IN A NUTSHELL

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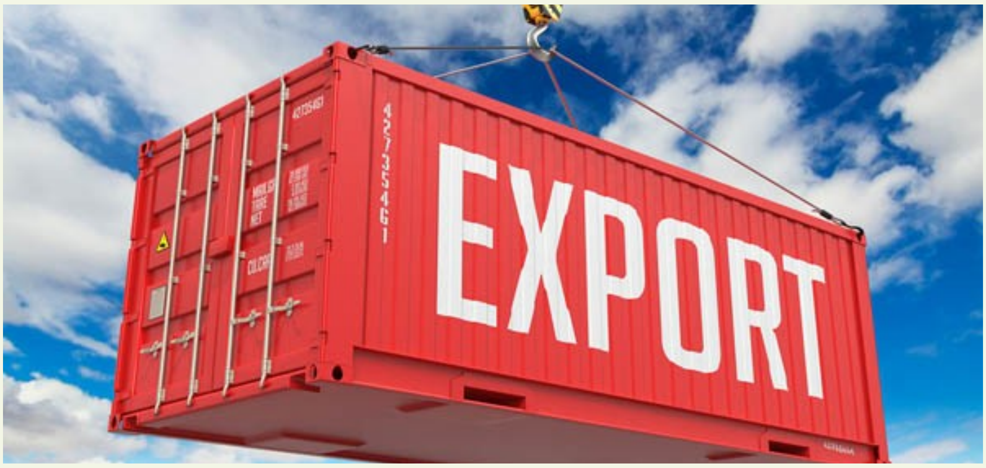
Quarterly Overview on Political Economy of Agriculture

In the eye of the storm ...

The first 3 months of the year have been challenging for the state and the people. The trade statistics from the Pakistan Bureau of Statistics' (PBS) for the first half (July-Dec) of the FY2026, did not harbor good news. In the first seven months of FY26, exports amounted to $18.195 billion, a decline of 7.09% year to year (YoY). Imports figures YoY increased by 9.42% amounting to $40.233 billion. Hence, in comparison to last year, the resulting trade deficit increased by $22.038 billion (28.33%). It should be noted, that in January for the first time in Pakistan's trade history, the month over month (MoM) exports crossed the $3 billion mark but overall the trade data has not been encouraging. Even before the Ramadan War had started at the end of February, trade with Gulf countries was suffering. Exports fell 6.06% to $1.502 billion in 6MFY26 from $1.599 billion over the corresponding months of last year. While imports from West Asia saw a decline of 4.29%, from $8.884 billion to $8.502 billion in 6MFY26 over the corresponding period in the previous year. By 8MFY26, exports to West Asia fell 1.07% to $2.122 billion from $2.145 billion over the corresponding months of last year. Apart from disruption in direct trade, the production in the country has been further impacted based on high energy prices, which would of course also increase the importation cost in the billions.

In addition, trade has suffered based on the trade routes between Pakistan and Afghanistan have been closed for over three months. The economy, especially in Khyber Pakhtunkhwa (KP) has been severely impacted as not only trade, but bilateral commerce, transportation business and government revenue has suffered. However, border trade between Pakistan and Iran through the Makran region continued even through heavy bombardment by the US-Zionist forces on Iran. Trade between Pakistan and China through the Khunjerab Pass continued to do well with exports from Pakistan to China and Central Asian states showing an increase. It would be safe to say, that given the rising regional and global political tensions, accompanied by conflict and war it would be prudent for the country to choose economic development based on self-reliance ensuring decent livelihood, sustainable industrial and agriculture production that would primarily speak to the needs of its entire citizenry, and not a small class of traders that is relying on export and import of goods and services rather than on building the industrial and agriculture based on one's own expertise, knowledge systems and resources.



In the first seven months of FY26, exports amounted to $18.195 billion, a decline of 7.09% year to year, while imports increased by 9.42% to $40.233 billion.

The resulting trade deficit increased by $22.038 billion, or 28.33%, compared to the FY25.

Overall, the trade data has not been encouraging, despite exports crossing the $3 billion mark for the first time in Pakistan's trade history in January.

Apart from disruption in direct trade, production in the country has been further impacted by high energy prices, which also increase importation costs.

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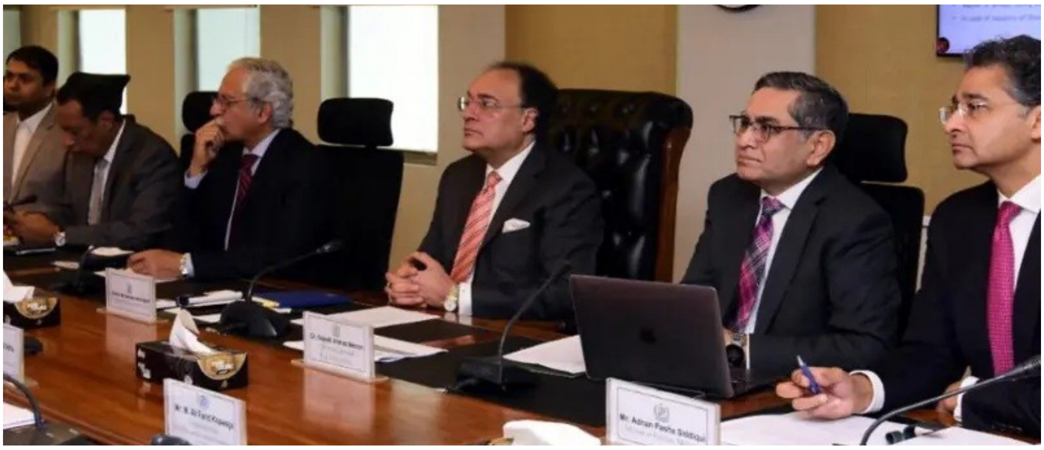


From pillar to post …

With wars and conflict creating increasing barriers to trade, and the worsening politico-economic situation arising from the Ramadan War, it was not an auspicious time for the government to have admitted before the National Assembly that it had been violating the Fiscal Responsibility and Debt Limitation Act (FDRLA) for many years, which continued into FY25. The Ministry of Finance (MoF) reported in its two simultaneous fiscal policy and debt policy statements laid before the National Assembly that the country's public debt had increased, the debt-to-GDP ratio worsened, and per capita debt also further rose in 2024-25. Even though the country has been able to increase revenue collection by 10% from the previous year, the government, in the first half year of the FY2026 had increased its borrowing from banks to the amount of PKR1.192 trillion. This is in face of the fact that the State Bank transferred its profit of PKR2.5 trillion for the FY25.

According to the MoF, 'total public debt increased both in percentage and absolute terms.' A major increase in the external debt came from multilateral development partners (including the IMF), which increased by 8.7 percent, to almost $4 billion. The Statement also clarified that more than half of Pakistan's external debt (56 percent as of September 2025) was from multilateral development financial institutions, including the International Monetary Fund (IMF). In the Fiscal year 2025 (June 2024 to June 2025), the total public debt increased from PKR 71.25 trillion to PKR 80.52 trillion mainly due to an increase in interest payments. In other terms, the total debt of the government increased 64.3% of GDP in FY25 against 61.8 percent in FY24.

Pakistan's power sector circular debt has been swallowing the country's industrial, agriculture development as well as having eroding social and economic wellbeing of the people. It is about PKR1.9 trillion up from PKR 1.689 trillion in the first six months of FY26.

Debt the ultimate abyss

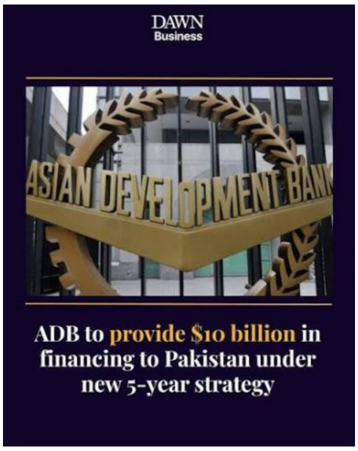
The consequences of the state's inefficiency and incompetency is ultimately paid not only in hard cash but the decay of institutions. According to the Auditor General of Pakistan (AGP), the significant tariff escalation has impacted industrial competitiveness and agricultural productivity. Productive sectors have been forced to decrease consumption and that leads to under-utilisation of installed capacity of industrial units. It was highlighted that 'according to Strategic Plan for the Privatisation of Pakistan's Power Sector (1992), one of the core objectives of power sector reforms was to enhance capital formation while improving efficiency through competition, rationalising prices, and ensuring that electricity supply supports economic growth without imposing unsustainable financial burdens.'

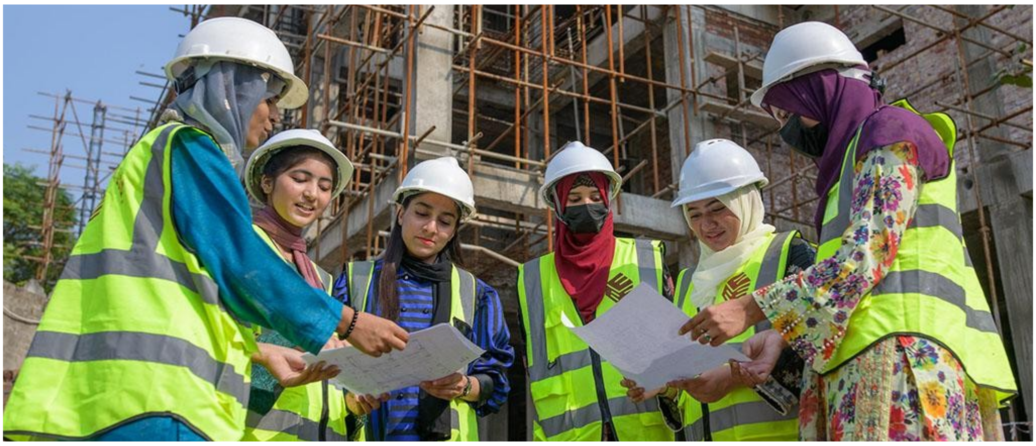
It is clear from the economic and financial data, that quite the opposite has happened. On one hand our industrial and agricultural production are failing while on the other hand, the government continues to decrease the development sector budget; the Prime Minister announced a 20% cut in the fourth quarter for both the federal and provincial governments as part of austerity measures. However, nearly PKR 0.6 million is spent for meetings of every Senate standing committee. It was stated that while such huge amounts were being spent, officials were seen to be ill-prepared for these meetings. A case in point was that the Ministry of National Food Security and Research (MNFS&R) had not submitted a draft for the proposed PSDP projects by the marked deadline for the upcoming FY2026-27.

The begging bowl …

While the productivity of productive sectors keep declining, the flow of loans keep increasing. Foreign assistance to the country from July 2025 to January 2026 reached $5.17 billion compared to $4.58 billion of the corresponding period of last year, an increase of 12.77%. In this first half of FY26, the total bilateral loans and grants stood at $931.88 million. Of the total bilateral amount, $33.24 million were grants and $898.64 million were loans; for multilateral assistance of $2.127 billion, grants amounted to $33.97 million, whereas $2.092 billion were loans. Among the multilateral lenders, ADB gave the highest loan of $622.18 million, followed by the International Development Assistance wing of the World Bank, amounting to $598.22 million. Other agencies in order of financial loans were the Islamic Development Bank (IsDB) providing a short-term loan of $483.78 million, IBRD $240.01 million, IsDB $56.13 million, the AIIB $76.11 million and IFAD $18.67 million. Pakistan also received $144.42 million from Standard Chartered Bank, London, and $209.51 million from the IMF.

For the people of Pakistan, these figures tell a terrible story. Of the total assistance received ($5.17 billion) $2.99 billion were loans that is 57.8% of the amount were loans, with the ADB and World Bank Group being top lenders. It should be recalled that Pakistan's total external public debt servicing was about $13.3 billion in FY2024-25. Indeed, it is the people, especially the working class, the peasants who know the true cost of these loans as they are the ones who are taxed through their utility bills, transport and general sales tax (GST),





while also suffering from the cut in social services and subsidies, and loss of livelihood and permanant employment.

The impact is all too clear. According to the Planning and Development Minister, based on 2024–25 estimates, Pakistan's poverty rate has increased from 21.9% to 28.9%. And no surprise that rural poverty increase was much higher, rising from 28.2% to 36.2% while urban poverty rose from 11% to 17.4%. According to the minister himself, 'strict reform measures, including subsidy reductions under IMF agreements, contributed to rising poverty levels.'

The Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) of the IMF have reached a staff-level agreement with Pakistan. On approval from the IMF Executive Board, EFF will provide another loan installment of $1.0 billion (SDR 760 million) and RSF about $210 million (SDR 154 million); this will bring the total disbursements under the two arrangements to about $4.5 billion. At the same time, the World Bank is supposed to approve a loan of $250 for projects on climate change in KP. The country has been besieged by climate disasters, with KP suffering from various calamities. In 2025 monsoon 509 lives were lost, while accumulative damages have resulted in a loss of approximately $2.3 billion. However, loan provided by imperialist financial institutions are no panacea. The real cause of climate change is the industrial chemical capitalist production that causes global warming, and which the rich industrially advanced countries ae not willing to bring to a halt or even scale down. These loans only advance further mobilization of the private sector that intensifies the same destructive models of production.

At the will of the master …

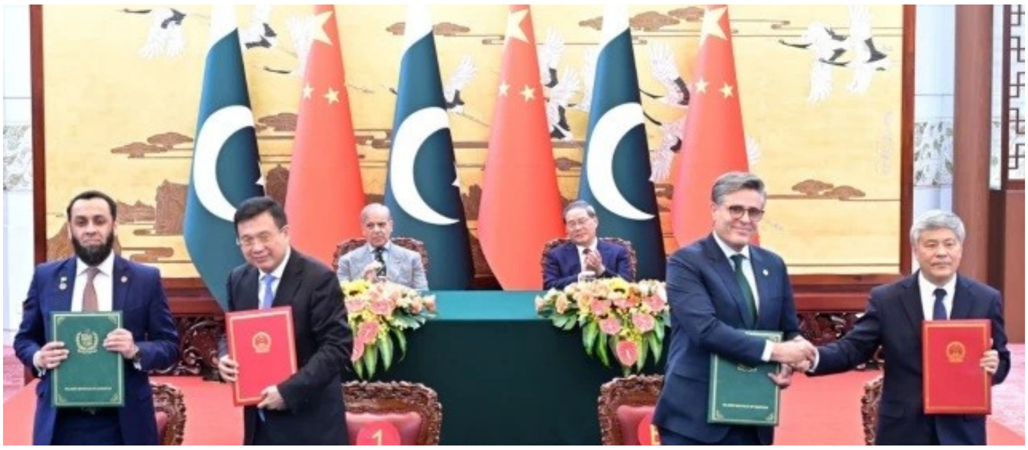
Such high amount of loans do not come out of goodwill; these are imperialist tools of control. And the demands remain the same, opening up markets so that from production, to distribution to marketing all is given over to transnational corporations of rich industrialized countries, especially those from the G7. The ADB's Country Partnership Strategy 2026-30 (CPS 2026-30) namely, "a roadmap to support the country's transition to sustainable and inclusive growth through private sector-led development," has spelled it out clearly in the name of the strategy itself. A key aspect of the ADB financing is towards pension system reforms built on 'sustainable defined contribution (DC) model' which is taking away state responsibility to provide pensions, and leaving it to the vims of the market. Reforms are being made to the present system where the state was providing a guarantee of lifetime pension; under new policies pension funds will be used for investment and payments to be made based on actual profits earned on the investment. In a country where there is an enormous youth bulge, giving a life time guarantee to pensioners cannot be difficult, and is the absolute right of the workforce which has given its best of its labor to production for its entire adult life (if not more). In addition, the ADB is dictating digitalizing pension funds administration as well as focusing on using artificial intelligence (AI) applications in health services. These systems do not really benefit the people – they are there to have control over the system, and to generate Bigdata for further profiteering. In the same vein, the Punjab government has plans to modernise and digitalise agricultural markets across the province. As part of the digitization process, Punjab Agricultural Marketing Regulatory Authority (PAMRA) will be introducing geo-tagging to monitor markets and stakeholders, enabling real-time information sharing. Standard Operating Procedures (SOPs) have been implemented in all 188 markets across the province comprising 92 fruit and vegetable markets and 96 grain markets.

There is also emphasis on private sector enablement in the minerals sector. Based on ADB's Critical Minerals-to-Manufacturing Financing Partnership, it is already financing mineral extraction under the Reko Diq financing project in Balochistan. Similarly, Chinese investors as well as the US have keen to invest in the mining and minerals there. It needs no reminder that mining projects in Balochistan face intense conflict where state forces and the resisting group have lost hundreds of life.

This is the 'private sector-led development' that multilateral and bilateral lending institution are forcefully implementing. Of course, under neoliberalism, the workforce, people's rights are considered a liability. That is why the exploitative models is based on ensuring that public institutions must be sold off and permanent employment to be thrown out, replacing it with informalization and flexibilization using temporary, daily wage, piece rate and contract systems where wages and salaries are sharply decreased while at the same time abolishing permanent employment, bonuses, medical care, pension and other benefits, which had been won through the militant struggles of the working class over more than a century.

The sale of state corporations and institution continues with sales of Pakistan International Airlines, and outsourcing of nine passenger trains. Similar measures are being made for outsourcing of public sector colleges in KP.

The is now a sharp focus on the agriculture sector. While taxing big land lords is still off



the table, there are policies under consideration for deregulation, privatization and liberalization in various sub-sectors of food and agriculture production system. For instance, the government along with industry representatives has decided (based on reforms suggested by the IMF) to deregulate the sugar sector, while similar steps have already been taken for the wheat sector. All bans on sugar import and export have been lifted as well on sugarcane price regulation. No subsidies will be provided to sugar mills or for sugar exports. Farmers will also be 'free' to sell to whichever sugarcane factory they want to or use the cane for making jaggary. Further, sugar mills will be free to import raw material for production of sugar in the country. In essence, even if farmers do not grow sugarcane, it will not matter as the raw material can be imported; and if our balance of payments deteriorate the state will only get more loans, pay more debt service charges and increase taxes on the people.

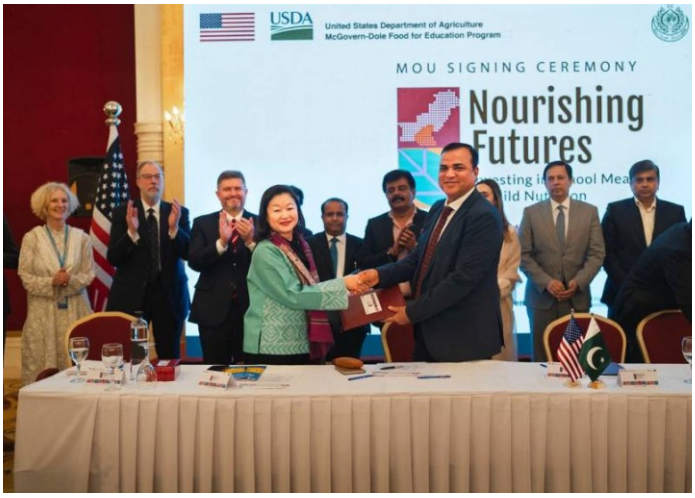
Apart from the ADB and the IMF, the World Bank is equally diligent in promoting liberalization of the agriculture sector. It has introduced a roadmap to modernise the wheat sector in Pakistan, titled 'Wheat Sector Modernisation Roadmap'. The technical paper has provided a five-point action plan which includes (i) closing the productivity gap between Pakistan and other comparable wheat producers; (ii) increased investment in agricultural research and development; (iii) empowering the farmers with small holdings so that they can reach their full potential; (iv) improving institutional coordination and transparency to ensure market stability; and (v) managing strategic grain reserves efficiently by moving away from large, costly storage facilities.

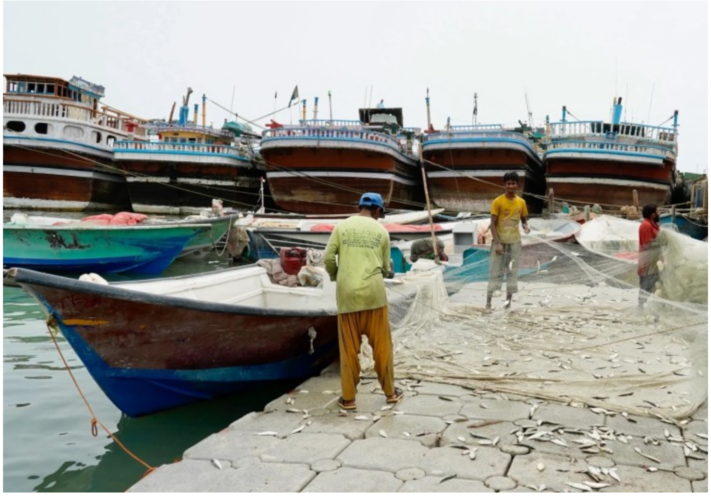
Though a number of key challenges in the wheat sector have been identified by the World Bank, which include seed use largely through informal exchanges, cumbersome registration processes and strict and costly wheat import regulations, there is no mention of equitable land distribution for farmers which would increase their productivity, improve their household food security, and provide long term economic security for millions of small and landless farmers in the country. The emphasis remains on investment, market stability and trade liberalization. As was seen in the previous months PASSCO is to be phased out soon, and hence public grain holding system will soon be abolished.

There have been 78 memoranda of understandings (MOUs) signed with China for agricultural investment worth $4.5 billion which clearly marks agriculture as a key priority sector for the China Pakistan Economic Corridor (CPEC). Sectors that are being prioritized include seed production technology; export of heat-treated beef; construction of grain storages and warehouses; strengthening ties for cheese production and export; improvement of local milk processing machinery; export of heat-treated offal; collaboration in buffalo UHT milk and camel milk powder; poultry machinery and technology; chemicals and bio-pesticides. It is also being reported that the National Food Security Ministry plans to sign about 25 sanitary and phytosanitary (SPS) and export protocols with key partners, including China in this year. According to the Pakistan's Ambassador to China, unlike the first phase CPEC which was based on government-to-government framework, in the second phase Pakistan is now seeking a business-to-business (B2B) China-focused, private-sector-led pathway.

Although no policy has been fully announced at yet, there are briefings and discussions on the Prime Minister's Strategic Roadmap for Agriculture and Food Security, which are described to be structured around five core pillars. Though details of these pillars have not been elaborated but emphasis is on enhancing food security, expanding private sector participation in agricultural exports, and prioritizing climate-resilient crops. There is top level approval for the restructuring of Pakistan Agricultural Research Council (PARC), with its workings to be on the same lines as that of the Chinese Academy of Agricultural Sciences (CAAS). The Academy's disciplines include 'Genome-Based Research in Field and Horticultural Crops' and 'Genetic Improvement and Health Management of Livestock' with the objective of improving breeds, advanced diagnostics, and vaccine development. Other disciplines include 'Climate-smart solutions for land, water and energy with objective of precision irrigation, soil health restoration and renewable energy as well as 'Artificial Intelligence Technology in Agri and Food System' with the aim to build big data, AI, precision equipment, farm automation and robotics.

In context to policy making, it is important to point to a new land scheme launched by the Government of Punjab. Under the Apna Khet, Apna Rozgar initiative, 250,000 acres of state land will be provided to peasants for 10 years with each beneficiary receiving up to 5 acres free of cost. Farmers would be provided financial assistance to help in immediate cultivation of land and increasing agricultural productivity. There is no doubt that as a reformist venture it is a commendable initiative. However, no more than 50,000 farmers will benefit from the scheme, and as yet it is not clear whether they will be stipulated to grow particular crops based on specified method of agriculture production. Will the land be used to grow genetically modified crops? Use seeds and other agriculture inputs from foreign cor-





porations? And by no means it is a national just and equitable land distribution policy framework. It will not be entirely wrong to believe that farmers who will be selected into the program will have to pursue production mechanisms in line with neoliberalism.

Hence a free market system in agriculture is in full swing. One wonders if only those farmers will be viewed benevolently who agree to the free market doctrine? And is there a notion that agriculture production will be made so expensive for small and landless farmers that they will be forced to join the ranks of agricultural workers with agricultural land being fully controlled by megacorporations and feudal lords?

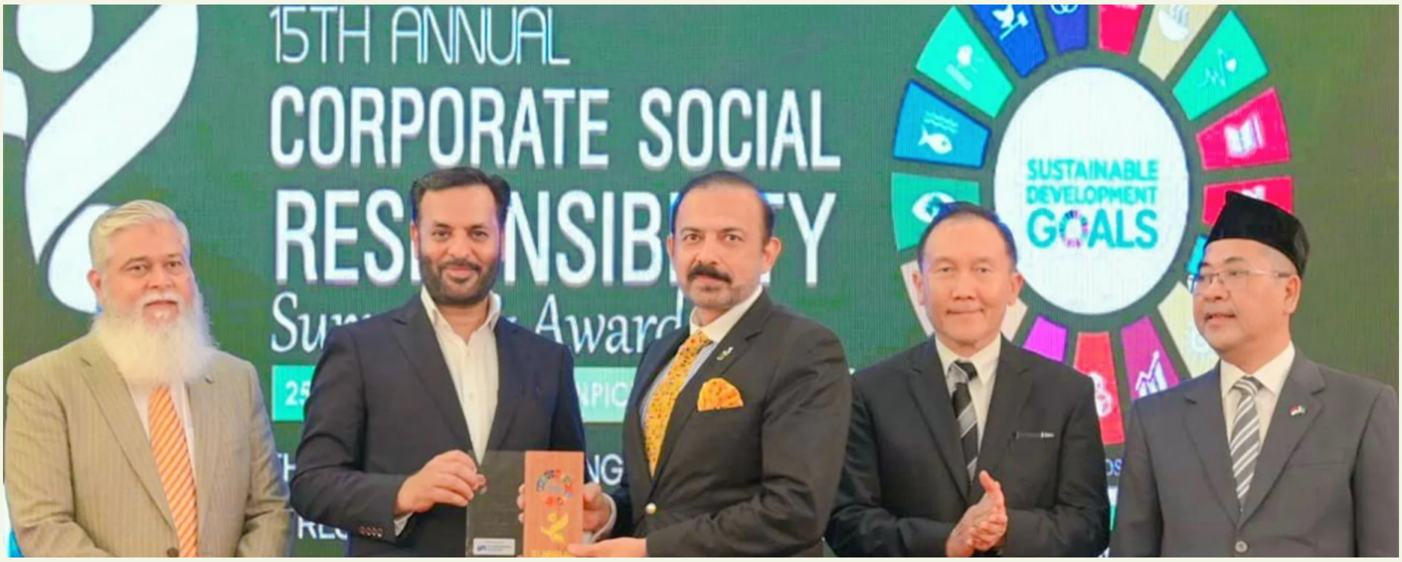
While the Pakistani State rushes towards a free market doctrine in agriculture, there is also implementation of projects which are providing free meals in our communities and school systems. The United States Department of Agriculture's (USDA's) McGovern-Dole International Food for Education and Child Nutrition Program has provided $80 million for a project called the Sindh School Meals Program. Under the program, US provided commodities are to be delivered through daily cooked meals and take-home rations to more than 200,000 students across nearly 1,300 primary schools in Sindh. It is clear that such initiatives are based on benefits to the US transnational corporations as well are used for diplomatic leverage. The program mandates that US agricultural products are purchased from US farmers. And based on this, fortified US wheat, vegetable oil and pulses are being distributed in Sindh. Such handouts have long term impacts on winning acceptance of US products, and help American businesses to make connections to the local markets. A further benefit is to US commercial shipping lines as 50% of the transportation of agricultural products has to be carried out using US-flag commercial ships, which is a direct economic benefit allowing the US maritime industry to remain profitable. One has to ponder that a country which is one of the top producers globally in meat, milk, sugar and other food crops cannot feed its own children? It seems that is the case.

According to the Food and Agriculture Organisation (FAO) of United Nations, Pakistan's public health system has 'deep structural imbalances where even though enough calories it is failing to feed people healthy, nutritious food. There are gaps in availability of key foods including fruits vegetables, pulses and legumes. It does not seem to occur to our esteemed international institutions that the gap is not really based on availability of healthy foods, it is the inability of a very large majority of the masses to be able to afford foods which would shield them from malnutrition, and disease.

A country drowning in debt, drowning in the conditionalities imposed by imperialist institutions and their nation-states can only lead to a society suffering from malnutrition, micronutrient deficiencies and dietrelated diseases. If government policies would instead of letting imports of processed foods, free availability of junk food, emphasize and implement just and equitable land reforms, subsidize not only healthy foods but also agroecological sustainable farming methods, stop promoting corporate capture in agriculture, in dairy and livestock, the seed sector among others, are farmers are more than capable of feeding the people high quality nutritious healthy foods. It should be pointed out that Pakistan's seafood exports recorded a growth of over 22% reaching $253 million in the first half of Financial Year 2025–26.

It is such policies that lead to high-protien source being out of reach of the common people. Whether is seafood, meat, dairy, all of them are produced by the peasantry and fisherfolk; but they are the ones who suffer from hunger and malnutrition. Fisherfolk's complaints registering the disappearance of their livelihood are disregarded. Destruction caused by infrastructure projects such as the LBOD and corporations are responsible for discharging of toxic effluent into the sea (which impacts not only fish catch but the entire environment) are criminal acts that are not acted upon by state forces. Fishermen caught and jailed in India are left to their own devices. However, serving the interest of the corporate sector is never delays. The Sindh Fisheries (Amendment) Bill 2026 has been approved, a law which supports the WTO's Agreement on Fisheries Subsidies. Based on this amendment, the Sindh government has increased fines for illegal fishing activities, with penalties now reaching PKR100,000. The issue of illegal, undocumented and unreported fishing has been critiqued as a method for depriving small-scale fishers from their ancestral livelihood, while providing free access to large corporate trawlers. No doubt these measures are being taken to further Blue Economy projects that are being pushed by the transnational corporate sector, especially from the US and its allied western countries.

The passage of the Seed (Amendment) Act, 2024 has been similarly critiqued as a tool of neo-colonization, to further enhance corporate capture of seeds in the country. In addition, amendment has also allowed the use and regu-



lation of GMO seeds. The Seed Amendment Act 2015 was undemocratically implemented in response to the dictates of the WTO's Trade-Related Aspects of Intellectual Property Rights (TRIPs) agreement, and its purpose like that of the Fisheries agreement is to marginalize and criminalize small farmers and fisherfolk while allowing agrochemical and biotechnology firms free access to our agriculture production as well as markets.

It is indeed shameful that Coca-Cola, a corporation that is selling extremely unhealthy beverage has been awarded 2 awards for 'water stewardship and sustainability innovation.' It is even more reprehensible that the awards were presented by the Federal Minister for National Health Services, Regulation and Coordination. These beverage corporations are not only siphoning off our water resources but selling them at huge profit margins. In addition, they are also responsible for intense environmental harm with the use of plastic bottles that are destroying our lands, seas and oceans.

While the people of the country live in hunger and poverty, these food corporations continue to amass massive profits. Nestlé Pakistan has announced a revenue growth of 3%, PKR199 billion in 2025 which is up from PKR193 billion in 2024. Its Profits after Tax (PAT) have increased to PKR17.2 billion from PKR15 billion. Hence, it is no wonder that Nestlé plans a business expansion worth $60 million in Pakistan.

Unilever Pakistan Foods Limited also reported a healthy 20.4% growth in net sales to PKR40.5 billion in 2025, whereas the figures for 2024 were PKR 34 billion. It needs to be pointed that Knorr Noodles were leading the growth, a highly unhealthy harmful food product which should not be in our markets given the state of health and nutrition in the country. It also should be remembered that Unilever corporation is on the BDS list, a boycott movement supporting Palestinian freedom as well opposing the ongoing genocide in Gaza. Maybe that could be the reason that the corporation's PAT has decreased to PKR5.9 billion from PKR6.97 billion in same period. For Friesland Campina Engro Pakistan Limited PAT has soared to PKR2.7 billion from PKR2.2 billion. It should also be noticed that packaged or tetra milk companies have unchecked price hikes, which could also explain their astronomical profit percentages.

The scene is set for the food and agriculture production system. Free market doctrine is now what is going to be fully implemented. The impacts on the peasantry, on urban poor, and in general on the entire society are already evident. Democratic values are now under threat with negligible space for advocating and campaigning for the right to choose our development models that may not want to walk the path forced on us by imperialist forces. The choice in the end lies with the people, to suffer or to find ways to fight for ones rights.

The Seed (Amendment) Act, 2024 further strengthens corporate control over seeds and agriculture, marginalizing small farmers while opening our food system to agrochemical, biotechnology and GMO interests.

While people face hunger and poverty, food and beverage corporations continue to extract our natural resources and accumulate massive profits. Their business expansion comes at the cost of people's health, livelihoods and the environment.

The free market doctrine is being imposed on Pakistan's food and agriculture system, with devastating consequences for peasants, the urban poor and society as a whole. The real choice before people is whether to accept this model or organise and fight for a more equitable, sustainable system.

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