

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Pakistan

**Post:** Islamabad

### Apple Product Brief

**Report Categories:**

Product Brief

Fresh Fruit

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**Report Highlights:**

In 2012/13, Pakistan produced 555,000 metric tons of apples, placing it among the top 25 producers globally. Pakistan's apple imports have increased from 2,526 metric tons in 2003 to 14,038 metric tons in 2013. With increasing population, improvements in disposable income, and growing health awareness, the apple is currently the most popular imported fruit in Pakistan. Common foreign varieties include New Zealand (Royal Gala), Iran/Afghanistan (Sweet gold), China (Fuji), and Argentina (Granny Smith). Red Delicious from Washington are periodically available in several of the larger modern retail outlets.

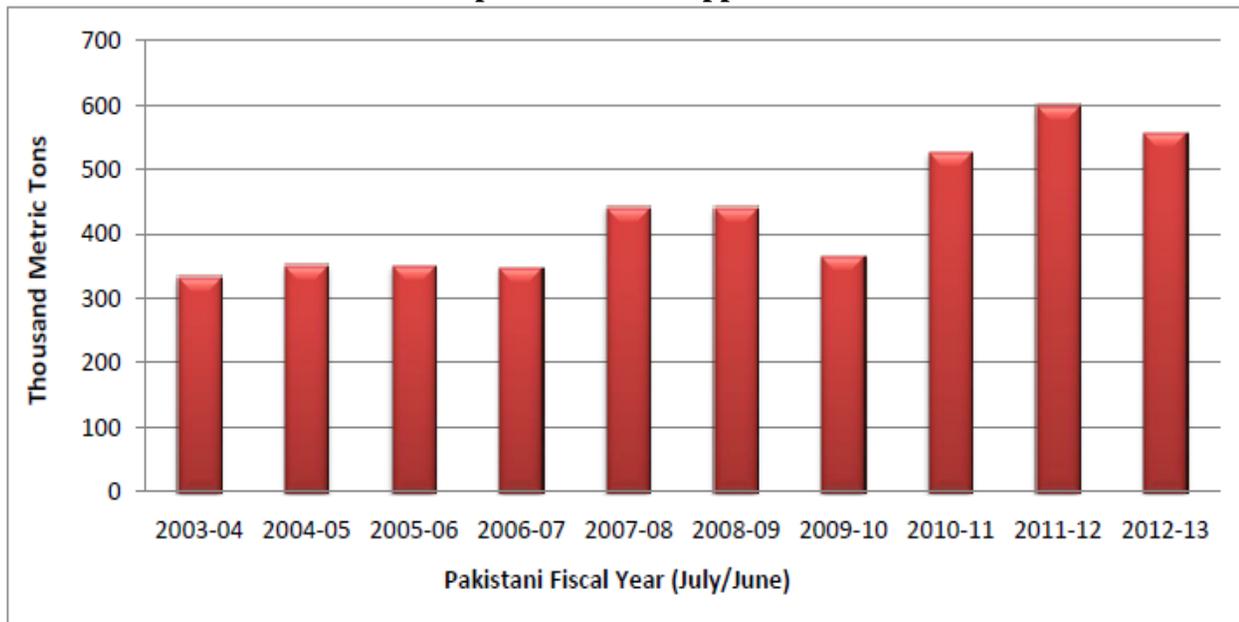
### **Demand for Fresh Fruit Rising:**

Pakistan is the world's sixth most populous country with a population of 188 million. Several factors are influencing demand for fresh produce including greater health awareness among consumers, a large young population, (39% of Pakistanis are between the ages 15-35), increasing urbanization (38% of the population lives in cities), and a developing middle class. The introduction of shopping malls and modern retail outlets is starting to change the shopping experience for consumers as is the introduction of foreign brands in a variety of consumer categories.

### **Pakistan is a Top 25 Apple Producer:**

Apples are generally known as the “sweet gold” of Pakistan and are among the most popular fruits. According to the Pakistan Bureau of Statistics, during 2012/13 apples were produced over an area of 110,000 hectares with a total production of 556,000 metric tons, placing Pakistan among the top 25 producers globally. Apples are grown at higher elevations and/or northern latitudes in a several provinces and areas of Pakistan. Per capita production of apples is just three kilos. Major apple varieties in Pakistan include Golden delicious, Red delicious, Kala Kulu, Kaja, Gacha, Amri, Mushhadi, and Kashmiri.

**Graph 1: Pakistan Apple Production**



Source: Pakistan Bureau of Statistics

### **Domestic Market Structure:**

The sale of domestic produce in most parts of the country is generally completed through agricultural markets established and regulated under the provincial agricultural produce acts established under the Agricultural Produce Market Act of 1939. Provinces are divided into separate “market areas,” each of which is managed by market committees run by each provincial government. Most domestic produce is

traded through the fruit and vegetable (F&V) market in each province. Generally, the fruit is either sold at the local F&V market for local consumption or is trucked to terminal markets in other cities. Several private companies and growers have started shipping produce directly to other cities without halting at major provincial markets. Provinces have opened the marketing sector for private investment. This means the private sector is allowed to open market yards in the provinces and farmers can sell produce to processors, contractors, and consumers directly. A few private firms have established cold storage with capacities of 1,000 tons. At present these private players are buying directly from farmers and the fruit is sold through a nationwide network of dealers.

Despite the various initiatives taken by private players, government-run markets still dominate apple marketing. 80 percent of apple producers market their produce through contractors and the remaining 20 percent self-market. Contractors visit farmers a few months or weeks before the harvest season and offer farmers a price for their whole orchard. Following mutual agreement, the farmer usually receives a 50 percent down-payment.

Only about 1-2 percent of retail is “organized” a euphemism for modern in local parlance. Most retailing is carried out by the unorganized sector, including push carts, street vendors, corner shops, and weekly markets. Large regional price differences exist throughout Pakistan. This is a function of multiple margins extracted along the marketing chain and transportation costs.

Punjab absorbs the major share of the market as up to 40 percent of apple comes to Lahore, followed by 15 percent each to Karachi and Islamabad, 10 percent to Quetta, and 5 percent each to Gujranwala, Sukkur and Hyderabad markets while 5 percent goes to other markets. In the peak season nearly 70 percent of the crop is shifted to cold stores and 30 percent is sold fresh. Buyers’ prefer Red Delicious, Kaja, and Gacha followed by Golden Delicious.

**Table 1: Apple Prices in Pakistani Markets**

S. No	Variety	Retail/kg	Whole sale/100 kg
1	Amri	55-60 PKR	4,000-6000 PKR
2	Gacha	90-110 PKR	8,000-11,000 PKR
3	Kala Kulu	85-120 PKR	8,000-12,000 PKR
4	Golden	80-110 PKR	5,000-8,000 PKR

Source: Market sources (US\$1 = PKR102)

**Table 2: Exports of Apple from Pakistan in metric tons**

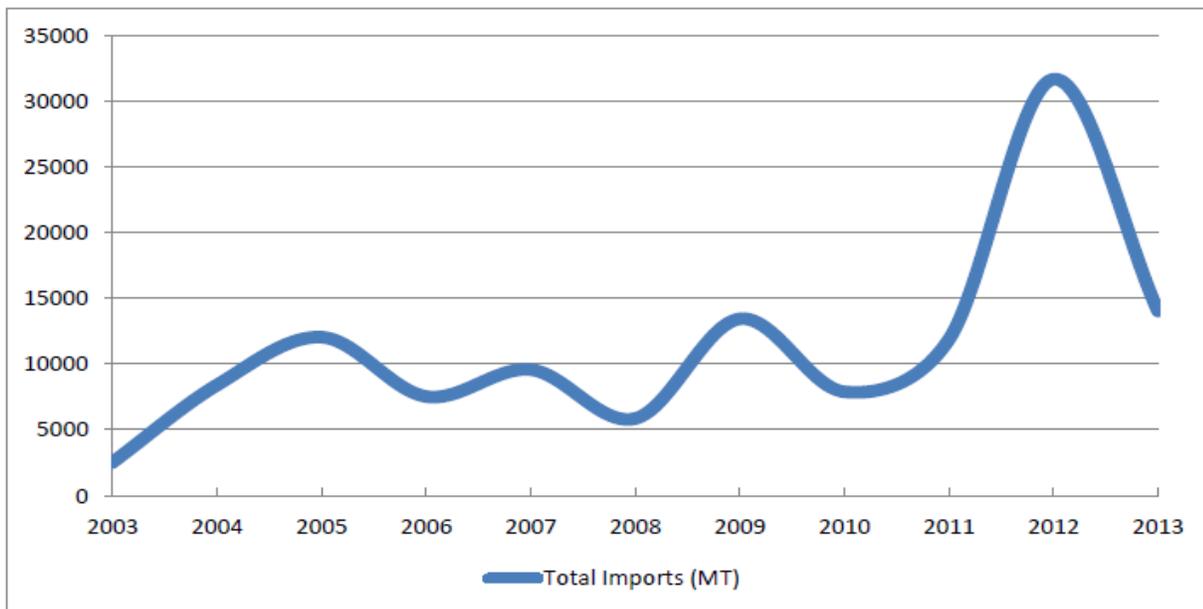
Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Sri Lanka</b>	81	219	55	134	-	145	177	139	-	255	59
<b>India</b>	-	-	-	-	-	-	-	-	60	7	1,388
<b>Russia</b>	11	-	-	-	-	-	-	-	-	-	1
<b>Others</b>	47	94	113	27	18	261	1	98	-	22	-
<b>Total</b>	<b>139</b>	<b>313</b>	<b>168</b>	<b>161</b>	<b>18</b>	<b>406</b>	<b>178</b>	<b>237</b>	<b>60</b>	<b>284</b>	<b>1,448</b>

Source: Global Trade Atlas

## Imports are Growing

Pakistan's apple imports have increased from 2,526 metric tons in 2003 to 14,038 metric tons in 2013. Popular foreign varieties include New Zealand (Royal Gala), Iran/Afghanistan (Sweet gold), and China (Fuji). Apples from Washington State, Europe, and South America are periodically available in several of the larger modern retail outlets. Imports are typically sourced from Dubai cleared through the ports of Karachi and Bin Qasim and move to Karachi, Lahore, and Islamabad markets for distribution around the country. While modern retail outlets often carry imported apples, foreign apples also make their way through Pakistan's traditional open air market system. Currently, apples from Thailand and New Zealand are selling at Rs.300-350 per kg (\$2.94-3.43 per kg), while Chinese apples are priced at Rs.250-300 per kg (\$2.45-2.94 per kg). Pakistan has a small but established sector that is experienced in exports and imports of fruits and vegetables.

**Graph 2: Pakistan Apple Imports**



Source: Global Trade Atlas

**Table 3: Imports from major suppliers in metric tons**

Country	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
China	2,526	8,358	11,965	7,522	9,423	5,559	13,323	7,716	11,276	9,357	6,688
Iran	-	-	-	-	-	277	108	-	137	21,899	6,590
New Zealand	-	-	-	-	-	-	-	-	186	211	588
South Africa	-	-	-	-	-	-	-	26	163	109	66
Italy	-	-	-	-	-	-	-	-	-	-	61
Others	-	50	72	8	149	21	-	150	95	63	45
<b>Total</b>	<b>2,526</b>	<b>8,408</b>	<b>12,037</b>	<b>7,530</b>	<b>9,572</b>	<b>5,857</b>	<b>13,431</b>	<b>7,892</b>	<b>11,857</b>	<b>31,639</b>	<b>14,038</b>

Source: Global Trade Atlas

### Trade Related Issues:

Pakistan's 30 percent tariff on imported fresh apples applies to all foreign suppliers except China which enjoys a 20 percent tariff under the provisions of a free trade agreement with Pakistan. Despite the favorable tariff for Chinese apples, the quality and availability of different varieties presents an opportunity for other foreign suppliers.

### Phytosanitary Requirements:

Imports of apples require an invoice, import permit, and phytosanitary certificate to be presented to Pakistani Customs for clearance. The [Plant Quarantine Act 1976](#) regulates the import of planting seeds and agricultural products (including fresh apples for consumption). Exporters should contact discuss import requirements with prospective importers for more details.

**Table 4: Pakistan Tariff on Fresh Apples under HS Code 0808100**

HS CODE	ITEM DESCRIPTION	CD	CVD	SPL
				CVD
8081000	Apples, Fresh	30%	0	0

Source: Tariff Schedule

