More to offer though Agriculture

An appraisal of the agriculture sector raises hope that if stakeholders learn to co-exist peacefully it has more to offer in the near future.

Output of rice and sugar cane has remained above expected levels and maize production may also remain close to target. This means that crops will, by and large, post sufficient growth during the current fiscal year. Even if smaller crops fail, it will not make a huge impact in this proposition.

Officials of the Ministry of National Food Security and Research (MNFSR) say that in FY18, contribution of all crops in agriculture growth should be slightly more than FY17. Agriculture posted 3.5% growth in FY17 of which around 1.1% came via crops. In FY18 the agriculture sector as a whole is likely to grow 3.5-3.6%.

Beyond the numeric value (of crops' contribution to agricultural growth), higher yield of rice, sugar cane, maize and wheat are going to set the stage for a sustainable growth rate in agriculture.

According to officials, anticipated Chinese investment in the country's agriculture as part of CPEC should give further impetus to the sector's growth rate. They say Beijing has already committed to setting up a fertiliser plant with output capacity of 800,000 tonnes per year in addition to investing in high-yield seeds production.

Besides, the Chinese have already agreed to set up a meat processing plant in Sindh to produce 200,000 tonnes of meat a year and two milk plants with a similar capacity. They have also indicated setting up a vegetable processing plant to process 200,000 tonnes of vegetables and fruit juice, along with a jam production plant with output capacity of 100,000 tonnes.

The SBP has further observed in its report that enhanced yield, better output prices, accelerated farm lending and government support (such as Khadim-e-Punjab Kissan Package) is augmenting crop sector performance.

Officials of provincial agriculture departments claim that smaller crops, including those of gram and oilseeds, will remain higher this year than in FY17. Though these crops carry little weight in the crop basket, yet a rise in their output should positively impact food industry and trade.

After agriculture's devolution to the provinces from FY11, all four segments (crops, livestock, fisheries and poultry and forestry) have gotten increased policy attention. But, for obvious reasons, discussions on agriculture mostly revolve around crops despite the fact that livestock has a more than 50 % share in the sector, according to FY17 sector-wise GDP.

So, even if crop performance in FY18 remains better than in FY17, much will depend on livestock to push agricultural growth at 3.5% or beyond.

Way forward to nourish Food SMEs

In order to give a boost to small and medium enterprises (SMEs) in the food sector a sustainable growth of the food processing industry and its alignment with value-addition chain of global food markets are required.

Adopting better and more dependable approaches in manufacturing and marketing of food products is also a must to make food industries responsive to changing local and export market dynamics.

SMEs in Pakistan are classified into three categories, i.e. manufacturing, services and trade. Food SMEs fall in all three categories.The enterprises in agricultural and food processing, dairy and livestock, and food and beverages are in the manufacturing category; hotels and restaurants are in services; whereas wholesalers and retailers of food items are in the trade category.

Therefore, it is difficult to keep track of food SMEs and no credible data regarding them is available. But since the food and beverages sub-sector carries 12.4 % weight in large-scale manufacturing (LSM) the second highest after textiles with 21% the importance of food sector SMEs can be well understood.

A large number of rice and maize processing and wheat milling units are in the SME sector. The same is true for cooking oil and spices manufacturing industries. And it goes without saying that thousands of bakeries, hotels, motels, restaurants and eateries are all but SMEs.

Many food sector SMEs are also direct exporters and many more are in the supply chain of leading food export houses. Without revamping and revitalizing food sector SMEs, we cannot think of rebuilding our food economy.

For this some healthy development is in progress. Chinese investment in the agriculture sector should be sought on a priority basis. As part of the China-Pakistan Economic Corridor (CPEC), Beijing is keen on investing in our agriculture sector as well.

Officials say Pakistan is seeking Chinese investment also for the capacity-building of SMEs in the agriculture sector.

Officials of the Small and Medium Enterprises Development Authority (Smeda) say there is also enough scope for joint ventures between Pakistani and Chinese SMEs in logistics, trucking, warehousing (that can promote food sector SMEs), fisheries, horticulture, food processing, dairy and livestock, cold storage and supply chain business, etc.

Moreover, Pakistan's ranking in the World Bank's ease of doing business indicator dropped from 77th in 2007 to 141st in 2017. This is discouraging for local and foreign investors. Unless we score better on this indicator, organizing or reshaping food-sector SMEs in particular and fast-moving consumer goods companies in general, or attracting foreign investment into them is just too difficult.

Provincial governments are working on plans to improve grain storage and to cut pre- and post-harvest losses besides improving farm-to-market road infrastructure. This may keep prices of perishables from going too volatile at times.

Initiative to tap Cholistan Camel Milk Market

Under an initiative taken earlier this month, the Livestock and Dairy Development Department of Punjab has started collecting organic camel milk from Cholistan and selling it in Lahore and adjoining areas.

Launched with 700 litres of daily supply, the initiative aims to take the sales to 3,000 litres per day within months when the breeding season of camels ends. Punjab is also looking to exploit the export potential of camel milk in the long run.

With 10 times higher iron content and three times more vitamin C than in cow milk, camel milk is surfacing as a new superfood promising health benefits. Since the European Union allowed its import in 2013, camel milk has been gaining global popularity and its production is booming in Middle Eastern countries.

India is also capitalizing on the opportunity, as its exports of camel milk and its dried powder have reached Rs10 billion. Nasim Sadiq, the department's secretary, says Punjab has 90,000 camels and has the potential for producing 12,000 litres of milk per day.

Starting from the Cholistan desert, the department aims to take the project to 11 districts, including Bahawalnagar, Muzaffargarh, Jhang, Mianwali, Bhakkar, Chakwal, Khushab and Vehari

Except for the procurement of 5,000 food-grade milk bottles, the initiative has so far cost the exchequer no expenses. "The department already has buildings in Cholistan [under other projects], two of which have been chosen as milk collection centres," Mr Sadiq says.

These centres have solar power generation for chillers. Moreover, the department has also hired a tanker fitted with food-grade container to transport milk to a processing plant at the Pattoki campus of the University of Veterinary and Animal Sciences.

He says that milk produced by Cholistan camels is far better in quality than that of available in other town of Punjab. "Cholistan camels feed on herbs with no trace of fertilizers and pesticides.

Being in a water-scarce desert area, these animals quench their thirst from the juices of herbs which means that their produce is pure organic," he says. "In contrast, camels in towns usually feed on stale loaves or waste coming from vegetable markets which may have pesticides."

The department has no plans for exports so far, but wishes that the private sector capitalizes on the opportunity to the benefit of poor camel-owners.

Time to capitalize on pulses production

The Ministry of National Food Security and Research considers approving a Rs3bn plan to promote research and boost productivity of four major pulses i.e. gram (chickpea), mash, moong and masoor. The federal government seems to be waking up to rising imports of pulses, which surged by more than 60 % to Rs100 billion during the previous fiscal year.

The plan involving some 18 local and international institutions is aimed at genetically improving seeds, mechanizing production and increasing seed production.

The latest impetus for such planning came from the last year's import bill. Imports of grams alone swelled more than 55% to Rs44bn in the 2016-17 fiscal year. Similarly, imports of masoor (or lentil) more than doubled to Rs15bn. Mash imports increased from Rs6.6bn to Rs7.2bn while that of dried peas stood at Rs25bn.

Apart from the ministry's plan, the plant sciences division of the Pakistan Agriculture Research Council (PARC) noted in a recent meeting that the import bill of smaller crops such as kidney, white and broad beans are also costing over Rs7bn.

Climate uncertainties have hit pulses production more owing to their peculiar cropping requirements. The division has came up with a strategy to strengthen research and development of these beans.

Participants of the meeting noted that the country has a huge reservoir of germplasm lines for these beans because they were used to be part of regular diets and sown in many parts of the country before falling out of farmers' favour.

For example, the Bio-resources Conservation Institute at the PARC has over 1,200 germplasm lines of kidney beans and around 200 lines of cowpeas in its gene bank. They could form the basis for future research and development plans and help cut the import bill.

In addition to this massive gene pool, the organization has research facilities in almost all ecological zones of the country and they can be turned into genetic improvement centres.

On the basis of ecology, research on kidney bean and arhar pulse was assigned to research institutes in Swat and Tando Jam, respectively. For moth bean, facilities at Dera Ismail Khan and Umerkot would be utilized. Germplasm acquisition will be the responsibility of the National Agricultural Research Centre.

A coordinated programme on minor pulses will also be developed for improving productivity, profitability and soil fertility through indigenous resources.

Iranian delegation shows interest in Pakistan's agriculture sector

Recently a delegation from Iran expressed interest in developing strong trade relations with Pakistan in agriculture products. A team of entrepreneurs from West Azerbaijan, led by Urmia Chamber of Commerce and Industry Head of Agriculture Commission Behnam Tajodinni, visited the Islamabad Chamber of Commerce and Industry (ICCI).

Speaking on the occasion, he said that his province has great potential to promote cooperation in agriculture sector with Pakistan. Tajodinni stressed that the agriculture sector of both countries should develop close cooperation to promote bilateral trade of products between Iran and Pakistan. Also addressing the delegation, ICCI President Sheikh Amir Waheed said given the size of both the economies, bilateral trade is far below the actual potential.

Growth project in Sindh agriculture makes progress

The World Bank has extended the closing date of the Sindh Agricultural Growth Project (SAGP) to December 2020 from June 2019, after acknowledging the project's overall progress in its midterm review carried out in November. The review, conducted by the bank's mission, has upgraded the project's status to "moderately satisfactory" from "moderately unsatisfactory".

The upgrade largely owes to progress achieved in the project's agriculture component, which received $6.1 million between May and October 2017. Moreover, $8m was approved for a competitive grant programme to strengthen project's support to value chain activities and accelerate disbursement.

Sindh's initiative to introduce its first agriculture policy, a requirement under the SAGP, has been appreciated by the bank's mission, said a project officer. The draft of the policy is being finalized in consultation with stakeholders.

The livestock sector, another major component of the SAGP, has also made significant progress, the World Bank noted. The mission agreed to divert $5m from agriculture to the livestock component, whose share in total disbursements is now expected to increase from 36% to 50% by April. However, it wants the provincial government to speed up construction of milk collection centres and other related activities.

The chilli sector has by and large benefitted under the project as the level of aflatoxin a cancer-causing toxin in dandi-cut red chillies has dropped considerably.

In addition to the SAGP's intervention, the Pakistan Agriculture Coalition also introduced online trading to the country's large chilli market in Kunri to help farmers sell their produce at better prices.

A total of 100 grants will be provided to farmer groups, small and medium agro-processing businesses and other players in the value chain.

A sum of Rs30m has been allocated for the first phase of research projects under a committee of the Sindh Agriculture University, Tando Jam, whereas the second phase is long awaited. The projects will take one to three years to complete.

Pakistan and Iran to give Russia access to the Indian Ocean

Some of the most promising projects for 2018 and onwards are dealing with the development of north-south transport routes in Central Asia. Countries like India, Iran and Pakistan are already heavily involved.

At the end of December 2017, a new transport corridor through Russia was opened with Iran ferrying a large batch of mandarins from Pakistan all the way to Kazakhstan. This was part of an initiative that could open a new corridor for the delivery of food products from Southeast Asia to markets not only in Russia, but in Western Europe as well.

According to a maritimeherald.com article, Iran plans to use this route for the transit of goods from its south-eastern port of Chabahar to Central Asia and Europe, which, in the end, will become a major East-West corridor.

Small sizes for Pakistani kinnow mandarins

Due to excellent weather circumstances, export volumes have increased by 15% and the current season for Pakistani kinnow mandarins is in full swing. However, sizes are relatively small, which prompts many Pakistani exporters to send their produce to Russia.

"The quality of the fruit is great. Russia is a great market for smaller sized fruit, as is the domestic market of Pakistan," says Shoaib Ahmad of the National Fruit Processing Factory. According to Ahmad, the past year saw the export of 74 containers to the Ukraine, as well as over 1,100 containers to Russia.

"We've been exporting kinnow mandarins to the Middle East. The markets of the UAE, Saudi Arabia, Qatar and Bahrain offer high prices. We've also exported about 350 containers to Indonesia and about 340 containers to the Philippines. There currently aren't that many Chinese mandarins in the Asian markets, which is good for Pakistani mandarins. We've also seen good demand for our kinnow mandarins in Iraq and Kuwait, as the Turkish mandarins of the current season aren't that good with regards to quality."

The peak season for kinnow mandarins in Pakistan lasts from December up to February. The export winds down after the 10th of February, as Egyptian murcott mandarins enter the market. Though competition with Egyptian citrus puts pressure on prices in a market in Eastern Europe, there isn't any competition in Far Eastern markets like Hong Kong or Indonesia.

The path of modernizing agriculture

Punjab plans to introduce farm drones that will kill pests and weeds by spraying pre-identified fields with pesticides. Soon you will be seeing them initially in Punjab and hopefully in Sindh and elsewhere in Pakistan as well after some time.

Another idea being pursued in the province is to monitor water theft from canals with the help of electronic sensors. In fact, authorities have already selected a certain canal system in Bahawalpur to run a pilot project of this kind and are testing the sensor there.

The World Bank has recently approved a $300-million, five-year plan titled Strengthening Markets for Agricultural and Rural Transformation (SMART) for Punjab. The project will support reforms to increase agriculture and livestock productivity, make agriculture more resilient to climate change and foster agribusiness in the province, according to an official announcement made last month.

The project will also reduce inequality and expand opportunities for women and youth. "Additionally, SMART will help improve the sustainability of agricultural production by strengthening the management of irrigation water, and help tackle ground water depletion," the announcement said.

It is not clear whether the provincial government's plan for using farming drones and installing sensors to control water theft from canals is a part of the World Bank's SMART project. But if implemented honestly, these measures can revolutionize our ways of farming and make them efficient.

Before our entry into the China-Pakistan Economic Corridor (CPEC), we kept hearing about the corporatization of agriculture and in the name of it leasing large swathes of land to foreign countries, notably Saudi Arabia and the United Arab Emirates. But we still don't know which foreign country got which the piece of land, on what conditions, and how that has helped in boosting agricultural productivity.

Now that CPEC's master plan is there, Pakistan is going to involve China in a big way in agricultural development. That also means leasing out land to the Chinese firms, again for developing and modernizing agriculture.

In the second step, it is important to devise new plans or review the existing ones only after factoring in informed feedback of all stakeholders for ease of implementation as well as for transparency.

A higher level of transparency in formulating, executing and sharing results of modernization plans can help attracting more excited participation of local and foreign investors.

Pakistan and Ukrain Bilateral Trade Increasing In Agriculture Sector

Ambassador of Ukraine in Pakistan Volodymyr Lakomov recently stated that agriculture products were one of the most dynamic segments of bilateral trade between Ukraine and Pakistan.

The ambassador said that the agricultural trade between the two countries would further go up in coming years. The ambassador said that Pakistani edible exports such as various types of oranges and Basmati rice were popular among Ukrainians while Pakistanis had been enjoying Ukrainian sunflower oil, nuts etc.

He further said that this year both countries plan holding the first session of Ukraine-Pakistan inter-governmental commission on economic and investment cooperation. Volodymyr Lakomov informed that revenue produced from Ukraine's farm exports in 2017 grew by 16%.

3% that is more than US$17.9 billion. He said in the preceding year, the figure was $15.5 billion. Currently the share of exports in the total volume of foreign trade in farm produce and foods is 79. 4%, farmers provide over 41% of Ukrainian exports. The ambassador said that recently agriculture ministry of Ukraine has published a report and noted that the country's foreign trade turnover of agrarian and food products stood at $22.

6 billion in January-December 2017. The top three staples of Ukrainian farm produce and food exports were grain crops (36.2%), vegetable oils (25.1%), and oil seeds (11.3%).

Australia keen to invest in Pakistan's livestock sector

Australian High Commissioner to Pakistan, Margaret Adamson has said that Australian business people are keen to invest in special economic zones, being constructed under the China-Pakistan Economic Corridor (CPEC) in Pakistan.

She said that Pakistan and Australia have enjoyed good bilateral relations, but there are huge opportunities being created under CPEC. "Australia can help Pakistan in livestock and dairy development in addition to providing training for human capital resource, particularly in the field of agriculture. Pakistan is a good market for livestock which is still underutilized," said Ms Adamson.

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