

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Honorable Ambassador Jauhar Saleem, President of the Pakistan Institute of Regional Studies (IRS), Distinguished guests and esteemed organizers of today's event,

السلام عليكم ورحمة الله و بركاته

I wish to express my profound appreciation for organizing this impactful event and for the opportunity to present my perspectives on economic cooperation, trade relations, and regional development.

The remarks will focus on Afghanistan's economic potential, along with its economic relations with Pakistan and Central Asia.

## **Afghanistan's Economic Potential**

### **1. Strategic Geographical Position and Regional Projects**

As you all know, Afghanistan's geographical location makes it a crucial bridge between South and Central Asia. Our location, serving as an important trade and transit route in the region, presents a significant opportunity for a prosperous future for Afghanistan. Unfortunately, the political and security challenges of recent decades have hindered Afghanistan from fully realizing its economic potential. Now, with the establishment of the Islamic Emirate and the restoration of relative stability, Afghanistan is once again positioned to become a vital partner in trade, transit, and regional cooperation. Afghanistan's proximity to energy-rich Central Asian countries, including Turkmenistan and Uzbekistan, positions it as an essential player in energy networks. Through the development of pipelines and energy infrastructure, Afghanistan can serve as an effective channel for energy exports from Central Asia to South Asia.

In this context, the Islamic Emirate has been working for the past three years to implement significant projects between South and Central Asia. The practical implementation of the TAPI project commenced in Afghanistan just a few weeks back, with senior officials from Turkmenistan and Afghanistan attending the inaugural ceremony. Additionally, Kazakhstan has expressed interest to join the project and has initiated preliminary discussions with Turkmenistan regarding this collaboration. Furthermore, the Islamic Emirate is making significant efforts to implement projects such as the Trans-Afghan Railway, CASA-1000, and other regional initiatives. It is important to note that the practical work of Wakhan Corridor is also one of the Islamic Emirate's major achievements. The opening of the Wakhan Corridor will further enhance relations between Afghanistan and China. This route connects Afghanistan's northeastern region with China's Xinjiang, creating a new gateway for trade and energy cooperation. The corridor will promote infrastructure development and trade along the border, facilitating logistical exchanges between China and Central Asia through Afghanistan.

## **2. Energy and Water Management**

According to initial estimates and surveys, Afghanistan has the potential to generate approximately 318 gigawatts of electricity from renewable energy sources, which include hydropower (23,000 megawatts), wind energy (67,000 megawatts), solar energy (222,000 megawatts), geothermal energy (3,000 to 3,500 megawatts), and biomass energy (4,000 megawatts). Additionally, the Islamic Emirate has implemented dozens of water management projects over the past three years, including the Qush Tepe Canal project, which is a major artificial canal at the Asian level. These initiatives aim to combat drought and promote the growth of Afghanistan's agricultural sector.

## **3. Natural Resources**

Afghanistan has significant untapped natural resources, with natural gas and minerals serving as critical elements in the global energy transition. Our efforts to align the energy sector with China, Pakistan and Central Asia can unlock these resources for our benefit and support regional energy security. Furthermore, Afghanistan's involvement in energy projects can strengthen our economy and provide a conducive environment for job creation.

## **Economic Relations between Afghanistan and Pakistan: Current Status and Future Prospects**

Afghanistan and Pakistan have extensive and long-standing economic ties. While there may be occasional disagreements between governments, but the interactions among the people of both countries continue to thrive. Pakistan is a major partner in our exports and imports, and we are particularly committed to the development of trade and investment between our two nations. Unfortunately, our trade relations have recently been affected by several issues and challenges. However, we are confident that steps can be taken to address these challenges, and improving the situation along the line areas will be beneficial for both countries.

### **1. What is the Current Status of Trade and Economic Relations between Pakistan and Afghanistan?**

The trade and economic relations between Pakistan and Afghanistan are long-standing, characterized by ongoing challenges as well as some positive developments. Afghanistan is an important trade partner for Pakistan in the region, particularly in terms of transit and exports. There are significant trade facilitation measures in place through the Chaman and Torkham crossing points, and these relations hold vital importance for both economies. However, the level of trade has continually faced difficulties due to some problems, though the Islamic Emirate always believes in a better future.

### **2. What are the Major Obstacles to Improving Trade and Economic Relations between Pakistan and Afghanistan?**

Trade relations between Afghanistan and Pakistan face several significant obstacles. Absence of modern trade agreements between the two countries, dumping policies, frequent closures of

crossing points, limited customs facilities, sudden and unilateral increases in tariffs, unnecessary checking of loaded vehicles and other issues have hindered trade flows.

### **3. How Can We Improve Bilateral Trade and Economic Relations between Pakistan and Afghanistan?**

The first step to improving these relations is to invest in trade infrastructure. Streamlining customs processes and strengthening trade facilities can benefit both countries. Developing transportation links, such as increasing railway lines and enhancing road networks, can facilitate access to regional markets. Furthermore, building mutual trust and enhancing diplomatic dialogues are essential for achieving long-term trade benefits. Both countries can also improve bilateral trade via the implementation of preferential trade agreement (PTA).

### **4. What Are the Forecasts for Trade Development between Pakistan and Central Asia through Afghanistan, and What Specific Steps Should Be Taken to Enhance This Capacity?**

Afghanistan can play a crucial role as a transit corridor between South and Central Asia. The expansion of trade between Pakistan and Central Asian countries through Afghanistan relies upon developing transit routes. Investing in Afghanistan's road and railway infrastructure can significantly ease access for Pakistan to Central Asia. Key projects such as CASA-1000 and the TAPI pipeline are vital for achieving this objective.

### **5. What Are the Predictions for Afghanistan's Integration into the BRI through CPEC?**

CPEC creates many opportunities for the region which can benefit Afghanistan. Moreover, Afghanistan's involvement in the Belt and Road Initiative will not only enhance investments in its infrastructure but also bring the regional countries closer together. The development of railway networks, construction of roads, and improvement of border facilities will be considered significant steps toward strengthening regional economic relations.

### **6. What Actions Should Be Taken to Improve Economic Relations between Pakistan, Afghanistan, and Central Asia, and What Should Be Avoided?**

To enhance these relations, it is essential to collaborate on economic policies and expand transportation and transit projects. Supporting permanent diplomatic dialogues among the regional countries and joint efforts for peace and security will provide a sustainable foundation for economic ties. Efforts should be made to avoid politicizing economic issues, and both sides should refrain from imposing economic hardships and other policies that hinder regional economic growth.

### **Development of Relations between Afghanistan and Central Asia**

Afghanistan has a long-standing relationship with the countries of Central Asia. Since the return of the Islamic Emirate, greater attention has been paid to expanding Afghanistan's trade relations with Central Asian countries. Meetings and negotiations between representatives of the Islamic

Emirate and representatives of Central Asian countries, as well as the organization of joint exhibitions, have contributed to the development of trade between Afghanistan and these countries. Afghanistan's trade with Central Asian countries in the first five months of the year 2024 has proceeded normally, amounting to \$684 million, including \$60 million in exports and \$624 million in imports.

Our bilateral trade and energy projects, such as CASA-1000 and the TAPI pipeline, could play a significant role in the region's economic development. Completing these projects will not only provide us with energy resources but will also serve as a source of economic benefit for our neighbors. We look forward to the support of all partners, particularly the countries of Central Asia, to find new pathways for economic progress in our region.

### **Trilateral Cooperation among Afghanistan, Pakistan, and China**

We believe that trilateral cooperation among Afghanistan, Pakistan, and China can usher in a new era of regional collaboration. Joining the Belt and Road Initiative is seen as an economic opportunity for Afghanistan. Our participation in the BRI will open new routes for transportation and trade, paving the way for the development of our mineral resources, agricultural products, and commercial capacities.

### **Distinguished participants,**

We are convinced that economic cooperation will not only strengthen trade among our countries but will also contribute to regional stability. We support projects in collaboration with Pakistan and Central Asian countries that aim to expand transportation and energy networks and enhance regional connectivity.

Additionally, the establishment of joint markets and the facilitation of trade procedures will bring Afghanistan and Pakistan closer together and serve as a catalyst for regional economic development. We hope that the Chaman, Torkham and several other crossing points will play a significant role in fostering our collaborations and strengthening the economies of both countries through formal trade.

At the end, I extend my heartfelt gratitude to all of you for participating in this impactful event. The Islamic Emirate of Afghanistan believes that cooperation among Afghanistan, Pakistan, and Central Asian countries will open a new chapter not only in trade but also in security and peace.

We pray to Allah Almighty for the success of our efforts toward regional development, Ameen.

والسلام عليكم ورحمة الله وبركاته