SOYBEAN MARKET VALUE CHAIN PROFILE

2012

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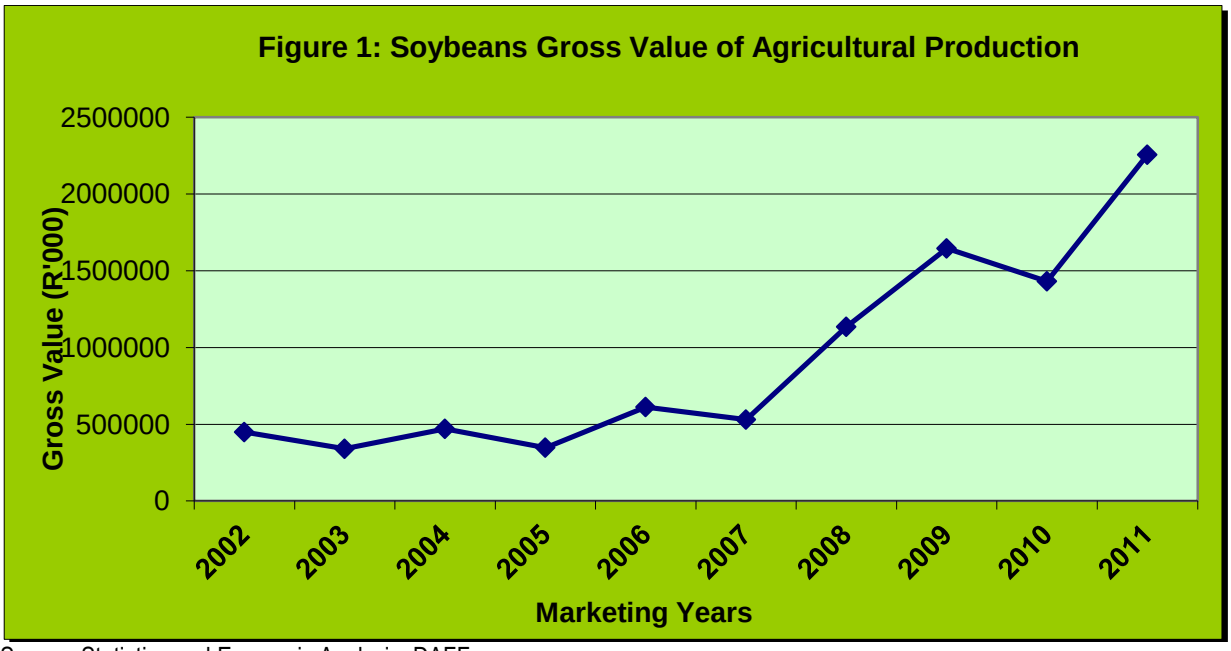
1 DESCRIPTION OF THE INDUSTRY

Recently, there is a growing interest in soybean 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. The gross value of production for soybean in presented in Figure 1.

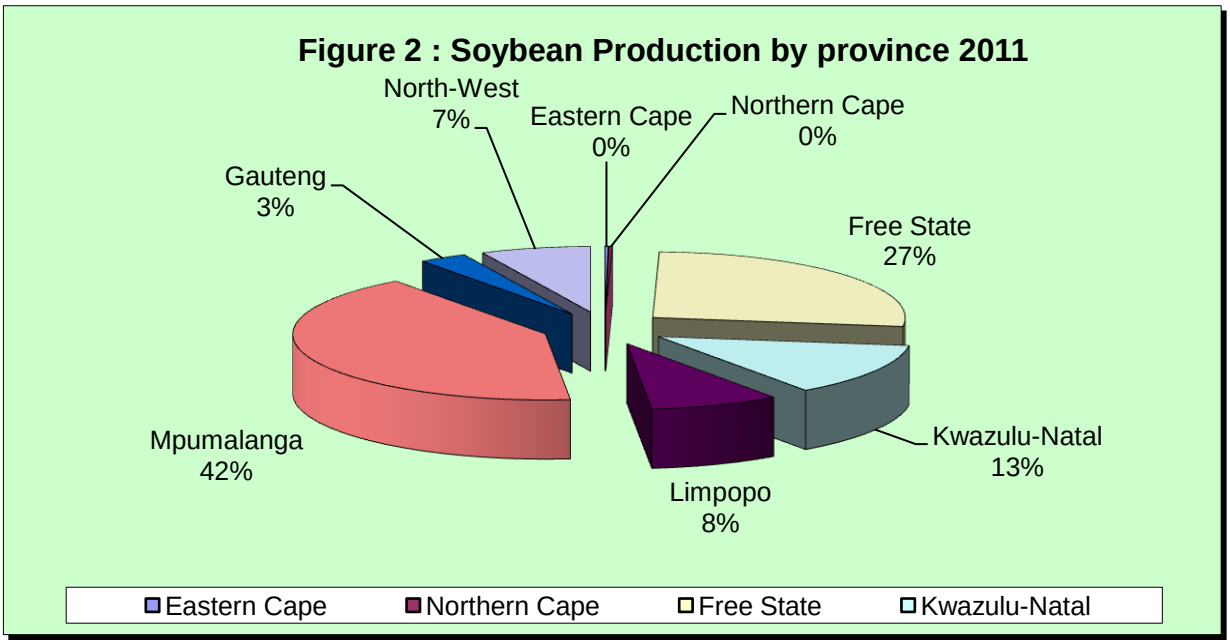


Source: Statistics and Economic Analysis, DAFF

The contribution of the soybean industry to the gross value of agricultural production corresponds with the trend in the area planted and total production for soybeans. The industry's contribution to the gross value of agricultural production was at very lower levels during 2002 season and this declined slightly during the year 2003. This was followed by considerable fluctuations from 2003 until the gross value of agricultural production reached higher level 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 increased dramatically during the year 2011 to close at the highest of about R2.25 billion rands.

1.1 Production Areas

The contribution of various provinces to the national 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, Thabo Mofutsanyane district, around the towns of Bethlehem, Witsieshoek and Harrismith, serves as the main producing region in Free State Province.



Source: Statistics and Economic Analysis, DAFF

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 below also show soybean production by provinces.

Table 1: Soybean production by provinces

PROVINCE	Production (tons) 2007	Production (tons) 2008	Production (tons) 2009	Production (tons) 2010	Production (tons) 2011	Mean
Western Cape	0	0	0	0	0	**0**
Eastern Cape	1000	750	1600	1200	1500	**1210**
Northern Cape	1500	1750	2250	1950	1500	**1790**
Free State	33750	64500	99000	151950	190000	**107840**
Kwazulu-Natal	45100	44000	75600	73500	92000	**66040**
Limpopo	25000	22500	44000	50400	58800	**40140**
Mpumalanga	76500	128000	262500	239600	294500	**200220**
Gauteng	4150	5500	12520	20400	21700	**12854**
North West	18000	28200	18530	27000	50000	**28356**

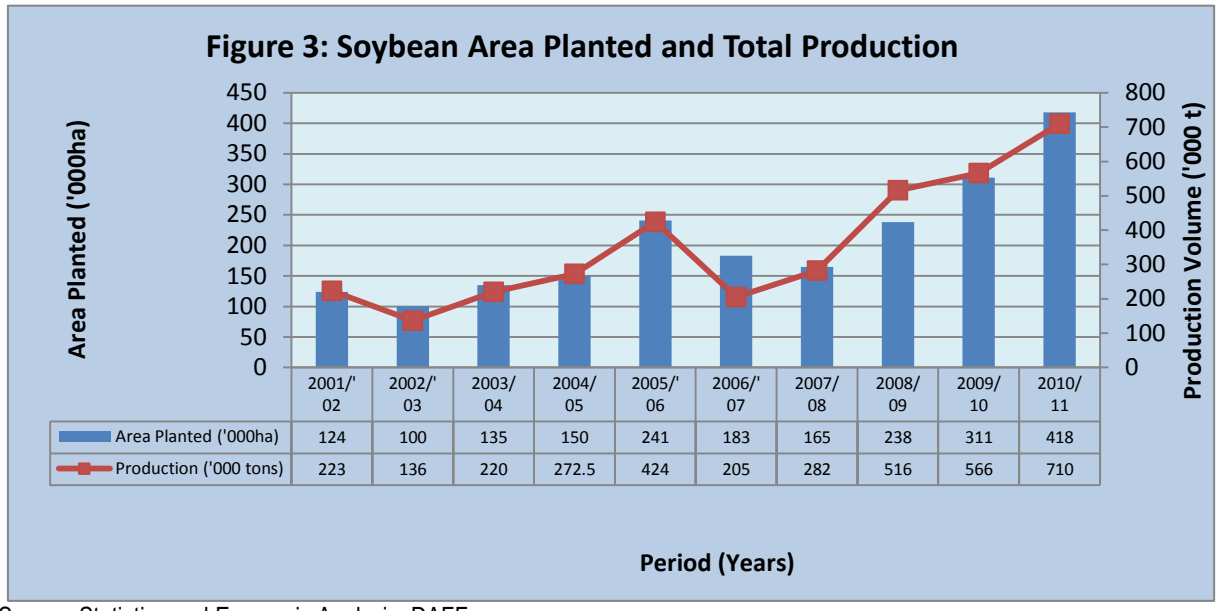
Source: Statistics and Economic Analysis, DAFF

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 least producers of soybeans with Western Cape Province going

out of production of this crop between 2007 and 2011 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 below, the area planted to soy beans has shown some fluctuations since 2001/02 to 2010/11 season with a sharp decrease during 2002/2003 season 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 and 2010/11 production seasons soya beans production increased significantly mainly as a result of a massive increments in area planted.



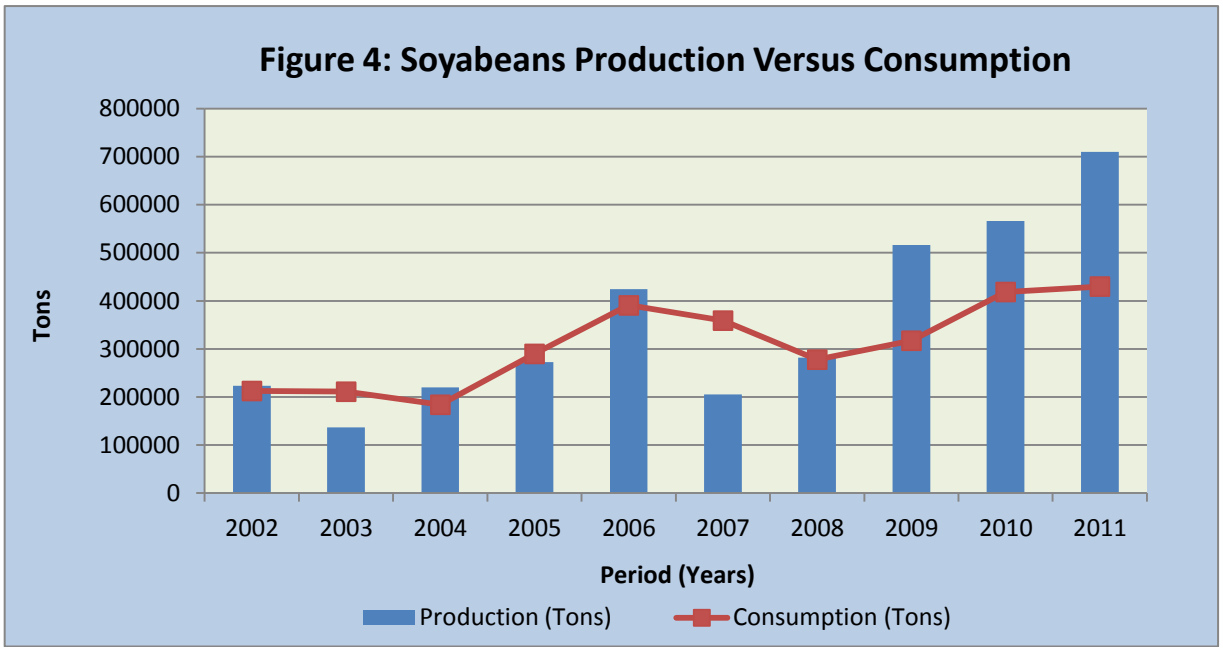
Source: Statistics and Economic Analysis, DAFF

The period under analysis was characterized by fluctuations in production volumes as indicated in Figure 3. The highest production volumes were experienced during 2010/11 season mainly as a result of increased plantings in major producing provinces as well as improved yields. The production volume for 2010/11 season is about 25.44% higher than the volumes harvested during the preceding season and about 218.39% higher than the volumes produced during 2001/02 season.

2 MARKET STRUCTURE

2.1 Domestic Market and Prices

Soybean production and consumption in South Africa during the period 2002 to 2011 are depicted in Figure 4.



Source: Statistics and Economic Analysis, DAFF

Figure 4 indicates that the local soybean production was below the domestic consumption needs for the most part of the period under review, particularly between the year 2002 and 2008.. This situation got even more profound during the year 2007 when the domestic consumption requirements far outweighed the domestic production. The situation has, however, improved between the years 2009 and 2011 when the domestic production volumes increased dramatically to the extent of surpassing 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.

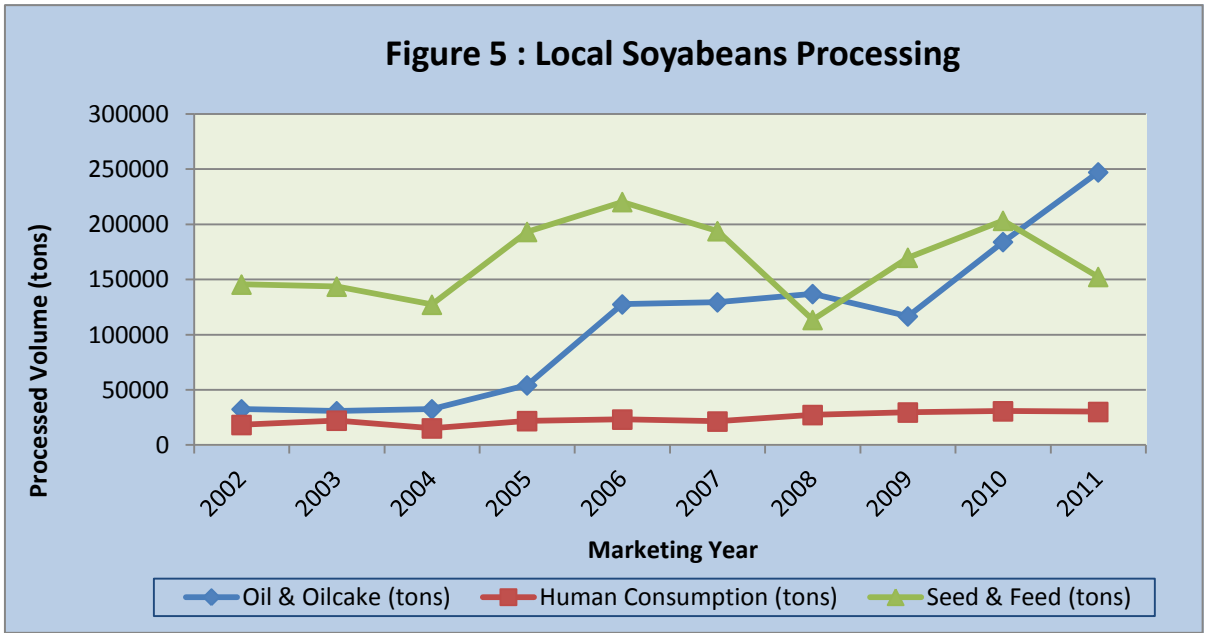
Domestically, soyabeans are sold to expressers who produce oil, oilcake and animal feed and to seed manufacturers. They are also sold directly to consumers for the edible market. Table 2 below shows the annual soybean harvest in South Africa during the last ten years, the value of the crop and the producer prices since the year 2002. 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 South African soybean harvest

Annual Soy bean harvest in South Africa				
Year	**Tons**	**Value R'000**	**Rand per Ton**	**% Change in Rand per Ton p.a.**
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	1 430 826	2 528.00	-20.69%
2011	710 000	2 255 238	3 176.39	25.65%

Source: Statistics and Economic Analysis, DAFF

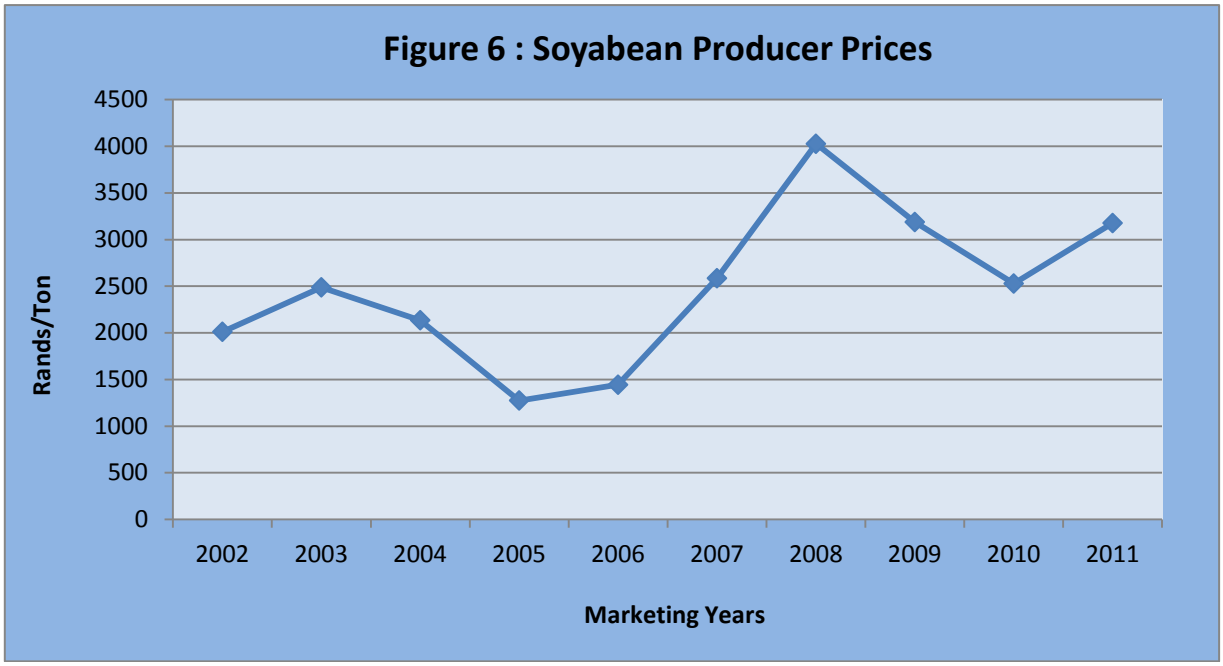
Figure 5 below indicates that, since the year 2002, the greatest quantities of soy beans were sold to manufactures of seed and animal feed while the quantities of soybeans sold to expressers for oil extraction declined substantially between the year 2002 and 2004. Sales of soybeans to oil and oilcake manufacturers then increased substantially between 2006 and 2008 followed by a slight decline in 2009. The volumes of soya beans processed into soy oil and oilcake increased dramatically from the year 2010 and reached the highest level in 2011. During the period under review the volume of soybeans used for human consumption has remained relatively stable and far below 50 thousand tons per annum. The quantities used for animal feed manufacturing declined dramatically between the years 2007 and 2008 followed by an increase in 2009 and 2010.



Source: Statistics and Economic Analysis, DAFF

Figure 6 indicates that the period under analysis opened with relatively lower producer price for soya bean (R2 010.95/t) during the year 2002. The prices increased slightly between the years 2002 and 2003 mainly as a result of weaker rand against other currencies and lower levels of local production. The

lowest producer price for soya beans was experienced during the year 2005 (R1 274.47/t) while the highest was experienced during the year 2008 (R4 026.26/t). The period under analysis closed with relatively higher soya beans producer price of about R3 176.39/ton in 2011.



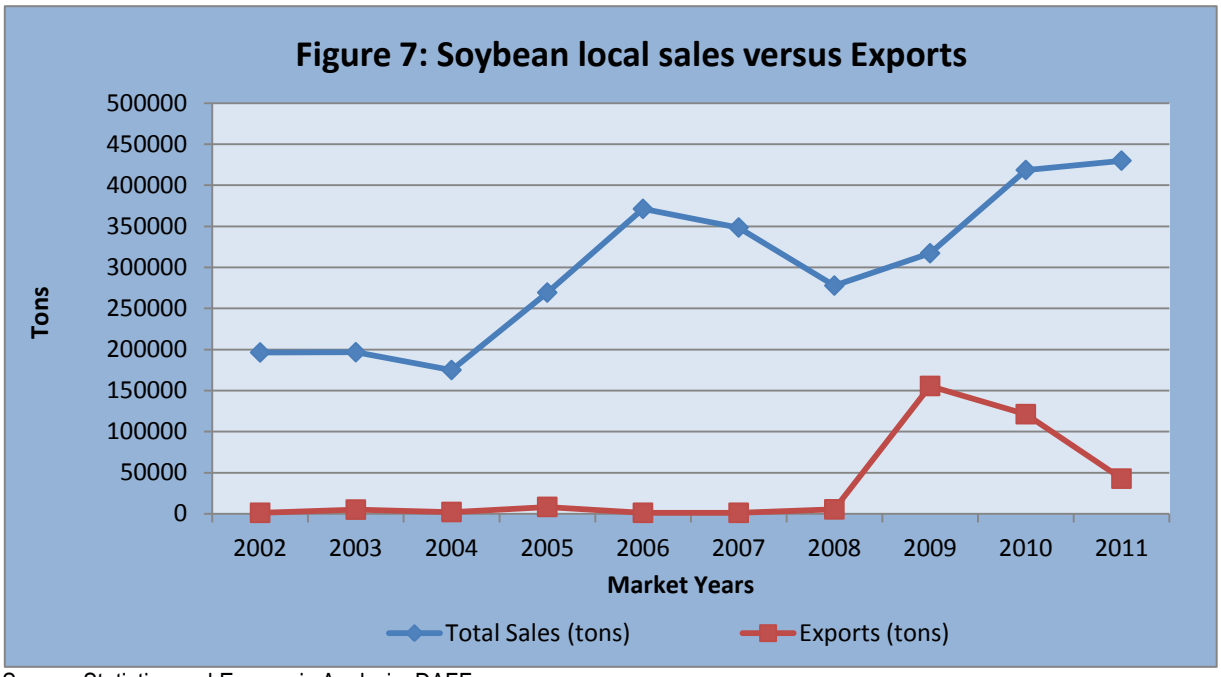
Source: Statistics and Economic Analysis, DAFF

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.

Soya bean 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. The period under analysis closed with higher local sales for groundnuts and lower exports volumes during the year 2011.



Source: Statistics and Economic Analysis, DAFF

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

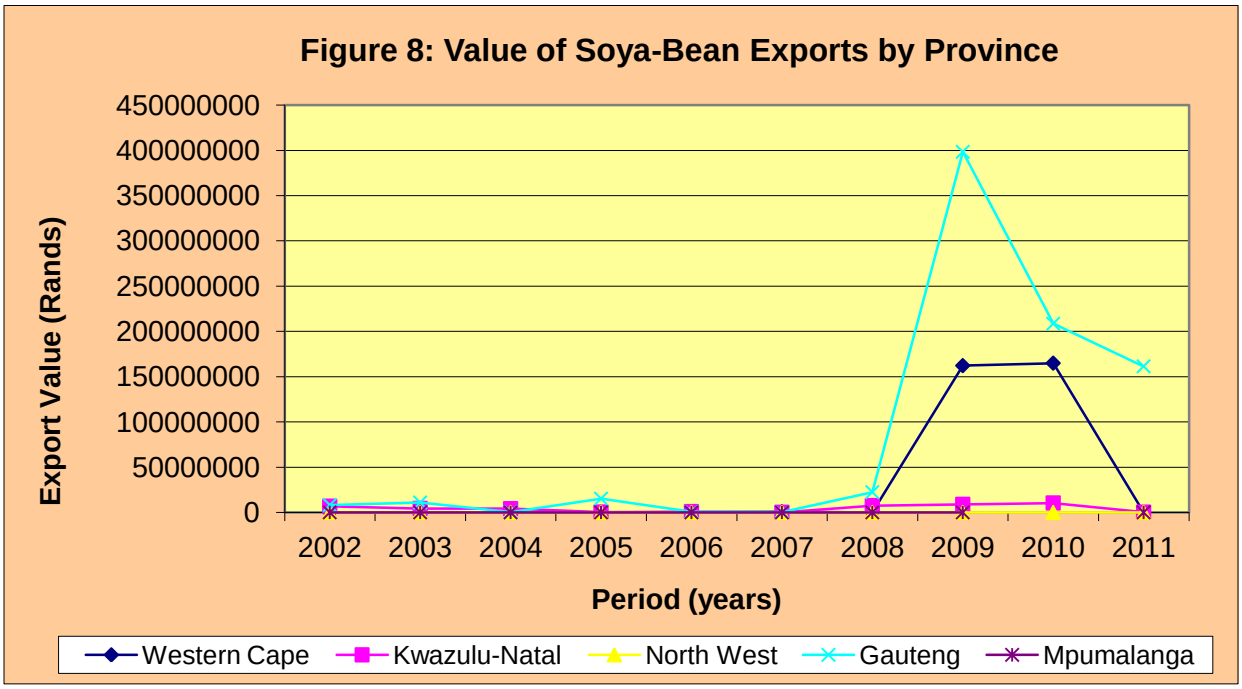
Table 3: Soybean Imports and Exports

Year	Total Soybean Import Market		Total Soybean Export Market		Trade Balance
	Tons	Value (R'000)	Tons	Value (R'000)	
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
2011	1 539	7 178	42 800	323 711	316 533

Source: Quantec Easydata & Statistics and Economic Analysis (DAFF)

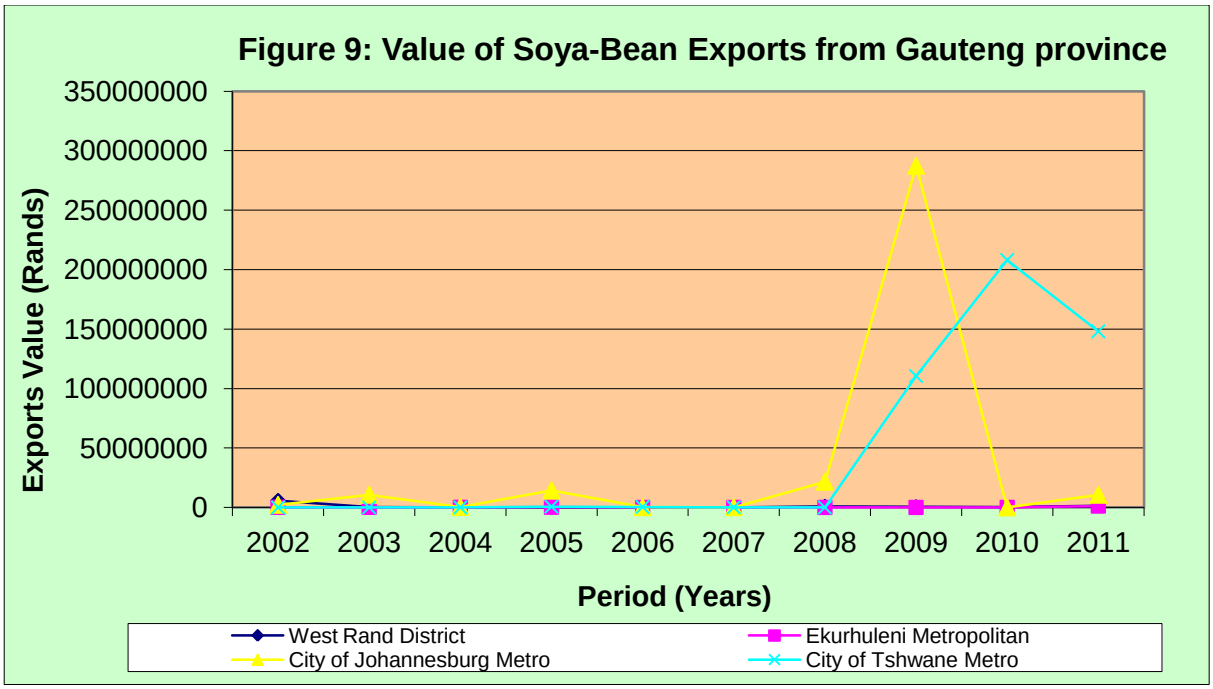
As indicated in the above table, the South African soybean industry has a negative trade balance for the most part of the period under review, which implies that South Africa generally spends more on soya bean imports than what she receives from exports of the same product. South African soybean exports are therefore not competitive in world terms. However, the opposite was experienced from the year 2009 until 2011 when soya bean exports rose above imports mainly as a result of improved local soya bean production.

The greatest exports of soybean as depicted in Figure 8 below 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 South Africa's total soybean exports between the years 2002 and 2011 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 province of Gauteng.



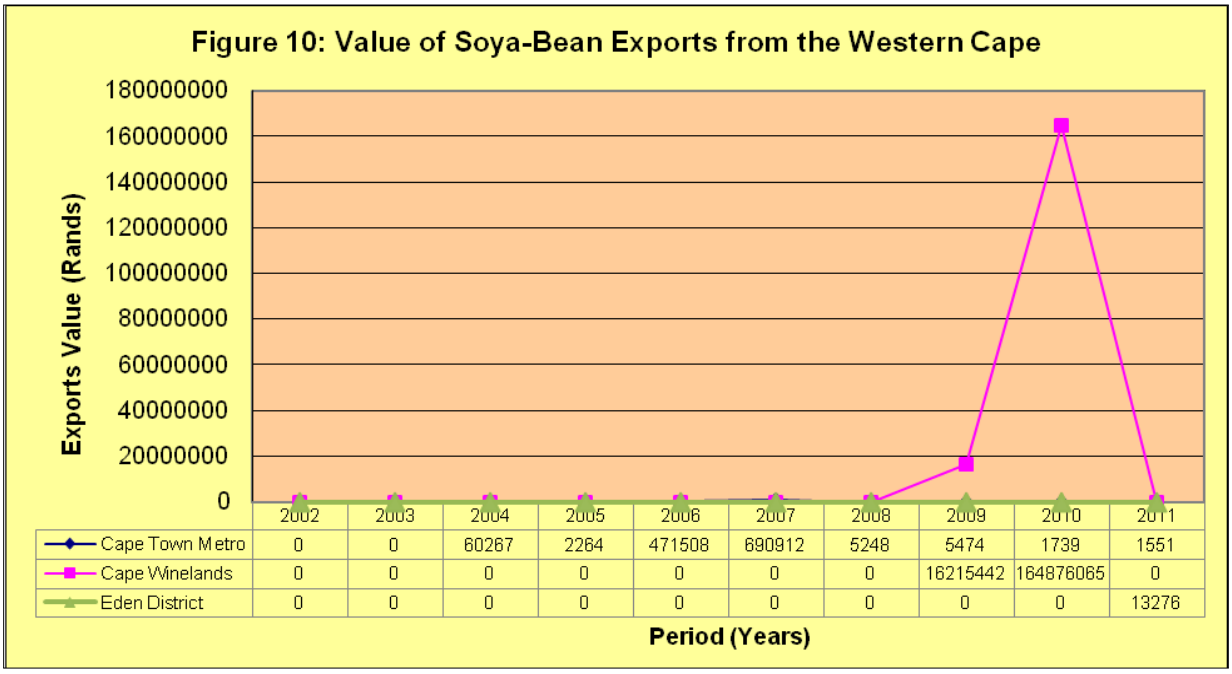
Source: Quantec Easydata

Figure 9 below indicates that in Gauteng province soya bean exports originate mainly from the City of Johannesburg and Ekurhuleni metropolitan municipalities. The soya beans exports from Cities of Johannesburg and Tshwane increased dramatically during the years 2009 and 2010 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 Easydata

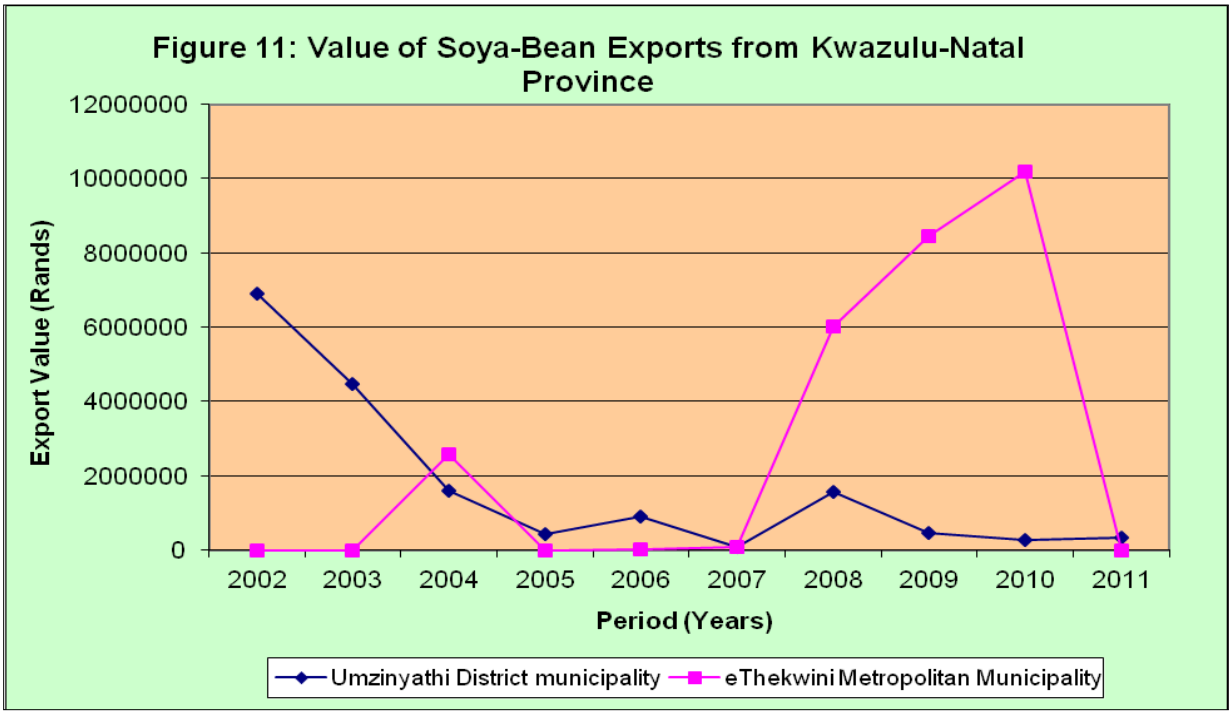
Figure 10 below shows that in Western Cape province, City of Cape Town Metropolitan Municipality has, for several years, been the major exporter of soya beans owing to the role played by the Cape Town harbor in the trading of grain. However, exports of soya beans from Cape Winelands District increased 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. Only lower values of soya bean exports were recorded from Western Cape province during the year 2011.



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Cape Town Metro	0	0	60267	2264	471508	690912	5248	5474	1739	1551
Cape Winelands	0	0	0	0	0	0	0	16215442	164876065	0
Eden District	0	0	0	0	0	0	0	0	0	13276

Source: Quantec Easydata

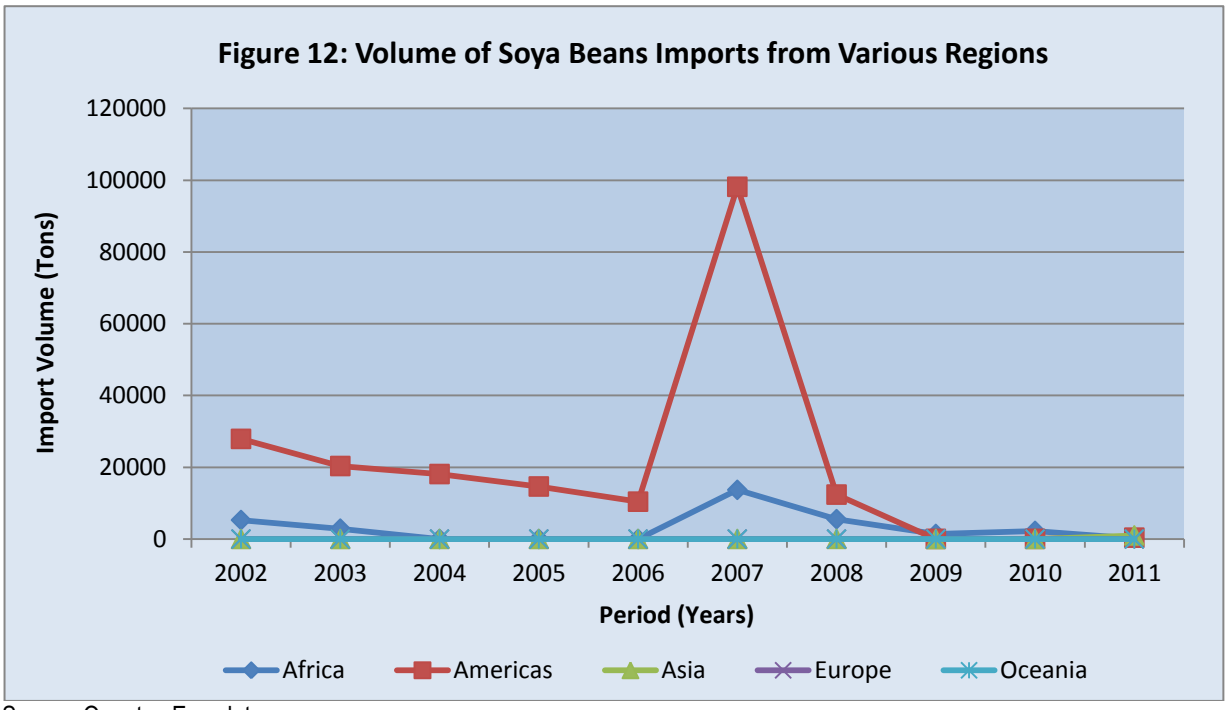
Figure 11 indicates that from KwaZulu-Natal Province, Soybeans are exported mainly through the UMzinyathi District and the EThekwini Metropolitan Municipality. This province's export capacity is enhanced by the presence of the Durban harbor through which Soybean can be traded. The value of soybean exports from the UMzinyathi district were at a higher level during the year 2002 and this declined substantially from the year 2003 until 2007. Menial exports of soybeans also occurred intermittedly through the eThekwini Metropolitan Municipality during the period under review, with the most being exported from eThekwini in 2009 and 2010.



Source: Quantec Easydata

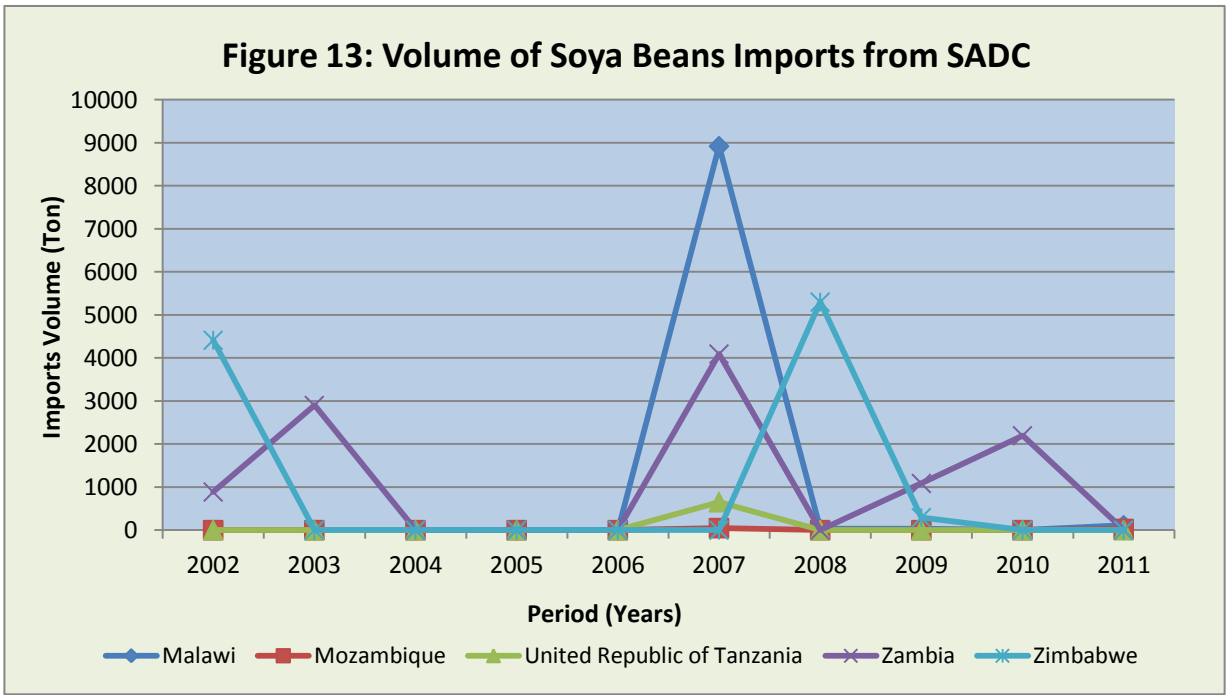
The quantity of soybeans produced in South Africa is basically less than the demand and our country is a net importer as far as soya beans are concerned. This also becomes evident when one looks at the previous figures (Figures 8 to 10) since they indicate that only few provinces in South Africa are 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 is imported mainly 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 Easydata

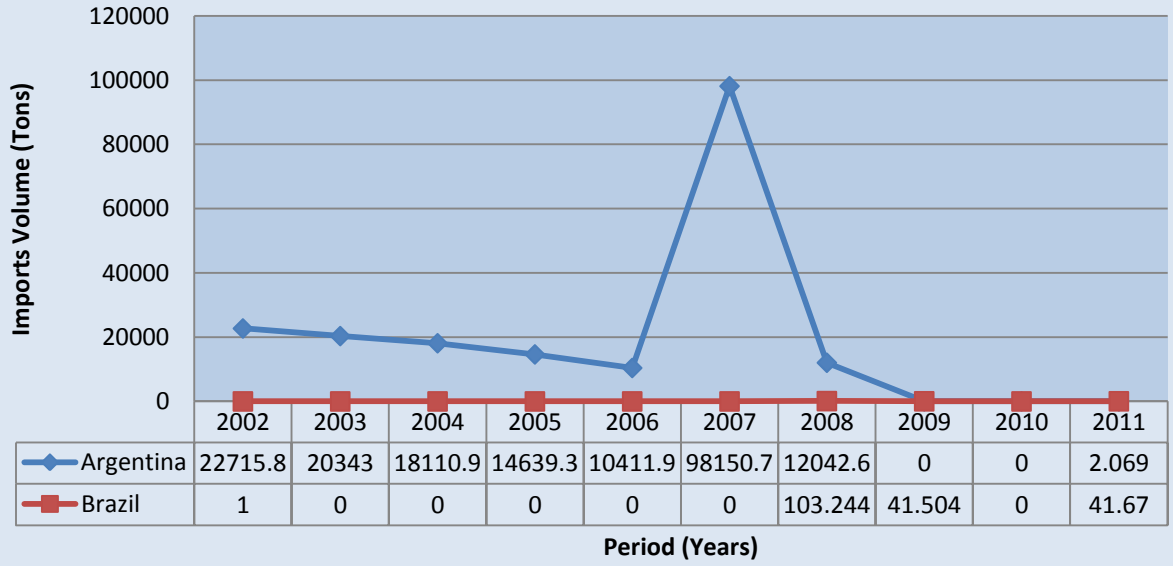
Volumes of soya beans imports from SADC are displayed in Figure 13 below. On average, South Africa imports about 3500 tons of soya beans from the SADC region per annum. Figure 13 indicates that the volume of soybean imports from the SADC region into South Africa fluctuated at lower levels between the years 2002 and 2006.



Source: Quantec Easydata

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 again from the year 2009 until 2011. The period under review closed with lower import volumes form all countries in the SADC region during the year 2011. Volumes of soybean imports from South America are depicted in Figure 14.

Figure 14: Volume of Soya Beans Imports from South America



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Argentina	22715.8	20343	18110.9	14639.3	10411.9	98150.7	12042.6	0	0	2.069
Brazil	1	0	0	0	0	0	103.244	41.504	0	41.67

Source: Quantec Easydata

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, imports of soya beans from Argentina in South America remained at higher levels although on a declining trend. 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 addition to the fact that Argentina is a major producer and an 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 does not come as a surprise because during the year 2007 the demand for soybeans domestically far outweighed the domestic supply. The soybean imports from Argentina declined significantly between the years 2008 and 20011, mainly as a result of an increase in production volumes. The period under analysis closed with lower volumes of soya bean imports from South America.

2.3 Share Analysis

Table 4 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 2011 and from the Mpumalanga Province during 2002.

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

Year District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Western Cape	0.00	0.00	1.27	0.01	23.24	56.13	0.02	28.48	42.96	0.01
Kwazulu-Natal	45.80	28.97	87.57	2.75	45.69	12.54	25.23	1.56	2.72	0.02
North West	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09
Gauteng	54.16	28.97	11.16	97.24	31.07	31.33	74.75	69.95	54.31	99.71
Mpumalanga	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: Calculated from Quantec Easydata

During 2011 Gauteng province accounted for about 99.71% of South Africa's total soya bean exports followed Kwazulu-Natal province with a contribution of about 0.02%. North West province contributed only 0.01% towards South Africa's total soya bean exports during the year 2011. The shares of various districts to total export value of soybeans from the Western Cape are depicted in Table 5.

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

Year District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Cape Town	0.00	0.00	100	100	100	100	100	0.03	0.001	10.46
Cape Winelands	0.00	0.00	0.00	0.00	0.00	0.00	0.00	99.97	99.99	0.00
Eden	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	89.54

Source: Calculated from Quantec Easydata

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 2002 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 2004 and 2008. During the years 2009 and 2010, exports of soya beans started to emerge from the Cape Winelands District. During the year 2009, the latter contributed 99.97% to the provincial soya bean exports and this increased to 99.99% the following year (2010). It is important to note that Eden District emerged and became the major contributor to the province's total soya bean exports during the year 2011, after contributing 89.54% to the Western Cape's total soya bean exports during the same year. The shares of various districts to total export value of soybeans from Kwazulu Natal are depicted in Table 6.

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

Year District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
UMzinyathi	99.99	100	38.28	99.99	96.51	55.91	20.57	5.27	2.68	99.96
EThekwini	0.01	0.00	61.72	0.00	3.48	44.08	79.43	94.73	97.32	0.04

Source: Calculated from Quantec Easydata

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. The shares of various districts to total export value of soybeans from Gauteng province are depicted in Table 7.

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

Year / District	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
West Rand	71.29	2.13	3.12	0.59	0.00	34.87	3.86	0.11	0.14	0.92
City of Tshwane	1.46	0.74	20.69	1.22	0.00	0.02	0	0.00	99.84	99.77
Ekurhuleni	27.25	97.13	76.13	93.62	34.99	41.76	0	72.13	0.02	0.71
City of Johannesburg	0.00	0.00	0.05	4.56	65.00	23.34	96.14	27.75	0.004	6.60

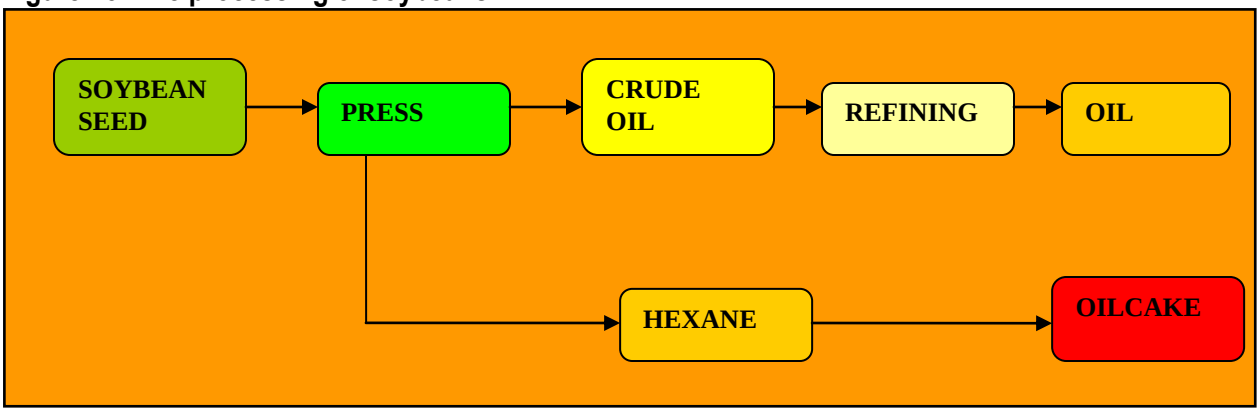
Source: Calculated from Quantec Easydata

In Gauteng province, over the ten year period under review Ekurhuleni Metropolitan Municipality has been commanding the greatest share of the province's 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 2006 and 2008, having accounted for 65.00% and 96.14% of Gauteng's total soya bean 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

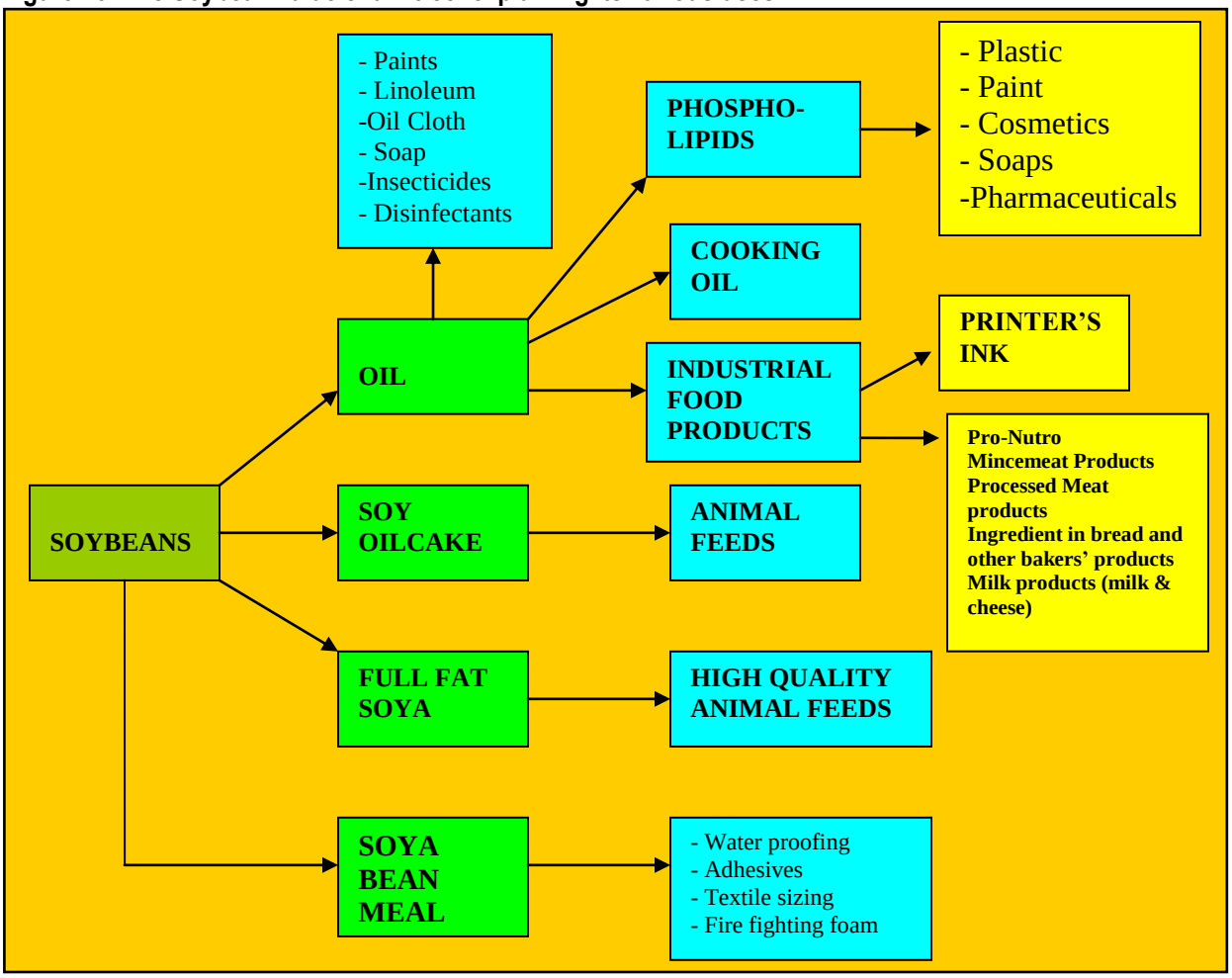


Source: Grain SA

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

Tariffs applied by South Africa on imports of Soybeans from various regions are given in Table 8.

Table 8: Tariffs applied by South Africa to imports of soybeans

Trade Regime	Aggregated Ad Valorem Applied Tariffs (2012)
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 fro 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 gives a list of suppliers for soybeans imported by South Africa during 2011.

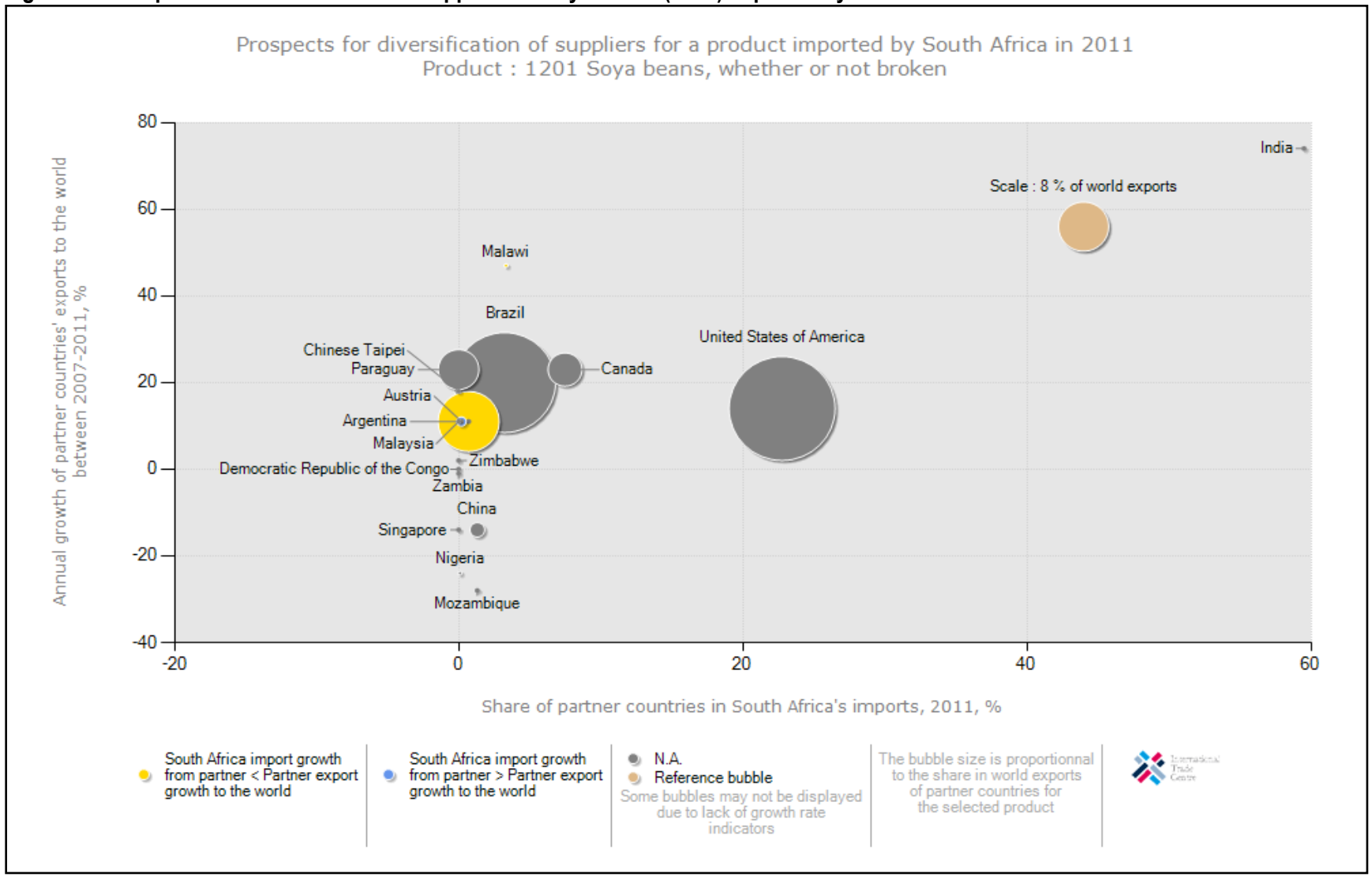
Table 9: List of suppliers for Soybean imported by South Africa in 2011

Exporters	Imported value in 2011 (thousand US$)	Share in South Africa's imports (%)	Imported quantity in 2011 (tons)	Unit value (US$/unit)	Imported growth in value between 2007 and 2011 (% p.a.)	Imported growth in quantity between 2007 and 2011 (% p.a.)	Imported growth in value between 2010 and 2011 (% p.a.)
World	988	100	1 539	642	-58	-66	-1
India	588	59.5	984	598	366	460	4 100
USA	225	22.8	169	1 331	-	261	1 150
Canada	74	7.5	164	451	-	-	-
Malawi	33	3.3	112	295	-65	-67	-
Brazil	32	3.2	42	762	-	-24	39
China	13	1.3	26	500	-	50	550
Mozambique	13	1.3	28	464	0	-13	-

Source: ITC Trade Map

Table 9 above indicates that most of the South Africa's Soybean imports in 2011 originated mainly from India, USA, Canada and Malawi. It is also clear from the above table that about 59.95% of South Africa's total soya beans imports originated from India during the year 2011, while the combination of countries such as USA, Canada, Malawi, Brazil and China accounted for less than 50%. Table 9 also indicates that the value soya beans imports from the rest of the world into South Africa declined by 58% between the years 2007 and 2011. Figure 17 below confirms the earlier observation that India was the largest exporter of soya beans to South Africa in 2011. It is also clear from the figure that, if South Africa is to diversify its soybean imports, prospective import markets exist in Zimbabwe, Malaysia, Paraguay and Chinese Taipei. The abovementioned countries are among the world's growing exporters of soya beans although South Africa did not import any soya beans from them in 2011.

Figure 17: Prospects for diversification of suppliers of Soya beans (1201) imported by South Africa in 2011.



Source: ITC Trade Map

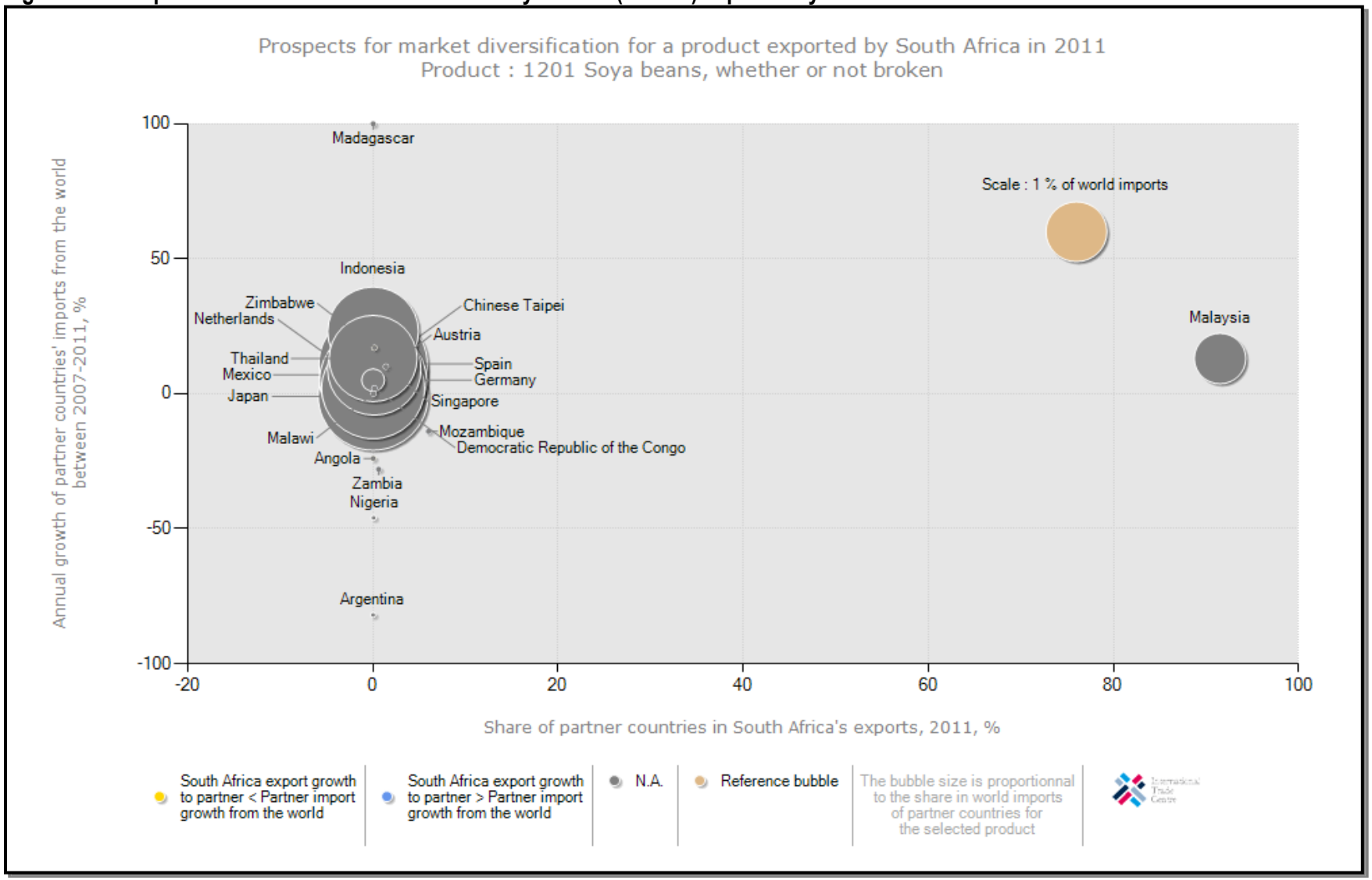
Table 10: List of Importers of Soybean Exported by South Africa in 2011

Importers	Exported value in 2011 (thousand US$)	Share in South Africa's exports (%)	Exported quantity in 2011 (tons)	Unit value (US$/unit)	Exported growth in value between 2007 and 2011 (% p.a.)	Exported growth in quantity between 2007 and 2011 (% p.a.)	Exported growth in value between 2010 and 2011 (% p.a.)
World	22 294	100	42 505	525	241	321	-58
Malaysia	20 402	91.5	40 022	510	-	1 619	-28
Mozambique	1 333	6	1 889	706	128	106	4 200
Singapore	310	1.4	513	604	-	-	237
Zambia	133	0.6	12	11 083	8	-34	329
Zimbabwe	31	0.1	11	2 818	-45	-24	-
DRC	30	0.1	16	1 875	71	52	400
Chinese Taipei	29	0.1	24	1 208	-	-41	45
Nigeria	12	0.1	8	1 500	-	-	-
Malawi	10	0	10	1 000	-	-	-

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, Mozambique, Singapore, Zambia and Zimbabwe. Table 10 shows that between 2007 and 2011, exports of soya beans from South Africa to the rest of the world have increased by 241% in value terms and 321% in volume terms. The country that has imported most soya beans from South Africa in 2011 is Malaysia having absorbed 91.50% of South Africa's total soya beans exports during that year. South Africa exported 40 022 tons of soya bens to Malaysia in 2011 and 1 889 tons to Mozambique during the same year. The volume of soya beans exports from South Africa to Malaysia increase by 1 619% between 2007 and 2011.

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 growing prospective markets exists in Thailand, Germany, Indonesia, Mexico Netherlands and Spain. Figure 18 shows that during 2011, Malaysia commanded a share of about 91.5% in soya bean imports originating from South Africa, followed by Mozambique and Singapore with 6% and 1.4% respectively. Soya bean exports from the world to Malaysia increased at a rate of 13% while those from world to Mozambique declined by 14% 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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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