

First Report

Mir Brothers Group



*Mir Brother with Luca Formentini
Commercial Attaché for the Italian Embassy,
Kabul*

March 8, 2008

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CURRENT SITUATION OF AFGHANISTAN MARBLE INDUSTRY

At the present time numerous changes have taken place in the Afghanistan Marble Industry, but they still have a major challenge ahead of them. Currently they have an active marble association that includes 105 members. During the last few years some members have been to the Dubai and China Trade Shows. The trade shows gave them the exposure to new equipment, markets, contacts, and the necessary quality they need to compete in the international markets. Since that time with the help of USAID and Afghanistan Small & Medium Enterprise Development (ASMED), some new investments have been made in upgrading the extraction of marble. Afghanistan currently has one quarry that we are aware of using high tech equipment and soon the Mir Brothers will be on line. The current goal at this time is to produce high quality blocks and sell on the open market. The future is to build modern processing plants for all the varieties of marble, onyx and granite. Currently the Afghan White is the most used marble in the industry, very similar to the Carrara Marble from Italy, but there are also over 40 different types in Afghanistan and a complete study has not been done at this time.

COMPLETED WORK SCHEDULE

Feb. 17	Leave Boston
18	Arrive Amsterdam
19	Arrive Kabul

Kabul

Security Briefing with Mike Ertman
Meet staff at ASMED office
Meet with Abid discuss the Mir project and our scope of work.
Work in office

Feb. 20

Meeting with Mr. Haris Mir. A short meeting to discuss the present situation and what he is looking for from IESC. Marketing seems to be a top priority at this time.
Work in office

Feb. 21

Met with Dagfinn Moe at the LTERA office. Dagfinn is the privatization team leader for LTERA and may have future projects of interest.
Met with Amrullah Nazari at his office. He is President of the Afghanistan Marble Processor Association (AMPA) and AMG'S Mining Representative. His biggest concern for the industry is the Royalty tax and export tax on marble. At this time they are pressuring the government for an adjustment.

Feb. 22
Office work

Feb. 23
Fly to Herat

Visit Ghowsy Brothers a local marble plant. They are presently using the blasted materials from Equity Mine and selling on the local markets.

Office work



Ghowsy Marble Processing Plant, Herat



Processed marble, Herat

Feb. 24

Met with Wais Mir. The meeting was concerning the road building, equipment on hand, equipment out of country, time tables, estimated cost, and shipping.

Office work



Result of blasted marble, Herat

Feb. 25

Return flight canceled

Met with Nadim Nadem of Payman a freight forwarder co. checking on shipping prices for different routes, regions, weights and timetables.

Feb. 26

Fly back to Kabul

Office work

Feb. 27

Work in office

Met with Engineer Nabi Ander Senior Advisor at his office. A very soft spoken man with a wealth of knowledge. He worked in the mining field for the government for around 30 years.

Met with Zalmi Gui Niayz at his office. He is an Afghan American who is very interested in working in the marble sector.

Feb. 28
Fly to Jalalabad
Security meeting
Office meeting

Feb. 29
Visit US base
Worked at Guest House

Mar. 1
Visit four marble processing plants in Jalalabad

Sahil Marble Company

Has a working quarry, but is blasting at present. They are installing new processing equipment and hope to find funding for a wire saw operation at the mine.



New crane for Sahil Marble Co, Jalalabad



Still using blasted material, Jalalabad

Arian Marble Industries

Small company with gang saw operation facility but they are utilizing blasted raw materials and they need a change and help in order to survive and compete in the future.



Still using blasted material, Jalalabad



Still using blasted material, Jalalabad

National Marble Co

Same as Arian. In need have help.



Still using blasted material, National Marble Co, Jalalabad



National Marble Co, Jalalabad

Shamshad Marble Co

Same as Arian and National.

Mar. 2

Fly back to Kabul

Office work

Returned to Nabi's office and picked up some technical information on processing equipment.

Returned to Zalmai office to order small marble samples for portable display case.

Office work

Mar. 3

Office work

Meeting with Naem Yassin of the Afghan Builders Association (ABA) at his office.

Showed some samples of a concrete product from Jalalabad. Discussion on March, 8th parliament meeting on royalties and export duties on marble products.

Office work

Mar. 4

Meeting with **Luca Formentini, Economic and Commercial Attaché** for

The Embassy of Italy. Looking for possible alliances and training with Afghan marble companies.

Met with Amrullah Nazari and visit the AMG future marble processing plant and office plus convention center for AMPA



Future processing plant, Kabul



Single blade saw, Kabul



Smaller single blade saw, Kabul



AMPA headquarter, Kabul



Hall for possible trade fair

Mar. 5

Follow up visit with Luca Formentini including Abid, the Mir brothers and myself. Future work may be done with Mir's in the area of expertise and alliances. Office work.



Italian Embassy compound

Mar. 6

Office work with Abid
Review last two weeks of work

Mar. 7

Fly back to the US

MIR BROTHERS

CHEST E SHARIF MARBLE QUARRY

INITIAL FINDINGS

OBJECTIVES

- 1) Meet with the H Mir and determine their needs and problems.
- 2) Travel to Herat and met with Wais Mir
- 3) Visit the Chest E Sharif Quarry
- 4) Conduct an analysis of the cost structure
- 5) Determine quality of marble
- 6) Most appropriate markets

FINDINGS

Meeting with the Mir brothers has convinced me that they are two very capable men and will be able to make a success in the marble industry. Unfortunately after traveling to Herat we were unable to visit the quarry, but did have a very informative meeting with Wais Mir. At the time of the meeting they had a D8 Caterpillar dozer and a Komatsu front end loader. They are still in the process of building the road to the quarry and are expected to finish within two weeks. Building this road also involved creating a new bridge between two villages. Part of the problem of working a quarry in a remote area is to have a very good working relationship with the local villagers. Building the bridge and using some of the locals will go a long way to cement a long working relationship with the elders and villagers. The balance of the equipment needed is still in Iran and should also be in country shortly. Once everything is in place and operating a more detailed evaluation can be made.

COST STRUCTURE

Due to the lack of activity at the mines any operating costs would only be guess work and not a true representation. Once the quarry is operating for a short period of time the Mir Brothers will have a much better idea of the actual costs.

QUALITY OF THE MARBLE

Based on the marble in the general area near the quarry, we can assume it will be of good quality and color, but a complete test must be done in order to effectively market the marble.

MARKETS

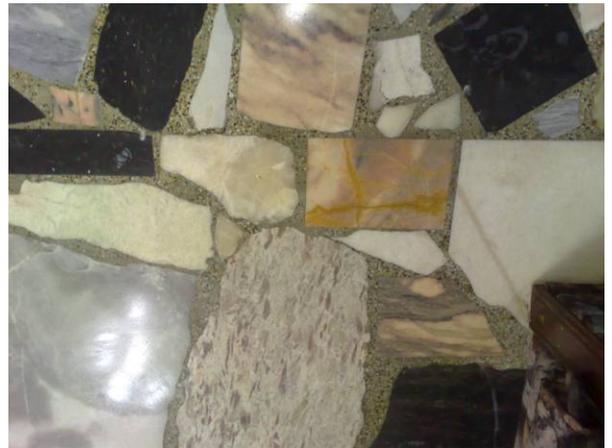
Afghan white marble appears to be in high demand and finding the right markets and price will be a matter of time and energy.

RECOMMENDATIONS:

DISPLAY CASE

At this time I recommend that at least two or three complete sets of wooden cases be made to display the wide range of Afghanistan Marble and Onyx. The cases should be well made, portable and the samples should be labeled by name and region. The back ground could be of a light color to let the samples really stand out. The cases should be able to fold, have handles and travel well. After opening the cases you want to be able to remove a sample and return it to its original well marked place. When not in use the samples could be on display in the ASMED office. This would make for quick and efficient manner to travel to trade shows and customers.

Possible samples



Possible samples

JORDAN PROPOSAL

TEAM

SAYED ABID AKBARY
Technical Assistance Coordinator
Members of the private sector

PAUL E. LAMOUREUX
IESC Consultant
Afghanistan Marble
Association Member

GENERAL OVERVIEW

With the help of USAID and Jordan-US Business Partnership JUSBP, Jordan has become a success story in the stone industry. They faced many of the same challenges that Afghanistan is facing in today's industry. Jordan was forced to import marble and granite from other countries, processing them locally and selling them on the regional markets. Only in the past few years have they shifted to utilizing their local stones. They did this by making investments into training, modern quarrying and processing equipment. They had a positive trend over the last ten years with a 250% increase in production in the last 3 years.



Processed marble slabs, Jordan



Quarry, Jordan

Afghanistan faces some of the same challenges and many more, but if we can take some of the lessons from Jordan we can expedite our goal to create a vibrant stone industry in Afghanistan. The current method of blasting is a basic fundamental error. If the industry is to move forward, this is one of the main starting points. If this problem is not addressed it would be impossible to produce a quality product.

My recommendation is to have a small team visit Jordan with the express purpose of:

- Meeting with members of Jostone
- Visiting local quarries
- Visiting manufacturers
- See the end product
- Bring not only samples of the white marble, but some of the unique stone only found in Afghanistan
- Explore possible alliances



Imported marble blocks, Jordan

Processing plant, Jordan

Hopefully with the help of Jostone we will be able to make this a productive trip. After returning to Afghanistan a visual presentation should be presented to some of the quarry operations and processing plants. If the desire of management and a positive situation are there to improve the current method, then ASMED will be able to follow up on training of quarrying operations.

TRAINING-TRAINING-TRAINING

For success to be achieved in the Afghanistan Marble Industry training of key personnel should be the number one priority. Time and money must be invested on taking every opportunity to train personnel in both quarry operations and final processing. Places like Jordan, Italy and the US have the expertise for specialized training in all areas of the industry. Since the major problems start at the quarries this would be the first place to address and then go forward. Take the companies that have the best chance for success, train them and then use them as role models for the rest of marble producers.

FOLLOW UP

Continue to work with Italian Embassy on training, trade missions and possible business alliances.

Follow through with the Jordan Proposal with same vision in mind.

Build display cases.

Check on the progress of Sahil in Jalalabad

Follow up visits with the Mir Brothers is most essential.