

Afghanistan Reconnected

Businesses Take Action to Unlock Trade in the Region

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1. Prologue

In April 2010, the EastWest Institute's (EWI) current Chief Operating Officer James Creighton¹ was serving as a military commander with the International Security Assistance Force (ISAF) Joint Command operations center in Afghanistan. Creighton and his unit received reports of an anti-Taliban uprising in Gizab, a beautiful fertile valley located in Daykundi Province, approximately 200 miles north of Kandahar. This uprising was led by a local chief named Lalay, who courageously banded the ordinary citizens of the Gizab village together to challenge the authority of the Taliban. The subsequent battles resulted in the banishment of the Taliban and the assumption of control in Gizab by the Government of Afghanistan. This dramatic victory represents the power of the Afghan people to create their own positive future.

In August 2010, Creighton visited Gizab as the Coalition commander responsible for support to the Government of Afghanistan in Daykundi. As the helicopter landed with the Uruzgan governor and his ministers, the people welcomed the delegation and hosted them with a district shura² that highlighted the challenges caused by extended Taliban rule. The lack of education, empty bazaar stalls and deteriorated infrastructure were all mentioned as critical elements that required immediate attention. The governor accepted the feedback with a genuine desire to improve upon as many of the requests as possible.

Over the next nine months, Coalition and Afghan forces worked diligently together to open the 120 mile road from Tarin Kowt to Gizab, coordinate for infrastructure, establish education and health care and meet the expectations agreed to in Gizab. With this cooperation, the main road to Gizab was secured, allowing up to 80 vehicles a day to travel to and from the village. The Special Forces in Gizab were able to begin to establish schools and clinics in support of local chief Lalay and the district leaders.

At the time of Creighton's last trip to Gizab in May 2011, where he was accompanied by the Minister for Rural Reconstruction and Development, the bazaar was full, the Government of Afghanistan had authorized a new bridge across the Helmand River, and much of the support requested nine months earlier had been fulfilled or was in the process of being addressed. On the return flight to Tarin Kowt at midnight, Creighton noticed that, unlike 10 months earlier, the mountains were no longer draped in total darkness but dotted with dozens of lights powered by generators.

¹ Mr. James Creighton has been EWI's COO since 2011. However, the personal accounts in this chapter stem from his previous assignment as a military commander in ISAF.

² A *shura* is a consultative council or assembly.

Although much has been accomplished, much work is still needed. Progress, however hopeful, must be bolstered with sustained support and continued development. Gizab has proven itself no exception to this rule. The withdrawal of foreign troops, complex and shifting internal political conflicts, and a lack of consistent long-term support from the Government of Afghanistan leave the progress once made in Gizab threatened with a return to the pre-uprising situation. Reports now indicate that the Gizab district has largely been retaken by the Taliban as of late 2014, with the main highway to Tarin Kowt under Taliban control.³ This hinders trade, transit, and access to medical care for the people of Gizab, and endangers the advancements they secured for themselves in 2010. It is the hope of the Afghanistan Reconnected process detailed in this paper to ensure that villages like Gizab, through greater security and development for Afghanistan as a whole, can continue to move forward and resist regressive elements acting to dismantle substantial gains made post-2001. Progress has been and will continue to be slow, but with consistent effort and patience, Afghanistan can capitalize on the treasure and energy exerted over the last 14 years.

2. Introduction

Since 2012, the EastWest Institute's Afghanistan Reconnected Process has focused on promoting the win-win potential of enhanced regional economic and political cooperation between Afghanistan and Central and South Asia. EWI launched this initiative as Afghanistan approached its "Decade of Transformation," recognizing that Afghanistan's stability depends on both security and development.

As these factors have implications that transcend national borders, Afghanistan's transition entails challenges for the region as a whole, which require cooperative solutions. Consequently, participants in the Afghanistan Reconnected Process have sought to determine and promote opportunities for economic growth both in Afghanistan and in the region. The Afghanistan Reconnected consultations have involved private sector leaders from Greater Central Asia and have benefited from their expertise and direct experience with the challenges of regional trade, transit and investment.⁴ Moreover, Members of Parliament and government officials from the region have been engaged throughout the process to establish a strong connection between the insights from the private sector and the adoption of business and trade-friendly legislation in the concerned countries.

In its current stage, "Businesses Take Action to Unlock Trade in the Region," the Afghanistan Reconnected Process aims to build sustainable partnerships between the public and private sector in Afghanistan, Central and South Asia. This goal is based on the conviction that the private sector can play a major role in helping to shape public policy in areas such as trade and economy, while concerned governments have the ability to create a regulatory framework enabling entrepreneurship and economic cooperation.

³ Sune Engel Rasmussen (October 27, 2014) "Taliban return to Afghan town that rose up and drove out its leaders", URL: <http://www.theguardian.com/world/2014/oct/27/taliban-return-afghan-town-gizab> (accessed on July 29, 2015).

⁴ For the purpose of this paper, the notion of Greater Central Asia includes not only Afghanistan's immediate neighbors, but also major regional players such as India.

This paper provides an overview of EWI's Afghanistan Reconnected Process, outlining the rationale behind it, its progress since 2012, as well as its current activities and upcoming challenges.

3. Reconnecting Afghanistan

The premise of the Afghanistan Reconnected project is that post-2014 Afghanistan must grow economically to provide the stability necessary to sustain positive momentum. Economic growth cannot be achieved by Afghanistan alone. It will take regional cooperation and integration to develop appropriate infrastructure, trade agreements, resource development and economic growth. The regional governments must work together in order to achieve Afghan economic growth and stability. Afghanistan must address internal obstacles and continue outreach to improve trust and cooperation. The immense potential of the Afghan people remains to be unlocked. Regional powers must help release Afghanistan's potential and secure a stable future.

The formal completion of the ISAF combat mission in December 2014 presents not only a security challenge, but also the risk of a loss of income and employment.⁵ Economic development is however a crucial prerequisite for the stabilization of Afghanistan, and key to securing the fragile region from current and future threats.

The newly established National Unity Government of Afghanistan is working towards enhanced security, improved rule of law and sustainable economic reforms to minimize the economic impact of reducing an international military presence. Moreover, the troop withdrawal is an opportunity for countries in Afghanistan's neighborhood to strengthen their roles in securing the future of Afghanistan. To achieve sustained economic growth and sustainability, cross-border and regional trade must be facilitated, business enabling environments improved and private sector investment in infrastructures, agriculture, mining and natural resources increased.

The progress achieved through the Afghan authorities and the international community's investment in security, infrastructure and transport during the past 14 years has been slow, but tangible. To preserve and sustain it, donors and investors need to support the current momentum towards enhanced connectivity of Afghanistan within the region.

Due to its geographical location, Afghanistan has the long-term potential to become a major transit route from Central Asia to the Persian Gulf and the Arabian Sea. Better connectivity would bring about significant changes to Afghanistan and its immediate neighbors. A reconnected Afghanistan via enhanced trade and transit would bring as much as \$606 million to the country's economy, and an estimated \$2 billion worth of growth to the region as a whole.⁶ Moreover, Pakistan, Afghanistan,

⁵ Pledged international aid to Afghanistan amounted to over \$100 billion between 2002 and 2012, and to around \$16 billion for the period of 2012-2015. Moreover, the international community is seeking to sustain support past aid levels only through 2017. Source: Sultan Barakat and Brooke Smith-Windsor (February 2015) "Post-ISAF Afghanistan: The Early Months", p. 2, <http://www.brookings.edu/~media/research/files/reports/2015/05/bdc-afghanistan-nato-report/bdc-nato-event-report.pdf>. (accessed on July 30, 2015).

⁶ Pant, Harsh V., India's 'Af-Pak' Conundrum: South Asia in Flux, Foreign Policy Research Institute, Orbis Journal Article Vol. 56, 1, Winter 2012.

Tajikistan, Uzbekistan, Turkmenistan, Kazakhstan and Kyrgyzstan could profit more from intra-regional trade, which currently only accounts for 6.2 percent of their total global trade.⁷ Trade has the potential to increase significantly, if Afghanistan builds upon its production and export capacity and continues to improve its transit and transport conditions.

To realize this vision, private sector-led regional cooperation is widely acknowledged as a crucial factor in determining Afghanistan's fate in the coming years, not least its economic growth and security.⁸ Individual relationships between Afghanistan and its neighborhood are critical, but efforts also have to be made to engender cooperation at a regional level, and to promote Afghanistan's integration into regional security and economic organizations and structures.

Afghanistan is a party to the following agreements that have the potential to integrate the country into regional markets: South Asian Association of Regional Cooperation (SAARC), Central Asia Regional Economic Cooperation (CAREC), South Asian Free Trade Area (SAFTA), and SAARC Agreement on Trade in Services (SATIS), Transports Internationaux Routiers (TIR), and Afghanistan-Pakistan Transit Trade Agreement (APTTA).

Despite these legal frameworks and Afghanistan's comparative advantage in several sectors, the country has not yet realized its trade potential in the region. Challenges include insufficient infrastructure, lack of trade facilitation and capacity, along with bilateral obstacles.

Major bottlenecks at the policy level and lack of trust among states in the region still persist, but there is a growing business momentum for efficient and extended regional trade, transit and investment. For instance, EWI's Outreach Mission to New Delhi found that India's businesses envisage a significant profit margin in investing in Afghanistan's agricultural, transport and mineral sectors as well as through market access to Central Asian countries. Increased investment, trade and profit for Central and South Asian businesses will have a positive influence on the decisions of policy-makers to undertake necessary reforms to unlock the regional economic potential. If this takes hold through business initiatives and advocacy, opportunities for improved and efficient trade with Afghanistan as a hub can be expected in the medium term.

The recent visits of Indian Prime Minister Narendra Modi to the Central Asian Republics as well as his planned landmark visit to Pakistan further prove India's interest in establishing closer ties with its north-west neighbors.⁹ In addition, reciprocal visits between Afghan President Ghani and Pakistani Prime

⁷ Bill Krist (July 14, 2014) "Can Regional Connectivity Promote Development Along the New Silk Road?", URL: <http://americatradepolicy.com/can-regional-connectivity-promote-development-along-the-new-silk-road/#.VbJF5vknJTV> (accessed on July 24, 2015).

⁸ The strengthening of the Afghan private sector and its ties in the region is one of the Confidence Building Measures of the Heart of Asia-Istanbul Process. See more at: <http://www.heartofasia-istanbulprocess.af/trade-commerce-and-investment-opportunities-cbm/>.

⁹ Joanna Sugden (July 7, 2015) "Five Charts that Show What is Behind Modi's Central Asia Tour", URL: <http://blogs.wsj.com/briefly/2015/07/07/5-charts-that-show-whats-behind-modis-central-asia-tour/> (accessed on July 29, 2015)

Minister Sharif, as well as Ghani's visit to India already show an increase in high-level interaction in the region, opening new opportunities for policy reform towards enhanced connectivity.¹⁰

4. EWI's Afghanistan Reconnected Process

The Afghanistan Reconnected Process complements a number of regional and international initiatives launched to promote regional cooperation beyond the security dimension, such as the Heart of Asia-Istanbul Process on Regional Security and Cooperation for a Secure and Stable Afghanistan, the Regional Economic Cooperation Conference on Afghanistan (RECCA) and the United Nations Special Program for the Economies of Central Asia (SPECA). With its process, EWI seeks to find specific and pragmatic actions that can be taken in support of the goals set at the larger regional and international fora.

While most of these initiatives promote economic cooperation at the political and technical level, they do not systematically involve private sector leaders and Members of Parliament in the policy development and reform process for regional trade. EWI has taken a more specific and demand-driven approach by offering the private sector a leading role in providing practical solutions to the policy-makers of the region and contributing to efficient and inclusive regional growth. By doing so, the institute aims to increase the influence of the private sector in regional and national policy development, and sustain engagement and ownership of the process. Offering the private sector a leading role also creates opportunities for private-public partnerships to address critical trade-related bottlenecks.

In addition, the Afghanistan Reconnected Process is promoting business-to-business cooperation, by facilitating the establishment of a network of experts and private sector representatives from Afghanistan, Central and South Asia. Furthermore, its activities regularly engage local Chambers of Commerce and Industry, who suggest participants and are themselves represented in the process. This network not only constitutes the pool of participants in the process, but is also an enabling environment for cross-regional partnerships. In addition, the participation of Members of Parliament and government officials from the region in the process helps align private and public sector needs and initiatives.

In the framework of the Afghanistan Reconnected Process, EWI has, since 2012, convened a number of consultations to address regional economic security issues in post-2014 Afghanistan. With support from the German Federal Foreign Office and the United Arab Emirates, the consultations involved high level representatives of governments, Members of Parliaments and of the private sector from Afghanistan, Iran, India, Pakistan, Uzbekistan, Tajikistan, Kyrgyzstan, Turkmenistan, China, the United Arab Emirates, the United States of America and Europe, as well as delegates of regional and international organizations, who met to identify challenges and pinpoint practical solutions towards economic growth both in Afghanistan and in the region.

¹⁰ Jack Detsch (April 30, 2015) "With Trade and Terrorism in Mind, Ghani Visits India", URL: <http://thediplomat.com/2015/04/with-trade-and-terrorism-in-mind-ghani-visits-india/> (accessed on July 29, 2015).

Participants in the consultations identified cross-border trade and transit, transport infrastructure and energy trade and transit as priority areas requiring reforms to increase cooperation in the region. Experts, specialized private sector representatives and Members of Parliament discussed these topics on several occasions in 2013-14, operationalizing the necessary policy reforms into a number of actionable recommendations at the November 2014 Istanbul Conference.

5. The Afghanistan Reconnected Recommendations

Following the publication of the report “Afghanistan Reconnected: Regional Economic Security Beyond 2014”, the EastWest Institute convened a conference in Istanbul in November 2014 to further solidify its recommendations. These recommendations focus on seizing the opportunities for trade, economic growth and cooperation in Greater Central Asia through enhanced partnerships between the public and private sectors of the concerned countries, and aim at promoting short- and long-term policy changes in the fields of cross-border trade and transit, transport infrastructure and energy trade and transit.

4 a) Cross-border Trade and Transit

Trade facilitation is a complex process, as it entails intervening in and reforming policy areas that are politically sensitive for some countries in the region. However, it is fundamental to promote more open trade policies, as restrictive measures are counterproductive and push trade into the informal sector instead of protecting domestic markets. In this respect, the Afghanistan Reconnected consultations led to the identification of the following short- and medium-term measures:

In the short term:

1. Adopt a generous long-term, multi-entry visa regime for businesspersons for easy regional travel.¹¹
2. Adopt the Build, Maintain and Transfer Border Management Framework developed by the Union of Chambers and Commodity Exchanges of Turkey (TOBB). Implement one pilot project at the Torkham border crossing point between Afghanistan and Pakistan to improve border crossing procedures.
3. Develop the Computerized Custom Clearance System (WeBOC) between Afghanistan and Pakistan to help bring transparency and enable importers and customs authorities in both countries to trace cargo exports to Afghanistan, help smooth the transit of goods across borders and minimize clearance time.
4. Amend Pakistan’s custom procedures for the transit of break-bulk minerals from Afghanistan by allowing the trans-shipment of Afghan export products at the border under customs authorities’ supervision and control.

¹¹ During the recent visit to Afghanistan of Pakistani Minister of Commerce, H.E. Eng. Khurram Dastgir Khan, President Ghani promised that all necessary arrangements will be made for the issuing of multiple-entry visas for Pakistani businesspeople and skilled workers on a reciprocal basis. Source: Raja Asghar, “NA told of major steps to help Afghan trade”, Dawn, April 28, 2015, <http://www.dawn.com/news/1178598>. (accessed on July 30, 2015).

5. Expedite Afghan import transit via Pakistan by eliminating the single-bonded transport company policy. Instead, various bonded transport companies should be allowed to share carrying containers, which will address long delays and resultant port storage as well as shipping line detentions charged to Afghan importers.¹²

In the medium term:

1. Establish a Regional Business Advocacy Council comprised of influential business leaders from Afghanistan, Pakistan, India, Central Asian Republics, Turkey and Iran to advocate for standardized transportations fees (container guarantees, insurance guarantee for customs duties, insurance of goods, truckers' wages and container security fees).
2. Establish model cross-border free trade zones on the borders of Afghanistan-Pakistan, Pakistan-India, Afghanistan-Iran, Afghanistan-Turkmenistan and/or Afghanistan-Tajikistan, where people and goods can move freely. This would generate new employment opportunities in the border areas and would also help separate the informal trade in goods from narcotics and crime by creating incentives (low tax, duty-free trade) for informal traders to declare their products. Border guards and customs officials would be better able to expedite border processes, concentrate on stopping criminals and control large cargos, rather than dissipating efforts and resources with small individual traders.
3. Undertake regional entrepreneurship and skill development exchange programs (sponsored and supported by governments, national trade associations, donors / aid organizations and chambers of commerce and industry) to promote regional trade and investment opportunities.
4. Convene leaders of banks and financial institutions from India, Pakistan, Afghanistan, Iran, Turkey and Central Asian Republics to streamline financial and trade transactions.
5. Expand the Afghanistan Pakistan Trade and Transit Agreement (APTTA), by concluding tripartite talks on the inclusion of Tajikistan. The agreement could also be extended to India and other countries in the region.

4 b) Transport infrastructure

Enhanced regional cooperation on transport has great potential in the region. However, improvements in this field require large-scale investments and maintenance; commitment and coordinated financial support from political leaders in the region, as well public and private investment are fundamental to achieve progress in this sector.

As an initial step, it may be useful to target investment to a specific transport corridor, where the benefits of cooperation could be clearly demonstrated. Investment and donors' assistance should be structured in a way that would maximize opportunities for cooperation. In the meantime, investment in infrastructure development should mainly be subject to policy change, as well as implementation or updating of bilateral agreements at a national level. External factors, such as the WTO accession process

¹² According to the findings of EWI's recent Outreach Mission to Pakistan, the problem of Afghan trucks at the Wagah border crossing has been resolved, as well as the issue of partial shipment of Afghani commercial goods via Karachi port.

or existing regional cooperation bodies, could be used to coordinate and streamline national policies. The private sector could play a valuable role in the construction of large- and small-scale infrastructure projects, which would generate employment opportunities.

Participants in the Afghanistan Reconnected consultations developed the following recommendations for reforms in the medium term:

1. Donors and investors may invest in the development and extension of Afghan railways to important seaports in the region such as Chabahar (Iran), Bandar Abbas (Iran), and Gwadar (Pakistan). Another high payoff option would be to expand the road from Kandahar through Wesh-Chaman to Quetta. This extension of the road by 131 kilometers would enable a much more efficient transfer of goods to the port of Karachi for shipment. The creation of targeted rail capabilities and continued road improvement are vital to the extractive industry and energy development.
2. The Afghan government needs to establish credible institutions to ensure the maintenance of transport infrastructure. Mineral endowment and revenue from energy and transit could be reinvested in infrastructure development.
3. Establish a regional infrastructure trust fund with contributions from India, Turkey, China, Pakistan and Afghanistan to invest in designing, developing and expanding one intra-regional transport infrastructure, connecting Central Asia with South Asia, China and beyond. Major financial institutions such as the Asian Development Bank (ADB) may also contribute.

4 c) Energy Trade and Transit

The greatest prospects for long-term progress in regional cooperation lie in energy trade. An adequate and steady energy supply is vital for Afghanistan's economic and social development. Donors are willing to invest in trans-Afghan transmission infrastructure, as reaffirmed at the December 2014 London Conference on Afghanistan.¹³ This would create opportunities for Tajikistan and Turkmenistan to diversify their energy markets. The successful exploitation of such opportunities for regional energy trade would build a track record of cooperation and enhance overall momentum.

In addition, there are possibilities for more extensive projects with large benefits for several countries and significant private sector participation. Presently, the most important projects of this kind are the Central Asia-South Asia (CASA-1000) electricity transmission project and the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline.

By 2020, the CASA-1000 project aims at connecting energy-rich Central Asia with South Asia, which is largely affected by energy shortages. By connecting energy supply lines, the project will make the summer electricity surpluses of Tajikistan and the Kyrgyz Republic available to Pakistan and Afghanistan,

¹³ The London Conference on Afghanistan (December 4, 2014) "Afghanistan and International Community: Commitment to Reforms and Renewed Partnership", URL: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/383205/The-London-Conference-on-Afghanistan-Communique.pdf (accessed on August 6, 2015).

supplying local communities with much needed electricity for social and economic development.¹⁴ On the other hand, the planned TAPI gas pipeline, which should stretch from the gas fields of Turkmenistan into India, has proven to be a controversial project to initiate, due to political challenges and difficulties in the selection of a consortium leader to control the implementation and management of the initiative.¹⁵

Progress with these two initiatives may open up prospects for developing a regional energy market with major benefits for all the countries involved over the long term.

6. The Outreach Missions

In 2015, the EastWest Institute has committed to undertaking Outreach Missions to Greater Central Asia to present the priority reform measures identified during the initial stages of the Afghanistan Reconnected Process. The missions enable a high-ranking delegation of private sector representatives and parliamentarians from the region to meet with governments, as well as other institutions and agencies, and promote the Afghanistan Reconnected recommendations. To date, EWI has conducted missions to Pakistan and India, and aims to visit Afghanistan and Tajikistan before the end of 2015.

EWI's first Outreach Mission took place in Islamabad in March 2015 and was welcomed by the highest ranking national authorities. The high level meetings granted by the Pakistani administration stressed the importance attributed by the South Asian country to the issues addressed in the Afghanistan Reconnected Process. The delegation met with the President of Pakistan, as well as with the Ministers of Trade, Foreign Affairs, Energy and Privatization, discussing the challenges of regional infrastructure construction and cross-border trade facilitation.

During the mission, Pakistan's urgency to show its efforts and progress towards increased connectivity with the region were evident. Governmental authorities stressed their commitment to peace and development in the region, and to expanded economic cooperation with Afghanistan. Various initiatives were recognized as fundamental steps towards a reconnected Afghanistan, such as the expansion of the Afghanistan-Pakistan Transit Trade Agreement (APTTA) to Tajikistan, the ongoing improvement of border infrastructure, and the upgrading of the Karachi, Qasim and Gwadar ports.

The visit to Islamabad was followed by an Outreach Mission to India in June 2015, which received similar high-level attention. Thanks to the cooperation with the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Observer Research Foundation (ORF), the delegation had the opportunity to meet not only with senior government authorities, such as the Minister of State for Petroleum and

¹⁴ The World Bank (no date) "Central Asia South Asia Electricity Transmission and Trade Project (CASA-1000)", URL: <http://www.worldbank.org/projects/P145054?lang=en> (accessed on July 29, 2015).

¹⁵ Richa Mishra (July 27, 2015) "With oil big boys not keen, will national cos move in?", URL: <http://www.thehindubusinessline.com/companies/with-oil-big-boys-not-keen-will-national-cos-move-in/article7470689.ece> (accessed on July 29, 2015).

Natural Gas and the Minister of State for Road Transport and Shipping, but also with policy experts and representatives of the Indian private sector doing business with Afghanistan.

The meetings underlined India's efforts towards Afghanistan's development and stability, which focus on infrastructure, training and education, and enhanced business-to-business connectivity. The business sector however admitted that the difficulties of doing business with Afghanistan do not only depend on the precarious security situation, but also on the extensive reforms necessary to establish a business-enabling environment, for instance in the banking and insurance fields. Moreover, New Delhi's difficult relationship with Islamabad transpired as a clear factor hampering a stronger Indian involvement in Afghanistan.

7. Conclusion

Fourteen years of heavy international involvement in Afghanistan have achieved slow, but tangible progress in restoring Afghanistan's stability and path to development. However, the progress achieved needs to be bolstered with continued efforts. For instance, the Torkham and Wesh-Chaman border crossing points have been open only few hours a day, strongly affecting the volume of traffic of goods and people. Improved cooperation and operations efficiency between different Afghan and Pakistani ministries and mutual improvements to infrastructure and security could lead to an extension of the gates' opening hours, allowing for tangible economic benefits for both sides.

One of the most important tasks for President Ghani's government is to continue supporting and driving this progress, while helping the country move away from a security economy and aid dependence. Moreover, the current administration needs to face the consequences of the corruption and misuse of funds that strongly limited progress during the past years, and which might make donors less likely to get involved in Afghanistan. While President Ghani took a strong stance on the issue and is already working to address the problem, improved transparency and accountability on the allocation of funds will play a significant role in Kabul's ability to receive further international support.

The challenges that President Ghani will have to face are numerous. Among others, access to Central Asian markets, as well as the active participation of Central Asian Republics within regional economic and political cooperation fora is limited, and requires further efforts on Afghanistan's part. In addition, China's One Belt One Road (OBOR) initiative does not involve Afghanistan as a main economic partner, and bypasses its territory by relying on Pakistan to reach the Arabian Sea. This project clashes with President Ghani's vision of Afghanistan as a transit hub between the East and the West, and requires a revision of Kabul's strategy. Furthermore, the difficult security situation after the conclusion of the ISAF mission is deteriorating due to the penetration of the Islamic State (IS) on Afghan territory. While a strong Taliban insurgency could already be predicted before the planned NATO withdrawal, the Afghan National Security Forces' skills and resources risk being overstretched if faced with yet another armed insurgent group.

On the other hand, the region also offers numerous opportunities to reconnect Afghanistan with its neighbors. For instance, the lifting of international sanctions on Iran will make Tehran a more effective and reliable trading partner. This will not only have implications on the growth of the Chabahar port, an important hub for the diversification of Afghanistan's trading routes, but also on energy trade and transit in the region, with the likely revival of the Iran-Pakistan pipeline project. Moreover, Pakistan and India's membership to the Shanghai Cooperation Organization (SCO), effective by 2016, could bring more coordination to regional initiatives on Afghanistan, and offer a new dimension to address the two countries' strained relations. Finally, a rapprochement between Islamabad and Kabul is likely to lead to enhanced economic cooperation between the countries, when Pakistan will fulfill the numerous promises made since the beginning of President Ghani's mandate.

In this context, EWI's Afghanistan Reconnected Process strives to substantiate the work of other regional and international initiatives that promote regional cooperation beyond the security dimension. With its consultations and outreach missions, the process has developed a network of business leaders, experts, and Members of Parliament from the region ready to work together towards enhanced regional economic and political cooperation beyond national divides.