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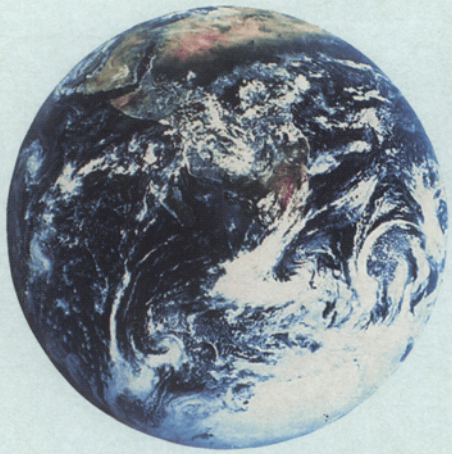

World fats and oils report

Record palm oil production forecast

World palm oil production in the current marketing year should crack the 9 million metric ton (MT) mark for the first time, permitting world oil output to reach 53.36 million MT despite an expected decline in world oilseed production, according to U.S. Department of Agriculture (USDA) estimates.

But even if oil production does inch upward, it will not replenish relatively low surplus stocks in most parts of the world, according to Thomas Mielke of *Oil World.*

USDA expects increased production of sunflowerseed, cottonseed, peanut, coconut, fish and palm kernel oils. Estimates for soybean, rapeseed, cottonseed, olive and linseed oils indicate a decline in 1988/89. USDA computes global production figures based on those 11 oils. USDA predictions for 1988/89 global oil production, in million MT (with last year's levels in parentheses), include: soybean, 14.86 (15.22); palm, 9.22 (8.49); sunflowerseed, 7.42 (7.19); rapeseed, 7.31 (7.70); cottonseed, 3.62 (3.45); peanut, 3.43 (3.0); coconut, 2.75 (2.86); olive, 1.46 (1.9); fish, 1.5 (1.39); palm kernel, 1.28 (1.21); and linseed, 0.54 (0.61).

Good demand for meal has kept oilseed crushings high this year thereby delaying a tightening in the oils and fats supply caused by lower production, according to Mielke, who spoke at the International Federation of Margarine Associations in Istanbul, Turkey, earlier this year. The demand for meal, particularly from the Soviet Union, pushed oil meal prices and crushings to higher levels than they would have been otherwise. This is "to a great extent responsible for the higher oil stocks and weakness in oils in the first part of the year," Mielke said.

Mielke forecast that world production—based on 17 oils and fats (soybean, cottonseed, peanut, sunflowerseed, rapeseed, olive, palm, palm kernel, coconut, butter, lard, tallow and grease, sesame, corn, fish, linseed and castor)—will rise by 600,000 MT this year to 75.54 million MT. Among the major producers, the steepest production declines for this year came in the European Economic Community (EEC), the U.S. and China. In India, Malaysia, Indonesia, Argentina, Brazil and the Soviet Union, production figures increased.

Opening stocks for 17 oils and fats at the beginning of the 1988/89 marketing year were approximately 11.35 million MT, according to *Oil World.* But by the end of this marketing year, world fats and oils stocks could fall by nearly 1.5 million MT to 9.88 million MT, Mielke said. Oil ending stocks by the end of the 1989/90 marketing year may range as low as 8.8 to 9.9 million MT, compared to 11.35 million MT at the end of the 1987/88 marketing year. Even if fats and oils production in 1989/90 reaches *Oil World*'s projection of 76.9 to 79.5 million MT—an increase from this year's 75.54 million MT—there will not be a repletion of oil stocks.

Oils and fats production will rise by 600,000 MT this year to 75.54 million MT.

"Surplus stocks in oils have become history except in the U.S." Mielke said, noting that, in early May, oil stocks in 19 major countries had fallen below the previous year's figure for the first time in 45 months.

Oil World expects that on

Oct. 1, 1989, combined world stocks of soybean, sunflowerseed, rapeseed, palm and coconut oils will be 6.1 million MT, down 600,000 MT from last year's Oct. 1 levels. Among major oil producers and users, stocks as of Oct.1, 1989, are as follows (with last year's figures in parentheses): EEC, 660,000 MT (810,000 MT); Soviet Union, 210,000 MT (200,000 MT); U.S., 1.09 million MT (1.21 million MT); Argentina, 200,000 MT (200,000 MT); Brazil, 290,000 MT (240,000 MT); China, 300,000 MT (300,000 MT); India, 300,000 MT (670,000 MT); and Malaysia, 850,000 MT (710,000 MT).

Expected declines in butter and olive oil supplies could increase demand for other vegetable oils; lowered oil stocks and decline in stock/usage ratios will improve prices, *Oil World* said.

Mielke also suggested that not enough oilseeds were being planted for the upcoming season. The 1989/90 production estimate for 10 major oilseeds—soybeans, cottonseed, groundnuts, sunflowerseed, rapeseed, sesameseed, palm kernel, copra, linseed and castorseed—ranges from 206 to 216 million MT, compared to 198.31 million MT this year and 207.47 million MT in 1987/88. "There is little leeway for detrimental weather conditions," Mielke said.

Weather was the major factor affecting oilseed production, imports and exports this year. A good monsoon season diminished India's need for oil imports in 1988/89 and may do so again in 1989/90, while drought sharply lowered the U.S. and Argentina's soybean crops this year.

Weather, particularly in the U.S., also will be a major price factor through early September because the U.S. accounts for the largest share of the expected increase in world oilseed production for 1989/90, *Oil World* said. "If U.S. soybean production should remain significantly below the presently expected 53 million MT, the overall world oilseed situation could become even tighter than it already is this season," the newsletter said.

Politics also is affecting the fats, oils and oilseed sectors this year.

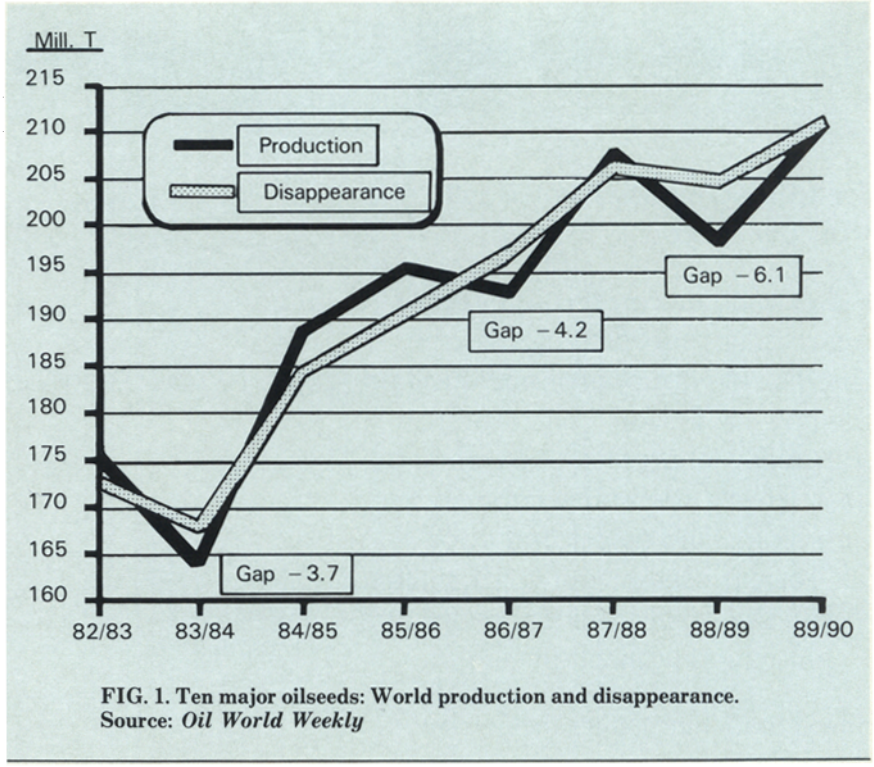

FIG. 1. Ten major oilseeds: World production and disappearance. Source: *Oil World Weekly*

China, which had been expected to import 1.12 million MT of oils and export 1.53 million MT of oilseeds and 2.35 million MT of oilmeal, has been so disturbed by political turmoil that trading prospects are considered uncertain by many observers. According to USDA, Japanese soybean importers have said they would minimize future contracts with China for a while; other sources indicate there has been a slowdown in palm oil imports.

At press time, Brazilian growers were still withholding much of their crop from the market in a continued protest against the government's exchange rate policies. Sales by late June were reportedly half the level of the year before.

Direct and indirect government supports such as high EEC payments to oilseed growers and the U.S. Export Enhancement Program for oil continue to cause dissension. So far, negotiators for the General Agreement on Tariffs and Trade only have been able to agree to work on "substantial progressive reductions" in agricultural supports over the long term.

The following summaries focusing on key oils- and fats-producing and trading countries are based on information from reports filed with the USDA Foreign Agricultural Service by its agricultural officers around the world. This information is supplemented with other data from USDA and from *Oil World.*

European Community

European Economic Community's (EEC) oilseed production may decline to 11.2 million MT in 1988/89, nearly 1 million MT less than in 1987/88. Although China usually is the world's No. 1 rapeseed producer, the EC's 5.19 million MT harvest for 1988/89 put it in the top spot as drought cut China's production. The EC crop was about 76,000 MT below the previous year. Sunflowerseed and soybean production fell to 3.88 million MT and 1.56 million MT, respectively, in 1988/89 compared to 1.79 million MT and 3.93 million MT, respectively, the previous year. Approximately 580,000 MT of other oilseeds will be harvested this year. The establishment by the EEC of

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maximum guaranteed quantities (MGQ) for the three principal oilseeds has disrupted the previous upward trend in EC oilseed production.

The MGQ for soybeans for 1989 remains at 1.3 million MT, but the price cut has been increased to 0.5% for each percentage point of output above the MGQ. The MGQ for sunflowerseed is 2.0 million MT and the price penalty will be 0.5% for each percentage point that production exceeds the MGQ.

Oil consumption is forecast to rise to nearly 8.18 million MT, an increase of 413,000 MT. Sunflowerseed oil and rapeseed oil consumption increased. Europeans will consume approximately 1.47 million MT of sunflowerseed oil in 1988/89, 58,000 MT over the previous year. Rapeseed oil consumption increased by 83,000 MT to 1.28 million MT. Soybean and olive oil consumption figures are expected to fall to 1.44 million MT and 1.26 million MT, respectively.

EEC protein meal consumption will fall approximately 1.44 million MT to 28.68 million MT. Declines in soybean meal consumption accounted for nearly 1.1 million MT of the decrease.

EEC soybean imports are projected at 11.22 million MT, nearly 1.97 million MT less than in 1987/88. Sunflowerseed imports will increase by 20,000 MT to 296,000 MT. Combined exports of soybean oil and rapeseed oil should decline to 877,000 MT from 1.05 million MT. Soybean meal imports and exports are forecast to increase this year; imports are set at 9.98 million MT and exports at 1.89 million MT. (These figures exclude intra EEC trade. Import and export figures in the following reports from individual nations include intra EEC trade.)

Information for several EEC members follows.

Italy

Italy, the EEC's major soybean producer, experienced a decline in total oilseed production to 1.7 million MT in 1988/89. Soybeans accounted for nearly 1.4 million MT of the total and sunflowerseed about 257,000 MT. Rapeseed made up most of the balance.

Crush in Italy is increasing to 2.26 million MT this year due to improved margins for oils and the relatively high Italian trade deficit for protein meals. Soybeans represent about 84% of total oilseed crush. Total crushing capacity for soybeans is about 2.5 million MT.

Soybean imports by Italy, primarily from Argentina and Brazil, are expected to recover to 600,000-700,000 MT. Increases in the Italian soybean crop only reduce soybean imports; meal imports continue to be driven by demand from the compound feed industry.

Total oil production was approximately 861,000 MT, compared to last year's 1.1 million MT. In Italy, total oil production is primarily a reflection of fluctuations in the olive oil crop which accounts for 40% to 60% of total oil production. This year's total oil production decline can be attributed to an "off-year" for olive oil, down to 394,000 MT. Soybean oil production should rise to 302,000 MT, and sunflowerseed oil is expected to increase to 131,000 MT. Lesser amounts of rapeseed, corn and peanut oil also will be produced.

Italian olive oil consumption remains inelastic at about 10.8 kilograms per capita annually. Fluctuations in the price ratio with other oils—even when the price of extra virgin olive oil was seven times higher than for regular vegetable oil in November 1988—do not affect olive oil consumption which is estimated at 664,000 MT this year. Total domestic oil consumption is forecast at 1.28 million MT. According to USDA, there is a trend toward greater consumption of soybean oil versus rapeseed oil as consumers develop a preference for single-source oils over blended oils. Rapeseed oil often is used in blends in Italy.

TABLE 1

World Production, Disappearance and Ending Stocks for Fats and Oils (million metric tons)

	Production		Disappearance		Ending stocks	
	1988/89	1989/90	1988/89	1989/90	1988/89	1989/90
Soybean	15.14	16.10-16.50	15.42	16.60-16.70	2.04	1.50-1.80
Cottonseed	3.74	3.60- 3.76	3.74	3.60- 3.70	0.32	0.30
Peanut	3.78	3.40- 3.70	3.84	3.40- 3.70	0.32	0.32
Sunflowerseed	7.67	7.50- 7.90	7.82	7.60- 7.85	0.68	0.60-0.75
Rapeseed	7.58	7.64- 7.90	7.70	7.74- 7.90	0.77	0.70-0.80
Olive	1.55	1.80- 1.90	1.80	1.80	0.64	0.64-0.74
Palm	9.25	10.00-10.30	9.23	10.35	1.96	1.65-1.95
Palm kernel	1.20	1.29- 1.34	1.21	1.29- 1.34	0.18	0.20
Coconut	2.88	2.94- 3.06	2.96	2.94- 2.95	0.48	0.50-0.59
Butter (as fat)	6.16	6.20- 6.30	6.50	6.30	1.04	0.90-1.00
Lard	5.49	5.50- 5.60	5.50	5.50- 5.60	0.33	0.30
Tallow & grease	6.60	6.50- 6.60	6.70	6.50- 6.60	0.49	0.50
Other oils	4.49	4.43- 4.64	4.63	4.41- 4.57	0.64	0.62-0.67
Totals	75.54	76.90-79.50	77.04	78.00-79.40	9.88	8.80-9.90

Other oils include sesame, corn, fish, linseed and castor.
(Source: *Oil World Statistics Update*, 1989-90.)

France

France, the EEC's leading sunflowerseed producer, will produce an estimated 2.25 million MT of the crop in 1988/89. Although that figure is approximately 258,000 MT less than France's production for last year, it still exceeds the EEC's Maximum Guarantee Quantity by 250,000 MT. However, next year's estimate for sunflowerseed output is 1.9 million MT. Nearly 1.36 million MT of sunflowerseed will be exported this year.

French rapeseed production also is trending downward. In 1987/88, nearly 2.65 million MT were produced; this year output was down to 2.32 million MT, and the projection for 1989/90 is approximately 1.62

million MT. French rapeseed exports for the same periods are 1.54 million MT (1987/88), 1.26 million MT (1988/89),and 720,000 MT (1989/90). French soybean and flaxseed production in 88/89 have risen to 243,000 MT and 31,000 MT, respectively.

Most meal produced in France will be used domestically. In 1988/89, about 512,000 MT of sunflowerseed, 611,000 MT of rapeseed, 174,000 MT of soybean, 10,000 MT of peanut and 21,000 MT of fish meals will be produced. An additional 3.3 million MT of meal will be imported. Only 101,000 MT will be exported.

On the oil side, about 929,000 MT of oil will be produced and 560,000 MT exported in 1988/89. The oil production figures for France's major oils are as follows, with export figures in parentheses: sunflowerseed, 439,000 MT, (140,000 MT); rapeseed, 440,000 MT, (340,000 MT), and soybean, 38,000 MT, (37,000 MT). Smaller amounts of olive, linseed, peanut and fish oils also will be produced. Oil imports, estimated at 493,000 MT in 1988/89, are up from 475,000 MT last year. The bulk of French oil imports will be composed of sunflowerseed oil (116,000 MT), peanut oil (126,000 MT) and palm oil (80,000 MT).

In calendar year 1988 France boosted vegetable oil exports to North Africa, India, China, Indonesia, Turkey and Mexico. Cuba, which did not import French oils in 1987, did import in 1988. The U.S. bought 4,300 MT of French rapeseed oil. Exports to Pakistan, Bangladesh and the Soviet Union diminished.

United Kingdom

In 1988/89, the U.K. will produce 1.0 million MT of rapeseed and 26,000 MT of flaxseed. Flaxseed production increased by 16,000 MT compared to last year, but rapeseed fell by more than 353,000 MT. Combined output for the two crops for next year is forecast at 980,000 MT.

U.K. rapeseed producers reportedly have been disappointed by attempts to reduce glucosinolate levels. The average glucosinolate level in the 1988 crop was 22 micromoles with a wide range on both sides. The U.K. was among the countries that lobbied for a delay until July 1, 1991, of the establishment of EEC quality standards for double-low rapeseed. The government thought it was premature to impose a 20 micromole standard by July 1, 1990, because winter rapeseed varieties which consistently meet the standard in commercial growing conditions are not yet available. The U.K. also supported the delay until

1992/93 of a proposal to limit support payments to double-low varieties.

In 1989/90, the U.K. could become a net importer of rapeseed due to domestic production declines and crush overcapacity. Next year's rapeseed imports and exports are forecast at 100,000 MT and 80,000 MT, respectively.

Vegetable oil imports have declined in recent years as domestic crush has increased. Import figures for this year and next are as follows (1989/90 figures in parentheses): sunflowerseed oil, 75,000 MT (85,000 MT); rapeseed, 40,000 MT (35,000 MT); soybean, 130,000 MT (125,000 MT); peanut, 12,000 MT (12,000 MT); fish oil, 150,000 MT (145,000 MT) and palm oil, 270,000 MT (270,000 MT).

The U.K. vegetable and marine oil market is quite stable, but the approach of 1992 has raised concerns about "yellow fats" regulations among members of the Margarine and Shortening Manufacturers Association (MSMA). The U.K. permits a wide range of vegetable oil and dairy product blends while other EEC members are more restrictive. MSMA said trade associations in member countries favor legislation that would restrict the types of yellow fat spreads by allowing three categories: 80% (margarine); 60% (reduced fat); or 40% (low fat). The U.K., with its wider product lines, is likely to oppose such limitations.

The U.K. remains deficient in protein feed production. During 1988/89, total meal production is estimated at 1.13 million MT. Meal imports, forecast at 1.66 million MT, will be composed of 900,000 MT of soybean meal, 250,000 MT of fish meal and lesser amounts of copra, palm kernel, and linseed.

According to USDA, there are widespread rumors that plants will close, but trade sources indicated that if there were closures, they would be among the smaller plants. Meanwhile, the Sweden-based Karlshamns bought the Chambers and Fargus plant in Hull in June. It is reportedly the company's "foot in the door" for 1992.

TABLE 2

Oilseed Production Estimates (million metric tons)

	USDA estimate	*Oil World* estimates	
	1988/89	1988/89	1989/90
Soybean	93.38	93.97	104.00-109.00
Cottonseed	32.30	32.44	31.40- 32.50
Peanut	21.98	15.95	15.40- 16.10
Sunflowerseed	20.77	20.79	20.50- 21.70
Rapeseed	21.96	22.17	21.30- 22.30
Flaxseed	1.70	2.20	2.50- 2.75
Copra	4.52	4.77	4.90- 5.10
Palm kernel	2.95	2.79	2.95- 3.05
Sesameseed	N/A	2.20	2.15- 2.25
Castorseed	N/A	1.03	0.90- 1.05
Totals	199.56	198.31	206.00-216.00

Sources: *USDA FAS Circular* FOP 6-89; *World Oilseed Situation,* June 1989; and *Oil World Statistics Update,* 1989-1990.

Spain

Oilseed production is forecast at 1.32 million MT this year and could hit a record 1.45 million MT in 89/90. Increases this year and next will be due mainly to increased sunflowerseed output, estimated at 1.11 million MT for 1988/89 and 1.25 million MT for 1989/90. Cottonseed and rapeseed this year and next should remain static at about 175,000 MT and 10,000 MT, respectively, and soybeans may decline to 9,000 MT in 89/90 from 13,000 MT this year.

Low margins and difficulties in marketing soybean oil are likely to reduce oilseed crushings to 2.85 million MT this marketing year from 3.15 million MT last year. Soybean crush, forecast to decline by 500,000 MT to 1.6 million MT this year, accounts for the downturn. Sunflowerseed crush could increase to 1.13 million MT from the 1987/88 level of 958,000 MT.

According to USDA, a high tax imposed by the EEC on domestic use of soybean oil and the obligation to export any soy oil produced in excess of the domestic consumption quota of 112,000 MT are threatening the Spanish soybean crushing industry. The tax and the export obligation were conditions of the Treaty of Accession, the agreement under which Spain entered the EEC. Spanish crushers continue to seek elimination of the tax or, alternatively, to have the EEC apply the tax in a general way to all oils entering the Spanish market. Meanwhile, the second largest soybean crushing facility in Spain could be purchased by the Ferruzzi group of Italy. There are reports that Ferruzzi is negotiating with Spain's National Institute for Industry to purchase Oleaginoasa Espanolas S.A. (OESA).

The difficulties faced by the crushing industry may push total oilseed imports down to 1.87 million MT in 1988/89 from nearly 2.43 million MT in 1987/88. Soybean imports will decline to 1.8 million MT this year, a decline of approximately 572,000 MT. Decreases in soybean imports will mean lower soybean meal and oil production at 1.26 million MT and 272,000 MT, respectively. Soy meal imports in the current marketing year, however, are likely to reach 1.4 million MT to compensate for shortfalls in soybean imports.

Total oil production could decline to approximately 1.15 million MT this year, a drop of 334,000 MT from 1987/88. Olive oil production is expected to be 358,000 MT in 88/89, 333,000 MT less than last year, but sunflowerseed oil production is increasing steadily. By 1989/90, sunflowerseed oil production could

reach 459,000 MT, up from 435,000 MT this year and 368,000 MT last year.

Although Spain will remain a net exporter of oil this year, total oil exports are likely to fall more than 25% from 1987/88 levels when 625,000 MT of oil were exported. The U.S. Export Enhancement Program for soy oil and lower-than-projected-olive oil exports to Italy are cited in the export losses. Total oil imports, down to 38,000 MT this year, are likely to continue a downward spiral while import quotas established as part of the Treaty of Accession remain in place.

As of March 1, all vegetable oil imported by Spain required a health certificate issued by either a state or federal organization from the imported oil's country of origin. Previously a health certificate from a food manufacturer was considered sufficient.

West Germany

USDA estimates West German oilseed production at nearly 1.28 million MT this year, down marginally from 1987/88. German oilseed imports are expected to decline quite sharply to 4.22 million MT, down from 5.14 million MT last year.

Germany's main oilseed crop is rapeseed. Nearly 1.22 million MT were forecast to be harvested in 1988/89. The projection for the 1989/90 crop is 1.24 million MT. Sunflowerseed production is increasing and may reach 60,000 MT this year—36,000 MT more than in 1987/88.

Oilseed imports into West Germany continue to be dominated by soybeans, but import levels have fallen sharply. In 1988/89 nearly 2.5 million MT of soybeans entered the country compared to 3.33 million MT two years ago. In addition to soybeans, Germany also may import one million MT of rapeseed, 580,000 MT of sunflowerseed and smaller amounts of flaxseed and peanuts.

Forecasters anticipate Germany will boost oilmeal imports to 4.15 million MT this year to make up for a lower domestic meal output of 3.42 million MT. Imports should include approximately 2.2 million MT of soybean meal, 585,000 MT of copra meal, 450,000 MT of palm kernel meal, 330,000 MT of fish meal, 270,000 MT of rapeseed meal, 240,000 MT of sunflowerseed meal, 75,000 MT of linseed meal and 15,000 MT of peanut meal.

Oil production, forecast at 1.54 million MT, includes 780,000 MT of rapeseed oil, 395,000 MT of soybean oil, 260,000 MT of sunflowerseed oil,

and 165,000 MT of fish oil. The projected oil import figure of 974,000 MT includes contributions from palm (220,000 MT), coconut (191,000 MT), palm kernel (120,000 MT), soybean (100,000 MT), sunflowerseed (76,000 MT), and rapeseed (70,000 MT) oils, plus smaller amounts of other oils. Of the 885,000 MT of oil expected to be exported in 1988/89, rapeseed oil (480,000 MT), soybean oil (185,000 MT) and sunflowerseed oil (120,000 MT) are dominant.

The Netherlands

In 1988/89 Dutch processors may push crush to 3.65 million MT, slightly more than the 1987/1988 record of 3.63 million MT, according to USDA. Crush figures for soybeans, sunflowerseed and rapeseed, the three major seeds, are 2.9 million MT, 425,000 MT and 320,000 MT, respectively.

This year's imports of oilseeds are forecast at 4.54 million MT, with soybeans making up 3.5 million MT of the total. The balance is composed of 435,000 MT of sunflowerseed, 300,000 MT of rapeseed, 156,000 MT of peanut, 28,000 MT of flaxseed and 20,000 MT of palm kernel. Total oilseed exports, forecast at 290,000 MT, will include 200,000 MT of soybeans and 25,000 MT of rapeseed.

The Netherlands is a minor producer of oilseeds, maintaining its crushing industry on imports. In calendar year 1989, total oilseed production could fall to 28,000 MT.

On the oil side, 1988/89 production, imports and exports are forecast at 857,000 MT, 791,000 MT and 993,000 MT, respectively. Soybean oil production in 1988/89 is expected to remain level with the 1987/88 figure of 537,000 MT. The Dutch also will produce 130,000 MT of rapeseed oil and 190,000 MT of sunflowerseed oil; imports for this year have been set at 71,000 MT of rapeseed oil and 48,000 MT of sunflowerseed oil, while exports are forecast at 125,000 MT for rapeseed oil and 190,000 MT for sunflowerseed oil.

In 1987/88, Dutch consumption of soybean oil reached a record 190,000 MT, partly because, according to the crushing industry, Dutch processors had to sell more locally produced soybean oil domestically because export possibilities to traditional buying countries were hampered by competition from the U.S. Export Enhancement Program. Despite the processors' claims, USDA said soy oil exports for market year 1987/88 (371,000 MT) were only off 1% from the previous year. Although the Dutch have lost sales to markets in Sweden, Iran, North and South Yemen, Egypt, Syria, Pakistan and Singapore, USDA said the losses cannot be blamed on EEP. USDA forecasts soybean oil exports will increase to 400,000 MT this year.

Meal production is projected to increase to 2.77 million MT; imports may rise to 2.64 million MT and exports to 1.97 million MT.

TABLE 3

World Oil Consumption for Eleven Oils (million metric tons)

	1987/88	1988/89
Soybean	14.98	14.75
Palm	8.65	9.09
Sunflowerseed	7.07	7.42
Rapeseed	7.25	7.32
Cottonseed	3.34	3.53
Peanut	3.05	3.50
Coconut	2.66	2.79
Olive	1.77	1.75
Fish	1.38	1.48
Palm kernel	1.24	1.24
Linseed	0.57	0.55
Totals	51.96	53.42

Sources: *USDA FAS Circular* FOP 6-89; *World Oilseed Situation*, June 1989.

Brazil & Argentina

In South America, the combined soybean production of Brazil and Argentina for the October 1988/September 1989 marketing year is forecast at 29.5 million metric tons (MT), 1.75 million MT more than the previous year. Preliminary forecasts for 1989/90 indicate Brazil could produce 21 million MT and Argentina's harvest, if drought conditions end, could total 11.5 million MT.

Record yields in Brazil's Mato Grosso do Sul and Goias areas helped push that nation's soybean output to an estimated 21.7 million MT this year, an increase of 3.65 million MT over last year. However, some trade sources in Brazil estimate this year's Brazilian soybean crop may be as much as 23.25 million MT. Brazilian soybean output could increase significantly during the next five years if Minister of Agriculture Iris Rezende's plan to expand soybean area comes to fruition. Earlier this year, he proposed that 50 million hectares in the Cerrado area be brought into production as a way to relieve the country's economic and social difficulties and to take some developmental pressures off the Amazon Basin.

With this year's increase in production, soybean crush will increase to 15.5 million MT. Soybean meal and oil production are forecast at 12.1 million MT and 2.92 million MT, respectively. Brazil's total oilseed crushing capacity is approximately 29 million MT; the utilization rate is greater than 50%. Rio Grande do Sul, Parana and Sao Paulo are the states with largest capacities.

Forecasts earlier this year anticipated Brazilian exports of soybeans and soybean products to increase in 1988/1989; earnings from those exports were projected to reach as high as $4 billion, an increase of $1.1 billion. However, at press time, Brazilian soybean farmers had virtually cut off soybean sales to protest the government's exchange rate policies. As a result, approximately 4.7 million MT of soybeans, 9.5 million MT of soy meal and 875,000 MT of oil may be exported, compared with 3.02 million MT, 8.47 million MT and 661,000 MT, respectively, for last year.

The European Economic Community (EEC) is Brazil's best soybean customer. This year the EEC could purchase 2.9 million MT of soybeans, 6.6 million MT of soybean meal and 55,000 MT of soybean oil, all larger amounts than last year. Japan also has increased its imports from Brazil. In calendar 1986, Japan imported approximately 128,000 MT of soybeans from Brazil, according to USDA. In 1988, the import figure had risen to 576,000 MT; some trade sources forecast that

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Brazilian soybean exports to Japan could soar as high as 800,000 to 1 million MT in coming years.

Brazilian authorities, meanwhile, are trying to curtail unofficial soybean exports to Paraguay. This year, an estimated 400,000 MT of soybeans will be shipped unofficially over the border. Press reports earlier this year indicated Brazilian producers received 28 cruzados for 60 kilos of soybeans in Paraguay and only 15 cruzados in Brazil. On the oil side, the U.S. could buy 20,000 MT of oil, a sharp decline from last year's level of 146,000 MT. Increased oilseed production in India will lower that country's imports of Brazilian soybean oil to approximately 62,600 MT, down from 247,500 MT last year.

Soybeans account for more than 90% of all oilseed production in Brazil; cottonseed and peanuts make up most of the balance. Estimates for cottonseed and peanut production are approximately 1.3 million MT and 140,000 MT, respectively. Sunflowerseed remains a minor crop.

During 1989, the National Council on Foreign Trade announced new standard specifications for soybeans, soybean oil and soybean meal destined for export, and the Ministry of Transport signed a 90-year concession for a new railroad. The railroad would link soybean-producing regions in the southern and southwestern states of Parana and Mato Grosso do Sul with Parangua, Brazil's leading grain-exporting port.

Argentina's soybean crop, originally forecast at 11 million MT this marketing year, actually was about 7.8 million MT due to drought. The previous year's harvest was 9.5 million MT. Because oilseed crops became more competitive than grains in Argentina, soybean area expanded, a trend that is continuing. Next year, about 5.4 million hectares will be planted as opposed to 3.65 million hectares in 1986.

The drought-reduced harvest will limit Argentine soybean meal and oil exports. Of the 5.2 million MT of soybean meal produced this year, 5 million MT will be exported, a 380,000 MT decline from the previous year. About 1 million MT

of the 1.13 million MT of soybean oil produced will be exported. Some traders anticipate a $1.7 billion decline in export revenue because of the drought.

Argentina remains the world's second largest producer of sunflowerseed behind the Soviet Union. Argentine sunflowerseed production rose to 2.9 million MT this year, an increase of 100,000 MT over 1987/88 but below 1986/87 levels. Meal and oil production are forecast at 1.2 million MT and 1.1 million MT, respectively, this year. Export levels are forecast at approximately 1.1 million MT and 800,000 MT for meal and oil, respectively.

This year, Argentina will displace Canada as the world's top producer of flaxseed due to drought in Canada. Argentina's flaxseed harvest has been estimated at 450,000 MT, 100,000 MT less than last year. Peanut production is down to 270,000 MT, from 450,000 MT in 1987/88.

Drought, taxes, currency devaluations, a 3,500% annual inflation rate and U.S. weather conditions will influence the decisions of Argentine processors this year. Earlier this year, the Argentine government raised export taxes on soybean meal and oil to 3% from 0%; the rate for soybean exports was kept at 11%. Processors also pay a 1.5% charge to finance agricultural research. An additional 20% tax has been tacked on all exports.

Malaysia, Indonesia & the Philippines

Malaysia and Indonesia both will increase production of palm oil this year. Malaysia's output is forecast to reach 5.42 million MT and Indonesia is expected to produce about 1.5 million MT; total world production in 1988/89 is projected to be 9.25 million MT. Coconut oil production in the Philippines is forecast at 1.11 million MT and in Indonesia at 738,000 MT. World coconut oil production is forecast to be 2.75 million MT, according to USDA.

Although Malaysia remains the world's largest palm oil producer, Indonesia has made rapid gains in increasing production, according to *Oil World*. In 1989, Indonesia's crude palm oil output will increase by 19% (310,000 MT) to 1.95 million MT, while Malaysia's output will increase 9% (460,000 MT) to 5.49 million MT. *Oil World* estimates that in 1990, Indonesian palm oil production could reach 2.35 million MT and Malaysian production could total 5.87 million MT. Projected increases have helped put early estimates for next year at 10.4 million MT. *Oil World* estimates are made on a calendar year basis.

Malaysia, Indonesia palm oil output expected to be 5.42 million metric tons and 1.5 million metric tons, respectively.

Following an expansion in palm oil plantings which began in 1983, Indonesia has been able to take over Malaysia's position as the country with the highest production growth rate. From 1982 to 1987, Indonesia's palm oil acreage increase averaged 80,000 hectares per year; yield also rose.

USDA estimates Malaysian palm oil exports may reach 4.56 million MT this marketing year and 4.88 million MT next year. Palm kernel oil production and exports for 1988/89 are 690,000 MT and 555,000 MT, respectively. Last year, Malaysia earned about 5 billion Malaysian dollars for palm oil exports. During that period, India, which had been Malaysia's major customer, cut back purchases by more than 600,000 MT. Singapore, Pakistan and Japan, however, increased imports.

The Malaysian government is continuing efforts to make its primary commodity more resilient in world markets as it faces continued adverse publicity campaigns in the U.S., the possible reintroduction of higher European import duties on processed and semi-processed edible oils, and the subsidy war between the U.S. and the European Community. Malaysia is directing much of its promotional resources to the U.S., China, Iran, Iraq, Egypt and the Pacific Rim.

Malaysia hopes to increase palm oil exports to China to one million metric tons annually within three years, according to USDA. China has granted most-favored-nation status to Malaysia, a move that helped Malaysia increase exports from 15,000 MT in 1984 to more than 191,000 MT in 1988. However, recent political turmoil in China could cut its palm oil imports in half, thereby causing an oil buildup, *Chemical Marketing Reporter* said. Sellers reportedly were finding themselves long on oil in late June as contracts were cancelled.

In May, a Malaysian trade delegation held seminars on palm oil in Beijing, Tianjin, Guangzhou and Guangdong. The Malaysian private sector has looked into the possibility of investing in bulk terminals in China to facilitate transportation, and Malaysian-based Sapi Plantation Sdn. Bhd. and the Sabah Land Development Board have formed an agreement with Top Glory Co., a firm owned by the China National Cereals, Oils & Foodstuff Import Export Corp. Top Glory will assist Sapi Plantation with marketing palm oil in China.

At the beginning of this marketing year, the Islamic Development Bank (IDB) granted Malaysia approximately $41 million for foreign trade financing of palm oil, and in March, the Palm Oil Research Institute of Malaysia (PORIM) and IDB cosponsored a palm oil seminar for delegates from Egypt, Libya, Morocco, Iran, Turkey, Pakistan and Syria. PORIM plans to finance several research projects with the Iranian Standards and Industrial Research Institute to promote palm oil. Malaysia is also investigating

the possibility of using Turkey as a base for exporting to the Middle East, the Mediterranean and Eastern Europe. South Korea also appears to be a potentially large market for Malaysian palm oil now that its government has lifted its ban on the blending of cooking oils. Edible usage of palm oil in South Korea rose to 103,400 MT in 1988, from 53,000 MT in 1981.

Malaysian copra output continues on a steady decade-long decline. Coconut oil output this year is forecast at 54,000 MT. Attempts at commercial cultivation of soybeans have failed, but a strong demand for soybean meal is expected this year. To meet that demand, 242,000 MT of soybeans and 149,000 MT of soymeal will be imported. Also, a new crushing facility at Port Klang is to be operational this year. Once on-line, total soybean crushing capacity will be 425,000 MT.

An estimated 900,000 MT of palm oil will be exported from Indonesia in 1988/89 and 350,000 MT will be imported. This year's net palm oil exports are about 73,000 MT less than last year. Coconut oil exports are forecast to decline to 150,000 MT in 1989 from 200,000 MT in 1988. Indonesians may consume 610,000 MT of coconut oil in 1989. Approximately 30,000 MT of copra will be imported to fill the demand created by the opening of a new crushing and extraction plant in East Java. Domestic production this year is 1.27 million MT.

The Philippines will use 322,000 MT of coconut oil domestically and export 713,000 MT this year. Copra output is forecast at 1.85 million MT and meal production at 617,000 MT. Export levels are set at 78,000 MT for copra and 469,000 MT for copra meal. Pressure from the American Soybean Association's anti-tropical fats campaign and more stringent aflatoxin standards for meal have caused the Philippines to increase its coconut oil exports to non-U.S. destinations, particularly Eastern Europe, and to embark on a copra quality improvement campaign to address the aflatoxin problem in meal. The Philippines signed an agreement with the Soviet Union this past March in which the Soviet Union promised to buy 100,000 MT of coconut oil during 1989.

Copra, copra meal and coconut oil production are expected to increase in the near future as the Philippines recovers from drought conditions. Long-term increases may be expected if the Philippine Coconut Authority's fertilization and replanting program succeeds. Earlier this year the World Bank approved a $100 million loan to finance the Coconut Industry Rehabilitation Scheme which is directed at fertilizing one million hectares of copra, about a third of the area devoted to the crop. Fertilization is expected to increase copra yields from 0.63 MT per hectare to about 1.2–1.6 MT per hectare in three years. Some funds will also be directed to planting one million hectares to higher-yielding coconut varieties and to improving coconut marketing and farm management practices.

Peanut production, set at 45,000 MT, has remained constant compared with last year. Soybean production, estimated at 11,000 MT for 1989/1990, should expand because Nestle Phils., in cooperation with the Philippine Department of Agriculture, plans to develop contract growing areas in Luzon and Mindanao. Soybean, soybean meal and soy oil imports are forecast at 25,000 MT, 500,000 MT and 18,000 MT, respectively. Palm oil production remains low; virtually all of the 51,000 MT to be produced this year will be used domestically.

Soviet Union

Soviet oilseed production is forecast to increase to nearly 12.55 million MT in 1988/89, up 751,000 MT from 1987/88. Sunflowerseed, cottonseed, soybeans and rapeseed are expected to reach 6.157 million MT, 4.87 million MT, 880,000 MT and 420,000 MT, respectively. Flaxseed, the only oilseed to register a decline this year, will total 220,000 MT.

Preliminary forecasts for the 1990 marketing year indicate sunflowerseed, soybean, rapeseed and flaxseed output will increase and cottonseed production will decline, putting the total oilseed projection at 12.68 million MT. Cottonseed production could fall 550,000 MT as growers in the Central Asian republics diversify to lessen reliance on cotton. USDA forecasts rapeseed production to increase sharply to 900,000 MT in the coming year as the federal government continues to push rapeseed production. The government is aiming at production of 1.5 million MT of rapeseed for the 1991 marketing year.

The Soviets will produce approximately 3.23 million MT of oil this year and 3.44 million MT next year. Although domestic vegetable oil supply may be on the rise, imports also are increasing as the government tries to increase per capita consumption of vegetable oils. USDA forecasts 230,000 MT of soybean oil, 200,000 MT of sunflowerseed oil, 80,000 MT of linseed oil, 55,000 MT of coconut oil, 200,000 MT of palm oil and 25,000

MT of olive oil will be imported. Higher levels, particularly of soybean oil, might have been imported had USDA approved a request from the Soviets for soybean oil sold through the Export Enhancement Program (EEP). The last time the Soviet Union purchased soybean oil from the U.S. was in 1984/1985. One reason the Soviets are boosting imports is to increase margarine production.

To maintain public support for economic reforms, the Soviet Union may have to increase oilseed meal imports, USDA said. Nearly 3.2 million MT of soybean meal will be imported this year to supplement an anticipated total oilseed meal production of 6.59 million MT. Total meal consumption is forecast at 9.79 million MT for 1988/89: 6.59 million MT will be produced and 3.2 million MT will be imported.

China and Japan

Poor weather during 1988 has resulted in reduced production of major oilseeds in China for the 1988/89 marketing year. Production is down to 30.32 million MT—3.1 million MT less than the previous year. This 1988/89 total includes 11 million MT of soybeans, 7.14 MT of cottonseed, 5.8 million MT of peanuts and 5.04 million MT of rapeseed.

As of mid-June, USDA had not changed drastically any projections despite political turmoil in China. USDA's Lynn Garrett noted that trade between China and her major trading partners had slowed considerably. One USDA ag attaché report said some Chinese exporters have been unable to obtain meal from the interior. The estimates that follow were made before the internal disruptions began in China.

Shortages could force China to import a record 1.12 million MT of vegetable oils this year to supplement domestic production of 3.75 million MT. Total oil usage is estimated at 4.83 million MT for the year, about 720,000 MT below 1987/88. Per capita consumption of oils is still low: USDA estimates annual consumption at 5 kilograms per person; *Oil World* numbers put the estimate at about 8 kilograms per person. USDA estimates urban consumer use ranges from 8 to 10 kilograms per person. Total domestic meal consumption is forecast at nearly 8.66 million MT; 8.36 million MT were consumed last year.

Lower oilseed output, combined with high levels of seed and meal exports in 1987/88, has resulted in domestic shortages this year, forcing the government to restrict export licensing. Permission to export must now come from the Ministry of Foreign Economic Relations and Trade in Beijing rather than through provincial offices of the ministry. Total oilseed exports are projected at 1.53 million MT; soybeans represent 1.1 million MT of the total. Peanuts, castorseed and sesameseed also will be exported. Peanut oil should account for about 83% of the 36,000 MT of oil expected to be exported this year. Total meal exports could fall to 2.35 million MT, a drop of 1.54 million MT, as the government tries to maintain gains in domestic usage of meal. Although there are shortages and unrest, China may continue to supply soybeans to the U.S.S.R. and Japan, two major consumers of Chinese soybeans.

Overall, Japanese oilseed production, imports and crush are down this year as a result of higher carryover stocks and sluggish oil and meal demand. Japan's soybean, peanut and rapeseed production are estimated at 277,000 MT, 32,000 MT and 2,000 MT, respectively.

The Japanese are expected to import approximately 4.5 million MT of soybeans, 1.65 million MT of rapeseed, 150,000 MT of cottonseed, 125,000 MT of peanuts, 85,000 MT of copra and 90,000 MT of flaxseed. Total crush is estimated at 5.58 million MT. With oil and meal demand unlikely to expand greatly, the Japanese crushing industry is diversifying into higher-value oilseed byproducts such as soy protein for tofu and confectionery use. Japan is expected to use 865,000 MT of soybeans in food products this year, up from 850,000 MT last year. Stable growth should continue for tofu, miso, natto, freeze-dried tofu, soy flour, soy milk and soy sauce.

The U.S. was the origin for 83% of the soybeans imported by Japan during 1987/88; in 1984/85, the U.S. supplied 90% of Japan's soybean imports. Recently, the U.S. has been losing market share to Brazilian soybeans.

China remains the largest peanut supplier to Japan, but Japanese traders and government officials have reportedly been trying to raise the U.S. share of peanut imports above the 50% level. Nearly $500,000 of the 1989 Targeted Export Assistance program granted to the National Peanut Council is allocated toward promotion of U.S. peanut brands in Japan. Canada supplies all of the flaxseed imported.

Total production of the major oils in Japan is forecast at 1.91 million MT for 1988/89. Following are the individual oil forecasts: soybeans, 675,000 MT; rapeseed, 690,000 MT; cottonseed, 7,000 MT; coconut, 55,000 MT; linseed, 35,000 MT; and fish, 450,000 MT. Japan also produces rice bran and corn oils.

Of the 287,000 MT of major oils imported, 220,000 MT will be palm oil. The balance will be made up of 10,000 MT of soybean oil, 4,000 MT of rapeseed oil, 30,000 MT of cottonseed oil, 18,000 MT of coconut oil and 5,000 MT of linseed oil.

Total consumption of edible fats and oils has reached a saturation point in Japan. USDA estimates Japanese consumption of edible oils will be about 1.71 million MT this year.

In other news, ZENNOH (the National Federation of Agricultural Cooperatives) has been importing lupine from Australia. ZENNOH claims that current imports amount to 100,000 MT per year.

Pakistan and India

Because oilseed production is not sufficient to meet edible oil demand, Pakistan's edible oil imports are increasing at a rate of 5-6% annually. About 70% of Pakistan's edible oil requirements continue to be met with imports. Imports during 1988/89 are expected to reach 930,000 MT compared with 874,000 MT the previous year. This year's total includes 510,000 MT of palm oil, 415,000 MT of soy oil and 5,000

MT of rapeseed oil. Nearly all imports will be from the U.S. or Malaysia.

No major breakthroughs in domestic edible oilseed production are expected in Pakistan in the next two to three years. Total oil production during 1988/1989 is estimated at 3.28 million MT—up 40,000 MT. The estimate is based on higher output of peanuts, sunflowerseed, rapeseed and mustardseed. Cottonseed, which makes up 89% of Pakistan's total oilseed crop, declined in 1988/89 to 2.92 million MT, from 2.95 million MT last year. Preliminary forecasts for next year put the oilseed harvest at 3.34 million MT; all oilseeds are forecast to register an increase.

The government's plan to expand production continues to focus on non-traditional oilseed crops such as sunflowerseed and soybeans, but the combined production of the two was 45,000 MT this year. The government's objective under the Seventh Five-Year Plan (1988–1992) is to bring total yearly oilseed production to 3.8 million MT. Approximately 3.45 million MT would be from traditional oilseeds such as cottonseed, peanuts, rape and mustard; the goal for non-traditional seeds is 321,000 MT per year. The government also is promoting expansion of double-low rapeseed. USDA noted that although the government of Pakistan is working on expanding production, "Unless a comprehensive edible oil and oilseed production policy is adopted which covers improvement in production technology, improved marketing arrangements and modernizing processing facilities, it is unlikely that Pakistan will be able to narrow the edible oil import gap in the near future."

Edible oil consumption could rise to 1.21 million MT in 1988/89 and to 1.27 million MT in the coming year. The annual per capita availability of edible oil in 1988/89 is expected to improve to an estimated 12.3 kilograms.

India, meanwhile, is expected to sharply reduce oil imports due to a 3.83 million MT increase in oilseed production in 1988/89. USDA has estimated India's total oilseed output at 17.48 million MT this year. Each oilseed crop showed a production increase over 1987/88. The estimates for 1988/89 are as follows (with the 1987/88 figures in parentheses): peanuts, 7.5 million MT (5.3 million MT); rapeseeed, 3.7 million MT (3.1 million MT); cottonseed, 3.55 million MT (3 million MT); soybeans, 1.3 million MT (980,000 MT); safflowerseed, 500,000 MT (450,000 MT); sesameseed, 600,000 MT (562,000 MT); flaxseed, 400,000 MT (372,000 MT); and copra, 330,000 MT (300,000 MT). Approximately 25,000 MT of soybeans will be imported and 50,000 MT of peanuts will be exported.

In India, nearly 14.2 million MT of all oilseeds will be crushed for oil and 790,000 MT will be consumed as food. The balance of production will go to feed and seed.

Although oilseed production increased dramatically this year, domestic oil consumption is forecast to remain about 4.8 million MT. Domestic oil production, at 3.93 million MT, is up 856,000 MT from last year, including 1.74 million MT of peanut oil, the dominant domestic oil. The balance of production will include 1.1 million MT of rapeseed oil, 210,000 MT of soybean oil, 322,000 MT of cottonseed oil, 205,000 MT of coconut oil, 180,000 MT of sesameseed oil, 116,000 MT of linseed oil and 107,000 MT of safflowerseed oil.

Increased domestic oil production means India will rely less on imported oil. India will import a total of 700,000 MT of oil to fill the gap between domestic production and consumption. Imports will include 600,000 MT of palm oil, 60,000 MT of rapeseed oil and 40,000 MT of soybean oil. In 1987/88, India imported 1.03 million MT of palm oil, 360,000 MT of soybean oil and 330,000 MT of rapeseed. The vanaspati industry's use of imported oils virtually stopped earlier this year because domestic oils were available at prices lower than the government's established price for imported oil.

The Solvent Extractors' Association of India (SEA) forecasts oil meal exports will reach a record 1.79 million MT, more than double last year's 766,000 MT. Soybean meal, at 950,000 MT, will represent more than half of the total. In international trading, increases in Indian meal exports are expected to compensate for declines in Chinese meal exports.

Canada

Canadian oilseed production is forecast at 5.86 million MT in 1988/89, down from 5.89 million MT last year. Production is expected to decline further to 5.68 million MT in 1989/90 due to rotational requirements for canola, stock buildups and a shift toward barley and wheat.

Despite drought, Canadian growers harvested a record 3.65 million hectares this year to produce 4.24 million MT of canola, the largest crop to date. Soybeans and flax did not fare so well. Flax output fell to 414,000 MT, the lowest level since 1980. Soybean production declined to 1.15 million MT. Next year's canola harvest is forecast at 3.7 million MT; soybeans and flaxseed are expected to recover somewhat to 1.2 million MT and 720,000 MT, respectively.

Although production is up, shutdowns earlier this year at four canola facilities will limit canola crush to 1.55 million MT. Canola oil production is estimated at 630,000 MT and canola meal at 885,000 MT.

Total oilseed exports are forecast up slightly to nearly 2.67 million MT, of which 2 million MT will be canola. About 460,000 MT of flaxseed also will be exported. The balance will be composed of soybeans.

The principal export market for Canada's high-value edible oil remains the U.S. which imported about 130,000 MT of canola oil during 1988, more than one-third of Canada's canola oil exports. The Canola Council of Canada hopes that by the year 2000, Canadian canola oil will represent 10% of the U.S. edible oil market. Increased U.S. sales are expected, but sales to other countries, particularly India, are expected to decline. Total canola oil exports for this marketing year are projected at 250,000 MT, a drop of 86,000 MT from 1987/88.

All of the 160,000 MT of soybean oil that will be produced will be

consumed domestically. Approximately 10,000 MT of linseed oil will be produced; only 1,000 MT of linseed oil is expected to be exported.

Work is continuing on linola or edible flaxseed. Commercial varieties may be ready as early as 1993. Varieties that have been tested produce oil with a linolenic acid content of 2 or 3%. Field tests should begin in 1989/90.

United States

The drought of 1988 reduced production of all major oilseeds, except peanuts. USDA figures put 1988/89 soybean production at 41.88 million MT, down from 52.33 million MT in 1987/88. Projections for other oilseeds (with 1987/88 levels in parentheses) are: cottonseed, 5.5 million MT (5.23 million MT); peanut, 1.81 million MT (1.64 million MT); sunflowerseed, 850,000 MT (1.18 million MT) and flaxseed, 40,000 MT (190,000 MT).

Soybean ending stocks, which could be as low as 3.4 million MT on Oct. 1, 1989, make up the bulk of the 4.27 million MT of oilseeds left at the end of the 1988/89 marketing year. Oilseed stocks at the end of the previous marketing year totaled about 9.18 million MT.

Total oilseed exports—which include soybean, cottonseed, flaxseed, peanuts, rapeseed, and sunflowerseed—are projected at nearly 33.82 million MT for 1988/89. U.S. soybean exports will decline by nearly one-third to 14.97 million MT in 1988/89 from 21.83 million MT in 1987/88.

Vegetable and marine oil production is projected at 6.49 million MT compared to the previous year's high of 7.08 million MT. U.S. consumption of vegetable and marine oils—coconut, cottonseed, fish, linseed, olive, palm, palm kernel, peanut, rapeseed, soybean and sunflowerseed—will decrease to 6.49 million MT, down from 6.63 million MT in 1987/88.

Despite tighter world oil supplies, ending stocks are forecast to decline by only 25,000 MT to 1.35 million MT. Nearly 1.03 million MT of the carryover into next year will be soybean oil. Oil exports may be down to 1.11 million MT from 1.46 million MT in 1987/88 and meal exports are projected at 5.25 million MT. In 1979/80, the U.S. exported 1.79 million MT of vegetable and marine oils and 7.58 million MT of meal.

Changes at Unilever

Unilever United States (UNUS) has reorganized its edible fats and oils business, consolidating Lever Foods, Shedd's, Pennant Products and Durkee Foods into one free-standing company named Van den Bergh Foods.

The move culminates a series of actions that included the UNUS acquisition of Pennant Products and Durkee Industrial Foods.

Clive Butler, formerly president of Lever Foods/Shedd's, has been appointed president of Van den Bergh Foods. Other members of top management include: John Nugent, senior vice president, consumer products group; Ron Bowen, senior vice president, professional markets group; Tom Milligan, senior vice president, operations planning and logistics; Bert Dekker, senior vice president, manufacturing and R&D; Tom Stephens, senior vice president, finance and administration; John Lamantia, vice president, personnel; and Bill Anderson, general counsel.

According to *Lever Standard* published by Lever Household Employee Communications, the Van den Berghs were one of the Dutch founding families of Unilever's margarine business. The name is used by Unilever edible fats and oils companies in a number of countries.

NSPA becomes NOPA

Effective Aug. 1, 1989, the National Soybean Processors Association (NSPA) is changing its name to the National Oilseed Processors Association (NOPA) and is expanding its representation to include firms which crush canola, sunflowerseed, flaxseed and safflowerseed.

"With the recent emergence of the canola oil industry as a distinct segment of the U.S. oilseed crushing complex and the continuing expansion of the sunflower crushing industry, it made good sense to bring all oilseed crushers under a common, industry-wide umbrella organization," according to NSPA Chairman James Lindsay.

Lindsay noted that the action is a natural expansion of the association's charter. He said that the unified representation of U.S. oilseed processors is similar to the approach taken in Europe for many years; there, FEDIOL—the European Economic Community's crushing organization—not only represents all oilseed crushers but also refiners.

The National Soybean Processors Association was founded in 1929. The National Oilseed Processors Association will maintain the same offices held by NSPA in Washington, D.C., and Sheldon J. Hauck will continue as president.

Groundbreaking

Central Soya Co. Inc. has broken ground for a more than $20-million expansion of its Bellevue, Ohio, manufacturing facility, aimed at nearly doubling the company's capacity to produce soy protein concentrates.

Construction of the 26,000-square-foot expansion, including a processing plant and a packaging and