

Government plans to boost exports

According to the federal minister the government is taking measures to tap chilli exports potential of 90,000 tonnes a year, which can help the country earn \$47 million in foreign exchange. To fetch better prices and boost exports volume, the country has to improve the supply chain of chillies as well as other spices.

Expressing concern over a steep fall in the exports of the commodity after a number of shipments were rejected, Federal Minister Mr. Bosan said that the government plans to set up a board to improve the value chain of spices and all the stakeholders are taken on board.

He also stressed the need for improving per-hectare yield and adopting modern techniques to make the chilly crop free of aflatoxin, a substance that can cause liver damage and cancer. He further stated that research institutes should be set up to use modern techniques for growing, picking and processing of the commodity.

“When exports of chilly or other spices are rejected due to any reason, it not only hurts the entire supply chain but also directly hits the rural economy,” he told the seminar, organised by the Trade Development Authority of Pakistan (TDAP) in collaboration with the World Bank, the United States Agency for International Development and Sindh Agriculture Growth Project.

In his welcome address, TDAP Chief Executive S.M. Muneer said Pakistan used to export substantial quantity of chillies, but the volume has recently declined due to restrictions imposed by some countries, particularly the European ones.

One of the major reasons for restriction on Pakistan's chilli exports was aflatoxin contamination. In fact, data showed that around 35 % of the rejections were solely due to excessive level of mycotoxins.

Pakistan had a global market share of 6%, and in last fiscal year it exported chillies and its powder worth \$4.7 million to various destinations, mainly Saudi Arabia, the United Arab Emirates, Mexico, the United States and Kuwait.

Mian Mohammad Saleem, president of Red-Chilly Growers Association, Kunri, urged the government to set up a chilly development board so that all the stakeholders have a platform to get their issues resolved.

A representative of a processing company, Mohsin Ahmed, told participants of the seminar that aflatoxin could only be managed in chilly by proper picking and handling, improving traditional sun drying practices, sorting, etc. The modern method to dry chillies is the use of high-tech dehydration plants.

High hopes for the next Potato crop

Punjab, farmers hopes for a positive potato crops' production and trade as the sowing season nears..

After two years of financial grilling, they hope, to be compensated to some extent in the coming season. The reason for optimism can be the following.

Firstly, reduced supply due to many small farmers opting to sow other crops because of surplus availability in the market for the past two years. This stabilizes the market.

The second factor that creates optimism among farmers is the upcoming infrastructure in the core potato belt. In the last few years, many washing houses and spraying process setups have cropped up in central Punjab.

Now, the crop can be treated and palced directly in the reefer, which means

freezing its quality at a certain point, right in the cultivation area thus sending the crop almost directly from the field to the export market. Though these setups are not still enough in numbers to treat the entire export, they are coming up fast and facilitating the process.

The third factor, of late, that has given some glimmer of hope to farmers is the rising prices of potato in the market. In the last few weeks, it has recovered to Rs40/kg in the retail market in urban Punjab.

Though farmers still say that the current rise was only benefitting middlemen who stocked potato for a few months and growers had long sold it. In any case, even if the farmer was holding it in the cold storage, he was paying roughly Rs7/kg as storage cost.

The fourth factor that farmers think could work in their favour is the Pakistan's potato finding a stable niche in its traditional market. Better tuber quality has helped potato find permanent place in the Middle East and Central Asian markets. These markets are big enough to absorb substantial amount of the vegetable to keep the domestic market stable, unless, of course, India has a bumper crop and floods the same markets with its produce.

Even in that case, a crop failure in any country of the region could help Pakistan's exports. The overall situation is thus looking positive.

Some farmers also fear that the availability of quality seed may drop compared



to the previous years and affect production. The agricultural department officials, however say, Pakistan needs over 50,000 tonnes of seed and only 10% of which is imported anyway. They are hopeful that average target of sowing 400,000 acreage would be achieved.

The Potato Growers Association, along with multinationals (working in the seed and fertiliser sector) and the University of Agriculture (Faisalabad) got together to train farmers in the latest seed developments, application of balanced fertilizers, plant pathology and overall handling of the crop.

Rice: The grower-exporter conflict of interest

The hybrid coarse varieties, which were sown in April in the central Punjab area, have gained an almost 50% price increase from Rs600 to Rs900 per 40kg in the last two weeks. This is despite the fact that early paddy always fetches a lower price as it contains more moisture.

With the rice season just around the corner, farmers might fare better with an initial indication of improved prices for their crop.

For basmati, the Punjab government has been engaged in marathon sessions with the Rice Exporters Association of Pakistan (Reap) and farmers to arrive at an agreed and reasonable price. Reap is offering Rs1,500 per Kg. The farmers, however, are insisting upon Rs1,700 per 40kg. Even if the Reap offer is accepted by farmers, it would represent a 36% increase over Rs1,100 per 40kg average price last year.

The context for better rice price was set this year by two factors. Firstly, Iran opened its market after a hiatus of three years and helped clear the rice glut with exporters. According to Reap, almost 250,000 tonnes were sent to Iran before July .

Secondly, the Punjab government held a number of trilateral meetings (involving the agriculture department,



exporters and farmers) to ensure that basmati price does not hurt farmers. The provincial government arrived at the price of Rs1,700 per maund, after including a 25% profit for farmers. The cost of production has come down by almost Rs150 per maund this year because of various official interventions, including subsidy on fertilizer, reduced diesel prices and reduced rates of electricity for tube-wells.

THE SPECIALITY
FOOD FESTIVAL



7 - 9 NOVEMBER 2016
DUBAI WORLD TRADE CENTRE

SERVING THE \$35 BILLION DEMAND FOR F&B IN THE MENA REGION*

SATISFY YOUR CUSTOMERS' DEMANDS:
VISIT 3 SPECIALIST FOOD EVENTS IN 1 PLACE



Source from **200** international suppliers of gourmet and speciality products



Cherry-pick from **150** global suppliers of superior quality seafood



Do business with **300** international suppliers of confectionery and snacks



THE EVENTS FOR SPECIALITY FOOD

PROFESSIONALS

SIMPLY REGISTER ONLINE FOR ONE EVENT AND HAVE **FREE ACCESS** TO ALL THREE:

www.specialty.ae | www.seafexme.com | www.yummex-me.com

All these factors have created conducive business environment especially because rice trade, particularly the basmati variety, has been in a crisis for the last few years; in which all major stakeholders farmers, sellers and exporters were hit.

However, exporters still maintain that it might be a tough year for exports. Iran has banned import from Pakistan, initially for four months, but it can be longer than that if their crop turns out to be a healthy one.

In the largest market for rice the Gulf region the Indian dumping of rice is a major problem. Exports to other regions are almost negligible and do not offer much hope.

Pakistan exported 3.2m tonnes in 2014-15 and was able to increase it to 3.7m tonnes next year, earning \$1.86bn. On average, basmati export prices sustained a level of \$900 per tonne, which translates into Rs2,500 per 40kg for paddy.

Farmers are demanding only Rs1,700 per 40 kg, leaving a healthy margin for exporters. If an exporter still concedes that export figures will not be less than last year, they could cross the \$2bn mark due to international price trends.

Kinnow exports to start on 25th Nov, 2016

Pakistan Fruit and Vegetable exporters have said that this year kinnow is of high quality and the crop is expected to get mature by the last week of Nov. Pakistan will start exporting kinnow in the last week of Nov'16 while exporters expect the fruit to fetch a little above \$ 220Mn.

Whereas, during the last season, the country had exported 340,000 tons of Kinnow, fetching around \$ 200Mn.

Subsistence farmers: Prime Minister asks ministry to devise plan for credit line

National Food Security Ministry has been recently by directed Prime Minister Nawaz Sharif to come up with Integrated Rural Development Plan for building affordable credit line for subsistence farmers through formal financial institutions.



In this regard, Prime Minister appreciated the ministry's broad policy framework and diversification plan, proposing reduction in reliance on staple food grains and increased focus on high value products through holistically addressing technological, climate change and water resource issues.

Syed Khursheed Ahmed Shah urges Government for future planning for agri sector

Opposition Leader in National Assembly Syed Khursheed Ahmed Shah called upon the government to focus on future challenges and evolve a strategy to cope with problems that may confront the country in upcoming decades.

"Let us focus on the challenges we are going to face due to population increase and subsequent food security issues. We need to give incentives to our farmers to increase agriculture production," he said speaking in the House.

The Opposition Leader said, the PPPP government had envisaged the present economic recession in 2008 and increased support prices for agricultural produce to help out small farmers. "This trend should continue because if our population continues to increase on present pace, we shall need extra food for our people."

He claimed that in 2007 Pakistan had imported wheat and sugar but during our

tenure we made the country self-sufficient in these crops and prices of crops remained stable during whole of our tenure in office.

Khursheed Shah also mentioned improvement in stock exchange, increase in remittances, and decrease in interest rate and increase in salaries of government employees in the tenure of PPPP government.

He said agriculture was backbone of the economy and addressing problems of farmers was the responsibility of government because if this sector would suffer, it would have negative impact on the national economy.

If agriculture produce will decrease than Pakistan shall have to import these items meaning to support the economies and farmers of other countries, he said.

"Therefore, instead of spending hefty amounts on imports in future, we should at present spend some money on our agriculture sector to enhance its productivity."

He said the opposition was not opposed to the development activities of the government but it should be careful meaning that spending in one sector should not deprive the other sector.

"Let us have a futuristic vision and approach and frame policies today to cope with the issues that will confront us during upcoming decades."

The growing interest in corporate farming

Corporate farming has gained attraction in the wake of the Kissan package for the agriculture sector in the last budget, as a growing number of companies are enrolling themselves with the Securities and Exchange Commission of Pakistan. The rationale behind corporate farming is to provide the sector with capital, technology and improved management.

As many as 185 such companies have been incorporated from Sept 15, 2015 to Sept 27, 2016. Most of them are in seed, fish farming, poultry, livestock and feed businesses. It raises hope for an injection of fresh investment.

The highest number of corporate farming companies 116 has been enrolled in Punjab, followed by 43 in Sindh, 16 in Islamabad and 10 in Khyber Pakhtunkhwa; but no company has been registered in Balochistan in the last year.

A senior SECP official, however, said it will be difficult to assess the volume of investment in farming just from increasing registrations. Even so, 70 companies the largest number are registered in the seed business followed by over 20 in the live-

stock and dairy sectors respectively.

In the last budget, the government announced a string of concessions in customs duties and other taxes for dairy, livestock and poultry sectors. The rate of duty was reduced to 2% from 5% on import of machinery for these sectors.

Similarly, incentives were announced for the promotion of fish farming and duty was exempted on certain feeds. The customs duty on cold chain storage and capital spending in this segment was also removed.

A tax official said the tax concessions are increasing investment in farming. Few years ago, the government allowed people to invest their undeclared money in livestock as part of an amnesty scheme.

A policy for corporate farming was evolved in 2000, and enforced through an ordinance but it remained dormant as no concession was offered to prospective investors.

Food Security Policy aims to achieve zero-hunger targets

Minister for National Food Security and Research, Sikandar Hayat Khan Bosan recently stated that draft of

National Food Security Policy had been finalized in order to achieve zero hunger targets in the country.

Addressing an event organized to commemorate the World Food Day on Friday, he said that the document was presented to lawmakers and members of civil society for their input to make it a vibrant document to ensure food safety and security in the country.

The event was organized by the Pakistan Agriculture Research Council (PARC) to highlight the significance of the day and to create awareness about climate change and its after effects in agriculture sector of the country.

The minister said that in food security policy document ample focus had been given to crop diversification, climate change, natural disasters and zero hunger programme. He said there was an immense pressure on natural resources and environment due to intensification of crop and livestock sectors in order to feed ever growing population in the country.

As a result, he said it was experiencing rapid ground water depletion, watersheds degradation, desertification, deforestation and rangelands deterioration.

Agri-sector was the most vulnerable due to the adverse impact of climate changes, which was affecting the struggle to ensure food security for over 180 million people in the country.

Pakistan has an agrarian economy and a majority of the agro-based population was living in rural areas, which was contributing meagerly in green house gas emission. But, they were on the adverse risk of floods, droughts, storms, heat and cold waves which were badly affecting their crops and livelihoods.

The minister informed that government was taking measures to minimize the use of fossil fuel and introducing solar pumping system, besides shifting into climate smart crops cultivation and processing techniques.

Speaking on the occasion, FAO Representative in Pakistan, Patrick T. Evans stressed the need for mitigating the damage to climate by adapting eco-friendly food and agriculture production system.

