

# Theoretical Foundations of Geo-Economics vs Geo-Politics and China's Geo-Economic Engagement with Afghanistan

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**Abstract-** Geo-economics studies the relationship between economics and geography. Basic doctrine of geo-economics is that in present world countries struggle not for land and resources but for economic supremacy. Geo-economics is a tool to access the resources by capturing markets. China is a rising power of Asia and to define its role as a peaceful emerging power, China is growing rapidly along with its GDP, industry, population etcetera. Its industry is leading all the industries of the world and capturing world-market. China is the most populous country of the world and its economy demands vast supply of energy from all over the world. It is expected that total demand of energy that China needs will be increased twice in 2030. China is more worried about its growing energy demand. China's interests in Afghanistan are based on geo-economics instead of geo-politics. Historically China followed different policies to develop itself economically vis-a-vis big powers. Diplomatically, China improved its relations with resource rich regions i.e., Africa, Middle East, Afghanistan and etc. China had good relations with Afghanistan's government. China has strong business interests in Afghanistan and for their security China is providing it a massive economic aid. China is improving political relations with Afghanistan because it has a view that when political relations will be good, its companies would work in a better way.

**Keywords:** Geo-Economics, Geo-Politics, Natural Resources, Rising China, Energy

## INTRODUCTION

There are different states in the world; some are small others are big; some are militarily strong and some are weak; some are endowed with rich resources and some are poor. Natural features along with the strategic location give an advantage to a state in its interaction with neighbors.<sup>[1]</sup> State's strategic location and environment plays vital role in shaping state foreign policy and its interaction with other states. Geopolitics emphasizes the effect of geography on the power of state in international system. It elaborates that states' shape their foreign policies according to their surroundings, physical locations and reserves.<sup>[2]</sup> The idea of Geo-economics is oriented from the concept of geo-politics. Geopolitics is an essential feature of world politics. Historically, geography played a vital role in interactions between people. It outlines the uniqueness, nature and history of nations and states. Geopolitics examines the effect of geography on state's foreign policy choices and its status in international system.

## Geo-Politics vs Geo-Economics

This term "Geopolitics" was first used by Swedish political scientist Rudolf Kjellen in 1899. Later in nineteenth

century, geopolitics was highlighted as a field of study by two scholars, Alfred Thayer Mahan and Sir Halford John Mackinder. According to Mahan, a state which controls sea will dominate the world and in order to control sea, it is essential that the state should have strong naval force and other shoreline facilities. Later in 1919, Halford Mackinder further elaborated Mahan's argument and said that the state which controls the land between Germany and Siberia would lead the world and he termed his theory as "Heartland theory". Geopolitics mostly moves around the importance of state location. According to geopolitics the relations between power, location and wealth is very vital. A state which is endowed with good climate will be militarily and economically stronger than other states.<sup>[3]</sup> For understanding the concept of geo-economics, four sub-sections have been devised. The first section gives historical background and genesis of Geo-economics; the second provides different definitions of geo-economics and their explanation; the third presents the components and different aspects of geo-economics, and the last one explains the uses of geo-economics. In the end of this chapter, the theory is applied for this study.

## Origin of Geo-Economics

The term geo-economics was first time used by Jacques Boudeville in 1966 who was a French economic geographer. He believed that theory of liberal growth pole was used in terms of geo-economics, which he considered alternative to geopolitics.[<sup>4</sup>] The proponents of geo-economics argue that emerging new world order would be based on economic competition in global markets instead of conflicts between or within states. Political hostility is expected to change into the law in a peaceful mode, during the period of multilateral economic cooperation and competition. According to geo-economics, free trade will increase the wealth of a nation and consequently, globalization will be an advantage.[<sup>5</sup>] In 19<sup>th</sup> century geo-economics began when decolonization of the world weakened the power of European countries and gave a chance to America to rule the world through international markets. Initially, American leadership faced challenges in becoming global power from those which were against this new system, especially European countries. In this new system, Americans believed that success in international market cannot be gained through capturing territories.

Geo-economics reemerged with the restoration of American President Franklin Roosevelt's 'New World Order' and Breton Woods System, but, failed incidentally due to the shadow of Cold War. After the end of Cold War, geo-economics appeared for the third time and changed the focus of the world from geopolitical to geo-economics priorities.[<sup>6</sup>] This transfer, from military to economy, changed international power system and the foreign policy patterns of the states.[<sup>7</sup>]

## Understanding Geo-Economics

Geo-economics studies the relationship between economics and geography. In Modern world, advancement of technology, free trade, and resources limited the development of geopolitics. In geo-economics, borders are the main obstacles in trade and growth. Economics is important for endurance of states. Especially, during the last half century, growth of economics and culture has remained very vital element in the international arena. Growth of rapid communication started competition which alerted states to pay attention on economic development. The main cause of this competition was economic independency. Basic doctrine of geo-economics is that in present world countries struggle not for land and resources but for economic supremacy. It gives significance to economics, land and geography rather than politics. Geo-economics is like a science that assumes that countries fight not to gain territory but struggle to become economically powerful. Basic factors on which geo-economics depends are raw materials, population, geography, natural resources, industrial capability, technological advancement. In present scenario, due to growing role of geo-economics, the world is facing vital changes

from farming to manufacturing and from manufacturing to information age.[<sup>8</sup>]

In the beginning of 21<sup>st</sup> century, geo-economics studies relationships between economy and space. It examines the space and effects of space on the production of goods and used space in possible ways for the advancement of economy. State's geostrategic location, resources, infrastructure and manpower are included in space. According to philosophy, geo-economics is the combination of politics, economic and history [<sup>9</sup>]. Geo-economics studies the combination of history, ethnic and psychological factors. It focuses on the advancement of internal and external economic interests of the country and its advancement with the purpose of taking important positions which would secure the economy of country, and its position in international system.[<sup>10</sup>]

The pattern of old enmity between states is now called geo-economics.<sup>11</sup> States use different economic means against their adversary, through the advancement in their industry, and by capturing global markets. Economically, development of good relations is necessary but countries do not behave only in economic terms. In war-like situation, when one country wins, and the other loses, then it is called zero-sum game. Fundamental purpose of geo-economics is to change the foundation of global politics in economic terms. According to Edward Luttwak, economic means are replacing military means through money and strengthening the idea of civilian national growth, thus, advancing markets instead of military bases. After the war, states can find their position through geo-economics and compensate their falling geo-political role.

According to this analysis, competition between states can be described in terms of economic competition only. Geo-economics is a doctrine; it is the study of states' economic policies towards international markets. It is exercised among those states in which war is not expected and states struggle for economic gains and not for land. Basically, geo-economics stresses the establishment of global cooperation which proceeds economic cooperation against the expected threat of geopolitics. Geo-economics treats global economic rivalry as the one in which central characters are states. Geo-economics is going to change historical traditions of geopolitical methods.[<sup>12</sup>]

In geo-economics, economic power, technology and area is very vital which replaces the world of political power to economic power, political unions to economic unions and common political interests to common economic interests. Many countries maintain their economic power through forming different economic unions i.e., geo-economics is the main reason behind the formation of European Union, North American Free Trade Agreement, Asian Pacific Economic Cooperation and Group of Eight. This is a geo-economics competition not among

countries but between regions and it is very serious among technological developed regions like North America, Europe, and East Asia.<sup>[13]</sup>

### Components

Geo-economics has different components. Competitive intelligence is a vital component of geo-economics. It can be explained as exploration, analysis and distribution of information which is beneficial for different actors in economy to support geo-economics policies. Information is significant part of geo-economics, which is more relevant in geo-economics rivalry that characterizes globalization. The control and spread of information does not comprise upon knowledge support and forecasting only, but, it is an offensive tool of geo-economics.

The competitive intelligence includes many other things and uses offensive and circuitous ways. In global business, buttonholing, trade policies and misinformation have become very vital. Many countries in the world focused on the necessity of competitive intelligence, like the French government has been getting help on competitive intelligence and Geo-economics policies since 1995.

In Sweden, international economic intelligence policies are generated through creating strong collaboration between government and private business. Similarly, government of Italy has searched some geo-economics policies and has built cooperation among different institutions. A continuous flow of global political and economic information requires adoption of some flexible policies which are essential for state and its business. Competitive intelligence is rapidly becoming a basic factor in making such policies. Involvement of state in such activities requires sharing of massive information between government and private sector to gain some specific objective.<sup>[14]</sup>

### Usage as Strategic Tool

Geo-economics is being used as a strategic tool to grasp influence in international scenario instead of gaining control over territories. Geo-economics is a tool to access the resources by capturing markets. The resources of an economy diminish if they are continuously used, so state needs to compete internationally for its survival. Energy usage has been increasing sharply because economic development depends upon it. According to Abdullah Ozdemir the energy consumption has increased 16 percent just in the first five years of the twenty first century and it is projected that it will increase to 145 percent during 1980-2030. This fast-growing energy consumption requires more energy production and compels policymakers to draw policies in light of the energy requirements. Scarcity of resources can lead a country to think over either importing energy resources or controlling over them strategically by interventions in those countries which have potential for meeting the increasing energy demand. Most of the conflicts are caused because of the high energy demand and high

energy potential in a country. An American intervention in Iraq and African countries are examples of the thirst for energy resources.

According to Abdullah Ozdemir, united states has 25 percent and European union has 16 percent share in world energy consumption. To meet this need, the United States drew a plan for controlling resources of the Middle East and it has taken control over Iraq. Russia is among those countries, which are struggling to secure its beneficial position for energy resources. For that purpose, Russia is showing interests in Central Asian economies for securing energy reserves.

China is the most populous country of the world and its economy demands vast supply of energy from all over the world. It is expected that total demand of energy that China needs will be increased twice in 2030. This high demand of energy resources is increasing the value of energy reserves. For that reason, Chinese government is struggling hard to secure energy reserves and allocating large part of its budget for the growth of its natural reserves. It is giving support to many companies for working abroad to send back resources back continuing smooth economic growth.<sup>[15]</sup> Presently, the United States' economic hegemony is facing challenges from other economically successful countries like China and Japan. Shift in balance of power and rise of China as an economic power explains geo-economics in good terms.<sup>[16]</sup>

### China's Geo-economics Interests in Afghanistan

While discussing geo-economics theory, there is a need to throw light on the nature of China's Geo-economics role in Afghanistan. Basically, China's interests in Afghanistan are based on geo-economics instead of geo-politics which are mentioned

- To gain access to Afghanistan's natural reserves of oil and gas and to fulfill its own energy demands.
- Providing knowledge and economic support to war-tone society and training Afghan workers to support China's economic involvement. To exploit Afghanistan's vast untapped energy reserves and to change these into valuable goods which give profit to war-tone society.<sup>[17]</sup> In spite of landlocked location of Afghanistan, China can gain advantage from its geo-strategic location.
- Afghanistan, China can increase its trade to other regions like West Asia, Persian Gulf, and Central Asia.<sup>[18]</sup>
- Afghanistan is important because it can provide access to China to Indian Ocean and "Strait of Hormuz" to meet its imagined strategic interests.<sup>19</sup>

### Map of Afghanistan's Neighbors



In Afghanistan, both United States and China are competing. Major objective of both states is to gain power. Both are trying to gain control over natural reserves and these reserves are the cause of gaining power. This conflict between them is seemed as futile game which indicates that if both want prosperity then the achievements of one country will be the loss of the other country. According to Edward Luttwak this is Geo-economics which overtakes opponent's goals by using economic.<sup>[20]</sup>

### Application of the Theory

Protecting uninterrupted delivery of energy is basic and vital interest of every state. Every state requires resources. Presently, China is more worried about its growing energy demand. Both Political stability and stable international atmosphere are essential for its continued economic growth and for competing with the world.<sup>[21]</sup> China is one of the world's fastest developing states. China has more than 1.3 billion people<sup>[22]</sup> with its population growth rate being 0.493 percent annually.<sup>[23]</sup> In present days, China has achieved a better growth rate. Due to rapid development of industry and modernization program, its energy demands are increasing tremendously and it makes 17 percent of the entire demand of the world. As IAEA predicts that in 2020 China's total energy demands will be 44 percent.<sup>[24]</sup> China's annual industrial growth rate was 15.7 percent, during 2010<sup>[25]</sup> and its GDP increased with an average of 10.3 percent annually.<sup>[26]</sup>

Along with this, China is booming economically and it is also a permanent member of Security Council. When the economy of a country is tremendously growing and at the same time Country's population is also raising, its level of energy demand increases. At present, China is the second largest energy consumer

country of the world, US being the first. According to WTO, China was the fourth world's largest trading nation after US and Japan in 2002.<sup>[27]</sup> China's GDP was 145 billion dollars in 1978, which grew seven times and became 1040 billion dollars in 2000.<sup>28</sup> In 2004, China's GDP was world's fourth largest GDP. According to the Japanese Economic and Trade Organizations, China was the first one in terms of trade. In 2006, China excelled Japan in terms of largest foreign reserves. Earth Policy Institute gave a report in 2005 that in various fields Beijing is the biggest consumer. In 2006, WTO announced that China is on second number as exporter state. On global and regional level China is portraying its image as a responsible state despite of this massive economic progress. Similarly, China is also considering itself a developing state. <sup>[29]</sup>

China has largest population and domestic energy resources are not sufficient to feed this population. In south and south-west area, China has the reserves of Hydro-electric and in north and northwestern area it has coal and oil reserves. Industrial development of China is increasing day by day and to meet the demand of this industry the state is facing demand and supply gap. Like other state, China's energy demands are also increasing and its 75% of its energy consumption is based on coal which is creating ecological issues.<sup>30</sup>

Growing energy demands of China are creating serious geopolitical problems and in 2004, when its demands increased it came under various studies. From 1980 to 2000, China's electricity and coal demand was raised by 50%. In 2002, its usage of coal was reached 14.4%. There are variety of reasons of China's huge development i.e., fast growing industry, growing economy and population and modernization. This economic progress surprised other industrialized states of the world. <sup>[31]</sup> To meet increased economic progress, China is relying on the reserves of other countries. In 2004, China crossed Japan as oil importing state and in 2006, it was on second number as energy consumer state. <sup>[32]</sup> China has 33% of global coal reserves but due to variety of reasons these reserves are not fulfilling the desired demands. <sup>[33]</sup>

Presently, Chinese products are leading global markets and it is considered manufacturing place of the world, because of this, its demand for resources has increased tremendously. This growing demand of resources is a great matter of concern for China's policy makers. For economic progress and peaceful development, China's search for resources, outside the border, is very important. In the same way, China is supporting many companies to go in those countries that are rich in terms of natural resources and Chinese government is developing cordial relations with those states through trade, giving them loans and providing them support for the development of infrastructures.<sup>[34]</sup> In order



to support companies' abroad, China is creating favorable political environment and also projecting perception about "Peaceful Rise" because many countries consider China's rise as a threat. By creating friendly relations with other countries, China is telling the world that its rise is not putting world-peace in danger rather it is promoting security and advocating human rights.<sup>[35]</sup> In yesteryears, concept of going abroad was not a vision for Chinese companies. While at present, many Chinese companies are working abroad. According to calculations, more than 23 percent of Chinese firms are working out of the country to fulfill its energy thirst.<sup>[36]</sup> China entered in WTO on November, 2001. Its membership gives China an opportunity to enlarge its economy globally and many Chinese companies are taking opportunity and are working abroad.<sup>[37]</sup>

In terms of industry, China is a very strong country. It shares in global industrial production was 2.2 percent in 1999 and grew to 6.6 % in 2002. Chinese imports are increasing with an annual average of 15 percent from 1979, which shows that China is the third largest importer after Germany and United States.<sup>[38]</sup> In 2005, according to China's International Chamber of Commerce, 23 percent of Chinese companies are ready to increase their investment abroad. In 2000, China's foreign investment reserves were \$7.6 billion which were increased in 2005 and reached to \$57.2 billion.<sup>[39]</sup> China's major imports include oil, steel, machinery, chemicals, manufacturing products, grain and industrial materials.<sup>[40]</sup> With the support of government, Chinese companies are gaining access to world's natural energy resources to fulfill country's demand. China is giving loans to mining and petroleum companies and signing long term contracts to get natural energy reserves and fulfill the demand of its industry.<sup>[41]</sup> At the same time, China is developing and beefing up good relations with energy or resource-rich countries and giving them aid, helping them in developing roads and infrastructure etc. United States and other Western countries are worried about China's strong demand for oil, gas, minerals etc. To gain more natural resources, China is looking towards Central Asia, Middle East, Africa and South Asian region<sup>[42]</sup> because Chinese policy makers know the fact that if these rapidly increasing demands of energy are addressed, it would disrupt many socioeconomic and development goals.<sup>[43]</sup>

### **Importance of Economics in China's Foreign Policy**

Historically China followed different policies to develop itself economically vis-a-vis big powers. There are two basic factors behind China's economic policy i.e., domestic and international. On domestic level, China's view was based upon the assumption that world's economy has the power to support China or to put it into danger. On international level, China's relations with other countries guided China's preference in the direction of world's economy which occasionally restrained China's choice. The economic relations of China with Soviets were developed

when USSR was ready for bilateral trade with China. Towards world's economy China's followed all three strategies of alternative system, isolationism and open-door policy.<sup>[44]</sup>

In China's foreign policy, economics is very important. China is using trade as an instrument of foreign policy. It is giving preference to bilateral trade with other countries. Through trade China imports raw material from other countries to fulfill the need of its industry. China is importing oil from other countries and investing in these countries for long-time interests. This long-time investment will give economic benefit to China. To make its economy an instrument of foreign policy, China is participating in world institutions like World Trade Organization, General Agreement on Tariff and Trade, Association of East Asian Nations, Asia-Pacific and Economic Cooperation, International Monetary Fund, International Development Association, International Financial Cooperation and International Bank for Reconstruction and Development etc. China is strengthening economic ties and its relations are based on five principles of peaceful co-existence. It is increasing its economic role with other countries, so that its economic relations with them will be enhanced.

### **China and Region's Natural Resources**

Diplomatically, China improved its relations with Africa and in past few years, different Chinese leaders made many visits to Africa. Due to good political ties, China signed several accords with African countries, for the import of oil. Africa is already exporting 28 percent of its oil to China. Angola is exporting 13 percent and is the biggest provider. For more oil exploitation, China is giving loans to Angola and is sending engineers and workers for more oil exploration. In Africa, Nigeria is another country from where, China is importing oil. China is largely eager in the exploitation of Congo-Brazzaville shoreline. China is interested in Africa, not only because of oil reserves but also for showing its interests in mining deposits of copper, like in Zambia's Chambishi Copper field. For power production, China is interested in the uranium reserves of Zimbabwe and developing high-carbon Ferrochrome manufacturing yard. In South Africa, China has a concern for the exploration of Gold and Chinese biggest gold producer company is the partner of South African biggest gold producer firm.

In Southeast Asia, China is engaging not only for economic means but also for increasing security cooperation. In comparison with other countries, China's influence in Southeast Asian countries is increasing. Through bilateral trade and security cooperation, China is increasing its influence in these countries. China is playing positive role in South East Asia, which is giving a responsible image to these countries. China is gaining vast variety of minerals from Myanmar. Regarding aluminum import,

China has relations with Vietnam. In Philippines, China is involved in Nonoc Mining project of nickel. Both countries are enhancing their bilateral trade cooperation along with mining, agriculture and tourism.<sup>45</sup> Through ASEAN and FTA, China's trade with these countries has increased. Along with economic interaction, China is increasing security partnership with these countries and is giving military aid, and conducting joint military exercises.

To some extent, South Asian region is also important for China. For gaining economic interest, China is showing that it is the largest market for South Asian goods' and is, therefore, investing there on large scale.<sup>46</sup> In Central Asia, China is engaging for fulfilling its growing energy thirst. Presently, China's energy demand is growing tremendously, especially the demand for oil. China is signing different energy projects which are part of its energy policy and Central Asian states are encouraging China for their own respective needs. China has concluded different agreements for China-Central Asia oil pipeline and has put in, extensive money. Along with this, China is working on roads and railway links that will connect it with West Asia, Europe and Russia. In Central Asia, China is working for peaceful borders for continuing the flow of energy supply and for countering terrorism and separatist movements.<sup>47</sup>

China's political and economic policies in the Middle East are very important. In Middle East, Iran exports 11 percent of its oil. China has agreed for the construction of Iran's biggest oil field and it will get 250 million tons of natural gas, for 30 years. In response, Iran showed its willingness for export 150,000 barrels oil daily, for 25 years. In near past, China's oil relations with Saudi Arabia were developed. In 2005, China was importing 450,000 barrels of oil from Saudi Arabia and in the same year, bilateral trade of 14.5 billion dollars was recorded. In 2006, officials of both countries exchanged their visits and signed different agreements. Since 2000, China is investing in Sudan's oil field and it has constructed numerous oil projects, pipelines, refineries and a port. Many Chinese companies are exploring oil in Sudan and are delivering it to China, via Red Sea. Middle East is important for China, not only due to oil but it is also a trade partner of China.<sup>48</sup>

From ancient times, Afghanistan held important position as a trading route between China and European countries and the deposits of "Hindu Kush" has attracted merchants all over the world. But these resources remained underdeveloped throughout the history of Afghanistan because of internal conflicting situation. Many powers like British, French, German, Soviet Union and United States did their best to exploit these deposits but none of them could reach to the depth of these reserves.<sup>49</sup> Afghanistan has extensive variety of mineral resources, which increased attention of all powerful countries of the world.<sup>50</sup> Some

of these mineral deposits are discovered but vast variety of these is untapped because of lack of technology and country's war-like situation. Exploration of these mineral reserves requires availability of roads and a secure internal condition in which foreign companies could operate easily.<sup>51</sup> In 1937 an oil company from India found a special oil grant in Afghanistan but after this victorious discovery, the said company discarded the project mainly because of the problem of transportation and also because of Afghanistan's internal political environment.<sup>52</sup> This rejection stunned Afghanistan.

China is an oil importing country and in 2010 its oil and gas deficit was 100 million tons and 30 billion tons respectively. Its demand for oil and gas has increased as compared to coal. Domestic oil production has not met the demand of consumption and as a consequence, China has been importing oil since 1993. China, as a peacefully rising country, must uphold its control over the deficit of natural resources to fulfill the demands of its growing population along with its economic growth. China is exploring natural reserves beyond its borders.<sup>53</sup> Afghanistan has the coveted reserves of oil that were discovered in 1925. In 1973 when Daoud came into power he showed little interest in oil exploration. Two years later, in 1975 oil reserves of improved quality were discovered at Aq-Darya. In 1976, a good quality oil reserve was discovered at Qashqri comprising of 12 million tons but due to unfavorable country situation this was not largely explored. At the same time, oil explorations continued in other parts of country like "Helmand Basin", "Dasht-i-Margo" and in the adjoining areas but exploration efforts were stopped due to a coup. In 1978, little quantity of oil resources was discovered in Herat.<sup>54</sup> In 1963, Natural gas was discovered at Khawaja Gugirak area, which is rich in mineral resources. In 1979-80, more gas reserves were discovered in Afghanistan, which had a capacity to produce a quarter million cubic meters, daily.<sup>55</sup> Although these oil and gas reserves are in little quantity but these reserves can be further explored by China to fulfill its energy thirst.

In 2006, China was the only country which used metals on a large scale, throughout the world. In 2007, China left US behind in the use of copper, iron ore, zinc, aluminum and the like. From 1990, China's demand of metal had grown up to 10 percent annually and in the last few years an increased demand was observed. China's own output for many metals has increased twice. China is a major manufacturer of iron ore, zinc, coal and many other metals but this does not fulfill its requirement growth. Chinese officials are anxious that in future this demand will further increase and will create "geopolitical" dilemma.<sup>56</sup> In terms of resources exploration, China's demand of mineral reserves, present in other countries, has recently increased. For instance, iron demand has increased in the past few years and at the same

time Chinese authorities are concerned about Bauxite in which China is lacking.<sup>[57]</sup>

After 9/11 United States intervened in Afghanistan and found strong energy reserves. According to senior American government officials, Washington has founded untapped mineral reserves of \$ I trillion which can dramatically enhance the fate of Afghanistan and its economy. Afghanistan has vast deposits of copper, iron, gold and cobalt. It can attract world attention and Afghanistan can become the center of world mining. A group of American geologists discovered huge mineral reserves but Afghanistan's president said that there is no doubt that Afghanistan's mining has great potential but it would take much time before it would become profitable, offering jobs and support to the economy of conflict-ridden country. These new discoveries can support war tone economy of Afghanistan which is based on drug trafficking, opium and foreign aid. At present Obama's administration is waiting for listening to some good news from Afghanistan. But at the same time, it is feared that the discovery of these minerals can make the situation more brutal, for insurgents have increased their activities in these areas to gain control. America is also feeling fear from China which is greatly involved in Afghanistan and disturbing United States vast investment. China is industrially rich country but is lacking the resources of energy and minerals, while on other hand Afghanistan has no significant industry which is capable to utilize these deposits. So, in this case, China is major among regional states which can play vital role. Recently China won the bid of Anyak copper project in Afghanistan. Secondly, as mentioned above, China is defining its role as a responsible power. Mineral deposits are not in one place, these are scattered in different areas of the country. Till now, massive reserves of iron, copper, niobium and gold are found in the south of Afghanistan. The reserves of this country know no bounds. The extent of the variety and quantity of the reserves can be imagined by the fact that according to a survey of the geologists of United States, Afghanistan has deposits of lithium more than Bolivia, which has the largest world lithium reserves.<sup>[58]</sup> There are a lot of problems behind these reserves. Firstly, to find these treasures and to bring them to ground is very difficult and secondly providing security to workers is also impossible. The irony with American companies is that they are not taking risk of this project in unsecured areas, but China being the neighboring country of Afghanistan is taking that risk. Many Chinese companies are working on different projects of Afghanistan and recently one China's company won the tender of Aynak copper field in Afghanistan's Logar province.<sup>[59]</sup>

Historically China had good relations with Afghanistan's government. During Taliban regime, China maintained its informal relations with Taliban and delegations from both sides were warmly welcomed. First unofficial delegation of China visited Afghanistan in 1998. During the visit, both parties agreed on a seven-point agenda, China showed its willingness to train Taliban army and in response Taliban showed their willingness not to provide any kind of assistance to Xinjiang Muslims. In 1999, a commission, comprising of business-related people,

visited Afghanistan and started trade between China and Afghanistan. It also thought on possible ways of opening unofficial embassy in Kabul.<sup>[60]</sup>

## Conclusion

China's strategy towards Afghanistan will give it benefits for many years. China has not militarily involved its forces in war on terror. It is maintaining cordial relations with Afghanistan and is providing economic support to its government. China is following the policy of treating religious movement, diplomatically. For that purpose, China is using Pakistan's military and religious parties to negotiate with those groups which are threatening China. Before 9/11, China and Taliban initiated a pact, according to which Taliban would avoid China's Xinjiang territory. China is pleased with Pakistan's cordial relations with Taliban because it is beneficial for China's security. China is following two kinds of strategies in order to control the threat of Taliban. At limited level, China is developing relations; through security officials, with large number of insurgents. At broader level, China is supporting the view that for any peaceful solution of Afghanistan there should be a space for Taliban in future government. Undoubtedly, China's disappointment with terrorists' groups is clear, but it also shows its eagerness to work with anyone who comes into power in future. On the other hand, those groups which are threatening to China are relatively small. East Turkestan Islamic Movement and Turkestan Islamic Party leaders were killed in 2003 and 2010 respectively and at present they are insignificant. Counterterrorist experts of China are not considering these a big threat and are dealing with them in a less important manner.

In short, China is world's fastest growing economy and its industrial development is shocking the entire world. This fast-developing industry is demanding massive reserves of minerals which are necessary for its development but its domestic reserves are insufficient. On government level, China is supporting its companies to go into other countries which have strong untapped energy reserves and for that purpose these companies are not shrinking back from working in dangerous areas.

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