

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

Date: 7/18/2011

GAIN Report Number: AF-2011-11

Afghanistan

Post: Kabul

2011 Raisin Annual

Report Categories:

Raisins

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Report Highlights:

Post's MY 2011/12 raisin production forecast is 31,000 metric tons (MT), three percent higher than MY 2010/11. Raisin exports are forecast to be 26,950 MT in 2011/12 marketing year, also three percent higher than MY 2010/11 due to increased production. Russia and India remain the major export destinations for Afghan raisins but the European Union has emerged as a growing market for Afghan raisins in 2009/10 and this trend continued during the first six months of MY 2010/11. Post forecasts this trend to continue in MY 2011/12.

Background:

Raisins have a distinguished history in Afghanistan and remain an important high value horticultural product and Afghanistan's number one agricultural export by value. Prior to the Soviet invasion Afghanistan produced 10 percent of the world's raisins and was a major player in international markets. According to the UN Food and Agriculture Organization (FAO), production peaked at 86,000 metric tons in 1981. However, by the end of the 1980's production had declined 75 percent due to war and civil strife. At present, Afghan raisins account for 3% of the world production with production rebounding in the last ten years. Production remains well below pre-Soviet invasion levels.

Production:

Grapes are grown widely throughout Afghanistan, most without trellising or other vine support, covering an estimated 60,832 hectares. The area under grape is 34% of the total fruit crop area. The central provinces (Kabul 22%, Parwan 15%) are the major grape producing area accounting for 37% of total production. Poor harvest techniques and post harvest handling are responsible for an estimated 15% to 25% post harvest loss annually. Afghanistan produces two main types of raisins. Green raisins (Kishmish) are dried in shaded and ventilated houses while red raisins (Aftabi Kishmish) are type of sun-dried on the ground and roofs. Raisin production tends to track grape production closely each year.

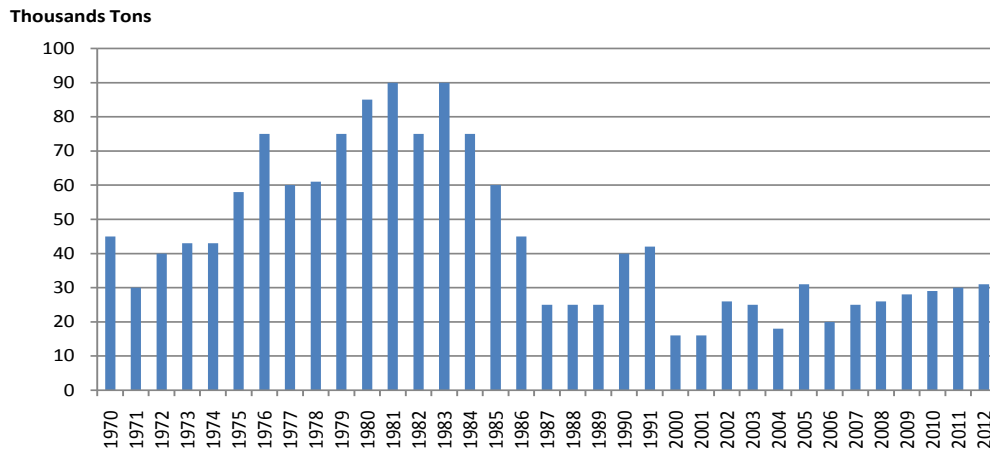
Production estimates for Afghan grapes are quite disparate; FAO estimated grape production 389,000 tons in 2009 while Afghanistan's Central Statistics Organization (CSO) estimate for the same year was 912,000 tons. Post believes the CSO statistics significantly overstate grape production. The wide divergence of estimates for grape production makes it difficult to estimate the quantity of grapes used for raisin production. Taking the common grape - raisin conversion ratio (450 kg of grapes produce 110 kg of raisins)¹ and derive an estimate for grape utilization for raisin production. Based on this conversion an estimated total 126,818 tons of grapes will be used for raisin production during MY11/12 producing 31,000 tons of raisins.

Posts forecast for 2011/12 raisin production is 31,000 metric tons 3 percent higher than 2010 marketing year and 20 percent higher than the ten year average. The MY10/11 crop suffered due to excessive rain and hail storms.

Despite the 2004 and 2006 droughts, overall raisin production has doubled in the last decade as productivity improves and area expands. This can be attributed, in part, to the involvement of the international development community which has devoted substantial attention to the grape and raisin sectors since 2001.

¹ Afghanistan Research and Evaluation Unit – Case Study of the Raisin Market

Afghanistan Raisins Production



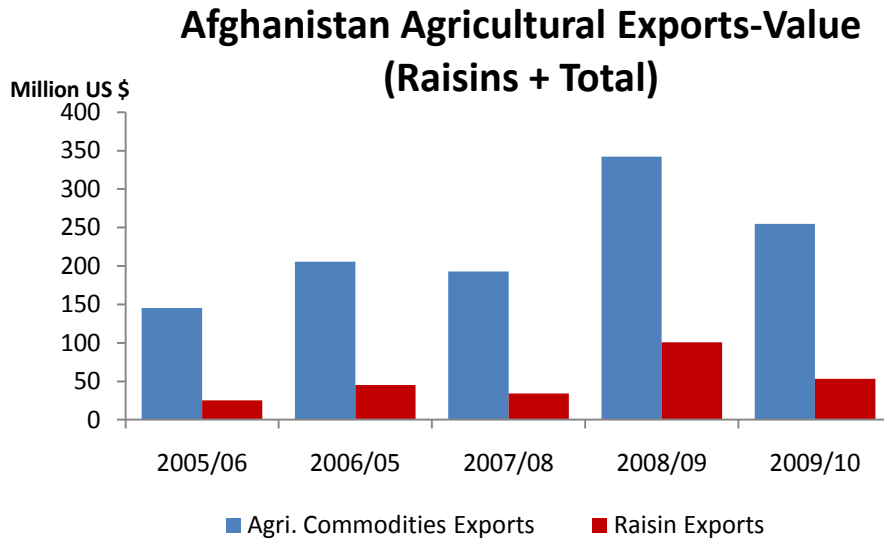
Source: USDA PSD Online

Consumption:

Raisins are an important ingredient in the Afghan dish *Qabili Pulao*, a rice and lamb dish that has raisins sprinkled within the rice. Raisins are also used as a snack with green tea along with other dry fruits in daily tea and during festivals like Eid (coming after Ramadan), Nawrooz (1st day of the Afghan Solar year) and other special occasions. Raisins are also used in the *Haft Mewa* a fruit salad made from seven different nuts and dried fruits in during the Nawrooz festival. In fact, domestic demand for raisins and for dry fruits increases during Nawrooz and Eid. Despite these unique uses, Afghanistan is not a large consumer of raisins and only about 14 percent (4,000 MT) are consumed locally. Food industry utilization, such as bakeries and confectionary, is limited in Afghanistan at present with the majority of raisins being consumed directly by consumers. Green raisins are consumed in the domestic market more than red raisins. The majority of Afghan raisins are exported to the regional countries like Pakistan, India, and Russia where they are used in a variety of products such as biscuits, cakes, chocolates, and ice cream.

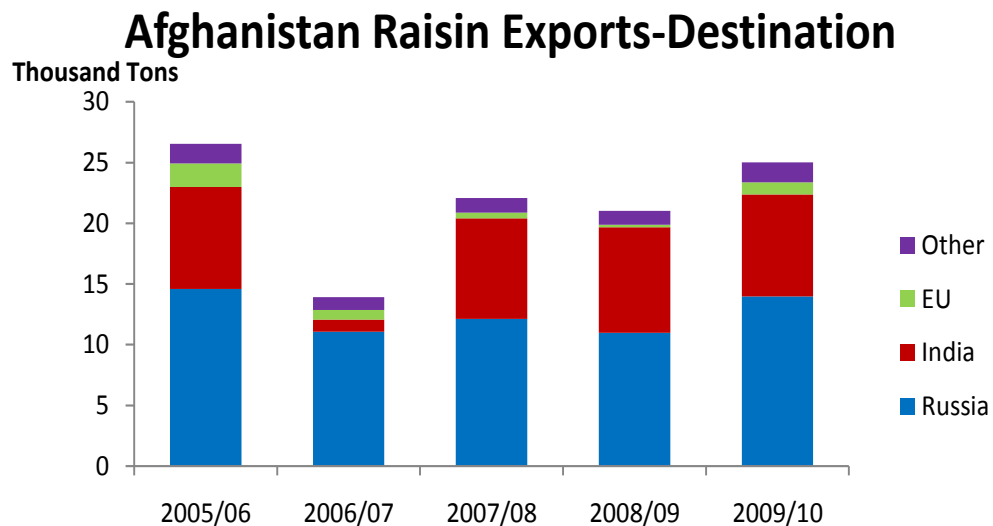
Export:

Despite the turmoil over the past thirty years, Afghanistan has kept their position in the top ten raisin exporters and is responsible for four (4) percent of the total raisin exports to world markets. Raisins are the number one agricultural export commodity of Afghanistan and contribute 17 percent of the total agricultural export value. The best export markets for Afghan raisins are Pakistan, India, and Russia where consumers still remember the quality of Afghan raisins from the 1970's. Different raisins have different export destinations; green raisins have a good market in India and Pakistan while red raisins are exported to Russia and Eastern Europe.



Source: Afghanistan Statistical Yearbook 2009-10

In regional markets Afghan raisins are famous for their better taste and organic nature. First tier countries such as United States and European Union are complicated export destinations for Afghan raisins exports due to the poor quality and lack of adherence to international food standards by raisin processors. However, Afghan exporters have sent shipments to both the U.S. and European Union in recent years with the European Union proving to be major growth market. Through the first six months of MY 2010/11 (October – March) exports to the European Union grew 527 percent to 1,952 tons when compared to the first six months of the previous MY. At this pace exports to the European Union could total 5,000 tons in MY 2011/12. The graph below outlines the destinations of Afghan raisin exports but excludes exports to Pakistan for which there is not a reliable source of data.



Source: Global Trade Information System

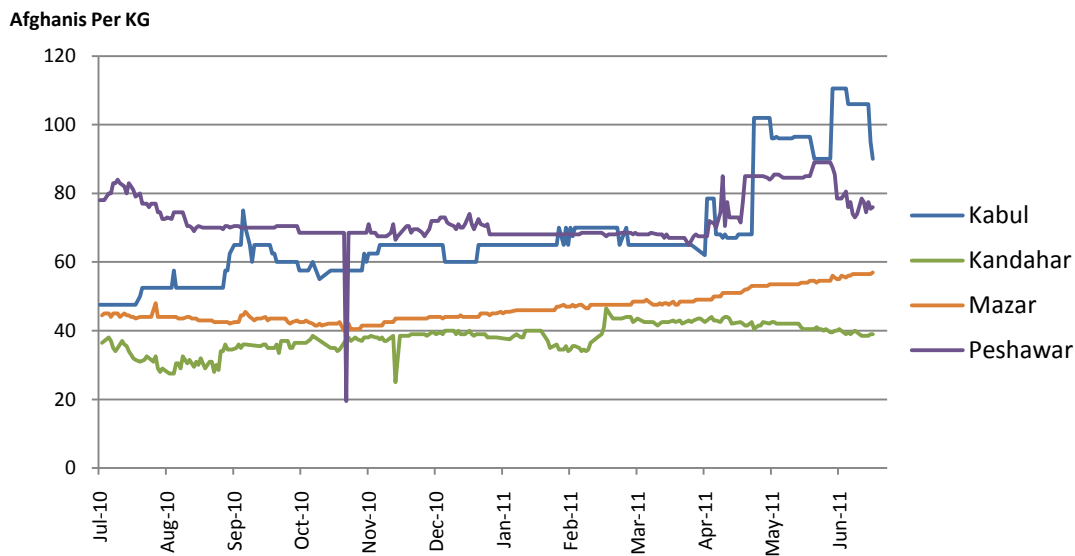
Afghan raisin exports also face difficulties during transport to their final destination when compared to regional competitors (Iran and Turkey) because of poor transportation, improper loading and unloading,

and lack of modern custom equipment in the clearance process. Additionally, there is a history of origin adulteration where Afghan raisins are shipped to Pakistan or Iran and labeled as Pakistani or Iranian product for export to a third destination. Quantifying transshipment of mis-labeled raisins is difficult but will likely decline in the near future as a result of the improvement of customs clearance processes and the processing and packaging practices of Afghan raisin companies.

Raisins Prices:

According to a daily retail prices survey conducted by IDEA-NEW, a USAID project, average unprocessed green raisin prices during June 2011 were 102 Afs/kg (\$2.15/kg) and 75 Afs/Kkg (\$1.58/kg) in Kabul and Peshawar respectively. Green raisins prices in Kandahar and Mazar are much lower than Kabul and Peshawar markets where prices have crept up in recent months. According to a UC-Davis market study conducted in October 2004 the average export prices for red raisins in Russia are 186 percent higher than the prices for red raisin in Mazar province. The export prices for green raisins in India are three time higher than the prices for green raisins in Kandahar province. This margin includes the value for transportation, import tariff, and exporters and traders' profit. The disparity between prices in Afghanistan and the prices in neighboring countries signals that Afghan raisins will remain a competitive source of regional exports in the near and medium term.

Afghanistan Retail Raisins Prices



Source: IDEA-NEW Daily Market Prices

Policy

The government of Afghanistan does not have a clearly defined policy for the raisin sector (production, processing, marketing, or trade). However, three Afghan ministries play an important role in the export

of Afghan raisins creating a number of impediments to the free export of raisins out of Afghanistan. The Institute of Afghan Raisins and Other Dry Fruits Export Promotion, located in the Ministry of Commerce and Industry, Quarantine Department in the Ministry of Agriculture, Irrigation, and Livestock, and Ministry of Finance regulate the quality and trade of raisin exports and also provide services to the raisin producers. The Afghan Raisins and Other Dry Fruits Export Promotion Institute issue a quality certificate for the export consignment after laboratory tests. This document is required by the Government of Afghanistan for export but its recognition as a phyto certificate in destination markets is limited.

When the raisins consignments are ready for shipment exporters must include the following documentation for export:

1. Phytosanitary Certificate from Ministry of Agriculture Irrigation and Livestock.
2. Form A (Export Tax Exemption Form) issued by Ministry of Finance
3. Transit Form (Transit Permit) issued by Ministry of Commerce and Industry
4. Raisin Quality Certificate issued by Afghan Raisin and Other Dry Fruits Export Promotion Institute – Ministry of Commerce and Industry

Raisin Processing Industry:

One of the major constraints facing the industry is the drying process which predominately occurs in unsanitary conditions and produces raisins which are not suitable for export to developed countries' markets. Green raisins are produced in Kishmish Khana a mud room built from mud bricks and wood sticks. The grapes are placed in Kishmish Khana for one month to dry under the shade to produce green raisins. Green raisins are rarely processed further and mostly exported without processing to Pakistan and India. Red raisins are produced from the remaining grapes that are left over after fresh grapes are exported and Kishmish Khana dried in the sun.

Red raisins which have greater export market produced from the 3rd category of grapes after filling Kishmish Khana and fresh grapes. The Aftabi raisins are dried in the minimal space and without underneath mate or sheet and often mixed with dust to reduce drying period. These inappropriate techniques in the drying process resulting poor quality of raisins which cannot compete in the international markets. This type of raisins often needs double washing to make them competitive product for developed markets. The quality of Kishmish (Green Raisins) can be improved if the grapes are washed before placing them in Kishmish Khana. The quantity of green raisins can be increased by reducing drying period using the appropriate chemical solutions.

Residues remain a major problem for raisin exporters. Afghan grape growers traditionally do not apply the appropriate amount of pesticides leaving residues which will not pass inspection in most developed country markets.

Prior to the Soviet invasion there were more than 30 raisin processing factories in Afghanistan but most of these factories have been destroyed and or stopped operation during the conflict and civil war. Most factories operating today use processing equipment that is more than 40 years old and antiquated packaging techniques. Currently, raisin processing factories only process red raisins for commercial export to regional markets. Raisins exported to Pakistan or UAE are not going through commercial processing in Afghanistan but are processed there and then exported to third countries.

There is only one modern raisin processing factory in Kabul which has modern raisin processing equipment. Processing includes: washing the raisins twice, following washing they are passed through a scanner where waste (stems and foreign matter) is removed, next the raisins are sorted by hand (this is usually done by Afghan women), and finally the raisins are sent through an X-ray machine before being sprayed with paraffin and packed in boxes for export. The process produces raisins which are currently exported to Russia, the Middle East, and European Union.

Production, Supply and Demand:

Raisins Afghanistan	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	0	60,832	0	60,832		61,000
Area Harvested (HA)	0	0	0	0		0
Beginning Stocks (MT)	0	0	0	0		0
Production (MT)	28,000	34,000	29,000	30,000		31,000
Imports (MT)	0	0	0	0		0
Total Supply (MT)	28,000	34,000	29,000	30,000		31,000
Exports (MT)	24,100	30,000	25,000	26,000		26,950
Domestic Consumption (MT)	3,900	4,000	4,000	4,000		4,050
Ending Stocks (MT)	0	0	0	0		0
Total Distribution (MT)	28,000	34,000	29,000	30,000		31,000
TS=TD		0		0		0