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Grain and Feed

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Report Highlights:
1. In CY 2000 Israel's total imports of bulk U.S. agricultural goods exceeded 1.8 mmt, 62 percent of the total. Australian wheat appears to be establishing a niche for itself with some of the Israeli flour mills.
2. The capacity of Palestinian mills in the West Bank and Gaza can satisfy all the Palestinian Authority's flour needs.
3. The GOI has prepared regulations governing the labeling of GMO-food.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

In 2000 Israel experienced its fifth consecutive year of less than normal precipitation. Wheat production - the only grain crop produced in significant quantities - totalled 80,000 mt, half the long term annual average.

In 11 months of CY 2000 Israel imported 3 million metric tons of feed and food grains of which 62 percent were of U.S. origin. Import levels of food grains - milling wheat and soybeans - have been relatively stable over the past four years, at some 1.4 million tons. The U.S. share runs between 80 and 90 percent. With respect to feed grains, the level in three of the last four years has remained close to 2.2 million mt, however the U.S. share has dropped as low as 13 percent when prices of American grains were high, as in CY 1998, and climbed close to 50 percent when they were competitive. As in the past, most of Israel's Hard Red Winter wheat and sorghum purchases were from the U.S. Until recently, the U.S. has maintained a monopoly in Israel's market for milling quality wheat. Now Autralia exporters appear to have obtained a toe hold. In the past decade Eastern Europe and the Baltic have established themselves as regular suppliers, especially of feed wheat and corn.

Forecasts of total grain consumption in 2001 indicate a slowdown in annual growth to 1.7 percent, lower than the rate predicted in earlier forecasts. It is a consequence of the Palestinian Intifada and political instability in the region, growing Palestinian unemployment and a consequent steep drop in the standard of living in the Palestinian Authority (PA). One of the consequences is a significant switch of diet to the partial exclusion of meat, eggs and dairy products.

New regulations concerning enforcement of positive labeling of products containing genetically modified organisms (GMO) are under preparation.

General

Israeli feed importers' tend to source mainly according to price. Due to low feed prices in the Black Sea Basin in 1998, the U.S. share of all Israeli grain imports dropped to 40 percent, from 70 percent in CY 1996. As the price of U.S. corn began to drop, importers immediately shifted back to American corn and the U.S. market share recovered to 50 percent. In CY2000, the price of U.S. sorghum also declined, raising the U.S. market share of the total grain market above 62 percent. Medium and long term forecasts indicate that Israeli importers consider East European countries a natural, convenient and profitable source for feed grains, mainly feed wheat and corn, when they are available there. In addition, other new sources such as Argentina may become important exporters to Israel, mainly of soybeans, corn and, possibly, of milling wheat. Australia, which has launched a strong market development campaign in Israel, has recently appeared on the scene as another attractive source of high quality milling wheat. Although Australian prices are higher than U.S. prices, lower dockage and lower moisture more than compensate for the differential according to Israeli millers.

Prices and Product Substitution

The growing demand for feed wheat was the result of increasing quantities produced around the Black Sea and offered at very competitive prices. For the medium and long term, exporters can expect fluctuations in the quantities of each feedgrain imported in correlation with the price ratios of the grains and their various sources: feed wheat, corn and sorghum are substitutable energy suppliers in poultry diets. The reason for the higher proportion of corn and sorghum at the expense of feed wheat in CY 2000 lies in the higher price that the feed millers paid for feed wheat in that year.

Table 1. Summary Table
Imports of Bulk Agricultural Products

Thousands of metric tons

Calendar Year	1997		1998		1999		2000*	
	Total	% US	Total	% US	Total	% US	Total	% US
Feed Grains								
Sorghum	518	97	71	92	143	96	239	92
Corn	548	79	623	18	723	71	717	99
Corn grits	96	0	70	0	73	0	68	0
Corn gluten	81	100	76	97	98	100	116	100
Barley	359	0	480	0	552	0	304	0
Feed wheat	270	0	676	0	766	0	499	2
Oil meals	185	10	112	21	142	27	148	42
Misc.proteins	114	48	10	0	29	21	47	57
Rye & Oats	3	0	3	0	88	0	68	0
Rape&sunflower	48	0	39	0	73	0	55	0
Sub total feed	2222	49	2160	13	2687	29	2261	46
Food grains								
Milling wheat	804	95	884	88	816	89	884	85
Soybeans	583	100	517	72	657	93	500	99
Sub total food	1387	97	1401	82	1473	90	1384	90
Grand total	3609	67	3561	40	4160	51	3645	66

Source: Ministry of Agriculture, Office of Prices and Supply.

*** Jan - Nov only**

Table 2. Comparison of Feed Prices - $/mt

	1999	2000
Feed wheat	**114**	**128**
Corn	**119**	**124**
Sorghum	121	122
Barley	107	132

Source: A large feed mill.

PSD Table						
Country:	Israel					
Commodity:	Wheat					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		07/1999		07/2000		07/2001
Area Harvested	10	10	40	25	0	75
Beginning Stocks	286	286	300	200	340	250
Production	20	35	50	80	0	170
TOTAL Mkt. Yr. Imports	1676	1549	1615	1450	0	1410
Jul-Jun Imports	1676	1549	1615	1450	0	1410
Jul-Jun Import U.S.	845	735	730	845	0	860
TOTAL SUPPLY	1982	1870	1965	1730	340	1830
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	725	687	760	565	0	665
TOTAL Dom. Consumption	1682	1670	1625	1480	0	1580
Ending Stocks	300	200	340	250	340	250
TOTAL DISTRIBUTION	1982	1870	1965	1730	340	1830

Note: In normal years all domestic production of wheat is consumed by the flour mills. My 2001 is the biblical seventh year in which no wheat grown in Israel is used by local flour mills. The wheat is either exported or sold as feed wheat.

Wheat Production

Crop year 2000 (October 1999 - September 2000), was Israel's fifth consecutive drought year. While long term average annual production is 160 – 180 thousand mt (tmt), with a record yield of 320 tmt, the harvest, in the summer of 2000 yielded 80 tmt, of which 65 tmt was milled and the rest was stored for seed production. Some 85 thousand hectares were planted to wheat, of which 15 thousand were planted by the bedouins in the Negev for their own consumption. The first rains fell at the beginning of January, instead of in October-November, and germination occurred in mid January, i.e. the crop lost close to two months of growth in moderate temperatures. February was very dry, but March and April saw higher than usual precipitation. Only 25 thousand hectares were harvested for grain. Twenty thousand hectares were harvested in the early spring for hay because farmers feared that the heads would not fill out. Nature proved them wrong: lower than usual temperatures during the late spring improved grain yields in the remaining fields. The large quantities of hay reduced its price and farmers' revenues from wheat. Hay surplusses were consumed partially as a substitute for the barley usually fed to cattle. Most of the remaining fields served as pasture for bedouin flocks. The quality of the harvested wheat was high: hectoliter weight was 81 with 12.3 percent protein. In the past, some 15 to 20 thousand hectares were given auxilliary irrigation. In recent years, none of the wheat is irrigated, due to reduced water quotas, rising water prices and the strong competition of other crops for recycled water. The consecutive drought years have not affected government policy which is to encourage the planting of wheat and rainfed forage crops as part of a general governmental policy to preserve public open areas.

Farm Gate Price

The price to the farmers is based on the CBOT price at harvest time. Freight and handling cost is added to the basic price, in order to equalize the domestic price with the imported wheat price. A premium for high protein content is also paid. The average farm gate basic price in the summer of 2000 was $140.20/ mt. The average premium for protein was $6.94/mt and total average price amounted to $147.14/mt, the lowest grower price in the past 25 years.

Outlook for MY 2001

Eighty thousand hectares were planted in crop year 2001, of which 15 thousand were planted by bedouins for their own subsistence. Precipitation, up to the time of this report (end of December 2000), in most of the growing areas, is very similar or slightly higher than long term averages. Early heavy rains during the month of October 2000, facilitated early weed control and planting according to classic textbook methods. The crop is generally in good condition and is expected to yield at least 170 to 180 thousand metric tons of good quality wheat. However, 2001 being the biblical seventh or fallow year, the wheat cannot be milled for flour and will either be exported, sold to Palestinian millers (unlikely in the present political atmosphere) or used as feed wheat. The difference in price between milling wheat and feed wheat, according to past experience, is about $35/mt. Total loss for the farmers, if they must sell at the low feed wheat price, can be as much as $6.3 million. Compensation for that loss is now under negotiation between the farmers and MOA. The implication for US exporters is that, despite the normal local wheat crop, Israel's demand for U.S. Hard Red Winter in 2001will probably be as high as in the past two or three years.

Consumption

Total annual wheat consumption averages some 1.5 to 1.6 million tons, of which one million mt is for human consumption. The milling industry consumes high quality HRW wheat, 85 percent of which is imported from the U.S. Israel’s wheat imports include quantities consumed in the Palestinian Authority (PA), estimated at 200 - 300 tmt. In the medium term, consumption in Israel will expand with population increase. There are four state of the art flour mills operating in the PA: one in Gaza with a monthly capacity of 13.5 tmt, one in Ramalla which can mill 10.0 tmt per month, and two in Jenin and Nablus, with a monthly capacity of 1.0 tmt, each. There is a second mill

in Gaza which has not begun full scale operation. Together they are capable of satsfying the entire Palestinian demand for flour. Consumption of feed wheat, which grew by 450tmt between 1996 and 1999, reaching almost 700 tmt, is forecast to drop to 560 tmt in MY2000 due to a declining standard of living in the Palestinian Authority..

Developments in Israel's Wheat Milling Industry

The Israeli wheat milling industry consists of 19 mills of various capacities, all of them with relatively old equipment. Most of them are organized in the Wheat Millers Association, as part of the Manufacturers' Association of Israel. They act within three groups: Yevulit, which consist of 11 mills, The Shtibel Group of three mills, and the remaining five private mills which import independently of the others. Annual milling capacity exceeds one million mt. The industry has suffered chronically from overcapacity and now, with the recent construction of the large Palestinian mills which satisfy the entire demand of the PA, competition has become even more heated than before. It has induced specialization as the more progressive operators search for niche markets which they can control.

Israeli millers are used to working with American wheat. Their automatic equipment needs uniformity of kernel size, which is achievable with Hard Red Winter. Shipments from Eastern Europe, Turkey, Argentina and Canada were found lacking in this respect and did not meet the high quality demands of Israel's sophisticated baking industry. Recently, one of the groups has begun experimenting with Australian wheat. They claim that they gain from the Australian wheat the same uniformity in addition to lower moisture, much lower dockage and higher protein. More millers have expressed an interest in trying Australian wheat. In the coming year or two U.S. exporters may lose some market share to this new source.

Developments in the Livestock Industry

For a detailed description of Israel's livestock industries see Agricultural Report IS0001 of January 2000.
The demand for feed wheat is derived from developments in the livestock industry, mainly poultry. CY2000 saw broiler production grow five percent following a 12 percent spurt in 1999. Demand for poultry feed, which grew by three percent in CY2000, is expected to drop in CY2001. For the mid and long term, production of broiler meat can be expected to grow with population. The U.S. Grains Council and the American Soybean Association are managing a continuing joint program to assist processors in producing improved further-processed poultry products. The program has been relatively successful and can take partial credit for the enhanced selection of products appearing on supermarket shelves in Israel.

Trade

Since 1997, the U.S. market share for wheat has been below 50 percent. Prior to that it had exceeded 80 percent. Except for the relatively small quantities of Australian milling wheat, the loss of market share is due to the large quantities of feed wheat entering the system, mainly from the Black Sea and Russia. Lower prices, which were $10 to $16 lower than corn prices, shorter transportation lines and more flexible logistics due to the ability to ship in small vessels, makes the Black Sea region a natural source for Israel for some grains, including feed wheat. Since quality is the main consideration for the milling industry, the U.S. share of milling wheat can be expected to remain high, but not at it’s long term level of approximately 90 percent, due to the expected growth of imports of high quality milling wheat from Australia. Autralian exporters have mounted an intensive market development program and hope to replace growing quantities of U.S. HRW with their own wheat.

Trade Policy

Restrictions on sourcing of milling and feed wheat were abolished by the Israeli government after it joined the WTO. There is no duty on wheat imports. Imported grains must meet the standards of the Plant Protection and Inspection Services of the MOA. The longstanding linkage of wheat imports to purchases of domestically grown wheat has been suspended because of the extended drought and consequent low domestic production in the last few years. The Shmita, the biblical seventh year, when bakers are unable to use flour produced from fields within the biblical borders of the Land of Israel, will ensure a continuation of the suspension of the linkage principle through MY 2001, despite the expected good domestic wheat crop.

Palestinian Authority

Since Israel and the PA are in a single customs union according to the Paris Accords, and since all grain importation to the PA is through Israeli ports, imports to the PA are subject to the same duties and must meet the standards required by Israel.

Annual wheat consumption in the PA is roughly a third of Israel's total milling wheat imports, i.e. 250 - 300 tmt. Until recently all flour was supplied by Israeli millers as there were no commercial Palestinians mills. According to the Paris Agreement the Palestinians were allowed to establish commercial mills. Four new mills have been commissioned in the PA in the recent past: one large mill each in Gaza and in the West Bank, and two smaller ones of 1,000 mt/month capacity in the West Bank. A second large mill in Gaza is not yet operational. These mills have an annual capacity of 300 tmt and can satisfy Palestinian demand. Prior to the recent political unrest, the mill in Gaza worked at full capacity, encouraged by the PA which barred entry of flour from Israeli or West Bank sources. The mills in the West Bank were subject to stiff competition from Israeli mills and had not been working at full capacity. At the end of CY 2000 they were working around the clock, supplying all the needs of the market. The Palestinian millers try to source their wheat independently. In practice, they often find it convenient to buy limited quantities from Israeli mills or directly from Israeli importers. In the future, when the Gaza port becomes operational, all Palestinian requirements can be expected to be sourced independently and imported through Gaza. Since baking requirements are less stringent in the Palestinian market, quality of milling wheat can be lower than in Israel. Eventually, wheat imports to the PA may come from other than U.S. sources. It is in the interest of U.S. companies and USDA cooperators to cultivate this Palestinian market of three million people and to help familiarize Palestinian buyers with the quality and dependability of U.S. sources, systems and marketing methods.

Wheat Import Trade Matrix
In 000' MT and US$million

Calendar Year	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
US	804	138	884	119.6	758	99.9
United Kingdom	7	27	65	7.0	72	7.3
Netherlands	27	3.5	67	6.4	18	2.2
Germany	23	2.9	18	1.5	30	2.9
France	16	2.0	37	3.8	22	2.3
Russia	29	3.6	142	12.8	68	7.0
Black Sea Basin	13	1.8	240	22.0	142	11.0
Turkey	-	-	24	2.9	8	1.4
Argentina	26	4.2	-	-	4	0.5
Others	12	1.1	97	11.5	6	6.0
Total	1,137	184.4	1,574	187.5	1,128	140.5

Source: Processed from CBS, Foreign Trade Statistics Annuals, and from MOA, Office of Prices and Supply figures.

*Israel's trade statistics are based on "country of purchase" which in many cases differ from the country of origin. UK, Netherlands and Switzerland, which are large trading centers appear in Israel's statistics as suppliers of feed and food grains, when actually they are locations of brokers.

PSD Table						
Country:	Israel					
Commodity:	Barley					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		06/1999		06/2000		06/2001
Area Harvested	10	1	10	2	0	10
Beginning Stocks	0	62	32	20	25	20
Production	1	2	4	4	0	10
TOTAL Mkt. Yr. Imports	612	440	500	400	0	480
Oct-Sep Imports	550	440	500	400	0	480
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	613	504	536	424	25	510
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	560	472	490	392	0	470
TOTAL Dom. Consumption	581	484	511	404	0	487
Ending Stocks	32	20	25	20	25	23
TOTAL DISTRIBUTION	613	504	536	424	25	510

Note: Significant difference between Old and New figures in 1999 and 2000 is due to change of MY from October-September to June-May.

Barley Production

Most barley is produced in Israel's Arab sector and in the PA as feed for livestock. In Israel they plant between 8 and 12 thousand hectares, depending on climatic conditions, at times going as high as 14,000 ha. The main planted area is in the Negev, in the south central part of Israel. Annual production fluctuates according to precipitation levels. Crop year 2000 saw production of 4 tmt, double the 1999 crop which was exceptionally low. Since the bedouin save seed from harvest to planting, quality has deteriorated with time and average yields per hectare have declined.

Consumption

Barley is mainly consumed by cattle and other farm livestock. Until last year, imports of barley showed a rising trend: from 400 tmt in MY1996 to 580 in 1999. In MY 2000 the trend changed due to the steep increase in price from $107/mt to $132/mt, and due to hay surpluses and roughage. Consumption during MY2000 is estimated at an approximate 400 tmt. Forecasts for MY2001 show an increase in imports - the result of a better harvest in Eastern Europe and reduced prices.

Trade

In recent years, barley is mainly imported from the Black Sea Basin, including Ukraine and Bulgaria. Since the cancell
ation of the barley EEP in 1996 no barley has been imported from the U.S. Feed millers claim that U.S. barley is not competitive either in price or in quality. They quote Vomitoxin problems and low hectoliter weight as two main quality problems.

Trade Policy

No tariff or non-tariff barriers impede barley imports.

PSD Table						
Country:	Israel					
Commodity:	Corn					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Harvested	0	0	0	0	0	0
Beginning Stocks	28	28	30	40	ERR	40
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	670	758	710	700	0	600
Oct-Sep Imports	670	758	710	700	0	600
Oct-Sep Import U.S.	435	733	425	600	0	400
TOTAL SUPPLY	698	786	740	740	ERR	640
TOTAL Mkt. Yr. Exports	0	0	0	0	0	
Oct-Sep Exports	0	0	0	0	0	
Feed Dom. Consumption	602	676	640	645	0	
TOTAL Dom. Consumption	668	746	710	700	0	
Ending Stocks	30	40	30	40	50	
TOTAL DISTRIBUTION	698	786	ERR	740	50	740

Note: Due to technical problems encountered in entering figures in the LOTUS 123 spreadsheet for corn, error messages appeared in some cells, which could not be deleted. Similarly, it was not possible to enter figures in the distribution section of the 2001 forecast column. The correct figures are given below.

2000 Total distribution "Old" = 740
2001 Beginning stocks = 30
Total Supply = 30

As there has been no "old" forecast for 2001 the entire column should be disregarded.

Forecast 2001 - New
Exports = 0
Domestic Feed Consumption = 540,000 mt
Total Domestic Consumption = 610,000 mt
(including 70,000 mt raw materials for industry)
Ending stocks = 30,000 mt
Total distribution = 640,000 mt, and not as indicated in the table.

Corn Production

Feed corn is not grown in Israel due to its high water consumption in summer and low profitability relative to other summer crops. Over 5,000 hectares are planted annually for green forage and silage for the livestock industry. Another area of between 5,500 and 7,000 ha of sweet corn is planted for fresh consumption and canning. The volume of sweet corn production depends on water availability, weather conditions and prices offered by the processors.

Consumption

During MY1999 corn consumption exceeded its1995 peak, totaling almost 750 tmt. Despite the fact that it is considered an excellent grain for poultry, its use in broiler rations is limited due to pigmentation which turns the broiler meat yellow. The Israeli consumer relates the yellow color to fat content and rejects the birds. Another grain, such as feed wheat or sorghum is needed to fill the energy requirement of the bird. MY2001 forecasts indicate a decline in corn imports, mainly from the U.S., due to increased availability of lower cost feed wheat and corn in the Black Sea Basin. Starch, corn flour and glucose producers have been purchasing 70 tmt of high quality corn per year regularly from the U.S. Most of their product is exported to European markets. In mid 1998 some of the European buyers began to demand GMO free products. Most U.S. suppliers have been unable to certify that their corn is GMO free and identity preservation costs are prohibitive for the Israeli importers. All corn gluten feed is imported from the U.S. Imports in MY 1999 were 35 percent higher than in 1998 and totaled 117 tmt.

Genetically Modified Corn (GMO)

Despite the fact that the GMO issue is not yet a problem among Israeli consumers, the Ministry of Health has prepared regulations for labeling food containing GMOs. The regulations are ready for approval and publication. They require that food be labelled if it contains more than 1 percent of GMO components and are similar to the EU regulations concerning GMO. The food industry however, which primarily exports to the European Union is already faced with the problem of GMOs. As noted above, an increasing number of companies avoid the GMO issue by using corn grits imported from Europe. Others are shifting to tapioca as a starch source.

High Oil Corn (HOC)

Due to low vegetable oil and soapstock prices, the premium which feed millers are willing to pay for high oil corn has dropped from $10/mt to $6. It is difficult to foresee a demand developing for HOC under Israel's present fragmented structure of the poultry industry.

Once vertical integration is introduced and profitability of the entire process from hatchery to processing plant becomes a key management decision factor, quality of inputs can be expected to become a prime consideration. Perhaps then a market will develop for HOC.

Trade

After two years of increased imports of corn from Russia, Ukraine, Hungary and Romania, Israeli importers shifted back to U.S. sources, due to a shortage of corn in Eastern Europe and more competitive U.S. prices. Argentina is another relatively new source of corn for Israeli importers. Imports from Argentina started in 1997, with a shipment of 10 tmt. In MY1999 shipments grew to 60 tmt. Argentinian corn quality is considered higher

than that of American corn due to its higher protein level and lower moisture content. MY 2001 can be expected to see reduced imports of U.S. corn due to increased supply from the Black Sea Basin.

When the Starlink problem surfaced and suppliers were unable to certify that their corn was fit for human consumption, the Israeli manufacturers abandoned their U.S. sources, shifting to corn grit suppliers of western Europe.

Import Trade Matrix
In 000' MT and US$million
Commodity: Corn

Calendar Year	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
US	435	50.2	169	23.5	457	46.7
UK	95	24.0	100	9.7	52	5.5
Germany	-	-	14	1.6	2	0.3
Netherlands	25	3.6	27	3.0	13	1.4
Switzerland	22	3.2	8	0.9	64	6.8
France	2	0.3	13	1.5	1	0.1
Russia	-	-	6	0.7	4	0.3
Black Sea Basin	1	0.6	202	22.6	68	6.5
Argentina	10	1.4	33	4.2	60	6.2
Others	7	1.5	51	4.0	2	3.1
Total	597	84.8	623	71.7	723	76.9

Source: Processed from CBS, Foreign Trade Statistics Annuals, MOA, Office of Prices and Supply.
Note: Israel's trade statistics record imports from country of purchase rather than from country of origin. The Netherlands, Switzerland and the U.K. are large trading centers which appear in Israel's import statistics as suppliers of feed and food grains, when actually they are locations of trading house representatives.

PSD Table						
Country:	Israel					
Commodity:	Sorghum					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Harvested	0	0	0	0	0	0
Beginning Stocks	24	24	20	10	15	10
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	131	172	130	150	0	150
Oct-Sep Imports	131	172	130	150	0	150
Oct-Sep Import U.S.	115	148	125	145	0	145
TOTAL SUPPLY	155	196	150	160	15	160
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Oct-Sep Exports	0	0	0	0	0	0
Feed Dom. Consumption	130	181	130	145	0	150
TOTAL Dom. Consumption	135	186	135	150	0	155
Ending Stocks	20	10	15	10	15	5
TOTAL DISTRIBUTION	155	196	150	160	15	160

Sorghum Production

Sorghum has not been grown in Israel since the mid 70's, due to the high price of water and resulting low profitability. Alternative uses of water and land are more attractive.

Consumption

Sorghum is the grain which was most affected by feed wheat imports. From the level of six hundred thousand mt of sorghum consumed in MY 1996, consumption in MY1998 dropped to 98 tmt, of which 93 tmt were from the U.S. Falling prices in MY1999, raised sorghum consumption to 186 tmt. The feed millers are aware of sorghum's nutritional benefits; it is not used in poultry diets only for economic reasons. Due to recent increases in sorghum prices, feed millers cancelled sorghum orders for the spring and early summer of 2001. Consumption in MY2000 (October 2000 to September 2001) is forecast to decline by 20 percent. Since sorghum competes with corn and feed wheat, consumption in MY2001 is not forecast to increase beyond the MY 2000 level, due to the expected increase in feed wheat use.

Trade

All sorghum imports are of U.S. origin. Experimental shipments are brought from Argentina from time to time but tannin levels are unacceptably high and for the present, Argentina is not considered to be an acceptable supplier of sorghum.

Trade Policy

There are no tariffs or administrative barriers on sorghum imports.

Import Trade Matrix

In 000' MT and US$million
Commodity: Sorghum

Calendar Year	1997		1998		1999	
	Quantity	Value	Quantity	Value	Quantity	Value
US	501	64.7	65	9.2	137	13.0
United Kingdom	3	0.4	-	-	NA	1.8
Netherlands	14	1.5	4	0.7	-	-
Switzerland	-	-	-	-	NA	1.9
Others	-	-	2	0.3	NA	0.1
Total	518	66.6	71	10.2	143	16.8

Source: Processed from CBS, Foreign Trade Statistics Annuals, MOA, Office of Prices and Supply.