

**Afghanistan Investment Support Agency  
Research and Policy Department**

# **Main Investment Opportunities In Afghanistan**

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## **Introduction**

Afghanistan has a total of 652864 Km<sup>2</sup>, it has about 12% of the country total land is arable 3% is under forest cover, 46% is under permanent pastures, and the remaining 39% is mountains<sup>1</sup> and has estimated population of about 25 million including nomadic and returnees<sup>2</sup>. The annual growth rate of population is about 2.03% while the GDP is estimated about US\$10 billion and per capita income about US\$ 415. Currently there is change in the structure of national domestic products; about 37% was the share of services in GDP while the share of agriculture was about 36% and the share of industry was about 24%. Due to the lack of skills the domestic product are taken by the traders to Pakistan and sometime Pakistani traders take the afghan products out side world.

As compare to the pre transitional government, fiscal, monetary, external sector and real sector are improved despite potential growth of the economy is challenged by security, corruption, and other obstacles.

Afghanistan has great potential for further growth similar to the most developed nation of the world as it has the vast number of resource with high volume. To give a hint on the available opportunities, I would like to discuss some sample opportunity as in the subsequent pages.

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<sup>1</sup> Statistical year book, CSO 1386, Page:153

<sup>2</sup> Statistical year book, CSO 1386, Page:7

## 1. Investment Opportunities in Agriculture Sector

Agricultural is a basic means of livelihood in Afghanistan, generating 36% of the country's GDP and supporting 85% of the total population in Afghanistan.<sup>3</sup> The climate of Afghanistan is well suited for the cultivation of horticultural crops and Afghanistan is the geographic origin of many high-end crops like raisins, pomegranates, pistachios and almonds. There are approximately 1 million farms in Afghanistan and more than 2,000 wholesalers for horticulture products.<sup>4</sup> Products are brought directly from the farms to five major wholesale markets located in Kabul, Mazar-e-Sharif, Kandahar, Heart and Jalalabad. Between farmers and wholesalers, there are thousands more employed as middle-men.

The majority of private sector entrepreneurs in Afghanistan are farmers and the bulk of industrial sector processing is geared to providing services to farmers and farm related business. Because this sector contributes the most to national income and personal livelihoods, increased investment in the agro-business and agriculture areas will have a direct positive impact on the lives of thousands of Afghans. Intensive commercial farming increases sustainable economic growth in rural areas, encourages competition, contributes to regional development and helps sustain the growth of private businesses. Afghanistan benefits from low labor and irrigation costs by regional comparison and high value cash crops provide vital food security and an alternative to poppy cultivation in the country.

Between 1999 and 2002, Afghanistan experienced the worst drought in decades, which greatly damaged production levels of agricultural goods. Now Afghanistan is poised to increase these production levels, but it will take investment and government support to realize this potential. Part of this effort includes building capacity through training farmers on how to increase output and adopt modern techniques. In a survey, nearly 70% of farms interviewed (around 730,000 farms total) revealed they are too small to achieve self-sufficiency and are interested in farming higher value crops other than wheat.<sup>5</sup> The NGO community is playing a strong role in this training and there is an encouraging willingness of local producers to receive technical assistance.

Agro-business and agro-processing provides an array of exciting investment opportunities. The industry has first-mover advantages for investors in modern processing techniques that involve cleaning, sorting and grading, and also packaging plants that incorporate quality control measures like hygiene and traceability. Improved transportation logistics for exports, including cold storage facilities, is one of the critical priorities. Adequate infrastructure, especially an improvement in road conditions, will alleviate the geographic constraints that accompany Afghanistan's position as a landlocked country. The involvement of the international community in

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<sup>3</sup> Statistical year book, CSO 1386, Page:153

<sup>4</sup> UNDP/Altai Consulting *Market Sector Assessment in Horticulture* (Phase 1, Market Research), June 2004.

<sup>5</sup> Maletta, Hector and Raphy Favre. "Agriculture and Food Production in Post-War Afghanistan." A report of the Winter Agricultural Survey, 2003.

Afghanistan's reconstruction process is playing an important role in building up this necessary infrastructure, but this takes time.

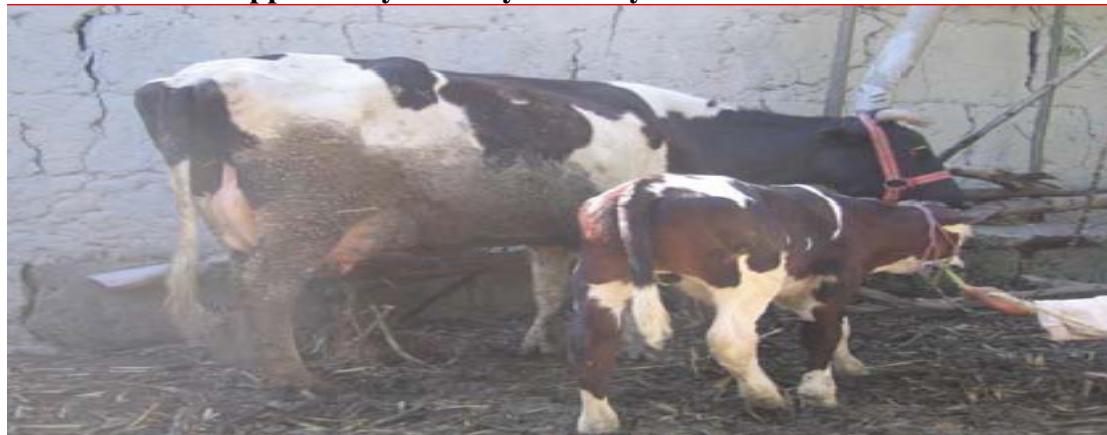
Investment in agro-business and agro-processing will make a positive impact on the economic development of Afghanistan and will give Afghans pride in producing and purchasing local Afghan products.

One industry related to the Agriculture sector is for example **packaging** which provides great opportunities for investors, as demand for Afghan agriculture goods is high, but current packaging procedures are outdated and damage fresh goods en route to markets and prevents an effective export business for many corps. Some 20-40% of post-harvest horticulture products are wasted because of poor packaging.

**Processing** is another great investment opportunity. Market potential for processed agricultural products including snack foods, packaged biscuits, fruits concentrates, pickles and fresh fruit jams both in Afghanistan and in the region is enormous.

**Domestic production of machinery** related to the agro-business and agro-processing industries is a lucrative opportunity for investors given that current equipment in Afghanistan is currently imported from abroad, or date back from the Soviet era. Demand for new machinery, such as grain cleaning and sieving equipment for flour, and tractor trolley's and ploughs, will be continue to grow and be vital to the production of agricultural goods. In the long term, the manufacture of local machinery will be profitable to the agriculture industry.

### **1.1 Investment Opportunity in Dairy Industry**



Investment opportunities exist in the following areas:

- Milk processing
- Manufacture of cheese, butter, yogurt, milk powder, ice cream, and other dairy

**Scale of operations:** Small, medium & large scale production potential

**Market:** Mass & niche dairy product markets, both domestically & internationally

## Potential (Underserved market)

### Domestic market:

- National Market: 32 million growing at 4% per year;
- Kabul City market: 5-7 million and growing at over 7% per year;
- Domestic consumption rates (pre-war) 60kg of milk per person per year average;
- Current consumption averages 0.1 liters/capita, per day (versus 0.41 in Pakistan);
- A potential domestic market of 1.92 billion kg of milk annually;
- Regional consumption: 25% annual increase in Chinese demand for dairy goods;
- Signing of preferential trade agreement with regional and industrialist nation is another potential opportunity especially for the dairy product manufacturers. For more information please click [here](#).

## Returns

- Monetary returns: The price of milk has increased 215% over 5 years compared to a low single digit annual general inflation rate.
- Social returns in terms of rural Afghanistan, and local producers. It is estimated that producer's income from milk production has increased almost 10 fold over the period from 7.93 Afs per day in 2002 to 73.00 Afs per day 5 short years later.

## Type of Assistance Requested

There is need to established private sector firms with a solid history in the milk and dairy industry, and export/international market experience.

**Specific Technical Assistance Needs:** Collection, transportation and storage of milk; processing, pasteurization, quality control of milk, cheese, butter, yogurt, milk powder, ice cream, etc.; packaging, labeling, transportation, export, marketing, etc. It is necessary to have experienced locally based managers who can relate to the dairy farmers.

Experience has shown that it is necessary for the management to have marketing skills as well as technical dairy skills. Management should be able to identify relative demand for different products and adjust supply appropriately. The inability of management to respond to demand for different types of cheese was the major problem that was experienced with the factory in Baghlan Province. The specific problems at Baghlan appear to have been rectified but they point to the type of technical assistance required.

## Local Advantage

Afghanistan boasts both a favorable climate, and long experience in animal husbandry, resulting in impressive production potential. Additionally investors can expect, full government support, minimal government regulation, and expedited

procedure to start a business. The domestic market itself is still in its infancy though growing rapidly and so offers great potential for early entrants.

**Location Advantage:** Afghanistan is centrally located in the heart of Central Asia within close proximity to major markets such as China and India and regional markets in the Central Asian republics, Pakistan and Iran.

**Production Advantage:**

- 2.1 million dairy cow herd, 8.7 million sheep herd, 7.3 million goats;
- Average production of 500-1,000 L/year/cow (low) to 1,000-1,500 L/year (high);
- National Production 2.1 billion liters per year cow milk, about the same for sheep/goat milk & 8.1 tones of camel milk;
- Growth: Milk production is increasing by 3,200 hectoliters per year.

**Competition**

Local competition is primarily comprised of numerous small scale inefficient producers with varying degrees of success in quality control serving very limited local markets.

Several medium scale enterprises have been launched throughout the country both by the private sector and with the support of donors. These include:

- Cheese factory in Pol-e-Khomri, Baghlan;
- Dairy plant at Mazar-i-Sharif;
- 2 milk plants in Kunduz;
- FAO/Kabul Dairy Union operated milk plant in Kabul;
- At least 2 private firms that have entered the dairy market in Kabul;
- Imports from abroad (primarily Dubai and Pakistan).

## 1.2 Investment Opportunity in Honey Industry



Investment opportunities exist in the following areas:

- Honey
- Honey products (food)

- Honey products (cosmetic)
- Propolis
- Bees Wax products

**Scale of operations:** Small (utilizing the *Apis Cerana* species) to large (utilizing the *Apis mellifera* species) scale production potential.

**Market:** Mass (honey) and niche (cosmetic, wax, processed food and Propolis) product markets, both domestically (honey) & internationally (all products)

### Potential

**Domestic Market:** Domestic demand for honey is high, especially in Badakhshan and northern Afghanistan where the few beekeepers in the area fail to meet the demand. This is primarily a small scale activity that has the potential to provide a useful supplement to household incomes. It also provides a potential opportunity to use underutilized female labor in cash income activities. Afghanistan has a long tradition of honey production, particularly by women. Even under the strict Taliban regime, beekeeping was one of the few jobs deemed acceptable for women because it could be operated within a home compound.

There is high potential of honey production in all provinces of Afghanistan like Heart, Nangarhar, Mazar and other provinces of Afghanistan.

**Export Market:** The international market for honey is stable while the export potential for products derived from honey and related by products is growing rapidly.

### Returns

**Monetary Returns:** \$2.50 per kilo for raw honey

**Social Returns:** Income from honey can supplement family incomes by \$200-\$300 / year

### Type of Assistance Requested

There is need to establish private sector firms with a solid history in the honey and related product industry, and export/international market experience.

**Specific Technical Assistance Needs:** Collection, transportation and storage of honey; refining, filtering, grading processing, etc.; packaging, labeling, transportation, export, marketing, etc. Technical assistance to protect against possible disease that could adversely affect hives as output increases

### Local Advantage

Afghanistan is a natural garden, flowers and fruit trees of all kinds abound. This provides an excellent habitat for bees and consequently makes for superior conditions for honey production.

**Production Advantage:** The diversity in habitats in the areas bordering the Hindu Kush mountains means that, flowering plants are available throughout the year. This

is an exceptionally good region for beekeeping and harvests well above 30 kg per colony per year can be generated. Typically an Afghan hive produces 20-30 kilos of honey per year.

### **Competition**

In Pakistan and northern India (Haryana, Punjab) beekeeping with European honeybees is practised on a large-scale. The European Honeybees are usually higher yielding but are subject to disease. There are technical issues associated with the type of bee used.

Expansion of beekeeping in Afghanistan will require these disease problems to be addressed because as the industry expands, disease risks will increase.

Honeybee species indigenous to Afghanistan include *Apis cerana* and *Apis dorsata*.

*Apis*

*mellifera*, the European honeybee, has also been imported to Afghanistan from Pakistan.

In Pakistan and northern India (Haryana, Punjab) beekeeping with European honeybees

*Apis mellifera* is practised on a large-scale. In these areas where beekeeping was not practised previously, *Apis mellifera* is proving successful. These are dry plains with large-scale, irrigated agriculture. Monocultures of sunflower and Brassica provide excellent forage sources for bees.

Beekeepers, who undertake migratory beekeeping, move stocks to new areas as plants come into flower. In areas bordering the Hindu Kush Himalayas the diversity in habitats means that flowering plants are available throughout the year. This is an exceptionally good region for beekeeping and harvests well above 30 kg per colony per year can be generated. Migratory beekeeping requires transport, roads, skilled staff, and equipment suitable for continuous movement of bee colonies.

With suitable management methods, *Apis mellifera* delivers higher yields of honey and beeswax than *Apis cerana*. However, the input costs will also be greater. This is because

*Apis mellifera* is an exotic species from a temperate climate, and requires more resources (time, treatment against endemic diseases and predators). It is already well known from other countries in Asia that beekeeping with *Apis mellifera* can be more economical than with *Apis cerana* when practised on a large-scale. If the aim of a project is to assist landless or the poorest of farmers with an activity that provides an income supplement, the promotion of *Apis mellifera* may be inappropriate because of the extra care and susceptibility to disease. There is an urgent need for technical assistance and continuing technical support. Beekeepers will face increasing problems from American foulbrood that has been introduced with bees brought from Pakistan. Afghan beekeepers are largely unaware of this disease, both its recognition and its control, and this will cause further spread of the disease. Because the beekeeping methods and technology are brought from

Pakistan, there remains dependence on Pakistan for the provision of materials, in particular the beeswax sheets (foundation) needed for beekeeping in frame hives. There has been little fresh initiative to promote beekeeping that is self-sustaining and appropriate for the rural poor. Technical support for beekeeping is essential to achieve sustainability.

### 1.3 Investment opportunity in Almond



Investment opportunities exist in the following area:

- ❖ Almond production.
- ❖ Almond processing
- ❖ Almond sales

Despite efforts to establish a processing factory in Mazar, post-production almond value addition remains largely manual and informal in Balkh and other provinces, with traditional marketing approach. The following situation thus persists:

- ❖ Almond sorting / grading services are traditionally available in Afghanistan but there is no modern technology deal with such issue in the country;
- ❖ Professional deshelling and packaging services are not available in Afghanistan;
- ❖ Even there is association but it is informal;
- ❖ Despite having opportunity, due to the lack of information and communication with foreign investor sufficient investment is not happened in this industry;
- ❖ Production of almond oil.

#### Business Concept

Operationalising the new defunct nut processing factory in the provinces located to the near almond production like Mazar, Takhar...etc, for deshelling and packaging of almonds according to standards, and diversifies the products with different nut types. End-product will be sold in basic packaging with a label 'Made in Afghanistan'.

Products can be sold directly to buyers in high-value markets, targeting new export markets. In a later stage, product could be packaged in more consumer-friendly bags (potentially in cooperation with buyer) in order to capture more value.

The factory will help process and package almond. The almond would be sorted and graded and packaged in large bags with labels. It would also be packaged according to the different preferences of consumer; just like soft/hard shell, bitter and sweet, shelled/deshelled (kernels), different varieties (satyarbahi, lower quality) at different price levels.

The by-product like outer shells can be used for heating purposes (sales on local market?); or can be used for making brix with fertilizer coating. It should be noted that this will create about 40 to 50 direct employments and would require the following:

**Fixed Cost item:**

- Land: 1 jerib (see Appendix 1 for costs / availability).
- Building: (value \$75,000 USD) already in possession of association
- Low-cost equipment for deshelling/high-cost equipment - 20,000 USD – 60,000 USD
- Sorting and grading line (can be bought secondhand)
- UV-machine: should be custom-made (~10,000 USD)
- Generators
- Cold storage facility (future; optional)
- Packaging-line (future; optional)

*Operational budget item:*

- Raw materials
- Electricity/fuel for running lines
- Salaries

**Potential Market:**

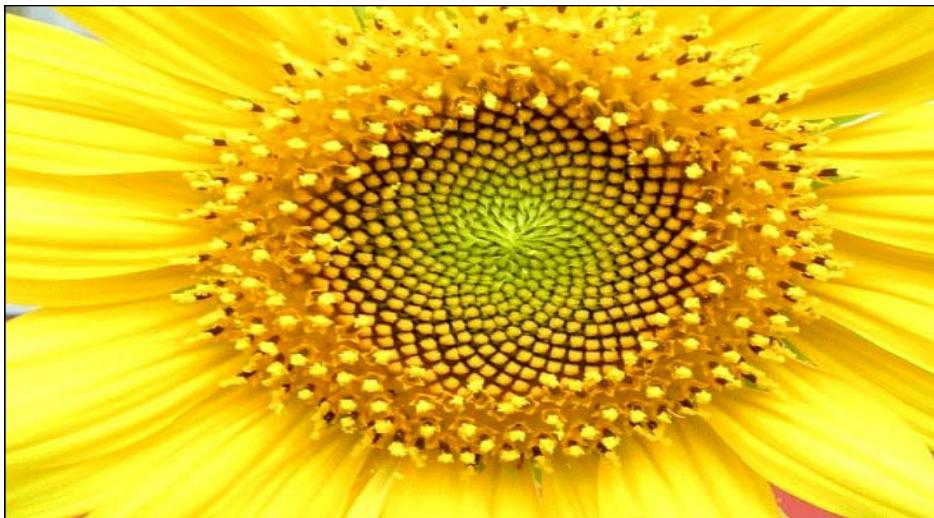
If processed, graded and priced correctly then there is high opportunity for access and capturing high share of almond demand in the global and regional markets. India currently imports 35% of the world supply of almonds.<sup>6</sup> If Afghanistan increased its current production levels, it could be a major supplier to this market. There are a number of high quality varieties of almonds in Afghanistan and these are acclaimed in India for their taste and quality. Investment in this area, particularly aimed towards better packaging and processing, could expand Afghanistan's almond export potential.

For more information please click [here](#).

## 1.4 Investment opportunity in Sunflower Industry

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<sup>6</sup> UNDP/Altai Consulting *Market Sector Assessment in Horticulture* (Phase 2-3, Feasibility studies and Business Plans), August 2004.



Investment opportunities exist in the following areas:

- ◆ Sunflower Seeds
- ◆ Sunflower Oil
- ◆ Cosmetics
- ◆ Carrier Oils
- ◆ Bio-diesel
- ◆ Hypoallergenic Rubber
- ◆ Sunflower Meal

Scale of operations: Small, medium and large scale production potential

Market: Mass and niche sunflower seed products both domestically & internationally

### Potential

There is demand for about 32 million sunflowers in the domestic market, and the demand is estimate to grow by 4% per year. Currently we are exporting about 7 million sunflowers to abroad and the demand is growing by over 7% per year. The growth rate in the sunflower industry is more than double that of agriculture as a whole. Annual increases in the global consumption of sunflower products include: China 29%, India 18%, Indonesia 8%, Pakistan 5% All of which show net imports of sunflower products well over 0.7 million tones each, annually.

### Returns

**Monetary Returns:** Sunflower has had a more consistent profit than any other crop over the past 10 years. During that time, the profit per acre has been more than double that of spring wheat. With new-crop prices for 2008 near \$20 for NuSun and in the upper \$20s for confections, the potential for profit is excellent.

**Social Returns:** Production will generate off-farm employment for unskilled and semiskilled rural residents as well as a source of supplemental income for producers.

### Type of Assistance Requested

Established private sector firms; familiar with the international market for sunflower seeds and sunflower seed/oil products.

Specific Technical Assistance Needs: de-hulling, pressing, roasting, grading, packaging, marketing, transport and export.

### **Local Advantage**

The climate of Afghanistan is uniquely suited to growing vast quantities of sunflowers.

Additionally, the fastest growing markets for sunflower products (China, India, Indonesia and Pakistan) can be found in the region additionally investors can expect, full government support, minimal government regulation, and expedited procedure to start a business.

### **Competition**

There are currently no sunflower processing facilities in Afghanistan. Competition is from abroad and found mainly in the former Soviet republics and the USA.

## **1.5 Tomato and Tomato past production**

The current annual demand for the product is estimate to about US\$5 million where it employed about 20,000 people according to a study conducted by USAID. The tomatoes produced in Afghanistan go through five basic operations:

- 1) Seedling production,
- 2) Bed preparation,
- 3) Transplantation,
- 4) weeding/fertilization/pesticide/irrigation and
- 5) Harvesting.

Direct production of tomatoes from seed is rare in this region. Only two operations are generally mechanized, bed-preparation and pesticide. Mechanized irrigation is also rarely used. Small farmers use manual operation for the entire process.

Investment is needed in the following area:

- ❖ Processing of tomatoes to make ketchup, sauce, juice and paste: This is a viable project because of its significant demand particularly for juice and paste;
- ❖ through a medium sized plant with possible options for scaling up ;
- ❖ Cold storage for tomato;
- ❖ Processing of tomatoes through sun-drying: This can be done through women entrepreneurs who are already trained and are in business. There are about 300 trained women working on production of tomato processing activities in a mini scale. The sun drying process does not require much investment except for equipment for quality control, compliance of sanitary and hygienic codes, and packaging machinery. The packing is generally done using heat sealable polyethylene bags.
- ❖ Sales here and in abroad.

**Potential Market:** Tomato is some thing needed through out Afghanistan. But since there is no storage and processing facilities in Afghanistan therefore Afghanistan is importing in other then summer session. There is high opportunities to produce

millions of ton and fresh and tomato past and capture a high share of the local, regional and international market. For more and further information and complete study is needed [click here](#).

## 1.5 Investment in Karakul Pelts



### Opportunity

There are very few afghan products where can attract a premium in world markets. Karakul pelts from Afghanistan are one product where the fact that the pelts are sourced from Afghanistan attracts a premium. (The only other commodity where Afghanistan sourced product attracts a premium is Afghanistan marble).

Karakul is the name of a variety of the breed of broad tailed sheep, which first appeared hundreds of years ago in the Kyzylkum desert, around the Karakul, or Black Lake, near the ancient Uzbek city of Bukhara and whose lambs have a much sought after pelt. It is indigenous to Uzbekistan as well as northern Afghanistan. Karakul is a variety of. Broad tailed sheep that have reserves of fat that; are stored in their tail. The Karakul sheep has a dual fleece which results in two types of wool growing simultaneously. Karakul is generally grey or black in color and recognizable by the kinked tail over heart shaped lobes. They are valued not only for their pelts, but for their meat and milk. Shearing, which is done by hand, take place in spring, starting about mid-April, and again in the Autumn, during September, depending on the condition of the herd. Karakul wool from

the spring clip, with a seven-month growth, is regarded as the finest quality local wool for carpet making Karakul sheep are uniquely adapted to their environment. Karakuls are able to survive in extremes of great heat and cold ( as low as -30 degrees Centigrade and as high as high as 48 degrees Centigrade). They are thought to be the oldest of all domesticated sheep breeds.

They drink salty water, which other livestock generally reject, and regulate breathing and blood density to survive the heat or cold. Karakul sheep are capable of reproducing out of season and sheep can produce young three times in two seasons. Because of the harsh climatic conditions, only a small percentage of lambs can be kept and raised to maturity. Karakul pelts are obtained from lambs that are

slaughtered within 2 to 3 days of birth. (In earlier times the pelts were obtained from unborn lambs, however the same attributes can be obtained more efficiently with pelts from lambs less than about 10 days old) The pelts are soft with silk markings. There are black, grey, white, silver-grey, pink and brown pelts. The predominant color is black.

Afghanistan karakul are highly prized. In 1907, the last emir of Bukhara allowed the British to ship some karakul to Namibia, where the sheep became the founding herd of Southwest African karakul. When the emir fled the Soviets in 1920, he took his best sheep to Afghanistan. Those genes still exist in Afghanistan karakul sheep.

### Potential

The potential for karakul production in Afghanistan is significant. Karakul pelts (often referred to in the trade as Persian lamb or Astrakhan) are taken from newborn lambs within a few days of birth. It is necessary to slaughter the animal within the first few days of birth because, after about 10 days the fleece becomes harder and does not have the soft feel that is valued in high quality karakul pelts.

The lambs are skinned and the pelts are then rubbed clean with knives and scrapers. The pelts are pickled in coarse salt and heaped on wooden scaffolds. For a week, fat and other fluids leach out, coloring the salt pink. Finally, the pelts are fermented with barley flour in a rotating vat filled with water. After another cleaning and grading by size, pattern and tint, the pelts are dispatched to a sewing factory or for export.

After slaughter and skinning the rest of the carcass is used as a low-fat delicacy. In an integrated operation there is other by products which can be used for glue, and in the pharmaceuticals industry.

Historically Uzbekistan has been the centre of the karakul trade, but, it spread throughout central Asia. During and before the Soviet period, large numbers of Central Asian Karakul pelts were exported to Russia and from there to western countries. This trade has now largely ceased in Turkmenistan due to the presidential decree in 2000 that limited pelts and was designed to preserve herds. The trade has also declined in Kazakhstan as a consequence of the demise of the former USSR state purchasing and distribution system and the pressures of the minerals boom. Final processing and manufacture of pelts into garments was carried out in Russia in the Soviet period, and Russian buyers are still the main purchasers of raw pelts from Central Asia. It has been difficult for Central Asians to directly enter the profitable European market where the world's Karakul pelts are traded, although pelts loosely termed .Afghan. pelts are widely sold on the Western market.

Since independence, Turkmenistan produced some 750.770 thousand Karakul adult pelts annually until 2000 when the trade ceased. In the period prior to 2000, a small amount was used by private small industries for lining coats and the major amount was exported.

Turkmenistan had a state-owned pelt processing plant. A small number of young animals

Pelts were exported mainly to Russia in the raw state. The depressed state of the Karakul industry in Turkmenistan has been exacerbated by the presidential decree in 2000 banning the slaughter of Karakul lambs until such time as the size of the

breeding flock is significantly increased. Only pelts from stillborn lambs and lambs dying within a few days of birth are currently legally traded.

Efforts are currently being made to increase the number of Karakul sheep in both countries. As indicated above, this is being achieved in Turkmenistan by a ban on slaughtering of newborn lambs. In Kazakhstan herders are trying to increase Karakul sheep in the desert regions, as these are well adapted to the environment and their meat has a market premium. There is also a government-financed initiative in Kazakhstan to bring 10 thousand Karakul sheep from Uzbekistan and southern Kazakhstan.

In Central Asia there is still a considerable body of knowledge and expertise in the breeding of Karakul sheep. In Kazakhstan there is an Institute of Karakul Breeding, near

Shimkeynt city, and a Karakul Department at the Animal Husbandry Institute in Turkmenistan. The inheritance of rare and highly valued pelt types appears to be well understood by national scientists, although no breeding schemes to increase the proportion of these types in the national flocks seem to be practised. The scientists formerly working on Karakul breeding are adamant that the desirable genes for these rare pelt types have been retained in the depleted flocks, and that they have some highly valued types not found in other Karakul pelt producing countries such as Namibia. This resource has considerable potential for exploitation.

Pelts are sold semi-annually in Western Europe. Two countries, Namibia and Afghanistan dominate the market. In 2001 at the Danish Fur Centre auction 335,000 pelts were sold.

About 40% were Namibian and the rest were attributed to Afghanistan, although the term .Afghanistan. is often used in the trade to refer to all pelts from Central Asia. Details of sales and prices are shown in the Table below.

## Returns

**Monetary Returns:** Based on current prices and pre Soviet production figures this activity has the potential to contribute about \$US10 million per year to nomadic herder income.

This is based on the assumption that lambs equal to about 25% of the population can be used for karakul pelts whilst still maintaining a sustainable population of sheep<sup>7</sup>. This was a very successful product for Afghanistan. In the 1970s there were about 4.8 million karakul sheep, mainly in the north and north-western provinces. Exports averaged about 1.3 million pelts per year.

## Type Number of Pelts sold Average Price June 2000 (\$US)

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<sup>7</sup> Let  $F(t)$  = number of female sheep in year  $t$ ,  $P(t)$  =sheep population,  $F(t)/P(t)=0.5$ . Let annual natural death rate as proportion of population = 0.25 Assume 70% of females give birth each year, with an average number of lambs 1.5 per year (that is for fertile females, 3 lambs per 2 years which is expected fertility for karakul sheep).

Then sustainable yield of karakul lambs as proportion of the total population=  $H(t)$  .And  $H(t) = \text{Natural increase- natural deaths} = (.7) * (1.5) * (0.5) . 0.25 = .275$ , which is about 25%. This implies that for a sustainable operation, pelts harvested per year should be about one quarter of the total flock and the proportion of lambs that can be used for karakul=  $.275 / (0.7 * 1.5 * 0.5) = 52\%$

Type	Number of Pelts sold	Average Price June 2000 (\$US)	Average Price December 2000 (\$US)
Grey Afghan	49,100	14.9	19.6
Black Afghan	30,000	12.5	13.4
Black Broadtail	1,000	27.1	Not quoted
Grey Broadtail	2,150	24.0	40.2
Sur (Mix color golden)	3,100	12.8	12.8
Swakara Black Regular (a)	60,100	26.9	22.7
Swakara grey(a)	5,500	28.5	28.5

Source: Danish Fur Centre, 2002

**Social Returns:** This activity has the potential to contribute cash income to some of the most disadvantaged people in Afghanistan.

#### Type of Assistance Requested

The major assistance required is marketing services. It would be necessary to provide an efficient collection service so that small herders can sell pelts, the pelts can be consolidated and access to the international markets can be obtained.

#### Local Advantage

This is a product where Afghanistan has a unique local advantage. There is great demand for Karakul lamb pelts. The sleek and suede-like, subtly ridged or deeply wrinkled pelt is used for small items, such as hats, and when stitched can produce an elegant woman's coat, cape or jacket. The Afghanistan President always wears a karakul hat.

#### Competition

There is a premium for Afghan product. At present in international markets product from other Central Asian suppliers is misrepresented as Afghan product. Some of the marketing techniques used by Namibia, such as a special brand name could be considered.

## 1.6 Investment opportunity in Sugar Beet Industry



Investment opportunities exist in the following areas:

- Sugar from Sugar Beets
- Sugar Beet syrup
- Betaine Production
- Uridine Production
- Bio-butanol from Sugar Beets
- Sugar beet production

**Scale of operations:** Small, medium and large scale production potential.

**Market:** Mass market products both domestically & internationally in terms of sugar and syrup. There is International niche market potential with Betaine & Uridine production, as well as local niche market penetration with bio-butanol.

### Potential

**Domestic Market:** Today, the country imports some 830,000 tones of sugar every year.

Growth in the consumer segment can be expected to grow in tandem with population growth, however on the commercial side, as the food processing industry ramps up the demand for sugar for that industry is expected to grow exponentially.

### Returns

Monetary Returns: The retail price of sugar in Kabul markets is approximately 60 cents/kg.

**Social Returns:** Production will generate off-farm employment for unskilled and semiskilled rural residents as well as a source of supplemental income for producers. Processed food products use sugar as an important input.

### Type of Assistance Requested

There is need to established private sector firms familiar with the international sugar market and other sugar beet related products.

### Specific Technical Assistance Needs:

- Reception
- Diffusion
- Carbonation

- Evaporation
- Crystallization
- Post refining activities such as packaging, marketing, logistics and export
- Betaine & Uridine extraction
- Bio-butanol

### **Local Advantage**

The most important inputs required for sugar production, suitable agricultural land, water, coal and lime are available in plentiful supply in areas such as Baghlan, among others.

Additionally investors can expect, full government support, minimal government regulation, and expedited procedure to start a business.

### **Competition**

Baghlan Sugar Company: Currently produces 1/3% of the nation's sugar supply. Imports constitute the remainder of the supply.

## **1.7 Investment opportunity in Olive Industry**



Investment opportunities exist in the following areas:

- Olive oil production
- Canned and jarred olives
- Premium preserved olive products like tapenades
- Cosmetic and health products

**Scale of operations:** Small and medium scale production potential

**Market:** Niche olive oil and other product markets, both domestically & internationally

### **Potential**

**Domestic Market:** Per capita olive oil consumption averages 100 grams per year, although this is primarily a function of lack of supply. **National Market:** 32 million growing at 4% per year. **Kabul City market:** 5-7 million & growing at over 7% per year.

Afghanistan was an exporter of olives to Russia in the 1980s.

**Export Market:** Europe and China offer the greatest potential for export markets and global demand has shown above average strength for the last 20 years. US demand is averaging a 20% year over year increase.

### **Returns**

**Monetary Returns:** Difficult to judge as there is no specific international price for olives or olive products as the price is usually determined by quality consideration by individual importers although olive oil prices tend to range between \$3.3-5.9US/kg.

**Social Returns:** Production will generate off-farm employment for unskilled and semiskilled rural residents as well as a source of supplemental income for producers.

**Type of Assistance Requested**

Support initially came from FAO Horticulture Program and from the Italian Government.

The Nangarhar Valley Development Authority (NDVA), assisted in rehabilitating 20 hectares of an olive plantation in Batikot. The 20 hectare olive plantation, which represent 8000 trees, could produce an average of 30 kg of olives per tree with an extraction rate of 15 percent by the olive processing factory of Jalalabad, i.e. a production of 36 000 liters of olive oil. This was to be the first step in the rehabilitation of 1400 hectares of olive orchards out of over 2000 hectares still existing in the area. The Ministry of Agriculture, through the NDVA, owns the Jalalabad factory which was built in Soviet times. In 1980 the factory produced 50 tones of olive oil and over 1700 tones of pickles. Production has since fallen ( 8.5 tones of olive oil with no pickle production in 2001). In the 1960s, the Soviets built the farm with 20,000 hectares of irrigated land. Olives were processed at the Jalalabad factory and exported to the Soviet Union up until 1989. Then, the farm was abandoned. But in 2003 the factory- is still owned by the Afghan ministry of agriculture - was restored with Italian help. Since then, attention has shifted to rehabilitation of the plantation, of which 300 hectares are used for production again. In the last few years, production has been negligible.

A total 135 people are currently employed at the plant; 300 people are permanently working on the plantation (there are also seasonal laborers). The initial project provided training for 20 experienced technicians in tree pruning, orchard cultivation and use of fertilizers. An additional 80 laborers were recruited by FAO for the implementation of basic tree pruning activities, who were assisted by the Food for Work Program of the World Food Program. The tree pruning activities include the removal of water sprouts and suckers to rejuvenate fruiting wood, and the thinning of branches to capture air and light needed for an improved yield. The pruning also facilitates the access to the branches for the olive harvesters.

In 2005, a first five tons of olive oil were produced by the restored factory. The oil was tested in Italy where it was pronounced top quality.

The market plan was to export to Pakistan and India. However there has been little progress since the first trial production.

Established private sector firms familiar with the international market for olive oil and olive products are required to restore this activity. Experience with other projects of this type has shown that, in addition to specific technical needs in the area of pressing, grading/quality control, bottling, marketing, and transport, a successful investor requires marketing expertise and an ability to work with the growers.

**Local Advantage**

**Location Advantage:** Nangarhar, a province in eastern Afghanistan, was once home to over 5,000 hectares of olive orchards. The province was famous for its olives, and raw olives were once one of the largest agricultural industries in the country.

**Production Advantage:** Some years ago there was an annual production increase of 1,200 tones, although that has now ceased. Afghan olive trees average 30kg of olives per tree; and have an oil extraction rate of 15%.

## Competition

There is currently no domestic competition with all olives being imported from the EU, Pakistan and the Middle East.

### 1.8 investment opportunity in Cashmere Industry

Cashmere is the fine, down-like undercoat of the Cashmere goat. An estimated 90-95% of Afghan goats are cashmere-producing. Afghanistan is the third largest producer of raw (greasy) cashmere in the world, after China and Mongolia, however raw cashmere from Afghanistan is regarded as far inferior in quality to that of China or Mongolia. However there is great potential to bring Afghan cashmere up to Mongolian quality.



Put very simply, the processes involved in producing cashmere are to collect the goat fleece, sort the fleece, usually by color and quality, wash and scour the fleece, and dehair the fleece. Dehairing is the process of separating the guard hair from the fine inner hair which is the cashmere. Half the weight of the fleece is lost during this stage. Dehairing is carried out using specialist machinery. Dehairers require a reliable supply of electricity at competitive prices. After dehairing the fiber is then spun into yarn and used for knitting or weaving.

There is potential for the production of greasy cashmere for dehauling and further processing in other countries. Some experts have argued that Afghanistan should become involved in further processing of cashmere; however it is not evident that Afghanistan has a clear competitive advantage in further processing such as dehauling which is highly electricity intensive. There would be considerable risk in installing dehauling capacity in Afghanistan. Internationally there is considerable excess dehauling capacity. In China, where most dehauling facilities are located, the restrictions on goat grazing in Inner Mongolia that have been imposed for environmental reasons in advance of the Olympic Games (dust storms in Beijing were, in part attributed to overgrazing in Inner Mongolia) have meant that dehauling machinery that was installed during the boom in cashmere during the 90s now have excess capacity. A longer term factor that has reduced the supply of raw cashmere to the dehaulers in Inner Mongolia has been the rapid industrialization of China which

has drawn labor from the relatively low paid herding activity. In the Republic of Mongolia, mis-guided policies, including a ban on the export of raw cashmere, encouraged the over building of dehairing capacity which now cannot operate at full capacity. At the current stage in the cashmere cycle dehairers operate with extremely thin margins in a very competitive environment.

### Potential

**International Market:** Cashmere has strong international demand. Returns for higher quality cashmere are good. Cashmere is a luxury good. The price is volatile and there is a premium paid for quality. The three basic factors that influence quality, and hence price, are thickness (Diameter is measured in micron count. Cashmere has a micron count of between 12 and 19), length of fiber, and color. The price paid for raw greasy cashmere will be influenced by these three factors. The value to purchasers of raw cashmere production will also be influenced by the expected proportion of cashmere that a given weight of raw cashmere is expected to yield. There are no enforceable international standards for cashmere and substitution is rife. Consumers requiring high quality cashmere rely on purchasing products with trusted brand names such as Dunhill, J Crew, Prada, Loro Piana, Burberry.s, Dolce & Gabbana, and Ralph Lauren, that effectively guarantee the quality of the cashmere.

### Returns

Cashmere production in Afghanistan has considerable potential for expansion, both in terms of quantity produced and in terms of quality. Quantity could conservatively be doubled while price per kilo obtained by the grower could be increased by about 25%.

Raw cashmere collection is confined largely to the Western provinces of Herat, Farah, Ghor and Badghis. It has been estimated that only about 30% of the available raw fleeces are collected. If this is accurate, it means that production of raw greasy fleece could be increased by about 3 times its current level of about 1000MT. In addition there is substantial potential to upgrade the quality of the cashmere and obtain higher prices if sold to markets other than Iran, where quality is extremely low and substitution of cashmere with inferior fiber is rife. While the cashmere in Afghanistan is relatively good because of the environmental conditions - dry climate, harsh winter and substantial area for grazing. It could readily be improved with some selective breeding techniques and better collection methods. Goats respond quickly to selective breeding techniques. It should be possible to quickly lower average micron count to about 16 (rough estimates indicate that average micron count at present would be about 17). Better collection methods, - notably combing to collect cashmere rather than the method used in Afghanistan of shearing the goat, and refraining from combining poor quality cashmere that is often obtained from the skins of dead animals- would produce a product with a longer, softer fiber (short fiber length is one of the major weaknesses of the current product) and higher yield. Improving these attributes would attract a premium over current prices offered. Based on current prices for raw greasy cashmere from Afghanistan of about \$US16 per kilo, a quality improvement program could increase prices to the grower by about 25% if the fleeces were sold in markets where there was an appreciation of quality.

**Social Returns:** The major beneficiaries of a program to increase returns for raw cashmere would be the Kuchi people whose major activity is to tend sheep and goats. These are some of the most economically disadvantaged people in Afghanistan.

### Type of Assistance Requested

Established private sector firms familiar with the international market for Cashmere wool and Cashmere wool products should be encouraged to become involved in the Afghanistan industry.

**Specific Technical Assistance Needs:** Breeding, collection, sorting, Cashmere Collection, Scouring (washing). The major initial work would be with the herders to improve the quality of raw product and to offer centralized purchasing facilities. This would involve provision of superior stock, which could be acquired from Mongolia or China; training in breed improvement, including reduction in color variability; and training in fiber removal, notably encouraging herders to comb goats to remove fiber rather than shearing (this provides a longer fiber). Support would be needed to either sell the raw cashmere at a price that reflected the quality of the product or to subcontract for further processing. The economics of further processing in Herat should be examined, but it is doubtful that this is economically viable at this stage.

### Local Advantage

The average Afghan Cashmere goat produces about 250 grams of fiber. An estimated 90-95% of Afghan goats are cashmere-producing. Afghanistan is the third largest producer of raw (greasy) cashmere in the world, after China and Mongolia. The cashmere in Afghanistan is relatively good because of the environmental conditions - dry climate, harsh winter and substantial area for grazing. Raw cashmere collection is confined largely to the Western provinces of Herat, Farah, Ghor and Badghis. It has been estimated that only about 30% of the available raw fleeces are collected. This means that production of raw greasy fleece could be increased by about 3 times its current level of about 1000MT.

Additionally investors can expect, full government support, minimal government regulation, and expedited procedure to start a business.

### Competition

Production in Afghanistan tends to be small scale and fragmented and is centered primarily in the western and northwestern areas of the country with Herat forming the trade hub, however in the mountainous Wakhan area of Badakhshan significant herds of Cashmere goats can also be found.

Foreign competition is strongest from China and Mongolia which are the main two producers in the world. Iran is also a source of competition however Iranian cashmere is quite frequently of an inferior quality. Afghan cashmere is historically associated with Iranian cashmere. Chinese and Mongolian dehairers would provide a ready market for good quality cashmere as they are currently short of fiber with many dehairers working at very low capacity.

## 1.9 Flower and Essence Industry

Investment opportunities exist in the following areas:

- Cut fresh flowers
- Potted fresh flowers
- Flower essences and extracts



**Scale of operations:** In Afghanistan there are growers producing flowers, largely for the domestic market. The industry currently operates in areas on the outskirts of large cities (eg Kabul). Current products are temperate climate flowers (roses, geraniums, fuchsias, pansies, petunias and temperate ground cover). They are produced without the use of artificial fertilizers in properties that are about  $\frac{1}{4}$  acre in size. Most products, with the exception of roses, are grown in simple hot houses consisting of clear plastic stretched over steel frames. Roses are grown in the open. Three crops can be obtained with the first crop immediately after the winter period. Some of the growers have been in the industry a considerable time. These long established growers usually own their land, whilst new entrants often rent land. A typical new entrant, who could rent about a quarter acre close to Kabul, could currently support a family of 5 plus a worker who received \$130 per month. The market would be entirely domestic. Flowers are traditionally in demand for celebrations, including weddings. The plots are watered using ground water delivered by hand pumps. The soil in the area used around Kabul has a high clay component which makes it ideal for roses. The picture below shows a small scale farm supporting a family of 14 operating on the outskirts of Kabul. The owner has been successfully operating the same plot for 50 years

**Market:** Mass and niche fresh flower and flower essence markets, potential for export internationally especially European and Gulf markets.

### Potential

**Domestic Market:** Strong demand in major provincial centers. Used for celebrations such as weddings. To service the domestic market requires land close to large provincial centers and access to regular water supplies.

**International Market:** This has yet to be developed however there is some potential for export. Major problems are reliable transport services to Dubai, which is the regional hub for the flower trade and questions about whether flower traders could

make the regular deliveries of produce necessary to justify dedicated air freight services.

### Returns

**Monetary Returns:** Currently a kilo of pure rosewater essence sells for \$7,500US  
**Social Returns:** This is an activity that can be developed in poppy growing areas. It was used in Iran to replace poppy culture in some regions, although poppy growing in Iran was never central to regional economies as it has become in some parts of Afghanistan.

### Type of Assistance Requested

There is need to established private sector firms familiar with the trade.

**Specific Technical Assistance Needs:** Marketing advice and support including matching suppliers with buyers and arranging prompt delivery. Technical support in extracting oils and marketing by products is also need to be supported.

### Local Advantage

The US\$70-million (AED257 million) Dubai Flower Centre (DFC) has now opened. This means that the transport problem for cut flowers from Dubai to developed country markets is effectively solved. It operates as a duty free zone and has the capacity to handle about 800 tones per day.

### Competition

If this activity were to develop to an export activity, obviously lot size would have to increase. The best recent experience to base export expansion plans is that of Kenya. Currently the Kenyan horticulture industry earns about \$300 million per year of which cut flowers are about \$100 to \$150 million. (major product is tuber roses)  
There are three recent developments that could have an impact on the viability of cut flower production for export in Afghanistan:

- ◆ In western countries there is increasing concern with the pesticides that are usually used for growing flowers. In particular horticultural exporters using pesticides containing methyl bromide may have restrictions placed on their exports to developed countries. Afghanistan flower growing, at this stage, does not require pesticides, although this would be an increasing risk as scale was expanded.
- ◆ The US\$70-million (AED257 million) Dubai Flower Centre (DFC) has now opened. This means that the transport problem for cut flowers from Dubai to developed country markets is effectively solved. DFC is a strategically located state of the art trans-shipment facility for perishable goods. It operates as a duty free zone and has the capacity to handle about 800 tones per day. There is a cool chain process from the aircraft arrival until pick-up by consignee, together with additional services such as vacuum cooling, rapid cooling, storage at different temperatures and hermetically-sealed bays for ethylene producing products. There is a computerized tracking system that enables exporters and importers to track the flight status, shipment loading and the temperature of their products through the supply chain.

- ◆ . The cut flower market has become much more competitive. New competitors, such as India, Ethiopia and Thailand have eroded the market for earlier entrants such as Kenya. India is a rapidly growing exporter. Ethiopia is now the second largest exporter from Africa. In 2007 Ethiopia exported about \$US120million of cut flowers. They have plans to reach an export target of \$US300m within two to three years. The Ethiopian model is based on foreign investment. Countries including Netherlands, Germany, India and Israel are involved. Foreign investors in Ethiopia have about 1700 hectares under production, mainly roses, carnations, and red brown berried hypericum. Thailand has now expanded production with unique flowers such as orchids. All these countries have benefited from the establishment of the Dubai Flower Centre.

There is however flowers based products that could be produced and which do not have the same transport demands.

**Rosewater and essence:** The Zahra Rosewater Company is a success story from Iran. It is located in a village in Kerman province about 10,000 feet above sea level where farmers used to grow opium poppy. An entrepreneur from the region, Homayoun Sanati, invested in the cultivation of Damask roses there. This is the breed from which rosewater and perfumes are made. It grows only at high elevations. He also built a processing plant for rosewater and Rose essence as well as a bottling plant. The plant supplies buyers from the cosmetics industry, the pharmaceuticals industry, and the food processing industry.

Currently a kilo of pure rosewater essence from the Zahra Company sells for \$US7, 500.

This has created a good cash income for the farmers and provided employment in the processing and bottling plants. The businessman, who has visited Kabul, has offered to share the technology and help Afghans establish such a venture here. He can be contacted through Barnett R. Rubin.

**Lavender:** Lavender is used for fragrance essences in perfumes, soaps, and other personal items. In southern France it comes in two varieties, true lavender (lavande) and a clone called lavandin. The former has a more intense fragrance but a smaller yield for hectare. According to French regulations, lavande can be commercially grown and sold as such only at elevations over 1000 meters. Lavandin, which account for a majority of the production, can be grown at elevations over 500 meters. The processing plants are essentially distilleries. Barnett Rubin has offered to arrange an exchange with French lavender producers. The area around Bamiyan appears to be a good prospect for Lavender production.

**Other perfume flowers:** (This is based on information supplied by Barnett Rubin) in the hills above Nice on the Cote d.Azur, especially around the town of Grasse and in the valley of the Loup River, flowers for perfumes are an important cash crop. These include violets, roses, and many other varieties. What is grown where depends on specific soil and microclimates. They are grown in close proximity to the major perfume distilleries in Grasse.

All of these provide employment opportunities in processing, and these are jobs that women could take as well. Harvesting and cultivation are also extremely labor intensive.

In order to determine whether these varieties might be useful for Afghanistan, at least the following is necessary:

- ◆ Agricultural testing. Flowers are very sensitive to microclimates, altitude, seasonal variation of the length of day, humidity and rainfall, and other factors. Agronomists need to identify possible varieties of these commercial floras and test them in different locations of Afghanistan under different conditions to determine what probable yields are and how much investment is required.
- ◆ Market research. It is possible that there is a significant market for perfumes and essences in the Persian Gulf, South Asia, and further east. If the agricultural research showed that cultivation of some commercial flora in Afghanistan is possible, a major firm (perhaps some of the Grasse perfumers) could be asked to investigate whether it would be worthwhile to invest in floral cultivation and small distilleries in Afghanistan for the market in the surrounding areas. Alternatively, the Afghan government in partnership with a financial institution could conduct the research and then offer tenders if the possibilities looked good.

## **1.10 Other investment opportunities include:**

- 1.10. Live stock feed industry** for complete [study click here](#);
- 1.11.** Investment opportunity in **flour mills** [click here to see](#);
- 1.12.** Investment opportunity in **candies** industries [click here to see](#);
- 1.13.** Investment in **fruit juice production** [click here to see](#);
- 1.14** Investment opportunities in **sorting, grading and boxing of melons** [click here to see](#);
- 1.15** Investment opportunities in **cold storage for melons** [click here to see more](#);
- 1.16** Investment in **raison processing machinery**;
- 1.17** Investment opportunities in the productions and processing of **Pomegranate**,
- 1.18** Investment opportunities in the production and processing, packaging and cold storage of Pistachios,
- 1.19** investment opportunities in the processing and packaging of dried fruits and nuts;
- 1.20** investment opportunity in the production of **edible oil**;
- 1.21** Investment opportunity in the production of **organic food production**  
There are opportunities for investment in state-owned enterprises related to agro-business and agro-processing slated for privatization. The following is a list of several projects underway:
- 1.22 Pul-e-Khumri Silo:** Presently barely operational due to lack of working capital, but silo and buildings are well maintained.

**1.23 Kabul Silo:** A silo and milling operation in Kabul city and two subsidiary silos in Herat and Kandahar of lesser capacity and without milling operation.

**1.24 Balkh Silo:** Silo and buildings and equipment are well-maintained.

Limited production due to lack of working capital.

**1.25 Plants & Exports:** Processes and packages flowers (e.g. hollyhocks, roses), seeds (e.g. cumin, caraway, and coriander), roots (e.g. liquorice, centaury) and leaves (e.g. dill, peppermint, tobacco) for export.

**1.26 Slaughterhouse & Livestock of Heart:** The slaughterhouse was badly damaged, but a dairy operation and livestock operation are currently working in the outskirts of Herat.

**1.27 Slaughterhouse:** Producing meat for the military with some limited sales in the bazaar.

**1.28 Food Stuff Enterprise:** Imports and distributes basic food stuffs. Has dozens of warehouses and storerooms around the country.

**1.29 Medical & Technical Supplies:** Currently produces alcohol for medical and technical purposes, although had been exporting wine and other potable alcohol in the past.

**1.30 Samon Dried Fruits:** Previously a processor of fruits, this enterprise is no longer operational.

**1.31 Improved Seed:** Currently being restructured to separate the quality control function from commercial seed production activities.

**1.32 Kandahar Fruit:** Previously it was processing fresh fruits but it is no longer operational.

**1.33 North Power & Fertilizer:** The Enterprise is the sole producer of fertilizers in Afghanistan. Plant and equipment are well maintained, but Enterprise is reliant on natural gas from Afghan Gas Enterprise as feedstock.

**1.34 Fertilizer & Agro-Services:** Currently being restructured to separate quality control functions from commercial operations of importing and distributing fertilizer and pesticides.

**1.35 Wool Weaving:** This Kabul-based Enterprise's production of carpets and blankets are sold domestically, primarily to Government authorities, including the military. Raw materials, primarily cotton and wool, come from domestic sources.

**1.36 Kandahar Textile Yarn :** It is located in Kandahar province and has 2000 different sorts of textile machines but all of those are obsolete.

**1.37 Helmand Bust:** Cotton ginning factory; Located in Helmand.

**1.38 Cooperative and Commercial:** Owns and operates six commercial retail venues in Kabul and Badakhshan.

**1.39** investment opportunity in furniture production;

**1.40** Investment opportunity in fishing forms and hundred of other opportunities in agro related business.

#### **1.41 Jalalabad Agricultural Farms**

These are government owned farms located around the city of Jalalabad in Eastern Afghanistan on some 10,000 hectares of land (4 farms). The farms are

currently used for farming olive and orange trees, grain, vegetable, flowers and may other crops.

The climate conditions is warm in the summer (40+ deg C) and mild in the winter (around 15 deg C). The farms are irrigated by a canal off the Kabul river. The groundwater table is 10 to 16 m.

The farms are 5 to 15 km from the Jalalabad airport and 70 to 100 km from Peshawar. The Kabul-Jalalabad-Peshwar highway goes through the farms. Jalalabad has one of the best security in the country.

The soil quality is good organic vegetables and horticulture that could command a good demand in all Middle Eastern markets.

*The government is looking for different options including leasing them out to private entrepreneurs. The Jalalabad Olive Oild factory, that needs to be rebuilt, could also be part of the package.*