

# Pakistan-India Agriculture Trade

Perspective of the Pakistani Farmer

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# Outline

- Pakistan – India: Agriculture Sector
- Current Pakistan-India Trade in Agriculture
- Main Issues in Opening-up Trade
  - Threat: Imports of Subsidized Products
  - Limited Export Potential: Restricted Market Access
- Other Issues

# Pakistan – India: Agriculture Sector

# Comparison in Size

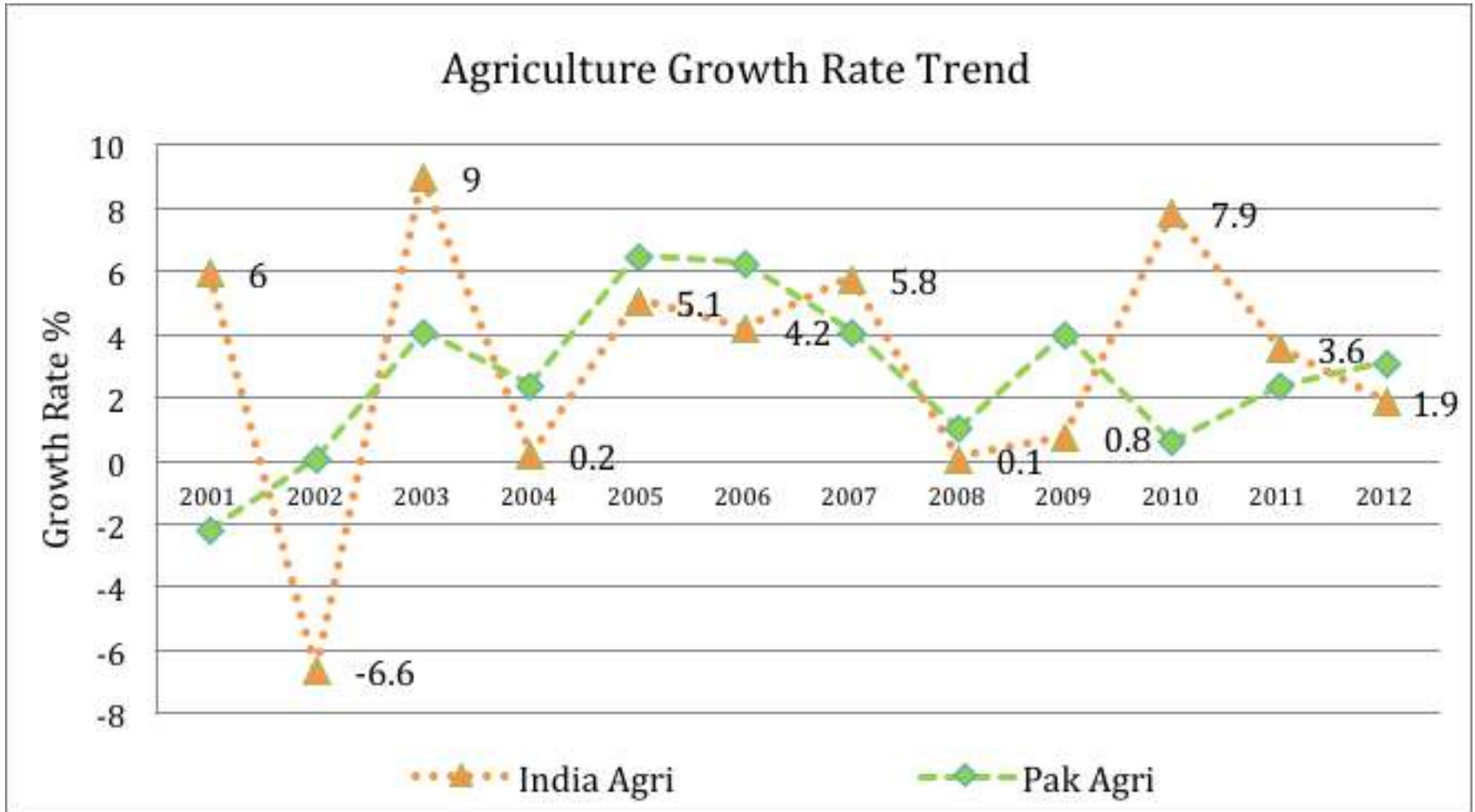
- **Pakistan**

- 21.4% contribution to GDP in 2012-13 (PKR 5,474 billion)
- Employs over 45% of the country's labour force
  - Supports 60% of the rural population
- Exports of agricultural products over PKR 250 billion

- **India**

- 14.1% contribution to GDP in 2012-13 (PKR 24, 431 billion)
- Employs over 58% of the country's labour force
  - Indian agriculture sector around 5x as large as Pakistan
- Exports of agricultural products over PKR 3,665 billion

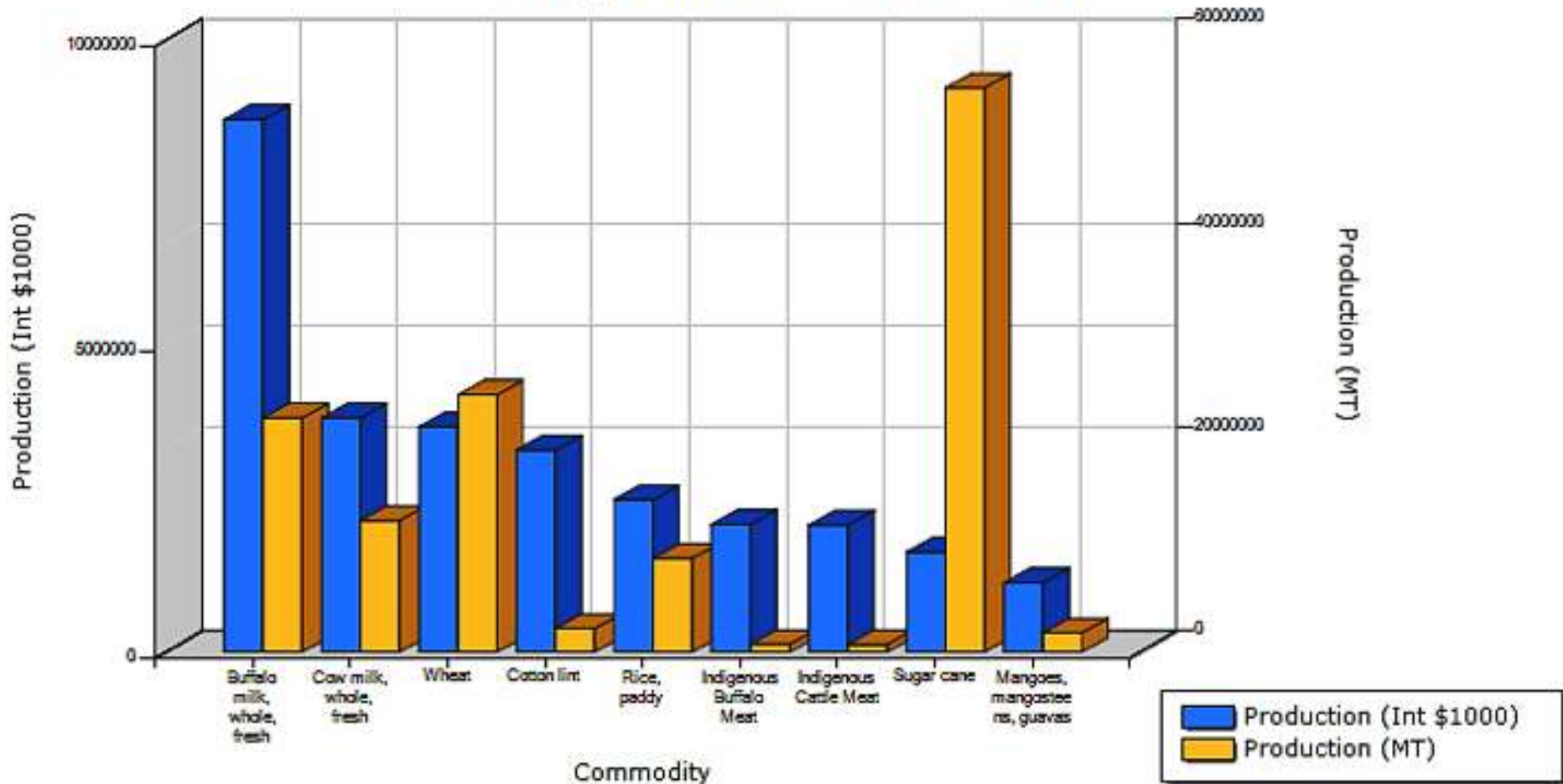
# Growth Dynamics



Source: WDI Data Bank

# Key Commodities of Pakistan

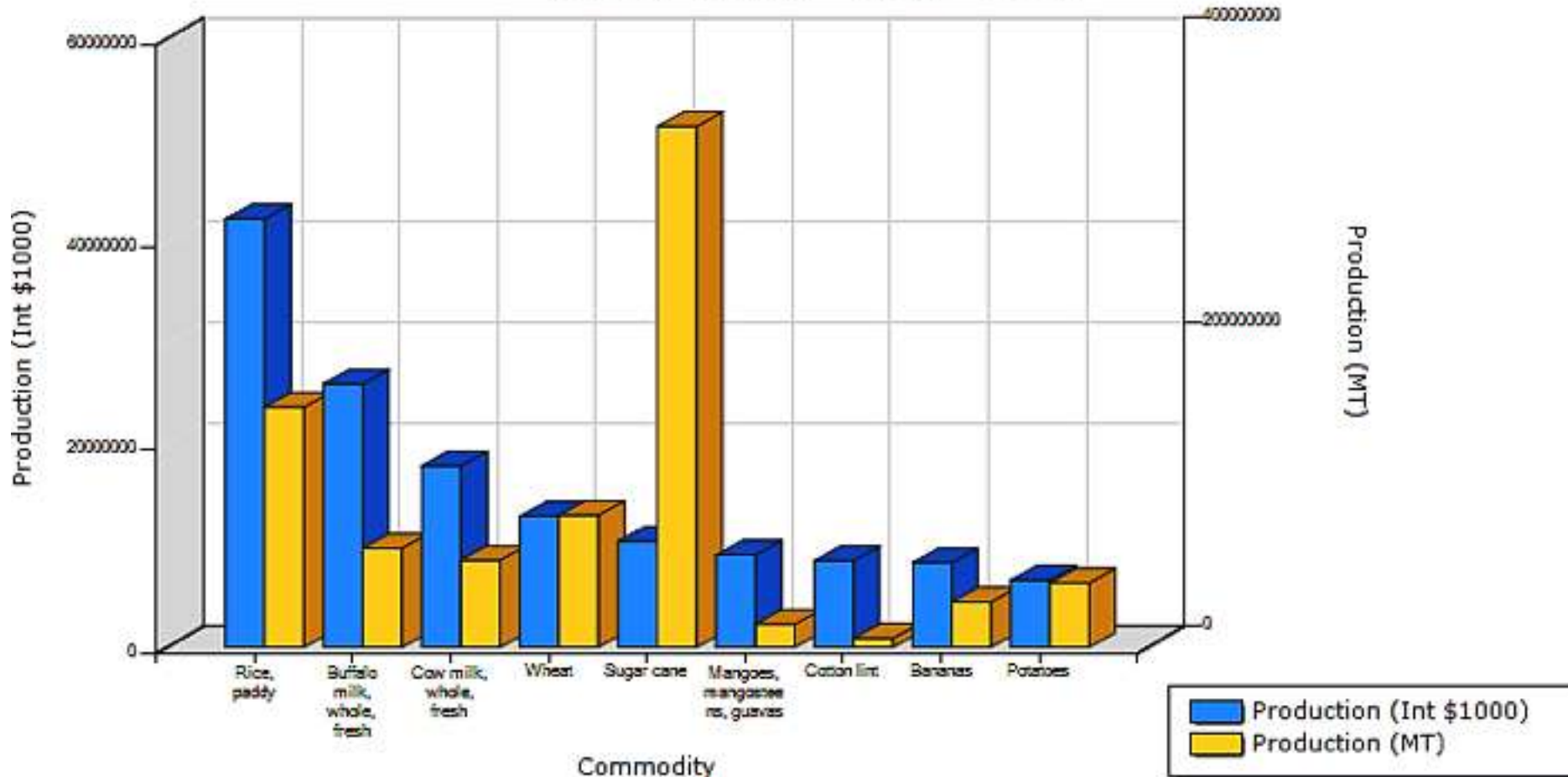
Top production - Pakistan - 2011



Source: FAOSTAT

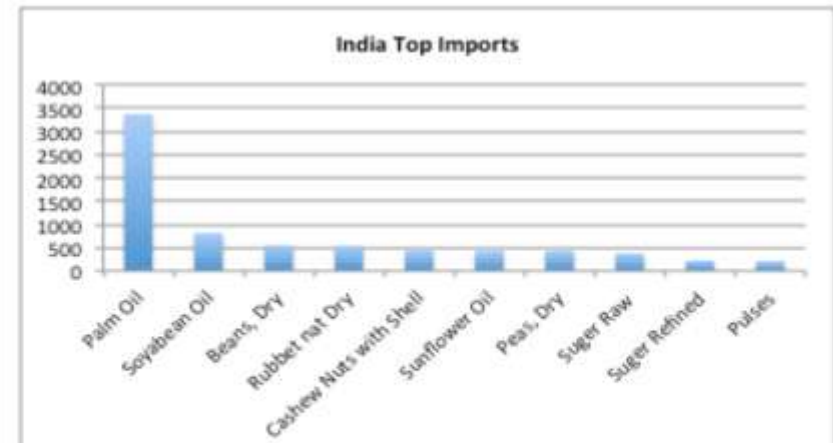
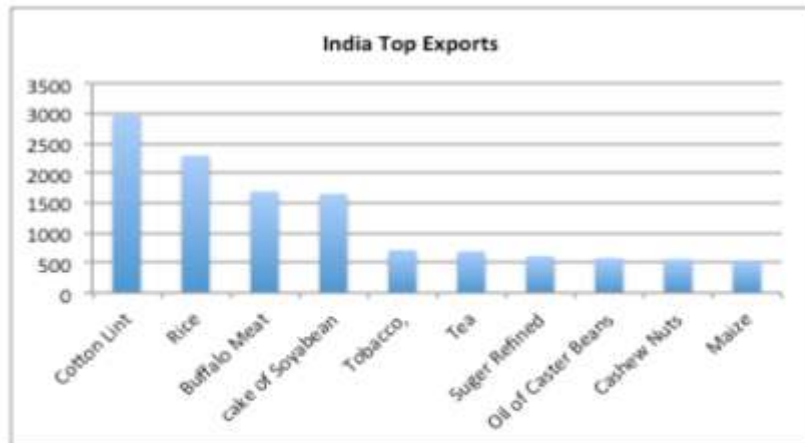
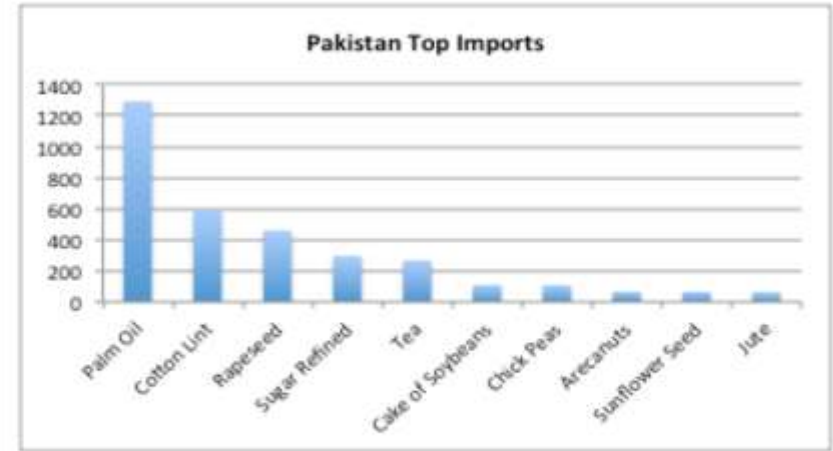
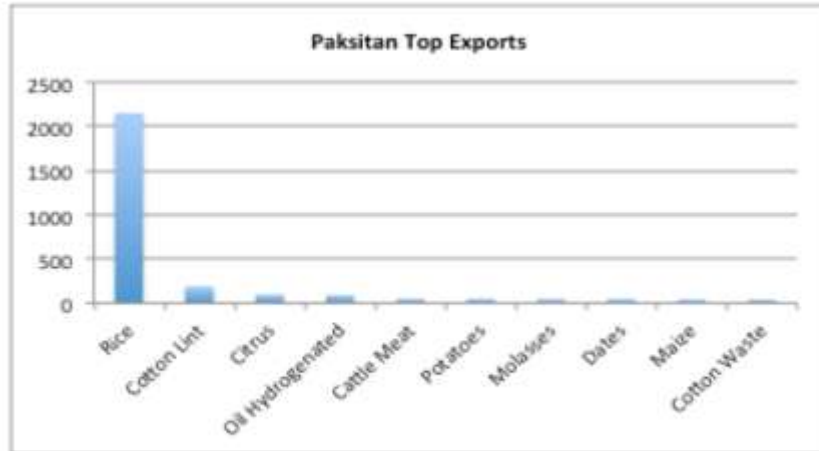
# Key Commodities of India

Top production - India - 2011



Source: FAOSTAT

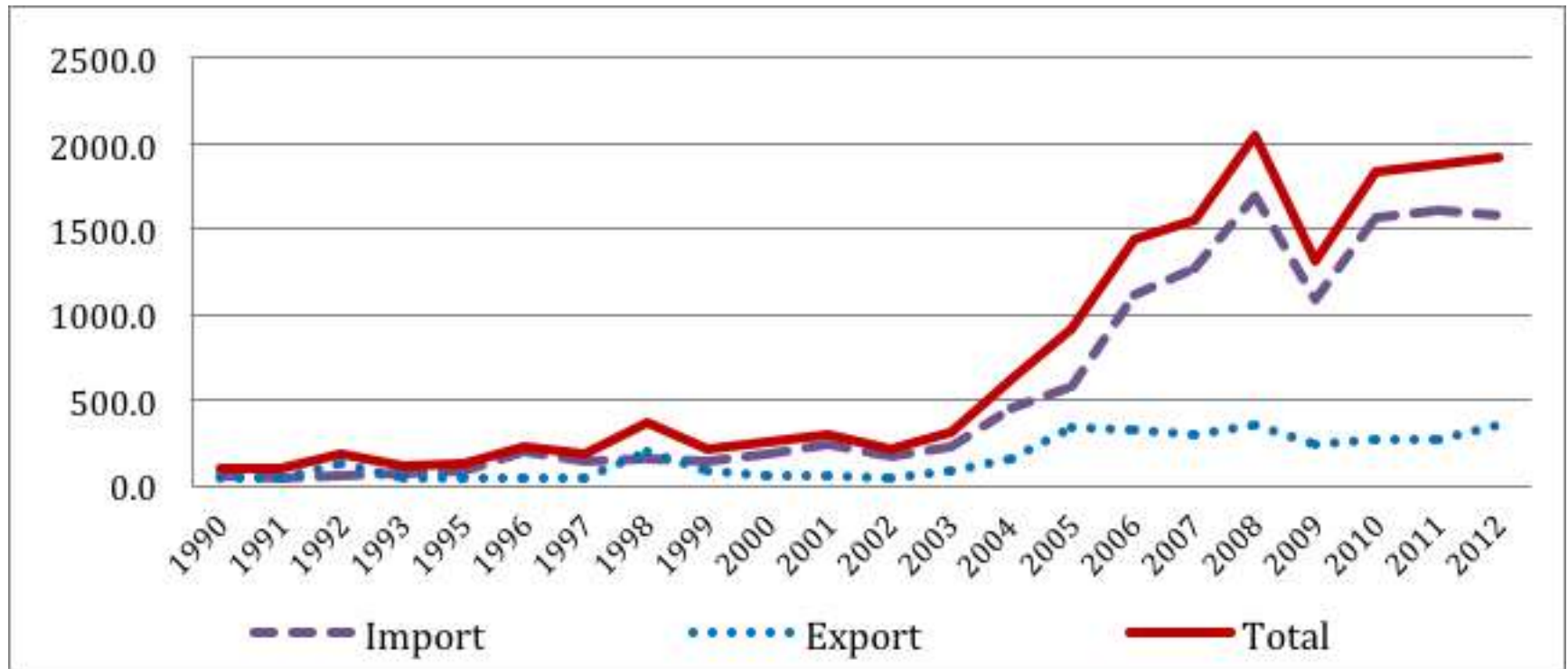
# Pakistan- India: Trade Patterns in Agriculture





# Current Pakistan-India Trade in Agriculture

# Total Trade between Pakistan & India

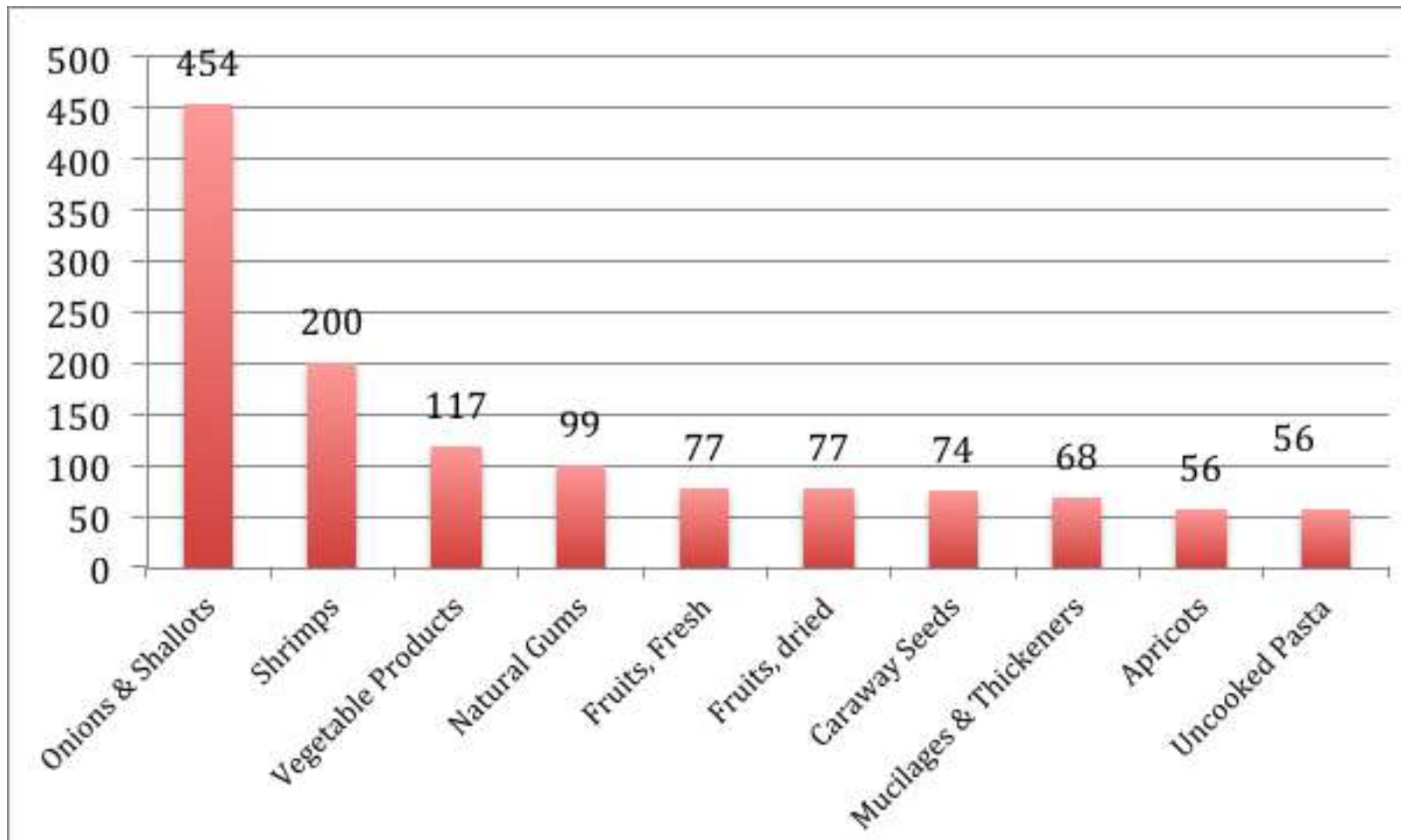


Source: UNComtrade Dataset

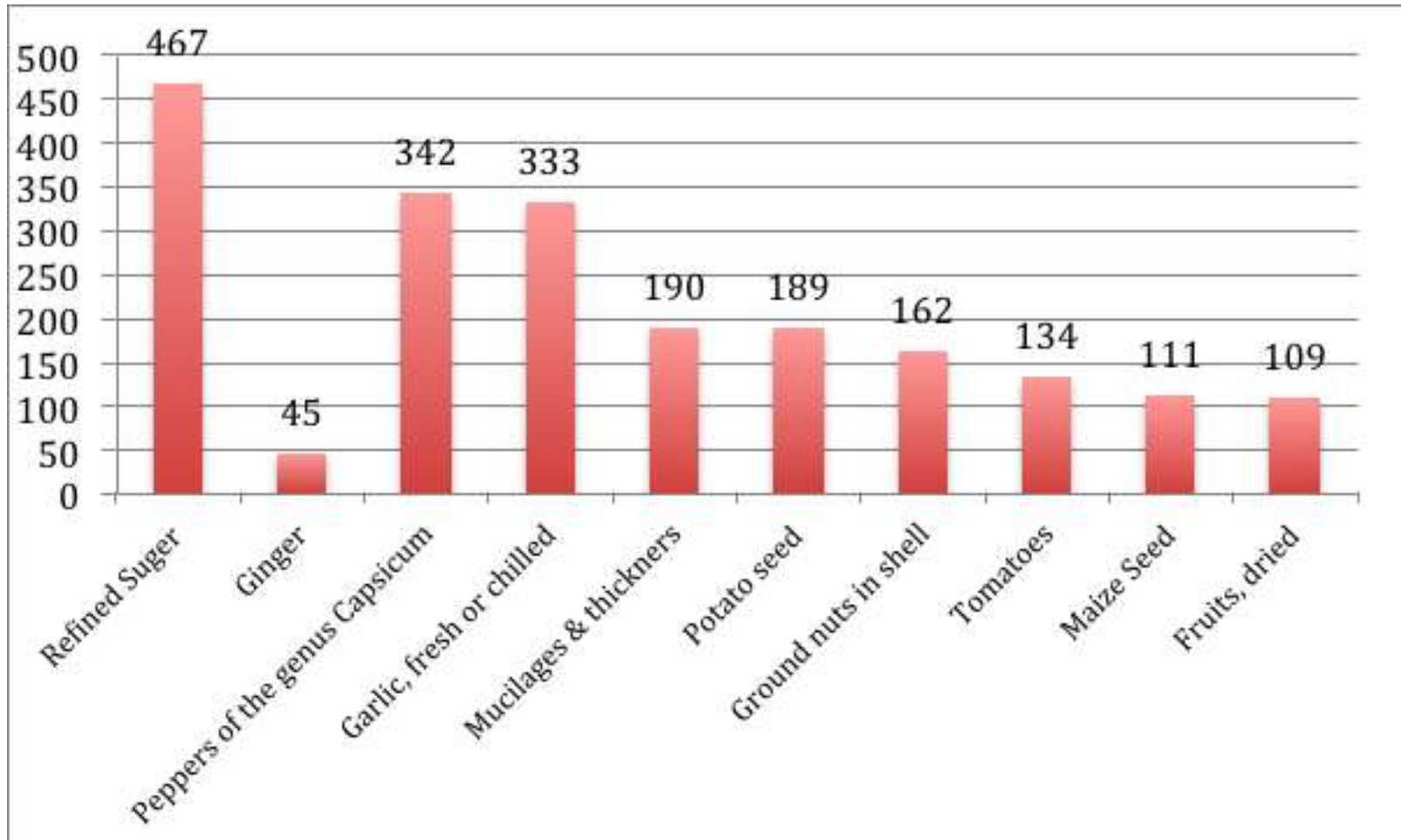
## Pakistan-India: Current Agriculture Trade (US\$ Mn)

<b>Exports</b>	<b>Value US\$ Mn.</b>	<b>% of Indian Imports from World</b>	<b>% of Pak Exports to World</b>	<b>Imports</b>	<b>Value US\$ Mn.</b>	<b>% of Pak Imports from World</b>	<b>% of Indian Exports to World</b>
Dates	47.19	98.0	74.0	Cotton	291.9	35.4	8.6
Medicinal plants	3.32	7.8	25.7	Tomatoes	76.2	98.8	88.5
Cotton	2.05	1.1	0.6	Dried vegetables	46.0	11.6	20.1
Spices	0.74	2.3	1.9	Tea	37.3	10.6	4.3

# Fastest Growing Agri-Exports of Pakistan to India (%): 2007-11



# Fastest Growing Agri-Imports of Pakistan from India (%): 2007-11



# Potential Products for Export by Pakistan to India

Product	India RCA	Pakistan RCA	Potential Export US\$ 1,000
Flat Fish	1.1	206	34
Citrus Fruit	0.677	82.4	13
Cane Molasses	6.5916	56.916	1,317
Ethyl Alcohol & Other Spirits	0.3069	46.7068	66,532
Spices	10.355	20.381	779
Oil-Cake	12.81	18.16	6,179
Guavas, mangoes	1.053	15.4541	93
Chewing gum	0.4128	14.0811	781
Vegetable Fats & Oils	2.132	13.253	4,564
Glucose & Glucose Syrup	0.6196	8.5211	4,283
Fresh Fruit	0.6711	8.2075	4,444
Turmeric	53.896	7.17	1966
Milk in powder	2.5874	5.8832	2785
Onions & Shallots	6.2889	4.9999	2477
Fruits of the genera Capsicum	17.3971	3.7931	1308
Bran	0.3818	3.7288	998
Plant & Parts of Plant	5.7044	3.124	6,650
Juice of any single fruit	2.1095	3.0529	6,514
Apricots, dried	0.0251	2.38	1,419
Orange Juice, Frozen, Unfermented	0.0004	2.366	631
Nuts	0.3615	2.2805	3,249
Shrimps & prawns	6.6297	2.2042	1620
Vegetables fruits & nuts	3.508	2.0214	989
Sugar Confectionary	0.2411	1.3478	10,516
Uncooked Pasta	0.1112	1.2508	5,826
Natural Honey	2.8726	1.121	2,356
Ginger	2.317	0.4319	403
Food Preparations	0.5636	0.3447	12,204

# Main Issues in Opening-up Trade

Threat: Importation of Subsidized  
Products

## India: Main Subsidy Expenditures (INR. Crores)

<b>Subsidies /Years</b>	<b>Fertilizers</b>	<b>Electricity</b>	<b>Irrigation</b>	<b>Total</b>
1980-81	471	357	399	1,228
1985-86	1,804	1,324	1,677	4,796
1990-91	4,638	4621	3,917	13,176
1996-97	8,148	15,594	10,404	34,147
2000-01	13,724	26,904	14,711	55,339
2008-09	1,01,180	14,771	-	1,15,952

Source: (1) Govt. of India, Fertilizers Association, Fertilizer Statistics, various issues, New Delhi

(2) Govt. of India, State Electricity Boards, Annual Reports, Various Years. Percentages are shown in parentheses



## Impact of Subsidy on Primary Costs (PKR, 2010-11)

Sr.#	Input	India	Pakistan	% Cheaper in India
1	<i>Fertilizer</i>			
	DAP (PKR/50kg)	2375	3236	36.2
	Urea (PKR/50kg)	608	1035	70.2
2	<i>Irrigation</i> (PKR/Ha/crop)	44-800		-
	Canal(PKR/Ha/yr)		333.5	-
	Tubewell Rent-Electric (PKR/hr)		110	-
	Tubewell Rent-Diesel(PKR/hr)		114	-
3	<i>Electricity Tariff (PKR/kwh)</i>	2.91	6.77	133
4	<i>Diesel (PKR/Ltr)</i>	77.9	94.1	20.1

Sources: - NEPRA, Pakistan

- State Bank of Pakistan

- Ministry of Chemicals and Fertilizers, India

# Comparison of Wholesale Prices of Key Products PKR/Qtl (2010-11)

<b>Commodity</b>	<b>India</b>	<b>Pakistan</b>
Wheat	2802	2625
Rice	3390	4100
Maize	1672*	2500
Sugarcane	264*	-
Onions	3107	2825
Potatoes	1594	1750
Tomatoes	2801	-
Milk (100 lt)	4789	5500

\*Denotes MSP in India rather than wholesale price

Sources: -Pakistan Bureau of Statistics

-Ministry of Consumer Affairs, Food and Public Distribution, India

# Limited Threat to Key Crops

<b>Commodity</b>	<b>India Production ('000' MT)</b>	<b>India Prod/Capita (kg)</b>	<b>India Export to World % of Production</b>
<b>Bovine Meat</b>			-
<b>Milk</b>	122,540	100	0.00
<b>Wheat</b>	85,930	70	0.58
<b>Rice</b>	95,320	78	5.26
<b>Cotton</b>	33,430	27	5.84
<b>Sugarcane</b>	342,380	280	0.79
<b>Maize</b>	21,760	17	18.16
<b>Potatoes</b>	42,339	34	0.51
<b>Bananas</b>	29,667	24	0.14
<b>Tomatoes</b>	16,826	13	1.36

Sources: World Bank , FAOSTAT, UNComtrade

# Fresh vegetables and perishables sector

- SRO in March 2012 allowed duty free imports
  - Purpose was to control food inflation
    - Limited success in doing that
  - However, Tunnel Farming reduced from 55,000 acres to 30,000 acres
  - In 2012 around US \$120 Million worth of tomatoes were imported
    - Captured markets from Lahore up-to Multan
- This has already happened so not related to MFN
  - Switch from positive to negative list

# Main Issues in Opening-up Trade

Limited Export Potential: Restrictive  
Market Access

# India: Restrictiveness is High

Country	Year	INDICES BASED ON APPLIED TARIFFS			INDICES BASED ON MFN TARIFFS		
		<i>Total</i>	<i>Agriculture</i>	<i>Manufactures</i>	<i>Total</i>	<i>Agriculture</i>	<i>Manufactures</i>
India	2009	14.9%	69.5%	13.1%	15.3%	71.7%	13.4%
Pakistan	2009	7.4%	5.8%	7.5%	7.4%	5.8%	7.5%

Source: Overall Trade Restrictiveness Index (OTRI) calculations, World Bank

# India's Bound & Applied Agriculture Tariffs - 2010

Item		Bound Rate	Applied Ad valorem Rate
Cereals	Wheat	100	0
	Paddy	80	80
	Rice (milled/semi-milled)	70	70
	Corn	70	50
	Wheat Flour	150	30
	Sorghum	80	80
	Other Cereals (rye, barley)	100	0
Pulses		100	0
Oilseeds		100	30
Oil cakes		100	15
Crude Vegetable Oils	Palm/Groundnut/Safflower/Sunflower/Coconut	300	0
	Rapeseed	75	0
	Soybean	45	0
Refined Edible Oils	Soybean	45	7.5
	RBD Palmolein/Palm/Safflower/Groundnut/Coconut	300	7.5
	Rapeseed	75	7.5
Sugar		150	0
Dairy Products	Milk	100	30
	Butter/Cheese	40	30
	Milk Powder	60	60
Poultry and Fish	Chicken leg	150	100
	Whole chicken	100	30
	Fish	unbound	30
Fruit and Vegetable	Apples	50	50
	Strawberries	100	30
	Onions	100	5
	Potato	150	30
	Frozen Vegetables	55	30

# Non-Tariff Barriers

- QPR Policy 2003 allows all fresh fruits & vegetables to be importable into India
  - SPS and quarantine issues on ground exist
- Business Visas for Punjab (Not Implemented)
  - Traders / Growers have the cheapest market through Amritsar – if visas are not given trade can never pick up.



# Other Issues

# Other Issues

- Weak negotiation strategy by Pakistan
  - Should include direct stakeholders in all negotiations
  - Improve analytical research capacity
- Water is a big issue for Pakistan
  - Dialogue on Indus Water Treaty
- Energy shortages in Pakistan

# Other Issues

- Vegetable sector needs protection against the onslaught from India after SRO in 2012
  - India has high yield due to excessive use of subsidized fertilizer – enforce and ensure compliance in arsenic level in vegetables from India
- Poor governance in agriculture sector
  - Seed quality and adulterated fertilizer sales must be heavily penalized
- India restricts exports from Pakistan of key products such as citrus, mango, fish, potatoes through high bound tariffs, NTBs and sensitive lists
  - Negotiations should assist in removing these barriers or;
  - Pakistan should work to increase its trade restrictiveness via effective NTBs

# A Separate Agreement for Agriculture?

- Consideration of separate Agreement for agriculture came from stakeholder forum
- Trade in agricultural goods negotiated separately in the WTO and in NAFTA
  - *WTO*: Agriculture trade is subject to a separate Agreement on Agriculture, designed to protect the heavy agricultural subsidies and protectionist tariffs of the EU, US and Japan
  - *NAFTA*: Agriculture was the only subject negotiated separately and bilaterally between each NAFTA member, with 3 distinct agreements

# A Separate Agreement for Agriculture?

- Bilateral trade in agricultural goods between India and Pakistan could also be negotiated separately
  - Permitted under the WTO framework, because of exception for FTAs and “special arrangements” language in GATT Art XIV.7
  - SAFTA mentions “goods” but not “agricultural goods”. Thus, it could be interpreted to not apply to agriculture as that has been the precedent
  - Applying the NAFTA model, there is a provision in SAFTA for separate protocols, and each SAFTA member could negotiate a bilateral protocol on agriculture

**THANK YOU**