

SOYBEAN MARKET VALUE CHAIN PROFILE

2010/2011

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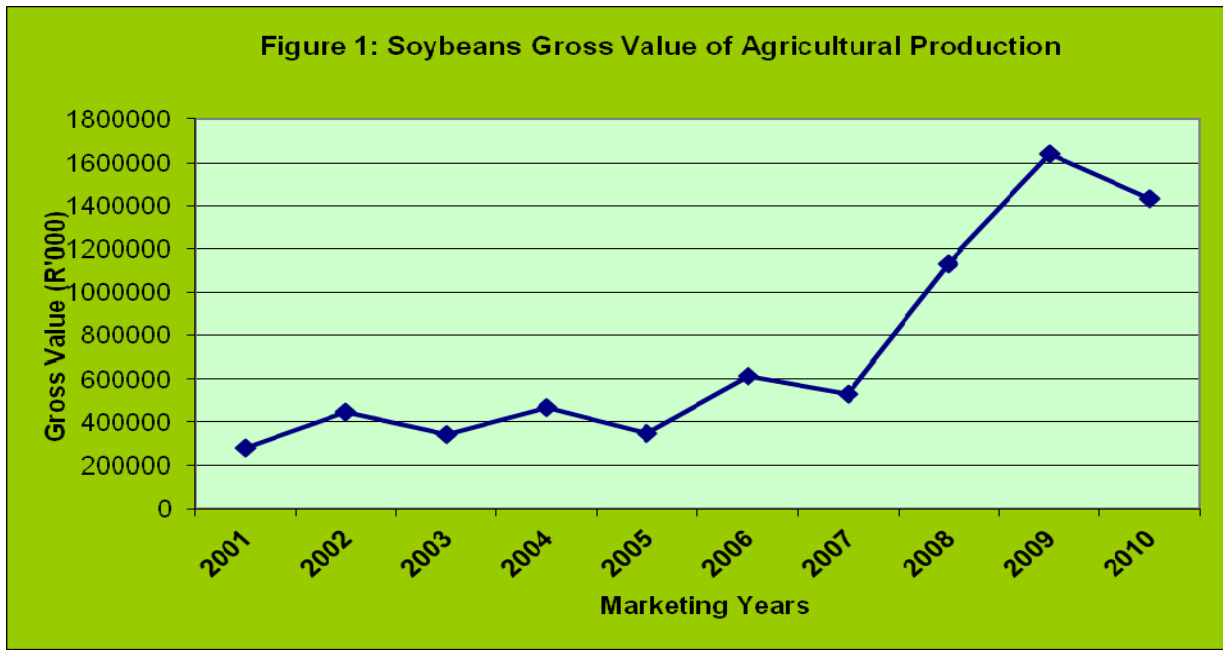
Department:
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REPUBLIC OF SOUTH AFRICA

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1 DESCRIPTION OF THE INDUSTRY

Recently, there is a growing interest in soy bean products in South Africa because of the health benefits associated with these products. Soybean consumption in the country is estimated at 32% for oil and oilcake, 60% for animal feed (especially in the broiler and egg industries) and 8% for human consumption. Soy oil (18% of the seed) is processed to specific oil products for use in the food industry. Soy bean products also have very specific advantages such as the lowering of cholesterol and combating of heart diseases. Soybeans also serve as valuable source of proteins for vegetarians.



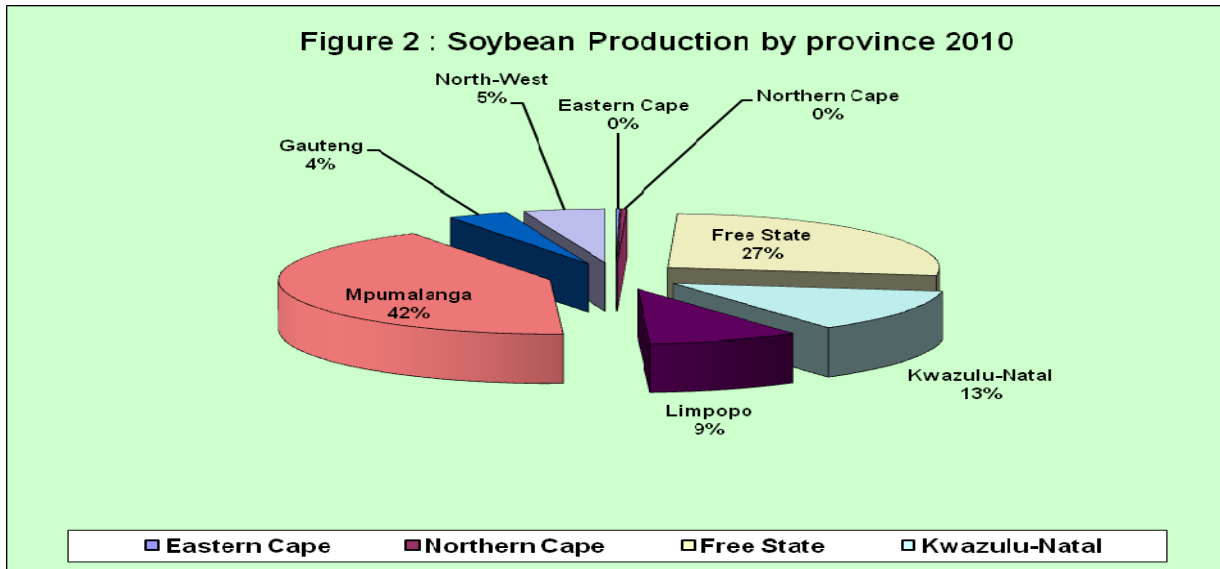
Source: Statistics and Economic Analysis

The contribution of the soybean industry to the Gross value of agricultural production corresponds to the trends in the area planted and total production of soybeans. The industry's contribution to the gross value of agricultural production was at very lower levels during 2001 season, which increased slightly during 2002 season. This was followed by considerable fluctuations from 2003 until the gross value of agricultural production reached its maximum in during 2009 season. The observed fluctuation in Soya beans GVP was as a result of inconsistencies in both production volumes and prices of soya beans over the period under analysis. The soy GVP declined slightly during the year 2010 to close at about R1.4 billion rands.

1.1 Production Areas

The contribution of various provinces to the total Soya beans production is depicted in Figure 2 below. Mpumalanga province produces the greatest quantities of soybeans in three districts namely, Gert Sibande, Nkangala and Mankaligwa in the towns of Middleburg, Delmas, Ermelo and Secunda. It is

followed by the Free State province, the Thabo Mofutsanyane district around the towns of Bethlehem, Witsieshoek and Harrismith serve as the main producing areas in the Free State Province.



Source: Statistics and Economic Analysis

In KwaZulu-Natal Province most soya bean productions occur the UMgungundlovu and Izingolweni districts around the towns of Pietermaritzburg, Ezingolweni and Mooi River, while three districts in the North West province namely, Central district, Southern District and the Bojanala district are the major producers of this crop around the towns of Mafikeng, Delareyville, Lichtenburg, Zeerust, Potchefstroom (Tlokwe), Ventersdorp, Klerksdorp (Matlosana), Rustenburg, Moretele, Koster and Brits. In Gauteng province, Germiston in Ekurhuleni district, Randfontein in West Rand district and Vereeniging are the main producing areas. Small quantities of soybeans are also produced in the Western Cape, Eastern Cape and Northern Cape provinces.

Table 1: Soybean production by provinces

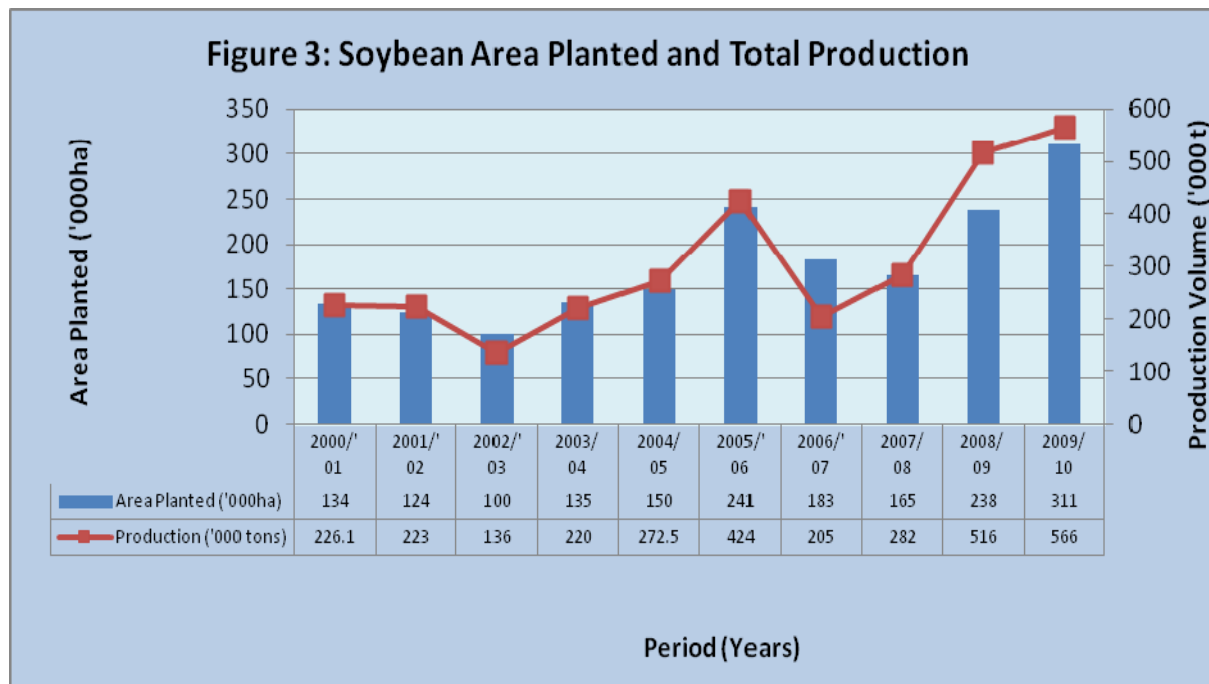
PROVINCE	Production (tons) 2006	Production (tons) 2007	Production (tons) 2008	Production (tons) 2009	Production (tons) 2010	Mean
Western Cape	70	0	0	0	0	14
Eastern Cape	750	1000	750	1600	1200	1060
Northern Cape	1500	1500	1750	2250	1950	1790
Free State	77000	33750	64500	99000	151950	85240
Kwazulu-Natal	62500	45100	44000	75600	73500	60140
Limpopo	34450	25000	22500	44000	50400	35270
Mpumalanga	210000	76500	128000	262500	239600	183320
Gauteng	10730	4150	5500	12520	20400	10660
North West	27000	18000	28200	18530	27000	23747

Source: Statistics and Economic Analysis

During the past five years the Mpumalanga Province has been the top producer of soybeans followed by the Free State, Kwazulu-Natal, Limpopo and North-West provinces. The Western and Eastern Cape provinces of South Africa have been the lowest producers of soybeans with the Western Cape Province going out of production of this crop between 2007 and 2010 production seasons. On average, Table 1 shows an increasing trend in the production of soybeans in the major producing regions of the country.

1.2 Production Trends

Soybean production in the Republic of South Africa on average ranges between 400 000 and 560 000 tons per annum at an average yield of 1.7 to 2 tons per hectare under dry land conditions. As shown in Figure 3 and Table 2, the area planted to soy beans has shown some fluctuations since 2000/01 to 2009/10 season with a sharp decrease during 2002/2003 due to unfavorable weather conditions. The production volumes have also been fluctuating in response to changes in the area planted to soy beans. During 2009/10 production season soya beans production increased significantly mainly as a result of a massive increment in area planted.

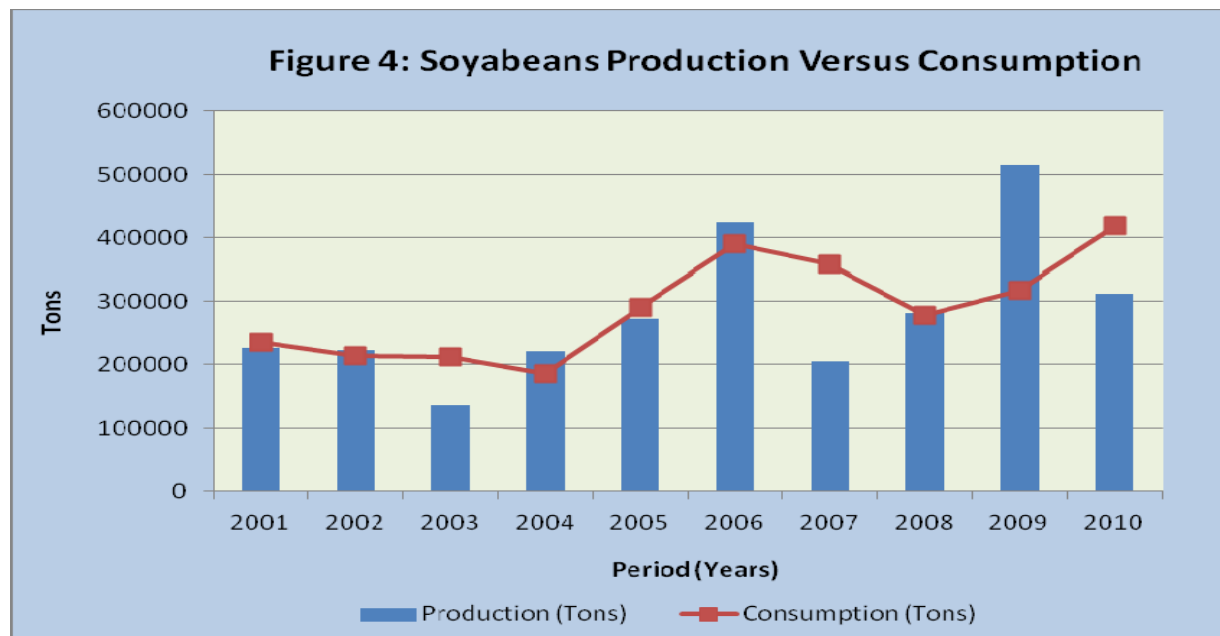


Source: Statistics and Economic Analysis

The period under analysis was characterized by fluctuations in production volumes as indicated in Figure 3. The highest production volumes were experienced during 2009/10 season mainly as a result of increased plantings in major producing provinces as well as improved yields. The production volume for 2009/10 season is about 9.67% higher than the volumes harvested during the preceding season and about 132% higher than the volumes produced during 2000/01 season.

2 MARKET STRUCTURE

2.1 Domestic Market and Prices



Source: Statistics and Economic Analysis

Figure 4 indicates that for the most part of the period under review, the local soybean production was below the domestic consumption needs. With the exception of the years 2004, 2006 and 2009, South Africa is, on average, unable to satisfy the domestic demand for soya beans. This situation got even more profound during the year 2007 when the domestic consumption requirements far outweighed the domestic production and have however, improved in 2008, 2009 and 2010 when the domestic production volumes increased to slightly to surpass consumption .

The demand for soybeans is largely from the crushing or processing industries. Factors that increase the demand for meal and soybean oil such as rising incomes and populations result in a greater demand of soybean through increased crushing activities. Rising incomes (per capita GDP) and population leads to a higher demand for livestock products as food consumption increases. This in turn stimulates the demand for animal feed as the production of livestock is increased to meet rising food demand. As such the demand for oilseed meal also rises as more protein feed is being demanded. Likewise, rising incomes and populations will also lead to a greater consumption of vegetable oils as the demand for cooking oils and dairy products increases. However, the use of soybean oil in cooking and other food preparation activities is relatively lower than for other oils from other oilseeds namely, canola and sunflower.

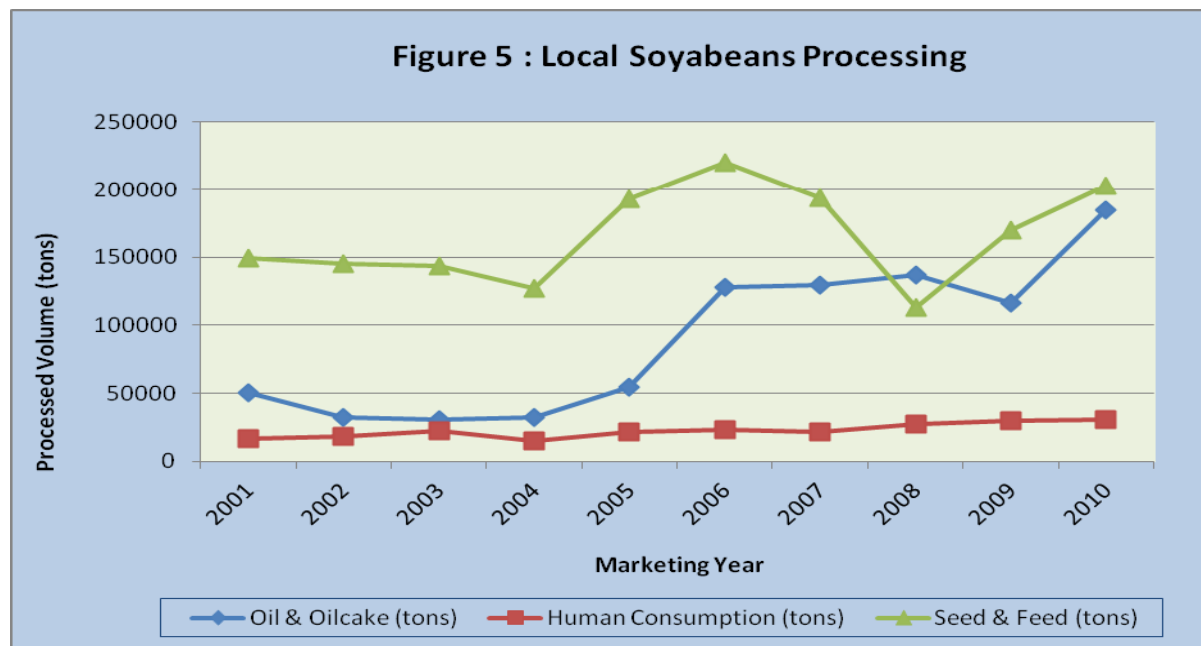
Domestically, soy beans are sold to expressers who produce oil and oilcake, animal feed and as seeds. They are also sold directly to consumers for the edible market. Table 2 below shows the annual soy bean harvest in South Africa, the value of the crop and the producer prices since the year 2001. The table shows a significant decrease in the producer price of soy beans since the year 2004 but with a significant increase between 2006 and 2008, followed by a decline in 2009 and 2010.

Table 2

Annual Soy bean harvest in South Africa				
Year	Tons	Value R'000	Rand per Ton	% Change in Rand per Ton p.a.
2001	226 100	280 938	1 242.54	-3.3%
2002	223 000	448 442	2 010.95	61.8%
2003	136 500	339 497	2 487.16	23.7%
2004	220 010	469 664	2 134.74	-14.2%
2005	272 500	315 397	1 157.42	-45.8%
2006	424 000	611 857	1 443.06	24.7%
2007	205 000	529 910	2 584.93	79.1%
2008	282000	1 134 293	4 026.26	55.76%
2009	516000	1 644 700	3 187.40	-20.83
2010	566 000	1 430 856	2 528.01	-20.69%

Source: Statistics and Economic Analysis

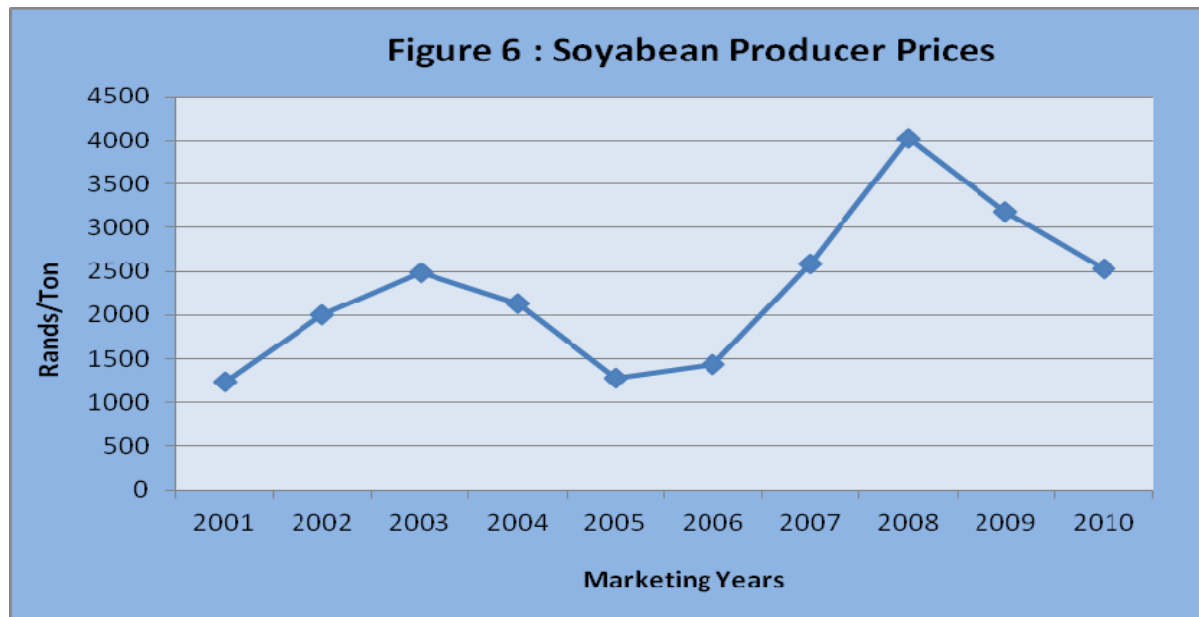
Domestic processing of soy beans as shown in Figure 5 indicate that since the year 2001 the greatest quantities of soy beans were sold to manufactures of seed and animal feed while the quantities of soybeans sold to expressers for oil extraction declined substantially between the year 2001 and 2004. Sales of soybeans to oil and oilcake manufacturers then increased substantially between 2006 and 2008 followed by a slight decline in 2009. During the period under review the volume of soybeans used for human consumption has remained relatively stable far below 50 thousand tons per annum. The quantities used for animal feed manufacturing declined dramatically between the years 2007 until 2008 followed by an increase in 2009 and 2010.



Source: Statistics and Economic Analysis

Figure 6 indicates that the period under analysis opened with lower producer price for soya bean (R1 242.54/t) during the year 2001. The prices increased significantly between the years 2002 and 2003

mainly as a result of weaker rand in 2002 and lower levels of local production during the year 2003. The lowest producer price for soya beans was experienced during the year 2001 (R1 242.54/t) while the highest was experienced during the year 2008 (R4 026.26/t). The period under analysis closed with moderate soya beans price of about R2 528.01/t.



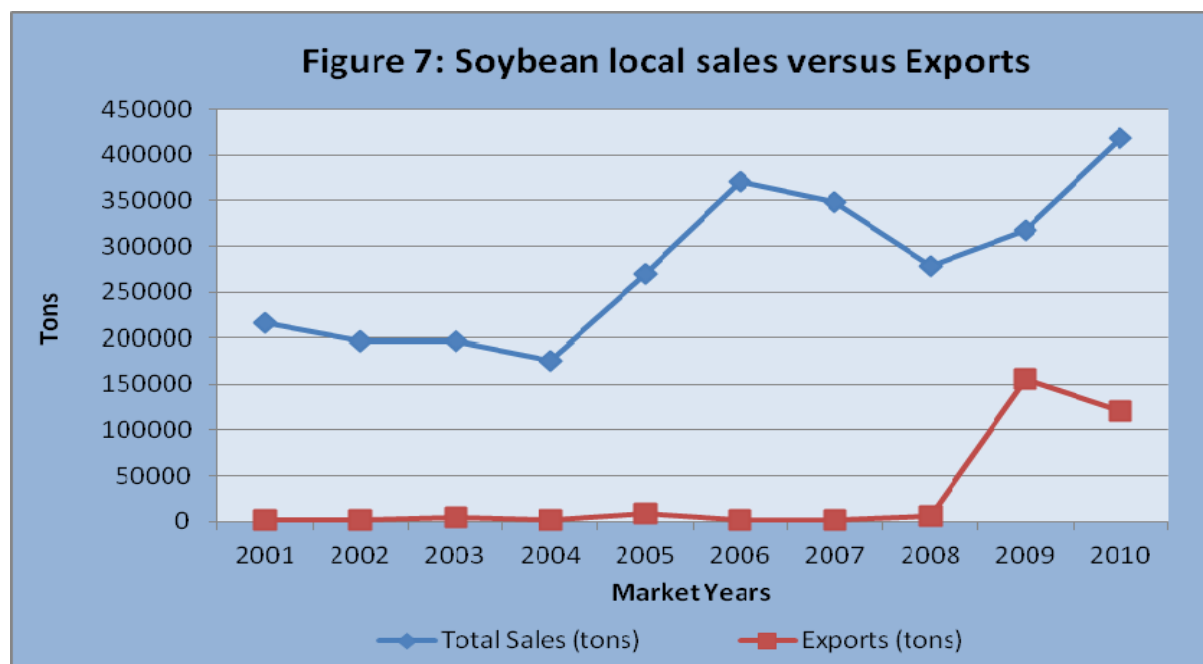
Source: Statistics and Economic Analysis

The main influences on local soy bean prices include the rate of increase in South American soy bean production, the Chinese demand for imported soy beans, marine freight rates, the value of the rand/dollar exchange, the local production, rate and the spread of genetically modified cultivars in the main production areas which could increase yields and help stabilize prices.

2.2 Exports and Imports Analysis

The South African soybean industry is not competitive when it comes to exports. As shown in Figure 7, exports of soybeans from South Africa over the ten year period starting from 2001 have been very insignificant.

In volume terms soybean exports to various regions of the world have been far below 50 thousand tons for most part of the period under review, as compared to the volume of soybeans sold on the domestic market as shown in Figure 7. Soya bean exports increased significantly during the year 2009 mainly due to increased local production volumes. Sales of soybeans in the domestic market follow a similar trend to that of the total production, having reached the lowest level during 2004 and thereafter increased substantially until 2006. Local sales of soya beans declined slightly into the year 2008, following a huge increase in local producer prices.



Source: Statistics and Economic Analysis

Table 3 provides estimates of the most recent soybean import and export volumes and values in South Africa up to 2010.

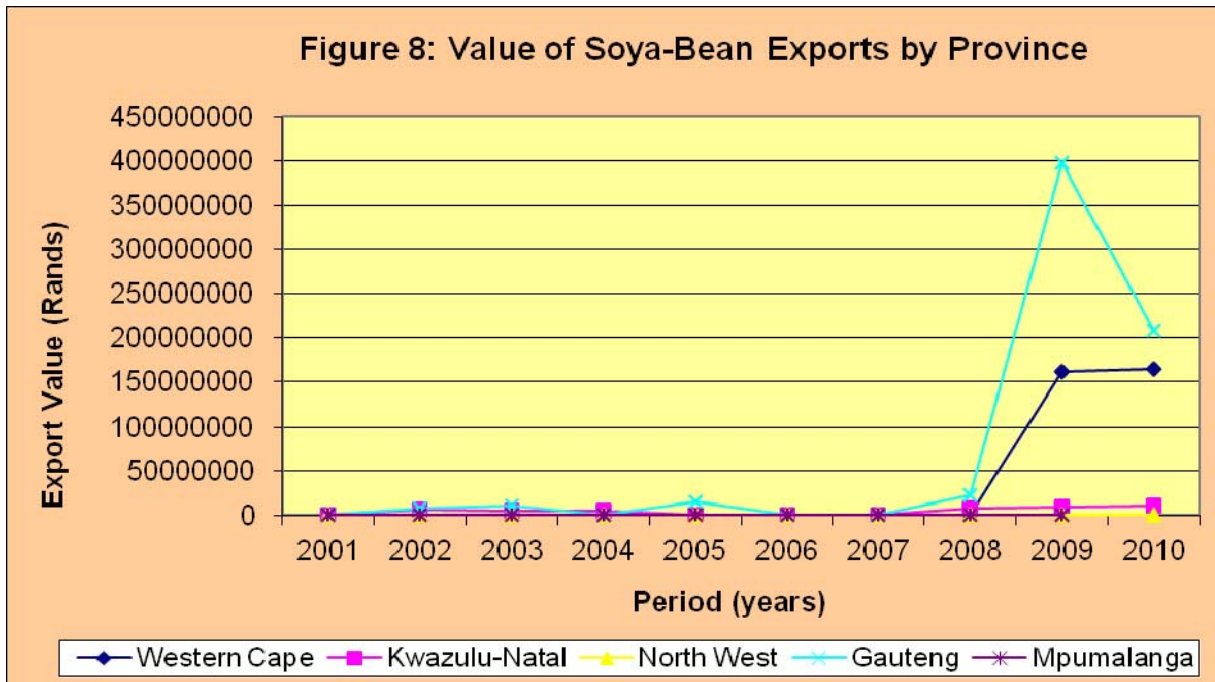
Table 3: Soybean Imports and Exports

Year	Total Soybean Import Market		Total Soybean Export Market		Trade Balance
	Tons	Value (R'000)	Tons	Value (R'000)	
2001	623 707	986 009	1 400	81 888	-904 121
2002	564 554	1 219 063	1 200	64 424	-1 154 639
2003	480 417	857 160	5 100	67 565	-789 595
2004	688 341	1 282 445	2 200	70 712	-1 211 733
2005	621 406	992 174	8 400	76 747	-915 427
2006	10 433	16 608	1 200	2029	-14 579
2007	143 873	228 701	1 200	2031	-226 670
2008	17 986	38 103	5 813	29 997	-8 106
2009	1 495	4 328	161 620	570 246	565 918
2010	2 355	7 266	122 794	384 564	377 298

Source: Quantec Easy Data & Statistics and Economic Analysis

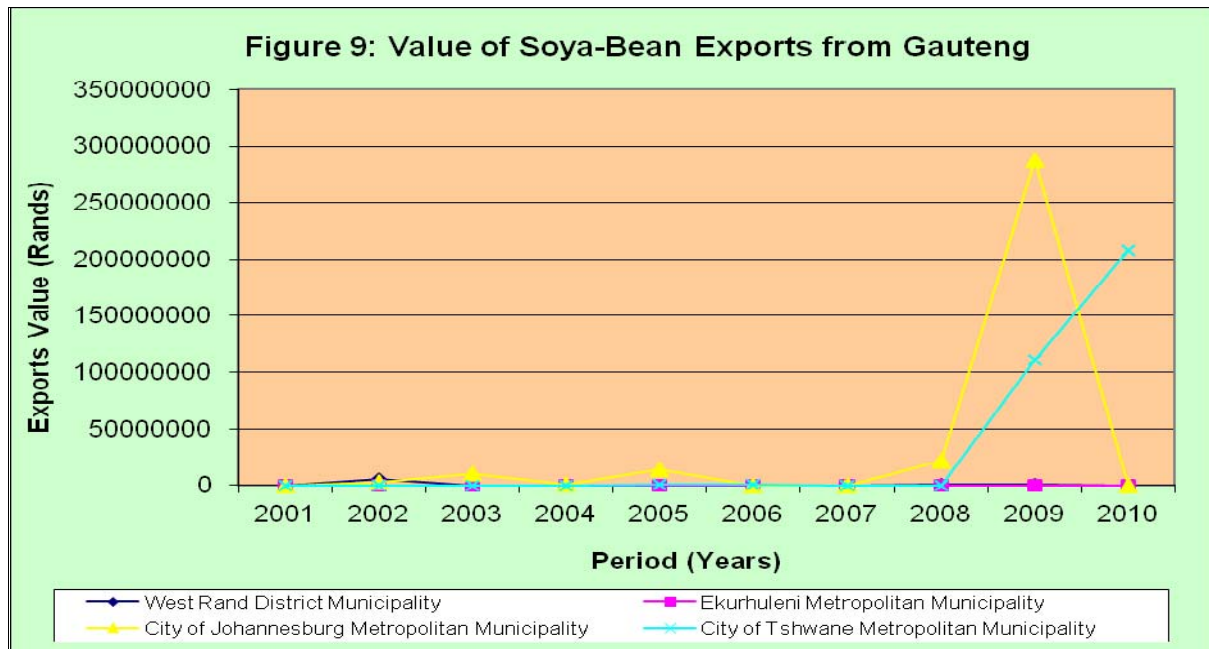
As indicated in the above table, the South African soybean industry has a negative trade balance which implies that we import to supplement domestic production. South African soybean exports are therefore not competitive in world terms. However, the opposite was experienced in 2009 and 2010 when soya bean exports rose above imports mainly as a result of improved local soya bean production.

The most quantities of soybean exports as depicted in Figure 8 originate mainly from three provinces namely, Gauteng, Western Cape, Kwazulu-Natal, and intermittently from North West and Mpumalanga provinces. The Gauteng province commanded the greatest share of soybean exports between the years 2001 and 2010 followed by KwaZulu-Natal and the Western Cape provinces. It thus appears that most of the soybean is exported from the Gauteng in spite of the fact that Mpumalanga is the top producer of soybeans in the country. This is attributable to the presence of exporters, processors and favorable agro-logistics in the Gauteng province.



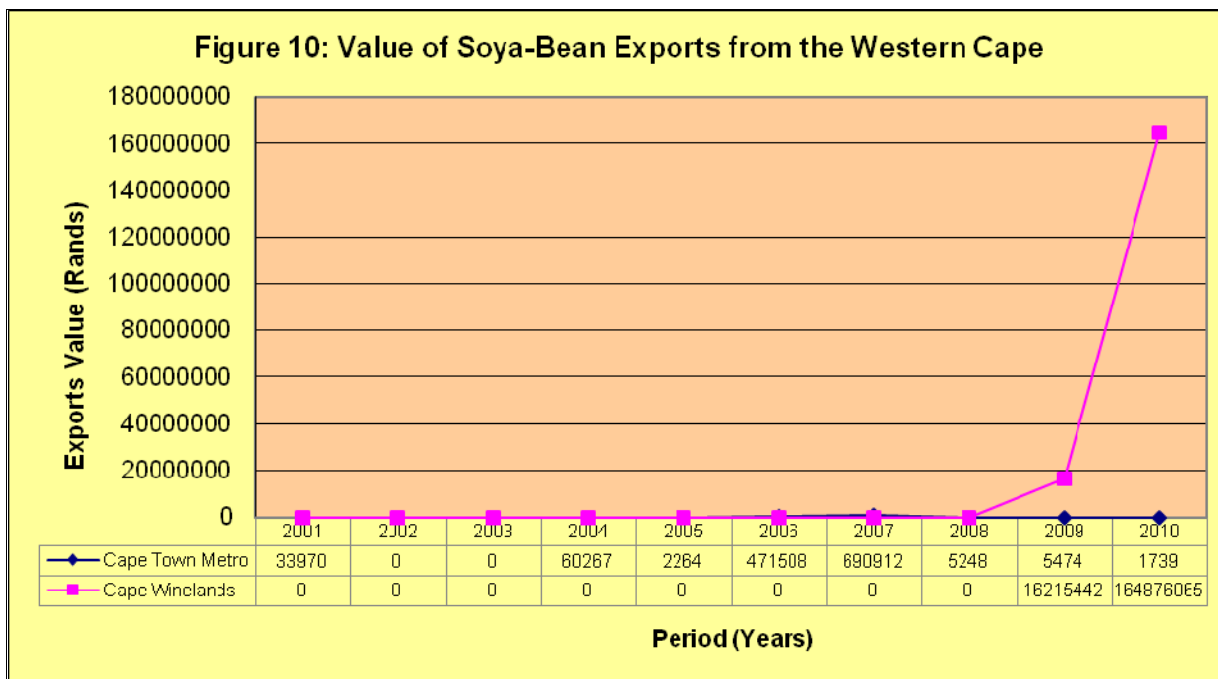
Source: Quantec Easy Data

Figure 9 below indicates that in the Gauteng Province soya bean exports are mainly coming from the City of Johannesburg and Ekurhuleni metropolitan municipalities. The soya beans exports from Cities of Johannesburg and Tshwane increased dramatically during the year 2009 as a result of improved local production volumes. The City of Johannesburg has an upper hand in terms of soya bean exportation mainly as a result of availability of infrastructure and logistics suitable for exportation of various products. Furthermore, irregular export values for soybeans have also been recorded for the West rand District Municipality and the City of Tshwane Metropolitan District in recent years.

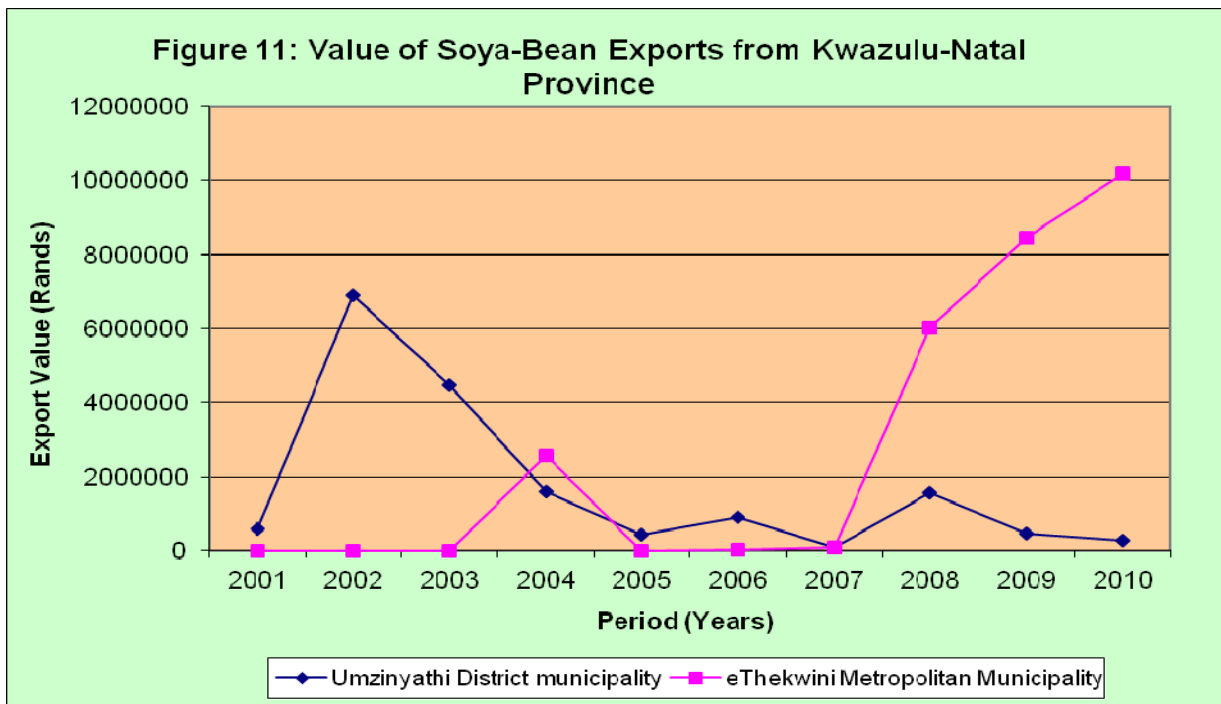


Source: Quantec Easy Data

In the Western Cape Province, City of Cape Town Metropolitan Municipality has, for several years, been the major exporter of soya beans owing to the role played by the Cape Town harbor in the trading of grain. However, exports of soya beans from Cape Winelands District increased significantly between 2009 and 2010 and surpassed those originating from City of Cape Town. During the year 2010, Cape Winelands District exported soya beans to the tune of about R16 million.



Source: Quantec Easy Data

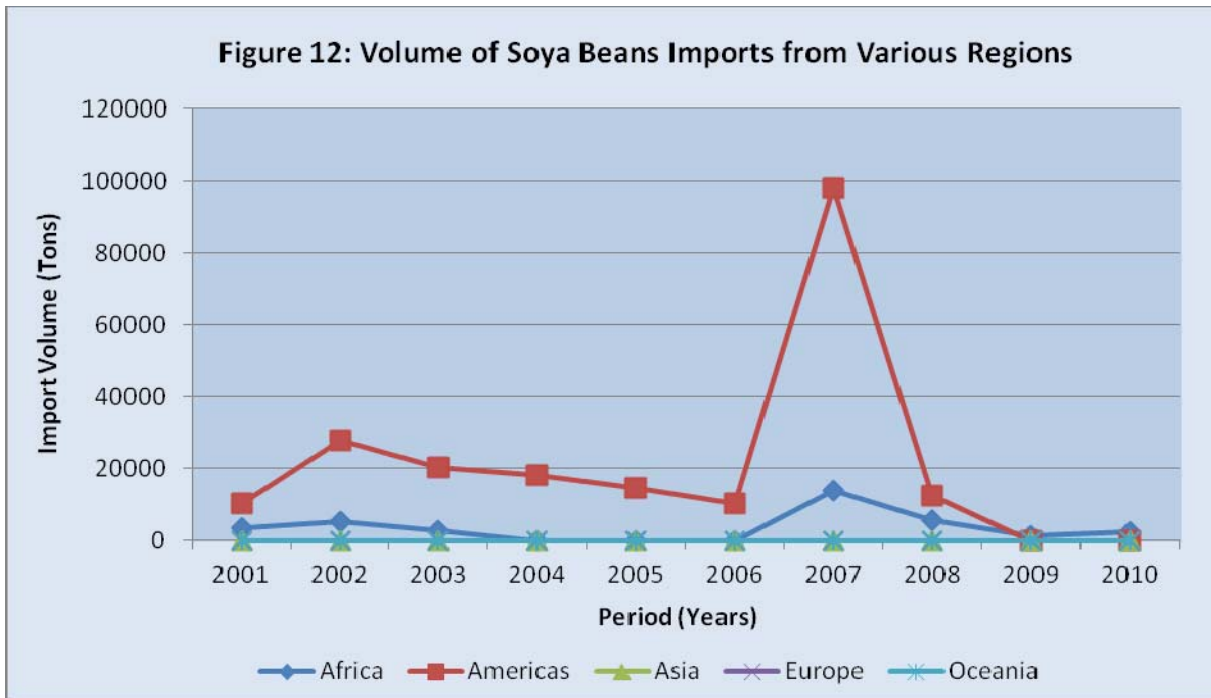


Source: Quantec Easy Data

Figure 11 indicates that from Kwazulu-Natal Province, Soybeans are exported mainly through the UMzinyathi District and the EThekweni Metropolitan Municipality. This province's export capacity is enhanced by the presence of the Durban harbor through which Soybean can be traded. The value of soybean exports from the UMzinyathi district began in 2001 and reached a peak in 2002 and then declined substantially until 2007. Menial exports of soybeans also occurred intermittently through the eThekweni Metropolitan Municipality during the period under review, with the most being exported from eThekweni in 2009 and 2010.

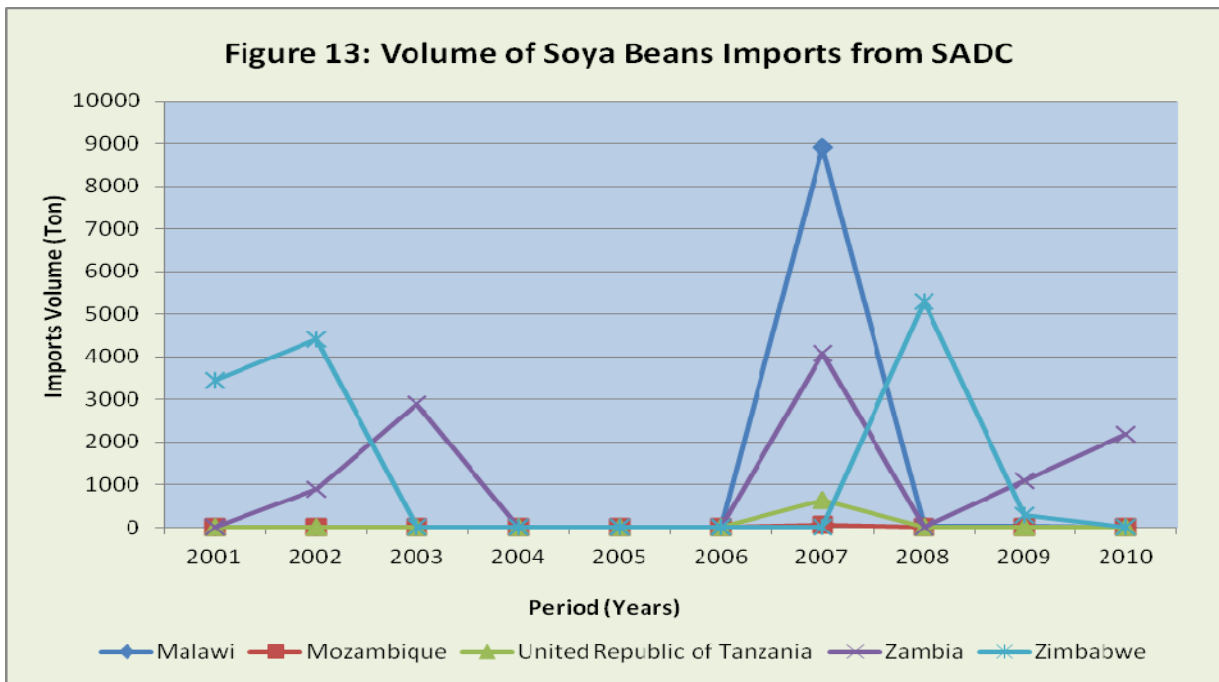
The quantity of soybeans produced in South Africa is basically less than the demand and our country is a net importer as far as soybeans are concerned. This also becomes evident when one looks at the previous figures (Figures 8 to 10) since they indicate that only few provinces in South Africa are the exporters of soybeans, and that only few districts within the exporting Provinces participate in the export market and furthermore, only fractional amounts are exported from each district. The following figure (Figure 12) shows the value of soya bean exports from South Africa to various regions.

As mentioned earlier that South Africa is a net importer of soybeans; this product was imported from the SADC region, the Americas, Asia, Europe and some countries in Oceania as depicted in Figure 12. The trend in Figure 12 indicates that the volume of soybean imports from the Americas has been greater than those from the rest of the other continents and this became even more profound during the year 2007. This is mainly due to the fact that the biggest producers of soybeans such as USA, Argentina and Brazil are located in the Americas. Very menial volumes of soybean imports have been recorded from Asian and European countries during the period under review.



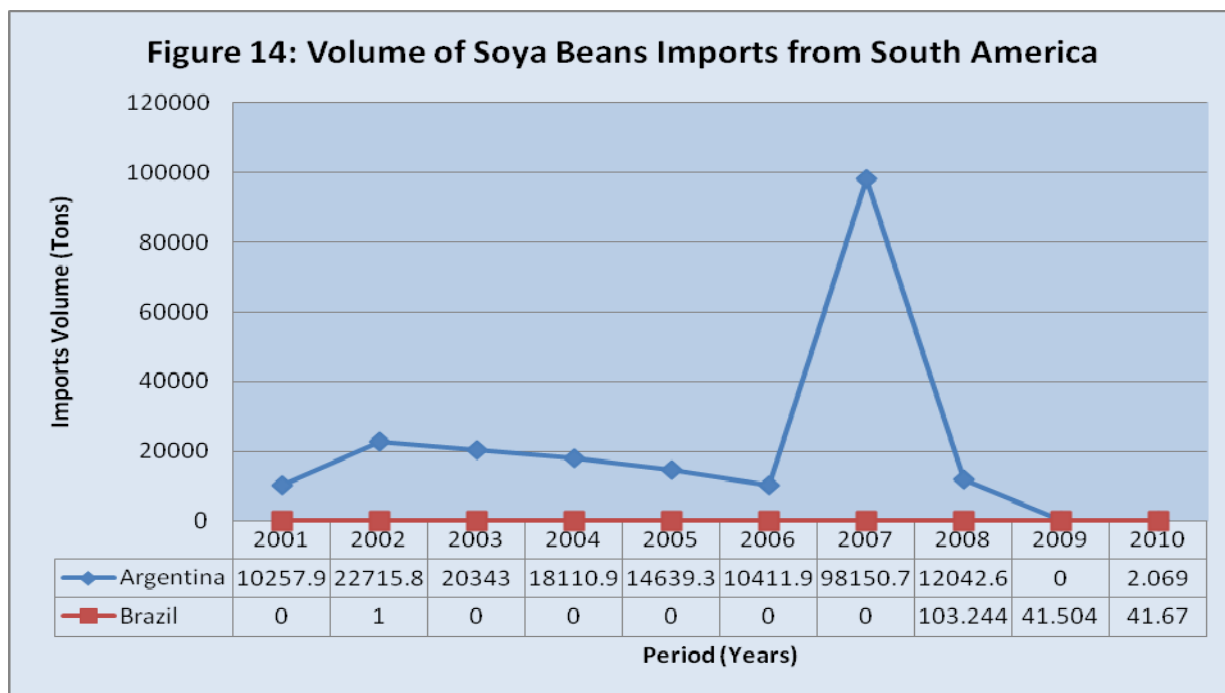
Source: Quantec Easy Data

Volumes of soya beans imports from SADC are displayed in Figure 13 below. On average, South Africa imports about 3500 tons of soya beans from the SADC region per annum. Figure 13 indicates that the volume of soybean imports from the SADC region into South Africa fluctuated at lower levels between the years 2001 and 2006.



Source: Quantec Easy Data

Zimbabwe is South Africa's largest supplier of soya beans in the SADC region followed by Zambia, Malawi and United Republic of Tanzania. Of importance to note, is the disappearance of imports from Zimbabwe between 2003 and 2007 owing to the political and economic meltdown in the country. Soya bean imports from Zimbabwe have increased slightly in the year 2008 and dropped during the year 2009. The period under review closed with higher import volumes Zambia during the year 2010.



Source: Quantec Easy Data

Figure 14 further illustrates the fact that, while soybean imports into South Africa from the SADC region experienced a substantial decline from the year 2002, Argentina in South America became a formidable force by increasing its share of soybean exports into South Africa. South Africa imports greater volumes of soybeans from Argentina in South America than from any other region. This is attributable to favorable logistics and location between SA and Argentina, in spite of the fact that Argentina is a major producer and exporter of most grain crops. Similar to the trend in Figure 12, the volume of soybean imports originating from Argentina experienced a substantial increase during 2007. This substantial increase in soybean imports from South America do not come as a surprise since during 2007 the demand for soybeans domestically far outweighed the domestic supply. The soybean imports from Argentina declined significantly between 2008 and 2009 mainly as a result of increased production volumes. The period under analysis closed with lower volumes of soya bean imports from South America.

2.3 Share Analysis

Table 5 below indicates that, over the ten year period under review the Gauteng province commanded the greatest share of South Africa's total soybean exports to the world with irregular soybean exports recorded from the Western Cape, Mpumalanga and North West provinces. Minor exports were recorded from the North West province during the year 2001 and from the Mpumalanga Province during 2002.

Table 4: Share of provincial soybean exports to the total RSA soybean exports (%)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
District										
Western Cape	3.15	0.00	0.00	1.27	0.01	23.24	56.13	0.02	28.48	42.96
Kwazulu-Natal	55.18	45.80	28.97	87.57	2.75	45.69	12.54	25.23	1.56	2.72
North West	0.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gauteng	41.33	54.16	28.97	11.16	97.24	31.07	31.33	74.75	69.95	54.31
Mpumalanga	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: Calculated from Quantec data

During 2010 Gauteng Province accounted for about 54.31% of South Africa's total soya bean exports followed by Western Cape with a contribution of about 42.96%. Kwazulu-Natal province contributed only 2.72% towards South Africa's total soya bean exports during the year 2010.

Table 5: Share of district soybean exports to the total Western Cape soybean exports (%)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
District										
City of Cape Town	100	0.00	0.00	100	100	100	100	100	0.03	0.001
Cape Winelands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	99.97	99.99

Source: Calculated from Quantec data

Soybean exports from the Western Cape Province were mainly through the City of Cape Town district due to the use of the Cape Town harbor as a bypass. Since from the year 2001 to 2008, the City of Cape Town has been doing well in terms of soybean exports, having been the only exporter of soya beans in the province between 2001 and 2008. During the year 2009, the exports of soya beans started to emerge from the Cape Winelands District. During the same year, the latter contributed 99.97% and increased this to 99.99% the following year (2010).

Table 6: Share of district soybean exports to the total Kwazulu-Natal soybean exports (%)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
District										
UMzinyathi	100	99.99	100	38.28	99.99	96.51	55.91	20.57	5.27	2.68
EThekwini	0.00	0.01	0.00	61.72	0.00	3.48	44.08	79.43	94.73	97.32

Source: Calculated from Quantec data

The Kwazulu-Natal province has had exports originating from two districts, namely the UMzinyathi and EThekwini districts primarily due to the use of the Durban harbor as a viaduct of produce that are transported from the Randfontein grain market for export purposes. The level of exports from Kwazulu-Natal province in 2004, 2008, 2009 and 2010 has been higher in EThekwini District, which commanded the greatest share of soybean exports than UMzinyathi District. The UMzinyathi District commanded a greater share of soybean exports for the most part of the period under analysis.

Table 7: Share of district soybean exports to the total Gauteng soybean exports (%)

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
District										
West Rand	0.00	71.29	2.13	3.12	0.59	0.00	34.87	3.86	0.11	0.14
City of Tshwane	39.91	1.46	0.74	20.69	1.22	0.00	0.02	0	0.00	0.02
Ekurhuleni	60.08	27.25	97.13	76.13	93.62	34.99	41.76	0	72.13	0.004
City of Johannesburg	0.00	0.00	0.00	0.05	4.56	65.00	23.34	96.14	27.75	99.84

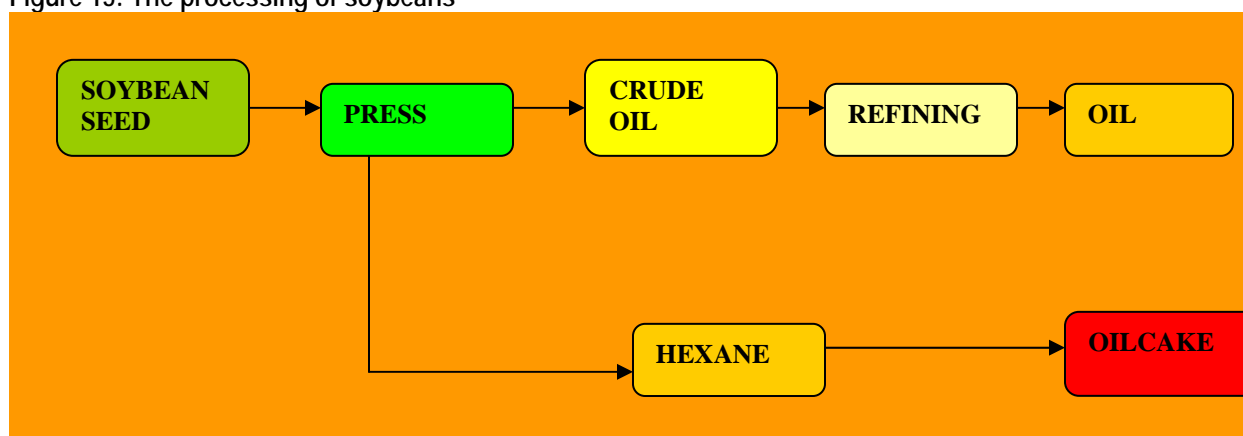
Source: Calculated from Quantec data

In Gauteng province, over the ten year period under review Ekurhuleni Metropolitan Municipality has been commanding the greatest share of soybean exports, followed by the City of Tshwane, then the City of Johannesburg due to the role played by the Randfontein grain market in transporting grains to the Durban harbor in particular; in spite of the fact that the province is not a producer of soybeans. City of Johannesburg played a huge role in exportation of soya beans in 2008 and 2010, having accounted for 96.14% and 99.84% of the total provincial exports respectively.

2.4 Processing, value addition and utilization

During the processing of soybeans, when the seed is pressed crude oil is released from the seed while the other product that is derived from the process is soybean oilcake. The crude oil is then refined to produce soybean oil as shown in Figure15 below.

Figure 15: The processing of soybeans



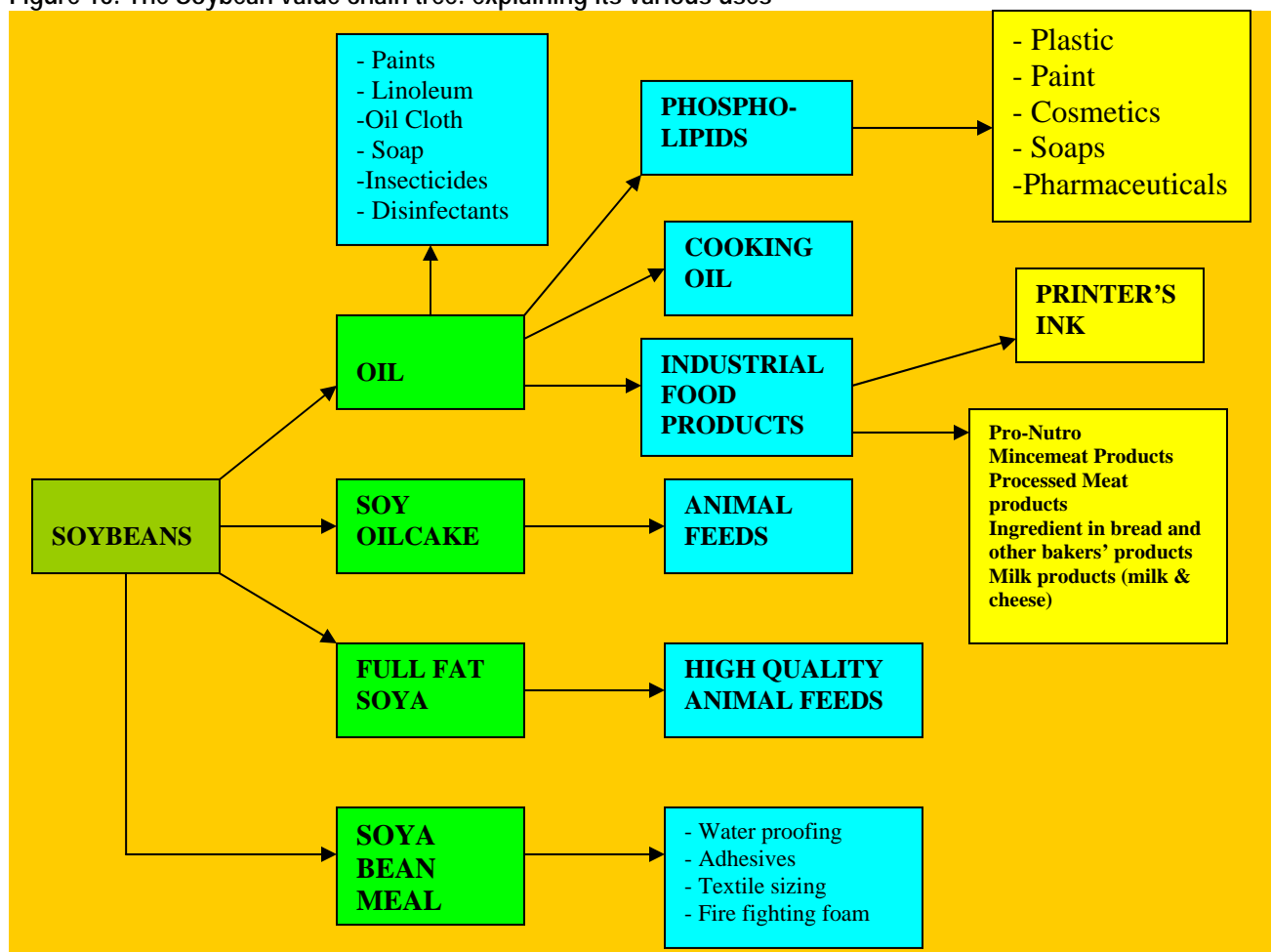
Source: Grain SA

Soybean seeds can be eaten as a vegetable and the dried seeds can be eaten whole, split or spouted. When processed they give soy milk which is a valuable protein supplement in infant feeding which also provides curds and cheese. Soy sauce can be made from mature fermented beans while roasted seeds can be used as a coffee substitute. Soy flour can be prepared from beans while producing full fat flour with about 20% oil. The flour is used in bakeries and other food products and as additives and extenders

to cereal flour and meat products and in health foods. Other industrial uses of the oil are that it is used in manufacturing of paints, linoleum, oilcloth, printing inks, soap, insecticides and disinfectants. The lecithin phospholipids that are obtained as a by-product of the oil industry are used as wetting and stabilizing agents in food, cosmetics, pharmaceuticals, leather, paint, plastic, soaps and detergent industries. Soybean meal and soybean protein are used in the manufacture of synthetic fibre, adhesives, textile sizing, waterproofing and firefighting foam. The straw can be used to make paper that is stiffer than that made from wheat straw.

Soybean meal is a very rich protein feedstuff for livestock for which there is an increasing demand while the vegetative portions of the plant can be used as silage, hay, pasture or may be ploughed in as green manure. The various uses of soybeans are illustrated in Figure 16.

Figure 16: The Soybean value chain tree: explaining its various uses



Source: Adapted from Grain SA

3 MARKET INTELLIGENCE

3.1 Tariffs

South Africa applies the following import duties on imports of Soybeans from various regions:

Table 8

Trade Regime	Aggregated Ad Valorem Applied Tariffs (2011)
General	8%
European Union (EU)	free
European Free Trade Association (EFTA)	8%
SADC	free

Source: ITC Market Access Map

From Table 8 it is clear that the normal tariff rate applied by South Africa to soybeans imports from other countries is 8.00% unless in scenarios where there is a special trade deal between South Africa and those countries. South Africa has a preferential tariff 0.00% for soya beans imports originating from EU and SADC. Imports of soya beans from outside the two regions (EU and SADC) into South Africa are exposed to an import duty of 8%.

3.2 Known Non-Tariff Barriers

The increase in trade in oilseeds over the last decade has also seen a rapid increase in issues surrounding sanitary and phyto-sanitary requirements pertaining to oilseeds and related products. It has been argued that SPS requirements have been wrongfully used to restrict the importation of oilseeds and products in some countries in an attempt to protect domestic producers, especially against the backdrop of World Trade Organization commitments and obligations to reduce tariff barriers and increasing trade liberalization. SPS regulations and requirements are implemented primarily on the basis of human, animal and crop health, protection and safety. Since oilseeds are primarily destined for animal feed and/or human consumption, SPS measures have a direct bearing on oilseeds and their products. SPS measures go as far as including issues pertaining to labeling requirements of products, the use of genetically modified organisms, and the physical handling and/or transportation of goods. Such requirements are enforced or determined by governments through statutory legislation or voluntary codes of practice implemented by the private sector, or by international bodies such as the FAO/WHO *Codex Alimentarius* Commission which has international standards and guidelines that apply to a wide range of products. Below are some of the general applications of SPS regulations applied to oilseeds which have a bearing on soybeans in international markets.

3.2.1 Oilseed Material

Oilseeds are subject to official phyto-sanitary certification to guarantee the absence of harmful organisms. There may also be regulations on the maximum permissible pesticide residue levels of plant

origin destined for the manufacture of food and feedstuffs. China permits up to one fungicide tainted seed per kilogram of soybeans. The quality control has to take place at the port of entry.

3.2.2 Shipping contracts and Transport issues

A very large portion of international trade in oilseeds, oils and oil meals is based on widely recognized shipping contracts issued by two international associations. Used on a voluntary basis, these contracts have evolved over many years to suit the needs of the oilseed trade. Included in these contracts are requirements to ensure that goods traded are in good condition and of fair quality. They help trading partners comply with national or international SPS legislation and standards.

3.3 Performance of the South African Soya Bean industry.

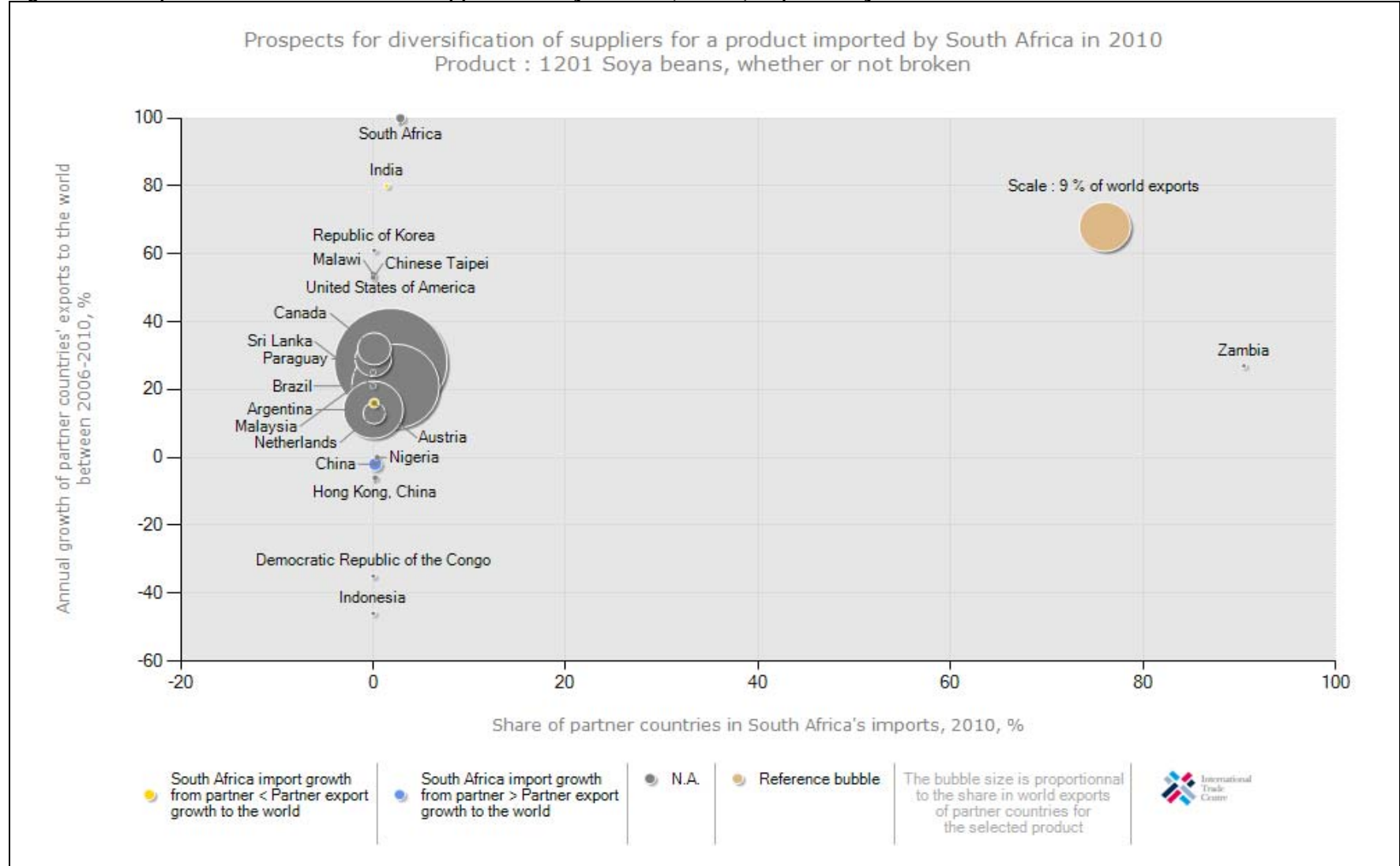
Table 9: List of suppliers for Soybean imported by South Africa in 2010

Exporters	Imported value in 2010 (thousand US\$)	Share in South Africa's imports (%)	Imported quantity in 2010 (tons)	Unit value (US\$/unit)	Imported growth in value between 2006 and 2010 (% p.a.)	Imported growth in quantity between 2006 and 2010 (% p.a.)	Imported growth in value between 2009 and 2010 (% p.a.)
World	994	100	2 335	422	-45	-52	95
Zambia	899	90.04	2 195	410			119
RSA	28	2.8	67	418			
Brazil	23	2.3	41	561			-41
USA	18	1.8	14	1 286			
India	14	1.4	23	609	36	66	
Nigeria	4	0.4	8	500			
China	2	0.2	2	1 000	7	-1	0
Hong Kong	2	0.2	1	2 000	15	-19	0

Source: ITC Trade Map

Table 9 above indicates that most of the South Africa's Soybean imports originate mainly from Zambia, Brazil, USA and India. It is also clear from the above table that more than 90% of South Africa's total soya beans imports originated from Zambia while the combination of countries such as Brazil, USA, India, Nigeria and China accounted for less than 10%. Also noteworthy from the table is the fact that South Africa is also mentioned as one of major exporters of soya beans to itself. This refers to situations where soya bean exports from South Africa were returned to South Africa for a number of reasons. Table 9 also indicates that soya beans imports from the rest of the world into South Africa declined by 45% between the years 2006 and 2010.

Figure 17: Prospects for diversification of suppliers of Soya beans (120100) imported by South Africa in 2010



Source: ITC Trade Map

Figure 17 confirms the earlier observation that Zambia was the largest exporter of soya beans in 2010. It is also clear from the figure that, if South Africa is to diversify its soybean imports, prospective import markets exist in Canada, Argentina, Paraguay and Netherlands. The abovementioned countries are among the world's largest exporters of soya beans although South Africa did not import any soya beans from them in 2010. Argentina is the third largest exporter of soya beans while Paraguay and Canada are ranked 4th and 5th respectively.

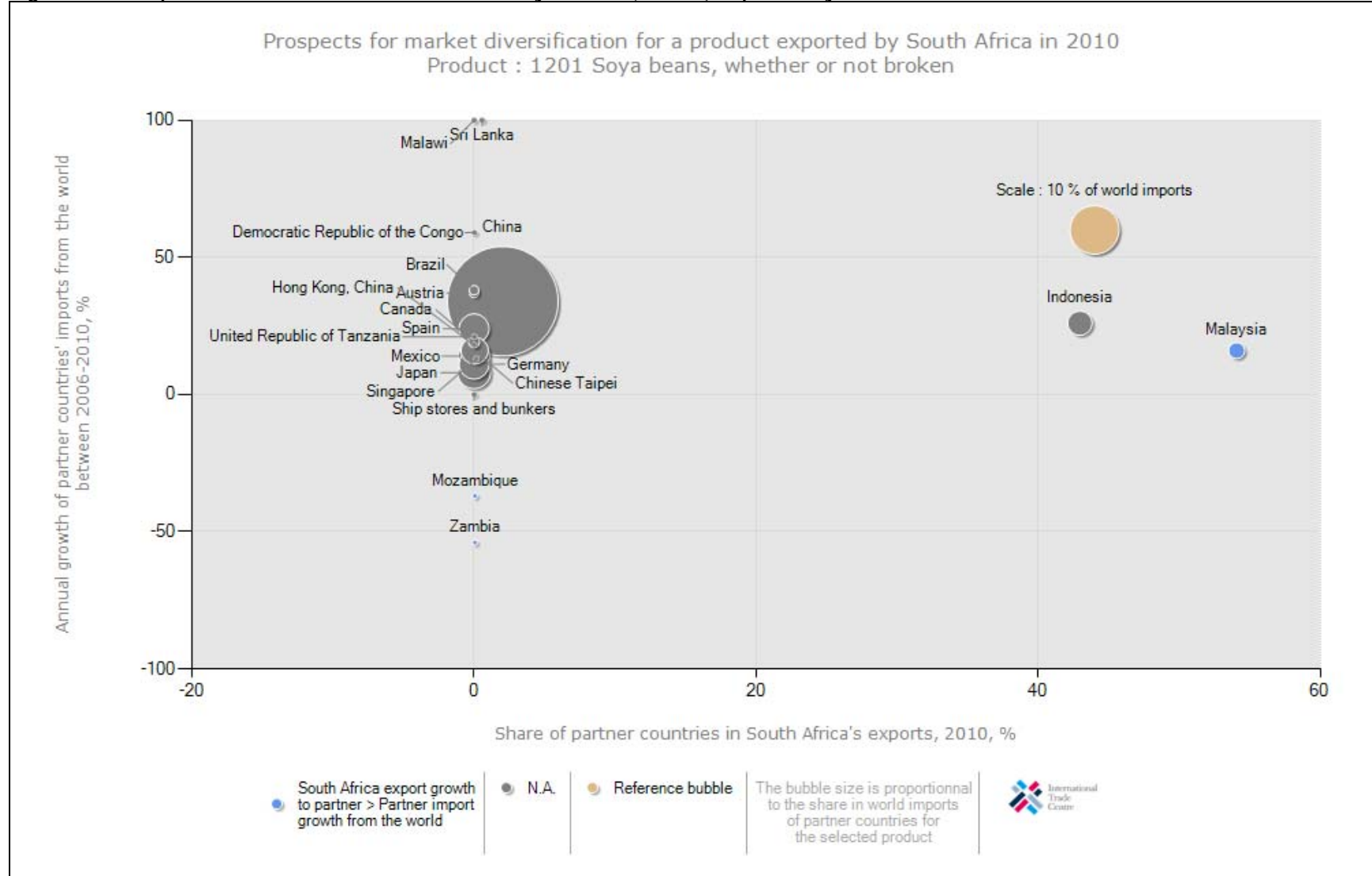
Table 10: List of Importers of Soybean Exported by South Africa in 2010

Importers	Exported value in 2010 (thousand US\$)	Share in South Africa's exports (%)	Exported quantity in 2010 (tons)	Unit value (US\$/unit)	Exported growth in value between 2006 and 2010 (% p.a.)	Exported growth in quantity between 2006 and 2010 (% p.a.)	Exported growth in value between 2009 and 2010 (% p.a.)
World	52 602	100	122 794	428	409	545	-23
Malaysia	28 447	54.10	66 002	431	445	640	189547
Indonesia	22 602	43	53 609	422	-	-	12
China	1 069	2	2 300	465	-	-	137
Sri Lanka	297	0.6	564	527	-	-	-24
Singapore	92	0.2	199	462	-	-	-
Mozambique	31	0.1	61	508	-28	-25	48
Zambia	31	0.1	30	1 033	119	114	-71
Chinese Taipei	20	0	22	909	-	-	-49
DRC	6	0	4		-	-	20

Source: ITC Trade Map

Table 10 above shows that, the greatest quantities of soybeans exported by South Africa in various forms are destined to the export markets given as follows: Malaysia, Indonesia, China, Sri Lanka, Singapore, and Zambia. Table 10 shows that between 2006 and 2010, exports of soya beans from South Africa to the rest of the world have increased by 409% in value terms and 545% in volume terms. The country that has imported most soya beans from South Africa in 2010 is Malaysia having absorbed 54.10% of South Africa's total soya beans exports during that year. South Africa exported 66 002 tons of soya beans to Malaysia in 2010 and 53 609 tons to Indonesia during the same year. Exports of soya beans from South Africa to Mozambique have declined by 28% and 25% in value and volume respectively between 2006 and 2010.

Figure 18: Prospects for market diversification for Soya beans (120100) exported by South Africa in 2010



Source: ITC Trade Map.

Figure 18 indicates that if South Africa is to diversify its soybean exports, the biggest prospective markets exist in Japan, which is the second largest importer of soya beans in the world, followed by Germany, Mexico and Spain. Figure 18 shows that during 2010, Malaysia commanded a share of about 54% in soya bean imports originating from South Africa, followed by Indonesia and China 43% and 2% respectively. Soya bean exports from the world to Malaysia and Indonesia have increased at a rate of 16% and 26% respectively.

4 ORGANIZATIONAL ANALYSIS

4.1 *Strengths, Opportunities and Threats*

Strengths

- Due to the health benefits associated with soybeans, there is a growing interest in soybeans and soybean products in South Africa and worldwide.
- Soybeans are known to be a cheap source of good quality protein which is free from cholesterol.

Opportunities

- The crop can be used in the fight against malnutrition in North Africa and sub-Saharan Africa in the future.
- Can be used to meet the increased demand for protein which is predicted to can be 75% by 2025.
- Due to the fact that soybeans are legumes, they can be used in crop rotational systems for their ability to fix nitrogen and; because they are more tolerant to acid and drought conditions than maize they can be grown for home consumption or as a cash crop.

Threats

- Farmers can lose out on the non-GM niche market if they become too lax in separating GM soybeans from non-GM soybeans.
- The USA has established an initiative that aims to lobby for the use of more soybeans in food aid.
- The US is also seeking new markets for its surplus soybeans.

4.2 *Empowerment and Transformation*

The Tshwane Metropolitan Council in collaboration with the Rotary Club of Pretoria, the Rotary Club of Cham in Germany, Tshwane University of Technology, Nutri-soya and the Department of Provincial and Local Government has launched a project that transforms locally grown soybeans into nutritional foodstuffs in Mamelodi.

5 ACKNOWLEDGEMENTS

The following organizations are acknowledged:

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Statistics and Economic Analysis: Department of Agriculture.

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Tel: 012 361 5154

Fax: 012 348 5874

Website: www.quantec.co.za

ITC Market Access Map

Website: <http://www.macmap.org/South Africa>

ITC Trade Map

Website: www.trademap.org

South African Soy Food Association (SASFA)

Tel: (015) 491 7939

Website: <http://www.soyfood.co.za>

South African Revenue Service (SARS)

Website: <http://www.sars.gov.za>

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