

RICE – Sector Study



Dec 2018

Rice | Value Chain

Input



- Seed Collection
- Seed Supply
- Fertilizer Supply

Production



- Cultivation
- Harvesting
- Drying
- Threshing

Collection



- Paddy Collection
- Paddy Selling
- Rice Trading

Processing



- Milling
- Husking
- Polishing

Wholesale & Retailing



- Wholesaling
- Retailing

Consumption

- Consumers

Global Snapshot

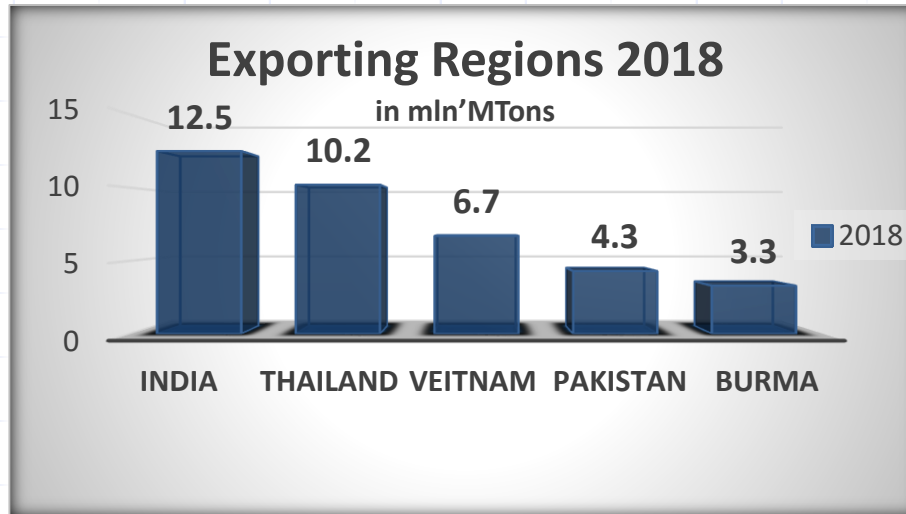
Worldwide | Production & Consumption

In M.MTons

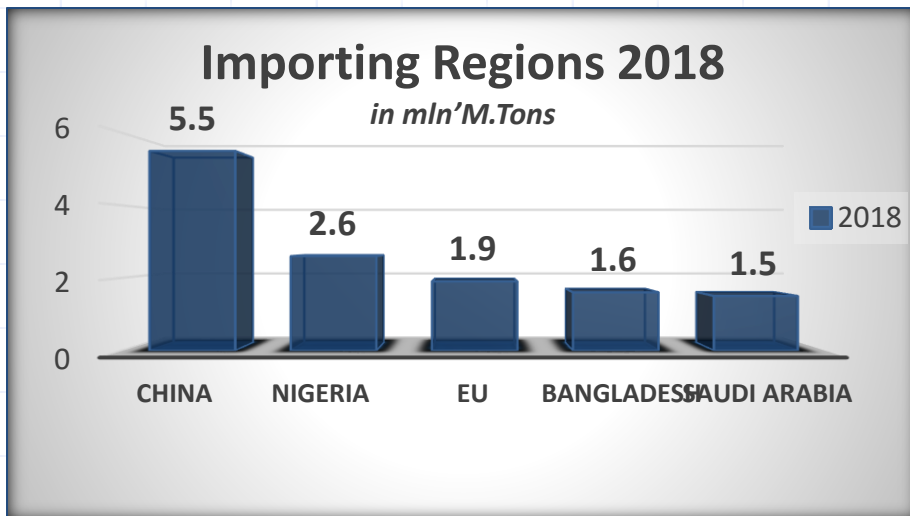
1 Metric Ton = 1000kgs

Countries	Production 2017	Consumption 2017	Production 2018	Consumption 2018
China	147	141	142	143
India	110	97	109	98
Indonesia	37	37	37	38
Bangladesh	35	35	35	36
Thailand	19	12	21	10
Brazil	8.4	8	8	8
USA	7	4	6	4
Pakistan	6.9	3	7	3
Others	118	143	121	144
Total	487	481	488	485

Worldwide | Top 5 Rice Exporters / Importers



Source: Statista forum



Total rice exports worldwide for 2017/2018 is 47mln M.Tons. Top 5 exporters takes up ~77% of the total exports.



India tops as the largest exporter in 2018. major contribution came from Bangladesh, as the country suffers from the aftershocks of 2017 floods.



Thailand observed a demand shift in its premium grade rice(white rice). Hence planning to diversify in to middle grain rice.



Vietnam's rice exports increased in 2018, due to higher demand from Southeast Asian markets, mainly China and Philippines.



For Pakistan, Kenya was the largest buyer During 2018 with 439,000 Metric tons of rice export

Pakistan – Rice

RICE | Overview & Dynamics

- ❖ Rice is Pakistan's third largest crop in terms of area sown, after wheat and cotton.
- ❖ 10 percent of Pakistan's total agricultural area is under rice during the summer or "Kharif" season.
- ❖ Pakistan has two major rice-producing provinces; Punjab and Sindh. Together both provinces account for nearly 90 percent of total rice production.
- ❖ Punjab, due to its agro-climatic and soil conditions, produces 100 percent of the Basmati rice in the country.
- ❖ Rice trade in Pakistan is carried out by the private sector with little or no intervention from the government

Contribution in Economy:

- Contribution to GDP: 0.6%
- Value added in Agriculture: 3.1%

No. of Players:

- 107 Total Firms
- 76 Firms with less than 50 employees
- 9 Firms with 50 to 100 Employees
- 22 Firms with more than 100 Employees

Cultivation Area:

- 2.90 Million Hectares in 2018
- 2.72 Million Hectares in 2017
- 2.75 Million Hectares in 2016

Rice Production:

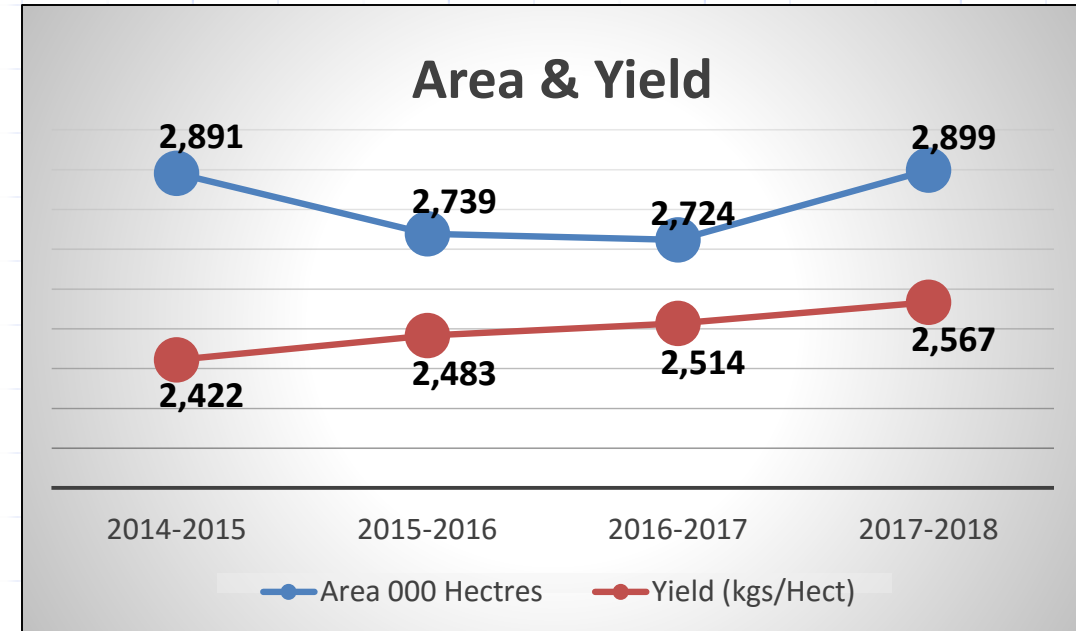
- 7.44 Million MT in 2018
- 6.85 Million MT in 2017
- Yield: 2.57 MT/Hectare in 2018
- Yield: 2.51 MT/Hectare in 2017

Rice Consumption:

- 3.30 Million MT in 2018
- 3.00 Million MT in 2017

Pakistan | Rice Key Attributes

- ❖ Rice is a Kharif season Crop. Crops under this season are called summer crops.
- ❖ The sowing season of summer crops are generally longer. Sowing time for rice falls in June-July.
- ❖ Harvesting time – September to December.
- ❖ From sowing to harvest, the duration of Rice maturity ranges from 90 – 150 Days.



Pakistan | Rice Most in Demand

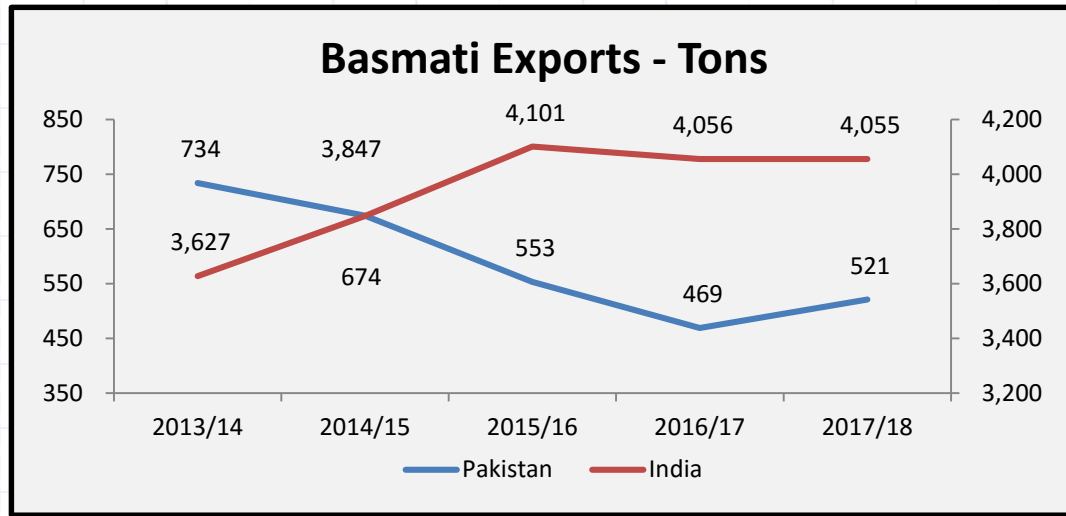
Basmati • Super Basmati (from Central and Southern Punjab)

There is variety of basmati rice including Super Kernal, Parboiled long grain rice,

Non-Basmati • Irri-6 (from upper and lower Sindh)



RICE | Peer Analysis



❖ In CY18 EU new norms to bring down the MRL (Maximum Residue Limit) level for Tricyclazole- a fungicide used by most basmati growers in the country, to 0.01 parts per million, which earlier was 1 part per million in basmati rice.

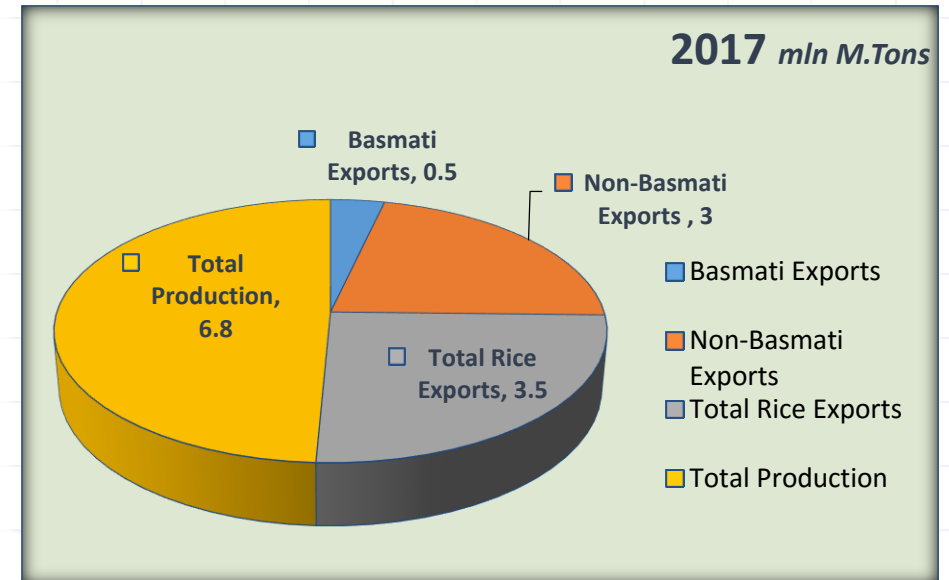
BASMATI RICE	PAKISTAN		INDIA	
	2017-18	2018-19	2017-18	2018-19
Area - Million Acre	3.7	3.8	3.9	3.9
Rice Production (MMT) – Super Basmati	1.7	1.6	1.9	1.9
Rice Production (MMT) – Kainat	1.2	1.4	4.4	4.2
NON – BASMATI RICE				
Area - Million Acre	3.0	3.0	101.6	103.2
Rice Production (MMT)	4.3	4.3	104.7	103.8

RICE | Performance

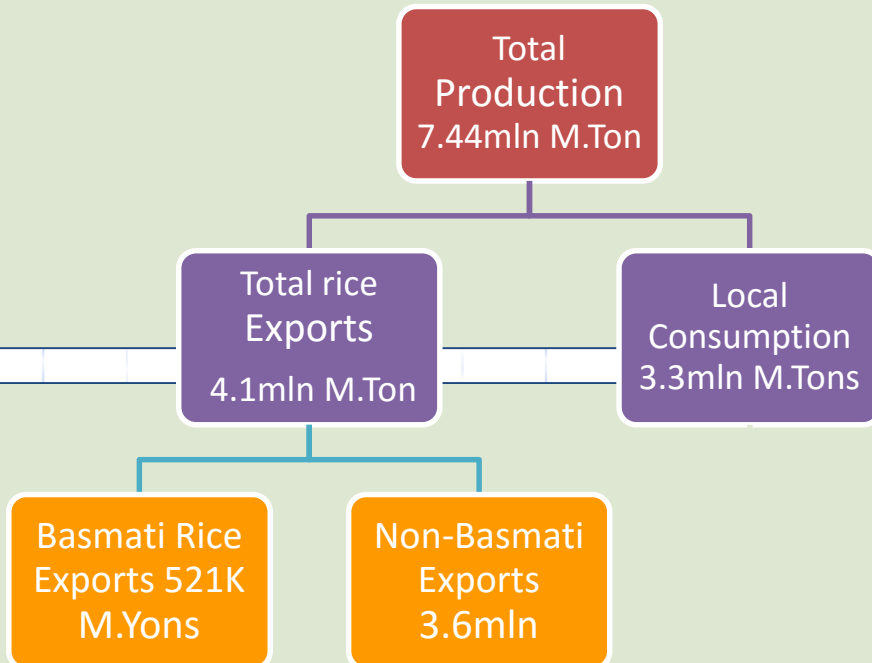
- ❖ Pakistan got the largest hit from the Middle East market. The country is losing its share in the basmati market since FY16 and continues to be declining.
- ❖ Slightly gained the momentum in European region over the years.
- ❖ Other countries basmati exports from Pakistan remain static

PAKISTAN BASMATI EXPORTS – TONS					
REGION	2013/14	2014/15	2015/16	2016/17	2017/18
EU	196	185	125	150	225
ME	351	293	273	140	127
US/Canada	27	26	33	24	14
IRAN	7	2	2	25	25
ROW	152	168	120	130	130
TOTAL	734	674	553	469	521

*ROW- Rest of the World



2018



Local consumption includes basmati rice only.

RICE | Pricing Analysis

Rice Price (US Dollars per Metric Ton) ^{1 Hector = 2.47 Acre} _{1 Acre = 8 Kanal}

Price/Metric ton in USD				
	Thai 25%	Viet 25%	India 25%	Thai Fragrant 4/
	Non-Basmati		Basmati	
CY16	385	332	333	768
CY17	384	351	361	843
CY18(Jan- Nov)	410	393	375	1167

Source food and Agriculture organization of the United Nations

Pakistani Rice Price (USD/ Metric Ton)

Price/Metric ton in USD		
	Basmati	Non Basmati
CY17	966	378
CY18	1,117	405
2019P	1,000	400

Source: Engro Eximp Agriproducts

Market led (Unregulated) pricing mechanism exist in most of the rice producing countries.

Pakistan | Export Review

- ❖ Pakistan rice exports surpassed the \$2 billion mark for FY18, As a result of enhanced cultivation area (~6.4%) the production levels improved.
- ❖ Contribution of non basmati rice in country's total rice export in quantity terms remained significant; moved-up to 3.6mlnM.T from 3mlnM.T in FY18
- ❖ Exports growth became possible due to the new tenders of Indonesian authority BULOG for total 200,000 metric tons of Pakistani non basmati rice, which fetched a remarkable foreign exchange for Pakistan.
- ❖ African region remains lucrative for non basmati rice exporters
- ❖ From 2017 onwards, Pakistan gained its market share in basmati rice market due to the ban hitting onto the Indian basmati rice industry.
- ❖ India and Pakistan accounted for 97% of Iran's total rice purchases . India with 132,000 tons worth over \$142 million was the biggest exporter followed by Pakistan with 41,000 tons worth \$38 million of exports

Bibliography

- ❖ Economic Survey of Pakistan
- ❖ PACRA Data Bank
- ❖ SBP Economic data
- ❖ <https://agronomag.com/challenges-global-rice-market/>
- ❖ <https://www.independent.co.uk/news/world/asia/global-rice-crisis-el-nino-prices-increase-a7012526.html>
- ❖ <http://irri.org/blogs/sam-s-rice-price-and-market-blog/are-we-headed-for-a-repeat-of-the-2007-08-rice-price-crisis>
- ❖ <https://www.foodnavigator-asia.com/Article/2018/08/30/Philippine-rice-crisis-escalates-as-shortages-push-prices-to-a-three-year-high>

Analysts	Raniya Tanawar <i>Financial Analyst</i> raniya.tanawar@pacra.com	Saniya Tauseef Supervising Senior Saniya.tauseef@pacra.com	Jhangeer Hanif <i>Unit Head – Ratings</i> jhangeer@pacra.com
Contact Number: +92 42 3586 9504			

DISCLAIMER

PACRA has used due care in preparation of this document. Our information has been obtained from sources we consider to be reliable but its accuracy or completeness is not guaranteed. The information in this document may be copied or otherwise reproduced, in whole or in part, provided the source is duly acknowledged. The presentation should not be relied upon as professional advice