

Country Profile:

Islamic Republic of Afghanistan

جمهوری اسلامی افغانستان



Afghanistan at a Glance

Capital:	Kabul
Official language:	Pashto- Dari
Population:	(2013estimate) 31,108,077
Government:	Islamic Republic
Establishment	First Afghan State: October 1747
National or Regional Currency:	Afghani(AFN)
Area:	Total: 652,230 sq km Land: 652,230 sq km Water: 0 sq km

Location: Southern Asia, north and west of Pakistan, east of Iran

Geographic coordinates: 33 00 N, 65 00 E

Map references: Asia

Area: total: 652,230 sq km land: 652,230 sq km water: 0 sq km

Terrain: mostly rugged mountains; plains in north and southwest

Land boundaries: total: 5,529 km border countries: China 76 km, Iran 936 km, Pakistan 2,430 km, Tajikistan 1,206 km, Turkmenistan 744 km, Uzbekistan 137 km

Coastline: 0 km (landlocked)

Maritime claims: none (landlocked)

Geography - note: landlocked; the Hindu Kush mountains that run northeast to southwest divide the northern provinces from the rest of the country; the highest peaks are in the northern Wakhan (Wakhan Corridor)¹



History

The Pre-Islamic Period: Archaeological evidence indicates that urban civilization began in the region occupied by modern Afghanistan between 3000 and 2000 B.C. The first historical documents date from the early part of the Iranian Achaemenian Dynasty, which controlled the region from 550 B.C. until 331 B.C. Between 330 and 327 B.C.

The Islamic Conquest: After defeating the Sassanians at the Battle of Qadisiya in 637, Arab Muslims began a 100-year process of conquering the Afghan tribes and introducing Islam. By the tenth century, the rule of the Arab Abbasid Dynasty and its successor in Central Asia, the Samanid dynasty, had crumbled.

The Mongol Conquests: In 1220 all of Central Asia fell to the Mongol forces of Genghis Khan. Afghanistan remained fragmented until the 1380s, when Timur consolidated and expanded the existing Mongol Empire. Timur's descendants ruled Afghanistan until the early sixteenth century.

The Pashtun Rulers: In 1504 the region fell under a new empire, the Mughals of northern India, who for the next two centuries contested Afghan territory with the Iranian Safavi Dynasty. With the death of the great Safavi leader Nadir Shah in 1747, indigenous Pashtuns, who became known as the Durrani, began a period of at least nominal rule in Afghanistan that lasted until 1978.

Full Independence: In 1919 Afghanistan signed the Treaty of Rawalpindi, which ended the Third Anglo-Afghan War and marks Afghanistan's official date of independence.

Soviet Occupation: Between 1979 and 1989, two Soviet-sponsored regimes failed to defeat the loose federation of mujahideen guerrillas that opposed the occupation. In 1988 the Soviet Union agreed to create a neutral Afghan state, and the last Soviet troops left Afghanistan in 1989. The agreement ended a war that killed thousands, devastated industry and agriculture, and created 5 to 6 million refugees.

Civil War and the Taliban: The 1988 agreement did not settle differences between the government and the mujahideen, and in 1992 Afghanistan descended into a civil war that further ravaged the economy.

The Taliban granted the Arab terrorist organization al Qaeda the right to use Afghanistan as a base. As al Qaeda committed a series of international terrorist acts culminating in attacks on the United States on September 11, 2001, the Taliban rejected international pressure to surrender al Qaeda leader Osama bin Laden. When the United States and allies attacked Afghanistan in the fall of 2001, the Taliban government collapsed, but Taliban and al Qaeda leaders escaped. A United States-led International Security Assistance Force began an occupation that is still in place in 2006.

¹ - <http://www.economywatch.com/economic-statistics/Afghanistan/Geography/>

Rebuilding the Country: In December 2001, Afghan leaders in exile signed the Bonn Agreement, forming an interim government, the Afghan Interim Administration, under the leadership of the Pashtun moderate Hamid Karzai.

Government

Country name:	conventional long form: Transitional Islamic State of Afghanistan former: Republic of Afghanistan local long form: Dowlat-e Eslami-ye Afghanistan
Capital:	Kabul
Administrative divisions:	32 provinces (velayat, singular - velayat)
Independence:	19 August 1919 (from UK control over Afghan foreign affairs)
National holiday:	Independence Day, 19 August (1919)
Constitution:	new constitution drafted 14 December 2003 - 4 January 2004; signed 16 January 2004
Legal system:	according to the new constitution, no law is contrary to Islam; the state is obliged to create a prosperous and progressive society based on social justice, protection of human dignity, protection of human rights, realization of democracy, and to ensure national unity and equality among all ethnic groups and tribes; the state shall abide by the UN charter, international treaties, international conventions that Afghanistan signed, and the Universal Declaration of Human Rights
Executive branch:	chief of state: President of the Islamic Republic of Afghanistan cabinet: 27 ministers; note - under the new constitution, ministers are appointed by the president and approved by the National Assembly elections: the president and two vice presidents are elected by direct vote for a five-year term (eligible for a second term)
Legislative branch:	the bicameral National Assembly consists of the Wolesi Jirga or House of People (no more than 249 seats), directly elected for five-year terms, and the Meshrano Jirga or House of Elders (102 seats, one-third elected from provincial councils for four-year terms, one-third elected from local district councils for three-year terms - provincial councils elected temporary members to fill these seats until district councils are formed, and one-third presidential appointees for five-year terms; the presidential appointees will include 2 representatives of Kuchis and 2 representatives of the disabled; half of the presidential appointees will be women)
Judicial branch:	the constitution establishes a nine-member Stera Mahkama or Supreme Court (its nine justices are appointed for 10-year terms by the president with approval of the Wolesi Jirga) and subordinate High Courts and Appeals Courts (note - nine supreme court justices were appointed in the interim in January 2005 pending National Assembly selection of the constitutionally mandated justices); there is also a minister of justice; a separate Afghan Independent Human Rights Commission established by the Bonn Agreement is charged with investigating human rights abuses and war crimes. ²

² - <http://worldfacts.us/Afghanistan.htm>

International Human Development Indicators

Human Development Index

Ranking: 175

Year	Afghanistan	Low human development	South Asia	World
2012	0.374	0.466	0.558	0.694
2011	0.371	0.464	0.555	0.692
2010	0.368	0.461	0.552	0.690
2009	0.361	0.455	0.545	0.685
2008	0.343	0.448	0.538	0.683
2007	0.346	0.442	0.531	0.678
2006	0.339	0.432	0.522	0.672
2005	0.322	0.424	0.514	0.666

Health

Indicator	Value
Expenditure on health, public (% of GDP) (%)	0.9
Under-five mortality (per 1,000 live births)	149
Life expectancy at birth (years)	49.1
Health index	0.459

Education

Indicator	Value
Public expenditure on education (% of GDP) (%)	1.8
Primary school teachers trained to teach (%)	n.a.
Primary school dropout rates (% of primary school cohort)	54.6
Expected Years of Schooling (of children) (years)	8.1
Adult literacy rate, both sexes (% aged 15 and above)	n.a.
Mean years of schooling (of adults) (years)	3.1
Education index	0.337
Combined gross enrolment in education (both sexes) (%)	54.0

Income

Indicator	Value
GNI per capita in PPP terms (constant 2005 international \$) (Constant 2005 international \$)	1,000

Overview of Economy

Introduction

Afghanistan's economy, which always has been heavily agricultural and one of the poorest in the world was shattered by the wars of the 1980s and the 1990s. Industry, much of which depended on agricultural output, suffered as well. After the wars, small-scale trade in urban centers and agriculture in some regions revived quickly. However, damage to the infrastructure will take much longer to repair. In 2007 some 17 provincial reconstruction teams led by Western civilian and military personnel were working to restore economic infrastructure and security in Afghanistan.

















Economic recovery achieved since 2001 has been based on large-scale international aid, recovery of the agriculture sector, and substantial growth in the services sector. The 2006 London Conference on Afghanistan pledged US\$10.4 billion for economic infrastructure reconstruction during the following three years. In 2008 President Hamid Karzai announced a new five-year National Development Strategy, which includes economic and social components, to be supported by US\$50 billion of foreign funds (about half of which had been committed earlier).

Donor countries at the International Conference in Support of Afghanistan (Paris, June 2008) pledged US\$21 billion for this program over five years. The World Trade Organization began membership negotiations with Afghanistan in 2005; discussions and adjustments were ongoing in 2008, but membership was not expected for several years.

The United States has given Afghanistan status as a least-developed beneficiary developing nation, which removes tariffs on several U.S. imports from Afghanistan. In 2004 the United States signed a bilateral Trade and Investment Framework Agreement, which increased trade levels with Afghanistan. In 2007 a joint statement under that agreement created a new framework for bilateral commercial cooperation. The European Union also gives Afghan products preferential trade status. Trade with Iran has increased substantially in the post-Taliban era. Iran has given Afghanistan the use of its Arabian Sea port at Chabahar under favorable conditions, despite U.S. objections. In 2003 Afghanistan, Iran, and Uzbekistan established a trans-Afghan trade corridor linking Uzbekistan with Chabahar and Bandar-e Abbas. Uzbekistan's border procedures have slowed commerce along the route, however. Trade with Pakistan is complicated by a high level of smuggling across the border; in 2004 an estimated 80 percent of goods entering Afghanistan from Pakistan were subsequently smuggled back into Pakistan. The volume of that commerce was estimated in 2007 at US\$10 billion, compared with US\$2 billion of legitimate trade between the two countries. In 2002 the two countries revived their Joint Economic Commission, which had been moribund for 10 years, in order to improve commercial relations. The commission has not met regularly in the ensuing years, however.

In 2006 the main purchasers of Afghanistan's exports in order of volume were India, Pakistan, the United States, and Britain. The main suppliers of Afghanistan's imports in order of volume were Pakistan, the United States, Germany, and India. The main legal export commodities were fruits and nuts, carpets, wool, cotton, hides and pelts, and precious and semi-precious gems. The main imports were capital goods, food, textiles, and petroleum products. Afghanistan's foreign trade increased substantially in volume in the early 2000s. In the fiscal year ending in March 2007, Afghanistan's exports (not including re-exports) were worth US\$274 million, and imports were valued at US\$3.8 billion, creating an unfavorable trade balance of about US\$3.5 billion

Afghanistan | Economic Indicators

	Last	Previous	Average	Trend	Unit	Reference	
Markets							
CURRENCY	55.56	54.48	47.57			2013-10-03	Monthly
GDP							
GDP	19.90	18.03	4.63		USD Billion	2012-12-31	Yearly
GDP ANNUAL GROWTH RATE	11.80	9.50	12.52		Percent	2013-03-31	Yearly
GDP PER CAPITA	376.45	360.71	188.19		USD	2011-12-31	Yearly
GDP PER CAPITA PPP	1234.67	1183.05	942.05		USD	2011-12-31	Yearly
Labor							
POPULATION	29.82	29.11	15.73		Million	2012-12-31	Yearly
UNEMPLOYMENT RATE	15.00	9.00	6.25		Percent	2011-12-31	Yearly
Prices							
INFLATION RATE	5.80	5.77	4.30		Percent	2012-12-31	Monthly
Money							
INTEREST RATE	15.00	15.00	15.64		Percent	2013-06-15	Monthly
Trade							
BALANCE OF TRADE	-6014.00	-4766.00	-2916.08		USD Million	2012-03-31	Yearly
CURRENT ACCOUNT	-6293.00	-6343.00	-4838.41		USD Million	2012-03-31	Yearly
CURRENT ACCOUNT TO GDP	-40.00	-38.50	-53.11		Percent	2012-03-31	Yearly
EXPORTS	375.85	388.50	352.92		USD Million	2012-03-31	Yearly
IMPORTS	6390.31	5154.25	3267.65		USD Million	2012-03-31	Yearly
Government							
GOVERNMENT DEBT TO GDP	8.00	11.20	66.07		Percent	2011-03-31	Yearly
GOVERNMENT BUDGET	-17.90	-20.30	-20.94		Percent of GDP	2012-03-31	Yearly
CREDIT RATING	15.00						Monthly

Source: <http://www.tradingeconomics.com/albania/indicators>

GDP³

GDP Annual Growth Rate⁴

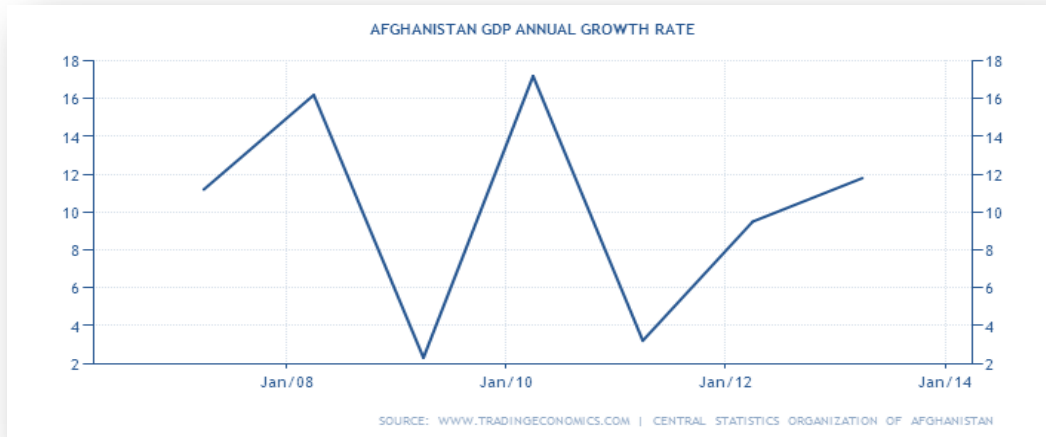
The Gross Domestic Product (GDP) in Afghanistan is expected to expand 11.8 percent in the fiscal year 2012-13 from the previous year. GDP Annual Growth Rate in Afghanistan is reported by the Central Statistics Organization of Afghanistan. Afghanistan GDP Annual Growth Rate averaged 12.52 Percent from 2003 until 2013, reaching an all time high of 28.60 Percent in March of 2003 and a record low of 2.30 Percent in March of 2009. Afghanistan is one of the poorest and least developed countries in the world. Since the collapse of the Taliban government and the NATO led invasion in 2001, the economy has been steadily growing due to the influx of foreign aid and investments.

³ - <http://www.tradingeconomics.com/afghanistan/indicators>

⁴ - GDP Annual Growth Rate | Notes

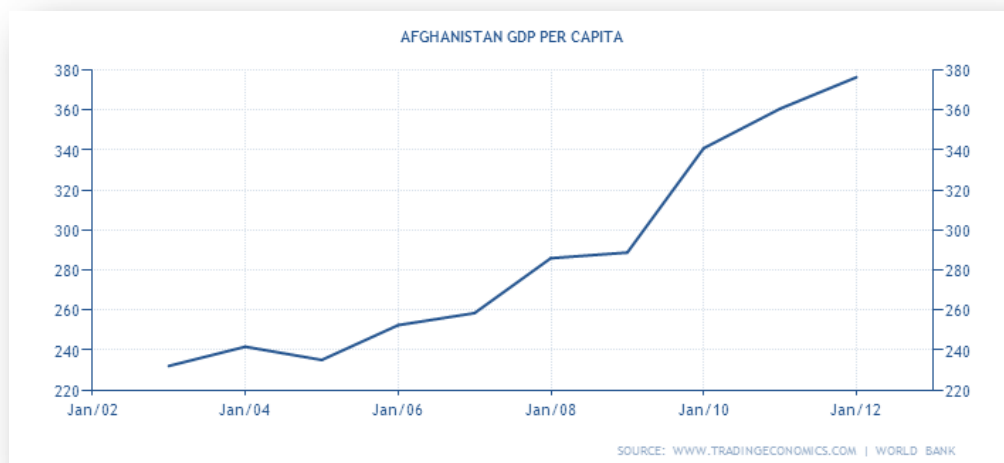
The annual growth rate in Gross Domestic Product measures the increase in value of the goods and services produced by an economy over the period of a year. Therefore, unlike the commonly used quarterly GDP growth rate the annual GDP growth rate takes into account a full year of economic activity, thus avoiding the need to make any type of seasonal adjustment.

However, security threats, the lack of infrastructure and endemic corruption have been hampering economic activity. Agriculture (35 percent of GDP) is the most important sector of the economy, as the majority of the population is dependent on crops. The resurgence of the public sector has led to growth in services, which now account for around 40 percent of GDP. Mining has also been growing rapidly due to exploration of the country's vast mineral resources, such as lithium, and precious stones.⁵



GDP per capita⁶

The Gross Domestic Product per capita in Afghanistan was last recorded at 376.45 US dollars in 2011. The GDP per Capita in Afghanistan is equivalent to 3 percent of the world's average. GDP per capita in Afghanistan is reported by the World Bank. From 1960 until 2011, Afghanistan GDP per capita averaged 188.2 USD reaching an all time high of 376.5 USD in December of 2011 and a record low of 54.4 USD in December of 1962. The GDP per capita is obtained by dividing the country's gross domestic product, adjusted by inflation, by the total population.



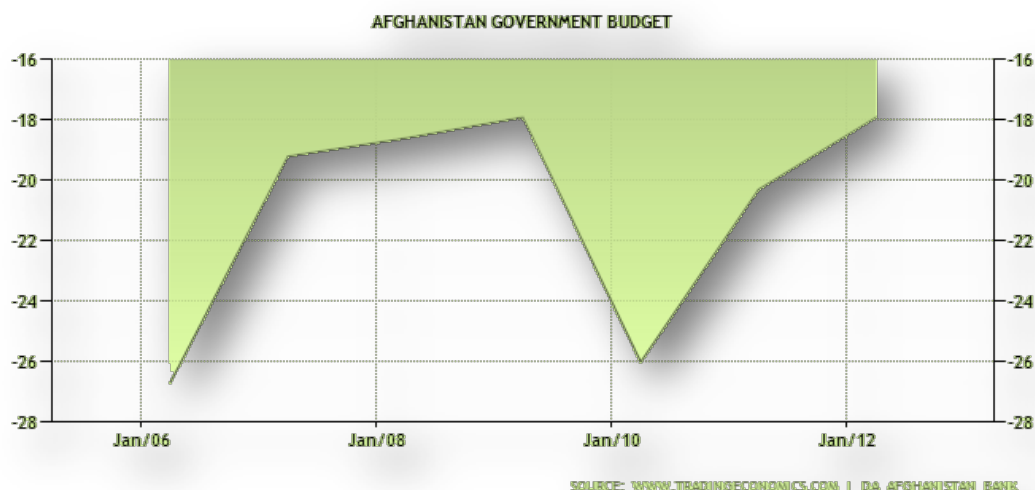
⁵ - <http://www.tradingeconomics.com/afghanistan/gdp-growth-annual>

⁶ - GDP per capita | Notes

The GDP per capita given on this page shows the GDP at purchaser's prices in constant 2000 U.S. dollars divided by midyear population. GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Dollar figures for GDP are converted from domestic currencies using 2000 official exchange rates. The term Constant Prices refers to a metric for valuing the price of something over time, without that metric changing due to inflation or deflation.

Government Budget⁷

Afghanistan recorded a Government Budget deficit equal to 17.9 percent of the country's Gross Domestic Product in 2011/12 fiscal year. Government Budget in Afghanistan is reported by the Da Afghanistan Bank. From 2006 until 2012, Afghanistan Government Budget averaged -20.9 Percent of GDP reaching an all time high of -17.9 Percent of GDP in March of 2012 and a record low of -26.7 Percent of GDP in March of 2006. Government Budget is an itemized accounting of the payments received by government (taxes and other fees) and the payments made by government (purchases and transfer payments).



Foreign Trade Evaluation

Trade	Last		Previous	Highest	Lowest	Forecast		Unit	Trend
BALANCE OF TRADE	-6014.00	2012-03-31	-4766.00	-1660.92	-6014.00	-6119.24	2012-12-31	USD Million	
CURRENT ACCOUNT	-6293.00	2012-03-31	-6343.00	-1371.50	-6424.40	-6288.23	2012-12-31	USD Million	
CURRENT ACCOUNT TO GDP	-40.00	2012-03-31	-38.50	-38.50	-75.20	-39.53	2012-12-31	Percent	
EXPORTS	375.85	2012-03-31	388.50	837.04	69.10	374.62	2012-12-31	USD Million	
IMPORTS	6390.31	2012-03-31	5154.25	6390.31	1966.07	6497.27	2012-12-31	USD Million	

Balance of Trade⁸

Afghanistan recorded a trade deficit of 6014 USD Million in the fiscal year 2011-12. Balance of Trade in Afghanistan is reported by the Central Statistics Organization of Afghanistan. From 2003 until 2012, Afghanistan Balance of Trade averaged -2916.1 USD Million reaching an all time high of -1660.9 USD Million in March of 2005 and a record low of -6014.0 USD Million in March of 2012. Since 2006, Afghanistan's trade deficit has been widening as imports have surged due to the reconstruction effort. Afghanistan main exports are: carpets and rugs; dried fruits and medical plans. Main imports are: petroleum; machinery and equipment and food items. Afghanistan's main trading partners are: Pakistan (48 percent of total exports and 14 percent of imports) and Russia (9 percent of exports and 13 percent of imports). Others include: Iran, China, India, Japan and Turkey.

⁷ - <http://www.tradingeconomics.com/afghanistan/government-budget>

⁸ - <http://www.tradingeconomics.com/afghanistan/balance-of-trade>



Exports and Imports⁹

Exports in Afghanistan decreased to 375.85 USD Million in the fiscal year 2011-12 from 388.50 USD Million in the fiscal year 2010-11. Exports in Afghanistan are reported by the Central Statistics Organization of Afghanistan. From 2000 until 2012, Afghanistan Exports averaged 352.9 USD Million reaching an all time high of 837.0 USD Million in March of 2001 and a record low of 69.1 USD Million in March of 2002. In Afghanistan, exports account for around 20 percent of GDP. Afghanistan main exports are: carpets and rugs (45 percent of total exports); dried fruits (31 percent) and medicinal plants (12 percent). Main export partners are: Pakistan (48 percent of total exports), India (19 percent) and Russia (9 percent). Others include: Iran, Iraq and Turkey.



Imports in Afghanistan increased to 6390.31 USD Million in the fiscal year 2011-12 from 5154.25 USD Million in the fiscal year 2010-11. Imports in Afghanistan are reported by the Central Statistics Organization of Afghanistan. From 2003 until 2012, Afghanistan Imports averaged 3267.7 USD Million reaching an all time high of 6390.3 USD Million in March of 2012 and a record low of 1966.1 USD Million in March of 2005. Afghanistan main imports are: petroleum (33 percent of total imports), machinery and equipment (15 percent), food items (14 percent) and base metals and related articles (9 percent). Main import partners are: Pakistan (14 percent of total imports), Russia (13 percent), Uzbekistan (11 percent), Iran (9.1 percent) and China (9 percent). Others include: Turkmenistan, Japan and Kazakhstan.

⁹ _



SOURCE: WWW.TRADINGECONOMICS.COM | CENTRAL STATISTICS ORGANIZATION OF AFGHANISTAN

Trade Profile 2012

Afghanistan

BASIC INDICATORS

Population (thousands, 2011)	35 320	Rank in world trade, 2011	<u>Exports</u>	<u>Imports</u>
GDP (million current US\$, 2011)	20 343	Merchandise	169	115
GDP (million current PPP US\$, 2010)	35 689	excluding intra-EU trade	143	90
Current account balance (million US\$, 2011)	...	Commercial services	175	180
Trade per capita (US\$, 2009-2011)	...	excluding intra-EU trade	149	154
Trade to GDP ratio (2009-2011)	...			
			<i>Annual percentage change</i>	
	2011	2005-2011	2010	2011
Real GDP (2005=100)	...	...	...	...
Exports of goods and services (volume, 2005=100)	...	...	...	...
Imports of goods and services (volume, 2005=100)	...	...	...	...

TRADE POLICY

WTO accession	Observer	Contribution to WTO budget	-
Trade Policy Review	-	Import duties collected (%) (2008-2010)	
GPA accession	-	in total tax revenue	42.1
Tariffs and duty free imports		to total imports	...
Tariff binding coverage (%)	-	Number of notifications to WTO and measures in force	
MFN tariffs	<u>Final bound</u> <u>Applied 2008</u>	Outstanding notifications in WTO Central Registry	-
Simple average of import duties		Goods RTAs - services EIAs notified to WTO	2 - 0
All goods	- 5.6	Anti-dumping	-
Agricultural goods (AOA)	- 5.8	Countervailing duties	-
Non-agricultural goods	- 5.5	Safeguards	-
Non <i>ad-valorem</i> duties (% total tariff lines)	- 0.0	Number of disputes (complainant - defendant)	
MFN duty free imports		Requests for consultation	-
in agricultural goods (AOA)	...	Original panel / Appellate Body (AB) reports	-
in non-agricultural goods	...	Compliance panel / AB reports (Article 21.5 DSU)	-
Services sectors with GATS commitments	-	Arbitration awards (Article 22.6 DSU)	-

Definition: Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors. Data are in current U.S. dollars.

Foreign direct investment, net inflows (% of GDP)

Foreign direct investment, net inflows (% of GDP) in Afghanistan was 0.43 as of 2011. Its highest value over the past 41 years was 4.32 in 2005, while its lowest value was -0.01 in 1977.

Definition: Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors, and is divided by GDP.

Afghanistan Chamber of Commerce and Industry



Acting Chairman: Mr. Khan Jan Alkozai (0093799-218518)

President & CEO : Mr. M. Qurban Haqjo (0093-799-810184)

Chaman-e-Huzuri Next to Kabul Nendari, Kabul

AFGHANISTAN

Tel: +93 (0) 777 030509, 700 625867,

Fax: 93 (0) 776 100166

Mob: +93 (0) 789133125, +93 (0) 706341906

Email: info@acci.org.af, ceoacc@acci.org.af; ali.zaki@acci.org.af;

Web. www.acci.org.af

