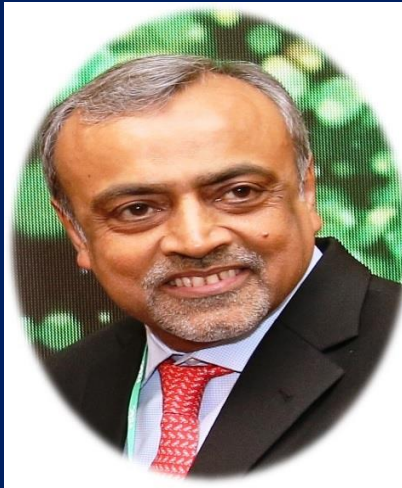


POS 2022
Pakistan Oilseeds Summit - 2022



11-12 November, 2022
Lahore, Pakistan



“Challenges and Opportunities in Pakistan’s Edible Oil and Meal Markets”

Presented By

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PAKISTAN – VERY CONSISTENT MARKET **FULL OF OPPORTUNITIES AND CHALLENGES**

- Consistent market for Edible Oils and Oilseeds.
- Huge dependency on the import of Edible Oils due to insignificant indigenous production.
- Huge dependency on the import of Oilseeds to feed Poultry Industry and Soft Oil to the Edible Oil Industry.
- Pakistan Palm Oil dependency on Indonesia is almost 90% which is a huge challenge for food security.
- For Oilseeds imports, our current sourcing are from United States and Brazil.
- The recent issue of GMO and Non-GMO is not only extremely vulnerable for the Oilseed Industry but also enormous challenge for our Poultry Feed Industry and Edible Oil Industry.

Continued.....

- Unprecedented surge in commodity prices during LH-2021 and FH-2022 compounded with exorbitant increase in shipping cost.
- Enormous challenges for the common man due to supply scarcity and high prices.
- Government intervention for price control.
- Huge cost in paying the tariff due to high prices.
- Pakistan currency remained extremely vulnerable like many other currencies of the world. We have seen depreciation to the extent of 25% - 30% which has enormously increased our landed cost.

PAKISTAN EDIBLE OIL / OILSEEDS SCENARIO

Per Capita Consumption of Oil	Around 20 kgs.
Per Capita Consumption of Chicken Meat	Around 8.5 kgs.
Total Consumption of Oil	Around 4.4 Million Tons
Local Production of Oil	Around 0.50 Million Tons
Import of Edible Oils	Around 3.00 Million Tons
Import of Oilseeds	Around 3.30 Million Tons
Oil Extracted from Imported Seeds	Around 0.90 Million Tons

EDIBLE OIL DUTY STRUCTURE – PAK RUPEES / M.TON

Product	Import Duty (Malaysia)	Import Duty (Indonesia)	Additional Import Duty	Sales Tax	I.Tax
OLEIN	7742.50	7742.50	2%	17%	2%
RBDPO	9230	9230	2%	17%	2%
CPO	6850	6850	2%	17%	2%

Product	Import Duty	Additional Import Duty	Sales Tax	I.Tax
CDSBO	10,600	2%	17%	2%

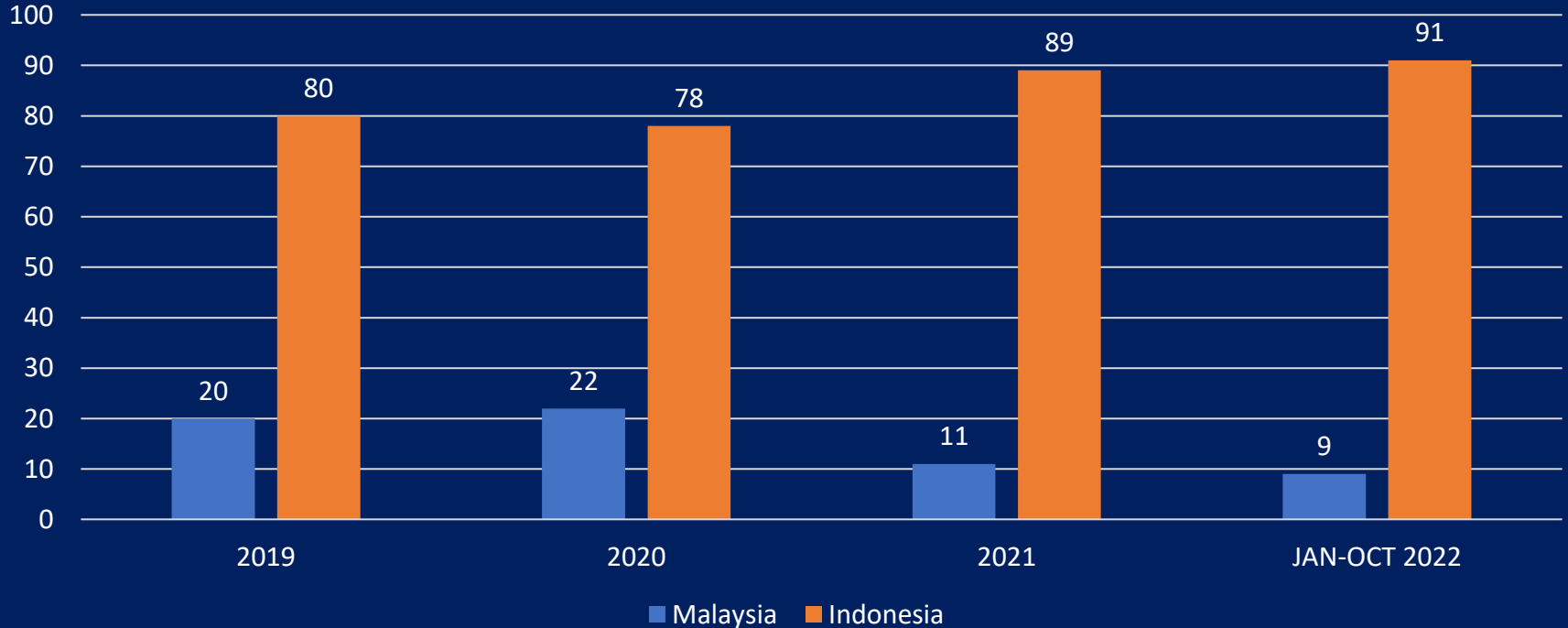
IMPORT OF EDIBLE OILS IN PAKISTAN
(BASIS ARRIVAL) IN M.TONS
FOR JANUARY-DECEMBER 2019, 2020, 2021 AND JAN-OCT 2022

Product	2019	2020	2021	JAN-OCT 2022
OLEIN	1,793,803	1,740,839	1,567,847	870,135
RBDPO	775,648	1,011,978	1,370,888	1,139,884
CPO	376,232	188,355	60,749	27,999
CDSBO	144,749	94,238	92,650	186,579
TOTAL	3,090,432	3,035,410	3,092,134	2,224,597

PERCENTAGE OF PALM OIL PRODUCTS
FROM INDONESIA AND MALAYSIA IMPORTED
DURING JANUARY-DECEMBER 2019, 2020, 2021 AND JAN-OCT 2022
IN M.TONS(BASIS ARRIVAL)

Year	Indonesia %	Malaysia %
2019	80	20
2020	78	22
2021	89	11
JAN-OCT 2022	91	09

GRAPH PERCENTAGE OF PALM OIL PRODUCTS FROM INDONESIA AND MALAYSIA IMPORTED DURING JANUARY-DECEMBER 2019, 2020, 2021 AND JAN-OCT 2022 IN M.TONS (BASIS ARRIVAL)



OILSEEDS DUTY STRUCTURE – PAK RUPEES / M.TON

Product	Import Duty	Sales Tax	Advance I.Tax
Canola / Rapeseed	5%	17%	2%
Sunflower Seed	5%	17%	2%
Soybeans	5%	17%	2%

PRODUCTION OF MAJOR OILSEEDS CROP

	2020-2021 Production		2021-2022 Production	
	Oilseed	Oil	Oilseed	Oil
	(000 Tons)		(000 Tons)	
Cotton Seed	1782	214	2126	255
Rapeseed	338	108	377	121
Sunflower Seed	87	33	141	54
Canola Seed	49	19	79	30
Total		374		460

Source: Pakistan Oilseed Development Board
Economic Survey of Pakistan

IMPORT OF OILSEEDS IN PAKISTAN BASIS ARRIVAL IN M. TONS

Product	2019	2020	2021	JAN-OCT 2022
Soybeans	1,785,545	2,066,733	2,553,818	1,648,128
Canola/Rapeseed	778,992	794,655	833,639	165,686
Total	2,564,537	2,861,388	3,387,456	1,813,814

- Soybeans increased by 43% in 2021 over 2019 and by 23.5% over 2020. This is primarily because of more acceptability of Soya Meal by Poultry Industry. During Jan-Oct 2022, volume of import has been low due to market circumstances and slow offtake of Meal by Poultry Industry.
- Canola Seed supply from Canada was a huge challenge. Pakistan was able to buy Rapeseed from Black Sea and Australia, though supply from even these origins are being delayed.
- In addition to above, Pakistan have booked Soybeans of around 300,000 MT and Canola/Rapeseed of 370,000 MT i.e. 670,000 MT to be shipped/arrive during Nov-Dec 2022.
- Pakistan have also booked so far Soybeans of around 774,000 MT to be shipped / arrive during January-May 2023 and Canola Seeds of around 232,000 MT to be shipped / arrive during Jan-Mar 2023.

PERCENTAGE OF OILSEEDS IMPORT INTO PAKISTAN

(COUNTRY WISE) (BASIS ARRIVAL)

FOR THE PERIOD JAN-DEC 2019, 2020, 2021 AND JAN-OCT 2022

SOYBEANS

Country	2019	2020	2021	Jan-Oct 2022
United States	56%	42%	34%	31%
Brazil	44%	58%	63%	69%
Canada	0%	0%	3%	0%

CANOLA / RAPESEEDS

Country	2019	2020	2021	Jan-Oct 2022
Canada	100%	100%	49%	39%
Australia	0%	0%	14%	33%
Black Sea	0%	0%	37%	28%

MEAL CONSUMPTION SCENARIO

POULTRY FEED INGREDIENTS COMPOSITION

Soybean Meal	20%
Canola / Rapeseed Meal, Gawar Meal, Corn Glute Feed / Corn Glute Meal / Fish Meal / Poultry By-Product Meal	15%
Cereal Grains & its By-Products	Upto 65%
Pakistan Feed Consumption 2020-2021	Upto 7.5 million tons

CONSUMPTION PATTERN

High Protein	Around 75%
Low Protein	Around 25%

PAKISTAN POULTRY / FEED INDUSTRY 2020-2021

- 40-45% of the total meat consumption is being procured from Poultry products.
- Annually we are producing around 2.00 million tons of Chicken Meat.
- In our Country, per capita consumption of Chicken Meat is only 8.5 kgs and 55 Eggs whereas the developed world is consuming around 40 kgs of Chicken Meat and over 300 Eggs.
- As per standard of World Health Organization, daily requirement of animal protein for a person is 27 grams whereas our consumption is 17 grams only. We are already consuming less animal protein.

(Source: Pakistan Poultry Association)

- Total No. of Poultry Feed Mills at Pakistan is 126 Registered Mills.
- Total capacity of Poultry Feed Mills in Pakistan is about 12.00 million tons per annum.
- Annual production of Chick Feed in Pakistan is around 7.5 million tons per annum.

Stunting and Malnutrition

Ensuring every child develops to their full potential

The situation is quite dire in Pakistan, with stunting and wasting heavily prevalent in the country. Stunting does not only mean that a child is not having enough to eat. It is about the quantity and quality of diet besides other factors. Inadequate nutrition among mothers during pregnancy is one of the main reasons of malnutrition among children leading to stunting.

Nearly 10 million Pakistani children suffer from stunting.

8 out of 10 children in Pakistan do not eat right type and quantity of food.

(Source: UNICEF Pakistan)

MARKET FACTS

Let us see where the Market could head on the basis of the following facts:

Description	2020 (Million Tons)	2021 (Million Tons)	Expected in 2022 (Million Tons)
Malaysian Palm Production	19.1	18.1	18.0 to 18.2
Indonesian Palm Production	47.0	46.89	47.5
U. S. Soybean Crop	97	115	121.5
Argentina Soybean Crop	49	46	44
Brazil Soybean Crop	129	140	127
Indian Imports of Edible Oils	(Nov-Oct) 13.18	(Nov-Oct) 13.13	(Nov-Sep) 12.66

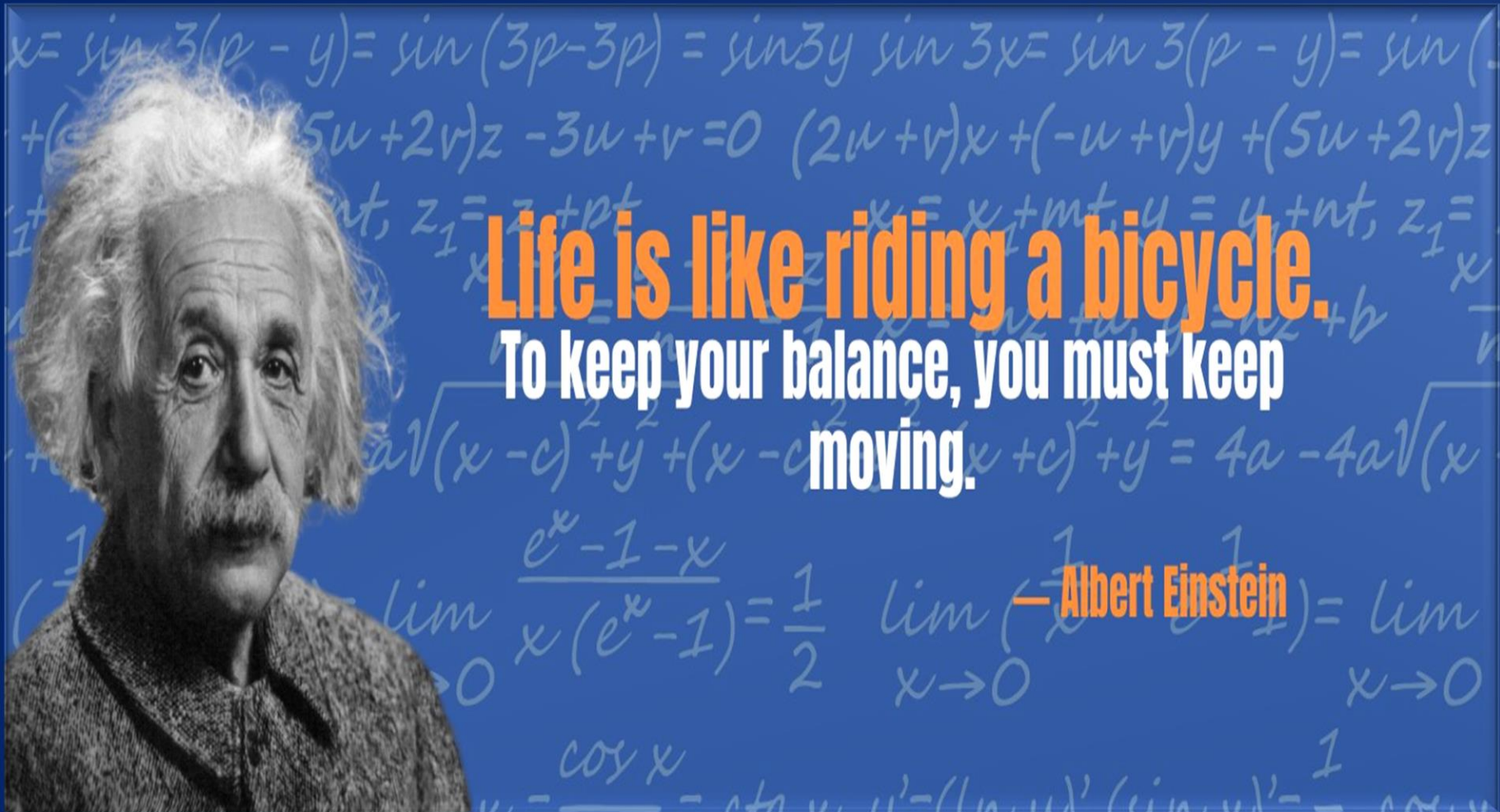
MARKET FACTS

- Malaysian Stocks of Palm Oil in October 2022 were 2.403 million tons which is indeed a good improvement this year.
- The **highest** we have seen on MDEX was **RM 8172 on 1st March 2022** and the **lowest** was **RM 3145 on 28th September 2022** that is swing of around **159.84%** which is indeed an unprecedented swing within six months which no one can anticipate.
- Production is gradually showing signs of improvement and stocks are building up at both the origin i.e. Malaysia and Indonesia. This is the reason we have already seen huge correction in the market.
- Soya Oil / Soybean complex remain very uncertain due to weather market and Bio-Diesel mandate.
- Canadian Canola crop which was extremely compromised during last one year, is showing some better results onwards November 2022.

GLOBAL CHALLENGES

- Geo Political Issues.
- High Inflation.
- Currency Depreciation.
- Climate Change.
- Shipping Cost.
- Increase in FED Funds Rate which is now 4%.
- Monetary tightening to restrict the liquidity to reduce inflation.

Global economic activity is experiencing a broad-based and sharper-than- expected slowdown, with inflation higher than seen in several decades. The cost-of-living crises, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001.



Life is like riding a bicycle.

To keep your balance, you must keep moving.

— Albert Einstein



THANK YOU