



POTENTIAL OF OLIVES AND OLIVE OIL IN PAKISTAN

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The Pakistan Business Council (PBC) is a business policy advocacy platform, established in 2005 by 14 (now 89) of Pakistan's largest private-sector businesses and conglomerates, including multinationals. PBC businesses cover nearly all sectors of the formal economy. It is a professionally-run organization headed by a full-time chief executive officer.

The PBC is a not-for-profit entity, registered under Section 42 of the Companies Ordinance 1984. The PBC is a pan-industry advocacy group. It is not a trade body nor does it advocate for any specific business sector. Rather, its key advocacy thrust is on easing barriers to allow Pakistani businesses to compete in regional and global arenas. The PBC conducts research and holds conferences and seminars to facilitate the flow of relevant information to all stakeholders in order to help create an informed view on the major issues faced by Pakistan.

The PBC works closely with relevant government departments, ministries, regulators and institutions, as well as other stakeholders including professional bodies, to develop consensus on major issues which impact the conduct of business in and from Pakistan. The PBC has submitted key position papers and recommendations to the government on legislation and other government policies affecting businesses. It also serves on various taskforces and committees of the Government of Pakistan as well as those of the State Bank, the SECP and other regulators with the objective to provide policy assistance on new initiatives and reforms.

The PBC's Founding Objectives

- To provide for the formation and exchange of views on any question connected with the conduct of business in and from Pakistan.
- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and fieldwork for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.
- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.
- To promote and facilitate the integration of businesses in Pakistan into the World economy and to encourage in the development and growth of Pakistani multinationals.
- To interact with governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

The PBC's Member Companies





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Table 1: Global Export Value of Olive and its Value-Added Products

08

List of Acronyms

GAP	Good Agricultural Practices
IOC	International Olive Council
MUFA	Monounsaturated Fatty Acids
NARC	National Agricultural Research Council
PPPs	Public Private Partnerships
UAE	United Arab Emirates

Foreword

The study entitled **‘Potential of Olives and Olive Oil in Pakistan’** is published by The Pakistan Business Council (PBC) as part of its **“Make-in-Pakistan”** initiative to explore the potential of reducing reliance on imports and maximizing exports.

Pakistan is an importer of edible oils and oilseeds, costing the country about USD 3.5 Billion annually. Developing local sources of edible oil to cater the growing domestic demand is therefore crucial for improving Pakistan’s balance of trade. One such potential is locally produced olive oil and other value-added products derived from olives.

While there is a strong rationale to substitute the imported palm oil and soyabean with locally sourced edible oils, there is significant work required to make olive oil commercially viable. At the moment, the consumer has limited preference for olive oil as compared to the conventional edible oils, given its characteristic taste and specific cooking properties such as lower temperature tolerance. Concerted efforts will need to be made by the government and the private sector alike to build the consumers’ appetite for olive derived products.

Pakistan’s olive promotion strategy has to be balanced between growing more olives while also increasing its demand, to establish a market for olive products. At the moment, the locally produced olive oil is priced higher than the imported products, as olive producers are striving to achieve economies of scale to correct the price point for the local product. What will be important is for the consumer demand for locally sourced olive oil to increase, for a price equilibrium to be established vis-a-vis imported edible oils.

On the export side, there is a good demand for olive derived products in developed markets, where consumers are more affluent and health conscious. In the near to medium term, it is difficult to envisage Pakistan’s olive products to compete internationally in pricing, branding and fulfilling international standards and certifications. Also the global acceptance of quality of Pakistan’s olive products has yet to be determined.

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This sector report is intended to inform Pakistan's overall industrialization policy.

Ehsan A. Malik

CEO, The Pakistan Business Council

Executive Summary

Pakistan imports edible oil worth USD 3.5 billion per annum. Though most of this is Palm Oil which suits the culinary habits and to date has been difficult to indigenize, amongst the government's strategy to promote alternative local sources to reduce reliance on imports and potentially promote exports is an ambitious target of planting over 50 million olive trees on marginalized lands. This would also generate income and employment opportunities. To achieve this target, the government has taken exceptional measures such as: providing subsidies to farmers, imparting technical training and providing large quantities of olive saplings free-of-cost. It has been successfully established that good quality olives can be grown in Pakistan, in particular in the regions of Potohar Punjab, Khyber Pakhtunkhwa¹ and Baluchistan² where the climate and topography is suitable for growing olives.

At present, the sector does not have a demand driven growth strategy and the thrust of activities are focused on the supply side without conducting a thorough assessment of the domestic and/or export markets. Pakistan currently imports only USD 11 million worth of olive oil, which is a small portion of its edible oil market. Olive oil has failed to enter the mainstream domestic market due to the nature of local cuisines, which involve high temperature cooking for which olive oil is not ideal. There is a preference of consumers for the more readily available and cheaper palm and soybean oils. Given this scenario, it is unrealistic to expect that locally produced olive oil will deliver a significant opportunity for import substitution and have any sizeable impact on Pakistan's edible oil import bill.

The olive oil sector is however growing internationally and there is an opportunity for Pakistan to export it along with other value-added products to markets where there is demand for healthier foods. But these international markets have not yet been analyzed and no conclusive evidence is available that olive oil produced in Pakistan can compete with the existing and established brands there.

The olive sector is expected to have limited growth unless the significant challenges are addressed. It is recommended that first, comprehensive demand-side studies should be conducted to identify the key value-added products and target markets for olives grown in Pakistan, and then the focus should move on to improving the supply and quality of produce as per the market requirements. Moreover, private sector investment should be mobilized for continued sustainable growth of the sector.

¹ Malakand, Sangbhati Mardan, Lower and Upper Dir, Swat, Chitral, Naran and surrounding areas

² Zhob, Khuzdar, Loralai, KilaSaifullah, and Musa Khel



1. Introduction

Pakistan has a growing population and an increasing import bill for edible oil and oil seeds to cater to the consumer demand for cooking oil and animal feed inputs. Pakistan's edible oil import bill, which includes imported oils and oilseeds, is USD 3.52 Billion in 2020, up around 12 percent from USD 3.15 Billion in the previous year.³ This rising demand for edible oil is anticipated to grow annually as per the industry experts⁴, and its import bill is expected to surge by 30 percent in the fiscal year 2021-22, amid a fall in local production, hike in global prices, and rise in local consumption.⁵ With a per capita consumption estimated at 22 kg annually, Pakistan is one of the leading consumers of edible oil in the world.⁶

To alleviate the growing burden on the country's import bill, the Government of Pakistan is working on a number of measures to promote import substitution that are in-line with its "Make in Pakistan" policy. One such measure is to reduce dependency on imported oil and oilseeds by focusing on increasing the local production of edible oil. One proposition is to increase the production of olives in Pakistan for extraction and sale of olive oil as a replacement for other imported edible oils. However, olive oil has a negligible share of 0.3 percent (USD 11.1 million in 2020⁷) in the total edible oil import bill of Pakistan. This is because olive oil is traditionally unsuitable for local cuisine, which requires deep frying and high heat cooking, and is therefore not preferred as compared to the cheaper and widely available soya and palm oils. Despite the Government's concerted measures to promote olive cultivation as a means to increase local oil production and curb imports, olive oil does not promise a sizeable opportunity for import substitution and it is unlikely that these measures will have any significant results. In addition to olive oil, table olives are another major value-added product which also have limited potential in Pakistan with import amounting to only USD 3 million, although the import of table olives is growing gradually.

³ ITC Trade map

⁴ Dawn News. Edible oil import bill may swell by 30pc this year. September 2021. URL: <https://www.dawn.com/news/1648260>

⁵ ibid

⁶ Vegetable oil is also used for industrial purposes but Pakistan's consumption for it is very low / PACRA. Edible Oil Report. 2021

⁷ ITC Trade Map

Processed olive products present export opportunities subject to implementing a successful market-based strategy and removing growth constraints. However, the current strategic thrust of interventions in the olive sector are not demand driven. Although, export potential may exist for olive oil and other value-added olive products produced in Pakistan, a demand-side analysis of the international markets has yet to be undertaken. There is no reasonable research-based evidence that olive oil and other value-added products produced in Pakistan will be able to penetrate the lucrative but highly competitive export markets in terms of quality, packaging, pricing and consumer acceptability parameters. A shift in focus from supply-side interventions, towards a market based and demand driven approach is recommended.

Current strategic interventions in the olive sector are focusing on the supply-side of the value chain i.e. enhancing the production of olives in suitable regions of Pakistan, primarily utilizing marginalized lands. This may lead to positive grower economics since these lands cannot be used for the cultivation of any other crop, but success is dependent on consumer's demand preferences in favor of olive products and access to domestic and international markets.

To ensure growth of the olive market and its long-term sustainability, it is crucial to encourage participation of the private sector. Increasing involvement of the private sector players, including local and multinational brands operating in the food sector, will be crucial for the development, growth and sustainability of the local olive industry. Promoting growth of the olive market may improve livelihoods and yield environmental benefits as envisioned in the Government of Pakistan's initiative of "**Green Pakistan**".

The purpose of this report is to illustrate the potential of the olive sector and its value-added products in Pakistan, current status of this sector, and bottlenecks that hinder growth. The report will analyze the constraints and the opportunities that exist in the olive sector and provide recommendations to enable growth.



2. Olive and Olive Oil

Globally, olive is majorly used to extract olive oil or is processed into other value-added products.⁸ Olives are rich in vitamin E and other various antioxidants which makes it an ideal component of a healthy diet. Since olive fruit is not edible in its raw form due to its bitter taste, the fruit is either converted into oil which is mostly used for cooking purposes or processed into table olives, pickles, salads and other delicacies. Most commonly grown global varieties of olive include: Amfissa, Alfonso, Beldi Castelvetro, Cerignola, Gaeta, Gordal, Kalamata, Liguria, Manzanilla, Mission, Nicoise, Nyon and Picholine.

Spain, Italy, Turkey, Greece and Morocco are the top producers of olives in the world. Spain is the largest producer of olive with a production of 9.8 million tons per year, followed by Italy and Morocco producing 1.87 and 1.56 million tons, respectively every year. It is important to mention that Pakistan's farm area suitable for olive cultivation is greater than that of Spain - a nation which is supplying over 75 percent of the global olive oil.

The most commonly produced and consumed olive oil is the virgin olive oil. It is extracted from the olive fruit that has not undergone any treatment other than washing, decantation, centrifugation and filtration. Virgin olive oil is extracted using mechanical or other physical means under specific thermal conditions that do not lead to alterations in the chemical properties of oil, hence maintaining quality. There are three types of virgin olive oil namely: extra virgin olive oil, virgin olive oil and ordinary olive oil. Their characteristics are provided below, as defined by the International Olive Council (IOC):

(i) Extra virgin olive oil: Virgin olive oil which has a free acidity, expressed as oleic acid, of not more than 0.8 grams per 100 grams,

(ii) Virgin olive oil: Virgin olive oil which has a free acidity, expressed as oleic acid, of not more than 2 grams per 100 grams

⁸ Value added products include olive oil, table olives, olive tea, pickles, and various snacks and confectionary items

(iii) Ordinary virgin olive oil: Virgin olive oil which has a free acidity, expressed as oleic acid, of not more than 3.3 grams per 100 grams

It is important to note that pomace oil, which is commonly sold as a type of olive oil, does not fall into the category of olive oil as per the definition by the IOC.⁹ It has a free acidity of not more than 1 gram per 100 grams and is not as healthy as virgin olive oil.

⁹ IOC defines olive oil as 'the oil obtained solely from the fruit of the olive tree, to the exclusion of oil obtained using solvents or re-esterification processes'



3. Global Market for Olive and its Value-Added Products

The global market of olive is primarily growing due to the health benefits associated with the consumption of olive oil, an increasing popularity of Mediterranean cuisines and usage in pharmaceutical products. The drivers of growth are discussed in detail below.

i. Rising Awareness of Health Benefits

Globally, there is an increase in demand for vegetable oils that have a high Omega-3, Monounsaturated Fatty Acids (MUFA) and Vitamin E content due to their associated health benefits. Olive oil contains the aforementioned nutrients and is also high in antioxidants that support healthy functioning of the heart. Various clinical studies that have endorsed the use of olive oil and rapidly growing electronic media and social media platforms have raised awareness regarding the associated health benefits of consuming olive oil among the public.

ii. Increased Popularity of Mediterranean Cuisine

Increased popularity of the Mediterranean cuisines across the globe is another factor influencing growth of the olive market. Greek, Italian, Spanish and Middle Eastern cuisines have olive oil as an integral ingredient. Increasing travel, tourism, and growing interest in various cuisines have supported the growth of the olive oil market across the world.

iii. Increasing Population in the Middle East

Increasing population in the Middle Eastern countries, such as Saudi Arabia and the United Arab Emirates (UAE), primarily due to the influx of immigrants has led to an increase in the consumption of olive oil. Increase in the number of health conscious consumers in the Middle East is another driver of growth in the demand for olive oil.¹⁰

¹⁰ Zawya. 2017. Demand for edible oil in the MENA region to outstrip global average – Euro monitor.

URL: <https://www.zawya.com/en/press-release/demand-for-edible-oil-in-the-mena-region-to-outstrip-global-average-euromonitor-ngtvujjt>

iv. Increased Usage in Pharmaceuticals and Beauty Products

In recent years, olive oil extracts have been used as a raw material in manufacturing dietary supplements and for various other pharmaceutical purposes. Olive oil extracts, the leaves and branches of olive plant have a number of traditional and contemporary uses in medicine for hypertension, diabetic treatments, preparation of anti-biotic, anti-inflammatory tonics, and anticancer and gastro-protective medicines. Additionally, the use of olive oil extracts in cosmetic industry is on the rise. Olive oil is used in skin care products and beauty treatments due to its antioxidant properties.

v. Growing Popularity of Raw, Cold Pressed Edible oils

Increasing consumer preference for natural, raw, and cold pressed oils¹¹ such as extra virgin and virgin olive oil, has also contributed to the growth of the olive oil industry. These oils are chemical free and therefore, are healthier than other oils. Hence, consumers prefer these oils because of their minimal processing and adulteration, natural flavor and organic properties. This is the reason that virgin olive oil has the largest share in the global trade of olive oil.

3.1. Global Export of Olive and Olive Oil

Global export of olive and its value-added products was USD 10.22 billion in 2020 which grew by 6 percent compared to the previous year.¹² Figure 1 below indicates the trend in total global export of olive and its value-added products from 2016 to 2020.



Figure 1: Total Global Export of Olive and Its Value-Added Products

Source: ITC Trade Map

¹¹ Cold pressed oils are oil extracted at room temperature, first extract oil, with no chemical treatment and processing.

¹² ITC. Trade Map

Table 1 below provides global export values of olive and each of its value-added product from 2016 to 2020.

HS Code	Product	Export Value (USD 000)				
		2016	2017	2018	2019	2020
1509	Olive Oil (Not Chemically Modified)	7,388,579	8,231,697	8,422,667	7,058,233	7,637,622
1510	Olive Oils Fractions (Chemically Modified)	436,899	549,070	643,992	369,125	329,201
70992	Fresh or Chilled Olives	68,460	80,609	87,822	62,885	67,066
71120	Preserved Olives	80,271	81,396	81,356	88,492	80,576
200570	Olives preserved other than by Vinegar or Acetic acid excluding frozen	1,880,720	1,925,316	2,064,192	2,096,179	2,106,891
Total		9,854,929	10,868,088	11,300,029	9,674,914	10,221,356

Table 1: Global Export Value of Olive and its Value-Added Products

Source: ITC Trade Map

The share of olive oil in the global export market of olives and its value-added products was around 75 percent, that is USD 8 billion in 2020. The remaining 20 percent share, that is USD 2 billion, is of other value-added products mainly table olives. Figure 2 illustrates the market share of all types of olives and olive oil in the total global export of olive products.

Share of Types of Olives and Olive Oil in Global Trade of Olive Products - 2020

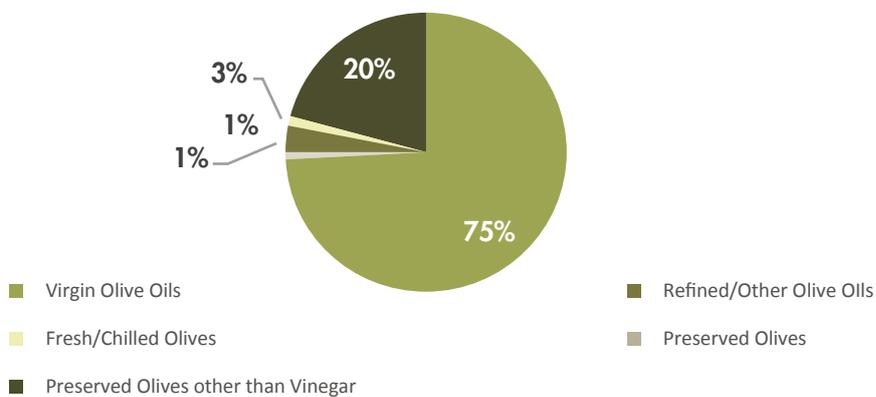


Figure 2: Export Mix of Olive Products

Source: ITC Trade Map

Figure 2 clearly indicates that virgin oil and preserved olives/ table olives are the most traded products with the global export amounting to USD 9.7 billion in 2020, which is around 95 percent of the total olive oil and table olives exports. This is why these two categories should be the prime focus of any olive producing country like Pakistan.

3.2. Global Export of Olive Oil

Global market of olive oil grew by 30 percent during the last ten years to USD 7.96 billion in 2020.¹³ However, the export of edible oil remained constant over the past several years and is recorded to be around USD 100 billion in 2020. This implies that the share of olive oil within the total edible oil category has increased due to increase in demand for the reasons discussed earlier in this section. Figure 3 illustrates trend of olive oil and edible oil exports in the global market.

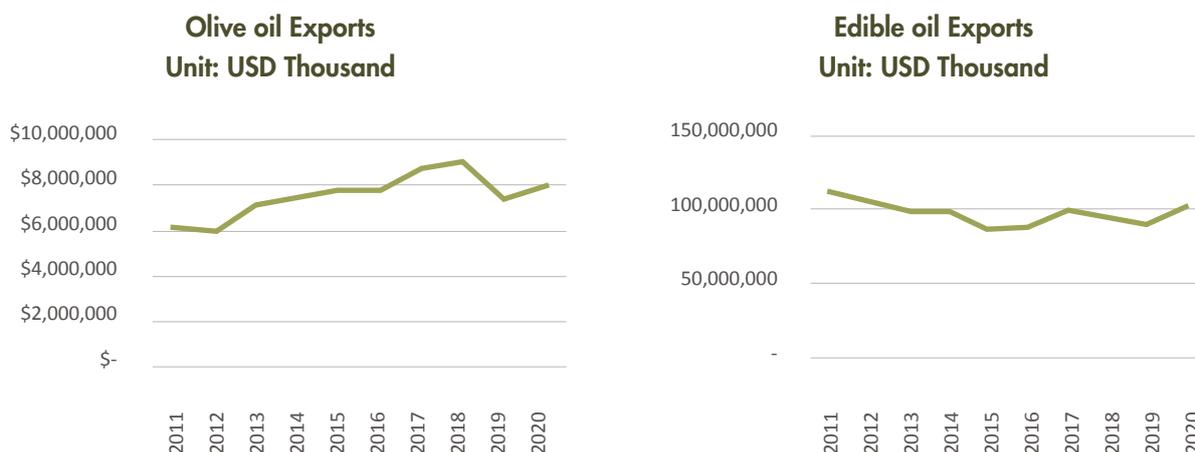


Figure 3: Export Growth of Olive Oil vs Edible Oil

Source: ITC Trade Map

Global consumption of olive oil is only about 8 percent of the global edible oil market which is estimated to be over USD 100 billion. So, despite the 30 percent growth in global export of olive oil, there is an opportunity for olive oil exporters to capture a bigger share in the trade of edible oil. Spain and Italy have a combined share of over 50 percent of the global olive oil export and the largest importer of olive oil is USA which is currently importing approximately USD 1.3 billion worth of olive oil.¹⁴

Virgin olive oil constitutes over 95 percent, that is USD 7.6 billion, of the total global olive oil export market. Figure 4 indicates the growing trend of virgin oil as compared to the static trend of olive oil fractions that are not virgin or extra virgin. The global export of the latter category of olive oil (HS Code 1510) is a little over USD 329 million.

¹³ ITC. Trade Map

¹⁴ ITC. Trade Map

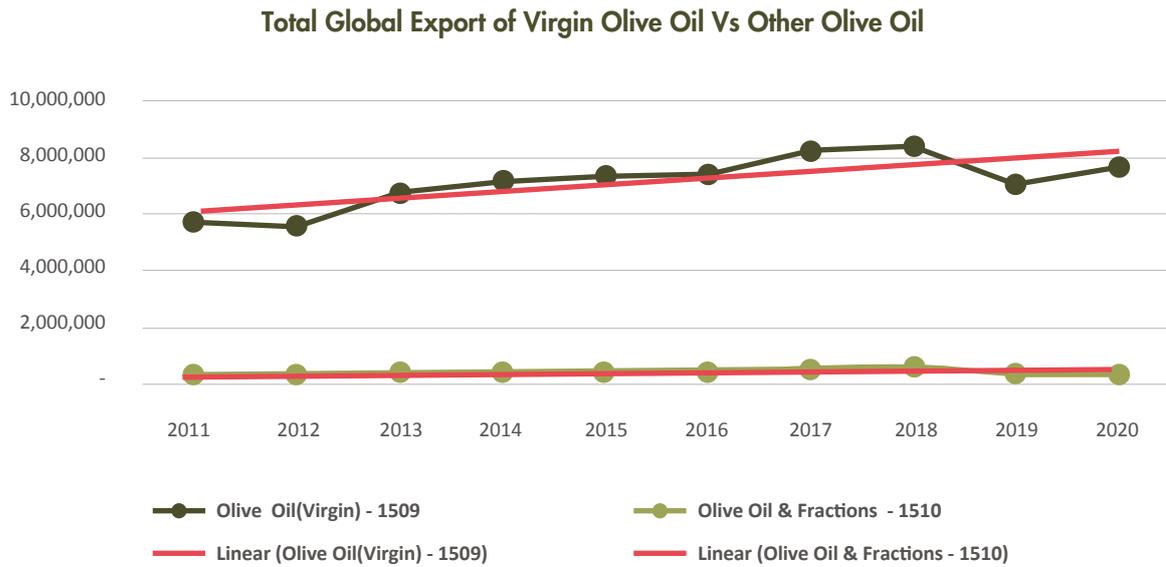


Figure 4: Total Global Export of Virgin Olive Oil Vs Other Olive Oil

Source: ITC Trade Map

It can be concluded from Figure 3 and 4 that the global export market for olive oil is on the rise and within olive oil category, demand for virgin olive oil is increasing and therefore, have the largest share in the global exports of olive oil.

3.3. Global Export of Table Olives

Table olive is the second most significant value-added product from the olive fruit and has the largest share in olive's fruit trade. After harvest, the olives are treated with a natural brine of salt, oil and flavor to produce table olives. Figure 5 below shows the globally exported value of table olives, fresh/chilled olives and provisionally preserved olives from 2016 to 2020.

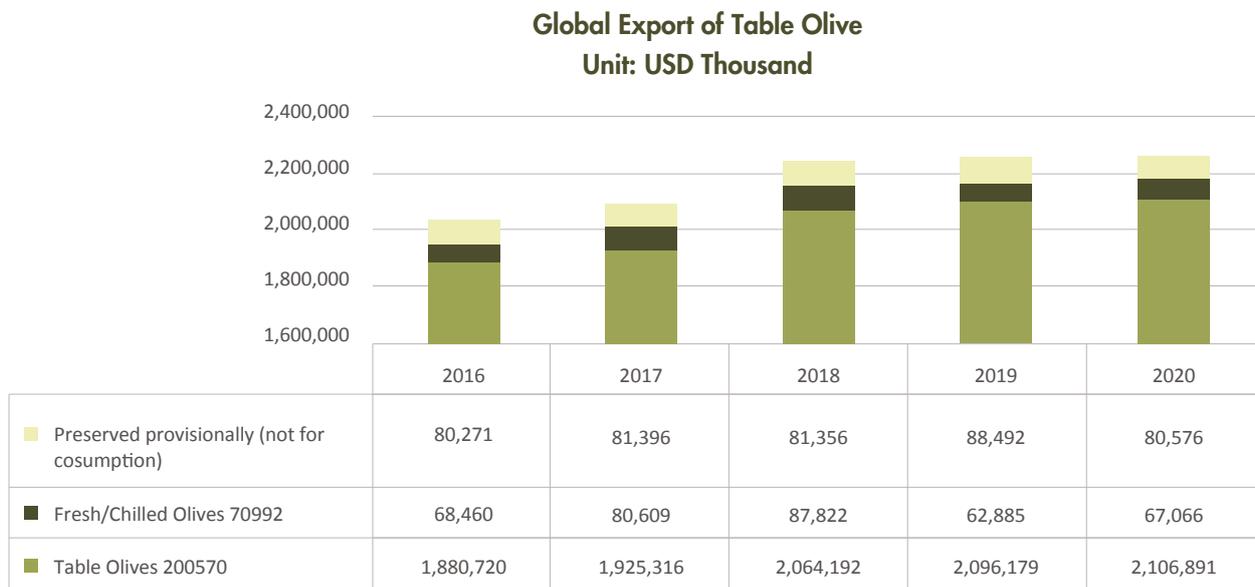


Figure 5: Global Export Mix of Table Olive

Source: ITC Trade Map

Table olives contribute to over 93 percent of the olive fruit trade as depicted in figure 5. Standing at over USD 2 Billion, this is one of the biggest export opportunities in the olive sector, after the virgin olive oil.

The global export of table olives has increased by 18 percent over the last decade. Table olives, black or green, are mostly used in salads and toppings for pasta, pizza and other cuisines. They can be whole, sliced or pitted. Spain is the leading table olives exporter accounting for over 40 percent of the global trade in table olives. Figure 6 below illustrates the growth trend in the total global export of table olives from 2011 to 2020.

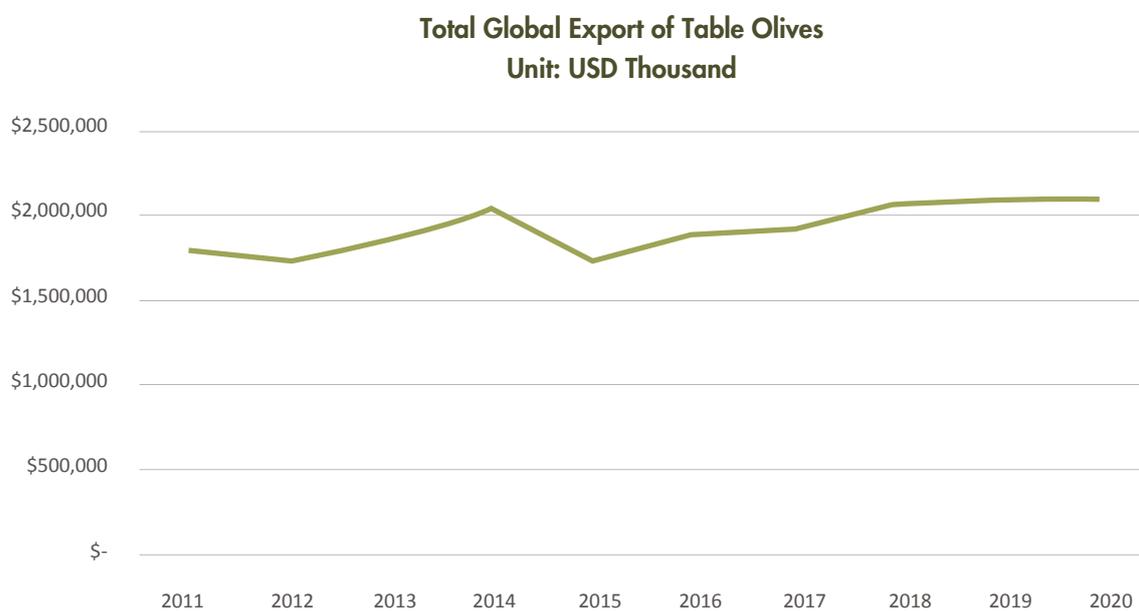


Figure 6: Total Global Export of Table Olives

Source: ITC Trade Map

In summary, global olive sector has grown, and with the associated health benefits of consuming olives, more consumers are switching to virgin olive oil. It is expected that the global olive industry will grow by 4 percent per annum till 2030.¹⁵

¹⁵ European Commission. Olive oil in the European Union. 2021.



4. Olive Sector of Pakistan

Olive trees grow well in warm climates, tolerate drought, and are highly sensitive to frost. This means regions in which summers are hot and dry, winters are relatively cool, and frost is rare are suitable for cultivation of olives. Olive plants need very little water, and therefore they can survive extended dry spells. Once fully grown, olive trees are among the most drought-resistant trees in the world, but the olive tree is not a desert plant. It needs regular watering to thrive. Olives can grow in rigid terrains and wastelands that are not suitable for the cultivation of staple crops.

Olive trees are not new to Pakistan. Millions of wild olive plants have been found in remote areas of Baluchistan and other districts but have not been commercially utilized for oil extraction or any other purpose. However, experimental trials of cultivating olives commenced in 1986 with the help of the Italian Government. Subsequent trials and experiments found various regions that are suitable for olive cultivation such as Potohar in Punjab, KPK, Balochistan and FATA.

Pakistan has abundant land for the cultivation of olives. It is estimated that over 15 million hectares¹⁶ of land remains underutilized in Pakistan due to its rigid topography but has proven to be ideal for olive cultivation. As a result, in theory, growing olives on such wastelands where climatic conditions and other factors do not favor cultivation of other staple crops can reap economic, social and environmental benefits.

4.1. Government of Pakistan's Olive Project

The project "Promotion of Olive Cultivation for Economic Development and Poverty Alleviation" was awarded to the Government of Pakistan by the Italian Government under the Debt Swap Agreement. The project is in operation through National Agricultural Research Council (NARC) and

¹⁶ Pakistan Agricultural Research Council GIS Study

its extended research facilities in KPK, Baluchistan, FATA and Punjab provinces. The aim of the project is to primarily increase the local production of edible oil by cultivating olives to utilize waste lands, and to improve livelihoods and promote a cleaner environment.

The Government of Pakistan is working on the promotion of olive cultivation on a commercial scale through its 'Olive Promotion Project' executed by the NARC. It is estimated that 2.9 million plants have been planted on 25,600 acres across Pakistan. The project's aim is to:

1. Expand the cultivation of olives in selected areas such as Potohar region in Punjab, KPK, and Baluchistan.
2. Conduct technical studies and provide training and assistance to farmers.
3. Set up olive processing facilities with supporting infrastructure and equipment.
4. Promote the cultivation of olives and the use of the olive oil through different means.
5. Stimulate Public Private Partnerships (PPPs) for sustainability and long-term viability of the project.

In phase 1 of the project, the government has provided olive plants free of cost to the farmers, subsidized water and drip irrigation, and provided technical assistance. There is currently limited information available on the cultivated acreage, number of olive trees planted and number of trees bearing fruits, because no baseline surveys have been conducted or published for public information. It is estimated that approximately 2.5 million olive trees have been planted across an area of 35,000¹⁷ acres throughout the three provinces. Not all plants are at the fruit bearing stage and since no baseline surveys have been conducted, official production figures of olives are unavailable. However, amongst the three provinces, olives grown in Baluchistan have the highest oil extraction content of 18-20 percent whereas olives grown in Punjab typically yield 12 percent oil.

The focus of the Government's olive project and initiatives has been to increase supply of olives. The Government seems to have been, in large, successful in developing local olive varieties, nurseries, and demonstrating a proof of concept that olives can be grown at Pakistan. Experiments on various varieties has shown encouraging results. Olives grown in Pakistan have a yield of up to 15 kilograms per plant and oil content varies from region to region, but it is in par with international standards of 12-20 percent. Sufficient successful trials have been conducted by several farmers to certify that olives can be grown successfully in Pakistan.

The olive promotion project, led by the NARC, has worked on capacity building of farmers through extensive trainings in pre- and post-harvest orchard management, importing oil extraction plants, providing subsidies to farmers for oil extraction and water management systems like drip irrigation. All these interventions by the government have helped stir great interest and enthusiasm in farmers for olive cultivation.

¹⁷ Figures obtained from NARC

Despite the encouraging results of the project and the focus of strategy towards planting more olive trees, very little market-based research has been conducted so far. In-depth market analysis and a shift in strategy to focus on the demand side along with the supply side (which is the current thrust of the government initiatives) is required. Existing consumer demand of olive oil and its products in the domestic market is very limited. Various stakeholders¹⁸ that were consulted for this study, such as farmers and government officials, have emphasized that through locally produced olive oils, Pakistan's edible oil bill can be reduced significantly and lead to savings of billions of dollars for the national economy. However, these figures and expectations are largely exaggerated and misplaced owing to the weak existing demand and limited usage of olive oil and its products in Pakistan. Unless the consumer preference changes to consuming local olive oil in place of imported edible oils, there cannot be a significant import substitution effect.

4.2. Demand for Olives and its Value-Added Products in Pakistan

4.2.1 Olive Oil Demand

Pakistan is currently importing olive oil to fulfil domestic demand. Olive oil is mainly used by the restaurant industry and a few consumers from the upper/middle income groups. Olive oil is not used as a staple cooking oil. Local cuisines of Pakistan, that require deep frying and high oil usage, are reliant on mostly palm oil, sunflower oil and canola oil. Despite being one of the largest per capita consumers of edible oil, the use of olive oil has been limited due to several factors such as:

- **Type of cuisine**

Local cuisines of Pakistan involve deep frying and usage of large quantity of oil. Olive oil, on high heat, loses its healthy properties and can also give a burnt taste due to its lower boiling point than other oils. Therefore, olive oil is not used in traditional cuisines of Pakistan. Consumption of salads, in which olive oil is used, is also low in Pakistan. The same trend can be seen in neighboring India, where the cuisine and method of cooking is similar to Pakistan and the consumption of olive oil is low. India imports only USD 30.8 million¹⁹ of olive oil which represents only 0.14 percent of its edible oil market.²⁰

- **Lack of awareness**

There is low health consciousness in Pakistan in general, nor is there an awareness of the health benefits of olive oil and conversely the health issues such as heart disease caused by other cooking oils.

¹⁸ Representatives from NARC, BARI Chakwal, Eco Foods, Siddique's Olive Store, Pak Olive Farm, Izhar Farm, Alvi's Organic Store

¹⁹ ITC Trade Map

²⁰ Olive Oil Times. 2019. The Indian olive oil market shows potential, but comes at a price.

URL: <https://www.oliveoiltimes.com/business/the-indian-olive-oil-market-shows-potential-but-comes-at-a-price/67501>

- **Availability and pricing.**

The consumer in Pakistan is price sensitive and prefers cheaper cooking oils. This bodes well with the fact that local cuisine uses heavy amounts of oil for frying and cooking. Several restaurants and ‘dhabas’ (local restaurants) across Pakistan use cheap oil and ghee. Whereas, most olive oil is imported, expensive and not readily available other than in high-end superstores in the metropolitan cities.

Pakistan imports mostly palm oil for its domestic consumption. From a total import bill of USD 2.2 billion of edible oil, USD 2.1 billion worth of palm oil was imported in 2020, whereas only USD 11 million worth of olive oil was imported, representing only 0.5 percent of total edible oil import.

Pakistan’s Import Mix of Edible Oil (2020)

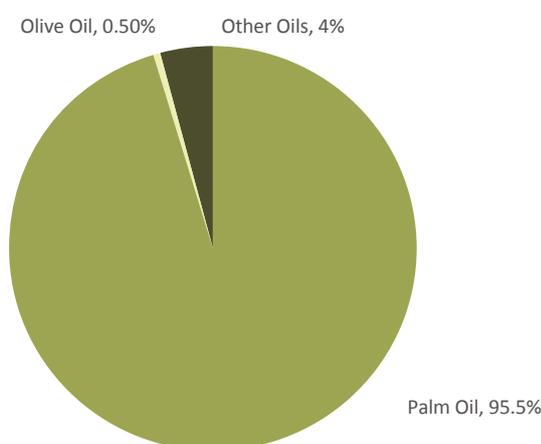


Figure 7: Pakistan’s Import Mix of Edible Oil

Source: ITC Trade Map

Figure 7 clearly illustrates that efforts in import substitution through locally produced olive oil will have a minimal impact on Pakistan’s edible oil import bill. The demand for olive oil in Pakistan is significantly low as compared to the popular and highly consumed palm oil.

Although Pakistan is one of the leading per capita consumers of cooking oil (estimated at around 22 kg per person annually), only 3,744 tons of olive oil was imported by Pakistan as compared to around 3 million tons of palm oil, that is 94 percent of Pakistan’s total edible oil import.²¹ This indicates an approximate per capita consumption of olive oil in Pakistan of 0.017 kilograms annually. This is very low as compared with countries like Greece, Spain, Italy, Morocco and Turkey, which are the leading producers of olive oil in the world. This also implies that the countries with high domestic consumption of olive oil are those who have invested in olive sector the most. Figure 8²² shows the per capita consumption of olive oil in different countries in the world.

²¹ ITC Trade Map

²² Centra Foods. Who in the world consumes the most olive oil?

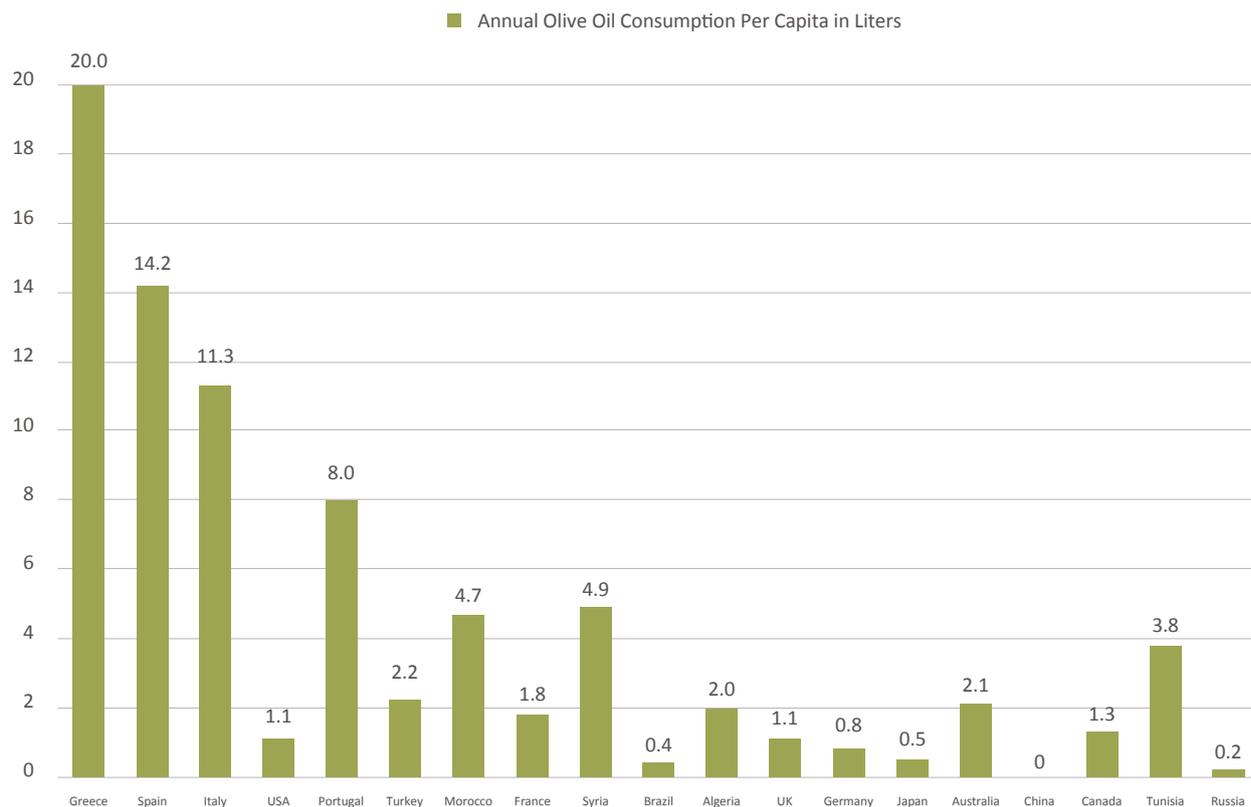


Figure 8: Per Capita Consumption of Olive Oil in Different Countries

Source: Centra Foods

Despite the minimal existing domestic consumption of olive oil, it is encouraging to see that demand for olive oil in Pakistan over the last decade has more than doubled, from USD 4 million (1,461 Tons) to USD 11 million (3,744 Tons) over a period of ten years from 2011 to 2020. Figure 9 shows the rising trend of olive oil import by Pakistan from 2011 to 2020.

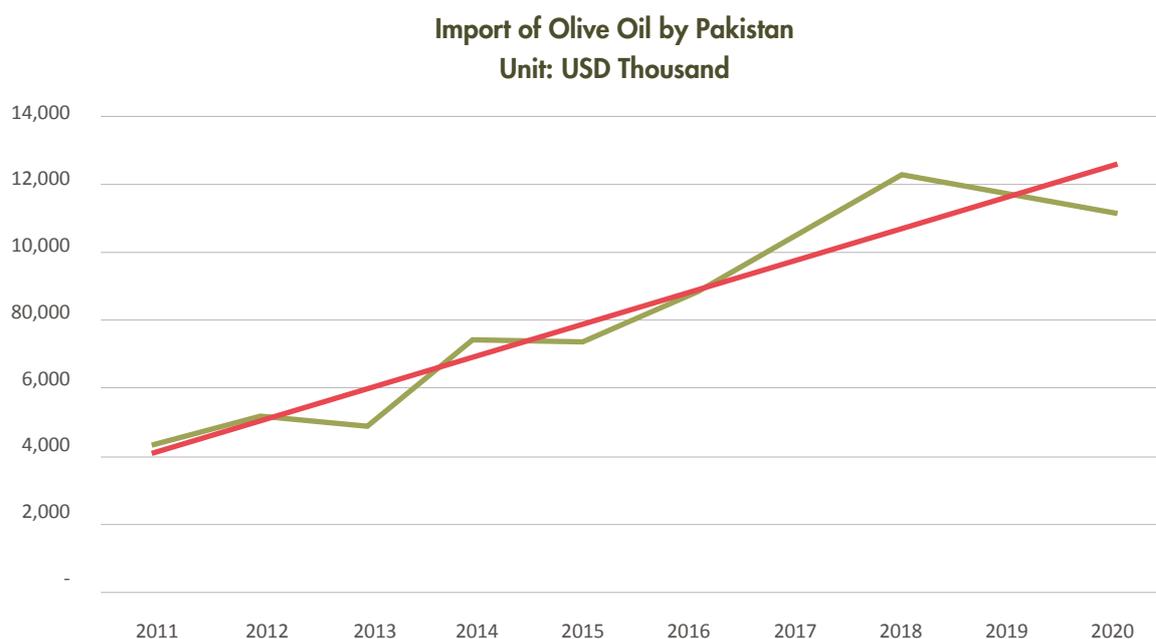


Figure 9: Import of Olive Oil by Pakistan

Source: ITC Trade Map

As depicted in figure 9, the consumption of olive oil has increased in Pakistan over time. This can be attributed to the increasing preference for healthier diet, growing awareness in consumers regarding the benefits of olive oil, and wider penetration of international cuisines in Pakistan that use olive oil as a key ingredient. But despite the growing trend of olive oil consumption in Pakistan, there is little evidence to justify it as a replacement to the regular cooking oils currently consumed in Pakistan. The quantity and value of olive oil consumed remains extremely low in Pakistan.

Even after factoring in the growth rate of olive oil consumption and extrapolating it for a future estimate of demand, the potential remains limited. To give an example, the past decade saw growth of 2.6 times in olive oil consumption. Even if we assume that the next decade will see twice as much growth, we are still looking at a domestic market of no more than USD 50 million, which is less than 2 percent of the total edible oil bill (assuming the import value of 3.4 billion USD remains constant). In essence, local olive oil production provides limited domestic opportunities, unless there is a major increase in the consumers' demand for olive oil in Pakistan, for which there is little evidence so far.

However, the rising consumption of olive oil still provides opportunities for commercial players to enter the market segment for olives and capture the segment of customers that are currently using imported olive oil. The second opportunity lies in capturing export markets, however there is little market research conducted to assess true potential of Pakistani olive oil in international markets.

4.2.2 Other Value-Added Products

The most traded and demanded value-added product is the virgin olive oil, however there are several other products made from olives for consumption and industrial purposes. Table olives is another product with significant demand. Other products include dried olives, olive tea and olive pickle and snacks.

Table Olives

So far, few efforts have been made to increase the production of value-added olive products, apart from extraction of virgin oil. One of the value-added products that holds good potential is table olives. However, there is very limited focus on cultivation of olive varieties suitable for production of table olives. Most of the varieties grown currently are only used for oil extraction.

Pakistan is a net importer of table olive and currently imports USD 3 million worth of table olives, although a small figure but growing annually. Demand in Pakistan for the product has increased from approximately USD 400 thousand to over USD 3 million in the past decade.²³

²³ ITC. Trade Map

Import of Table Olives by Pakistan Unit: USD Thousand

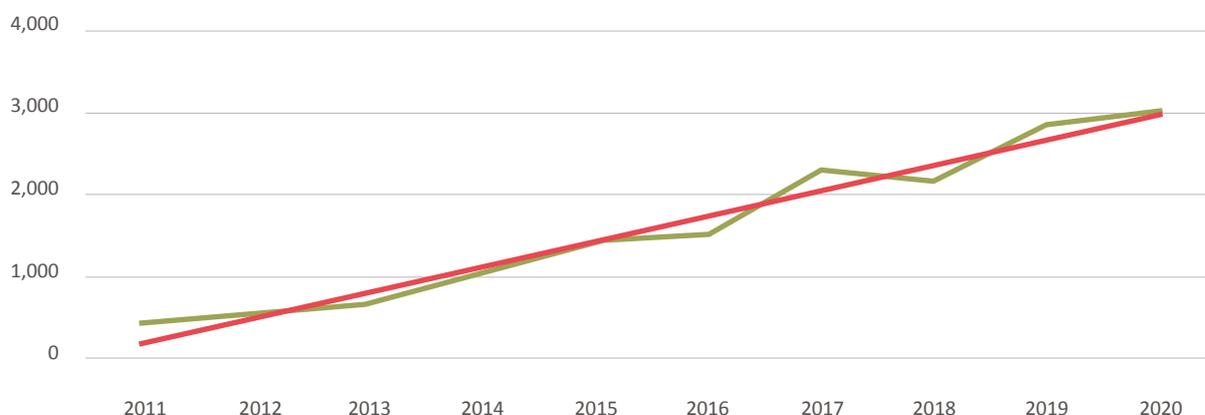


Figure 10: Import of Table Olives by Pakistan

Source: ITC Trade Map

The figure above depicts the trend in demand for table olives in Pakistan, which increased by 6.5 times between 2011 to 2020. This can be attributed to the growing popularity of Western and Mediterranean cuisines in Pakistan.

Despite an increasing trend in the import of table olives, the focus of the olive growers and government remains on olive oil, with a few makers of table olives. Table olives require special techniques for processing. The fruit variety is different, usually bigger in size and harvesting time also varies according to the maturity stage. Training on the production of table olives is not yet the focus of the government. Table olives can be green or black, with or without seed, whole or sliced. However, the processing techniques used are all manual with little to no machinery available for quick and efficient processing. The flavor also depends on the use of brine solution and other artificial flavor enhancers. In short, neither the government nor the farmers are focusing on table olives as a viable opportunity, whereas over 90 percent of growers are extracting oil from the olives produced.

Another reason for the preference of farmers to engage in oil extraction rather than production of table olives is that oil extraction is subsidized by the Government in order to promote olive oil extraction. No such subsidy is available for the production of table olives. The farmers only have to bear the cost of transportation of olives to the oil extraction units. Resultantly, farmers are using all of their produce to extract oil. In other words, the incentive on olive oil extraction has drawn the focus away from table olives.

Moreover, there are no commercial players yet involved in the production of table olives, and there is hardly any technology introduced. Small farmers/processors are mostly working with manual techniques for de-pitting and slicing olives and machines are unavailable for commercial manufacturing. One must consider that unlike olive oil which has other substitutes (Palm/Soya/Canola etc.), table olives do not have any substitute. This means that with the growing popularity of Mediterranean cuisines and dishes like pizzas, pastas and sandwiches becoming commonplace in Pakistan, domestic demand for table olives will grow. Therefore, the government and all relevant stakeholders should consider exploring this product segment in greater detail.

Olive Pickle

A promising value-added olive product is the olive pickle (locally called 'Achaar'). There are few processors making olive pickle in Pakistan. Domestic consumption of pickles is high in Pakistan where they are consumed in breakfast, lunch or dinner by urban and rural households alike. Olive pickle is a new product and possesses the health benefits that come with the olive fruit.

The market for pickle already exists in Pakistan. There are several food processing companies operating in the olive sector which already have an established distribution network, sales channels and effective brand loyalty and marketing capacity for the pickle business. Furthermore, the Asian diaspora living in countries like USA, UK, Middle East and EU also have a strong buying preference for pickle made in Pakistan. Therefore, olive pickle can be a lucrative opportunity for the private sector. However, till date, food processing companies have not entered the olive pickle segment and very little effort has been made by the government to promote this product.

Olive Tea

It is believed that olive tea, made from its leaves, delivers more health benefits than green tea and contains more anti-oxidants and vitamin C. Olive tea is effective in lowering blood pressure, reducing cholesterol and preventing cardiovascular disease. It is anti-inflammatory and an anti-cancer compound.

Olive tea is made from harvesting leaves, drying them using various techniques, cutting and crushing them. Some variants of olive tea include sweeteners or other artificial flavor enhancers. However, there is little data for the market size of olive tea. It is a relatively new product but surprisingly, one of the largest online e-commerce websites such as Amazon, is selling olive tea manufactured in the USA. The selling price is USD 25 to USD 50 per kilogram. There is an opportunity in this segment, since olive leaves in Pakistan are being sold for around PKR 800 per kilogram²⁴ (less than USD 6). One can assume²⁴ production, packaging and transportation costs may add up to another USD 10 per kilogram, even then the gross margin is fairly high. Of course, such novelty teas have higher demand in the international market as compared to the domestic market, and require a lot of certifications, testing trials for taste, good packaging, marketing and promotion. All these elements are currently missing in the olive promotion projects undertaken in Pakistan.

²⁴ Based on discussions with olive farmers and also available on Daraz.pk <https://www.daraz.pk/products/dried-olive-leaf-50g-i144970723.html>

Olive tea is being sold to a few retailers of organic products or is being consumed within their households. Nevertheless, this product holds promising potential especially considering that the world trade of green tea is over USD 2 billion and Pakistan imports green tea worth over USD 17 million per annum.

Other Value-Added and By-Products

Other value-added products such as, olive jam, biscuits, cake, olive morrabba, sweets (locally called mithai) have also been produced by the government research centers and olive growers. There is limited potential in these products. They seem to be purely experimental items and hold little promise in penetrating the consumer market.



5. Impact on Grower's Economics

An important aspect, when discussing the olive value-chain, is the impact it has on the grower's economics and profitability. Due to the nature of the crop, little accurate information is currently available regarding cost of cultivation, revenue and profit. Olive trees start bearing fruit from the 5th year of plantation and fruit maturity is achieved after the 9th year, when the yield is estimated to be about 15 kilograms per plant. However, since very few olive trees have completed a 10-year period, there is little information on the yield during the 10th year. Some olive plantations bear fruits in alternate years which upsets the economic feasibility. And some trees after the 5th year may or may not produce fruit at all. These are all variables which at this time is unknown for most olive growers. However, most olive growers have expressed satisfaction with the profit margins. Some growers have reported savings of PKR 100,000 to PKR 200,000 per acre, depending on the number of plants and fruit maturity year.

Although it is pre-mature to confirm long-term profits and sustainability for the olive farmers, it is expected that olive plantation will lead to positive income generation and increase employment opportunities. There are various reasons for anticipating a positive impact on livelihoods of the olive farmers, which include:

- Olives are grown on lands which were under-utilized. There is no opportunity cost for the farmers. These are mostly lands where no other crop is cultivated.
- The government has subsidized several major costs of cultivation. Initially imported olive plants were provided free of cost to new farmers by the government, whereas currently olive plants are being sold through BARI Chakwal at approximately 80 rupees per plant.²⁵ Irrigation is subsidized; free technical trainings are offered; some farmers were also given free harvesting and pruning tools. The estimated cost of olive farming is PKR 300,000 per acre in which the farmer's contribution, after deducting subsidies is PKR 120,000 per acre for the first five years. Income is expectedly generated from the 6th year onward when trees start bearing fruit²⁶. The

²⁵ Consultation with Dalda Foods Private Limited

²⁶ Data obtained from PARC official website

initial feasibility done by the government of Pakistan anticipates that the 6th, 7th and 8th year will give farmers an income per acre of PKR 27,000, PKR 67,000, and PKR 135,000, respectively. This is calculated for a plantation size of 108 plants per acre. From the 9th year, the trees bear maximum fruit weighing 15 kilograms per plant or 1,620 kilograms per acre. The average price of fruit, as per this feasibility, is PKR 100 per kilogram, which means essentially that the farmer can earn up to PKR 200,000 per acre from 9th year and onwards.²⁷

- The government is providing free oil extraction facility to the growers, where they can extract olive oil and sell it at a premium price. Approximately, 10 kilograms of olives produce one liter of olive oil which is currently being sold at PKR 2,500 to PKR 3,000. The farmers are therefore better off producing olive oil and selling it as compared to selling olive fruit. Thus, the selling price of olive fruit has increased from PKR 100 per kilogram to PKR 300 per kilogram. This has allowed them to get better returns and an even earlier pay back on their investments. However, on the downside, this has resulted in a shortage of olives, especially for large food processing companies looking to source bulk quantities for research trials on extraction of oil or production of pickles and other products.

The above reasons have helped growers of olives maintain their enthusiasm and trust in olive farming. Furthermore, olive trees can live beyond hundreds of years and give fruit. If the growers can produce quality harvest, at optimum yields, and the demand for locally produced olives remain steady, then we can expect to see a long-term economic viability for the growers. However, the current market rates of olive fruit are due to the shortage in supply of fruit bearing olive plantations and may drop in future. The lack of demand driven approach for bolstering growth in this sector may possibly hurt the growers of olives in the future. Should the demand not increase with supply, the price of local olive may drop in the domestic market, thus potentially hurting the farmer's income.

²⁷ Punjab Economic Research Institute (PERI). Market analysis for value chain and olive oil consumption in Pakistan.



6. Constraints to Growth

Despite significant efforts to introduce olives in Pakistan through supply driven strategies, the Government and stakeholders still have to overcome significant challenges to reap the potential and benefits of commercial olive farming and ensure its long-term sustainability and success. Several hurdles continue to inhibit the growth of this product segment and these challenges need to be addressed to ensure sustainable growth, replicability and viability in the olive segment. The key challenges are listed below:

1. Lack of Good Agricultural Practices

Olive farming is still at an infancy stage in Pakistan. Without the development of model farms and widespread awareness of good farming practices, small farmers have limited knowledge and access to resources. They are yet to understand the technical aspects of olive farming including, application of fertilizers, pest control, pre- and post-harvest good practices, water requirements and other aspects to ensure consistent and quality produce. Trainings and seminars are typically conducted by the government's extension services departments; however, more effort is required for knowledge to be imparted to the farmers.

2. Unavailability of Proper Harvesting Tools and Equipment

Farmers harvest olives using improper tools and equipment which reduces yield and affects the quality of olives. Farmers use manual harvesting techniques such as beating olives off the trees with sticks, and packing them into sacks. Beating the trees breaks branches and reduces the number of buds the following season, resulting in lower yields. Furthermore, when sacks containing olives are stacked for transport, the olives get damaged which affects the quality of oil. Although hand picking causes the least amount of damage to the trees, it is very labor intensive and expensive. Internationally, the farmers have access to harvesting machines and powered tools to shake olives off the trees. This equipment is unavailable in Pakistan. Furthermore, olives should be harvested

and stored in plastic, non-corrosive, crates that are well ventilated. It provides better protection than sacks and the crates are easily stacked for transport. This practice is also not observed in local farms and will increase post-harvest losses significantly affecting the economics of farmers.

3. Insufficient Infrastructure and Local Vendor Capacity

Olives need to be milled soon after harvesting to ensure superior extra virgin quality, preferably within 24 hours post-harvesting. Given the large and widely scattered areas, there is a corresponding need for an extensive network of decentralized olive oil mills close to producers. However, currently there are only a limited number of oil extraction facilities that were mostly set up by the government for research and development. These oil extraction mills/equipment are imported, hence costly, and due to poor rural infrastructure and scattered locations of the olive farms, superior quality virgin oil is not extracted. Furthermore, there are no local vendors who can fabricate olive oil extraction units, and even oil storage containers are currently not available in Pakistan and have to be imported. This inhibits replicability and long-term sustainability of the olive program.

4. Lack of Cost-effective Packaging

Retail packaging is another constraint faced by processors/retailers. There is a shortage of empty glass bottles and, retailers and processors are selling extra virgin oil in used bottles. Glass bottle manufacturers do not sell empty bottles less than a minimum number, which is generally more than what is required for the limited olive oil production and sale. Olive oil bottles are usually made of glass, to avoid corrosion, and tinted to avoid oil exposure to sunlight.

5. Insufficient Branding and Absence of Market Linkages

Few efforts have been made so far for promoting olive oil, barring an annual Olive Festival where some processors and retailers have an opportunity to market and sell their products. Zero efforts have been made to explore international markets or participate in trade shows and exhibitions where oil produced in Pakistan can be displayed and sampled. Another weak area is the absence of business linkages among farmers, processors, wholesalers and retailers. Currently most of the giant retail chains do not sell locally produced olive oil. Locally produced olive oil is either being sold through word of mouth, small organic food shops, or online through social media platforms.²⁸

6. Absence of Quality Standards and Testing Facilities

Currently, olive farms and processors have not acquired any certifications such as GAP (Good Agricultural Practices), HACCP or ISO²⁹. There are hence no traceability standards, which are a standard requirement in the international market. The olive oil is usually not tested before sale and it is uncertain whether it qualifies as a virgin or extra virgin oil. Labs and testing facilities are limited and expensive for the processors to test the quality of their produce.

²⁸ Consultation with Siddique Olive Store

²⁹ HACCP stands for Hazard Analysis Critical Control Point, ISO stands for International Organization for Standardization

7. Improper Pricing Strategy

Farmers and processors in Pakistan are focusing on selling extra virgin olive oil only. Production figures are yet scanty, but an estimated 10,000 liters of olive oil has been extracted this year and is selling at an average of PKR 2,500 /liter. Farmers and processors attribute the high selling price, which is more than some of the imported olive oil brands³⁰, to the following reasons:

- a) Existing crop supply is very limited. Since olive plantations bear fruit maturity after 5 years, there is limited supply of olives. Coupled with high costs of cultivation, infancy of orchards, and not being able to benefit from economies of scale, the price of olive oil and raw fruit is high.

- b) Extra virgin olive oil produced in Pakistan is claimed to be far superior in quality and taste than the imported varieties. This has been claimed by the farmers, processors and government representatives and therefore, they are selling it at a premium price.³¹

8. No Participation of Commercial Players from the Private Sector

None of the large food processing companies have entered the olive market. The reasons are simple: local olive growers sell olive oil at a higher price than the imported brands, and the lack of consistent and good quality supply of olives. Edible oil processors in Pakistan currently require anywhere between 100 to 400 tons of olive oil per annum. Local olive oil processors currently cannot source this requirement. For the same reasons, large retail and wholesale chains in Pakistan do not sell locally produced olive oil due to the inconsistent supply and the artificially inflated selling price. Private sector investments in olive growing, milling and storage should lead to an increase in volumes of high-quality extra virgin olive oil that has a potential in the domestic and export market.



7. Recommendations for the Way Forward

It is recommended that a multipronged strategy is adopted to overcome the constraints. The approach should be demand driven and a market-side analysis should be conducted as a first step, and the supply of olives be concomitantly developed. Finally, engaging the private sector for its involvement in developing the olive value-chain at a commercial level is critical and should be adopted. The following recommendations are set forth for promoting growth in the olive segment:

i. Establish Demand Driven Market Strategy

Assessing both the domestic and international market will help to identify and lead the strategic direction of the olive segment. It will help to identify what varieties of olives should be grown, how much production is required to cater the identified markets, and what will be the key products for those markets.

Conduct Domestic Demand Analysis

The key point to note is that the local market's appetite for olive oil is insufficient to have any notable impact in trying to substitute edible oil imports. Domestic olive oil consumption is low with an import of only USD 11 million in 2020. However, as discussed in this report, the domestic market size is still sufficient for commercial players to enter this market and cater to the local demand, which is also gradually increasing.

If the local olive oil has to enter the domestic market, then it will have to compete with imported products on pricing, quality, and branding. Currently, locally produced olive oil is more expensive and the packaging is less appealing. The government project and olive sector stakeholders will also require more effective awareness campaigns to generate local demand by articulating the health benefits of using olive oil. The existing price point of locally produced olive oil (around PKR 2,500 per liter) will not be acceptable to the domestic consumer, when branded imported olive oil is available at cheaper prices and other preferred edible cooking oils are also available for much less.

Conduct Export Market Analysis

International markets can potentially be lucrative for olive producers and processors in Pakistan. However, there is little or no work done on the market feasibility. Pakistan does not have a consistent supply of olive oil that can cater to international buyers' requirements. Moreover, international standards and certifications are also not in place. It will take Pakistan many years to export olive oil and compete with the internationally recognized brands. Pakistan needs to work on the complete supply chain, improve packaging, create market linkages, involve exporters and the private sector in general, and also work on Government policy and regulations. But if the plan is to tap into lucrative international markets, then the ground work for this should start at the outset.

It is recommended that key export markets are first identified, and olive products from Pakistan are sampled and promoted there through food trade shows and events (for example participation in Gulf Foods, FruitLogistica etc.). Pakistan's exporters and government trade officers should make the effort to identify and meet the requirements of product quality, packaging, import volumes, pricing, and most importantly complete certifications to access markets abroad.

ii. Implement and Strengthen Supply Side Strategy

The flaw in the government's olive strategy has been the over-emphasis on augmenting production/supply before even having thoroughly assessed the market dynamics and consumer demand for olive oil and its products. Essential questions on the target market (domestic/international), consumer preferences, selling price, product mix tailored to market and other demand driven data has been missing. Once all these questions are answered, the government may fine-tune its approach to encouraging production of olives. This includes determining which varieties to grow, what value-added products to focus on, how to improve the fruit quality and reduce pre- and post-harvest losses, increase yields, and most importantly setting up the required infrastructure for processing olives into its various products.

The following supply side interventions are recommended:

Conduct a Baseline Survey

As a first step, the need for conducting a baseline survey is recommended. The government should immediately conduct a survey of all the olive growing areas, and record the cultivable acreage, number of plants, cultivable varieties and their respective yields, annual production and any other critical data. Without the data, the food processing industry cannot plan olive or olive oil purchase for their business requirements. Yearly surveys should be conducted and forecasts be shared publicly on how much annual olive crop is expected to be produced.³²

Plan Crop Cultivation as per the Demand

Olive farm acreage, number of plants, varieties and all such production/volume parameters should be based on the demand for olive oil and its products that exist in the domestic market and estimated international trade which Pakistan can potentially capture. Failure to do this will either result in having an excess supply of olives, which will hurt the growers, or a shortage of the crop which will lead to inefficient and inconsistent supplies.

Upgrade Technology and Conduct Capacity Building of Local Vendors

Currently, all the processing equipment for olive oil extraction has to be imported. These oil extraction plants are either brought in from China, Turkey or Europe. The existing olive oil extraction mills were mostly brought in by the government for small scale processing. These are located in the various agricultural research departments and the processing capacity ranges from 100 to 500 kilograms per hour. The government should encourage the local engineering companies and agriculture machinery manufacturers to manufacture extraction plants locally so that they can be sourced easily and affordably. The same should be encouraged for other tools and equipment which are needed, such as harvesting equipment, graders, olive pitting machines, slicers, and storage racks or containers for oil.

iii. Encourage Private Sector Investment Mobilization

For robust growth and development of any sector, active participation of the private sector and commercial players is imperative. The olive segment is no different and so far, there has been little to no private sector investment at a significant scale in the olive business in Pakistan.

The local food business operators, multinationals, edible oil manufacturers and other FMCG companies of Pakistan have in-house technical expertise, market knowledge, customer base, brand recognition and distribution channels within Pakistan and abroad as well. Their role will be vital for bolstering the olive segment and the government along with the farmers should be engaged with these companies for rolling out the olive program at a commercial level.

It is recommended that these corporate entities start working with clusters of farms where the farmer can adopt best olive growing practices and are trained by companies. In return, the farmers receive stable price for their produce and a steady income. It is not recommended that the commercial entities leave the oil extraction to the farmers. The reason for this is the sheer technical nature of the olive oil extraction process.

The olives have to be processed within a specific time after harvesting, and have to follow certain technical parameters of quality for their eligibility as extra virgin or virgin oil. This is a process where advanced equipment and processing is required, and can be done at a centralized oil milling facility where quality and hygiene are all up to the desired standards.

The government should also engage foreign brands and established olive segment players to invest in the Pakistani olive arena, through conducive business enabling policies. Such companies already have established marketing channels and repute with international buyers. They also have technical expertise and can supplement the olive farming and processing business through their vast experience and brand image. A key country in this regard can be Turkey, which is one of the largest producers and top exporters of olive oil globally. Such collaborations should also be explored.

Another working model which can be considered is to develop small mobile olive oil extraction mills, which can be taken from farm to farm and olive oil can be extracted. However, the milling methods eventually adopted will depend on the business strategy of the private sector.



8. Conclusion

It is encouraging to see that with globally increasing trend of olive production and consumption, the Government of Pakistan has proactively taken an initiative to grow olives in marginalized areas of Pakistan. Trials on growing olives in Pakistan have been successful, and though the sector is at an infancy stage, there is much enthusiasm amongst the farming community.

However, the domestic market's demand for olive oil and its value-added products is limited. This report has discussed the potential of the olive segment in Pakistan and the research indicates that the expectation of olive oil to significantly reduce Pakistan's surging edible oil import bill is unrealistic. Limited opportunity is present for this segment in the local market but potential lucrative export markets can be tapped. However, the market players have yet to explore international markets and may fall short on the stringent requirements of international buyers.

The olive segment in Pakistan faces significant hurdles and challenges in order to grow and become sustainable and profitable. These constraints have been discussed in detail in this report and it is recommended that a demand driven approach be adopted by developing olive products tailored to the market while also developing the consumers' palate for olive-based food products.

Olive farming is expected to improve livelihoods of farmers. Olive is grown on marginalized lands and therefore can lead to additional income for the farmers and generate employment.





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