

### Overview of Oils and Fats

The country's oilseeds planted area is dominated by sunflower, which accounted for nearly 2/3 of the total oilseed area. Total oilseed output fluctuates from year to year, but the average output during the past three years was 1 million tonnes. In 2008, the total oilseed harvested area was 956,000 ha, of which sunflowerseed and soybean areas accounted 636,000 ha and 225,000 ha, respectively. South Africa produces about 1.4 million tonnes of oilseeds, of which sunflowerseed accounting for 60 percent or 875,000 tonnes during 2008.

Last year, approximately one million tonnes of oilseeds were crushed for meal and oil, while about 100,000 tonnes were being exported to neighboring countries like Mozambique and Zimbabwe. Some oilseeds are also being imported, which comprised mainly of soybeans and cottonseeds. These were imported mainly to supplement the shortfall in local availability. Approximately 97 percent of all sunflower seed produced in South Africa is destined the production of sunflower oil. Unlike soybean, sunflower meal is the byproduct of the oil extraction process and is generally regarded as a low-value product.

The average oils and fats production is about 500,000 tonnes per year. Its output is able to support about 50% of the domestic requirement. In 2008, a total of 507,000 tonnes of oils and fats were produced. This made up of sunflower oil, which accounted for about 289,000 tonnes, accounting for 57percent of total production. This is followed by corn (15 percent) and soybean oil (8 percent).

In terms of volume, South Africa is the leading importer of oils and fats in the African continent. Its annual imports of oils and fats is dependent on the outcome of domestic oilseed production as well as the overall international prices. Last year, a volume of nearly 680,000 tonnes of oils and fats were imported. South Africa's demand for vegetable oils normally exceeds its domestic production, thus imports of vegetable oils are expected to continue.

The composition of imports are largely palm and soybean oils. These two oils alone accounted for nearly 82 percent of overall imports. While palm oil secures the highest share in the terms of imported volumes, the last two years saw soybean oil imports gaining importance. From merely 19,000 tonnes in 2000, this had escalated to 240,000 tonnes

### Statistics

#### Production of Oils & Fats ('000 tonnes)

	2000	2002	2004	2006	2008
Sunflower	295	341	262	216	289
Corn oil	68	68	70	73	76
Soybean	22	28	21	55	40
Cotton oil	19	12	15	16	10
Others	82	95	97	95	92
Total	486	544	465	455	507

#### Imports of Oils & Fats ('000 tonnes)

	2000	2002	2004	2006	2008
Palm oil	168	237	266	292	315
Soybean	19	132	175	262	240
Tallow	18	44	25	23	20
Sunflower	128	4	93	120	46
Others	44	89	49	57	58
Total	377	506	608	754	679

#### Domestic Requirement of Oils & Fats ('000 tonnes)

	2000	2002	2004	2006	2008
Sunflower	384	326	346	301	282
Palm oil	169	235	259	292	317
Soybean	72	146	178	280	303
Corn oil	61	63	69	73	76
Tallow	43	68	51	59	57
Others	108	164	124	124	115
Total	837	1,002	1,027	1,129	1,150

#### Palm Oil Imports ('000 tonnes)

	2004	2005	2006	2007	2009
Malaysia	171	178	184	191	176
Indonesia	88	94	108	103	132
Others	8	1	1	4	7
Total	266	274	292	298	315

#### Soybean Oil Imports ('000 tonnes)

	2004	2005	2006	2007	2009
Argentina	87	83	214	174	113
Brazil	83	135	44	91	108
Others	5	2	5	8	19
Total	175	220	262	274	240

Source: Oil World

# SOUTH AFRICA

## OILS & FATS BRIEF PROFILE

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last year. Most of the soybean oil is imported from Argentina and Brazil.

During the period 2000–2008, palm oil imports into South Africa have recorded an average compounded growth of about 8.2 percent per annum. In 2008, palm oil imports reached 315,000 tonnes. Malaysia is still the major supplier of palm oil to South Africa, despite its share being encroached by Indonesia.

Most of the palm oil products imported from Malaysia are in the form of RBD palm olein and palm stearin. These two products account for about 75% of Malaysia's exports. RBD palm olein mainly goes into the edible applications such as production of margarine and deep frying purposes, while RBD palm stearin is basically for the solid fats segment. For the manufacturing of toilet soaps and laundry soaps, some small amounts of RBD palm stearin and palm fatty acid are being used.

Imports of Palm Oil from Malaysia (tonnes)		
	2008	Jan-Oct 2009
RBD Palm Olein	82,170	59,462
RBD Palm Stearin	34,785	19,461
PFAD	28,990	4,086
Others	11,005	6,801
<b>Total</b>	<b>156,950</b>	<b>89,810</b>

Source: MPOB

The consumption of oils and fats has witnessed a moderate growth, registering an average compounded annual growth rate of 4.05 percent per annum during 2000-2008. Per capita consumption has reached 23kg for this 49 million-people country. Sunflower oil being a home-grown oil, was the most largely consumed and preferred vegetable oil prior to 2007, but this was overtaken by palm oil and soybean oil in 2008. It is evident that both palm and soybean oils are gaining popularity at the expense of sunflower oil, mainly driven by prices.

In 2008, a volume of 282,000 tonnes of sunflower oil were consumed, constituting nearly 25 percent of the total oils and fats consumption. Consumption of palm oil was the highest last year, accounting for 28 percent or 317,000 tonnes.

Palm oil consumption has recorded an average yearly growth of 8.18 percent during 2000-2008. The growing importance of palm oil, where its share in the overall oils and fats consumption has grown from 20 percent in 2000 to the current 28 percent, is mainly attributed to its price competitiveness and technical properties when blended with other vegetable oils. Palm oil has certainly gained

### COUNTRY AT A GLANCE



#### Basic Statistics

Area: 1,219,090 km<sup>2</sup>

Capital: Pretoria

Major cities: Durban, Johannesburg, Cape Town, Ports: .

Population: 49,052,489 (Jul 2009 est)

Urban population: 61% of total population

Population Growth: 0.281% (2009 est)

GDP: US\$ 277.2 billion (2008 est)

GDP per capita (PPP): US\$ 10,100 (2008 est)

GDP Real Growth: 3.1% (2008 est)

Total Exports: US\$ 86.12 billion (2008 est)

Commodities: Gold, diamonds, platinum, machinery & equipment

Total Imports: US\$ 90.57 billion (2008 est)

Commodities: Machinery & equipment, chemicals, petroleum products, foodstuffs.

Currency: Rand (ZAR)

Exchange Rate: ZAR 7.564 per US\$1 (7 Nov '09)

Source: World Factbook [www.cia.gov](http://www.cia.gov)

popularity in the food industry – from the baking industry to the fast food industry where it is used for frying.

Soybean oil consumption has recorded the most impressive growth of about 19.6 percent during the period between 2000 and 2008. From a mere 9 percent market share in 2000, its share dominance of 26 percent is now not too far away from that of palm oil.

South Africa is basically a liquid oil market. Cooking oil accounts for about 30-25 percent of the total oils and fats consumption in the country or about 370,000 tonnes in 2009 (*source: MPOC Fortune, Vol 5, 2009*). In the liquid oil/cooking oil segment, sunflower oil has dominance followed by small quantities of corn. The solid fats sector (i.e. mainly margarine & shortening) accounts for about 20-25 percent. This sector comprises of household table margarine, bakery and pastry shortenings and industrial fats, in which palm oil plays a major role. Household margarine consumption alone is estimated at about 247,300 tonnes (*source: MPOC Fortune, Vol 5, 2009*). Other usage of palm products is in the production of soaps, which is estimated at around 200,000 tonnes annually.

There are a number of reputable and established suppliers to ensure a reliable supply of high quality oil and products. For example, Hudson & Knight, a subsidiary of Sime Darby, has a state-of-the-art refinery in Boksburg, and able to supply tailor-made quality fats and oils products to the food manufacturing industry, as well as to the bakery and foodservice sectors. Other local processors include Willowton Oil, Epic Foods and Continental Oil Mills, who imports and refines crude vegetable oils and also sources local raw materials for producing its cooking oil and edible fats.

South Africa produces its own finished products using its local and imported raw materials, including palm oil and re-export to the neighboring countries. The country which has well-developed infrastructure and efficient distribution can clearly illustrates its importance as a gateway for surrounding regional markets, including landlocked countries.

Import Tariff on Major Imported Oils and Fats

HS Code	Description	Applied Rates (%)
150710	Crude soya-bean oil, whether or not degummed	10.0
150790	Soya-bean oil and its fractions, whether or not refined excluding chemically modified and crude)	10.0
151110	Crude palm oil	10.0
151190	Palm oil and its fractions, whether or not refined (excl. chemically modified and crude)	10.0
151211	Crude sunflower-seed or safflower oil	10.0
151219	Sunflower-seed or safflower oil and their fractions, whether or not refined, but not chemically modified (excl. crude)	10.0
151221	Crude cotton-seed oil	10.0
151229	Cotton-seed oil and its fractions, whether or not refined, but not chemically modified (excl. crude)	10.0
151311	Crude coconut oil	0.0
151319	Coconut oil and its fractions, whether or not refined, but not chemically modified (excl. crude)	0.0
151321	Crude palm kernel and babassu oil	0.0
151329	Palm kernel and babassu oil and their fractions, whether or not refined, but not chemically modified (excl. crude)	0.0
151610	Animal fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared	10.0
151620	Vegetable fats and oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared	5.0
151710	Margarine (excl. liquid)	10.0
151790	Edible mixtures or preparations of animal or vegetable fats or oils and edible fractions of different fats or oils (excl. fats, oils and their fractions, partly or wholly hydrogenated, inter-esterified, re-esterified or elaidinised, whether or not refined, but not further prepared, mixtures of olive oils and their fractions, and solid margarine)	10.0

Source: WTO — <http://tariffdata.wto.org/>

### References:

1. Malaysian Palm Oil Board (MPOB)
2. Malaysian Palm Oil Council (MPOC)
3. Oil World
4. USDA/FAS