

## **India-Afghanistan Relations**

### **Political and Cultural Relationship:**

India and Afghanistan have a strong relationship based on historical and cultural links. The relationship is not limited to the governments in New Delhi and Kabul, and has been driven by the historical contacts and exchanges between the people. In recent past, Indo-Afghan relations have been further strengthened by the Strategic Partnership Agreement signed between the two countries in 2011. As Afghanistan is preparing itself for three simultaneous political, security and economic transitions in 2014, India has sought to allay fears about the future by making a long-term commitment to the security and development of Afghanistan. The Strategic Partnership Agreement (SPA) between the two sides, inter alia, provides for assistance to help rebuild Afghanistan's infrastructure and institutions, education and technical assistance to re-build indigenous Afghan capacity in different areas, encouraging investment in Afghanistan's natural resources, providing duty free access to the Indian market for Afghanistan's export products, support for an Afghan-led, Afghan-owned, broad-based and inclusive process of peace and reconciliation, and advocating the need for a sustained and long-term commitment to Afghanistan by the international community. As the lead country for Trade, Commerce and Investment CBM of Heart of Asia Process, India hosted Senior Officials Meeting of the Heart of Asia countries in New Delhi in January 2014.

There also exists a high-level political engagement with Afghanistan, which is reflected in the large number of bilateral high-level visits. There have been frequent high level visits from both sides, including among others, Prime Minister in May 2011; Vice President in March 2014, External Affairs Minister (EAM) in January 2011 and December 2013 ; National Security Adviser (NSA) in March 2011 and February 2013; Special Envoy to PM to Kabul in June 2011 for a meeting of the International Contact Group; Foreign Secretary in September 2011; Former Minister of Law & Justice Shri Salman Khurshid on September 24, 2011 after the demise of Prof. Burhanuddin Rabbani, and again on June 14 for the Heart of Asia Conference in Kabul, Minister for Steel Shri Beni Prasad Verma in April 2012 for signing a Memorandum of Understanding on cooperation in the iron & steel sector, and by Shri S. Ramadorai, Adviser to the Prime Minister of India in the National Council on Skill Development and Shri M.S. Swaminathan, Chairman of National Farmers Commission.

From the Afghan side, high level visits to India included President Hamid Karzai's visit in May, 2013, following closely after his state visit in November, 2012, when he delivered the prestigious Maulana Abul Kalam Azad Memorial lecture, had intensive discussions with political and business leaders and oversaw the signing of four MoUs with India. A high-level delegation comprising of Dr. Zalmay Rassoul, the then Minister of Foreign Affairs, Mr. Anwar-ul-Haq Ahady, Minister of Commerce and Industry, Mr. Omar

Zakhilwal, the then Minister of Mines, Mr. Wahidullah Shahrani and Mr. Asef Rahimi, Minister of Agriculture was in Delhi on June 28, 2012 for the Delhi Investment Summit on Afghanistan. The then Foreign Minister Zalmay Rassoul also co-chaired the first Partnership Council meeting on May 1, 2012, while the Minister of Mines and the Finance Minister were in Hyderabad in January 2012 for the CII Partnership Summit. India also hosted the Upper House of the Afghan Parliament, Meshrano Jirga, for a study visit from 11-18 February, 2013. President Hamid Karzai visited India to attend the swearing in ceremony of the Prime Minister Shri Narendra Modi in May 2014.

### **Development Cooperation:**

Bilaterally, India has played a significant role in the reconstruction and rehabilitation of Afghanistan. India's extensive developmental assistance programme, which now stands at around US 2 billion, is a strong signal of its abiding commitment to peace, stability and prosperity in Afghanistan during this critical period of security and governance transition. This makes India one of the leading donor nations to Afghanistan, and by far the largest from among the regional countries.

India believes that sustainable development of Afghanistan requires long-term investment in Afghanistan that can help it exploit its natural resource wealth. India is, thus, at the forefront of the promotion of investment in Afghanistan and a consortium of public and private Indian companies has been selected to make one of the biggest investments in the country's mining sector, in the Hajigak iron ore reserves.

### **Economic and Commercial relationship:**

India also realises that stability can result in Afghanistan only if all the major actors and countries have a stake in its stability, growth and prosperity. India has, thus, been championing efforts to attract regional and trans-regional investment into Afghanistan that provides a viable alternative to the dominant narrative of extremism and offers job opportunities to its population, by pioneering events like the Delhi Investment Summit on Afghanistan in June 2012. Recognising that the region holds the key to peace in Afghanistan, India is spearheading commercial confidence building measures in the region within the purview of the Heart of Asia Process. Multilaterally, it helped initiate a dialogue on Afghanistan through [various] platforms like the Afghanistan-India-US trilateral and the Afghanistan-India-Iran trilateral that seek to bring together international partners with disparate worldviews in pursuit of the common goal of securing peace and prosperity in Afghanistan. India also expressed its support to international cooperation on Afghanistan at the UN and at various international conferences focused on the future of Afghanistan, including the seminal Tokyo Developmental Conference in July 2012.

India recognizes the preeminence of Afghanistan as a junction of trade routes between central, south and west Asia for 3000 years. The bilateral trade at US\$ 588.3 million for 2012-13 (US\$ 472.5 million export and US\$ 115.8 million import by India; 19% of Afghanistan's exports) is a modest figure going by the actual potential trade. To

achieve the possibilities of trade, India and Afghanistan signed a Preferential Trade Agreement in March 2003 under which India allowed substantial duty concessions, ranging from 50% to 100%, to certain category (38 items) of Afghan dry fruits. In November 2011, India removed basic customs duties for all products of Afghanistan (except alcohol and tobacco) giving them duty free access to the Indian market. India is one of the major export destinations of Afghanistan's goods with. The operation of the Chabahar port in Iran could substantially increase Afghanistan's exports by providing a new transit route for Afghan to trade with India and the rest of the world.

India is also investing in Afghanistan. In December 2011, a 7-company public-private consortium of Indian iron ore mining and steel companies, AFISCO, led by SAIL secured the tender for the Hajigak iron ore reserves, with plans to construct a 3-6 million tons steel plant. Since beginning of 2013, business delegations have been coming regularly to Afghanistan.

### **Delhi Investment Summit:**

India hosted the Delhi Investment Summit on Afghanistan on June 28, 2012 to help forge cross-country partnerships for investment in Afghanistan and to offer a counter narrative of economic opportunities in Afghanistan. Apart from above 100 business delegates from Afghanistan and around 160 from India, around 80 delegates from the countries in the region and beyond, including China, Pakistan and Iran participated in the event. Afghan Ministers of Foreign Affairs, Finance, Mines, Trade and Commerce and Agriculture participated in the Summit. The objective of this Summit was to attract foreign investment into Afghanistan in the light of new opportunities opening up in various sectors in that country. The Summit included presentations by the Government of Afghanistan and others on the investment climate and opportunities in Afghanistan and panel discussions on cross-cutting issues as well as sector specific themes. The Summit was in line with India's long term commitment to assisting the people and Government of Afghanistan as they build a peaceful, pluralistic, democratic and prosperous Afghanistan. The Summit came out with a set of recommendations for unlocking Afghanistan's economic potential and making it an attractive investment destination.

### **Useful Resources:**

For more information and latest updates please visit

Embassy of India, Kabul website:

<http://www.eoi.gov.in/kabul/>

Embassy of India, Kabul Facebook page:

<https://www.facebook.com/IndiaAfghanistan>

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