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EXPANSION OF TRADE - AGRICULTURAL POLICY

REPORT OF COMMITTEE II ON THE CONSULTATION WITH

P A K I S T A N

1. In accordance with the Decision adopted by the CONTRACTING PARTIES at their fourteenth session that consultations should be held with individual contracting parties regarding their agricultural policies, the Committee carried out the consultation with Pakistan. The Committee had before it the following documents:

- (i) document COM.II/2(t)/Rev.1 dated 24 April 1961, which contained a synopsis provided by the Government of Pakistan of non-tariff measures for the protection of agriculture or in support of incomes of agricultural producers;
- (ii) COM.II/120 dated 28 April 1961 which contained detailed information and statistics, also supplied by the Government of Pakistan, on commodities entering importantly into international trade.

In conducting the consultation, the Committee followed the plan for consultations contained in Annex A to COM.II/5 and adopted by the CONTRACTING PARTIES at their fourteenth session. The consultation was completed on 2 May 1961.

A. General agricultural policies

2. The representative of Pakistan in his opening statement drew the attention of the Committee to the salient features of his country's agricultural policies and the situation of agriculture in Pakistan in general. He stressed that the most pressing problems of food and agriculture at the present time were centred in the economically less-developed countries of the world. In the more highly-developed countries, the level of productivity was such that it was possible for the relatively small percentage of the population engaged in agriculture, to provide a nutritionally adequate diet for the rest of the population, and also to earn incomes which, even though they usually lagged behind incomes in other occupations, were far in advance of the incomes of farmers in less-developed countries. In some instances, a major problem was not how to increase production but how to dispose of the abundant supplies resulting from the great advances in agricultural methods made during the last few decades.

3. In contrast, in less-developed countries, although a large part of their population was engaged in agriculture, production was often too low to satisfy even the simple and from a nutritional point of view generally inadequate diets imposed by their general poverty, the more so in view of the post-war upsurge in the growth of population. Many less-developed countries were therefore forced either to curtail exports, thus reducing badly needed earnings of foreign exchange, or alternatively had to rely increasingly on food imports. In either case their capacity to import capital goods for general economic development was seriously impaired.

4. Invaluable help had been received from the surplus supplies accumulated in more developed countries. However, in the long run the twin problems of rural poverty and inadequate food supplies in less-developed countries, could be overcome only by improving their own agriculture. It was therefore of the highest importance for countries like Pakistan to determine what social, economic and technical improvements were needed to bring this about. Until then, the extreme poverty of the cultivators in many less-developed countries like Pakistan would continue, food supplies would remain precarious and economic progress as a whole would be seriously delayed.

5. Agriculture was the mainstay of Pakistan's economy. Despite rapid industrial progress in recent years, about 57 per cent of the total national income was derived from agriculture, and nearly 90 per cent of the total foreign exchange earnings were contributed by it. About 90 per cent of the population in Pakistan lived in rural areas and agriculture was their chief occupation. More than 85 per cent of the cultivated area was under food crops. The main cereals grown in Pakistan were rice, wheat, millets and maize. Rice occupied the largest area, accounting for approximately 53 per cent of the total area under food crops. Rice was grown largely in East Pakistan, while the other major cereal, wheat, was grown exclusively in West Pakistan. Food production was delicately balanced even in normal years and short falls due to vagaries of nature, which were not infrequent, brought difficulties in their wake. The demand for food had increased in recent years due to the increase in population and rise in money income, but production had lagged behind, necessitating large imports of food grains.

6. Though jute and cotton claimed less than 10 per cent of the total area under cultivation, they accounted for more than 52 per cent of the total export earnings. With this heavy dependence on two fibre crops, any changes in the conditions of their marketability had far-reaching repercussions on the balance of payments, the central budget and the income originating in the agricultural sector. Adverse changes in the terms of trade sharply affected, not only real incomes, but also the capacity to sustain the rate of economic growth under conditions of monetary stability.

7. When Pakistan became an independent country in 1947, it was found that the fertility of its soils was low, the health of cattle was poor, the agricultural practices of the farmers were backward, forests were fast dwindling, crops and cattle were subject to ravages of pests and diseases, and above all, there were no institutions or organizations for research and

development of vast agricultural resources. In spite of the overwhelming immediate problems that had to be faced after independence, the Government of Pakistan did not lose sight of its avowed object of securing rapid economic development of the country. Arrangements were immediately started to set up the institutional framework necessary for the preparation and execution of programmes for obtaining maximum efficiency in agricultural production. Agriculture now took the highest place of all in the plans for the economic development of the country.

8. The two basic problems that Pakistan faced in recent times were: (a) low agricultural production, and (b) a high rate of population growth. The rate of growth of population had been of the order of more than 1.8 per cent. This presented a serious problem in the race between food supply and the progressively growing population. To face this situation the Government of Pakistan was aiming at a systematic national campaign for family planning, which was of course, a long-term process.

9. The low agricultural productivity resulted, among other things, in the low levels of income of the rural masses and inadequate nourishment of the people generally. The Second Five-Year Plan aimed at achieving self-sufficiency in food grains by the end of the Plan period, namely June 1965. It also aimed at improving the calorific content of food. Pakistan had been importing food grains at the rate of approximately 1 million tons a year to feed the population.

10. In Pakistan's First Five-Year Plan, the paramount importance of agriculture in the development process of the country was clearly recognized. The Second Plan called for an even more ambitious programme in the agricultural sector. The Plan was directed towards minimizing the physical, administrative and technical difficulties that had hampered progress in the past. It proposed a major shift of resources, including executive talent, into agriculture. It was postulated on the assumption that until agricultural productivity was vastly increased, general economic growth would be stunted.

11. Pakistan's agricultural policies and programmes, on which the Second Plan was based, were aimed at: (a) self-sufficiency in basic food products and keeping the prices of food grains at a reasonable level; (b) as a minimum, the maintenance of present levels of food grain consumption for the rapidly rising population; (c) raising the dietary standards through enhanced supplies of fish, fruits, vegetables, sugar and livestock products; (d) expanding the output of cotton, jute, tea and forest products to the maximum possible extent; (e) working towards an export position across the food production front, not excepting food grains, and (f) increasing employment opportunities and reducing under employment in agriculture.

12. The Government of Pakistan believed that the development of agriculture held the key to the rapid economic development of Pakistan. The creation of a diversified and intensive system of agriculture, including animal husbandry, the increased production of meat and milk and other dairy products, fish and poultry, as well as the development of cash crops entering international trade, was essential to meet the social and economic requirements of the country.

13. The Second Five-Year Plan aimed at increasing food grain production from 13.2 million tons estimated for 1959/60 to about 16 million tons by 1964/65; and 9 million tons in East Pakistan and about 7 million tons in West Pakistan. This gave an overall increase of about 2.7 million tons or 21 per cent.
14. According to the Plan targets the production of rice should increase by 22 per cent and wheat by 17 per cent. The place of other food crops in the Plan was vital. For gram and other pulses, the projected increase was 11 per cent, for oilseeds (including cotton seed) 32 per cent, for fruits and vegetables 11 per cent, for fish 24 per cent, and for sugarcane 35 per cent. The second emphasis was on increasing production and improving the quality for such exportable products as jute, cotton and tea, which earned a major part of foreign exchange for the country. Output targets aimed at a 22 per cent increase in jute production, 38 per cent in cotton production, 18 per cent in tea production and 14 per cent in tobacco production. These production targets for food grains and other agricultural products had been fixed in relation to internal consumption, world demand, maintenance of exportable surpluses, and competition in cultivation of various crops.
15. For cotton a target of 2.3 million bales was aimed at for 1964/65 compared with the production of about 1.66 million bales in 1959/60, designed to increase per capita consumption of cloth and to permit a modest increase in the export of raw cotton and of cotton goods. At present, about 1.2 million bales were consumed by the domestic textile industry and roughly 450,000 bales were exported annually. There had been a fall in export earnings. In order to regain the maximum of exports of raw cotton reached in the past (about 1.3 million bales) it would be necessary to raise cotton production to about 2.7 million bales. Because of the disposal policy of cotton surpluses in some cotton producing countries, however, competition with cotton in the world markets from artificial fibres and competition from food grain crops and such other crops as sugarcane, the planned production of 2.3 million bales by 1964/65 was considered as a realistic maximum target. The present production of jute was about 6 million bales. The Plan aimed at increasing it by 1.3 million bales.
16. These targets were not ambitious in relation to the needs of the country, when self-sufficiency in food grains was postulated as a national aim, but they were high in relation to previous performance.
17. The representative of Pakistan referred to some of the important measures that the Government of Pakistan had undertaken or was undertaking for increasing agricultural productivity and agricultural incomes. Firstly, plans were afoot to bring as much new land under the plough as was possible within domestic resources. The programme included the effective utilization of some of the hitherto uncultivated land by providing additional irrigation facilities to such lands. It was expected that about 1.5 million additional acres would be placed under crops by 1964/65. Colonization work was being accelerated by setting up special organizations for the purpose, and by efficient provision of necessary facilities. Co-operative land management

techniques would be recommended to stimulate improvement of agricultural practices. There was great scope in East Pakistan to introduce double cropping on about 7 million acres through flood control, drainage and all-round improved water utilization. It was estimated that as a result of the development of land resources about 32 per cent (nearly 1 million tons) of the total expected increases in food grains would come from new areas and from the improvement of existing areas through better irrigation and drainage facilities.

18. Secondly, adequate steps were being taken to speedily reclaim the areas damaged by water-logging and salinity. About 53 per cent of the total 31 million acres of good agricultural land in West Pakistan had been damaged through water-logging and salinity and had thereby been rendered either wholly or partially unfit for cultivation. Plans were afoot to reclaim these areas through drainage and other means over a period of about ten years. The successful execution of these plans would increase the lands under cultivation as well as improve the fertility of such lands.

19. Thirdly, all possible steps were being taken to increase the yield per acre by the adoption of a number of specified improved agricultural practices. Stress was being laid on the subsidized use of chemical fertilizers, plant protection measures and the provision of better seeds. It was expected that the increased use of chemical fertilizers alone, for which a subsidy of 40 per cent was being given, would bring about an increase of about 6.8 lakh tons in food grain production. The damage done through plant pests and diseases to the country's crops varied at present from 5 to 30 per cent every year. Plant protection measures for the application of pesticides and insecticides through ground and aerial operations were being undertaken to cover an area of over 60 lakh acres. As for seed multiplication and distribution, the programme involved multiplication of foundation seeds on Government farms and farms of registered growers and finally distribution of seeds to farmers generally. To increase the availability of improved and better seed the area covered by Government farms was being increased from 38,000 acres to about 80,000 acres. To provide a balanced diet and to meet protein deficiency in the diet of the people, fish production was being stepped up besides the establishment of dairy and cattle farms and milk processing plants.

20. Credit facilities on an intensive scale were being provided to the farmer through the Agricultural Bank and Co-operative Societies and other agencies.

21. One of the most important and major causes which had hampered agricultural developments in the country was the defective land tenure system in the country. The pressure of population on the land and the laws of inheritance had resulted in uneconomic and highly fragmented holdings. It was found that whereas 0.1 per cent of owners held amongst them 15 per cent of the land in properties of over 500 acres each, 65 per cent held even less than 5 acres each. The present Government thus applied themselves at once to introducing radical land reforms in West Pakistan. A Land Reform

Commission was appointed on 31 October 1958 to consider these problems. Their report was submitted on 20 January 1959. The main recommendations which were accepted by the Government and which had been implemented were as follows: (i) no person could own or possess over 500 acres of irrigated or 1,000 acres of un-irrigated land; (ii) land over and above the ceiling limit thus fixed in each case had been distributed to tenants and other deserving claimants; (iii) landlords were being paid fair compensation for the resumed lands in the form of interest-bearing bonds in twenty-five years; (iv) occupancy tenants were to be converted to full owners; (v) to prevent progressive fragmentation of holdings, division of holdings below a certain economic or substantial level was forbidden and joint management of such holdings was to be facilitated by law; (vi) immediate steps were to be taken for the compulsory consolidation of fragmented holdings.

22. So far 2.5 million acres of land had thus been acquired from big landlords and distributed rapidly to the existing tenants and others. A sum of Rs.15 million had been allocated for distribution among the new owners for the purchase of improved agricultural implements, seeds and fertilizers during the current financial year. In addition, a sum of Rs.30 million was provided in last year's and this year's budget for the grant of loans to the tenants who were becoming new land owners. By the end of the year more than 100,000 tenants would become the possessors of about 2 million acres of land.

23. The new Government had started a far-reaching programme for the compulsory consolidation of fragmented holdings scattered over West Pakistan; the problem of fragmented holdings had been one of the worst evils from which the agriculture of Pakistan had suffered.

24. Apart from the steps being taken in Pakistan, referred to above, policies concerning price, procurement and distribution of food grains were also accepted by the Government as key elements in the drive to attain food grain self-sufficiency. The Government decisions towards this end were guided by four objectives: (a) to provide adequate incentives to grain producers through a system of attractive price guarantees over a term of years; (b) to reduce direct Government costs by a transfer of marketing activities to private trade and by reducing subsidies to consumers; (c) to protect the public against shortages and price exploitation by developing a substantial National Food Reserve; and (d) to continue and intensify smuggling controls.

25. The Government had fixed floor prices of wheat and rice. The floor price for wheat in West Pakistan had been fixed at Rs.13.50 per maund (US\$75.8 per metric ton) without bags. Similarly, the floor price of rice in East Pakistan had been fixed at Rs.19.00 to Rs.19.69 per maund (US\$106.9 to 110.8 per metric ton) according to quality. The Government was always prepared to purchase wheat and rice from the producers at these prices. The Government had also fixed issue prices for stocks to be released from Government warehouses. The issue price for wheat from Government stocks had been fixed at Rs.16.00 per maund (US\$90.0 per metric ton), with bags,

while that of rice had been fixed at Rs.23.75 per maund (US\$133.6 per metric ton). When prices went beyond a reasonable level, the Government released wheat and rice from its stocks in the National Food Reserve at these rates.

26. The Government had its own storage facilities at all important places where rice and wheat were stored and thus purchased. All handling work in this connexion was, however, carried out through private trade channels. Distribution to the public was also conducted through private traders. There was no strict relationship between the price of food grains and feed grains. The prices of feed grains, however, generally remained lower than the prices of food grains.

27. All imports of wheat and rice were made by the Government itself and the trade was not allowed to make any import of these grains. As the country was at present deficient in food grains, no exports were allowed. Superior varieties of rice, however, were allowed to be exported to foreign countries as these varieties of rice fetched good prices in foreign markets and foreign exchange earned on these exports enabled the Government to import larger quantities of cheaper varieties of rice from foreign countries.

28. The Government's general export policy was to encourage exports with a view to earning foreign exchange which was badly needed to finance economic development programmes. Of the various measures taken to boost exports, mention might be made of the Export Bonus Scheme which provided stimulus to the sale of Pakistan products abroad mainly in the sectors of manufactured goods. Under this scheme a certain specified percentage of the foreign exchange earned was allowed to be used by the exporter for the import of consumer and other goods needed in the country which could not otherwise be provided under the present balance-of-payments difficulties. The main exports of Pakistan in the agricultural field were outside the purview of the Bonus Scheme. For example, the export of raw jute, raw cotton, hides and skins, wool and tea, which were the five major commodities exported by Pakistan, was not covered by the Bonus Scheme.

29. One important aspect of the Government's import policy was to increase industrial production in order to relieve the shortage of at least such consumer goods as could be locally produced at a reasonable cost, which was within the purchasing power of the consumer. All imports into Pakistan were, however, subject to control by the Central Government which determined the commodities that that might be imported and the amount of foreign exchange allocated for import purposes. Import licences were usually valid for imports from any country of the world. A comprehensive system of import licensing existed at present, but it should be borne in mind that an increasing number of items were already within the scope of the automatic licensing scheme. In recent years, great progress had been made by Pakistan in liberalizing its imports.

30. In concluding his opening statement the representative of Pakistan stated that in the conditions existing in Pakistan, as in several other countries in Asia and the Far East, the objectives of fixation and stabilization policies for farm prices and incomes had inevitably to be somewhat limited. Large sustained

transfer payments for this purpose from other sectors of the economy to agriculture, of the kind common in Western industrialized countries, for example, were just impossible both because of the general low levels of income and by the size of the agricultural sector which embraced nearly 90 per cent of the population. In these circumstances, the main objectives of fixation of prices and stabilization policies were: (a) to attempt to eliminate as much as possible large fluctuations in agricultural prices which were harmful both to producer and consumer, and to keep them within a fairly narrow range which did not involve large and continuing transfer payments between agricultural and other sectors. Excessive price rigidity was avoided in order to allow production to be adjusted gradually to any changes in demand. Attempts were made to eliminate the post-harvest fall in prices and to eliminate localized pockets of too high or very low prices; (b) to improve marketing practices so that cultivators could be sure of equitable treatment and a larger share than they now obtained of the consumer price; and (c) in this and other ways to provide a favourable economic and social climate for the expansion of agricultural production to meet the growing demand resulting from rising population and incomes.

31. A member of the Committee noted that increased agricultural production by means of an increase in productivity, which was one of the main objectives of Pakistan's agricultural policies, seemed to be almost the only way that less-developed countries, including Pakistan, might raise real income, and enquired about the estimated proportions which agricultural and industrial sectors of the economy would be expected to contribute to Gross National Production at the end of the Second Five-Year Plan period. The representative of Pakistan stated that the Second Plan was expected to bring about an increase of 20 per cent in the national income. During a Third Five-Year Plan the national income would be increased by 25 per cent, whereas a Fourth Five-Year Plan would be expected to bring about some 30 per cent increase in the national income. In view of an anticipated 9 per cent increase in the population of Pakistan during the Second Plan period, the 20 per cent increase in the national income would represent an increase of approximately 10 per cent in per capita income. The representative of Pakistan believed that a substantial part of such 20 per cent increase in the national income would be derived from the agricultural sector.

32. Another member of the Committee, noting that the Government of Pakistan intervened in the price formation for several agricultural products, requested an approximate indication of the proportion of production of products for which prices were being maintained by government intervention in relation to total agricultural production. He asked what criteria had been employed by the Government of Pakistan in determining these prices, and enquired whether farmers themselves could exert an influence on the formation of these prices, either through farmers' organizations or through co-operatives. The representative of Pakistan informed the Committee that the floor and ceiling prices were in force only for the food crops, wheat and rice. For various grades of jute exported, the Government prescribed only minimum export prices in order to ensure that sales proceeds would not be lower than a reasonable level; the same system and principles applied to exports of cotton and tea, but sales of these products

in the domestic market were not, as a rule, subject to price fixing by the Government. The representative of Pakistan pointed out that the main consideration in price determination by the Government was that guaranteed prices should be fair and reasonable to both producers and consumers. Due regard was also being paid to the element of cost of production when these prices were determined by the Government. He added that, although no firm pattern of negotiation existed between the Government and producers, adequate procedures had been established to hear the views of agricultural producers and co-operative societies, etc. in the determination of prices.

33. A member of the Committee noted that one of the long-term aims of agricultural support in Pakistan was to prevent any excessive price rigidity in price arrangements and asked what sort of steps were taken to achieve such an objective. The representative of Pakistan stated that an excessive price rigidity was in fact avoided in order to allow production to be adjusted to any changes in demand. Fixed prices were reviewed from time to time taking into account the various factors such as the cost of production and cost of imported wheat.

34. In response to a number of questions regarding the Export Bonus Scheme, the representative of Pakistan stated that under this Scheme exporters of goods covered by it were entitled to receive bonus entitlement vouchers of a value equivalent to: (a) 40 per cent of the f.o.b. value earned by the export of all manufactures excluding jute and cotton manufactures; (b) 20 per cent of the f.o.b. value earned by the export of all other manufactures including jute and cotton manufactures (excluding cotton yarn, mill made) and of superior rice; and (c) 20 per cent of net foreign exchange earned by the service industries, namely, aircraft repairs, salvage operations, ship repairs and shipping. In this connexion he also invited attention to observations in paragraph 28.

35. A member of the Committee noted that certain agricultural products (jute, cotton, wool and tea) were not included in the Export Bonus Scheme and asked, in view of the importance of such products in Pakistan's export trade, whether, in fact, the Scheme was an effective way of promoting exports from Pakistan. The representative of Pakistan explained that the main objective of the Scheme was to diversify exports and, in particular, to develop export markets for new products. Industrial products were now being produced in Pakistan, and greater incentives must necessarily be given to producers and exporters of these products. As such, jute and cotton, which were traditionally exported by Pakistan and for which markets had already been developed, were not covered by the Scheme. For cotton, the exportable surplus was only 450,000 bales since the domestic textile industry had absorbed a large quantity of cotton. A similar situation existed with respect to tea and wool; domestic consumption of tea had increased considerably in recent years. Consequently, the Government of Pakistan did not find it necessary to give an incentive, within the framework of the Export Bonus Scheme, to exports of these traditional items which were considered to be competitive. Another member of the Committee was of the

understanding that the Scheme had been successful with respect to certain manufactured products. However, with respect to certain agricultural products it was his understanding that the Scheme had been so effective that domestic prices had had to be controlled for agricultural products. The representative of Pakistan stated that the Scheme had had no such effects upon prices of agricultural products in his country.

36. In response to a number of questions about the administration of import restrictions on agricultural products, the representative of Pakistan referred members of the Committee to the background basic document (MGT(60)74 dated 19 October 1960) prepared by the secretariat for the most recent balance-of-payments consultation with Pakistan. Several members of the Committee enquired about the way in which sources of imports were determined by the Government. The representative of Pakistan confirmed that, except in the case of imports provided under certain foreign aid programmes or bilateral agreements, import restrictions had been administered on a non-discriminatory basis with respect to sources of supply.

37. The representative of Pakistan stated that all imports, including agricultural imports, were subject to licence, with the exception of goods ordered directly by a department of the Central or Provisional Governments, certain goods imported over the land route from Iran and Afghanistan and certain other types of imports such as passengers' baggage. Commercial imports were admitted under the various import control procedures: (a) imports by established commercial importers and industrial consumers, (b) imports by newcomers, (c) imports under the Export Bonus Scheme, (d) individual licensing, and (e) imports under Open General Licence. The statutory basis of the import restrictions in Pakistan was the Imports and Exports (Control) Act of 1950 in force until 19 April 1962. The basic period on the basis of which import allocations were established was 1950-52.

38. In response to a request for information on the total cost of Government support programmes, the representative of Pakistan stated that direct and indirect subsidies were being granted only in connexion with the domestic use of fertilizers, pesticides and insecticides, and field tractors which were supplied at subsidized rentals. These were intended to popularize the use of fertilizers, etc., and had no protective bias. The Government of Pakistan did not maintain any export subsidies as such for agricultural products.

39. In response to a question the representative of Pakistan stated that there was no support for domestically-produced wheat by way of a mixing regulation which would require the admixture of certain proportions of domestic and imported wheat.

40. A member of the Committee asked what measures had been or were being taken by the Government of Pakistan to promote educational and training facilities for agricultural producers. The representative of Pakistan, referring to his opening statement, reiterated that extension services had been improved considerably in recent years and that all possible steps were

being taken to increase the yield per acre by educating the farmers in a number of improved agricultural practices. The Government had launched a model scheme under which seven districts in West Pakistan and six sub-divisions in East Pakistan had been selected for intensive and concentrated efforts for the education and training of farmers in improved production techniques. The selected districts and the selected sub-divisions were further sub-divided into sectors, each sector comprising ten or twelve villages. One demonstration holding had been established in each sector where all work was done by the cultivator himself under proper instructions by specialists of the Agriculture Department. Information service for the dissemination of knowledge within the selected districts and selected sub-divisions was provided through lectures, leaflets, posters, agricultural fairs, village newspapers and radio talks. Special field days were arranged in each sector where prizes were distributed for the best yield and pictures and films were shown to create enthusiasm among the cultivators. The scheme, if successful, would in due course be extended to cover the whole country. An agricultural university and several agricultural schools in the rural areas were being opened by the Government to provide producers with educational and training facilities.

B. Commodities

Cereals

41. In response to a question the representative of Pakistan stated that wheat exports were completely banned whereas rice of only certain varieties was permitted to be exported; the proceeds from such exports being used for the importation of larger quantities of cheaper varieties of rice from abroad. Imports of cereals (rice and wheat) were in the hands of the Government, although domestic trade in these products was completely free. Imports of rice and wheat were obtained from three main sources, (a) from shipments under Public Law 480 of the United States, (b) from Colombo Plan countries such as Australia and Canada, and (c) from other foreign sources on commercial terms.

42. Another member of the Committee wondered whether the uniform procurement price was being paid for all types of wheat delivered by producers to the Central Agency of the Government. The representative of Pakistan stated that in Pakistan mainly one type of wheat (soft wheat) was grown and the quality was almost uniform. The procurement price paid to producers was uniformly fixed at the level of Rs.13.5 per maund.

Sugar

43. A member of the Committee noted that due to balance-of-payments difficulties the Government of Pakistan had decided not to import any sugar in 1959 and 1960. He asked for information on the prospects for sugar imports in 1961. He noted that although domestic sugar production had decreased from

169,155 tons in 1958-59 to 141,884 tons in 1959-60, no imports of sugar were made in 1959. The representative of Pakistan explained that the foreign exchange position would normally not permit Pakistan to import sugar in 1961 but limited quantities might be imported if the situation so warranted. The Government of Pakistan believed that the domestic production of white sugar could increase to a level where domestic consumption would be met fully by domestic production. A reduction of domestic production in 1959-60 was caused by adverse weather conditions and a serious pest of sugar cane in that year.

44. Another member of the Committee noted that no direct subsidy was granted for sugar production and wondered how the Government encouraged domestic production. The representative of Pakistan stated that various non-price support measures were being employed by the Government to encourage production. All the research work was being carried out by the Government; expenditures for eliminating any diseases would entirely be met by Government funds; the 40 per cent subsidy for the purchase of fertilizers was also applied to sugar production; and cultivators were encouraged to put more land under sugar cane production.

Meat

45. A member of the Committee asked for more information about the rôle of livestock industry in Pakistan's agriculture as a whole and the development of domestic consumption of livestock products. The representative of Pakistan stated that the livestock industry had taken an important place in Pakistan's agriculture. At present, there were approximately 15.3 million working animals, but the general health of these animals had suffered from inadequate levels of feed grain supplies. A recent trend had been that marginal land, which had previously been used for cattle breeding, had gradually been converted by farmers to land for other crops such as cereals. Under the Second Five-Year Plan, however, provision had been made to alter this situation as quickly as possible. For instance, the Government adopted an animal health programme which would lead to an increase in the number of rural dispensaries. A quality improvement scheme was also initiated. Private breeders were encouraged by land grants. The land previously used for breeding horses for the Army was now being transferred to land for cattle breeding. Examination centres were also set up for breeding purposes. Feed mixing programme was initiated; some plants had already been set up and establishment of some additional plants was under consideration.

46. Furthermore, the Government of Pakistan had requested the United States Government to supply feed grains under the Public Law 480. Some of these feed grains could be converted into protein food. In 1961-62, approximately 600,000 tons of feed grains were likely to become available under the PL.480 and the figure was expected to increase to 1.52 million tons by 1964-65. Development of the livestock industry was, however, a long-term affair. In fact, domestic production of livestock did not keep pace with the growth of population since independence, and the present domestic consumption of meat was somewhat above domestic production.

47. A member of the Committee noted that there was no import of mutton and beef in Pakistan because Moslems did not consume mutton or beef which had not been slaughtered according to Moslem religious injunctions; small quantities of bacon and ham were imported for consumption by non-Moslems. He asked whether there was a complete ban on imports of mutton and beef. The representative of Pakistan pointed out that it would seem to be difficult to import meat into countries with a climate like Pakistan's. The lack of adequate facilities for storage and marketing and the social and religious reasons, were major factors limiting the possibility of importing meat into Pakistan. Balance-of-payments difficulties might be cited as another factor in limiting meat imports. Although the majority of people did not eat pig meat, the population eating pork and ham were, nevertheless, allowed to import these products in limited quantities. In fact, no imports of meat were prohibited as such.

48. A member of the Committee wondered whether there was any possible market in Pakistan for canned meat imports. The representative of Pakistan stated that at present there was hardly any domestic demand for canned meat and it was very unlikely that any demand for such canned meat would arise in the near future. The same member stressed that the Government of Pakistan should endeavour to give to the population an opportunity to eat imported meat. The representative of Pakistan stated that there was no ban on the import of meat into Pakistan and, as such, possibilities existed for foreign meat exporting countries to supply meat, of the required types, to Pakistan. For instance, shipments under aid programmes might give an opportunity for the meat exporting countries to familiarize Pakistan consumers with canned meat provided it was prepared according to Moslem religious injunctions.

Dairy products

49. A member of the Committee, noting that various measures were being taken to stimulate production and consumption of dairy products asked whether figures could be made available for the anticipated increase in milk production and consumption during the Second Plan period. He asked whether imports of milk products, particularly milk powder, could be expected to increase and, if so, whether such an increase in imports would be made on commercial terms. The representative of Pakistan, although unable to provide the Committee with any precise estimates, stated that efforts were being made to import dried skim milk under certain foreign aid programmes. The supply of milk in big cities was expected to increase. It was proposed to set up milk reconstitution plants; arrangements with the help of the UNICEF for installing a milk plant for collection and bottling of toned milk in Karachi, were already in hand and other similar plants were also to be proposed to the UNICEF Executive Board. Assistance was being given by countries such as Australia, New Zealand, and the United Kingdom under the Colombo Plan to the livestock and dairy industries in Pakistan.

Vegetable oils

50. A member of the Committee noted that the prices of cottonseed and rape and mustard seed oil were controlled by the Government and enquired how these controlled prices were related to world prices of similar vegetable oils. The representative of Pakistan stated that his country was in short supply of these edible oils; mills were thus being set up for producing these oils. The Government intervention in the form of price control was attributed to the fact that the prices of these oils reached undesirable levels. Controlled prices had certainly some relationship to the cost of production and returns to producers. Even if the world prices of similar oils were lower than the domestic controlled prices, countries like Pakistan, in balance-of-payments difficulties, might not be in a position to import much from abroad. At present increased domestic production was well offset by the increase in the population. A preliminary estimate showed that domestic consumption of vegetable oils would be expected to reach a level of only about 35 per cent of the optimum standard of consumption by the end of the Second Plan period. The Government of Pakistan expected to receive certain quantities of vegetable oils from the United States under the Public Law 480.