

# Why is it important to involve Afghanistan in the Central Asian economy?



**Akramjon NEMATOV, the First Deputy Director of the Institute for Strategic and Regional Studies (ISRS) under the President of the Republic of Uzbekistan shared his opinion about how to address this concern, which catches the expert community's attention.**

- Akramjon Ilkhomovich, on December 9, 2020, your article "New foreign policy of Uzbekistan in the region" was published in New Uzbekistan newspaper. It focuses on the establishment of economic ties with Afghanistan. Earlier, in an interview with the national TV channel following the SCO summit, you also touched on the topic of Afghanistan. What Uzbekistan's policy of involvement in regional trade and economic relations will give Afghanistan in the future? What is the essence of Uzbekistan's initiatives within the SCO?

- It will give a lot. And not only for Uzbekistan, but for the entire international community. The involvement of Afghanistan in regional trade and economic ties will create alternative sources of income for the citizens of the neighboring country, additional incentives for stable and peaceful development. This will be an important contribution to the recovery of the Afghan economy and the achievement of early peace in this country. Peace and stability in Afghanistan, in turn, will open up huge prospects for achieving inclusive economic development of the entire Eurasian space.

This is the essence and importance of the initiative of our President to develop and adopt a Plan for the socio-economic reconstruction of Afghanistan as part of the practical implementation of the roadmap for further actions of the SCO-Afghanistan Contact Group.

The SCO has the political will and sufficient potential for this. The adoption of the roadmap in 2019 for further actions of the SCO-Afghanistan Contact Group is clear evidence of this. Besides, the total GDP of the SCO member countries in the structure of world GDP is 22.5 percent, which is \$18 trillion. Afghanistan's main trading partners are the SCO countries, which account for 95 percent of exports: SCO is already playing an important role in rebuilding Afghanistan's economy. Uzbekistan focuses on the systematization of this work.

The leader of our country said that "today it is more important than ever not to miss the historic chance to achieve the long-awaited peace in Afghanistan". At the same time, there should be an understanding of the fact, as President Mirziyoyev stressed that security and peace in this country should be considered as important components of stability and economic prosperity of the entire SCO region. That is, caring for Afghanistan is not a charity event. This is an urgent need for the development of the entire Central Asian region.

President Shavkat Mirziyoyev in his speech at the Shanghai Cooperation Organization summit in November 2020 said that "it is important to unite efforts to support these positive signs of progress towards peace and provide economic assistance to the Afghan people. I am convinced that the involvement of Afghanistan in regional trade and economic processes will also contribute to the peaceful sustainable development of this country. He also stated that new prospects will be opened for all SCO members through the construction of transport corridors and it will help to restore Afghanistan's historic role as a connecting bridge between Central and South Asia.

These and other issues are planned to be discussed this year in Tashkent within the framework of the international conference "Central and South Asia: Regional Connectivity. Challenges and Opportunities".

In other words, the process of Afghanistan's return to a peaceful life should not be a matter of the Central Asian countries alone. Its importance dictates the need for connecting the entire world community.

However, Uzbekistan, as Afghanistan's closest neighbor, not only calls for uniting efforts but is one of the first to set an example.

*- I would like to dwell in more detail on the presidential resolution "On measures to further enhance and strengthen economic cooperation with the Islamic Republic of Afghanistan" of November 12, 2020, since the media reported only that, according to this document, Uzbekistan plans to triple trade turnover with Afghanistan in the coming three years.*

- Here I would like to note that due to the intensification of relations between Uzbekistan and Afghanistan, a colossal breakthrough has already been observed in trade and economic relations. Compared to 2015, the trade turnover between Uzbekistan and Afghanistan in 2020 increased by 74.4 percent and amounted to \$776.9 million. At the same time, the export of Uzbekistan for the same period increased from 444.4 to 774.6 million dollars. These are chemical products, non-ferrous and ferrous metals, energy and oil products, food products, and services.

The import of Afghan goods and services to the Uzbek market also increased significantly, that is, fourfold, from \$600,000 to \$2.3 million. If earlier 95 percent of imports from Afghanistan accounted for transport services, today food products, chemical products, machinery and equipment enter the domestic market. This is an important stimulus for the development of the Afghan economy.

To show how important is the contribution of Uzbekistan to the recovery of the peaceful economy of Afghanistan, I would like to give one example. From 2002 to 2020, we increased the supply of electricity to Afghanistan from 62 million kWh to 2.6 billion kWh, that is, more than 40 times. Our country covers 52 percent of Afghan electricity imports. Thanks to this, hospitals, schools, kindergartens, enterprises operate in the neighboring country, and relative socio-economic stability is preserved.

There are 661 enterprises with the participation of the Afghan side in Uzbekistan, including 199 joint ventures and 462 based on foreign investments. They mainly work in the service sector, trade operations, production of construction goods. Six enterprises have been established on the territory of Afghanistan with the participation of Uzbekistan entrepreneurs. Since September 2017, the trade office of Uz sanoat export has been operating in Kabul and Mazar-i-Sharif.

In general, in recent years, the share of Uzbekistan in Afghanistan's foreign trade has grown to 7.4 percent, while the share of Afghanistan - up to 1.5 percent. However, according to the Head of our state, this is not enough. There is a huge unused potential between the countries. Therefore, the task is set to bring the indicator of mutual trade to two billion dollars by 2023.

From this point of view, the adoption of the abovementioned presidential resolution is an important step in enhancing trade and economic cooperation with Afghanistan.

According to the document, trading houses will be created in Kabul and Mazar-i-Sharif in 2021 with the establishment of the Export Promotion Agency under the Ministry of Investments and Foreign Trade of the Republic of Uzbekistan. Through these trading houses, we will solve the issue of the supply of agricultural and industrial products to Afghanistan.

Work has already begun on the creation of a free trade zone "Termez International Trade Center", where, using modern technologies, services for the reception, storage, processing, sorting and packaging of products, as well as e-commerce portals, are organized.

Moreover, customs, tax, certification, phytosanitary, veterinary, transport, banking, telecommunications, medical and hotel services, vehicle maintenance services and others are being established at the Free Trade Zone based on the principle of a "single window" and interactive mechanisms.

Special attention is required to introduce the procedure for entering the territory of the Republic of Uzbekistan, staying and leaving within ten days for Afghans and citizens of other states and stateless

persons entering from the territory of Afghanistan (as an exception) without issuing an entry visa with the passage of personal and passport control.

The work on training national personnel for the Afghan economy will be stepped up. Already today, Afghan youth have the opportunity to study in 17 areas of higher and 16 – secondary specialized, vocational education in the Educational Center in Termez, established at the initiative of President Shavkat Mirziyoyev in 2018. So far, 136 Afghan students have completed their studies at the center, 96 of them received bachelor's degrees in the direction of “Uzbek language and literature”, 40 took short-term courses in Russian, and also learned agricultural and business skills. Today, some of them work in the parliament, ministries and agencies of the country, teach at the universities, and run independent businesses.

Since September 2019, 172 students, of which 46 are girls have been studying at the Educational Center in the directions of "Uzbek language and literature", "Obstetrics and nursing", “Ground transport systems and their operation”.

Undoubtedly, the above measures will give a new impetus to the development of multifaceted cooperation with Afghanistan, will make it possible to use the untapped potential of trade and economic cooperation and will make an important contribution to achieving long-term and sustainable peace in this long-suffering country.

Most importantly, such a policy of Uzbekistan, aimed at sincere assistance to the Afghan people in the socio-economic reconstruction of the country, is supported by all participants of the inter-Afghan conflict and acts as an important guarantee of security and stability of the southern borders of our state.

*- The new foreign policy of Uzbekistan focuses on building up economic ties between the countries of the Central Asian region. What reserves are seen here, what role is assigned to Afghanistan?*

- The breakthrough changes in the foreign policy of our country in the region are most easily illustrated by the numbers. If the trade turnover between Uzbekistan and the countries of the region in 2016 amounted to \$2.4 billion, then by 2019 it reached \$5.2 billion. Despite the pandemic, the trade turnover in 2020 amounted to \$4.95 billion.

As another evidence of the rapid development of trade, economic and investment relations of Uzbekistan with the countries of Central Asia, one can cite the dynamics of growth in the number of enterprises with the participation of joint and foreign capital. For example, in 2020, the number of enterprises operating in Uzbekistan with the participation of capital from Central Asian countries amounted to 1,451, which is 4.6 times more than in 2017 (312).

At the same time, it should be noted that as a result of the establishment of a friendly and good-neighborly environment in the Central Asian region, investment and economic potential are growing. In particular, the investment attractiveness of the Central Asian countries improved and, in 2019 foreign investments worth \$37.6 billion were attracted to the region's economy. This figure is 40 percent higher than in 2016.

In turn, the region's foreign trade turnover with foreign countries in 2019 increased by 56 percent compared to 2016, amounting to \$168 billion. Despite the impressive figures, the reserves here are huge, and the achievement of peace in Afghanistan will make it possible to fully realize the entire economic potential of the region.

In this context, the Central Asian countries need to pursue a coordinated policy towards Afghanistan, which we consider as a part of our region. It is gratifying that in recent years, new regional cooperation in Central Asia has led to the formation of a common position in Afghanistan.

In particular, in January 2018, debates were held in the UN Security Council with the participation of the Central Asian countries' foreign ministers, during which the commitment of all Central Asian states to the development of long-term cooperation with Afghanistan was confirmed.

In March 2018, the Tashkent International Conference on Afghanistan was held. This forum, initiated personally by the President of Uzbekistan, then again returned the lost attention of the world community to the ongoing bloodshed in the Islamic Republic. The adopted Tashkent Declaration laid down the key principles of a peaceful settlement. In fact, a consensus was reached on a strategy for further peacebuilding in the country.

The further words of President Ashraf Ghani highlight the critical importance of the conference and the efforts of the leadership of Uzbekistan for a peaceful settlement of the Afghan crisis: “The Tashkent International Conference on Afghanistan became the key event and starting point in launching a political process on the peaceful settlement of the Afghan problem, in searching for mutually acceptable forms and mechanisms of stakeholder dialogue”.

Finally, the Joint Statement adopted in Tashkent in 2019 as part of the Consultative Meeting of the Leaders of the Central Asian Countries reflected the interest of all five countries in establishing peace in the IRA and stressed the continuation of efforts to involve Afghanistan in trade, economic and infrastructure projects in Central Asia.

As can be seen from the above, through joint efforts the countries of the region make a significant contribution to achieving long-term and sustainable peace in Afghanistan, and the formation of an atmosphere of trust and mutually beneficial cooperation in Central Asia increases the potential of our countries in this direction.

*- In 2020, the visit of Abdullah Abdullah, the former head of the Afghan government, who is now leading the High Council for National Reconciliation of Afghanistan, to Uzbekistan was a truly significant event. Furthermore, in January and February of this year, an Afghan delegation led by Foreign Minister Mohammad Hanif Atmar visited our country. What benefits can be derived from these activities in Uzbekistan?*

- Uzbekistan has started implementing major infrastructure projects in this country to involve Afghanistan in the regional integration process. These are the construction of the Surkhan - Puli-Khumri power transmission line and the Mazar-i-Sharif - Kabul - Peshawar railway, which provides access to the ports of the Indian Ocean. The discussion of the practical implementation of these issues was one of the central topics during these events.

As is known, the Central Asian countries do not have direct access to seaports, which caused logistical difficulties during the pandemic. From this point of view, the first trilateral meeting on the implementation of the Mazar-i-Sharif - Kabul - Peshawar railway construction project held on 2 February this year with the participation of Deputy Prime Minister, Minister of Investments and Foreign Trade of Uzbekistan Sardor Umurzakov, Foreign Minister of Afghanistan Hanif Atmar and Adviser to the Prime Minister of Pakistan on Trade, Textile Industry and Investment Abdul Razak Dawood was a historic event.

For the first time, a trilateral consensus was reached on the need to build the trans-Afghan highway, and following the event, representatives of Uzbekistan, Afghanistan and Pakistan signed a joint Action Plan for the construction of the Mazar-i-Sharif - Kabul - Peshawar railway.

In March this year, the project participants plan to start fieldwork on the route of the railroad, and in May - to prepare a feasibility study and develop financing mechanisms for the construction of the highway.

The implementation of the project will make a significant contribution to ensuring stability and sustainable development in Central and South Asia. In my opinion, the significance of this event was concisely commented on by the Director of the National Association of political scientists of Tajikistan Abdugani Mamadazimov in an interview with Dunya News Agency: “The news from Tashkent on the outcome of a tripartite agreement on the construction of a rail route Mazar-i-Sharif - Kabul - Peshawar means that Uzbekistan is seeking to achieve the transfer of Afghan processes from military-political to socio-economic

dimension. When there is still no intra-Afghan consensus on achieving peace and stability in this long-suffering country, this agreement can act as a strong catalyst in this creative direction. All these efforts complement the timely and extremely important initiative of the President of Uzbekistan Shavkat Mirziyoyev on the revival of Central Asia, which must be supported in every possible way”.

Indeed, the Tajik colleague is completely right in calling the initiative of the President of Uzbekistan substantial for Central Asia, for several reasons.

First, the Mazar-i-Sharif – Kabul – Peshawar railway will significantly reduce the time and cost of goods transporting between the countries of South Asia and Europe through Central Asia. For example, from the perspective of Uzbekistan – Pakistan relations, laying the route will reduce the transportation time from 35 to 5 days and transportation cost of one 20-pound container by almost three times, that is, from \$900 to \$286. The export of Uzbek products may increase from 100 to 300 million dollars. Not only the countries of the region but also non-regional countries will benefit. Thus, Russia will be able to reduce the transport costs for the transportation of goods to Pakistan by 15-20 percent, using the new railway.

Second, the new Trans-Afghan railway, which provides access to the Pakistani seaports Karachi and Gwadar, will dramatically increase the transit potential of Central Asia and revive the historical role of the region as a bridge connecting Europe and Asia by the shortest land route. According to preliminary data, in the initial years since the start of operation of the Mazar-i-Sharif – Kabul – Peshawar railway, the volume of cargo transportation on this route may reach 10 million tons. If to take into account the forecasts of economists suggesting that South Asia, with a combined population of 1.9 billion people and \$3.5 trillion in GDP, is the fastest-growing region in the world (up to 7.5 percent per year), which will contribute to global growth more than 30 percent by 2040, it is easy to imagine what economic dividends can be promised by cooperation with the future locomotive of the global economy.

Third, the implementation of the project will have a multiplier effect, create unique opportunities for the promotion of other infrastructure projects and create conditions for the development of rich mineral resources along the route of the railway. In particular, the idea of the construction of the Surkhan – Pulikhumri high-voltage power line and the CASA-1000 power project is getting more significant to reduce the cost of building overlapping road sections. This, in turn, will create additional conditions for the supply of seasonal surplus hydroelectric power from Central Asian countries to cover the growing demand for electricity in Afghanistan and Pakistan. On the other hand, this opens up prospects for the electrification of the road to increase the economic efficiency of cargo transportation, as well as the formation of an economic corridor with a developed industrial infrastructure along the route of the railway. And these imply the creation of additional jobs, alternative sources of income for the population tired of many years of war.

In general, by promoting socio-economic, energy, transport and communication projects in the neighboring country, involving it in regional trade and economic ties, Uzbekistan seeks to promote the transformation of Afghanistan into a link between Central and South Asia, a space of mutually beneficial interregional cooperation, and not military confrontation.

We believe that the prospects for obtaining economic benefits from the projects will strengthen the interest of both the intra-Afghan conflict participants and external forces in the peaceful settlement of the Afghan crisis and the early stabilization of the situation. The implementation of such projects can create a completely new reality for the development of the countries of Central and South Asia, and remove the international community’s heavy burden of responsibility for maintaining security in the region. Ultimately, not only our country and the Central Asian region but also the entire international community will benefit from the development and reconstruction of Afghanistan.

This approach of Uzbekistan to the settlement of the situation in Afghanistan is now recognized by the expert community as a pattern and is recommended for resolving regional conflicts in other parts of the

world.

**Source**