



Permanent Mission of Afghanistan to the United Nations

STATEMENT

BY

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Mr. Chairman,

I align myself with the statements delivered by the distinguished representative of Argentina on behalf of the G77 and China, and I thank the panelists for their excellent presentations.

My delegation expresses its appreciation to the Secretary-General for his Report on mines, which will certainly play an important role for our deliberations.

Mr. Chairman,

Although Afghanistan is one of the world's poorest countries, it has significant mining production potential in natural resources. Afghanistan's mineral deposits are largely untapped and are estimated to be worth up to 3 trillion dollars according to a recent survey by the United States Geological Survey (USGS). Most of these deposits include significant reserves of iron ore, copper, cobalt, gold and industrial production metals such as lithium. Studies also suggest that Afghanistan has large deposits of niobium (a soft metal used in superconducting steel production) and other rare earth elements. The deposits are large enough to make Afghanistan a major global producer of these minerals.

The USGS also estimates that there are around 700 billion cubic meters of gas and 300 million tons of oil across several Northern provinces. Further, a

survey conducted during soviet times estimated that there are more than two billion tons of high-grade iron reserves in just one deposit alone. Afghanistan's mining potential has already attracted significant foreign direct investment flows. In May 2008, the Government signed a \$3.3 billion deal with the MCC company to explore and process Aynak copper deposits situated in Logar province. The MCC is still undertaking the pre-production feasibility study which is likely to be completed by early 2011. This investment also includes the construction of more than 600 km of railroad and a 400 MW power plant.

The Government currently receives US\$20-25 million annually in mining revenues. According to IMF projections, the mining sector is expected to contribute an average of \$11 billion annum over the five years between 2014/15 to 2019/20 and is expected to rise to a projected average of \$17 billion per annum in the 10 years between 2020/21 to 2029/30. If managed well, the net foreign exchange and tax revenue wind fall generated by mining sector growth can be used to power overall economic growth, and to finance the delivery of social services (such as health and education) and poverty reduction programs. In 5 years time, the expected government revenue will be at least \$1.5 billion annually. Sound macroeconomic policies would be employed to maximize the economic return from expected revenue windfalls from the mining sector. The Government can use additional mining revenues to build up foreign exchange reserves. This will ensure that the revenues are not all spent at once, but that they are invested in diverse income bearing assets and for the benefit of future generations. The revenues can also be used to upgrade the productive capacity of the economy (in particular exports) and the strategic growth of infrastructure for production, which includes power generation, roads and irrigation along with enhancing the quality of human resources through investment in higher education.

Achievements so far:

1. A mining law that strengthens the role of the state as "regulator" and aims to attract and retain private investment is in progress.
2. Our world class deposits of Aynak (copper), Hajigak(iron ore), Sherbegon (gas) and other potential discoveries, through our new exploration.
3. In 2006/2007, the government launched the first tender for the Aynack copper deposit. The award was granted to the MCC-Jiangxi Copper MJAM consortium.
4. The ministry of Mines is procuring an international engineering firm to monitor contractual and regulatory compliance, including environmental/social standards.
5. Establishment of a cadastre department to oversee and register issuance and maintenance of various mining titles is in progress.
6. Training and equipment is also being provided to the Department of Mines Inspection and the Afghanistan Geological survey.

7. Afghanistan now has an environmental law with requirements on the preparation and approval of Environmental impact Assessments and Social Impact Assessments.

8. The ministry of mines and the ministry of finance have developed a competitive taxation and fiscal package for mining sector investments.

9. On the transparency side, we are committed to the ELTL and we fully comply by March 2012.

Important challenges ahead:

Although some progress has been achieved, it is evident that much work needs to be done to ensure that the mining sector delivers on its potential to reduce poverty, foster sustainable economic growth, and improve the quality of life for the majority of Afghans. In that sense there are important challenges ahead: Firstly, the development of the mining sector in Afghanistan is a process that will take a longer time and relatively higher capital investment and operating cost.

Secondly, a major mine development will also require the development of infrastructure to support operations (water, power generation), capacity building, and the transportation links to domestic and international markets (roads railways, pipelines). This is well incorporated in the newly developed program called National & Regional Resource Corridors Initiative.

And thirdly, it is crucial that the Afghan government and its development partners continue on with the preparation and implementation of a set of effective policies for revenue management, benefits sharing, and public-private partnerships for infrastructure development.

Dear ladies and gentlemen,

The long term vision in Afghanistan is to develop an economically vibrant mineral sector which creates jobs, develops infrastructure, generates domestic revenue and ensures inclusive economic growth for the benefit of all Afghans. Simply put, mining in Afghanistan has the potential to be a driver of a poverty reduction and sustained growth, if managed properly.

Achieving these developments will enquire strategic actions and a long-term vision in order to create an enabling environment for private sector investments that includes field security, good governance and transparency.

The Afghan government is conscious of the resource curse challenges and has already taken important steps to address them. These steps include actions to improve the implementation of legal frameworks for effective environmental, social and fiscal regimes; the provision of training and capacity building in relevant ministries and agencies; and the overall improvement of the country's security situation.

At the end, I would like to once again, take this opportunity to express my gratitude to the organizers of CSD 19.

THANK YOU

