

### Overview of Oils and Fats

**M**ajor oilseed crops planted in the country are cottonseed, rape/mustard seed, sunflower and canola. The main oilseed crop, cottonseed accounts for more than 80 per cent of total domestic oilseed production. Cottonseed is a byproduct of cotton derived from cotton growing areas of Sindh and Punjab. Cotton is a principal input for Pakistan's important textile industry.

Since the country is the one of the largest cotton producers, the country indirectly get most of the edible oil supply through cottonseed which represent 26 per cent of the total oils and fats produced in the country.

Butter fat is the major contributor in the domestic production of oils and fats, accounting for 34 per cent. Rapeseed or mustard seed, follow next with 18 per cent, followed by sunflower oil and tallow & grease which accounted for 11 per cent and nine per cent, respectively.

**T**he annual domestic production of oils and fats range from 1.2 – 1.5 million tonnes. This volume is only able to meet less than 45 per cent of the domestic requirement, despite efforts by the Government to increase its domestic production. Domestic production of oilseeds is unable to meet domestic demand for edible oils because local farmers concentrate on conventional crops such as wheat, rice and sugarcane.

The annual domestic consumption of oils and fats grow about 3.2% per annum, in tandem with both population growth and income. Currently, the per capita consumption of oils and fats in Pakistan is around 21 kg per person per year, vis-à-vis the world's average of 24kg. Since the local production is only able to meet less than 45 per cent of the domestic consumption, imports are required.

**P**akistan is one of the world's major edible oil importer. Its imports of oils and fats have consistently stayed above one million tonnes, with total imports of more than 1.6 million tonnes since 2006. The imports mainly comprise mainly palm and soybean oils, both combined accounting for approximately 95 per cent of the overall imports.

Pakistan is traditionally a semi-solid fat market and palm oil is preferred due to its techno-advantage and is also strongly influenced by price. Although vanaspati is the

Imports of Palm Oil from Malaysia (tones)	2008	Jan-Sep 09
RBD Palm Olein	500,561	456,403
RBD Palm Oil	376,203	512,083
RBD Palm Stearin	15,287	10,094
CPO	309,968	282,517
Others	55,377	117,154
<b>Total</b>	<b>1,257,396</b>	<b>1,368,167</b>

Source: MPOB

### Statistics

	2000	2002	2004	2006	2008
<b>Production ('000 tonnes)</b>					
Butter fat	465	488	505	521	533
Castor oil	1	0	0	0	0
Coconut oil	8	7	9	9	6
Cotton oil	393	375	404	472	403
Rapeseed oil	243	263	329	359	284
Soybean oil	6	46	10	7	0
Sunflower oil	58	36	139	196	173
Tallow & Grease	119	126	130	133	149
<b>Total</b>	<b>1,294</b>	<b>1,340</b>	<b>1,525</b>	<b>1,698</b>	<b>1,548</b>

	2000	2002	2004	2006	2008
<b>Imports ('000 tonnes)</b>					
Coconut oil	9	16	7	7	7
Palm kernel oil	11	21	7	19	16
Palm oil	1,107	1,300	1,432	1,768	1,800
Rapeseed oil	35	0	5	1	0
Soybean oil	163	103	52	25	59
Sunflower oil	19	1	0	1	0
Tallow & Grease	98	85	70	88	67
<b>Total</b>	<b>1,442</b>	<b>1,526</b>	<b>1,574</b>	<b>1,908</b>	<b>1,950</b>

	2000	2002	2004	2006	2008
<b>Domestic Requirement ('000 tonnes)</b>					
Butter fat	465	488	505	521	533
Castor oil	1	0	0	0	0
Coconut oil	17	22	16	16	14
Cotton oil	397	376	401	478	414
Palm kernel oil	11	21	7	19	16
Palm oil	1,117	1,350	1,342	1,599	1,819
Rapeseed oil	276	265	349	375	313
Soybean oil	203	149	67	34	79
Sunflower oil	73	37	144	168	176
Tallow	218	215	203	229	215
<b>Total</b>	<b>2,779</b>	<b>2,923</b>	<b>3,034</b>	<b>3,439</b>	<b>3,578</b>

	2000	2002	2004	2006	2008
<b>Palm Oil Imports ('000 tonnes)</b>					
Malaysia			930	962	1,240
Indonesia			500	804	560
Other countries			2	2	-
<b>Total</b>	<b>1,107</b>	<b>1,300</b>	<b>1,432</b>	<b>1,768</b>	<b>1,800</b>

Source: Oil World

# PAKISTAN

## OILS & FATS BRIEF PROFILE

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main usage, the last couple of years also witnessed the consumption trend towards liquid oils, particularly in major cities of Pakistan due to the influence of health concerns.

Pakistan's edible oil industry has taken an additional step towards value addition, and investments have been made in recent years to set up oil refineries. At present, there are 11 units of physical refineries with an installed capacity of 1.5 million tonnes annually.

Physical Refining Industry	2002	2008
No. of Units	1	11
Installed Capacity (mil tonnes/year)	0.3	1.5
Contribution in Imports	0.6%	29%
Chemical Refining Industry	2002	2008
No. of Units	90	103
Installed Capacity (mil tonnes/year)	3.0	3.0
Contribution in Imports	82%	53%
Solvent Extraction Industry	2002	2008
No. of Units	16	23
Installed Capacity (mil tonnes/year)	0.5	1.4
Contribution in Imports	17.4%	18%

Source: MPOC, June 2008

Import tariff imposed on imported oils also play some role in the overall import demand. At present, the import tariffs of palm oil products vary according to the types of palm oil fractions.

The Free Trade Agreement (FTA) between Malaysia and Pakistan, which takes effect from January 2008 allows palm products to be imported on a discounted import duty of 10 per cent on margin of preference basis for the first two years, followed by duty discount of 15 per cent from January 2010.

### Import Tariff on Major Imported Oils and Fats (Rs/tonne)

HS Code	Description	Tariff
15071000	Crude Soybean oil, whether or not degummed	Rs9,050
15079000	Others	Rs10,200
15110000	Crude Palm oil, whether of not degummed	Rs9,500
15119010	RBD Palm Stearin	Rs9,050
15119020	RBD Palm Oil	Rs10,800
15119030	RBD Palm Olein	Rs9,050
15119090	Others	Rs10,800
15161000	Animal fats and oils and their fractions	Rs10,200
15162010	Vegetable fats/oils and their fractions	Rs10,200
15171000	Margarine, excl. liquid margarine	Rs10,800
15179000	Others	Rs10,800

Source: Annex1, Part 3 MY-Pakistan FTA

## COUNTRY AT A GLANCE



### Basic Statistics

Area: 796,095 km<sup>2</sup> (excl. Pakistani-administered Kashmir)

Population: 167 million (UN, 2008)

Urban population: 38% of total population

Population Growth: 1.95% (2009 est)

Capital: Islamabad

Largest city: Karachi

Ports: Karachi, Port Qasim

GDP: US\$167.6 billion (2008 est)

GDP per capita (PPP): US\$2,500 (2008 est)

GDP Real Growth: 2.7% (2008 est)

Total Exports: US\$21.9 billion (2008 est)

Commodities: textiles, rice, leather goods, sports goods, chemicals, carpets and rugs

Total Imports: US\$38.3 billion (2008 est)

Commodities: petroleum, petroleum products, machinery, plastics, transportation equipment, edible oils, paper and paperboard, iron and steel.

Currency: Pakistan Rupee (Rp)

Exchange Rate: Rp 83.67 per US\$1 (Oct '09)

Source: World Factbook www.cia.gov