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**Report Highlights:**

Given record area and prospects for good yields, wheat production in 2024/25 is forecast to be a record 28.8 million tons. Due to an anticipated increase in area, 2024/25 rice production is also forecast to set a record. Meanwhile, with higher returns for other crops, corn area and output are forecast to decrease. Due to the pace of imports through February 2024, the 2023/24 wheat import forecast is increased to 3.3 million tons. Rice exports in 2024/25 are forecast to fall from the record 2023/24 levels as the global market conditions favoring Pakistan's rice exports are unlikely to be sustained into 2025.

## **Executive Summary**

Wheat production in 2024/2025 is forecast to reach a record 28.8 million tons, 2 percent higher than 2023/24. The increase is due to an increase in area, better availability of irrigation water, efficient use of fertilizer, and increased use of certified seed, leading to good yield prospects. Despite no rains during December and January, better than average supplies of irrigation water compensated for the lower precipitation during those two months.

Driven by population growth, wheat consumption is forecast to grow 2.3 percent in 2024/25, reaching 30.9 million tons. Growth in consumption of wheat flour-based products is also increasing due to consumers' inability to afford protein-based staples.

The size of the crop will ultimately determine the level of wheat imports in 2024/25. But with large carry-over stocks and prospects for another record harvest, imports are forecast to decline to 1 million tons. Through the first 10 months of marketing year (May-April) 2023/24, Pakistan imported 2.8 million tons of wheat (Table 2). Another 500,000 tons is expected to be imported in March, and the government has indicated no further imports will be allowed thereafter. Consequently, the 2023/24 import estimate is increased to 3.3 million tons.

Due to anticipated increase in area and assuming 10-year average yield, 2024/25 rice production is forecast to increase to a record 9.5 million tons, 5.6 percent higher than last year. Rice consumption is stable.

Given the pace of exports in marketing year (Nov-Oct) 2023/2024, the rice export forecast is increased to a record 5.7 million tons. The good harvest resulting in a large exportable surplus, competitive prices, India's export ban, and increased buying from importing countries, especially Malaysia and Indonesia, have boosted rice exports to the unprecedented level. Given that the factors favoring the export momentum are unlikely to be repeated during the next marketing year, 2024/25 rice exports are projected to fall to 5.2 million tons.

Due to a significant decrease in area, corn output in marketing year 2024/2025 (July/June) is forecast to decrease 12 percent to 9.2 million tons. Lower demand from the poultry sector resulted in a decrease in domestic corn prices in 2023/24, prompting farmers to plant other crops such, as cotton, sugarcane, and rice. Rising input costs and the ban on genetically engineered (GE) soybean imports is adversely impacting the poultry sector, thus reducing the domestic feed demand. With uncertain prospects for easing the GE import ban, the poultry sector is expected to continue struggling in 2024/25, and feed consumption is forecast to continue declining. Industrial use is forecast to remain flat. With the decrease in production, corn exports are forecast to fall significantly in 2024/25.

## **Wheat:**

### **Production:**

Wheat production in 2024/2025 is forecast at record 28.8 million tons, two percent higher than 2023/24. The increase is due to an increase in area and several factors pointing to good yield prospects: better availability of irrigation water, efficient use of fertilizer, and increased use of certified seed. Growing conditions this year were less than optimum as there were no rains during December and January. However, the better than average supplies of irrigation water compensated for lower precipitation during those two months.

The government provided certified wheat seed during the planting season. The Ministry of National Food Security reports that farmers planted certified wheat seed for 46 percent of the 2024/25 crop. In addition to seeds, the government provides fertilizer, pesticide, and credit.

Cumulative fertilizer nutrient offtake during the 2024/25 planting season (October-January) was 3.2 percent lower than last year. Nitrogen offtake decreased by 6.4 per cent while phosphate, and potash offtake increased by 8.3 and 45.9 per cent, respectively. The offtake for this year represents a more balanced use of nutrients. Overutilization of nitrogen and less use of other nutrients such as phosphate and potash are chronic problems, which have been addressed to some extent during this year.

The wheat crop has traditionally been susceptible to rust, but this year the low rainfall and humidity limited incidence of the disease. In addition, plant breeders have emphasized including rust resistant traits in the national wheat breeding program, and the provincial extension departments have encouraged farmers to use rust resistant varieties. Consequently, there were no significant reports of rust during development of the 2024/25 crop. Similarly, there have been no reports of locust or other serious pest outbreaks this year.

The impact of changing growing conditions continues to challenge growers. Wheat farmers must continue adjusting management practices to adapt to variable temperature and moisture patterns. The absence of rainfall during the months of December and January this year is the latest manifestation of the evolving growing conditions. In addition, occasional irrigation water shortages and inefficient irrigation methods persist in some growing areas. About 90 percent of wheat area is irrigated, and two-thirds this is sourced from snow and glacier melts, with the balance supplied by seasonal monsoon rains. Most stored water for irrigation is held in two large reservoirs, Tarbela and Mangla.

In terms of both providing domestic food security and overall production area, wheat is Pakistan's most important crop. The nine million hectares of wheat area is about 40 percent of total field crop land. The cropping pattern in irrigated areas is wheat after cotton, rice, or sugarcane. In rainfed areas, wheat is grown at the same time as maize and millet. Wheat sowing occurs October/December. As of late March 2024, the crop harvest had already started in parts of Sindh. In Punjab, the harvest will start in early April and continue through May.

There are no changes in the official government purchase price for the 2024/25 crop. The federal and Punjab provincial governments' wheat support price for the 2024/25 crop is still Rs. 3,900 per 40 kilograms (\$350 per metric ton), while Sindh government maintained its set price at Rs. 4,000 per 40 kilograms (\$358 per metric tons).

Wheat production area by province is shown in Table 1.

**Table 1: Wheat Area by Province (2023/24)**

Province	Area (Million Hectares)	Percentage of Total Area
Punjab	6.80	74
Sindh	1.20	13
KPK	0.78	9
Baluchistan	0.34	4
Total	9.12	100

### **Consumption:**

Growing at an annual rate of 2.3 percent, consumption in 2024/25 is forecast at 30.9 million tons. Population growth and consumers' continued preference for wheat-based products are driving the continued increase. Wheat consumption has remained steady at 124 kilograms per year, which is among the highest in the world. Wheat for feed and industrial use is not large, with the poultry industry consuming around five percent of the total demand.

During the last three years, annual price inflation in food commodities has hovered around 30 percent. The higher food prices have restricted consumers' ability to include more protein in the diet. This has favored consumption of wheat-based products as milk and meat are unaffordable for many consumers. Wheat is the main staple for most of the population providing more than 70 percent of total calory intake.

### **Trade:**

Given large carry-over stocks and the production and consumption expectations, imports during 2024/25 are forecast to decline to one million tons. However, the size of wheat crop will ultimately determine the quantity of 2024/25 imports.

Through February of marketing year (May-April) 2023/24, imports totaled 2.8 million tons (Table 2). Another 500,000 tons is expected to be imported in March, and the government has indicated that imports will be stopped beginning April 1. Consequently, the 2023/24 import estimate is increased to 3.3 million tons.

In a major policy reversal, the government allowed the private sector to import all the wheat during 2023/24. Previously, the state-owned Trading Corporation of Pakistan (TCP) did the wheat imports. However, beginning in July 2023, the government allowed the private sector to import wheat duty free. The government has indicated they will halt wheat import approvals after 31 March 2024. Taking advantage of the price difference between the domestic and international prices, the private sector imported wheat at an average price of \$290/ton, much less than the government support price of \$350 per ton. Approximately 70 percent of the imports have come from Russia. The recently formed Cabinet has not yet indicated whether it will continue the policy of allowing the private sector to import or whether they will return the wheat import function to TCP.

Landed U.S. wheat prices at Pakistani ports are not competitive with Black Sea or other eastern European origins. Pakistan has not imported U.S. wheat since 2010.

**Table 2: Wheat Imports in 2023/24 (metric tons)**

Months	Quantity
May	50,940
June	0
July	0
August	0
September	162,301
October	394,602
November	497,734
December	312,399
January	613,147
February	778,112
<b>Total</b>	<b>2,809,235</b>

Source: Pakistan Bureau of Statistics

The government's actions to control cross-border trade somewhat disrupted wheat/flour exports to Afghanistan in 2023/24, but an estimated 500,000 tons wheat-equivalent has been exported to Afghanistan. These exports are not reflected in official data.

### **Stocks:**

Given production, import, and consumption expectations, ending stocks in 2024/25 are forecast to decline to 3.2 million tons. Ending stocks in 2023/24 are estimated to be a record 4.7 million tons, above the government's minimum strategic reserve requirement of 2.5 million tons. The government maintains sufficient stocks to ensure food security. Even though the government faces a shortage of foreign exchange to finance imports, their food security priorities imply they will continue to import wheat to ensure sufficient stocks.

Stocks are maintained by provincial food departments and a federal agency, Pakistan Agricultural Storage and Services Corporation (PASSCO). While provincial food departments are responsible for the storage and release of wheat stocks in their respective provinces, PASSCO performs the function of storage of wheat and its release to deficit provinces. During the last several years, the government has purchased around 6.0 million tons, on average, from the farmers at the guaranteed prices.

**Policy:**

Except for allowing private sector imports in 2023/24, wheat production and marketing continues to be largely government controlled. Despite concerns about the efficiency of the system and associated high costs, the government is reluctant to reduce interventions in the sector. As wheat is a staple in the diet, government actions are usually politically driven rather than market-based decisions. This makes the system distorted, complex, and less efficient.

The wheat marketing system is based on a minimum guaranteed support price, which provides incentive to farmers to grow wheat. The procured wheat is then sold at a mandated price to flour millers with the government controlling the quantity, price and time of release. Wheat prices and the movement of wheat are controlled at the provincial and district levels. Grain stocks are procured and maintained by the provinces. While food security is an important concern in Pakistan, high volumes of state wheat procurement make it harder to attract private sector trade and investment in the postharvest supply chain.

**Table 3: Wheat Production, Supply, and Distribution. (May/April) (1,000 HA) (1,000 MT)**

Wheat Market Year Begins	2022/2023		2023/2024		2024/2025	
	May 2022		May 2023		May 2024	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	9,000	9,000	8,860	8,860	0	9,120
Beginning Stocks (1000 MT)	4,530	4,530	3,910	3,910	0	4,710
Production (1000 MT)	26,400	26,400	28,000	28,200	0	28,800
MY Imports (1000 MT)	2,680	2,680	2,700	3,300	0	1,000
TY Imports (1000 MT)	2,731	2,731	2,700	3,300	0	1,000
Total Supply (1000 MT)	33,610	33,610	34,610	35,410	0	34,510
MY Exports (1000 MT)	500	500	500	500	0	400
TY Exports (1000 MT)	500	500	500	500	0	400
Feed and Residual (1000 MT)	1,700	1,700	1,700	1,900	0	1,900
FSI Consumption (1000 MT)	27,500	27,500	28,300	28,300	0	29,000
Total Consumption (1000 MT)	29,200	29,200	30,000	30,200	0	30,900
Ending Stocks (1000 MT)	3,910	3,910	4,110	4,710	0	3,210
Total Distribution (1000 MT)	33,610	33,610	34,610	35,410	0	34,510
Yield (MT/HA)	2.9333	2.9333	3.1603	3.1828	0	3.1579
TY = Trade Year; TY 2022/2023 = July 2022/June 2023						

**Rice, Milled:****Production:**

Due to high prices providing farmers the incentive to increase rice plantings, area is forecast to be a record 3.79 million HA in 2024/25. With the increase in area, and assuming average yield (past 10 years) marketing year (November/October) 2024/25 rice production is forecast to increase to a record 9.5 million tons, surpassing the previous record production of 9.3 million tons in 2021/22.

Except for the flood-damaged 2022/23 crop, rice production has steadily increased during the past several years. The increase in production is more pronounced in non-basmati varieties, driven by the introduction of new higher yielding hybrid varieties. Growth is modest in basmati production as basmati area is limited to a few districts in Punjab and limited new varieties have been marketed in recent years.

After wheat, rice is the second largest crop in terms of area. During the summer (May-Sept) season, rice accounts for about 12 percent of total crop area.

**Rice Growing Zones:**

The rice growing areas are classified into the four zones shown in Table 4.

**Table 4: Rice Growing Zones**

Zone I 10 % of total rice production.	Northern high mountainous areas of Khyber Pakhtunkhwa (Swat and Khagan) with sub-humid climate, average rainfall of 750-1000 millimeters (mm).
Zone II 55%	Lies between the Ravi and Chenab rivers in the central Punjab. Sub-humid, sub-tropical climate with average rainfall of 400-700 mm. This is the famous premium zone and Basmati rice is exclusively produced in this zone along the Kalar tract consisting of Sailkot, Sheikhpura, Narowal, Gujranwala, Hafizabad, and Lahore Districts.
Zone III 25%	West bank of Indus river in upper Sindh and Balochistan. Larkana, Jacobabad (Sindh), Nasirabad and Jaffarabad (Balochistan). High temperature and sub-tropical climate with average rainfall of 100 mm make it best suited for long grain rice.
Zone IV 10 %	Indus delta basin in Lower Sindh (Badin and Thatta Districts). Climate is arid tropical and is suited for coarse varieties.

**Consumption:**

During 2024/25, consumption is forecast to grow only slightly to 4.1 million tons. Rice consumption patterns are stable. With wheat-based products the dominant carbohydrate staple in the diet, rice is of secondary importance. It is mostly consumed in ceremonies or cooked at home during festive occasions. Per capita rice consumption of 18 kilograms per year is relatively low, reflecting the fact that flour-based products are the dominant carbohydrate consumed. An estimated 200,000 tons of high percentage broken rice is used in poultry and animal feed annually.

**Trade:**

Given the pace of exports, the marketing year (Nov-Oct) 2023/2024 rice export forecast is increased to a record 5.7 million tons. Through the first four months of the 2023/24 local marketing year, exports were around 2.8 million tons (Table 5). Basmati exports were 280,966, tons, while other variety exports were 2,596,397 tons. The good harvest resulting in a large exportable surplus, competitive prices, India's export ban, and increased buying from importing countries, especially Malaysia and Indonesia, have boosted Pakistan's rice exports this marketing year. Lower exports to China have been replaced by growth in sales to other markets. Indonesia, West Africa (Senegal, Mali, Ivory coast, Gambia, Madagascar) and East Africa (Kenya, Rwanda, Tanzania) are leading markets. In West Africa, Pakistan has a logistical advantage, plus more competitive fob prices, vis-à-vis Southeast Asia suppliers. The EU

(France, Germany, Netherland, Spain) and Middle East continue to be the main basmati markets. Unpolished Basmati rice is mainly exported to EU, while UAE, Saudi Arabia, Qatar and Bahrain are major destinations for polished basmati rice.

In 2023/24, as mentioned above, several factors converged to make Pakistani rice competitive and in demand in global markets. This same set of global market conditions is unlikely to repeat in the next marketing year. While the next rice crop is expected to be at record level, the unprecedented demand and favorable competitive conditions this year are unlikely to be sustained, prompting a reduction in future export prospects. Consequently, 2024/25 rice exports are projected to fall to 5.2 million tons, a reduction of 500,000 tons from the 2023/24 export forecast.

**Table 5: Rice Exports in 2023/24 (metric tons)**

<b>Months</b>	<b>Basmati</b>	<b>Others</b>	<b>Total</b>
<b>Nov 2023</b>	53,495	612,514	666,009
<b>Dec 2023</b>	74,261	775,765	850,026
<b>Jan 2024</b>	80,295	671,738	752,033
<b>Feb 2024</b>	72,915	536,380	609,295
	<b>280,966</b>	<b>2,596,397</b>	<b>2,877,363</b>

Source: Pakistan Bureau of Statistics

**Figure 1: Rice Exports**



**Policy:**

In contrast to the wheat, there is minimal government involvement in the rice sector. The government does not procure, store, or export rice. Small farmers and SMEs in the sector are eligible to receive government-supported credit programs. In addition, the State Bank of Pakistan (SBP) provides loans to traders under an Export Financing Scheme (EFS). There is a 10 percent duty on rice imports. The government conducts rice variety research and development, provides extension services, and promotes branded basmati in overseas markets. Nonetheless, most exports are still in bulk with little retail-branded products.

**Table 6: Rice Production, Supply, and Distribution. (Nov/Oct) (1,000 HA) (1,000 MT)**

Rice, Milled Market Year Begins Pakistan	2022/2023		2023/2024		2024/2025	
	Nov 2022		Nov 2023		Nov 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2,975	2,975	3,600	3,617	0	3,790
Beginning Stocks (1000 MT)	2,400	2,400	2,043	2,043	0	1,348
Milled Production (1000 MT)	7,300	7,300	9,000	9,000	0	9,500
Rough Production (1000 MT)	10,951	10,951	13,501	13,501	0	14,251
Milling Rate (.9999) (1000 MT)	6,666	6,666	6,666	6,666	0	6,666
MY Imports (1000 MT)	7	7	5	5	0	5
TY Imports (1000 MT)	7	7	5	5	0	5
Total Supply (1000 MT)	9,707	9,707	11,048	11,048	0	10,853
MY Exports (1000 MT)	3,764	3,764	5,500	5,700	0	5,200
TY Exports (1000 MT)	4,503	4,503	5,500	5,600	0	5,100
Consumption and Residual	3,900	3,900	3,950	4,000	0	4,100
Ending Stocks (1000 MT)	2,043	2,043	1,598	1,348	0	1,553
Total Distribution (1000 MT)	9,707	9,707	11,048	11,048	0	10,853
Yield (Rough) (MT/HA)	3.681	3.681	3.7503	3.7327	0	3.7602
TY = Trade Year; TY 2022/2023 = January 2023 - December 2023						

## Corn

### Production:

Due to a significant decrease in area, corn output in 2024/2025 (July/June) is forecast to decrease 12 percent to 9.2 million tons. The decline in feed demand from the poultry sector caused corn prices to fall, discouraging farmers from planting corn in 2024. The decrease in the domestic corn prices prompted farmers to shift towards other crops, such as cotton, sugarcane, and rice. As a result, area is forecast to be the lowest in the past three years. The expected decrease in production contrasts with the sustained growth trend of the past decade.

### Consumption:

Due to the poultry sector's continued dismal performance, consumption in 2024/25 is forecast to drop to 6.5 million tons. Rising input costs and the ban on GE soybean imports adversely impacted the poultry sector, reducing the domestic feed demand. Instead of the significant annual growth achieved during the last several years, poultry production (and therefore corn demand) is decreasing. Prospects for a rebound

in demand from the poultry sector remain tied to resumption in GE soybeans imports, and it is still uncertain when the government will give full approval for to begin GE soybean imports again.

Traditionally, poultry feed accounts for about 65 percent of corn use, while wet milling and dairy feed comprise about 15 and 10 percent, respectively. The remainder is corn milled for flour for human consumption. The main products of wet milling are industrial starches, liquid glucose and dextrose. There are approximately 180 feed mills producing poultry feed, with 10 million tons output capacity.

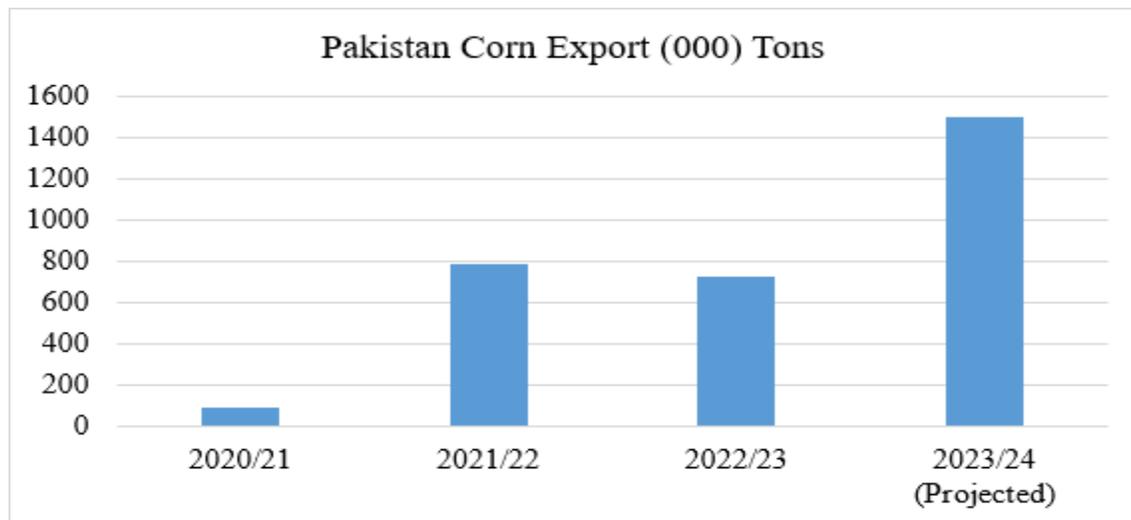
**Trade:**

Due to the anticipated decrease in production, 2024/25 exports are projected at 700,000 tons. The ultimate level of exports will hinge on the final output, world corn prices, and the state of the domestic poultry industry.

There is no change in the 2023/24 export forecast. The good crop, decrease in domestic feed demand, and devaluation of Pakistani rupee helped exporters offer competitive exports prices during 2023/24.

The minimal imports are all seed corn. There is a thirty percent regulatory duty and ten percent customs duty on imported corn, which combined act as a de-facto ban on imports. Moreover, GE corn imports are not allowed.

**Figure 2: Corn Exports**



**Policy:**

Except for the protectionist trade policy mentioned above, there is very little government involvement in the corn sector.

**Table 7: -Corn-Production, Supply, and Distribution. (July/June) (1,000 HA) (1,000 MT)**

Corn Market Year Begins	2022/2023		2023/2024		2024/2025	
	Jul 2022		Jul 2023		Jul 2024	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1,600	1,600	1,650	1,650	0	1,490
Beginning Stocks (1000 MT)	1,528	1,528	964	964	0	984
Production (1000 MT)	9,331	9,331	10,500	10,500	0	9,200
MY Imports (1000 MT)	30	30	20	20	0	20
TY Imports (1000 MT)	30	30	20	20	0	20
Total Supply (1000 MT)	10,889	10,889	11,484	11,484	0	10,204
MY Exports (1000 MT)	725	725	1,500	1,500	0	700
TY Exports (1000 MT)	700	700	900	900	0	500
Feed and Residual (1000 MT)	7,100	7,100	6,600	6,600	0	6,500
FSI Consumption (1000 MT)	2,100	2,100	2,400	2,400	0	2,400
Total Consumption (1000 MT)	9,200	9,200	9,000	9,000	0	8,900
Ending Stocks (1000 MT)	964	964	984	984	0	604
Total Distribution (1000 MT)	10,889	10,889	11,484	11,484	0	10,204
Yield (MT/HA)	5.8319	5.8319	6.3636	6.3636	0	6.1333
TY = Trade Year; TY 2022/2023 = October 2022 - September 2023						

**Attachments:**

No Attachments