

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Oilseed and Products Update

Report Categories:

Oilseeds and Products

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Report Highlights:

Pakistan is a net importer of oilseeds and edible oils. Cotton, the principal oilseed crop in Pakistan, is lagging behind in sowing by 9 percent compared to the previous year mainly due to water shortages. Oilseeds and edible oil imports are likely to rise due to decreases in cotton planting area. Palm oil is the dominant oil imported and consumed in Pakistan. During January –May 2012, Pakistan imported 407,600 MT of oilseeds and 737,413 MT of palm oil.

General Information:

Oilseeds and Edible Oil Status

Nearly 73 percent of Pakistan's domestic consumption of vegetable oil is met through imports, 85 percent of which is palm oil. Domestic production of edible oils is insufficient to meet local demand. Domestic oilseed production includes cottonseed, sunflower seed and rapeseed.

Cottonseed is the principal oilseed crop grown in Pakistan, accounting for about 80 percent of domestic oilseed production. Cotton is the country's most important cash crop and accounts for 8.2 percent of the value added in agriculture and about 2 percent to GDP. Sunflower and rapeseed crops contribute marginally to overall production of oilseeds / edible oils in the country.

Decrease in Cotton Planting Area

Sowing of the 2012-13 cotton crop is in progress in both Punjab and Sindh, the major cotton producing areas of Pakistan. Cotton sowing data as of June 25, 2012 indicate that 2.89 million hectares were planted compared to 3.17 million hectares sowed during the same period last year, which overall represents a 9 percent drop. The reduction in the sowing area in Punjab and Sindh is mainly due to less availability of water in the core cotton growing belt. Restricted water supplies from canal systems were due to less river inflows caused by slow glacier melt and tube wells that could not be run due to severe power shortages in the country. Besides this, the progressive farmers are closely watching recent national and international price movements as decreasing cotton prices created disincentives towards planting cotton.

Table 1: Cotton Area Planted As Of June 25, 2012 ('000' Hectares)

Province	Area Planted		Percentage of 2011 Planting
	2012	2011	
Punjab	2,335	2,536	92.07
Sindh	552	631	87.48
Pakistan	2,887	3,167	91.15

Source: Provincial Crop Reporting Service and FAS Islamabad

Oilseeds and Edible Oil Imports Likely to Increase

Oilseeds and edible oil imports are likely to rise due to decreases in cotton planting areas which ultimately affect seed cotton and cottonseed production in the country. Cottonseed contains approximately between 16 and 18 percent oil.

Increased demand for edible oil from the increasing population and oilseed meal for the growing livestock and poultry sectors have led to an increasing dependency on imported oilseeds. Over the last two years, under a Liberalized Import Policy Regime, the Government of Pakistan exempted oilseeds from import duties; the central excise duties, and the federal excise duty. Due to increased imports, the oilseed industry improved its

efficiency by overhauling older crushing machinery and installing high-tech solvent extraction equipment. Table 2 provides oilseed import statistics for the last two years along with imports for the period January to May 2012.

Table 2: Oilseed Import Statistics

(Figures in Metric Tons)

Product	CY - 2010	CY - 2011	Jan - May 2012
Rapeseed/Canola	1,164,914	736,539	397,030
Sunflower	0	186,208	10,570
Soybean	10	10	0
Total	1,164,924	922,757	407,600

Source: Ministry of Commerce (MOC), Government of Pakistan and FAS Islamabad

Domestic oil production is not sufficient to meet demand requirements so the balance is met through imports. A growing population and a limited ability to expand domestic production means that more imports will be needed in order to meet Pakistan's increasing demand for edible oils. Palm oil is the dominant oil consumed in Pakistan. Demand for palm oil for both home consumers and food processors remains strong mainly because of its competitiveness to other oils. Blending palm oil with local oils and selling it as cooking oil is popular in Pakistan. Table 3 provides edible oil import statistics for the last two years along with imports made during January to May 2012.

Table 3: Edible Oil Import Statistics

(Figures in Metric Tons)

Product	CY - 2010	CY - 2011	Jan - May 2012
Palm Olien	1,211,367	970,747	255,586
RBDPO	184,202	263,443	296,383
CPO	491,898	749,000	185,434
CDSBO	45,950	51,200	0
Total	1,887,467	2,034,390	737,413

Source: Ministry of Commerce (MOC), Government of Pakistan and FAS Islamabad

RBDPO: Refined Bleached Deodorized Palm oil

CPO: Crude Palm Oil

CDSBO: Crude Deodorized Soybean Oil