

ISRS: Uzbek-Afghan agreement in the field of electricity is aimed at achieving long-term interests and strategic goals of the two countries and the entire region



On August 28-29, a high-level government delegation from the Islamic Republic of Afghanistan headed by acting Foreign Minister Haneef Atmar visited Uzbekistan. During the visit, intensive negotiations were held in the Government, Ministries of Foreign Affairs, Investments and Foreign Trade and other agencies. Both parties discussed the state and prospects for development of bilateral cooperation in political, trade-economic, energy, transport-communication and other spheres.

One of the important results of the visit was the signing of an agreement between the National Electricity Networks of Uzbekistan and the Afghan company Da Afghanistan Breshna Sherkat (DABS) on the supply of electricity to Afghanistan for a 10 years period. This contract is the practical implementation of the agreements reached during the visit of Afghan President Mohammad Ashraf Ghani to Uzbekistan in December 2017.

The head of the department of the Institute for strategic and regional studies under the President of the Republic of Uzbekistan Rustam Khuramov commented the event at the request of “DUNYO” information agency.

The signing of this document can be regarded as another breakthrough step in the modern history of Uzbek-Afghan relations, aimed at achieving the long-term interests and strategic goals of the two countries.

First of all this agreement opens broad economic prospects, the beneficiaries of which are all parties without exception.

For Uzbekistan, this is recognition of the role of a reliable supplier of electricity to the Afghan market, with a regular supply of electricity since 2002. Since that time, the volume of supplies from Uzbekistan to Afghanistan has increased from 62 million kW / h to almost 2.6 billion kW / h, that is, more than 40 times. As a result, today the Uzbek side covers 56.5% of Afghan electricity imports.

Uzbek contractors are also involved in the development of the energy infrastructure of Afghanistan, primarily in the implementation of the project for the construction of the “Surkhan-Puli-Khumri” transmission line with a length of 260 kilometers.

In turn, for the Afghan side, interaction with Uzbekistan in this area is important from the point of view of ensuring the country's energy security.

This is due to the high dependence of the Afghan economy on external electricity supplies, which account for more than 80% of the annual electricity demand. Thus, domestic energy production in Afghanistan is only 1.1 billion kWh per year, and the country annually imports 4.6 billion kWh.

Nevertheless, due to insufficient volumes of production and imports, the absence of an extensive network of power transmission lines in the country, the problem of an acute shortage of electricity remains.

Today, only 30% of the population is connected to the power grid, and most of the rural population, which makes up 75% of the total population of Afghanistan, is left without electricity. Lack of electricity also does not allow meeting the growing demand of the economy and hinders the full development of the country's industrial potential.

In this regard, the issues of increasing demand of the population and the country's economy with electricity are becoming one of the priority tasks for the Afghan government.

The Surkhan-Puli-Khumri project will play an important role in achieving these goals aimed at expanding the energy supply of Afghanistan, since the construction and commissioning of this power transmission line will increase the volume of Uzbek energy supplies by 70% - up to 6 billion kWh per year, which will serve 10 million households a day.

In this vein, it is noteworthy that the implementation of these plans is also attractive for other Central Asian states, since the construction of a new power transmission line will connect the Afghan energy system to the unified energy system of Central Asia, thereby contributing to the early integration of Kabul into regional economic processes.

The energy projects implemented by Uzbekistan also create opportunities for the Central Asian states, which have a great potential in hydro and solar energy, to export electricity to the South Asia region through Afghanistan. In the long term this will allow them to play a key role in the spacious energy market of the South Asian region and can become an important source of export revenue for the entire region.

From an economic point of view, Uzbek-Afghan energy cooperation also opens new horizons for interaction, especially in the transport and communication sphere. In this context, it should be emphasized that it is impossible to develop transport communications without electricity. Full supply of electricity to Afghanistan creates favorable preconditions for the development of the country's transport arteries, creates favorable prospects for the construction of such railway corridors as Mazar-i-Sharif - Kabul-Peshawar and Mazar-i-Sharif - Herat - Kandahar.

Uzbekistan is interested in the implementation of these plans, since the development of the transport infrastructure of Afghanistan will open the way to the ports of Iran and Pakistan. Moreover it will make it possible to use the transit potential of the neighboring country to enter new promising markets, increase the export of Uzbek products and significantly reduce the cost of export and import operations.

Secondly, the energy projects of Uzbekistan make an important contribution to the stabilization of the social situation in Afghanistan, which is aggravated under the influence of an unfavorable epidemiological situation.

According to World Bank estimates the impact of COVID-19 on the Afghan economy will be extremely negative, as a result of which the country's economic growth will decrease by about 4.4%.

Such a drop in GDP growth, along with reduced external economic support, will affect Kabul's ability to maintain its social obligations and ensure the functioning of the economy.

Today, about 16 million Afghans are in need of humanitarian assistance due to the economic impact of COVID-19. Because of the pandemic, according to forecasts, unemployment in Afghanistan could increase by 40% and poverty by 70%. Moreover, one third of the Afghanistan's population, including 7.3 million children, is facing food scarcity. At the same time, according to the UN, about 2 million children in the Afghanistan under the age of 5 years face severe hunger, and 8.7 million people need long-term continuous assistance.

In this context, regular supplies of electricity by Uzbekistan will ensure the operation of such important social facilities in Afghanistan as hospitals and schools, allowing Kabul to contain the expansion of the humanitarian crisis.

Guided by precisely such aspirations, since January 2018, Uzbekistan has reduced the price of electricity supplied to Afghanistan by almost 45%: to 5 cents per kilowatt, and in July 2019, decreased the cost of the contract for the construction of the Surkhan-Puli-Khumri power transmission line for USD 45 million.

Thirdly, the signing of the above-mentioned contract for the supply of electricity is extremely important in the context of ensuring long-term stability in Afghanistan, since the peace process launched in Afghanistan should have the socio-economic basis.

This is due to the fact, that the progressive development of key sectors of the economy of Afghanistan, the solution unemployment problem of Afghan people and providing them with the necessary earnings depends on the level of electrification of the country. Moreover, the absence of energy, underdeveloped economy, social sector, the state is threatened with collapse. Thus, according to the World Bank, while the income of the Afghan government is about \$2-2.5 billion, Afghanistan needs about \$10 billion to cover budgetary needs, of which \$4.5 billion is security spending.

Taking this into account, an uninterrupted supply of electricity to government agencies and national economic entities can have a stabilizing effect on the security situation in the country. As a result, it will become a clear example of a peaceful life and economic stability. Therefore, the construction of the Surkhan-Puli-Khumri power transmission line is supported by all the opposing sides of Afghanistan - Afghan government and the Taliban movement. International financial institutions also support energy projects of Uzbekistan and have expressed their readiness to participate in their implementation. In particular, the Asian Development Bank plans to finance the construction of the Surkhan-Puli-Khumri transmission line. Above mentioned new agreement forms the legal basis for ADB financing to construction of power transmission lines with the involvement of Uzbek contractors.

As a result, new jobs will be created for specialists of Uzbekistan, and the country's companies will acquire international experience.

The implementation of this project will also become a kind of "success story" for the international community and a proof of the possibility, provided there is sufficient political will, to implement other promising projects in Afghanistan.

In turn, the establishment of peace and stability in Afghanistan will increase the investment attractiveness of Central Asia, since the instability in this country significantly constrains the investment potential of the entire region.

Thus, agreement on the supply of electricity from Uzbekistan to Afghanistan has a multiplier effect, which will contribute not only to reaching a new level of economic ties between the two countries, but also to achieving a lasting peace in the neighboring country, ensuring stability and sustainable development in the vast Eurasian space.

