

REVITALISING THE SEED INDUSTRY IN PAKISTAN

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Genetically pure and high-quality seeds are imperative to achieve the objective of high productivity in the agriculture sector. However, the current regulatory processes involve numerous steps and engage multiple government entities, resulting in significant delays and additional costs. It has badly damaged the growth and potential benefits of both agriculture and the seed sector. Different government departments are involved in the development and marketing of seed business considering that the sector is operating in an over-regulated environment. In the modern marketing system, companies do business to earn profit by registering themselves as a brand. Different brands are competing with each other to capture the largest share of the market. In such a competitive environment, the reputation of a brand is more valuable than the approvals from the Federal Seed Certification and Registration Department (FSC&RD).

The success of any business heavily depends on the role and involvement of the private sector because entrepreneurs implement a business model that could generate benefits for all stakeholders engaged in the value chain. Unnecessarily stringent regulations imposed by government kill business opportunities and thus the private sector becomes reluctant to invest in the sector. A growing seed sector demands quick approvals but unfortunately, the seed sector in Pakistan is over-regulated which has led to its poor performance. The government footprints in the seed sector are not limited to regulations alone but have extended to production and distribution as well.

Bureaucratic and lengthy procedures for variety approval are not only slowing down the seed business but also promoting the lemon market (low-quality product market). Further, regulations governing the seed registration process, variety release, and seed certification are adding unnecessary time which is not only increasing the cost of variety development but also slowing the production and sale of certified seeds. Moreover, it is blocking private sector investment. Hence, a shift from a centrally managed variety approval system (EU model) to a US model is the need of the hour. In the US system, seed companies can sell any seed with proper labeling and the

government simply verifies the truth of labeling, and farmers are allowed full autonomy in the selection of seeds. They have voluntarily maintained their certification but closely monitor the market through a robust surveillance system. Moreover, if certification becomes mandatory, smaller seed firms may struggle to afford the associated costs, potentially hindering their entry into the market. Such a scenario would not only stifle genuine competition but also confine the seed business predominantly to larger firms. Additionally, companies might pass on the certification expenses to the end user, namely the farmer.

The role of private sector participation in the process of variety development is crucial but the private sector is reluctant to share or hand over germplasm to the government authorities to obtain approvals. This is because the FSC&RD is using the services of the National Agricultural Research Council (NARC) to conduct trials of new varieties submitted for approval. However, NARC itself is involved in developing new varieties of crops, meaning that there is a conflict of interest – thus disincentivising the private sector from making heavy investments in the development of new varieties. In order to secure approval for new varieties, seeds have to outcompete their counterparts which is not logical and makes the investment of the private sector highly risky. Since the private sector believes that time-consuming procedures of seed testing at FSC&RD add no value to the seed business, several companies have started releasing varieties directly into the market without obtaining any approvals from FSC&RD. The private sector argues that they are operating in an over-regulated environment. Further, they believe the approvals issued by the FSC&RD have more to do with branding than quality assurances. Hence, they believe that the complete process of FSC&RD is intrusive, time-consuming, and unnecessary – with the arduous seed certification process adding no value. As a result, unregistered varieties proliferate rapidly in the market, diminishing the relevance of certification. Unfortunately, the unregulated market is fostering a scenario akin to a 'lemon market', causing significant detriment to both farmers and the nation due to production losses. Reduced productivity

not only impacts farmers through diminished profitability but also negatively affects the overall welfare of the nation. The broader consequences include higher prices for food, as the nation bears the cost of lower productivity.

What needs to be done to make the seed sector a success story? The idea is simple, the government can develop clear TORs about the utilisation of different genes and chemicals that are used in the development of varieties. Only registered firms/companies should be allowed to supply seeds with proper labeling. Let the private sector develop different varieties of different crops. Formal seed testing and certification should not be required, but if it has to take place then private sector must be made in charge of its execution – under the monitoring of the FSC&RD. Certification and testing processes by the private sector may also lead to improved seed market performance, saving all administrative costs in running various interlinked departments under the government umbrella. However, granting intellectual property rights (IPRs) should come under the FSC&RD directly – at the recommendation/approval of the private sector (third party responsible for testing and approval of variety).

The role of FSC&RD needs to change from approving varieties to governing the registration of different brands. The third-party can be engaged in randomly collecting samples of varieties developed by different brands to verify the labeling. The brands that are attempting to deceive with wrong labeling should be reported to FSC&RD and have their registrations cancelled, with strict bans imposed on them for future. This naturally means that bans cannot be imposed unilaterally by the FSC&RD: recommendations based on third-party evaluation must be part of this process. Although a few companies that marketed bogus seeds in the market have been banned, this process requires greater attention and a large quantum of robust surveillance systems. Moreover, the procedure of taxes and tariffs needs to be flexible to attract large investments in the seed sector.

The system of granting intellectual property rights needs to be quicker, cleaner, and more justified, which is only possible with the engagement of the private sector in the process of testing and approval of new varieties. The provision of these services under the private sector will be less time-consuming and accelerate the performance of the seed industry at a much faster pace eventually. Hence, there is a pressing need to liberalise the seed market by transitioning from a centrally managed variety approval system to streamline the process of granting intellectual property rights.

Courts do not have sufficient knowledge and expertise to make decisions on disputes relating to intellectual property rights. Hence, there is a need to establish specialised courts having sufficient knowledge and expertise about biosafety systems, tools, genes, and procedures used in the development of transgenic varieties.

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