

# WEEKLY NEWS ARTICLE UPDATE



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## Articles in This Edition

- [Export Sales Highlights](#)
- [Brazil Soy Export Premiums Surge as Ship Lineup Swells](#)
- [China's Shandong Chenxi Targets Soy Imports](#)
- [Exporters Sell U.S. Soybeans to China, Unknown Destinations - USDA](#)
- [GMO Labeling Debate Puts Food Industry on Defensive](#)
- [U.S. Soy Supply Outlook Raised as Domestic Demand Wanes](#)
- [Philippines Signs New GMO Rules, Food Industry Relieved](#)
- [Stick to Science in Canola Trade Dispute, Canada Minister Tells China](#)

## Export Sales Highlights

This summary is based on reports from exporters for the period February 26–March 3, 2016.

Soybeans: Net sales of 475,200 MT for 2015/2016 were up 8 percent from the previous week and 2 percent from the prior 4-week average. Increases were reported for the Netherlands (140,000 MT, switched from unknown destinations), Indonesia (96,400 MT, including 50,300 MT switched from unknown destinations and decreases of 1,600 MT), China (76,000 MT, including 65,000 MT switched from unknown destinations), Taiwan (69,400 MT, including 58,000 MT switched from unknown destinations), Japan (65,800 MT, including 53,400 MT switched from unknown destinations and decreases of 700 MT), and Tunisia (30,000 MT). Reductions were reported for unknown destinations (105,900 MT) and Egypt (5,100 MT). For 2016/2017, net sales of 3,300 MT were reported for Japan. Exports of 1,134,700 MT were down 8 percent from the previous week and 20 percent from the prior 4-week average. The primary destinations were China (502,800 MT), the Netherlands (123,300 MT), Japan (103,200 MT), Mexico (91,500 MT), Indonesia (80,600 MT), Taiwan (78,000 MT), and Egypt (60,900 MT).

Optional Origin Sales: For 2015/2016, new optional origin sales totaling 180,000 MT were reported for China. Decreases totaling 60,000 MT were reported for unknown destinations. The current outstanding balance of 180,000 MT is for China (120,000 MT) and unknown destinations (60,000 MT).

Exports for Own Account: The current outstanding balance totals 500 MT, all Canada.

Export Adjustments: Accumulated exports to the Netherlands were adjusted down 69,800 MT for week ending February 18th. The correct destination is Germany and is included in this week's report.

Soybean Cake and Meal: Net sales of 46,600 MT for 2015/2016 were down 65 percent from the previous week and 69 percent from the prior 4-week average. Increases were reported for Thailand (31,100 MT, including 28,000 MT switched from unknown destinations), Colombia (12,000 MT, including 4,000 MT switched from unknown destinations), Mexico (9,000 MT), the Philippines (6,200 MT), Costa Rica (5,400 MT, including 4,900 MT switched from unknown destinations), Canada (4,400 MT), and Japan (4,400 MT, including 3,000 MT switched from unknown destinations). Reductions were reported for unknown destinations (43,000 MT), Panama (300 MT), Honduras (100 MT), and Burma (100 MT). For 2016/2017, net sales of 300 MT were reported for Canada. Exports of 337,300 MT--a marketing-year high--were up 29 percent from the previous week and 51 percent from the prior 4-week average. The primary destinations were the Philippines (107,800 MT), Thailand (64,500 MT), Mexico (39,100 MT), Colombia (23,500 MT), and the Dominican Republic (19,200 MT).

Optional Origin Sales: For 2015/2016, the current outstanding balance totals 99,000 MT, all unknown destinations.

Soybean Oil: Net sales of 35,100 MT for 2015/2016 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for Peru (15,000 MT), South Korea (11,500 MT), Mexico (5,400 MT), Colombia (2,600 MT), and Canada (400 MT). Exports of 26,400 MT were up noticeably from the previous week and from the prior 4-week average. The destinations were primarily to South Korea (11,500 MT), Colombia (5,600 MT), the Dominican Republic (4,600 MT), and Mexico (4,400 MT).

### [Brazil Soy Export Premiums Surge as Ship Lineup Swells](#)

By Reese Ewing

SAO PAULO, March 10 (Reuters) - Brazilian soybean export premiums surged over the past week even as the lineup of vessels waiting to load soybeans at local ports swelled, raising demurrage costs as the harvest peaks, shipping agents and traders said on Thursday.

Export premiums for soybeans from the main southern ports of Santos and Paranagua rose sharply over the past week, even as Brazil enters the peak of a record harvest of a 101 million tonne crop.

Prompt export premiums increased to 38/41 cents/bushel (buy/sell) over May futures in Chicago from 24/28 cnt/bu a week ago, price discovery agency Certo said on Thursday. The increase in spot free onboard export prices was similarly reflected in later deliveries until August.

"The real gained sharply against the dollar in the past week, so the only way to keep liquidity in export sales while Chicago prices are stable is to raise the premiums," said Carlos Ronaldo D'Avalos, trader at Granos Corretora.

The real has gained more than 15 percent against the dollar since mid-January to trade at 3.63 to the greenback on Thursday.

Brazil's crop supply agency, Conab, reported on Thursday that the current soybean crop, now entering the peak of harvest, would yield a record 101 million tonnes. When harvests peak in Brazil, export differentials often turn negative to discounts on Chicago futures.

Moreover, analysts and shipping agents said on Thursday that the line-up of ships waiting to load soybeans at local ports has swelled, along with wait times. This also tends to pressure export premiums lower to offset the cost of waiting to load.

The wait times for newly arriving ships are as long as 57 days at Santos and 47 days at Paranaguá, the CGD Group grain analyst said.

The cost of idling a Panamax size ship that holds 60,000 tonnes off port waiting to load can run between \$10,000 and \$20,000 a day.

### **China's Shandong Chenxi Targets Soy Imports**

By Niu Shuping and Adam Rose

BEIJING, March 10 (Reuters) - Shandong Chenxi Group is expecting to reclaim its position as the country's largest buyer of soybeans within two years, importing 30 million tonnes annually amid robust demand for the oilseed, the group's chairman said on Thursday.

"We have no doubt about the country's soy demand," Shao Zhongyi told Reuters. "No matter how much economic growth slows down, the demand for soybean is simply strong."

The group's expansion plan comes after more than 20 local companies quit the business after defaulting in 2014 on a total 27 cargoes, equivalent to about 1.6 million tonnes, said Shao, who is ranked as China's 155th richest man by Forbes.

The company imported 4 million tonnes in 2015 and aims to bring in more than 10 million tonnes this year.

In 2014, some importers in Shandong province refused to honour contracts to avoid incurring huge losses following a slump in domestic prices amid weak demand from downstream feed mills and excess imports of the oilseed.

Shandong Chenxi, also known as Sunrise, honoured the contracts and suffered losses, said Shao, adding that suppliers had later offered discounted prices.

The flood of imports in 2014 came from financial players who were using the commodity to access cheap loans, and re-lending the cash at higher rates to domestic retail borrowers.

"Market order has improved since last year. It is not like before, when companies competed with each other by selling at below-cost prices," said Shao.

Shandong Chenxi began this month for the first time to ship soybeans using large-size carriers, which can carry between 80,000 and 90,000 tonnes, to help cut costs, Shao said. Normally, a cargo of soy is about 60,000 tonnes.

#### [Exporters Sell U.S. Soybeans to China, Unknown Destinations - USDA](#)

March 8 (Reuters) - Private exporters reported sales of 110,000 metric tons of U.S. soybeans for delivery to China during the 2016/2017 marketing year, the U.S. Department of Agriculture (USDA) said on Tuesday.

Exporters also reported sales of 140,000 metric tons of soybeans for delivery to unknown destinations, of which 70,000 metric tons are for delivery during the 2015/2016 marketing year and 70,000 metric tons for delivery during the 2016/2017 marketing year, the USDA added.

The marketing year for soybeans began Sept. 1.

By law, exporters must promptly report the sale of 100,000 tonnes or more of a commodity, or 20,000 or more tonnes of soybean oil, made in one day. Sales of smaller amounts are reported on a weekly basis.

#### [GMO Labeling Debate Puts Food Industry on Defensive](#)

Chicago Tribune, March, 13, 2016

If you've had a soda, a bag of chips or a store-bought cookie in the past 20 years, chances are you've eaten genetically modified organisms -- better known as GMOs.

For years, food containing GMOs have lined the shelves of American grocery stores with little protest. Those ingredients -- derived from crops bioengineered to resist herbicides and pests -- are deemed perfectly safe for consumption by the federal government and the food industry.

But a growing wariness among consumers -- and increasing concern among scientists over a herbicide commonly sprayed on the crops -- has led to a national fight over whether foods containing such ingredients should say so on the label.

There's no law in Illinois requiring foods with GMOs to be labeled, but other states are pushing forward. A Vermont law that mandates labels -- the first of its kind -- takes effect July 1 and has legislators scrambling to pass a bill through Congress that would keep labeling voluntary and prevent states from passing their own laws.

Large food manufacturers based in the Chicago area, including Kraft Heinz and Oreo maker Mondelez International, support voluntary labeling, saying mandatory labels would mislead consumers and that the extra labeling and production costs could be passed on to customers.

For many consumers, the issue is clear: They want to know what's in their food.

"We have a right to know what we put in our bodies," said Tamara Holley, 53, of Hyde Park, as she left a Whole Foods Market in the South Loop. "And companies should be held responsible for that."

Last spring, the cancer research arm of the World Health Organization declared glyphosate, the most commonly used herbicide on GMO crops, to be a probable carcinogen. And just last month, the FDA announced it would begin testing food products sold in the U.S. for glyphosate residue.

State legislators across the nation introduced 101 bills last year pertaining to GMOs. Of the 15 that passed, four had to do with labeling, according to the National Conference of State Legislatures. A bill introduced by Illinois state Sen. David Koehler, D-Peoria, requiring disclosure of genetically engineered ingredients stalled in committee.

More than 90 percent of corn and soybeans grown in Illinois is genetically modified, said Adam Nielsen, director of national legislation for the Illinois Farm Bureau, which opposes mandatory labeling.

The labeling issue appears to be coming to a head in Congress. Earlier this month, a Senate bill that would establish a "national voluntary standard" for GMO labeling was voted out of the Agriculture Committee. Sponsored by Sen. Pat Roberts, R-Kan., the bill would pre-empt state laws, such as Vermont's. It has widespread support from the food industry.

Roberts has framed the debate as an economic issue, not a matter of safety, and noted the regulatory oversight already in place from three federal agencies: The U.S. Department of Agriculture's Animal and Plant Health Inspection Service, the Environmental Protection Agency and the Food and Drug Administration.

Opponents of Roberts' bill have dubbed it -- and a similar bill that passed the House last summer -- as the Denying Americans the Right to Know or DARK Act. Many of them support an opposing bill, sponsored by Sen. Jeff Merkley, D-Ore., which would establish a national standard for mandatory labeling.

Mandatory labeling is "inherently misleading" because it appears to be a warning when the food is completely safe, said Mike Gruber, senior vice president of federal affairs for the Grocery

Manufacturers Association, the industry trade group representing large food and beverage companies.

"The most important thing is to have a national (voluntary) standard and not a patchwork of state mandates," Gruber said.

In lieu of GMO labeling on the product itself, the grocery trade group recently launched a program that allows customers to scan a product's QR code and find GMO-related information on their smartphones, he said. Some companies, including Hershey Co. and General Mills, already use the technology on some of their products, according to the association.

Other companies are taking it further. In January, Campbell Soup Co. broke from the ranks to support mandatory labeling, even while defending the safety of GMOs.

Until the 20th century, everyone knew where their food came from, said Steve Moose, professor of maize genomics in the Department of Crop Sciences at the University of Illinois. But that changed with advances in agriculture and technology, and the GMO labeling issue is part of a larger movement to reconnect to the food supply, Moose said.

The GMO crop movement took off in 1996, when Monsanto Co. introduced Roundup Ready soybean seeds, genetically modified to resist Monsanto's glyphosate-based herbicide. Similarly marketed cotton, canola, corn and sugar beet seeds soon followed.

For farmers, glyphosate represented a safer, cheaper, more effective way of controlling weeds, thwarting pests and growing crops, Moose said. It's since become the standard in large-scale agriculture.

The general public and the scientific community don't tend to agree when it comes to GMO safety, according to a 2015 Pew Research Center survey conducted before the World Health Organization finding. Most consumers surveyed, 57 percent, said they considered GMOs to be generally unsafe to eat, whereas 88 percent of scientists surveyed, all of them connected to the American Association for the Advancement of Science, said GMOs were generally safe.

Genetically modified crops don't present a health risk, but the herbicides used on them are "a big problem," said Dr. Philip Landrigan, dean for global health at the Mount Sinai School of Medicine in New York City and an expert on environmental health concerns and children.

As GMO crops have become more common over the years, weeds have become resistant to glyphosate, which has led to heavier use of the herbicide, he said.

Landrigan is among scientists and health experts calling on the EPA to "urgently review the safety risk of glyphosate" and says it's time for GMO labeling. "Not because I think genetic rearrangement is bad, but because I think consumers have a right to know what they're eating," he said.

Some consumers, like Brendan Welsh, a 40-year-old Humboldt Park man, have made up their minds after conducting their own Internet research. As he loaded groceries into his car at a South Loop Jewel-Osco, Welsh said he's distrustful of information from or funded by large agriculture companies.

"I try to keep (GMOs) out of my body at all costs," Welsh said. "I don't think they're good for people or animals."

Downstate in Hancock County, Matthew Starr has a different view. He grows both kinds of corn -- GMO and non-GMO -- and genetically modified soybeans on the 2,500-acre farm that's been in his family for five generations.

Starr, 35, said the genetically modified crops have meant he uses less herbicide, and he considers it to be safer. He's been able to avoid the problem of herbicide-resistant weeds faced by many farmers through consistent crop rotation, he said.

And he turns a bigger profit on his non-GMO corn, which in recent years has been sold, shipped down the river and exported to a Japanese beer company. Starr said he's not opposed to GMO labeling as long as there is a national standard that provides consistency among the states.

Starr said he'd like people to understand that GMO products are safe. He believes there should be a market for both.

"Some people aren't on a budget to shop at Whole Foods every day and shop for non-GMO food," Starr said.

"But if they have mistrust for the food industry and the government, and if they have the income, by all means, they should be able to have the choice."

### [U.S. Soy Supply Outlook Raised as Domestic Demand Wanes](#)

By Mark Weinraub

WASHINGTON, March 9 (Reuters) - The U.S. Agriculture Department on Wednesday raised its outlook for domestic soybean supplies by more than expected as it cut its estimate of the amount that will be crushed due to falling soymeal demand.

The government left its U.S. corn and wheat stocks estimates unchanged in its monthly supply and demand report. Analysts had been expecting a slight increase in domestic grain supplies.

On the global front, the wheat, corn and soybean supply outlooks were lowered, with world soy stocks falling below the range of market forecasts due to an increase in shipments to China. The global corn stocks figure also was below a range of trade estimates.

Soybean, corn and wheat futures all rose for five straight days heading into the report, with analysts attributing most of the gains to short-covering.

All three commodities dipped into negative territory after the report was released, but the declines were mild.

"Not much you can say here," said Charlie Sernatinger, global head of commodity analytics at ED&F Man Capital. "The world numbers were blah. It was a wind sandwich combined with air soup. Back to the grind."

USDA boosted its U.S. soybean ending stocks view for the 2015/16 crop year by 10 million bushels to 460 million. It cut its outlook for domestic crushings by the same amount and lowered soymeal usage by 200,000 tons.

Analysts had expected U.S. soy end stocks of 452 million bushels, according the average of analysts' estimates given in a Reuters survey.

U.S. corn and wheat stocks were steady at 1.837 billion bushels and 966 million bushels, respectively. Both figures were below the average of analysts' estimates but within the range of market forecasts.

Global soy stocks were seen at 78.87 million tonnes, below forecasts ranging from 80 million to 82 million tonnes. The USDA raised its outlook for Chinese soybean imports to 82 million tonnes from 80.50 million tonnes in February.

World corn ending stocks were cut to 206.97 million tonnes from 208.81 million tonnes, largely due to lower beginning stocks in Brazil that resulted from an increase in the estimate of 2014/15 exports from that country. Analysts' estimates for global corn stocks ranged from 207.15 million tonnes to 210.00 million tonnes.

USDA reduced the global wheat stocks view to 237.59 million tonnes from 238.87 million tonnes due to lower production in Australia and India.

### [Philippines Signs New GMO Rules, Food Industry Relieved](#)

Dela Cruz

MANILA, March 7 (Reuters) - The Philippines has approved a new set of rules on genetically modified organisms after a top court demanded an overhaul of previous regulations, providing relief to farmers and importers worried that any delay would spark a food crisis.

The five ministers that needed to sign the rules had done so as of Monday, Merle Palacpac, chief of the plant quarantine service at the Bureau of Plant Industry, told Reuters.

The new rules will now be forwarded to the Department of Agriculture, with Palacpac saying they would likely take effect by April.



The Supreme Court in December halted the issuance of fresh permits for planting or importing genetically modified crops until the new rules were in place, putting in limbo nearly 1 million corn farmers and buyers of GM soybean meal, the Philippines' top GMO import. ([Full Story](#))

The court was acting on a petition by environmental activists led by Greenpeace, with the move likely closely watched by governments elsewhere as the Philippines is seen as a trailblazer for GMO.

Greenpeace on Monday said it would take further action against the new GMO guidelines.

"Definitely there will be action but we haven't decided (what it will be) yet," said Greenpeace campaigner Leonora Lava, adding that it would discuss options with other petitioners and allied groups.

The new rules are expected to improve transparency in the approval process for permits to plant, import and commercialise GM products, including enhanced regulations on risk assessment and involvement of local governments, said Palacpac.

"The technical working group made sure that these concerns by the Supreme Court have been addressed," she said.

The government had aimed to have the regulations signed by the five ministers on Feb. 24, but that was delayed as some officials were travelling. ([Full Story](#))

While importers of soymeal welcomed the new regulations, they were concerned it could now take longer to get permission to ship in GM crops.

Under the old rules, feed millers were only required to get sanitary and phytosanitary import clearance for soybean meal that they shipped in, said an industry source. But it is unclear whether they now will also have to get a separate biosafety permit, the source added.

The Philippines was the first in Asia to approve commercial cultivation of a GM crop for animal feed and food in 2002 when it allowed GM corn planting. It has also allowed GM crop imports for more than a decade. Around 70 percent of its corn output is GM.

GMO's critics argue the technology poses risks to public health, while advocates say such fears have not been scientifically proven and that high-yielding genetically altered crops would help ensure food security as the world's population grows.

### [Stick to Science in Canola Trade Dispute, Canada Minister Tells China](#)

By Rod Nickel

OTTAWA, March 10 (Reuters) - Canada is urging Beijing to stick to scientific facts in its plan to toughen standards on canola shipments, Canadian Agriculture Minister Lawrence MacAulay said on Thursday, as China seeks to slow imports in a dispute about the blackleg fungus.

China's quarantine authority, AQSIQ, notified the Canadian Food Inspection Agency last month that it would allow no more than 1 percent of foreign material, such as straw and seeds from other plants, in canola shipments starting April 1. The current allowable range is 2 percent to 2.5 percent.

The blackleg fungus, which is common in Canada, can significantly reduce crop yields, and China has raised concerns since 2009 about the risk of it spreading to the country through imports.

Exporters said the new standard by Canada's biggest canola export market would be difficult and costly to meet.

"I understand fully. It's worth C\$2 billion (\$1.49 billion) in canola trade to China," MacAulay told Reuters. "All our trading partners, we want to make sure the decisions they make are science-based decisions. Hopefully, it will be resolved."

Industry group Canola Council of Canada has said that the dispute stemmed from differing views about the risk of transmitting to Chinese fields blackleg through foreign material. Some traders in both countries said the real issue was that China had ample stocks of rapeseed oil and wanted to slow imports.

The countries have collaborated on research into blackleg for years, after China raised its concerns in 2009.

A spokesperson at the Chinese embassy in Ottawa could not be reached for comment.

Communication between the governments has been handled by the Canadian Food Inspection Agency and AQSIQ officials, MacAulay said, adding that no Canadian minister has discussed the issue with a Chinese counterpart.

"I would think it would be up to Minister MacAulay to get on the phone or work with the ambassador, or something," said Conservative Opposition legislator Gerry Ritz, who was the previous agriculture minister for eight years. "I just find that ridiculous."

Ritz said China had in the past limited imports through such measures when it had large supplies. Canola, also known as rapeseed, is crushed mainly to produce vegetable oil. Canada is the world's biggest canola exporter.