

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Pakistan

Grain and Feed Update

Grain and Feed December Update

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Report Highlights:

Initial reports from the field suggest that Pakistan's wheat planting area in MY 2012/2013 is likely to be at last year's level (around 8.7 million hectares). For MY 2011/2012, Pakistan has exported around 450,000 tons of wheat and 300,000 tons of wheat flour through December 2012. The government wheat stocks in December were reported to be around 7.7 million tons. Pakistan's rice export estimates for MY/TY 2011/12 and 2012/13 are adjusted downwards to 3.5 million tons and 3.8 million tons respectively due to less production of basmati rice as a result of reductions in basmati planting area.

Post:

Islamabad

Executive Summary:**Wheat Sowing Still in Process**

Initial reports from field contacts suggest that Pakistan's wheat planting area is likely to be the same as last year's - around 8.7 million hectares. Wheat planted area had declined by five percent over the last two years, but is expected to stabilize in MY 2012/2013. This year good soil conditions, widespread winter rains during October and December, and greater availability of irrigation water are key factors in reversing the downward trend. This year floods were milder and only affected wheat planting in a few districts of the province of Sindh in Southern Pakistan. Furthermore, the government's decision to raise the wheat procurement price, albeit late in the planting season, contributed to some farmers increasing planted area compared to the last two years. The Government of Pakistan raised the support price for the My 2012/2013 wheat crop to Rs1,200 per 40Kg (\$312/ton), up 14 per cent over the existing price of Rs1,050 per 40kg (\$292/ton). Some areas of Punjab the central wheat growing area continued planting into the last week of December, so an official estimate of planted area will not be available until the end of January 2013.

Barter Trade Deal with Iran

The Ministry of National Food Security and Research (NFSR) maintains that the negotiations are still ongoing, although rather sporadically. Pakistan in a new offer is considering exporting wheat to Iran in two tranches. The first tranche will be 100,000 tons from government stocks held by the Federal Grain Storage Company, PASSCO, and all subsequent exports will be made by the private sector possibly utilizing wheat released from provincial storage. Officials also state that debt repayment adjustment in lieu of wheat is being considered as a possible option. Previously, both governments were looking at fertilizer and iron ore as barter items. Contrary to the GOP's statements, trade sources remain skeptical that any wheat exports to Iran will materialize during the current marketing year.

Exports to Other Countries

Pakistan has exported around 450,000 tons of wheat through December 20, 2012, mainly to Bangladesh, Sri-Lanka, Indonesia, Malaysia, and East Africa. Official data on specific export volumes by country is not yet available. Pakistan has also exported around 300,000 tons of wheat flour to Afghanistan through December 2012. According to trade sources, the rate of exports is declining with sales in December reaching approximately 18,000 tons, down from a monthly average of around 25,000 tons through November. Export destinations include Sri Lanka, the Philippines and Yemen. Export prices for December shipments ranged between \$312/ton and \$315/ton, FOB-Karachi. The decline in export volume is largely due to reductions in demand and significant quality issues with Pakistani wheat.

Stocks

Pakistan's government wheat stocks by the middle of December, 2012 are estimated at around 7.7 million tons.

A breakdown of stocks by province is, Punjab 4.00 MMT; Sindh 0.85 MMT; KPK 0.29 MMT; Balochistan 0.12 MMT; PASSCO 2.50 MMT; for a total of 7.76 MMT.

Rice

Initial reports from field contacts support Post's production estimate of around 6.8 million tons for the MY 2012/13 rice crop. Export estimates for MY/TY 2011/12 and 2012/13 are adjusted downwards to 3.5 million tons and 3.8 million tons respectively due to less production of basmati rice as a result of a reduction in basmati planting area. Higher local prices and increased competition from India is also adversely affecting rice exports. Farmers are gradually shifting from basmati rice and opting for non-basmati hybrid varieties due to better yields and a shorter growing cycle, which allows for earlier planting of wheat. Basmati planted area has declined about 27 percent over the last three years. The reduction in planted area was more pronounced in Punjab this year, the core basmati growing area.

As white rice production increases, it is changing the export matrix of Pakistani rice. The entire rice export regime of Pakistan has traditionally been based on basmati rice, due to a comparative production advantage, which in turn commanded a premium price for its unique aromatic and taste qualities. Basmati exports dropped 25 percent from 1.2 million tons in 2008-09 to 900,000 tons in 2011-12.

Production, Supply and Demand for Milled Rice

Rice, Milled Pakistan	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested 1,000 ha.	2,750	2,750	2,600	2,700		
Beginning Stocks 1,000 tons	500	500	810	1,000		0
Milled Production 1,000 tons	6,500	6,500	6,700	6,800		
Rough Production 1,000 tons	9,751	9,750	10,051	10,200		0
Milling Rate (.9999)	6,666	6,666	6,666	6,666		
MY Imports 1,000 tons	60	0	50	0		
TY Imports 1,000 tons	50	0	50	0		
TY Imp. from U.S.	0	0	0	0		
Total Supply 1,000 tons	7,060	7,000	7,560	7,800		0
MY Exports 1,000 tons	3,750	3,500	4,000	3,800		
TY Exports 1,000 tons	3,750	3,500	4,000	3,800		
Consumption and Residual 1,000 tons	2,500	2,500	2,650	2,600		
Ending Stocks 1,000 tons	810	1000	910	1400		
Total Distribution 1,000 tons	7,060	7,000	7,560	7,800		0
Yield (Rough) tons/ha		3.54		3.8		0.
TS=TD				0		0

