



*The Embassy of Afghanistan*  
WASHINGTON, DC



Background

Afghan Government  
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Chambers of  
Commerce and  
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Funding and Insurance  
Sources

From Humanitarian  
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Private Sector's Role

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## Investing in Afghanistan...the *Heart* of Asia

***Presented by: Khaleda Atta***

**Commercial Attaché, Embassy of Afghanistan, Washington, DC**

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**International Resource Group & World Trade Center, Buffalo Niagara**

**Strathallan Hotel, Rochester NY**

**July 25, 2006**



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## Background

### Guiding Documents

- New Constitution
- National Development Framework
- National Development Budget
- ANDS



### Principal Markets and Trading Partners

- Pakistan
- Iran
- India
- Germany
- UAE
- Japan
- United States
- EU





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## Key Government Institutions

### Ministry of Commerce

[www.commerce.gov.af](http://www.commerce.gov.af)

### Ministry of Finance

[www.mof.gov.af](http://www.mof.gov.af)

### Afghanistan Investment Support Agency (AISA)

[www.aisa.org.af](http://www.aisa.org.af)

### Afghanistan Reconstruction Development Service (ARDS)

[www.eafghanistan.gov.af/procurement](http://www.eafghanistan.gov.af/procurement)

### \* Embassy of Afghanistan, Washington, DC: Economic, Trade & Investment Department

[www.embassyofafghanistan.org](http://www.embassyofafghanistan.org)

### \* U.S. Department of Commerce: Afghanistan Investment & Reconstruction Task Force (AIRTF)

[www.export.gov/afghanistan](http://www.export.gov/afghanistan)

For more information: [www.afghanistan.business-gateways.com](http://www.afghanistan.business-gateways.com)



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## Chambers of Commerce and Industry

**Afghanistan Chamber of Commerce & Industries (ACCI) - Kabul**  
[acci2002@hotmail.com](mailto:acci2002@hotmail.com)

**Afghanistan International Chamber of Commerce (AICC) - Kabul**  
[www.en.aicc-online.org](http://www.en.aicc-online.org)

**Afghan-American Chamber of Commerce (AACC) – Virginia, US**  
[www.a-acc.com](http://www.a-acc.com)

**Afghan Chamber of Commerce (ACC) – CA, US**  
[www.afghanchamber.com](http://www.afghanchamber.com)



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## Funding and Insurance Sources

- **Afghan Government**
  - ARTF
  - ARDS
- **US Government**
  - USAID
  - OPIC
  - EX-IM Bank
- **Multilateral Institutions**
  - World Bank
  - Asian Development Bank
  - International Finance Corporation
  - Multilateral Investment Guarantee Agency
- **International Organizations**
  - United Nations [www.devbusiness.com](http://www.devbusiness.com)
  - DG Market [www.dgmarket.com](http://www.dgmarket.com)



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## From Humanitarian Aid to Economic Development

- **\$4.5 billion** pledged at the January 2002 Tokyo Donors Conference for 5 years, mostly spent on emergency assistance
- **\$10.5 billion** pledged at the January 2006 London Conference on Afghanistan
- How should the Afghan government and the IOs utilize the financial assistance?
- Focus on trade, Investment and the promotion of private sector





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## Private Sector's Role

- Private Sector is engine for growth and sustainable development
- The most important role of business in post-conflict Afghanistan is that of an investor
- Business investment provides the jobs, the economic development and the hope allowing Afghanistan to break out of the circle of conflict and poverty
- Former World Bank President James Wolfensohn, "*one of the principal causes of conflict is poverty and inequity*"
- With the growth of business and economic activity Afghans can gradually sustain themselves and humanitarian aid dependency can be decreased



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## Investment Opportunities

- **Construction & Materials**
- **Agriculture**
- **Transportation**
- **Mining**
- **Cement**
- **Marble**
- **Energy**
- **Telecommunications**
- **Civil Aviation**
- **Water & Waste Management**
- **Consumer Goods**
- **Consulting Services**





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## Trade and Transit Agreements

### Transit Agreements Between Afghanistan and

- **Iran**
- **India**
- **Pakistan**
- **Uzbekistan**
- **Turkey**

### Trade & Concessionary Agreements Between Afghanistan and

- **USA**
- **EU**
- **Canada**
- **Japan**
- **Iran**
- **India**
- **China**
- **Central Asia (ECO)**

### MOU Between Afghanistan and

- **England**
- **Iran (Chabahar)**





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## Legal and Regulatory Environment

### Central Bank Law

### Commercial Banking Law

- Issuance of Banking Licenses: 13 banks operational

### Law on Domestic and Foreign Private Investment

- Liberal, most areas open, protection from expropriation, arbitration

### Foreign Entity Recognition

### Corporation and Partnership Law

### Arbitration

### Land Titling and Property

### *Afghanistan as 2006 "Top Reformer" – World Bank*





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## Positive Developments

### New Currency

### Infrastructure Improvements

- Roads
- Communications
- Electricity
- Transit
- Trade Agreements

### Institutional Reform

### WTO Accession





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## Conferences and Missions

**London Conference**

**Economic Cooperation Organization**

**Shanghai Cooperation Organization**

**Afghanistan Development Forum**

**Asian Development Bank Annual Meetings**

**World Bank Annual Meetings**

**US Trade and Business Missions**



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## Recent Private Investments

### Kabul Serena

- IFC and Agha Khan Foundation
- \$27 million

### Coca-Cola Bottling Plant

- Habib Gulzar International
- \$25 million

### Group Sat

- Broadband Telecomm Services
- \$36 million

### *Other:*

**Hyatt Regency, Standard Chartered Bank (UK), Afghanistan International Bank, (managed by ING Group), First Micro-Finance Bank, Federal Express, DHL Worldwide Express, Western Union, Alcatel Trade International, Afghan Wireless Communication Co. and Roshan...**



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## U.S. – Afghan Bilateral Business & Trade

- **Trade & Investment Framework Agreement (2004)**
- **GSP Status**
- ***Reconstruction Opportunity Zones (ROZ)***
- ***Business Building Bridges (BBB Initiative)***

**“Last year, our two-way trade reached \$330 million – 43 percent more than the previous year.”**

**“Since 2003, more than 70 American companies have registered with AISA, representing \$75 million in potential investment.”**

*“The U.S. Department of Commerce is working to help increase bilateral trade and investment to promote peace, stability, and prosperity in Afghanistan and the region.”*

***--U.S. Secretary of Commerce, Carlos M. Gutierrez (July 19, 2006)***



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## WHY AFGHANISTAN? WHY NOW?

- The economy has been **growing at an average rate of 20% per year** and growth is forecast to remain strong over the next decade.
- The government's finances are in balance and **inflation has been close to zero** since the introduction of the new Afghani currency in early 2003.
- Many **success stories of thriving businesses** reflect the overall positive development of the country.





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## WHY AFGHANISTAN? WHY NOW?

- The government has actively negotiated a number of preferential trade agreements with neighbouring countries and **receives important preferential access to important overseas markets**. The customs organisation and the tariff system have been drastically simplified, including a substantial reduction of tariffs to a maximum of 16%.
- **Infrastructure** around the country is being **substantially improved**.
- Travel times between many cities have been drastically shortened. The number of international flights to Kabul is steadily increasing and air freight rates are falling. The **improved conditions for private sector activity** and the numerous profitable opportunities are reflected in the substantial increase in private investments.



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## WHY AFGHANISTAN? WHY NOW?

- In addition to the completion of the presidential elections in October 2004, Afghanistan has now completed the final steps of the Bonn process with the convening of the Parliamentary Elections in September 2005 thus **proving its commitment to the establishment of a new democratic government.**
- The government has shown its commitment to prioritize the private sector in Afghanistan. The government's policy is designed to promote private sector development by **creating business-friendly investment, banking and taxation legislation.**
- Finally, the **international community** has guaranteed its **continued support** for the country.

...The time is right for further private investment in Afghanistan



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## Afghanistan : Conclusions

- Business can have a **significant** impact on the development of Afghanistan
- It can **move the country** from assistance dependency to sustainable development.
- **Rochester – Afghanistan Business Connections**
  - Manufacturing, High-Tech, Telecommunication, Transportation & Communication Equipment

*\*AISA 2006 North America Investment Promotion Tour  
...Nov 7-10, 2006!*



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# Thank You



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