

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Pakistan

Post: Islamabad

Soybean Import Surge To Record Level

Report Categories:

Oilseeds and Products

Trade Policy Monitoring

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Report Highlights:

For the second consecutive year, the Government of Pakistan is set to increase the tariff on imports of soybean meal on July 1. The higher tariff has led to record imports of soybeans in 2014/15 and total imports are estimated at 450,000 metric tons. For 2015/16, imports of soybeans are expected to climb to 1.0 million metric tons as the higher tariff takes full effect on sourcing decisions. Imports of soybean meal are expected lower in both 2014/15 and 2015/16 as Pakistan produces increased quantities of meal from imported soybeans.

Soybean imports are up, meal imports are down.

The Government of Pakistan has announced, subject to final approval by the parliament, its intention to increase the effective import tariff on soybean meal from 11 to 21 percent. The increase is comprised of an increase in the general sales tax from 5 to 10 percent and an increase in the import tariff from 5 to 10 percent. The increase is part of the new federal budget. If approved, the new tariff will be effective on July 1, the start of the Pakistani fiscal year. Approval by the parliament is expected. This is the second consecutive annual increase; the tariff was raised from zero to eleven percent during the 2014/15 fiscal year.

The 2014/15 increase in the tariff has already prompted importers to increase their imports of soybeans. Combined sales and exports of U.S. and South American soybeans have climbed to a record 300,000 metric tons so far this marketing year and an additional 150,000 metric tons of imports are expected before the end of the year. The higher tariff seems to be having the desired effect of shifting value addition to Pakistan's large processing industry which has an estimated capacity of 12 million metric tons, 4.0 million tons of large modern processing and about 8.0 million tons of traditional processing spread across 5,000 units. With annual processing of cottonseed at just 4.0 million metric tons, there is considerable excess capacity in the industry. For 2015/16, imports of soybeans are forecast at 1.0 million metric tons as the higher tariff and declining exportable supplies of soybean meal from neighboring India shift demand to soybeans.

Exporter data indicates that Pakistan's imports of soybean meal had reached 530,000 metric tons through the end of April. With imported soybeans adding another 350,000 metric tons of meal to the supply, total imports of soybean meal are expected to drop to 700,000 metric tons during 2014/15. Imports of meal during 2015/16 are forecast lower at less than 500,000 metric tons. Shifting Pakistan's total demand for soybean meal to imported soybeans would require imports of 1.6 million metric tons of soybeans during 2015/16, 600,000 tons above the revised forecast. Given the level of processing capacity in the industry, even larger imports of soybeans seem possible if the price is right.

What about palm oil?

Exporter data from the first quarter of 2014/15 suggest that imports of palm oil dropped noticeably. However, preliminary Government of Pakistan data suggests that from October to April, imports of palm oil were ahead of the year ago pace. At just 80,000 metric tons, the oil produced from the imported soybeans is not large enough to have much of an effect on palm oil imports. Similarly, for 2015/16, the estimated 180,000 metric tons of oil that will be produced from 1.0 million tons of soybeans is expected to have only a limited effect on Pakistan's massive annual imports of nearly 3.0 million metric tons of palm oil in 2015/16.

Production, Supply and Demand Data Statistics :

Oilseed, 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
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	11	100	450	400	1,000
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	13	13	102	452	402	1,002
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	11	11	100	450	400	1,000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2	2	2	2	2	2
Total Dom. Cons.	13	13	102	452	402	1,002
Ending Stocks	0	0	0	0	0	0
Total Distribution	13	13	102	452	402	1,002

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	11	100	450	400	1,000
Extr. Rate, 999.9999	1	0.72	1	0.78	1	0.78
Beginning Stocks	50	50	50	50	72	50
Production	8	8	78	350	312	780
MY Imports	924	924	950	700	1,000	470
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	1,078	1,100	1,384	1,300
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.	932	932	1,006	1,050	1,324	1,250
Total Dom. Cons.	932	932	1,006	1,050	1,324	1,250
Ending Stocks	50	50	72	50	60	50
Total Distribution	982	982	1,078	1,100	1,384	1,300