

# Qatar has lifted ban on the import of rice from Pakistan

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Qatar has lifted ban on the import of rice from Pakistan that would provide additional US\$ 40-50 million of rice exports to Qatar. During visit of Prime Minister Imran Khan to Qatar on 21-22 January 2019, the Qatari government has finally agreed to include Pakistan-origin rice in the tender documents of the Central Tendering Committee which falls directly under the purview of Qatar's Ministry of Economy & Commerce.

Rice is an important food as well as cash crop in Pakistan. It accounts for 3.0% of the value added in agriculture and 0.6% of GDP. After wheat, it is the second main staple food crop. During 2018-19, rice crop area decreased by 3.1% (to 2,810 thousand hectares compared to 2,901 thousand hectares of last year). The production stood at 7,202 thousand tonnes against the target of 7.0 million tonnes and remained short of 3.3% to 7,450 thousand tonnes against last year. The production declined due to decrease in area cultivated, dry weather and shortage of water.

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

**Table 1: Area, Production and Yield of Rice**

Year	Area	Production	Yield
	(000 Hectares)	(000 Tonnes)	(Kgs/Hec.)
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
2017-18	2,901	7,450	3,568
2018-19	2,810	7,202	2,562

Source: Pakistan Economic Survey 2018-19

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:** Today rice crop is being cultivated in 115 countries of the world. China ranks first in Rice producing among all production countries with about 30% of global rice production. The continent of Asia produce more than 90% of the world, and it is a significant crop in more than 50 countries. About 96% production is consumed in countries they grow. World's total area was 156.95 million hectares, while total production was 651.74 million tonnes.

The continent of Asia ranks first in production in the world and 29 countries grow. In the continent of Africa, 39 countries cultivate and it ranks second in rice production. In the Western hemisphere, the continent of South America ranks third in rice production. In the world, two major species: Asian rice and African rice are grown. About 50,000 varieties exist within these two species and only a few hundred of which are cultivated.

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 pro-

duction 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. 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. 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. 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

**Table 2: Export of Rice from Pakistan**

	2016-17	2017-18	2018-19
<b>Rice (Basmati)</b>			
Quantity (M.T)	469,263	560,959	668,763
Value (US\$ 000)	453,441	581,487	639,250
A.U.P (Per M.T)	966.28	1,037.24	955.87
<b>Rice (Chiers)</b>			
Quantity (M.T)	3,053,891	3,535,487	3436220
Value (US\$ 000)	1153,393	1,453,744	1,430,366
A.U.P (Per M.T)	377.68	411.19	416.26
<b>Rice (Total )</b>			
Quantity (M.T)	3,523,154	4,096,446	4,104,983
Value (US\$ 000)	1,606,834	2,035,591	2,069,616
A.U.P (Per M.T)	456.08	496.92	504.17

**Source: Trade Development Authority of Pakistan.**

Balochistan Irri type long grain heat tolerant tropical rice are grown. The areas, production and yield of rice for the last five years are shown in **Table 1**.

The new varieties were approved by the Variety Evaluation Committee of Pakistan Agriculture Council (Parc) in Islamabad on Wednesday after reviewing twenty-six proposals. Research on these varieties was carried out at the rice research laboratory of National Agriculture Research Centre. A senior official of NARC said that following the approval by the committee, the new hybrids of rice can now be imported from China.

So far, 130 different varieties of rice have been developed of which at least

twelve varieties are currently sown by farmers in rice growing areas of the country. Punjab is the largest in terms of the crop's production, followed by Sindh and then the remaining parts.

**Exports:** Pakistan's rice exports have developed some permanent features (some call them deterrents) that include: poor quality and poorer international prices, failure to develop brand and retail market share and permanently and dangerously, narrow base of exporters. For the last few years, however, a new, and perhaps the most lethal, factor has crept in the export process increasing uncertain future of basmati variety.

The entire rice export regime of the country has traditionally been based in





this variety, which gave it a natural competitive edge in world market. Certain geographical attributes made it the most 'sought after variety' and the world paid premium for its natural traits – taste and aroma.

Of late, this main pillar of rice export, however, has come under threat because of short-term greed of a small bunch of exporters and traders. They regularly manipulate market to deprive everyone of his share of profit. Precisely for this reason, the variety is increasingly losing its economic sheen — particularly for farmers. With the loss of commercial attraction, farmers are increasingly abandoning the crop.

The world rice market is growing at 12.2% annually and Pakistan's share in this market is increasing since 2015. Export of rice from Pakistan increased from US \$1.8 billion in 2015-16 to US \$2.03 billion in 2018-19, thus showing an increase of 11%. About 2 million tonnes of Basmati are grown annually in Pakistan, of which around 0.6 million tonnes are exported. 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 10%

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\$ 69 million in 2017-18 from US \$81 million in 2015-16. Some exporters say that regaining lost status in Afghanistan (where Pakistan's rice exports increased to US\$ 131.9 million in 2017-18 from US\$ 130 million a year ago) and China (where exports increased to US\$ 128 million in 2017-18 from a peak of around US\$ 271 million in 2015-6).

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. Pakistan's rice exports to Indonesia got a boost since January 2017 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 2017-18 which may fetch US\$ 133 million. Country-wise exports of rice are given in **Table 3**.

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As a viable solution a third-party inspection for supply of rice through CTC tenders and to take strict action against

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

**Value: US\$ 000**

Country	2017-18	2016-17	2015-16
Kenya	201,499	215,632	192,780
U.A.E	129,146	187,986	130,271
Afghanistan	131,864	129,837	119,484
China	127,786	107,821	271,369
Mozambique	44,375	51,564	80,874
Saudi Arabia	69,527	54,805	81,539
Madagascar	114,089	48,865	40,228
Yemen	41,084	40,182	62,047
Tanzania	68,802	58,348	64,663
Oman	28,080	52,255	57,632
Kazastan	62,866	40,698	18,914
Malaysia	24,258	27,241	44,426
U.K.	74,332	33,468	40,877
U.S.A	22,093	20,723	28,194
Indonesia	133,375	38,190	42,836
Sir Lanka	18,114	18,576	7,738
Philippines	16,543	29,196	39
All others	727,838	451,447	576,586
<b>Total</b>	<b>2,035,671</b>	<b>1,606,834</b>	<b>1,860,497</b>

**Source: Trade Development Authority of Pakistan**

those found involved in supplying sub-standard rice in future will be offered to ensure that quality rice are being exported to Qatar. The lifting of ban is expected to provide additional US \$ 40-50 million of rice exports to Qatar if quality is maintained. Qatar annually imports 200,000 tonnes of rice.

Over the years, rice has been Pakistan's major export product to Qatar. The exports were 80 thousand tonnes to 100 thousand tonnes of rice per annum worth US \$ 80-90 million upto 2010-11, which has dropped to US \$ 20-25 million per annum (21,000 tonnes) in last five years. Whereas, the private sector in Qatar continued to import rice from Pakistan, the Central Tendering Committee (CTC), Government of Qatar which procures for state-supplied subsidized rice for Qatari citizens made its tender Indian-origin specific thereby effectively, banning the import of any other origin rice including Pakistani rice into Qatar in 2011-12.

The CTC issues tenders after every two months for supply of more than 5,000 tonnes of high-quality rice to the government of Qatar and the Pakistani origin rice has been excluded from these tenders.

Therefore, Pakistani exporters/ suppliers have been deprived of supplying of about 30,000 to 40,000 tonnes good quality rice to Qatar per annum. Reportedly, the main reason for this change was the sub-standard and low-quality Pakistani rice supplied by the exporters against the government tenders. The Indian rice exporters were the



ultimate beneficiaries of this situation and Indian rice exports to Qatar reached to 142,000 tonnes in 2017 from 18,774 tonnes in 2011.

### Problems

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 connection 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. Improving water productivity is vital for sustainable rice production and boosting rice exports from

the current US\$ 2 billion to US\$ 5 billion.

The country cannot shift to hybrid regime for two reasons: domestic consumption pattern and price differential between the two. Pakistanis are a basmati consuming nation. The hybrid varieties even cause social stigma. Thus, a part of acreage would always be spared for basmati. Why let a variety slip out of hands when it is matter of social, dietary and economic realities?

Price differential between basmati and hybrid in international market would also provide a compulsion for Pakistan to save this variety. It is sold in world market at almost three-time higher price than other hybrids. All these points make basmati integral part of social and economic life. This natural advantage needs tending, not strangulation.

### References

1. Pakistan Bureau of Statistics.
2. State Bank of Pakistan Annual Reports.
3. Trade Development Authority of Pakistan. ♦

