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South Africa, Republic of

Oilseeds and Products

Oilseeds and Products Annual Report

1999

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Report Highlights:

New records have been set in the 1998 season for the area planted and production of oilseeds, mainly sunflower-seed. The total area exceeded 1 million hectares and the crops 1.2 million tons, but this will still not be sufficient to supply the demand for protein and oil in Cy 1999. Imports are expected to exceed 350,000 tons of soymeal and 60,000 tons of sunflower oil.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Pretoria [SF1], SF

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Executive Summary

In South Africa sunflower is the main oilseed crop produced and consumed. The area planted to sunflower reached a new record of 828,000 hectares in 1998, leading to an expected crop of about 945,000 tons. Adding the smaller peanut and soybean crops, the total area planted to oilseeds exceeded one million hectares and the total crop 1.2 million tons. The increased interest in oilseeds was brought about by the deregulation of the local agricultural marketing system and the resultant diversification from corn growing. Even these large crops will be unable to meet South Africa's needs oil and protein. In 1999 South Africa is expected to import about 350,000 tons of soybean meal and 60,000 tons of sunflower-seed oil.

U.S. Dollar 1 = Rand 6.20

Oilseeds:

Production:

The following table summarizes the South African oilseed situation including only the main oilseeds. There are also smaller cottonseed and canola crops but sunflower-seed is the main crop with peanuts only included for the edible peanut trade and soybeans for the growing role it is expected to play in the future domestic plant protein situation. Soybean meal is already the main import vessel used to satisfy the domestic plant protein deficit. Since the demise of the controlled agricultural marketing system oilseeds have been playing a more important role in the local agronomic industry with the FAS 98 (indicating the year of planting) area planted to sunflower an all time record. The area planted to soybeans has also been expanding and this is expected to continue while the area planted to peanuts is influenced by weather conditions at planting and shows bigger variations. The 62% increase in the 1998 area planted to sunflower was the result of price and marketing pressures on corn during 1997 as well as dry weather and El Nino predictions at planting. Some farmers planted sunflower early in the planting season while others planted late as a drought induced catch crop. The late plantings survived the February/March dry spell well with the 1998 yield of 1.14 metric tons per hectare lower than the previous seasons' 1.25 but better than the 1996 yield of less than one ton per hectare. This has re-emphasized sunflowers' important role as a catch crop during drought, highlighted by the reduction in the 1998 yields for both soybeans and peanuts. The 1998 peanut yield on a shelled basis dropped to 1.03 metric tons per hectare compared to 1.17 the previous season while soybeans dropped from 1.75 to 1.3 metric ton per hectare. The 1997 production figures are based on actual deliveries recorded by the South African Grain Information Service (SAGIS). We expect the 1999 area planted to sunflowers to decline again because of disappointing producer prices and good corn prices this season.

	Area	Product.	Area	Product.	Area	Product.	Area	Product.
FAS MY	1996 97/98	1996 97/98	1997 98/99	1997 98/99	1998 99/00	1998 99/00	1999 00/01	1999 00/01
Sunseed	464	450	511	638	828	945	750	845
Soybeans	87	120	125	219	131	175	150	220
Peanuts	95	95	59	69	95	98	85	100
TOTAL	646	665	695	926	1054	1218	985	2010

PSD Table						
Country:	South Africa, Republic of					
Commodity:	Sunflower-seed					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		05/1998		05/1999		05/2000
Area Planted	600	511	0	828	0	750
Area Harvested	464	500	500	825	0	750
Beginning Stocks	0	0	0	0	0	0
Production	450	638	500	945	0	845
MY Imports	0	0	0	10	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	450	638	500	955	0	855
MY Exports	0	0	0	100	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	430	635	500	850	0	850
Food Use Dom. Consump.	3	0	0	0	0	0
Feed Waste Dom.Consum.	17	3	0	5	0	5
Total Dom. Consumption	450	638	500	855	0	855
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	450	638	500	955	0	855
Calendar Year Imports	0	16	0	10	0	10
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	2	0	100	0	100
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country:	South Africa,					
Commodity:	Peanut					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		05/1998		05/1999		05/2000
Area Planted	100	59	0	95	0	85
Area Harvested	95	55	55	95	0	80
Beginning Stocks	0	0	0	0	0	0
Production	140	69	80	98	0	100
MY Imports	5	6	15	12	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	145	75	95	110	0	110
MY Exports	20	22	30	35	0	40
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	50	15	35	25	0	20
Food Use Dom. Consump.	40	35	20	45	0	45
Feed Seed Waste Dm.Cn.	35	3	10	5	0	5
Total Dom. Consumption	125	53	65	75	0	70
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	145	75	95	110	0	110
Calendar Year Imports	5	18	15	12	0	10
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	35	28	0	35	0	40
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country:	South Africa					
Commodity:	Soybean					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		05/1998		05/1999		05/2000
Area Planted	70	125	70	131	0	150
Area Harvested	87	120	125	130	0	145
Beginning Stocks	0	0	0	0	0	0
Production	120	219	175	175	0	220
MY Imports	50	4	20	20	0	25
MY Imp. from U.S.	27	0	55	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	170	223	195	195	0	245
MY Exports	10	12	20	20	0	30
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	66	92	86	65	0	100
Food Use Dom. Consump.	20	24	50	25	0	25
Feed Waste Dom.Consum.	74	95	39	85	0	90
Total Dom. Consumption	160	211	175	175	0	215
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	170	223	195	195	0	245
Calendar Year Imports	0	17	20	20	0	25
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	31	20	20	0	30
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Consumption

Except for the edible peanut market, (40-50,000 tons per annum on a shelled basis) and a smaller (20-25,000 tons) quantity of soybeans used for food and 75 to 100,000 tons used for feed as full fat beans, the main use is for meal and oil extraction. Traditionally the processors claimed a ceiling of 650,000 tons of sunflower-seed that could be used annually limited by the high fibre content of the meal but the increased fishmeal prices and

the local availability of the seed has seen this limit being lifted to about 750,000 tons. Sunflower-seed crushing is expected to reach 835,000 tons this season but this is misleading as about 120,000 tons was delivered early and crushed before the start of the marketing season. With the demise of the Oilseeds Control Board the need for a formal marketing season diminished and it may be better to work on a calendar year basis in future as the only reliable detailed trade data is on a calendar year basis. The industry is still working on improving statistics and a satisfactory solution may be forthcoming.

Trade

Trade in whole oilseeds is mainly concentrated in the edible peanut trade while small quantities of the other oilseeds are mainly traded in the Southern African region. An occasional shipload of sunflowers or soybeans may be imported from overseas but the trade is mainly in meal and oil. The following table includes recent trade details:

	Imports	Metric tons	Exports	Metric tons
	Cy 98	Cy 97	Cy 98	Cy 97
Soybeans	16,931	50,793	31,110	10,395
Peanuts	18,067	4,118	27,984	51,378
Cottonseed	58,751	58,397	14,187	1,008
Sunflower-seed	15,557	15,669	1,777	2,054
TOTAL:	109,306	128,977	75,058	64,835

Due to the big 1998 sunflower-seed crop it is expected that about 100,000 tons will be exported during 1999. The only trade matrix of any real significance in this section is for shelled edible peanuts:

Shelled Edible peanuts

Export Trade Matrix			
Country:		Units:	metric tons
Commodity:	Peanuts		
Time period:	Jan-Dec		
Exports for	1997		1998
U.S.	4859	U.S.	1371
Others		Others	
Netherlands	23582	Netherlands	11770
Japan	15890	Japan	11159
United Kingdom	3168	United Kingdom	1385
Indonesia	1782	New Zealand	1008
Denmark	1638		
Total for Others	46060		25322
Others not listed	459		1291
Grand Total	51378		27984

Stocks

Because of the vague definition of the marketing year carry over stock figures are not available but it is known that about 120,000 tons of early delivered sunflower-seed were processed before the start of the marketing season this year. Under normal conditions only the minimum stocks are carried over.

Policy

The industry is now totally free from any statutory interference in its affairs, but is still developing a meaningful statistical base or information system which can be of use in the free market environment.

Soybeans carry a R65/ton (\$10.50) import duty, peanuts are free of duty and the other oilseeds carry a 10% ad valorem duty.

The draft regulations for the new Genetically Modified Organisms Act was recently published for comment. The new law applies to "organisms", which mean that they do not apply to non-living material (like processed

foods containing GMO's). However, an extension to cover non-living GMO material would probably be a simple matter and is quite likely eventually. There are no restrictions yet on local production or importation of processed foods containing GMO's (which are not live). Nor are there any labeling requirements for food containing GMO's.

Marketing

Sunflower-seed is traded on SAFEX, the South African Futures Exchange with July 99 options running at R1045 per metric ton, September R1110 and December R1220, or \$168.82, \$179.32 and \$197.09 at to days exchange rate of R6.19 to the Dollar. Soybeans and peanuts are mostly grown under contract but current prices on offer are, soybeans R1050-1150, peanuts, crushing grade R1,000 and choice edible grade between R2800 and R3200.

Protein meals:

Production

South Africa's protein meal situation can be summarized as follows:

PRODUCTION, 000mt.	Fas 97, MY 98/99	Fas 98, MY 99/00	Fas99, MY 00/01
Peanut meal	8	13	11
Soybean meal	74	52	80
Sunflower meal	267	357	357
Fishmeal	75	70	75
Total:	424	492	523
IMPORTS, 000mt.			
Peanut meal	2	2	4
Soybean meal	380	350	370
Sunflower meal	29	9	11
Fishmeal	28	20	15
Total:	438	381	400
TOTAL SUPPLY:	862	873	923

It is clear from the table that while sunflower meal is the mainstay of domestic production, soybean meal is the preferred import while fishmeal has been losing ground. The demise of fishmeal as South Africa's number one source of feed protein has been brought about by declining catches and rising prices. While digestible protein varies between the various meals, soybean meal seems to complement the local sunflower meal well and the available protein profile is acceptable.

PSD Table						
Country:						

Commodity:	Sunflower meal					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		05/1998		05/1999		05/2000
Crush	430	635	500	850	0	850
Extr. Rate	0.4511628	0.4204724	0.452	0.42	ERR	0.42
Beginning Stocks	0	0	0	0	0	0
Production	194	267	226	357	0	357
MY Imports	5	29	5	9	0	11
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	199	296	231	366	0	368
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	199	296	231	366	0	368
Total Dom. Consumption	199	296	231	366	0	368
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	199	296	231	366	0	368
Calendar Year Imports	5	29	0	9	0	11
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
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Country:						
Commodity:	Soybean meal					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		04/1998		04/1999		04/2000
Crush	66	92	86	65	0	100
Extr. Rate	3.2121212	0.8043478	2.6511628	0.8	ERR	0.8
Beginning Stocks	0	0	0	0	0	0
Production	212	74	228	52	0	80
MY Imports	160	380	225	350	0	370
MY Imp. from U.S.	44	52	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	372	454	453	402	0	450
MY Exports	0	2	0	2	0	5
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	372	452	453	400	0	445
Total Dom. Consumption	372	452	453	400	0	445
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	372	454	453	402	0	450
Calendar Year Imports	126	380	0	350	0	370
Calendar Yr Imp. U.S.	0	52	0	50	0	55
Calendar Year Exports	0	2	0	2	0	5
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country:	South Africa,					
Commodity:	Fish meal					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Catch for Reduction	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	80	75	80	70	0	75
MY Imports	40	28	20	20	0	15
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	120	103	100	90	0	90
MY Exports	0	7	0	5	0	5
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum.	120	96	100	85	0	85
Total Dom. Consumption	120	96	100	85	0	85
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	120	103	100	90	0	90
Calendar Year Imports	40	28	0	20	0	15
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	7	0	5	0	5
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Consumption:

AFMA, the Association of Balanced Feed Manufacturers, use about 85% of the protein available for feed annually. The following table summarizes the main raw material usage by AFMA members:

Raw material	96/97 Mt.	% inclusion	97/98 Mt.	% inclusion	98/00 Mt.	% inclusion
Sunfl. meal	275,043	7.10	291,917	7.49	275,770	7.10
Peanut meal	19,777	0.51	8,501	0.22	14,714	0.38
Soy meal	225,498	5.62	250,759	6.42	330,119	6.51
Full fat soya	58,007	1.50	63,009	1.62	101,893	2.62
Cotton meal	46,975	1.21	46,281	1.19	41,177	1.06
Canola meal	4,228	0.03	3,497	0.09	4,420	0.11
Total oilcake	629,526	16.17	663,984	17.03	778,291	20.04
Fishmeal	160,019	4.13	152,946	3.92	81,482	2.10
Total Corn + products	1,973,232	50.94	2,156,246	55.30	2,122,185	54.66

The most significant trend shown is the increasing use of soybean meal and full fat soybeans and the corresponding decrease in fishmeal use. The increased soy use is price driven but the protein profile complements the sunflower meal protein which is the other main source with limitations on percentages that can be used in certain rations. Fishmeal availability and price is limiting its inclusion.

Trade

Import Trade Matrix			
Country:	South Africa	Units:	Metric tons
Commodity:	Soybean meal	Meal	
Time period:	Jan Dec		
Imports for	1997		1998
U.S.	46375	U.S.	51833
Others		Others	
Argentina	234663	Argentina	288632
Brazil	28768	India	22665
India	27702	Nigeria	6015
Zimbabwe	586	Nicaragua	1984
		Zimbabwe	8352
Total for Others	291719		327648
Others not listed	93		149
Grand Total	338187		379630

Plant oils

Sunflower-seed oil dominates the South African edible oil market, both from a production and import viewpoint. Soybean oil, which is currently considered cheap, is, however, gaining a foothold in the market.

PSD Table						
Country:						
Commodity:	Soybean oil					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		04/1998		04/1999		04/2000
Crush	66	92	86	65	0	100
Extr. Rate	0.6969697	0.1847826	0.5697674	0.1846154	ERR	0.18
Beginning Stocks	0	0	0	0	0	0
Production	46	17	49	12	0	18
MY Imports	50	31	50	38	0	42
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	96	48	99	50	0	60
MY Exports	0	10	0	5	0	5
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	96	38	99	45	0	55
Feed Waste Dom. Consum.	0	0	0	0	0	0
Total Dom. Consumption	96	38	99	45	0	55
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	96	48	99	50	0	60
Calendar Year Imports	0	31	0	38	0	18
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	10	0	5	0	5
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country:						
Commodity:	Sunflower oil					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		05/1998		05/1999		05/2000
Crush	430	635	500	850	0	850
Extr. Rate	0.4395349	0.4047244	0.316	0.4047059	ERR	0.4047059
Beginning Stocks	0	0	0	0	0	0
Production	189	257	158	344	0	344
MY Imports	185	153	235	61	0	66
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	374	410	393	405	0	410
MY Exports	0	50	0	40	0	40
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	374	360	393	365	0	370
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	374	360	393	365	0	370
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	374	410	393	405	0	410
Calendar Year Imports	185	153	185	61	0	66
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	50	0	40	0	40
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country:		Units:	metric tons
Commodity:	Sun Oil		
Time period:	Jan-Dec		
Imports for	1997		1998
U.S.		U.S.	6256
Others		Others	
Argentina	225161	Argentina	140670
		Switzerland	4375
Total for Others	225161		145045
Others not listed	1050		1815
Grand Total	226211		153116

Export Trade Matrix			
Country:		Units:	Metric tons
Commodity:	Sun Oil		
Time period:	Jan-Dec		
Exports for	1997		1998
U.S.		U.S.	
Others		Others	
Malawi	39175	Zambia	18852
Zimbabwe	6359	Zimbabwe	13541
Kongo	5152	Malawi	10540
Total for Others	50686		42933
Others not listed	8680		6845
Grand Total	59366		49778