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Three Californians Aim to Rebuild Their Homeland

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San Diego Business Journal Staff

BY JULIE POUCHER HARBIN

An Afghan who fled his country for Germany in 1978 the year of the communist coup Omar, 56, started his American journey in the early 1980s in New York as a cabbie before moving to Virginia, then finally to San Diego in 1989.

In October, Omar decided to leave his wife and four children (ages 16 to 31) in San Diego to start a small construction company in Afghanistan s capital city of Kabul with two Afghan-American partners, one from Denver and the other from New York. Omar s new company, United Construction, plans to bid on government contracts and get into the homebuilding business. So far, the company s only projects are remodeling jobs, due to what he described as tough competition.

His father owned 25 acres of land in Kabul in the 1970s, but only a 5-acre property remains vacant not counting the crude mud bakery that sells bread to the surrounding community living in the city s only Soviet-era high-rise apartment blocks. Many of the run-down apartment buildings sit on Omar s other 20 acres, but the land and buildings were taken over by the government long ago.

Omar, who has applied for American citizenship, knows of five San Diego-area businesspeople who have moved to Kabul. Most are just trying to get their houses and land back before building a business there.

Most people get their land back, but con artists exist, said Omar, who opted to leave his wife and children behind because they were already American and would have trouble adjusting to Afghanistan s current living conditions.

While he s hoping to eventually receive financial compensation, Omar dreams about what to do with the remaining 5-acre plot. His vision: a 300-store shopping center, four to five stories high, that will be part Kabul-style bazaar and part San Diego mall complete with a parking lot.

He already built a small parking lot on the site and makes good money, charging nearby residents to park there. Still, the money he makes off the parking lot and his small construction company is not nearly enough to afford the cost of securing a permit to build there.

Omar reckons it will cost \$100,000 in fees and bribes to get the project off the ground. The bigger your plans, the higher the bribe, he said.

Yama Amirzada of Fremont, a blue-collar city of 200,000 near Oakland that includes a large Afghan community, is in the process of starting a construction materials supply business in Kabul. He also cited increasing corruption as the major obstacle to doing business in the country, yet he remains optimistic.

Business and the private sector is booming; the prospects look encouraging, Amirzada said. Afghanistan is emerging from 25 years of war and destruction, and there is tremendous needs to rebuild everything from the ground up.

Amirzada left Afghanistan with his family in 1976 as a seventh-grader for a six-month visit to the United States, but when the political situation worsened, they decided to stay. He returned to the country in 2002 following the collapse of the Taliban to lay the groundwork for the construction material supply business one of the top three sectors targeted by the Afghan government as needing more investment.

It s no secret that Afghanistan has been undergoing a reconstruction boom after three decades of war. International organizations and governments, aid agencies, the local government and the private sector have been contracting out the building and reconstruction of everything from new schools to medical clinics and hospitals, to housing, military and police facilities, roads, bridges and even office buildings.

But the level of labor and building material quality is spotty at best.

The construction material business in Afghanistan is fragmented. Small merchants are importing products from other countries and there is no consistency regarding quality or quantity, Amirzada said, adding that many specialize in a single product.

Most businesses in Afghanistan are focusing on the short-term supply shortages and they are gouging the market, he said. They are importing very low quality or discontinued products from other countries. They are not contracting with major suppliers to ensure consistency in quality and value. It is very hard to find a construction material supplier that can deliver 100 bathroom sinks of the same name, standard, brand, quality and color.

Amirzada s company, Afghan Construction Depot LLC, aims to capture a significant portion of the more than \$4 billion construction market in the next five years by delivering better quality products at lower prices.

He said people don t need to be Afghan expatriates to take advantage of the opportunities.

I would encourage non-Afghan expatriates to have an Afghan partner when venturing into Afghanistan, he cautioned. An Afghan partner would benefit the business in resolving unfamiliarity with the business environment, government regulations, culture and language.

Across from the U.N. workers main guest house in Kabul, another part Afghan-American business with roots in California has filled a very different but much-needed niche unrelated to the construction business.

This branch of Hakim s Modern Dry Cleaning is one of 16 shops the company has opened in the city since October. The investors behind it are two brothers company President Hakim Abass, who s now an Afghan-German expatriate, and Vice President Ibrahim Abass, who has lived in Laguna Beach in Orange County since 1997. The brothers fled Afghanistan in 1979 during the Soviet invasion.

The brothers charge \$3 a suit the same price Hakim charged in 1968 when he opened his first dry-cleaning business in Kabul.

As Ibrahim tells it, the original dry-cleaning facility actually survived, as did Hakim s reputation, but only half the machines remained when they unlocked the door last year. The machines were outdated and sold for scrap, but Hakim was able to rebuild his reputation by bringing back some of his former customers. That, Ibrahim said, and they did a lot of advertising on radio and TV.

The Soviets had taken over the dry-cleaning business after the brothers fled, but locked it up when they left in 1989. Subsequent governments, including the Taliban, had no use for dry cleaning, and the brothers said they were lucky to get their building and land back.

The brothers appear to have cornered the domestic market for dry cleaning. Ibrahim laughed with his friends about their dry cleaning monopoly among Afghans, but fretted that distrust of Afghans and fears about security could be preventing them from getting more lucrative contracts with embassies and foreign military bases.

Ibrahim said they bid on an International Security Assistance Force contract the military force is operated by NATO to do 16,000 bags of laundry and believe they undercut their main competition, a European company, by \$2.50 per bag. Yet, Ibrahim is unsure about getting the contract because of security reasons.

The business is doing laundry for the concession that runs the U.S. Embassy cafeteria, which is its biggest contract. They also are bidding on the laundry and dry cleaning for the Afghan National Police.

Ibrahim would like to branch out into carpet cleaning. Currently, most, if not all Afghan carpets sold for export have to be washed and packaged in Pakistan, because there are no domestic facilities.

Ibrahim is optimistic about the business.

I think that foreign organizations will put more trust in the Afghan people and we will get more contracts, he said. We need the foreigners.

The risks, he said, to doing business in Afghanistan include high-rent shops, high-cost building materials, expensive diesel fuel, and low-skilled workers.

Good labor is very expensive, he said.