

## **Investment Opportunities in Afghanistan**

### **Industry Sector in Afghanistan**

Afghanistan is a country with numerous and important industrial resources that if fully developed, can propel the country into a worldwide important industrial state.

Industrial business activities have officially and modernly initiated in Afghanistan in 2006 after the first industrial park was established in the Capital City of Kabul. From that point onwards, the sector has been increasing in potential and has so far created ever-increasing investment opportunities for both domestic and foreign investors.

Traditionally, Afghanistan's handicraft industry was globally popular. The Afghan carpet industry, for example, has always enjoyed Afghan industrial fame, and received considerable attention from buyers around the world, ultimately yielding an income of more than 430 million dollars annually for the Country. Today however, the breath of the industry sector does not end there. Recently, other Afghanistan-borne products have gained similar fame and demand in international markets. For example, perfume products, manufactured by Orzala, were recently introduced to European markets. Despite Orzala having a small production potential for now, the high quality and reasonable prices of the products of this wholly Afghan company has created an increasing demand in those markets, and achieved buyers' demonstrated interest.

Afghanistan's potential as a suitable market for industrial investment comes from a good domestic market, presence of different raw material, cheap and substantial amount of labor, and its customs free trade with international industrial giants such as India, China, the United States and European Union. This potential is further drawn from a great potential in agriculture, natural resources, and development of transit corridors.

Currently the investment opportunities in the industry sector of Afghanistan are composed of four distinct sections. The first section is the mining industry that includes coal, natural gas, salts, liquid ammonia, condensate, marble and other natural deposits.

The second section is manufacturing, which includes, chemical industries, food stuff, metal industry, pharmaceuticals, construction materials production, carpentry and paper production.

The third section is hydropower and the last section includes the construction industry.

In addition to the above, there are other subsets of the industry market that each represents a valuable investment opportunity. These subsets include, processing and packaging industry, stocking hangers, and construction machinery parking.

The government of Afghanistan has designed a policy of supporting national industry, based on which the Afghanistan Association of Industrial Companies has been established in the Kabul city. The government continues to design and implement further programs that will support the industry sector. Among a handful of these programs so far implemented, the following can be named and identified as venues that will increase the interest of investors in the industry sector of Afghanistan: establishment of the industrial bank, a five to ten years of tax exemption for newly established manufacturing businesses, these business are in the mean time exempt from paying custom duties upon importing their needed machinery and raw material to further their production, provision of cheap electricity; and municipal services, allocation of proper locations for establishing manufacturing plants, processing facilities and stocks.