WEEKLY NEWS ARTICLE UPDATE

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Export Sales Highlights

This summary is based on reports from exporters for the period April 3-9, 2015.

Soybeans: Net sales of 312,600 MT for 2014/2015 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for Germany (96,000 MT, previously reported for the Netherlands), the Netherlands (85,000 MT, including 80,000 MT switched from unknown destinations), unknown destinations (27,000 MT), South Korea (26,300 MT, including 25,000 MT switched from unknown destinations), Japan (21,500 MT), and Morocco (16,300 MT, including 17,500 MT switched from unknown destinations and decreases of 1,200 MT). Net sales of 226,200 MT for 2015/2016 were for China (165,000 MT), unknown destinations (60,000 MT), and Japan (1,200 MT). Exports of 563,100 MT were up 7 percent from the previous week, but down 13 percent from the prior 4-week average. The primary destinations were China (196,400 MT), Germany (96,000 MT, previously report for the Netherlands) the Netherlands (85,000 MT), Mexico (41,100 MT), Japan (27,000 MT), South Korea (26,600 MT), and Egypt (22,400 MT).

Optional Origin Sales: For 2014/2015, outstanding optional origin sales total 656,000 MT, all China.

Exports for Own Account: The current exports for own account balance is 1,900 MT, all Canada.

Export Adjustments: Accumulated exports to the Netherlands were adjusted down 96,001 MT for week ending April 2nd. The correct destination is Germany and is included in this week's report.

Soybean Cake and Meal: Net sales of 130,400 MT for 2014/2015 were up noticeably from the previous week, but down 24 percent from the prior 4-week average. Increases were reported for Mexico (60,000 MT), Colombia (39,100 MT, including 18,000 MT switched from unknown destinations and decreases of 11,500 MT), Guatemala (17,800 MT, including 15,900 MT, switched from unknown destinations and 500 MT switched from Nicaragua), the Dominican Republic (10,100 MT), Jamaica (9,000 MT), and Canada (8,500 MT). Decreases were reported for unknown destinations (40,000 MT), Vietnam (4,700 MT), and Morocco (900 MT). Net sales of 13,100 MT for 2015/2016 were reported for Peru (7,600 MT), the Dominican Republic (4,000 MT), unknown destinations (1,100 MT), and Canada (400 MT). Exports of 250,200 MT were down 15 percent from the previous week and 10 percent from the prior 4-week average. The primary destinations were the Philippines (47,100 MT), Mexico (42,100 MT), Vietnam (40,800 MT), Egypt (25,300 MT), Morocco (23,100 MT), Colombia (22,900 MT), and Guatemala (18,700 MT).

Soybean Oil: Net sales of 4,500 MT for 2014/2015 were down 62 percent from the previous week and 71 percent from the prior 4-week average. Increases were reported for Mexico (3,400 MT), Canada (700 MT), and the Dominican Republic (300 MT). Exports of 8,400 MT were down 75 percent from the previous week and 62 percent from the prior 4-week average. The primary destinations were Mexico (5,800 MT), El Salvador (1,200 MT), Costa Rica (1,000 MT), and Canada (300 MT).

China Farm Pollution Worsens, Despite Moves to Curb Excessive Fertilizers, Pesticides

By Dominique Patton

BEIJING, April 14 (Reuters) - Farm pollution in China is worsening, despite moves to reduce excessive use of fertilizers and pesticides, said the agricultural ministry, urging farmers to switch to organic alternatives to tackle severe soil and water pollution.

But experts say achieving the ministry's goal will be difficult without sacrificing food output, a top priority in the world's most populous country.

China consumes around a third of global fertilizers, with rapid growth in use in recent years driven largely by higher fruit and vegetable production. China is the world's biggest grower of apples, strawberries, watermelons and a range of vegetables.

Excessive use of chemical fertilizes and pesticides has led to polluted water sources, contamination of soil with heavy metals and high pesticide residues on food, threatening both public health and agricultural productivity.

"Agricultural non-point source pollution is worsening, exacerbating the risk of soil and water pollution," said the agriculture ministry in a statement.

Growers apply 550 kgs of fertilizer to a hectare of fruit trees and 365 kgs of fertilizer to a hectare of vegetables, vice agriculture minister Zhang Taolin told reporters on Tuesday.

World Bank data showed China used 647.6 kgs of fertilizer per hectare of arable land in 2012, compared with 131 kgs in the United States and 124.3 kgs in Spain.

Pesticide consumption should be cut to 300,000 tonnes, down from the current 320,000 tonnes, said Zhang.

China's use of chemical fertilizer grew by an average 5.2 percent a year over the past three decades, reaching 59 million tonnes in 2013, Xinhua said last month.

"There is large space to reduce this growth," Zhang said, reiterating a target announced late last year to halt growth in fertiliser use nationwide by 2020.

"I believe it is absolutely possible to guarantee our food security strategy," added Zhang, while proposing farmers use more organic fertilizers.

Qiu Huanguang, professor at Renmin University, expressed doubt over the plan however.

"China's soil fertility is declining so it needs fertilizers to maintain it," he said, adding that switching to organic fertilizers such as animal manure was much more labor-intensive for farmers already facing rising labour costs.

"The agriculture ministry's main goal is to stabilize production, or increase it. Environmental protection is not their number one function," added Qiu.

Beijing also wants to promote the use of waste management systems at livestock farms and try to reduce pollution from plastic film, promoting biodegradable products as an alternative, said Zhang.

Farmers use 2.5 million tonnes of sheeting a year to prevent moisture evaporation and for weed control but the plastic is often left in the soil damaging soil, water and animal health.

China is also targeting more efficient irrigation and recycling of straw left after harvesting for use as mulch, animal feed and biomass.

EU Considering Import Opt-Out for Biotech Crops

April 9, 2015

The EU recently changed its biotech crop approval process to allow member countries to reject planting biotech crops even though they are determined to be safe by the European Food Safety Authority (EFSA). This was done to supposedly make it easier to gain approval for importing biotech commodities. The EU Commission is now reportedly considering allowing member countries to also opt-out of importing biotech crops.

The option to reject planting of biotech crops was seen as reasonable because some individual countries had already rejected planting and the overall approval process for importing had been

slowed down by the planting issue. EU livestock and poultry producers depend on imports for over 80 percent of the protein meals used in the EU and the major exporters of soybeans and soybean meal, the U.S., Brazil and Argentina, grow mostly biotech soybeans. The feed suppliers would have to pay a premium price to encourage farmers in exporting countries to grow and segregate commercial volumes of non-biotech soybeans for the EU market.

The EU Commission is considering three options according to a report by *Inside U.S. Trade.* The Commission is circulating an internal document including the "opt-out" proposal for food and feed imports, no change at all to the authorization process and changing the voting for member country committees to approve or reject an authorization application from the current qualified majority to a simple majority. A decision is expected in late April.

There are currently 17 applications for authorization of biotech traits waiting at the Commission to be approved. They have been determined to be safe by the EFSA, but were not approved or rejected by qualified majorities of committees of member countries. Some analysts believe that some or all of those applications will be approved before the rules are changed, but that same argument was made before the planting decision and turned to not be true as the Commission made no decisions on the 13 applications then on file.

Leaving these products unapproved for import has risks. For feed imports, the EU allows no more than 0.1 percent of unapproved varieties, if those traits are pending in the approval pipeline. The EU has a zero-tolerance policy for all other unapproved traits. As U.S. suppliers learned with China and MIR 162 corn, where the tolerance was zero, rejected loads of grain because of small amounts of unapproved biotech traits can be costly. Current EU laws require food companies to label any product that contains more than 0.9 percent biotech content, although meat from animals raised on biotech grain does not have to be labeled.

U.S. livestock and poultry feed commodity suppliers and EU feed manufacturers have sent letters to the Commission stating their concerns. In a mid-March letter to the Commission, the U.S. Biotech Crop Alliance stressed that this review of procedures for approval of imports adds uncertainty to a process that has been slow and suffers from political interference. The Alliance called on the EU to maintain a single market based on sound science and meet its WTO sanitary and phyto-sanitary (SPS) commitments. A policy covering the low-level presence of biotech traits must be commercially feasible. The letter concluded by pointing to the market opening goals the Commission has for negotiations with the U.S. on the Transatlantic Trade and Investment Partnership (TTIP) trade agreement.

In late March, 14 European agri-food industries sent a similar letter saying that the Commission should be focused on timely approval of biotech food and feed products for import and not include a proposal to allow member countries to opt-out because that would fracture the internal market and jeopardize a founding principle of the EU. The EU groups also called for the Commission to allow for low-level presence of biotech products. The Commission has thus far has shown no signs that it is considering a change in that policy. The European agri-food industry groups have

repeatedly asked the Commission to end what the industry letter calls a "'de-facto' moratorium on biotech trait authorizations" because none have been approved since November 2013.

While the EU Commission is hearing essentially the same message from both sides of the Atlantic, there is a concern whether anyone is listening. *Inside U.S. Trade* reported that the new Commission President Jean-Claude Juncker told the European Parliament last July before he took office, "The commission should be in a position to give the majority view of democratically elected governments at least the same weight as scientific advice, notably when it comes to the safety of the food we eat and the environment in which we live." That may be popular in some parts of Europe, but is inconsistent with 40 years of international rules where science has won out over non-science, protectionist trade barriers. President Juncker directed EU Commissioner for Health and Food Safety Andriukaitis to conduct a review of the authorization process for biotech traits within six months of taking office in November 2014.

If the President's views are representative of the other Commission members, this will be significant switch from past Commissions that have generally, with a few exceptions, come down on the side of science. This has far wider implications than just biotech crops; meat food safety and trade is one obvious issue. Negotiating trade agreements like TTIP or a restart of the WTO Doha Round would have added uncertainties. President Juncker does have a point in that most politicians will seldom go where they perceive the people do not want to go.

The question of importing biotech livestock feed will likely be settled as an EU domestic policy issue. As noted earlier, livestock and poultry production is heavily dependent on imported oilseeds, mostly soybeans, and high protein meals like soybean meal. Replacing them with domestic supplies is not doable at reasonable prices. Paying more to import non-biotech soybeans and meal would raise the cost of producing meat and lead to more imports raised on biotech corn and soybeans. Blocking those meat imports would have WTO trade commitment issues. If EU consumers want to primarily consume domestically produced livestock and poultry products and politicians want to avoid long-running trade policy issues, importing biotech feed commodities is the best outcome.

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EU Feed Industry Fears EU Decision on GM Crops

EU food and feed chain partners reject EU Commission move to undermine the Internal Market for Agri-food products

The EU Food and feed chain partners urged European Commission President Juncker this week to reject any attempt to renationalise EU market authorisations of genetically modified crops for feed and food use.

Properly implementing the existing legislation should be the main priority for the Commission before starting further reflections on changing the current market authorisation procedure.

Speaking on behalf of the EU Food and Feed Chain partners, Pekka Pesonen, Copa-Cogeca Secretary General warned the European Commission about the severe economic and social impact of this proposal, which will severely jeopardise the Internal Market for food and feed products, leading to significant job losses and lower investment in the agri-food chain in "opt-out" countries. This would cause severe distortions of competition for all EU agri-food chain partners.

The EU food and feed chain partners call on the Commissioner College to fulfil their role as 'Guardians of the EU treaties' and reject this approach which would reverse the economic achievements of the European Customs Union and the Single Market.

The announced initiative fails to meet the basic requirements of the EU treaties and strongly calls into question the new Commission political priorities on 'jobs & growth' and the 'better and smart regulation agenda'. The proposal is due to be officially released by the EU Commission on 15 April.

U.S. March Soybean Crushings Top Market Forecasts -NOPA

CHICAGO, April 15 (Reuters) - U.S. soy processors crushed 162.822 million bushels of soybeans in March, the most ever for the month, as processors took advantage of strong profit margins, a trade group said on Wednesday.
The monthly crush, which was the fourth highest on record, came in well above market expectations.

The National Oilseed Processors Association's (NOPA) monthly report showed that member crushings were 5.8 percent higher than in March 2014.

Analysts had been expecting the March crush to hit 155.261 million bushels, based on the average of estimates in a Reuters poll of seven analysts. Forecasts ranged from 150.5 million to 159.5 million, with a median of 155.785 million.

The February soybean crush was 146.970 million bushels.

Processors produced 3.858 million tons of soymeal during March. The group's soymeal exports totaled 757,165 tons during the month, down from 798,883 tons in March 2014.

NOPA said soyoil stocks rose to 1.420 billion lbs from 1.322 billion lbs in February. Analysts had expected soyoil stocks at 1.383 billion lbs. Stocks were 2.023 billion a year ago.

NOPA is the largest U.S. trade group for oilseed crushers.

Argentine Farmers say Monsanto Soy Contract Breaks Local Law

By Maximilian Heath

BUENOS AIRES, April 15 (Reuters) - Argentine farm groups on Wednesday asked soy export companies to stop inspecting cargoes for bootlegged biotechnology at the behest of U.S. seed company Monsanto, the latest move in a long conflict between the country's farmers and Monsanto.

Growers in Argentina, the world's top exporter of soymeal livestock feed, have signed agreements with Monsanto Co. MON.N for inspections of soybean shipments to ensure the company receives royalties for beans grown with its Intacta technology.

Under the contracts, farmers must pay the royalties if they use saved seed from prior harvests of the genetically modified beans. Monsanto's Intacta soybeans have a gene that allows the soybean plant to protect itself against crop-devouring worms.

In their statement Wednesday, the farm groups said their crops should not be subject to inspection by anyone but the state.

"Monsanto is trying to control all soy production in Argentina by forcing the payment of royalties under a system that runs contrary to the Argentine legal system," said the statement by the country's top farm groups including the Argentine Rural Confederation (CRA) and Rural Society (SRA).

It went on to ask grains export companies to stop performing soybean cargo inspections on behalf of Monsanto. It also asked farmers to stop signing contracts that permit the inspections and insisted that the government intervene on behalf of Argentina's growers.

A spokesman for the agriculture ministry, which forecasts a record 2014/15 soy crop of 58 million tonnes, could not be immediately reached for comment. The Rosario grains exchange on Wednesday upped its harvest forecast to 59 million tonnes from a previous estimate of 58 million, citing good crop weather.

Monsanto says it is trying to work with farmers.

"In no way is the control system oriented toward charging all royalties on the beans. To the contrary. What we want is for farmers to pay under preferential conditions," said Pablo Vaquero, vice president of Monsanto Argentina.

Argentine growers have long called it unfair to have to pay royalties on crops grown with beans produced on their farms, whether or not those beans were originally planted with genetically modified seeds.

Romanian Corn Imports to U.S. Surge as Shoppers Demand Organic

April 15, 2015| Bloomberg Government

(Bloomberg) -- A growing demand for organics, and the near-total reliance by U.S. farmers on genetically modified corn and soybeans, is driving a surge in imports from other nations where crops largely are free of bioengineering.

Imports such as corn from Romania and soybeans from India are booming, according to an analysis of U.S. trade data released Wednesday by the Organic Trade Association and Pennsylvania State University.

That shows a potential market for U.S. growers willing to avoid the use of artificial chemicals and genetically modified seeds, said Laura Batcha, chief executive officer of the association, which includes Whole Foods Market Inc., Whitewave Foods Co. and Earthbound Farm LLC.

The report is “a help-wanted sign” for U.S. farmers, Batcha said. “There are market distortions that are pretty striking.”

Most of the corn and soybean shipments become feed for chickens and cows so they can be certified organic under U.S. Department of Agriculture guidelines. Organic poultry and dairy operators shun feed made with seeds from Monsanto Co. and other domestic suppliers in favor of foreign products even as the U.S. remains the world’s top grower of corn and soybeans.

As a result, imports to the U.S. of Romanian corn rose to $11.6 million in 2014 from $545,000 the year before. Soybean imports from India more than doubled to $73.8 million.

Rapid Growth

Sales of foods certified by the U.S. as free of synthetic chemicals or genetic engineering reached $32.3 billion in 2013, about 4.5 percent of U.S. grocery spending. The organic sector’s average annual growth of about 10 percent is triple the pace of overall food sales, according to U.S. Department of Agriculture and trade association data.

Rising consumer demand in what’s been a niche market is creating shortages, pushing companies that supply farms needing organic feed to seek out foreign sources.

About 90 percent of U.S. corn and soy is bioengineered, thus automatically ineligible for the organic label.

Just north of the Minnesota-Iowa border, on a dirt road closed to heavy truck traffic by the late-spring mud, Hy View Feeds has seen its sales quadruple since winning organic certification a decade ago. Unlike nearby conventional feed stores that buys mostly from suppliers within a half-hour drive, Hy View gets some from Canada, more than 500 miles from its Mabel headquarters, to make up for domestic shortages.

Limited Data

“It’s a market that not everyone is going to get into because it’s done on a different scale,” said Kit VandeMark, owner and founder of Hy View, which categorizes its feeds as conventional, organic and non-GMO. “So we end up with both buyers and sellers from a broader area.”

The USDA only began collecting data on organic crops in 2011. Most of what's tracked is fresh produce and major grains - - processed foods and meats, for example, aren't reported in an organic category.

The four years of records show rapidly growing trade relationships. In 2014, U.S. organic exports were $553 million, almost quadruple the 2011 total. Imports last year were $1.28 billion, led by $332.5 million of organic coffee.

Imports of two crops, corn and soybeans, that also are the leading U.S. exports underscore gaps in the market, said Miles McEvoy, deputy administrator of the USDA's National Organic Program.

Romania, China

Soybeans are the second-biggest U.S. organic import, with $184 million shipped last year. India is the No. 1 source, followed by China. For corn, with overall sales of $35.7 million in 2014, Romania is the biggest seller to the U.S., followed by Turkey, the Netherlands and Canada.

The totals are tiny compared with the combined $92.7 billion value of the two crops last year. That also means that the domestic market could easily meet organic needs, McEvoy said. In reality, U.S. farming isn't structured to meet some of its highest-dollar consumers' needs, he said.

"There just hasn't been enough development of the organic feed supply in the U.S.," he said. Organic-foods certifiers are in short supply in some regions, he said.

A requirement that all organic farms be free of non-organic seeds and chemicals for three years means farmers give up profit before gaining any price benefit. Recent high prices that fed record farm profits also gave growers less reason to switch, he said.

Organic Prices

"If there were a market incentive for more people to produce organic corn, there would be more of it," said Paul Bertels, vice president for production and utilization with the National Corn Growers Association in St. Louis. Even though organic corn is selling for about $12.50 a bushel, more than triple the cash price for regular corn, lower yields and the three-year transition period makes GMO- and synthetics-free grain not worth the risk, he said.

"It's not worth the headache or the cost" for most producers, he said.

In some cases, nations where farming is less industrial are seizing the advantage. Genetically modified seeds are largely absent from Romania and Ukraine, putting their farmers closer to organic certification for sales in the U.S., McEvoy said.

Still, as commodity prices tumble and growers seek higher profit margins, U.S. farmers may seek out more organic acreage, said Lynn Clarkson, founder of Clarkson Grain Co. in Cerro Gordo, Illinois.

"With the markets at break-even prices for many farmers, we're seeing more interest in organic land," he said. "I'm not predicting a tidal wave, but I'm seeing twice as much interest in this as I have in the past."