Hybrid rice seeds cause concern among growers

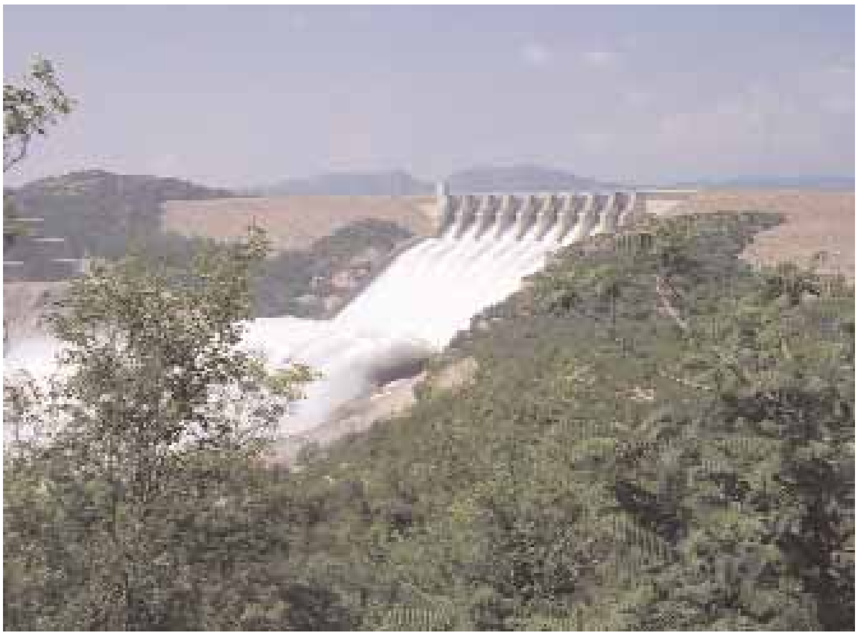
For more than 10 years the farmers are using hybrid seeds in lower Sindh mainly due to low temperatures favoring its cultivation. Hybrid seeds are reported to provide more per acre yield as compared to local coarse seeds. On the other hand, it has been argued that hybrid seeds are of low quality compared to local variety due to which Pakistani rice loses ground in terms of prices in international market. This higher yield of hybrid seed has also led to a decrease in acreage of cotton cultivation in the lower region. The growers prefer rice over cotton. Water shortage during early Kharif affects cotton is another reason since farmers can easily wait for late sowing of hybrid varieties.

Chinese hybrid per acre yield is reported to be around 70 maunds as against 50 to 55 maunds of original seed. However, according to progressive farmers hybrid seed requires a lot of fertilizer and is even gradually becoming vulnerable to pest attack.

The hybrid seeds are also far more expensive and according to growers, 1Kg of hybrid seed is sold for Rs 1,000 and a maund of local seed for Rs 50 per kg. However, while around 18 to 20 kgs of local seed is required for an acre of land compared to only 7 kgs of hybrid seeds needed to cover the same area.

According to Nabi Bux Sathio, General Secretary Sindh Chamber of Agriculture (SCA), "We usually don't have to use a lot of DAP fertiliser and other inputs for the local variety. We do have to use more seed to an acre as compared to hybrid because local seed has some germination problem, but this can be controlled through genetic modification through research.

Rice botanist Gulshan Lal Oad at Dokri Rice Research Institute, Government of Pakistan say that the potential yield of original seed varieties like IR6, DR92 and DR82 is around 75 maunds. While hybrid rice cannot be used as seed from one year to the next, farmers have to buy fresh stock, whereas the local variety can be used as seed again.



Improved irrigation water supply

The Indus River System Authority (IRSA) has estimated a water shortage of 15%. Its advisory committee has approved water availability estimates at 34.22 million acre feet (MAF). IRSA has reportedly managed to store at least 30% more water to provide to farmers for sowing, growing and harvesting Rabi crops.

Moreover, water managers are expecting less or even no shortage of water in early Kharif season (April-May 2014) in case if good amount of rainfall is recorded in winter months. This is attributed to the completion of Mangla Dam's Raising Project, which has resulted in a boost of its storage capacity from 4.5MAF to 7.39MAF. It can now store 2.88MAFof additional water.

Post completion of the dam is expected to add 644 million units of low-cost electricity annually from the existing power house. Additional benefits of the project have been estimated at Rs 18 billion per annum.

Meanwhile, with the Mangla Dam touching record level of around 7.2MAF in mid-September, irrigation water needs of the country are expected to be met without much difficulty. At least, a good crop of wheat looks to be a real possibility in Rabi season provided timely sowing is ensured.

Commodity prices showed an increase

Wheat

Official estimates shows that in 2013-14 wheat crop may not exceed 24 million tonnes, which is slightly higher than 2012-13's crop of 23.3 million tonnes. The main reason is low release of subsidized wheat, rupee depreciation and rising cost of transportation. Dealers confirm arrival of some import consignments, particularly from Russia, adding that the rupee decline had made these imports costlier.

Sugar

The sugar cane crop is estimated to be higher as compared to the last season, the prices of the sweetener remained firm mainly due to central bank's notification for the procedure for export of additional 500,000 tonnes of sugar approved by the government in early September.

Rice

Rice harvesting of coarse variety has just begun in some places in Sindh and Punjab and production of non-Basmati rice is also estimated to be higher than in the last year. The price of coarse rice generally tends to be low in wholesale commodity markets. On the other hand Basmati prices increased as carryover stocks have depleted and arrival of fresh Basmati rice is still a few weeks away.

Oil and eatables import bill declines

According to the data of Pakistan Bureau of Statistics Oil and eatables import bill decreased by 3% in the first quarter of the current fiscal year compared to last year. Import bill of these two products declined to $5.026bn in July-Sept 2013 from $5.192bn.

Pakistan's total import bill reached $11.177bn during the months under review as against $10.852bn, showing a decline of 3.197%.

The import bill of food products witnessed a substantial decline of 11.91% at $1.042bn in July-Sept 2013 as against $1.83bn over the corresponding months last year.

The food items import decline was mainly driven by import of palm oil, soya bean oil and spices. Especially the depreciation of rupee has caused imports become more costly. However, import of sugar witnessed an increase of 27% and tea 4.37% during the months under review.

SAB urges removal of export levy on onions

Abdul Majeed Nizamani, President, Sindh Abadgar Board (SAB), has urged the government to withdraw export duty on onion trade and save onion growers of Sindh. In a letter to the prime minister, he stated that Sindh growers hope to produce 60% of country's total onion at a time, when onion is not being harvested in any part of the region.

He said that a few days back one truck (120 bags of 100 kg onion each) was being sold for Rs 400,000 but following rumours that the federal government is imposing export duty on onions, prices had dropped to Rs 300,000.

New logistics and shipping services to boost perishables exports to UAE

The government has finalized arrangements to launch a new business venture of high-speed vessel service from Karachi to Gulf States for the export of perishable food items including fruits, vegetables and meat.

The decision to launch high-speed vessels was taken following successful talks between UAE ambassador in Pakistan and Senator Kamran Michael.

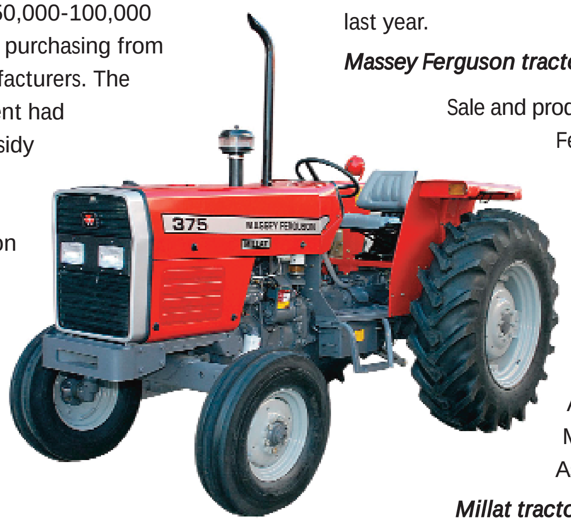
Minister for Ports and Shipping Kamran Michael announced that the high-speed ships will navigate with the speed of 25 to 30 knots from Karachi to Dubai which will result in meat, vegetables and fruits from Pakistan to reach outlets within 30 hours including the time of loading and off-loading.

With this speedy service, fresh meat will now have shelf life of seven days instead of nine days for retail sale. The transportation charges of meat would be drastically cut down to Rs 5 per kilogram from Rs 90 per kg.

Crisis and main challenges in Tractor sector

Tractor manufacturers have slowed down their production owing to continuous decline in sales. As a result, the vendors are troubled due to decreased procurement of parts by the local industry.

Farmers are lifting tractor at Rs 50,000-100,000 instead of purchasing from the manufacturers. The government had given subsidy of Rs 200,000-300,000 on various tractors. The farmers' reluctance can be attributed to high input costs, hike in diesel prices, fertilizers and utility prices. s. Also new orders were also not arriving from flood-hit farmers.



Chairman Papaam Usman Ahmed Malik feared that the crisis will be agrevated, if the government raises sales tax by 5 to 7% from January 2014 from the current figure of 11%.

Fiat tractors

Sale and production of Fiat tractors went down to 1,622 and 1,714 units in July-September 2013 as compared to 5,339 and 3,489 units in same period of last year.

Massey Ferguson tractors

Sale and production of Massey Ferguson tractors also fell to 4,556 and 3,281 units as compared to 6,094 and 4,782 units, as per figures released by Pakistan Automotive Manufacturers Association (PAMA).

Millat tractors

Millat Tractors Limited have also lowered their production by 30%, as the company has unsold stocks of tractors parked at the factory.

Ban on live animal export

The Economic Coordination Committee and the Islamabad High Court has decided to ban the export of live animals with the objective of lowering the prices in the local market.

Given the high prices of live animals, tanners had raised the prices of animal hides, other by-products and meat in domestic markets. This has led to an increase in the input costs of leather factories and meat processing units resulting in decrease of exports as leather products and processed meat are more value added products than live animals. In this context, the ban on exports of live animals looks favourable for Pakistan's economy.

Regulatory framework for genetically modified crops

Genetically modified crops are perceived as a potential solution for food insecurity. Traits in transgenic crops are purposely altered to provide benefits to farmers, consumers, and the industry. Proponents of GM crops provides several advantages including improved shelf life, insect-pest and disease resistance, stress and herbicide resistance, improved nutrition, increased production, increased farm income and bioremediation.

The main transgenic crops are soybeans, maize, cotton, rapeseed/canola, potato, sugar beet, rice and wheat. However, there are several disadvantages also associated with these crops. They cause allergies and have other anti-nutritional factors. They may contain biotech proteins that have been documented to cause allergic reactions. Some studies indicate that GM foods may cause common toxic effects such as hepatic, pancreatic, renal, or reproductive effects and may modify the hematological, biochemical, and immunologic parameters.

There is also likelihood that transgenes escaping from GM crops to their wild relatives could produce species of weeds resistant to herbicides that could infect nearby non-genetically modified crops, or could disrupt the ecosystem.

Increased use of GM crops will not only disrupt the natural food supply chain but can also be disastrous. Therefore a regulatory framework for genetically modified crops is most needed measure in Pakistan and world wide.

Food trade surplus

The food trade balance turned into a surplus in the last fiscal year due to an increase in foreign sales of both traditional and non-conventional export items.

Overall food exports in FY13 rose 11 % to $4.732 billion, despite a 7% decline in the cumulative exports of all categories of rice. Compared to this, the food import bill shrank 16 % to $4.187 billion, resulting in a food trade surplus of $545 million.

Export earnings of conventional items like non-Basmati rice, vegetables and fruits, oilseeds, nuts and kernel and fish and fish preparations showed a rising trend, or stood stable. Sugar exports shot up to $529 million, against just $28 million a year earlier.

An official of the Trade Development Authority of Pakistan (TDAP) stated that the rise in food exports suggest that even if there's no unusual increase in one particular item, the trend may continue.

He also pointed out that in FY13, Pakistan earned a good $100 million through export of corn.

According to TDAP officials 86% of corn export earnings originated (in descending order) from Indonesia, Malaysia, Vietnam, Singapore, Sri Lanka, China, Jordan, Hong Kong and Oman. Corn exports to these nine major markets, plus some new ones like Egypt, Japan, South Korea and Tanzania, continue showing a rising trend.

Margins in gur-making

A large number of cane growers in Khyber Pakhtunkhwa have started producing gur as sugar mills have yet not started purchasing sugarcane from growers. Farmers in Mardan and Swabi districts, two major cane growing areas in the province, have started seasonal operations of their gur-making units called Gaarrain in Pashto.

Gur, has considerable demand for household consumption in the Pakhtun inhabited rural areas in Mardan, Swabi, and Charsadda districts.

Millers complain that good quality sugarcane is diverted to gur-making and they get low quality cane. This creates shortages in the cane market which allows the middlemen and the commission agents to sell their stocks at inflated prices to mills in the later part of the harvest season.

Growers though find gur-making awkward, yet they opt it because it saves them from manipulation at the hands of market forces.

The Sugarcane Control Board, a price fixation body, last held an inconclusive meeting on November 19th because of large differences between the growers' and the millers' representatives over the estimated cost of cane production

Due to delays growers cannot afford to sit idle any further and wait for the mills to start procurement by November-end. So gur making is the best option left as many farmers, particularly small growers, need to clear their land for cultivating wheat. They also need money to buy seeds and fertiliser for the next crop.

According to a farmer, "He sold 80 kg of gur at Rs 6,000 of which his cost of production (to make gur) was just Rs 400, which means he earned about Rs 2,200 more than what he would have received from the mill."

Delay in cane crushing worries KP growers

On average, around 100,000 hectares come under sugarcane cultivation in Khyber Pakhtunkhwa annually. The province produces about 4.5 million tonnes of the crop on annual basis. The province has seven sugar mills, including four in Dera Ismail Khan and three in the central Pakhtunkhwa.

According to growers, sugar mills are legally bound to start their milling operations from November 1 every year or at the latest by November 15. However, the mills never follow these dates. In Khyber Pakhtunkhwa sugarcane crop is ready to be harvested, but the potential buyers' are not initiating any buying.

Mills start cane crushing by the end of the third or even the fourth week of November every year and don't even operate their mills at full capacity which is a great disadvantage for the farmers.

The farmers insist that mills should lift the crop as soon as it is ready to be harvested. The delay in disposing the crop increases the growers' costs and lowers the profits. The longer sugarcane stands in the field, the more it loses weight, and therefore, it sells at a reduced price. Furthermore, the land is still in use, the farmers cannot prepare it for the next crop, and the sowing for other crops are delayed.

Framework for livestock insurance

The State Bank of Pakistan announced a framework for livestock insurance for borrowers. Securities and Exchange Commission of Pakistan has

collaborated with insurance companies and provincial livestock to develop this framework.

Under the proposed framework, banks would be able to obtain insurance for loans up to Rs 5 million taken for the purchase of animals.

The scheme will safeguard interest of farmers incase their cattle dies of disease, accidents, floods, heavy rains or storms. The scheme, as conceived, should provide duel benefit for livestock farmers, firstly it will improve access to finances and secondly it would mitigate risks (disease, natural calamities and accidents).

The loan patterns highlight the necessity of such a scheme. Out of the total agricultural lending of Rs 336 billion last years, only Rs 56 billion or 17%, was used for livestock, dairy and meat industry. This is despite the fact that it contributes 55% to agricultural economy, or 11.4%, to overall gross domestic product.

Focus on halal meat market

In recent years Pakistan has begun to realize the importance and export potential of halal food. The volume of overall halal products, which was $635 billion dollars in the year 2010 globally, is now estimated to have reached $2 trillion.

In this context export of meat from Punjab to Malaysia have picked up recently, after team of officials from Malaysian department of Islamic development visited several abattoirs in Lahore to inspect and ensure that the meat being exported to their country was halal and safe for consumption.

Two months ago, Malaysia's state minister for religious affairs and domestic trade Haji Abdul Malik Kassim, while on a visit, had stated that Pakistan can play a major role in the global halal meat industry. Halal meat contributes about 16% of total world trade of the commodity.

Pakistan ranks 18th in the production index of halal meat market and its share is only 2.9% of the global output. However Pakistan has greater potential evident from the fact that it has 71 million cattle heads and buffaloes and 89 million goats and sheep.

Some companies in Pakistan are using Australian technology and their beef and mutton plants are equipped with the most updated systems available. Their main customers are from Saudi Arabia, UAE, Oman, Qatar, Kuwait, Bahrain and Iran. The government at present can further help to raise halal food exports by formulating sound policies in collaboration with the private sector.

No advantage for farmers despite bumper rice crop

In spite of bumper paddy crop this season, farmers in Sindh are dissatisfied over the prevalent price of Rs 850 per maund for their produce.

This year Sindh brought 740,000 hectares under paddy cultivation against the targeted 645,000 hectares. Last year, the province could not meet its sowing target of 642,000 hectares with 511,091 hectares under cultivation. As a result it missed the paddy production target of 2.05 million metric tonnes, coming up with 1.84 metric tonnes. Per hectare yield.

The exporters buy rice at a lower price from millers, they pay less to the growers, who are the worst affected in this chain. Paddy crop, which was doing well until 2009-10, has been badly hit in the last few years due to rains and floods.

Another reason for low prices are that since last several years, Sindh's farmers have been growing hybrid seed rice, imported from China. It has much better per acre yield potential as compared to IRRI-6, IRRI-9, KS-282, DR82, DR83, DR92 and other non-hybrid varieties.

The Sindh Chamber of Agriculture General Secretary Nabi Bux Sathio claims that in current market senario, growers should sell their rice to millers for at least Rs1000 per maund instead of the present Rs850 per maund.

Sindh reports improved yield of key crops

Sindh is expected to maintain the rising trend in production of cotton and sugarcane. Output of rice is also expected to rise after a sharp decline. The factors responsible for this increase include widespread use of right seeds, improvement in availability of water, prudent application of fertilizer and better pest and plants' disease management.

Expansion in the area under cultivation are also responsible for an increase in crop outputs, with a marginal rise in per-hectare yields.

It is the first time in 5 years that the area under rice cultivation in general has crossed the 2008 level of 733,000 hectares as water scarcity has somewhat eased off.

Sugarcane crushing has started in Sindh after the fixation of the new support price of Rs180 per 40kg, a slight increase from last year's Rs 172 per 40 kg. This year's total output should be between 16.5 million and 17 million tonnes against about 16 million tonnes last year.

Two other factors are said to be promoting sugarcane growing in Sindh. First, floods and excessive rains has not affected sugarcane as cane stalks gain weight with rain and flood waters. Second, the new sugar mills in district Ghotki has led local growers to bring more area under cane cultivation.

Poultry sector makes strides despite challenges

The poultry industry has made great strides towards progress, despite facing multiple issues and delays in policy initiatives. The main reason behind this progress is that the past few years or so, poultry farmers in Punjab, have switched to controlled-environment sheds, where temperature is controlled automatically in an enclosed space. Birds are kept in a protected environment to save them from adverse weather changes. The poultry birds are handled and fed through a mechanized process to contain the spread of any seasonal virus even if it attacks a certain part of the flock.

A model controlled-environment shed in Poultry Research Institute has also been built in Karachi. In addition to this, several enterprising poultry farmers in Karachi and in the interior of Sindh are also constructing such farms.

One shed requires an initial investment of Rs10-15 million adding that the additional financial benefit per shed hovers around Rs 2-3 million per year.

Chairman of Pakistan Poultry Association, Mr. Khalil Sattar stated that most of the forex earnings of poultry sector originate from exports of live birds and semi-processed poultry meat. 10% of the total one billion plus live poultry birds produced in the country are exported every year.

The foreign investment in the form of technical support to poultry feed mills and hatcheries and in disease control programmes of poultry farms has made tis sector more profitable.

Increasing fish catch in Baluchistan

Baluchistan's fish catch is increasing under the provincial government's strategy to meet growing domestic demand and export earnings.

In 2012, Baluchistan produced 147,000 tonnes of fish and shell fish, up 9% from 135,000 tonnes in 2011. Though it is the biggest-ever output, officials of fisheries department say it is half the potential fish catch of 300,000 tonnes.

They gave credit of increase in fish production to more efficient employment of 7,000 plus fishing boats, use of better fishing nets and hard work of fishermen.

Sea-cat fish, Hair-tail fish, Indian Mackerel, Sardines, Small Croaker and the most sought-after Tuna are the main fish species found in Baluchistan. In 2012 their cumulative catch contributed about 50% to the total fish production in the province.

They say that more than three dozen species of fish and shell fish including shrimp and lobsters are netted in on regular basis from eight main landing sites along the coastal areas.

Industry sources are of the view that fishing activities at six other main landing sites (Damb, Gaddani, Jiwani, Ormara, Pishukan and Surbandar) are also progressing well and they hope that overall 2013 fish haul in the province would easily cross 155,000-tonne mark.

Sharp increase in fish exports

Exports of fish and fish preparations crossed 36,000 tonnes during July-September, up 33% as compared to the same period last year.

Earnings from foreign sales also rose 34% to $85 million. Earlier, between April and June, exports volumes had gone up 18% to about 50,700 tonnes though earnings at $100 million showed a small increase of four per cent.

In Pakistan fish exports are on rise as the six-year-old EU ban was lifted on shipments to EU as well as more sales to China and Vietnam. This rising trend in seafood exports is expected to continue and exporters hope that in FY14 the earnings may reach closer to $400 million from $317 million in FY13.

Exports of salted, dried and smoked fish to China are growing significantly. Besides, demand for fresh or chilled fish and frozen fish is also on the rise. If exporters tap this potential, sales to China alone can fetch $60 million or so during this fiscal year.

Vietnam also buys frozen fish, shrimp and lobsters. Other major markets for Pakistani seafood include Thailand, South Korea, Saudi Arabia, Indonesia, Malaysia, Bangladesh, Egypt, Hong Kong, Japan, Kuwait and the UAE.

Fish exporters demand that Trade Development Authority of Pakistan (TDAP) must build up a dedicated harbour for shrimp peeling plants, start providing finances for import of fishing nets and for construction of fiber glass fishing boats, install large power generators at Karachi Fish Harbour to ensure uninterrupted supply of electricity and develop Ibrahim Hyderi fish harbour on modern lines to boost seafood exports. They say TDAP can undertake these and similar projects out of the export development fund it collects from exporters.

Kinnow trade surplus

The exporters expect a huge surplus for trading as Pakistan officially began its Kinnow export season this month.

One of the positive developments for exporters is that the Russians, who normally absorb around 20% of entire exports, has lifted their ban on Kinnow imports from Pakistan.

The huge production (being estimated at 2.3 million tonnes) is bound to create a surplus in the domestic market. This will surely lead to a price crash on the domestic level. Also it would build pressure on other export markets like Dubai or other Gulf states.

Pakistani Kinnow has been suffering Skin-Blemish disease over the last few decades. The disease affects looks and size of the fruit. Pakistan, under a foreign-funded initiative (Agri-business Support Fund, or the ASF) tried to bring some of its farms under the international certifications like Global Gap.

Pulses output up

A rise in the production of chickpea and gram is expected this year which may lead to a substantial decrease in pulses' imports over the next few years.

In the last cropping year, Pakistan had produced 673,000 tonnes of chickpea (white gram) and black gram, compared to less than 300,000 tonnes a year ago. For this year, the output estimates vary between 700,000 and 750,000 tonnes, as per the information gathered by provincial agricultural departments.

Gram is one of the 10 top pulses produced in the country and accounts for 70% of the total pulses output which has historically been in the range of 500,000-700,000 tonnes but may reach closer to a million tonnes this year.

The domestic need for pulses is estimated around 1.5 million tonnes and since the gap between demand and supply has to be filled in with imports, larger local output will save foreign exchange.

Increase in production of pulses led to forex saving of $107 million in FY13 as pulses' import fell to $327 million from $434 million.

Major pulses produced include: chickpea or white gram, black gram, Moong, Masoor or Lentils, Mash, White Lobia or Cowpeas, Red Lobia or kidney beans, Urd, Arhar or pigeon peas, Matri or Lathyrus and Moth or Moth beans.

Although growing of pulses at a large scale is not considered beneficial compared to growing other crops. The crash in chickpea prices during this year may cause farmers to switch over to growing other minor crops including oilseeds and veggies.

Trade Development Authority of Paksitan working to boost fruit export

TDAP Secretary Rabiya Javeri Agha while talking to Australian Departments of Agriculture and Horticulture Consultants stated that Trade Development Authority of Pakistan (TDAP) has promised to develop the sector of mango growers from Sindh on long-term and sustainable basis, as an integral part of its ongoing efforts to boost the fruits products export from Pakistan.

The visiting delegation apprised the TDAP secretary that Australia is helping the Sindh government in three sectors namely mango, citrus and dairy under the Agri Sector Linkage Programme (ASLP).

They further informed that the test shipment of mango of Sindh was made under the programme using controlled atmosphere technology, to UK for Tesco Retail Company in six containers, which took almost 30 days from the picking/shipping to the retail level, leaving seven clear days to the retailer to market the product. In normal circumstances, regular by air shipment, the retailer has only 24 to 48 hours before the product perishes.

It was also informed that UK buyers plan to visit the mango growers in the month of January 2014 in order to finalize arrangements for mango shipments to UK in the forthcoming season.

The TDAP secretary appreciated the ongoing programme of developing export of mango, citrus and dairy product from Pakistan and also informed them that TDAP was increasing its efforts to boost the fruit products export from Pakistan. ◆