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## Investment Opportunities and Challenges in Afghanistan; UK Business Summit



The second Afghan-British Business Summit on Monday 13 October in London by the Embassy of the Islamic Republic of Afghanistan in the UK, in close cooperation with the Afghan and British International Chambers of Commerce, launched the second and largest economic and business forum between Afghanistan and the United Kingdom.

The meeting was attended by Afghan business leaders, British, European, American and Afghan investors residing in the UK. The meeting was attended by senior Afghan government officials, including the Ministry of Economy, Mines, Trade, Agriculture and Livestock and Energy, and encouraged Western investors to invest in Afghanistan.

In this week's analysis with the purpose of the London Economic Summit, the background of the two countries' relations, and how well Afghanistan is fit for investment.



## **The Afghan - British relations after NUG**

UK is one of the significant donors for the Afghanistan development programs, In December 2014, London also hosted a summit of the countries supporting Afghanistan, at the meeting, the Afghan National Unity Government presented its program to the international community under the name "Towards Self-Sufficiency" and the participating countries reaffirmed their continued commitment to Afghanistan at the Tokyo Summit (2012). At the meeting, the British government pledged to provide \$ 270 million annually in aid to Afghanistan by 2020, as in previous years. The UK has also worked with the Afghan government on capacity building in Afghan departments, including the Ministry of Economy and Finance, museum management, archaeological preservation, strengthening of small businesses and counter-narcotics.

### **The Aim of summit**

The purpose of the recent London meeting was to focus on trade and investment, in addition to expanding trade between Afghanistan and UK, In addition, setting up Afghan products for sale in UK markets, encouraging British investors to invest in Afghanistan's mines, agriculture and power generation sectors, as well as providing information on Afghan government action to improve conditions. Economic and foreign investment attraction included agenda items. Introducing business and investment opportunities in Afghanistan, where investing in Afghan carpets, precious stones and jewelry, was another focus of the meeting. Sayed Tayeb Jawad, Afghanistan's ambassador to the UK said the difference between the meeting and the first meeting last year was focusing more on new areas such as banking, insurance and financial institutions. At the meeting, a number of international investors working in Afghanistan described their investment experiences in Afghanistan: "The devaluation of the Afghan currency against foreign currencies, the decline in per capita income, the decline in development budgets in the infrastructure sector and the increase in the population below the poverty line in Afghanistan have faced serious challenges in the past few years." But the Afghan side has reminded few of the economic gains of the national unity government, boosting government revenue,

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expanding regional transport lines, expanding energy transmission projects, boosting agricultural production and improving business climate in Afghanistan.

### **Is Afghanistan ready for investment?**

Domestic investors are becoming more cautious these days in Afghanistan; even government officials confirm that capital owners transfer their money abroad every day, these are all the results of the worries that the current political and security situation in the country has created. Economic officials in Afghanistan are now working to make it easier for them to attract foreign investment to make up for the shortfall. For this reason, the London International Chamber of Commerce organized an investment fundraiser in London in collaboration with the British International Chamber of Commerce and the Afghan Embassy in London. Officials said more than 3 European companies and 3 international companies attended the meeting. The participants were from the United Kingdom, Germany, France, Italy and the United States. According to official reports, the UK has increased its involvement in the development of Afghanistan. European companies are implementing several projects in the country, and the strategic partnership agreement between Afghanistan and European countries includes cooperation in trade, economic development, agriculture, mining and capacity building. Mustafa Mastor, the Afghan economy minister, said while his country's investment situation is under threat from the opposition, his government is determined to provide adequate security to foreign investors, Foreign investors can invest in five sectors in Afghanistan, one of the major sectors for attracting foreign investment in Afghanistan is the Afghan mines sector, a joint US Department of Defense and US Geological Survey estimates that underground copper deposits Iron, niobium, lithium and gold in Afghanistan are worth more than a trillion dollars. Although investments have been made in Afghanistan's mining sector, it has not yet been successful.

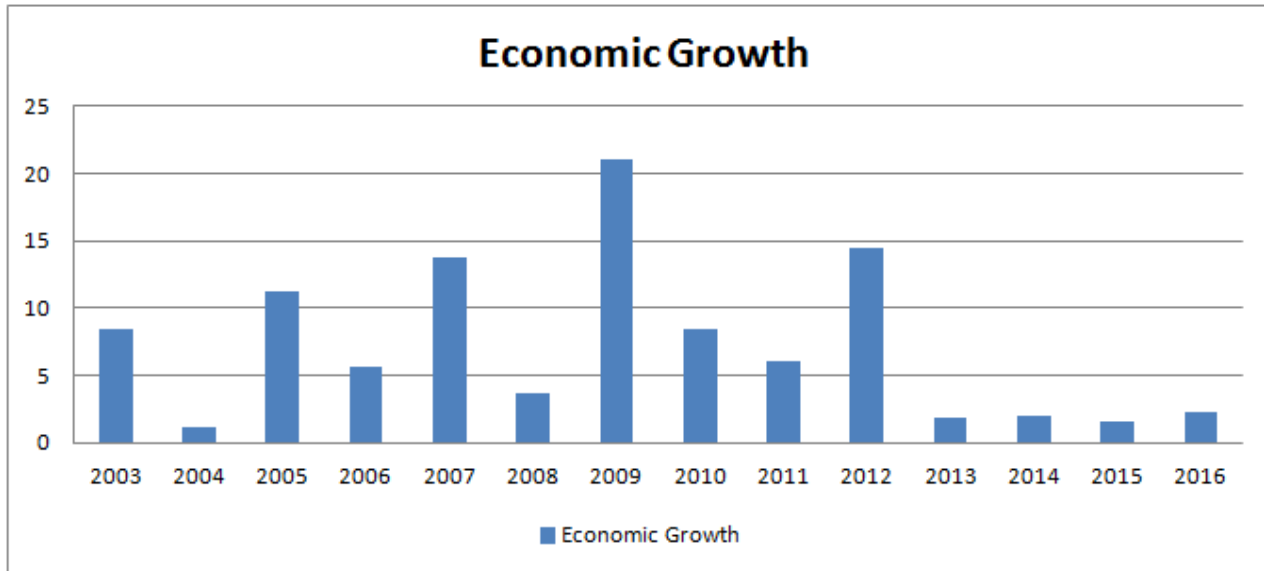
### **Afghanistan unbalanced Economic growth**

Between 2001 and 2012 Afghanistan's economic growth was an average of 9%. During this time, in 2009 Afghanistan had the highest economic growth, 21%. Nonetheless, after 2009 until 2018, the country did not have a remarkable economic growth. In 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018 Afghanistan's

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economic growth was respectively 8.4%, 6.1%, 14.4%, 1.9%, 2%, 1.5%, 2.2%, 2.7% and 2.2%

**Chart-1: Afghanistan’s economic growth 2003-2018**



Source: website; World Bank and Asian Development Bank

The reason behind a remarkable economic growth in 2009 is relatively favorable security and economic situation in Afghanistan in the years before it. On the other hand, before this year, the issue of foreign forces’ withdrawal from the country was not raised either. Nevertheless, except for 2012 in which the economic growth was 14.4% and the reason behind which was an increase in the agricultural products, since 2009 the country’s economic growth rate is dropping

**Conclusion**

Although the UK ended the war in Afghanistan after 2014, and continued its development assistance, and their relations with Afghanistan have previously deteriorated, in the current context of the second Afghan Business and Investment Summit in the UK It shows the expansion of Afghanistan's relations with important and developed countries of the world. The government is trying to keep Afghanistan's relations with the donor countries warmer and to draw the world's attention to help Afghanistan.

UK is a developed country with a trade and agriculture-based economy. This country has vast experiences in fields of agriculture, livestock, and mining and can share these experiences with Afghanistan. The Afghan officials also discussed water management with UK experts. Since Afghanistan has vast water resources, UK



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cooperation in this field could be helpful for Afghanistan. Besides participation in constructing water dams, UK is also interested in working in the mining field in Afghanistan, and if UK plays a direct role in mining in Afghanistan, it will be fruitful for the economic development of the country.

## Afghanistan pharmaceutical Sector; Opportunities and Problems



According to a recent BBC report, public health officials say Afghanistan has made good progress toward self-reliance in pharmaceuticals. And accordingly, a number of home-based pharmaceutical manufacturers have now started to make significant gains in their self-esteem. To what extent has pharmaceutical manufacturing developed in the country, how is the quality of medicine available? Where and how is the medication needed? And what are the opportunities and problems facing pharmaceutical manufacturing in the country? This analysis is discussed.

### Country pharmaceutical situations

According to reports, the availability of quality medicines in many provinces of the country, including the capital, has caused many problems to people, and in most pharmacies, out-of-date medicines that are of poor quality are sold. Imports of illicit medicines through lack of professionals, lack of advanced equipment to check the quality of medicines with relevant agencies, including public health, in the country. And the problem of transmitting raw materials to pharmaceuticals from foreign countries is one of the reasons that have helped the country in transmitting poor quality medicines, and thus increasing the mistrust of the Afghan doctors. Most of the people with economic problems are still trying to get to other countries for

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treatment. But it is seen that to some extent the real problem lays not in the presence of professional doctors, but in the presence of very low quality medicines. Which is rarely seen in the country, The Afghan government has tried to exploit the existing possibilities to some extent to control the Expired date and quality of medicines? It has also launched anti-medicines collection campaigns in many parts of the country, and pharmacies that sell low quality and out-of-date medicines are closed, According to the data, the country is importing \$ 650 million worth of medicines every year from other country, However, the quality of imported medicines is also not very reliable.

### **Quality and requirement of medicines**

95Afghanistan's pharmaceutical needs are being met by imported medicines, Most of them are imported from Pakistan, Bangladesh, Iran, India and European countries, But if looked at as a whole, there are two types of medicines being imported to Afghanistan, One of the kind that may be good quality, But the list of public health imported medicines is not, For example, cancer treatment medicines that are often smuggled into the country through smuggling. And health-related agencies should increase the list of medicines that are needed in the country. To help import companies import them from other country, other kind of medicines to import country in registered public health list, But in smuggling ways through anti-human life circles, as the horses are transported from Pakistan to Afghanistan through the eastern and southern regions of the country, And trying to bring such medicines to the country through illegal means, all this medicines low quality and out of date but they package and they sit new date and written only use for external, that is big problem to face afghan people and send to Afghanistan illegal way, And on the other hand, pharmaceutical factories in the country not make high quality medicines to help provide the medicines needed in whole country.

### **Domestic Pharmaceutical factories in Afghanistan**

However, the Afghan government has signed an agreement with a foreign company called BRS to build healthcare and medicines. So far 56 pharmaceutical manufacturers have obtained working permits for pharmaceuticals, according to

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health ministry reports, some of them so far in their construction work, and a number of factories up to 45 are making pharmaceuticals in Kabul, Herat, Nangarhar, Kandahar and Mazar-e-Sharif provinces. A cerium manufacturing companies in Afghanistan destroyed during the Civil War; Construction work has begun and is expected to begin officially in the next few years, Pharmaceutical factories, on the one hand, require huge investment, On the other hand, in a country like Afghanistan, there may be good side to long term benefits, Obviously, the country suffers from decades of war, And medicine is that thing, Which has permanent use, And investing in this area can never be considered as a no-brainer, However, security, raw materials, professional manpower and electricity may be fundamental challenges, So far, investors have been skewed to a certain extent in pharmaceuticals, But in addition to these challenges, insider investors are trying hard, To invest their money in this area, For example, in the recent past, news of huge investment in pharmaceuticals in Kandahar province has come to face, There will be no example in the region, Production and manufacture of Greek medicine, which has long been a tradition in the country, To some extent, it responded positively to people's needs, But the people involved in this are complaining about the lack of raw materials, And perhaps there are more natural herbs in the country, That the availability of professionals and modern equipment is one of the toughest challenges, So the production of Greek medicines also relied on imported raw materials.

### Conclusion

Medicine is something that humans have long used to treat and cure diseases; every country is striving to make good quality medicine, So that people can use it to prevent diseases, On the other hand, pharmaceuticals have a good role in increasing exports, A country like Afghanistan that is naturally central to the region, Investing in pharmaceuticals will not only prove to be a great way to treat its people, but it will also reveal the \$ 650 million that is being sent to foreign countries every year to procure medicines, where they will be located in the future. Capture the export of medicines into, And to achieve this goal, the Afghan government should increase the tax on imported medicines and encourage the taxpayers on the raw materials that pharmaceuticals use to manufacture inputs in order to encourage domestic investors,





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On the other hand, most people do not use internal medicine, If the Government makes the necessary delays in procurement of advanced equipment to assess the quality of medicines and ensure internal medicine. So it is not far-fetched that citizens use their home remedies instead of foreign medicines through public awareness, and this can be a great help in the economic field of pharmaceutical manufacturers and in the country as a whole. The government should also assist in the marketing of domestic and domestic companies that have begun their activities in pharmaceuticals. In order to make Afghanistan long-term self-reliant in pharmaceuticals, The Afghan government should train pharmaceutical professionals and send new students through specialty scholarships for specialized pharmaceuticals in foreign countries. And in Afghanistan, it can be obtained by hiring foreign professionals who have long-term work experience in this field.

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