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Report Highlights:

Pakistan's marketing year (MY) (May-April) 2020/21 wheat production estimate is revised downward from 25.7 to 25.2 million metric tons (MMT), in accordance with the latest official data. Reports from the field suggest a four-percent increase in the wheat planted area for the MY 2021/22 crop. Pakistan's wheat imports for the current MY are expected to be around 2 million metric tons (MMT). Pakistan exported around 3.8 MMT of rice during MY (November-October) 2019/20. The Intellectual Property Organization (IPO) Pakistan has filed an application against India's bid to obtain exclusive Geographical Indication (GI) tag for basmati rice in the European Union (EU).

Wheat:

Pakistan's marketing year (MY) (May-April) 2020/21 wheat production estimate is revised downward to 25.2 million metric tons (MMT) in accordance with the latest Government of Pakistan data. The production was earlier estimated by the government at 25.7 MMT. The reduction is due to the impact of untimely rains at harvesting.

Pakistan's population growth rate is among the fastest in the world and domestic wheat production and yields have not increased correspondingly, due to the impact of climate change, lack of investment in research for developing high-yielding varieties, and minimal increases in the support price over the last three years. To address these challenges and increase wheat production, at the end of October 2020, the government announced several policy initiatives. These initiatives included increasing the minimum support price for the 2021 wheat crop by 23 percent from PKR 1300 to PKR 1600 per 40 Kg ($250/MT), support to wheat producers in the form of subsidies for fertilizers, and a renewed focus on wheat research.

Wheat Planting Concludes Amid Conducive Weather

Planting of the MY 2021/22 wheat crop across Pakistan is almost complete. The crop will be harvested in April and May 2021. Favorable weather conditions since the beginning of October 2020 and ample supplies of irrigation water supported land preparation and planting activities. Reports from the field suggest a four-percent increase in the planted area compared to last year. The increase in area is attributed to record domestic prices and official programs promoting wheat production.

The actual production for the MY 2021/22 crop will, however, depend on the precipitation that will fall up until April 2021, which is likely to be influenced by the La Niña meteorological phenomenon. In general, the La Niña weather pattern is characterized by below average precipitation, which may affect wheat crops in the rain-fed areas. Another important factor will be the rainfall pattern during the time of harvesting. During the last three years, rains during March and April adversely affected wheat production. The increasing frequency and intensity of these rains are attributed to climate change.

Government Encouraging Wheat Imports to Build Strategic Reserves

The forecast for Pakistan's wheat imports for the current MY is raised from 1 to 2 MMT, mainly due to the government's continued push to build its strategic reserves in the wake of pandemic-related increases in demand and the persistent danger of crop destruction from locust attacks. Wheat is a staple diet and any rise in prices is politically sensitive. Pakistan started MY 2020/21 with low carryover stocks. Heavy government domestic wheat procurement (6.5 MMT) earlier in the MY, coupled with less than anticipated production, put pressure on the demand and supply situation, thereby raising domestic wheat prices. The Government of Pakistan has also abolished the import duty on wheat to facilitate its import from the international market. So far, during the current MY, Pakistan has imported around 1.3 MMT of wheat. The bulk of these imports is in the government sector. Wheat is mainly being sourced from Russia and the Black Sea region.

Transformation from Exporting to Wheat Importing Country

In a period of just a few years, Pakistan has moved from being a wheat exporting country to being a major wheat importer. The main reason is that increases in wheat production are not keeping pace with population growth, mainly due to the adverse impact of climate change and a lack of investment in agricultural research. The government's decision to either keep the procurement price of wheat unchanged or to increase it marginally for the last three years was also a factor which kept wheat production less than the government's production target. For example, the revised production for MY 2020/21 is estimated at 25.2 MMT, while the government production target was 27 MMT. The case is similar for the preceding two years.

It should be noted that during MY 2018/19, when Pakistan exported around 2 MMT of wheat, the beginning stocks were 4.7 MMT. At that time, managing such large stocks was a challenge. The government wheat procurement operation is financed by banks, which charge a mark up against their investment. To reduce the cost of maintaining such large stocks, a policy decision was made during MY 2018/19 to reduce the stocks to around 2 MMT, thereby enabling Pakistan to export 2 MMT of wheat. At that time, the government was confident that the country's future wheat production would meet its consumption requirements in the coming years. However, that did not happen, due to the above-mentioned factors, which increased demand for wheat and lowered wheat supplies. The COVID-19 pandemic and locust attacks further stressed an already fragile supply and forced the government to import wheat to build the country's strategic reserves once again.

Production, Supply and Demand Data Statistics:

Wheat	2018/2019		2019/2020		2020/2021	
Market Year Begins	May 2018		May 2019		May 2020	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	8800	8800	8798	8798	9130	8810
Beginning Stocks (1000 MT)	4746	4746	2583	2583	1292	1083
Production (1000 MT)	25100	25100	24300	24300	25700	25200
MY Imports (1000 MT)	2	2	1	100	2500	2000
TY Imports (1000 MT)	2	2	1	5	2500	1800

TY Imp. from U.S. (1000 MT)	**0**	**0**	**0**	**5**	**0**	**0**
Total Supply (1000 MT)	**29848**	**29848**	**26884**	**26983**	**29492**	**28283**
MY Exports (1000 MT)	**1965**	**1965**	**392**	**400**	**300**	**300**
TY Exports (1000 MT)	**1649**	**1649**	**173**	**200**	**300**	**300**
Feed and Residual (1000 MT)	**1200**	**1200**	**1000**	**1200**	**1100**	**1100**
FSI Consumption (1000 MT)	**24100**	**24100**	**24200**	**24300**	**24700**	**24700**
Total Consumption (1000 MT)	**25300**	**25300**	**25200**	**25500**	**25800**	**25800**
Ending Stocks (1000 MT)	**2583**	**2583**	**1292**	**1083**	**3392**	**2183**
Total Distribution (1000 MT)	**29848**	**29848**	**26884**	**26983**	**29492**	**28283**
Yield (MT/HA)	**2.8523**	**2.8523**	**2.762**	**2.762**	**2.8149**	**2.860**
(1000 HA) ,(1000 MT) ,(MT/HA)						

Rice:

In accordance with the Government of Pakistan's initial estimates, Pakistan's MY 2020/21 rice production is raised from 7.4 to 7.6 MMT. The crop was harvested in October and November 2020. The main reason for the increase in production for the MY 2020/21 crop is adequate monsoon rains in the rice-producing areas. Pakistan's rice crop is heavily dependent on monsoons. Another contributing factor is supportive government policies that ensure the provision of adequate inputs to rice growers.

Based on the latest available official trade data, Pakistan exported around 3.8 MMT of rice during MY 2019/20 (November-October), as compared to a record 4.5 MMT during MY 2018/19. Effects from the pandemic, including labor shortages and limited port functions, reduced supplies, adversely impacting distribution, resulting in higher domestic prices and a decrease in exports. Pakistan's MY 2019/20 rice exports by month are given below in Table 1.

Within the overall rice export matrix, the shift towards high-value Basmati exports is continuing.

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

Months	**MY18/19**	**MY19/20**
November	385,311	440,488
December	468,599	403,923
January	495,280	364,169
February	417,572	360,950
March	476,131	380,194
April	421,115	392,832
May	422,102	353,931
June	284,670	285,665
July	340,983	266,206
August	249,070	167,793
September	249,803	188, 193
October	301,488	219,810
Total	**4,512,124**	**3,824,154**

Source: Pakistan Bureau of Statistics

Pakistan Challenges India's Claim on Geographical Indicator (GI) of Basmati rice in the European Union

The Intellectual Property Organization (IPO) Pakistan has filed an application against India's bid to obtain exclusive Geographical Indication (GI) tag for basmati rice in the European Union (EU). IPO Pakistan has filed the opposition under Article 51 of the Regulation (EU) No 1151/2012 through a Brussels-based international law firm. India had earlier applied in September 2020 for the GI tag for basmati under Article 50(2)(a) of Regulation (EU) No 1151/2012 of the European Parliament and Council on Quality Schemes for Agricultural Products and Foodstuffs.

India accounts for 65 percent of the international trade in basmati, while Pakistan's share in the basmati trade is 35 percent, which earns around $1 billion in exports annually for the country. Since 2006, the EU has applied zero tariffs on imported rice that has been authenticated by either Pakistani or Indian authorities as genuine basmati. About two-thirds of basmati imports to the EU are from India and the rest from Pakistan. The EU market is a very important one for Pakistan, as Pakistan's rice exports to the EU account for approximately 45 percent of its total basmati exports.

GI status is used to mark a product out to consumers as having "qualities, reputation or characteristics relating to its place of origin". In Europe, products such as Parma ham, champagne, and stilton cheese have such a status, allowing producers from the respective regions to charge higher prices. For example, the price of Darjeeling tea soared after 2011 when the Indian state of West Bengal was given the exclusive right to carry the name on packets of its tea leaves.

The granting of GI status by the EU solely to Indian basmati rice is perceived as a threat by Pakistan to its growing basmati rice exports. Pakistan's exports of basmati rice to the EU have more than doubled in the last three years, from 120,000 metric tons (MT) in 2017 to 300,000 MT in 2019. India's exports of basmati rice during the same period have decreased owing to its lack of adherence in meeting the increasingly strict EU standards on the use of pesticides.

Production, Supply and Demand Data Statistics:

Rice, Milled	**2018/2019**		**2019/2020**		**2020/2021**	
Market Year Begins	**Nov 2018**		**Nov 2019**		**Nov 2020**	
Pakistan	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	**2880**	**2880**	**3000**	**3000**	**3000**	**3000**
Beginning Stocks (1000 MT)	**1424**	**1424**	**931**	**931**	**1031**	**1031**
Milled Production (1000 MT)	**7300**	**7300**	**7200**	**7200**	**7600**	**7600**
Rough Production (1000 MT)	**10951**	**10951**	**10801**	**10801**	**11401**	**11401**
Milling Rate (.9999) (1000 MT)	**6666**	**6666**	**6666**	**6666**	**6666**	**6666**
MY Imports (1000 MT)	**0**	**0**	**0**	**0**	**0**	**0**
TY Imports (1000 MT)	**0**	**0**	**0**	**0**	**0**	**0**

TY Imp. from U.S. (1000 MT)	**0**	**0**	**0**	**0**	**0**	**0**
Total Supply (1000 MT)	**8724**	**8724**	**8131**	**8131**	**8631**	**8631**
MY Exports (1000 MT)	**4493**	**4493**	**3800**	**3800**	**4000**	**4000**
TY Exports (1000 MT)	**4550**	**4550**	**3900**	**3900**	**4000**	**4000**
Consumption and Residual (1000 MT)	**3300**	**3300**	**3300**	**3300**	**3400**	**3400**
Ending Stocks (1000 MT)	**931**	**931**	**1031**	**1031**	**1231**	**1231**
Total Distribution (1000 MT)	**8724**	**8724**	**8131**	**8131**	**8631**	**8631**
Yield (Rough) (MT/HA)	**3.8024**	**3.8024**	**3.6003**	**3.6003**	**3.80**	**3.7003**
(1000 HA) ,(1000 MT) ,(MT/HA) **MY = Marketing Year, begins with the month listed at the top of each column** **TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2020/2021 = January 2021 - December 2021**						

Attachments:

No Attachments