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FOREIGN SERVICE DESPATCH

FROM : American Embassy KABUL

70

NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

October 19, 1961

DATE

REF : CERP D-16

OCT 22 1961

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			OTHER	AGR	COM	FRB	INT	LAB	TAR	TR	XMB						
			AIR	ARMY	CIA	NAVY	OSD	OCB	USIA								

SUBJECT: Transportation: Transit of Afghanistan's Exports and Imports through the U.S.S.R.

SUMMARY

For some time the Afghans have had an export agreement with the Soviet Union which permits them to make outward bound shipments to northern European ports at favorable rates. They are now endeavoring to conclude a similar agreement for imports. A purported tariff schedule, which is believed to be currently correct, for shipments between Kabul and northern European ports is enclosed. Comparable figures for general cargo between Kabul via Peshawar and Karachi to northern European ports are also given. In most instances it appears that the rates are competitive. Permission to pay even a part of the freight charges at the favorable exchange rate existing between the afghani and the ruble would make shipments through the Soviet Union more advantageous. It is understood, however, that most western insurance companies refuse to give coverage to shipments transiting the Soviet Union. Before the closing of the border between Afghanistan and Pakistan comparatively little use was made of this route by Western exporters.

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For some time the Afghans have had a transit agreement with the U.S.S.R. which, it is understood, permitted Afghan exports to transit the U.S.S.R. to northern European ports at competitive if not lower rates than those obtaining through Pakistan. In the past it has been reported that the Soviets have offered the Afghans transit rights for imports at competitive rates and guaranteeing transit time would not be more than four to six weeks. Comparatively little use has been made of the Soviet route except for exports going to the Bloc countries. One reason for the non-use of this route has been the refusal of western insurance companies to insure shipments through the U.S.S.R., and it has recently been confirmed that even Lloyds of London will not insure shipments using this route.

RRoberts/hic  
REPORTER

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FORM 6-61 FS-439 GPO 9 12596

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ACTION ASSIGNED TO: <i>Nea/Sue</i>	ACTION TAKEN: <i>Noted</i>	DATE OF ACTION: - - -	DIRECTIONS TO RM/R: <i>File</i>
NAME OF OFFICER: <i>R. J. Case</i>			
& OFFICE SYMBOL			

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Another objection to the use of the Soviet route is delays which have been experienced in the receipt of shipments. While some shipments have been received in record time, in other cases, in addition to slow transit through the Soviet Union, lack of facilities and forwarding agents at Termez and Qizil Qala have interfered with rapid deliveries. In recent months, however, considerable work has been done at Qizil Qala which may result in speeding up the delivery of goods transiting the U.S.S.R. Some time ago a German firm with offices in Kabul shipped similar items and quantities of goods via Karachi and through the Soviet Union. At that time, which was several months before the present impasse arose, the firm found that the cost of the shipments, which were composed of electrical appliances, fittings and fixtures, were competitive.

Since September 6, 1961, when the border was closed between Pakistan and Afghanistan, the RGA has given considerable study to possible alternate routes, and particularly to the use of the Soviet route. It has been suggested that transit rights were one of the subjects discussed during Foreign Minister Prince Naim's visit to Moscow shortly after the border was closed. On October 3, 1961 the Minister of Mines and Industries, the Deputy Minister of Planning and other high ranking Afghan officials went to Moscow; it is believed the question of an import transit agreement was on the agenda for discussion with Soviet officials.

In the meantime there has been some study of the possibilities of using the route through Iran. It is known that extensive studies of facilities available and costs have been made in the Ministry of Commerce. Officials of that Ministry have conferred with Iranian officials visiting Kabul, but it is understood that in general they have only listened to Iranian suggestions having been very careful not to indicate any real interest in using Iranian facilities, or requesting direct assistance from the Iranians. One source indicates that the Afghans want to complete their negotiations with the Soviet Union before they investigate with the Government of Iran the possibility of developing transit facilities through that country.

In connection with the possible use of the Iranian route, a representative of the Levant Express Company, Tehran, recently visited Kabul and said that his company could forward goods from Khorramshahr to Meshed by rail and thence to the border at Islam Qala at a rate of \$70 per ton. No estimate was given on the cost of transportation on to Kandahar and Kabul, but it is a very long haul over very poor roads.

From another source it has been learned that there is a European firm which runs bonded trucks from Basle and Munich to Tehran; this company has indicated that it could extend its services to Kabul at a total cost of \$500 per ton. This breaks down to approximately \$300 per ton from Munich to Tehran and \$200 per ton on to Kabul. Transit time between Munich and Tehran is 15 days.

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There is enclosed for the Department's information a table of purported rates for the transit of goods to or from Kabul and northern European ports, as well as London, through the Soviet Union. These rates were obtained confidentially and without sufficient explanation with respect to them. It is difficult therefore to interpret them; they may be arbitrary, but they are believed to be those in effect at the present time. Apparently many different items may be included under the various categories listed, but here it has been impossible to ascertain exactly what items are included therein, or to obtain a firm rate for the trucking of goods from Kabul to Qizil Qala, which is a much longer and a more difficult haul than the haul to Peshawar; it is also understood that these rates are subject to considerable bargaining. It is noted that the rates quoted for Afghan exports--oil seeds, raw cotton, raw wool, and raisins--are particularly reasonable.

The exchange rate used between the afghani and the ruble for the payment of freight charges of exports may be of considerable significance. It is believed that the Soviets permit the payment of at least a part of these charges on exports in afghanis. The prevailing rate is one ruble equals 22.22 afghanis; in comparison one U. S. dollar equals 41.40 afghani. Should the U.S.S.R. permit even a part of the freight charges on imports through the Soviet Union to be paid at the same rate, obviously the benefits accruing to the Afghans would be substantial. The use of this artificial rate would certainly make it more advantageous financially for the Afghans to use the Soviet route.

The Embassy does not have a breakdown by similar categories of the rates through Karachi and Peshawar, but it does have the following approximate information on the transit of general cargo such as wire, reinforcing steel, etc. which take a low rate to and from Kabul and Northern European ports:

Trucking from Kabul to Peshawar	Pak Rs. 5 per maund
Peshawar to Karachi by rail	Pak Rs. 6 per maund
Karachi handling charges	Pak Rs. $\frac{1}{2}$ per maund
Karachi miscellaneous charges	Pak Rs. $\frac{1}{2}$ per maund
Cost Kabul -- Karachi	Pak Rs. 12 per maund
Pak Rs. 12x27 (27 maunds equals approximately one long ton)	
Cost Kabul -- Karachi per long ton	Pak Rs. 324 per long ton
Ocean Freight Karachi -- Northern European port per long ton or per 40 cu. ft. 243/6d	Approximately \$70
Total cost from Kabul to Northern European ports	Approximately \$34
	Approximately \$104

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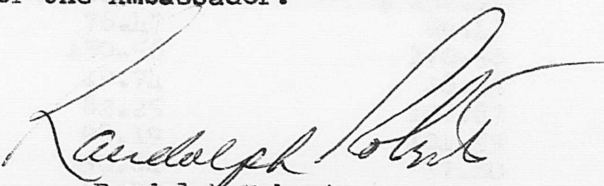


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Appropriate divisions in the Department may be able to analyze and compare these rates more effectively than can the Embassy with its limited information on the subject. However, if the Soviet tariff rates given herein are substantially correct, it would appear that many items can be transported through the Soviet Union at rates competitive to those formerly existing through Karachi and Peshawar.

For the Ambassador:

  
Randolph Roberts  
Counselor of Embassy  
for Economic Affairs

Enclosure:

Purported transit rates  
between northern European  
ports and Kabul

Electricity	12.00	12.00
Building machinery	12.00	12.00
Building materials	12.00	12.00
Iron	12.00	12.00
Cigars, Cigarettes	12.00	12.00
Sporting	12.00	12.00
Confectionery	12.00	12.00
Leatherware	12.00	12.00
Furniture	12.00	12.00
Textile machinery	12.00	12.00
Sanitary equipment	12.00	12.00
Core	12.00	12.00
Motorcycles	12.00	12.00
Bicycles	12.00	12.00
Shavers	12.00	12.00
Foot-wear	12.00	12.00
Plasticware	12.00	12.00
Tractors	12.00	12.00
Fertilizers	12.00	12.00
Wine	12.00	12.00
Medicines	12.00	12.00
Oilseeds	12.00	12.00
Cotton raw	12.00	12.00
Wool raw	12.00	12.00
Rauvins	12.00	12.00
Agricultural machinery	12.00	12.00
Windows	12.00	12.00
Tyres	12.00	12.00
Dry fruits	12.00	12.00
Skins	12.00	12.00
Equipments, Machinery	12.00	12.00
Carpet	12.00	12.00
Carpets	12.00	12.00
Stationery	12.00	12.00
Photo-goods	12.00	12.00
Papers	12.00	12.00
Pipes	12.00	12.00
Laboratory equipment	12.00	12.00
Metal construction	12.00	12.00

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RATES

/ U.S. dollars per m/ton/

	<u>From Continental Ports to Afghan Ports</u>	<u>From London to Afghan Ports</u>
Medicine equipment	\$ 132.94	\$ 152.94
Sewing machinery	76.47	86.47
Calculating machinery	150.56	170.56
Building materials	19.74	28.25
Dyes	82.25	107.87
Cigarettes, Tobacco	98.19	101.55
Saw-timber	30.84	37.80
Confectionery	61.42	83.42
Leatherware	76.50	95.45
Furniture	170.63	187.20
Printing machinery	120.21	130.21
Leather	117.71	128.37
Hardware	64.62	71.57
Non-ferrous metals	25.19	27.32
Tinware	40.06	50.02
Radioreceiver	132.49	142.49
Electricware	88.40	89.32
Sanitary equipment	71.13	78.28
Cars	335.10	355.10
Motorcycles	104.21	112.00
Bicycles	236.29	291.29
Chinaware	144.37	155.00
Foot-wear	106.92	116.83
Plasticware	47.21	54.82
Tractors	185.07	205.07
Fertilizers	22.19	30.02
Wire	26.20	27.31
Medicamenten	146.40	150.82
Oilseeds	64.35	68.00
Cotton raw	72.00	81.65/Liverpool
Wool raw	92.00	101.00 --
Raisins	40.00	--
Agricultural machinery	95.00	98.00
Window	45.00	--
Tyres	--	127.82
Dry fruits	50.00	--
Skins	80.00	--
Equipments, Machinery	93.00	98.00
Karacul	200.00	200.00
Carpets	165.00	170.00
Stationery	--	78.28
Piece-goods	91.00	--
Papers	36.20	43.84
Pipes	56.00	--
Laboratory equipment	132.94	152.94
Metal construction	93.00	98.00

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Central File: Decimal File 461.899, International Trade And Commerce. Trade Relations, Treaties, Agreements. Customs Administration., Union Of Soviet Socialist Republics And Afghanistan, Other Administrative Measures Affecting Export Trade. Embargo, Includes Determination Of Ultimate Destination Of Exported Goods. End-Use Checks. Export Licenses. Pre-Licensing Checks. Subsidies. Export Bounties., October 19, 1961. 19 Oct. 1961. MS Commercial and Trade Relations Between Tsarist Russia, the Soviet Union and the U.S., 1910-1963: RG 59, State Department, Central Files, Commercial Relations (411.61 and 461.11), United States-Soviet Union, 1950-1963. National Archives (United States). Archives Unbound, [link.gale.com/apps/doc/SC5106469567/GDSC?u=camb55135&sid=bookmark-GDSC&pg=1](https://link.gale.com/apps/doc/SC5106469567/GDSC?u=camb55135&sid=bookmark-GDSC&pg=1). Accessed 1 May 2024.