

## Direct seeding technology on rise

Acceptance of direct seeding of rice technology is under way along with rice sowing in Punjab. The technology improves growers' profitability by allowing savings on a lengthy land preparation process, substituting labour and, more crucially, getting better plant population.

The Punjab government has been trying to promote this technology since 1980s, but success was hard to come. Drills were never up to the mark and compatible weedicides were almost missing from the market. The drill created germination problems for seeds and the absence of specific weedicides left narrow leaf weeds in the rice belt uncontrolled.

Farmers avoided the technology despite mechanizing the rest of the process from cultivator to harvesters. The only missing component was drill sowing. Under the new technology, farmers can skip seven to eight (ploughing and planking) processes, each costing them Rs500-600 per acre, for field preparation. They just have to keep their fields moist, and directly sow wet seeds through the especially designed drill. After a day of sowing, they have to start irrigating their fields as per normal routine. Farmers can thus roughly save Rs5,000 per acre at this stage.

Next big saving of time, hassle and money come at the transplantation stage,



where farmers save money which they have to invest on sowing nurseries and save labour for transplantation. Manually, only few farmers have been able to go beyond 50,000-60,000 plants per acre despite their best efforts, as the money is paid per acre, not per plant thus planters have no interest in increasing plant numbers. With the new drill, they can easily sow 80,000 plants and, at least theoretically, should be able to add 50pc to their production.

Most of the farmers from central Punjab, or farmers of the traditional rice (mainly the basmati belt), term it a good omen as farmers desperately look for interventions that could bring the cost of production down. For the last few years, the initial investment has assumed decisive significance in determining most of

the crop acreage. Farmers now opt for crops that are easy on their pockets.

In order to ensure benefits of this new methodology, farmers demand two more steps by the government. They want the government to work on seed development. Farmers were able to sustain the crop last year because of the government's handholding Rs5,000 per acre relief which came from the prime minister's package.

Farmers further want the government to create a regulatory mechanism that creates a balance between international and domestic prices.

## Quality and Hygiene standards of processed milk to be ensured

Ever since tetra pack milk was introduced in 1981, producers of unprocessed milk saw a bleak future, in terms of growth, for the liquid product. From a small base, packaged milk has, however, been growing in size at 20%, although it has captured hardly 5-10% of the milk market. More than 80% of the market is in the hands of milkmen or 'gawallas' selling fresh milk.

The Pakistan Standards and Quality Control Authority has initiated the process for bringing the packaged milk industry under legal discipline in order to ensure the quality and hygiene standards of its products.

Price needs to be regulated for the processed milk which the companies increase after short intervals. Last month



it was raised by Rs5 per litre which was the second increase after May.

The reason given was a rise in taxes and duties. In the budget for 2016-17, the FBR has changed the tax structure for the dairy industry; a change that the latter believes will hurt its future expansion.

The Pakistan Standards and Quality Control Authority (PSQCA), an attached department of the ministry of science and technology, has forwarded draft rules to relevant ministries and provincial governments for their comments. The rules will then be sent to the law and justice division for vetting.

The draft has already been approved by the ministry of national food security and research. Once the regulation is enforced, companies will have to apply for a license from the PSQCA to produce and sell milk, and their products will be subject to periodical inspection.

The dairy industry has long been urging the government to enhance duty

on the import of skimmed milk powder and whey powder which, it said, was badly hurting their business. This is because commercial buyers prefer to buy imported milk which is much cheaper than fresh milk. Both the fresh, unprocessed milk sector and the packaged milk industry are in agreement on imposing a maximum, even a 100%, tax on the import of dry milk.

Although the farm gate price of fresh milk is higher than that of dry milk, it is still very much in demand, increasing by 10% on an annual basis. But fresh milk has been unable to catch up with its growing demand over the years for its production does not exceed beyond 4-5% per annum.

Recently, the Federal Board of Revenue (FBR) raised the regulatory duty from 20-25% on the import of dry milk. This has, in addition to its regular consumers, also irked the European Union which wants Islamabad to withdraw the

duty since this imposition has hurt EU export of the product to Pakistan.

### Growing for export with high value agriculture

The agriculture sector, with around 80% contribution to the national export base, is the mainstay of Pakistan's exports. The current structure of Pakistan's agro-based exports is anchored on cotton, rice, horticulture and livestock with intermittent exports of sugar and wheat. The production of all these commodities is inward looking rather than export-ed.

Out of nearly \$19.2bn export proceeds from agro-based products, 28% are from primary commodities like rice, fish, meat, fruits, vegetables and raw cotton, 22% from intermediate products yarn, fabric and molasses and the remaining 50% from value added products: knitted and woven garments, made-up textiles and leather products.

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Cotton provides the raw material base for the textile sector, whose share in national exports has regressively increased from 56% to 60% during the last two years. Despite being the 4th largest producer of cotton, Pakistan relies on imported long staple cotton for producing better quality fabrics for the export market and specialized products for the domestic market.

With 57% of production shipped abroad, rice is the only crop 'grown-for-export'. However, being water intensive in ever-increasing water scarcity, it faces an existential threat in the cropping scheme; the substitution of rice with water-efficient crops would be ultimately inevitable unless drought-tolerant varieties are expeditiously developed. An alternative means of earning \$2bn forex needs to be explored.

The sugar economy is significantly lopsided. There is a contrived over-production of sugarcane to ensure capacity utilization of an over-capacitated industry with excess commodity. The water-intensive crop has been cannibalizing the land and water resources of other vital crops, especially cotton. The unwarranted surplus is to be exported at an unsustainably high subsidy.

Production of all the four major crops i.e. cotton, rice, wheat and sugarcane is globally uncompetitive, and domestic-focused rather than export-led. The gradual reduction in farm size over the past



few decades has rendered the production of grain crops uneconomic. Small size farms are optimally suited to high-value agricultural (HVA) commodities e.g. horticulture, livestock, meat and poultry which increase farm incomes and have a strong export focus.

Currently, Pakistan produces a rich variety of horticulture products but the export basket is quite narrow. The production of 'international' fruits i.e. banana, apple, and orange, grape, strawberry and cherry is hardly sufficient to meet domestic demand.

Kinnow and mango, cumulatively constitute 50% of fruit exports, but remain in the category of exotics instead of mainstream fruits. Onion and potato constitute 60% of vegetables exports but

due to a high cost of production become competitive in the international market only when the domestic market crashes. Though livestock constitutes around 59% of agriculture GDP, its contribution to national export proceeds is merely 5%.

### Potential for halal meat export

Punjab's Halal Development Agency is now trying to convince many countries to accept its certification and the Malaysians are the first ones to oblige. The first of six consignments of halal boneless meat was sent to Malaysia in the last week of June under a guided national programme.

The agency is mandated to certify credentials and standards of all halal products (meat, cosmetics, pharmaceuticals), both domestically and internationally.

On its part, the Punjab government is also enacting laws to back up this agency with legal cover and formalize the entire process. This can help Pakistan to claim a larger share in the international halal products market. The global meat market alone is worth \$600bn.

Apart from the existing huge halal market, the China-Pakistan Economic Corridor project has provided an impetus to planners for the development of a regional market. According to experts involved in the process, around 1bn Muslim population lives on the proposed route from Chinese Xinjiang province to Central Asia and Pakistan.



The entire region would be connected through a network of roads and rails, making regional trade the most efficient option for being swift and low on freight.

As the network will take around a decade or so to get fully connected, this time space can be used for developing the halal certified products around the corridor.

Pakistan has all the ingredients required for serving the regional market for products. It has around 150m animals, and their population is growing at a healthy pace of around 3% per annum. All animals are fed on natural grazing, avoiding animal feed that contains haram ingredients.

In the meat export value-chain, focus should be on attaining international standards in production, processing and marketing before Pakistan can claim a significant share in the regional or world market. Better breeding of animal fodder through improved management practices is essential. Fortunately, Pakistan has some of the finest breeds of animals. But they still have to be raised according to the sensitivities of international standards.

The processing part and value addition is also improving. As many as 15 slaughter houses now have international acceptance. A number of international agencies are helping exporters in slaughtering and building their capacity in marketing and packaging. All these facilities have cold storage and blast freezing facilities the basic requirements for exports.

### Tea plantation shrinks as promotional efforts falter

Due to government's lack of concern and marketing problems tea plantations have shrunk from a peak of 700 acres to around 40 acres. Currently, the country is heavily dependent on tea imports. More than Rs31bn worth of black tea was imported in 2015. The import bill of green tea was around Rs100m. These figures do not include the unchecked tea smuggled into the country.

To cut imports, the National Tea Research Institute (NTRI) established in Shinkiari in Mansehra district of KP in 1986 started tea plantation on 50 acres of



land. The institute had also surveyed and identified 64,000ha suitable for growing tea in Mansehra, Battagram, Swat and Upper Dir, and 2,000ha in Azad Jammu and Kashmir (AJK). With limited resources, the NTRI helped farmers in tea plantation on more than 700 acres. A multi-national company also grew tea on an area of 1,000 acres in the districts of Battagram and Mansehra.

According to NTRI Director Dr Farrukh Siyar Hamid, the tea plantation dropped to 40 acres in those areas where his institute helped farmers to cultivate tea. In case of the multinational company, the area dropped significantly to 200-300 acres. He listed several factors for the drop.

Firstly the experimental plantations were to be sustained by the governments of the KP and AJK which did not happen. Secondly marketing became a major issue for farmers who complained of poor returns for their produce. Thirdly the only tea processing plant in the public sector was closed down for want of sustained electricity supply.

Dr Hamid shared a few successes stories. The quality of local black tea is comparable to that of Kenya's. He said, green tea cultivation and processing has recorded a greater success rate. He also claimed that the quality of green tea is much better to branded ones available in the market.

The government had installed a black tea processing plant with a capacity of one tonne a day and a pilot green tea processing plant with a capacity of 80-150kg/day. The plants cannot be run on a regular basis because of non-availability of electricity.

The institute also trained small tea growers/progressive farmers in tea cultivation and processing. Tea can be cultivated in hilly areas and on the wasteland of the forest department. Experts suggest farmers should be offered interest-free loans with an extended period of loan recovery.

Pakistan imported 164,290 metric tonnes of tea in 11 months (2015-16) as against 141,257 metric tonnes in the previous year, an increase of 16.315. Annual figures are expected to reach around 190,000 metric tonnes. The total consumption is estimated at 248,000 metric tonnes. The gap is met through smuggling.

### Preserving green fodder

Punjab's silage initiative seems to be taking shape when almost all crops hit by various levels of price crashes. Since 2012, when the first big silage making machine arrived in the province, the number has risen to 16 working ones with more on the way. This is in addition to countless imported, smaller and even local versions, mainly copies of imported

ones that are now used in Punjab. Meanwhile, maize acreage, the main ingredient of silage, has expanded by 300,000 acres in the last few years as well.

One can only hope that the process will be sustained and extended to help solve the fodder problem in the province.

The fodder fluctuations are now proverbial; one finds it difficult to find a buyer in the summers and one does not find a seller in the winters. Between October and February, fodder is almost missing from the field and the market. The availability is reduced to wheat husk diet a far less nutritious option. It is hard to digest and is devoid of required proteins. It badly affects milk yield and animal health.

Some other countries preserve green fodder when it is at its nutritious best and use it round the year. The process arrived in Pakistan a bit late, or, at least, took time to gain momentum. But, of late, it is there because all major crops have failed to fetch money for farmers at one stage or another, owing to regular price crashes; and created vacuum for silage to flourish.

Since the arrival of the first big (with capacity of around 20,000 tonnes) machines, the crop has expanded by almost 300,000 acres from 13 lakh in 2008-09 to 16 lakh acres in 2015-16 and is rising. It is because silage makers entered the maize market as big stakeholders and expanded business. More machines are on their way as business expands.

The bigger machines, with a packaging capacity of one tonne, benefit bigger livestock farmers, while the smaller ones package right down to 60kg. With import of these machines being a costly option, many local versions have also been fabricated.

The fodder crisis is blamed for a number of problems. Persistent poverty, low milk yield, bad animal health, slow and healthy expansion in population, all are placed at the doors of bad animal diet. Silage provides a solution to many of them. With the maize taken off the field after 80-85 days, when it is at the second milking stage, is considered the most nutritious for animals as it contains corn

oil, proteins and easily digestible foliage. With its nutrition preserved through processes and additives, it can last up to five years and continue benefitting animals and farmers for years.

After climatic changes causing floods almost every alternate year, silage production assumes added advantage. In every flood, massive human and an equally big animal population, is displaced. In that crisis situation, animals are the worst sufferers; everyone (the official agencies, the NGOs, international institutions) is busy saving people. For animals, butchers arrive to get them at much reduced rates when people are forced to sell animals because they cannot be taken care of. Pre-prepared and long-life silage provides options in such crises.

All this sounds good because fodder acreage, which used to be 20% of the total sown area in 1947, has dropped to 11% after 68 years of independence. The animal population then was 12m against almost 200m right now. The country needs more and more fodder options to feed its ever growing animal population. Animal population growth is certain because of a national preference for milk and meat, so would be requirement of fodder options.

### Poultry industry's dilemma

Recently Pakistan Poultry Association went on record, yet again, lamenting that chicken is being traded at almost 10%

less than the cost of production, and fearing that half of the businesses would soon pull their shutters down if the government did not take any action to accommodate them.

Detailing the poultry perspective on the help it seeks, the PPA said the required relief package should include a Rs20/kg subsidy to each farmer, interest-free loans and direct export and freight subsidies to exporters.

In short, the PPA wants the government to virtually withdraw all taxes and duties that it collects at different stages of the business, subsidize chicken production and trade, and provide interest-free loans. Finally, it seeks an end to the price monitoring system by the district administration.

For the last three years, the PPA has been claiming that the average sale price of live chicken and chicken meat has fallen much below the cost of production, and that the industry has been absorbing huge losses. At different stages, it has quoted various figures emphasizing feared business closure from 30% to the latest 50%. But when it calculates its losses per bird, it has been quoting the unchanged figure of 1.2bn bird production per year.

The question arises: if the industry has been bearing such huge losses so as to lose nearly half of its business, how has the poultry production remained unchanged for the last three years? Something seems



to be wrong, either with loss calculations, business closures or production figures. The industry needs to explain.

The poultry business may be going through tough times, but it is the industry's own performance which can retrieve the business from its distress. The industry is caught in a cycle of gross overproduction.

Till a few years ago, the country had only two major grandparent importers. Now there are five and all of them are importing, competing with each other for a larger share of the market. Once grandparent stock is imported, it starts off a three-year cycle of production spanning many generations which cannot be stopped by culling the birds as the produce is perishable.

The second failure of the industry is its marketing strategy. If stakeholders know that production cannot be stopped, they should have been wiser on the marketing front. But that has not been the case. The only way the industry knows of doing business is by continuously dumping its produce into the market. Since the same level of production is maintained, the consumption side determines the volume of the sale and price.

During seasonal lows, the price drops sharply and hurts the industry. A slight profit is made when consumption rises for any reason, such as the arrival of the wedding season. There has not been much investment in the industry on value addition, which could have dealt with perishability of the product and brought stability to business. Both these failures are now haunting the industry.

This situation is despite the fact that grain prices have fallen worldwide, helping the poultry industry immensely on the feed side. Maize and wheat prices in the country are down and soybean import, even from as far as Brazil, costs much less than what it used to half a decade ago.

Regardless of this feed cost relief, the industry is not performing well. Its failure is now spilling over to the agriculture sector. Many maize farmers have started running after feed millers because they have not been paid for the last year or so.

## Mango Exhibition in Aewan-e- Sadar

The President recently addressed on the occasion of Mango Festival organized by All Pakistan Fruit & Vegetable Exporters, Importers, and Merchants Association (PFVA) at the Aiwan-e-Sadr, Islamabad on Monday. Minister for National Food Security & Research (NFS&R) Sikandar Hayat Khan Bosan and Chairman Pakistan Fruit & Vegetable Association Waheed Ahmed also addressed the ceremony. A large number of Islamabad-based ambassadors attended the ceremony and evinced keen interest in different varieties of Pakistani mangoes displayed on the occasion.

President Mamnoon Hussain said that Pakistani mangos are the best in the world and should be patented to introduce it as a brand adding that markets of Europe should be targeted where Pakistani mango could be sold on higher price and the country's foreign exchange reserves may increase. The President underscored that our exports should meet international standards so that there is increase in the demand of Pakistani brand.

The President said that the Government has accorded top priority to economic progress and in this regard is

taking solid steps to provide conducive business environment to business community. The President noted that due to sound economic policies of the government, the international financial institutions have included in the rank of one of the fastest growing countries which is a positive development.

This will benefit not only the country but also the business community and it will be able to gain access to international markets", remarked the President.

President Mamnoon Hussain hoped that this exhibition will be useful in introducing Pakistani mango all over the world and urged the organizers to holding such activities in future both within Pakistan and abroad for marketing Pakistani fruits and vegetables so that there is considerable increase in national income.

The President stated that issues of lawlessness and terrorism cannot be resolved only through administrative measures and use of power but it requires comprehensive measures which include improvement in economy, provision of employment and justice, meaningful and uniform education system.

On the occasion, President Mamnoon Hussain also inaugurated Mango exhibition which included many varieties of mango and mango products. ♦

