

## Improved Indo-Afghan Trade Relations

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On 13<sup>th</sup> July, 2018, Shaida Mohammad Abdali, Afghanistan's Ambassador to India, in an interview with the media said that both India and Afghanistan have decided to improve their trade relations and have set a mutual target to increase trade between the two neighbouring countries. **The estimated trade target is said to be \$2 million (US) which is expected to be achieved by 2020.** The volume of trade between Afghanistan and India has increased up to \$1 million (US) in the past few years, but both countries feel that it can achieve greater trade benefits by increased trade across the borders, as the productivity of Afghanistan's goods has significantly increased.

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In order to expand and strengthen economic and commercial ties between both countries, and to promote Afghan Agriculture exports to India and South Asia, more than 50 Afghan firms participated in the two-day event, *‘Made in Afghanistan; Nature’s Best’*, hosted by India in its capital city in July 2018. Another event, *‘India Afghanistan Trade and Investment Show’*, organized in New Delhi, by *USAID (United States Agency for International Development)* on September 27-30, 2018, exhibited a comprehensive outline for potential investors willing to invest in emerging economic opportunities in Afghanistan’s market. **These growing joint efforts of both the countries in the economic arena can be seen as strategic effort to stabilize their relations and ensure that Afghanistan emerges as a strong regional stabilizer and ally for India.**



Afghanistan – India Trade and Investment Show, Source: Khaama Press Agency

India and Afghanistan have shared a strong relationship based on historical and cultural links, and India has played a symbolic role in the reconstruction and rehabilitation of Afghanistan. In the recent past, both countries have signed a **‘Strategic Partnership Agreement’ in 2011 focusing on political, cultural and economic cooperation.** India has always been interested in Afghanistan as Afghanistan is an important junction of trade routes connecting Central Asia, South Asia and West Asia. Afghanistan is also adjacent to the Middle East, which is rich in natural resources like oil and natural gas, and having Afghanistan as an ally can help India gain inexpensive access to these resources via trade routes

through the strategically located neighbouring country. While India does not intend to meddle in the internal affairs of Afghanistan, and is quite firm on its stand that an Afghanistan dominated by external extremist force will never be a part of India's geo-strategic and political goals, it believes that improved economic relations will lead to economic well-being of Afghans, stability of polity, and modernization of the country which can help free Afghanistan from the shackles of extremist power structures.

As an important member of *SAARC (South Asian Association of Regional Cooperation)* India's active role in the region is essential in tackling China's growing clout. Both Afghanistan and India are committed towards promoting and strengthening regional cooperation. Afghanistan is hostile towards Pakistan who seems to have funded the growth and spread of Taliban in Afghanistan. India feels that Afghanistan can also play a key role in monitoring the actions of Pakistan. India has always been on opposite ends with Pakistan and China. This similarity is also one of the reasons behind the close association and cooperation between India and Afghanistan.

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The agricultural sector of Afghanistan is the strongest and the revenue generated from it is the largest contributor to the nation's GDP. Afghanistan sees India as the largest market for its agriculture and crafts products. Therefore, **due to strategic and security concerns, India- Afghanistan relations promote the interest of both the nations, forming a symbiotic relationship.**

Afghanistan is a country which is rich in natural resources, craftsmanship and agricultural produce. Some of the goods which are exported to India by Afghanistan include dry fruits, nuts, spices, fresh fruits, medicinal plants and handicraft. Afghanistan has opened up new air corridor connections with India, increased the ease of doing business in the digital age through new manufacturing technology and new agricultural techniques, and technology has led to increased agricultural productivity. This has marked the renaissance of the silk route legacy

and has provided new opportunities of investment to investors (private companies, MNC's, public sector companies) to invest in the Afghan market. **It has provided the country with an opportunity to diversify its economy, which has consequentially increased its economic development.**

The *Afghan Marble* is one of the richest natural resources of Afghanistan and is being used since ancient times. Due to investment in new technologies like the cutting and shaping equipment of marble, its export has increased and spread to countries like Italy, India, China, Turkey and USA. As a result of the dwindling supply of marble deposits in other West Asian countries, Afghanistan's marble has emerged as a star in Europe, Asia and the Middle East. Afghanistan has always been the largest producer of *lapis lazuli* (deep blue metal or gem), which is one of most sought after gems in the world for crafting jewellery, wearable art and sculptures. Its demand has gone up as manufacturing techniques have improved because of increased investment in new mining technologies. *Cashmere* is another sought after fashion garment and Afghanistan is the largest producer of this textile. Over the few years its demand has skyrocketed, especially in the European and Asian fashion industry. This has brought in huge income in the form of revenue generated from its exports. **Afghanistan rightfully boasts about its 2000-year-old silk production and local producers are now enjoying international market success as the newly established silk weaving and processing centres have increased its capacity and know how to meet the constant demand for fine quality silk.** The *Afghan saffron* is establishing reputation of its uniqueness and excellence which sets it apart from other saffron manufacturing nations.

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In addition to its food and consumer goods, Afghanistan is also exploring its partnership and investments in India in health, education, clean energy and innovation and technological realms. There have been notable improvements in trade and technology with the support of USAID and other international donors. This has cultivated an investor friendly environment for doing business, which has helped Afghanistan in diversifying its economy, thereby providing exciting opportunities to both large and small foreign companies.

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