

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 11/4/2015

GAIN Report Number: PK1546

Pakistan

Oilseeds and Products Update

Oilseeds and Products Update 2015

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Report Highlights:

Pakistan continues to expand its imports of soybeans, importing over 500,000 metric tons in 2014/15 (a record), with projected 2015/16 imports of 1.5 million metric tons. In addition to a tariff that now favors soybean imports over soymeal imports, a growing and modernizing domestic poultry sector, lower rapeseed imports, lower cotton production, and adequate crushing capacity are expected to support larger soybean imports. Imports of soybean meal are expected to drop from 1.0 million metric tons to 700,000 metric tons in 2015/16.

Soybean Imports Set to Rise

Pakistan appears to be on its way to altering its import mix of oilseeds and meals. The increase in the import tariff on soybean meal from zero to 11 percent during the last year and 10 percent this year, leading to a total 21 percent effective from July 1, 2015 is generally expected to reduce soybean meal imports with higher imports of soybeans. Surprisingly, despite the higher tariff, exports of soybean meal to Pakistan were stronger than expected, rising to just over 1.0 million metric tons (MMT) 2014/15 (See PSD Soybean Meal). To some degree, stronger than expected post-July imports were due to pre-existing forward purchases and import contracts. Exports of soybeans to Pakistan reached a record 540,000 metric tons (MT) in 2014/15 according to exporter data (See PSD Soybean).

Looking forward, the ratio of soybean meal to soybean imports is expected to continue to tilt in favor of soybeans. Importers are lining up their supplies for 2015/16 and have reportedly contracted for at least 500,000 MT of soybeans for the first six months of the marketing year. At this stage, it does not appear that deals have been struck for 2015/16 soybean meal from the Western Hemisphere. There is always potential for soybean meal imports from India. Much will depend on the relative advantages of lower freight costs, shorter shipping times, and smaller shipments from nearby India. Importers and feed compounders have much to consider when weighing the price benefits of soybeans vs. soybean meal and India vs. Western Hemisphere suppliers. However, as long as the current duty structure is in place, soybeans are expected to comprise an increasingly large share of soy complex imports. Lower 2015/16 cotton production is also expected to support additional imports of soybeans.

Pakistan is also expected to export a small quantity of soybean meal in 2015/16. Currently, sources suggest that Sri Lanka may become a customer for soybean meal produced in Pakistan.

Other Oilseeds

Total supplies of rapeseed and sunflower seed are lower than currently estimated, chiefly because production is estimated below current USDA estimates. Lower production of these two oilseeds, coupled with slight reductions in imports in 2014/15, suggest that supplies of oilseed meals from these crops are well below previous estimates, lending additional support for increased demand for soybeans. Additionally, favorable palm oil pricing is expected to curb demand for rapeseed given its high oil content and less efficacious meal. Purchases of rapeseed through the first four months of the 2015/16 marketing year are estimated at 150,000 metric tons.

What's the deal with crushing capacity?

As FAS Islamabad has reported previously, Pakistan has ample capacity to handle additional imports of soybeans. Total crushing capacity is estimated at 10.0 MMT with an estimated 4.5 MMT of modern crushing capacity. True, much of Pakistan's crushing industry is comprised of relatively small plants that crush cottonseed, Pakistan's largest domestic oilseed crop. However, there is a sizeable and underutilized sector that is comprised of larger more modern plants, many of which are either located near Karachi or near the heart of the poultry sector. The increase in the tariff in soybean meal was designed, in large part, to expand throughput in the crushing sector by increasing imports of soybeans. In short, we do not believe that crushing capacity or the location of crushing plants limits our projected 2015/16 import volume. How high would soybean imports have to go to reach a point where crushing capacity becomes a concern? That's hard to say, but 3.0 MMT looks to be a level where we would start to look more closely at the issue. As an added bonus, we are including a table that shows the location of the members of the All Pakistan Solvent Extractor's Association whose capacity

is 4.5 MMT.

Solvent Industry in Pakistan

All Pakistan Solvent Extractors Association (APSEA)

Total Annual Crushing Capacity 4.5 million tons

Central Plant Locations	Number of Plants
Multan	34
Lahore	09
Bahawalpur	08
Faisalabad	02
Rahimyar Khan	02
Jhang	01
Hasilpur	01
Rajanpur	01
Southern Plant Locations	Number of Plants
Karachi	24
Jamshoro	03
Hyderabad	02
Sukker	01

Production, Supply and demand Data Statistics:

Oilseed, Rapeseed Market Begin Year Pakistan	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		Oct 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	360	210	360	250	360	200
Area Harvested	360	210	350	250	350	200
Beginning Stocks	40	40	90	90	90	60
Production	320	190	300	220	300	160
MY Imports	930	930	925	800	825	500
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	142	0	0	0	0	0
Total Supply	1290	1160	1315	1110	1215	720
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	1150	1030	1175	1000	1075	650
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	50	40	50	50	50	70
Total Dom. Cons.	1200	1070	1225	1050	1125	720
Ending Stocks	90	90	90	60	90	0
Total Distribution	1290	1160	1315	1110	1215	720

Oilseed, Sunflowerseed Market Begin Year Pakistan	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		Oct 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	400	160	360	160	340	150
Beginning Stocks	14	14	11	11	11	10
Production	600	200	540	200	510	190
MY Imports	197	197	178	178	140	140
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	811	411	729	389	661	340
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	770	390	700	370	630	320
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	30	10	18	9	20	10
Total Dom. Cons.	800	400	718	379	650	330
Ending Stocks	11	11	11	10	11	10
Total Distribution	811	411	729	389	661	340

Oilseed, Soybean	2013/2014	2014/2015	2015/2016
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Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Pakistan						
Area Planted	2	2	2	2	2	2
Area Harvested	2	2	2	2	2	2
Beginning Stocks	0	0	0	0	0	0
Production	2	2	2	2	2	2
MY Imports	11	0	350	540	850	1500
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	13	2	352	542	852	1502
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	11	0	350	540	850	1500
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2	2	2	2	2	2
Total Dom. Cons.	13	2	352	542	852	1502
Ending Stocks	0	0	0	0	0	0
Total Distribution	13	2	352	542	852	1502

Meal, Rapeseed	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		Oct 2014	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Pakistan						
Crush	1150	1030	1175	1000	1075	650
Extr. Rate, 999.9999	0.587	0.5825	0.5872	0.58	0.586	0.5846
Beginning Stocks	0	0	0	0	0	0
Production	675	600	690	580	630	380
MY Imports	75	75	5	5	10	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	750	675	695	585	640	390
MY Exports	211	100	5	5	10	10
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	539	575	690	580	630	380
Total Dom. Cons.	539	575	690	580	630	380
Ending Stocks	0	0	0	0	0	0
Total Distribution	750	675	695	585	640	390

Meal, Sunflowerseed	2013/2014		2014/2015		2014/2015	
	Oct 2013		Oct 2014		Oct 2014	
Market Begin Year	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Pakistan						
Crush	770	390	700	370	630	320
Extr. Rate, 999.9999	0.4182	0.4103	0.4143	0.4189	0.4175	0.4219
Beginning Stocks	0	0	0	0	0	0
Production	322	160	290	155	263	135
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	322	160	290	155	263	135
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	322	160	290	155	263	135
Total Dom. Cons.	322	160	290	155	263	135
Ending Stocks	0	0	0	0	0	0
Total Distribution	322	160	290	155	263	135

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Meal, Soybean Market Begin Year Pakistan	2013/2014		2014/2015		2015/2016	
	Oct 2013		Oct 2014		Oct 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	11	0	350	540	850	1500
Extr. Rate, 999.9999	0.7273	0	0.7714	0.7778	0.7718	0.78
Beginning Stocks	50	50	50	50	50	200
Production	8	8	270	420	656	1170
MY Imports	924	924	1000	1030	1000	700
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	982	982	1320	1500	1706	2070
MY Exports	0	0	0	0	0	100
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	932	932	1270	1300	1656	1770
Total Dom. Cons.	932	932	1270	1300	1656	1770
Ending Stocks	50	50	50	200	50	200