

PERI POLICY BRIEF
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Enhancing the Marketing and Export of Horticultural Fruits in Punjab



Punjab Economic Research Institute
Planning and Development Department
Government of the Punjab

By:

Asima Ihsan

Associate Research Fellow

PERI POLICY BRIEF

Horticultural crops, especially fruits are getting growing apprehension in the widespread mind with main emphasis on export horticulture. But the exports sector has unfortunately showed comparative negligence to the regional horticultural fruit exports and marketing system. This policy brief evaluates the scope and size of this sector on the base of real time data. It will also focus on the major constraints the sector faces in exports and marketing and provide some suggestions to resolve the problems.

1.0 Introduction

The rich and flat soil of many areas of Punjab is very appropriate for the production of several horticultural crops. Due to the friendly agro-climate conditions, Punjab has exhibited effective competitive and comparative advantage in the production & export of some horticultural crops. However, due to the problem of the non-durability and high preservation cost of these agricultural products, much of the quantity spoils. So this sector needs strong privilege and marketing infrastructure which is unfortunately deficient not only in Punjab but also in Pakistan (Khan 2000). The resultant quantity of fruit exported in international markets in relation to total production is as low as 5.7 per cent (FAO)

Punjab has the edge in the production of mangoes, dates and citrus fruits relative to other provinces. These fruits are contributing around 78% of the total value of Pakistan's fruit exports (Government of Pakistan). According to FAO (Food and Agriculture Organization), Pakistan shares about 11% and is the second largest exporter of date, about 1% of citrus fruits as sixth largest and 5% of mangoes as the fourth largest exporter. Due to greater significance of Pakistani fruits in world's market, it is essential to consider their effectiveness for Pakistan and its main competitors. The theory of comparative advantage in international trade gives us the rationale to measure the competitiveness including market preferences although comparative advantage assumes undistorted markets. As the rapid process of globalization has reduced many trade barriers in developed and developing countries, more importance is focussing on endorsing export competitiveness (Prasad 2004). As a GATT and WTO member, Pakistan should acknowledge not only the opportunity but also the challenge of trade openness .

Due to deficiencies in packaging system, classification and transportation of fruits, Pakistan is known as delivering poor quality fruits in most export markets. Not only has the lack of understanding existed about the systems of marketing but also the cold storage and pack house are lacking. Export related inspections are poorly and inappropriately managed. All the airports in Pakistan are facing the lack of storage facility which is considered very essential for fresh fruits exports. This study is planned to investigate the problems and then solutions of export of horticultural fruits from Pakistan.

2.0 Major Importer of Pakistani Fruits

Horticultural fruits produced in Punjab are not only demanded within Pakistan but also almost all over the world. Currently, the major importers of these fruits are the USA, France, Japan, Singapore, the Europe, Middle East, Far East, India and Sri Lanka. The well exported fruits are mangoes, oranges, apples, dates, pine nuts, oranges and guava. The Export Promotion Bureau (EPB) is required to struggle hard to discover new markets and provide their guidance to interested exporters to raise exports

3.0 Major Citrus Fruits Set Up In Punjab and Other Provinces

Most of the areas cultivated for the production of mangoes and

citrus fruit exist in Punjab, so the production and exports contribute to the GDP of Punjab. Punjab government is doing some efforts to introduce different varieties of provincially produced horticultural fruits in global market for increasing



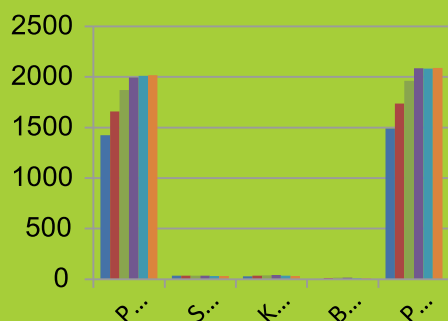
Citrus fruit is the most produced fruit of Punjab and it is exported about 32.5% to only the Middle East, remaining 22.5% to Indonesia, The Philippines (16 %), Sri Lanka (11.6 %) and 17.4 per cent to other markets of the world. The following chart shows that the area of cultivation and productivity is continuously increasing. Pakistan is the sixth largest producer of citrus fruits in the world, with 2.1 million tons. Major part of citrus is produced in Punjab. Punjab is also one of the largest producers of 'Citrus Reticula' variety (Kinow), this unique variety of citrus is indigenous to this part of the world.

Table 1: Area under Citrus Fruits

| Year | Punjab | Sindh | KPK | Baluchistan | Pakistan |
|---------------------------|--------|-------|------|-------------|----------|
| (Area'000'hectares) | | | | | |
| 5-Years'Avg:(1985-90) | 152.6 | 3.9 | 3.6 | 0.7 | 160.7 |
| 5-Years'Avg:(1990-95) | 171.0 | 4.1 | 3.9 | 1.3 | 180.3 |
| 5-Years'Avg:(1995-2000) | 185.1 | 4.1 | 4.5 | 2.0 | 194.7 |
| 5-Years'Avg:(2000-05) | 185.5 | 4.1 | 4.5 | 2.0 | 195.0 |
| 5-Years'Avg:(2005-10) | 185.8 | 4.7 | 4.2 | 1.39 | 196.162 |
| 5-Years'Avg:(2010-15) | 183.5 | 5.2 | 4.04 | 1.39 | 194.8 |
| Production ('000' tonnes) | | | | | |
| 5-Years'Avg:(1985-90) | 1422.6 | 34.8 | 29.8 | 3.6 | 1490.8 |
| 5-Years'Avg:(1990-95) | 1658.5 | 35.3 | 33.2 | 10.3 | 1737.3 |
| 5-Years'Avg:(1995-2000) | 1872.1 | 34.6 | 38.1 | 16.0 | 1960.8 |
| 5-Years'Avg:(2000-05) | 1995.3 | 35.2 | 40.3 | 13.6 | 2085.1 |
| 5-Years'Avg:(2005-10) | 2011.2 | 30.8 | 33.4 | 7.2 | 2082.9 |
| 5-Years'Avg:(2010-15) | 2018.9 | 31.03 | 32.9 | 7.00 | 2089.8 |

Source: ministry of national food security and research, economic wing, Government of Pakistan, Islamabad

Figure 1: Total Production In ('000') Tonnes



4.0 Major Mango Production Set Up In Punjab and Other Provinces

In the past few years, the production of mangoes decreased in Punjab; the reason being that the crop faced huge losses due to irregular and changing weather conditions in upper Punjab.



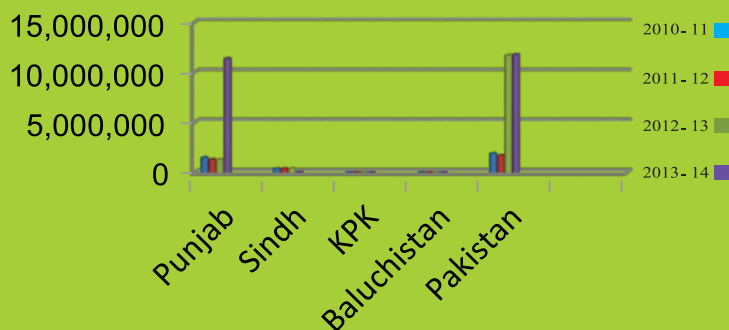
According to a report, Mangoes production has faced decrease of 40%, 50% and 60% in Rahim Yar Khan, Muzaffargarh and Multan respectively. However, all Pakistan Fruits and Vegetables Exporters, Importers and Merchants Association (APFVEIMA) has targeted to export 100,000 tonnes of mango worth US\$ 75 million in this season (2016), the country was unable to achieve the targets of mango exports in year 2015 due to fall in mango production. Despite of all these problems Pakistan is still 4th largest producer of mangoes in world's ranking due to large contribution of mango's production by

Table 2: Area, Under Mango (Hectares, 000)

| Years | Punjab | Sindh | KPK | Baluchistan | Pakistan |
|-----------------------------------|------------|---------|-------|-------------|------------|
| 2010-11 | 111,961 | 59,215 | 342 | 535 | 176,659 |
| 2011-12 | 111,432 | 60,055 | 344 | 553 | 172,384 |
| 2012-13 | 109,141 | 60,467 | 350 | 552 | 175,089 |
| 2013-14 | 110,350 | 63,890 | 348 | 554 | 175,143 |
| Production of Mangoes (Tons, 000) | | | | | |
| 2010-11 | 1,503,212 | 381,269 | 2902 | 1066 | 1,888,449 |
| 2011-12 | 1,304,223 | 391,781 | 22902 | 1084 | 1,700,010 |
| 2012-13 | 1,280,211 | 396,137 | 2964 | 1076 | 11,680,388 |
| 2013-14 | 11,370,150 | 39,850 | 1076 | 1083 | 11,772,763 |

Source: ministry of national food security and research, economic wing, Government of Pakistan, Islamabad

Figure 2: Production of Mangoes in Tonnes



5.0 Major Dates Production Set Up In Punjab and Other Provinces

Table 3 shows that the cultivated area under dates is more in Baluchistan and Sindh than in Punjab but however Punjab is also contributing a lot in production. Due to higher considerable contribution of Sindh, Baluchistan and Punjab in date's production, Pakistan is 7th largest date's producer but Pakistan's per capita consumption is low relative to its competitors such as Iran, Saudi Arabia and UAE.

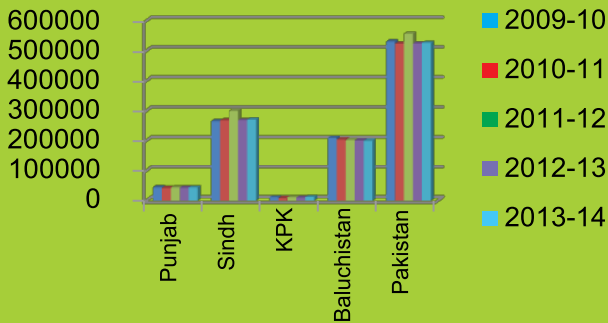
Table 3: Area, Under Dates (hectares, 000)

| Years | Punjab | Sindh | KPK | Baluchistan | Pakistan |
|--------------------------|--------|--------|-------|-------------|----------|
| 2009-10 | 5963 | 32541 | 1436 | 50644 | 90584 |
| 2010-11 | 5806 | 32737 | 1483 | 50098 | 90124 |
| 2011-12 | 5807 | 35685 | 1489 | 50107 | 93088 |
| 2012-13 | 5819 | 32424 | 1498 | 49859 | 89600 |
| 2013-14 | 5792 | 32509 | 1644 | 49709 | 89654 |
| Production in Tons (000) | | | | | |
| 2009-10 | 44695 | 265305 | 11316 | 209875 | 531191 |
| 2010-11 | 42533 | 268576 | 8627 | 204305 | 524041 |
| 2011-12 | 44170 | 299816 | 11017 | 202276 | 557279 |
| 2012-13 | 43634 | 268920 | 10960 | 201098 | 524612 |
| 2013-14 | 43850 | 270493 | 12393 | 200013 | 526749 |

The trend in per capita consumption reveals that Pakistan has a capacity to export more. Major importer of Pakistani dates are USA (31.16%), remaining (24.76%) is exported to India, Canada (13.3%), UK (6.9%), Denmark (5.6%), Germany (4.7%). Thus Pakistan is second largest date exporting country. The crop has the capacity to increase its productivity given the access to new markets.



Table 3: Area under Dates ("000") Acres



6.0 Problems in Locating Markets and Trades of Fruit

(a) Infrastructure Related Bottleneck

The first major issue mentioned by the merchants of horticultural crops is deficiency of suitable infrastructure facilities at and behind the border of the country which should be given highest importance. Exporters believed that lack of infrastructure creates troubles and interruptions, resulting in high cargo cost. Major infrastructural problems found are as follows;

- Weak and costly infrastructure of railway
- Narrow & underdeveloped roads
- Shipment related problems as exporters faced the problem of no accessibility or costly refrigerated transport facilities. 83% exporters faced hurdles related to refrigerating system.
- Shortage of air transport close to producing farms

(b) Marketing and packaging related problems

- Wooden crates and substandard packaging is frequently used for citrus and mangoes which make the fruits damaged. Foreign buyers are environmentally conscious and look for complete compliance of international standards such as Global Care, Global Gap and ISO etc. Substandard packaging translates the product into limited gain from the sale of per unit of fruit and hence lead to less export earning
- Ineffective and inefficient marketing in the international markets for Pakistani fruits is also the one of the reason of low price

(c) Miscellaneous complications in the export of horticultural fruits

- Energy crises also seriously affect the preservation of horticultural fruits in Punjab.
- Lack of skilled labour
- Bureaucratic obstacles
- Institutional rent-seeking behaviour
- Financial inputs Energy

7.0 How were These Issues Researched?

The existing literature showed that Punjab has comparative and competitive advantage in the production of mangoes and citrus fruits over its competitors but there are still some problems related to improving the production and exports.

Full advantage of existing real time data from different

channels on cultivated area, production of each fruit and export trends etc., has been taken by various researchers to evaluate the importance of different strategies to overcome the above mentioned problems.

The major findings showed that the relevant authorities can adopt two-pronged strategy to overcome these problems, the short and long term strategy. In short- term strategy we can emphasis on the promotion of marketing efforts for existing fruits which have the potential for increase in exports such as mangoes, dates, oranges etc.

The long term strategy can be adopted to increase the area under cultivation & production and to overcome the institutional transportation and export problems.

8.0 Recommendation and Policy Implications

- Produce the familiarize types of each crop which are consistent to export market demands. Consequently it will boost agreements of growing which contains new varieties, model forms, nurseries etc.
- To overcome export related problems, first comprehensive step could be to generate direct associations among exporters and producers. This may involve composite training of producers such as in quality production, appropriate garnering, and standardised packaging and rapid export.
- Develop the rapid export infrastructure such as transportation system near farm houses, value addition industry, cold storages, pack houses (grading plants) etc.
- Regular training programmes should be introduced for all the participants particularly farmers regarding GAP using FFS mode.
- Freight refrigerating system is one of the very important components for the export of perishable fruits which usually involves high C&F cost. Export financing is almost not available as banks often hesitate financing this trade being perishable in nature. So government should also focus on finance facilities must be provided to small farmers who are interested in export.
- Leasing facilities must be provided to exporters which will establish cold storage near the cluster of production. Moreover refrigerating vehicles on lease term are also recommended to strengthen the transport network from place of production to cargo.
- The certain cargo flights/space must also be available for the export of such perishable goods.
- Increase the cold storage capacity at all airports to preserve the freshness of fruits.
- Establishment of agro-clinics/ lab to test the soil-fertility to identify the nutrient/fertility deficiency so that farmers would be able to use the suitable fertilizer in recommended measure. Furthermore, it will help the farmer to decide about which soil is good for which type of fruit.

References

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