

India-Afghanistan Trade diplomacy

What is the issue?

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- There is a declining trend of bilateral trade between Afghan and Pakistan.
- India needs to use this opportunity to expand its trade with Afghanistan.

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What are the status of trade between Afghan-Pak?

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- Afghanistan shares 2430km long border with Pakistan, and there are many armed disputes in this borders.
- Over the last 15 years, Pakistan has closed its border on multiple instances with Afghanistan.
- The bilateral trade peaked to \$3 billion in 2011, the estimates for the current year are less than \$1 billion between the two countries due to recent border conflicts.
- The main item of trade between the two nations is Wheat, 2017 faced four border blockages by Pakistan, and steep decline of about 26 per cent in its exports to Afghanistan.
- Pakistan currently has stocked 9.7 million tonnes of wheat but isn't able to export it for lack of a clear policy.
- Afghan also lost interest in pushing forward any trade related agreements with Pakistan, due to the alternative trade route via Iran.

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How Pakistan is affected due to Afghanistan's move?

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- A decline of bilateral trade by 70 per cent over a decade between Pakistan and Afghanistan has been comfortably filled in by other neighbours in central and south Asia.

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- In 2006, Afghanistan imported more than 50 per cent of its wheat and flour requirements from Pakistan, but that lead has now been taken by Kazakhstan.

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- Estimates show that more than 800 flour mills have been closed in Pakistan due to a decline in exports to Afghanistan, especially in the Khyber-Pakhtunkwa region.

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- Given storage infrastructure limitations, most of this wheat is lying in open storage.

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What are existing relations between India and Afghan?

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- India's aid to Afghanistan in building roads and railways, has earned India substantial goodwill in that nation.

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- India has also invested in training its civil servants and security forces.

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- India is Afghanistan's top export destination in 2016, \$220 million of Afghanistan's \$483 million in total trade went to India, which accounted for 46 per cent of Afghan exports.

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- India is a minor player in exports to Afghanistan, having accounted for just 2 per cent of Afghanistan's total imports in 2016.

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How India makes use of this situation?

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- India sent its first shipment of wheat in October 2017, through the

strategically located Chabahar port in Iran).

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- This shipment is first in a series of six shipments totalling 1.1 million tonnes of wheat, on a grant basis.

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- Thus the border blockades and other myopic measures by Pakistan along the Afghan-Pak give India a unique opportunity to capitalise on growing exports from current levels and embarking upon a new era of trade diplomacy with Afghanistan.

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Source: Business Line

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