

Bleak Future of CPC's Minerush in Afghanistan

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Abstract: Communist Party of China's (CPC) foray into rare earth treasures of Taliban-controlled Afghanistan has attracted global attention. However, on closer inspection, a myriad of challenges pose significant risks that outweigh potential benefits for the CPC's extractive industry aspirations in Afghanistan. This paper identifies and examines impediments that the CPC must overcome to succeed, providing insights into why an unfavourable future looms ahead.

Keywords: Afghanistan, China, Pakistan, Mining, Oil, Security

1. Introduction

When the Joe Biden administration abandoned Afghans to the vicissitudes of the Afghan Taliban in August of 2021, it left behind more than just \$7 billion in military equipment¹ and a myriad of invested agencies-it also left behind a signpost claiming that at least \$3 trillion in "buried treasures" lay hidden in Afghanistan's high mountains and arid deserts². An unprecedented giveaway to the Communist Party of China (CPC), which was waiting in the wings to advance its new-age imperialism under President Xi Jinping.

Afghanistan has a wealth of natural resources, including uranium, bauxite, coal, iron ore, lithium, chromium, lead, zinc, gold, marble, travertine, gypsum, and travertine, amongst other rare earth treasures. A task team composed of representatives from the Pentagon, the U.S. State Department, the U.S. Geological Survey, and the Afghanistan Ministry of Mines conducted the initial comprehensive evaluations of the country's mineral resources in 2010.³ After that, several reports from global mineral and mining watchdogs⁴, governments⁵ and the Afghans reaffirmed Afghanistan's trillion-dollar rare earth mineral reserves⁶. The abundance of these rare earth

treasures includes seventeen earth elements highly sought for their use in consumer electronics and military hardware⁷. So when the chaotic U.S. withdrawal and evacuation operations began to simmer in Afghanistan, CPC turned a blind eye to the humanitarian catastrophe and human rights concerns, wasting no time sending its handpicked mining representatives to Kabul in November 2021 to meet with the Afghan Taliban.⁸ With its dominance in critical mineral supply chains, CPC saw this as an opportunity to expand its economy and profit on the West's shift to a green economy, propelled by these elements. CPC, which appears to have had no desire to take on any subordinate roles under the hegemony of the West in Afghanistan⁹, was able to evolve prudent links with the Afghan Taliban principally through Pakistan and its hitherto obedient proxy, the Haqqani Network¹⁰ (HQN).

HQN, a proscribed terrorist organisation once referred to as the "primary liaison" between Al-Qaeda and Afghan Taliban by the United Nations, has been active in Afghanistan since the 1970s.¹¹ A "semi-autonomous" offshoot of the Afghan Taliban, HQN was one of the Reagan administration's most heavily CIA-funded anti-Soviet groups in the 1980s.¹² HQN has been infamous for its poignant lethal attacks on West's

¹ Ellie Kaufman, "US Left behind \$7 Billion of Military Equipment in Afghanistan after 2021 Withdrawal, Pentagon Report Says | CNN Politics" (CNN, April 27, 2022) <<https://www.cnn.com/2022/04/27/politics/afghan-weapons-left-behind/index.html>> accessed March 1, 2023.

² Eltaf Najafzada, "U.S., Afghan Study Finds Mineral Deposits Worth \$3 Trillion" (Bloomberg, January 29, 2011) <<https://www.bloomberg.com/news/articles/2011-01-29/u-s-afghan-study-finds-mineral-deposits-worth-3-trillion>> accessed March 1, 2023.

³ Special Inspector General for Afghanistan Reconstruction, "Special Inspector General for Afghanistan Reconstruction" (SIGAR | United States Government, January 30, 2010) <<https://www.sigar.mil/pdf/quarterlyreports/2010-01-30qr.pdf>> accessed March 1, 2023.

⁴ "Afghanistan's Famous Lapis Mines Funding the Taliban and Armed Groups, New Investigation Shows | Global Witness" (Global Witness) <<https://en.press-releases/afghanistans-famous-lapis-mines-funding-taliban-and-armed-groups-new-investigation-shows/>>.

⁵ "Afghan Mineral Deposits" (GOV.UK, June 27, 2010) <<https://www.gov.uk/government/news/afghan-mineral-deposits>> accessed March 5, 2023.

⁶ "AGS Reports | Ministry of Mines" (AGS Reports | Ministry of Mines, Afghanistan) <<https://momp.gov.af/index.php/ags-reports>> accessed March 4, 2023.

⁷ "Rare Earths in the Cross-Hairs of New High-Tech Arms Race" (mining.com) <<https://www.mining.com/web/rare-earths-cross-hairs-new-high-tech-arms-race/>> accessed March 4, 2023.

⁸ Eltaf Najafzada, "Chinese Miners in Talks to Access Vast Afghan Lithium Reserves" (Bloomberg, November 2021) <<https://www.bloomberg.com/news/articles/2021-11-24/chinese-firms-show-interest-in-afghanistan-s-mineral-reserves#xj4y7vzkg>> accessed March 4, 2023.

⁹ Saeed Shah, "China Pursues Afghanistan's Mineral Wealth After U.S. Exit" (WSJ, March 13, 2022) <<https://www.wsj.com/articles/china-pursues-afghanistans-mineral-wealth-after-u-s-exit-11647172801>> accessed March 5, 2023.

¹⁰ Anastasia Kapetas, "After the Fall of Kabul, What's next for Afghanistan? | The Strategist" (The Strategist, August 16, 2021) <<https://www.aspistrategist.org.au/after-the-fall-of-kabul-whats-next-for-afghanistan/>> accessed March 3, 2023.

¹¹ United Nations, "UNSC | S/2021/486" (United Nations Documents, June 1, 2021) <<https://documents-dds-ny.un.org/doc/UNDOC/GEN/N21/107/61/PDF/N2110761.pdf?OpenElement>> accessed March 5, 2023.

¹² Krishnadev Calamur, "How Jalaluddin Haqqani Went From U.S. Ally to Foe" (The Atlantic, September 4, 2018) <<https://www.theatlantic.com/international/archive/2018/09/haqqani-death/569275/>> accessed March 4, 2023.

Special Forces since they first arrived in 2001. Cashing in on Pakistan's deep state access, CPC was one of the first countries to establish diplomatic ties with the Afghan Taliban regime and declare that it was prepared for a "friendly and cooperative" relationship. Moreover, it was one of the four notable exceptions-amongst Russia, Iran and Pakistan-who chose to continue to operate their missions in Kabul throughout the takeover and even sent the Afghan Taliban regime aid. No global nation has so far recognised the Afghan Taliban regime as the legitimate government of Afghanistan, not even CPC's "irreplaceable all-weather friend" Pakistan¹³, the principal cheerleader of the CPC and its Belt and Road Initiative (BRI) in Afghanistan.

2. Complexities of Governance in Afghanistan

Intriguingly, when Kabul fell in August 2021, the Afghan Taliban declared the formation of a new hardline government, with several members of the HQN assuming critical ministerial positions. Noteworthy appointments included Sirajuddin Haqqani, son of the HQN's founder and one of FBI's most wanted men as Afghanistan's interior minister.¹⁴ The sanguinary rise to power of HQN-was primarily based on earlier shared strategic interests in "regime change" and ongoing "influence operations", and its peak heightened as it merged with the Afghan Taliban leadership structure over time. Inevitably, HQN emerged as a dangerous and powerful kingmaker in Kabul. It was believed that HQN had just as much to gain from Kabul's collapse as the traditional Afghan Taliban leadership did.¹⁵

In retrospect, when the Afghan Taliban seized power in Afghanistan, the ascendance of HQN was seen as a triumph for Pakistan's army and the deep state in Afghanistan, resulting in a sense of excitement in Pakistan's power corridors. Imran Khan, Pakistan's Prime Minister at the time, welcomed the Afghan Taliban's takeover of Kabul and marked it as a day of "emancipation from slavery," more so as it brought Pakistan's long-held ambitions of installing a pro-Pakistan regime in Kabul closer to fruition.¹⁶ Concurrently, Lieutenant General (R) Faiz Hameed, the then Director General of Pakistan's Inter-Services Intelligence (ISI), showed up with a cup of tea in the foyer of the Hotel Serena in Kabul and told the media, "Don't worry,

everything would be okay."¹⁷ However, nineteen months later, ties between the Afghan Taliban and Islamabad are severely strained. A strategic repercussion for cash-strapped Islamabad may be observed in the evolution of HQN, once viewed as the ISI's ace in Afghanistan and has provided Pakistan with considerable "strategic depth", has now evolved into an exemplar of a "strategic blowback" for the Islamic republic.¹⁸ Islamabad's initial attempts to downplay differences and request talks with the Taliban in Kabul to resolve issues like political machinations in Afghanistan, the status of the Afghan-Pakistan border, terrorism, business, mining, Afghan refugees in Pakistan, water-sharing rights, etc., have thus far been answered by with disregarded commitments and little action by the Afghan Taliban regime. This has shocked Islamabad, which had assumed that the Taliban and HQN would be obligated to Pakistan as a means of expressing gratitude for their decades-long support. Moreover, since August 2021, Pakistan has been alarmingly and persistently vociferous about ever evolving abilities, influence and operational capabilities of the Pakistani Taliban, a dreaded umbrella terrorist infamous for its involvement in the deaths of tens of thousands of Pakistanis, and its ultimate goal is to establish a Shariah-based Pakistan that emulates the Taliban. Closely interlinked with Al-Qaeda and the HQN, the Pakistani Taliban keeps close association with Al-Qaeda and frequently seeks guidance. In the last year alone, Pakistani Taliban repeatedly imposed and broke cease-fires, with the Pakistani government accusing Pakistan of "flouting" cease-fires and conducting clandestine "security operations." Presenting impecunious Islamabad with a dual Taliban conundrum.¹⁹ Consequently, the Pakistani "deep state" remains deeply distrusted by its loyal proxy HQN, with many of its commanders defecting to the Pakistani Taliban over time. Meanwhile, Pakistan insists that the Pakistani Taliban has persisted in carrying out terrorist activities, and that the Afghan Taliban's explicit backing of the Pakistani Taliban has only grown stronger.

There is no doubt that Taliban's governance of Afghanistan is a complex and multifaceted, marked by a range of broken promises, challenges and contradictions. On the one hand, they have been able to establish control over large parts of the country, including major urban centers, and have implemented strict Shariah law that seeks to impose their worldview on the population. On the other, the Afghan Taliban's dependence on illegal activities, such as opium cultivation and mining. Lack of institutional capacity, widespread corruption, support for violent extremism and

¹³ "Pakistan Irreplaceable All-Weather 'Friend: China" (The News International, January 27, 2015) <<https://www.thenews.com.pk/print/10531-pakistan-irreplaceable-all-weather-friend-china>> accessed March 6, 2023.

¹⁴ Stanford University, "MMP: Afghan Taliban" (MMP: Afghan Taliban | FSI) <<https://cisac.fsi.stanford.edu/mappingmilitants/profiles/afghan-taliban>> accessed March 8, 2023.

¹⁵ "The New Kingmaker in Afghanistan" (The Heritage Foundation) <<https://www.heritage.org/middle-east/heritage-explains/the-new-kingmaker-afghanistan>> accessed March 10, 2023.

¹⁶ "Afghans Have Broken 'Shackles of Slavery': Pakistan PM Imran Khan" (Afghans have broken "shackles of slavery": Pakistan PM Imran Khan-The Hindu, August 16, 2021) <<https://www.thehindu.com/news/international/afghans-have-broken-shackles-of-slavery-pak-pm-imran-khan/article35939794.ece>> accessed March 9, 2023.

¹⁷ Naveed Siddiqui | Dawn.com, "Don't Worry, Everything Will Be Okay: ISI Chief during Kabul Visit" (DAWN.COM, September 4, 2021) <<https://www.dawn.com/news/1644463>> accessed March 9, 2023.

¹⁸ Bruce Riedel and Order from Chaos, "Pakistan's Problematic Victory in Afghanistan" (Brookings, August 24, 2021) <<https://www.brookings.edu/blog/order-from-chaos/2021/08/24/pakistans-problematic-victory-in-afghanistan/>> accessed March 12, 2023.

¹⁹ Asfandiyar Mir, "Pakistan's Twin Taliban Problem" (Pakistan's Twin Taliban Problem | United States Institute of Peace, May 4, 2022) <<https://www.usip.org/publications/2022/05/pakistans-twin-taliban-problem>> accessed March 8, 2023.

terrorism and a history of human rights abuses further complicates their governance efforts and raises concerns about their long term commitment to Afghan people and the country's growth and stability.

3. Contemporary Security Landscape

It's unsurprising that debt-ridden Pakistan²⁰, which has historically acted as the epicentre, home and safe haven of most international terrorist organisations, continues to be their heartland. It's crucial to bear in mind that Al-Qaeda, Pakistani Taliban and IS-K, and more have time after time maintained close associations with Pakistani intelligence agency ISI's infamous S Wing-notorious for working with Islamist terrorist groups.²¹ However, as of date, all these terrorist groups have intensified violent operations against the CPC and its "all-weather strategic cooperative partner", Pakistan. As per research conducted by Pak Institute of Peace Studies, an Islamabad-based think tank, the number of terrorist attacks in Pakistan has increased by fifty-one percent since the Taliban took control of Afghanistan in 2021.²² Although Pakistani authorities have implemented strict security measures to protect Chinese nationals working on the estimated \$62 billion China-Pakistan Economic Corridor (CPEC), a compendium of CPC's imperial expansionist infrastructure projects launched in 2015 on Pakistan's held territories of Balochistan²³, Sindh²⁴, Jammu and Kashmir, and Ladakh²⁵. Extremist and terrorist groups in Pakistan have persisted in attacking Chinese citizens and officials in the country, instilling terror and widespread fear

²⁰ Cynthia Li and Faseeh Mangi, "Pakistan's Recession Risk Looms Large Amid IMF Loan Talks" (Bloomberg, March 15, 2023) <<https://www.bloomberg.com/news/articles/2023-03-15/pakistan-s-recession-risk-looms-large-amid-imf-loan-talks>> accessed March 16, 2023.

²¹ Bill Roggio, "Pakistani ISI 'S Wing' Aids Terror Groups in South and Central Asia | FDD's Long War Journal" (FDD's Long War Journal, May 28, 2011) <https://www.longwarjournal.org/archives/2011/05/pakistani_isi_s_wing_aids_terr.php> accessed March 10, 2023.

²² Pak Institute for Peace Studies (PIPS), "Afghanistan as Seen from Pakistan | Situation Review-5" (September 30, 2022) <<https://www.pakpips.com/web/wp-content/uploads/2022/09/Situation-Review-V.pdf>> accessed March 10, 2023.

²³ ANI and @bsindia, "CPEC Violating Rights of Gilgit-Baltistan Residents: European Think Tanks" (CPEC violating rights of Gilgit-Baltistan residents: European think tanks | Business Standard News, October 17, 2017) <https://www.business-standard.com/article/international/cpec-violating-rights-of-gilgit-baltistan-residents-european-think-tanks-117101700377_1.html> accessed March 12, 2023.

²⁴ "After PoK, Gilgit Baltistan, Protests For 'Sindhudesh' Intensify, As Sindhis Demand Freedom From Pakistan" (MSN, January 21, 2023) <<https://www.msn.com/en-in/news/newsindia/after-pok-gilgit-baltistan-protests-for-sindhudesh-intensify-as-sindhis-demand-freedom-from-pakistan/vi-AA16AEmT>> accessed March 10, 2023.

²⁵ "Participation of Third Countries in CPEC Projects Directly Infringe on India's Sovereignty and Territorial Integrity: MEA" (Prasar Bharati | Ministry of Information and Broadcasting, Government of India, July 26, 2022) <<https://newsonair.gov.in/Main-News-Details.aspx?id=444897>> accessed March 12, 2023.

among the Chinese diaspora.²⁶ Moreover, Chinese nationals continue to face significant opposition in the Pakistani-held region of Balochistan. "Balochis", who have long waged a resistance against Pakistan's control of the region, have been engaged in an ongoing protest against years of Pakistani and more recently CPC's exploitation of their resources.²⁷ Consequently, Pakistan's security forces, Chinese engineers and labourers have become the target of frequent assaults by armed Baloch resistance fighters in the region. Furthermore, IS-K has resorted to targeting Chinese nationals to seek "revenge" for the persecution of Uyghur Muslims in China's Xinjiang region. In December of the previous year, IS-K claimed responsibility for the attack on a central Kabul hotel that was frequented by Chinese nationals, resulting in several Chinese citizens sustaining injuries. On February 19, 2023, IS-K's leadership officially endorsed this strategic shift by releasing a comprehensive 117-page pamphlet entitled "China's day dream of imperialism" that consolidated their developing anti-China narratives. The document primarily focused on China's unjust treatment of Uyghur Muslim minorities, exploitation of Muslims and serves as a guidebook for all jihadist groups. Earlier, IS-K had also published a 48-minute video emphasising their commitment to the emancipation of Uyghur as a critical objective. The video highlighted that CPC is committing genocide against Uyghur Muslims and encouraged supporters to undertake violent actions against Chinese interests.²⁸ Additionally, following the Taliban's takeover of Afghanistan, numerous anti-Taliban factions have arisen to challenge their rule. The "National Resistance Front (NRF)" along with other coalitions have taken up a fight against the Taliban, waging a battle, which they call, the "Second Resistance." Headed by Ahmad Massoud (*the 33-year-old son of the world famous Lion of Panjshir, Ahmad Shah Massoud*) and Afghanistan's former Vice President, Amrullah Saleh, the front is standing up for a democratic Afghanistan wherein Afghan people would hold the reins of power.²⁹ The intersection of these factors presents a complex and demanding security landscape for the cash-strapped Pakistan and CPC ruled China. The growing strength and adaptability of violent extremists, terrorist organisations and anti-Taliban resistance groups

²⁶ Sabrina Baiou, "Attacks on Chinese Nationals in Pakistan Risk Creating Rifts-New Lines Institute" (New Lines Institute-New Lines Institute is the first independent, non-partisan American think tank, May 18, 2022) <<https://newlinesinstitute.org/pakistan/attacks-on-chinese-nationals-in-pakistan-risk-creating-rifts/>> accessed March 13, 2023.

²⁷ "Pakistani Separatists Turn Their Sights on China | Lowy Institute" (Pakistani separatists turn their sights on China | Lowy Institute, December 16, 2021) <<https://www.loyyinstitute.org/the-interpreter/pakistani-separatists-turn-their-sights-china>> accessed March 10, 2023.

²⁸ Gavin Butler, "ISIS-K Is Waging a New War in Afghanistan-This Time Against China" (Vice World News, March 1, 2023) <<https://www.vice.com/en/article/dy7aqw/isis-anti-china-war-afghanistan>> accessed March 11, 2023.

²⁹ Vanda Felbab-Brown and Order from Chaos, "Afghanistan in 2023: Taliban Internal Power Struggles and Militancy" (Brookings, February 3, 2023) <<https://www.brookings.edu/blog/order-from-chaos/2023/02/03/afghanistan-in-2023-taliban-internal-power-struggles-and-militancy/>> accessed March 10, 2023.

only add to the complexity of the situation. Moreover, given the diverse array of geography, economy and geopolitical variables at play, devising a viable solution to this multifaceted security landscape remains a daunting task.

Afghanistan's Mining Challenges and Opportunities

Afghanistan's mineral wealth presents both challenges and opportunities for the country. On the one hand, the country's vast deposits of rare earth minerals have the potential to contribute significantly to the emerging global clean energy industry, while also offering new economic opportunities for the Afghan people. However, extracting these minerals is a complex and difficult process that requires significant investment in security, logistics, infrastructure, and skilled labor. Moreover, Afghanistan's governance challenges and ongoing security landscape further complicate efforts to leverage the country's mineral wealth. Illegal mining has historically been the Afghan Taliban's and IS-K's direct source of income along with cultivation of opium for the illicit drug trade³⁰, fuelling insurgencies and contributing to the region's destabilisation. Additionally, widespread corruption and weak institutional capacity in the Afghan Taliban make it challenging to ensure that mining operations, revenues are managed effectively and equitably.³¹ On August 15, 2021, the Afghan Taliban didn't just take control of the Afghan government; they also gained the power to decide who has access to Afghanistan's massive rare earth riches crucial to the emerging international clean economy. Until recently, a majority of mineral extraction was either forbidden or unregulated. In many contexts, local groups frequently ran mines for years under informal agreements that predate the current regulatory framework. Others, however, were controlled and exploited by the Afghan Taliban or organised crime syndicates in the region. Over the past decade or so, widespread, open looting of Afghanistan's mineral wealth has harmed the stability and finances of the previous national government, emboldened warlords, encouraged corruption within that administration, subsequently damaging reasonable governance.³² In addition to the challenges posed by the Taliban's control over Afghanistan's rare earth minerals, the country's lack of economic development and poverty make it difficult to leverage these resources for the benefit of the population. The absence of skilled labor, logistics and essential

infrastructure, coupled with the potential for corruption and exploitation, further complicates the issue. The Afghan Taliban's dependence on illegal mining and opium cultivation means that they are unlikely to prioritise the development of a legitimate mining industry that benefits the broader population. Instead, they are more likely to continue exploiting the resources for their own financial gain, which could further exacerbate the already volatile situation in the region. Afghan Taliban's history of reliance on illegal activities, mean that the situation in the region is likely to remain complex and challenging for the foreseeable future.

CPC's minerush in Afghanistan

CPC's growing interest in Afghanistan's mineral resources has raised concerns among many observers. With the country's rare earth deposits estimated to be worth billions of dollars, China has been keen to invest in Afghan mining projects and secure access to these resources. However, this has also raised concerns about the impact of Chinese investment on Afghanistan's security, governance, economic development, and long-term stability. One major concern is that Chinese investment could exacerbate existing governance challenges in Afghanistan. While Chinese investment could help boost economic growth, the country's weak institutional capacity and widespread corruption could mean that mining revenues are mismanaged or siphoned off by powerful elites. Moreover, given China's history of prioritising its own economic interests over environmental or human rights concerns, there are concerns that Chinese investment could lead to further exploitation of Afghanistan's resources and people.³³ In addition, there are concerns about the impact of Chinese investment on regional geopolitics. China's growing presence in the region could further complicate the already complex web of regional relationships, and could lead to increased tensions with neighbouring countries like India and Pakistan. In its earlier pursuits in Afghanistan, the state-owned China Metallurgical Group Corporation (MCC) secured a \$2.8 billion deal for a 30-year lease to mine copper at Mes Aynak, marking the CPC's most significant mining investment in Afghanistan. However, the venture proved to be a colossal failure, despite the company pouring \$371 million into the development of the region. A variety of factors, including inadequate infrastructure and road systems, allegations of corruption, and regional instability, contributed to the ultimate abandonment of the project.³⁴ For the CPC, the success of its ambitious realpolitik objectives related to investments and the Belt and Road Initiative (BRI) in Central and South Asia hinges on the nature of the relationship between Beijing and Kabul. Although Afghanistan and China signed their first memorandum of understanding (MOU) on the BRI in 2016 under Ashraf Ghani, resulting in the initiation of several

³⁰ United Nations Office on Drugs and Crime (UNODC), "OPIUM CULTIVATION IN AFGHANISTAN Latest Findings and Emerging Threats" (UNODC, November 30, 2022) <https://www.unodc.org/documents/crop-monitoring/Afghanistan/Opium_cultivation_Afghanistan_2022.pdf> accessed March 12, 2023.

³¹ Special Inspector General for Afghanistan Reconstruction, "Afghanistan's Extractives Industry: U.S. Programs Did Not Achieve Their Goals and Afghanistan Did Not Realize Widespread Economic Benefits from Its Mineral Resources" (SIGAR | United States Government, January 31, 2023) <<https://www.sigar.mil/pdf/evaluations/SIGAR-23-10-IP.pdf>> accessed March 14, 2023.

³² Lakhani, Sadaf, and Julienne Corboz. *Illegal Mining in Afghanistan: A Driver of Conflict*. US Institute of Peace, 2017. JSTOR, <http://www.jstor.org/stable/resrep20203>. Accessed 16 Mar. 2023.

³³ Lowy Institute for International Policy, "China's Foreign Policy in Afghanistan" (Lowy Institute for International Policy, October 23, 2014) <https://www.lowyinstitute.org/sites/default/files/chinas-foreign-policy-in-afghanistan_0.pdf> accessed March 14, 2023.

³⁴ Matthew P Funaiolo, Brian Hart, Matthew P Funaiolo and Brian Hart, "Afghanistan Is No Treasure Trove for China" (Foreign Policy, September 28, 2021) <<https://foreignpolicy.com/2021/09/28/afghanistan-china-rare-earth-minerals-latin-america-lithium/>> accessed March 14, 2023.

small-scale initiatives. However, the MOU was criticised for lacking transparency and being hastily signed without proper consultations with local communities. This had led to concerns that CPC investments in the country could lead to resource exploitation, environmental degradation, and human rights violations and all initiatives were swiftly dissolved.³⁵ Most recently, on January 5, 2023, in a significant development, the Afghan Taliban announced that they had signed a contract with Xinjiang Central Asia Petroleum and Gas Company (CAPEIC), a subsidiary of the Chinese state-owned entity, China National Petroleum Company (CNPC), for the extraction of oil from the Amu Darya basin. The basin, which spans across several Central Asian countries, encompasses a vast area of approximately 4.5 square kilometres (1.73 square miles) in Afghanistan. According to the terms of the contract, the Chinese company will invest \$150 million in the first year of the project in Afghanistan, with an additional \$540 million earmarked for investment over the next three years.³⁶

Despite these concerns, Chinese investment could also offer important opportunities for Afghanistan's economic development. With the right regulatory frameworks in place, Chinese investment could help develop Afghanistan's infrastructure and create jobs for the country's young and growing population. However, to realise these benefits, it is crucial that Chinese investment is carefully managed to ensure that it contributes to Afghanistan's long-term stability and development.

4. Observations

CPC's highly publicised foray into Afghanistan highlights the adage that appearances can be deceiving. A closer examination of the situation reveals that the potential drawbacks of CPC's minerush in Afghanistan outweigh the benefits. As discussed in detail above, risks can be summarised as follows:

First, CPC ruled China's ambitions for a strong presence in Afghanistan through its strategic ally, Pakistan, are facing a daunting set of challenges. The Afghan Taliban's attitude towards Pakistan has turned frosty, which is threatening to disrupt China's relationship with the regime. Meanwhile, Pakistan's internal woes are only worsening, with an impending economic collapse, overwhelming debt burden and mounting political unrest making it an unappealing strategic partner for CPC's business ventures in the region. This combination of factors poses a significant threat to CPC's investments in Afghanistan, leaving China with a difficult path forward.

³⁵ "The Role of Afghanistan in China's Belt and Road Initiative and China's Policy on Afghanistan" (*The Role of Afghanistan in China's Belt and Road Initiative and China's Policy on Afghanistan*, October 30, 2018) <https://www.ciis.org.cn/english/ESEARCHPROJECTS/Articles/2007/t20200715_3593.html> accessed March 12, 2023.

³⁶ Wion, "Taliban Signs Oil Extraction Deal with Chinese Company" (*WION*, January 7, 2023) <<https://www.wionews.com/videos/taliban-signs-oil-deal-with-chinese-firm-to-produce-oil-in-afghanistan-550177>> accessed March 16, 2023

Second, terrorist attacks by groups like TTP, Al-Qaida, and IS-K in Pakistan and Afghanistan have put CPC-backed Chinese investments at risk. These terrorist groups, once nurtured by Pakistan, are now seeking to exact revenge for the mistreatment of Uyghur Muslims by the CPC in China and establish a Sharia state in Pakistan similar to that of the Afghan Taliban. The rise in attacks on CPC projects and personnel in Pakistan and Afghanistan only heightens the risk to China's investments. The CPC's persecution of Muslims and atheistic worldview, coupled with the Pakistani establishments perceived distance from tenets of Islam, have made extremist organisations in the region hostile to Pakistani and Chinese interests. To make matters worse for the CPC, Afghan Taliban is also facing resistance from groups like the NRF, which have the potential to consistently target Chinese investments. The NRF's "second resistance" movement aims to overthrow the Afghan Taliban from power, and the it's hold on power is not guaranteed. These security and operational challenges create a significant obstacle for CPC's ambitions in the region.

Third, Afghanistan's mineral wealth has garnered the attention of many foreign investors, including the CPC. However, the country's mining industry faces significant challenges that make it an unattractive investment destination. One of the key issues is the lack of a formal setting for trade and commerce, which has created a complex and unpredictable business environment that discourages foreign investors. In addition to this, Afghanistan's mining industry is plagued by logistical challenges and localised security threats. Poor road infrastructure and limited transportation options make it difficult to extract valuable resources and transport them to market. Meanwhile, the presence of non-state armed actors and frequent attacks pose a significant threat to mining operations. While Afghanistan has immense mineral wealth and strategic importance, to fully realise the potential of its mineral resources, significant investments in infrastructure, security, and regulatory frameworks will be necessary.

Fourth, CPC's attempts to invest in Afghanistan in the past have been largely unsuccessful, which may be a key factor in its hesitancy to invest further in the country. One prominent example is China's failed attempt to mine copper at Mes Aynak, which was derailed by security threats, corruption, and bureaucratic challenges. The project, which was expected to be one of the largest foreign investments in Afghanistan, ultimately collapsed, highlighting the difficulties of doing business in the country. Furthermore, CPC's other agreements with Afghanistan, specifically the Belt and Road Initiative, faced challenges due to concerns about exploitation and lack of consultation, further highlighting the difficulties of building consensus in Afghanistan. Despite its potential for economic development due to its mineral wealth and strategic location, investing in Afghanistan remains a high-risk and challenging task. The risks associated with doing business in the country are immense, and it may take China decades to create a conducive environment to see though large scale investments.

Fifth, potential benefits of CPC's investments in Afghanistan appear to be outweighed by the risks. One of the primary concerns is the inadequate infrastructure in the country, which is further exacerbated by the lack of basic necessities such as education, healthcare, and electricity infrastructure. Additionally, the mining industry requires a skilled workforce consisting of scientists, engineers, and labourers, but the absence of essential facilities in remote areas poses significant challenges in attracting and retaining skilled and qualified personnel. This situation creates a Catch-22 scenario for CPC. Without a proficient workforce capable of delivering projects professionally and on time, the company's investment could suffer. These issues, coupled with numerous other factors, make it challenging for China to generate substantial returns on its investments in Afghanistan. Overall, it appears that the risks associated with CPC's investments in Afghanistan outweigh the potential rewards, presenting a significant challenge for CPC-backed investments in the region.

Sixth, investing in Afghanistan's mining industry is a challenging endeavour, as the country's regulatory framework is not reliable. The lack of a well-established legal and regulatory framework increases uncertainty and risks for the CPC investments in the region, with severe doubts about the stability of their investments. This insecurity is further compounded by the history of broken agreements and failed investments in Afghanistan. The challenges of doing business in Afghanistan have been complicated by the imposition of Sharia law in some parts of the country, which has led to concerns about the protection of property rights and the rule of law. Moreover, CPC's past track record of prioritising its economic interests over human rights and the environment raises worries that its investment in Afghanistan could exploit its resources and people. It could also complicate the already complex regional geopolitics especially emerging superpowers like India.

5. Concluding Remarks

The paper highlights the challenges that the CPC will face while trying to establish their mining and extraction businesses in Taliban-ruled Afghanistan. The situation in Afghanistan is currently unstable, and the Afghan Taliban's return to power has made it even more complex. The country has been plagued by terrorism and violent extremism for decades, which has severely impacted its infrastructure, economy, and social fabric. With Pakistan looking at an imminent economic collapse along with a twin Taliban conundrum, the strategic depth of its trusted ally, the CPC, has weakened significantly, and there are serious concerns about the security of Chinese people and their investments. Moreover, the lack of basic amenities, effective legislation, a stable political environment, unreliable infrastructure, scarce qualified workforce, and the presence of multiple terrorist groups and armed factions holding an anti-CPC or anti-Taliban sentiment add to the complexities of CPC doing business in Afghanistan. For the CPC, risks associated with investing in Afghanistan are high, and navigating these risks will be extremely difficult. There is little to no guarantee that the CPC will be able to generate a considerable return on their investment in the country. This

makes it a non-viable proposition, especially when it comes to geopolitical aspects, which include regional confrontations with strong neighbours like India. It remains to be seen how they will navigate these challenges and whether they will be able to succeed in the country. However, based on the analysis provided above, the road ahead will be challenging, and the future looks bleak for CPC's Minerush in Afghanistan.

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