

ASAP India Marketing Mission Report, November, 2007



Alkoni Melons, at the farmgate in Jawzjan, \$0.20/kg FOB

Alkoni Melons from Jawzjan at BIG BAZAAR, New Delhi, retail price: \$1.00/kg



Submitted by Tom Brown,
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&
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Mission Summary:

A marketing mission to New Delhi, India culminated ASAP's 2007 efforts to establish intact and exemplary vegetable and fruits value chains in partnership with our Afghan grower and trader clients.

These new trade conduits will ultimately replace the traditional marketing linkages that are expensive, wasteful and unprofitable¹.

ASAP brokered more than \$40,000 in sales of commercial volumes of Afghan produce with wholesale and retail customers in New Delhi India. These sales opened commercial relationships between Afghan exporters and large Indian produce buyers that will yield large orders for the 2008 production season. These sales were accomplished through the following activities:

- 1- Working with private Afghan fruit exporters, ASAP provided training and financial support to ship, by road and air, fresh fruit and melons from various parts of Afghanistan to customers in New Delhi, India.
- 2- ASAP introduced Afghan fruit exporters to buyers from major Indian supermarkets and to wholesale market buyers to catalyze the building of trade relationships.
- 3- Aggressively promoted and sold Afghan fresh produce directly to thousands of Indian consumers in the Indian International Trade Fair, 2007 in New Delhi, Nov 14 - Nov 27, 2007.

Activities:

From project inception, the Indian market demand for Afghan fresh produce has dominated ASAP's plans to improve Afghan produce exports. To meet this demand ASAP worked with export oriented Afghan businessmen and their suppliers throughout the 2007 season to improve their profitability and thus create more demand for Afghan produce². To reduce harvest loss ASAP introduced packing baskets and trained growers and exporters in appropriate packing and fresh produce transport logistics including grading, cleaning and sorting, packaging, pre cooling, cold storage and refrigerated transport. ASAP's exporter clients and their employees were involved in the entire process from crop selection to delivery of the sold goods to the final customers in India.

The India International Trade Fair, held in November 2007, provided the perfect opportunity to deliver Afghan produce to many potential customers in North India and gain a great deal of exposure for Afghan produce in this large market. Accordingly, throughout the summer of 2007, ASAP strategized with fresh fruit exporters from Balkh, Kandahar and Kabul on the best way to launch high quality Afghan fresh fruit in the Indian market. Many events and people had to be lined up to get produce to India and sell it profitably.

¹ The expenses and waste entailed in the traditional value or supply chains of fresh produce from Afghanistan are best described in: Favre, Raphy; Baudeau, Rodolphe; Tea, Hakara; Beley, Mathieu and Mercier, Violaine, "Market Sector Assessment in Horticulture. Market and Production Research. Phase 1", June 2004, June 2004, MoC, UNDP, Altai Consulting, 2004, www.altaiconsulting.com/dyn/consulting/projects/horticulture.html

² Melon fly management, grape trellis promotion, Pomegranate supply from the ASAP supported Khulm Growers Association, all fed into the development of optimal supply of Afghan fresh produce to the Indian market.



Some of the unique opportunities were:

The India International Trade Fair³ was already hosting a large, USAID supported Afghanistan pavilion in which ASAP and the Kabul Consortium had already reserved space and prepared promotional materials.

1. Afghan fruit exporters were prepared to carry all the risk of the fresh fruit and Kabul Consortium was prepared to facilitate the export of the fruit from all traders.
2. The 2007 ASAP melon fly control initiative had shown that there is hope for controlling this pest - infestations of which had resulted in closure of the Indian border to Afghan melons in 2006 – and thus hope for a future of shipping Afghan melons to India and reaping substantial profits.
3. The ASAP Mir Bacha Kot Fruit packing labor and facility had already been trained and tuned up by the Chilled Grapes to Pakistan Marketing Project so the facility was ready for larger volumes.
4. By September, the grape vineyards that had been trellised by ASAP in spring of 2007 were already showing 30% yield increases thus creating an even greater urgency for finding markets for the larger volumes of better quality fruit.
5. The anticipated deal to export pomegranates from Khulm to Korea - that had impelled the formation of the Khulm Growers Association and their compliance with stringent handling and grading protocols – fell through due to the failure of the Korean Government to lift a phytosanitary ban on Afghan pomegranates. Meanwhile the Khulm Growers had prepared a container load of very superior pomegranates and were ready to export the fruit to other markets such as India.
6. In support of the community relations efforts of the Bagram PRT, ASAP sought out pomegranate exporters in the Tagab district of Kapisa to initiate a commercial relationship with businesspersons in that troubled area. This contact brought access to the unique seedless pomegranate that sells for a premium and was sure to gain a special reception in India.
7. The Indian and Pakistani govts had reached agreement on allowance of ‘gate to gate’ goods transfer at the Wagah border between Pakistan and India. This eliminated the risk and expense of the old system that required hand carrying all goods by special porters the 400 meters across the border. This single regulatory change made refrigerated transport from Kabul to Delhi much more feasible.

All these players, factors and opportunities combined to yield a plan for launching Afghan fruit in the Indian Market via three conduits:

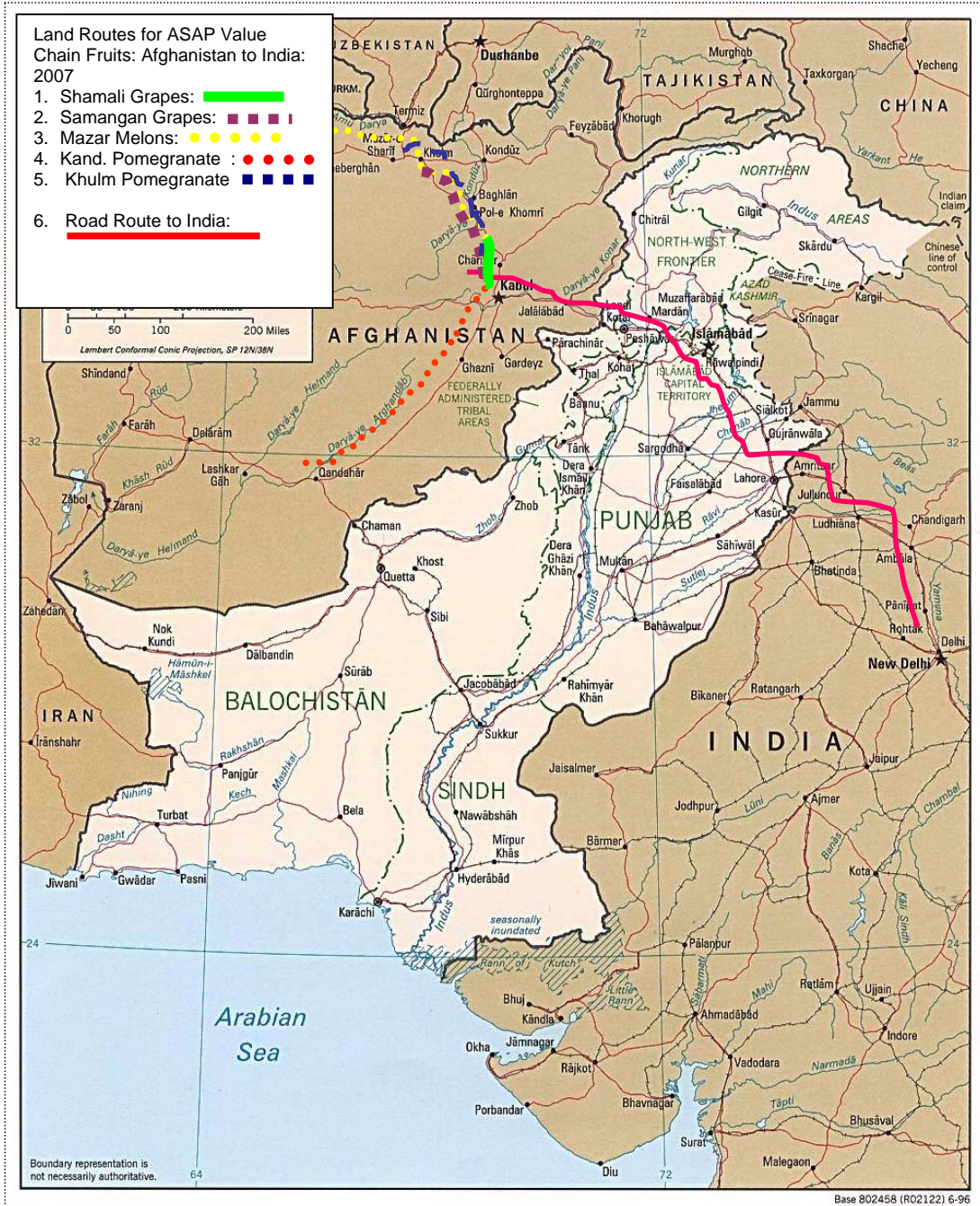
1. Direct auction of Afghan pomegranates and melons in the Delhi wholesale market.

³ The IITF has about 400,000 visitors/day over 2 weeks. A huge opportunity for Afghan fruit to gain exposure in this key market.



2. Sale of Afghan pomegranates, melons and table grapes in from the ASAP “AFGHAN FRUITS!” promotional booth at the India International Trade Fair.
3. Direct sales to supermarkets.

Afghan table grapes, melons and pomegranates were available from growers and a shipment was assembled of the three products. Refrigerated transport was arranged and all the produce was staged in the cold stores of the ASAP pack house at Mir Bacha Kot outside of Kabul.





The day before the scheduled departure of the chilled produce, martial law was declared in Pakistan and the government of Pakistan banned movement of closed container trucks indefinitely. This necessitated a quick logistical change to ship the less perishable pomegranates and melons by open truck from Kabul to New Delhi and the table grapes were air freighted to New Delhi. In all, 2146 kg of grapes of two varieties from two locations, 50150 kg of melons and 5890 kg of pomegranates from 3 locations were shipped to New Delhi, India.

The produce was cleared through Indian Customs and stored in a cold store in the main wholesale market at Azadpur. Small lots of melons, pomegranates and grapes were sold into the main wholesale market to get a base idea of wholesale prices. An advance mission had already been conducted over large parts of New Delhi to locate a series of supermarkets. The ASAP marketing team, along with representatives of Kabul Consortium fruit exporters visited stores of the following supermarkets:

- Big Apple Supermarkets⁴
- Big Bazaar⁵
- Reliance Fresh supermarkets⁶
- Subikhsha
- Apna Bazaar

Supermarket Assessment:

The ASAP / Kabul Consortium marketing team took a straightforward approach to obtaining contact information for Fruit and Vegetables. Store managers gave us the contacts and the marketing team contacted these buyers and set up appointments to visit their corporate offices with samples of all the types and varieties of the Afghan fruit. Big Bazaar and Reliance Fresh were the most receptive of all the companies visited.

Big Bazaar immediately began buying pomegranates for cash in test lots of 20 cartons every other day. They featured Afghan pomegranates and melons in a weekend promotional in Mid November.



⁴ For Information on Big Apple Stores in India: <http://sify.com/finance/fullstory.php?id=14449850> &: http://economictimes.indiatimes.com/News/News_By_Industry/Services/Retailing/Retail_stores_in_India_a_sign_of_rapid_change/articleshow/2062624.cms

⁵ For info on Big Bazaar and other Pantaloon brands: <http://relianceretail.blogspot.com/2007/01/list-of-pantaloon-retail-india-brands.html>

⁶ http://en.wikipedia.org/wiki/Reliance_Fresh



However, they are a young company and lack the national infrastructure that will facilitate their strategy to buy large lots centrally and then do their own distribution. Rather they requested delivery of modest lots of fresh produce from Afghanistan to widely spaced distribution centers in New Delhi, Mumbai and Chennai.

Reliance Fresh is the company that shows the greatest promise to become a substantial customer of Afghan fresh and dried fruit the quickest. Here is why:

- Reliance is aggressively investing in the retail business with 380 stores established in the past year; each of which have at least 1000 square feet of fresh produce.
- Reliance plans to have 1500 retail supermarket stores open in India by end of March 2008 and plans to invest \$4 billion in retailing in the next 5 years.
- In the words of Vijay Kumar, Reliance's Head of International Business, "We need to feed this growing operation and we don't want to pay the *Mandai* (the traditional auction-driven terminal market system) 10% for nothing. We want to know who grew this food and we want to buy from the source that is as close to the producer as possible.
- Reliance already has large cold storage and sorting facilities in Amritsar and in New Delhi in the northern part of India. They own a fleet of more than 300 refrigerated trucks that can meet perishable goods at the Indo-Pak border at Wagah and take delivery ex frontier. They thus have the capacity to buy both premium goods that are ready to sell and distressed and semi-processed bulk goods that require sorting and re-packing. Reliance is already receiving internationally sourced perishable goods by airfreight at the New Delhi airport as well as elsewhere in India.
- The most important point with Reliance was that they are eager to build direct purchasing relationships with Afghan suppliers. They understand the very strong positive brand recognition for Afghan fresh and dried fruit in the North Indian populace and want to capitalize on this sentiment, but they want as few intermediates in the chain as possible.
- The ASAP marketing team met with these executives at Reliance's office in Gurgaon, New Delhi:
 - Head of International Business, Vijay Kumar,
 - General Manager, International Business, Ravi Jadeja
 - Deputy, General Manager, International Business, Sami Saran.

They were given samples of the Afghan fruit (grapes, pomegranates, melons, dried apricots and almonds) and it was obvious they really liked the quality, appearance and packaging of the fruits. However, they did not buy any. When this was queried, they said they want to import the goods directly from the supplier, with no wholesale market (Azadpur Market) based importer operating in the middle. Since the goods ASAP sent to India were imported in the name of a produce commission agent in the



Azadpur Mandai, and since the supply season is over for the year anyway, they decided not to buy any of the fruit.

Since these meetings with the different supermarkets in Delhi occurred, ASAP reported our findings to the Omaid Bahar Marketing Company in Kabul. The owner of this company expressed a strong interest in following up on building a direct supply relationship with Reliance Fresh Retail. The ASAP marketing team and Omaid Bahar are thus planning a visit to Reliance in New Delhi in January 2008 for discussions on how best to build this relationship. Omaid Bahar Ltd focused on Reliance Fresh as the most likely supermarket chain to build a relationship with for the same reasons that Reliance wants to go directly to Afghan suppliers; a commitment to build direct, reciprocating vendor relationships without the added costs of commission agents working through the traditional *Mandai* supply chain.

All that being said, Big Bazaar (part of Pantaloons) still was the supermarket that actually purchased fruit, and promoted the fruit in their Delhi supermarkets as being Afghan.



Wholesale Market Assessment:

The Azadpur Wholesale market in New Delhi is the place to sell perishables by auction. There are several large cold stores in the market and the location is clogged with traffic of buying, selling and moving large quantities of produce. The market is huge and all the traditional distributors' ship produces from there to many of the adjacent states in North India.



The auction system at the wholesale market provides a bellwether for price movement. However, the price volatility that is part of produce auctioning also provides a screen of opacity for market based commission agents to misrepresent the actual sales price to the detriment of the consigner of the produce. This creates a lack of trust in the Indian market that damages and slows movement of fresh produce from Afghanistan. Afghan produce exporters are convinced their own commission agents in the Indian wholesale auction are cheating them.

This was indeed the case in the Azadpur market during this marketing visit. Unless a member of the ASAP marketing team was present at the auction, it was very difficult to verify the actual sales price of lots of fruit. Most of the fruit sold during this mission were the property of the Kabul Consortium or other Afghan exporters who knew and accepted this risk, and were willing to accept a total loss of their goods in order to gain entry of their produce in the Indian market.



Therefore, for this problem of opaque dealing, very time-consuming logistical demands, expensive market fees (4% charge on the sales invoice, goes to the Azadpur Fruit Market authority), poor performing commission agents, selling into the wholesale market auction is the fallback option for marketing Afghan produce into India. There is perhaps no stronger incentive for Afghan fresh fruit exporters to try to build direct vendor relationships with Indian supermarkets than for that exporter to first attempt to do business in the Azadpur wholesale mar





Promotion of Afghan Fruits at the India International Trade Fair



The ASAP booth was located in the larger USAID sponsored Afghanistan Pavilion at the trade fair. This pavilion created an extremely positive and upbeat venue for the promotion of many kinds of Afghan products in dozens of booths. The India International Trade Fair lasts 2 weeks and has about 400,000 visitors daily. The convergence of this fair with the availability of premium Afghan produce in commercial quantities in India provided a huge opportunity to directly and personally promote fruits from Afghanistan to thousands of Indian consumers.

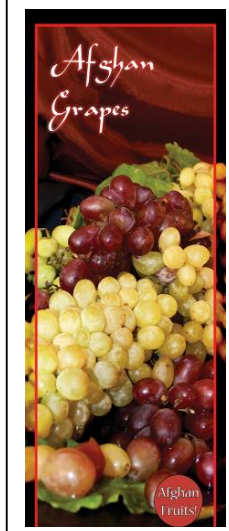


The promotion of large amounts of premium quality Afghan grapes, melons and pomegranates in the India International Trade Fair this quarter was the culmination of the ASAP's 2007 horticulture value chain development efforts. The message conveyed by ASAP was simple: Afghan fresh fruit is delicious and it is available in the Indian market.

This simple, positive message was reinforced at the trade fair by the use of promotional items like a fruit sticker (that was also very popular as a lapel sticker, thousands were handed out). The ASAP booth focused on the three fresh fruits that are most commonly produced throughout Afghanistan: grapes, melons and pomegranates. Each product was available for sale at a retail price at the ASAP booth. The booth featured 2 meter tall, stand up banners that promoted each type of fruit. These colorful banners created a remarkable draw of fair visitors. Over the 2 weeks of 10 hour days in which the ASAP booth was open and Afghan fruit was displayed, tens of thousands of people stopped at the display and 2150 people bought grapes, melons and pomegranates at Indian retail prices.



Sticker handed out at fair.



Tremendous enthusiasm for Afghan fruit at the ASAP booth in the India International Trade Fair



Results of the Trade Mission:

Beyond the commercial relationships and sales that this trade mission catalyzed, the most important accomplishment of the trade mission to India is the profit / loss information that the whole process generated. These figures are crucial for showing prospective Afghan fresh fruit exporters the potential for marketing fresh produce in India. This table shows the costs of each step of the value chain from farm to wholesale buyer in New Delhi; either at the Azadpur Wholesale market or to Big Bazaar Supermarket. Each cost is discussed in detail below the table.

| Profit/loss for Afghan Fresh Fruit (Pomegranates, Grapes & Melons from various production locations), exported & wholesaled in New Delhi, India. 2007 | | | | | | | |
|---|---------------------------------------|-------------------|----------------------|---------------------------|------------------------|-------------------------|----------------|
| | Products on a metric ton basis | | | | | | |
| | Mazar pomegranate | Tagab pomegranate | Kandahar pomegranate | Sh. Khani grapes, Shamali | Typhee grapes, Shamali | Typhee grapes, Samangan | Mazar melons |
| Sales Price | \$2,526 | \$2,526 | \$2,236 | \$2,237 | \$2,368 | \$2,237 | \$1,052 |
| Minus Total Costs | \$2,306 | \$2,204 | \$2,205 | \$1,810 | \$1,910 | \$1,855 | \$1,098 |
| Raw material farm gate price | \$1,118 | \$954 | \$925 | \$520 | \$620 | \$550 | \$175 |
| Packaging costs | \$400 | \$400 | \$400 | \$222 | \$222 | \$222 | \$174 |
| Labor | \$95 | \$95 | \$95 | \$135 | \$135 | \$135 | \$95 |
| Cold storage | \$124 | \$124 | \$124 | \$253 | \$253 | \$253 | \$50 |
| Transport | \$253 | \$315 | \$345 | \$364 | \$364 | \$379 | \$288 |
| Customs and duties | \$257 | \$257 | \$257 | \$257 | \$257 | \$257 | \$257 |
| Brokerage fee | \$59 | \$59 | \$59 | \$59 | \$59 | \$59 | \$59 |
| Gross Profit | 219.73 | 321.73 | 31.00 | 426.73 | 457.73 | 381.73 | -46.07 |
| Gross Profit % | 9% | 13% | 1% | 19% | 19% | 17% | -4% |
| % Duties on CIF cost | 11% | 12% | 12% | 14% | 13% | 14% | 23% |

Sales Price

These wholesale prices are on a per metric ton basis for the goods sold. Each of the crops sent from Afghanistan represents a different value chain, proceeding from a different location in the country and each has its particular opportunities and risks.

Pomegranates

About 1000 cases of pomegranates auctioned in small lots at prices ranging from \$1.05/kg to \$2.50/kg. We estimate that a reasonable and representative price for the Kandahari pomegranates, properly chilled and packed was IRs.85/kg or \$2.23/kg and for the Tagab and Mazar fruit; that were better sorted and had premium grading, IRs95 or \$2.50/kg. Retail



prices in the supermarkets for Afghan pomegranates were around IRs190/kg while street vendors were selling slightly lower quality Afghan pomegranates for about IRs80/kg. While the name “Kandahari” has significant recognition in India and there were large quantities of Kandahari pomegranates in the market, supermarket buyers were interested in the concept of varietal pomegranates (Tagab, Mazari, Kandahari, etc) each with its own special characteristics that could be promoted for the establishment of interesting sub-categories in their merchandising strategies. Pomegranates from Afghanistan were in abundance in the Indian market; largely transported from Kandahar by road across Pakistan without refrigeration and in traditional wooden crates. Afghan pomegranates auctioned in good quality cardboard cartons routinely brought IRs15 to20/kg more at auction in Azadpur than the Afghan fruit auctioned in the wooden crates.

Grapes

Of all the products promoted by this trade mission to India, table grapes had the best reception by Indian consumers, wholesalers and supermarket buyers. Grapes of both seedless Shindul Khani and the large, long shelf life, seeded, Typhee were purchased by exporters from vineyards in the Shamali plains area of Parwan and also from growers in Samangan. Grapes were most affected by the ban on closed freight container movement across Pakistan. This ban necessitated air freighting the grapes to India.

While airfreight costs to New Delhi can be as low as 25¢ per kg if flown on Ariana, due to the ban on Ariana airways for U.S. government contractors ASAP had to use another carrier for airfreight. KamAir gave the cheapest bid but also misrepresented their authority to import fresh produce into India by air. This delayed the arrival of the table grapes to the Indian market and caused a loss of about 50% of the grapes.

There were enough grapes remaining from the air shipment, approximately 1000 kg, that it was still possible to sell table grapes of all sources and varieties in both the wholesale market and at the India trade fair. Afghan table grapes were sold at the ASAP booth in the Indian trade fair for \$2.65 per kilo packaged in .5kg poly bags. In the supermarkets at the same time, we saw an abundance of Red Globe seeded grapes from California retailing at more than \$5.00 per kilo. Therefore, we believe it reasonable to expect a retail price for Afghan grapes of around \$3.00 per kilo at this time of the year in Indian supermarkets.

Reliance Fresh supermarket buyers informed us they would add a 40% markup on our wholesale price to determine their retail price. Using this formula, we estimate the wholesale price of about \$2,200 per metric ton for Afghan table grapes as noted in the above P/L table. Subsequent conversations with buyers from Big Bazaar, Reliance Fresh and Unifrutti, a Chilean fruit trading company, consistently indicated a weekly demand of 25,000 kilos of seedless and seeded grapes throughout the Afghan grape production season. This volume only represents their company needs and not the total Indian consumer demand for Afghan grapes. The Indian market consumes approximately 400,000 metric tons of table grapes per year. Most of this consumption occurs between November and May. There is virtually no domestic grape production in India during the Afghan grape production season.

Melons

ASAP integrated melon fly past management activities in the north of Afghanistan with this Indian trade mission. Those growers who participated in ASAP’s melon fly management



trials were given the opportunity to ship some of their products to the Indian market. They were not interested as they were afraid of the risk so a traditional Afghan melon exporter, Haji Hassan, bought 45 metric tons and ASAP assistant him in exporting the balance to the Indian wholesale market. Because it was the end of the season and melons were overripe, they needed to be sold quickly in the wholesale market. However, the wholesale price of more than \$1,000 per ton shows the tremendous gross margin that is possible for this product. Reception by consumers at Big Bazaar grocery store and at the Indian trade fair was very positive. Uniformly consumers appreciated the taste and texture of the Afghan melons however they also uniformly expressed a preference for a smaller melon that can be easily carried in a plastic shopping bag.

Total Costs

The costs provided here represent the worst-case scenario as we consider the profitability of producing in the Indian market. These inputs and costs represent items that traditional traders would not use without the incentive of a proven precedent provided through the efforts of ASAP. Each of these inputs represents a potential business opportunities in packaging, semi skilled processing and packinghouse labor, cold chain management, and transport logistics. Now of these businesses currently exist in Afghanistan at a level of sophistication that could support the existing demand for fresh fruit in India. Therefore, each of these links in these several fresh fruit value chains needs to be strengthened. ASAP has developed plans for increasing efficiency in each of these cost categories, and plans to implement these on the behalf of Afghan exporters in 2008.

Raw Material Cost

For melons grapes and pomegranates, costs were high in this exercise. Procurement occurred at the end of the season, and only the very best fruit were selected for export to India. In some cases, some of the fruit was over-ripe and did not travel well. ASAP efforts in production could result in a 50% decrease in raw material costs over the next two years, and a 50% increase in yield of premium quality fruit

Packaging Costs

Currently there are no technically competent Afghan packaging companies that can supply the volume and quality of cartons necessary for shipping fresh fruit safely from Afghanistan to India. This situation will change in 2008 with at least two new carton manufacturers coming on line in Afghanistan. However, the costs shown above represent imported cartons purchased at higher prices than would be paid for locally produced materials. Afghan carton manufacturers are also watching the results of this trade mission to India so they also can begin to predict potential volumes for packaging sales over the next five years; and invest in capital equipment accordingly.

Labor

There is no pool of readily available, skilled packinghouse labor. Nor are there managers of packinghouses readily available for hire. This lack of skilled labor results in a slower processing time for the fresh fruit, a need for more packed house labor and should be necessary, and more products loss through mishandling that will occur with a skilled workforce. A steady flow of products through a pack house will help create a pool of skilled packed house labor that will operate more quickly and efficiently. For this exercise, casual



laborers were given on the job training and fresh fruit packing with extra costs incurred for more careful supervision. These costs are reflected in the P/L table above.

Cold Storage

Until there is municipal electricity in Afghanistan, cold storage will be a burdensome cost on any exported fresh produce. The costs in the P/L table reflect the use of generator power for running refrigerated stores. Under the current electricity supply situation in Afghanistan, it costs approximately \$1.35/ carton (5kg) for every 15 days in a 40 metric ton capacity cold store at 0° centigrade (if the cold store is always at full capacity).

In India, the cold storage charges are in 15 day units. Their charges are as follows:

- 1- Melon, \$0.65/ carton (17 to 18 kg)
- 2- Pomegranate, \$0.52/ box (4.5 to 5.5 kg)
- 3- Grape, \$0.39/ box (4.5 kg)

Thus, in the best case scenario, Afghan cold storage costs more than twice that of Indian, and the Afghan costs noted only represent the cost of fuel to run the cold store, no labor, depreciation or other direct costs are included. It is thus clear, that in order to remain competitive, Afghan fresh fruit will need to have some compensatory reductions in another cost category.

Transport

The transport costs shown in the P/L statement above are comparatively high. As the flow of fresh produce increases from Kabul via the Grand Trunk road to the Indo-Pak border crossing at Wagah, we assume more transport companies taking interest in this route and competition will drive down this very high price. Currently there are no transport companies specializing in cold chain logistics that routinely move fresh produce from Afghanistan to the Indian Pakistan border. However, the Indian government is developing strategies to improve trade access for neighboring countries to facilitate the movement of agricultural goods into the Indian economy from the region. In 2007 the archaic system of moving goods by hand from the Pakistan to the Indian side of the border was replaced with a regulation to allow the movement of Pakistan goods trucks onto the Indian side of the border for direct transfer to Indian trucks. This simple change in rules makes the movement of perishable goods much more feasible during the hot weather of June through September.

Customs and Duties

This very inflated amount, equaling more than 10% of the cost of goods sold, is largely incurred inside of Afghanistan. It is very likely that a well-managed Afghan exporting company would better able to reduce these costs than we could.

Brokerage Fee

This is the amount paid to the commission agent in the Azadpur market for the service of auctioning produce. By selling directly with supermarket buyers get India who are authorized to import fresh produce from Afghanistan, and such as the Reliance Fresh supermarket chain, this brokerage fee could be eliminated.



Percent Duties on CIF Cost

The Minister of Commerce of India, Mr. Jairam Ramesh, Announced at the India International Trade Fair that all import duties on Afghan agricultural produce would be eliminated in 2008. For this reason, the duty amounts are shown but not included in the cost of goods sold in the P/L statement. Note that India's import duties are calculated on CIF costs. So, since freight is such a large portion of the final cost on melons, this removal of import duty on melons will have a big impact on the potential profitability of melons.

Exploiting India's Fresh Produce Marketing Opportunities:

Follow up meetings were held in January in India between the ASAP Agribusiness and Association Manager and produce buyers from Reliance Fresh, Big Bazaar, and a new contact at Unifrutti⁷, the Chilean fruit trading company with a recently established import / export presence in North India. These discussions were a reiteration of the potential supply of various kinds of fresh and dried fruit and vegetables from Afghanistan and an effort to determine potential sales volumes for the produce. While all of the buyers expressed interest in buying more Afghan melons and pomegranates in 2008, they most emphatically asked for Afghan exporters supply them with table grapes of the kind already provided as samples to them by ASAP in November.

| Buyer | Crop | Est. CIF Delhi Price \$/kg | Estimated MT/week | Total Weeks | Estimated Total Sales July - October |
|----------------|-------------------------|----------------------------------|----------------------|-----------------|---|
| Reliance Fresh | Seedless & Seeded | \$2.30 ⁸ | 27 | 16 ⁹ | \$993,600 |
| Unifrutti | Seedless & Seeded | \$1.45 ¹⁰ | 54 | 16 | \$1,416,960 |

The buyer from Big Bazaar was not ready to provide any estimates of his demand for 2008. But instead asked for a calendar showing Afghan products and seasons of supply with price estimates. This calendar is under preparation.

When pressed for potential estimates for importing other products such as pomegranates and melons, these buyers said they could only guarantee a sizeable market for grapes since India currently consumes more than 1 million metric tons¹¹ (!) of table grapes and there are none available domestically at the time Afghan grapes are harvested. Though they want the other products, the buyer interest was firmly focused on grapes.

⁷ <http://www.unifrutti.com/ingles/index.asp>, Contact: Chanchal Tyagi, Associate, Unifrutti, India, Azadpur Market, New Delhi, India email: chanchal.tyagi@unifrutti.in

⁸ This is the verbatim price from the Reliance Fresh buyer, but it seems high by for a wholesale price.

⁹ From 1 July for Helmand/Kandahar suppliers up to Oct 31 for Parwan and Sari Pul

¹⁰ This is the verbatim price from Unifrutti, and it is impossibly low under the current cost structure

¹¹ See USDA 2006 India Exporter Guide Annual. Gain Report: IN6089; Afghanistan's very roughly estimated total table grape production is 100,000 metric tons.



Given the proximity of the Indian market, the positive Indian consumer demand for Afghan grapes, the profitability of Afghan grapes in the Indian market and the now clearly defined actions needed to increase Afghan grape production and reduce costs, it is obvious that ASAP needs to place a major emphasis on export of table grapes on a national scale to the Indian market starting in 2008 and continuing through the life of the project.



Special Thanks and Acknowledgements:

Mission members:

Gholam Nabi Rahimi, Vegetable Value Chain Manager, Mohammad Sharif Usmani, Grape Value Chain Manager, Mohammad Numan Ghafury, ASAP Mazar – i- Sharif marketing specialist. Tom Brown, ASAP Agribusiness and Association Manager

These gentlemen all worked an average of 18 hours per day during this mission. They were up before dawn to monitor sales at the wholesale market, then traveling one hour across New Delhi and back to the Trade Fair so they could manage the ASAP booth. Then they slept late at night after re-capping lessons learned each day. They skillfully dealt with thousands of inquisitive visitors to the ASAP booth at the fair, hundreds of cartons of perishable fresh fruit with many destinations, recalcitrant and opaque commission agents in the Azadpur market, crucial meetings with senior category managers from 2 large supermarket chains and overall played a key role in opening opportunities for Afghan fruit growers and exporters that are probably beyond imagining. It was a great pleasure for me to explore these market opportunities in India with them.

We also greatly appreciate the resources provided by USAID that made this mission possible.

Tom Brown
ASAP Agribusiness and Association Manager
Kabul, Afghanistan
January 2008