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Report Highlights:

In the 2020/21 MY, Post forecasts that South Africa's oilseed meal imports will drop by 8 percent to 550,000 tons and oilseed oil imports will decline by 5 percent to less than 400,000 tons, due to increased local production coupled with limited growth in demand. South Africa's postitive trend in oilseed production the past 10 years is expected to continue in the 2020/21 MY on increased area after a decline in corn plantings. However, South Africa's economic growth is expected to continue to be sluggish in the next few years, due to structural and policy constraints as well as the impact of the COVID-19 pandemic.

Executive Summary

Post estimates that the area to be planted with oilseeds in South Africa for the 2020/21 MY¹ will continue on the positive trend of the past 10 years. Post estimates producers will plant 600,000 hectares with sunflower seed and 750,000 hectares with soybeans, respectively, 20 percent and 6 percent more than the previous marketing year (2019/20 MY). Under normal climatic conditions and taking into account average yields, South Africa could produce 800,000 tons of sunflower and 1.4 million tons of soybeans in the 2020/21 MY. This represents an increase of 9 percent in sunflower seed and 8 percent in soybean production from the previous year

According to the Crop Estimates Committee of South Africa, producers planted about 500,000 hectares of sunflower seed and 705,000 hectares of soybeans in the 2019/20 MY, marginal lower than in the 2018/19 MY. However, due to the favorable climatic conditions, both sunflower seed and soybean production is expected to increase by 8 percent to 731,000 tons and 1.3 million tons, respectively.

Post forecasts that South Africa will have a record 1.3 million tons of locally produced oilseed meal available in the 2020/21 MY, in line with increased local oilseed production and investments that expanded crushing capacity. However, Post projects a marginal increase in the demand for oilseed meal in the 2020/21 MY to 1.7 million tons. South Africa's economic growth is expected to continue to be sluggish in the next few years due to structural and policy constraints as well as the impact of the COVID-19 pandemic, which will limit an excessive increase in the consumption of animal protein and hence the demand for animal feed. As a result, South Africa's oilseed meal imports will drop by 10 percent to 560,000 tons (490,000 tons of soybean meal and 70,000 tons of sunflower meal). In the 2019/20 MY, Post estimates South Africa will crush 1.8 million tons of oilseeds producing 1.1 million tons of oilseed meal. However, 5 percent less soybean meal will be produced after a record local production the previous year. As a result, Post estimates that oilseed meal imports will increase by 4 percent to 620,000 tons. The majority of South Africa's oilseed meal imports originate from Argentina.

Post estimates that South Africa will produce 507,000 tons of oilseed oil in the 2020/21 MY on higher local oilseed production. This is 9 percent more than the 464,000 tons of oil Post estimates South Africa will produce in the 2019/20 MY. As a result, imported oilseed oil will represent about 65 percent of local consumption in the 2020/21 MY, down from 70 percent in the 2018/19 MY. In the 2018/19 MY, South Africa produced 448,000 tons of oilseed oils.

US\$1 = Rand 17.96 (04/01/2020)

¹¹ The marketing years (MY) used in the text refers to the USDA marketing years in the PS&D table, and do not necessarily correspond with the marketing years used by the South African grain industry.

Total Oilseeds

Production

South Africa's positive trend in oilseed plantings the past 10 years has flattened in recent years (see also Figure 1), firstly due to drought conditions in the 2018/19 MY and secondly to an increase in corn plantings in the 2019/20 MY. However, Post expects a decrease in corn plantings in the 2020/21 MY. With a bumper corn crop expected in the 2019/20 MY, lower local corn price levels will put downward pressure on the area to be planted with corn later in 2020, for the 2020/21 MY. As a result, Post estimates that the area to be planted with oilseeds in South Africa for the 2020/21 MY will move back to trend line. Post estimates producers will plant 600,000 hectares with sunflower seed and 750,000 hectares with soybeans, respectively, 20 percent and 6 percent more than the previous marketing year (2019/20 MY). Under normal climatic conditions and taking into account average yields, South Africa could produce 800,000 tons of sunflower and 1.4 million tons of soybeans in the 2020/21 MY. This represents an increase of 9 percent in sunflower seed and 8 percent in soybean production from the previous year (see also Figure 2).



Figure 1: Trends in the area planted with soybeans and sunflower seeds in South Africa from the 2009/10 MY





South Africa's 2019/20 MY planting season started in October 2019 with extreme hot and dry conditions before decent widespread rainfall occurred and planting could commence. This was followed-up by sufficient rainfall throughout the growing season in most of South Africa's summer rainfall producing areas, which increased the changes for above average yields in the 2019/20 MY.

On March 25, 2020, the Crop Estimates Committee (CEC) released its second commercial production estimate for South Africa's summer rainfall crops. According to the CEC, producers planted about 500,000 hectares of sunflower seed and 705,000 hectares of soybeans, marginal lower than in the 2018/19 MY. However, due to the favorable climatic conditions, both sunflower seed and soybean production are expected to increase by 8 percent to 731,000 tons and 1.3 million tons, respectively.

On February 13, 2020, the CEC finalized the sizes of the 2018/19 MY summer rainfall crops after taking into account total producer deliveries and on-farm usage. The CEC kept the soybean crop at 1.2 million tons on 730,500 hectares and decrease the sunflower seed crop marginally to 678,000 tons on 515,350 hectares.

The following table contains area planted, yields and production figures for sunflower seed and soybeans for the 2018/19 MY (actual), 2019/20 MY (estimate) and 2020/21 MY (forecast).

Oilseeds	Area (1,000ha)	Yield MT/ha	Prod (1,000 MT)	Area (1,000ha)	Yield MT/ha	Prod. (1,000 MT)	Area (1,000ha)	Yield MT/ha	Prod. (1,000 MT)
	2018/19 MY			2019/20 MY			2020/21 MY		
Sunflower	515	1.3	678	500	1.5	731	600	1.3	800
Soybeans	730	1.6	1,170	705	1.8	1,269	750	1.8	1,370
TOTAL	1,246	1.5	1,848	1,205	1.7	2,000	1,350	1.6	2,170

Table 1: Area planted, yields and production of soybeans and sunflower in South Africa

Source: CEC

Consumption

Post forecasts that South Africa will crush 1.9 million tons of oilseeds in the 2020/21 MY, due to increased local production. This is 10 percent higher than the estimated 1.8 million tons that will be crushed in the 2019/20 MY. In the 2018/19 MY, South Africa also crushed an estimated 1.8 million tons of oilseeds, but a record 1.1 million tons of soybeans. Figure 3 illustrates the rising trend in oilseeds crushed in South Africa after investments a few years back increased the oilseed processing capacity. As a result, about 1.5 million tons of additional oilseed processing capacity has been added, bringing South Africa's current total oilseed processing capacity to an estimated 2.5 million tons per annum. Table 2 illustrates the domestic utilization of sunflower seed and soybeans in South Africa for the 2018/19 MY (estimate), 2019/20 MY (estimate) and 2020/21 MY (forecast).

Figure 3: The trend in oilseeds crushed in South Africa



Oilseeds (1,000 MT)	Sun- flower	Soy- beans	Total	Sun- flower	Soy- beans	Total	Sun- flower	Soy- beans	Total
Marketing year	2018/19			2019/20			2020/21		
Crush	657	1,100	1,757	720	1,050	1,770	790	1,150	1,940
Food	1	24	25	1	25	26	1	25	26
Animal feed	5	191	196	5	180	185	5	180	185
Seed	2	8	10	3	10	13	3	10	13
Other	2	1	3	2	1	3	2	1	3
Exports	1	5	6	1	5	6	1	5	6
TOTAL	668	1,329	1,997	732	1,271	2,003	802	1,371	2,173
Imports	0	9	9	0	10	10	0	10	0

Table 2: The utilization of sunflower seed and soybeans in South Africa

Source: SAGIS & Grain SA

Almost the entire local sunflower crop is destined for the processing industry for conversion to sunflower oil. The crushing capacity for sunflower seeds in South Africa is estimated at around one million tons per annum, while the capacity of oilseed refineries is estimated at 950,000 tons per annum. In years of lower sunflower production, the activities at crushing plants are reduced and the refineries import more crude oil, as it is more cost effective than importing sunflower seeds. Figure 4 illustrates the strong correlation between the local production and crushing of sunflower seeds annually.

Sunflower meal, a by-product of the oil extraction process, is sold to local animal feed manufacturers. Sunflower meal is generally regarded as a low-value product that does not compare well to soybean meal in terms of nutritional value and fiber content. As a result, broiler rations do not include more than seven percent sunflower meal. Hence, sunflower meal is mainly used as feed in the dairy and beef industries.



Figure 4: The strong correlation between the production and crushing of sunflower seed in South Africa

Figure 5 illustrates the increasing trend in the crushing of soybeans in South Africa. With the increase in crushing capacity and soybean production, South Africa crushed a record 1.1 million tons of soybeans in the 2018/19 MY. Post estimates South Africa will again crush 1.1 million tons of soybeans in the 2019/20 MY and a new record of 1.2 million tons in the 2020/21 MY on increased local soybean production. Despite the increase in locally processed soybeans, South Africa continues to be a net importer of soybean meal as it is the preferred source of protein for animal feed, especially in poultry feed rations.

Figure 5: The positive trend in crushed soybeans in South Africa



Trade

South Africa's trade in soybeans and sunflower seeds are generally relatively small as local production is destined mainly for local processing and imports are directed to oil and protein meal. For example, South Africa's trade in sunflower seeds in the 2018/19 MY was less than 1,000 tons, while soybean imports were only 9,098 tons and exports 5,336 tons. Soybean imports were mainly from Zambia and Mozambique, while exports were destined for Zimbabwe. Post expects that this limited trade in sunflower seeds and soybeans will continue in the 2019/20 MY and 2020/21 MY (see also Table 3 and Table 4).

Table 5. 1 Toduction, supply and demand for soybeans in South Africa									
Oilseed, Soybean	2018/2019		2019/2020		2020/2021				
Market Begin Year	Mrt-19		Mrt-20		Mrt-21				
South Africa	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post			
Area Planted	730	730	800	705	0	750			
Area Harvested	730	730	800	705	0	750			
Beginning Stocks	256	256	64	106	0	114			
Production	1170	1170	1450	1269	0	1370			

Table 3: Production, supply and demand for soybeans in South Africa

MY Imports	35	9	25	10	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1461	1435	1539	1385	0	1494
MY Exports	5	5	5	5	0	5
MY Exp. to EU	0	0	0	0	0	0
Crush	1200	1100	1300	1050	0	1150
Food Use Dom. Cons.	30	24	30	25	0	25
Feed Waste Dom.	162	200	150	191	0	191
Cons.						
Total Dom. Cons.	1392	1324	1480	1266	0	1366
Ending Stocks	64	106	54	114	0	123
Total Distribution	1461	1435	1539	1385	0	1494
Yield	1,60	1,60	1,81	1,80		1,83
(1000 HA), (1000 MT), (N	MT/HA)					

Table 4: Production, supply and demand for sunflower seed in South Africa

Oilseed, Sunflower	2018/2019		2019/2020		2020/2021	
seed Market Begin Year	Mrt-19		Mrt-20		Mrt-21	
<u> </u>				N D (
South Africa	USDA	New Post	USDA	New Post	USDA	New Post
	Official		Official		Official	
Area Planted	515	515	610	500	0	600
Area Harvested	515	515	610	500	0	600
Beginning Stocks	81	81	38	91	0	90
Production	680	678	750	731	0	800
MY Imports	5	0	75	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	3	0	70	0	0	0
Total Supply	766	759	863	822	0	890
MY Exports	1	1	0	1	0	1
MY Exp. to EU	0	0	0	0	0	0
Crush	700	657	800	720	0	790
Food Use Dom. Cons.	1	1	0	1	0	1
Feed Waste Dom.	26	9	25	10	0	10
Cons.						
Total Dom. Cons.	727	667	825	731	0	801
Ending Stocks	38	91	38	90	0	88
Total Distribution	766	759	863	822	0	890
Yield	1,32	1,32	1,22	1,46	0	1,33
(1000 HA), (1000 MT), (MT/HA)					

Total Meals

Production

Post forecasts that South Africa will have a record 1.3 million tons of locally produced oilseed meal available in the 2020/21 MY, in line with increased local oilseed production and investments that expanded crushing capacity (see also Figure 6). In the 2019/20 MY, Post estimates South Africa will crush 1.8 million tons of oilseeds, producing 1.1 million tons of oilseed meal. In the 2018/19 MY, South Africa crushed a record 1.1 million tons of soybeans, mainly due to relative high stock levels after

a historical high soybean crop of 1.5 million tons was produced in the 2017/18 MY. In Table 5, the production of soybean and sunflower meal in South Africa is indicated for the 2018/19 MY (actual), 2019/20 MY (estimate) and 2020/21 MY (forecast). Crushing yields used includes 42 percent meal for sunflower seed and 80 percent meal for soybeans.



Figure 6: The positive trend in oilseed meal production in South Africa

Table 5: Oilseed meal production in South Africa	Table 5:	Oilseed	meal	production	in	South Africa
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Oilseeds (1,000MT)	Crushed	Meal produced						
Marketing year	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21		
Sunflower	657	720	790	276	302	332		
(42% meal)								
Soybean (80% meal)	1,100	1,050	1,150	880	840	920		
TOTAL	1,757	1,770	1,940	1,156	1,142	1,252		

Consumption

Soybean meal and sunflower meal are the major protein meals used by feed manufactures in South Africa and represent more than 90 percent of protein meal usage. The average inclusion rate of oilseed 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 has been small in recent years at less than 1 percent.

Post projects a marginal increase in the demand for oilseed meal in the 2020/21 MY to 1.7 million tons. South Africa's economic growth is expected to continue to be sluggish in the next few years due to structural and policy constraints as well as the impact of the COVID-19 pandemic. The South African government estimates economic growth of less than two percent in 2020 and 2021, which will limit an excessive increase in the consumption of animal protein and hence the demand for animal feed. Economic growth is the main overall driver for the increase in the consumption of meat and meat products.

In Table 6, the estimated consumption of soybean meal and sunflower meal in South Africa is shown for the 2018/19 MY (actual), 2019/12 MY (estimate) and 2020/21 MY (forecast).

Oilseeds (1,000MT)			
Marketing year	2018/19	2019/20	2020/21
Sunflower meal	380	380	380
Soybean meal	1,240	1,280	1,310
TOTAL	1,620	1,660	1,690

 Table 6: The consumption of soybean meal and sunflower meal in South Africa

Trade

In the 2020/21 MY, Post forecasts that South Africa's oilseed meal imports will drop by 10 percent to 560,000 tons (490,000 tons of soybean meal and 70,000 tons of sunflower meal) on increased local production coupled with limited growth in demand.

For the 2019/20 MY, Post estimates a 4 percent increase in oilseed meal imports from the previous year, to 620,000 tons (520,000 tons of soybean meal and 100,000 tons of sunflower meal), on a decrease in local soybean meal production. South Africa imported 473,000 tons of soybean meal and 123,000 tons of sunflower meal in the 2018/19 MY. The majority of oilseed meal imports originated from Argentina.

Post estimates, South Africa will export about 120,000 tons of oilseed meal (100,000 tons of soybean meal and 20,000 tons of sunflower meal) to neighboring countries in the 2020/21 MY and 2019/20 MY. In the 2018/19 MY, Post estimates oilseed meal exports at 132,000 tons (110,000 tons of soybean meal and 22,000 tons of sunflower meal), mainly to South Africa's neighboring countries.

Table 7: I roduction, suppry and demand for soybean mean mooden Africa										
Meal, Soybean	2018/2019		2019/2020		2020/2021					
Market Begin Year	Mar 2019		Mar 2020		Mar 2021					
South Africa	USDA New Post		USDA	USDA New Post		New Post				
	Official		Official		Official					
Crush	1200	1100	1300	1050	0	1150				
Extr. Rate, 999.9999	0,79	0,80	0,79	0,80	0	0,80				
Beginning Stocks	35	35	27	38	0	18				
Production	947	880	1025	840	0	920				

 Table 7: Production, supply and demand for soybean meal in South Africa

MY Imports	530	473	500	520	0	490
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1512	1388	1552	1398	0	1428
MY Exports	85	110	85	100	0	100
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1400	1240	1430	1280	0	1310
Total Dom. Cons.	1400	1240	1430	1280	0	1310
Ending Stocks	27	38	37	18	0	18
Total Distribution	1512	1388	1552	1398	0	1428
(1000 MT), (PERCENT)						

Table 8: Production, supply and demand for sunflower seed meal in South Africa

Meal, Sunflower seed	2018/		2019/2		2020/2	
Market Begin Year	Mar	2019	Mar 2	020	Mar 2	021
South Africa	USDA	New Post	USDA	New Post	USDA	New Post
	Official		Official		Official	
Crush	700	657	800	720	0	790
Extr. Rate, 999.9999	0,43	0,42	0,43	0,42	0	0,42
Beginning Stocks	11	11	11	8	0	10
Production	300	276	340	302	0	332
MY Imports	70	123	65	100	0	70
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	381	410	416	410	0	412
MY Exports	20	22	15	20	0	20
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	350	380	390	380	0	380
Total Dom. Cons.	350	380	390	380	0	380
Ending Stocks	11	8	11	10	0	12
Total Distribution	381	410	416	410	0	412
(1000 MT), (PERCENT)						

Total Oils

Production

Post estimates that South Africa will produce 507,000 tons of oilseed oil in the 2020/21 MY on higher local oilseed production. This is 9 percent more than the 464,000 tons of oil Post estimates South Africa will produce in the 2019/20 MY. In the 2018/19 MY, South Africa produced 448,000 tons of oilseed oils. In Table 9, the production of soybean oil and sunflower oil in South Africa is indicated for the

2018/19 MY (actual), 2019/20 MY (estimate) and 2020/21 MY (forecast). Crushing yields used include 38 percent oil for sunflower seed and 18 percent oil for soybeans.

Oilseeds (1,000MT)	Crushed			Oil produced			
Marketing year	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	
Sunflower (38% oil)	657	720	790	250	274	300	
Soybean (18% oil)	1,100	1,050	1,150	198	190	207	
TOTAL	1,757	1,770	1,940	448	464	507	

Table 9: Oilseed oil production in South Africa

Consumption

South Africa consumes about 1.3 million tons of vegetable and oilseed oil per annum. Most of the oilseed oil consumed in South Africa is palm oil, which is mainly imported from Indonesia and Malaysia. South Africa also consumes soybean oil and sunflower seed oil. In Table 10, the consumption of soybean oil, sunflower oil, palm oil and other vegetable oils in South Africa are indicated for the 2018/19 MY, 2019/20 MY and 2020/21 MY. Post estimates that the consumption of oilseed oil will grow only marginally in the 2019/20 MY and in the 2020/21 MY. Economic growth is the main overall driver for the increase in the demand for oilseed oil and, as already mentioned, South Africa's economic growth rate is expected to remain sluggish at less than two percent per annum in 2020 and 2021.

Oilseeds (1,000MT)							
Marketing year	2018/19	2019/20	2020/21				
Sunflower oil	460	470	490				
Soybean oil	270	280	290				
Palm oil	510	520	520				
Other oils	60	60	60				
TOTAL	1,300	1,330	1,360				

 Table 10: The consumption of soybean oil, sunflower oil and palm oil in South Africa

 Oilsoads (1,000MT)

Trade

In the 2020/21 MY, oilseed oil imports are expected to decrease by 6 percent to less than 900,000 tons on increased local production. Imported oilseed oil will represent about 65 percent of local consumption in the 2020/21 MY, down from 70 percent in the 2018/19 MY. Soybean oil imports are forecast to be about 130,000 tons and sunflower seed oil imports about 250,000 tons. Oilseed oil imports are expected to increase marginal in the 2019/20 MY to around 940,000 tons, including 260,000 tons of sunflower oil

and 140,000 tons of soybean oil. South Africa imported an estimated 125,000 tons of soybean oil and 265,000 tons of sunflower oil in the 2018/19 MY.

South Africa also exports small amounts of oilseed oils to neighboring countries and other countries in southern Africa, such as Zambia and Angola. In the 2018/19 MY, South Africa exported an estimated 66,000 tons of sunflower seed oil and 40,000 tons of soybean oil. Oilseed oil exports in the 2019/20 MY and 2020/21 MY are expected to stay at the same levels of around 60,000 tons of sunflower oil and 50,000 tons of soybean oil.

Oil, Soybean	2018/2019		2019/2020		2020/2021	
Market Begin Year	Mar 2019		Mar 2020		Mar 2021	
South Africa	USDA	New Post	USDA	New Post	USDA	New Post
	Official		Official		Official	
Crush	1200	1100	1300	1050	0	1150
Extr. Rate, 999.9999	0,18	0,18	0,18	0,18	0	0,18
Beginning Stocks	21	21	21	34	0	34
Production	220	198	238	190	0	207
MY Imports	175	125	185	140	0	130
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	90	92	100	100	0	90
Total Supply	416	344	444	364	0	371
MY Exports	55	40	55	50	0	50
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	340	270	367	280	0	290
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	340	270	367	280	0	290
Ending Stocks	21	34	22	34	0	31
Total Distribution	416	344	444	364	0	371
(1000 MT),(PERCENT)						

Table 11: Production, supply and demand for soybean oil in South Africa

Oil, Sunflower seed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Mar 2019		Mar 2020		Mar 2021	
South Africa	USDA	New Post	USDA	New Post	USDA	New Post
	Official		Official		Official	
Crush	700	657	800	720	0	790
Extr. Rate, 999.9999	0,42	0,38	0,42	0,38	0	0,38
Beginning Stocks	54	54	82	43	0	47

 Table 12: Production, supply and demand for sunflower seed oil in South Africa

Production	293	250	335	274	0	300
MY Imports	250	265	145	260	0	250
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	115	193	0	190	0	190
Total Supply	597	569	562	577	0	597
MY Exports	55	66	45	60	0	60
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	460	460	470	470	0	490
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	460	460	470	470	0	490
Ending Stocks	82	43	47	47	0	47
Total Distribution	597	569	562	577	0	597
(1000 MT),(PERCENT)						

Attachments:

No Attachments