# THE MINERAL INDUSTRY OF

# AFGHANISTAN

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The in-fighting between factions in Afghanistan continued. The Taliban control most of the country and the city of Kabul, while the opposition Alliance occupy the north and Mazar-e-Sharif. The Taliban were recognized internationally by only Pakistan, Saudi Arabia, and the United Arab Emirates. The country's economy was virtually destroyed by the civil war, and industrial activities were almost nonexistent. Agriculture was slowly making a comeback with the help of United Nations (UN) project aid, landmine clearance, and the return of refugees to the farms. Afghanistan's infrastructure lies in ruins—there was no electricity, telephones, roads for motor vehicles, or energy supply networks. There were severe shortages of water, food, housing, and other necessities.

Afghanistan's population was heavily dependent on the UN and international aid agencies. About one-half of Kabul's 1.3 million people received some kind of food aid from these agencies. For the first half of 1997, the UN appeal for aid to Afghanistan stood at just one-quarter of its target of $133 million. Rich donor countries were tiring of the continuing war and contributed less than the UN expected (Far Eastern Economic Review, 1998).

The smuggling trade, such as drugs, consumer goods, food, and fuel, between Afghanistan and its neighbors, several central Asian republics, Iran, and Pakistan, affected the economies of all these countries. Afghanistan's economic vacuum led to the paucity of its official funds. The Ministry of Finance set a budget of the equivalent of $100,000 for the country's administration and development programs in fiscal year 1997-98 (February 1-January 31).

The Taliban leader instructed the Ministry of Mines and Industries to revive Afghan National Oil Co., which had been closed down after the Soviet invasion in 1979 (Petroleum Economist, 1998). To encourage industry and foreign investment, the Taliban were trying to reopen some carpet factories, coal and marble mines, and a cement plant. As an investment incentive to foreigners, the Taliban offered free land to build new plants. No serious foreign investors were interested because of the devastated infrastructure.

Afghanistan is known to have some mineral resources, such as a high-grade chromite deposit in the Logar Valley near Herat; several high-grade coal deposits in the north from Herat to Badakshan; and a copper ore deposit at Ainak. Uranium deposits and beryllium occur in the Khwaja Rawash Mountain and in the Kumar Valley, respectively. Natural gas also occurs in abundance in Afghanistan.

Unocal Corp. of the United States and Bridas of Argentina were competing for the right to build a $2.5 billion, 1,300-kilometer natural gas pipeline from Turkmenistan to Pakistan; it would cross southern Afghanistan (Far Eastern Economic Review, 1997). The Unocal proposal was favored by Turkmenistan and Pakistan, and Bridas's was backed by the Taliban of Afghanistan. Unocal was unlikely to secure the financing required for the project until the ethnic fighting ends. Unocal and its Saudi partner, Delta Oil, planned to start construction by the end of 1997, even though the Taliban refused to give Unocal permission to build the pipeline across their territory. Turkmenistan was to sell natural gas to the consortium at the border. Bridas was prepared to go ahead with the project without external funding from major banks. Bridas set up the TAP Pipeline, a 50-50 partnership with Ningharco of Saudi Arabia, and might offer up to 45% of its shares to other oil companies to raise the necessary funds. The Taliban demands for building infrastructure and the continuing war delayed the negotiations.

## References Cited

Far Eastern Economic Review, 1997, Unocal and Bridas battle to build pipeline in Afghanistan: Far Eastern Economic Review, v. 160, no. 25, June 19, p. 73.
———1998, Asia 1998 Yearbook: Far Eastern Economic Review, p. 72.
Petroleum Economist, 1998, News in brief: Petroleum Economist, v. 65, no. 2, February, p. 46.

## Major Sources of Information

Ministry of Mines and Industries
Kabul, Afghanistan
Ministry of Water and Electricity
Kabul, Afghanistan

TABLE 1
AFGHANISTAN: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/

(Metric tons unless otherwise specified)

| Commodity 2/ | | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|
| Barite | | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Cement, hydraulic | | 115,000 | 115,000 | 115,000 | 116,000 | 116,000 |
| Coal, bituminous | | 180,000 | 180,000 | 185,000 | 185,000 | 185,000 |
| Copper, mine output, Cu content | | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| Gas, natural: | | | | | | |
| Gross | million cubic meters | 2,700 | 2,700 | 2,600 | 2,700 | 2,700 |
| Marketed | do. | 2,300 | 2,300 | 2,200 | 2,300 | 2,300 |
| Gypsum | | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Natural gas liquids | thousand 42-gallon barrels | 35 | 40 | 40 | 40 | 40 |
| Nitrogen, N content of ammonia | | 15,000 r/ | 15,000 r/ | 10,000 r/ | 5,000 r/ | 5,000 |
| Salt, rock | | 13,000 | 13,000 | 13,000 | 13,000 | 13,000 |

r/ Revised.

1/ Table includes data available through August 25, 1998.

2/ In addition to the commodities listed, asbestos, lapis lazuli, uranium, and a variety of crude construction materials (clays, stone, and sand and gravel) presumably are produced, but available information is inadequate to make reliable estimates of output levels.