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Report Name: Oilseeds and Products Update

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Report Highlights:

Pakistan's Marketing Year (MY) October/September) 2019/20 soybean imports reached 1.7 million metric tons (MMT), 15 percent lower than the last year. Reduced imports are mainly due to an increase in soybean prices, a pandemic-related drop in feed demand from the poultry industry, and ongoing uncertainty regarding Pakistan's gap in regulations for GE products intended for food, feed, and processing (FFP). MY 2020/21 soybean imports are forecast at 2.4 MMT, assuming that international soybean prices stabilize and that Pakistan addresses its regulatory gaps in a manner consistent with its international trade obligations. MY 2019/20 rapeseed/canola imports are estimated at 781,136 metric tons (MT), down 14 percent from a year ago due to the overall slackening of business activity leading towards reduced demand. MY 2019/20 imports of soybean oil are down 35 percent due to price increases and the substitutability of lower-priced palm oil. MY 2019/20 palm oil imports are up 6 percent, offsetting the supply gap.

Soybean Imports Looks Promising Provided Regulatory Certainty is Obtained:

Soybeans imports continued but at a slow pace during MY 2019/20. Imports are estimated at 1.7 MMT, 15 percent down over the preceding year, due to an increase in soybean prices; a pandemic-related decline in the demand for poultry feed as a result of plummeting consumer demand for chicken; and ongoing uncertainty regarding Pakistan's gap in regulations for GE products intended for FFP. Global business activity declined due to the pandemic, affecting in turn the dietary habits of the population. For example, restrictions on social, religious and political gatherings decreased poultry and meat consumption, thereby reducing the overall demand for soybean meal from those industries. Reacting to lower consumer demand, the poultry industry reduced supplies, subsequently spurring a doubling of chicken prices in one year when consumer demand rose and prompting further investment in the sector. Regulatory uncertainty has increased in the past few months, with the October 2020 establishment of a subcommittee of the National Biosafety Center that has been tasked to make recommendations on regulating or banning the import of GE products for FFP.

The slow pace of imports in MY 2019/20 ended in lower stocks for the current marketing year. Recent efforts made to develop and modernize Pakistan's poultry and dairy sectors are expected to generate new demand for high-protein feed ingredients, such as soybean meal and as overall consumer demand for poultry and dairy products rises. The latest data collected from the All Pakistan Solvent Extractor Association (APSEA) shows that during the months of October and November 2020, Pakistan imported over 280,000 MT of soybeans and that APSEA members booked around 1.8 MMT of soybeans through August 2021. Keeping in view this pace, Pakistan's MY 2020/21 soybean imports are projected at 2.4 MMT. Import projections for rapeseed/canola and sunflower seed are at 750,000 MT and 50,000 MT, respectively.

Table 1: Oilseed Import Statistics:

(Figures in Metric Tons)

| Product | MY 2015/16 | MY 2016/17 | MY 2017/18 | MY 2018/19 | MY 2019/20 | MY 2020/21 |
|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Items | Actual Data | Projections |
| Rapeseed/Canola | 1,100,000 | 1,180,000 | 820,920 | 907,485 | 781,136 | 750,000 |
| Sunflower seed | 50,000 | 102,000 | 40,900 | 0 | 0 | 50,000 |
| Soybeans | 1,132,000 | 1,600,000 | 2,179,042 | 1,996,705 | 1,703,583 | 2,400,000 |
| Total | 2,282,000 | 2,882,000 | 3,040,862 | 2,904,190 | 2,484,719 | 3,200,000 |

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

Edible Oil Imports Continued:

According to official government statistics, MY 2019/20 combined imports of soybean and palm oil are 4 percent higher over the preceding year. Imports of soybean oil decreased by 35 percent due to an increase in prices and the substitutability of lower-priced palm oil. Palm oil imports grew by six percent compared to MY 2018/19, due to lower prices, thereby offsetting the supply gap from reduced soybean oil imports and decreased supplies of cottonseed oil from lower domestic cotton production.

Palm oil dominates the imported vegetable oil market and is commonly blended with other oils and sold as cooking oil. A significant amount of soft oil available from soybean and canola crushing will augment the overall availability of edible oil in the country. Well-to-do consumers are gradually shifting from palm-based hydrogenated oils to oilseed-based soft oil. In general, FAS Islamabad forecasts sustained growth in demand for products of soybean within the oilseed complex.

Table 2: Soybean Oil Import Statistics:

(Figures in Metric Tons)

| Month | MY 2013/14 | My 2014/15 | My 2015/16 | My 2016/17 | My 2017/18 | My 2018/19 | My 2019/20 |
|--------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Oct | 5,341 | 1,552 | 43,052 | 14,492 | 7,772 | 14,954 | 2,262 |
| Nov | 521 | 1,019 | 23,701 | 4,044 | 4,868 | 10,180 | 9,064 |
| Dec | 152 | 1,280 | 22,120 | 922 | 19,509 | 10,950 | 1,725 |
| Jan | 3,127 | 184 | 26,652 | 61 | 4,560 | 851 | 4,581 |
| Feb | 1,872 | 167 | 25,089 | 122 | 2,261 | 12,307 | 1,708 |
| Mar | 21,018 | 51 | 16,466 | 12,450 | 4,243 | 16,100 | 383 |
| Apr | 22,518 | 757 | 11,006 | 8,085 | 12,211 | 15,275 | 1,041 |
| May | 2,061 | 7,136 | 21,516 | 28,654 | 5,937 | 14,193 | 611 |
| June6 | 30,484 | 10,105 | 11,423 | 9,756 | 13,387 | 26,332 | 16,722 |
| July | 6,025 | 11,141 | 19,570 | 55,389 | 6,319 | 19,561 | 24,525 |
| Aug | 15,828 | 31,133 | 15,459 | 23,768 | 7,158 | 13,764 | 18,925 |
| Sept | 11,317 | 31,240 | 20,936 | 21,937 | 16,309 | 12,902 | 27,309 |
| Total | 120,264 | 95,765 | 256,990 | 179,180 | 104,534 | 167,369 | 108,796 |

Source: Pakistan Bureau of Statistics

Table 3: Palm Oil Import Statistics:

(Figures in Metric Tons)

| Month | MY 2013/14 | My 2014/15 | My 2015/16 | My 2016/17 | My 2017/18 | My 2018/19 | My 2019/20 |
|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Oct | 192,258 | 213,467 | 283,740 | 204,972 | 257,530 | 230,673 | 257,557 |
| Nov | 208,051 | 212,248 | 212,491 | 224,912 | 244,538 | 278,579 | 301,171 |
| Dec | 152,900 | 214,094 | 187,913 | 242,219 | 249,638 | 252,662 | 285,679 |
| Jan | 210,709 | 162,916 | 211,624 | 237,227 | 244,565 | 302,127 | 244,477 |
| Feb | 169,017 | 188,103 | 237,795 | 226,052 | 200,684 | 251,453 | 251,474 |
| Mar | 165,341 | 196,993 | 365,734 | 255,491 | 295,288 | 280,738 | 264,863 |
| Apr | 186,156 | 173,743 | 214,633 | 217,555 | 269,672 | 270,838 | 266,216 |
| May | 157,618 | 211,668 | 257,672 | 261,326 | 232,553 | 302,717 | 209,634 |
| June | 213,093 | 278,197 | 199,104 | 219,032 | 223,513 | 255,740 | 271,902 |
| July | 152,358 | 160,019 | 150,726 | 244,671 | 252,725 | 129,625 | 341,825 |
| Aug | 198,131 | 256,208 | 204,712 | 259,004 | 225,275 | 280,413 | 243,407 |
| Sept | 226,022 | 258,250 | 187,092 | 217,422 | 274,410 | 261,734 | 347,287 |
| Total | 2,231,654 | 2,525,906 | 2,713,236 | 2,890,063 | 2,970,391 | 3,097,299 | 3,285,492 |

Source: Pakistan Bureau of Statistics

Attachments:

No Attachments