

October 4, 2021

Afghanistan, Part IV: China

In [Part I](#) of this report, we reviewed the history of Afghanistan and why great powers have fought over it for centuries. [Part II](#) examined how the United States exit from Afghanistan will affect Pakistan, India, and Iran. Last week, [Part III](#) focused on how the U.S. exit will play out for Russia and the Central Asian countries. This week, we wrap up the series with a look at the implications for China and beyond, along with a discussion of the overall investment ramifications of the U.S. withdrawal.

Historically, China has tried to maintain a relatively low profile in Afghanistan. However, the U.S. troop withdrawal from the region has forced China to confront the problems that it has hoped to avoid. Without a U.S. presence in the region, Islamist extremism could potentially run rampant along Chinese borders. Additionally, instability in Afghanistan could hinder Chinese efforts to expand its influence into Central Asia and the Middle East. As a result, we suspect that China will embark on a potentially costly effort to fill the power vacuum left by the U.S. in Afghanistan. In this report, we will discuss how the U.S. withdrawal impacts China and how China may look to stabilize the region.

History of Afghan-Chinese Relations

Despite sharing a border along the Wakhan Corridor with Afghanistan, China has never had major influence within the region. For much of the 20th century, Afghanistan was mostly influenced by the Soviet Union. A

smaller power at the time, China had resisted getting involved in the affairs of other countries. This changed in 1979 when the Soviet Union invaded Afghanistan. Fearing encirclement, China offered Afghan Mujahideen moral and military support. Following the Soviet Union's subsequent withdrawal from Afghanistan in 1989, China stood on the sidelines as the country devolved into civil war. When the Taliban took control over the country in 1996, China—along with other major countries—did not recognize it as the country's legitimate government.



(Source: Wikipedia)

China maintained its noninterventionist policy toward Afghanistan even after it became clear that there was going to be an international effort to control the region. Although China did support U.N.-backed military operations against al Qaeda and the Taliban following the 9/11 attacks, China rejected requests to send some of its own troops to help. Instead, it agreed to provide training to Afghan troops and policemen for the Afghan government. China has frequently attributed its unwillingness to support military intervention to a disagreement on tactics. However, its

reluctance may have had more to do with not wanting to expend resources on efforts it assumed would be fruitless.

Due to its proximity, China has always tried to maintain a healthy relationship with Afghanistan. In 2006, China and Afghanistan signed the Treaty of Good-Neighborly Friendship and Cooperation. Largely symbolic, the agreement laid the groundwork for bilateral relations between the two countries. Along with this agreement, the two sides discussed working together to combat terrorism, organized crime, and drug trafficking. Most recently, China received assurances that the Taliban would [prevent the country from becoming a staging ground for military extremists](#).

Uighur Conflict

Following U.S. withdrawal from the region, China's chief goal is to prevent Afghanistan from emerging as a haven for Islamist extremist groups. It has focused particularly on containing the East Turkestan Islamic Movement (ETIM). Based in Xinjiang, ETIM is a Muslim extremist group founded by militant Uighurs. The group's aim is to form its own state called East Turkestan that would include parts of Turkey, Kazakhstan, Kyrgyzstan, Uzbekistan, Pakistan, Afghanistan, and the Xinjiang Uighur Autonomous Region (XUAR) of China. The group has taken credit for a series of attacks in major Chinese cities in 2008 and has often sought refuge in Afghanistan and Pakistan. Up until recently, the group was considered a terrorist group by the U.S. State Department.¹ China has struggled to contain the group's reach as it has amassed an online following and worked with other extremist groups, including the Taliban.

¹<https://www.theguardian.com/world/2020/nov/06/us-removes-shadowy-group-from-terror-list-blamed-by-china-for-attacks>

As a result, the Taliban takeover of Afghanistan has added to China's woes. Under the Taliban regime from 1996 to 2001, Afghanistan became a reliable base for the ETIM. The Taliban not only sent the ETIM weapons, but it also [trained over 400 Uighur separatists](#). During the U.S. war in Afghanistan, the ETIM fought side-by-side with the Taliban against NATO-led forces. The two sides even fled together following the U.S. takeover of the region. The ties between the groups are likely too close for China to ever fully trust any Taliban-led government. Therefore, [recent guarantees from Taliban spokesman Suhail Shaheen](#) that the ETIM have left Afghanistan likely won't be trusted. [Divisions within the Taliban leadership](#) further add to the uncertainty of whether the group can reliably contain Islamist extremism within the country. This was laid bare in August, when a [suicide attack at a Kabul airport](#) killed Afghan evacuees and U.S. troops mere hours after Taliban spokesman Zabihullah Mujahid denied that an attack was imminent.

Deeply divided by tribal lines, Afghanistan has rarely had one group in control of the state. China's lack of experience and historic reluctance toward military intervention suggest that it is likely unprepared to tackle this problem alone. Therefore, China will likely need the help of other countries, including the U.S, to contain terrorism within the region. It is possible that China will lean heavily on Pakistan, Iran, and Russia for support. These countries all have deep ties within Afghanistan and thus could be useful in providing intelligence and exerting their influence over factions operating within the region. That being said, China also seeks U.S. cooperation in anti-terrorist and rebuilding efforts. In August, Secretary of State Antony Blinken and PRC State Councilor and Foreign Minister Wang

Yi [discussed coordinating efforts to stabilize Afghanistan.](#)

March Westward

In an article in the *Global Times*, Peking University professor Wang Jisi articulated a strategy called "March West." The central theme is that as the United States pivots its attention toward the Indo-Pacific, China should turn its focus westward toward Central Asia, South Asia, and the Middle East. China's expansion into Afghanistan could be key in this pivot, but it would have risks. The move could make it easier for China to secure energy resources and commodities through Eurasia. Since the U.S. has the ability to blockade shipping lanes, creating alternative overland routes would be an attractive option for China. It would also provide China with the ability to expand its reach. However, complexities within the region could complicate efforts of bringing Afghanistan into China's orbit.

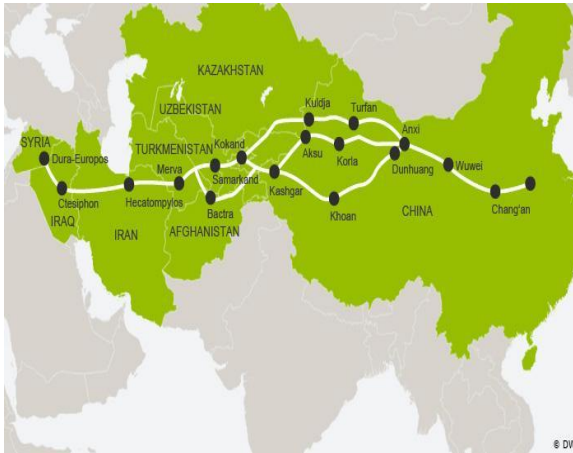
Although China likes to portray itself as being a prominent player in Afghanistan, it has very few economic ties to the country. This will likely have to change. Even though Afghanistan was admitted into the Belt and Road Initiative in 2013, Chinese firms have shown little interest in investing in Afghanistan. The two exceptions were investments in the Aynak Copper Mine and the Amu Darya oil exploration project. Combined, the investment projects total \$3.4 billion. That sum is relatively paltry when compared to neighboring Pakistan, which has received more than \$87 billion for over 120 projects. All the same, China's apprehension regarding Afghanistan may be well founded. Since the U.S. has withdrawn its troops, there have been attacks throughout the country. Until China is assured that there is a stable government in control of Afghanistan, investment projects

will be very risky, particularly those related to infrastructure.

Next to the security risk, the biggest obstacle preventing China from integrating into Afghanistan is its lack of development. Afghanistan is one of the poorest countries in the world and needs extensive investment before the country can become a viable export market. Although Afghanistan is endowed with various natural resources, including lithium, iron, copper, and cobalt, the country's limited infrastructure makes it difficult to develop them. In Africa, China has overcome this problem by co-opting government leaders into giving it preferential treatment. In contrast, Afghanistan's lack of stable leadership makes it difficult for China to discern who it needs to co-opt. Hence, the Taliban's reputation for being fractious makes it an unreliable partner, and the Taliban's quick takeover of Afghanistan raises the prospect of another civil war in the future.

Accordingly, China may decide to be patient before dedicating major resources to Afghanistan's development.

However, there is a major upside for China if it can turn things around. A stable Afghanistan could provide China with an opportunity to build itself a shorter route to the Middle East. China has already discussed the possibility of building a motorway that would connect Pashawar with Kabul. Additionally, a proposed pipeline in the region would make it easier to draw resources such as natural gas and oil from other Middle Eastern countries. Thus, rebuilding Afghanistan could provide China with more resource security.



(Source: Deutsche Welle)

Conclusion

"Afghanistan has long been considered a graveyard for conquerors — Alexander the Great, the British Empire, the Soviet Union and now the United States. Now China enters — armed not with bombs but construction blueprints, and a chance to prove the curse can be broken."

– Zhou Bo, a senior colonel in the People's Liberation Army, 2003-2020

In nearly every state-owned publication from China, Beijing has consistently made the case that it is the real winner following the U.S. withdrawal from Afghanistan. In this view, China portrays itself as ready and willing to solve the problems left behind by the U.S. However, this may not be how China actually feels. Despite its rhetoric, China was consistently freeriding on U.S. security in Afghanistan. Now that the U.S. has left Afghanistan to focus more attention on the Indo-Pacific, China is being forced to pick up the pieces left behind. The benefits of greater access to Afghan resources are largely offset by elevated risks of political instability and the immense amount of investment needed to make the country viable. As a result, China may need to be in it for the long-haul if it wants to reap the rewards of the U.S. withdrawal.

Although China does have ties to Afghanistan, it has a long way to go before it can comfortably engage the country. The key to China's success within the region will be its ability to create a coalition that will help it rebuild Afghanistan. History suggests that China will not be able to trust the Taliban. Thus, it will need Pakistan, Russia, and, to some degree, the U.S. to play a crucial part in order to prevent Afghanistan from devolving into civil war. If Afghanistan does stabilize, China will gain greater access to markets in the Middle East and raw materials. Nevertheless, we believe it is unlikely that China will become militarily involved in Afghanistan. For cultural and historical reasons, China has shown a limited appetite for invading other countries. Therefore, we expect it to do so only as a last resort and, even then, likely as part of a U.N. peacekeeping mission.

Ramifications

Geopolitical power vacuums can create winners and losers. While China has suggested it was the winner from the U.S. withdrawal, in reality, the real winner might be the United States. Although the exit was chaotic, moving out of Afghanistan allows Washington to focus on other issues. That in and of itself is a benefit. China could be a loser in this outcome because a key "other issue" that the U.S. will now be able to focus on is China. Russia would likely be second.

Along with the dustup over Australia's exit from a submarine deal,² the EU complained bitterly about the lack of consultation over the U.S. exit from Afghanistan. These events reveal America's current foreign policy preferences, showing Brussels that it isn't front of mind with Washington anymore. That scenario is a negative factor for European financial assets. If the EU is

² A topic of a future WGR.

going to have to manage its own security, the costs and perhaps even its stability are in question.

In terms of markets, there are two areas of concern, China and India. Emerging markets are dominated by China. Recent policy turmoil over the future regulation of tech firms and industrial policy have weakened Chinese equities. Although Afghanistan is a lesser issue compared to these more prominent concerns, it does add to potential instability and makes Chinese investments

less attractive. India, another major emerging market, falls into this category as well. If insurgent groups in Afghanistan begin attacking disputed areas in India, it increases uncertainty there. Oil prices, already elevated, could be lifted further if instability in Afghanistan adversely affects Iran and other parts of the Middle East.

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