

Food Processing Sector Profile Pakistan



Creating Markets, Creating Opportunities



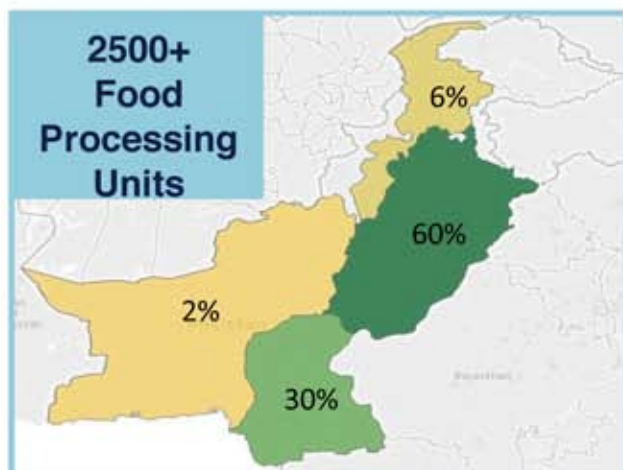
The Pakistan's food & grocery retail market had \$53.0 billion revenue in 2020, with compound annual growth rate (CAGR) of 8.3% between 2016 and 2020.¹



11.7% growth in FY 2021-22
(July to March)



2nd largest Industry in Pakistan



Most of the food industry in Pakistan is concentrated in Punjab (60%) followed by Sindh (30%), KPK (6%), Baluchistan (2%) and ICT (2%). In total, there are approximately 2500+ food processing units in Pakistan.²

In strategic Trade Policy Framework (2020-2025), the government of Pakistan has prioritized Processed food, Fruits & vegetables and Meat & Poultry as developmental sectors.³

This profile is focused of following segments of the sector:

1. Dairy
2. Meat
3. Fruits and vegetables
4. Olive oil extraction

Livestock contributed to 14% in GDP during FY 2021-22 (July to March).⁴

Vegetables exhibited the growth of 11.5% and Fruits exhibited the growth of 1.5% during the FY 2021-22 (July to March).⁴

Pakistan's fruits and vegetables market is expected to register a CAGR of 5.9% during the forecast period of FY 2022-2027.⁵

Pakistan was awarded the Generalized Scheme of Preferences (GSP) Plus Status (Zero to Low Duty) by the European Union in 2014 which has the potential to greatly uplift the exports of processed food products.

Fruit and vegetable processing projects have potential to replace imported products like squash, Jams, tomato sauces, pickles, etc., besides earning foreign exchange by exporting finished or semi-processed products.

Major players



Global Export Destinations for Pakistan's Fruits and Vegetables ⁶



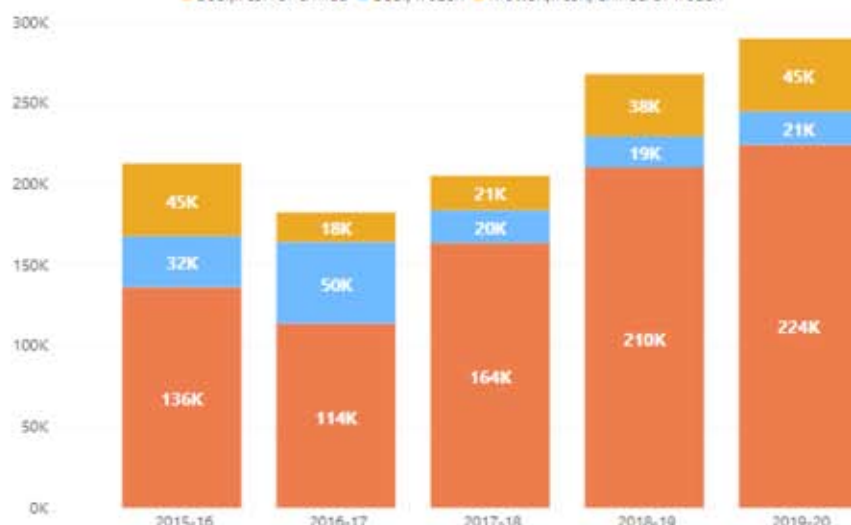
Global Export Destinations for Pakistan's Meat ⁷



Major exports of Pakistan consist of meat of bovine animals, sheep and goat. Export destinations include UAE, Saudi Arabia, Kuwait, Afghanistan, Qatar, Bahrain, Hong Kong, Oman and Vietnam.

Types of Meat Exported by Pakistan FY2016-20 (Amount in 'million' USD) ⁷

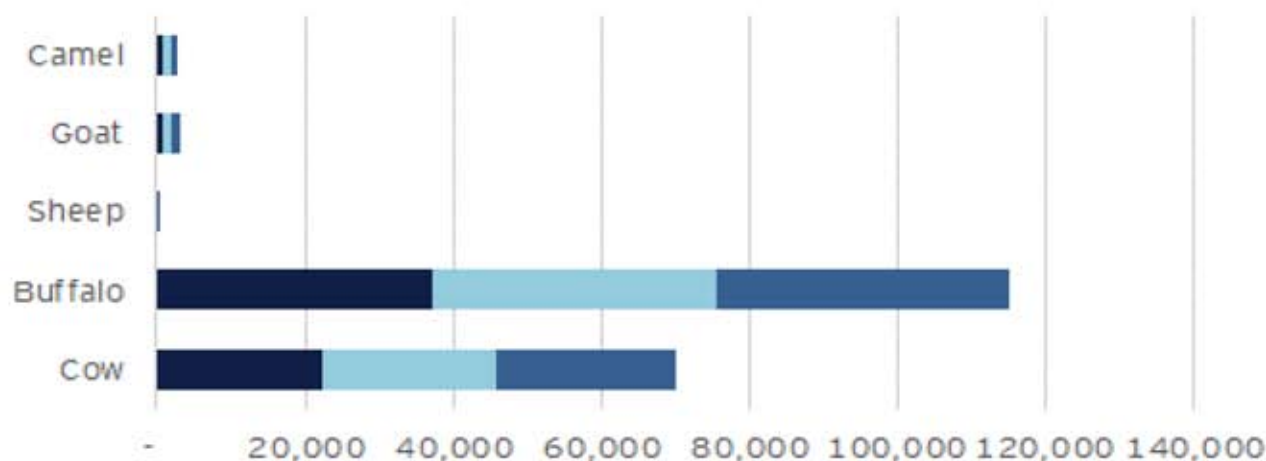
Beef, fresh or chilled Beef, frozen Mutton, fresh, chilled or frozen



FY	Beef-Fresh /Chilled	Beef-frozen	Mutton, Fresh, Chilled or Frozen
2015-16	136.31	31.55	44.72
2016-17	113.78	50.38	18.17
2017-18	163.51	20.29	21.19
2018-19	210.20	19.20	38.40
2019-20	224.15	20.52	44.99

Pakistan is witnessing significant growth in its exports especially in chilled meat category. However in case of frozen meat category the overall trend is not as promising, providing huge opportunity to Pakistani exporters for tapping this segment.

Specie wise production of milk in Pakistan during last 3 Fiscal Years - "000" Tonnes ⁴



	Cow	Buffalo	Sheep	Goat	Camel
2019-20	22,508	37,256	41	965	920
2020-21	23,357	38,363	41	991	932
2021-22	24,238	39,503	42	1,018	944

Why to invest in Food Sector of Pakistan?



01

Sector Growth Potential

A growing population, coupled with an increase in urban lifestyles has been the primary driver behind the rising demand for food products. Fruits and vegetables are estimated to experience significant growth in the future. Global fruits and vegetables processing is expected to grow by a cumulative average of 8.3% per annum during the forecast period 2018-23. Pakistan is the 4th largest milk producing country in the world which provides tremendous opportunities for value added products in the dairy sector. Pakistan's exports of halal meat and meat preparations were stood USD 333 million during fiscal year 2020-21 and these are expected to reach USD 500 million during the fiscal year 2021-22 as Jordan and Indonesia allowed the access to Pakistan's halal meat.

02

Government Initiatives /Support

Ministry of National Food Security and Research has launched its first ever National Food Security Policy with the goal to promote sustainable food production system by achieving an average growth rate of 4% per annum. Slaughtering segment contribute 9.7% in manufacturing and 1.2% share in GDP during the FY 2021-22 (July to March).⁴ Government has focused on this segment for poverty alleviation in rural areas.

Pakistan is a beneficiary for the GSP Schemes of Switzerland, Norway, Turkey, UK, USA, Canada, Australia, New Zealand, Japan, Russia, Belarus, and Kazakhstan. Accordingly, import of GSP-eligible products into these countries from Pakistan enjoys preferential tariffs (i.e. reduced or zero import duties).

03

Availability of Raw Material and Labour

Pakistan is the agriculture rich country with the abundance of fruits, vegetable and animal production to serve as a raw material for food sector along with the Labour force of 72 million . More than 65 – 70% population depends on agriculture for its livelihood.⁸

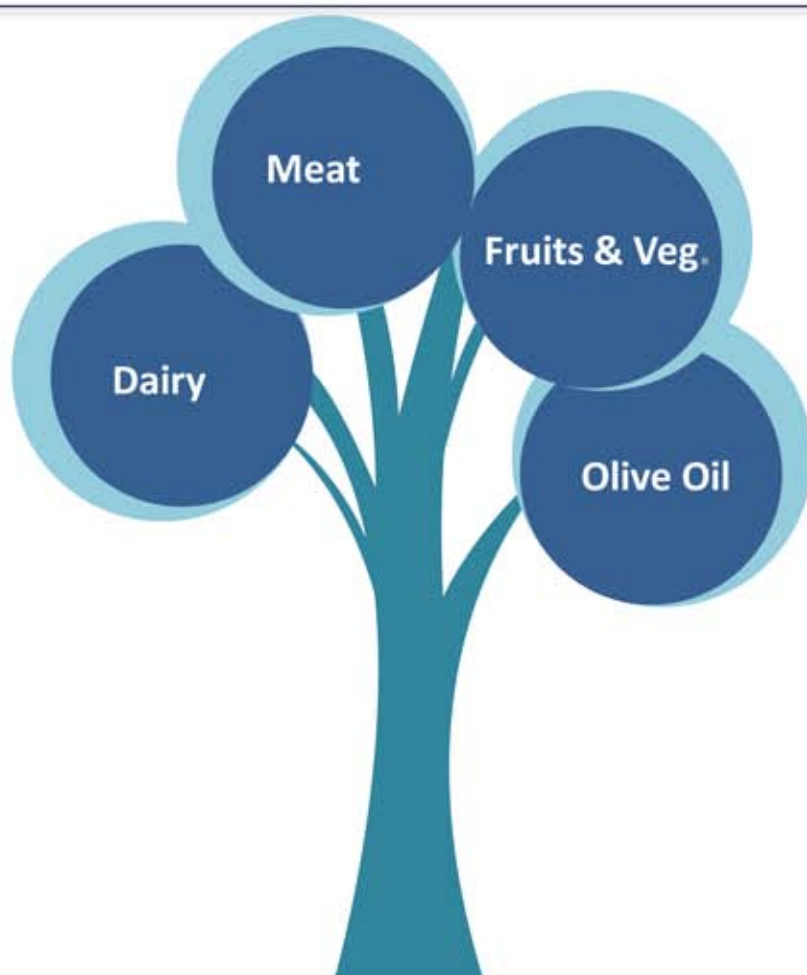
04

Social Trends and Impact of Covid

Due to changing lifestyles, people are becoming more inclined towards consuming processed food as it offers convenience owing to longer shelf-life. The Covid19 pandemic has induced further attractiveness towards food processing as perpetual lockdowns have limited consumer access to everyday grocery outlets and processed food served as substitute staples.

Emerging Trend – E Commerce: Owing to increasing digital literacy and accelerated use of online modes of shopping, a number of platforms have emerged for day to day grocery shopping which also offers processed food. This behavioral change is also promoted due to limited mobility during Covid19 lockdowns. However, this change in lifestyle is expected to persist in the long-run as it offers convenience. Some of the renowned online platforms are: Daraz, Metro online, Hum Mart and Panda Mart.

Why to invest in Food Sector of Pakistan?



Key Areas to Invest



Key highlights of Pakistan's food processing sector:

- 4th largest milk producer in the world and about 97% of milk is marketed in raw form.⁹
- 12th largest citrus producer in the world and produced 2.4 million tonnes citrus in 2020.¹⁰
- 35 different varieties of vegetables are cultivated in Pakistan.¹¹
- More than 29 varieties of fruits are produced throughout the year.¹¹
- Pakistan and UK exchanged approximately USD 2 billion in trade during FY 2019, 12.25% was based on fruits.¹²

The food processing sector of Pakistan has the ability to create spillover effects in multiple other industries also such as food packaging, bottling, retail chains (hypermarkets, supermarkets) etc. The main sub-sectors, however, that need to be focused on a priority basis include:

1. Dairy
2. Meat
3. Fruits and Vegetables
4. Olive oil extraction units

Areas to invest

Dairy



Over 750 million people are engaged in milk production globally and milk production is around 850 million tonnes.⁹

The dairy sector in Pakistan plays a significant role in the national economy and its value is more than that of the wheat and cotton sectors combined. The dairy and livestock sector alone contributes 14% of Pakistan's GDP and 62% of the value addition in the agricultural sector. Pakistan's current annual milk production is close to approximately 66 million tonnes per annum which makes it the 4th largest milk producer in the world.⁴

Pakistan is a population of 228 million people approximately. Amongst all household expenditures on food items, nearly 26% is spent on milk and dairy products.¹³ A major proportion of milk is consumed in tea which is a common drink so milk is demanded by every household in the country.

Milk is one of the most popular food items in Pakistan and is consumed as fresh, boiled, powdered and in processed form such as *yogurt, ghee, lassi (buttermilk), butter, cheese, ice cream, sweets* and in other *confectioneries*. Indeed, the dairy sector opens up the sheer possibility for Pakistan to earn nearly **\$30 billion** from exports of the dairy products on more than one count.¹⁴

The Government of Pakistan formulated its first ever Livestock Policy in 2007 based on which many corporations have made significant investments in the development of cold-chains in remote dairy producing areas. The government has also started giving incentives for the development of the dairy sector. These include regulatory measures for imports of high yielding animals, semen duty free imports of veterinary dairy and livestock machinery/equipment and exemption from retail sales tax for processed products.

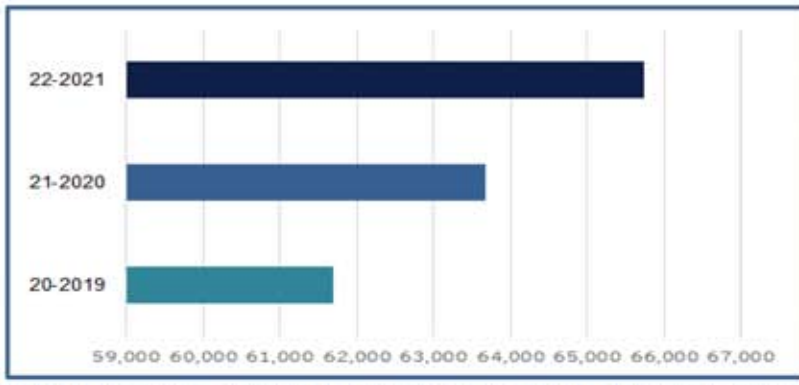


66 Million Tonnes
Pakistan's total Milk Production

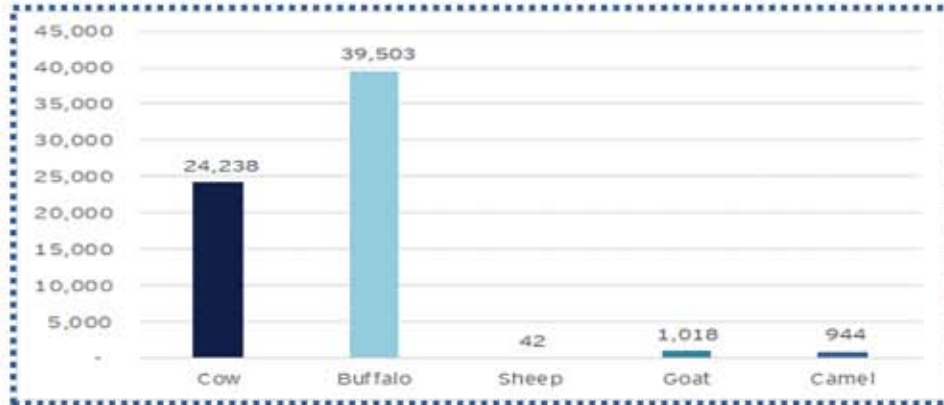
Major Consumers

- Domestic consumers
- Dairy products making companies
- FMCG manufacturers

Milk Production in Pakistan during last 3 Fiscal Years – “000” Tonnes⁴

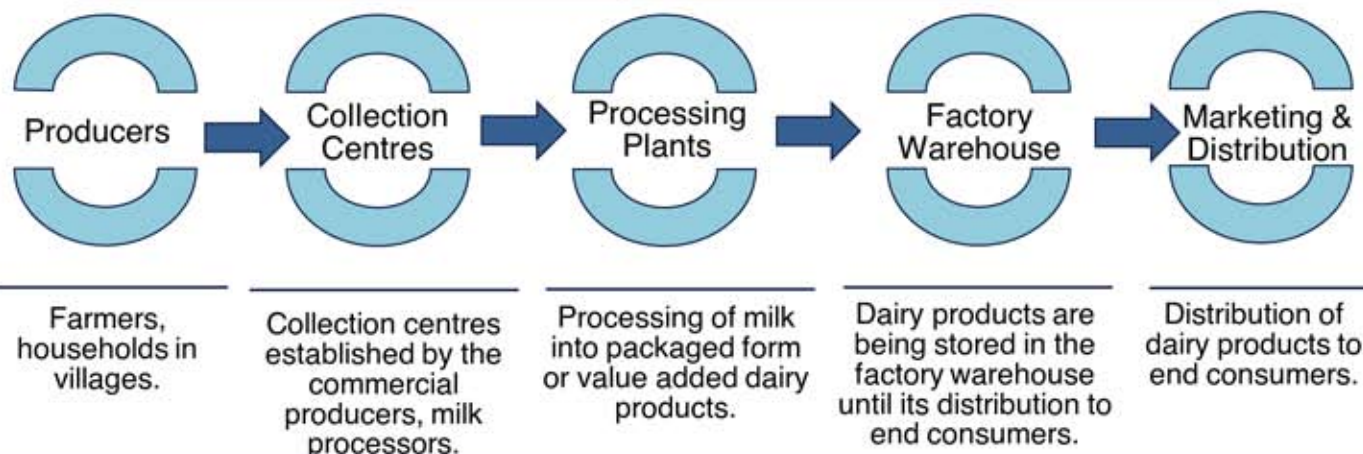


Specie wise production of milk in Pakistan during FY 2021-22 – “000” Tonnes⁴



Areas to invest Dairy (Cont'd)

Value Chain of Dairy Products in Pakistan



Pakistan has one of the highest levels of urbanization in South Asia; by 2030, 50 percent of the population is expected to live in cities. This coupled with the population increase is expected to increase the demand for dairy and related goods and services.

Pakistan has the average annual yield of 1.62 tonnes per animal against the global average of 2.33 tonnes due to poor on-farm practices. Further, in Pakistan, about 97% of the milk produced is marketed in loose form rest is processed. It is estimated that 15% to 20% of the milk produced is wasted due to faulty transportation and lack of chilling facilities.⁴ Unprocessed and un-chilled raw milk has a short shelf-life of 4 to 6 hours only due to rapid bacterial growth.¹⁵

Value chain infrastructure such as equipped collection centers and properly designed milking places are missing to maintain the production from animal and quality of the milk produced. Although few private processors have provided chillers to large farmers, but such facility reduces the bargaining power of the farmers.¹⁵

There is a huge gap in milk production that can be covered by investing in foreign breeds or cross breeds for better production and in on-farm facilities and value chain infrastructure to reduce the wastage of milk that can be used to produce value added dairy produces.

Cheese is a high value-added product and used in variety of products like sweets, pizzas, burgers and many other food items.

Khoya is a high value-added product made by concentrating the milk solids and used in variety of sweets and sweet dishes.

Desi Ghee is a high value-added product made by skimming off the milk cream (butter) and processing it into desi ghee.

Investments can be made in facilities to process the milk into basic valued added dairy products not only to increase the base value of the milk but also to reduce the import burden of the cheese.

Milk Producing Custers in Pakistan

Planning Commission of Pakistan has identified 5 milk producing clusters:¹⁵

1. Western Punjab and North Western Sindh
2. North Western Sindh
3. Northern Southern Punjab
4. Peri-Urban Sindh
5. Peri-Urban Punjab

Areas to invest

Meat



Meat processing at large scale is carried out by the companies which specialize in slaughtering, processing, packaging, and distribution of meat.

The global bovine meat market was valued at USD 52 billion in 2019 that registered the CAGR 7.9% since 2001 and likely to continue the same trend in future. Consumption of meat in developing countries will increase in future as rising income levels will result into increase in propensity to consume more meat.¹⁶

Pakistan with 7th largest cattle inventory in the world has only 34 registered slaughterhouses with 219 million livestock population and suitable climate conditions for livestock.⁴

Pakistan's share of global bovine meat market stands only 0.44% as compared to total market of USD 52 billion.¹⁷

Major exports of Pakistan consists of meat of bovine animals, sheep and goat. Meat is exported to UAE, Saudi Arabia, Kuwait, Afghanistan, Qatar, Bahrain, Hong Kong, Oman and Vietnam. Majority of the exports of meat are to GCC countries with minimal share of other regional countries such as Vietnam and Afghanistan. Over half of the imports by GCC countries in chilled bovine carcass and bone in cuts categories is catered by Pakistan. However, Pakistan's share in imports of chilled boneless category by GCC countries is negligible despite the fact that the category contributed over 50% of chilled category of bovine meat imports. There lies a tremendous opportunity of investment to cater the untapped portion.¹⁶

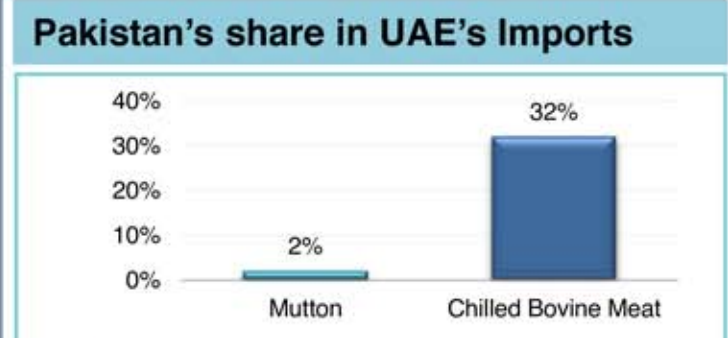


219 Million
Pakistan's total Livestock Population



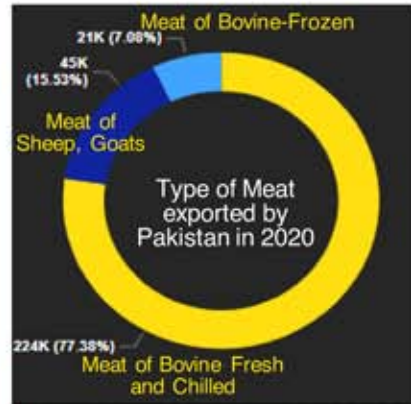
2,461,000 Tonnes beef
782,000 Tonnes mutton.⁸

Major consumer
-Individuals, food processors
-Exports



Export of mutton constitute 14.5% of total meat exports of Pakistan. China, USA, UK, Germany, France and UAE are amongst the top importer of the mutton. Pakistan has no share in China's import of mutton and Pakistan's share in UAE's import was 2% in 2019 as compared to 32% in case of chilled bovine meat category.⁷

Therefore, there lies a tremendous opportunity in meat processing of sheep and goats as Pakistan has 114 million sheep and goats herd. By making dedicated efforts, export of mutton can be increased significantly to earn the foreign exchange.⁴



Major share of Pakistan's meat exports is comprised of chilled bovine meat, chilled or frozen mutton and frozen bovine meat.



USD 1 million
Pakistan's Frozen Bovine Meat Import in FY 2020

Despite being owner of the large population of the livestock, Pakistan is also importing frozen bovine meat from other countries and majority of the **imports are from UAE and Australia**. Which represents an untapped opportunity in domestic market.

Areas to invest

Meat (Cont'd)



Meat Processing Facilities

Pakistan's contribution to the global export of chilled bovine meat is quit low for a country with the ownership of 7th largest cattle population. During FY 2020, USA (USD 3.55 billion), Australia (USD 2.74 billion) and Netherlands (USD 2.31 billion) were ranked at top 3 exporters. This reflects that Pakistan has not achieved its export potential yet. One of the reasons is Pakistan's absence of declaration as foot and mouth disease (FMD) free country which restricts its exports to 8 countries only and act as major impediment of access to developed markets. Pakistan can increase its exports by applying appropriate measures to control FMD such as establishment of FMD free zones and installation of heat treatment facility to remove FMD virus from meat.¹⁶

To lock the potential opportunities in international market investments in meat processing units such slaughterhouse/abattoir can be made.

Growth Potential of Halal Meat in Global Market

Halal foods trade estimated to cross USD \$3 trillion and among this, the meat sector contributes about USD 600 billion. In International halal red meat market, Pakistan's share is less than 4% and its biggest competitors are non-Muslim countries with Halal accreditations.¹⁶

Halal red meat is amongst the most desired meat around the globe with high demand in specifically developing economies and Pakistan, in this regard, has an advantage as all the meat processed in Pakistan is Halal. Halal meat is not just the requirement from Muslims, but it is also accepted by non-Muslims owing to its safe and hygienic nature, nutritious value and superior quality. The government as well as private sector has started focusing on measures to increase the Halal meat export.¹⁸

Pakistan has extraordinary natural capabilities with variety of livestock breeds, fodder and suitable environment creating opportunity for investment in Halal meat value chain to cater the growing demand.

Recent Wins

As mentioned earlier, the majority of the exports of meat by Pakistan is to GCC countries and there is a huge potential for increase in export income through meat. It is evident that the demand for Pakistan based meat is increasing as Egyptian Veterinary Authority has recently approved ten Pakistan based meat processing units for export of meat to Egypt. These meat processing units include P.K Livestock & Meat Company (Pvt) Limited, TATA Best Food Limited, Fauji Meat Limited, Al Shaheer Corporation Limited, The Organic Meat Company (Pvt) Limited, Tazij Meat & Food, Abedin International Abattoirs (Pvt) Limited and Zenith Associates.¹⁶

Similarly, Jordan has approved three Pakistan based meat processing units for export and Department of veterinary Sciences, Malaysia & Department of Islamic Development, Malaysia have approved two Pakistan based meat processing Units.¹⁹

China has approved The Organic Meat Company (Pvt) Limited for export to China as the company has installed heat treatment facility to remove FMD viruses from meat with capacity to treat 300 tonnes per month.²⁰

Areas to invest

Fruits and Vegetables



Pakistan is blessed with rich soil and favorable climate for growing a variety of fruits and vegetables. Vegetables also includes condiments (onion, garlic, chilies, coriander and turmeric). Different varieties of fruits are cultivated on area of 0.74 million hectares with annual production of more than 7 million tonnes. Top fruits in terms of production are citrus, mango, banana, apple, grapes, pomegranate, guava and dates. Similarly, vegetables including condiments are cultivated on area of more than 0.46 million hectares with annual production of more than 8 million tonnes. Top vegetables in terms of production are potatoes, tomatoes, cauliflower, turnip, carrot and onion.⁶

Global fruits and vegetables market is expected to reach USD 373.5 billion by 2022, at a CAGR of 7.1% during 2017-2022. The processed segment accounts for an average of 35% of the global market and it is expected to witness fastest growth during 2018-2023 at CAGR of 8.3%.²¹ It shows that market potential for processed fruits and vegetables remains largely unexplored and untapped.

Citrus

Citrus is the largest produced fruit of Pakistan (12th in the world) with its major production hubs concentrated in Punjab.^{22, 23} Kinnow can be processed to produce 'Frozen Concentrated Kinnow Juice' (FCKJ) which is the raw material to produce ready-to-drink juices and other drinks. FCKJ manufacturing is an attractive investment opportunity that derives its rationale from abundant availability of raw material, uniqueness of the local Kinnow fruit, high value addition potential, large export and local markets and presence of an existing industrial cluster. Kinnow peel oil, Kinnow pulp, cold press peel and waste peel are the byproducts of the manufacturing process.

There is also a potential in local fruit juice processing units. Citrus-based juices and drinks represent an important product category in the local market. The local 'Juice, Nectars and Still Drinks' (JNSD) market has grown at a high rate of around 16% during the past decade.

Major import markets for frozen concentrated orange juice are as follows: 1 - USA, 2 - Germany, 3 - Japan, 4 - China, 5 - Indonesia.

Citrus

Mango

Banana

Apple

Potato

Tomato

Mangoes

Mango is Pakistan's national fruit and the second most important fruit crop. The main mango growing districts in Punjab are Multan, Bahawalpur, Muzaffargarh and Rahimyar Khan. In the province of Sindh it is mainly grown in Mirpur Khas, Hyderabad and Thatta while in the province of KPK it is grown in D.I.Khan, Peshawar and Mardan.

Pakistan currently produces approximately 2% - 3% of the world's mangoes which also makes it the 4th largest mango producer in the world. All in all there are around 250 varieties of mangoes that are produced.

In terms of exports, UAE has been the major destination for Pakistani mango exports followed up by the UK, Afghanistan and Oman.

Areas to invest

Fruits and Vegetables (Cont'd)



Mangoes

Currently only 3-4% of the Pakistani mango produce is processed into value added products such as pulp for use in drinks and ice creams, canned mangoes and dried mangoes. Therefore, there lies tremendous opportunities for investment in value addition of mangoes.

- 1. Mango Pulping Facilities:** Mango pulp is an important value added product which has huge demand in both the domestic and the international markets. The local market for fruit juices, nectars and drinks has been growing at a very rapid pace in the last couple of years.
- 2. Dried Mango Products:** Dried mango is an important value added product processed in many countries across the globe. In terms of dried mangoes, mangoes from Sindh have a unique taste and can be converted into dried mangoes considering locations such as Mirpur Khas, Hyderabad and Thatta that produce abundant mangoes.
- 3. Fresh mango grading and packing facility.**
- 4. Mango juices, nectar, squash, yogurt, jams, jellies, ice creams, chutneys, pickles etc.**

Tomatoes

During FY 2020, tomatoes worldwide production was around 251.67 million tonnes. China, India, Turkey and United States were among top tomatoes producers. The Fresh Tomato market was valued at USD 5,700 Million in 2019 and is expected to reach USD 6,084 Million in 2025 with a CAGR of 1.09% during 2021-2025.²⁴ During FY 2020, Pakistan has produced 594,210 tons and was held on 36th position worldwide for tomato production.

Tomatoes Paste

During FY 2020, Pakistan has imported 4,787 tonnes of tomatoes pastes for USD 6.8 million to cater domestic needs. Pakistan has also exported tomatoes pastes of around 533 tonnes for USD 1.2 million.²⁵

It is estimated that approx. 20% of global tomato produce is processed into making purees, soups, tomato ketchup, pickles, juices, and sauces. It shows that tomatoes pastes have a good market at national and international level. Processed tomato consumption was earlier concentrated in developed countries but with improving economic indicators and westernization in lifestyles, its consumption is rising in developing countries as well.²⁶

There are many well known brands such as Shan Foods, Shangrila, National Foods, etc. already operating in this market segment. Investors can target this sector by setting up a tomatoes pastes preparing plant to fully exploit export markets.

Sorting and Grading Facilities

Tomato's demand is continuously increasing in global and national markets. In FY 2020, Pakistan has exported only 14,638 tonnes of tomatoes i.e 2.5% of its production whereas global export in volume was around 8 million tonnes. It reflects that the export potential for tomatoes has not been achieved yet. To increase Pakistan's export of tomatoes, investment in sorting and grading facilities will be required as sorted & graded tomatoes will fetch better price for each variety of tomatoes and will benefit the other stakeholders of the value chain. Overall, the improved facilities for post-harvest sorting and grading will enhance the quality of the produce in local and international market ultimately resulting into increase the value.²⁷

Areas to invest

Olives



In 2019, the global olives market was valued at 13.03 billion USD³⁵ and it is anticipated to witness the CAGR at 4.5% during 2021-2026.²⁸

Olives were harvested on 10,578,200 hectares of area in 2019.⁵ The top olive producing countries in 2019 include Spain (5.96 million tonnes), Greece (2.8 million tonnes), Italy (2.2 million tonnes) and Morocco (1.91 million tonnes).²⁵

The top olive importing countries include the United States, the European Union, Brazil and Russia. Pakistan has been dependent on olive producer countries as well.

Olives are consumed as table olives or processed into oil, pickle, syrup and tea.²⁹ In Pakistan, olives are grown over 31,000 acres with 3.6 million plants.

USD 14.18 million

Pakistan's Import of olives and olives based products – FY 2020

Pakistan currently produces 34% of the edible oils that it consumes domestically and spends significant foreign exchange on the import of edible oil to meet domestic demand. Therefore, the government of Pakistan has been encouraging cultivation of olives.³⁰

Potential Products

The olive oil is extracted from the olive fruits and remaining cake is sold to the local market. The olive cakes are used for different purposes, such as in cosmetics, recipes, medicines, animal feed, etc. Following are the types olive oil extracted from the olive fruits:

- (1) Virgin Olive Oil
- (2) Extra Virgin Olive Oil
- (3) Pure Olive Oil
- (4) Lampante Oil

Value Chain – Olives



The olive trees ripen in summer and by late summer its fruit color changes from green to purple to black and it is ready for harvesting. This process is called Veraison. Harvesting of olive fruit should be done carefully to avoid damaging the tree and prevent deterioration of olive oil chemistry.

Olive is naturally a bitter fruit. To make it palatable, it is fermented and cured using brine mixture made of salt and water mainly.

Processed to make it marketable such as sorted, graded, preserved and packed.

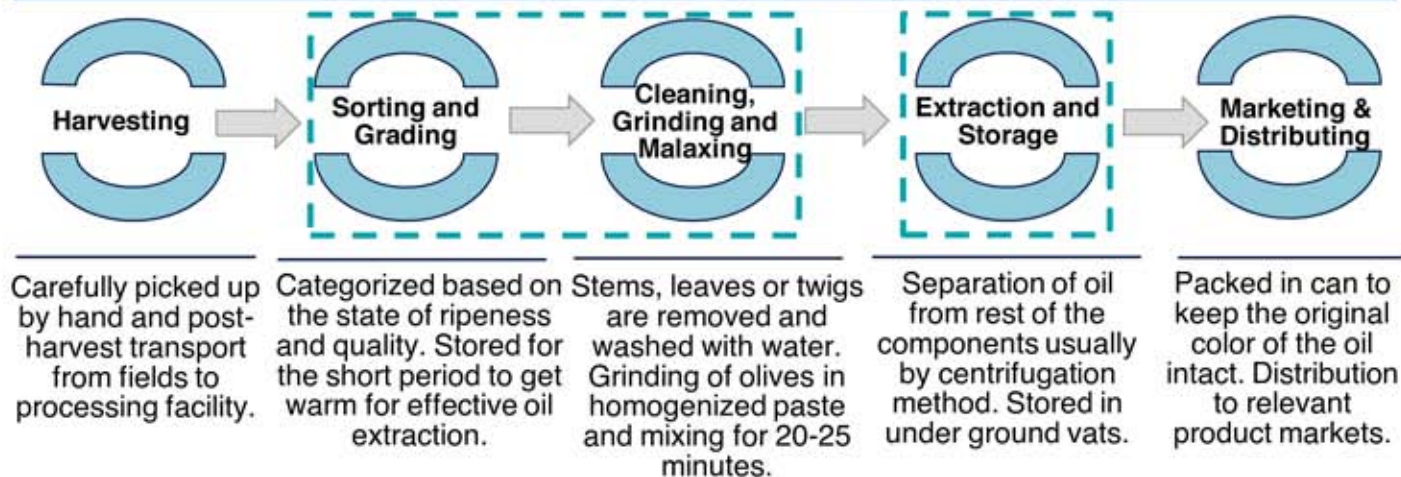
Fresh olives are also sold in the market.

Olives - Production

Potohar is a large plateau region in north-eastern Pakistan covering an area of 8,592 square miles. It has been identified as suitable for olive production because of its favorable climate and ideal topography. The climate, temperature, soil, average rainfall and other factors in Sialkot, Narowal, Gujrat, Jhelum, Rawalpindi, Islamabad, Attock, Chakwal and Khushab suit olive cultivation. Punjab government has declared the Potohar region as "Olive Valley." It recently distributed olive plants to farmers, and organized training of olive growers in the region.

Pakistan has vast lands suitable for olive production even more than the existing major olive producing countries.²⁹ Thus, if well capitalized on this opportunity, Pakistan is likely to become a leading olive producing country which will not only help to reduce the import burden but enhance potential to increase the export as the olive consumption has been rising in Asia, United States and Australia.²⁵

Value Chain – Olive Oil Extraction



Olive Oil

The demand for olive oil is increasing day by day. Local production does not meet the demand which indicates a huge potential to grow more olive trees. Edible oil is considered as a necessity and not a luxury product, hence its demand is relatively inelastic and grows with time. It is estimated that in next 10 years, with the help of Government of Punjab, 3.16 million trees will be planted in the area covering 23,400 acres that give 21,000 tonnes of olive fruit which will be available in market for further processing. Pakistan is importing large quantities of olive oil and it is estimated that in next 10 years it will be importing approximately 50,000 tonnes of olive oil from the world. Given the increase in olive cultivation and demand for olive oil, there is an intense need to establish more extraction units. At present, there are only nine olive oil extraction units across the country. The olive oil extraction units may help to reduce the import of such products and make Pakistan capable of exporting olive oil and its related products to the world.³¹

Government's Policy Support

The National Food Security Policy of MNFSR (2018) aims to facilitate provinces in improving market intelligence and ICT for informed decision making, regulation of markets for better transparency and access, providing policy support for enhancing modern cold storage facilities, improved post-harvest handling practices to reduce post-harvest losses and improved quality for exports, developing standard grading, processing and packaging entrepreneurship etc.³²



Incentives/ Schemes for Financial Support of SMEs

Government encouragement for producing value added goods supporting set up of industry. Government has introduced two schemes to encourage investment in the industry.



01

Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises³³

Eligibility - Fruits, vegetables and food processing & packaging and dates processing units

Incentives

- Maximum financing limit is Rs 50 million.
- Maximum loan tenure will be one year.
- Mark-up rate will be upto 6% p.a.

02

Financing Facility for Storage of Agriculture Produce³⁴

Eligibility - Warehouses & Cold Storage facilities for storing agricultural produce

Incentives

- Financing limit for a single project is Rs. 500 million
- Maximum financing tenure is 7 years (10 years for SMEs)
- Mark-up rate of upto 6 percent p.a.



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Impact of China Pakistan Economic Corridor (CPEC)



CPEC's long term strategy has already defined food processing as a key area of focus, with the following projects being planned. These reflect that there is an immense potential for investment in this sector.

- ▶ "Asadabad, Islamabad, Lahore and Gwadar will see a vegetable processing plant with annual output of 20,000 tonnes, fruit juice and jam plant of 10,000 tonnes and grain processing of 1 million tonnes.
- ▶ Projects include the construction of one NPK fertilizer plant as a starting point with an annual output of 800,000 tonnes.
- ▶ Meat processing plants in Sukkur are planned with annual output of 200,000 tonnes per year, and two demonstration plants processing 200,000 tonnes of milk per year.
- ▶ In crops, demonstration projects of more than 6,500 acres will be set up for high yield seeds and irrigation, mostly in Punjab. ^{35, 36, 37}

Maximizing Pakistan's exports by leveraging CPEC developments

- ▶ A study carried by the Faisalabad Chamber of Commerce showed that China's crop yield for major crops such as wheat, rice, sugarcane, cotton and maize is almost twice as that of Pakistan's. Therefore, there lies immense potential in adopting the practices and technology used in China and implementing them in Pakistan.
- ▶ By 2025, if Pakistan is successful in increasing its yield to match that of China's, it will not only reduce food imports significantly, but also have surplus crop that can be processed to create value added products and then export to neighboring countries, making use of the improved transportation routes available due to CPEC.

There are 4 Special Economic Zones within CPEC that are targeted at food processing:

Project Name	Type of industry	Area
Rashakai Economic Zone, M1, Nowshera	Fruit processing, Food, Packaging, Textile stitching, Knitting	1,000 acres
Bostan Industrial Zone	Fruit processing, Agricultural machinery, Pharmaceutical, Motor bikes assembly, Chromites, Cooking Oil, Ceramic Industries, Ice and Cold Storage, Electrical Appliance, Halal Food Industry	1,000 acres
Allama Iqbal Industrial City, M3, Faisalabad	Textile, Steel, Food processing, Plastics, Agriculture, Printing and Packaging, Light Engineering	3,000 acres
ICT Model Industrial Zone, Islamabad	Steel, Food processing, Pharmaceuticals & Chemicals, Printing and Packaging, Light Engineering	500 acres

Nestle

- ▶ Nestlé in Pakistan is operating since 1988 under a joint venture with Milk Pak Limited. It is headquartered in Lahore, with four production facilities across the country. Factories in Sheikhpura and Kabirwala are multi-product, whereas the factories in Islamabad and Karachi are for water.
- ▶ Nestle Pakistan Limited is a subsidiary of Nestlé S.A., a company based in Vevey, Switzerland. Today, millions of consumers across Pakistan mirror emphasis on nutrition, realizing that food choices impact their health and quality of life.
- ▶ Today it is one of the leading Food & Beverages Company in Pakistan with key focus on Nutrition, Health and Wellness.

Headquarters' location

Nestlé Pakistan Limited
308 – Upper Mall,
Lahore - 54000,
Pakistan.



Product Range
Ambient dairy
Chilled dairy
Coffee
Bottled water
Juices
Culinary and food
Confectionary
Baby food
Breakfast cereals

Shezan International Limited

- ▶ Shezan International Limited, is a public Limited Pakistani beverages manufacturer which was incorporated on May 30, 1964; conceived as a joint venture by the Shahnawaz Group, Pakistan and Alliance Industrial Development Corporation, United States in 1964.
- ▶ It is one of the largest beverage companies in Pakistan. Since its inception in 1964, Shezan has produced various products including soft drinks, juices, ketchups, and jams.
- ▶ The company is also the single largest grower of mangoes in Pakistan, and employs roughly 1,000 persons. It is best known for its trademark product, 'Shezan Mango', a mango juice drink popular in Pakistan.
- ▶ Shezan exports its food products to more than 40 different countries including UK, USA, Australia, Germany, Canada, etc.
- ▶ Shezan has a juice factory in Hatter, Khyber- Pakhtunkhwa and a bottle filling plant in Lahore, which has increased its productivity significantly. It also owns and operates an independent Tetra Brik plant.

Headquarters' location

56 – Bund Road, Lahore,
Pakistan.

"Shezan has never compromised on its quality, so people can have healthy and pure processed foods on their tables"

Waseem Mahmood,
Director Marketing



Product Range

Beverages

Squashes and Syrups

Jams, jellies and marmalades

Ketchups and sauces

Chinese sauces and vinegar

Pickles

Chutney

Food essentials

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