The INDEPENDENT

An IoS investigation: To the Chinese and the Indians, the spoils of a terrible war

Allies pay in blood while others plot to exploit Afghanistan's rich natural resources

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The money and blood pit that is Afghanistan – where the US and Britain have expended more than 2,100 lives and £302bn – is about to start paying a dividend. But it won't be going to the countries which have made this considerable sacrifice. The contracts to open up Afghanistan's mineral and fossil-fuel wealth, and to build the railways that will transport them out of the country, are being won or pursued by China, India, Iran, and Russia.

Click HERE to view 'land of opportunity' graphic

The potentially lucrative task of exploiting Afghanistan's immense mineral wealth – estimated to be worth around £2trn, according to the Kabul government – is only in the early stages. But already China and India in particular are doing deals and beginning work. Facilities already established are being protected by local army and police, part of whose funding, and most of whose training, has been a US/UK responsibility.

The anomaly of two Afghanistans – one of massacres, roadside bombs, and battles with the Taliban, the other of commercial deals in the hundreds of millions – is not lost on observers. Conservative MP Andrew Rosindell, a member of the Foreign Affairs Select Committee, said: "The Chinese are self-interested. I don't blame them for that. But it is on the backs of the sacrifice made by [the] British and Americans and others, the sacrifices we have made which we hope after 2014 will lead to a more stable and secure Afghanistan, and for the Chinese to capitalise on that doesn't go down well. I don't think it will go down well with the British public. China is a wealthy country in today's world and it's wrong that they are not prepared and haven't been prepared to contribute to the enormity of the task that we have had to face in dealing with Afghanistan."

Dr Richard Weitz, Senior Fellow and Director of the Center for Political-Military Analysis at Hudson Institute said: "From our perspective, China should have done more in terms of security. From their perspective, they didn't need to; they could free-ride, we were going to do it anyway.

They didn't see any point because all they would do is incur a lot of sacrifice and antagonise the Taliban and the global terrorist movement, and they'd rather let us incur that."

But others think any involvement in Afghanistan's development, especially by regional powers, is beneficial. Peter Galbraith, former deputy head of the UN mission in Afghanistan, said: "Western companies are exceptionally timid when it comes to operating in places where there is even the remotest hint that it might be a little risky, and the Chinese are not and are willing to go to these places. And the Chinese have business practices that Western countries ... let's just say that Chinese generosity towards local officials exceeds that of what Western companies are capable."

Afghanistan's mineral wealth extends over a huge range of valuable resources: iron, gold, copper, niobium (used in hardening steel), uranium, marble, cobalt, mercury, caesium, molybdenum (a metal which can withstand high temperatures and is used to make various alloys), and other rare earth minerals. The country has especially valuable deposits of lithium, the metal used in the world's batteries. Indeed, a Pentagon official is on record suggesting that Afghanistan could be "the Saudi Arabia of lithium".

As far back as 2008, China agreed a deal to develop the Aynak copper mine in Logar province. This is said to be the world's second largest deposit of high-grade copper. The Afghan National Police has deployed 1,500 officers to guard the mine, while some 2,000 US soldiers provide general security in the province.

An Indian consortium has secured the rights to two blocks in the huge Hajigak iron ore field, the other block going to a Canadian firm. India will also contribute to the establishment of an Institute of Mines in Kabul, and last October signed a strategic partnership with Afghanistan.

The deals are not confined to minerals. In late December, China's state-owned National Petroleum Corporation (CNPC) won a contract for three oil fields in Zamarudsay, Kashkari, and Bazarkhami in the northern provinces of Sari Pul and Faryab, which will make it the first foreign company to exploit Afghan-istan's oil and natural gas reserves. The intention is that CNPC will build a refinery within three years, and this will be guarded by dedicated units of Afghan police and army.

Chinese state firms have also been involved with seven infrastructure projects, including roads in Kondoz and Jalalabad. They have also won contracts for telecommunications systems in Kandahar and Kabul. And last year, the Asian Development Bank announced it had allocated more than $200m for the development of the gas wells of Sheberghan, and an attendant pipeline. Italy, Turkey and Germany are also actively pursuing deals.

American and British involvement is low-key at present. PricewaterhouseCoopers is advising the Ministry of Mines in Kabul, and the US bank JP Morgan is active, having put together a consortium that won rights to the Qara Zaghan gold deposits.

Many point out that security, especially after US forces cease active operations in 2014, will be crucial, and could yet scupper major exploitation. But Afghanistan has just opened its first major railway and is planning half a dozen more. China, Iran, Pakistan and India all have government or corporate plans for separate rail projects across Afghanistan. Turkmenistan is completing its own plans for another line, and it was Uzbekistan that built the first major rail link, a 47-mile line from the border town of Hairatan to Mazar-i-Sharif in the north of Afghanistan.

Andrew Grantham, an editor for Railway Gazette who runs a website chronicling the history of Afghanistan's failed rail projects of the past, says: "It's not just people drawing lines on maps and saying, "Wouldn't this be nice?"

For now, plans for Afghanistan's railroads are progressing bit by bit. As part of its agreement to develop a massive copper mine in Aynak, the China Metallurgical Group Corporation (MCC) is being asked to build a 575-mile railway from the mine, south-east of Kabul. One branch would head to the Pakistani border, another in the opposite direction through the capital and connecting with the new Hairatan line in the north. The Afghan government is also negotiating with the Indian-led consortium that won the contract for the equally huge iron deposits at Tajigak in central Afghanistan for the companies to fund a 560-mile railroad – likely through Iran – to bring out the heavy ore.

The plan is to build a series of short, cross-border tracks to Uzbekistan, Turkmenistan, Tajikistan, Pakistan and Iran. The tracks would connect to each other inside the country's north by railways built by Iran from the west and China from the east.

"We would be able to import and export to Russia, Turkey, and even European countries," says Noor Gul Mangal, Afghanistan's deputy public works minister. Opening new transport gateways would also reduce Afghanistan's dependence on neighbouring Pakistan as its only link to sea ports.

Sir William Patey, the outgoing British ambassador to Afghanistan, made an impassioned plea that countries investing in post-war Afghanistan "protect their assets" by making greater contributions to the security budget. "We welcome foreign investment from these countries if it improves infrastructure and improves the prospects of ordinary Afghans," he said. "We welcome Russian and Chinese investment, we want to see Pakistan and India invest in copper and oil and gas. But it would be even more heartening if these countries could set aside a budget to help with the security effort; particularly after coalition forces leave.

"There seems to be an assumption that Afghanistan, Britain and America will cover security. But it really needs a more collective effort from the international community; particularly with a security bill that is now more than £4bn a year."

Additional reporting: Kunal Dutta and Brian Brady

The expert views

"Chinese investors – who are able to brush off risk, ignore the bottom line, and grease palms as needed – have capitalised effectively on the sacrifices made by Isaf [the US-led coalition] partners over a decade."

Dr Frederick Starr

Chairman of the Central Asia-Caucasus Institute, Johns Hopkins University, Washington

"China has been willing to take some economic risks in that regard .... Mining and other extractive industries are likely to be profitable in Afghanistan only in conditions of relative security and so what you might be saying is that China is betting on our success and we should be welcoming others to do the same, including our own investors."

Ambassador James Dobbins

Director of the RAND International Security and Defense Policy Center, and a former Special Assistant to the US President

"Russia and Uzbekistan have gained by transiting goods into Afghanistan. China has gained by scooping up untapped mining wealth. And yet, these and other neighbouring states, save for Pakistan, avoided sharing the burdens of war."

Malou Innocent

Analyst at US think tank the Cato Institute

"I see China, on balance, playing a positive role. On the security front, nobody wanted to see a rising Chinese military power intervening in Afghanistan .... On the economic front, China bought a huge chunk of US government debt, which in turn financed US military intervention in Afghanistan ... China is also an inspiring, market-friendly role model for developing countries in the region."

Dr Leif Rosenberger

Economic Advisor, US Central Command

"China will be a net economic winner upon a US withdrawal. But so what?"

Aziz Huq

Assistant Professor of Law, University of Chicago Law School