

## Introduction

Afghanistan is a landlocked country located in Southern Asia that borders China, Iran, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. The geography of Afghanistan is arid and mountainous; the Hindu Kush Mountains run northeast to southwest and divide the northern provinces from the rest of the country.

The government system is an Islamic Republic; the chief of state and head of government is the president. Afghanistan has a controlled economic system in which the central government directs the economy regarding the production and distribution of goods. Afghanistan is a member of the South Asian Association for Regional Cooperation (SAARC).



**Location:** Southern Asia

**Capital City:** Kabul (+4.5 GMT)

**Chief of State:** Prime Minister Hibatullah Akhundzada

**Head of Govt.:** Prime Minister Hibatullah Akhundzada

**Currency:** Afghani (AFN)

**Major Languages:** <p>Afghan Persian or Dari (official, lingua franca) 77%, Pashto (official) 48%, Uzbeki 11%, English 6%, Turkmani 3%, Urdu 3%, Pashaie 1%, Nuristani 1%, Arabic 1%, Balochi 1%, other &lt;1% (2020 est.)</p>

**Primary Religions:** <p>Muslim 99.7% (Sunni 84.7 - 89.7%, Shia 10 - 15%), other &lt;0.3% (2009 est.)</p>

**Calling Code:** 93

**Voltage:** 220

## Key Websites

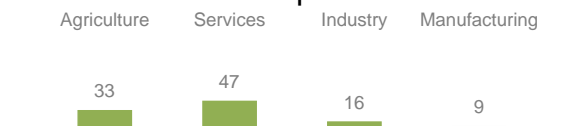
Export Promotion Agency: [nhabibyar.wixsite.com](http://nhabibyar.wixsite.com)

Investment Promotion Agency: [investinafghanistan.af](http://investinafghanistan.af)

## Key Economic Facts

Income Level (by per capita GNI):	Low Income
Level of Development:	Data Unavailable
GDP, PPP (current international \$):	\$67.13 billion (2021)
GDP growth (annual %):	-20.70% (2021)
GDP per capita, PPP (current international \$):	\$1,673.96 (2021)
External debt stocks, total (DOD, current US\$):	\$3,530,754,339.60 (2021)
Manufacturing, value added (% of GDP):	9.06% (2021)
Current account balance (BoP, current US\$):	-\$3.14 billion (2020)
Inflation, consumer prices (annual %):	2.30% (2019)
Labor force, total:	9,390,149 (2021)
Unemployment, total (% of total labor force) (modeled ILO estimate):	13.28% (2021)
Imports of goods and services (current US\$):	\$9.15 billion (2017)
Exports of goods and services (current US\$):	\$1.19 billion (2017)

## GDP Composition %



*\*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

## Rankings

Index	Rank
Corruption Perceptions Index	172 / 178
International Logistics Performance Index (LPI)	160 / 160
KOF Index of Globalization	179 / 185
Open Budget Index	64 / 114

## Risk Assessment (Provided by Coface)

**Country rating: E** - The highest-risk political and economic situation and the most difficult business environment.

Corporate default is likely.

**Business Climate rating: E** - The highest possible risk in terms of business climate. Due to a lack of available financial information and an unpredictable legal system, doing business in this country is extremely difficult.

### Strengths

- Potential for exploitation of commodities (including gas, oil and minerals)
- Development of transit corridors (Lapis-Lazuli linking Afghanistan to Turkey), launch of negotiations in late 2020 to revise the transit agreement with Pakistan and conclude a preferential trade agreement
- Development of regional energy corridors (TAPI gas pipeline, Central Asia-South Asia power line (CASA-1000), TAP power line and power line with Uzbekistan)
- International humanitarian financial support, including through the United Nations Children's and Food programs

### Weaknesses

- No longer has access to international development assistance, mostly in the form of grants, since the Taliban took power
- The Taliban-proclaimed Emirate is Sharia-based and since 2016 has been led by Mullah Haibatullah Akhundzada, originally from Kandahar
- Dependence on agriculture (22% of GDP, 40% of employment), vulnerable to weather conditions
- Low credit (4% of GDP), fragile banking system (60% of loans non-performing in 2021) and dollarised (48% of loans, 61% of deposits)
- Difficult geography (landlocked and 50% mountainous) and vulnerability to natural disasters
- Inadequate infrastructure (energy, water, transport, health)
- High poverty (70% of the population), against a backdrop of informal employment (90% of GDP), unemployment (40%) and food insecurity (the 2021 World Hunger Index ranks Afghanistan 103rd out of

116 countries)

- Poor governance (corruption, restrictive regulations, weak rule of law) and authoritarianism, lack of experience in the new regime with respect to administrative and economic management
- Ethnic fragmentation
- Presence of the Islamist terrorist movement

## **U.S. Embassy**

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