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## **Report Name:** Grain and Feed Update

**Country:** Pakistan

**Post:** Islamabad

**Report Category:** Grain and Feed

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### **Report Highlights:**

The Pakistan government estimates wheat production for the current year's crop at 25.45 million metric tons (MMT). It has procured 6.5 MMT of wheat from this year's harvest, which is significantly higher than the 4 MMT procured last year. Pakistan is allowing duty free wheat imports to stabilize local markets in view of the COVID-19 situation. Rice planting is proceeding as anticipated and there are no COVID-19 related planting delays. Locust attacks so far have not resulted in significant damage to the rice crop. Pakistan's rice exports forecast for MY 19/20 remains unchanged at 4.4 MMT. Strict lockdowns imposed by the Indian government is benefiting Pakistan's Basmati rice exports, especially to the Middle East. Pakistan is also expected to gain from increased international demand due to COVID-19.

## **Wheat**

### **Government Anticipates Pakistan's Wheat Production to be around 25.5 Million Metric Tons (MMT).**

Preliminary government estimates put Pakistan's wheat production for the current year at 25.45 MMT. The breakdown is as follows:

Punjab: 19.40 MMT

Sindh: 3.85 MMT

KPK: 1.22 MMT

(Khyber  
Pakhtunkhwa)

Baluchistan: 0.98 MMT

Although the current year production of 25.5 MMT is 1.2 MMT more than last year's production of 24.3 MMT, it is still short of the government's target of 27 MMT. It should be noted that this is the initial government estimate for this year's wheat crop. The final numbers will be released later in the year. Post's production estimate remains unchanged at 25.7 MMT.

### **Government Procures 6.5 MMT of Wheat**

Pakistan procured 6.5 MMT of wheat from this year's harvest, significantly higher than the 4.0 MMT procured last year. The government had fixed an ambitious target of procuring 8.2 MMT of wheat and achieved 80 percent of its wheat target. This ambitious target was set to build strategic reserves in view of the COVID-19 pandemic and given the lockdown imposed during the initial stages of the wheat harvest, the government considers the 6.5 MMT wheat procurement as a good achievement.

### **Pakistan Allows Duty Free Imports of Wheat**

On June 7, Pakistan decided to allow wheat imports by the private sector and lift the 60 percent import duty. The decision is effective immediately and will remain in place until further notice. The government also decided to lift ban on inter-provincial transportation of wheat to ensure sufficient availability across the country.

### **Locust Impact**

COVID-19 and ongoing locust infestations are creating uncertain conditions in the Pakistan market. The government maintains there are enough wheat stocks available in the country for the current marketing year. Depending on the price differential and interest of the private sector, Pakistan may import around 600,000 tons of wheat during the current marketing year to build strategic reserves, ease pressure on demand and supply, stabilize local markets and discourage hoarding. Currently, the price

for Pakistani wheat is \$220 per metric ton. As the government will not be importing wheat directly, the PSD figures for wheat imports will be revised after evaluating the private sector's response to the government decision.

## **Rice**

### **Rice Planting Progressing Well**

Rice planting is proceeding as per schedule and no significant disruptions were reported due to COVID-19 situation. The Pakistan Metrological Department forecast above normal rainfall for the 2020 monsoon season. Overall, Pakistan is expected to receive 10 percent more rain than normal.

Regionally, Kashmir and Sindh are anticipated to have 20 percent more rainfall. The monsoon season in Pakistan starts in July and ends in September. The forecast of above normal rainfall is a good omen for the rice crop. The availability of irrigation water for the Kharif (summer) season is also forecast to be good. The combination of ample water for irrigation along with above normal rainfall during the monsoon season are expected to be instrumental in achieving good rice yields. MY 2020/21 rice production forecast is unchanged at 7.4 MMT and no change in the rice planting area is expected. Rice planting usually occurs in May or June and harvesting is done in October.

### **Locust Situation**

This year's locust infestation is a continuation of the 2019 outbreak that occurred in Africa, the Arabian Peninsula, and South Asia. This is the second wave of locust infestation in the country. Pakistan declared a "National Emergency on Locust" in February 2020 and generated a comprehensive National Action Plan for Surveillance and Control of Desert Locust in Pakistan, 2020-21 (NAP-DL-Pak).

Due to actions taken by the government, locust swarms have largely been confined to the desert areas and some bordering districts. The major damage so far has been to vegetable and fodder crops as well as fruit orchards. No significant damage to the rice crop has yet been reported. The basmati rice growing areas in Punjab have not been affected by the locust attacks. There were reports of locust attacks in certain districts, but timely action from the government prevented any large-scale losses. The next threat is an expected invasion of swarms from East Africa in July during the time that the rice crop will be in the flowering stage in Sindh and south Punjab. The attacks could pose a potential threat to the country's rice crop. If the government continues to take timely action in collaboration with the Food and Agriculture Organization (FAO), the locust threat can be controlled and damages minimized.

### **Rice Exports**

Pakistan's rice exports forecast for MY 19/20 is unchanged at 4.4 MMT. Pakistan has so far exported around 2.7 MMT of rice during the first seven months of the current marketing year (Table 1). There were reports of some disruptions of supply chain in the initial period of the COVID-19 outbreak, however, the problems have been resolved and the Rice Exporters Association of Pakistan (REAP) expects exports to increase during the remainder of the marketing year.

**Table 1: Pakistan Rice Exports MY 2019/20 (Nov/October)**

<b>Months</b>	<b>MY 18/19</b>	<b>MY 19/20</b>
<b>November</b>	<b>385,311</b>	<b>440,488</b>
<b>December</b>	<b>468,599</b>	<b>403, 923</b>
<b>January</b>	<b>495,280</b>	<b>364,169</b>
<b>February</b>	<b>417,572</b>	<b>360,950</b>
<b>March</b>	<b>476,131</b>	<b>380,194</b>
<b>April</b>	<b>421,115</b>	<b>392,832</b>
<b>May</b>	<b>422,102</b>	<b>353,931</b>
<b>Total</b>	<b>3,086,110</b>	<b>2,696,487</b>

### **Impact of India’s Lockdown on Basmati Rice Exports to the Middle East**

Pakistan rice exports to the Middle East increased after India imposed a strict lockdown on its exports in the wake of the COVID-19 outbreak. According to industry contacts, exports of Pakistani rice increased nearly 59 percent to \$420 million in April 2020. The Middle East is the main market for India’s basmati rice exports. When India imposed its lockdown, Middle East importers looked to Pakistan for supplies and for the first time in its history, Pakistan achieved more than 100,000 metric tons of basmati exports in a month (109,140 metric tons of basmati rice in April).

Pakistan’s basmati exports rose nearly 13 percent to 92,454 tons in May 2020 as compared to 81,902 tons in the same month of last year. The United Arab Emirates, Saudi Arabia, Qatar, Bahrain, and other regional countries remained the major destination for Pakistani basmati rice.

Exports of non-basmati rice exports, however, declined during the same period mainly due to international transportations disruptions caused by COVID-19. The major markets for non-basmati varieties are Africa and China and exporters were finding it difficult to export rice to these destinations. According to rice exporters these disruptions are now largely addressed and non-basmati exports to these destinations are also expected to rise in the coming months.

### **Pakistan Expected to Benefit from Increased International Demand**

As international demand has spiked due to panic buying amid Covid-19, Pakistan’s rice exports to the European Union (EU), Gulf Cooperation Council (GCC) countries, China, and Africa are expected to increase for the remainder of the marketing year. The increase is expected in both basmati and non-basmati varieties.

**Attachments:**

No Attachments