

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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GAIN Report Number:

Pakistan

Grain and Feed Update

Grain and Feed Update

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Report Highlights:

Rains in the second half of the April have delayed wheat harvesting and government procurements in Punjab. In Sindh province, government wheat procurement has already started. Pakistan is negotiating with Iran on a possible barter trade deal to export wheat. The quantity and price of the traded commodities along with other modalities of the barter deal are still being worked out. Rice farmers are optimistic that adequate moisture and favorable sowing conditions due to recent rains will help the nursery sowing and subsequent transplanting of the crop in the field. Post reports no changes in the PSD data.

Post:
Islamabad

Commodities:
Wheat

Rice, Milled

Executive Summary:

The rainy spell during April has delayed the wheat harvest and its procurement in Punjab. The province produces almost 80 percent of Pakistan's total wheat. This unusual weather phenomenon in April has delayed the wheat harvest for at least two weeks. The wheat procurement drive is one of the most expensive undertakings of the Pakistani government and is financed entirely through bank borrowing. The government has already signed an agreement with a consortium of 29 banks to borrow around Rs209 billion (\$2.3 billion) for financing its procurement efforts. Pakistan and Iran are continuing negotiations on a proposed barter deal including the export of wheat to Iran.

Rice farmers are getting ready for nursery sowing while the transplanting of plants in the field is expected to commence about June 15. Farmers are optimistic that adequate moisture and favorable sowing conditions due to recent rains will help the nursery sowing and subsequent transplanting of the crop in the field.

Author Defined:

Wheat

Rains Delay Wheat Harvest and Government Procurement

The rainy spell during April has delayed the wheat harvest and its procurement in Punjab. The province produces almost 80 percent of Pakistan's total wheat. This unusual weather phenomenon in April has delayed the wheat harvest for at least two weeks. Due to the cloudy weather and rains, the Punjab Food Department has delayed the wheat procurement in the province. The Punjab government had earlier announced that the procurement would commence from April 20. This year, the Punjab Food Department has set a target of purchasing 4 million tons of wheat through the 375 procurement centers. The Sindh Food Department has already started wheat procurement across the province to meet the 1.3 million tons wheat procurement target. The province produces around 15 percent of the Pakistan's total wheat.

The wheat procurement drive is one of the most expensive undertakings of the government and is financed entirely through bank borrowing. The government has already signed an agreement with a consortium of 29 banks to borrow around Rs209 billion (\$2.3 billion) for financing its procurement efforts. The federal government is providing the financial guarantees to the banks.

Pakistan, Iran Continue Negotiations on Barter Trade

On April 22, Pakistan and Iran held talks in Tehran on the proposed "barter trade deal", a move which if materialized, would be a major breakthrough in trade relations between the two countries. A high-powered Pakistani delegation is currently visiting Iran. The delegation is comprised of the Secretary of National Food

Security and Research (NFS&R), the Managing Director of Pakistan Agricultural Storage and Services Corporation (PASSCO), and other senior officials from the Ministry of Production, as well as the Ministry of Commerce and Ministry of Industries. Pakistan has offered wheat to Iran in exchange for urea fertilizer and iron ore. The proposed arrangement was first discussed in February this year between the Presidents of both countries, during a meeting in Islamabad. Both leaders resolved to ratchet up Pakistan-Iran bilateral trade to \$10 billion through a barter system deal. In the same month, the Iranian Deputy Trade Minister also held meetings with business community and senior government officials in Pakistan to step up progress on this deal. Although there have been several rounds of negotiations between the two countries regarding the barter deal, nothing has yet been finalized. The quantity and price of the traded commodities along with other modalities of the barter deal are still being worked out.

Rice

Production Outlook Unchanged

For the last two consecutive years Pakistan's rice crop has been adversely affected by monsoon floods. For MY 2012/13, Post forecasts rice production at 6.8 million tons on the prospects of a normal monsoon season. Farmers are getting ready for the nursery sowing of rice while the transplanting of plants in the field is expected to commence about June 15. The extent and spread of the monsoon rains will be critical in determining the ultimate production level. Monsoon season in Pakistan starts in July and extends until September. Although the Indus River System Authority has forecasted a 15 percent water shortage for the Kharif (summer) season, farmers are optimistic that adequate moisture levels and favorable sowing conditions due to recent rains will help nursery growing and subsequent transplanting of the crop in the field.