

Afghanistan RAMP Rebuilding Agricultural Markets in Afghanistan

Contract No. 306-C-00-03-00502-01

Trip Report – Dried Fruit and Nuts Conference

Submitted to:

U.S. Agency for International Development/Kabul

Submitted by:

Chemonics International Inc.



March 2004



This publication was made possible through support provided by the U.S. Agency for International Development, under the terms of Award No. 306-C-00-03-00502-01. The opinions expressed herein are those of the author(s) and do not necessarily reflect the views of the U.S. Agency for International Development.

TRIP REPORT - DRIED FRUIT AND NUTS CONFERENCE

Trip Dates: May 23-30, 2004

Conference Dates: May 25-26, 2004

Trip Participants:

- Mr. Antiquallah Mohibi, Marketing Specialist, RAMP
- Mr. Zamerai, Fruit and Nut Processor/Exporter, Kabul
- Mr. Mohammed Hamid, Dried and Nut Processor/Exporter, Kabul
- Mr. Abdul Wakil, Dried Fruit and Nut Processor/Exporter, Kabul
- Mr. Theodore White¹, Dried Fruit and Nut Marketing Consultant, Belgium
- Dr. Kenneth Neils, Chief Agriculturalist, RAMP

Purpose of the Trip: To participate in the 2nd Annual Dried Fruit and Nuts 2004 Conference held at the Crowne Plaza Hotel, Amsterdam, The Netherlands

Objective of Trip: To provide the Afghan processors/exporters exposure to the range of dried fruit and nut products traded internationally, the product quality requirements, and the various types of processing equipment available. Additionally, to give them an opportunity to meet international buyers, describe the types of Afghan dried fruit and nut products available, and establish significant business linkages with various buyers.

I. Description of the Conference: The Conference focused on production, consumption, and trade in new and emerging markets. The Conference was hosted by Foodnews², a major clearinghouse and publishing company (UK) of world production and market information on food, including dried fruit and nuts. Approximately 50 people participated in the Conference, including buyers, traders, processors, exporters, marketing specialists, equipment suppliers, and government regulatory officials.

¹ Mr. White was a Dried Fruit and Nut Consultant with Chemonics/RAMP in November-December, 2003. He completed the Dried Fruit and Nut Market Assessment.

² Foodnews publishes a weekly newspaper that provides timely information on production and marketing developments throughout the world.



Mr. Neil Murray, Editor of Foodnews, Chair of the Conference.

II. Proceedings and Results of the Conference: The Afghanistan delegation was warmly received by the hosts of the Conference. Many of the buyers, in particular, expressed keen interest in the production and availability of dried fruit and nuts in Afghanistan. Foodnews met with the Afghan delegation to express their interest in obtaining production and market information on dried fruit and nuts in Afghanistan and also in publishing a supplement on the Afghanistan dried fruit and nut industry and current developments.



RAMP's Afghanistan Delegation at the Conference.

The Conference allowed the Afghan participants an opportunity to

- Gain an understanding of the world situation and outlook for dried fruits and nuts
- Understand the product quality requirements of marketing these products in Europe and other parts of the world
- Meet with dried fruit and nut buyers from different parts of the world, and
- Understand the type of equipment that may be needed to enhance their product quality to access additional markets.

The presentations at the Conference were particularly helpful in putting in perspective the market opportunities and the competitive environment that exists for the major dried fruit and nuts. The RAMP Team's Travel and Conference Schedules are given in Annex A. Highlights of some of the presentations are given below:



Conference Networking Hall.

Speakers:

1. Sorgun Osbalei, Managing Partner of Aso Food Industry Ltd, Turkey,
Consumption and Product Trends in Turkey. Aso Food Industry processes and exports dried apricots, raisins, and various nuts to European countries. Turkey's estimated production of dried fruits and nuts was more than 324,000 mt, including:

Fruits	apricots	40,000 mt (2002)
	figs	48,000 mt (2001)

	raisins	37,000 mt (2002)
	other - prunes and dates	
Nuts	hazelnuts	47,000 mt (2002)
	pistachio	80,000 mt (2002)
	peanuts	72,000 mt (2001)
	other - walnuts, almonds, sunflower and pumpkin seeds	

Farmers in Turkey prefer to produce traditional products instead of diversifying into new products. Major exports include hazelnuts (much into oil), apricots, figs, and raisins. Turkey imports walnuts, almonds, and sunflower and pumpkin seeds. Processors often re-process and package imported dried fruits and nuts before exporting the products. In Turkey, no comprehensive statistics exist on dried fruit and nut domestic consumption. There is increasing domestic use of dried fruit in the baking sector. Turkish consumers are not very interested in new products.

2. Geert Tarmear, Management Advisor, Tradin Organic Agriculture, B.V., The Netherlands, The Market for Organic Dried Fruits and Nuts. Tradin is a company trading worldwide in basic organic commodities.³ Tradin sources and sells organic raw materials throughout the world. (Tadin's Organic Corporation B.V. specializes in international sourcing and sales of certified organic raw materials and fresh fruits). It has full offices (companies) and certified organic farming projects in China, Brazil, Dominican Republic, and India, and has certified organic farming projects (sourcing agents) in Mexico, Serbia, Ghana, Bolivia, Russia, Argentina, Turkey, and Hungary from which certified organic products are directly sourced. Many small firms are involved in organic dried fruit and nut production and marketing. All products comply fully with the EU organic regulations 2092/91 and 1804/99. Tradin ensures that all products supplied comply with customer product specifications and quality demands. Tradin complies with ISO-9002 standards and GMP requirements and uses the HACCP quality system. Tradin sells its certified organic products in Germany, Austria, France, Japan, and the USA.

The organic market was valued at 26 billion Euros in 2003. Europe (mostly Germany, UK, France, Italy, Switzerland, and the Netherlands), the USA, and Japan represent 45%, 31% and 18%, respectively, of the organic market. The organic dried fruit market (valued at 825 million Euros) represents about 3% to 4% of the total organic market. The dried fruit market is concentrated in Europe (52%), USA (33%), and Japan (16%). The projected volume of organic product sales in 2004 and 2009 is expected to grow to 1035 million Euros and 2200 million Euros.

Since organic dried fruit and nut markets are emerging, it is possible that Afghanistan could set aside some production areas of fruits and nuts for organic farming. This is

³ Grains, cereals, flours, starches, rice, soybeans, nuts, seeds, dried fruits, pulses, coffee, cocoa, and their derivatives, sugar and other sweeteners, oilseeds, oils, bakery fats, tomato products, dairy products, frozen fruits and vegetables, fruit concentrates, purees, juices, freeze-dried products, canned fruits, animal feeds, and oil cakes.

possible since, in many areas, orchards and vineyards have not been inorganically fertilized or had crops sprayed with agricultural chemicals for years.

3. Denis Ketabi, Managing Director, CAP Industries, France – *The Pistachio Industry: A Global Review*. World pistachio production (2004) is estimated at about 400,000 mt. The production is concentrated in the USA-California (170,000 mt on 34,800 ha) and Iran (80,000 mt on 190,000 ha). California exports 61% and Iran exports 90% of their pistachios. Iranian pistachio prices are 30-40% lower than US pistachio prices. Iran has had problems shipping their pistachios to Europe because of high concentrations of aflatoxin.⁴ Most other countries have also adopted stricter aflatoxin standards at 10 to 15 ppb. The China market represents the fastest growing market for pistachios. Pistachios are reprocessed in China and sent to Europe. Pistachio prices remain favorable because of strong demand. Worldwide demand increased 14% per year (2002) while production of pistachios grew by 8%.

Samples of pistachios were shown by Afghan processors to various European and Turkish buyers at the Conference. Aflatoxin questions came up and the answer given by the Afghans was that laboratory testing facilities were in the process of being established.

4. Banu Er, Assistant Export Manager of the Taris Fig Union of Cooperatives in Turkey, *Markets for Figs: A Turkish Perspective*. Ms. Er described the world market for dried figs. Turkey is the principal exporter (about 60% of the world market) of dried figs, exporting over 45,000 mt in 2002. The major importing countries are western European countries, where dried figs are consumed principally during the Christmas and New Year holidays.

In Turkey, figs are sun-dried by the producers in the open air, graded in producer warehouses, and then brought to the Cooperative where the products are separated by quality and coded before being purchased. In the Cooperative's warehouse, the dried figs are inspected, fumigated, and sized before being sent for processing. The dried figs are washed with hot water to clean the figs and to prevent the formation of fungus before being packaged. All dried figs are treated with UV light before the products are exported or distributed to the domestic market. One of Taris' and the fig industry's main thrust is to spread the consumption of dried figs to year-round. Dried figs are also used in the fruit juice, ice cream and yogurt industries.

The interesting part of the presentation by Ms. Er was that the Union of 15 Cooperatives she represents exports large quantities of figs and raisins to the European countries. Taris has had to improve its product quality to meet the food safety requirements of the EU. Despite having an accredited laboratory for examining and certifying exported dried fruit and nuts, Taris has had some difficulty meeting the product quality requirements.

5. Peter Meadows, Marketing Director, California Raisins Association, UK and Europe, *The Market for Raisins*. The Association includes 4700 growers, 250,000 acres, and 26 packers. The situation and outlook was described for dried fruit, with a specific

⁴ In 1997, Europe put into place a strict standard for aflatoxin, with a ban on Iran for three months.

focus on raisins. Globally, the market for dried fruit is buoyant with an ever increasing demand.

He posed the question as to whether raisins were a commodity or a value added ingredient? As a commodity, the major factor affecting the raisin importers' or buyers' buying decision was price. He described a rather disturbing development of raisin prices spiraling downward as raisin suppliers fight over market share. Ultimately this will result in less product choice and variety as more and more producers won't be able to compete. Worse still would be where quality descends to one overall low quality. Other issues he considered important include food safety, product consistency, reliability of logistics, and EU regulatory directives.

He described the proportion of raisin exports to production in the leading producing countries. Only about 34% (118,765 mt) of the 2002 US raisin crop was exported, while a much higher proportion of exports of the other producing countries, including Turkey (201,920 mt), Iran (128,626 mt), Chile, and South Africa, was exported. The largest export markets are in Canada, Japan, UK, Germany, and Taiwan. In the UK, however, consumer behavior is changing fast. Dried fruit at snack occasions grew by over 180% from 1996 to 2002. If current trends continue in the UK, snacking will account for 70% of all eating occasions. [Afghanistan raisin production and export information was not presented because it has not been adequately reported in international statistical databases).

As a food ingredient (differentiated product), raisins are commonly used in snack foods. Flavored raisins and raisin derivatives (including raisin paste and raisin juice) also represent a growing market. Improved nutrition, through healthy eating, is a rave in Europe, especially in the UK, where the high percentage of obesity among people is a problem.

6. Hans Jeuring, Senior Public Health Officer, Food and Consumer Product Safety Authority, The Hague, Ministry of Agriculture, Netherlands, *The Implementation of European Union (EU) Controls on Imported Food*. The EU regulations are rigorous:

Regulation (EC) No. 178/2002 lays down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety. Article 19 of the Regulation describes the procedures that are followed when a product is found to be out of line and when to do a recall.

Some of the primary agricultural products that receive the most testing when imported into the EU include peanuts, pistachio, and dried fruits. When products such as these are imported into the EU, the EU follows strict sampling procedures, including liquid gas chromatography, to determine the level of mycotoxins and contaminants. In the Netherlands, if customs receives a declaration for import, it is reported to the Regional office (VWA) of the EU Product Safety Authority. The VWU only has regulatory control at the moment the goods (imported food) are imported into the EU, not when the goods are in transit. The Authority examines the products and, if approved, takes samples (30 kg in the case of peanuts) of the products in the customs warehouse. The results of the

laboratory tests must be known within 3 days. Half of the EU member states sample before the product is released by customs, the others after the release by customs.

Of the 130,000 different samples examined by the EU, about 30,000 warnings and 12,000 penalties have been issued. If customs feels that the product may harm customers, a warning is delivered to the exporter by the Food and Product Safety Authority. For any country with a poor record of compliance to EU import requirements, every consignment with “high risk food” is tested. An example would be pistachios imported from Iran by EU buyers. High risk products have a red flag in the customs computer system. The frequency of inspection with medium risk and low risk food is only 10% and about 2%, respectively. When a mycotoxin, such as aflatoxin, is found in higher concentrations than allowed to be imported into the EU, the consignment is seized and the next step is decided by a special EU judicial body. The next step would include, but not be limited to, sending it back to the owner, the owner taking the consignment and blanching the products to reduce the aflatoxin level and to resubmit the consignment, destruction of the products. The exception is when the concentration is between 2.6 ppb and 4.0 ppb. Under this analytical uncertain circumstances, the owner of the products in the container gets a warning. Subsequent shipments must include aflatoxin levels less than 2.0 ppb, the threshold.

At this time, because the European Union Member countries have different policies on food imports and control measures, there is a need for harmonized legislation on imports of non-veterinarian products from third world countries.

Other speakers presented the following topics;

- *Macadamias – World Review*, by **Gerard Klijn, Global Trading & Agency, B.V., The Netherlands**
- *Peanuts: Expectations for Global Exports*, by **Alex Izmirlian, Vice President International Sales, Golden Peanut Co. LLC, USA**
- *Challenges and Opportunities in the World Prune Industry*, by **Brad Stapleton, President/CEO, Stapleton – Spence Packing Company, USA**
- *Marketing the Health and Nutritional Benefits of Nuts* by **Gemma Godas, Research Dietician, Rovira I Virgili, Spain**
- *Market Trends and Opportunities for Growth* by **Edward Garner, Communications Director – Superpanel, TNS, UK**
- *The EU Proposal on Nutrition and Health Claims: An Update as to its Current Status and Potential Implications for the Dried Fruit and Nut Business* by **Debra Holland, Lawyer, Lovelle, Belgium**
- *Rafsanjani in Crisis: Poor Quality Management and Aflatoxin Closes the Gates to Europe* by **Gerard Markerink, International Representative, SteamLab, Germany**

III. Buyer Contacts

The Conference was more of a market update on dried fruits and nuts than it was a trade show, so there were not as many buyers as one would expect at, for example, the Trade Show in Paris (October, 2004) or at the Cologne Food Show (in March, 2005).

Nonetheless, the Afghan processors/exporters met many buyers and were able to show samples of a range of Afghan dried fruit and nut products to the buyers. Some of the buyers are described below:

- Serano Nuts, Cyprus – interested in unshelled pistachios, walnuts, and sesame
- Isidorous Conidaris & Co., Greece – unshelled pistachios, walnuts, and sesame
- Food & industry, Ltd., Ukraine – cumin, sesame
- Nobilis, Hungary – raisin, pistachio
- Asa Foods, Turkey – walnuts, sesame seed

These buyers expressed serious interest in the products listed. Three buyers, from Tradin, Serano Nuts, and Asa Foods, expressed interest in coming to Afghanistan to assess the Afghanistan dried fruit and nut product market. Asa Foods also invited Mr. Zamerai to come to Turkey to visit Asa Foods and discuss further the potential market opportunities.



Mr. Osbalei of Asa Foods expressing interest in Afghanistan dried fruits and nuts.



Showing Mr. Osbalei samples of Afghanistan dried fruits and nuts.



The second day after the Conference, the RAMP Team met with Mr. Gerard Versteegh , the Co-Founder and Owner, and Mr. Geert Tarmear, Management Advisor of Tradin Organic Corporation, Amsterdam.

IV. Market Information

Various sources of market information on dried fruit and nuts were passed out at the Conference. The RAMP Team was impressed with the effort that Foodnews puts in collecting accurate and timely production and marketing information from all over the world. The Foodnews reporters and analysts regularly visit developed and developing countries to obtain necessary evidence and assurance that what they report is reliable. The Foodnews Editor and Senior Staff met one afternoon with the Afghanistan delegation to better understand the situation and outlook in Afghanistan.

Another source of commodity market information that was circulated at the Conference was The Public Ledger. The Ledger monitors daily prices of over 700 commodities and provides news, analysis, and expert comment on commodity markets worldwide.

Chocolate and Confectionary is a comprehensive and concise monthly review of the global chocolate and confectionary industry.

Fruit and Vegetable Markets is a monthly report on world markets of fresh and processed fruit and vegetables.

V. Equipment for Processing Dried Fruits and Nuts

The Conference also did not attract many equipment suppliers. Consequently, the Afghan processors did not gain a significant understanding of the types of equipment that were available for improving their product quality and increasing their throughput capacity. Two equipment suppliers, SORTEX (UK, USA) and SteamLab (Germany), were contacted at the Conference. SORTEX produces and sells a color sorting machine for color sorting grains, nuts, beans and pulses, etc. Such equipment is not appropriate as Afghanistan processors should continue to use their manual labor to color sort almonds and other nuts and fruits. The SteamLab equipment is used to treat nuts and other commodities for aflatoxin. Such equipment is not appropriate as Afghanistan processors should demand products from farmers and traders that do not have aflatoxin problems.

Ted White shared with the RAMP Team information that he has collected on types and prices of equipment useful for cleaning, sorting, grading, detecting metal, etc. in processing dried fruit and nuts. The equipment suppliers, including Borrell, Maseto, and Komet, are mostly European equipment manufacturers.



Ted White sharing ideas with the RAMP Team.

VI. Laboratory Testing Equipment

Considerable time was spent with Mr. Hans Jeuring, the Senior Public Health Officer, Food and Consumer Product Safety Authority, Amsterdam, and Mr. Frans Verstraete, Public Health Officer and Director of EU Product Safety, EU Headquarters, Brussels, Belgium, and Ted White, RAMP Consultant, discussing the EU regulations, sampling requirements, accrediting laboratories, Afghanistan's situation, and opportunities for exporting dried fruit and nuts from Afghanistan into the EU. Since 1990, the officially approved method of testing by the Association of Official Analytical Chemists for mycotoxins, and aflatoxins in particular, has been thin-layer chromatography (TLC). In recent years, High Pressure Liquid Chromatography (HPLC) has replaced TLC. TLC is no longer a GIPSA-approved official method for mycotoxin analysis.

Newer processes, including Enzyme Linked Immunosorbent Assay (ELISA) and fluorescence technology, have been developed for quick tests that will give results in a shorter period of time with less use of hazardous or toxic chemicals and procedures. Four tests, including Neogen Veratox, Romer AccuTox, Vicam Aflatest, and Romer Fluoroquant, use these newer processes. All of these tests are quicker than HPLC and have an accuracy that is acceptable in the grain processing and feed industries. HPLC is used as a reference method to gauge the accuracy of the other tests and in laboratory use where greater accuracy is needed. The EU uses the HPLC method when testing the imported food.

HPLC laboratory equipment may cost about \$60,000. ELISA may cost about \$6,000. It is recommended that the Export Institute be equipped with at least ELISA laboratory equipment.

VII. Afghan Delegation's Understanding from the Conference

Once the Conference was over, each of the Afghan processors/exporters highlighted a number of things they gained from having participated in the Conference. Mr. Zamerai understood (1) how to prevent aflatoxin contamination in nuts by employing improved harvesting, post-harvest handling, storage, and processing methods and (2) the important role a well-equipped quality control laboratory plays in the marketability of Afghan dried fruits and nuts. Mr. Wakil understood (1) how important it is that farmers are trained in proper harvesting, collecting, and drying of fruits and nuts and (2) the need for improved processing and packaging of Afghan products in order to attract buyers and to be able to properly exhibit the latent value in the Afghan products. Mr. Hamid understood (1) the need to work with farmers to get an improved product quality and (2) the need for a well-equipped laboratory with well-trained and competent staff.

VII. Action Plan

The day after the Conference, the RAMP Team met to discuss the Action Plan upon returning to Afghanistan. The objective of the action plan is to capture lucrative markets in regional and international markets. To do so, the following steps were discussed by the group

- Organize processors, exporters, and producers
- Maintain close communication with new and existing buyers
- Install institutional support (laboratory, staff (technical – chemists, market information systems, business development systems). Need for Afghanistan Government involvement to work with the Customs Department and Food and Product Safety Authority of targeted countries to facilitate access to dried fruit and nut markets in these targeted countries.
- Develop business plans for purchasing and installing improved equipment
- Arrange for credit for processors for procuring equipment
- Procure equipment
- Train technicians in equipment operations
- Train farmers in product quality maintenance
- Organize efficient flow of products along the supply chain
- Develop equivalent of HACCP procedures along the supply chain
- Promote products (trade shows, sample distribution, buyer visits, etc.)
- Make business contracts with buyers
- Obtain certification of products
- Export products



Discussing Conference Results and Preparing Action Plan.



Preparing and Discussing Action Plan.

Annex A.

Travel and Conference Schedules:

May 22, 2004	Afghan delegation departed Kabul
May 23, 2004	Arrived Amsterdam
May 24, 2004	Met with Dr. Neils and Mr. White to discuss plans for the Conference
May 25, 2004	Attended Conference

First Day of the Conference

- 1. Opening Remarks from the Chair**
Mr. Neil Murray, Editor,
Foodnews.
- 2. Consumption and Product Trends in Turkey**
Mr. Sorgun Ozbalci, Managing Partner,
Aso Food Industry Ltd, Turkey
- 3. The Market for Organic Dried Fruit and Nuts,**
Mr. Geert Termeer, Management Advisor,
Tradin Organic Agricultura, The Netherlands
- 4. Macadamias- World Review,**
Mr. Gerard klijin, Director,
Global Trad & Agency bv, The Netherlands
- 5. The Pistachio Industry , A Global Review**
Ms. Denis Ketabi, Managing Director,
CAP Industries, France
- 6. Peanuts; Expectation for Global Exports,**
Alex Izmirlan, Vice President International Sales,
Golden Peanut Company LIC, USA
- 7. Challenges and Opportunities in the World Prune Industry**
Brad Stapleton, President/CEO,
Stapleton-Spence Packing Company, USA
- 8. Markets for Figs : A Turkish Perspective,**
Banu Er, Assistant Export Manager,
Ms. Trasi Fig Union, Turkey
- 9. The Market for Raisin**
Mr. Peter Meadows, Marketing Director,
UK, Europe, California Raisins Administrative Committee

Evening - RAMP Team met to strategize for the second day of the Conference

May 26, 2004 - Second Day of the Conference

- 1. Marketing the Health and Nutritional Benefits of Nuts**
Mr. Gemma Godas, Research Dietician,
Medicine faculty, Rovira I Virgili University, Spain
- 2. Market Trends and Opportunities for growth**
Edward Garner, Communication Director-Superpanel,
TNS, UK
- 3. The Implementation of UE Controls on Imported Food**
Mr. Hans Jeuring, Senior Public Health Officer,
Food and Consumer Product Authority, The Netherlands
- 4. The EU Proposal on Nutrition and Health Claims: An Update as to its Current Status and potential Implications for the Dried Fruit and Nut Business**
Debra Holland, Lawyer,
Lovelles, Belgium
- 5. Rafsanjani in Crisis: poor Quality Management and Aflatoxin Closes the Gate to Europe**
Gerard Markerink, International Representative
Steamlab, Germany

RAMP Team met with Foodnews and met to review the results of the Conference

May 27, 2004 – RAMP Team met in Hotel to put together an Action Plan for capturing lucrative markets in dried fruit and nuts. Dr. Neils had an exit lunch with Mr. White, who departed Amsterdam at about 2:30PM for his home in Belgium. Dr. Neils discussed (by phone) the quality requirements of imported food with Mr. Frans Verstraete, EU Product Quality Department, Brussels Belgium. The Afghan delegation met with a buyer of dried fruit and nuts from Cyprus.

May 28, 2004 – RAMP met with the Executive Management and traders at TRADIN Organic Corporation's office.

May 29, 2004 – The RAMP Team departed Amsterdam. The Afghan delegation flew via Paris and Dubai to Kabul and Dr. Neils flew direct to Dubai and on to Kabul.

May 30, 2004 – Dr. Neils arrived to Kabul

June 2, 2004 – Mr.Mohibi, Mr. Zamerai, Mr. Wakil, and Mr. Hamid arrived to Kabul