



**FRIEDRICH NAUMANN
FOUNDATION** For Freedom.

South Asia

IMPACT OF THE WAR IN UKRAINE

Afghanistan's perspective

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ANALYSIS

Publication Credits

Publisher

Friedrich Naumann Foundation for Freedom
USO House
6, Special Institutional Area
New Delhi 110067
India

 /freiheit.org/south-asia

 /FNFSouthaAia

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Date

February 2023

Notes on using this publication

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Abstract

The shock waves of the Ukraine war have impacted energy and grain markets worldwide, including countries like Afghanistan. According to World Food Programme (WFP) reports, the prices of basic commodities such as grains, cooking oils, and fuel began to rise in February 2022. While they picked up in June of the same year, they declined in its second half.

Afghanistan has a diaspora of 5 million people, many of whom are migrant workers, with 11% living in Europe, which has been one of the regions hit hardest in economic terms by the war. As a result, the remittances sent to Afghanistan have decreased, although precise quantitative data is difficult to come by. The impact of the war is the third blow to Afghanistan's deteriorating economic condition, following the COVID-19 pandemic and the economic collapse that occurred after the Taliban took over on August 15th, 2021.

Despite challenges, Afghanistan may have fared better than countries like Egypt, Lebanon and Turkey and most of Europe that depend on the Black Sea region's grain and energy market. Afghanistan's access to Central Asian grain and energy markets has helped it adjust to inflation more easily, partially because of agreements between the Taliban de facto government and Russia on imports of fuel, cooking oil and grain.

Afghanistan is better equipped to handle future energy market crises thanks to existing agreements for power and gas transmission with Central Asian and South Asian countries, their supply lines passing through Afghanistan. Energy projects like Central Asia-South Asia (CASA-1000), Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) and the Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipelines aim to transfer gas and electricity from Central Asia to South Asia, putting Afghanistan in a better position to deal with rising energy price issues. Before its takeover of the government, the Taliban was a significant obstacle to the implementation of these projects, but with the group now in power, the rise in energy prices is

likely to accelerate their completion.

However, the Taliban's exclusion of women from public life and its ban on girls' education, as well as discrimination against non-Pashtun groups, are exacerbating the country's ethnic tensions. The border region between Afghanistan and Central Asia is a major source of conflict that could disrupt plans to import energy from Central Asia into South Asia. Religious extremists such as the Islamic State of Khorasan and the Islamic Movement of Uzbekistan have seized the border region as their base. Moreover, the Taliban, dependent on funding from the US and its allies, will find it difficult to balance its relations between Russia and China whilst establishing its international legitimacy to the West. Navigation of international relationships between conflicting regional and global powers has been a long-standing strategic challenge for Afghanistan.

1 Introduction

Afghanistan's economy has received three blows in the past two years. The COVID-19 pandemic was the first of these, as countries closed their borders to prevent the spread of the virus. The second blow came from the state's collapse on August 15, 2021, when the Taliban overthrew the US and NATO-backed government of Ashraf Ghani. Even as the poverty rate surged due to state institutions' meltdowns and the country's disconnection from the world's financial markets (owing to US sanctions), the third blow to an already collapsing economy arrived in form of the war in Ukraine.

The exemplary leadership demonstrated by Volodymyr Zelenskyy during the Russian Army's invasion of his country was contrasted with Afghanistani President Ashraf Ghani's disgraceful escape from Kabul on August 15, 2021¹, the latter drawing derision from all quarters for having abandoned his people to the vagaries of the impending crises.

Deep sympathies for Ukrainians emerged amongst people in Afghanistan following the invasion; the Afghans were, after all, people who'd forged through the horror of the Soviet Union's territorial aggression in the 1980s². It was an era in which the West stood firmly behind the mujahedeen (holy warriors), supplying resources and weapons to fight the Red Army in the same fashion in which it now arms and supports Ukraine. To the dismay of many people from Afghanistan, however, even as Europe opened its arms to millions of refugees from Ukraine, it began shutting its doors on the thousands of similarly afflicted Afghan refugees, members of the disintegrated Afghan Army, human and women's rights activists and individuals who'd helped the EU and US for the past 20 years within Afghanistan. In Germany, hundreds of Afghan refugees who'd fled the Taliban were

1 Khaama Press., 2022. Social media users praise the bravery of Zelensky, sneer at Ghani's escape. The Khaama Press News Agency. 26 February. Available at: <https://www.khaama.com/social-media-users-praise-the-bravery-of-zelensky-sneer-at-ghanis-escape-89766/>, accessed on 14 November 2022.

2 Osgood, B., 2022. Flashback: Ukraine War revives painful memories for Afghans. AlJazeera. Available at: <https://www.aljazeera.com/news/2022/3/17/ukraine-war-revives-painful-memories-for-afghans>, accessed on 14 November 2022.

evicted from shelters to make way for the Ukrainians³. Coverage of the Ukraine war was tinged heavily with racism, the Ukrainian refugees seen as more 'civilized,' being similar to the Europeans⁴.

Additionally, the war in Ukraine took the world's attention away from Afghanistan⁵; the nation that underwent state collapse and a subsequent economic crisis was no longer featured on the news. Europe's and the US's singular focus on the Russo-Ukrainian war gave the Taliban the opportunity to strip women of all their fundamental rights and commit gross human rights violations against civilians in Panjshir province, the Balkhab district of Sar-e Pol, and other places in the country with complete impunity⁶. It also reduced the Taliban's visibility as the world's most notorious aggressor; that place was now reserved for the Russian oligarchs⁷. However, the impact of the Russo-Ukrainian war is more complex in terms of Afghanistan's economy.

3 Glinski, S., 2022. Germany is displacing Afghan refugees to make way for Ukrainians. Foreign Policy. 20 April Available at: <https://foreignpolicy.com/2022/04/20/germany-refugee-policy-afghanistan-ukraine/>, accessed on 14 November 2022.

4 Bayoumi, M., 2022. They Are 'Civilised', 'European' and 'Look like Us': The Racist Coverage of Ukraine. 2 March The Guardian News and Media. Available at: <https://www.theguardian.com/commentis-free/2022/mar/02/civilised-european-look-like-us-racist-coverage-ukraine>, accessed on 14 November 2022.

5 Siddique, A., 2022. We are desperate: War in Ukraine diverting world's attention from Afghan Humanitarian Crisis. RFE/RL, 4 March. Available at: <https://gandhara.rferl.org/a/ukraine-war-diverting-attention-afghanistan/31736163.html>, accessed on 19 November 2022.

6 Amnesty International., 2022. Afghanistan: One year of the Taliban's broken promises, draconian restrictions and violence. Amnesty International. Available at: <https://www.amnesty.org/en/latest/news/2022/08/afghanistan-one-year-of-the-talibans-broken-promises-draconian-restrictions-and-violence/>, accessed on 14 November 2022.

7 Worden, S. 2022. Russia's Invasion of Ukraine Helps the Taliban and Makes Afghans Worse Off. United States Institute of Peace. 16 March. Available at: <https://www.usip.org/publications/2022/03/russias-invasion-ukraine-helps-taliban-and-makes-afghans-worse/>, accessed on 14 November 2022.

2 Impact of the War in Ukraine: Oil, Grain, Remittance and Foreign Aid

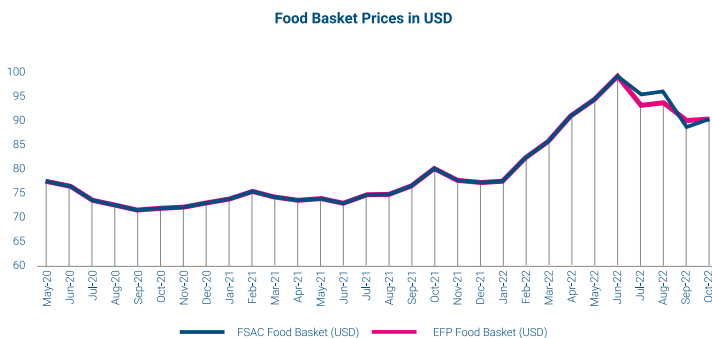
A nosedive in Afghanistan's economy followed the fall of Kabul to the Taliban (August 15, 2021), as people rushed to withdraw their savings from banks; to prevent cash reserves from leaving the country and devaluation of the national currency, the Taliban banned all cash withdrawals and curtailed banks' international transactions. To avert a complete collapse of the economy, the US and its allies began delivering 40 million USD in cash each week to Afghanistan's Central bank, which was under the Taliban's control. Though this cash delivery has prevented an economic crash and the national currency remains stable, it has not slowed the increase in poverty. The World Bank estimates that the country's economy contracted by 30-35% between 2021 and 2022⁸. A United Nations Development Program (UNDP) report suggested that the poverty rate would rise to 97% by mid-2022⁹. The state collapse and the subsequent economic downturn caused severe deprivation across the country, forcing some families to sell their female children in exchange for cash¹⁰. The Ukraine-war-induced grain shortage worsened an already decaying economy. As winter approaches, the World Food Programme (WFP) makes appeals to donors for 1.1 billion USD to deliver food to Afghanistan's 18 million aid-dependent citizens¹¹.

8 World Bank Group., 2022. Afghanistan's Economy Faces Critical Challenges as It Adjusts to New Realities. World Bank Website. 18 October. Available at: <https://www.worldbank.org/en/news/press-release/2022/10/18/afghanistan-s-economy-faces-critical-challenges-as-it-adjusts-to-new-realities#:~:text=The%20report%20projects%20that%20the,improvement%20in%20per%20capita%20income,accessed%20on%2019%20November%202022>.

9 UNDP, 2021. 97 Percent of Afghans Could Plunge into Poverty by Mid 2022. 9 September. Available at: <https://www.undp.org/press-releases/97-percent-afghans-could-plunge-poverty-mid-2022-says-undp,accessed%20on%2019%20November%202022>.

10 Kumar, R., 2022. In Afghanistan, 'People Selling Babies, Young Girls to Survive. Al Jazeera. 31 March. Available at: <https://www.aljazeera.com/news/2022/3/31/afghanistan-faces-hunger-crisis-of-unparalleled-proportions,accessed%20on%209%20November%202022>.

11 World Food Programme., 2022. Afghanistan risks winter of famine after devastating year. Available at: <https://www.wfp.org/stories/afghanistan-risks-winter-famine-after-devastating-year,accessed%20on%2014%20November%202022>.



The above table demonstrates the changes in Food Basket Prices in Afghanistan from April 2020 to October 2022

Source: WFP Afghanistan Countrywide Monthly Market Price Bulletin: Issue 29 (October 2022)

Russia and Ukraine being essential contributors to the international grain market, their conflict has affected grain and oil shipments to countries of the global south including Afghanistan. Monthly reports by the WFP show a rapid rise in the Afghan Food Basket Price from February 2022, spiking in June of the same year but declining in the second half of the year (see above table)¹². After a rise in June 2022, cooking oil prices decreased “due to enough supply from Central Asian and Gulf countries to Afghanistan” (ibid). Diesel prices also surged in June 2022 and increased further in the week third of July, as reported by another WFP report, but declined towards the end of the year¹³.

However, mitigating the shortage of grain and oil isn’t a serious challenge for Afghanistan, thanks to its location on the energy highway between Central and South Asia; its Central Asian neighbors are rich in oil, gas and grain.

In October 2022, the Taliban reached an agreement with Russia that

¹² World Food Programme., 2022. Afghanistan: Countrywide Monthly Market Price Bulletin, 8 November, issue 29. Available at: <https://reliefweb.int/report/afghanistan/afghanistan-countrywide-monthly-market-price-bulletin-issue-29-covering-month-october-2022>, accessed on 21 November 2022.

¹³ WFP., 2022. Afghanistan. 6 October. Available at: <https://docs.wfp.org/api/documents/WFP-0000143260/download/>, accessed on 21 November 2022.

let the former to “annually buy 1 million metric tons of gasoline, 1 million tons of diesel, 500,000 tons of liquefied petroleum gas (LPG) and 2 million tons of wheat from Russia”¹⁴. Power and energy transmission agreements such as CASA-1000 and Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) as well as the Turkmenistan–Afghanistan–Pakistan–India (TAPI) Pipeline (running from Central Asia to the South Asian nations of India and Pakistan) present Afghanistan with the opportunity of becoming independent of the volatile energy market. These projects were previously halted because of the Taliban’s conflict with the US-backed former government; now that the Taliban controls the country, there are no imminent security threats deterring completion of these projects.

Across Afghanistan’s western border, Iran is one of the largest oil and gas exporters. The internationally unrecognized Taliban government enjoys a close relationship with its theocratic peer in Iran. The Taliban, as a de facto government, bypasses US sanctions on Iran to import oil and liquefied gas from the latter.

Meanwhile, the Afghan diaspora sends home vast sums of money. Almost one in every ten families in the country depends on remittance from outside the country¹⁵. According to KNOMAD, a World-Bank-affiliated organization, 2021 saw a US\$300 million decline in remittance from the US, Persian Gulf states and Europe¹⁶. By 2020, out of 5.9 million Afghan expats, 649,000 (11%) were residing in Europe¹⁷. Germany alone hosts more than a quarter-million Afghan-origin expats¹⁸. The cumulative impact of the rise in living costs in Europe and the decrease in the Euro’s value (against the US dollar) on the remittance sent to Afghanistan is hard to determine.

14 Gul, A., 2022. Russia ‘tentatively’ approves oil, grain exports for Afghanistan, Voice of America (VOA News). Available at: <https://www.voanews.com/a/russia-tentatively-approves-oil-grain-for-afghanistan-/6767290.html>, accessed on 14 November 2022.

15 Global Migration Data Portal., 2022. Remittances to Afghanistan are lifelines: They are needed more than ever in a time of crisis. Available at: <https://www.migrationdataportal.org/blog/remittances-afghanistan-lifelines>, accessed on 14 November 2022.

16 Dawi, A. 2022. Afghanistan remittances fall as poverty threatens lives. Voice of America (VOA News). Available at: <https://www.voanews.com/a/afghanistan-remittances-fall-as-poverty-threatens-lives-/6711994.html>, accessed on 14 November 2022.

17 IOM’s Global Migration Data Analysis Centre., 2021. Destination regions of Afghan migrants, Mid-2020, Migration Data Portal. Available at: <https://www.migrationdataportal.org/infographic/destination-regions-afghan-migrants-mid-2020>, accessed on 14 November 2022.

18 Dave, B., 2021. How Does Europe’s Largest Afghan Diaspora View the Crisis Back Home?. Euronews. 1 September. Available at: <https://www.euronews.com/my-europe/2021/09/15/how-does-europe-s-largest-afghan-diaspora-view-the-crisis-back-home>, accessed on 7 December 2022.

There is a dearth of precise information on the change in remittances to Afghanistan following the Russia-Ukraine war. The Afghan diaspora's use of informal money transfer methods, such as hawala (using money brokers), makes keeping records more complicated. UN data shows that the flow of remittance to the South Asian region is expected to grow in 2022¹⁹. Afghanistan's expats in Europe may likely have begun to send more money to Afghanistan following the 2021 state collapse, the ensuing economic crises leading their families back home to make greater requests for remittances. Still, their ability to deliver the same has declined following the start of the war in Ukraine because of rising inflation in Europe, an assertion confirmed (in an interview with the author) by 10 out of 11 expats of the Hazara ethnic group living in Italy²⁰. The Taliban's marginalization of the Hazaras and the laying off of members of the latter from civil services²¹ has only increased financial pressures on their diaspora.

Furthermore, the combined impact of the US withdrawal from Afghanistan, the subsequent state collapse in August 2021 and the war in Ukraine in 2022 are reflected in the decline (as much as 48.1%) in EU foreign aid to Afghanistan, from 222 million Euros in 2021 to 115 million in 2022²². The decrease in European foreign assistance to Afghanistan has not impeded the Taliban's adoption of restrictive policies against women. Driven by literal interpretations of Islamic texts, it persists in atrocities such as stoning women to death on suspicion of adultery²³.

The Taliban regime, which remains unrecognized internationally and commits human rights abuses daily, has now to compete with Ukraine in attracting foreign aid from western donors who give

19 KNOMAD., 2022. A War in A Pandemic: Implications of the Ukraine crisis and COVID-19 on global governance of migration and remittance flows, KNOMAD. World Bank Group. Available at: https://www.knomad.org/sites/default/files/2022-07/migration_and_development_brief_36_may_2022_0.pdf, accessed on 14 November 2022.

20 Ramazan Asghari, Jan Azad, Aslam Alavi, Abdulah Supifor, Nazira Khairzad, Sharifa Behzad, Hayatullah Shahriyar, Shahrbanu Haidari, Shahab Ebrahimi, Ashbarati, Shafiq, Hajar Rafiee and Mariam Rahmani participated in a Whatsapp Group survey conducted by the author, 22 November, 2022.

21 Akbari, F., 2022. The Risks Facing Hazaras in Taliban-ruled Afghanistan. George Washington University Program Extremism, 7 March. Available at: <https://extremism.gwu.edu/risks-facing-hazaras-taliban-ruled-afghanistan>, accessed on 8 December 2022.

22 European Commission., 2022. Afghanistan, European Civil Protection and Humanitarian Aid Operations. Available at: https://civil-protection-humanitarian-aid.ec.europa.eu/where/asia-and-pacific/afghanistan_en, accessed on 14 November 2022.

23 Afghanistan International. 2022. Taliban Ask People to Gather, Watch Stoning of a Woman in Farah. 7 December.

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precedence to the Ukrainians²⁴.

²⁴ Gupta, I., 2022. The Ukraine invasion and Afghanistan's current crisis. South Asian Voices. Available at: <https://southasianvoices.org/the-ukraine-invasion-and-afghanistans-current-crisis/>, accessed on 19 November 2022.

3 Between a Rock and a Hard Place

Past the cessation of the conflict, the tenor of the EU-Afghanistan relationship will be determined largely by the Taliban's behavior toward the West. So far, the Taliban has pushed a narrative of amiability with the West, despite the stubborn implementation of its rigid ideology vis-a-vis women in Afghanistan. Learning from its theocratic neighbor's chaotic relationship with the West, the Islamic Republic of Iran, the Taliban knows that women's rights violations and atrocities against those opposed to its rule will not be sufficient reason for the West to intervene in Afghanistan militarily; it also recognizes, however, that siding with Russia and not engaging with the West would have catastrophic consequences for its regime. Currently, the Taliban government cannot afford to antagonize the West, as it enjoys the weekly USD 40 million cash delivery to the Afghanistan Central Bank under its control. This perhaps explains the recent unamicable exchanges between the Taliban and Russian officials²⁵ and the Russian exclusion of the Taliban from the 2022 Moscow Consultative Format, where regional powers such as Russia, India, Pakistan, Iran and China discussed regional security.

The Afghanistan-Tajikistan border remains a fault line between the Taliban and the Russian Army stationed on the Tajik border, with a brigade of the Taliban's suicide bombers stationed on its side, a cause for concern in Dushanbe. The Islamic State of Khorasan (IS-K), Central Asian fundamentalist groups allied with the Taliban (such as the Tahreek Taliban Tajikistan²⁶ (TTT) and Islamic Movement of Uzbekistan) and elements among the Taliban itself will likely try to destabilize Central Asian countries like Tajikistan and Uzbekistan to establish a caliphate across the border²⁷. On the other hand, Tajiki-

25 Hasht-e Subh Daily., 2022. The Influence of World Powers on the Taliban. 13 November, Available at: <https://8am.media/eng/the-influence-of-world-powers-on-the-taliban/>, accessed on 14 November 2022.

26 Bifolchi, G., 2022. Tehrik-e taliban tajikistan and terrorism in Central Asia. SpecialEurasia. 13 November. Available at: <https://www.specialeurasia.com/2022/07/25/tehrick-e-taliban-tajikistan/>, accessed on 19 November 19, 2022.

27 Alavizada, S. M., 2017. Tashkeel-e Khelafat dar Montaqae Hail Mian Afghanistan-Tajikistan Wa Uzbekistan, 18 July. Available at: <https://www.iess.ir/fa/analysis/211/>, accessed on 19 November 2022.

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stan supports the National Resistance Front of Afghanistan (NRF) fighting with the Taliban in the Panjshir and Baghlan Provinces. Russia is likely to intervene if a confrontation does occur on the Afghanistan-Tajikistan border. Any Taliban conflict with Central Asian states maintaining bilateral agreements with Russia would jeopardize afore-mentioned energy and power projects such as CASA-1000, TUTAP and TOPI.

4

Conditionality: Implementing Central Asia-South Asia Energy Transmission Projects

Located in the vicinity of Russian and Central Asian energy and grain markets, Afghanistan seems to be well placed to deal with the economic stress unleashed by the Russia-Ukraine war. The Taliban government is eager to improve its relationship with the EU and the West, but remains adamant on its fundamentalist views. The strict interpretation of religious texts by the Taliban and its violations of human rights make its partnerships with Europe and South Asia a problematic endeavor. The EU, the West and Afghanistan's neighbors in Central and South Asia have before them a complicated task: to find ways to work on development projects and poverty alleviation measures while avoiding any direct assistance to the Taliban unless it shows willingness to adhere to human rights principles, takes steps to prevent women's rights violations and recognizes the multicultural and ethnoreligious pluralism of the country.

That said, the EU and Afghanistan's South Asian partners, such as India and Pakistan, could quench the Taliban's thirst for economic self-reliance by executing Central Asia-South Asia energy transmissions projects such as CASA-1000, TUTAP and TOPI, simultaneously pressuring the Taliban to abandon its gender, religious and ethnic discrimination. Furthermore, the EU, India and Pakistan could convince Afghanistan's Central Asian neighbors, such as Uzbekistan and Turkmenistan, that supplying Afghanistan with grain and energy could condition the Taliban to improve its commitment to women's rights, human rights, good governance, equality among citizens and inclusive governance.

5 Conclusion

The impact of the war in Ukraine varies with each country's level of dependence on the two nations at war; the effects of the conflict on Afghanistan's economy compounded the preceding financial turmoil of the COVID-19 pandemic and the August 15 state collapse. The effect of the conflict on the country's economy was immediate, with prices of household items skyrocketing in June and July 2022; it was only in the latter half of the year that prices began to decline. The blowback from the war on Afghanistan was not as severe as it was on countries in the Middle East, such as Egypt and Lebanon, which depended directly (for grain and fuel imports) on the Black Sea region. Afghanistan's access to energy and grain markets in Central Asia helped it cope more easily with the fallout of the Ukraine war.

Fuel, gas and grain prices in Afghanistan under the Taliban are closely tied to the political choices the Taliban theocracy makes. The de facto Taliban government faces the same challenge that preceding rulers have encountered since the birth of the nation-state in the late 18th century: navigating relationships amidst the geopolitics of a volatile region. Developing a working relationship with its Central Asian neighbors will ensure access to the latter's vast energy resources. The country has been dependent (for electricity and grain imports) through the past two decades on Uzbekistan and other Central Asian states. However, the Taliban regime, like the governments before it, depends on the weekly cash the US and its allies in the West deliver to keep the Afghan economy running. Domestically, the Taliban appears to ignore the lessons of the past, ramping up its ethnic politics and exclusionary policies since taking power in August 2021.

About the Author

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Rustam Ali Seerat is a final year doctoral candidate at the Department of International Relations, South Asian University, New Delhi. He is interested in studying identity politics and ethnic and gender representations. His articles and opinion pieces have been published by the Diplomat Magazine, Foreign Policy, the Wire, Al-Jazeera, London School of Economics (LSE) Blog, South Asia Monitor,

CounterPunch, Geopolitics, Global Voices, and the Institute of Chinese Studies (New Delhi) Blog. Besides his education, he has worked as a freelance translator for the last ten years with government and non-governmental organizations. He is a keen follower of current world affairs and has written much about it. He also has experience in writing research papers, policy briefs and opinion pieces mostly focussed but not limited to Afghanistan.

