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Продовольственная и
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Organización de las
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COMMITTEE ON COMMODITY PROBLEMS

31ST SESSION OF THE INTERGOVERNMENTAL GROUP ON OILSEEDS, OILS AND FATS

4-5 March 2021

OILCROPS AND DERIVED PRODUCTS: MARKET OVERVIEW

This document has been prepared by the Secretariat for review by Delegates under Agenda Item II. The document presents both a short-term outlook for the global oilcrops, oils and meals market and medium-term projections for global supply and demand of oilseeds and oilseed products.

Delegates are invited to review Secretariat's assessment and provide insights on their country's situation.

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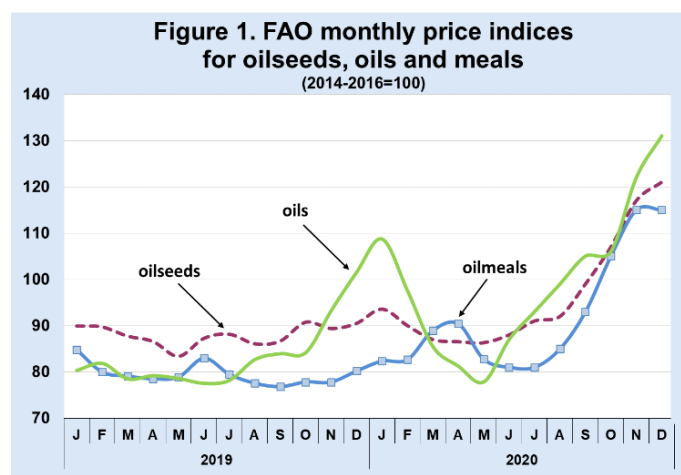
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I. SHORT-TERM MARKET OUTLOOK FOR OILSEEDS, OILS AND MEALS^{1,2}

A. PRICES

Prices in the oilcrops complex rebound markedly from mid-2020

1. After lingering at multi-year lows during the 2018/19 season (October/September), international prices of oilseeds and derived products recorded steady increases in the first couple of months in 2019/20. During the first half of 2020, the worldwide outbreak of COVID-19 generated considerable market uncertainty, prompting marked price retreats. Since mid-2020, however, international prices trailing the oilcrop complex have rebounded strongly, fuelled by unexpected resilience of demand and a tightening supply-demand outlook for the 2020/21 season. In December 2020, FAO's price indices for oilseeds, oilmeals and vegetable oils fared, respectively, 34 percent, 43 percent and 29 percent higher than their year-earlier levels.



Note: The FAO indices are based on the international prices of five selected seeds, ten selected oils and five selected cakes and meals. The indices are calculated using the Laspeyres formula; the weights used are derived from the export values of each commodity for the 2014-2016 period.

2. With regard to oilseeds, the price increases recorded at the beginning of the 2019/20 season primarily stemmed from a poor soybean crop in the United States of America (hereafter “US”) and the signing of the long-awaited ‘Phase One’ trade agreement between the US and the People’s Republic of China (hereafter “China”), which fuelled expectations of an acceleration in global soybean trade. Entering 2020, the COVID-19 pandemic resulted in uncertain market conditions. Temporary

¹ Almost the entire volume of oilcrops harvested worldwide is crushed to obtain oils and fats for human nutrition or industrial purposes, and to obtain cakes and meals that are used as feed ingredients. Therefore, rather than referring to oilseeds, the analysis of the market situation is mainly undertaken in terms of oils/fats and cakes/meals. Production data for oils and meals are derived from domestic production of the relevant oilseeds in a specific year, i.e. they do not reflect the outcome of actual oilseed crushing in a given country and period. Regarding oilseed trade, situations where oilseeds are produced in one country but crushed in another are reflected in national oil/meal consumption figures. It is important to note that data on trade in oils (meals) refer to the sum of trade in oils (meals) plus the oil (meal) equivalent of oilseeds traded. Similarly, stock figures for oils (meals) refer to the sum of oil (meal) stocks plus the oil (meal) equivalent of oilseed inventories.

² This report is based on information available up to 20 January 2021.

lockdowns imposed across the world to contain the spread of the disease cast doubts on global demand prospects. From June 2020 onwards, however, international oilseeds prices gradually recovered, mainly driven by a surge in China's soybean imports from both Brazil and the US, resulting from the restocking of China's pig herds (following its devastation by a major outbreak of African swine fever). The upward momentum in prices continued into the onset of the 2020/21 season, as unusually dry weather affecting soybean plantings in South America lent additional support to soy prices, while rapeseed and sunflowerseed prices also climbed to multi-year highs due to global supply tightness.

3. As for oilmeals, FAO's price index showed prolonged strength relative to oilseeds in early 2020, mainly reflecting tightening supplies out of Argentina on COVID-19-related logistics constraints, as well as the prospect of rising feed demand in China, tied to ongoing efforts to rebuild the country's hog herds. Towards mid-2020, oilmeal prices lost strength, mainly due to weakening feed demand in the US, where a number of meat processing plants were forced to shut down to contain the spread of COVID-19 – only to resume rising in July, following the steep upward path of the oilseeds price index.

4. With respect to vegetable oils, international prices appreciated considerably at the onset of the 2019/20 season, driven by firmer palm oil values, as tightening global supplies coincided with robust demand. However, vegetable oil quotations fell sharply from February 2020 onwards, when worldwide COVID-19-related lockdowns started weighing on edible oil demand and affected the competitiveness of biodiesel production. The sharp rebound in prices observed since June 2020 mainly reflects concerns over below-potential palm oil production in Southeast Asia amid reviving global import demand. At the same time, soyoil values were supported by a slow pace of crushings in South America, while rapeseed and sunflowerseed oil prices were underpinned by, respectively, recovering demand from both the biodiesel and food sectors in the European Union (hereafter "EU") and limited export availabilities in leading producing countries.

Table 1. World oilcrop and product markets at a glance

	2018/19	2019/20 <i>estim.</i>	2020/21 <i>f'cast</i>	Change: 2020/21 over 2019/20
	<i>million tonnes</i>			<i>%</i>
TOTAL OILCROPS				
Production	611.0	586.5	605.4	3.2
OILS AND FATS¹				
Production	241.7	233.6	241.1	3.2
Supply	283.9	274.2	275.6	0.5
Utilization	242.3	241.3	244.6	1.4
Trade ²	132.6	134.7	136.0	1.0
<i>Global stocks-to-use ratio (%)</i>	16.7	14.3	12.5	
<i>Major exporters stocks-to-disappearance ratio (%)</i>	13.4	10.6	8.6	
MEALS AND CAKES³				
Production	158.3	149.7	156.3	4.4
Supply	189.2	183.3	186.0	1.5
Utilization	152.9	157.1	160.7	2.3
Trade	98.8	105.1	105.7	0.6
<i>Global stocks-to-use ratio (%)</i>	22.0	18.9	15.6	
<i>Major exporters stocks-to-disappearance ratio (%)</i>	16.2	11.8	8.2	

¹ Includes oils and fats of vegetable, animal and marine origin.

² Trade data refer to exports based on a common October/September marketing season.

³ All meal figures are expressed in protein equivalent; meals include all meals and cakes derived from oilcrops as well as meals of marine and animal origin.

B. OILSEED PRODUCTION

Oilseed production expected to rebound in 2020/21

5. Following a marked drop in 2019/20, total oilseed production is expected to rebound in 2020/21, reaching 605 million tonnes. The increase is mostly tied to a rebound in harvested areas and, to a lesser extent, higher yields in key growing countries. More specifically, a rise in global soybean and rapeseed production is expected to more than offset a reduction in world sunflowerseed output.

6. Global soybean production is pegged at 362.2 million tonnes, recovering from last season's sharp output loss and slightly below the all-time high recorded in 2018/19. In the northern hemisphere, 2020/21 production is set to increase across all major producing countries. The US crop is reported at 112.5 million tonnes, mostly reflecting a rebound in plantings, while yields also recovered on generally favourable weather conditions. In China, soybean output rose for a seventh consecutive season, as plantings expanded further amid continued supportive policy measures. Production in India also registered a sharp recovery, propelled by increases in both yields and harvested areas. In the southern hemisphere, where harvesting just started, mixed results are expected. Brazil is anticipated to harvest a record crop, mainly driven by a further expansion in plantings due to attractive margins, whereas production in Argentina is seen declining further as a result of both below-average plantings and unusually dry weather conditions linked to La Niña.

Table 2. World production of major oilcrops

	2018/19	2019/20 <i>est.</i>	2020/21 <i>f'cast</i>	Change 2020/21 over 2019/20
	<i>million tonnes</i>			<i>%</i>
Soybean	364.6	338.7	362.2	6.9
Rapeseed	73.6	70.4	71.6	1.7
Cotton	42.7	42.7	40.7	-4.6
Groundnut	40.7	42.1	42.6	1.3
Palm kernel	18.2	17.7	18.8	6.1
Sunflower	53.3	57.5	51.5	-10.4
Copra	6.2	5.7	6.1	8.7
Total	599.3	574.8	593.5	3.3

Note: The split years bring together northern hemisphere annual crops harvested in the latter part of the first year shown, with southern hemisphere annual crops harvested in the early part of the second year shown. For tree crops, which are produced throughout the year, calendar year production for the second year shown is used.

7. As for rapeseed, global production is projected to rebound modestly. The aggregate output of the EU³ and the United Kingdom of Great Britain and Northern Ireland is seen virtually unchanged from last season's subdued level, as productivity improvements were offset by continued area contractions. Production in Canada, on the other hand, dropped for a third consecutive season. Dry conditions during the growing season resulted in a drop in yields, while plantings also decreased. By contrast, Australia reported a marked production rebound, stemming from gains in both area and yields.

³ Please note that from the 2020/21 season onward, EU is defined as EU-27 rather than EU-28.

8. In the case of sunflowerseed, global output is set to drop to a three-year low, reflecting contractions in Ukraine, the Russian Federation and the EU. Although plantings across the region expanded further, these were insufficient to compensate for considerably lower yields resulting from detrimental weather conditions in pockets of major growing areas.

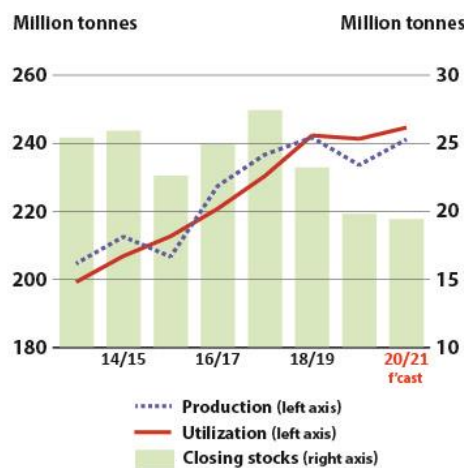
C. OILS/FATS FUNDAMENTALS ⁴

World oils/fats production set to recover in 2020/21

9. The above oilcrop forecasts will likely translate into a year-on-year increase in oils/fats production to 241.1 million tonnes, only slightly below the all-time high recorded in 2018/19. With regard to individual oils, foreseen gains in palm, soy and, to a lesser extent, palm kernel, olive and copra oils are expected to more than offset an anticipated drop in sunflowerseed oil output. As for palm oil, global output is forecast to recover from the exceptional drop registered in the previous season. In Indonesia, while COVID-19 had a negligible impact on palm oil production, the growing number of aged (less productive) oil palms, combined with slower expansion in harvested area is expected to slow the sector's growth. In Malaysia, plantations are also suffering from protracted labour force shortages – a problem accentuated by COVID-19-related measures restricting the movement of migrant workers. In the case of sunflowerseed oil, the expected sizeable decline in global output is largely tied to reduced harvests, notably in the Black Sea region.

10. Global oils/fats supplies, which comprise 2019/20 carry-out stocks, are forecast to increase fractionally year-on-year. Domestic availabilities are expected to rise in Indonesia, the US and Brazil, as production gains are expected to more than offset drops in opening stocks. By contrast, supplies in the EU and Argentina would decline for a second consecutive season, tied to reductions in both production and carry-in stocks.

Figure 2. Global oils/fats production, utilization and stocks



⁴ This section refers to oils from all origins, which – in addition to products derived from the oilcrops discussed under the section on oilseeds – includes palm oil, marine oils and animal fats.

Global oils/fats 2020/21 consumption forecast to reach record-high

11. While the impact of the ongoing COVID-19 pandemic on oils/fats demand remains difficult to predict, global 2020/21 consumption is forecast to recover from the exceptional drop observed in 2019/20 – implying a below-average growth rate.

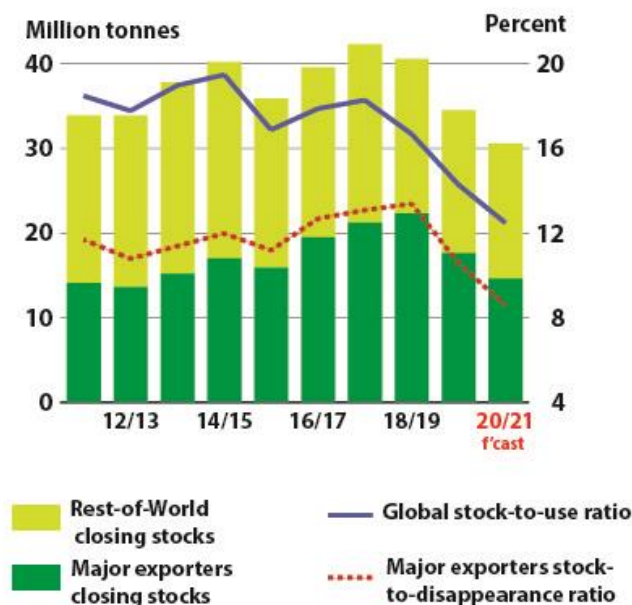
12. Growth would be driven by palm and soy oil, while utilization of sunflowerseed oil and, to a lesser extent, rapeseed and cottonseed oil may contract, based on these oils' reduced availabilities. As a group, developing countries in Asia, notably China, India and Indonesia, would be key drivers of the global expansion. Elsewhere, consumption is forecast to grow at a below-average rate in the US and Brazil, while in the EU and Argentina market uptake could fall markedly.

13. In several countries, rallying international vegetable oil prices could ration demand. Particularly, uptake from the biodiesel sector is likely to be affected by continued large price differentials between mineral oil and major vegetable oils. While discretionary blending would remain at minimal levels as a result of the reduced competitiveness of biodiesel, growth in mandatory blending is also set to slow down. For instance, in Indonesia, contrary to the original plan to raise the national admixture rate from 30 percent in 2020 to 40 percent in 2021, the shift has been postponed to 2022 at the earliest. Likewise, the implementation of Malaysia's higher blending mandates for palm oil-based diesel is yet to be fully realized.

Global inventories of oils/fats likely dropping to multi-year lows

14. With production forecast to fall short of global utilization, world ending stocks (including the oil contained in stored oilseeds) in 2020/21 are tentatively pegged at an eleven-year low of 30.7 million tonnes. Commodity-wise, inventories of soy, rapeseed and sunflowerseed oils are all expected to fall, outweighing a partial recovery of palm oil stocks. Among the main stockholding countries, inventory drawdowns are forecast for the US, Canada, Argentina and the EU, while modest stock replenishments are anticipated in Indonesia and Malaysia.

Figure 3. Global stocks and ratios of oils/fats
- including the oil contained in seeds stored -

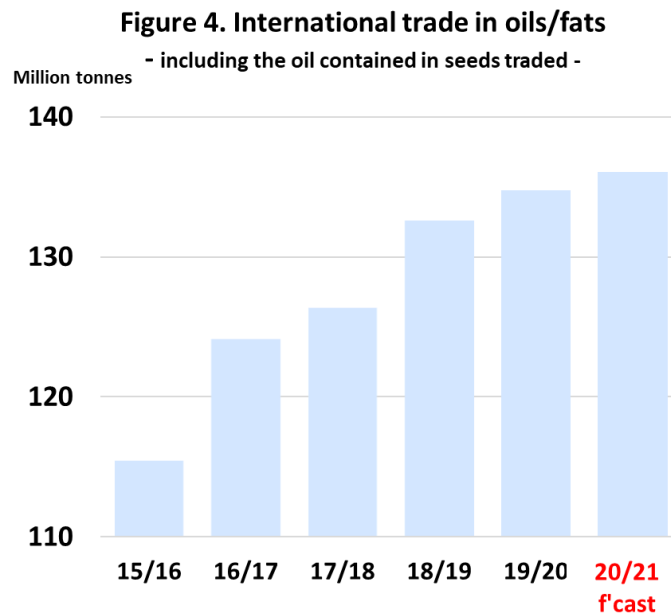


15. Based on these forecasts, the global stocks-to-use ratio for oils/fats would decline for a third consecutive season, dropping to a multi-year low, while the stocks-to-disappearance⁵ ratio for the major exporting countries⁶ would record a similar decline.

Expansion in global oils/fats trade could remain subdued

16. After last season's subdued growth, international trade in oils/fats is forecast to increase by only 1 percent in 2020/21, reaching 136 million tonnes (including the oil contained in traded oilseeds). The anticipated growth is mainly tied to a rebound in palm oil transactions, stemming from improved global production and recovering demand. World trade in soy and rapeseed oil is also expected to increase, whereas that in sunflowerseed oil could drop sizeably, reflecting sharply lower sunflowerseed production. The market share of palm oil is set to return to around 40 percent, confirming the oil's leading position.

17. On the import side, growth would be concentrated in Asia, notably India. Interestingly, purchases by China are expected to stagnate, as domestic crush is set to expand further thanks to gains in both oilseeds production and imports. By contrast, in the EU, lower consumption amid protracted COVID-19 crises is anticipated to contribute to a contraction in import demand.



18. Regarding exports, total oils/fats shipments from Indonesia and the US are forecast to expand, underpinned by rising supplies in both countries. Noticeably, in Indonesia, the recent revision of the export levy scheme for palm oil – aimed at boosting fund raising in support of the country's biodiesel programme – may contain the country's export growth. On the other hand, consignments from Ukraine, the Russian Federation and Brazil are anticipated to contract, reflecting, respectively, sunflowerseed production shortfalls in the Black Sea region and rising domestic soyoil consumption in Brazil.

⁵ Disappearance is defined as domestic utilization plus exports.

⁶ Argentina, Brazil, Canada, Indonesia, Malaysia, Ukraine and the United States.

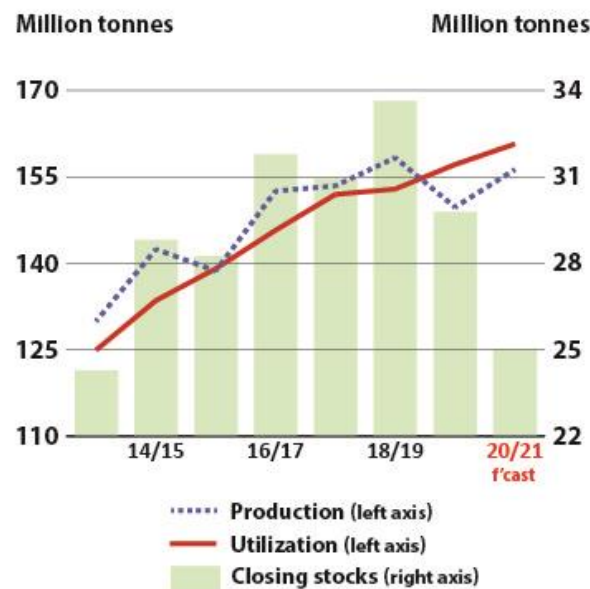
D. MEALS/CAKES FUNDAMENTALS ⁷

Global meals/cakes production to recover partially in 2020/21

19. Following a marked contraction in the preceding season, 2020/21 is expected to register a partial recovery in global meals/cakes production to 156.3 million tonnes (expressed in protein equivalent). As for individual meals, a foreseen increase in soymeal production would outweigh reductions in sunflowerseed and cottonseed meals.

20. Likewise, global meals/cakes supplies are forecast to grow timidly by 1.5 percent, as gains in total meal production are somewhat offset by lower carry-in stocks, as is the case for the US and Brazil. In China and India, nevertheless, a rebound in domestic availabilities is anticipated to result from both higher outputs and opening stocks. By contrast, in the EU, Argentina and Canada, possible declines in production as well as drawdowns in carry-in inventories should lead to a second successive drop in domestic supplies.

Figure 5. Global meals/cakes production, utilization and stocks



Global meals/cakes consumption to continue growing at a below-average rate

21. After growing at below-average rates for two consecutive seasons, expansion in global meals/cakes utilization is forecast to remain subdued in 2020/21, tied to mixed outlooks for animal feed uptake combined with limited increase in world supplies.

22. Growth in global consumption is expected to be led by China, where, following major African swine fever outbreaks, domestic hog inventories continue to rebuild rapidly, while the poultry and aquaculture sectors also grow at a steady pace. On the other hand, in the US, demand from livestock sectors could stagnate, as producer margins tend to weaken amid rising feed costs, while meal utilization in the EU is anticipated to decline for a second consecutive year, owing to COVID-19-related lockdowns and persisting supply tightness.

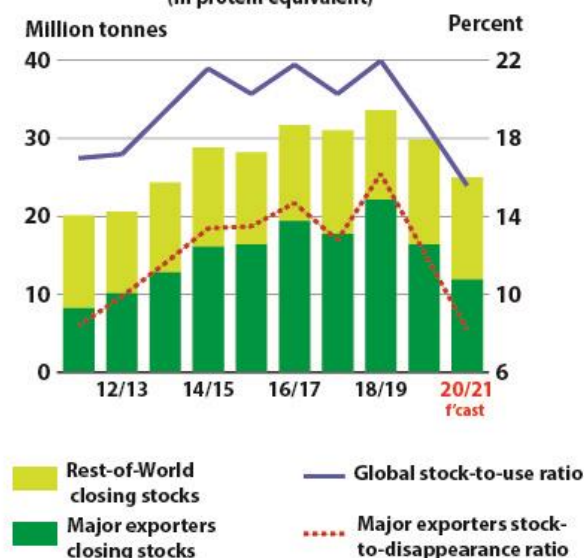
⁷ This section refers to meals from all origins. In addition to products derived from the oilcrops discussed under the section on oilseeds, fishmeal and meals of animal origin are included.

Global meals/cakes inventories set to drop significantly

23. With meals/cakes consumption forecast to exceed global production, world end-of-season stocks (including the meal contained in seed stocks) are expected to contract significantly in 2020/21, declining to a seven-year low of 25 million tonnes (expressed in protein equivalent). Inventories of soy, rapeseed and sunflowerseed meals are all set to fall sizeably year-on-year.

24. Much of the drawdown is envisaged to take place in the US, where the concurrence of reduced carry-in stocks and an anticipated sharp rise in exports could lead to the release of two-thirds of the country's inventories. In the meantime, stocks in Argentina, the EU and Canada are also forecast to decline, reflecting reductions in both carry-in inventories and production, whereas further stock accumulation is expected in China, tied to continued growth in imports.

Figure 6. Global stocks and ratios of meals/cakes
- including the meal contained in seeds stored -
(in protein equivalent)



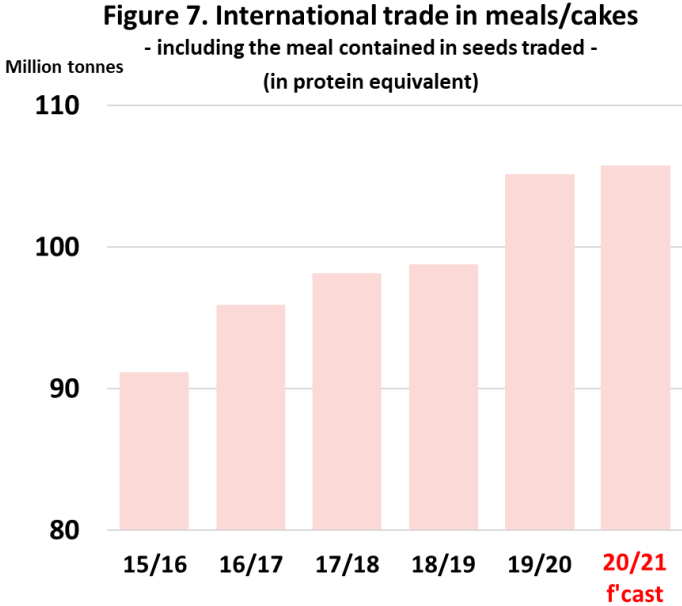
25. Based on the above forecasts, both the global stocks-to-use ratio and the stocks-to-disappearance ratio for the major exporters⁸ would drop for a second consecutive season to multi-year lows, which tallies with rising meal prices observed since mid-2020.

Global meals/cakes trade could expand marginally

26. In 2020/21, international trade in meals/cakes (including the meal contained in traded oilseeds) is forecast to expand marginally – much in contrast to the previous season's surge. The slowdown primarily reflects weak growth in soymeal transactions, which would be partially offset by a substantial contraction in sunflowerseed meal shipments.

27. On the import side, the anticipated global growth hinges on continued expansion in China's purchases to support the ongoing rebuilding of domestic hog herds. On the other hand, imports by the EU are expected to contract, tied to waning domestic demand amid continued impact from COVID-19, while stagnating or falling purchases in some Southeast Asian nations are in part attributed to lingering influence from African swine fever.

⁸ Argentina, Brazil, Canada, India, Indonesia, Malaysia, Paraguay, the Russian Federation, Ukraine, United States and Uruguay.



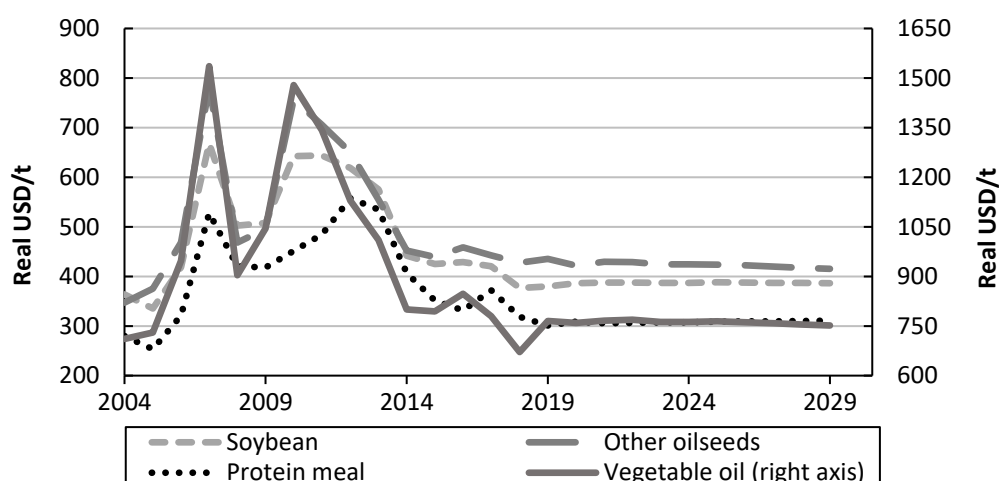
28. As for exports, shipments by the US are anticipated to rise strongly, possibly reaching an all-time high, facilitated by a sizeable rebound in production. By contrast, shipments from Brazil and Argentina would decline, thus allowing the US to regain market share. In Argentina, in addition to a mediocre soybean harvest and reserved farmer selling, export availabilities may also suffer from logistic problems caused by prolonged strikes of port workers in late 2020 and early 2021. Elsewhere, consignments from Ukraine and the Russian Federation are expected to contract, due to sharply reduced domestic sunflowerseed supplies.

II. MEDIUM-TERM PROJECTIONS FOR OILSEEDS AND OILSEED PRODUCTS

A. PRICES

29. Real prices⁹ of oilseeds and derived products are projected to decline slightly during the 2020-2029 period. The COVID-19 pandemic has added considerable uncertainty to the medium-term price developments, as it affects both the supply and demand of oilseeds and oilseed products. While remaining above their historical troughs, real prices of soybean, other oilseeds, vegetable oil and protein meal are projected to decline slightly with productivity growth helping to meet the expected growing demand over the coming ten years.

Figure 1: Real prices of oilseeds and products



B. OILSEED PRODUCTION

30. Global soybean production is projected to continue to expand at 1.3 percent per annum (p.a.) over the next 10 years, with the expansion of area harvested accounting for about a third of global output growth. With domestic output projected to reach 140 Mt by 2029, mainly due to the likelihood of increased cropping intensity by double cropping soybean with maize, Brazil is expected to be the world's largest producer, well ahead of the projected 120 Mt output in the US. Overall, the production of soybeans is projected to grow strongly in Latin America, with Argentina and Paraguay producing 61 Mt and 12 Mt, respectively, by 2029. In China, soybean production is expected to continue growing in response to reduced policy support for the cultivation of cereals. Soybean production is also expected to grow in India, the Russian Federation, Ukraine, and Canada.

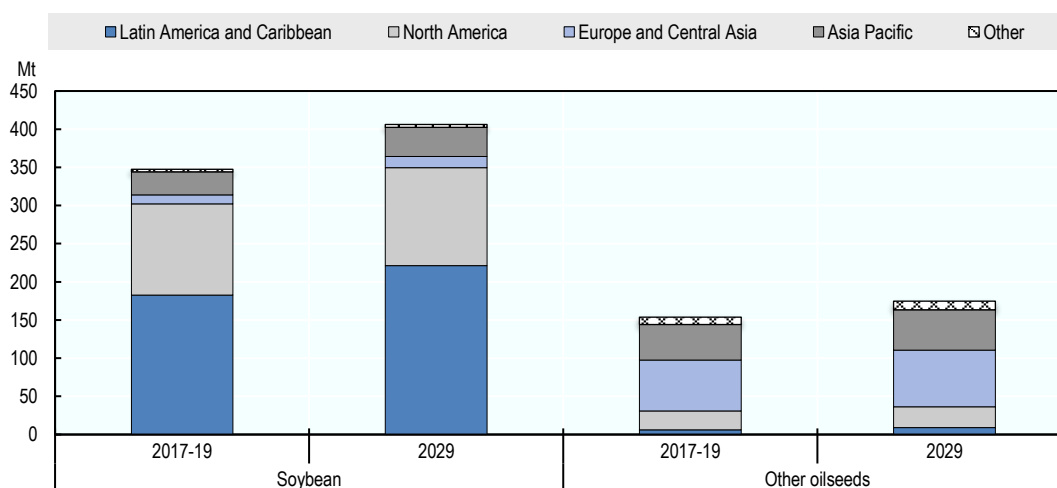
31. Production of other oilseeds¹⁰ is projected to increase by 1.2 percent p.a. over the next decade, implying slower growth relative to the last ten years. This is due in part to curbed demand for rapeseed

⁹ The term "real prices" refers to inflation-adjusted international reference prices, deflated by the United States GDP deflator, with base year 2019.

¹⁰ "Other oilseeds" comprise rapeseed (canola), sunflower seed and groundnuts (peanuts).

oil as a feedstock in European biodiesel production. China (a major producer of rapeseed and groundnuts) and the European Union (which produces mainly rapeseed and sunflower seed) are the most important producers of other oilseeds, with projected annual output of 31 Mt and 27 Mt respectively by 2029. However, limited growth in output is projected for both (1.0 percent p.a. for China and -0.02 percent p.a. for the European Union), as relatively higher prices of cereals are expected to generate strong competition for limited arable land.

Figure 2: Oilseed production by region



C. OILSEED CRUSH AND PRODUCTION OF VEGETABLE OILS AND PROTEIN MEAL

32. Globally, the crushing of soybeans and other oilseeds into meal (cake) and oil continues to dominate usage. Overall, 91 percent of world soybean output and 87 percent of world production of other oilseeds are projected to be crushed by 2029. In absolute terms, soybean crush is projected to expand by 56 Mt over the outlook period, well below the 103 Mt of the previous decade. Crush location depends on many factors, including transport costs, trade policies, acceptance of genetically modified crops, processing costs (e.g. for labour and energy), and infrastructure (e.g. ports and roads).

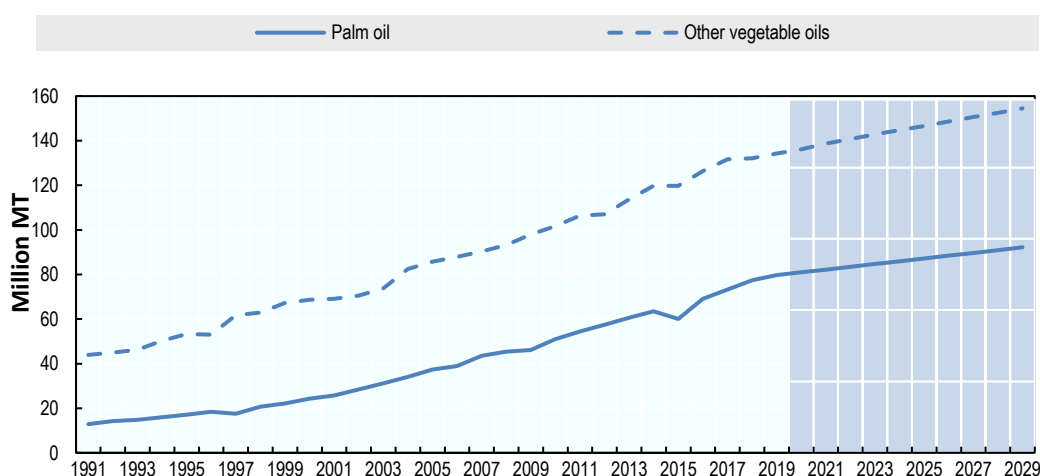
33. Due to the gradual recovery of the crush sector in China, reflecting expectations of a steady regaining in the pig herd, Chinese soybean crush is projected to increase by 22 Mt, accounting for about 40 percent of the world's additional soybean crush, the bulk of which would utilise imported soybeans. Incentives that supported the crushing industry in China include government support to state-owned industries and trade policies favouring soybean import to protein meal import. The growth in China, although large, is projected to remain considerably below the previous decade, as the country's demand for compound feed is expected to slow down due to lower animal production growth rates. Furthermore, the protein meal content in China's compound feed has reached a relatively high level, leaving little scope to raise the incorporation rate further. Crush of other oilseeds is expected to grow in line with global production and to occur more often in the producing country compared to soybeans. This implies a much lower trade share for other oilseeds than for soybeans.

34. The vegetable oil aggregate includes oil extracted from the crush of oilseeds as analysed above as well as palm, palm kernel, coconut and cottonseed oils. Palm kernel oil is produced alongside

palm oil and follows the production trend of the latter. Coconut oil is mainly produced in the Philippines, Indonesia, and Oceanic islands. Palm kernel oil and coconut oil have important industrial uses, and dominance has shifted towards palm kernel oil along the growing production of palm oil. Cottonseed oil is a by-product of cotton ginning, with global production concentrated largely in India, the US, Pakistan, and China. Overall, vegetable oil production is projected to increase globally by 18 percent over the projection period, driven mainly by growing food demand in developing countries resulting from population and income growth.

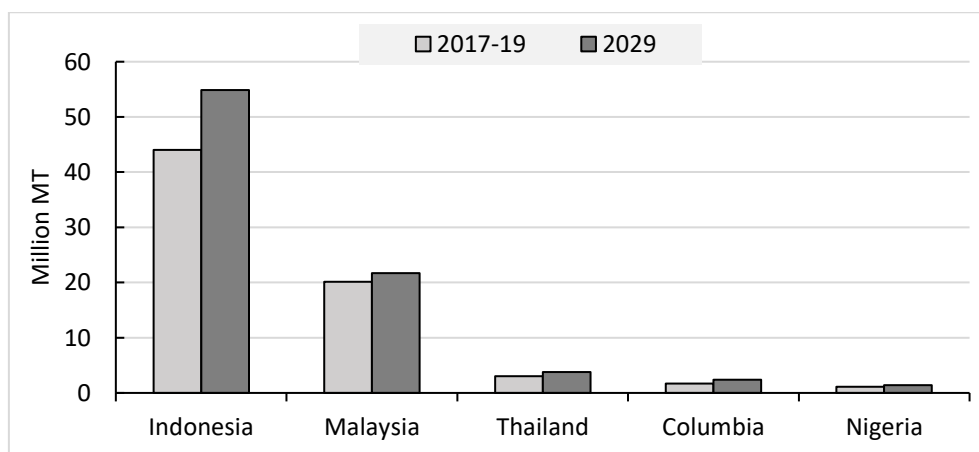
35. Global palm oil output has outpaced the production of other vegetable oils in the past decade. However, production growth of palm oil could slow down over the next decade due to increasing attention to sustainability and efforts to reduce deforestation linked to oil palm plantations. Palm oil share of global vegetable oil production is projected to stabilize at around 37 percent in the coming decade (Figure3).

Figure 3: Global production of palm oil and other vegetable oils



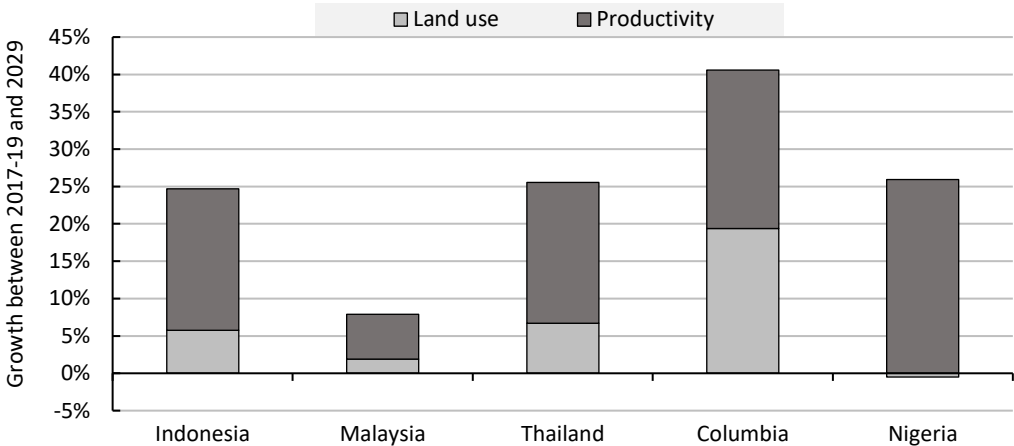
36. Global palm oil production is projected to expand by 20 percent between 2017-19 and 2029. Indonesia and Malaysia would remain the biggest palm oil producers, accounting for 83 percent of global production by 2029 (Figure 4). Thailand, Columbia and Nigeria are expected to supply about 8 percent of the world global supply. Thailand is projected to produce 3.8 Mt by 2029, Colombia 2.4 Mt, and Nigeria 1.4 Mt. In certain countries of Central America, niche palm oil production is developing from the outset with global sustainability certifications in place, which could position the region to eventually reach broader export markets.

Figure 4: Main Palm oil producing countries



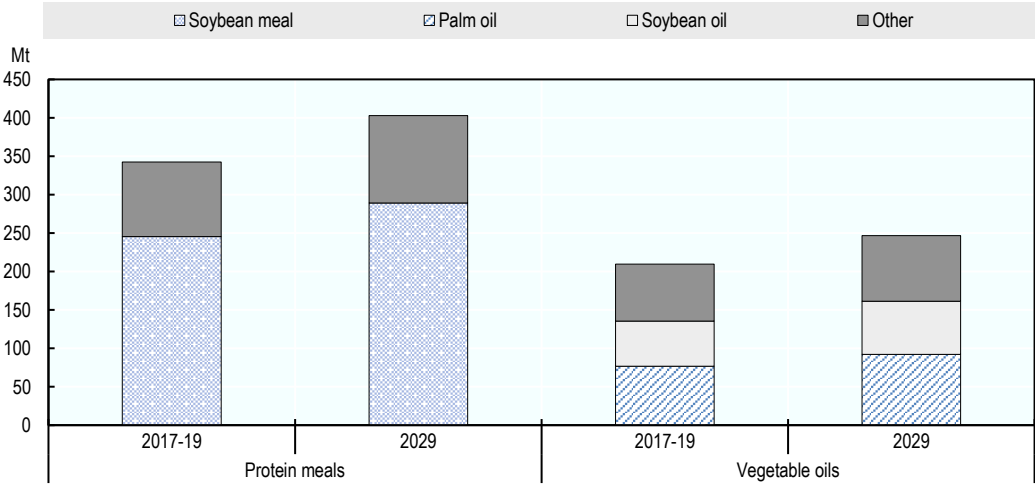
37. Increasingly stringent environmental policies from the major importers of palm oil and sustainable agricultural norms (e.g. in the context of the 2030 Agenda for Sustainable Development) are expected to slow the expansion of the oil palm area in Malaysia to about 2 percent and in Indonesia to about 6 percent during the projection period. This implies that growth in production would increasingly come from productivity improvements, including an acceleration of replanting activities (Figure 5). Palm oil production in emerging producers is expected to expand more rapidly, but from a very low base, mainly for domestic and regional markets.

Figure 5: Palm oil – yield gains vs. land use expansion



38. Global protein meal output is projected to expand by 18 percent, reaching 403 Mt by 2029. World production of protein meals is dominated by soybean meal, which accounts for more than two-thirds of world protein meal production (Figure 6). Production is relatively concentrated. Argentina, Brazil, China, the European Union, India, and the US are projected to account for 73 percent of global production by 2029. In China and the European Union, most protein meal production comes from crushing of imported oilseeds, primarily soybeans from Brazil and the US.

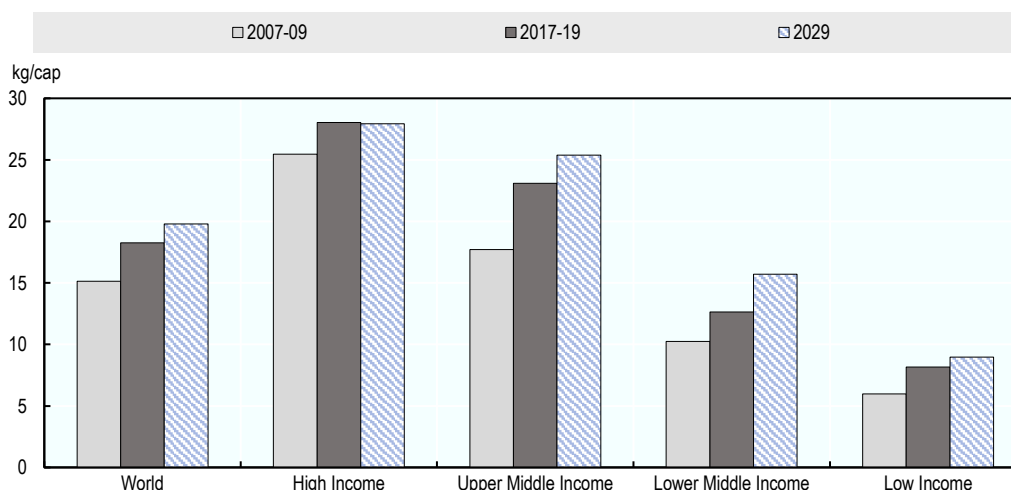
Figure 6: Protein meal and vegetable oil production by type



D. VEGETABLE OIL CONSUMPTION

39. Due to increasingly saturated food demand, average per capita consumption of vegetable oil for food¹¹ is projected to grow by 0.9 percent p.a., considerably less than the 2.3 percent p.a. increase observed during 2010-19. In the US (39 kg/capita) and China (30 kg/capita), the per capita levels of vegetable oil food availability are set to remain above the average of high-income countries. Per capita food consumption in low-income countries is set to remain the lowest at around 9 kg/capita (Figure 7).

Figure 7: Per capita food availability of vegetable oil in selected countries



40. India, the world's second largest consumer and number one importer of vegetable oil, is projected to maintain a high per capita food consumption growth of 2.3 percent p.a., reaching 14 kg/capita by 2029. This substantial growth would be the result of the projected expansion of its domestic production, crushing of increased domestic oilseed production, and a further increase in imports of mainly palm oil from Indonesia and Malaysia. For least developed countries (LDCs), the per capita food consumption of vegetable oil is projected to increase by 0.8 percent p.a., to reach 9 kg per capita by 2029. As urbanisation increases in developing countries, dietary habits and traditional meal patterns are expected to increasingly shift towards more processed foods with a high content of vegetable oil.

41. Global biofuel use of vegetable oil is going to remain at current levels over the coming decade. Projected increases in Asia and Latin America are going to be offset by reductions in Europe and North America, where fixed blending targets and declining transport fuel consumption affect demand for biodiesel. In addition, used oils, tallow, and other feedstock are increasing their share in the production of biodiesel largely due to specific policies.

E. TRADE

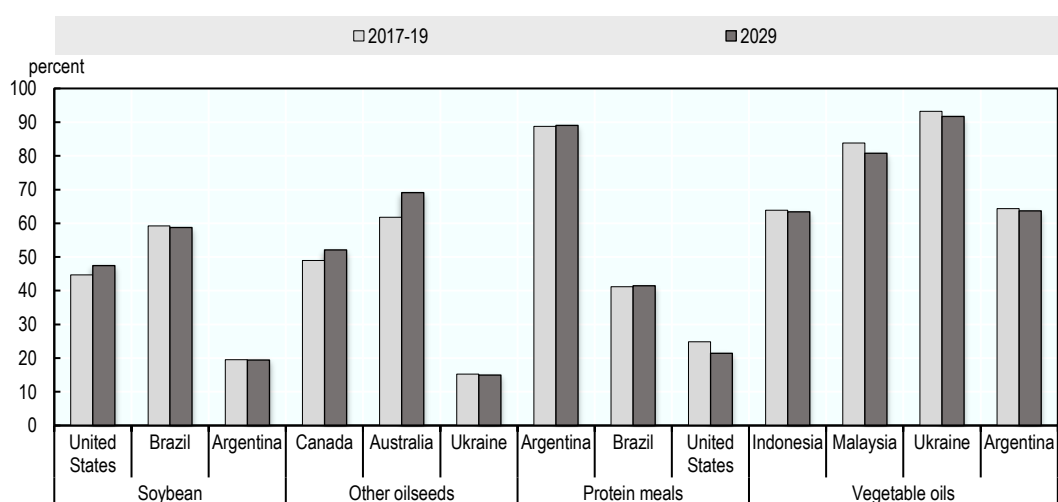
42. Over 40 percent of world soybean production is traded internationally. Compared to the previous decade, the expansion in world soybean trade is expected to decelerate considerably during the outlook period. This development is directly linked to projected slower growth in the crushing of

¹¹ Food consumption is expressed as availability of vegetable oil per person per day. It does not represent actual intake, as losses and waste are not deducted.

imported soybean in China. China's soybean imports, which account for about two-thirds of global soybean trade, are projected to grow by 1.8 percent p.a. to about 105 Mt by 2029, although higher purchases are possible. Exports of soybeans originate predominately from the Americas – the US, Brazil and Argentina – and are projected to account for a stable 88 percent of the world's total soybean shipments by 2029. Whereas the US was historically the largest global exporter of soybeans, Brazil has taken over that role with steady growth in its export capacity.

43. For other oilseeds (rapeseed, sunflower seed, and groundnuts), the internationally traded share of production remains at only about 14 percent of global production. The main exporters, Canada, Australia and Ukraine are projected to account for more than 70 percent of world exports by 2029. Canada and Australia export more than half of their rapeseed production (Figure 8).

Figure 8: Share of exports in total production of oilseeds and oilseed products for the top three exporting countries



44. Vegetable oil exports, which amount to 40 percent of global vegetable oil production, continue to be dominated by a few export-oriented players, who export more than two-thirds of their domestic production. Indonesia and Malaysia are expected to continue to account for 60 percent of total vegetable oil exports during the outlook period. Because of growing soybean oil exports, Argentina is projected to become the third largest exporter, with about 7.4 percent share of the world vegetable oil market by 2029. On the import side, India is projected to continue its strong growth in imports at 3.2 percent p.a., reaching 22 Mt by 2029, or about a quarter of the world vegetable oil imports, to meet the expected increasing demand driven by population growth, urbanisation, and increases in disposable income.

45. The projected growth in world trade of protein meal is around 0.8 percent p.a. over the outlook period, down from 1.8 percent p.a. during the last decade, and would be characterised by a declining share of trade in global production. This shift is projected, as the global expansion of meat production is expected to be concentrated in the main oilseed-processing countries, where the use of locally produced protein meal would increase.