

Required Report: Required - Public Distribution

Date: April 01, 2021

Report Number: SF2021-0022

Report Name: Oilseeds and Products Annual

Country: South Africa - Republic of

Post: Pretoria

Report Category: Oilseeds and Products

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Report Highlights:

Post predicts that South Africa's positive trend in soybean plantings will continue in the 2021/22 MY in line increased local crushing capacity. The COVID-19 pandemic has not impacted the industry in the 2020/21 MY, as soybean production is expected to increase by almost 40 percent to a historical high level of 1.7 million tons on a record planted area and favorable weather conditions. As a result, South Africa will crush a record 2.2 million tons of oilseeds, producing 1.5 million tons of oilseed meal in the 2020/21 MY. Due to the increase in local production, soybean meal imports are expected to drop to the lowest level in the past two decades at 350,000 tons for both the 2021/22 MY and 2020/21 MY. Post predicts that sunflower area will move back to trend line and increase by 15 percent in the 2021/22 MY, after an expected 12 percent drop in sunflower production to 696,290 tons in the 2020/21 MY. As a result, Post expects edible oil imports to drop to 940,000 tons in the 2021/22 MY.

Executive Summary

Post predicts the positive trend in soybean plantings over the past 20 years in South Africa will continue in the 2021/22 MY¹, but at a slower rate. South Africa is expecting a historically high soybean crop of 1.7 million tons in the 2020/21 MY on a record planted area and favorable weather conditions. This bumper crop will put downward pressure on local soybean prices, which will influence producers' decisions on the area to be planted with soybeans later in 2021, for the 2021/22 MY. Hence, Post forecasts a marginal increase of three percent to 850,000 hectares in the area planted with soybeans in the 2021/22 MY. Under normal climatic conditions and average yields, another soybean crop of about 1.7 million tons could be realized in the 2021/22 MY.

There was a definite decline in sunflower plantings over the past five years in South Africa. However, with an expected 12 percent drop in sunflower seed production in the 2020/21 MY and a sharp increase in local sunflower seed prices, Post predicts that sunflower area will move back to trend line and increase by 15 percent to 545,000 hectares in the 2021/22 MY. Under normal climatic conditions and average yields, a sunflower seed crop of about 780,000 tons, 12 percent more than the previous season, could be realized in the 2021/22 MY.

Due to increased soybeans and sunflower production, Post forecasts that South Africa will have a record 1.5 million tons of locally produced oilseed meal available in the 2021/22 MY, after crushing a record 2.3 million tons of oilseeds. In the 2020/21 MY, Post estimates South Africa will crush 2.2 million tons of oilseeds, producing just short of 1.5 million tons of oilseed meal. Hence, Post forecasts that soybean meal imports will drop to its lowest level over the past two decades to 350,000 tons in the 2021/22 MY and 2020/21 MY. As a result, soybean meal imports will decline from contributing more than 80 percent of local usage 10 years ago to contributing only 25 percent of usage. In addition, Post expects South Africa's edible oil imports to drop to 940,000 tons in the 2021/22 MY. Locally produced edible oil represents about 40 percent of local consumption.

US\$1 = Rand 14.84 (3/24/2021)

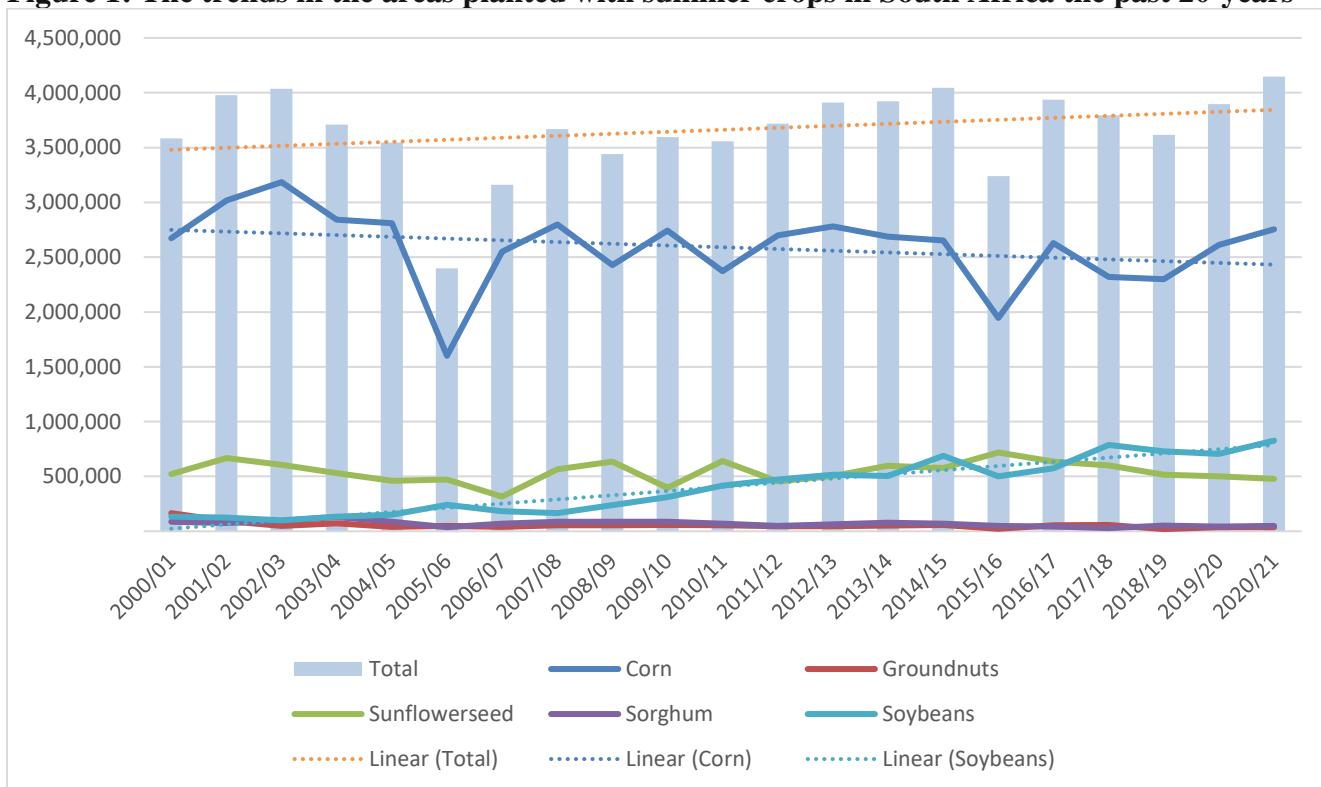
¹*The marketing years (MY) used in the text refers to the USDA marketing years in the PS&D table, and do not necessarily correspond with the marketing years used by the South African oilseed industry.*

Total Oilseeds

Production

South Africa experienced a definite positive trend in the area planted with summer rainfall field crops over the past two decades that culminated in a 20-year high in the 2020/21 MY. This positive trend in area planted is mainly driven by an increase in soybean plantings (see also Figure 1). In the 2020/21 MY, farmers planted a record area of 827,100 hectares with soybeans, an increase of 17 percent from the previous marketing year. Twenty years ago, South African farmers planted a mere 134,000 hectares with soybeans. Sunflower area stayed relatively flat during the past 20 years, while there was a definite decline in the areas planted with corn, peanuts and sorghum. In the past decade, however, South Africa invested on expanding its soybean processing capacity to replace soybean meal imports. 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. Due the demand-pull from the investments and the increased affinity by farmers to use soybeans as a rotational crop with corn, soybean plantings increased by more than 6-fold in the past 20 years.

Figure 1: The trends in the areas planted with summer crops in South Africa the past 20-years



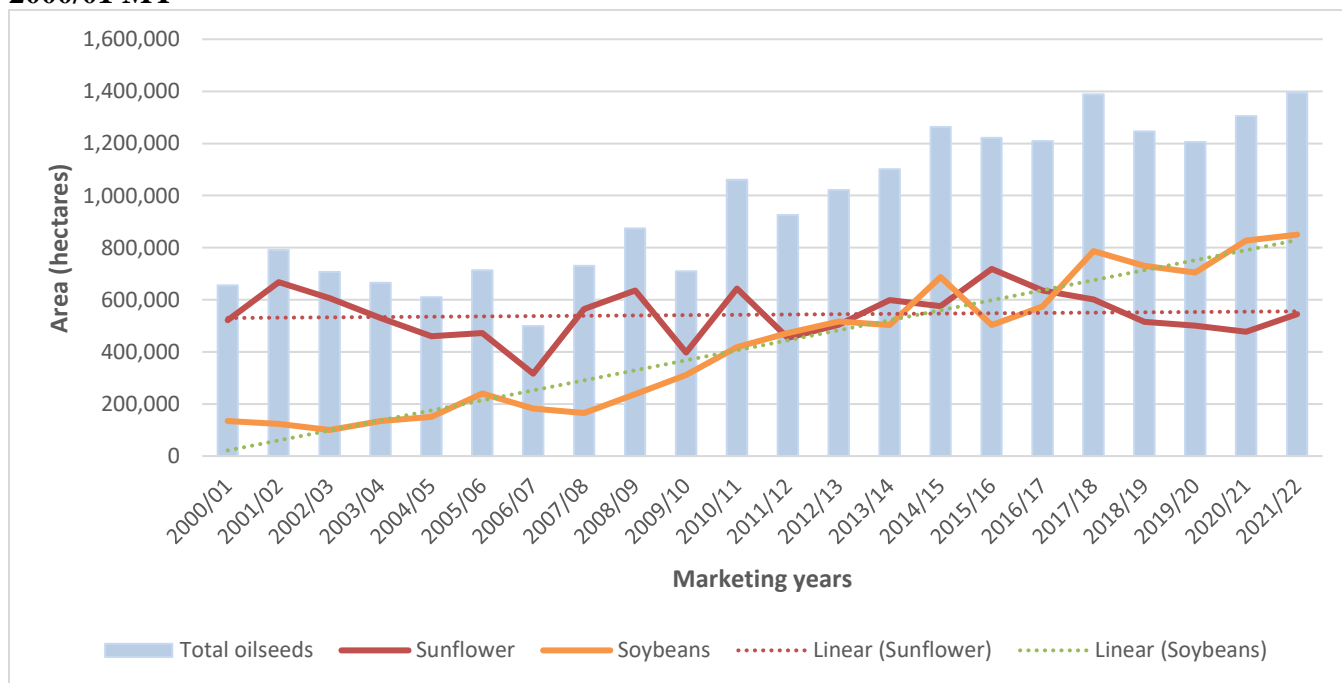
Source: Department of Agriculture, Land Reform and Rural Development

Post predicts that the positive trend in soybean plantings will continue in the 2021/22 MY, but at a slower rate. South Africa is expecting a record soybean crop in the 2020/21 MY. This bumper crop will put downward pressure on local soybean prices, which will influence producers' decisions on the area to

be planted with soybeans later in 2021, for the 2021/22 MY. Hence, Post forecasts a marginal increase of three percent to 850,000 hectares in the area planted with soybeans in the 2021/22 MY (see also Figure 2). Under normal climatic conditions and an assumed 5-year average yield of 1.9 tons per hectare, a soybean area of 850,000 hectares could realize a soybean crop of just below 1.7 million tons in the 2021/22 MY (see also Figure 3). From being one of the most expanding sector in South African agricultural industry over the past two decades, the soybean industry is moving closer to self-sufficiency and expansion in the next couple of years are expected to occur at a much slower rate as the sensitive balance between supply and demand is discover.

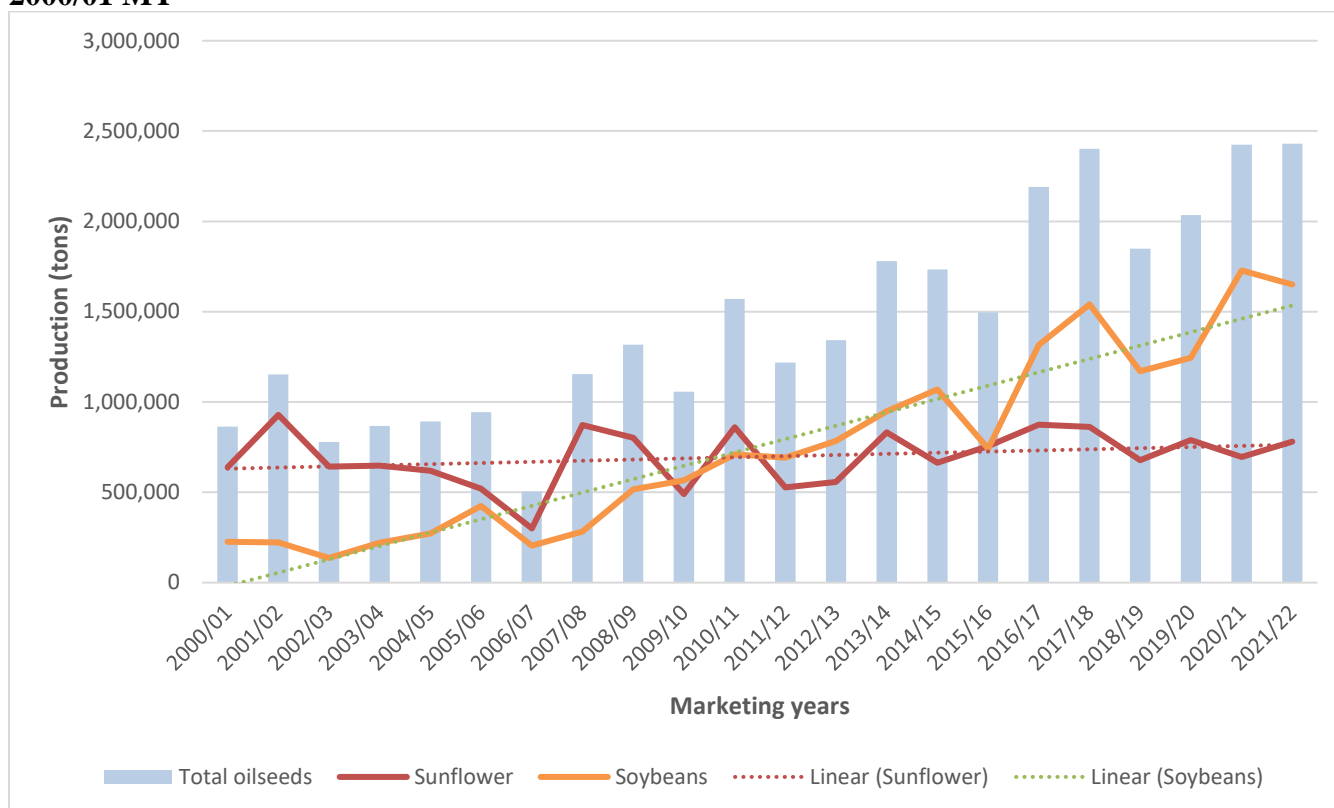
There was a definite decline in sunflower plantings the past five years in South Africa (see Figure 2). The sunflower market in South Africa is mature and finely balanced. When prices increase towards import parity levels, expansion occurs, but this typically causes a correction in the market and prices decline to export parity levels. As a result, profitability deteriorates and producers start cutting back on sunflower area. During past five years, South Africa produced decent sunflower seed crops, including a 15-year high crop in the 2016/17 MY, pushing sunflower seed prices to export parity levels (see also Figure 6). As a result, producers cut sunflower area by 25 percent since the 2016/17 MY. However, with an expected 12 percent drop in sunflower production in the 2020/21 MY and a sharp increase in local sunflower seed prices, Post expects that sunflower area will move back to trend line and increase by 15 percent to 545,000 hectares in the 2021/22 MY. Under normal climatic conditions and an assumed 5-year average yield of 1.4 tons per hectare, an area of 545,000 hectares could realize a sunflower seed crop of about 780,000 tons (see also Figure 3).

Figure 2: Trends in the area planted with soybeans and sunflower seeds in South Africa from the 2000/01 MY



Source: South African Grain Information Services (Sagis)

Figure 3: Trends in the production of soybeans and sunflower seeds in South Africa from the 2000/01 MY



Source: Sagis

South Africa had an exceptional start to the 2020/21 MY, with widespread rains during October 2020 and November 2020 ensuring summer crop producers completed plantings on time. Favorable weather conditions continued into February 2021 over most of the summer rainfall production region, providing conducive growing conditions that have impacted positively on anticipated yields. On March 25, 2021, the South African Crop Estimates Committee (CEC) released the second commercial production estimate for South Africa’s summer rainfall crops. According to the CEC, the South African producers planted 477,800 hectares of sunflower seed, a drop of six percent from the previous marketing year. As already mentioned, relatively large sunflower seed crops the past five years, pushed local sunflower seed prices towards export parity, influencing producers’ decision to cut sunflower area. As a result of the decline in area, sunflower seed production is expected to drop by 12 percent to 696,290 tons. On the other hand, the CEC estimates a 17 percent increase in soybean area in the 2020/21 MY to a record level of 827,100 hectares. Other than sunflower seed, local soybean prices were trading close to import parity levels during most of 2020, encouraging producers to increase soybean area. Due to the record area and favorable weather conditions, soybean production is expected to increase by almost 40 percent to a historical high level of 1.7 million tons.

In terms of the 2019/20 MY, on February 11, 2021, the CEC finalized South Africa’s summer rainfall crops. The CEC finalized the size of the 2019/20 MY soybean and sunflower crops at 1.2 million tons and at 788,500 tons, respectively, keeping it basically on the same levels as the final estimate that was

published in November 2020. The CEC finalizes South Africa’s summer rainfall crops annually in February after considering total producer deliveries and on-farm usage.

The following table contains area planted, yields and production figures for sunflower seed and soybeans for the 2019/20 MY (actual), 2020/21 MY (estimate) and 2021/22 MY (forecast).

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

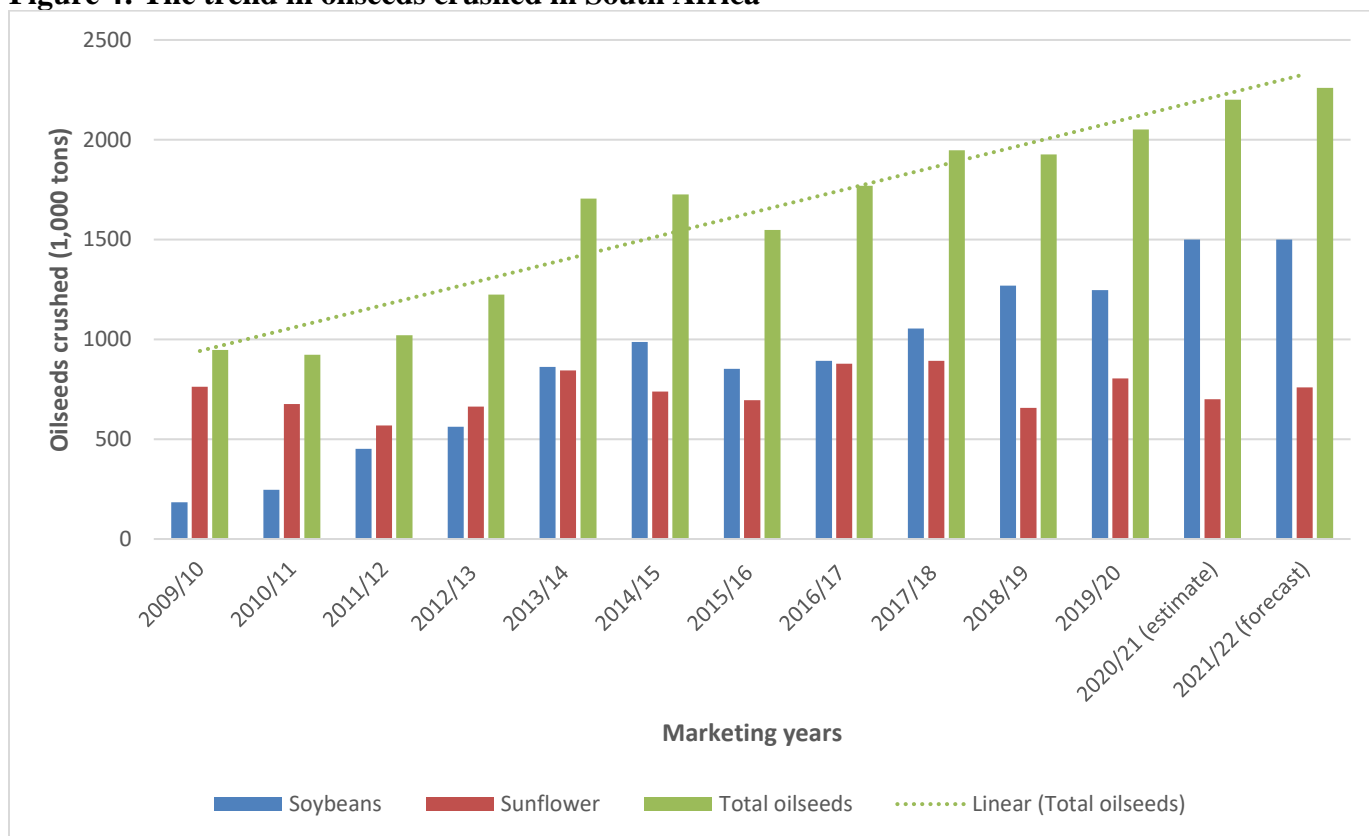
Oilseeds	Area (1,000ha)	Yield (MT/ha)	Prod (1,000 MT)	Area (1,000ha)	Yield (MT/ha)	Prod (1,000 MT)	Area (1,000ha)	Yield (MT/ha)	Prod (1,000 MT)
	2019/20 MY			2020/21 MY			2021/22 MY		
Sunflower	500	1.6	789	478	1.5	696	545	1.4	780
Soybeans	705	1.8	1,246	827	2.1	1,728	850	1.9	1,650
TOTAL	1,205	1.7	2,035	1,305	1.9	2,424	1,395	1.7	2,430

Source: CEC

Consumption

The bulk of oilseeds, such as soybeans and sunflower, 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. In contrast soybeans yield higher protein and are mainly used by the animal feed sector. Post forecasts that South Africa will crush a record 2.3 million tons of oilseeds in the 2021/22 MY, on an increase in local production. This is three percent higher than the estimated 2.2 million tons that will be crushed in the 2020/21 MY. In the 2019/20 MY, South Africa crushed 2.1 million tons of oilseeds. Figure 4 illustrates the rising trend in oilseeds crushed in South Africa after investments the past decade to increase the oilseed processing capacity. Table 2 illustrates the domestic utilization of sunflower seed and soybeans in South Africa for the 2019/20 MY (actual), 2020/21 MY (estimate) and 2021/22 MY (forecast).

Figure 4: The trend in oilseeds crushed in South Africa



Source: Sagis

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

Oilseeds (1,000 MT)	Sunflower	Soybeans	Total	Sunflower	Soybeans	Total	Sunflower	Soybeans	Total
	2019/20MY			2020/21MY			2021/22MY		
Crush	805	1,247	2,052	700	1,500	2,200	760	1,500	2,260
Food	2	23	25	2	25	27	2	25	27
Animal feed	5	145	150	5	150	155	5	150	155
Seed	2	10	12	3	10	13	3	10	13
Other	2	15	17	2	1	3	2	20	3
Exports	1	1	2	1	1	2	1	1	2
TOTAL	817	1,441	2,258	713	1,687	2,400	773	1,687	2,460
Imports	1	116	117	1	0	1	0	0	0

Source: Sagis & Grain SA

As already mentioned, almost the entire local sunflower seed crop in South Africa 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 5 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.

With the increase in crushing capacity and soybean production, South Africa crushed a record 1.3 million tons of soybeans in the 2018/19 MY. Post estimates South Africa will better this record in both the 2021/22 MY and 2020/21 MY to 1.5 million tons on increased local soybean production.

Total soybean processing capacity in South Africa, estimated at more than two 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 increased soybean volumes, provided that crush margins are sufficient to induce a switch of dual plants into soybean crushing.

Trade

Generally, South Africa's trade in sunflower seed is relatively small as local production is destined mainly for local processing and imports are directed to sunflower oil. For example, South Africa's trade in sunflower seeds in the 2019/20 MY was less than 1,000 tons. Post expects that this limited trade in sunflower seeds will continue in the 2020/21 MY and 2021/22 MY.

Despite the rapid expansion in area, soybean imports remain necessary for processors to attain acceptable utilization rates. As a result, South Africa imported about 116,000 tons of soybeans in the 2019/20 MY to supplement local production. Brazil (55,000 tons) and the United States (52,667 tons) were the two major suppliers of soybeans to South Africa in the 2019/20 MY. However, Post doesn't expect any imports of soybeans in the 2020/21 MY and 2021/22 MY on a sharp increase in local soybean production.

Prices

From the middle of 2020, local soybean prices started to move towards already increasing import parity prices levels, giving farmers enough incentive to increase soybean area to a record level. However, since mid-February 2021, local soybean prices started to move towards export parity levels, dropping by 21 percent, when industry role-players realized there is a strong possibility for a record soybean crop in South Africa. However, local soybean prices are supported by increased export parity price levels, mainly driven by higher global oilseed prices and a relatively weak domestic exchange rate. As a result, local soybean prices are still 15 percent higher than a year ago.

On the other hand, local sunflower seed prices were trading at export parity levels from the beginning of 2020, putting downward pressure on the area planted. However, as with soybean prices, sunflower seed prices are supported by increased export parity price levels, mainly driven by higher global oilseed prices and a relatively weak domestic exchange rate. As a result, local sunflower seed prices are currently trading 60 percent higher than a year ago.

Table 3 indicates the current and future prices of South African soybeans and sunflower seed as on March 24, 2021, while Figure 5 and Figure 6 illustrates the trends in the local prices for soybeans and sunflower seed since January 2018.

Local oilseed prices will continue to move with export parity levels as the season continues and will be influenced by the international price of oilseeds as well as global events that will have an impact on South Africa’s volatile exchange rate. South Africa’s oilseed market operates in a relatively free market environment, where local and international factors have an impact on local prices.

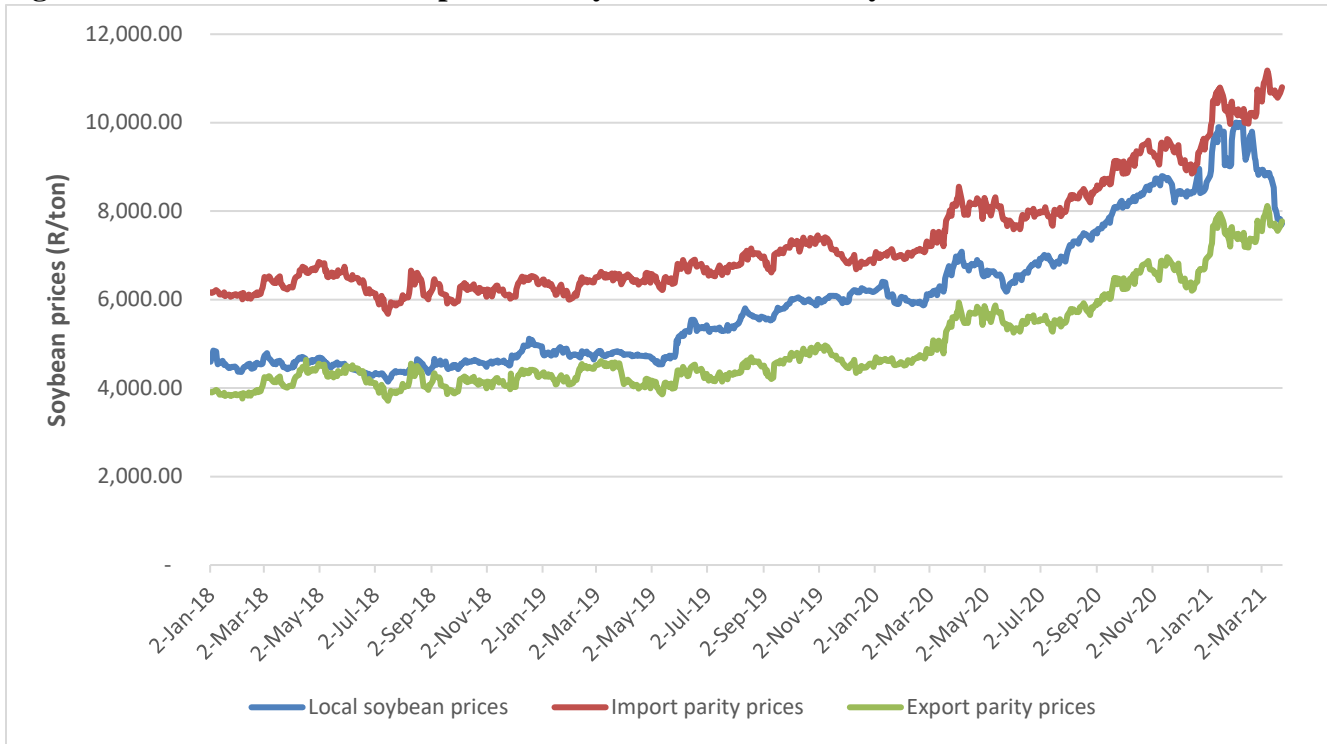
Table 3: Local oilseed prices

Commodity	Futures prices (year/month)			
	2021/03	2021/05	2021/07	2021/09
Soybeans	R7,717/t (\$520/t)	R7,703/t (\$519/t)	R7,796/t (\$525/t)	R7,872/t (\$530/t)
Sunflower seed	R9,354/t (\$630/t)	R9,072/t (\$611/t)	R9,147/t (\$616/t)	R9,172/t (\$618/t)

Source: GrainSA (as of 03/24/2021)

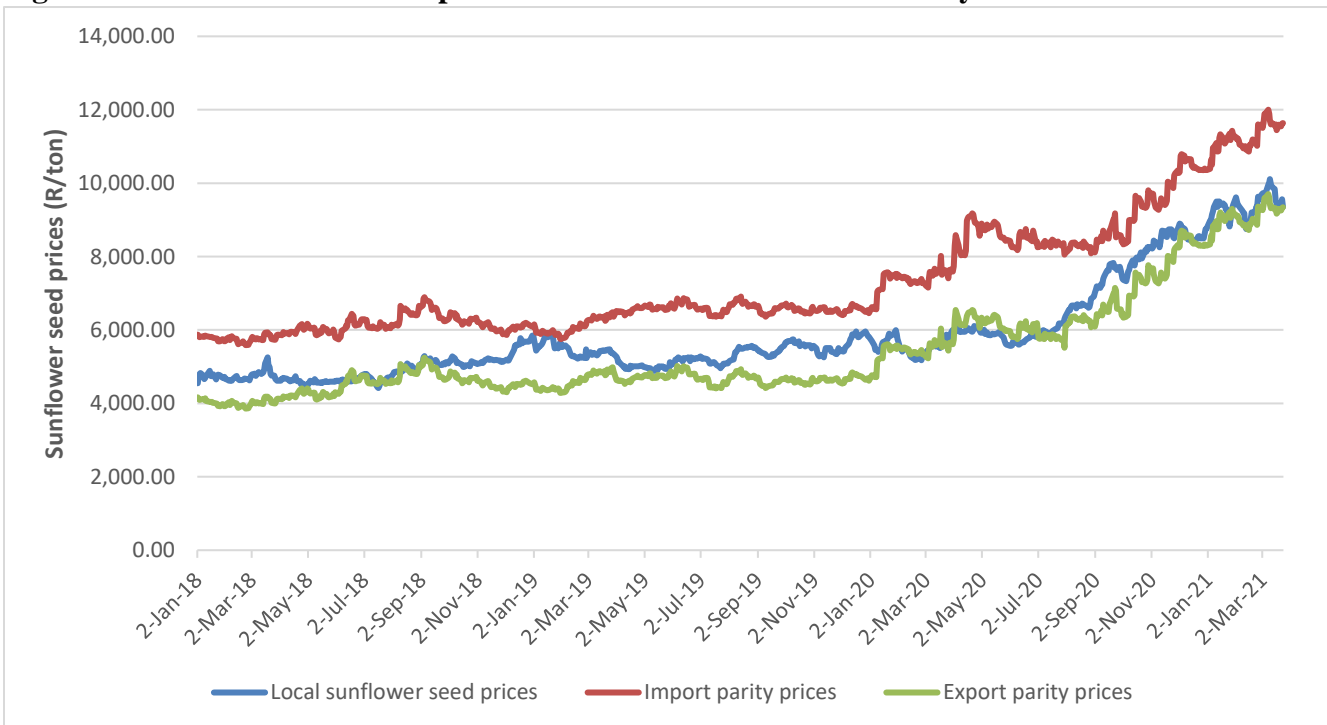
Note: US\$1 = Rand 14.84

Figure 5: The trend in the local price for soybeans since January 2018



Source: GrainSA

Figure 6: The trend in the local price for sunflower seeds since January 2018



Source: GrainSA

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

Oilseed, Soybean Market Begin Year South Africa	2019/2020		2020/2021		2021/2022	
	Mar-20		Mar-21		Mar-22	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	705	705	830	827	0	850
Area Harvested	705	705	830	827	0	850
Beginning Stocks	128	128	63	49	0	90
Production	1246	1246	1625	1728	0	1650
MY Imports	10	116	10	0	0	0
Total Supply	1384	1490	1698	1777	0	1740
MY Exports	5	1	5	1	0	1
Crush	1100	1247	1325	1500	0	1500
Food Use Dom. Cons.	30	23	30	25	0	25
Feed Waste Dom. Cons.	186	170	225	161	0	161
Total Dom. Cons.	1316	1440	1580	1686	0	1686
Ending Stocks	63	49	113	90	0	53
Total Distribution	1384	1490	1698	1777	0	1740
Yield	1.77	1.77	1.96	2.09	0.00	1.94

(1000 HA) ,(1000 MT) ,(MT/HA)

Table 5: Production, supply and demand for sunflower seed in South Africa

Oilseed, Sunflower seed Market Begin Year South Africa	2019/2020		2020/2021		2021/2022	
	Mar-20		Mar-21		Mar-22	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	510	510	520	478	0	545
Area Harvested	500	500	475	478	0	545
Beginning Stocks	90	90	127	63	0	47
Production	789	789	715	696	0	780
MY Imports	1	1	0	1	0	0
Total Supply	880	880	842	760	0	827
MY Exports	1	1	1	1	0	1
Crush	730	805	730	700	0	760
Food Use Dom. Cons.	1	2	1	2	0	2
Feed Waste Dom. Cons.	21	9	25	10	0	10
Total Dom. Cons.	752	816	756	712	0	772
Ending Stocks	127	63	85	47	0	54
Total Distribution	880	880	842	760	0	827
Yield	1.58	1.58	1.51	1.46	-	1.43

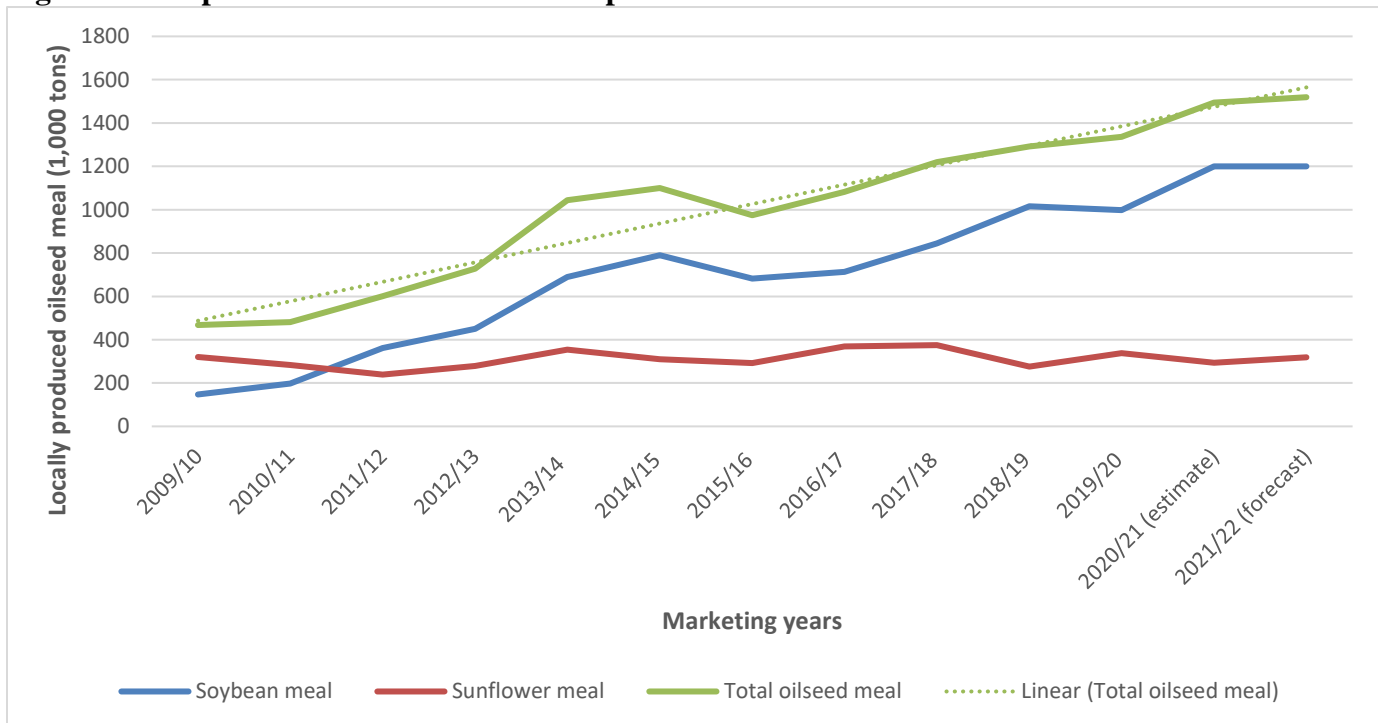
(1000 HA) ,(1000 MT) ,(MT/HA)

Total Meals

Production

Post forecasts that South Africa will have a record 1.5 million tons of locally produced oilseed meal available in the 2021/22 MY, after crushing 2.3 million tons of oilseeds, in line with increased local oilseed production and investments that expanded crushing capacity (see also Figure 7). In the 2020/21 MY, Post estimates South Africa will crush 2.2 million tons of oilseeds, producing just short of 1.5 million tons of oilseed meal. In the 2019/20 MY, South Africa crushed a record 2.1 million tons of oilseeds, seven percent higher than the previous season, producing 1.3 million tons of oilseed meal. In Table 6, the production of soybean and sunflower meal in South Africa is indicated for the 2019/20 MY (actual), 2020/21 MY (estimate) and 2021/22 MY (forecast). Crushing yields used includes 42 percent meal for sunflower seed and 80 percent meal for soybeans.

Figure 7: The positive trend in oilseed meal production in South Africa



Source: Own calculations

Table 6: Oilseed meal production in South Africa

Oilseeds (1,000MT)	Crushed			Meal produced		
	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
Sunflower (42% meal)	805	700	760	338	295	320
Soybean (80% meal)	1,247	1,500	1,500	998	1,200	1,200
TOTAL	2,052	2,200	2,260	1,336	1,495	1,520

Consumption

Soybean meal are the most important protein meal used by feed manufactures in South Africa and represent 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 meal 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 demand for soybean and sunflower meal to 1.7 million tons in the 2020/21 MY and 2021/22 MY. In the 2019/20 MY, South Africa consumed an estimated 1.6 million tons of soybean and sunflower meal. 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 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 Table 7, the estimated consumption of soybean meal and sunflower meal in South Africa is shown for the 2019/20 MY (actual), 2020/21 MY (estimate) and 2021/22 MY (forecast).

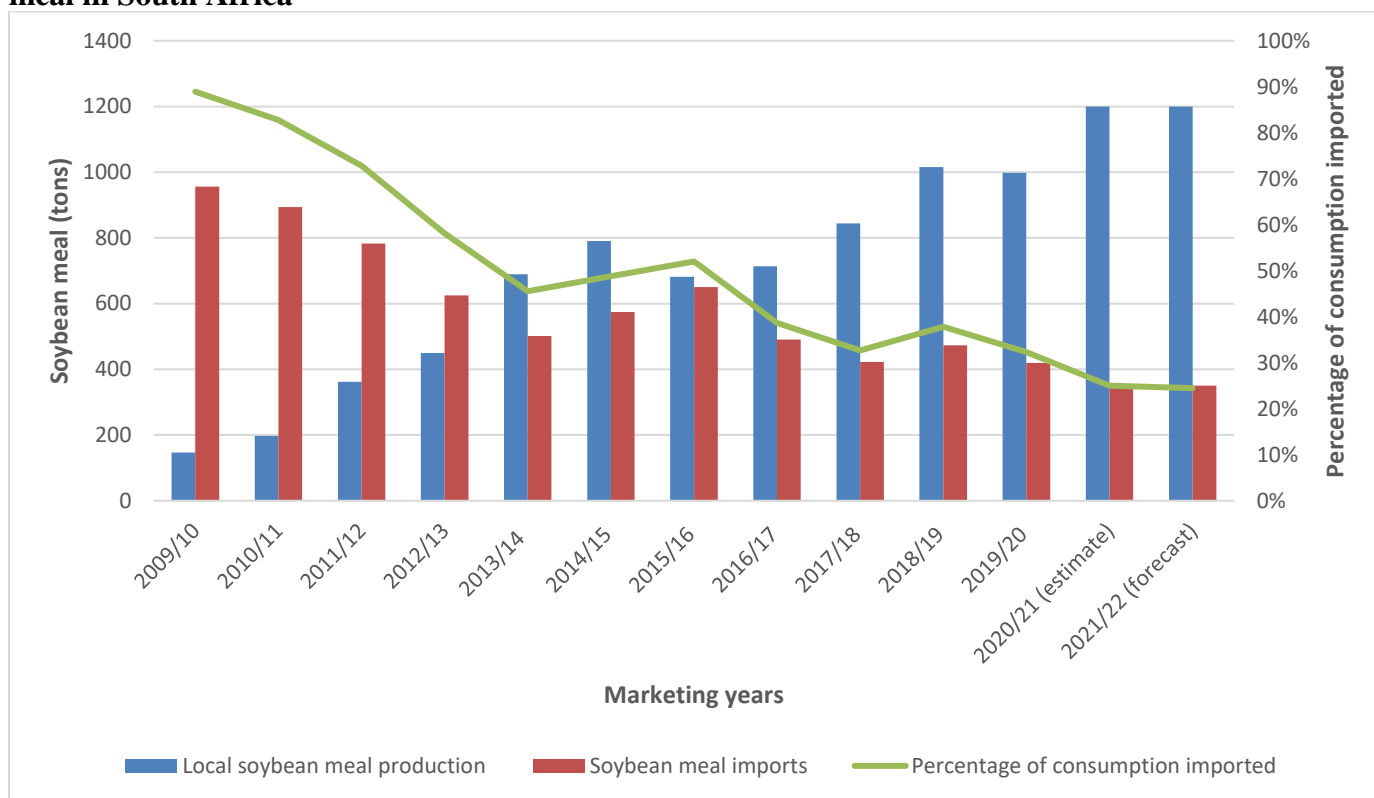
Table 7: The consumption of soybean meal and sunflower meal in South Africa

Oilseeds (1,000MT)			
Marketing year	2019/20	2020/21	2021/22
Soybean meal	1,300	1,400	1,430
Sunflower meal	330	280	310
TOTAL	1,630	1,680	1,740

Trade

Post forecasts that South Africa's soybean meal imports will drop to the lowest level the past two decades at 350,000 tons in both the 2021/22 MY and 2020/21 MY, as a record of 1.5 million tons of soybeans will be crushed locally. As a result, soybean meal imports will decline from contributed more than 80 percent of local usage 10 years ago to contributing only 25 percent of usage. 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 could enable South Africa to become fully self-sufficient in terms of soybean meal. Soybean meal imports in the 2019/20 MY is estimated at 420,000 tons. South Africa imports almost all of its soybean meal from Argentina.

Figure 8: The trend in the replacement of soybean meal imports with locally produced soybean meal in South Africa



Sources: Trade Data Monitor, Sagis and own calculations

Sunflower meal imports are expected to stay constant at around 10,000 tons in both the 2021/22 MY and 2020/21 MY, as oilseed meal imports will be dominated by soybean meal imports. As already mentioned, soybean meal have grown to dominate the oilseed meal complex in South Africa, with utilization expanding from approximately 550,000 tons 20 years ago to 1.4 million tons in the 2021/22 MY. In the 2019/20 MY, South Africa imported an estimated 13,000 tons of sunflower meal, mainly from Argentina.

Post estimates, South Africa will export about 140,000 tons of oilseed meal (120,000 tons of soybean meal and 20,000 tons of sunflower meal) mainly to neighboring countries in the 2021/22 MY and in the 2020/21 MY. In the 2019/20 MY, South Africa exported 130,000 tons of oilseed meal (110,000 tons of soybean meal and 20,000 tons of sunflower meal) to neighboring countries.

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

Meal, Soybean Market Begin Year South Africa	2019/2020		2020/2021		2021/2022	
	Mar-20		Mar-21		Mar-22	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1100	1247	1325	1500	0	1500
Extr. Rate, 999.9999	0.79	0.80	0.79	0.80	0	0.80
Beginning Stocks	25	25	6	33	0	63
Production	868	998	1045	1200	0	1200
MY Imports	515	420	520	350	0	350
Total Supply	1408	1443	1571	1583	0	1613
MY Exports	102	110	108	120	0	120
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1300	1300	1425	1400	0	1430
Total Dom. Cons.	1300	1300	1425	1400	0	1430
Ending Stocks	6	33	38	63	0	63
Total Distribution	1408	1443	1571	1583	0	1613
(1000 MT), (PERCENT)						

Table 9: Production, supply and demand for sunflower seed meal in South Africa

Meal, Sunflower seed Market Begin Year South Africa	2019/2020		2020/2021		2021/2022	
	Mar-20		Mar-21		Mar-22	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	730	805	730	700	0	760
Extr. Rate, 999.9999	0.42	0.42	0.42	0.42	0	0.42
Beginning Stocks	24	24	24	25	0	30
Production	310	338	310	295	0	320
MY Imports	25	13	15	10	0	10
Total Supply	359	375	349	330	0	360
MY Exports	20	20	20	20	0	20
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	315	330	300	280	0	310
Total Dom. Cons.	315	330	300	280	0	310
Ending Stocks	24	25	29	30	0	30
Total Distribution	359	375	349	330	0	360
(1000 MT), (PERCENT)						

Total Oils

Production

Post estimates that South Africa will produce almost 558,000 tons of sunflower and soybean oil in the 2021/22 MY on higher local oilseed production. This is four percent more than the 535,000 tons of sunflower and soybean oil Post estimates South Africa will produce in the 2020/21 MY. In the 2019/20 MY, South Africa produced an estimated 530,000 tons of sunflower and soybean oil, an increase of 11 percent from the previous marketing year. In Table 10, the production of soybean and sunflower oil in South Africa is indicated for the 2019/20 MY (actual), 2020/21 MY (estimate) and 2021/22 MY (forecast). Crushing yields used include 38 percent oil for sunflower seed and 18 percent oil for soybeans.

Table 10: Oilseed oil production in South Africa

Oilseeds (1,000MT)	Crushed			Oil produced		
Marketing year	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22
Sunflower (38% oil)	805	700	760	306	265	288
Soybean (18% oil)	1,247	1,500	1,500	224	270	270
TOTAL	2,052	2,200	2,260	530	535	558

Consumption

South Africa consumes about 1.4 million tons of edible oil per annum. Post estimates that the consumption of edible oil will grow only marginally in the 2021/22 MY and in the 2020/21 MY. As a higher value food product, the demand for edible oils is sensitive to changes in consumer spending power and with South Africa's economic growth rate expected to remain sluggish in the next couple of years a marginal increase in consumption is projected.

Palm oil imports continue to play an important role in the South African edible oil consumption mix. Since the 2009/10 MY, palm oil imports have increased from 340,000 tons to 480,000 tons in the 2019/20 MY – an increase of more than 40 percent. As a result, the share of palm oil in the total edible oil consumption mix of South Africa increased to around 35 percent in the 2019/20 MY. South Africa imports palm oil mainly from Indonesia and Malaysia. The other two major edible oils consumed in South Africa are soybean oil and sunflower seed oil. Together these two oils represent about 60 percent of the consumption of edible oil in South Africa of which two-thirds are locally produced. While sunflower oil and soybean oil compete with palm oil in the consumption basket, palm oil is not produced in South Africa and as an affordable alternative, imports are expected to remain significant.

In Table 11, the consumption of soybean oil, sunflower oil, palm oil and other vegetable oils in South Africa are indicated for the 2019/20 MY, 2020/21 MY and 2021/22 MY.

Table 11: The consumption of soybean oil, sunflower oil and palm oil in South Africa

Oilseeds (1,000MT)			
Marketing year	2019/20	2020/21	2021/22
Sunflower oil	485	480	500
Soybean oil	310	330	330
Palm oil	460	470	480
Other oils	85	90	90
TOTAL	1,340	1,370	1,400

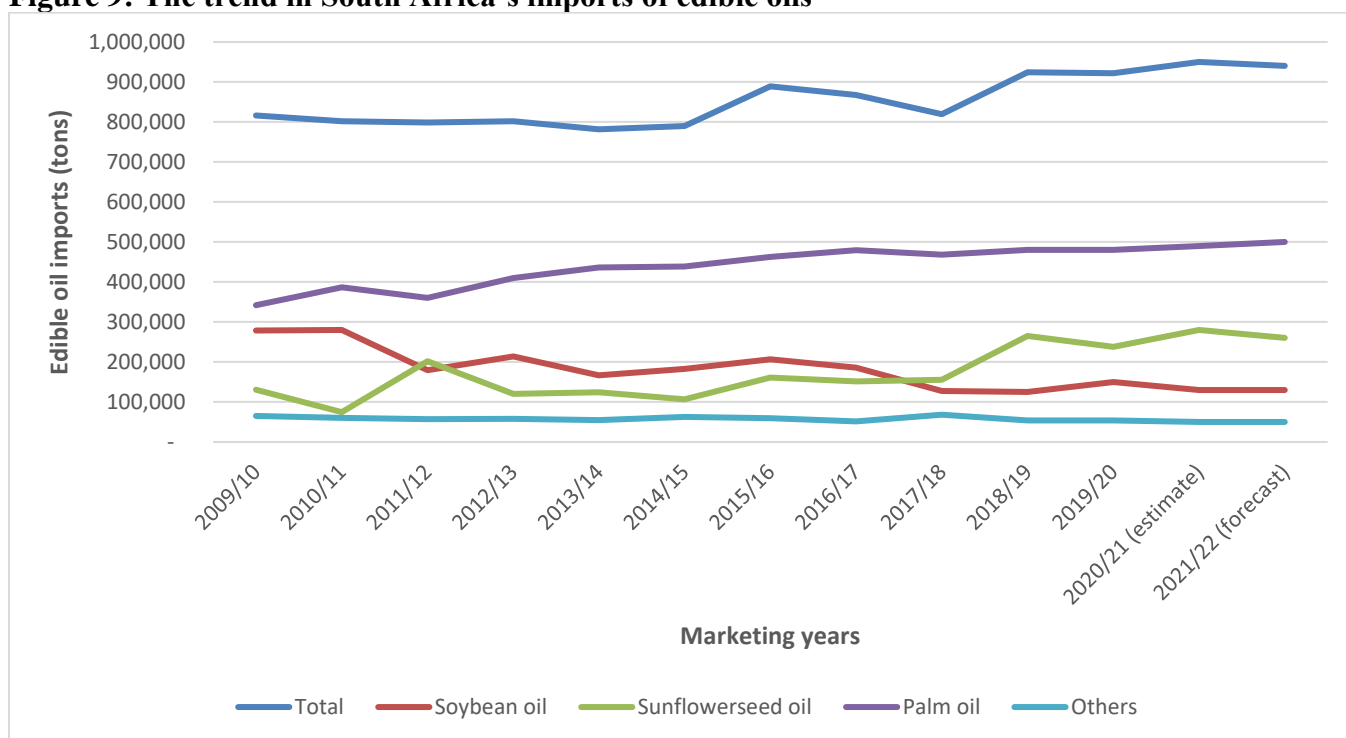
Trade

In the 2021/22 MY, Post expects South Africa's edible oil imports to drop to 940,000 tons on increased local production (see also Figure 9). Locally produced edible oil represent about 40 percent of local consumption. Soybean oil imports are forecast to be around 130,000 tons and sunflower seed oil imports at about 260,000 tons.

Edible oil imports are expected to increase by three percent in the 2020/21 MY to around 950,000 tons on an estimated 12 percent decline in local sunflower seed production. As a result, sunflower oil imports are expected to increase by 18 percent to 280,000 tons. On the other hand, soybean oil imports are expected to decrease by 13 percent on increased local soybean oil production. South Africa imported an estimated 150,000 tons of soybean oil and 238,000 tons of sunflower oil in the 2019/20 MY. The two major countries that supplied South Africa with sunflower oil in the 2019/20 MY 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 the 2019/20 MY, South Africa exported an estimated 60,000 tons of sunflower seed oil and 65,000 tons of soybean oil. Edible oil exports in the 2020/21 MY and 2021/22 MY are expected to stay at the same levels of around 60,000 tons of sunflower oil and 65,000 tons of soybean oil.

Figure 9: The trend in South Africa's imports of edible oils



Source: Trade Data Monitor

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

Oil, Soybean Market Begin Year South Africa	2019/2020		2020/2021		2021/2022	
	Mar-20		Mar-21		Mar-22	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1100	1247	1325	1500	0	1500
Extr. Rate, 999.9999	0.19	0.18	0.18	0.18	0	0.18
Beginning Stocks	31	31	20	30	0	35
Production	204	224	245	270	0	270
MY Imports	145	150	140	130	0	130
Total Supply	380	405	405	430	0	435
MY Exports	50	65	50	65	0	65
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	310	310	320	330	0	330
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	310	310	320	330	0	330
Ending Stocks	20	30	35	35	0	40
Total Distribution	380	405	405	430	0	435

(1000 MT) ,(PERCENT)

Table 13: Production, supply and demand for sunflower seed oil in South Africa

Oil, Sunflower seed Market Begin Year South Africa	2019/2020		2020/2021		2021/2022	
	Mar-20		Mar-21		Mar-22	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	730	805	730	700	0	760
Extr. Rate, 999.9999	0.42	0.38	0.42	0.38	0	0.38
Beginning Stocks	58	58	67	57	0	62
Production	306	306	306	265	0	288
MY Imports	250	238	255	280	0	260
Total Supply	614	602	628	602	0	610
MY Exports	62	60	62	60	0	60
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	485	485	500	480	0	500
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	485	485	500	480	0	500
Ending Stocks	67	57	66	62	0	50
Total Distribution	614	602	628	602	0	610
(1000 MT) ,(PERCENT)						

Attachments:

No Attachments