

Pulses output down, imports up

The import of pulses is increasing due to a decline in domestic output for lack of serious efforts for sustainable growth in production. Pulses are unable to compete with the preferred cultivation of major crops that offer relatively better returns.

Imports increased by 43% to 308,000 tons during July-December 2014, from 215,000 tons in July-December 2013.

While the domestic output fluctuated from year to year, the overall pulses' imports fell from 672,000 tons in FY12 to 473,000 tons in FY13 owing to large domestic production of major pulses crop black gram and chickpeas. But in FY14, imports rose again to 506,000 tons because of a slump in production of all kinds of pulses.

Officials of the Ministry of National Food Security and Research say that black gram and chickpeas claim the biggest share in overall output of pulses, followed by Moong, Mash and Masoor. Pakistan produces below 1 million tons of all pulses that are cultivated on less than 5% of the country's cropped area.

As they mention further by the production of black gram and chickpeas fell by 37% from 751,000 tons in FY13 to 475,000 tons in FY14, while the output of Moong, Mash and Masoor remained almost unchanged at 110,000 tons. That is why FY15 began with higher imports of pulses. It expects that pulses' production

in FY15 to be higher than in FY14 and the imports in FY16 should decline.

If the target is met, the aggregate output of all pulses should range between 850,000-870,000 tons because combined production of three other main pulses would be around 130,000-150,000 tons. But even in that case, a little quantity of Masoor and Mash will have to be imported because, according to field reports, production of these two pulses will fall short of domestic requirements.

Pulses' production remain unpredictable primarily because crops of leguminous vegetables (or pulses) are grown over marginal lands attached to main farmland and around key crops' farms.

The biggest obstacle in raising output is research on how per-hectare yield can be increased and how high-yielding varieties can be strengthened and protected against diseases and pest attacks.

As the PARC officials say that, traditionally, farmers kept a part of their harvested grains of pulses for using as seeds for the next crop. The seed stocks sometimes lose their hygienic strength and there is no scientifically tested storage facility.

This practice is more damaging in case of newly-developed high-yield varieties that give promised yield only if the seeds' productivity strength doesn't get compromised and only if the seeds are cultivated under the soil conditions similar to those wherein they were initially evolved.



Persisting Cane Crisis

Even after three months the crushing of cane, which must start on October 1 under law, has yet to formally begin because of an unresolved dispute over the support price between mill owners and growers.

However, things now appear to be moving in a new direction in the wake of the Sindh government's offer to re-fix the price. Earlier, the official machinery had failed to bring about an amicable settlement between mill owners and growers owing to the industry's uncompromising attitude.

Sindh's advocate general had said the provincial government was ready to revise the price of sugarcane to Rs168-170 from Rs 182 per 40kg if it was acceptable to both millers and growers. This offer can be adjusted to make it acceptable to the two warring sides.

The millers, who are more keen to export sugar than sell it for cheap to the common man, complain that the minimum price of sugarcane has been fixed at a higher rate every subsequent crushing season for the past several years, but the price of refined sugar has decreased both internationally and domestically and remains unregulated.

It is interesting to note that farmers in Punjab and KP have had no such issue and are being paid the officially fixed procurement price of Rs 180 per 40 kg by the sugar mills, and the crushing of cane



is proceeding steadily. It is difficult to understand why mill owners in Sindh alone are behaving differently.

The government has estimated sugarcane production at 64.74m tons on an area of 1.13m hectares in the 2014-15 fiscal year. According to the industry, sugar production will clock in at 5.7m tons, against 5.5m tons a year earlier. Local sugar consumption stands at around 4.7m tons. Sugar crushers intentionally delay the crushing to increase their production.

Declining exports of basmati rice

The domestic market is overwhelmed with a basmati rice shortage. the government is stuck with bigger issues of national economy and security and is unable to help stabilize the rice trade; and the prices are sliding.

The basmati variety is currently being traded at around Rs3,000 per maund, against Rs4,500 last year. More importantly, the quantum of trade is low. With production at the same level and exports moving back over the last four years, the country now is estimated to have around 1m tons of stock though the actual figures is not known as the stocks are spread over the entire supply and trade chains.

Firstly, till 2011, exports were over 1m tons and domestic stocks were emptied each year. From then onwards, exports started dropping for a number of reasons that have been pointed out in the media. In 2012, foreign sales dropped to 968,941 tons. Next year, they went down to 630,035 tons, leaving a domestic glut of around 350,000 tons. Last year, they sustained the trend and touched 733,860 tons, adding over 250,000 tons to the glut.

Till last season, the country was holding a carry-over of 600,000 tons. This season might add at least another 400,000 tons, taking the total tally beyond 1m tons. Similarly, the price has gone down by 33% from last year.

The exporters don't have the capacity, to clear such a huge stock. They used to export over 1m tons but then lost a major portion of it to Indian competitors. Currently, their exporting capacity is down to 600,000 tons, which itself now seems to be an impossible task given the international scenario.





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Luckily, the region has some big buyers like Saudi Arabia, Iran and Iraq all of whom import just under 1m tons of rice each year, mostly from India. This shows that the market is there, if Pakistan can somehow capture it.

The ministries of food security and research, finance and commerce need to put their heads together and see how the local glut can be cleared through bilateral or even barter agreements.

The basmati variety that fetches almost three times higher price as compared to other coarse varieties is too important to be left to lesser players. Even in the current recession, basmati is being traded in the international market at \$900-1,000 per ton, against \$300-350 per ton for coarse varieties.

Growing Agribusiness

Rural entrepreneurs are also taking advantage of new opportunities with the establishment of new industrial units related to agriculture. But the full potential of agribusinesses cannot be exploited in the absence of a broader framework of rural industrialization.

Officials of Ministry of National Food Security and Research say they plan to make a full assessment of the economic impact of growth in agribusiness in recent years adding that, as a first step, the ministry, with the help of the provincial governments, would conduct a country wide survey for this purpose.

In last four years, between FY10 and FY14, the SECP registered 246 food and beverages companies, 40 vanaspati or vanaspati related companies and 17 sugar and ancillary firms. Many of them have become operational, fuelling growth of agribusinesses within their supply and value chain.

Besides, registration of 309 power generating companies and their subsequent activation has encouraged agribusinesses. After meeting electricity requirements of the parent industries, these plants sell surplus output to local power distribution companies. "This kind of power supply buildup has encouraged setting up of new agribusinesses, particularly in Punjab and in rural Sindh," says an official of the Board of Investment of Sindh.

Some of the agro-based industries that have flourished during past few years include small wheat and maize flour mills, rice husking and parboil rice mills, cotton ginneries, cotton waste management companies, oil cakes and oilseeds companies, small solvent extractors, food canners and packagers, corrugated paper makers, manufacturers of tin and plastic cans, barrels and tanks used in grain storage.

At First the large industries like cotton ginning, rice and wheat milling, food processing companies and big dairy and poultry farms. Secondly small and medium-sized businesses that cater to the needs of these industries or provide farm inputs or services, on a small scale, to crop growers or cattle breeders. Besides, a lot of ancillary businesses whose products or services are required in agricultural value-addition can also be categorized in this class.

An industry source says that, however, the private sector continues to make modest investment in agribusiness. In Sindh and Punjab, hundreds of environmentally controlled poultry sheds have been set up, each with a minimum capacity of breeding 30,000 birds.

In Sindh, the Asian Development Bank has supported creation of farmer enterprise groups made up of around 300 farmers who have established in Kunri some solar chili drier units wherein chilies



are dried within three working days instead of 7-8 days required for drying in the open air. Farmer enterprise groups were also formed, with the technical and financial support of the USAID's Agribusiness Project, in Islamabad, to introduce tunnel farming for vegetables.

Sindh's wheat export target

The Sindh government is on the edge to start exporting its last year's wheat stock and empty its grain storages ahead of the procurement of the new crop.

The federal government has allowed the export of 1.2m tons of wheat, promising a rebate of \$45 per ton. Sindh has around 0.95m tons of the crop, with harvesting less than two months away.

The provincial government has written to the federal government to get the rebate payment for the first tranche of 100,000 tons to be sold to exporters. If the federal government decides to give the rebate directly to exporters, it may



discourage exports because of the cumbersome procedures involved, Sindh government officials say.

With no duty, around 700,000 tons of cheap wheat was imported from Ukraine between July and November. By the time the 20% duty was imposed at Sindh's insistence, the bulk of the imports had already arrived in Karachi.

The Sindh food department spends close to Rs40bn on procurement of wheat, inclusive of transportation and carrying cost. Total borrowing last year, including liabilities of around Rs18 bn, stood at Rs58bn, according to a provincial food officer.

The promised rebate is expected to be given to exporters on submission of export documents. An exporter would get the Rs4,500 (\$45) per ton rebate for exporting wheat whose likely cost is Rs32,000. The Sindh government is seeking payment in advance to facilitate quick disposal of the stock.

However, there have been reports that the government is likely to increase the rebate by \$5 per ton on the export of 1.2m tons of surplus wheat, as the rebate of \$55 per ton for Punjab and \$45 per ton for Sindh has been termed insufficient to attract international buyers.

A food department officer says 300,000 tons of wheat is likely to be exported to the UK after the finalization of a pending deal with the Sindh government. Besides, the ECC has allowed 400,000 tons of carryover stock.

Focus on feedlot fattening

Pakistan's meat industry remains underutilized as the calves are not provided quality feed, particularly by subsistence farmers, leading to low quality production of beef. The exporters are unable to fully capitalize on the advantages of the Halal meat industry due to limitations of indigenous beef breeds and lack of corporate farming. The US Agency for International Development (USAID) in collaboration with Punjab Halal Development Agency (PHDA) and attended by representatives of leading banks, farmers, fattening experts, senior officials and meat exporters on January 29 was that increased investment in feedlot fattening can help raise calves for quality beef production. The global Halal food industry is approximately \$3trn.

It is required to transform the country's fodder industry, which still employs primitive methods of animal feed, to a modern-era industry. It was for this purpose that investment proposals were discussed at the seminar to help potential investors and existing farmers in pursuing feedlot fattening projects. Deputy Governor, Islamic Banking Department, State Bank of Pakistan Dr Saeed Ahmed held out an assurance at the seminar that Islamic financing from commercial banks will help farmers purchase calves and bear rearing expenses on high quality feed to the animals.

The State Bank of Pakistan will play a significant role in working with the Islamic commercial banks to develop feasible financing schemes.



The USAID's Punjab Enabling Environment Project is providing support to the livestock, dairy and horticulture sectors of the province. It is a five-year, \$14.98m project, aimed at improving the business environment and bringing about policy and regulatory reforms to attract investment in the target sub-sectors.

The productivity of livestock in the country, despite their known genetic potential, continues to remain low. This may be attributed to malnutrition of the animals. Green fodders are not available in sufficient quantities especially in extreme hot months (June-July) and during cold seasons (December-January) and most of the animals are under-fed. Straws of the cereals and other by products are commonly used to overcome feed shortages.

The farmers face problems like growing pressure of the human population,

decreasing area under fodder crops, shortage of irrigation water, less and erratic rainfalls, barren rangelands, low priorities to fodder production and preservation. It seems that the shortage of feeds and fodders will worsen in the years to come.

At present, the area under fodder production is about 3.35m hectares out of a total cropped area of 21.85m hectares in the country, producing more than 60m tons of fodder, according to Economic Survey 2003-04. The meat industry as a whole, from livestock farming to marketing of beef and mutton, remains largely disorganized. Livestock farming is so commercialized and mainly survives under subsistence conditions. Subsistence farmers do not have the funds to make the right kind of investment. Thus, methods are primitive and hardly any of the modern feed management practices are followed. Despite abundant production, there is always a shortage of fodder between seasons. This shortage is met by wheat straw which has no nutritional value. Quality feed concentrates from existing by-products are not used efficiently.

Fruit exports up despite low output

Owing to a decline in the area under cultivation, lack of required investment in orchard management, and failure to contain much of post-harvest losses the overall production of fruits has been falling for some years.



However, export of fruits, continue to rise thanks to market diversification, investment by some export houses in fruit processing and value-addition, and growing use of web-based marketing.

The fruits whose output has declined include mango, banana, pomegranate, guava, date, apricot, peach, pear, plum, loquat, chiku, coconut, cherry, papaya, persimmon, melons and watermelons.

Production of citrus fruits, too, remains static around 2m tons for the period under review. But growers say output of citrus fruits rose past 3m tons in FY14 due to better orchard-care and lesser post-harvest losses.

Many citrus fruit growers and processors have contained such losses at 15% or less, down from 20-25% a few years ago due to some investment made in fruit picking, storage, transportation and grading. The bulk of this investment has been made by the private fruit processing and export companies or traditional investors who buy full crop of selected orchards in advance, either on behalf of exporters or on their own.

An official of Pakistan Horticulture Development Board say the area under cultivation of fruits has shrunk in favor of major crops i.e. wheat, rice, cotton, maize and sugarcane because these crops yield higher incomes. The total area under cultivation of all fruits has contracted from about 856,000 hectares in FY09 to a little less than 820,000 hectares.

Officials of provincial agriculture departments of Sindh and Punjab say the area under citrus fruits, apple and apricot has shrunk in favor of wheat maize. But the areas cleared off banana plantations, mostly in Sindh, have been used for growing rice, cotton or sugarcane.

As growers say that, a frequent increase in support prices of staple food crops between 2009-2013 has encouraged a number of fruit growers to switch over to these crops.

An equally important factor in fruit production is boosting the yield of fruits per tree and that requires development of high-yield varieties in the first place. Growers say they have planted new varieties of citrus fruits, including seedless

kinnow, which have been evolved in the last few years. But growers, who use these varieties, are not offered constant technical help from horticulture department to ensure that the new varieties retain high productivity for a long time.

They also point out that for past few years no new high-yield varieties of mango and apple have been developed and some varieties of banana, dates and grapes, which have been evolved, are not being limited to availability of cold storage facilities in and around the clusters of fruit orchards also affects fruits production because it results in high post-harvest losses, estimated up to 40%.

IFAD approves \$35m for livestock project

The International Fund for Agricultural Development (IFAD) approved financing of \$35 million for a 'livestock and access to market' project that will contribute to rural growth and poverty reduction in rural Punjab, enhancing the livelihoods of poor households in the districts of Mianwali, Khushab, Bhakkar and Layyah.

The Punjab government will contribute \$3.40m while beneficiaries will contribute \$1.9m towards the project through in-kind contributions and the financing of 20% cost of infrastructure schemes for collective purposes and 50% of the costs of infrastructure schemes

benefiting individual households.

The loan agreement was signed in Rome by IFAD President Kanayo F. Nwanze and Pakistan's Permanent Representative to the United Nations in Rome, Tehmina Janjua. The loan is on highly concessional terms and repayable in forty years with a grace period of ten years.

The Punjab Livestock and Dairy Development Department will be the lead implementing agency for the project.

The project will address the key constraints that prevent growth in the livestock sector including low overall productivity, high disease and mortality rates among livestock, and farmers' limited access to markets and agro-businesses such as dairies.

The \$40m project will be implemented in 750 villages in the four districts of the western part of Punjab and target three groups of population: the productive poor, the vulnerable poor and women-headed household, benefiting about 112,500 poor households.

The main outcomes expected from the project include increased food security and incomes for targeted households, resulting from increased productivity, production and marketing of livestock products, and lower losses of livestock from reduced morbidity and mortality in the project area.



Food segment outperforms peers in manufacturing

Growing domestic and foreign demand, coupled with efficient e-marketing and backed by bank lending, are fueling the growth of the lucrative food business.

In FY12, when overall growth in large-scale manufacturing was just 1.2%, food sector's output grew by 6.4%. In FY13, the food sector's growth of 9.4% beat overall LSM growth of 4.3% and in FY14 production of food, beverages and tobacco companies expanded 7.16% against aggregate LSM output increase of 3.95%, official statistics show.

Wheat, sugar and rice milling make up the core of food business with rice millers regularly catering to foreign buyers as well, and wheat and sugar millers tapping foreign markets off and on.

Maize being the country's fourth major food crop has huge export potential and in recent years Pakistan has been exporting more of value-added corn products than the mere maize grains.

Although, dairy, meat and seafood sectors' output has been growing on the back of higher domestic demand due to growth of population, urbanization and income levels, annual economic surveys of the last few years reveal. Exports of dairy, meat and fish and fish products, too, have recorded a modest to high growth.

Fusing foreign demand for Pakistani food items has increased exports of fruits and vegetables, pulses, spices, nuts, meat, fish and other seafood, dairy products and hundreds of other items. Dollar earnings of all food items, (minus rice, wheat and sugar), increased from \$1.762bn in FY11 to \$2.023bn in FY12 to \$2.256bn in FY13 before slipping to \$2.167bn in the last fiscal year. Behind the increasing trend in these food items are success stories of dozens of large and thousands of small food companies engaged in production or value-addition of food products.

In FY14, banks net loans to food sector rose to Rs26bn from Rs16bn in FY13. And in the first half of this fiscal year banks' have so far lent Rs15bn to this sector, SBP stats reveal.

First hybrid maize seed launched

The Punjab Seed Corporation (PSC) and the Breeders of Maize and Millet Research Institute on Monday jointly launched first hybrid seed of maize, calling it "a big achievement that will not only help multiply yield, but also check monopoly of multinationals". Another important factor is price that will at least be three times less than that of the imported seed and substantially reduce the production cost of farmers.

He also said implementing Vision 2025 of the chief minister, a large number of projects had been initiated to increase export of agricultural products by adopting value addition technology to meet the world market's requirements, as per standards of the World Trade Organisation.

Agriculture Secretary Rashid Mahmood said the government would soon implement a new seed act to curb seed mafia. It would also implement the amended Breeders Right Act to encourage hi-tech seed evolving initiatives of the Agriculture Research Scientists by paying reasonable royalty along with excellence awards in recognition of their efforts.

He said PSC must organize field day events on harvesting of the hybrid maize seed so that yielding potential of the seed could be shown to general farmers to strengthen their trust in the hi-tech seed evolved by agriculture research experts.

PSC Managing Director Khaqan Baber said: "We are working on a plan to make PSC the most profitable organization."



The PSC required direct area of seed production farms to establish its own research and development base for producing hi-tech seeds by entering into joint ventures with national and international research institutes.

Misuse of fertilizers reduces yield

The United Nation's Food and Agriculture Organization (FAO) is working on a baseline atlas of current soil fertility practices, disaggregated by farm size and cropping systems in Pakistan.

The atlas will guide the management changes for sustainable intensification, said FAO's representative in Pakistan, Patrick Evans during a symposium on 'public-private partnership to manage soil fertility in Pakistan.'

As Mr. Evan elaborated, "The results of the exercise will consequently lead to application of balanced inputs and '4R': Right fertilizer at the Right rate at the Right time in the Right place. There is a need to promote partnership with the private sector, including national fertilizer companies, retailers and wholesalers as well as farmer associations."

A significant yield gap exists in Pakistan, which presents an opportunity for increased production to ensure food security in the country.

Addressing participants of the symposium, Minister for National Food Security and Research, Sikander Hayat Khan Bosan admitted that the inappropriate use of fertilizers has upset the natural balance of nutrients including nitrogen, phosphorous and potassium in the soils.

As he added further that, it has contributed to decline and degradation of crop production and soil fertility.

Mr. Bosan said that the government is working closely with agricultural scientists, international partners and farmers to propagate agriculture research and bring innovations at the doorstep of farmers. This will not only improve the livelihood of vulnerable poor but will be a step towards securing food security in the country. ♦