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Mali

Oilseeds and Products

Mali Oilseeds and Products Update

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Report Highlights:

The dramatic decline in cotton production in Mali over the past three years has been extremely detrimental to Mali's oilseed crushing industry and has left the country with what local traders describe as 'chronic deficits' of vegetable oil and protein meal. While mills hope to import cottonseed from neighboring countries, similar shortages exist in Burkina Faso and Cote d'Ivoire. As a result, palm oil imports are expected to rise dramatically. Feed producers are also looking for alternative sources of protein meal.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Dakar [SG1]
[ML]

Executive Summary

Cotton production in Mali has fallen 65 percent in the past three years, which has dramatically reduced the availability of cottonseed for crushing. This in turn has dramatically reduced production of cottonseed oil and meal. While attention has been focused on the deteriorating state of Mali's cotton ginning sector – which is controlled by the state-owned Compagnie Malienne du Développement des Textiles (CMDT) - only recently has attention turned to the plight of related industries, such as the oilseed crushing and feed manufacturing industries, which are largely privatized. There are also a number of artisanal vegetable oil and small scale livestock producers that have been impacted. Peanuts and peanut oil are also widely produced in Mali, however peanuts are an imperfect substitute for Mali's vegetable oil and protein needs. Government commitments have recently been made to support the local oilseed crushing industry and assist it to find alternative raw materials. The nature of this support is unclear. Importing cottonseed from neighboring Burkina Faso and Cote d'Ivoire is being pursued; however shortages exist in these countries as well. Importing soybeans and sunflower seed is also under consideration.

Vegetable Oil Production and Trade

Huicoma, Mali's largest oilseed crushing company has only recently reopened with state assistance after being closed for two years. Huicoma was formerly attached to the vertically integrated CMDT and was partially privatized in 2005. The state retains approximately 12 percent ownership of Huicoma. Huicoma also consisted of a soap and animal feed factory. Since its privatization, Huicoma has endured financial difficulties as cotton prices declined and cottonseed became scarcer. Huicoma's operations appear to be rejuvenated by state intervention and a recent highly publicized visit of the Minister of Commerce. Huicoma is expected to be allocated the majority of CMDT's available cottonseed, which is approximately 85,000 tons according to official USDA data. An interview with the Director of Commercialization revealed that in addition to oilseed crushing, Huicoma was one of the largest vegetable oil importers and distributors – purportedly controlling 80 percent of the market. Huicoma is prepared to import refined oil as well as crude oil and the management team has highlighted the capability to crush soybeans. In the short-term, to alleviate the 'chronic deficit' of domestic cooking oil, Huicoma plans on importing refined vegetable oil.

Huicoma has mills in Kita, Koulikoro and Koutiala in southern Mali. The capacity of these mills varies, but reports indicate that the mills have 1,350 tons of capacity/day combined. Huicoma has a 1,500 ton oil storage tank in Dakar to facilitate crude oil imports as well as a number of tanker trucks. Huicoma is member of the UEMOA Association of Vegetable Oil Producers. The Huicoma mill in Koutiala also produces feed. In addition to Huicoma, the other large oilseed processing company is the Malian Feed and Oils Manufacturer (FAMAB/SMO-Sa). There is also an association of 35 artisanal oil and feed producers (APHAM) that is competing for access to inputs. A recent press report suggested that Huicoma would receive 35,000 tons of cotton seed from CMDT while FAMAB/SMO-Sa would receive 21,000 tons, leaving approximately 30,000 tons for smaller artisanal producers. Other reports indicate that artisanal producers may be excluded from access to inputs, or limited to approximately 100 tons per operation, for a total of 3,500 tons. Cotton seed prices are set at 94,000 CFA/ton, or \$190/ton compared to about \$120/ton last year.

Huicoma officials estimate domestic demand of refined vegetable oil between 55,000 and 60,000 metric tons that is comprised of cottonseed oil and palm oil. Peanut oil and shea butter are produced locally and don't enter traditional markets. Small quantities of artisanal-produced sesame oil are also available. At the retail level small quantities of refined imported soybean, sunflower and canola oil can also be found. Mali's deficit of refined vegetable oil is currently met by imports of refined palm oil. Imports of soybean oil are also forecast to increase in 2008/09.

Mali Vegetable Oil Production, Consumption and Trade

1000 MT	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Production						
Cottonseed oil	42.0	36.0	37.0	30.0	16.0	12.0
Peanut oil	21.0	26.0	22.0	36.0	24.0	40.0
Total production	63.0	62.0	59.0	66.0	40.0	52.0
Imports						
Soybean oil	0.0	0.0	0.0	0.0	5.0	10.0
Palm oil	12.0	18.0	15.0	25.0	25.0	30.0
Total Imports	12.0	18.0	15.0	25.0	30.0	40.0
Exports						
Peanut oil	13.0	11.0	18.0	15.0	11.0	14.0
Total Exports	13.0	11.0	18.0	15.0	11.0	14.0
Domestic Consumption						
Cottonseed oil	42.0	36.0	37.0	30.0	16.0	12.0
Peanut oil	10.0	10.0	10.0	13.0	21.0	21.0
Soybean oil					5.0	10.0
Palm oil	12.0	18.0	15.0	25.0	25.0	25.0
Total	64.0	64.0	62.0	68.0	67.0	68.0
Disappearance						

Note: These figures are estimates based on USDA official cotton and peanut production, available trade data, and numerous unofficial sources.

Protein Meal Production and Trade

As with cottonseed oil, cottonseed meal has dramatically declined in Mali over the past five years. At 37,000 tons in 2008/09, production has declined by about 90,000 tons in the past five years. Cottonseed meal is used primarily for ruminant livestock feed (cattle, sheep and goats), where it can be included up to a level of approximately 20 percent in local rations. Cottonseed meal is used in rations up to 5 percent for poultry feed. Other meals used in local feed production include peanut, sunflower, soybean and copra meal. With the exception of peanut meal, the local availability of the other protein meals is quite limited.

Meanwhile, prepared feed production is increasingly important as the livestock sector modernizes. In addition to the large scale and artisanal oilseed crushers, Mali's other large feed producers include its two wheat mills – Grands Moulins de Bamako (GMD) and the Grand Distributeur Céréaliier au Mali (GDCM). GMD has recently opened a feed mill and plan to produce 5,000 tons of ruminant feed per month. GMD plans to begin production of poultry feed in the near future – a project that is delayed by the lack of vegetable protein due in part to the decline in cotton production. Soybean meal is not consistently available and is imported in containers. GMD plans to produce 2,000 tons of poultry feed per month. The industry is suffering a protein meal deficit, as there is a fraction of this available year to year. Feed supplies during the dry season, where grasses and fodder crops are depleted, are especially important. Soybean meal imports of at least 15,000 metric tons are needed to fill the demand for protein. Aquaculture is also expanding and creating new market opportunities for protein meal. Current market prices reflect the shortage. Small scale poultry producers are paying 400-500 CFA/kg for soybean meal, which translates to \$800-\$1,000 per ton.

Mali Protein Meal Production

Commodity	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Meal, Cottonseed	126	107	112	90	48	37
Meal, Peanut	21	26	21	38	23	41
Total	147	133	133	128	71	78