

The French Vegetable Oil Industry

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Introduction

The increase in domestic oilseed processing in nations that previously exported most of their production to Europe for extraction has led the European Community (EEC) to encourage European production of oilseeds to reduce Europe's dependence on raw materials from Third World nations.

The support system now in place offers EEC producers a guaranteed price attractive enough to encourage oilseed production. Since the EEC price is above world market prices, the EEC crushing industry is able to buy raw materials in the European market. The EEC "aid" represents the difference between the support price, fixed by the EEC, and the world market price. To facilitate the system, the EEC section concerned with oils and fats production forecasts the amount of aid, which is channeled to producers through the intermediary of the grain crushing industries. Advances are paid to crushers on the basis of the forecasts and later, after verifications of production, through a deficiency payment system (Table 1).

Aided by research that has provided oilseed varieties adapted to the European climate, the net result has been strong encouragement for EEC farmers to increase production.

Despite all of this, there is still a deficiency in oilseed production in Europe, a situation that is likely to continue.

EEC oilseed production has quadrupled during the past 10 years. France, the main oilseed producer in Europe, accounts for 50% of the total, including 90% of Europe's sunflower. French sunflower production increased by 22% in 1985 over the previous season (Table 2). Figure 1 shows major oilseed-producing areas in France.

Foreign trade

France's oilseed crushing industry is growing for a number of

reasons. A new financial system allows the industry to overcome monetary disparities which previously favored crushing in other northern European nations rather than in France. French crushing firms have modernized their equipment. Declining oilseed exports, despite increased production, reflect that more oilseed is being processed domestically. Oilseed exports (Table 3) declined 50% in 1984 compared to 1983. Rising French imports of oilseeds—particularly soybeans—indicate improved crushing margins (Table 4). Table 5 reflects the decline in crushing of coconut, palm and castor oil.

Industrial changes

The French crushing industry has been vigorously restructured in recent years to adjust to changes in Third World nations and elsewhere in Europe. Today, 17 of the 22 oilseed companies in France are involved in crushing. The major crushing factories are indicated in Figure 2.

France accounts for 11.5% of European crush. In 1984, the French crush was 4% less than in 1983, primarily because of reduced crush of imported soybeans. Domestic oilseed crush rose to a record 667,000 metric tons (MT) for rapeseed and to 330,000 MT of sunflower. French production of unre-

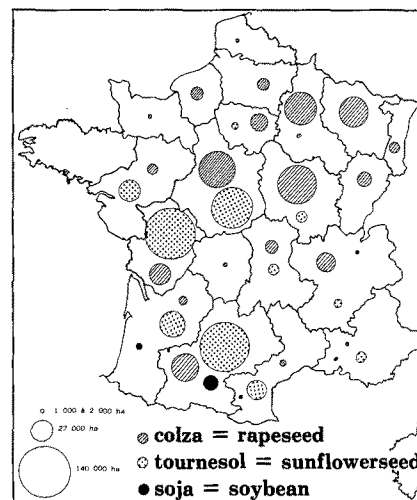


FIG. 1. Major oilseed growing areas in France.

TABLE 1
EEC Production (in 1,000 MT)

	1938	1955	1965	1975	1980	1984
Rapeseed	60	155	437	898	1994	3500
Sunflower		8	15	320	497	1125
Soybean				2	16	150
Totals	60	163	452	1220	2507	4775

TABLE 2
French Oilseed Production (in 1,000 MT)

	1938	1955	1965	1975	1980	1984
Rapeseed	13	107	333	484	1100	1300
Sunflower		4	13	99	220	930
Soybean				2	16	50
Linseed	12	23	26	39	46	1
Totals	25	134	372	624	1382	2281

Meetings

TABLE 3

French Oilseed Exports (in 1,000 MT)

	1965	1970	1980	1981	1982	1983	1984
Rapeseed	126	200	242	498	436	649	376
Sunflower		22	99	167	3120	769	343
Totals	126	222	341	665	746	1418	719

TABLE 4

French Imports of Oil-Bearing Materials (in 1,000 MT)

	1965	1970	1980	1981	1982	1983	1984
Peanut	504	309	109	76	70	44	77
Soybean	109	442	868	564	949	846	615
Rapeseed	4	62	39	14	21	54	174
Sunflower	1	2	108	105	79	45	30
Copra	96	55	53	13			
Palm kernel	66	60	7	1	2	1	
Linseed	162	115	60	14	2	1	4
Castor	15	20					
Totals	95	1065	1244	787	1123	991	900

TABLE 5

French Crushings (in 1,000 MT)

	1938	1955	1965	1975	1980	1984
Peanut	750	312	492	197	98	60
Rapeseed	24	90	157	379	594	667
Sunflower		2	15	70	205	330
Soybean	14	88	118	431	856	630
Copra	143	92	94	56	56	
Palm kernel	88	127	71	13	9	
Linseed	211	116	93	43	15	5
Castor	20	20	13	10		
Totals	1250	850	1054	1199	1833	1692

TABLE 6

French Crushings (in 1,000 MT)

	1938	1955	1965	1975	1980	1984
Peanut	750	312	492	197	98	60
Rapeseed	24	90	157	379	594	667
Sunflower		2	15	70	205	330
Soybean	14	88	118	431	856	630
Copra	143	92	94	56	56	
Palm kernel	88	127	71	13	9	
Linseed	211	116	93	43	15	5
Castor	20	20	13	10		
Totals	1250	850	1054	1199	1833	1692

fined vegetable oils is rising regularly (Table 6).

French refining of edible oils totaled 573,000 MT in 1984. The decrease in refining of peanut and soy oils was offset partially by an increase in sunflower and rapeseed oil refining. Only a limited number of firms are involved in refining. Two companies—Lesieur and Astra-Calve—accounted for 70% of French refining in 1984. Imports of refined oil totaled 164,000 MT; exports totaled 74,000 MT.

French consumption of oilmeal tripled between 1960 and 1980 and now is at 4.3 million MT annually. About 25% of this is from domestic production, but most of that comes from processing of imported soybeans. Soybean meal consumption represents about 85% of total meal consumption. Nevertheless, consumption of rapeseed meal and sunflower meal is increasing. The introduction of double-zero rapeseed (no glucosinolates) and dehulling of sunflowerseed makes these meals more attractive than in previous years (Table 7).

Trade in oils

The strong increase in oil production promised in 1983 was fully realized in 1984. Consequently, there was a drop in domestic share of oil consumption. Oil imports decreased by 76,000 MT from 1983 levels to about 635,000 MT. Exports of oil rose slightly, by 23,000 MT, to 404,000 MT (Table 8).

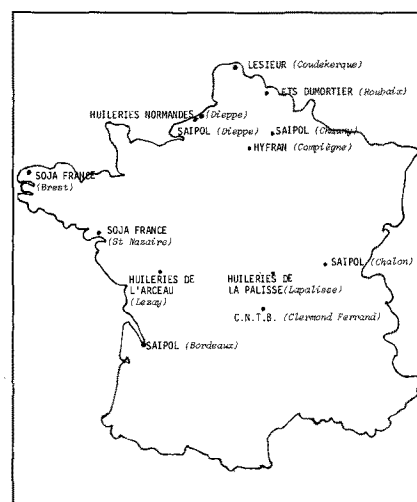


FIG. 2. Principal oil mills in France.

TABLE 7

1984 French Meal Production, Exports, Consumption (in MT)

	Production	Imports	Exports	Total consumption
Soya	501,489	3,198,177	14,811	3,684,855
Rapeseed	388,116	14,637	150,034	252,719
Sunflower	167,432	96,454	18,880	245,006
Peanut	33,844	18,282	15,120	37,006
Linseed	3,407	84,370	2,384	85,403
Others	68	20,083		20,151
Totals	1,094,356	3,431,003	201,219	4,325,140

TABLE 8

French Vegetable Oil Imports and Exports (in 1,000 MT)

	1938	1955	1965	1975	1980	1984
Imports						
Peanut	3	83	157	179	247	126
Soybean	2		1	90	94	81
Rapeseed			2	1	8	25
Sunflower			1	90	123	148
Copra	6	8	4	47	43	68
Palm kernel			6	21	18	31
Palm	28	28	37	50	72	60
Linseed	1	19	14	4	11	9
Castor		1	29	21	32	50
Other	7	17	38	14	18	37
Totals	47	156	289	517	666	635
Exports						
Peanut	53		11	44	15	10
Soybean		1	4	81	132	118
Rapeseed		2	33	119	159	203
Sunflower				20	20	23
Other	16	20	9	33	39	50
Totals	69	23	57	297	365	404

Total vegetable oil consumption seems to have stagnated in recent years, but there has been an evolving demand by consumers for sunflower oil. Since 1981, sunflower oil has been France's major vegetable oil (Table 9). In 1984, the domestic market for cooking oils (including olive oil) dropped by 3% (Table 10). In food usage, peanut oil consumption fell by 27% to 142,000 MT; sunflower increased 12% to 225,000 MT, and the market for coconut oil held stable. Industrial use declined from 46,000 MT in 1983 to 29,000 MT in 1984, partially because of higher prices. Per capita consumption (not including oils used in margarine, but accounting for oils used elsewhere in the food industry) was about 11.5 kg for the year.

Summary

Over the years, the French industry has shown a dynamic ability to adapt to an economic environment undergoing dramatic changes—"profound evolution." Today, we find ourselves confronted with new changes right across the board, notably:

- increasing EEC production of rapeseed and sunflower
- improvement of meal quality of EEC crops
- competition from Third World oil-producing nations, and unfair commercial practices
- EEC enlargement with Spain and Portugal joining, and the resultant effects on our political, agricultural and economic future
- changing patterns in consumer oil preferences

TABLE 9

Vegetable Oil Use in France (in 1,000 MT)

	1938	1965	1975	1980	1982	1983	1984
Peanut	307	379	229	259	191	196	142
Soybean	4	18	84	95	95	97	78
Rapeseed	10	37	37	57	65	72	68
Sunflower		7	98	178	233	227	254
Copra	95	63	77	72	76	68	
Palm kernel	41	39	26	22	35	43	87*
Palm	28	36	49	69	67	76	57
Linseed	72	46	16	12	10	10	
Castor	7	34	25	33	39	28	50
Other	6	56	14	24	32	27	35
Totals	570	715	636	840	852	875	804

*Total palm kernel and palm oil use in 1984.

TABLE 10

1984 French Vegetable Oil Use (in 1,000 MT)

	Food uses		Industrial use	Total
	As oils	In prepared foods		
Olive	23	1		23
Peanut	138	3	1	142
Sunflower	225	28	1	254
Soybean	29	25	24	78
Rapeseed	35	31	2	68
Other fluid oils	33	1	1	35
Copra/ palm kernel	10	30	47	87
Palm	1	50	6	57
Linseed			10	10
Castor			50	50
Total	493	169	142	804

- stagnation in worldwide oil consumption
- changing world trading patterns
- protectionist rules regarding price controls

This list is not comprehensive, but shows why, at the moment when France is about to take on major changes, the French oil industry must take the measures necessary to allow it to face the challenge of future years, in an environment of increasingly difficult competition.

Everyone is conscious that, beyond the oil industry, what is at stake is the dynamism of the whole series of connected oilseed producers in France, and its future in a European community of 12 members.