**Voluntary Report** – Voluntary - Public Distribution **Date:** February 09, 2023

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# **Report Name:** Oilseed and Products Update

**Country:** Pakistan

**Post:** Islamabad

**Report Category:** Oilseeds and Products

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**Report Highlights:**

Due to the recent ban on genetically engineered (GE) commodity imports, the 2022/23 soybean import forecast is reduced from 2.5 to 1.2 million tons. With the lower expected soybean imports, 2022/23 crush and soybean meal output is reduced accordingly. Likewise due to the abrupt change in GE import policy, the 2022/23 import forecast for canola is reduced to 500,000 tons.

**Sudden Change in Import Requirements Leads to De-facto Ban on GE Soybean Imports**

Due to the abrupt change in requirements to import genetically engineered (GE) commodities for food, feed, and processing (FFP), the 2022/23 import forecast for soybeans is reduced to 1.2 million tons. In late October 2022, without providing trading partners any prior notice, Pakistan's Department of Plant Protection (DPP) began requiring that importers present an import license from the Ministry of Climate Change (MOCC) as a condition for releasing soybean arrivals. However, MOCC has no system for receiving and/or processing import licenses for soybeans destined for FFP. Beginning in 2015 until DPP began enforcing the MOCC import license requirement last October, DPP approved and cleared nearly 14 million tons of GE soybean imports, none of which included an MOCC import license. It is unclear why DPP suddenly changed course and began requiring the MOCC import license last October 2022.

**Soybean Import Ban Contributes to Jump in Poultry Product Prices**

Pakistan lacks sufficient domestic production of plant protein to replace the 2 to 2.5 million tons of soybeans annually imported. Almost all the meal derived from soybean imports is used for poultry feed. Due the de-facto ban on soybean imports, crushing activity has collapsed, meal supplies are short, and poultry feed is scarce. Poultry meat and egg prices have increased. Pakistan's Bureau of Statistics reports that in January 2023 chicken meat prices increased 25 percent compared to the previous month and increased 83 percent on an annual basis. Without soybean meal in poultry rations, the feed conversion ratio has worsened, and it is taking longer for broilers to reach market weight.

**Some Soybean Shipments Released, Some Remain Detained**

Last October, when DPP made the abrupt change in import requirements, two soybean consignments, totaling 140,000 tons, had already been unloaded and were awaiting DPP's release order. As of this writing, those two consignments are still impounded at the Port in Karachi, and authorities have told the importers that the 140,000 tons must be re-exported. Besides those two consignments, at the time of the change in policy, two soybean vessels were waiting to birth, and at least one other soybean vessel was in-transit. DPP cleared and released the soybeans in at least two of those vessels. DPP has not provided any scientific or logical rationale for why these consignments were handled differently: all the soy is from either the U.S. or Brazil, and of course all contain GE soybeans. MOCC has not issued any import licenses for soy imports.

**Unclear When/If Soybean Imports Will Resume**

The requirement that importers obtain an MOCC import license for GE products is in Pakistan's National Biosafety Guidelines. Nonetheless, as stated above, no process exists for importers to request and obtain the license, and DPP had not been enforcing the requirement. While the National Biosafety Committee (NBC), chaired by MOCC, recently met to develop regulations on licenses for GE imports for FFP, it remains unclear when a system will be in place to obtain the necessary license and resume soybean imports. Some NBC members believe local food safety and environmental risk assessments should be required for each GE soy event prior to authorization for import. If that opinion is written into the final requirements to obtain an import license, then the process for obtaining an import license would be arduous and quite lengthy, effectively making the GE soybean import ban permanent. Furthermore, the Ministry of National Food Security and Research (MNFSR) has taken a determinedly negative stance on agriculture biotechnology, suggesting publicly that GE soybeans pose human health risks, and that Pakistan can do without GE commodity imports. MNFSR officials are NBC members and DPP is an agency within MNFSR.

DPP's current official policy is that future GE soybean imports must receive an import license from MOCC. As a result of NBC's lethargic pace in developing a system for GE import licensing and MNFSR's publicly stated opposition to GE soybean imports, additional imports for the rest of this marketing year are doubtful. Because MOCC has not issued any import licenses, and there is no process in place to obtain one, importers have cancelled or deferred delivery on almost all outstanding sales for the 2022/23 marketing year. As of this writing, no soybean vessels are in transit to Pakistan.

Since the beginning of marketing year 2022/23, approximately 350,000 tons of soybeans were shipped to Pakistan: 144,000 from Brazil and 206,000 from the United States. But as mentioned above, DPP rejected entry of 140,000 tons. As a result, Pakistan's soybean imports in the first 4 months of this marketing year total just over 200,000 tons. Unless the NBC moves quickly to implement a system for GE soybean import licensing, which is unlikely, even the drastically reduced import forecast of 1.2 million tons will not be achieved.

**New GE Commodity Import Requirement Also Affecting Rapeseed Imports**

The abrupt ban on GE commodity imports last October 2022, also negatively impacted expectations for rapeseed imports. While there are more sources of non-GE rapeseed compared to sources of non-GE soybeans, importers also face challenges in securing non-GE rapeseed. Furthermore, all the factors described above regarding the uncertainty of whether a system can be developed to obtain a MOCC import license for GE commodities, also applies to rapeseed. About 330,000 tons of canola have arrived in Pakistan so far this marketing year. Given the uncertainty about additional shipments, the 2022/23 import forecast for rapeseed is reduced to 500,000 tons.

**Table 1: Table 1. Soybean, Production, Supply and Distribution (1000MT) (1000 HA)**

| Oilseed, Soybean | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Oct 2020 | | Oct 2021 | | Oct 2022 | |
| Pakistan | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 2 | 2 | 2 | 2 | 2 | 2 |
| Area Harvested (1000 HA) | 1 | 1 | 2 | 2 | 2 | 2 |
| Beginning Stocks | 180 | 180 | 30 | 30 | 14 | 14 |
| Production | 1 | 1 | 1 | 1 | 1 | 1 |
| MY Imports | 2,419 | 2,419 | 2,003 | 2,003 | 2,500 | 1,200 |
| Total Supply | 2,600 | 2,600 | 2,034 | 2,034 | 2,515 | 1,215 |
| Crush | 2,550 | 2,550 | 2,003 | 2,003 | 2,300 | 1,100 |
| Food Use Dom. Cons. | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed Waste Dom. Cons. | 20 | 20 | 17 | 17 | 21 | 21 |
| Total Dom. Cons. | 2570 | 2570 | 2020 | 2020 | 2,321 | 1,121 |
| Ending Stocks | 30 | 30 | 14 | 14 | 194 | 94 |
| Total Distribution | 2,600 | 2,600 | 2,034 | 2,034 | 2,515 | 1,215 |
| CY Imports | 2,487 | 2,487 | 2,000 | 2,000 | 2,400 | 1,000 |
| Yield (MT/HA) | 1 | 1 | 0.5 | 0.5 | 0.5 | 0.5 |

**Table 2. Soybean Meal, Production, Supply and Distribution (1000MT) (1000 HA)**

| Meal, Soybean | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Oct 2020 | | Oct 2021 | | Oct 2022 | |
| Pakistan | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Crush | 2,550 | 2,550 | 2,003 | 2,003 | 2,300 | 1,100 |
| Extr. Rate, (PERCENT) | 0.7788 | 0.7788 | 0.7788 | 0.7788 | 0.77 | 0.77 |
| Beginning Stocks | 57 | 57 | 59 | 59 | 18 | 18 |
| Production | 1,986 | 1,986 | 1,560 | 1,560 | 1,791 | 855 |
| MY Imports | 3 | 3 | 1 | 1 | 3 | 3 |
| Total Supply | 2,046 | 2,046 | 1,620 | 1,620 | 1,812 | 876 |
| MY Exports | 5 | 5 | 15 | 15 | 4 | 0 |
| Feed Waste Dom. Cons. | 1,982 | 1,982 | 1,587 | 1,587 | 1,790 | 855 |
| Total Dom. Cons. | 1,982 | 1,982 | 1,587 | 1,587 | 1,790 | 855 |
| Ending Stocks | 59 | 59 | 18 | 18 | 18 | 21 |
| Total Distribution | 2,046 | 2,046 | 1,620 | 1,620 | 1,812 | 876 |

**Table 3. Rapeseed, Production, Supply and Distribution (1000MT) (1000 HA)**

| Oilseed, Rapeseed | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|---|---|---|---|---|---|
| Market Year Begins | Oct 2020 | | Oct 2021 | | Oct 2022 | |
| Pakistan | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted (1000 HA) | 250 | 250 | 290 | 290 | 350 | 350 |
| Area Harvested (1000 HA) | 249 | 249 | 319 | 319 | 350 | 350 |
| Beginning Stocks | 108 | 108 | 291 | 291 | 50 | 50 |
| Production | 337 | 337 | 470 | 470 | 490 | 490 |
| MY Imports | 921 | 921 | 350 | 350 | 950 | 500 |
| Total Supply | 1,366 | 1,366 | 1,111 | 1,111 | 1,490 | 1,040 |
| Crush | 1,050 | 1,050 | 1,036 | 1,036 | 1,275 | 800 |
| Food Use Dom. Cons. | 0 | 0 | 0 | 0 | 0 | 0 |
| Feed Waste Dom. Cons. | 25 | 25 | 25 | 25 | 75 | 84 |
| Total Dom. Cons. | 1,075 | 1,075 | 1,061 | 1,061 | 1,350 | 884 |
| Ending Stocks | 291 | 291 | 50 | 50 | 140 | 156 |
| Total Distribution | 1,366 | 1,366 | 1,111 | 1,111 | 1,490 | 1,040 |
| CY Imports | 575 | 575 | 450 | 450 | 875 | 0 |
| Yield (MT/HA) | 1.3534 | 1.3534 | 1.4734 | 1.4734 | 1.4 | 1.4 |

**Attachments:**

No Attachments.