

## Guide to countries (regions) for foreign investment and cooperation

Afghanistan

(2020 version)

Institute of International Trade and Economic Cooperation, Ministry of Commerce

Economic and Commercial Office of the Chinese Embassy in Afghanistan

Department of Foreign Investment and Economic Cooperation, Ministry of Commerce

### Preface

At present, the global pandemic of the new crown pneumonia epidemic has accelerated major changes that have not been seen in a century.

With evolution, the world pattern is undergoing profound changes. The global economy is in a downturn, the international Trade and investment are shrinking, the flow of people and goods is blocked, unilateralism, protectionism rise, the trend of anti-globalization has intensified, the unstable and uncertain factors have increased, and China's external the risks and challenges of investment cooperation and development are unprecedented.

Guided by Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, the Ministry of Commerce encouraged encourage qualified and internationally competitive enterprises to innovate foreign investment methods to achieve high-quality quantity development. In 2020, China's foreign direct investment in the whole industry will be 132.94 billion U.S. dollars.

The turnover of foreign contracted projects was US\$155.94 billion, which was better than expected. Middle State-owned enterprises overcome difficulties, forge ahead, and go global to achieve significant economic benefits and social benefit, achieve mutual benefit, win-win and common development with the host country, and build a "The one Belt and Road Initiative has made positive contributions.

To better help companies understand and familiarize themselves with the local business environment, and effectively prevent to understand various risks including the new crown pneumonia epidemic, the Ministry of Commerce's international trade and economic cooperation the Research Institute and the economic and business institutions of embassies and consulates abroad have compiled the 2020 edition of the "Guide to Country (Region)" (hereinafter referred to as "Guide"), and select 15 countries and regions have compiled the "Key Countries (Regions) for Foreign Investment Cooperation Guidelines for Response to the Epidemic. The "Guide" covers 175 countries and regions, reflect the whole year of 2019 and 2020 of the countries (regions) where foreign investment and cooperation are located.

The macroeconomic situation, laws and regulations, economic and trade policies, and business environment in the first half of the go out the matters of concern to the enterprise.

It is hoped that the 2020 version of the "Guide" will be relevant to those who intend to go global and carry out foreign investment cooperation of enterprises have been helpful, and criticisms and corrections from all walks of life are welcome.

At the same time, we will earnestly absorb useful suggestions, continuously improve our work, and integrate the "Guide" do better and better, in order to improve the company's ability and level of international operations, and

respond to various risks challenges to promote the high-quality development of foreign investment and cooperation to play a greater role.

We will base ourselves on the new development stage, implement the new development concept, and build a new development style bureau, coordinate development and safety, and innovate the compilation of the "Guide" to be more accurate and effective locally provide information services for companies going global, and help companies go global and do a steady and far-reaching effort.

Guide to countries (regions) for foreign investment and cooperation

Preparation office

December 2020



Counselor's words

Afghanistan borders my country in the northeast, Turkmenistan to the north,

Uzbekistan, Tajikistan, west of Iran, south and east it is connected to Pakistan, with a land area of 647,500 square kilometers and a population about 32.2 million people.

Afghanistan is rich in mineral resources. According to estimates by the Afghan government, Afghanistan

Fuham's energy resources are worth more than 3 trillion U.S. dollars. 1400 found many mineral deposits, including iron, ferrochromium, copper, lead, zinc, nickel, lithium, beryllium, gold, silver, platinum, palladium, talc, marble, barite, precious and semi-precious stones, salt, coal, uranium, oil and natural gas, etc., but it has not been developed for various reasons.

Afghanistan is one of the least developed countries in the world, with an unemployment rate of over 40%.

According to the Central Afghanistan according to statistics from the Bureau of Statistics, Afghanistan's GDP in the 2018/19 fiscal year was US\$18.89 billion, a year-on-year increase of 3.9%.

Afghanistan is currently a war-torn country with a severe security situation. In recent years, the Taliban

Khan fought fiercely with government forces throughout the territory, and terrorist organizations such as the "Islamic State" in large and medium cities such as Kabul frequent terrorist attacks and kidnappings have occurred, and the number of civilian casualties has reached a new high. Released in June 2019 the annual Global Peace Index shows that Afghanistan has replaced Syria as the most insecure country in the world.

Home. Due to political and security uncertainties, Afghanistan's international investment attractiveness in recent years has become significantly lower.

Drop.

Afghanistan is an important neighboring country of our country and an important country on the Silk Road Economic Belt. China and Algeria established diplomatic relations in the year 1955. In 2012, China and Algeria established a strategic cooperative partnership. In recent years, double High-level exchanges of visits are frequent, political mutual trust has been deepened, and economic and trade cooperation has developed steadily. China has become Fuhua's third largest trading partner. Afghanistan's economic structure and resource endowments are strongly complementary to my country's from a long-term perspective, China-Arab economic and trade cooperation has great potential. However, given that Afghanistan's current Security Agency it is recommended that Chinese-funded enterprises interested in expanding their business in Afghanistan conduct in-depth investigations, make cautious decisions, and make comprehensive promote various cooperation pragmatically on the basis of good security protection.

Our office will earnestly perform the functions of "information, service, coordination, research, negotiation, and protection", provide services to Chinese-funded enterprises, safeguard the legitimate rights and interests of Chinese-funded enterprises, and deepen bilateral economic and trade cooperation and a strategic partnership has made positive contributions.

Economic and Commercial Counselor of the Chinese Embassy in Afghanistan Wang Hongquan

June 2020

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## Introduction What will this guide tell you?

Before you are going to the Islamic Republic of Afghanistan (The Islamic Republic of Afghanistan, hereinafter referred to as "Afghanistan" or "Afghanistan") before starting investment cooperation, do you have a sufficient understanding of the investment and cooperation environment in Afghanistan?

The political, economic and social cultural environment there how is the environment? Which industries are suitable for investment cooperation? Business for investment cooperation in Afghanistan is the cost competitive? How should I go through the relevant review procedures? Local regulation of foreign investment what are the laws and regulations for cooperation? What matters should be paid special attention to when carrying out investment cooperation in Afghanistan? What should I do if I encounter difficulties? How to communicate with local governments, councils, labor unions, residents, media, and dealing with law enforcement agencies? "Guide to Foreign Investment and Cooperation Countries (Regions)" "Khan" will provide you with basic information and become your guide to understand Afghanistan.



1. What kind of country is Afghanistan?
2. 1.1 Yesterday and today in Afghanistan
3. Afghanistan has been an important trading point and nomadic settlement since ancient times.
4. To the edge of the empire, full of wars and social unrest. From the 6th century to the middle of the 18th century BC, Afghanistan
5. It was successively ruled by Persians, Greeks, Indians, Arabs, and Mongols.
6. In the middle of the 18th century, Afghanistan gradually formed an independent state, and the Kingdom of Afghanistan was established in 1747.
7. It was once strong. After the 19th century, Afghanistan's national power was declining, and it became a battlefield for Britain and Tsarist Russia. 1838
8. From 1919 to 1919, Britain launched three wars of aggression against Afghanistan, all of which were defeated by strong resistance.
9. In 1919, Afghanistan gained independence from British colonial rule.
10. In 1973, the former Prime Minister Daoud launched a coup to overthrow the Zahir Dynasty and announced the establishment of Afghanistan
11. Republic. In April 1978, the pro-Soviet Afghan People's Democratic Party launched a military coup to overthrow
12. The Daoud regime established the Democratic Republic of Afghanistan. In December 1979, the former Soviet Union invaded Afghanistan,
13. Successively supported Karmel and Najibullah to come to power. The country was renamed the Republic of Afghanistan in December 1987
14. Country. In February 1989, the former Soviet army withdrew. As various factions fought for power, Afghanistan was plunged into civil war.

15. In April 1992, the Najibullah regime fell, the guerrillas took over the regime and changed the country's name to Afghanistan
16. Islamic State. In December of the same year, Rabbani, chairman of the Islamic Promotion Association, was elected president of the Transitional Government of Afghanistan.
17. In 1994, the student armed "Taliban" suddenly emerged. In 1996, the Taliban transferred the Rabbani regime
18. Drive out of Kabul and establish power. In October 1997, the country was renamed the Islamic Emirate of Afghanistan.
19. Phu Khan practiced Islamic rule.
20. After the "September 11" incident in 2001, the Taliban regime made military strikes in the United States and NATO's "Allied Forces"
21. Downfall. Under the auspices of the United Nations, Afghanistan launched the "Bonn Process" of post-war reconstruction. 12 of the same year
22. On the 5th, the Afghan interim government was established, and Karzai was elected as the chairman of the interim government. June 2002
23. From 11th to 19th, Afghanistan held an emergency loya jirga in Kabul and elected
24. Zai is the president's transitional government. In January 2004, Afghanistan promulgated a new constitution, and the country was named Afghanistan
25. Khan Islamic Republic. In September 2004, Afghanistan held its first presidential election; in October, Karl
26. Zai was elected the first elected president. In September 2005, Afghanistan held national and local assembly elections;
27. In December, the new parliament was established and the "Bonn Process" ended. In August 2009, Afghanistan held the second
28. Presidential election; On November 19, Karzai won the second presidential election for re-election.
29. In July 2010, the Afghan International Conference was held in Kabul, which initiated the promotion of "Afghanistan Governing Afghan"
30. "Kabul Process". In November of the same year, the NATO Lisbon Summit announced that it would start withdrawing troops from 2011.
31. The transfer of security responsibilities to the Afghan government will be completed before the end of 2014.
32. In June 2014, Afghanistan held a presidential election. September 21, Afghan Independent Election Commissioner
33. It will be announced that the former Treasury Secretary Ashraf Ghani won the presidential election, and the CEO Abdullah
34. Form a government of national unity together. In October 2018, Afghanistan held a new round of parliamentary elections.

On September 28, 2019, Afghanistan held a presidential election. Violent incidents occurred frequently during the election process.

Voter turnout is not high. On February 18, 2020, the Afghan Independent Electoral Commission announced the current president Ghani won, and Abdullah refused to recognize the election results. On May 18, Ghani and Abdullah signed in the decentralization agreement, Abdullah served as chairman of the High Commission for National Reconciliation in Afghanistan and established an inclusive government.

The peace talks in Afghanistan are intertwined with political struggles, and the political situation is grim and complicated.

Table 1-1: Chronology of Afghanistan's Modern History

Kingdom period

1747-1818 Saduchay Dynasty (Durani Dynasty)

1818-1834 warlord melee

1834-1839 Emirate of Dusit Mohammed

1843-1878 Dusit Dynasty

1880-1901 Abdul Rahman Dynasty

1901-1919 Habibullah Dynasty

1919-1929 Amanullah Dynasty

1929-1933 Nadir Dynasty

1933-1973 Zahir Dynasty

Republic period

1973-1978 Republic of Afghanistan

1978-1987 Democratic Republic of Afghanistan

1987-1992 Republic of Afghanistan

1992-1996 Islamic State of Afghanistan

1996-2001 Islamic Emirate of Afghanistan (Taliban regime)

2001-2004 Islamic State of Afghanistan (Transitional Government)

2004-present, Islamic Republic of Afghanistan

## 1.2 What is the geographic environment of Afghanistan?

### 1.2.1 Geographical Location

Afghanistan is a landlocked country in central and western Asia, located at the intersection of Central Asia, West Asia and South Asia. South it borders Pakistan to the east, Iran to the west, and Turkmenistan, Uzbekistan, Tajikistan is neighboring, and the long and narrow Wakhan Corridor protruding in the northeast borders with China. Afghanistan has an area of 647,500 square kilometers. Most areas in the territory belong to the Iranian Plateau. It slopes from the northeast to the southwest, and mountains and plateaus account for 80% of the country's area. The Hindu Kush mountain range runs diagonally through A in the central part of Phu Khan, the highest peak, Nosak Peak, is 7485 meters above sea level. The main rivers are the Amu Darya, Helmand, Hari River and Kabul River. Kabul, the capital of Afghanistan, belongs to the Eastern Time Zone 4, which is 3 hours and 30 minutes later than Beijing time. No summer

Ling Shi.





Former palace

### 1.2.2 Administrative divisions

[Administrative divisions] Afghanistan is divided into 34 provinces, with a total of 368 administrative regions. Names of provinces The names are: Kabul, Herat, Kabisa, Farah, Badakhshan, Gul, Laghman, Nimruz, Tahar, Sarpre, Nurstein, Helmand, Kunduz, Samangan, Kunar, Kandahar, Balkh, Baghlan, Nangarhar, Chabul, Juzjan, Bamyar, Lugal, Paktia, Fariab, Parwan, Ghazni, Paktica, Badghis, Wardak, Uruzgan, Horst, Panjshir, Daikondi. [Capital] Kabul, meaning "trade center" in Sindhi, population 430

Wan is the largest city in Afghanistan and the political, economic and cultural center of the country. It is located in Afghanistan to the east, at the southern foot of the Hindu Kush Mountain, 34°30' north latitude, 69°13' east longitude. Surrounded by mountains, 1800 above sea level meters, is one of the highest capitals in the world. Kabul is an ancient city with a long history, as early as more than 2,000 years ago, this was the center of trade between East and West, and it traveled back and forth between Europe and Central Asia and South Asia.

The transportation fortress of the mainland. At the beginning of the 16th century, Babur, the founder of the Mughal dynasty, occupied Kabul. In the middle of the 18th century AD, the Durani dynasty unified Afghanistan and established its capital here in 1773. There are many places of interest in Kabul. The city has the Old Royal Palace (Dharulaman Palace) and the National Museum and Kabul University. There are Shahidusham Sheila Mosque, Babur Mausoleum and Balahi Sal Castle and so on. [Major economic cities] The major economic cities of Afghanistan include Kabul, Kandahar, Herat, Mazar-i-Sharif, Jalalabad, Kunduz, etc.

### 1.2.3 Natural resources

Afghanistan is rich in mineral resources, but basically undeveloped, and is known as the "poor man lying on the gold mine." According to estimates by the Afghan government, the value of Afghanistan's energy and mineral resources exceeds US\$3 trillion (US military estimates it is estimated to be worth about US\$1 trillion). More than 1,400 mineral deposits have been discovered, including iron, ferrochrome, copper, lead, zinc, nickel, lithium, beryllium, gold, silver, platinum, palladium, talc, marble, barite, gems and semi gems, salt, coal, uranium, oil and natural gas, etc. Famous mineral deposits include Haji Jacket Iron Mine, Enake Copper Mine, Bamiyan Coal Mine, Herat Lithium Mine, Amdalia Oil and Gas Field, Afghanistan-Tajik basin oil and gas fields, etc.



Distribution map of Afghanistan's mineral resources

According to the Afghan side, Afghanistan's coal reserves are about 400 million tons, and the iron ore reserves are about 10 billion tons. 30 million tons of copper, gold and molybdenum, 20 million tons of copper, 30 billion cubic meters of marble, and 1.18 trillion natural gas -19.15 trillion cubic meters, 391 million-35.6 billion barrels of oil, and 126 million-13.3 billion barrels of condensate. This

These reserves await further exploration and confirmation.

#### 1.2.4 Climatic conditions

Afghanistan has a continental climate with four distinct seasons and a large temperature difference between day and night. Dry and drier throughout the year, winter the season is cold, and the lowest temperature in the northern and northeastern regions is below minus 30°C. Summer is hot, Eastern City the highest temperature in Jalalabad in the city can reach 49°C. The national average annual rainfall is only 240 mm. River water mainly from rain and snow. Therefore, there is a popular saying in Afghanistan that "don't be afraid of no gold, but be afraid of no snow". The capital, Kabul, has a pleasant climate with four distinct seasons. The annual average temperature is about 13°C.

#### 1.2.5 Population distribution

According to the statistics of the Central Bureau of Statistics of Afghanistan, the population of Afghanistan in fiscal year 2019/2020 is about 3,220 million, of which 51% are males and 49% are females. The urban population is 7.7 million, and the rural population is 23 million. Another 1.5 million people are nomads. The annual population growth rate is about 2.14%. Due to the perennial war, Afghanistan the proportion of adolescents in the population is very high, among which 15.4 million people are under 15 years old, accounting for 47.7%, ranking in the world the highest rank. The population over 65 only accounts for 2.7%.

Table 1-2: Provinces with a relatively concentrated population distribution in Afghanistan (2019/2020 fiscal year)

| Province name | Number of settled population (ten thousand) |
|---------------|---|
| Kabul         | 503   |
| Herat         | 209.5                                       |
| Nangarhar     | 166.8                                       |
| Balkh         | 147.6                                       |
| Helmand       | 142.1                                       |
| Kandahar      | 136.8                                       |
| Ghazni        | 133.9                                       |
| Kunduz        | 111.4                                       |
| Fariab        | 108.9                                       |
| Badakhshan    | 103.6                                       |

Source: Afghanistan Central Bureau of Statistics

Years of war have brought serious disasters to Afghan society. According to United Nations statistics, Afghanistan 3220 Nearly a quarter of the 10,000 population had left their hometowns. Currently, 4.6 million Afghans are still in exile globally of which 2.7 million were granted refugee status, while Pakistan and Iran hosted 1.4 million and Iran respectively. 1 million Afghan refugees. According to the Ministry of Refugee and Repatriation Affairs, from March 2019 to March 2020, a total of more than 540,000 refugees have returned to Afghanistan. According to statistics from the UN refugee agency, various types of armed conflicts, security the turbulent situation and other reasons have caused more than 400,000 people to be displaced across the country. These people lack shelter and food. Food, water, medical resources, and opportunities for education and employment. Affected by the security situation in Afghanistan, the current number of Chinese in Afghanistan is about 200, mainly concentrated in the capital Kabul and Bamyan province.

### 1.3 What is the political environment in Afghanistan?

#### 1.3.1 Political system

In December 2001, the United Nations and the Afghan Northern Alliance, the former King Zahir, and the Pashtuns the Taliban and other representatives of various Afghan factions signed the "Bonn Agreement", which confirmed Afghanistan's "Three Powers the basic framework for the political reconstruction of "establishment". Afghanistan's administrative, legislative, and judicial institutions have basically taken shape. [Constitution] From January 2002 to January 2004, Afghanistan followed the promulgation of the former King Zahir the 1964 Constitution. On January 26, 2004, the Grand Loya Jirga (Grand National Assembly) for the Constitution of Afghanistan through the new constitution, the name of the country of Afghanistan is confirmed as the "Islamic

Republic of Afghanistan" and the presidential system is implemented. [Parliament] According to the Constitution of Afghanistan, the National Assembly is the highest legislative body of the country. (Lower House) and the Elder's House (Upper House). There are a total of 249 seats in the lower house, of which 239 are classified by provincial residents the proportion of the population is allocated, and 10 are allocated to the nomads. Each province must elect at least 2 female parliamentarians.

Must be at least 25 years old, and each term of office is 5 years. There are a total of 102 seats in the upper house, of which one third (34) elected by the district council for a term of 3 years; one third is elected by the provincial assembly for a term of 4 years; one third is elected by the provincial assembly for a term of 4 years; nominated by the President for a term of 5 years. Among the members nominated by the President, women must account for at least 50% and include 2 representatives of the disabled and 2 representatives of nomads. Members must be over 35 years old. The National Assembly has the power to impeach the President, but the Loya Jirga must be convened and passed by a majority of 2/3 in order to exempt the President position. In October 2018, Afghanistan held a new round of parliamentary elections. The current chairman of the House of Presbyterians is Fazal Hadi Musrimyar, the Speaker of the People's Chamber is Rahman Rahmani. [President] The president is the head of state and the highest executive of the country. The president is privileges in the field of law and justice. The president is elected by the people for a five-year term. Ministers from the general nominated by the Central Committee and appointed by the Parliament. In September 2014, former Finance Minister Mohammed Ashraf Ghani (Mohammad Ashraf Ghani) was elected President of Afghanistan and was sworn in on September 29, the term of office is 5 years. On September 28, 2019, Afghanistan held a presidential election. February 18, 2020, Afu the Khan Independent Election Commission declared the current President Ghani the victory. [Loya Jirga] Also known as the Grand National Assembly. According to Afghanistan's new constitution, the Loya Jirga is the highest expression of the will of the Afghan people is composed of members of the upper and lower houses of the parliament and the chairpersons of the provincial assemblies.

[Important People] Mohammad Ashraf Ghani:

President, Pashtun. Born in a Pashtun family in Lugar Province, Afghanistan in 1949, he received a Ph.D. from Columbia University, later in the University of California, Berkeley and Johns Hopkin taught at the University of Slovakia, worked in the United Nations and the World Bank, Khan's post-war reconstruction work. In 2002, he became Finance Minister of Karzai Transitional Government. Participated in 2009 Afghanistan elections. Inaugurated as President of Afghanistan in September 2014. Winning for re-election in February 2020.

Abdullah Abdullah: Director of the High Commission for National Reconciliation Xi, Tajik nationality, born in 1960, doctor of medicine. Graduated from Kabul University School of Medicine in 1978. Since 1992, he has served successively as Director and Spokesperson of the International Department of the Ministry of National Defense of the Rabbani Government, and Deputy Foreign Minister of the Northern Alliance Government. Minister, Minister of Foreign Affairs. After the start of the peace reconstruction process in Afghanistan in 2001, he served as the Minister of Foreign Affairs of Afghanistan until 2006 years. He ran for the president of Afghanistan three times in 2009, 2014 and 2019. Appointed in September 2014 CEO. In May 2020, he served as chairman of the High Commission for National Reconciliation of Afghanistan.

Hamid Karzai: Former President of Afghanistan, Pashtun ethnic group, born in the year 1957. He studied in India and obtained a master's degree in political science from Himachal Pradesh University, India. Participated in the anti-Soviet struggle since 1982. In 1992, he served as Deputy Minister of Foreign Affairs of the Mujadidi government, and then succeeded in the Rabbani government. In 1997, he moved to Kueta City, Pakistan to carry out political activities in support of former King Zahir. He returned to Afghanistan at the end of 2001 to assist the US and British troops in fighting the Taliban. In December of the same year, he was elected by representatives of the various factions in Afghanistan Chairman of the interim government. In June 2002, he served as President of the Transitional Government. In October 2004, he was elected to Afu Khan's first elected president. He was re-



elected in November 2009. Resigned in September 2014. Mir Rahman Rahmani: Current Speaker of the People's Court, 2019 elected on May 18th. A Tajik tribe, born in Parwan province in 1962. In 1982, the Russian Army graduated from the University of Science and Technology. From 2007 to 2010, he served as the chairman of the Chamber of Commerce and Industry of Parvāo Province. 2010 to 2018 he served as a member of the Parvang Provincial Assembly.

Fazal Hadi Muslimyar (Fazal Hadi Muslimyar): House of Elders Chairman, born in Nangarhar Province in 1970, Pashtun ethnicity, Bachelor of Laws. Served as Nan during the Anti-Soviet Period the local commander of Gehar Province. From 2005 to 2009, he served as Chairman of the Nangarhar Provincial Assembly, 2010 he was a member of the House of Elders and was elected as the first vice chairman of the House of Elders. Elected as elders on January 29, 2011 Chairman of the hospital.

### 1.3.3 Diplomatic relations

The Afghan government has always pursued a policy of independence, neutrality and non-alignment, and is the founding country of the Non-Aligned Movement. After the establishment of the Afghan Transitional Government, it has pursued an active foreign policy and adhered to the principle of friendship with other countries. Strive to integrate into the international community. At present, the Afghan government's diplomacy is centered on seeking aid, political and economic reconstruction mainly relies on the support and assistance of the United States and other Western countries. At the same time, Afghanistan attaches great importance to cooperation with China, the relationship between India and Central Asia and other neighboring countries and regions advocates the development of regional cooperation in order to cooperate for security, seek development. The Afghan government and neighboring countries signed the Kabul Good-Neighborly Declaration and the Kabul Good-Neighborly Declaration Neighbors and Friendship Anti-drug Declaration, signed a "strategic cooperation agreement" with India, Italy and other countries. The multilateral and regional cooperation organizations that Afghanistan has joined include the World Trade Organization (WTO), Central Asia Regional Economic Cooperation Organization (CAREC), South Asian Association for Regional Cooperation (SAARC), Economic Cooperation Organization (ECO), and actively participate in the work of the Shanghai Cooperation Organization and Afghanistan Liaison Group, June 2012 became an observer of the Shanghai Cooperation Organization. Afghanistan attaches great importance to cooperation with the United Nations and actively participates in the joint the International Conference on Aid to Afghanistan organized by all parties under the framework of the United Nations with strong assistance, we will work hard to accelerate the reconstruction of the domestic economy. [Relations with the United States] Afghanistan and the United States established diplomatic relations in 1934. After the "September 11" incident, the United States the country led NATO in Afghanistan's "anti-terrorism" war, overthrew the Taliban regime, and fully dominated Afghanistan. Khan rebuilt peacefully after the war, and coordinated with NATO to dispatch provincial reconstruction teams (PRT) to Afghanistan. In 2005, Aramco established a strategic partnership and signed a joint declaration, which included the United States' role in democracy provide assistance to Afghanistan in governance, economic development, and maintenance of security, and continue to use the military installations in Afghanistan, on the basis of consensus with Afghanistan, have the right to carry out appropriate military freedom of action, etc. The United States is currently the most influential country in Afghanistan, and it is also the post-war Afghanistan the leader of peace reconstruction and the main source of aid, to a large extent, determine the development trend of Afghanistan. Power and political trends. In the later period of Karzai's administration, he had a tough attitude towards the United States. 2014 after the Khan National Unity Government came to power, it continued to maintain close cooperation with the United States. In June 2011, US President Barack Obama announced a plan to withdraw troops from Afghanistan. October 26, 2014 in Japan, the United States and NATO officially announced the end of combat missions in Afghanistan, but left about 13,000 soldiers. After 2015, taking into account the deteriorating security situation in Afghanistan, the United States has repeatedly announced the postponement of the Khan's withdrawal process maintained a garrison of 9,800 troops for most of 2016. July 2016 on June 6, U.S. President Barack Obama announced that he

would maintain the size of the U.S. military in Afghanistan at 8,400 during his term of office. After the Trump administration came to power in early 2017, with the reduction of international aid, the new U.S. policy towards Afghanistan became the effect is very few, focusing more on military intervention rather than economic promotion. The Afghan government is the field faces more complex and severe challenges. In October 2018, the United States initiated peace talks with the Taliban. Conducted multiple rounds of negotiations on issues such as troop withdrawal and counter-terrorism, and signed a peace agreement on February 29, 2020. On November 28, 2019, US President Trump visited Afghanistan. [Relations with Russia] During the Taliban rule, Russia supported the anti-Taliban alliance. After the establishment of Fuhan's new government, Russia resumed relations with Afghanistan. Russia supports peace in Afghanistan process and post-war reconstruction, emphasizing that the United Nations should play a leading role in the Afghan issue, paying attention to Afghanistan sweat drug problem, advocates the establishment of anti-drug "safety belts" around Afghanistan. So far, Russia in addition to providing 30 million U.S. dollars in aid to Afghanistan's reconstruction, it also exempted Afghanistan's owing of 11 billion U.S. dollars. In June 2011, the two countries signed an agreement to establish a joint economic cooperation committee to enhance the economic and trade relations between the two sides have promoted Russian investment in Afghanistan and enabled Afghanistan to receive more aid. 2016 in 1991, the third session of the Arab-Russian Joint Economic and Trade Committee was held, and Russia agreed to forgive Afghanistan's long-arrear debts. [Relationship with Pakistan] Pakistan is an important neighbor of Afghanistan, and it is also the heaviest in Afghanistan one of the most important trading partners. However, the relationship between the two countries has been inconsistent for a long time due to historical, anti-terrorism and other factors. The Taliban The problem has a greater impact on the relations between the two countries. In recent years, under the active mediation of the international community, the relations between the two countries have developed at present and generally maintain the momentum of improvement and development, the leaders of the two countries have frequent contacts, and the two sides have cooperated to fight against reached a consensus on terrorism, promoting bilateral economic and trade exchanges and personnel exchanges, and expressed willingness many times Italy actively promotes the improvement of relations between the two countries. In July 2015, due to the interruption of the Afghan reconciliation process, Kabul the security situation has deteriorated and the relationship between the two countries has become difficult. In December, President Ghani went to Pakistan to attend the Fifth Foreign Ministers' Meeting of the Tanbur Process. In the same month, the Pakistan Army Chief of Staff Rashid visited Afghanistan. Khan, there has been a turnaround in the relations between the two countries. However, since the second half of 2016, the border between Afghanistan and Pakistan has not Local military conflict broke out; in March 2017, Pakistan closed the two buildings due to domestic terrorist attacks. China's border crossings lasted for a month, causing a serious impact on Afghanistan's foreign trade. June 2019, Ghani's visit to Pakistan has improved relations between the two countries. [Relations with India] The Afghan government attaches great importance to the development of relations with India. From 2001 to 2016, India provided more than 2 billion U.S. dollars in aid to Afghanistan. It has an embassy and 4 consulates in Afghanistan. From 2006 to 2013, President Karzai served as during the eight visits to India during the period, the two sides discussed India's assistance in Afghanistan's reconstruction, strengthened anti-terrorism cooperation, and promoted the two consensus was reached on issues such as China's economic and trade exchanges and regional cooperation. Visit by President Karzai in October 2011 during the question of India, the two countries announced the establishment of a strategic cooperative partnership. In April 2015, the President of Afghanistan Ghani visited India. In December of the same year, Indian Prime Minister Modi visited Afghanistan and attended the construction aided by India. The inauguration ceremony of the new Afghanistan parliament building. In June 2016, Indian Prime Minister Modi visited Afghanistan again, And attended the completion ceremony of the Salma Hydropower Station aided by India. In September, Afghan President Ghani visited India, Indian Prime Minister Modi announced that India will provide another \$1 billion in aid to Afghanistan. In December, add Nepal went to India to attend the sixth foreign ministers' meeting of the Istanbul Process on Afghanistan. In June 2017, India opened an "air corridor" for cargo transportation. [Relationship with Iran] Iran is an important neighboring country in western Afghanistan and the most important of Afghanistan one of the trading partners, the two countries have

deep historical, cultural, religious and ethnic origins. Iran in Afghanistan has a certain degree of influence, and it still accepts more than 1 million Afghan refugees. After the fall of the Taliban, Iran actively participates in Afghanistan's post-war reconstruction, especially focusing on the construction of its neighboring Herat Province, making it has become one of the most economically developed provinces in Afghanistan. At present, the two sides have been a series of cooperation documents have been signed in the fields of medical treatment, economic and trade investment, port and border railway construction. Especially it is that Iran has also joined forces with Afghanistan and India to build Chabahar Port in Iran to strengthen the Afghan influence reduces its dependence on Karachi Port in Pakistan. [Relationship with the United Nations] The United Nations has played an important role in promoting the peace process in Afghanistan. In December 2001, the United Nations initiated the "Bonn Process" and dispatched international security assistance to Afghanistan the Army (ISAF) assists in maintaining law and order. In March 2002, the United Nations Assistance Mission in Afghanistan (UNAMA) established to help the Afghan government maintain stability, protect human rights, and promote economic and social development. In addition, the United Nations has also actively promoted the international community to convene many international conferences on assistance to Afghanistan. June 14, 2017 on July, UN Secretary-General Guterres visited Afghanistan. [Relations with China] Afghanistan and China are traditional good-neighborly and friendly neighbors, and the two countries have friendly relations. A long history. On January 20, 1955, China and Afghanistan formally established diplomatic relations, and bilateral relations have developed smoothly. In 2012, the two countries have established a strategic cooperative partnership. The Chinese government has been actively supporting, promoting and participating in Afghanistan the reconstruction process has been warmly welcomed by the Afghan government and people. Polls show that the Afghan people are China's favorability ranks second. At the same time, Afghanistan welcomes the "Belt and Road" initiative proposed by the Chinese government. In January 2016, Afghan Foreign Minister Rabbani visited China; in May, Afghan Chief Executive Abdul pull to visit China. In June 2017, President Xi Jinping attended the Astana Summit of the Shanghai Cooperation Organization meet with Afghan President Ghani; In the same month, Foreign Minister Wang Yi visited Afghanistan; In June 2018, Afghanistan President Ghani attended the SCO Qingdao Summit and held talks with President Xi Jinping. In December 2018, State Councilor and Foreign Minister Wang Yi visited Afghanistan and attended the second China-Afghanistan-Pakistan Foreign Ministers' Dialogue. In May 2019, Chen Zhu, vice chairman of the National People's Congress and chairman of the Chinese Red Cross, visited Afghanistan. June, Ghani the President attended the Bishkek Summit of the Shanghai Cooperation Organization and held talks with President Xi Jinping. September, State Affairs Committee Member and Foreign Minister Wang Yi Attends the Third China-Afghanistan-Pakistan Foreign Ministers Dialogue and Meets with Afghanistan in Islamabad Khan Foreign Minister Rabbani. In July 2020, Vice Foreign Minister Luo Zhaohui hosted the third round of China-Afghanistan-Pakistan's tripartite deputy foreign ministers' strategic dialogue video conference.

#### 1.3.4 Government agencies

In 2019, Afghanistan held the fourth presidential election, Ashraf Ghani won, in 2020 took office on March 9th, 1991, and began to form a new government, appointing Abdullah Abdullah (Abdullah

Abdullah) is the chairman of the High Commission for National Reconciliation in Afghanistan. The main departments of the new government are as follows:

Table 1-3: Afghan government departments

| Department name                        | English name                           |
|--|--|
| Ministry of Foreign Affairs            | Ministry of Foreign Affairs            |
| Ministry of Justice                    | Ministry of Justice                    |
| Ministry of Hajj and Religious Affairs | Ministry of Hajj and Religious Affairs |

Ministry of Economy Ministry of Economy

Ministry of Rural Rehabilitation and Development

Ministry of Rural Rehabilitation and

Development

Ministry of Employment, Society, Martyrs and People with Disabilities

Ministry of Labour, Social Affairs, Martyrs

and Disabled

Ministry of Interior Ministry of Interior

Ministry of Defense Ministry of Defense

Ministry of Finance Ministry of Finance

Ministry of Education Ministry of Education

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Source: Afghan government website

The main economic departments are the Ministry of Finance, the Ministry of Industry and Commerce, the Ministry of Economy, the Ministry of Mining and Petroleum, the Ministry of Energy and Water Resources, Ministry of Communications, Bank of Afghanistan, etc.

1.4 What is the social and cultural environment in Afghanistan?

1.4.1 Nationality

There are about 30 ethnic groups in Afghanistan, among which there are 21 major ethnic groups, of which Pashtuns account for about 40%. The Jik nationality accounts for about 25%, the Hazara nationality accounts for 19%, and the Uzbek nationality accounts for 8% (due to the the population census has not been conducted, and the exact number and proportion of each ethnic group are difficult to determine, and the gap between different data sources is relatively large. The rest are Turkmenistan, Balochistan, Chalamak, Nuristan, Kyrgyzstan, Timuri Waiting for more than 20 ethnic minorities. The southern region includes areas bordering Aba and Ayi, mainly Pashtuns; the areas bordering Central Asian countries are mainly Tajik, Uzbek, Turkmen; Hazara mainly distributed in the central provinces of Bamiyan, Daikondi and Ghazni. At present, the number of Chinese in Afghanistan is relatively small, and they are mainly engaged in engineering contracting and implementation of foreign aid projects waiting for business.

Ministry of Information and Culture Ministry of Information and Culture

Ministry of Mines and Petroleum Ministry of Mines and Petroleum

Ministry of Agriculture, Irrigation and Livestock

Ministry of Agriculture, Irrigation and Livestock

Ministry of Industry and Commerce

Ministry of Transport Ministry of Transport

Ministry of Borders and Tribal Affairs Ministry of Borders and Tribal Affairs

Ministry of Refugees and Repatriations Ministry of Refugees and Repatriations

Ministry of Higher Education Ministry of Higher Education

Ministry of Public Health Ministry of Public Health

Ministry of Urban Development and Land Ministry of Urban Development and Land

Ministry of Women's Affairs Ministry of Women's Affairs

Ministry of Energy and Water Ministry of Energy and Water

Ministry of Telecommunications and Information Technology

Ministry of Communications and Information Technology

National Directorate of Security

Da Afghanistan Bank

#### 1.4.2 Language

Pashto and Dali are official languages. The main ethnic languages are Dali (as a percentage of the population about 50%), Pashto (about 35%). Most senior government officials can use English, Spanish the people of the Ministry and neighboring provinces of Iran can understand Persian, and some areas in the north can communicate in Russian.

#### 1.4.3 Religion

Islam is generally believed in Afghanistan, with Muslims accounting for about 99%, of which Sunni accounting for 80%. Shiites account for 19%. All Islamic taboos apply to Afghanistan, such as prohibition of alcohol and pork. When working and living in Afghanistan, one should respect the local religious beliefs and avoid any insults to the Quran. And the words and deeds of related patterns.

#### 1.4.4 Customs

Afghan people usually greet them by shaking hands or putting their hands on their chests to show respect. The local dress is conservative, and men are not allowed to wear shorts on the streets. Government staff are neatly dressed, foreign affairs wear a suit on all occasions. Ladies do not wear tight and revealing clothing, go out to wear robe (polka) or belt a turban, covering the head and feet. The capital Kabul is relatively open, but there are still sightings on the streets from time to time women wore polkas. In recent years, many urban women also wear Western-style clothes, but they all wear headscarves. When visiting Afghan officials or going out, party personnel should pay attention to dress, ladies should wear headscarves.

#### 1.4.5 Science, Education and Medical

[Technology] Afghanistan is one of the least developed countries listed by the United Nations. Later, there were no national scientific research institutions, and only elementary-level research centers were established under some government departments, but the scale is small, the capital is scarce, and the overall level is backward. Except for the relatively developed telecommunications industry, there is basically no High-tech industries or commodity import and export inspection and quarantine facilities. [Education] Afghanistan's education level is backward, teachers are weak, and basic education facilities are lacking. There are two types of schools, public and private. Public schools implement completely free compulsory education. Tuition is free for 6 years, 6 years in middle school, 4 to 5 years in university. Private schools are more expensive. In the 2019/2020 fiscal year, there are 16,429 primary and secondary schools of various types in Afghanistan, with 9.589 million students students,

including 3.686 million girls. There are 211,500 teachers, including 72,500 women. Higher education in terms of education, there are a total of 166 universities and research institutions of various types, including 38 public institutions and 128 private institutions; there are about 18,900 teachers, including 2,599 female teachers; 425,000 students, including 114,000 female teachers. Kabul University is the highest institution in the country, with approximately 23,000 students. Afghanistan's medical and health facilities are seriously inadequate, and there is a shortage of medical staff, 80% of all regions the health centers in China are short of doctors and medicines, and medical facilities are scarce. There are some public hospitals in big cities such as Kabul, however, the level of medical equipment and services is poor. Many locals go to neighboring countries for medical treatment, such as Pakistan, India, UAE France, Germany, India and other countries, as well as Afghan domestic investors, have private companies in Afghanistan.

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State-owned hospitals or clinics have varying levels and generally charge higher fees. In fiscal year 2019/2020, there are 641 hospitals in Afghanistan, including 181 public hospitals and private There are 460 hospitals; there are a total of 8082 doctors, including 6351 males and 1731 females. There are 4.5 beds per 10,000 people. In fiscal year 2019, Afghanistan's national development budget is about US\$1.92 billion. Among them, the budget for health expenditure is 210 million US dollars, accounting for about 11%, year-on-year A reduction of 2.4 percentage points. At present, the common diseases in Afghanistan are tuberculosis (incidence rate 0.08%), malaria (incidence rate 0.39%), the number of registered AIDS patients was 2,923. A medical facility is seriously inadequate and can only cover 60% of the population. According to data released by the Ministry of Public Health of Afghanistan and the World Health Organization, Of the 1,000 births, 55 died before the age of 5, and about 41% of children under 5 were stunted.

Only about 58% of the population in the country have access to clean drinking water, and another 19% lack public toilets. In rural areas this proportion reached 81%. Afghanistan imports approximately US\$80 million worth of medicines each year, and most of them go through illegal channels. The Ministry of Public Health of Afghanistan is planning to establish a national pharmaceutical company to import qualified drugs And to prevent vicious competition. At the same time, the Afghan Ministry of Public Health is also planning to expand in Kabul, Herat, Balkh, Nangarhar, Khost, Kandahar provinces and other places set up drug and food control centers to Check the quality of medicines and foods imported from abroad. Currently, there is only one medicine in Kabul in Afghanistan.

Food and Food Control Center.



Kabul Republic Hospital

The Afghan National Federation of Trade Unions was founded in 1965. Headquartered in the capital, Kabul, each province has a provincial level union. Afghan trade unions are non-governmental organizations. Currently, the

Afghan National Federation of Trade Unions has about 200,000 member. Due to the underdevelopment of the economy and the high unemployment rate, there are fewer strikes in Afghanistan. Other major NGOs include the Afghan Chamber of Commerce, the Red Crescent Society, the Independent Human Rights Commission, Human Rights Investigation and Propaganda Association, Health Development Service Association, Technical Consulting Association, etc.

#### 1.4.7 Main media

[Television Media] Currently, there are 816 radio stations and 331 television stations across Afghanistan. Radio Afghanistan was established in 1925 and broadcasts in 9 languages. Afghanistan Television (RTV) Established in 1978, it mainly broadcasts in Persian and Pashto. Other major private TV stations include Tolo TV, ATN, ATV, etc. [Newspaper media] There are 824 kinds of newspapers and magazines in Afghanistan, among which the newspapers published in Kabul paper accounts for about 64%. There are 3 mainstream newspapers: "Afghanistan Times" (English), "Afghanistan Daily the Lookout (English) and Anis Daily (Dali). There are others "Hewad Daily" (Pashto), "Kabul Times" (English) And "Cheragh" (Cheragh) and so on. [Internet Media] The main English-language Internet media are: [www.tolonews.com](http://www.tolonews.com)

[www.pajhwok.com](http://www.pajhwok.com)

[www.aopnews.com](http://www.aopnews.com)

[www.outlookafghanistan.net](http://www.outlookafghanistan.net)

[www.kabulpress.org](http://www.kabulpress.org)

[www.bakhtarnews.com.af](http://www.bakhtarnews.com.af)

[www.arianatelevision.com](http://www.arianatelevision.com)

The Afghan media is generally more friendly towards China. In 2020, Corona Virus epidemic is raging around the world. Afghan media reports on China's epidemic prevention and control Taoism is generally positive and has not published public opinion that is unfavorable or discriminatory to Chinese-funded enterprises.

#### 1.4.8 Social Security

It has been more than 10 years since the United States launched the "anti-terrorism" war in Afghanistan on October 7, 2001. The security situation in Afghanistan has not improved. All kinds of anti-Western and anti-government armed organizations and some unknown identities armed attacks carried out by armed groups, car bombs, human bombs, rocket attacks, roadside bombings various terrorist and violent incidents such as bombings, assassinations, and kidnappings have occurred frequently, resulting in a large number of casualties including civilians. With the withdrawal of the United States and NATO troops after 2014, Kabul and Zhou the security situation in key cities in border provinces has deteriorated sharply. For foreigners, foreign institutions in Afghanistan, military terrorist attacks on facilities and important government departments continue to occur. For security reasons, the United Nations Afghanistan.

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The Aid Group withdrew personnel from 4 out of 13 Afghan provinces in 2015 the risk level of more than half of the administrative regions in the country is assessed as "high" or "extremely high". The risk levels are the highest in history. On June 12, 2019, the Institute of Economics and Peace published its annual global according to the Peace Index, Afghanistan has the lowest index among 163 countries (regions) in the world and has become the world's the most insecure and most violent country. According to data from the Afghanistan Central Bureau of Statistics, there were 2424 murders in Afghanistan in 2019. There were 299 robberies and 181 kidnappings. UN

report shows the number of civilian casualties in Afghanistan in 2019 up to 10392 people. Among them, 3403 civilians were killed and 6,989 civilians were injured. On May 31, 2017, an explosion occurred in the urban area of Kabul, the capital of Afghanistan, causing more than 150 people died and 300 people were injured. The attack was the heaviest casualty in Kabul in 16 years of an attack. The armed attacks launched by the Afghan Taliban mainly targeted the U.S. and other Western countries and the Afghan army. Powerful departments such as the police, but incidents of accidentally injuring civilians happen frequently. Chinese companies come to Afghanistan to do business prior to this, it is necessary to conduct preliminary research, carefully assess the security situation, maintain a high degree of vigilance, and formulate careful take precautions, handle things cautiously, avoid going out alone, at night, and on foot to ensure your own safety. In addition, the Ministry of National Disaster Management and Humanitarian Affairs of Afghanistan stated that currently 20% of Afghanistan's there are landmines and explosives on the territory, and civilian casualties caused by landmines and various explosives on average every month there are more than 140 people. There have been no marches, demonstrations, or demonstrations against Chinese companies or Chinese people due to the impact of the new crown epidemic in Afghanistan. Personal attacks and other incidents.

#### 1.4.9 Holidays

Government office days are Saturday to Thursday morning, and Thursday afternoon and Friday are public holidays. Work On the day of the day, they go to work at 8:00 am, leave at 12:00, go to get off work at 13:00 and leave at 16:00 in the afternoon. But work staff often arrive late and leave early.

There are three types of calendars in Afghanistan: one is the A.D. calendar, one is the Afghan solar calendar, and the other is Afghan lunar calendar (Islamic calendar), for example, May 25, 2017 is the Afghan Gregorian year 1396 March 4, August 28, 1438 in the Afghan lunar calendar. Among them, the solar calendar has 365 days per year, and the lunar calendar has 354 days per year. There are also two holidays in Afghanistan: religious holidays are calculated according to the lunar calendar, and the rest are calculated according to the solar calendar. Because the Gregorian calendar and the Gregorian calendar have the same number of days in a year, the days in the Gregorian calendar are calculated in the Gregorian calendar every year. The period is fixed; the lunar calendar is 11 days less than the AD calendar, so religious festivals use the AD calendar to calculate the annual date it is different. Generally, each year is about 10-11 days earlier than the previous year.

Table 1-4: Official Holidays in Afghanistan

| Festival name   | Date        |
|---|-------------|
| Prophet's Birthday, Mawlid (religious holidays), uncertain      |             |
| Liberation Day  | February 15 |
| Nowruz (Islamic New Year)                                       | March 21    |
| Victory Day against the Soviet Union                            | April 27    |
| Ramadan (religious holiday)                                     | variable    |
| Independence Day  | August 18   |
| Eid al-Fitr (religious holiday)                                 | uncertain   |
| National Hero Masood Memorial Day                               | September 9 |
| Arafat Day (religious holiday)                                  | uncertain   |
| Eid al Adha Gurban, Eid al-Adha (religious festival), uncertain |             |



Ashura (religious holiday) uncertain

## 2. How attractive is Afghanistan to foreign investment?

### 2.1 How has Afghanistan's economy performed in recent years?

Afghanistan is one of the least developed countries in the world and is heavily dependent on foreign aid. After more than 30 years of war, The economic destruction has been exhausted, and the infrastructure of transportation, communications, industry, education and agriculture has suffered the most damage.

Seriously, there is a shortage of production and living materials. About 40% of the country's population is below the absolute poverty line. Agricultural worker Investment in the industry is small and lack of "hematopoietic function"; the insecure security situation restricts project construction; the government's effectiveness the rate is low and the plan is difficult to implement; it relies heavily on foreign aid, and its financial income cannot make ends meet. Current and future constraints the key factor in Afghanistan's development is whether peace can be achieved. After 2014, as the United States and NATO gradually with the withdrawal of troops, the international community's assistance to Afghanistan has drastically reduced. Since 2018, the process and politics of the Arab peace talks struggle is intertwined, the security situation has further deteriorated, the political and economic situation has become more severe, and comprehensive reconstruction and development have taken place. The road to development is heavy and long.

#### 2.1.1 Investment attractiveness

The investment attraction of Afghanistan is not at present, but in the future, in the development potential, that is, the security situation. Market opportunities after improvement. After years of war in Afghanistan, everything needs to start from the beginning. At the same time, geographically in other words, Afghanistan is located at the intersection of West Asia, South Asia, and Central Asia. It has a unique geographical position in terms of transportation and trade and the construction of transportation channels connecting the southeast and northwest regions. Investment attractiveness is mainly reflected in two aspects:

(1) Exploitation of energy mineral resources with many varieties and large reserves.

(2) Develop various interconnected "channel" projects for industrial, agricultural and regional economic and trade cooperation, Such as cross-border water transportation, power transmission, railway and highway, oil and gas pipeline projects. At the end of 2014, after the United States and NATO withdrew their troops from Afghanistan, the investment environment in Afghanistan deteriorated sharply. Security insecurity has caused many major investment projects to stop, and foreign investors have also failed due to the security situation. Clearly and left Afghanistan one after another. At the same time, the efficiency of Afghanistan's domestic taxation, customs and other economic administrative departments low and the overall investment environment is poor. According to the World Bank's "Doing Business 2020 report", Afghanistan ranks among 190 economies in the world. The business environment ranks 173rd. In the "2020 Global Happiness Index Report" released by the United Nations, Afghanistan ranks first from the bottom out of 153 countries and regions. According to Transparency International's 2019 Global Corruption Perceptions Index", Afghanistan ranks 173rd in the Corruption Perceptions Index among 180 countries and regions in the world bit. In the Human Development Report 2019 released by the United Nations Development Program, Afghanistan's Ranked 170th among 189 countries and regions in the world.

#### 2.1.2 Macroeconomics

The Afghan economy belongs to the "blood transfusion type" economy. The Asian Development Bank believes that the security situation, factors such as international aid, agricultural development, fiscal and taxation management, and foreign investment (especially mining investment) will determine whether the Afghan economy

can achieve stable growth. The Afghan government values and desires to carry out economic construction, actively seek foreign aid, reshape the country's economic structure, and look forward to building the mining industry and oil and gas to become a pillar industry of the national economy, cultivate its own "hematopoiesis" function, and gradually realize the goal of financial independence. Since 2001, thanks to a large amount of assistance provided by the international community, the post-war peace and reconstruction of Afghanistan has achieved certain results have been achieved, and the national economy has slowly resumed development. According to data provided by the Central Bureau of Statistics of Afghanistan, Afghanistan in the 2019/20 fiscal year Khan's gross domestic product (GDP) is approximately US\$18.89 billion, a year-on-year increase of 3.9%; GDP per capita is 586.6 US dollars (data do not include the value of opium production). It is expected that in the next period of time, as Khan has gradually recovered from the influence of factors such as the withdrawal of the United States and NATO in 2014 and the domestic political transformation. In the future, the domestic economy will slowly recover. However, due to the severe domestic security situation and the international community's assistance to Afghanistan the economic growth rate will not return to the previous high-speed growth situation. According to World Bank forecasts, the economic growth rate of Afghanistan from 2019 to 2022 will be 2.5%, 3.0%, 3.5% and 3.9%. In May 2020, the World Bank report showed that due to the impact of the new crown pneumonia epidemic, the the economic growth rate will drop by 5.5%.

Table 2-1: Macroeconomic indicators of Afghanistan in recent years

| Year                           | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--------------------------------|---------|---------|---------|---------|---------|---------|
| GDP growth rate (%)            | 2.2     | -2.4    | 2.1     | 2.9     | 2.7     | 3.9     |
| GDP (\$100 million)            | 210.2   | 193.7   | 197     | 202     | 199     | 188.9   |
| GDP per capita (USD)           | 748     | 677     | 675     | 679     | 630     | 586.6   |
| Inflation rate (%)             | -0.7    | 3.8     | 7.2     | 0.2     | 0.6     | 2.3     |
| FOREX Reserves (\$100 million) | --4     | 83.22   | 86.28   |         |         |         |
| External debt (\$100 million)  | --25    | 12.34   | 13.21   |         |         |         |
| Rate (Ani: USD)                | 57.6    | 64      | 67.6    | 68.5    | 72.3    | 77.8    |

Source: Afghanistan Central Bureau of Statistics and World Bank (foreign exchange reserves and foreign debt).  
Note: Due to exchange rate changes and different statistical calibers, some data may have deviations. [Foreign Exchange Reserves] In July 2020, the World Bank released a report stating that Afghanistan's foreign exchange reserves reached to 8.628 billion US dollars. [External Debt] In February 2016, an official of the Afghan Ministry of Finance stated that since 2001, Afghanistan has foreign and international financial institutions have loaned a total of approximately US\$2.5 billion. Among them, a loan of 970 million U.S. dollars from Russia, the remaining loans came from Iran, the Czech Republic, the World Bank and the Asian Development Bank. These loans have a maturity of 40 years in 2015, US\$2.3 billion was used to build infrastructure such as roads and airports, and the rest was used in the general budget. In March of the same year, Afghan Finance Minister Hakimi said after the end of the third meeting of the Arab-Russian joint committee that the Russian Federation the Sri Lankan government has agreed to forgive Afghanistan's long arrears of debt. At present, due to the budget of Afghanistan's About 60% comes from international aid, and the scale and conditions of Afghanistan's borrowing are restricted by international organizations such as the IMF. [Unemployment rate] Since 2014, due to the withdrawal of US and NATO troops from Afghanistan and the international community aid to Afghanistan has decreased, and the unemployment rate in Afghanistan has soared. The current unemployment rate in Afghanistan is about 40%. Many laborers in Boer work for less than a week in a month. He can only get a salary of 3,500 Ani (about 60 US dollars) a month, and it is difficult to maintain a livelihood at home. Currently, Afghanistan has

planned to establish 46 vocational training centers across the country to strengthen the professional training of Afghan young people. [GDP composition] In the GDP composition of Afghanistan in fiscal year 2019/20, agriculture and animal husbandry accounted for the proportion of GDP it was 25.77%, industry accounted for 14.06% of GDP, and service industry accounted for 55.47% of GDP.

Table 2-2: GDP composition of Afghanistan

(Unit: %)

| Department                       | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|----------------------------------|---------|---------|---------|---------|---------|---------|
| Agriculture and animal husbandry | 24.32   | 20.5    | 20.9    | 20.3    | 18.6    | 25.77   |
| Industry                         | 20.92   | 22.2    | 21.8    | 22.2    | 24.1    | 14.06   |
| Service industry                 | 51.33   | 53.2    | 52.9    | 52.6    | 52.6    | 55.47   |
| Import tax                       | 3.43    | 4.1     | 4.4     | 4.8     | 4.7     | 4.7     |

Source: Afghanistan Central Bureau of Statistics

[Investment, consumption and exports as a percentage of GDP] In Afghanistan's investment, consumption and exports, consumption fees dominate. In fiscal year 2019/20, Afghanistan's fixed investment, consumption and exports accounted for GDP respectively The proportions are 11.59%, 119.9% and 4.6%.

Table 2-3: Investment, consumption and export as a percentage of GDP

| Item   | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--|---------|---------|---------|---------|---------|---------|
| GDP (100 million US dollars)                   | 210.2   | 193.7   | 197     | 202     | 199     | 188.9   |
| Total fixed investment accounts for            |         |         |         |         |         |         |
| GDP proportion (%)                             | 17.7    | 19.4    | 17.2    | 18.1    | 22.0    | 11.59   |
| Ratio of total consumption to GDP              |         |         |         |         |         |         |
| Weight (%)                                     | 92.8    | 96.4    | 93.6    | 87.9    | 91.3    | 119.9   |
| Among them, private consumption the proportion |         |         |         |         |         |         |
| of expenses in GDP (%)                         | 80.4    | 84.1    | 81.6    | 76      | 78.9    | 91.35   |
| Proportion of exports in GDP(%)                | 6.4     | 7.0     | 6.7     | 8.1     | 4.4     | 4.6     |

Source: Afghanistan Central Bureau of Statistics

[Financial Revenue and Expenditure] Afghanistan's fiscal revenue has increased year by year, but the fiscal revenue is still unable to make ends meet. Supported by international aid, and this situation will continue for many years. In recent years, the Afghan tax Implemented reforms and prevented tax evasion, in the 2019/20 fiscal year, Afghanistan's fiscal revenue totaled 208.9 billion Ani (approximately US\$2.685 billion). A year-on-year increase of approximately 26.9%. The total budget expenditure is 424.4 billion Ani, of which the general budget is 297.39 billion Ani, the development budget of 127.01 billion Ani. [Inflation] In the 2019/20 fiscal year, the annual inflation rate in Afghanistan reached 2.3%. Among them, The food category reached 3.8%, and the non-food category reached 0.9%.

Table 2-4: Inflation rate of major provinces in fiscal year

2019/20

|                        |        |
|------------------------|--------|
| National average index | 2.3%   |
| Kabul                  | 2.01%  |
| Balkh                  | 3.78%  |
| Kandahar               | 3.7%   |
| Horst                  | 4.04%  |
| Nangarhar              | -1.64% |
| Kunduz                 | 1.29%  |
| Herat                  | 0.18%  |
| Helmand                | 4.3%   |

Source: Afghanistan Central Bureau of Statistics

[Sovereign Debt] In April 2015, Afghanistan was approved by the International Monetary Fund (IMF) and the World Bank recognized as the “Heavily Indebted Poor Countries Initiative” aid country. Currently, Afghanistan has not been rated internationally institutions conduct ratings. The National Risk Analysis Report issued by China Export & Credit Insurance Corporation pointed out that the sovereign credit risk rating of Afghanistan remains unchanged in 2018.

### 2.1.3 Key/Characteristic Industries

Unbalanced industrial development in Afghanistan: stagnant agricultural production, backward industrial development, and service industry rise rapidly. [Agriculture and animal husbandry] Agriculture and animal husbandry are the main pillars of Afghanistan’s national economy, and the population of agriculture and animal husbandry accounts for the country’s total the population is 85%. The area of arable land accounts for 12% of the country’s total land area, forest area accounts for 3%, and pasture land the area accounts for 46%, and the mountain area accounts for 39%. Agricultural Cultivation Technology and Level and China in the Sixties and Seventies of the 20th Century the situation was similar in the years, lacking modern, high-tech agricultural facilities. Food cannot be self-sufficient, every year international assistance or imports are needed to solve the food shortage problem. Limited by natural geographical conditions, Afghanistan is almost there are hardly any large farms. The main crops include wheat, barley, rice, corn, cotton, dried fruits and various fruits. Animal husbandry is an important part of Afghanistan’s agriculture. The animal husbandry is mainly based on stocking. Lord, there are sheep, goats, cattle, and poultry. According to statistics, in the 2019/20 fiscal year, Afghanistan’s grain output was 5.58 million tons, a year-on-year increase of 35.1%. Among them, 4.89 million tons of wheat, a year-on-year increase of 35.5%; 380,000 tons of rice, a year-on-year increase of 8%; barley 120,000 tons, a year-on-year increase of 111.3%; corn 180,000 tons, a year-on-year increase of 68.2%; potatoes 921,000 tons, an increase of 49.6% year-on-year; 38,200 tons of almonds, an increase of 11% year-on-year; 14,700 tons of walnuts, the same the ratio increased by 36%; the apricot was 129,000 tons, a year-on-year increase of 18.6%. Saffron in Afghanistan is more famous and has won many awards in international competitions. In recent years, Afghanistan it intends to make it one of the key export agricultural products and replace lapis lazuli as a gift for the state guest. In the 2019/20 fiscal year, the planting area of saffron in Afghanistan was 7558 hectares, and a total of 19650 saffron was produced. The main production area of saffron is in Herat in the west, and its planting area amounts to 7000.3 hectares, accounting for the total 92.6% of the planting area; the output is 18200.8 kg, accounting for 92.6% of the country’s total output. In the 2019/20 fiscal year, Afghanistan produced about 1.113 million tons of grapes, 250,000 tons of apples, and 19.4 tons of pomegranates. 10,000 tons, 38,000 tons of almonds, 61,000 tons of peaches, and 73,000 tons of cotton.

Table 2-5: Livestock Industry Statistics in Afghanistan

(Unit: Ten Thousand Heads/Piece)

Annual cattle, sheep, goats, chickens, camels, donkeys, mules, horses

|         |       |        |       |        |      |       |     |      |
|---------|-------|--------|-------|--------|------|-------|-----|------|
| 2012/13 | 524.4 | 1382   | 731.1 | 1321.2 | 17.4 | 142.3 | 2.4 | 17.8 |
| 2013/14 | 523.5 | 1314.1 | 703.7 | 1205.3 | 17.0 | 145.1 | 2.1 | 17.1 |
| 2014/15 | 534.9 | 1348.5 | 705.9 | 1109.8 | 17.1 | 144.1 | 2.4 | 17.1 |
| 2015/16 | 526.1 | 1321.8 | 772.3 | 1186.3 | 17.0 | 148.1 | 2.5 | 17.3 |
| 2016/17 | 523.4 | 1326.5 | 744.8 | 1189.9 | 17.0 | 147.2 | 2.5 | 17.1 |
| 2017/18 | 497.7 | 1386.6 | 759.8 | 1357.3 | 17.2 | 131.7 | 2.4 | 17.5 |

Source: Afghanistan Central Bureau of Statistics

Note: The data for the 2018/19 fiscal year has not been released. [Industry] Years of war have almost collapsed Afghanistan's industrial base and lack a complete industrial system. Industrial output value only accounts for about 1/4 of GDP. From an industry perspective, Afghanistan is dominated by light industry and handicraft industry. Mainly include chemicals, building materials, manufacturing, pharmaceuticals, printing, food, textiles, leather, carpets, agricultural products Product processing, etc. From the perspective of enterprise scale, there are basically no large-scale enterprises in Afghanistan, mainly small and medium-sized enterprises. Industry-oriented. Among the existing enterprises, there are only a handful of large-scale enterprises such as power plants and cement plants. Most enterprises It is a labor-intensive, workshop-type primary processing plant with small scale, backward production technology, aging equipment, The storage is simple and lacks product quality standards and quality inspection institutions, and the products are mainly for the domestic market. The Afghan government hopes domestic and foreign investment to build large-scale enterprises, but due to the war, most of them failed to implement.

Table 2-6: Statistics on the number of industrial enterprises in Afghanistan

(Unit: Home)

Industry 2012/13 2013/14 2014/15 2015/16 2016/17 2017/18

Chemical 52 50 40 41 38 40

Building materials 103 99 83 79 72 70

Machinery and Metal Plus

Work

75 72 65 61 58

55

Pharmaceutical 11 11 8 8 10 12

Printing 70 79 70 72 70 69

Wood and paper 28 25 19 19 17 15

Light industry 68 66 60 60 55 60

Food industry 192 189 173 173 189 180

Others 189 185 170 165 155 150

Total 788 776 688 678 664 651

Source: Afghanistan Central Bureau of Statistics

Note: The data for the 2018/19 fiscal year has not been released.

[Service Industry] Since the post-war period in Afghanistan, the service industry has developed the fastest. Service industry output value of GDP the proportion rose from 33% in the 2006/07 fiscal year to 55.47% in the 2019/20 fiscal year. The information and logistics industry has developed rapidly. Among them, the communications industry has the fastest development and the most concentrated foreign investment one of the industries. But because the high-end hotels and shopping places that Westerners often visit are the focus of militants the target of the attack, therefore, the foreign-related service industry has been greatly affected.

[Communications] The communications industry in Afghanistan has a low starting point, but has developed rapidly, making it an attraction for foreign investment in Afghanistan the main industry of Afghanistan is the fastest-growing industry and the main pillar of economic development in Afghanistan. Khan's government is one of the most revenue-generating departments. Communication services have been opened in 34 provinces across the country. As of 2019/20 In the fiscal year, there were 476 post offices nationwide with 529,000 fixed telephone lines; the sales volume of mobile phone SIM cards increased from The number of 15,000 in 2002 has increased to approximately 34.67 million at present. The Internet started from scratch, and the current domestic There are approximately 7.31 million Internet users. There are 5 major communications companies in Afghanistan, namely: Afghan Telecommunications Corporation (Afghan Telecom), MTN Afghanistan (MTN-Afghanistan), Luoshan Telecom (ROSHAN), Afghan Wireless Communication Company (Afghan Wireless Communication Company) and Etisalat Telecommunication Company (Etisalat Telecommunication Corporation).

[Energy and mining industry] Afghanistan has relatively rich energy and mineral resources, and the energy and a strategic key industry. However, due to years of war, Afghanistan's energy and mining industry currently has only small-scale "individuals". Development activities have not yet formed an industry, and their contribution to Afghanistan's GDP is very small. 2012-2019 In the past 8 years, the output value of the mining industry was US\$27 million, US\$23 million, US\$32 million, and US\$0.32. US\$54 million, US\$54 million, US\$62 million, US\$62 million and US\$54 million, the main revenue The source of income is the coal industry.

Table 2-7: Statistics of Mineral Production in Afghanistan in Recent Years

Fiscal year

Products

2014/15 2015/16 2016/17 2017/18 2018/19 2019/20

Coal (ten thousand tons) 151.7 136.5 169.8 219.1 244.5 213.9

Natural gas

(100 million cubic meters)

1.42 1.46 1.65 1.56 1.53 1.29

Salt (tons) 87014 88183 56928 75579-114244.5

Limestone (tons) 9921 18338 9436 28288 36161 24371

Marble (tons) 42756 31036 29060 28277 43594 49 178.9

Source: Afghanistan Central Bureau of Statistics

In 2008, China Metallurgical-Jiangxi Copper Consortium won the right to develop the Aynak copper mine project. This is Fuhan's first large-scale foreign-invested mineral project is also China's largest investment project in Afghanistan. 2011 in year, the CNPC-Afghan Watan company consortium won the northern Amdalia oil field development project, Indian and Canadian companies have obtained mining rights for the Haji Jacket Iron Project. Currently, the Aynak Copper Mine Project the development projects of Mu and Amdalia oilfields are in a state of stagnation, while the Haji Jacket Iron Mine Project has been not started. [Carpet Industry] Afghan handmade carpets are the main export products with a long history. Awarded at the exhibition. In its heyday, there were about 1 million carpet workshops in Afghanistan with 600 employees. More than ten thousand. In recent years, due to increased competition in the carpet industry from countries such as Pakistan, Iran and Turkey, drama, coupled with the obstruction of export transportation channels, backward domestic processing technology, raw materials, labor and electricity, etc. Production costs have risen, and the Afghan carpet industry has shrunk severely. Exports in the 2016/17 fiscal year have fallen sharply. In the 2019/20 fiscal year, the export carpet industry in Afghanistan gradually recovered, from 407,000 square meters in the 2016/17 fiscal year. Rice increased to 814,000 square meters.



Afghan handmade carpets

[Construction industry] Since 2002, the international community has provided a lot of assistance for Afghanistan's post-war reconstruction. Promoted the development of the construction industry in Afghanistan. Many roads have been built throughout Afghanistan, especially in large cities. Infrastructure projects such as roads, bridges, schools, hospitals, airports, and residential buildings. Registered buildings for fiscal year 2019/20 there are 304 companies, including 6 state-owned construction companies, with a total of 1,178 construction machinery and equipment (sets). Most of these companies are small-scale companies that lack technical and management personnel. The strength of the local construction company limited, mainly engaged in subcontracting projects or undertaking some small projects, and large projects are basically undertaken by international contractors.

#### 2.1.4 Development plan

The Afghan government has set energy mining development as a key development direction, as it promotes economic development and increases the main "financial sources" and "motors" for fiscal revenue, employment expansion, and economic independence. At the same time, fully promote the regional and domestic "interconnection" network and TAPI natural gas pipeline project (TAPI project refers to the laying of pipelines from Turkmenistan to Afghanistan, Pakistan and India to export natural gas), create a regional "transportation hub", and install "wheels" for the development of energy and mining and the development of transit transportation and trade.

## 2.2 How big is the domestic market in Afghanistan?

### 2.2.1 Total sales

With the progress of Afghanistan's peace negotiations and reconstruction process, the domestic consumer market has gradually expanded. In fiscal year 2019/20, domestic consumption totaled 1761.5 billion Ani (approximately US\$22.64 billion), a year-on-year increase 22.4%. Among them, private sector consumption was 1342.4 billion ani, a year-on-year increase of 17.6%; government consumption was 3563 Billion Ani, a year-on-year increase of 35%.

Table 2-8: Afghanistan Consumer Market Statistics

(Unit: billion Ani)

Fiscal year

Item

2015/16 2016/17 2017/18 2018/19 2019/20

Total domestic consumption 11949 12856 12864 13493 17615

Private sector consumption 10427 11211 11122 11659 13424

Government consumption 1523 1645 1742 1834 3563

Private consumption as a percentage of total consumption

(%)

87.3 87.2 86.5 86.4 76.2

Source: Afghanistan Central Bureau of Statistics

### 2.2.2 Living expenses

Currently, about 39.1% of Afghanistan's population is in absolute poverty where living on less than US\$1 a day in a state of poverty, the Engel's coefficient is high, and ordinary households spend 70% of their total income on food. Outside traveling is only the consumption choice of a few wealthy classes, and ordinary people still live in poverty. With the slow recovery of the economy, especially the increasingly active service industry, Afghanistan's savings and banks loans are constantly expanding. In the 2019/20 fiscal year, the number of bank accounts in Afghanistan reached 4.013 million, which is higher than an annual increase of more than 300,000. The total deposits reached 266.576 billion Ani, accounting for 18% of GDP. Among deposits, locals still tend to save US dollars, accounting for 64.09% of the total deposits. Bank loan amount approximately 41.263 billion Ani. The ratio of loans to deposits is approximately 15.48%.

Table 2-9: Statistics on Savings and Loans of Afghan Banks



Fiscal year/year

Item

2014/15 2015/16 2016 2017 2018 2019

Depositors (number) 3134754 3435189 3591580 3396621 3687206 4012930

Lender (number) 54217 55368 59378 64103 72454 66221

Total savings (100 million Ah

Nepal)

2189.17 2370.36 2544.25 2702.56 2737.87 2665.76

Ani Savings (100 million A

Nepal)

746.57 661.84 787.09 900.19 804.56 824.15

U.S. dollar savings (100 million Ah

Nepal)

1370.12 1608.11 1613.66 1608.39 1753.38 1708.39

Total loan amount (100 million A 432.33 455.27 412.93 418.01 414.35 412.63

Nepal)

Ani accounts for total savings

Amount ratio (%)

34.1 27.9 30.9 33.3 29.39 30.92

U.S. dollars in total savings

Amount ratio (%)

62.6 67.8 63.4 59.6 64.04 64.09

Loan to deposit ratio

Example (%)

19.7 19.2 16.2 15.5 15.13 15.48

Source: Afghanistan Central Bureau of Statistics

### 2.2.3 Price level

In recent years, the domestic price level in Afghanistan has risen and fallen, with large fluctuations. 2012/13 fiscal in 2015, the national CPI increased by 6.4%, the 2013/14 fiscal year increased by 5.6%, and the 2014/15 fiscal year decreased by 0.7%. Increased by 3.8% in the 2015/16 fiscal year, 7.2% in the 2016/17 fiscal year, and 4.4% in the 2017/18 fiscal year, The 2018/19 fiscal year rose 0.6%, and the 2019/20 fiscal year rose 2.3%. The main reason for its volatility is beauty the withdrawal of troops from China and NATO, Ani's depreciation of the U.S.

dollar, and the impact of border conflicts on trade. During the new crown pneumonia epidemic, Asheng there is a shortage of living materials and prices are soaring.

Table 2-10: Average price of basic daily necessities in Kabul (no data for 2019)

(Unit: Ani)

Item April 2016 September 2016 March 2017

Average exchange rate: USD to Ani 68.6 67.0 67.9

Imported high-quality rice (kg) 82.9 83.4 84.1

Azerbaijan's medium-sized rice (kg) 39.5 39.6 39.7

High-quality flour (kg) 26.5 27.6 25.7

Beef (kg) 171.4 159.7 211.4

Lamb (kg) 337.3 353.3 359.1

Chicken (kg) 105.5 106.6 117.4

Milk (200ml) 19.6 21.3 21.4

Yogurt (kg) 50.0 50.0 50.0

Eggs (pcs) 8.7 9.2 10.7

Vegetable oil (liter) 72.8 83.9 88.1

Green raisins (kg) 202.9 218.0 207.7

Walnuts (kg) 594.6 649.7 612.6

Potatoes (kg) 14.9 21.1 33.8

Onions (kg) 25.0 13.1 11.4

Peas (kg) 95.7 128.0 134.2

Red beans (kg) 68.0 75.7 84.8

Sugar (kg) 43.3 50.4 54.9

Medium-quality black tea (kg) 244.9 236.6 223.4

High-quality green tea (kg) 283.0 284.7 294.1

Seven Star cigarettes (box) 42.3 42.8 45.3

Calico (m) 84.8 92.9 92.7

4-bedroom concrete structure house (monthly rent) 14719 13293 14736

4-bedroom non-concrete structure house (monthly rent) 9278 9747 10042

Imported cement (bags) 349.9 354.4 356.5

Liquefied petroleum gas (kg) 38.4 61.2 54.5

Firewood (kg) 12.6 12.5 13

Washing powder (bag) 38 43 52

Cotton (kg) 108.4 108.9 113.2

Outpatient fee (times) 215.4 211.5 211.5

Diesel (liter) 33.9 38.0 42.7

Gasoline 40.6 42.0 44.7

Source: Afghanistan Central Bureau of Statistics

## 2.3 What is the state of Afghanistan's infrastructure?

### 2.3.1 Highway

Before the outbreak of the war in 2001, Afghanistan had about 18,000 kilometers of asphalt roads. The conflict resulted in the destruction of 15,000 kilometers of roads. Despite the continuing impact of armed attacks, the Afghan government has been struggling to build roads and actively promoted the regional “interconnection” construction plan in order to achieve its long-term goal of becoming a "transportation hub" connecting East Asia, South Asia, West Asia and Central Asia. A spokesperson for the Ministry of Public Works of Khan said on March 4, 2016 that a total of 24,000 had been built in Afghanistan since 2001. Kilometers of asphalt roads, of which 3,060 kilometers are regional roads, ring roads, provincial roads and national roads. Currently, the biggest challenge in building roads in Afghanistan is the instability of the security situation and the refusal of the people to provide land. According to the plan, Afghanistan will build a road network with a total mileage of nearly 30,000 kilometers. Afghan iron ring the total length of the trunk line is about 2,600 kilometers. The ring road (national highway) of Afghanistan is 2210 kilometers long, connecting neighbors the country's 8 highways are 1,153 kilometers long, 90% of the projects have been completed; 4985 inter-provincial highways are connected kilometers, 9,600 kilometers of highways in the province, and 17,000 kilometers of rural roads are also under construction.

Table 2-11: Road construction statistics in Afghanistan

(Unit: km)

Fiscal year joint construction of roads, asphalt roads, gravel roads

2012/13 5192 479 4708

2013/14 3915 1059 2856

2014/15 5619 930 4582

2015/16 3226 1300 979

2016/17 2765 400 2350

2017/18 5015 679 4215

2018/19 2900 412 2162

2019/20 1610 577 389

Total existing 49380 12836 34241

Source: Afghanistan Central Bureau of Statistics

Afghanistan has no ports to the sea. There are 8 international transportation routes connecting Tajikistan and Uzbekistan, Turkmenistan (2 entries), Iran (2 entries) and Pakistan (2 entries), etc. 5 a neighboring country, about 1153 kilometers long. There are 3 main international transportation lines connecting Pakistan, the passage between Iran and Uzbekistan. Southern Route: Karachi Port in Pakistan-Kabul. This is Afghanistan's largest export channel, the transportation volume accounts for about 60% of Afghanistan's total import and export of goods. This route is often caused by terrorist attacks and Pakistani policies. The anti-government campaign and national control have been interrupted, and the problem of cargo stagnant in Karachi port is serious. When it is shipped to Kabul it varies from up to 7 months. West Route: Bandar Abbas, Iran-Herat, a city in western Azerbaijan, with a traffic volume of about 20%. The line is inverted there are many inspections of boxes and unpacking, and the freight is high, but the shipping period is relatively guaranteed, and the shipping period is about 2 months. North Line: Xinjiang, China-Uzbekistan-Mazar-i-Sharif, a city in northern Afghanistan, transport the amount accounts for about 20%. This line has the highest freight rate, and the shipping period is about 2 months. Due to factors such as road conditions and bridges, it is difficult to transport a 40-foot container. The snow-covered mountains in Afghanistan in winter, the place where the north-south passage in the territory must pass the Salang Tunnel is often interrupted.



Jalalabad Highway

### 2.3.2 Railway

The construction of the Afghan railway has just started, and it is hoped to build a transnational railway connecting Central Asia and South Asia via Afghanistan. Railway corridors, including connecting Tajikistan, Uzbekistan, Turkmenistan (2), 8 border railways in 5 neighboring countries including Iran (2) and Pakistan (2). Among them,

Afghanistan the first railway in history was opened to traffic at the end of 2011. This section of the railway is 75 kilometers long and starts from the northern city. Zari Sharif to the border city of Haradun, the gauge is 1524mm (wide gauge), from Uzbekistan the operation is currently only for freight, with an annual transportation capacity of only 120,000 tons. Jiangsu Haimen opened in August 2016 —The China-Afghanistan freight train in Hailarton, Afghanistan passes through Xinjiang, Kazakhstan, and Uzbekistan. Tanzania arrived in Afghanistan via the railway. The second border railway is from Herat, a city in western Afghanistan to Khawaf, a city on the eastern border of Iran, was jointly built by Iran and Afghanistan. Construction of Iran-Afghanistan Railway it is divided into 4 paragraphs, including 2 paragraphs in Iran and 2 paragraphs in Afghanistan. August 15, 2019, Iraq Katibi, Deputy Minister of Transport and Rural Development, stated that it will be before the end of the Persian calendar (March 2020). Completed the railway from Kraft (in Iran) to Herat (in Afghanistan) (the total length of the railway is 191 kilometers) Iraq is responsible for the construction of the 132 kilometers section, of which 77 kilometers are located in Iraq. Iraq believes that in order To make full use of this railway, it is necessary to connect it with Tajikistan, Kyrgyzstan and China so as to connect the southern route of the Silk Road from China to Iran. The remaining 6 border railways are all finished complete pre-feasibility study work. In addition, the Aqina port located on the border between Afghanistan and Turkmenistan also opened about 3 kilometers of railway passed. The railway runs from Aqina, Afghanistan to Atamyrt, Turkmenistan. Part of the “European International Railway Transport Corridor”, Turkmenistan intends to build the second phase of the railway the territory of Azerbaijan extends for 300 kilometers. At present, Afghanistan is still vigorously promoting the construction of China-Kyrgyzstan -Tajikistan-Afghanistan-Iran "Five Nations Railway" and Tajikistan-Afghanistan-Turkmenistan the “Three-Country Railway” in Tanzania, and the Kandahar-Quetta Railway between Afghanistan and Pakistan and the Lalabad-Peshawar Railway. large-scale railway construction faces three major problems. One is the issue of railway gauge. The gauge in Central Asia is 1524mm, Iran is 1435mm, Pakistan and other South Asian countries are 1676mm. Which gauge to use for the Khan railway network remains to be determined in Afghanistan. The second is the feasibility of construction. The current freight volume and regional transshipment volume in Afghanistan's domestic market are not enough to support the huge regional railway network network operation. The third is the source of funds. Railway investment is huge, and it needs to adopt multiple channels with the international community,

Multi-mode joint construction method.



Schematic diagram of Afghanistan railway planning (2011)

### 2.3.3 Air freight

In terms of international routes, there are three international airports in Kabul, Kandahar and Mazar-e-Sharif. There are currently 13 airlines operating in Afghanistan, of which 10 are foreign companies and domestic companies 3 homes. There are 16 international air routes in Afghanistan. The 10 foreign companies are: Fly Emirates, flydubai company (Fly Dubai), Gulf Air (Gulf Air), Iranian Asaiman Airlines (Asmen Airlines), Air India, India Airlines, Pakistan International Airlines, Azerbaijan Airlines Company (Azerbaijan Airlines), Qatar Airways (Qatar Airways) and Turkey its airline (Turkish Airlines). The three Afghan domestic airlines are Ariana Afghan Air Airlines, Kam Airlines and Safi Airlines. The 16 international routes include: Dubai, Delhi, Dushanbe, Tehran, Mashhad, Issi Rambo, Peshawar, Jeddah, Frankfurt, Istanbul, Kuwait, Moscow, Ankara, Shaka, Bahrain, Urumqi. There is only one route between Urumqi and Kabul operated by Ariane Airlines. The direct flight route was grounded for several years. Navigation was resumed in July 2016, and currently runs every Wednesday return flight. There are multiple flights between Kabul and Dubai every day, making it the most convenient to get in and out of Afghanistan. Followed by routes via Istanbul, Turkey, Islamabad, Pakistan or New Delhi, India. In terms of domestic routes, Afghanistan has opened Kabul to Kandahar, Herat, and Mazar-e-Shari flights to major cities such as Hong Kong, Kunduz, etc. In fiscal year 2019/20, Afghan domestic airlines have a total of 17 aircraft, transporting 117.5 passengers, ten thousand passengers, and 3,573 tons of cargo were transported.

### 2.3.4 Water transport

Afghanistan is a landlocked country. Except for the Amu Darya section of the northern boundary, there is no water transport within the territory. Rivers. Shipping mainly relies on Karachi Port in Pakistan and Abbas Port in



Iran. In addition, currently India Iran is helping to build Chabahar Port. After completion, it will become another exit to the sea in Afghanistan.

### 2.3.5 Communication

[Communications] Afghanistan's mobile communication is more convenient and the Internet is more popular, but the use of fax is more convenient. The use of mobile phones is very common. Approximately 60% of the population in Afghanistan use mobile phones. Many people there are 2-3 mobile phones. It is convenient to connect with China and other countries, and the tariff is relatively cheap. In big cities such as Kabul, open 3G function; the number of fixed telephones is relatively small, the charges are high, and the users are mainly government agencies, international organizations and foreign missions. Telecommunications services have become an important source of tax revenue in Afghanistan. On January 13, 2016, under Afghanistan the House of Representatives approved the taxation of telecommunications services. According to the tax law, telecommunications users in Afghanistan will be levied A 10% tax is charged. In the 2019/20 fiscal year, the revenue of the Ministry of Communications and Information Technology of Afghanistan was 8.7 billion Ani. [Post] There are 463 state-run post offices in Afghanistan that can handle postal services. International Express Industry in terms of business, multinational companies including TNT, DHL, and FedEx have all started operations in Afghanistan.

### 2.3.6 Electricity

There is a shortage of electricity supply in Afghanistan, and nearly 4/5 of the country is supplemented by imports. Currently, in Afghanistan there are about 2500 factories in operation, but most of them are unable to obtain stable power supply. Don't cut production. Some industrial parks even had to occupy residential electricity due to lack of electricity. About 60% the Afghan people do not have access to a reliable power supply. Electricity supply is far from satisfying Afghan society economic development needs. There are frequent power outages in cities, and most of the rural areas are not yet connected to electricity. Use electrical equipment need to use voltage regulator. Invest in mines and factories, including setting up offices, and need to prepare their own power generation equipment. Today in the next 10 years, Afghanistan's electricity demand will grow by 12%-15% annually. It is estimated that by 2032, Afghanistan's electricity demand the Khan power gap will exceed 6000MW.

In the 2019/20 fiscal year, Afghanistan's domestic power generation and imported electricity totaled 6.218 billion kWh. Country internal power generation is 1.286 billion kWh, of which hydropower is 1.088 billion kWh and thermal power is 128 million kWh, diesel power generation is 49 million kWh, and photovoltaic power generation is 21 million kWh. About imported electricity 4.932 billion kWh, of which 758 million kWh was imported from Iran, and 1.462 billion kWh was imported from Tajikistan watt-hours are 2.023 billion kWh for Uzbekistan and 688 million kWh for Turkmenistan. At present, in terms of power, Afghanistan is vigorously promoting the Central Asia-South Asia power transmission and transformation project (CASA-1000). The project consists of Kyrgyzstan, Tajikistan, Afghanistan and Pakistan the four governments of Tanzania signed an agreement. The total investment of the project is estimated to be 1.17 billion U.S. dollars. The 1,300 MW high-voltage transmission and transformation line will transfer the excess electricity from Kyrgyzstan and Tajikistan in summer exported to Afghanistan and Pakistan. Tajikistan accounts for 70% of the project's electricity exports, and Kyrgyzstan, Kyrgyzstan will account for 30%; Pakistan will receive 1,000 megawatts of electricity, while Afghanistan will receive 300 megawatts tile. The CASA-1000 project started construction in early April 2018. After completion, it will become the establishment of "Central Asia an important step in the "South Asian regional power market". In addition, Afghanistan is actively promoting the construction of a the TUTAP transmission line from Manchester to Pakistan (connecting Turkmenistan, Uzbekistan, Jikistan's heat and electricity are exported to Afghanistan and Pakistan).

Afghan officials have proposed that the potential for power self-sufficiency should be developed. The Ministry of Energy and Water Resources of Afghanistan intends to host the country develop 20 renewable energy projects

within the project, including solar, wind, bio-energy and micro-hydropower stations, its power generation capacity will reach 100MW, and it is expected that 1 million Afghans will benefit. Allegedly, Afghanistan is the power generation potential of solar, wind and hydropower is as high as 314,500 MW, of which hydropower power is 23,000 megawatts, solar power generation potential is 222,000 megawatts, wind power generation potential is 68,000 megawatts tile. The Ministry believes that foreign investment should be encouraged to participate in the development and utilization of renewable energy in Afghanistan, including encouraging neighboring countries participate in its dam construction investment to make up for the lack of funds of the Afghan government.

### 2.3.7 Infrastructure development plan

The main department responsible for infrastructure construction in Afghanistan is the Ministry of Transport. In addition, urban development the Ministry of Land and the Ministry of Rural Rehabilitation and Development are also responsible for part of the infrastructure in urban and rural areas.

施建。 Shi construction.

In terms of roads, there are currently about 2,560 kilometers of roads under construction in Afghanistan. More than 1,800 kilometers of roads are planned to be built. In April 2017, Bari, the then Minister of Public Works of Afghanistan grid said that the ministry has formulated a master plan for Afghanistan's national roads through 2036. It is estimated that the planning cost about 26 billion U.S. dollars, formulated by the Afghan Ministry of Public Works in cooperation with the Asian Development Bank. In terms of railways, Afghanistan is currently planning a series of railway construction, including China-Kyrgyzstan Tanzania-Tajikistan-Afghanistan-Iran five-nation railway (1100 kilometers in Afghanistan), Bamyan to Kunduz Railway (230 kilometers), Jalalabad to Kunduz Railway (120 kilometers), Bami Yang to Herat Railway (580 kilometers), Tokham to Jalalabad Railway (75 kilometers), Farah to Herat railway (275 kilometers), Herat to Iranian Khawaf railway (in Afghanistan about 120 kilometers within the territory) and so on. It is planned to build a total of about 3,500 kilometers of railways by 2030. In terms of power, in order to solve the power shortage problem, in addition to participating in the CASA-1000 project and promoting in addition to the TUTAP project, Afghanistan currently has 4 power development plans for each region. The northeast is mainly built to connect Uzbekistan and Tajiks the transmission lines of the cities in the northeastern part of Tanzania and Azerbaijan have increased imported electricity to meet the needs of major cities in the region. At the same time, repair and build a wholesale power station to increase its own power generation capacity. Southern Main it is to strengthen the electricity supply to Helmand and Kandahar provinces through the repair and expansion of the Kajakai Hydropower Station. Should. In the east, the 110kV transmission grid from Kabul to Jalalabad and Laghman provinces is mainly constructed. The west is mainly connected to the northeast grid, while developing solar and wind power generation. The Ministry of Energy and Water Resources of Afghanistan intends to implement a five-year plan to increase domestic power generation capacity to 2000 megawatts, of which the solar power generation capacity will reach 500 MW, and the national power generation capacity will reach 5000 megawatts. The Kunar River Hydropower Project is an important water project that Afghanistan is advancing at a cost of approximately US\$2 billion. The power project, with a designed power generation capacity of 789 MW, is expected to be completed in 2025. This project not only uses in order to meet the electricity demand of Afghanistan, it will also provide electricity to Pakistan. In terms of pipelines, Afghanistan is vigorously advancing the TAPI project (Turkmenistan-Afghanistan-Pakistan) Stan-India Gas Pipeline Project). The project refers to the passage of Turkmenistan's natural gas through Afghanistan Khan was transported to Pakistan and India. According to the agreement, the project will transport 33 billion cubic meters of natural gas, of which Afghanistan will receive approximately 50-100 million cubic meters of natural gas share. The days of the northwestern provinces of Afghanistan (Liab and Juzjan) natural gas reserves have great prospects, and the area where they are located will become the source of gas supply for the TAPI project. Located in the district the Galkynysh gas field on the border between Afghanistan and Turkmenistan is one of the largest gas fields in the world.



1. Its natural gas reserves are approximately 925 trillion cubic feet.

Afghanistan is seeking to join the Europe-Caucasus-Asia Transport Corridor (TRACECA). According to "Afghanistan Daily Observatory" reported that TRACECA member states expressed their support at the January 2016 meeting Afghanistan's accession to the organization will facilitate Afghanistan's access to the South Asian and European markets, the Silk Road laid the foundation. (TRACECA was established in 1993 and refers to the transport corridor from the Caucasus and the Black Sea to Europe. Currently, its member states include Turkey, Armenia, Iran, Tajikistan, Uzbekistan, Kazakhstan, Kyrgyzstan, Tanzania, Azerbaijan, Romania, Ukraine, Bulgaria, Georgia and Moldova. ) Due to the long-term war, Afghanistan's local infrastructure construction is seriously backward, government fiscal expenditures and various types of Infrastructure construction mainly relies on assistance from the international community and financing from international financial institutions such as the World Bank. Although a series of infrastructure construction projects were planned, they were unable to implement them due to lack of funds. Afghanistan currently actively welcomes foreign investors to invest in infrastructure projects in Afghanistan.

2.4 How is Afghanistan's foreign economic and trade relations?

2.4.1 Trade relations

[Regional Cooperation] The main regional cooperation organizations that Afghanistan participates in include the South Asian Association for Regional Cooperation (SAARC), South Asia Free Trade Area (SAFTA), Economic Cooperation Organization (ECO), China Asia Regional Economic Cooperation Program (CAREC), Central Asia and South Asia Transport and Trade Forum, etc. In December 2015, Afghanistan joined the World Trade Organization (WTO). As a result, Afghanistan became the WTO the 164th member economy and the 36th least developed member country. At the same time, Afghanistan is actively applying for full membership of the Shanghai Cooperation Organization (currently an observer China), hoping to take advantage of its special geographical advantages to expand economic and trade cooperation with the member states of the organization, especially cooperation in the fields of resource development and interconnection to promote the economic development of Afghanistan. Fuhan and Pakistan signed the "A-Pak Transit Trade Agreement", which is intended to deepen the cooperation with Pakistan, especially it's not the trade relationship with India. In addition, Afghanistan is a controlled country of the International Monetary Fund and an important point to observe the object. Total Trade】 Afghanistan has been warned for years, countless factories have been destroyed, and various mines sleeping underground hiding remains to be developed. There has been a huge deficit in foreign trade for many years. This situation is difficult in the short term reverse. The total annual export volume is about 800 million US dollars, accounting for only about 10% of the total trade volume. Export commodities only there are dozens of primary products, including handmade carpets, dried fruits, fruits, medicinal materials, cotton, marble, etc. The total foreign trade in the 2019/20 fiscal year was 7.641 billion U.S. dollars, of which imports were 6.77 billion U.S. dollars and exports were 864 million U.S. dollars. Table

2-12: Statistics of Afghanistan's Import and Export Trade

(Unit: 100 million U.S. dollars)

Fiscal Year Import Value Export Value Trade Deficit

Total import and export

Amount

Export accounted for trade

Total amount of exchange (%)

|         |       |      |        |       |      |
|---------|-------|------|--------|-------|------|
| 2012/13 | 90.69 | 4.15 | -86.54 | 94.84 | 4.1  |
| 2013/14 | 87.24 | 5.15 | -82.09 | 92.39 | 5.6  |
| 2014/15 | 77.29 | 5.71 | -71.59 | 83.00 | 6.9  |
| 2015/16 | 77.23 | 5.71 | -71.52 | 82.94 | 6.9  |
| 2016/17 | 65.34 | 5.96 | -59.38 | 71.30 | 8.4  |
| 2017/18 | 77.93 | 8.32 | -69.61 | 86.25 | 9.6  |
| 2018/19 | 74.07 | 8.75 | -65.32 | 82.82 | 10.6 |
| 2019/20 | 67.77 | 8.64 | -59.13 | 76.41 | 11.3 |

Source: Afghanistan Central Bureau of Statistics

[Import Trade] The reconstruction process has led to the rapid development of Afghanistan's import trade. Thanks to Afghanistan the industrial manufacturing base is weak, and the domestic market supply is heavily dependent on imports, ranging from daily necessities to large industrial all mining equipment needs to be imported. The main imported products are household goods and medicine, food and petroleum products etc.

Table 2-13: Statistics of Imported Commodities in Afghanistan

(Unit: 100 million U.S. dollars)

Commodity type

FY 2016/17 FY 2017/18 FY 2018/19 FY 2019/20

Amount

Percentage

(%)

Amount

Percentage

(%)

Amount

Percentage

(%)

Amount

Percentage

(%)

Mechanical vehicle

Accessories

4.57 7.0 8.27 10.6 7.8 11 5 7.4

Petroleum products 10.08 15.4 9.23 11.8 9.74 13 10.85 16

Metal products 5.3 8.1 5.52 7.1 5.65 8 4.74 7

Chemical products 1.54 2.4 1.18 1.5 4.46 6 5.58 8.2

Building materials 1.57 2.4 3.59 4.6 4.42 6 4.87 7.2

Fabric 0.79 1.2 0.2 0.3 0.18 0.2 0.17 0.25

Food 15.1 23.1 24.6 31.6 23.13 31 19.57 28.88

Tobacco beverages 0.75 1.1 1.11 1.4 1.08 1.5 0.84 1.24

Clothing and footwear 4.48 6.9 5.31 6.8 5.57 7.5 4.05 5.98

Household goods

And medicine

21.1 32.3 18.7 24 5.32 7 4.6 6.79

Source: Afghanistan Central Bureau of Statistics

[Export Trade] In recent years, Afghanistan's export trade has shown steady growth. By 2011/12

The fiscal year's \$376 million increased to \$864 million in the 2019/20 fiscal year. Export products mainly have land

Blankets, dried fruits, herbs, fruits, wool, etc.

Table 2-14: Statistics of Afghan Export Commodities

(Unit: ten thousand U.S. dollars)

Commodities 2016/17 fiscal year 2017/18 fiscal year 2018/19 fiscal year 2019/20 fiscal year

Kind

Amount

Percentage

(%)

Amount

Percentage

(%)

Amount

Percentage

(%)

Amount

Percentage

(%)

Fresh fruit 5846 9.8 12326 14.8 9245.2 11 8432.9 9.8

Dried fruit

16,546 27.7

29888 35.9

30855.5 35

30244.

8

35

Herbal medicine

6149 10.3

10972 13.2

13319.3 15

15166.

4

17.6

Spices 2417 4.1 2859 3.4 2 197.3 3 2 951.9 3.4

Seed 1153 1.9 767 0.9 1437.1 2 1547.1 1.8

Fur 1605 2.7 1171 1.4 1421.8 2 797.9 0.9

Wool

2236 3.7

1412.

9

1.7

1285.7 1.47 563.5 0.65

Carpet 23321 39.1 2462 3 2233.7 3 2489 2.9

Source: Afghanistan Central Bureau of Statistics

[Trade Partners] Afghanistan's main trading partners are its neighbors. Iran, China and Pakistan

It is the main source of imports for Afghanistan. In the 2019/20 fiscal year, Afghanistan's imports from the three countries were respectively

It is 1.247 billion U.S. dollars, 1.157 billion U.S. dollars and 1.058 billion U.S. dollars. Pakistan and India are Afghanistan

The main export destination countries for the 2019/20 fiscal year were 298 million U.S. dollars and 410 million U.S. dollars, respectively.

Yuan. In the 2019/20 fiscal year, among the export destination countries of Afghanistan, those with an export value of more than 1 million U.S. dollars

There are 11 countries, namely Pakistan, India, China, Turkey, Iran, UAE, Iran

Pakistan, Saudi Arabia, Germany, Kazakhstan and Tajikistan. Among the countries of origin of imports, Azerbaijan

There are 12 countries that have imported more than 100 million U.S. dollars, namely Iran, China, Pakistan, Kazakhstan, Uzbekistan, Japan, Turkmenistan, India, Malaysia, Russia  
Sri Lanka, UAE, Tajikistan.

Table 2-15: Main export destination countries of Afghanistan

(Unit: million US dollars)

Fiscal year

Country

2014/15 2015/16 2016/17 2017/18 2018/19 2019/20

Pakistan 188 227 283 357 378 298

India 160 189 230 356 359 410

Iran 33 29 19 18 20 14.6

Turkey 40 18 12 22 21 25

Iraq 18 17 11 15 13 14.5

UAE 28 24 9 13 14 23.5

China 15 10 5 12 28 31

Germany 17 6 4 5 5 11.7

Russia 21 19 3 1--

Turkmenistan 6 1 2 1--

Tajikistan 11 5 1 1 3 2.38

Other 31 27 16 30 21 20.5

Source: Afghanistan Central Bureau of Statistics

Table 2-16: Main Import Source Countries of Afghanistan

(Unit: 100 million U.S. dollars)

Fiscal year

Country

2014/15 2015/16 2016/17 2017/18 2018/19 2019/20

Iran 15.06 18.08 12.56 12.13 12.64 12.47

Pakistan 13.28 13.46 11.99 12.93 10.87 10.58

China 10.38 10.44 10.93 11.79 11.66 11.57

Kazakhstan 3.90 4.27 6.22 8.67 7.91 5.15

Uzbekistan 7.22 3.28 3.99 5.61 5.54 4.28

Turkmenistan 4.65 6.32 3.55 4.13 3.85 4.1

Malaysia 2.39 2.77 2.65 3.54 2.82 3.2

Japan 2.59 2.92 2.49 4.37 4.14 2.01

UAE 5.15 3.21 2 1.49 1.24 1.3

India 1.08 1.31 1.53 2.59 3.54 4.05

Russia 2.58 1.57 1.39 1.93 1.58 1.63

Tajikistan 1.15 0.94 0.8 1.12 0.96 1.2

Turkey 1.66 0.86 0.78 0.85 0.79 0.66

United States 0.86 2.52 0.73 0.61 0.55 0.5

Vietnam 0.50 0.53 0.58 0.61 0.65 0.72

Kenya 0.77 0.77 0.47 0.77 0.82 0.56

South Korea 0.94 0.92 0.41 1.09 0.70 0.66

Indonesia 0.95 0.68 0.37 0.36 0.43 0.35

Germany 0.53 0.31 0.29 0.61 0.66 0.76

Thailand 0.28 0.20 0.19 0.22 0.17 0.1

Azerbaijan 0.13 0.36 0.15 0.03--

United Kingdom 0.06 0.08 0.08 0.07--

Brazil 0.20 0.10 0.08 0.04--

Canada 0.05 0.03 0.07 0.2 0.10 0.11

Sweden 0.06 0.05 0.03 0.08--

Other 0.79 1.14 0.79 2.03 1.99 1.43

Source: Afghanistan Central Bureau of Statistics

## 2.4.2 Radiation Market

[Radiation Market] Afghanistan is strategically located at the intersection of South Asia, Central Asia and West Asia. If the political situation can remain stable and the security situation improves, then infrastructure construction can proceed smoothly. Set up, and then developed into an important regional trade hub, to East Asia, South Asia, Central Asia, the Middle East, Europe wait for market radiation.

## 2.4.3 Attracting foreign investment

Afghanistan implements the principle of national treatment for foreign investment. Foreign businessmen can open foreign exchange accounts and pass the local bank remits the legal income of individuals and companies and handles foreign trade payment settlement. Foreign personnel or institutions can long-term lease of local houses and land, but purchases are prohibited. Due to the worrisome safety situation, infrastructure such as water, electricity and roads are not sound, and there is a lack of attractive preferential policies, foreign investors are not enthusiastic about investing in Afghanistan. With the withdrawal of the U.S. and NATO troops at the end of 2014, there are concerns about Afghanistan's ability to control the security situation in the future. Many western companies, especially subcontracting various projects of the United States and NATO's "Allied Forces", including companies in the logistics support business and some the wealthy people began to evacuate, Kabul hotels and houses became more vacant, and rent prices dropped sharply. According to figures released by the Afghanistan Investment Promotion Agency, there were 44,849 companies from 2003 to 2015. The company is registered with the Investment Promotion Agency, among which, 42027 are domestic companies and 2822 are foreign companies. The total capital is 10.21 billion U.S. dollars, of which, foreign direct investment is 1.82 billion U.S. dollars, accounting for the total investment

17.8% (the latest statistics as of now).

According to the 2020 World Investment Report released by the United Nations Conference on Trade and Development, in 2019, the flow of foreign investment in Afghanistan is about 39 million U.S. dollars; as of the end of 2019, Afghanistan's foreign investment stocks approximately 1.595 billion U.S. dollars. Foreign investment focuses on energy and mining, construction, aviation, telecommunications, media, and the tertiary industry has relatively little investment in processing and manufacturing, and almost no one cares about agriculture-related industries. At the end of June 2016, the Afghanistan Investment Promotion Agency (AISA) launched the "Investment in Afghanistan National Plan", it is hoped that this will attract foreign investment and revitalize the Afghan economy. The key countries that the plan attracts investment don't be neighboring countries, Muslims and Asian countries, Europe and North America.

## 2.4.4 Foreign aid

[International Aid] Afghanistan is the country that receives the most international aid in the world. 2002-2017 in 2010, the international community officially pledged US\$104.04 billion in aid to Afghanistan, and actually paid 81.83 billion. U.S. dollars, an average of about 5.11 billion U.S. dollars per year. According to the statistics of the aid paid, among the donor countries, the United States ranked first with US\$55.3 billion; Japan ranked second with US\$6.7 billion; Germany ranked third with US\$6.7 billion. 3.77 billion U.S. dollars; the United Kingdom ranked fourth with 3.55 billion U.S. dollars.

Table 2-17: Statistics of the International Community's Bilateral Aid to Afghanistan from 2012 to 2019

(Unit: 100 million U.S. dollars)

Year 2014 2015 2016 2017 2018 2019

Commitment 40.6 43.6 28.9 34.7-28.53

Cash out 40.0 37.3 20.6 26.9-23.13

Source: Afghanistan Central Bureau of Statistics

In June 2017, the World Bank approved US\$520 million in aid to Afghanistan, of which 2.054 US\$100 million was used to help refugees returning from Pakistan to Afghanistan, and US\$100 million was used to support the reform and reform of the Afghan government. Economic development, 20 million US dollars to improve the public service capacity of 5 provincial capital cities in Afghanistan, 2940 Ten thousand U.S. dollars to build wheat and grain warehouses, and 60 million U.S. dollars to strengthen power supply in Herat Province. After 2001, under the framework of South-South cooperation, the Chinese government provided Afghanistan with pieces of financial assistance. From 2015 to 2019, China trained more than 3,000 talents of various types for Afghanistan.

During the new crown pneumonia epidemic, the international community provided a large amount of aid and material assistance to Afghanistan, including the European Union's 115 million U.S. dollars, the World Bank's 115 million U.S. dollars, the Asian Development Bank's 50 million U.S. dollars, the US\$25 million from China, US\$220 million loan from the International Monetary Fund, 8.5 tons of anti-epidemic medical care in Qatar materials, 7 tons of anti-epidemic medical supplies in the UAE, etc. The Chinese government has provided three batches of material assistance to Afghanistan.

#### 2.4.5 China-Arab Economic and Trade

[Bilateral Trade] China is an important trading partner of Afghanistan. According to China Customs statistics, 2019 the import and export trade between China and Afghanistan was 630 million U.S. dollars, a year-on-year decrease of 9%. China's exports to Afghanistan is US\$600 million, a decrease of 10.2% year-on-year, and China's imports from Afghanistan are US\$29.28 million, a year-on-year decrease of 10.2%.an increase of 21.6%. According to statistics from the Central Bureau of Statistics of Afghanistan, the total trade volume between China and Afghanistan in the 2019/20 fiscal year is US\$1.188 billion, continuing to maintain the status of Afghanistan's third largest trading partner country, second only to Pakistan (1.356 billion U.S. dollars) and Iran (1.262 billion U.S. dollars).

Table 2-18: China-Afghanistan bilateral trade statistics

(Unit: 100 million U.S. dollars)

| Fiscal Year                              | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|--|---------|---------|---------|---------|---------|
| Afghanistan's total imports              | 77.23   | 65.34   | 77.93   | 74.07   | 67.77   |
| Of which: China                          | 10.44   | 10.93   | 11.79   | 11.66   | 11.57   |
| China accounts for Afghanistan's imports |         |         |         |         |         |
| Proportion (%)                           | 13.52   | 16.7    | 15.1    | 15.7    | 17      |
| Afghanistan's total exports              | 5.71    | 5.96    | 8.32    | 8.75    | 8.64    |
| Of which: China                          | 0.1     | 0.05    | 0.12    | 0.28    | 0.31    |
| China accounts for Afghanistan's exports |         |         |         |         |         |
| Proportion (%)                           |         |         |         |         |         |



1.75 0.8 1.44 3.2 3.6

Source: Afghanistan Central Bureau of Statistics

According to the exchange of letters between the Chinese and Arab governments in 2014, starting from 2015, the Chinese government has given 97% of Afghanistan's tariff lines are exported to China with zero tariff treatment. Currently, China's main export commodities to Afghanistan for electrical and electronic products, medicine, machinery and equipment, textiles and clothing, the main imported commodities are agricultural products. [Investment] According to data from the Ministry of Commerce of China, the flow of China's direct investment in Afghanistan in 2019 USD 24.08 million. As of the end of 2019, the stock of Chinese direct investment in Afghanistan was US\$419 million. The main Chinese investment projects in Afghanistan are the Amu Darya Basin oil field project and the Aynak copper mine project. Currently there are 14 major Chinese-funded enterprises in Afghanistan, including PetroChina and MCC Jiangxi Copper Aynak Mine Industry Co., Ltd., China Railway 14th Bureau, China 19th Metallurgical Corporation, ZTE Corporation, Huawei Technology, China Road and Bridge, Beixin Road and Bridge, China Power Engineering Corporation and Jiangsu Electric Power Design Institute, etc. most of Afghanistan's investments in China are trading companies and offices, mainly engaged in consultation, procurement and shipping of exported Chinese products. According to incomplete statistics, there are more than 230 Chinese Afghan companies are located in Yiwu, Shaoxing, Guangzhou, Urumqi, Shanghai, Hangzhou, Ningbo, etc.

The City.



China Bicycle City located in the capital Kabul

[Contracting Labor Services] According to statistics from the Ministry of Commerce of China, Chinese companies signed new contracts in Afghanistan in 2019 there were 3 engineering contracts, the newly signed

contract value was 41,103,300 US dollars, and the completed turnover was 90,944,500 US dollars. A total of 31 laborers of various types were dispatched, and 65 laborers were in Afghanistan at the end of the year. New contracted project projects include Xinjiang Zhengtong Petroleum and Natural Gas Co., Ltd. undertaking the construction of Afghanistan's West Birgan Gas Field the second bid section of the rehabilitation project; China Railway 14th Bureau Group Co., Ltd. undertakes to build and aid the hospital in the Republic of Afghanistan the second phase of technical cooperation projects. At present, China's major engineering contracting companies in Afghanistan include Huawei Technologies, ZTE Corporation, BNBM Luqiao and Zhongdian, Jiangsu Electric Power Design Institute, China Railway 14th Bureau, China Road and Bridge and other companies, engineering the main areas of contracting include telecommunications, power transmission and transformation lines, road and housing construction, etc. The funders are mainly private investors, the World Bank and the Asian Development Bank. The Afghan contracted engineering market is not fiercely competitive, and there are fewer international contracting companies. Afghan government there are a large number of international aid projects, including roads, hydropower stations, large factories, etc. Due to the war, the start and completion of the project are delayed, and it is very common to stop in the middle of the project. When each contracting company undertakes the project, very cautious. Most of the companies participating in the bidding do what they can, and it doesn't matter if they don't. The offer is It is often very high, especially in terms of security fees, transportation fees, and insurance. [Currency swap] China and Afghanistan have not yet signed a currency swap agreement. [Economic and Trade Cooperation Zone] China has not yet invested in the development of economic and trade cooperation zones and industrial parks in Afghanistan. [Infrastructure Cooperation Agreement] China and Afghanistan have not yet signed an infrastructure cooperation agreement. [FTA Agreement] China and Afghanistan have not yet signed an FTA agreement. [Bilateral Economic and Trade Consultation Mechanism] China and Afghanistan have established a joint economic and trade committee mechanism. For the first time the conference was held in 2010, the second conference was held in 2015, and the third conference was held in 2017. [Capacity Cooperation Agreement] China and Afghanistan have not yet signed a production capacity cooperation agreement. [Chinese-funded development parks] China has not yet established a Chinese-funded development park in Afghanistan. Large-scale engineering projects under construction currently, large-scale engineering projects under construction by Chinese-funded enterprises in Afghanistan the project mainly includes the Bamiyan-Samangan Provincial Highway Reconstruction and Restoration Project (2.03 Billion dollars). [Engineering Quality Standards] Afghanistan has its own engineering quality standards, but basically copy the American standards

Standard; Chinese standards generally do not apply to Afghanistan.



MCC Jiangtong Aynak Copper Mine Project Camp

## 2.5 How is the financial environment in Afghanistan?

### 2.5.1 Local currency

The name of the Afghan currency is Afghani ("Ani" for short). Post-war Afghanistan currency reform and issue new Afghanis. There are 7 denominations of Afghan banknotes, namely 1000, 500, 100, 50, 20, 10, 5 Ani, coins face value of 5, 2, and 1 Ani. In Kabul, one general merchants accept U.S. dollar cash transactions. RMB cannot be settled directly with Ani. In recent years, the exchange rate of Ani against the U.S. dollar has generally shown a depreciation trend. The devaluation is the most serious. The average exchange rate for the 2012/13 fiscal year was 51.6, and the 2013/14 fiscal year was 56.4. It was 57.6 in the 2014/15 fiscal year, 64 in the 2015/16 fiscal year, and 67.6 in the 2016/17 fiscal year, 2017/18 the fiscal year was 68.5, the 2018/19 fiscal year was 72.3, and the 2019/20 fiscal year was 77.8.

### 2.5.2 Foreign exchange management

Afghanistan allows foreign-funded companies to open accounts in local banks, and has no control over legal exchanges and remittances. Many companies, especially merchants, settle through underground bank remittances. According to the Afghan government it is stipulated that in order to prevent money laundering, those who bring large amounts of cash (over 20,000 US dollars) must apply to the airport customs in advance. Violators will be punished by relevant laws.

### 2.5.3 Banks and insurance companies

Da Afghanistan Bank is the Central Bank of Afghanistan, headquartered in Kabul has 47 branches across the country. The central bank is mainly responsible for issuing currency and formulating financial policies. Policy, approve the establishment of commercial banks and foreign exchange trading institutions, and the management of commercial banks. In 2003, Afghanistan had only two state-owned banks. By the end of 2019, Afghanistan has

been registered established 13 commercial banks, of which 11 are local commercial banks (including 3 state-owned banks and 8 private bank), mainly including Afghanistan International Bank, Aziz Bank, Export Promotion Bank, First Small Loan Bank, New Kabul Bank, etc. There are 2 foreign banks, mainly from Pakistan and Iran. In addition, there are many banks in Kabul, and a large number of merchants directly make transactions with foreign customers through the banks. Kabul Bank, the largest private bank, was closed in the second half of 2010 due to corruption. In 2011 after the divestiture in the second half of the year, it reopened under the name "New Kabul Bank", but still has a huge amount of US\$900 million the loan was not recovered. Currently, there is no direct business cooperation relationship between Chinese banks and Afghan banks. Central Bank, Afghanistan International Bank, Aziz Bank, etc. hope to establish direct cooperation with Chinese banks. Make a relationship. The banking industry is the second largest service industry in Afghanistan after the communications industry. Afghan Banking Director the assets are approximately US\$4.44 billion. Currently, there are 3 mobile operators in Afghanistan (Etisalat, AWCC, Roshan) provides mobile payment services. The insurance industry in Afghanistan has just started, and the market is still underdeveloped. If a foreign company opens an account in a local bank in Afghanistan, it only needs to register and provide the company locally a valid business license, just provide the passport and photo of the legal representative of the registered company when opening the account.

#### 2.5.4 Financing services

Afghan banks and financial institutions only provide loans to domestic enterprises or individuals, and do not provide loans to foreign-funded enterprises and foreign companies. Microfinance companies and banks provide local enterprises and individuals with loan services, ranging from the loan period ranges from US\$140 to US\$4000, and the loan period is 5-12 months, and the interest rate ranges from 15% to 24%. Big the amount of bank loan starts at 10,000 US dollars, short-term is 6-12 months, medium and long-term is 1-3 years, and the interest rate ranges from 9%-20% not waiting. There is no record of financing in Afghanistan by Chinese-funded institutions and member units of the Chinese Business Association. According to Afghanistan according to data from the Investment Promotion Agency, loan interest rates in Afghanistan in 2018 ranged from 15% to 20%. If a foreign company needs to issue a letter of guarantee in a local bank, it needs to register locally and issue a letter of guarantee. The bank opens an account. If you need to issue a counter-guarantee letter, you first need to have a local bank that issued the counter-guarantee letter open an account, and then consult a domestic bank that confirms a cooperative relationship with the bank, and then go to the domestic bank the required information is subject to the requirements of domestic banks.

#### 2.5.5 Use of Credit Card

Credit cards are rarely used in Afghanistan, and only a few foreign-related hotels can use Visa and MasterCard card. China UnionPay cards have not yet been put into use locally.

#### 2.6 How is the development of Afghanistan's securities market?

Afghanistan has not yet opened a securities market.

#### 2.7 Are business costs in Afghanistan competitive?

##### 2.7.1 Water, electricity, gas and oil prices

In Afghanistan, water and electricity supplies are in short supply and drinking water is in short supply. There is basically no public water supply and drainage system in the city. Local residents basically use well water. Qualified units and families generally dig their own wells or purchase mineral water; most of the drinking water in rural areas does not meet clean and hygienic standards, and agricultural irrigation mainly depends on water conservancy facilities or rely on rain. Power supply cannot meet the needs of life and industry, power outages and voltage instability problems seriously, all enterprise households with conditions provide their own power



generation equipment. In the first half of 2017, Kabul's water, electricity, the main prices of gas and oil are as follows:

[Water price] Most units drill wells at their own expense in Afghanistan, but due to the relatively high alkali content of the water in Afghanistan it is high and not suitable for drinking, so some units purchase local purified water at their own expense. Where the 18-liter barrel the price of water is 50 ani/barrel, and the price of 500ml bottled water is 15 ani/bottle. In July 2017, Afghanistan's 6 water supply networks were put into use in the Paghman area of Kabul, and 160 water supply networks across the country were repaired. Recovery, to a certain extent alleviate the tension of water supply. [Electricity price] Beginning in 2016, the electricity consumption of Afghan residents adopts a tiered fee, and each household the monthly electricity consumption is below 200 kWh, the price is 2 Ani/kWh (about 0.04 US dollars/kWh); the electricity consumption is between 200-400 when the degree is higher, the price is about US\$0.07/degree; when it exceeds 400 degrees, the price is about US\$0.15/degree. Industrial electricity the price is announced by the government as 10 Ani/degree, but various fees such as line loss are often added, and the actual charge is about 0.15-0.26 US dollars / degree. [Gas price] The price of liquefied gas is about US\$0.7 per kilogram. [Oil price] The prices of gasoline and diesel are both 0.8-0.9 US dollars per liter.

## 2.7.2 Labor Supply and Demand and Salary

The unemployment rate in Afghanistan is as high as 40%, and there is a serious surplus of ordinary labor. At the same time, management, technology and foreign language talents are scarce. There is no uniform salary standard in Afghanistan, depending on the negotiation situation. There is no minimum salary standards and social security.

Table 2-19: Kabul labor prices in the first half of 2020

Type Domestic labor (RMB) Local labor Remarks

Technician 20 thousand yuan/month 1200 USD/month 8 hours\*26 days

Mechanic (concrete) 16,000 yuan/month 1300 Ani/day 8 hours\*26 days

Mechanic (Bricklayer) 16,000 yuan/month 1300 Ani/day 8 hours\*26 days

Mechanic (Carpenter) 16,000 yuan/month 1300 Ani/day 8 hours\*26 days

Mechanic (reinforcement worker) 16,000 yuan/month 1300 Ani/day 8 hours\*26 days

General workers 13,000 yuan/month 650 Ani/day 8 hours\*26 days

Driver 14,000 yuan/month 500 USD/month 8 hours\*26 days

Food standard 1800 yuan/month 100 US dollars/month 3\*30 days

Round trip ticket

(Economy Class)

Average USD 1500/time

Approximately USD 5,000/time during the epidemic

Beijing-Dubai-Kabul

Source: Economic and Commercial Office of the Chinese Embassy in Afghanistan

## 2.7.3 Foreign labor demand

Afghan domestic enterprises generally do not need ordinary foreign labor. The 2005 Afghanistan Labor Law allows foreign workers are permitted to work in Afghanistan, but Afghan workers with equal conditions must be given priority. Some international organizations and multinational companies in Afghanistan have a certain demand for high-quality foreign employees. Item previously, the Afghan Ministry of Justice is reviewing a new bill on the employment of foreigners, which will allow foreigners to obtain a work visa that can be extended for one year.

#### 2.7.4 Land and house prices

According to Afghan law, foreign citizens or foreign companies cannot purchase and own land in Afghanistan. Land can only be rented. In October 2008, the price of housing land in the capital Kabul was about per square meter Between 210-250 US dollars, a two-story building with a building area of 300 square meters sells for approximately US\$150 - 200,000 Yuan. If you rent a house of the same size, the monthly rent should be at least US\$5,000. Foreigners renting a house the price is much higher than the statistical price of the Central Bureau of Statistics of Afghanistan. In 2014, the U.S. and NATO withdrew in the coming years, many foreign companies, especially those serving the U.S. military and NATO's "Allied Forces", were affected by the withdrawal of the U.S. military. The influence of the military began to withdraw gradually, and the housing market in Kabul dropped by about 40%, making it easier to rent a house.

#### 2.7.5 Construction cost

The cost of purchasing materials and renting construction machinery locally is shown in the table below.

Table 2-20: Prices of major building materials in Kabul in the first half of 2019 (Unit: USD)

| Product Name | Specification          | Unit | Dutiable Price | Remarks  |
|--------------|------------------------|------|----------------|--|
| Rebar        | within 10mm            | tons | 900            | made in Russia   |
| Steel bar    | 10-20mm                | tons | 900            | made in Russia   |
| Rebar        | Various specifications |      |                |  |
|              | (Comprehensive)        |      |                |  |
|              |                        | Tons | 900            |  |
|              |                        |      |                | The diameter is more than 30mm, the price is expensive             |
|              |                        |      |                | USD 50/ton   |
|              |                        |      |                | Galvanized steel pipe diameter 15mm m 4.6 Iran or Pakistan         |
|              |                        |      |                | Timber board square timber cubic meter 450                         |
|              |                        |      |                | Comprehensive average unit price, according to commonly used       |
|              |                        |      |                | The proportion of consumption is calculated as a weighted average. |
|              |                        |      |                | Cement above 425# Tons 120-140 Produced in Pakistan                |
|              |                        |      |                | Sand medium sand cubic meter 18 made in Afghanistan                |
|              |                        |      |                | Crushed stone comprehensive cubic meter 18 Afghan production       |

Red brick 70\*110\*220 thousand pieces 90

60\*100\*200 clay bricks, per m<sup>3</sup>

About 757 yuan

Hollow brick-cubic meter 50

200\*200\*400 hollow mortar

Brick, 62.5 pieces per m<sup>3</sup>

Tin tile-square meter 7.5 made in Afghanistan

Color steel tile-square meter 10 made in Afghanistan

Polished floor tiles-square meter 16 600\*600

White tiles

According to the number of m<sup>3</sup>

Converted number

M2 8.9 300\*300 ordinary

Wooden windows Comprehensive square meters (M<sup>2</sup>) 8.6 solid wood

White glass composite square meter (M<sup>2</sup>) 13.2-

Latex paint comprehensive kg 5.5 made in Pakistan

Blended paint overall kg 7.9 made in Iran

Exterior wall paint high-end mid-range kg 8.6 made in Pakistan

Granite slab 20mm square meter 8.4 made in Pakistan

PVC pipe

Diameter

15-20mm

M 1.8 Poor quality

Wire 1\*2\*2.5mm m 2.3-

Diesel No. 0 liter 0.8-

Note: The price will fluctuate as the market changes

Table 2-21: Rental prices of major construction machinery and equipment in Kabul in the first half of 2019

(Unit: USD)

| Name | Specification | Model | Unit | Rental Fee |
|------|---------------|-------|------|------------|
|------|---------------|-------|------|------------|

|              |         |     |  |  |
|--------------|---------|-----|--|--|
| Wheel Loader | 8 hours | 500 |  |  |
|--------------|---------|-----|--|--|

Excavator-8 hours 500

Bulldozer-8 hours 450

Roller-8 hours 450

Crane 25 tons 8 hours 400

Crane 50 tons 8 hours 600

Crane 70 tons 8 hours 950

Dump truck 10 cubic meters 8 hours 350

Dump truck 15 cubic meters 8 hours 450

Note: The price will fluctuate as the market changes. Rent by month and year, the price will be lower

Source: Compiled by the Economic and Commercial Office of the Chinese Embassy in Afghanistan

### 3. What are the laws and policies regarding foreign investment cooperation in Afghanistan?

#### 3.1 What are the regulations and policies of foreign trade?

##### 3.1.1 Trade authority

The government department in charge of trade in Afghanistan is the Ministry of Industry and Commerce of Afghanistan (referred to as the Ministry of Industry and Commerce), its subordinate Department of Foreign Trade is in charge of the formulation of trade policies and the coordination and management of foreign trade. Internal Economics of the Ministry of Foreign Affairs the Economic Cooperation Department is responsible for the coordination of foreign economic and trade relations at the government level. In addition, specially designed by the Ministry of Industry and Commerce managed by the Export Promotion Agency (EPAA), responsible for policy implementation, trade promotion, organization of exhibitions, and export procedures, issuance of documents and other matters. Certificates of origin of goods that enjoy zero-tariff exports to China, it is now issued by the Afghan Chamber of Commerce. Imported goods are subject to customs supervision by the Ministry of Finance. Ministry of Industry and Commerce Note the Registration Bureau is responsible for the registration of trading companies.

##### 3.1.2 Trade legal system

Trade-related laws mainly include the "Customs Law", "Contract Law", "Insurance Law" and "Arbitration Law" the Mediation Law, the Great Afghan Bank Law, the Currency and Commercial Bank Law, etc.

##### 3.1.3 Relevant regulations on trade management

Afghanistan has no restrictions on the import of bulk commodities. Prohibited imports include wine, live pigs, pork, pig fat, cottonseed, drugs, guns, explosives, etc. The Afghan government encourages the export of domestic commodities. Forbid the commodities restricted from export include drugs, antiques, rare mineral resources, and other government-specified items. Mine the export of stone requires a permit issued by the Ministry of Mines, and the import of chemical products that can be used for the production of explosives must be Khan's Ministry of the Interior and other government departments examined and issued special permits.

##### 3.1.4 Inspection and Quarantine of Import and Export Commodities

The Afghan Customs inspects imported goods, but the inspection and quarantine equipment and technology are backward and the efficiency is not high. Currently, inspection and quarantine are basically only for food, drugs,



beverages, and clothing. China's goods exported to Afghanistan shall issue a Chinese commodity inspection report in accordance with regulations.

### 3.1.5 Customs management rules and regulations

According to the "Customs Law" of Afghanistan, the following information is required for import declaration:

Business license, export company sales invoice, border customs trade operation form, transport bill of lading, transshipment form and insurance policy, packing list. Land shipments need to provide proof of origin. China exports goods to Afghanistan the commodity inspection report shall be issued in accordance with the regulations in China.

Table 3-1: Import tariff rates of some products in Afghanistan

| Product name  | Tariff rate | Product name  | Tariff rate | Product name                    | Tariff rate | Kitchenware       | 5%   |
|---|-------------|---|-------------|---------------------------------|-------------|-------------------|------|
| Beef, Lamb, Chicken                                 | 2.5%        | Ink   | 2.5%        | Sewing machine                  | 5%          | Milk powder       | 2.5% |
| Door lock   | 2.5%        | Fresh milk, cream, whey, Cheese, honey              | 10%         | shampoo                         | 5%          | Paint             | 2.5% |
| Lamp  | 5%          | Egg   | 5%          | Toothpaste                      | 5%          | Electric iron     | 5%   |
| Water heater  | 5%          | Animal and vegetable fats and oils                  | 3.5%        | Construction glue               | 5%          | Packed tea        | 5%   |
| Generator   | 2.5%        | Glucose, syrup, sugar                               | 5%          | Fruit                           | 5%          | Soap, shoe polish | 5%   |
| TV, air conditioner, electricity fan, oven, tape    | 5%          | Fresh vegetables, onions, potatoes, peppers, lemons | 5%          |                                 |             |                   |      |
| Lubricant, oil                                      | 5%          | Grease, brake fluid                                 | 5%          | Juicer                          | 10%         | Chewing gum       | 2.5% |
| Watch   | 5%          | Macaroni  | 5%          | Rubber tire                     | 2.5%        | X-ray film        | 2.5% |
| Magnetic card                                       | 8%          | Chocolate   | 10%         | Vacuum cleaners and parts       | 2.5%        | Biscuits          | 10%  |
| School bag  | 2.5%        | Bicycle   | 5%          | Leather goods, mobile phones    | 8%          | Toilet utensils   | 8%   |
| Carbonated drinks, mineral springs water, ice cream | 20%         | Toilet paper, slippers, Toys                        | 5%          | Non-electric lamps and lanterns | 2.5%        | Juice             | 5%   |
| Film  | 5%          | Clothing  | 10%         | Dry, storage battery            | 2.5%        | Entertainment CD  | 16%  |
|   |             |   |             | Baking powder                   | 5%          |                   |      |
|   |             |   |             | Construction wood               | 2.5%        |                   |      |
|   |             |   |             | Liquefied petroleum gas         | 2.5%        |                   |      |
|   |             |   |             | Blanket, shoes                  | 2.5%        |                   |      |

Source: Afghanistan Customs

Afghanistan imposes high tariffs on raw material imports. Afghanistan intends to gradually promote the online tariff payment system. According to the "Afghanistan Times" report, 2016 on June 22, 2016, the then Finance Minister of Afghanistan, Hakimi, stated that starting from June 2016, Afghanistan will be Kandahar, Herat, Kunduz, Horst, Nimruz, Torkham, Andkhoy, Islam Qalam, Torghundai, Wesh and other places promote online payment tariff systems. Through the department as a result, merchants can pay customs duties at any commercial bank in Afghanistan without having to go to customs to pay cash. Currently, 25% of tariffs at Kabul International Airport are paid online.

## 3.2 What are the regulations on market access for foreign investment?

### 3.2.1 Investment authority

The investment authority in Afghanistan is the High Investment Committee and the Ministry of Industry and Commerce of Afghanistan. Senior Investment Committee the Committee is the highest formulation unit of Afghanistan's investment policy. It is composed of the Ministry of Industry and Commerce, the Ministry of Finance, the Ministry of Foreign Affairs, representative groups of the Ministry of Economy, Mining, Agriculture,

Central Bank, Investment Promotion Agency and the Afghan Chamber of Commerce and Industry, the Minister of Industry and Commerce serves as the Chairman of the Senior Investment Committee. Afghanistan originally had the Investment Promotion Agency (AISA), under the leadership of the above-mentioned senior investment committee, it specifically organizes and promotes all investment activities in Afghanistan it is also responsible for registering, issuing business licenses and solving problems for investors who wish to invest in Afghanistan "One-stop" investment management and service organization. The Investment Promotion Agency (AISA) was merged in 2016 Ministry of Industry and Commerce.

### 3.2.2 Regulations of the investment industry

The industries prohibited by foreign investment include nuclear energy, gambling, pornography, drugs and alcohol. Foreign investment restrictions investment industries include: production and sale of weapons and explosives, non-bank financial activities, insurance, self-employment natural resources mining, infrastructure construction (including electricity, water conservancy, sewage treatment, airports, communications, Health and education facilities, etc.). In order to support and protect the development of private enterprises, Afghanistan revised and issued the "Afghanistan" in December 2005. The Fudan Private Investment Law stipulates the industries that foreign-invested Management has been standardized. Related laws include the Company Law, the Joint Venture Law, the Arbitration Law and the solution" and so on.

### 3.2.3 Regulations on investment methods

The Afghan government does not restrict foreign investment. It can be sole proprietorship, or it can be the form of joint venture with foreign natural persons or legal entities. There is no restriction on the proportion of foreign shares held. Due to economic backwardness, weak enterprises and security risks, currently, including Chinese-funded enterprises foreign companies in China rarely conduct M&A activities in Afghanistan. Currently, Afghanistan has not yet promulgated an anti-monopoly law. Due to close family or tribal ties, monopoly is more serious in some markets in Afghanistan. Afghanistan welcomes foreign investment in the construction of development zones, export processing zones or industrial parks, as well as foreign investment Chinese investors use second-hand equipment to invest in investment cooperation, and there are no special regulations for them.

### 3.2.4 BOT/PPP method

Afghanistan generally implements national treatment for foreign-invested enterprises, and there is no provision for foreign investment in BOT for the time being. Body regulations. Foreign companies rarely carry out BOT and PPP projects locally. According to the "Afghanistan Times" road, in October 2015, Abdul Sattar, the then Minister of Economy of Afghanistan, stated that the Ministry of Economy of Afghanistan had the formulation of a public-private partnership (PPP) strategy in the economic field has been submitted to the Cabinet for deliberation. The purpose of the strategy the main purpose is to encourage government and private sectors to jointly invest in some large-scale economic projects in Afghanistan. The ministry The "Public-Private Partnership Law" is being drafted. Abdul Sattar believes that after the implementation of the public-private partnership strategy, private the business sector and the government can jointly invest in the construction of hydroelectric power stations, mining, and the construction of new cities and towns.

## 3.3 What are the regulations on corporate taxation in Afghanistan?

### 3.3.1 Taxation system and system

Generally speaking, the taxation system of Afghanistan implements a territorial taxation system. According to "Afghanistan Private Investment Law" stipulates that Afghanistan implements national treatment for foreign investors, that is, foreign companies and local companies enjoy the same the same treatment and the same tax liability. In addition to differences in local taxes, Afghanistan implements a unified national taxation system, there

are 9 kinds of taxes, namely: personal income tax, corporate income tax, capital gains and losses tax, Ticket tax, import tariff, fixed tax, additional tax, land tax and municipal tax.

### 3.3.2 Main taxes and tax rates

There are nine main types of taxes in Afghanistan. The highest income tax rate is 20%, and the corporate income tax rate is 20%. The profit and loss tax rate is 20%. But VAT has not yet been activated.

Table 3-2: Main taxes and tax rates in Afghanistan

Tax calculation method tax rate

1 Personal income tax

Monthly salary below USD 250 0

USD 250-2000 10%

More than USD 2,000 USD 175

Plus 20% for the portion exceeding USD 2,000

2 Corporate income tax at 20% of net profit

3 Capital gains and losses tax

Company 20%

Individual 1-2%

4 Invoice tax

Sales and service 2%

Others such as commission, interest, rent, etc. 5%

5 Import tariffs Different tariffs are imposed on different goods, see Table 3-1 Import tariffs

6 Fixed tax Small-scale company 2%

Foreign trade company Supply/service company for government Companies without formal finances

7 Additional tax-0.5% to 2%

8 Land tax-tax rates vary by region

9 Municipal tax-1%

### 3.4 What are the preferential treatments for foreign investment in Afghanistan?

#### 3.4.1 Preferential policy framework

Afghanistan encourages the absorption of foreign capital, and the Investment Promotion Agency facilitates the establishment of foreign-funded companies. "One-stop" service. Profits from foreign companies can be remitted in full, and there are no restrictions on the use of foreign employees if there is no profit within 3 years, the tax is exempted, and you can directly apply for the minimum corporate tax. Companies invest in Afghanistan priority development areas, such as large-scale energy and mineral resource projects, and import of machinery and

equipment for production can apply tax exemption and other concessions, and import building materials can also be tax deducted. However, equipment and materials purchased locally cannot be tax exemption or tax refund.

### 3.4.2 Industry encouragement policies

Afghanistan generally implements national treatment for foreign-invested enterprises, and there is no specific industry incentive policy. To encourage investment, Afghanistan only allows investment companies to import duty-free import of machinery and equipment for production, after paying taxes, you can freely remit company profits and dividends.

### 3.4.3 Regional encouragement policies

The Afghan government encourages and welcomes foreign investment, especially energy and mineral resources, agriculture, building materials, electricity Sinotrans has invested in transportation and logistics, but there are no clear regional investment incentive policies such as tax reduction or exemption. There are industrial parks in Kabul, Mazar-e-Sharif, and Kandahar. Kabul builds a new industrial park. The Afghan Rural Finance Corporation can to provide preferential loans.

## 3.5 What are the regulations for special economic areas?

Afghanistan currently has 3 industrial parks, including Kabul Bagrami Industrial Park (24 hectares), Malaysia Zari Sharif Industrial Park (26 hectares) and Kandahar Industrial Park (15 hectares). Industrial park package under construction including Jalalabad Industrial Park (206 hectares), Kabul Kamali Industrial Park (135 hectares). Another in addition, it plans to set up industrial parks in Helmand, Horst, Kunduz, Ghazni and other places in the future. When local newspapers often complain about enterprises in the park that infrastructure problems such as water, electricity, gas, etc. affect enterprises reports of normal production and operation. There are no specific laws and regulations for Afghanistan's industrial parks. At present, no Chinese-funded enterprises have settled in the industrial parks established by the Afghan government.

## 3.6 What are the regulations on labor and employment in Afghanistan?

### 3.6.1 The core content of labor (movement) law

The 2006 Afghanistan "Labor Law" has been further updated and improved. New regulations on rights and obligations have been made, and the details are as follows:

(1) It is stipulated that Afghans have the right to obtain labor opportunities and receive remuneration.

(2) It stipulates the prerequisites for the termination of the labor contract and the compensation to the employees after the termination of the contract, if the contract is terminated, employees who have worked for 1-5 years shall be compensated for 2 months' salary, and employees who have worked for 5-10 years shall be compensated. 4 months' wages will be paid, and 6 months' wages will be compensated for employees who have worked for more than 10 years.

(3) Regarding working hours, overtime and holidays, employees' working hours are from Saturday to Thursday.

A day's normal working hours cannot exceed 8 hours; except for Kabul, other provinces of Afghanistan on Thursday the working time cannot exceed 5 hours. Overtime work after 7:00 p.m. cannot exceed 1 hour. Tube the minimum wage for managerial staff working at night is 115%, and the minimum wage for production workers is 125%. Calculated, workers are not allowed to work 2 consecutive shifts. Overtime work on weekends and holidays is calculated at 150%. Hire employees enjoy 5-45 working days of paid vacation.

(4) Workers' wages cannot be lower than the minimum wage set by the government.

(5) Workers should not be allowed to engage in work that harms their health.

(6) Workers have the right to join trade unions. The retirement age for men is 65 years old, and the maximum cannot exceed 70 years old. The retirement age for women is 55 years old, and the maximum is not more than 60 years old. Retirement pension insurance accounts for 11% of workers' monthly wages, among them, 3% is paid by the workers themselves, and the government and enterprises bear the remaining 8%.

(7) Female medical staff are not allowed to work overtime at night, and companies generally have to commute for women transportation is provided. Men and women usually have separate meals. Workers should be given prayer time and provided separately. Different places of prayer for men and women.

### 3.6.2 Regulations for foreigners working locally

Article 4 of Afghanistan's Labor Law stipulates specific provisions for foreign employees working in Afghanistan:

(1) Must abide by Afghan laws and regulations, respect local religions and traditions;

(2) Those who have reached the age of 18 and have not reached the retirement age must hold a certificate issued by the country of origin and the Ministry of Health of Afghanistan Health certificate;

(3) Should hold a work permit issued by the Ministry of Labor of Afghanistan;

(4) A labor contract needs to be signed.

The local unemployment rate in Afghanistan is very high. Except for government agencies and international social organizations that need some high-end management in addition to technical talents, the market has no demand for general foreign labor workers.

### 3.6.3 Risks of foreigners working locally

[Natural risk] Afghanistan is an earthquake-prone area, and there are avalanches in high mountain areas in winter and spring sometimes flash floods occur. Chinese personnel in Afghanistan and intending to go to Afghanistan need to enhance their security awareness. To prevent natural disasters and calmly face emergencies. [Public Security Risks] There have been frequent serial terrorist attacks in Kabul, the capital of Afghanistan. Robbery incident after bank withdrawal. Abductions, roadside bomb attacks and other vicious incidents often occur outside the capital pieces. Alokozai, the vice chairman of the Afghan Chamber of Commerce and Industry, stated that there was 40 kidnappings, murders and armed attacks against businessmen and investors. Businessmen and investors every day are facing various security incidents, kidnappings and armed attacks on businessmen in Nangarhar Province, Hera special and Kabul provinces are particularly serious. In Afghanistan, Chinese-funded institutions and personnel need to enhance security awareness and increase strong security precautions. [Food Hygiene Risk] Years of wars have resulted in relatively poor sanitary conditions in Afghanistan's cities. Most of the water supply systems in Khan cities are not sound, the water supply pipelines are in disrepair for a long time, and the cities are in a state of water shortage for a long time. The urban sewage treatment system was affected by the war, and the underground network pipe was destroyed, which seriously affected the urban sewage system. Due to the lack of water in the city, the greening is low, the air dust content is high, and there are more flies and mosquitoes. Coupled with the imperfect medical system, people generally lack basic hygiene knowledge and are prone to many diseases. Common infectious diseases such as gastrointestinal disease, lung disease, tuberculosis, liver disease, etc. It is recommended to eat as little raw and cold food as possible and drinking boiled water or bottled water. Before arriving in Afghanistan, you can prepare an appropriate amount of antidiarrheal medicine, cold medicine, anti-inflammatory medicine and cooling oil and so on. [Procedural risk] Foreigners come to Afghanistan to apply for visas, visa renewals, and work permits, it often takes a longer time and pays higher fees. Afghanistan to Chinese women come to Afghanistan the review of visas and work permits is more prudent.

[Immigration risk] During the new crown pneumonia epidemic, international flights in and out of Afghanistan will be suspended. Ports in neighboring countries are basically closed, and the entry and exit of foreigners are blocked.

### 3.7 Can foreign companies obtain land in Afghanistan?

#### 3.7.1 The main content of the land law

There are two types of land in Afghanistan: state-owned and private. The government can expropriate private landowners land. A lot of land ownership is unclear, and the Afghan government is gradually establishing land ownership certification and issuance work. Foreigners are prohibited from buying land. The land ownership situation in Afghanistan is rather chaotic. Foreign investors cooperate with Afghan citizens to purchase the land should undergo thorough due diligence to determine the reliability of cooperation matters.

#### 3.7.2 Regulations on the acquisition of land by foreign-funded enterprises

Foreign businessmen who invest and build factories in Afghanistan can lease land for up to 70 years. No unified land price grid, the land price needs to be negotiated. For investment and construction projects signed by foreign investors and the Afghan government land, the Afghan government project department, the Ministry of Agriculture, the local government and the landowner together determine the ownership of the land and negotiate the requisition price. Foreign businessmen can only rent land without ownership and disposal right. In December 2005, Afghanistan promulgated the first "Environmental Law." In 2007, the "Environmental Law" After the amendment, it was submitted to the National Assembly for approval, which took effect in January of that year, and detailed Article 15 of the Afghan Constitution requirements. While acknowledging the current state of the environment in Afghanistan, it also contributes to the continuous improvement of environmental management. Provide a framework to achieve effective environmental management. Query URL: [nepa.gov.af/Content/Media/Documents/ELFINAL2007English18201516750455553325325.pdf](http://nepa.gov.af/Content/Media/Documents/ELFINAL2007English18201516750455553325325.pdf)

#### 3.10.3 Basic points of environmental protection laws and regulations

The Afghan "Environmental Law" recognizes the current state of the environment in Afghanistan, and at the same time, is the management environment provides a framework for regulations. The law clarifies that the National Environmental Protection Agency and the provincial environmental protection the responsibilities and coordinated relationship between the bureau and the local environmental protection bureaus listed the management of natural resources and guarantees biodiversity, protection of drinking water, environmental pollution control and environmental education framework for environmental law enforcement provide basis and tools.

#### 3.10.4 Relevant regulations for environmental assessment

The "Environmental Law" requires all units to comply with the "Environmental Impact Assessment Regulations" annexed to the "Environmental Law", conduct environmental assessments on investment or contracted engineering projects. "Environmental Impact Assessment Regulations" on the procedures for applying for EIA (Attached Tables 2, 3, 4), fees (Article 11), time (Article 8), etc. have made specific provisions. According to regulations, both investment and contracted projects must be subject to environmental impact assessments. For contracted projects, owners generally complete the environmental assessment before bidding. Investment projects of foreign-funded enterprises, especially large-scale energy mines and sewage and waste gas emissions of productive projects require environmental assessment and report to the Environmental Protection Agency for approval before implementation. EIA Worker International practice can be adopted, and an independent third party can be hired to complete the project's environmental impact assessment. Local or for foreign companies, the government does not designate an environmental assessment agency. The investor and the Environmental Protection Agency sign an EIA contract, determine the scope, standards, division of responsibilities, submit the

EIA report and the time limit for approval in Afghanistan, etc. Ring the assessment fee shall be separately negotiated by the investor and the environmental assessment contractor. The strength of the local EIA company is relatively weak, and the general committee entrust foreign companies to carry out. At present, the Afghan government lacks EIA technical personnel and equipment, as well as environmental protection in specific industries. Most of the World Bank and Western donor countries have sent some foreign consultants to the Afghan government agencies. When these consultants assist Algeria in negotiating with investors and in the process of project implementation, they often put forward more various environmental protection requirements, including the time limit for the completion of the EIA, have been introduced internationally, but have not been promoted in developed countries the highest and latest environmental standards implemented. For such environmental protection requirements, it is recommended that investment units carefully study research, do what you can.

### 3.11 What are the laws and regulations against commercial bribery in Afghanistan?

Currently, there are no laws and regulations specifically targeting commercial bribery in Afghanistan. The Afghan government has announced that it will strengthen the punishment of corruption. According to the "Afghanistan Daily Lookout" report, 2016 On June 30, 2005, Afghanistan held a special anti-corruption judicial center launching ceremony. The then President of Afghanistan added Nepal and CEO Abdullah attended the ceremony. The Afghan government will apply the law to corrupt government officials are treated equally. The establishment of the center will enhance the government's anti-corruption capabilities. Members will be appointed by the Office of the Attorney General, the courts and the Ministry of the Interior.

### 3.12 What regulations does Afghanistan have for foreign companies to contract local projects?

#### 3.12.1 Licensing system

Foreign natural persons and legal persons can contract projects in Afghanistan, and generally get the contracting unit and the owner the approval is sufficient. Bidding companies need to provide relevant qualifications and performance certificates that have done similar projects before it has been approved by the Tendering Office of the Ministry of Economy of Afghanistan or other bid-issuing units. Its construction the design and project acceptance follow general conventions, and there are no special regulations.

#### 3.12.2 Prohibited areas

There is no clear stipulation. When Afghanistan announces its bidding announcement, the conditions and requirements for participating in the bidding are all set out.

#### 3.12.3 Tender method

Afghan government projects are generally funded by the World Bank, Asian Development Bank, European Union or other donor countries funded. Bidding information is released through newspapers, the Internet and other media, and international bidding methods are used to determine the contract quotient. There are basically no discriminatory restrictions on foreign companies contracting local projects.

### 3.13 What protection policies does Afghanistan have for the investment and cooperation of Chinese enterprises?

#### 3.13.1 The signing of bilateral investment protection agreements between China and Afghanistan

China has not yet signed an investment protection agreement with Afghanistan.

#### 3.13.2 China and Afghanistan signed a double taxation agreement

China has not yet signed a double taxation agreement with Afghanistan.

### 3.13.3 Status of other agreements signed between China and Afghanistan

On August 4, 2014, China and Afghanistan signed the exchange of Notes on Special Preferential Tariff Treatment for Certain Products Exported to China from Afghanistan. Beginning in 2015 97% of products exported to China are granted zero-tariff treatment.

### 3.13.4 Other related protection policies

The two governments held three China-Arab joint economic and trade committees in 2010, 2015 and 2017.

## 3.14 What are the regulations on investment in the cultural sector in Afghanistan?

### 3.14.1 The main local laws and regulations on cultural industries

Afghanistan has not yet issued laws and regulations on cultural industries.

### 3.14.2 Regulations and restrictions on foreign investment in cultural industries

Afghanistan has not yet issued regulations and restrictions on foreign investment in cultural industries.

### 3.14.3 Cooperation mechanism in the field of culture

Afghanistan has not yet introduced a cooperation mechanism in the cultural field.

## 3.15 What are the regulations for the protection of intellectual property rights in Afghanistan?

### 3.15.1 Local laws and regulations on intellectual property protection

Afghanistan is enacting a law on the protection of intellectual property rights, but no formal law has yet been issued. Afghanistan Ministry of Industry and Commerce the subordinate Intellectual Property Office is responsible for issuing patents, trademarks, industrial designs, geographical indications and other intellectual property rights.

### 3.15.2 Relevant penalties for infringement of intellectual property rights

Afghanistan is enacting an intellectual property protection law.

## 3.16 The main ways to resolve business disputes in Afghanistan and which country's laws are applicable?

The legal system in Afghanistan consists of Islamic teachings, laws and customary regulations. Constitution is Khan's Supreme Law. The laws and regulations in Afghanistan are still being improved. The Ministry of Industry and Commerce of Afghanistan is the Commercial Law the establishment department of the regulations. In order to ensure the sustainable and fair development of the market economy, the Ministry has drafted 10 commercial laws and regulations, including the "Stock Company and Limited Liability Company Law", the "Partnership Law", the "Arbitration Law" and the "Regulation the four laws of "Solution" have been reviewed by the parliament and promulgated and implemented. According to the current investment law of Afghanistan, disputes between domestic and foreign investors and the Afghan government it can be settled amicably through negotiation, or in accordance with the Washington Arbitration Regulations of March 18, 1965 (Afghanistan Joined on July 25, 1968), resorted to the International Center for the Settlement of Investment Disputes (ICSID) to seek international. In addition, the two parties can also seek a solution based on the method negotiated in the contract. In addition, Article 29 of Afghanistan's "Private Investment Law" provides when the current Afghanistan Investment Law conflicts with other existing legal provisions, the Afghanistan Investment Law shall prevail. In October 2014, the Afghanistan Dispute Resolution Center was established, the center is for arbitration and other dispute resolution ways to provide regulation and lawyer services. According to Afghan media reports, in August 2015 the Afghan Commercial Dispute Arbitration Center jointly operated by the labor union and a



financial institution called Harakat (ACDR) was established in Kabul. The center will handle business disputes from all over Afghanistan. In the past, it took 47 stages to resolve commercial disputes in Afghanistan, which took more than 1,600 days, and consume a lot of money. Due to cumbersome procedures and other reasons, traders have 25% of the investment used to solve related commercial disputes.

#### 4. How to go through relevant procedures for investment cooperation in Afghanistan?

##### 4.1 What are the procedures for investing and registering a company in Afghanistan?

###### 4.1.1 Forms of setting up a business

The forms of establishing investment enterprises include sole proprietorships, partnerships established by natural persons and legal entities systems, limited companies and limited liability companies.

###### 4.1.2 Acceptance agency of registered enterprises

The Afghan Business Registration Center is the Afghan Business Registration Center.

Website: [www.acbr.gov.af](http://www.acbr.gov.af)

###### 4.1.3 The main procedures for registering a company

Companies that intend to apply for a business license must submit the following materials:

- (1) Fill in the application form in detail and attach 3 photos of the applicant;
- (2) The applicant has no criminal record certificate issued by the relevant agency in the country where the applicant is located;
- (3) The name of the company to be established, the date of establishment, the amount of investment, and the communication of the domestic company way
- (4) No bad record certificate issued by the bank in the country;
- (5) A guarantee certificate issued by the parent company or chamber of commerce in the country.

All the above documents must be certified by the Afghan embassy abroad and stamped with the country's embassy or consulate in Afghanistan the seal of the Afghan Ministry of Foreign Affairs transferred to the Afghanistan Investment Promotion Agency for review.

##### 4.2 What are the procedures for contracting engineering projects?

###### 4.2.1 Obtaining information

Information about local bidding projects can be obtained from local newspapers, media, networks, various ministries and commissions, and the state in Afghanistan. International organizations and various donor countries. Chinese companies can obtain a letter from the Department of Reconstruction and Development Services Information Center (ARDS) for online registration. The center will regularly send project bidding information to enterprises.

The contact information of the center is:

Website: [www.ards.gov.af](http://www.ards.gov.af)

Email: [ards.procurement@ards.org.af](mailto:ards.procurement@ards.org.af)

###### 4.2.2 Bidding and bidding

The engineering projects of various ministries and commissions in Afghanistan and foreign aid projects in Afghanistan mostly use international tendering parties. The bidding announcement of the project is published in newspapers, media and the Internet, and the bidding for participating projects qualifications, capital, and technical requirements of the applicants. For some projects, the owners may also adopt bid negotiation methods. Designate the company to execute the project.

#### 4.2.3 Licensing procedures

If enterprises participate in bidding, they will be required to provide relevant materials and bids such as qualification certificates, project performance, etc. these materials and certificates need to be confirmed by the owner.

### 4.3 How to apply for patents and registered trademarks?

#### 4.3.1 Patent application

The Patent Administration of Afghanistan is the Trademark Registration Office of the Ministry of Industry and Commerce. According to Afghanistan's "Foreign Experts Registration Law", Afghanistan can provide local registration for patents obtained in other countries in the past, and apply for the request time must be within 2 years of the original approving country approving the patent. Documents to be submitted when applying for a patent as follows:

- (1) Information of applicant and inventor, including name, address, contact information, identity certificate etc.
- (2) If a foreigner applies for a patent, it is necessary to present relevant materials of the original country of approval;
- (3) Relevant technical information;
- (4) Pictures or photos, etc.

In addition, you need to fill in the application form at the trademark registration office (generally, you can entrust a local lawyer to represent you for handling).

#### 4.3.2 Registered trademark

The Ministry of Industry and Commerce of Afghanistan is drafting the "Trademark Law" and is planning to establish a Trademark Office (Trademark Office), responsible for trademark registration matters.

### 4.4 What are the relevant procedures for companies to file tax returns in Afghanistan?

#### 4.4.1 Tax filing time

The tax filing time for enterprises is the end of the fiscal year in Afghanistan. Each fiscal year starts on March 21 of that year, it ends on March 20th of the following year.

#### 4.4.2 Tax reporting channels

If the enterprise has a professional accountant, it can file a tax declaration at the Ministry of Finance in Kabul; if there is no professional accountant, professional accountants can file tax declarations through consulting companies or accounting firms.

#### 4.4.3 Tax filing procedures

The tax declaration is linked to the annual inspection of the company's business license. The basic procedure is: the enterprise needs to bring the old camp business license, corporate tax number, annual corporate financial and

accounting statements and income statement, and fill in the survey at the Ministry of Finance form; the Ministry of Finance calculates the amount of tax payable by the enterprise based on the enterprise statement; the enterprise pays the tax at the central bank, the central bank issues a receipt for the payment; the enterprise returns the receipt to the Ministry of Finance, and the Ministry of Finance issues the tax payment after verification

Certificate: The enterprise shall apply for the renewal of its business license to the Investment Promotion Bureau with the certificate of the Ministry of Finance.

#### 4.4.4 Tax filing information

[Documents to be submitted for corporate tax filing]

- (1) Corporate income tax return;
- (2) Details of salary withholding tax and a copy of the payment slip of salary withholding tax;
- (3) Provide the details of rent withholding tax for each property separately, and the payment of rent withholding tax a copy of the bill, the details of the interest income obtained or earned in a year and the profit shown in the financial statements interest income is consistent;
- (4) Details of the dividend withholding tax, and a copy of the dividend withholding tax payment slip;
- (5) Monthly income details, quarterly business income tax payment vouchers, and business income tax deductions a copy of the tax payment slip;
- (6) Details of creditors and accrued expenses;
- (7) Details of the contractor's withholding tax, a copy of the contractor's withholding tax payment slip, and Copy of relevant business license of each contractor;
- (8) Details of business transactions with related parties;
- (9) Business transaction details with foreign branches or headquarters;
- (10) Details of adding fixed assets during the one-year period;
- (11) Details of scrapped fixed assets during one year;
- (12) Divide income into taxable income and tax-exempt income;
- (13) A photocopy of the ruling on tax exemption;
- (14) Provide details of income tax collected at the import stage and a copy of income tax payment form;
- (15) Details of the tax withholding for interest deducted from the bank, the qualification certificate of the payer, and interest deduction a copy of the payment slip for tax payment;
- (16) Provide details of other taxes deducted from the bank, proof of qualifications of the payer, and handwriting a clear copy of the payment slip for withholding taxes;
- (17) Provide a copy of the contract signed with the company during the one-year period; in addition, the payment of personal income tax and contract tax does not require the submission of the above documents.

#### 4.5 How to apply for a work pass to Afghanistan?

##### 4.5.1 Competent authority

Foreigners working in Afghanistan must obtain a work permit issued by the Afghan Labor Department.

#### 4.5.2 Work permit system

Afghanistan implements a work permit system, and foreigners can apply for visa extension only with a work permit.

#### 4.5.3 Application procedure

For foreign employers and employees to apply for work permits, they need to bring relevant materials. Obtained after review by the Ministry of the Interior and payment. After entering Afghanistan, from application to obtaining a work permit, generally it takes more than 1 month. The application process and required materials for Chinese work permits are as follows:

- (1) Apply for an entry visa at the Afghan Embassy in China;
  - (2) Qualification certification (graduation certificate, title certificate, etc.) at the Afghan Embassy in China;
  - (3) Applicants bring passports and qualification certificates to Afghanistan for labor, social affairs and disability the Foreign Resident Affairs Office of the Ministry of Human Resources submits the job application, receives the form, fills in the resume and submits.
  - (4) The applicant submits the "Credit Investigation Letter" issued by the Foreign Resident Affairs Office to the Criminal Police Department of the Ministry of Internal Affairs of Afghanistan, if there is no criminal record, the Criminal Police "Letter" add "no criminal record";
  - (5) The applicant sends back the instruction letter of "Credit Investigation Letter" with "no criminal record" to the foreigner the Residence Affairs Office, based on which the office issues a payment notice;
  - (6) The applicant pays the fee at the Central Bank of Afghanistan and obtains the payment receipt;
  - (7) The applicant will hand over the bank bills to the Foreign Residency Affairs Office, usually within one week
- A work visa can be obtained within.

#### 4.5.4 Provide information

The original and photocopy of business license, passport and visa are required.

### 4.6 What are the institutions that can provide investment cooperation consulting to Chinese companies?

#### 4.6.1 Economic and Commercial Office of the Chinese Embassy in Afghanistan

Address: Sardar Shah Mohamoud Ghazi Watt, Kabul, Afghanistan

Phone: 0093-786100008

Fax: 0093-020-2107248

Email: af@mofcom.gov.cn

Website: af.mofcom.gov.cn

#### 4.6.2 Chinese Embassy in Afghanistan

Address: Sardar Shah Mohamoud Ghazi Watt, Kabul, Afghanistan

Phone: 0093-20-2102548

Fax: 0093-020-2107248

Consular Department: 0093-20-2105147

Email: chinaemb\_af@mfa.gov.cn

Website: af.china-embassy.org

#### 4.6.3 Afghan Embassy in China

Address: No. 8 Dongzhimenwai Street, Beijing

Zip code: 100600

Phone: 010-65321582; 65321629

Fax: 010-65322269

#### 4.6.4 Overseas Investment Consulting Center of Research Institute of Ministry of Commerce of China

Address: No. 28, Donghou Alley, Anwai, Dongcheng District, Beijing

Phone: 010-64515042, 64226273, 64515043

Fax: 010-64212175

Email: kgjyb@126.com

Website: www.caitec.org.cn

#### 4.6.5 UNDP China Overseas Sustainable Development Office

Address: United Nations Development Programme, No. 2 Liangmahe South Road, Chaoyang District, Beijing

Phone: 010-85320733, 85320776

#### 4.6.6 Overseas Investment Project Information Center of South-South Cooperation Promotion Association

Address: No.2, Baiqiao Nanli, Dongcheng District, Beijing

Phone: 010-65280465, 56765617

Website: [www.china-ofdi.org](http://www.china-ofdi.org)

### 5. What matters should Chinese companies pay attention to when conducting investment cooperation in Afghanistan?

The Afghan economy is currently undergoing a difficult start, and the road to reconstruction and peaceful development is still very long. Financial not self-reliance, the security situation is unstable; the industrial development is not balanced, the agricultural investment is small, and the industrial development is slow. The service industry is rising rapidly, the infrastructure is not perfect, and the efficiency of work is not high.

#### 5.1 Investment

The disadvantages of investing in Afghanistan are as follows:

(1) The security situation is unstable. Currently, Afghanistan is in an important transitional period. United States and North after about the withdrawal of troops from Afghanistan, the Afghan government took over the responsibility of national security and defense. Although Afghanistan's politics the government expressed its confidence and ability to control the security situation, but the international community has people living in Afghanistan have expressed concerns about the domestic situation. On May 31, 2017, a major terrorist attack occurred in Afghanistan the attack caused more than 700 casualties. Judging from the situation in the first half of 2020, the internal security situation in Afghanistan continue to deteriorate.

(2) The cost of security is high. The security situation in Afghanistan is unstable, with vicious incidents such as bombings and kidnappings. In order to prevent security risks, companies have significantly increased their security expenditures, including the provision of bulletproof vehicles, monitoring and communication equipment, employing a large number of security personnel, etc.

(3) The laws and regulations are not perfect, the work time is long, and the work cost is high.

(4) Insufficient infrastructure, such as lack of electricity, unstable voltage, poor road traffic conditions, etc.

(5) Difficulties in financing large-scale projects. Chinese banks have been cautious.

(6) There is a shortage of local technical personnel in Afghanistan, and the labor capacity needs to be greatly improved.

(7) The transportation cycle is difficult to control. The most convenient transportation route from Kabul to Karachi in Afghanistan,

It is often interrupted due to various factors, and the cost of detention at the port is relatively high; transportation via Iran or Uzbekistan material costs are also relatively high.

For this reason, Chinese companies wishing to invest in Afghanistan should pay attention to the following aspects:

(1) Make cautious decisions. Before investing, pay close attention to and study the political and security situation in Afghanistan trend, comprehensive assessment from the three aspects of technology, economy and safety.

(2) Pay attention to security. The security and abnormal expenditure costs should be fully considered, and a security plan should be formulated. Minimize personal and property safety risks.

(3) Leave room. The reconstruction of Afghanistan is a multifaceted reconstruction. Discussing the project implementation plan at the same time, in line with the principle of seeking truth from facts, formulate an implementable schedule. Don't just ask for quickness or simplicity to comply with the progress requirements of the Afghan side, it is necessary to take into account that the Afghan side often lagging factors appear.

(4) Pay attention to environmental protection. Environmental pollution and protection of cultural relics are politically and socially sensitive issues that are easily cited Started political hype. The investment unit should attach great importance to it and handle it prudently.

(5) Research society. Afghan religions, ethnic groups, tribes and parties have more influence on social life therefore, it is necessary to conduct in-depth research, handle various relationships well, and strive for understanding and support from multiple parties.

(6) Pay attention to public welfare. Investment companies must actively perform social responsibilities and actively promote localized economic camp, enthusiastic about local welfare and charity, and strive for a good foothold and living environment for itself.

(7) Do a good job in training. The Arab side pays great attention to the training of local personnel, and the investment unit should do a good job training plans and actively implement related plans.

(8) Legal operations. It is necessary to abide by Afghanistan's policies and regulations, act in accordance with the law, and pay taxes in accordance with the regulations. Not it is necessary to use bribery and other illegal competition methods to avoid conflicts of interest or competition with local interest groups.

## 5.2 Trade

When Chinese-funded enterprises conduct trade with Afghanistan, they should abide by contracts and keep promises, and their products should pay attention to quality. Quantity, marketable. Mechanical and electrical products should pay attention to and improve after-sales service; choose a payment that is beneficial to China way. You should choose T/T payment more in trade. If payment is made by letter of credit, a third country's bank guarantee is required against.

## 5.3 In terms of contracted projects

Chinese-funded enterprises should pay attention to the following when carrying out contracted projects in Afghanistan:

- (1) Avoid participating in projects with long lines, many points, and difficult to guard against;
- (2) Carry out safety assessment of the project and not participate in the bidding of safe and insecure projects;
- (3) The quotation must take full account of unforeseen factors, including transportation interruption, armed assault, tying frame and other factors;
- (4) It is not suitable to adopt a low-price bidding model.

## 5.4 In terms of labor service cooperation

Afghanistan is one of the poorest and most dangerous countries in the world, with an unemployment rate of about 40%. Chinese-funded enterprises temporarily it is inappropriate to carry out labor cooperation in Afghanistan at times.

## 5.5 Preventing investment cooperation risks

In the process of investment, trade, contracted projects and labor cooperation in Afghanistan, special attention must be paid preliminary investigation, comprehensive analysis and evaluation of related risks, and a good job in risk avoidance and management, and effectively ensure impede one's own interests. In particular, it is necessary to investigate and evaluate the creditworthiness of project or trade customers and related parties. Assessment, careful selection of partners, analysis and avoidance of political risks and business industry risk. Relevant enterprises should actively use insurance, guarantees, banks and other insurance financial institutions and other specialized The relevant business of the industry risk management agency protects its own interests. Including trade, investment, contracted engineering and labor credit insurance, property insurance, personal safety insurance, etc., factoring business and forfaiting of banks, business, various types of guarantee business (government guarantee, commercial guarantee, letter of guarantee), etc. It is recommended that Chinese companies use Chinese policy-based financial insurance in the process of overseas investment and cooperation. Institutions-information including political risks and commercial risks provided by China Export & Credit Insurance Corporation use risk protection products; you can also use commercial guarantees provided by policy banks such as the Export-Import Bank of China service.

China Export & Credit Insurance Corporation is a state-funded establishment to support China's foreign economic and trade development. The state-owned policy insurance company with independent legal person

status and development and cooperation is the only financial institutions that provide policy-oriented export credit insurance business. The company's insurance products that support enterprises' foreign investment and cooperation products include short-term export credit insurance, medium and long-term export credit insurance, overseas investment insurance and financing nationalization expropriation, foreign exchange restrictions, wars, and political provide risk protection against economic losses caused by political risks such as riots and breach of contract. Understand related services, Please log in to the company's website address: [www.sinosure.com.cn](http://www.sinosure.com.cn) If a risk loss occurs without effective risk aversion, it must be based on the loss situation recover the losses through oneself or related means as soon as possible. Businesses underwritten by credit insurance agencies are covered by credit insurance institutions determine damages and compensate for risk losses, and relevant institutions assist credit insurance institutions in recovering.

## 5.6 Other matters needing attention

(1) The most important thing for Chinese-funded enterprises to pay attention to when conducting investment cooperation in Afghanistan is security. Invest or contract projects in safe and insecure locations, and those who have implemented projects in hazardous areas should strengthen safety awareness, attach great importance to safety precautions, and ensure safety. In addition, local laws and regulations should be complied with. Emphasize local customs and habits.

(2) In recent years, projects such as highway, hydropower station construction, and mineral development undertaken by foreign companies encountered various obstacles in the implementation process, leading to delays in the construction period and increasing the management and construction of the construction unit costs and even losses. These obstacles include the inability of documents such as project construction plans, environmental impact assessment reports, etc. Approved on time, land cannot be handed over to the developer on time, cultural relics cannot be excavated on time, transportation line terrorist attacks on the road, armed kidnapping on the way to and from get off work, and complicated procedures for duty-free imports. The reason for this phenomenon is that many years of wars have led to many basic technical tasks in Afghanistan. Seriously missing, lack of meteorological, hydrological, seismic, surveying and mapping data, and most of the existing data comes from in the 1970s and 1980s. Except for a few major cities and airport weather stations, there is a small amount of gas in recent years. Apart from the data, there are basically no facilities such as hydrological stations and seismic observation stations. In addition, due to the Afghan industry the foundation is weak, and the relevant technical management systems and standards in most industries are not sound, and some are almost empty. In recent years, after the Afghan government departments encountered such problems, under the influence of Western countries, the main it is the introduction of some management systems from the West. The introduced systems and standards may not be in line with the country's reality. Afghanistan's economic and technological level is not compatible and incomprehensive. At the same time, it will bring a certain degree to Chinese-funded enterprises troubled.

(3) China does not have a medical team in Afghanistan. It is recommended that Chinese personnel do it seriously before going to Afghanistan have a good physical examination and prepare your own common medicines, especially medicines for diarrhea and fever.

(4) U.S. and NATO "coalition forces" performing "firm support missions" in Afghanistan, and

The Afghan army has many military and administrative locations throughout the country, such as important government departments, foreign missions, military installations, police posts, etc. It is forbidden to take pictures in these sensitive areas. Before taking pictures, please don't pay attention and consult with local personnel, and don't take pictures outside of tourist attractions, so as not to cause discomfort. Necessary trouble and danger. Without permission, do not take pictures of local people, especially local ladies. Unaccompanied women are susceptible to harassment and verbal abuse when going out, and it is best to be accompanied by a man. Try to go out when traveling by car, at least two people travel together; avoid carrying large amounts of cash and valuables. Bring your passport, work identification such as proof; doors and windows are locked while driving; when the



road meets the military police requesting to stop for inspection, the driver and passenger the staff must not get off the car rashly. U.S. and NATO "coalition" vehicles are the key targets of armed attacks. Try to rather than keep your distance, pull over to park, or keep a distance, don't follow driving and taking pictures.

(5) The Chinese Embassy in Afghanistan reminds Chinese citizens in Afghanistan to pay close attention to the security situation, strengthen the awareness of safety precautions, strengthen self-safety protection, and reduce unnecessary outings. In case of emergency, please contact the embassy in time for assistance. The 24-hour assistance telephone number of the Chinese Embassy in Afghanistan: 0093-791513339. The telephone number of the Global Consular Protection and Service Emergency Call Center of the Ministry of Foreign Affairs: 0086-10-12308/59913991.

(6) The term of office of the President of Afghanistan is 5 years. The National Unity Government was established in the 2014 general election. The presidential election was held on September 28, 2019, and Chinese companies should pay attention to the local situation.

6. How can Chinese companies establish harmonious relations in Afghanistan?

6.1 Handle the relationship with the government and parliament

Afghanistan implements a political system with separate powers of the government, parliament and courts. In addition, Afghanistan has there are tribal social characteristics. The elders and members of the parliament benefit, has high prestige in the region. Chinese-funded enterprises carry out business activities in Afghanistan, not only straighten up the relationship with the government, but also strengthen the liaison with important members of the parliament and the court to enhance the relationship and mutual trust, establish a better relationship with them, and obtain their support, which is conducive to Chinese enterprises in the local area. Create a harmonious environment. Chinese-funded enterprises must also pay attention to the news locally, and care about the government, parliamentary elections, and the United States. The country's troop withdrawal and the possible impact of changes in Afghanistan's relations with neighboring countries.

6.2 Properly handle relations with trade unions

At present, the influence of the Afghan trade unions is limited. Ignore it completely.

6.3 Close relationship with local residents

Chinese companies need to understand and respect local culture and customs. In the implementation of the project, the local the enterprise subcontracts or hires local workers as much as possible to create as many local employment opportunities as possible. Suitable when giving back to the local society, qualified enterprises can help the locals build mosques, schools, hospitals, and roads. Road and so on.

6.4 Respect local customs and habits

Afghans believe in Islam devoutly. The Quran, Muslim Prophet, National Emblem and Related Religions the logo is sacred and supreme in the Muslim world. Any insult, blasphemy, slander and slander words and deeds, even unintentional, including altering or tearing up the paper with these marks, can lead to strict heavy consequences. The local people hold prayers several times a day at a fixed time. The location may be in the meeting room during office appointments, or even on the way to travel. Chinese-funded enterprises should fully understand and respect, and never there may be ridicule or complaining remarks or expressions. Afghans have strong national self-esteem, employees of Chinese-funded enterprises treat them as equals and respect the customs of the locals. Afghans ban alcohol in public, Chinese personnel should not persuade alcohol, and the dress should not be too casual, and women's dresses should not be exposed.

6.5 Protect the ecological environment in accordance with the law

To understand Afghanistan's environmental protection laws and regulations, the waste should be planned in advance and the treatment plan should be designed. Environmental protection programs for large-scale projects, including environmental protection standards, we must pay attention to obtain the approval of the Arab side.

#### 6.6 Undertake necessary social responsibilities

Chinese-funded enterprises should operate legally and pay taxes according to regulations; the business they engage in should be beneficial to the local society, it is conducive to increasing employment and improving people's income; what they do should avoid arousing resentment and resistance from local residents. System; improve security awareness, strengthen security measures, and avoid safety accidents; reasonably pay local employees pay for wages, properly handle pollution in production, etc.; according to financial resources, actively participate in disaster relief, humanitarian assistance, charity activities, public welfare undertakings, reasonable return to society. Chinese-funded enterprises in Afghanistan should follow the customs and follow the customs abide by local laws and customs, pay attention to your own words and deeds, and refrain from doing things that damage the image of the country and the company.

#### 6.7 Know how to deal with the media

Afghan television, newspapers and other media have a greater influence in people's daily lives. Chinese enterprises you can use the media to learn about local news and obtain information related to the survival and development of the company, or you can use The media promotes itself positively, creates public opinion for the development of the enterprise and strives for more development opportunities. Khan has a Chinese-owned media stationed in the local area. The company should first maintain a good relationship with the Chinese-owned media, and get acquainted with handed over to the main local mainstream media. For major projects in cooperation with the government, it is necessary to actively strive for the Afghan government with the cooperation of the government, we will jointly do a good job in external publicity work.

#### 6.8 Learn to deal with law enforcement officers

Chinese-funded enterprises in Afghanistan should abide by local laws and regulations, and at the same time learn to dealing with law enforcement officials including officials from the police, taxation, labor departments, and other related units, be reasonable and restrained, and make friends extensively and deeply. In addition, Chinese personnel should pay special attention to going out must bring relevant documents.

#### 6.9 Spreading Chinese traditional culture

Chinese traditional culture is a reflection of national characteristics and styles that have evolved from the evolution of Chinese civilization. The national culture of the Chinese nation is the crystallization of thousands of years of civilization of the Chinese nation. It is broad and profound, has a long history and is compatible inclusive, harmonious but different. Chinese enterprises and personnel should pay attention to promotion in the process of investment and cooperation in Afghanistan Chinese traditional culture, cultivate civilized morality, establish a sense of honesty and trustworthiness, and improve cross-cultural management level, promote the harmonious development of Chinese culture and local culture.

#### 6.10 Other

Since Afghanistan is a high-risk area, Chinese business personnel should not take photos casually in the local area; documents should be presented during the investigation; stay away from Westerners, foreign military vehicles and high-ranking government officials in public places or on the road fleet. In case of US or NATO military vehicles passing by or driving in the same direction, they should take the initiative to slow down and move to the side, or keep a considerable distance from them to protect yourself and prevent unnecessary trouble.

### 7. What should Chinese companies/personnel do if they encounter difficulties in Afghanistan?

## 7.1 Seek legal protection

In Afghanistan, due to differences in legal systems and languages, in order to facilitate communication and improve efficiency, China investment enterprises should hire local lawyers or legal advisers to deal with the legal affairs of the enterprise as much as possible. Some local lawyers have a good relationship with government departments and law enforcement agencies. Once economic and legal disputes arise, they can with the help of a lawyer.

## 7.2 Seek help from the local government

The central and local governments of Afghanistan value foreign investment. Chinese-funded companies investing in Afghanistan, if they ever encounter difficulties or troubles, you should first contact relevant government agencies and competent authorities to obtain support and help, don't listen to others without knowing the details of the other party, and ask for help and solve problems at will. If necessary, obtain the government's consent or approval. If you are contracting projects and doing business in the tribal area, you should maintain good relations with local tribal elders and win their support.

## 7.3 Obtain the protection of the Chinese embassy (consulate) in the local area

The Chinese Embassy in Afghanistan protects the legitimate rights and interests of Chinese citizens in Afghanistan. Chinese companies should first obey the laws and regulations of Afghanistan. In order to better obtain the protection of the Chinese Embassy, Chinese companies and Chinese citizens when coming to Afghanistan, you should pay attention to the following points:

### (1) Take the initiative to file at the embassy

For Chinese-funded companies to do business in Afghanistan, they need to seek the advice of the Economic and Commercial Counselor of the Chinese Embassy in Afghanistan in advance. See, get approval or support from domestic commerce authorities. Approved by the domestic commerce department in Afghanistan Khan investment and contracted project enterprises should go to the Economic and Commercial Office for filing in accordance with regulations. Companies and individuals in Afghanistan for registered companies, an official letter must be issued by the Chinese Embassy.

### (2) Keep in touch with the embassy

Afghanistan is a special high-risk area with a severe security situation and a complex business environment. Therefore, in the foreign-funded enterprise shall accept the leadership of the embassy, designate a special contact person, and be responsible for maintaining regular contact with the embassy. In case of major problems and emergencies, they should report to the embassy as soon as possible, and report to the embassy's leadership and coordination. Transfer to deal with related matters. In peacetime, the embassy will often provide the company with relevant consultation and services, and inform full information and precautions.

7.4 Establish and start emergency plan Chinese enterprises in Afghanistan must attach great importance to security work, establish safety measures and formulate emergency response plan. When formulating a plan, carefully investigate and evaluate the local situation, make full use of local resources, and build establish a corresponding contact mechanism. It is necessary to strengthen internal security education, set up special security personnel on duty, and increase be on guard, conduct drills according to the plan, check security measures, and eliminate loopholes.

## 7.5 Other response measures

When doing business in Afghanistan, you must pay special attention to safety, and you should also do the following:

- (1) Seriously study and judge the safety situation, and pay attention to the safety situation and development of the corporate office project location trend, objective assessment of potential risks;
- (2) Strengthen the duty system to maintain unblocked communication with the outside world;
- (3) Establish a good relationship and contact mechanism with the local government, military police, tribal elders, and hospitals;
- (4) Strengthen contacts and exchange experiences with other Chinese companies;
- (5) Pay attention to internal unity and reduce unnecessary outings; adhere to the system of asking for leave when going out, and take security measures when going out.

8. What should I do if I encounter a major emergency in Afghanistan?

#### 8.1 The development of the new crown pneumonia epidemic in the host country (region)

On February 24, 2020, the first case of new coronary pneumonia was confirmed in Afghanistan. As of September 28, Khan found a total of 39,254 confirmed cases of new coronary pneumonia, a total of 32,746 cases were cured, and 1,458 cases died. Its among them, the capital Kabul has 15,014 confirmed cases. Considering that Azerbaijan's detection capabilities are limited and the number of detections is small, the actual number of infections may be higher. Affected by the epidemic, countries surrounding Afghanistan have closed border ports, and almost all inbound and outbound flights have been the Ministry of Transport was suspended, and Afghanistan's import and export trade suffered a serious setback. At the same time, the epidemic has broken out in 34 provinces across Afghanistan. Major cities in Azerbaijan have been closed down, people have restricted travel, shops have been forced to close, and small and medium-sized enterprises have struggled to support it. Because agricultural products and cash crops such as vegetables and fruits cannot be exported, the prices of domestic daily necessities continue to rise. The people's living standards have dropped sharply. On April 12, the World Bank predicted that the epidemic will lead to Afghanistan in 2020 GDP fell 3.8% to 5.9% year-on-year.

#### 8.2 Epidemic prevention and control measures in the host country (region)

In order to prevent and control the spread of the epidemic, the Afghan government has taken steps to strengthen epidemic prevention propaganda, request international assistance, measures such as strict port control, restricting the flow of people, improving testing capabilities, and establishing new medical institutions have not been promulgated special regulations on restrictions on foreign investment, inspection and quarantine, and local employment of foreigners. Currently, the international community, including China, has provided assistance to Afghanistan in fighting the epidemic, and has played an active role in the prevention and control of the epidemic in Afghanistan.

8.3 The impact of the host country (region)'s epidemic prevention and control measures on foreign investment cooperation business the Afghan government has not taken restrictive measures on the entry and exit of people or trade in goods, but flights have been suspended make it difficult for people to get in and out of Afghanistan. Foreigners' work in Afghanistan is basically unaffected, but they should abide by the government's epidemic prevention requirements, try to avoid unnecessary travel and intensive contact with people. No investment cooperation industry involved.

8.4 What support policies does the host country (region) have for the affected foreign-invested enterprises? Few foreign-invested companies use loans or financing for project development in Afghanistan. Afghan politics the government has not issued a special support policy for affected foreign-invested enterprises. If the contract is affected by the epidemic difficulties in performance, etc., can be resolved through negotiation between the parties to the contract in accordance with the force majeure clause.

8.5 The impact of the new crown pneumonia epidemic on local Chinese-funded enterprises and prevention of local epidemic risks the impact of the epidemic on local Chinese-funded enterprises is mainly due to limited personnel exchanges and business negotiations, and material supply. It should be related to the obstruction of cargo transportation, the difficulty of project implementation and local recruitment, etc. The above situation caused some projects delay in construction period. It is recommended that Chinese-funded enterprises must further improve their awareness of health and epidemic prevention, establish and improve emergency plans, and complete proper epidemic prevention measures, reserve epidemic prevention materials, do a good job in daily health inspections of employees, and strengthen management of local employees. In case of emergency, contact the local health and anti-epidemic department and the embassy in time.

#### Appendix 1 List of Major Government Departments and Related Institutions in Afghanistan

(1) Ministry of Industry and Commerce

Website: [www.moci.gov.af](http://www.moci.gov.af)

(2) Ministry of Foreign Affairs

Website: [www.mfa.gov.af](http://www.mfa.gov.af)

(3) Ministry of Justice (Ministry of Justice)

Website: [www.moj.gov.af](http://www.moj.gov.af)

(4) Central Statistics Office of Afghanistan (Central Statistics Office of Afghanistan)

Website: [www.cso.gov.af](http://www.cso.gov.af)

(5) Ministry of Communications and Information Technology (Ministry of Communications and Information Technology)

Website: [www.mcit.gov.af](http://www.mcit.gov.af)

(6) Ministry of Finance

Website: [www.mof.gov.af](http://www.mof.gov.af)

(7) Ministry of Water and Energy (Ministry of Water and Energy)

Website: [www.mew.gov.af](http://www.mew.gov.af)

(8) Ministry of Transport (Ministry of Transport)

Website: [www.mot.gov.af](http://www.mot.gov.af)

(9) Ministry of Interior of Afghanistan (Ministry of Interior)

Website: [www.moi.gov.af](http://www.moi.gov.af)

(10) Afghanistan Ministry of Mines and Petroleum (Ministry of Mines and Petroleum)

Website: [www.mom.gov.af](http://www.mom.gov.af)

(11) Ministry of Agriculture, Irrigation and Livestock of Afghanistan (Ministry of Agriculture, Irrigation and Livestock)

Website: [www.mail.gov.af](http://www.mail.gov.af)

(12) Afghan National Electric Power Company

Website: [www.main.dabs.af](http://www.main.dabs.af)

(13) Information Center (ARDS-Afghanistan) of the Department of Reconstruction and Development Services, Ministry of Economy, Afghanistan

Reconstruction and Development Services)

Website: [www.ards.gov.af](http://www.ards.gov.af)

(14) Afghanistan Chamber of Commerce and Industries)

Website: [www.acci.org.af](http://www.acci.org.af)

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Appendix 2 Afghan Chinese Chamber of Commerce and Major Chinese Enterprises

1. Afghanistan Chinese Business Association

President: Meng Xiaoli

Phone: 0093 (0) 789824457

2. Major Chinese companies

(1) PetroChina-Watan Oil and Gas Afghanistan Co., Ltd.

No one is currently in Afghanistan

(2) MCC Jiangtong Aynak Mining Co., Ltd.

Phone: 0093 (0) 797635841

Email: [kbl@mcc-mining.com](mailto:kbl@mcc-mining.com)

(3) China Railway 14th Bureau Group Co., Ltd. (Afghanistan)

Phone: 0093 (0) 790406043

Email: [wc-129@126.com](mailto:wc-129@126.com)

(4) ZTE Corporation (Afghanistan)

Phone: 0093 (0) 786218146

Email: [guo.xiaoqiang6@zte.com.cn](mailto:guo.xiaoqiang6@zte.com.cn)

(5) Huawei Technologies Co., Ltd. (Afghanistan)

Phone: 0093 (0) 729202017

Email: [liuchongming@huawei.com](mailto:liuchongming@huawei.com)

(6) China 19th Metallurgical Group Co., Ltd. (Afghanistan)

Phone: 0093 (0) 797587878

Email: xushaokun@foxmail.com

(7) China Power Engineering Co., Ltd. (Afghanistan)

Phone: 15617558900

Email: 2579829107@qq.com

(8) Xinjiang Beixin Road and Bridge Construction Co., Ltd. (Afghanistan)

Phone: 0093 (0) 730532797

Email: 30984130@qq.com

(9) China Road and Bridge Engineering Co., Ltd. Afghanistan Branch

Phone: 0093 (0) 707080492

Email: wanss\_1@crbc.com

(10) Jiangsu Electric Power Design Institute (Afghanistan)

Phone: 0093 (0) 789534554

Email: guomeng@qq.jspdi.com.cn

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"Afghanistan" in "Guide to Countries (Regions) for Foreign Investment Cooperation" is particularly important for Chinese companies. It is the investment cooperation environment that is generally concerned when small and medium-sized enterprises go to Afghanistan to carry out investment cooperation business. Gave an objective introduction; given various issues that may arise when Chinese companies do business in Afghanistan I hope that this "Guide" can be an entry guide for Chinese companies to enter Afghanistan, but due to the article the scope is limited, and different investors need different information, the information provided in this "Guide" is only for readers reference, not as the entire basis for business investment decisions. The Department of Foreign Investment and Economic Cooperation of the Ministry of Commerce organized and coordinated the compilation of the "Guide". This "Guide" prepared by the Economic and Commercial Section of the Chinese Embassy in Afghanistan. Research on Foreign Investment Cooperation of Research Institute of Ministry of Commerce Experts and scholars from the Institute and the China Overseas Investment Consulting Center have supplemented and revised the content of the "Guide". Comrades from the Asia Department of the Ministry of Commerce put forward valuable comments on the relevant content in the article. In the process of writing this book, we have consulted the Chinese Ministry of Foreign Affairs, the Chinese Customs, and the Central Committee of Afghanistan. Government departments and professional institutions such as the Bureau of Statistics, as well as international organizations such as the World Bank and the International Monetary Fund the public information of the organization is hereby explained and thanked. Due to the rush of time and our level limits, if there is any impropriety, criticisms and corrections are welcome.

Editor

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