

# United states vs. afghanistan

Business



US Airways is in the process of launching a global expansion plan. As a company that is now open to the international marketplaces the firm has to consider opportunities in different types of economies. Third world countries are part of potential travel destinations that can increase the revenue stream of the firm. The reason that a third world country can become a viable business opportunity for an airline is due to the reduce competition in the airline industry in those marketplaces. A potential expansion location in for US Airways in a third world country is Afghanistan. This paper provides an economic analysis of Afghanistan comparing it with the United States. Afghanistan is located in the Middle East near the border of Pakistan. The country has a population of 29. 12 million people. The population of Afghanistan is roughly 10% the size of the US population. The real gross domestic product per capita of the country is \$900. This metric makes Afghanistan one of the poorest countries in the world. The United States with a real gross domestic product per capita of \$46, 000 has one of the highest standards of living in the world (CultureGrams, 2011). Afghanistan suffers from a number of social problems that are hurting the economic development of the region. For starters the adult literacy rate of the population is low. The adult literacy rate of males is 43% and in females it is even lower at 13% (CultureGrams, 2011). When a population has low illiteracy rates the working class of the country lacks a college education which hurts the ability of the nation to compete in the knowledge economy. In contrast the illiteracy rate of the United States is above 99% which means that most Americans know how to write and read. The overall social and economic conditions of these two countries are very different. The US due to its wealth has abundance of shelter, food, and medicine for its people in a <https://assignbuster.com/united-states-vs-afghanistan/>

country that has a very stable political condition. As a consequence the life expectancy of United States citizens is very high at 76 and 81 life expectancy rates for males and females (CultureGrams, 2011). Afghanistan is a country that has great instability due to military problems with the US, terrorism threats, and civil warfare. A lot of people in Afghanistan suffer from malnutrition and sickness. The life expectancy of the population of Afghanistan is 44. 5 years of age (CultureGrams, 2011). The economy of Afghanistan is dependent on agriculture, livestock, and mining for the majority of the employments available to the adult community. There is a booming illegal industry in Afghanistan of exporting opium which is the base that is used to produce heroin. The major legal exports of the country are fruits, precious gems, natural gas, and textile. The country does not produce enough food for exporting purposes since the majority of the crops are used for local consumption. The total exports of Afghanistan in 2009 were \$3. 94 billion (CountryWatch, 2011). In contrast the US economy is one of the most diversified economies in the world. The major exports of the United States include capital goods, consumer goods, cars, food, and machinery. The service industry is very important to the US economy since is currently generating more jobs than the manufacturing sector. The total exports of the United States were \$1578. 8 billion in 2009 (CountryWatch, 2011). This figure implies that the US economy in terms of exports is 400 times larger than Afghanistan. The discrepancy in the wealth between the two countries is better illustrated by the 2009 gross national income per capita result. In 2009 the GNI per capita of the United States was \$46, 360, while Afghanistan has a GNI per capita of \$310 (Worldbank, 2011). Based on GNI per capita results Afghanistan is the 6th poorest country in the world, while the US is

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ranked 18th richest. The total gross national income of Afghanistan in 2009 was \$9.03 billion. The United States had a total gross national income in 2009 of \$14,139 billion. The energy consumption of the two nations is very different. As an industrialized nation the United States has very high energy consumption. In 2009 the US consumed 18,771.4 TBPD of petroleum, while Afghanistan only consumed only 4.70 TBPD of petroleum. Afghanistan is a very rural country that lives a simplistic life. Despite the lack of much business activity in the region the ongoing war with the United States represents a unique opportunity for the airline industry. There is a need for travel services in and out of Afghanistan for military personnel and contractors. US Airways could negotiate long term deals with the US military to use their commercial flights to transport some of the soldiers into and out of Afghanistan. References CountryWatch (2011). Afghanistan. Retrieved May 28, 2011 from CountryWatch database. CountryWatch (2011). United States. Retrieved May 28, 2011 from CountryWatch database. CultureGrams (2011). Afghanistan. Retrieved May 28, 2011 from CultureGrams database. CultureGrams (2011). United States. Retrieved May 28, 2011 from CultureGrams database. Worldbank.com (2011). Gross national income per capita 2009, Atlas method and PPP. World Bank. Retrieved May 28, 2011 from <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GNIPC.pdf>