

2020

Trade Analysis Series

Salt Sector Pakistan



Turn Potential into Profit!



Small and Medium Enterprises Development Authority (SMEDA)
Ministry of Industries and Production
Government of Pakistan

www.smeda.org.pk

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1 Product Description

Salt is the commercial name of the naturally occurring mineral halite which has chemical composition as sodium chloride. It is one of the most important members of the evaporate series of minerals. Pakistan is one of the very few countries that have been bestowed with all types of available salt in the world. i.e. Rock Salt, Sea Salt and Salt Lake. The total reserves of rock salt deposits in Pakistan are inexhaustible. Geological survey has determined the existence of 10.54 billion tons of rock salt reserves at Bahadur Khel in District Kohat. Similarly, Khewra Salt Mine is the second largest salt range of the world. It covers an area of 110 sq. km), having over 40 kilometers of tunnels running some 730 meters.

The total global salt production during the year 2019 was estimated to be around 293 million metric tons with China as largest Salt producing country followed by the United States of America¹. The harmonized Commodity Description and Coding System (referred as HS Codes) designated for trade of Salt products is classified under the HS Code category 25. The brief description of sub-categories falling under Salt products include the following:

Table 1: Salt Products Classification

Product Category HS Code	Product Description
250100	Salts including table salts, denaturized salts & pure sodium chloride
25010010	Table salt
25010020	Rock salt
25010090	Other forms of salt

Source: Trade Map

2 Global Trade of Salt Products

Salt products play an essential part in the global economy given it is an essential part of human needs related to nutrition, preservation of food items as well as having various industrial applications. The total market size of global trade in Salt Products was estimated to be around US \$ 3 billion during 2019 – falling by 9.6% in value compared to the previous year. During the last five years the global trade value of Salt products has grown at a Compound Aggregate Growth Rate (CAGR) of 3.0%.

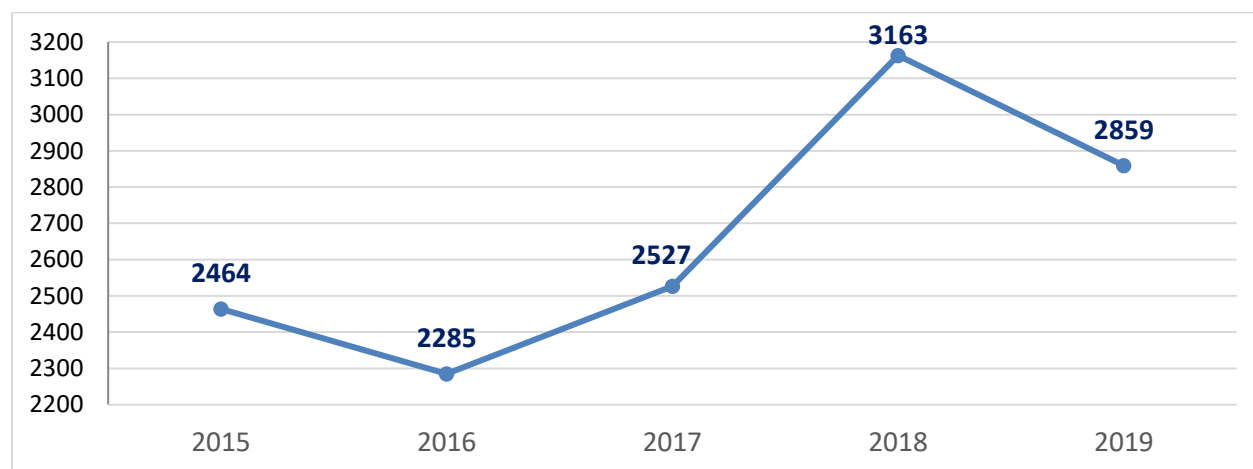
¹ World Atlas & Statista



Table 2: Global Exports of Salt Products - Last 5 Years (Value US \$ Millions)

Description	2015	2016	2017	2018	2019
World Exports (Value is US \$ Millions)	2,464	2,285	2,527	3,163	2,859
Growth (%age)	Base Year	-7.3%	10.6%	25.2%	-9.6%

Source: Trade Map

Figure 1: Growth Trend of Salt Products Exports - Last 5 Years (Value US \$ Millions)

Source: Trade Map

Major Exporting Countries

During the last five years, exports of Salt Products have been dominated by Netherlands and Germany followed by India, Canada and the United States of America. It is worth noting that while historically countries such as Netherlands and Germany have always been major exporters; in recent years India has managed to grow its value of Salt product exports at a tremendous pace during the last five years with a CAGR recorded at 16.4%. The export value, global market share and CAGR of the five biggest exporting countries is provided in the table below.

Table 3: Major Salt Products Exporting Countries - Last 5 Years (Value US \$ Millions)

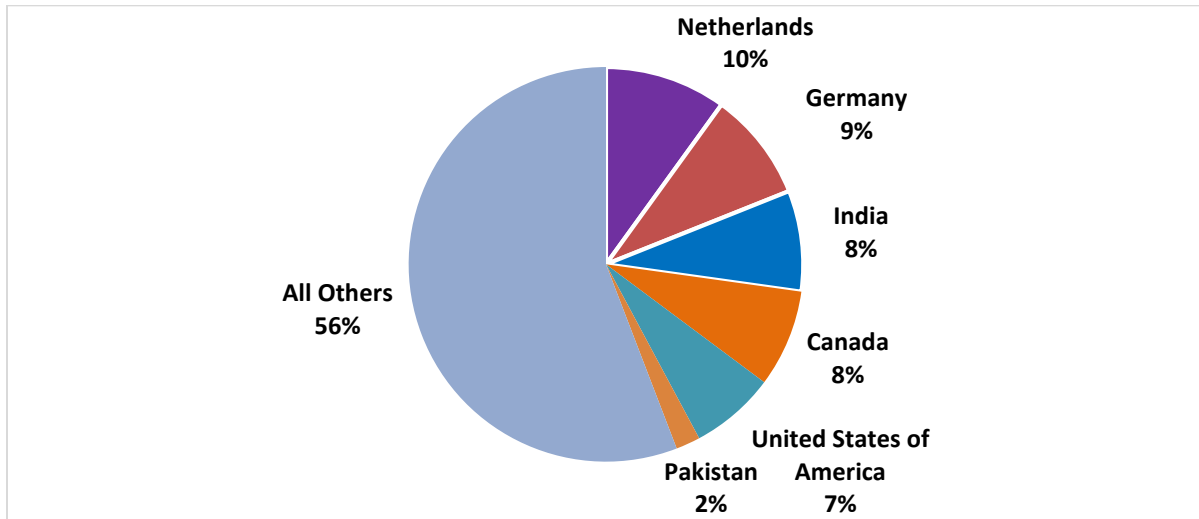
Sr. No.	Country	2015	2016	2017	2018	2019	CAGR %
1	Netherlands	245	256	275	321	298	5.1%
2	Germany	207	214	218	255	264	6.3%
3	India	129	121	174	227	237	16.4%
4	Canada	171	116	137	170	211	5.3%
5	United States of America	149	156	191	190	161	2.0%

Source: Trade Map



The market share of the world's five largest exporters accounted for almost 42% of the world's total supply of Salt products in 2019 (see figure below). During the same period; Pakistan only managed to grab a mere 2% of the global market share in the global trade of Salt products.

Figure 2: World Export Countries Market Share - Salt Products 2019



Source: Trade Map

Major Importing Countries

During the last 5 years, import of Salt Products has been dominated by United States of America which remained the single biggest import market in the world followed by Japan and China. It is worth noting that out of all five major import markets of Salt products; Canada has seen the largest upsurge in demand with its total imports of Salt products recording a CAGR growth of 21% in the last five years.

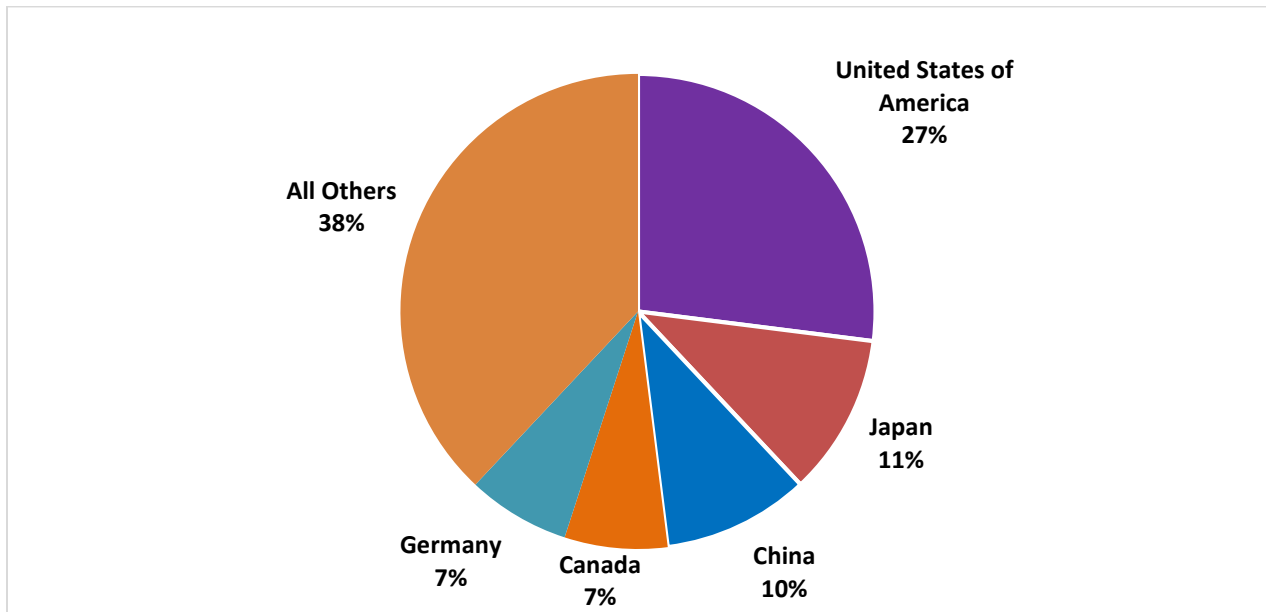
The import value, global market share and CAGR of the five biggest importing countries is provided in table below. The market share of the world's five largest importers accounted for almost 62% of the total global trade of Salt products in 2019 (see figure below).

Table 4: Major Salt Products Importing Countries - Last 5 Years (Value US \$ Millions)

Sr. No.	Country	2015	2016	2017	2018	2019	CAGR %
1	United States of America	733	477	522	741	754	0.7%
2	Japan	405	419	300	282	325	-5.3%
3	China	244	289	316	360	299	5.3%
4	Canada	93	87	123.7	174	200	21.0%
5	Germany	155	170	192	229	188	4.9%

Source: Trade Map



Figure 3: World Import Countries Market Share - Salt Products 2019

Source: Trade Map

3 Pakistan's Exports of Salt Products

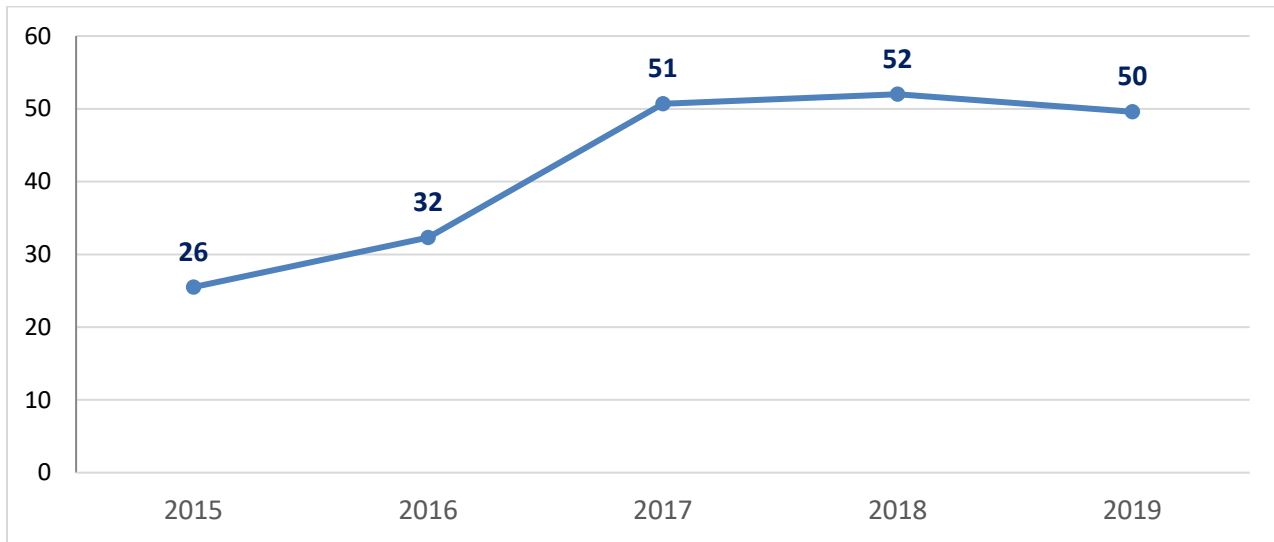
Pakistan recorded its highest exports over the last decade in 2018 where total export value was recorded at US \$ 52.0 million. However; exports declined by 4.6% the following year and were estimated to be US \$ 50 million during 2019. It is; however, worth noting that the overall export value witnessed a robust growth with Salt products export estimated to have grown at a CAGR of 18.1% over the last five-year period.

Table 4: Pakistan's Salt Products Export – Last 5 Years (Value in US \$ Millions)

Description	2015	2016	2017	2018	2019
Pakistan's Exports (Value is US \$ Millions)	26	32	51	52	50
Growth (%age)	Base Year	26.7%	57.0%	2.6%	-4.6%

Source: Trade Map



Figure 4: Growth Trend of Pakistan's Salt Product Exports – Last 5 Years (Value in US \$ Million)

Source: Trade Map

Pakistan's Export Destinations of Salt Products

The strong growth witnessed in exports of Salt products from Pakistan has signified a potentially lucrative opportunity for domestic Salt mine producers especially on the back of stellar performance witnessed in capturing higher market share in previously untapped geographical export markets. For instance, Pakistan's exports of salt products increased from US \$ 1 million in 2015 to US \$ 3.0 million in 2019 to Brazil which shows the potential of the local industry to reach out into new geographic markets and expand their market share in previously under tapped countries.

The case of Brazil is particularly interesting as Pakistan's exports have increased at a CAGR of 56.5% during the period under review. Furthermore, in addition to increasing market share in new markets, Pakistan Salt products also increased its export value to their largest import partner; the United States of America with a robust growth recorded of CAGR 25.1% over the last five years.

Table 5: Pakistan's Top Five Export Partners – Last 5 Years (Value in US \$ Million)

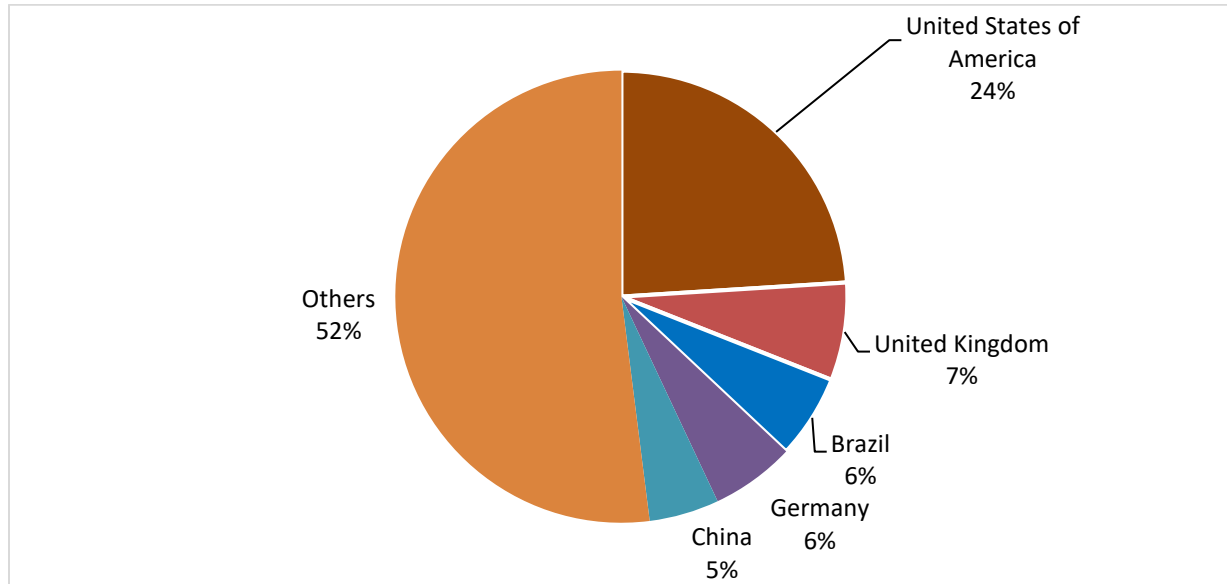
Sr. No.	Country	2015	2016	2017	2018	2019	CAGR
1	United States of America	5	6	16	12	12	25.1%
2	United Kingdom	2	2	3	3	3	12.8%
3	Brail	1	2	2	2	3	56.5%
4	Germany	2	2	3	3	3	4.8%
5	China	1	2	5	4	3	15.6%

Source: Trade Map



The cumulative market share of Pakistan's top five import partners as percentage of its total Salt product exports during 2019 was around 48% (see figure below).

Figure 5: Share of Pakistan Top Five Import Partners of Salt Products in 2019

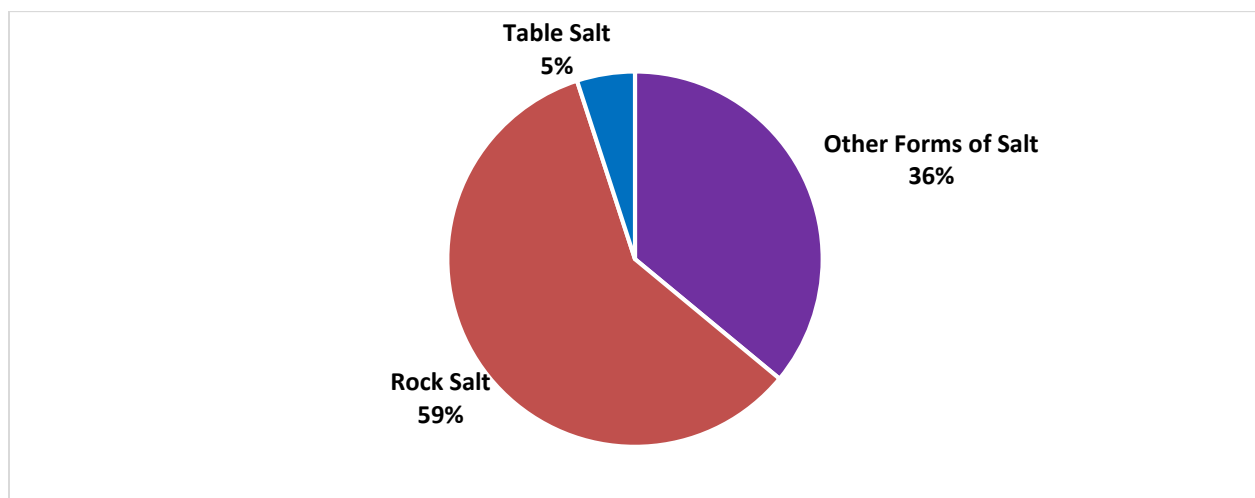


Source: Trade Map

Pakistan's Major Product Mix of Salt Products

Rock salt products constituted the most valuable commodity among all exports from Pakistan and accounted for almost 59% of its product mix during 2019 followed by Other Forms of Salt and Table Salt which contributed 36% and 5% respectively towards total Salt product exports in this product category (see figure below).

Figure 6: Pakistan's Product Mix – Salt Products 2019



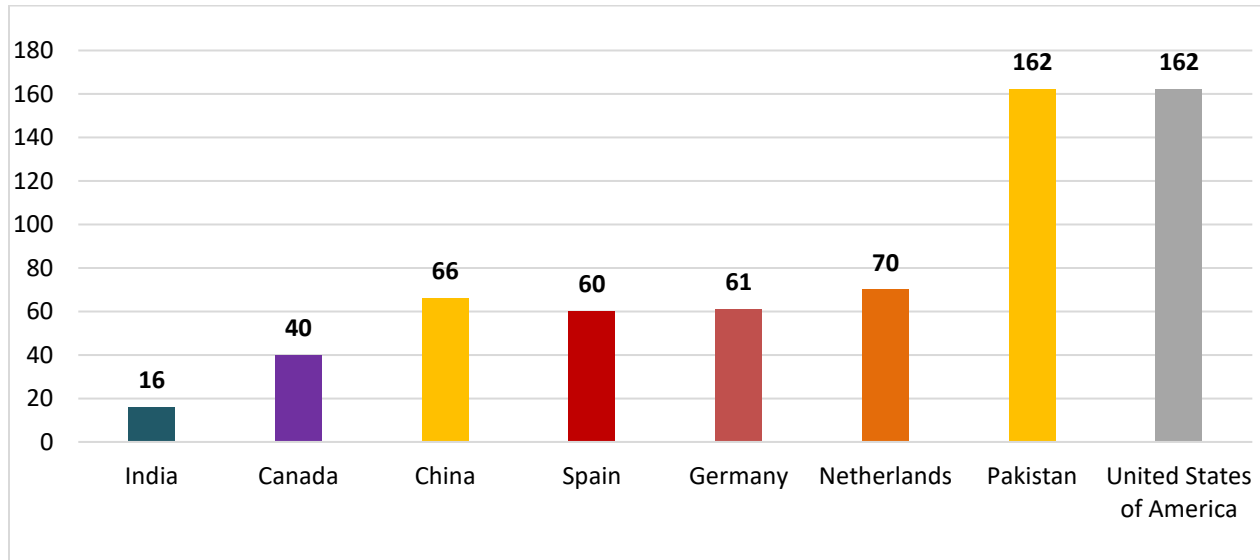
Source: Trade Map



4 Price Comparisons

The following graph shows a comparison of the price charged by Pakistan in relation to the leading exporting countries in the world for the product category of Salt products classified under HS Code 250100. Salt from Pakistan was traded at a significantly higher price vis-à-vis almost all the top exporting nations in the global economy at US \$ 162/ Ton; with the exception of United States of America.

Figure 7: Price Comparison for Salt Products (HS250100, US \$ / Ton)



Source: Trade Map

5 Pakistan's Trade Tariff

The following Customs Duties are applied by FBR on Salt Products in Pakistan:

Table 6: Customs Duty Set by FBR on trade of Salt Products

Product HS Code	Product Description	Customs Duty
25010010	Table salt	20%
25010020	Rock salt	20%
25010090	Other forms of salt	20%

Source: Federal Board of Revenue Pakistan

6 Prominent International Trade Fairs Related with Salt Products

Name of Trade Show	Location	Frequency	Web Links
Agro Food	Kyiv, Ukraine	Annual	www.agro-expo.com
Expo Food & Drinks	Yerevan, Armenia	Annual	www.gulfoodmanufacturing.com
Food Asia	Karachi, Pakistan	Annual	www.foodasia.net
Gulf Food	Dubai, United Arab Emirates	Annual	www.gulfoodmanufacturing.com
IFT Food Expo	Chicago, United States of America	Annual	www.iftevent.org
National Salt Exhibition	Shanghai, China	Annual	www.xssalt.com
PLMA Expo	Amsterdam, Netherlands	Annual	www.plmainternational.com
Sial China	Shanghai, China	Annual	www.sialchina.com
Sial InterFOOD	Jakarta, Indonesia	Annual	www.sialinterfood.com
Spring Fair	Birmingham, United Kingdom	Annual	www.springfair.com