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Future markets of oilseeds, vegetable oils and proteins

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Over the last few years, no significant weather event hampered the oilseeds production, leading to record outputs year after year. Meanwhile, world population has kept increasing. But weaker economic growth has dampened the demand growth for oil and proteins. As a result, carry-over stocks are expected to reach near-record levels, especially for soybean and palm oil.

Commodity markets stimulation this year came from international trade. The trade war between Beijing and Washington set soybean seeds as a main target. India tried to foster protectionism from palm oil imports. Argentina and Indonesia quarreled with the European Union about biodiesel...

But what about long term outlook for vegetable oil and protein markets? In the presentation, we will focus on the four major feedstocks of vegetable oils and proteins: soybean (by far the world's most produced oilseeds and most used protein meal), palm oil (now first vegetable oil consumed in the world), rapeseed (Europe's main oilseed production) and sunflower (with Black Sea leading the race).

On the food demand side, global population growth and economic development will keep increasing the demand for food. India and Sub-Saharan Africa population will host around half a billion people more by 2030, who will eat a lot of proteins. Economic development also leads to transitions in food habits and especially a higher intake of animal proteins. Nutritional transition on vegetable oil is further advanced around the world. Hence we expect a booming demand for vegetable proteins both for food and for feed, and to a lesser extent of vegetable oils.

On the feed demand side, China should remain the market maker. This country only accounts for two thirds of global soybean seeds imports. When deciding to favor cereals self-sufficiency, the Chinese government left its feed supply in the hands of world giants US and Brazil. In the future, China will try to increase its domestic production, diversify its protein supply to other protein sources than soybean (but all the other oilcrops are scarce compared to soybean) and even decrease its feed protein intake. The African Swine Fever is currently decimating its hog farms and it should take several years for the country to recover, leading to a reduced feed demand anyway.

On the non-food demand, biodiesel will remain a strategic outlet for vegetable oils. Some countries like Indonesia, Malaysia and Argentina will foster domestic consumption as well as international export (with the EU as a major target). But enhanced sustainability will be of paramount importance for the EU. European biodiesel incorporation will more and more be done based on the green-house gases emission reduction rather than on energy content. Moreover, the new Renewable Energy Directive that set the rule up to 2030 seriously restricts the use of "high ILUC-risk" biofuels.

Those are only a few of all the drivers to be discussed ...

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