

Surplus sugar with no good news for farmers again

Just like the previous years the sugar industry will be carrying over surplus waiting for the crushing of sugar cane and yet calling for subsidies on export. The Whole supply chain runs on the free market model which favours the millers more compared to the farmers.

Though the average utilization of sugar mills goes above 60% most of the time but still the farmers do not get their right share. In spite of the fact that their area of cultivation is increasing constantly, they are still treated unfairly.

A policy announced 5 years ago to link the pricing of sugarcane with the crop's yield failed to take ground because the so-called 'efficient' sugar millers got a stay order. Investigations, suomotu notices and even judicial commissions were hopeless in generating any results.

Pakistan maintains its 6-8th position among the world's 10 largest sugar/sugarcane producing, consuming and exporting countries in the world. But it ranks at a low 15 in terms of per-hectare yield, managing only 47 tonnes. The country's sugar yield per hectare is also among the lowest at 3.9 tonnes against leader Columbia's 14.5, India's 7.9 and China's 6.5.

According to Pakistan Sugar Mills Association Chairman Iskandar M Khan, the industry had a carryover stock of 1.1m tonnes until a couple of weeks ago. And production this season was 'officially' estimated at 5.1-5.3m tonnes taking total stocks to 6.4m tonnes against an estimated domestic consumption of 4.8m tonnes.

This meant that there would be a minimum surplus of 1.4m tonnes by the end of the season, said Khan. The government should consider exporting about 500,000 tonnes now, and depending on actual numbers, consider exporting more in March.

But to make the local industry competitive in a bearish global commodity market, the government has to provide about Rs6.5bn in subsidy, which comes to Rs13 per kg of sugar. The government

has kept Rs1.3bn in the budget to subsidize sugar exports.

Khan did not agree that non-payment to farmers was an issue, as the industry had cleared over Rs240bn in payments last season and only Rs3bn (1.2% of the amount) was currently outstanding. Meanwhile, nine defaulting mills have been sealed.

Punjab targets more wheat output with less acreage

In spite of the fact the sowing was 3% low compared to last year, Punjab has still met 78% of its target of 16.5 m acre.

Due to massive wheat surplus, Punjab has not shown much enthusiasm about the sowing target. But it does not want to miss its revised acreage target anyway. The federal government had fixed a target of 17.2m acres for Punjab, but the province spared 700,000 acres for what it calls crop-diversification efforts.

Punjab is also taking liberty with federal targets for a number of reasons. One reason is the impact of the agricultural subsidy package, which includes support for DAP fertilizer and certified-seed distribution. Other major reasons include favourable weather and the level of current stocks.

Wheat which is an easy crop that still gets relatively better yields and pays reasonably well, is expected to attract more investment.

Apart from that, the weather has also stayed ideal for seed germination. Temperatures in the province are ranging between 15 degrees Celsius to the high 20 degrees, generating hopes for better germination of the crop.

Milk production to be increased through genetics

The major part of the milk production in Pakistan which is 61.6% is covered by buffaloes. Its population of 35.6m heads is generally owned by small landless farmers, each possessing 2-3 animals only. They include the best dairy breeds Nili Ravi and Kundi.

The national milk production is not adequate to meet the domestic needs (particularly in the summer), and the country has to import dry milk and related products in spite of the fact that it is among the top five milk producing countries.

Therefore the time seems right to improve the genetic potential of existing dairy animals in order to meet domestic milk demands.

Artificial insemination (AI) is the most viable, economical reproductive technology available for rapid genetic improvement to enhance reproductive as well as the productive potential of dairy animals through cryo-preserved/frozen semen.

Keeping in view the problems in buffalo semen cryopreservation, a PhD study titled 'Effect of Trehalose and L-Cysteine on post thaw semen quality, antioxidant enzymes activity and fertility in Nili Ravi buffalo bulls' was recently conducted by the University of Veterinary and Animal Sciences, Lahore.

This was the first research conducted on the Nili Ravi buffaloes to analyse the profile and fertility of antioxidant enzymes. The results of the study prove that with the addition of antioxidants in semen extender significantly enhanced fertility rates (61%) as compared to the semen being supplied in the field through the public sector (43%).



Basmati trade hits its lows in the export market

Small farmers dealing in basmati rice has been badly affected by the decrease in basmati rice exports.

The causes of this decrease are difficult to understand, and both national and provincial governments are facing criticism for their failure to act.

Pakistan's basmati rice exports have declined by 40% in the past four years, from 1.1m tonnes in 2011 to 676,630 tonnes in 2015, according to the Rice Exporters Association of Pakistan (Reap).

Consequently, the domestic market has been overwhelmed by an unmanageable glut, with an accumulated surplus of 1m tonnes.

This has decreased the domestic prices by 50%, from Rs4,500/maund (40kg) in 2012 to Rs2,200/maund in 2015. If the surplus is not reduced, there are fears of a further collapse in domestic prices.

In previous years, the government gave the task of removing the glut from the domestic market to the Pakistan Agriculture Storage and Supplies Corporation and the Trading Corporation of Pakistan. But neither organization now seems to be fulfilling this role, and the federal government has been accused of neglecting its duty to regulate the market.

Low value-addition keeping red meat exports below potential

In spite of being a major part of export for Pakistan the live stock industry has been neglecting the standard, quality or value-addition and is thus performing much below their potential.

This was highlighted by stakeholders of the red-meat industry who had gathered at the University of Veterinary and Animal Sciences earlier this month.

With almost 90% of the country's red meat going to the Gulf, Pakistan's exports are still hovering around 25,000 tonnes in a global trade of 9.9m tonnes, which is poised to touch 11.9m tonnes by 2022 according to the Food and Agriculture



Organisation's (FAO) estimates. The pattern of Pakistan's chilled red meat exports defines low value addition: around 88% of them go in the shape of carcasses to the low-end (ethnic) market in the Gulf countries. Only 8.2% of them comprise bone-in cuts and 0.7% boneless cuts (where some kind of value-addition is involved).

Meanwhile, exports of frozen red meat are almost negligible. On the other hand, China, with its massive population and expected growth of 6.6% and its high preference for pork, is still projected to keep consuming 22% of the global red meat market.

Despite such low numbers, the exporters think they have hit the limits. Given the individual players' limited knowledge of the global corporate environment, only the government can help the industry from this point. It can develop and enforce domestic standards and help the industry align its production lines to international demands and sensitivities.

If the government does that, Pakistan has the potential to quickly multiply its current export value of \$251m to over \$1bn.

Pakistan, with a cattle population of 39.7m that is growing 3.65% a year, has an enormous supply pool that can satiate export demand. For instance, at 34.6m, the country's herd of buffaloes is growing at a rate of 2.65%.

Currently, Pakistan is wasting this huge resource by slaughtering calves,

which hardly weigh 60-70kg, against their total potential of 500kg.

Kinno export target cut to 0.2m tonnes

Due to unfavorable weather conditions causing losses in production Kinno export target has been cut down to 200,000 tonnes from 350,000 tonnes last year

Pakistan Fruit and Vegetable Exporters, Importers and Merchants Association (PFVA) Chairman Waheed Ahmed said kinno exports got under way from Dec 1, 2015 but quantities were the lowest in years.

He further added that "Unfortunately climate change has become another challenge for growers, exporters and government institutions and to save the kinno industry, research and development at every level is direly needed, he observed. He said kinno export would largely depend on traditional markets including Russia, UAE, Philippines, Indonesia, Bangladesh, Sri Lanka, Hong Kong, Singapore and Canada.

Kinno exports to Iran slumped to 1,000 tonnes from 70,000 tonnes due to heavy import duty and reluctance in issuing permits by Tehran.

Mr. Waheed further added, Pakistani banks were not issuing E-form.

He said exporters were also exploring lucrative market of Thailand which is already importing citrus worth \$145 million from China, Taiwan, Australia South Korea and others.

Climate changes hit honey production

The rise in temperature and unseasonal rains have been termed as the major causes of destruction of honeybees and reduction in honey production by the Environmental and beekeeping experts. DrMehmood Khalid Qamar, a PhD in forests, said that the main reason for the decline of natural honey production was rapid deforestation in KP and upper Punjab areas.

While deforestation might have reduced honey production, the unseasonal rains in recent years had destroyed it, he said. The Pallas valley in Khyber Pakhtunkhwa's Kohistan district is home to the bees. The honey harvested by the locals provides livelihood for the community.

According to Dr Rashid Hussain, Senior Scientific officer at the National Agriculture Research Centre's Honeybee Research Institute, the rains have destroyed the flower blossoms from which the bees collected nectar to make honey. He further told that that the Pakistani honey was special because it was made of nectar from flowers of berry trees which were grown in abundance in the Potohar region. These trees can be seen on the boundary of almost every chunk of land in Chakwal, Mianwali, Karak and Bannu districts.

He said researchers had proved that honey made from berry trees had higher medicinal value, but the flowers were being destroyed by unpredicted rains. When September approaches, the bee-



keepers from various areas rush towards the Potohar region and set up their colonies along the roads, he said. Naeem Qasmi, president of the Pakistan Beekeepers Association, said the cutting of berry trees was going on without any check and the business would be badly affected if this was not stopped.

Surplus Potato crop

Prospects look good for the export of potato as their early harvesting begins in Punjab. In spite of differences in opinion between the farmers and government they both agree that this year the production will be in surplus to domestic requirement. The Punjab Govt. needs to find ways of ascertaining the exact size of the potato crop before promoting them for export. The farmers think that the crop's actual size might be a little less than 6m tonnes this year. Meanwhile, the provincial agriculture minister, Dr. Farrukh Javed, has put the figure at 3.9m tonnes almost 33pc less than what the farmers claim.

According to the minister the crop was sown on 400,000 acres, but the farmers, without quoting any figure of their own, dispute the number. "It is simply impossible to produce 6m tonnes out of 400,000 acres, given the crop's low average yield," they claim.

With domestic consumption hovering around 2.3m tonnes and another 500,000 tonnes reserved for meeting seed requirement, the country will definitely have a surplus crop to export. This year, things are normal for the world market. So Pakistan has a better chance when compared to last year's adverse export environment.

Most exporters say they have huge money stuck in the Afghan market as well, where they send potato informally. The traders there also lost money and stopped payments in the process. This needs to be taken care of before the fresh glut starts hitting the market in two weeks. The farmers have produced the crop and the only incentive they need now is prices to stabilize above their cost of production. But the early clues are not encouraging. The prevalent wholesale market price in central Punjab (where bulk of potato is produced) is less than Rs15 per kg.

High cost of subsidy in sugar exports

Due to decline in prices in the international market and abundant sugar stocks' in the country, the Economic Coordination Committee (ECC) of the Cabinet gave permission for sugar export in November 2012. In its meeting on



March 6, 2013 approved an inland freight subsidy of Rs2.1bn at the rate of Rs1.75/kg on 1.2m tonnes and Re1/kg on 0.5m tonnes. Though it was challenged by the National Assembly's standing committee on industries and got its payment stalled, pales in importance when compared with the latest figure of subsidy being paid to them on their current exports. The reason why the standing committee opposed the 2012 subsidy was that it provided 'benefits to sugar millers only and not the farmers'. But there is no share of farmers in the latest subsidy as well.

The ministry of industries and production is reported to have opposed export of such a huge quantity and wanted it to be restricted to 120,000 tonnes, the left-over of the last season. The exportable surplus, it suggested, should be provided to the Utility Stores Corporation at the international market price and the price differential may be taken up by the federal government. But the ECC favoured the demand of Pakistan Sugar Mills Association for export of 500,000 tonnes of the commodity.

The federal government has this time been more sympathetic towards the cane growers by linking the export of sugar with payment of outstanding dues to the farmers up to the last season and having started crushing on full scale.

The commerce ministry has, meanwhile, directed the Trade Development Authority of Pakistan (TDAP) not to release subsidy to sugar mills till completion of the NAB inquiry. Asad Umar, who is actively pursuing the case, was informed by a NAB official during a recent meeting of the committee that the bureau has obtained the record from the ministries concerned and the TDAP and that the inquiry will be completed within one month.

Meanwhile, the government has decided to deregulate the sugarcane prices from the new season this year so that the 'government's involvement and provision of subsidy' is eliminated once and for all.

However, while allowing export of 0.5m tonnes, the ECC also shifted half of the burden of subsidy to the provinces

who will release over Rs3bn to the sugar tycoons. It was in this context that the commerce ministry, in its summary, wanted subsidy on the export of 250,000 tonnes but the ECC ignored the proposal and allowed export of 500,000 tonnes.

Banana growers see a bumper crop

Growers in Sindh look positive for a bumper crop this year because of the weather. A moderately cold season is considered ideal though a drop in mercury below 4°C is harmful for the crop. Imdad Nizamani, a banana grower, anticipates 75% more production on his farm as compared to last season if there is no virus attack or frostbite. He expects 520 maunds of banana from an acre this season against last year's 260 maunds.

An off-season banana crop is now being sold by the growers to get high prices due to limited supplies. The new crop's arrival would be in full swing from August-September onwards. Almost 95% of the country's banana is grown in Sindh. Of the total output of 118,756 tonnes in 2013-14, Sindh's share was 100,787 tonnes. Punjab produced 2,082 tonnes.

Farmers put the banana's cost of production per acre between Rs100,000 to Rs150,000 with required doses of fertilizer, irrigation water cycles and pest man-



agement. But with full market supplies the rate is expected to eventually drop in the range of Rs500-Rs600 per 40kg, say traders. According to Mr. Mir Zafarullah Talpur, who grows banana on 16-acres, "Our crop reaches Punjab, Khyber Pakhtunkhwa, and even traders from Kabul make deals directly at farms in Sindh. Earlier, farmers had raised hue and cry against banana's trade via Wagah border which was closed, but now it finds its way from Kashmir.

Mahmood Nawaz Shah, a grower, says banana is a high value crop that remains in high demand in Central Asian countries and Afghanistan. And in the absence of quarantine regulations the import of panamavirus-hit Indian banana continues without restrictions. That is a serious issue.

Halal food products bill approved by Senate committee

Pakistan Halal Authority Bill, 2015' was approved by the Senate Standing Committee on Science and Technology creating way for the upgradation of food laws in the country. The bill will now be presented in the upper house for approval.

Mr. Saifullah said that all stake holders had given their consent to the bill.

The legislation, already passed by the National Assembly, will now be presented in Senate for approval. According to Afzal Abbas the secretary of Science and Technology Secretary Fazal Abbas Maken informed the committee that the ministry had been had addressed all concerns of stakeholders.

According to him there were possibilities of non-Halal items being used even in sweets and chocolates, and without certification such products could be imported and sold in the market.

The committee members acknowledged that the bill would help increase export of Pakistan's Halal products and said that even India exported certified items having Halal logo. But there is no such obligation on Pakistani exports. ♦