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President <u>Hamid Karzai</u> were recently briefed, American officials said.

While it could take many years to develop a mining industry, the potential is so great that officials and executives in the industry believe it could attract heavy investment even before mines are profitable, providing the possibility of jobs that could distract from generations of war.

"There is stunning potential here," Gen. <u>David H. Petraeus</u>, commander of the United States Central Command, said in an interview on Saturday. "There are a lot of ifs, of course, but I think potentially it is hugely significant."

The value of the newly discovered mineral deposits dwarfs the size of Afghanistan's existing war-bedraggled economy, which is based largely on opium production and narcotics trafficking as well as aid from the United States and other industrialized countries. Afghanistan's gross domestic product is only about \$12 billion.

"This will become the backbone of the Afghan economy," said Jalil Jumriany, an adviser to the Afghan minister of mines.

American and Afghan officials agreed to discuss the mineral discoveries at a difficult moment in the war in Afghanistan. The American-led offensive in Marja in southern Afghanistan has achieved only limited gains. Meanwhile, charges of corruption and favoritism continue to plague the Karzai government, and Mr. Karzai seems increasingly embittered toward the White House.

So the Obama administration is hungry for some positive news to come out of Afghanistan. Yet the American officials also recognize that the mineral discoveries will almost certainly have a double-edged impact.

Instead of bringing peace, the newfound mineral wealth could lead the <u>Taliban</u> to battle even more fiercely to regain control of the country.

The corruption that is already rampant in the Karzai government could also be amplified by the new wealth, particularly if a handful of well-connected oligarchs, some with personal ties to the president, gain control of the resources. Just last year, Afghanistan's minister of mines was accused by American officials of accepting a \$30 million bribe to award China the rights to develop its copper mine. The minister has since been replaced.

Endless fights could erupt between the central government in Kabul and provincial and tribal leaders in mineral-rich districts. Afghanistan has a national mining law, written with the help of advisers from the <u>World Bank</u>, but it has never faced a serious challenge.

"No one has tested that law; no one knows how it will stand up in a fight between the central government and the provinces," observed <u>Paul A. Brinkley</u>, deputy undersecretary of defense for business and leader of the Pentagon team that discovered the deposits.

At the same time, American officials fear resource-hungry China will try to dominate the development of Afghanistan's mineral wealth, which could upset the United States, given its heavy investment in the region. After winning the bid for its Aynak copper mine in Logar Province, China clearly wants more, American officials said.

Another complication is that because Afghanistan has never had much heavy industry before, it has little or no history of environmental protection either. "The big question is, can this be developed in a responsible way, in a way that is environmentally and socially responsible?" Mr. Brinkley said. "No one knows how this will work."

With virtually no mining industry or infrastructure in place today, it will take decades for Afghanistan to exploit its mineral wealth fully. "This is a country that has no mining culture," said Jack Medlin, a geologist in the <u>United States Geological Survey</u>'s international affairs program. "They've had some small artisanal mines, but now there could be some very, very large mines that will require more than just a gold pan."



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The mineral deposits are scattered throughout the country, including in the southern and eastern regions along the border with Pakistan that have had some of the most intense combat in the American-led war against the Taliban insurgency.					
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