

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



ANNUAL BUDGET SUBMISSION

FY 1981

PAKISTAN

BEST AVAILABLE

**DEPARTMENT
OF
STATE**

MAY 1979



ANNUAL BUDGET SUBMISSION

FY 1981

PAKISTAN

May 31, 1979



UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
MISSION TO PAKISTAN

Cable: USAIDPAK

HEADQUARTERS OFFICE
ISLAMABAD

May 31, 1979

Mr. John H. Sullivan
Assistant Administrator
Agency for International Development
Washington, D.C. 20523

Dear Jack:

Enclosed is an abbreviated version of Pakistan's Annual Budget Submission for FY 1981. The program level for FY 79 represents the loan and grant financing required for an orderly wind down of AID assistance under Section 617 of the FAA. For details on the rationale behind the 617 funding decisions, by project, please see Islamabad 5493.

The levels for FY 80 (\$40 million) and FY 81 (\$45 million) assume a resolution of the issue triggering application of Section 669 of the FAA. The substance of the program in both years is, essentially, the major new initiatives which were not started in FY 79 - Rural Electrification, Rural Clean Water and Rainfed Land and Water Management.

The staffing levels -- U.S. and local hire -- for end FY 79 reflect program decisions under Section 617. U.S. direct hire staff (excluding AAG/IIS) is reduced from 46 to 16 positions; direct hire local staff from 137 positions at the end of FY 78 to 50 positions. Personnel requirements in FY 80 and 81 tie in with the assumption noted above that major new obligations will be permitted. Starting in with the end FY 79 level as a base, U.S. direct hire staff increases to 20 in 80 and 21 in 81, local direct hire to 54 in 80 and 55 in 81.

Finally, the program levels and position requirements in the ABS have been discussed with and approved by the Charge'.

Sincerely yours,

Mike
Michael H.B. Adler
Director

Encl: ABS

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TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
 FY 1979 - FY 1981
 (Thousands \$)

APPROPRIATION ACCOUNT/PROJECT NO./TITLE	L/G	FY 1979	FY 1980	Minimum	DECISION UNIT	
					PAKISTAN	
					FY 1981 Current	AAPL
<u>Agriculture, Rural Development and Nutrition</u>						
0296 - Agriculture Research	G	200				
0408 - Rural Electrification	L G		14,000 1,000	5,000		10,000
0409 - Rural Roads	L		8,700			
0413 - On-Farm Water Management	G	600				
0417 - Village Level Food Processing	G	273				
0419 - Agriculture Inputs	L					18,875
0445 - Rainfed Land and Water Management	L G			5,000 1,000		7,125 2,000
0447 - Water Management Research	G	850				
<u>Population</u>						
0411 - Population Research & Development	G		800			
0434 - Population Planning (PC)	G		2,175	1,000		2,500
<u>Health</u>						
0415 - Basic Health Services	L G	1,000	3,500	3,000 1,500		3,000 1,500
0425 - Rural Clean Water	L G		7,500 650			

TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT					DECISION UNIT	
FY 1979 - FY 1981 (Thousands \$)					PAKISTAN	
APPROPRIATION ACCOUNT/PROJECT NO./TITLE	L/G	FY 1979	FY 1980	Minimum	FY 1981	
					Current	AAPL
<u>Education and Human Resources</u>						
0299 - Government Administrative Staff Improvement (GASI)	G	85	1,675			
0426 - Development Training	G					
(Loan)		(1,000)	(33,700)	(13,000)		(39,000)
(Grant)		(2,008)	(6,300)	(3,500)		(6,000)
<u>PL 480</u>						
Title I		40,000				
Title III		40,000	80,000	40,000		80,000
Total DA		<u>83,008</u>	<u>120,000</u>	<u>56,500</u>		<u>125,000</u>

TABLE IV. PROJECT BUDGET DATA

PROJECT NUMBER		PROJECT TITLE		OBLIGATION DATE		DATE OF NEXT PLANNED NON-ROUTINE EVAL	CUM. PIPELINE AS OF 9/30/78	ESTIMATED U.S. DOLLAR COST (\$000)				FY 1981 AAPL OBLIG.	FY 1982 TO (MO/YR)	FY 1982 & BEYOND				
								FY 1979		FY 1980					OBLIG.	CUM. PIPELINE	OBLIG.	CUM. PIPELINE
								OBLIG.	EXPEND.	OBLIG.	EXPEND.							
<u>AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION</u>																		
391-0296	G	69	79*	-	273	200	172	-	-	-	301	-	226	75	-			
	L	69	69	-	5,600	-	1,277	-	1,117	-	4,323	-	1,117	3,206	6/81			
391-0408	G	80	85*	-	-	-	-	-	40	1,000	-	-	9/82	960	4,000			
	L	80	85*	-	-	-	-	-	140	14,000	-	-	12/83	13,860	100,000			
391-0409	G	82	85*	-	-	-	-	-	-	8,700	-	-	-	-	1,000			
	L	80	85	-	-	-	-	-	1,500	-	-	-	9/82	7,200	15,000			
391-0413	G	78	79*	-	150	600	445	-	274	-	315	-	12/80	31	-			
	L	78	78	-	7,331	-	1,965	-	4,763	-	5,366	-	12/80	603	-			
391-0417	G	76	79	-	132	273	180	-	225	-	225	-	9/80	-	-			
391-0419	L	76	81	-	-	-	-	-	-	-	-	-	-	-	-			
391-0445	G	81	85*	-	-	-	-	-	-	-	-	-	-	-	4,000			
	L	81	81	-	-	-	-	-	-	-	-	-	-	-	28,000			
391-0447	G	79	79*	-	-	850	410	-	440	-	440	-	3/80	-	-			
<u>POPULATION</u>																		
391-0411	G	80	85	-	-	-	-	-	80	800	-	-	9/83	720	500			
391-0434	G	80	85	-	-	-	-	-	800	2,175	-	-	12/81	1,375	1,000			
																1,600		

DECISION UNIT
PAKISTAN

DECISION UNIT
PAKISTAN

TABLE IV - PROJECT BUDGET DATA

PROJECT NUMBER	PROJECT TITLE	OBLIGATION DATE		DATE OF NEXT PLANNED NON-ROUTINE EVAL.	CUM. PIPELINE AS OF 9/30/78	FY 1979			FY 1980			FY 1981 AAPL OBLIG.	FORWARD FUNDED TO (MO/YR)	FUTURE YEAR OBLIGATIONS		
		INITIAL	FINAL			OBLIG.	EXPEND.	CUM. PIPELINE	OBLIG.	EXPEND.	CUM. PIPELINE			FY 1982	FY 1983 & BEYOND	
																ESTIMATED U.S. DOLLAR COST (\$000)
	<u>HEALTH</u>															
391-0415	Basic Health Services	G L	77 77	85* 85*	1,053 5,750	- 1,000	383 4,250	670 2,500	- 3,500	520 5,000	150 1,000	1,500 3,000	12/81 12/81	- 15,000	3,000 75,000	
391-0425	Rural Clean Water	G L	80 80	85* 85*	- -	- -	- -	- -	650 7,500	200 2,000	450 5,500	- -	9/81 12/81	853 12,500	2,000 100,000	
	<u>EDUCATION AND HUMAN RESOURCES</u>															
391-0299	Government Administrative Staff Improvement (GASI)	G	69	79	88	85	107	66	-	66	-	-	8/80	-	-	
391-0426	Development Training	G	80	85*	-	-	-	-	1,675	430	1,245	-	9/83	600	1,800	
	TOTALS:				20,377	3,008	9,189	14,206	40,000	17,821	36,375	45,000	-	48,453	421,900	
	(Grant)				(1,696)	(2,008)	(1,697)	(2,017)	(6,300)	(3,301)	(5,006)	(6,000)		(4,953)	(18,900)	
	(Loan)				(18,681)	(1,000)	(7,492)	(12,189)	(33,700)	(14,520)	(31,369)	(39,000)		(43,500)	(403,000)	
	* changed from FY 1980 C.P.															

OPERATING EXPENSE FUNDED PERSONNEL IN POSITIONS

FUNCTIONS	FY 77			FY 78			FY 79			FY 80		
	USDH	FNDH	US CONT	USDH	FNDH	US CONT	USDH	FNDH	US CONT	USDH	FNDH	US CONT
Executive Direction	4	10	-	4	8	-	2	5	-	2	5	-
Program Planning	7	13	-	9	11	-	1	4	-	1	4	-
Project Design	4	7	-	4	5	-	3	-	-	3	-	-
Project Implementation	27	35	1	22	26	1	8	10	-	12	11	-
Financial Management	3	21	-	2	19	-	1	9	-	1	10	-
Mission Support	4	97	-	3	68	-	1	22	-	1	24	-
Non-Mission Specific	21	5	-	21	5	-	19	5	-	19	5	-
TOTAL	70	188	1	65	142	1	35	55	-	39	59	-
PLUS: PASA's (O.E. & Program)	13			11			7			4		
LESS: JAO Details	-			-			-			-		
MODE Requested	83	83		76	76		42	76		43		

FUNCTIONS	FY 81 AAPL			FY 81 MINIMUM			FY 81 CURRENT		
	USDH	FNDH	US CONT	USDH	FNDH	US CONT	USDH	FNDH	US CONT
Executive Direction	2	5	-	2	5	-			
Program Planning	1	4	-	1	4	-			
Project Design	3	-	-	3	-	-			
Project Implementation	13	12	-	13	12	-			
Financial Management	1	10	-	1	10	-			
Mission Support	1	24	-	1	24	-			
Non-Mission Specific	19	5	-	19	5	-			
TOTAL	40	60	-	40	60	-	27		
PLUS: PASA's (O.E. & Program)	1			1					
LESS: JAO Details	-			-					
MODE Requested	41			41					

OPERATING EXPENSE SUMMARY

COST SUMMARIES	FY 77			FY 78			FY 79			FY 80		
	(\$000')	RELATED WORKYRS.	UNIT COST									
US Direct Hire	2,637.5	52.6	50.1	2,794.3	52.3	53.4	3,368.4	57.3	58.8	2,325.1	39.0	59.6
FN Direct Hire	575.3	155.5	3.7	794.2	143.5	5.5	629.1	126.6	5.0	268.7	55.0	4.9
US Contract Personnel				28.0	1.0	28.0						
FN Contract Personnel	237.2	150.3	1.6	270.3	168.2	1.6	234.5	113.0	2.1	70.0	27.0	2.6
Housing	330.0	58.0	5.7	389.2	60.0	6.5	409.7	60.0	6.8	333.8	40.0	8.3
Office Operations	2,128.4	XXXX	XXX	1,510.3	XXXX	XXX	1,308.7	XXXX	XXX	1,288.1	XXXX	XXX
TOTAL REQUEST	5,908.4			5,786.3			5,950.4			4,285.7		
Amount of Trust Fund Included in Total Requested	2,556.0			2,610.0			2,392.4			1,545.8		

COST SUMMARIES	FY 81 AAPL			FY 81 MINIMUM			FY 81 CURRENT		
	(\$000')	RELATED WORKYRS.	UNIT COST	(\$000')	RELATED WORKYRS.	UNIT COST	(\$000')	RELATED WORKYRS.	UNIT COST
US Direct Hire	2,559.3	40.0	64.0	2,559.3	40.0	64.0	2,559.3	40.0	64.0
FN Direct Hire	282.1	55.0	5.1	282.1	55.0	5.1	282.1	55.0	5.1
US Contract Personnel									
FN Contract Personnel	73.5	27.0	2.7	73.5	27.0	2.7	73.5	27.0	2.7
Housing	339.0	40.0	8.5	339.0	40.0	8.5	339.0	40.0	8.5
Office Operations	1,354.6	XXXX	XXX	1,354.6	XXXX	XXX	1,354.6	XXXX	XXX
TOTAL REQUEST	4,608.5			4,608.5			4,608.5		
Amount of Trust Fund Included in Total Requested	1,574.4			1,574.4			1,574.4		

DETAIL SCHEDULE OF OPERATIONAL
INTERNATIONAL TRAVEL - FY 1980
(Per State 099264/01)

<u>Traveller</u>	<u>Design</u>	<u>Imple- -ation</u>	<u>Evaluation</u>	<u>Other Proj. Related</u>	<u>Administrative</u>	<u>Total (nearest dollar)</u>
<u>USAID</u>						
Conferences					3	5,000
TDY					2	5,800
Training					6	8,700
					Sub-Total	<u>19,500</u>
<u>REGIONAL OFFICES</u>						
Regional Legal Advisor		2				2,800
Regional Control Officer		2				2,800
Regional Malaria Advisor		2				<u>2,300</u>
					Sub-Total	<u>7,900</u>
<u>AID/W STAFF</u>						
ASIA/PD	2		2			11,800
ASIA/TR	2		2			<u>11,800</u>
					Sub-Total	<u>23,600</u>
					Grand-Total	<u><u>51,000*</u></u>

*This figure includes Dollar and Trust Fund costs.

DETAIL SCHEDULE OF
NXP PROCUREMENT - FY 1980
(Per State 099264/01)

It is anticipated that there will be no procurement of NXP items in excess of \$500 limitation, excluding vehicle procurement.

The following is the planned vehicle replacement schedule:

2 Sedans @ \$6,000	\$12,000.00
4 Carryall @ \$12,000	48,000.00
1 Pickup @ \$10,500	10,500.00
	<u>\$70,500.00</u>

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
 POSITION REQUIREMENTS - FY 1979 - 1981
 (By Function, Organizational Unit, Position Title and Professional Speciality)

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS												
	FY 1979		FY 1980		Minimum		FY 1981 Current		AAPL		FNDH		
	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	USDH	FNDH	
<u>EXECUTIVE DIRECTION</u>													
Office of the Director													
Mission Director	1		1		1		1		1		1		5
Other (Non-Professional)	1		1		1		1		1		1		5
Others		5		5		5		5		5		5	5
Sub-Total Executive Direction	2	5	2	5	2	5	2	5	2	5	2	5	5
<u>PROGRAM PLANNING</u>													
Program Operations Officer	1		1		1		1		1		1		4
Others		4		4		4		4		4		4	4
Sub-Total Program Planning	1	4	1	4	1	4	1	4	1	4	1	4	4
<u>PROGRAM DESIGN & IMPLEMENTATION</u>													
<u>Project Management Division</u>													
Capital Resources Development Officer	1		1		1		1		1		1		4
Capital Projects Development Officers	2		2		2		2		2		2		4
General Engineering Advisor	1		1		1		1		1		1		4
Others		3		3		3		3		3		3	4
Sub-Total Project Management Division	4	3	4	3	4	3	4	3	4	3	4	3	4
<u>Agricultural Programs</u>													
IDI-Ag Econ.	1		1		1		1		1		1		4
Agricultural Economists	2		2		2		2		2		2		4
Agricultural Research Advisor	1		1		1		1		1		1		4
Project Managers Agriculture		3		3		3		3		3		3	4
Others		3		3		3		3		3		3	4
Sub-Total Agricultural Programs	4	3	4	3	4	3	4	3	4	3	4	3	4
<u>Health & Population</u>													
Deputy Health Officer	1		1		1		1		1		1		4
Malaria Advisor	1		1		1		1		1		1		4
Public Health Advisor		1		1		1		1		1		1	4

TABLE IX - SUPPORTING DATA ON PROPOSED PROGRAM RANKING
 POSITION REQUIREMENTS - FY 1979 - 1981
 (By Function, Organizational Unit, Position Title and Professional Speciality)

FUNCTION/ORGANIZATIONAL UNIT/ POSITION TITLE/PROFESSIONAL SPECIALITY	NUMBER OF POSITIONS												DECISION UNIT			
	FY 1979			FY 1980			FY 1981			Current			AAPL			
	USDH		FNDH	USDH		FNDH	USDH		FNDH	USDH		FNDH	USDH	FNDH		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14		
Population Advisor - Research	1			1											1	
Population Officer PH Physician				1											1	
Others			4													4
Sub-Total Program Design & Implementation	11		10	15		11									16	12
<u>FINANCIAL MANAGEMENT</u>																
Controller	1			1											1	
Others			9			10										10
Sub-Total Financial Management	1		9	1		10									1	10
<u>MISSION SUPPORT</u>																
Executive Officer	1			1											1	
Others			22			24										24
Sub-Total Mission Support	1		22	1		24									1	24
<u>NON-MISSION SPECIFIC</u>																
Area Auditor General	1			1											1	
Deputy Area Auditor General	1			1											1	
Audit Managers	3			3											3	
Auditors	9			9											9	
Foreign Assistance Inspectors	4			4											4	
Other (Non-Professional)	1			1											1	
Others			5			5										5
Sub-Total Non-Mission Specific	19		5	19		5									19	5
TOTAL...	35		55	39		59									40	60

PL-480 ASSISTANCE

General

In normal years Pakistan is self-sufficient in cereals. The most important food crops are wheat (grown September to April) and rice (grown June to September). Lentils provide a substantial part of protein needs. In recent years the country has failed to produce sufficient wheat (the preferred staple) and has produced and exported increasing quantities of rice.

In the past year the government has renewed its commitment to achieving self-sufficiency in wheat production and the actions taken are described below:

There are storage problems for both the major food crops. Wheat production has fluctuated dramatically with weather conditions with the result that storage is a problem in the best crop years. While new facilities are under construction (some construction has been restricted by budget cuts) the GOP has delayed major new programs until it can review the CIDA Storage Master Plan recently completed. Covered storage (GOP owned and rented) is sufficient for about 2.0 to 2.2 million MT. While this is adequate in most years it would not be able to cope with the best years and temporary storage on platforms is required.

Storage for rice has failed to keep pace with increasing production.

In short, the grain storage capacity is inadequate. It therefore requires very careful management and scheduling of imports to ensure losses are kept to the minimum until capacity can be increased.

In the case of edible oils consumption is increasing rapidly while production has stagnated. Prospects for a rapid increase in production, to the point of really reducing imports, are not good.

Wheat

Background

The table below presents time series information (USAID) for wheat:

	(000 metric tons)						
	<u>74/75</u>	<u>75/76</u>	<u>76/77</u>	<u>77/78</u>	<u>78/79</u>	<u>79/80</u>	<u>80/81</u>
						Est.	Est.
Domestic <u>a/</u> Production.	7.1	7.7	8.7	8.6	8.23	9.5	9.8
Total Imports <u>b/</u> OF which PL-480	1.17 .09	1.27 .76	.5 .25	1.1 .2	2.3 .24	.85 -	.85 -
Title I. OF which PL 480	-	-	-	-	.037	.5 <u>d/</u>	.5 <u>d/</u>
Title III Public Sector Procurement.	1.2	1.2	2.3	1.9	1.1	2.3-2.5 <u>c/</u>	2.3-2.5
Public Sector Offtake.	2.3	2.3	2.8	2.9	3.0	3.1	3.2

a/ Pakistan wheat crop year May 1 to April 30; production represents harvest of previous spring, e.g. production shown under 1974/75 was harvested in April/May 1974.

b/ Source: GOP Statistics upto 78/79, 79/80-80/81 Mission estimates. Some actually arrived after May 1 in 78 and 79.

c/ GOP target is 2.5 million tons.

d/ Actual amounts to be determined in September 1979 and 1980.

1978/79 Public Sector Requirements:

When the shortfall in the 78/79 domestic crop became apparent, the GOP was forced to arrange a heavy import schedule. Since donors of food aid could not respond to requirements of this magnitude the government was forced to use its own foreign exchange for the bulk of the imports. We were unable to make a firm Title I commitment until December 1978. Although it appeared unlikely --based on past experience--that the government would be able to move the quantities of imports required through the port and upcountry, a remarkable effort resulted in this being accomplished more or less as planned.

The GOP is the sole importer of wheat and controls a substantial part of the distribution through ration shops, institutional sales and open market release. Government procurement of domestic production has been undertaken mainly to supply the ration shops. Imports are planned to make up the difference between domestic supplies and public sector requirements which have risen steadily.

After a reasonably good crop of 8.6 million metric tons in 77/78 production took a large fall in 78/79 to just over 8.2 million tons. Procurement fell from 1.9 to 1.1 million tons and imports increased from 1.1 to 2.3 million tons.

December 1978 and January 1979 Title I Agreements:

The 1977 and 1978 agreements focused on the inadequacy of the GOP's Ad hoc approach to wheat policy. The apparent disinterest in examining the procurement price and related policies pin pointed the need to have

a more intensive discussion of these issues. Following the 1978/79 harvest (between the 1977 and the 1979 agreements) it became clear that the government was beginning to recognize these issues as important. The most important step taken was the announcement, well in advance of the planting season, that the support/procurement price would be raised 22 percent for the coming crop year, the first increase in four years.

The goals and policies were discussed intensively prior to being formalized during negotiations in December 1978.

The GOP reaffirmed that it's goal is to achieve self-sufficiency in wheat. They confirmed that appropriate policies would be followed to insure that relationships between the price of wheat and required inputs would stimulate production. While it is difficult to trace particular actions or policies to specific recommendations or agreements many positive actions we support have been undertaken before and after our negotiations.

Recent Developments:

In line with the thrust of our recommendations in the 1977 and 1978 agreements the GOP has undertaken the following positive steps:

1. Increased the procurement prices paid to farmers from 37 to 45 rupees per maund bringing it much closer to world prices.
2. Increased the price of ration shop flour from 35 to 45 rupees per maund thereby reducing the subsidy level.

3. Arranged for the import of large amounts of fertilizer thereby allowing rapid increase in fertilizer use on wheat.
4. Removed restrictions on wheat movement, (recently movement out of the Punjab was restricted to rail traffic; we have been assured by EAD that this restriction will be lifted in the near future).
5. Arranged the import of rust resistant seed and is buying back improved varieties for next fall sowing.
6. Limited offtake to below agreed levels.

PL-480 Title III Strategy:

Our strategy calls for the use of wheat and edible oil imports to encourage long-term growth oriented policies in crop price policies, fertilizer use, seed supply etc. Secondly, it attempts to reduce public sector subsidies and provide balance of payments support until local production is raised. To the extent that other economic programs are continued, food aid supports and is integrated with these programs. In addition, it should be pointed out that other donor countries and multilateral agencies support these programs and policy initiatives to encourage production.

In particular, we seek in our Title III program to:

1. Review the operations of the public sector ration system with the objective of limiting offtake of ration shops and using open market sales to stabilize prices in urban markets.

2. Keep restrictions from movement of wheat off to insure a free market.
3. Continuously review the adequacy of the procurement price.
4. Review the prices of inputs in relation to wheat prices to provide incentives but limit subsidies.

FY 79 Requirements:

It appears that combined with good weather the production strategy outlined above is beginning to pay off for Pakistan. The crop being harvested in April and May looks like a record 9.5 million tons or more. Procurement should be between 2.3 and 2.5 million tons.

Given the fact that about 400,000 MT of wheat ordered for last year (1978/79) will arrive after May 1, 1979 there is very little need for additional PL-480 wheat in 1979. We are therefore requesting that the 1979 Title III program be based primarily on edible oil and small, if any, quantities of wheat.

FY 80 and 81 Requirements:

Wheat production has fluctuated markedly in recent years making it impossible to predict requirements in advance. We are requesting program levels of \$80 million per year to be split between wheat and edible oil with the amounts to be determined in the September review meetings to be held in 1979 and 1980.

Background:

The table below presents time series information for vegetable oil:

(00 MT)

<u>Year</u>	<u>Opening Stock</u>	<u>Domestic Production from:</u>				<u>Imports</u>	<u>a/ Ind. Use</u>	<u>b/ Closing Stock</u>	<u>Consumption c/</u>
		<u>Cotton Seed</u>	<u>Rape Seed</u>	<u>Other</u>	<u>Total</u>				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1971/72	11	161	74	10	245	69	24	26	275
1972/73	15	141	96	11	248	87	26	24	300
1973/74	24	140	92	11	243	176	55	24	364
1974/75	24	127	83	10	220	217	32	44	385
1975/76	44	75	90	11	176	271	15	65	411
1976/77	65	76	90	12	178	289	32	61	439
1977/78	61	97	100	13	210	304	34	61	480
1978/79	61	85	94	13	192	400	56	70	547

a/ Include a very small amount of vegetable ghee and butter oil.

b/ Used for soap stock etc.

c/ (1) + (5) + (6) - (7) - (8)

1978/79 Requirements:

As can be seen from the table domestic production has been stagnate or declining in recent years. Consumption has increased at an average rate of over 9 percent during the past eight years and imports have doubled. The major cause of the decline has been the poor performance of the cotton crops in the last four years.

December 1978 Title I Agreement

The 1978 agreement focused on the implementation of an oil seed strategy which would increase the production of non traditional

oilseed crops such as soybean, sunflower and safflower. In addition we stressed the need to provide incentives through adequate price supports.

Success has been limited to date. The government did partially implement the pilot production project but seed supply and marketing were weak. In addition the placing of responsibility for the project with the Ministry of Industries has not been effective. High level support for oilseed production has not been forthcoming as the major concern over the past year has been on increasing wheat production.

PL-480 Title III Strategy

We continue to push for more rapid implementation of the oilseed program based on non traditional crops. As the research effort begins to provide better production packages this effort may have better returns. It is also worth noting that the private sector is currently being encouraged to move into both the production and processing of oilseeds and efforts are underway to set up seed farms to produce better varieties.

We are proposing to use the oil imports mainly to finance the reforms in wheat. Actual amounts of oil to be programmed will depend on need for wheat and oil and availability of commodities. This will be determined during the September PL-480 review meetings.

COUNTRY: PAKISTAN

P.L. 480 TITLE I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

TABLE XI

Commodities	FY 1979		Estimated FY 1980 ^{2/}				Projected FY 1981									
	Agreement \$	MT	Agreement \$	MT	Agreement MT 3/\$	Shipmt MT	Shipmt \$	Agreement \$	MT	Shipmt \$	MT	Agreement \$	MT	Shipmt \$	MT	Carryin to FY 1982 \$
<u>Title I</u>																
Wheat	39 ^{1/}	273	39	273	67.0	515	67.0	515	0-	0-	67.5	504	67.5	504	0-	0-
Edible Oil	26	40	24	40	13.0	20	13.0	20	0-	0-	12.5	20	12.5	20	0-	0-
Total:	65	313	65	273	80.0	535	80.0	535	0-	0-	80.0	524	80.0	524	0-	0-
<u>Of which</u>																
<u>Title III</u>																
Wheat	5.0	37	5.0	37	67.0	575	67.0	515	0-	0-	67.5	504	67.5	504	0-	0-
Edible Oil	20.0	30	13.0	20	13.0	20	13.0	20	0-	0-	12.5	20	12.5	20	0-	0-
Total:	25.0	67	25.0	67	80.0	535	80.0	535	0-	0-	80.0	524	80.0	524	0-	0-

COMMENT:

- 1/ Includes 240,000 MT wheat purchased during January-March 1979. Proposed Title III wheat for FY 79 calculated at \$140 MT.
 - 2/ USDA price estimates used for FY 80 and FY 81.
 - 3/ The actual amounts of commodities will be determined by GOP/USG at official meetings scheduled for September 1979 and 1980.
- As of this time the actual commodity mix for the 1979 Title III agreement has not been fixed. The total dollar amount may be reduced depending on wheat needs and veg oil availability.