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Global Agricultural Information Network

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Uzbekistan - Republic of

Oilseeds and Products Annual

Oilseeds and Products Annual

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Report Highlights:

Uzbekistan's MY2009/10 total oilseeds production is forecast to decrease to 1.85 MMT and MY10/11 is preliminarily forecast at 2.1 MMT. Oilseeds imports will increase to 80,000 tons in MY2010/11, including 50,000 tons of soybeans from Brazil. MY09/10 total oil meal imports are estimated to increase to 20,000 tons and MY10/11 accordingly to 30,000 tons. Vegetable oil imports are forecast to increase to 70,000 MT in MY2009/10

Executive Summary:

Cottonseed is the major oilseed produced and utilized in Uzbekistan. The Government of Uzbekistan (GOU) encourages cotton production for the export market. Despite its importance, efforts to increase cottonseed production have not been very successful in the past. Environmental issues along with Uzbekistan's desire to diversify to other crops have limited its expansion. Last year, weather conditions were too wet before and during cotton planting in most of the country, which required planting very late or even replanting, and late vegetation lowered yields. Irrigation concerns have been reported due to the unusually cold winter in the region. MY 2009/10 total oilseed production is forecast at 1.85 MMT and the MY 2010/11 total oilseed production preliminarily forecast is 2.1 MMT. Over the past several years, there have been almost no oilseed imports, thus sharply decreasing the amount of raw material available for the domestic solvent extraction industry. However, in MY 2010/11 traders are planning on long-expected imports of some soybeans and sunflower seeds, so MY 2010/11 oilseed imports are forecast at 80,000 MT.

MY 2009/10 oil meal production is forecast at 630,000 MT. For the past several years, however, there have been no significant soybean imports, despite growing demand from the poultry sector. Sharply rising international prices along with a prohibitive import regime discourage commercial imports of soybeans.

MY 2009/10 vegetable oil imports are forecast to increase to 70,000 MT. Although official trade statistics are not available, sources indicate most oil is imported, refined and in consumer-ready packaging. The leading suppliers of vegetable oil remain Russia, Ukraine and Turkey. Sunflower oil remains by far the most popular imported oil. Some olive and corn oil is available in Turkish-owned retail outlets.

Commodities:

Oilseed, Cottonseed

Meal, Cottonseed

Oil, Cottonseed

Production:**OILSEEDS**

Uzbekistan remains an important cotton producer but has slipped behind India and now ranks as the world's third largest cotton exporter. Cotton is the dominant oilseed. MY 2009/10 total domestic oilseed production is forecast at 1.85 MMT, 11 percent lower than last year due to an anticipated decrease in cottonseed production. MY 2010/11 preliminary production forecast is at 2.1 MMT.

The Uzbek government provides subsidized fertilizers and seed as well as almost free irrigation to support cotton producers. In return, the government maintains state orders controlling 50 percent of the cotton crop; however, in reality, it still procures virtually the entire crop. At the same time, the state procurement price remains well below world price levels. To compensate for the decline in cotton production, the government has encouraged production of sunflowers and soybeans. However, so far sunflowers are grown on a very limited scale. In the past soybean trials in the Fergana and Samarkand regions were less than successful partially due to the unfavorable climate conditions and to the poor quality of the planting seeds. Also, farmers interested in growing soybeans could not obtain necessary land areas because all of the good land remains strictly allocated for cotton and wheat production under the state order.

OILMEALS

Uzbek crushing plants are old and designed to crush cottonseed. The Soviets built most of the plants in the 1930's. The plants crush cottonseed eight months out of the year. There has been some movement in privatizing refineries - some operations are 75 percent privately owned and 25 percent government owned.

MY 2009/10 total oil meal production is estimated at 630,000 MT, 10 percent lower than in the last marketing year. MY 2010/11 preliminary oil meal production is forecast at 740,000 MT.

OILS

Cottonseed oil remains the main vegetable oil produced in Uzbekistan. In addition, a few companies bottle imported sunflower oil in small volumes. In the past, soybean oil was produced mainly from imported soybeans and blended with cottonseed oil (cottonseed oil – 70 percent, soybean oil – 30 percent). Total MY 2009/10 oil production is estimated at about 210,000 MT and MY 2010/11 oil production is preliminarily forecast at 236,000 tons.

Nowadays, except for a few crushing plants which have been privatized, most extractors and refiners operate under the joint-stock association “Oil Crushing and Food Industry”. Only a few extractors and refiners use fairly modern imported equipment; the majority still uses outdated Soviet equipment. The quality of locally produced oil, especially cottonseed oil, remains poor due to the lack of maintenance as well as good management. Most plants reportedly use benzene, rather than hexane, in their extraction process. The majority pre-press and then use solvents to extract the oil. Most plants do not have deodorization equipment. For plants without deodorization capability, only the oil obtained from crushing can be used for human consumption. The government is trying to modernize the industry by attracting foreign investments as a conduit for new management methods and technologies.

Consumption:

OILSEEDS

Uzbekistan's actual crushing capacity is well below the 3.5 MMT reported during Soviet times. Due to the lack of spare parts and inadequate maintenance, processing capacity has declined to about 2.4 MMT.

Experts estimate the industry currently operates at less than 60 percent capacity due to the lack of oilseeds available for crushing.

Uzbekistan's crushing industry's activities are monitored by the Joint-Stock Association "Oil Crushing and Food Industry" which consist of the former state crushing, extraction and refining facilities. There are 20 big crushing plants throughout the country, and within the past five years half of them have been privatized. Foreign investments have increased although slowly and most plants are now in the form of joint ventures and joint-stock companies.

Although officially the state order for cotton was decreased to 50 percent in recent years, in reality there is little alternative for farmers but to sell to state-controlled gins, which in turn, transfer the cottonseed to crushing plants. Processed products, particularly cottonseed meal, are of poor quality and the industry badly needs capital to upgrade its equipment.

Currently there are few investments in the crushing industry, mainly in the form of joint-venture bottling of cottonseed oil and imported sunflower oil.

OIL MEALS

Most cottonseed meal is fed to dairy animals, although some is being used for layer hens. The current demand for protein meal, and especially soybean meal, has increased dramatically due to an increase in demand from both the poultry industry, and to a lesser extent the dairy and aquaculture industries. The quality of soybean meal produced in past years was variable, while the quality of compound feed was poor. Consequently, the need to provide a regular supply of high-quality protein feed remains as one of the critical issues facing the agricultural sector. But as mentioned earlier, in the years since concessional imports ceased, there have been practically no imports of soybeans, and the crushing industry is mainly dependent on locally produced cotton seeds.

Cottonseed meal, cakes and hulls are supplied by extraction companies to other state agencies, mainly to Uzkhleboprodukt, which combines by-products from flour milling with cottonseed meal, cakes and hulls to produce a compound feed for cattle.

The main feed component in poultry production, when soybean meal is not available, is still a compound feed composed of wheat and corn with 7-8 percent mixture of cottonseed meal. Sometimes they also use local sunflower seed meal mixture of up to 5 percent in this compound feed. The potential demand for soybeans is reportedly about 300,000 tons annually. Most sunflower seed meal or de-hulled sunflowers are imported from Kazakhstan or Russia. Imports could be as much as 15,000 tons annually.

OILS

Cottonseed oil is a staple of the Uzbek diet. Per capita oil consumption is estimated at about 15 kilograms per year. Until recently, cottonseed oil was the preferred oil for most Uzbek consumers. However, over the last 15 years, imported sunflower seed oil has become popular because good quality cottonseed oil is not always available in food shops and secondly, most consumers prefer sunflower seed oil because of its better flavor. Currently cottonseed oil retails for about Soums 2,200 per liter and imported sunflower oil sells for Soums 2,800 per liter. (exchange rate USD1.00 = Soums 1560)

Trade:
OILSEEDS

Uzbekistan does not import or export any cottonseed. Up until 2000, Uzbekistan used to import about 150,000-200,000 tons of soybeans annually from South American suppliers to supplement vegetable oil production as well as to provide protein for its livestock and poultry industries. Uzbekistan also used to import U.S. soybeans both commercially, using USDA's credit guarantee program, and under USDA's food assistance initiatives. The last shipment of U.S. soybeans into Uzbekistan was in Fiscal Year 2004, when it received 10,000 tons of soybeans under a Food for Progress agreement. The demand for soybeans is still considerable but the high VAT on all imports along with the transportation costs to a landlocked country remain major impediments to trade. Still, last year during Uzbekistan's president's visit to Brazil the Uzbek trading company signed a contract for importation of 50,000 tons of Brazilian soybeans in 2009. However, Brazil could not ship it in time, and this import shipment was moved to the end of summer of 2010. In addition, in MY 2010/11 Uzbekistan is reportedly planning to import 30,000 tons of sunflower seeds from Ukraine. So, MY 2010/11 oilseeds imports are forecast at 80,000 MT. Imported oilseeds are an important source in Uzbekistan's underutilized crushing industry as well as saving foreign exchange by capturing the added value of oil and meal processing. Uzbekistan's import demand could increase significantly if the industry was modernized and the government was to enact policies to encourage expansion of livestock, dairy and poultry production. In particular, since independence local poultry production has declined dramatically. As of today, many poultry farms have been privatized, but the lack of quality feed and the absence of substantial foreign investments, without which the industry is hardly able to survive, remain the main problems.

OILMEALS

Uzbekistan imports small volumes of protein meal, in particular sunflower seed meal. In addition, in MY 2009/10 a local trading company managed to import 20,000 tons of soybean meal reportedly from Argentina, with monthly deliveries of 2,000 tons. Uzbekistan used to export small quantities of cottonseed meal, in the past mainly to Russia, the Baltics, Kazakhstan and Azerbaijan. However, since 2006 cottonseed meal exports have been banned in order to cover domestic demand. This ban is still in force. Also, the cottonseed meal is heavily used mainly for cattle feed, and very small volumes in poultry feed.

OILS

Uzbekistan relies on imports for about 30-35 percent of its vegetable oil requirements. Sources expect import demand and expenditures to continue to increase unless the government moves to modernize the industry and encourage planting of alternative oilseed crops. MY 2009/10 and MY 2010/11 vegetable oil imports are forecast at 70,000 MT. Although official trade statistics on vegetable oil are not available, sources indicate most of the oil is imported refined and in consumer-ready packaging. The leading suppliers of vegetable oil remain Russia, the Ukraine and Turkey. Sunflower oil remains by far the most popular imported oil although some olive oil is available in Turkish-managed supermarkets.

CY Exports	0	0	0	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0	0	0	0
Comments									
AGR Number									
Comments To Post									

TABLE 4: MEAL, COTTONSEED

Cottonseed	Meal, Uzbekistan	2008			2009			2010		
		2008/2009			2009/2010			2010/2011		
		Market Year Begin: Aug 2008			Market Year Begin: Aug 2009			Market Year Begin: Aug 2010		
		Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
Official	Post	Data	Official	Post	Data	Official	Post	Data		
Crush	1,510	0	1,560	1,360	0	1,400	0	0	1,575	
Extr. Rate, 999.9999	0.	0	0.45	0.	0	0.45	0	0.	0.45	
Beginning Stocks	12	0	12	0	0	64	0	0	64	
Production	702	0	702	632	0	630	0	0	708	
MY Imports	0	0	0	0	0	0	0	0	0	
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0	
MY Imp. from EU	0	0	0	0	0	0	0	0	0	
Total Supply	714	0	714	632	0	694	0	0	772	
MY Exports	31	0	0	22	0	0	0	0	0	
MY Exp. to EU	0	0	0	0	0	0	0	0	0	
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0	
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	
Feed Waste Dom. Cons.	683	0	650	610	0	630	0	0	700	
Total Dom. Cons.	683	0	650	610	0	630	0	0	700	
Ending Stocks	0	0	64	0	0	64	0	0	72	
Total Distribution	714	0	714	632	0	694	0	0	772	
CY Imports	28	0	0	0	0	0	0	0	0	
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0	
CY Exports	0	0	0	0	0	0	0	0	0	
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0	
SME	553	0	527	494	0	510	0	0	567	
TS=TD	0	0	0	0	0	0	0	0	0	
Comments										
AGR Number										
Comments To Post										

TABLE 5: TOTAL OILS

Total Oils	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Aug 2008			Market Year Begin: Aug 2009			Market Year Begin: Oct 2010		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
Official	Post	Data	Official	Post	Data	official	Post	Data	
Crush	1,510	0	1,560	1,360	0	1,400	0	0	1,575

