



PROJECTING INTERNATIONAL DEMAND FOR AND SUPPLY OF PROTEIN FEED

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Abstract

South Africa is currently a net importer of protein meal with 1998 imports exceeding R1 billion. Information regarding the cost of future imports will assist South African decision makers with regard to stimulating the South African protein industry. A spreadsheet model which readily allows scenario analysis is developed to project future supply of and demand for protein feed. Estimated price elasticities of supply and demand enable the model to project equilibrium consumption and price until 2020. The model incorporates as growth parameters: income growth, population growth and income elasticity of demand. It also allows for income elasticities to decline as incomes rise. Assuming a 3% annual growth in supply, the model forecasts that real price for protein meal will remain relatively constant to 2020. However, if supply increases linearly price is forecast to increase 22% by 2020. Developing Asia, notably China, accounts for most demand growth and projections are sensitive to growth assumptions for China.