

MARKET SNAPSHOT: PAKISTAN



PAKISTAN
South Asia Region

COUNTRY STATS

POPULATION (2023):

240 million (Urbanization 37%)

POPULATION (2050):

403 million (Urbanization 50%)

GDP (2023):

\$340.64 billion

AVG. ECONOMIC GROWTH (2019- 2023):

2.71%

PER CAPITA INCOME (2023):

\$1,419

Pakistan is the world's 5th most populous country and South Asia's 2nd most urbanized country. It is the world's 4th-largest milk producer and 11th largest poultry producer. Strategically positioned at the crossroads of South Asia, East Asia, Central Asia and the Middle East, Pakistan holds access to more than 40% of the global consumer base and boasts an import market worth \$2.15 trillion on its immediate borders. At present, it is the world's 42nd-largest economy by nominal Gross Domestic Product and is projected to be the 6th-largest economy in the world by 2075 as identified by Goldman Sachs. Pakistan relies solely on imports to meet its soybean needs and has shown a tremendous increase in soybean imports owing to growth in the livestock sector. The country's crushing industry has developed the infrastructure to shift away from importing soybean meal to importing soybeans for crushing. Soybeans are the second-most imported product to fulfill the need for animal feed and edible oil in Pakistan. Regular imports began in 2015-16, and since then, Pakistan has imported 6.6 million metric tons of soybeans from the U.S.

U.S. Soy has collaborated in Pakistan since 1996.

MARKET STATS

- Pakistan instituted a pause on GMO soybean imports in October 2022, which significantly reduced the share of U.S. Soybeans.
- Soybean meal is used as feed and soybean oil is used for human consumption.
- Soybean meal is predominately used in the poultry sector.
- 1.6 MMT of soybean meal is used in the poultry sector.
- 350,000 MT of soybean meal is used in the dairy sector.
- Small quantities of soybean meal are used in aquaculture and pet food.

SOY MARKET SIZE MY 2022/23

(GMO Imports paused since Oct 2022)

Product	Total Volume	U.S. Soy Volume	U.S. Soy % Share
Soy Complex (whole soybean, meal, oil)	0.4 MMT	0 MMT	0%
Whole Bean	0.25 MMT	0 MMT	0%
Soybean Meal	0.16 MMT	0 MMT	0%

MMT=million metric tons

STRENGTHS

- The poultry industry in Pakistan is a significant consumer of soybean meal, with a preference for the superior quality of U.S. soybean meal. The dairy/beef livestock and aquaculture sectors also utilize soybean meal, albeit at much smaller volumes. With the projected expansion of these agrifood sectors, driven by population growth and urbanization, the demand for soybean meal is expected to rise.
- The growing plant-based milk trend is making inroads in Pakistan, evident with the establishment of the first soymilk factory in Islamabad in 2022. This diversification showcases the evolving landscape of soybean applications in Pakistan.
- The U.S. Soy Sustainability Assurance Protocol (SSAP) stands as a formidable strength in the Pakistani market, where there is a growing emphasis on environmentally friendly produce and sustainable practices amid climate vulnerability. Producers in Pakistan, cognizant of the importance of certifications for sustainable supply chains, find SSAP verification a valuable asset. This recognition enhances the position of U.S. soybeans, positioning them as a preferred choice that aligns with the evolving sustainability preferences in the Pakistani market.
- In November 2023, the Pakistan government approved a pathway for genetically modified (GMO) trait approvals to be used for import licenses. Follow-up must be conducted to fulfill all requirements. This development is likely to facilitate the import of soybeans in the future, but as parent stocks and grandparent stocks have been culled, a bounce-back in demand will take time.

OPPORTUNITIES

- In Pakistan, 37% of the population resides in urban areas, and that is projected to reach more than 50% by 2050. The population is facing nutritional deficiencies; 40% of households were deficient in protein, 58% living in urban and 44% in rural areas.
- The government is focusing on initiating school meal/nutrition programs that promote protein (animal-based) intake to improve nutritional status. Milk and poultry (chicken, eggs) present an opportunity to fill the protein gap, and consumption is projected to increase with population growth, income rise and urbanization.
- Soybeans, a crucial feed ingredient for livestock commodities, are poised to witness parallel growth in tandem with this evolving landscape.
- On the sidelines of CrushCON 2023, USSEC and the Pakistan Poultry Association signed a Memorandum of Understanding (MOU) affirming a preference for U.S. Soy due to its higher digestibility, available metabolizable energy and better nutritional bundle.
- Pakistan routinely buys on "optional origin," which limits their ability to drive quality. This usually results in the lowest quality raw materials, and the MOU agrees to encourage Pakistan to transition away from optional origin and choose U.S. Soy as a preference.
- Pakistan recently signed the Emirates Declaration, which emphasizes the key role of agriculture and food systems in addressing climate change.

CHALLENGES

- Fumigation requirements, with high dosage concentrations and methyl bromide usage at destination, driven by a zero-pest tolerance policy, impose additional and avoidable time and cost burdens.
- Energy and fuel supplies are unreliable and expensive.
- While growing in importance, sustainability is still not seen as a driver in purchasing decisions for soy. That said, wealthier Pakistani consumers are increasingly becoming aware of and preferring sustainability.
- The Pakistani market reacts keenly to price fluctuations.
- Freight disadvantages affecting U.S. Soy's competitiveness create disadvantages in freight spreads, as the U.S. Gulf takes approximately seven days longer than other origins and impacts overall cost and market responsiveness.
- Restrictions on GMO soybean imports, coupled with warnings against consuming chicken fed with GMO soybeans, have not only disrupted production but also led to a decline in consumption. The shortage of foreign exchange trading funds and a high inflation rate further contribute to an overall reduction in imports, creating a complex landscape for the soy industry in Pakistan.

Sources:

- UNFPA, Pakistan
- Statista
- The World Bank
- USDAIMF - International Monetary Fund
- The United Nations.
- PACRA, The Pakistan Credit Rating Agency.
- The State Bank of Pakistan first Quarterly
- The Consulate General and Trade Commission of Pakistan, Sydney Australia.
- U.S. Soy (ussoy.org)
- USDA FAS
- TDAP- Trade Development Authority of Pakistan
- Asian Agribiz
- Profit Pakistan Today
- Finance Division Government of Pakistan
- United States Department of Agriculture