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Helmand Follow Up XXXIV

No Help for Helmand Cotton Farmers This Year?

We Must Stop Sending Mixed Signals to the Farmers.

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Gol Ahmad Ehsan's article "Helmand Farmers Threaten Return to Opium" indicates that our development/counter narcotics program in Helmand is flawed. (Assuming we have one.)

<http://iwpr.net/report-news/helmand-farmers-threaten-return-opium>

The present program is hardly a roaring success: Only a 7% reduction in poppy cultivation from 2010; and a continuing government eradication program probably rife with pay-offs.

Mixed Signals: With the hundred or so experts in the PRT, is anyone working with the Bost cotton gin and the Helmand cotton industry? While there has been a "Cotton Initiative" for some months noted in the PRT weekly newsletters, it is not clear what this involves. It is at minimum a training project and perhaps encourages farmers to plant more cotton. According to Ehsan: "Farmers in Helmand have threatened to go back to growing opium poppy because the Afghan government (supported by the US) has not helped them market the alternative crops it encouraged them to grow....The main substitute crop (for opium poppy) chosen for Helmand was cotton, which had been successfully grown there between the 1960s and 1980s."

And cotton continued to be grown there through the Taliban period of the mid to late '90s up to the present. As I have previously and frequently noted, the farmers in central Helmand have been requesting support for the cotton market since 1997 as one of the prerequisites for abandoning opium poppy cultivation. But we remain unable to respond to this request for the past 10 years of our occupation and reconstruction efforts.

In military reports from the recent past, our projects have also been in contact with (and supporting?) several of the farmers/entrepreneurs who own and operated the small, hand-fed gins that are in limited competition with the Bost gin. Normally these gins pay a higher price than the Bost gin but attempt to buy only the higher quality of raw cotton. Their production is generally for the local markets.

International Market: Flooding and crop failures in the major cotton producing countries like China and Pakistan last year drove the international cotton market to record highs. With the recent flooding again in the cotton producing areas along the Indus River in Pakistan, we may assume that regional cotton prices will remain high for next year as well. The primary buyers of Helmand cotton since the Taliban time has been the Pakistan weaving industry. Helmand cotton, if I remember correctly, is considered of higher quality than Pakistan cotton. Within this context, how can anyone claim that Helmand cotton does not sell? As early as 2002- 2003 there was competitive bidding between a U.S. commodities broker out of Singapore and an Afghan buyer for the Pakistan market for cotton processed and accumulated at the Bost gin. There is an international market for Helmand cotton but clearly someone needs to help to re-enter this market.

This year's cotton harvest should soon be underway and the opium/wheat fall planting season will follow. But the director of the Bost gin says he has funding to purchase only 3,000 tons of raw cotton. This is disappointing as it relates directly to the economy and the counter-narcotics program. In 2009 the Bost gin bought no cotton apparently because of our lack of support and lack of funding from the Finance Ministry. Someone in the economic development program is sound asleep.

For some comparison, under the Taliban, who tried to support the cotton industry with virtually no support or tax base, in 1998 and 1999 they bought 9,024 and 8,542 metric tons (mt.) respectively according to Bost gin records. Under the present government 3,408 mt. were purchased in 2004, 8,500 mt. in 2005, 5,400 mt. in 2006 and 1,040 mt. were purchased in 2007, reflecting among other things, farmers' views of the market. More on this subject are noted in my earlier Helmand Follow Up memos in my website: scottshelmandvalleyarchives.org.

Conclusions:

We must recognize the importance of cotton as a cash crop and potential alternative cash crop for opium poppy in Helmand (in the farmers' views)...and act accordingly.

If the Helmand farmers understand that there is a reliable market for their cotton at a good price, they will produce more cotton and less opium.

If we continue to have projects that encourage the farmers to produce more cotton for which there is no good or reliable market, we are sending mixed signals and continue to lose the trust and confidence of the local population, most of whom are farmers.

Actions needed:

- We need to take actions to support the increase in cultivation of cotton. For best production, cotton competes with both wheat and opium poppy for land use.
- We must insure the price paid for cotton by the Bost cotton gin, the primary buyer of cotton since the gin was built in the mid-1960s, is based on international prices.
- The primary profits should go to the farmers, not to the cotton gin.
- There should be an agricultural credit system set up in the Bost gin to support cotton production.
- The gin should continue to be the primary source of free cotton seed.
- The Bost gin should be financially supported to allow them to buy **all** the cotton the farmers can produce.
- Some of the PRT people should be working with the Bost cotton gin as technical advisors and monitors of the funding...if this is not already happening. This would

include helping to get the Helmand cotton production back into the international markets as it was before the Soviet invasion. If there are no cotton production and marketing experts in the PRT, they should be recruited. They are needed.

As always, I would be happy to discuss any of the issues raised in this memo with anyone interested in central Helmand farmers, the reduction of opium poppy cultivation and/or a reduction in the increased hostilities in the region. All these issues are inter-related. I would be happy to help plan, organize and deploy any of the suggested actions outlined here.

Please feel free to forward this message to anyone you think might be interested. All past e-mail memos and papers on the same subject are available on request.

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Scott's Helmand and USAID Experience:

USAID/Afghanistan, Research and Evaluation officer, 1971-78.

USAID/Mali, Project Manager, Mali Rural Works Project, 1979-81.

USAID/Pakistan, Project Manager, Tribal Areas Development Project 1982-84.

Pashto Service Chief, VOA, 1984-90.

USAID/DAI/Pakistan, Chief-of-Party, Kala Dhaka Area Development Project, 1990-93.

INL/MCI, Project Manager, Helmand Irrigation Rehabilitation Project, 1998-99.

USAID/CADG/Afghanistan, Consultant, Cotton and Alternative Crops Project, 2002.

USAID/DAI, Officer-in-Charge, Helmand Drainage Rehabilitation Project, 2002-03.

USAID/Chemonics, Rural Development Specialist, (Helmand) Alternative Income Project, 2004.