

Better branding and packaging of rice needs to compete in international markets

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Export of rice from Pakistan increased from US \$1.92 billion in 2012-13 to US \$2.16 billion in 2013-14, thus showing an increase of 16%. Due to high demand in the region, UAE is a key market for Pakistan in terms of rice exports. On the other hand Pakistani basmati rice is in great demand in the U.K., Europe and African countries. The non-basmati rice is exported to all over the world, with the African states being the major consumers. The high demanded varieties of basmati include super basmati, while the irri-6 is the non-basmati in demand.

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.

Rice cultivation is well suited to countries and regions with low labour costs and high rainfall, as it is very labour-intensive to cultivate and requires plenty of water for cultivation. On the other hand, mechanized cultivation is extremely oil-intensive, more than other food products with the exception of beef and dairy products, Rice can be grown practically anywhere, even on a steep hill or mountain. Although its species are native to South Asia and certain parts of Africa,

centuries of trade and exportation have made it commonplace in many cultures.

Production: Rice is an important food and cash crop; second staple food grain crop of Pakistan after wheat and major source of foreign exchange earnings after cotton. Rice accounts 3.1% of the value added in agriculture and 0.7% of GDP.

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. Among the most famous varieties grown in Pakistan include the Basmati, known for its flavour and quality. During 2013-14, rice is cultivated on an area of 2,789 thousand hectares, 20.8% higher than last year's area of 2309 thousand hectares. The production stood at 6798 thousand tonnes, against the target of 6,200 thousand tonnes shows a growth of 9.6% against the target if compared to corresponding period of last year production which was 5,536 thousand tonnes, a healthy increase of 22.8 % witnessed. The rice acreage increased due to lucrative market prices received during the past few years which induced the growers to bring more area under cultivation. The production increased due to increase in area while improved yield remained not impressive due to flood/excessive rains and attack

Table-1 Production of Rice in Pakistan ('000' Tonnes)

Year	Punjab	Sindh	KPK	Baluchistan	Pakistan
2000-01	2,577.0	1,682.3	131.2	412.1	4,802.6
2001-02	2,266.0	1,159.1	121.7	335.2	3,882.0
2002-03	2,579.7	1,299.7	131.7	467.4	4,478.5
2003-04	2,871.4	1,432.8	130.8	412.6	4,847.6
2004-05	2,980.3	1,499.7	123.2	421.6	5,024.8
5 - Years' Average	2,654.9	1,414.7	127.7	409.8	4,607.1
2005-06	3,179.6	1,721.0	117.5	529.1	5,547.2
2006-07	3,075.5	1,761.8	122.9	478.2	5,438.4
2007-08	3,286.0	1,817.7	128.3	331.4	5,563.4
2008-09	3,643.0	2,537.1	128.2	643.7	6,952.0
2009-10	3,713.0	2,422.3	102.4	645.0	6,882.7
5 - Years' Average	3,379.4	2,052.0	119.9	525.5	6,076.7
2010-11	3,384.0	1,230.3	78.4	130.6	4,823.3
2011-12	3,490.0	1,350.2	79.5	125.0	5,045
2012-13	3,360.2	1,235.1	80.3	860.0	5,536
2013-14	3,491.7	1,240.5	100.5	1,965	6,798

Source: i) Agriculture Statistics of Pakistan - 2013-14 Government of Pakistan
 ii) Pakistan Economic Survey -2013-2014
 iii) Ministry of National Food Security and Research, Government of Pakistan

Exclusive on Rice

of leaf roller and blight in some cultivated areas. The production of rice are shown in *Table 1*.

Exports: The global rice market has been dominated by a few exporters, namely, India, Vietnam Thailand and Pakistan, about 60% to 70% of the total exports. India has remained as the top rice exporter in the world in 2012-13. 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. Over the years, both India and China, the top two rice producers and consumers in the world. World top 10 rice exporters are given in *Table-2*.

Table 2: Top 10 Largest Exporters of Rice in the World -2013

Rank	Country	Exports (000 Tonnes)
1	India	10,500
2	Vietnam	6,800
3	Thailand	6,700
4	Pakistan	3,500
5	U.S.A.	3,271
6	Burma	1,163
7	Cambodia	975
8	Uruguay	900
9	Egypt	850
10	Brazil	830

Source: US Department of Agriculture.

Export of rice from Pakistan increased from US \$1.92 billion in 2012-13 to US \$2.16 billion in 2013-14, thus showing an increase of 16%. Out of the total rice exports of \$1.9 billion in 2013-14, the share of non-basmati variety was over \$1 billion. The country exported 3.37 million tonnes of rice in 2013-14, including 2.6 million tonnes of non-basmati and 733,860 tonnes of basmati rice. In terms of quantity, there was an increase of 16% in basmati rice, while there was a 35% value increase in comparison to 2013-14. The non-basmati rice decreased by 8% in quantity. Export of basmati and non-basmati rice are given in *Table-3*.

Pakistan mainly exports rice to UAE, China, Saudi Arabia, Kenya and Afghanistan. UAE is the largest importer of rice with market share of about 10% while Kenya and China are second and third largest importers of rice with shares of 7% and 6% respectively. Country-wise exports of rice is given in *Table 4*.

Trading Corporation of Pakistan (TCP), plays a limited role in the rice trade by facilitating government-to-government exports through the private sector. The GOP in consultation with the Rice Exporters Association of Pakistan (REAP)

Table 3: Export of Rice from Pakistan Value: US \$ million

Year	Basmati	Non - basmati	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	668	1,256	1,922
2013-14	770	1,393	2,163

Source: Trade Development Authority of Pakistan

has established a quality review committee to certify the quality of Pakistani rice prior to shipment in an effort to boost the image of Pakistani rice, and especially Basmati rice.

The average price of the Pakistani basmati rice stood at US \$1,153 per tonne during 2013-14, due to a higher demand of Indian basmati rice, which is considered elite in the international market, the price reached \$1,600-1,700 per tonne. India also possesses the Early Aging Steam System for the production of rice. The price of non-basmati rice in the international market is \$449 to \$400 per tonne. There is great scope in enhancing exports of the variety.

Future Prospects: Pakistani basmati rice is in great demand in the UAE, Kenya, China, Afghanistan and Saudi Arabia. The non-basmati rice is exported to all over



the world, with the African states being the major consumers. The high demanded varieties of basmati include super basmati, while the irri-6 is the non-basmati in demand.

Although there is lot of potential to increase the export of rice from Pakistan to China, yet it is presently limited due to quota restrictions in China. Pakistani basmati rice is in great demand in China and Chinese exporters are willing to import more basmati rice from Pakistan.

In this connection, Trade Development Authority of Pakistan and Pakistani envoy in Beijing to take the issue of enhancing quota limit of basmati rice from 0.5 million tonnes to 0.75 million tonnes. Pakistan has exploited fully its 500,000 tonnes rice export quota to China and if this limit is exceeded to 750,000 tonnes the country can fetch more foreign exchange. The Beijing has recently inked an agreement to import around 1 million tonnes rice from Thailand paying \$30 per tonne additional cost. If Pakistan government convinces the Chinese authorities to raise rice import limit for Pakistan the Chinese buyers will also benefit. The rice exporters are already exploring new techniques with China to improve the quality of rice.



Better branding and packaging is required to compete in such markets. The quality of the Pakistani basmati rice is very good in comparison to the Indian one, but India has a better processing procedure when it comes to rice manufacturing. They are using the latest technology in processing, packaging and polishing, which is a major reason for their success.

The prices of 5-kg Indian-label rice bag in the international stores are \$8-17 against the \$7-11 of the Pakistani equivalent. Pakistan produced 6.5 million tonnes of rice in all varieties, of which 3.4 million tonnes was for exporting purposes.

According to the latest report of USDA, India's rice output is likely to decline to 103 million tonnes in 2014-15 owing to crop damage and exports are also expected to be lower at 10 million tonnes.

The per acre yield of Basmati rice in Pakistan has declined to 32 maunds from 48 maunds per acre over the last five years, while India has developed seeds that produce over 50 maunds per acre. One maund is equal to about 38 kilograms.

Unless Pakistan develops its research and produces better yielding seeds, it will remain out-competed. The Chinese and the Thais and others have also done the same. Pakistan produces 6.8 million tonnes of rice in 2013-14 but in 2012-2013 the output was 5.5 million tonnes. Usually, the production comprises 40% of basmati (fine) variety and 60 % of coarse varieties.

Pakistan's traditional export markets for rice include United Arab Emirates, Kenya, China, Afghanistan, Saudi Arabia, Oman and UK. The price of basmati rice has increased by 15 % due to increase in tariffs of electricity and gas., besides, the frequent use of diesel-generators also causes an increase in operational cost.

References

1. Ministry of Food Security and Research, Government of Pakistan
2. Pakistan Bureau of Statistics, Government of Pakistan
3. Pakistan Economic Survey-2013-14, Ministry of Finance
4. Rice Exports Association of Pakistan (REAP)
5. Trade Development Authority of Pakistan
6. United States Department of Agriculture. ♦

Table 4: Country -Wise Export of Rice
Value: US\$ 000

Country	2013	2014
U.A.E.	215,257	174,364
Kenya	161,395	66,098
China	137,372	197,917
Afghanistan	127,341	119,722
Saudi Arabia	132,632	114,600
Oman	103,491	111,935
U.K.	97,514	64,480
Madagascar	91,646	46,418
Yemen	82,324	67,529
Malaysia	70,141	59,446
Mozambique	61,508	69,751
Tanzania	60,995	66,963
Belgium	56,552	11,357
Benin	49,261	47,176
Qatar	44,871	41,636
All Other	670,826	662,990
Total	2,163,126	1,922,382

Source: Trade Development Authority of Pakistan