

**CONSULTANT REPORT
COMMODITY SITUATION AND OUTLOOK
REPORTS AND ACTIVITY PLAN
FOR THE ECONOMIC WING**

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**SUBMITTED TO DR. RICHARD MC CONNEN
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ECONOMIC AND POLICY ANALYSIS PROJECT
CHEMONICS INTERNATIONAL**

**DATES OF ASSIGNMENT
MAY 9, 1991 TO JUNE 11, 1991**

ISLAMABAD, PAKISTAN

JUNE 10, 1991

INTRODUCTION

The Economic and Policy Analysis Project (EPA) contracted by Chemonics International Consulting Division under USAID Contract No. 391-0492-C-00-0831-00 has as one of its primary objectives to enhance the Commodity Situation and Outlook Program of the Economic Wing. The management of the EW decided with EPA advisors to begin the new program with a prototype wheat and outlook report and to jointly develop an outlook plan as an initial activity to start with a TDY Consultant marketing advisor program as stated in the EPA work plan starting in early May 1991. Professor Bill Spencer from Colorado State University was selected to begin this activity.

BACKGROUND

One of the primary purposes of the Economic wing is to supply MINFA, other government policy makers, private trade and farmers with timely, relevant economic information and data. To supply the necessary information and data MINFA is planning to have the EW compile and release commodity situation and outlook reports. Through the FAO Sponsored Agricultural Management Information System (AMIS) Project, a wheat forecasting model has been developed and several wheat outlook reports issued. Institutionalizing the distribution of this important forecast information and other data in a document that can be easily understood and utilized has been identified as a crucial priority in the current work plan of EPA and the EW.

Pakistan has a considerable number of sources of different types of valuable information for decisions related to agricultural decision making, but there is a need to draw this into single publications by commodity. In the past decision makers needed to review large data bases and numerous technical publications to review the critical information needed.

PURPOSE

The purpose of this consultation was to support the Commodity Situation Section of the Economics Wing in establishing an continuing program for developing and writing commodity situation reports. Commodity situation reports that will permit policy makers, government administrators, and private business leaders to look at trends, patterns, and summary data of existing economic information without having to decipher raw data or review numerous sundry publications.

METHODOLOGY

The experiential technique of on job training was initiated by developing a prototype Situation Report on Wheat. This was done by developing commodity accounts along the lines of International

definitions. Work sessions with the Consultant and the Situation and Outlook Section Staff took place most mornings with assignments to be completed by the next session. Much of the sessions centered around what data to use and how to present the information and data in an intelligible form for policy makers. Later sessions were focused on methods for keeping data for easy update and good consistency.

ACCOMPLISHMENTS AND WORK COMPLETED

0 A prototype wheat situation report was developed during the first half of the assignment. The trial report was tested as to its acceptance by what was defined as its target audience. (see appendix 2 "prototype situation report on wheat").

0 A training program for the members of the Situation Section of the Economic Wing was developed to enhance the ability of the staff to prepare the wheat situation and outlook reports. (See training program)

0 A unified wheat data base was compiled by the Wing and the consultant for the preparation of future reports.

0 A plan of work and future activity schedule was developed and approved by EAN staff and the Situation Section of the Economic Wing. (see plan of work)

0 A list of existing data sources has been compiled for the generation and up-dating of future Commodity Reports.

0 A seminar was conducted for the first time on the outlook and situation for wheat. This seminar conducted by the EW situation staff is expected to be a regular event to be scheduled for the time of the release of a commodity situation report.

0 a list of definitions was completed for the preparation of future reports.

TRAINING PLAN

One of the primary purposes of the Economic Wing is to supply MINFA, other government policy makers, private trade and farmers with timely, relevant economic information and data in a form that is easily understood and used. To supply the necessary information and data, it is necessary to compile and release commodity situation and outlook reports. Institutionalizing the distribution of this important forecast information and other data in a form that can be easily understood and utilized has been identified as a urgent priority in the current work plan of EPA and the EW.

After working with the Staff in the Situation and Outlook Section it has become obvious that short term, hands on, non-degree participant training would be very beneficial, and even critical, for at least four members of that staff. The staff at present is

Mr. Bashhir Ahmad Bhatti and Mr. Natiq Hassain Naqvi. They are very enthusiastic, energetic employees with excellent educational background for their responsibility, but lack the applied experience that is needed for writing, compiling, and publishing commodity outlook and situation reports. Besides Mr. Bhatti and Mr. Naqvi it is recommended that at least two other new trainees from the section attend additional short term training sessions.

It is recommended that four members from the Situation Section take a four week, practical, hands on, program in the U.S. The first three weeks will be held at Colorado State University, Fort Collins, Colorado at the International Center for Agricultural Resource and Development (ICARD) and one week at USDA/ERS in Washington, DC.

The first four weeks of training at CSU/ICARD would include: (1) ten two hour sessions in their computer lab for an intensive hands on, desk top publishing techniques. (2) four two hour sessions with Bill Spencer and Forest Walters on the use of situation reports and the practical writing style for outlook reports. (It would be expected that the participants bring the data and relevant material to actually draft a prototype report for later review, revision and release upon their return to Pakistan). (3) Two weeks of intensive technical writing for executive publications and management use using Pakistan data for the prototype situation report. (The computer lab should be available for additional work time if necessary to complete their assignments).

The last week of the training should be at USDA/ERS Washington D.C. and would include: (1) visiting the offices of the USDA/ERS personal that compile, write, and publish the data for USDA'S Wheat, Oil Crops, Cotton, Wool and Rice Situation Reports. Formal Seminars for the participants should be scheduled for orientation to the USDA approach and style on the use and creation of outlook information. The training program at USDA will be coordinated by Bill Spencer, Forest Walters (a former USDA/ERS employee) and James D. Schaub, coordinator for USDA/ERS Situation Reports. Either Forest Walters or Bill Spencer would expect to travel with the participants from Fort Collins to Washington, DC. and will be with the participants for consultation and guidance for the entire program. (2) the program would also include a "simulated session" of a crop production estimate release, a session with a USDA graphics specialist, and a session with a Market News Specialist covering the use of price data. (3) the group should attend the USDA Outlook conference selecting the sessions on Wheat, Rice, Cotton and Oil Crops. (for the Outlook Conference to be included as part of the training the participants would need to be in Washington D.C. during the last week of November 1991. (Note: several extra days may be needed if this needs to be worked around the Thanksgiving holiday.)

The training recommendations are a minimum and six to eight weeks would be a more desirable time period for the classroom sessions.

PLAN OF WORK AND CONTINUED ACTIVITIES PRIOR TO NEXT TDY

The next short-term visit of the situation and outlook consultant is expected to be in the early fall 1991 (the first week in September) just before the completion of the Fall release of the Wheat Situation and Outlook Report. During the period from June to September 1991 the following activities should be started or continued by the Situation Report Staff.

1. Follow the same methodology as the prototype wheat report and prepare for the release of a fall wheat situation report in September of 1991. The fall report should put the emphasis on the supply side of the balance sheet and the importation needs for wheat for the rest of the year.
2. The staff should start now for the preparation of a rice situation report for release in the early fall. They will need to develop a consistent commodity balance table, calculate long term trends for production and prices and continue to update the data base. Since rice is major export crop it is expected to put more emphasis on the world rice situation with price comparisons.
3. Begin to compile a methods and data book for the creation and publication of all commodity situation reports with appropriate procedures, methods of information collection, sources, publication lists, timing, data bases, and distribution lists.
4. Users of the situation reports should be surveyed to get feed back on the first prototype wheat report to evaluate what changes are needed in the new fall report.

SUGGESTED SCHEDULE FOR TDY ACTIVITY UNTIL END OF PROJECT

Date	Activity	Outputs
May 1, 1991	To complete a prototype situation report for wheat. Develop a balance table	Wheat situation report. Seminar on wheat outlook
Sept. 1991	Complete wheat Fall report Start Rice situation rep. with completed prototype.	Wheat situation Rice situation report.
March, 1992	Complete new wheat situation report for Fall and start cotton	Wheat situation for spring. Prototype Rice situation rep.
Sept., 1992	Update, wheat rice and cotton situation reports.	Release of situation reports and update.

As the series of TDYs progresses, responsibility for the work will be shifted more and more to the EW staff until that staff is capable maintaining the data bases and producing timely relevant Situation reports with out professional consultants.

ATTACHMENT 1

QUESTION AND ANSWER HAND OUT DEVELOPED FOR SEMINAR

THE USE OF COMMODITY SITUATION REPORTS AND OUTLOOK INFORMATION

WHAT IS A COMMODITY SITUATION REPORT?

The commodity situation reports and outlook information are compiled for the purpose of creating one, commodity specific, publication of all available relevant information related to the current situation and short term future outlook for the commodity.

WHO WILL PRODUCE THE REPORTS?

One of the primary purposes of the Economic wing is to supply MINFA, other government policy makers, private trade and farmers with timely, relevant economic information and data. To supply the necessary information and data MINFA is planning to have the EW compile and release commodity situation and outlook reports. Through the FAO Sponsored Agricultural Management Information System (AMIS) Project, a wheat forecasting model has been developed and several wheat outlook reports issued. Institutionalizing the distribution of this important forecast information and other data in a single document that can be easily understood and utilized has been identified as a crucial instrument in facilitating policy decision making.

WHAT INFORMATION SOURCES WILL BE USED FOR COMMODITY SITUATION REPORTS?

Pakistan has a considerable number of sources of different types of valuable information for decisions related to agricultural policy making, but there is a need to draw this information into a single publication by commodity. In the past decision makers needed to review large data bases and numerous technical publications to review the critical information needed. The situation reports will use current official data where possible, forecasts that have a proven record of being reliable, trade information from Pakistan and international publications, crop condition reports from professionals, and projections from trends of reliable data bases.

WHAT IS THE ADVANTAGE OF HAVING ONE PUBLICATION FOR EACH COMMODITY?

Commodity situation reports permit policy makers, government administrators, and private business leaders to look at trends, patterns, and summary data of existing economic information without having to decipher raw data or review numerous sundry publications.

The situation reports will put a large collection of information in a intelligible form for policy makers. The release of situation report will be made routine and follow standardized methods for keeping data for easy update and good consistency.

WHAT TYPES OF POLICY DECISION WILL THIS INFORMATION FACILITATE?

Institutionalizing the distribution of this important outlook information and other data in a form that can be easy understood and utilized will facilitate decisions related to the use and quantity of inputs, imports of commodities, and pricing policy .

ATTACHMENT 2

PROTOTYPE WHEAT SITUATION AND OUTLOOK REPORT

EPA Project Office

AGRICULTURE SECTOR, SUPPORT PROGRAM : PAKISTAN

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PROTOTYPE

WHEAT SITUATION AND OUTLOOK REPORT

for Pakistan

Economic and Policy Analysis Project

Economic Wing

Ministry of Food, Agriculture and Cooperatives

Islamabad, Pakistan

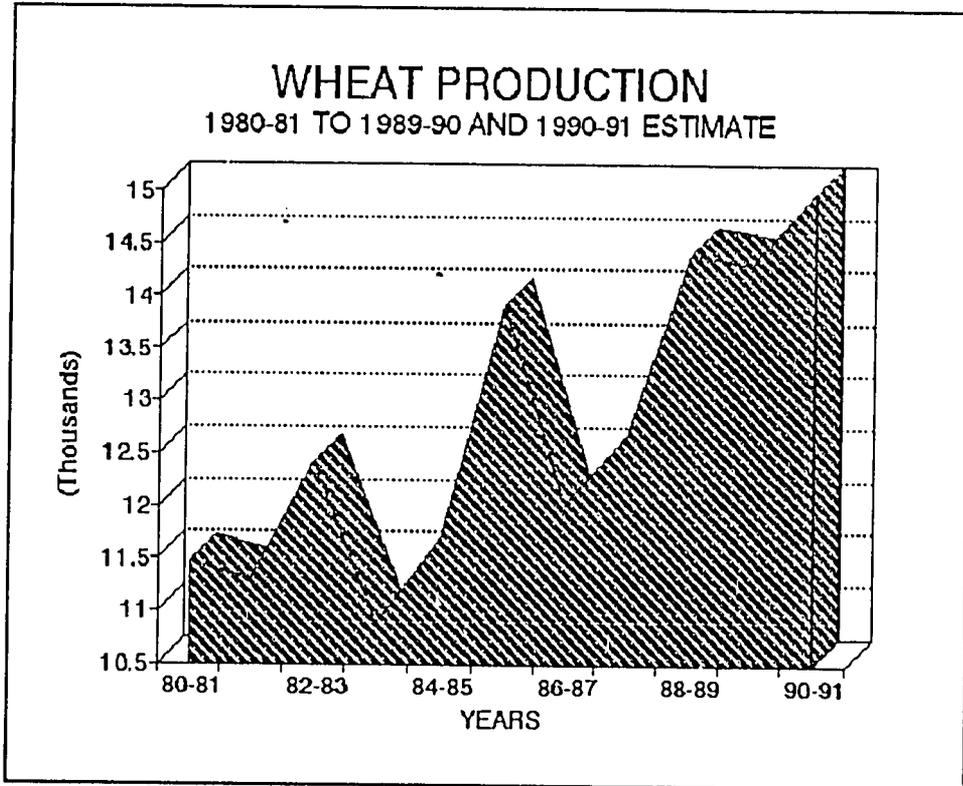
Chemonics International Consulting Division

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WHEAT SITUATION AND OUTLOOK REPORT FOR PAKISTAN



**GOVERNMENT OF PAKISTAN
ISLAMABAD, PAKISTAN**

**MINISTRY OF FOOD, AGRICULTURE
AND COOPERATIVES**

MAY 1991

FOREWORD

This situation report on wheat outlook is a prototype of the series of commodity situation and outlook reports intended to be published by the Economic Wing of the Ministry of Food, Agriculture and Cooperatives. The Economic Wing, among other things is also required to supply to the Policy makers, NGOs, private trade and farmers with timely and relevant economic information. The "Wheat Situation and Outlook Report for Pakistan" is expected to be published twice a year. One in the Kharif and one in the Rabi season. Similar reports for some other major and minor crops are also envisaged to be published.

2. The primary purpose of issuing commodity situation reports and outlook information is to compile a commodity specific publication summarizing relevant information related to the current situation and short-term outlook for a specific commodity.
3. There are several sources of different types of valuable information for decisions related to agricultural commodities. In the past decision makers needed to review large data bases and numerous technical publications to review the critical information needed by them. These situation reports will use current official data wherever possible, forecasts that have a proven record of being reliable, trade information from Pakistan and International publications, crop condition reports from professionals and projections from trends of reliable data bases.
4. Commodity situation reports would relieve the policy maker and private business leaders to look at trends, patterns and summary data of existing economic information without having to decipher raw data or review numerous sundry publications. Normally these reports would encompass information on prices, crop area, inputs, weather, yields, production, consumption and stocks of the agricultural commodities.
5. Institutionalizing the distribution of situation and outlook information in a form easy and comfortable to understand and utilize will facilitate decision making related to the use of inputs, pricing policy and import of commodities.


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1990-91 PAKISTAN WHEAT SITUATION

SUMMARY

Pakistan wheat production for 1990-91 is expected to be a record 15.0 mmt. A particularly long, relatively cool wet growing season benefitted the crop. Early season dryness was followed by timely rains and temperatures remained below normal during March and April which greatly favored maturation in the late planted areas. Total area for the 1990-91 crop stands at 7.96 mil. hectares, up 1.4 percent from the previous year. The national average yield is expected to be about 1,885 kg/ha or 3.3 percent higher than last year with larger gains in the rain fed areas. Fertilizer use is estimated to be slightly below last years level or otherwise yields could have been anticipated to have been even at higher levels. During the next marketing year it is estimated wheat offtake from government stocks is expected to increase from last year. The government has announced substantial increases in both the procurement and the release prices of wheat which is expected to stimulate future increases in the wheat crop. Domestic wheat prices however, remain below declining world prices. Wheat consumption is estimated to increase about 3.5 percent in the coming crop year due mainly to the population growth rate of 3.1 percent, demand from the Afghan refugees on the local stocks and the increased use of wheat in poultry feeds. Imports in the coming year are expected to stay near last years level of 600,000 mmt. The world wheat crop is expected to be one of largest on record and world wheat prices are forecast to at the lowest levels in recent years.

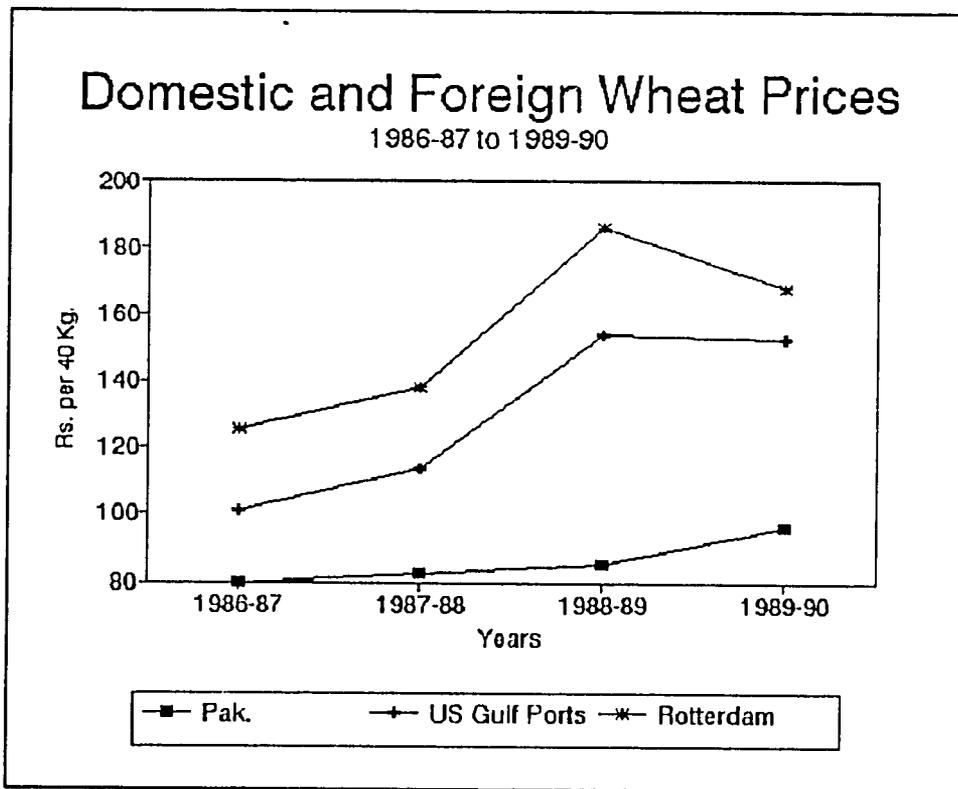
Wheat Supply and Disappearance Balance Sheet (000, mt)

YEAR, beginning May, 1	1989	1990	1991(estimated)
Beginning Stocks	2656	3686	3125
Production	14419	14312	15000
Imports	1603	627	600
TOTAL SUPPLY	18678	18625	18725
TOTAL DOMESTIC USE (including, feed and seed)	14992	15500	16050
TOTAL ENDING STOCKS	3686	3125	2675

Source: Ministry of Food, Agriculture and Cooperatives and The World Wheat Council.

PRICES

The domestic price of wheat in Pakistan has shown little upward trend in the last five years up until 1991. The average wholesale market price of wheat fluctuated between Rs. 2450-2867/mt. in 1990. Prices were at the lower end at the time of new crop supplies (March and April 1990). Prices rose with the announcement of the new procurement price and the limitations placed on procurement of official stocks by the mills. The mills are now allowed to purchase according to their capacity and demand. The release price to millers has increased 19 percent. Wheat prices to millers has been well below the international prices at U.S. Gulf ports and in Europe. Recent announced price increase by the government appears to have motivated farmers to increase production to new high levels.

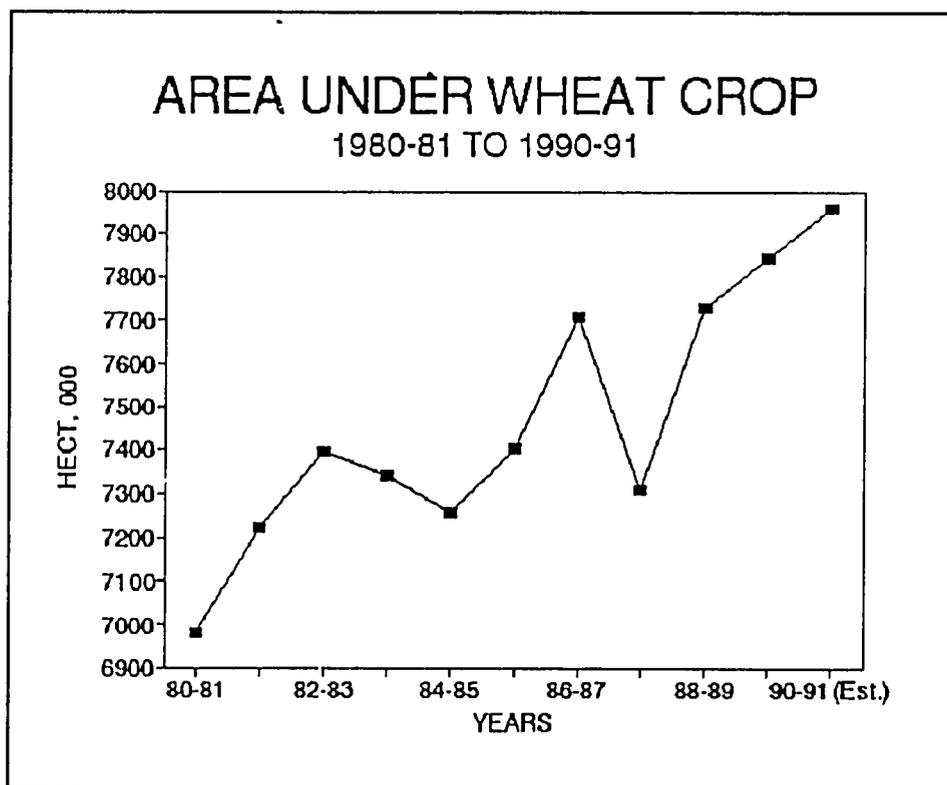


Source: GOP Federal Bureau of Statistics. Average Wholesale price for the average quality wheat at Multan. Exchange Rate Rs.:\$US 23.13.

CROP AREA

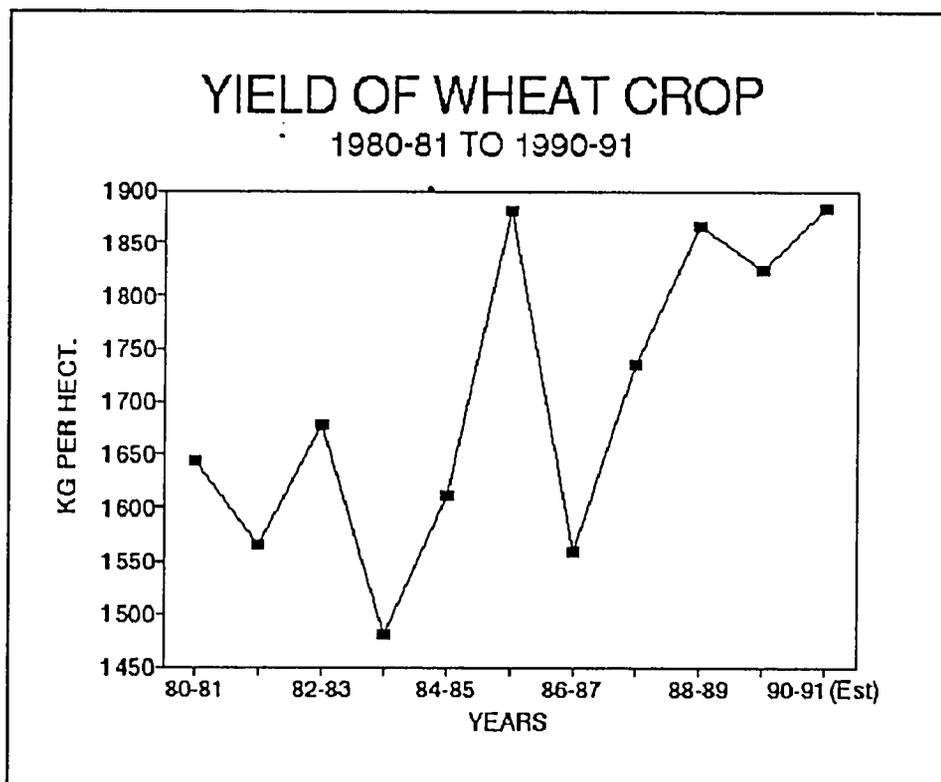
The current estimate for the 1990-91 wheat area is 7.96 million hectares, an increase of 1.47 percent over the final estimates for last years crop. More wheat was planted in the dryland and cotton wheat regions of the country.

About 82 percent of this years crop is estimated to be irrigated, of which the Punjab province has a share of around 76 percent. The government set targets for wheat area and production at 7.759 million hectares and 15.25 million metric tons. Planting exceeded the target, in part due to 12.5 percent increase in procurement price.



YIELDS

The average wheat yield in 1990-91 is forecast to reach a record 1,885 kg/ha an increase of 3.3 percent over the last years crop. The largest increases are expected in the dryland areas with about 100 kg/ha in the Punjab Province. Yield increases are largely attributable to good weather, especially the lack of extreme heat in the late growing season. Yields might well have been greater if larger amounts of fertilizer had been used.



WEATHER

The 1990-91 wheat crop was planted under below normal precipitation during the months of October and November, although normal canal flow occurred. As a result of the low rainfall some stress was experienced. Widespread and timely precipitation occurred during the months of December 1990, and January through March 1991. The fact that it did not get very hot during March and April greatly benefitted the late planted wheat. However, it did delay the harvest in the Punjab and the North West Frontier Province.

INPUTS

The wheat planting season started with advance purchases and good supplies of phosphatic and nitrogenous fertilizer. Wheat producers did not use as much fertilizer and offtake was down 7 percent for phosphatic fertilizer and nitrogenous was down 1 percent from last growing season. The market price of diammonium phosphate is Rs. 250-264 per 50 kg bag compared to last year's price of Rs. 185. Urea is available at Rs. 160-170 per 50 kg bag compared to Rs. 135 per 50 kg bag last year. Irrigation water availability was 4 percent higher than the previous year. The higher prices for fertilizer may have affected usage.

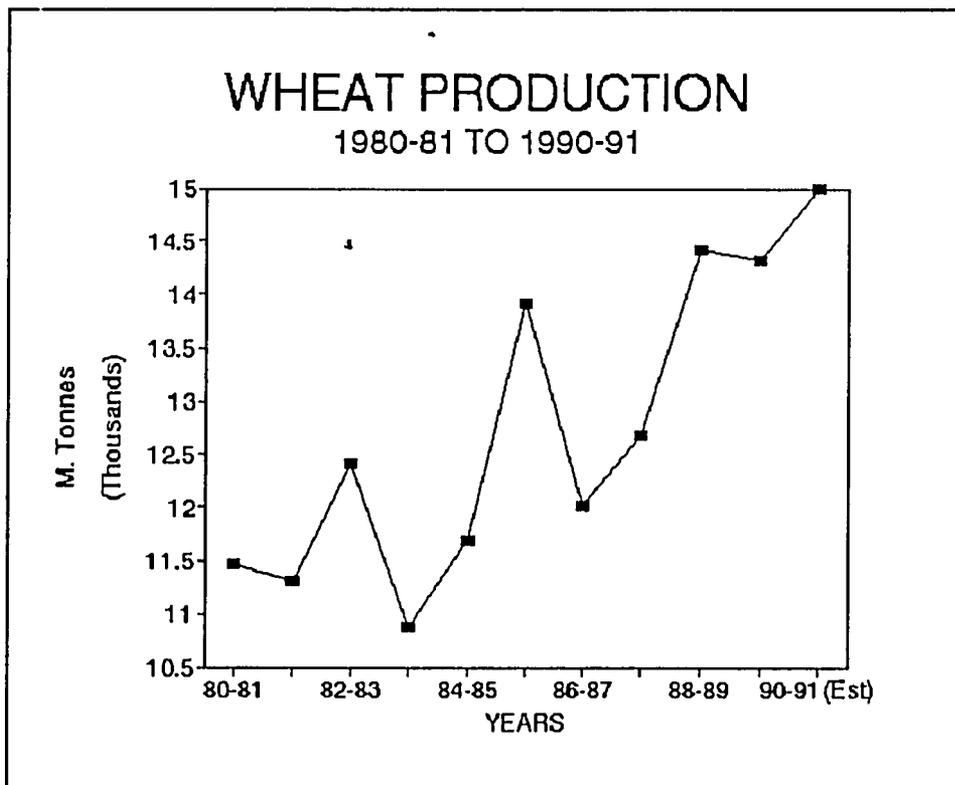
CONSUMPTION

Wheat consumption in the country as a whole is estimated to increase about 3.5 percent for 1990-91, mainly due to the population growth rate of 3.1 percent. Increased utilization in northern parts of the country, demand from Afghan refugees on the local stocks and the use in poultry feeds all put pressure on total use estimated to be 16.05 million metric tons for 1991 marketing year. During the 1991 wheat offtake from government stocks is expected to increase compared to the 1990 marketing year.

SOURCE: Monthly Agromet Bulletin of Pakistan, National Agrometa Centre, Islamabad.

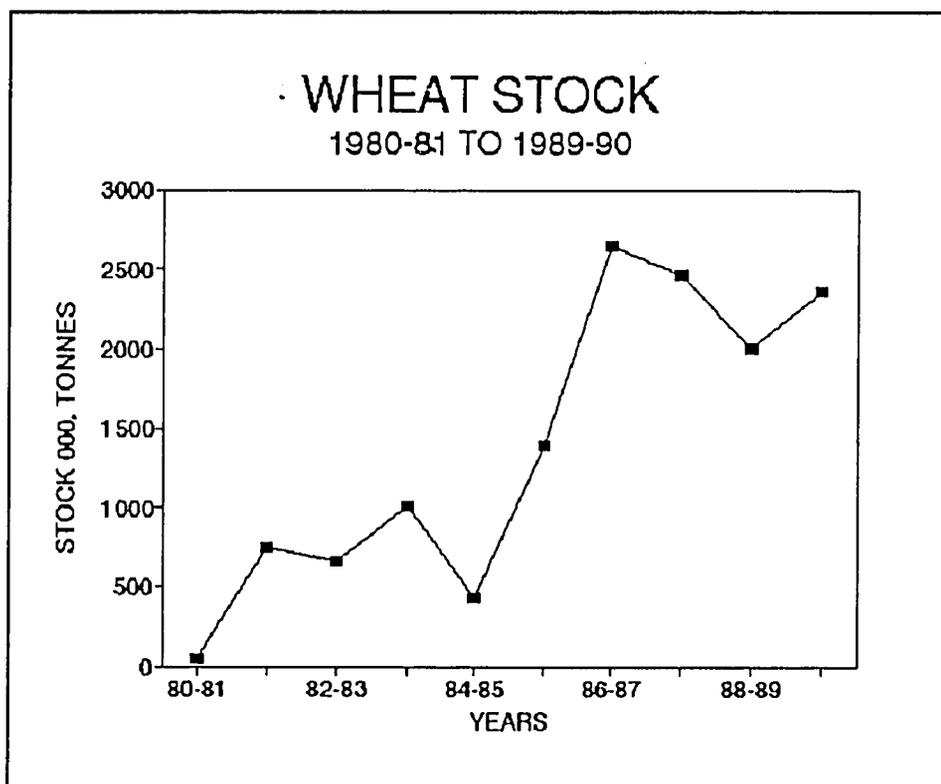
PRODUCTION

It is expected that the wheat crop will reach a record 15 mmt. during 1990-91, up 4.78 percent from last year. A long, relatively cool growing season benefitted the late planted wheat . The announcement of substantial increases in prices paid to producers by the government and a good supply of inputs brought about strong efforts by farmers to reach production goals.



STOCKS

The government is continuing the program of procuring about one-third of the total wheat crop. During 1990-91 the government opening stocks were 1.51 mmt. about double that of 1980-90. The present level is about 1.0 mmt.



WORLD WHEAT PRODUCTION

World wheat production in 1990-91 should be a record 589 million metric tonnes, out producing consumption by 5 percent and the largest crop increase in stocks since 1982-83. Despite the lowest prices in many years, large supplies in the importing countries will lead to the lowest world trade since 1986-87.

DEFINITIONS OF TERMS FOR SITUATION REPORTS

ALL WHEAT-The threshed, dry seeds of wheat cultivated for human consumption in the milled form of flour, grind, used for bread, pastries, etc. and used as an animal feed.

AREA HARVESTED-a measure of the land surface, delineated in hectares, from which all types of wheat are gathered in the dry, unprocessed, dry seed state upon plant maturity.

BEGINNING STOCKS-The quantity of unprocessed, dry seeds, in metric tons, held in all known storage facilities, or in transit to those facilities, at the beginning of any specified 12 month period which normally corresponds to a crop/marketing year.

PRODUCTION-The weighed quantity of dry, unprocessed, wheat seeds harvested within a specified 12 month period, measured in metric tons, prior to any processing.

IMPORTS-Grain imported into Pakistan for use in Pakistan.

TOTAL SUPPLY-Total Supply = Beginning stocks + Production + Total Imports

EXPORTS-grain exported outside of Pakistan.

DOMESTIC CONSUMPTION-Domestic Consumption + Feed Use + Non-Feed Use.

NON-FEED USE-The quantity of dry grain utilized for seed, industrial purposes and/or human consumption, as measured in metric tons, in a 12 month period.

FEED USE-The quantity of dry grain consumed by animals or poultry as measured in metric tons, in a 12 month period

TABLE 1

Area under Wheat 1980-81 to 1989-90

(000 hec.)		
YEAR	AREA	% INCREASE/ DECREASE
80-81	6983.7	
81-82	7222.9	3.43
82-83	7397.9	2.42
83-84	7343.2	-0.74
84-85	7258.5	-1.15
85-86	7403.3	1.99
86-87	7706.2	4.09
87-88	7308.4	-5.16
88-89	7729.6	5.76
89-90	7844.5	1.49
90-91 (Est.)	7960.0	1.47

TABLE 2

Production under Wheat 1980-81 to 1989-90

(000 tonnes)		
YEAR	PRODUCTION	% INCREASE/ DECREASE
80-81	11474.6	
81-82	11304.2	-1.49
82-83	12414.4	9.82
83-84	10881.9	-12.34
84-85	11703.0	7.55
85-86	13923.0	18.97
86-87	12015.9	-13.70
87-88	12675.1	5.49
88-89	14419.2	13.76
89-90	14315.5	-0.72
90-91 (Est.)	15000.0	4.78

TABLE 3

Yield of Wheat 1980-81 to 1989-90

(per hectare)

YEAR	AREA (000 hec.)	PRODUCTION (000 tonnes)	YIELD (per hec.)	% INCREASE DECREASE
80-81	6983.7	11474.6	1643.1	-
81-82	7222.9	11304.2	1565.1	-4.7
82-83	7397.9	12414.4	1678.1	7.2
83-84	7343.2	10881.9	1481.9	-11.7
84-85	7258.5	11703.0	1612.3	8.8
85-86	7403.3	13923.0	1880.6	16.6
86-87	7706.2	12015.9	1559.3	-17.1
87-88	7308.4	12675.1	1734.3	11.2
88-89	7729.6	14419.2	1865.5	7.6
89-90	7844.5	14315.5	1824.9	-2.2
90-91 (Est)	7960.0	15000.0	1884.4	3.3

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TABLE 1
Supply and Utilization of Wheat, Pakistan
1980-81 to ,1989-90

000 tonnes

Crop Year	S U P P L Y				U T I L I S A T I O N				
	Beginning Stocks	Production *	Imports	Total Supply	Food Use **	Feed, Seed & Waste +	EXPORT	Ending Stocks	Total Utili- zation
80-81		10857.0	96.0	10953.0	9813.0	1086.0	0.0	54.0	10953.0
81-82	54.0	11473.0	60.0	11533.0	9642.0	1147.0	0.0	744.0	11533.0
82-83	744.0	11304.0	0.0	12048.0	10158.0	1130.0	98.4	661.6	12048.0
83-84	661.6	12414.0	0.0	13075.6	10604.0	1241.0	218.5	1021.1	13075.6
84-85	1021.1	10882.0	545.0	12448.1	10875.0	1088.0	47.5	437.6	12448.1
85-86	437.6	11703.0	1562.0	13702.6	11134.0	1170.0	0.0	1398.6	13702.6
86-87	1398.6	13923.0	0.0	15321.6	11289.0	1392.0	0.0	2640.6	15321.6
87-88	2640.6	12016.0	0.0	14656.6	10988.0	1202.0	2.2	2464.4	14656.6
88-89	2464.4	12675.0	1766.0	16905.4	13631.0	1267.0	0.0	2007.4	16905.4
89-90	2007.4	14419.0	1603.0	18029.4	14228.0	1442.0	0.0	2359.4	18029.4

- * One year lag has been taken between production and consumption
 + Assumed to be 10 % of production
 ** Net availability has been assumed to be food used.

TABLE 1
Area, Yield and Production of Wheat (By mode of Irrigation)
Punjab Province, 1980-81 to 1989-90

Crop Year	'Area ,000 Hec.			Yield Kgs.			Production ,000 Tonnes		
	Irri.	Unirri	Total	Irri.	Unirri.	Total	Irri.	Unirri.	Total
1980-81	4061.0	917.0	4978.0	1840	959	1677	7470.7	879.3	8350.0
1981-82	4251.8	915.4	5167.2	1698	812	1541	7219.1	743.0	7962.1
1982-83	4321.8	963.2	5285.0	1849	980	1691	7991.5	943.6	8935.1
1983-84	4360.3	887.9	5248.2	1588	789	1452	6922.2	700.6	7622.8
1984-85	4303.3	862.4	5165.7	1775	787	1610	7636.4	678.7	8315.1
1985-86	4494.0	849.0	5343.0	2111	1114	1952	9485.7	945.9	10431.6
1986-87	4714.1	859.6	5573.7	1611	859	1495	7595.8	738.5	8334.3
1987-88	4669.2	674.6	5343.8	1877	655	1722	8762.2	441.6	9203.8
1988-89	4804.8	784.6	5589.4	2027	989	1882	9740.8	776.2	10517.0
1989-90	4908.0	759.5	5667.5	1972	1106	1856	9678.2	840.0	10518.2

TABLE 2

Area, Yield and Production of Wheat (By mode of irrigation)
Sind Province, 1980-81 to 1989-90

Crop Year	'Area ,000 Hec.			Yield Kgs.			Production ,000 Tonnes		
	Irri.	Unirri.	Total	Irri.	Unirri.	Total	Irri.	Unirri.	Total
1980-81	988.4	41.6	1030.0	1925	1046	1889	1902.3	43.5	1945.8
1981-82	984.1	42.3	1026.4	2050	1045	2009	2017.5	44.2	2061.7
1982-83	970.4	38.3	1008.7	2089	1031	2049	2027.2	39.5	2066.7
1983-84	972.4	38.3	1010.7	1966	896	1925	1911.5	34.3	1945.8
1984-85	989.9	39.9	1029.8	2059	1025	2019	2037.8	40.9	2078.7
1985-86	991.0	39.8	1030.8	2150	1050	2107	2130.4	41.8	2172.2
1986-87	993.4	42.6	1036.0	2180	1066	2135	2166.1	45.4	2211.5
1987-88	991.5	33.3	1024.8	2172	811	2128	2153.4	27.0	2180.4
1988-89	989.1	56.1	1045.2	2337	870	2259	2311.8	48.8	2360.6
1989-90	1005.6	39.1	1044.7	2090	737	2040	2102.1	28.8	2130.9

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TABLE 3

Area, Yield and Production of Wheat (By mode of irrigation)
N.W.F.P. Province, 1980-81 to 1989-90

Crop Year	'Area ,000 Hec.			Yield Kgs.			Production ,000 Tonnes		
	Irrir.	Unirri.	Total	Irrir.	Unirri.	Total	Irrir.	Unirri.	Total
1980-81	304.1	486.3	790.4	1728	854	1190	525.6	415.2	940.8
1981-82	305.2	508.0	813.2	1730	855	1183	528.1	434.1	962.2
1982-83	306.9	517.6	824.5	1768	881	1211	542.6	455.8	998.4
1983-84	292.7	500.9	793.6	1698	724	1083	497.1	362.7	859.8
1984-85	304.2	481.4	785.6	1725	721	1110	524.8	347.3	872.1
1985-86	305.0	476.9	781.9	1758	776	1159	536.2	370.3	906.5
1986-87	302.3	500.5	802.8	1688	897	1195	510.4	449.0	959.4
1987-88	299.9	456.6	756.5	1728	834	1189	518.3	380.9	899.2
1988-89	311.5	499.7	811.2	1765	908	1237	549.8	453.9	1003.7
1989-90	330.2	505.4	835.6	1876	955	1319	619.3	482.8	1102.1

TABLE 4

Area, Yield and Production of Wheat (By mode of irrigation)
Baluchistan Province, 1980-81 to 1989-90

Crop Year	'Area ,000 Hec.			Yield Kgs.			Production ,000 Tonnes		
	Irri.	Unirri.	Total	Irri.	Unirri.	Total	Irri.	Unirri.	Total
1980-81	112.3	73.0	185.3	1766	544	1284	198.3	39.7	238.0
1981-82	157.4	58.7	216.1	1809	569	1472	284.8	33.4	318.2
1982-83	160.8	118.9	279.7	1900	913	1481	305.6	108.6	414.2
1983-84	169.3	121.4	290.7	2031	904	1560	343.8	109.7	453.5
1984-85	167.3	110.1	277.4	2022	897	1576	338.3	98.8	437.1
1985-86	172.0	75.6	247.6	2056	780	1667	353.7	59.0	412.7
1986-87	197.5	96.2	293.7	2187	818	1739	432.0	78.7	510.7
1987-88	177.3	6.0	183.3	2192	500	2137	388.7	3.0	391.7
1988-89	211.7	72.1	283.8	2239	885	1895	474.1	63.8	537.9
1989-90	214.2	82.5	296.7	2258	977	1902	483.7	80.6	564.3

TABLE 5

Area, Yield and Production of Wheat (By mode of irrigation)
Pakistan, 1980-81 1989-90

Crop Year	'Area ,000 Hec.			Yield Kgs.			Production ,000 Tonnes		
	Irri.	Unirri.	Total	Irri.	Unirri	Total	Irri.	Unirri.	Total
1980-81	5465.8	1517.9	6983.7	1847	908	1643	10096.9	1377.7	11474.6
1981-82	5698.5	1524.4	7222.9	1764	823	1565	10049.5	1254.7	11304.2
1982-83	5759.9	1638.0	7397.9	1887	945	1678	10866.9	1547.5	12414.4
1983-84	5794.7	1548.5	7343.2	1670	780	1482	9674.6	1207.3	10881.9
1984-85	5764.7	1493.8	7258.5	1828	780	1612	10537.3	1165.7	11703.0
1985-86	5962.0	1441.3	7403.3	2098	983	1881	12506.0	1417.0	13923.0
1986-87	6207.3	1498.9	7706.2	1724	875	1559	10704.3	1311.6	12015.9
1987-88	6137.9	1170.5	7308.4	1926	728	1734	11822.6	852.5	12675.1
1988-89	6317.1	1412.5	7729.6	2070	951	1865	13076.5	1342.7	14419.2
1989-90	6458.0	1386.5	7844.5	1995	1033	1825	12883.3	1432.2	14315.5

TABLE 6
WHEAT PRICES

Year	M A R K E T							
	P A K I S T A N				U.S.		Rotterdam	
	Procurement	Lahore	Sukkur	Peshawer	Gulf Ports	(PER 40 Kg.)		
	(per 40 Kg)				(US\$)	(PAK.RS)	(US\$)	(PAK.RS.)
1986-87	80.00	87.25	79.44	83.60	4.39	100.97	5.46	125.58
1987-88	82.50	91.91	81.58	84.15	4.94	113.69	6.01	138.16
1988-89	85.00	96.29	92.75	76.17	6.69	153.80	7.74	186.10
1989-90	96.00	106.04	110.83	103.02	6.46	152.51	7.31	168.06

Note: Exchange Rate 1\$=Rs.23.00

**CONSULTANT REPORT
COMMODITY SITUATION AND OUTLOOK
REPORTS AND ACTIVITY PLAN
FOR THE ECONOMIC WING**

**BILL SPENCER, CONSULTANT
REPORT NUMBER 3
MAY 1, 1992**

**SUBMITTED TO DR. RICHARD MC CONNEN
CHIEF OF PARTY
ECONOMIC AND POLICY ANALYSIS PROJECT
CHEMONICS INTERNATIONAL**

**DATES OF ASSIGNMENT
APRIL 8 TO MAY 2, 1992**

ISLAMABAD, PAKISTAN

INTRODUCTION

The Economic and Policy Analysis Project (EPA) contracted by Chemonics International Consulting Division under USAID Contract No. 391-0492-C-00-0831-00 has as one of its primary objectives to enhance the Commodity Situation and Outlook Program of the Economic Wing. The management of the EW decided with EPA advisors to begin the new program with a prototype wheat and outlook report and to jointly develop an outlook plan as an initial activity to start with a TDY Consultant marketing advisor program as stated in the EPA work plan starting in early May 1991. Professor Bill Spencer from Colorado State University was selected to begin this activity. This report cover the third short-term assignment covered by the situation report activities.

BACKGROUND

One of the primary purposes of the Economic wing is to supply MINFA, other government policy makers, private trade and farmers with timely, relevant economic information and data. To supply the necessary information and data MINFA is planning to have the EW compile and release commodity situation and outlook reports. Through the FAO Sponsored Agricultural Management Information System (AMIS) Project, a wheat forecasting model has been developed and several wheat outlook reports issued. The EW and EPA are working closely with the Agricultural Data Collection Project (ADC) to utilize their forecasts when ready for release. Institutionalizing the distribution of this important forecast information and other data in a document that can be easy understood and utilized has been identified as a crucial priority in the current work plan of EPA and the EW.

Pakistan has a considerable number of sources of different types of valuable information for decisions related to agricultural decision making, but there is a need to draw this into single publications by commodity . In the past decision makers needed to review large data bases and numerous technical publications to review the critical information needed .

PURPOSE

The purpose of this third of four planned consultations was to continue to support the Commodity Situation Section of the Economics Wing in establishing a continuing program for developing and writing commodity situation reports. Commodity situation reports that will permit policy makers, government administrators, and private business leaders to look at trends, patterns, and summary data of existing economic information without having to decipher raw data or review numerus sundry publications. A core group of key personal will be trained to have conciliated data and information available for briefings on short notice for policy and decision makers.

METHODOLOGY

The experiential technique of on job training was initiated by developing a prototype Situation Report on Wheat. This activity was started during May 1991. First by developing commodity accounts along the lines of International definitions. Work sessions with the Consultant and the Situation and Outlook Section Staff took place most mornings with assignments to be completed by the next session. Much of the sessions centered around what data to use and how to present the information and data in an intelligible form for policy makers. Later sessions were focused on methods for keeping data for easy update and good consistency. During this third training period the same methodology has been continued with both the wheat and cotton reports, however, much more emphasis has been placed on giving short briefing to policy decision makers. Techniques for short presentation using appropriate visuals have been used in actual and practice sessions. A field trip was also used to collect information for the outlook publications. (See attachment on briefings).

ACCOMPLISHMENTS AND WORK COMPLETED

- A prototype cotton situation report was developed. The new report was prepared by the Commodity Situation Section with less direct input from the technical advisor.
- The April wheat situation report was revised during the first half of the assignment. The revised report to include the new official estimates and to compare the additional estimates from the AMIS project.
- A training program for the members of the Situation Section of the Economic Wing was revised to enhance the ability of the staff to prepare the wheat situation and outlook reports.
(See training plan)
- A unified wheat data base was compiled by the staff and the consultant for the preparation of future reports.
- A plan of work and future activity schedule was developed and approved by EPA staff and the Situation Section of the Economic Wing. (see plan of work)
- A list of existing data sources has been compiled for the generation and up-dating of future Commodity Reports.
- A briefing was conducted for the first time on the outlook and situation for wheat. This briefing conducted by the EW Situation and Outlook Section staff is expected to be available to policy makers on short notice on an as needed basis.
- A list of definitions was completed for the preparation of future reports.

-- Developed a Terms of Reference and had it approved for the forth TDY in the series of activities for the Commodity Situation Section.

-- A briefing With the staff of the ADC project was accomplished and plans were outlined to incorporate the ADC estimates in the future outlook and situation reports.

-- Developed a Terms of Reference and had it approved for the forth TDY in the series of activities for the Commodity Situation Section.

-- A briefing With the staff of the ADC project was accomplished and plans were outlined to incorporate the ADC estimates in the future outlook and situation reports.

TRAINING PLAN

One of the primary purposes of the Economic Wing is to supply MINFA, other government policy makers, private trade and farmers with timely, relevant economic information and data in a form that is easily understood and used. To supply the necessary information and data, it is necessary to compile and release commodity situation and outlook reports. Institutionalizing the distribution of this important forecast information and other data in a form that can be easily understood and utilized has been identified as a urgent priority in the current work plan of EPA and the EW.

After working with the Staff in the Situation and Outlook Section it has become obvious that short term, hands on, non-degree participant training would be very beneficial, and even critical, for all members of that staff. The staff at present is Mr. Bashhir Ahmad Bhatti, Mubasher Ahmed, and Mr. Natiq Hassain Naqvi. They are very enthusiastic, energetic employees with excellent educational background for their responsibility, but lack the applied experience that is needed for writing, compiling, and publishing commodity outlook and situation reports. It is evident that experience and training is needed in giving briefing to upper management and policy makers so the staff can have the confidence in giving their briefings.

The entire Situation and Outlook Section and nine others from the EW are scheduled for training in techniques of making presentations (formal and informal) to upper management and or policy makers. This training is scheduled for June 1, 1992 for five weeks at Colorado State University. The EW staff will use data, reports, data analysis and information to present to policy makers, but have had little chance to practice in real situations. It is a big change from the traditions of the bureaucratic environment, and to make the changes necessary to operate in a more private business like atmosphere. It is suggested that basic techniques that an extension specialist in the U.S. might use be included in the CSU course. ie. organizing short presentation to make the main points, using handouts, highlighting the key points with highlight pens, or other basics visuals. In short all the systems, skills, and techniques necessary to get points across in a short outlook briefing.

Writing techniques for written reports that are to the point and put in a form that can be used by government policy makers and private business should be high on the list of objectives for the training sessions.

The group will bring Pakistan Economic Wing data and background material to do actual reports or presentations. ie. wheat situation report, farm management analysis reports, etc.

Team building exercises, management styles and techniques to promote team efforts in the EW will be included in sessions taught the management professors where practical.

It is recommended that three members from the Situation Section and the other nine EW staff member take a one week, practical, hands on, program in Washington D.C. visiting the offices of the USDA/ERS personal that compile, write, and publish the data for USDA'S Wheat, Oil Crops, Cotton, Wool and Rice Situation Reports. Seminars for the participants should be scheduled for orientation to the USDA approach and style on the use and creation of outlook information. The training program at USDA will be coordinated by Bill Spencer, Forrest Walters (a former USDA/ERS employee) and James D. Schaub, coordinator for USDA/ERS Situation Reports. Either Forrest Walters or Bill Spencer would expect to travel with the participants from Fort Collins to Washington, DC. and will be with the participants for consultation and guidance for the entire program. The program would also include a "simulated session" of a crop production estimate release and a session with a Market New Specialist covering the use of price data. Program arrangements and backup support will be given by the Chemonics home office.

PLAN OF WORK AND CONTINUED ACTIVITIES PRIOR TO NEXT TDY

The next and forth short-term visit of the situation and outlook consultant is expected to be in the late Fall 1992. The following activities should be started or continued by the Situation Report Staff:

1. Follow the same methodology as the prototype reports and prepare for the release of a old crop wheat situation report in July 1992. The next report should put the emphasis on the production estimates and the importation food needs for wheat for the rest of the year.
2. The staff should start now for the preparation of a rice situation report for release. They will need to develop a consistent commodity balance table, calculate long term trends for production and prices and continue to update the data base. Since rice is major export crop it is expected to put more emphasis on the world rice situation with price comparisons.
3. Continue to compile a methods and data book for the creation and publication of all commodity situation reports with appropriate procedures, methods of information collection, sources, publication lists, timing, data bases, and distribution lists.
4. Users of the situation reports should be surveyed to get feed back on the revised wheat report to evaluate what changes are needed in the next series of reports.
4. Present briefings to decision makers and develop the necessary visuals and skills used in the U.S. training.

SUGGESTED SCHEDULE FOR TDY ACTIVITY UNTIL END OF PROJECT

- | Date | Activity and output |
|-------------------|---|
| May 1991 | To complete a prototype wheat situation report and hold a seminar on wheat outlook for the Economic Wing. |
| Sept. 1991 | Complete a revised wheat situation report, complete a cotton prototype situation report, and to begin the rice situation report . Update the data base. Complete training plan for short-term training. |
| March 1992 | Complete the new crop wheat report using EW estimates in early April 1992. Start the new cotton report and complete the prototype cotton report. |
| Nov. 1992 | Up date wheat, cotton, and rice. Release schedule of official release dates for all situation reports. Release all reports. Conduct briefing for policy makers. |
| March 1993 | Release " Wheat Situation Report" Work on schedule to finalize continued activities of the EW Situation and Outlook Section after the end of the EPA project. |

As the series of TDYs progresses, responsibility for the work will be shifted more and more to the EW staff until that staff is capable maintaining the data bases and producing timely relevant Situation reports without professional consultants and present short notice briefings for policy makers.

**TERMS OF REFERENCE FOR BILL SPENCER
(Fourth in a series of four)**

November 1992

**TITLE
Develop Situation and Outlook Reports
for Wheat, Rice, and Cotton**

I. Background and Purpose

A. **Background:** This is the forth of a series of TDYs dealing with the development of situation reports for wheat, rice, and cotton for Pakistan. One of the objectives of the Economic and Policy Analysis project (EPA) is to develop the independent and sustainable capacity of the Economic Wing to prepare timely and relevant situation reports for wheat, rice, cotton and selected minor crops. To supply the necessary information and data MINFA is planning to have the EW compile and release commodity situation and outlook reports. Through the FAO sponsored Agricultural Management Information System (AMIS) project, and the Agricultural Data Collection Project (ADC) several wheat estimates are in development and use. Institutionalizing the distribution of this important forecast information and other data in a single document that can be easily understood and utilized has been identified as a crucial priority in the current work plan of EPA and the EW. This objective will be accomplished in part by employing TDY professionals to provide on job training in the performance of specified tasks for selected Economic Wing (EW) staff during the planned sequence of TDYs which is presented below:

As the series of TDYs progresses, responsibility for the work will be shifted more and more to the EW staff until that staff is capable maintaining the data bases and producing timely relevant Situation reports with out professional consultants.

B. Purpose

Advise and assist the staff of the Commodity situation and Outlook section (COSI) of the Agricultural Economic Research Directorate (AER) of the EW in developing a prototype wheat situation and outlook report and in planning a routine Economic Wing

wheat situation and outlook monitoring, analysis and reporting program. The consultant will advise and support COSI in establishing a continuing program for developing and writing commodity situation reports that will permit policy makers, government administrators, and private business leaders to look at trends, patterns, and summary data of existing information without having to decipher raw data or review numerous sundry publications.

Assist Mr. Bashir Ahmad Bhatti, Mr. Natiq Hussain Naqvi, and Mr. Mubasher Ahmed of the COSI staff in:

1. Reviewing the wheat supply and utilization accounts, price and supporting data and outline of the wheat situation and outlook report that has been prepared by the COSI staff;
2. Preparing a standard set of charts covering the wheat situation that may be annually updated and used in the wheat situation reports, EW Chart Book, other appropriate publications and in giving briefings on the wheat situation;
3. Drafting, reviewing, and finalizing the first EW Wheat Situation and Outlook report.
4. Preparing a plan for an Economic Wing capability to generate an appropriate number of Wheat Situation and Outlook reports each year without the need for further temporary technical assistance.
5. Planning and conducting an EW seminar on the wheat situation; and
6. Preparing an EW Policy Brief on the wheat situation. II. III.

Methodology

- II. A. Utilize an on-the job training approach to accomplishing the activity objectives;
- B. Use standard commodity supply and utilization accounts and appropriate price ratios for situation analysis; area and yield forecasts prepared by the Directorate of Agricultural Statistics' Crop Forecasting section and standard price theory for outlook

analysis; and the U. S. Department of Agriculture's Wheat Situation and Outlook reports for background on the world wheat situation.

C. Make extensive use of micro-computer programs such as 1.) Lotus 123 for data processing and storage; 2.) Quattro-pro for developing charts and graphs; and 3.0 Wordperfect for word processing.

D. Establish an informal working relationship with wheat industry and other government agency wheat specialists as a source of professional knowledge and judgement to augment standard GOP data in analyzing the wheat situation.II.

Time Frame The consultant is expected to start second TDY in mid October 1991 and be completed by 15 November, 1991. The consultant will return again in March 1992 to continue work under this series of TDYs. His consultation with the EPA Advisors will also take place during this same time frame.

DATE ACTIVITY AND OUTPUTS

May 1991 To complete a prototype wheat situation report and hold a seminar on wheat outlook for the Economic Wing.

Sept. 1991 Complete a revised wheat situation report, complete a cotton prototype situation report, and to begin the rice situation report . Update the data base. Complete training plan for short-term training.

April 1992 Complete the new crop wheat report using EW estimates in early March 1992. Start the new cotton report and train section for briefing for policy makers.

Nov. 1992 Up date wheat and cotton. Release schedule of official release dates for all situation reports. Release all reports.

III. Reporting Requirements

A. Within 15 days of commencement of this activity the contractor shall prepare a detailed plan of work covering training methods, data sources, data collection techniques, logistics, resource and support requirements, and a tentative time schedule for completing the work. The plan should also discuss any submitted to USAID/Pakistan and the contractor will meet or correspond with the appropriate USAID staff to discuss and modify the plan. The contractor will proceed with implementation only after receiving concurrence on the plan from USAID/Pakistan.

B. The contractor shall inform USAID/Pakistan when each stage of the study is started and completed and will also notify USAID/Pakistan of delays that may prevent

completion of the final report by the due date.

C. The contractor shall submit twenty-five copies of a draft report in English to USAID/Pakistan within 15 of the commencement of this study and will include the following:

1.An Executive Summary of key findings and recommendations pertaining to the objectives in section II above.

2.A brief description of the methodology used.

3.A concise but thorough discussion of the study findings and conclusions, with supporting evidence and a clear, logical description of the problem and the analysis leading to the findings and conclusions.

4.An annex that describes in detail the research design, data sources, statistical or modeling techniques, steps taken to ensure data objectivity and validity, and any known problems or shortcomings of the study.

D. After submission of the draft report, the contractor shall (if requested by USAID/Pakistan or the Government of Pakistan) present an oral briefing on the draft report to USAID and GOP officials. The purpose of this is to get feedback and input from relevant USAID and GOP officials for incorporation into the final report.

E. Twenty-five copies of a Final report in English shall be submitted to USAID/Pakistan within 30 days of the commencement of this activity.

IV. Deliverables

A. Final Study Plan (see V. A. above).

B. Brief progress reports as may be agreed to in the study plan.

C. Twenty-five copies of a draft report (see V. C. above) to be submitted to USAID/Pakistan within 15 of the commencement of the study.

D. Twenty-five copies of the final report (see V. D. above) to be submitted to USAID/Pakistan within 30 of the commencement of the activity.

E. Any computer diskettes that contain data and analysis and a brief manual that describes how the data are coded and recorded and the software used.

ATTACHMENT I

For discussion with MINFA only, not official figures

WHEAT SUPPLY AND DISAPPEARANCE BALANCE SHEET (000,MT)

	IMPORT July,91-Jan.92	EST. TOTAL IMPORT July,91-June,92
Year	1991-92	1991-92
Beginning Stocks (May,1)	1,000 a/	1,000 a/
<i>(Private)</i>	-	-
<i>(Farm)</i>	-	-
Production (1990-91)	14,565 a/	14,565 a/
Imports	1,123	1,925 d/
Total Supply	16,880	17,490
Total Disappearance	16,888 e/	16,888 e/
<i>(Food)</i>	-	-
<i>(Feed)</i>	-	-
<i>(Seed)</i>	-	-
<i>(Waste)</i>	-	-
<i>(Others)</i>	-	-
Ending Stocks		610

a/ Food and Agriculture Division.

b/ Agriculture Statistics of Pakistan

c/ Calculated

d/ Projected

e/ Increase of 3.5% Yr.

For discussion with MINFA only, not official figures

**FOREIGN EXCHANGE REQUIREMENTS
WHEAT IMPORTS 1991-92**

<u>Imports (mmt)</u>	<u>MMT</u>	<u>Rs.bil.Fx</u>
Imports July through Jan,92	1.123	Rs. 4.4 bil.
Imports 91, July through June,92	1.925	Rs. 7.5 bil.

For discussion with MINFA only, not official figures

WHEAT SUPPLY AND DISAPPEARANCE - TARGET BALANCE SHEET (000,MT)

Year	<u>Alternative Forecasts 1992-93</u>	
	(Target)	(Prd.)
Beginning Stocks (May,1)	610	
<i>(Private)</i>	-	
<i>(Farm)</i>	-	
Target Production (1991-92)	15,250	
Imports	1'630	c/
Total Supply	17,490	
Total Disappearance	16,880	f/
<i>(Seed)</i>	-	
<i>(Waste)</i>	-	
<i>(Others)</i>	-	
Ending Stocks	610	

a/ Food and Agriculture Division.

b/ Agricultural Statistics of Pakistan.

c/ Calculated.

d/ Projected.

e/ Increase of 3.5%/Yr.

f/ No increase forecasts for 1992-93.

For discussion with MINFA, not official figures

**WHEAT SUPPLY AND DISAPPEARANCE -EW.EST.
BALANCE SHEET (000,MT)**

Year	<u>Alternative Forecasts 1992-93</u>	
	(EW.Est.)	(Prd.)
Beginning Stocks (May,1)	610	
(Private)	-	
(Farm)	-	
Target Production (1991-92)	14,700	
Imports	2,280 c/	
Total Supply	17,490	
Total Disappearance	16,880 f/	
(Seed)	-	
(Waste)	-	
(Others)	-	
Ending Stocks	610	

a/ Food and Agriculture Division.

b/ Agricultural Statistics of Pakistan.

c/ Calculated.

d/ Projected.

e/ Increase of 3.5%/Yr.

f/ No increase forecasts for 1992-93.

For discussion with MINFA, not official figures

**POSSIBLE FOREIGN EXCHANGE REQUIREMENTS
WHEAT IMPORTS 1992-93**

1991-92 (Prd.)	Imports (mmt)	Rs.bil.FX
14.600 (EW)	2.180	8.5
15.250 (Target)	1.630	6.4
13.598 (5Yr.Avg.)	3.282	12.9

Since this information is known in April how can it be used?

- 1. Timed purchases to minimize foreign exchange requirements.*
- 2. Programs could be developed to lessen:-*
 - a. consumption for food:*
 - b. feed:*
 - c. waste:*
 - d. Insects damage:*
 - e. others (smuggling):*
- 3. Alternatives strategies for stocks food security could be considered.*

For discussion with MINFA only, not official figures

**WHEAT SUPPLY AND DISAPPEARANCE - EW.EST.
BALANCE SHEET (000,MT)**

Year	<u>Alternative Forecasts 1992-93</u> (EW.EST.) (Prd.)
Beginning Stocks (May,1)	610
(Private)	-
(Farm)	-
DAS Production Est. (1991-92)	14,700
Imports	2,280 c/
Total Supply	17,490
Total Disappearance	16,880 f/
(Seed)	-
(Waste)	-
(Others)	-
Ending Stocks	610

a/ Food and Agriculture Division.

b/ Agricultural Statistics of Pakistan.

c/ Calculated.

d/ Projected.

e/ Increase of 3.5%/Yr.

f/ No increase forecasts for 1992-93.

Economic Wing/MINFA

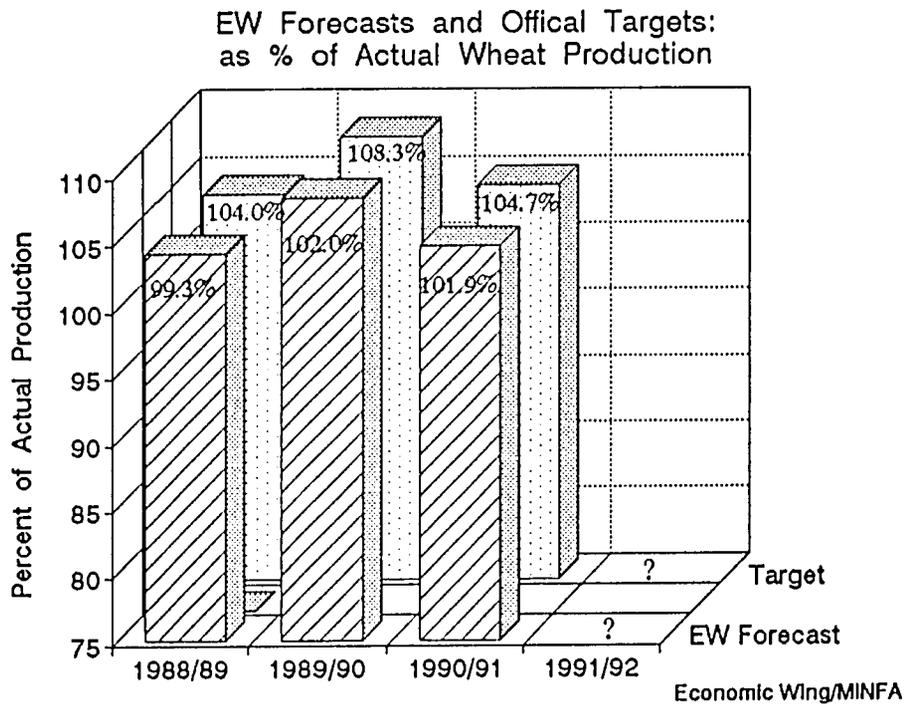
For discussion with MINFA only , not official figures

ESTIMATED DISAPPEARANCE

FOOD=	127.44 x 113.78	=	14,500	85%
FEED=		=	500	3%
SEED=	98 x 7911	=	775	5%
WASTE & OTHERS		=	1,113	7%
			<hr/>	
TOTAL		=	16,888	100%
			<hr/>	

Estimated Target for Punjab & Sind = 89.3% of National Target

Years	%EW Frce%	Target	%Actual
1988/89	99.32	104.03	100
1989/90	101.97	108.28	100
1990/91	100.9	104.7	100
1991/92			



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**CONSULTANT REPORT
COMMODITY SITUATION AND OUTLOOK
REPORTS AND ACTIVITY PLAN
FOR THE ECONOMIC WING**

**BILL SPENCER, CONSULTANT
REPORT NUMBER 4
NOVEMBER 24,1992**

**SUBMITTED TO DR. RICHARD MCCONNEN
CHIEF OF PARTY
ECONOMIC AND POLICY ANALYSIS PROJECT
CHEMONICS INTERNATIONAL**

**DATES OF ASSIGNMENT
OCTOBER 29, TO NOVEMBER 24,1992**

ISLAMABAD, PAKISTAN

NOVEMBER 24,1992

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INTRODUCTION

The Economic and Policy Analysis Project (EPA) contracted by Chemonics International Consulting Division under USAID Contract No. 391-0492-C-00-0831-00 has as one of its primary objectives to enhance the Commodity Situation and Outlook Program of the Economic Wing. The management of the EW decided with EPA advisors to begin the new program with a prototype wheat and outlook report and to jointly develop an outlook plan as an initial activity to start with a TDY Consultant marketing advisor program as stated in the EPA work plan starting in early May 1991. Professor Bill Spencer from Colorado State University was selected to begin this activity. This report cover the forth h short-term assignment covered by the situation report activities.

BACKGROUND

One of the primary purposes of the Economic wing is to supply MINFA, other government policy makers, private trade and farmers with timely, relevant economic information and data. To supply the necessary information and data MINFA is planning to have the EW compile and release commodity situation and outlook reports. Through the FAO Sponsored Agricultural Management Information System (AMIS) Project, a wheat forecasting model has been developed and several wheat outlook reports issued. The Agricultural Data Collection (ADC) project, funded by USAID/Pakistan, will also have useful estimates of wheat and cotton and will be incorporated into the outlook reports as the estimates come one line. Institutionalizing the distribution of this important forecast information and other data in a document that can be easy understood and utilized has been identified as a crucial priority in the current work plan of EPA and the EW.

Pakistan has a considerable number of sources of different types of valuable information for decisions related to agricultural decision making, but there is a need to draw this into single publications by commodity . In the past decision makers needed to review large data bases and numerous technical publications to review the critical information needed .

PURPOSE

The purpose of this forth of four planned consultations was to continue to support the Commodity Situation Section of the Economics Wing in establishing a continuing program for developing and writing commodity situation reports. Commodity situation reports that

will permit policy makers, government administrators, and private business leaders to look at trends, patterns, and summary data of existing economic information without having to decipher raw data or review numerous sundry publications.

METHODOLOGY

The experiential technique of on job training was initiated by developing a prototype Situation Report on Wheat. This activity was started during May 1991. First by developing commodity accounts along the lines of International definitions. Work sessions with the Consultant and the Situation and Outlook Section Staff took place most mornings with assignments to be completed by the next session. Much of the sessions centered around what data to use and how to present the information and data in an intelligible form for policy makers. Later sessions were focused on methods for keeping data for easy update and good consistency. During this forth training period the same methodology has been continued with both the wheat and cotton reports, however, much more emphasis has been placed on developing and giving short briefing papers to policy decision makers. Techniques for short presentation using appropriate visuals have been used in actual and practice sessions. A field trip was also used to collect information for the outlook publications. See attachment for sample of briefing materials.

ACCOMPLISHMENTS AND WORK COMPLETED

- A cotton situation report was developed. The new report was prepared by the Commodity Situation Section with much less direct input from the technical advisor.
- A rice situation report was developed and completed. The new report was prepared by the Commodity Situation Section with very little help from the technical advisor. Most of the preparation was done as a team effort.
- The wheat situation report was revised during the first half of the assignment and a short version was developed for policy makers. The revised and short version included new official estimates and to compare the additional estimates from the AMIS project and ADC project.
- A short briefing was given to THE PRIME MINISTER'S SECRETARIAT COMMITTEE RESEARCH AND ANALYSIS on EPA\EW MINFA balance sheets and reports. One of the main purposes of the briefing was to show the capability of the EW to work with and use the Agricultural Data Collection project information.
- A unified wheat, rice, and cotton data bases were compiled by the Wing and the consultant for the preparation of future reports.

- A plan of work and future activity schedule was developed and approved by EPA staff and the Situation Section of the Economic Wing. (see plan of future activity)
- A list of existing data sources has been compiled for the generation and up-dating of future Commodity Reports.
- Briefing reports and materials were prepared for the outlook and situation for wheat, rice, and Cotton reporting on recent floods and the production damage to the crops. The briefing will be December 3, 1992. Briefings conducted by the EW situation staff are expected to be available to policy makers on short notice on an as needed basis.
- A list of definitions was completed for the preparation of future reports.
- Developed a Memo on the sustainability of continued activities for EW staff covering efforts after the end of EPA outlining possible problems for the Commodity Situation Section after the end of EPA in June of 1993.(see Memo to Dr R. McConnen,COP, attachment 4)
- A policy paper was outlined for the section to develop a special report for the discussion on using imported maize to substitute for domestic wheat in poultry feed.(see attachment 3)

PLAN OF WORK AND CONTINUED ACTIVITIES

Release of the Rice, Wheat, and Cotton Situation and Outlook Reports. During the periods stated months in the "Schedule of Release dates". (see attachment 1)

-- Follow the same methodology as the prototype reports and prepare for the release of a new crop rice situation reports. The rice report should put the emphasis on the production estimates and the importation food needs for wheat for the rest of the year.

-- The staff should start now for the preparation data future situation reports for release. They will need to develop a consistent commodity balance table, calculate long term trends for production and prices and continue to update the data base. Since rice is major export crop it is expected to put more emphasis on the world rice situation with price comparisons. Continue to compile a methods and data book for the creation and publication of all commodity situation reports with appropriate procedures, methods of information collection, sources, publication lists, timing, data bases, and distribution lists. Users of the situation reports should be surveyed to get feed back on the revised reports to evaluate what changes are needed in the next series of reports.

SUGGESTED SCHEDULE FOR ACTIVITIES AFTER EPA

To complete wheat situation reports and hold regular seminars on wheat outlook for the Economic Wing.

Complete a revised wheat situation report, complete a cotton prototype situation report, and to continue the rice situation report . Update the data base. Complete training plan for short-term training.

Complete the new crop wheat report using EW estimates in early March. Start the new cotton report and complete the rice report.

Up date wheat, cotton, and rice. Release schedule of official release dates for all situation reports. Release special reports on commodity related policy issues.

ATTACHMENT NO 1

**SCHEDULE OF COMMODITY SITUATION REPORT RELEASES
BY THE COMMODITY SITUATION SECTION
ECONOMIC WING\MINFA**

COMMODITY REPORT	RELEASE DATES	COMMENTS	EW\MINFA SITUATION REPORTS .. CONTACT PERSON TELEPHONE NUMBER
WHEAT	NOVEMBER MAY	POLICY ANNOUNCEMENT DATE 10 SEPT.	S.NATIQ HUSSAIN NAQVI TE.813019
COTTON	JUNE NOVEMBER	POLICY ANNOUNCEMENT DATE 01 APRIL	BASHIR AHMED BIATTI TEL.813019
RICE	JULY	POLICY ANNOUNCEMENT DATE 15 MAY FOR BOTH IRRI AND BASMATI	MUBASHIR AHMAD TEL.813019
SPECIAL REPORTS	BY REQUEST		EW STAFF SPECIALISTS AS ASSIGNED

ATTACHMENT 2

QUESTION AND ANSWER HANDOUTS DEVELOPED FOR COMMODITY OUTLOOK SEMINARS AND BRIEFINGS

THE USE OF COMMODITY SITUATION REPORTS AND OUTLOOK INFORMATION

WHAT IS A COMMODITY SITUATION REPORT?

The commodity situation reports and outlook information are compiled for the purpose of creating one, commodity specific, publication of all available relevant information related to the current situation and short term future outlook for the commodity.

WHO WILL PRODUCE THE REPORTS?

One of the primary purposes of the Economic wing is to supply MINFA, other government policy makers, private trade and farmers with timely, relevant economic information and data. To supply the necessary information and data MINFA is planning to have the EW compile and release commodity situation and outlook reports. Through the FAO Sponsored Agricultural Management Information System (AMIS) Project, a wheat forecasting model has been developed and several wheat outlook reports issued. Institutionalizing the distribution of this important forecast information and other data in a single document that can be easy understood and utilized has been identified as a crucial in facilitating policy decision making instrument.

WHAT INFORMATION SOURCES WILL BE USED FOR COMMODITY SITUATION REPORTS?

Pakistan has a considerable number of sources of different types of valuable information for decisions related to agricultural policy making, but there is a need to draw this

information into a single publication by commodity. In the past decision makers needed to review large data bases and numerous technical publications to review the critical information needed . The situation reports will use current official data where possible, forecasts that have a proven record of being reliable, trade information from Pakistan and international publications, crop condition reports from professionals, and projections from trends of reliable data bases.

WHAT IS THE ADVANTAGE OF HAVING ONE PUBLICATION FOR EACH COMMODITY?

Commodity situation reports permit policy makers, government administrators, and private business leaders to look at trends, patterns, and summary data of existing economic information without having to decipher raw data or review numerus sundry publications.

The situation reports will put a large collection of information in a intelligible form for policy makers. The release of situation report will be made routine and follow standardized methods for keeping data for easy update and good consistency.

WHAT TYPES OF POLICY DECISION WILL THIS INFORMATION FACILITATE?

Institutionalizing the distribution of this important outlook information and other data in a form that can be easy understood and utilized will facilitate decisions related to the use and quantity of inputs, imports of commodities, and pricing policy .

ATTACHMENT 3
EXAMPLE OF POLICY ISSUE FOR A COMMODITY SITUATION SPECIAL REPORT

POLICY DISCUSSION ISSUE
MAIZE IMPORT SUBSTITUTION FOR WHEAT IN LIVESTOCK AND
POULTRY FEED

BACKGROUND: Pakistan has been importing wheat for human consumption in recent years at the rate of 1 to 3 million metric tons. Most of the imported wheat is US no 2 Soft White Wheat. The cost of the imported wheat is considerably above the subsidized domestic price to millers. Wheat fed to poultry accounts for about .5 million metric tons of the wheat consumed in Pakistan. Imported Maize is much less expensive than imported wheat.

ISSUE: Should Pakistan import less wheat and substitute imported maize?

INFORMATION NEEDED FOR ANALYSIS AND DISCUSSION:

- 1. November market prices for domestic wheat, domestic maize fob feed mills.*
- 2. November imported prices of, US soft white wheat fob karachi, US no.2 yellow corn fob karachi all without 10% surcharge or 5% Iqra.*
- 3. Cost of inland transportation to feed mills.*
- 4. Substitution rates for wheat and maize in poultry feed.*
- 5. Present policy allowing importation of maize and the feeding of wheat to poultry.*
- 6. Any additional costs including taxes, surcharges, etc. in making the substitution of maize for wheat.*
- 7. Physical constraints, such as dock space, inland transportation, etc.*

ATTACHMENT NO 4

DATE: November 16, 1992
TO: Dick McConnen, Chief of Party, EPA
FROM: Bill Spencer, ICARD\CSU Consultant
SUBJECT: Sustainability of EW\Commodity Situation Section

I am writing this memo because of a personal concern that the EW\CSS will not continue to function as outlined in the EPA project description, after the close-out of EPA. Unless several interventions are made and put into action before the end of the project the prospects of a successful and sustainable CSS are very marginal. I feel strongly enough about this to suggest that I not return for another TDY in April unless substantial progress is made in the areas I will attempt to describe in this memo.

First, before I suggest changes or action I want to be clear that the present staff in the Commodity Situation Section are capable, adequately trained dedicated employees of the Economic Wing. They have worked hard during my short-term assignments and have been productive in delivering three situation reports and many updates on, Rice, Wheat, and Cotton. The reports lack some details and need to have some refinement, but given the available (or lack of) good official information they have improvised very well in developing good reports that could greatly assist MINFA in making important marketing and policy decisions.

The suggested areas for change are as follows:

Management-The EW\CSS needs an effective director that understands the end use of the situation reports, the need for current data and information, and most of all can manage personnel to deliver a useful end products. The staff needs a leader that can support their professional needs and, direct them to do the needed outlook information and briefing papers, and most of all encourage them when a job is well done. With the present situation they are only getting direction from the two of us and we will not always be here.

Suggested Action

I would suggest that, for a start in the right direction, to encourage Dr. Maan to appoint a permanent Deputy Director of the Section and an Acting Director until a permanent well qualified Director can be found. We need leadership now.

Recurrent costs and resources-The EW\CSS crucially needs a budget for their information gathering tasks. I am referring to the most basic professional inputs (1) transportation to the field to interview farmers and marketing agents, to visit the various industry groups(private and governmental) and to attend committee meetings related to their assigned commodities.(2) Publications subscriptions including, newspapers, international newsletters on commodity outlook, trade papers etc. (3) Computer and printing support. (4) Communication support such as fax, telephone, postage, and telex. (5) Normal office supplies and support services.(6) Publication support--It is assumed that EW will have adequate resources to publish the Situation Reports in the overall budget.

Suggested Action

A written long term budget commitment from MINFA.

An expressed recognized need from MINFA for the Commodity Situation Reports-if the reports are not perceived as a useful tool to policy makers then the dollars spent on the EW\CSS are not being used to their best use and there is little reason from my point of view to continue supporting EW\CSS.

To my knowledge the situation reports and briefing papers to date have not been requested or used by MINFA in agricultural marketing or trade policy decisions. I could be wrong in this because I am only here part-time, but my feed back to date does not indicate any official or unofficial use of the reports or briefing papers. I do know that none of the present staff has had any requests. I know of many times that you personally handed the reports and special briefing papers to the officials that could have put them to good use, but I do not have any evidence of any utilization. I can think of at least three policy issues that the GOP could have saved or increased foreign exchange with early use of the briefing reports. (1) Early or forward contracting wheat for importation. (2) Decisions on how much and when to export cotton. (3) Rice export marketing programs and plans.

I don't need to go into all the possible uses of the reports in detail, you and I know them well, but it is reinforcing to have Gary Ender, Abdul Wasay, and Akhtar Mahmood expressing the same needs. I have gotten and followed their counsel and believe they are in a position to give good advice in this area--In short the reports have good information but are not used!

Suggested Action

Ask MINFA policy makers if the EW\CSS is something that is needed or if they want to use some of the staff as personal advisors and abolish the section.

Again, I stress that the time and resources spent on training the EW\CSS staff has been effective and they are capable of doing a good and efficient job of preparing the reports--but they must be supported, encouraged, directed, and most of all have management input and feed back.