

## **Huge Sell-Off Planned**

**Author:** [Wahidullah Amani](#)

Massive privatisation aimed at resuscitating ailing economy.

The government is preparing a sale of all of its state-owned businesses, mines and utilities in a bid to breathe life into an economy barely functioning after 23 years of savage war.

On sale to foreign and domestic bidders will be only those firms that survived the fighting - first between mujahedin and occupying Soviet troops, then rival Islamic groups - when most of the damage occurred.

Out of 174 state-owned firms that existed in 1992, only 74 are still in business. Some are operating at half capacity - others have yet to be brought back into production.

For a number of these firms, the only thing of value is the ground on which they stand. "If these enterprises are sold only the land would be privatised, because the machines are all old and useless," Abdullah Paiwand, of the Ministry of Foodstuffs and Light Industry, told IWPR.

The security situation is another potential problem for would-be investors. Despite the presence of nearly 5,000 international troops in Kabul and many more United States troops camped close by, skirmishes are still going on outside the capital. Renegade guerrilla groups and elements of al-Qaeda and Taleban forces are still active, and the city has not been entirely free of violence.

Parts of the country are under the control of powerful warlords who ignore orders from Kabul, and sometimes fight each other for valuable customs posts where they can raise revenue.

The announcement, made during an international conference in Kabul on February 22 and 23 organised by the United Nations Industrial Development Organisation, UNIDO, follows a decision by President Hamed Karzai's transitional administration to sell off all state-owned enterprises to the private sector.

It follows the passing of a new investment law three months ago and the establishment of a special commission aimed at easing the process for foreign and domestic firms wanting to put money into the Afghan economy.

According to the commission's head, Noor Shah Shahkar, 2,000 investors have already shown an interest in the sell-off.

Most of the state enterprises which make up a small but important part of this largely agricultural economy are in light industry, producing goods such as textiles, furniture, shoes, cement, and hand-woven carpets, and foodstuffs.

However, much of the initial interest, particularly from overseas bidders, is expected to focus on the country's mineral resources - natural gas, coal, copper and precious and semi-precious stones.

Mohammad Akram Ghayasi, head of the mining section in the mines and industries ministry, told IWPR that

Afghanistan had two known natural gas deposits, located in Jowzian province in the north bordering Uzbekistan, which were brought into production with the help of Soviet engineers in 1967. Some was used in power stations and fertiliser factories, and others for domestic use in homes in the area.

Confirming that the operations were for sale, he said, "Recently, some representatives of a Russian company came to examine the deposits, but they haven't contacted us. In addition experts from the Asian Development Bank came to examine the deposits closely, but no decision has been taken."

The Ainak copper mine in Logar province just south of Kabul is considered to be potentially one of the largest in the south Asian region, with deposits of over 11 million tons according to Russian surveys. According to Ghayasi, it has attracted the interest of a Chinese company which "had a good look at it, but they haven't made a final decision yet".

China, which shares a tiny border of just 85 km with Afghanistan, has already invested in several areas of the Afghan economy, including a restaurant in Kabul and enterprises producing brakes, mineral water and herbal medicines, among others, according to Luchan Gjin, commercial counsellor at the Chinese embassy in Kabul.

"Chinese businessmen are satisfied with the security situation in Afghanistan and want to invest in the country," he told IWPR.

At the power and water ministry, Deputy Minister Mohammad Younus Nawandish said they had received little interest from Afghan businessmen and investors in the water and electricity industries, adding, "The basic problem is that our businessmen are not experienced enough to take them over."

Local entrepreneurs say that problems for would-be investors setting up new companies, rather than buying existing ones, include difficulties in acquiring land and power.

Haji Amanullah, president of the Hayat plastics company, told IWPR, "Up to now, the government has not given us any assistance. The big problem that we have is that we don't have electricity or land."

Mohammed Yar, who heads the Zuhra plastics firm, said they had been forced to build their factory in a residential area, which then suffered from pollution, because the government had not made more suitable sites available.

Shahkar, of the investment commission, said they had talked with President Karzai about providing land for investors, and had been promised that 2,000 acres would be made available in various areas on the outskirts of Kabul.

But not everyone is happy at the prospect of selling off the nation's businesses. "If these enterprises are privatized Afghanistan will lose out," said a technical assistant at the Afghan Carpentry Company, who did not want to be named.

"We have a good work force and materials - all we lack is machinery and equipment. If we get help on these, we would be able to stand on our own feet."

Wahidullah Amani and Mohammed Shoib Safi are freelance journalists in Kabul.

**Location:** China  
Uzbekistan  
Afghanistan

**Focus:** Afghanistan

---

**Source URL:** <https://iwpr.net/global-voices/huge-sell-planned>