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**Afghanistan: The Western Withdrawal and its  
Implications for Security and Economy**

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## Afghanistan: The Western Withdrawal and its Implications for Security and Economy

Ejaz Hussain and Muhammad Jahanzaib<sup>1</sup>

### ABSTRACT:

*This article attempts to explain the implications of withdrawal of foreign military forces from Afghanistan in 2014 onwards. The implications for regional security and economy are explained with the help of proposed rational choice model which, it is posited, is applicable to the case of Afghanistan. Methodologically, this study used qualitative methods approach to collect primary data in terms of interviews and survey. Besides, the study aims at testing its hypotheses, namely, lack of planning in the post-war period leads to more conflicts, and collaboration among regional powers can help achieve peace and economic stability. As a result of its model-guided empirical analysis, this study finds the post-withdrawal situation in Afghanistan, to be more complicated. This complexity could be (re)solved positively if the engaged actors prefer to negotiate. If not, divergence of interests would lead to more confrontation and, hence, chaos beyond the South Asian region.*

Keywords: Afghanistan, South Asia, the US, Rational Choice, Withdrawal Strategy, China, Pakistan, India

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## INTRODUCTION

The war on terrorism was launched by the USA and her allies in Afghanistan in October 2001. The US-led forces in Afghanistan changed the dimensions of the region with respect to economy and security. Having spent more than a decade in Afghanistan, the USA voiced a withdrawal strategy in 2011. Since then, the withdrawal and transition has been debated in media, academia and other related circles. On January 11, 2013, the US President Barak stated that the withdrawal would continue since they have achieved their major objectives of the war on terrorism. Hence, the Afghan forces will take lead. The USA will assist Afghani troops for training in combating for terrorists.<sup>2</sup>

Keeping an eye on the timeline stipulated by the USA, if the latter withdraws completely (or partially) - as the last US marines unit and final British combat troops in Afghanistan officially ended their operations on Sunday 26 October 2014-<sup>3</sup> the South Asian region might face certain consequences. For example, security and economy are two basic elements and key parameters for prosperity of any region. Therefore, the foregoing urges one to the following questions:

- What could be the security and economic implications of the US-led forces withdrawal for Afghanistan and South Asia?
- How can the implications for regional security and economy be explained?
- How Pakistan and India can be influenced by the withdrawal of the US-led forces?
- And how can regional players such as China play their role in this regard?

This study has also posed the hypotheses namely that if there is lack of planning for the post withdrawal period, then it leads to more instable situation for regional security and economy. It is hypothesize that at the time of waging wars or during the time for planning wars, focus remains on the strategies for the course of action to win wars in anyway and very less importance is given to the future considerations. This lack of planning may lead to more problems for region. And with this it also posits that if regional powers collaborate among themselves, then it can lead to peace and economic stability in the South Asian region. If the regional actors cooperate with each other with honesty and trust support then it may help in achieving better security and economy.

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<sup>2</sup>Obama B. and Karzai H., 2013. Will the Afghanistan War Ever End? U.S. Withdrawal. Available at:< [www.youtube.com/watch?v=KDHmYgOETk4](http://www.youtube.com/watch?v=KDHmYgOETk4)>

<sup>3</sup> <http://timesofindia.indiatimes.com/world/south-asia/US-marines-British-combat-forces-end-Afghan-operations-prepare-withdrawal/articleshow/44938632.cms>

## THE US-LED FORCES' WITHDRAWAL STRATEGY

The U.S-led forces' withdrawal from Afghanistan started on 13 July 2011 when the first 650 U.S. troops left Afghanistan according to President Barack Obama's planned drawdown.<sup>4</sup> The United States and its NATO partner agreed, on 18 April 2012, to slow down the war in Afghanistan in respect of three pledges: to move the Afghans steadily into a lead combat role; to keep some international troops in Afghanistan beyond 2014, and to pay billions of dollars (on yearly basis) to help support the Afghan security forces.<sup>5</sup> On 2 May 2012, Afghan President Hamid Karzai and the US President Barack Obama signed a strategic partnership agreement between the two countries.<sup>6</sup>

The plan called for the removal of 23,000 US troops at the end of summer 2012 (September 2012). It urged the Afghan security forces to take the lead in combat operations by the end of 2013 while ISAF forces will train, advice and assist the Afghans and fight alongside them when needed. Moreover, the plan envisaged the complete removal of all the U.S. troops by the end of 2014 except for trainers who will assist Afghan forces and a small contingent of troops with a specific mission to combat al-Qaeda through counterterrorism operations.<sup>7</sup>

The 2012 drawdown of 23,000 American troops from Afghanistan was realized on 22 July 2012. The 33,000 extra U.S. soldiers that President Barack Obama had sent to Afghanistan in 2010 to stand Taliban attacks have left the country<sup>8</sup>. According to drawdown framework, 10,000 soldiers would leave Afghanistan by July 2011 and 23,000 would leave Afghanistan by the end of September 2012. The deduction of the 23,000 U.S. troops began in July 2012.<sup>9</sup>

This phase of combatant withdrawal is taking place with an agreement, naming Bilateral Security Agreement (BSA). The agreement would go into effect on January 1, 2015, and would last 'until the end of 2024 and beyond, unless terminated' by mutual agreement and with two years notice by either party. According to some clauses of the tentative agreement:

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<sup>4</sup> Nichols, M., (15 July 2011). "[U.S. drawdown begins in Afghanistan](http://www.reuters.com/article/2011/07/15/us-usa-afghanistan-drawdown-idUSTRE76E26B20110715)". Reuters. Available online at:<http://www.reuters.com/article/2011/07/15/us-usa-afghanistan-drawdown-idUSTRE76E26B20110715>

<sup>5</sup>Bumiller, E., (18 April 2012). "U.S. and NATO Finalize Pacts on Ending Afghan War". *The New York Times*. Available online at: <http://www.nytimes.com/2012/04/19/world/asia/united-states-and-nato-allies-near-deal-on-afghan-aid.html? r=0>

<sup>6</sup> Landler, M., (1 May 2012). "Obama Signs Pact in Kabul, Turning Page in Afghan War". *The New York Times*. Available online at:<<http://www.nytimes.com/2012/05/02/world/asia/obama-lands-in-kabul-on-unannounced-visit.html>>

<sup>7</sup>Chandrasekaran, R. (12 May 2012). "The triage commander: Gen. John Allen hastily transforming U.S. mission in Afghanistan". *The Washington Post*.

<sup>8</sup> Cassata, Donna (21 October 2012). "Defense hawk backs US withdrawal from Afghanistan". Associated Press.The Huffington Post.

<sup>9</sup>Sajad (21 September 2012). "United States pullout 33000 surge troops from Afghanistan". *Khaama Press* (KP). Available at:<<http://www.khaama.com/united-states-pullout-33000-surge-troops-from-afghanistan-783>>

- The U.S. forces will play a support role in Afghanistan.
- The U.S. military operations ‘may be appropriate’ to defeat al Qaeda and its affiliates.
- Afghan military will take the lead in counterterrorism operations and the U.S. will complement that ‘with full respect for Afghan sovereignty and full regard for the safety and security of the Afghan people, including in their homes.’
- It mentions U.S. government funding for Afghan security forces.
- It gives the U.S. military strict jurisdiction if a U.S. soldier is alleged to commit unlawful acts on Afghan soil.<sup>10</sup>
- Taxation and business licenses, which have been a source of great concern for the contracting community;
- Import, export, and personnel entry and exit requirements;
- Claims and immunity issues that contractors will face under the new accord; and
- “Service Support Activities” and special exemptions provided to these contractors in Article 20 of the BSA.

On the other hand, the Afghan authorities may request that anyone be removed from the country. The sticking point in the agreement is about direct military raids and civilian casualties after combatants’ withdrawal which can become another important issue of trials of Americans in the Afghanistan courts.

Table 1 The US and the Cost of War in Afghanistan

	FY01/02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14 <sup>11</sup>
US spending In billion \$	20.8	14.7	14.6	20	19	39.1	43.3	59.2	93.4	118	109	87.5	79.1

Source: Neta C. Crawford, *U.S. Costs of Wars through 2014: \$4.4 Trillion and Counting*, Boston University.

The total cost, as the Table 1 shows, has been estimated around \$ 715 billion. The number of the US military personnel killed in Afghanistan since 2001 stands at 2,345<sup>12</sup> whereas the number of the US service members wounded in Afghanistan since 2001 is 19,739<sup>13</sup>. The sharp increase in the cost of the War on Terror has pushed the international alliance forces especially the US to accept a drawdown strategy to decrease its fatalities and achieve a face saving.<sup>14</sup>The

<sup>10</sup>Popolzai M. and Brumfield B., Loyajirga meets to weigh in on U.S.-Afghan security deal, CNN. Available at: < <http://edition.cnn.com/2013/11/21/world/asia/us-afghanistan-security-agreement/>>

<sup>11</sup> Figure is by mid of the year.

<sup>12</sup> [http://www.huffingtonpost.com/h-a-goodman/4486-american-soldiers-ha\\_b\\_5834592.html](http://www.huffingtonpost.com/h-a-goodman/4486-american-soldiers-ha_b_5834592.html)

<sup>13</sup> Source: Livingston Ian S. and O’Hanlon M., *Afghanistan Index*, Brookings, May 14, 2014. Available at: <http://www.brookings.edu/~media/Programs/foreign-policy/afghanistan-index/index20140514.pdf?la=en>

<sup>14</sup> Soherwerdi, S. H. S., 2012. *Withdrawal of American forces from Afghanistan (Endgame): Issues and challenges for Pakistan*. Journal of Political Studies, Punjab University, Vol: 19,

following is an attempt to theories it in order to explain the withdrawal strategy and its ramifications.

### CONCEPTUAL CONSIDERATIONS

This paper attempts to apply a rational choice perspective to explain the core question, secondary questions and the posed hypotheses. The preference for the foregoing is not subjectivity but explanatory potential of such perspective that take actors, agency, rational calculus and context into consideration. In other words, the foreign policy of either Afghanistan or Pakistan is not determined, directed and entrenched by 'structure', conspiracy or Cold War per se. Instead, it is the Afghan state's rationality (cost-benefit analysis) that is a determining mechanism for the level of diplomatic engagement and consequent nature and dimension of bilateral and multilateral relationship. In other words, besides having confrontational capabilities, Afghanistan- and any regional state for that matter- have cooperative inclinations.

Hence, this study assumes the states such as Afghanistan and the US-led forced as actors. Each actor is a stake holder with certain material interests to be achieved in and around Afghanistan. The interests of such actors lead to choice(s) formation which, in turn, determine the course of action, i.e. policy outcome. In other words, it is assumed that all the engaged actors behave rationally to maximize their interests at a low cost<sup>15</sup>.

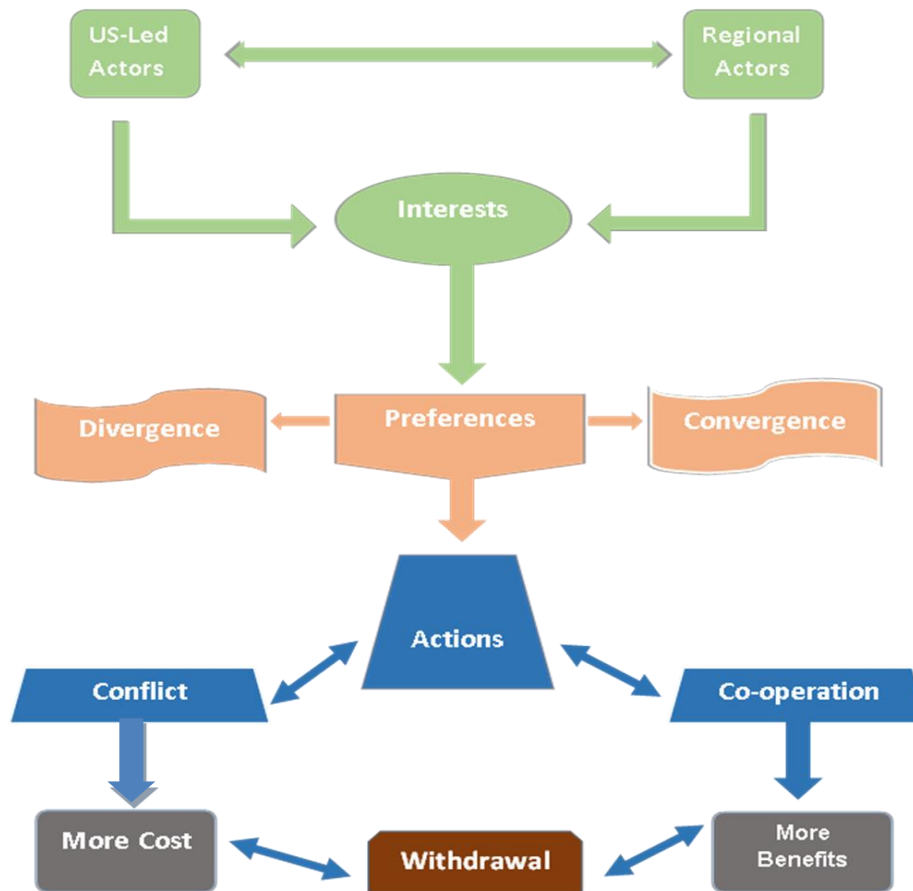
Nevertheless, choices or preferences of different actors may differ. The divergence in choices increases the chances of (military) conflict which involves human and material cost. The more the divergent choices, the more the cost each actor bears nationally and regionally. Quite to the contrary, if the actors involved show responsibility, tolerance and compromise, the choices chosen can be of peaceful nature which makes cooperation a possibility. Such cooperation is very vital for the future of the region. It is assumed that cooperation will lead to a better security and economic regime in South and Central Asia. The following proposed model grounded in the assumptions of the rational choice theory summaries the foregoing:

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Punjab University. Available at: <[http://pu.edu.pk/images/journal/pols/pdf-files/Endgame%20in%20Afghanistan%20for%20by%20Dr.%20Suharwardi\\_Vol\\_19\\_Issue\\_1\\_2012.pdf](http://pu.edu.pk/images/journal/pols/pdf-files/Endgame%20in%20Afghanistan%20for%20by%20Dr.%20Suharwardi_Vol_19_Issue_1_2012.pdf)>

<sup>15</sup> North, Douglass C. 1990. *Institutions, Institutional Change and Economic Performance*. New York: Cambridge University Press.

Figure 1: Rational Choice Model for Foreign Troops Withdrawal from Afghanistan Strategic Interaction



#### *Methodology and Data Sources*

With the help of the proposed rational model, this study would explain the causes and consequences of the US led forces withdrawal from Afghanistan. Methodologically, this research has employed both primary and secondary sources for an overall qualitative analysis. The primary data is acquired with the help of interviews, surveys and reports of, for example, non-governmental organizations. The number of interviews participants was put N=20 as following:

Civil Bureaucracy	5
Security Organizations	5
Intelligentsia	5
Civil Society	5

Besides, the size of the survey sample was N=400. It took us nine months to conduct the survey in different parts of Pakistan. The secondary data includes books, journals and some newspapers' reports. Analysis of the data is based on the comparison of the observed shifts in priorities and objectives of different stake holders and regional actors. They are analyzed and categorized by virtue of documented evidence for it helps to understand and identify limitations that can be taken into account for the future stability of the South Asian region.



Nevertheless, this research is conducted under certain limitations. The survey is conducted in selected cities such as Peshawar and Islamabad. The sample is though representative of a broader community yet it is limited in terms of generalization. Moreover, it includes the native Afghan perspective on the subject. Besides, the interviews were also conducted within Pakistan on account of financial and time constraint.

### THE WITHDRAWAL STRATEGY: IMPLICATIONS FOR AFGHANISTAN'S SECURITY

This section of the paper would look into the contours of the withdrawal strategy to underhand and explain its implications for Afghanistan's security. To begin with, based on our survey results, it is posited that in the post withdrawal period the security situation in Afghanistan would still be under considerable strategic constraints. Being a land locked country and having been engaged in wars for decades either by internal or external forces, Afghanistan is in limelight of world powers as an instable state. It is generally believed about the Afghan nation that 'it is in their blood to remain in fight either with themselves or with the outsiders.' However, at the same time, they are best known for their hospitality. This notion has been proven correct during the past decades. Currently, the country's physical and human security is considered the main domain whereby the so called 'negative peace' is needed to end the violent means being used. This would ultimately give way to 'positive peace'. With time, the security capability of Afghanistan government has considerably increased as is visible from Table 2 below.

Table 2: Size of Afghan Security Forces on Duty, 2003-2013

Month/Year	Ministry of Defense Forces	Ministry of Interior Forces	Total Afghan Security Forces
End 2003	6,000	0	6,000
End 2004	24,000	33,000	57,000
End 2005	26,000	40,000	66,000
End 2006	36,000	49,700	86,000
End 2007	50,000	75,000	125,000
End 2008	68,000	79,910	147,910
End 2009	100,131	94,958	195,089
End 2010	149,533	116,856	266,389
End 2011	179,610	143,800	323,410
October 2012	190,848	146,339	337,187
September 2013	185,817	152,336	338,153

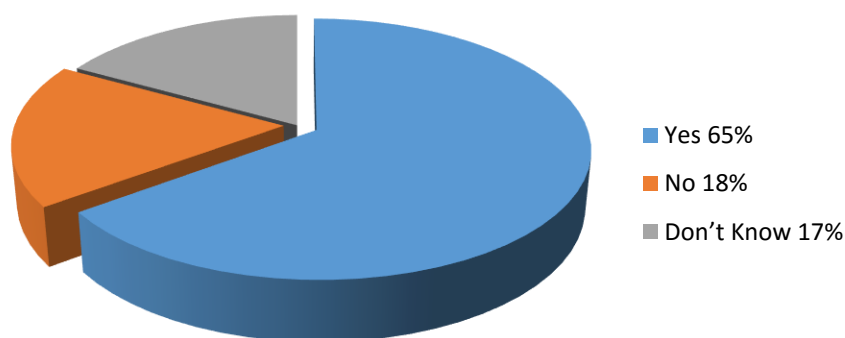
Source: Livingston Ian S. and O'Hanlon M., Afghanistan Index, Brookings, May 14, 2014. Available at: <http://www.brookings.edu/~media/Programs/foreign-policy/afghanistan-index/index20140514.pdf?la=en>

The goal with respect to size for Afghanistan National Security Force (ANSF) is presently around 352,000. As of October 2012, the breakdown was as follows: Afghan National Army (ANA): 146,339, Afghan National police (ANP): 146,339, Afghan Air Force (AAF): 6,172. The ANP figures do include border police and civil order police. However, it does not include the Afghan Local Police.<sup>16</sup>

<sup>16</sup>Source: Livingston Ian S. and O'Hanlon M., Afghanistan Index, Brookings, May 14, 2014. Available at: <http://www.brookings.edu/~media/Programs/foreign-policy/afghanistan-index/index20140514.pdf?la=en>

The abovementioned data shows the increasing capability of security forces in Afghanistan. It portrays an image that the country has been installed with stronger forces which can tackle any dangerous situation if some individual or group attempts to violate writ of the state. Despite all this, the likelihood of conflict eruption is expected to increase after the withdrawal of the US coalition forces. In this respect, a major question that arises is: in the post withdrawn period, which side does the Afghan National Army give allegiance to since the ANA is consisted of multi-ethnic groups which remain in confrontation with each other?<sup>17</sup> Thus, there is a strong probability of (re-)grouping within the army. So far, no civilian leader has acquired credibility to take the control of the Afghan army. However, it may be anticipated that the chief of the ANA would take control of the presidency<sup>18</sup>. In such a scenario, chances of a civil war become high in 2015<sup>19</sup>. Our survey showed the following result as regards the question of chances of civil war in Afghanistan:

Figure 2: Chances of Civil War in Afghanistan



Source: The survey was conducted by the authors.

As is depicted by Graphic 1, the majority was of the view that there is a strong likelihood of a (military) conflict in Afghanistan after the withdrawal of the US-led forces. There is then need to trace the reason for the latter. In this respect, Rashid (2011) argues that he 'did not think the transition can work in the midst of a very vicious civil war that is going on in Afghanistan . Untill such violence is brought down, warfare os the sort would continue'.<sup>20</sup>

<sup>17</sup> Rashid, A., 2012. Pakistan, Afghanistan and the US Withdrawal. Available at: [www.youtube.com/watch?v=LRTwvFSatA0](http://www.youtube.com/watch?v=LRTwvFSatA0)

<sup>18</sup> Barno, D. W., O'Hanlon, M. and Weinbaum, M. G., 2013. Withdrawal from Afghanistan: Next Steps and Challenges, Middle East Institute. Available at: <https://www.youtube.com/watch?v=RAC4OGCIYSc>

<sup>19</sup> Samad, O., Semple, M., Yusuf, M. and Wilder, A., 2013. Political and Economic Transition Challenges in Afghanistan (Panel 1), United States Institute of Peace.. Available at: <http://www.youtube.com/watch?v=5Sq17YZvb3Q>

<sup>20</sup> Rashid, A., 2011. Ahmed Rashid: Exit from Afghanistan, Carnegie Council. Available at: <http://www.youtube.com/watch?v=mEAPxyqtIj0>

In view of the survey result and the opinion shared by experts on Afghanistan, it is posited that institutions of the state have still not been built which are needed to run the state effectively. Other wise, the gun will remain on the shoulders of the fighting forces. In such a scenario, the civil government would remain dysfunctional.<sup>21</sup>This would lead to further conflicts. In order to resolve it, public policy based on domestic consensus is required since previous agreement between Obama and Karzai was not accepted by many of the domestic stakeholders including the former Prime Minister of Afghanistan, Ahmed Shah Ahmedzai (1992 to 1996). The latter stated that said:

They (people) are complaining from the invaders and invasions, Afghanistan is invaded by NATO, America and British, they are not doing well with the people of this country means they are killing them, innocent people are getting killed through this night raids, through this drone aeroplanes, they are killing children, women and men. We are asking why? They say we are here to do this, Mr. Karzai says it's not good for our country, he says no who are you? So they have signed treaty military treaty, means that in the dark night after middle of the night two people Obama and Karzai signed the treaty, which is completely against the will of Afghan nation, and we are completely....we dislike it.<sup>22</sup>

In order to make long-term peace in Afghanistan, all the key domestic stakeholders need to play a vital role in the construction of new institutional mechanism for the country. Multi-ethnic character of Afghanistan needs to be maintained with serious efforts. The areas near Tajikistan have Tajik population. Similarly, the areas bordering Uzbekistan have Uzbek speaking population and the areas near Turkmanistan have Turk population. Same is the case with Iran and Pakistan. Such demographic and ethnic factors should not be ignored.

These implications are very much related to the future decisions and negotiations of present Afghan government, the US and the Talibans. At the moment, in scholarly circles, the Talibans are perceived as a major threat to the new system. In Afghanistan, the Taliban are becoming a big threat upon the US withdrawal. There is now a need of serious set of dialogue and distribution of power on the basis of areas and population. This was done earlier but the seriousness and outcomes are not visible upto such levels.<sup>23</sup>

Another related problem is the disintegration of major ethnic groups into parts whereby each group is persuing its own agenda<sup>24</sup>. This causes hurdles in negotiations because no central person or authority can take the responsibility of implementation of any agreement. Moreover, the role of regional powers in Aghanistan can never be neglected given the security concerns of neighbouring states. Little wonder then, the question of interfeence in the internal matters of Afghaniustan on the part of , for example, Pakistan should not surprise us.. As is said by Micheal Hanlon:<sup>25</sup>

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<sup>21</sup>Interview with Ahmed Rashid, Lahore, 2014.

<sup>22</sup>Lawley, D., 2012. Afghanistan after US Withdrawal: Return of the Taliban and the Civil War. In focus, Press TV.. Available at:< <http://www.youtube.com/watch?v=AXliT0xbRCc>>

<sup>23</sup> Interview with Razia Sultan, Islamabad, 2014.

<sup>24</sup>Lawley, D., 2012. Afghanistan after US Withdrawal: Return of the Taliban and Civil War. In focus, Press TV. Available at:< <http://www.youtube.com/watch?v=AXliT0xbRCc> c>

<sup>25</sup> Senior fellow at the Brookings Institute, Washington, DC.

My take on Pakistan is, even now the things are little better, the NATO Pakistani relationship that it's been a year ago, things are still fundamentally very discouraging, Pakistanis are basically on both sides of the war, they help us to an extent but they want the Taliban, the chairable interpretation of Pakistan role by Americans is tended to be that they don't really think they would be successful in the mission and rather than have country in anarchy, and then India dominated group emerges as a ruler, they wanted to at least make sure that Pashtuns have lot of influence in the Taliban, and it's their back up plan. I think it's too kind I have come to think that the Pakistanis actually a fair amount of leverage over Afghanistan in future under any circumstances imaginable including through violence and they are using the Taliban and keeping them at their disposal for that purpose, it doesn't mean they are always going to be intensifying the support for the Taliban they may want a group that may attack Indian interest in south eastern Afghanistan.<sup>26</sup>

As is seen in the modern history of Afghanistan, different countries tried to play in this war-ravaged country. "Cerian ethnic groups inside Afgsataian along with various governments were supported by the external actors of the region. The external major actors in this game are India, Pakistan, Iran, Central Asian states, China, Russia, U.A.E, Saudi Arabia and the US led forces."<sup>27</sup> Having observed the current situation, the security and peace in Afghanistan and the South and Central ASian region will depend upon the four main variables: 1) the remaining numbers of combat troops, 2) The results of negotiations and interactions with Taliban, 3) The post-presidential elections power dynamics and 4) cooperation or otherwise by the neighboring countries for making peace.<sup>28</sup>

Moreover, the regional actors can play a constructive role in this regard. As various factions in Afghanistan are being supported by different actors in the region, they can push local groups to resolve disputes through negotiations to make peace on a long-term basis. This option, however, seems difficult given divergences in interests of the regional players. In our survey regarding the situation of Afghanistan, the people nevertheless promoted the idea of negotiations. The majority opined that it is negotiations and reconcilliation that can bring long term peace in Afghanistan (see Graphic 2 below).

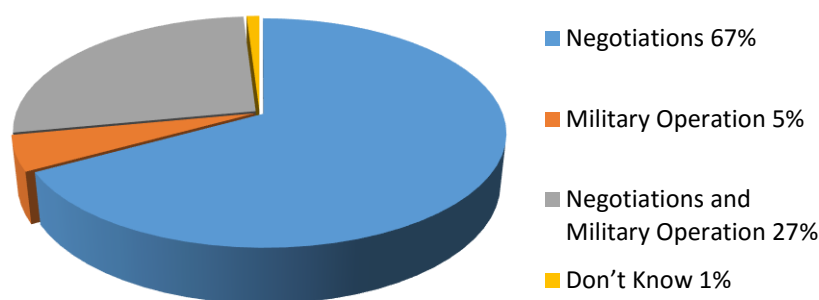
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<sup>26</sup>Barno, D. W., O'Hanlon, M. and Weinbaum, M. G., 2013. Withdrawal from Afghanistan: Next Steps and Challenges, Middle East Institute. Available at: <https://www.youtube.com/watch?v=RAC4OGCIYSc>

<sup>27</sup>Interview with Miss Nadia Tasleem, Lecturer, Iqra University, Islamabad.

<sup>28</sup>Sana, N., 2013, *Daily Nawa-i-Waqt*, Wednesday 18th September, Back Page.

Figure 3: Negotiations or Military Operations in Afghanistan



Source: The survey was conducted by the authors.

However, some were of the view that negotiations and military operation may go simultaneously. In such a case, though priority should be given to negotiations in order to avail positive peace which can eliminate the root causes of the conflict. In other words, threats can be tackled if all regional actors sign a joint agreement declaring that they will not interfere in Afghanistan's domestic and foreign affairs<sup>29</sup>. In this respect, Ahmed Rashid<sup>30</sup> suggested the following:

Well, I think the first step could be taken in the direction to negotiate stable peace between the Taliban and the government. The regional and global players should urge the Afghan government to bring the war to an end. For this purpose, the framework of regional organizations such as SAARC can be effectively evoked.

As the abovementioned suggests, if the intentions of the regional powers for peace and stability in Afghanistan become clear, then the reconciliation and collaborations can take place. Regional, if not international, organizations can play an important role for bringing peace in Afghanistan in the post withdrawal period.

### IMPLICATIONS FOR REGIONAL SECURITY

This section of the paper shall deal with the withdrawal strategy and its implications for regional security. To begin with, it is generally believed that almost all the neighboring countries of Afghanistan want the US-led forces to evacuate Afghanistan<sup>31</sup> in 2014 on account of different reasons. Moreover, each neighboring state seems to have kept an eye on the number and strategic location of the US bases to be established in Afghanistan after the withdrawal.<sup>32</sup> For instance, India wants the US presence in the region due to its strategic ties with the latter. Nevertheless, India's security is not directly linked with the presence of the US-led forces in Afghanistan.

On the other hand, Pakistan's security perceptions regarding Afghanistan have been shaped, to a large extent, by territorial considerations especially in Khyber

<sup>29</sup>Interview with Mr. Aman Ullah. Islamabad. 2014.

<sup>30</sup> Interview with Ahmed Rashid. Lahore. 2014

<sup>31</sup> Rashid, A., 2012. Pakistan, Afghanistan and the US Withdrawal. Available at: [www.youtube.com/watch?v=LRTwvFSatAO](http://www.youtube.com/watch?v=LRTwvFSatAO)

<sup>32</sup>Maitra, R., 2012. Aakrosh, Regional Implications: If and When the U.S. Withdraws from Afghanistan, 30 April. Available at: <http://aakrosh.sasfor.com/2/post/2012/04/regional-implications-if-and-when-the-us-withdraws-from-afghanistan.html>

Pakhtunkhwa (KP) and Balochistan. From Islamabad's perspective, the U.S-led forces will leave without solving Afghanistan's main problems. In this respect, a serving military officer of Pakistan Army<sup>33</sup>, on condition of anonymity, opined:

"If your neighboring house is on fire, you will feel the heat as well. Afghanistan is land locked country and Pakistan gives most of the transit routes to Afghanistan... So it will surely pose the security concerns after withdrawal. Warlords will take backup support from Russia, Iran, Saudi Arabia, Pakistan and India. They will have their roots with some powerful support. Peace is not possible as easily as we feel it to be. Refugees are another concer. We already know Pakistan is going through energy, economic and security crisis. Last three decades have witnessed that borders cannot be sealed, Durand line can never be a rigid border between Afghanistan and Pakistan due to their cultural and historical linkages. Refugees cannot be contained anymore and it will not be contained. It can affect the law and order situation and can turn the refuges into criminals."

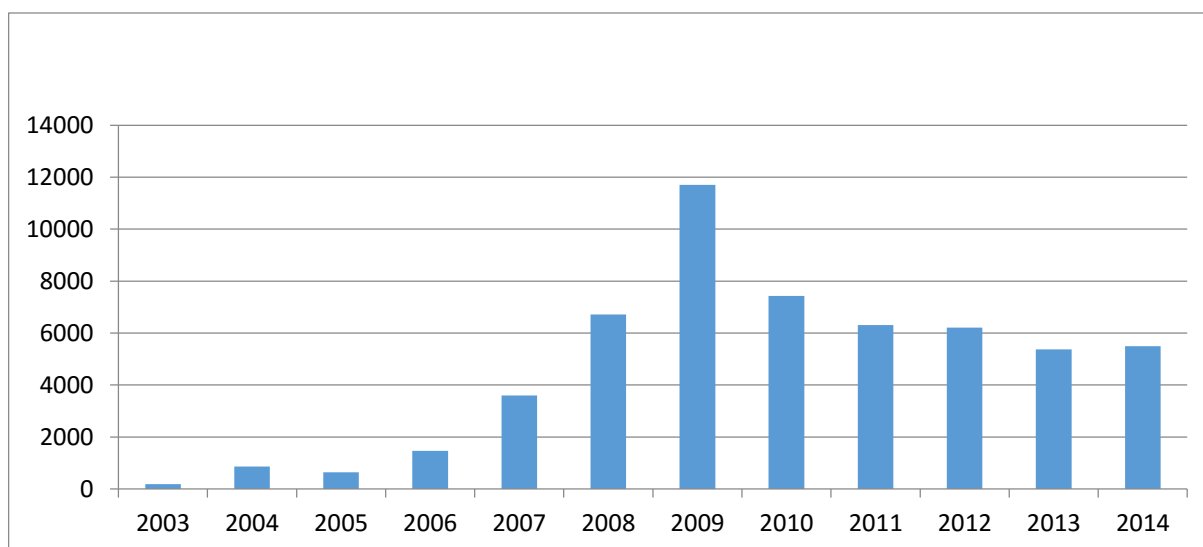
As the above quoted highlights, continuing unrest in KP, Balochistan and FATA in terms of illegal flow of refugees, drugs and weapons carry the potential to destabilize Islamabad's relations with Kabul. Similarly, tensions in the India-Pakistan relationship (as both states continue to compete for strategic influence in Afghanistan) may also get intensified since Islamabad views Afghanistan's foreign policy outlook quite complacent towards Delhi. Moreover, Kabul's persistent refusal to recognize the Durand Line as an international border between Pakistan and Afghanistan further complicates the situation. Islamabad views the sudden rise of separatist activities in Balochistan and increased Indian involvement in Afghanistan, especially in provinces bordering Pakistan, as interlinked.<sup>34</sup>After the withdrawal, these concerns would become more serious for Pakistan on account of the stabilization of Indian influence in Afghanistan. In addition, Pakistan is the only neighboring state that suffered heavily in last decade due to the 'war on terror'. The following Graphic shows the proportionality of casualties in Pakistan:

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<sup>33</sup> Interview with a serving military officer of Pakistan Army.

<sup>34</sup> Zeb, R., 2013. Central Asian-Caucasus Institute, Pakistan and Afghanistan Beyond 2014, 6 February. Available at:<http://old.cacianalyst.org/?q=node/5918>

Figure 4: Civilians and Security Personal Deaths in Pakistan till 2014



Source: South Asia Terrorism Portal, Available at: <<http://www.satp.org/satporgtp/countries/pakistan/database/casualties.htm>>

According to the recent estimate, about 57364 persons have lost their lives including 20289 civilians, 6138 security forces personnel and 30937 terrorists.<sup>35</sup> This makes it obvious that Pakistan has developed stake in Afghanistans post withdrawal. Nevertheless, Pakistan takes an optimistic view of the withdrawn strategy in a sense that the incoming insurgent groups (from Afghanistan into Pakistan) find their way back. Moreover, without recourse to fighting with such groups, Pakistan will have a decisive arrangement which will be better for the security of the country.<sup>36</sup> The implications for Pakistan can be seen as a negative impact of the US Withdrawal as Suharwardi<sup>37</sup> said:

The withdrawal of the US forces will have negative implications for Pakistan. The Afghan National Army is yet not able to take control and keep a watchful eye to combat the miscreants. They are inexperienced, not much trained and naïve. Their capability and quality to combat terrorism can be judged from the fact that the Taliban and the Al-Qaeda consider their points of deployment as 'soft belly' to attack and carry out suicide bombs in Kabul. After the withdrawal of the US forces, a weak entity in shape of Afghan National Army will replace them. This will mean more incursions in Pakistan's tribal belt. In fact, the weaknesses in Afghanistan directly affect Pakistan's national and domestic security.<sup>38</sup>

<sup>35</sup> South Asia Terrorism Portal, Available at: <<http://www.satp.org/satporgtp/countries/pakistan/database/casualties.htm>>

<sup>36</sup> Samad, O., Semple, M., Yusuf, M. and Wilder, A., 2013. Political and Economic Transition Challenges in Afghanistan (Panel 1), United States Institute of Peace. Available at: <<http://www.youtube.com/watch?v=5Sq17Yzb3Q>>

<sup>37</sup> Shaheed Suharwardi is Lecturer, Department of International Relations and Director, South Asian Centre for International and Regional Studies (SACIRS), Peshawar – Pakistan.

<sup>38</sup> Soherwerdi, S. H. S., 2012. Withdrawal of American forces from Afghanistan (Endgame): Issues and challenges for Pakistan. *Journal of Political Studies*, Punjab University, Vol: 19, Punjab University. Available at: <[http://pu.edu.pk/images/journal/pols/pdf-files/Endgame%20in%20Afghanistan%20for%20by%20Dr.%20Suharwardi\\_Vol\\_19\\_Issue\\_1\\_2012.pdf](http://pu.edu.pk/images/journal/pols/pdf-files/Endgame%20in%20Afghanistan%20for%20by%20Dr.%20Suharwardi_Vol_19_Issue_1_2012.pdf)>

Based on the foregoing, the post withdrawal scenario for Pakistan seems to be full of uncertainties and complexities. There is also a fear element that in case Afghanistan becomes a terrorism-free country as a result of its enhanced security apparatus being backed by the US, will Pakistan become the ground of terrorism? Will FATA be the next hub of terrorism? Such questions need a broader explanation.

To begin with, India's primary interest in Afghanistan seems to prevent Afghanistan from becoming a 'proxy' of Pakistan. India has certain strategic and corporate stakes in Afghanistan and she is concerned to protect it<sup>39</sup>. With the withdrawal of the US-led combat troops, India fears the growth of (religious) extremism which will give a new boost to the Kashmir issue.<sup>40</sup> India, there, prefers to have the US stayed, at least symbolically, in Afghanistan. Otherwise, in the absence of the Pentagon, Delhi's tactical, if not strategic capacity to maneuver would be slightly constrained. The strategic rift between Pakistan and India is among the key issues areas faced by Afghanistan and the US Administration. If the policies and agenda of both the countries remain the same, the chances of proxy war in Afghanistan are expected to rise would negatively influence the (internal and external) security sphere of both the countries.<sup>41</sup>

Importantly, the gravity of the situation is even realized some regional think tanks. For instance, a Tajik think tank, Center for Strategic Studies (CSS), pointed out that 'the NATO's plan to withdraw forces from Afghanistan in 2014 may dramatically change the situation in the region'<sup>42</sup>. Moreover, the CSS report emphasized that central Asian countries should have plans of actions for the post-withdrawal period to avoid the repetition of the '1990s' when the US left that country in lurch. Interestingly, the Central Asian states seem to have more trust in Russia than the US. Moscow is viewed to play a pivotal part to main relative stability in the region by curbing (Islamist) militancy and promote regional trade.<sup>43</sup>

Besides, Iran's Afghanistan policy is likely to become an important part of Iran's regional diplomatic initiatives in the near future. In the long run, Tehran's stance towards Kabul is to be tested by the level and degree of negotiations between Iran and the US, on the one hand, and Tehran and Kabul, on the other<sup>44</sup>. The two countries still have to settle the refugees' issue. Nevertheless, China is least likely to be directly affected by the withdrawal with respect to physical security.

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<sup>39</sup>Chalk, P. and Hanauer, L., 2012. India's and Pakistan's Strategies in Afghanistan, RAND Center for Asia Pacific Policy. *RAND Corporation*. Available at:<[www.rand.org/content/dam/rand/pubs/occasional.../RAND\\_OP387.pdf](http://www.rand.org/content/dam/rand/pubs/occasional.../RAND_OP387.pdf)>

<sup>40</sup>Chouhdury, U., 2013. India's First Post, Afghanistan withdrawal: Islamic Jihadists Refocus on Kashmir. Available at:< <http://www.firstpost.com/world/afghanistan-withdrawal-islamic-jihadists-refocus-on-kashmir-692980.html>>

<sup>41</sup> Interview of Ejaz Hussain with BBC (Urdu). *Sairbeen*. 29 October 2014.

<sup>42</sup>Maitra, R., 2012. Aakrosh, Regional Implications: If and When the U.S. Withdraws from Afghanistan, [online] 30 April. Available at:<<http://aakrosh.sasfor.com/2/post/2012/04/regional-implications-if-and-when-the-us-withdraws-from-afghanistan.html>>

<sup>43</sup>Chausovsky, E., 2013. Russian Security Concerns After U.S. Leaves Afghanistan. Available at:<<http://www.stratfor.com/video/russian-security-concerns-after-us-leaves-afghanistan>>

<sup>44</sup>Barmin, Y., How Iran Could Make Our Afghanistan Pullout a Living Hell. Available at:<<http://www.policymic.com/articles/54275/how-iran-could-make-our-afghanistan-pullout-a-living-hell>>

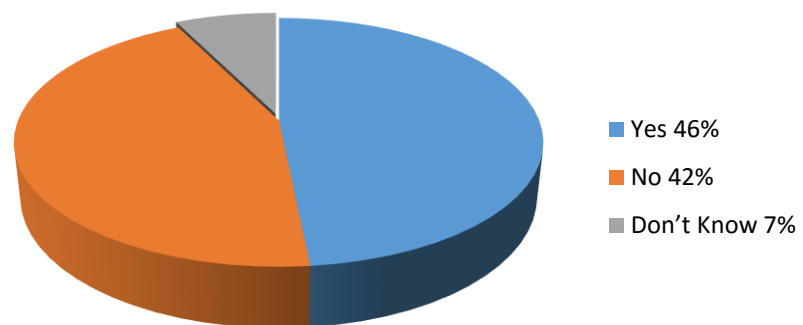


Commenting on the overall future scenario of the South and Central Asian region post withdrawal, Dr. Sultana said:<sup>45</sup>

A positive impact can be foreseen for the security of the region as international involvement in the region would get reduced. However, a lot depends on the strategic aspirations of the major powers especially the US and China.

The abovementioned can also be understood in conjunction with the survey results on this particular question. As is obvious from the Graphic 4 below, 46% respondents believed that the South Asian region would be further destabilized as a result of withdrawal of the US-led coalition forces because the regional actors lack convergence of interests and subsequent preferences.

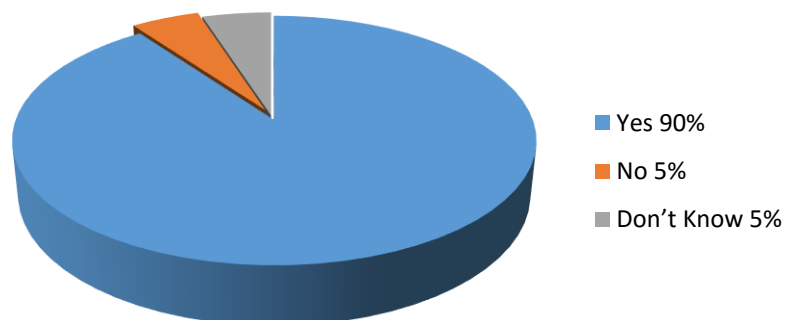
Figure 5: Likelihood of further Conflict in the Region



Source: The survey was conducted by the authors.

Moreover, each actor tends to think of its own than a larger i.e., regional, interest. Nevertheless, as per the assumptions of our model, if the regional security and economic policy by the concerned stakeholders is revisited from a rational choice perspective in terms of preferring cooperation to confrontation, there is then strong probability of stability within and outside Afghanistan. In order to realize it, revisiting policies is the need of the hour on the part of all the regional actors. Upon asking the question of revisiting policies for regional stability, the data suggest huge popular inclination towards peace-orientated policies.

Figure 6: Needs to Promote New Policies for the Region

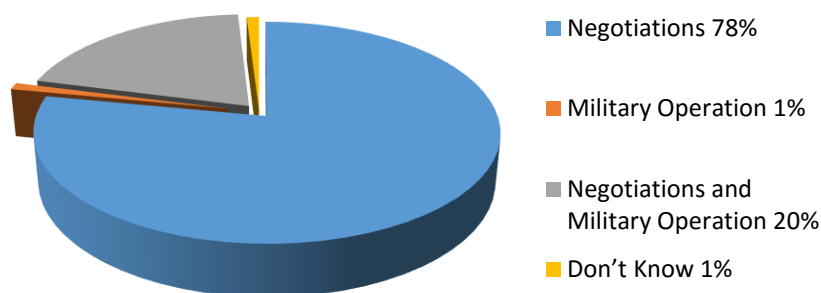


Source: Survey conducted by author

<sup>45</sup> Interview with Razia Sultana, Islamabad, 2014.

As the Graphic clearly marks, the 90% are in favor of revisiting policies related directly to security concerns. The US-led forces withdrawal is also an opportunity which can unite these regional powers for their own benefits as per the model's assumptions. However, to be able to reap the material benefits of such cooperation, the regional and international actors need to prioritize negotiations as is suggested by Graphic 6.

Figure 7: Negotiations or Military Operations in the Region



Source: The survey was conducted by the authors.

As the foregoing points to, negotiations must be the priority with serious efforts in dealing all the issues among regional states because the history witnessed that fight increased problem than reducing them. The US-led forces will give an opportunity to the regional powers to set their objectives and goals in a new manner, if choices are chosen with consensus building, mutual trust, convergence and good faith. It will help in avoiding many conflicts and time is not far when region will experience a pleasant security stability and peace, and this peace will ultimately raise the economic conditions of the region. Tolerated and negotiated policies and steps are required to bring back the peace of the region for present and for future generations.

Thus, it is argued that the situation of Afghanistan after the withdrawal seems to be complex to handle. Much depends on the regional actors' set of interests and choices. If they act rationally, each stake holder is expected to gain materialistically. If not, a fair amount of cost is to be paid by all the engaged players in this game of strategic interaction. Moreover, this study's primary sources in terms of interviews and survey results also highlight the need cooperation rather than confrontation within Afghanistan and at the South (and Central) Asian region. Pakistan and India in particular need to act strategically and rationally to help Kabul stand on its own feet in the post- withdrawn period. The next section of the paper attempts to explain economic implications of the withdrawal strategy for Afghanistan and South Asia.

#### **IMPLICATIONS FOR AFGHANISTAN'S ECONOMY**

As is already mentioned, Afghanistan is a land locked country with no direct linkage to sea (routes). Its economy has always been in shamble. During the past decades, we have seen that foreign powers were engaged to help out Afghanistan financially and logistically. If the past is a point of departure, Afghanistan's future is largely contingent on the state of its economic affairs. In this respect, the role of the NATO countries along with the US assumes significance. Regionally, India, Iran, Pakistan

and China may also be regarded as potential sources of financial support for Kabul. However, whether Afghanistan can consolidate its economic base and whether the global and regional actors can financially help it out is to be examined in light of fresh insights that this study has gained from its primary data. The following is an attempt in this respect.

To begin with, Afghanistan's post-withdrawal stability is basically linked to the country's economy and its ability to generate, both indigenous and foreign, revenue. Currently, the bulk of economic infrastructure is realized on account of inflated war economy and international support. For example, only in 2009-10, more than 70 percent of the Afghan budget came from foreign sources. While Afghanistan had \$11.4 billion economy in 2010, a \$4.4 billion segment was attributed to services dominated by trade, transport, and government support. Moreover, agriculture amounted to \$3.3 billion, and mining only to \$52 million-which is hardly one percent of the overall size of the economy<sup>46</sup>. The issues of Afghanistan's economy largely reside in the structural irregularities.

Moreover, it was seen during the past decade that the macro economy has continued to improve. However, the Afghan government's revenue collection capacity is seen as uncertain. Moreover, the data suggests the prevalence of high level corruption cases, low job creation, and over-reliance on exogenous sources of financing<sup>47</sup>. According to Rashid:

"During the last ten years you [the world] have given 670 billion dollars to Afghanistan. The Americans alone have spent over 600 billion dollars in Afghanistan. In a country of ca. 35 million people, there is still no self-sustaining economy. In a few months, tens of thousands of Afghans, who are in the service the foreign troops, are going to be out of job...These are the very best of Afghans who professionally grew up in last ten years, speak English, are pro-democracy and pro-West. I think you know that is really a cause of enormous concern since these very people are going to become economic refugees around the world and give birth to an illegal market of Afghan diaspora."<sup>48</sup>

The abovementioned quote may help us posit that in the wake of the US forces withdrawal, the latter has not been that forthcoming as regards a comprehensive economic policy for post-withdrawn Afghanistan. One of the side effects of such policy inertia related to the entrepreneurs in Afghanistan who are fearful the withdrawal of the US-led troops. They are of the view that that the withdrawal will lead to more problems for their businesses as there are high chances of Taliban to de stable country again.

Also, they believe that they have poor and untrained army and police which is incompetent to deal with likely instability. Moreover, the native forces, it is argued, shall remain unable to provide enough security to the habitant businessmen of Afghanistan. For this reason, people in Afghanistan are transferring assets to other

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<sup>46</sup>Yusuf M, Yusuf H. and Zaidi, S., 2011.Pakistan, the United States and the End Game in Afghanistan, Jinnah Institute Research Report. Available at:< [http://www.jinnah-institute.org/images/ji\\_afghanendgame.pdf](http://www.jinnah-institute.org/images/ji_afghanendgame.pdf)>

<sup>47</sup>Khorshid, F., 2013. Afghanistan to ensure economy after US pullout, Press TV. Available at:< <http://www.youtube.com/watch?v=FAb-mj2Wj-k>>

<sup>48</sup> Rashid, A., 2012. Pakistan, Afghanistan and the US Withdrawal. Available at: [www.youtube.com/watch?v=LRTwvFSatAO](http://www.youtube.com/watch?v=LRTwvFSatAO)

countries. According to the Afghan Central Bank, around \$4.5 billion<sup>49</sup> have been transferred out of the country in just one year (2012). Interestingly, the US has warned Afghanistan of economic restraint after the pullout of foreign combat troops as Afghanistan is much dependent on foreign aid.

The above poses a serious challenge to the country's crumbled economy. Though, the (former) Afghan government ventured to take steps for the improvement in economic conditions by installing industries in country and the US and its coalition partners had spent billions of dollars during last ten years-, the Afghan economy stays yet within the danger zone i.e., overall economic collapse. Probably due avoid such a scenario, the Obama Administration has though, after much ado, signed an agreement with Afghan authorities to assist the latter with logistical and reduced security umbrella, <sup>50</sup>much is still to be done to provide durable solution to that war ravaged country. Moreover, "since there is ambiguous post-withdrawal strategy as regards the withdrawal impact on Kabul and the region's security, economy and society, the local and regional populations, if not the governments, seem to have been deeply perturbed by the very thought of an impending civil war." <sup>51</sup>

In such a context, the conditions may not be conducive for investment and monetary circulation at the regional, if not global, level.<sup>52</sup> Though the Karzai regime has requested the regional countries to invest in Afghanistan, however the latter seemed more interested in an altogether different mode of economic engagement than merely foreign aid.<sup>53</sup> Besides, another unusual aspect of the Afghan economy is the share of drugs which makes one thirds the existing economy.

Unfortunately, during the American presence in Afghanistan since 2001, opium and heroin production and its trade has been at its highest levels compared to any other period in the country's history. It is also evident with documented proofs that cultivation of such crops was carried out under the direct supervision of the US troops in Afghanistan.<sup>54</sup>

A year after the advent of the Western coalition, Afghanistan entered the world stage as a heroin monopoly, outputting over 60% of the global supply. It is an open secret that the farmlands given to poppy in Afghanistan far exceed in proportions the cocaine plantations in Columbia, Peru, and Bolivia combined. The US-British explanation is that farmers in Afghanistan – an underdeveloped country supposedly having no natural resources – have to cultivate drugs for survival.

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<sup>49</sup>Cobiella, K. and Sadiq. 2013. Afghan entrepreneur fears withdrawal of U.S. troops, CBC News. Available at:< <http://www.youtube.com/watch?v=YotVp9VnEIo>>

<sup>50</sup>Popolzai M and Brumfield B., Loyajirga meets to weigh in on U.S.-Afghan security deal, CNN news, Available at:< <http://edition.cnn.com/2013/11/21/world/asia/us-afghanistan-security-agreement/>>

<sup>51</sup>Interview with Miss Nadia Tasleem, Lecturer, Iqra University, Islamabad.

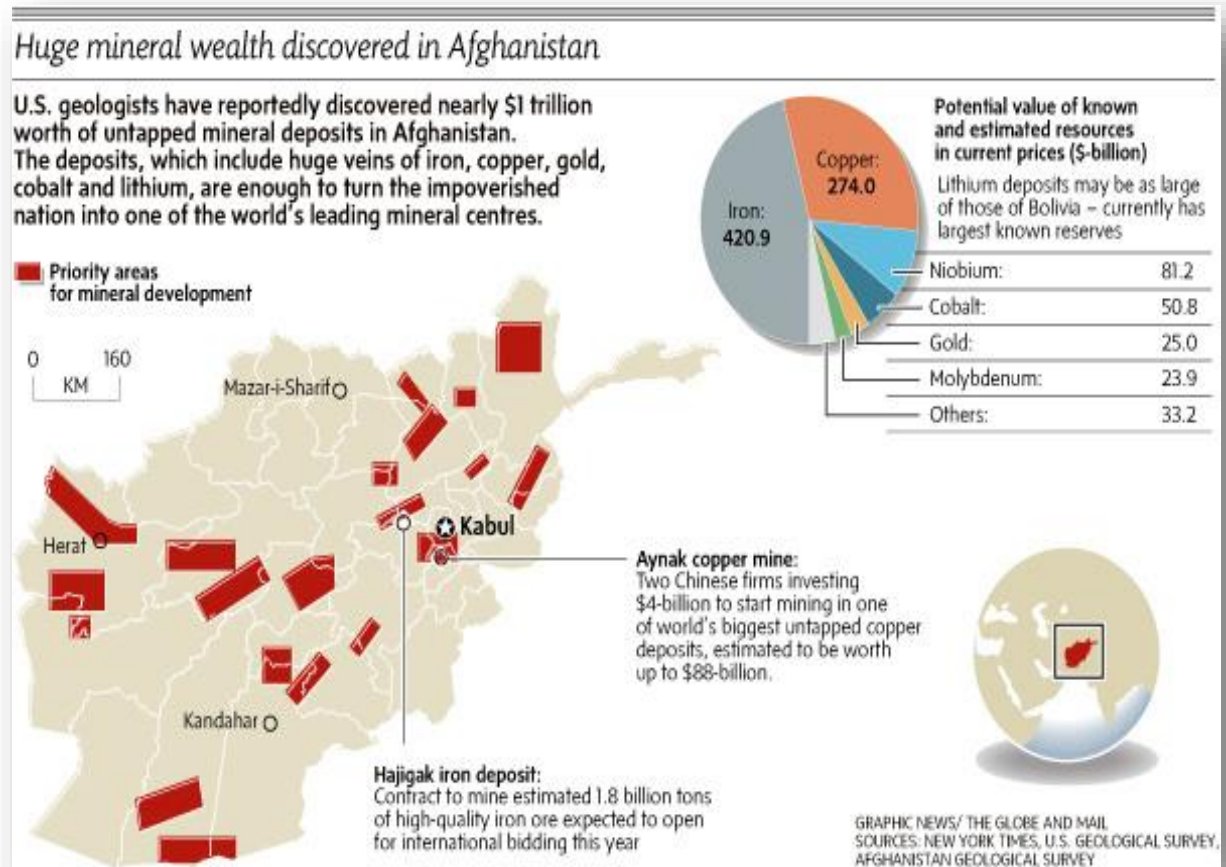
<sup>52</sup>Interview with Mr. Aman Ullah, Lecturer, History Department, Quaid e Azam University, Islamabad.

<sup>53</sup>Khorshid, F., 2013. Afghanistan to ensure economy after US pullout, Press TV. Available at:< <http://www.youtube.com/watch?v=FAB-mj2Wj-k>>

<sup>54</sup>Washington's blog, Drug War? American Troops Are Protecting Afghan Opium. U.S. Occupation Leads to All-Time High Heroin Production, Global research, Available at:<<http://www.globalresearch.ca/drug-war-american-troops-are-protecting-afghan-opium-u-s-occupation-leads-to-all-time-high-heroin-production/5358053>>

This also poses a question on the US presence in the country since the cynics may argue that the former prefers to stay on to make money in the black money which is quite extensive in South Asia. However, despite such structural issues in Afghanistan's economy, the country is very rich in minerals. If Afghanistan is helped in its efforts to extract these minerals, it can surely help boost its economy. The Following Figure indicates the presence of minerals in Afghanistan:

Figure 8:. Minerals deposits in Afghanistan

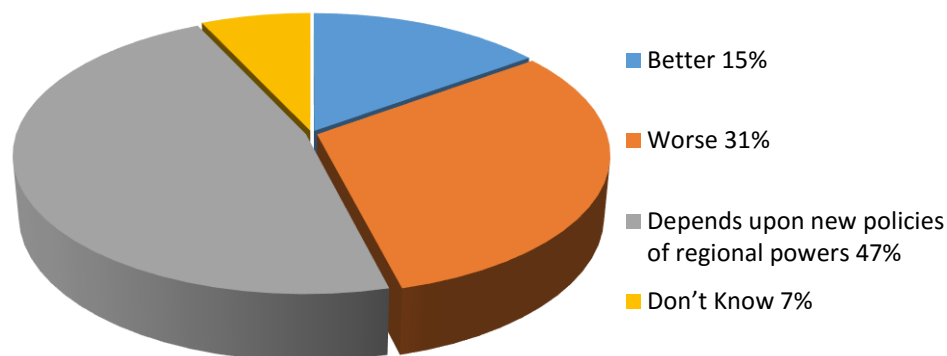


Source: Malishevski N., The Pentagon's Map of Afghanistan: An Eldorado of Mineral Wealth and Natural Resources, Global research, 8 August 2012. Available at:<<http://www.globalresearch.ca/the-pentagon-s-map-of-afghanistan-an-eldorado-of-mineral-wealth-and-natural-resources/32265>>

As the Figure shows, reservoirs of varied natural resources worth billions of dollars exist in Afghanistan which suffices to make it a stable economy. However, there is an urgent need to extract such minerals with an optimum profitable regime. In this regard, the role of regional and international actors should be encouraged.

A strong responsibility lies on the shoulders of neighboring countries, which can help in upholding the economy of Afghanistan to stand on its own feet and get rid of the foreign dependency gradually. In our survey, the respondents also promoted the idea that the economy of the Afghanistan after the US-led forces withdrawal will largely depend on the new policies of the regional actors as is shown in Graphic 7 as follows:

Figure 9: Effects on the Economy of Afghanistan Post-withdrawal



Source: The survey was conducted by the authors.

Hence, in view of the foregoing, we argue that in order to stabilize the Afghan economy, economic cooperation among the regional and international stakeholders is highly required. According to this study's model- as the next section will highlight-, each actor, Afghanistan included, is likely to reap substantive economic dividends if economic cooperation is accorded top priority. In other words, there are more material benefits in cooperation than confrontation.

#### IMPLICATIONS FOR REGIONAL ECONOMY

As is already argued Pakistan, India and other regional players have developed strategic and economic stakes in Afghanistan. Similarly, these regional states view the latter as a potential source of economic engagement. Moreover, since the domain of security and economy are intertwined geographically and structurally, one country's negative economic performance carries repercussions for the other. For example, Pakistan has claimed that its economy has suffered a loss of \$102.2 billion during the past thirteen years on account of economic instability in Afghanistan.<sup>55</sup>

Nonetheless, if Afghanistan cooperates with its neighbors particularly India and Pakistan, such a cooperative approach is likely to impact the regional economies positively, with the likelihood of the economic intervention on the part of global economic giants such as the US and China. In this respect, for example, Pakistan has already received economic aid and assistance from the US which amounts to approx. \$20 billion<sup>56</sup>. To highlight it further, a relevant study notes that: The Afghan Transit Trade Agreement (ATTA)- which allows Afghanistan to import duty- free goods through the Pakistani port of Karachi on the Arabian Sea- is the key to Afghanistan's trade. It is recently being renegotiated and the United States is facilitating the process of updating the agreement. Pakistan is the largest exporter to Afghanistan, with around US\$ 1.7 billion in exports annually, which

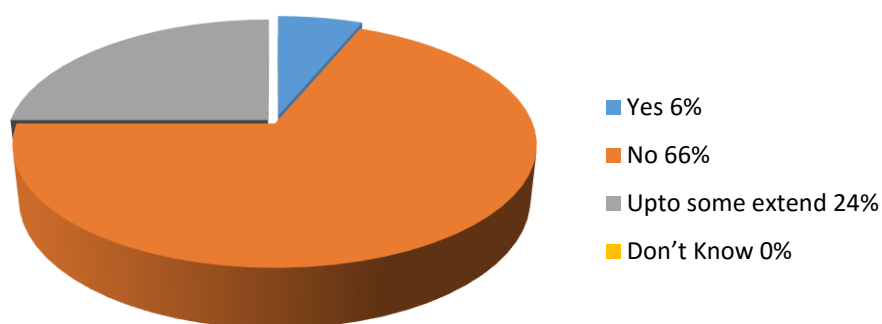
<sup>55</sup> Shahbaz Rana, Economic survey: 13-year war on terror cost \$102.5 billion, Available at:<http://tribune.com.pk/story/716558/economic-survey-13-year-war-on-terror-cost-102-5-billion/>

<sup>56</sup> Mohan, C. R., 2012. The American Interest, Beyond U.S. Withdrawal: India's Afghan Options. Available at:< <http://www.the-american-interest.com/article.cfm?piece=1246>>

accounts for 36.8 percent of Afghan imports and 8.4 percent of Pakistan's exports. Pakistan also represents a major export market for Afghan products, with roughly about US\$ 71 million exported to Pakistan every year, equal to 21.8 percent of all Afghan exports."<sup>57</sup>

What can be deduced from the quote is there is sufficient economic potential in terms of trade exchange in a regional and extra-regional manner. However, sustainability of such a cooperative framework is linked with the security situation within Afghanistan's neighbors for Pakistan and India are suffering from terrorist attacks on almost regular basis.<sup>58</sup> Hence, regarding the question of curbing terrorism through war on terror for the sake of creating economic space, our survey yields the following results:

Figure 10:. Whether War on Terror is Beneficial for Regional Economy



Source: The survey was conducted by the authors.

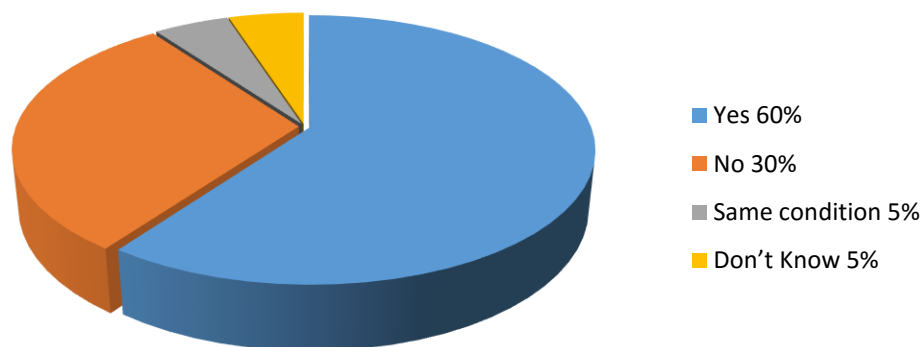
As is visible from the Graphic 8, the majority think that the war on terror had negative impact on the South Asian region. Rather the war on terror has exacerbated the regional economic conditions. Put differently, the respondents believe that the economies of the entire region have extremely suffered due to instability inside and around Afghanistan.<sup>59</sup> Moreover, the majority of the respondents believe that the economic condition of the South Asian region was better before the war on terror (see the Graphic 9).

<sup>57</sup> Institute for the Study of War, Pakistan and Afghanistan, Available at: <http://www.understandingwar.org/pakistan-and-afghanistan>

<sup>58</sup> International Crisis Group Report on Pakistan-Afghanistan Relations, Brussels, October 2014.

<sup>59</sup> Interview with Ahmed Rashid, Islamabad, 2014.

Figure 11: Whether the Regional Economic Condition was better before the War on Terror



Source: The survey conducted by authors.

What we can posit on the basis of the above-mentioned is that South Asia was comparatively stable before the start of the war on terror in and around Afghanistan. To create economic space within and outside Afghanistan, peace ought to be preferred by the regional stakeholders such as India. The latter is regarded as one of the major donors and investors in Afghanistan. Since 2001, Delhi has pledged \$750 million toward Afghanistan's reconstruction. Out of the mentioned amount, approximately \$270 million had already been utilized on projects ranging from humanitarian and infrastructure to health and rural development.<sup>60</sup> Delhi has everything to gain from increasing trade and connectivity between South and Central Asian regions.<sup>61</sup> It is noted: By 2012 India had spent \$1.5 billion, pledged another \$500 million, and sent nearly three thousand people to Afghanistan to help build roads, railways, power lines, schools, and hospitals<sup>62</sup>.

The above marks strong foot prints of India in Afghanistan. An image of future prospects can also be linked with it as India aspires to maintain and consolidate its strong economic activities inside Afghanistan. Besides, different private investors belonging to India are also active in Afghanistan. However, despite the presence of such positive economic activism, the problem lies with the future security concerns. If the Taliban again interfere in the matters of Afghanistan state, India's role then is likely to increase in that country. However, Delhi, in such a scenario, ought to negotiate with all key actors within and around Afghanistan for turning trade into a reality.

<sup>60</sup> Pant, H. V., 2012. INDIA'S CHANGING AFGHANISTAN POLICY: REGIONAL AND GLOBAL IMPLICATIONS, Strategic Studies Institute. [pdf] US Army War College Press. Available at:<[www.strategicstudiesinstitute.army.mil/pdf/PUB1141.pdf](http://www.strategicstudiesinstitute.army.mil/pdf/PUB1141.pdf)>

<sup>61</sup> Mohan, C. R., 2012. The American Interest, Beyond U.S. Withdrawal: India's Afghan Options. Available at:< <http://www.the-american-interest.com/article.cfm?piece=1246>>

<sup>62</sup> Dasgupta S., Regional politics and the prospects for stability in Afghanistan, USIP, Available at:< <http://www.usip.org/sites/default/files/PW86-Regional-Politics-and-the-Prospect-for-Stability-in-Afghanistan.pdf>>



Presently, India is considered to be the supporter of different ethnic groups in Afghanistan. Having realized it, Tehran has also sought to exert its influence over Afghanistan internal (economic) affairs. According to a recent study, Iran has already pledged \$ 560 million at the Tokyo Conference on the Reconstruction of Afghanistan in 2002, and an additional \$ 100 million at the 2006 London Conference. Much of the Iranian aid to Afghanistan has been spent on infrastructure projects, mainly transportation links between Iran, Afghanistan and the Central Asian Republics. A 123-km road linking Herat with western Afghanistan to the Dogharoun region in Iran has already been completed, and work is underway to link Afghanistan to the Iranian port of Chabahar on the Gulf of Oman, which would alleviate Afghan dependence on the Pakistani port of Karachi. Iran has encouraged this trade, granting Afghan exporters a 90% discount on port fees, a 50% discount on warehousing charges, and giving Afghan vehicles full transit rights on the Iranian road system.<sup>63</sup>

In view of the above, what can be argued is that there are ample areas of economic exchange among the regional actors especially India, Iran and Afghanistan. Moreover, China is also keen to increase its involvement in the country following the planned U.S. withdrawal. For example, China National Petroleum Corporation (CNPC) has a large footprint in Afghanistan's Sar-e-Pul province. Moreover, several layers of fence and containers serving as blast walls surround the extraction site, which includes dormitories, an office complex and various security structures. Throughout the day, trucks ferry in equipment and more containers. On the outside, the faces are all Afghan, but CNPC's logo and bright red Chinese slogans are impossible to be ignored.<sup>64</sup>

In addition, the Shanghai Cooperation Organization, in June 2012, focused on the economic and cultural cooperation between China and Afghanistan.<sup>65</sup> Similarly, according to Krupnov, Chairman of the Society for Friendship and Co-operation with Afghanistan, Russia would need \$50 billion<sup>66</sup> for accelerated industrialization in Afghanistan by 2020. According to Russian experts, the money is needed to launch pipeline transit projects from Turkmenistan to India and from Iran to India via Afghanistan, as well as for the electrification of the country. Regarding the implications for central Asian states, we relied on the following data presented in Table 3 below:

Table 3. Trade Linkages of Afghanistan with the Central Asian States

	<b>Imports</b>	<b>Rank</b>	<b>Exports</b>	<b>Rank</b>	<b>Total trade</b>	<b>Rank</b>
Kazakhstan	0.5 (0.0%)	<50	145 (0.4%)	16	145.5 (0.2%)	18

<sup>63</sup> Institute for the Study of War, Iran and Afghanistan, Available at: <<http://www.understandingwar.org/iran-and-afghanistan>>

<sup>64</sup> Petersen, A., 2013. The Atlantic, China's Strategy in Afghanistan, Available at: <http://www.theatlantic.com/china/archive/2013/05/chinas-strategy-in-afghanistan/276052/>

<sup>65</sup> Veena, R., 2012. Afghanistan: US withdrawal and China's involvement. Madras: IIT Madras China Studies Centre. Available at: <http://csc.iitm.ac.in/?q=node/194>

<sup>66</sup> Shah, Z., 27 October 2013, Afghanistan's Future Depends on Majority Will, Pakistan and World Cooperation. Truth-Out.org. Available online at: <http://www.truth-out.org/news/item/19542-afghanistan-future-depends-on-majority-will-pakistan-and-world-cooperation>

Kyrgyzstan	0.5 (0.0%)	36	38.7 (4.6%)	6	39.2 (0.6%)	12
Tajikistan	30.1 (1.5%)	14	39.5 (4.4%)	5	69.6 (2.4%)	9
Turkmenistan	0.5 (0.0%)	37	162.6 (6.4%)	5	163.1 (2.4%)	9

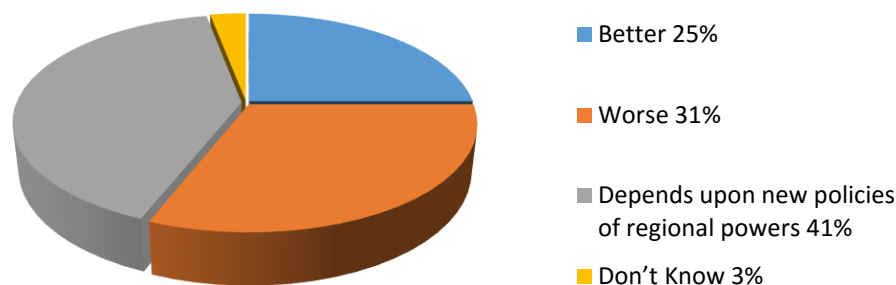
Source: Peyrouse S. et al, 2013, The Afghanistan Central Asia relationship. <sup>67</sup>

The Table above shows that Afghanistan's trade relations with Central Asian countries have not remained at high level. Drugs have been penetrated to other regions of the world using Central Asian route. However, it always accounted for black money which did not help build state economy. After the US forces withdrawal, the countries should urge for new policies which can help in boosting the regional, if not global, economy. While commenting on the implications for regional economy, a government official of Pakistan opined:<sup>68</sup>

In the wake of US forces' withdrawal from Afghanistan, if regional powers work towards reconciliation, there is an opportunity to rebuild the regional economy...it is quite possible since the regional states have no other options. For example, Paksitan-Afghanistan Transit Trade Agreement is linked with Aghanistan. Moreover, the normalization between the US and Iran carries the seeds of trade exchnages among the regional actors.

Last but not the least, on the question of whether the new economic policies on the part of regional players will promote regional peace and security in the post-withdrawal period, the survey results projected the following:

Figure 12: Whether New Policies Would Promote Regional Peace



Source: The survey was conducted by the authors.

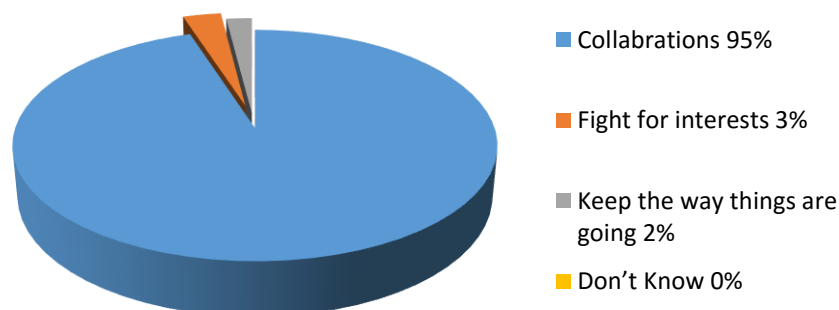
As the above suggests, new policies of the South Asian states are likely to affect the regional economy one way or the other. For example, 31% respondents believe that the new policies would not be dissimilar from the past and, therefore, there would not be any significant improvement in the level and degree of regional peace and stability. However, 41% respondents viewed such policies beneficial if chalked out properly in terms of keeping the larger interest of regional stability and economic development in mind.

<sup>67</sup> Available at:< [http://www.fride.org/descarga/EUCAM\\_WP13\\_Afghanistan.pdf](http://www.fride.org/descarga/EUCAM_WP13_Afghanistan.pdf)>

<sup>68</sup> Interview with a National Accountability Officer (NAB), Islamabad, 2014.

Importantly, regarding the type of future inter-state policy framework, Graphic 11 below highlight the expressed tendencies respectively:

Figure 13: Collaborations utmost need



Source: The survey was conducted by the authors.

The above projects a very optimistic picture of the post-withdrawal period whereby an overwhelming majority (95%) believes that collaboration, and not confrontation, among the regional actors such as India, Pakistan, Iran and China would impact not only Afghanistan but also the South and Central Asia, positively. Importantly, only 3% viewed the future from a realist perspective. In view of the foregoing, it is posited that during the current transitional phase and in the post-withdrawal period, collaboration among the involved stake holders is need of the hour in order to secure and sustain a better economy and security regionally.

## CONCLUSION

This study attempted to explain the implications of withdrawal of the US-led forces from Afghanistan by the end of 2014 (onwards) on the security and economy of the latter in particular and the South Asian region in general. The implications for regional security and economy were explained with the help of a proposed rational choice model which is applicable to the case of Afghanistan. Based on primary and secondary data, the study found that Afghanistan is likely to be affected negatively in the post-withdrawal period with regard to its security and economy if the regional actors such as Pakistan, Iran and India had a divergent set of interests and choices.

By default, such a policy divergence will carry serious security and economic challenges to these stake holders too. In other words, if there is lack of planning for the post withdrawal period, then it leads to more instable situation for regional security and economy (*H 1*). Theoretically, therefore, our model posits that if and when the regional players prefer cooperation to confrontation/conflict, there would be high probability of peace and economic stability not only in Afghanistan but also the South (and Central) Asian region (*H 2*).

Moreover, the US and her allies, during the transitional and post-withdrawal period, needs to engage Kabul, at least, financially. Such an engagement would help avoid repetition of the post-Cold War ethnic and sectarian politics. Last but not the least, based on the overall peace-oriented aspirations of the survey respondents, we conclude that the future of Afghanistan and the

regional states is linked to rational calculation on the part of the concerned stake holders. Any resort to revisionist means on the part of any player(s) in the game will only make Afghanistan and its neighbors fragile security-wise and economically.

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