

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 8/4/2014

GAIN Report Number:

Afghanistan

Raisin Annual

2014

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Report Highlights:

Post forecasts for Afghanistan's marketing year (MY) 2014/15 raisin production at 36,000 metric tons (MT), a 5 percent increase from the previous marketing year. The increase over last year is attributed to better production techniques, provided disease control trainings and new production from vines planted in 2011, coming into production for MY 2014/15 along with good precipitation, adequate water and minimal disease or pest issues.

Post forecasts MY 2014/15 raisin exports at 30,800 MT, a substantial increase from last year based on the expansion of new markets for Afghan raisins in Europe, Australia, Chile and Kazakhstan. Russia

and India continue to be top export markets because of regional proximity and because the reputation of high quality raisins from the 1970s lingers in consumers' minds. In MY 2012/13, 508 MT were imported to the U.S.; however, in the first three quarters of MY 2013/14 Afghanistan exported only 66 MT.

Executive Summary:

Raisin production for MY 2014/15 is projected to increase 5 percent to 36,000 MT. This growth is result of both environmental production practice factors. Overall, water was sufficient, disease and pests were minimal. New vines planted in 2011 will come into production this marketing year, and trellising is becoming more widely practiced. While national production is up, yield projections vary greatly by region. In the northern provinces of Balkh, Faryab, Jowzjan, Samangan and Sar-e-Pul estimates are for more than a 20 percent increase in yield because of timely rain and good weather condition. Parwan province is reporting some minor vine damage from anthracnose. Grape production in Kabul, Ghazni and other central/eastern provinces is projected to increase following good weather conditions and minimal disease. Yield is also predicted to be up significantly in the southern provinces of Kandahar and Zabul.

Farmers typically dry 20 to 25 percent of their grape crop. Factors that affect this decision include regions where transportation is difficult or security is poor will dry a greater percentage to raisins. If transport into and through Pakistan is problematic after the grape harvest, more grapes will be dried into raisins.

Post forecasts MY 2014/15 raisin exports at 30,800 MT, a substantial increase from last year based on the expansion of new markets for Afghan raisins in Europe, Australia, Chile and Kazakhstan.

The United States, European Union and other destinations with strict standards enforcement are complicated export destinations for Afghan raisins because of poor quality and lack of adherence to international food safety standards by processors. However, the implementation of international Codex standards for raisins has increased the ability to market to such places. Europe continues to be a growth market, and this market year, Afghanistan has seen Chile, the Czech Republic and Slovakia increase their imports of Afghan raisins. Kazakhstan is a major market for Afghan raisins, importing 869 MT in the first seven months of MY2013/14. Australia has already seen imports of Afghan raisins increase dramatically this market year – from 20.7 MT from October 2012 to April 2013 up to 283 MT in the period from October 2013 to Apr 2014.

The export process remains complicated and vague, with three different ministries playing a role in the process. However, the adoption of the global Codex standard for raisins has enabled Afghanistan to increase exports to destinations with strict standard enforcement.

Production:

Raisin production for MY 2014/15 is forecast at 36,000 MT. This increase from last marketing year is attributed to improved production techniques, provided disease control trainings and new production from vines planted in 2011, along with good precipitation, adequate water and minimal disease or pest

issues. Post forecasts that 62,600 hectares of grapes will be planted in MY 2014/15, an increase of about 480 hectares from the previous marketing year. The establishment of new commercial vineyards, implementation of trellis methodology and restoration and improvement of existing vineyards through assistance provided by the international community is largely responsible for this increase.

Grapes are grown throughout Afghanistan. The top five producing provinces are scattered around the country. Two of the top five producing provinces are in the Shamali Plain (Kabul and Parwan Provinces), followed by Kandahar in the south, Herat in the southeast, and Ghazni in the eastern part of the country. Faryab and Sar-e-pul in the North also can be counted as high producing provinces.

While overall production of both grapes and raisins is expected to increase, there are significant regional differences in current yield projections. In the northern provinces of Balkh, Faryab, Jowzjan, Samangan and Sar-e-Pul estimates are for more than a 20 percent increase in yield because of timely rain and good weather condition. Parwan province is reporting some minor vine damage from anthracnose. Grape production in Kabul, Ghazni and other central/eastern provinces is projected to increase following good weather conditions and minimal disease. Yield is also predicted to be up significantly in the southern provinces of Kandahar and Zabul.

Afghan farmers use 20 to 25 percent of their grape harvest for raisin production. Total grape production has been reported by the Central Statistics Organization of Afghanistan as totaling 590,000 MT in 2012/13 and estimated at 610,570 MT in 2013/14. Using the standard grape to raisin conversion ratio of 450 kilograms (kg) of grapes to produce 110 kg of raisins, an estimated 150,900 MT of grapes will be used for raisin production during MY 2014/15, yielding about 36,000 MT of raisins.

The percentage of grapes dried into raisins varies greatly by year and by region. Areas where transportation is more difficult will dry more grapes simply because of the challenges of getting fresh grapes to market. For example, in Sar-e Pul and Faryab, farmers may dry as much as 60-80 percent of their grape crop to raisins, whereas, Uruzgan, Samangan and Balkh provinces will dry only about 10 percent of their grape harvest. Security also plays a factor. If security conditions are poor, more grapes will be dried until they can get to market.

Historically, the primary market for Afghan grapes was raisins, but due to higher prices for fresh grapes and the opening of new markets for grapes in India and Pakistan, farmers now prefer to sell fresh grapes. Grown in Samangan province, the Tayefe variety of grape is in high demand in Tajikistan and Uzbekistan.

The drying process in Afghanistan is carried out two ways: sun drying and shade drying. Green raisins are dried in shaded, ventilated houses (*Kishmish Khanas*), while red, black and yellow raisins are sun dried on rooftops and the ground. After the drying process, raisins are swept up from the ground and bagged. The final product has a moisture content of 12 to 13 percent. Raisin production tends to track or follow grape production closely each year.

Consumption:

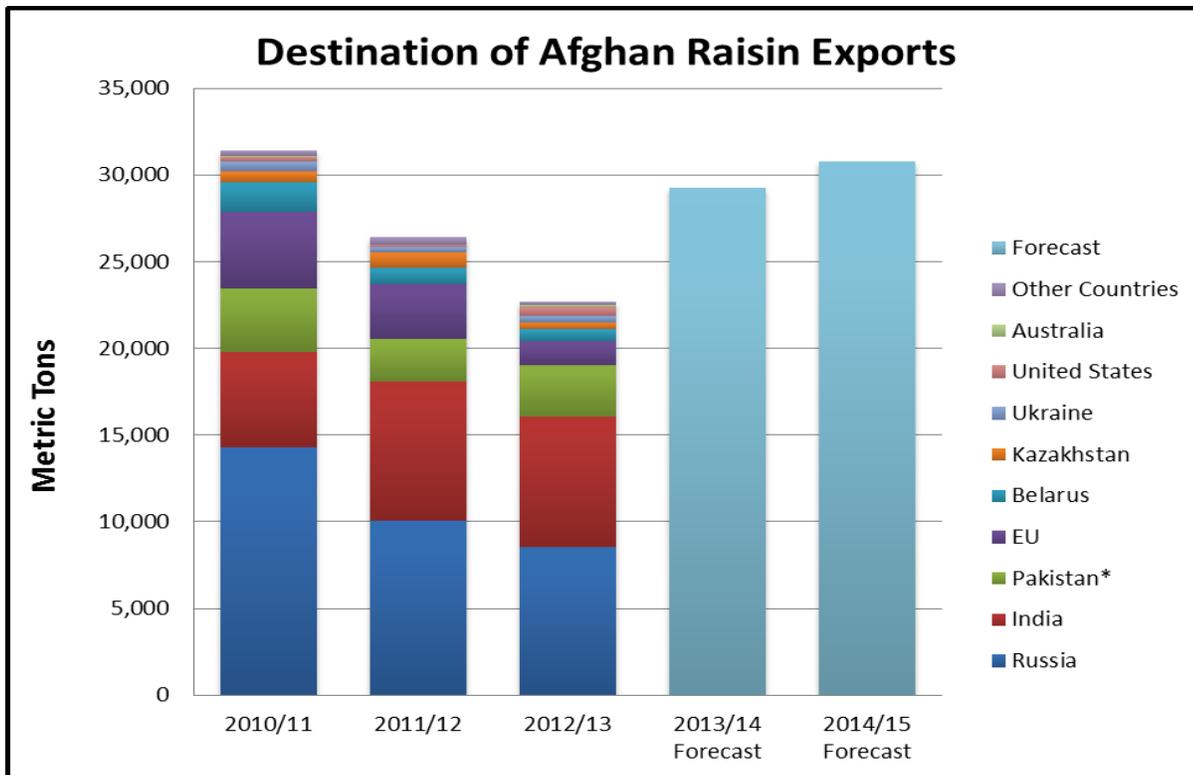
Due to scarcity of statistics, Post uses the consumption forecast to reflect domestic availability. This figure is derived from subtracting export data from total production estimates. As a result, the consumption figures show significant swings from year to year. There is likely some short-term storage of raisins but amounts are difficult to quantify. As a result, the domestic consumption numbers reflect both consumption and stocks.

The demand for raisins in Afghanistan increases during holidays such as *Nawrooz* (lunar New Year, March 21), Eid ul-Fitr (end of the Islamic fasting month of Ramadan) and Eid al-Adha (Islamic feast of the sacrifice). Food industry utilization (e.g., bakeries and confectionaries) is limited in Afghanistan with the majority of raisins being consumed directly by consumers. Green raisins are preferred in the domestic market more than red raisins. Domestically, red raisins are primarily used in making Kabul's special rice dish called *Kabuli Polaw*.

Trade:

Post forecasts MY 2014/15 raisin exports at 30,800 MT, a substantial increase from last year based on the expansion of new markets for Afghan raisins in Europe, Australia, Chile and Kazakhstan. Russia and India continue to be top export markets because of regional proximity and because the reputation of high quality raisins from the 1970s lingers in consumers' minds.

The United States, European Union and other destinations with strict standards enforcement are complicated export destinations for Afghan raisins because of poor quality and lack of adherence to international food safety standards by processors. However, the implementation of international Codex standards for raisins has increased the ability to market to such places. The United States looks to be an unsure market for Afghan raisins. In MY 2012/13, 508 MT were imported to the U.S.; however, in the first three quarters of MY 2013/14 Afghanistan exported only 66 MT. Europe continues to be a growth market, and this market year, Afghanistan has seen Chile, the Czech Republic and Slovakia increase their imports of Afghan raisins. Kazakhstan is a major market for Afghan raisins, importing 869 MT in the first seven months of MY2013/14. Ukraine imported 390 MT in the same period. While not yet considered a major market, Australia has already seen imports of Afghan raisins increase dramatically this market year – from 20.7 MT from October 2012 to April 2013 up to 283 MT in the period from October 2013 to Apr 2014.



Source: Global Trade Information System (*Raisin exports to Pakistan based on data MAIL's Directorate of Statistics & Market Information and the Afghan Raisin, Fruits, and Vegetable Promotion Administration).

There is no reliable data source for raisin exports to Pakistan. However, based on estimates from the Afghan Raisin, Fruit and Vegetable Export Promotion Administration (ARF&VEPA) and MAIL's Directorate of Statistics and Market Information, raisins exports to Pakistan can range from 2,000 to 4,000 MT per marketing year. Data from the Central Statistical Organization of the Government of the Islamic Republic of Afghanistan supports exports in that range but is not broken down by month. Illegal exports to Pakistan, which skirt taxes, are a major issue affecting the raisin industry.

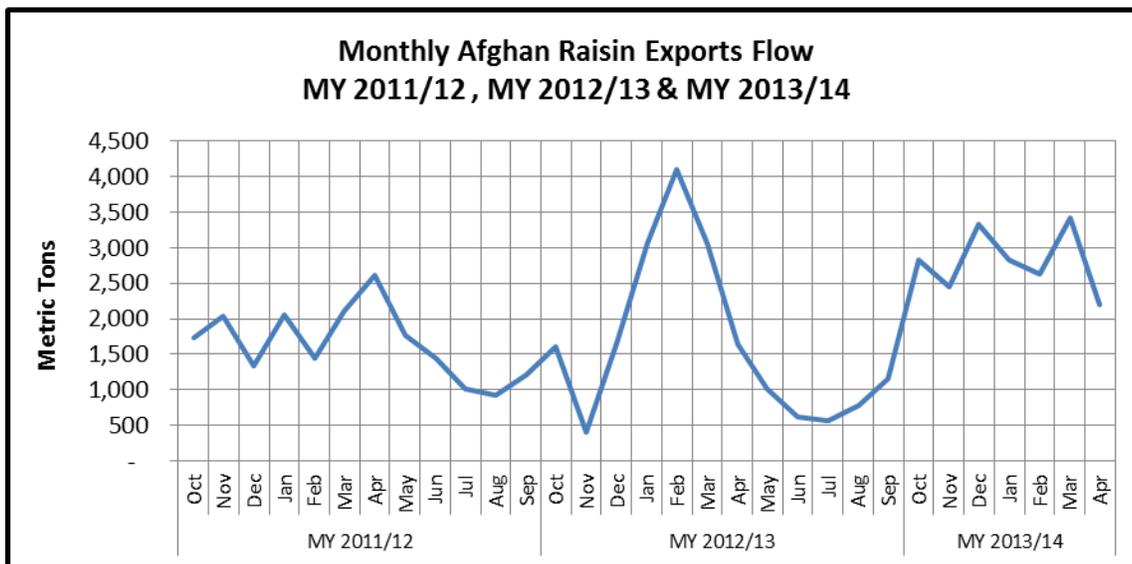
Table 1 Afghanistan: Raisin Exports Statistics

Afghanistan Export Statistics: 080620, Grapes, Dried						
Marketing Year: October/September						
Partner Country	Unit	MY 2010/11	MY 2011/12	MY 2012/13	7 months Oct-Apr 2012/13	7 months Oct-Apr 2013/14
Russia	MT	14,309	10,050	8,568	6,815	6,703
India	MT	5,457	7,999	7,484	6,331	9,431
Pakistan*	MT	3,700	2,500	3,000	2,000	2,700
EU-27	MT	4,413	3,167	1,342	877	1,678
United States	MT	268	122	508	388	66
Belarus	MT	1,701	957	737	440	324
Kazakhstan	MT	616	860	343	130	869
Australia	MT	18	20	111	20	283

Ukraine	MT	582	285	390	390	140
Other Countries	MT	330	432	194	88	197
Total	MT	31,394	26,392	22,677	17,479	22,391

Source: Global Trade Information System (*Raisin exports to Pakistan estimated based on data from the Ministry of Agriculture, Irrigation and Livestock's (MAIL) Directorate of Statistics & Market Information and Afghan Raisin, Fruits, and Vegetable Promotion Administration)

Different raisin varieties have different export destinations. Green raisins have a strong market in India and Pakistan, while red raisins are exported to Russia and Eastern Europe. Seedless black raisins from the *Sanchark* district of *Sar-e-pul* Province have a strong demand in the United States and Europe.



Source: Global Trade Information System (excludes exports to Pakistan).

Policy:

The development of production and post-harvest commercialization of key horticultural crops, including raisins, is included in the National Comprehensive Agriculture Production and Market Development Program of the Government Islamic Republic of Afghanistan (GIRoA). This is part of the National Priority Program Two (NPP). The inclusion of a plan to enhance these sectors by 2015 carries more weight due to the commitments under the 2012 Tokyo Mutual Accountability Framework. As part of TMAF, the international donors committed to aligning 80 percent of their assistance programs with the priorities of the NPP. While not singling out grapes/raisins, for the horticulture sector as a whole, the NPP puts the focus on applied and adaptive research systems to promote technology development, improved extension services to improve production techniques, identification and adoption of improved varieties, establishment of post-harvest and commercialization systems, improved market information, and strengthening of community and agricultural organizations. Programs that assist in reaching these goals will receive high priority from GIRoA in general and the Ministry of Agriculture, Irrigation and Livestock (MAIL) in particular.

Three GIROA ministries play an important role in the export of Afghan raisins, creating a number of impediments to the free and expeditious export of raisins. These ministries include the Afghan Raisins, Fruits, and Vegetables Export Promotion Administration (ARF&VEPA) under the Ministry of Commerce and Industry, the Quarantine Department of MAIL and the Ministry of Finance.

Beginning in MY 2012/13 the Afghan Government began implementing Codex Standard 67-1981 for Raisins. Using the new standard, raisins are sorted into a greater number of categories, and the certificate provided states the product meets the Codex standard. Adhering to these international standards has greatly opened up markets in Europe, North America, Australia, Chile, the Czech Republic and Slovakia.

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

1. Phytosanitary Certificate from the 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 (meeting Codex Standard 67-1981) issued by Afghan Raisin, Fruits & Vegetable Export Promotion Administration (ARF&VEPA) under the Ministry of Commerce and Industry.

Raisin Processing Industry:

One of the major constraints facing the Afghan raisin industry is the drying process as it predominately occurs in conditions that produce raisins not suitable for export to countries with high food safety standards. Green raisins are produced in *Kishmish Khana*, a mudroom built from mud bricks and wood sticks. The grapes are placed in the *Kishmish Khana* for one month to shade dry. Green raisins are rarely processed further and are mostly exported without processing to Pakistan and India. Red raisins are produced from grapes that are left over after fresh grapes are exported or shade dried.

Red raisins, which have a greater export market value, are produced after fresh grapes and shade dried raisins. Afghan farmers prefer to sell fresh grapes and shade dried raisins first because they are easily sold on the domestic market. *Aftabi* raisins are dried in minimal space without a protective mat or sheet and are often mixed with dust to reduce the drying period. These drying techniques result in poor quality raisins that cannot compete on the global market. These types of raisins often need double washing to make them competitive in countries with high food safety standards. The quality of *Kishmish* (green raisins) can be improved if the grapes are washed before shade drying. The quantity of green raisins can be increased by reducing the drying period and using chemical solutions.

Residues are a major problem for raisin exporters. Afghan grape growers traditionally overuse pesticides leaving residue, which will not pass inspection in countries with high food safety standards.

Prior to the Soviet invasion there were more than 30 raisins processing factories in Afghanistan, but most of these factories were destroyed or discontinued 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 the United Arab Emirates (U.A.E.) are not going through commercial processing in Afghanistan but are instead processed in Pakistan or the U.A.E. for exporting to third countries.

There is one modern raisin-processing factory in Afghanistan, which has modern raisin processing equipment. Processing includes washing the raisins twice, passing them through a scanner where waste (stems and foreign matter) is removed. After being sorted by hand, they pass through an X-ray machine before being sprayed with paraffin for being packed in boxes for export. This type of processing produces raisins that are exported to Russia, the Middle East and the European Union.

Production, Supply and Demand Data Statistics:

Table 2 Production, Supply and Distribution

Raisins Afghanistan	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	0	61,690	0	62,118		62,600
Area Harvested (HA)	0	0	0	0		0
Beginning Stocks (MT)	0	0	0	0		0
Production (MT)	20,000	26,727	33,000	34,300		36,000
Imports (MT)	0	0	0	0		0
Total Supply (MT)	20,000	26,727	33,000	34,300		36,000
Exports (MT)	17,200	22,677	28,000	29,300		30,800
Domestic Consumption (MT)	2,800	4,050	5,000	5,000		5,200
Ending Stocks (MT)	0	0	0	0		0
Total Distribution (MT)	20,000	26,727	33,000	34,300		36,000