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Pakistan

Oilseeds and Products

Annual - Revised

2000

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Report Highlights: **Pakistan depends on imports for about 75% of its edible oil needs and spends more than $1 billion annually in scarce foreign exchange to import edible oils, while its oilseed processing industry operates at less than 25% of capacity due to an inadequate supply of oilseeds. The new military government has highlighted development of the oilseed sector as a priority. Oilseed imports have surged in response to higher tariffs on meal and oil and lower tariffs on oilseeds, which increased crushing margins. Decision-makers realize that a viable processing industry, using both imported and domestic oilseeds, is a necessary condition for expanding oilseed production. Continued large imports of palm oil not only drain scarce foreign exchange but reduce margins and constitute the major disincentive to local oilseed production.**

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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EXECUTIVE SUMMARY

Despite government efforts, domestic oilseed production is unlikely to increase significantly in the foreseeable future. The development of a viable solvent extraction industry is a key condition to increased production. During FY2000/01 oilseed production is forecast to decrease about 10 percent due mainly to a forecast decline in cotton area. Oilseed import increased sharply in response to changes in tariffs, which have increased crushing margins. Soybean imports, however, remain relatively unattractive due to inconsistencies in the tariff and tax structure.

Meal production is forecast to decline also and good-quality soybean meal remains in short supply. Industry observers expect local processors eventually will import soybeans to satisfy the growing demand from the local poultry industry for better quality feed. The industry currently is working to change the tax and tariff structure to make soybean imports more attractive.

Pakistan is a major vegetable oil importer. Oil imports are forecast to increase in MY 2000/01. The new military government has focused on import substitution (of domestically-produced oil for imported oil) as an important means of saving scarce foreign exchange. Palm oil is the main imported oil. There are, however, growing concern over the health risks of palm oil and consumers prefer liquid oils, when they can afford them. Over the long-term, efforts to increase domestic oil production are expected to displace imported palm oil, particularly palm stearin.

OILSEEDS

PRODUCTION

MY 2000/01 total oilseed production is forecast to decrease by 10 percent to 3.6 million metric tons (MMT), due largely to a forecast decrease in cotton and sunflower production.

Cottonseed: Cottonseed is the main oilseed, accounting for nearly 90 percent of production. Cotton is grown mainly for lint, which is the basic input for Pakistan's important textile industry. Oil and meal are secondary products.

MY 2000/01 cottonseed production is forecast to decrease by 10 percent to 3.2 MMT, due to a forecast reduction in both area and yield. Farmers are expected to shift about 5 percent of MY 1999/00 cotton area to other crops, despite last year's bumper harvest. Although profitable, returns to cotton production have declined due to high input costs and weak domestic (and world) prices. Last season, the government announced plans to intervene in the market to boost prices. Those plans, however, were scaled back following the October 12th coup and subsequent increases in world prices. Yields are forecast to return to normal following last year's unusually good, pest-free weather.

Rapeseed: Rapeseed production accounts for less than 10 percent of total oilseed production. Rapeseed traditionally is mixed with wheat and harvested for fodder as well as for oil. The Government of Pakistan (GOP) is working to increase canola production but no significant progress has been made during the past few years. Plans to replace rape and mustard with high-yielding canola have not materialized due to the lack of good

quality seed, marketing problems and declining returns.

MY 2000/01 rapeseed production is forecast to decline about 20,000 MT to 260,000 MT due to a 10-percent decline in area as a result of decreasing returns.

Sunflower seed: Sunseed production accounts for slightly less than 5 percent of total production. Despite strong governmental efforts to increase production, MY 2000/01 sunseed production is forecast to decrease nearly 25 percent to 148,000 MT due to a 25-percent decrease in area. Farmers have shifted out of sunseeds and into wheat due to the 25-percent increase in the government's wheat procurement price. Additionally, sunseed area declined due to inadequate irrigation supplies in Sindh during planting, when the government closed canals to launch its canal de-silting campaign.

Returns to sunseed production have been hurt by low oil prices. Although the government announces a procurement price for sunseeds, it generally does not procure any of the crop.

PRODUCTION POLICY

Pakistan is a major importer of edible oils. The new military government has highlighted development of the oilseed sector as an important way of saving scarce foreign exchange. In the past, the government has supported oilseed production via a support price mechanism but generally does not procure the crop. Thus far this year, the government has not announced new support prices.

Speculation is that the government will maintain support prices at last year's level and allow the market to determine prices. Instead of increasing support prices, the government is expected to concentrate on improving production techniques and procurement and marketing infrastructure. The government reportedly also is considering additional tariff changes to make the domestic solvent extraction industry more competitive. There is a growing realization that, rather than compete with domestic production, oilseed imports are needed to help develop a viable processing industry in order to stimulate local oilseed production. In addition to inconsistent policies, large oil imports, and not imported oilseeds, constrain the development of a viable domestic processing industry is a major obstacle to increasing domestic oilseed production.

Table 1: Oilseed Support Prices 1/

Commodity	*MY 1997/98*	*MY 1998/99*	*MY 2000/01*
Sunflower	450	500	500
Soybean	345	410	410
Canola	450	500	500

1/ Rupees per 40 kilograms ($1 = Rs. 54.20)

CONSUMPTION

Pakistan's crushing industry consists of older, inefficient plants which simply crush the oilseeds and newer solvent extraction plants. Total capacity is estimated at 5.0 MMT, of which 3.5 MMT consists of the older plants and 1.5 MMT consists of the newer solvent extraction plants. Industry sources estimate the solvent extraction industry is operating at less than 25 percent of capacity due to the lack of raw materials.

TRADE

MY 2000/01 oilseed import are forecast to increase sharply to 420,000 MT due mainly to lower tariffs on oilseeds and higher tariffs on meal and oil, which have significantly increased crushing margins. These changes have allowed the industry (and the economy) to capture the value-added benefits of local production, mainly at the expense of imported Indian soybean meal and palm oil.

The new tariffs, however, are not completely uniform. For example, the tariff on imported oilseeds is15 percent if the C & F price is $210 per MT or less. Between $210 and $240 there is a sliding tariff so that the total landed cost, including tariff, will equal $240 per MT. As a result, there is an incentive to falsify invoices. Additionally, the sliding tariff structure works to the advantage of higher-priced oilseeds, such as canola and sunseed, and against soybeans.

In addition to the tariff structure, there is an anomaly in the tax structure that assesses a 15-percent tax only on domestically produced soybean oil. The combination of the tax and sliding tariff makes soybean relatively unattractive in today's market. The industry, however, currently is working to change this situation, particularly since good quality soybean meal is in short supply.

Table 2: Oilseed Imports (MT)

Commodity	*MY 1998/99*	*MY 1999/00*	*MY 2000/01*
Soybeans 1/	0	0	40,000
Sunflower seed 2/	30,000	20,000	30,000
Canola/rapeseed 3/	180,000	380,000	350,000
Total	210,000	400,000	420,000

1/ Assumes soybeans imported under USDA export assistance program
2/ Mainly from Ukraine.
3/ Australia and the European Union are the main suppliers.

- - TOTAL OIL SEEDS

PSD Table						
Country:	Pakistan					
Commodity:	TOTAL OILSEEDS					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	3445	3445	3481	3481	0	3316
Area Harvested	3368	3400	3431	3432	0	3216
Beginning Stocks	0	0	0	0	0	0
Production	3173	3564	3873	4043	0	3609
MY Imports	170	210	190	400	0	420
MY Imp. from U.S.	0	0	40	0	0	40
MY Imp. from the EC	0	0	116	300	0	300
TOTAL SUPPLY	3343	3774	4063	4443	0	4029
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	2871	3240	3487	3821	0	3466
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Seed Waste Dm.Cn.	472	534	576	622	0	563
Total Dom. Consumption	3343	3774	4063	4443	0	4029
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	3343	3774	4063	4443	0	4029
Calendar Year Imports	200	200	160	310	0	360
Calendar Yr Imp. U.S.	0	0	40	0	0	40
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- -Cottonseed PS&D

PSD Table						
Country:	Pakistan					
Commodity:	Cottonseed					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted (COTTON)	3000	3000	3000	3000	0	2900
Area Harvested (COTTON)	2923	2955	2950	2951	0	2800
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	2744	3134	3400	3570	0	3200
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2744	3134	3400	3570	0	3200
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	2332	2664	2890	3035	0	2720
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Seed Waste Dm.Cn.	412	470	510	535	0	480
Total Dom. Consumption	2744	3134	3400	3570	0	3200
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	2744	3134	3400	3570	0	3200
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Sunflower-seed PS&D

PSD Table						
Country:	Pakistan					
Commodity:	Sunflowerseed					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	99	99	147	147	0	114
Area Harvested	99	99	147	147	0	114
Beginning Stocks	0	0	0	0	0	0
Production	130	130	190	190	0	148
MY Imports	20	30	20	20	0	30
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	150	160	210	210	0	178
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	135	144	189	189	0	160
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	15	16	21	21	0	18
Total Dom. Consumption	150	160	210	210	0	178
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	150	160	210	210	0	178
Calendar Year Imports	20	20	20	10	0	20
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Rapeseed PS&D

PSD Table						
Country:	Pakistan					
Commodity:	Rapeseed					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	340	340	332	332	0	300
Area Harvested	340	340	332	332	0	300
Beginning Stocks	0	0	0	0	0	0
Production	292	292	282	282	0	260
MY Imports	150	180	130	380	0	350
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	116	300	0	300
TOTAL SUPPLY	442	472	412	662	0	610
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	398	425	371	596	0	549
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	44	47	41	66	0	61
Total Dom. Consumption	442	472	412	662	0	610
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	442	472	412	662	0	610
Calendar Year Imports	180	180	100	300	0	300
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Soybeans PS&D

PSD Table						
Country:	Pakistan					
Commodity:	Soybean					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	6	6	2	2	0	2
Area Harvested	6	6	2	2	0	2
Beginning Stocks	0	0	0	0	0	0
Production	7	8	1	1	0	1
MY Imports	0	0	40	0	0	40
MY Imp. from U.S.	0	0	40	0	0	40
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	7	8	41	1	0	41
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	6	7	37	1	0	37
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	1	1	4	0	0	4
Total Dom. Consumption	7	8	41	1	0	41
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	7	8	41	1	0	41
Calendar Year Imports	0	0	40	0	0	40
Calendar Yr Imp. U.S.	0	0	40	0	0	40
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

OIL MEALS

PRODUCTION

MY 2000/01 production is expected to decrease about 10 percent to 1.59 MMT due to the forecast decrease in oilseed production despite increased oilseeds imports. Domestic meal production consists of about 80 percent cottonseed meal and 15 percent rapeseed meal. The domestic industry does not produce a significant amount of soybean meal because the tax and tariff structure makes soybean imports relatively less attractive. Even so, there is increasing demand for high-quality soybean meal from the domestic poultry feed industry.

CONSUMPTION

Meal consumption is forecast to increase in response to the demand to produce better-quality meat, poultry and dairy products more efficiently. Demand for soybean meal is expect to increase in response to increases in poultry production as consumers become more health conscious and shift from red to white meat. Traditional feed rations generally are inadequate and contain little or no protein. Given the low inclusion rates, there is a large potential to expand protein meal consumption. The poultry industry has only started to recover from the 1997 slump brought about by the ban on serving meals at weddings as an austerity measure.

TRADE

Soybean meal is the major imported meal. During MY 2000/01, soybean meal imports are forecast to increase to 160,000 MT due mainly to increased demand from the poultry industry. All soybean meal is imported from India, which dumps meal onto the market because of its limited domestic alternatives. Imports of cheap Indian soybean meal significantly reduce crushing margins for imported soybeans. Infrastructure and political problems in India result in irregular availability and limit Pakistan's imports to about half of the poultry industry's estimated requirement of 250,000 MT. In addition to inadequate and irregular supplies, the poor quality of Indian meal is a significant problem for Pakistan's poultry industry.

Last year, the GOP increased the tariff on soybean meal from 10 to 35 percent in order to improve crushing margins for imported soybeans. Soybean meal imports were expected to decline and soybean imports were expected to increase as a result of this change. However, the tariff structure on oilseeds and the tax on domestically-produced soybean oil (described above) reduced the relative attractiveness of soybean imports and, to date, none have been imported.

TOTAL OIL MEAL

PSD Table						
Country:						
Commodity:	TOTAL OIL MEALS					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	2871	3240	3487	3821	0	3466
Extr. Rate	0.4576803	0.4570988	0.4599943	0.456425	ERR	0.4598961
Beginning Stocks	0	0	0	0	0	0
Production	1314	1481	1604	1744	0	1594
MY Imports	125	125	125	150	0	160
MY Imp. from U.S.	0	37	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1439	1606	1729	1894	0	1754
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	1439	1606	1729	1894	0	1754
Total Dom. Consumption	1439	1606	1729	1894	0	1754
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1439	1606	1729	1894	0	1754
Calendar Year Imports	125	125	125	150	0	140
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Cotton seed Meal PS&D

PSD Table						
Country:						
Commodity:						
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	2332	2664	2890	3035	0	2720
Extr. Rate	0.4601201	0.4598348	0.4598616	0.4599671	ERR	0.4599265
Beginning Stocks	0	0	0	0	0	0
Production	1073	1225	1329	1396	0	1251
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1073	1225	1329	1396	0	1251
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	1073	1225	1329	1396	0	1251
Total Dom. Consumption	1073	1225	1329	1396	0	1251
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1073	1225	1329	1396	0	1251
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Sunflower-seed Meal PS&D

PSD Table						
Country:						
Commodity:						
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	135	144	189	189	0	160
Extr. Rate	0.4222222	0.4166667	0.4179894	0.4179894	ERR	0.41875
Beginning Stocks	0	0	0	0	0	0
Production	57	60	79	79	0	67
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	57	60	79	79	0	67
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	57	60	79	79	0	67
Total Dom. Consumption	57	60	79	79	0	67
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	57	60	79	79	0	67
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Rapeseed Meal PS&D

PSD Table						
Country:						
Commodity:						
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	398	425	371	596	0	549
Extr. Rate	0.4497487	0.4494118	0.4501348	0.4496644	ERR	0.4499089
Beginning Stocks	0	0	0	0	0	0
Production	179	191	167	268	0	247
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	179	191	167	268	0	247
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	179	191	167	268	0	247
Total Dom. Consumption	179	191	167	268	0	247
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	179	191	167	268	0	247
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Soybean Meal PS&D

PSD Table						
Country:						
Commodity:						
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	6	7	37	1	0	37
Extr. Rate	0.8333333	0.7142857	0.7837838	1	ERR	0.7837838
Beginning Stocks	0	0	0	0	0	0
Production	5	5	29	1	0	29
MY Imports	125	125	125	150	0	160
MY Imp. from U.S.	0	37	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	130	130	154	151	0	189
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	130	130	154	151	0	189
Total Dom. Consumption	130	130	154	151	0	189
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	130	130	154	151	0	189
Calendar Year Imports	125	125	125	150	0	140
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

OILS

PRODUCTION

Pakistan is a deficit oil producer--domestic oil production provides only about 25 percent of total consumption requirements. MY 2000/01 oil production is forecast to decrease to 513,000 MT, of which about 53 percent is cotton oil, 35 percent is rapeseed oil and 10 percent is sunflower oil. Oil produced from domestic oilseeds is expected to decline (due to the forecast decline in oilseeds production), while the relative share of oil produced from imported oilseeds is expected to increase.

CONSUMPTION

Pakistan's total MY 2000/01 edible oil consumption is forecast at 1.93 MMT. This forecast is based on a 2.7 percent increase in population and accounts for a decline in consumers' purchasing power. Using this forecast, per capita consumption is calculated at 13.1 kilograms. An estimated 80 percent of total oil consumption is consumed as "ghee" (i.e., shortening). Virtually all palm oil and most cotton oil is used to produce "ghee." There is, however, a growing consciousness of the negative health effects of saturated oils, particularly palm oil and consumers (when they can afford it) are increasingly shifting from "ghee" to liquid oils.

TRADE

Pakistan is one of the world's largest vegetable oil importers. Imports of edible oils represent the second single largest expenditure of foreign exchange. To conserve scarce foreign exchange, the new military government has highlighted increased domestic production of oilseeds and oil as a priority. Despite this priority, MY 2000/01oil imports are forecast to increase to 1.43 MMT compared to the 1.3 MMT during MY 1999/2000 due to lower domestic production and higher consumption.

Pakistan is a price-sensitive market and the relative prices of various oils affect the import mix. During MY1998/99, international prices and Pakistan's duty structure favored imports of soybean oil over palm oil. As a result, soybean oil imports increased to 407,000 MT and palm oil imports decreased to 985,000 MT.

However, MY1999/2000 soybean oil imports are expected to decline due to higher prices. MY 2000/01 soybean oil imports are expected to rebound somewhat. Virtually all soybean oil is imported from South America. Industry observers indicate that "flexibility" in contract terms and specifications allow importers to "save" as much as $20 per MT.

Palm oil is the main imported oil due to its low price. Here again, "flexibility" in contract terms and specifications make palm oil even more attractive. Given a growing consciousness of the health risk and other irregularities associated with palm, local production of liquid oils generally displace imported palm oil.

Palm oil importers and ghee manufacturers have banded together to lobby the government to reduce tariffs on imported oils and to raise them on oilseeds. They claim that the government is losing significant tariff revenue by reducing the tariff on imported oilseeds. Their argument, however, neglects the substantial foreign exchange saving involved in the importation of raw materials and the benefits of value-added production. GOP decision-

makers increasing realize that the real competition is not between domestic and imported oilseeds but between domestic oil production (using both local and imported oilseeds) and imported palm oil.

Table 3: Oil Tariffs and Taxes

Commodity	*NEW Tariff*	*OLD Tariff*	*NEW Sales Tax*	*OLD Sales Tax*
Palm Oil	Rs.10,800 per MT	Rs. 7,300 per MT	15 %	12.5 %
Soy Oil	Rs. 9,300 per MT	Rs. 6,800 per MT	15 %	12.5 %
Sun Oil	35 %	45 %	15 % CED	0 %
Canola Oil	35 %	45 %	15 % CED	0 %
Cotton Oil	35 %	45 %	15 % CED	0 %

Tariffs on palm and soy oils were increased to increase revenues and were calculated to maintain domestic prices at current levels, despite lower international prices. Higher oil tariffs also help to improve crushing margins. Sun and cotton oils tend to be more expensive and imports are minimal.

Soybean Oil Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric Ton
Commodity:			
Time period:	Oct/Sept		
Imports for	1998		1999
U.S.		U.S.	
Others		Others	
Argentina	86,787	Argentina	357,630
Brazil	56,865	Brazil	19,325
Belgium	9,668	Canada	3,170
Netherland	6542	Netherland	26,958
Singapore	3,000		
Total for Others	162862		407083
Others not listed	1,959		377
Grand Total	164821		407460

Palm Oil Trade Matrix

Import Trade Matrix			
Country:		Units:	Metric Ton
Commodity:			
Time period:	Oct/Sept		
Imports for	1998		1999
U.S.		U.S.	
Others		Others	
Malaysia	986,182	Malaysia	932,933
Singapore	46,917	Singapore	18,120
Japan	6826	Indonesia	33,843
Indonesia	70,438		
Total for Others	1110363		984896
Others not listed	14,000		529
Grand Total	1124363		985425

STOCKS

Oil stocks are expected to remain constant at about one month's supply. Stocks are held both by producers and traders.

TOTAL OILS

PSD Table						
Country:						
Commodity:	TOTAL OILS					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	2871	3240	3487	3821	0	3466
Extr. Rate	0.1431557	0.1407407	0.1379409	0.1478671	ERR	0.1480092
Beginning Stocks	145	145	145	153	140	158
Production	411	456	481	565	0	513
MY Imports	1377	1399	1316	1320	0	1430
MY Imp. from U.S.	5	5	5	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1933	2000	1942	2038	140	2101
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	76	79	79	83	0	82
Food Use Dom. Consump.	1686	1740	1696	1769	0	1822
Feed Waste Dom.Consum.	26	28	27	28	0	29
Total Dom. Consumption	1788	1847	1802	1880	0	1933
Ending Stocks	145	153	140	158	140	168
TOTAL DISTRIBUTION	1933	2000	1942	2038	140	2101
Calendar Year Imports	1305	1275	1365	1270	0	1380
Calendar Yr Imp. U.S.	5	5	5	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Cotton seed Oil PS&D

PSD Table						
Country:						
Commodity:						
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	2332	2664	2890	3035	0	2720
Extr. Rate	0.0999142	0.0998498	0.1	0.1001647	ERR	0.1
Beginning Stocks	15	15	15	15	15	15
Production	233	266	289	304	0	272
MY Imports	2	2	1	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	250	283	305	319	15	287
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	21	24	26	27	0	24
Food Use Dom. Consump.	212	241	261	274	0	245
Feed Waste Dom.Consum.	2	3	3	3	0	3
Total Dom. Consumption	235	268	290	304	0	272
Ending Stocks	15	15	15	15	15	15
TOTAL DISTRIBUTION	250	283	305	319	15	287
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Sunflower-seed Oil PS&D

PSD Table						
Country:						
Commodity:						
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	135	144	189	189	0	160
Extr. Rate	0.3407407	0.3402778	0.3386243	0.3386243	ERR	0.3375
Beginning Stocks	3	3	3	3	3	3
Production	46	49	64	64	0	54
MY Imports	0	0	10	20	0	30
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	49	52	77	87	3	87
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	46	49	74	84	0	84
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	46	49	74	84	0	84
Ending Stocks	3	3	3	3	3	3
TOTAL DISTRIBUTION	49	52	77	87	3	87
Calendar Year Imports	0	0	10	20	0	30
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Rapeseed Oil PS&D

PSD Table						
Country:						
Commodity:						
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	398	425	371	596	0	549
Extr. Rate	0.3291457	0.3294118	0.328841	0.3305369	ERR	0.3296903
Beginning Stocks	2	2	2	10	2	15
Production	131	140	122	197	0	181
MY Imports	5	5	5	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	138	147	129	207	2	196
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	4	4	4	6	0	5
Food Use Dom. Consump.	131	132	122	184	0	174
Feed Waste Dom.Consum.	1	1	1	2	0	2
Total Dom. Consumption	136	137	127	192	0	181
Ending Stocks	2	10	2	15	2	15
TOTAL DISTRIBUTION	138	147	129	207	2	196
Calendar Year Imports	5	5	5	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Soybean Oil PS&D

PSD Table						
Country:						
Commodity:						
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Crush	6	7	37	1	0	37
Extr. Rate	0.1666667	0.1428571	0.1621622	0	ERR	0.1621622
Beginning Stocks	15	15	15	15	15	15
Production	1	1	6	0	0	6
MY Imports	420	407	300	250	0	350
MY Imp. from U.S.	5	5	5	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	436	423	321	265	15	371
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	13	12	9	8	0	11
Food Use Dom. Consump.	404	392	294	240	0	337
Feed Waste Dom.Consum.	4	4	3	2	0	3
Total Dom. Consumption	421	408	306	250	0	351
Ending Stocks	15	15	15	15	15	20
TOTAL DISTRIBUTION	436	423	321	265	15	371
Calendar Year Imports	400	300	350	250	0	350
Calendar Yr Imp. U.S.	5	5	5	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

- - Palm Oil PS&D

PSD Table						
Country:	Pakistan					
Commodity:	Palm Oil					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	110	110	110	110	105	110
Production	0	0	0	0	0	0
MY Imports	950	985	1000	1050	0	1050
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1060	1095	1110	1160	105	1160
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum.	38	39	40	42	0	42
Food Use Dom. Consump.	893	926	945	987	0	982
Feed Seed Waste Dm.Cn.	19	20	20	21	0	21
Total Dom. Consumption	950	985	1005	1050	0	1045
Ending Stocks	110	110	105	110	105	115
TOTAL DISTRIBUTION	1060	1095	1110	1160	105	1160
Calendar Year Imports	900	970	1000	1000	0	1000
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0