

In the Name of God, the Most Merciful, the Most Kind



September 08, 2019

Afghanistan: The Challenges and Opportunities to Regional Connectivity

Afghanistan has a unique geographic location which borders with six countries and also has river ports. Very few countries of the world have this kind of strategic location and vast potential opportunity. From this point of view, Afghanistan has tremendous prospective to develop its economy, but there has never been a comprehensive policy for utilizing this geographical uniqueness of the country. However, the national unity government (NUG) has played an important role in opening several new aerial and ground transit routes. The NUG has always emphasized that Afghanistan's economy could be transformed and economic growth achieved, if the country can utilize this advantage and turn itself into a regional hub for trade and transit. To materialize that ambition, Afghanistan needs extensive infrastructure development internally and connectivity externally. To that end, Afghanistan has tapped into various regional connectivity projects such as China's Belt and Road Initiative (BRI) and Russia, India, and Iran's International North-South Transport Corridor (INSTC) that have come onto the scene in recent years.

Afghan and Chinese policymakers see Afghanistan's location as its greatest advantage under the BRI, mainly because it facilitates the movement of goods, data, and energy. Studies reveal that although the BRI initially bypassed Afghanistan, Chinese officials announced concrete steps to integrate Afghanistan in 2017, a year after signing of a joint MOU. As it stands, China is linked to northern Afghanistan through the commencement of the Sino-Afghanistan Special Railway Transportation Project and the Five Nations Railway Project. China also wants to link itself to southern Afghanistan through the China-Pakistan Economic Corridor (CPEC) but this has been received with hesitation by Afghanistan as it is in the middle of a dispute between Pakistan and India over CPEC traversing through disputed territory. China and Afghanistan have already initiated a fiber optic link through the Wakhan corridor and are looking to link the BRI to various energy projects and extractive sectors.

Another major regional connectivity project is the nascent International North-South Transport Corridor (INSTC) being advanced by Russia, Iran, and India to link the Indian Ocean to Europe. Afghanistan has linked itself with INSTC through Chabahar port and the Lapis Lazuli Corridor. The Chabahar port considered as a strategic alternative to Pakistan's Karachi port on which Afghanistan has thus far been heavily dependent. In addition, Afghanistan succeeded to send its merchandise to Europe via the Lapis Lazuli Corridor in mid-December 2018. With both Chabahar port and the Lapis Lazuli Corridor now in operation, the INSTC could further opportunities for Afghanistan to access the Indian Ocean and Europe.

In spite of these opportunities and gains, we identify several challenges, as outlined in some of the studies that stand in Afghanistan's way to becoming self-reliant through regional economic connectivity projects. Foremost, these studies show that as long as Afghanistan remains in a state of ongoing conflict and political instability, it will not be able to strengthen its position in the region to materialize its regional connectivity ambitions. Countries need to feel that Afghanistan is a safe trade and transit hub and that they can realize a return on their investments. Moreover, the infrastructure deficit remains a major hurdle and major reforms are needed in the financial and banking institutions — such as safe and competent standardized transactions — to make the environment investor friendly. These challenges, according to policymakers in Afghanistan, restrict the country's role in regional and international economic initiatives to that of a "policy taker" rather than an "initiator." This position weakens Afghanistan's bargaining position as its interests in these policies always remain secondary to others. Another problem is the economic growth in Afghanistan's domestic economy and export sector. Afghanistan's economy remains largely a consuming one; thus, if the country links itself too hastily to regional projects, it compromises the growth of its local economy as it will face competition from stronger economies, such as China, Iran, India, and Pakistan, that its domestic industry currently cannot match.

Moreover, the Disagreements between India and Pakistan have also prevented Afghanistan from planning steps to link itself to CPEC. Sanctions by the United States on Iran in 2015 have also left a negative impact on Afghanistan's economy. Although partially relieved by a U.S. exemption on Chabahar port in November 2018, the sanctions continue to affect remittances, imports, and the illegal movement of U.S. currency from Afghanistan to Iran.

In general, Afghanistan has made much progress during the NUG but what we lacked was a comprehensive proactive policy about the unique location of the country. Therefore, we need to underpin several points; first, we need to develop our own policies and domestic capacities to entice others to connect with its initiatives rather than always connecting to initiatives of others in the region. This is a crucial point, because given the security and economic situation, there is less motive and interest for other countries to make an overture toward Afghanistan. Second, Afghanistan alone cannot address the obstacles to realizing its full potentials as a regional hub and needs a regional approach to turn these weaknesses into core competencies. This regional approach may include regional cooperation, regional integration, and attraction of investment in Afghanistan's infrastructure that will turn it into a regional hub for trade and transit. Third, the Afghan government should avoid adopting any hostile economic policies with some countries while promoting favorable ones with others. It is advisable that the Afghan government avoid intermingling economy and politics.



Message of Muharram

By: Hujjatullah Zia

A large number of Shiite Muslims conduct mourning sessions in Muharram, a holy month of Shiite Muslims, in which the grandson of Prophet Muhammad (PBUH) Imam Hussein, along with 72 of his companions, had been martyred in his battle against the then dictator regime of Yazid. In Muharram, clergymen sermonize people around the globe to practice virtue and learn from the revolution of Karbala, a city in Iraq, where Hussein (AS) revolted against the despotic regime of his time. A large number of the clergy interpret the revolution of Hussein (AS) in a moderate way and urge people to raise their concern about injustice and fight for their freedoms. They urge people to shun vice and pursue virtue. Hussein (AS) pointed out that reform was the main reason behind his revolution. He said he would not pledge allegiance with a cruel caliph such as Yazid-ibne-Muaweya, who led a corrupt regime. He showed zero tolerance for corruption and moral turpitude that jeopardized the religious beliefs and ethical code of his community and those of Muslim Ummah. The grandson of Prophet sought to follow in Prophet's footsteps and urge Muslim Ummah to practice upon Sunnah and virtue and shun evil.

Historians say that Yazid, the caliph, operated under religious mask and exploited religion and his sacred position, similar to the current radical groups. Yazid, who inherited the throne from his late father Muaweya, had urged each and every individuals to pledge allegiance of loyalty to him or else death would be the next choice. However, Hussein (AS) turned down to shake hand with a corrupt ruler since he was trained in a religious family.

The political message of Karbala's event to politicians — regardless of their religious beliefs — is to render service to a nation wholeheartedly and, in addition to a nation's religious beliefs and moral values, safeguard its rights and freedoms.

Hussein (AS) fought to bring justice to Islamic world and invested his blood to pave the ground for public rights and freedoms. All politicians have the responsibility to fight for a country's fate to save a nation.

Afghans also conduct sessions to mourn the death of Hussein (AS) as a religious ritual and clergymen sermonize mourners. The clergy should know that month of Muharram provides

them the best platform to broaden the horizon of the public and spread religious tolerance, which is a crying need for Afghan nation in the current sensitive period. Sermonizers should preach in a moderate way and urge people to practice upon the spirit of brotherhood. They should denounce fundamental acts and call on their audience to respect religious beliefs of each individual. The clergymen need to raise their concern about injustice, violence, and corruption ongoing largely across the country.

Practicing religious tolerance is most likely to lead to peaceful co-existence. If all individuals respect the beliefs as well as the rights and freedoms of one another, regardless of their caste, color, or creed, peace will emerge. On the other hand, "disregard and contempt for human rights have resulted in barbarous acts which have outraged the conscience of mankind", as stated in the Universal Declaration of Human Rights.

Meanwhile, those who admire the brave act of Hussein (AS) and mourn his martyrdom have to set him as a role model and learn from his movement. Hussein (AS) initially sought a peaceful issue rather than resorting to violence. But the caliph left him with two choices either allegiance or sword/death. Since he was the grandson of Prophet Muhammad (PBUH), his allegiance to a corrupt regime indicated his approval and legitimized the regime of Yazid. It was a strong blow to the achievements made by his grandfather. Therefore, Hussein (AS) preferred death to shaking hands with a dictator — which are all lessons to be learnt from his movement.

The mourners of martyrdom of Hussein (AS) have to practice upon his words as he called for virtue and stop showing tendency to corruption and moral turpitude. In other words, simply shedding tear for the death of a great person like him will be of no use unless one's personal characters are changed for better.

Hussein (AS) has message for one's individual, social, and political life. His message is that one who seeks to be the leader of a nation should be the person of principle and virtue. He/she should not be corrupt, which would have horrible consequences on the fate of a nation. Meanwhile, he calls on people to pledge allegiance (cast vote) in support of an all-sided qualified person.

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Germany's Divided Soul

By: Dalia Marin

This November, Germany will celebrate the 30th anniversary of the fall of the Berlin Wall. But the country is in a gloomy mood, and cheers will be few and far between — especially in the east.

Today, more than one-third of eastern Germans describe themselves as second-class citizens. Contrary to their expectations at the time of German reunification in 1990, the east of the country has not become as prosperous as the west. Unsurprisingly, eastern Germans today think, feel, and vote differently than western Germans do. In fact, Germany is one country with two souls.

The latest evidence of this came on September 1, when the xenophobic right-wing Alternative für Deutschland (AfD) secured a strong second place in regional elections in the eastern German states of Saxony and Brandenburg, with 27.5% and 23.5% of the vote, respectively. In western German states, the AfD's electoral share is typically half of that. Germany's east-west political divide reflects sharp economic differences. Between 1991 and 1996, per capita income in eastern Germany increased from 42% to 67% of west German levels. But in the 20 years after 1996, this figure rose only to 74%. In other words, the post-1989 process of economic convergence between eastern and western Germany largely came to a halt around 25 years ago. Former German Chancellor Helmut Kohl's 1990 prediction of "flourishing landscapes" in the east still has not materialized.

Economic convergence within Germany stalled largely as a result of policy decisions. Prior to reunification in October 1990, the West German government decided to liberalize trade with East Germany overnight. All barriers to the movement of capital and labor were removed, and the East German Ostmark was converted into Deutsche Marks at a rate of 1:1 for smaller amounts, and 2:1 for larger sums. The currency reform caused eastern German wages to rise to western German levels, even though eastern productivity was only 10% of that in the west. As a result, East Germany's manufacturing sector went bankrupt overnight, and its firms lost all their Eastern European markets.

In 1990, the East German government established a new super-authority, the Treuhandanstalt, to help the country's manufacturers to survive. The agency privatized and sold eastern German companies and assets to western firms, often at a symbolic price of one DM in exchange for job guarantees. This massive subsidy gave western German firms an incentive to move to the east, even though the latter had lost its comparative low-wage advantage. The program worked: by 1994, the Treuhandanstalt had sold virtually all eastern German firms to western investors, and the agency was dis-

mantled.

For a while, the eastern German economy grew rapidly and started to catch up with western Germany. But without the Treuhandanstalt to provide further subsidies, western firms did not want to invest in eastern Germany. And as investment dried up, the east's convergence process came to a standstill.

Eastern Germans, meanwhile, hated the Treuhandanstalt, and saw it as the body giving away valuable assets to western firms. The agency's first chairman, Detlev Rohwedder, was assassinated in 1991; even today, two populist German parties — the left-wing Die Linke and the right-wing AfD — blame the organization for eastern Germany's economic plight.

After 1989, eastern Germans were told that there was no alternative to the Treuhandanstalt, because they had no high-quality products to sell. But the law of comparative advantage holds that a country always has something to sell if its wages and prices are low enough. Unfortunately, the high wages and prices resulting from the 1990 currency reform prevented the eastern German economy from thriving like other Eastern European countries did following the collapse of communism.

The narrative of having "nothing to sell" and a "low-value manufacturing sector" had a detrimental effect on the eastern German psyche. People felt they had no value in a market economy and lost their dignity. In the 1990s, I worked at the Humboldt University of Berlin in the east of the city, and experienced firsthand this feeling of worthlessness among eastern Germans.

The German government's biggest mistake, however, was to dismantle the Treuhandanstalt after all the eastern assets were sold. Instead, the agency should have continued to offer subsidies to foreign firms willing to invest in eastern Germany, in order to compensate for the high wages there. But it is never too late for Germany to restart the economic convergence process. Encouragingly, the government is now discussing how to create equivalent living conditions (gleichwertige Lebensverhältnisse) in the east and west of the country. By introducing economic incentives for foreign investment in eastern Germany, policymakers could yet help to bring about the flourishing landscapes that Kohl envisaged.

Moreover, an economic recovery in the east would not only bring material benefits. It would also help to heal Germany's psychological divide, and thus make eastern Germans less likely to vote for extremist parties that prey on their fears.

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