

Pakistan-Afghanistan-Uzbekistan Railroad Project: An Analysis of the Dynamics, Challenges, Implications and Suggestions for Addressing Challenges

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Introduction

On February 02, 2021, Pakistan, Afghanistan, and Uzbekistan inked a roadmap for a 573-kilometre railway line to connect Peshawar with Tashkent via Kabul. If realized, this dream come true will provide Central Asian Republics (CARs) with the shortest and cheapest route to the Arabian Sea, making Pakistan a transit hub. The three countries declared the project a “powerful platform” that will stimulate economic growth and create new opportunities.² Tanzila Narbaeva, Chairperson of the Senate (of Uzbekistan) hailed it as an “event of the century”.³

For Pakistan, this railway will open the Central Asian market and turn it into an important transit route, driving economic growth and prosperity. It will also provide an opportunity for parallel construction of power transmission lines saving not only financial resources but also allowing for easier future electrification of the railway lines.⁴ The electric traction, whenever it is carried out, will have greater advantage over diesel locomotion in mountainous areas.⁵

Three meetings of the technical groups of partner countries took place before the takeover of the Taliban in 2021. After a hiatus of few months following the fall of Ghani regime, Uzbekistan hosted a meeting on the project in December 2021. In addition to the three partner countries, Kazakhstan and Russia also participated in a two-day online conference of the multilateral Joint Working Group.⁶ The Taliban government has guaranteed security of the railway line while Russia and Kazakhstan have offered their expertise and funding for the pre-feasibility study of the project.⁷

¹ Foreign Service of Pakistan, 30th SMC.

² Sana Jamal. “Pakistan, Afghanistan, Uzbekistan sign strategic plan for railway project”. *Gulf News*. February 04, 2021.

³ Sputnik “Narbayeva called the project of the Trans-Afghan railway “an event of the century”. <https://uz.sputniknews.ru/20210206/Narbaeva-nazvala-proekt-Transafganskoy-zheleznoy-dorogi-sobytiem-veka-15950992.html> (Accessed 10 February 2022).

⁴ The Central Asia-South Asia (CASA) - 1000 power project to export surplus hydroelectricity from Kyrgyzstan and Tajikistan to Pakistan via Afghanistan is already in the pipeline.

⁵ Respondent 3, Railway officer involved in restoration and upgradation of Peshawar-Landikotal railway line. Interview by the author, Peshawar, 7 January 2022.

⁶ Husnain, K. “Afghanistan offers security to railway project” *Dawn*. (December 10, 2021).

<https://www.dawn.com/news/1662922>.

⁷ Ibid.

Pakistan-Afghanistan-Uzbekistan railway project reflects the desire of both Pakistan and Uzbekistan to connect Central Asia with South Asia. Despite huge question marks over the economic viability of the project, owing to factors which include existence of railway lines of varying gauges, extremely difficult terrain, and security concerns, Uzbekistan and Pakistan appear committed to the project. Moreover, the Taliban have also recently given their approval to the project. It is, therefore, important to understand the dynamics of the project, and the challenges it faces. Furthermore, it is essential to examine the implications the project has on regional connectivity and the economic development of Pakistan. It must be considered whether the existing trans-Pakistan railway infrastructure has the capacity to handle a projected freight of 20 million tons annually? To what extent do the infrastructure, processes, trade regimes, and custom procedures are being upgraded and harmonized in Pakistan to cater for the timely and efficient processing of such a huge volume of cargo?

Significance of the Issue

Being at the crossroads of Central Asia, South Asia, and Southwest Asia, Pakistan can become an economic hub by developing transportation and economic corridors connecting all the three regions. Pakistan, however, faces challenges in developing trade with its neighbours Iran and India.⁸ While the country is connected with its north-eastern neighbour China through the Karakorum highway, one of the highest paved roads in the world, and the Khunjerab Pass, the highest land border in the world, this route has accessibility issues during the winter months.⁹ To Pakistan's northwest is Afghanistan, where since the Soviet invasion of 1979, security issues have prevented Pakistan from establishing trade linkages with Central Asia.

Since their independence CARs have been keen to gain access to the Arabian Sea and South Asia through Pakistan. While these countries can use the Iran's Chabahar and Chinese ports, Pakistan provides them with the shortest and fastest access. Furthermore, South Asia is an energy hungry region and Central Asia an energy surplus region. Better connectivity will be a win-win situation for both the regions.¹⁰ All the same, instability in Afghanistan has not allowed this transport and transit route between CARs and Pakistan through Afghanistan to develop.

The Pakistan-Afghanistan-Uzbekistan railway project is yet another effort to connect the two regions, which can also help CARs diversify their trade routes and reduce their dependence on Russia. This project also has the potential to be integrated under the regional initiative of Central Asia Regional Economic Cooperation Program (CAREC) and Chinese Belt and Road Initiative (BRI). The railway line, if successfully built and its economic corridors established, could drive economic activity, tourism, trade, and prosperity for Pakistan and CARs.

⁸ Iran is under US sanctions and with India Pakistan has adversarial relations.

⁹ The third phase of the China Pakistan economic corridor (CPEC), however, envisages a construction of a railway link.

¹⁰ Muhammad Rafiq. "Uzbekistan-Afghanistan-Pakistan-Railway Project". *Daily Times*. 12 July 2021.

Scope

This study locates the Pakistan-Afghanistan-Uzbekistan railway project within the geo-strategic dynamics of the region and investigates the challenges it faces. It further investigates the impact that the project, if completed, can have on the regional connectivity and economic development of Pakistan. It explores whether the existing core railway and related infrastructures in Pakistan along with legal regimes and processes governing cross-border trade are up to the standards required of a country for acting as a major transit route. The scope of this study is limited to the geo-strategic interests of China and the impact this project will have on Pakistan's economic development. The benefits that will accrue from the project to Afghanistan and Uzbekistan is beyond the scope of this study.

Literature Review

Since Pakistan-Afghanistan-Uzbekistan railway project has only been conceived in December 2020, there is a dearth of literature on the project. There is a lack of research material covering various aspects of the project. Of the little literature that is available, most is of short journalistic format appearing in newspapers and periodicals. For example, Hugh Ollard in his paper discusses the challenges faced by the Pakistan-Afghanistan-Uzbekistan railway project. Ollard highlights the issue of variable gauges, the difficult terrain, and the security situation in Afghanistan.¹¹

Similarly, Zaki Shaikh in his article highlights the positive impact of the project on the economic development of the three countries and the region. According to him, the project will reduce shipping time and costs for the CARs, while having a multiplier effect on the region's economic development, in particular, along the route of the railway line. In Shaikh's view, the economic incentives attached to the project will stabilise the region and will encourage various players in the Afghan quagmire to sue for peace.¹² Nasirddinov Salokhiddin, while recognizing the challenges faced by the project, contends that if successfully implemented, it has the potential to develop into a tool for inter-regional integration.¹³

Muhammad Rafiq, highlights Pakistan's decade old quest for better connectivity with energy surplus Central Asia. According to him, the project will create tens of thousands of jobs in Afghanistan that will help stabilise Afghanistan. He suggests 'long-term

¹¹ Hugh Ollard, "What's Behind the Planned Uzbekistan-Afghanistan-Pakistan Railway." *The Diplomat*. (February 2021).

¹² Zaki Shaikh, "Analysis - Uzbekistan keen to build rail link between Central, South Asia". *Anadolu Agency*. 23 May 2021.

<https://www.aa.com.tr/en/asia-pacific/analysis-uzbekistan-keen-to-build-rail-link-between-central-south-asia/2251693> (accessed 20 January 2022).

¹³ Nasirddinov Salokhiddin, "Uzbekistan's long-awaited path to Indian Ocean trade" *East Asia Forum* (July 2021). <https://www.eastasiaforum.org/2021/07/31/uzbekistans-long-awaited-path-to-indian-ocean-trade/> (accessed 22 Jan. 22).

inflation-indexed' bonds for financing the project which could help reduce dependency on US dollar and Euro denominated instruments.¹⁴

Similarly, Muhammad Ismail in his article discusses the importance of the project and calls it as the first step in connecting Central Asia to Pakistan's seaports of Karachi, Port Qasim, and Gwadar. On the issue of the impact of the Taliban takeover of Afghanistan, the piece seems self-contradictory. At one level it argues that the Taliban takeover will help in timely completion of the project, but at another level it highlights the importance of the Taliban moderating their policies and developing better relationship with the world and their neighbours failing which international sanctions will cripple their economy.¹⁵ The writer, however, does not substantiate any of the claims made with evidence.

The existing literature on the project, either highlights its technical issues or its significance for the economic development of Pakistan and the region, instead of engaging in a systematic and evidence-based enquiry into the project. Some scholars just assume that Afghanistan has become peaceful, and that the project will help promote peace and security in the region. There is a dearth of literature that investigates various aspects of the project, including, for example, whether the existing railway infrastructure in Pakistan and Torkham border is capable of handling huge amounts of freight? What about improvement in border crossing time? Have the three countries harmonized their custom processes, legal regimes, and laws for trade promotion? Are there any risks involved in the process of the country becoming a transit route and how can those be avoided? What measures does Pakistan need to take so be able to gain the full benefits of the project?

Methodology

This article uses qualitative research in which both primary and secondary sources have been consulted. Purposive sampling technique has been adopted with respondents being selected for their knowledge of the project, various aspects of railway connectivity, experience in the field or for serving in key positions in the regulatory bodies. Respondents' awareness of relevant issues and challenges faced by such aspirational and ambitious projects was an important aspect of the interviews. However, owing to a time limitation, the sample size was limited to only seven persons. Of these, two were Pakistani diplomats who had knowledge of the project, two were from Pakistan Railway (PR), one each from the customs department and the Ministry of Commerce (MOC); there was also a trader working in Afghanistan and Central Asia. While separate questionnaires were prepared for every respondent, the interviews were semi structured. Accordingly, respondents were allowed to go beyond the scope of the

¹⁴ Rafiq, "Uzbekistan-Afghanistan-Pakistan-Railway Project".

¹⁵ Muhammad Ismail. "A Railway Future Project: Pakistan, Afghanistan, And Uzbekistan in the Twenty-First Century". *Galaxy International Interdisciplinary Research Journal* 9, no. 10 (October 5, 2021): 50–55. <https://internationaljournals.co.in/index.php/giirj/article/view/294> (Accessed January 22, 2022).

questionnaire and share any information relating to the project that they deemed important.

Organization

This paper is organized into three main sections in addition to the conclusion and recommendations. The first section focuses on the dynamics surrounding the project; this includes the vision of new Uzbek leadership for their country, the longstanding desire of regional connectivity, CAREC and BRI initiatives in the region, the changing geopolitical landscape of Afghanistan and the overall geo-strategic landscape of the region.

Section II of the paper focuses on the benefits and challenges of the project, including its technical issues, economic viability, security situation in Afghanistan, and funding challenges. Section III discusses implications of the project, and in doing so it carries out an in-depth analysis of various issues and challenges surrounding the project. Finally, a way forward is suggested under recommendations.

Dynamics of the Project

It was on September 10, 2020 that a formal discussion on the project started during the visit of Uzbekistan's Deputy Prime Minister to Pakistan. Later in December 2020, Uzbekistan, Afghanistan, and Pakistan signed a joint letter to the World Bank for financing the project.¹⁶ Initially, the government of Ashraf Ghani was not very enthusiastic, but later in February 2021 all the three countries signed a roadmap for the project.

The project, also known as Mazar-i-Sharif-Kabul-Peshawar (MKP) railway line project, will include both high-speed passenger and cargo trains.¹⁷ Razak Dawood, Pakistan's advisor on commerce hailed the development as a new chapter in regional cooperation that would open new vistas of trade and strengthen the regional economy.¹⁸ In this regard Pakistan and Uzbekistan are in the process of negotiating a preferential trade agreement.¹⁹ On the occasion of the Prime Minister of Pakistan's visit to Tashkent in July 2021, both countries signed a Joint Declaration to establish a strategic partnership. Seven agreements were also signed including those relating to tourism, customs cooperation, transit trade, and simplification of visa procedures for businessmen and tourists.

¹⁶ Respondent 1, Pakistan's ambassador to Uzbekistan. Interview by author, WhatsApp call, 17 December 2021; Respondent 4, custom officer involved in the Torkham terminal construction and modernization project. Interview by author, WhatsApp call, 12 January 2022.

¹⁷ Muhammad Rafiq. "Uzbekistan-Afghanistan-Pakistan-Railway Project".

¹⁸ See Jamal. "Pakistan, Afghanistan, Uzbekistan sign strategic plan for railway project."

¹⁹ Ibid.

The estimated cost of the project is US\$ 5 billion and according to Uzbekistan Ministry of Investment and Foreign Trade, the World Bank expressed its willingness to finance and provide technical assistance for the project.²⁰ The project, however, needs to be viewed in the backdrop of the following dynamics operating in the region and the participating countries.

Section I

1.1 New Uzbek Leadership

The Pakistan-Afghanistan-Uzbekistan railway project needs to be understood in the backdrop of President Shavkat Mirziyoyev's new vision for his country. Since his assumption of office in 2016, he has been pursuing a vigorous and robust reform agenda in a political, strategic, social, and civic spaces. He is a huge proponent of constructive foreign policy and has offered an olive branch to neighbouring Kyrgyzstan and Tajikistan, with both of whom Uzbekistan has a history of distrust and adversarial relations.²¹ The stated policy of Uzbekistan under his leadership is "strengthening the independence and sovereignty of the state, joining the ranks of developed democratic states, and the creation of a belt of security, stability, and good neighbourliness around Uzbekistan".²² Uzbekistan under his leadership is following a progressive and forward-looking policy, and has resolved its territorial, border demarcation, and water sharing disputes with its neighbours Tajikistan and Kyrgyzstan.²³ President Mirziyoyev's focus is on economic development and Pakistan-Afghanistan-Uzbekistan is his flagship project.

1.2 Regional Connectivity and Access to Arabian Sea

CARs are landlocked countries, very remote from major global markets, and have a limited access to seaports. Their trade is much less than their potential. This has been proven by Ian Babetsk by employing the "gravity model".²⁴ Albury Wojciech agrees with Babetsk's conclusion.²⁵

However, for the past few years CARs have continued to embark on a "quiet yet remarkable economic transition" in a big way.²⁶ They are investing into regional connectivity and have been diversifying and modernizing their economies. Therefore, they are seeking massive investment into their infrastructure projects. According to

²⁰ Shaikh, "Analysis - Uzbekistan keen to build rail link between Central, South Asia."

²¹ Anthony C. Bowyer, "Political Reform in Mirziyoyev's Uzbekistan: Elections, Political Parties and Civil Society" *Institute for Security and Development Policy*. March (2018).

²² *Ibid.*, 26.

²³ Adam Hug, "Introducing Mirziyoyev's Uzbekistan" *The Foreign Policy Centre*. 14 July 2020.

²⁴ In Imran Khan, and Safdar Ali Shirazi. "Geostrategic Importance of Afghanistan For Pakistan." *Pakistan Geographical Review*, Vol.76, No1, (June. 2021); 148-149.

²⁵ *Ibid.*, 148-149.

²⁶ Ariel Cohen, and James Grant. "Future Calling: Infrastructure Development in Central Asia." *International Tax and Investment Center* (October, 2018).

Asian Development Bank's (ADB) estimates, an average annual investment of US\$ 33 billion will be required from 2016 - 2030 for that purpose.²⁷

CARs exports mostly comprise agriculture produce, hydrocarbons and mineral resources. For agricultural produce, efficient and fast supply chains are important to maintain quality. Hydrocarbons and mineral resources require a transport system capable of handling huge loads efficiently and cost effectively. Railway lines can provide a viable option to manage supply chains for both categories in a cost effective and timely manner.²⁸ The Pakistan-Afghanistan-Uzbekistan railway line provides CARs the shortest route to the Arabian Sea through Karachi and Gwadar seaports.²⁹ It can help CARs to lessen their dependence on Russia for access to Europe.³⁰ According to some this project is a latest attempt by one Central Asian state to shake off Russia's imperial legacy as "railways provide an analogy of Russian influence over the countries in its neighbourhood".³¹ Earlier, Kyrgyzstan and Uzbekistan also tried to resolve this dependency issue through a construction of a railway line from Uzbekistan to the Chinese port of Lanzhou via Kyrgyz city of Osh. It took twenty years for this route to become operational, however, the Kyrgyz connection was by road instead of a railway.³² Despite the immense desire by CARs to move away from Russian influence, Russia is also interested in this project as it will provide it the shortest and most economical access to the Arabian Sea. Therefore, the Russian Railway has recently offered to conduct a technical feasibility and design of the project.³³

Figure 1: Pakistan-Afghanistan- Uzbekistan Railway Project³⁴



²⁷ Ibid.

²⁸ Kalyuzhnova, Yelena, and Hans Holzacker. "Enhancing Connectivity and Trade between CAREC Countries and the World: Benefits, Risks, and Policy Implications." *Unlocking Transport Connectivity in the Trans-Caspian Corridor* (2021): 112.

²⁹ Chris Devonshire-Ellis, "Uzbekistan Looks to China's Belt & Road And Pakistan's CPEC To Connect Through To Gwadar & Karachi Ports" *Silk Road Briefing*, 12 May 2020. <https://www.silkroadbriefing.com/news/2020/05/12/uzbekistan-looks-chinas-belt-road-pakistans-cpec-connect-gwadar-karachi-ports/> (accessed on 20 January 2022).

³⁰ Respondent 1, Pakistan's ambassador to Uzbekistan. Interview by author, WhatsApp call, 17 December 2021.

³¹ Ollard, "What's Behind the Planned Uzbekistan-Afghanistan-Pakistan Railway."

³² Ibid.

³³ Shaikh, "Analysis - Uzbekistan keen to build rail link between Central, South Asia."

³⁴ Silk Road Briefing website.

1.3 CAREC and BRI Projects

The initiatives CAREC and BRI are currently transforming the landscapes of South Asia and Central Asia. CAREC is a partnership of eleven nations and six multilateral development agencies to promote economic growth and reduce poverty in the region. It has an overarching vision of “*Good Neighbors, Good Partners, and Good Prospects*”. The program includes Pakistan, Afghanistan, Uzbekistan, and other Central Asian Republics.³⁵ China is also a part of this initiative. Its objective is to facilitate “practical, results-based regional projects, and policy initiatives critical to sustainable economic growth and shared prosperity in the region”.³⁶ Through investment in infrastructure and trade facilitation processes, CAREC aims to provide better connectivity and trade linkages, and stimulate economic development. After its inception in 2001, there have been estimated investments of US\$ 40 billion in transportation networks, energy trade and security as well as the development of processes and infrastructure for economic corridors.³⁷ While the Pakistan-Afghanistan-Uzbekistan project is not officially linked to any of the initiative, but Pakistan Railway and the Ministry of Commerce are treating it as a CAREC project.³⁸

Pakistan and Uzbekistan are also partner countries under the BRI initiative, in which Central Asia is a “lynchpin”.³⁹ China is believed to be investing around one trillion dollars in the region under the initiative. Pakistan-Afghanistan-Uzbekistan railway project is not a part of the BRI, but some scholars believe that it will later be linked to the initiative especially because, as will be discussed later, the viability of the project will depend on the infrastructure being developed in Pakistan under the CPEC initiative.⁴⁰ Started in 2015, under CPEC, road, railway and air transport facilities are being upgraded to cater for the regional connectivity. Gwadar seaport is a significant node being made ready to serve as a major international port providing connectivity to China, which will link Central Asia through the Gwadar-Termez motorway that traverses through Tajikistan, Turkmenistan, Afghanistan, and Uzbekistan. However, an alternate route is also being envisaged that will use the Karakoram highway bypassing Afghanistan, but this is a longer route that passes through rugged terrain and faces year-round accessibility challenges. Afghanistan has already shown an interest in BRI projects.⁴¹ Therefore, in future, there is a good chance that the Pakistan-Afghanistan-Uzbekistan railway project will become a part of a BRI corridor linking China with Central Asia and South Asia.

³⁵ Other members are Tajikistan, Turkmenistan, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, and Mongolia.

³⁶ See https://www.carecprogram.org/?page_id=31.

³⁷ Ibid.

³⁸ Respondent 1, Pakistan’s ambassador to Uzbekistan; Respondent 3, Railway officer involved in restoration and upgradation of Peshawar-Landikotal railway line. Interview by author, Peshawar, 7 January 2022; Respondent 5, Ministry of Commerce officer working on Pakistan-Uzbekistan- Afghanistan Railway. Interview by author, WhatsApp call, 13 January 2022.

³⁹ Cohen, and Grant. "Future Calling: Infrastructure Development in Central Asia."

⁴⁰ Ollard, “What’s Behind the Planned Uzbekistan-Afghanistan-Pakistan Railway.”

⁴¹ Ariel Cohen, and James Grant. "Future Calling: Infrastructure Development in Central Asia."

1.4 Changing Political and Security Landscape of Afghanistan

The Taliban takeover of Afghanistan in August 2021 was rather swift and without much bloodshed. The level of violence has since gone down considerably.⁴² The only militant group that is still carrying out attacks and suicide bombings is the Islamic State of Khorasan (IS-K). However, this relative calm can be the harbinger of looming troubles on several counts. It is not the first time in Afghanistan's history when the forces of an incumbent regime melted against an adversary without putting up a fight. After 9/11, the Taliban had melted away in the face of massive NATO bombing. They, however, later regrouped and fought to come back in power. There is, therefore, every reason to expect a change in sentiments and armed resistance emerging to fight the Taliban regime.

While the militant violence in Afghanistan has abated for now because the Taliban are no longer attacking the state, regional countries are quite worried over the presence of religiously inspired militants in the country. China, in particular, is worried about the presence of the Uyghur separatist group, the East Turkestan Independence Movement (ETIM), which is still maintaining linkages with Al-Qaeda and is fighting for the Independent East Turkestan (as it calls the Xinjiang region). Similarly, the Taliban regime has not cooperated with Pakistan on Tehreek-i-Taliban Pakistan (TTP), and instead of making the TTP – a splinter group dedicated to attacking Pakistan – give up its violence, it has pressurized Pakistan towards negotiating with them. Both ETIM and TTP are using Afghanistan as safe heavens. Since the Taliban still maintain close ties with Al-Qaeda,⁴³ it appears unlikely that they will take action against them, especially because these groups played an important role in the recent victory of the Taliban.

The emerging human rights and humanitarian crises are other serious issues that challenge Afghanistan. According to Human Rights Watch, the freezing of Afghanistan's currency reserves and drying up of foreign assistance has brought the country on the verge of economic collapse. Millions of Afghans face famine, hunger, and healthcare crises.⁴⁴ Deepening of this crisis could be devastating for the peace and stability of Afghanistan.

Atal Ahmadzai and Faten Ghosn, argue that despite trying to portray a moderate image to the international community, the Taliban have not changed much. Girls' schools are still closed, and women are not allowed to go to work. New curbs have been placed on women's movement and their dress code. Independent journalists are hounded and beaten regularly. According to them the Taliban are ruling through fear and imposition of draconian restrictions, allegedly killing thousands of former Afghan soldiers as well

⁴² See Jim Huylebroek, "This Is Life in Rural Afghanistan After the Taliban Takeover" *The New York Times*. 15 September 2021.

⁴³ Jianli Yang, "China's Political Calculations and Potential Options in Afghanistan". *The Diplomat*. 19 August 2021.

⁴⁴ Human Rights Watch. "Afghanistan: Taliban Takeover Worsens Rights Crisis" 13 January 2022; Syed Irfan Ashraf "Afghanistan's humanitarian disaster". *Dawn*. 26 November 2021.

as silencing journalists and social media activists.⁴⁵ Their harsh restrictions on women are also steering them towards abject poverty.⁴⁶ If continued, such policies are unlikely to earn them international recognition, which could in turn lead to further deepening of the humanitarian crises and instability in Afghanistan. This could result in huge outflow of Afghan refugees to neighbouring countries. Therefore, the security situation in Afghanistan is very dire and it has the potential to destabilize the region.

1.5 Geo-Strategic Landscape of the Region and the Significance of the Project

The regions of Central Asia and South Asia have assumed increased strategic significance in the context of the US-China competition. There has long been a feeling in the Western capitals that the United States' preoccupation with Afghanistan has allowed China to grow economically and it is on its way to emerge as a regional hegemon. President Trump called China a "revisionist power" that wanted to shape the world "antithetical" to the US interests.⁴⁷ The new administration of President Joe Biden has not brought much change to the United States' policy on China. Recent alliances of the quadrilateral security dialogue (QUAD) and trilateral security partnership of Australia, UK, and US (AUKUS) are directed against China.⁴⁸ Therefore, from the Chinese perspective, diversification of trade routes has become even more important. The geo-strategic location of Gwadar port allows China to overcome a possible future Western blockade. Under CPEC there are plans to construct a railway line linking the port to China via Khunjerab pass, however, it is only in the third phase. Moreover, Pakistan-Afghanistan-Uzbekistan railway line will provide a much shorter, quicker, and all-weather route. Additionally, Beijing's strategic interests in Central Asia relate to stability in the region, especially because it borders its western region of Xinjiang which has a history of unrest.⁴⁹

Section II

2.1 Benefits of the Project

The construction of Mazar-e-Sharif-Kabul-Peshawar railway line will provide regional connectivity, and increased flow of trade and investment. It will connect Central Asia with South Asia and will "dramatically increase the transit potential and cargo flow".⁵⁰ It also has the potential to bolster the economic development of Pakistan. The line is

⁴⁵ See Atal Ahmadzai and Faten Ghosn, "Taliban 2.0 aren't so different from the first regime, after all". *The Conversation*. 18 January 2022.

⁴⁶ Ashraf. "The defiance of Afghan women".

⁴⁷ Tarun Chhabra and Ryan Hass. "Global China: Domestic politics and foreign policy" *Brookings* (September 2019); Zaheena Rasheed, "What is the Quad and can it counter China's rise?". *Al Jazeera* 25 November 2020.

⁴⁸ Patrick Wintour, "What is the Aukus alliance and what are its implications?" *The Guardian* 16 September 2021.

⁴⁹ Andrew Scobell, Ely Ratner, and Michael Beckley "China's Strategy Toward South and Central Asia: An Empty Fortress". *RAND*. (2014).

⁵⁰ Shaikh, "Analysis - Uzbekistan keen to build rail link between Central, South Asia".

projected to reduce transit times and cost of transportation. The transit times are estimated to be reduced by about thirty percent, while the delivery time of goods from the Russian border (Ozinki) to Karachi will be 16-18 days, and that from Termez to Karachi just 8-10 days.⁵¹ In addition, power lines from Uzbekistan and Tajikistan could be installed along the track to supply electricity to Afghanistan and Pakistan.⁵²

The railway line has the potential to connect with the regional railway network. Together with China-Kyrgyzstan-Uzbekistan railway line, it will provide an opportunity to link four large railway networks in China, the CIS, Europe, and South Asia, while providing one of the shortest routes from China to Europe and the Middle East, reducing the distance by 900 kilometres and cutting travel time by 7-8 days.⁵³ According to Eldor Aripov, the Head of the Institute of Strategic Studies, Uzbekistan, the proposed project will provide the Central Asian nations the shortest path to South Asia, which can serve as a “powerful platform’ for inclusive economic development of South Asia and Central Asia.⁵⁴

There are several studies that confirm the positive impact of railway lines on economic development. Prince Fosu’s study in examining the impact of railway lines on the economic growth of the US from 1980 to 2016, showed a significant positive impact of railway lines on economic growth, both in the short term and long term.⁵⁵ In another study on the impact of transportation networks on China’s economic growth in regional areas, it was established that proximity to a transport network has a moderate to large positive impact on incomes of the population.⁵⁶ To investigate the relationship between transport infrastructure and economic development, yet another study employed an autoregression distribution lag (ARDL) and vector error correction model (VECM) for the period of 1997-2017.⁵⁷ Its results have shown a long-term positive correlation between the two. However, all these studies relate to an impact of a single country’s infrastructure projects. Esfahani and Ramirez conducted a cross-country study to examine the correlation among institutions, infrastructure, and economic growth. Their results demonstrated a significant positive impact on the GDP growth exceeding the cost-of-service provision.⁵⁸

Recently, a book titled *Unlocking Transport Connectivity in The Trans-Caspian Corridor*, agrees to the role of connectivity projects in promotion of economic growth

⁵¹ Respondent 3, Railway officer involved in restoration and upgradation of Peshawar-Landikotal railway line.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ In Shaikh, “Analysis - Uzbekistan keen to build rail link between Central, South Asia”.

⁵⁵ Fosu, Prince. "Does Railway Lines Investments Matter for Economic Growth?" *Economics* 9, no. 1 (2021).

⁵⁶ Abhijit Banerjee, Esther Duflo, & Nancy Qian “On the road: Access to transportation infrastructure and economic growth in China”. *National Bureau of Economic Research* (2012).

⁵⁷ Khalid M. Alam, Xuemei Xi, Baig, S., Ghanem, O., & Hanif, S. “Causality between transportation infrastructure and economic development in Pakistan: An ARDL analysis.” *Research in Transportation Economics*, (2020).

⁵⁸ Hadi Salehi Esfahani and Maria Teresa Ramirez. “Institutions, infrastructure, and economic growth” *Journal of Development Economic*. 70, no. 2 (2003): 443-477.

and job creation.⁵⁹ It, however, cautions that the exact benefits accruing from connectivity projects in the CAREC region would vary by country, the nature of infrastructure, and the kind of transport corridor.⁶⁰

Pakistani authorities are expecting that the project will increase trade and investment by opening the Central Asian market. As quality standards for goods in CARs are not as stringent as the US and Europe, Pakistani traders are expecting to export the surplus from products bound for Western markets to Central Asia.⁶¹ To gauge the potential in just one area, Pakistan exported a *kino* oranges consignment to Uzbekistan by trucks his year.⁶²

2.2 Challenges Faced by the Project

The project faces several technical, economic viability, and security challenges. In addition, the takeover by the Taliban has raised question marks over the project's possible funding through the World Bank and the ADB. Some of the issues faced by the project are:

2.2.1 Technical Issues

The agreed route for Pakistan-Afghanistan-Uzbekistan connectivity project passes through the Hindu-Kush range and climbs a steep ascent of 3,500 meters. If completed this would rank it among the highest railway lines in the world. The construction at such a height will present an engineering challenge and will involve the associated construction of several tunnels. The delivery of essential supplies, availability of trained labour force, and willingness of professional companies to work in Afghanistan will also be major hurdles.⁶³

Another technical issue will be the management of variable gauges in all the three countries. Uzbekistan railway uses 1520 mm Russian gauge, while Pakistan uses 1676 mm broad gauge. The railway line, built by Afghanistan in 2010, uses a 1435mm gauge. There are technical solutions to the problem of variable gauges such as building multi-gauge bogies, changing wheels, or an extensive operation of reloading cargo at border points. However, such solutions increase the cost of operations and could lead to delays at border crossing points. Nevertheless, such technical impediments can be overcome if the project is considered economically viable.

⁵⁹ Azhgaliyeva, Dina, and Yelena Kalyuzhnova. "Unlocking Transport Connectivity in the Trans-Caspian Corridor." (2021).

⁶⁰ Ibid.

⁶¹ Respondent 7, Trader who has been trading with Afghanistan. Interview by author, WhatsApp call, 21 January 2022.

⁶² Respondent 1, Pakistan's ambassador to Uzbekistan.

⁶³ Ollard, "What's Behind the Planned Uzbekistan-Afghanistan-Pakistan Railway."

2.2.2 Economic Viability

The economic viability of the project will depend on sufficient freight load for trains. The trade between Afghanistan and Pakistan in 2020-2021 was only US\$ 750 million while that with Uzbekistan was only 57.58 million.⁶⁴ Pakistan does export certain bulky items such as steel pipes to Afghanistan, for which trains would provide a much better transportation option.⁶⁵ However, the volume of trade and product range is very limited. For example, Pakistan primarily imports just 7-8 products from Afghanistan.⁶⁶ Additionally, the volume of rail freight within Afghanistan was only four (04) million tons.⁶⁷ However, the annual freight volume is estimated to go up to 20 million tons once the Pakistan-Afghanistan-Uzbekistan railway line is constructed and becomes fully operational.⁶⁸ However, these are only estimates and it is still pre-mature to say anything with certainty.

2.2.3 Security Situation

The instability in Afghanistan over the years has made the dream of connectivity between South Asia and Central Asia a mirage. Recently, after the Taliban takeover, the security situation in the country has improved to the extent that terrorist attacks are no longer taking place. However, as discussed above, Afghanistan is far from stable. It remains to be seen if other forces will accept the Taliban rule or will group together to strike against them. The Taliban regime is still not recognized by the international community and the Taliban's failure to moderate their policies does not augur well for the future.

More importantly, informal entities like the Taliban are good at waging violent anti-state campaigns and destroying existing governance structures, but have not proven themselves of being able to rebuild and govern. For example, Al-Qaeda in Maghrib and ISIS when given a territory to rule, instead of focusing on governance, continued waging violence against their opponents. Instead of moderating their policies these entities got more ruthless and imposed increasingly harsh curbs over the population under their rule. The problem with all such entities is that they do not have mechanisms to resolve contestations within the society and run a modern state. Their exclusivist ideology does not permit compromise and their world view calls for eliminating all opposition to their worldview.⁶⁹ Governance, however, requires taking all the stakeholders on board. Furthermore, the Taliban are not a monolithic force in a Clausewitzian sense. Rather, they are a loose coalition of disparate groups, with some

⁶⁴ Respondent 5, Ministry of Commerce officer working on Pakistan-Uzbekistan- Afghanistan Railway.

⁶⁵ Respondent 7, Trader who has been trading with Afghanistan.

⁶⁶ Respondent 4, Custom officer involved in the Torkham terminal construction and modernization project. Interview by author, WhatsApp call, 12 January 2022.

⁶⁷ Zak Shaikh, "Analysis - Uzbekistan keen to build rail link between Central, South Asia".

⁶⁸ Ibid.

⁶⁹ Asima Rabbani. "Nihilist Non-State Actors, the Threat to Collective Security, and the Inadequacy of the United Nations' Conflict Prevention, Management, and Resolution Mechanisms". *PhD thesis* (2021).

more hard-line than others. Their top leadership is stuck between the devil and the deep sea. If they adopt moderate policies, they may lose support of the hardliner groups. On the other hand, without moderating their policies they cannot proceed to international recognition as a contemporary state. It is important to note that their core strength is believed to be only 60,000 and their fighters are neither trained soldiers nor do they have any experience in governance.⁷⁰ Therefore, it is unlikely that they will be able to establish their writ across the whole of Afghanistan. Therefore, the security situation on Afghanistan is likely to remain tenuous unless there is an across-the-board reconciliation for stabilizing the country.

2.2.4 The Challenge of Securing Funding after the Taliban Takeover

The project could face funding challenges after the Taliban takeover since the international community has not recognized the regime. There is a possibility of a Chinese loan, however, there are concerns over unsustainability of these loans.⁷¹ For the feasibility study, Russia has shown its willingness, however, it remains to be seen if the Taliban are able to stabilize the country to instill confidence among the donors.

Section III

Analysis

There is a great deal of optimism among policymakers in Uzbekistan and Pakistan over the Pakistan-Afghanistan-Uzbek railway project as it will finally connect the resource rich regions of Central Asia with the resource hungry regions of South Asia.⁷² Uzbekistan is also hopeful that the completion of this project will not only provide it access to the Arabian Sea but will help it become a major transit hub serving the Central Asian region. While most of the construction work will be carried out in Afghanistan, both Pakistan and Uzbekistan are hoping to provide human resources, goods and services, and materials for the project. As already discussed above, there is sufficient evidence to suggest that the construction of the railway lines promotes economic growth, therefore, both countries are expecting to reap its benefits through the economic spillover effects and by multiplier effects of serving as transit routes. Notwithstanding this optimism, there is always a risk that a cheaper, easier, and faster connectivity turns transit countries into import markets, i.e. they are flooded with cheaper imports to the detriment of local businesses.⁷³ According to Kalyuzhnova and Holzacker, to reap the true benefits of transport connectivity, it is paramount to broaden and expand the export base and undertake a “robust set of measures in areas

⁷⁰ Jonathan Beale. “Afghanistan: How the Taliban gained ground so quickly”. *BBC*. 13 August 2021.

⁷¹ Cohen, and Grant. “Future Calling: Infrastructure Development in Central Asia.”

⁷² In the case of Afghanistan, the Taliban leadership appears to be interested in all such projects. However, in the absence of international recognition of their government they cannot meaningfully engage with this project.

⁷³ Kalyuzhnova, Yelena, and Hans Holzacker. “Enhancing connectivity and trade between Central Asia regional economic cooperation countries and the world”, 11.

such as trade policy, coordination of sectoral policies, diversification, and business reforms,” in addition to the redesigning of investment schemes and the expansion of capital markets.⁷⁴ Therefore, unless Pakistan takes necessary steps in this regard, it is unlikely to reap the project’s expected benefits.

All the same, the technical issues discussed above while being important are not deal breakers. Technologies are available to overcome the challenges of height, terrains and gauge issues.⁷⁵ However, such solutions are tied to the economic viability of the project. It is important to note that a pre-feasibility study of the project still needs to be carried out, only after which can the exact costs and associated technical challenges be known.

The economic viability of the project is also dependent upon the annual volume of freight that is to be transported across the network. The existing volume of trade is quite low, and it remains to be seen if the projected volume of 20 million tons of annual freight can be reached, as a failure to reach the projected volume could make the project a liability. The Khorgos dry port that connects Kazakhstan to China is one such example. Constructed under the BRI, this dry port is located in a cross-border free-trade area where cranes are used to transfer freight from trains to trucks. Despite substantial subsidies by China, the project is proving to be a white elephant as Chinese companies are shipping empty containers to extract government subsidies.⁷⁶

The desire to connect the Central Asian region with South Asia has existed since the independence of CARs. However, for as long as the idea has existed, it is the security situation in Afghanistan that has prevented the dream of connectivity from becoming a reality. The security situation failed to improve even after the US-supported dispensation was in place in Afghanistan, as they hardly exercised their writ beyond urban centres. Several mining and infrastructure projects in Afghanistan had to be abandoned because of security concerns, for example, Chinese Amu Darya Basin oil project and Aynak Copper Mine Project in Afghanistan.⁷⁷ The Taliban, now in power, are quite keen on the project, however, as noted above, the security situation in Afghanistan remains precarious.

The state of Pakistan-Afghanistan relations is another issue that could bedevil this project. Afghanistan has not recognized the Durand line, a colonial era border negotiated by the British rulers of the region, as the Pakistan-Afghanistan border; accordingly, it has opposed the ongoing fencing of the Pakistani border.⁷⁸ Tensions between these two countries bubble up from time to time. In the recent past, such tensions have often led to border closures, which has led to Afghanistan diversifying its trade routes and trade

⁷⁴ Ibid, p. 11.

⁷⁵ Respondent 1, Pakistan’s ambassador to Uzbekistan. Respondent 3, Railway officer involved in restoration and upgradation of Peshawar-Landikotal railway line.

⁷⁶ Ollard, “What’s Behind the Planned Uzbekistan-Afghanistan-Pakistan Railway.”

⁷⁷ Yun Sun, “Reluctant Embrace: China’s New Relationship with the Taliban”. *National Security Review* (2021).

⁷⁸ Pakistan is now having issues with the Taliban on fencing.

partners, leading to substantial drop in Pakistan's export to Afghanistan.⁷⁹ According to Arwin Rahi, a former advisor to the Governor of Parwan, Afghanistan, the frequent border closures by Pakistan to pressure Afghanistan have proved counterproductive. It has created a perception among Afghans that Pakistan is using the border crossing as a bargaining chip. Thus, they have started diversifying their trade routes through Iran, China, and Central Asian Republics. As a result, trade volume between the two countries has declined from a peak of US\$ 3 billion to just US\$ 500 million in 2017.⁸⁰

Any such future tensions can be highly damaging for the economic viability of the project. For regional corridors, the certainty of border crossings and meeting delivery schedules is extremely important. Any disruptions or delays could shake the confidence of the business community which can force them to search for alternatives. The possibility of freight getting stuck at the borders is far worse than paying greater shipping charges. Since the takeover of the Taliban, there is a degree of ease among Pakistani authorities in dealing with them. Both customs and railway officials interviewed for this research alluded to this point.⁸¹ However, the Taliban regime has serious capacity issues and huge question marks exist over their ability to govern. Despite optimism in Pakistan over the Taliban and their willingness to build capacity, it is still premature to say with confidence if the proposed capacity building project will be successful. It is important to note, that frictions have already started appearing between Pakistan and the Taliban over fencing of the border and TTP and there is no guarantee that the recent bonhomie in the relationship will continue.

More importantly, there are international sanctions on the Taliban, and Afghan banks are unable to process international transactions. The absence of international banking in Afghanistan has extremely negative effects on Pakistan's regular exports to Afghanistan. Exporters cannot open letters of credit (LCs) for their consignments or do other banking transactions.⁸² Notwithstanding the Taliban enthusiasm for the project, without their international recognition, the World Bank and ADB are unlikely to fund the trans-Afghan railway line.

In my conversations with respondents, there seemed a belief among Pakistani officials that the non-recognition of the Taliban regime is temporary, and the world will eventually recognise them. However, as discussed before, the Taliban actions so far have given little confidence to the international community to grant them recognition. If the West can keep Iran under sanctions even after a passage of more than four decades, why would they adopt a softer approach towards Afghanistan? And just like the Iran-Pakistan gas pipeline project, the dream of the Pakistan-Afghanistan-Uzbekistan railway line could remain unrealized for a long period of time.

⁷⁹ Respondent 7, Trader who has been trading with Afghanistan.

⁸⁰ Arwin Rahi, "A Counterproductive Afghan-Pakistan Border Closure". *The Diplomat*. 20 March 2017.

⁸¹ Respondent 3, Railway officer involved in restoration and upgradation of Peshawar-Landikotal railway line;

Respondent 4, Custom officer involved in the Torkham terminal construction and modernization project.

⁸² Respondent 7, Trader who has been trading with Afghanistan.

More importantly, actors such as the Taliban, are good at destroying a state and existing structures of authority, but they lack capacity to rebuild and govern. Rabbani argues that such actors are good at waging violence but lack strategies and mechanisms to run a modern state that requires taking various stakeholders on board and complex decision making. They even lack mechanisms to resolve their internal contestations. Al-Qaeda inspired actors in Mali and Syria, when given a chance, failed to run states. Instead, they became more repressive and ruthless in the implementation of Sharia and pursued expansionist policies.⁸³ The future, therefore, appears to hold further instability for Afghanistan.

There is another dimension of the project that is missed in the literature on the railway project. The PR infrastructure is in dilapidated condition. The floods of 2007 and 2010 not only washed the Peshawar-Landikotal track, but also severely damaged railway lines across Pakistan. For all practical purposes, railway tracks in Pakistan and the rolling stock have outlived their utility.⁸⁴ The railway that in 1980s catered for transportation of more than 80% of freight in Pakistan is now shipping only 4% of the total cargo,⁸⁵ which includes urea, coal, and other heavy items.⁸⁶

Two things have happened since the 1980s, which have relegated railways to the margins in transportation of freight: (i) the business shift to National Logistic Cell (NLC); (ii) Except for one individual, appointment of non-professionals as Secretary/Chairman Railways.⁸⁷ From the 1990s, NLC's monopolisation of the national freight business gradually made PR uncompetitive, and, as a consequence the railways' funding shifted to road building activities.⁸⁸ The appointment of non-professional heads of the Railway, also added to the woes of the organisation. Over the years no investment has been made towards modernizing the railway infrastructure or hiring a professional workforce. Basically, the existing infrastructure is based on the legacy system left by the British. Rolling stock is in a very poor condition; rail tracks and the signaling system are getting old and obsolete. While the average speed of our freight trains is 50 to 60 km/h, India and Iran have upgraded their railway infrastructures and organized these on modern lines, including electrification of their busier routes, PR has made little progress in modernizing and electrifying its railways lines, or commissioning high-speed rolling stock. With this situation, it is unlikely to survive for another decade.⁸⁹ The Pakistan-Afghanistan-Uzbekistan project will be of little value unless PR is transformed into a professional organization on modern lines with state-of-the-art infrastructure and rolling stock.

⁸³ Asima Rabbani. "Nihilist Non-State Actors, the Threat to Collective Security, and the Inadequacy of the United Nations' Conflict Prevention, Management, and Resolution Mechanisms".

⁸⁴ According to respondent from railway, a visiting Russian delegation expressed their surprise over Pakistan Railway's ability to operate an infrastructure that has outlived its utility.

⁸⁵ Ministry of Railways, *Year Book* (Railways Headquarters Office, 2018-19).

⁸⁶ Respondent 6, Railway officer working on ML1 project. Interview by author, WhatsApp call, 15 January 2022.

⁸⁷ During Zia's era a General was appointed, who at the end of the military rule was replaced by a DMG officer.

⁸⁸ Even NATO supplies were mostly transported via roads.

⁸⁹ Respondent 6, Railway officer working on ML1 project.

Under the CPEC initiative, initiated in 2015, there are plans to upgrade and modernize PR, which also includes construction of new tracks. Under phase-I of the CPEC, a Main Line 1 (ML1) is to be upgraded from Peshawar to Karachi with a side track between Taxila and Havelian. The next phase envisages upgradation and extension of Main Line 2 (ML2) from Gawadar to Jacobabad via Basima (1254Km). In the third and final phase, a new rail track on Havelian-Khunjerab-Kashghar route will be laid. There are also plans to double the current speed of passenger and freight trains, increase train capacity many times over to cater for the future demand of regional connectivity, and increasing the load capacity of freight trains.⁹⁰ The ML1 phase was projected to be completed over a period of 9 years at a cost of USD 6.8 billion.⁹¹ However, it has been placed on the back burner since 2017.⁹² The success of the Pakistan-Afghanistan-Uzbekistan railway project will depend on the early completion of ML1 project.

In the meanwhile, Kazakhstan has also offered a loan of USD 300 million and technical expertise to replace the most dangerous sections on the 860-kilometre railway line from Kotri to Khanpur.⁹³ Under another project, PR is contemplating an option to restore Peshawar-Landikotal section as per the existing design for the promotion of tourism at an estimated cost of Rs 4751 million. However, according to experts, a better option will be to make Peshawar-Landikotal section freight traffic ready. This will have greater commercial viability and could be integrated into regional railway corridors.⁹⁴ While the Pakistan-Afghanistan-Uzbekistan railway project is likely to face delays owing to the security situation in Afghanistan, it is important for Pakistan to expeditiously implement these smaller projects and ML1 railway project and upgrade and modernize the PR to make it regional connectivity ready.

Another aspect of transport corridors is the inefficiency in cross-border trade. According to WTO's World Trade Report 2018, transport costs are 38% of total trading costs and the major portion relates "to expenses on logistics, border crossing, information and transactions, trade."⁹⁵ Therefore, there is a greater need to reduce inefficiencies owing to complex tariff structures, border crossing delays and costs, and trade policies. Border crossing time, in particular is critical for agriculture and agriproducts.⁹⁶

CAREC nations have a history of high trade costs. A technical report prepared by CAREC Corridor Performance Measurement and Monitoring (CPMM) team at the

⁹⁰ Ministry of Railways, PCI of Up gradation of Pakistan Railway's existing Main Line-1 (ML-1) and establishment of Dry Port near Havelian (Islamabad: Official Printer, 2020).

⁹¹ Ministry of Railways, PCI of Up gradation of Pakistan Railway's existing Main Line-1 (ML-1) and establishment of Dry Port near Havelian (Islamabad: Official Printer, 2020), 44-46.

⁹² Respondent 3, Railway officer involved in restoration and upgradation of Peshawar-Landikotal railway line: Respondent 6, Railway officer working on ML1 project.

⁹³ Hasnain, K. "PR mulling Kazakhstan's US\$300m offer for track rehabilitation". *Dawn* (December 14, 2021). <https://www.dawn.com/news/1663619/pr-mulling-kazakhstan-s-300m-offer-for-track-rehabilitation>.

⁹⁴ Respondent 6, Railway officer working on ML1 project.

⁹⁵ Kalyuzhnova, Yelena, and Hans Holzhaecker. "Enhancing connectivity and trade between Central Asia regional economic cooperation countries and the world".

⁹⁶ *Ibid*, p.1.

ADB contends that despite improvements in the speed of rail among CAREC countries, there has been insignificant improvements in average border crossing time.⁹⁷ While the average border-crossing times improved from 23.2 hours to 20.6 hours, the average cost increased slightly from US\$196 to US\$198.⁹⁸ According to the report, Pakistan, Afghanistan, and Uzbekistan were among the worst performers. Pakistan-Afghanistan border crossings of Torkham and Chaman remained the most time-consuming nodes on the CAREC corridor.⁹⁹ The situation, however, improved when 24/7 operations started in 2019. Similarly, despite Uzbekistan's progress in trade facilitation reforms, the country's performance in the field of railway connectivity remained mixed.¹⁰⁰ The report recommended that CAREC states should modernize their transport infrastructure and Border Crossing Points (BCPs). They should take practical steps to streamline border crossings, use risk-based programs and management for quicker and cost-effective completion of border formalities. It also recommended developing "bilateral and multilateral agreements and mutual acceptance of standards for transit and trade facilitation, and their sustained implementation."¹⁰¹

At the Torkham border crossing point (BCP), upgradation is currently underway under an ADB sponsored project. The project includes the development of immigration and customs related infrastructure, including putting systems for data connectivity and information and communication technology in place.¹⁰² The project also includes simplifying cargo processing and customs, to address the inadequacies at Torkham BCP. Under the International Transit Trade Management System (ITTMS) terminal at Torkham, a feasibility study is being carried out for rail connectivity with a terminal that is fit for a train load of 2000 tons compared to existing 160 tons of train load.¹⁰³ While Pakistan is upgrading Torkham to a state-of-the-art BCP to make it ready for efficient regional corridors, it cannot be of much use unless similar improvements take place on the other side of the border.¹⁰⁴

The improvement in border crossing time is also dependent on standardization of tolls and railway tariffs, containerization, and streamlined custom procedures. An important component of CPEC and CAREC are regional integration, customs harmonisation and improving BCP infrastructure. According to a respondent from customs, Pakistan's trade with Afghanistan is very limited for which it is not very difficult to streamline.¹⁰⁵ However, if Pakistan and Afghanistan wish to become part of transit corridors, they will need to upgrade their capacities and build processes and infrastructure that is able

⁹⁷ The report used Trade facilitation indicators of (i) Average border crossing time; (ii) Average-border crossing cost (iii) total transport cost (iv) speed to travel on CAREC corridor.

⁹⁸ ADB, "CAREC Corridor Performance Measurement and Monitoring Annual Report 2019", (2020).

⁹⁹ Ibid.

¹⁰⁰ Ibid.

¹⁰¹ Ibid, p.68.

¹⁰² See CAREC-RIBS, PAK: Central Asia Regional Economic Cooperation Regional Improving Border Services Project: Project Torkham Border Crossing Point. 2018.

¹⁰³ Respondent 3, Railway officer involved in restoration and upgradation of Peshawar-Landikotal railway line.

¹⁰⁴ See CAREC-RIBS, PAK: Central Asia Regional Economic Cooperation Regional Improving Border Services Project: Project Torkham Border Crossing Point. 2018.

¹⁰⁵ Ibid.

to handle 20 million tons of freight annually. There is also a need for Pakistan and Afghanistan to streamline the TIR regime for transit cargo. Over the past 24 months, only 80 to 90 trucks have crossed the border under the system.¹⁰⁶ Real time data sharing at the Afghanistan and Pakistan BCP is still not in place. According to Kalyuzhnova and Holzacker, for efficient regional corridors sectoral policies and priorities of partner countries need to be aligned “through collaborative policy formulation and implementation, alignment of national and regional planning, and regulatory convergence”.¹⁰⁷ All the three countries, therefore, have a long distance to cover to reach to that level of convergences and harmonization of policies and processes. In fact, they are the laggards even in the field of digital preparedness. For now, Pakistan is even struggling with ensuring 24/7 power supply at the Torkham border.

Conclusion

A great deal of euphoria surrounds the official circles of Pakistan, Uzbekistan, and Afghanistan over the Pakistan-Afghanistan-Uzbekistan railway project. Notwithstanding the technical challenges and funding questions, the issue of security in Afghanistan which has thus far prevented the realization of the dream of connecting Central Asia with South Asia remains. Therefore, a respondent who served in Afghanistan called the project a “pipe dream”.¹⁰⁸ However, commitment of the partner countries, in particular Uzbekistan, may make it a reality someday.

It is, however, important to note that given the current state of Pakistan Railway (PR), and trade related infrastructure in Pakistan this project will be of little value to Pakistan. While Pakistan is upgrading its BCP at Torkham, the trans-railway infrastructure in Pakistan is in shambles. The upgradation and modernization of the railway under ML1 is still on hold. Unless PR is upgraded, and organized on modern and professional lines, it is unlikely to meet demands of transporting huge loads of transit trade to its seaports of Karachi and Gwadar. Additionally, Pakistan still has a long way to go in simplifying its customs and border procedures, harmonizing its trade processes, and engaging in real time data sharing. In fact, both Uzbekistan and Afghanistan are also laggards in the region. All three countries score low on such basic issues like digital preparedness, product diversification and innovation. Unless all the three countries get their fundamentals right and prepare their infrastructure and processes for launch of the regional corridor, the Pakistan-Afghanistan railway project would be of little benefit.

¹⁰⁶ TIR system is much more efficient and reduces the border crossing timings and cause considerably. The regime is a global practise and more and more cargo needs to go under that arrangement. p.2.

¹⁰⁷ Kalyuzhnova, Yelena, and Hans Holzacker. "Enhancing Connectivity and Trade between CAREC Countries and the World: Benefits, Risks, and Policy Implications." p. 121.

¹⁰⁸ Respondent 2, Pakistan's former ambassador to Afghanistan. Interview by author, WhatsApp call, 17 December 2021.

Recommendations

Pakistan-Afghanistan-Uzbekistan railway line is likely to face considerable delays. While maintaining principled support for the project, Pakistan should utilize the current lag phase to prepare itself for regional connectivity by undertaking the following measures:

1. Upgrade, modernize, and organize PR on professional lines. In this regard, the upgradation, electrification, and expansion of trans-Pakistan railway network under ML1 project should start immediately.
2. Accept Kazakhstan's offer to upgrade Kotri to Khanpur railway line.
3. Upgrade the Torkham border to a state-of-the-art facility and connect it with Peshawar through a railway line that can bear the load of transit trade.
4. Harmonize its trade processes, align its planning with partner countries and establish regulatory convergence with regional countries under the CAREC initiative.
5. Broaden its export base and prioritise investment into research and innovation.
6. Get the basics right by upgrading its digital preparedness and investing in high-speed broadband and uninterrupted power supply.

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