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Report Highlights:

Senegal's peanut production for crop year (CY) 2008/09 increased 36% over the previous crop year to an estimated 450,000 MT. The output for CY2009/10 is expected to reach 625,000 MT, an increase of 39%, due to a very favorable rainy season and continued increases in the production area as well as government support with seeds and inputs. Senegal expects to process a record 300,000 MT of peanuts in market year 2009/10, and the government is offering a 45 F CFA/kg subsidy to the official market price of 165 F CFA/kg that was set this year for peanuts. Senegal's peanut oil exports for the first nine months of 2009 have increased 91% over the amount for 2008. Soybean oil imports for 2008 remained almost unchanged from the previous year. New Standards passed by Senegal for imported refined palm oil may negatively impact trade and reportedly Cote d'Ivoire, the primary supplier to Senegal is quite concerned.

Executive Summary:

General Information:

Author Defined:

SECTION 1: SITUATION AND OUTLOOK

Senegal produced an estimated 450,000 MT of oilseed peanuts in crop year (CY) 2008/09, which though less than forecasted is 36% more than the previous crop year. Continued government subsidy of seeds and inputs has helped improve yields and increased output. An estimated 71,000 MT of seed peanuts were sold at a subsidized price to farmers in 2008/09. In CY 2009/10, an estimated 50,000 MT of peanuts seeds were sold at the subsidized price of 260 F CFA/kg for in-shell peanuts and 100 F CFA/kg for shelled peanuts. Subsidized seeds were only able to satisfy about 38% of total seed demand. The *Fonds National de Recherches Agricoles et Agro-Alimentaires* (national fund for food and agricultural research) is working with farmers to certify and improve peanut seed quality.

The peanut production forecast for Senegal's CY 2009/10 is 625,000 metric tons, given very favorable rainfall and a significant increase in the production area. The peanut planted area is expected to increase by 39% over the previous crop year to about 856,000 hectares as farmers continue to take advantage of government subsidized inputs and incentives geared to increasing output. The average yield for CY 2009/10 is expected to be around 730 kg/ha.

Much of Senegal's peanut oil production is for export, so Senegal relies heavily on imported vegetable oils to meet its domestic needs. Crude soybean oil and crude and refined palm oil fill the bulk of this need, though small quantities of other oils, including refined peanut oil are also imported. In 2008 Senegal's soybean oil imports declined 16% from the previous year to 80,645 MT, while refined palm oil remained almost constant at 29,096 MT. Data for the first nine months of 2009 suggest a continued declining trend in soybean oil while palm oil remains steady. However, Senegal recently imposed tighter Standards for imported refined palm oil, which could lead to a decline in palm oil imports and an increase in soybean imports for the last quarter of 2009.

PRODUCTION

Peanut

Senegal produced an estimated 450,000 MT of oilseeds peanuts in CY2008/09. This marked increase in output over last crop year was due to a favorable rainy season and farmers' access to subsidized seeds and fertilizers. Senegal initiated the GOANA (Great Agricultural Offensive for Food and Abundance) program in 2008 which has among its targets an increase in peanut output to 1 million MT. Under this program seeds and fertilizer are available at a subsidized price to farmers. An estimated 71,000 MT of seed peanuts were sold at a subsidized price to farmers in 2008/09.

The government of Senegal (GOS) offered 50,000 MT of seeds and 12,000 MT of fertilizer NPK 6-20-10 at a subsidized rate to peanut farmers for CY 2009/10. However, some seeds were distributed late and farmers complained of poor seed quality as well as insufficient fertilizer at the subsidized price. Farmers, nevertheless conceded that the seeds for CY 2009/10 were better than those of the previous crop year. Farmers also bemoaned the limited supply of subsidized fertilizer and certified seeds and noted that yields could be as much as 1.2 - 1.8 MT/ha instead of the current average of 0.73 MT/ha if more of these inputs were available. Senegal's peanut production for CY2009/10 is expected to reach 625,000 MT.

Peanut Oil

A sizeable portion of Senegal's peanut production is destined for the local peanut oil industry. Senegal produces crude peanut oil almost exclusively for export and earns a sizeable share of export earnings from peanut oil. Each year the government of Senegal (GOS) sets an official price at which the oil processing industry may buy peanuts from farmers; occasionally the government will also subsidize this price. In November 2008, the GOS announced a price of 165 F CFA/kg, for the 2008/09 market year. The GOS will subsidize 45 F CFA/kg of this price for up to 300,000 MT of peanuts. [*454 F CFA = \$1 as of 12/28/09*]

A sore point in the entire production chain is the price that farmers receive for their peanuts and the wait to be paid. Oil processing companies also take 1.4% off the top to compensate for any inferior quality or bad peanuts. Farmers often must wait months to be paid by the oil processing companies or their intermediary. Reportedly, some farmers are now reluctant to sell directly to the oil processing intermediaries and opt to sell on the parallel (black) market, where the price may be lower, but payment is made upon delivery. Peanuts sold on the parallel market to private buyers often end up being sold:

- to the GOS' seed subsidy program.
- to the oil companies for a higher price when they're short on stock.
- to hotels for snacks.
- to other countries in the region or exported to Europe.

A small but growing number of farmers in farmers' and women's organizations are also exploring alternatives to the oil processing companies. Some farmers are investing in small processing machines which can process up to 1,040 MT of peanuts annually to process their own oil. Others are considering selling shelled peanuts to the oil processing firms and using the shells to produce energy. Canadian and Belgian NGOs are reportedly working with some of these farmers to improve the quality and marketing of their peanuts.

Senegal expects to process 300,000 MT of oilseed peanuts in market year (MY) 2009/10. The principal peanut oil processing companies are SUNEOR, NOVASEN and Touba Agricultural Industry Complex. SUNEOR has the greatest capacity and can process up to 250,000 MT of peanut annually. It plans to process 180,000 MT of peanut this market year, which is an 80% increase over last year. The expected output is 57,800 MT of oil and 71,400 MT of oil cakes. NOVASEN, the second largest peanut oil processing firm expects to collect 62,000 MT of peanut and Touba Complex has a target of 20,000 MT. The producers' organizations have a target of 130 MT and the seed traders plan to process 20,000 MT of peanut.

OIL EXPORT

As noted earlier, Senegal exports the bulk of its peanut oil production; about 95%. Data for the last five years show, France as the almost exclusive destination for Senegal's peanut oil, with one or two other European countries importing a small quantity. In 2008 Senegal's entire peanut oil export of 12,255 MT went to France and was valued at \$17 million. Senegal's peanut oil exports diversified in 2009 with much of exports going to countries outside Europe, and France importing only 11.5%. Senegal's peanut oil exports for the first nine months of 2009 increased more than 91% over total exports for 2008 and were valued at \$28.6 million.

Table 1: Senegal's Peanut Oil Exports by destination (MT)

Destination	2008	2009 <i>Jan - Sept</i>	Market Share %
France	12,255	2,698	11.5
China	0	10,374	44.2
Lebanon	0	7,350	31.3
Netherlands	0	3,035	12.9
World	12,255	23,457	

Source: Global Trade Atlas

OIL IMPORTS

The market for imported vegetable oil remains strong with soybean and palm oils accounting for the bulk of edible oil imports. Senegal imports crude soybean oil which is refined and sold on the local market. Crude palm oil is also imported, though mostly for industrial uses. Senegal also imports a large quantity of refined palm oil, of which Cote d'Ivoire is the principal supplier.

Soybean Oil Imports

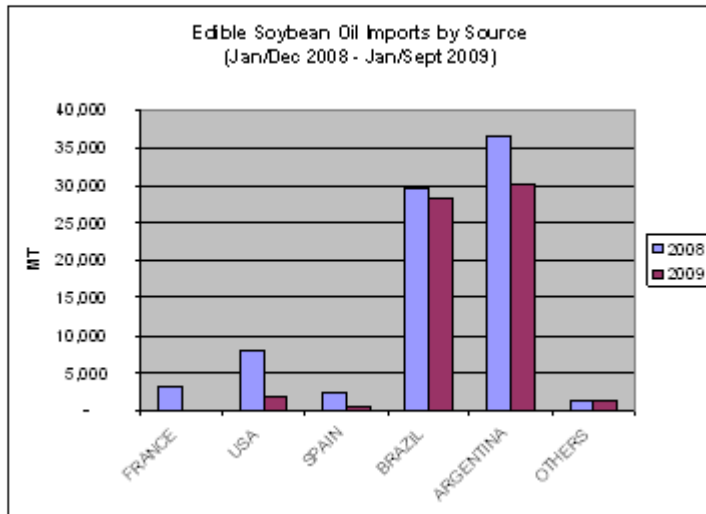
In 2008, Senegal imported an estimated 80.6 thousand metric tons of crude soybean oil, for which Argentina, Brazil and United States were the principal suppliers, with 45%, 37% and 10% respectively. Soybean oil imports for the first nine months of 2009 were 61.8 thousand MT, which suggest a declining trend from 2008. However, things may well rebound in the last quarter of 2009 as Senegal recently instituted Standards for imported refined palm oil which may result in reduced imports to the benefit of soybean oil imports.

Table 2: Soybean oil imports by source (MT)

Country	2008	2009 <i>Jan – Sept</i>
Argentina	36,521	30,200
Brazil	29,566	28,176
USA	7,999	1,643
France	3,091	53
Spain	2,300	500
Other	1,168	1,198
TOTAL	80,645	61,770

Source: Senegalese National Statistics Agency (ANSI)

Graph 1: Soybean Oil Imports by source (MT)



Source: Senegalese National Statistics Agency (ANSD)

Palm Oil Imports

Senegal's refined palm oil imports for 2008 remained almost unchanged from 2007, with a decline of only 0.3%. Cote d'Ivoire, the principal supplier of Senegal's refined palm oil had a huge increase in its market share in 2008, accounting for 91% of total palm oil imports, and increasing its total imports to Senegal by 71% up from the 15,456 MT it supplied in 2007. And, for the first nine months of 2009, Cote d'Ivoire again has the largest market share with over 79% of imports. Indonesia and Malaysia are the next major suppliers, accounting for 13% and 5% respectively.

In October 2009, Senegal imposed more stringent Standards for refined palm oil that call for the fatty acid content to be no more than 30%. Given that palm oil often has a fatty acid content as high as 50% or more, this new Standard will no doubt cause some reduction in trade if it is strictly enforced. Traders have started to report a slackening off of imports since October as some exporters have difficulty meeting the new Standards. Reportedly Cote d'Ivoire has expressed concerns about this new measure and the lack of notification and comment period for members of WAEMU (West Africa Economic and Monetary Union) of which Senegal is a member.

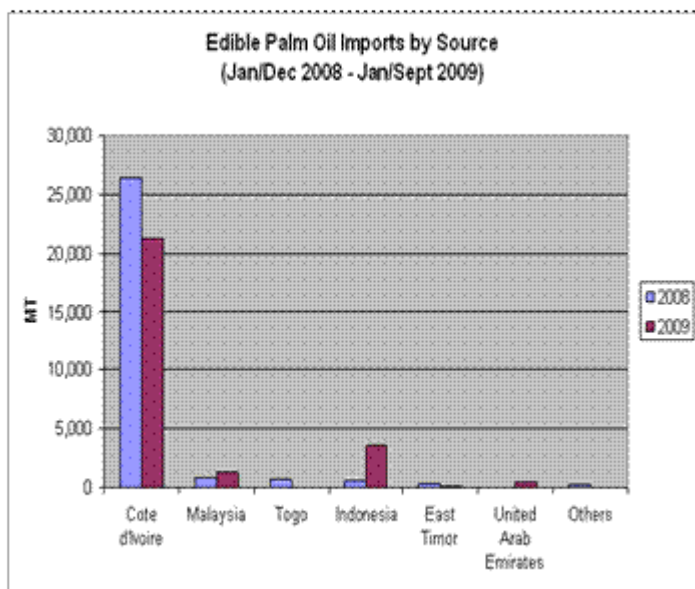
Table 3. Refined Palm Oil Imports by source (MT)

Country	2008	2009 <i>Jan - Sept</i>
Cote d'Ivoire	26,376	21,323
Malaysia	875	1,304
Togo	696	0
Indonesia	604	3,621

East Timor	299	88
United Arab Emirates	1	477
Others	245	21
TOTAL	29,096	26,834

Source: Senegalese National Statistics Agency (ANSD)

Graph 2: Refined Palm Oil Imports by source



Source: Senegalese National Statistics Agency (ANSD)

SECTION II: STATISTICAL TABLES

Table 4: Senegal's Production, Supply & Demand for Oilseed peanut

Peanut Oilseed, Senegal	2007		2008		2009		UOM
	2007/2008		2008/2009		2009/2010		
	Market Year Begin: Nov 2007		Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		
	USDA Official Data	Old Post Data	USDA Official Data	New Post Data	USDA Official Data	Nov Data	
Area Planted	650		765	616	765	856	(1000 HA)
Area Harvested	607		765	586	500	830	(1000 HA)

Beginning Stocks	10		10	11		9	8		12	(1000 MT)
Production	33 1			71 0		450	45 0		625	(1000 MT)
MY Imports	0			0		0	0		0	(1000 MT)
MY Imp. from U.S.	0			0		0	0		0	(1000 MT)
MY Imp. from EU	0			0		0	0		0	(1000 MT)
Total Supply	34 1		10	72 1		459	46 6		637	(1000 MT)
MY Exports	1			2		2	2		2	(1000 MT)
MY Exp. to EU	0			0		2	0		0	(1000 MT)
Crush	14 4			35 0		123	17 9		300	(1000 MT)
Food Use Dom. Cons.	14 5			28 0		98	20 0		200	(1000 MT)
Feed Waste Dom. Cons.	40			73		50	73		73	(1000 MT)
Total Dom. Cons.	32 9		0	70 3		148	45 2		273	(1000 MT)
Ending Stocks	11			16		12	12		14	(1000 MT)
Total Distribution	34 1		0	72 1		459	46 6		637	(1000 MT)
CY Imports	0			0		0	0		0	(1000 MT)
CY Imp. from U.S.	0			0		0	0		0	(1000 MT)
CY Exports	1		2	2		1	2		2	(1000 MT)
CY Exp. to U.S.	0			0			0		0	(1000 MT)

TS=TD			-10			0			0	
Comments										
AGR Number										
Comments To Post										

Table 5: Senegal's Production Supply & Demand for peanut oil

Peanut Oil, Senegal	2007		2008		2009		UOM
	2007/2008		2008/2009		2009/2010		
	Market Year Begin: Nov 2007		Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		
	USDA Official Data	Old Post Data	USDA Official Data	New Post Data	USDA Official Data	New Post Data	
Crush	144		350	123	179	300	(1000 MT)
Extr. Rate, 999.9999	0.	0.	0.	0.32	0.	0.32	(PERCENT)
Beginning Stocks	5	5	0	1	20	1	(1000 MT)
Production	48		117	40	60	97	(1000 MT)
MY Imports	0		0	0	0	0	(1000 MT)
MY Imp. from U.S.	0		0	0	0	0	(1000 MT)
MY Imp. from EU	0		0	0	0	0	(1000 MT)
Total Supply	53	5	117	41	80	98	(1000 MT)
MY Exports	18		50	26	25	63	(1000 MT)
MY Exp. to EU	43		45	23	0	56	(1000 MT)
Industrial Dom. Cons.	0		0	0	0	0	(1000 MT)
Food Use Dom. Cons.	35		47	14	48	34	(1000 MT)
Feed Waste Dom. Cons.	0		0	0	0		(1000 MT)
Total Dom. Cons.	35	0	47	14	48	34	(1000 MT)
Ending Stocks	0		20	1	7	5	(1000 MT)
Total Distribution	53	0	117	42	80	103	(1000 MT)

CY Imports	0		1	0		1	0		2	(1000 MT)
CY Imp. from U.S.	0			0		0	0		0	(1000 MT)
CY Exports	18			50		47	65		70	(1000 MT)
CY Exp. to U.S.	0			0		0	0		0	(1000 MT)
TS=TD			-5			1			5	
Comments										
AGR Number										
Comments To Post										

Table 6: Senegal's Production, Supply & Demand for peanut meal

Peanut Meal, Senegal	2007		2008		2009		UOM
	2007/2008		2008/2009		2009/2010		
	Market Year Begin: Nov 2007		Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		
	USDA Official Data	Old Post Data	USDA Official Data	New Post Data	USDA Official Data	Dec Data	
Crush	144		350	123	179	300	(1000 MT)
Extr. Rate, 999.9999	0.	0	0.	0.3625	0.	0.3225	(PERCENT)
Beginning Stocks	0	0	0	0	0	1	(1000 MT)
Production	57		138	45	71	97	(1000 MT)
MY Imports	0		0	0	0	0	(1000 MT)
MY Imp. from U.S.	0		0	0	0	0	(1000 MT)
MY Imp. from EU	0		0	0	0	0	(1000 MT)
Total Supply	57	0	138	45	71	98	(1000 MT)
MY Exports	4		40	48	5	68	(1000 MT)
MY Exp. to EU	4		30	45	30	60	(1000 MT)
Industrial Dom. Cons.	0		0	0	0	0	(1000 MT)
Food Use Dom. Cons.	0		0	25	0	24	(1000 MT)
Feed Waste Dom. Cons.	53		98	0	66	0	(1000 MT)

