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Afghanistan/Central Asia Regional Food Fortification Program

Trade Flow Analysis (Wheat Grain, Wheat Flour & Edible oil)

Final Report

October 2015

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altai consulting

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USAID-funded Afghanistan/Central Asia Regional Food Fortification Program (2014-16) aims at improving wheat flour and edible oil fortification processes, and strengthening regulations and monitoring in order to address micronutrient deficiencies in the region. The program works to increase supply of micronutrients to the Central Asia Republics and Afghanistan through fortification of wheat flour and vegetable oil; facilitate harmonization of standards for fortification in Central Asia, Afghanistan and Pakistan; strengthen quality control and enforcement; and introduce and test mechanisms to assess extension of use and quality of fortified products at the consumer level.

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ADB	Asian Development Bank
AFG	Afghanistan
AHS	Effectively Applied Tariffs
ANSA	Afghanistan National Standardization Authority
APTTA	Afghanistan-Pakistan Transit and Trade Agreement
CAR	Central Asia Republics
CAREC	Central Asia Regional Economic Cooperation
CIS	Community of Independent States
CSO	Central Statistics Organization (Afghanistan)
DTRE	Duties & Tax Remission for Export
ECC	Economic Cooperation Commission
ECOTA	Economic Cooperation Organisation Trade Agreement
ESCAP	Economic and Social Commission for Asia and the Pacific
EU	European Union
FAIS	Food Aid Information System
FAO	Food and Agriculture Organization
FCC	Food Corporation Company
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GNI	Gross National Income
KAZ	Kazakhstan
KSA	Kingdom of Saudi Arabia
KYR	Kyrgyzstan
MAIL	Ministry of Agriculture, Irrigation & livestock (Afghanistan)
MOCI	Ministry of Commerce and Industries (Afghanistan)
MoPH	Ministry of Public Health (Afghanistan)
N/A	Not available
NRVA	National Risk and Vulnerability Assessment
PAK	Pakistan
PSQCA	Pakistan Standards and Quality Control Authority
PTA	Preferential Trade Agreement
PVMA	Pakistan Vanaspati Manufacturer Association
SAFTA	South Asia Free Trade Area
TAJ	Tajikistan
TPS-OIC	Trade Preferential System of the Organisation of the Islamic Conference
TRAINS	Trade Analysis and Information System
TUR	Turkmenistan
UKAID	United Kingdom Agency for International Development
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
UZB	Uzbekistan
VAD	Vitamin A Deficiency
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization
y.o.	Year Old

Units

g	Grams
k	Thousand
Kg	Kilogram
m	Million
MT	Metric Ton
USD	United States Dollar

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY (1/2)

- In the framework of the USAID-funded Regional Fortification Project in Central Asia Republics, Pakistan and Afghanistan, GAIN has commissioned Altai Consulting to conduct an **analysis of the wheat grain, wheat flour and edible oil trade flows in the region**
- This research builds on existing pieces of research but **aims at providing GAIN with new data to inform its regional program by:**
  - **Reconciling different data sources on regional wheat grain, wheat flour and edible oil trade flows** in order to reach a coherent and global perspective on production, consumption and trade volumes in the region
  - **Gaining an improved understanding of the strategic importance of wheat flour and edible oil for food security** in countries such as Pakistan and Kazakhstan, and **impact regional and national trade policies have on trade flows with a focus on exports to Afghanistan**
  - Conducting a **detailed analysis of the wheat flour trade structure between Kazakhstan and Afghanistan** through identification of key stakeholders and trading models, main transportation routes and cost analysis, as well as identification of main current market dynamics
- Regarding **wheat grain and wheat flour trade flows** in the region, the research found that:
  - **Afghanistan is a major importer of wheat flour** (25% of its current needs) and is likely to remain one in the coming years as the country's milling capacities are not likely to significantly evolve, at least not enough to match the growing demand
  - **Kazakhstan is a major wheat grain producer and holds grain reserves which are of major strategic importance for the region** as it is a major source of grain supply for the region but also for Kazakhstan itself as these reserves are a major source of revenues for the country
  - **Kazakhstan is also a major exporter of wheat flour although the government does not consider flour's strategic importance is as crucial as grain's**; the country supplies the CAR and Afghanistan with **high quality flour although not fortified, but suffers from a lack of price competitiveness**, a major drawback on a price-sensitive market such as Afghanistan
  - **Pakistan is the other major wheat flour producer in the region**: as opposed to Kazakhstan, production volumes are rather stable but **because of the country's large domestic needs, its export capacities are limited**: it only exports surpluses and the government of Pakistan regularly intervenes on the market to protect its own population's food security situation
  - Some CAR such as **Uzbekistan are building up their milling capacities** and although exports to Afghanistan are currently anecdotal, they are likely to increase in the coming years
  - Other **wheat flour producers may also seize opportunities**, as is the case of **Russia** which started exporting to Afghanistan following the recent devaluation of the Ruble which makes its products competitive

- Regarding **edible oil trade flows** in the region, the research found that:
  - In Afghanistan and Pakistan, the **vast majority of the edible oil consumed is vegetable ghee** made out of transformed palm oil, conversely to CAR where edible oil is mostly consumed under the form of liquid oil
  - Most of edible oil trade flows in the region occur between Pakistan and Afghanistan: the latter imports almost 90% of its edible oil needs as its domestic production is largely insufficient to cover the country's needs
  - **Pakistan is the largest producer of vegetable ghee in the region and one of Afghanistan's major suppliers**: one third of Afghanistan's edible oil imports come from Pakistan. The country imports raw palm oil, mainly from Malaysia and Indonesia, and transforms it domestically into ghee for local consumption as well as exports. **Exports are encouraged by the Government of Pakistan which subsidizes exports to Afghanistan through a tax refund mechanism (DTRE)**
  - **Malaysia and Indonesia are also significant suppliers of vegetable ghee (and to a lesser extent raw palm oil) to Afghanistan**: access to raw material domestically produced (as opposed to Pakistan) enable them to export quality products at competitive price, thus **competing with Pakistani products on the Afghan market**

- Based on this analysis, trade of fortified wheat flour and edible oil in the region should be fostered by:
  - **Supporting the production of fortified products in Afghanistan as well as in its main supplying countries**: GAIN should continue its efforts to build capacity to produce fortified products in Kazakhstan, Pakistan bit also Afghanistan (see recommendations of the industry assessments report for more details); GAIN might also consider expanding its regional program to other major suppliers such as Indonesia which is a major supplier of vegetable ghee to Afghanistan, as well as Uzbekistan which might soon become an emerging player on the Afghan wheat flour market
  - **Building demand in Afghanistan to pull production of fortified products in Pakistan, Kazakhstan and other countries**: Afghan consumers' awareness and willingness to pay for fortified products should be assessed to inform future campaigns to raise awareness and encourage consumption of fortified products; in parallel, mechanisms such as tax rebate should be designed to limit the cost of fortified products on the Afghan market
  - **Building an enabling environment to favor trade of fortified products, notably import of fortified products to Afghanistan**: main incentive would be to ensure fortification is made mandatory for products imported in Afghanistan. In parallel, GAIN should help Afghan authorities build their capacity to control the quality of imported products while encouraging the licensing of fortified product traders and providing them with a competitive edge by working in close partnership with them

This study is undertaken in the framework of the USAID-funded Regional Fortification Project in Central Asia Republics and Afghanistan which is implemented by GAIN over 2014/16

General objective

- The general objective of the Regional Fortification Project is to **improve wheat flour and edible oil fortification processes**, regulations and monitoring to address ongoing micronutrient deficiency primarily in Afghanistan but also in Central Asia Republics (CAR)
- It aims to **increase intake of micronutrients by 20% among 18 million people**

Specific objectives

- **Increase supply of micronutrients** to Afghanistan and CAR through fortification of wheat flour and edible oil
- **Strengthen quality control** and enforcement of wheat flour and edible oil fortification with special attention to imported products in all involved countries, particularly Afghanistan, Pakistan and Kazakhstan
- **Facilitate harmonization of standards for fortification** in Afghanistan, Pakistan and CAR
- Introduce and test mechanisms to **assess extension of use and quality of fortified products** at the consumer level in Afghanistan, and in Central Asia Republics

Altai Consulting has been commissioned to conduct a study on wheat grain, wheat flour and edible oil trade flows across CAR, Pakistan and Afghanistan

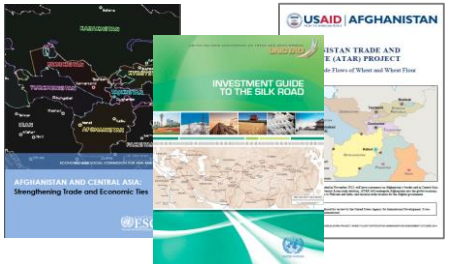
- In the framework of the Regional Fortification Project in Central Asia Republics (CAR) and Afghanistan, GAIN has commissioned **Altai Consulting** to conduct a **regional trade flow analysis of wheat grain, wheat flour and edible oil in CAR, Pakistan and Afghanistan**
- The study focuses on **Afghanistan, the main beneficiary of the Fortification Program**, as well as **Pakistan and Kazakhstan, the main producers and exporters** of wheat grain, wheat flour and edible oil to Afghanistan
- The **specific objectives** of this analysis of trade flows of wheat grain, wheat flour and edible oil in the region are to:
  - **Map quantities produced and consumed**, with a focus on Kazakhstan and Pakistan
  - **Estimate export volumes and countries of destination** (with a focus on Afghanistan)
  - **Estimate import volumes and countries of origin**
- A specific focus on the **wheat flour trade structure between Kazakhstan and Afghanistan** is also included in this report

Wheat flour bags stored before export in a mill in Wah Cantt, Punjab, Pakistan

This report presents the key findings of the trade flow analysis study which consisted of secondary research as well as fieldwork in Kazakhstan, Pakistan and Afghanistan

Desk-based research

- Review of **existing grey and published literature** and analysis and **reconciliation of data** from different sources/databases to determine trade flows of wheat grain, wheat flour and edible oil across CAR, Pakistan and Afghanistan



Fieldwork in Kazakhstan

- **In order to get a detailed understanding of the trade structure between Kazakhstan and Afghanistan,** a specific questionnaire related to exports to Afghanistan was used to interview flour millers in Kazakhstan
- **Key informant interviews** (Commercial Attaché of the Republic of Afghanistan in Kazakhstan, logistic companies organizing transport between both countries, etc.) were also interviewed

Fieldwork in Pakistan

- To complement information re. trade between Pakistan and Afghanistan, **6 interviews with traders were conducted** in Pakistan

Fieldwork in Afghanistan

- To **cross-check data on trade flows** collected during the desk-based research, interviews were conducted with official institutions
- **Interviews with Afghan importers of Kazakh wheat flour were also conducted** to refine the Kazakh-Afghan wheat flour trade structure analysis

Fieldwork in Kazakhstan

Regional, sector-specific and agricultural agencies' reports have been reviewed for this research as well as food and trade databases and specialized press articles

Desk-based research main sources[1]

Regional reports

- **ESCAP**: Afghanistan and Central Asia: Strengthening Trade and Economic Ties (2015)
- **UNCTAD**: Investment Guide to the Silk Road (2014)

Sector reports

- **GAIN**: reports prepared by Synergy Advisory (2014) and Altai Consulting (2007 & 2010) on wheat flour and edible oil
- **USAID**: Afghanistan Trade and Revenue Project (2014); Regional View of Wheat Markets and Food Security in Central Asia (2011); Policy Harmonization Assessment (2014)
- **ADB**: Nutrition Study (2014)
- **WHOM**: Recommendations to Sustainable Development of Wheat Sector in Kazakhstan (2014)

Agricultural agencies

- Ministry of Agriculture of the selected countries; USDA

Databases

- TRAINS; FAO Stat; UN COMTRADE; FAIS (Food Aid Information System)

Press articles

- World Grain; Miller magazine; Dawn

Note: [1]A full list of references and databases used for the preparation of this report is available in the References section, at the end of this report

Extensive fieldwork was conducted in Kazakhstan to analyze in details the trade structure with Afghanistan as well as in Pakistan and Afghanistan

Fieldwork in Kazakhstan

- An **extensive fieldwork**, with a **particular focus on the trade structure between Kazakhstan and Afghanistan**, was conducted in Kazakhstan by **Altai Consulting in July 2015**
- **30 milling facilities exporting wheat flour to Afghanistan were interviewed in 5 Oblasts** (North Kazakhstan, Kostanay, Akmola, Karaganda and South Kazakhstan) and **2 Cities** (Astana and Almaty) and were asked to **detail their export mechanisms to Afghanistan**
- **8 interviews** with key market stakeholders (including a logistics company organizing wheat flour transport to Afghanistan, the Commercial Attaché of Afghanistan in Kazakhstan, Kazakh Zerno (famous Kazakh wheat grain magazine), USDA, etc.) were also conducted

Fieldwork in Pakistan

- **6 interviews with traders** of wheat flour between Pakistan and Afghanistan were conducted in order get an overview of the trade structure between both countries
- Findings from the Industry assessment fieldwork[1] related to trade are also included in this report

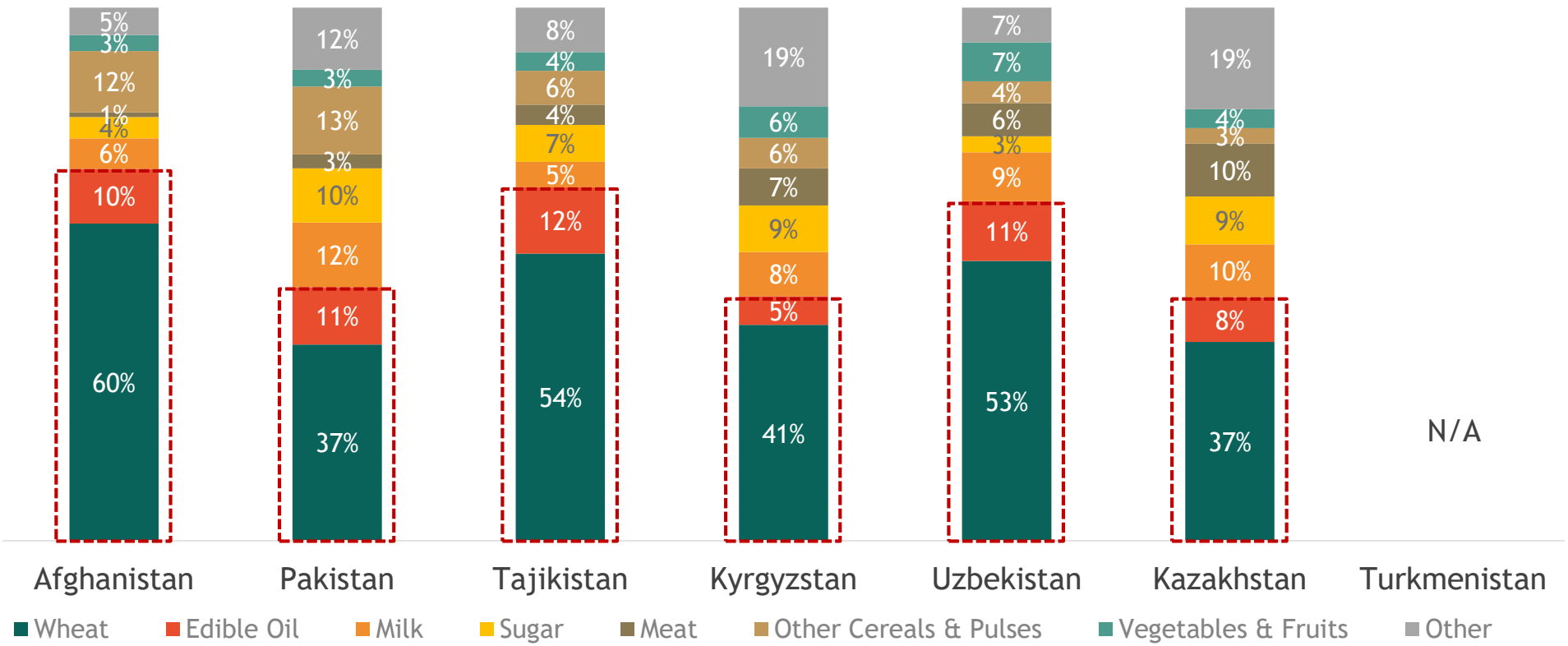
Fieldwork in Afghanistan

- Fieldwork was conducted by **Altai Consulting** in Afghanistan in **May and August 2015**:
  - **4 interviews** were conducted with **official institutions** (MAIL, MOCI, CSO, Afghanistan Customs Department) in order to cross-check data on import volumes of wheat flour and edible oil
  - **4 interviews with importers of Kazakh wheat flour in Afghanistan** in order to refine the analysis of the trade structure between both countries

Note: [1]During the Industry Assessment fieldwork conducted in May 2015 by Altai Consulting, in partnership with Synergy Advisory & Solutions, 43 interviews were conducted in Pakistan: 19 interviews with milling facilities, 7 interviews with refineries, 17 interviews with key market stakeholders

The fortification program focuses on wheat (flour) and edible oil which are the main sources of calorie intake in the region, and thus relevant vehicles to improve nutrition

Composition of the daily dietary calorie intake in Afghanistan, Pakistan and CAR[1]



Sources: [1]Afghanistan: National Risk and Vulnerability Assessment (2003); Other countries: FAO Food Balance Sheets (2007) in Regional View of Wheat Markets and Food Security in Central Asia (USAID & UKAID, 2011)

Notes: Pakistan: Conflicting data on the share of wheat in the dietary intake exist, ranging from 37% (FAO, 2007) to 70% (USDA, 2014). The 2010-2011 Household Income and Expenditure Survey estimates wheat share of calorie intake at 43%

Afghanistan: The most recent NRVA (2011/12) does not distinguish wheat from other cereals, hence the use of the 2003 NRVA. An analysis of the latest NRVA suggests that the 2003 figures are still valid

This study specifically focuses on Afghanistan which encounters major food security issues on different fronts including access, availability and utilization

	Access & Availability	Access	Utilization		Stability
	Diet. Energy Supply Adeq.[1] (in % of Dietary Energy Requirement)	Malnutrition Prevalence[2] (% of children below 5 y.o.)	Anemia Prevalence[3] (% of children below 5 y.o.)	Vitamin A deficiency[4] (% of children below 5 y.o.)	Cereal Import Dependency Ratio[5]
Afghanistan	101% 2,104 cal/day	59%	44%	46%	24%
Pakistan	108% 2,451 cal/day	43%	61%	54%	4%
Kazakhstan	138% 3,201 cal/day	13%	30%	27%	2%
Tajikistan	99% 2,206 cal/day	39%	27%	27%	44%
Kyrgyzstan	123% 2,880 cal/day	18%	36%	26%	18%
Uzbekistan	122% 2,867 cal/day	20%	43%	53%	24%
Turkmenistan	132% 3,107 cal/day	28%	32%	28%	N/A

Sources: [1]FAO STAT (2012-2014); [2]Malnutrition prevalence, height for age (% of children <5 y.o whose height for age is more than 2 standard deviations below the median for the international reference pop. ages 0-59 months), World Bank: Tur. (2000), Afg. (2004), Kyr. & Uzb. (2006), Taj. (2007), Kaz. (2010), Pak. (2011); [3]World Bank (2011); [4]National Nutrition Surveys: Afg. (2013), Pak. (2011); others: WHO Global database on Vitamin A deficiency, based on children <5 y.o. with serum retinol <0.70µmol/l (1995-2005); [5]FAO STAT (2009-2011)

Although food availability levels are rather satisfactory, countries still face major food security issues, Afghanistan being particularly affected on most public health indicators

- Although food availability levels are rather satisfactory in the region, countries still face major **food security issues**
- **Afghanistan and Pakistan in particular face major issues regarding access to food (price and/or distribution)**
- All countries encounter **moderate to severe public health problem related to utilization with high anemia and vitamin A deficiency levels:** the problem is particularly acute in Afghanistan, Pakistan and Uzbekistan which face severe problems on both indicators

Summary table of the food security situation in Afghanistan, Pakistan and CAR

(Note: this table is based on a selection of indicators only and describes a theoretical situation, as described by these indicators)

	Availability[1]	Access[2]	Utilization - Anemia[3]	Utilization - VAD[4] *(Vitamin A Deficiency)*	Stability[5]
Afghanistan	Mild	Severe	Severe	Severe	Moderate
Pakistan	Mild	Severe	Severe	Severe	Mild
Kazakhstan	Mild	Mild	Moderate	Severe	Mild
Tajikistan	Moderate	Moderate	Moderate	Severe	Severe
Kyrgyzstan	Mild	Mild	Moderate	Severe	Moderate
Uzbekistan	Mild	Moderate	Severe	Severe	Moderate
Turkmenistan	Mild	Moderate	Moderate	Severe	N/A

Public Health Problem[6]:

Mild | Moderate | Severe

Notes: [1]Based on Dietary Energy Supply Adequacy; [2]Based on a combined analysis of Dietary Energy Supply Adequacy and malnutrition prevalence; [3]Based on prevalence of anemia; [4]Based on prevalence of vitamin A deficiency (VAD); [5]Based on cereal imports dependency ratio; [6]Mild: Above 100% food availability, < 20%: malnutrition prevalence, prevalence of anemia, and cereal import dependency, <10%: VAD; Moderate: between 80 and 100% availability, 20-40%: malnutrition prevalence, prevalence of anemia, and cereal import dependency; 10-20%: VAD; Severe: Less than 80% availability, more than 40%: malnutrition prevalence, prevalence of anemia, and cereal import dependency, >20%: VAD

Afghanistan, Pakistan and CAR have adopted different strategies resulting in different levels of state interventions in the food sector to ensure the food security of their own population

- Given the importance of wheat-based products in population's food intake (but less so for edible oil), governments have adopted different strategies based on their access/import-dependency on wheat and wheat-based products resulting in different degrees of state interventions in the sector:

Low
- **Afghanistan, Tajikistan and Kyrgyzstan** are dependent on food imports and hence Governments rarely intervene

Medium
- **Kazakhstan** wheat industry is privatized but since it is a strategic sector, the government intervenes at several stages

High
- **Pakistan, Uzbekistan and Turkmenistan governments** step in to make sure they produce and store enough wheat to cater for their own population in priority

Summary table of government interventions in wheat/wheat flour sector[1]

	Overall level of State Intervention	State production order (production quota for defined areas with varieties and input levels specified by the State)	State intervention in commodity price	State control over procurement	Gov. intervention in commodity international trade (bans, subsidies, etc.)
Afghanistan	Low	No	No	No	No
Pakistan	High	No	Yes	Yes	Yes
Kazakhstan	Medium	No	Yes	No	Yes
Tajikistan	Low	No	No	No	No
Kyrgyzstan	Low	No	No	No	No
Uzbekistan	High	Yes	Yes	Yes	N/A[2]
Turkmenistan	High	Yes	N/A[2]	Yes	Yes

Sources: [1]Altai Consulting analysis based on: A Regional View of Wheat Markets and Food Security in Central Asia (USAID & UKAID, 2011); Afghanistan Trade and Revenue Project (USAID, 2014); Afghanistan's Wheat Flour Market: Policies and Prospects (USDA, 2013); [2]N/A: Information is not available

Grain reserves are used as a security in case of food crisis. Kazakhstan's grain reserve serves the entire region, ensuring the country has the ability to export, even in case of poor harvests

- **Grain reserves** are used by governments as a way to **guarantee food security** to their population. It consists in storing wheat grain, which can be **distributed or injected in the market in case of crisis/emergency** (price increase, bad harvests, natural disaster, etc.)

Pakistan[1]

- **6 to 7 million MT of wheat grain** are stored by the Federal and Provincial governments
- It is supplied to millers when supply of wheat flour needs to be smoothed

Afghanistan[2], Tajikistan[3], Kyrgyzstan[4]

- **Governments manage strategic grain reserves** in those countries which are used:
  - In case of food emergency (natural disaster, displaced population, etc.)
  - To stabilize market prices
- Afghanistan's grain reserve is partly supplied by foreign donors, such as India who has donated 150,000 MT of wheat grain to Afghanistan over 2013-2015[2]

Kazakhstan[5]

- **Kazakhstan carries over important surpluses** of wheat grain from one year to another, which fuel the country's grain reserves
- The objective of these stocks is, contrary to other countries in the region, more **commercial** than social
- The FCC (Food Corporation Company), a state-owned enterprise, **buys surpluses at minimum prices** in bumper years, store them and **export them when market conditions are opportune** (high prices)
- As a result, Kazakh grain reserves are **not only a security for the country but for the whole region as well**, while providing Kazakhstan additional export revenue opportunities

Grain reserves in Afghanistan, Pakistan and CAR

Country	Has a grain reserve	Volumes of wheat reserves (MT)
Afghanistan	Yes	N/A[6]
Pakistan[1]	Yes	6m - 7m
Kazakhstan[5]	Yes	1.5m - 6m
Tajikistan	Yes	N/A[6]
Kyrgyzstan[4]	Yes	0.2m - 0.3m
Uzbekistan	N/A[6]	N/A[6]
Turkmenistan	N/A[6]	N/A[6]

Note: Pakistan and Kyrgyzstan wheat reserves are minimum stocks, while Kazakhstan's one are carry-overs from one year to the next, and hence depend on the current year harvest

Sources: [1]Over 6 m MT Wheat Stock Available for Domestic Consumption (Pakistan State Times, 2014); Wheat crisis in the making (Dawn, 2013); [2]Afghanistan Grain and Feed (USDA, 2014); ATAR (USAID, 2014); [3]Tajikistan Wheat Flour Fortification Assessment (USAID & UKAID, 2014); [4]Kyrgyzstan Wheat Flour Fortification Assessment (GAIN & USAID, 2014); [5]Kazakhstan Wheat Flour Fortification Assessment (D. McKee, 2013); [6]N/A: Information is not available

Kazakh Government's intervention in the wheat flour sector is limited, although a few initiatives to promote Kazakh products abroad exist

Focus on Government intervention in Kazakhstan - Wheat flour

- **Government's intervention in the wheat flour is limited in Kazakhstan**, despite a few initiatives:
  - **KazNex Invest**, the National agency for exports, organizes exhibitions abroad to help Kazakh producers conquer new markets
  - In 2014, the **Ministry of Health had set aside a budget to help millers buy premix** and comply with fortification standards; However, the money was not spent due to a lack of political support at the Ministry, and the technical challenges of engaging a non-governmental partner accountable for the use of the money

Meeting between Kazakh and Afghan businessmen organized by KazNex Invest and USAID in Afghanistan
(Credits: KazNex Invest)

- At the **local level** (Akimat) a few initiatives exist to **stabilize bread prices**. Millers generally get **wheat grain from governmental reserves** at competitive prices and in exchange **produce wheat flour which is sold to bakeries at a fixed (low) price** decided by the Akimat. The volumes of wheat flour produced in the framework of these programs is however very limited

Each year, Pakistan decides on wheat (flour) export quotas based on national production volumes; the Government also offers rebates to millers to support exports when authorized

Focus on Government intervention in Pakistan - Wheat flour

- Pakistan regulates the wheat (flour) industry by fixing export quotas; and exports are in some cases subsidized

Export quotas

- Wheat (flour) export quotas are fixed on a yearly basis by the ECC (Economic Cooperation Commission) based on recommendations provided by the **Federal Ministries of National Food Security and Commerce which themselves use information on production volumes provided by the Provinces**
- Provinces are indeed allowed by the Federal Government to export wheat grain and wheat flour only if overall production volumes exceed domestic needs
- If volumes are not sufficient, Pakistan can impose taxes or bans to limit exports

  E.g. In 2007, Pakistan imposed export tax as an answer to the global food crisis which led to an increase in food prices
  E.g. In 2010, Pakistan declared a complete wheat export ban following major floods which have directly threatened the country's food security

Subsidies

- Both the Federal State and the Provinces do subsidize wheat flour exports to Afghanistan when needed to increase competitiveness of Pakistani exports

Wheat flour export quotas in 2014/15

- The Federal Government of Pakistan allowed:
  - **Punjab Province** to export a maximum of **800,000 MT** of wheat flour
  - **Sindh Province** to export a maximum of **400,000 MT** of wheat flour
- These are maximum export quotas: Provinces may decide to export less

Wheat flour export subsidy for flour millers from Punjab

Contributor	Subsidy *(2014/15)*
Punjab Province	35 USD/MT exported
Federal government	55 USD/MT exported
Total	90 USD/MT exported

Source: Altai Consulting and Synergy Advisory & Solutions fieldwork in Pakistan (May 2015)

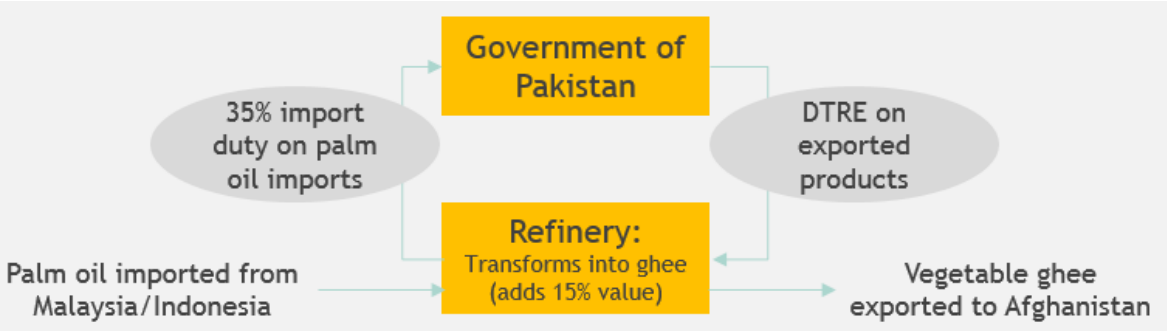
Export quotas for edible oil exist but are not enforced. DTRE is a tax mechanism encouraging local value-addition and exports of edible oil processed in Pakistan

Focus on Government intervention in Pakistan - Edible oil

DTRE

- **The Duties & Tax Remission for Export (DTRE)** is a tax reclaim mechanism which encourages in-country product transformation and export of value-added goods
- **DTRE** allows manufacturers to **claim back import duties** paid on raw materials. It is particularly relevant in the ghee industry as refineries must import palm oil on which they pay a 35% import duty
- To be eligible to DTRE mechanism, manufacturers must **add minimum 15% value** to the raw materials they have imported and **export at least 80%** of their production
- Refineries must submit various export documents to the administration, such as **customs declaration, shipping bill, packing list, foreign payment realization certificate** and all **import documents** from Afghanistan to claim the DTRE back
- The process is **very lengthy (6 to 7 months),** and refineries need to mobilize large amount of **working capital before getting the tax refund**

Duties & Tax Remission for Exports (DTRE) mechanism



DTRE limit

- DTRE can be claimed on maximum **4,000 MT per refinery per year**, which constitutes an hindrance to export of larger quantities. Still, many refineries decide to export above this limit, even though they cannot claim DTRE on additional exports

Source: Altai Consulting and Synergy Advisory & Solutions fieldwork in Pakistan (May 2015)

There are several bilateral and regional trade agreements between Afghanistan, Pakistan and CAR which facilitate trade in the region

- Countries are linked via **several trade agreements;** main regional trade agreements include:

CIS
- **Community of Independent States:** no import tariffs between member states (with exceptions)

SAFTA
- **South Asia Free Trade Area**: Tariffs reduction between member States. Afghanistan required to reduce its tariffs to 0% by 2015

APTTA
- **Afghanistan-Pakistan Transit and Trade Agreement**: Freedom of transit and lower transit costs, simplified border procedures

FTA
- **Free Trade Agreement**: Bilateral agreements between countries of the region which aim at facilitating trade between them

Main trade agreements between Afghanistan, Pakistan and CAR

	Afghanistan	Pakistan	Kazakhstan	Tajikistan	Kyrgyzstan	Uzbekistan	Turkmenistan
Afghanistan							
Pakistan	SAFTA, APTTA						
Kazakhstan	None	None					
Tajikistan	None	None	CIS				
Kyrgyzstan	None	None	CIS, FTA	CIS			
Uzbekistan	None	None	CIS	CIS	CIS, FTA		
Turkmenistan	None	None	None	None	None	None	

Sources: Investment guide to the silk road (UNCTAD, 2014) ; Asian Regional Integration Centre FTA database (Asian Development Bank, last accessed in April 2015)

Existing trade agreements are mainly linking CAR on the one hand and Pakistan and Afghanistan on the other, but new agreements under discussion could change this situation

- Current trade agreements distinguish **two different blocks of countries** in the region, with no particular agreement to link them together: **former USSR Republics** on the one hand and **Afghanistan and Pakistan** on the other hand
- Other trade agreements are in discussion, although **not yet in effect**, and should contribute to fostering trade within the region:

ECOTA

- **Economic Cooperation Organization Trade Agreement** aims at reducing import tariffs and other trade barriers in general; should link Pakistan, Afghanistan, Tajikistan, Turkmenistan and Uzbekistan

TPS-OIC

- **Trade Preferential System of the Organization of the Islamic Conference** aims at facilitating trade between members of the OIC; should link all countries of the region together (and with other members of the OIC)

PTAs

- **Preferential Trade Agreements:** Pakistan is currently discussing such bilateral agreements with Kazakhstan and Tajikistan

FTAs

- **Free Trade Agreements**: Such bilateral agreements are in discussion between Tajikistan & Kyrgyzstan, Tajikistan & Uzbekistan, Uzbekistan & Kazakhstan

- **Pakistan** (since 1995), **Kyrgyzstan** (since 1998) **and Tajikistan** (since 2013**) are members of the WTO**, **Kazakhstan**'s accession package to the WTO has been adopted in June 2015 and formal membership is expected to happen later on in 2015, Afghanistan and Uzbekistan are observers, Turkmenistan is not part of the WTO

Sources: Investment guide to the silk road (UNCTAD, 2014); Asian Regional Integration Centre FTA database (Asian Development Bank, last accessed in April 2015)

The absence of trade agreements and the will to protect domestic industries has led some countries to maintain import tariffs on wheat grain and wheat flour

- Despite the will to facilitate trade in the region, governments also want to **protect their domestic industries** using import tariffs

Import tariffs on wheat and wheat flour (Weighted effectively applied tariffs (AHS) in %)[1]

- Afghanistan applies a **5% import tariff on Pakistani and Kazakh wheat flour** imports
- **Different import tariffs apply for wheat grain** imports to Afghanistan, depending on the country of origin: Kazakh wheat is not subjected to any import duty, while Pakistani wheat is subjected to a 5% tax

PRODUCTS	Exporting countries	Importing countries						
		AFG	PAK	KAZ	TAJ	KYR	UZB	TUR
Wheat grain	AFG		N/A	N/A	N/A	N/A	N/A	N/A
Wheat flour			N/A	N/A	N/A	N/A	N/A	N/A
Wheat grain	PAK	5%		N/A	N/A	N/A	N/A	N/A
Wheat Flour		5%		N/A	N/A	N/A	N/A	N/A
Wheat grain	KAZ	0%	N/A		0%	0%	0%	50%
Wheat flour		5%	N/A		0%	0%	0%	50%
Wheat grain	TAJ	N/A	N/A	N/A		N/A	N/A	N/A
Wheat Flour		N/A	N/A	N/A		N/A	N/A	N/A
Wheat grain	KYR	N/A	N/A	N/A	N/A		N/A	N/A
Wheat flour		N/A	N/A	N/A	N/A		N/A	N/A
Wheat grain	UZB	N/A	N/A	N/A	N/A	N/A		N/A
Wheat flour		N/A	N/A	N/A	N/A	0%		N/A
Wheat grain	TUR	N/A	N/A	N/A	N/A	N/A	N/A	
Wheat Flour		N/A	N/A	10%	N/A	N/A	N/A	

Source: [1]Trade Analysis and Information System (TRAINS) database (UNCTAD, last accessed in April 2015) - Imports AHS tariffs for latest available year (Kazakhstan, Kyrgyzstan, Tajikistan: 2013; Uzbekistan, 2012; Turkmenistan: 2002)

Import tariffs on edible oil/ghee are inexistent in most countries and only Afghanistan applies a small import duty to protect its domestic production

Import tariffs on edible oil/ghee - Weighted effectively applied tariffs (AHS) in %[1]

- Afghanistan applies a **2% import tariff on Kazakh sunflower oil** and a **3% import tariff on Pakistani palm oil and vegetable ghee**
- **Kazakh sunflower oil** is imported in Tajikistan, Kyrgyzstan and Uzbekistan **without any import duty**

Products	Exporting countries	Importing countries						
		AFG	PAK	KAZ	TAJ	KYR	UZB	TUR
Palm oil	AFG		N/A	N/A	N/A	N/A	N/A	N/A
Sunflower oil			N/A	0%	N/A	N/A	N/A	N/A
Cottonseed oil			N/A	N/A	N/A	N/A	N/A	N/A
Vegetable ghee			N/A	N/A	N/A	0%	N/A	N/A
Palm oil	PAK	3%		N/A	N/A	N/A	N/A	N/A
Sunflower oil		N/A		N/A	N/A	N/A	N/A	N/A
Cottonseed oil		N/A		N/A	N/A	N/A	N/A	N/A
Vegetable ghee		3%		N/A	N/A	N/A	N/A	N/A
Palm oil	KAZ	N/A	N/A		N/A	N/A	N/A	N/A
Sunflower oil		2%	N/A		0%	0%	0%	N/A
Cottonseed oil		N/A	N/A		0%	N/A	0%	N/A
Vegetable ghee		N/A	N/A		0%	N/A	0%	N/A
Palm oil	TAJ	N/A	N/A	N/A		N/A	N/A	N/A
Sunflower oil		N/A	N/A	N/A		N/A	N/A	N/A
Cottonseed oil		N/A	N/A	0%		N/A	N/A	N/A
Vegetable ghee		N/A	N/A	N/A		0%	N/A	N/A
Palm oil	KYR	N/A	N/A	N/A	N/A		N/A	N/A
Sunflower oil		N/A	N/A	N/A	N/A		N/A	N/A
Cottonseed oil		N/A	N/A	N/A	N/A		N/A	N/A
Vegetable ghee		N/A	N/A	0%	N/A		N/A	N/A
Palm oil	UZB	N/A	N/A	N/A	N/A	N/A		N/A
Sunflower oil		N/A	N/A	N/A	N/A	N/A		N/A
Cottonseed oil		N/A	N/A	N/A	N/A	0%		N/A
Vegetable ghee		N/A	N/A	N/A	N/A	N/A		N/A
Palm oil	TUR	N/A	N/A	N/A	N/A	N/A	N/A	
Sunflower oil		N/A	N/A	N/A	N/A	N/A	N/A	
Cottonseed oil		N/A	N/A	N/A	N/A	0%	N/A	
Vegetable ghee		N/A	N/A	N/A	N/A	N/A	N/A	

Source: [1]TRAINS database (UNCTAD, last accessed in April 2015) - Imports AHS tariffs for latest available year (Uzbekistan, 2012; Other: 2013)

~36 USD/MT import costs apply to Kazakh wheat flour imported in Afghanistan, incl. 5% import duties, 4% other taxes, and a fixed price of 3 USD/MT for custom services

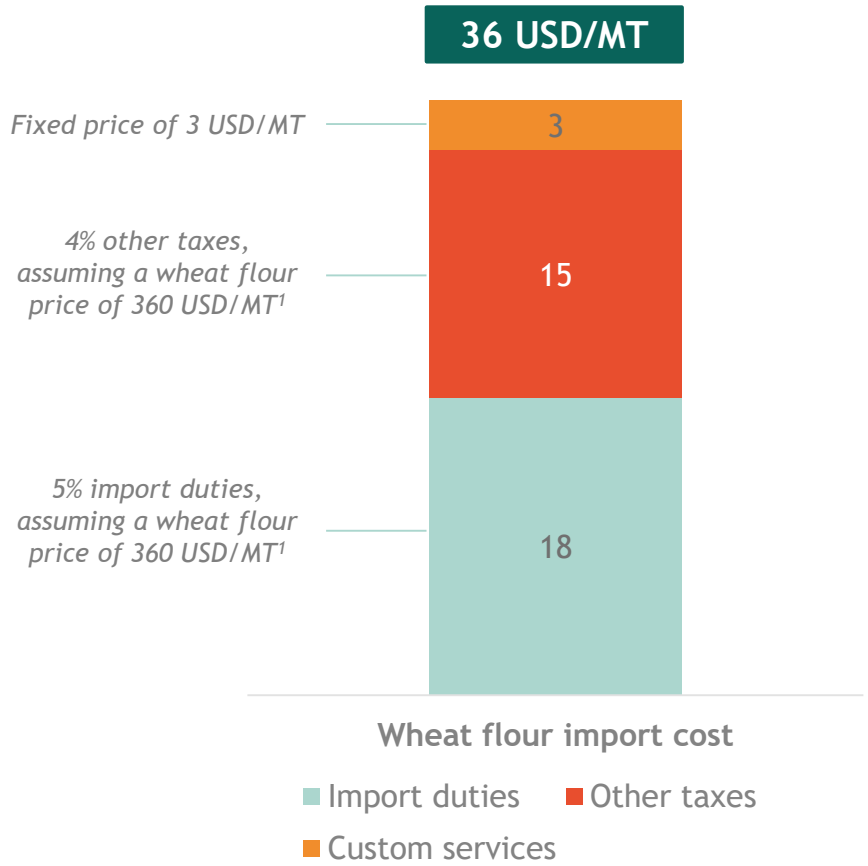
Focus on import costs in Afghanistan from Kazakhstan

Wheat flour

- Afghanistan applies **5% import duties** on wheat flour from Kazakhstan
- **Additional taxes represent ~4%** of the total import costs (incl. additional administrative costs, cost of registering traders' license with customs every year, contribution to the environment or Afghan Red Crescent, etc.)
- **A fixed fee of 3 USD/ MT** must also be paid for customs services at the border
- Goods are only subjected to taxes in Afghanistan. In Uzbekistan no taxes apply as goods only transit through the country

Costs of importing wheat flour in Afghanistan from Kazakhstan

(incl. taxes related to exports, excl. transportation costs)



Source: Altai Consulting fieldwork in Afghanistan – interviews with Afghan importers of wheat flour from Kazakhstan (August 2015)

Note: [1]Average price for Kazakh wheat flour (second grade) sold by millers to Afghan importers in Hairatan

Total import costs in Afghanistan for wheat flour from Pakistan is ~35 USD/MT, incl. 5% import duties and ~100 USD/MT for edible oil, incl. 3% import duties

Focus on import costs in Afghanistan from Pakistan

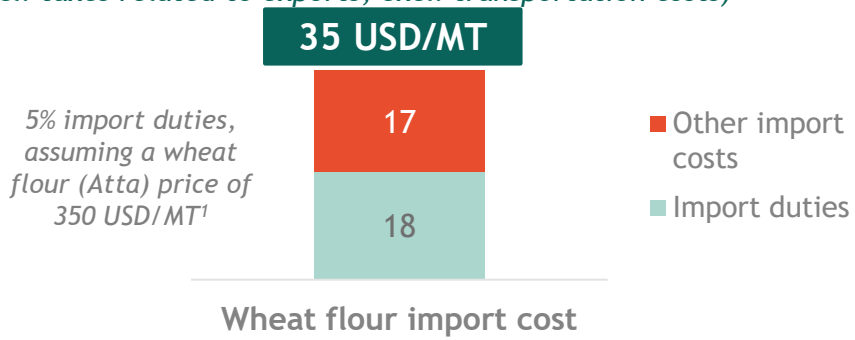
Wheat flour

- Afghanistan applies **5% import duties** on wheat flour from Pakistan
- In total, importers/traders importing wheat flour from Pakistan in Afghanistan must pay ~**35 USD/MT** import costs at the border (excluding transportation costs)

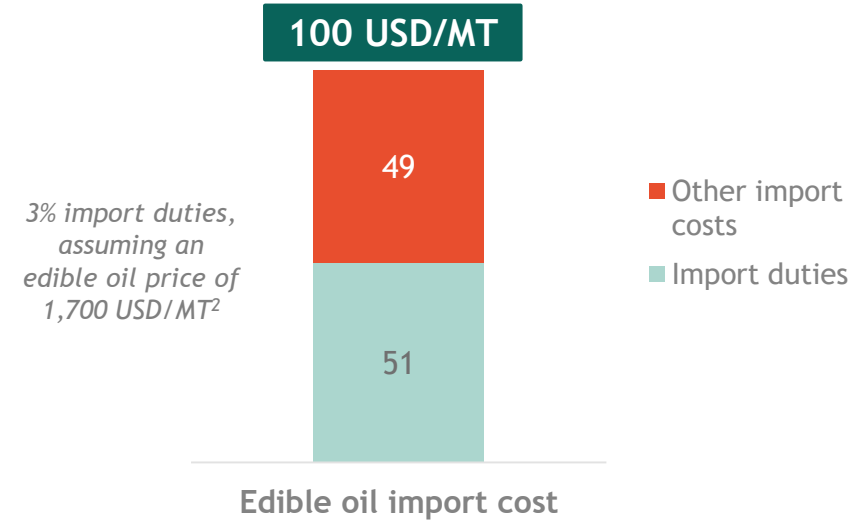
Edible oil

- Afghanistan applies **3% import duties on edible oil from Pakistan**
- In total, importers/traders importing edible oil in Afghanistan from Pakistan must pay ~**100 USD/MT** import costs at the border (excluding transportation costs)

Costs of importing wheat flour from Pakistan in Afghanistan
(incl. taxes related to exports, excl. transportation costs)



Costs of importing vegetable ghee from Pakistan in Afghanistan
(incl. taxes related to exports, excl. transportation costs)

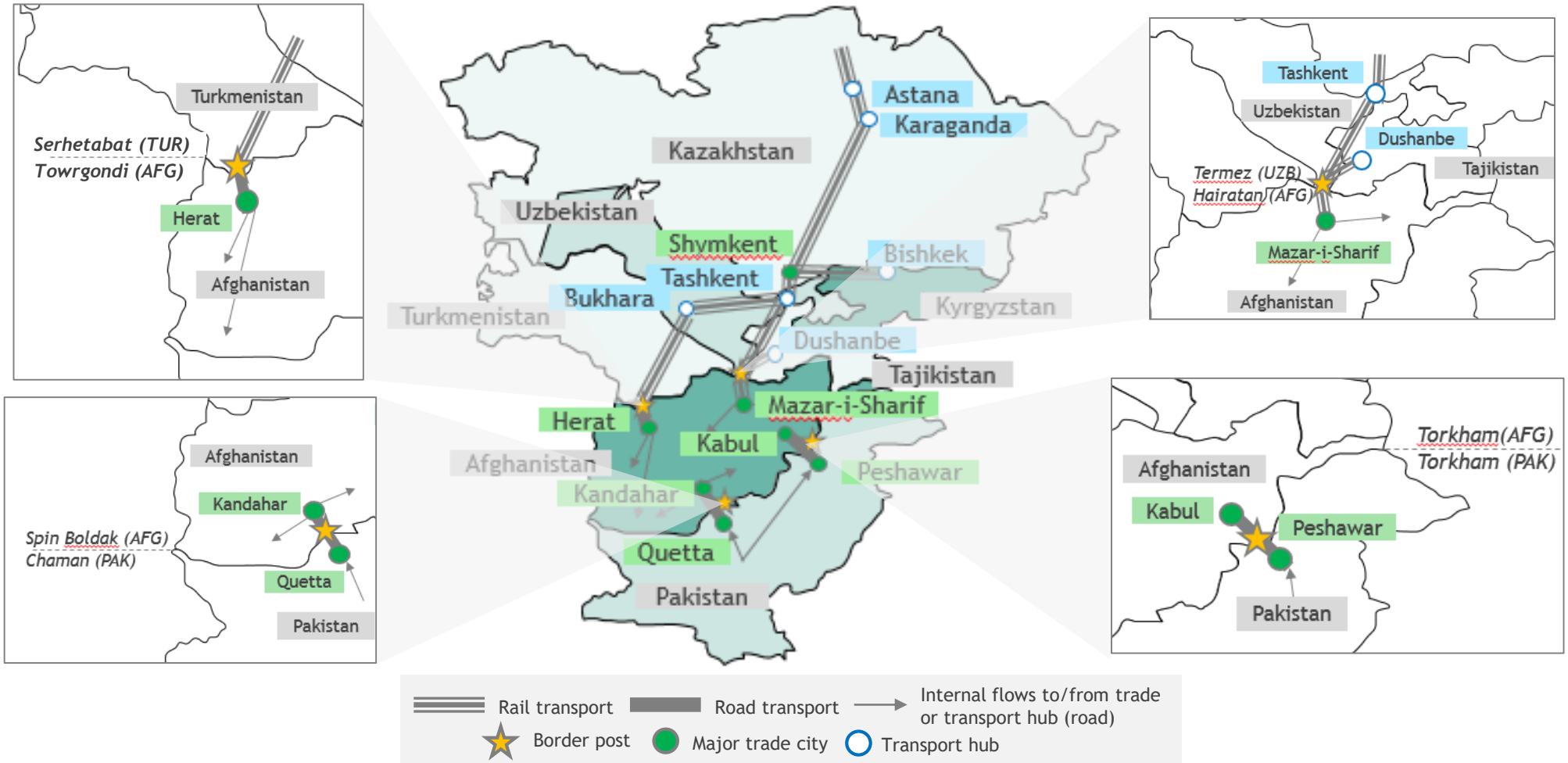


Source: Altai Consulting and Synergy Advisory & Solutions fieldwork in Pakistan (May 2015)

Note: [1]Average price for Pakistani wheat flour (atta) sold by millers to Afghan importers at the Pakistani-Afghan border; [2]Average price for edible oil sold by refineries to Afghan importers at the Pakistani-Afghan border

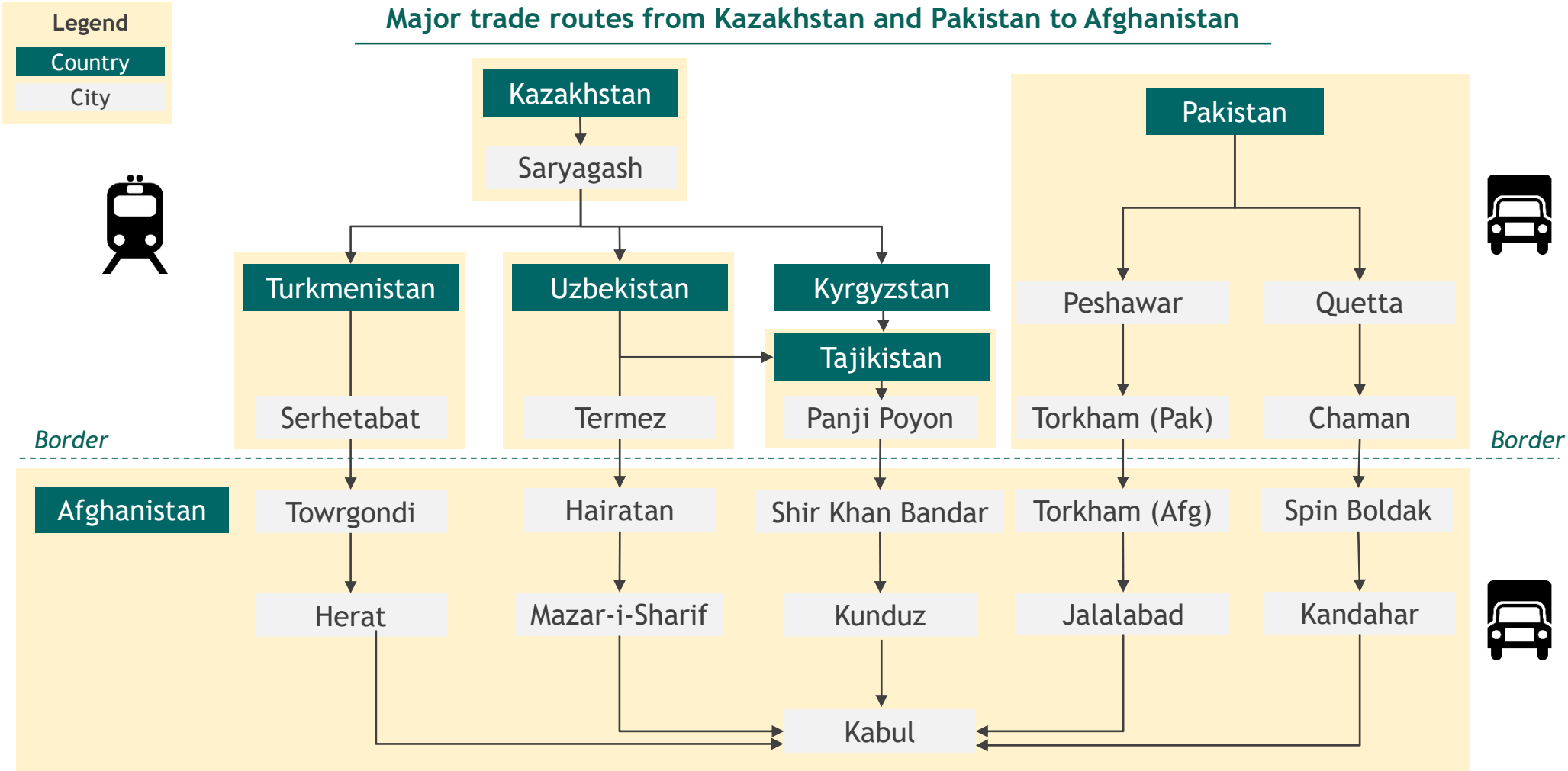
Railroads are well developed and used in CAR while road transportation is almost exclusively used between Afghanistan and Pakistan

Transportation network in CAR, Pakistan and Afghanistan



Sources: Altai Consulting analysis based on: Afghanistan's Wheat Flour Market (USDA, 2013); A Regional View of Wheat Markets and Food Security in Central Asia (USAID & UKAID, 2011)

There are two main entry points in Afghanistan for imports from Kazakhstan (through Uzbekistan and through Turkmenistan) and two main border entry points for Pakistani imports

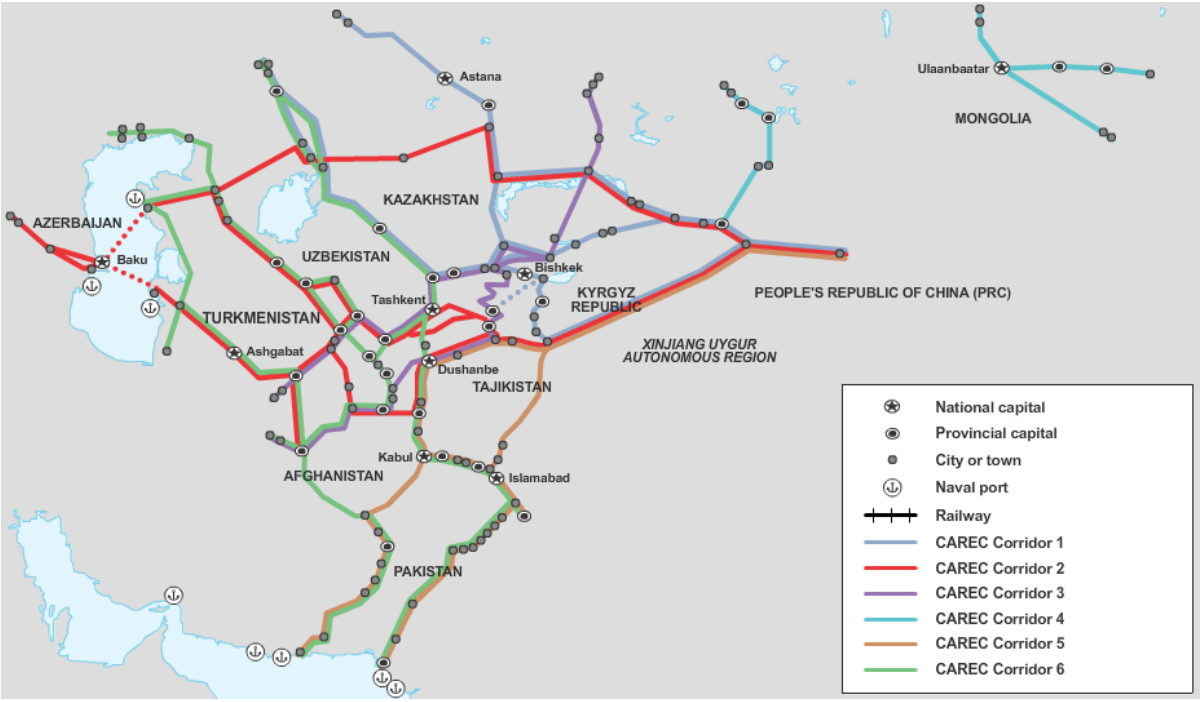


Sources: Altai Consulting analysis based on: Afghanistan's Wheat Flour Market (USDA, 2013); A Regional View of Wheat Markets and Food Security in Central Asia (USAID & UKAID, 2011)

The Central Asia Regional Economic Cooperation (CAREC) is currently working on six major transport corridors which should help better connect regional economic hubs with each other

Overview of the 6 CAREC corridors[1]

- **CAREC (Central Asia Regional Economic Cooperation)** is an Asian Development Bank supported initiative which was launched in 1997
- It is currently working on a **Transport and Trade Facilitation Strategy Plan** which aims at developing six major trade/transport corridors in CAR, Pakistan and Afghanistan (as well as China, Mongolia and Azerbaijan)
- The objective is to **connect the region's key economic hubs to each other and to global markets** and to upgrade these corridors to international standards by 2017



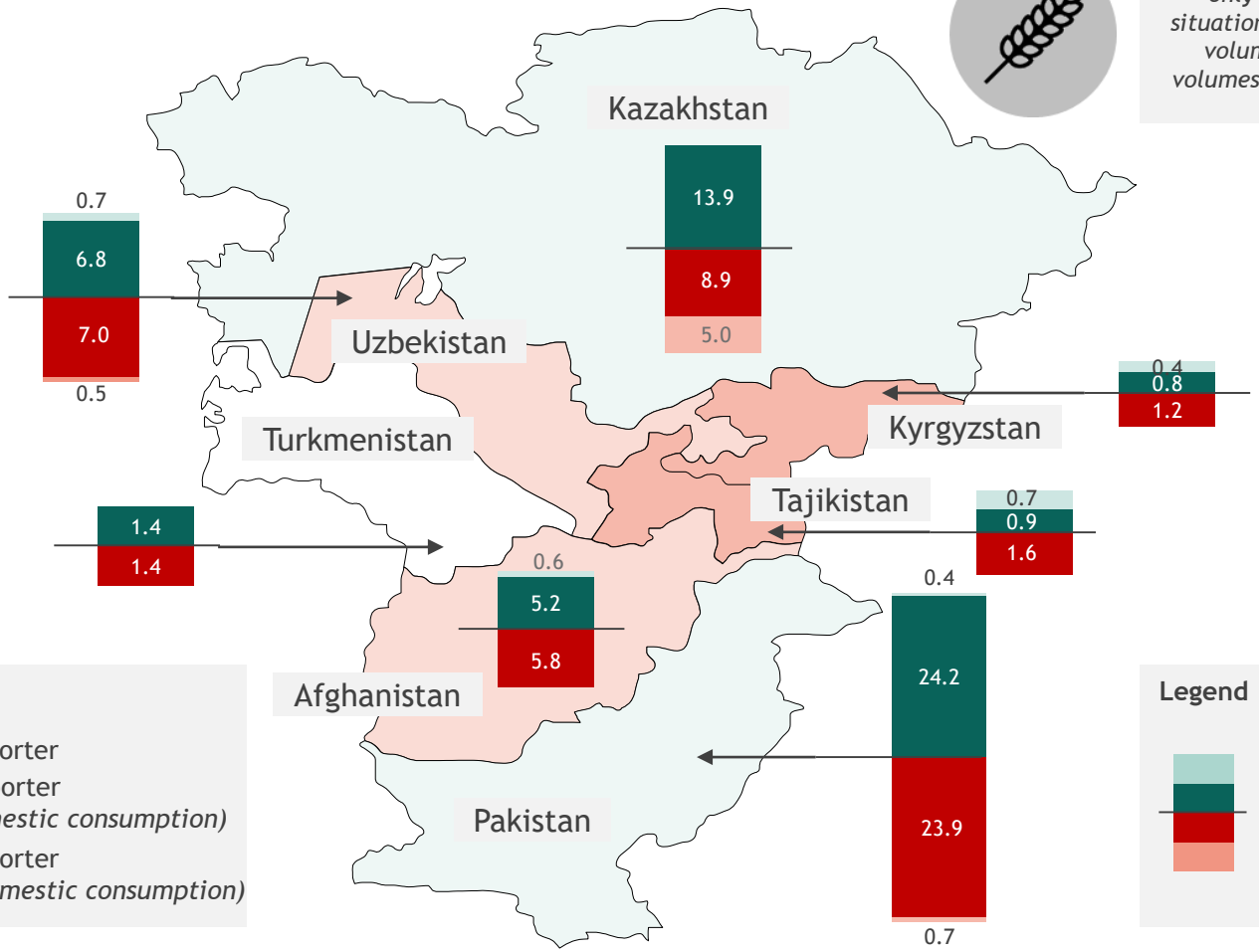
- As part of this framework, a **75km long railway** opened in 2011 in Afghanistan between Hairatan (Uzbek border) and Mazar-i-sharif. However, according to our information, it does not seem to operate properly and trucks are still widely used on this itinerary

Source: [1]www.carecprogram.org (last accessed in April 2015)

The region produces 53m MT of wheat grain annually which represents ~7% of the world production. Pakistan and Kazakhstan are the largest wheat producers in the region

Wheat grain production, consumption and balance in 2013 (in million MT)

This map is based on 2013 data and is only indicative of the general situation in the region as production volumes, and as a result trade volumes, can vary significantly from one year to another



Legend

- Net wheat grain exporter
- Net wheat grain importer *(at least 30% of domestic consumption)*
- Net wheat grain importer *(Less than 15% of domestic consumption)*

Legend

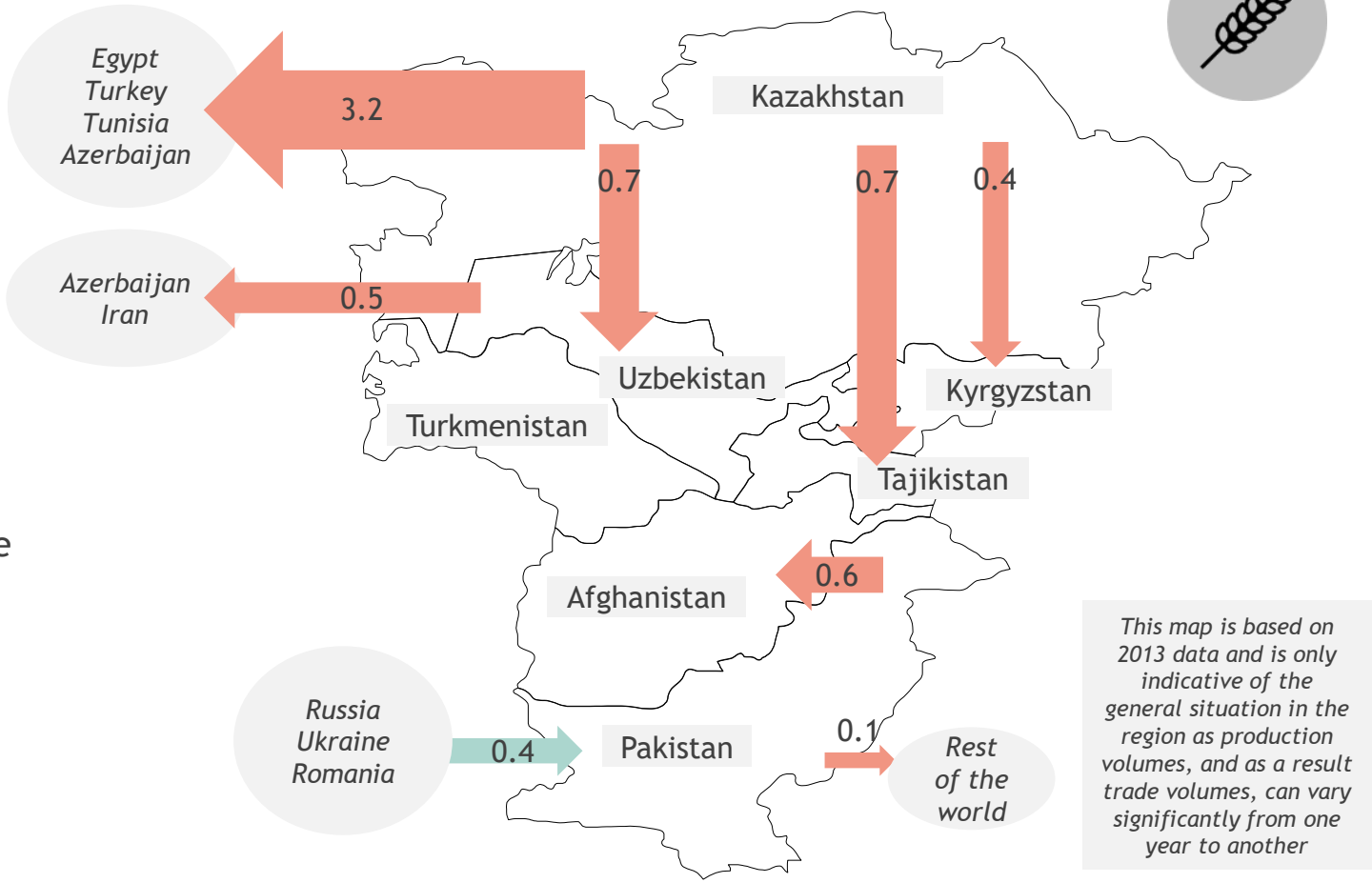
- Imports
- Domestic production
- Domestic consumption
- Exports

Sources: Altai Consulting analysis based on: FAO Stat (2013); Kazakh Association of Grain Processors internal Statistics (2013); Afghanistan Trade and Revenue Project (USAID, 2014); Pakistan Grain and Feed Annual (USDA, 2014); Afghanistan Grain and Feed Annual (USDA, 2014); Tajikistan Wheat Flour Fortification Assessment (GAIN & USAID, 2014); MAIL Afghanistan (Fieldwork, 2015); Uzbekistan Grain and Feed Annual (USDA, 2014); UN COMTRADE (2013)

Kazakhstan is a major exporter of wheat grain in the region and beyond. Pakistan conversely, due to its large population, is just self-sufficient and only exports to Afghanistan

- Part of the wheat produced in the region is **exported as unprocessed grain**
- Kazakhstan is the main exporter of wheat grain and the main supplier of other CAR
- **The high quality of Kazakh grain and its good milling properties make it a highly demanded product,** even in large wheat producing countries which mix their own grain with higher quality Kazakh grain as is the case in Uzbekistan for example
- Depending on volumes harvested, Pakistan may import wheat grain (in cases of bad harvest) or may export wheat grain (to Afghanistan and other countries)

Wheat grain trade flows in 2013 (in million MT)



This map is based on 2013 data and is only indicative of the general situation in the region as production volumes, and as a result trade volumes, can vary significantly from one year to another

Sources: Altai Consulting analysis based on: FAO Stat (2013); Kazakh Association of Grain Processors internal Statistics (2013); Afghanistan Trade and Revenue Project (USAID, 2014); Pakistan Grain and Feed Annual (USDA, 2014); Tajikistan Wheat Flour Fortification Assessment (GAIN, 2014); Afghanistan Grain and Feed Annual (USDA, 2014); Uzbekistan Grain and Feed Annual (USDA, 2014); UN COMTRADE (2013)

Kazakhstan is the 13th largest wheat producer in the world, accounting for 2% of total world production volumes, and one of the top 10 exporters globally

Production volumes & areas

- **Kazakhstan produces between 10m MT and 23m MT[1] of wheat grain** each year and harvests 13m ha of wheat[1]
- 75% of Kazakh wheat is produced in the Kostanai, Akmola and North Kazakhstan regions[2], the remaining 25% are produced in the Eastern and Southern parts of the country

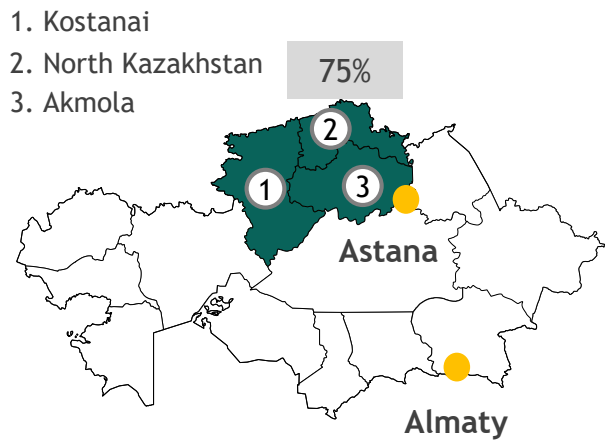
Type of wheat

- The geographical location and weather conditions of the wheat producing regions imply that most of the Kazakh wheat (95%) is **spring wheat[2]**

Yield & quality

- A **dry climate favors a high grain protein content** but **diminishes the average production yield[2]**
- In Kazakhstan, rainfall is limited and **agricultural areas are not irrigated[2]**. The country has therefore the lowest yield of all the Afghanistan, Pakistan and CAR region, with an average of **1.1MT/ha[1]**
- However, it produces one of the **best quality wheats**, with 75% of its production having a protein content above 12%, which improves its milling quality[2]

Wheat Production areas in Kazakhstan (% of the total wheat volume produced)



Sources: [1]FAO Stat (2013); [2]Commodity Intelligence report - Kazakhstan Agricultural Overview (USDA, 2010)

Wheat is mostly produced by large-scale agricultural enterprises; the dry climate means the country regularly faces droughts which can significantly reduce yearly production volumes

Market structure[1]

- **65% of the wheat is produced by agricultural enterprises** (large-scale operations, similar to the collective farms of the Soviet era), whose **average size is ~3,000 ha**
- 200,000 peasants farms produce the remaining 35% in plots smaller than 1,000 ha
- **Agro-holding companies** play an important role and act as an umbrella for different agricultural enterprises (large farms), providing them with operating capital and access to markets
- All **agricultural lands are owned by the government**, which leases them under 49-year leases
- **Wheat grain production is highly subsidized** by the Governments (very cheap land leasing prices, subsidies for seeds, fuel, machinery, favorable credit conditions, etc.)

Annual production consistency[1]

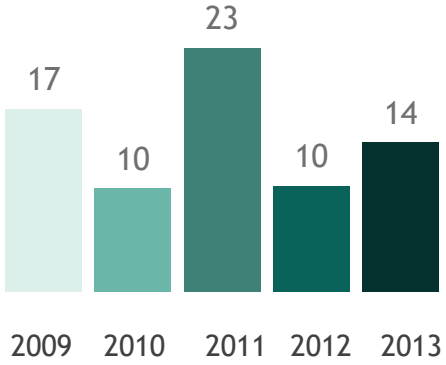
- Kazakhstan has a dry climate and the country regularly faces **droughts** (2 every 5 crop seasons)
- Annual production is therefore **very inconsistent** and can fluctuate by as much as 100% from one year to another

Reserves

- Every year, Kazakhstan carries **over between 1.5m and 6m MT of wheat grain[3]**, which are stored and sold on the market when wheat prices are high

Wheat cultivation in South Kazakhstan Oblast

Wheat production in Kazakhstan[2] (in million MT)



Sources: [1]Commodity Intelligence report - Kazakhstan Agricultural Overview (USDA, 2010); [2]FAO Stat (2013); [3]Kazakhstan Wheat Flour Fortification Assessment (D. McKee, 2013)

Pakistan produces around 24.2m MT of wheat grain per year making it the 8th largest wheat producer in the world, accounting for 3% of total world production volumes

Production volumes & areas

- **Pakistan produces ~24.2m MT[1] of wheat grain** each year and harvests 8.7m ha[1]
- The main wheat producing region in Pakistan is **Punjab, which accounts for 76% of wheat production volumes**, followed by Sindh (14%)[2]

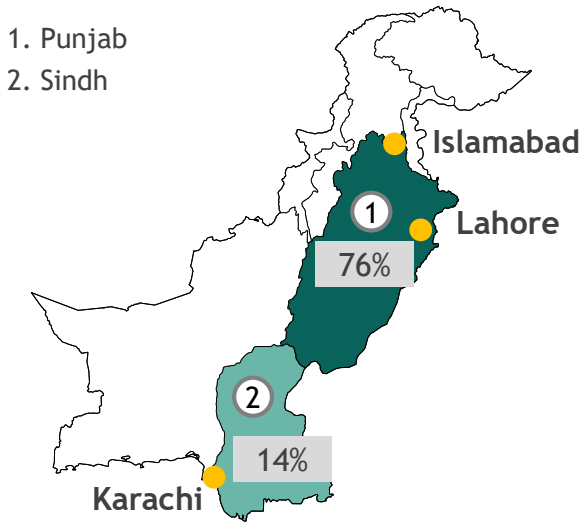
Type of wheat

- Most of the wheat cultivated is **spring wheat**, although this variety can be planted in autumn or winter thanks to a favorable climate

Yield & quality

- Wheat production yield in Pakistan is **2.8 MT/ha**, higher than in Afghanistan and in other CAR (except Uzbekistan), but still much lower than the world average (3.7 MT/ha)[1]
- These low yields are mainly due to the **lack of modern equipment, the little use of fertilizers, and poor quality of seeds**
- Pakistani wheat is of **low quality** as it often contains weeds or is damaged by disease or insects, and hence stands far behind international standards[3]

Wheat grain production in Pakistan (% of the total wheat production volumes)



Sources: [1]FAO Stat (2013); [2]Pakistan Crop Progress Report (USDA, 2010/11); [3]Wheat Crop: an Overview in Pakistan (Sidra Khan, the Lahore Chamber of Commerce & Industry, 2012)

Agriculture in Pakistan largely relies on small individual farmers; the irrigation system used in the country helps maintain wheat grain production volumes year on year

Market structure

- Pakistani agriculture relies on **small individual farmers**
- **64% of the farms in Pakistan are smaller than 5 ha**, and only 4% cover more than 25ha[1]. In Punjab however, where most wheat grain is produced, farms tend to be larger than in the rest of the country
- Most individual farmers do not personally own their land which is usually controlled by major landlords (5% of the population owns 2/3 of the farmland[2])

Annual production consistency

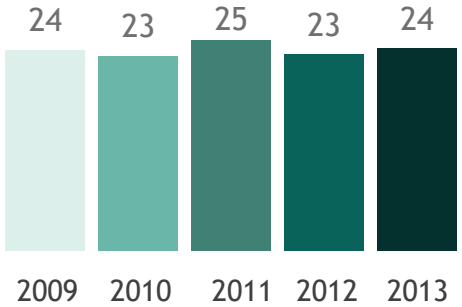
- Pakistan has a sound irrigation system composed of canals which distribute water from main rivers to agricultural areas. As a result, ~**80% of the agricultural production is cultivated on irrigated land**[3]
- Pakistan's wheat production volumes are therefore much less fluctuant than Kazakhstan's as it more rarely faces droughts

Reserves

- In 2014, the Federal and Provincial governments had **6 to 7 million MT of wheat grain stored**[4], that can be used in case of emergency

Wheat harvest in Pakistan
(Credits: Asad Zaidi/Bloomberg)

Wheat production in Pakistan[3] (in million MT)



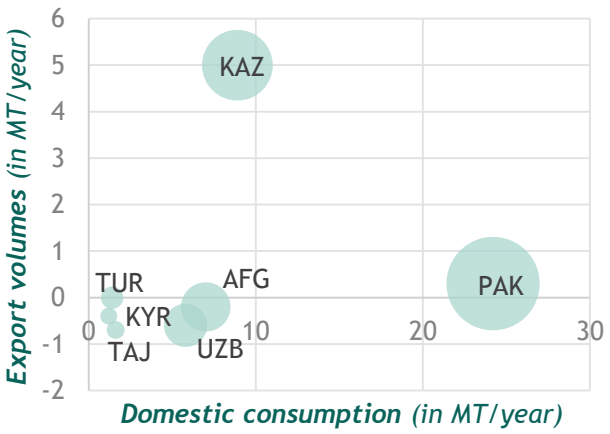
Sources: [1]Pakistan Agricultural Census (2010); [2]Pakistan based NGO "Society for Conservation and Protection of the Environment" (2013); [3]FAO Stat (2013); [4] Over 6 million MT Wheat Stock Available for Domestic Consumption (Pakistan State Times, 2014)

Wheat grain quality, export volumes and other needs of wheat grain influence the amount of grain transformed into flour: so transformation ratios vary from one country to another

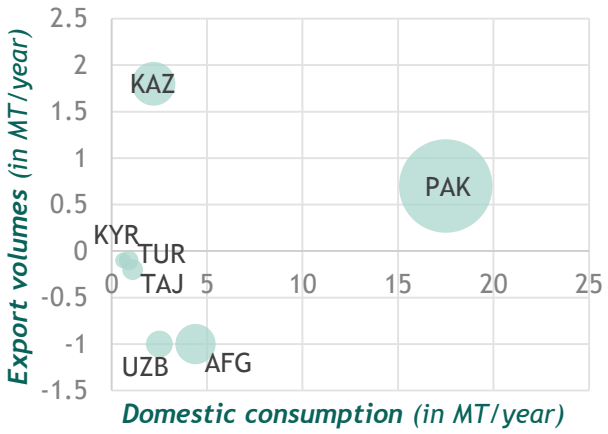
- **Volumes of wheat flour production are not exclusively linked to volumes of wheat grain production** in a given country, as various factors can influence the proportion of wheat grain transformed into flour:

Wheat grain exports	• Some countries like Kazakhstan export a significant share of their production as wheat grain
Wheat grain quality	• In Uzbekistan for example, the wheat grain is of poor quality: only ~50-55% is suitable for human consumption[1], and an even smaller proportion is of milling quality
Other needs	• In Uzbekistan and Kazakhstan, significant volumes of wheat (~2m MT[1] and 2.5m MT[2] respectively) are used as livestock feed

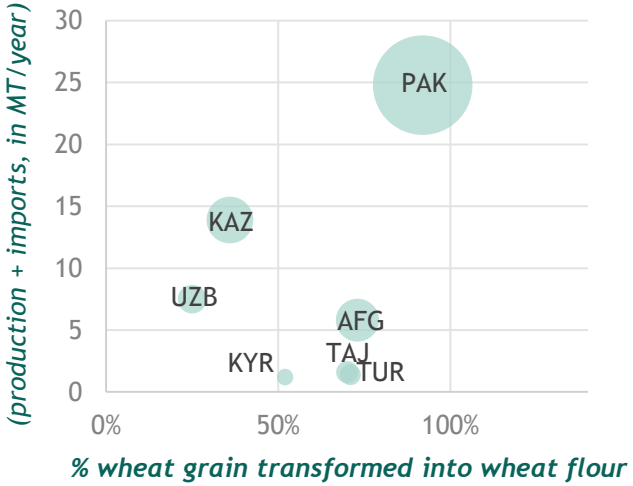
Wheat grain[3]
(bubble size proportional to wheat grain production volume in 2013)



Wheat flour[3]
(bubble size proportional to wheat flour production volume in 2013)



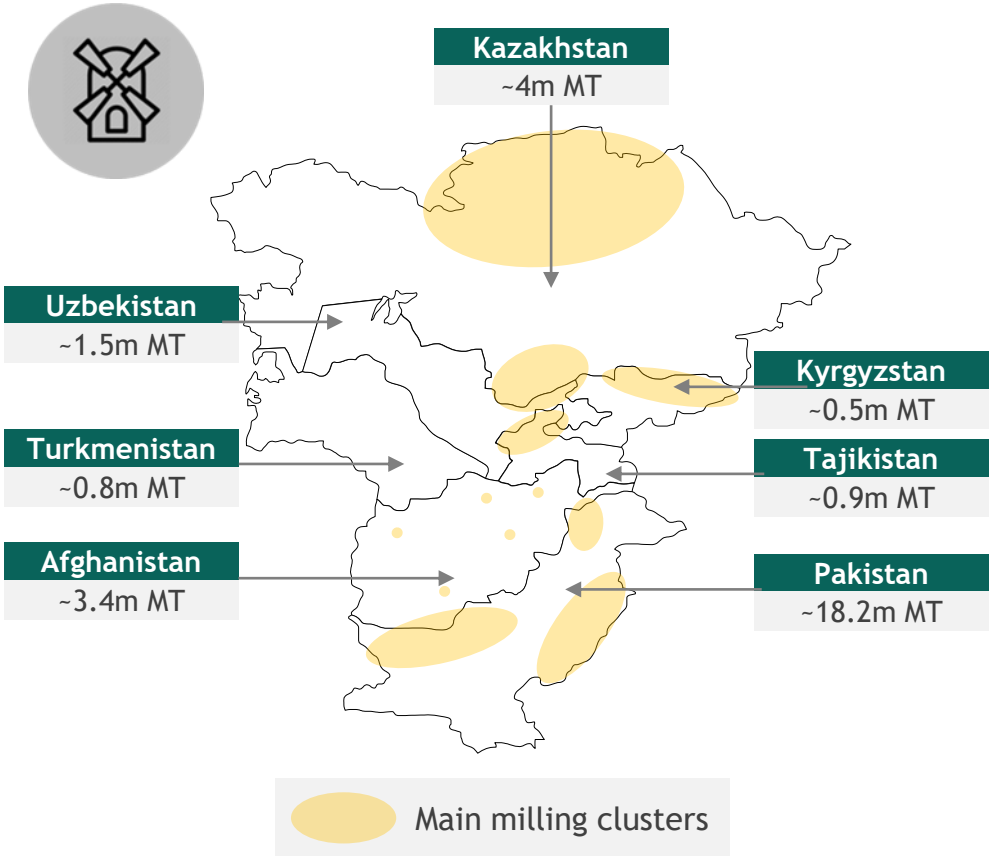
Wheat grain transformation into flour[3]
(bubble size proportional to flour production volume in 2013)



Note: An average extraction rate of 80% has been used in order to compute the percentage of wheat grain transformed into wheat flour
Sources: [1]Uzbekistan Grain and Feed Update (USDA, 2014); [2]Kazakhstan Grain and Feed annual (USDA, 2014); [3]Altai analysis - See slide 37 and 46 for production, consumption, imports and exports exact sources

Kazakhstan and Pakistan are the main flour producers, although countries like Kyrgyzstan and Tajikistan also produce significant volumes of industrial wheat flour from imported wheat

Main industrial wheat flour milling clusters and countries annual production in 2013 (in million MT)[1]



Explanations

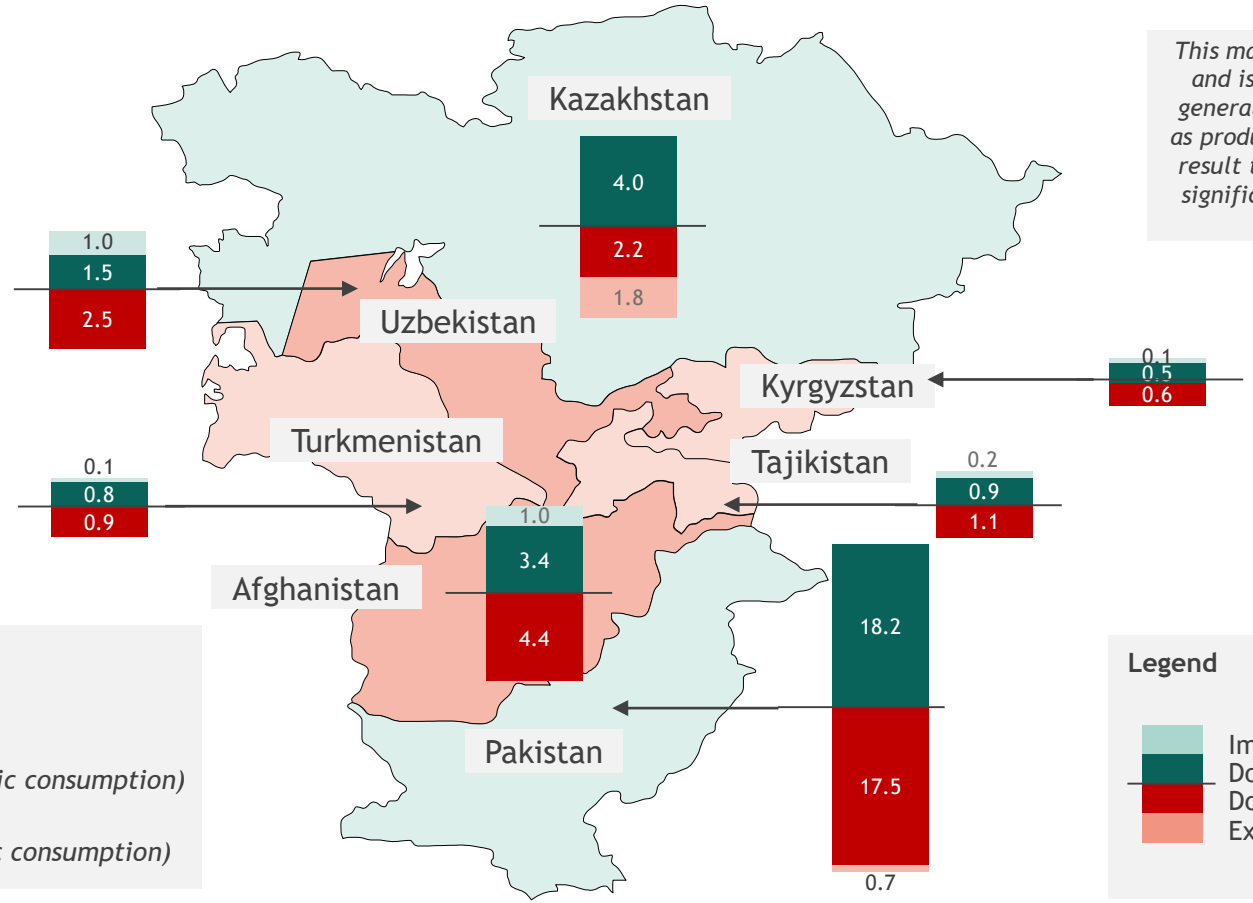
- Afghanistan, Pakistan and CAR have a combined **wheat flour production of ~29m MT**[1], which is virtually enough to meet domestic demand
- Major wheat grain importers such as **Tajikistan and Kyrgyzstan also have industrial mills** and aim at transforming imported Kazakh grain
  - Both countries have **benefited from ADB (2002-2007) programs and received equipment and training** to expand their milling capacities
  - Kyrgyz and Tajik wheat flour markets are highly competitive and local players face imports of high-quality/low-cost Kazakh flour; yet, milling capacity continues to grow and new mills are opening

Note: Wheat flour production data for Turkmenistan is an estimation based on domestic wheat production, imports and exports

Sources: [1]Altai Consulting analysis based on: Department for the State Sanitary & Epidemiological Surveillance, in JFPR Nutrition Study (ADB, 2014); Kyrgyzstan Wheat Flour Fortification Assessment (GAIN & USAID, 2014); Tajikistan Wheat Flour Fortification Assessment (GAIN, 2014); Supply Chain Assessment of Edible Oil & Wheat Flour Exports (GAIN, 2014); ASMED (USAID & Altai, 2007)

Kazakhstan and Pakistan are the two major wheat flour exporters in the region. Afghanistan and Uzbekistan need to import a significant share of their domestic wheat flour consumption

Wheat flour production, consumption and balance in 2013 (in million MT)



This map is based on 2013 data and is only indicative of the general situation in the region as production volumes, and as a result trade volumes, can vary significantly from one year to another

Legend

- Net wheat flour exporter
- Net wheat flour importer *(more than 20% of domestic consumption)*
- Net wheat flour importer *(Less than 20% of domestic consumption)*

Legend

- Imports
- Domestic production
- Domestic consumption
- Exports

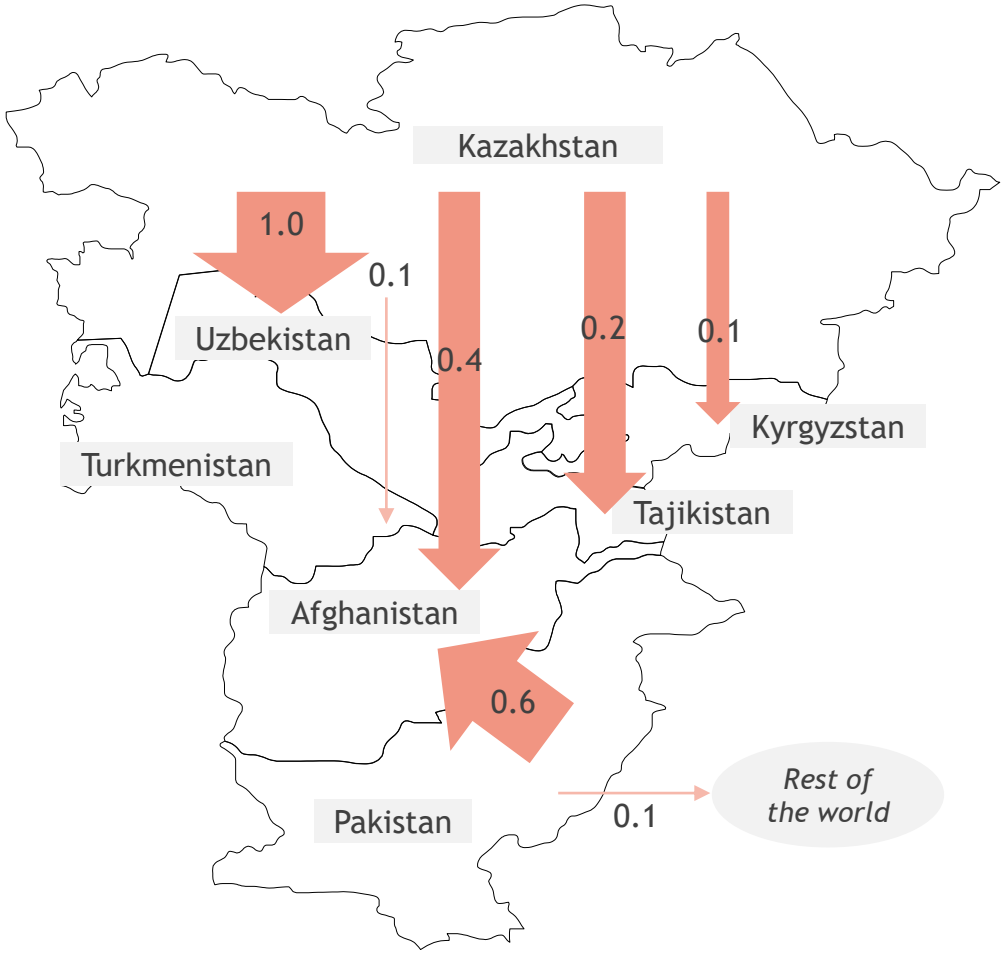
Sources: Altai Consulting analysis based on: Tajikistan Wheat Flour Fortification Assessment, (GAIN, 2014); Kazakh Association of Grain Processors internal Statistics 2013; Afghanistan Trade and Revenue Project (USAID, 2014); Uzbekistan Grain and Feed Update (USDA, 2014); Kyrgyzstan Wheat Flour Fortification Assessment (GAIN, 2014); Supply Chain Assessment of Edible Oil & Wheat Flour Exports (GAIN, 2014); IMAR, Industrial Wheat Flour and Edible Vegetable Oil and Ghee in Afghanistan (GAIN & Altai, 2010); Industry Assessment Pakistan (Philip Randall & Faqir Anjum; September 2014); UN COMTRADE (2013)

Kazakhstan is by far the major wheat flour exporter in the region, primarily exporting to Uzbekistan; Pakistan is also a large exporter, mainly exporting to Afghanistan

Wheat flour trade flows in Afghanistan, Pakistan and CAR in 2013 (in million MT)

This map is based on 2013 data and is only indicative of the general situation in the region as production volumes, and as a result trade volumes, can vary significantly from one year to another

- **Kazakhstan** is the **main exporter of wheat flour** in the region and almost the sole supplier to all CAR
- **Pakistan** is the **second wheat flour exporter** and only supplies Afghanistan in the region

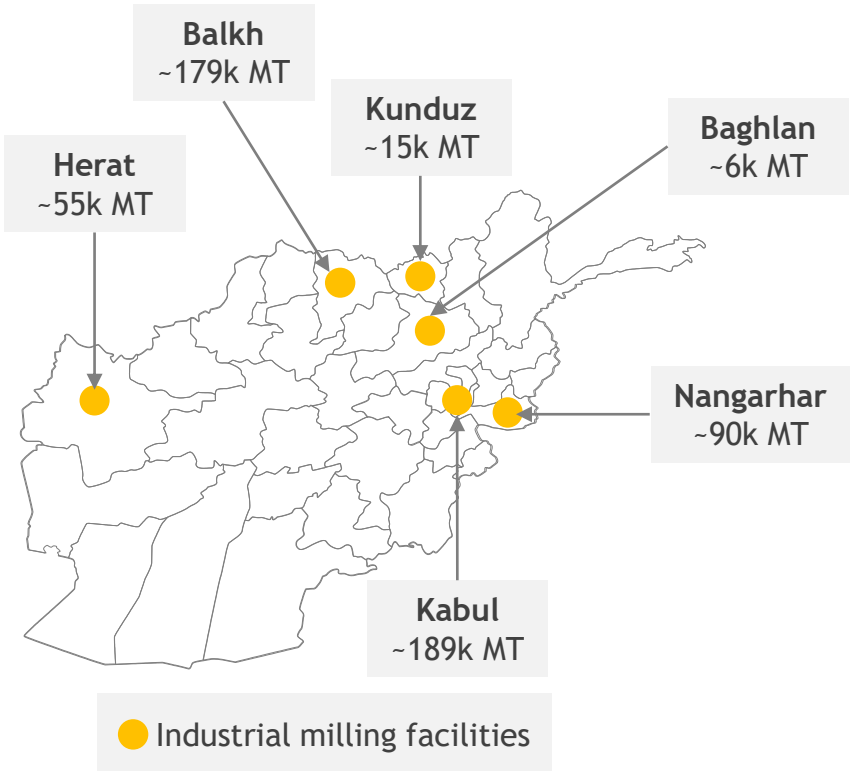


Sources: Altai Consulting analysis based on: Kazakh Association of Grain Processors internal Statistics (2013); Afghanistan Trade and Revenue Project (USAID, 2014); UN COMTRADE (2013)

Afghanistan mostly consumes wheat flour produced domestically even if the country still needs to import wheat flour from Pakistan and Kazakhstan to cover all its needs

Main industrial milling facilities in Afghanistan and production capacity (in thousands MT per year)[1]

- **Afghanistan produces ~3.4m MT[1] of wheat flour** annually, most of which **(~3.2m MT) is grinded by small-scale mills (zirandas)** scattered around the country, and **0.2m MT is grinded by 13 major commercial mills[1]** (with individual production capacity over 5,000 MT/year) located in the country's major cities *(see map on the right)*
- On average, industrial flour mills are operating at less than **40% of their capacities, mainly because of limited electricity supply, lack of skilled personnel, and low price of imported wheat flour** which makes their production unprofitable[1]
- This production is not sufficient to cater for domestic consumption needs of **~4.4m MT[2]** of wheat flour per year, and Afghanistan therefore needs to import ~**1m MT of industrial wheat flour** to fill the gap[3]



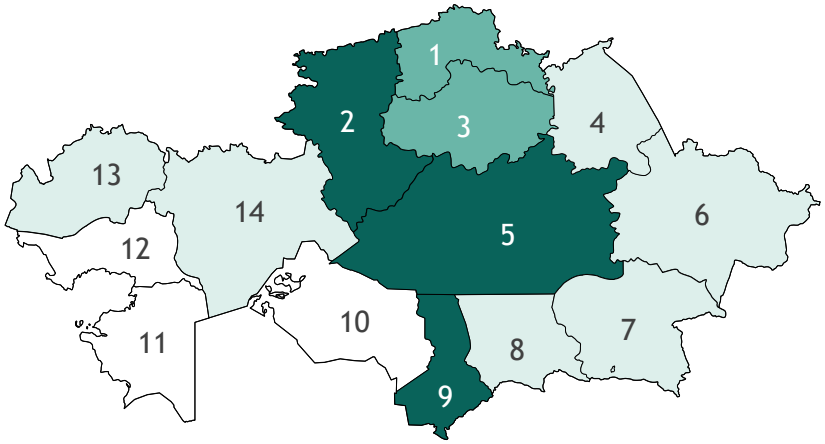
Note: Capacity expressed as wheat flour production capacity

Sources: [1]IMAR, Industrial Wheat Flour and Edible Vegetable Oil and Ghee in Afghanistan (GAIN & Altai, 2010); [2] Altai analysis – reconciliation of data; [3]Afghanistan Trade and Revenue Project (USAID, 2014)

73 mills in Kazakhstan export wheat flour to Afghanistan. They are mainly located in Kostanay, Karaganda and South Kazakhstan

Kazakh Oblasts exporting to Afghanistan and number of mills exporting to Afghanistan

- **73 flour mills exporting wheat flour to Afghanistan** could be identified via KazNex Invest (export agency of Kazakhstan), data from the Union of Grain Processors of Kazakhstan, mills' websites and brands found on the Afghan market
- **30 mills** agreed to meet with Altai consultants, and export volumes to Afghanistan could be estimated for **25** of them, which represent ~**50% of total Kazakh wheat flour export to Afghanistan**
- The market is **very fragmented** and many mills export **limited quantities (less than 10,000 MT per year)** of wheat flour to Afghanistan
- **Kostanay, Karaganda** and **South Kazakhstan** are major exporting Oblasts, with more than 10 mills in each of them exporting wheat flour to Afghanistan, followed by North Kazakhstan and Akmola
- Most mills exporting to Afghanistan seem to be **focused on export markets** (they export overall more than 50% of their production) **although not exclusively to Afghanistan**



1.North Kazakhstan
2.Kostanay
3.Akmola
4.Pavlodar
5.Karaganda
6.East Kazakhstan
7.Almaty
8. Zhambyl
9. South Kazakhstan
10. Kyzylorda
11. Mangystau
12. Atyrau
13. West Kazakhstan
14. Aktobe

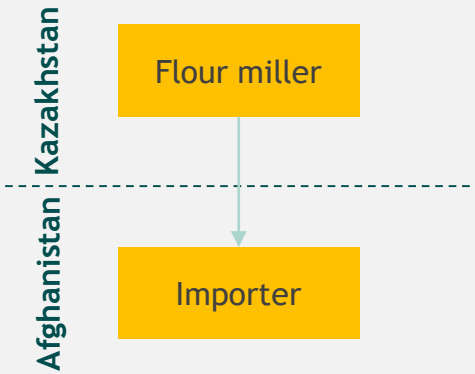
More than 10 mills exporting to Afghanistan
5-10 mills exporting to Afghanistan
1-5 mills exporting to Afghanistan

Source: Altai Consulting analysis, based on Altai Consulting fieldwork in Kazakhstan (July 2015)

Kazakh millers directly trade with Afghan importers. Transportation from Kazakhstan to Afghanistan is organized by the mill or the importer, depending on the terms of the contract

- Millers in Kazakhstan **export directly** wheat flour to Afghanistan. They deal with **Afghan importers**, generally based in **Mazar-i-Charif**, who specialize in trade with Kazakhstan and import various products from this country in Afghanistan

Direct trading model



- Kazakh flour millers sell their wheat flour **directly** to Afghan importers who pay them **100% in advance**
- **Kazakh millers** are always responsible for **transporting the wheat flour at least up to the Kazakh-Uzbek border** (Saryagash)

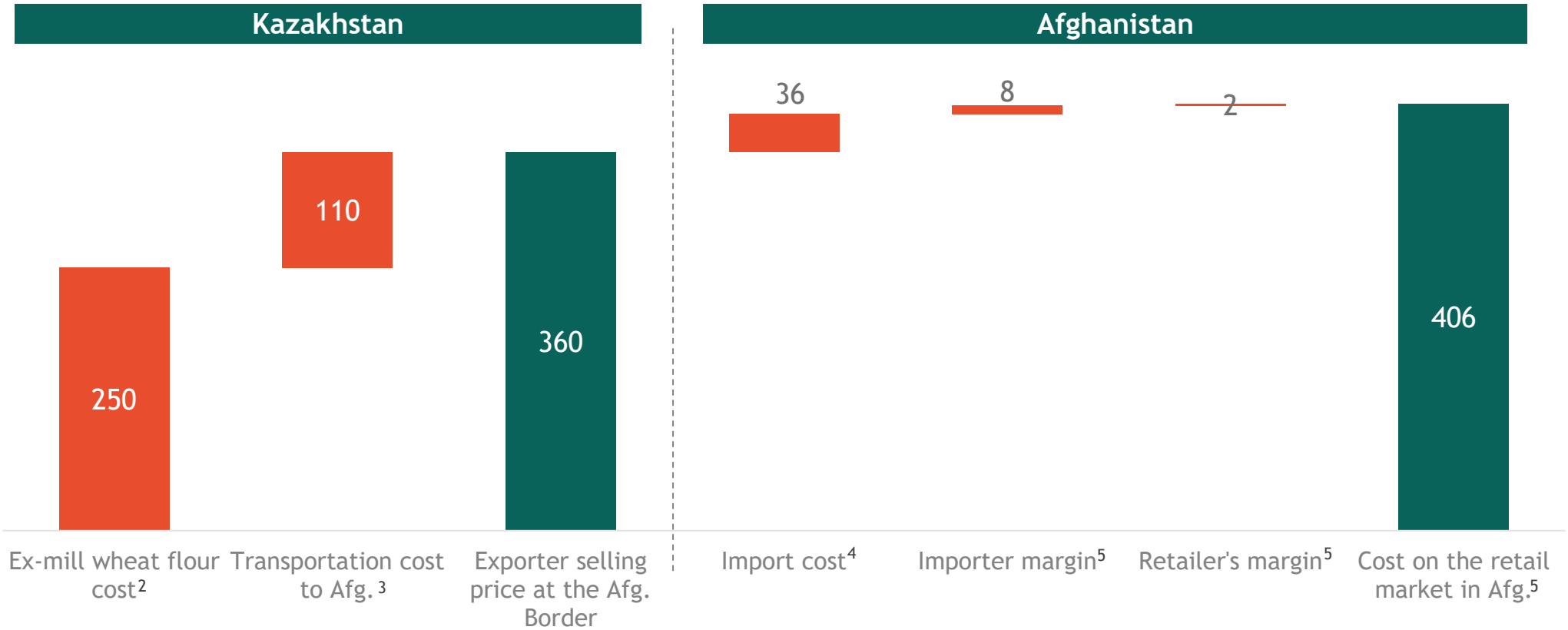
- From there, **depending on the terms of the contract, either the miller or the importer may be responsible for transporting goods to Afghanistan**
- Kazakh millers, when responsible for organizing transportation to Afghanistan, either use their **own internal logistics department** or **sub-contract logistics companies** to organize transportation

Major cities involved in wheat flour trade from Kazakhstan to Afghanistan

Source: Altai Consulting and Synergy Advisory & Solutions fieldwork in Pakistan (May 2015)

Kazakh wheat flour is less expensive to produce in comparison to Pakistani flour, but high transportation costs makes it less competitive on the Afghan market

Value chain analysis of wheat flour from Kazakhstan exported to Afghanistan (in USD/MT)[1]

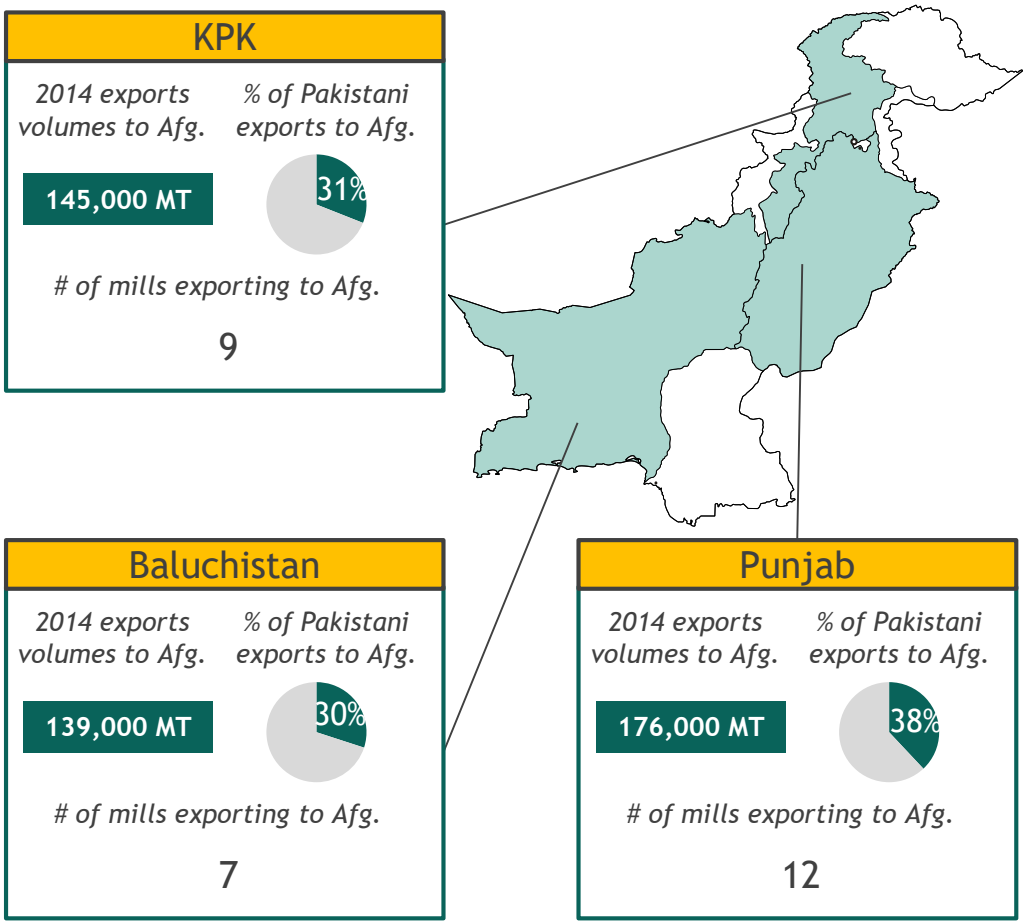


Note: [1]These costs are for second grade Kazakh wheat flour and are indicative only. They can vary greatly depending on the wheat grain price which is very volatile and depends on the season, on the year harvest, etc.; [2]Average ex-mill cost for Kazakh mills. These costs can vary greatly depending on the wheat grain price, of the mill production volume, etc. These costs are based on Altai Consulting analysis based on fieldwork conducted in Kazakhstan (July 2015); [3]Average transportation costs. Incl. wheat grain and wheat flour transportation costs;[4]Includes import duties and other export related administrative costs, excl. transportation. Detailed analysis of these costs is available slide 30; [5]Based on Altai Consulting fieldwork in Afghanistan (August 2015) – Retail price can be higher depending on the city where it is sold in Afghanistan and eventual additional transportation costs required

Wheat flour exported to Afghanistan from Pakistan is mostly produced in Punjab, KPK and Baluchistan, each province accounting for around one third of total exports to this country

Provinces in Pakistan exporting to Afghanistan: Export volumes, % of total exports to Afghanistan and # of mills

- **28 flour mills** accounting for **77% of total wheat flour exports** to Afghanistan could be identified via customs documentation and the Pakistan Flour Millers Association (PFMA)
- The remaining 23% could be produced by unregistered mills or could be traded informally
- **Punjab, KPK and Baluchistan** are the 3 Provinces exporting wheat flour to Afghanistan, each one roughly accounting for ~**1/3 of total exports to this country**
- In **Baluchistan and KPK**, millers seem to be largely turned towards the **Afghan market** and export most of their production there *(only 1 mill in KPK was selling a larger share of its production on the domestic market than in Afghanistan)*
- In **Punjab** however, most millers exporting to Afghanistan still **sell most of their production on the domestic market** *(only 4 out of 12 mills visited in Punjab sell a larger share of their production to Afghanistan than on the domestic market)*

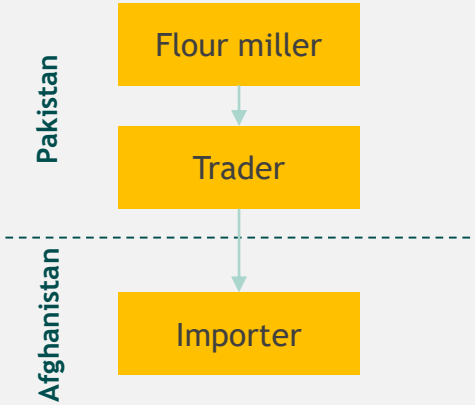


Source: Altai Consulting and Synergy Advisory & Solutions analysis

In Punjab millers export via traders located in KPK while in KPK millers export directly to Afghanistan; in Baluchistan, both direct and indirect trading models are used

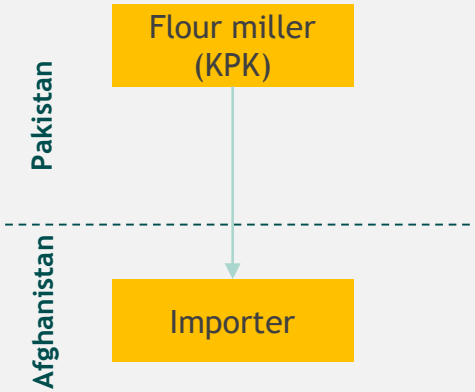
- Indirect trade via traders is most commonly used in Punjab while direct export is preferred in KPK due to the geographical proximity with Afghanistan
- In **Baluchistan**, both **direct and indirect trading models exist**: millers from **Quetta** tend to deal with **traders located in Pishin/Chaman** (close to the Afghan border), while **millers in Pishin or Chaman tend to export directly to Afghanistan**

Punjab: Indirect trading model



- Flour millers based in Punjab **sell to traders** based in KPK who **pay them in cash**
- **Traders are responsible** for repacking (if necessary) and **transportation** (at least) **up to KPK**
- Some KPK traders are indeed **in charge of crossing the border**, while others **sell the flour in KPK to an Afghan importer** who will take care of border-crossing

KPK: Direct trading model



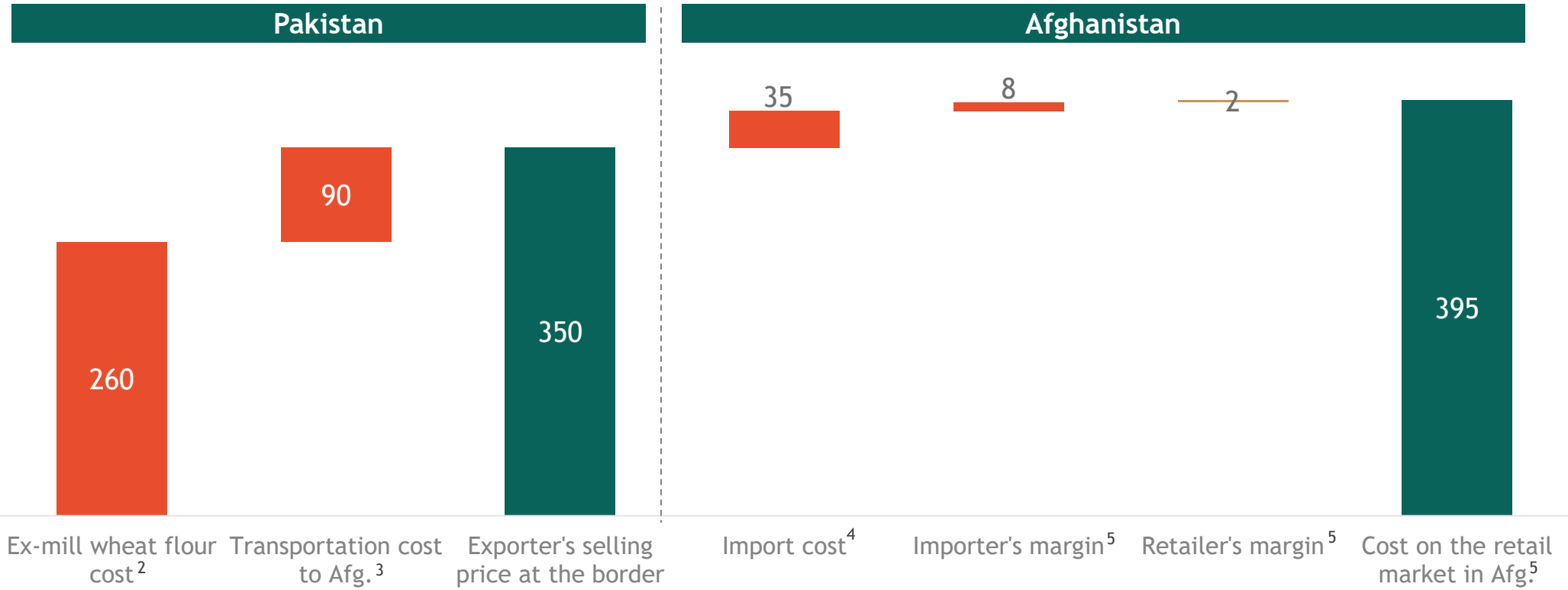
- Due to geographical proximity and cultural ties between KPK and Afghanistan, **flour millers located in KPK directly sell flour to Afghan traders/importers**
- **Afghan importers usually pay cash** upon reception of the products

Major cities involved in wheat flour trade from Pakistan to Afghanistan

Source: Altai Consulting and Synergy Advisory & Solutions fieldwork in Pakistan (May 2015)

Flour production costs in Pakistan are high in comparison to Kazakhstan, but transportation costs are limited and Pakistani flour is hence very competitive on the Afghan market

Value chain analysis of wheat flour from Pakistan exported to Afghanistan (in USD/MT)[1]



Note: [1]These costs are for atta Pakistani wheat flour and are indicative only. They can vary greatly depending on the wheat grain price which is very volatile and depends on the season, on the year harvest, etc.; [2]Average ex-mill cost for Pakistani mills. These costs can vary greatly depending on the wheat grain price, of the mill production volume, etc. These costs are based on Altai Consulting analysis based on fieldwork conducted in Pakistan in partnership with Synergy Advisory & Solutions (May 2015); [3]Average transportation costs for Pakistani wheat flour. These costs can vary depending on the location of the mill and the route used (less expensive for Baluch flour, more expensive for Punjabi flour); [4]Includes import duties and other export related administrative costs, excl. transportation. Detailed analysis of these costs is available slide 31; [5]Based on Altai Consulting fieldwork in Afghanistan (August 2015) – Retail price can be higher depending on the city where it is sold in Afghanistan and eventual additional transportation costs required

Millers in Kazakhstan trade directly with Afghan importers based in Mazar-i-Sharif: the latter generally import a variety of products (incl. wheat flour) but exclusively from Kazakhstan

1 Trading model & partners

- Kazakh millers[1] **trade directly with Afghan importers** of wheat flour, meaning that no intermediary is involved

Profile of Afghan traders/ importers	
Location	Mazar-i-Charif, Balkh Province, Afghanistan
Products traded	Various products, including wheat flour but also edible oil, construction materials, cereals, etc.
Partner countries	Kazakhstan (and Uzbekistan for some traders) exclusively
Partners for wheat flour	Several millers in Kazakhstan to leverage competition among them and negotiate the best prices
Official registration	Traders are officially registered at the Chamber of Commerce and Industry and at the Ministry of Finance who regularly controls them
Fortification	None of the traders met were aware of fortification

Afghan importers of Kazakh wheat flour in Mazar-i-Charif, Afghanistan

It is estimated that, in Afghanistan, there are ~20-30 major importers of wheat flour from Kazakhstan

Sources: Altai Consulting fieldwork in Kazakhstan (July 2015) and Afghanistan (August 2015)

Note: [1]Out of the 30 millers met during the fieldwork, only one company exported (wheat flour and other products) to Afghanistan through a trader

Kazakh millers generally work with 1 to 3 Afghan partners, sometimes on exclusive contracts. All millers require 100% prepayment as there is no system of trade guarantee in Afghanistan

2 Contract conditions

Type of contract

- Most millers only work with **a few different partners in Afghanistan** (from 1 to 3) which change over time as Afghan importers try to find the best price offerings. Some millers mentioned having **exclusive contracts** with their Afghan trade partners and were hence not allowed to work with other Afghan importers
- If many millers mentioned having **long-term relationships with their Afghan trade partners** and working under **long-term contracts** (including several deliveries over a certain period of time) the **increasing trend** is now to have one-time **contract**, with a single order/delivery of wheat flour
- This trend is linked to the market-entry of **new players** (Russia, Uzbekistan) which offer **lower quality products at very competitive prices** to Afghan importers. As a result, Afghan importers do not want to commit to buy large volumes of wheat flour from Kazakhstan and want to keep an opportunity to buy lower-priced wheat flour

Pre-payment

- When trading with Afghanistan, all Kazakh millers require **100% prepayment** to avoid any risk payment
- There is no letter of credit and **no system of guarantee or insurance** in case of non-payment in Afghanistan, unlike in other CAR countries

L/C and trade guarantee

- In other CAR such as **Uzbekistan** and **Kyrgyzstan**, trade can be guaranteed by **letters of credit** or **insurance companies**
- Banks or insurance companies act as a **third party guaranteeing the exporter that the buyer is a reliable agent**, able to pay its debts
- If the buyer does not pay, the bank/insurance company will reimburse the seller, hence allowing **trade at no risk for exporters**
- Such a system **does not exist currently for trade with Afghanistan**

Sources: Altai Consulting fieldwork in Kazakhstan (July 2015)

Most of the wheat flour exported from Kazakhstan to Afghanistan transit via Uzbekistan. An alternative route via Turkmenistan also exists, although it is less commonly used

3 Trading Routes

- There are **two major trading routes** for wheat flour exported from Kazakhstan to Afghanistan:
  - **Via Uzbekistan**: This is by far the most common route. It takes **10 to 15 days** for the goods to travel from the mill to Afghanistan
  - **Via Turkmenistan**: This route is less commonly used but it used to be in the past when the Uzbek-Afghan border was closed. This route remains a good alternative when issues arise in Uzbekistan. It takes **15-20 days** for the goods to reach Afghanistan through this route
- In **Petropavlovsk** - a city located in North Kazakhstan, near the Russian border - a few millers also mentioned currently **exporting wheat flour to Russia first**[1], and then from Russia to Afghanistan to lower transportation costs. This phenomenon is likely to be temporary though and linked to the recent devaluation of the Russian Ruble which makes transportation costs from Russia very competitive at the present time

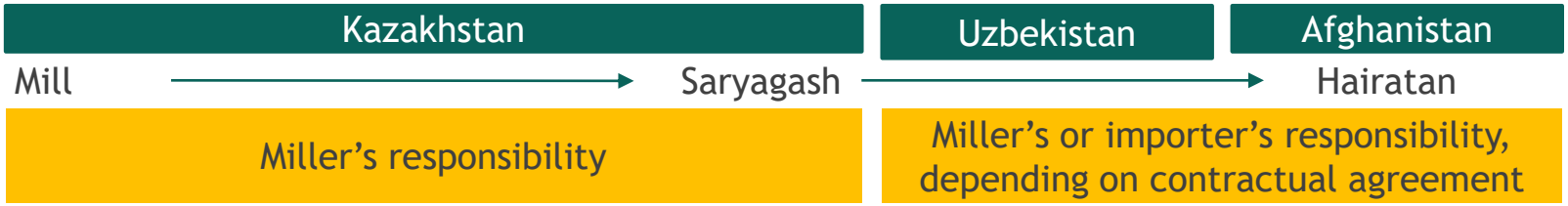
Note: [1]This can be done easily and without having to pay import taxes thanks to the Customs Union between Kazakhstan and Russia

Depending on contractual agreement with Afghan importers, Kazakh millers are responsible for goods transportation up to Saryagash (in Kazakhstan) or up to Hairatan (in Afghanistan)

4 Millers' and importers' responsibilities

- The contracts signed between Kazakh millers and Afghan importers determine who is responsible for the transportation of goods to Afghanistan. Most millers offer to their clients different options for the delivery of goods, which impact the cost of wheat flour sold to Afghan importers
  - **Option 1: Delivery of goods at Saryagash option**: This option is offered by all Kazakh millers. Afghan importers are then in charge of crossing the borders and transporting the goods up to Afghanistan. With this option, wheat flour is less expensive but the Afghan importer must bear transportation costs
  - **Option 2: Delivery of goods at Hairatan:** This option is offered by most Kazakh millers. In that case, the mill is in charge of organizing transportation of goods up to Hairatan, at the Afghan-Uzbek border. The wheat flour price at Hairatan is higher, but it includes transportation costs up to Afghanistan
- Kazakh millers did not mention any preference for one option or the other and simply act as requested by their clients
- On the Afghan importers' side, the decision is mainly based on the price of wheat flour offered by millers under each option and the transportation costs they can negotiate with transportation companies

Responsibilities of millers and importers across the value chain



Wheat flour is loaded at the mill on wagons and transported by rail to Afghanistan. Some millers have their own logistics department while other pay the services of a logistic company

5 Transportation organization

Rail transport

- Goods are transported **by rail** from Kazakh mills to Afghanistan
- Most mills have a **railway dead-end coming directly in the production facility** and wagons are loaded on-site
- The **same wagons are used throughout the entire trip**, meaning that wagons are unloaded only once they reach Hairatan (Afghanistan), no matter who is responsible for transportation
- At Hairatan, wagons are unloaded and goods are transported by trucks to Mazar-i-Charif (*the railway from Hairatan to Mazar-i-Charif is rarely used*) while the **wagons are sent back to Kazakhstan**

Wagons waiting to be loaded at a mill in Karaganda

Logistics organiza-tion

- Two options are available to millers to organize logistics:
  - **Internal logistics department**: Some mills have their own logistics department and organize the rent of wagons (including payment of the fee to use the railways) directly with **KazTemirTrans** and **KazTemirZholy** (*National Kazakh companies respectively in charge of wagons and railways management in Kazakhstan*)
  - **Sub-contract a logistic company**: Mills which do not have a logistics department pay the services of a **Kazakh logistics company** who is in charge of organizing transportation from the mill up to the place of delivery
- Afghan importers, when in charge of transportation, mostly work with **Uzbek logistic companies,** as they pick up the flour at Saryagash (Kazakh-Uzbek border) and need to cross Uzbekistan to reach Afghanistan

Sources: Altai Consulting fieldwork in Kazakhstan (July 2015)

Transportation costs comprise the rental of wagons and fees for utilization of railways. Additional administrative documents must be produced by the mill for exports

6 Transportation costs (1/2)

- Transportation costs are composed of:

Wagons & railways costs

- **Rental of wagons**: the price depends on the number of days of utilization of the wagons, including the time needed for them to return to the place of origin
- **Fees for railways usage**: depending on the route used and the number of kilometers traveled
- **Sealing of wagons**: act of closing and linking wagons with each other to prepare the convoy
- **Other**: Other minor costs such as preparation of wagons, cleaning of wagons, lead used for sealing the wagons, etc. must also be paid

Preparation for export costs[2]

- To comply with export procedures, certain documents, which are obtained against a fee, must be attached to the wagons
- It is estimated that preparation of these documents costs between **2.5-5.4 USD/MT** of wheat flour exported

Detailed costs of main mandatory documents for exports from Kazakhstan

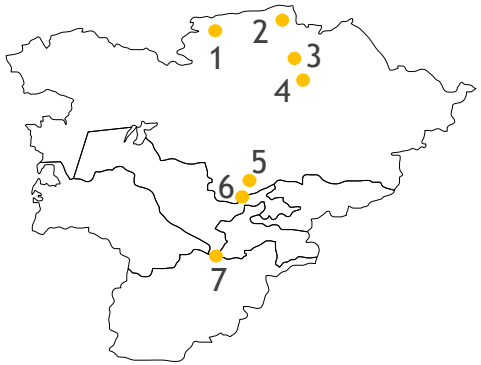
Item	Cost per wagon[1]	Cost per MT
Customs declaration	82 USD	1.2 USD
Certificate of conformity	54 USD	0.8 USD
Certificate of quality	17-35 USD	0.3-0.5 USD
Certificate of origin	5 USD	0.1 USD
Phyto-sanitary certif.	5 USD	0.1 USD

Note: [1]One wagon can transport 68 MT of wheat flour; [2]A complete list of documents required for export is given slide 64

Transportation of 1 MT of wheat flour to Afghanistan costs ~100 USD from Northern Kazakhstan and ~70 USD from South Kazakhstan

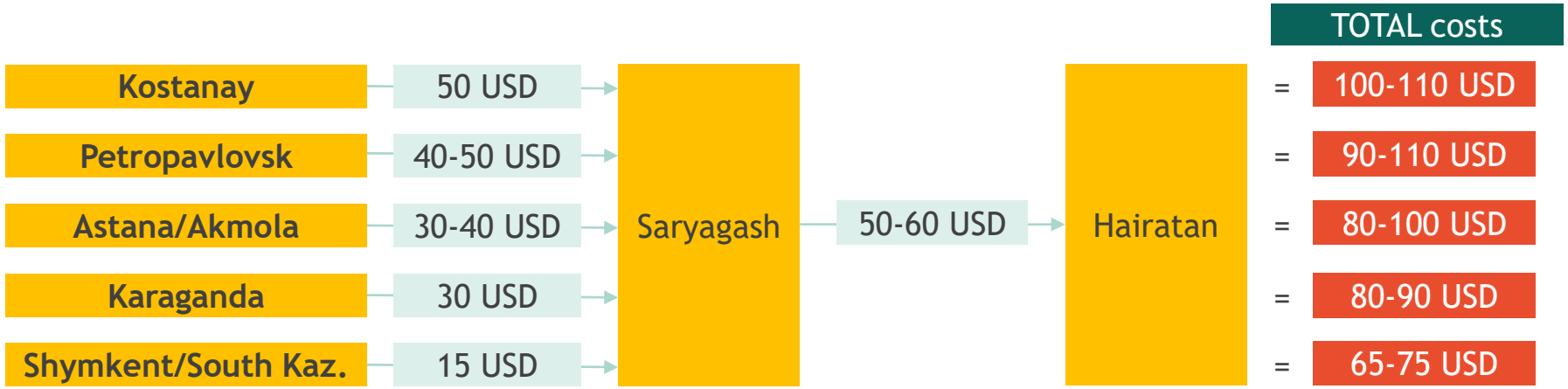
6 Transportation costs (2/2)

- Transportation of 1 MT of wheat flour from Kazakh mills to Afghanistan costs **between 65 and 110 USD/MT**, depending on the location of the mill in Kazakhstan



1. Kostanay
2. Petropavlovsk
3. Astana/Akmola
4. Karaganda
5. Shymkent/South Kazakhstan
6. Saryagash
7. Hairatan (Afghanistan)

Average transportation costs for 1 MT of wheat flour[1]



Note: [1] Total costs (incl. wagons & railways costs, as well as preparation for exports costs); Source: Altai Consulting fieldwork in Kazakhstan (July 2015)

Several documents must be provided to export wheat flour from Kazakhstan to Afghanistan, including certificates of quality and conformity, as well as a certificate of origin

7 Border-crossing & customs

Documents required[1]

- The following documents are required to export goods from Kazakhstan to Afghanistan:
  - **Bill of lading** *(Коносамент):* mentioning the exporter, carrier and receiver names, as well as the type, quantity and destination of the goods
  - **Cargo release order** (*Поручение на отгрузку):* document by which the exporter designs the carrier as "responsible authority" who has the right to act on his behalf, notably for filling export clearance documents
  - **Packing list** *(Упаковочный лист):* detailing the goods exported and the packaging used (e.g.: number of wagons, of cartons, of bags, packaging characteristics, etc.)
  - **Insurance certificate** *(Страховой сертификат)*
  - **Tax certificate** *(Налоговый сертификат)*
  - **Certificates of quality and conformity** *(Сертификаты соответствия и качества):* Various certificates guaranteeing the quality and conformity of the products exported to national and international standards: E.g.: certificate of quality, phyto-sanitary certificate, certificate of conformity, etc.
  - **Terminal handling receipt** *(Складская квитанция)*: document giving the terminal warehouse responsible person the responsibility of storing the goods and handling them over to the receiver
  - **Transit permit** *(Разрешение на транзит)* (via Uzbekistan)
  - **Certificate of origin** *(Сертификат о происхождении товара)*
  - **Commercial invoice** *(Торговая счет-фактура)*
  - **Customs import declaration** *(Таможенная декларация импорта – ГТД)*

Controls

- Kazakh, Uzbek and Afghan customs officers **control these documents** and millers can be **fined** and goods sent back to Kazakhstan if some documents are missing, according to Afghan importers interviewed in Mazar-i-Charif

Sources: [1] Guide for exports (*ПУТЕВОДИТЕЛЬ ЭКСПОРТА*), KazNex Invest 2012 & Altai consulting fieldwork in Kazakhstan (July 2015)

Afghan importers have no specific requirement re. quality of wheat flour. Some of them however ask for a specific packaging design better adapted to Afghan consumers

8 Product adaptation for the Afghan market

Quality

- Afghan buyers **do not have particular requirements re. product quality** and their main concern is price

Packaging

- Some Afghan importers require a **specific packaging** for the products that will be sold on the Afghan market
- In that case, they send a packaging template to Kazakh millers who print their bags accordingly
- Main requests include:
  - The use of a **brighter, more colorful packaging** with **images/pictures**, which should appeal to all Afghan consumers, incl. those who are illiterate
  - The use of **Pashto/Farsi language**, in addition to Kazakh, Russian or English
  - The **removal of any non Islamic reference**

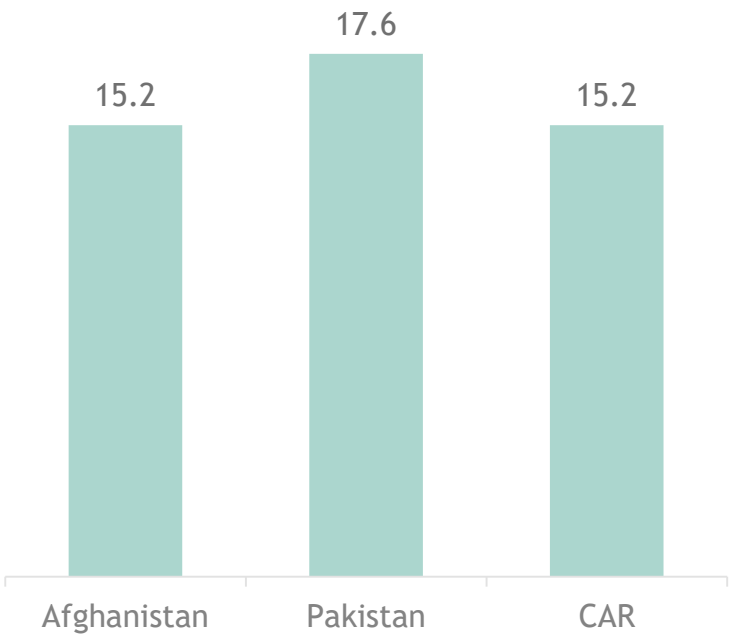
For exports to Afghanistan, Mutlu uses a packaging in Pashto/Farsi, Russian and English languages, displaying the picture of an Afghan baby and using red and green colors, as a reminder of the flag of Afghanistan

"Hottei" means smiling Buddha and is the name of a mill in Akmola region. If the mill can use its name on the Kazakh market and picture a smiling Buddha on the packaging (1), it is using another brand, "Burabai", with no religious references on the packaging for the Afghan market (2)

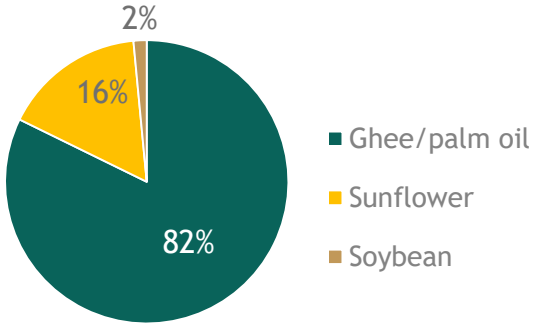
Sources: Altai Consulting fieldwork in Kazakhstan (July 2015)

Vegetable ghee is largely consumed in Afghanistan and Pakistan while liquid oil such as cottonseed and sunflower oil are more popular in CAR

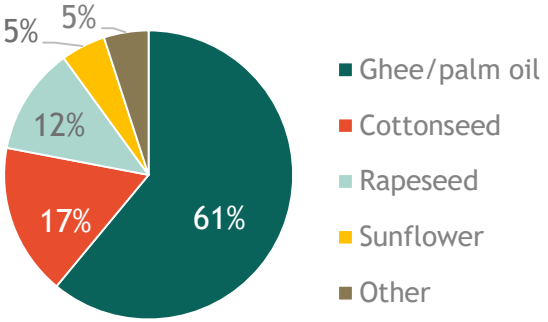
Edible oil consumption (in kg/person/year)[1]



Afghanistan[2]

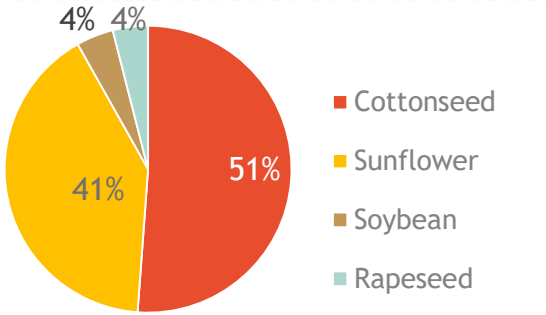


Pakistan[3]



Central Asia

CAR overall[4]

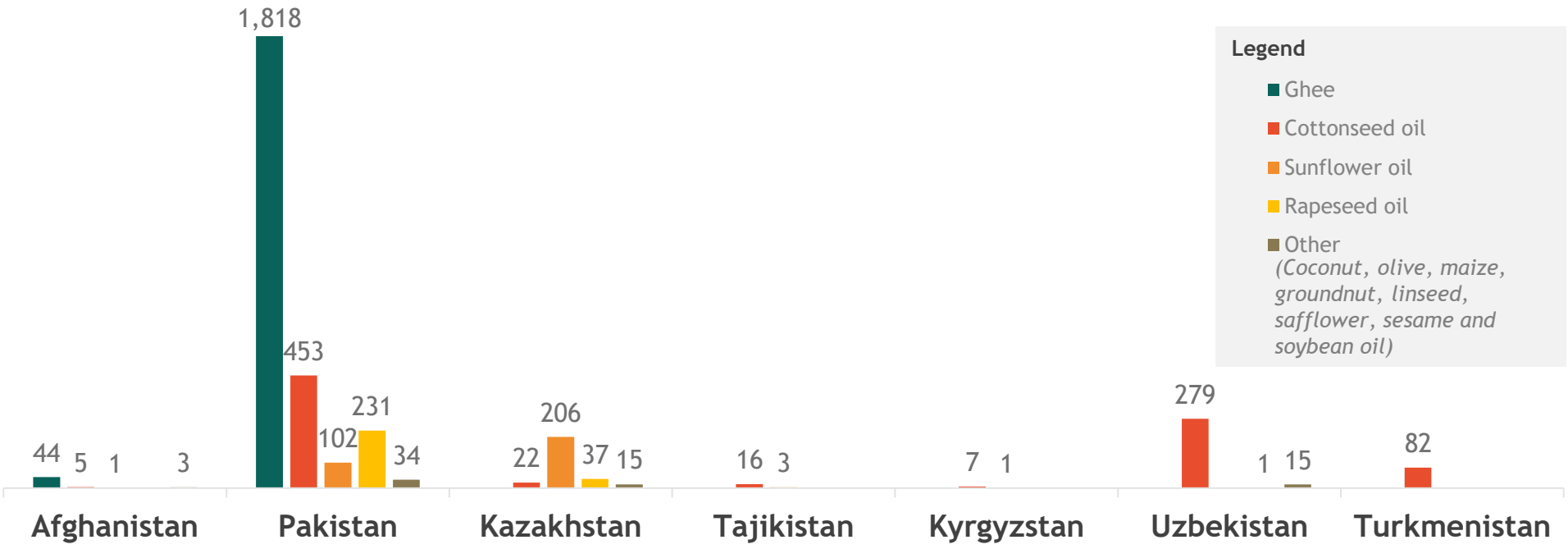


Sources: [1]Total edible oil consumption divided by population as per World Bank 2013; [2]IMAR, Industrial Wheat Flour and Edible Vegetable Oil and Ghee in Afghanistan (GAIN & Altai, 2010); [3]FAO Stat (2011) in Industry Assessment Pakistan (Philip Randall & Faqir Anjum, September 2014); [4]Oil World (2009) in Malaysian Palm Oil Fortune (2010)

Pakistan is by far the major edible oil producer in the region, and most of its production is vegetable ghee; cottonseed oil is also produced, notably in Pakistan and Uzbekistan

- Pakistan is the largest edible oil producer in the region and a large share of its production is vegetable ghee made from imported palm oil (from Malaysia, Indonesia, etc.)
- **Cottonseed oil** is the major type of liquid oil produced in the region, mainly by Pakistan and Uzbekistan followed by Turkmenistan and then Tajikistan
- Kazakhstan and Pakistan also produce non negligible amount of sunflower oil

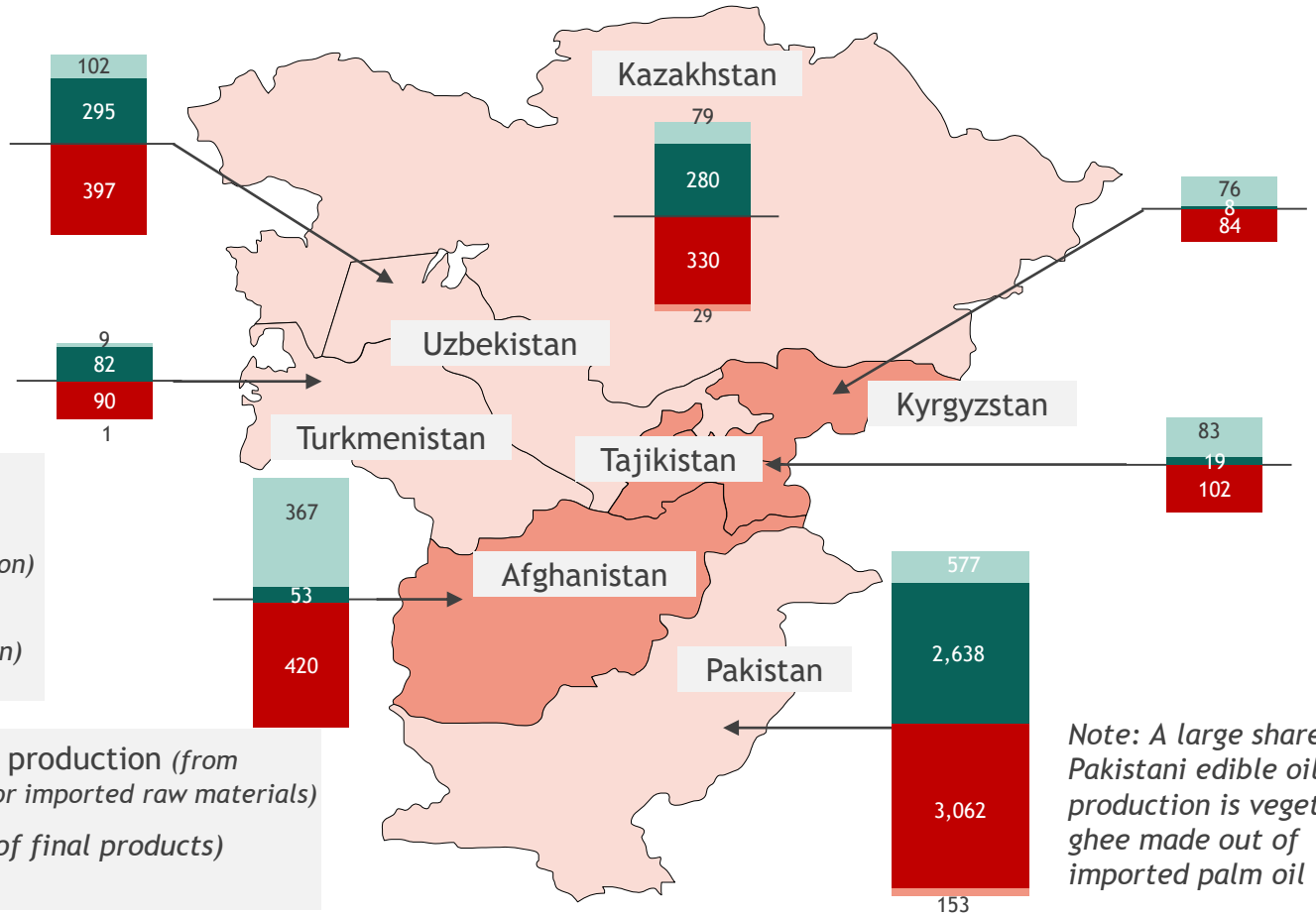
Liquid oil & ghee production in Afghanistan, Pakistan and CAR in 2013[1] (in thousands MT)



Sources: [1]Edible oil: FAO Stat (2013); Ghee: Altai analysis – reconciliation of data

All countries are net edible oil importers, although to different extents: Afghanistan, Tajikistan and Kyrgyzstan are the most dependent on import to meet their domestic needs

Map of domestic production, consumption and balance for edible oil in 2013 (in thousands MT)



Legend

- Net edible oil importer *(More than 70% of domestic consumption)*
- Net edible oil importer *(Less than 30% of domestic consumption)*

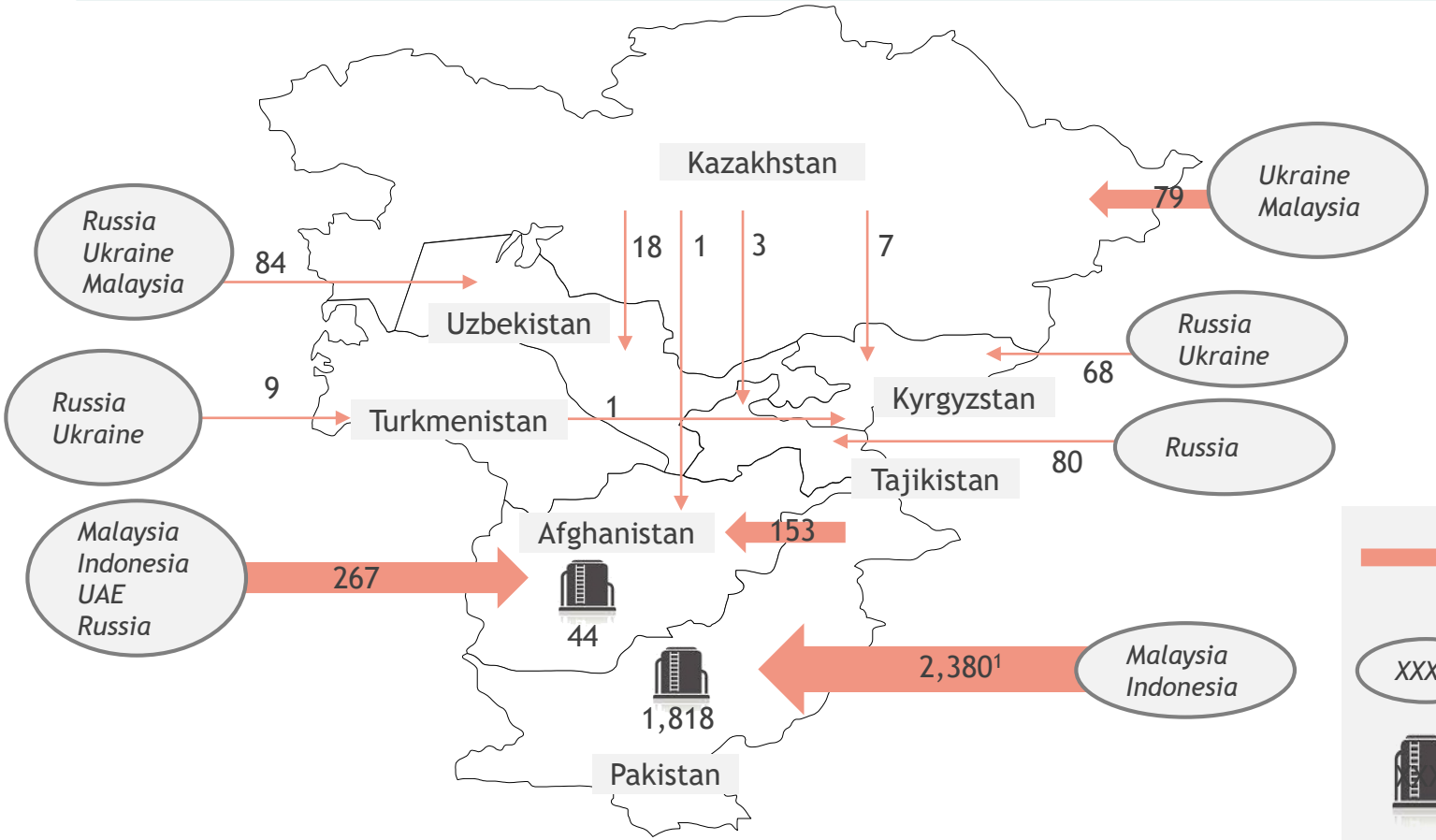
- Imports *(of final products)*
- Domestic production *(from domestic or imported raw materials)*
- Domestic consumption *(of final products)*
- Exports *(of final products)*

Note: A large share of the Pakistani edible oil production is vegetable ghee made out of imported palm oil

Sources: Oil World (2009) in Malaysian Palm Oil Fortune (2010); Oil & Vegetable Fats Industry, Pakistan (Umer Islam Khan, 2015); FAO Stat (2013); UN COMTRADE (2013); IMAR, Industrial Wheat Flour and Edible Vegetable Oil and Ghee in Afghanistan (GAIN & Altai, 2010); Industry Assessment Pakistan (Philip Randall & Faqir Anjum, September 2014); [2] Supply Chain Assessment of Edible Oil & Wheat Flour Exports (GAIN, 2014)

Pakistan and Afghanistan account for most of the edible oil trade. Pakistan mostly imports palm oil to produce ghee mainly for domestic consumption but also for exports to Afghanistan

Edible oil trade flows in Afghanistan, Pakistan and CAR in 2013 (in thousands MT)



This map indicates trade flows of all types edible oil, including liquid palm oil, used as a raw material to manufacture ghee and ghee exported as a final product. As a result palm oil used for the production of exported ghee is double counted: 1/ as imported liquid palm oil and 2/ as exported ghee

Edible oil imports *(liquid oil and ghee) ((in thousands MT)*

XXX Origin of imports (from outside the region)

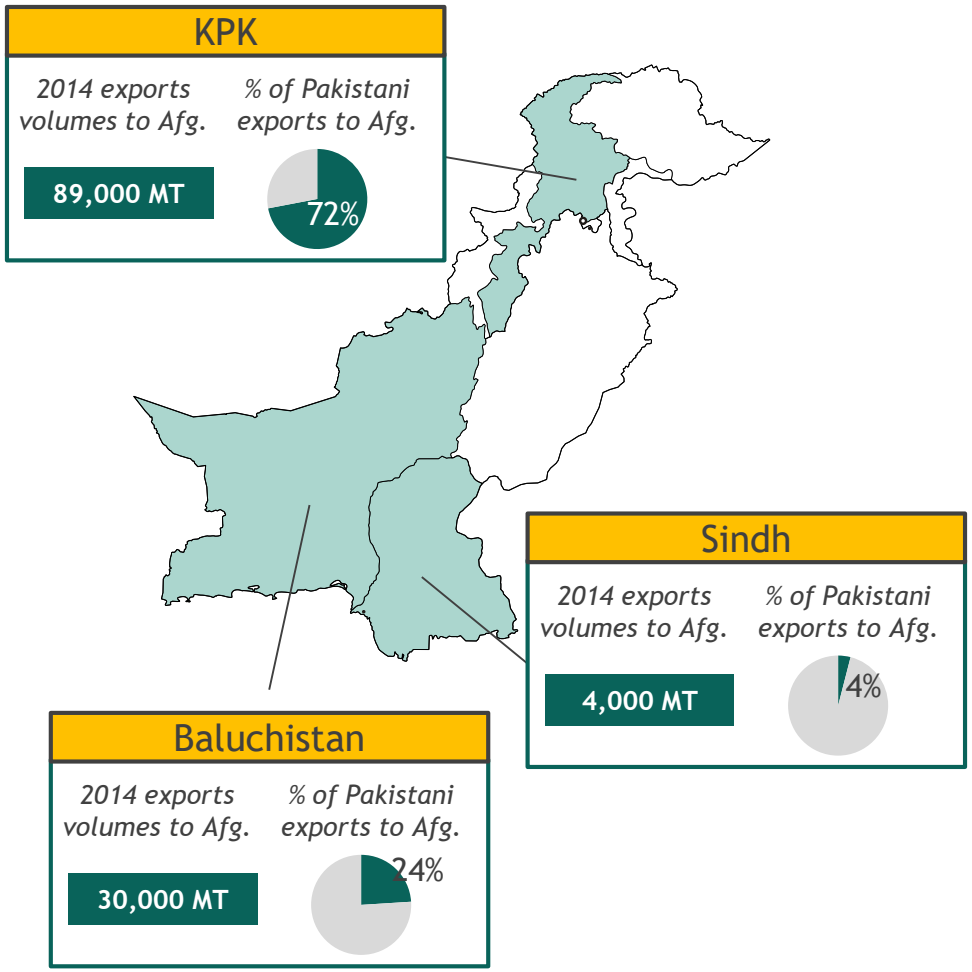
In-country processing of vegetable ghee from imported palm oil (volume, in thousands MT)

Sources: Altai Consulting analysis based on: UN COMTRADE (2013) and reconciliation of data

Note: [1]Pakistan consumes 3,215,000 MT of edible oil (577,000 MT are imported and 2,638,000 are used for domestic production (see slide 69). Out of this 3,215,000 MT, 835,000 are used for liquid oil production and 2,380,000 are raw palm oil, used to produce 1,818,000 MT of vegetable ghee, 153,000 MT of which are exported to Afghanistan; [2]Afghanistan consumes 420,000 MT of edible oil (367,000 is imported and 53,000 are used for domestic production (see slide 69)). Out of this 420,000 MT, 153,000 are imported ghee from Pakistan, and 267,000 are imported ghee or raw palm oil used to produce 44,000 MT of ghee locally

Pakistan produces 1.8m MT of vegetable ghee and 0.8m MT of liquid oil annually. Overall it exports 153,000 MT of edible oil to Afghanistan, mostly from KPK Province (72%)

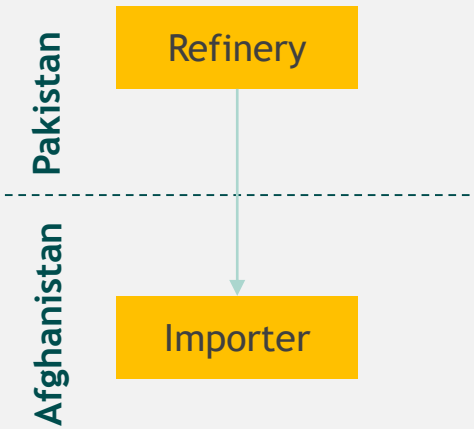
- Pakistan produces **1.8m MT of ghee and 0.8m MT of liquid oil** annually[1] and exports respectively 8% and 2% of its production to Afghanistan
- Overall, it exported **153,000 MT** of edible oil to Afghanistan in 2014, **90%** under the form of **vegetable ghee**
- **12 refineries** accounting for 81% of the total edible oil exports to Afghanistan could be identified for the purpose of this research based on 2014 customs data
- Although **export quotas** exist and limit edible oil exports to Afghanistan to 4,000 MT max. per refinery on a yearly basis, they are in practice not implemented and refineries export way above these quotas
- Yet, it remains **difficult to get comprehensive and accurate export figures**
- Notably because a **significant share of edible oil production is unregulated** and part of it is exported to Afghanistan informally



Source: Altai Consulting and Synergy Advisory & Solutions fieldwork in Pakistan (May 2015)
Note: [1]Altai Consulting analysis, based on 2013 data – Figures are believed to be similar for 2014

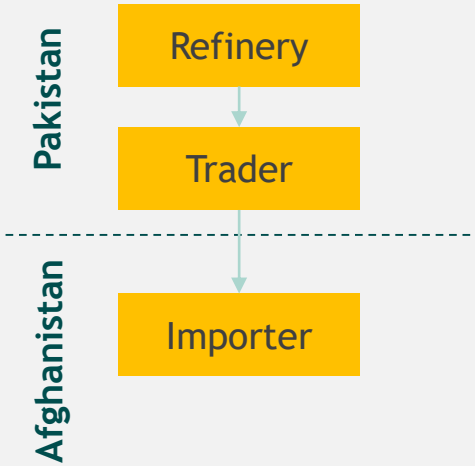
Thanks to geographical proximity and strong cultural ties, refineries in KPK and Baluchistan directly trade with Afghan importers. In Sindh, refineries export through traders

KPK & Baluchistan: Direct trading model



- Due to **geographical proximity and cultural ties** between KPK, Baluchistan and Afghanistan, refineries located in **KPK & Baluchistan directly sell** their products to Afghan importers
- Afghan importers usually **pay cash** upon reception of the products

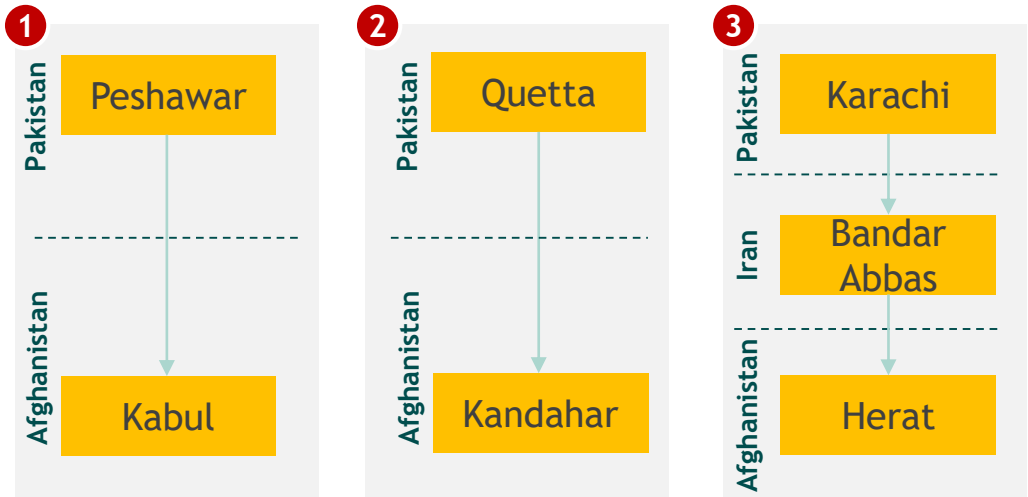
Sindh: Indirect trading model



- Refineries based in Sindh export via traders based in KPK or Baluchistan
- **Trader pays the refinery in cash** and is responsible for **transportation** up to Afghanistan as well as custom **clearance**

Source: Altai Consulting and Synergy Advisory & Solutions fieldwork in Pakistan (May 2015)

The most common trade routes for edible oil between Pakistan and Afghanistan are from Peshawar to Kabul or Quetta to Kandahar, but some goods also seem to transit via Iran



Major cities involved in edible oil trade from Pakistan to Afghanistan

1
- The major trade route for edible oil trade between Pakistan and Afghanistan is from **Peshawar to Kabul**
- Goods are transported by road with transportation costs amounting to around **100 USD/MT**

2
- Baluchistan refineries ship their products to Afghanistan via the **Quetta-Kandahar** route
- Transportation by truck costs around **70 USD/MT**

3
- Refineries in Karachi seem to be using a different route **via Iran** to access Afghanistan
- Edible oil is transported by sea from Karachi to Bandar Abbas in Iran, and then by road to Western Afg. (Herat)
- This practice was mentioned by a refinery in Karachi but the extent to which this route is used could not be verified

Source: Altai Consulting and Synergy Advisory & Solutions fieldwork in Pakistan (May 2015)

Theme	What needs to be done?	How it can be achieved?
SUPPLY	• **Support production of fortified products in Afghanistan as well as in the country's main suppliers**: Pakistan and Kazakhstan • **Consider integrating Indonesia in the regional program** as the country is a major supplier of ghee to Afghanistan • **Establish partnerships with other countries such as Uzbekistan** which are building up their wheat flour production (and export) capacities and likely to become suppliers of Afghanistan	• GAIN to **pursue ongoing efforts** at the national level in Pakistan and at the regional level: see recommendations of the industry assessment for specific actions to be taken • **Expand ongoing GAIN program in Indonesia** to support the country's exports of fortified edible oil • **Additional studies required to assess Uzbekistan's (and Tajikistan's) wheat flour** production and export capacities to Afghanistan
DEMAND	• **Build demand in Afghanistan** to pull production of fortified products in Pakistan, Kazakhstan, and other countries	• **Educate people on benefits of consuming fortified products** and boost their willingness to pay for higher price products/create mechanisms to limit price increase • Creation of a logo for fortified products to make them easily identifiable for consumers
ENABLING ENVIRONMENT	• **Build an enabling environment** to favor trade of fortified products, notably import of fortified products to Afghanistan	• Make **fortification mandatory for products imported in Afghanistan** • **Build capacities to control quality/ fortification** of products imported in Afghanistan • **License traders** of fortified products • **Incentivize trade of fortified products**

GAIN should pursue its efforts in major supplying countries of wheat flour and edible oil to Afghanistan, namely Pakistan and Kazakhstan, but also consider working with other suppliers

SUPPLY (1/2)

Objectives

- Support production of fortified products in Afghanistan as well as in the country's main suppliers: Pakistan and Kazakhstan
- Consider integrating Indonesia in the regional program as the country is a major supplier of ghee to Afghanistan

Action plan

a **GAIN is rightly focusing on Pakistan and Kazakhstan, the major supplying countries of wheat flour and edible oil to Afghanistan, and should pursue its ongoing efforts there at both the national and the regional level: see recommendations of the industry assessment for specific actions to be taken**

- *Continue on-going efforts at the country-level to ensure supplying countries have the capacity to fortify and notably:*
  - ***Advocacy for mandatory wheat flour and edible oil fortification***
  - *Facilitation of **access to fortification equipment***
  - *Building of **technical capacities** of mills'/refineries employees*
  - *Creation of an **enabling regulatory environment** with adequate controls*
  - *Efforts to **decrease fortification costs***
  - ***Training** of all key actors involved in wheat flour production and trade*

b **Expand ongoing GAIN program in Indonesia to support the country's exports of fortified edible oil**

- ***Integrate Indonesia**, a country in which GAIN is already operating, into the regional program in order to make sure this major exporter of edible oil to Afghanistan fortifies its exported products as well*

Additional studies in Uzbekistan (and Taj.) are needed to assess the countries' current and future capacities to supply wheat flour to Afghanistan and potential support needed

SUPPLY (2/2)

Objectives

- Establish partnerships with other countries such as Uzbekistan which are building up their wheat flour production (and export) capacities and likely to become suppliers of wheat flour to Afghanistan

Action plan

a **Additional studies required to assess Uzbekistan's (and Tajikistan's) wheat flour production and export capacities to Afghanistan**

- *The **analysis of the trade routes** show that **Kazakhstan**, one of the main suppliers of wheat flour to Afghanistan, is **dependent on Uzbekistan to export** its goods to Afghanistan.*
- *If **Uzbekistan** (and to a lesser extent **Tajikistan**), who act as **transit countries** for Kazakh flour, was to **develop its own wheat flour industry** and the government was to **encourage export to Afghanistan** to offer market opportunities for its producers, there would be **a risk** that Uzbekistan (and Tajikistan) **prevent Kazakh wheat flour from transiting** through their countries in order to limit Kazakh wheat flour competition on the Afghan market*
- *As a result, studies in these countries should be conducted, with a particular focus on:*
  - ***Analysis of the current and forecasted production capacity** of the wheat flour industry in Uzbekistan (and Tajikistan) as well as trade with Afghanistan should be conducted*
  - ***Determination of the real importance these countries have/will have when it comes to exports to Afghanistan** and hence inform GAIN's programs re. the countries in which it should work to ensure the supply of fortified products to Afghanistan is effective and sustainable*
  - ***Opportunity for the regional program to work in Uzbekistan** (and expand work in Tajikistan) to build up capacity of supplying fortified products to Afghanistan from these countries as well (if they are likely to become important suppliers of flour to Afghanistan)*

Demand for fortified products in Afghanistan should be boosted via awareness campaign, minimal price increase and creation of a specific logo to advertised fortified products

DEMAND

Objectives

- **Build demand in Afghanistan to pull production of fortified products in Pakistan, Kazakhstan, and other countries**

Action plan

a Educate people on benefits of consuming fortified products and boost their willingness to pay for higher price products/create mechanisms to limit price increase

- *Conduct additional studies on:*
  - ***Knowledge, Attitudes and Practices (KAP)*** *re. fortification in Afghanistan*
  - *Assessment of Afghan* ***consumers' willingness to pay*** *for fortified products and market sizing*
- *Based on the results of these studies, design* ***awareness campaigns*** *in Afghanistan to inform consumers of the benefits of consuming fortified products*
- *Discuss with Governments of Afghanistan and supplying countries as well as with producers and donors* ***mechanisms to limit price increase*** *for consumers (limit production costs by facilitating access to equipment, premix, etc., advocate for tax reduction/exemptions on fortified products, etc.)*

b Creation of a logo for fortified products to make them easily identifiable for consumers

- *Design a* ***specific label in Dari/Pashto mandatory for all fortified products*** *sold in Afghanistan to make them clearly identifiable by consumers*
- ***Inform producers in supplying countries about this logo*** *to ensure they can put it on their products exported to Afghanistan*

An enabling environment for trade of fortified products can be created via mandatory fortification for exports to Afghanistan and financial incentives to trade such products

ENABLING ENVIRONMENT

Objectives	Action plan
• **Build an enabling environment to favor trade of fortified products, notably import of fortified products to Afghanistan**	**a Make fortification mandatory for products imported in Afghanistan** • *Continue to support the **development of the Afghan standards** by ANSA which should make wheat flour and edible oil fortification mandatory for both domestically and imported products* • *Advocate for **bilateral trade-agreements** between Afghanistan and its main wheat flour and edible oil suppliers (Pakistan, Kazakhstan, etc.) specifically mentioning fortification* **b Build capacities to control quality/ fortification of products imported in Afghanistan** • *Afghan customs officers, particularly at the Chaman/Spin Boldak, Jalalabad and Termez/Hairatan border posts should be **trained to verify traders'/importers' licenses** (see below)* • *They should also **report any attempt to import non complying products** to the country in order to identify traders/importers not following the standards* **c License traders of fortified products** • *Organize **official registration of all traders** and importers importing food products to Afghanistan. Once registered, traders/importers should be given an official license (card) which they should be able to present to the authorities when asked* • *During controls from MoPH or customs checking the imported products meet with Afghan standards, authorities should record the **level of compliance of the trader/importer goods*** • *If the trader/importer imports non complying products, **its license should be immediately withdrawn*** **d Incentivize trade of fortified products** • *Negotiate with the Afghan government the **reduction/suppression of import duties on fortified products*** • *In Pakistan, advocate the Government the **importance of distributing DTRE and export quotas only to facilities which comply with fortification regulation***

ANNEXES

1. Country Profiles
2. In Kind- Donations Flows
3. Interviewee Contact List Kazakhstan
4. Interviewee Contact List Pakistan
5. Interviewee Contact List Afghanistan

Afghanistan

Population *(Growth)*	31m inhab. *+2.4% per year*
Urban population	26%
GDP *(Growth)*	US$ 20,310m *+1.9% per year*
GDP per capita	US$ 665
Agriculture (Share of GDP)	24%

Pakistan

Population *(Growth)*	182m inhab. *+1.7% per year*
Urban population	38%
GDP *(Growth)*	US$ 232,287m *+4.4% per year*
GDP per capita	US$ 1,275
Agriculture (Share of GDP)	25%

Kazakhstan

Population *(Growth)*	17m inhab. *+1.5% per year*
Urban population	53%
GDP *(Growth)*	US$ 231,856m *+6% per year*
GDP per capita	US$ 13,610
Agriculture (Share of GDP)	5%

Tajikistan

Population *(Growth)*	8.2m inhab. *+2% per year*
Urban population	27%
GDP *(Growth)*	US$ 8,508m *+7.4% per year*
GDP per capita	US$ 1,037
Agriculture (Share of GDP)	27%

Kyrgyzstan

Population *(Growth)*	5.7m inhab. *+2% per year*
Urban population	35%
GDP *(Growth)*	US$ 7,226m *+10.5% per year*
GDP per capita	US$ 1,264
Agriculture (Share of GDP)	18%

Uzbekistan

Population *(Growth)*	30m inhab. *+1.6% per year*
Urban population	36%
GDP *(Growth)*	US$ 56,796m *+8% per year*
GDP per capita	US$ 1,878
Agriculture (Share of GDP)	19%

Turkmenistan

Population *(Growth)*	5.2m inhab. *+1.3% per year*
Urban population	49%
GDP *(Growth)*	US$ 41,851m *+10.2% per year*
GDP per capita	US$ 7,987
Agriculture (Share of GDP)	15%

Source: World Bank (2013)

In addition to trade, a small percentage of the domestic (wheat) flour consumption comes from in-kind donations. It is granted as emergency, program or project food aid

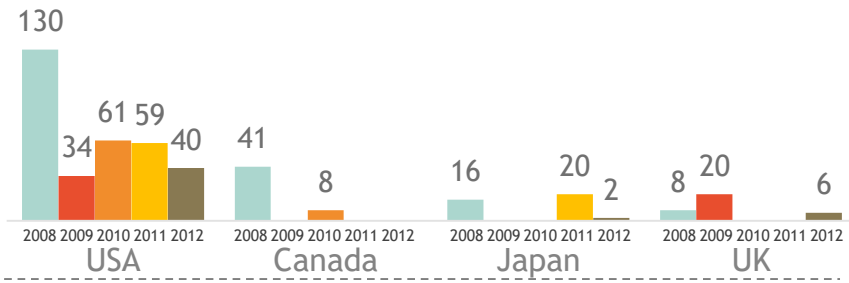
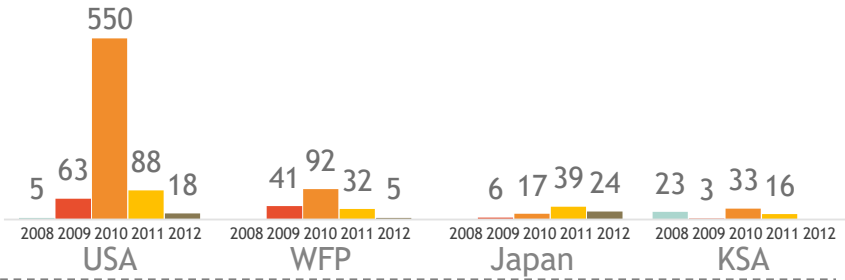
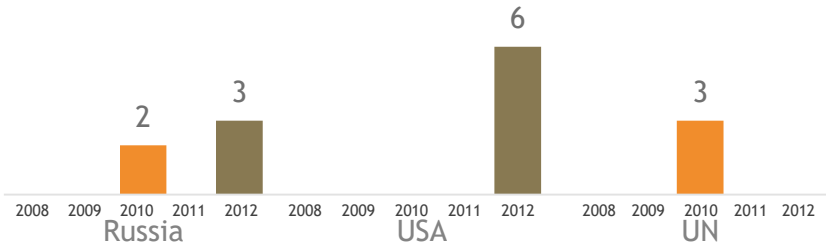
- In-kind donations generally represent a small percentage of domestic food consumption, but are particularly useful to help food insecure countries respond to crisis or implement long-term food security measures

Types of food aids	**Emergency Food Aid**	• Provided on a **short-term basis** to victims of natural or man-made disasters; it is distributed for free to **targeted beneficiary groups**
	Program Food Aid	• Provided on a **government to government basis**, this aid is not targeted at specific beneficiary groups, but rather **sold directly by the recipient government on the domestic market.** The proceeds of the sales is used by the recipient government - in agreement with the donor - to finance specific activities, such as transport of food or specific agricultural development programs
	Project Food Aid	• Provided to **support various types of projects** (agricultural, nutritional, development, etc.); it can either be distributed for free to targeted beneficiary groups or injected in the domestic market
Procurement methods	**Direct transfer**	• Donor countries directly send to recipient countries **food they have produced themselves**
	Local Purchase	• Food aid is **purchased by donors in the recipient country**
	Triangular purchase	• Food aid is purchased by donors **in a third-party country**

American wheat donations to Afghanistan
(Credits: Peter Dejong/AP)

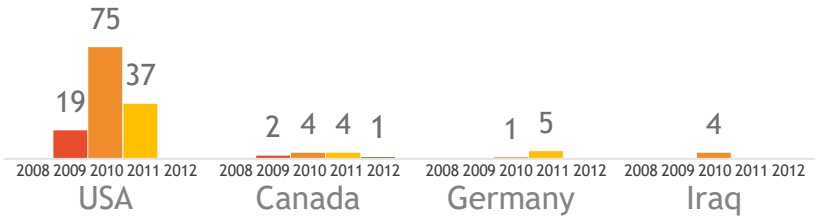
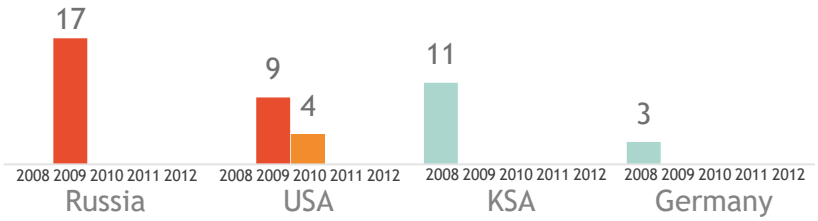
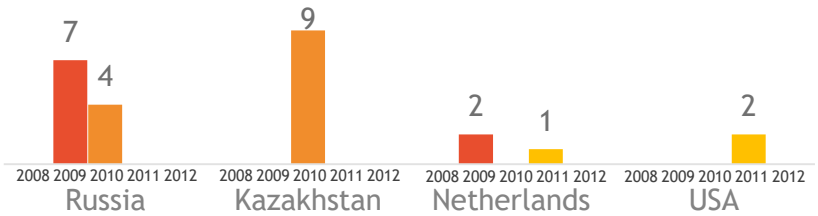
Source: World Food Programme

Most of the in-kind wheat grain donations are emergency aid, which are provided when the recipient countries face a major risk of food insecurity

Recipients	Explanations	Largest donors of wheat grain 2008-2012 (in thousands MT)[1]
Afghanistan	• Most of the wheat grain received by Afghanistan as in-kind donation is **emergency aid** • The USA are the main donor and mostly donate US wheat grain (direct transfer)	
Pakistan	• In 2010, **major floods** affected 20m of Pakistani, causing the death of 2,000 people • Donors sent emergency wheat grain and **multiplied by 5 wheat grain in-kind donations volumes** in comparison to 2009	
Kyrgyzstan	• In **2010, ethnic violence** in the South of the country displaced many people. **Russia and the UN gave wheat grain donations** to protect them from food insecurity • In **2012 a particularly harsh winter** hit the country triggering wheat grain donations from Russia and the US to help the population	

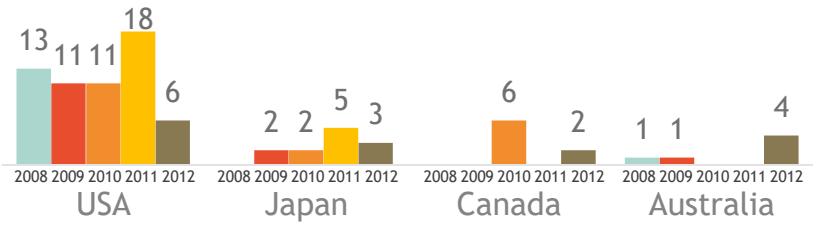
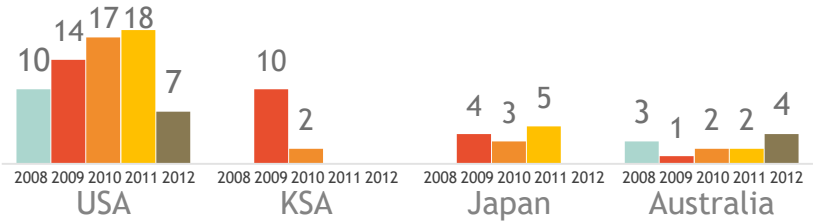
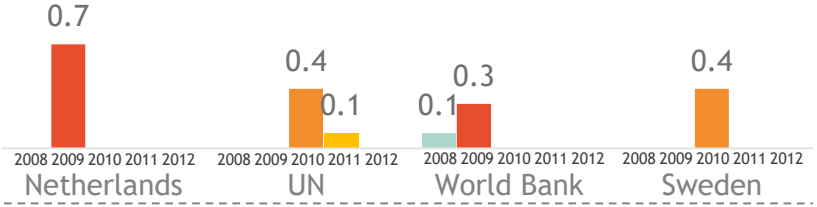
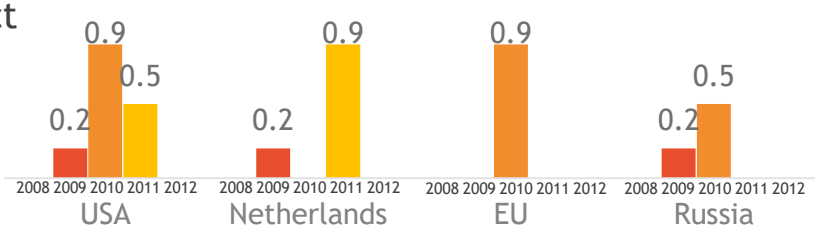
Notes: WFP: World Food Programme; UN: United Nations
Source: [1]FAIS (Food Aid Information System) (WFP, 2008-2012)

Major flour exporters like the USA or Kazakhstan generally donate wheat flour to countries in need, using direct transfer

Recipients	Explanations	Largest donors of wheat flour 2008-2012 (in thousands MT)[1]
Afghanistan	• The **USA and Russia** are the two main donors of wheat flour to Afghanistan • The USA mainly use **direct transfer**, while Russia uses **triangular purchase**	
Pakistan	• In 2010, the US multiplied by four its wheat flour donations to Pakistan as emergency aid to respond to **major floods** • The USA directly sent US wheat flour (direct transfer) to the country	
Tajikistan	• In 2008, Tajikistan faced one of the most **severe winters** leading to food crisis • In spring 2009, the country suffered from **floods** which destroyed part of the harvest, resulting in major food insecurity in the following autumn	
Kyrgyzstan	• Kazakhstan, one of the major wheat flour exporters in the world, donated 9,000 MT of wheat flour to Kyrgyzstan in 2010 to **help refugees which were displaced by ethnic violence** in the South of the country	

Source: [1]FAIS (Food Aid Information System) (WFP, 2008-2012)

Small quantities of edible oil also arrive in the region as in-kind donations for emergency aid. The USA is one of the major donors to Afghanistan, Pakistan and Kyrgyzstan

Recipients	Explanations	Largest donors of edible oil 2008-2012 (in thousands MT)[1]
Afghanistan	• Almost all the edible oil in-kind donations to Afghanistan are **emergency aid** • The USA, the major donor, mainly donate US oil (**direct transfer**)	
Pakistan	• The majority of the edible oil donations are **emergency aid**, although the USA donated non negligible amounts of edible oil as **project aid** between 2008 and 2010 (between 35% and 100% of US donations, depending on the year)	
Tajikistan	• Apart from the World Bank who donated project aid, all other major edible oil donations to Tajikistan was **emergency aid** • Most donors give oil bought in a third country (**triangular purchase**)	
Kyrgyzstan	• In 2010, the EU and Russia donated edible oil as project aid, while other donors provided emergency aid • **Russia** directly sent Russian wheat (**direct transfer**), while the **USA favored local purchase** and **other donors: triangular purchase**	

Source: [1]FAIS (Food Aid Information System) (WFP, 2008-2012)

The Kazakhstan analysis is based on extensive fieldwork during which Altai Consulting interviewed 38 key market stakeholders in Kazakhstan

Interview type	Organization	Name	Country/Region	City
Key Informant	Consulate of Afghanistan in Almaty	Mahmood Ileas	Almaty	Almaty
Key Informant	SGS	Yevgeniya Kazbekova/Oleg Fursov	Almaty	Almaty
Key Informant	Synar Group (premix)	Raisa Vahitovna	Almaty	Almaty
Key Informant	Transzhol	Vadim Constantinovitch Kulik	Almaty	Almaty
Key Informant	USDA	Zhamal Zharmagambetova	Astana	Astana
Key Informant	Megamelprom	Mrs. Zhanara	Kostanay	Kostanay
Key Informant	Kazakh-zerno (magazine specialized in wheat market in Kazakhstan)	Aubakirov Murat Maratovich	North Kazakhstan	Petropavlovsk
Key Informant	Union of Grain Processors of Kazakhstan	Evgeny Gan	Astana	Astana

Interview type	Organization	Name	Region	City
Miller	Hottei	Sulushash Dauletbekovna	Akmola	Schuchinsk
Miller	Ramadan	Rustam Serikov	Akmola	Kokshetau
Miller	Agro-star Grain	Anton Kunayev/Zeinel Sharapatova	Akmola	Akmola
Miller	Tsesna Astyk	Vladimir Likhtey/Assel Aymusheva	Astana	Astana
Miller	Aknar	Erbol Zhalgasov	Karaganda	Karaganda
Miller	Asay	Daniyar/Baizhanova Aynura	Karaganda	Karaganda
Miller	Karagandinskii Melkombinat	Olga Vassilievna Sukhorukova	Karaganda	Karaganda
Miller	MK Viking/Samruk	Nurlan Amangeldievich	Karaganda	Karaganda
Miller	Muka Trade	Zhuvandykov Nurlan Merekeuly	Karaganda	Karaganda
Miller	Mutlu Export	Dos-Mukasan Taukebaev	Karaganda	Karaganda
Miller	Agrofirma Dievskaya	Oleg Danilenko	Kostanay	Kostanay
Miller	Ak Biday Melkombinat	Erbol Zulkarnayev	Kostanay	Kostanay
Miller	Aruana 2010	Madi Samatov/Gulnara Sultanova	Kostanay	Kostanay
Miller	Asalia	Dulat Shayakhmetov	Kostanay	Kostanay
Miller	Aziya Uny / Kaz Uny	Kairat Bekenov	Kostanay	Kostanay
Miller	Best Kostanay	Vivady Vazgenovich	Kostanay	Kostanay
Miller	Ivolga Holding	Alexander Zavyalov	Kostanay	Kostanay
Miller	MAB	Tamara Vladimirovna	Kostanay	Kostanay
Miller	Romana	Nadezhda Vladimirovna	Kostanay	Kostanay
Miller	Salamat	Zhusupov Korgan	Kostanay	Kostanay
Miller	DEZ	Tantrikulu Zekai	North Kaz.	Petropavlovsk
Miller	Dikanshy Firm	Vitaly Mozgel	North Kaz.	Petropavlovsk
Miller	Kara-Yaz	Gasanov Mirakhmed Ziyadaly-oglu	North Kaz.	Petropavlovsk
Miller	SevEsil Zerno	Dadashov Rassul Mutalimoglu/ Kaparova Tamara Magzumovna	North Kaz.	Petropavlovsk
Miller	Altyn Dan	Tatiana Nikolaevna/Adilbek Tleubayev	South Kaz.	Shymkent
Miller	Amankeldy	Nurzhan Kuralov	South Kaz.	Shymkent
Miller	Dani Nan	Kudratilla Ermetov	South Kaz.	Shymkent
Miller	Erasyl 2030	Orynbasar Usenov	South Kaz.	Shymkent
Miller	YugPisheProm	Yevgeniya Yugai	South Kaz.	Shymkent
Miller	Zhelaevsky	Alexander Ignatyev	West Kaz.	Uralsk

The Pakistani analysis is based on extensive fieldwork during which Altai Consulting and Synergy Advisory & Solutions interviewed 49 key market stakeholders

Interview type	Organization	Name	Province	City
KII	Rehmat Flour Mill	Raza Abbas	Punjab	Lahore
KII	PVMA	Umer Islam Khan	Islamabad	Islamabad
KII	Ministry of Commerce	Yousaf Islam	Islamabad	Islamabad
KII	Ministry of Commerce	George samron	Islamabad	Islamabad
KII	GAIN	Salmaan Farooq	Islamabad	Islamabad
KII	Ministry of Planning Commission	Aslam Shaheen	Islamabad	Islamabad
KII	MI Pakistan	Tausif Akhtar Janujua	Islamabad	Islamabad
KII	Ministry of Food Security	Mian Usman Ali Shah	Islamabad	Islamabad
KII	Synergy	Tariq Sarwar	Islamabad	Islamabad
KII	GAIN	Sajjad Imran	Punjab	Lahore
KII	PFMA	Asim Raza Ahmad	Punjab	Lahore
KII	PFMA (Punjab Zone)	Mian Anjum Ishaq	Punjab	Lahore
KII	PFA	Sajid Chohan	Punjab	Lahore
KII	GAIN	Munawar Hussain	Punjab	Lahore
KII	Tax expert (retired)	Soli Parak	Sindh	Karachi
KII	Farooq Enterprises	Muhammad Asim Siddiqui	Sindh	Karachi
KII	PSQCA	Akhtar A. Bughio	Sindh	Karachi
KII	Oil World	Anwaar-ul-Haq	Sindh	Karachi
KII	Ministry of National Health Services, Regulation & Coordination	Baseer Khan Achakzai	Islamabad	Islamabad
Trader	Ismail Traders	Muhammad Ismail Khan	KPK	Peshawar
Trader	Jamal Traders	Dawood Khan	KPK	Peshawar
Trader	Madina Traders	Haji Iftkhar Ali Khan	KPK	Peshawar
Trader	Haji Nasir Khan Traders	Haji Nasir Khan	KPK	Peshawar
Trader	Rehmat Traders	Ahmed Shah	KPK	Peshawar
Trader	Waseem Khan Traders	Haji Waseem Khan	KPK	Peshawar

Interview type	Organization	Name	Province	City
Flour mill	Al-Qamar Flour & Gen. Mills	Gohar Saeed	Punjab	Gujranwala
Flour mill	Al-Mutawakal Roller Flour Mills	Chaudhary Abdul Majeed Cheema	Punjab	Wazirabad
Flour mill	New Punjab Flour Mills	Ahmed Aziz Bilour	Punjab	Attock
Flour mill	Darya Flour Mills	Malik Zahoor Ahmed	Punjab	Attock
Flour mill	Usman Flour Mill	Khwaja Rehan Anjum	Punjab	Wah Cantt
Flour mill	New Punjab Flour Mills	Mian Nadeem	Punjab	Sheikhupura
Flour mill	Sargodha Oil & Flour Mills	Farrukh Sheikh	Punjab	Sarghoda
Flour mill	Nadeem Flour & Gen. Mills	Mian Rashid Iftikhaar	Punjab	Faisalabad
Flour mill	Ejaz Flour Mills	Haji Sartaj Ali Khan	KPK	Charsadda
Flour mill	Haq Bahoo Flour Mill	Muhammad Tariq	KPK	Peshawar
Flour mill	Tamanzai Flour Mill	Muhammad Naeem Butt	KPK	Shabqadar
Flour mill	Butt Flour Mills	Mohammad Naeem Butt	KPK	Peshawar
Flour mill	Raigi lalma flour Mill	Ghazanfar Bilour	KPK	Peshawar
Flour mill	Habib Sultan Flour Mills	Syed Zahoor Ahmad Agha	Baluchistan	Quetta
Flour mill	Darwaish Abad Flour Mills	Bahauddin Agha	Baluchistan	Pishin
Flour mill	Ikram Flour Mills	Haji Abdul Wahid	Baluchistan	Quetta
Flour mill	New Jamal Flour Mills	Badaruddin Kakar	Baluchistan	Pishin
Flour mill	Al Ghaznavi	Abdul Samad	Baluchistan	Quetta
Flour mill	Hamdard Flour Mills	Jamal Khan	Baluchistan	Pishin
Oil refinery	Farooq Ghee Oil Mills Industries	Abdul Rauf	Baluchistan	Quetta
Oil refinery	Sohail Vegetable Ghee Mills	Sohail Shamshad	KPK	Peshawar
Oil refinery	Ashraf Industries	Anees Ashraf	KPK	Peshawar
Oil refinery	Waheed Hafeez Ghee Industries (Mujahid Group)	Shaikh Atif Ikram	KPK	Haripur
Oil refinery	Bilour Industries	Abdul Razaq	KPK	Peshawar
Oil refinery	Oil World (Shama Oil)	Anwar ul Haq	Sindh	Karachi
Oil refinery	Associated Industries (Shama Oil)	Muhammad Ishtiaq	KPK	Nowshera

In Afghanistan, 4 official institutions have been interviewed in Kabul and 4 meetings with importers of Kazakh wheat flour have been organized

Interview type	Organization	Name	Position	City
Official institution	MAIL	Amruddin Sediqi	Manager at Agricultural Statistics and Market Information Systems (ASMIS) Department	Kabul
Official institution	MOCI	Abdul Ahad Ahadi	Head of the Department for data collection and information	Kabul
Official institution	CSO	Azizullah Faqiri	Head of Economic Statistics	Kabul
Official institution	Afghanistan Customs Department	Gul Pacha Pacha	General Director of Customs Technical Affairs	Kabul
Importer	Bradaran Hamidi Group	Alhaj Hayatullah "zamarai" Hamidi	Director	Mazar-i-Charif
Importer	Grandawiz LTD	Mohammad Ibrahim	Commercial Director	Mazar-i-Charif
Importer	Bashir Navid Group CO LTD	Haji Khairudin Mayel	Commercial Director	Mazar-i-Charif
Importer	PATMAN CO LTD	Mohammad Akram	Commercial Director	Mazar-i-Charif

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