

# Pakistan can capture India's US\$ 260 million rice share in EU

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Pakistan can capture India's US\$ 260 million rice business with the European Union following the EU's zero tolerance on Tricyclazole chemical found in Indian grains.

Rice Exporters Association of Pakistan Chairman Chaudhry Samee Ullah said that Pakistan can target India's basmati rice share in the EU market, following the stringent policies placed by the European Union on the presence of hazardous pesticides in the commodity. From January 1, 2018, all countries that export basmati rice to the EU must bring down the maximum residue limit (MRL) level for Tricyclazole to 0.01 mg per kg. Up till now, the EU was accepting 1mg per kg from different countries including India.

Pakistan can enhance its rice export to EU from 150,000 tonnes to 350,000

Year	Area	Production	Yield
	(000 Hectares)	(000 Tonnes)	(Kgs/Hec.)
2012-13	2,309	5,536	2,398
2013-14	2,789	6,798	2,437
2014-15	2,891	7,003	2,422
2015-16	2,739	6,801	4,483
2016-17	2,724	6,849	2,514

Source: i) State Bank of Pakistan Annual Report 2016-17  
ii) Pakistan Economic Survey 2016-17

tonnes, grabbing the share of 200,000 tonnes of Indian rice export to EU which may be stopped due to strict regulations. Tricyclazole is a fungicide used by Indian farmers in more than 70% of basmati crops. Pakistan's farmers do not use such chemicals to protect their crops. Basmati varieties grown in Pakistan do not require

use of the fungicide and stand to gain from the de-facto ban on Indian exports.

India had exported rice of around 350,000 tonnes worth US\$ 260 million to the European Union countries in last fiscal year, 70% of which has tricyclazole limit of 1mg/1kg. Samee demanded the government to announce matching grant to shelve Pakistani product at the international store chains. Pakistan's brand can get space by replacing Indian basmati rice in European countries' renowned mega stores with the financial support of the government.

In Pakistan rice is an important cash crop of the country and the overall national economy. Rice accounts for 3.0% in the value added in agriculture and 0.6% of GDP. Rice ranks as second amongst the staple food grain crop in

Year	Value: US\$ Million		
	Basmati	Other Verities	Total
2012-13	667	1,256	1,923
2013-14	770	1,393	2,163
2014-15	601	1,434	2,035
2015-16	447	1,413	1,860
2016-17	453	1,153	1,606

Source: Trade Development Authority of Pakistan

## Exclusive on Rice

Pakistan and it has been a major source of foreign exchange earnings in recent years.

Rice provides 21% of global human per capita energy and 15% of per capita protein. Although rice protein ranks high in nutritional quality among cereals, protein content is modest. Rice also provides minerals, vitamins, and fibre, although all constituents except carbohydrates are reduced by milling.

On the other hand rice contains no additives or preservatives, making it an excellent inclusion in a healthy and balanced diet. Rice also contains resistant starch, which is the starch that reaches the bowel undigested. This encourages the growth of beneficial bacteria, keeping the bowel healthy.

**Production:** Pakistan is the world's largest producer of rice. Each year, it produces an average of 7 million tonnes and together with the rest of the South Asia; the country is supplying 25% of the world's paddy rice output.

The share of Basmati rice in total rice production in Pakistan has gone down from 74% in 2008 to 50% last season. The reason for this drop in production has been, among other things, due to the illegal adoption of the Indian variety, Pusa. Small farmers are adopting the Pusa variety as it opens an opportunity to grow a third crop between rice and wheat. This variety gives a superior yield, consumes less water and grows in a short duration.

However, this breed is illegal in Pakistan; an industry source said that the seed is not registered and not approved

by the KSK Rice Institute. Indeed, a lack of research and development is a key reason for the decline of Basmati exports.

Most of these crops are grown in the fertile Sindh and Punjab region with millions of farmers relying on rice cultivation as their major source of employment. Among the most famous varieties grown in Pakistan include the Basmati, known for its flavour and quality. Rice production comprises 40% of Basmati (Fine) type and 60% of coarse types.

Rice is grown in many areas of Pakistan. In Punjab it is cultivated in Sialkot, Wazirabad, Gujranwala, and Sheikhpura, district Gujrat, Sargodha, Faisalabad and Kasure. In Sindh, Jacobabad, Larkana, Badin, Thatta, Shikarpur and Dadu districts are important in rice cultivation. District Nasirabad and Baluchistan are also a rice producing area. The areas, production and yield of rice for the last five years are shown in **Table-1**.

Basmati predominates in traditional rice tracts of Punjab. In Swat at high altitude mountain valleys, temperate Japonica rice is grown. In the South of KPK, Sindh and Balochistan Irri type long grain heat tolerant tropical rice are grown.

**Exports:** The world rice market is growing at 12.2% annually and Pakistan's share in this market is decreasing since 2013. Export of rice from Pakistan decreased from US \$2.16 billion in 2013-14 to US \$1.16 billion in 2016-17, thus showing decline of 26%. About 2 million tonnes of Basmati are grown annually in Pakistan, of which around 0.6 million tonnes are exported.

**Table 3: Country-wise Exports of Rice From Pakistan**

Value: US\$ 000

Country	2016-17	2015-16
Kenya	215,632	192,780
U.A.E	187,986	130,271
Afghanistan	129,837	119,484
China	107,821	271,369
Mozambique	51,564	80,874
Saudi Arabia	54,805	81,539
Madagascar	48,865	40,228
Yemen	40,182	62,047
Tanzania	58,348	64,663
Oman	52,255	57,632
Kazakstan	40,698	18,914
Malaysia	27,241	44,426
Benin	21,995	38,924
U.K.	33,468	40,877
U.S.A	20,723	28,194
Indonesia	38,190	42,836
Sir Lanka	18,576	7,738
Philippines	29,196	39
All others	429,452	537,662
<b>Total</b>	<b>1,606,834</b>	<b>1,860,497</b>

Source: Trade Development Authority of Pakistan

The decline is due to the demand of coarse rice in low-end markets, while the superior Basmati breed continues to suffer. The size of the international Basmati market is around US\$ 6 to US\$ 6.8 billion. Exports of rice from Pakistan are given in **Table 2**.

Pakistan mainly exports rice to Kenya, UAE, China, Saudi Arabia, and Afghanistan. Kenya is the largest importer







of rice with market share of about 13% while UAE and Afghanistan are second and third largest importers of rice.

Exporters also hope to partly regain the lost ground in Saudi Arabia, where rice exports declined to US\$ 55 million in 2016-17 from US \$81 million in 2015-16. Some exporters say that regaining lost status in Afghanistan (where Pakistan's rice exports increased to US\$ 130.5 million in 2016-17 from US\$ 119 million a year ago) and China (where exports decreased to US\$ 108 million in 2016-17 from a peak of around US\$ 271 million a year ago). In case of Afghanistan, political tension between Islamabad and Kabul, and repeated closure of border trade are blamed by exporters for decline in exports of not only rice but of other commodities as well. However, rice exports to China suffered last year mainly due to depressed demand. It is hope that exports to Afghanistan and China will increase this year. During a recent visit of the Kenyan High Commissioner to REAP's Headquarters, steps to further increase rice exports to Kenya came under discussion. Rice exports to Kenya rose to US\$ 216 million in 2016-17 from US\$ 193 million a year earlier. During the previous fiscal year, Pakistani exporters penetrated into such non-traditional markets as Nigeria, Philippines, Sierra Leone, Somalia and Thailand, which itself is a big rice-exporting country. Combined earnings from these markets totalled about US \$ 80 million. Besides, rice exporters are also making efforts to sustain markets like Kenya, Chile, Denmark, Djibouti, Haiti,

Kazakhstan, Madagascar, Mauritania, Mauritius and Zimbabwe, where their exports saw phenomenal growth in 2016-17.

Pakistan's rice exports to Indonesia got a boost in January last year when the two countries signed a deal to enable exporters to ship US\$ 400 million of rice in four years. Under that agreement rice exports to Indonesia are going to increase during this fiscal year which may fetch US\$ 50 million to US\$ 100 million depending upon Indonesian requirements. Country-wise exports of rice are given in **Table 3**.

**Table-4** shows paddy rice production worldwide in 2016-17 by major countries. According to the source, the rice consumption in China amounted to about 144 million tonnes in 2016-2017. The global use of rice per capita amounted to about 54.24 kilograms in that year.

### Future Prospects

Pakistan can capture India's US\$ 260 million rice business with the European Union following the EU's zero tolerance on Tricyclazole chemical found in Indian grains.

This presents an opportunity to grab India's market share, because it will at least take two cycles to reduce the consumption of Tricyclazole in India. Basmati rice export had been facing severe competition from India. Due to lack of research and non-availability of new seeds has caused low yields and high input costs have made Pakistani Basmati rice totally uncompetitive. In this connec-

**Table 4: Paddy Rice Production Worldwide in 2016-17**

Country	Production (Million Tonnes)
China	210.1
India	165.3
Indonesia	74.2
Bangladesh	53.1
Vietnam	44
Thailand	33.3
Myanmar	28.3
Philippines	18.6
Brazil	11.9
Japan	10.7
Pakistan	10.3
Cambodia	9.7

Source: Food and Agriculture Organization of the United Nations.

tion government to extend financial support to rice exporters the second biggest exporting sector) in line with other export-oriented industries) enabling them to be price competitive in the international market to bridge the ever increasing gap of trade deficit of the country. The government should intervene and ensure that rice prices should remain close to regional competitors, particularly India so that exporters could keep their share in the world market.

### References

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5. Trade Development Authority of Pakistan. ♦