

Rice – Sector Study

Dec 2017

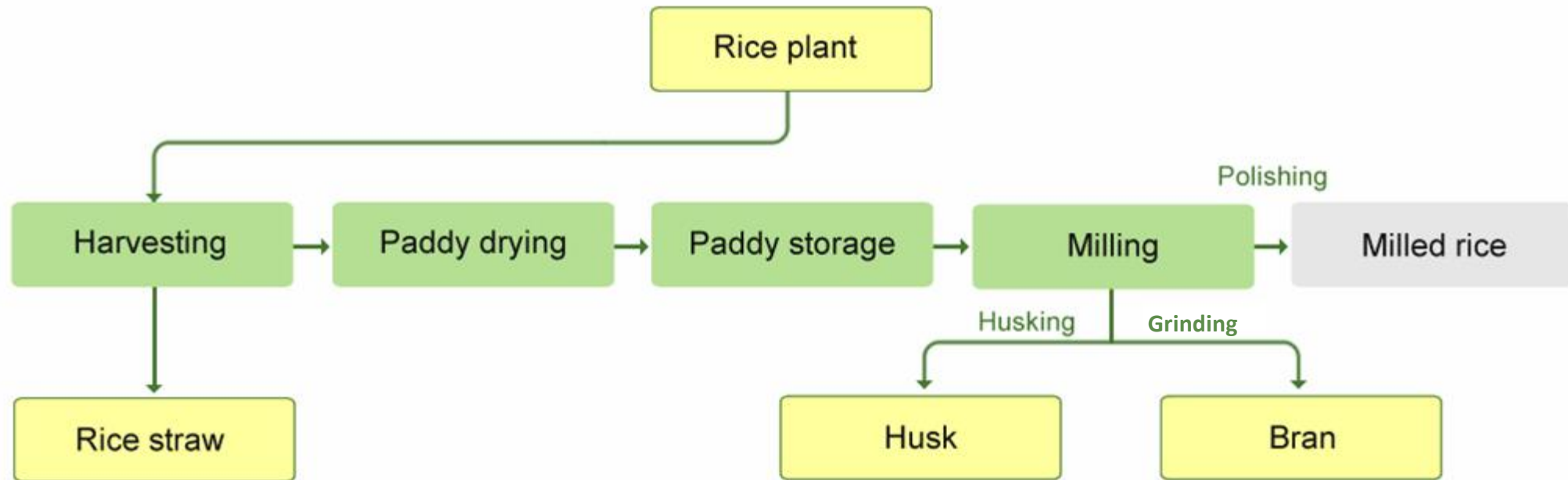


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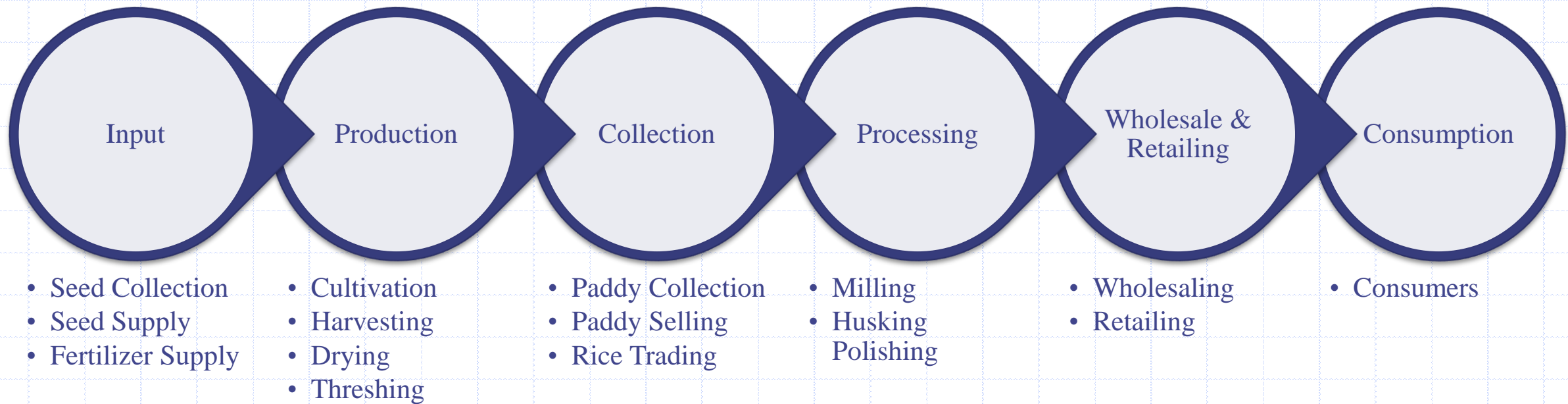
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Rice Production and By-products



Rice Value Chain



Key Attributes: Dynamics of Rice Industry

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:

- 2.72 Million Hectors in 2017
- 2.75 Million Hectors in 2016
- 2.89 Million Hectors in 2015

Rice Production:

- 6.90 Million MT in 2017
- 6.81 Million MT in 2016
- Yield: 2.51 MT/Hector in 2017
- Yield: 2.48 MT/Hector in 2016

Rice Consumption:

- 3.00 Million MT in 2017
- 2.90 Million MT in 2016

Pakistani Rice Most in Demand

Basmati

- Super Basmati (from Central and Southern Punjab)

Non-Basmati

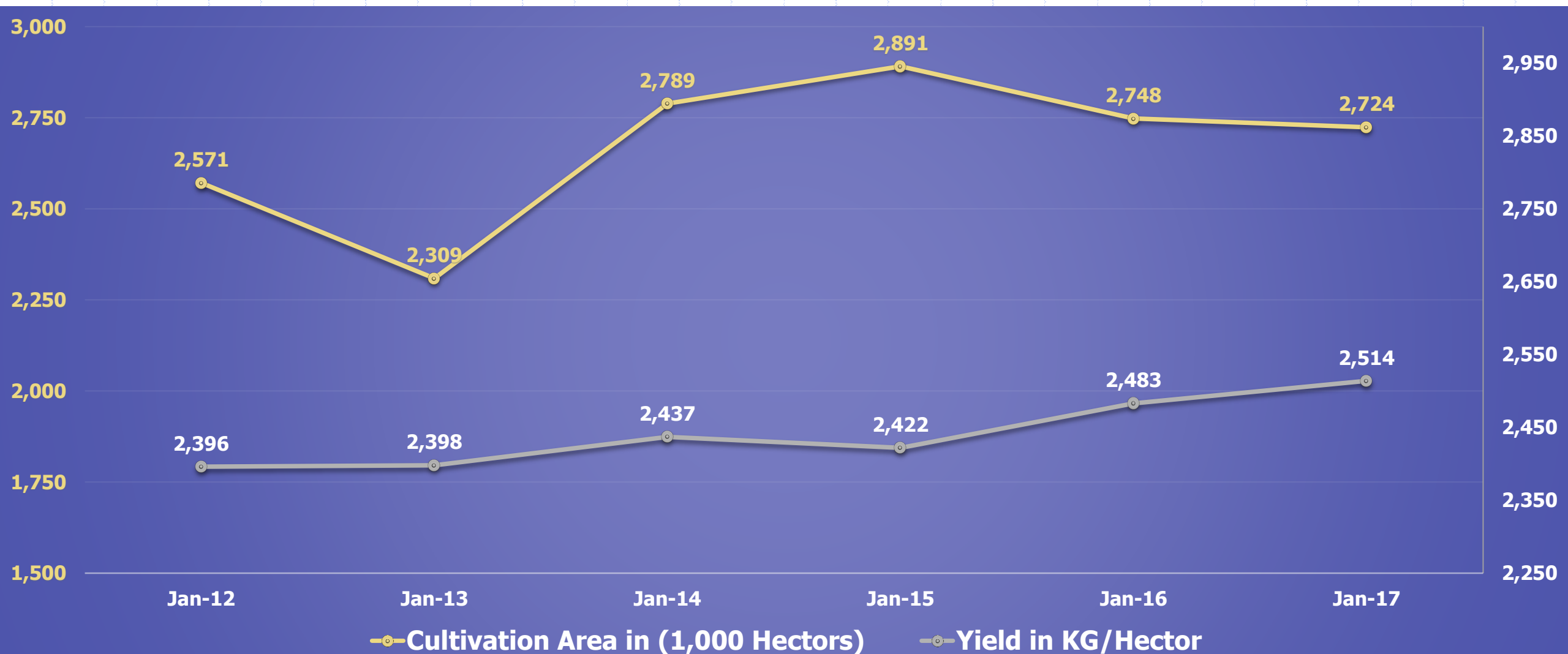
- Irri-6 (from upper and lower Sindh)

Production Consumption & Net Export Import

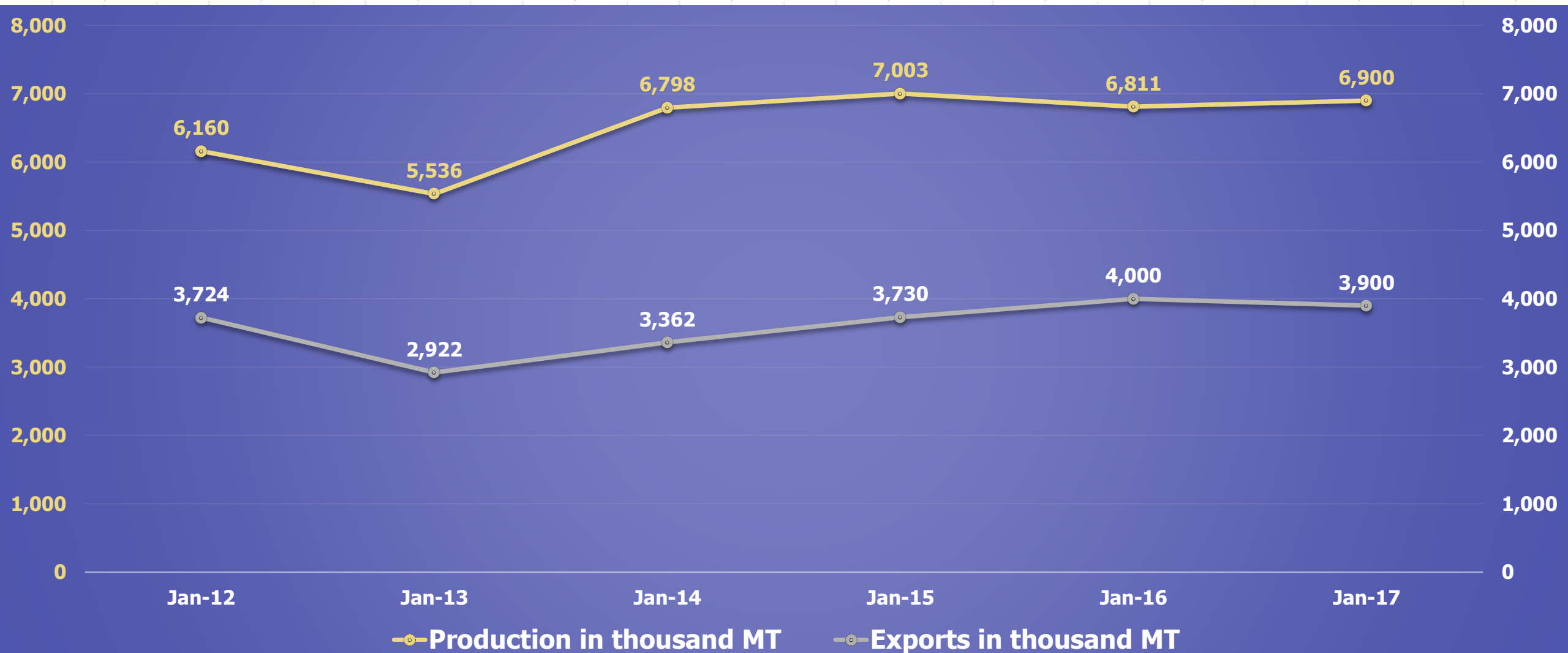
Years	Production 2017	Consumption 2017	Net Export / (Import)
	m MT	m MT	m MT
China	144.9	141.3	(4.15)
India	110.2	97.0	11.6
Indonesia	37.2	37.6	(0.4)
Bangladesh	34.7	35.0	(1.2)
Thailand	19.2	12.1	10.2
Brazil	8.4	7.9	(0.6)
USA	7.1	4.3	3.4
Pakistan	6.9	3.0	3.9
Others	118.2	142.9	(22.75)
Total	486.8	481.1	-

Rice Cultivation Area & Yield, Pakistan

1 Hector = 2.47 Acre
1 Acre = 8 Kanal



Rice Production & Exports, Pakistan



Rice Price (US Dollars per Metric Ton)



Rice Industry Performance

- ◆ Rice cultivation decreased to 2,748 (FY16: 2,724 & FY15: 2,891).
- ◆ Farmers switching to substitute products. (Fodder & Maze)
- ◆ Limited Government assistance.
- ◆ Price levels are determined by supply and demand forces.
- ◆ High investments from individuals in private sectors, FDI is marginal.
- ◆ Export market for Pakistani rice includes Middle East & Africa.
- ◆ Competing exporters for Pakistan include Vietnam, Thailand and India.
- ◆ Decreasing prices due to international market collapse. (Large export product includes Non-Basmati)
- ◆ Between 2011 and 2015, Pakistan's exports to UAE declined from \$287.4m to \$135.1m while exports from India during same period remained sizeable at \$562.9m.

Rice Risk Analysis

- ◆ Given low export prices and high input costs, margins and earnings of domestic producers are under pressure.
- ◆ Lack of skilled workers, less storage capacities & rising cost of inputs such as fertilizers and electricity.
- ◆ Inadequate marketing and branding.
- ◆ Poor processes mainly due to lack of technology.
- ◆ No production of hybrid seed.

Opportunities

- ◆ Major basmati rice market (UAE, Kenya, China, Afghanistan & Tanzania) & non basmati rice market in Africa.
- ◆ Introduction of Kissan Package worth 100 billion.
- ◆ Economic sanctions on Iran having been lifted.
- ◆ Iran has fixed price import at \$850/ton. (In favor of Pakistan due to low transport cost)
- ◆ Severe drought in Thailand.
- ◆ Trade negotiation with China.
- ◆ Recovery of Rice Market. (Rice price rise)

Global Rice Market

- ◆ Burmese export rose record high by 400,000 tons to 2.8 million. (Highest since WWII)
- ◆ Chinese exports rose by 200,000 tons to 1.1 million. (More than 50% of exports to Africa)
- ◆ Indian exports rose by 200,000 tons to 11.6 million.
- ◆ Kenya imports are up 100,000 tons to 650,000 reflecting continued large purchases from Pakistan and Thailand.
- ◆ Malaysia imports raised by 100,000 tons to 1.0 million.
- ◆ Mozambique imports boosted by 100,000 tons to 750,000 on additional imports from Pakistan.
- ◆ Nigeria imports are up 100,000 tons to 2.5 million on expanding demand for par-boiled rice from Thailand and India.
- ◆ Thailand exports are raised 500,000 tons to a record 11.0 million, large shipments to Nigeria and other African countries.
- ◆ Vietnam exports are up 200,000 tons to 6.3 million on strong regional trade.

Bibliography

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Analysts	Rohail Amjad <i>Financial Analyst</i> rohail.amjad@pacra.com	Jhangeer Hanif <i>Unit Head – Ratings</i> jhangeer@pacra.com

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