

## **Budget 2006-07: Compromising Food Security and Agriculture**

**By Shafqat Munir**

Once upon a time, we proudly used to say that our dependence and reliance on agricultures is higher than any other sector of our economy. But this 'myth' is gradually being eroded and the fact is that now our dependence on agricultures has largely reduced from 70% to 23%, which is alarming. The neglect of agriculture in the budget 2006-07 seems literally to be a compromise on our food security and agricultural sovereignty as our farm sector needs subsidies in terms of reduced rates of inputs including electricity, diesel, seeds and fertilizers and it does not need subsidizing agriculture imports.

Agriculture and food security are interlinked but unfortunately our ruling elite think only in terms of 'state security' and not 'human security'. They have raised money for defence to ensure the 'state security' at the cost of the human and food security by doing lip service to agriculture sector despite the fact that, according to Economic Survey 2005-06, performance of agriculture sector has been extremely poor during the outgoing year. The agriculture growth went down to 2.5% from 6.7% of the last year. It is even far less than the target of 4.2% set for the year 2005-06 with a major decline in growth of main crops (3.6%) and forestry (5.7%). Both caused a cumulative negative impact on food security and food availability; and environment that led to adverse weather conditions, a cause cited for low agriculture production.

Cotton production remained 13% less than the last year, sugarcane 6.2% and pulses masoor, mong and mash witnessed negative growth of 13.5%, 12.6% and 9.8% respectively. Wheat production remained almost the same as last year and rice and maize recorded increase in production. But the prices of wheat, rice and maize have been increased almost two times during last couple of years. Decrease in production and price hike are literally reducing access to and availability of food for the poor.

The issue of food security in terms of its availability and access is fairly important for the people who have long been dependent on agriculture for their food security and livelihoods. The World Food Programme (WFP) in Pakistan and a research think tank 'Sustainable Development Policy Institute (SDPI) conducted a Food Security Analysis (FSA) in 2003 which indicated several amazing trends regarding food security situation in Pakistan. Food availability in the FSA was measured on the basis of food production and consumption. Out of the 120 district settings chosen for FSA, 74 (62%) were found to be food deficit in terms of net food availability. Wheat, a staple catering for 48% of calorie needs in Pakistan was found deficit in terms of net availability and the shortage was estimated at 3.2 million tons annually.

The FSA findings are revealing. Based on data, they disagree with the opinion that Pakistan has been moderately food secure at macro level and they support the argument that hunger is more than what macro picture of food security presents. The number of

malnourished population reached 35.2 million during 2001-03 jumping from 27.8 million during 1990-92.

### **Per Capita Food Availability (Kg/Capita/Year)**

<b>Food Item</b>	<b>1996-97</b>	<b>2002-03</b>
<b>Cereals</b>	<b>156.9</b>	<b>147.3</b>
<b>Wheat</b>	<b>130.85</b>	<b>116.31</b>
<b>Rice</b>	<b>16.85</b>	<b>17.24</b>
<b>Edible Oil</b>	<b>11.42</b>	<b>11.95</b>
<b>Meat</b>	<b>17.25</b>	<b>14.56</b>
<b>Pulses</b>	<b>6</b>	<b>5.80</b>
<b>Calories/day (Kcal)</b>	<b>2522</b>	<b>2466</b>
<b>Protein/day (grams)</b>	<b>66.6</b>	<b>64.3</b>

If we look at the table above, we find that per capita availability of wheat has been reduced from 130.85 kilogram per capita per year in 1996-97 to 116.31 kilogram per capita per year in 2002-03. Similarly, per capita availability of cereals and meat has been reduced. If we look at the sources of calories, we find that wheat is the biggest source of calories in Pakistan comprising 53%, followed by vegetable oil/ghee 15%, sugar, rice and milk 7% each and pulses only 3% of source of calories.

Over 40 million farmers are directly linked to food production for their own food security and livelihoods as well as for making food available to rest of the population. Farmers in Pakistan are undergoing the gravest ever crisis in the history of Pakistan as under international trade regimes particularly trade liberalization under the World Trade Organization, in the absence of subsidies to agriculture and increasing trend of import of agricultural items, the farmers are literally backing out of farming switching to other livelihood options. This has largely reduced our dependence on agriculture to 23% from traditional figure of 70%. Due to these changing patrons, rural poverty and food insecurity is growing as the tradition of free lunch in villages is vanishing.

Amid this debate, we need to discuss the budgetary measure in which the government in the federal budget 2006-07 has announced subsidies worth Rs 12 billion on import of sugar, pulses and wheat, apparently in a bid to bring prices of food items down. The government instead of giving subsidy to the farmers and growers of food in the country has given huge subsidy to importers of agricultural produce and ultimately benefited the farmers of the exporting countries. If we look at the source of calories, pulses are at the bottom with only 3% share. It is ironic that the focus of the budget speech of the minister of state for finance has been on subsidizing pulses that too on their import.

If we consider providing subsidy to our farmers, we should not have to set aside a huge subsidy for importers. Last year, we spent Rs 4 billion on the import of sugar, wheat and pulses which has now gone double (Rs 8 billion). This has forced the farmers to switch off from production of these commodities because they did not get reasonable return on their production against their expenses. Providing subsidy to importers is not a sustainable solution to low production of food at home rather there is a need to provide sufficient sum in subsidy to farmers so that they can grow reasonable quantity of pulses, wheat and sugar for domestic consumption. This could bring them back to cultivation of these food items on permanent basis, making it a sustainable solution.

The budget seems to be unrealistic as it has not addressed the real sector of Pakistan's economy 'the agriculture', the backbone of our food security and livelihoods. The recipe of subsidizing import pulses, sugar and wheat to artificially reduce prices of these commodities shows that the government apparently under a hidden agenda is promoting agricultural import surges instead of booting agriculture in the country. This lack of interest or vested interest may further harm our agriculture whose growth has already been reduced to 2.5% from 6.7% of the last year.

The issue of agricultural import surges and their perceived negative impacts on producers and agro-industries in importing countries, particularly in the developing world, has largely been recognized since 1980s. Experts often relate this phenomenon to the implementation of Structural Adjustment Programmes and the WTO's Agreement on Agriculture (AoA). Both push for trade liberalization and opening up of domestic markets. There is a dilemma in the developing countries that they have been doing little efforts to understand the phenomena of import surges and their impacts on national economies. Since Pakistan had been tied to the so-called structural adjustment programmes initiated by the International Financial Institutions (IFIs) through their Shaukat Azizs, Moeen Qureshis and similar other operators, has now been under total control of these operators of the IFIs. They are implementing exactly what their masters demand and agricultural sovereignty and food security of Pakistan is not liked by those who want access to Pakistani market for their agriculture produce.

The United States leadership that steers the IFIs is on record saying that they would not let the third world economies to be independent in terms of oil and food reserves. The trade liberalization and structural adjustment programmes are part of the agenda to force the developing and the least developed countries to be dependent on the developed economies. Under this agenda, the government of Pakistan through the budget 2006-07 has proved that it does not want to make Pakistan food secure and food sufficient country by enhancing food production in the country rather it does want to make the country dependent on agriculture imports.

One of Actionaid International's four-country study on agricultural import surges says import surges result in loss of agricultural production and loss of jobs making communities dependent on foreign products at the cost of their own agriculture. This has proved to be counterproductive as in Kenya, 83% people associated with sugar

production lost their jobs in 2004 due to import of sugar and the farmers have switched to other crops due to low return on sugarcane which is a permanent loss to this industry. Similarly in the Gambia, Ghana and Nepal, sugar and rice import impacted negatively both agriculture and livelihoods of the farmers. If we continued with the agriculture import surges by subsidizing pulses, sugar and wheat, we would have to face the similar consequences in Pakistan.

The budget 2006-07 did not give relief to farmers despite the fact that the National Assembly committee on agriculture through its chairman Makhdoom Ahmad Alam Anwar has sent certain proposal to the Prime Minister Shaukat Aziz in a bid to ease pressure from the farm sector. The committee wanted cut in diesel and electricity prices by 50% to reduce cost of production. The committee also recommend to the government to discourage the trend of converting agricultural land into real estate. A number of other proposals were also sent. But now it seems that the budget makers who happen to be technocrats of IFI breed have not paid any heed to real issues. In the final analysis, one would conclude with pain that subsidizing agriculture imports would not benefit the nation rather it would jeopardize food security and make agriculture uncompetitive in the food market. There is a need to divert the phenomena of subsidies to farm sector instead of imports of farm produce into the country.

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