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Report Name: Market Opens for United States Soybeans

Country: South Africa - Republic of

Post: Pretoria

Report Category: Biotechnology and Other New Production Technologies, Oilseeds and Products

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Report Highlights:

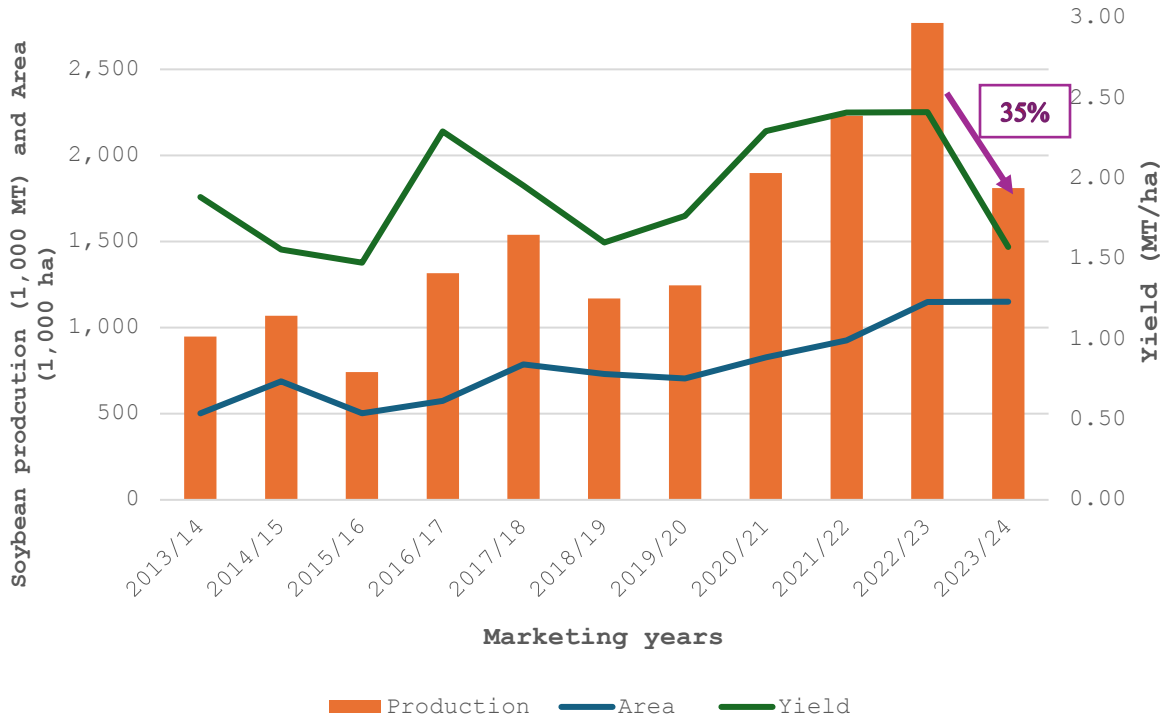
Soybeans from the United States are once again eligible to enter South Africa. After a mid-summer drought that caused a 35 percent drop in production, South Africa needs to import soybeans to supplement domestic production and maintain crushing demand. South Africa only issues import permits for countries that are cultivating genetically engineered (GE) events that have been approved for food and feed purposes or general release in South Africa. Post worked closely with stakeholders to resolve the asynchronous issue to allow trade with the United States. On September 30, 2024, South Africa's Department of Agriculture informed stakeholders that all GE soybean events that caused asynchrony with the United States had been approved and that import permits will be issued for GE soybeans from the United States.

Background: A Sharp Drop in Soybean Production

South Africa's soybean crop dropped by 35 percent to 1.8 million metric tons (MMT) in marketing year (MY) 2023/24 (March 2024 – February 2025). Producers planted a record area of 1.2 million hectares of soybeans, but an *El Niño* induced mid-summer drought caused average yields to deteriorate to the lowest level over the past seven years (see also Figure 1). As a result, South Africa needs soybean imports to supplement local production. In MY 2022/23, South Africa produced a record soybean crop of 2.8 MMT.

Figure 1

Soybean Production in South Africa Dropped Sharply



Source: FAS/Pretoria using data from the South African Grain Information Services

Solving the Trade Barrier: Asynchronous Approvals

FAS/Pretoria worked closely with all stakeholders to resolve the asynchronous GE events to allow trade with the United States. These asynchronous approvals can pose significant risks to trade since South Africa applies zero tolerance for unintentional presence of GE events in food and feed imports. On September 30, 2024, the Department of Agriculture informed stakeholders that all GE soybean events that caused asynchrony with the United States had been approved and that import permits will be issued for United States GE soybeans.

South Africa is amongst the top 10 global producers of GE crops and has approved numerous GE plant events, including soybeans, for commercial cultivation after implementation of its Genetically Modified Organism (GMO) Act in 1997. South Africa also allows for the importation of GE crops. However, according to the GMO Act, the list of GE events cultivated in an exporting country must be synchronized with the GE crops that have been approved by the South African regulators for food and feed purposes (see also Commodity Clearance Approvals). Citing the precise regulatory procedures from the GMO Act: *"Import permits are issued for the import of GE consignments, irrespective of the crop and country, provided the exporting country has approved the same or less number and type of events as South Africa.*"

Synchronizing inter-country GE lists can be a complex process as commodities mostly consist of GE stacked events. South Africa requires separate approval for GE events that combine two or more traits even if the individual traits have already been approved.

Market Potential: Maintaining Crushing Demand

The local industry estimates South Africa's potential import requirements in MY 2023/24 at more than 200,000 MT. After an almost 1 MMT drop in soybean production, South Africa needs imports to augment local production to maintain crushing demand. Furthermore, the high cost of transportation, which occurs mainly by road, from South Africa's summer rainfall production regions in the north to the coastal areas in the south, indicates that it could cost less to import soybeans at the current price levels to the coastal areas than to buy domestically. South Africa's soybeans in the northern region will also continue to serve the soybean demand in neighboring countries, especially Zimbabwe.

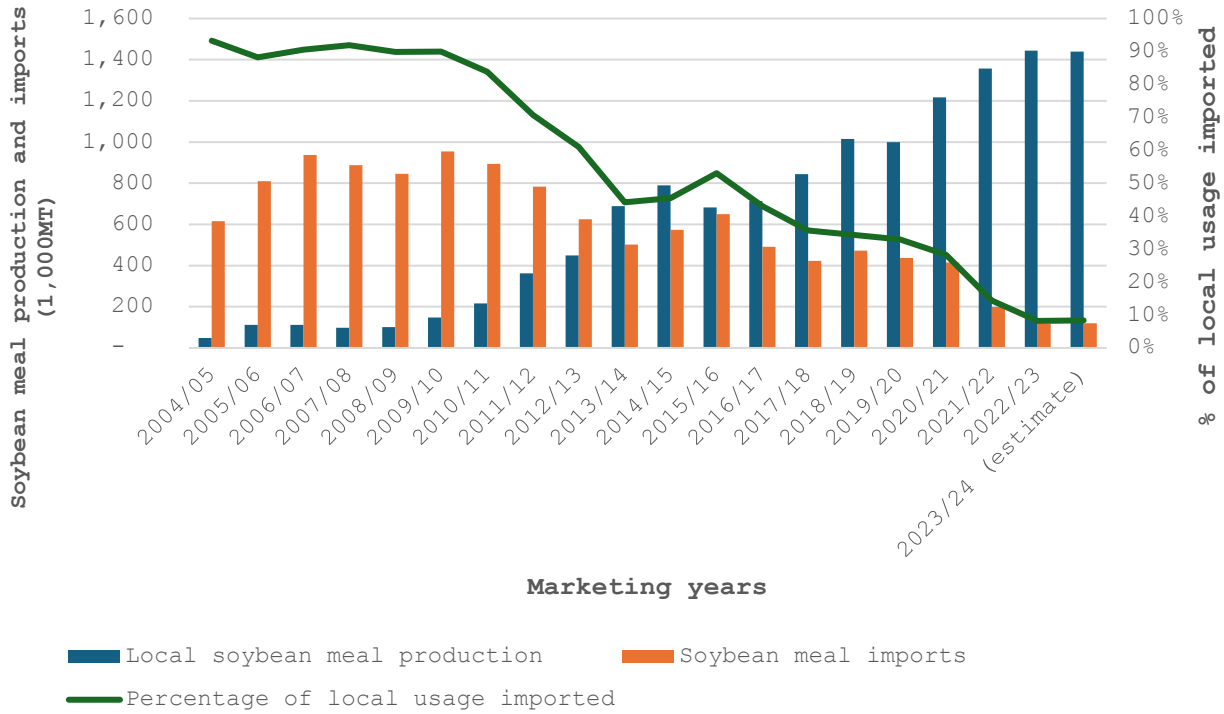
In MY 2019/20, the United States exported 52,000 MT of soybeans to South Africa after consecutive years of lower soybean area. In total South Africa imported about 116,000 MT of soybeans in MY 2019/20 of which the United States supplied 45 percent.

Over the past decade, South Africa has significantly invested on expanding soybean processing capacity to replace soybean meal imports. As a result, about 1.5 MMT of additional oilseed processing capacity has been added, bringing South Africa's current total oilseed processing capacity to an estimated 2.5 MMT per annum. Figure 2 illustrates the trend in the replacement of soybean meal imports with locally produced oilseed meal over the past 20 years in South Africa, after investments that enlarged crushing capacity. Currently, less than 10 percent of locally consumed soybean meal originate from imports.

Soybean meal is the most important protein used by feed manufacturers in South Africa and typically represents more than 70 percent of protein meal usage in animal feed. The average inclusion rate of protein meal in feed rations is between 20 and 30 percent. South Africa uses approximately 2.1 MMT of plant protein meal for livestock production per annum. Hence, the bulk of soybeans produced in South Africa are crushed to produce protein meal for inclusion in animal feed rations. On the other hand, soybean demand for food is relatively small in South Africa as it is not traditionally consumed as part of the diet.

Figure 2

Trends in the Replacement of Soybean Meal Imports with Locally Produced Meal in South Africa



Sources: FAS/Pretoria using Trade Data Monitor LLC and USDA data

Attachments:

No Attachments.