

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 8/02/2012

GAIN Report Number:

Senegal

Post: Dakar

Oilseeds and Products Annual 2012

Report Categories:

Oilseeds and Products

Agricultural Situation

Approved By:

Joani Dong, West Africa Regional Agricultural Attaché

Prepared By:

Russell Knight, Deputy West Africa Regional Agricultural Attaché

Fana Sylla, Agricultural Specialist

Report Highlights:

Post estimates that in MY 2011/2012 (Nov 2011 – Oct 2012) in-shell peanut production fell even further below government figures of 527,528 MT to 300,000 MT, less than 25 percent of last year's production of 1.3 million MT. Last year's drought affected agricultural production in the Sahel and severely impacted production and availability of quality seeds for the 2012/13 campaign. Therefore, Post believes that MY 2012/13 production may not exceed 500,000 MT.

After Senegal's record peanut harvest in MY 2010/11, production plummeted the following year.

Production

Government of Senegal (GOS) estimates



A local restaurant in Dakar adorned with decorative giant peanuts, testament to its popularity in menus.

(Source: FAS Dakar)

MY 2011/12 peanut production at 527,528 MT down from 1.3 million MT in MY 2010/11. However, Post believes that peanut production will actually fall below 300,000 MT in MY 2011/12 based on exports and peanuts collected by oil processing companies. Moreover farmers and oil processing companies believe that MY 2011/12 peanut production varied between 200,000 MT and 300,000 MT. In MY 2011/12, production shortfalls resulted from a bad rainy season. Rains started earlier, distributed poorly and intermittently (there was a 3-week pause), and stopped prematurely. Farmers had to replant seeds many times with some abandoning fields which reduced area planted, as well as yields to 0.61 MT per hectare from 1.07 MT per hectare in

MY 2010/11. Uniformity and quality of grains dropped giving a mix of mature and immature grains with low density (weight of seed within the shell) and lower percentage of oil content (30 percent in MY 2011/12 compared to 34 percent in MY 2010/11).

Post believes that the quantity of peanut production forecasted at 1.3 million tons for MY 2012/13 is unrealistic. Even though GOS sorts out bad seeds, quality remains low and stock is insufficient. Post forecasts a much more conservative production that will not exceed 500,000 MT in MY 2012/13.

Insufficient quality seeds to impact MY 2012/13 production

Declines in seed stock and price increases for MY 2012/13 prompted the GOS to decrease the initial forecast of seeds to be subsidized (from 80,000 MT to 40,000MT) after checking seed quality in the market. (See Table 1). GOS requested assistance from FAO for 25,000 tons of peanut seeds. However, FAO could only deliver 940 tons of shelled peanut funded by Canadian International Development Agency. Post has also been told that farmers are importing seeds from Mali and Burkina Faso, but with no quality control, no certification, and no subsidies provided by GOS. These seeds are sold on the local market at 600 F CFA (\$1.2) per kg, six times more expensive than the subsidized price [100 F CFA (\$0.2) per kg].

Many farmers are organized into cooperatives to produce certified peanut seeds for members. The *Reseau National des Cooperatives de Producteurs de Semences d'Arachides* (RNCPS) represents 26 cooperatives located in six regions in Senegal (Kaffrine, Kaolack, Tambacounda, Diourbel, Thies, and Saint Louis) with 7,080 members. Each cooperative is composed of a director, a technician and seven extension agents to assist farmers. Due to a bad rainy season, this national network of peanut seed

cooperatives planted 35,700 hectares in MY 2011/12, but only produced 4,450 MT of certified seeds. For example, in the community of Ganda, region of Kaffrine, the quantity of certified seeds produced decreased from 603 tons in MY 2010/11 to 97 tons in MY 2011/12.

Private operators (OPs) and oil processing companies used to sell seeds to GOS without quality control. With the start of the 2012/13 agricultural campaign, the new government implemented a new policy of testing all seed stocks proposed for sale (regardless of seller) before buying them. A lot of seeds were rejected for not meeting standards. The national seed lab managed by the Division of Seeds (DISEM) under the Ministry of Agriculture (MOA) is the only organization that can certify seeds in Senegal. Once analyzed, results are centralized at the MOA which approves and decides whether or not to buy.

However, lab technicians from government seed laboratories, in charge of analyzing those seeds, stated they were not confident about the way sampling was performed. Any individual or company that wants to sell seeds to the GOS presents samples of its choosing, naturally ones that look the best. Sellers keep their seed stock while the laboratory conducts analysis. Therefore, technicians cannot guarantee the same level of seed quality when they are sold to the GOS. One of the oil processing companies that is also the main supplier of seeds to the GOS preferred to cancel delivering seeds for MY 2012/13 knowing that quality control performed on its stock would indicate low germination rates. As a result, the company decided to process all peanut seeds into oil.

Table 1: Selling price and subsidized price of seeds MY 2011/12 and MY 2012/13

Type of peanut		MY 2011/12 (F CFA)	MY 2012/13 (F CFA)
In-shell peanut	Subsidized price to farmers	100 (\$0.20)	100 (\$0.20)
	Selling price by OPs to GOS	250 (\$0.50)	325 (\$0.65)
Shelled peanut	Subsidized price to farmers	280 (\$0.56)	280 (\$0.56)
	Selling price by OP to GOS	580 (\$1.16)	800 (\$1.60)

Source: Direction Regional of Agriculture (DRDR)

Marketing

On September 2011, the *National Inter-Professional Peanut Committee of Senegal* (CNIA) announced the fixed in-shell peanut market price at 175 F CFA (\$0.35) per kg for MY 2011/12, a 6 percent increase from the previous year (165 F CFA (\$0.33) per kg). However, the MY 2011/12 price was not subsidized by the GOS compared to MY 2010/11 when GOS subsidized 15 CFA per kilo (\$0.03).



(Source: FAS Dakar)

MY 2011/12 officially started on November 28, 2011. At the beginning of MY 2011/12 campaign, the biggest peanut processor in Senegal “SUNEOR” was able to mobilize \$100 million through bank partners to buy peanuts from OPs. The previous year, banks were reluctant to provide loans to oil processing companies because of remaining debts which resulted in purchase delays of peanuts. All OPs, in charge of peanut stocking and transportation, were paid, for the most part, from peanut oil processing companies for the previous campaign.

Small artisanal oil press machine

Designated OPs and farmers are only allowed to sell peanuts to oil processing companies. By contrast, these companies are not allowed to use their own trucks to buy directly from markets. Each OP has assigned collection points where it can buy peanuts and deliver to oil companies. In MY 2011/12, the number of collection points from last year dropped by more than 400 to 1,516, as supplies of peanuts dwindled. On April 1, 2012, 18 weeks after the marketing campaign started, the three main peanut processing companies Suneor, *Nouvelles Valorisation d'Arachide du Senegal* (Novasen) and *Complexe Agro-Industriel de Touba* (CAIT), only collected 34,272 tons compared to 256,516 tons at the same period in MY 2010/11. MY 2011/2 was unique for many reasons:

- OPs did not have enough money to buy peanuts due to bank delays in approving credit at the beginning of the marketing campaign.
- Foreign buyers offered higher prices which diverted peanuts from local processors.

A significant quantity of peanuts was processed into artisanal oil.

Low quality peanuts and low stocks disrupt value chain

In discussions with Post, SUNEOR stated that Senegal needed at least 1.0 million tons of peanuts to have enough stock sell to private buyers and to OPs.

Shortage of peanuts contributed to economic and social problems for day laborers of oil processing companies. Companies did not process enough peanuts and therefore, day laborers could only work for two months instead of six to eight months which reduced income. Companies continue to pay permanent employees even though there is little or no activity.

Low peanut density within the shell caused technical problems, and equipment had to be recalibrated. Also, shelling, oil extraction, and meal rates were not as favorable as the previous year's (MY 2010/11).

To overcome these problems, peanut oil companies are looking into alternative sources to process into vegetable oil. They are testing imported soybean and sunflower seeds to be processed into refined oil and producing peanut cake for animal feeder mixing peanut shell with corn and salt (See Photo below) for export to neighboring countries. Suneor also imports crude palm oil and refines it in-country. Senegal has issued a decree in 2009 to ban imported palm oil containing more than 30 percent saturated

fatty acids for health reasons, but WAEMU suspended this decree the following year to allow the free circulation of goods within the region. Suneor stated it would probably continue to produce peanut oil as long as there were peanuts produced in country because GOS is not only a shareholder of the company, but also has to support the peanut sector.



Pellets and peanut cake processed by NOVASEN, second largest peanut processing Company in Senegal

(Source: FAS Dakar)

Artisanal processors play a role in the value chain

In MY 2010/11, Senegal reached record peanut production of 1.3 million tons, but oil processing companies could only collect 258,000 MT. It is understood that farmers and local organizations started processing leftover peanut stock into oil called “segal” using small peanut oil presses (see photo). This oil is sold in the local market for \$1.80 per liter, a source of revenue and jobs for rural populations. It is difficult to determine the quantity of peanuts processed because artisanal processors are mostly informal and not registered with the government.

Post visited one such organization, *Groupement Inter Villageois des Producteurs d’Arachide* (GIPA) comprised of 150 women members in Taiba Niassene, because it is the biggest organization in the region of Kaolack that processes large quantities of peanut into artisanal oil and peanut butter using a large press machine donated by the GOS in 2010. Members of the organization said that four similar oil presses were donated by GOS in Touba and two in Kaolack regions.

Women were trained by the *National Food Institute* (ITA) to produce and treat oil against aflatoxin contamination. In MY 2010/11 the organization collected 300 MT of in-shell peanuts and produced 3,000 liters of peanut oil. In MY 2011/12, only 50 MT were collected, however, members of the association said that they had difficulty accessing the market. In addition to marketing, Post believes that they need capacity building in quality control and hygiene to present a safer product to the market.

Trade

Senegal’s *National Agency of Statistics and Demography* (ANSD) reported on the Global Trade Atlas an export increase in the last three years from 140 tons in 2009 to 16,000 tons in MY 2011/12 mainly to the United Kingdom and China. (See Table 2). Exports reached 9,571 tons from January to April 2012

compared to 8,832 tons from Jan to April 2011 and 523 tons from Jan to April 2010. Most of the peanuts are being exported to China and Vietnam.

Since 2009, Senegal has permitted exports of peanuts, and this has allowed several countries (China, Russia, and the US) to drive exports by offering higher prices compared to fixed prices determined by CNIA (\$0.33 per kg). Exporters bought all types of peanuts without sorting compared to oil processing companies that would reduce the price for unsorted peanuts (waste, broken grain, etc.). According to the RNCPS, exporters paid \$1.10 per kg for sorted peanuts, \$0.84 per kg for broken grains and \$0.40 per kg to \$0.6 per kg for in-shell peanut. With these attractive prices farmers ended up selling almost all supplies to exporters without even saving enough seeds for the next campaign.

In the meantime, crude peanut oil exports doubled from 2009 to 2011 (31,000 tons vs. 61,000 tons) mainly to France, Lebanon, and Switzerland. However, the quantity of oil exported from January to April 2012 decreased considerably from 19,823 tons in January-April 2011 to 2,231 tons the same period. Reflecting a drop of peanut production in MY 2011/12 and increase in quantity of peanuts being exported. (See Table 3)

Table 2: Senegalese Peanut Export Data from Jan–Dec 2009 to 2011 and Jan-April 2012

Partner country	Unit	2009	2010	2011	2012 (Jan-April)
Total worldwide	T	140	4,644	15,995	9,571
China	T	0	840	6,390	4,013
Vietnam	T	0	0	0	3,866
United Kingdom	T	18	2,553	4,320	450
Sierra Leone	T	0	0	765	111
Serbia & Montenegro	T	0	0	529	0
United Arab Emirates	T	0	630	1,386	0
Other	T	122	1,251	3,991	1,131

Source: Global Trade Atlas - National Agency of Statistics and Demography

Table 3: Senegalese Peanut oil export data from 2009 to 2011

Partner Country	Unit	2009	2010	2011	2012 (Jan-April)
Total worldwide	T	31,001	52,783	60,890	2,231
Italy	T	15	63	1,173	1,562
Lebanon	T	13,310	34,265	39,852	1
France	T	2,706	3,040	7,311	2
Switzerland	T	0	8,048	6,559	215

Netherlands	T	4,509	4,017	2,296	0
Guinea	T	16	95	1,252	331
Other	T	10,461	3,350	3,699	451

Source : Global Trade Atlas - National Agency of Statistics and Demography

Government policy

GOS continues to support peanut production and is certain that Senegalese farmers will continue to grow peanuts as it is a major cash and food crop as well as its soil enriching properties. However, Post believes that the quality of seed distributed to farmers needs to be improved in order to increase peanut production. GOS should encourage cooperatives to produce more certified seeds. Local peanut processors should be monitored and follow regulations to produce good quality oil that respond to international norms to prevent health problems.

In MY 2011/12, the Ministry of Agriculture (MOA) sold 69,000 tons of peanut seeds to farmers at a subsidized price of \$0.20 per kg for in-shell peanut seeds and \$0.56 per kg for shelled seeds, totaling \$20.6 million. Farmers were frustrated with the quality of seeds sold by the GOS in as they produced with lower yields.

As previously mentioned, declines in quantity and quality of available seed stock in view of MY 2012/13 prompted the GOS to decrease the initial forecast of seeds to be subsidized (from 80,000 MT to 40,000MT). However, peanut seeds and fertilizer distribution for MY 2012/13 by GOS started on time and left the fertilizer price unchanged from the previous year (6,000 F CFA for a 50kg bag).

Exchange rate: 1.00 US Dollar = 500 CFA Franc

For more information on the history and structure of the groundnut sector in Senegal, please see previous reports, including the Senegal Oilseeds and Products: Annual Update 2008, 2009, and 2011.

Acronyms

CAIT -	Complexe Agro-Industriel de Touba
CNIA -	National Committee of the Groundnut Industry Association
DISEM –	Division of Seeds (Senegal)
GOS -	Government of Senegal
MOA –	Ministry of Agriculture
Novasen -	Nouvelles Valorisation d'Arachide du Sénégal
OPS -	Private operators in charge of stocking and transportation of groundnuts
PSD -	Production, supply, and demand
RNCPS –	National Network of Cooperatives of Producers of Peanut Seeds (Réseau national des coopératives de producteurs de semences d'arachides)

SUNEOR- Means our (sunu) gold (or) peanut in Wolof. The company was known as SONACOS prior to 2007

Production, Supply and Demand Data Statistics

Oilseed, Peanut Senegal	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		Market Year Begin: Nov 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,000	0	1,000	0	100	0
Area Harvested	1,000	0	1,000	490	1,000	825
Beginning Stocks	32	32	259	32	33	5
Production	1,286	0	700	300	1,000	500
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1,318	32	959	332	1,033	505
MY Exports	0	0	0	10	0	20
MY Exp. to EU	0	0	0	5	0	10
Crush	650	0	550	34	650	100
Food Use Dom. Cons.	259	0	255	253	255	300
Feed Waste Dom. Cons.	150	0	121	30	115	75
Total Dom. Cons.	1,059	0	926	317	1,020	475
Ending Stocks	259	32	33	5	13	10
Total Distribution	1,318	32	959	332	1,033	505
1000 HA, 1000 MT						

Meal, Peanut Senegal	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		Market Year Begin: Nov 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	650	0	550	34	650	100
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	25	20	17	20	18	4
Production	258	0	218	14	258	40
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	283	20	235	34	276	44
MY Exports	45	0	15	0	30	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0

Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	221	0	202	30	223	38
Total Dom. Cons.	221	0	202	30	223	38
Ending Stocks	17	20	18	4	23	6
Total Distribution	283	20	235	34	276	44
1000 MT, PERCENT						

Oil, Peanut Senegal	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		Market Year Begin: Nov 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	650	0	550	34	650	100
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	23	23	25	23	8	1
Production	218	0	184	10	218	30
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	241	23	209	33	226	31
MY Exports	63	0	46	8	63	25
MY Exp. to EU	0	0	0	2	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	153	0	155	24	155	5
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	153	0	155	24	155	5
Ending Stocks	25	23	8	1	8	1
Total Distribution	241	23	209	33	226	31
1000 MT, PERCENT						