

Investment Opportunities in Afghanistan

Energy Sector of Afghanistan

Afghanistan is among the small number of countries whose natural resources, and the its capacity to produce energy has remained untouched. According to the research conducted by NASA and French Geological Survey, Afghanistan is not only rich in huge coal, and natural gas reserves (more than 100 natural gas reservoirs) but also in rare energy sources such as Niobium (NB), Tantalum (Ta), and especially Uranium (U) which plays a very important role in energy production. For example the Khanesheen area of the Helmand province of Afghanistan, is estimated by NASA to have 4.9 million tons of Niobium (NB). These reserves also include in them other natural resources such Phosphorus (P), Uranium (U), and Thorium (Th).

The above is not the only sources of energy in Afghanistan. Solar energy is another investment opportunity in Afghanistan. The Country has 10 sunny months or 300 sunny days in a year! Therefore, making the solar energy a cheap, easy to obtain, and renewable source of energy.

Moreover, Afghanistan has a great hydro power potential. According to the information provided by the Ministry of Water and Energy of Afghanistan, the Country has a potential of producing 310,000 megawatts of electricity while now it imports 75% of its electricity from abroad and produces very little domestically. Afghanistan needs 6,000 megawatts of electricity annually, and if it reaches its full potential of production (310,000 megawatts), there will be a large amount of surplus energy ready to be exported to the neighboring countries. The officials in the Ministry of Water, and Energy reiterates that the Afghan energy market provides an excellent investment opportunity because so far there is lack of competition in this area.

While producing energy within Afghanistan by using its resources is a great business opportunity, the geographical location of Afghanistan will cause it to bridge energy from the energy rich central Asian countries to the south Asian countries. The Government of Afghanistan took several efforts to convert Afghanistan to this bridge of energy transmission and has continued to so.

In order to create business opportunities in the energy sector, the Government of Afghanistan also started to implement the five-year plan of energy independency, and the national energy transmission network of Afghanistan.

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In order to act upon its obligations reached in the Brussel Conference regarding inclusion of private sector in government contracts, the Ministry of Water and Energy, deems to provide project land, long-term produced-electricity purchase contracts, tax discounts, and a 25 percent subsidy in order to encourage private domestic, and foreign investors to invest in this sector.

Finally, it is worth mentioning that Afghanistan has enacted the Law of Nuclear Energy, and the Energy Services Management Law which will further facilitate investment in the energy sector, and also will facilitate for Afghanistan to become member of international energy conventions, and treaties. Chapter nine of the Energy Services Management Law specifically covers foreign investors, and Chapter 2 of the Nuclear Energy Law, provides protection, and support to foreign investors, and within the Law of Nuclear Energy of Afghanistan, and the relevant laws and treaties, encourage their investment in this field.