The Pakistan Business Council

FOSTERING ECONOMIC GROWTH

(A Company set up under Section 42 of the Companies Ordinance 1984)

Understanding the Bottlenecks and Opportunities in Value-Added Exports of Fruits and Vegetables

A study by

The Pakistan Business Council

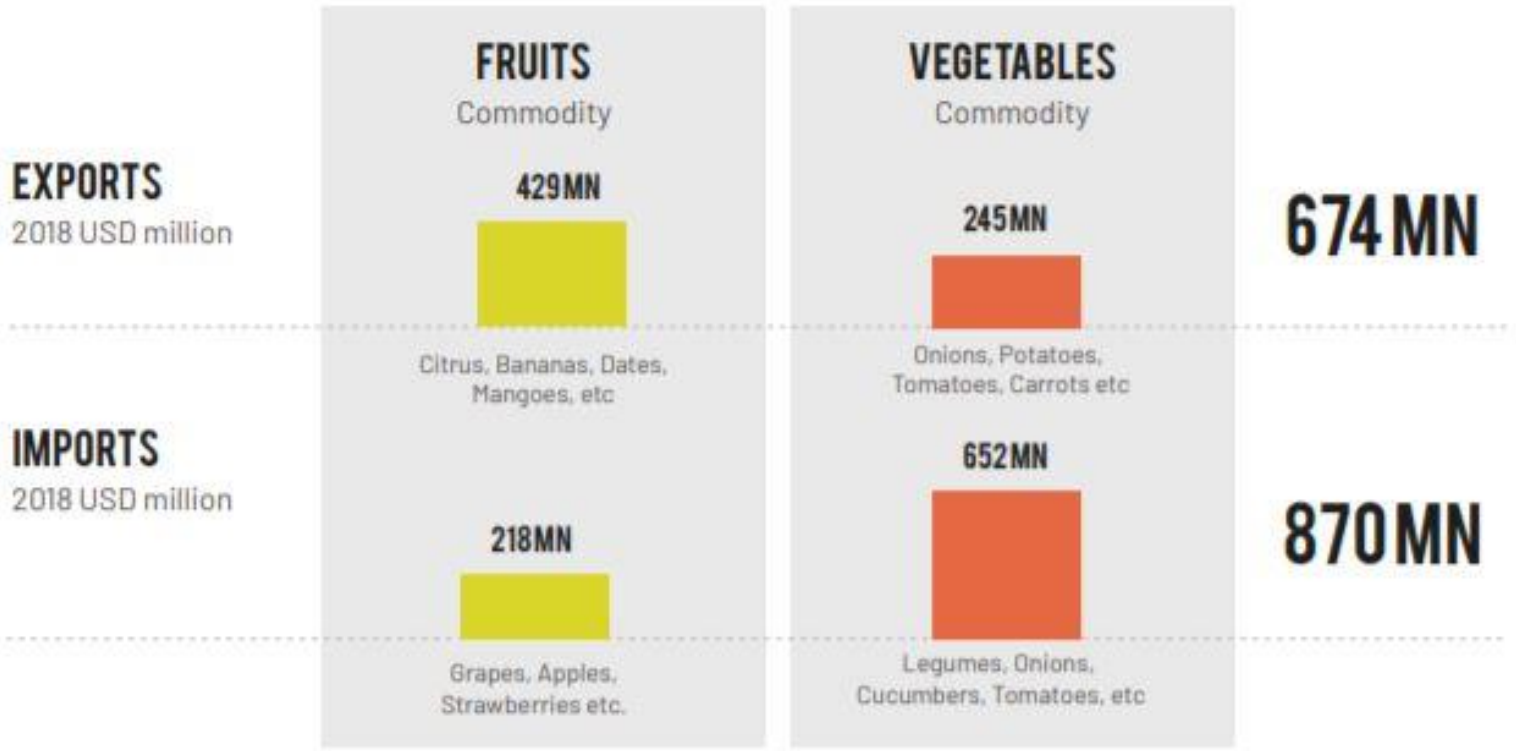
The Pakistan Business Council's Member Companies

The Pakistan Business Council's Members by Sector

Large-Scale Manufacturing	
Agro Industries	1
Cement	2
Chemicals / Fertilizer	8
Energy	2
Engineering	9
Fast Moving Consumer Goods	18
Packaging Material	2
Pharmaceuticals and Healthcare	6
Textiles	10
Total Members in Large – Scale Manufacturing	**58**

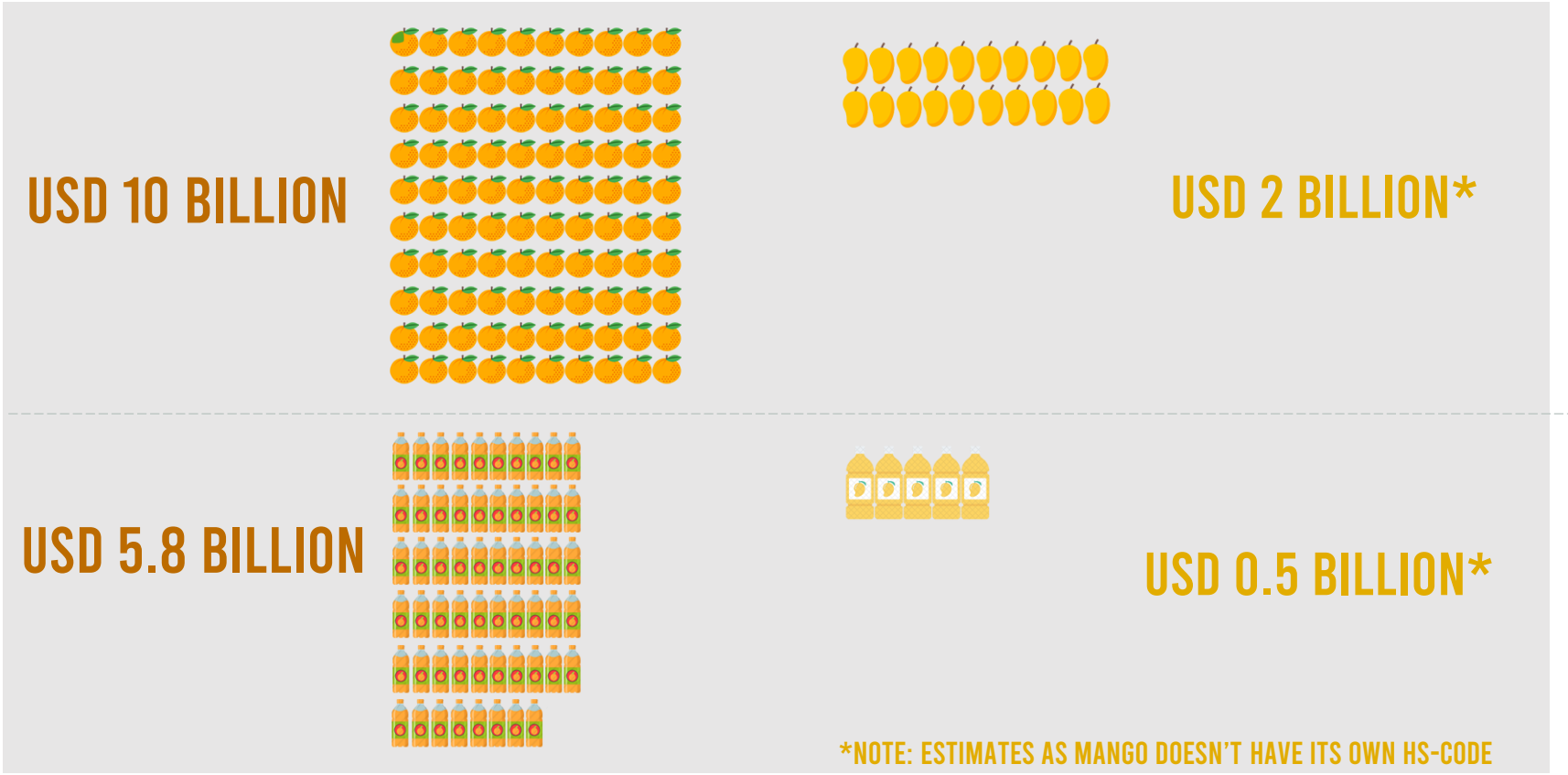
Services	
Financial service	12
Hospitality	1
Insurance	2
Logistics / Courier	2
Telecommunication	1
Utilities	1
Total Members in the Services Sector	**19**
Conglomerates	5

Pakistan’s horticulture is focused on domestic market



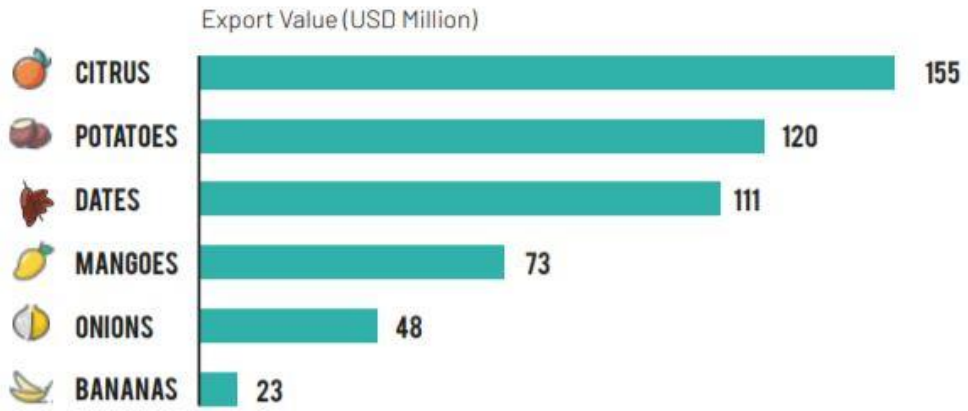
Pakistan is a net importer of horticulture commodities

To reach global markets, horticulture production has to be demand focused

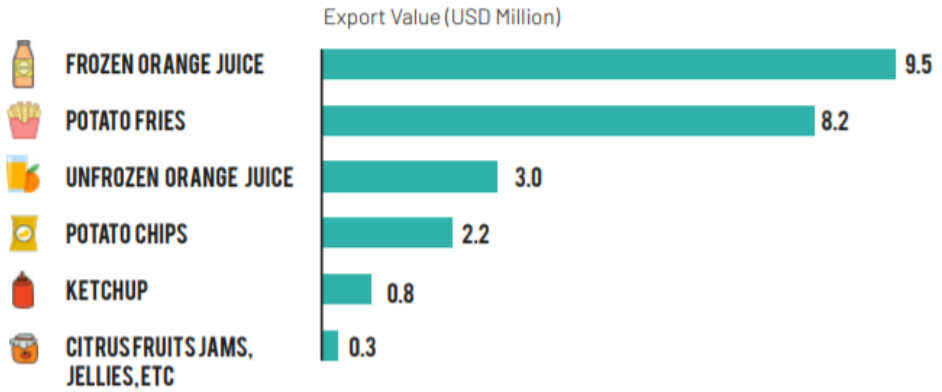


There are greater gains by investing in products and commodities with large market size

Pakistan's Share in Global Market is Low



	Share of horticulture export, %	World Market Share, %
CITRUS	23%	1.5%
POTATOES	18%	2.8%
DATES	17%	5.8%
MANGOES	11%	N/A
ONIONS	7.2%	1.4%
BANANAS	3.4%	0.2%

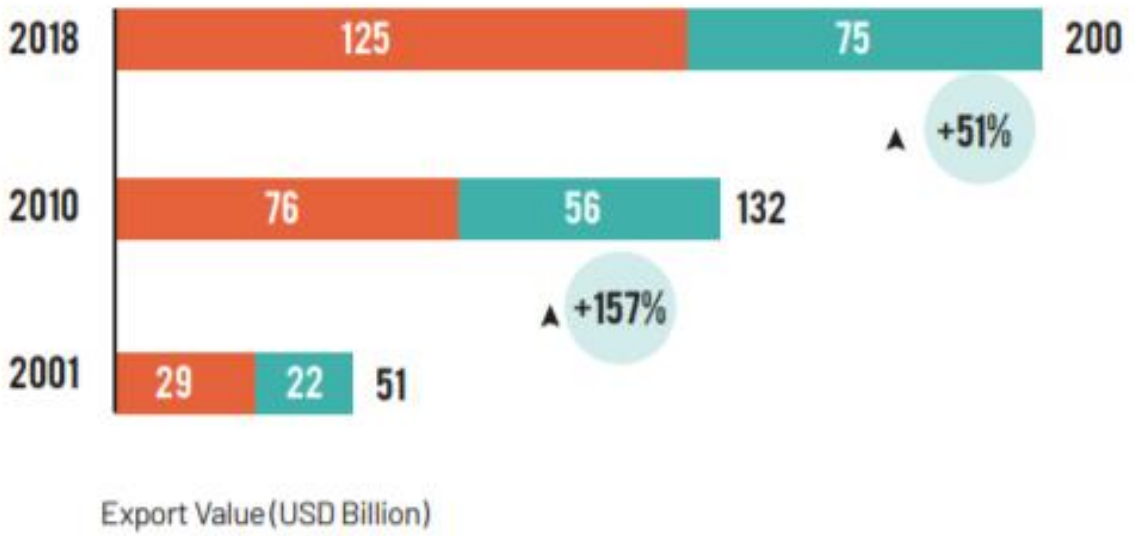


	World Market Share, %
FROZEN ORANGE JUICE	0.53%
POTATO FRIES	0.11%
UNFROZEN ORANGE JUICE	0.18%
POTATO CHIPS	0.09%
KETCHUP	0.05%
CITRUS FRUITS JAMS, JELLIES, ETC	0.24%

Global Horticulture Outlook

Highlights of Global Demand and Comparison with Peer Countries

The global demand for horticulture commodities has grown significantly



Horticulture commodity trade increased four times in almost two decades

Top global horticulture products and commodities

USD million

PRODUCTS	EXPORTS
Grapes juices, alcohol and wines	37,452
Potatoes preserved, fries and chips	10,773
Citrus juices, frozen and non-frozen, and jams	7,030
Tomatoes preserved, juices, and pulp	6,366
Mushrooms and truffles, cooked, sliced, and powdered	4,136
Frozen Strawberries	1,382
Total	80,883

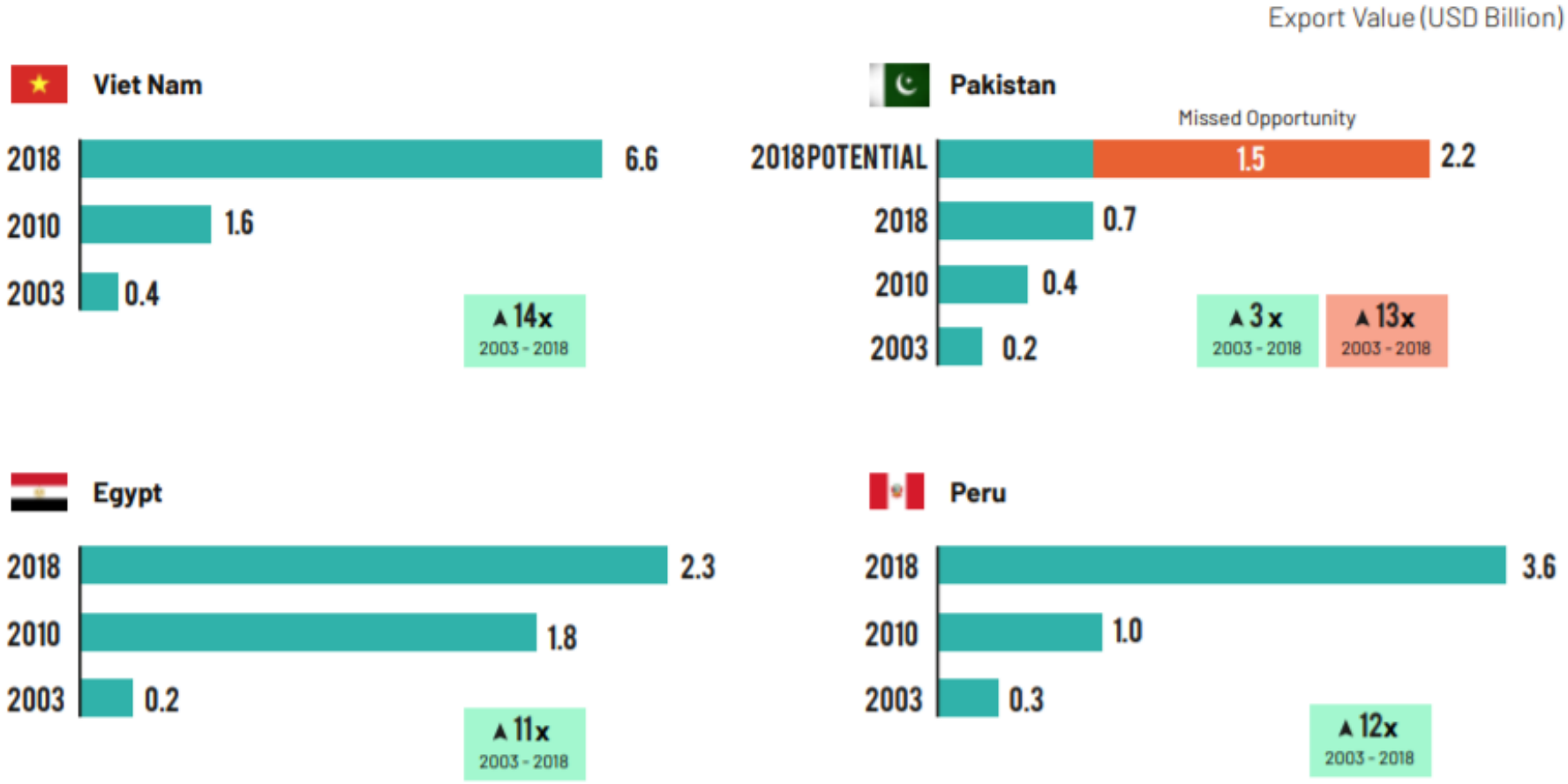
USD million

TOP 5 FRUITS EXPORTED	EXPORTS
Bananas	12,945
Citrus	10,856
Fresh Grapes	8,564
Apples	7,633
Avocados	5,551

USD million

TOP 5 VEGETABLES EXPORTED	EXPORTS
Tomatoes	9,524
Capsicum/Pimento	5,426
Onions and Shallots	3,546
Potatoes	3,308
Cucumbers and gherkins	2,720

Pakistan missed an opportunity of USD 1.5 billion



Egypt's successful strategy to increase horticulture exports

Policy Focus since 1990's

- Focus on expanding destination markets
- Provided credit and infrastructure to its farmers
- Focused on growing products and varieties in international demand
- Reduced government's interventionist footprints like price controls

Outcome

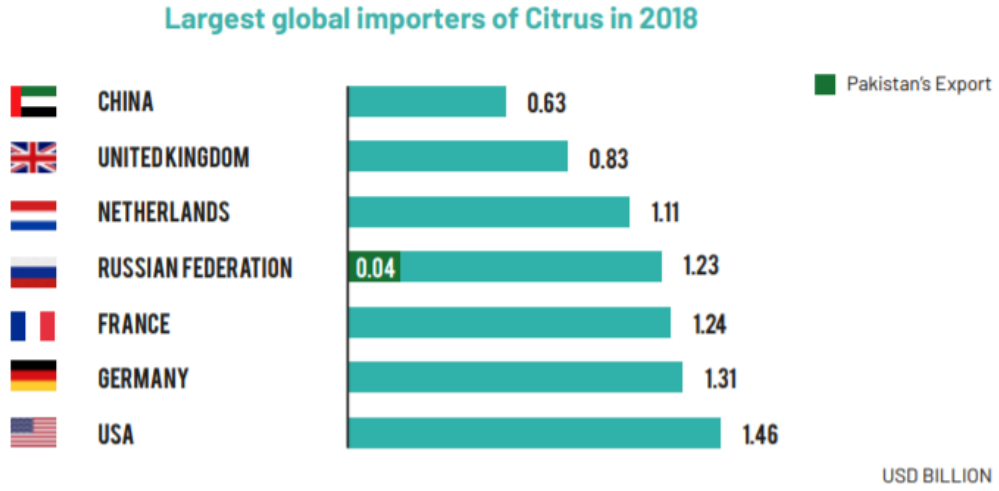
Biggest exporter of citrus in the world since 2019, overtaking Spain

Global recognition with deeper trade partnerships – China being a key investor and destination for exports

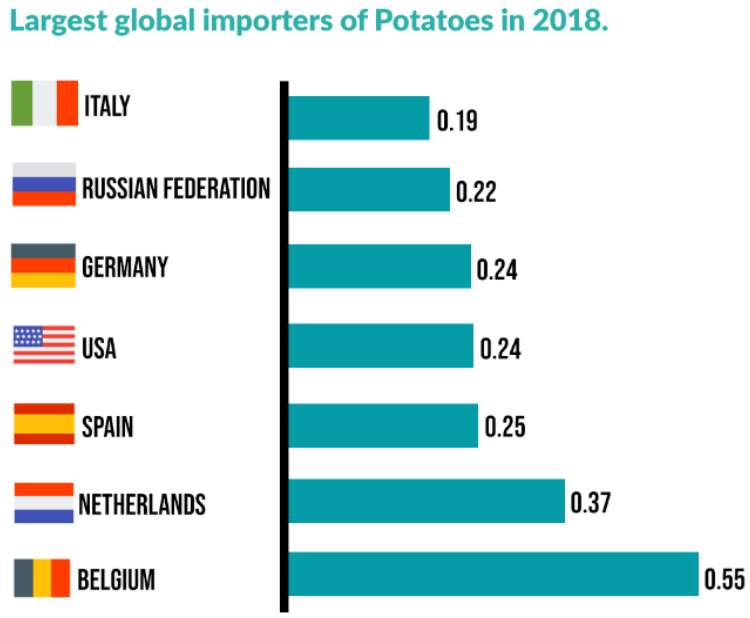
Identifying Horticulture Champions for Pakistan

Horticultural Commodities with Highest Potential for Export and Food Processing

Citrus – Key fruit with export potential

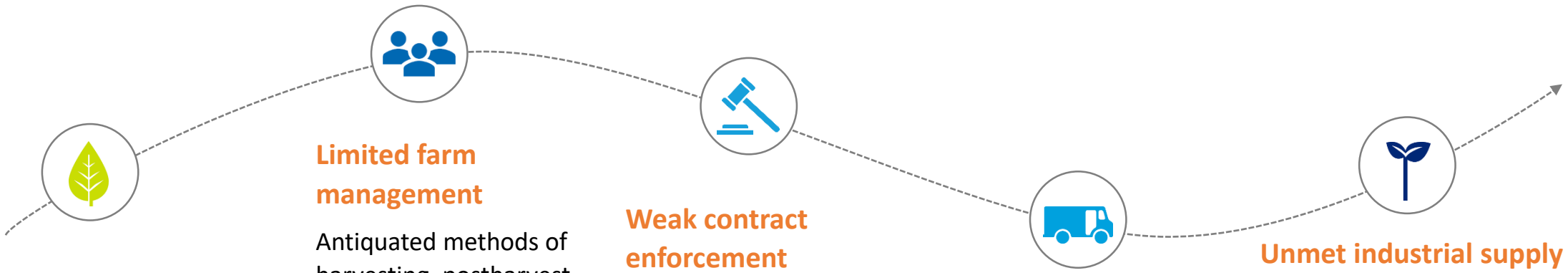


Potato – Key vegetable with export potential



Challenges, Solutions and Opportunities to **Boost Horticulture Exports**

Overcoming domestic challenges will help boost production and exports



Low yields

Pakistan's yield of horticulture crops is significantly **lower than its peers**.

Limited farm management

Antiquated methods of harvesting, postharvest handling, packaging and transporting results in **30 to 40 percent losses.**

Weak contract enforcement

Weak enforcement leads to **reduced confidence** in domestic and international investors.

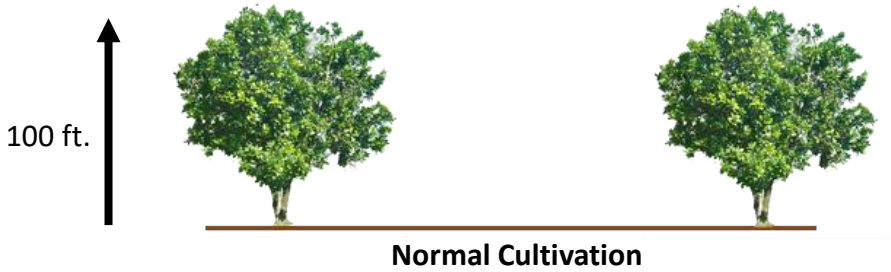
Inadequate infrastructure

Pakistan has a limited **cold-chain infrastructure** resulting in significant physical and quality losses.

Unmet industrial supply needs

Horticulture commodities are not considered as raw material for processing, rather **manufacturing is a by-product of lowest grade horticulture commodities**.

Ultra-High Density Plantation will increase farm output and exports



Benefits

Better allocation of resources

Can yield up to 300% more output

Challenges

Opportunity cost of 4 years before high productivity harvest

Fear of excess supply resulting in low prices

Limited domestic farms to validate effectiveness

Production will increase significantly with the right variety

Internal Structure

Potatoes for chips can not be used to make fries

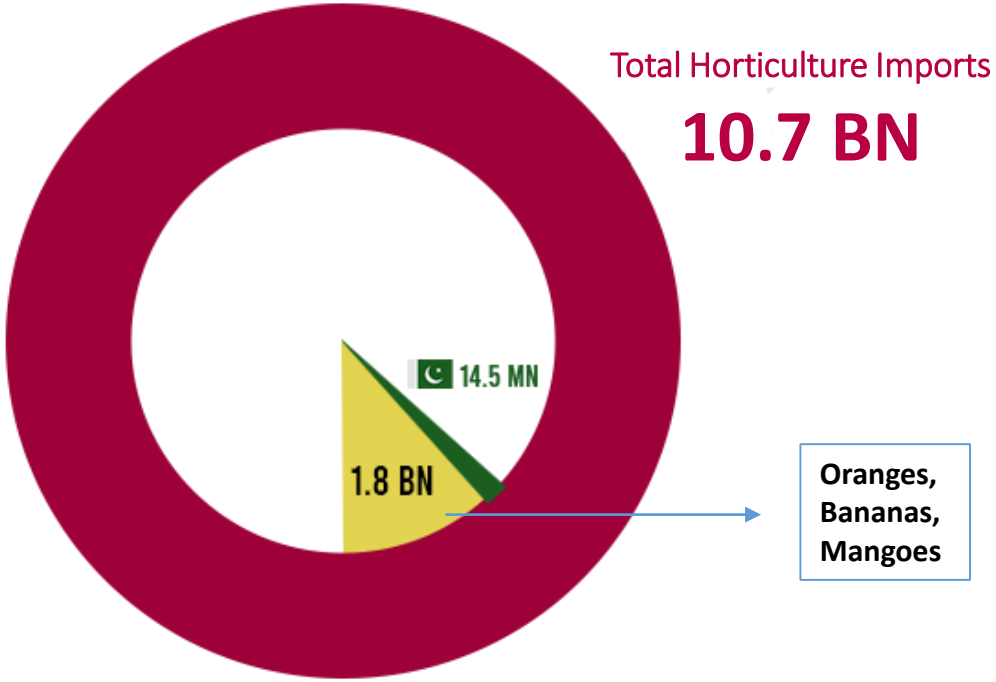
Color

Ketchup requires specific color pigments, not available in table varieties

Season

Summer Oranges not grown in Pakistan

Focus on exporting to china– a growing market for horticulture



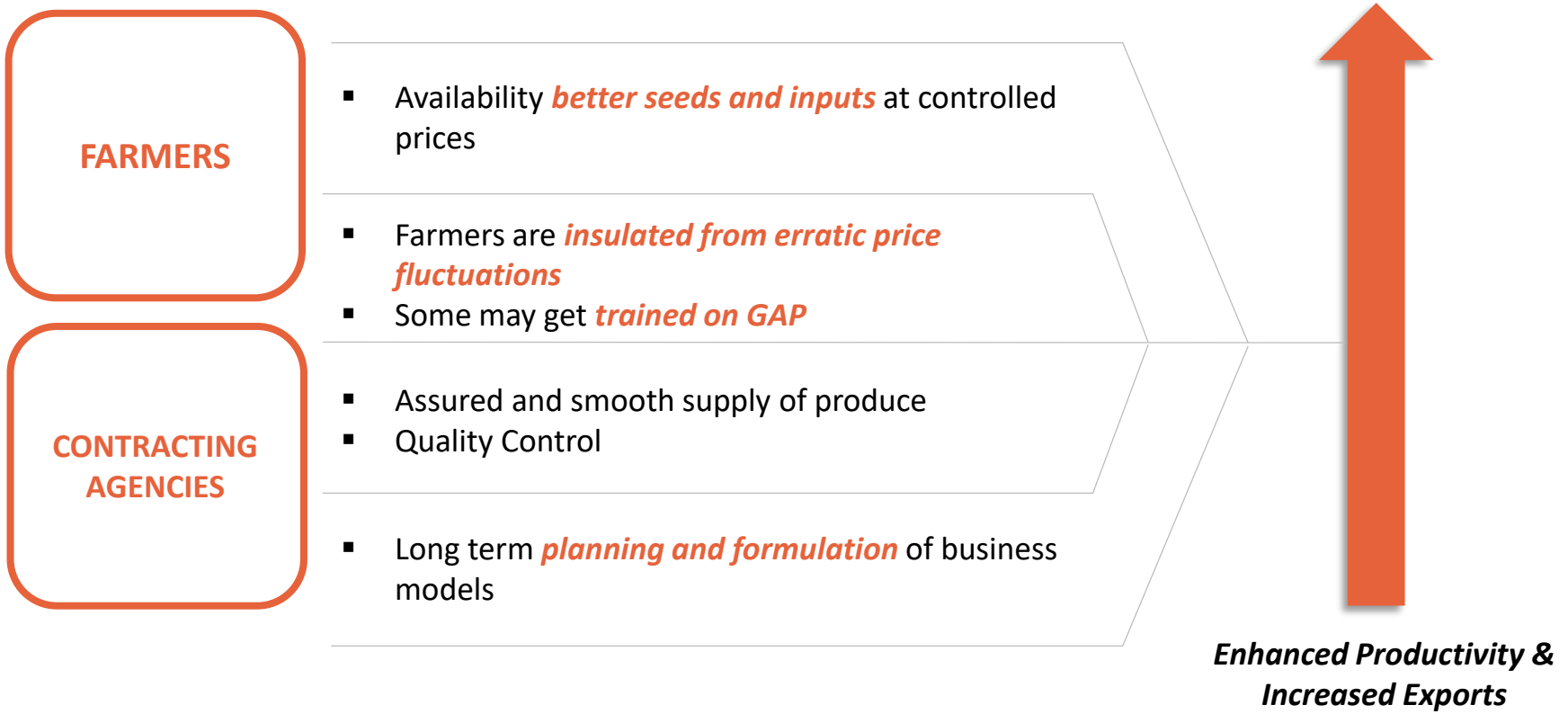
China's Horticulture Imports (2018)

Favorable Duty Structure: Under the CPFTA-II, duty structures for mango, citrus and banana are favorable for Pakistan.

Egypt's focus of export: Egypt's is looking towards China as a large export market for its horticulture commodities.

Stringent SPS standards and controls: Pakistan needs to overcome strict SPS and Quarantine measures to access Chinese market.

Pakistan needs contract farming to boost productivity

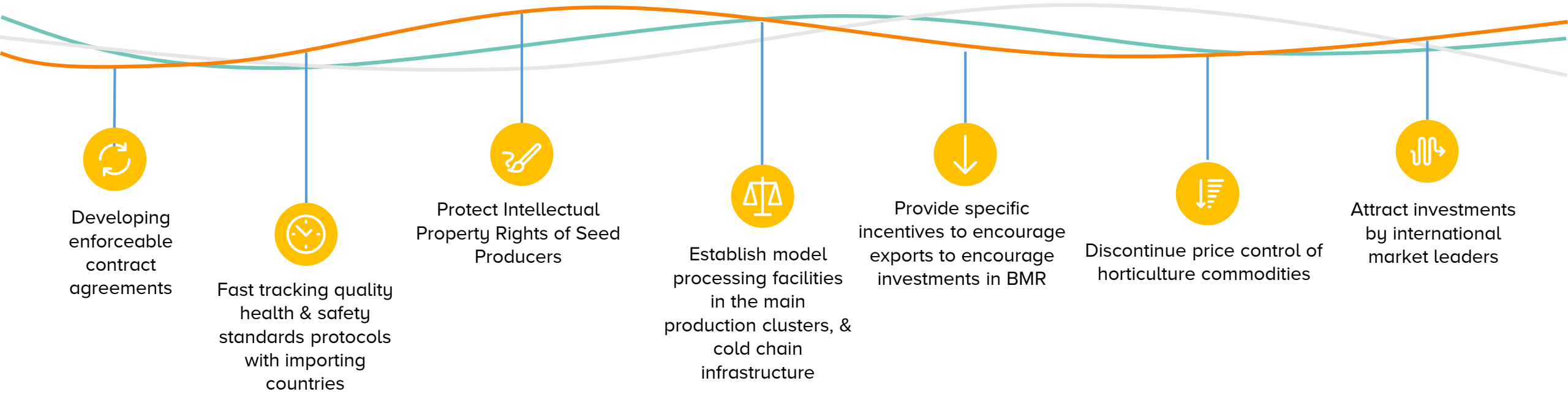


Contract farming agreements are not considered as legal instruments.

Proposed **Recommendations Framework**

Provide Directional Guidance to Policy-makers and Businesses

Develop a cohesive policy framework with focus on productivity and exports



Thank you!