

By Afshan Subohi

PAKISTAN has yet to capitalise on its rich agriculture base to claim a share in the multi-billion market of agro-based products. The low level of value addition of the farm produce retards the transformation process in the rural economy that slows down the pace of growth and development.

The country's positioning on ranking chart of agriculture production is impressive. However, its total share in international trade of less than 0.2 per cent, according to recent trade figures of the World Trade Organisation, points to the country's failure to build on the comparative natural advantage.

Pakistan is projected to be fourth biggest cotton and mango producer, second biggest chickpea producer, third biggest milk producer, fifth biggest sugarcane and date palm producer, sixth biggest orange and apricot producer, seventh biggest onion producer, eighth biggest wheat producer and 17th biggest rice producer, according to the data compiled by Food and Agriculture Organisation (FAO). The current comparative data on the countries ranking in poultry, meat and leather production is not available.

There seems to be huge potential in the country to make it big in food, juice, confectionary, garments, footwear and range of other agro-based product categories internationally. The sad fact is that the aggressive global brands with a wide range of products have captured even the growing domestic market in several segments. Whether it is cheese, butter, cereals, packaged juices, frozen vegetables, tinned fish, confectionary items etc., Pakistani consumers are deprived of viable options by the domestic industry.

Experts see it as a collective failure of public and private sectors in the country. "If the government failed to put the right set of policies to direct investment towards the sector of comparative advantage, the private sector can also not be absolved of the responsibility. The business in the country seems to be driven by some considerations other than tapping on the natural

The missing link?

advantage of operating from this soil," said a leading light of the last government's economic dream team in a private conversation some time back, hinting at the rent-seeking behaviour of the trading class.

The senior government official was also implying the lack of entrepreneurship in Pakistani business community. "How else can we explain wastages in the commodity sector? Why are we left behind when we have men and material to make it happen? Big business with ample resources like to play it safe under the tutelage of the government or some multinational, while others who take interest are not resourceful enough in terms of finance and knowledge to go far," he argued bitterly.

The business leaders defended their class and held the government responsible for the sorry situation. "I believe the business class has managed business a lot better than the government has delivered governance. I agree that there is a huge scope of business expansion in this country. Had my community not been aware of the business potential in Pakistan, we would have moved out for better returns," a key business leader responded to the charge.

"Look at the challenges that Corporate Pakistan faces.

The infrastructure is insufficient and inefficient, there is no guarantee of security for life or property, and the government likes to vacillate over every issue under the sun.

If the companies are growing, reporting sparkling performances, the businessmen of the country can possibly not be stupid and inefficient," he went on.

"Besides, it is factually incorrect to say that local companies are negligent or naive for not being able to appreciate the strength of commodity production advantage that Pakistan enjoys. How can you forget Gul Ahmed, Nishat Group, Crescent, Al Karam, Orient, Lakhans, Farooq etc in textiles that depend on cotton, and, not to forget,

Engro, Michelle's, Dittu, Shan, Guard, Mughal, K&N, Fauji Cereals etc. who depend on the agro sector for their raw material," he added, his tone getting bitter by the second. "Luckily we still have a lot more to tap on. Yes, more conducive busi-

ness environment with consistent policies will allow the businessmen to act more confidently and explore new frontiers in commodity value addition," he concluded his case in defence of his community.



OPPORTUNITY: Meat is one of the several products that are awaiting a chance to enter the value-addition chain.

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When confronted, a senior retired civil servant currently working for WTO rubbished the businessman's position. "Nowhere in the world governments pamper their business community the way it is done here in Pakistan. They enjoy subsidies, tax breaks and loan write-offs. Their leaders do global marketing on government expense. The government negotiates trade treaties to let them enjoy advantage in export markets. How well have they responded to preferential treatment by the government?" he asked, and then answered without waiting. "Very disappointingly."

"It is embarrassing for the government to even talk of the situations it has to deal with while interacting with our trading partners. They dodge and they lie. Bearing some exceptions, they are not reput-

ed well in the global market. Ask them how much of their export merchandise is rejected by their importers. How efficient are they in the disposal of rejected consignments lying at some port in the West," he blasted.

"If exports of the country are low and trade share is dismal, it is because there are no high-value exportable surpluses. We tend to adjudge success of businessmen by their lifestyle, when globally they earn respect by competing on the strength of quality and efficiency," he said.

A leader of the farming community, when contacted for his take on the issue, focussed more on the impact of the situation on the farming community that he believed has not been treated well in the country by depriving them of their fair reward for the hard work. "According to recent estimates, more than two-third of Pakistanis still live in rural areas, of which about 68 per cent are engaged in agriculture, representing 40 per cent of the total labour force. The agriculture sector accounts for about 22 per cent of the national GDP. Against all odds, the sector has delivered steady growth for almost three decades. Still it fails to

get the attention it deserves in Islamabad," a leader of the farming community of Sindh commented when reached over the phone. "The economic planning exercise in Pakistan is urban-centric. You need not be Einstein to discover

rural population, which is about two-third of the total. Lack of policy interventions by the government and the reluctance of the private sector to invest in agro-based products deprives the country of the opportunities to fully capitalise on the resource base," said a researcher. "All major crops in Pakistan – cotton, wheat, rice and sugarcane – enter the value chain before hitting the retail or the international market. About cent per cent of these crops are processed. Textile, sugar, flour and rice mills take care of the major crops," he said.

Some other analysts found the approach apologetic and defensive. The supportive facilities to reduce wastages and produce high value marketable products are lacking in Pakistan. Investors in the public and the private sector can play the blame-game to their heart's content. Nothing, however, will change unless required investment is made where it is needed.

"Last year, Pakistani mangoes were selling in Dubai markets for half the price of Indian mangoes. We must invest in storage, grading, proper transportation, packaging of our precious production of fruits and vegetables," another expert commented.

The research showed that the agriculture production can actually be doubled with the right set of policies addressing problems faced by the farming community. Also, the progress so far has been despite the government apathy and lack of appropriate policy interventions.

The link between the extension and research in the relevant field and actual practitioners has been weak, if there was one at all. The devolution of the agriculture from centre to the provinces, thus far, has only added to the chaos in the field. There are several dozen specialised research outfits functioning in different parts of the country. However, in the absence of governing guidelines, they seem to be totally rudderless. Whatever little work has been done on streamlining the agriculture value chain has been inspired by the support of the development partners such as the World Bank and ADB or funded by friendly countries like US, Australia, UK and Germany are active through NGOs in the sector. ■

The writer is a member of staff.




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