

ATTACHMENT

Summary Analysis of International Trade Trends for Mangoes, Citrus and Mangoes

This attachment provides a brief summary of recent trends in international trade in mango, citrus and dairy products with special reference to Pakistan. Some further analysis is available on the project website at <http://www.vises.org.au/projects/growth.htm>, and more detailed information is available on request. While it is recognised that smallholders will not generally be directly involved in exports, export performance on these sectors will impact on smallholder livelihoods, as discussed at Item 5 above.

Pakistan and the Global Market

The global markets for mangoes, citrus and dairy are all growing steadily and Pakistan is either exporting very little (dairy) or exporting a relatively small amount of citrus and mangoes (in season only). The analysis below shows opportunities for further export abound for Pakistan. The questions for government policy are how to take advantage of these export opportunities and how to ensure some of these benefits flow through to smallholders.

The analyses presented below demonstrate recent global trade performance in mango and citrus and to a lesser extent dairy, and Pakistan's current role in the global market. The analyses highlight:

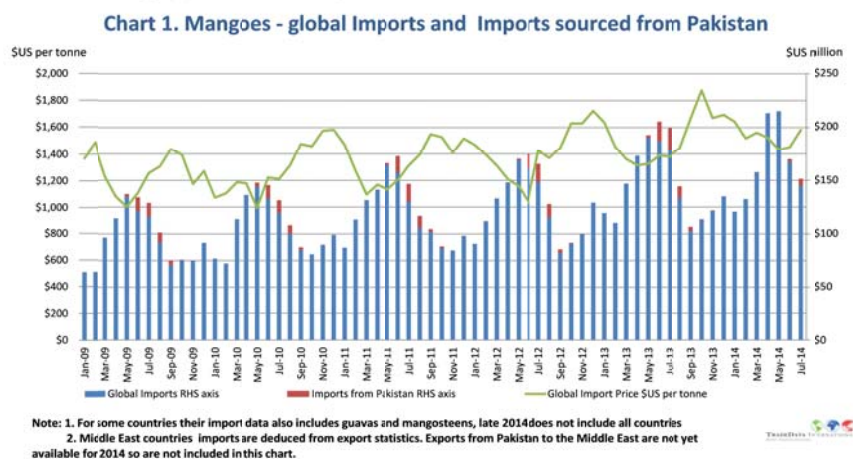
- The limited export performance of Pakistan's mango, citrus and dairy sectors.
- Potential markets for consideration to further develop Pakistan's exports.
- Potential export gains of further processing of mangoes and citrus prior to export. This has the potential to use lower quality fruit that is more the product of smallholder farmers and also enables export of these perishable products 12 months a year. Currently Pakistan is limited to in-season exports.
- For mandarin exports there is also the danger of Pakistan relying so heavily on the large Russian market given the current geo-political climate associated with Russia. There is a need to diversify Pakistan's mandarin exports and there are several potential markets identified in the analysis.

Only limited attention is given here to trade in dairy products.

Summary Analysis – Global Mango Trade

Chart 1 list estimated global imports of mangoes and those imports sourced from Pakistan. The global market is around 1.2 million tonnes valued at \$US 1.7 billion. Global trade is growing steadily both in volume and price terms. The global market is highly seasonal. Pakistan is able to supply during the second half of the peak season – that is between May and September. The peak months are May and June which is only at the beginning of the Pakistan export season.

Pakistan is currently a small supplier to the global market supplying only 3.3% of recorded imports in 2013. Pakistan's share of the global market has fallen somewhat in 2012 and 2013. During the peak three months of the Pakistan season, Pakistan has a significant share of global trade. Average import prices are also seasonal with peak season prices increasing over the last two years to be over \$US 1,400 a tonne in 2014. Off-peak season average prices can be up to \$US 1,800 a tonne.



Globally the market declines as the Pakistan supply season progresses. The largest import market (by far) is the USA. However, there are many other countries importing mangoes during the Pakistan supply season, and thus there are many potential export markets for Pakistan. Pakistan mangoes mostly go to the UK, UAE and to a lesser extent elsewhere in Europe and the Middle East. The largest market – the USA – is not currently a major market for Pakistan. China is also not a significant market for Pakistan.

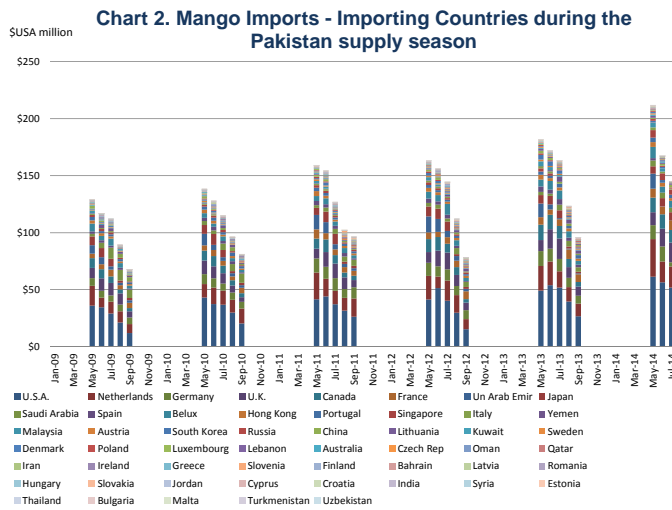
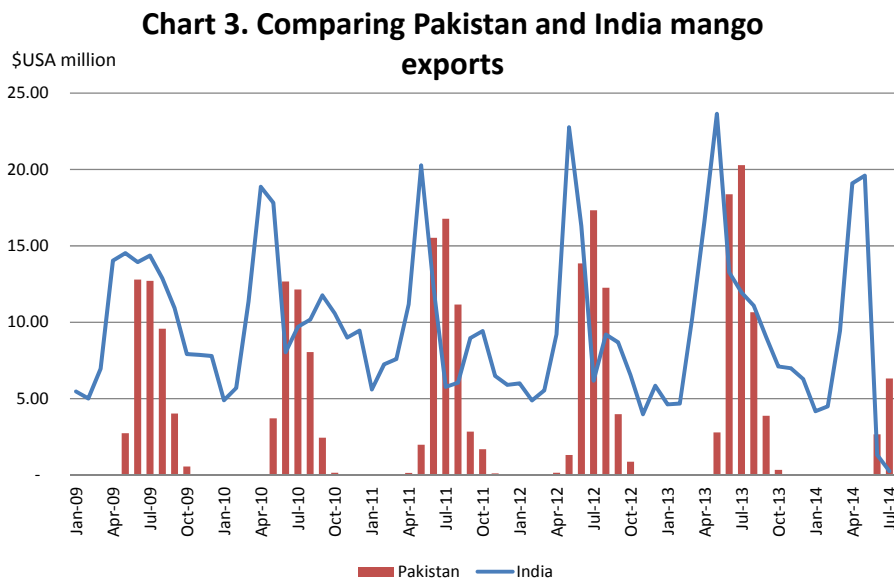


Chart 3 lists Pakistan mango exports and contrasts this against Indian exports. Indian exports are double that of Pakistan and their peak season starts before the Pakistan season. Of importance is that India is able to export throughout the whole year, whereas Pakistan exports only during its peak season. Out of season Indian exports are mostly mango pulp and some dried fruit. This highlights the importance of developing processing options for Pakistan mangoes for potential export. Processed mango pulp is a significant export market for India.



Summary comments on key global markets are:

USA – There were three small shipments from Pakistan in August and September 2011 and again in June 2014 before a larger shipment of 40.5 tonnes in July 2014. Imports from Pakistan are at relatively high prices. On average mangoes arrive in the USA at just over \$US 1 per KG.

China – The Chinese import market is small but is showing signs of strong growth. Pakistan is a tiny supplier and during the Pakistan supply season, Pakistan is competing against Thailand and Taiwan.

Hong Kong – is mostly supplied by the Philippines which have the ability to supply 12 months a year. Pakistan is a tiny supplier and in the last two years has been price competitive. During the Pakistan supply season, the Philippines and Taiwan dominate the Hong Kong market and sell at prices above the supply from Pakistan.

Middle East Countries – Middle East imports are dominated by imports from India and to a lesser extent Pakistan. In total, there is little to no growth in this market. In contrast to Pakistan, India has off-peak season sales to the Middle East.

Singapore – The Singapore import market is very seasonal with many different suppliers. During the Pakistan supply season, Pakistan is small relatively high priced supplier. Supply from Thailand dominates the market. Malaysia is a lower priced supplier and Taiwan a slightly higher priced supplier.

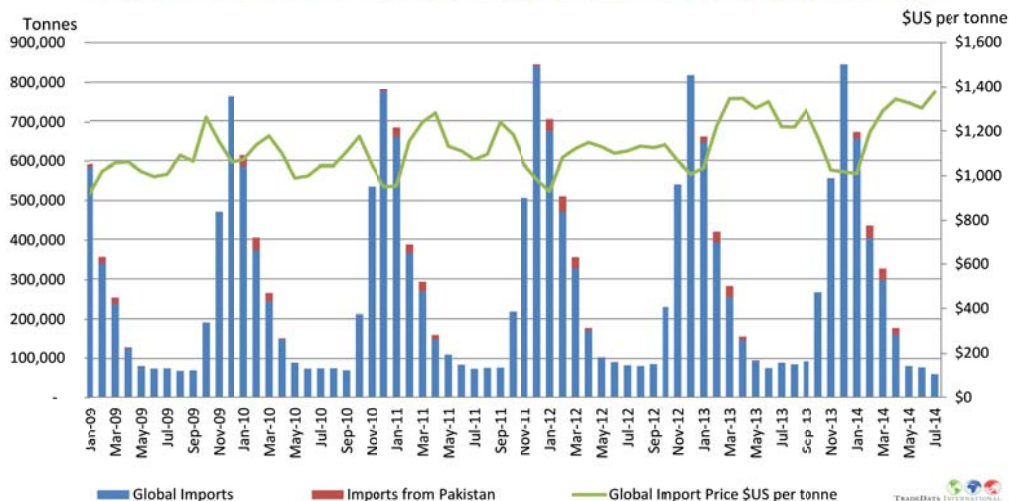
Europe – Pakistan is a small but significant exporter to Europe during its supply season and is price competitive. Average prices into Europe are 50 to 100% higher than to the Middle East. During its supply season, Pakistan is a significant mid-priced supplier and competes against Brazil, Netherlands, Palestine, Cote D'Ivoire and others.

Japan – The Japanese market is mostly supplied by Mexico, Thailand, Taiwan, Peru and the Philippines. Japan is a particularly high priced market (but with stagnant volumes) where the average landed price in Japan is more than double other major markets. There was a shipment from Pakistan of 488 kilograms in July 2013 and a second shipment of 944 kilograms in August 2013. No shipments thus far in 2014.

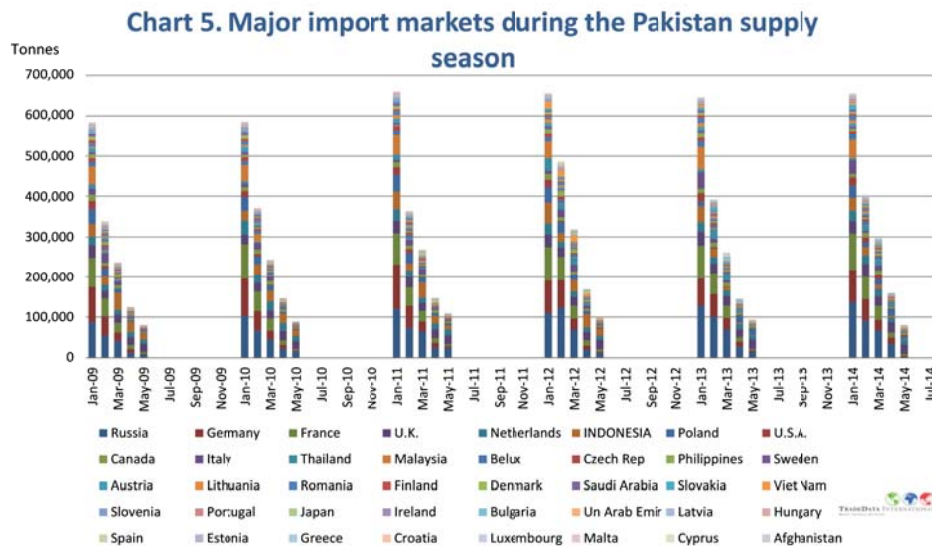
Summary Analysis – Global Mandarin Trade

Chart 4 lists estimated global imports of mandarins and those imports that are sourced from Pakistan. The global market is over 3.5 million tonnes valued at around \$US 5 billion. Global trade is growing steadily in value terms. The global market is highly seasonal – both in terms of import volumes and prices – with the high season between October in one year and April in the following year. Pakistan is able to supply during the second half of this period between January and May and supplies 5.6% of global trade during this time.

Chart 4. Mandarins - Global Imports and Imports sourced from



The major import markets are Russia, Western Europe and North America. In Asia, Thailand, Indonesia, Viet Nam and the Philippines are also significant import market for mandarins. The larger import markets during the Pakistan supply season are Russia, Germany, France, UK, Netherlands and Indonesia.



Some summary comments on key global markets are:

Russia – Pakistan Mandarins are mostly exported to Russia. Exports to Russia declined in 2013 after growing strongly in 2012. In the large Russian market, Pakistan supplies in the second half of the peak season and supplies at prices similar to Morocco, but also supplies at prices below Turkey – the other major supplier.

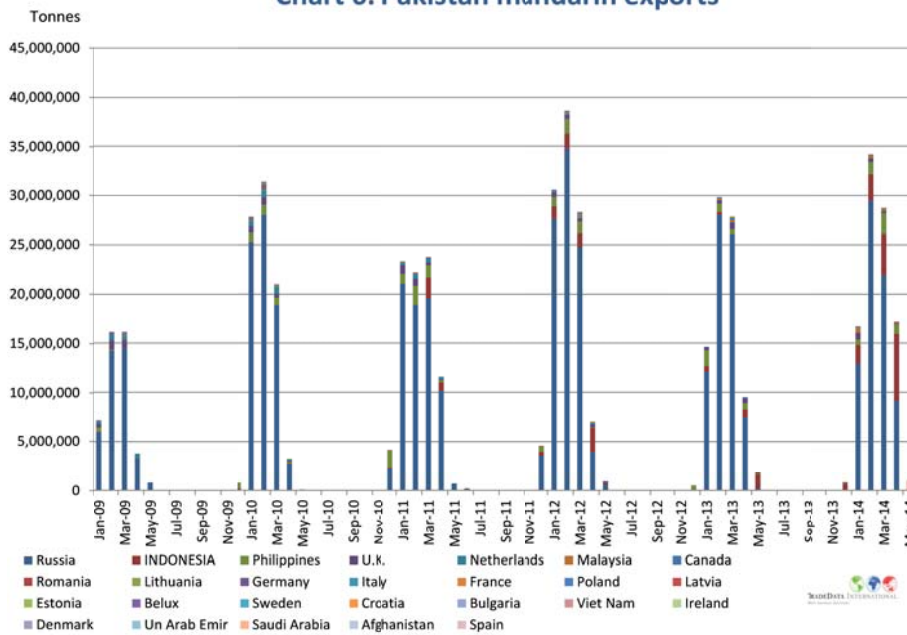
Indonesia – Pakistan was a tiny supplier to Indonesia in a market totally dominated by supply from China. However, this changed in 2014 with strong growth in imports from Pakistan arriving in Indonesia at prices between \$US 0.80 and \$US 1.10 per KG. Whereas exports from China arrive in Indonesia at prices around \$US 1.30 per KG. Pakistan increased its share of the Indonesian market in 2014 with a lower cost product than China.

Philippines – Pakistan is a small supplier to the Philippines in a market totally dominated by supply from China. Exports from China arrive in the Philippines at prices from \$US 0.60 to \$US 0.80 per KG whereas supply from Pakistan is around \$US 0.40 per KG.

UK – Pakistan is a tiny supplier to the UK – a market supplied by a wide range of countries – Spain, Morocco, South Africa, Argentina and so on. Exports from Pakistan arrive in the UK at prices around \$US 0.40 per KG whereas the major supply countries arrive at three times these prices.

Viet Nam – Import data for Viet Nam is only available since January 2012. Viet Nam is a market totally dominated by supply from China. However, there was an 8 tonne shipment recorded from Pakistan in April 2013 at the high price of \$US 4.60 per KG. There have been no further shipments.

Chart 6. Pakistan mandarin exports



Dairy Trade

The global international trade in dairy products is very large and witnessing substantial growth out of China and other Asian economies. Analysing global dairy trade has not been a prime focus of this study, but some summary information highlighting the substantial growth in dairy import demand in nearby countries follows.

Chart 7 lists dairy import values into China, Indonesia, Singapore, Malaysia, South Korea, Thailand and India between 2009 and 2013. Over this period import values have increased 300%, and early results for 2014 suggest this very strong growth has been maintained. China is mostly responsible for this rapid growth, where imports have increased from just over \$US 1 billion in 2009 to \$US 4.9 billion in 2013. In 2014, China imports amounted to \$US 5.7 billion as listed in Chart 7.

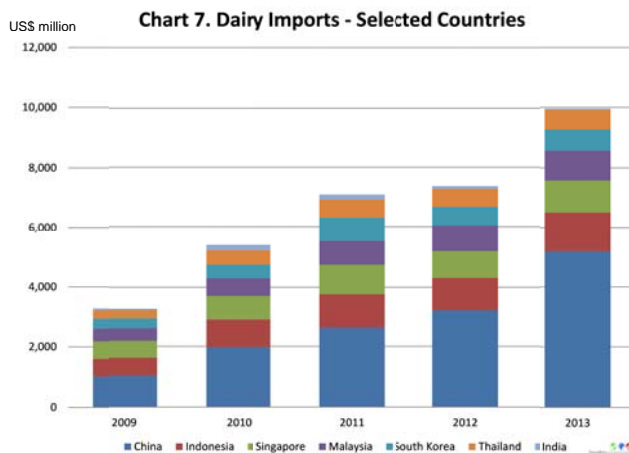


Chart 8 lists the product composition of dairy imports. Powdered milk is the major export item. Whey powder is also important, followed in smaller volumes by cheese, butter, fats and oils.

