WEEKLY NEWS ARTICLE UPDATE

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Export Sales Highlights

This summary is based on reports from exporters for the period November 22-28, 2013.

Soybeans: Net sales of 805,200 MT for 2013/2014 marketing year were reported for unknown destinations (298,500 MT), Spain (132,100 MT), Mexico (86,600 MT), the Netherlands (75,200 MT, including 70,000 MT switched from unknown destinations), and Thailand (66,100 MT, including 60,000 MT switched from China). Decreases were reported for Canada (11,200 MT). Net sales of 355,600 MT for 2014/2015 were reported for unknown destinations (175,000 MT), China (170,000 MT), and Mexico (10,600 MT). Exports of 1,878,100 MT were primarily to China (1,420,100 MT), Thailand (87,600 MT), the Netherlands (75,200 MT), Spain (72,100 MT), Japan (39,200 MT), and Taiwan (37,800 MT).

Optional Origin Sales: For 2013/2014, outstanding optional origin sales total 280,000 MT, all China.

Exports for Own Account: For 2013/2014, exports for own account totaling 27,200 MT were reported to Canada. Decreases in exports for own account totaling 14,600 MT were reported to Canada. The current exports for own account balance is 36,900 MT, all Canada.

Soybean Cake and Meal: Net sales of 120,400 MT for 2013/2014 were reported for Mexico (41,200 MT), Denmark (39,000 MT, including 40,000 MT switched from unknown destinations and decreases of 1,000 MT), Poland (25,600 MT, including 19,000 MT switched from unknown destinations), and Israel (12,000 MT). Decreases were reported for unknown destinations (34,000 MT) and the Dominican Republic (2,500 MT). Net sales of 10,500 MT for 2014/2015 were reported for Mexico. Exports of 317,900 MT were primarily to the Philippines (104,300 MT), Vietnam (50,100 MT), Denmark (39,000 MT), Poland (25,600 MT), and Canada (17,000 MT).

Soybean Oil: Net sales of 1,400 MT for 2013/2014 resulted as increases for the Dominican Republic (4,600 MT, switched from unknown destinations), Mexico (1,300 MT), and Nicaragua (400 MT). Decreases were reported for unknown destinations (4,600 MT) and Canada (400 MT). Exports of 29,000 MT were primarily to China (20,000 MT), the Dominican Republic (4,600 MT), Mexico (3,200 MT), and Canada (600 MT).

Food Subsidies Challenge WTO Ability to Keep Trade Deal on Table

By Neil Chatterjee

Dec. 3 (Bloomberg) -- Negotiators are seeking to salvage the credibility of the World Trade Organization at a meeting in Bali this week, as the lack of agreement over farm subsidies threatens to end 12 years of talks on a global trade pact. The 159-member World Trade Organization has made more progress on the Doha round of talks in the last few months than in the past five years, spokesman Keith Rockwell told Bloomberg TV Indonesia yesterday. Yet negotiators didn't nail down a package of agreements for ministers to ratify in Bali, WTO Director-General Roberto Azevedo said in Geneva ahead of this week's meeting.

Failure to agree on a pact, which supporters estimate could boost the world economy by as much as $1 trillion, will call into question the effectiveness of the WTO and may mean the end of the Doha process, Azevedo said. India is opposing the current proposals on farm subsidies as a risk to its food security.

"If we cannot deliver here it sends a very bad message about the ability of the WTO as a negotiating forum," Rockwell said in Bali.

Trade facilitation and agriculture remain contentious topics, with India looking to subsidize up to 10 percent of certain food staples and the U.S. against such a move, Indonesia's Trade Minister Gita Wirjawan said. An agreement that amounted to even 5 percent of what Doha initially aimed for would be better than nothing, he told reporters in Bali yesterday.

Farm Subsidies

Negotiators in Geneva produced a compromise deal on Nov. 13 to be agreed in Bali to give India a four-year reprieve from legal challenges over its farm subsidies, according to Daniel Pruzin, an analyst at Bloomberg BNA. Still, India wants ab permanent solution to its demands for amendments to WTO rulesb that would exempt food security programs from being counted under subsidy spending caps, Pruzin said.

The group's rules for determining farm subsidies are outdated and subsidizing the agricultural industry in developed
countries is not even a subject of discussion, India's Commerce Minister Anand Sharma said in Bali on Dec. 2. The world's second-most populous nation won't compromise on its food security at the talks, he said.

"We cannot continue to have rhetoric of a development agenda without even a reasonable attempt to address the issues which are of primary concern to developing economies," Sharma said in a speech.

'Tangible Result'

Host Indonesia, keen for a positive outcome as President Susilo Bambang Yudhoyono heads toward the last six months of his government, has itself come under criticism by the Organisation for Economic Co-operation and Development for import curbs on foods to promote local industry. The government this year backtracked on rules restricting beef and soybean imports after prices soared.

Wirjawan said last week that there was a good chance of a package out of Bali, including on areas such as quota-free
cotton, and called on his counterparts to find middle ground. "We must not forget that the importance of coming out from Bali with some tangible result is important for the longevity and the sustenance of our belief in the multilateral trading system," he told reporters yesterday.

Argentina Gives Boost to Biodiesel Industry Hit by EU Duties

BUENOS AIRES, Dec 2 (Reuters) - Argentina on Monday announced an increase in the mandatory mix of biodiesel used in domestic diesel supplies to boost an industry hit by punitive anti-dumping duties in the European Union, its main market.

It also ordered the country's thermo-electric generating plants to use biodiesel, further raising demand for the fuel made form soyoil.

Oil companies will have to raise to 10 percent from 8 percent the mix of biodiesel added to diesel sold in Argentina as of Dec. 1, Planning Minister Julio De Vido said.

Argentina is the world's top exporter of soyoil-based biodiesel. Shipments to the EU plunged this year as the bloc moved to slap anti-dumping duties on imports of Argentine and Indonesian biodiesel arguing they were hurting European producers. (Full Story)

The measures taken by Argentina will increase supplies of biodiesel on the domestic market by 450,000 tonnes and will save the country $50 million a year on fuel imports.

One third of Argentina's installed capacity for biodiesel will go to domestic consumption, De Vido told a news conference.

Argentina is exporting more soyoil as European demand for its biodiesel has declined.

Australia Rejects ADM Takeover Bid for GrainCorp

Big News Network -- CANBERRA, AUSTRALIA -- December 2, 2013 -- In an unexpected move, Australia Friday rejected the A$3.4 billion ($3.1 billion) takeover bid by U.S. agribusiness giant Archer Daniels Midland (ADM) for Australian grain handler GrainCorp Ltd. bowing to pressure from grain growers who had been campaigning that local ownership was vital to the nation's food industry.

The surprise announcement comes after months of vocal opposition to the sale from the Nationals and rural Liberal MPs.

Invoking a rarely used power to block foreign investment, Treasurer Joe Hockey rejected the 100 percent takeover of GrainCorp on national interest grounds after Australia's Foreign Investment Review Board (FIRB) failed to reach a consensus recommendation.

"Many industry participants, particularly growers in eastern Australia, have expressed concern that the proposed acquisition could reduce competition and impede growers' ability to access the grain storage, logistics and distribution network," Hockey told reporters in Sydney.

"Given that the transition towards more robust competition continues and a more competitive network is still emerging, I consider that now is not the right time for a 100 percent foreign acquisition of this key Australian business."

Hockey said he was open to ADM increasing its 19.85 percent stake in GrainCorp to 24.9 percent, but his ruling effectively ring-fences GrainCorp from any takeover.

Last year ADM offered to buy out the remaining 80 percent interest in the company. A sweetened offer in May amounted to A$12.20 ($12.63) a share in cash, giving all of GrainCorp a value of A$3.4 billion.

The deal had been seen as the first test of the conservative government's vow that Australia was "open for business" after the victory of Tony Abbott's Liberal Party in elections in September.

Defending the decision, Abbott told reporters: "The Treasurer has been the guardian of our national interest.

"And I want to make it crystal clear we are open for business. We are open for foreign investment but it has to be foreign investment that accords with our overall national interest."

The Nationals, who campaigned heavily against the full takeover, welcomed the government decision, saying a strong locally-owned GrainCorp was vital to the nation's food industry.

Opposition treasury spokesman Chris Bowen accused Hockey of caving in to the Nationals, showing himself to be a "weak" Treasurer who would not take politically difficult decisions to ensure the nation's prosperity.

"Today Joe Hockey has sent a message to everybody who is thinking of investing in Australia. And that message is, `I'll only tick it off if it passes the popularity test'," Bowen said.

"The claims by this government that they would lure back investment into Australia lie in tatters this morning because Joe Hockey is too weak a Treasurer to do the right thing by Australia."

Shares in GrainCorp slumped more than 25 per cent or $2.89 each to $8.31 when they began trading shortly before midday and by late trading were down 22 per cent at $8.73 each, about the same as it was in October 2012 when ADM first launched its takeover bid.

GrainCorp also warned that Hockey's rejection of the takeover will have "enduring implications" for Australian agriculture.

"Today's events will have enduring implications that will be felt not only by our shareholders but by the entire industry," GrainCorp chairman Don Taylor said in a statement.

"Australian agriculture has been prevented from realising the potential benefits from the significant capital ADM would have invested in the long-term future of the industry."

Australia is the world's second largest wheat exporter and GrainCorp is the largest listed grains company. It dominates the country's east coast storage, distribution and marketing of grains, owning seven of the 10 grain port terminals and handling 85 percent of eastern Australia's exports.

"We are disappointed by this decision," ADM Chairman and CEO Patricia Woertz said in a statement. "We are confident that our acquisition of GrainCorp would have created value for shareholders of ADM and GrainCorp, as well as grain growers and the Australian economy."

The deal had previously been approved by Australia's competition regulator and analysts had widely expected it to proceed.

But it had stoked divisions between the Liberal Party, which is seen as pro-investment, and its junior partner, the rural-based National Party, which opposed the deal.

National Party leader Warren Truss, who is also deputy prime minister, was one of the most prominent figures to call on Hockey to reject the deal, citing concerns over selling national assets to foreign companies and decreased competition.

Only a handful of foreign investment deals are rejected by Australian authorities each year and ADM's tilt at GrainCorp is far from the first foreign deal in the agriculture sector.

Hockey said the deal was the only one of 131 significant foreign investment applications that had been rejected since he came to office.

ADM's interest in GrainCorp was part of a wave of international interest in Australia's agricultural industry, most recently in the dairy industry where Australia's Warrnambool Cheese and Butter Factory Company Holdings Ltd has sparked a bidding war.

China to Strictly Control Imported Grain's Flow into State Reserves

CHANGCHUN, Dec 01, 2013 (Xinhua via COMTEX News Network) -- China will ban state stockpilers from purchasing imported corn and soybeans this year to guard against genetically modified organism (GMO) risks.

Currently, it is a high season for autumn grain selling in Northeast China, the country's granary and major production base of corn, rice and soybeans. The marketing of new grain will last for four to five months.

The China Grain Reserves Corporation, the state stockpiler, started purchases of corn and soybeans in Northeast China last week and the stockpiling will come to an end on April 30, 2014.

Meanwhile, to boost grain enterprises' buying interest, the country will grant subsidies for purchases of new japonica rice and corn. The standard of subsidies is set at 140 yuan/metric tonne (tonne).

This year, given the cheaper grain prices on the international market, China will also strictly prevent imported corn and soybeans from entering state reserves to protect farmers' interest.

German Biodiesel Exports Rise Sharply to U.S.

HAMBURG, Dec 6 (Reuters) - German biodiesel exports rose sharply this year, with large sales to the United States, as domestic demand for the green fuel was sluggish, agricultural consultancy AMI said on Friday.

Germany's biodiesel industry, Europe's largest, has been working at only around 50 percent of capacity after a tax on the fuel was introduced in 2006. A series of plants have closed or declared insolvency in the past five years. Biodiesel exports between January to September 2013 rose 29 percent on the year to 1.11 million tonnes while imports in the same period fell 26 percent to 446,800 tonnes, it said.

Some 89 percent of exports went to the EU with the Netherlands the largest single customer, taking 355,000 tonnes.

Germany also sold 100,000 tonnes of biodiesel to the United States in this period, up from only about 500 tonnes in the previous year.

But Germany’s own biodiesel consumption in this period fell by about 15 percent on the year to 1.62 million tonnes, AMI figures showed.

Of the total, 1.59 million tonnes was to meet the country’s compulsory blending of biofuels in fossil fuels to protect the environment.

Only 25,000 tonnes of pure biodiesel was sold at petrol stations in this period, down from 94,000 tonnes in the same year-ago period.

Pure biodiesel is currently about 17 euro cents a litre more expensive than fossil diesel, AMI figures show.

Argentina Not Planning to Cut Soy Export Tax

By Hugh Bronstein

BUENOS AIRES, Dec 5 (Reuters) - Argentina is not on the verge of cutting its soybean export tax despite market rumors to the contrary and pressure on the government to stimulate international sales, a well-placed source at the agriculture ministry said on Thursday.

"As far as I know, there is nothing," said the source, who spoke on condition of anonymity.

Rumors of a cut in Argentina's 35 percent soybean-export tax started on Wednesday when daily newspaper La Nacion published a story, citing unnamed sources, saying that a temporary cut in the levy was being studied by policymakers.

"It's a rumor, no more," local agriculture consultant Pablo Adreani told Reuters. "I don't believe it because the government needs money too much to consider a tax cut."

At a time of rising global food demand, the South American grains powerhouse is the world's No. 3 soybean exporter, as well as its top supplier of soymeal animal feed and soyoil, used to make biofuels.

But with confidence falling in Latin America's inflation-hit No. 3 economy, central bank reserves have slumped more than 30 percent so far this year to $30.5 billion.

Desperate for greenbacks, the government said farmers are sitting on $6.5 billion worth of soybeans in a bid to avoid exposure to the wobbly Argentine peso. The government has imposed currency controls to slow capital flight by keeping dollars out of the hands of Argentine savers and businesses.

"It's more reliable to save in soybeans than in pesos, which are losing their value by the day," said Adreani, who estimated that growers have stacked up 10 million to 12 million tonnes of soy throughout the country.

The breach between the official foreign-exchange rate and the black-market rate has spiked to 55.6 percent as the government uses central bank reserves to prop up the local currency in the face of capital flight.

Confidence has been battered by Argentina's inflation rate – estimated by private economists at 25 percent – and the government’s unorthodox and unpredictable policymaking.

The soy hoarding has increased worries about the lack of foreign-exchange inflows. Despite the mounting pressure, no one in the government could be found on Wednesday or Thursday to substantiate market chatter about a coming export-tax decrease.

A source at the economy ministry also knocked down the rumor.

China Seen Levying Consumption Tax on Fuel Blends in January

By Chen Aizhu and Jessica Jaganathan

BEIJING/SINGAPORE, Dec 5 (Reuters) - China is expected to levy a hefty consumption tax on biodiesel as early as next month, to curb high imports of the blended fuel that have displaced domestic diesel sales, traders said.

The world's top energy consumer is also expected to impose a tax on blending components for gasoline and diesel in January, a year later than expected, the traders said on Thursday.

The taxes would create a supply gap for both diesel and gasoline in China, forcing state refiners to scale back exports and supporting margins in Asia.

China is looking at a tax of 940 yuan ($154) per tonne for biodiesel, and 1,385 yuan ($227) for power kerosene and mixed aromatics - blending components for diesel and gasoline.

China's State Administration of Taxation had initially planned to impose a tax of about 1,350 yuan on the latter two at the start of this year.

"It's all part of a gray market that the government intends to clean up," said a Beijing-based oil trader.

While the tax on power kerosene and mixed aromatics was expected, biodiesel grabbed China's attention after a state refiner complained that supplies of the blended fuel were disturbing the market, another Beijing-based trader said.

Biodiesel imports, mostly by private firms including storage operators, have surged to an estimated 1.7 million tonnes for 2013 on tax and trade incentives. But some shipments contain a far lower biofuel component than required by Chinese customs.

"The so-called biodiesel imported was basically normal diesel," the trader said.

As a result, imported biodiesel displaced local diesel sales, prompting state refiners Sinopec Corp and PetroChina to boost diesel exports to new highs and those of gasoline to a three-year high.

Biodiesel with less than 30 percent of biofuel is classified as "petroleum", while that with 30 percent or more biofuel is categorized as "miscellaneous chemical products", say China's 2012 customs rules.

The new consumption tax will be imposed on the former.

Total imports of this blend were about 500,000 tonnes in the first six months this year. Since then average monthly purchases have doubled to around 200,000 to 300,000 tonnes, shipped mainly from Malaysia, Indonesia and Thailand.

Small refiners and independent fuel dealers in late 2010 imported power kerosene, a blend not subject to consumption taxes and that could be easily turned into diesel. The practice eventually led to detention and fines for two traders.

Imports of mixed aromatics have soared since 2009 to peak at 3.6 million tonnes in 2011, falling back slightly to about 3 million in 2012.