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Voluntary Public

Date: 2/27/2014

GAIN Report Number:

Afghanistan

Post: Kabul

Afghanistan's Dried Fruit Market Regains Strength

Report Categories:

Dried Fruit

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Report Highlights:

As Afghan farmers continue to work toward rebuilding what was destroyed from years of war, with a great deal of international assistance, there is immense potential for Afghanistan to increase exports of dried fruits beyond just regional markets in Pakistan and India. With exports reportedly up in 2013, it looks as though Afghanistan might be on track to regain some of the ground lost.

Overview:

About 60 percent of the world's dried fruits and nuts came from Afghanistan prior to 1980¹. As Afghan farmers continue to work toward rebuilding what was destroyed from years of war, with a great deal of international assistance, there is immense potential for Afghanistan to increase exports of dried fruits beyond just regional markets in Pakistan and India. With exports reportedly up in 2013, it looks as though Afghanistan might be on track to regain some of the ground lost.

Most Afghan fruits are still dried through traditional methods that leave produce open to contaminants and large variations in quality. This continues to be a limiting factor in exports to countries with strict import standards, but efforts by Afghanistan's export promotion organizations are making headway.

Despite the surge in exports, local wholesale and retail markets report that prices have remained the same, possibly caused by a decrease in domestic sales. Conversations with local traders, retailers and export promotion agencies indicate that uncertainty regarding the signing of the Bilateral Security Agreement between the United States and Afghanistan is having a negative effect on domestic sales.

Production:

Fruit trees make up 1.5 percent of arable land in Afghanistan. (Twelve percent of total land in Afghanistan is arable.) MY2013-14 estimates put production at 120,000 hectares (ha). In addition to orchards throughout the country, most farming households also maintain fruit trees for self-consumption.

Fig production is expected to increase significantly this marketing year in Kandahar as a result of good weather. Most of this increase in production will be exported. Kandahar is well positioned to export to Pakistan, India and Dubai due to its functioning commercial airport. Nearly all fig production in Afghanistan occurs in Kandahar province. Small increases in production are forecast for grapes, melons, apricots and mulberries throughout the country.

Table 1: Fresh Fruit Production in Afghanistan

Commodities (MY: Apr.-Mar.)	Area/ha			Production/tons		
	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
Apricot	8,320	8,350	8,767	49,920	83,500	89,345
Grape	61,558	61,690	64,774	492,464	590,000	631,300
Figs	2,056	2,056	2,056	8,220	8,224	9,869
Plum	3,800	3,826	4,017	30,400	31,920	34,154
Mulberry	3,800	3,800	3,800	--	--	--

Source: Ministry of Agriculture, Irrigation and Livestock and Afghanistan Statistical Yearbook

*Production data for mulberry is not available.

Drying Process:

The drying process for Afghan fruits is still largely done by traditional methods that do not meet international standards. However, the Afghanistan Raisins, Fruit and Vegetables Export Promotion Administration (ARF&VEPA) has led an effort to adopt international Codex standards. Adherence to Codex standards has allowed Afghanistan to begin exporting raisins to places such the United States, Switzerland and Australia.

The majority of raisins are still dried on mats on the ground or shade dried in Kishmish Khanas. Most figs are prepared for market in a process that involves partially drying the figs before machine pressing them and threading onto a long rope of figs (see Figure 1). Dried mulberries are not widely exported, but are popular domestically as a snack food. Dried melons are a uniquely Afghan snack food.

Afghanistan is home to the sweet melon, which is denser than other melons like watermelon and cantaloupe. With greater density and lower water content, sweet melons are able to be dried into long strips. Consumption is almost exclusively domestic.



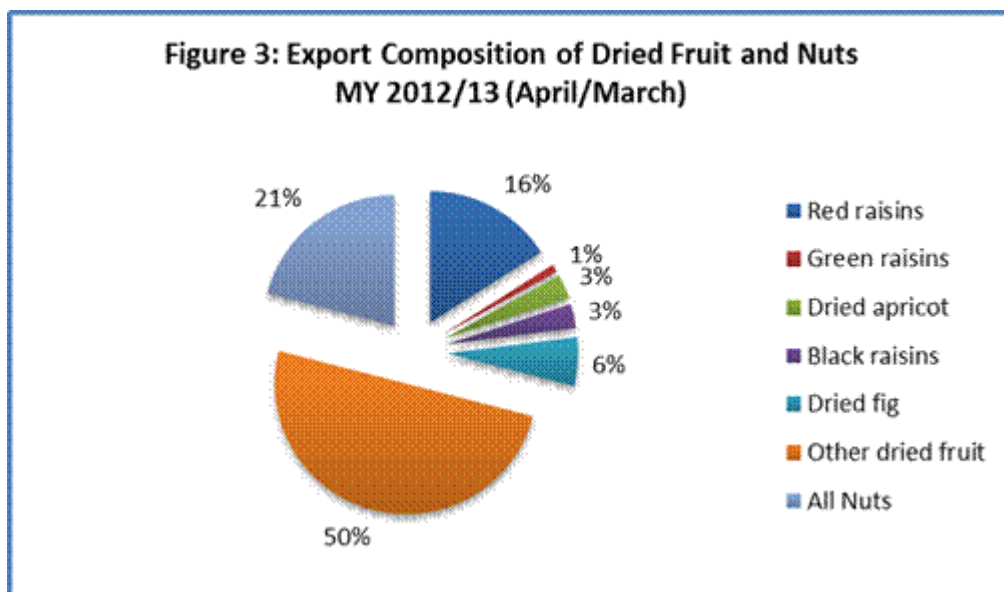
Figure 1: Dried Figs in Kandahar province.



Figure 2: Dried red raisins in Parwan Province. (photo: NY Times)

Markets and Trade:

Afghanistan was historically known for the high quality of its dried fruits. There is still a large demand for Afghan dried fruits in India and Pakistan. However, the unsanitary traditional drying methods, inconsistent quality of product and lack of established or enforced standards have limited Afghanistan’s ability to export to markets with stricter import standards. Small strides have been made, however, particularly with raisins with their recent adoption of the global Codex standards. Storage facilities and transportation also remain a major obstacle to further export. In December 2013, the Ministry of Commerce and Industries reported that exports had doubled in 2013 from \$62 million in 2012 to more than \$100 million in the first six months of the 2013 Afghan calendar year (April to September) with much of that gain coming from dried fruit and nuts.



Source: Central Statistics Organization Afghanistan Statistical Yearbook 2012-13

Despite the rise in exports, local wholesale and retail markets in Kabul say that there has not been a related increase in prices, and domestic sales have actually gone down. Some wholesalers estimated the reduction in sales at three percent when comparing the first nine months of MY2012-13 (April-March) to the first nine months of MY2013-14. Retailers interviewed estimate the decline in sales at five to seven percent. Conversations with local traders, retailers and export promotion agencies indicate that uncertainty regarding the signing of the Bilateral Security Agreement between the United States and Afghanistan is having a negative effect on domestic sales.

In general, Afghanistan has a robust domestic market for dried fruit and nuts. In religious days like Eid-ul-Fiter, Eid-ul-Adha and Nawroz, the consumption of dried fruits rises dramatically. Traditionally in wedding parties and special events dried fruits are consumed with green tea. Table 2 below shows the retail market prices of dried fruits in Kabul in January 2014.

Table 2: Retail Market Price of Dried Fruit in Kabul City, Jan. 2014

Commodity	Afs/ Kg	USD\$/ Kg
Raisins (Best quality)	300.00	5.26
Raisin (Good quality)	180 - 250	3.15 - 4.38
Dried apricot (soft)	250.00	4.38
Dried apricot (hard)	400.00	7.00
Dried melon	250.00	4.38
Figs (Iranian imported)	600.00	10.52
Figs (Kandahar)	350.00	6.14
Plum	70.00	1.22
Mulberry	100.00	1.75

Source: Informal market information, based on discussion with retailers at open market January 2014.

The India Afghanistan Free Trade Agreement is known as IAPTA (India Afghanistan Preferential Trading Agreement). The objectives of this Agreement are to promote through the expansion of trade the harmonious development of the economic relations and to provide fair conditions of competition for trade between India and Afghanistan.

Table 3: List of key items in this sector where preferential tariffs are granted by the Government of India

S.No.	H.S. Code	Product Description	MFN Duty %	M O P*
1	080620	Green Raisins	105	50%
2	080620	Green Large Raisins	105	50%
3	080620	Black Raisins	105	50%
4	080620	Red Raisins	105	50%
6	081310	Dried Apricots	30	50%
7	080420	Fig Dried	30	100%
13	081340	Plums Dried	30	50%
17	081340	Mulberries Dried	30	100%
19	080620	Raisins Golden	105	50%
22	080620	Green Raisins except Large	105	50%
23	081340	Cherries Sour Dried	30	50%

(* Margin of Preference)

Source: http://commerce.nic.in/india_afghan.htm

The Afghanistan-Pakistan Transit Trade Agreement (APTTA), which was signed in July 2010 and has experienced sporadic enforcement since, seems to be gaining more standard adherence. The APTTA allows for Afghan goods to transit through Pakistan, an important component in Afghanistan's ability to export to India. At the same time, Afghanistan has increased its utilization of Iran's Chabahar Port, which allows Afghan goods to bypass Pakistan en route to India. To further encourage trade with India, the India-Afghanistan Preferential Trade Agreement gives Afghanistan preferential treatment on a

number of tariffs, including a 50 percent margin of preference for dried fruits such as raisins and apricots and a 100 percent margin of preference for dried figs and dried mulberries.

Table 4: Afghan Export Statistics for Dried Fruit (Raisin, Apricot, Plum)
(Largest Reporting Markets but not including Pakistan)

<i>Afghan MY April/March</i>				
Country	Unit	MY 2011/12	MY 2012/13	<i>first 9 months</i> MY 2013/14
India	MT	7,942	13,126	5,667
Russia	MT	12,264	9,336	5,682
Belarus	MT	1,397	582	425
Ukraine	MT	603	548	0
Kazakhstan	MT	1,169	437	437
EU	MT	4,277	1,705	809
United States	MT	233	387	222
Other	MT	581	252	377
Total:	MT	28,466	26,373	13,619

Source: Global Trade Information System

Note: Exports to Pakistan are significant, but consistent, reliable data is not available.