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Floods Likely to Impact Pakistan Rice Exports

Report Categories:

Grain and Feed

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Report Highlights:

Pakistan is experiencing one of the worst floods in its history. Agriculture has been one of the worst hit sectors. According to the Ministry of Food and Agriculture, there has been wide spread damage to Pakistan's rice crop. Due to the devastating floods, Post revises its 2010/11 rice production estimates for Pakistan to 4.4 MMT, a decrease of 32%. Pakistani rice exports for 2010/11 are similarly reduced to an estimated 2.3 MMT, a decline of 36%. Rice is Pakistan's second largest export product and the reduction in rice exports is expected to have implications for its balance of payments.

General Information:

Wide Spread Damage to the Rice Crop

Pakistan is experiencing its worst floods in recent history and agriculture has been one of the worst hit sectors. According to the Ministry of Food and Agriculture (MinFA), there has been wide spread damage to Pakistan's rice crop. Although the core Basmati belt in central Punjab has not been significantly affected by the floods, initial estimates indicate huge losses to the large rice growing areas of southern Punjab and Sindh. The rice growing districts of Sindh; Sukkur, Shikarpur, Larkana, Badin, and Thatta have borne the brunt of the floods. The areas of southern Punjab and Sindh primarily grow coarse rice varieties.

Nearly 2.8 million hectares or 11% of Pakistan's total agricultural area is planted with rice. When the floods started, the process of transplanting rice was almost complete in the Sindh province, while the Punjab province had 80-90 percent of its rice crop already transplanted. Contacts now estimate that approximately 700,000 hectares of Pakistan's rice crop are partially or completely submerged under water. The flood waters are not expected to recede quickly and a portion of the rice crops were already at the flowering stage.

Production and Export Estimates Revised

Due to the destruction caused by the monsoon floods, Post revises Pakistan's 2010/11 rice production to 4.4 million metric tons (MMT), a decline of 32%. 2010/11 Pakistani rice exports are similarly reduced to an estimated 2.3 MMT, a decline of 36%. Production figures for 2008/09 and 2009/10 have also been adjusted according to the latest government data.

Rice Milling Industry Suffer Huge losses

There are about 900 rice mills in the Sindh and Baluchistan regions. According to the Sindh Baluchistan Rice Mill Owners Association, 700 rice mills have been badly affected by the floods in the Sindh and Baluchistan provinces. The remaining mills are under threat because floodwaters are still inundating many areas. Rice mills in the Punjab region have not been significantly affected by the floods.

Increasing Pressure on Already Strained Economy

Although rice is not a staple commodity in the Pakistani diet, it is a major source of revenue for the country. Rice is Pakistan's second largest export and the reduction in rice exports is expected to have implications for Pakistan's balance of payments. In 2009, Pakistan's rice exports totaled an estimated \$2 billion. Typically, Pakistan exports 50 to 60 percent of its rice production (2.8 to 3.8 million tons). The expected decline in rice exports is likely to have an impact on government revenues and adversely affect its already fragile economy.

These estimates are based on the preliminary information gathered from government and industry sources. The data is subject to change when detailed information on the flood damage becomes available.

Table 1: Rice Production, Supply and Demand

Milled Rice, Pakistan	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Nov 2008			Market Year Begin: Nov 2009			Market Year Begin: Nov 2010		
	USDA Official	Old Post	New Post	USD A Official	Old Post	New Post	USD A Official	Old Post	New Post
Area Harvested	2,912	2,912	2,912	2,800	2,800	2,800	2,800	2,800	2,100
Beginning Stocks	700	200	200	1,000	1,000	1,200	850	850	1,300
Milled Production	6,700	6,700	6,900	6,500	6,500	6,800	6,500	6,500	4,400
Rough Production	10,051	10,051	10,350	9,751	9,750	10,200	9,751	9,750	6,600
Milling Rate (.9999)	6,666	6,666	6,666	6,666	6,666	6,666	6,666	6,666	6,666
MY Imports	0	0	0	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	7,400	6,900	7,100	7,500	7,500	8,000	7,350	7,350	5,700
MY Exports	2,910	3,000	3,000	3,750	3,750	3,800	3,600	3,600	2,300
TY Exports	3,187	3,000	3,000	3,750	3,750	3,800	3,600	3,600	2,300
Consumption and Residual	3,490	2,900	2,900	2,900	2,900	2,900	3,000	3,000	2,800
Ending Stocks	1,000	1,000	1,200	850	850	1,300	750	750	600
Total Distribution	7,400	6,900	7,100	7,500	7,500	8,000	7,350	7,350	5,700
Yield (Rough)	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.
TS=TD			0			0			0

