AFGHANISTAN WATCH

One Year Later

Leading Humanitarian Logistics

Transit Through Afghanistan

Insider Interview: Live from Afghanistan

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Afghanistan has experienced multifaceted challenges and changes since the Taliban assumed control of the government just over a year ago. Operating from on-the-ground in Afghanistan and neighboring countries, our local teams have firsthand insights into the implications this regime change has had on supply chains, humanitarian aid and the daily lives of the Afghan people. Logenix has been directly operating in Pakistan and Afghanistan since 2013 with dynamic experience in this region tracing back well before then. As the situation in Afghanistan started to unravel last year, global logistics companies both big and small left the country, leaving a tremendous void in crucial supply chain operations. However, through all the uncertainty and unclarity, Logenix International stayed put, bridging the gap for both existing and new clients. To this day, we remain the only fully operational global logistics company in Afghanistan and including local Afghan companies, among the few companies that are operating and providing transport and clearance services.

At the core of our success during this tumultuous time has been our staff. Although the future was unclear, Logenix decided to keep our staff within Afghanistan in place. One of the immediate challenges we had to overcome in response to this decision was ensuring our team continued to receive their pay. As the banking system in Afghanistan had collapsed for almost 2 months from August 2021 to October 2021, companies and individuals throughout the country were struggling to withdraw money. Understanding it was important to have access to funds for our staff personally and the company professionally, Logenix delivered cash to the Afghanistan office through the border and other channels for up to 6 months after the collapse. This allowed for the uninterrupted operation of our offices and in turn – why we are perhaps the only company adequately staffed to support countrywide operations at all borders and airports. To this day, restrictions by banks are still being enforced.

Remaining in compliance with all regulations set forth both internationally and by the United States has remained of the utmost importance. The legal operating status has seen continuous changes since August of 2021, and we have taken the steps to develop an in-depth understanding at each turn. We have received direct confirmation from the Office of Foreign Assets Control (OFAC) on the operational authorizations and conditions regarding Afghanistan. Under General License 20 and related FAQs, OFAC “authorizes all transactions involving Afghanistan and Governing Institutions in Afghanistan with certain conditions. GL 20 does not authorize financial transfers to the Taliban, the Haqqani Network, any entity in which the Taliban or the Haqqani Network owns, directly or indirectly.” Under these guidelines, our teams in the region continue to handle both commercial and non-commercial shipments to Afghanistan as well as UN and NGO exports from Afghanistan.

As one of the very few entities able to provide this in-depth information from Afghanistan, we are committed to communicating critical details to our clients and the Logenix Global Insider community. In this issue, you will find stories defining how different supply chains are currently operating and outlining what has evolved within these critical supply chains to and through Afghanistan.
Leading Humanitarian Logistics

Well before the Taliban took control of Afghanistan, there was a prevalent need for humanitarian assistance throughout the country. However, following this change in government in August of 2021, foreign governments and international organizations froze assets & aid to Afghanistan which significantly limited access to help from NGOs and other entities. In the months to follow there were calls for billions of dollars in emergency aid to help the Afghan people. Leaders from nations across the world met to discuss both humanitarian and security concerns ultimately resulting in numerous pledges to provide humanitarian aid to Afghanistan. In December of 2021, governing bodies such as the UN Security Council and US Department of the Treasury responded to the urge for legal clarity by aid groups, adopting measures that allowed aid without violating sanctions. Since then, there has been progress in the flow of humanitarian aid to Afghanistan but there continues to be restrictions, challenges and changing policies and procedures that impact both commercial and non-commercial shipments.

Our Logenix Afghanistan and Pakistan offices have been in the middle of each of these developments, facilitating critical humanitarian aid shipments while remaining in compliance with all regulations. According to our teams on the ground within the country, UN humanitarian aid never completely stopped during the change in government. After NGOs left and aid from other countries stopped, the UN greatly increased the assistance they provide across essential areas such as food, health, and education. During this time, we have been working on behalf of the UN, assisting with operations as other logistics companies were leaving the country. As global freight forwarders are not available within Afghanistan to manage shipments, our teams remain critical to the export side of air shipments on behalf of certain UN agencies. Under other contracts with the UN, we have unceasingly managed custom clearances and local deliveries, serving a crucial role in ensuring humanitarian aid reaches the Afghan people.

Today, Logenix remains essential in navigating shipments to and through Afghanistan including humanitarian supplies. In addition to the UN and ICRC, NGOs have recently started to slowly return to Afghanistan, making our position as the one of the only companies offering logistics services in Afghanistan even more imperative. Logenix currently holds LTAs (Long Term Agreement) for providing services to UN agencies, UNAMA, UNFAO, UNESCO and IRC amongst others – meaning if these organizations receive any foreign aid, we can manage the shipments’ logistics.
Our expertise in routing, customs, and procedures in combination with our well-staffed and knowledgeable offices, makes us uniquely qualified to manage humanitarian aid for both current and new clients. Although USAID and United States government shipments may have arrived in Afghanistan over the past year, they have been as UN cargo until recently. Now that shipments are arriving to Afghanistan on behalf of the US government and commercial importers, we have been asked to increasingly handle and manage operational logistics.

Our Afghanistan team, with the support of other regional offices, are now regularly moving small air shipments for the local commercial pharma market from China, Europe, and India in addition to moving non-commercial shipments of medicine and medical equipment via land, air, and sea routes. We are also handling the import duty exceptions under the Taliban government for all donated shipments. Logenix was recently in charge of handling a public health shipment donated by USAID to the Afghan people. Since August of 2021, this is the first time USAID has directly sent public, pharmaceutical cargo to Afghanistan. This shipment weighed over 60 tons and consisted of 372 pallets of health supplies. Consigned by a local NGO, Logenix moved it in two lots from UAE to Kabul, Afghanistan where it was then delivered to the NGO’s warehouse.

This project faced challenges related to the change in government and withdrawal of international entities from Afghanistan. Firstly, our team encountered challenges with air transportation as all international airlines have stopped servicing Kabul. Only local Afghanistan based airlines are available with just one wide body aircraft capable of carrying our shipment. Secondly, as many Afghan parties are new to the process and customs regulations, there were challenges in getting approval for the shipment’s import duty exemptions.
Our staff is made up of experts in documentation and related processes which helped overcome the related difficulties and successfully deliver the cargo to the local NGO. In addition to this project, Logenix is currently in the process of moving another USAID donated public health shipment from Amsterdam to Kabul. This 22-ton shipment will be consigned to an Afghan NGO. (Notably, USAID has started giving donations to the few local NGOs operating in Kabul which will contribute to the humanitarian aid distribution across the country).

Logenix International has also been an important partner in regularly transporting medical supplies to local hospitals in Afghanistan both before and after the change in government last year. Many of the medical supplies for local hospitals are moved from India, China, Europe and the U.S. via Dubai Airport to Kabul. Some of these shipments are non-commercial and directly procured by the hospitals and moved to Afghanistan. For example, we have been moving air and sea/land shipments from Europe, India and the U.S. to Afghanistan for the FMIC since 2016.

This hospital is a nonprofit which means all shipments on behalf of this medical institute are non-commercial. Similar to our work with FMIC has been the recent moving of medical supplies for the Surgical Centre for War Victims in Kabul. This hospital prefers to move shipments via an Iranian route however, when the international airlines withdrew from Kabul, we became their best chance to transport their cargo efficiently and effectively. Recognizing our experience and knowledge, we were charged with moving a portion of air shipments via Dubai to Kabul. In addition to these non-commercial hospital shipments, Logenix has also been supporting commercial shipments to local hospitals. The local pharma market will bid against each other for contracts and then supply these medical supplies to various hospitals across Afghanistan through our air, sea, and land services.
Our accomplishments have not come without challenges, however. Currently there is a ban on transporting DGR cargo via air due to the lack of safety facilities at the Kabul airport and limited capabilities of the few Afghan aircraft that are operating for Kabul. Any DGR cargo is arriving via UN flights or special flights, presenting difficulties for the local commercial pharma market. To aid in this process, Logenix has implemented the solution of moving DGR shipments via Tashkent/Uzbekistan where the Logenix Tashkent team receives the cargo and trucks it to Afghanistan. We have also provided other routing solutions for our clients as seen in the movement of containerized shipments via the Karachi port to Afghanistan.

The need for humanitarian aid in Afghanistan cannot be ignored nor overstated. We are proud to be such an integral piece in this complex process. Both the FMIC and Surgical Centre for War Victims in Kabul operate a bidding system for their shipments. As a testament to the accomplishments of our regional teams and the relationship we have built with these clients, we often win the shipments we bid on. The decisions our teams have made despite the everchanging nature of this situation has proved to make the difference in successful operations in Afghanistan and neighboring countries. We do not compromise on the quality of our services, and it is for this very reason that we have our own direct offices and staff at all key locations to directly manage and control the documentation and transportation of the cargo. This is a stark difference from competitors who need to subcontract services and agents.
Logenix Establishes Transit Through Afghanistan

As the preeminent global logistics company to and through the developing world, Logenix understands how interconnected the world really is. Although conflicts may take place within one country’s borders, there are often repercussions for not only the region but for nations across the world. Shipping complications from the recent War in Ukraine has changed critical supply routes to various countries. Among those impacted has been Uzbekistan, a landlocked country just north of Afghanistan. Historically goods would be imported through the Caspian Sea and then travel the relatively short distance through neighboring countries to the Uzbekistan border. However due to the Ukrainian War, no barges in this body of water have moved causing significant logistical challenges. In addition, traditional routes cargo may have previously traveled through Russia, such as the Russian Railway Network, are now sanctioned leading to further difficulties. For companies with limited capabilities in the region, this could be project-ending. However, for Logenix this is just another example of how our presence throughout the developing world and experience operating in areas of conflict guarantee success for our clients.

In May of 2022, a transit trade agreement was signed by the governments of Uzbekistan, Pakistan, and Afghanistan. Due to this agreement and a newly established trade route, Uzbekistan can now use the Karachi Port for all inbound and outbound shipments. By remaining in Afghanistan over the last year, Logenix is expertly positioned to interface with the current Afghan government, enabling us to transit the country with critical supplies to Uzbekistan, Kazakhstan, and other countries in the region via the Karachi Port. This new route does not come without challenges, however. Although the route is safe with no current security issues, there are extensive customs formalities and required documentation as the process requires customs clearances in at least three countries - Pakistan, Afghanistan, and Uzbekistan. As experts in compliance, our teams in Pakistan and Afghanistan quickly learned and adapted to the new customs online system and other procedures required for the passage of transit shipments through all entry and exit border transit points of Afghanistan.
Logenix transported our first shipment using this new system in July of 2022. Among our first deliveries were cotton linter shipments from Pakistan to Uzbekistan. We transported 223 MT cotton linter bales from different cities of Pakistan via Afghanistan to Uzbekistan. Our expert and well-staffed Pakistan and Afghanistan offices controlled and managed this shipment each step of the way from trucking operations to transit customs formalities resulting in the successful delivery of 8000+ bales on 11x40ft trucks to Tashkent, Uzbekistan. Originating from various countries such as Malaysia, India, and Indonesia, we continue to expertly navigate this route to deliver commercial shipments consisting of crucial cargo such as surgical gloves, palm oil, chemicals, automobile parts, raw materials for factories and over 200 tons of raw material to be used in the Uzbekistani newspaper industry.

Overcoming difficulties maintaining the integrity of our clients’ projects while keeping shipments on time and on budget remains a key difference between Logenix and other companies in the industry. To avoid complications with border agents, we have opened our own border offices at the border between Pakistan and Afghanistan as well as at the border between Afghanistan and Uzbekistan. This has directly improved operations and allows our Logenix regional teams to maintain control over the cargo resulting in reduced shipment costs. Using our border offices, we are able to manage the operations of cross loading at borders and engage new trucks which significantly increased efficiency, transparency, and reliability. Staying within compliance of OFAC rules and other regulations, we have also completed door to door commercial air shipments from UAE to Uzbekistan. With extensive coordination between our global teams, our Uzbekistan office handled the final clearance and delivery for these shipments.

Traffic on these routes to Central Asia via Afghanistan and Pakistan is expected to rapidly increase in the months and years to come as other regional countries show interest in becoming part of the transit trade agreement. With our offices in Pakistan and Afghanistan established and fully operational since 2013 we are prepared to continue growing through each step of the expansion.
Live From Afghanistan

An insider interview between Logenix Afghanistan and Logenix HQ

Q: How has life changed in Afghanistan?

Well, the life drastically changed since August 15th. Now from the economic point of view ...the previous government, The Republic of Afghanistan, was supported by the US government and their allies. But when the US, allies and contractors left Afghanistan, the poverty rate increased from 47% to 97% and most of the peoples are now living below the poverty line. Nowadays a little bit of humanitarian relief by the international community came but it’s still not enough to reach everyone in the districts, villages and provinces across Afghanistan. In the initial days, after the collapse I mean to say, the government employees were working without salary for months and the government staff was given food supplies instead of salary as there was no money to pay them.

"The Taliban government is facilitating the transit trade through Afghanistan as this enables them to collect the taxes and the government in Afghanistan needs money"

Q: How is the Taliban facilitating transit? How is the Taliban hindering or interfering with moving cargo and other operations?

The Taliban are not receiving any foreign aid and are trying to run the government independently, that’s why they are welcoming and facilitating the transit shipments because they are taking taxes. They are welcoming imports and similarly the Taliban is helping NGO’s and other companies to bring in more shipments...the first reason is they are heavily taxing the businesses and individuals. On top of this, they are facilitating this because right now there is more peace and security...especially at the entry borders of Afghanistan...In the major cities there used to be fights going on, but right now there is peace and security. Compared to the previous government, they are helping and facilitating the shipments. There is no hindering for the shipments, especially shipments in transit.
Q: What did the initial days look like in Afghanistan in August 2021?

The initial days were full of terror when the US pulled out. All embassies subsequently closed as well as the UN presence leaving and NGO’s pulling out. Individuals were rushing to the airport to try and find a way out of the country for the fear of the Taliban’s intentions considering they had not held complete control of the government for some time. The banks and businesses, schools, hospitals, etc. closed.

[More information] During the initial days of Taliban government there was chaos in all government departments. All the senior staff fled Afghanistan from all key ministries due the fear of being punished for corruption. The ones left behind were mostly junior staff but were the actual doers. However they were not attending offices for almost 2 months due to uncertainty and fear.

Q: Have you seen a change in corruption within the government and how has this impacted day to day operations and life?

In the previous government corruption was very common. The thing is, it almost feels that corruption has decreased as much as 70% because the government is punishing people. And the government staff and the officials are fair...Corruption has been controlled by these people because they are more religious and not taking taxes (personally). Now we are receiving more taxes from the individuals, businesses, NGO’s, and it has a lot of impact on day-to-day life. The previous government was completely dependent on foreign aids. Right now by controlling these corruptions, they bring a good impact to daily life.

Q: Can you tell us a little bit more about how the Taliban is taxing companies and individuals, and the impact it is having?

Taliban government is facilitating transit trade and collecting their taxes from transit shipment...Even the companies who were previously exempt such as reputed NGOs are pushed to pay taxes to operate in Afghanistan. The donated shipments are exempt from taxes but NGOs have been asked to pay taxes on salaries and on any profits that they make as a company. This was not the case before.

[More information][They are] taxing the shipments based on customs...value. They still use previous government structure, so taxes are based on cargo value. There is a procedure in place which was implemented by the previous government...The senior members of the tax/customs departments are now the Taliban. But the lower ranking are just the previous government employees. So [the Taliban] are actually dependent on these ex-employees from the previous government as they are not familiarized with the customs system which was implemented by the previous government.”

Q: Do you believe the companies that left did so because of a perceived danger, or was there a true constraint put on them by the new Government?

Well most of them left because there was no business and they were thinking only of the short term business, and did not have a long term in mind. On top of this they also have fear like the other people have. They were helping the US government and they left with them, if they had stayed they may not have been able to keep their employees because there was less business at the time.

"The corruption by the border customs officials on Afghan side has reduced considerably due to the fear of severe punishments by the new government"
Q: Can you give us a brief overview about the immediate impact the change in government had on banking and how it has been changing. What is the banking system like now?

Well, the banking system stopped during the first months. There were long queues of people outside the banks with people trying to withdraw money but there was no money, no possibility. A few commercial banks collapsed completely, and the situation was getting worse day-by-day in the initial days. However, after that, the Central Bank issued an official notice and put some limitations on the individual and business accounts.

But, after a few months, after the notice of the Central Bank, they set the limits.... Before this notice of the Central Bank the bank offices all closed down, from the provinces as well as the capital of Kabul. For example...there is a commercial bank by the name of AIB, Afghanistan International Bank, they closed down their offices in the provinces and in the capital, and they reduced their staff...900 staff left jobless and 50 branches closed down...Nowadays the banks are operating and giving a limit, as per the Central Bank, for individual accounts $400 US dollars a week, or roughly 3,500 Afghani currency - the limit on a weekly basis. For corporate accounts, they are giving 5% of overall money in account on a weekly basis. This is what is followed right now. There are also issues with international state, sending money world to world. There is problem as the international banking system of Afghanistan is not internationally recognized due to the sanctions on the Taliban. So as of now, the situation of the banking system has slightly improved, but a few commercial banks have collapsed, and the banks which have survived - they have reduced their branches staff and services in the provinces and the capital.

Q: I know you mentioned sending money overseas is an issue, is that something where you virtually can’t send or receive money at all, or are there certain countries which allow it, certain permissions to obtain?

The international ongoing transfer, payment - are only allowed for food items, medicine, fuel, hygiene products, electricity, raw material, transportation...But its also subject to approval by the Central Bank. So there are limitations and the payments are getting rejected because of the corresponding banks which transfer these funds are not helping...There are issues, this creates a lot of problems for the businesses. Especially for transport businesses – if the money is not transferred via bank then the suppliers will not release the commodities. For international transfers, it’s a time-ticking process...Again, limited only to food items, medicine, fuel, hygiene products, electricity, raw material, transportation... Besides this, the payment can only be up to 25% of the existing account balance... so, a trader who wants to transfer from overseas, he cannot use the money which was existing in their account balances, he has to bring cold cash and only then they can add it into transfer.

Q: So I imagine you have to work on a pre-payment basis often?

Yes, this is a challenge for the traders. Basically, these are all the international sanctions on Afghanistan, so this creates problems for the local businesses and cannot transfer fund overseas.
Q: What are currently the biggest challenges to moving cargo to and through Afghanistan?

Airfreight to Afghanistan is a challenge as there are no airlines operating to Kabul except for local Afghanistan based airlines. Logenix is moving cargo from various origins of the world to Dubai and then Logenix Dubai team manages the transit clearance and book the cargo again on Afghanistan based airlines for Kabul. Logenix Afghanistan team receives the cargo at Kabul airport and handles the customs clearance and delivers the cargo to consignee’s warehouses.

Further, there is a restriction at Kabul Airport for the movement of all kinds of DGR cargo. The reason is that neither the airport nor the Afghan airline aircraft are properly equipped to handle DGR on the few passenger flights that they are operating to/from Kabul. Logenix is airlifting all such DGR category cargo to Tashkent, Uzbekistan and the Logenix Uzbekistan office manages the transit clearance and trucks the cargo via Hairatan border to Kabul/Afghanistan. There has been some relaxation during last few weeks.

Q: In your experience, what differentiates Logenix from other logistics companies in Afghanistan and the region?

Logenix has been directly operating in Pakistan and Afghanistan since 2013. Our team is very well experienced in handling of non-commercial and commercial shipments...Logenix has earned a very good repute with aid agencies and NGOs operating in the region...Our competitors are subcontracting the documentation and transportation activities amongst several agents to complete the task. At times their offered rates are less than us as they don’t have any direct costs but at the end of the day the customer pays far more on account of container rents, port storages and delayed shipments due to service failures by their multiple agents. We have a very transparent system in place where customer can see and feel our control on their cargo by receiving regular updates on their computer screens from our multiple offices as the shipment progresses from Karachi Ports to final destination. This facility is not available by our competitors as they have different agents at multiple locations and they don’t want agent’s exposure with end clients.
Industry News

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“Despite the international shipping community’s efforts to accommodate Ukrainian import and export container traffic via alternative routes during the last seven-month period there is still no better logistics solution than to reopen Ukrainian container terminals on the Black Sea and restore direct liner services to our ports”

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Thank you

We thank all of our clients and partners for the successful and impactful collaborations both featured and not featured in this newsletter.

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