

Trade and Investment Opportunities in Afghanistan

THE SILK ROAD TO OPPORTUNITIES!



Country Overview



- Afghanistan is progressing, politically, socially and economically
- 15% GDP growth in 2009
- GDP per capita expected to surpass \$501 in 2010
- Trade and investment – main drivers of the economic growth in Afghanistan
- Investment/interregional trade is moving Afghanistan to the centre of a new and at the same time ancient world economic hub

The Economic Framework



- Constitutional commitment to principles of free market economy and private sector development
- Ambitious private sector legislative programme
- Support for private sector development from the international community
- Commitment from regional countries to Afghanistan's reconstruction

The Legal Framework



Afghanistan's Investment Law is one of the most liberal in the region:

- Allows 100 percent foreign ownership
- Indefinite loss carry forward and accelerated capital depreciation
- Flat 20% corporate tax
- No restrictions on inward/outward capital flow
- No restriction on profit or other cash repatriation
- No import duties on machinery; and 1% duty on raw and intermediate materials
- International dispute resolution/arbitration

Reasons to Invest



- Improved legal and institutional framework for investment
- Rapid economic growth
- Availability of natural resources
- International partners supporting economic development
- Access to regional markets
- Improving physical infrastructure
- Available and motivated workforce

Investment Sectors



- Agriculture / Agro-processing
- Construction and construction materials
- Transport and Logistics
- Textiles and carpets
- Energy and natural resources
- Chemical and pharmaceutical products
- Banking and other financial services
- Telecom Services
- Real estate and tourism

Agriculture – Sector Overview

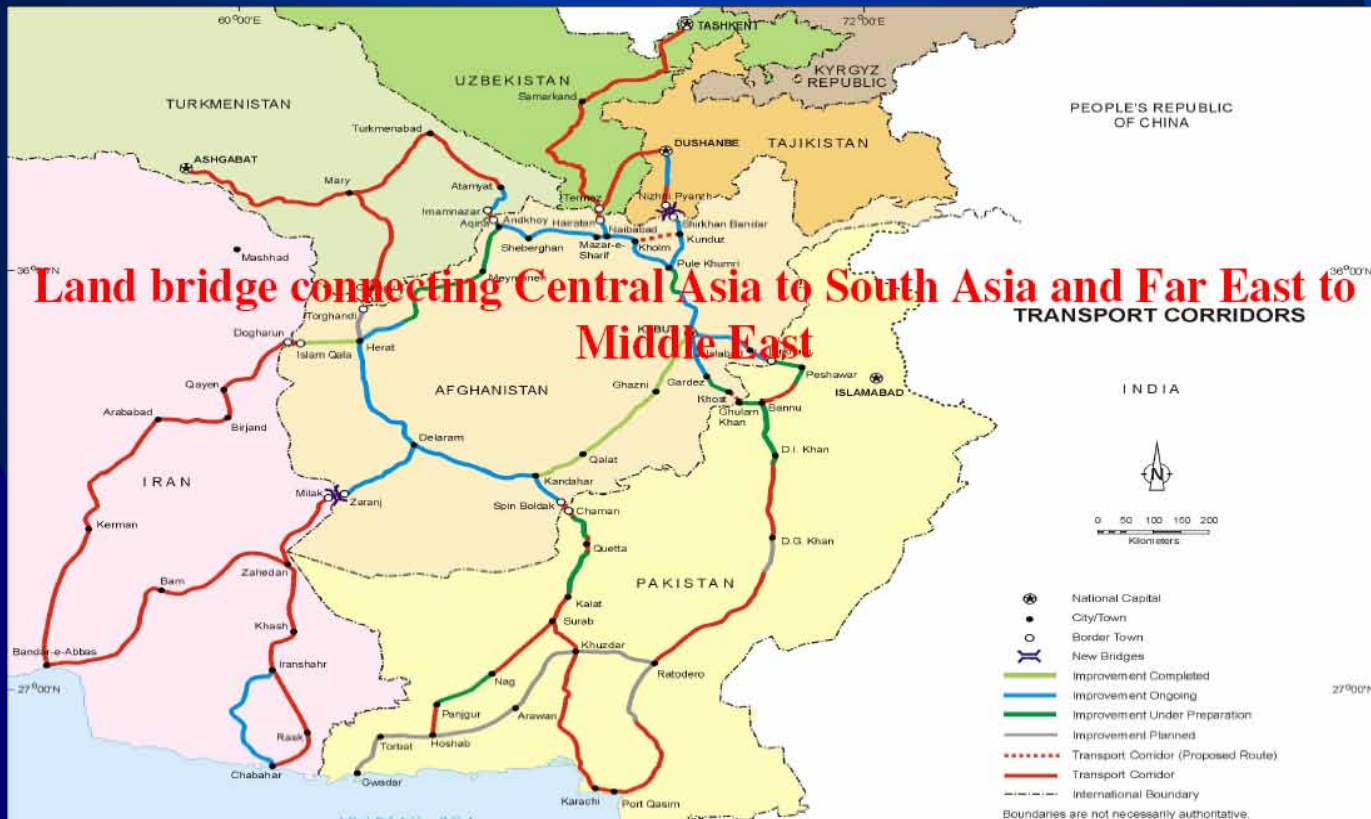


- Agriculture forms 1/3 of the economy (excluding the illicit drugs)
- Proximity to large markets in the region
- Enjoys ‘counter-season’ market opportunities with several neighbors
- Organic Horticulture product very appealing to today’s market demand.
- A new Land Management Law offers an excellent opportunities to lease state owned land up to 90 years.
- A ONE STOP SHOP FACILITY is being established to simplify the land lease process for qualified investors.
- There are investment opportunities in food processing, production & trade of improved seeds, high yield crops & fertilizers; packaging & cold storage facilities, equipment lease and sales.
- These websites can help you find more details: www.mail.gov.af & www.ards.gov.af

Logistics & Transport – Sector Overview



- Afghanistan shares borders with six neighbors
- A “land bridge” connecting proximate country markets, as well as potentially large trading partners, such as China and India;



Logistics & Transport (Cont'.)



- Offers a point of access to an extended regional market of more than 2 billion people, linking the Middle East to Southern, Central and Southeast Asia
- New and expanding trade routes; 3,300 kilometers of primary road network is almost completed; With the construction of our ring road and national highway/railway system, all Central Asian Capitals will be less than 32 hours from the Persian Gulf and the Indian Ocean.
- New Transit Agreement (APTA) was recently signed
- New railway projects connecting Torkham to Kabul and North (CAREC corridor).
- Commercial transport is a high-growth sector in Afghanistan and demand for transport services is expected to remain strong in the medium and long term

Energy – Sector Overview



- Investment in the energy sector is a win-win opportunity to all countries in the region; it will complement each other as supply and demand increase.
- Development of domestic energy, through electric power generation, natural gas, and hydropower are vital to the reconstruction of Afghanistan.
- At present Afghanistan's power system is connected to those of Tajikistan, Turkmenistan, Uzbekistan and Iran

Energy (Cont'.)



- Afghanistan is rich with large deposits of untapped natural gas fields. It is estimated that the remaining proven gas reserves are about 1 trillion cubic feet while a probable figure is 1.5 trillion cubic feet
- The volumes of undiscovered conventional recoverable hydrocarbons in northern Afghanistan is estimated to be 1.596 billion bbl of crude oil, 15.687 trillion cubic feet of gas, and 562 million bbl of liquid natural gas.
- Donors funded project in energy sector invite professional companies for bidding , For further information www.adb.org
www.ards.gov.af www.worldbank.org/af

Opportunities for Companies



- ❖ Billion dollars flow of donors money to Afghanistan
- ❖ Lack of local capacity both in term of providing services and goods
- ❖ Open and competitive bidding process provide a good chance for good companies
- ❖ Please see the donors website importantly,
www.ards.gov.af
- ❖

Mining



- Afghanistan is rich in natural resources
- More than 1400 minerals deposits exist
- Huge deposits such as; Haji gak Iron Ore, Aynak copper
- Precious and semi precious stones (quartz, lapis lazuli rubi, sapphire and etc.)
- Afghan – Tajik and Amu Darya basins contain 18 times the oil and triple natural gas than previously determined
- Extraction and mining of Afghanistan natural resources are regulated under the Minerals Law of (2005) and Hydrocarbons Law of (2006)

Oil & Gas Resources



- ❖ Two proven basins
 - Afghan-Tajik Basin
 - Amu Darya Basin
- ❖ Three potential Basins
 - Katawaz Basin
 - Helmand Basin
 - Herat Basin
- ❖ Most of these basins are filled with several Km of sediments an ideal geological setting for hydrocarbon generation

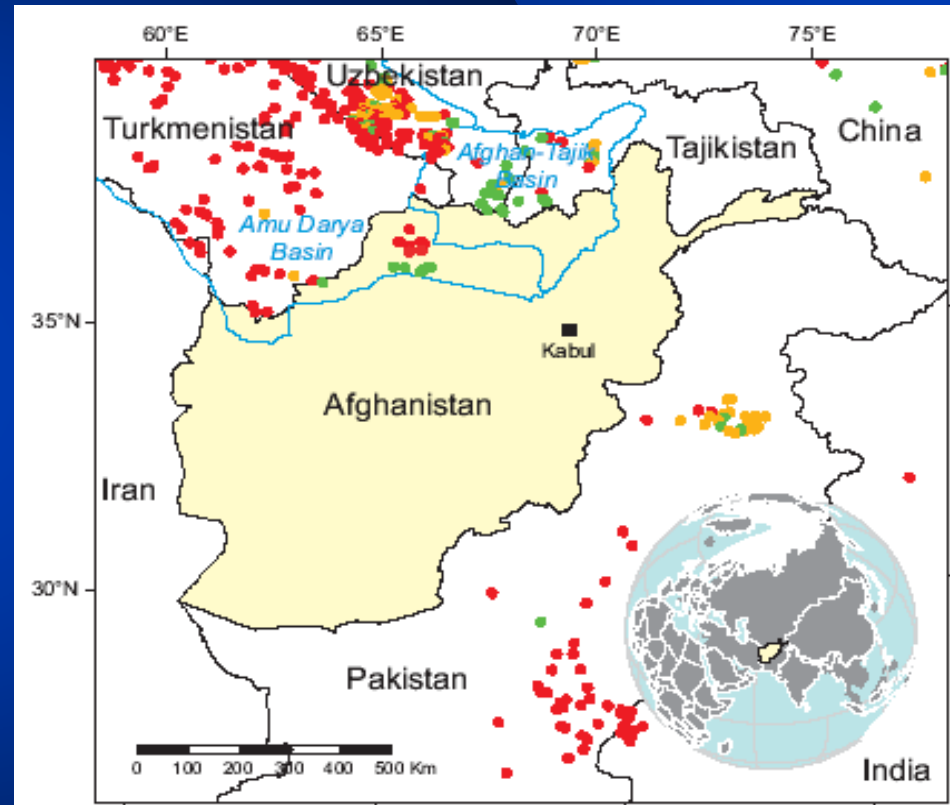
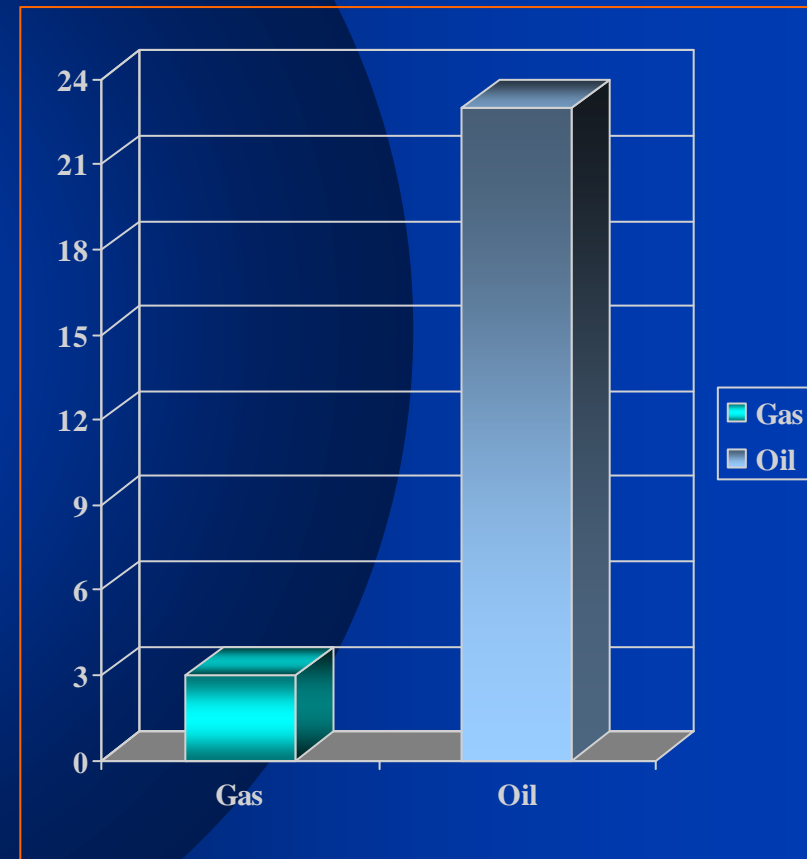


Figure 1. Map of Afghanistan showing location of Amu Darya and Afghan-Tajik Basins, and approximate locations of fields and discoveries that contain primarily crude oil (green), natural gas (red), and both (orange). Field and discovery locations from IHS Energy (2005).

USGS & AGS Assessments



- ❖ Estimates have increased the oil resources by 23 times and more than tripled the natural gas resources
- ❖ Undiscovered gas reserves range from 3.58 to 36.46 trillion cubic feet (cf) with a mean of **15.69 trillion cf**
- ❖ Undiscovered oil reserves range from 391 million barrels to 3.56 billion barrels with a mean of **1.60 billion barrels**
- ❖ Undiscovered liquid gas condensate reserves range from 126 million barrels to 1.33 billion barrels with a mean of **562 million barrels**

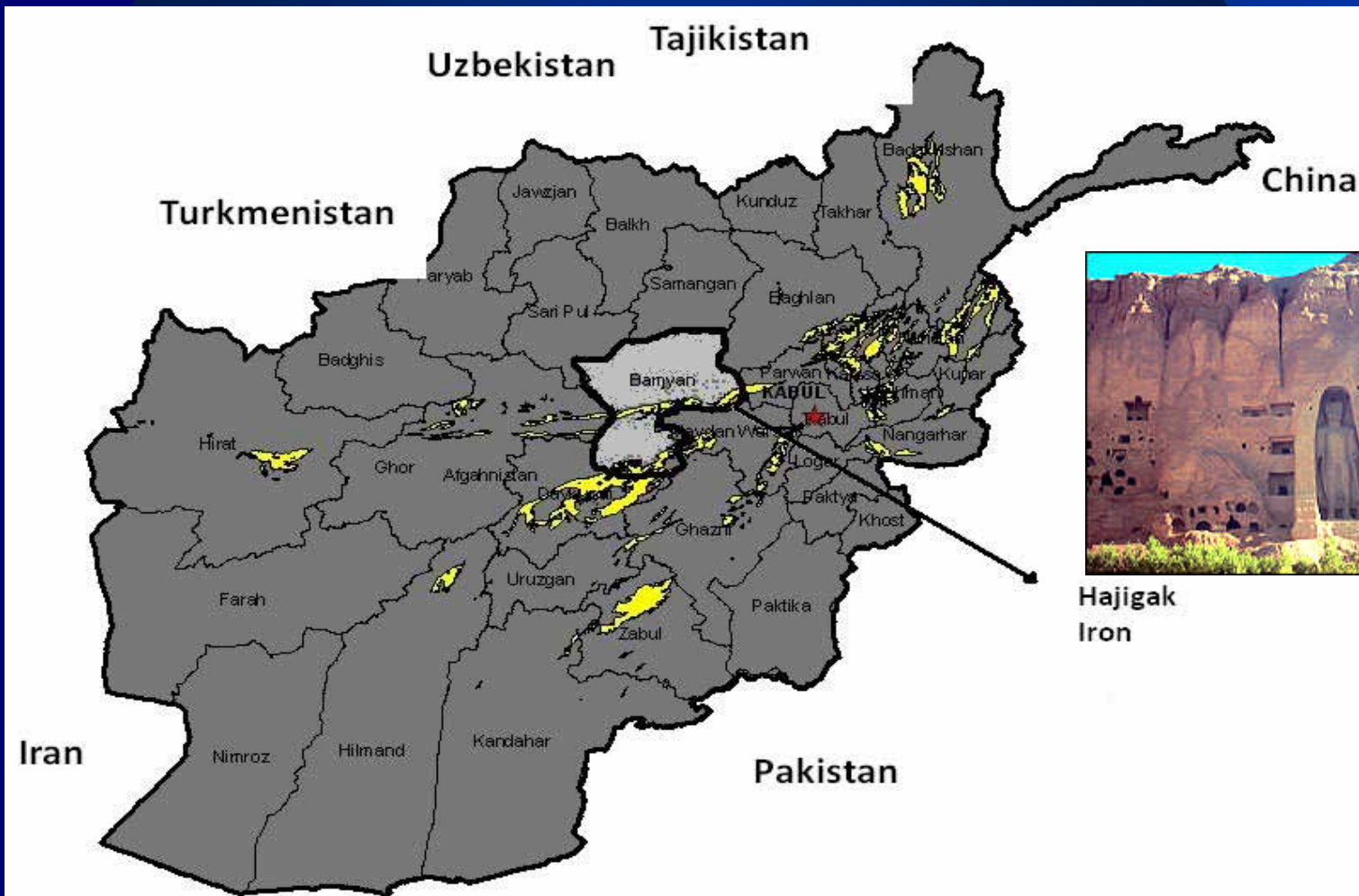


Other Mineral Resources



- ❖ Li, Be, and precious stones, in the pegmatite fields of eastern Afghanistan (at least 10 billion dollars according to Russian data)
- ❖ Porphyry copper in central , southern and western Afghanistan
Potential value at 200-300 billion (30 million tons copper resources is possible)
- ❖ Uranium in southern Afghanistan, with focus of the World on non-fossil power generation potential is immense
- ❖ Polymetals in central Afghanistan
- ❖ Au in Takhar, Baghlan, Badakhshan and Kandahar Zabul Region
(the price of gold is 1200 per ounce)
- ❖ Rare earth elements in eastern and central Afghanistan

Location of Hajigak Iron



Hajigak
Iron

Hajigak Iron Deposit



More than 63 % Fe

Development of Hajigak will contribute in the supply of iron to the world market and will provide thousands of jobs for the country

Hajigak is going to be offered for tendering very soon

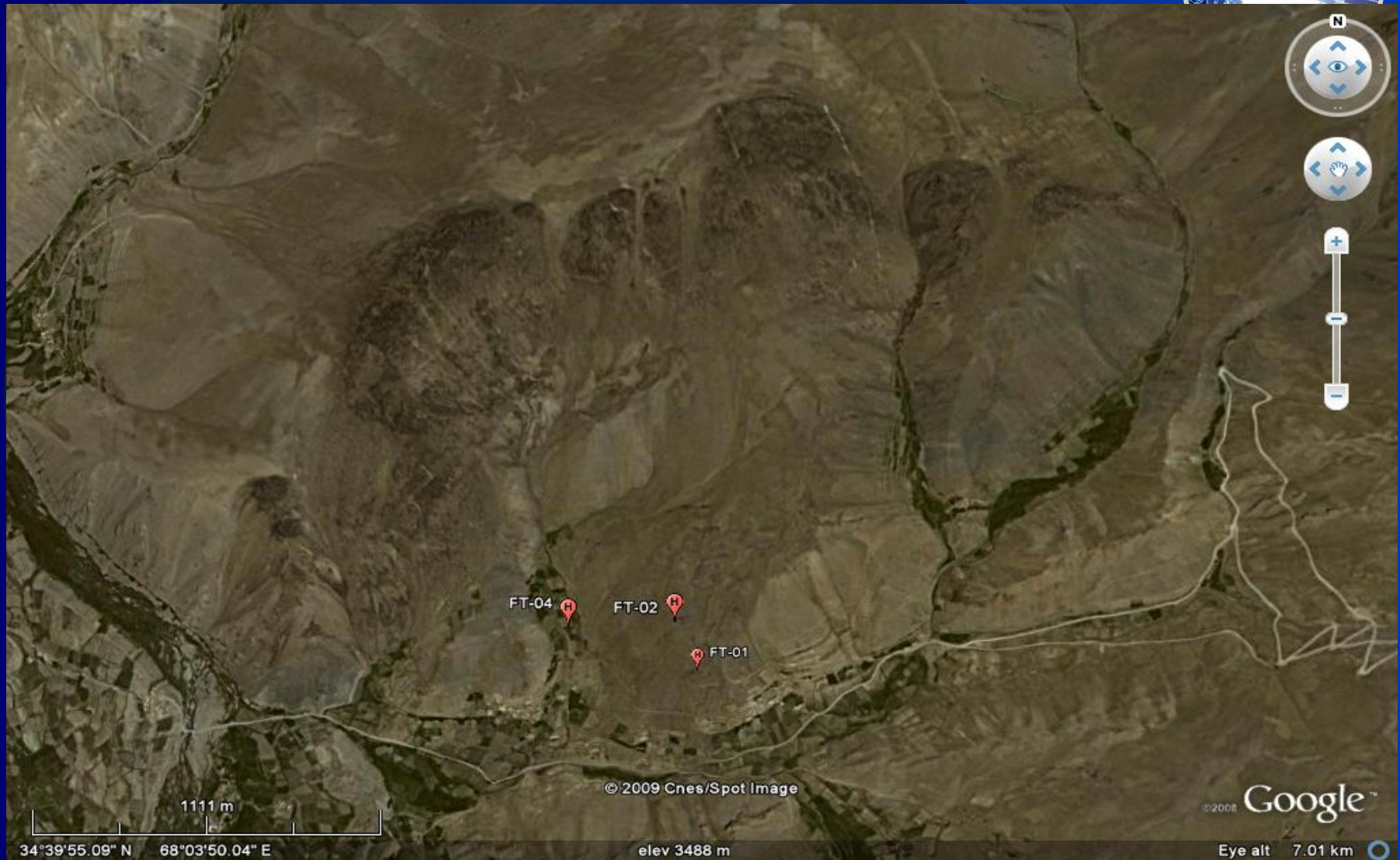
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Hajigak from the air



Key Websites



- www.commerce.gov.af
- www.aisa.org.af
- www.epaa.org.af
- www.ards.gov.af
- www.acci.org.af
- www.worldbank.org/af
- www.adb.org
- www.usaid.gov



Thank You!