Value Addition in Food Products for Market Competitiveness & Technological Edge

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19 March 2011
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**Value Addition Defined**

The amount of a product's value in final or semi-processed form over and above its raw form.

- **Product, service, person**
- **Over and above the value in its raw form - beyond the standard expectations**
- **Before it is offered to customers**
- **Difference between the sale price and the production cost**
- **Give competitive edges**

Extra interest in product, service or person that goes beyond the standard expectations and provides something "more" while adding little or nothing to its cost.

The difference between the sale price and the production cost of a product is the value added per unit.
Why Value Addition

Development Indicator

• Value-added food processing sector is one of the largest manufacturing sectors in developed countries.
• In most developing countries, bulk of food produced is consumed fresh.
• Hence a Development Indicator in this sector of the economy
• Food processing has high degree of interdependence with forward and backward linkages and hence can play an important role in accelerating economic development.
Why Value Addition
Technical/Consumer Benefits

• In many cases, simple and low-cost processing and packaging technologies can improve the shelf life and storage quality of food considerably.
• Can also preserve many of the health promoting compounds
• Functionality can also be added to foods
• Convenience
• Nutritional status of consumers
Why Value Addition
Trade Benefits

Value-added food processing operations

– Enhance marketability of the perishable food items
– Enhance food availability in the off-season
– Contribute to reduction in post-harvest losses, at times amounting to as much as 40% or more.
Why Value Addition

Local Market

- Pakistan holds the world 9th largest market
- Food processing sector accounts >17% of Pakistani manufacturing output.
- Retail sale of processed food in Pakistan is expending by 10 % per year in recent years.
Why Value Addition
Local Market

With estimated 170 million customers, Pakistan's food sector is changing due to:

- Urbanization and Changing life styles
- Globalization
- Influence of foreign media
- Increasing awareness of health principles particularly among educated, middle and upper income urban customers.
Why Value Addition
Export Market

• Middle East Market
• Central Asian States
• Halal Food – a potential specialty for Pakistan Food Industry
Value Addition Possibilities

- Post harvest technology
- New Product Development
- Food Packaging
- Nutritional quality improvement/s
- Adding functionality to foods
- Diet/Nutrition Therapy
- Herbal Products
Value Addition Possibilities

- Dairy Products
- Poultry Products
- Animal Feed Ingredients (Amino acids and other additives)
- Halal Food – a potential specialty for Pakistan Food Industry
- Biotech research for value addition
Agriculture in National Economy

- Agriculture forms the backbone of Pakistan’s economy.
- The sector contributes 25 percent of the country’s gross domestic product (GDP) and employs almost half of its labor force.

- Hence the Resource Base
• Due to the expanding market, value addition to food is possibly the next option after IT and BT
• A vibrant agro-food industry will depend on innovative research and engagement of the national innovative system
• Recognition of Knowledge as a factor of Production

BUT

• Value addition in Food is an investment intensive venture
National R & D Spending

• In 2003, Pakistan invested $0.31 for every $100 of agricultural output

• The comparable spending
  • For Asia = 0.41
  • For Developing world = 0.53,

• Pakistan’s Agri R & D spending have been 7% of the total R & D spending
Agri and Food Sectors Disorganization

Failure to give due priority to Agri Research costs dearly to the nation;

- Agro ecological Zones
- No Crop Regionalization
- No Crop Licensing
- No Crop Insurance
- Negligible role of local R & D in the Food Industry Development
Role of Academia and Research

- Very Weak Linkages in the past
- Very little Indigenous technology
- Progress made has been through
  - Technology Diffusion from foreign countries
  - Purchase of Technology
- Borrowed technology will not make you a competitor

Research – Industry Interaction at NIFSAT the first experiment
Research projects should answer industry questions and assist development of value-added products.