From Washington

Fats and oils report

World fats and oils production may rise again

The world supply of fats and oils may rise during the 1980-81 (November-October) marketing year to a record 63.1 million metric tons despite an anticipated decline of world oilseed crop production of approximately 8% for the same period.

Attendees at the U.S. Department of Agriculture's 1981 Outlook Conference were told that the reduced oilseed crop forecast primarily reflects the lower U.S. soybean harvest of 48.3 million metric tons in 1980 compared to the record 61.7 million metric ton harvest of 1979.

"Because soybeans have a higher meal yield and lower oil yield compared with other oilseeds, potential world supply of protein meal is expected to decline by 2 to 4% while the world supply of vegetable oils and fats may actually expand 1 to 2%," the report prepared by Dr. J.L. Matthews said.

Declines in protein meal would have been larger without the estimated 18.3 million metric tons of oilseeds carried over from the 1979-80 marketing year into the 1980-81 year.

The oilseed outlook panel consisted of Matthews, who is with the USDA's World Food and Agricultural Outlook and Situation Board, Alan Holz of the USDA Foreign Agricultural Service, and Tom Hieronymous, agricultural economist from the University of Illinois. All three agreed prices for fats and oils were relatively low at the date of the meeting (Nov. 18) and could be expected to rise.

"Vegetable oil prices are expected to strengthen in 1981 from current levels as stocks are drawn down and as year-over-year production gains in palm production slow significantly," Matthews said. "For the 1980-81 crop year, current dollar prices for soybean oil could average $600 per metric ton, up 12 to 15% from 1979-80 average levels."

Prices paid to producers in the U.S. should average approximately $2.25 per bushel above the 1979-80 average of $6.25 per bushel, Matthews said.

Hieronymous noted that in the short supply year of 1974-75, prices were highest at harvest time, whereas in the short supply season of 1976-77, prices reached their peak in the spring following harvest. This year may follow the 1976 pattern, he suggested.

U.S. domestic soybean crush for 1980-81 was forecast at approximately 1,050 million bushels (28.6 million metric tons), compared to the 1979-80 record crush of 1,123 million bushels (30.6 million metric tons), Matthews said.

Soybean exports for 1980-81 were forecast at 825 million bushels by Matthews; exports for 1979-80 were approximately 875 million bushels. Hieronymous noted that in past years of reduced supply, domestic usage has been cut back more than exports.

In November, speculation was beginning as to how much soybean acreage would be planted in South America. Matthews said Argentina's soybean acreage probably would increase no more than 5%, with more double-cropping of soybean following wheat. Wheat acreage increased 8% this past season, he said. Brazil's increased price support incentives for wheat and food crops may limit soybean acreage expansion in Brazil's south, with modest increases anticipated in newer producing regions. Brazil's export potential also may hinge on anti-inflation policies yet to be set by the Brazilian government.

Soybean and soya meal exports from Brazil, Argentina and Paraguay could increase about two million metric tons (soybean equivalent basis) for the crop beginning Oct. 1, 1980 – the

How well did they do last year?

Predicting is a very uncertain science, particularly when you are doing crop forecasting that involves the cooperation of weather, farmers and other factors.

But, just for fun, how well did the prognosticators do during the previous year's USDA Outlook Conference when they were forecasting for the 1979-80 marketing year?

Here are some figures from last year's forecast for fats and oils for 1979-80 and the preliminary totals for that year (in parentheses):

World production, 59,205,000 MT (58,419); consumption, 57,770,000 (55,791,000).

U.S. production, 17,029,000 MT (17,281,000); consumption, 8,599,000 (8,559,000); exports, 7,970,000 (8,331,000).

Foreign production, 42,176,000 MT (41,138,000); consumption, 49,171,000 (47,344,000).

The figures in parentheses are preliminary figures; final statistics will be unavailable for several months. □

World oilseed (oil equiv.) and oil supply and consumption (in 1,000 metric tons)[a]

	1970-71	1975-76	1978-79	1979-80[b]	1980-81[c]
World oil					
Beg stocks[a]	2,420	3,786	3,947	4,076	6,704
Production	42,067	49,343	54,472	58,419	56,384
World supply	44,487	53,129	58,419	62,495	63,088
Consumption					
Apparent	42,152	48,547	54,343	55,791	57,444
Linear trend	41,831	48,758	52,914	54,300	55,685
Trend deviation	321	-211	1,428	1,491	1,759
World stocks[a]	2,335	4,582	4,076	6,704	5,644
Stk as % of use	5.5	9.4	7.5	12.0	9.8
US Oil					
Beg stocks[a]	1,969	1,642	1,784	1,819	3,072
Production	10,421	12,129	14,457	17,281	14,119
Imports	650	1,084	769	600	650
Supply	13,040	14,855	17,010	19,700	17,841
Exports	4,613	5,061	7,326	8,331	8,300
Consumption					
Apparent	6,914	7,463	7,783	8,559	8,650
Linear trend	6,850	7,360	7,667	7,769	7,871
Trend deviation	64	102	117	790	779
Total use	11,527	12,524	15,109	16,890	16,950
End stocks[a]	1,566	2,337	1,819	3,072	1,946
Stock, % of use	13.6	18.7	12.0	18.2	11.5
Foreign oil					
Beg stocks[a]	452	2,144	2,163	2,257	3,632
Production	31,646	37,214	40,015	41,138	42,265
Imports	4,613	5,061	7,326	8,331	8,300
Supply	36,711	44,419	49,504	51,726	54,197
Exports	650	1,071	700	750	800
US Net exports	3,963	3,990	6,626	7,581	7,500
Consumption					
Apparent	35,292	41,103	46,546	47,344	49,698
Linear trend	34,964	41,402	45,265	46,553	47,840
Trend deviation	328	-299	1,281	792	1,858
Total use	35,942	42,174	47,246	48,094	50,498
End stocks[d]	769	2,245	2,257	3,632	3,698
Stock, % of use	2.1	5.3	4.8	7.6	7.3
Yr avg $/MT					
Soyoil Decatur	283.2	403.4	604.1	540.1	617.3
Price (1975 $)	401.7	372.5	440.0	349.6	363.1

[a]Consumption estimates reflect split year production and calendar year exports (for example, 1978-79 production is combined with 1979 exports). World total use is not shown since it is equal to world consumption. [b]Preliminary. [c]Forecast. [d]Stocks are Sept./Oct. Northern and Southern Hemisphere for seeds and oils and CY for palm and fish oils.

Source: FAS estimates

first significant rise in exports in three years. Total exports forecast was 14.6 million metric tons.

India's peanut crop is forecast at 6.6 million metric tons, a substantial increase, and perhaps enough to permit significant exports. Holz said the monsoon season in India had retreated earlier than usual in 1980 and the ultimate effect on the crop was still to be determined at the time of the outlook meeting.

Matthews said protein prices were rising relative to feed grains in the EEC, which could affect oilseed protein purchases in Europe.

The 1980-81 decline in oilseed production was mainly in exporting countries, whereas many importing nations had increases, Holz said. Thus, there may be reduced demand for U.S. oilseed exports. Holz also commented that during the past year, South Korea, Mexico, the Soviet Union and the People's Republic of China became members of the billion dollar club — those that imported at least $1 billion of oilseed products. Japan, Germany, The Netherlands and Spain are among the other billion-plus importers.

U.S. oilseed production should rebound sharply in the calendar year 1981, assuming yields return close to the norm. Hieronymous said that reduced corn and soybean supplies this year will mean the market must provide a price for corn that is large enough to induce farmers to shift acreage from soybeans to corn, a price for soybeans high enough to shift acreage from corn and cotton to soybeans, and a high enough price for cotton to maintain acreage levels. Those forces should create an interesting marketing year, he said.

Use of fats and oils in the United States was forecast to grow by about 2% during 1980-81, about the same as

U.S. oils and fats: Production (in 1,000 metric tons)[a]

	1970-71	1975-76	1978-79	Est. 1979-80	Forecast 1980-81
Edible veg. oils					
Cottonseed	596	471	625	846	644
Peanut	128	165	171	171	98
Soybean	5,104	7,007	8,468	10,268	8,036
Sunflower	14	184	626	1,185	676
Safflower[b]	68	67	57	63	30
Corn	220	313	335	340	350
Total[c]	6,130	8,208	10,282	12,873	9,834
Industrial oils					
Linseed	251	133	89	115	68
Castor	4	0	0	0	0
Tung[d]	0	0	0	0	0
Total	255	133	89	115	68
Animal fats					
Butter (fat content	418	361	362	390	404
Lard	889	473	488	590	500
Tallow and greases	2,609	2,861	3,115	3,175	3,175
Total	3,916	3,695	3,965	4,155	4,079
Marine oils					
Fish (inc. liver)	120	93	121	138	138
U.S. Total	10,421	12,129	14,457	17,281	14,119
Annual change	114	1,999	555	2,824	-3,162
Linear trend	10,577	12,696	13,968	14,392	14,816
Trend deviation	-156	-567	489	2,889	-697
Total less soy	5,317	5,122	5,989	7,013	6,083

[a]Calculated from assumed extraction rates applied to that portion of each crop available for crushing and/or export and not actual crushings. Split year includes Northern Hemisphere crops harvested in the late months of the first year shown combined with Southern Hemisphere and certain Northern Hemisphere crops harvested in the early months of the following year. Animal, marine and palm products are calendar year estimates for the second year shown.
[b]Based on unofficial crop estimates.
[c]Includes small quantities of sesame and olive oils.
[d]Year ending October 31.
Source: FAS estimates

in 1979-80. Use outside the U.S. was forecast at approximately the 10-year average of 3.7% annual growth.

Matthews said he expected sunflower seed prices to reach new highs in 1981 as stocks are reduced to "quite low levels" while demand remains strong. The Soviet sunflower harvest this past season was estimated at 5 million metric tons and probably will be surpassed by cottonseed production, forecast at 5.4 million tons. Total Soviet meal usage is expected to rise to 6.8 million metric tons; increased soybean imports will help the Soviets achieve that level.

Holz speculated the relatively low price of fats and oils relative to feed grains may induce the Soviet Union to use more fats and oils in livestock rations. □

October estimates

In the October *Fats and Oils Situation*, the USDA Economics and Statistics Service had estimated this season's soybean crushings will drop 7-8% below the 1979-80 record of 1,123 million bushels. Higher soybean prices and fewer U.S. hogs for feeding have held crushings to 1,040 million bushels, using only 70-75% of the total U.S. processing capacity.

Consequently, soybean oil production (a projected 11.33 billion pounds) may be 7% below last year's record high, although carryover stocks boost the total estimate to 12.5 billion pounds. Exports for 1980-81 were projected at around 2.5 billion pounds, approximately 40% of which will go to India. Domestic sunflower crushings will be up sharply from last year as capacity increases to meet higher demand. Exports, for which the EEC is the largest market, will exceed last season's record high. Cottonseed

Foreign oils and fats: Production (in 1,000 metric tons)[a]

	1970-71	1975-76	1978-79	Est. 1979-80	Forecast 1980-81
Edible Veg. Oils					
Cottonseed	2,110	2,216	2,371	2,342	2,497
Peanut	3,249	3,429	3,251	3,044	3,255
Soybean	1,166	3,161	3,458	4,293	4,422
Sunflower	3,594	3,485	4,045	4,343	4,216
Rapeseed	2,481	2,912	3,687	3,510	3,724
Sesame	719	623	668	648	709
Safflower	171	262	272	274	230
Olive (pressed)	1,430	1,787	1,570	1,500	1,758
Corn	69	95	110	120	110
Coconut	2,580	3,400	2,829	3,006	3,059
Palm kernel	465	505	629	650	677
Palm	1,897	3,059	4,085	4,392	4,682
Babassu	72	122	151	150	150
Total	20,003	25,056	27,126	28,272	29,489
Industrial oils					
Linseed	930	604	664	755	665
Castor	342	303	410	398	389
Oiticica	20	15	14	14	14
Tung	144	111	101	100	90
Olive residue	130	192	142	144	154
Total	1,566	1,225	1,331	1,411	1,312
Animal fats					
Butter (fat content)	3,696	4,439	4,588	4,567	4,553
Lard	2,871	2,907	3,388	3,456	3,456
Tallow, grease	2,284	2,610	2,485	2,375	2,375
Total	8,851	9,956	10,461	10,398	10,384
Marine oils					
Whale	69	15	10	10	10
Sperm whale	122	76	58	58	58
Fish (inc. liver)	1,035	886	1,029	989	1,012
Total	1,226	977	1,097	1,057	1,080
Foreign total	31,646	37,214	40,015	41,138	42,265
Annual change	2,259	1,160	1,447	1,123	1,127
Linear trend	31,501	36,595	39,651	40,669	41,688
Trend deviation	145	619	364	469	577
Total less soy	30,480	34,053	36,557	36,845	37,843

[a]Calculated from assumed extraction rates applied to that portion of each crop available for crushing and/or export and not actual crushings. Split year includes Northern Hemisphere crops harvested in the late months of the first year shown combined with Southern Hemisphere and certain Northern Hemisphere crops harvested in the early months of the following year. Animal, marine and palm products are calendar year estimates for the second year shown.

Source: FAS estimates

oil is preferred in Western Europe, South America and Egypt, and supplies will remain about the same as last year.

Brazil

The October 1980 special peanut report from USDA Agricultural Officer Lyle Sebranek in Sao Paulo, Brazil, noted that the country's total 1980 peanut production is estimated at 500,000 metric tons (MT) — nearly 8% over 1979. The minimal price for peanuts, however, was not increased to keep pace with inflation, the report said, and, as a result, producers are expected to reduce the area planted for the 1980-81 crop. According to Sebranek, this prediction has generated pessimism among some of the traditional peanut crushers, who expect to find peanuts in short supply next season and whose older facilities do not easily lend themselves to crushing other oilseeds.

Unofficial USDA data for 1980 show exports of peanut oil at 101,000 MT, a higher export volume than the previous year, which partially explains the estimated decrease in domestic use of oil.

Sebranek commented that most observers have a dim view of the future for peanuts because of the relative advantages of growing other crops. The USDA forecasts an 18% drop in production, but many feel that this is a conservative estimate.

The Netherlands

In a report on the Dutch fats and oils industry, Clancy V. Jean, U.S. agricul-

tural counselor, confirmed prosperity for the industry and claimed that "all-time records seem to be in the making."

Oilseed crushings in The Netherlands, Jean noted, were up over 10% for the first half of 1980. This season's soybean crushings are expected to reach a record of between 3.1 and 3.2 million metric tons, eclipsing the 1979 record of almost 2.9 million tons. Crushings were stepped up almost to physical maximum, Jean says, to meet a good volume export contract for meal with the USSR, as well as a slightly higher domestic demand for soybean meal. The report also anticipates a dramatic increase in sunflower seed crushings as a result of the opening of a new sunflower seed crushing plant which has an annual capacity of 250,000 MT.

Although exports of fats and oils, especially vegetable oil, lagged this season compared with 1979 totals, these were partly compensated by margarine, shortening and cooking fat exports, which were 42% higher than last year, according to the report.

USDA figures from The Netherlands indicate an increase in total fats and oils imports from the U.S., especially in soybeans, which increased from 1,663,600 MT in 1979 to 2,007,800 in 1980, mainly at the expense of imports from Brazil and Argentina. Imports of animal fats from the U.S. were projected at 61,100 tons in 1980, compared with 33,500 tons in 1979.

An increase in crushing and imports has created a higher supply than last year, Jean reported, although local consumption remains stable and exports are down by 8%. The result is a surplus of 65,000 MT which, the counselor forecast, will limit the import of oilseeds, especially vegetable oil, and encourage aggressive selling by the Dutch. There are indications, he said, that heavy stockbuilding is at least partly intentional, and speculative, in view of the delicate international situation resulting from tensions in the Middle East.

Jean's belief is that the huge stocks cannot easily be absorbed in Western Europe. He predicts a depressing effect on prices, along with a definite reduction in Dutch imports, possibly of both oilseeds and fats and oils.

Argentina

Argentina's 1980 oilseed crop was projected at 6.6 million metric tons, in a report by USDA agricultural attache James Parker, who said it will be (a) 5% above the previous year's weather-reduced output and (b) almost a record crop. Predictions are based on an expected recovery in yields, assuming that the unfavorable weather conditions will not be repeated.

Oilseed exports in the coming year also are expected to reach a record 3 million tons, mostly a result of the larger soybean harvest. Although the EEC is Argentina's largest oilseed market, significant exports were made to the USSR, a trend which is expected to continue, the report said, as a result of a six-year trade agreement between Argentina and the USSR to trade 500,000 tons of soybeans annually.

The forecast for the December 1979-November 1980 soybean crush was 625,000 tons, about the same as last year's, and the crush for 1981-82 is expected to increase by more than 25% to partially offset forecasted reduced supplies of other oilseeds for crush. Sunflower seed crush is expected to total a record 1.55 million tons, based on larger supplies and increased demand for sunflower seed oil exports. Peanut crushings also are projected to increase by almost 50%.

Vegetable oil exports for the new season, December 1980-November 1981, Parker said, are estimated at 560,000 tons – nearly 100,000 tons below the previous season's expected volume, largely a result of anticipated reduced sunflower seed crushings. Total edible vegetable oil consumption is forecast to increase by 5% in the new season. According to the report, this reflects the increased popularity of sunflower seed oil, which now accounts for 80% of the total vegetable oil consumption in Argentina.

Egypt

Yields from Egypt's major oilseed crops, cottonseed and soybeans, have been increasing steadily in recent years, according to a report by James E. Ross, USDA agricultural attache in Cairo. High cottonseed yields, he said, are the result of good weather, effective pest control measures and a continued shift to higher-yielding varieties. Soybean yields have increased because of better farm management and Egyptian farmers' greater familiarity with soybeans since the start of commercial production in 1974. USDA trade sources indicate a continuation of this trend in 1980.

Ross estimated vegetable oil production in 1980 at 132,000 metric tons, an increase of 13% above the previous season, as a result of exceptional crops in 1979. Vegetable oil production in 1981 is expected to be larger still, since full use of available soybean processing facilities is anticipated. Ross also mentioned Egypt's plans to build an oilseed processing complex.

Vegetable oil imports, the report said, will reach an estimated 300,000 tons, 5% above 1979 figures, and 1981 imports are expected to be around 320,000 tons; the majority of oil will come from the United States.

West Germany

Rapeseed is West Germany's only oilseed crop. U.S. agricultural counselor Dale B. Douglas reported that further expansion of areas and good yields increased rapeseed production in 1980 by 13%, to a record of 362,000 MT. Approximately 300,000 tons should be available for crushing.

Total import requirements, Douglas said, are expected to be unchanged in marketing years 1980 and 1981, although the large world market supplies and low price of rapeseed may considerably reduce the import percentage of soybean and sunflower products.

In recent years, the export of vegetable oils has increased considerably. While coconut oil has virtually disappeared from the German export market, rapeseed and sunflower seed oil have become major items, next to soybean oil. Hamburg oil mills have developed a major market for rapeseed oil in Nigeria, said Douglas.

Unofficial USDA statistics available through June 1980 indicate a significant increase in the use of vegetable fats and oils in West Germany.

East Germany

Harsh weather in East Germany resulted in a shortfall in the domestic production of oilseeds for the second consecutive year during 1980. According to estimates given by Steven D. Yoder, U.S. agricultural attache in Berlin, 1980 production of oilseeds (mostly rapeseed) fell more than 10% below normal levels. Yoder said this will particularly depress domestic oil and meal production since this poor crop follows an even worse 1979 crop.

Although East German imports of vegetable oils have been growing steadily, the U.S. plays no role in this import market, but maintains a small share in the market for oilseed im-

ports. The USDA reported that domestic oilseed processing in 1980 is expected to be 280,000 to 300,000 MT, of which 43% is expected to be used for cooking oil and margarine.

Yoder reported that research cooperation between East Germany and Poland aims to raise the oil content of rapeseed from the present level of 42 to 45% and to develop a variety with lower erucic and glucosinolate content.

The area committed to oilseeds in East Germany is expected to return to normal levels for the 1980-81 crop.

Poland

Reporting from Warsaw, Poland, U.S. agricultural attache Jerome M. Kuhl said that unfavorable weather has resulted in a below-average oilseed crop for 1980.

Plans for extensive planting in 1979 did not materialize, resulting in a fairly average yield, the report said. USDA estimates from Poland gave total oilseed production at 577,000 MT.

According to Kuhl's report, the harvest of the 1980 crop suffered delays which, combined with wet weather, affected planting. Nevertheless, he predicted that, if the weather holds, the 1981 crop could reach 775,000 tons.

Kuhl estimated import requirements at around 1.2 million tons of oilseed meals, 120,000 tons of vegetable oils and 8,000 tons of tallow. He said Poland plans to import about 200,000 tons of soybeans and about 600,000 tons of soy meal from the U.S. next year, depending on its ability to pay.

USSR

The 1979 season was a bad year for the Soviet vegetable oil industry. State-owned enterprises crushed a total of 9.1 million tons of domestic and imported oilseeds, of which the major crushings were cottonseed (3.8 million MT), sunflower seed (3.6 million MT) and soybeans (1.5 million MT). The 1979 crush fell 2.4 million MT below state-owned oilseed processing capacity. In 1980, this capacity, which has increased by only 400,000 MT compared to the planned 900,000, is estimated at about 12 million MT.

Zimbabwe

In the first USDA fats and oils report from Zimbabwe (Rhodesia) since Rhodesia's independence was declared in 1965, agricultural attache James O. Howard said that the country's production of vegetable oils and oilseed meal now meets all of its domestic requirements and still leaves some for export. Fifteen years ago, in a drive to become generally self-sufficient, the Rhodesian government replaced the nation's major crop of tobacco with those of cottonseed, soybeans, peanuts and sunflower seed.

The USDA statement gave the following statistics on production and the import/export market. Soybean production, negligible 12 years ago, is estimated at 92,000 MT for the 1980-81 season. Peanuts, traditionally cultivated on a small scale, are farmed in the communally owned Tribal Trust lands, and most are consumed locally. Production dropped in 1979-80 to 54,000 MT from 73,450 MT the previous year (largely a result of the war, Howard believes) and should rise again next year. Cottonseed, Zimbabwe's largest source of oilseeds, uses 30% of the nation's crop land. Production may reach a new high of 117,000 MT in 1980-81. Sunflower seed production is estimated at 10,800 MT for this season.

An informal estimate obtained by Howard puts the country's annual consumption of vegetable oil at 20,000 MT of liquid oil and 11,000 to 12,000 MT of hardened fats.

The USDA outlook from Zimbabwe predicted that the fats and oils situation is likely to become tighter within the next year and possibly beyond that time. Demand for oil is expected to increase, Howard reported, as the income of the peasant population rises. Since the government has increased the corn price to overcome the corn shortage, area for oilseed planting will likely decrease as farmers respond to this measure.

Nigeria

In Nigeria, little has changed regarding peanut area and production, reported George J. Pope, U.S. agricultural attache in Lagos. Peanut production for 1979-80 is confirmed at 377,000 MT and a projected 400,000 MT is the figure given by Pope for the 1980-81 season. The 1979-80 cottonseed crop is confirmed at 52,000 MT, the lowest in over 10 years, said Pope, who estimates that next year's crop will increase to 69,285 MT as overall cotton production increases.

The statement says that, during the past few years, Nigeria has moved from the position of being a major exporter of vegetable oils to one of being a major importer. An estimated 250,000 MT of fully refined soybean oil will be imported this year – oil which, according to the report, is produced in Europe from U.S. soybeans.

Nigeria is also becoming a major importer of tallow, Pope said. He gave the estimated total for 1979 tallow imports at 35,000 MT and a projection of 40,000 MT for 1980 as consumer demand and plant operating efficiencies improve. Although tallow is used almost exclusively for soap manufacturing, Pope expects that its potential as a feedstuff will increase as the Nigerian livestock sector begins to expand.

Canada

The decline in oilseed production in Canada during 1980 was the result of sharply reduced plantings in response to the abundant world supply of oilseeds, according to a report from Alexander Bernitz, U.S. agricultural counselor in Ottawa, Canada.

Favorable weather conditions produced yields better than expected, Bernitz said, although the reduced acreage means that the 1980 rapeseed production (as estimated by Statistics Canada) will be about 2.4 million metric tons, 29% below the 1979 level. A 38% drop is estimated for the flaxseed crop, although carryover stocks from 1979 make the total oilseeds figure relatively high, the report said.

Bernitz expects domestic use of oilseeds to increase this season, especially rapeseed, which now takes a 47% share of the Canadian vegetable oil market. Crushings of rapeseed and soybean both set records, he says, because of the addition of several new or expanded plants. According to trade sources available to Bernitz, rapeseed crushing capacity could increase from the present 4,250 MT per day to 5,500 MT per day by 1983.

Bernitz expects that, with the world edible oil surplus, rapeseed exports will drop to 1.3 million MT, compared to 1.7 million MT in 1979-80. Its higher oil content puts rapeseed at a disadvantage in comparison to soybeans when demand for high protein meal is greater than demand for edible oils, Bernitz comments. Exports of rapeseed meal should therefore remain strong, the report says.

The new canola seed varieties were used for about 75% of the Alberta seeded rapeseed area this year. Bernitz reported that researchers are now working to develop a winter rapeseed

which is low in glucosinolates and erucic acid, and suitable for growing in Ontario.

Senegal

Optimistic predictions cite a figure for Senegal's 1980-81 peanut crop of 700,000 metric tons, dependent on the amount of rainfall in Fall 1980, according to a report by Walter Stern, U.S. agricultural attache on the Ivory Coast. Stern commented that, if drought conditions continue, production may fall below 500,000 MT. The higher estimate would be an increase of 16% from last year's crop and would put this season's exports of peanut oil at 80,000 MT, most of which will go to the EEC.

The report estimated that 20,000 MT of soybean oil and sunflower oil were imported during the past crop year to increase the domestic supply of vegetable oil. Imported oil was mixed with 25% peanut oil which, Stern says, was well accepted by the public.

Stern estimated domestic peanut oil consumption at 65,000 MT, including quantities which have been traded illegally.

Indonesia

Coconut (copra) and coconut oil production in Indonesia is increasing at a rate of only 2% per year, according to a summary by U.S. agricultural counselor Alan W. Trick. Exports of these commodities are increasing, he said, as the government attempts to expand domestic palm oil use and direct coconut oil into the export trade. Sources available to Trick indicate that 80,000 MT of coconut oil were exported in 1980, compared to 20,000 in 1979. He projected 1981 exports at 135,000 MT.

Production of palm oil, Trick said, is increasing at a rate of about 8% per year. He doubts that palm oil production will reach the estimated 650,000 MT, although exports, Trick believes, may exceed 1980's 351,000 MT, possibly by as much as 50,000 MT.

The report lists soybean production officially at 674,000 MT for 1979, although Trick believes this figure should be revised downward and that the future trend will be slightly upward – 650,000 MT for 1980 and 660,000 for 1981. Trick pointed out that consumption of soy products has been rising and that manufacturers prefer the higher quality imported soybeans. Imports will have to expand, he says, unless domestic soybeans improve in quality and quantity. Imports rose from 177,000 MT in 1979 to 200,000 in 1980 and 230,000 in 1981.

The belief expressed in the report is that soybean crushing would be technically possible for existing oil extraction plants, although the oil would have to be exported as it would be too expensive for local industries.

Peanut production, Trick estimated, will total 429,000 MT in 1980, slightly up from the 1979 figure of 418,000 MT, but still below the peak year of 1978 (446,000 MT). Import figures given are 5,000 MT for 1979, 8,000 MT for 1980 and 10,000 MT for 1981.

India

U.S. agricultural officer John H. Davenport in Bombay reported that production of India's five major oilseeds – peanut, sesame, rapeseed and mustard seed, flaxseed and castor seed – is estimated at 8.73 million MT for 1979-80, about 9% below last year's production.

Good growing conditions for peanuts raised hopes of a 1980-81 record crop, said Davenport, although the final harvest was reduced by a dry spell. A larger-than-average crop of 6.4 million MT is still expected. The report also estimated a larger sunflower crop of 500,000 MT for this season, compared to 400,000 MT in 1979-80. Favorable growing conditions are expected to produce larger rapeseed, mustard seed and flaxseed crops in 1980-81, whereas safflower, at 200,000 MT, and castor seed, at 275,000 MT, will remain around the same level as 1979-80.

Davenport's statement gave the 1980-81 production of major oilseeds at an estimated 13.56 million MT and total oilseed production, including coconuts (in terms of copra), cottonseed and sunflower at 13.56 million MT, about 11% larger than the 12.38 million MT estimated for 1979-80.

No official government export data is available. Exports of edible oils continue to be banned as internal demand increases, although castor oil exports, according to Davenport, may reach 55,000 MT during 1980 (5,000 MT above 1979).

The report claimed that "imports of edible oils in very sizable quantities have now become a fact of life for India," since indigenous production no longer meets the demand. Davenport estimated 1979-80 edible oil imports at 1.15 million MT and projects those for this season at 1.1 million MT. His report suggested that, since soybean oil constitutes 50% of total oil imports and may be higher this season, U.S. soybean oil has a better chance of import.

The forecast given for domestic production of vegetable oils in 1980-81 is 2.90 million MT, compared to 2.72 in 1979-80 and 2.92 in 1978-79. Almost all edible oil produced is consumed domestically.

Japan

Consumption of edible vegetable oils has been growing steadily in Japan, reported Dudley G. Williams, U.S. agricultural counselor in Tokyo. For 1980, however, total consumption is estimated to have been about 1.520 million metric tons, he said, compared to 1.517 million MT in 1979. Williams believes this reflects consumer resistance to higher retail prices which has somewhat slowed oil production.

Demand for vegetable oil is largely met by Japanese oil mills that crush imported oilseeds, so that only about 15% of the total supply is imported oil, Williams reported. He predicted that the total oilseed crush for 1980 will be 4.85 million MT, up from the 4.79 million crushed in 1979.

Williams estimates 1980 soybean oil production at 633,000 MT (47% of the total vegetable oil output) and rapeseed oil production at 380,000 MT (28% of the total).

Imports of palm oil, consumed largely by the food manufacturers, are estimated at 145,000 MT in 1980, the report said. The peak was 153,000 MT, imported in 1976.

Williams' statement showed significant increases in the production of cottonseed oil in Japan (an estimated 24,000 MT, compared with last year's 14,000 MT) which indicates increased cottonseed imports, Williams said. The total import figure given for this season is 63,000 MT, sharply up from 55,000 MT in 1979, of which 15,300 MT comes from the United States. Last year, the U.S. sent only 151 MT of cottonseed to Japan.

The United States is the major supplier of soybean meal, taking 72% of the total imports of 260,000 MT, according to this report.

Williams confirmed that 1980's poor domestic harvest of edible peanuts was the result of an unusually cool, wet summer. Peanut production in Japan, which was 66,900 MT in

1979, is expected to reach only 53,600 MT this season.

South Africa

The year 1980 was a record season for peanuts in South Africa, wrote James Howard, U.S. agricultural attache, in a recent fats and oils report. The 230,000 MT harvested this autumn was 73.4% above the 1978-79 crop, partly resulting, said Howard, from an increased acreage planted and good weather, and partly from the favorable peanut prices which encouraged greater interest in production.

Estimates showed a 40% rise in soybean production, on an 8.8% greater acreage, bringing the season's total to 39,211 MT.

The report expects the large and high quality peanut crop to allow the export of 40,000 MT of edible peanuts and 20,000 MT of other peanuts, besides some peanut and sunflower oil. No oilseed imports will be necessary.

Uniform label change date now July 1, 1983

The Food and Drug Administration has set July 1, 1983, as the mandatory date for firms to comply with changes in food labeling regulations published after Oct. 31, 1980. Firms are required to comply by July 1, 1981, with changes made before that date. Details: *Federal Register*, Friday, Oct. 31, 1980, p. 72111.

Lead acetate approved as hair coloring

The Food and Drug Administration has approved lead acetate as a color additive for hair coloring. Lead acetate may be used in cosmetic hair colorings at a maximal level of 0.6%. Packages are to carry warnings that the product should be used only on hair on the scalp, not on mustaches, beards or eyelashes. Details: *Federal Register*, Friday, Oct. 31, 1980, p. 72112.

U.S. soybean support rate $5.02 for 1980

The U.S. Department of Agriculture's loan and purchase rate for soybeans has been set at $5.02 per bushel, but as market rates are considerably above that, it appears unlikely a large amount of the crop will be offered under the program. U.S. soy producers have until the end of May 1981 to apply for loans under the program. Details: *Federal Register*, Thursday, Oct. 23, 1980, p. 70217.

Malathion tolerance in flax approved

The federal Environmental Protection Agency has set malathion tolerance levels of 0.1 parts per million and 1.0 parts per million in flaxseed and flax straw, respectively. Details: *Federal Register*, Tuesday, Nov. 18, 1980, p. 76145.

Infant formula reports required

The Food and Drug Administration has begun requiring regular reports from manufacturers of infant formula as to the quality control procedures used by the firms. The firms also must affirm their products contain all nutrients essential for normal growth and development.

Rules published for small synfuel projects

The USDA's Farmers Home Administration published the rules for obtaining biomass energy and alcohol fuel projects in the Thursday, Oct. 30, 1980, *Federal Register* (p. 72044). The program is aimed at commercial projects, rather than those aimed at developing technology or pilot-scale projects. "Biomass" refers to any organic matter available on a renewable basis. Rules for insured and guaranteed loans are included.