Research boards to be set up in all provinces

The Pakistan Agriculture Research Council (Parc), chaired by National Food Security and Research Secretary Sirat Asghar was attended by different stakeholders. It was decided that the Ministry of National Food Security and Research will establish agriculture research and development boards in all provinces in a bid to give a push to research and innovation in the agricultural sector.

The research boards will be part of the Agricultural Innovation Programme, an initiative funded by the US Agency for International Development (USAID) and managed by the International Maize and Wheat Improvement Programme in partnership with Parc and other stakeholders.

The purpose of the innovation programme is to increase crop productivity and the production value of livestock, horticultural and cereal crops, resulting in an increase in the income of Pakistan's farmers.

International centres like the International Livestock Research Institute, International Rice Research Institute, Asian Vegetable Research and Development Centre and University of California, Davis are working as partners to support the agricultural research community in achieving the goals of the programme.

The research boards will support expansion of provincial linkages to national, regional and international communities through a mechanism of coordination. They will play a growing role in the administration of competitive grants.

National Food Security and Research Secretary Sirat Asghar commented that the innovation programme will be playing an important role in strengthening agricultural research.

Need for a national policy for combating pests

The Agriculture University, Faisalabad, has taken up the initiative of preparing a national policy on pests. Due to the European Union banning citrus imports from India and putting Pakistan

on the warning list because of the fruit fly problem.

As the fruit fly does not have one-time and on-site solutions, it rather requires an integrated and geographical solution because its host plants grow almost in all four seasons and it affects almost entire range of perishable fruits and vegetables from mango to citrus to guava to gourd. With such a wide range of host plants, spread across the country and seasons, the problem can only be dealt with an integrated policy covering the entire areas round the year. This reality could provide the starting point for such a policy.

On the next level, the policy must cover two aspects; killing the pest at source and risk management strategy throughout the supply and export chain. For killing the pest at source, building human resource at the plant protection departments and provincial extension services is the core issue. Unfortunately, both have been weakest point in the production system.It can also introduce specialized extension service for horticultural products. Pakistan has so far has limited its agricultural extension service, to four main crops cotton, cane, rice and wheat. Even that service leaves much to be desired. Thus the system needs to be built upon a new concept. Once in place, controlling the pest at farms must be their responsibility. Linking the farms to exporters could also help as they could also take part of the responsibility. All farms, which supply fruit to exporters, can be monitored against these plants regularly.

The international community has demonstrated that over 80% of fruit fly losses could be controlled through better management practices. Normally, the farmers and exporters should have learnt to control this, albeit ferocious, pest, at least the progressive and bigger ones.

The exporters, with proper paraphernalia of the treatment plants and trained staff and packaging teams, should be allowed to export fruits. If the exporters want to make money, they must invest in the first place. They should be given full standard operating procedures from farm to treatment to exports with each stage requiring specific measures to deal with the pest.

Is Pakistan shifting from Canola to Soyabeans?

Trade circles are describing Pakistan's purchase of about 50,000 tons of soybeans from the United States for February as a move away from canola (rapeseed) for reasons of better profit margins and larger meal yield.

The transactions seen unusual of the commodity in terms of size is expected to also meet some of the country's growing demand for soya meal for animal feed. So far, the country has met meal requirements mostly from large imports from India.

Pakistani importers have purchased about 40,000 tons of soya meal from the US which are due to arrive any time, and are negotiating for more US supplies for January/February 2015 shipment. In a sense, it is a shift towards the American soya beans.

The country imports canola from Canada and Australia. In March, Pakistani importers have bought about 60,000 tons of rapeseed/canola from Australia. Since the higher meal yields of soya beans make their imports more attractive, traders expect Pakistan to buy 300,000 tons of soya beans in 2015. Pakistan's soya bean oil imports, already low, will be further reduced if more beans are imported. Currently, the US provides small quantities of soya bean oil to Pakistan in the form of food aid.

Although the government is laying more emphasis on the use of soya bean as an oilseed as well as edible oil, it is also planning to launch an action plan for increasing production of canola oilseed. It is proposed that canola should at least meet one third of the oil seed needs. But the problem is that its area under cultivation is constantly in decline due to farmers' shift to wheat crop because of government's better wheat support price.

Pakistan's soya meal requirements are on the rise owing to expansion in the poultry, dairy and livestock, and aquaculture sectors. The poultry meat production is increasing at a pace of more than 10% per annum. The layer industry is also developing rapidly and has become a relatively cheap source of protein. During 2013-14, about 160,000 tons of soya meal was imported from Argentina rather than India mainly due to latter's high prices and bad quality.

Pakistan's 2014-15 imports of soya meal at a record 800,000 tons, 23% higher from last year's 650,000 tons. During this period Pakistan is likely to import 350,000 tons of soya meal from Argentina which is more than double the quantity that was imported in the preceding year.

Food exports to Central Asia

As Russia is decreasing its food exports to increase food stocks at a time due to the global oil price plunge which has hit its economy and paled its currency, it provides Pakistan a chance to boost food exports to the Central Asian nations,

Falling global oil prices have weakened forex inflows of the Central Asian states that depend heavily on oil revenues. But this has happened at a time when overall imports of four of them, Azerbaijan, Kazakhstan, Kyrgyzstan and Tajikistan have been rising. This also should support Islamabad's efforts to export more food items there.

previously, Pakistan's exports to Central Asia has remained very low, and despite greater interaction with them in last five years or so, our export earnings from there in FY14 stood at just $55m or less than 0.25% of total exports.

TDAP officials say this can be raised to 1% of total exports or even $250m plus within 1-2 years if our exporters tap huge potential for food exports including wheat, rice, sugar, maize, fruits and vegetables, seafood oilseeds, spices and pulses etc.

Exporters and TDAP officials say food exports to Central Asia could be raised replicating at least three workable models. One is finding ways to boost export of one big-ticket item, they add, citing example FY14's $20.5m exports to Azerbaijan, nine times higher than $2.25m in FY13. Another possibility is sustaining exports of a selected food item consistently like it did in Tajikistan where it exported sugar worth $9m and $8m in FY13 and FY14 respectively. Example of a third model can be found in our maiden exports of potatoes worth $0.5m to Uzbekistan in FY14. This shows the significance of tapping the actual market demand as and when it arises.

Disputed Sugarcane support price

Sugarcane growers in Sindh are complaining that their crop is also being purchased at a rate that is less than last year's. Also they are being denied the officially notified price.

The cane-crushing season is heading towards its end, but the sugar mills are mostly adamant that they will not pay the support price of Rs182 per 40kg. Growers are finding it difficult to manage the sowing of their Rabi crops in the absence of the necessary cash flow. This crop is, by and large, being purchased at Rs155 per 40kg, and not at Rs182.

The provincial chapter of the Pakistan Sugar Mills Association (PSMA) had taken the cane price issue to the high court to deny cane producers the price fixed by the government. The price was fixed as late as in October, a time when sugar factories were required to start crushing under the Sugar Factories Control Act 1950.

Growers are worried that though Sindh High Court's had dismissed the sugar mills plea challenging the support price, they would still not be able to get any advantage of it due to market manipulations by factory owners. The manipulation, according to farmers, is that cane producers barring influential landholders

are not allowed to directly sell their crop to the mills. Their crop is purchased in the name of someone who is directly or indirectly connected with the mills.

According to Nabi Bux Sathio, general secretary of the Sindh Chamber of Agriculture, Around 80-90% of cane is bought by the mills through middlemen or someone who is not the actual grower to prevent farmers from going into litigation to claim the official cane price.

The mills issue certain codes or documentation number to a cane producer which proves that a certain quantity of cane has been purchased from that person at a certain price. The farmer, otherwise, is free to sell his produce to anyone he likes, or lodge a complaint against the mill, explained Sathio. Since small growers cannot afford litigation, they are selling cane at Rs155.

Farmers fail to understand that as to how this Rs155 price has now become justified or affordable from the millers' point of view. They paid us Rs172 in 2013-14 after differing with the government's rate of Rs180.

Sindh has 37 sugar mills, but some are not crushing cane and have stayed closed for various reasons, including payment of liabilities.

The government has given a huge subsidy of Rs10 per kg on export of sugar to millers, up from the historical range of Rs1.50-2 per kg. And yet, the farmers are still at the losing end.

Meanwhile, the PSMA has appealed to the Sindh Government to refix the sugar cane price at Rs155 per 40kg.

Wheat per acre yield declines, rice's increases

The country's main crop wheat has shown a declining trend in per acre yield during the last four years.The State Bank's latest Statistical Bulletin issued on Monday showed the per acre yield achieved in 2010 could not be achieved again in the next three years.

The per acre yield of wheat in 2010-11 was 2,933kg while in 2013-14 it dropped to 2,797kg per acre.

However, the area for cultivation of wheat increased during the last four years from 8.901 million acres in 2010-11 to 9.039m acres in 2013-14.

Wheat is the biggest crop and the staple food for many millions but neither the government nor the private sector seems to have made significant efforts to improve the low yield.

The State Bank has set Rs500 billion target for the agriculture loans for 2014-15. The banks disbursed Rs98bn during first quarter (July-Sept) of this fiscal year compared to Rs70.8bn doled out in the corresponding period last year, showing a growth of 38%.

While yield for wheat dropped, other major crops showed improvement during the same period.

The rice per acre yield was much higher than the three years earlier. It went up to 2,437kg in 2013-14 from 2,039kg in 2010-11, a 20% increase.

The massive production has created a rice glut in the local market as the exporters could not benefit from high yielding rice crop.

Farmers oppose duty-free imports from India

Pakistani farmers are have been against opposing the increased duty-free imports of agricultural commodities from India. Pakistan had opened the Wagha border for the import of 137 items way back in March 2012. This has now become a problem for domestic farmers.

Last year, vegetables and other small items worth Rs26bn were imported. This year, the first six months' bill is Rs16bn. Pakistani farmers think, with a measure of justification, that Indian farmers are being facilitated at their cost, and have got together to resist the process.

The main concerns of farmers are that they demand a level playing field for Pakistani and Indian farmers. On the other hand, they think that SRO on duty-free imports was tantamount to informally granting India the status of Most Favored Nation (MFN) which implicitly grants India transit trade facility, which Pakistan has been vowing to resist.

Local farmers claim that Indian agricultural subsidy is well over $100bn, while all farm inputs in Pakistan are taxed heavily. This creates uneven playing field. Successive governments in Pakistan have also resisted pressure from diplomatic and international financial institutions (IFI) to completely open the borders.

The government opened borders in particular circumstances to facilitate a few items, which were in short supply in those days and were seeing local prices skyrocketing. Since crop harvesting is almost a quarterly phenomenon, sticking to one policy through statutory orders hardly makes sense. The farmers need to be heard on this point.

Pakistan needs to look into the matter if this Wagha border facility, which was meant to keep prices of perishable items down in Pakistan, is being used to trade beyond Pakistan market. It may not be Indian traders but Pakistanis might be acting as the transit facilitator or Afghans might be purchasing from Pakistani market and taking the vegetables home and beyond. Otherwise, how Pakistanis could consume Rs15bn worth tomatoes in a short season or Rs14bn beans in first six months of the current fiscal year.

Investigations need to be conducted because pest would also be traded along with these perishables. The quarantine facilities on Pakistani side are almost non-existent at Wagha border. All these commodities are moving through the borders almost unchecked. Farmers from the border areas of Shakarghar have been complaining pest attacks Pakistan on wheat crop for the last few years.

Seeking a niche in the halal market

Pakistan is on the verge of becoming one of the active players in the global meat trade, at least in the Middle East and Southeast Asia. But its halal sector is still under-performing.

The sector is slowly striving to create a niche for it in the highly competitive global market which according to the Dubai Chamber of Commerce says could be worth up to $1.6trn by 2018.

According to Pakistan Bureau of Statistics, the country's halal meat exports rose to $230.2m during FY14, showing a 9% increase, compared to $211.1m in FY13, and following promotional steps taken by the government, including a ban on commercial export of live animals.

About 80% of Pakistan's meat exports go to the Middle East and Gulf countries, major destinations being Saudi Arabia and the UAE. The other potential markets for Pakistani meat are the Asia-Pacific region, North-Africa and the Far East.

In regions like Australia, Europe, and North America, the halal market is steadily growing with the Muslim population there but is highly competitive because of high concerns for food quality and safety.

Pakistan ranks 22nd in the world in the export of halal meat. However, more than half of Pakistan's meat exports consist of beef. Today, Pakistan is the 9th largest producer and consumer of beef. According to a recent report, an average Pakistani consumes three times more meat than an Indian.

Many non-Muslims have also developed likeness for this food in the west. The religious obligation that Muslims must consume only halal food, drink and medicine has stimulated the demand and created a market for halal products across the world which ensures a captive market for halal meat and products. Leading retail outlets like Wal-Mart, Tesco, McDonald's, KFC and Nestle have added halal food to their line of products.

Veggies' production going down

Domestic prices of vegetables continue to rise and, now export volumes have also started falling due to production of many vegetables and condiments recording a modest decline.

Except for potatoes and tomatoes, the cultivated area under most veggies has remained static or fallen in last five years, or in some cases, the per-hectare yield has gone down.

Overall output of Kharif veggies in 2013 fell to 917,000 tons from 1.1m tons in 2009, showing a decline of about 20%. Individually, production of such widely used veggies like lady finger, squash, bottle gourds, arum, beans and field vetch slumped.

Production of tomatoes grown in winter also fell from 178,000 tons in 2009 to less than 143,000 tons in 2013. But a substantial rise in output of tomatoes grown in summer from 383,000 tons to 431,000 tons during this period resulted in a net increase in cumulative production of tomatoes.

Some Rabi vegetables including carrot, cauliflower and beans also witnessed declining production between 2009 and 2013 whereas output of radish, turnip, spinach and cabbage remained static or grew modestly. A marked exception was potato whose output kept growing in all these five years, rising from 2.9m tons in 2009 to 3.8m tons in 2013.

Cumulative output of all Rabi veggies (minus potato), however, fell from 2.16m tons in 2009 to 2.02m tons in 2013.

Exports of rice going up 3.5% in July – Dec

Data released by Pakistan Bureau of Statistics (PBS) on Thursday showed export of basmati rice rose to 260,481 tons ($302.265m), from 269,272 tons ($294.517m) in the same period last year.

Rice exports witnessed a growth of 3.46% during the first half of this fiscal year. Around 1,781,401 tons of rice ($976.784 million) were exported during July-Dec period of 2014-15 as against 1,709,883 tons ($944.077m) in the same period last year.

Export of other rice varieties also increased to 1,520,920 tons ($674.519m) during the period under review, from 1,440,611 tons ($649.560m) in the corresponding period last year.

Threat to poultry industry

The KP government has recently banned on exports of poultry products to Afghanistan. The poultry industry fears if the ban is not lifted immediately, India and other countries will capture the huge Afghan market for poultry products making Pakistan's reentry difficult.

The Pakistan Poultry Association has sought intervention of the federal government and reminded the authorities that the KP ban violates the Supreme Court order that had allowed poultry exports to Kabul, setting aside a previous order of the Peshawar High Court.

As farmers says that regardless of the legal aspects, the ban will not help stabilize prices in KP. Instead, it may lead to closure of businesses, resulting in poultry supply shortages and consequent rise in prices, upsetting the entire Rs700bn plus poultry industry in the country.

Pakistan has been providing transit route to India, Brazil and the US for shipment of food, eggs and poultry products to Afghanistan. Poultry farmers of these countries can fill in the gap created by the absence of Pakistan's poultry products in the Afghan market.

Afghanistan is a big market for Pakistan's poultry and poultry products' exports of about $4.2m, accounting for one-fourth of the total export earnings.

The poultry sector, devastated by the super floods of 2010, had quickly bounced back with some investment made in establishment of poultry sheds, in-house power supply and breeding technology. Since then, this sector has been growing at around 8%to10% despite occasional hiccups like withdrawal of tax exemption on poultry feed and preferential treatment to poultry meat imports for foreign fast food chains.

The provinces particularly KP need extra care in making any move to try to regulate prices of poultry products without first addressing the issue of smuggling. The same is true in case of live domestic animals whose smuggling via KP and Baluchistan to Afghanistan and Iran continue to harm meat and dairy sectors.