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Lost in Transition

Gold Mining and the Political Economy of Takhar, Afghanistan

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The Serious Organised Crime & Anti-Corruption Evidence (SOC ACE) research programme aims to help 'unlock the black box of political will' for tackling serious organised crime, illicit finance and transnational corruption through research that informs politically feasible, technically sound interventions and strategies. Funded by the UK's Foreign, Commonwealth & Development Office (FCDO), SOC ACE is a new component in the Anti-Corruption Evidence (ACE) research programme, alongside Global Integrity ACE and SOAS ACE. SOC ACE is managed by the University of Birmingham, working in collaboration with a number of leading research organisations and through consultation and engagement with key stakeholders.

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Acronyms and abbreviations

ASM	Artisanal and Small-Scale Mining
BRI	Belt and Road Initiative
GI-TOC	Global Initiative against Transnational Organized Crime
ISKP	Islamic State Khorasan Province
MoMP	Ministry of Mines and Petroleum
NATO	North Atlantic Treaty Organization
UN	United Nations
US	United States

Summary

Following the fall of Kabul in August 2021, the economy of Afghanistan has been severely weakened due to the withdrawal of foreign aid and the freezing of internationally held assets. This has led to a sharp increase in poverty within the country which has placed pressure on the new Taliban-led government to establish new sources of income. Although the Taliban has previously relied on illicit and informal economies, now that they have consolidated power, it is highly likely that they will seek to capitalise on Afghanistan's vast mineral wealth and the growing global demand for energy-critical and green minerals.

This international demand offers opportunities for Afghanistan's economy but also presents considerable risks as foreign actors move to gain access to its mineral deposits to support their own economic development. Furthermore, competition for control of mineral wealth and associated revenue sources has led to tension and conflict between various stakeholders, including Taliban factions, local strongmen and businessmen. This has limited the ability of the Taliban-led government in Kabul to benefit from the extraction and sale of its natural resources.

This paper examines the emerging dynamics, risks and opportunities within Afghanistan from the perspective of the gold mining industry in the north-eastern province of Takhar. While Afghanistan has relatively small value deposits compared with other resources, insights into the evolution of political economies surrounding the gold sector, its role in the economy and foreign intervention, shed light on broader dynamics of the extractives industry in the country.

1. Introduction

The fall of Kabul on 15 August 2021 and the reinstatement of the Islamic Emirate of Afghanistan under the Taliban marked a watershed moment for the country, both in terms of internal power dynamics and its international relationships. At the time of writing, no country recognises the Islamic Emirate as the successor of the Islamic Republic of Afghanistan and only informal diplomatic contact has been made from a limited number of countries (Dutta, 2023). Furthermore, the sanctions regime on the Taliban remains largely in place (with some humanitarian exceptions) (Gillard, 2022), severely restricting the transfer of funds into the country. Such sanctions in combination with the freezing of assets held abroad, most notably US\$7 billion of Afghan central bank reserves in the United States (US), and the withdrawing of foreign aid, has placed considerable economic and financial pressures on the Taliban (Shaw & Hunter, 2021).

After the fall, commentators attempted to understand the impact such a political and economic shock would have from a socioeconomic perspective. They also debated how the Taliban could establish a viable income stream following the ending of foreign investment and the loss of a significant amount of the country's cash reserves (Hunter, 2021). As the Taliban has raised funds through the illicit and informal economies throughout its existence, it was suspected that it may expand its reliance on industries such as poppy cultivation, ephedra cultivation and methamphetamine production (Smith, 2020; European Monitoring Centre for Drugs and Drug Addiction, 2021). However, as the Taliban have consolidated power, it is highly likely they will also seek to capitalise on the country's vast mineral wealth.

Afghanistan is regarded as one of the most resource-rich nations in the world. In addition to significant petroleum deposits, estimates of the value of non-fuel mineral deposits in the country range from US\$1 trillion to US\$3 trillion (DeWitt, Sunder & Boston, 2021). Afghanistan has a rich mining history stretching back millennia, but much of Afghanistan's mineral wealth remains unexploited for various reasons, including lack of accessibility, poor infrastructure, weak governance and high levels of insecurity. In 2017, it was estimated that the Afghan mining sector accounted for 5.4% of the country's exports and 0.9% of its GDP (Afghanistan Extractive Industries Transparency Initiative (AEITI), 2019). However, these figures exclude unlicensed and illicit mining activities which were estimated by some to be 300 times the official government figures (Lakhani & Corboz, 2017).

Competition for rents and the control of the numerous mineral sectors in Afghanistan has historically led to tension and conflict between the various stakeholders seeking money and power (among which are the Taliban, local strongmen,¹ businessmen and even foreign interests) (Lakhani & Corboz, 2017). Thus, the minerals sector is likely to

¹ Also known as local warlords, but this term can be misleading. Although today Afghan warlords claim legitimacy through hereditary tribal leadership, many would be better described as local strongmen ruling through coercion, patronage and funded through a variety of criminal and illicit enterprises (Thachuk, 2020).

heavily shape not only domestic political economies, but also relations with regional neighbours and global mineral supply chains.

In particular, Afghanistan has vast endowments of minerals which are critical for the energy transition. Increasing international demand for green energy minerals is expected to place further pressure due to increasing foreign interest in the mining sector from regional powers such as China, which is reliant on such minerals for its economic security, and which has come to dominate the global critical mineral supply chains (Castillo & Purdy, 2022). Securing critical energy supply chains has also been highlighted by the US, as well as other countries, as necessary to combat national and economic security threats (The White House, 2022). Described as energy minerals, critical minerals and green minerals, these include copper, iron ore, coal, chromite, cobalt, and gold (Peters, 2015). Afghanistan also has abundant but unqualified reserves of uranium (Islamic Republic of Afghanistan Ministry of Mines and Petroleum (MoMP), 2019) and the world's largest lithium deposits (Peters, 2011; Najafizada, 2021). As the world transitions towards renewable energy sources, the demand for green energy minerals such as these will increase exponentially, offering both considerable opportunities and substantial risks for Afghanistan.

Gold is one of these critical minerals. Gold mining has been carried out in the country for centuries and continues to the current day. In 2019 the Afghan Ministry of Mines and Petroleum (MoMP) estimated that the country possessed close to 2,700kg of gold (Islamic Republic of Afghanistan Ministry of Mines and Petroleum (MoMP), 2019), a value of over US\$171 million at current global gold pricing.² While this is a relatively small value deposit compared with other petroleum and other non-fuel resources, insights into the evolution of political economies surrounding the gold sector, gold's role in the economy, and foreign intervention in the gold sector sheds light on the broader dynamics of the extractives industry in the country, including critical minerals.

To gain an insight into these changing dynamics and how they might influence illicit economies and organised crime, the Global Initiative against Transnational Organized Crime (GI-TOC) conducted research into artisanal and small-scale mining (ASM) for gold in the Takhar province in north-eastern Afghanistan. The aim of this research was threefold. First, to understand the changing power dynamics of the province following the Taliban re-establishing control of the central government in Kabul. Second, to see how foreign interests are influencing mining operations within Afghanistan. And third, to see what socioeconomic impacts these dynamics are having on the local populations in the town and villages around the mining sites.

This investigation into the Afghan extractives sectors is crucial to identify and assess current and emerging dynamics, risks and opportunities. It also provides a basis for continued investigation, monitoring, and analysis of the Afghan extractives sector, which will be vital to understanding not only domestic political economies, but also the country's relationship with regional neighbours and its role in global mineral supply chains, including critical minerals.

² As of 4 April 2023, the global gold price was US \$63,647 per kilogram.

Afghan illicit markets

A history of competition and cooperation

Afghanistan has a long history of instability due to various factions fighting for control of the country. After the end of the Soviet-Afghan war in 1989 and the collapse of the Soviet-backed Afghan government in 1992 at the hands of the mujahideen, there was a protracted period of unrest as these factions fought for control of territory and of the central government in Kabul. During this time, the Taliban emerged as a formidable military force that successfully fought local warlords leading to the capture of Kabul in 1996 and the establishing of the First Islamic Emirate of Afghanistan. The Taliban were overthrown after the United States-led invasion in 2001, and the Islamic Republic of Afghanistan was formed in 2004. During the ensuing two decades between 2001 and 2021, the Taliban mounted an insurgency in the country which eventually led to the fall of Kabul in 2021 following the withdrawal of foreign military forces. The intense and long-lasting instability throughout Afghanistan during these thirty years created the ideal conditions for illicit economies and actors to flourish (de Boer & Bosetti, 2017). The access to sources of finance in the forms of taxes and duties paid by local communities made these markets extremely lucrative for those who control them, leading to various actors fighting for control of the economies, and periods of cooperation and conflict between local communities and the Afghan government (DeWitt, Sunder & Boston, 2021).

1.1. Methodology

This paper is the result of a combination of fieldwork and desk research. A desktop review was carried out to identify gold occurrences in Afghanistan, the history of Afghan gold mining and trade, and historical political dynamics, to establish a foundational knowledge. This was informed by a review of geological mapping by governments, academic papers, government reports, and civil society research. Research was collated and compared to identify key mining and trade locations, as well as key actors and groups in the area. The first phase of the desk review resulted in narrowing down the focus to Takhar province. The desk review was then expanded to include a review of media reporting on local events in Takhar province and surrounding areas relating to mining, with a focus on Afghan news sources since 2019. The desk review also encompassed academic papers, government reports, civil society research, and articles by journalists published since August 2021, to capture events and analysis since the Taliban took control of the country.

Research was also informed by interviews conducted in Takhar province of Afghanistan in 2022 which explored the changing role mining plays in the local economy of Takhar, along with the socioeconomic effects on ASM within the province. The research consisted of a limited number of semi-structured conversations with local miners, truck drivers, farmers, retailers, jewellers, investors, diesel and petrol oil sellers, business owners, Kochees and actors at the gold markets in Kabul. Informants were selected based on their knowledge of the local gold sector and of local political and power dynamics. The interviews were coded and segmented, according to key research questions on gold mining, gold supply chains, and power or control over the sector. Interview data was then triangulated with the desk review to provide greater evidence and depth to key findings and analysis.

2. Gold mining in Takhar

Takhar was selected as a location for this research because it sits on one of the two main gold belts in Afghanistan, the other running from south-west Ghanzi to Zabul (Islamic Republic of Afghanistan Ministry of Mines and Petroleum (MoMP), 2019). Takhar is one of Afghanistan's 34 provinces, located in the north-east of the country. The Panj river flows along the north of the province, marking the international border with Tajikistan. The largest known gold placer deposits in Afghanistan are in north Takhar province, near the border with Badakhshan province (Chirico et al., 2013). These occur both in the current floodplain of the Panj River as well as along terraces above the current river channel. They are known as the Samti and the Nooraba-Khasar-Anjir placers. A third placer is located along the lower stretches of the Kocha River in north-western Takhar (Chirico et al., 2013).

Figure 1

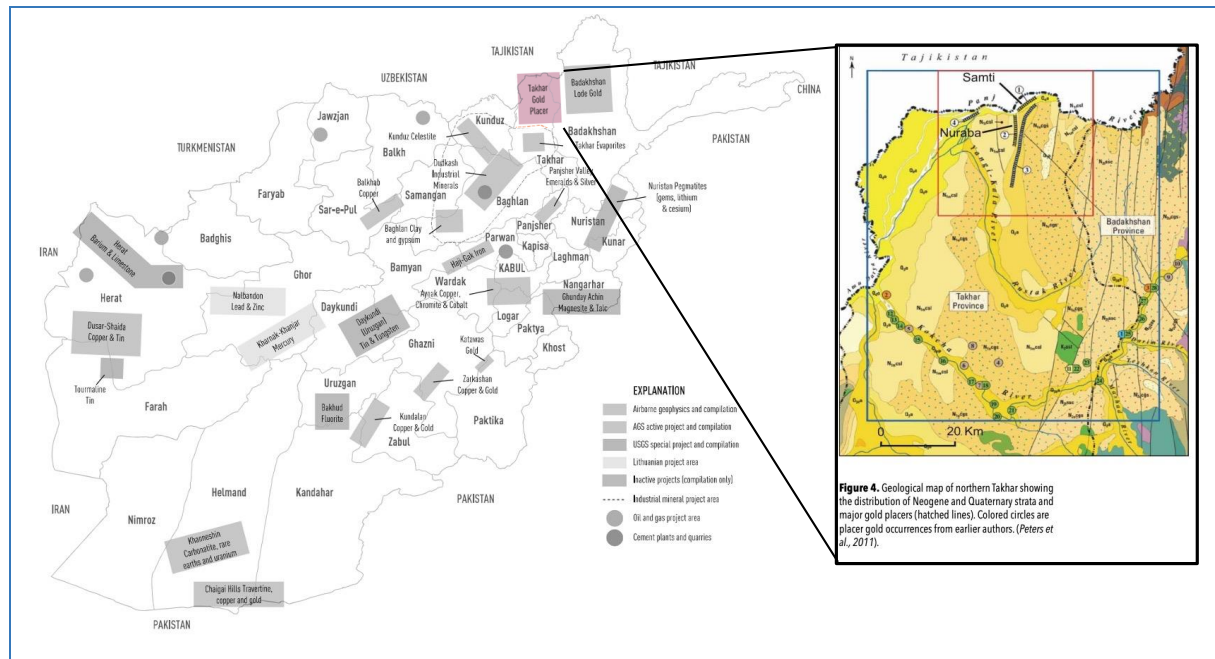


Figure 4. Geological map of northern Takhar showing the distribution of Neogene and Quaternary strata and major gold placers (hatched lines). Colored circles are placer gold occurrences from earlier authors. (Peters et al., 2011).

Source: Adapted from Peters, S.G., King, T.V.V., Mack, T.J., and Chornak, M.P., 2011, Summaries of important areas for mineral investment and production of opportunities of nonfuel minerals in Afghanistan: U.S. Geological Survey Open-File report 2011-1204; Chirico, P.G., Stamm, R.G., Moran, T.W. and Chaihorsky, A., 2011, Chapter 12A. Summary of the North Takhar Placer Gold Area of Interest: U.S. Geological Survey Open-File report 2011-1204.

Gold mining in Takhar has consisted of both industrial mining and artisanal and small-scale mining (ASM). The Samti gold deposit is estimated to contain over 30 tonnes of commercial grade reserves at a depth of around 30 metres, making extraction difficult using ASM methods (DeWitt, Sunder & Boston, 2021). ASM mining is possible along the other placers, with ASM activity observed in the summer of 2020 on the Khasar River upstream of the Nooraba tributary (DeWitt, Chirico & O'Pry, 2021). There are two types of ASM mining taking place within the province. The first involves the sinking of shafts which can involve the use of machinery to drill down to a reported depth of 200 metres. However, mechanisation is highly site-dependent with gold mining also occurring entirely with the use of hand tools or with limited use of excavators (Schroder, 2014).

The second type takes place on the surface and involves gold panning in the rivers flowing along the gold placers.³

2.1. Taliban regulation of the gold sector

The Afghan constitution prior to the Taliban takeover specified that the state owned all mineral reserves within the country (Islamic Republic of Afghanistan, 2004). The government could therefore license mining companies to extract the resources on its behalf with the mines paying a royalty to the government on the profits made from the materials sold. The extraction of minerals without a government-issued license was therefore considered illegal; however, unlicensed mining occurred in most regions without government oversight or intervention (DeWitt, Sunder & Boston, 2021). Despite the Taliban abolishing the constitution in late 2022 (Saboori, 2022), the concept of the state owning all mineral resources appears to endure, with the mining regulations enacted prior to August 2021 still in place (Islamic Republic of Afghanistan Ministry of Mines and Petroleum (MoMP), n.d.).

Reflecting the apparent policy position, the Taliban have made multiple moves since it took power to establish control of the various illicit and informal economies throughout Afghanistan. Among these is the gold sector which, due to its unlicensed nature, is regarded by the Taliban as being part of the illicit economy. In December 2021, the acting minister of the MoMP warned that there were reports of illegal extraction from mines in several parts of the country and those illegally extracting and smuggling would be punished (Shaheer, 2021). Following this, in mid-2022 the MoMP suspended all gold mining which, according to an extraction company official, was on the pretext of preparing new regulations (Joya, 2023). In October 2022, five miners were killed in a mine accident, leading the provincial administration to ban illegal mines in Takhar. The deputy head of the provincial administration, Haji Kazim, said that ‘from now on, anyone involved in illegal digging of mines and minerals would be arrested and punished in accordance with the law’ (Haleem, 2022).

The suspension of gold mining in 2022 was reportedly to prevent companies without a contract with the government from mining for gold and to enable companies who had signed the contract to be able to restart mining work soon. However, these bans have followed statements by the Taliban-run government about the importance of safeguarding ‘underground treasures’ in an effort to recover the country’s economy (Haleem, 2022). Thus, rather than an attempt to improve safety in the mining industry, the ban appears to be an attempt by the Taliban government in Kabul to gain control of the country’s mineral wealth and the potential cash flow it represents.

2.2. Gold markets

Despite the ban being in place, however, unlicensed gold mining in Takhar continues.⁴ Gold is sold to buyers in local markets. Every Wednesday and Thursday, goldsmiths in

³ Interview with local Takhar resident, in person, autumn 2022.

⁴ Interview with local gold miners in Takhar, in person, autumn 2022.

the markets determine the price of the gold, based on international prices. These goldsmiths have been dealing with gold from the same placers for a long time and therefore do not feel the need to test the quality of the gold, which is reported to have a purity of up to 23.8 carat. They have a long-standing trusted relationship with the buyers; however, if a buyer determines that the carat of the gold bought is below the given rate, the goldsmiths will refund the difference.⁵ Haji Ghulam Hussain is alleged to dominate gold mining within Takhar. He is reported to be the main gold buyer in the province, buying most gold produced in Takhar as well as Badakhshan. There is estimated to be between three and four kilograms of gold sold daily when there is successful mining.

It was reported that most of the gold is then taken to Kabul for processing. Prior to the fall of Kabul, the gold was regularly sent on to the gold markets in Dubai, but this practice has reportedly stopped with most gold now said to be sold domestically in Kabul. There are also rumours that goldsmiths are smuggling gold over the border to Tajikistan. Most of the payments are done in cash, and hawala or bartering do not feature in the process.

2.3. ASM: a critical source of livelihoods

Within Takhar, as with the rest of Afghanistan, ASM is largely a poverty-driven industry with a significant number of people engaged in informal mining activities. For this reason, the 2022 ban on gold mining was criticised as leaving thousands of workers unemployed and struggling to support their families, with the fate of about 100,000 more hanging in the balance (Joya, 2023).

In 2021-22 Takhar had an estimated population of 1,113,173, making it the 10th most populated province in the country (National Statistic and Information Authority, 2021). There is limited data available about the poverty rate in Takhar although a recent study has calculated that 28.3% of the Takhar population is living in severe poverty, with an additional 17.3% deemed to be at risk (Oxford Poverty and Human Development Initiative, 2022). However, this calculation is based on demographic and health surveys conducted in 2015-16 and may not reflect the worsening socioeconomic situation within the country (International Rescue Committee, 2022).

Ten years ago, gold mining was the main economic resource of Takhar and Badakhshan, and far more lucrative than other rural economic activities such as small-scale farming (Shaw & Hunter, 2021). However, the nature of ASM mining has become considerably more challenging due to poor equipment and less accessible deposits, leading to a significant decline in the amount of gold being extracted.⁶ Individuals working in the mines explained that the amount of gold they have each been able to collect has decreased from around 20 to 30 grams a day to between 7 to 10 grams a day, while sometimes none is collected.⁷ They explained that this is due to them having to work

⁵ Interview with local gold miners in Takhar, in person, autumn 2022.

⁶ Interview with local gold miners in Takhar, in person, autumn 2022.

⁷ Interview with local gold miners in Takhar, in person, autumn 2022.

blindly as they do not possess a gold detector; this has significantly slowed down mining activity which has in turn reduced the wealth of the miners by as much as 98%.⁸ It is therefore no longer the case that being employed in the mining sector is a guarantee of a reliable income.

A Takhar resident interviewed for this research reported that children are increasingly being used to work in the mine tunnels as they are small and are said to possess a lot of energy.⁹ Although this has been a regular occurrence within the country, it is becoming more prevalent as families struggle to make a living. In September 2022, Afghan media reported how some school students in northern Takhar have started hard labour, including gold mining, to support their families, instead of attending school (Joya, 2022). Other residents say how they have resorted to hard labour due to unemployment and that they have started panning for gold to earn a living.¹⁰ There are also many migrant workers from across Afghanistan working in the ASM gold sector. For example, the mines in the Chayab district of Takhar attract migrants from Paktia, a province in the east of the country, as well as from Kunduz and Badakhshan.¹¹

Yet, beyond anecdotal reporting, there is a lack of information available on ASM of gold in Takhar, as well as Afghanistan more broadly. In 2018, the MoMP reported that there was a lack of baseline information of the scope of ASM activity in various parts of the country and that this lack of information and data was a significant obstacle to developing the ASM sector (Islamic Republic of Afghanistan Ministry of Mines and Petroleum (MoMP), 2019). In 2020 the United Nations Development Programme stated that such information is only available through anecdotal accounts and local-scale studies (UNDP, 2020).

The declining dependability of mining as a means of maintaining a livelihood has led local communities to engage in alternative industries, such as agricultural production, as the main source of their income.¹² There is a history of farming in the region and the populations of Takhar and Badakhshan have the expertise to establish new livelihoods.¹³ The crop of choice is said to be the medicinal regiment plant, locally known as ferula, which provides a reliable alternative income to gold. It is reported that the buyers and traders in the gold markets are also involved in the cultivation of regiment plants.¹⁴ However, ASM mining is still taking place to supplement income from farming when the conditions are favourable, such as when the mines flood from the mountains which causes the amount of gold to increase. A miner described how water

⁸ Interview with local gold miners in Takhar, in person, autumn 2022.

⁹ Interview with local Takhar resident, in person, autumn 2022.

¹⁰ Programme summary of Afghan Ariana TV news in Dari, broadcast at 1530 GMT on 27 September 2021, BBC Worldwide Monitoring.

¹¹ Interview with local Takhar resident, in person, autumn 2022.

¹² Interview with local gold miners in Takhar, in person, autumn 2022.

¹³ Interview with local gold miners in Takhar, in person, autumn 2022.

¹⁴ Interview with local gold miners in Takhar, in person, autumn 2022.

and gold are friends and that miners follow the water and move between mines if necessary.¹⁵

There is also frustration with mineral resources not being converted into improved living conditions. In interviews, gold miners living in the villages in the Chayab district complain about the state of the roads which they feel should be improved due to the amount of gold extracted from the mines and sold.¹⁶ In March 2023, 17 miners were killed and seven more were wounded when their vehicle overturned as they were travelling to a mine in the Anjir area (Rahmati, 2023). Also, the erosion of up to 25 kilometres of the Panj River's banks has caused land to be submerged along the river, resulting in the loss of houses, mosques, schools and arable lands in provinces along the river, including in Takhar. There is also a risk of the river destroying the gold mine in Chah Ab. There are thousands of vulnerable families along the river in need of urgent humanitarian aid as well as a need for international aid to build retaining walls to consolidate the riverbanks.¹⁷

¹⁵ Interview with local gold miners in Takhar, in person, autumn 2022.

¹⁶ Interview with local gold miners in Takhar, in person, autumn 2022.

¹⁷ The Amu River is formed by the confluence of the Panj River and the Vakhsh River. The section of the river referenced in the article that flows through the north of Takhar is called the Panj River (Erfanyar, 2023).

3. The battle for gold profits

Prior to the Taliban takeover, many locals who were directly employed by the ASM sector worked in private or unlicensed mines or in mining operations run by armed groups or militias (DeWitt, Sunder & Boston, 2021). Regardless of the legality of such activities, individuals were required to pay ‘taxes’ to whoever controlled the territory, transport avenues and border crossings. This could include different factions of the Taliban; local strongmen, who often controlled large militias and who had links to high-ranking officials in Kabul; terrorist groups, such as the Islamic State Khorasan Province (ISKP) (GI-TOC, 2021); or insurgency or opposition groups. These groups tend to be self-financed through taxation, have access to weaponry, wield substantial control over territory and have the power to inflict high levels of violence.¹⁸ These actors can therefore finance their activities by charging (and in many cases, exploiting) vulnerable populations and in turn deny such resources to the central government in Kabul (Shaw & Hunter, 2021).

The battle for control of mineral-rich territory, given the significant profits that can be made, contributed to areas containing large mineral deposits being some of Afghanistan’s most contested and insurgency-plagued areas (Shaw & Hunter, 2021). This competition can come from rival Taliban factions, terrorist groups, republican insurgents and other opposition groups. It was also reported that the previous government received payments of royalties, fines and bribes from the miners and traders, which probably contributed to undermining the government’s legitimacy and its ultimate downfall. The north of Afghanistan also has a long history of anti-Taliban resistance. As of November 2022, there have been resistance activities from the National Resistance Front in the Rustaq, Farkhar and Namak Ab districts of Takhar (Roggio, 2022). There are reports that these same dynamics are continuing to play out across Afghanistan,¹⁹ including in the Takhar gold sector.

3.1. Internal fractures?

It is important to note that the Taliban is not a homogenous organisation, but instead comprises various factions and personalities. Most notable among these are the Haqqani network and the Kandahar faction whose relationship dynamics and financial flows reflect territorial control and their relationships with local strongmen (Shaw & Hunter, 2021). However, Taliban efforts to portray a cohesive outward appearance have made it difficult to fully comprehend the power politics within the group since the Taliban takeover (Watkins, 2022).

¹⁸ For a detailed analysis of the security environment, see: International Crisis Group (ICG) (2022).

¹⁹ Such a power struggle was seen in the remote Balkhab district of the northern Sar-e-Pol province in July 2022 where the Taliban government battled with local strongmen to gain control of the tax incomes from coal mining. (Glinski, 2022).

Yet, competition between these two factions can be seen in Takhar as they compete for control of the gold mines in the Chayab district.²⁰ The Haqqani network has been in control of the gold mines in the Chayab district and those in Badakhshan province since the Taliban offensive in 2021.²¹ From that point up until the Taliban ordered the suspension of all mining in 2022, there have been no significant changes to the mining sector, with all mining locations remaining the same.²² However, the Haqqani Taliban in the provinces started to unofficially take money from mine owners, which is something that did not happen under the previous administration.²³ It is reported that the Taliban in Takhar introduced new rules called ‘Khumes’, which is an Arabic word meaning ‘one-fifth’. This required miners and traders to pay the Haqqani Taliban, which controls Takhar province, 20% of the value of the gold as payment. In return, the Haqqani Taliban protects the traders from other factions or groups that want control of the mines. It is unclear what amount from the taxes collected by the Haqqani Taliban is sent onwards to the Taliban government in Kabul. This, however, is unsurprising as the Haqqani network are known to generate substantial profits from taxing the mineral sector (Global Witness, 2016).

According to interviews with local gold miners, despite the new taxes, the relationship between the miners and the local Taliban is reportedly better than the relationship with the previous administration, with miners happy to pay the Taliban in return for protection from competing forces. A similar situation exists with local leaders who are also happy to pay the Haqqani group of Taliban and are therefore able to stay in position.

3.2. Foreign interventions

Harnessing Afghanistan’s immense mineral potential, and tapping the resulting revenue stream, will require significant capital investment, operational power and transportation infrastructure (Byrd, 2012; Caetano, 2015). To achieve this, foreign investment and partnerships will be required. The lack of international recognition of the Taliban government and the sanctions regime in place severely restricts the number of countries able to provide such assistance. Despite this, China has expressed interest in establishing business relationships with the Taliban, particularly in relation to mining of critical minerals for the clean energy transition, such as lithium (Martin, 2021). However, there is evidence that Chinese nationals are involved in the illegal extraction of critical minerals from Afghanistan, as seen with the arrest of two Chinese nationals alongside three other men in January 2023 for attempting to smuggle an estimated 1,000 tonnes of lithium-bearing rocks from Afghanistan to China via Pakistan. The rocks were reportedly extracted from the provinces of Nuristan and Kunar located on the Afghan-Pakistan border (Gul, 2023).

During the previous government, China utilised the US and NATO provision of security in the country to invest heavily in Afghanistan’s oil and mineral resource sectors while

²⁰ Interview with local gold miners in Takhar, in person, autumn 2022.

²¹ Interview with local gold miners in Takhar, in person, autumn 2022.

²² Interview with local gold miners in Takhar, in person, autumn 2022.

²³ Interview with local gold miners in Takhar, in person, autumn 2022.

refusing to take part in stabilisation efforts (Johnson, 2021). Following the withdrawal of western military forces in 2021, Beijing has pursued greater economic interaction with the Taliban. This includes economic consultations with the Taliban authorities (despite the lack of recognition of the new government), strengthening of the Chinese embassy in Kabul and inviting the Taliban to Beijing (Bonesh & Devonshire-Ellis, 2023). Afghanistan is important to China's economic interests and national security in the region. In 2019, Afghanistan was connected to the railway network of China's Belt and Road Initiative (BRI) in central Asia through the northern city of Hairatan in the Balkh province (Afghanistan Times, 2019).

Yet, activities in the north of Takhar related to gold mining indicate there may not be agreement within the Taliban on whether foreign intervention is fully welcome or on what form it should take. Although a Chinese company signed a contract with the MoMP, they were prevented from starting work by the combined efforts of the local community, led by local strongmen and the main traders of gold in Takhar, Haji Ghulam Hussain and Haji Ghulam Haider, with help from the forces of the Haqqani Taliban.²⁴ This has led to the Kandahar faction and the Chinese company becoming the main competitors of the Haqqani Taliban and the Takhar community, with the Kandahar Taliban faction attempting to gain control of mines in the village of Samti on the banks of the Panj River.²⁵

However, on 1 February 2023, National Afghanistan TV broadcast that the Economic Commission ordered the MoMP to announce open bidding for excavation of the Samti gold mine.²⁶ This follows the MoMP's repeated calls for domestic and international companies to invest in the mining sector (Haleem, 2022). It therefore seems likely that Chinese companies will become more prominent in this sector, as Afghanistan seeks to exploit its mineral wealth and as China seeks to establish new sources for the critical minerals essential to its economic development.

The incident shows that despite efforts by the Taliban in Kabul to portray a united front at the national level, within the provinces there are some visible power dynamics at play between the different factions of the Taliban and local communities for control of the mineral resources.

There is also an increasing number of attacks on Chinese targets in Afghanistan by non-state groups seeking to destabilise the Taliban. The most extreme of these are being instigated by ISKP which has been waging an urban terror campaign, which the Taliban has been struggling to contain. Their aim is to ignite a sectarian war, splinter the Taliban and cut its external economic resources. To that end, it has been targeting Chinese and Russian-owned assets in the country (Felbab-Brown, 2023). If Chinese involvement in gold mining, or other types of mineral extraction, expands or intensifies in Afghanistan, the mining operations may also become targets of these attacks.

²⁴ Interview with local gold miners in Takhar, in person, autumn 2022.

²⁵ Interview with local gold miners in Takhar, in person, autumn 2022.

²⁶ National Afghanistan TV, Kabul (in Pashto), broadcast on 1 February 2023 at 1430 GMT, BBC Worldwide Monitoring.

4. Conclusion

The challenges associated with gold mining in Takhar give an insight into some of the wider problems the Taliban face following their seizure of the government in Kabul, both in terms of the extractives industry, but also the socioeconomic and political situation within Afghanistan in general. The need to balance the competing priorities of stabilising the economy, securing sources of revenue from competing factions, as well as managing relationships with regional neighbours, will not be easily achieved, especially with ongoing efforts to undermine their legitimacy coming from domestic and international actors.

Increasing levels of severe poverty due to the economic blockade and bans on mining activities imposed by the Taliban risk increasing support for opposition forces, including the republican insurgency or terrorist organisations, both of which are intent on discrediting the central government. Further, foreign investment will be required to realise the financial potential of Afghanistan's mineral resources. This will have implications not only for the domestic economy and populations, but also for the international markets which are seeing an exponential increase in demand for minerals which Afghanistan is known to possess.

There is little doubt that the economy of Afghanistan is in a perilous position and that local Afghan communities are suffering as a result due to the loss of their livelihoods, such as ASM gold mining. Attempts by the Taliban to gain control of the mining sector to help fund the government might provide a route out of the current situation and increase reliable livelihood options available to local residents in the mining sector. However, in the short to medium term, it is unlikely that the situation of local communities will improve, and it appears likely that informal and illicit economies will flourish, presenting a considerable challenge to the Taliban.

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