

## **Establishing Agri-Marketing Integrated Centers (AMIC)**

### **Trade Policy Implementation 2007 – 2008 (Item # 10.08)**

#### **1) Preamble**

Pakistan is an Agricultural country and agriculture sector is a major contributor to the national economy. The sector also contributes significantly to the Exports of Pakistan. Cotton and cotton based products account for more than 60% of country exports. Similarly Rice and rice based products earn over a billion dollars for the country. Despite comparative advantages like, fertile land, water resources, favorable climate and suitable conditions, the export potential of agriculture based products has not been fully exploited due to low productivity at the farm level, lack of infrastructure for post harvest handling of crops as well as horticulture products and lack of processing and for higher value added products. Particularly the country has minimal capability to serve larger customers in terms of product quantities demanded and consistency in qualities expected by these buyers. These large buyers have to go to many individual exporters to source their required quantities and usually face difficulties in sourcing large quantities of same grade and quality from different suppliers. Due to these difficulties, larger buyers shy away from Pakistan and the country loses significant business opportunities to increase exports of agri based products particularly value added products in larger quantities.

The country is also unable to tap lucrative larger customers who usually offer better prices and durable business opportunities. It is therefore recognized that without improving the collection, grading, packaging, quality control and storage supply line, the country can not achieve quantum leap in exports. Since the competition among the producing countries is also increasing, the competitiveness of the country is eroding. The country needs continuous up-gradation and enhancement in terms of its capacity and capability for fulfilling international demands. Due to lack of modern processing and storage facilities the sector is unable to fulfill international standards and consistency in product quality.

Keeping in view the current scenario Trade Development Authority of Pakistan (TDAP) highlighted these barriers and suggested for the focused Corrective Action Plan to improve the agri supply chains. In this respect, Government of Pakistan has initiated in Trade Policy 2007-2008 for the establishment of Agri-Marketing Integrated Centers (AMICs), which shall provide a platform for farmers to enhance their business according to modern methodology and international requirements. These Centers would serve as intermediaries; service providers to farmers and exporters and provide capacities for product handling, processing, storage and packaging on commercial basis so that standardized products are available. These intermediaries would involve in transactions and would serve as services and infrastructure.

The initiative as defined in Trade Policy 2007-2008 is outline below:

1. “Exports of Agricultural produce hampered by lack of Modern storage facilities where produce could have consistent quality, conform to international standards, are duly certified and has desired traceability.
2. AMICs will establish close linkages with selected and enlightened farmers to obtain their produce for storage and sales on their behalf.
3. AMICs will provide common facilities such as Grading, Packaging, Fumigation, Testing, Certification etc
4. AMICs will establish Export linkages with International and Local Buyers.
5. TDAP will establish a private limited company to be managed by specialists in the field.”

## **2) Short Title and Commencement**

This initiative to be called the “Agri-Marketing Integrated Centers” (AMICs). It will come into effect as per the implementation schedule included in this document

### **3) Sector (Beneficiaries)**

Major beneficiaries would be small, medium and large sized selected farmers and farming enterprises and exporting companies of Agriculture Sector of Pakistan, involved in commodities and value added agri products.

### **4) Management of the Scheme**

The initiative shall be implemented as outlined below:

- 1) Project will be managed as a public private sector partnership for which a Private limited company will be established;
- 2) The Agricultural Marketing Company (Private) Limited refers to above shall be established to develop and operate Agri-Marketing Integrated Centers (AMICs) through out Pakistan. The Company shall be setup with 100% equity from the Government of Pakistan
- 3) The Agricultural Marketing Company (Private) Limited shall be operated and managed by a Managing Partner form the private sector. The Managing Partner would be selected among the invitees through an expression of interest to be advertised by TDAP with appropriate selection criteria to be advised by a consultant of international repute, having experience and expertise to design and operate such centers successfully in any of the bench marked countries. The Managing Partner would have the technical expertise to build and operate such facilities (centers), so that they build and operate AMICs efficiently and profitably.
- 4) A Consultant firm shall be hired. The Consultant shall support & provide technical assistance in planning and implementation of the entire project.
- 5) TDAP shall constitute a Steering Committee. The Committee shall comprise of TDAP Officials, Stake Holders from the Agri Sector and Resource persons. CE TDAP would chair the Committee and nominate the other members of the Committee. The Committee would steer the project till the executions phase, whereby the proposed company is incorporated and a board of directors appointed for the company.

- 6) In order to progress, a Project Coordinator shall be appointed by TDAP to coordinate and follow-up the related tasks of the initiative. The project coordinator would work under the supervision of project leader till the completion of project design and development phase. The project coordinator may subsequently be hired by the Private limited Company responsible for the execution of this initiative.

### 5) Implementation Plans:

The major Mile stones and time lines are estimated as follows:

