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Box # 1

**AGRICULTURAL SECTOR SUPPORT PROJECT  
PRIVATE SECTOR AGRIBUSINESS**

**CHANGES IN FERTILIZER AND WHEAT PRICES:  
AFGHANISTAN AND SELECTED PROVINCES**

**1990-1991**

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Islamabad, Pakistan

October 1991

## Commentary on Figures presenting changes in Afghanistan fertilizer and wheat prices for 1990-91.

### Introduction

The following figures and maps present price data collected by ASSP Information Services through an ongoing process of interviews with truckers, traders, farmers, mujahideen, and representatives of assistance agencies travelling from various provinces of Afghanistan to Pakistan. ASSP surveyors regularly visit various bazaars in Afghanistan to supplement and check interview data. Prices reported for different bazaars and cities are averaged to give province-wide monthly average prices.

All prices have been converted from Afghani to U.S. dollars at the August monthly average exchange rate of Afs 1,000/US dollar. All prices presented in the figures are nominal prices. Annual inflation in Afghanistan is 70 percent or more. For a more detailed description of the factors influencing current fertilizer and wheat prices, the reader is referred to ASSP's Market Information System Occasional Paper Series, Number 1, September 1991.

### Comments on Figures 1-14

#### Figure

#### Commentary

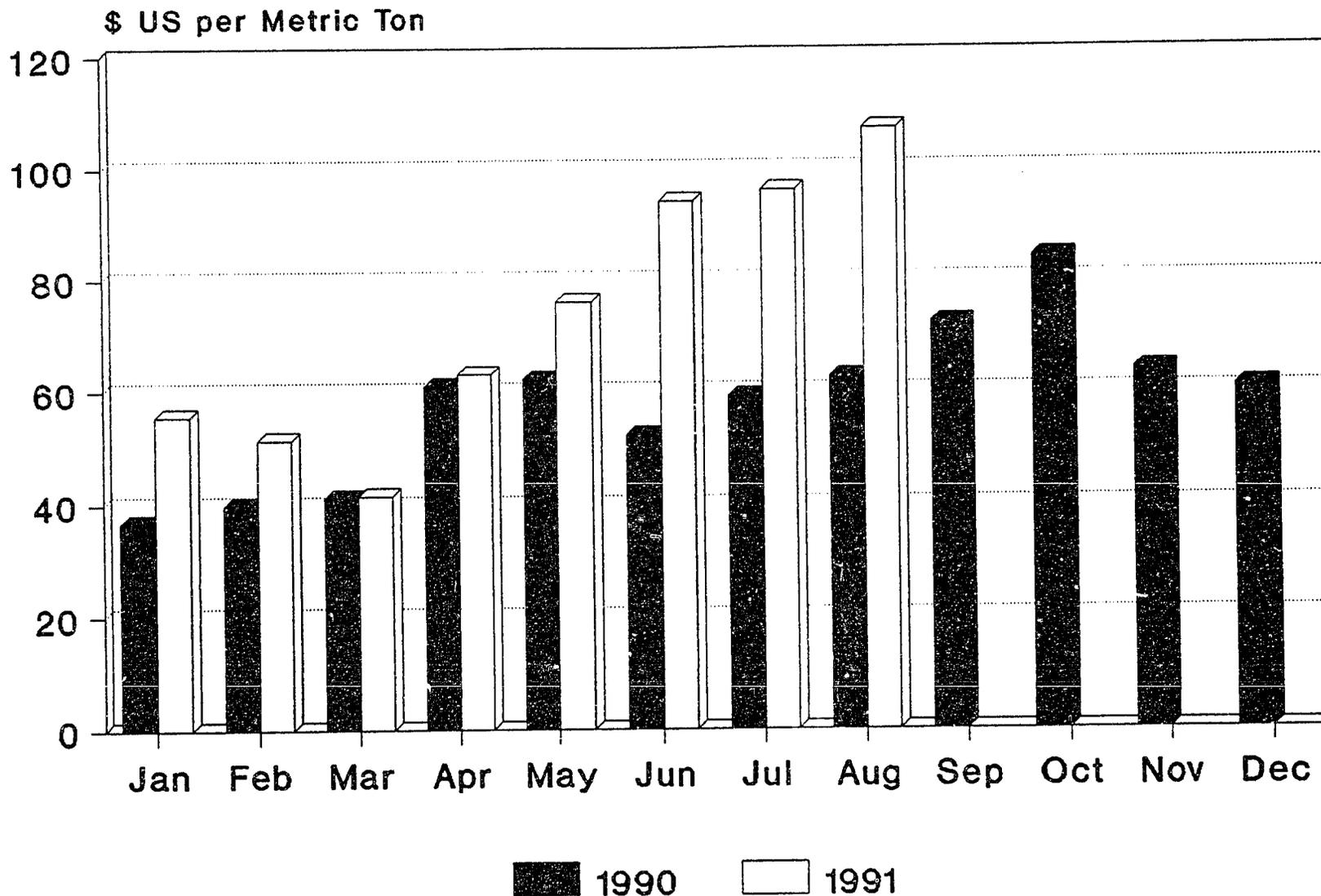
- 1 Urea prices have moved rapidly higher in 1991 due to a policy change in Kabul. The official government price for Urea produced at Mazar-i-sharif was raised from Afs 600 (US \$12) to Afs 1,000 (US \$20) at the beginning of the Afghan year March 21. Since little of Afghanistan is under the control Kabul, most Afghan farmers cannot buy urea at government subsidized prices and pay several times more than the official price. Current black market urea prices average Afs 5,000 (US \$100), and range from Afs 2-3,000 (US \$40-60) in the area of Mazar-i-sharif to above Afs 10,000 (US \$200) in distant Helmand and Kandahar.
- 2 The trend in 1991 Urea prices is dramatically steeper than in 1990 as a consequence of the policy change and reported lower urea production at the Mazar-i-sharif plant.
- 3 Phosphate prices are for generic phosphate fertilizer known as black or grey fertilizer in Afghanistan. These prices represent a blending of the prices of TSP, Ammophos, and DAP, with DAP being the most expensive of the three. A sharp rise in October 1990 reflected the lack of supply from the USSR. This year's prices look like they will follow the same pattern, even more dramatically, due to reported shortages throughout the country. Prices are now higher than Afs 16,000 (US \$320) in many parts of the country. This is the equivalent of Rs 444 at current

exchange rates, or almost twice as expensive as Pakistani DAP.

- 4 Due to the sharp rise last fall, the slope of the trend lines for 1990 and 1991 are about equal to date. However, prices received for the last quarter of 1991 indicate that 1991 phosphate price rises will out pace 1990's trend.
- 5,6 Comparing provincial wheat prices with the national average wheat price for August reveals groups of provinces primarily in the east and south of Afghanistan with higher than average wheat prices. A map of the provincial percentage difference from the national average wheat price shows the geographic concentration of above average wheat prices in the south and east. Helmand and Kandahar are traditionally surplus producers of wheat with lower than average wheat price levels. High prices during and shortly after the harvest season signals a poor 1991 wheat harvest in these provinces.
- 7A,7B Maps comparing August 1990 and 1991 reveal how last year's relatively low price provinces in the south and east have become this year's relatively high price provinces. Reports of poor 1991 harvests in these areas juxtaposed with reports of normal wheat production north of the Hindu Kush are confirmed by these relative price level reversals from 1990 to 1991.
- 8,10,12 Wheat prices of 1990 and 1991 for Helmand, Kandahar, and Wardak provinces are compared with national average wheat prices. These charts illustrate that 1991 wheat prices have moved above the national average shortly after the harvest season (May-July). This is atypical for these traditionally productive regions, a signal that the recent wheat harvest was lower than normal.
- 9,11,13 Trends in wheat prices for Helmand, Kandahar, and Wardak provinces reveal that wheat prices are rising faster in 1991 than in 1990. Reports from Wardak and neighboring provinces indicate that the 1991 wheat crop suffered from rust due to late spring snow.
- 14 The trend of average wheat prices in the third quarter 1991 has diverged from last year's trends. Provincial average wheat prices from July to September have risen more sharply than in 1990. Recent reports from Afghanistan indicate that wheat prices in Kabul, Helmand and Kandahar have risen above US \$320, and that wheat is at times not available in local markets.

# Afghanistan Average Urea Prices

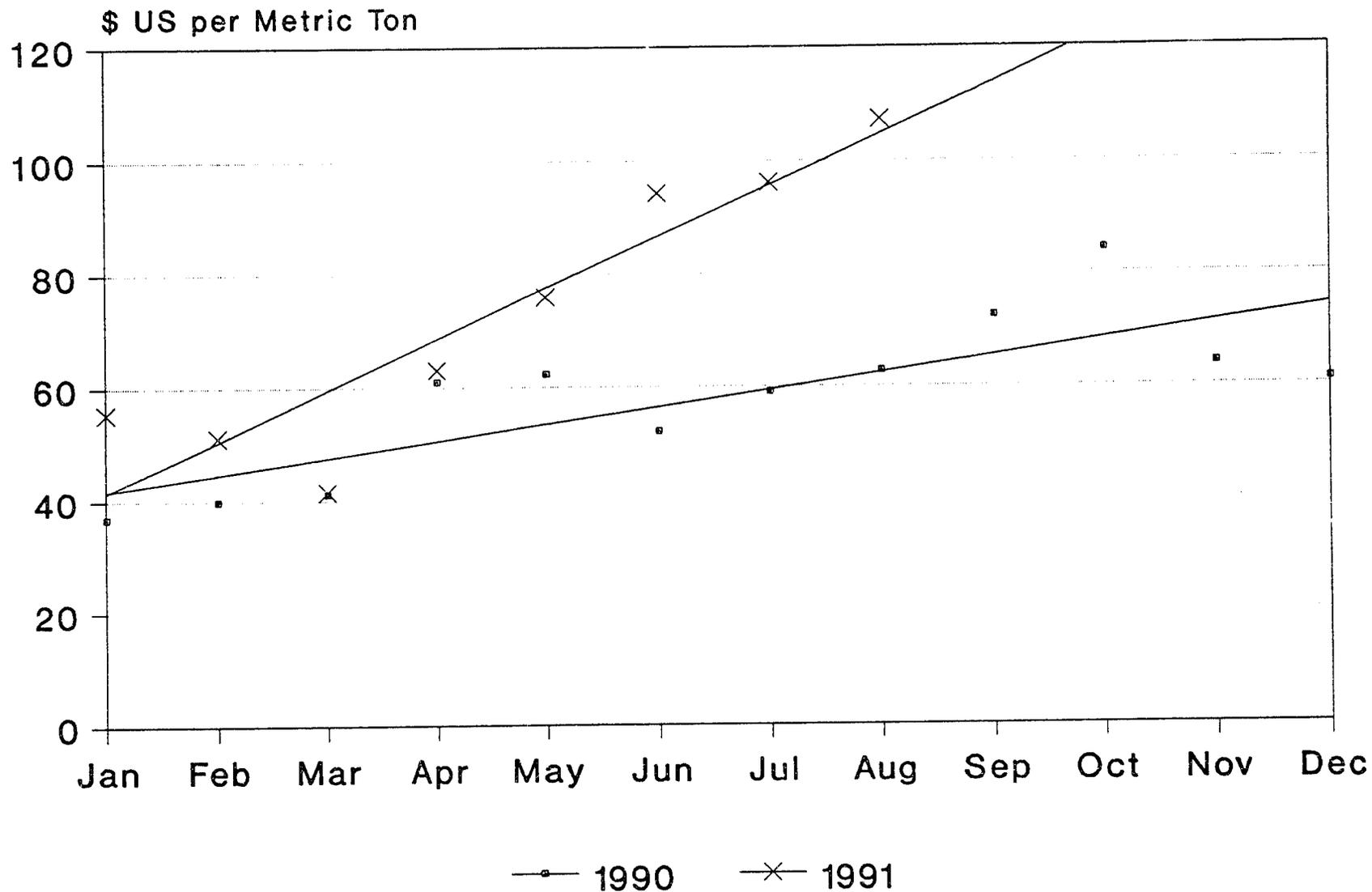
Figure 1.



DAI/ASSP Information Services

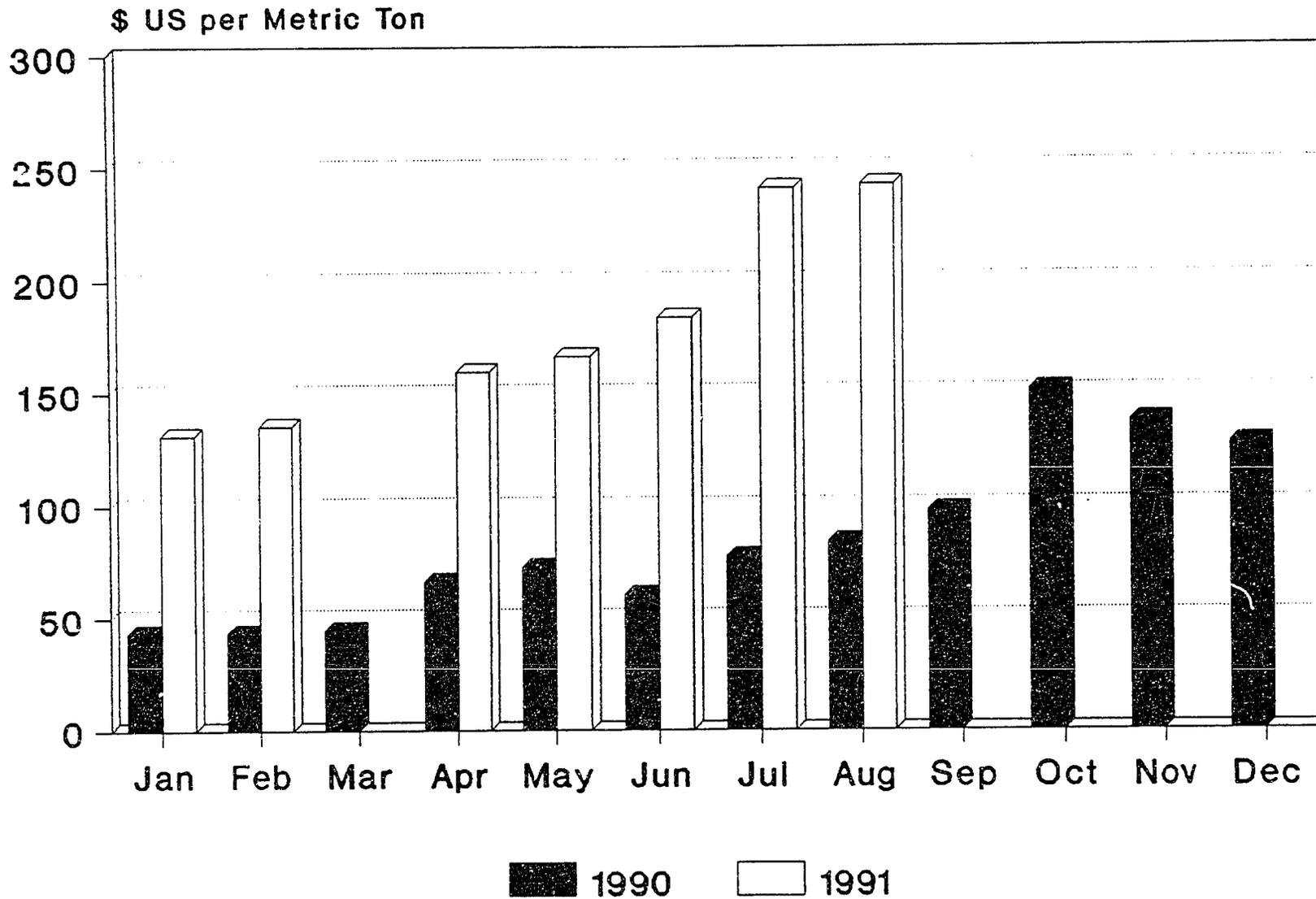
# Afghanistan Average Urea Price Trends

Figure 2.



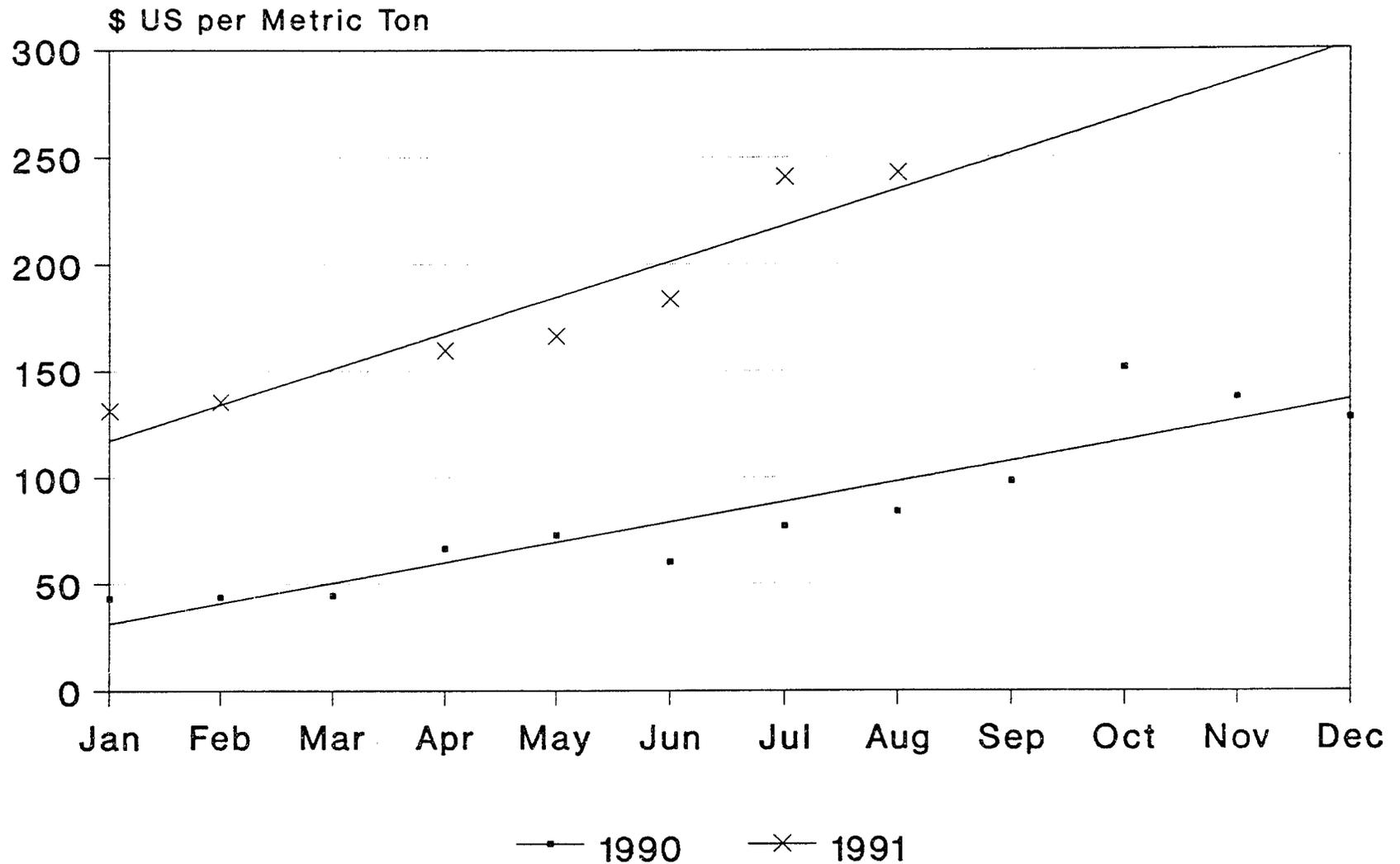
# Afghanistan Phosphate Fertilizer Prices

Figure 3.



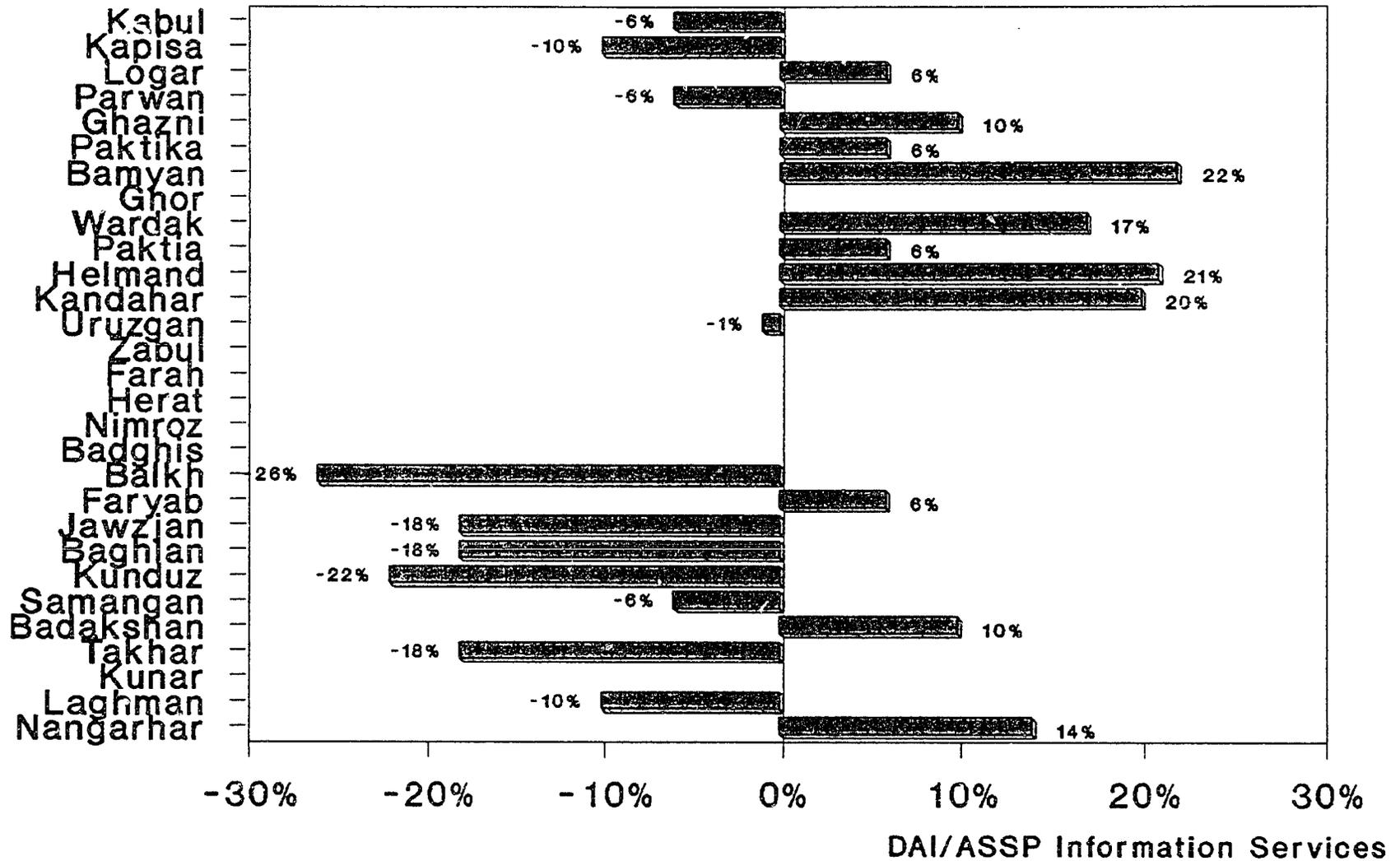
# Afghanistan Phosphate Fertilizer Price Trends

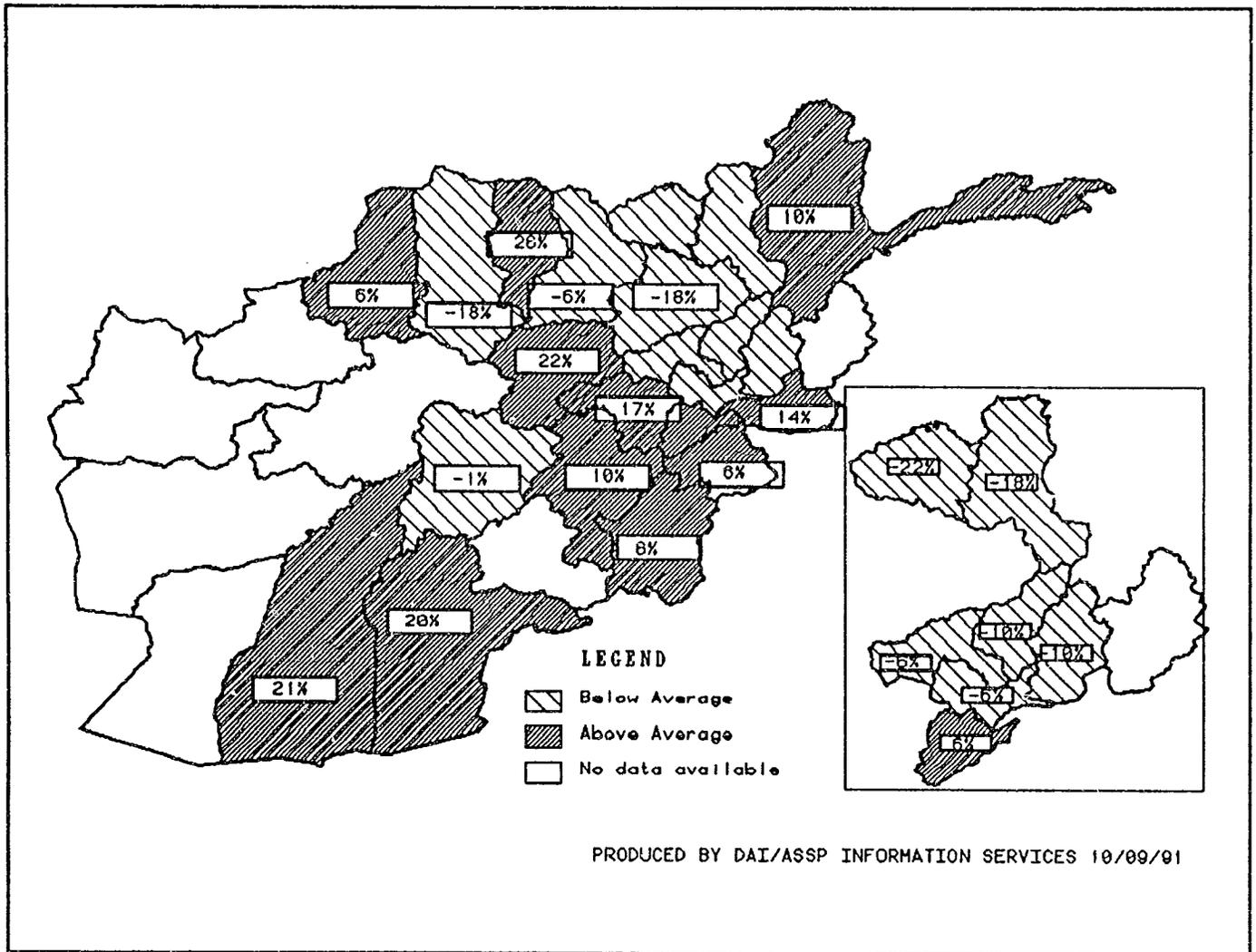
Figure 4.



# Afghanistan Provincial Wheat Price Differences from National Average (US \$175 per Metric Ton), August 1991

Figure 5.





**Figure 6. Percentage difference from national average (US \$175/metric ton) of Afghanistan provincial wheat prices, August 1991**

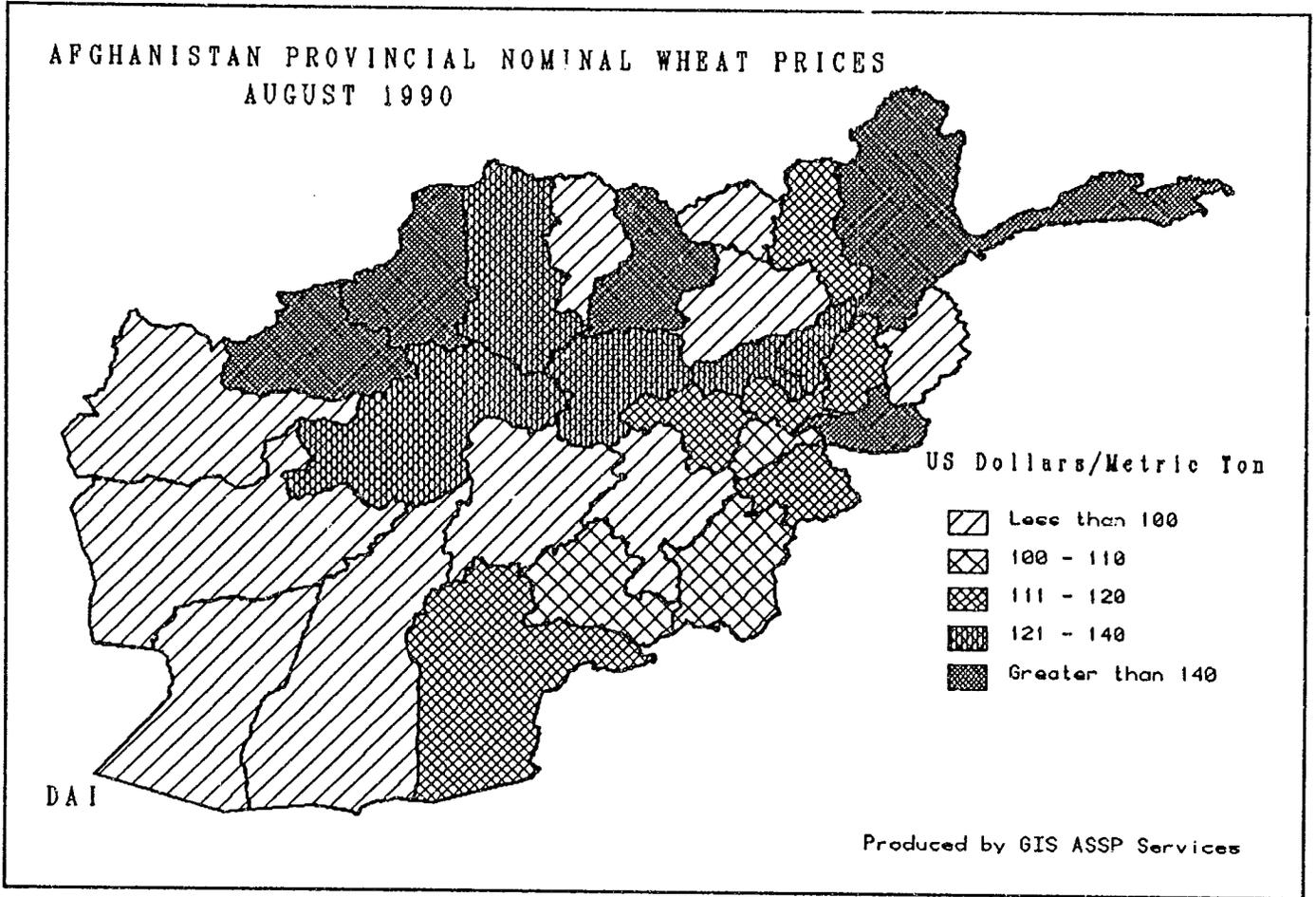
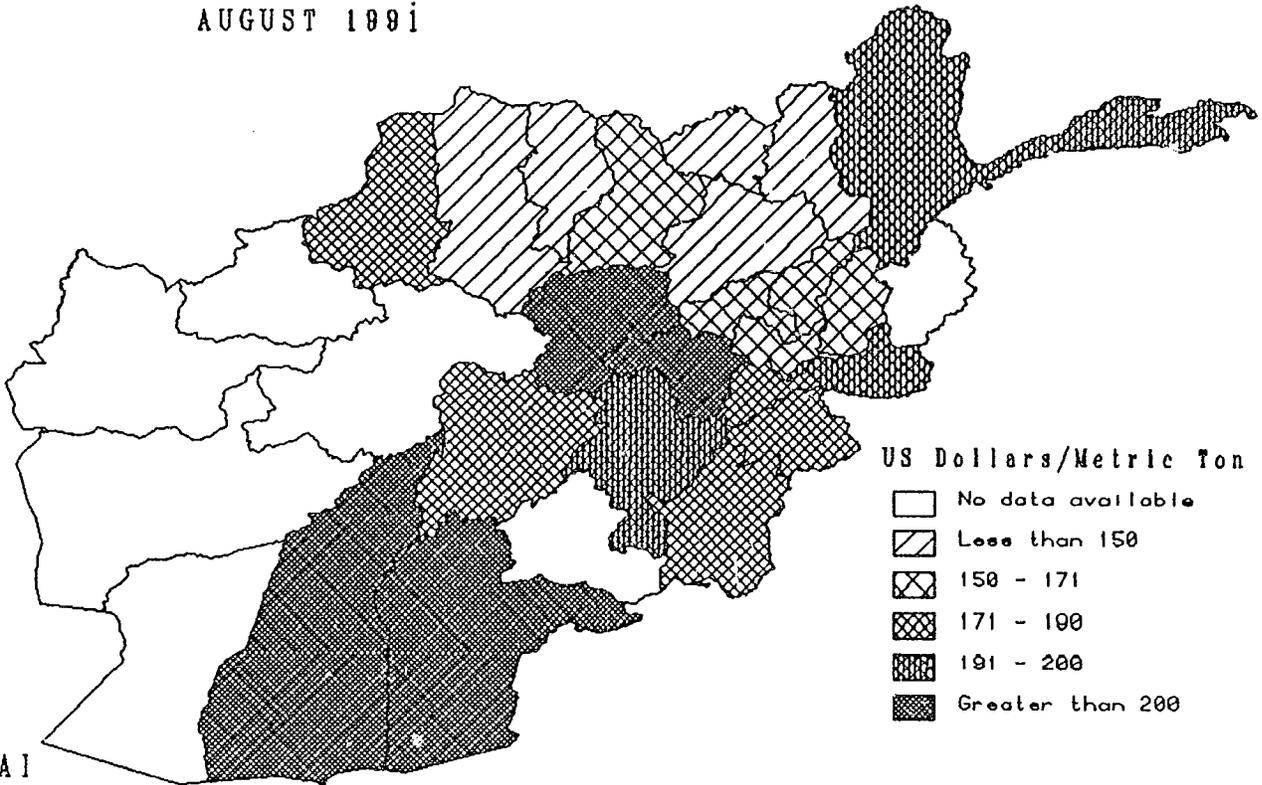


Figure 7A. Afghanistan average wheat prices, August 1990

AFGHANISTAN PROVINCIAL NOMINAL WHEAT PRICES  
AUGUST 1991

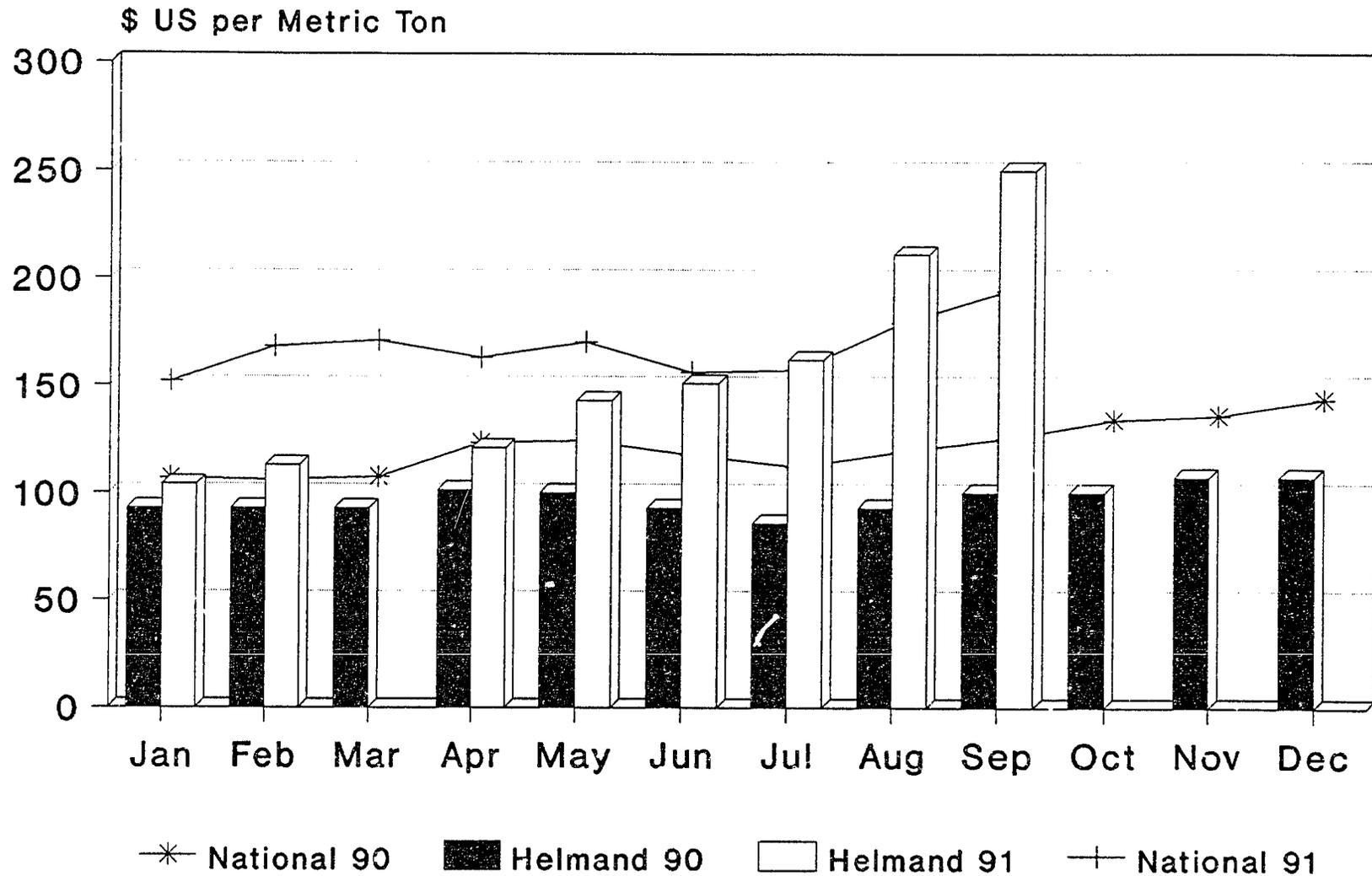


Produced by GIS ASSP Services

Figure 7B. Afghanistan average wheat prices, August 1991

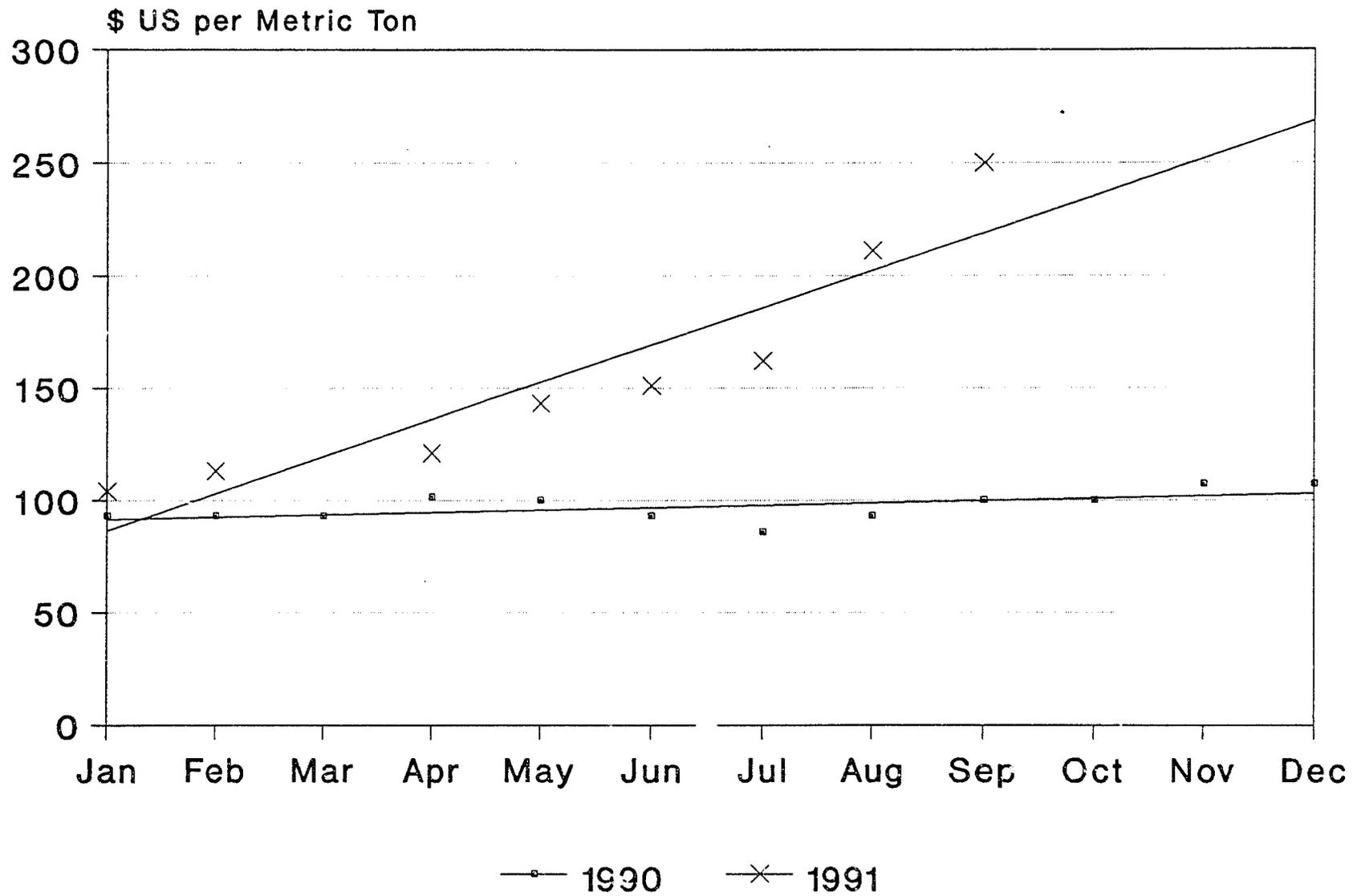
# Helmand Province Average Wheat Prices Compared with National Averages, 1990-91

Figure 8.

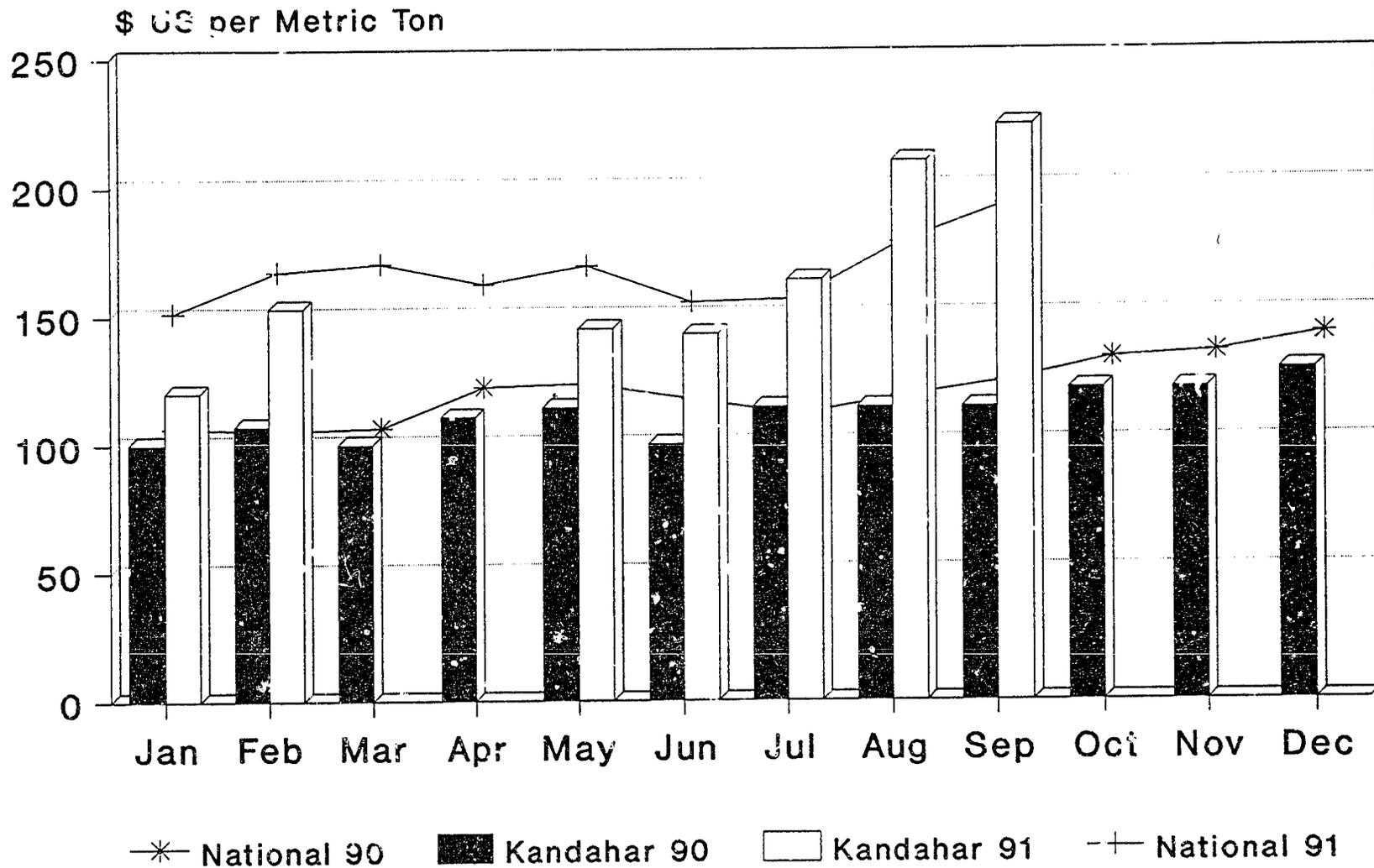


# Helmand Province Wheat Price Trends

Figure 9.

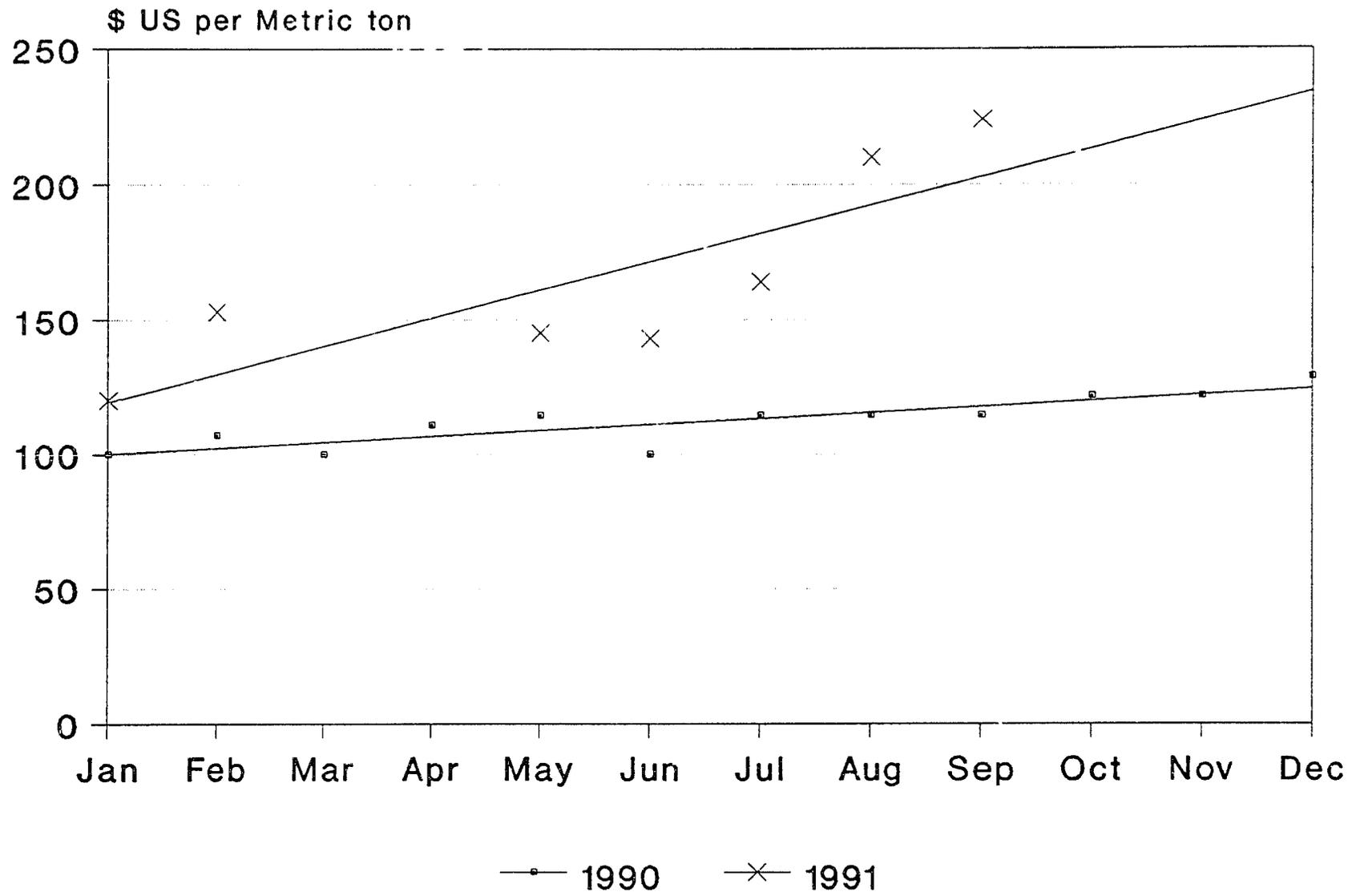


# Kandahar Province Average Wheat Prices Figure 10. Compared with National Averages, 1990-91

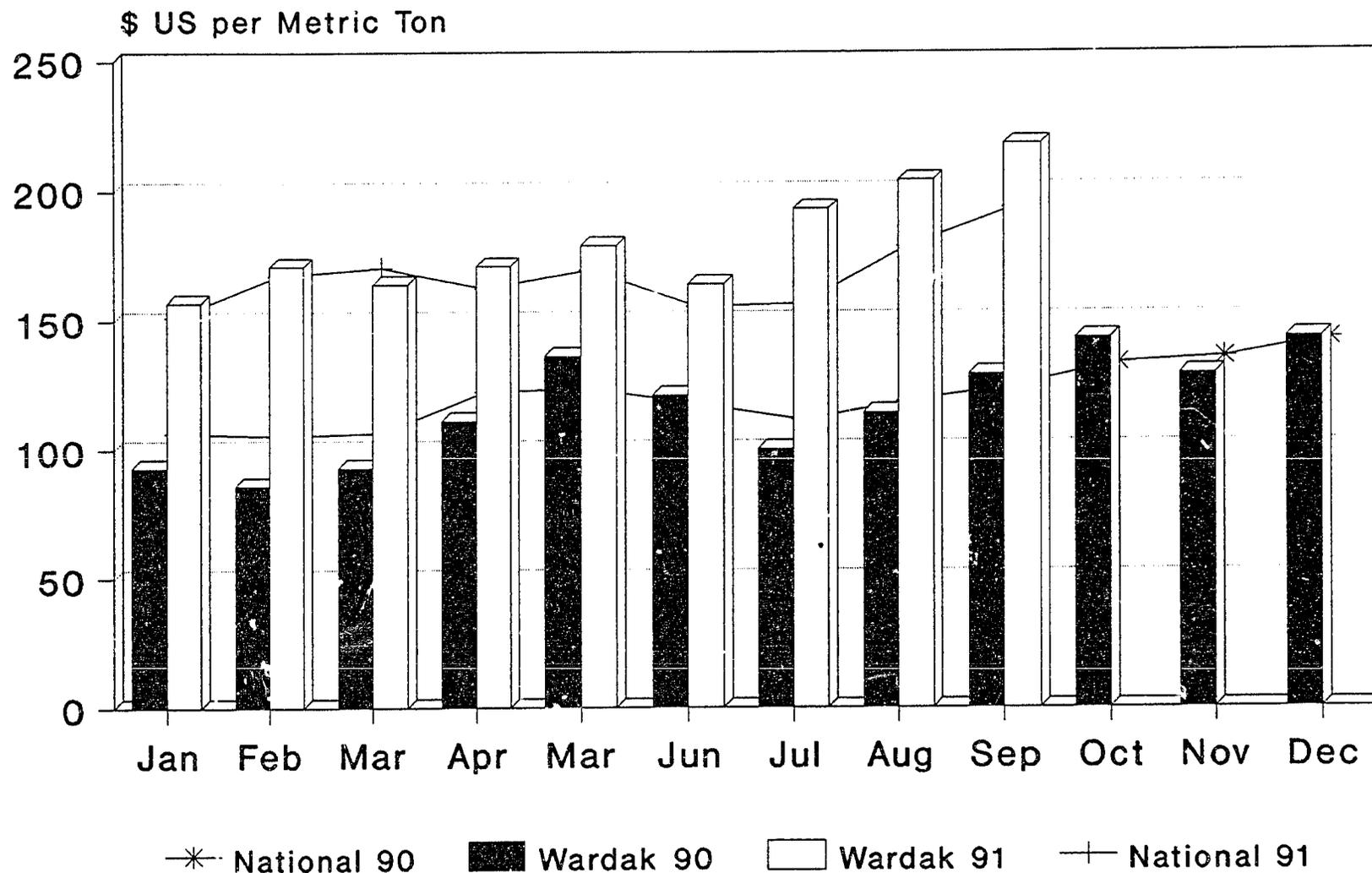


# Kandahar Province Wheat Price Trends

Figure 11.

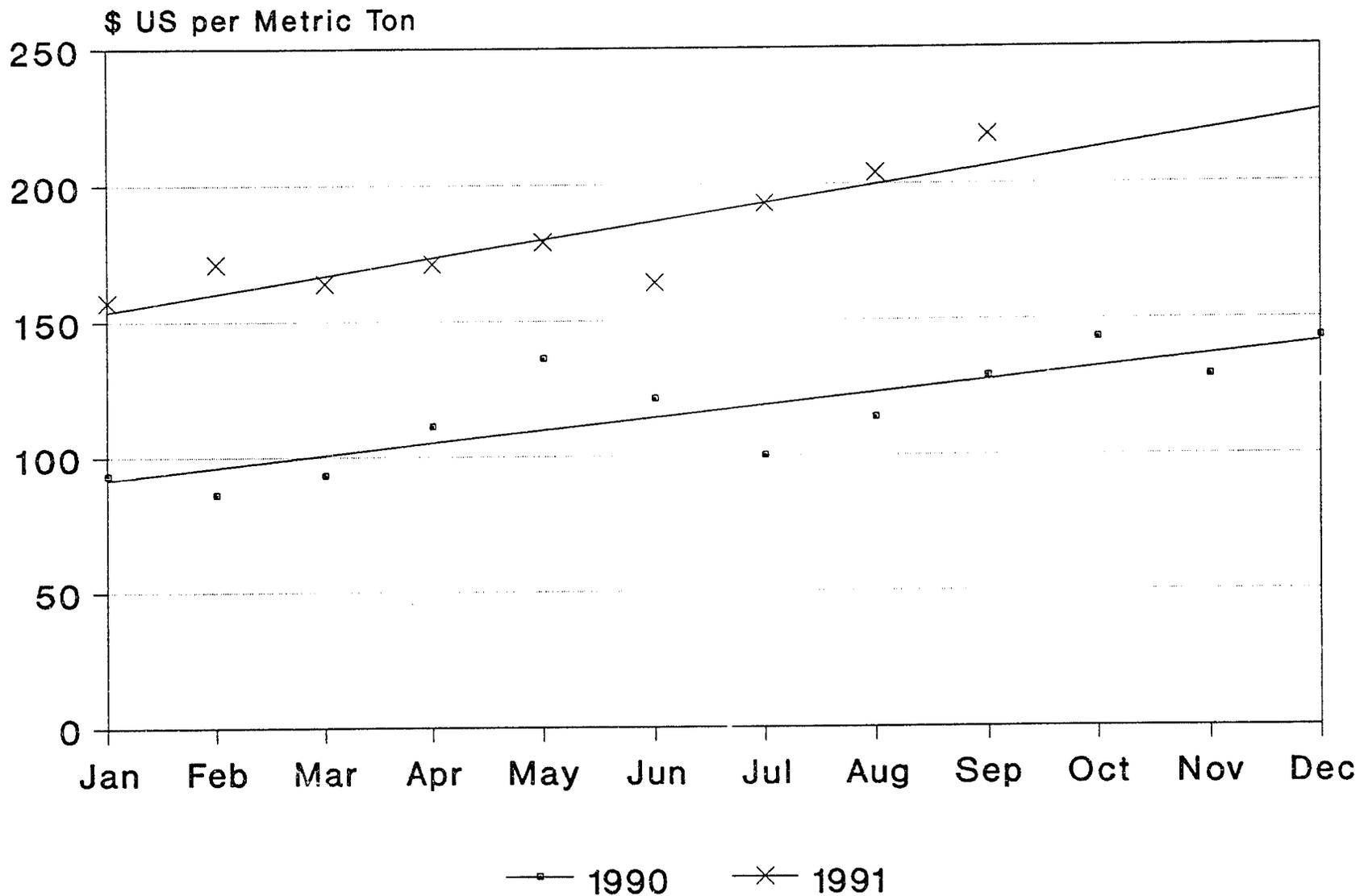


Wardak Province Average Wheat Prices Compared with National Averages, 1990-91 Figure 12.



# Wardak Province Wheat Price Trends

Figure 13.



# Afghanistan Average Wheat Prices

Figure 14.

