

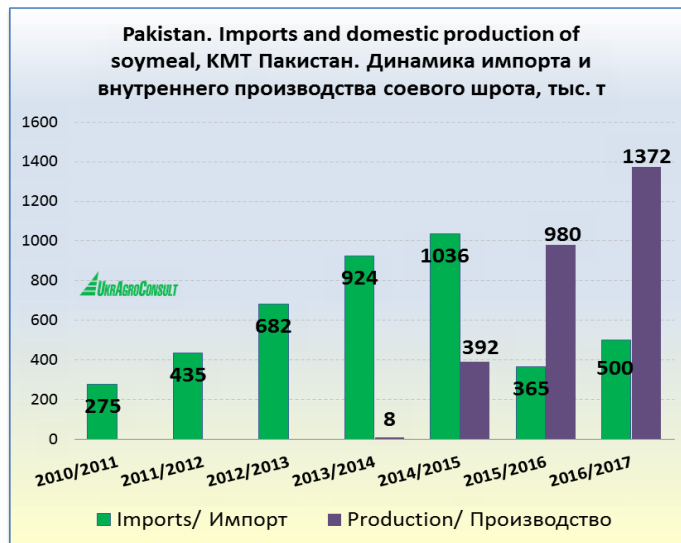
Ukrainian sunseed meal ousting soybean meal in Pakistan's market

Gradual economic growth (+4.6% in 2016) is under way in Pakistan, the world's sixth most populated country (196 Ml people in 2016). Consequently, incomes of its population in is on the rise, too. This fuels a steady increase in demand for animal and dairy products in the country. At the same time, the Pakistani agricultural sector is unable to completely provide the required volume of feed components because of climate peculiarities.

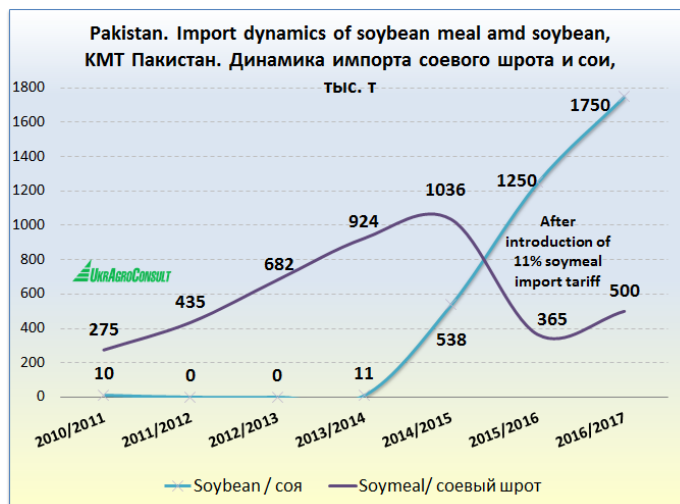
As a number of high protective duties have been imposed on corn and wheat imports, oilseeds and oilseed meals are in strong demand from Pakistan.

So, over many seasons, Pakistani buyers have been mostly aimed at systematically boosting soybean meal purchases. A record over 1 MMT of soybean meal was supplied to the domestic market of Pakistan in the 2014/15 season, i.e. imports had increased 3.8 times over the five years. The top suppliers of this commodity were Argentina and India. Besides, relatively small volumes were bought from the U.S. Noteworthy is that Ukraine has not exported soybean meal to Pakistan because of insignificant domestic production.

This jump in meal imports prompted the government to resort to market regulation measures. So, the duty on imported soybean meal was raised to 11% in 2014. Undoubtedly, this step of the government drove the development of domestic soybean meal production. Significant investments started coming to the soybean crushing sector, both from abroad and from within the country. As a result of the steady inflow of investments, soybean meal output has expanded three and a half times over the three years alone, while soybean meal imports have in turn been reduced by half. Most likely, this is just the beginning. However, feed producers report poor quality of Pakistani-made soybean meal, therefore soybean crushers are now working on the improvement of its production technology.

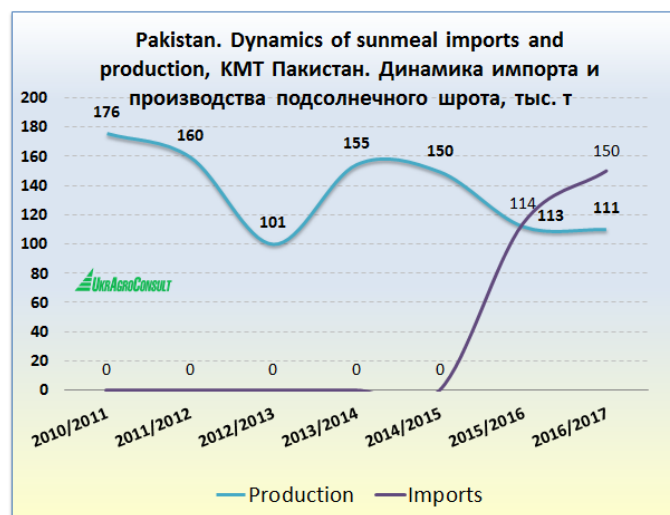


To provide the growing processing capacities with feedstock, soybean imports flooded into Pakistan in view of rather troubled cultivation of own raw materials. Deliveries of the product from abroad rose from 11 KMT to 1.75 MMT over this period. The lion's share of them come from Brazil, the U.S. and Argentina. Like in the case with meal, Ukraine supplies no soybeans to the Pakistani market.



In addition, the duty imposed on soybean meal imports pushed up arrivals of sunseed meal in the country. So, 114 KMT of this meal was brought to Pakistan in 2015/16. It should be pointed out that Ukraine became the top supplier of sunseed meal to the country at a go: it seized 57% of the entire import market of Pakistan.

The USDA predicts Pakistan to step up sunseed meal imports to 150 KMT, or by 31%, in 2016/17. Ukraine's share will most likely also increase because Ukraine already supplied almost as much meal over the four months of the season as for the entire last season (62 KMT).



Thus, in view of the growing sunseed meal demand from Pakistani compound feed producers, Ukraine has all the prerequisites for expanding the product's deliveries to the country. The more so as sunseed meal production in Ukraine shows a steady upward trend, but the volumes will considerably depend on the regulatory policy of Pakistan's government.

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