

Economic and Humanitarian Cooperation Between the Russian Federation and the IRA¹ (2001–2021)

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Abstract. The article is devoted to trade, economic and humanitarian cooperation and cooperation in the field of education between Russia and the Islamic Republic of Afghanistan. The main obstacle to economic interaction was removed: the debt problem was settled, which opened up opportunities for state financing of economic projects. Russian firms have taken an active part in the revival of Afghanistan. The creation of a number of joint organizations and the most favored nation treatment led to the fact that in 2011 and 2014 trade between Russia and Afghanistan reached its peak. Humanitarian cooperation also developed. Russia provided assistance to Afghanistan in the field of education.

Keywords: Afghanistan, Russia, economic cooperation, trade relations, humanitarian aid

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Introduction

Economic cooperation between Russia and Afghanistan began to develop soon after the establishment of new authorities at the Bonn Conference at the end of 2001. In March 2002, following the visit to Moscow of the Head of the Interim Administration of Afghanistan, Hamid Karzai, between Russian public and private organizations and Afghan ministers of the economic bloc 20 protocols and memorandums of cooperation were signed regarding bilateral cooperation in the field of oil and gas production, industry, transport, construction, agriculture, and telecommunications. Their implementation is hampered mainly by the lack of funding sources.

The development of trade and economic cooperation was facilitated by the settlement of the problem of public debt.

Issues of Russian-Afghan economic cooperation are considered in the works of V.G.Korgun [7], D.P.Elagin and N.M.Mamedova [2], V.I.Sazhin [7], N.Mendkovich [5], V.M.Toporkov [8], N. Asef (1), M.Menkishak [9].

However, there is no description of Russian-Afghan economic cooperation during the entire period of the existence of the Islamic Republic of Afghanistan (from 2001 to 2021) in the scientific literature.

This article presents a comprehensive analysis of the economic cooperation between two countries. The problem of public debt, the development of economic and trade relations, as well as humanitarian cooperation are considered.

Materials and Methods

The sources of the article are regulatory legal acts, agreements on economic cooperation and trade, materials from the official websites of the Russian Foreign Ministry and the Ministry of Industry and Trade, statements and speeches by the heads of Russia and the IRA, foreign ministers of both countries, the special representative of Russia for Afghanistan, the official pages of the heads of the IRA, institutions and officials in social networks.

Methods of international political economy, in particular, computational methods of economic analysis, are used for data analysis. Political science methods, content analysis and event analysis were used. The first is used to analyze the content of text arrays, and the second is used to study activities, visits and events. Historical-comparative and historical-interpretive methods were also used.

¹ IRA - Islamic Republic of Afghanistan

Results

Settlement of the Public Debt Problem

An important problem for bilateral relations between Afghanistan and Russia was the Afghan debt, which went to Russia as the successor to the Soviet Union. The total debt was \$11.1 billion, most of which were military loans². But already in January 2006, the Russian Federation decided to write off the Afghan debt. During the London International Conference on Afghanistan on January 31 – February 1, 2006, Afghanistan agreed to consider the problem of Russia's debt within the framework of the Paris Club. On August 6, 2007, in Moscow, the finance ministers of both countries signed an agreement on the settlement of the Afghan debt to the former USSR in accordance with the multilateral agreement on the cancellation of Afghanistan's debt within the framework of the Paris Club. The agreement provides for the cancellation of 93% of the debt, which is \$10.35 billion. And the rest of the debt of \$891 million was written off by Russia in 2010.³

The settlement of the problem of Afghanistan's debt to the USSR opened up opportunities for state financing of economic projects, in the implementation of which the Russian side is ready to assist its private sector.

Russia's Assistance in the Afghanistan Reconstruction

As it is known, from 1954 to 1990 with the assistance of the USSR, 154 objects were built in Afghanistan in almost all sectors of the Afghan economy: in the mining industry, agriculture, including irrigation, transport, communications, energy, light and food industries, and housing construction.

After 2001, Russian enterprises provided assistance in the reconstruction of the Afghan economy [2:242–243].

As a result of the active interaction of the Federal State Unitary Enterprise - Foreign Trade Organization "Technopromexport" with the Ministry of Energy and Water Resources of Afghanistan and the development of a competitive feasibility study for the restoration of the Naglu hydropower station, built in the early 1970s with Soviet assistance, with the increase in the capacity of its four power units by 5% to 105 MW, in April 2006 the Russian company won the corresponding international tender. By 2010, the \$40 million upgrade of the Naglu hydropower station was completed.

The Russian companies Inset and Normann have been cooperating with the Afghan side since 2005 in the construction of mini-hydro power plants with a capacity of 0.5 to 6

and 12 MW. In particular, the Inset company, which specializes in the construction of mini-power plants, has commissioned a hydroelectric power station in Faizabad province with a capacity of 12 MW. Similar facilities have been built in the provinces of Parvan (Gurband mini hydropower plant, capacity – 400 kW, cost of work – \$500,000), Paktia (Chamkanai settlement, 400 kW, \$400,000) and Bamiyan (50 kW, \$100,000 dollars).

Projects were launched to build oil refineries with Russian participation in Sari-Pul, Faryab and Balkh.

Between 2007 and 2010 the volume of Russian investments in the Afghan economy amounted to \$34 million [8:227].

The prospects for investment cooperation between Russia and Afghanistan are mainly associated with the restoration and modernization of facilities built with the technical assistance of the USSR, which make up a significant part of the country's industrial and economic base.

There is a good potential for developing cooperation between Russia and Afghanistan in the field of reconstruction and construction of highways, which are practically the only channel for passenger and freight transportation between provinces and to neighboring countries.

The rich experience of work and the availability of geological exploration and technical documentation by Russian companies is a favorable factor for the development of cooperation in the mining sector of the Afghan economy. In 2022, Midural Group from the Sverdlovsk Region showed interest in purchasing chromium ore and subsequently developing its deposits.

The Russian Machines Trading House continued to organize the export of light trucks with a carrying capacity of 1.0–2.0 tons, as well as passenger and ambulance minibuses, to Afghanistan.

The Russian Trading House expanded its commercial activities in Afghanistan, along with export operations, it cooperated with the Ministry of Village Reconstruction of Afghanistan to provide the rural population with drinking water, including geological exploration and drilling of wells.

The Chelyabinsk Tractor Plant has resumed work in Afghanistan, having delivered a trial batch of B-12 type industrial tractors to the northern provinces and Kabul.

The company "Vertical", having its representative office in Kabul, supplied and organized the operation of helicopters. The companies "Vertical", "Utair" and the Russian-Ukrainian "Volga-Dnepr" participated in the air transportation of goods of the International Security Assistance Force.

Multinet (a branch of Rostelecom) worked closely with the local company Roushan (the largest of the three mobile operators in Afghanistan), and also took part in the development of the local Internet network. Its domestic commercial and technical representatives worked in Kabul on a permanent basis, which made it possible to expand the scope of the Russian company's activities and ensure the implementation of projects in various provinces. In mid-2007, Russian engineers started building a third-generation mobile communication network in the north of the country. The first Internet providers and

² Agreements between the Government of the Russian Federation and the Government of the IRA on the settlement of the debt of the Islamic Republic of Afghanistan to the Russian Federation on previously granted loans. Available from: http://www.mid.ru/foreign_policy/international_contracts/2_contract/-/storage-viewer/bilateral/page-121/45682 (accessed 20.02.2023).

³ Laletin Yu.P. Russian-Afghan relations at the present stage / MGIMO Ministry of Foreign Affairs of Russia. Available from: <https://mgimo.ru/upload/iblock/b57/b5731488fe76d68718d1247008145d71.pdf>

Internet cafes in Afghanistan were created with the participation of Russian specialists. Megafon is interested in working on the Afghan market.

Russian companies have shown interest in participating in the implementation of energy projects in Afghanistan. Thus, Gazprom considered the possibility of participating in the construction of the Turkmenistan–Afghanistan–Pakistan–India gas pipeline. The participation of Russian companies in the project for the construction of a power transmission line for the export of electricity from the countries of Central Asia to Afghanistan and Pakistan (CASA-1000; two lines of 500 MW each) is also being considered. It never came to practical implementation of the projects, although the possibility of participation of Russian companies in them is discussed from time to time. And on April 8, 2019, the Chelyabinsk Pipe Rolling Plant Group (part of the Pipe Metallurgical Company Public Joint Stock Company) announced the signing of a contract for the supply of more than 150 thousand tons of pipes with a diameter of 1420 mm for the state company “Turkmengaz” in order to build the Turkmen part gas pipeline 214 km long. There are chances for continued cooperation between the Chelyabinsk Pipe Rolling Plant Group and the project operators during the construction of the already Afghan section of the gas pipeline (775 km long).

The main part of construction projects in Afghanistan is paid for by foreign sponsors, which created difficulties in their implementation by Russian participants. In fact, Russia has to conduct two negotiation processes on each of the initiatives – with the Afghan and American sides, and this led to a delay in the process and a mismatch of positions⁴.

In 2011, a list of priority Afghan projects for Russia was drawn up. These included the Kabul House-Building Plant, a nitrogen fertilizer plant in Mazar-i-Sharif, a power plant in Jalalabad, and a cement plant in Jabul Saraj⁵. It was assumed that Russian companies would participate not only in the restoration, but also in the shared operation of these facilities.

However, negotiations on such cooperation did not always reach the goal. In 2010, the subject of negotiations through the Chamber of Commerce and Industry of the Russian Federation was the participation of Russian companies in the repair of the Darunta Hydroelectric Power station, but at that moment the repair work was already being carried out by ANHAM (Saudi Arabia). In the first half of 2011, the issue of the participation of specialists from Russia in the restoration of the Salang highway was discussed, but these works are also carried out without Russian participation. During consultations in Moscow in 2011 between Russian businessmen and representatives of the United States Agency for International Development (USAID⁶), which is responsible for humanitarian projects

⁴ Mendkovich N. Russia's policy in Afghanistan in 2001-2011. Online public of the Center for Research and Analytics of the Historical Perspective Foundation “Prospects”. 17.02.2012. Available from: https://www.perspektivy.info/rus/desk/politika_rossii_v_afganistane_v_20012011_gg_2012-02-17.htm

⁵ Interview with Nadir Shah, President of the Afghan Business Center in Moscow. Afghanistan. ru. – 2011. – June 6.

⁶ Comment by the official representative of the Russian Foreign Ministry A.K.Lukashevich on the termination of the activities of the US Agency for International Development (USAID) in the Russian Federation. Available from: https://www.mid.ru/ru/foreign_policy/news/1625294. (accessed 20.02.2023).

in Afghanistan, American sponsors stated rather harshly that they want to see Russian companies in Afghanistan only as subcontractors⁷. That is, the American side sought to limit the freedom of action of Russian business and its profits from Afghan reconstruction projects.

The participation of Russian companies in tenders for the right to develop large mineral deposits in Afghanistan is also limited by a number of difficulties. There is an opinion that Russian corporations lost the tender for the development of a copper deposit in Aynak and a similar tender in Khajigak in 2011 due to corruption⁸.

Trade and Economic Relations

In February 2007, the Russian-Afghan Business Council (RAfBC) was established at the Russian Chamber of Commerce and Industry. This structure unites more than 60 domestic organizations and companies. In October 2007, the RAfDS organized a visit to Moscow by a delegation of the Afghan Investment Agency, represented by 25 state organizations and private companies, to present promising economic projects. Russian entrepreneurs showed the greatest interest in cooperation in the energy and transport sectors, the mining industry and the construction industry. A memorandum was signed between the chambers of commerce and industry of Russia and the Afghan Investment Agency, which expressed the intention of the parties to develop cooperation with the participation of RAfBC. In total, from 2007 to 2009, the member companies of the Business Council invested more than \$40 million in various joint projects [9:31].

In May 2010, an agreement was signed between the Chambers of Commerce and Industry of Russia and Afghanistan. In September 2010, the Afghan Business Center was opened in Moscow.

The good potential for economic and trade cooperation between Russia and Afghanistan made it possible during President Karzai's visit to Moscow to sign on January 21, 2011, an intergovernmental agreement on trade and economic cooperation, involving the creation of a joint commission. Its last meeting was held on March 3, 2016 in Kabul.

The agreement introduced the most favored nation regime in foreign trade, which increased trade between the two countries. In 2009, Russia's exports from Afghanistan amounted to \$336.4 million and imports – \$15.3 million, then in 2011 exports reached their peak – \$954.3, repeating in 2014 (\$952.9 million), and imports – \$31 million. Data on trade turnover in 2013–2020 are given in the table.

⁷ Afghanistan.ru. 2011. 24 June.

⁸ Mendkovich N. Russia's policy in Afghanistan in 2001-2011. Online public of the Center for Research and Analytics of the Historical Perspective Foundation “Prospects”. 17.02.2012. Available from: https://www.perspektivy.info/rus/desk/politika_rossii_v_afganistane_v_20012011_gg_2012-02-17.htm.

Table 1. Trade turnover between Russia and Afghanistan in 2013-2020 (\$million)

Year	2013	2014	2015	2016	2017	2018	2019	2020
Export	630,9	952,9	149,9	184,0	205,3	118,7	121,0	153,6
Import	26,5	12,9	9,1	6,3	2,9	4,0	5,3	3,5

Source: Information on trade and economic cooperation between the Russian Federation and the Islamic Republic of Afghanistan (January–May 2021)⁹.

Due to the slowdown in the economic growth of Afghanistan, there was a decline in Russian exports in 2018 to \$118.7 million, and imports in 2017 to \$2.9 million. And the situation has not recovered. Fuel (35%), wood (29%), foodstuffs (mainly oil – 25%), metals and products from them prevail in the structure of Russia's exports. The main items of Russian imports from Afghanistan are the same goods as before: dried fruits (mainly raisins), fruits and nuts account for 85% of imports, another 6% – cotton, as well as fur raw materials and plants and products from them. The share of Afghanistan in Russian exports and imports is insignificant, Russia accounts for about 2% of Afghan imports¹⁰ [2:242-243].

After the «Taliban»^{*11} came to power in Kabul, trade and economic ties between Russia and Afghanistan continue to develop. Negotiations began at the end of August 2022 during a visit to Moscow by a «Taliban»* delegation led by acting. Minister of Trade and Industry of Afghanistan Haji Nuruddin Azizi. On September 28, 2022, an agreement was signed, according to which it is planned to supply a trial batch of diesel fuel with a volume of 30 thousand tons on CIF terms to the port of Okarem (Turkmenistan). In the future, Russia will annually supply Afghanistan with about 1 million tons of gasoline, 1 million tons of diesel fuel, 500 thousand tons of liquefied hydrocarbon gases and 2 million tons of wheat.

Writing off the Afghan debt and Russia's participation in programs of social and economic recovery is Russia's significant practical contribution to the revival of Afghanistan.

Humanitarian Aid and Educational Cooperation

Russia provides humanitarian aid to Afghanistan. In general, from November to December 2002, more than \$30 million was spent to solve these problems. In January 2008, Russia provided humanitarian aid to Afghanistan as a voluntary contribution to the UN World Food Programme, supplying 3,134 tons of wheat flour. In total, in 2008, Russia stepped up its economic assistance to Afghanistan, supplying 15,000 tons of wheat to Kabul free of charge, and also providing financial assistance in the amount of \$4 million¹². In February

⁹ Information on trade and economic cooperation between the Russian Federation and the Islamic Republic of Afghanistan (January–May 2021). Available from: https://www.economy.gov.ru/material/file/38f8003d61c3d4d0f024ba5b5fffd9ef/TEC_Afghanistan_May_2021.pdf

¹⁰ Ibid.

¹¹ *The organization has been recognized a terrorist organization by the Russian Supreme Court. Unified federal list of organizations, including foreign and international organizations, recognized as terrorist in accordance with the legislation of the Russian Federation (as of June 25, 2023). Available from: <http://www.fsb.ru/fsb/npd/terror.htm>. (accessed: 25.06.2023);¹⁸

¹² Dmitry Medvedev sent a reply message to Afghan President Hamid Karzai. Website of the President of the Russian Federation.

2009, at the request of the Afghan government, Russia supplied as humanitarian aid to Afghanistan about 18,000 tons of wheat flour worth \$11 million, and in 2010 for \$5 million. In total, from 2001 to 2009, Russia provided humanitarian assistance to Afghanistan in the amount of \$40 million¹³.

In 2019, Russia allocated \$1 million in humanitarian aid through the UN World Food Organization. Due to the regular contribution to the UN World Food Organization, food aid was provided in 2020 for \$1 million, and in 2021 for \$2 million¹⁴.

On June 15, 2021, Russian humanitarian aid was delivered to Kabul through the World Health Organization with a total weight of 39 tons (medical kits for a wide range of applications)¹⁵.

108 tons of humanitarian aid was delivered to Afghanistan in November-December 2021¹⁶, in 2022 – 122 tons. Assistance included food, warm clothes and medicines.

As for cooperation in the sphere of education, here Moscow also is providing financial assistance to Kabul. In June 2008, the government of the Russian Federation decided to provide \$4 million through the World Bank as a Russian contribution to a multi-donor trust fund for the development of higher education in Afghanistan. Of these, \$2 million are distributed at the discretion of the World Bank, and \$2 million are spent on the restoration of the Kabul Polytechnic University, built with the assistance of the USSR in November 2008, \$2 million was transferred to the World Bank account. The rest was transferred in 2009 for the restoration of the Kabul Polytechnic University¹⁷.

Since March 2005, by the order of the President of the Russian Federation, applicants from Afghanistan have been allocated a special quota – three places each for studying at MGIMO and the Diplomatic Academy of the Russian Foreign Ministry. In addition, until 2010, young Afghans were provided with an annual quota of 80 places to study at the universities of the Russian Federation (50 scholarships were provided for students and 30 for graduate students, trainees and doctoral students). In 2010, the quota was increased to 100 scholarships, in 2019/2020 – up to 365, in 2020/2021 – up to 368, and in 2022/23 – up to 500. At the same time, more than 6 thousand applications were received from the Afghan side every year for education. And in 2022, 10.5 thousand applications were submitted from Afghans¹⁸.

On April 11, 2019, in Moscow, the Minister of Higher Education of Afghanistan Najibullah Khwaja Omari and the Minister of Science and Higher Education of the Russian Federation Mikhail Kotyukov signed a memorandum of understanding on cooperation in the field of science, education and technological innovation. At the same time, Kabul University signed cooperation agreements with three Russian universities.

¹³ Russia and Afghanistan (on the 90th anniversary of the establishment of diplomatic relations). Website of the Russian Foreign Ministry.

¹⁴ Russian-Afghan relations. Reference. Website of the Russian Foreign Ministry.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Laletin Yu.P. Russian-Afghan relations at the present stage / MGIMO Ministry of Foreign Affairs of Russia. Available from: <https://mgimo.ru/upload/iblock/b57/b5731488fe76d68718d1247008145d71.pdf>

¹⁸ Ibid.

The Russian Center for Science and Culture in Kabul helps young people from Afghanistan to get into Russian universities. Having received a quota for education, Afghans go to study in dozens of Russian cities.

Currently, Russian is taught at the Kabul State University, the Kabul Polytechnic University, the Pedagogical University, the Institute of Oil and Gas in Mazar-i-Sharif and the Kabul Automotive Institute. In general, the Russian language in Afghanistan is studied by about 7 thousand people at a time.

Summing up the above, it should be noted that trade and economic cooperation between Russia and the Islamic Republic of Afghanistan, although it received an impetus for development, remained at a rather low level. On the one hand, measures were taken to promote the growth of interaction – the problem of Afghanistan's debt was resolved, a number of joint organizations were created, and the most favored cooperation regime was introduced. On the other hand, corruption and the unwillingness of Americans to have Russian firms as competitors, which were assigned the only role of mere subcontractors, served as obstacles. Nevertheless, trade and economic cooperation between our countries have great potential for development both in the field of trade and in the field of restoration of 154 objects built with the help of the USSR. There is no doubt that sooner or later this potential will be realized.

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Contribution of the author

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