

# Rice: Important cash crop of Pakistan

by Dr. Noor Ahmed Memon.

Export of rice from Pakistan decreased from US \$2.18 billion in 2009-10 to US \$1.92 billion in 2012-13, thus showing decline of 19%. Pakistan mainly exports rice to UAE, Iran, Saudi Arabia, Kenya and Afghanistan.

In Pakistan rice is an important cash crop of the country and the overall national economy. Rice accounts 2.7% of the value added in agriculture and 0.6% of GDP. Rice ranks as second amongst the staple food grain crop in 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 fiber, 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.

## Rice Production

Pakistan is the world's largest producer of rice. Each year, it produces an average of 6 million tonnes and together with the rest of the South Asia: the country is responsible for supplying 25% of the world's paddy rice output. 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.

## Modern rice varieties

In Pakistan, modern rice varieties were adopted rather rapidly after Irri rice was introduced in 1968. The rice variety Irri was reportedly successful in Pakistan because of high solar radiation and abundant irrigation water. When properly managed, Irri yielded three to four times as much as local varieties and enabled the country to increase its rice production substantially.

## Rice sowing area and yield

Rice sowing area is estimated at 2.31 million hectares, 10.1% less than last year's area of 2.57 million hectares. Production of rice decreased from 6.95 million tonnes in 2008-09 to 5.54 million tonnes in 2012-13, thus showing decline of 20%. The production decreased due to decrease in area and effects of monsoon

rain and late receding of water period in rice fields prolonged the sowing.

Rice is grown in many areas of Pakistan. In Punjab it is cultivated in Sialkot, Wazirabad, Gujranwala, Sheikhpura, district Gujrat, Sargodha, Faisalabad and Kasure.

In Sindh, Jacobabad, Larkana, Badin, Thatta, Shikarpur and Dadu district 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.

Table 1: Production and Yield of Rice

Year	Area (000)	Production (000)	Yield (Kgs/Hec.)
2008-09	2,963	6,952	2,346
2009-10	2,883	6,883	2,387
2010-11	2,365	4,823	2,039
2011-12	2,571	6,160	2,396
2012-13	2,311	5,541	2,398

Source: Federal Bureau of Statistics, Government of Pakistan.

In Pakistan's agrarian economy rice plays multifarious roles. Firstly, it is second staple food and contributes more than 2 million tonnes of national food requirement. Secondly, rice industry is an important source of employment and income for rural people. Thirdly, it contributes in the country's foreign exchange exchequer. For instance, during 2011-12 about 3.29 million tonnes rice of worth US \$ 2.06 billion was exported. The barter trade on Afghanistan border was in addition to this export. In Pakistan, rice is grown under diverse climatic and edaphic conditions. 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 rices are grown.

### Exports

Export of rice from Pakistan decreased from US \$2.18 billion in 2009-10 to US \$1.92 billion in 2012-13, thus showing decline of 19%. Pakistan mainly exports rice to UAE, Iran, Saudi Arabia, Kenya and Afghanistan. UAE is the largest importer of rice with market share of about 13% while Iran and Saudi Arabia are second and third largest importers of rice with shares of 7% and 6% respectively. Export of rice from Pakistan are given in **Table 2** and country-wise exports of rice are given in **Table 3**.

India kept basmati exports banned for around two years. but lifted the ban after it estimated to produce surplus crop last year. The neighbouring country is giving tough time in the world markets such as Europe and Iran and India enjoys good relations with Iran than Pakistan. Pakistan and Iran cannot have official trade since the United States has put economic sanctions on Iran.

Banks in Pakistan are no more opening letter of credits for goods to Iran. India is having no such issues with Iran and having good trade ties at the state level. The cost of doing business has risen sharply in Pakistan

after the country continued to face electricity amid the energy crisis. This factor is also giving an edge to the Indian rice in the world market over Pakistani rice. India is selling rice at the world markets at a price, which is lower than Pakistan.

Iran's decision to enhance import duty on rice imports from 45% to 90% as an import reduction strategy has hit rice exporters in Pakistan. However, Pakistan's exports to Iran had already been greatly reduced due to the cheaper price of Indian rice and the reluctance of local banks to accept letters of credit, following US sanctions on Iran, other exporting countries have suffered greater losses than Pakistan.

According to sources, Iran makes changes in duty according to the needs of the country to protect local prices of the commodity especially in the wake of increased domestic rice production. There was no ban on trade, but the fresh move was just a strategy that many countries use to protect their local markets and it would be reviewed.

### Global rice market

The global rice market has been dominated by a few exporters, namely, Thailand, Vietnam, India and Pakistan, about 60 to 70% of the total exports. Thailand has remained as the top rice exporter in the world.

Whereas, the export has been dominated by a few exporters, the import side looks quite fragmented, with a large number of countries each importing a small amount of rice.

World top rice exporters and importers are given in **Table 4** and **Table 5**. Over the years, both China and India, the top two rice producers and consumers

in the world, have played a minor role globally with occasional exports and imports.

Despite India's rise as an exporter since the mid-1990s, both these countries, which account for half of global rice production, have largely focused on domestic food security. Trade is an afterthought for these two giants and it is mostly used to manage occasional surpluses and deficits.

India and Chinese governments are trying to expand rice production to keep up with the demand, but the rapidly rising costs of production and pressure on rice area from other competing crops are likely to keep imported rice a lot cheaper than producing rice domestically.

Year	Basmati	Other varieties	Total
2008-09	1,070	913	1,983
2009-10	856	1,328	2,184
2010-11	963	1,197	2,160
2011-12	826	1,236	2,062
2012-13	658	1,261	1,919

Source: Trade Development Authority of Pakistan

Country	2011-12	2010-11
U.A.E	279,692	299,080
Iran	154,011	355,219
Saudi Arabia	127,872	133,094
Kenya	122,418	74,147
Afghanistan	112,740	224,936
Oman	76,850	106,381
Philippines	83,761	5,621
Qatar	75,436	79,188
Yemen	72,692	44,924
Sri Lanka	69,397	8,013
Malaysia	66,822	20,174
Somalia	62,184	41,068
Bangladesh	56,389	774
United Kingdom	55,707	43,902
Mozambique	50,497	43,383
South Africa	45,402	22,403
All others	671,995	480,924
<b>Total</b>	<b>2,183,865</b>	<b>1,983,231</b>

Source: Trade Development Authority of Pakistan

## Future Prospects

The rice exports from Pakistan in fiscal 2021-13 crossed 3.4 million tonnes, valued at \$ 1.19 billion at an average price of \$ 936.6 per tonne for Basmati rice, and \$ 460.8 per tonne for non-basmati rice, which is an important achievement despite tough international competition with India.

The government should provide subsidies to paddy growers for better quality yields, as India provides around \$30 billion in subsidies to its farming sector every year through subsidized urea and electricity for tube wells.

Rice Exporters Association of Pakistan (REAP) has decided to prepare a road map to explore and enter new markets in a bid to boost exports. The REAP will focus on long-term planning with short term targets to enhance Basmati exports, with an initial target to increase exports from \$ 2.5 billion to \$ 3.0 billion.

On an average the country produces around 6.0 million tonnes of rice annually and after meeting domestic consumption of around 2.0 million tonnes, some 4.0 million tonnes are exported. The government should intervene and ensure that

Table 4 Top ten rice importers (in million Tonnes)		
Country	2011	2012
Indonesia	3.09	1.45
Nigeria	2.55	2.45
Iran	1.80	1.90
Bangladesh	1.48	1.20
EU-27	1.47	1.40
Philippines	1.20	1.50
Malaysia	1.07	1.08
Saudi Arabia	1.10	1.15
Iraq	1.03	1.20
Ivory Coast	0.93	0.95

Source: United States Department of Agriculture (USDA)

rice prices should remain close to regional competitors, particularly India so that exporters could keep their share in the world market.

Pakistani basmati rice being superior in quality over Indian basmati, which was being sold at a premium of \$100 per tonne in the world market but now the same margin, has surged up to \$250 per tonne due to higher paddy price.

If prices of paddy stay at current high level, exporters will not be in a position to

Table 5 Top ten rice exporters (in million Tonnes)		
Country	2011	2012
Thailand	10.64	6.50
Vietnam	7.00	7.00
India	4.63	8.00
Pakistan	3.20	3.75
Brazil	1.29	0.90
Cambodia	1.00	1.00
Uruguay	0.84	0.85
Myanmar	0.77	0.60
Argentina	0.73	0.65
China	0.48	0.60

United States Department of Agriculture (USDA)

export such a huge quantity in the world market where 'our competitors are offering rice at much less price.

## References

1. Agricultural Statistics, of Pakistan - 2010-11, Government of Pakistan Division.
2. Trade Development Authority of Pakistan
3. Federal Bureau of Statistics, Government of Pakistan.
4. United States Department of Agriculture (USDA). ◆

