



**AGRICULTURE MARKET ANALYSIS
TEAM**

Comprehensive Analysis of Afghanistan's Agriculture Market in 2025

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Executive Summary

Afghanistan's agricultural sector in 2025 presented a paradox of resilience and crisis. The sector remained the economic backbone, supporting approximately 60% of the workforce and contributing around 20-25% to GDP. Despite severe challenges, it achieved an average wheat harvest of 4.5 million tonnes in 2025. However, this masked deeper systemic vulnerabilities: a resurgence in opium poppy cultivation by 74% despite an official ban, a 26% contraction in total cultivated area since 2023, and worsening food insecurity affecting 40% of the population. The sector operated under intensifying climate pressures with drought affecting at least 19 provinces—while simultaneously navigating significant trade realignments following border closures with Pakistan. These developments occurred within a broader economy experiencing 4.3% GDP growth but declining per capita income, revealing agriculture's critical role in both livelihood preservation and national economic stability.



Economic Context

Sector Significance

Agriculture remains fundamental to Afghanistan's economy and social fabric. In 2025, approximately 60% of the population derived livelihoods directly or indirectly from agriculture, highlighting its role as the primary employment sector. The sector contributed an estimated 20-25% to national GDP, with fluctuations depending on climatic conditions and harvest outcomes. Despite overall economic growth of 4.3% in 2025, rapid population expansion estimated at 8.6% resulted in a 4% decline in GDP per capita, increasing pressure on rural households dependent on agriculture for subsistence.

Government revenue dynamics significantly impacted agricultural policy. Domestic tax revenues strengthened to 17.1% of GDP in 2025 through enhanced enforcement, yet declining external grants constrained public investment capacity in rural infrastructure. The banking sector's fragility, characterized by regulatory uncertainty and limited lending, restricted farmers' access to formal credit, pushing many toward informal financing channels. These macroeconomic conditions created an environment where agricultural productivity became increasingly critical for broader economic stability.



Afghanistan's Major Agricultural Production (2025-2026 Estimates)

| Crop/Livestock | Estimated Production Volume | Primary Regions | Key Notes |
|---|---|---|---|
| Wheat | 4.5 million tonnes (2025 actual) | Herat, Balkh, Kunduz, Kabul | Dominant staple; 70% of cereal production; record irrigated harvest despite drought |
| Fruits (Pomegranates, Grapes, Apricots) | 1.7 million tonnes (combined) | Kandahar, Herat, Logar | High-value exports; potential \$560M export value |
| Nuts (Almonds, Walnuts) | 180,000 tonnes | Samangan, Laghman, Bamiyan | Premium export commodity; ~1% GDP contribution |
| Opium Poppy | 12,818 hectares cultivated (74% increase) | Kandahar, Helmand, Uruzgan, Ghor, Farah | Despite official ban; 5 provinces account for 40% of cultivation |
| Livestock (Sheep & Goats) | ~16 million heads | Herat, Badakhshan, Jawzjan | \$720M annual value; crucial for rural nutrition and income |

Wheat Challenges

In 2025, Afghanistan's wheat sector faces significant **challenges**, primarily due to **climate-related factors** and economic constraints. The pressure from ongoing droughts has led to reduced yields, straining local farmers' ability to meet national demand. Additionally, fluctuating market prices and increasing import dependencies are compounding the difficulties, necessitating strategic interventions to stabilize wheat production and ensure food security for the population.



High-Value Crops



Afghanistan's agriculture market holds significant potential in high-value crops, including saffron and various herbs. These crops not only enhance the **economic viability** of farming but also contribute to improved food security. By focusing on these high-value products, farmers can achieve better market prices and strengthen their livelihoods while promoting sustainable agricultural practices and addressing regional economic challenges.

Climate Challenges

The 2025 agricultural season was defined by drought on a national scale, affecting almost every province. Unlike the 2021 drought that primarily impacted the northwest, the 2025 dry conditions spread across almost all provinces, creating widespread agricultural distress. Satellite imagery revealed fields that would typically appear vibrant green in late spring showing as shades of brown, indicating severe moisture stress. This drought represented the latest in an increasingly frequent pattern: where droughts occurred once every three years on average between 1986-2012, they now occur once every other year.

The cumulative impact was substantial: the total area of actively cultivated land decreased by 26% compared to 2023 levels, falling to approximately 1.04 million hectares. Some provinces experienced particularly severe contractions: Herat lost over 21,000 hectares, Farah 15,000 hectares, and Helmand 14,000 hectares of agricultural land. This reduction reflected both direct climate impacts and economic disincentives for growing low-value crops under increasingly challenging conditions



Drought Impact



The intensity of drought conditions in Afghanistan has significantly impacted agricultural productivity. Prolonged dry spells have led to soil degradation, reduced crop yields, and increased food insecurity. Farmers are facing challenges in sustaining their livelihoods, with essential water resources dwindling. Future projections indicate that without effective water management strategies, the agricultural sector will continue to suffer detrimental effects on both crops and rural communities.

Climate Vulnerabilities



Afghanistan's agriculture sector faces numerous **broader climate vulnerabilities** exacerbated by regional factors. Unpredictable weather patterns, prolonged droughts, and extreme temperatures threaten crop yields and food security. Agricultural practices often lack resilience, leading to increased economic instability. Addressing these vulnerabilities is critical for enhancing sustainability and ensuring the livelihoods of farmers throughout the region as they adapt to changing climatic conditions.

Trade Dynamics

Afghanistan maintained significant cereal import requirements, forecast at 3.7 million tonnes for the 2025/26 marketing year, predominantly wheat flour. This import need persisted even with adequate domestic wheat production due to insufficient milling capacity. Most wheat flour imports were sourced from Kazakhstan, Uzbekistan, and the Russian Federation, with imported flour commonly blended with domestic flour to improve protein content. Export performance faced multiple constraints. Total trade in 2024 reached \$12.4 billion, with exports valued at only \$1.8 billion against imports of \$10.6 billion. Representatives from the private sector identified limited packaging facilities, visa restrictions for traders, and inadequate standardization as primary barriers to expanding agricultural exports



Import Dependencies



Afghanistan's agriculture sector faces significant challenges due to high **import dependencies** for essential commodities. This reliance complicates market stability and exposes the country to **international price fluctuations**. Additionally, existing export challenges hinder the growth potential of local farmers. A comprehensive analysis of trade dynamics is crucial for developing effective strategies to enhance self-sufficiency and bolster agricultural productivity in the region.

Trade Route Reorientation



The closure of the border with Pakistan in September 2025 triggered a significant reorientation of trade flows. Pakistan's blocking of trade routes caused substantial losses for merchants on both sides. In response, Afghanistan rapidly expanded trade through alternative routes via Iran (Chabahar port) and Central Asian countries. Iran offered a 50% discount on tariffs for Afghan exports and imports through Chabahar to facilitate this transition.

Simultaneously, Afghanistan pursued diversification of trade partnerships, signing over 30 trade agreements with Uzbekistan and pursuing enhanced economic relations with India, China, Russia, Kazakhstan, Kyrgyzstan, and Turkey. A \$100 million agreement with Indian companies for medicine imports and production helped address pharmaceutical shortages resulting from the Pakistan border closure. These efforts demonstrated Afghanistan's strategy to reduce unilateral economic dependencies despite international political constraints.

Food Security

Food insecurity reached critical levels in late 2025, with approximately 17.4 million people (40% of the population) projected to face high levels of acute food insecurity between November 2025 and March 2026. This represented a significant deterioration from the 14.8 million people affected during the same period the previous year. Within this severely food-insecure population, about 4.7 million people were classified in IPC Phase 4 (Emergency).

The food security crisis was particularly acute in provinces with substantial rainfed agriculture, including Badakhshan, Ghor, Faryab, Jawzjan, Samangan, Bamyan, and Daykundi. Wheat flour prices increased by 5-15% year-on-year in most markets by November 2025, driven by rising transport costs, reduced informal trade flows after the Pakistan border closure, and concerns about dry weather affecting future output.



Food Insecurity

Afghanistan's food security conditions have **deteriorated significantly**, driven by prolonged droughts, economic instability, and supply chain disruptions. The inability of farmers to produce adequate yields exacerbates the threat of malnutrition among vulnerable populations. Moreover, rising global food prices and local inflation have intensified these challenges, making access to nutritious food increasingly difficult for many households across the country.



Labor Market Pressure



The influx of returnees into Afghanistan has placed significant pressure on the **agricultural labor market**. As many families return, the competition for jobs intensifies, leading to **increased unemployment rates** and wage stagnation. This situation complicates efforts to revitalize the country's agricultural sector, as the need for sustainable employment solutions becomes ever more critical in ensuring food security and economic stability.

Strategic Initiatives

This section outlines **key proposals** aimed at enhancing Afghanistan's agricultural productivity and sustainability.





Climate-Smart Agriculture

Implementing **climate-smart agriculture** practices is essential for enhancing resilience and sustainability in Afghanistan's agricultural sector. This approach focuses on increasing productivity while minimizing environmental impact, adapting to climate change, and promoting food security. Key initiatives include improving irrigation efficiency, adopting drought-resistant crop varieties, and integrating advanced farming technologies to foster a sustainable agricultural ecosystem that can withstand climate challenges.

Technological Integration

The integration of **innovative technologies** in Afghanistan's agriculture sector presents significant opportunities for growth. By adopting precision farming tools, farmers can enhance productivity, optimize resource usage, and improve crop yields. Collaborations between private sector entities and agricultural producers can drive the development of sustainable practices, empower local communities, and ultimately strengthen the overall agricultural economy in the region.



Medium-Term Prospects

The medium-term prospects for Afghanistan's agriculture market are shaped by **both opportunities and challenges**. While there is potential for growth through improved agricultural practices and investments, constraints such as limited access to resources, climate impacts, and infrastructural deficiencies must be addressed. Strategic initiatives aimed at enhancing productivity and sustainability will be crucial for navigating these complexities and ensuring food security in the region.



Key Findings



The **comprehensive analysis** of Afghanistan's agriculture market underscores critical challenges and opportunities. Key findings indicate that climate change has significantly impacted crop production, particularly wheat. However, there is potential for growth in high-value crops. Strategic initiatives, including climate-smart agriculture and private sector integration, are essential to enhance resilience and improve food security. Continued focus on trade dynamics will shape future market access.

Contact Us

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