly unequal between Afghanistan and China, given that one might accrue more benefits than the other. In this regard, China comes out as the nation that will gain more from the SREB project compared to Afghanistan, as well as the nations along the route. According to Blanchard and Flint, other notable nations that include Pakistan and the sub-regions that include both Southeast Asia and Central Asia are prone to gain considerable benefits too from the SREB project. Nevertheless, there exist a number of aspects and challenges that might additionally hamper the attainment of the SREB project’s potential financial advantages. For instance, the increased diversity between China, Afghanistan, and other SREB project nations is perceived as a key challenge. Thus, the increasingly rich tapestry of the countries along the SREB route is an indication of the increasingly competing interests and the differing points of view on the manner in which the SREB initiative should turn up. Furthermore, it has been observed that diversity might additionally become evident in terms of the sophistication and development of the institutions and organized systems. Also, the probable mismatches with regards to the policy frameworks regulatory and legal rules, payment and credit standards, environmental and labor.

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The author confirms that the data do not contain any conflict of interest.

REFERENCES