

2 December 03

To: Ranjeet Singh, INL

Elisabeth Kvitashvili, USAID

From: Dick Scott, Helmand Consultant

Subject: Helmand Follow Up VI: The Winter Crop Planting Season is Well Underway

The winter-crop planting season is well underway. There was a good rain in the region o/a 15 November that should have helped with the planting season. Living up to the rumor reported o/a 15 September, virtually all the farmers in central Helmand are planting poppy. Some estimate that this planting season will at least equal that of the Taliban high bumper-crop season of 1998-99, when they produced some 40% of Afghanistan's opium and Afghanistan produced some 90% of the world's opium. This need not have happened and there is still time to take some now difficult actions to reduce or eliminate this crop in this region. BUT THE EASY OBVIOUS ACTIONS THAT COULD HAVE BEEN TAKEN NEARLY THREE MONTHS AGO ARE GONE.

Why have not any of the involved governments taken any of the obvious, decisive actions necessary to stem the flow of wide spread opium poppy planting in the most critical region of central Helmand? It is not ignorance of the situation.

HELMAND FARMERS DO NOT NEED POPPY BUT ARE BEING PUSHED BACK INTO IT THROUGH OUR INACTION. They do not need it for local use, yet, as is the case of Burma; and they do not need it economically if the governments would pay attention to the established legal cash-crops...cotton being the most obvious. I have been detailing this relationship and the actions needed for nearly three months.

This is the planting season. My contacts in Helmand say that it is difficult to hire a tractor at this time because they are all busy. Helmand is and always has been the most mechanized region of the country. (In the 1976 Helmand Farm Economic Survey, we estimated more than 1,000 tractors in the region.) I do not remember the last time I saw oxen being used for plowing in central Helmand. There are literally thousands of tractors in use in central Helmand, the result of: economic productive years passed in Pakistan, and the return to effective cash-crop farming in Helmand, including the period of opium production.

The cotton harvest is ending but most cotton normally comes to the gin after planting season. It will be interesting to see what the farmers do with their cotton vis-à-vis the low price offered by the gin. The many farmers in debt must sell their cotton at harvest time or soon after. They will sell to the gin at the low price or to

local speculators at a low price. Farmers with cash may speculate and simply hold their crop for a better market. The local cotton gins apparently remain out of action, the result of government action.

As previously noted, It would be politically very useful if the government would increase the price of cotton to be paid at the gin in Lashkar Gah and if the local private gins would be returned to the owners and allowed to re-open. The present official actions of keeping the cotton prices low and the confiscation of the local private gins have insured this year's bumper crop of poppy to be planted.

Virtually all the farmers in central Helmand will plant some wheat for at least home consumption. Recently wheat prices have been low, much to the dissatisfaction of these central Helmand wheat farmers. Last winter the wheat prices remained low as a result of emergency relief wheat appearing on the market. During the winter crop year 1998-99 there was a bumper poppy crop but in the areas that I had been monitoring for a couple of years, (sections of Nad-I-Ali and Shamalan) this involved only some 50-60% of the land. The rest was mostly in wheat or was being held for early-planted cotton or peanuts. In short, Helmand farmers will plant wheat along with their poppy.

It will also be interesting to see how this new poppy planting will affect the cotton and peanut crops next year, by district. Wheat and poppy must have a full growing season, planted now and harvested in April/May. But peanut and cotton need to be planted in March for best production. Will they leave some land fallow for this early planting? Given what is happening to cotton prices, nothing, my guess is that cotton production will be greatly reduced. Peanut production is mainly in Nad-I-Ali. They have a bumper crop presently being harvested. The market price is presently low but the buyers have not yet appeared and CADG has not yet begun buying for its new oil press in Kandahar. Much will be determined by this season's peanut prices. Several peanut farmers told me last year that they made more from peanuts than they did from poppy and double the income of cotton per unit of land.

Over the past several years, many farmers in the northern section of Nad-I-Ali have been changing the texture of their fields by adding tractor loads of sand to the previously clay desert soils. This change significantly improves peanut production. My guess is that these fields will remain in peanut production and very competitive with poppy. I will check.

Apparently, the present price for raw opium (about 45-50,000 rs. per mon) is some 50% below previous highs in Helmand. But from here I have no way to double-check this information. We might expect the price to remain low with the bumper crop planting now underway over much of the country as being reported by the media. David Mansfield (previously with UNDCP) has pointed out in his paper "The Economic Superiority of Illicit Drug Production: Myth and Reality",

that even wheat has produced higher income than poppy in this area of Afghanistan in 1994, 1997 and the bumper crop year of 1999. Poppy competes for land with wheat: lots of poppy means less wheat. Less wheat means higher prices, assuming that emergency relief wheat does not flood the market. More poppy means lower income from opium.

To conclude and repeat, central Helmand farmers do not need poppy as a cash crop. The apparent landslide into poppy production this crop season must be seen as a political statement against present government actions and inactions, against all the things I have been spelling out for nearly three months. You can be sure that the regional dealers and speculators have been taking advantage of the present situation, enticing the farmers to plant with the past credit system of partial advanced payment for the crop and promises of a good market. These people must be delighted with events.

It is still not too late for a last ditch effort to stop this avalanche planting of poppy in central Helmand with a few, decisive and positive actions. Central Helmand farmers are not idiots. They are good double-cropping, cash-cropping farmers that understand the markets. They understand national and regional politics. And they still have time to re-plant. Action must be taken NOW as a last ditch effort. Inaction now is to court disaster of several obvious sorts. As the ad says:

You can do it. I can help.