



TRADE AND ECONOMIC RELATIONS OF UZBEKISTAN WITH ISLAMIC REPUBLIC OF AFGHANISTAN - POLITICAL ANALYSIS

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Abstract:

The article discusses the dynamics, factors, prerequisites of trade and economic relations of the Republic of Uzbekistan with the Islamic Republic of Afghanistan. The article reveals the potential of the Uzbek market, as well as its role and importance in the economic development of Afghanistan and its integration into the Central Asian region. The basic facts in bilateral Uzbek-Afghan relations are analyzed - Afghanistan's involvement in the economic projects of the Central Asian region with the assistance of Uzbekistan; cooperation in the transport, communications and energy sectors, training and promotion of entrepreneurship.

Keywords: economic situation, economic cooperation, foreign trade, economization of foreign policy, transport and communication sphere

1. Introduction

In recent years, Uzbekistan has noticeably expanded bilateral ties with Afghanistan and has actively joined international efforts to resolve the Afghan problem. Undoubtedly, the establishment of peace in Afghanistan is an important condition for achieving stable development of the Central Asian region. The actively developing dynamics of Uzbek-Afghan relations is the result of a new foreign policy strategy of the President of the Republic of Uzbekistan Sh.M. Mirziyoyev.

From the first days on the post of President Sh.M. Mirziyoyev, the main priority of Uzbekistan's foreign policy was building constructive and mutually beneficial ties with his closest neighbors, strengthening regional security and stability.

2. Literature Review

In this research, several internet sources and articles on trade and economic relations of Uzbekistan with Afghanistan and other works are used as main sources.

3. Research Methodology

This is a qualitative research using the content analysis approach. About fifteen sources are used to explain the theme titled "Trade and Economic Relations of Uzbekistan with Afghanistan" and given reasoned conclusions.

4. Findings and Discussion

At present, in Central Asia, new positive trends in regional development are observed, which, in turn, contribute to enhancing the development of trade and economic relations between the countries. In this regard, it should be noted that the prospects for stable and sustainable development of the Central Asian region are inextricably linked with the achievement of peace in neighboring Afghanistan. It is impossible to ensure the prosperity of the countries of the region without solving the Afghan problem, since Afghanistan has always been and will remain an integral part of Central Asia [1].

One of the priority tasks of the foreign policy of Uzbekistan is comprehensive assistance to the economic reconstruction of Afghanistan. Today, there is a tendency to involve Afghanistan in the short-term, medium-term and long-term economic projects of the Central Asian region; development of trade relations; cooperation in the transport, communications and energy sectors, training of Afghan specialists. An important area is the promotion of entrepreneurship. Dialogues are held between state and private structures of the two countries, joint business forums, as well as a specialized Uzbek-Afghan exhibition. All this is due not only to the presence of common borders, but also to the mutual interest of cooperation in order to ensure peace, stability and progress in the Central Asian region.

The intensification of the Uzbek-Afghan dialogue at various levels, the growth in the volume of trade indicates an expansion of mutual interest in economic cooperation and humanitarian exchange.

4.1. Status of Economic Cooperation

Afghanistan is a strategically important market for Uzbekistan. Developed industry, large transport and energy potential, agricultural products of Uzbekistan are beneficial for Afghanistan.

According to the Afghanistan Main Statistical Office, a country (Afghanistan) annually purchases goods and products from outside worth about \$ 7.5 billion, and export volumes are 9 times less than imports - only \$ 800- \$ 900 million per year [2].

Afghanistan's economy has been growing in recent years. According to a report by the Asian Development Bank (ADB) [3], Afghanistan's economic growth rate in 2019 will amount to 2.5% compared with 2.2% in 2018. According to the report, in 2019, due to changes in weather conditions in the country, the situation in the agricultural sector will improve, which will also increase the rate of economic growth. According to ADB forecasts, inflation in Afghanistan in 2019 will increase to 3% and to 4.5% in 2020. However, it is expected that food prices will remain the same due to agricultural development. According to the report, Afghanistan's economic growth in 2019 will amount to 2.5% [4].

Afghanistan's foreign trade has three main characteristics. The first is a huge imbalance between imports and exports. The second feature consists in the fact that Afghanistan's main trading partners are its neighbors and geographically neighboring states. Thirdly, in Afghanistan's foreign trade, there is a narrow "specialization" of exports in agricultural products and coal sales. As the authors of the ADB report noted, for the development of the economy, the Afghan government needs to solve two priority problems: staff shortages and stimulating investment in infrastructure projects. In 2018, in total, the countries of Central Asia delivered to Afghanistan: flour and wheat for \$ 763 million, electricity - \$ 233 million, oil and oil products - \$ 226 million, liquid gas - \$ 141 million, fertilizers - \$ 71 million, eggs - \$ 31 million. Kyrgyzstan, all other countries of the Central Asian region are trying to take a place in the Afghan market. The leaders in the region in trade with Afghanistan are Kazakhstan and Uzbekistan. These two countries occupy the 4th and 5th place among importers in the Afghan market. To effectively use the opportunities available in this direction, a Joint Commission on cooperation in the field of trade, transport and energy has been created. As a result of practical actions, according to the results of 2017, the volume of trade turnover increased by 15%, amounting to about 600 million dollars. For the period January 2018, trade turnover increased by approximately 30% [5].

According to A.Umarov, the main trading partners of Afghanistan are Iran and Pakistan, which in recent years accounted for the bulk of imported goods - about 40-50% of all Afghan imports. Imports from Pakistan and Iran show a gradual decline amid growing exports of goods from Uzbekistan to Afghanistan. This circumstance can potentially cause a degree of misunderstanding of Tehran and Islamabad, not interested in losing a profitable market for their goods and using trade relations as an instrument of influence in Kabul. We should also not exclude a further increase in competition for the provision of the Afghan and potentially Pakistani electricity supply market as the generating capacities of Central Asian countries increase as a result of the commissioning of new energy facilities. That the active foreign policy of Uzbekistan in the Afghan direction, the change in the country's perception not only as a source of threats, but also potential opportunities will make it possible to achieve significant success in strengthening cooperation between states and a peaceful settlement of the situation in Afghanistan. At the same time, it seems important to take into account the interests of other countries in the Afghan direction and carry out comprehensive

diplomatic work in order to coordinate important initiatives of the republic and their subsequent successful implementation [6].

On this basis, measures have been outlined for the further development of trade and economic ties with Afghanistan. At the same time, special attention is paid to reducing rail, transit and other payments, increasing the volume of trade.

During the visit of the head of government of Uzbekistan to Afghanistan, agreements were reached on developing cooperation in agriculture, certification of cotton raw materials grown in Afghanistan, training on plant protection issues, the supply of pesticides and the provision of practical assistance in mechanization, as well as the exchange of experience in the field of agriculture. At present, it is developing, firstly, a "road map" for restoring the activities of a number of enterprises in the field of light industry and in the field of oil production in Afghanistan. The issue of organizing a joint project for the assembly of light cars in Kabul, intensifying cooperation in the agricultural sector is being considered.

Secondly, at present, the issue of increasing the export (100 thousand tons) of chemical fertilizers (ammonia and urea) based on the needs of Afghanistan is being considered. The Afghan side has also put forward a proposal to establish a model farm in the vicinity of Kabul.

Thirdly, the mining industry is a promising area in Afghanistan, since the deposits of known mineral deposits in the country are estimated by experts at 1 trillion. Dollars [7]. The Afghan side proposed to jointly develop the Guriyon iron ore deposit, located in the province of Herat. For this project, it was agreed that the Afghan side provide the relevant geological data requested by the Uzbek side for iron ore samples [8]. The issue of establishing cooperation with Afghanistan in the production of automobiles, agricultural machinery and textile products is being considered. Uzbek experts are exploring the possibility of assisting the Afghan side in developing promising oil and gas fields in northern Afghanistan [9].

Thus, at present, a kind of economization of foreign policy is underway, aimed at ensuring that diplomacy addresses the specific practical needs of the growth of our economy, thereby contributing to the well-being of citizens. One of the promising areas of economic cooperation has become a new strategy for relations with Afghanistan. It should be noted that this area is a mutually beneficial partnership, as Afghanistan has opened up many strategic opportunities for us. At the same time, Uzbekistan, announcing a new policy of cooperation with Afghanistan, is assisting it both socially and in economic recovery, as well as providing new unique opportunities - to promote its goods through the Uzbekistan to the CIS markets.

4.2. Stimulating trade with Afghanistan

In recent years, there has been a steady growth trend in trade relations between the two countries. Positive dynamics is observed in the volume of bilateral trade with a significant expansion of its structure due to the inclusion of a completely new nomenclature.

At the beginning of 2017, a “roadmap for the development of cooperation” was adopted, the implementation of which will allow us to significantly increase our turnover in the coming years and bring its volume to 1.5 billion US dollars.

An important practical step in expanding bilateral cooperation was the opening of the Trade House of Uzbekistan in Kabul with a permanent exhibition of goods called “Made in Uzbekistan”.

In September 2017 in Mazar-e-Sharif, the Uztrade showroom was opened, where a wide range of Uzbek products is exhibited. Uztrade has entered into contracts with Afghan partners for more than \$ 29 million [11].

In order to create conditions for enhancing interaction between the two countries, an international logistics center with a customs terminal in Termez was created [12]. This Cargo Center is designed to promote export-import and transit freight flows between the two countries with access to the markets of Europe and Asia.

On the basis of the Termez specially created Free Economic Zone, it is planned to open industrial plants for the production of finished products necessary for projects and programs implemented in Afghanistan.

May 22-24, 2019 An Uzbek-Afghan business forum and presentation of the Uzbekistan-Afghanistan border trade zone were held in Termez. The event was attended by an Islamic Republic of Afghanistan delegation led by Deputy Minister of Industry and Trade M. Yurish. One of the most important steps in this direction was the decision of the President of the Republic of Uzbekistan Sh.M. Mirziyoyev on direct trade operations with Afghanistan without any intermediaries, as well as the supply of Uzbek food products to Afghanistan at low prices.

An agreement was reached on organizing long-term deliveries from Uzbekistan to Afghanistan annually up to 300 thousand tons of mineral fertilizers, 2 thousand units of agricultural machinery, up to 250 thousand tons of food wheat and other products demanded in the Afghan market.

It should be noted that Uzbekistan pays great attention to the development of trade and economic ties and cooperation in all directions with many countries: with the Russian Federation and the People’s Republic of China. At the same time, the country finds good support in relations with the European Union, the United States and other developed and developing countries of the world. And in this regard, Afghanistan is one of the main priorities of Uzbekistan, both in the foreign policy and economic spheres. Moreover, Uzbekistan is the only country that borders all its neighbors at the same time, which allows us to assert that our country acts as a system-forming factor in the region.

4.3. Cooperation in the transport and communications sector

In 2002, the Government of Uzbekistan, in order to effectively provide assistance to the world community in Afghanistan, adopted a resolution on the opening of the Hairaton bridge on the Uzbek-Afghan border. In 2003, the customs complex “Airitom. At the

request of the Afghan government, Uzbekistan built 11 bridges on the Mazar-e-Sharif-Kabul section.

Important agreements were reached on the formation of a trans-Afghan transport corridor along the Mazar-e-Sharif-Herat route. The new highway will be a continuation of the first railway line Hairaton-Mazar-e-Sharif previously built by Uzbekistan, which is crucial for the economy of Afghanistan. A significant part of Afghan imports and humanitarian supplies are brought along this highway. According to ADB estimates, with the launch of the Hairaton -Mazar-e-Sharif railway, more than 1 thousand residents of the country were provided with new jobs. The growth rate of employment of Afghans along the railway amounted to 10-11% per year, which allowed to double employment compared with 2008 [13]

The new 760-kilometer railway will create an additional transport corridor in northwestern Afghanistan. The minimum volume of traffic on the site is planned to be increased from 2.2 million tons to 4 million tons annually. The implementation of this project will provide work for 30 thousand Afghans, will allow Kabul to annually receive hundreds of millions of dollars in profit from transit traffic.

It should also be noted that the commissioning of the new railway will significantly increase freight traffic and deliver goods from Uzbekistan to the ports of the Persian Gulf that as a result of the implementation of the Trans-Afghan transport corridor, the countries of Central Asia and Afghanistan will get rail access to the Iranian ports of the Persian Gulf and further to Turkey to Europe. In this regard, in our opinion, the Iranian port of Chabahar is important for Afghanistan and the Central Asian region as a whole, at the same time being a structural link of the created North-South International Transport Corridor.

At the present stage, the construction of the railway on the route "Mazar-i-Sharif-Kabul-Peshawar" is relevant. The opening of this route will provide the shortest access for Central Asian states to the Pakistani ports of Gwadar and Karachi. Moreover, we believe that the prospects for Islamabad gaining economic benefits from the launch of this project will contribute to Pakistan's more active participation in solving the Afghan problem.

One of the strategic transportation facilities connecting Uzbekistan and Afghanistan is the Puli Dusti bridge, which is located on the southern borders of Uzbekistan and connects the city of Termez and the Afghan port city of Hairaton, Balkh province. There are about 15 border crossing points in Afghanistan, but it is through the checkpoint on the Druzhba bridge that the bulk of imported goods enter the country.

In 2017, a historic event took place between Uzbekistan and Afghanistan - air links between the two countries were established. This step will contribute to the establishment of the Tashkent airport as an avihab, which will be used by passengers of the Afghan airline for connecting flights to Germany, the UK and other European countries.

The development of transport relations with Afghanistan, the establishment of new railways in this country - in the future will open and provide Central Asia with the

shortest access to the ports of the Indian Ocean and the Persian Gulf, connect South Asia with the markets of Europe and China.

At the same time, transport cooperation with Afghanistan is not limited to cooperation in the railway sector. Other directions are expanding intensively. So, from November 2017, regular flights on the Tashkent-Kabul route were launched between JSC Uzbekistan Airways and the Afghan airline KamAir. The field of road transport is actively developing. In 2017, the volume of Afghan cargo transported through the territory of Uzbekistan increased by 70% compared to 2016.

All this testifies to the fact that the actions of Uzbekistan gave impetus to the development of interactions in the transport and communication sphere of the two countries. The implementation of transport projects will make a significant contribution to the economic recovery of Afghanistan, and will contribute to an increase in the foreign trade turnover of the Islamic Republic of Afghanistan by 50%. New jobs will be created for residents of the country and will allow Kabul to annually earn serious profits from transit traffic, which will directly strengthen the budget of Afghanistan.

There are also many factors that influence the development of the situation in this area. Due to its geographical location, Uzbekistan is able to play a key role in the processes of regional transport and communication cooperation. Afghanistan can become the main partner of the republic in this context. It should be noted that in this case, the economy should focus not only on getting access to sea routes and ports, but also more and more on the creation and development of land transport communications.

It is important to understand that peaceful Afghanistan is able to open the shortest access to the ports of the Indian Ocean and the Persian Gulf for Central Asian countries, to connect South Asia with the markets of Europe and China.

Given these factors, it is extremely important to start looking at Afghanistan not as a source of regional problems, threats and challenges, but as a unique strategic opportunity that can give a fundamentally new impetus to the development of wide trans-regional ties throughout Eurasia [14].

5. Concluding Remarks

The development of relations with the Islamic Republic of Afghanistan for Uzbekistan is one of the priority areas, since we are acutely aware of the fact of achieving peace and stability in the region, which are a consequence of the prospects for economic development, including. In this, the economic diplomacy of Uzbekistan in relation to the Islamic Republic of Afghanistan is very pragmatic. One example is that Afghanistan is currently participating in regional economic cooperation, and joint trade, infrastructure, and social projects are being promoted. All this will allow the Afghan people to feel the reality of a peaceful alternative to a long-standing armed conflict.

The most important direction for the Republic of Uzbekistan in the development of bilateral relations with Afghanistan is the expansion of its presence in the Afghan

market. With the implementation of large infrastructure projects in Afghanistan, as well as with the potential favorable environment in Afghanistan, Uzbek products will create a more solid foundation in the domestic market, which will positively affect further economic development, which, in turn, will open roads to foreign markets through Afghanistan. Uzbekistan can adequately compete with all the players in the Afghan market: today it is mainly such countries as China, India and Pakistan. Uzbekistan produces the products that are currently in demand in Afghanistan. This is a segment of inexpensive household appliances, products of the automotive, chemical industry, as well as a diverse commodity position of food and consumer goods. It should be noted that the development of the railway industry, contributing to the export of goods to the Islamic Republic of Afghanistan with minimal logistics costs, not only from Uzbekistan, but also from Russia, Kazakhstan and other countries that do not border with Afghanistan.

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