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Jamaica & Dep Oilseeds and Products Annual 2004

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Report Highlights:

Sustained high international grains and soybean prices have restricted expansion in the poultry industry, and consequently soy meal consumption during MY 2003. Despite stagnation in the edible fats and oils market, demand for soy oil is expected to remain strong over the medium-term.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Kingston [JM1]
[JM]

Executive Summary

Jamaica has no domestic soybean production and satisfies all requirement for soybeans, soybean meal and soy oil through imports. The country's sole soy extrusion plant went out of operation more than five years ago. The United States, Argentina, and CARICOM countries are the major suppliers of soy products to Jamaica.

Jamaica's total consumption of soybean meal, backed by a heavily protected and expanding broiler industry, is expected to remain stable over marketing year (MY) 2003 through 2004. Surges in international grain and soybean prices have curbed the rapid expansion in the poultry industry, and consequently soy meal consumption, during 2003. The decline in soybean consumption in cattle feed is expected to be more than offset, in the medium-term, by increase consumption of complete swine feeds.

Influenced by consumer health awareness, consumption of edible oils and fat is expected to stagnate over the medium-term. Within the stagnant edible oils market, soybean oil is expected to retain market leadership, based on its perceived superior health benefits vis-à-vis other oils of plant or animal origins.

The United States was the sole supplier of crude soybean oil to Jamaica during calendar year (CY) 2002. The strong negative correlation between crude and refined soy oil imports is explained by the movement of Jamaican refining companies along their respective learning curves to increase efficiency and competitiveness. Over MY 2002 to MY 2004, importation of refined soy oil is expected to increase but absolute volumes will remain low.

SOYBEAN

Production

There is no domestic production of soybeans in Jamaica.

Consumption

Consumption of soybeans in Jamaica was historically driven by the demand for soybean meal. However, since the closure of Jamaica's sole soy extrusion plant (Jamaica Soya Product Industries) consumption of soybean has become insignificant. During calendar 2001, Jamaica imported only 95 metric tons of soybeans.

Trade

Of the 95 metric tons of soybeans that Jamaica imported during CY 2001, 85 tons originated from Canada and about 15 tons from the United States. Trade in soybeans is expected to remain insignificant, as there are no plans to reactivate the closed extrusion facility. Soybeans currently enter the domestic market duty free.

Policy

Since the closure of the Jamaica Soya Product Industries (JSPI), trade in and policy towards soybean remained unimportant. There are no tariff barriers to soybean import since the 65 percent duty was removed at the time of closure of the JSPI.

Soybean PSD Table

Jamaica & Dep Oilseed, Soybean							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2002		01/2002	MM/YYYY
Area Planted	0	0	0	0	0	0	(1000 HA)
Area Harvested	0	0	0	0	0	0	(1000 HA)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	0	0	0	0	0	0	(1000 MT)
MY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	0	0	0	0	0	0	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Crush Dom. Consumption	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	0	0	0	0	0	0	(1000 MT)
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	0	0	0	0	0	0	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	0	0	0	0	0	0	(1000 MT)
Calendar Year Imports	0	0	0	0	0	0	(1000 MT)
Calendar Yr Imp. U.S.	0	0	0	0	0	0	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Soybean Meal

Production

There is no domestic production of soybean meal in Jamaica.

Consumption

Soybean meal consumption in Jamaica is expected to remain relatively constant during MY 2004, as feed mills do not anticipate any significant increase in mixed feed production. Jamaica's three feed mills -- Newport Mills, Master Blend and JLA Feed Mills -- expect total feed production to expand by less than one percent during MY 2003. Sustained high international grains and soybean prices have restricted growth in mixed feed production during MY 2003, and are expected to have similar effects during MY 2004. Consumption of soybean meal in Jamaica is influenced entirely by the livestock sub-sector, particularly the poultry industry, which accounts for approximately 79 percent of total soybean meal consumed in animal feeds. The sustained high prices for corn and soybeans have resulted in a 12 percent increase in domestic feed prices, which helps to curb the 11.3 and 6.5 percent

expansion in the poultry industry during 2000 and 2001, respectively, to a mere 1.1 percent during 2002. Due to the escalation in feed prices, a significant proportion of smaller independent poultry farmers, which represent approximately 30 percent of the poultry industry, have shifted production to a seasonal basis. Notwithstanding the continuous upgrading of production systems by larger contract poultry farmers, broiler production, and consequently soy meal consumption, is expected to remain flat while high grain and soybean prices remain at current levels. The 260 percent tariff that is levied on imported chicken and chicken leg quarters has provided protection to the poultry industry and will, to a certain extent, continue to nullify some of the production effects of unfavorable price movements in the international input markets.

The relative contribution of cattle feeds to total soybean meal consumption is expected to remain low, as the cattle industry contracts under increasing international competition and changing consumer preference. With drastically reduced demand for domestic beef and sustained low prices, cattle herds have reduced significantly. Mixed cattle feeds are increasingly being replaced with grain substitutes and on-farm formulations in an effort to reduce production cost.

Private sector plans are afoot to modernize and expand Jamaica's rudimentary swine industry in the short to medium term. The swine industry, which currently accounts for approximately 15 percent of soy meal consumption, is therefore expected to increase its relative contribution to total soy meal over the periods of expansion.

The export of 2,910 metric tons of complete swine feeds and 38 metric tons of poultry feed to other Caribbean markets (Cuba and Barbados) during 2001 and 2002 could be interpreted as a export test by Jamaican feed manufacturers. The performance of Jamaican feeds in these markets will pull demand for imported feed ingredients, including soybean meal.

Trade

The importation of soybean meal into Jamaica continues as a result of domestic unavailability and strong demand by the feed industry. The United States accounted for over 90 percent of total soybean meal exported to Jamaica during 2001. Trinidad and Tobago and Venezuela also export a very small amount of soy meal to Jamaica. The United States accounted for over 86 percent of total soybean meal imported into Jamaica during the first nine months of 2002, while Trinidad and Venezuela accounted for remainder.

Mixed Feed Production ('000 MT) for Market Year (MY) 2002-2004

Types of Feed	2004	2003	2002
Poultry	261	259	222
Swine	73	72	42
Cattle	6	6	5
Other	16	14	20
Total	356	351	289

Source: Industry

Soybean Meal PSD Table

Jamaica & Dep Meal, Soybean							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Crush	0	0	0	0	0	0	(1000 MT)
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR	(PERCENT)
Beginning Stocks	4	5	3	4	3	5	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	84	91	88	93	0	95	(1000 MT)
MY Imp. from U.S.	82	90	86	88	0	89	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	88	96	91	97	3	100	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Consum	85	92	88	92	0	95	(1000 MT)
TOTAL Dom. Consumption	85	92	88	92	0	95	(1000 MT)
Ending Stocks	3	4	3	5	0	5	(1000 MT)
TOTAL DISTRIBUTION	88	96	91	97	0	100	(1000 MT)
Calendar Year Imports	0	90	0	92	0	94	(1000 MT)
Calendar Yr Imp. U.S.	0	88	0	90	0	92	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

SOYBEAN OIL

Production

Total production of 11,556 metric tons of refined soy oil during MY 2002 did not reflect any appreciable change over the 11,293 tons produced during MY 2001. However, production increased significantly during MY 2003 to 15,565 tons and is projected to increase to 18,742 tons during MY 2004. The increase in production of soy oil is attributed primarily to the substitution of palm, coconut and corn oils with soybean oil.

Consumption

Jamaica's total utilization of 12,865 metric tons of soybean oil in the production of cooking oil, margarine, shortening and mayonnaise during MY 2002 increased to 16,850 tons during MY 2003, and is projected to further increase to 20,036 tons during MY 2004. Utilization of palm, corn and coconut oils, which collectively account for less than six percent of total fats and oils consumption, decreased drastically during MY2002 and 2003, and is expected to remain low during MY 2004. Contrary to soybean oil, which is mostly refined and used as

cooking oil, palm oil is mostly used in the production of margarine. Utilization of corn oil has remained very low over the last three years. The increase utilization of soy oil is due to a combination of increase in total fats and oils utilization and displacement of palm, coconut and corn oil with soy oil.

Soybean oil continues to be the preferred oil in the Jamaican consumer market. The product retains market leadership by virtue of its availability, price competitiveness, and consumers perception of the superior health benefits associated with soy oil vis-à-vis other oils of plant or animal origins. Consumer demand for edible oils is expected to remain stable, or at best, increase slightly over the medium term. Within the increasingly health conscious Jamaican consumer market, consumers are becoming conservative in their consumption of fats and oils. Fast food franchises are beginning to promote broiled and steamed products as part of a wider societal marketing approach. However, within the stagnant oil market, consumption of soybean oil is expected to remain strong, as consumers taste and preference continues to be driven by health awareness.

Trade

Jamaica's total importation of crude soybean oil increased from 18, 000 metric tons during 2001 to 22,000 tons during 2002 and is expected to show similar increase during 2003. Though significantly smaller in absolute value, importation of refined soybean oil increased by four percent during 2002 to 2,300 tons. Historically, the negative correlation between imported refined and crude soybean oil resulted from the movements of Jamaican oil manufacturers along their learning curves to achieve increased efficiency and lower output prices comparable to soybean oil from other CARICOM countries. The increase in imports of refined soybean oil is mostly explained by the direct importation of bulk soybean oil by small independent wholesalers for retail packaging and bulk sales in the retail market. This trend is expected to continue as new entrants are expected in the industry.

The United States, Trinidad and Tobago and Argentina fulfilled Jamaica's demand for crude soybean oil during calendar 2001. The United States, however, remained the primary supplier. Contrary to Jamaica's increasing importation of crude soybean oil from the United States, importation from Trinidad and Tobago has shown a sharp decline since 1997. During the first nine months of 2002, the United States was the sole supplier of crude soybean oil to Jamaica. The projected total import of 22,000 metric tons of crude soy oil during CY 2002 is expected to be supplied by the United States.

Trinidad and Tobago is the primary supplier of refined soybean oil to Jamaica, followed by Barbados and the United States. Argentina began exporting refined soy oil to Jamaica during calendar 2000. The relative contribution of the United States to Jamaica's total refined soybean oil imports has slipped from 5.1 percent in CY 1997 to 3 percent during 2002.

Soybean oil imports ('000 Liters)

	2003**	2002*	2001	2000
Soybean crude oil				
USA	24,654	22,298	18,234	26,808
Trinidad & Tobago	0	0	71	0
Argentina	0	0	4400	0
TOTAL	24,654	22,298	18234	26808

Other Soybean Oil

United States	61	59	8	265
Barbados	70	67	24	86
Trinidad & Tobago	2230	2145	2115	605
Argentina	33	32	58	13
Total	2394	2303	2205	969

Source: Statistical Institute of Jamaica. ** Estimate. * Preliminary

Marketing

The Jamaican market for edible oils is very competitive, with products being heavily advertised and positioned on the bases of price, quality and, particularly, health benefits. All vegetable oils are positioned on the basis of health benefits, however, soy, olive and corn oils have attracted and retained consumer interest over other vegetable oils. On a brand basis, the average Jamaican supermarket showcase five to seven brands of oils. The most popular brands are Good n' Natural, from Trinidad and Tobago and Lider, a domestic brand. Both brands are prudently positioned in the price sensitive consumer market as low-priced, high-quality products. SEPROD, a major player in the market, produces its own brands and package for several distributors under private brands. However, some smaller independent wholesalers/distributors have moved to import bulk soybean oil for retail packaging.

Policy

As an increasingly important trade bloc, members of the Caribbean Community protect their local industries and facilitate intra-CARICOM trade by levying a Common External Tariff (CET) on products originating from outside the CARICOM region. Refined soybean oil attracts a CET of 40 percent plus an Additional Stamp Duty of 25 percent. Under this trading regime, refined soybean oil from Trinidad and Tobago, Jamaica's major CARICOM trading partner, is allowed to dominate the Jamaican market on the basis of price competitiveness.

An import permit from the Coconut Industry Board (CIB) is a mandatory requirement for the entry of edible plant/animal fats and oils into Jamaica. In addition, the CIB levies a J\$0.08/lb tax on imported fats and oils. The import permit from the CIB is used as a mechanism to regulate the inflows of edible oils in an attempt to serve the commercial interest of players in the domestic coconut industry. Crude soybean oil is classified as a raw material and as such attracts a minimal import duty of five percent.

Utilization of Fats and Oils by End Product

	Soya	Palm	Coconut	Corn	Tallow	Other	Total
2004							
Margarine	978	1104	0	0	1252	493	3828
Shortening	286	454	0	0	764	974	2479
Cooking oil	18742	0	89	0	0	0	18832
Other	28	0	0	0	0	0	28
Total	20036	1559	0	0	2017	1468	25170
2003							
Margarine	967	986	0	0	1208	553	3715
Shortening	285	414	0	0	746	1193	2640
Cooking oil	15565	97	0	0	0	0	15662
Other	32	0	0	0	0	0	32
Total	16849	1497	0	0	1955	1747	22050
2002							
Margarine	1007	983	0	0	1199	608	3799
Shortening	257	373	0	0	673	979	2283
Cooking oil	11556	136	0	0	0	2	11692
Other	45	0	0	0	0	0	44
Total	12865	1493	0	0	1872	1587	17819

Soybean Oil PSD Table

Jamaica & Dep Oil, Soybean							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Crush	0	0	0	0	0	0	(1000 MT)
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR	(PERCENT)
Beginning Stocks	2	2	2	2	2	2	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
MY Imports	33	23	36	24	0	24	(1000 MT)
MY Imp. from U.S.	22	20	25	21	0	21	(1000 MT)
MY Imp. from the EC	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	35	25	38	26	2	26	(1000 MT)
MY Exports	0	0	0	0	0	0	(1000 MT)
MY Exp. to the EC	0	0	0	0	0	0	(1000 MT)
Industrial Dom. Consum	0	0	0	0	0	0	(1000 MT)
Food Use Dom. Consump.	33	23	36	24	0	24	(1000 MT)
Feed Waste Dom. Consum	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	33	23	36	24	0	24	(1000 MT)
Ending Stocks	2	2	2	2	0	2	(1000 MT)
TOTAL DISTRIBUTION	35	25	38	26	0	26	(1000 MT)
Calendar Year Imports	0	25	0	27	0	27	(1000 MT)
Calendar Yr Imp. U.S.	0	24	0	26	0	26	(1000 MT)
Calendar Year Exports	0	0	0	0	0	0	(1000 MT)
Calndr Yr Exp. to U.S.	0	0	0	0	0	0	(1000 MT)