

The Dynamics of Global Food Business Industry: A Look at Food Sector in Pakistan

By Research and Publications Directorate

Food constitutes an essential part of our daily life. The global food industry has presently become a complex network of businesses encompassing food production at farms; food processing at factories; food distribution and supply chain; food consumption and catering services. The global food market is expanding gradually with improvements through latest technology and research. The main food group categories are (1) grains, beans & legumes, (2) vegetables & fruits, (3) meat & poultry, (4) fish & sea food (5) dairy (6) confectionary (7) snacks and sweets (8) cereal-based products, (9) drinks and beverages etc.

Global Food Market

Plunkett Research, Ltd. is a US-based organization that conducts research on different industry sectors, trends and statistics. According to their recent analysis, the global food and agricultural market in 2015 is estimated to be around US\$ 7.8 trillion or about 10% of the world's GDP. Similarly, the global packaged food industry is estimated at around US\$ 2.5 trillion in 2015. Despite this burgeoning global food market, the United Nations is of the view that the world needs at least 70 percent increase in food production to meet the impending food shortage by the year 2050. According to another estimate, it is expected that by 2030, the global economy would double in size with India and China expanding to represent almost 40 percent of global middle-class consumption, up from less than 10 percent in 2010. This will significantly alter the composition of global diets. As per statistics released by the World Trade Organization (WTO), the global food exports during the year 2013 stood at around US\$ 1.46 trillion.

Global Food Import Bill

According to "Food Outlook" released by Food and Agriculture Organization (FAO) of the United Nations, the global expenditure on imported foodstuffs in 2014 stood at USD 1.3 trillion. The highest share in this

Table 1: Forecast Global Food Import Bill

Expenditure on Imports (USD Billion)			
No.	Category	2013	2014
1	Total Food	128	1302
2	Vegetables & Fruits	220	215
3	Cereals	189	166
4.	Fish	135	142
5.	Meat	170	180
6.	Dairy	109	131
7.	Vegetable Oil & Animal Fats	101	99
8.	Oilseeds	80	86
9.	Sugar	50	50
10.	Tropical Beverages	89	107

Source: Data deduced by R&P Dept, ICMA Pakistan from FAO- Food Outlook, October 2014

import expenditure is animal protein category (i.e. meat, dairy and fish) which has shown an overall increase by 10 percent from last year. The share of staples in food import bill is, however, continuously declining. Table-1 depicts the picture of global food import bill during the last two years:

As far as top food importing countries are concerned, China stands at the top, followed by USA and India. A forecast ranking for 2015 made by Statistica, the world's largest statistical portal, puts China at first position with total import volume of 1,042 billion Euros with USA at second rank with 843 billion Euros. The total volume of the leading ten food markets is estimated to be around 4.10 trillion Euros in 2015 (see Table-2).

As can be seen from Table-2, China is estimated to surpass USA in 2015 as world's biggest food and grocery retail market with projected food market volume at 1,042 billion Euros. In 2012, China's share was just 6.2 percent of total global food imports in 2012 and stood at third rank after EU and the USA. As estimated by the Association of Food product Industries, China's imported food product market will keep a surprising increase until it become the biggest importer of food products in the world by 2018.

Table 2: Top 10 Global Food Markets in 2015

No.	Country	Ranking	Volume (Billion Euros)
1	China	1	1,042
2	USA	2	843
3	India	3	428
4	Russia	4	394
5	Brazil	5	330
6	Japan	6	284
7	France	7	241
8	U.K.	8	194
9	Germany	9	175
10	Indonesia	10	170
Total			4101 Billion Euros

Source: Statistical website

Global Food Consumption Pattern Pakistanis spends more than other countries on food

Food consumption is defined as the amount of food available for human consumption. Sometimes the actual food consumption is lower than the available food quantity depending upon food losses and wastages during the process of storage, cooking etc. The per capita food consumption over the world simply means the total food consumption divided by total population.

According to a survey carried out by the US Department of Agriculture (USDA) in 2012, out of 84 countries, Pakistanis spends more than other countries and stands at the top position with spending almost half of their household budget on food, which is the highest ratio in the world. An average Pakistani spends 47.7 percent of their household budget on food consumed at home. On the contrary, people in USA spent the least on food, even less than Europeans and Canadians. An average American citizen spends only 6.6 percent of their household budget on food at home. It is quite interesting to note that though the US citizens spent lesser fraction of their budget on food, the amount spent on food is almost five times greater than spent by the Pakistanis on food items. This may be due to the fact that per capita income of Pakistan is much lesser than that of USA which is more than US\$ 50,000 per annum.

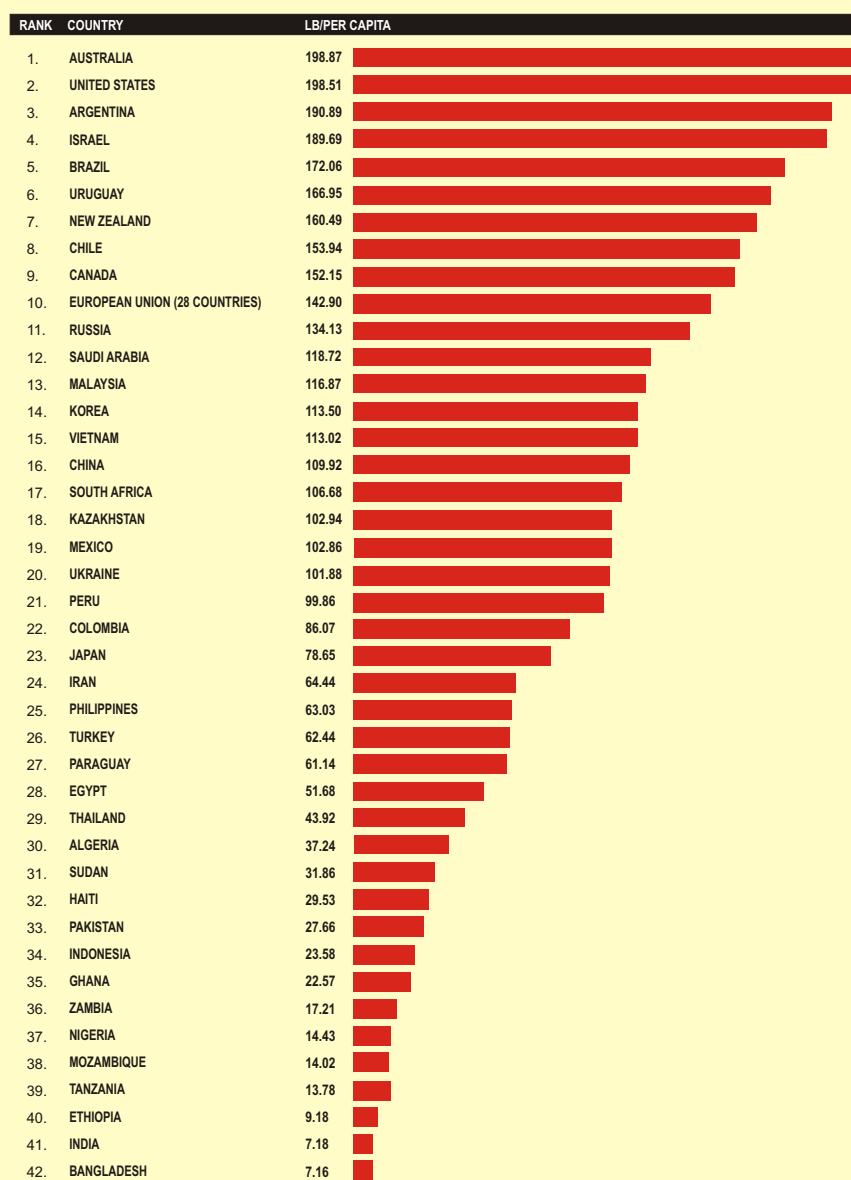
The Canadians, Singaporeans and Britishers spend less than 10 percent of

their consumer expenditure on food items purchases. An average Singaporean spends almost 7.3 percent of their household income on food, while Britishers and Canadians spend almost 9.1 percent and 9.6 percent, respectively of their household budget on food. In South Asia, the Indians spend around 25.2 percent of their total expenditure every year on food purchases. Table-3 provides consumer expenditure pattern of major countries in the world:

From Table-3 it is quite evident that USA, despite having lowest annual consumer expenditure on food at 6.6 percent, stands at top of all countries in terms of average amount of spending on food annually. Similarly, food is cheapest in India where an average person spends just US\$ 220 per year on food.

The OECD has carried out a research in 2015 in which it studied the meat consumption and ranked different countries as per their consumption of per capita meat consumption (see graph). Australia and USA are ranked at 1st and 2nd positions with the highest meat consumption of around 198 pounds per

RANKED: How much meat people eat around the world



SOURCE: OECD (2015), Meat consumption (indicator), doi: 10.1787/ifa290do-en (Accessed on 24 September 2015)

Table 3: Annual Consumer Expenditure on Food A Global View

No.	Country	Annual Consumer Expenditure on Food (%)	Average amount spent on Food every year (US\$)
1	Pakistan	47.7% (highest)	415
2	India	25.2%	220 (Lowest)
3	China	26.9%	577
4	USA	6.6% (Lowest)	2273 (highest)
5	Russia	31.6%	2120
6	Iran	25.5%	699
7	Turkey	22.2%	1708
8	Saudi Arabia	25.8%	1607
9	Indonesia	33.4%	655
10	Philippines	42.8%	823

Source: Data deduced by R&P Dept, ICMA Pakistan from USDA 2012 survey

capita. Pakistan, quite interestingly, is ranked at 33rd position, whereas Bangladesh stands at 43rd position.

Global Fast Food Industry



Fast food signifies that food which can be prepared and served in a lesser time than traditional meals. The global fast food industry is providing employment to over 12 million people and growing exceedingly so much so that in 2013, the global fast food industry realized US\$ 551 billion revenue.

Out of this revenue, the net share of revenues of McDonald's Corporation was US\$28.1 billion. Fast Food is very popular in North America and from there it expanded to other parts of the globe. Fast Food varies from region to region, but some fast food categories are universal such as Burgers, Pizza/Pasta, chicken and noodles.

Transparency Market Research' has recently published a report on the fast food market, titled "Global Fast Food Market - Industry Analysis, Size, Share, Growth, Trends, and Forecast 2013-2019, in which it has forecasted that the global market of fast foods is expected to reach US\$ 617.6 billion in 2019, growing at a CAGR of 4.4% through the years of report's forecast, from net worth of US\$ 477.1 billion in 2013. The TMR Report suggests that emerging countries such as India, China and Brazil are some of the fast growing markets for fast food and are expected to experience double digit growth in the forecasted period in view of key factors driving the fast food market such as huge population base, rising GDPs, increasing disposable incomes of population and their preference toward contemporary eating habits. The report also suggests that top emerging markets in terms of growth rate are Brazil, China, India, Russia, France, Saudi Arabia, South Africa and Vietnam, where demand for processed fast food is more than natural fast food.

The TMR Report further observes that the local fast food chains are flourishing in their respective regions and are expected to capture greater market share due to their unique taste and cost effective products. Some market leaders across the four geographies are McDonald's Corporation, Yum! Brands Inc., Dominos Pizza Inc., Doctor's Association Inc,

Burger King Worldwide Inc., and Wendy's International Inc. Etc.

Global Processed Food Industry

'Processed foods' refers to food or food ingredients that have been transformed from their raw, readily perishable state for consumption, whether in the home or in the food industry. Packaged foods include ready meals, baked foods, cereals, soups, baby food, potato chips, nuts, noodles, pasta, cookies, chocolate confectionery, cheese, yogurt, ice cream, sauces, dressings, condiments and non-alcoholic drinks.

The production of processed foods has become a growing business worldwide and due to rising consumption level, the sale of processed food represents almost three fourth of the global food sales. According to a forecast made by 'Allied Market Research' in its recent report published in July 2015 on "World Packaged Food Market Opportunities and Forecasts, 2014-2020", the global packaged food market is estimated to reach sales of US\$ 3.03 trillion by 2020. The Report indicates that 'baby food' is the fastest-growing segment and in terms of value, non-alcoholic drinks and baked foods together constitute nearly 3/4th of market. The Report predicts that APAC region would be the fastest-growing market in terms of growth during 2015-2020.

The key players operating in global the packaged food market are giant multinational companies such as Unilever, Nestlé, General Mills, Kraft Food, Inc., ConAgra foods, Inc., Tyson Foods, Kellogg's, Cadbury Schweppes, H.J. Heinz, Mendeley International (formerly part of Kraft Foods Inc.) Frito-Lay, JBS Food, Smithfield Food, Inc. and Mars, Inc. etc.

Big 10 Global Food and Beverage Companies

In 2013, Oxfam International conducted a study titled 'Behind the Brands: Food Justice and the 'Big 10' Food and Beverages Companies' in which it chose ten companies having largest overall revenues globally. Oxfam also based its choice on the Forbes 2000 annual ranking, which measures companies' size on the basis of composite sales, assets, profits and market value. The Oxfam-selected big 10 companies are:

- 1) Associated British Foods (ABF),
- 2) Coca-Cola,
- 3) Danone,
- 4) General Mills,
- 5) Kellogg,
- 6) Mars,
- 7) Mondelez International (previously Kraft Foods),
- 8) Nestlé,
- 9) PepsiCo and
- 10) Unilever

The above Big 10 companies are the key food industry players within the global food system and wield immense power. Their collective revenue is estimated at more than US\$1.1 billion day which comes to around US\$ 450 billion annually, equivalent to the GDP of the world's low-income countries combined. Today, these companies are part of an industry valued at US\$ 7 trillion, larger than even the energy sector and representing roughly ten percent of the global economy. A shift in policies and practices from the Big 10 companies would have a great

impact on the global food supply chain and distribution network.

Food Industry in Pakistan

Food Security and Legislations in Pakistan

According to World Food Summit 1996, food security exists when all people, at all times, have physical and economic access to sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. The United Nations Agencies working on Agriculture and Food Security has defined four dimensions of food security which are food availability; food stability; food accessibility and food utilization. According to the Food and Agriculture Organization (FAO) of the United Nations:

Food availability: address the supply side of food security and is determined by the level of food production, stock levels and net trade.

Food stability: ensures adequate access to food on periodic basis without any deterioration in nutritional status and protecting from impact of political instability, adverse climatic conditions and economic factors (e.g. unemployment, rising food prices etc) on food security status.

Food accessibility: means sufficient access of food in order to guarantee household food security.

Food utilization: addresses good feeding practices, food preparation, diversity of diet and intra-household distribution of food to ensure sufficient energy and nutrient intake by individuals.

For food security objectives to be realized, all the above four dimensions must be fulfilled simultaneously. In the perspective of these dimensions, let's have a look at some of the important food legislations in Pakistan:

1) Legislations on 'Food Availability'

- o The Foodstuffs [Control] Act, 1958
- o Agricultural Produce Market Act, 1939
- o Agricultural Pesticides Ordinance, 1971
- o Seed Act, 1976

2) Legislations on 'Food Stability'

- o National Climate Change Policy, 2012

3) Legislations on 'Food Accessibility'

- o Pakistan Bait-ul-Mal Act, 1991
- o Food Support Programme (FSP)

4) Legislations on 'Food Utilization'

- o West Pakistan Pure Food Ordinance, 1960
- o Cantonment Pure Food Act, 1966
- o Pakistan Hotels & Restaurants Act, 1976
- o Pakistan Standards and Quality Control Authority Act, 1996
- o Punjab Food Authority Act, 2011
- o Punjab Food Authority Ordinance, 2015
- o Punjab Food Safety and Standards Authority Ordinance, 2011

The Pure Food Ordinance, 1960 sets out certain food hygienic standards and prohibits manufacturing/preparation, processing, import, export and sale of unsafe food for human consumption.

The Cantonment Pure Food Act, 1966 is similar to the Pure Food Ordinance 1960 and is applicable in the cantonment area of Pakistan.

The Pakistan Hotels and Restaurant Act, 1976 is applicable on all hotels and restaurants in Pakistan and seeks to control and regulate their rates and standard of service.

The Pakistan Standards and Quality Control Authority Act, 1996 enforces food standards for quality, specification and inspection and testing of food items as well as for import and export purposes.

Food Regulatory Authorities in Pakistan

1) Ministry of National Food Security and Research (MNFSR)

In October 2011, the government, established a dedicated Ministry of National Food Security and Research (MNFSR) to holistically address the food security issues in Pakistan. MNFSR's main responsibilities are policy formulation, economic coordination and planning in respect of food grain and agriculture, including procurement of food grains, fertilizer; import price stabilization of agriculture produce, international liaison, economic studies for framing agricultural policies.

2) Pakistan Standards and Quality Control Authority (PSQCA)

In 1996, the government established Pakistan Standards and Quality Control Authority (PSQCA), under the Ministry of Science and Technology to develop standards relating to products and processes and establish procedures to conformity assessment compliance with national and international standards. PSQCA has a complete mechanism in place to check the quality of food and other mandatory items as per Pakistan's Standard. The government has recently mandated PSQCA to monitor quality of 37 food items which are under mandatory certification through statutory regulatory orders (SROs), issued by the government from time to time.

3) Department of Customs and Plant Protection and Quarantine (PPQ)

There are two agencies which regulates food imports into Pakistan viz. Department of Customs and Plant Protection and Quarantine (PPQ). The Customs Department ensures that imported food meet Pakistan's labeling and shelf-life requirements and prevent imports of banned items. It also assesses appropriate import tariffs. On the other hand, PPQ ensures that shipment of bulk commodities and live animal shipments meet phytosanitary requirements.

4) Punjab Food Authority (PFA)

The Punjab Food Authority (PFA) has been established under the "Punjab Food Authority Act 2011" to ensure availability of safe and wholesome food for human consumption. The basic purpose is to set food standards to regulate their manufacturing, storage, distribution, sale and imports. PFA formulates standards, procedures, processes and guidelines in relation to

Table 4: Growth in Sales and Profits of Prominent Multinational Food Companies

Company	Increase in Sales	Increase in Profit
Nestle Pakistan	Rs. 50.3 billion sales revenue in Jan-June 2014 as against Rs. 42.4 billion in Jan-June 2013	Rs. 4.6 billion Net Profit in Jan-June 2014 as against Rs. 3.5 billion in Jan-June 2013
	Rs. 25.34 billion sales revenue in Jan-Mar 2015 as against Rs. 24 billion in Jan-Mar 2014	Rs. 3.67 billion Net Profit in Jan-Mar 2015 as against Rs. 2.08 billion in Jan-Mar 2014
Engro Foods	Rs. 43 billion sales revenue in July-June 2014 as against Rs. 37.9 billion in July-June 2013	Rs. 889 million Net Profit in July-June 2014 as against Rs. 210 million in July-June 2013
	Rs. 25 billion sales revenue during Jan-June 2015 as against Rs. 20 billion in Jan-June 2014	Rs. 1.9 billion Net Profit in Jan-June 2015 as against Rs. 329 million in Jan-June 2014
Uniliver Foods	Rs. 6.96 billion sales revenue in July-June 2013 as against Rs. 5.86 billion in July-June 2012	Rs. 1 billion Net Profit in July-June 2013 as against Rs. 729 million in July-June 2012
	Rs. 2.136 billion sales revenue during Jan-Mar 2015 as against Rs. 1.95 billion in Jan-Mar 2014	Rs. 619 million Net Profit in first half of 2014 as against Rs. 469 million in last year
National Foods	Rs. 8.026 billion sales revenue during July-Mar 2015 as against Rs. 6.728 billion in July-Mar 2014	Rs. 632 million Net Profit during July-Mar 2015 as against Rs. 499 million in July-Mar 2014

Source: Data deduced by R&P Dept, ICMA Pakistan from Business Newspapers

food business, food labeling, food additive, and specify appropriate enforcement systems;

The Ministry of National Food Security & Research (MNFSR) has drafted a Bill that would lead to establishment of a 'National Food Safety, Animal and Plant Health Regulatory Authority'. The Bill aims to ensure public health by enforcing an effective quality food control system, including improving agricultural and animal husbandry practices, application of food technology to reduce chances of food borne diseases and improve the nutrition status of the population. It would also help put in place coherent and integrated Sanitary and Phytosanitary SPS management and quality control system in coordination with the provinces.

Domestic Growth of Food Business Sector in Pakistan

The food business growth in Pakistan has witnessed a phenomenal growth in view of rising demand. This is backed by efficient e-marketing by the food companies as well as increase in bank lending.

According to State Bank's Annual Reports, the food sectors' output has shown a persistent growth during the last few years. It grew by 6.4 percent in FY 2011-12 as compared to overall growth in the Large-Scale Manufacturing (LSM) of just 1.2 percent during same year. In FY 2012-13, the food sector growth increased to 9.4 percent as against 4.3 percent LSM growth. In FY 2013-14, the food sector showed further improvement in growth with 7.16 percent as compared to only 3.95 percent of LSM growth.

In view of growing domestic demand, due to rising population, urbanization and public spending pattern, there has been a steady growth in sale of food items related to dairy, poultry, seafood, meat. The exports of these items along with the core food products viz. wheat, sugar, rice, corn etc have also increased.

Many food companies, mostly multinational firms like Nestle Pakistan, Engro Foods, Uniliver Pakistan Foods and National Foods, have ventured into the food businesses market in Pakistan and they are experiencing robust growth in their sales and profits. Lets, have a look at their sales and profitability figures:

The main factors behind this impressive growth of food companies as depicted in Table-4, are the growing trend in public consumption of processed and value-added food items. This robust growth in food sector has also encouraged the banks to lend money to food companies for capacity expansion and quality enhancement. According to the State Bank of Pakistan, banks net lending to the food sector in 2014 has increased to Rs. 26 billion from Rs. 16 billion in 2013. In the first half of 2015, already banks have lent Rs. 15 billion to the food sector, which speaks of the future growth potential in this sector. With more food companies obtaining international standardization, it is expected that bank lending to food sector will further rise in future that will also help boost exports of food items, especially halal food products.

Food Imports into Pakistan

The Food group is the second highest import category for Pakistan, after the machinery group. During Jan-Dec 2014, Pakistan imported food items worth US\$ 4.98 billion as compared to US\$ 4.07 billion in Jan-Dec 2013. Pakistan's major import items are palm oil, tea, pulses (leguminous vegetables), dry fruits, milk, cream, infant milk food, wheat (un-milled), spices etc.

The Trade Development Authority of Pakistan (TDAP) need to focus more on exports of value-added food products so that the impressive growth achieved by food companies is translated into higher exports and favourable trade surplus. There is also need for looking into opportunities for import substitution of food group items like palm oil, mostly imported from Malaysia and tea, imported in bulk from Nigeria.

Table 5: Exports of Agro and Food from Pakistan (Value in thousand US Dollars)

	MAJOR COMMODITIES	JULY – JUNE		% change
		2013-14	2012-13	
	Agro & Food	4,325,104	4,352,595	(0.63)
1	RICE	2,163,126	1,922,382	12.52
	(I) RICE BASMATI	769,991	666,598	15.51
	(II) RICE OTHER VARIETIES	1,393,135	1,255,784	10.94
2	FISH AND FISH PREPARATIONS	369,458	317,652	16.31
3	MOLASSES	24,253	27,873	(12.99)
4	FRUITS & VEGETABLES INCL. JUICES	684,513	679,232	0.78
	(I) FRUITS	435,293	392,271	10.97
	(II) VEGETABLES	209,092	246,828	(15.29)
	(III) FRUIT & VEGETABLE JUICES	40,128	40,134	(0.01)
5	SPICES(INCL. CHILLIES)	56,901	68,414	(16.83)
6	FEEDING STUFF FOR ANIMALS	134,269	66,661	101.42
7	OIL SEEDS, NUTS AND KERNELS	81,749	35,857	127.99
8	CRUDE ANIMAL MATERIAL	52,469	44,040	19.14
9	CRUDE FERTILIZER	1,439	2,001	(28.09)
10	GUAR AND GUAR PRODUCTS	68,394	145,695	(53.06)
11	TOBACCO	24,204	25,936	(6.68)
	(I) UN-MANUFACTURED	21,731	24,482	(11.24)
	(II) MANUFACTURED EXCL. CIGARETTE	879	816	7.72
12	WHEAT	7,008	53,628	(86.93)
13	WHEAT FLOUR	175,318	238,103	(26.37)
14	LEGUMINOUS VEGETABLE	2,820	4,531	(37.76)
15	SUGAR REFINED	286,740	529,970	(45.90)
16	MUTTON	58,924	79,401	(25.79)
17	BEEF	133,519	111,219	20.05

Source: Federal Bureau of Statistics (FBS)

Food Exports from Pakistan

The Pakistani exports of agro and food products have remained stagnant at just over US\$ 4 billion annually during the last five years. During FY 2013-14, exports of agro and food products stood at US\$ 4.325 billion as against US\$ 4.353 billion in FY 2012-13.

Table-5 depicts the export value of different agro and food products / commodities. As can be observed, exports of rice, fish and fish preparations, fruits and vegetables have increased in 2013-14.

Food Items having Growing Export Potential

During FY 2014-15, Pakistan exported different food commodities (including fruits, vegetables, rice and others) worth US\$ 4.559 billion, which was slightly down by 1.42 percent from last year's exports. Let analyse two food items viz. fresh fruits & vegetables and halal meat which have much export potential:

1) Fresh Fruits and Vegetables:

The exports of fresh fruits and vegetables have witnessed an

increasing trend during FY July-June 2014-15. The exports of fresh fruits exports increased by 0.85 percent from US\$ 435 million in FY 2013-14 to US\$ 439 million in FY 2014-15 whereas exports of vegetables rose by 11.21 percent from US\$ 209 million in FY 2013-14 to US\$ 233 million in FY 2014-15.

With the recent ban imposed by the Russian Federation on import of fruits and vegetables from western countries (EU), Pakistan has been able to penetrate the Russian market by exporting almost fifty percent of its 0.3 million ton export target for oranges (kinnows). Other countries where Pakistani oranges are exported include Middle East, Singapore, Indonesian, the Philippines, Hong Kong, Bangladesh, Sri Lanka, Canada and Malaysia. Pakistan has also made record earning on mango exports to the EU due to its recent ban on imports of fruits from India, the main mango exporter and competitor of Pakistan..

2) Halal Meat

The global Halal meat market was estimated to be around US\$ 300 billion in 2014 and according to UN the global expenditure on meat increased to US\$ 1.3 trillion in 2013. Pakistan ranks 22nd in the world in the export of halal meat. During FY 2014,

Table 6: Meat Exports from Pakistan (2006-2014)

Year	Exports (US\$ Million)
2014	230
2013	213
2012	209
2011	167
2010	123
2009	81
2008	61
2007	47
2006	29

Source: Newspaper (Tribune)

meat exports from Pakistan reached the record high of US \$230 million, showing a growth of 9.5 percent. This is a remarkable performance, considering the fact that Pakistan's total meat exports was just US\$ 29 million in 2006.

Table-6 shows consistent growth trend of meat exports from Pakistan. The bulk of meat exports are red meat, out of which beef constitutes half of the quantity. Pakistan has eighth largest population of cattle in the world and among the top ten populations of goat and sheep.

Around 80 percent of Pakistan's meat exports go to the Middle East and Gulf countries, major countries being Saudi Arabia and the UAE. The other potential markets for Pakistani meat are the Asia-Pacific region, North-Africa and the Far East. There is much potential for meat export as Pakistan exports just 1.95 percent of its total meat production.

M/s. Al-Shaheer Corporation is one of the biggest meat exporters from Pakistan to Middle East which also runs retail meat business with the brand of 'Meat One'. Recently, M/s. Fauji Fertilizer Bin Qasim Limited (FFBL) has announced that it is setting up 'Fauji Meat Limited (FML) in Karachi for export-oriented meat processing facility. FML will be situated at area of 20 acres with state of the art European equipment.

The government intends to establish a 'Pakistan Halal Authority' at federal level to promote production and trade in halal products by ensuring compliance with sharia requirements. In this context, a Bill has been prepared by the Ministry of Science & Technology which will be submitted in the National Assembly soon. The setting up of the Halal Authority would resolve the issue of certification of halal food required by some countries. The Punjab government has already set up an organisation called 'Punjab Halal Development Agency (PHDA)' which prescribes standards and processes for certification of halal products. This is the reason that the share of Punjab-based exporters in halal meat is highest in country's total exports.

Thriving Fast Food Franchise Business in Pakistan

Franchising is not regulated in Pakistan and this regime is fairly liberal. The Pakistan market offers lucrative potential to

international franchisors. A foreign company can establish its franchise business in Pakistan and is allowed to repatriate profits and capital to their respective countries.

The food industry in Pakistan is growing at a rapid pace mainly because of the increase in population, urbanization and moderately rising household spending. According to 2012-13 Annual Report of the State Bank of Pakistan (SBP), the food industry in Pakistan grew by 9.5% in FY 2013, up from 5.9% in FY 2012. It is estimated that Pakistanis spend around US\$ 800 to 900 million annually on eating out at around 20,000 restaurants all over the country, the main reason being lack of other entertainment facilities.

Franchising business, especially of fast food is booming in Pakistan with many international fast food chains like McDonalds, KFC, Hardees, Fat burger, Pizza hut, Subway, Nandos etc have wide presence of outlets in major urban cities and towns in Pakistan. Table-7 shows when some of these prominent franchises started business in Pakistan by opening their first food outlet.

The increased consumption level of Pakistani people, especially youth, has made fast food industry a growing

Table 7: International Fast Food Franchises year of starting operation in Pakistan

Brand	Year of launch
Pizza Hut	1993
KFC	1997
Mc Donald's	1998
Subway	1999
Dunkin Donuts	2000
Nandos	2001
Hardees	2009
FAT Burger	2012

Source: Newspapers & websites

business with many local chains also following the suit. In fact, Pakistan is 27th largest economy of the world in terms of purchasing power and world's eighth largest market in terms of fast food and food-related business. According to the World Franchise Associates, the current market size of internationally franchised food outlets in Pakistan is estimated at around Rs. 1.2 billion in terms of annual sales.

The thriving branded fast food business has opted many qualified graduates to start their own ventures because of lack of opportunities in job markets. Similarly, many skilled graduates are also seeking corporate jobs and careers in franchising business. It is hoped that more international food franchises will be starting their operations in Pakistan by opening their food outlets in major cities of Karachi, Lahore and Islamabad.