

# WEEKLY NEWS ARTICLE UPDATE



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January 20, 2014

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## Export Sales Highlights

This summary is based on reports from exporters for the period January 3-9, 2014.

**Soybeans:** Net sales of 701,500 MT for 2013/2014 were up noticeably from the previous week and 32 percent from the prior 4-week average. Increases were reported for China (678,200 MT, including 233,000 MT switched from unknown destinations and decreases of 142,900 MT), Mexico (84,100 MT), Spain (68,200 MT, including 57,100 MT switched from unknown destinations), Portugal (67,800 MT, including 65,000 MT switched from unknown destinations), and Bangladesh (50,000 MT). Decreases were reported for unknown destinations (402,700 MT), and Colombia (16,400 MT). Net sales of 525,300 MT for 2014/2015 were reported for China (512,000 MT), Mexico (10,800 MT), and Japan (2,600 MT). Exports of 1,563,200 MT were down 7 percent from the previous week, but up 2 percent from the prior 4-week average. The primary destinations were China (1,086,600 MT), Spain (128,200 MT), Portugal (67,800 MT), Mexico (45,400 MT), and Taiwan (35,500 MT).

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

Export Adjustments: Accumulated exports to France were adjusted down 32,303 MT for week ending December 26, 2013. The United Kingdom is the new destination for these shipments and is included in this week's report.

**Soybean Cake and Meal:** Net sales of 234,700 MT for 2013/2014 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for Vietnam (77,000 MT), Mexico (58,500 MT), Venezuela (57,000 MT, including 25,000 MT switched from unknown destinations), Thailand (45,000 MT, switched from unknown destinations), and Canada (37,100 MT). Decreases were reported for unknown destinations (62,400 MT). Exports of 185,800 MT were down 46 percent from the previous week and 34 percent from the prior 4-week

average. The primary destinations were the Philippines (53,500 MT), Vietnam (45,900 MT), Venezuela (25,000 MT), Canada (22,100 MT), and Mexico (16,800 MT).

**Soybean Oil:** Net sales of 16,900 MT for 2013/2014 were down 50 percent from the previous week and 46 percent from the prior 4-week average. Increases were reported for Mexico (5,500 MT), Malaysia (4,000 MT), the Dominican Republic (3,700 MT), Chile (2,000 MT), and Panama (1,000 MT). Decreases were reported for Canada (100 MT). Exports of 15,000 MT were up noticeably from the previous week, but down 24 percent from the prior 4-week average. The primary destinations were Egypt (9,000 MT), Mexico (3,700 MT), Canada (1,000 MT), and the Dominican Republic (900 MT).

#### [Brazil to Produce 87.6 MMT of Soybeans -Abiove](#)

SAO PAULO, Jan 14 (Reuters) - Brazil will produce a record 87.6 million tonnes of soybeans this season, crushing industry association Abiove said on Tuesday, raising its forecast from 86.6 million tonnes.

Abiove's estimate is still below many private forecasts, and government crop supply agency Conab expects 90.33 million tonnes from Brazil.

Brazil will probably export 44.5 million tonnes of soybeans this season, Abiove said, up from its previous estimate of 44 million tonnes. That would leave final stocks of 5.79 million tonnes, up from 2.54 million tonnes a year

#### [Brazil to Produce Record 91.6 MMT Soybeans - Agroconsult](#)

SAO PAULO, Jan 14 (Reuters) - Brazil should produce a record 91.6 million tonnes of soybeans in the current 2013/14 season, up from 90.7 million tonnes that was forecast in December, Andre Pessoa, a partner and lead analyst at local firm Agroconsult, said on Tuesday.

Agroconsult estimates a 2013/14 corn crop at 76.2 million tonnes from Brazil. Pessoa told journalists that 42 percent of the soybean crop should be harvested by the end of February.

#### [China Said to Reject U.S. Corn Products Found to Contain GMO](#)

By Bloomberg News

Jan. 14 (Bloomberg) -- Quarantine inspectors at China's eastern port of Qingdao rejected batches of dried distillers' grains from the U.S. this week because they contained a banned gene, according to two buyers who had orders blocked.

The corn-based feed ingredient, known as a DDGS, is a by-product of ethanol production. The batches were rejected because officials found they contained the unapproved MIR 162 gene, said the two buyers, who asked not to be identified before an official announcement is made.

The General Administration of Quality Supervision, Inspection and Quarantine in Beijing, which only accepts queries via fax, didn't respond to a request for comment today.

China's outstanding orders of U.S. DDGS are at risk of being canceled as the country rejects cargoes containing the genetically modified strain MIR 162, Sylvia Shi, an analyst at Shanghai JC Intelligence Co., said Jan. 8. The agricultural research company is based in Shanghai.

Quarantine officials rejected 601,000 tons of genetically altered corn and corn-derived products last year, the official Xinhua News Agency reported Jan. 6.

### **Biotech Crop Opponents Slowing Federal Approval**

Jan. 12, 2014 | Des Moines Register

**SAN ANTONIO** — The opposition to biotech crops is slowing the approval by U.S. regulators of new genetically modified products that is hurting farmers, an official with a trade group representing seed manufacturers said Sunday.

Cathleen Enright, an executive vice president of the food and agriculture with the Biotechnology Industry Organization, told farmers the growing number of groups working to “create fear and malign” our companies, coupled with more state ballot initiatives seeking to require mandatory labeling, have been noticed by states, regulators and political leaders.

“This impact is hitting close to home for American agriculture,” Enright told a supportive audience at the American Farm Bureau Federation Convention in San Antonio.

Increasingly, it is taking longer for regulators to approve new biotech seeds made by Johnston-based DuPont Pioneer, Monsanto and Syngenta, among other companies. The United States, Enright said, has changed from being the fastest in terms of approval nearly 20 years ago to one of the slowest among major producing countries.

“What that means is access to biotech seeds by U.S. farmers is falling behind,” she said.

In the United States, up to 80 percent of packaged foods contain ingredients that have been genetically modified, according to the Grocery Manufacturers Association, which represents more than 300 food and beverage companies. Food and biotechnology companies point to studies from the Food and Drug Administration, the National Academy of Sciences and other regulatory and scientific bodies showing the foods are safe.

Still, dozens of consumer advocacy groups have aggressively pushed the public's right to know what is in their food, the potential damage to the environment and questioned the long-term impact of consuming products with biotech crops in them. Millions of dollars have been spent by supporters and opponents of biotech crops on ballot initiatives in California and Washington state that would require product labeling. While both of these measures narrowly failed, similar requirements have passed in Connecticut and Maine, but they require other states to pass a similar measure before the laws go into effect.

While legislation has been proposed in Congress to require mandatory labeling across the country, it has failed to gain traction. “I don't see it happening this year,” Bob Stallman, president of the American Farm Bureau, told reporters. “The discussion will continue.”

Despite opposition to biotech crops in Europe and other parts of the world concerned over their impact on human health and the environment, they have become a major player in the agriculture community since they were first introduced commercially in the United States in 1996 with the launch of Monsanto's Roundup Ready soybeans. Genetically modified crops are now grown in 30 countries.

## Argentina's Crumbling Economy

Mary Anastasia O'Grady, Wall Street Journal

Jan. 12, 2014

On a visit to Buenos Aires in November I noted a sense of foreboding hanging over the city. With the economy in a stall, consumer prices rising and capital fleeing the country, *porteños* from every walk of life seemed to be bracing for a storm—and resigned to the hardship it would bring to this harbor city.

The city infrastructure looked defeated too: The wide boulevards and grand 19th-century buildings are now tired and grungy and the streets smelly. Angry graffiti and tattered posters deface walls, adding to the general feeling of lawless decay. It takes a long time to destroy a nation's wealth but a decade of *kirchnerism*—government by President Néstor Kirchner and now his widow, Cristina—seems to be doing the job.

In recent weeks things have gotten worse. The way out also looks more difficult. Three big developments in December raised the specter of descent into full-blown chaos. The first occurred when the police in the provincial capital of Cordoba suddenly walked off the job to protest low salaries. Hooligans took the work stoppage by law enforcement as an invitation to sack the city. More than 1,000 stores were looted and two people killed.

The national government could have helped Gov. José Manuel de la Sota, who is not an ally of Mrs. Kirchner. But it was unresponsive, instead suggesting that the violence was part of a plot to destabilize the president. His back against the wall, the governor gave the police a 33% salary hike. They returned to work. But police in 20 other provinces learned a lesson. Strikes across the country followed and so did looting and violence. Look for more pressure on public-sector wages.

Behind the difficulty in paying provincial employees a decent wage is the same old problem that brought Argentina to its knees in 1989: inflation. According to the Foundation for Latin American Economic Research (FIEL), based in Buenos Aires, inflation for December was 3%, driving the total for 2013 to 26.4%. Food and beverage prices were up 28.9%, FIEL says, despite "repeated freezes" mandated by the government.

The government claims annual inflation is 10.5%. But there is widespread distrust of official figures. In 2011 one of Mrs. Kirchner's henchmen fired the head of the institute charged with measuring the price level because he didn't like its inflation findings. Even the International Monetary Fund took note. In February 2013 it censured Argentina for its failure to divulge accurate inflation data to the public.

Money-printing by the central bank has Argentines selling pesos whenever they can. Capital controls in effect since 2011 make that harder than it used to be but not impossible. They have accelerated capital flight. More sellers

than buyers drives down the price of the peso where it trades freely. While the official exchange rate is now 6.6 pesos to the dollar, it now takes almost 11 pesos to buy a dollar in the black market.

The weakening exchange rate reflects a dramatic decline in the central bank's international reserves, which were down by about 30% in 2013. But *kirchnerismo* has also destroyed capital by signaling investors that there is no sanctity of property rights or contracts. The capital-intensive energy business has been hit especially hard. The 2012 expropriation of the Spanish multinational [Repsol](#)'s is one example. [Chevron](#) recently decided to make an Argentine investment but many other investors are staying out.

Rate freezes have curbed power-company investment, resulting in more frequent electricity outages. Last month as summer temperatures soared, large parts of Buenos Aires experienced blackouts for days at a time.

When riots, looting, blackouts and soaring inflation descend on a nation, free people look to their leaders to restore calm and order. But Mrs. Kirchner is lying low. Perhaps it is because in December investigative reporters at the Argentine daily La Nación broke a series of stories alleging that she and her husband, who died in 2010, got rich off a public-works scheme in Santa Cruz, their home province.

The reporters allege that a Kirchner-family frontman took control of a handful of Santa Cruz construction companies and subsequently secured a series of overpriced public-works contracts. La Nación further alleges that the same contractor gave the Kirchners sizable kickbacks by laundering the money through hotels in Santa Cruz owned by the first couple. Mrs. Kirchner has denied all this and said that the charges come from fascists.

After 10 years of Kirchner rule, the executive branch now controls most of the judiciary. Calls for transparency are unlikely to go far. On the other hand, an inflation spiral creates a short fuse, and a population that feels as powerless as Argentines do today will eventually make itself heard.

### [China to Promote Proprietary GM Crop Technologies: Xinhua](#)

By Bloomberg News

Jan. 15 (Bloomberg) -- China will promote the development of proprietary genetically modified crop technologies and avoid "being controlled by others," Xinhua News Agency reports without elaborating, citing Chen Xiaohua, vice minister of agriculture. China will allow imports of GM crops "as long as they meet our trade needs and safety standards," Chen says at a press conference today, according to a transcript posted on the ministry's website.

### [U.S. December Soybean Crush at Record High Amid Robust Margins](#)

By Julie Ingwersen

Jan 15 (Reuters) - The National Oilseed Processors Association (NOPA) on Wednesday said its U.S. members crushed 165.384 million bushels of soybeans in December, the largest monthly total in NOPA records dating back through 2002.

The figure was up from 160.145 million in November and topped an average of analyst estimates at 163.9 million bushels.) Estimates had ranged from 160 million to 166.5 million bushels.

Analysts attributed the strong pace to favorable crush margins - the profit that soy processors make by buying soybeans and crushing them into soymeal, a high-protein feed ingredient, and soyoil, which is used in foods as well as biodiesel fuel.

"When you look at crush margins, if they are profitable, these guys are going to crush until hell freezes over," said Tom Fritz, partner with EFG Group in Chicago.

The NOPA data helped lift Chicago Board of Trade March soybean futures to a three-week high of \$13.21 per bushel before the contract settled at \$13.18, up 11 cents on the day.

Robust demand for soymeal from exporters as well as domestic feed users has kept crush margins strong. Shipments from Argentina, the world's biggest soymeal supplier, have slowed, bolstering export demand for U.S. product.

Argentine farmers have been hoarding their soybeans as a hedge against quickening inflation there, limiting the country's soy crush.

"There has been a lot of European interest in our meal because Argentina is out of the game right now," said Terry Reilly, analyst with Futures International in Chicago.

The South American country's soy processors have been running at less than 40 percent of capacity, Reilly added.

Underscoring strong export demand, NOPA reported December soymeal exports at 1.005 million tons, up from 813,323 tons in November and the highest monthly tally since January 2013.

NOPA's December crush figure is up 3.4 percent from a year ago, when its members processed 159.899 million bushels of soy. NOPA is the largest U.S. trade group for oilseed crushers.

#### SOYOIL STOCKS RISE

December soyoil stocks rose to 1.681 billion pounds (lbs) from 1.486 billion in November, NOPA said. Analysts had forecast soyoil stocks at 1.555 billion lbs. Soyoil stockpiles are down 35 percent from a year ago, when they stood at 2.600 billion lbs.

December was the last month that fuel blenders could take advantage \$1-a-gallon U.S. tax credit for each gallon of biodiesel that they blend with petroleum diesel fuel.

Some analysts expected that looming expiration of the tax credit would boost demand for biodiesel and limit a significant rise in soyoil stocks, despite the record-large crushing pace.

NOPA reported the oil yield for December at 11.47 lbs per bushel, the lowest since January 2012. The December meal yield also declined at 46.92 lbs per bushel, the lowest since September 2010.

The smaller yields increase soybean usage since they raise the amount of soybeans to produce a given amount of products.

"We were being told this was a miracle crop, with big meal out-turns and big oil yields. The oil yields the last two reports ... are not as good as what we expected," said Roy Huckabay with the Linn Group, a Chicago brokerage.

## [Organic Food and Farm Groups Ask Obama to Require GMO Food Labels](#)

By Carey Gillam

Jan 16 (Reuters) - Four U.S. lawmakers joined with more than 200 food companies, organic farming groups, health and environment organizations and other groups on Thursday to urge President Barack Obama to require manufacturers to label food products that contain genetically engineered ingredients.

The groups delivered a letter to the president dated Jan. 16 reminding Obama of a campaign pledge the groups said he made in 2007 as he campaigned in Iowa to work to label so-called GMO foods.

The issue is hotly contested, with more than 20 states considering laws to mandate labeling of foods made with gene-altered corn, soybeans, sugar beets and other biotech crops. Currently, labeling of such foods is voluntary.

Advocates of labeling say consumers deserve to know if the food they eat contains GMOs. But the makers of biotech crops, and many large food manufacturers have fought against mandatory labeling, arguing that genetically modified crops are not materially different and pose no safety risk, and labeling would mislead consumers.

Among the signatories on Thursday's letter to President Obama are the ice cream company Ben & Jerry's [a division of Unilever], cereal maker Nature's Path, organic yogurt maker Stonyfield Farms, the Consumer Federation of America and several environmental and health groups.

"We believe there should be a mandatory national labeling system. FDA has a duty to act when the absence of labeling would leave consumers confused about the foods they buy," the groups said in their letter.

Four Democratic members of Congress held a press conference on Thursday to support the call on Obama for mandatory labeling - U.S. Rep. Peter DeFazio from Oregon; U.S. Rep. Rosa DeLauro from Connecticut; U.S. Rep. Ann McLane Kuster from New Hampshire; and U.S. Rep. Chellie Pingree from Maine.

The move comes as the Grocery Manufacturers Association, which represents more than 300 food companies, is pushing Congress and the Food and Drug Administration to pre-empt any state labeling mandates in favor of a federal standard for voluntary labeling, and to allow some GMO foods to be labeled "natural."

Most of the biotech crops on the market have been genetically altered to repel pests or tolerate direct spraying of herbicides. Those crops are used in a vast array of food products.

The companies that develop them say the crops are safe, and are backed by many scientific studies. But U.S. government regulators do not independently test GMO crops before approving them for commercialization. And there are also many studies showing links to human and animal health problems, and environmental damage.

Last October, an international coalition of scientists declared there still was no consensus in the global scientific community about the safety of genetically modified crops, which were first commercialized in 1996.

## [Bunge to Close Soy Processing Plant in Southern Brazil](#)

SAO PAULO, Jan 17 (Reuters) - Bunge Brasil, a subsidiary of U.S. based Bunge Ltd, said it is closing a soy processing plant in southern Rio Grande do Sul state this week, saying Brazil's tax structure favors the export of raw soybeans.

Brazil's soy crushing plants processed less in 2013 than in the previous year after President Dilma Rousseff's government lifted the so-called PIS/Cofins social-security and payroll tax from the cooking-oil industry, leaving crushers holding large amounts of worthless tax credits.

Soyoil producers had previously been able to use those credits against other tax liabilities, but many of those taxes were also lifted. The changes have hurt the crushing industry's profit margins and resulted in idle processing plants.

"Some factors have impacted soybean crushing activities in this country, favoring the sale of grains at the expense of processing products such as oil and meal," Bunge said in a statement late on Thursday.

Bunge still has six soy processing plants in Brazil, in five different states. The company said closing the plant will not affect other operations in Passo Fundo, Rio Grande do Sul, where it has a grain silo, and some commercial activity.

After reporting a quarterly net loss, Bunge's new chief executive in October signaled plans to shed the company's loss-making Brazilian sugar milling business.

If it presses ahead with those plans, Bunge would be the first major merchant to consider exiting the once-hot sector that has swallowed billions of dollars of investment.