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Report Highlights:

South Africa experienced an upward trend in oilseed production (soybeans and sunflower seeds) driven largely by rising oilseed prices, higher yielding cultivars, and a local demand-pull from investments in new oilseed processing plants. Post believes this upward trend will continue in marketing year 2022/23, to reach historically high oilseed production levels of almost 2.9 million metric tons. As a result, South Africa's dependency on imports to meet the local demand for oilseed oil and meal will decline to record low levels.

Executive Summary

The Oilseed and Products annual report provides information regarding the production, supply, and distribution of soybeans and sunflower seeds in South Africa for marketing year[1] (MY) 2020/21, MY 2021/22, and MY 2022/23.

Post forecasts that South Africa's oilseed area in MY 2022/23 will continue its upward trend of the past 10 years and expand by three percent to reach a record level of 1.7 million hectares (MHa). The upsurge in oilseed prices and an expected flattening of corn area in the current high input cost environment, supports the growth in oilseed plantings in South Africa. Post forecasts an eight percent expansion in the area planted with soybeans to a record 1 million hectares (MHa), while sunflower area should remain flat at a relatively high level of 650,000 hectares (ha). Under normal weather conditions, South Africa could realize a soybean crop of about 2 million metric tons (MMT) and a sunflower seed crop of about 910,000 metric tons (MT) in MY 2022/23. As a result, total oilseed production in South Africa could reach a historical high level of 2.9 MMT, pushing the MY 2021/22 estimated record oilseed crop of 2.8 MMT to second place.

Post forecasts that South Africa will crush a record 2.6 MMT of oilseeds in MY 2022/23 based on higher soybeans and sunflower seed production. As a result, South Africa's soybean meal imports will drop to about 360,000 MT, representing less than 25 percent of local consumption. Furthermore, Post forecasts that South Africa's edible oil imports will drop to 680,000 MT, reducing the contribution of imported edible oils to a record low level of 56 percent of local consumption in MY 2022/23.

US$1 = Rand 14.50 (3/24/2022)

[1] *The marketing years used in the text refer to the USDA marketing years in the production, supply, and distribution tables. They do not necessarily correspond with the marketing years used by the South African oilseed industry.*

Total Oilseeds

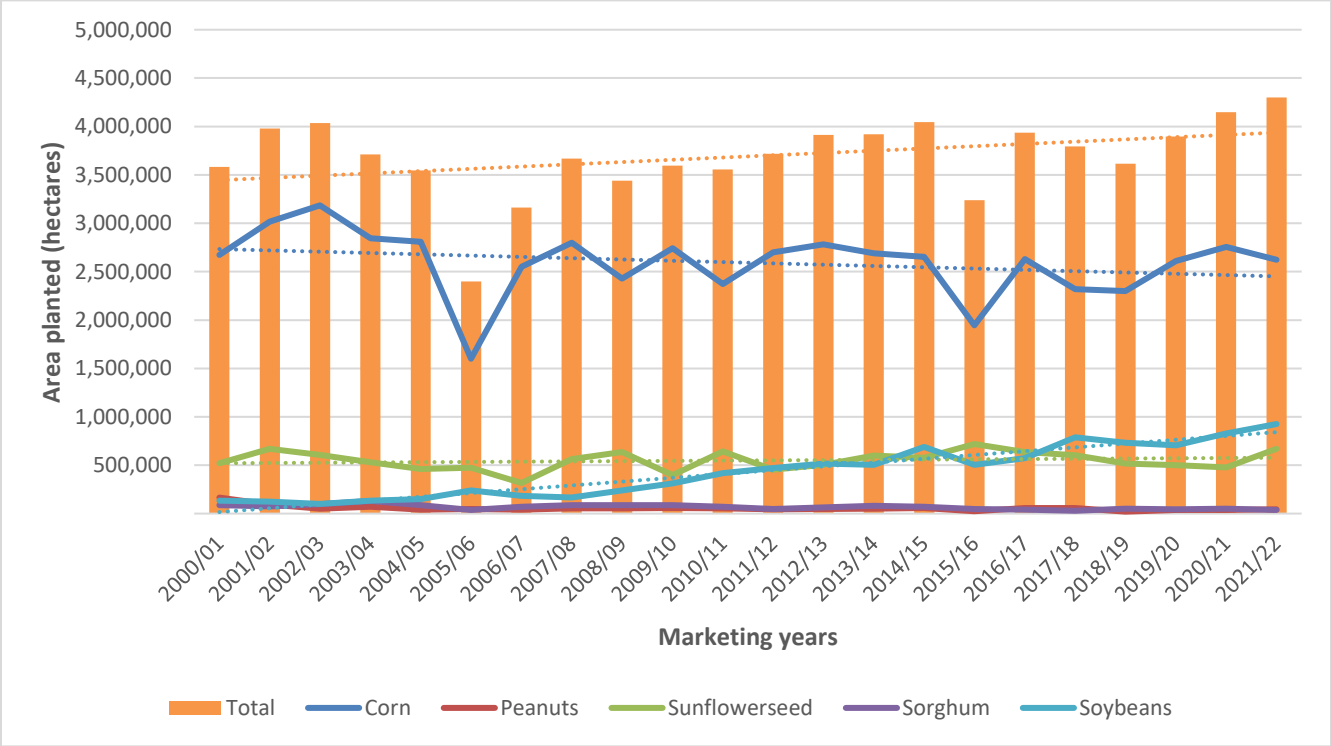
Production

Post forecasts that South Africa's oilseed area for MY 2022/23 (planted later in 2022) will continue its upward trend of the past 10 years and expand by three percent to reach a record level of 1.7 MHa. The current upsurge in oilseed prices and an expected flattening of corn area in the current high input cost environment supports the growth of oilseed plantings. The expansion of oilseed area will mainly be driven by soybean plantings with sunflower area expected to stay flat, albeit at relatively high levels.

For the past two decades, South Africa has experienced a positive trend in the commercial area planted with summer rainfall field crops. As a result, South African farmers planted a 25-year high of 4.3 MHa with summer rainfall field crops in MY 2021/22. However, this positive trend is mainly driven by an increase in soybean plantings, which grew by more than seven-fold, while there is a definite decline in the areas planted with corn, peanuts, and sorghum. Sunflower area stayed relatively flat the past 20 years (see Figure 1).

Figure 1

Trends in the Areas Planted with Summer Crops in South Africa



Source: South African Grain Information Services (Sagis)

The main factors contributing to this positive trend in soybean planting, include investments in new oilseed processing plants, an improved affinity by farmers to use soybeans as a rotational crop with corn, and better soybean prices. In addition, higher yielding cultivars were introduced by seed

companies after a statutory seed levy was introduced. The seed levy is payable to the South African Cultivar and Technology Agency (SACTA) on an annual basis. SACTA was formed as a non-profit company, to guarantee that breeding and technology levies are paid to seed breeding companies and plant breeder rights holders, ensuring continuous research and cultivar development.

Farmers in South Africa planted a record area of 925,300 ha with soybeans in MY 2021/22, an increase of 12 percent from the previous marketing year (see Figure 2). As a result, soybeans now represent more than 20 percent of the area planted with summer rainfall field crops, while 20 years ago it was only four percent (see Figure 2). Post foresees that this positive trend in soybean plantings will continue in MY 2022/23. The current high input cost environment will also contribute to an expansion in soybean plantings. In general soybeans uses fewer farming inputs, especially fertilizer, compared to corn, so many producers will choose to plant oilseeds in the next season.

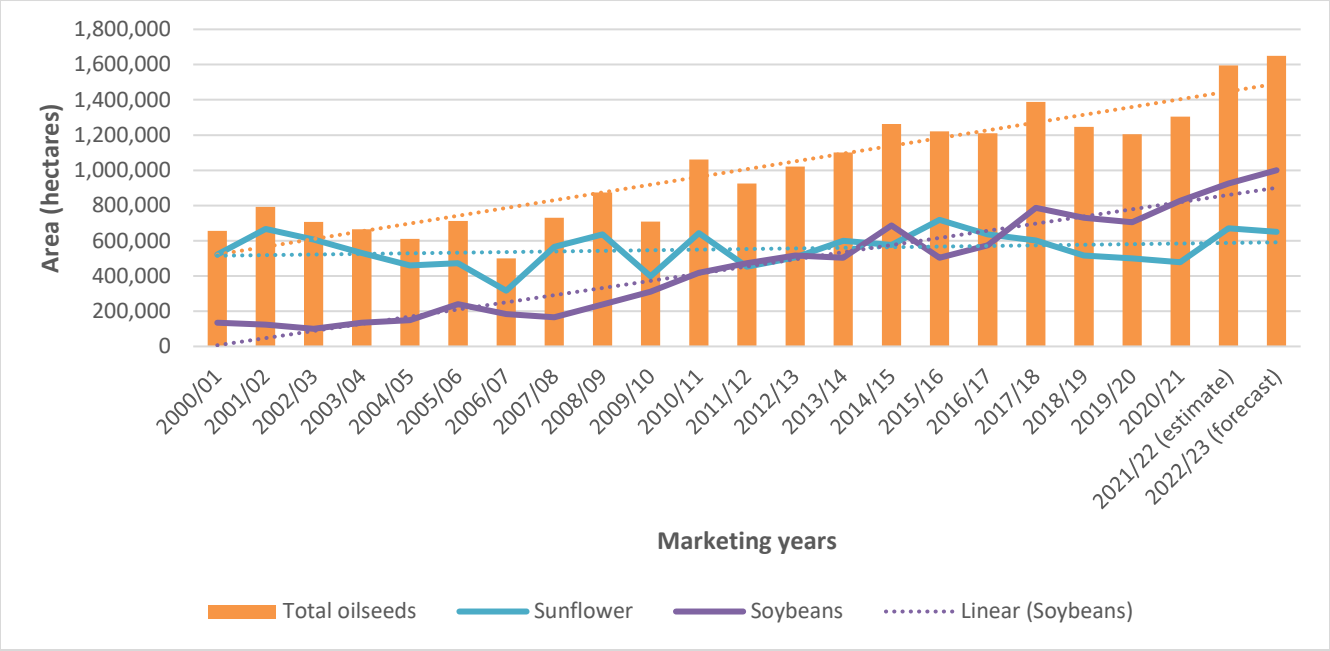
As of February 2022, the cost of fertilizer and herbicides more than doubled for South African producers driven by increased global prices. The generally higher commodity prices, specifically grains and oilseeds, provide financial support to absorb some of these costs. However, inflated input costs enlarged the risk of production in a mostly weather dependent industry. South Africa uses around 2.2 MMT of fertilizer annually (one percent of global usage), of which about 50 percent is used by corn farmers. South Africa imports more than 70 percent of its fertilizer annually. With Russia a leading exporter of fertilizer materials, the Russia-Ukraine war is adding upside risks on fertilizer prices and availability. This disruption could push fertilizer prices even higher than the spikes experienced in the past 18 months and could limit an expansion in corn area in favor of oilseeds.

Given the narrative above, Post forecasts an eight percent expansion to 1 MHa in the area planted with soybeans in MY 2022/23. Under normal weather conditions, South Africa could realize a record soybean crop of about 2 MMT in MY 2022/23 (see Figure 3 and Table 1).

The sunflower market in South Africa is mature and finely balanced. When prices rise towards import parity levels, expansion occurs, but this typically causes a correction in the market and prices decline to export parity levels. As a result, profitability deteriorates, and producers start cutting back on sunflower area. However, due to rising global sunflower prices pushing local export parity prices towards record levels, Post expects sunflower area to remain flat at a relatively high level of 650,000 ha in 2022/23 MY. Under normal weather conditions, South Africa could realize a sunflower seed crop of about 910,000 MT in MY 2022/23 (see Figure 3 and Table 1). As a result, total oilseed production in South Africa could reach a historically high level of 2.9 MMT, pushing MY 2021/22 estimated record oilseed crop of 2.8 MMT to second place.

Figure 2

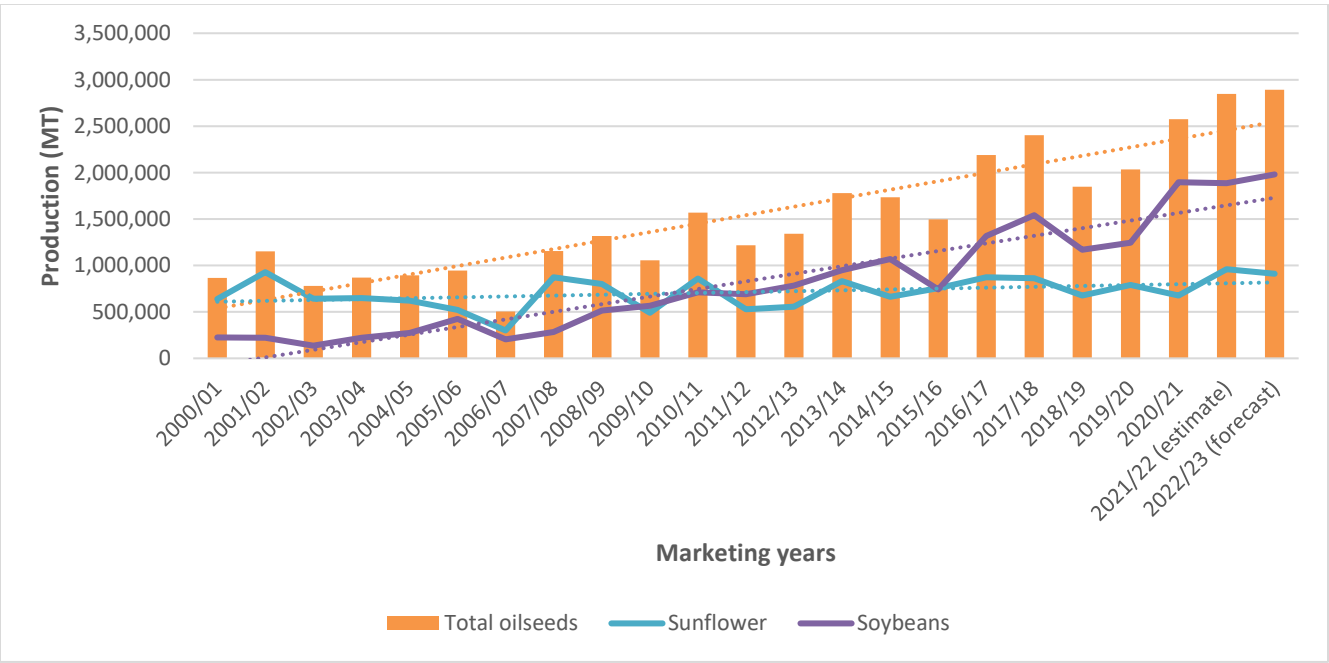
Trends in Area Planted with Soybeans and Sunflower Seeds in South Africa



Source: Sagis, Post estimates and forecast

Figure 3

Trends in the Production of Soybeans and Sunflower Seeds in South Africa



Source: Sagis, Post estimates and forecast

In terms of MY 2021/22, South Africa had an excellent start to the season, with carry-over soil moisture and widespread rains during October and November, ensuring oilseed producers could start planting on time. Although good weather conditions continued through November and December 2021, some growing regions received excessive rainfall that negatively impacted yields. Excessive rainfall in parts of the western Free State and Northwest provinces led to flooding, which destroyed planted fields. In addition, the sandy water-table soils were saturated, causing damage to waterlogged planted crops. Many areas in the Free State province recorded historically high rainfall figures.

However, the adverse effects of the excessive summer rain were largely mitigated by a warmer and drier January and February 2022, providing conducive growing conditions that positively affected anticipated yields. This was clear when South Africa's Crop Estimates Committee (CEC) released its second commercial production estimate for summer rainfall crops on March 28, 2022 (see https://www.dalrrd.gov.za/Home/Crop-Estimates). According to the CEC, South Africa could produce a record oilseed crop of 2.8 MMT in MY 2021/22 on 1.6 MHa. This represents a growth of 10 percent from the 2.6 MMT produced in MY 2020/21. The CEC estimates a 42 percent upsurge in sunflower production to 960,000 MT, representing the largest sunflower crop of the past 20 years. Although, soybean production is expected to decline slightly to 1.9 MMT, it will still be the second largest soybean crop on record.

On February 10, 2022, CEC finalized South Africa's summer crops production estimates for MY 2020/21. The CEC finalized the soybean and sunflower crops at 1.9 MMT and at 678,000 MT, respectively, after total producer deliveries and on-farm usage were considered. This represents the largest soybean crop ever produced in South Africa.

The following table details area planted, yield and production figures for sunflower seed and soybeans for MY 2020/21(actual), MY 2021/22 (estimate), and MY 2022/23 (forecast).

Table 1

Area planted (1,000 ha), yields (MT/ha), and production (1,000 MT) of soybeans and sunflower seeds in South Africa

Oilseeds	**Area**	**Yield**	**Prod**	**Area**	**Yield**	**Prod**	**Area**	**Yield**	**Prod**
	MY 2020/21 (actual)			**MY 2021/22 (estimate)**			**MY 2022/23 (forecast)**		
Sunflower	478	1.4	678	670	1.4	960	650	1.4	910
Soybeans	827	2.3	1,897	925	2.0	1,885	1,000	2.0	1,980
TOTAL	**1,305**	**2.0**	**2,575**	**1,595**	**1.8**	**2,845**	**1,650**	**1.8**	**2,890**

Source: CEC

Consumption

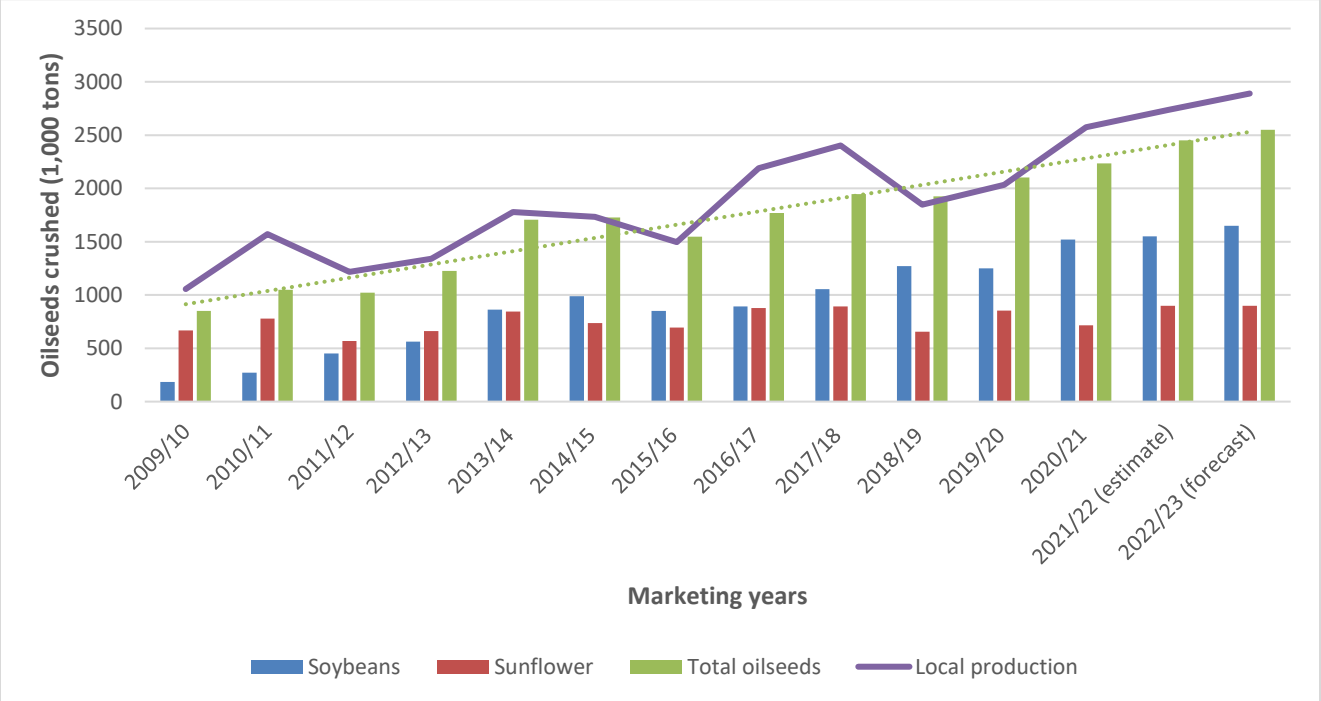
The bulk of soybeans and sunflower seeds produced in South Africa are crushed to produce both edible oil for human consumption and protein meal for inclusion in animal feed rations. Sunflower seed is a higher oil yielding seed, therefore more oriented towards human consumption. Sunflower meal, a by-product of the oil extraction process, is sold to local animal feed manufacturers. In contrast, soybeans yield higher protein meal and are mainly crushed to be used by the animal feed sector.

Total soybean processing capacity in South Africa is estimated at more than 2 million tons and is derived from a combination of dedicated soybean processing facilities, as well as plants with the ability to switch between soybeans and sunflower seeds. As a result, South Africa has sufficient capacity to process the growing soybean volumes.

Post forecasts that South Africa will crush a record 2.6 MMT of oilseeds in MY 2022/23, based on larger local oilseed production. This is four percent higher than the estimated 2.5 MMT that will be crushed in MY 2021/22. In MY 2020/21, South Africa crushed 2.2 MMT of oilseeds. Figure 4 illustrates the rising trend in oilseeds crushed in South Africa after investments in new oilseed processing capacity. Table 2 illustrates the domestic utilization of sunflower seed and soybeans in South Africa for MY 2020/21 (actual), MY 2021/22 (estimate) and MY 2022/23 (forecast).

Figure 4

Trends in Oilseeds Crushed in South Africa



Source: Sagis

Table 2

The Utilization of Sunflower Seeds and Soybeans in South Africa

Oilseeds (1,000 MT)	Sunflower	Soybeans	Total	Sunflower	Soybeans	Total	Sunflower	Soybeans	Total
	MY 2020/21 (actual)			MY 2021/22 (estimate)			MY 2022/23 (forecast)		
Crush	717	1,519	2,236	900	1,550	2,450	900	1,650	2,550
Food	2	22	24	2	25	27	2	25	27
Feed, seed & waste	55	285	340	8	215	223	8	240	248
Exports	0	42	42	0	50	50	0	50	50
TOTAL	**774**	**1,868**	**2,642**	**910**	**1,840**	**2,750**	**910**	**1,965**	**2,875**
Imports	1	13	14	0	0	0	0	0	0

Source: Sagis, Trade Data Monitor, Post estimates and forecasts

Trade

South Africa's trade in oilseeds is generally limited, as the bulk of production is destined for local crushing. As a result, exports and imports are directed to oils and meals. The current import tariffs on soybeans and sunflower seed also discourage major imports (see Table 3). For example, South Africa's total trade in oilseeds in MY 2020/21 is estimated at less than 60,000 MT, mainly with neighboring countries. Post expects that this limited trade in oilseeds will continue at the same level in MY 2021/22 and MY 2022/23, as South Africa should have enough crushing capacity to handle the expected growth in local oilseed production.

Table 3

South Africa's Import Tariffs for Oilseeds

Oilseeds	General	European Union (EU)	European Free Trade Association (EFTA)	Southern Africa Development Community (SADC)	Mercosur
Soybeans	8%	Free	8%	Free	8%
Sunflower seed	9.4%	Free	9.4%	Free	9.4%

Source: South African Revenue Services (SARS), Sagis

Prices

South Africa's local oilseeds prices are trading in correlation with export parity levels, an indication of the greater availability of oilseeds in the local market (see Figure 5 and Figure 6). During the past month, local sunflower prices, supported by an increase in export parity price levels, surged to record levels of R12,824/MT ($884/MT). Year-on year, soybean prices improved by almost 30 percent following the trend of higher global oilseed prices. Global oilseed prices are rising mainly due to the uncertainty in the market created by the Russia-Ukraine war. South Africa's agricultural industries operate in a relatively open-market environment, where local and international factors have an impact on domestic oilseed prices.

As of March 24, 2022, local sunflower seed and soybean prices (see Table 4) were trading at inflated levels of above R11,000/MT ($758/ton) and R9,000/MT ($620/MT), respectively. Local oilseed prices will continue to move with export parity levels for the rest of the season and will be influenced by the uncertainty created by global trade disruptions caused by the Russia-Ukraine war, variations in the international price of oilseeds, planting progress in the United States, local production conditions, and South Africa's volatile exchange rate.

Table 4

Local oilseed prices

	Futures prices (year/month)			
Commodity	**2021/03**	**2021/05**	**2021/07**	**2021/09**
Soybeans	R9,178/MT ($633/MT)	R8,978/MT ($619/t)	R9,075/MT ($626/t)	R9,167/MT ($632/t)
Sunflower seed	R11,056/MT ($762/t)	R10,848/MT ($748/t)	R10,978/MT ($757/t)	R11,126/MT ($767/t)

Source: GrainSA (as of 03/24/2022)
Note: US$1 = Rand 14.50

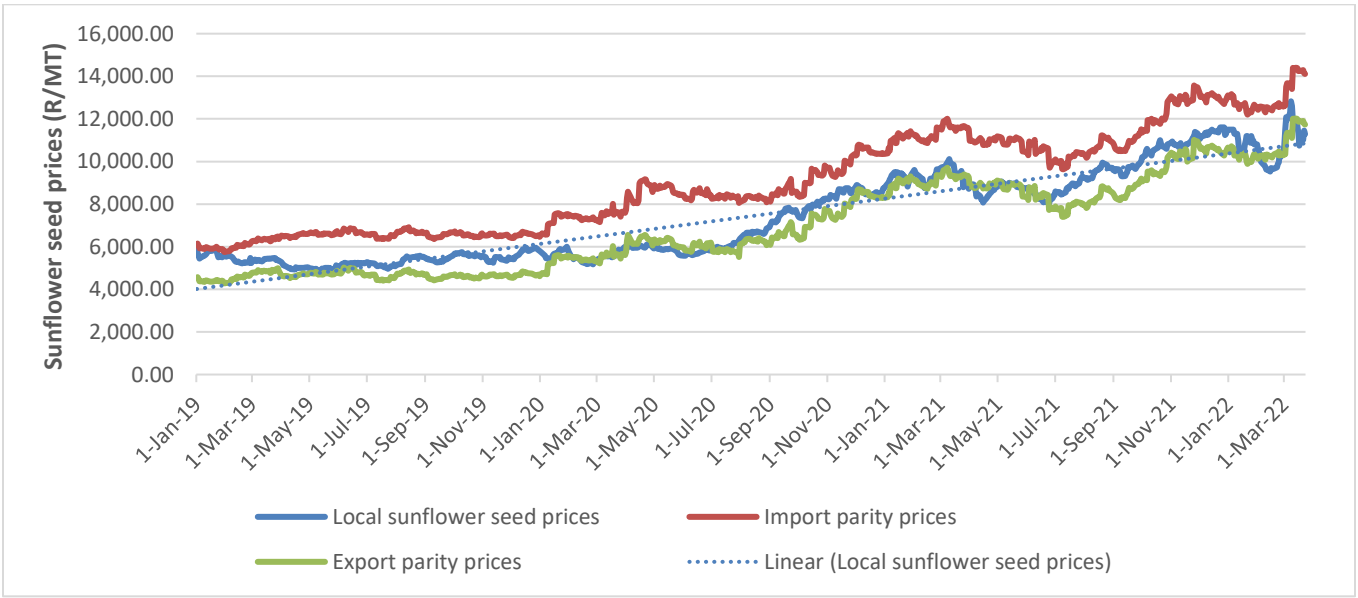
Figure 5

Trends in the Local Price for Soybeans from January 2019

Source: GrainSA

Figure 6

Trends in the Local Price for Sunflower Seeds from January 2019



Source: GrainSA

Table 5

Soybean Production, Supply, and Distribution

Oilseed, Soybean	2020/2021		2021/2022		2022/2023	
Market Year Begins	Mar 2021		Mar 2022		Mar 2023	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	830	830	925	930	0	1010
Area Harvested (1000 HA)	827	827	915	925	0	1000
Beginning Stocks (1000 MT)	128	128	184	170	0	215
Production (1000 MT)	1891	1897	1820	1885	0	1980
MY Imports (1000 MT)	15	13	10	0	0	0
Total Supply (1000 MT)	2034	2038	2014	2055	0	2195
MY Exports (1000 MT)	40	42	40	50	0	50
Crush (1000 MT)	1550	1519	1550	1550	0	1650
Food Use Dom. Cons. (1000 MT)	35	22	35	25	0	25
Feed Waste Dom. Cons. (1000 MT)	225	285	210	215	0	240
Total Dom. Cons. (1000 MT)	1810	1826	1795	1790	0	1915
Ending Stocks (1000 MT)	184	170	179	215	0	230
Total Distribution (1000 MT)	2034	2038	2014	2005	0	2195
Yield (MT/HA)	2.3	2.3	2.0	2.0	0	2.0
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table 6

Sunflower seed Production, Supply, and Distribution

Oilseed, Sunflower seed	2020/2021		2021/2022		2022/2023	
Market Year Begins	Mar 2021		Mar 2022		Mar 2023	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	520	520	660	680	0	660
Area Harvested (1000 HA)	478	478	655	670	0	650
Beginning Stocks (1000 MT)	127	127	57	32	0	82
Production (1000 MT)	677	678	915	960	0	910
MY Imports (1000 MT)	0	1	0	0	0	0
Total Supply (1000 MT)	804	806	972	992	0	992
MY Exports (1000 MT)	1	0	1	0	0	0
Crush (1000 MT)	720	717	850	900	0	900
Food Use Dom. Cons. (1000 MT)	1	2	1	2	0	2
Feed Waste Dom. Cons. (1000 MT)	25	55	30	8	0	8
Total Dom. Cons. (1000 MT)	746	774	881	910	0	910
Ending Stocks (1000 MT)	57	32	90	82	0	82
Total Distribution (1000 MT)	804	806	972	992	0	992
Yield (MT/HA)	1.4	1.4	1.4	1.4	0	1.4
(1000 HA) ,(1000 MT) ,(MT/HA)						

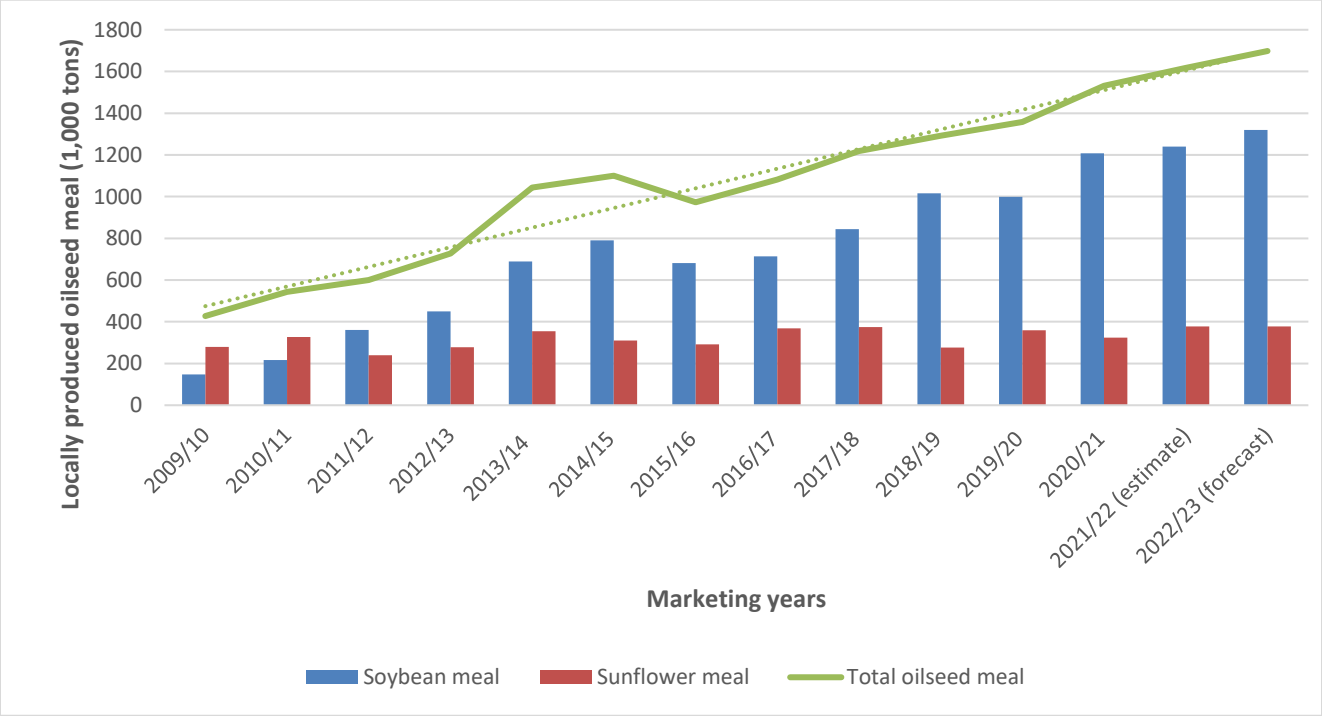
Total Meals

Production

Post forecasts that South Africa will have a record of 1.7 MMT locally produced oilseed meal available in MY 2022/23, in line with higher local oilseed production and investments that expanded crushing capacity (see Figure 7). In MY 2021/22, Post estimates South Africa will crush 2.5 MMT of oilseeds, producing 1.6 MMT of oilseed meal. In MY 2020/21, South Africa crushed a record 2.2 MMT million tons of oilseeds, six percent higher than the previous season, producing 1.5 MMT of oilseed meal. In Table 7, the production of soybean and sunflower meal in South Africa is indicated for MY 2020/21 (actual), MY 2021/22 (estimate), and MY 2022/23 (forecast). Crushing yields used are 42 percent meal for sunflower seeds and 80 percent meal for soybeans.

Figure 7

Positive Trends in Oilseed Meal Production in South Africa



Source: Sagis, Post estimates and forecasts

Table 7

Oilseed Meal Production in South Africa

	Crushed (1,000 MT)			Meal produced (1,000 MT)		
Marketing years	**2020/21**	**2021/22**	**2022/23**	**2020/21**	**2021/22**	**2022/23**
Sunflower (42% meal)	717	900	900	300	378	378
Soybean (80% meal)	1,519	1,550	1,650	1,215	1,240	1,320
TOTAL	**2,236**	**2,450**	**2,550**	**1,515**	**1,618**	**1,698**

Source: Sagis, Post estimates and forecasts

Consumption

Soybean meal is the most important protein used by feed manufactures in South Africa and represents more than 75 percent of protein meal usage. Soybean meal is followed by sunflower meal, and together they represent more than 95 percent of protein usage by feed manufactures in South Africa. The average inclusion rate of protein meal in feed rations is about 20 percent. Corn is the major product used by feed manufacturers with more than 50 percent inclusion rate in feed rations. The use of fishmeal as a protein source in feed rations is determined by availability, product mix, and price in relation to other available protein sources. However, the inclusion rate of fishmeal by South African animal feed manufactures has been minimal in recent years at less than one percent.

Post projects a marginal increase in the consumption of soybean and sunflower meal in MY 2022/23 over MY 2021/22 to 1.9 MMT from 1.8 MMT, respectively (see Table 7). South African consumers are currently facing a myriad of challenges, including high levels of unemployment, increased inflation (especially for fuel and food), and higher interest rates. In addition, South Africa's economic growth outlook over the medium term continues to be lackluster due to structural constraints, prevailing policy uncertainty, and the remaining consequences of the Covid-19 pandemic. The lack of economic growth will limit an excessive increase in the consumption of animal protein and as a result, the demand for animal feed. Economic growth is the main overall driver for the increase in the consumption of meat and meat products. In MY 2020/21, South Africa consumed an estimated 1.8 MMT of soybean and sunflower meal, an increase of six percent, after oilseed meal usage contracted in MY 2019/20 due to the impact of the Covid-19 pandemic.

In Table 8, the estimated consumption of soybean meal and sunflower meal in South Africa is indicated for MY 2020/21, MY 2021/22, and MY 2022/23.

Table 8

Consumption of Soybean Meal and Sunflower Meal in South Africa

Marketing year (1,000 MT)	2020/21	2021/22	2022/23
Soybean meal	1,450	1,450	1,500
Sunflower meal	350	380	380
TOTAL	**1,800**	**1,830**	**1,880**

Source: Animal Feed Manufacturing Association, Post estimates and forecasts

Trade

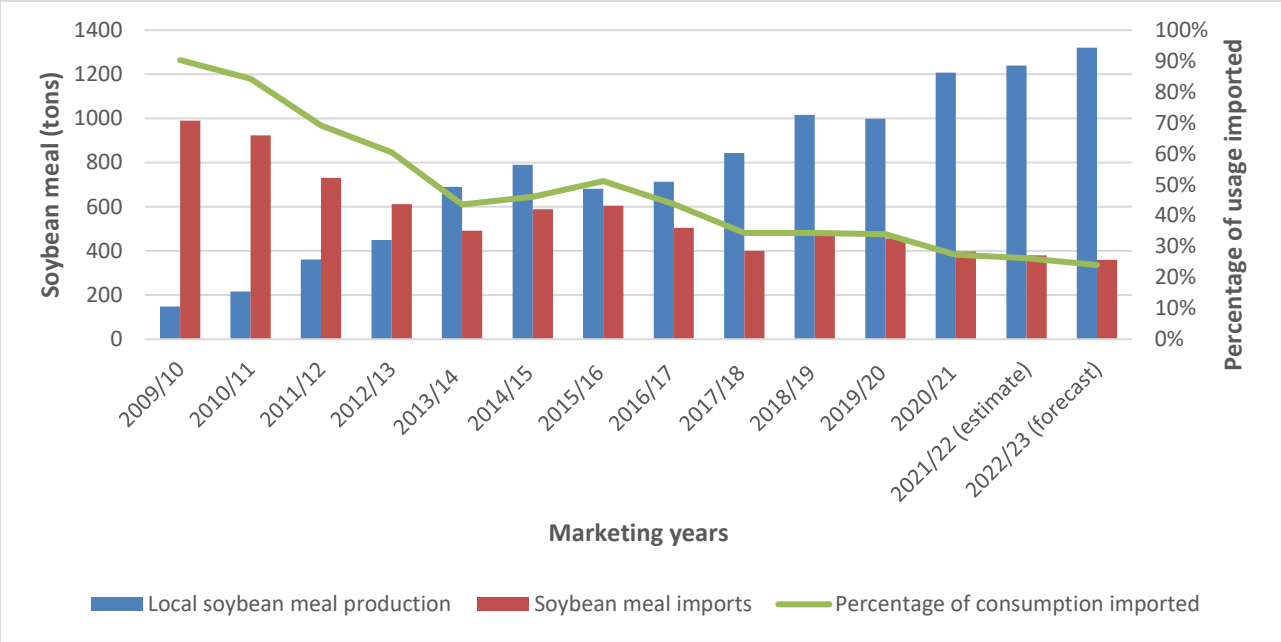
Post forecasts that South Africa's soybean meal imports will drop to about 360,000 MT in MY 2022/23, to a level of less than 25 percent of local consumption. Figure 8 illustrates the trend in the replacement of soybean meal imports with locally produced soybean meal in South Africa, after investments that increased crushing capacity. However, the high cost of transportation from South Africa's summer rainfall regions in the north, to the Western Cape province in the south, implies that South Africa will continue importing soybean meal to the coastal regions. Only increased investment in rail infrastructure to reduce transport cost will enable South Africa to become fully self-sufficient in terms of soybean meal. Soybean meal imports in MY 2021/22 are estimated at 380,000 tons, down slightly from MY 2020/21, based on a marginal increase in local production with unchanged demand. Almost all of South Africa's soybean meal imports come from Argentina.

Sunflower meal imports are expected to stay constant at around 20,000 MT in both MY 2022/23 and MY 2021/22, as oilseed meal imports will be dominated by soybean meal imports. As already mentioned, soybean meal has grown to dominate the oilseed meal complex in South Africa, with utilization expanding from approximately 550,000 MT, 20 years ago, to 1.5 MMT in MY 2022/23. In MY 2020/21, South Africa imported an estimated 60,000 MT of sunflower meal, mainly from Argentina.

Post estimates that South Africa will increase oilseed meal exports to 200,000 MT (180,000 MT of soybean meal and 20,000 MT of sunflower meal) in MY 2022/23, based on increased local production. The bulk of protein meal exports will be destined for countries neighboring South Africa. Oilseed meal exports in MY 2021/22 are estimated at 190,000 MT, while South Africa exported about 170,000 MT of oilseed meal in MY 2020/21.

Figure 8

Trends in the Replacement of Soybean Meal Imports with Locally Produced Soybean Meal in South Africa



Sources: Trade Data Monitor, Sagis, and Post estimates and forecasts

Table 9

Soybean Meal Production, Supply, and Distribution

Meal, Soybean	2020/2021		2021/2022		2022/2023	
Market Year Begins	Mar 2021		Mar 2022		Mar 2023	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	1550	1519	1550	1550	0	1650
Extr. Rate, 999.9999 (PERCENT)	0.7871	0.7999	0.7871	0.8	0	0.8
Beginning Stocks (1000 MT)	11	11	76	21	0	21
Production (1000 MT)	1220	1215	1220	1240	0	1320
MY Imports (1000 MT)	500	400	500	380	0	360
Total Supply (1000 MT)	1731	1626	1796	1641	0	1701
MY Exports (1000 MT)	140	155	140	170	0	180
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	1515	1450	1550	1450	0	1500
Total Dom. Cons. (1000 MT)	1515	1450	1550	1450	0	1500
Ending Stocks (1000 MT)	76	21	106	21	0	21
Total Distribution (1000 MT)	1731	1626	1796	1641	0	1701
(1000 MT) ,(PERCENT)						

Table 10

Sunflower Seed Meal Production, Supply, and Distribution

Meal, Sunflower seed	2020/2021		2021/2022		2022/2023	
Market Year Begins	Mar 2021		Mar 2022		Mar 2023	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	720	717	850	900	0	900
Extr. Rate, 999.9999 (PERCENT)	0.4236	0.4184	0.4235	0.42	0	0.42
Beginning Stocks (1000 MT)	26	26	26	23	0	21
Production (1000 MT)	305	300	360	378	0	378
MY Imports (1000 MT)	15	60	20	20	0	20
Total Supply (1000 MT)	346	386	406	421	0	419
MY Exports (1000 MT)	20	13	20	20	0	20
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	300	350	360	380	0	380
Total Dom. Cons. (1000 MT)	300	350	360	380	0	380
Ending Stocks (1000 MT)	26	23	26	21	0	19
Total Distribution (1000 MT)	346	386	406	421	0	419
(1000 MT) ,(PERCENT)						

Total Oils

Production

Post forecasts that South Africa will produce a record 640,000 MT of sunflower and soybean oil in MY 2022/23, based on higher local oilseed production. This is four percent more than the 620,000 MT of sunflower and soybean oil Post estimates South Africa will produce in MY 2021/22. In MY 2020/21, South Africa produced an estimated 545,000 MT of sunflower and soybean oil, an increase of five percent from the previous marketing year, based on increased soybean production. In Table 11, the production of soybean and sunflower oil in South Africa is indicated for MY 2020/21 (actual), MY 2021/22 (estimate), and MY 2022/23 (forecast). Crushing yields used include 38 percent oil for sunflower seed and 18 percent oil for soybeans.

Table 11

Oilseed Oil Production in South Africa

	Crushed (1,000 MT)			Oil produced (1,000 MT)		
Marketing years	**2020/21**	**2021/22**	**2022/23**	**2020/21**	**2021/22**	**2022/23**
Sunflower (38% oil)	717	900	900	272	342	342
Soybean (18% oil)	1,519	1,550	1,650	273	278	298
TOTAL	**2,236**	**2,450**	**2,550**	**545**	**620**	**640**

Source: Sagis, Post estimates and forecasts

Consumption

South Africa consumes about 1.3 MMT of edible oil per annum. Post estimates that the consumption of edible oil will stay flat in MY 2022/23. The demand for edible oils is sensitive to changes in consumer purchasing power, and, as already mentioned, South African consumers are facing myriad challenges that are reducing spending power. In addition, oilseed oil prices have risen significantly due to the uncertainty created by the Russia-Ukraine war, putting downward pressure on demand.

Palm oil imports continue to play an important role in the South African edible oil consumption mix. From MY 2009/10, palm oil imports have surged from 340,000 MT to 530,000 MT in MY 2020/21, an increase of more than 50 percent. As a result, the share of palm oil in the total edible oil consumption mix of South Africa increased to 40 percent in MY 2020/21. However, Post expects palm oil imports to fall in MY 2021/22 and MY 2022/23, due to an upsurge in global prices and higher local soybean and sunflower oil production. South Africa imports palm oil mainly from Indonesia and Malaysia. In Table 12, the consumption of soybean oil, sunflower oil, palm oil, and other edible oils in South Africa are indicated for MY 2020/21 (actual), MY 2021/22 (estimate), and MY 2022/23 (forecast).

Table 12

The Consumption of Soybean Oil, Sunflower Oil, and Palm Oil in South Africa

Marketing year (1,000 MT)	2020/21	2021/22	2022/23
Sunflower oil	315	350	350
Soybean oil	295	290	300
Palm oil	515	495	480
Other oils	110	115	120
TOTAL	**1,235**	**1,250**	**1,250**

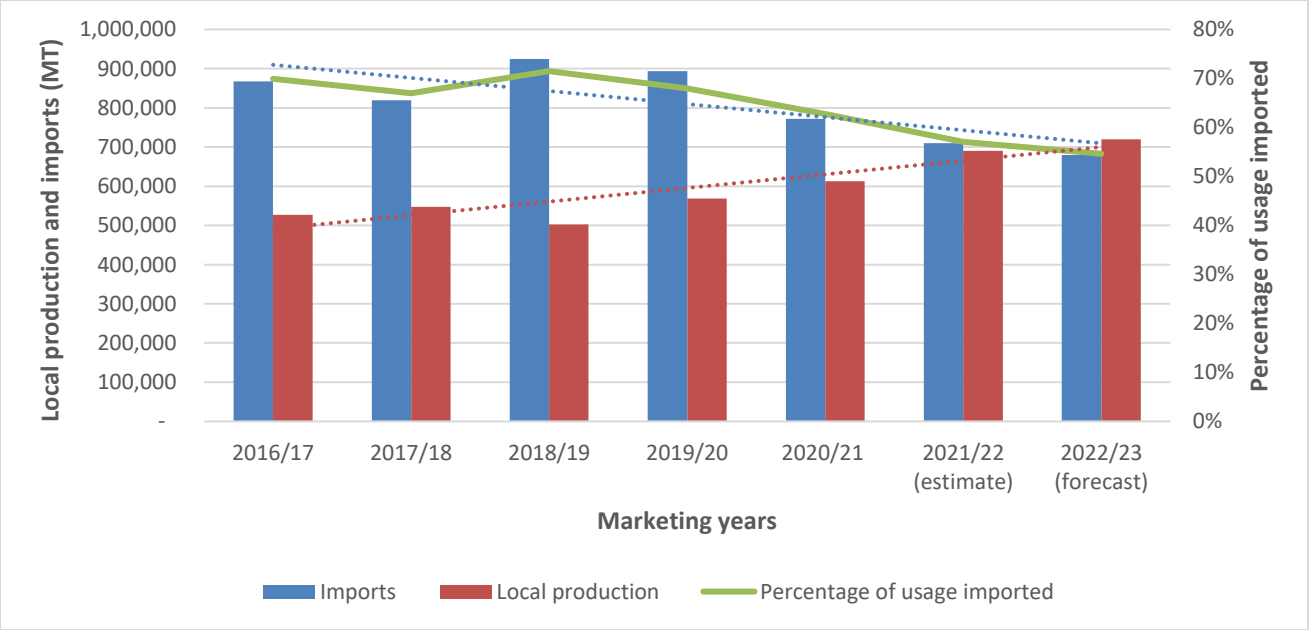
Source: Sagis, Trade Data Monitor, Post estimates and forecasts

Trade

Post forecasts that South Africa's edible oil imports will drop to 680,000 MT in MY 2022/23 on higher local production of soybean and sunflower oils. As a result, the contribution of imported edible oils to local consumption will reduce from 70 percent in MY 2016/17 to 55 percent in MY 2022/23 (see Figure 9). Soybean oil imports are expected to drop by 13 percent to 70,000 MT, while sunflower oil imports will stay flat 60,000 MT.

Figure 9

Trends in South Africa's Local Production and Imports of Edible Oils



Source: Trade Data Monitor, Sagis, and Post estimates and forecasts

Edible oil imports are expected to decline by eight percent in the MY 2021/22 to around 710,000 MT, based on an estimated 42 percent increase in local sunflower seed production. As a result, sunflower oil imports are expected to drop by 40 percent to 60,000 MT. Soybean oil imports are expected to decline by 11 to 80,000 MT. South Africa imported an estimated 90,000 MT of soybean oil and 100,000 MT of sunflower oil in MY 2020/21. The two major countries that supplied South Africa with sunflower oil in MY 2020/21 were Bulgaria and Romania. South Africa imported most of its soybean oil from the Netherlands and Argentina.

South Africa also exports small amounts of edible oils to neighboring countries. In MY 2020/21, South Africa exported an estimated 55,000 MT of sunflower seed oil and 70,000 MT of soybean oil. Sunflower and soybean oil exports are expected to stay at the same levels in MY 2021/22 and MY 2022/23.

Table 13

Soybean Oil Production, Supply, and Distribution

Oil, Soybean	2020/2021		2021/2022		2022/2023	
Market Year Begins	Mar 2021		Mar 2022		Mar 2023	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	1550	1519	1550	1550	0	1650
Extr. Rate, 999.9999 (PERCENT)	0.1858	0.1797	0.1858	0.1794	0	0.1806
Beginning Stocks (1000 MT)	18	18	31	16	0	14
Production (1000 MT)	288	273	288	278	0	298
MY Imports (1000 MT)	140	90	140	80	0	70
Total Supply (1000 MT)	446	381	459	374	0	382
MY Exports (1000 MT)	70	70	70	70	0	70
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	345	295	355	290	0	300
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	345	295	355	290	0	300
Ending Stocks (1000 MT)	31	16	34	14	0	12
Total Distribution (1000 MT)	446	381	459	374	0	382
(1000 MT) ,(PERCENT)						

Table 14

Sunflower Seed Oil Production, Supply, and Distribution

Oil, Sunflower seed	2020/2021		2021/2022		2022/2023	
Market Year Begins	Mar 2021		Mar 2022		Mar 2023	
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	720	717	850	900	0	900
Extr. Rate, 999.9999 (PERCENT)	0.4167	0.3794	0.4176	0.38	0	0.38
Beginning Stocks (1000 MT)	44	44	45	46	0	43
Production (1000 MT)	300	272	355	342	0	342
MY Imports (1000 MT)	260	100	230	60	0	60
Total Supply (1000 MT)	604	416	630	448	0	445
MY Exports (1000 MT)	59	55	65	55	0	55
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	500	315	520	350	0	350
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	500	315	520	350	0	350
Ending Stocks (1000 MT)	45	46	45	43	0	40
Total Distribution (1000 MT)	604	416	630	448	0	445
(1000 MT) ,(PERCENT)						

Attachments:

No Attachments