

Chabahar and Its Impacts on Regional Convergence

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Abstract: Unfortunately, during the last half century our country has been confronted with political and security problems and has caused Afghanistan to lack a good standing in the region. Insecurity, political problems, and existence of terrorist groups present a black image of Afghanistan to the international community, but with the overthrow of the Taliban regime and the influx of billions of dollars in aid from the international community to Afghanistan; and the formation of interim and transitional governments, Hamid Karzai's presidency, and especially the period of National Unity Government (NUG), with major projects such as Selma Dam, CASA1000, the Lajward Road (also called Lapis Lazuli Route), the Chabahar Port, this black-painted image of Afghanistan from before the interim period has fortunately turned into a beautiful and remarkable image to the international community. As a result of such large projects, the Afghan government has shown very well to neighboring countries that Afghanistan is not just a consumer state and a monopoly of one or two neighboring countries; in addition, the Afghan

government has made it clear that there are many ways for the country to go, through which it can facilitate international trade with very low cost. The Chabahar Port showed that our beloved Afghanistan can act in the same way as other countries in the field of development and contribute to paving the way for comprehensive development. In conclusion, it can be claimed that the Chabahar Port is a much safer and cost-efficient route for trade in the country, and the Afghan government can open up numerous opportunities such as the Chabahar Port by providing overall security and having an effective economic plan.

Key terms: economic convergence, transit, trade, good business governance

Introduction

As it is clear, Afghanistan is a landlocked country that has been fighting wars for almost half a century. The lack of security has deprived our beloved country of almost all its infrastructures and has stifled the building of new and rebuilding of existing infrastructures. As mentioned above, Afghanistan is a landlocked country where none of the seas of the country, with the exception of the Amu Sea, is suitable for transfers of commercial goods. Therefore, due to the higher cost of transportation and transit through the land, it increases the prices of the commodities shipped by land, which decreases the competitiveness of our products in international markets.

Fortunately, with the relative security provided, efforts have been made to revitalize the infrastructure, and the NUG has focused its attention on foreign trade and has always strived for the liberation of Afghanistan from one or two countries' monopoly. The Chabahar port is an ideal

opportunity to meet the Afghans' needs, and this port can connect Afghanistan to the world's open waters and greatly alleviate the problem of Afghanistan being landlocked and make it easier for Afghan businessmen to use facilities such as 250 acres of land, cold storages, the National Bank of Afghanistan agencies and direct flights from Kabul to Chabahar in a short and secure route to easily transport commercial goods with the proud sign of 'Made in Afghanistan.'

Convergence in the World

After World War II, America's presence as the sole economic and political power in the world provided the US with access to the markets of other countries, and on the other hand, post-war Europe needed to be restored, and America as the world's sole economic and political power in the world, intervened in the restoration and rebuilding of Europe facilitating the creation of the World Bank and the International Monetary Fund (IMF) in the year 1944, and signing the General Agreement on Trade and Tariff in the year 1947 to facilitate trade between different countries in order to ensure that the interests of all the groups involved are maintained and that these efforts made in the year 1947 which led to creation of the European Economic Commission was the first experience in establishing regional organizations.

The process of establishing regional organizations is still ongoing and we can mention the following important regional organizations:

1. European Economic Society
2. European Free Trade Area
3. Canada-United State Free Trade Agreement
4. North American Free Trade Agreement
5. Asian Free Trade Area
6. South Asia Association for Regional Cooperation
7. Asia Pacific Economic Cooperation
8. Gulf Cooperation Council
9. Economic Cooperation Organization

A Brief Introduction to Chabahar

Chabahar has an area of 9739 square kilometers, located 60 degrees and 37 minute east longitude and 25 degrees 17 minutes north latitude, in the direction of the Indian Ocean's summer monsoon winds, which makes the year-round pleasant weather with an average temperature of 23°C. Chabahar Port is one of the parts of Sistan and Baluchistan which is bounded on the north by Iranshahr, on the east by the Pakistani border, on the south by the Oman Sea and on the west by Jask and Kohnuj. This port is located on the east of the Strait of Hormuz and the Oman Sea and on the north of Indian Ocean on the main shipping routes to Africa, Asia and Europe. It is Afghanistan's shortest and least costly transit route to world markets and can be a good alternative to Karachi Port.

Afghanistan from the point of view of Economic Integration and International Trade (Afghanistan's need for such agreements)

It is clear that Afghanistan has been using the Karachi port for many years in its foreign trade; and Pakistan, which has used a hostile policy in all aspects of its governance with Afghanistan, has left the Afghan foreign trade unsafe from this hostile policy and has always suffered harms from these hostile policies. In addition to the long-distance between Karachi Port and Kabul and the hostile policies of Pakistan, our beloved country Afghanistan has a number of other restrictions on foreign trade- according to a World Bank investigation. The followings shed light on them.

A: Afghanistan being landlocked

Landlocked countries are more vulnerable to foreign trade than non-landlocked ones and have less foreign trade, as research has shown foreign trading of landlocked countries is as much as 30% of the foreign trade of the countries which are not landlocked. And unfortunately, the seas of Afghanistan except for the Amu Sea are not conducive to the transfer of commercial property.

B: Geographic Location of the Afghan Mountains:

Another challenge to Afghan foreign trade and Afghanistan as a country for the transit of other countries' trade is the geographical location of the Afghan mountains, which are located in the middle of Afghanistan from east to west creating challenges for the transit of commercial property.

C: Shipping costs

The economic development of countries has made the importance of freight transport in the world very clear and visible as the world has witnessed economic convergences for independent and tariff-free trade, but practical experience shows that in the area of foreign trade freight costs are higher than the tariff and is a bigger barrier than the tariff, and these costs depend on transportation, distance, converting a vehicle from ship to ship or from ship to lorry (converting ship to lorry is seven times more than the cost of exchanging a ship for another), administrative barriers and the number of ports and border the Commodities goes through.

The above limitations do not imply that Afghanistan is no longer a viable country for trade and transit. For Afghanistan to be a developed country, it must draw on the experiences of other countries in the field of regional organizations and sign regional agreements that guarantee common interests of all the countries involved, especially with neighboring countries such as Iran, India, Tajikistan, Turkmenistan, Pakistan, China, etc. The outcome of regional agreements and the development of infrastructure can eliminate the above limitations and increase the proportion of foreign trade of the country.

The Benefits of Joining Afghanistan in Chabahar Port

In general, the establishment of regional organizations, in addition to enhancing the political power of countries in the region, saves scale, division of labor and expertise at the regional level, and expands the product markets in the region. As of the Chabahar Port agreement, we can claim that it is a stable and vital measure by the Afghan government in good governance on commerce providing good business opportunities for Afghanistan as currently goods are being transferred to other countries through Karachi and Bandar Abbas ports. Chabahar can be a good alternative for the two ports, so Chabahar is 90km and 700km less distant to Afghanistan than Bandar Abbas and Karachi ports respectively lowering the cost of transporting each container of commercial property between \$500 and \$1,000.

In addition, Afghanistan's access to the Chabahar port offers other opportunities for Afghanistan, which can be summarized as follows:

➤ Alternative Chabahar for Karachi Port

According to information obtained, about three-fourths of Afghan trade is being carried out through the Karachi Port and the political relations between the two states have had a negative impact on Afghanistan's foreign trade. The Karachi Port route is still in the border areas under the control of unarmed insurgent groups that could pose a significant threat to Afghan businessmen, as long as a 700-kilometer-longer Karachi port can increase the shipment cost of commercial property and reduce the competitiveness of Afghan products in international markets, and the transfer of goods through Chabahar port can be a shorter and safer route than Karachi with lower costs.

➤ Sufficient facilities for our businessmen

According to the agreement signed between the government of the Islamic Republic of Afghanistan and the government of the Islamic Republic of Iran, 250 acres of land has been provided for the Afghan

government for fifty years presenting a unique opportunity for our national traders to build infrastructures, factories, and cold storages, and export their commercial property from this port with further facilities to other parts of the world. Also, under the two governments' agreement, the Afghan government has been allowed the establishment of an Afghan National Bank agency in Chabahar Port, which can facilitate the necessary cash flow for Afghan businessmen, thus allowing direct flights from Kabul to Chabahar Port and from Chabahar to Dubai which could be helpful in replacing the country's imports and boosting exports.

➤ **Exporting domestic products with the country's name and emblem**

Since experience has shown that Pakistan has fraudulently exported most of its neighboring countries' products to the world markets with its own name and badge, and has obtained monetary benefits and reputation from this source. For instance, exporting Afghan carpets by Pakistani name and badge to countries around the world whereas, the treaty and principles in place makes it possible to export commodities with our country's name and emblem from the Chabahar port.

➤ **Afghanistan's Potential for Foreign Trade**

Afghanistan is a country with many potential foreign trade opportunities, such as iron ore, coal, precious stones, and oil. By turning these potential opportunities into existing ones and exporting them to the international markets through the Chabahar Port, we can strengthen our country's economy.

➤ **Tripartite Chabahar Port Agreement and Its Need**

The common ground that the three countries (Afghanistan, India, and Iran) have included in the trilateral agreement is their geographical location and their common interests, which can be a good basis for trading with each other as Afghanistan is an insular country and needs a cost-efficient, reliable, and easy water port for its foreign trade, Iran is thinking of new markets for oil sales after severe western sanctions, and India wants enough oil from the port for its products, and on the other hand, uses the Chabahar port to export its products to middle-eastern markets with lower transportation costs.

Conclusion

Chabahar is a golden opportunity for Afghanistan that can shape the fate of Afghans and contribute to a sustainable development for Afghanistan. Using the available potential capabilities and making the best use of the Chabaharport, Afghanistan must find itself a unique economic and political position in the globe and particularly in the region.

As the interests of the countries of the region are intertwined in the Chabahar port, this sharing of interests could be another opportunity for the Afghan government to use it to promote permanent stability of the country and to enable the countries in the region to understand that a prosperous and secure Afghanistan can be very useful at the regional level rather than a dependent country and a safe haven for terrorists. Moreover, with this sharing of economic interests, a regional consensus can be established at the regional level to ensure stability in the country. With the stabilization of the country and the attention of the government in the field of infrastructure construction as well as the extensive use of the Chabahar port, we can tackle the problems of foreign trade on the one hand, and on the other hand, Afghanistan can act as the Asian intersection and take firm steps in sustainable development through trade and transit.

Suggestions

Afghanistan needs to consider the following points in order to take full advantage of the opportunity offered by the tripartite organization of Afghanistan, India, and Iran for its benefit:

1. The Government of Afghanistan should take good note of good governance and take action to standardize the infrastructure and reduce administrative barriers.
2. Afghanistan must prepare the necessary facilities in Chabahar port to encourage the export of its domestic products.
3. Afghanistan must define its own interests in this port and take action on its achievement.
4. The Afghan Government should conduct training/workshops for the public understanding of the Chabahar Port for Afghan businessmen.
5. In addition to using the Chabahar port, the Afghan government must maintain its commercial relations with Pakistan.

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