



Anticipating the evolution of African oilseed markets

Will Africa fill the gap??

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- How much more growth can we anticipate – Will Africa fill the gap?
- Comparative advantage & The Law of One Price
- Policies and the implications for investment and regional trade

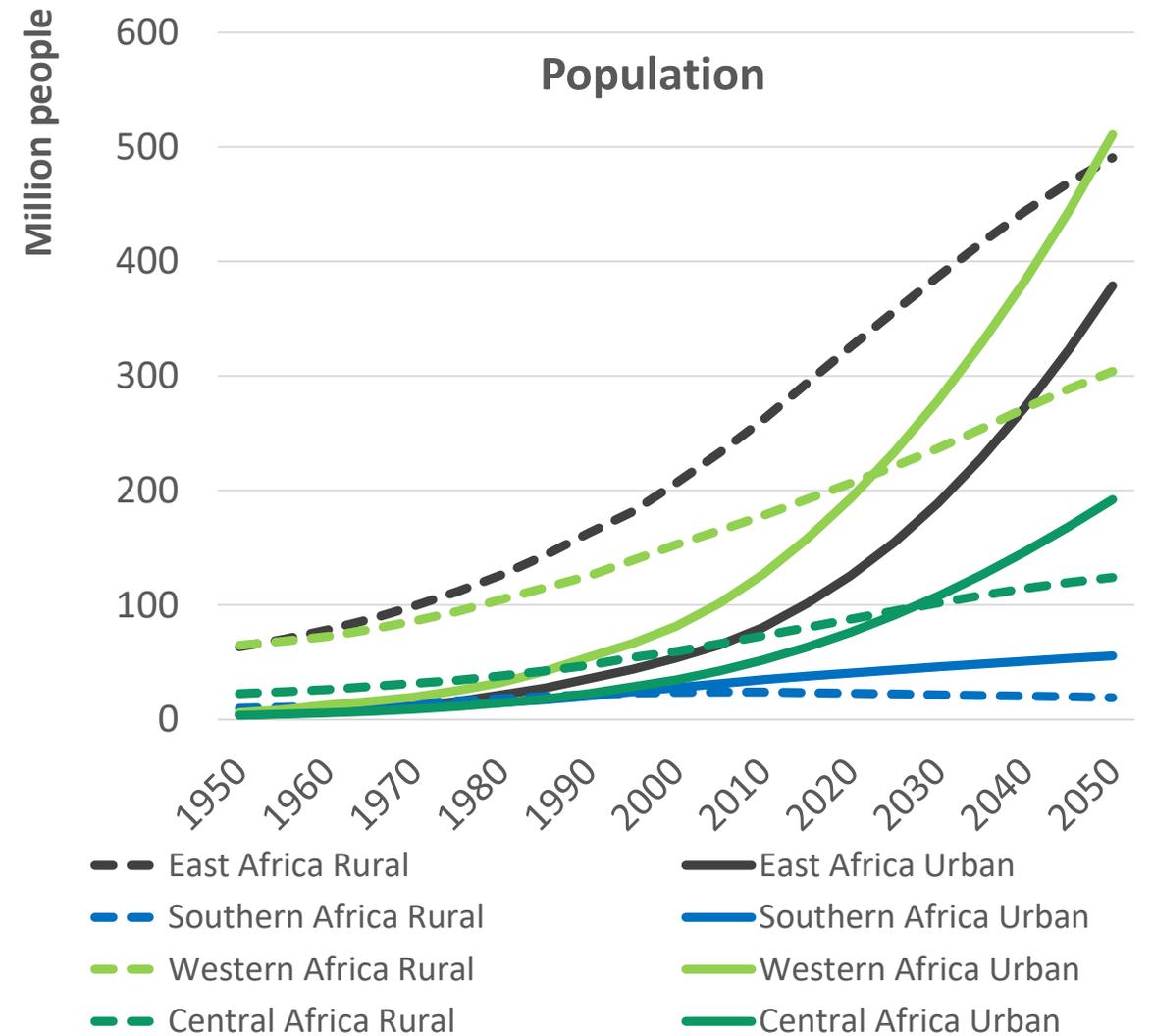
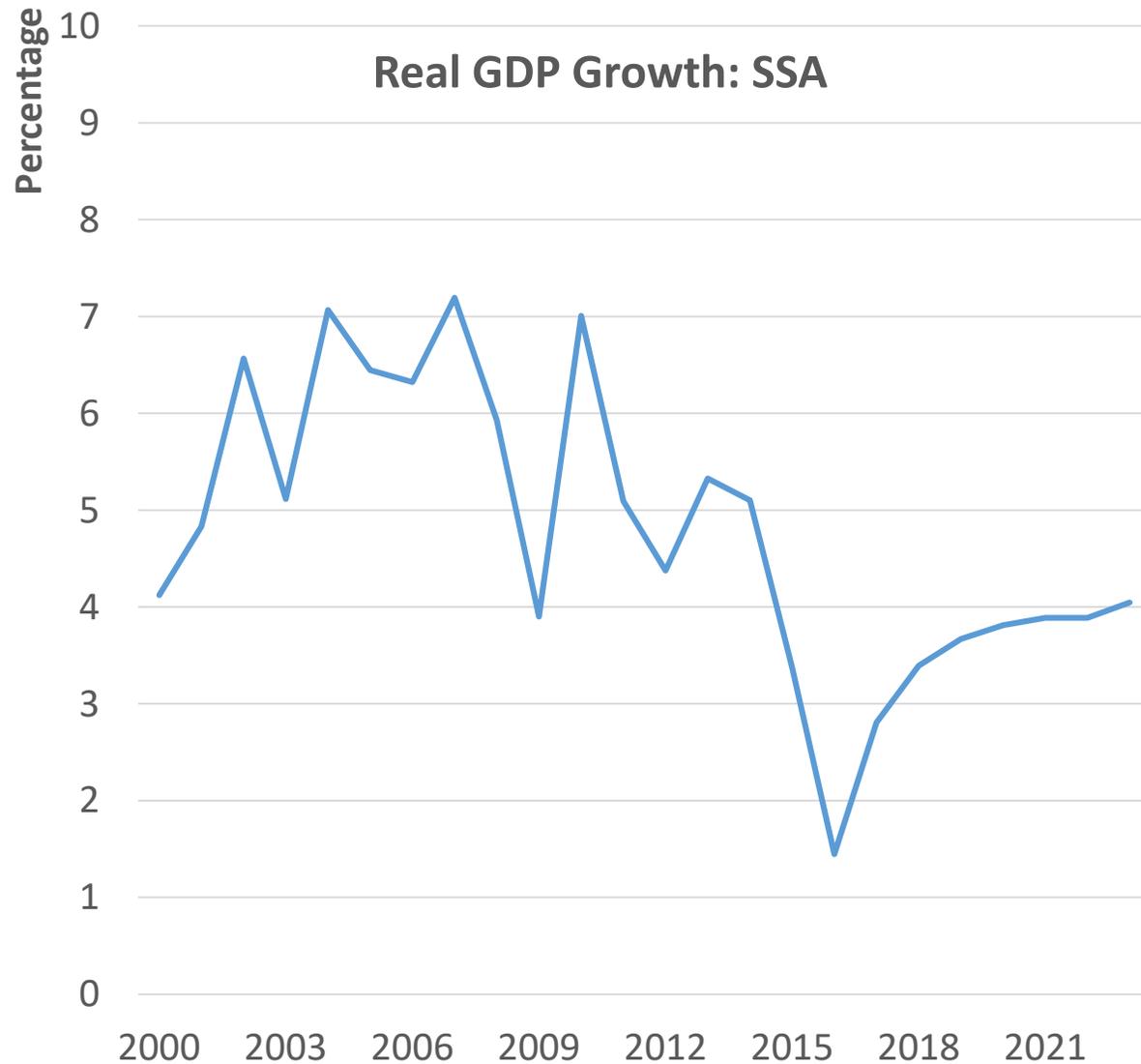




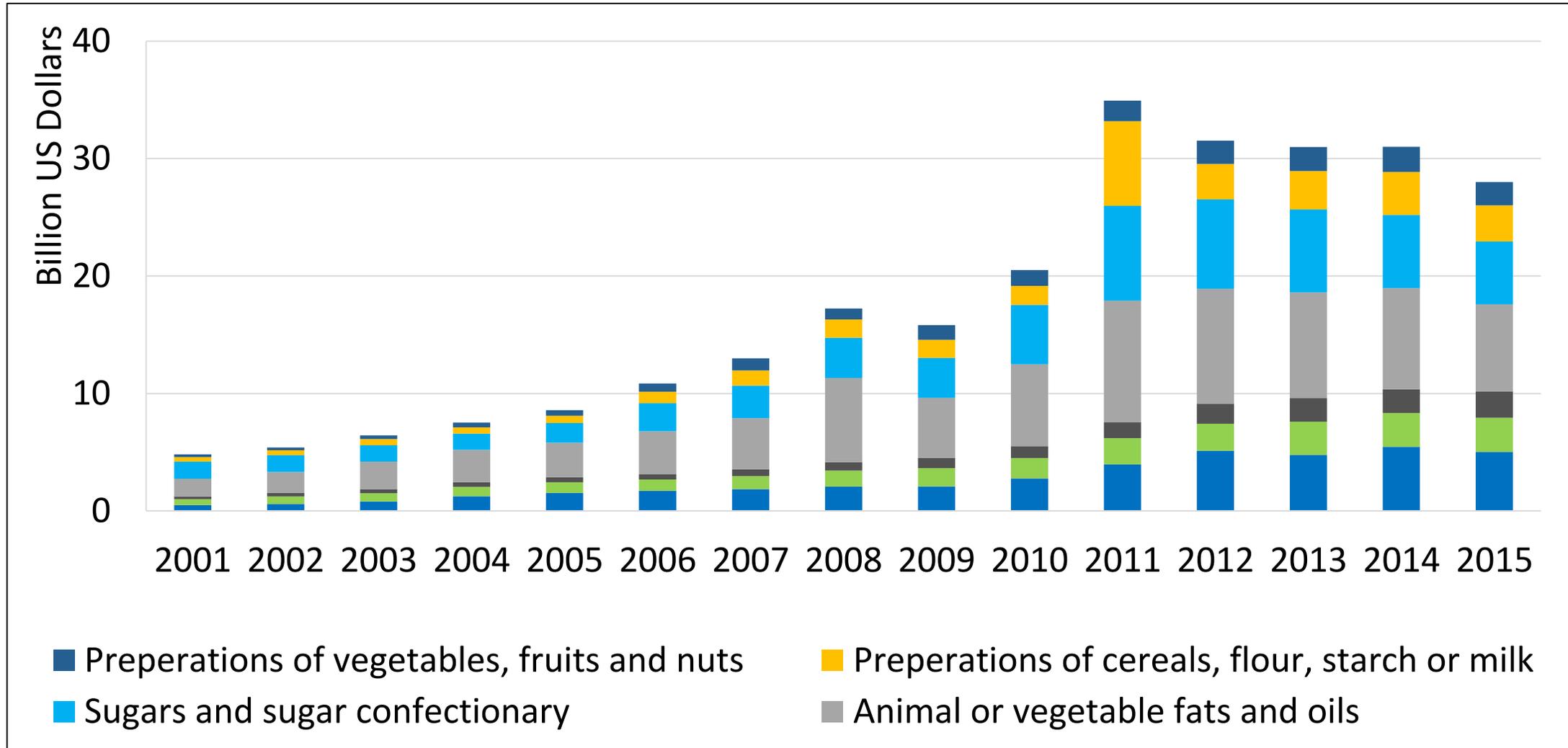
How much more growth can we anticipate?
Underlying market and policy dynamics



Income & Population growth in SSA



SSA imports are rising rapidly

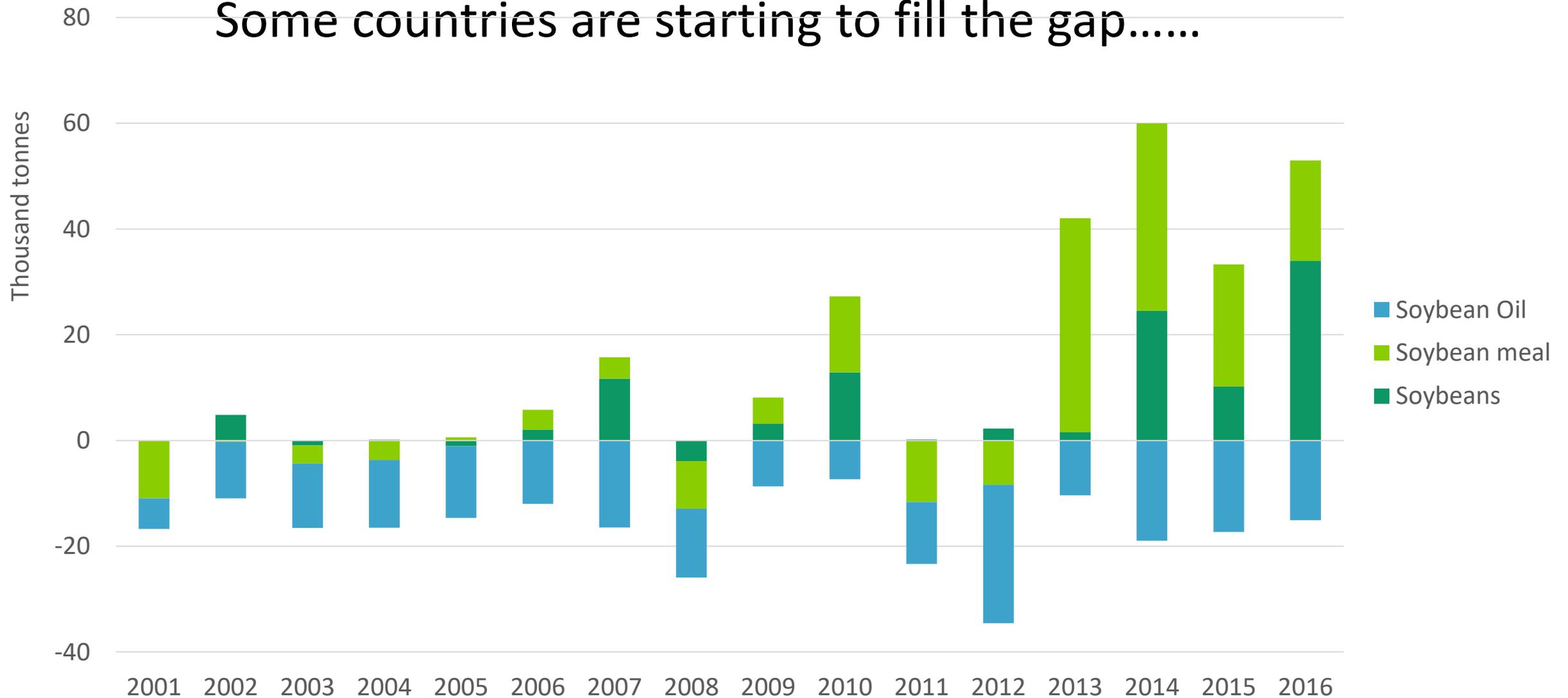


Source: ITC, 2017

Zambian net trade in soya complex



Some countries are starting to fill the gap.....

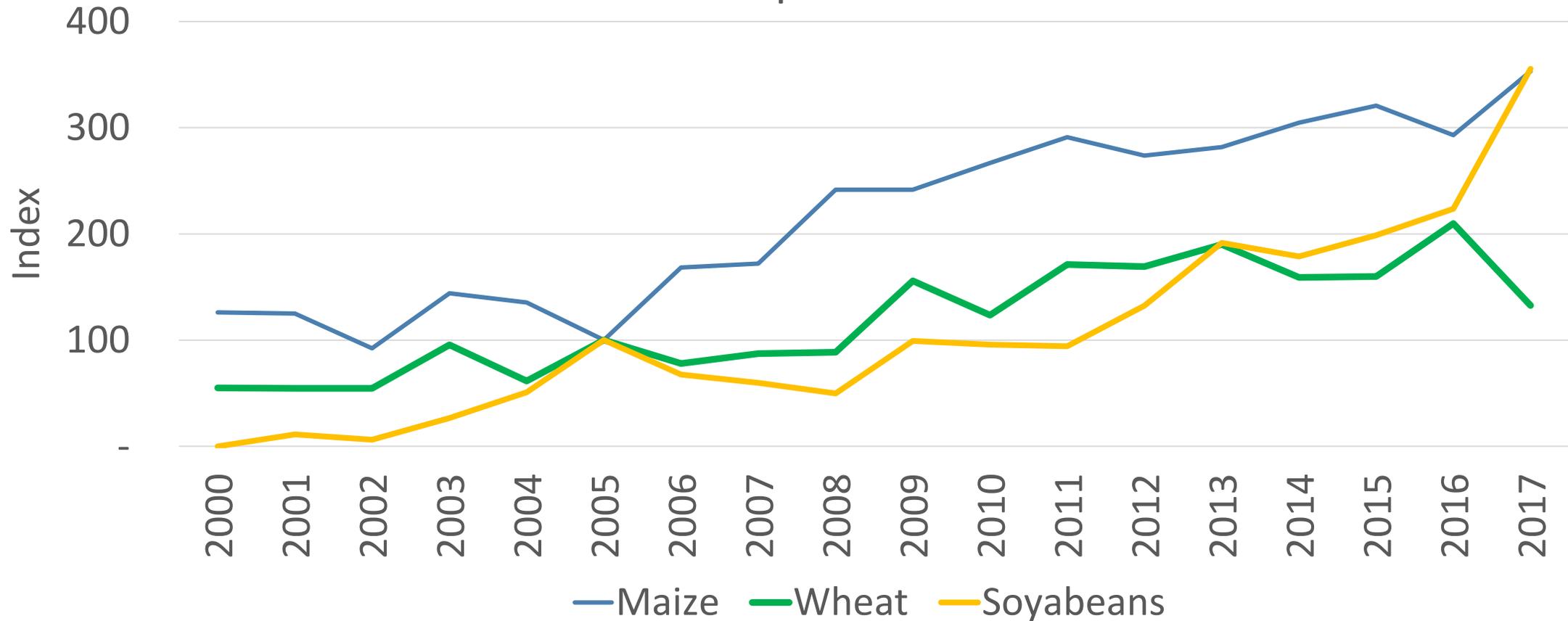


Zambian area under production

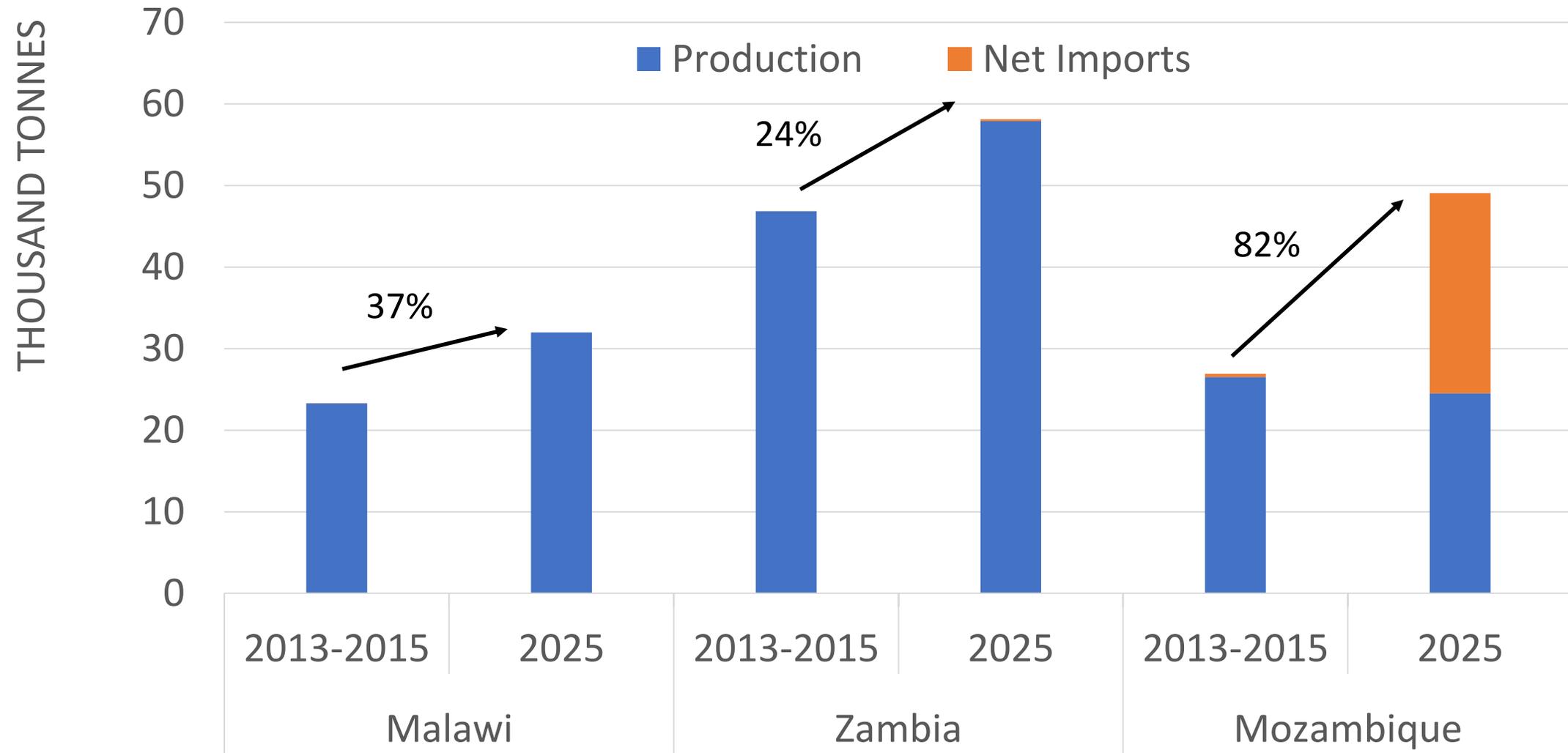


....but only picking the low hanging fruits!!

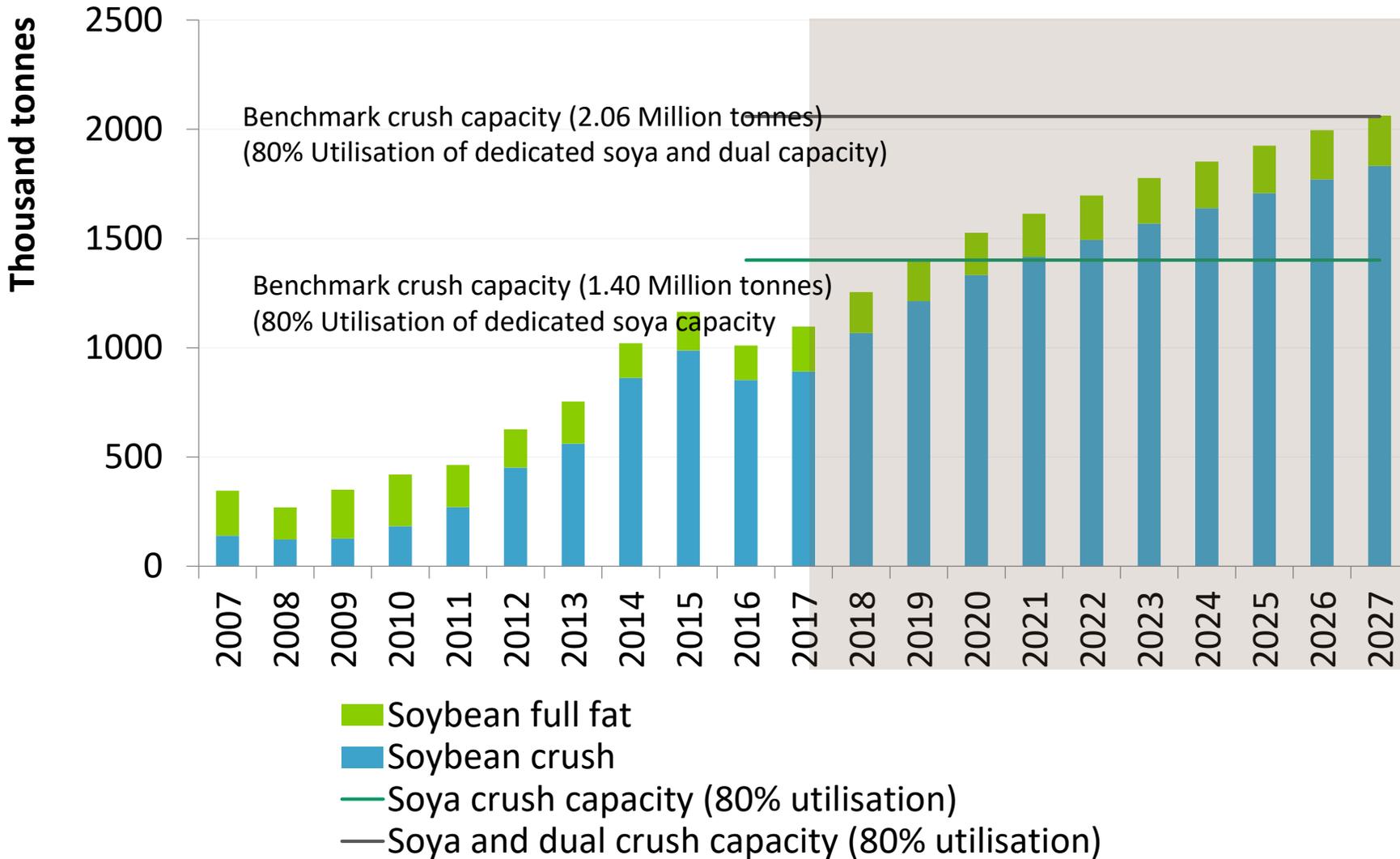
Zambia area planted index



Growth in chicken demand: 2000 - 2017



South African soybean processing

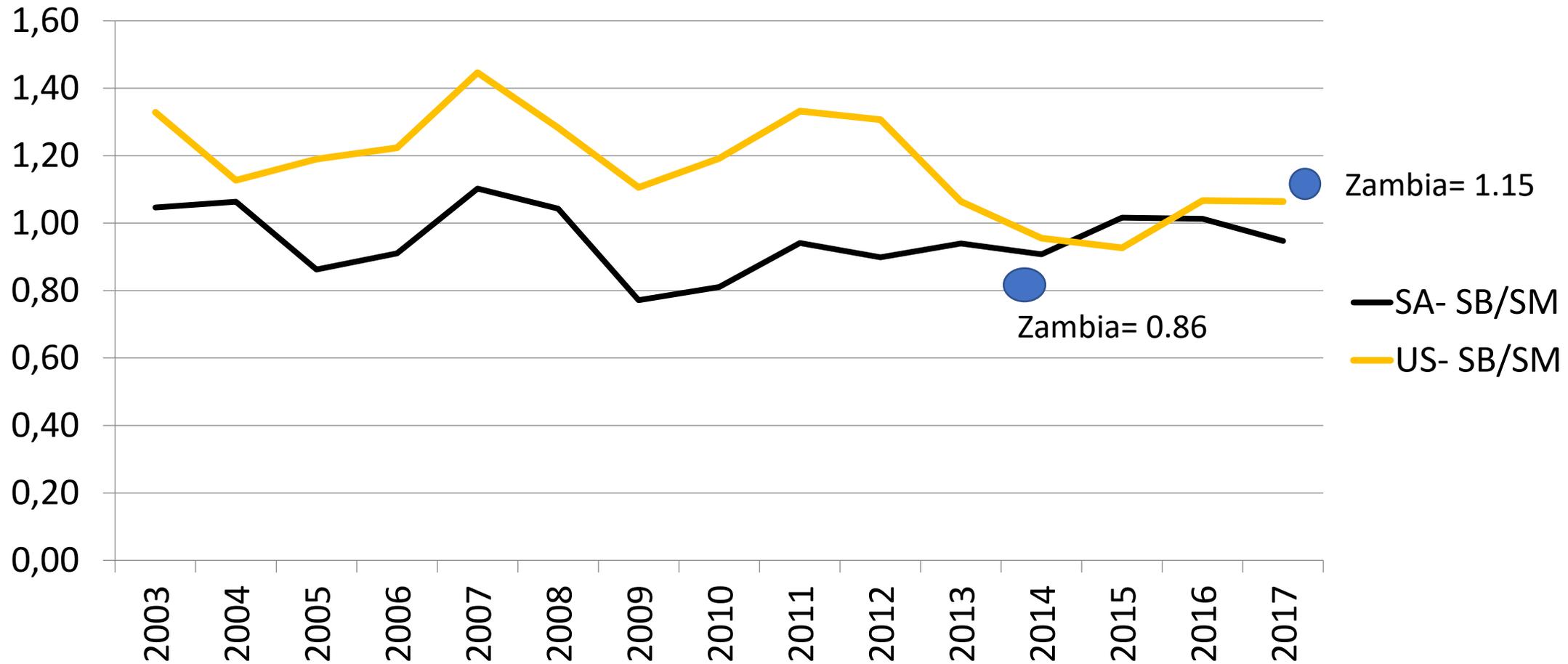


- Soya meal imports - 500 000 tons of soyabean equivalent imported in 2017

Crushing margins will determine utilization



Soyabean - soya meal price ratio

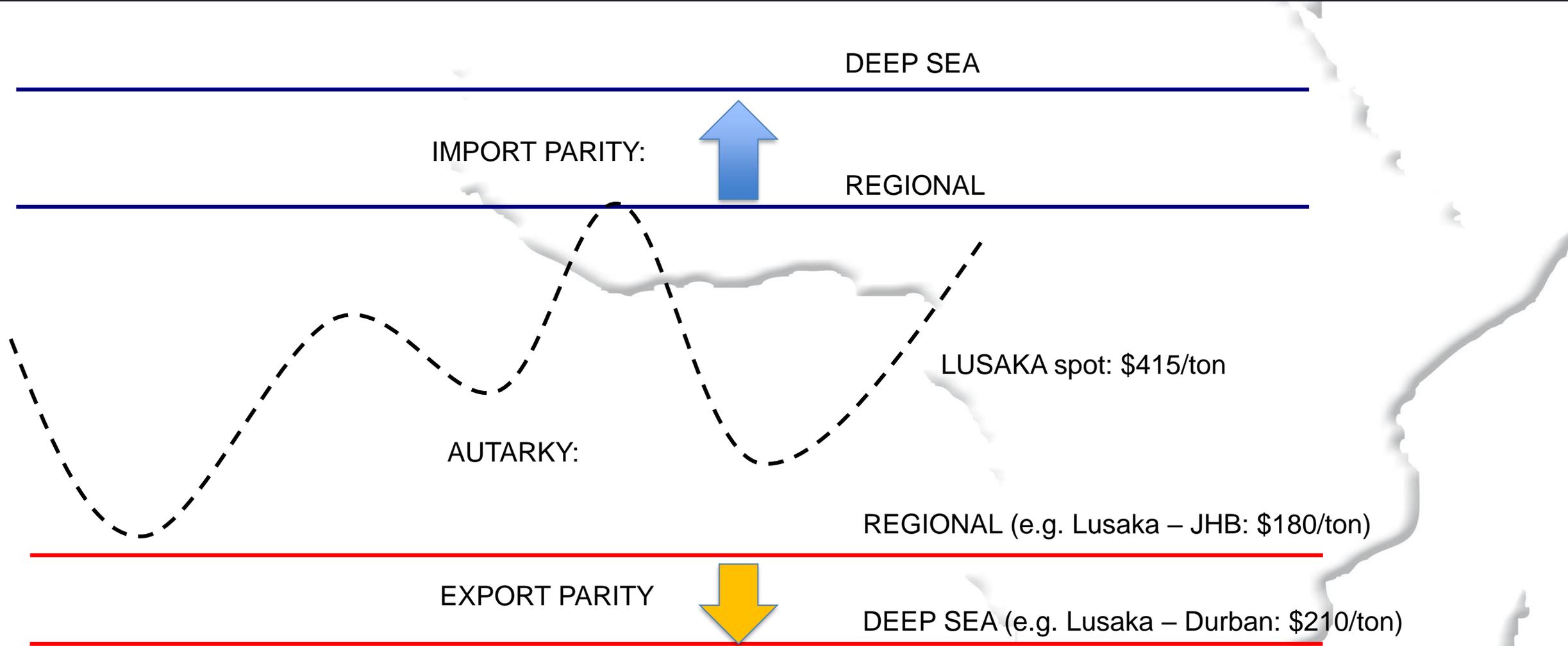




Comparative advantage & The Law of One Price – Revisiting the principles



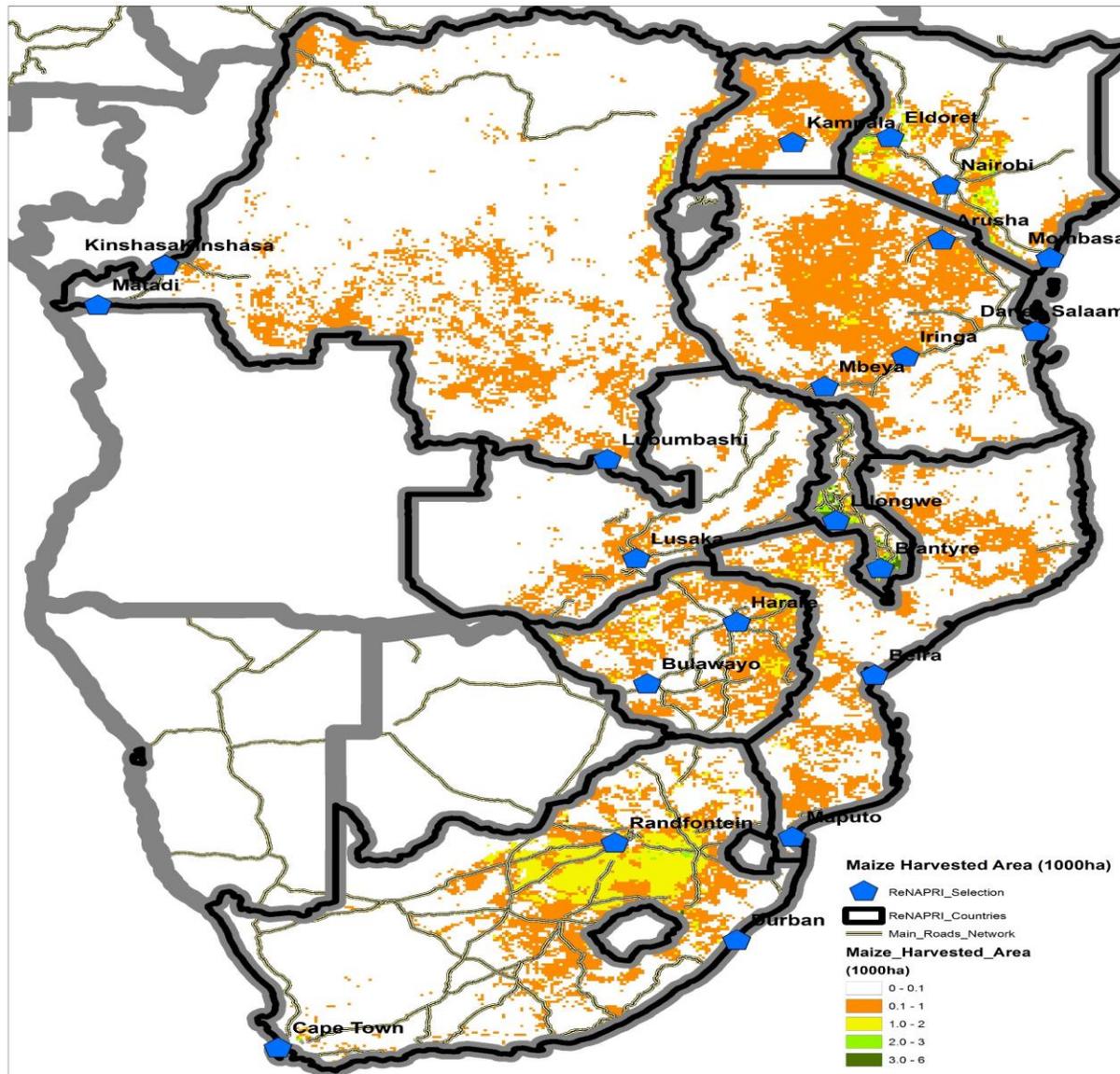
Comparative advantage & Law of one price



— Import parity price Domestic price — Export parity price



Overlaying GIS and Tradeflow



Moving Rates

Beira → Lusaka:
USD 145

Lusaka → Harare:
USD 85

Lilongwe →
Harare: USD 85

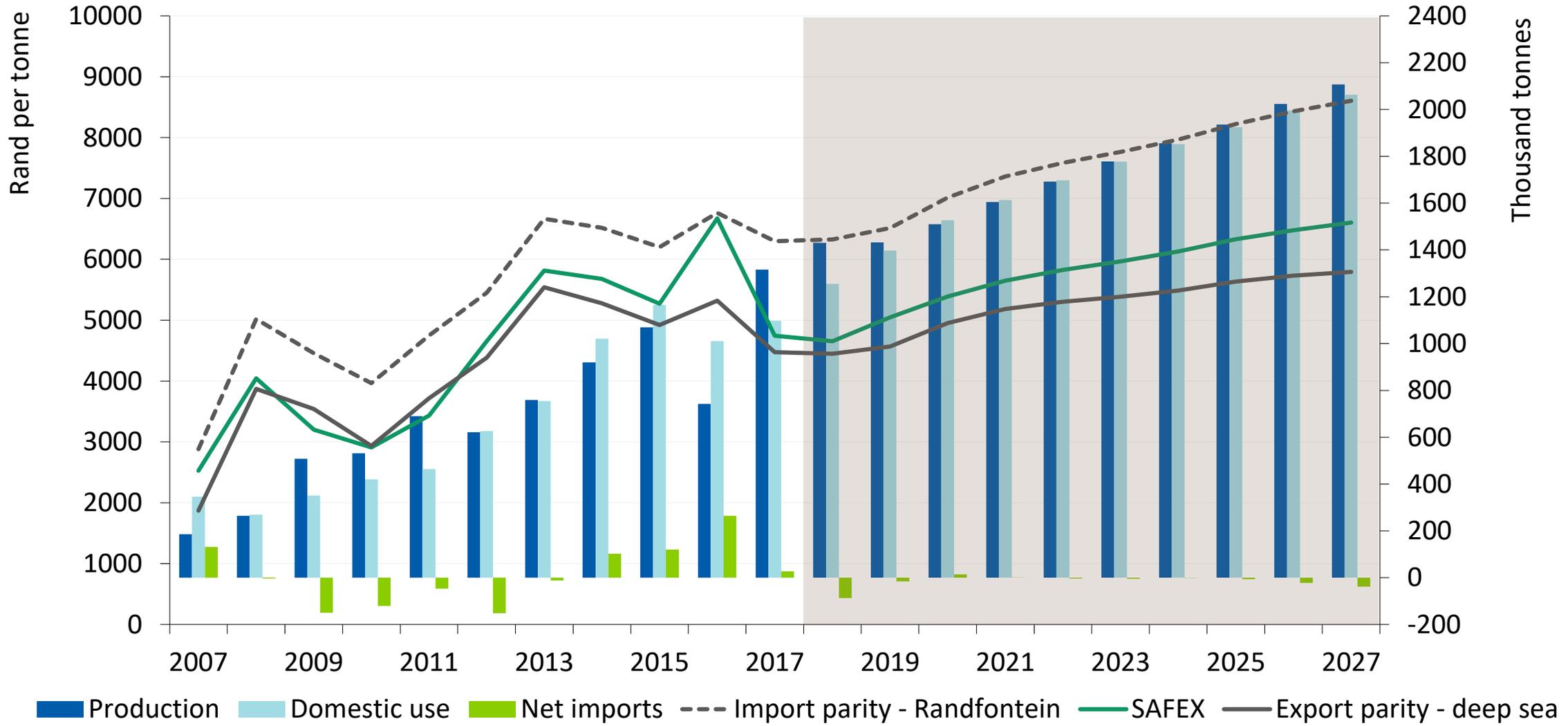
Randfontein →
Harare: USD 135

Beira → Harare:
USD 110

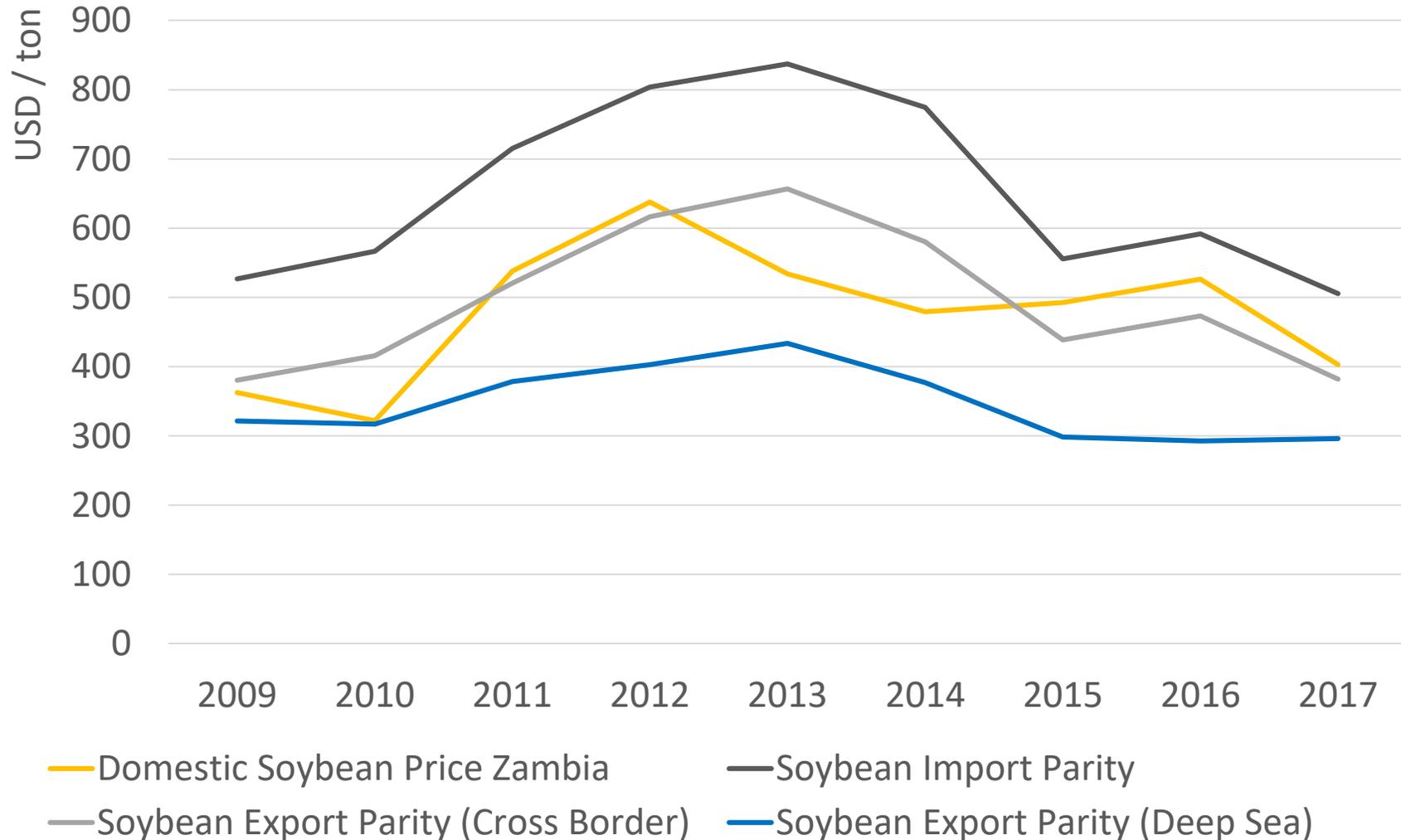
Durban →
Harare: USD 135



SA price complex



Zambian price complex



- Policy choice driving future investments - Risk versus Returns:
- Risk:
 - Can I hedge my prices? Market integration and price transmission key
- Return:
 - What are the margins?

Soyabean products – not only meal and oil



- Potential premium markets in Asia for surpluses of non-GMO soya products
- Human consumption markets

Can Africa bend the curve on imports?



- Some countries are.....!!!
- Policies will shape future investment and growth in the region – nothing new!
- Most countries have NAIPS....but:
 - How realistic and focused are these plans?
 - In most cases plans exceed available budget and focus remains on productivity.
 - Prioritization to be shaped by market led, inclusive transformation principles.



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Concluding remarks

- Quick win – inflexion points where African countries move from import to export parity
- Regional and global market integration is rising in markets where ad hoc policy interventions are absent
- Transportation costs, non-tariff trade barrier major implications for further growth to occur
- For policy prioritisation more specific analysis and interventions are required

Acknowledgement



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