
CHINA'S 540\$ MILLION ENERGY DEAL WITH TALIBAN IN AFGHANISTAN: WHAT DOES IT MEAN?

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01.03.2023

Modern Diplomacy (27 February 2023)

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The Taliban celebrated the signing of their first international deal since taking power in August 2021 with a televised event on January 5, 2023. The document signed is a contract for the exploitation of oil reserves in northern Afghanistan with a Chinese business. In accordance with the agreement, Xinjiang Central Asia Petroleum and Gas Co (CAPEIC) will contribute \$150 million annually to Afghanistan, rising to \$540 million for the 25-year contract in three years. The initiative is focused on a 4,500 square-kilometer region that spans three northern Afghan provinces: Sar-e Pol, Jowzjan, and Faryab. The latter two are Turkmenistan's borders. After the US soldiers withdrew in August 2021 and the Taliban overthrew the U.S.-backed government, Afghanistan's aid-dependent economy crumbled. The administration is attempting to stabilize the economy by luring in investments that will provide work for Afghans who are suffering from hardship. One of the few available economic choices is the development of mines and hydrocarbon resources where energy can play a significant role. Besides, in the regional domain, China can play an important role in terms of political and economic prospects. Hence the deal came across.

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