

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Pakistan**

### **Grain and Feed Update**

#### **Grain and Feed Update - Pakistan**

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**Report Highlights:**

Pakistan's did not renew the 2018 subsidy on wheat exports, announced earlier this year (\$159 per metric ton), that expired on June 30. Pakistan exported about 500,000 tons of wheat during the current marketing year (May 2018/April 2019), excluding Afghanistan. Pakistan's rice production forecast for MY 2018/19 is unchanged at 7.4 MMT. Pakistan has exported 3.4 MMT of rice during the current marketing year (MY17/18), and exports are expected to reach at 4.3 MMT by the conclusion of the marketing year. FAS Islamabad forecasts no changes in the PSD estimates for both wheat and rice.

**Post:**  
Islamabad

### **Executive Summary:**

#### **Wheat Planting for the Next Season Begins Amid Reports of Water Shortages**

The Rabi (winter) crop season is about to commence. Farmers in the key wheat producing provinces of Punjab and Sindh will start planting the wheat crop in a few weeks that will be harvested next spring. Planting in the warmer southern province of Sindh starts in the middle of October. Planting slowly moves north to Punjab where most of the planting takes place in November.

Pakistan's wheat crop is dependent on water from irrigation canals, winter rain, and pumped ground water. The Rabi season's crops are likely to face a 35 to 40 percent irrigation water shortage from the Indus River System Authority (IRSA). As a result, producers asked the provincial governments to implement a comprehensive water management strategy. Nevertheless, this reduced water supply will not significantly affect planted area or yields. Even at full capacity, Pakistan's reservoirs hold only three to four months of water and rely on winter rains and snow for replenishment. Many wheat farmers are accustomed to augmenting surface irrigation with ground water when necessary.

#### **No Renewed Wheat Subsidy**

The subsidy on wheat exports, announced earlier this year (\$159 per metric ton), expired on June 30, 2018, the conclusion of the 2017/18 fiscal year. Pakistan has so far exported about 500,000 tons of wheat during the current marketing year—excluding Afghanistan. Sri Lanka, Bangladesh, the Gulf and African countries are the main destinations. Exports to Afghanistan declined over recent years mainly due to security-related border control measures between the two countries. Pakistan is likely to export between 300,000 to 400,000 tons of wheat to Afghanistan during the current marketing year.

#### **Steady Momentum for Rice Exports**

Pakistan is forecast to have a good harvest with conducive weather conditions. The rice production forecast for MY 2018/19 is unchanged from last year at 7.4 MMT.

Based on preliminary official data, Pakistan exported around 3.4 MMT of rice during the current marketing year, compared to 2.9 MMT from the corresponding period last year (Table 1). Given this export pace, exports are forecast to reach at 4.3 MMT at the conclusion of the current marketing year.

The continuing devaluation of the Pakistani rupee against the U.S. dollar (around 17 percent since December 2017) is making Pakistani rice more competitive. Pakistan is also benefiting from the Tricyclazole issue affecting Indian rice exports. Tricyclazole is not generally used in Pakistan. Pakistani rice exports have been strong this year, and the Rice Exporters Association of Pakistan (REAP) expects this trend to continue. Pakistan is also trying to increase its share in the high valued

Basmati market, resulting in a shift towards more basmati exports.

**Table 1: Pakistan Rice Exports MY 2017/18 (Nov/October)**

<b>Months</b>	<b>MY 16/17</b>	<b>MY 17/18</b>
November	438,399	435,688
December	391,161	478,062
January	390,690	489,052
February	355,633	392,090
March	271,282	462,154
April	374,250	337,540
May	220,377	376,863
June	257,881	271,602
July	200,995	212,518
<b>Total</b>	<b>2,900,668</b>	<b>3,455,569</b>