

Come to Afghanistan and make money, Karzai urges

KABUL (Reuters) - Afghan President Hamid Karzai opened an investment conference on Tuesday with a plea for businesses to come and make money while acknowledging there were still problems including red tape and corruption.

Surging violence is largely confined to the Afghan south and east but economists say it is a huge deterrent to investment. And for those businesses that do enter the Afghan market, security is a significant extra cost.

Nevertheless, Karzai said Afghanistan provided numerous opportunities.

"Afghanistan needs investment in every walk of life," Karzai told the opening of the conference, organized by the state-backed Afghanistan Investment Support Agency.

"Whoever invested in Afghanistan in the past four years has earned a lot," he said. "Those who invest now in the still fresh, needy, greedy market in Afghanistan will make a lot."

The investment board has approved nearly \$1.3 billion in new investment over the past two years but just a small fraction of that has actually occurred.

Nearly half of approved investment has been in construction and construction material.

Karzai mentioned those sectors as well as agri-business, communications, mines and industry as prime areas for investment.

"These are the markets that are vital for the growth of Afghanistan and for the growth of the region ... These are the areas where Afghanistan can offer the greatest of opportunities."

But there were also opportunities in other areas such as tourism, hotels, services, textiles, dried fruit, fruit processing and medicinal herbs, he said.

Laws and regulations had been adopted to protect investors, who were free to repatriate profits, he said. This was a matter of self-interest, he said.

"Afghanistan needs to be prosperous, Afghanistan needs to emerge from poverty, Afghanistan needs to be linked to the rest of the world, therefore Afghanistan needs to attract business."

Among the problems business still faced were certain laws that made business difficult or caused delays, red tape and corruption, he said.

"But these are all problems that we're aware of as we move forward toward providing you a better environment for business."

After decades of war and isolation, the country of about 25 million people has seen significant economic growth since the Taliban were ousted in 2001. Although the benefits of growth are largely confined to urban areas.

The economy rebounded strongly last year, helped by a weather-related recovery of agriculture, with gross domestic product of 13.8 percent in fiscal 2006 from 8 percent the previous year.

The International Monetary Fund expects real GDP growth to slip back to 11.7 percent in fiscal 2007.