

“Investing in Afghanistan”

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Why Invest in Afghanistan?

- 1. Afghanistan is moving towards economic and political stability, this has created a favorable business environment for foreign and domestic investors**
- 2. Afghanistan is once again on the path to take its place in the global market. The emerging vibrant investment opportunities in Afghanistan promises significant progress and development in the economic sector**

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The Constitutional and Legal Framework

Constitution:

- ▶ **The foundation of our economic framework was laid in the new constitution which was agreed at the Loya Jirga last December.**
- ▶ **This framework is clearly based on a free market economy: Articles 10 and 11 state:**
 - ▶ *“The state protects and promotes private investment based on a free market economy” (Article 10)*
 - ▶ *“Issues related to domestic and foreign trade shall be managed and covered by law based on the country’s needs and the people’s benefit” (Article 11).*

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The New Investment Law

- **A new investment law is ready and will be enacted in the next few weeks. It will be the most liberal investment law in the region allowing full foreign and domestic investment in virtually all sectors of the economy.**
- **The newly revised investment Law of Afghanistan offers incentives in terms of tax breaks, special custom duty, and legal protections to the investors.**

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Reforms: Achievements in the Institutional Framework

AISA

- **To bring these reforms to life for investors the Afghan government has set up, with the assistance of German Government, a “One Stop Shop for Investors”, called the Afghan Investment Support Agency.**

Industrial Estates for Foreign and Domestic Investors

- **Construction of industrial parks in Kabul, Mazar-i-Sharif and Kandahar.**

Physical Environment for Investment

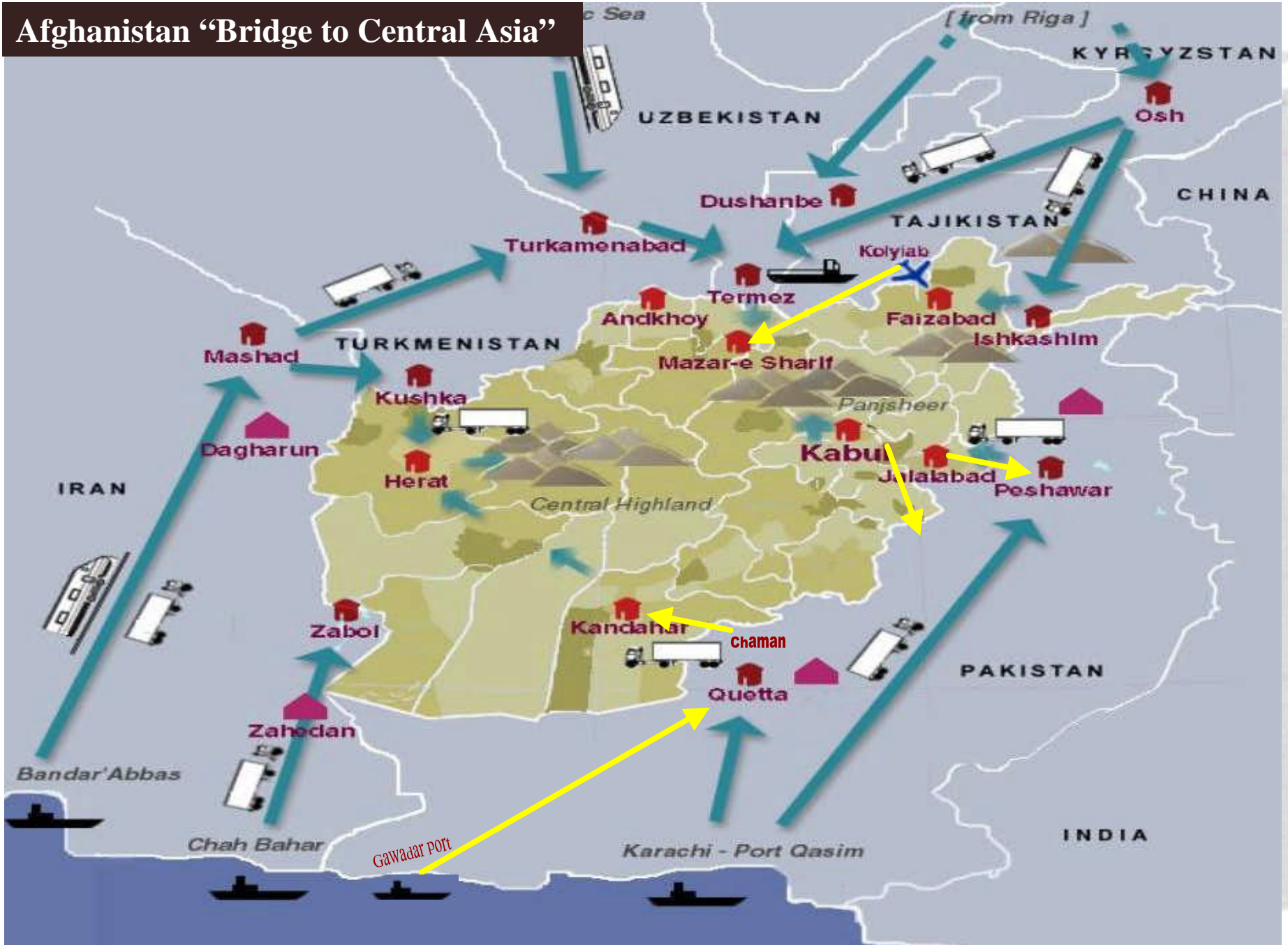
- **Licensing of two private mobile phone operators**
- **Internet providers are also operating in Afghanistan**

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Building Physical Infrastructure

- **Completion of the road between Kabul and Kandahar**
- **The road connection to Herat close to completion**
- **Other roads to north and east are now under construction**

Afghanistan "Bridge to Central Asia"



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Providing Favorable Environment and Financial Assurance to Private Investors

- **Investment Insurance has been made available through MIGA, the Multilateral Investment Guarantee Agency**
- **Everything but Arms-EBA, Initiative of the EU. All exports from Afghanistan (excluding arms) can enter European Market without any Tariff or Quota restrictions.**
- **GSP treatment of Certified Hand-Knotted, Hand-Woven Carpets, and Rugs under Bilateral Agreement between the United States and Afghanistan**
- **Less Developed Countries (LDC) Agreement between Afghanistan and Canada**
- **Memorandum of Understanding between the United States and Afghanistan to encourage and protect investment activities in Afghanistan through the provision of insurance and investment guarantees.**

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Investment Opportunities and Examples

- ***Reconstruction:*** Over the next 3 years, more than US\$ 8.4 billion in reconstruction and humanitarian aid is expected to generate significant opportunities in construction, construction materials, and related manufacturing industries.
- ***Domestic Consumption Growth.*** Afghanistan’s 27 million people constitute a US\$ 5 billion GDP economy growing at an annual compound rate of 15-20 %. This rapid economic growth is driving increased local demand for goods and services – from detergent and cellular phones to home construction and banking services.
- ***Export Revitalization:*** There are opportunities to export high-value Afghan – branded products to the European and US markets, including saffron, dried fruit, and basic agribusiness products to neighboring countries.
- **Afghanistan today is an ideal place for those who want to invest.**
- **Afghanistan is in need of almost everything, be it consumer goods or industrial development.**

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Examples:

- **Two major international hotels have invested in Afghanistan (Hyatt and Serena)**
- **Two private phone companies (AWCC and Roshan), backed by leading international operators are servicing the country.**
- **Leading international banks have opened offices (Afghanistan International Bank (AIB), Standard Chartered Bank, National Bank of Pakistan, Habib Bank Ltd, The First Microfinance Bank and etc.**
- **Other Examples:**
 - **DHL**
 - **Coca – Cola**
 - **Pepsi-Cola**
 - **Toyota Motors**
 - **Alcatel Trade International**
 - **Marco polo Airlines**

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Domestic Investments:

- **Mainly contributed by Afghan Diaspora**
- **Two private phone companies (AWCC and Roshan), backed by leading international operators are servicing the country.**
- **Production of consumer goods, construction business, transportation and establishment of trading companies**
- **Pamir Airlines and Kam Air**
- **Shahram Raisin Processing Co.**
- **Economic and political stability has created a favorable business environment for small and medium enterprises such as:**
 - **Production of construction materials, dairy products, vegetable oil, Mineral water, Agro-business and etc.**

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Investment Projects:

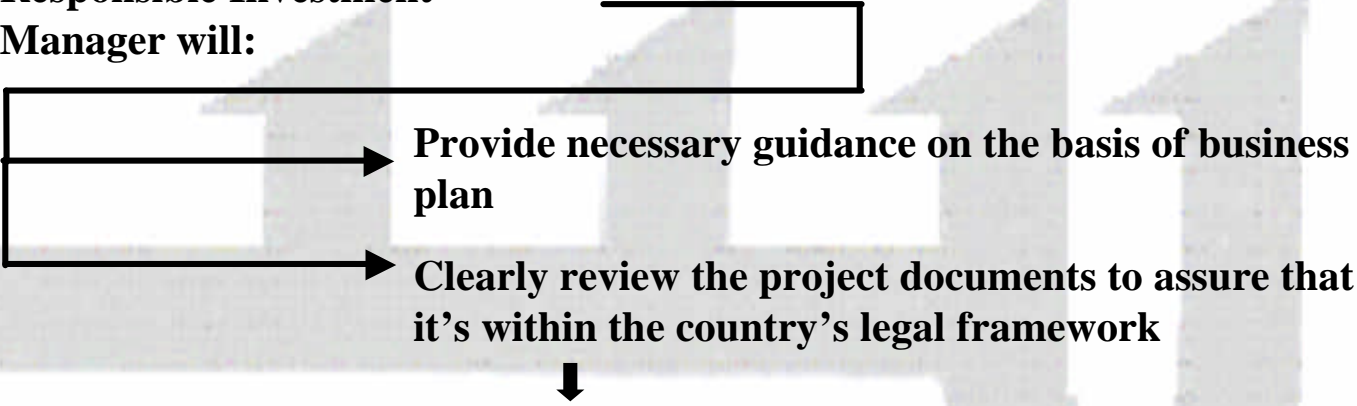
<u>Sector</u>	<u>Total Investment</u>	<u>Direct Employment</u>
Construction	\$ 210,151,622	21000
Services	\$ 153,813,066	4686
Industry	\$ 43,702,990	11,380
Agro-Business	\$ 1,880,000	121

Foreign Investment (Countries):

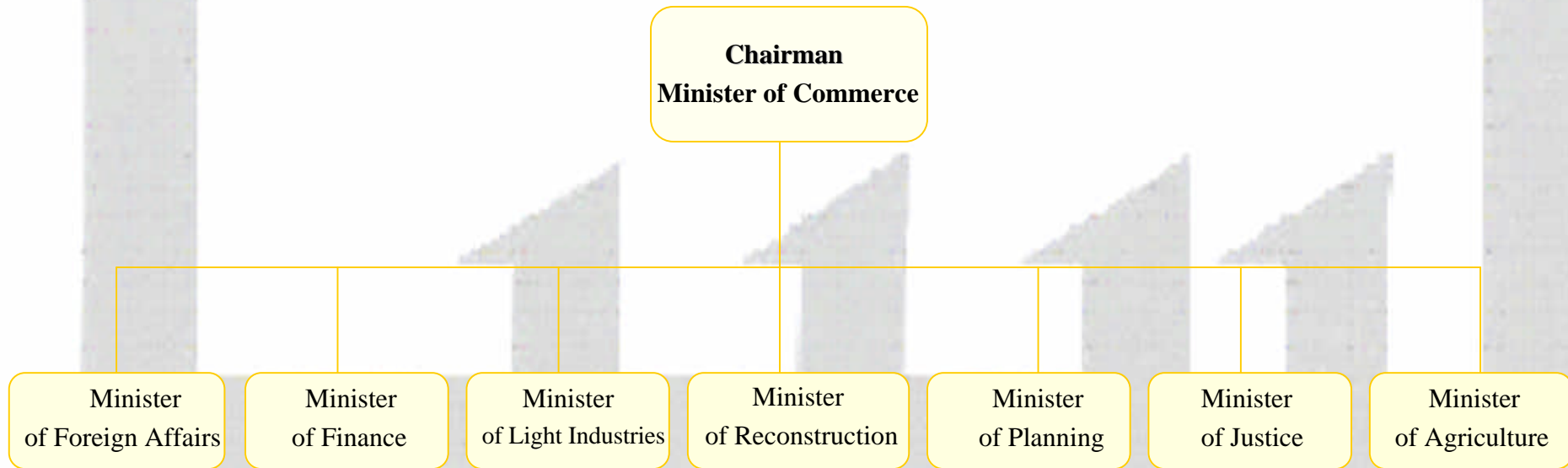
- **Germany**
- **Iran**
- **Holland**
- **UAE**
- **India**
- **Tajikistan**
- **Russia**
- **UK**
- **Pakistan**
- **France**
- **Ukraine**
- **USA**
- **Turkey**
- **Uzbekistan**
- **Italy**
- **China**
- **Canada**
- **Switzerland**

- ❑ **AISA has been created in accordance with directive issued by the Government of Afghanistan as a “One Stop Shop for Investors”**
- ❑ **AISA has been charged to attract, promote and register all new investments in Afghanistan**
- ❑ **Since October 2003, AISA has registered 452 new investment projects amounting to USD 409 million and should be creating 37000 jobs**

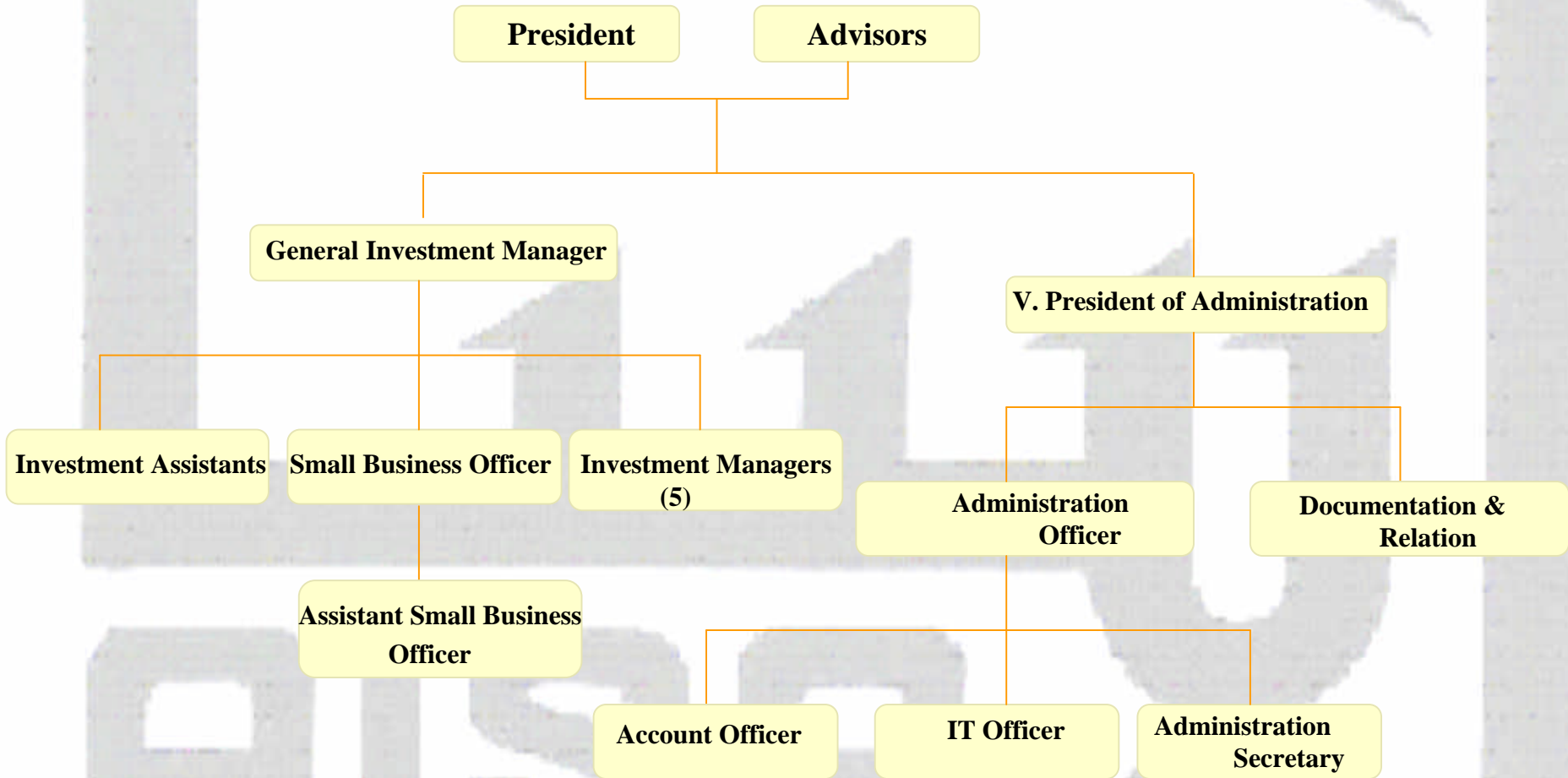
Procedure for Acquiring Investment License

1. **Filling the Investment Application Form and Application form for Tax ID Number**
(Ministry of Finance)
2. **Registration of investment Application form in the Special registration book + computerization of data.**
3. **Responsible Investment Manager will:**

 - **Provide necessary guidance on the basis of business plan**
 - **Clearly review the project documents to assure that it's within the country's legal framework**
4. **Registration of investment documents in Commercial Court and Announcement of investors' business/investment details in a reputable Afghan newspaper.**
5. **License Fee + Issuance of Investment License**

High Commission on Investment



Organizational Chart





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Afghan Investment Support Agency

One Stop Shop for Investors



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Invest in Afghanistan

Investment in Afghanistan should not be looked at to just meet the need of the Afghan Consumers, but as an excellent opportunity to take advantage of low cost production of the regional market.

Afghanistan has been transformed from a distant landlocked country to a transit Nation in the heart of Asia.

Major reconstruction efforts are under way to rebuild the Afghan roads and bridges necessary to connect the Central Asian countries bordering...

News and Events

16th June 2004

A seminar on "Doing Business in Afghanistan", organized by IntEnt in cooperation with the Dutch Trade Promotion Center, The Netherlands-...

"AISA's aim is to offer comprehensive services to all investors in order to assist them and facilitate their activities in Afghanistan to maximum extent possible"

Upcoming Projects:

<http://www.aisa.org.af>