Pakistan is primarily an exporter of agricultural raw materials such as cotton and raw jute, etc.

The general policy objective as stated in the first Five-Year Plan (1955-1960) is to improve the balance-of-payments position by increased domestic production of foodgrains and export crops and by diversifying the agricultural production, thus facilitating the further economic development of the country.

The agricultural production policy is based upon the desire for a higher level of consumption for a larger population, the growing raw material needs of domestic industry, and the pressing need to boost exports to increase foreign exchange earnings. Great importance is attached to irrigation, improved planting materials and fertilizers. Both production and export targets have been established for a large number of crops.

Agricultural policy also aims at an adequate food supply to counter inflationary pressure.

The price policy, operated in relation to foodgrains (wheat and rice) has as its main objective the interests of consumers. On the other hand, the main objectives of price policy for other crops are to guarantee adequate price levels to the producer and to offer special incentives to the producer to increase the output of certain products on which special emphasis is placed in the development plan.

1 Prepared by the secretariat.
2 The principal sources for this synopsis are FAO/ECFA Report (Food and Agricultural Price Policies in Asia and the Far East, February 1958) and ECAFE Report (Economic Bulletin for Asia and the Far East, November 1957).
B. Special Measures

The agricultural products of which prices are supported or otherwise influenced by the Government are: wheat, rice, jute and cotton.

For foodgrains (wheat and rice), the main objective of measures entailing price policies has been the rationalization and stabilization of the internal market, by establishing central stocks for sale and distribution in deficit areas in accordance with local demand. Stocks are obtained by procurement of domestic surpluses, supplemented, when necessary, by importation. The prices at which Government supplies of foodgrains have been available at the retail stage have in some years been below cost, and the losses have been sustained by the Government. The three main aspects of Government food regulation policy have been procurement, storage and distribution. Procurement policy has usually been discussed at a Conference of representatives of the Central and Provincial Governments, including representatives of the Central Ministers of Food, Agriculture, Finance and Economic Affairs. Three main methods of procurement are followed: namely, compulsory levy, selective procurement and voluntary procurement. Under the system of compulsory levy, cultivators in a surplus area must sell to the Government at the procurement price their surplus production above their own requirements, as determined by the Government. Under the selective procurement system cultivators are required to declare their stocks of wheat or rice - if needed by the Government the surplus stocks are procured. Under the voluntary procurement system the farmer brings his crop voluntarily for sale to the Government at the procurement price. The procurement prices, procurement targets and method of procurement to be adopted are decided by the Conference. The procurement prices have usually been lower than free market prices. In July 1957 a minimum procurement price for wheat was set for the two seasons ahead.

A reserve of 500,000 tons of wheat and 500,000 tons of rice is considered necessary for meeting emergency shortage and maintaining reasonably stable price levels.
As regards distribution, most of the cities and larger towns of West and East Pakistan are subject to some form of provisioning or rationing of food-grains. The Government issue price is based on the procurement price and the cost of imported grain, with additions for the costs of transportation, milling, administration and the retailers' margin.

For jute the Central Government is empowered to fix minimum prices for loose jute and to appoint agents to buy and sell jute on behalf of the Government. The Jute Board was established by the Government to supervise all dealings in jute. The Board appointed agents who undertook to purchase jute at the minimum prices in return for a guarantee by the Board against losses. In 1952 when jute prices fell after the Korean War, nearly seven million maunds of jute (19 per cent of the crop) were purchased under the Board's support scheme. Since prices continued to fall, however, the Board suffered heavy losses, and this experience marked the end of its direct price support operations. There is no longer any system of direct price support for jute; as an alternative means of supporting the jute price the Government introduced a policy of controlling the acreage planted, taking into consideration the estimated world requirements.

For cotton, a price support scheme was terminated with the 1951/52 season, and a minimum price system under which cotton could not be exported below such price was rescinded in 1954. The policy of imposing an export tax on cotton has been continued. The amount of tax has been varied according to the world market prices.

II. SUBSIDIES

(Including all forms of income and price support)

A large development programme of irrigation and land reclamation was begun in 1955 within the framework of the first Five-Year Plan. Some 5 million acres are to be provided with new or improved irrigation and another 2 million acres are to be improved by drainage canals and flood control measures or reclaimed from salinity and waterlogging.
The Government subsidizes chemical fertilizers by contributing about 58 per cent of the cost.

A subsidy is granted to increase the use of pesticides and insecticides.

In order to speed up mechanization of farm operations, tractors and implements are made available at subsidized rentals or reduced prices.

The Government also provides credit facilities and educational services.

Note: The Government subsidizes the retail price (issue price) of wheat and rice (see Section II). This subsidy may be borne partly by the Provincial Governments.

III. MIXING REGULATIONS

No such regulations are in force in Pakistan.

IV. STATE-TRADING OPERATIONS

(Including private enterprises enjoying special privileges)

The organization of the foodgrain (wheat and rice) market (see Section II) includes the exclusive right of the State to import such grains. Imports, however, take place only when the national production is insufficient.

Other leading agricultural products, such as sugar, are also imported on Governmental account. The exportation of such products, however, is left in private hands.

1 The information contained in this part of the document is taken from the United States Report on Agricultural Policies of Foreign Governments, September 1957, page 89.
V. IMPORT RESTRICTIONS

The import control system was substantially modified in January 1959, and the secretariat is awaiting detailed information from the Government of Pakistan.

VI. MEASURES WHICH TEND TO REDUCE OR REMOVE THE NEED FOR NON-TARIFF MEASURES OF PROTECTION OR SUPPORT

General statement to be furnished by the Government of Pakistan.