

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 8/12/2012

GAIN Report Number:

Afghanistan

Post: Kabul

2012 Raisin Annual

Report Categories:

Raisins

Approved By:

Ron Hagen

Prepared By:

Abdul Jalal

Report Highlights:

Post forecasts Afghanistan's marketing year (MY) 2012/13 raisin production at 33,500 metric tons (MT), a five percent increase from the previous marketing year, based on better weather conditions and new vines that have entered into production. Post forecasts Afghanistan's raisin exports at 29,450 MT, a six percent increase from the previous year due to increased production. The European Union (E.U.) emerged as a growing market for Afghan raisins during MY 2012/13, with a 44 percent increase from MY 2011/12.

Executive Summary:

Post forecasts Afghanistan's MY 2012/13 raisin production at 33,500 MT, a five percent increase from the previous year, based on better weather conditions, new production techniques such as trellising, and new vines entering into production. Domestic raisin consumption will be unchanged during MY 2012/13 due to static demand.

Russia and the E.U. are the leading destinations for Afghan raisins with more than a 70 percent combined market share. Post forecasts Afghanistan's MY 2012/13 raisin exports at 29,450 MT, a six percent increase from the previous year. The United Kingdom has become a major growth market for Afghan raisins in recent years, while the Indian market for raisins has declined.

Production:

Post forecasts MY 2012/13 raisin production at 33,500 MT, a five percent increase from the previous year, based on better weather conditions, new production techniques such as trellising, and new vines entering into production. Post forecasts MY 2012/13 grapes are planted over 61,732 hectares, a 732-hectare increase from the previous marketing year, based on new commercial vineyards and trellis systems established with the help of the international community.

The Shamali Plain in the central region of Afghanistan, on average, accounts for more than 40 percent of total raisin production, while the southern region of Afghanistan, on average, accounts for 30 percent of total raisin production.

Afghan farmers use 20 to 25 percent of grapes for raisin production. [1] Based on this conversion an estimated total of 137,000 MT of grapes will be used for raisin production during MY 2012/13, yielding 33,500 MT of raisins.

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.

The drying process in Afghanistan is carried out two ways: sun drying and shade drying (Kishmish Khana). Green raisins are dried in shaded, ventilated houses, 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.

^[1] Note: This figure was derived by using the common grape to raisin ratio – 450 kilograms (kg) of grapes produced will yield 110 kg of raisins.

Consumption:

Post forecasts raisin consumption at 4,050 MT, unchanged from the previous marketing year based on static demand. Afghanistan is not a large consumer of raisins as only 14 percent of raisins produced are consumed domestically. The demand for raisins in Afghanistan increases during holidays such as Nawrooz (the first day of Afghan Solar year) and Eid (the coming after Ramadan). 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 consumed in the domestic market more than red raisins. The majority of Afghan raisins are exported to regional countries like Pakistan, India, and Russia where they are used in a variety of products such as biscuits, cakes, chocolates, and ice-cream.

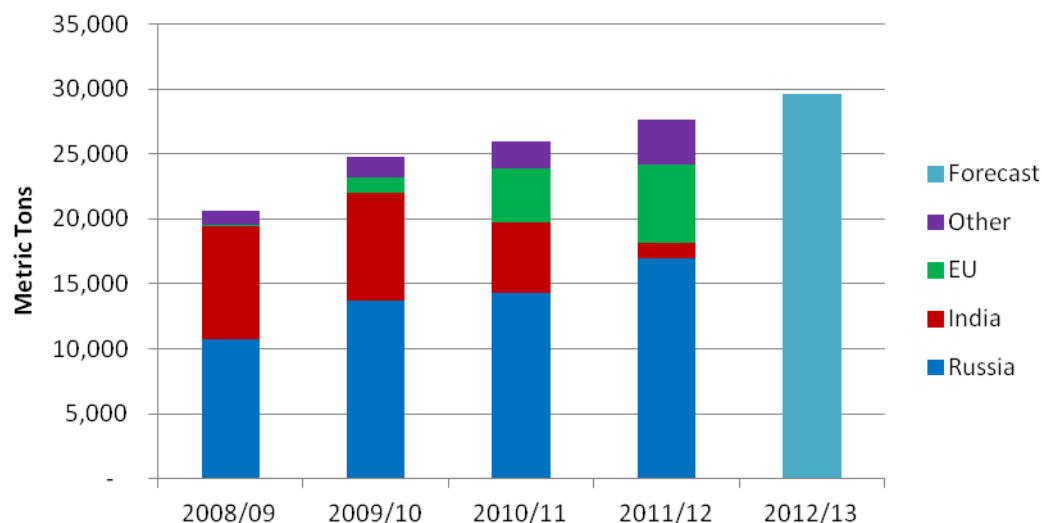
Trade:

Post forecasts MY 2012/13 raisin exports at 29,450 MT, a six percent increase from the previous marketing year, based on the expansion of new markets for Afghan raisins in the E.U. Raisins are the number one agricultural export commodity for Afghanistan and contribute 17 percent of the total agricultural export value. The top export markets for Afghan raisins are Russia, India, and Pakistan because consumers can still remember the high quality of Afghan raisins produced during the 1970's.

Different raisins 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-i-pul province have a strong demand in the United States and Europe.

Traditionally, Russia has been the leading export destination for Afghan raisins, accounting for 61 percent of the total raisin exports. The United States and E.U. are complicated export destinations for Afghan raisins because of poor quality and lack of adherence to international food safety standards by processors. However, Afghan raisin exports to the E.U. reached 6,000 MT in MY 2011/12, which was a 44 percent increase from the previous marketing year as a result of low supplies from other major raisin producing countries. Raisin exports to India decreased from 5,458 MT to 1,165 MT during MY 2011/12, a 79 percent reduction when compared to the previous year due to the non-implementation of the new Afghanistan Pakistan Transit Trade Agreement (APTTA). As a result, raisin exports to India were diverted to Russia and Europe. The graph below outlines the destinations of Afghan raisin exports but excludes exports to Pakistan because there is no reliable data source.

Destination of Afghan Raisin Exports



Source: Global Trade Information System

There is no reliable data source for raisin exports to Pakistan, however, based on trade statistics from the Food and Agricultural Organization of the United Nations and information from the Afghan Raisin, Fruits, and Vegetable Export Promotion Administration, raisins exports to Pakistan ranged from 200 MT to 400 MT per marketing year. Raisins exported to Pakistan are not going through processing in Afghanistan.

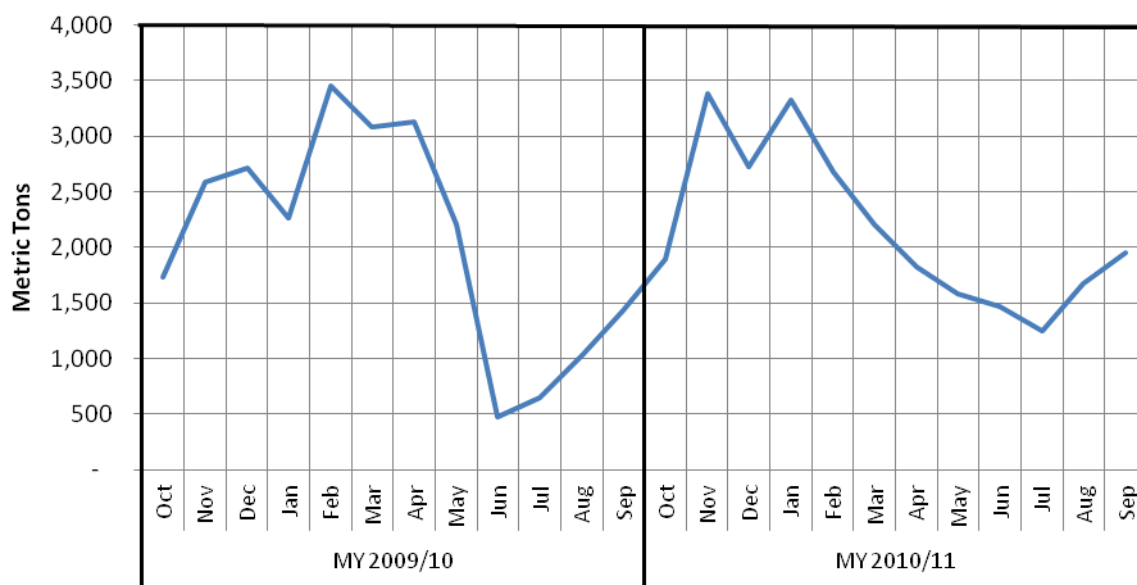
Table 1. Afghanistan: Raisin Exports Statistics

Afghanistan Export Statistics Commodity: 080620, Grapes, Dried Marketing Year Begin: October					
Partner Country	Unit	Quantity			
		MY 2008/09	MY 2009/10	MY 2010/11	MY 2011/12
Russia	MT	10,703	13,721	14,309	17,009
India	MT	8,771	8,316	5,458	1,165
EU	MT	88	1,115	4,161	5,995
Pakistan*	MT	254	181	368	200
Other countries	MT	1,057	1,608	2,051	3,491
Total	MT	20,873	24,941	26,347	27,860

Source: Global Trade Information System (*Raisin export statistics for Pakistan were obtained from FAOSTAT and from Afghan's Raisin, Fruits, and Vegetable Promotion Administration)

The heaviest flow of raisin exports comes just after harvest and up to 60 percent of total exports take place during the first six months of the marketing year. January and February are the strongest raisin export months where approximately 3,000 MT to 3,500 MT of raisins per month are exported to foreign destinations. Post revised MY 2011/12 raisin exports estimates to 27,860 MT on a strong export to Russia and the E.U.

Monthly Afghan Raisin Exports



Source: Global Trade Information System

Policy:

The Government Islamic Republic of Afghanistan (GIROA) does not have a clearly defined policy for the raisin sector (e.g., production, processing, marketing, and trade). However, 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 under the Ministry of Commerce and Industry, the Quarantine Department of the Ministry of Agriculture, Irrigation, and Livestock, and the Ministry of Finance, who regulates the quality and trade of raisin exports and provide services to raisin producers. The Afghan Raisin, Fruits, and Vegetables Export Promotion Administration has three laboratories located in the Kabul, Mazar-e-Sharif, and Kandahar that issue quality certificates for export consignment after laboratory testing. Quality certificates are required by GIROA for export, but its recognition as a phytosanitary certificate abroad is limited. When 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, Fruits & Vegetable Export Promotion Administration under the Ministry of Commerce and Industry

The APTTA signed in 2010 replaces an outdated agreement dating back to 1965. The implementation of the APTTA is still an issue between the two countries because of unnecessary delays during transit routes, which discourage Afghan exporters from sending their exports through Pakistan.

The overall purpose and objective of the APTTA is to facilitate the movement of goods between and through the respective territories. Additionally, the Government of Pakistan guarantees Afghanistan the right to use the ports of Karachi, Port Qasim, and Gwardar for the movement of goods in transit to and from Afghanistan in accordance with official tariffs, rates and conditions applicable to other users of the ports without any discrimination.

Raisin Processing Industry:

One of the major constraints facing the Afghan raisin industry is the drying process as it predominately occurs in unsanitary conditions that produces raisins not suitable for export to countries with high food safety standards. Green raisins are produced in Kishmish Khana, a mud room 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 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 unsanitary drying techniques results in poor quality raisins that cannot compete on the global markets. 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 raisin 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. to be exported to third party countries.

There is only 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, and then sorting the raisins by hand and sending them through an X-ray machine before being sprayed with paraffin and packed in boxes for export. The process produces raisins which are exported to Russia, the Middle East, and the E.U.



Raisin Processing Industry: Raisins washing twice for 1st tier countries



Raisin Processing Industry: Raisin Passing through LASER & X-ray Machines



Raisins packed in 12.5 Kg Carton boxes ready for export.



Raisins boxes are loaded in 40 MT trailer for shipment to Russia

Production, Supply and Demand Data Statistics :

Production, Supply and Demand

Raisins Afghanistan	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Area Planted (HA)	0	60,832	0	61,000		61,732
Area Harvested (HA)	0	0	0	0		0
Beginning Stocks (MT)	0	0	0	0		0
Production (MT)	29,000	30,000	34,000	31,910		33,500
Imports (MT)	0	0	0	0		0
Total Supply (MT)	29,000	30,000	34,000	31,910		33,500
Exports (MT)	25,000	26,000	30,000	27,860		29,450
Domestic Consumption (MT)	4,000	4,000	4,000	4,050		4,050
Ending Stocks (MT)	0	0	0	0		0
Total Distribution (MT)	29,000	30,000	34,000	31,910		33,500
TS=TD		0		0		0