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GAIN Report

Global Agricultural Information Network

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Pakistan

Oilseeds and Products Update

Oilseeds and Products Update 2016

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Report Highlights:

Pakistan continues to expand its imports of soybeans in response to an increased tariff on soybean meal. 2015/16 imports are estimated at a record 1.3 million tons. For 2016/17, imports of soybeans are expected to climb to 2.0 million metric tons as the higher tariff takes full effect on sourcing decisions. Imports of soybean meal have dropped to 320,000 metric tons thus far in 2015/16 and total imports are likely to be well below 2015/16 imports of over one million tons.

Post:
Islamabad

Author Defined:
Soybean Imports on the Rise; Meal Imports Are Down:

The favorable tariff structure on soybeans versus soybean meal has transformed the import mix of oilseeds and meals in Pakistan. The increase in the import tariff on soybean meal from zero to 21 percent in the last two years has reduced soybean meal imports and encouraged higher imports of soybeans. Exports of soybeans to Pakistan reached a record 762,000 metric tons in the first eight months of 2015/16. Currently, an additional 300,000 metric tons have been booked for nearby delivery, with the expectation that a further 300,000 metric tons will be purchased for 2015/16 delivery, bring total imports to 1.3 million metric tons. Import projections for 2016/17 are expected to climb to two million tons.

Table 1: Oilseed Import Statistics

(Figures in Metric Tons)

Product	MY 2014/15	MY 2015/16		MY 2016/17
		Actual Data	(First Eight Months)	
Items				(Projections)
Rapeseed/Canola	757,646	604,384	-	400,000
Sunflower seed	185,742	20,000	66,000	100,000
Soybeans	331,724	762,176	300,000	2,000,000
Sub-Total	1,275,112	1,386,560	366,000	2,500,000
Total	1,275,112	1,752,560		2,500,000

Source: All Pakistan Solvent Extractor Association (APSEA) and FAS Islamabad

Pakistan recently announced its 2016/2017 (July/June) budget, leaving the current tariff structure (that favors soybean imports over soymeal imports) in place. Soybeans are expected to comprise an increasingly large share of soy complex imports. Projected lower 2016/17 cotton production is also expected to support additional imports of soybeans. Accordingly, 2016/17, imports of soybeans are expected to climb to 2.0 million metric tons.

The local crushing industry believes that the shift to imported soybeans will improve the quality and consistency of soybean meal; while certain market commentary suggests that there is still room for improvement of domestically produced meal. However, over the long term the quality of meal will likely improve as local users and producers work together.

Demand for soybean meal remains strong to meet the needs of the poultry sector. The broiler sector is expanding at an estimated annual rate of 10 percent. The layer industry is also expanding rapidly as it is able to provide a relatively cheap protein source. Dairy feed production is increasing at an accelerated pace to meet the demand of the expanding commercial dairy units that rely on high-yielding cows. Soybean meal export data indicates that Pakistan's imports of soybean meal declined to 320,000 metric tons from 1.27 million tons imported during the last year. Trade sources indicate that no additional imports are pending during the balance of the marketing year.

Table 2: Soybean Meal Import Statistics

(Figures in Metric

Tons)

Product	MY 2014/15	MY 2015/16		MY 2016/17
		Actual Data	(First Eight Months)	
Items				(Projections)
Soybean Meal	1,063,000	320,000	-	300,000
Sub-Total	1,063,000	320,000	-	300,000
Total	1,063,000	320,000		300,000

Source: All Pakistan Solvent Extractor Association (APSEA) and FAS Islamabad

Other Oilseeds:

Imports of rapeseed and sunflower seed are on pace to match the estimates in our annual report. Additionally, favorable palm oil pricing is expected to reduce demand for rapeseed given its high oil content and less efficacious meal. Purchases of rapeseed and sunflower seed through the first eight months of the 2015/16 marketing year are estimated at 604,384 metric tons and 20,000 metric tons respectively, significantly lower than year ago imports.

Edible Oil Import Mix:

Exporter data from the first eight months of 2015/16 suggest that imports of soybean oil and palm oil increased noticeably as imports of rapeseed and sunflower seed have declined. Palm oil dominates the imported vegetable oil market and is commonly blended with other oils and sold as cooking oil. Increasing imports of soybean oil augmented with oil from imported soybeans shows a consumer shift in demand from hydrogenated oil to soft oils.

Table 3: Soybean Oil Import Statistics

(Figures in Metric Tons)

Months	MY 2012-13	MY 2013-14	My 2014-15	My 2015-16
Oct	1,698	5,341	1,552	43,052
Nov	3,640	521	1,019	23,701
Dec	143	152	1,280	22,120
Jan	2,106	3,127	184	26,652
Feb	24	1,872	167	25,089
Mar	2,065	21,018	51	16,466
Apr	8,040	22,518	757	11,006
May	13,330	2,061	7,136	21516
Sub Total	31,046	56,610	12,146	189,602
June	360	30,484	10,105	
July	9,868	6,025	11,141	
Aug	12,311	15,828	31,133	
Sept	2,181	11,317	31,240	
Total	55,766	120,264	95,765	189,602

Source: Pakistan Bureau of Statistics

Table 4: Palm Oil Import Statistics

(Figures in Metric Tons)

Months	MY 2012-13	MY 2013-14	My 2014-15	My 2015-16
Oct	106,087	192,258	213,467	283,740
Nov	182,048	208,051	212,248	212,491
Dec	188,295	152,900	214,094	187,913
Jan	222,256	210,709	162,916	211,624
Feb	247,602	169,017	188,103	237,795
Mar	159,850	165,341	196,993	365,734
Apr	187,151	186,156	173,743	214,633
May	160,509	157,618	211,668	257,672
Sub Total	1,453,798	1,442,050	1,573,232	1,971,602
June	154,016	213,093	278,197	-
July	220,106	152,358	160,019	-
Aug	178,638	198,131	256,208	-
Sept	165,372	226,022	258,250	-
Total	2,171,930	2,231,654	2,525,906	1,971,602

Source: Pakistan Bureau of Statistics