



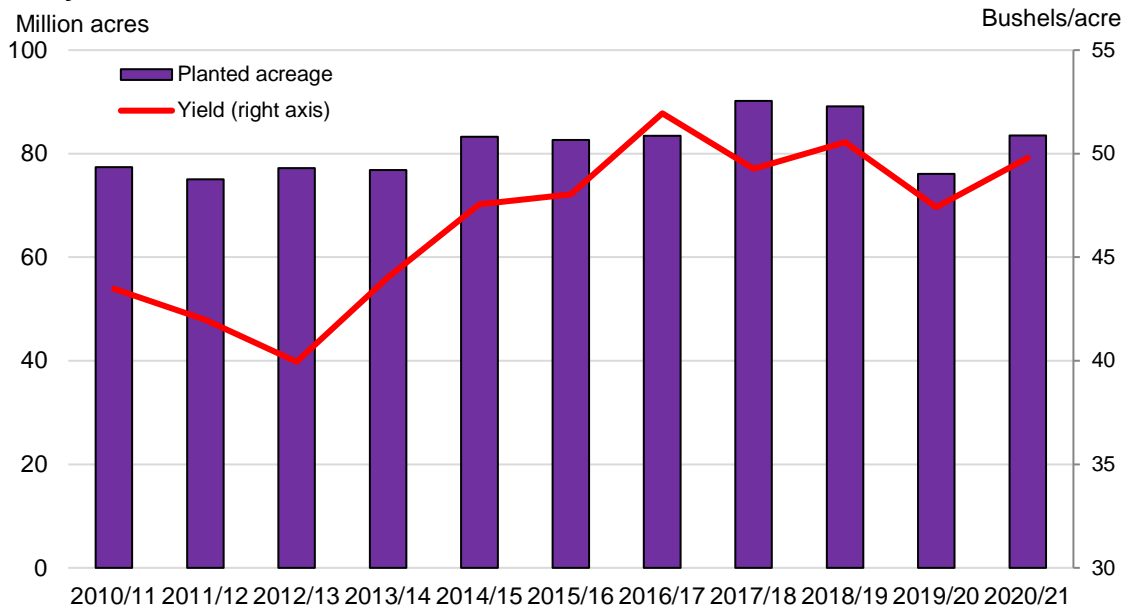
Oil Crops Outlook

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Brighter U.S. Export Outlook May Trim 2020/21 Stocks Surplus

U.S. soybean production for 2020/21 is projected at 4.125 billion bushels, up 568 million from last year's crop. The increase is largely based on farmers following through on intentions to plant 83.5 million acres of soybeans, although the projected trend yield of 49.8 bushels per acre is also above last year's level. U.S. soybean exports in 2020/21 may see a recovery to 2.05 billion bushels compared with a revised 2019/20 forecast of 1.675 billion. Coupled with a minimal increase for the domestic crush, season-ending stocks for 2020/21 may decline to 405 million bushels from 580 million in 2019/20.

Figure 1
Bigger U.S. soybean crop is seen in 2020/21 on recoveries for sown acreage and yield



Sources: USDA, National Agricultural Statistics Service, *Crop Production* and World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

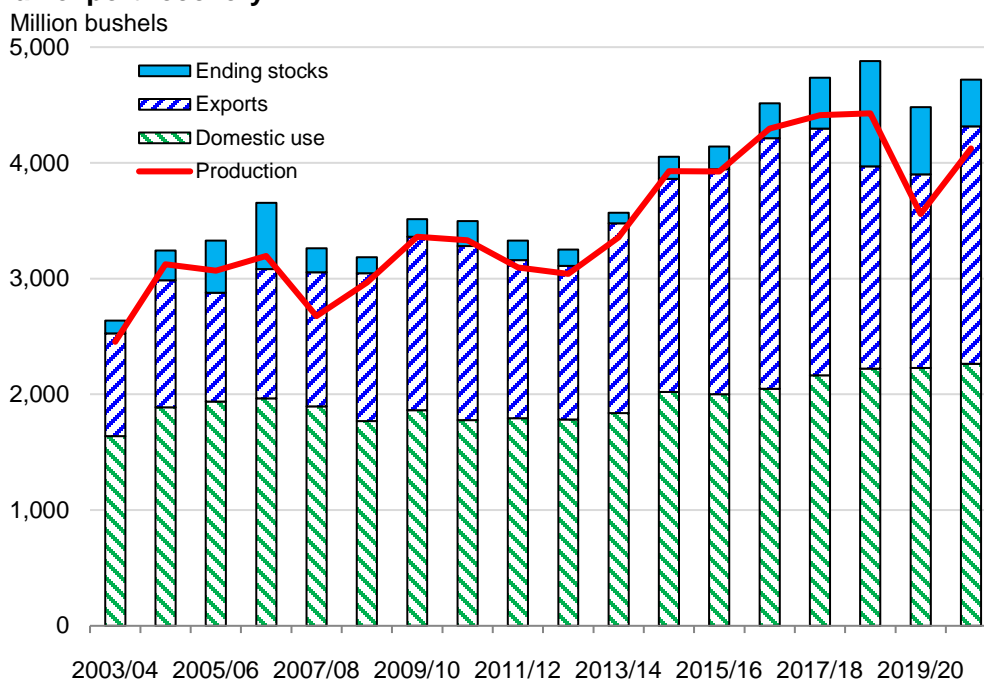
Domestic Outlook

Soybean Supplies and Exports May Both Rebound in 2020/21

U.S. soybean production for 2020/21 is projected at 4.125 billion bushels, up 568 million from last year's crop. The increase is largely based on farmers following through on their intentions to plant 83.5 million acres of soybeans for an expected harvested area of 82.8 million acres. It would be a sharp increase from the 76.1 million acres sown in 2019/20. Soybean planting this spring is advancing well in some Midwestern areas, with 38 percent of intended U.S. acreage sown by May 10. In other northern regions, however, cold weather has either stalled the start of planting or could require some re-planting.

The projected 2020/21 crop is also based on a projected trend yield of 49.8 bushels per acre and would be above the 2019/20 yield of 47.4 bushels. The bigger crop and large carryover stocks would boost total supplies in 2020/21 by 5 percent to 4.7 billion bushels.

Figure 2
Despite bigger U.S. soybean crop, 2020/21 ending stocks may ease with an export recovery



Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

U.S. soybean exports in 2020/21 may see a recovery to 2.05 billion bushels compared with a revised 2019/20 forecast of 1.675 billion. Considerable gains are likely for soybean shipments to

China next year as they benefit under the terms of a January 2020 trade agreement to purchase more U.S. agricultural products. Yet, the market conditions to initiate any big sales to China by the end of the summer have not developed. Unreserved selling by Brazilian farmers could maintain a price premium for U.S. soybean exports for much of the summer. By the first half of 2020/21, however, the rapid depletion of Brazilian old-crop stocks will expedite a switchover in China's suppliers. In 2020/21, China may account for most of the increase in global imports, so U.S. exports could contribute the largest gain to global exports. Still, foreign competition in the global export market for soybeans will remain formidable next year. Sharp depreciation of South American exchange rates relative to the U.S. dollar have made the soybean shipments of these competitors comparatively cheap. While U.S. soybean shipments to China may thrive in 2020/21, they may struggle in other import markets against low-cost Brazilian exports.

The U.S. soybean crush in March 2020 totaled 192 million bushels—registering its highest monthly rate ever. Despite falling prices for the meal and oil byproducts, crush margins are still attractive because the purchase cost for soybeans has plummeted, as well. Even so, the lucrative 2019/20 market for domestic processors may revert to a more challenging climate next season. The 2020/21 soybean crush may edge 5 million bushels higher to 2.13 billion as the expected use of soybean meal registers a minimal gain. A modest increase for domestic soybean meal consumption could be largely offset by a loss of export demand.

Despite expectations for a larger U.S. soybean crop, a revived export market should tighten season-ending stocks for 2020/21 to 405 million bushels. If realized, it would be a steep reduction compared with the revised 2019/20 forecast carryout of 580 million bushels and the 2018/19 inventory of 909 million.

Even so, considerable pressure will remain on the level of soybean prices. Even bigger South American soybean crops and an accumulation of stocks in China—the world's top consumer—could suppress a sustained price rally. Any possibility for more sown acreage and above-average yields would further constrain upward price movement. Currently, forward pricing contracts for soybeans are less attractive than they were a year ago. For the 2020/21 crop year, USDA projects a U.S. season-average farm price of \$8.20 per bushel compared to \$8.50 in 2019/20. Likewise, stagnant soybean meal demand may preclude any strengthening of its marketing-year average price, which is seen declining to \$290 per short ton from \$300 for 2019/20.

Weaker 2020/21 Demand Confronts Meal and Oil Markets

USDA forecasts modest growth for domestic disappearance of soybean meal in 2020/21—up 1 percent to 37.5 million short tons. The current coronavirus-related disruptions at U.S. meat slaughter plants have ramifications for subsequent animal production—particularly hogs. Plant capacity for hog slaughter, although increasing, is expected to reflect sector-wide adjustment to COVID-19. Hog producers are likely to rein in expansion plans for this year and into early 2021. In contrast, poultry producers can more easily ramp output back up. As those expansion plans play out, so go the prospects for feed consumption by the animals.

Gains for domestic soybean meal use may be countered by a dimmer outlook for U.S. exports. Global trade in soybean meal may be less favored next year on account of cheap soybean supplies and tight markets for vegetable oil. Also, as U.S. suppliers contend with the headwinds of a strong dollar, competing exporters may capture larger shares of the soybean meal market. U.S. soybean meal exports are seen slipping 3 percent in 2020/21 to 13.1 million tons.

A lackluster outlook also faces the 2020/21 soybean oil market. For the better part of two months now, the coronavirus pandemic has closed numerous restaurant dining rooms across the country. The current upheaval in the foodservice industry has particularly taken a toll on frying oil demand. Plunging edible oil use may bottom out once most restaurants re-open but business could stay slow. The U.S. Department of Labor reports that since mid-March, more than 30 million Americans have lost their jobs. Many more are anxious about their employment status and health risks, adding to the number of consumers that are cutting back on nonessential dining out. The situation is reflected by a tumble for April soybean oil prices to a 14-year low. Assuming a gradual improvement in circumstances for 2020/21, edible and non-biodiesel use of soybean oil may stage a modest recovery. Forecast oil consumption for next year is up 2 percent to 15 billion pounds versus a 2-percent decline in 2019/20.

Projected use of soybean oil by the biodiesel industry, the other primary domestic market, is seen expanding to 8 billion pounds in 2020/21 from 7.5 billion in 2019/20. Blending of biodiesel in the fuel supply should edge back up in 2020/21 as overall diesel fuel consumption recovers from this year's sudden decline. Also bolstering the biodiesel market is the \$1-per-gallon blending tax credit, which was extended for both 2020 and 2021. Current finances of biodiesel producers will be shored up by a retroactive restoration of the blending credit for 2018 and 2019, as well. In contrast, reduced availability of supplies is projected to curtail U.S. soybean oil exports by 18 percent to 2.1 billion pounds.

Despite higher overall use, support for soybean oil prices is being eroded by weak soybean prices and the recent plunge in the cost of diesel. USDA projects that the 2020/21-average price for soybean oil may edge up to 29 cents from the forecast 2019/20 level of 28.5 cents per pound.

Bigger Supplies To Buoy Use of Sunflowerseed, Peanuts, and Cottonseed

U.S. production of sunflowerseed in 2020/21 is expected to show a year-over-year increase of 26 percent to 2.4 billion pounds. Higher production would follow an increase in planted area from 1.35 million to 1.56 million acres. The increase counters the trend towards lower sunflower planted area and is the highest since the 2016/17 marketing year. Exports of sunflowerseed are expected to increase from 90 million to 130 million pounds, reversing the 2019/20 decline. In contrast, exports of sunflowerseed oil are projected down 9 percent to 100 million pounds. The price of oil-type sunflowerseed is forecast down 10 percent to \$17.00 per hundredweight while the sunflowerseed oil price is forecast to decline to 58 cents per pound. The 2020/21 average price for sunflowerseed meal will follow soybean meal prices down to \$140 per short ton.

Canola seed production is expected to decrease from the 2019/20 market year to the 2020/21 market year by 110 million pounds to 3.29 billion. This projected 3-percent drop in canola production would follow a decline in the area planted from 2.04 million acres to 1.99 million acres. The yield is projected at 1,715 pounds per acre, a three-year low. Canola prices for the 2020/21 marketing year are forecast staying nearly unchanged at \$14.70 per hundredweight.

U.S. peanut production is forecast to rise to 5.9 billion pounds from 5.5 billion in the 2019/20 marketing year. Planted acreage intentions are up 7 percent to 1.5 million acres with the largest increase in Georgia. The U.S. average yield per acre is projected to increase by 1 percent to 4,000 pounds per acre. Based on a lower peanut supply and slightly higher use, the U.S. average price received by farmers is projected up slightly from its expected 2019/20 value of 20.4 cents per pound.

A 5-percent increase is projected for 2020/21 cottonseed production to 6.25 million short tons primarily due to expected improvement in the yield per acre. The gain may benefit both U.S. exports and crush of cottonseed, which are projected to increase to 425,000 short tons (up 31 percent) and 1.85 million tons (up 6 percent), respectively. The cottonseed season-average price is projected to decline by \$11 per short ton to \$150.

International Outlook

Global Expansion of Soybean Area To Swell 2020/21 Crops

Propelled by more area sown to soybeans in the United States and South America, 2020/21 global production of the crop may rise 8 percent to 362.8 million metric tons. Higher soybean prices will encourage more sown area in almost all countries, excluding the United States.

In 2020/21, global soybean consumption is forecast up 4 percent to 360.7 million tons and represents an improvement over a 1.5-percent gain for 2019/20. However, next year's consumption gains may not be proportionally distributed and are more reliant on a few markets. By itself, China accounts for 31 percent of global use but could account for up to 55 percent of the 2020/21 increase. Growth in world soybean exports next year would align with demand by rising 5 percent to 161.9 million tons. Global soybean stocks will stay comfortably high in 2020/21 at 98.4 million tons but—on account of a lower U.S. carryout—would slip 2 percent from 2019/20.

Compared with a year ago, the Chicago new-crop soybean futures contract has fallen 6 percent. In Brazil, though, soybean prices have ballooned to record heights. Brazil's central bank is now fighting recession by cutting interest rates. Inevitably, such economic stimulus also weakens a country's exchange rate, which in Brazil's case has fallen to an all-time low. The depreciation has boosted the value of soybeans in local currency terms by more than one-third from a year ago. Brazilian farm prices are also benefiting from the completion of infrastructure projects last year that have reduced domestic transportation costs. Well-capitalized farmers are already taking advantage of these attractive prices to make substantial forward sales for their next crop. USDA expects Brazilian soybean area for 2020/21 to expand by 4 percent to 38.3 million hectares.

Provided that more normal weather conditions resume in southern Brazil next year, a trend soybean yield could raise the country's 2020/21 crop to 131 million tons. This would eclipse the nearly completed record 2019/20 harvest at 124 million tons. Nevertheless, total supplies in 2020/21 may be little changed from the current year due to a lower old-crop inventory this fall. High soybean costs should limit the increase in domestic crushing for 2020/21 despite robust domestic demand for soybean meal. An increase in domestic use may then trim the soybean exports from Brazil by 1 percent to 83 million tons.

In Argentina, export taxes for corn and wheat prior to last year's planting season were set at an 8-10 percent variable rate. At that time, soybeans had a total tax rate of 26-28 percent (the sum of the same variable rate and a fixed 18-percent rate). A newly elected Government has since raised tax rates for corn and wheat to a flat rate of 12 percent. The current flat rate for soybeans is 33 percent (with lower rates for farms with smaller production). Domestic soybean prices in Argentina are up 9 percent from a year ago while corn prices have retreated by 5 percent.

However, economic volatility is making management of risk equally important for farmers' cropping decisions. Soybeans have the advantage of lower input costs—an attractive feature when farmers mostly self-finance. Lower costs can temper the risk of loss from weather-related yield losses. Soybeans also hold their value better than other crops in Argentina due to its orientation as a dollar-based export market. Given the country's raging price inflation, ownership of hard assets that are convertible to dollars is an important consideration for farmers to preserve wealth. This year, the issue becomes more relevant if the Argentine Government does not avoid defaulting on its debt (it is once again appealing for relief from bondholders). The peso's collapse (already down more than 50 percent from a year ago) could then be prolonged. Currently, USDA expects these circumstances to buoy the Argentine soybean area for 2020/21 by 2 percent to 17.3 million hectares. That soybean area, coupled with a projected trend yield, could produce a crop of 53.5 million tons versus 51 million in 2019/20.

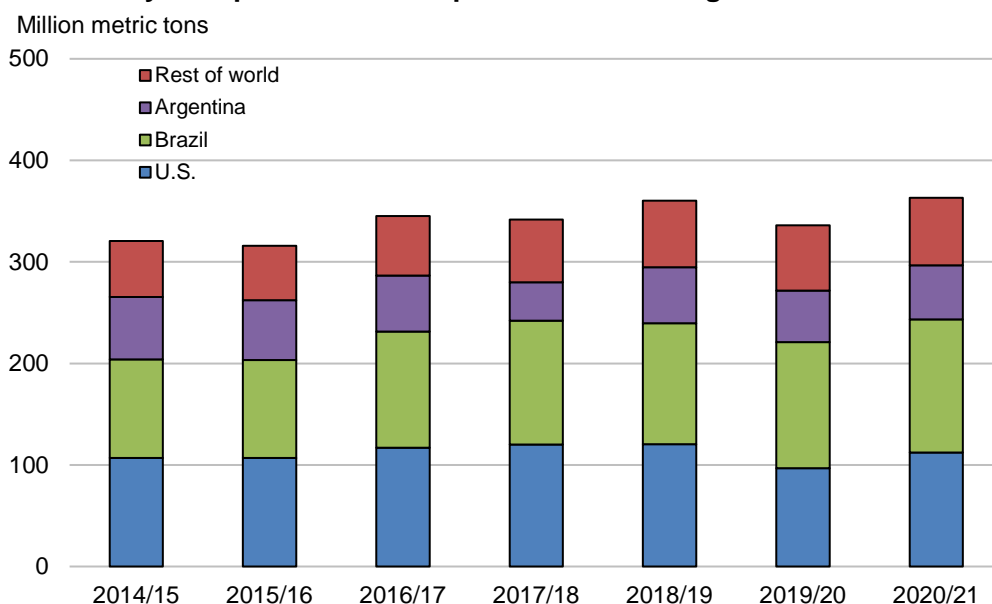
Most of the increase in demand for Argentine soybeans could come from domestic crushing. Almost all Argentine soybean exports go to China. But that foreign market may be dominated by U.S. shipments in 2020/21, with Argentine soybean trade potentially falling 19 percent to 6.5 million tons. Market supplies could also be constrained if a peso depreciation prompts Argentine farmers to withhold sales of the crop. Crushing demand may improve marginally with a small increase for byproduct exports.

Soybean meal exports from Argentina are seen 2 percent higher in 2020/21 to 29.7 million tons. For soybean oil, stagnant domestic use (particularly for biodiesel) could make more supplies available for the export market, which is seen expanding by 9 percent in 2020/21 to 6 million tons. This year, Argentine exports of soybean oil-based biodiesel to the primary EU market have stalled and prospects for growth in 2020/21 are dim. Reinforcing the pessimistic outlook for the biodiesel industry is a recent U.S. Government decision to leave its antidumping and countervailing duties on Argentine imports in effect without adjustment.

Indian soybean production is projected to increase by 13 percent in 2020/21 to 10.5 million tons. While the country's 2020/21 soybean area may expand only 1 percent, a rebound in yields

should beget a higher crop. An Indian area increase is always subject to normal advancement for the summer monsoon. An accompanying increase for the 2020/21 soybean crush may reinvigorate Indian soybean meal exports by 29 percent to 1.9 million tons. Compared with the rapid gains seen in recent years, a weak Indian economy may slow the rate of domestic soybean meal consumption considerably.

Figure 3
Global soybean production to expand to a record high in 2020/21



Source: USDA, Foreign Agricultural Service, *Production, Supply, and Distribution Online*.

China's soybean imports in 2020/21 are projected to expand by 4 percent to 96 million tons. Rising feed consumption of soybean meal (up 8 percent to 72.7 million tons) will spark the rebound in soybean trade. Following last year's outbreak of African Swine Fever, hog herd expansion is putting feed demand on an upward trajectory again. Not all of the import gain for soybeans may be used immediately, though. Some imports could end up in the state-owned reserve. Where China sources its imports in 2020/21 will influence buying decisions by every other soybean-importing country. To the extent that China's U.S. purchases raise prices, it could boost sales by Brazil to other import markets.

The EU is one of those other top import markets. But based on steady domestic production and tepid growth in soybean meal consumption, EU soybean import demand in 2020/21 may slip to 14.9 million tons. EU imports of soybean meal could inch up by 1 percent to 18.8 million tons.

Ongoing Barriers Cloud Global Rapeseed Trade

USDA sees global rapeseed production up 4 percent in 2020/21 to 70.8 million tons. Since January, a sharp decline in rapeseed prices is prompting a minimal expansion for sown area. Conversely, crop yields could see some improvement in Europe and Australia after two consecutive years of adverse weather.

EU and UK rapeseed crops may make marginal gains in 2020/21 but market supplies could remain tight. Even with diminishing old-crop stocks, adverse weather curtailed rapeseed planting in several European countries last fall. While Eastern Europe had persistently dry soils that prevented planting, it was excessive wetness that prevented sowing in the UK and France. Also discouraging rapeseed sowing is a steady decline in yields. This trend is a consequence of the chronic insect problems brought on by mild winters and banned pesticides. Rapeseed area reductions in the UK and Poland more than offset gains in Germany, Romania, and France. The EU and UK rapeseed area for 2020/21 is estimated down only 2 percent to 5.5 million hectares but it represents the lowest area since 2006/07. Crops this spring are still in generally good condition although some regions now urgently need rainfall. A lower area limits the expected increase for the region's domestic rapeseed production to 17 million tons from 16.8 million in 2019/20.

Even a modestly higher EU rapeseed crop could be adequate for satisfying expected demand growth next year. EU rapeseed imports would only need to edge up to 6 million tons from the record 5.8 million in 2019/20. A decline in EU fuel consumption has weakened the use of rapeseed oil for producing biodiesel and could continue through 2020/21.

In Ukraine, the 2020/21 area sown to rapeseed is only marginally higher, but yields could show improvement. Last year, crop yields slumped after a drier-than-average spring. If more normal rains resume this spring, the Ukraine rapeseed crop for 2020/21 could rise to a record 4 million tons. An expansion of supplies would allow rapeseed exports from Ukraine to increase 3.4 million tons, which mostly go to the EU.

In contrast to the European outlook, relatively abundant canola supplies could persist in Canada due to ongoing marketing difficulties. For 2019/20, the lack of Canadian access to China's import market (the world's second largest) is contributing to larger than usual season-ending stocks. China still has not reinstated the export licenses of Canada's top two canola exporters. Consequently, new-crop canola futures prices are down 5 percent compared with a year ago. In contrast, wheat prices are nearly unchanged, thereby encouraging farmers to substitute for

canola. The lower prices may limit much expansion of Canada's 2020/21 canola area, which is seen at 8.7 million hectares. After last season's snow-stricken harvest, better yields are anticipated this year. Crop production for 2020/21 is expected to rebound by 5 percent to 19.9 million tons. Exports of Canadian canola in 2020/21 may stay subdued at 8.9 million tons. Yet that could enhance domestic crush margins and stimulate a near-record crush of 9.7 million tons.

In Australia, February-March rains have improved soil moisture conditions for new-crop planting and early establishment. Farmers there are hoping for a better outcome than in the prior two years, when severe droughts devastated the country's canola crops. Higher sown area is anticipated with a 4-percent increase for canola prices from a year ago. And simply due to reduced abandonment, Australian harvested canola area may swell by 31 percent in 2020/21 to 2.35 million hectares. The Australian market strength stems from less favorable prospects for crops in Europe, as well as from a 9-percent year-to-year depreciation of the Australian dollar. The additional canola area and improved yields could restore the 2020/21 crop by 33 percent to 3.1 million tons. Australian exporters could then take advantage of the improved supply to recover their share of the EU import market. Australian overseas canola shipments in 2020/21 are forecast to climb to 2.1 million tons from 1.8 million in 2019/20.

USDA projects that China's domestic rapeseed crop in 2020/21 will increase 1 percent to 13.2 million tons based on slightly higher area and steady yields. Slow growth is likely for rapeseed crushing in China, as well. As with its soybean purchases, China's rapeseed imports will mightily shape the flow of global trade. An extension of China's restrictions on Canadian supplies in 2020/21 could keep its imports unchanged at 2.5 million tons.

Stability Distinguishes Global Sunflowerseed Sector

Global sunflowerseed production is expected to expand by 3 percent in 2020/21 to 56.7 million tons. Three countries: Ukraine, Russia, and Argentina may supply as much as 81 percent of the total production gain. In Russia, the 2020/21 sunflowerseed crop is projected to increase 1 percent to 15.5 million tons based on a 2-percent increase in area (to 8.5 million hectares). Yet, it would mark an appreciably smaller gain than typically seen over the last decade.

In 2020/21, sunflowerseed area in Ukraine is projected to expand by 3 percent to 6.6 million hectares. The country's farmers aim to sow crops with the best cash returns, including sunflowerseed, which has seen an 11-percent rise in value from a year ago. A good harvest could enable them to raise the capital needed for farmland purchases. Starting next year,

Ukraine's Government will open sales of land to private investment. Thus, with a rising yield trend, the sunflowerseed area expansion in Ukraine may boost the 2020/21 crop to a record 17 million tons.

Ukraine has maintained a 10-percent export tax on sunflowerseed, which discourages foreign trade and favors domestic crushing. A bigger sunflowerseed crop is forecast to raise the 2020/21 crush by 2 percent to 16.7 million tons, which would help boost its sunflowerseed oil exports by 2 percent to 6.5 million tons. The most lucrative markets for Ukraine's sunflowerseed oil exports are India, the EU, and China.

At 9.6 million tons, virtually no change is expected for EU sunflowerseed production in 2020/21. Improved yields are seen offsetting a 2-percent decline in sunflowerseed area to 4.2 million hectares, primarily for Romania and Spain.

In contrast to grain crops and soybeans, Argentine export taxes for sunflowerseed have remained stable at 7 percent. Coupled with devaluation of the peso, farm prices for sunflowerseed in Argentina are more attractive. Improved production incentives in Argentina could encourage a rebound in sunflowerseed area in 2020/21 to 1.9 million hectares versus 1.6 million in 2019/20. Based on a higher area (and assuming average weather conditions), Argentine sunflowerseed production is projected up 21 percent in 2020/21 to 4 million tons.

Export tax rates for sunflowerseed oil and meal (at 5 percent) are even lower than sunflowerseed. The tax rate disparity provides an incentive for processors to crush sunflowerseed within the country and export the products. The Argentine sunflowerseed crush is seen increasing 5 percent of 3.4 million tons. While competition from Russia and Ukraine in the international export market will stay fierce, Argentine sunflowerseed oil exports are forecast to expand by 9 percent to 750,000 tons.

Palm Oil Use Hinges on Output and Economic Recoveries

USDA projects global production of palm oil for 2020/21 up 3 percent to 74.6 million tons. However, a rebound in global demand will likely depend on the rates of economic recovery for many countries. In 2019/20, the growth in palm oil imports for several major markets is minimal, resulting in a reduction of global trade by 5 percent. This includes the top three importers—India, China, and the EU—which together account for nearly half of world trade. Imports for other developing countries were also discouraged in 2019/20 by the high price of palm oil relative to competing vegetable oils. In 2020/21, modest import growth may resume. Global stocks of palm oil may still sink to a 4-year low.

Indonesian palm oil production is projected up 2 percent in 2020/21 to 43.5 million tons. Expected output gains are based on growth in harvested area and a rebound for yields. The 2019/20 slowdown in Indonesian use of palm oil for biodiesel should extend into next year. This could happen despite enactment of a 30-percent national blending requirement (B30) in January. The recent surge in the price spread between crude palm oil and petroleum-based diesel is rapidly depleting a Government fund that subsidizes the difference. Further increases in the country's export tax on crude palm oil might be necessary to stabilize the fund, although even then may be unable to support an expansion to B30 from the prior B20 mandate. A rebound in Indonesian palm oil exports to 28.8 million tons from 27.5 million in 2019/20 could be triggered by the higher output and an expected flattening of domestic demand.

In the Malaysian State of Sabah—where about one-fourth of the country's palm oil is produced—plantations and mills were shuttered between March and April. Some have since reopened with reduced staffing. Although domestic supplies tightened over this period, market demand absorbed an even bigger shock. Malaysian palm oil exports fell off sharply to the world's top markets. While restrictions are now being eased, foreign migrant laborers must now undergo testing for coronavirus. The plunge in palm oil prices may also hold down future productivity as growers apply less fertilizer.

In 2020/21, improved climatic conditions may support a modest recovery for Malaysian palm oil production (up 4 percent to 19.3 million tons), although labor issues may persist. Nevertheless, Malaysian palm oil supplies could remain tight due to a smaller expected carryover. Season-beginning stocks for 2020/21 are forecast plummeting by 15 percent to 2.1 million tons.

Tight supplies may continue to constrain the growth of Malaysian palm oil exports next year to 16.7 million tons from 16.3 million in 2019/20. Likewise, in March, Malaysian officials deferred a 20-percent blending requirement for palm oil-based biodiesel that was scheduled to extend to all sectors of the economy by the end of 2020. The order suspends compliance with the blending requirement for all sectors of the economy that had not already implemented it. The recent collapse of crude oil prices precipitated the decision, which would inflate the cost of fuel subsidies.

Indian domestic production of oilseeds in 2020/21 may expand only marginally. Usually, the lack of growth for India's domestic crops has fueled strong import growth for vegetable oils. Next year, however, a slower consumption rate may temper the rise in vegetable oil imports. In any event, India will remain the world's top import market for vegetable oil.

On March 25, India's Government imposed a five-week nationwide curfew, a suspension of public transportation and large public gatherings (including in restaurants and hotels) and banned foreign visitors to the country. All measures are intended to mitigate spread of the coronavirus pandemic. Indian ports subsequently declared force majeure. This is a contract provision absolving them for payment of demurrage charges on delayed cargoes when there are external forces beyond their control. This caused a growing backlog of vegetable oil imports (upon which India is heavily reliant) when they were unable to gain entry. Indian vegetable oil refiners are now reportedly running at less than half of their normal capacity.

At the same time, the Indian economy—the world's fifth largest—is slipping into recession. The Indian rupee has fallen to an all-time low against the U.S. dollar, making imports even more costly. The economic disruptions in 2019/20 are likely to be reflected by a 1-percent dip in Indian vegetable oil consumption (to 22.7 million tons) and an expected 7-percent decline in palm oil imports to 9.0 million tons. For 2020/21, Indian palm oil imports may recover to 9.2 million tons.

Other high-density countries are facing circumstances like India's and are similarly enforcing restrictions on public activities. Millions of people may be thrust into poverty by the inability to work and a lack of government support. These include major palm oil-importing countries with high populations such as Bangladesh, Pakistan, Philippines, and Egypt. It is assumed that the worst of the economic distress may take place in 2019/20, with gradually improving management of the crisis anticipated by 2020/21.

China's consumption of vegetable oil is expected to grow 3 percent in 2020/21 to 39.5 million tons. Although likely to be dwarfed by a much larger increase in domestic soybean oil production, China's palm oil imports for 2020/21 are forecast up 3 percent to 6.4 million tons.

EU palm oil imports peaked in 2018/19 at 7.3 million tons but have retreated ever since. The European Commission has revised its Renewable Energy Directive to cap use of biofuel feedstocks considered contributors to land use changes (primarily palm oil) at the 2019 level. For 2020/21, EU palm oil imports are forecast down 5 percent to 6.35 million tons. Yet, with negligible growth anticipated for EU vegetable oil consumption, few gains are likely for imports of soybean oil and sunflowerseed oil, either.

Suggested Citation

Mark Ash and Dana Golden, *Oil Crops Outlook*, OCS-20e, U.S. Department of Agriculture, Economic Research Service, May 14, 2020.

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