

APPENDIX I

LIST OF PROJECTS COMPLETED ACCORDING TO THE USSR'S COMMITMENTS TO  
TECHNICAL ASSISTANCE TO AFGHANISTAN

#	Name of Site or Project	Year of Completion
1-8.	Eight oil reservoirs (total volume 8300 cubic meters)	1952-1958
9.	Asphalt/concrete production plant in Kabul, paving the streets , and delivery of road machinery (supplying equipment and technical aid rendered through Ministry of Foreign Trade)	1955
10.	Combined grain/bread producing factory in the city of Kabul: one grain elevator (volume 50 tons of grain), two mills ( capacity 375 tons of grind per 24 hours), a breadbaking factory – (capacity 70 tons of baked items per 24 hours)	1957
11.	Grain elevator in the city of Puli-Khumri (volume 20.000 tons of grain)	1957
12.	River port Shirkhan (processing capacity of 155,000 tons of freight a year including 20,000 tons of petroleum products) Expansion of the port	1959 1961
13.	Bridge over the Khanabad River (120 meters in length) near the Alchin settlement	1959
14.	Auto repair factory in Kabul (technical capacity to provide major repair services for 1373 cars and 750 tons of metal items per year)	1960
15-16.	Two bridges (each 30 meters long) over the rivers Salang and Gurband	1961
17.	Airdrome Bagram (3,000 meter landing strip)	1961
18.	International airdrome in Kabul (2,800 meter landing strip, width of 47 meters)	1962
19.	Puli-Khumri electric power station on the river Kunduz (total output 9,000 KW)	1962

20-22.	Three bridges in the province of Nangarhar over the river Kunar in the areas of Bihsud, Kama and Asmar (360, 230, and 35 meters long, respectively)	1964
23.	“Salang” highway across Hindu Kush mountain ridge (107.3 km including a 2.7 km long tunnel at the altitude of 3.300 m)	1964
24.	Kushka-Herat-Kandahar highway, paved with concrete and cement (679 km)	1965
25.	Kabul-Jabl-us-Seradzh highway (68.2 km)	1965
26-27.	Jalalabad irrigation channel including a hub of major dams on the river Kabul (70 km long); also an Electric Power Station (total output 11,500 KW)	1965
28.	Combined construction complex in Kabul, construction capacity up to 35,000 square meters of living space a year; Expansion of capacity to 37,000 square meters a year	1965 1982
29.	Doshi-Shir Khan highway, tarred in black (216 km)	1966
30.	Centralized repair workshop in Herat for auto/construction equipment repairs	1966
31.	“Naghlu” Dam and Power Station (100,000 KW output) Expansion	1966 1974
32.	A 110 km long power transmission line with substations from Power Station Puli-Khumri II to the cities of Baglan and Kunduz	1967
33-34.	Gas transmission line from gas deposit to the USSR border. Length – 98 km; diameter – 820 mm. Transmission capacity of 4 billion cubic meters of gas per year. Added 660 m long air transmission line over the river Amu-Darja	1967 1974
35-36.	“Sarde” Dam with reservoir of 154 million cubic meters and an irrigation net for irrigation of 17,700 hectares of land	1968-1977
37.	Established gas production facility in the area of the city of Shiberghan – up to 2.6 billion cubic meters of gas per year	1968

38.	Gas transmission line from gas deposit to nitrogen fertilizer plant in the city of Mazar-e-Sharif. Length – 88 km, transmission capacity – 0.5 billion cubic meters of gas per year.	1968
39.	Geological and geophysical surveying, seismological and drilling work for oil and gas production in Northern Afghanistan	1968-1977
40.	Comprehensive geological surveying of hard ores deposits	1968
41.	Polytechnic Institute in Kabul for 1200 students	1968
42.	Electrical grid in the city of Jalalabad	1969
43-45	Two agricultural complexes: Ghaziabad (2.9 thousand hectares) and Khadda (2.8 thousand hectares). Irrigation and ameliorative soil preparation in the area of Jalalabad Channel (24,000 hectares of soil)	1969-1970
46.	Kindergarten for 2000 and nursery for 50 in Kabul	1970
47.	Mother-child clinic for 110 visits a day in Kabul	1971
48-50.	Three veterinary labs for the treatment of infectious disease in animals in Jalalabad, Mazar-e-Sharif and Herat	1972
51.	Power transmission line with a substation of 35/6 KW from the power station at the nitrogen fertilizers plant to the city of Balkh – 15.4 km long	1972
52.	Power transmission line with a substation of 35/6 KW from the power station at the nitrogen fertilizers plant to the city of Mazar-e-Sharif (17.6 km long)	1972
53.	Highway between Puli-Khumri, Mazar-e-Sharif and Shibergan tarred in black (329 km)	1972
54.	Highway branch from Puli-Khumri-Shibergan route to Khairaton on the bank of Amu-Darya (56 km)	1972

55.	Electric power station at the nitrogen fertilizers plant with capacity of 48,000 KW (4×12)	1 <sup>st</sup> phase – 1972 2 <sup>nd</sup> phase – 1974 (36 MW) Extension – 1982 (to 48 MW)
56.	Technical school for 500 students in Mazar-e-Sharif for training specialists in oil extraction and processing and geologists.	1973
57.	Automechanics' technical school for 700 students in Kabul	1973
58-60.	Nitrogen fertilizers plant in the city of Mazar-e-Sharif, producing 105,000 tons of carbide a year. Includes a residential settlement and a construction base	1974
61-66.	Six meteorological stations with 25 data points	1974
67-70.	Four meteorological stations	1974
71-72.	Power substation in the northwest part of Kabul and 95 km transmission line for 110 KW from Vostochnaya Substation (25 km)	19974 1974
73.	Shindad airdrome with a landing strip of 2,800 meters	1977
74-75.	Two residential districts in Kabul – 90,000 square meters combined living space	1978
76-77.	Urban electrical grid in Mazar-e-Sharif and Balkh	1979
78.	Creating a loop off of a major gas transmission line – 53 km	1980
79.	Established gas drilling facilities at Jar-Kuduk lode concentrating on purifying sulfurs and readying gas for transportation up to 1.5 billion cubic meters of gas per year	1980
80.	Pump press station at the gas production area Khodzha-Gugerdag	1981
81.	Expansion of the oil reservoir in the port of Khairaton, adding up to 1.5 thousand cubic meters	1981

82.	Breadbaking factory in Kabul, producing 65,000 ton of baked goods per day	1981
83.	Oil reservoir in Mazar-e-Sharif, volume of 12,000 cubic meters	1982
84.	Auto and railway bridge across Amu-Darya river	1982
85.	A mill in Puli-Khumri producing 60 tons of flour per day	1982
86.	Bakery plant in Mazar-e-Sharif with production of 20 tons baked goods a day	1982
87.	A mill in Mazar-e-Sharif producing 60 tons of flour per day	1982
88.	A multichannel phone line from Mazar-e-Sharif to Khairaton	1982
89.	Stationary unit of the “Intersputnik” satellite connection of “Lotus” type	1982
90.	Transit-storage facility on the left bank of Amu-Darya in the area of Khairaton	1982
91.	Oil production in Logar – volume of 27,000 cubic meters	1983
92.	Oil reservoir in Puli-Khumri with volume of 6,000 cubic meters	1983
93-100.	Eight technical vocational schools for training technical specialists	1983
101.	Boarding school based in an existing orphanage in Kabul	1984
102.	Technical service station for “Kamaz” trucks in Khairaton	1984
103.	Olive/citrus processing plant in Jalalabad	1984
104.	Seed testing lab for grain cultures in Kabul	1984
105-107.	3 agrochemical labs in Kabul, Mazar-e-Sharif, Jalalabad	1984
108-109.	2 cable cranes in the area of Khorog and Khalaia-Khumb	1985-1986
110.	Auto-transportation service enterprise for servicing gasoline carriers in Kabul	1985
111.	Combined lab for analyzing hard ores in Kabul	1985

112.	A 20,000 ton grain elevator in Mazar-e-Sharif	1985
113.	Service station for 4 truck substations in Puli-Khumri	1985
114-116.	Three service stations for 300 “Kamaz” trucks each in Kabul	1985
117-118.	Two cotton seed labs in Kabul and Balkh	1985
119.	Federal employees’ clinic for 600 visits a day	1985
120-122.	Artificial insemination stations in Kabul (Banikhasar), Mazar-e-Sharif (Balkh), Jalalabad	1985
123.	Institute for Social Sciences under the PDPA Central Committee for 380 students	1986
124.	220 KW electric power transmission line from the Soviet border in the area of Shirkhan to Kunduz (1 <sup>st</sup> phase)	1986
125.	Reconstruction of the “Salang” tunnel’s technical systems	1986
126.	A 220 KW Paver transmission line from the Soviet border to Mazar-e-Sharif	1986
127.	Feasibility Study for creation of two state farms on the basis of Sarde irrigation system	1986
128.	10 KW transmission line from the state border in Kushka area to Turgundi station (substation including)	1986
129.	Gas filling station in Kabul – 2,000 ton per year capacity	1986
130.	Ministry of Interior base in Khairaton for loading and storage of special freights (contract based)	1986

## APPENDIX II

### THE LIST OF MAJOR SITES AND PROJECTS THAT ARE IN THE STAGE OF ACTIVE WORKING OR ARE ELIGIBLE FOR DEVELOPMENT ACCORDING TO THE AGREEMENT ON TECHNICAL AIDE TO AFGHANISTAN

Project # Title of Project or Work Assumed Year of Completion

Agreement of July 11 1972

(STATE CREDIT)

1. Development of "Sangilyan" Barium Lode To Be Agreed by the sides
2. Drilling the operating hole for Dzharkuduk Oil lode.

Agreement of February 27, 1975 (STATE CREDIT)

3. In 1985-1990 the works on restoring separate parts of the Kabul-Khairton Road will continue. Repair of protective galleries (arches) and tarring between Kalatak and Dushak will also go on.
4. Geological survey work on searching hard ores.
5. Geological survey, geophysical and drilling work in northern Afghanistan.

Agreement of March 31 1977 (STATE CREDIT)

6. Blood transfusion station with capacity of 4-6 thousands liters a year (The first phase became operational on 4/21/87).

Agreement of March 1, 1979

7. Reconstruction of Kabul Airport.
8. Electric power station - 220 km from the Soviet border for the area of the city of Shirkhan to the city of Kunduz

(Second stage)

9. Design and survey work for establishing an Enrichment metallurgic plant near the Ainak copper lode.

Correspondence between the Sides of July 27, 1980

(STATE CREDIT)

10. Reconstruction of the Turgundi railway station.

Agreement of December 24 1980 (STATE CREDIT)

11. Equipping international telephone station and central telegraph station for the city of Kabul.

12. Residential settlement for oil workers in the city of Shiberghan.

13. Reconstruction of the Auto Repair Plant Dzhangalak.

14. Reconstruction of oil drilling work in the North of DRA

15. Laying a power line from Mazar-e-Sharif to Kabul, including reconstructing the substation in Mazar-e-Sharif.

16. A residential neighborhood in Kabul.

Agreement of September 21, 1982 (STATE CREDIT)

17-21 Organizing a national system of seed production by creating two seed control labs in the provinces of Kunduz and Herat. Creating two seed cotton labs in the provinces of Kunduz, Herat and Gil'mend.

22. Creation of Agricultural Technical School for up to 750 Students on the basis of the already existing Professional Vocational School in the city of Jalalabad.

23-25. Creating mobile veterinary services for agricultural



animals in border settlements of Turkham, Khost and Spinbuldak.

26-29. Reconstructing the branches of an artificial insemination station in Benigesar (Baglan, Kandahar, Kazni and Herat provinces).

30-32. Organizing agrochemical service by creating three interprovincial agrochemical labs in the cities of Kunduz, Herat and Kandahar.

Agreement of June 5, 1983 (STATE CREDIT)

33. Drilling 45 artesian wells in the south and south –west of the country.

34. Erecting 115 wells in the mentioned areas.

Agreement of February 27, 1985 (STATE CREDIT)

35. Developing a feasibility study of constructing the power electric station on Kabul River.

36-38. Restoration of the Textile combined plant Bagrami and the wool-weaving factory Puli-Charkhi in Kabul. Partial 1985-90 substitution of dated technical equipment at small sized enterprises of the national sector.

39. Creating a state controlled cotton producing plantation on some 2000 hectares in the area of the future irrigational system Kokcha.

Agreement of June 2 1985 (STATE CREDIT)

40. Three TV stations in the city of Kabul. Size – 75- sq. meters with pertinent equipment.

Protocol from June 18 1985 (STATE CREDIT) 1986-90

41-51 – Establishing ten professional Technical Schools and one Industrial and Teaching School for up to 4000 students.

Agreement of August 27 1985 (STATE CREDIT) 1985-90

52. Building a full press (dozhimnaya) compressor station and reconstruction of major buildings at the gas production site of Dzhakurduk.

53. Reconstructing the system of electro-chemical defense and technological connections of active gas lines.

54. Equipping Etym-Tag lode.

55. Developing the base for emergency reconstructive and repair works for electric lines and Kabul substations as well as other electrical substations of Afghanistan.

56. Study on whether laying a road around the Salang tunnel would be of use (it is planned between Doshi, Ishpusht, Shikari, Dzhabel' and us-Seradzh.

The Correspondence between the Sides of December 21, 1982 (payments in cash).

57. Gas Filling Station in the city of Khairaton.

Sides' Correspondence of August 30, 1979 (gradual payments)

58-59. Building two stations for cars and tractor service.

Correspondence of April 10, 1985 (free)

Restoration of the Kabul-Nandari Theater and establishment of 8 boarding schools.

Correspondence of April 6, 1985 (free)

69. Establishing a Center for Treatment of the Disabled As agreed by sides.

Correspondence of November 28, 1985. (Free)

70. Establishing of a school for 1300 students 1985-87

Correspondence from February 19, 1986

(STATE CREDIT)

71. Enlarging the compressor station at the gas production site in Khodzha-Gugerdag. 1986-89

72. Developing production base for Afghanistan film studio. (As agreed by sides)

Correspondence of June 4, 1986 (STATE CREDIT)

73. Establishing an enterprise for energy equipment repairs.

Correspondence of September 28, 1986 (no payment)

74-91. Beginning to operate 20 TV stations of "Moskva" type. 1986-90

Agreement of January 16, 1987 (STATE CREDIT)

92-96. Supplying equipment for auto transportation enterprises in the

Provinces of Herat, Balkh, Baglanb, Kandahar, Gil'mend

(According to sides' agreement).

97-98. Supplying equipment and materials for constructing pump stations Aliabad and Khodzha-Alvan on Kunguz River 4000 hectares of land. Organizing state controlled collective farms for production of beets.

99. Supplying equipment and materials for drilling 25 artesian holes in the south and south-west of the country.

100. Supplying equipment and materials for creating 60 mining wells in the same areas.

101-103. Supplying technology and materials for strengthening water management structures of the Democratic Republic of Afghanistan.

104. Building a dam and an irrigation canal at the river Kokcha (supplying equipment and materials).

105. Design and research work for creating additional capacity for production of nitrogen fertilizers.

APPENDIX III

LIST OF SITES AND PROJECTS, FOR WHICH CARRYING OUT THE WORK  
ACCORDING TO AGREEMENTS, HAS BEEN HALTED

#	Name of Site or Work	Dates of Agreement, Protocol, Letter Exchange
A.	Correspondence between the Sides of July 27, 1980	
1.	Building a channel and a pump station Khosh-Tepe upon completion of an additional study by the sides	Agreement: 2/27/1975
2.	Dam and water storage in Chashmai-Shafa area on Kunduz River	Agreement: 2/27/1975
3.	Dam and power station Kelagai, tentative capacity 50,000 KW on Kunduz	Agreement: 2/27/1975
4.	Cartography work *	Agreement: 2/27/1975
5-10.	Six local airdromes in the northeast of Afghanistan	Agreement: 3/1/1979
11.	Feasibility study for developing the iron lode at Khadzhigek	Agreement: 2/27/1975
12.	Construction of Shirbegan-Daulatabad-Herat and Kunduz-Keshm highways (expert participation)	Agreement: 7/11/1972; Letters: 8/2/1977
13.	Creating additional capacity for production of nitrogen fertilizers	Agreement: 2/27/1975
14.	Comprehensive geological survey work for hard ores *	Agreement: 7/11/1972; Letters: 8/4/1977, 6/10/1978
15.	Cotton Processing Plant in Baglan Province with the capacity of 9,050 tons per year	Agreement: 2/27/1975; Letters: 6/10/1978

16.	Cotton Processing Plant in Balkh Province with the capacity of 9,050 tons per year	Agreement: 2/27/1975; Letters: 6/10/1978
17.	Cotton Processing Plant in Takhar Province with a capacity of 9,050 tons per year	Agreement: 2/27/1975; Letters: 6/10/1978
18.	Restoration of Cotton Processing plants already existing	Agreement: 2/27/1975; Letters: 6/10/1978
19.	Cloth Finishing Factory in Puli-Khumri with capacity of 40 million meters a year	Agreement: 2/27/1975; Letters: 6/10/1978
20.	Weaving Factory in Puli-Khumri (enlargement up to 40 million meters a year)	Agreement: 2/27/1975; Letters: 6/10/1978
21.	Weaving Factory in Talukan	Agreement: 2/27/1975; Letters: 6/10/1978
22.	Breadbaking Factory in Herat with capacity of 20 tons of baked units a day	Agreement: 2/27/1975; Letters: 6/10/1978
23.	A mill in Herat producing up to 60 tons of flour a day	Agreement: 2/27/1975; Letters: 6/10/1978
24.	Power transmission lines/substations from Naglu Station to Jalalabad	Agreement: 2/27/1975; Letters: 6/10/1978
25.	35 KW line from Jabl-us-Seraj to Salang tunnel	Agreement: 7/11/1972
26.	A 200-bed hospital with a clinic and housing for medical personnel in the North	Agreement: 3/31/1977
27.	Building a combined mining enterprise (as a general contract) at the Ainak copper lode	Agreement: 3/1/1979
28.	Development and construction of oil wells Angot, Akdarja and Kashkari, and transporting the oil to an oil refining plant **	Agreement: 3/1/1979
29.	Construction of an oil-processing plant with capacity of up to 500,000 ton a year **	Agreement: 3/1/1979
30.	Reconstruction of the Gul'bakhar Combined Textile factory	Agreement: 2/27/1975

31.	Feasibility Study of potential usage of the energy of the River Kokcha	Agreement: 2/27/1975
32.	Feasibility Study of a Steam Power Station	Agreement: 3/1/1979
A.	Correspondence between the Sides of November 23, 1983	
33.	Multichannel phone line between Kabul and Mazar-e-Sharif	Agreement: 2/27/1975
34.	Inventory of basic agricultural tools on the basis of the Central Workshop in the city of Herat	Agreement: 12/24/1980
35.	Continuing survey of the coal well Shebashek	Agreement: 12/24/1980
A.	Correspondence between the Sides of 11/14/1985	
36.	Construction of an incubating station in the province of Balkh	Agreement and letters of 9/21/1982

\* The scope of work reduced by 50 %

\*\* Only survey work conducted

## REFERENCE REPORT ON SOVIET AFGHANISTAN TRADE RELATIONSHIP

Soviet – Afghanistan trade plays a major role in stabilizing the situation in the Republic of Afghanistan. Its' importance is increasing in connection with the economic support of the policy of national appeasement conducted by PDPA and the Government of Afghanistan.

Requirements of Afghanistan's imports are practically completely satisfied by supplies from the USSR. These imports needs include such crucial goods as machinery and equipment, materials related to oil production, black metallurgy, chemical fertilizers, and wood, sugar and nutrition fats. Fabrics, clothing, shoes and other first necessity goods are also imported from the USSR in significant volumes.

In addition, the USSR is a major buyer of such important Afghan exports as raisins, wool, cotton and others. Goods, such as natural gas, carbide, and canned olives produced at the joint Soviet- Afghan sites are exported exclusively to the Soviet Union.

The Trade and Pay Agreement from March 20, 1974 regulates Soviet - Afghan trade. According to the Agreement the sides give each other the most favored nation treatment. Trade payments are made in US \$ according to the clearing.

As of 1976, trade is conducted on the basis of five-year agreements of goods' turnover. These agreements define the assortment of goods for mutual supplies for a five-year period. Yearly reviews of consumer lists are elaborated every year via signing Protocols on goods' turnover.

Goods' turnover volume between the two countries was 1,124 million rubles for the years between 1976-1980. The sum includes 509 million rubles in Soviet exports and 61.5 million



rubles in Soviet imports. The Goods' Circulation agreement for the years 1981-1985 is 3,331 million rubles, with 1,837 million rubles for export and 1,494 million rubles for import.

On February 13, 1986 the USSR and Afghanistan signed a Trade and Pay agreement for the years 1986-1990 in Moscow. According to this agreement mutual trade would increase by about 30% - up to 4.4 billion rubles - compared to the previous five-year period.

The period after the April Revolution of 1978 in Afghanistan is characterized by a high rate of growth: in 1987, the volume of mutual supplies via the Ministry of Internal Trade as well as branch departments that acquired the rights to direct access to international markets was 595 million rubles, compared to 152 million in 1977.

The high growth rate of Soviet-Afghani trade led to significant increase in the USSR's share of international trade in Afghanistan. At present, the USSR's share is about 60% compared to 28% in 1977.

Data on the export of major Soviet good to the Republic of Afghanistan follows:

Product List	Unit of Measurement	1977	1985	1986	1987
TOTAL EXPORT including:	million rubles	75.4	430.3	403.4	361.2
Machinery and Equipment	million rubles	34.7	224.7	248.2	269.5
Oil and Related Products	1000 tons	187.9	439.6	436.2	171.0
Ferrous Metals	1000 tons	9.0	9.3	11.7	18.7
Carbide	1000 tons	3.2	23.9	20.6	12.9
Nutritional Wheat	1000 tons	26.8	50.5	83.7	14.0

Sugar	1000 tons	21.6	30.0	124.6	40.1
Nutritional Plant Derived Fats	1000 tons	4.2	24.3	16.4	14.1
Fabrics, Variety	million meters	3.0	2.5	9.9	8.8
Resin Shoes	million pairs	1.3	1.5	1.5	2.0
Soap	1000 tons	3.8	10.0	9.9	14.3
TV sets	1000 units	-	-	-	64.1
Matches	1000 units	131.0	97.4	156.1	293

The 1987 export reduction was caused by moving some types of goods formerly sold via clearing into the category of subsidies. The total cost of those subsidized goods equaled about 74 million rubles and included oil related goods, foods and fertilizers.

Supplies of machines and equipment to Afghanistan are also increasing. This is due to major sales of aviation technology and transportation means according to the requests of the Afghani side.

Machines and equipment (74,6% in 1987), oil related goods (6,1%) and foods (6,0%) are the predominant Afghani imports from the Soviet Ministry of Foreign Trade and its branches.

Besides selling goods according to the clearing, the Soviet Union supplies the Republic of Afghanistan consumer goods via state (Afghan) credit. The funds thus obtained are used by Afghanistan to pay their part for construction of joint Soviet - Afghan venture enterprises. In 1977-84, the volume of these supplies reached 51.5 million rubles.

According to the Agreement of September 13, 1984 the Republic of Afghanistan was granted a credit of 100 million rubles. In 1985, 14.8 million rubles worth of goods had been supplied to Afghanistan; in 1986 and 1987, the goods supplied were worth 17 million rubles.

After the April Revolution of 1978, a significant amount of economic aid was provided to Afghanistan. It consisted of free supplies of a broad range of Soviet goods, including food, means of transportation, oil related goods, chemical fertilizers, seeds, consumer goods and others. The purposes of this assistance include salary increases to employees of the state sector, development of national auto transport, and an increase in agricultural production.

Since 1987 the volume of humanitarian economic aid has been significantly increased due to the national peace policy promulgated by the government of the Republic of Afghanistan.

The EXPORT of Afghan goods to the USSR is as follows:

Product List	Units of Measurement	1977	1985	1986	1987
TOTAL EXPORT including:	millions of rubles	76.3	322.4	244.6	233.8
Natural Gas	million cubic meters	2368	2403	2194	1639
Carbide	1000 tons	8.3	18.5	13.8	13.8
Cotton Weave	1000 tons	16.7	6.6	1.5	3.2
Lambs' Wool	1000 tons	2.6	3.8	1.3	1.1
Raw Hide	1000 items	625	700	525	1120
Raisins	1000 tons	21.6	28.5	42.2	47.6
Walnuts	1000 tons	3.1	1.4	0.3	1.0
Canned Olives	1000 tons	0.8	0.2	0.6	0.6

Carpets/rugs	thousand rubles	-	-	-	2140
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Natural gas constitutes the major part of the Afghan exports to the USSR. (57% in 1987). Note, however, that, as of 1986, gas exports to the USSR have decreased due to depletion of active gas wells. In addition, the Afghan side's traditional exports were limited due to the situation in the country.

In these conditions the balance of mutual payments was, in early 1987, 220 million rubles to the benefit of the USSR. The total subsidies provided to Afghanistan by the Soviet Union through exports amounted to about 74 million rubles worth of goods. Also, in 1987 the Soviet side granted the Republic of Afghanistan credit extension for a sum of 90 million rubles. The USSR offered Afghanistan 90 million rubles worth of free aid and transferred a sum of 50 million rubles according to the clearing. As a result, Afghanistan's debt to the Soviet Union decreased to 103 million rubles as of January 1988. It is expected that as a result of similar actions the Afghanistan debt to the Soviet Union may go down to 40 million rubles by the end of 1988.

Private companies and individual merchants play a major role in the import of traditional Afghani goods to the USSR. In 1987 their part constituted 24% of Soviet-Afghan trade, compared to 12% in 1986.

As of January 1, 1988 private firms and merchants imported 80 million rubles worth of goods to the USSR, in comparison with 39 million in 1986. At the same time, sales of Soviet goods to the private sector (including additional goods from the Ministry of Foreign Trade export funds and its branches as well as goods sold by State Committee of Supplies (GOSSNAB) and Ministry of Trade (MINTORG)) equaled 66,4 million rubles, while the total sum of supplies

equaled 42.5 million rubles, compared to 33 million rubles in 1986. Measures are taken to fulfill responsibilities of the contracts with private companies signed in 1987 through 1988.

The imbalance in trade with the private sector, with obvious advantages enjoyed by the Afghan side, has a bad effect on their export obligations to the USSR. Hence private companies and merchants supply goods to the USSR with reluctance. They prefer selling to third countries for payment in convertible currencies.

At the present time, the government of Afghanistan has been pursuing its policy of national appeasement and broadening the social base of the April Revolution. It is, therefore, interested in increasing the private sector's participation in the country's economy, foreign trade included. Accordingly, Soviet international trade institutions have intensified their work with the Afghan private companies seeking opportunities for adding extra allotments of goods.

To achieve this goal of cooperating with the private sector of Afghanistan they created the Joint Soviet-Afghan funds AFTORG and AFTENTO, with participation of private capital. The funds' commercial activity will accelerate the movement of Soviet goods into the Afghan market and increase the sales of Afghan goods and their varieties.

Attempts to resolve the issue of imbalance with the private sector of Afghanistan are exacerbated by the fact that in the trade between the two countries as a whole, the export of Soviet goods to Afghanistan is significantly larger than the Afghan import. Supplying additional goods to the private companies increases this debt. This is due to the fact that, up to now, Afghanistan state institutions have avoided providing their private sector with enough funds to cover its sales to Soviet trade organizations. Covering the cost difference between the export and import by trading goods that are difficult to acquire in Afghanistan (nutritional fats, refrigerators

ZIL, MINSK and others) exclusively with the private sector is not feasible because the resources of those goods are limited.

The state of the means of transportation between the two countries has a major influence on trade. In recent years the volume of international cargo between the USSR and the Republic of Afghanistan have increased considerably. Compared to 1981, freight turnover is almost twice as high in 1986, having reached 1.8 million tons. In 1987 it grew to 2.1 million tons. Further growth in volume of cargo turnover is prevented by Afghanistan's entry sites' limited capacity as well as by difficulties in transporting the goods deep into the country. In the end of 1987 this situation resulted in repeated conventional limits on access for train containers carrying supplies meant for Afghanistan. Despite multiple complaints from the Soviet side, the number of unreturned containers has grown and reached about 3000 items.

Considering the special significance of supplies to Afghanistan, the limited capacities of transfer points in the Republic as well as the necessity to provide cargo security, the Soviet side has been taking measures for facilitating transportation between the two countries.

## APPENDIX IV

### ON THE REDISTRIBUTION OF CREDITS GRANTED TO AFGHANISTAN

The sum of state credits granted to Afghanistan for economic purposes since 1954 is 1,430.5 million rubles. As of December 1, 1987 1,030.2 million rubles have been used. The unused remainder is a sum of 400.3 million rubles. 240 million rubles of the remainder is in the process of redistribution. 160.3 million rubles is being spent according to current obligations.

The 240 million rubles is redistributed as follows:

- A. 187 million rubles from the credit of 200 million rubles, granted according to the Agreement of March 1, 1979, is allocated for constructing a combined ore mining complex in the area of the Ainak copper lode. 170 million rubles is being spent on the development of the gas industry. (Gas provides about 40% of the state's budget income and is a main source of repaying Soviet credits. 2.4 billion cubic meters of gas is supplied to the USSR annually).  
17 million rubles granted for establishing 10 vocational technical schools.
- B. 35 million rubles out of the credit granted by the Agreement of February 27, 1985.  
36 million rubles for rendering further aid in the sphere of agriculture (creating 3 State collective farms for beet and cotton growing, equipping repair-construction workshops, irrigating pastures for nomadic tribes, improving the water supply to settlements, transportation, providing equipment for new auto transportation enterprises, energy, improving energy delivery to Kabul area).
- C. 17 million rubles granted earlier according to the Agreement of February 1975, March 1, 1979 and December 23, 1980.

17 million rubles:

1. reconstruction of the railroad station Turgundi;
2. building 3 TV studios in Kabul;
3. providing aid in creating state services for seed research, agricultural chemistry, artificial insemination, repair of highways, etc.

There occurs the redistribution of credits allocated for assisting in the construction of projects or fulfilling works that lack the necessary security conditions or are not top priority, such as a feasibility study for a highway around the Salang tunnel (288 km long), construction of two major irrigation sites in the north of DRA, cartographic and geological survey work for hard ores, etc.