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Preface

Disagreement between National Unity Government (NUG) leaders is causing great damage on the daily basis in each aspect of life, from the very first day it came to being. Deep differences between president and the chief executive officer (CEO) have had negative impact on economy, national security and even foreign policy.

It is the seventh month of formation of national unity government, but the president and the CEO did not fulfill any of their promises yet. The cabinet has not been formed which greatly frustrated people of Afghanistan.

What were promises of the NUG and why they were not fulfilled? And what influences, disagreement over government would they have in future?

On the other hand, recently some endeavors have been made in order to achieve economic integration. Recently Pakistani commerce minister in an official visit to Kabul declared that transit barriers between the two states would be uprooted. Simultaneously, Indian ambassador to Afghanistan expressed its country's eagerness to join APTTA agreement, which was essentially signed between Afghanistan and Pakistan. Tajikistan joined it recently. It would be an important step for Afghanistan. We may ask, will regional economic integration efforts be successful? And what economic outcomes will Pakistani commerce minister's visit have?

The aforesaid topics have been analyzed by the research section of CSRS-Kabul.

The Afghans Concerned about Future



The internal differences between the two factions of National Unity (NUG) Government of Afghanistan have immense negative impacts on political, security and economic situation of the country. From the beginning, 50-50 power sharing between the two teams was problematic. And now, after around 7 months of NUG the issues have increased and the fears of future expanded.

The Unfulfilled Promises

President Ghani promised Afghan people of forming the new professional and uncorrupt cabinet within first 45 days and would struggle against corruption, mainly the Kabul Bank scandal the biggest corruption scandal in 13 years.

Ashraf Ghani promised during his electoral campaign that he would pursue peace process with full intensity because peace is considered the prime requirement for the development of Afghanistan in rest of the spheres.

In the framework of NUG the two teams agreed upon forming electoral reform commission to amend the independent election commission and some problematic laws, before the next parliamentary election.

Now, after six months of NUG, none of the aforesaid promises have been fulfilled and with the passage of everyday the differences emerge between the president and the chief executive officer (CEO). The ongoing political scenario has great negative impacts on economic, security and political situations of the country.

Security

The differences over the appointment of figures on essential positions of defense ministry and the continuation of deadlock regarding the crucial security-related decisions caused defeats in operations. Recently, Taliban fought wars against the Afghan National Army (ANA) which had unprecedented casualties in this season of war.

The members of national assembly (MNAs) and members of provincial assembly (MPAs) of Helmand province call the ongoing *Zulfiqar* operations in this province as failed. The catastrophe in *Badakhshan* province where Taliban seized many posts of the Afghan Police and killed many is a vivid defeat of the government. The reason behind this defeat, before everything else, is the issue of internal differences between the two teams of NUG, but as usual the local officials will remain responsible, finally.

Tackling Corruption

The level of corruption in NUG clearly reveals that it has been expanded largely comparing to President Karzai's regime. Only in one case, a recent inspection discloses that \$ 200million have been embezzled in a defense ministry oil contract.

President Ghani's promise for returning the stolen money of Kabul Bank is confined to a showy court. President's measure was greatly benefitted as a propaganda tool.

Corruption is, therefore, increased in NUG unlike Karzai's era as that the two sides of the government each one supports its own allies. No side allows his supporters to be prosecuted.

Economic Crisis

During the last 13 years with the presence of foreign troops, Afghanistan economy is highly injected with money and the economy was wholly dependent upon foreign aids. Recently when a huge number of foreign troops left the country, it affected the money market and unemployment level which lowered the general level of the income.

Depreciation in domestic currency would affect the life of the general public but the government is struggling to control currency value by its limited reserve and purchasing it by dollars.

In such a condition the government is increasing Taxes on private sector, which is transferrable, as they are transferring it to the end consumer and the ultimate result is that general price level would be increased and poverty level will be expanded.

Peace Process

One of Ashraf Ghani's prominent promises was to pursue peace process with full intensity. But once he took over, he turned his attention to Pakistan with the notion that Taliban are not more than tools in the hand of Pakistan. The process, according to Pakistani officials promise to be started in early March, but yet to begin. Taliban, too, refused to talk to the NUG through Pakistan, which turned the efforts into stalemate.

Disagreements over figures selection

In many situations, selecting figures for key government posts have been a cause of differences between Ghani and Abdullah. Though in each point of differences, they have mentioned that the differences would be settled through talks. Even though it wastes time and snatches opportunities.

One of the key point of disagreement was over electoral reform commission, which both the sides agreed upon in the framework of NUG. The CEO of NUG has doubts on the intentions of president in electoral reforms.

After seven months of NUG, the two sides have not been able to form a new cabinet. When the rest of picks introduced for ministries, national defense ministry is still point

of difference. The absence of defense minister and the war season of Taliban began which causes great casualties to security forces.

Conclusion:

The situation in Afghanistan is fragile. The emergence of more extremist groups comparing to Taliban is an alarm. The increasing poverty can provide the groups with the chances of attracting more individuals.

Peace process is of the prime importance for Afghanistan which is still confined to rumors and showy activities. Corruption is in boost and the bankruptcy turned Afghanistan into a failed state.

People are very concerned regarding the ongoing situation and disappointed of the future. Although, some international institutions, allege with false surveys, that people are satisfied with current situation and hopeful for the future. The institutions try to show in their respective countries that their taxes have not been wasted in Afghanistan. But the reality is, people under Ashraf Ghani's rule are in worse situation than that of Karzai, the former president.

APTTA Agreement and Regional Economic Integration



During the last five months, high level Afghan and Pakistani officials have exchanged visits to the two countries. The series of the visits still continues. Afghan president Mohammad Ashraf Ghani paid an official visit to Pakistan and Chief of Army staff of Pakistan, General Raheel Sharif, had several visits to Kabul too.

Recently, Pakistani commerce minister Khuraam Dastagir along with Khayber Pakhtoonkhwa chief minister Pervez Khattak, paid a visit to Kabul. The aim of Dastagir's visit was considered boost on commerce between the two countries, settlement of Afghan businessmen's problems and connecting Pakistan with the Central Asia. Chief Minister of Khayber Pakhtoonkhwa came to Kabul with a twenty-member delegation on Ghani's invitation.

To what extent Dastagir's visit will be proven cooperative in regional integration and will it settle Afghan businessmen's problems?

Economic Integration

In modern world of globalization, the states try to remove the barriers in the way of commerce. Once the obstacles are abolished, the region can integrate.

South Asia owns a great potential of integration, but political problems shadowed the opportunity and the region is one of the most backward.

Although the peoples of South Asia have common history, culture, and languages to the large extent which cause many reasons of integration, their internal business is too limited. A research of World Bank reveals that the internal commerce of South Asian countries constitute 5% of world business. On the other hand, the internal business among ASEAN nations constitute 25% of world commerce¹. The reason behind lack of economic integration and little cooperation among the nations in the South Asia is their political differences that affected the trade.

Requirements of Economic Integration

The newly elected Afghan President, Ashraf Ghani –a former World Bank manager- has stressed on regional integration and the role his country can play in this regard. Therefore, with Ghani's take over, expectations are increased for regional economic integration. President Ghani expressed his vision for the region in a Chinese university: "we shall get benefit of our geographic location, rather than natural resources". As Ghani believes, that Congo has more natural resources, but it can bring \$1billion increase in its GDP. While Singapore, which has no natural resources have increased its GDP by 44%. Therefore, we have to utilize our geography.²

Pakistan also expressed its vision that it wants to boost business with the countries of central Asia and ASEAN. The country now, considers the above goal as their priority.³

Besides, Indian ambassador to Kabul, Amar Sinha expressed willingness to join APTTA (Afghanistan-Pakistan Trade Treaty Agreement) when Pakistani commerce minister, Khurram Dastagir was in Kabul. The ambassador expressed hope that his country would be added into APTTA. He has sent an official letter to Afghan foreign ministry too.⁴

¹ World Bank, Regional Integration in South Asia, 24 March 2014, retrieved at 16 April 2015, see it online: < <http://www.worldbank.org/en/region/sar/brief/south-asia-regional-integration> >

² <http://president.gov.af/en/news/transcript-of-lecture-by-president-ashraf-ghani-at-xinhua-university-beijing>

³ DAWN, Asean, CARs new trade destinations, says Dastagir, 3 April 2015, retrieved at 16 April 2015, see it online: <http://www.dawn.com/news/1173554/asean-cars-new-trade-destinations-says-dastagir>

⁴ Tolo News, Exclusive interview with Amar Sinha, the Indian Ambassador to Afghanistan, see it online: < <https://www.youtube.com/watch?v=X7omuT8DmqE> >

Afghanistan-Pakistan-India and APTTA

Afghanistan is a land-locked country. Therefore, it needs transit for doing business with the world to send its goods to world markets. During Daud Khan' prime ministry (1953-1963), Afghanistan signed transit agreements with Russia and Iran. When Daud Khan resigned (1963) and the decade of democracy (1963-73) began the relations between Afghanistan and Pakistan gradually improved and finally the two countries signed transit agreement in 1965, which was later called APTTA.

After the withdrawal of the former USSR troops from Afghanistan (1989), new changes in Central Asia, and during civil war in Afghanistan goods smuggling to Pakistan once again the need was felt by the two countries to sit together in 2010. According to Afghanistan-Pakistan Trade Transit Treaty Agreement, both the countries will construct new ports along the border and Pakistan was allowed to handle its business activities with Central Asia through Afghanistan.

Recently, after the insistence of Afghanistan, the treaty was reviewed and Tajikistan also joined it. The draft of the agreement was finalized between Afghanistan, Pakistan and Tajikistan.⁵ Tajikistan's entry in APTTA is in Pakistan's interest. While India's joining is crucial for Afghanistan.

India demanded to join APTTA and foreign ministry of Afghanistan welcomed the hope.⁶ From the other side, Afghan president Ghani has made it clear that Kabul is ready to cooperate Pakistan in reaching out to Central Asia, while Afghanistan has the same demand too, and Pakistan should give way to us to be connected to India.⁷ Keeping in view relations between India and Pakistan it looks unlikely that Pakistan would allow Indian goods to be sent to Afghanistan through Pakistani soil.⁸ Islamabad has said, it would allow India in APTTA only if it "improves" its relations with Pakistan.

⁵ Customs Today, Pakistan, Afghanistan, Tajikistan near to finalize Trilateral Transit Agreement, 10 April 2015, retrieved at 16 April 2015, see it online: < <http://customstoday.com.pk/pakistan-afghanistan-tajikistan-near-to-finalize-trilateral-transit-agreement/>>

⁶ Express Tribune, Regional trade: Kabul wants Delhi to join Pak-Afghan trade pact, 16 April 2015, see it online: < <http://tribune.com.pk/story/870703/regional-trade-kabul-wants-delhi-to-join-pak-afghan-trade-pact/>>

⁷ <http://president.gov.af/fa/news/44653>

⁸ <http://www.pashtovoa.com/content/pakistan-minister-of-commerce-says-before-joining-india-to-apta-trade-relations-should-be-normalize-between-india-and-pakistan/2719817.html>

Islamabad will not allow India because of its security concerns, as it has been alleging Indian involvement in Baluchistan and tribal areas since Musharraf's era. Pakistan also fears, India would monopolize the markets of Central Asia if they allow them.

Therefore, the economic integration in Central and South Asia is bound to cordial relations between India-Pakistan and Afghanistan-Pakistan. It is a dream, otherwise.

Recent Relations of Kabul-Islamabad

Pakistani officials' visits to Kabul express the willing of the country to keep the relations at this level with Kabul. Therefore, Pakistan wants to construct ports in Torkham and Chaman so that business will increase between Afghanistan and Pakistan. From the other side, 90% goods of Afghan businessmen will be sent to Afghanistan within 48 hours. It also looks likely that the goods of Afghan businessmen will be transferred by train from Karachi to Peshawar and Chaman. Moreover, Pakistani commerce minister pledged to construct roads until its borders. The decision will also increase commerce.

Besides, President Ghani invited chief minister of Khyber Pakhtoonkhwa for the first time to Kabul. Before that, Karzai used to get benefit of language diplomacy. He used to invite the Pakhtoon Nationalist leaders like Asfandiyar Wali Khan, Aftab Ahmad Khan Sherpaw and Mahmood Khan Achakzai. Chief Minister of Khyber Pakhtoonkhwa assured president that the Afghan registered refugees will no longer be bothered in his province.

The End

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