VI. KEY CONSTRAINTS TO MARKET PROFITABILITY AND LONG TERM SUSTAINABILITY

Quality

Little sorting, grading and cleaning of produce or other products takes place at the farm level. Poor processing, cleaning and packaging facilities all limit the ability for Afghanistan to produce a consistent quantity of quality product. Poor quality is not a new issue for Afghan horticulture. Historical data reveals that total export value was already decreasing due to serious quality problems across the board (see Appendix A).

Post-harvest Infrastructure

Lack of proper roads (limited or poor asphalting, no highways), refrigerated trucks, cold storage facilities cripples Afghanistan's capability to reach better markets, capture value, control price volatility. The road system as well as the state of transport vehicles adversely impact input supply as well as product market access Traditional post-harvest processing and storage technologies result in low and uneven quality product, as well as high spoilage. There are no significant cold storage facilities, and packing sheds and packaging units are scarce or primitive. Again we observe that processing and post-harvest constraints traditionally obstructed export growth for Afghan horticulture (see Appendix A). Similarly, in 1976 there was very limited produce grading, no cold storage facilities and no packing houses. Modern handling facilities were minimal resulting in losses due to spoilage, mishandling and lack of grading.

Marketing Organizations

There is an absence of institutions such as cooperatives, marketing associations, commodity organizations, to support and regulate market activities. There are neither farmer cooperatives nor government credits available to the farmers. Growers have little to no market information to make informed decisions. Traders are slightly better informed, but mostly limited by their interaction with Pakistani, and sometimes Indian traders. Given the current marketing practices, the value added is often earned by Pakistani merchants, as they sort, grade, and package the product for consumption in Pakistan and/or for re-export.

Access to Markets

Lack of market alternatives hinders Afghan traders' ability to capture value. Direct trading relationships are rare. Pakistani traders capture much of the value added. Indian middlemen often deal directly within Afghanistan. Even domestic processing options (juices, canned, etc.) do not exist to form a price floor for products.

Commercial / Financial Constraints

No commercial credit is available in the market. Producers lack the resources to finance harvest and marketing. Wholesalers selectively grant short-term credit to retailers. Fresh produce farmers often use unfavorable pre-harvest contracts to market their production. No banks exist to clear commercial transactions. Letters of Credit are non-existent. Money traders in Pakistan fill this void, but at higher costs. There's no product insurance, no commercial code and no legal contracts. Even in 1976 when the Development Bank of Afghanistan provided credit for growers, many of the land operators did not have the necessary collateral to take out a loan.

Weights and Measures

Lack of a common weights and measures system results in disputes and difficulty in price resolution. For example: 1 Man equals 4.5 kg in Kandahar, 7 kg in Kabul, 8 kg in Heart, and 10kg in Quetta. This often results in arguments, inaccurate market information, disputes over shipments, re-weighing, reloading and a general disruption in trade.