

# **Economic Diplomacy in Afghanistan: A Post-Taliban Analysis**

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## **Abstract**

Economic diplomacy, in terms of the importance of economic relations in foreign relations, is one of the important tools to advance the long-term goals of economic growth and development and even increase the security of countries. Recently, Afghanistan, India and Iran have reached an agreement called the Chabahar Agreement. Due to its location, this port has the appropriate geopolitical, geo-economic and geostrategic potentials in comparison with the ports of the countries in the region and has a very high security margin; in addition, the port at the intersection of the North-South and East-West corridors can serve as a gateway for transportation, in other words, a central trade link between Central Asia, India, Pakistan, Afghanistan, Russia and Europe. In this research we want to answer this question: What impact can economic diplomacy have on post-Taliban developments in Afghanistan? And what is the position of Chabahar port in that country's economic diplomacy? The findings of this descriptive-analytical library research show that: Economic diplomacy in the post-Taliban era by adopting programs such as; attracting foreign investment and expanding relations with the countries of the region and constructive

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interaction with them, has been able to have positive effects on development in Afghanistan; And the port of Chabahar, as a field for attracting foreign investment on the one hand and its role in expanding Afghanistan's relations with countries in the region on the other, has found a special place in the country's foreign policy.

**Keywords:** Afghanistan ,Economic Diplomacy, Chabahar Agreement ,Development

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## **Introduction**

Afghanistan, as a country that has historically faced security challenges and has been grappling with underdevelopment for decades, has made economic diplomacy one of the new tools in its foreign policy to maximize its benefits. In the 21st century, the country is a transportation route between the north and south, starting from the port of Karachi in the Indian Ocean and ending in the countries of Central Asia. Afghanistan is a hotspot for Central Asia and its location on the Silk Road has multiplied its economic importance.

The study of upstream documents, the government's strategic and operational plans, as well as policies announced by Afghan officials at national and international summits, emphasizes the use of economic diplomacy as an effective tool for achieving the country's economic development and prosperity. The issue that needs to be addressed is that given the realities of Afghanistan (geopolitics, geo-community and geo-culture) on the one hand and the problems of the region, including terrorism, extremism, narcotics, organized crime, illegal immigration, smuggling of goods, injustice and corruption, the point is that how Afghanistan can successfully develop and flourish its path? After years of war and foreign aggression, this country needs peace in order to be able to ensure its security and development, as well as to interact rationally with the outside world. In fact, using tools like economic diplomacy in the Afghan foreign policy apparatus can be considered as a great help for Afghan politicians and decision-makers in the development path.

It's worth nothing that based on Afghanistan national peace

and development framework which has been published by Islamic Republic of Afghanistan Ministry of Finance recently, Afghanistan has made significant progress in security and political fields. Afghanistan seems to be making similar efforts in the economic field; in addition to two major energy projects, (TAPI)<sup>1</sup> and (CASA-1000)<sup>2</sup>, the country has also invested in infrastructure projects in transportation sector. Chabahar port is one of them (Karimi, 2018, p. 19).

The main purpose of this study is to investigate the impact of economic diplomacy on development in post-Taliban Afghanistan with a case study of Chabahar port. The question arises here is that what effect can economic diplomacy have on post-Taliban development in Afghanistan? and what is the position of Chabahar port in the economic diplomacy of that country? The findings of this library research, which was formed by descriptive-analytical method, show that:

Economic diplomacy in the post-Taliban era by adopting programs such as; attracting foreign investment and expanding relations with the countries of the region and constructive interaction with them, has been able to have positive effects on development in Afghanistan; and the port of Chabahar, as a field for attracting foreign investment on the one hand and its role in expanding Afghanistan's relations with countries in the region on the other, has found a special place in the country's foreign policy.

## **Theoretical Framework**

Economic diplomacy emerged in the post-Cold War era and the expansion of globalization, and today plays a role in the international arena as one of the new, efficient and powerful tools.

The basis of economic diplomacy is based on the

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1. Through the TAPI project, Turkmenistan gas will reach the markets of Pakistan and India.
  2. The Casa 1000 Transmission Project Agreement provides the basis for the transmission of electricity from Central Asian countries through Afghanistan to Pakistan.

shortcomings of traditional diplomacy to achieve policy goals and ensure the interests of governmental and non-governmental actors in the international arena in the framework of increasing and multifaceted interactions of the global economy (Mousavi Shafahi, 2018:152).

In this section, first the definitions of economic diplomacy, the expression of the goals and priorities of economic diplomacy and finally the application of this framework on the subject under discussion are used to create the ground for entering the main discussion of the research.

**Definitions of Economic Diplomacy:** After 1990, with the collapse of the bipolar system, diplomacy regained its general form and underwent changes that were more open and clearer due to the release of thoughts and activities from specific security concerns during the cold war and under the influence of technological advances. Thus, the use of diplomacy changed and took on different dimensions:

Economic diplomacy, trade diplomacy, political diplomacy, human rights diplomacy, sports diplomacy, energy diplomacy, parliamentary diplomacy, etc., all serve the foreign policy of a country to ensure its national interests and security.

In general, the term economic diplomacy means the use of a wide range of economic tools by governments outside borders and in the national interest, with the participation of other actors (civil society, public and private sectors, public and private), in the field of Natural resources (water, climate change, energy), trade, growth, aid, investment and development (Mohammadi, 2016: 24).

Economic diplomacy deals with macroeconomic policy issues and seeks to achieve the country's development goals and interests. Issues such as economic stability, food security, housing, poverty alleviation, environmental protection, public health, education, job creation, investment, industrial policy, competition law and regionalism are among the topics that are considered in economic diplomacy (Fathi and Pakdaman, 2011: 206).

The theoretical underpinnings of the concept of economic diplomacy suggest that economy takes precedence over politics. Second, achieving economic strength and development depends on an extroverted approach and interaction with the global economy.

Naturally, the concept of economic diplomacy mostly covers the concerns and approaches of countries that want to achieve their development goals by interacting with the global economic system and taking advantage of transnational capacities and trends along with national facilities and resources.

This type of diplomacy may be used at different levels. Whether it is unilateral, bilateral, regional, and multilateral.

Finally, it should be noted that economic diplomacy is a set of measures (both in terms of methods and international decision-making processes) that are related to foreign economic activities, governmental and non-governmental actors in the real world. These economic activities include investment, exports, imports, and so on.

The characteristic of the present age is in fact the intensity of multilateral relations between governments and people around the world. This feature creates great business opportunities in emerging markets, and economic capacity is the reason why scientists and policymakers pay more attention to economic diplomacy (Arab Salehi Nasrabadi, 2016: 63).

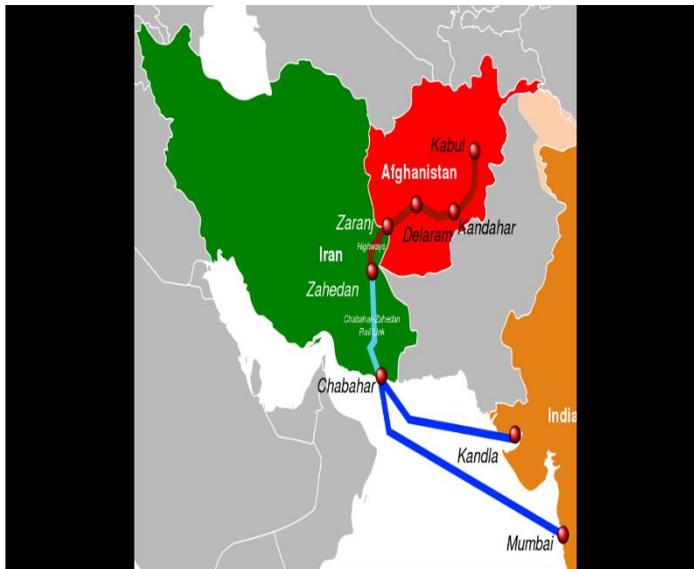
**Goals and Priorities of Economic Diplomacy:** The main goal of economic diplomacy is to help develop the national economy and its main task is to pursue economic goals with diplomatic standards; whether with economic or non-economic tools (ploace, 2010). Therefore, it should be noted that a successful economic diplomacy without national development priorities seems unlikely. However, economic diplomacy can work in various fields to play an important role in the economic development of the country with regard to the needs and requirements of the country on the one hand and rapid growth and development on the other. In addition, the countries of the world

must first take seriously and prioritize actions that can be more effective than other countries.

Therefore, considering the importance of issues related to economic diplomacy, the following issues can be pursued first to provide the grounds for further action and access to all cases as much as possible.

However, the most important priorities and goals of economic diplomacy, especially for developing countries, include facilitating the business environment, attracting foreign investment, tourism, improving the country's image and access to technology and science (Mousavi Shafahi and Emani, 2018: 153).

## I- Introduction of Chabahar Port



Chabahar Port, located off the Gulf of Oman in Iran's southeastern province of Sistan-Baluchistan, is the lifeline Afghanistan needs to reinvigorate its trade potential. The Chabahar port and corresponding Chabahar city are in Sistan-Baluchistan, a province that spans both Iran and Afghanistan. The two countries seek to complete a multimodal system that will

more efficiently connect Kabul to the port and in turn reduce Afghanistan reliance on Pakistan. This will significantly boost trade capacity because, as it stands, Pakistan does not allow India overland transit access, a major obstacle for critical trade between Afghanistan and India (CSIS, 2021: 4).

Without Chabahar, Afghanistan must depend on Iran's other major shipping port, Bandar-e Abbas, which manages 70 percent of the country's seaborne traffic. Located in the Persian Gulf, Bandar-e Abbas does not have direct access to the Indian Ocean. Trade must first pass-through ports in the United Arab Emirates to be unloaded onto smaller ships. Heightened tensions between Iran and its neighboring Gulf states make this a delicate arrangement. Furthermore, the Strait of Hormuz, the 21-mile strip of water connecting the Persian Gulf to the Indian ocean, is a chokepoint vulnerable to a variety of potential security and environmental disruptions (CSIS, 2021: 4).

As a result, Chabahar port is a vital project for Afghanistan in this area, enabling the transfer of goods produced in Afghanistan to the Middle East and Europe and facilitates import of goods to Afghanistan. Economically, the project will lead to significant trade growth and investment in the necessary infrastructure in the country.

Chabahar is a good alternative for Afghanistan's trade and transit and a good opportunity for Afghan traders to access the sea through Iran and India. Iran and India will use this agreement to provide investment and export opportunities.

**Afghanistan and Chabahar:** Afghanistan has a long history of trade with Iran and India. It is also the most important trade and economic partner of Chabahar Free trade Zone. This country has been deprived of access to world markets in the past. Roads are tightly controlled and Pakistan's presence has always been a serious obstacle to this trade. Estimates show that Afghanistan has \$ 3 trillion in untapped wealth that can be used to increase government revenues. Chabahar port is a vital project for Afghanistan in this regard, enabling the transfer of Afghan goods

to the Middle East and Europe and importing goods provides vitality to Afghanistan. Economically, the project will lead to significant trade growth and investment in the necessary infrastructure in the country. Afghanistan has a long history of trade with both Iran and India; but in recent years trade with India has been difficult; the main reason of this difficulty is Pakistan. Pakistan uses its position to limit India's access to Afghan products; conversely, with the implementation of this project, Chabahar port will connect all western ports of India and provide an important trade route between the three countries. This is an important step towards bypassing Pakistan (Shahnawazi, 2015: 75).

However, Afghanistan is a country that does not have the infrastructure to connect and extract its vast oil, gas and mineral resources and is considered a poor country; but it has rich mineral resources.

Findings from the US Geological Survey confirm previous Soviet estimates. Afghanistan has 60 million tons of copper, 22 billion tons of iron and 2 million tons of other trace elements such as lanthanum, cerium, neodymium, as well as aluminum, gold, silver, tin, and lithium. The value of scarce reserves in Helmand province alone amounts to \$89 billion (Tonzai, 2020: 151).

The US Geological Survey estimates the total value of Afghanistan's natural resources at between \$ 1 trillion and \$ 3 trillion. Among other factors, these natural resources remain untouched due to Afghanistan's lack of connection to the international economy. These barriers will be resolved through the port of Chabahar, which connects Afghanistan to India. A successful corridor will also strengthen Afghanistan's position as a transit route for oil and natural gas exports from Central Asia to the Arabian Sea.

Chabahar is a good alternative for trade and transit of goods to Afghanistan and a good opportunity for Afghan traders to access the sea through Iran and India. Iran and India will use this agreement to provide investment and export opportunities. Under

the agreement, Iran has allocated 50 hectares of land to Afghanistan in the Chabahar Free Trade-Industrial Zone and 150 Afghan companies have already registered (Tonzai, 2020: 152). Chabahar provides significant strategic opportunities and good trade options for Afghanistan. From a logistical point of view, Chabahar port is the closest port to Afghanistan. This port is 700 km closer to Bandar Abbas and a thousand kilometer closer to the port of Karachi in Pakistan (Ramezani Bunesh, 2013: 3). This port is a turning point in the strategic game in the region. Stakeholders hope that Chabahar project will turn Afghanistan into an economic hub in the region.

## **II- The Importance of Chabahar for Afghanistan**

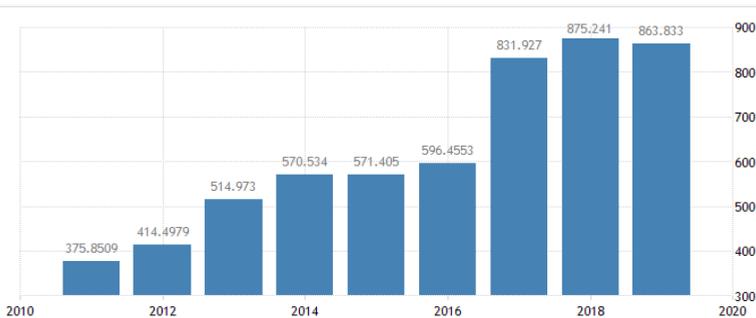
**Connecting Road to Central Asia:** Chabahar port connects the Iranian road network to Zaranj, Afghanistan, which is about 883 km away from this port. The Zaranj-Dalaram road, built by India in 2009, is connected to the Afghan ring road. In this way, Iran can also access Afghanistan's four major cities (Herat, Kandahar, Kabul and Mazar-e-Sharif) which are located near the Uzbekistan border and as a result, Afghanistan has greater and easier access to Central Asia through this infrastructure.

**Establishing a Stable Relationship with India:** The Atrium (Chabahar-Zahedan-Zaranj) is a potential capacity to change the game in connecting regions, allowing Afghanistan to access India by sea as an alternative route. This connection will naturally increase the development of economic interactions between the two countries. Its worth mentioning that last year amid the pandemic, India used the Chabahar port to send 75,000 tonnes of wheat as humanitarian assistance to Afghanistan and 25 tonnes of the pesticide malathion to Iran to deal with a locust invasion. Chabahar Port has emerged as the connecting point for the region to deliver humanitarian assistance during the COVID 19 pandemic,” Mandaviya said. India also plans to set up around 600 km railway line from Chabahar port to Zahedan, the provincial capital of Sistan-Baluchestan in Iran close to the Afghan border, at

a cost of \$1.6 billion to facilitate the movement of goods to Afghanistan (Reuters, 2021).

**Independence from Pakistan:** Afghanistan currently depends on Pakistani ports to connect to the sea; but due to political tensions between the two countries, Pakistan has always obstructed along the Durand Line. Chabahar has the potential to reduce Afghanistan's dependence on Pakistan. To connect regions, countries need to interact with each other; but for many years now, Afghanistan is a landlocked country that cannot use the water borders of other countries. As an alternative route, Chabahar reduces dependence on the port of Karachi. India has also set up a port on Iran's southeastern coast along the Gulf of Oman to provide a gateway for goods to Iran, Afghanistan and Central Asian countries while preventing its rival, Pakistan, from entering Afghanistan, this goal can bring the three countries closer together. (Reuters, 2021).

**Export Development:** As shown in the graph n 1, Afghanistan has a good position to expand its exports to international markets, especially to countries in the region. The country's agricultural products are traditionally well-known in the regional market and there is a positive view of the quality of Afghan products compared to most other countries. One of the most important factors that increased Afghanistan's exports is the increase in the use of Chabahar port.



Graph N.1(Afghanistan Exports 2010-2020)

(Trading Economics, 2021)

**Ensuring Peace and Security:** To take advantage of its strategic position as a land bridge between Central and South Asia, Afghanistan's markets must be connected to the global economy, especially the regional economy in order for the country to achieve its national economic goals. Afghanistan's connection to global and regional markets not only increases competition in the domestic economic industry it also adds to the attractiveness of Afghanistan for investors.

Overall, Afghanistan can play an important role in this growing economy in the region. Recently, Afghanistan has made significant progress in security and political reform. Afghanistan seems to be making similar efforts in the economic field; in addition to two major energy projects, (TAPI) and (CASA-1000), Afghanistan has also invested in infrastructure projects in the transportation sector. Chabahar port is one of them (Karimi, 2018: 19). Ultimately, Afghanistan seeks to tie the economic interests of countries to ensure its peace and security on the one hand and the development of the country on the other.

**Attracting Foreign Investment:** The war in Afghanistan, political and security instability and recent droughts have severely affected the country's economy in recent decades. Although the country has experienced relatively favorable economic growth in recent years, its sharp fluctuations indicate the existence of structural problems in the country. Among these problems is the lack of capital needed for investment and production. Foreign investment is a conventional solution to this problem. Attracting foreign investment is considered as one of the indicators of economic diplomacy of countries, which can be followed in the Chabahar port project (between three countries of Afghanistan, Iran and India).

Today, the importance of ports and their role in the development of economic diplomacy of countries is undeniable and it is necessary to pay attention to it. The interests of neighboring countries with ports are directly related to their needs, capabilities and culture and in fact their foreign policy is based on

these characteristics. Chabahar provides significant strategic opportunities and good trade options for Afghanistan. From a logistical point of view, Chabahar port is the closest port to Afghanistan. This port is the key to changing the strategic game in the region. Stakeholders hope that Chabahar project will turn Afghanistan into an economic hub in the region (MOCI, 2020).

### **Potential Investment in Afghanistan**

**Agriculture:** The agricultural sector in Afghanistan has played an important role in economic growth. Chabahar provides opportunities for foreign direct investment in the agricultural sector for Indian and Iranian traders. Economic development in the decade of transformation (2015-2025) is very important for the long-term security of the Afghan people. Afghanistan has come to the conclusion that the development of agriculture is the key to the growth of economic inclusion in this country (Mutafi et al., 2019: 18).

**Afghanistan Mines:** The development of societies shows that human beings have been able to achieve great and significant achievements through the use of natural resources and refining minerals, as a result of which they have provided a lot of wealth for their societies.

At present, natural resources are increasingly important due to their high consumption rate and their pivotal role in economic growth and improving social welfare. Afghanistan is among the richest countries with its untapped natural resources. By providing an efficient environment and better coordination in the mining sector, practical efforts can be made to develop social and economic infrastructure and reduce poverty through the effective extraction and exploitation of minerals. This will lead to the prosperity and development of the country. This situation can represent a bright and prosperous future for the country.

In the long term, exports and revenues from the mining sector will be the primary driver of growth for Afghanistan. The High Economic Council approved the Mining Roadmap in January 2017. A new mining sector law and comprehensive regulations

were also approved by the Cabinet in 2018 and 2019, respectively. In the short term, the mining sector will continue to implement reforms to improve transparency and sustainable extraction. The current reform strategy aims to ensure Afghanistan's natural resources are sustainably developed, compliant with the Extractive Industries Transparency Initiative (EITI), and public revenues are fully collected. The program aims to ensure that the Ministry of Mines and Petroleum can fulfill its core duties and responsibilities and guide growth going forward, ensuring improved management in the sector. The Mining Sector NPP focuses on five key areas in order to improve the performance of Afghanistan's minerals and hydrocarbons sectors:

- (1) Institutional Reform and Development,
- (2) Geological Data Acquisition and Management,
- (3) Contract Management and Compliance,
- (4) Transparent and Accountable Governance, and
- (5) Growth and Enabling Environment (Islamic Republic of Afghanistan Ministry of Finance, 2021).

**Industry:** As mentioned above, Afghanistan has vast mineral deposits, including coal, copper and iron ore, talc, lithium and uranium, as well as gold, precious stones, oil and gas. Since the fall of the Taliban in 2001, the sector has been seen as the potential backbone of a post-war economy and still is, but due to the aftermath of three decades of war, mining laboratories, northern oil and gas facilities, masonry plants, and forest factories have suffered huge losses, indicating that this sector also has the capacity to investment. (Foreignpolicy, 2021).

Exploitation of all mentioned cases requires the development of industries, which can be used to import the equipment of industries and factories from existing ports. One of the factors that will play a significant role in the development of industries is the port of Chabahar and the proper use of this port.

**Energy:** The government's strategic vision for the energy sector is that the energy sector should be able to provide Afghan citizens and economic growth agents with access to reliable

energy sources. It can also provide a long-term government-controlled economy based on private sector investment and a free market system (ANDS, 2020).

The overall goals of the energy sector are to revitalize and expand the public electricity grid and to attract private investment. Economic growth needs to increase energy consumption; therefore, there is a direct relationship between national per capita production and per capita energy consumption. Afghanistan's per capita energy consumption in 1980 was higher than in Sri Lanka and Bangladesh. At that time, Afghanistan was one of the exporters of natural gas to Russia. But now it needs significant imports of energy for domestic consumption. Most hydropower plants in Afghanistan are based on hydropower (generating more than 54% of the total (and the rest are heat sources), mainly through the use of coal and natural gas (currently Afghanistan produces only 600 million watts of hydropower). It also has the potential to generate 23,000 million watts of electricity. Electricity demand is steadily rising and it is estimated that Afghanistan will be able to generate 3,000 MW of electricity in the next few years. In that case, in addition to its needs, this country can also export electricity to its neighbors and countries in the region (AISA, 2020). Therefore, this sector also has the capacity to invest.

**Infrastructure Development:** Afghanistan has a strong history of trade at the Heart of Asia. Afghanistan has worked hard during the past few years so that the building blocks for a strong trading nation are reestablished. This includes the establishment of Air Corridors to increase air freight exports, the creation of four rail links to increase rail exports, the establishment of the Lapis Lazuli route to increase road exports and moving forward with the Chabahar Port to diversify potential exports by sea. But it is not enough to simply export. The government will also focus on small-scale labor-intensive industrialization, improving and supporting rural enterprises, and creating domestic markets that will have a large capacity to localize certain products in which Afghanistan has competitive and productive advantage, thereby

reducing the deficit in trade, creating employment, and ultimately reducing poverty. Based on this strategy, Afghanistan is taking a three phased framework approach:

- (1) Primary goods development,
- (2) light industrial development, and
- (3) heavy industrial development.

First, Afghanistan is trying to invest more in developing primary goods — namely, agricultural and mineral resources — within the country before export. This first stage would also have the benefit of reducing imports of commodities, which comprise the majority of the country's import bill. The second stage of reforms would include the development of light industries, thus generating higher levels of employment and reducing poverty. The third stage of reforms would be the development of heavy industries. Afghanistan is already working on both light and heavy industrial development. However, the framework will assist in prioritizing interventions and the allocation of resources during each stage. International support for the development of our industrial base could include support for policy development, as well as support for the development of physical infrastructures such as industrial parks, power generation and transmission for industries, skills development for manufacturing and industry, and simplification of the land allocation process (Islamic Republic of Afghanistan Ministry of Finance, 2021).

**National and International Railway Projects:** The first part of what is considered to be the national railway network was connected to Mazar-e-Sharif to Hairatan by rail and through it to the railway networks of Central Asia and Europe. Construction work has also begun on a railway linking Afghanistan to Turkmenistan's neighbor. The cost of the railway, estimated at \$ 800 million, will be funded by the Asian Development Bank. The following are some of the national and international railway projects in which investment capacity is available.

- Herat-Port Turgundi Railway (150 km)
- Turkmenistan, Afghanistan and Tajikistan Railways (645 km)

- Jalalabad-Torkham-Landi Kotel Railway (98 km)
- Chaman-Kandahar Railway
- Silk Road Railway from China to Iran via Kyrgyzstan, Tajikistan and Afghanistan
- Gorani Railway (Iran) (Herat Panj (Matfi et al., 2019: 21.)

Iran also sees these railways as a way to counter US sanctions and improve economic ties with its neighbors. Iran already has rail links with Turkmenistan, Pakistan, and Turkey and is expected to complete six more railway projects by the end of 2021. Ongoing projects will connect the railway network to Astrakhan in Azerbaijan and Basra in southern Iraq. Finally, it should be said that the major sectors that had the capacity to invest in Chabahar were described in the above section, each of which has the potential to flourish and grow due to the investment of countries in this project. While the first railroad in Afghanistan was constructed in 1907, decades of war and insecurity have resulted in serious underdevelopment of the country's railway system in addition to roads and bridges. This has been a major obstacle to transportation. Thus, the recently launched railway—the first with standard size track in Afghanistan marks a major breakthrough for the entire region (Atlantic Council, 2021).

### **III- Expanding Relations with the Region**

Afghanistan, after years of turmoil and war needs peace so that it can build a system that relies on its diverse internal forces to ensure both internal security and rational interaction with the world. Interaction with China, India the United States and Europe in parallel with maintaining bilateral and multilateral relations with Muslim countries will guide Afghanistan's rational foreign policy (Tonzai, 2014: 2).

Afghanistan's foreign policy from 2001 to 2014 was largely based on its security issues and needs; but during the National Unity Government (2014-2019) the security-oriented view has given way to the economic-oriented view in Afghanistan's foreign policy. In other words, actions in foreign policy are taken in order

to achieve economic benefits and development policies of Afghanistan. Under President Karzai, development was viewed from a security perspective, and economic and development issues were secondary ones; however, in Mr. Ghani's time, the Afghan government wants to be developed through economic means and secondary security issues are taken into account. What is clear is that Afghans are looking for their own economic development and prosperity.

Achieving economic prosperity and self-sufficiency is impossible without cooperation and constructive interaction with the outside world, especially the countries of the region. In this regard, it can be clearly seen that the country's foreign policy system has a significant and valuable role in achieving this goal and the government should prioritize economic welfare, self-sufficiency and achieving security as one of the goals of the country's foreign policy. Therefore, the Government of National Unity, in its early work, presented the plan of economic self-reliance and ways to achieve a dynamic economy, as well as comprehensive models that are effective in economic growth, strengthening and development of the country in the meeting of senior officials of donor countries (Danish, 2016: 2). Another dimension is the government's adoption of economically active diplomacy at the regional level. In this regard, extensive goals, plans and efforts have been made over the past few years which have also led to brilliant results. In regional diplomacy, the government's goal has been to "transform Afghanistan from a crossroads to a junction." The government is trying to make Afghanistan an exporting country and is therefore pursuing a policy of economic integration in the region.

Regional integration policy is a fundamental principle in the foreign policy of the government and this principle can turn the geography of Afghanistan into an economic-political geography, according to which our country can be the connecting point of East Asia, Central Asia, South Asia and West Asia and move quickly towards economic growth and prosperity (Danish, 2016: 4).

**Iran and Chabahar:** The development of Chabahar port as the only Iranian port connected to the sea, provides the possibility of diversification in the country's imports. The use of Chabahar port will accelerate the transit of goods to Afghanistan and Central Asia, reduce the net costs of goods in regional markets and using this port will further boost the transit of goods. Development of Chabahar port and construction of Chabahar-Zahedan-Mashhad railway will have positive and valuable consequences in the development of the eastern region of Iran and create production opportunities in industry, mining, construction create many job opportunities for local, regional, national and international labor. This ultimately effectively fills the existing population gap and reduces illicit trade, such as drug trafficking. These measures will transform the current geographical position into a geopolitical region and will improve Iran's position in the region (Khalili, 2009: 12).

After the development of Chabahar port and the completion of the southeast-northeast transit corridor from Chabahar to Sarakhs, ships choose Chabahar port to load and unload cargo to reduce fuel consumption and save time. Therefore, this is a great opportunity for Iran to increase its revenues. The port of Chabahar is promising in the future for the development of the eastern regions and the improvement of Iran's foreign trade. The development and operation of this port can be useful to reduce additional load on the country's communication roads; because Iran is forced to import, export and distribute goods in its eastern half through its ports in the Persian Gulf. At the same time, the use of Chabahar port will bring many economic benefits to the eastern regions of this country both commercially and in terms of transit development and the region's economy (Rahmati, 2007: 16).

Meanwhile, Iran maintains a great deal of influence over Afghan socio-economic dynamics, having housed millions of refugees for decades, hundreds of thousands of whom have returned in recent years due to Iranian government's pressure,

lack of economic opportunities, and the COVID-19 pandemic. The borderlands remain a zone of population exchange and narcotics flows, as well as licit economic activity. Iran-Afghan trade has grown to an estimated \$2.8 billion annually, and Iran offers Afghanistan an outlet to global markets. Iran's new port at Chabahar, a joint venture with India, opens up a new trade route that provides an alternative to Karachi and Pakistan's new port at Gwadar. For all of its limitations, this supply line and the prospect of greater Afghan economic dependence on Iran form a nontrivial element of Iran's Afghanistan strategy. Its success could also support the U.S. goal of lessening Afghanistan's dependence on Pakistan (United State Indtitute of Peace, 2021: 5).

**India and Chabahar:** For New Delhi, the Chabahar Port Agreement and the transformation of Chabahar Port into one of India's centers of economic activity in Eurasia and the Indian Ocean was a strategic decision. In the future, if India has any plans to compete with China on the "One Belt, One Road" initiative, the port of Chabahar, with its North-South International Transport Corridor, will be the mainstay of this strategy. Some American researchers claim that the Chabahar port project lacks a "clear economic rationale" and that it is a "dangerous deviation from other important projects" for India. For India, however, this report calls into question the strategic value of Chabahar. However, the Chabahar project, along with the North-South Corridor, not only has the potential to develop economic relations with Iran, Central Asia and Afghanistan; it will also transform the trade of the Indian continents (Amiri, 2018: 80).

India has made a strategic decision by investing in Chabahar. This project has important strategic and economic implications for India's growing position in Asia. Although India had long recognized the importance of this project but the government has recently allocated resources to invest in the project. The timely implementation of this project will test the position of India's independent foreign policy as well as its institutional capacity. In particular, China's position in the region is growing with the "One

Belt, One Road Initiative". New India-Iran-Afghanistan relations provide New Delhi with more options to play a greater role in the Eurasian region. Despite some obstacles at the beginning the implementation of the project is now going well.

The fact is that the time for Afghanistan to be passive in the region has come to an end and the country needs to improve its relations with foreign countries in the field of foreign policy (Example of development of Chabahar port).

The Khaf-Herat railway was part of a bigger agreement among Iran, India and Afghanistan to develop Iran's southeastern port of Chabahar. India is jointly developing Chabahar as a reliable access route to Central Asia and a counter to the Gwadar Port in Pakistan which is being developed by India's rival, China.

## **Conclusion**

Economic diplomacy is one of the most important tools for advancing the goals of countries. The development of Chabahar port is one of the examples of the expansion of economic diplomacy. Export development and foreign direct investment are considered the most important elements of attracting capital, reducing poverty and increasing employment in developing countries and even establishing security and peace in those countries. At the same time, Chabahar port project is important not only for Afghanistan but also for India and Iran and this will be a new beginning in Afghanistan-India-Iran relations. Tehran intends to use Chabahar for transportation to Afghanistan and Central Asia. India will also have access to Central Asia's rich gas and oil resources and will connect Delhi to Iran's rail network. As for Pakistan, the implementation of this project has put pressure on Pakistan to reconsider its policy towards Afghanistan and India.

In the case of Afghanistan, although it is a landlocked country; however, due to its strategic geographical location, it has the potential to become a "connection point" in this region, in order to ultimately seek its development by tying the economic

interests of countries.

Finally, it should be said that: The purpose of this study was to present a plan to show that: Economic diplomacy in post-Taliban era by adopting programs such as; attracting foreign investment and expanding relations with the countries of the region and constructive interaction with them has been able to have positive effects on development in Afghanistan; and the port of Chabahar, as a field for attracting foreign investment on the one hand and its role in expanding Afghanistan's relations with countries in the region on the other has found a special place in the country's foreign policy.

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