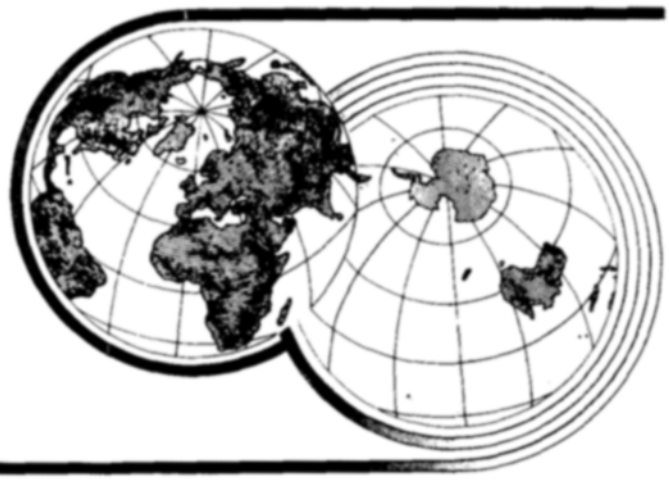
U.S. may have third consecutive record soybean crop



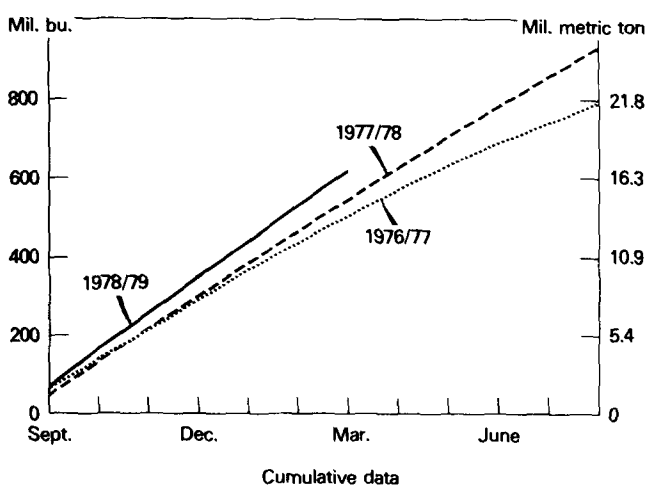
Weather will now determine whether U.S. farmers will harvest a record soybean crop for the third consecutive year.

USDA specialists forecast this spring that the soybean crop should fall somewhere between 1.8 billion and 2.1 billion bushels, based on farmers' planting intentions. Farmers said on April 1 they planned to plant 68.8 million acres of soybeans. Harvested acregage during the past ten years has been within 2% of the April 1 figure, meaning this fall farmers will be combining about 67 million acres of soybeans, a new record. Weather will determine yield, which during the past ten years has averaged about 27 bushels an acre, (28 bushels per acre during the past four crop years). A yield close to 30 bushels an acre could give the United States its first 2 billion bushel soybean harvest. 1978 was the first year soybean acreage exceeded wheat acreage in the U.S.

Favorable weather would mean a total supply of about 2.2 billion bushels; unfavorable weather would reduce U.S. soybean supplies below 2 billion bushels.

Acreage for the five major U.S. oilseed crops in 1979 will be about 90.5 million acres compared to 1978's 83 million acres, the USDA's Fat and Oils Situation report said in May. Besides soybeans, acreage increases are expected for cotton (14.4 million acres, compared to 13.4 million in 1978) and sunflowerseed (about 4.9 million acres, a 75% increase from 1978). Flaxseed acreage is expected to drop about 6% to 800,000 acres and peanut acreage will remain around 1.5 million acres.

Monthly U.S. Soybean Crushings



USDA

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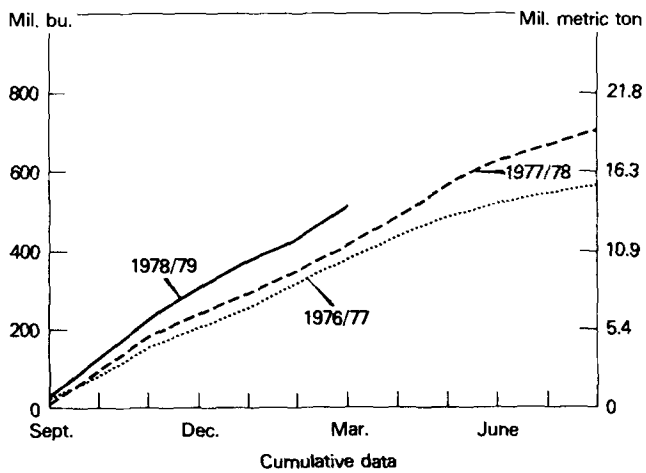
Monthly U.S. Soybean Exports



Export demand for U.S. soybeans and for soybean oil has been good. Domestic demand for soybean meal should rise as livestock producers are increasing the number of cattle, swine and poultry. World production of high protein meals is estimated by USDA at 83 million tons for 1978/79, a 6% increase from 1977/78.

Cottonseed production for 1978/79 was about 5 million tons, USDA said, a drop of 14% from the previous year. Increased acreage this year may increase 1979/80 cottonseed supplies. Cottonseed oil remains a preferred edible oil in Western Europe, South American and Egypt.

Domestic use of U.S. sunflowerseed oil climbed to 155,000 tons for 1978/79. Most U.S. sunflowerseed continues to move into export markets.

The 1978 peanut crop of 4 billion pounds was well received, with increases in crushings, export and edible uses during the year.

Palm oil imports into the U.S. have been lower this past year, with total 1978/79 imports estimated at 362 million pounds, compared to the record 933 million pounds of 1975/76. World demand for palm oil continues heavy, but the palm oil price at the U.S. West Coast has been higher than that for soybean oil.

Argentina

Expanded soybean acreage and record peanut yields should produce a record oilseed crop of 6.2 million tons for the 1979/80 marketing year, U.S. Agricultural attache Charles J. O'Mara reports, with exports also expected to set a new record of 2.6 million tons.

The 1979 soybean crop is forecast at 3.5 million tons, of

which 2.5 million tons will be exported as beans, O'Mara said. Area planted to soybeans totaled 1.8 million hectares compared with 1.3 million the year before; yields are expected to average nearly 2.1 tons per hectare. Soybean crush is estimated at 850,000 tons, up 25%. Argentina soy oil exports are forecast at 100,000 tons and soy meal exports at 450,000 tons.

Peanut production should be about 400,000 tons (shelled basis), O'Mara said, which would be more than a 50% improvement over last year's crop that was hurt by bad weather.

Cottonseed production at 320,000 tons and flaxseed at 630,000 tons are both below last year's crops of 360,000 tons and 855,000 tons, respectively, O'Mara said. Reduced plantings of sunflower will mean a crop of about 1.3 million tons, compared to 1.6 million tons the previous year.

"The major limiting factor on oilseed and product exports currently is Argentina's inadequate port facilities," O'Mara said. "The maximum effective port capacity is estimated at 2.2 to 2.4 million tons per month for all commodities, which was not sufficient to prevent severe port congestion last year."

There is legislation pending to create a Central Port Authority and sell one-third of the port terminals to the private sector, O'Mara said.

Brazil

U.S. Agricultural Officer Edmond Missiaen reports from Sao Paulo that Brazilian exports during 1979/80 should approximate 1,000 metric tons of soybeans, 5,500 metric tons of soy meal and 550 metric tons of soy oil. Missiaen say a voluntary system to end government control of meal and oil exports apparently has broken down. Under the agreement, crushers said they would provide sufficient oil and meals for domestic markets. During March, less than two months after the plan went into effect, Brazilian officials said the plan wasn't working.

The 1979/80 crush was forecast at 9.5 million tons by Missiaen, with a reservation the crush could be larger if soybean exports don't reach 1,000 metric tons. Domestic soy oil consumption may reach about 1.21 million tons, up 10% from the previous year, he said. Domestic meals production may reach 1.75 millions tons, primarily due to high demand as livestock feed and a shortage of corn supplies.

During the next few years, annual soybean acreage increases should average about 5%, Missiaen estimated, with the increased supply going mainly into the foreign soy meal market.

Brazil's peanut crop may reach 420,000 metric tons (in shell) with exports totaling 30,000 metric tons of peanuts, 75,000 metric tons of peanut oil, and 70,000 metric tons of peanut meal. Continued good prices for peanut products could lead to increased acreage, but a decline in world prices would lead to a reduction, Missiaen said.

Brazil does not export cottonseed, but some cottonseed oil and meal exports originate in southern Brazil. For 1979, oil and meal exports are estimated at 20,000 and 25,000 metric tons, respectively. Castorbean production is estimated at 400,000 metric tons for 1979, with 150,000 metric tons of castorbean oil moving into export. Meal is consumed domestically.

Production of other minor oilseed crops, as reported by Missiaen:

Babasu: kernels, 240,000 metric tons; oil, 132,000 metric tons; meals, 72,000 metric tons; about 12,000 tons of oils expected to be exported in 1979.

Palm oil: 1979 production forecast at 16,000 tons from 7,000 to 8,000 planted hectares (4,000 to 5,000 hectares with oil-bearing trees).

Palm kernel: 1979 production expected to be about 1,800 tons, maybe up to 880 tons of palm kernel oil.

Brazilian margarine production, with three large multinational firms controlling 90% of production, is forecast at 220,000 tons for 1979, about 10% above 1978's estimated production. Soybean oil represents 70% to 80% of the oil used, with cottonseed oil and some palm oil being used for the rest. Soft margarine's share of the market is now 45% and expected to increase, Missiaen said.

Greece

Vegetable oil production – meaning primarily olive oil – is expected to be about 319,000 metric tons for the 1978/79 crop year, about 2% above the previous crop year, agricultural attache Wilferd Phillipsen reports.

A new soybean processing plant on the island of Euboea is scheduled to open during 1979 and probably will require 30,000 to 45,000 metric tons of imported soybeans, Phillipsen said. Total soybean imports for 1979 will reach 135,000 metric tons, more if the Euboea opening occurs on schedule. Soybean imports during 1978 were about 120,000 metric tons (14,000 from Argentina; 106,000 from the U.S.). Less than a fourth of the soybean oil produced in Greece is consumed domestically.

Indonesia

Indonesia's 1979 copra production is expected to increase slightly from 1978's 1.5 million tons, meaning coconut oil production will continue to fall short of increased demands for cooking oil. Palm oil production in 1979 should reach 580,000 tons with 430,000 tons being exported and the rest helping to ease the coconut oil deficit. Coconut oil imports should be from 150,000 to 170,000 tons according to USDA analysts.

Liberia

Commercial palm oil production totaled about 25,000 tons in 1978, palm kernel oil totaled about 10,000 tons, while the government plans expansion of palm oil acreage to 22,500 acres. The plan began with planting of 4,000 acres four years ago at Butto in Sinoe County, with 3,500 more acres to plant at that site. Land clearing has just begun for the second site in Grand Gedeh County; planning is underway for the third site in Maryland County. Eventually, processing plants are planned for all three sites.

Malaysia

Palm oil production in Malaysia may reach two million metric tons in 1979, agricultural attache Robert J. Svec reports from Kuala Lumpur. That would represent a 12% increase from 1978's estimated production of 1.7 million tons. That goal is considered reasonable since production for the first half of 1978 was reduced by a previous drouth; production increased sharply during the last half of 1978.

Malaysia also continues to expand its processing capacity. Svec says five new refineries are scheduled to come on stream during 1979 to make a total of 32 operational refineries; approximately 15 more are under construction. During the last quarter of 1978, a record 377,000 tons of crude palm oil was processed, Svec says, at an annual rate of 1.5 million tons. Svec forecasts 1979 exports (crude equivalent) at 570,000 metric tons of crude and 1.4 million metric tons of refined (refined palm oil, palm olein, palm stearin and palm oil acid). That would represent almost a 40% increase in export of refined product. Crude export is forecast to drop by about 3,000 metric tons.

Acreage in palm oil rose about 6% in 1978 to a total of 805,000 hectares (nearly two million acres); about three-fourths of the acreage had trees of fruit-bearing age in

1978. Another 50,000 hectares are to be planted in 1979. Expansion of palm oil acreage has slowed, Svec says, because of "regenerated interest in producing rubber and diversifying into other lucrative crops such as cocoa and coffee," particularly in view of some forecasts of a natual rubber shortage during the 1980s.

Commercial copra and coconut oil production declined during 1978 because of reduced acreage and poor yields, Svec reports. Slight increases in both are forecast for 1979, up to 115,000 metric tons of coconut oil and 210,000 metric tons of copra.

Malaysian imports of soybean meal have risen from 9,300 tons in 1973 to 82,000 tons in 1977, reflecting an increasing livestock industry, Svec says. With new soybean crushing facilities coming into operation in 1980, future imports of soybean meal are expected to decline. Brazil provided more than 80% of the meal. Malaysia imported abot 25,000 metric tons of soybeans, with Canada supplying 29%, Thailand, 23%; People's Republic of China, 21%; and the United States 17%.

Mexico

U.S. Agricultural Attache Donald Nelson reports the two major developments in the Mexican oilseed industry during the past year have been (1) a substantial drought-induced decline in soybean production and re-emergence of cottonseed and safflower; (2) a transfer of authority to import oilseeds from a government agency to the oilseed crushing industry.

Soybean production in 1979 is expected to rebound from the 1978/79 level of 330,000 metric tons because rains in the fall of 1978 have replenished irrigation reservoirs in northern Mexico, Nelson said. He estimated 1979/80 soybean production at 500,000 tons.

The drought, however, did figure in an increase of safflower to 550,000 tons during 1978/79, making it the top Mexican oilseed crop. Production for 1979/80 is estimated at 650,000 tons, a new record. Cottonseed production for 1979/80 is estimated at 550,000 tons, compared to 530,000 tons in 1978/79.

Sesame production may decline in 1979/80 to 120,000 tons from 1978/79's estmated 130,000 tons. Copra production is expected to remain about 130,000 tons for 1979/80; peanut may decline 9% to 50,000 tons; sunflower's growth may continue to 25,000 tons in 1979/80 from 10,000 tons in 1978/79.

There are many details yet unknown about how the new import system will work, Nelson said, but the first purchase has been made in the name of the Ministry of Commerce rather than CONASUPO, the official Mexican purchasing agency that had been handling all oilseed imports. More than 90% of Mexican soybean imports are from the United States; total 1979/80 imports are forecast at 900,000 tons. Sunflower imports are forecast at 100,000 tons, with the U.S. as dominant supplier, Nelson said, as industry favors the quality consistency and high oil yield of U.S. sunflowerseed.

The Netherlands

The Netherlands set an all-time record for crushings in 1978, close to 2.6 million metric tons, agricultural attache James Hutchins said. The 50% increase over 1977 was fueled mainly by increased demand for soybean meal and soy oil.

The Netherlands is the No. 1 buyer of U.S. soybeans, with 2.3 million tons of the 2.66 million tons imported during 1978 coming from the U.S. Hutchins noted the 2.4 million tons of soybeans crushed during 1978 approaches the Dutch crushing capacity of 2.7 to 2.8 million tons. He estimates the Dutch could increase soybean imports another 10% in 1979 before reaching practical capacity limits.

One major factor in the 1978 crushing increase was the opening of a 1.25 million ton soybean crushing plant in the Rotterdam area.

The U.S. supplied 36 percent of total oilseed, fats and oils imports. European nations accounted for 24%, other developed nations, 11%, and developing countries, 29%. Total volume of 1978 imports was 1,542,000 metric tons.

"It looks certain that the anticipated further upswing in Dutch (and other West European) demand for soybeans and oil will greatly benefit U.S. exports," Hutchins said.

"Another good prospect for U.S. export is expected to develop for sunflowerseed. With an abundant crop in prospect and anticipated low prices, due to limited domestic crushing facilities, quite a step-up in imports of U.S. sunflowerseed is expected to occur in 1979 and the first half of 1980."

Nigeria

Agricultural Attache W. Garth Thorburn reports the 1978/79 commercial peanut crop was about 21,000 tons, with the 1979/80 official forecast at 204,000 tons for commercial purposes and 231,000 tons noncommercial. The forecast is similar to that of other recent years with final results falling far short of the official forecast. During all of 1977, Nigeria imported about 275,000 tons of vegetable oils; during the first three months of 1978, vegetable oil imports totaled 675,000 metric tons.

Thorburn said palm oil production is suffering from a shortage of processing mills and spare parts for existing mills to the extent that the Nigerian Palm Produce Board has been looking for suppliers of reliable palm oil processing machinery. Palm oil production and palm kernel oil production were about 515,000 and 345,000 tons, respectively, during the past calendar year.

Peru

Agricultural Attache Richard Barnes forecasts Peru's 1979 fats and oils output will climb about 20% to 179,000 metric tons, including 140,000 tons of fish oil, 26,000 tons vegetable oils, and 13,000 tons lard and tallow.

The fish meal production is forecast at 785,000 metric tons, a climb of 20%, with exports of 755,000 tons. The fish catch showed a strong recovery the final two months of 1978 to make the 1978 fats and oils production reach 151,000 metric tons, an 11% rise over 1977.

Sharply higher retail prices for cooking oils, shortening and margarine may mean about an 11% drop in production during 1979; forecast consumption is 140,000 tons compared to 156,622 in 1978. Changes in prices of soybean meal will make cottonseed cake more popular in animal feeds now that cottonseed is permitted to be used in animals feeds other than just for dairy cattle. Net result of various price changes will be to reduce use of imported oilseed products, Barnes says.

While the government of Peru has said it will make 30,000 hectares of jungle land available to private industry for development of palm oil plantations, so far there has been no actual plantings, Barnes reports.

Philippines

Agricultural Attache Glenn Sampson forecasts about a 10% decline in copra production to 2,140,000 metric tons, with copra exports of 200,000 metric tons in 1979, down from 380,000 metric tons in 1978. Coconut oil commercial crushings should fall to 1,174,000 metric tons from 1,228,000 metric tons with exports falling to 940,000 from 990,000 metric tons. Coconut cake and meal commercial production is forecast at 596,000 tons with exports of 485,000 tons; comparable figures for 1978 were 624,000

and 512,000.

Low rainfall during the past three years and typhoon damage in 1978 are the main reasons for reduced production, Sampson says. Coconut oil accounted for 99% of the estimated 1,252,000 metric tons of fats and oils produced in 1978, with palm oil accounting for 10,800 tons and soybean and corn oils accounting for most of the remaining 3,200 tons, Sampson reports.

As part of the government's policy to encourage domestic copra processing, the export tax on copra has been raised to 7½% from 6% this year and will climb to 9% for 1980-82 and 10% thereafter, Sampson said. The government apparently will not completely ban copra exports, Sampson said, in order to remain a major international supplier and to avoid a situation in which domestic processors could dictate a price to producers. Prices for coconut cooking oil for sale to consumers were permitted to rise about 30% in April by the nation's pricing agency.

USSR

The Soviet Union is hoping for an improved sunflower crop in 1979 after bad weather in 1978 produced a crop of 5.31 million tons, 10% below 1977.

A USDA report indicates problems may continue. "The Soviets still rely heavily on open pollinated varieties (of sunflower) and have not been able to maintain crop rotations of adequate length to reduce the incidence of disease," the report said, noting this may lead to considerable variation in sunflower yield.

"In the 9th Five-Year Plan (1971-75), production averaged just under 6 million tons, but in the first three years of the 10th Five-Year Plant (1976–80) production has averaged a half million tons less. Since sunflowers are the basic vegetable oil source in the Soviet Union, the inability to meet production plans or even keep pace with historical production averages seriously questions the important role of the USSR in international oilseed and product markets."

Soviet cottonseed production for 1978 was estimated at five million tons and soybean production at 639,000 tons. European soy acreage in the USSR is expected to be increased from 180,000 hectares in 1978 to 450,000 hectares in "the near future," the report said.

Per capita consumption of vegetable oil was about 7.9 kilograms in 1977, compared to the Soviet goal of 9.1 kilograms. Vegetable oil production for 1977/78 totaled 2.84 million metric tons, the highest total since 1974/75's 2.98 million metric tons.

Yugoslavia

U.S. Agricultural Attache James Freckmann expects more sunflower and rapeseed acreage to be harvested this year, but believes the 46% planned increase in soybean acreage, to 50,000 hectares, is too optimistic.

Economic incentives also favor production of sunflower and rapeseed, Freckmann says, with the early harvest date for rapeseed permitting time to prepare land for winter crops. Sunflower acreage, at 250,000 hectares last year, was planned at 277,000 hectares this year; production last year totaled 544,000 metric tons. Rapeseed production a year ago was 75,000 metric tons; soybean production was estimated at 60,000 tons.

Vegetable oil and oilseed meal production was up sharply, due primarily to importation of about 215,000 tons of soybeans from the U.S. for processing at the relatively new Zadar plant. Another processing plant at Becej is not expected to be operating until 1980. •