

# WEEKLY NEWS ARTICLE UPDATE



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## Articles in This Edition

- [Export Sales Highlights](#)
- [China's Water Woes Impact Food Supply](#)
- [Argentine Biodiesel Exports Seen Tanking on Oil Price Rout](#)
- [Protests by Striking Crushers Spread in Argentine Grains Hub](#)
- [Study Supports Soybean Crush Facility in Manitoba](#)
- [Argentine Farmers to Register Monsanto Soy Seed Use in Crackdown](#)
- [Canada Grain Handler Richardson Targets U.S. Acquisitions](#)
- [Anti-GMO Measure Goes Down in Benton County, Oregon](#)
- [China Does an About-Face on GMOs](#)

## Export Sales Highlights

This summary is based on reports from exporters for the period May 8-14, 2015.

**Soybeans:** Net sales of 165,500 MT for 2014/2015 were up 21 percent from the previous week, but down 35 percent from the prior 4-week average. Increases were reported for the Netherlands (84,500 MT, including 88,000 MT switched from unknown destinations and decreases of 3,500 MT), Japan (41,800 MT), South Korea (24,100 MT, including 25,000 MT switched from unknown destinations and decreases of 900 MT), Mexico (21,700 MT), and Canada (5,800 MT). Decreases were reported for unknown destinations (21,600 MT) and Morocco (1,400 MT). Net sales of 77,500 MT for 2015/2016 were reported for unknown destinations (60,500 MT), Mexico (16,000 MT), and South Korea (1,000 MT). Exports of 270,700 MT were up 8 percent from the previous week and 26 percent from the prior 4-week average. The primary destinations were the Netherlands (84,500 MT), Mexico (58,100 MT), Japan (32,500 MT), South Korea (25,600 MT), and Indonesia (22,400 MT).

*Optional Origin Sales:* For 2014/2015, outstanding optional origin sales total 475,000 MT, all China. For 2015/2016, new optional origin sales totaling 165,000 MT were reported for China. Decreases resulting from cancellations total 8,000 MT, all China. Outstanding optional origin sales total 330,000 MT, all China.

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

**Soybean Cake and Meal:** Net sales of 103,000 MT for 2014/2015 were up noticeably from the previous week, but down 3 percent from the prior 4-week average. Increases were reported for Morocco (21,500 MT), Mexico (18,400 MT), Israel (15,200 MT, including 20,000 MT switched from unknown destinations and decreases of 4,800 MT), Algeria (15,000 MT), Canada (10,600 MT), and Colombia (10,100 MT). Decreases were reported for unknown destinations (13,200 MT), Egypt (4,700 MT), Panama (4,200 MT), and New Guinea (3,300 MT). Net sales reductions of 2,000 MT for 2015/2016 resulted as increases for the Dominican Republic (6,000 MT), New Guinea (3,000 MT), and El Salvador (500 MT), were partially offset by decreases for Morocco (12,000 MT). Exports of 107,200 MT were down 47 percent from the previous week and 53 percent from the prior 4-week average. The primary destinations were Mexico (29,700 MT), Canada (15,400 MT), Israel (15,200 MT), Morocco (11,500 MT), Guatemala (9,600 MT), and Trinidad (9,400 MT).

*Exports for Own Account:* Exports for own account to Colombia totaling 4,100 MT were applied to new or outstanding sales.

**Soybean Oil:** Net sales of 9,900 MT for 2014/2015 were up 36 percent from the previous week and 15 percent from the prior 4-week average. Increases were reported for Mexico (6,300 MT), the Dominican Republic (3,200 MT), and Canada (100 MT). Exports of 3,900 MT were up 7 percent from the previous week, but down 63 percent from the prior 4-week average. The primary destinations were Mexico (3,300 MT), Canada (200 MT), and Trinidad (100 MT).

## **China's Water Woes Impact Food Supply**

07 May, 2015 04:00 AM

### *The Land*

ACCORDING to the Ministry of Land and Resources 61.5 per cent of China's groundwater is too dangerous even to touch.

That means along with being unsuitable for agriculture or drinking this water is unfit for any human contact. As a single figure it starkly highlights the environmental cost of China's rapid industrialisation over the last two decades, but also tells of Beijing's strategic vulnerabilities.

If this is to be the century of water and food security, then China is at a huge disadvantage. And this disadvantage is not just confined to agriculture and the country's ability to feed itself. China's water problems are now so severe they will begin to shape global energy markets and should influence Australia's trade policy and even defence posture.

This might sound like a stretch, but consider where China finds itself in the middle of 2015. Not only is it in reliant on imported oil, natural gas and iron ore to power its economy, but its water problems mean it must increasingly look overseas for food supplies.

This reliance on imports led Geoff Raby, Australia's former ambassador to Beijing, to label China a "constrained super power" and by extension a far less threatening actor in the region.

Defence chiefs and China's hawks would be well advised to inform themselves on this alternate view, which suggests China's need for imports will provide a natural hand break on its territorial ambitions, as trade sanctions would devastate the economy. Consider the situation with pork, the country's number one source of protein and a possible early casualty from its lack of water. China is largely self-sufficient in this area, but supply is under threat due to water shortages across the North China Plain, the country's main food bowl.

China Water Risk, a not-for-profit group, believes this region will need to pipe expensive water from the south unless it completely abandons pork production. In reality such dramatic action is unlikely, but that does not preclude a gradual move towards imports. In a few short years this would dramatically change the dynamics for the global pork industry, potentially opening up big markets for Canadian, European and Australian producers, which have struggled with low prices for years. China becoming a major pork importer would also echo across the entire agricultural sector, as it would likely drive up grain prices, the main feedstock used for fattening pigs. That in turn would likely push up prices for beef, chicken and eggs - a good outcome for farmers but a politically sensitive issue.

On the energy front, coal-fired power stations are significant water consumers, which could quicken China's switch to gas, wind and some forms of solar. The roll-out of nuclear energy to China's interior could also be constrained, as these reactors would rely on fresh water for cooling.

Then comes the broader cost to the Chinese economy. At the most basic level the contamination of China's groundwater will require a huge clean up effort, which will divert resources away from other areas. The dean of environment studies at Renmin University in Beijing, Ma Jong, said the total bill could run beyond 5 trillion yuan (\$1.04 trillion). That's five times more than his estimates for cleaning up air pollution across the country.

This should provide opportunities for Australian firms, who have decades of experience in not only cleaning up contaminated waters sources, but using water more efficiently.

China does not have a lack of water, but a lack of water in the right place. According to the *China Economic Review*, 11 provinces and municipalities including Beijing have water resources below the World Bank's poverty mark. To make matters worse these areas are home to some 510 million people and include four of China's five top agricultural provinces.

Putting these factors together suggests global policymakers need to view China not just as an importer of energy and minerals resources, but as an emerging importer of water, via soft commodities.

#### [Argentine Biodiesel Exports Seen Tanking on Oil Price Rout](#)

BUENOS AIRES, May 18 (Reuters) - Argentine biodiesel exports will slump by about 50 percent this year as the collapse in the price of crude oil hammers demand for the alternative fuel, the South American country's leading biodiesel producers said on Monday.

A glut in global oil supplies led to benchmark Brent oil prices more than halving from June 2014 to \$46 per barrel in January before a rebound to around \$66 now, sharply eroding the attractiveness of biodiesel.

"The fall in oil prices is really hurting us," said Victor Castro, executive director of the Argentine Biofuels Chamber (Carbio). Castro forecast exports of Argentina's biodiesel, made from soybeans would sink to about 800,000 tonnes in 2015 from last year's 1.6 million tonnes.

The chamber includes agribusinesses such as Bunge Ltd, Louis Dreyfus Commodities and Cargill Inc.

Until late 2013, the European Union, which sets targets for the blending of biodiesel into fuels, was the main buyer of Argentine biodiesel. But when the EU slapped punitive duties on Argentine biodiesel exports, accusing the country of "dumping" at unfairly low prices, Argentina was forced to seek alternative markets.

Even so, Argentine biodiesel exports climbed sharply in 2014, helped by the federal government slashing export taxes on the fuel, and Argentina maintained its ranking as one of the leading suppliers of biodiesel globally.

But Castro said the loss of the EU market had left Argentine biodiesel exports more vulnerable to swings in crude oil prices.

"Since the EU unjustifiably imposed duties on Argentine biofuels, we've been selling to countries where there is demand ... if and when the price is attractive," Castro said.

Argentine biodiesel exports in the first quarter of 2015 plummeted to 90,000 tonnes, down about 58 percent on the previous year, the Argentine Association of Biofuels and Hydrogen said.

Earlier this month the federal government cut the export tax on biofuels to 5 percent from 8.9 percent as the rout on oil prices stunted demand.

#### [Protests by Striking Crushers Spread in Argentine Grains Hub](#)

BUENOS AIRES, May 18 (Reuters) - A group of crushers on strike for the past two weeks shifted their protests to the northern reaches of Argentina's Rosario grains hub on Monday, a union leader said, though export shipments in the newly hit area were not affected.

The Industrial Oilseed Complex Workers Federation accounts for 20 percent of grains crushers. They mostly work in milling plants in Rosario's southern districts, where the dispute has slowed the loading of vessels.

Crushers in the northern San Lorenzo district, who are affiliated with more pro-government unions, carried on working. Grain companies Cargill, Bunge and Louis Dreyfus have crushing plants and export terminals there.

The local grains exchange said the volume of grain traded in Rosario on Monday was virtually zero.

Local officials in Rosario have expressed concern that the striking crushers may seek to block access to the port terminals in the north of Rosario, an action that could slow shipments if sustained for more than a few days.

"The strike is two weeks old. The workers are losing their patience and the strike is becoming difficult to control," said Daniel Yofra, secretary general of the Industrial Oilseed Complex Workers Federation.

The 14-day-long labor dispute, over the size of salary increases, comes as the soy harvest nears completion and has the backing of the powerful CGT union. Argentina is the world's leading supplier of soymeal and soyoil.

Yofra is demanding a 42 percent pay increase from employers to compensate workers for years of high inflation.

Strikes are common at this time of year in Argentina as the federal government thrashes out wage deals with big business and unions. The government says prices increased 24 percent in 2014, but private estimates put the figure at 35 percent.

"I'm pessimistic about the negotiations with the labor ministry, because the ministry refuses to go above a 30 percent rise, and we won't go below 30 percent," Yofra said.

## **Study Supports Soybean Crush Facility in Manitoba**

5/15/2015 - by World Grain Staff

WINNIPEG, MANITOBA, CANADA — A new feasibility study funded by the Canada and Manitoba governments and industry partners found the province has the right mix of production and market demand to support a soybean crushing facility, Federal Agriculture Minister Gerry Ritz and Manitoba Agriculture, Food and Rural Development Minister Ron Kostyshyn announced on May 14.

The study determined a crushing facility would be economically viable, based on the growth of the province's soybean acreage and the demand for soybean meal in the western Canadian livestock industry. There are currently no large-scale soybean crushing facilities in western Canada.

A soybean crushing plant would bring many benefits for agriculture, according to the study, including:

- An expanded local market for soybean growers,
- The ability to avoid rail transportation needed to export commodities like soybeans,
- A new, local protein feed source for livestock farmers, and
- Overall economic benefits, estimated at C\$190 million per year, based on facility construction and job creation.

Manitoba currently produces 18% of all soybeans grown in the country, more than 1.25 million acres. The study estimates soybean acreage could quadruple in western Canada over the next decade, partially in response to growing global demand for the crop, as well as processed soybean meal and oil. Currently, most soybeans grown in Manitoba are either shipped to the U.S. or China for processing.

The study did not identify a specific site in Manitoba for the crushing facility and did note the economics of the operation could be further improved by crushing canola as well.

Manitoba Pulse and Soybean Growers and Soy 20/20 partnered to conduct the study. They will conduct further analysis on the issue to identify stakeholders who may wish to construct this type of facility, possibly with some type of producer involvement. The organization estimates it could be five to seven years before the facility is in place.

## **Argentine Farmers to Register Monsanto Soy Seed Use in Crackdown**

BY MAXIMILIANO RIZZI

BUENOS AIRES May 19 Argentina's Agriculture Ministry is creating a registry that will track the amount of genetically modified soybean seeds reaped from farmers' crops in order to crack down on the illegal resale of seeds developed by Monsanto Co.

The ministry on Tuesday maintained its stance that farmers should only have to pay Monsanto once, at the time of purchase, for the seeds, but the registry represents a halfway measure to try and prevent farmers from selling the genetically modified seeds generated from their crops.

Monsanto has wanted farmer to pay a royalty if seeds carrying the company's Intacta technology are obtained from prior harvests.

Under the new registry, farmers will also have to declare how much of the seeds they replant and how much they kept aside, the ministry said on Tuesday,

Monsanto has previously said that the repeated use of seeds without payment each crop cycle denies the company a return on its investment in the Intacta technology, which carries a gene that protects the bean against crop-devouring worms.

The company has also said that uncertified seeds are sold on the black market, depriving it of revenue. Monsanto said on Tuesday it welcomed the government's recognition of an underground market place for its seeds.

Soy export companies in Argentina began in April inspecting cargoes for bootlegged biotechnology at the behest of the U.S. seed maker, raising tensions with farmers who object to Monsanto's demand they pay a royalty on seeds obtained from prior harvests.

Argentina's Agricultural Ministry on Tuesday reiterated its opposition to such royalties.

"There should not be two property right claims on the same benefit," Agriculture Minister Carlos Casamiquela said in a statement.

The Agriculture Ministry added that a fund would be created "to finance the development of biotechnology in the country."

A source in the Agriculture Ministry involved in the negotiations with Monsanto said the country's largest producers would pay contributions to this fund, but stopped short of saying whether the money would ultimately end up with Monsanto.

"We are going to create a royalty payment for the biggest producers. They will have to pay for the use of seeds they produce," the ministry source said.

The ministry's statement said details would be published in the government's official bulletin in the coming days.

Argentina's 2014/15 soybean harvest will hit a record 60 million tonnes, the Buenos Aires grains exchange forecasts.

## **Canada Grain Handler Richardson Targets U.S. Acquisitions**

BY ROD NICKEL

WINNIPEG, Manitoba Richardson International, one of Canada's largest grain handlers, is seeking expansion in the United States through acquisitions worth C\$100 million to as much as C\$2 billion (\$1.67 billion), its chief executive said on Thursday.

Richardson, which now owns two U.S. mills, is interested in Andersons Inc and private companies Bartlett and Scoular, as well as co-operatives, Chief Executive Curt Vossen said in an interview at the company's Winnipeg head office.

Andersons' shares on Nasdaq spiked as much as 13 percent shortly after Vossen's comments were published, touching a three-month high, before finishing up 7.5 percent at \$45.09.

Vossen said Richardson has had no discussions with those companies and that it was unclear if they are willing to sell.

Richardson is also looking to expand to Latin America, Australia and Eastern Europe, where more crop is produced than can be consumed domestically.

But the United States "is the logical growth direction," Vossen said. "We don't have to be the largest, but we have to be meaningful.

"There's no point in acquiring small businesses if they don't move the EBITDA needle for the organization in an effective way."

Vossen said if Andersons, long considered by analysts as a takeover target for its grain storage and rail cars, Bartlett or Scoular are willing to sell, Richardson would have to outbid North American and Asian competitors.

Andersons spokeswoman Debbie Crow said the company does not comment on speculation. Bartlett and Scoular spokespersons could not be reached immediately.

Andersons, which has a \$1.2 billion market cap, has an attractive size, but also significant family ownership that could complicate a transaction, Vossen said.

Richardson is interested in U.S. assets in grain-handling, processing and crop inputs, mainly in wheat-growing areas, he said.

The company may build U.S. assets once it acquires a critical mass, he added.

Legumex Walker Inc has said it is open to a sale. Vossen said he is not interested in Legumex's Washington-state canola-crushing plant and is undecided about its special crop assets.

Richardson, the largest division of James Richardson & Sons Ltd, has a share of Western Canada grain-handling capacity similar to that of Glencore Plc's Viterro Inc.

Richardson is currently trying to close one acquisition in Western Canada and one in Eastern Canada, Vossen said, declining to give details.

Richardson's last big deal was its C\$900 million purchase of certain Viterra assets when Glencore bought the Canadian company in 2012.

### **Anti-GMO Measure Goes Down in Benton County, Oregon**

Amanda Cowan, Corvallis Gazette-Times

After a hard-fought campaign marked by contentious public forums, dueling yard signs and vitriolic letters to the editor, Benton County voters overwhelmingly rejected a ballot measure to ban genetically modified organisms on Tuesday.

Measure 2-89, also known as the Benton County Local Food System Ordinance, was getting less than a third of the vote in unofficial returns Tuesday night, with 16,556 no votes to 6,270 yes votes.

Monroe-area farmer Debbie Crocker, who emerged as the face of the opposition during the run-up to the election, was at the Old Spaghetti Factory in downtown Corvallis with about 20 other Measure 2-89 opponents when the first election returns were announced.

"I guess the voters read it and understood it was a poorly written measure," she said in a phone interview.

Crocker, whose family grows genetically modified sugarbeets and a number of other crops on about 2,000 acres in south Benton County, expressed relief that the election was over, but she added that she expected the issue to be back on the ballot at some point.

"It's probably something that will come up again," she said. "There's a lot of people who have a lot of passion about it."

A few blocks to the south at the Old World Deli, more than a dozen 2-89 supporters were expressing their disappointment at the defeat but vowing to try again.

"We went down pretty big," acknowledged Stephanie Hampton, a spokeswoman for Benton Food Freedom, the political action committee promoting the ballot measure.

But she also said the campaign had scored a victory by starting a "community conversation" about the importance of safeguarding the local food system and vowed that the group would put a new and improved version of its anti-GMO ordinance on the ballot as early as next year.

"We will be rewriting it because we think our local food system is an important thing," she said. "Now that the conversation has been started and people are aware of the issues, we can go forward from here."

Measure 2-89 sought to outlaw the cultivation of genetically modified organisms in Benton County and would have required all GMO crops to be harvested, removed or destroyed within 90 days of passage. It also aimed to establish rights for "natural communities" such as soil and plants and would have limited the use of patented seed lines by barring the enforcement of patent rights on seeds.

Supporters argued the ordinance was needed to protect organic crops from contamination by GMOs and to defend the local food system against domination by large agribusiness and chemical corporations.

Detractors countered that M2-89 would create financial hardship for conventional farmers who want to grow GMOs, such as the Roundup Ready sugarbeets produced in the area, as well as those who choose to plant patented seeds. They also pointed to language in the measure they said would have shut down non-food-related research involving genetic engineering at Oregon State University and local biotech companies.

Supporters of 2-89 insisted it was never their intent to prohibit laboratory research, and Hampton said Tuesday the revised measure would include “clarifying language” to that effect.

The measure was also dogged by questions regarding its legality. If approved by voters, it would have directly contravened a 2013 state law that bars local jurisdictions from regulating agricultural production. The authors of 2-89 tried to get around that statute by asserting a fundamental local right to self-governance.

A similar tactic has been used in nearly 200 local jurisdictions in 10 states to enact ordinances aimed at protecting citizens from a variety of corporate activities ranging from fracking to factory farming, but the “community rights” approach has not yet been definitively upheld in court.

Benton Food Freedom, the pro-Measure 2-89 political action committee, was heavily outspent by the measure’s opponents.

As of Tuesday morning, campaign finance records filed with the state showed Benton Food Freedom had spent \$22,758.87 during the campaign, compared to \$131,897.96 by Benton County Citizens Opposed to Measure 2-89.

The “no on 2-89” forces also had support from two more broad-based political action committees, FirstVote PAC and the Oregon Farm Bureau PAC. Both registered in opposition to the Benton County ballot measure and reported spending a combined \$45,050 this election cycle, though it wasn’t immediately clear how much of that money went to fight the Benton County measure.

### **China Does an About-Face on GMOs**

It sees bioengineered seeds as vital to a modern farming system

By Dexter Roberts and Alan Bjerga

(Bloomberg Businessweek) --

The Chinese have long been wary of genetically modified organisms, grown from seeds designed to yield plants more resistant to drought, bugs, and other hazards. While imports of GMO-derived soybeans and corn are used as livestock feed, human consumption of GMO-based food is banned except for cooking oil and papayas.

China's top officials are gearing up to turn their country into a GMO power. In a speech released last fall, President Xi Jinping said China must "boldly research and innovate, [and] dominate the high points of GMO techniques." An agricultural policy paper issued early this year calls for more GMO research. A pro-GMO ad campaign from the agriculture ministry began in September 2014. Beijing-based Origin Agritech has already developed GMO corn seeds, while other Chinese companies are working on new rice varieties. "Biotechnology is our investment for the future," says Origin Chairman Han Gengchen. He expects the government to allow planting of GMO corn within three years.

China needs a sharp boost in farm productivity, which has been hurt by damaged soil, contaminated water, and overuse of fertilizer and pesticides. The official Xinhua News Agency on Feb. 4, wrote, "GMO technology has long been considered an effective way to increase yields on marginal lands."

China is the destination of more than 60 percent of global soybean exports, almost all genetically engineered. This dependence on foreigners concerns China's leaders, who have seen self-sufficiency in grain as a strategic imperative.

The production and development of GMO seeds by foreign multinationals remain banned inside China. Companies such as DuPont Pioneer have joint ventures in China that develop and sell non-GMO seeds there. DuPont hopes someday to win Beijing's permission to do GMO work in China, says Firoz Amijee, DuPont Pioneer's director of global registration and regulatory affairs for Asia, China, Europe, and Africa.

China subjects new GMO varieties from abroad to an approval process that can take up to seven years, much longer than in countries such as Brazil, which synchronizes its approval of new seeds with the U.S. Approvals from China have become even more difficult of late, says Matt O'Mara, acting executive vice president at the Biotechnology Industry Organization, whose members include Monsanto, DuPont Pioneer, and Dow AgroSciences. For a smooth global rollout of new seeds "you need a process that runs on time and is predictable. China hasn't been either of those," he says, adding that 24 GMO products are waiting for China's authorization.

China's enormous clout as a food importer makes the global seed companies increasingly hesitant to release new products in other markets until the Chinese approve them. The consequences of accidentally sending Chinese customers grains grown from non-approved seeds can be dire. In November 2013, Chinese inspectors discovered corn grown from a non-approved GMO seed in a

shipment, bringing to a halt all U.S. corn imports for more than a year. This risk of crossing China now even slows the sale of new seeds to U.S. farmers, Amijee says. Monsanto and Dow declined comment. The agricultural ministry did not respond to faxed questions.

The Chinese government has disbursed at least \$3 billion to institutes and local companies to develop bioengineered seeds. “[We] cannot let foreign companies dominate the GMO market,” Xi said in his speech released last year. The bottom line China’s leaders want to build a domestic GMO industry because they need to boost productivity in agriculture.

The bottom line: China’s leaders want to build a domestic GMO industry because they need to boost productivity in agriculture.