

Literature Review on Belt and Road Initiative's Integration for Trade Connectivity of Afghanistan

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Abstract

The Belt and Road Initiative (BRI) intends to expand connectivity between China and Eurasia by promoting economic integration through the development of new infrastructure, trade, cultural exchanges, energy projects, financial cooperation, tourism promotion, policy coordination, security cooperation, and creating economic zones. Economic and trade relations between Afghanistan and China have significantly improved during the past 20 years. The Afghan government sees BRI as a significant opportunity to transform its aid-dependent economy into one that is self-sufficient, stable, and reliable. However, there is still a significant lack of research on the effects of integrating the Belt and Road Initiative into Afghanistan's economic context. This study attempts to look into any potential economic gains of BRI to increase trade connectivity in Afghanistan. Despite the importance of the BRI for both participants and the host country, several factors have been thoroughly examined in earlier studies in various contexts. These factors include Foreign Direct Investment, Gross Domestic Product, Transportation, logistics effectiveness, culture, Institutional Distance Stability, and Security. So, The key determinants of this study are the overview of BRI, opportunities, risks, trade connectivity, regional cooperation and diplomacy, foreign direct investment, trade openness, and political stability have all been thoroughly reviewed in the literature to be included in this article. These factors have an immediate impact on the trade connectivity and economic development of China and the other participating nations. Each of these factors is carefully examined in this article, which provides in-depth insights into the topic. In addition to setting the groundwork for further studies in this area, this study is expected to make a significant contribution to the academic literature on both a national and international level.

Keywords

China, Afghanistan, Integration, Belt and Road Initiative, Trade Connectivity, Regional Cooperation and Diplomacy, Foreign Direct Investment

1. Introduction

Chinese President Xi Jinping launched the Belt and Road Initiative (BRI) in October 2013; it promotes connectivity between China and Eurasia by integrating the region into a cohesive economic area through new infrastructure, increased cultural exchange, and broadened trade (Sarker et al., 2018). The Belt and Road Initiative (BRI) has northern, central, and southern belts, with the northern belt going through 56 Central Asia, the Russian Federation, and then to Europe; the central belt crossing Central Asia and West Asia to the Persian Gulf and the Mediterranean; and the southern belt starting in China and proceeding to South-East Asia, then South Asia and the Indian Ocean in which Afghanistan fits (Safi & Alizada, 2018).

Given its location at the crossroads of Central, South, and South-West Asia, Afghanistan is poised to benefit from and provide benefits to China within the central and southern belts. Because these belts are still evolving, there is a shortage of research, and even less from the perspective of Afghans, that illuminates the national thinking (if any) on the BRI and how policymakers intend to link the country to work being done (Safi & Alizada, 2018). Without accurate evaluation, the debate on integrating Afghanistan into the BRI relies on hyperbole regarding the possibility, potential benefits, and bottlenecks. China remains aloof to Afghanistan's internal political and security challenges, which may be why the Chinese government has not yet discussed how the country will link to the BRI or any investment it will make in Afghanistan through the initiative (Khalil, 2017).

Over the past 20 years, there has been a significant improvement in Afghanistan and China's economic and trade relations. The wealth of mineral resources in Afghanistan has evoked great interest from China, which has become the largest investor in the mining sector. China has an interest and won several of the country's largest mining contracts, such as the drilling rights in the Amu Darya Basin and exploration rights in the Aynak copper mine in Logar province of Afghanistan. The Afghan ministries and authorities in charge of developing roads, highways, and railways have received investments, capacity building efforts, and technical help as a result of the desire for simple transport networks to export these natural riches (Safi & Alizada, 2018).

The Afghan government is interested in expanding its participation in the BRI as a result of its proactive efforts to establish Afghanistan as the "heart of Asia" through fostering connectivity and regional economic cooperation (Hosseinzadah, 2021). This is reflected in the 2016 memorandum of understanding (MOU)

both countries signed as an expression of commitment to jointly promote cooperation under the BRI. The future dynamics of South Asia could be significantly impacted by China, Pakistan, and Afghanistan, as these countries hold a key position in the region. Their actions and decisions could have a significant influence on the political, economic, and social landscape of South Asia in the years to come (Tahir, 2021). The recent development of China as a major global force has expanded its geopolitical and economic significance. Many analysts and observers view the Belt and Road Initiative (BRI) as an outline of China's ambitious new grand Initiative (Clarke, 2017). The Belt and Road Initiative has undoubtedly been one of the most important factors in China's development and rise.

The possibility of global growth as a result of increased trade is one of the BRI's primary justifications. Nonetheless, the project's difficulties shouldn't be understated. From political risk to simple economics, such cross-border trading can easily become highly complex (Safi & Alizada, 2018). The Afghan government has been working to increase foreign investment and upgrade the nation's infrastructure in recent years. Afghanistan has a special chance to accelerate its economic growth and improve its trade connection with other nations because of the BRI. Afghanistan can be an important participant in the BRI, notably in the "Silk Road Economic Belt" component, which intends to enhance land-based connectivity between China and Europe through Central Asia and the Middle East. This is due to Afghanistan's strategic position. So far, during the past 22 years, the economic and trade relations between Afghanistan and China have greatly improved.

To improve bilateral trade, a Sino-Afghan Economic Council was created in 2006, and to advance economic and scientific collaboration, both countries signed the Comprehensive Cooperation Partnership Agreement in 2010. Then, in 2017, a customs-free trade agreement was struck by both governments, expanding relations in the private sector and collaboration between their respective chambers of trade (Haider & Hussain, 2020). A positive sign for the continuance of the CEPEC component of the Belt & Road Initiative into Afghanistan is the rapid growth of China's trade with Afghanistan, which may surpass Pakistan as the second-largest trading nation with Afghanistan in 2023.

So, as a landlocked country, Afghanistan is highly dependent on imports and exports, with its main exports including carpets, dried fruit, and opium. The effects of trade on Afghanistan's economy have been a mix of job creation and economic growth, along with political instability, corruption, and resource and labor exploitation. In contrast, China has experienced significant economic growth and development thanks to international trade (Safi & Alizada, 2018).

The BRI is seen by the Afghan government as a chance to change its aid-dependent economy into one that is self-sufficient, trustworthy, and stable. Such a possibility will depend on a wide range of variables that justify investigation beyond the purview of this study; in brief, they center on Afghanistan's capacity to develop

the hard and soft infrastructure required to support the BRI while ensuring some level of political stability and security. As the BRI moves forward, Afghanistan must also be careful to preserve its economy against China's expanding economic interests, making sure that Chinese interests coincide with those of local players as well as regional and international forces (Safi & Alizada, 2018). The Chinese government remains vague regarding planning for Afghanistan's integration into the BRI. The Chinese attitude towards Afghanistan's integration into the BRI appears enthusiastic, viewing its geographic location as its greatest asset, followed by its wealth of untapped energy resources. But, compared with the majority of the other countries participating in the BRI, China does not seem to yet consider Afghanistan as an integral, contributing country (Safi & Alizada, 2018). The scarcity of research on the factors contributing to Afghanistan's participation in the BRI raised the possibility of future studies on the topic. This study is designed to understand the works of many determinants linked with China's BRI in Afghanistan in addition to the requirements of BRI as a whole and the significance of factors that determine their involvement in the economy of the host country.

The rest of the paper is structured in the following sequence; Significance of the study, Methods, History of Chinese Economy and Influence in the Mining Sector, History of China Afghanistan Relation, Overview of the "Belt and Road" initiative, Impact of the Belt and Road Initiative (BRI) on trade connectivity, the trade connectivity landscape in Afghanistan, Integration of the "Belt and Road" initiative, Regional Cooperation and Diplomacy for Afghanistan in BRI and Foreign Direct Investment (FDI).

2. Significance of the Study

This study's importance can be seen from both an academic and a practical viewpoint. Afghanistan is more than just a corridor; it's a junction for several Asian trade routes. At the intersection of four of the world's most populated and resource-rich regions, Afghanistan is ideally situated: the Middle East, the Far East, South Asia, Central Asia, and North Asia (Chaziza, 2018). This study will describe Afghanistan's geo-strategic location at the region's crossroads is pertinent, serving as one of the shortest trade routes between Central and South Asia, China, and the Middle East, providing easy access to the Arabian Sea. The study will suggest that Afghanistan could become a vital connectivity hub and demonstrate the potential to become a focal point of the BRI (Tahir, 2021; Clarke, 2018). This study will demonstrate the participation of Afghanistan in BRI projects is a good incentive for ensuring security and stability in the country, solving the issue of population employment, and developing interethnic relations by following the common interests of the participating countries. Thus: This study contributes to the growing body of literature on integration of belt and road initiative for trade connectivity, particularly in the rarely studied context of Afghanis-

tan. A topic that has not yet been adequately investigated, particularly in developing nations. The significance is described further below using both practical and theoretical concepts.

2.1. Practical Significance

The empirical significance of the study will be providing a comprehensive analysis of the challenges and opportunities of integrating the Belt and Road Initiative (BRI) for trade connectivity in Afghanistan. This research can help policymakers, investors, and business leaders make informed decisions about investing in Afghanistan and participating in BRI-related projects. The application of the study can inform policy formulation that promotes trade connectivity in Afghanistan and facilitates the country's integration into the BRI. Business leaders and investors can benefit from the study by understanding the potential opportunities and risks associated with investing in Afghanistan and participating in BRI-related projects. Finally, scholars can use the study as a basis for further research on BRI trade connectivity in Afghanistan, and regional economic integration.

2.2. Theoretical Significance

This study recognizes the need to use a theoretical framework to reach valid results and address the current problem. As a result, the study suggests using a regression model. This model demonstrates how dependent, independent, and moderating variables are related, showing how changes in one variable may have an impact on others. By using the model, economic forecasts may be created by careful result analysis and interpretation. The research's significance may be attributed to its addition to our understanding of the Belt and Road Initiative and its prospective effects on Afghanistan's trade connectivity. The research will provide a theoretical framework for understanding the challenges and opportunities associated with integrating BRI within Afghanistan by looking at the economic development, trade policies, mediating role of regional cooperation, diplomacy, and BRI goals of Afghanistan.

3. Methods

A research method refers to a systematic plan encompassing data collection, measurement, and analysis methods (Jencik, 2011). This research paper followed a systemic review analysis to elaborate on the area of focus at hand. The purpose of a systemic review assessment was to gather all potential research on integrating BRI for trade connectivity in one place and to analyze the findings of the most relevant research about the topic. Compared, Meta-analysis combines the results of various research on a specific topic but the limitation in using such a model is the requirement of primary data-based studies on the topic (Kang, 2015). The dynamic nature of our research topic made it necessary to follow a more flexible

approach to include scholarly articles, and government and non-government documents which is why, the systemic review was the best approach to be used. The search strategy involved specific keywords to identify the available literature and documentation on the topic. The study gave more highlights on the “History of China-Afghanistan Relation” “BRI”, “Impact of BRI on Trade Connectivity”, “Trade landscape of Afghanistan”, “Integration of the “BRI” for Afghanistan Trade” “Regional Cooperation and Diplomacy for Afghanistan in BRI”, “Foreign Direct Investment (FDI) related with BRI”. Since time series data are essential to our study and allow us to evaluate how these factors have evolved, the review focused on the previously mentioned characteristics in the past 20 years. Several internet research databases were used for data accessibility and research veracity, including Google Scholar, Elicit, Research Rabbit, Science Direct, and Pro Quest. Where appropriate, the analysis also incorporated policy reports, theses from international organizations, and government documents.

4. History of China and Afghanistan Relation

Relationships with developing countries were important to the People’s Republic of China. Afghanistan and China are border neighbors. The Silk Road connected the two nations. Cultural connections between Afghanistan and China have a long history. The Silk Road began by Zhang Qian, a Chinese diplomat, in the second century BC. He traveled to Afghanistan from the Western Regions of China during the Tang Dynasty (Yan, 2018). Once there, he wrote in his well-known book Buddhist Records of the Western World in-depth reports of Afghanistan. China’s Ming Dynasty also had direct interactions with the Heart Kingdom around the start of the 15th century. Both nations communicated often. China’s Qing Dynasty and Afghanistan’s Durrani Dynasty both sent messengers to each other multiple times after the creation of the Durrani Dynasty in 1747 (Yan, 2018).

China and Afghanistan have had a formal relationship since 1944, when modern times began. The Agreement on China-Afghanistan Partnership was signed at that time by the Afghan government and the Chinese Kuomintang (KMT). The two nations dispatched ambassadors to one another and formally established diplomatic ties. After the People’s Republic of China was established in 1949, relations between countries grew quickly. Afghanistan was one of the first nations to recognize the People’s Republic of China, doing so in 1950 (Yan, 2018).

In 1955, China established diplomatic relations with Afghanistan. In 1960 China and Afghanistan signed the bilateral Friendship and Mutual Non-Aggression Treaty. In 2006, both countries reaffirmed their 1960 Treaty founded on principles of good neighborly relations stating China’s strong support to Afghanistan and its neighbors’ stabilization process (Yan, 2018). The relations between China and Afghanistan also proceed from their neighborhood, implying the 92 km common border. The given space is highly important for Chinese policy about

the Uighur separatist groups in Xinjiang Uyghur Autonomous Region allegedly possessing connections with rebel groups in Afghanistan (Dkhar et al., 2021). Afghanistan has a serious infrastructure deficit that ideally complies with the opportunities provided by Chinese investments since the country possesses the shortest route between Central Asia and South Asia, as well as between China and the Middle East, which also serves as a gateway to the Arabian Sea. Moreover, the U.S.-led military drawdown in 2014 created the potential for a security vacuum, which China used and increase its presence in Afghanistan by stating the Afghan direction as a priority on its western borders of the country (Dkhar et al., 2021).

5. Overview of the “Belt and Road Initiative”

In the early 1980s, China initiated an open-door policy and implemented economic reforms that have since led to rapid economic growth (Clarke, 2018). China’s economy surpassed Japan’s in nominal GDP calculation in 2010, and in PPP GDP calculation, it surpassed Japan in the early 2000s and the US around 2015. Projections suggest that China will become the world’s largest economy by 2030 and possibly be more than twice the size of the US economy by 2050 (Al-Fazari & Teng, 2019). China’s growth has also made it a leader in international trade and foreign investment, with Chinese firms dominating many areas of high technology. As China’s economy experienced rapid growth, it emerged as a leading player in international trade. China transitioned from being a recipient of foreign investments to becoming a significant source of foreign investments globally (Russel & Berger, 2020). In the past, China was considered a marginal direct foreign investor, but in the last decade, it has emerged as one of the world’s three most important source countries for foreign investments (Buckley et al., 2018).

The Belt and Road initiative (BRI), also known as the Belt and Road Initiative (BRI), is a major foreign policy and economic development program launched by the Chinese government in 2013 (Zheng, 2020). The initiative is a significant foreign policy and economic development project aimed at improving infrastructure, promoting trade, and enhancing economic connectivity between China and other countries in Asia, Europe, and Africa (Rahman & Ahamed, 2020). The initiative has two main components, the “Silk Road Economic Belt” and the “Maritime Silk Road,” which focus on connecting China with Europe and Southeast Asia, South Asia, and Africa, respectively (Yii et al., 2018). Through the BRI, China seeks to deepen its global centrality by investing in physical infrastructure, including ports, pipelines, high-speed rail links, expressways, power plants, and other utilities, and promoting free and inclusive trade and a universal, rule-based, open, non-discriminatory, and equitable multilateral trade system among participating nations. The BRI reflects China’s commitment to regional economic integration and closer cooperation with its partner countries (Soong, 2018).

Morgan Stanley, a well-known global investment bank, predicts that China could spend between \$1.2 - 1.3 trillion on the Belt and Road Initiative by 2027. This initiative involves sixty countries partnering with China, and while there are several advantages to it, scholars have raised concerns about its drawbacks. These include China gaining ownership of valuable assets in other countries, engaging in spying activities, exerting influence over political matters and sovereignty, imposing strict credit terms, and expanding its military power (Buckley et al., 2018). From a Chinese standpoint, the “official ideology behind the Belt and Road Initiative (BRI)” centers on peaceful development. It aims to support infrastructure investments, stimulate economic growth, foster cooperation, and reduce conflicts (Navalino, 2023). China’s involvement in building an ecosystem for infrastructure investment is expected to bring benefits to other Belt and Road Initiative (BRI) countries as well (Khor et al., 2021).

6. Impact of the Belt and Road Initiative (BRI) on Trade Connectivity

International trade boosts the global economy and fuels a country’s growth by promoting resource efficiency, economies of scale, knowledge sharing, technological progress, and healthy competition, driving innovation and optimization (Blavasciunaite et al., 2020). Trade and agriculture, sectors predominantly under private sector influence, progressively merged with illicit profit-generating operations overseen by political and military authorities who operated beyond the jurisdiction of the deteriorating government (Ghiasy et al., 2015). Promoting unimpeded trade is a major goal of the Belt and Road Initiative. China committed to measures like opening free trade areas, improving information exchange, reducing non-tariff barriers, and enhancing trade facilitation to boost trade with BRI countries (Dang & Pang, 2020).

International trade has significantly shaped a country’s economic growth. It has been noted that as economies open up and trade restrictions are relaxed, developing nations experience notable benefits (Vijayasri, 2013). Trade restrictions resulting from policies affect trade volumes differently compared to constraints stemming from transportation costs or changes in consumer preferences. The primary empirical challenge in assessing the impact of trade policy lies in identifying suitable measures for both trade restrictions and trade policy (Busse & Königer, 2012). An extensive and efficient transport, energy, logistics, and infrastructure system for imports and exports is a crucial factor in enhancing a country’s competitiveness and fully unlocking its transit and trade connectivity and capabilities. The rapidly evolving logistics sector in today’s world plays a pivotal role in helping a nation harness its transit and trade potential to the fullest extent (Van Dijk & Martens, 2016).

The (BRI) is an ambitious plan to enhance regional cooperation and connectivity across multiple continents. The BRI includes two main components, the Silk Road Economic Belt that connects China to Central and South Asia and

then Europe, and the New Maritime Silk Road that links China to Southeast Asia, the Gulf countries, North Africa, and Europe (De Soyres et al., 2020).

In addition, there are six other economic corridors aimed at connecting other countries to the Belt and Road. These transport corridors have the potential to significantly improve trade, foreign investment, and living standards for citizens of participating countries. However, for the BRI to be successful, China and participating countries must implement policies that increase transparency, expand trade, ensure debt sustainability, and address environmental, social, and corruption risks (Zubedi et al., 2022).

1) The presence of infrastructure and policy gaps in the economies of the Belt and Road corridors is impeding the progress of trade and foreign investment. While building new infrastructure can help to bridge these gaps, the high costs of such projects are a challenge, particularly when investments are being made in the face of increasing public debt. This will have significant effects on the world's socioeconomic growth and development because the BRI countries now make up more than 30% of the global GDP, 62% of the world's population, and 75% of its energy reserves (Aslam et al., 2020).

2) Transport projects under the Belt and Road Initiative have the potential to increase trade, boost foreign investment, and decrease poverty by reducing trade costs. Across Asia, Europe, and Africa, the economic belt under China's Belt and Road Initiative (BRI) has been a promising project. The cumulative Gross Domestic Product (GDP) of the economic development under BRI is estimated to be over USD 21 trillion. More than 72 nations are included in the BRI, which spans six important corridors. These corridors will grow to become a network of rivers, information highways, pipelines for transportation, and industries and energy sources (Zubedi et al., 2022).

3) Implementing complementary policy reforms can help maximize the positive impacts of BRI transport projects and ensure that the benefits are shared more broadly. For some countries, such policy reforms are a precondition to realizing net gains from the transport projects under BRI. For instance, real incomes for the economies of the Belt and Road corridors could increase by an estimated two to four times if these countries implement policy reforms that reduce border delays and ease trade restrictions.

4) The Belt and Road Initiative carries risks that are typical of large infrastructure projects. However, these risks could be compounded by the initiative's limited transparency and openness, as well as the weak economic fundamentals and governance of some participating countries. Specific risks include:

a) Debt Sustainability Risks: Out of the 43 corridor economies with available data, 12 could face a medium-term deterioration in their debt sustainability outlook, which is already elevated in many cases.

b) Governance Risks: Adopting international best practices, such as open and transparent public procurement, could increase the likelihood of BRI projects being awarded to firms that are best equipped to carry them out.

c) Environmental Risks: BRI transport infrastructure could increase carbon dioxide emissions by 0.3% globally, but in some countries, emissions could rise by 7% or more as certain sectors expand production.

d) Social Risks: The influx of workers associated with a BRI infrastructure project could lead to risks such as gender-based violence, sexually transmitted diseases, and social tensions.

The World Bank Group has started to examine the economic implications of the Belt and Road Initiative (BRI). In order to encourage an informed discussion on the topic, we have identified three potential benefits and three potential drawbacks related to the initiative.

6.1. Opportunities in the Belt and Road Initiative (BRI)

1) One potential benefit of the Belt and Road Initiative is its immense size and scale. BRI economies make up approximately one-third of the world's GDP and trade, and nearly two-thirds of the global population. Additionally, some BRI countries continue to have high poverty rates, with up to 25% of the population living below the poverty line in countries such as Kenya and Uzbekistan. If BRI projects are successful, they have the potential to benefit a significant number of poor individuals and vast portions of the world's economies, with considerable positive spillover effects on global well-being.

2) Significant untapped potential. The economies of the BRI are connecting more with those of the rest of the world. If we compare the share of exports from BRI countries in 1995 to that of 2015, we can see that it almost doubled in below related regions. However, the majority of these exports originate from a small group of BRI economies, China being the most significant of these. Due to poor policies, inadequate infrastructure, and other issues, the trade of many BRI economies—including those in Afghanistan, Nepal, Tajikistan, and Laos—is below average. If the Belt and Road Initiative (BRI) is successful, it could aid in bridging these gaps and boost trade between countries—particularly those that haven't been able to fully incorporate into the global economy (Figure 1).

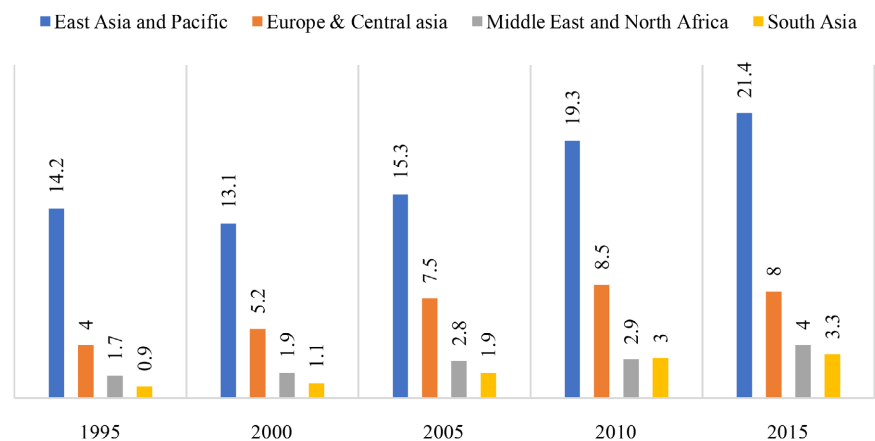


Figure 1. Share of BRI economies in global exports (Ruta, 2018).

3) Ensuring better connectivity. Nowadays, shipping goods from China to Central Europe takes roughly 30 days, with the majority of shipments being made by sea. Train shipping can reduce transportation time in half, but it is significantly more expensive. Saving time comes at a cost; it is believed that every day that an item is delayed from the manufacturing gate to the consumer reduces trade by 1%. More cross-border trade, greater investment, and better growth in BRI economies could result from expanding the capacity and network of railways and other transport facilities. Regional cooperation on infrastructure improvements is needed to tackle this dilemma. If successful, BRI projects stand to make trade easier in some of the world's most vital economic corridors (Ruta, 2018).

6.2. Risks in the Belt and Road Initiative (BRI)

1) Legal restrictions construct high walls. In comparison to other regions, BRI countries typically have more severe border delays, onerous customs processes, and prohibitions on foreign direct investment (FDI). According to indicators of the ease of doing business, importing commodities can take up more than 50 days in Central and West Asia, and 10 days for G7 nations. When it comes to launching a foreign company, getting access to industrial land, and arbitrating business disputes, BRI countries have more restrictive and onerous FDI laws than high-income OECD nations. To improve connection, legislative reform and collaboration are necessary in addition to infrastructure development (Ma et al., 2019) (Figure 2).

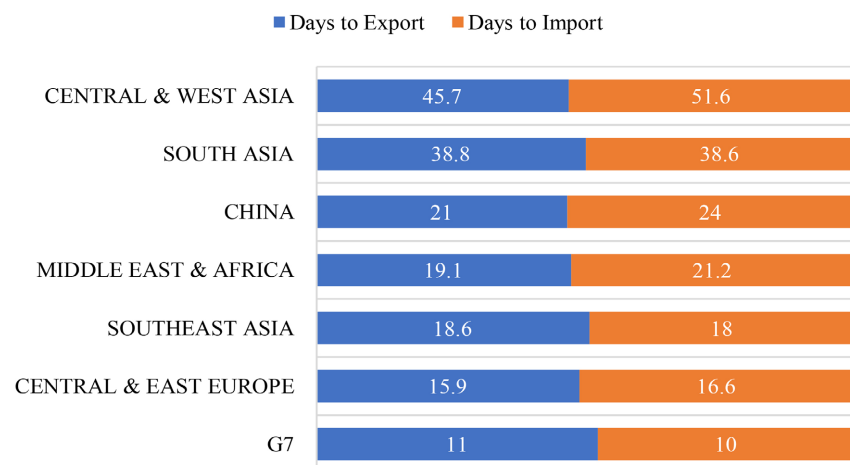


Figure 2. Days for import or export in G7 countries and BRI countries (Ruta, 2018).

2) The risks associated with significant infrastructure projects. Any significant infrastructure project carries the possibility of environmental, social, and corruption problems. For instance, biodiversity loss, environmental deterioration, or elite capture are some of these. These concerns could be particularly important in BRI-participating nations, which typically have weak governance. To reduce these risks' possible harmful effects, protections must be put in place and

the risks must be identified. High environmental, social, and governance requirements for BRI investments might be implemented with backing from the WBG and other Multilateral Development Banks.

3) Macro risks; the financing necessary for BRI projects may increase debt to levels that are unmanageable for some nations. For instance, the Kunming-Singapore Railway's Lao PDR section's construction is expected to cost US\$6 billion, or approximately 40% of Laos' 2016 GDP.

The government has limited its contribution to the project to about US\$0.7 billion, with US\$0.5 billion of that amount coming from a loan from China to the Government of the Lao PDR to lessen the project's impact on public finances. According to a recent estimate by the Center for Global Development, BRI projects will increase the debt-to-GDP ratios for several BRI nations, placing eight at high risk.

Countries to take part in BRI initiatives will have to strike a balance between the necessity for these development initiatives and the vulnerabilities brought on by rising debt levels (Ruta, 2018).

7. The Trade Connectivity Landscape of Afghanistan

Once the Taliban regime was overthrown in 2001, Afghanistan became more open to foreign trade, with few import restrictions and flat customs fees because of low import volumes (Yan, 2018). Trade in the nation reached a high of 49.2% of GDP in 2018 before declining to 45.6% in 2019. Afghanistan imports wheat, peat, textiles, and petroleum products while exporting low-value goods such as dried fruit, carpets, cotton, cereals, and non-alcoholic beverages. Opium is the principal export of the country, which accounts for more than 90% of illicit heroin globally and more than 95% of the European supply (Hashimy, 2023).

In general, Afghanistan conducts trades with its neighbors; Pakistan is its main trading partner. Approximately 75% of Afghan exports are received by Pakistan and India, with the UAE, China, and Turkey following (Statistica, 2023). The top exporters of products to Afghanistan are Iran, China, Pakistan, and Kazakhstan. De facto trade restrictions exist in the nation as a result of inadequate infrastructure, a weak legal and corporate environment, and ongoing insecurity (Statistica, 2023). To improve the country's trade balance, the IMF and Afghanistan are putting economic policies in place. Together with the building of a new railway connecting China to Afghanistan, the nation's acceptance to join the WTO in 2015, the growth of commerce with Central Asia and Iran, and other factors might further boost exports. According to the most recent WTO data, Afghanistan's exports fell to USD 732 million in 2021 while its imports decreased to USD 5.5 billion, creating a structural trade deficit. The recent installation of the Taliban rule is expected to worsen the situation (WTO, 2023).

According to certain analysts, two factors might strengthen the interaction between China and Afghanistan. Firstly, the ability of China to provide the infrastructure development in Afghanistan. The second factor implies traditionally

friendly relations between China and Pakistan that might become the basis for an intra-Afghan dialogue through the influence of the Pakistani intelligence services on the Taliban (Dkhar et al., 2021).

In this regard, the project implementation cannot guarantee security in the border areas. In general, the connection between the BRI and Afghanistan and the inflow of foreign investment from China, namely oil and gas exploration projects and railway infrastructure development, will foster greater connectivity and enhance security and stability in Afghanistan while re-establishing itself as a center of economic development in Asia (Vishwakarma, 2019). The country has already launched projects such as the Sino-Afghan Special Railway Transportation to link Afghanistan to China via Uzbekistan and Kazakhstan, thereby prioritizing connectivity and embedding it in its foreign policy (Cowan, 2013). A great advantage for Afghanistan would bring integration into the CPEC, the most monumental project under the Belt and Road Initiative. Since Afghanistan is landlocked, Pakistan provides the shortest route to marine space (Collins, 2014).

The inclusion of Afghanistan in CPEC would provide easier access to the Chinese market, primarily through the Port of Gwadar. New highway and railway plans are in place to connect the North to Gwadar, which is an important node for energy transportation. China's involvement in CPEC could align with Afghanistan's economic and strategic goals, benefiting China's regional aims (Javaid, 2020; Dkhar et al., 2021).

8. Integration of the “Belt and Road Initiative” for Afghanistan Trade

The primary steps to include and integrate Afghanistan into the BRI have also been taken. Afghanistan and China signed a Memorandum of Understanding on the BRI in 2016 (Vishwakarma, 2019). Although no formal discussions for Afghanistan to join the project were made at that time, the air corridor connecting Kabul and the Chinese city of Urumqi was the first project to be launched under the official label of the Belt and Road plan (Dkhar et al., 2021).

Later on, the first railway connecting the two countries was built in Afghanistan within the BRI passing the first direct cargo train from the Jiangsu Province of China to the Afghan border Kanduz Province, town of Hairatan (Dkhar et al., 2021). Additionally, Afghanistan formally joined the Asian Infrastructure and Investment Bank in 2017 for the financing the economic project during Afghan government representatives traveled to China as part of the Belt and Road Forum (Dkhar et al., 2021).

China also supports the membership of Afghanistan in the Shanghai Cooperation Organization and the counter-terrorism association of member countries (Dkhar et al., 2021).

Integration is frequently described as the opposite process to differentiation

and has several uses, such as determining the amount of solids and the areas under shapes.

First: The act or process or an instance of integrating: such as Incorporation as equals into society or an organization of individuals of different groups, Coordination of mental processes into a normal effective personality or with the environment

Second: The operation of finding a function whose differential is known and the operation of solving a differential equation.

Finally, a word used by many but understood differently by most. For the Integration of BRI for trade connectivity in Afghanistan, the country is strategically located in the heart of Asia and is considered a crucial link in the BRI initiative, connecting Central Asia to South Asia and the Middle East (Khalil, 2017). However, the country faces significant challenges in integrating the initiative, including security concerns, political instability, lack of infrastructure, financial constraints, and competition with other countries (Hashimy, 2023).

Several studies have examined the potential economic benefits of the BRI for Afghanistan. For example, a study (Safi & Alizada, 2018) argues that the initiative could provide an opportunity for Afghanistan to develop its infrastructure, attract foreign investment, and increase its trade connectivity with other countries. Similarly, other researches and reports highlights the potential of the BRI to improve connectivity and reduce trade costs for landlocked countries like Afghanistan (Cowan, 2013).

Afghanistan is a country with an abundance of natural and cultural resources, but it faces significant internal political challenges and external influences that have led to its current state of collapse. The impact of the former Soviet Union also contributes to the present instability (Samarathunga, 2022). China has a significant interest in Afghanistan since it borders China, and it provides a gateway for China to access West Asia, the Middle East, and Europe. China did not recognize the Taliban government when it was in power due to its extremist nature in the country. Afghanistan is a crucial factor in regional stability and security, and Chinese economic interests lie in its rich mineral resources (Dkhar et al., 2021). China has signed some bilateral agreements with Afghanistan and seeks to control religious extremism, prevent civil conflicts, and reduce poverty. Additionally, China prefers not to have American soldiers in a neighboring country (Samarathunga, 2022).

Despite the internal political challenges and instability in Afghanistan, the Belt and Road Initiative (BRI) has recognized Afghanistan as an important country to engage with. As a result, several BRI projects have been implemented in Afghanistan, creating numerous employment opportunities for its people. However, given the sensitivity of the issues faced by Afghanistan, the Chinese government must pay extra attention to securing their investments and ensuring that the Afghan people receive the intended benefits from them (Samarathunga, 2022).

Important investment projects which are donated by BRI

Year/period	Loan/Investments/donations	Estimated cost
2010	Aynak Copper Mines project	US \$5 billion
2012-2013	Donation	US \$240 million
2015-2019	Railway track from Hairatan, Afghanistan to China	US \$100 million
2014	Donation	US \$80 million
2017	Development projects in Badakhshan province	US \$90 million
Proposed	- CASA-1000 power project	US \$1.2 billion
	- TAPI-500 natural gas pipeline project	US \$7.7 billion
	- Digital Silk Road fiber optic cable network	

(Samarathunga, 2022).

In Afghanistan important geopolitical events and natural disasters

Year	Key events and incidents
1953	Mohammed Dawood Khan becomes prime minister. Turns to Soviet Union for economic and military assistance, introduces social reforms
1964	Constitutional monarchy introduced—but leads to political polarization and power struggles
1979	Soviet Army invades and props up communist government
1988	Afghanistan, the USSR, the US, and Pakistan sign peace accords and the Soviet Union begins pulling out troop
1996	Taliban seize control of Kabul and introduce a hard-liner version of Islam banning women from work and introduces Islamic punishments which include stoning to death and amputation
1997	Taliban recognized as legitimate rulers by Pakistan and Saudi Arabia
1998	US launches missile strikes at suspected bases of militant Osama bin Laden, accused of bombing US embassies in Africa
2003	NATO takes control of security in Kabul, its first-ever operational commitment outside Europe
2005	Afghans vote in first parliamentary elections in more than 30 years
2008	US President George Bush sends an extra 4500 US troops to Afghanistan, in a move he described as a “quiet surge”
2009	NATO countries pledge to increase military and other commitments in Afghanistan after US announces dispatch of 17,000 extra troops
2011	Burning of Koran by a US pastor prompts country-wide protests in which foreign UN workers and several Afghans are killed
2012	Taliban agree to open office in Dubai as a move towards peace talks with the US and the Afghan government

Continued

2013	Afghan army takes command of all military and security operations from NATO forces
2014	Opium poppy cultivation in Afghanistan reaches an all-time high
2015	Taliban representatives and Afghan officials hold informal peace talks in Qatar
2015	Powerful earthquake kills more than 80 people in northeast of country
2016	The Afghan government signs a peace agreement with the militant group Hezb-e-Islami and grants immunity to the group's leader, Gulbuddin Hekmatyar
2019	Protracted peace talks between the Taliban and the United States break down
2021	Complete withdrawal of the US Army and other allied forces and Taliban seized the full control of Afghanistan government

(Samarathunga, 2022).

The investments made by the Belt and Road Initiative (BRI) are crucial for the development of Afghanistan. Therefore, it is necessary to conduct several studies to assess the potential outcomes and risks from the Chinese perspective in Afghanistan (Samarathunga, 2022). Despite the potential benefits, there are significant challenges that Afghanistan must overcome to integrate the BRI effectively. For example, a study by (Huang, 2018). Identifies security concerns, political instability, lack of infrastructure, and financial constraints as significant barriers to the implementation of the initiative in Afghanistan. The Belt and Road Initiative (BRI) and attract foreign investment, the Afghan government must address governance and corruption issues as well as strengthen its legal and regulatory frameworks. Serious corruption problems also hindered the country's economic development and negatively impacted people's confidence in national reconstruction (Zhang et al., 2019). To address these challenges, several studies have proposed solutions to improve Afghanistan's participation in the BRI.

The security situation will be the primary determinant of the future, which is ultimately tied to peace in Afghanistan, even though it requires enormous resources to improve the investment climate and repair the damaged infrastructure (Khalid, 2018). For Afghanistan to effectively engage in the BRI and draw in foreign investment, the Afghan government should prioritize regional cooperation and focus on strengthening its governance and security structures. The aim of the BRI was to promote interconnectivity and regional cooperation across Asia, Europe, and Africa through the construction of infrastructure and multilateral and bilateral cooperation mechanisms (Gürel & Kozluca, 2022).

Afghanistan's challenges and obstacles to joining the BRI include the security situation, infrastructure deficit, lack of bilateral and multilateral agreements to facilitate cross-border trade and transit, and political instability. In particular, security in Afghanistan is vital for successfully implementing the BRI project in the region. The threat of terrorism and insecurity can potentially obstruct

BRI-related projects (Dkhar et al., 2021). Afghanistan has been engulfed by conflict since the 1970s, causing significant damage and destruction to its infrastructure and economy. Afghanistan and Pakistan are in the immediate periphery of China, both sharing a border with the Xinjiang Uygur Autonomous Region facing rebel threats. Both countries, in general, have been insecure and subject to terrorism for nearly three decades, thus, possessing the potential to destabilize the region (Awotona, 2019).

The insecurity also hampers Afghanistan's connectivity and integration into the wider region in many ways. For instance, it deters countries from choosing Afghanistan for trade and transit, thus delaying its regional integration (Shahen, 2013). Trade connectivity can lead to increased economic benefits through expanded trade opportunities, improved infrastructure, and increased foreign direct investment (Simionescu, 2019).

By connecting Afghanistan to regional and global trade networks, trade connectivity creates new markets and allows Afghan businesses to access larger consumer bases. Improved infrastructure, resulting from trade connectivity, facilitates the movement of goods, reduces transportation costs, and enhances overall trade efficiency. This attracts foreign direct investment (FDI) as well, bringing in capital, technology, and expertise (Zhang & Wu, 2018). For instance, Afghanistan's role as a regional transit hub and energy supplier depends on the government's ability to handle the industry, characterized by illegal mining and non-payment of royalties (Mughal & Suleman, 2021).

In summary, the existing literature highlights the potential economic benefits of the BRI for trade connectivity in Afghanistan, but also identifies significant challenges that must be addressed to effectively integrate the initiative. The literature proposes solutions to overcome these challenges, including improving infrastructure, addressing governance and security concerns, and prioritizing regional cooperation. The findings of this study will build on the existing literature by providing a comprehensive analysis of the challenges and opportunities of integrating the BRI for trade connectivity in Afghanistan and proposing specific guidance for policymakers, academics, and stakeholders on how to effectively participate in the initiative.

9. Regional Cooperation and Diplomacy for Afghanistan in Belt and Road Initiative (BRI)

The Belt and Road cooperation's focus on standardizing rules and regulations in project implementation can lead to a wider harmonization of standards and regulations among partner countries. This, along with the integration of international best practices in sustainable development, is likely to result in positive spillover effects (The Advisory Council of the Belt and Road Forum for International Cooperation, 2019).

China and Afghanistan have maintained diplomatic relations since 1955. In 2013, their strategic cooperation was strengthened, leading to progress in various

areas. China has been supportive of Afghanistan's reconstruction efforts and has assisted. The two countries have deepened their bilateral relations and have collaborated on international and regional issues of common interest. In 2017, China played a role in promoting peace between Pakistan and Afghanistan and establishing trilateral cooperation among China, Afghanistan, and Pakistan. These countries committed to cooperation under the Belt and Road initiative, expressing their willingness to enhance collaboration in addressing the COVID-19 pandemic and combating terrorism (Rukmi et al., 2022).

Diplomacy has been an integral part of human civilization, rooted in the need for structured communication between different groups. Its origins can be traced back to the early human communities' efforts to establish agreements regarding hunting territories and the boundaries formed through their interactions. These initial diplomatic exchanges helped establish basic guidelines for representation, communication, and conflict resolution but did not give rise to permanent institutions (Rukmi et al., 2022).

The idea of international cooperation has been extensively discussed in the field of international relations, where scholars have explored how cooperation arises and endures in a world lacking a central authority. From a linguistic perspective, cooperation entails individuals or entities collaborating based on a shared agreement, rather than pursuing separate paths in competition (Rukmi et al., 2022).

Afghanistan membership in the regional cooperation organizations of Asian countries:

1) South Asian Association for Regional Cooperation (SAARC): Afghanistan is one of the eight member countries of SAARC. It actively participates in SAARC's initiatives and programs aimed at promoting regional cooperation in South Asia.

2) Economic Cooperation Organization (ECO): Afghanistan is also a member of the ECO, which is a regional organization comprising ten member countries in Central and West Asia. The ECO focuses on promoting economic cooperation and development among its member states.

3) Heart of Asia-Istanbul Process: Afghanistan co-chairs the Heart of Asia-Istanbul Process, which is an initiative aimed at promoting peace, stability, and development in Afghanistan and its surrounding region. It involves participation from various countries and international organizations.

4) Shanghai Cooperation Organization (SCO): While Afghanistan is not a full member of the SCO, it has observer status in the organization. Afghanistan actively engages with the SCO on issues related to security, counter-terrorism, and regional stability.

5) Central Asia Regional Economic Cooperation (CAREC): Afghanistan is a participating country in CAREC, which is a partnership of 11 countries and development partners aimed at promoting economic cooperation and development in Central Asia. CAREC focuses on areas such as transportation, energy,

trade, and economic policy.

6) Turkic Council: Afghanistan holds observer status in the Turkic Council, which is an international organization comprising Turkic-speaking countries. The Turkic Council aims to enhance cooperation in various fields such as economy, culture, and education among its member and observer states.

To enhance trade connectivity in Afghanistan within the framework of the Belt and Road Initiative (BRI), policymakers, organizations, and stakeholders can strengthen regional cooperation, and effective diplomacy, and address challenges through measures such as policy harmonization, institutional coordination, and capacity building (Simionescu, 2019; Zhang & Wu, 2018). These actions can facilitate the smooth flow of goods and services, streamline trade regulations, and promote collaboration among participating countries. Additionally, policy harmonization and institutional coordination can help overcome barriers and ensure consistent implementation of trade-related measures. Capacity-building initiatives can enhance the skills and capabilities of local actors to effectively participate in and benefit from the Belt and Road Initiative (BRI) (Simionescu, 2019). By taking these steps, Afghanistan can maximize the economic benefits of trade connectivity and promote sustainable development. The current government has shown reluctance to act against criminal networks in the industry, demonstrating Afghanistan's desire to develop within regional connectivity. Having analyzed the range of obstacles for Afghanistan on the way to BRI, many scholars highlight the perspectives of a greater role of China as a mediating power, following the US drawdown, between the inter-Afghan parties and regional affairs (Zhao, 2016). Hence, on the political and diplomatic fronts, China is assuming more significant roles, particularly in the peace talks with the Taliban and in mitigating tensions between Afghanistan and Pakistan (Zhao, 2016). And despite its initial non-interference policy, it is creating a more secure environment for the existing and perspective for BRI investments, fostering development and growth in Afghanistan (Chaziza, 2018).

10. Importance of Belt and Road Initiative (BRI) in Foreign Direct Investment (FDI)

Foreign direct investment has the potential to boost productivity, develop new technologies, and create jobs in developing countries; it is believed that FDI is one of the more reliable sources of private foreign investment and that it may contribute to long-term sustainable growth (Popa, 2022). Foreign Direct Investment (FDI) is a significant factor in how well-positioned the world's economies are to compete for resources. As the majority of hosts are developing or underdeveloped, it is a source of sustaining economic stability for the host nation. The bulk of the world's superpowers, including the United States, China, and Russia, among others, find countries to be one of the most alluring locations for FDI (Elboiashi, 2015). Foreign Direct Investment (FDI) holds immense importance in the growth of developing countries, often surpassing the significance

of domestic investment, primarily because of the technology transfer it brings about those (Tigau, 2019). Foreign Direct Investment (FDI) is recognized as a vital source for transferring modern technology and valuable organizational experience to the economies of host countries, new growth models regard Foreign Direct Investment (FDI) as a long-term driver of economic growth, as it enables developing countries to access advanced technology (Delawari, 2018).

Foreign direct investors may take into account a variety of factors (economic or political factors) when choosing the nations where to invest. The economic benefit typically recedes into the background when political considerations are involved. However, maximizing profit is the main goal of investments where economic considerations are important. From this angle, a solid balance of interests between foreign capital and the pertinent country must exist (Shafaq & Eryigit, 2021). To increase FDI, Afghanistan has worked on several investment support strategies, such as low FDI taxes, land ownership for longer periods, simple licensing, offering electricity at lower costs, and others. However, despite the availability of investment opportunities, the amount of FDI in the country is not encouraging. Afghans rate security, the country's fresh government, and corruption as the country's top three challenges, ahead of the country (Awolusi & Adeyeye, 2016). China's expanding strategic interests in Afghanistan extend beyond trade, as it is contemplating becoming a significant foreign direct investor in the country for development (Qayum et al., 2018). Foreign Direct Investment (FDI) is significantly influenced by the Belt and Road Initiative (BRI). By opening up new markets and trade routes, enabling opportunities for investment in industries like transportation and energy, and offering favorable rules and incentives, it encourages FDI. So, The Belt and Road Initiative (BRI) is designed to promote economic cooperation, attract foreign direct investment (FDI), and enhance international trade among all participating countries (Kohl, 2019).

The World Investment Report 2022 by UNCTAD states that FDI flows into Afghanistan have dramatically decreased over the past few years, falling to USD 21 million in 2021 from USD 119 million in 2018. The worldwide economic crisis brought on by the COVID-19 pandemic and the Taliban regime's coup in 2021 both played a role in the downfall. The overall stock of FDI was pegged at USD 1.6 billion in the same year. Afghanistan's net inflows of foreign direct investment as a percentage of GDP were 0.14127% in 2021, according to data gathered by the World Bank from reliable sources (World Bank, 2023; Trading Economics, 2023).

11. Conclusion

In conclusion, our extensive literature research on the Belt and Road Initiative (BRI) integration for Afghanistan's trade connectivity has clarified several important issues. Afghanistan's trade and economic connections with China and the other countries of the region have significantly improved during the past 20 years. Afghanistan has an exceptional opportunity with the BRI to change its

aid-dependent economy into one that is self-sufficient, reliable, and stable.

However, despite BRI's importance for Afghanistan, there is a significant deficit in research in this particular area. Our study has identified and investigated several factors that are essential for comprehending the effects of BRI, such as the relationship between China and Afghanistan, the impact of the Belt and Road Initiative (BRI) on trade connectivity, the level of trade connectivity in Afghanistan, integration, regional cooperation, and diplomacy, as well as foreign direct investment (FDI), social security, and economic conditions.

These factors not only affect but also directly have an impact on the economy of China and the other participating nations. We have offered insightful information on the topic by thoroughly analyzing these determinants. This literature review offers a road map for academics and decision-makers interested in comprehending the implications of BRI for Afghanistan's trade connectivity, serving as a crucial basis for future research initiatives in this field. Furthermore, by emphasizing the relevance of BRI as a transformative project for Afghanistan's economic future, it adds to the larger academic conversation on a national and international level.

Lessons learned from this study will become more important as the Belt and Road Initiative (BRI) develops because they may be used to create successful strategies and policies that will maximize its potential advantages for Afghanistan and the region as a whole.

Conflicts of Interest

It is important to point out that the authors have no conflicts of interest regarding the publication of this work when performing this literature assessment on the integration of the Belt and Road Initiative for trade connectivity in Afghanistan. This review includes a wide range of perspectives and findings from educational sources to give a full and objective evaluation of the amount of knowledge already available on this subject. The lack of conflicts of interest demonstrates our dedication to providing an unbiased and objective synthesis of the literature, ensuring the accuracy and validity of the data reported in this study.

Innovation and Main Contribution of Research

This research on "Literature Review on Belt and Road Initiative's Integration for Trade Connectivity of Afghanistan" is unique and significant primarily because of its in-depth analysis of trade connectivity of Afghanistan. The study provides an extensive understanding of how the Belt and Road Initiative (BRI) affects trade connectivity in this strategically important region by identifying and filling in knowledge gaps in the existing literature. By analyzing how the BRI, regional cooperation, and diplomacy are integrated into trade connectivity, the research contributes to theory and offers useful insights into the impact of these factors.

In addition, policy implications are provided by the assessment of frameworks

for regional cooperation, trade facilitation resources, and infrastructure development planning, which help stakeholders and policymakers make defensible choices about Afghanistan's trade connectivity and economic growth and other comparable contexts. Also, it provides insightful viewpoints on trade facilitation, dispute resolution, infrastructure development planning, and the related prospects for the economy in evaluating existing frameworks for regional cooperation.

Overall, this study improves our understanding of how the BRI affects trade connectivity in Afghanistan and makes significant contributions in the areas of theory, practice, and policy.

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