

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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**Date:** 6/27/2014

**GAIN Report Number:**

## **Pakistan**

### **Grain and Feed Update**

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**Approved By:**

Clay Hamilton

**Prepared By:**

Asmat Raza

**Report Highlights:**

Government of Pakistan has procured six million tons of wheat at the close of 2014 wheat procurement season. The current procurement is at par with the last year's government procurement. Private importers from Pakistan have purchased 50,000 tons of wheat of Black Sea origin for September shipment. The wheat flour exports to Afghanistan are progressing at the normal pace. Reports from rice area suggest better than average irrigation water supplies. Pakistan Metrological Department has forecasted that overall availability of water in the country from monsoon rainfall would be satisfactory for rice crop.

**Post:**

Islamabad

**Government of Pakistan Procures Six Million Tons of Wheat**

Government of Pakistan has procured six million tons of wheat at the close of 2014 wheat procurement season. The current procurement is at par with the last year's government procurement. The breakdown of the procured wheat is shown in Table 1.

**Table1: Wheat Procurement by Province/Agency**

| Province/ Agency | Quantity (Million Tons) |
|------------------|-------------------------|
| Punjab           | 3.7                     |
| Sindh            | 1.2                     |
| KPK              | 0.006                   |
| Baluchistan      | 0.074                   |
| PASSCO           | 1.0                     |
| <b>Total</b>     | <b>5.98</b>             |

Government of Pakistan through Provincial Food Departments procures wheat from farmers at the support price and then releases wheat for sale to the flour mills at the government fixed issue price. The system aims to protect farmers from price fluctuations and ensure a minimum return to farmers in view of post-harvest gluts, fragmented commodity markets, and poor storage capacity on the farm. The government is the main buyer of farmers' wheat, with actual volumes of government procurement often reaching 25 to 30 percent of total production, driven by both food security and market intervention objectives. The Government of Pakistan (GOP) maintained the procurement price for current year's crop at last year's level, Rs.1200 per 40 Kg (\$312/ton).

With the government procurement of six million tons of wheat and a liberalized wheat import policy for the private sector Pakistan is not likely to face any supply related food security issue during the current marketing year. However the prices of wheat flour are expected to rise gradually but steadily as milling and transport cost increase due to higher fuel and power prices.

**Wheat Trade**

Private importers in Pakistan have purchased about 50,000 tons of wheat for September shipment. The wheat is sourced from black sea and purchased at around \$270/ton. Pakistan is likely to import 300,000 to 400,000 tons of wheat during the current marketing year mainly to cater the need of Karachi and also for the industry to manufacture specialized products like pasta and noodles.

The wheat flour exports to Afghanistan are progressing at the normal pace. Pakistan is expected to export around 600,000 tons of wheat flour to Afghanistan during the current marketing year.

**Rice**

Reports from the field suggest that farmers in the rice zone are engaged in transplanting rice with better than average irrigation water supplies. The extent and distribution of monsoon rains will be the ultimate factor determining the production level of rice crop. Pakistan Metrological Department has forecasted that total amount of rainfall during monsoon season (July-September) will remain slightly below normal, which means that overall availability of water in the country from monsoon rainfall would be satisfactory for rice crop.

The electricity load-shedding and gas shortages continue to cause problems for the milling industry but the extent of shortage is about 30 to 40 percent less than last year. Consequently rice milling capacity has relatively improved resulting in better supplies of milled rice to the exporters. Appreciation in value of Pakistan rupee against dollar has affected the pace of exports but steady stocks due to good harvest are helping Pakistan to maintain the momentum of rice exports. It should be noted that the value of Pakistani Rupee appreciated by 12 percent during March-April causing problems for the exporters, who had to adjust the appreciated value while fulfilling export orders and also increasing the quoted price for the Pakistani rice.