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Uzbekistan, Republic of

Oilseeds and Products

Annual

2002

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Report Highlights:

Uzbekistan's MY 2002/03 oilseed production is expected to remain stagnant due to stagnant cotton production. Uzbekistan is becoming an important market for U.S. soybeans and is forecast to import 70,000 metric tons of U.S. soybeans in MY 2002/03.

Includes PSD changes: Yes

Includes Trade Matrix: No

Annual Report

Islamabad [PK1], UZ

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OILSEEDS**PRODUCTION**

Uzbekistan is a major cotton producer and the world's second largest cotton exporter. Cotton is the dominant oilseed. Total MY 2001/02 oilseed production increased 17 percent to 2.25 MMT compared to the previous year despite the stagnation in cotton production due to numerous problems, including drought and the acute shortage of irrigation supplies. This increase in production was attributed to better management practices adopted by the farmers. MY 2002/03 oilseed production is forecast at 2.2 MMT--the same level as in MY 2001/02. The official state target for seed cotton production for MY02/03 is 3.75 million metric tons (MMT).

Table 1: Total Oilseeds Production, Supply and Demand

PSD Table						
Country:	Uzbekistan, Republic of					
Commodity:	Total Oilseeds					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	1435	1435	1435	1400	0	1389
Area Harvested	1415	1415	1430	1400	0	1389
Beginning Stocks	0	0	0	0	0	0
Production	1920	1920	2100	2250	0	2202
MY Imports	54	54	125	150	0	70
MY Imp. from U.S.	54	54	125	150	0	70
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1974	1974	2225	2400	0	2272
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1624	1624	1875	1850	0	1822
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Seed Waste Dm.Cn.	350	350	350	550	0	450
Total Dom. Consumption	1974	1974	2225	2400	0	2272
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1974	1974	2225	2400	0	2272
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0

Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

The Government of Uzbekistan (GOU) supports cotton production by providing subsidized fertilizers and seed and free irrigation. In return, the GOU maintains a 30-percent state order for cotton but in actuality procures virtually all of the crop by setting unrealistically high quotas. The state's procurement price remains well below world price levels. The combination of inadequate incentives and poor quality inputs, plus continuing weather problems over the past two years have resulted in declining production. To compensate for this decline, the government encourages the production of sunflowers and soybeans. Sunflowers, however, are grown on a very limited scale, using seeds imported from Moldova. Initial soybeans trials in the Fergana Valley reportedly were less than successful.

CONSUMPTION

Uzbekistan's present crushing capacity is estimated to be well below the 3.5 MMT of installed capacity reported during Soviet times. Due to the lack of spare parts and in-adequate maintenance, effective processing capacity has declined to about 2.0 MMT. Experts estimate the industry currently operates at less than 60 percent of capacity due to the lack of oilseeds.

Uzbekistan's crushing industry is owned and operated by the joint-stock association, UZMASLOJIRTABAKPROM (Uzbekistan's Oils, Fats and Tobacco Industry), which consists of the former state crushing, extraction and refining facilities. Although, the state order for cotton has been decreased to 30 percent in recent years, in reality there is little alternative for farmers but to sell to joint-stock gins, which, in turn, transfers the cottonseed to UZMASLOJIRTABAKPROM via government accounts. Processed products, particularly soybean meal, reportedly is of poor quality and the industry badly needs capital to upgrade its equipment.

TRADE

Uzbekistan does not import or export cottonseed. To supplement vegetable oil production as well as to provide protein for its livestock and poultry industries, Uzbekistan imported about 200,000 MT of soybeans annually from South American suppliers several years ago. However, due to growing quality concerns, Uzbekistan switched to U.S. soybeans in MY 1998/99. Since then Uzbekistan has become a growing market for U.S. soybeans under both the P.L. 480 and GSM-102 programs. For MY 2002/03, Uzbekistan is forecast to import about 70,000 MT of soybeans from the United States under the Section 416(b) and Food For Progress programs. Commercial imports using GSM-102 credit guarantees also is a possibility.

Given declining cotton production, Uzbekistan's annual oilseed import requirement is estimated at more than 250,000 MT. Imported oilseeds provide an important means of providing raw material to Uzbekistan's underutilized crushing industry as well as saving foreign exchange by capturing the value-added of oil and meal processing. Uzbekistan's import demand could increase significantly if the industry were modernized and the government were to enact policies to encourage expansion of livestock, dairy and poultry production. There is no duty on oilseed imports.

Table 2: Cottonseed Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Oilseed, Cottonseed			(1000 HA)(1000 MT)(RATIO)		
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		08/2000		08/2001		08/2002
Area Planted (COTTON)	1435	1435	1435	1400	0	1388
Area Harvested(COTTON)	1415	1415	1430	1400	0	1388
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	1920	1920	2100	2250	0	2200
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1920	1920	2100	2250	0	2200
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1570	1570	1750	1700	0	1750
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cm.	350	350	350	550	0	450
TOTAL Dom. Consumption	1920	1920	2100	2250	0	2200
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1920	1920	2100	2250	0	2200
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 3: Soybean Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Oilseed, Soybean			(1000 HA)(1000 MT)		
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	0	0	0	0	0	1
Area Harvested	0	0	0	0	0	1
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	2
MY Imports	54	54	125	150	0	70
MY Imp. from U.S.	54	54	125	150	0	70
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	54	54	125	150	0	72
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	54	54	125	150	0	72
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	54	54	125	150	0	72
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	54	54	125	150	0	72
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

OIL MEALS**PRODUCTION:**

MY2001/02 meal production increased about 70 percent from the previous year due to increased seed cotton production and import and crush of 150,000 MT of soybeans from the United States. MY 2002/03 meal production is forecast to decrease slightly due to expected reduction in seed cotton production and forecast decrease in soybean imports from the United States. In recent years, soybean meal production has increased to augment declining cottonseed meal production.

Table 4: Total Oilmeals Production, Supply and Demand

PSD Table						
Country:						
Commodity:	Total Oilmeals					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Crush	1624	1624	1875	1850	0	1822
Extr. Rate	0.4725	0.4725	0.484	0.718	0	0.7296703
Beginning Stocks	0	0	0	0	0	0
Production	767	767	908	1328	0	1303
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	767	767	908	1328	0	1303
MY Exports	0	0	0	60	0	25
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum.	767	767	908	1268	0	1278
Total Dom. Consumption	767	767	908	1268	0	1278
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	767	767	908	1328	0	1303
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

CONSUMPTION

Over the past several years, demand for protein meal, and especially soybean meal, has increased due to increasing demand from both the dairy and poultry industries. Because supplies are erratic and depend on bulk imports, soybean meal sometimes is in short supply, while at other times it is in surplus and may be exported. The quality of soybean meal is variable, while the quality of compound feed is reported to be poor. The need to provide a regular supply of high-quality protein feed is one of the critical issues currently facing the agricultural sector. For the past several years the American Soybean Association (ASA) has been assisting the local oilseeds industry by providing technical assistance aimed at improving the crushing technology and quality of produced soybean meal used for feed.

Cottonseed meal, cakes and hulls are supplied by the extraction companies to other state agencies, mainly to Uzkhleboprodukt and Uzkhimprom. Uzkhleboprodukt combines by-products from flour milling with cottonseed meal, cakes and hulls to produce a compound feed for sheep and cattle. Uzkhimprom uses about 10 percent of hull production to produce alcohol.

For MY 2002/03, the domestic price of locally produced cottonseed meal is expected to double to around soums 15,000 per MT, depending on protein content (\$1= soums 728.00 at the official rate and Soums 1380.00 at the curb market rate). Soybean meal produced from imported soybeans currently sells for about soums 93,000 per MT.

TRADE

Uzbekistan does not import protein meal but often exports small quantities of cottonseed meal, mainly to Russia, the Baltics, Kazakhstan, Ukraine and Azerbaijan. Uzbekistan reports that it occasionally exports small amounts of soybean meal, mainly to neighboring Commonwealth of Independent States (CIS) countries as well as the Baltics, Ukraine and Azerbaijan; however, data indicates actual trade volume may be larger than what the GOU reports. In MY2002/03 Uzbekistan's soybean meal exports are forecast at 10,000 MT. There is no duty on meal imports and the tax on meal exports was eliminated in November 1997.

Table 5: Cottonseed Meal Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Meal, Cottonseed				(1000 MT)(PERC ENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		08/2000		08/2001		08/2002
Crush	1570	1570	1750	1700	0	1750
Extr. Rate, 999.9999	0.461783	0.46178	0.462857	0.716471	0	0.714286
Beginning Stocks	0	0	0	0	0	0
Production	725	725	810	1218	0	1250
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	725	725	810	1218	0	1250
MY Exports	0	0	0	15	0	15
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	725	725	810	1203	0	1235
TOTAL Dom. Consumption	725	725	810	1203	0	1235
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	725	725	810	1218	0	1250
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 6: Soybean Meal Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Meal, Soybean				(1000 MT)(PERC ENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Crush	54	54	125	150	0	72
Extr. Rate, 999.9999	0.777778	0.777778	0.784	0.733333	0	0.736111
Beginning Stocks	0	0	0	0	0	0
Production	42	42	98	110	0	53
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	42	42	98	110	0	53
MY Exports	0	0	0	45	0	10
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	42	42	98	65	0	43
TOTAL Dom. Consumption	42	42	98	65	0	43
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	42	42	98	110	0	53
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

OILS**PRODUCTION**

Cottonseed oil is the main vegetable oil produced in Uzbekistan. Soybean oil is a minor oil and is produced solely from imported soybeans. Total MY 2002/03 oil production is forecast at 232,000 MT.

Table 7: Total Oils Production, Supply and Demand

PSD Table						
Country:						
Commodity:	Total Oils					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Crush	1624	1624	1875	1850	0	1822
Extr. Rate	0.1351	0.1351	0.136	0.131	0	0.132967
Beginning Stocks	0	0	0	0	0	0
Production	219	219	255	242	0	232
MY Imports	50	50	30	40	0	30
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	269	269	285	282	0	262
MY Exports	10	10	10	10	0	10
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	16	16	20	18	0	15
Food Use Dom. Consump.	243	243	255	254	0	237
Feed Waste Dom. Consum.	0	0	0	0	0	0
Total Dom. Consumption	259	259	275	272	0	252
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	269	269	285	282	0	262
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Both extractors and refiners operate under the joint-stock association UZMASLOJIRTABAKPROM. Most extractors and refiners use fairly modern imported equipment. The quality of locally-produced oil, especially cottonseed oil, remains poor due to the lack of maintenance as well as good management. Most plants reportedly use benzene, rather than hexane extraction. The majority of plants first pre-press and then use solvents to extract the oil.

Most plants do not have deodorization equipment. For plants without deodorization capability, only the oil obtained from crushing can be used for human consumption. The GOU is trying to modernize the industry by attracting foreign investment as a conduit for new management methods and technologies.

CONSUMPTION

Cottonseed oil is a staple of the Uzbek diet. Per capita oil consumption is estimated at about 13.5 kilograms per year. Until recently, cottonseed oil was the preferred oil for most Uzbek consumers. However over the last 5-6 years, imported sunflower-seed oil has become more popular because cottonseed oil is not always available in food shops and secondly, most consumers prefer sunflower-seed oil because of its better flavor. Cottonseed oil retails for about soums 1300 per liter and imported sunflower oil sells for soums 1600 per liter. Soyoil remains a minor oil and generally is blended with cottonseed oil.

TRADE

Uzbekistan relies on imports for about 15 percent of its vegetable oil consumption requirements. Sources expect import demand and expenditures will continue to increase unless the government moves to modernize the industry and to capture the value-added of processing imported oilseeds. Trade sources expect MY 2002/03 oil imports will be about 30,000 MT. Although official trade statistics are not available, sources indicate most oil is imported refined and in consumer-ready packaging. The leading suppliers of vegetable oils remain to be European Union and Turkey. Sunflower oil remains by far the most popular imported oil, followed by soybean oil, corn and some olive oils.

Uzbekistan exports about 10,000 MT of un-deodorized cottonseed oil mainly to the neighboring CIS countries. In MY2001/02, Uzbekistan reportedly exported about 10,000 MT of cottonseed oil to Kazakhstan, Tajikistan, and Kyrgyzstan. MY2002/03 cottonseed oil exports are again forecast at 10,000 MT.

Table 8: Cottonseed Oil Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Oil, Cottonseed				(1000 MT)(PERC ENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		08/2000		08/2001		08/2002
Crush	1570	1570	1750	1700	0	1750
Extr. Rate, 999.9999	0.133758	0.133758	0.134286	0.127647	0	0.125714
Beginning Stocks	0	0	0	0	0	0
Production	210	210	235	217	0	220
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	210	210	235	217	0	220
MY Exports	10	10	10	10	0	10
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	16	16	20	18	0	20
Food Use Dom. Consump.	184	184	205	189	0	190
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	200	200	225	207	0	210
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	210	210	235	217	0	220
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Table 9: Soybean Oil Production, Supply and Demand

PSD Table						
Country	Uzbekistan, Republic of					
Commodity	Oil, Soybean				(1000 MT)(PERC ENT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Crush	54	54	125	150	0	72
Extr. Rate, 999.9999	0.166667	0.166667	0.16	0.166667	0	0.166667
Beginning Stocks	0	0	0	0	0	0
Production	9	9	20	25	0	12
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	9	9	20	25	0	12
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	9	9	20	25	0	12
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	9	9	20	25	0	12
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	9	9	20	25	0	12
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0