



Global Supply of Vegetable Oils: Is our supply at risk?

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Abstract

Over the past 5 years the global oilseed supply has increased from 382 to 418 million metric tons (MMT). This 36 MMT increase is sourced from the major oilseeds of coconut, cottonseed, olive, palm, palm kernel, peanut, rapeseed, soybean, and sunflower. Global oil production for 2008 is forecasted at 134 MMT. The largest increase in world oil production occurred in four crops; palm, soybean, rapeseed, and sunflower. These crops accounted for 21.6 MMT contribution to the 5 year gain in global oil production. The current palm oil supply is at 49 MMT, having doubled over the past 10 years. Soybean production has increase by 10.3% over the past 5 years, to a record output of 237.9 MMT. Growth in soybean demand is expected to continue. Rapeseed production in 2008 is forecasted at 53.3 MMT with the EU27, China, Canada, and India representing the major producing countries. Sunflower seed is forecasted up in 2008 to reach a record of 31.5 MMT from increased production coming in from Argentina, EU-27, Russia, and Ukraine.

Over the last 3 years commodity pricing increased significantly on all oilseeds driven by demand from developing countries, biofuels initiatives, adverse weather patterns, and tightening supply stocks. While pricing on a per metric ton basis has significantly increased, expectations are that it is leveling out. Prices may decrease from the adequate production year meeting demand and the economic slow down taking place around the global. The past upward swing in oilseed prices is now being passed on in higher food prices to consumers. Economic growth in developing countries is projected to increase by >4 percent annually putting an increasing demand on the global food supply chain. With limited opportunity to expand our oilseed production areas, world oil supply will grow tighter going forward, and shortages will become more frequent resulting in wide swings in oilseed pricing. Some relief will come from increasing oilseed yields through plant breeding and improved agricultural systems. The use of plant biotechnology can increase tolerance to drought and extreme temperatures minimizing the production risk in oilseed supply.

Key words: global oilseed supply - oilseed demand - oilseed pricing - oilseed production – economic growth and consumption