

WEEKLY NEWS ARTICLE UPDATE



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Export Sales Highlights

This summary is based on reports from exporters for the period January 16-22, 2015.

Soybeans: Net sales of 888,200 MT for 2014/2015 were up noticeably from the previous week and 41 percent from the prior 4-week average. Increases reported for China (548,900 MT, including 126,000 MT switched from unknown destinations and decreases of 32,500 MT), Germany (144,300 MT), the Netherlands (119,700 MT, including 140,000 MT switched from unknown destinations and decreases of 20,300 MT), Mexico (68,400 MT), Portugal (65,900 MT, including 65,000 MT switched from unknown destinations), Egypt (65,400 MT), and Japan (44,100 MT, including 32,000 MT switched from unknown destinations and decreases of 1,000 MT), were partially offset by decreases for unknown destinations (232,700 MT) and Turkey (6,200 MT). Net sales of 20,800 MT for 2015/2016 were for Japan. Exports of 1,629,600 MT were unchanged from the previous week, but up 9 percent from the prior 4-week average. The primary destinations were China (759,100 MT), Germany (144,300 MT), the Netherlands (129,300 MT), Japan (111,400 MT), Mexico (104,900 MT), Saudi Arabia (67,200 MT), Portugal (65,900 MT), and Egypt (65,400 MT).

Optional Origin Sales: For 2014/2015, outstanding optional origin sales total 876,000 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 68,350 MT for week ending January 1, 2015, and down 75,937 MT for week ending January 8, 2015. The correct destination for these shipments is Germany and is included in this week's report.

Soybean Cake and Meal: Net sales of 296,500 MT for 2014/2015 were up 4 percent from the previous week and up noticeably from the prior 4-week average. Increases were reported for Ecuador (99,000 MT), Thailand (45,000 MT, switched from unknown destinations), Mexico (41,700 MT), Egypt (30,000 MT), Colombia (24,900 MT, including 4,600 MT switched from Panama), and the United Kingdom (24,400 MT, including 25,000 MT switched from unknown destinations and decreases of 600 MT). Decreases were reported for unknown destinations (29,100 MT), Turkey (15,000 MT), Indonesia (9,000 MT), and the Dominican Republic (1,900 MT). Net sales of 1,000 MT for 2015/2016 were reported for Mexico (600 MT) and Nicaragua (400 MT). Exports of 276,400 MT were down 9 percent from the previous week and 4 percent from the prior 4-week average. The primary destinations were Vietnam (51,100 MT), Mexico (46,700 MT), the Philippines (43,000 MT), the United Kingdom (24,400 MT), Cuba (23,100 MT), Colombia (12,700 MT), and Venezuela (12,000 MT).

Soybean Oil: Net sales of 10,600 MT for 2014/2015 were down 38 percent from the previous week and 58 percent from the prior 4-week average. Increases were reported for Peru (5,000 MT), Mexico (4,300 MT), Honduras (1,000 MT), and Canada (200 MT). Exports of 8,200 MT were down 81 percent from the previous week and 70 percent from the prior 4-week average. The primary destinations were Peru (5,100 MT) and Mexico (2,900 MT).

First Ship Loading Soybeans at Paranagua

PORT OF PARANAGUÁ, BRAZIL — The Port of Paranaguá said on Jan. 23 that it is loading its first ship of soybeans. The bulk ship Tian Song Feng, coming from India, will load 61,700 tonnes of soybeans bound for Thailand.

The ship entered the port on Jan. 19. The vessel docked in the cradle 212 to ship 43,700 tonnes of soybeans in the Cargill terminal and another 18,000 tonnes of soybeans in the terminal of the Cooperative Cotriguaçu.

"As was already planned, soy is beginning to arrive in Paranaguá. The field is still reaping, and we are preparing for that stream that from now on, gets more intense," said the president of Administration of Paranaguá and Antonina Ports, Luiz Henrique Dividino.

Until the end of January, the port will receive a total of 27 ships to carry almost 1 million tonnes of soybeans, corn, bran and wheat.

This year, the port will start up two new cradle chargers. The new shiploaders will operate with larger vessels, reducing loading time and the cost of transportation. The shiploaders are two tonnes per hour faster than the previous equipment.

"Besides working with greater operational reliability, fewer stops for maintenance, and greater flexibility in operational movements, the equipment allows a reduction in interruptions," said Dividino.

According to the latest forecast of the Department of Rural Ministry of Agriculture Economics and Supply, released in December, Paraná should harvest in 2015, about 22.15 million tonnes of soybeans, corn and beans.

Soybeans are the most representative product of the trade balance of the port. In 2014, of \$16.6 billion for the total exported via Paranaguá, \$3.8 billion came from soybean trading with other countries, representing 22.75% of total exports. China is still the main destination for boats.

U.S. Industry Blasts EPA Decision on Biodiesel Imports

EPA to Fast-Track Argentinian Biodiesel by Easing Sustainability Requirements

WASHINGTON – The National Biodiesel Board on Tuesday sharply criticized a decision by the EPA to allow streamlined Argentinian biodiesel imports to the U.S. under the Renewable Fuel Standard (RFS).

“This decision poses a tremendous threat to U.S. industry and jobs, not to mention the overriding goal of the RFS of developing clean, homegrown renewable fuels,” said Anne Steckel, NBB’s vice president of federal affairs. “This is incredibly damaging, particularly in light of the continued delays in establishing RFS volumes. The Obama administration has effectively run the U.S. biodiesel industry into a ditch over the past year by failing to establish a functioning renewable fuels policy, and instead of pulling the domestic industry out, it is fast-tracking foreign competition.”

“Not only does this threaten U.S. businesses and jobs, it could also undermine our sustainability goals aimed at preventing deforestation from the production of renewable fuels,” Steckel said. “It opens the floodgates for Argentinian biodiesel with very little oversight or verification that the resources used to make the fuel was grown in accordance with strict RFS sustainability requirements.”

To prevent deforestation and other harmful land-use changes, feedstocks used under the RFS generally must be grown on land that was cleared or cultivated prior to Dec. 18, 2007 – when the RFS was implemented. Typically, foreign producers must closely map and track each batch of feedstock used to produce imported renewable fuels.

EPA’s decision Tuesday allows Argentinian biodiesel producers to use a survey plan for certifying that feedstocks used – in this case soybean oil. The change – effectively leaving it to the foreign producer to pay an independent third party to survey their feedstock suppliers – is far less stringent than the current map and track requirement and more difficult to verify.

Many of the soybeans processed into soybean oil in Argentina come from Uruguay, Peru, Brazil, and other countries. Given the complex international trade involved, the EPA will have little ability to verify the survey plans proposed by Argentinian producers.

NBB estimates that up to 600 million gallons of Argentinian biodiesel could enter the U.S. as a result of the change. Argentina would be the first country to use a survey approach under the RFS. Canada and the U.S. operate under an aggregate approach in which feedstock is approved so long as the aggregate amount of agricultural land in each country does not grow.

Additionally, Argentina supports its domestic biodiesel program with a cost-distorting “Differential Export Tax” program that allows Argentinian biodiesel to undercut domestic prices.

“At a time when our U.S. industry needs a lifeline, it feels instead like we’re being pushed back under water,” Steckel said. “This decision simply makes no sense from an economic perspective, an energy security perspective or an environmental perspective. It is baffling.”

Biodiesel – made from a variety of resources including recycled cooking oil, plant oils such as soybean oil, and animal fats – is the first EPA-designated Advanced Biofuel to reach commercial-scale production nationwide. According to the EPA, biodiesel reduces greenhouse gas emissions by 57 percent to 86 percent compared with petroleum diesel. With plants in nearly every state in the country, the industry supports some 60,000 jobs.

The EPA is more than two years late in establishing volumes under the RFS after failing to establish a requirement for 2014 and 2015. The continued uncertainty under the policy has destabilized the industry, causing many U.S. production plants to stop production and lay off employees.

[Drought Keeps Brazil Waterway Closed as Soy Exports Start](#)

SAO PAULO, Jan 27 (Reuters) - A key waterway in Brazil used to transport grains, pulp and other bulk goods will not reopen, as planned, for the start of soy exporting season, the Sao Paulo state government said on Tuesday.

The Tiete-Parana waterway has been closed since May, and rains in January, usually the rainiest month in southeastern Brazil, have not raised the draft enough for barges to pass.

The closure shows the growing economic impact of the climate crisis in a region responsible for 60 percent of Brazil's gross domestic product, and economists are considering the impact of potential energy rationing as water levels drop in reservoirs that feed hydro-electric dams.

The government has no estimated date for reopening the waterway, Sao Paulo state's transportation department said in an e-mailed response to questions. The government said in September the waterway would be reopened in January.

The waterway puts authorities in the awkward position of choosing between energy generation and shipping some of Brazil's main export products that make up the country's trade balance.

The state government had hoped to solve the problem by reducing the amount of water used by three hydroelectric dams, and said tests held at two dams in September had raised the water level without any significant environmental impact.

But the local government is still waiting for approval from three federal agencies, the transportation department said.

Reservoir levels in the southeast are the lowest in January since at least 2000, when the current electricity grid was being installed. Brazil relies on hydro power for between two thirds and three quarters of its electrical generation.

When the Tiete-Parana waterway closed last year, toward the end of the soy export season, Brazil's national farm lobby Aprosoja estimated freight costs rose by 10 percent to 12 percent. Brazil was the world's top soy exporter last season.

Agricultural exporters, including Cargill Inc [CARG.UL](#), told Reuters in June they had to hire trucks to transport their goods the full distance to Brazil's main soy exporting terminal at the Port of Santos.

The Tiete-Parana waterway transports 8 million tonnes of cargo per year, including 2.5 million tonnes of soybeans, corn and other soy derivatives that mostly come from Mato Grosso and Goias in central Brazil, according to Aprosoja.

The southern port of Paranagua said on Friday it had shipped its first soy cargo of the year.

India 'May Slash' Duty Which Has Curbed Oilseed Imports

India is considering slashing its hefty import tax on oilseeds which has kept imports at marginal levels – a move which would boost the country's processing industry, but could "severely affect" producers.

India's government may, on a budget statement scheduled for February 28, unveil a reduction of the 30% import tax on oilseeds – a level which is higher than that levied on, for example, vegetable oils.

India last month raised its import duty on crude edible oils by 2.5 points to 7.5%, while lifting the levy on refined oils by 5 points to 15%.

However, these are the kind of levels that India's processing industry believes may be applied to oilseeds themselves, with Oil World, the analysis group, flagged "speculation" of a cut in the tariff to 5-10%.

India's needs

Oil World said that such a levy reduction would chime with an effort by Narendra Modi, India's prime minister, to promote within the country value-added operations, such as capturing the margins from processing raw oilseeds into oils and meals.

And it could "become an important element in satisfying the prospective large further growth of demand for vegetable oils and oilmeals in India", Oil World said.

India is the world's biggest importer of palm oil and soyoil, with demand boosted by increasingly affluent and sizeable population, although it remains an exporter of soymeal – albeit at decreasing volumes, seen falling in 2014-15 for a fourth successive year.

'Would be risky'

However, the analysis group cautioned that "it would be risky to remove import barriers at a time of low international oilseed prices" – handing processors a double boost.

Such a move "would severely affect Indian oilseed producers, who are probably not all in a position to compete if domestic oilseed prices are pressured further".

Soybean prices on India's National Commodity and Derivatives Exchange were, at 3,339 rupees per 100 kilogrammes on Wednesday, down 31% from an April 2014 high.

Spot rapeseed futures were, at 3,330 rupees per 100 kilogrammes, trading at amongst their lowest levels of the past year.

India has historically imported, or exported, the likes of rapeseed, soybeans and sunflower seed **only in small quantities**, processing the great majority of domestic crop in-country, and topping up product shortfalls through purchases from abroad.

U.S. Grain Farmers Add Debt as Crop Prices Squeeze Cash Flow

By Christine Stebbins

CHICAGO, Jan 28 (Reuters) - U.S. grain farmers are boosting demand for loans from farm banks as five-year lows in crop prices squeeze operating budgets ahead of spring planting, according to a national survey of farm bankers issued by the Federal Reserve Bank of Kansas City on Wednesday.

"Reduced profits in the crop sector persisted in the fourth quarter of 2014, leading to a sharp rise in farm-sector borrowing and a slight decline in cropland values," the bank said. "Should low crop prices and high input costs persist, crop sector profit margins may weaken further and strain loan repayment capacity in the coming year."

Corn prices set record highs during the summer of 2012 amid the biofuels boom and drought in the United States and many overseas areas. But prices are now down by about half after two consecutive record American harvests. At the same time, crop production has recovered overseas, hurting wheat exports. Without mammoth Chinese demand, soybean prices would be even lower.

The Fed survey, which covered the Midwest, Plains and Mountain states, said farm loan debt outstanding as of Sept. 30 was 6.7 percent higher than a year earlier. Loan-to-deposit ratios at farm banks have risen to the highest since 2010. Sales of combines and large tractors were 26 percent lower in 2014 than the year before. Collateral requirements showed "a slight rise," the Fed said.

Livestock producers, aided by the sharp drop in feed costs, continued to regain profits in 2014, the Fed said. But lending to livestock producers also "rose significantly" last year as cow-calf operators expanded to rebuild beef herds. "Looking ahead, the supply of feeder cattle may contract further if a reduction in calf slaughter signals that more animals are being retained to rebuild herds," the Fed said.

Pressure on farm land values from lower crop revenues had been countered to some extent by demand for grazing land from resurgent livestock farmers.

"While the majority of survey respondents expected crop land values would stabilize, some anticipated additional declines in 2015," the Fed said.

Have We Reached 'Peak Food'? Shortages Loom as Global Production Rates Slow

Tom Bawden 

Wednesday 28 January 2015

The UK Independent

The world has entered an era of “peak food” production with an array of staples from corn and rice to wheat and chicken slowing in growth – with potentially disastrous consequences for feeding the planet.

New research finds that the supply of 21 staples, such as eggs, meat, vegetables and soybeans is already beginning to run out of momentum, while the global population continues to soar.

Peak chicken was in 2006, while milk and wheat both peaked in 2004 and rice peaked way back in 1988, according to new research from Yale University, Michigan State University and the Helmholtz Centre for Environmental Research in Germany.

What makes the report particularly alarming is that so many crucial sources of food have peaked in a relatively short period of history, the researchers said.

“People often talk of substitution. If we run out of one substance we just substitute another. But if multiple resources are running out, we’ve got a problem. Mankind needs to accept that renewable raw materials are reaching their yield limits worldwide,” said Jianguo “Jack” Liu, of Michigan State University.

This is a strong reason for integration ... rather than searching for a one-for-one substitution to offset shortages,” he added.

Peak production refers to the point at which the growth in a crop, animal or other food source begins to slow down, rather than the point at which production actually declines. However, it is regarded as a key signal that the momentum is being lost and it is typically only a matter of time before production plateaus and, in some cases, begins to fall – although it is unclear how long the process could take.

“Just nine or 10 plants species feed the world. But we found there’s a peak for all these resources. Even renewable resources won’t last forever,” said Ralf Seppelt, of the Helmholtz Centre.

The research, published in the journal *Ecology and Society*, finds that 16 of the 21 foods examined reached peak production between 1988 and 2008.

This synchronisation of peak years is all the more worrying because it suggests the whole food system is becoming overwhelmed, making it extremely difficult to resurrect the fortunes of any one foodstuff, let alone all of them, the report suggested.

The simultaneous peaking of the world’s basic foodstuffs is largely down to the competing demands of a mushrooming population, which is putting ever-greater strain on the land for housing, agriculture,

business and infrastructure. At the same time, producing more of any one staple requires the use of extra land and water, which increases their scarcity and makes it harder to increase food production in the future.

Finally, increases in production tend to push up pollution, which exacerbates shortages of resources and slows the growth in output.

The simultaneous peaking of crops and livestock comes against a backdrop of a growing population, which is expected to reach nine billion by 2050, requiring the world to produce twice as much food by then as it does now, according to a separate study by the California Academy of Sciences. The problems caused by the growing population have been compounded by the growth of wealthy middle-class populations in countries such as China and India which are demanding a meatier diet. This is problematic because meat and dairy use up a lot more resources than if a comparable level of nutrition were provided by crops, grown direct for human consumption.

“That trajectory [of needing to double food production] is not a given but more of a warning. It means we have to change how we eat and use food,” said Jonathan Foley, the director of the California Academy of Sciences.

While the peak production study suggests a doubling of food output could well be impossible, Dr Foley points out that, since 30 to 40 per cent of the food grown globally for human consumption never gets eaten, eliminating waste would go a long way to feeding the growing population.

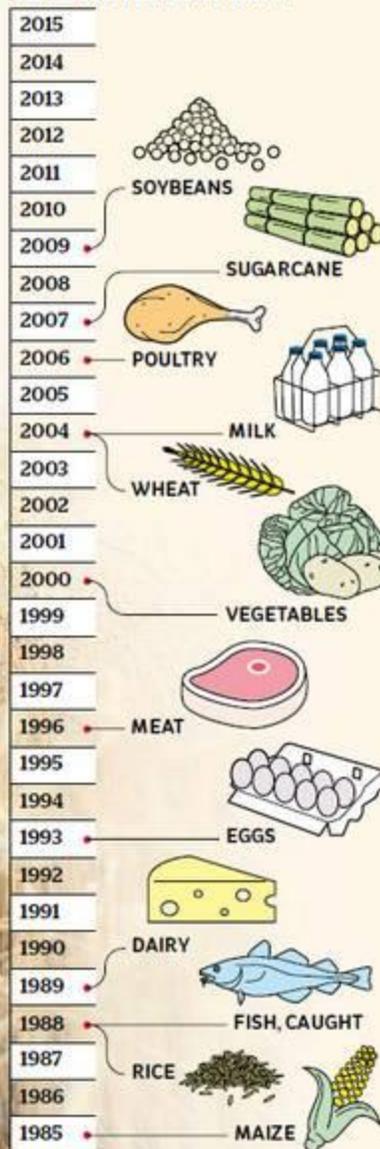
Among the basic foodstuffs examined, only the relatively undeveloped farmed fish – or aquaculture – industry has yet to reach peak production.

Food peak production

Peak production refers to the point at which the growth in production of a crop, animal or other foodstuff begins to slow down. From this time, production will continue to increase but at a decelerating rate. This is the first stage of a process that typically continues with a flattening of production and then a decrease. Peak production is the point at which things begin to go wrong, acting as a warning signal of what is to come.



YEAR IN WHICH FOOD TYPE REACHED ITS PEAK-RATE



SOURCE: ECOLOGY AND SOCIETY

Syngenta's \$3 Billion GMO Corn Exposure May Grow to \$6 Billion

Jan 29, 2015

Syngenta could be defending against more than \$6 billion in claims alleging the company misrepresented to which countries its Viptera corn seed could be exported. That's twice as much as previously estimated. More than 250 new cases have been proposed for addition to the consolidated case, potentially doubling the existing cases before a judge in Kansas federal court, and with that,

potentially doubling the prior \$3 billion damages estimate. Those cases could be added to the lawsuit as soon as February.

Biofuels Are Inefficient, Crowd Out Food Production: Report

By Ehren Goossens and Justin Doom

(Bloomberg) -- Turning corn and sugar into energy is inefficient and crowds out land that could be better used to produce food, according to an environmental advocacy group.

“The quest for bioenergy at a meaningful scale is both unrealistic and unsustainable,” the World Resources Institute said in a report Thursday. The Washington-based nonprofit group recommended governments phase out biofuel

subsidies and limit the amount of ethanol that must be blended with gasoline.

Supporters of bioenergy say it offsets the use of fossil fuels, providing a cleaner, renewable resource in lieu of oil. The report concludes that using biofuels to meet 20 percent of the world’s energy by 2050 would require harvesting

twice as much plant material as current levels. At the same time, such an effort has the potential to widen the gap between what’s needed to feed the world and what’s grown, the institute said.

Ethanol produced from sugarcane converts about 0.2 percent of sunlight into energy. Solar panels, meanwhile, can generate more than 100 times the usable energy per hectare, Tim Searchinger, author of the report and a research scholar at Princeton University in New Jersey, said in an interview.

“It would be nice to believe that there was this massive quantity of bioenergy that was available, it’s just unfortunately not true,” Searchinger said. “People need to improve their understanding of this issue.”

The world faces a 70 percent “food gap” between available crop calories this year and what’s needed for 2050, the report found. If all crop-based biofuels ended, that gap would shrink to 60 percent. More ambitious targets, such as those proposed in Europe and the U.S., could mean biofuels consume about 30 percent of the world’s crops, according to the report.

U.S. Grain Farmers Eye Long-Term Average Price for Farm Bill Signup

By Christine Stebbins

CHICAGO, Jan 30 (Reuters) - U.S. grain farmers are leaning toward a government farm subsidy based on long-term price averages rather than a fixed price as they lock in sign-ups for the new 5-year federal farm bill, a choice that will pay off in the short term but hurt if low prices persist, according to farm economists.

The price-average choice, called agricultural risk coverage, or (ARC)-County, may draw more than four-fifths of grain producers in Iowa and Illinois, which together produce about a third of all U.S. corn and soybeans, experts say.

The other choice, called price loss coverage (PLC), is drawing interest from farmers who are more bearish on crop prices, such as growers of peanuts, rapeseed and perhaps wheat, they say.

But Steven Johnson, an Iowa State University farm economist who has met with about 8,000 farmers in Iowa in the past 10 weeks, said the producers he has talked to are leaning overwhelmingly toward ARC-County.

"Potentially, 80 percent of all the base acres in Iowa will go ARC County," Johnson told Reuters. "ARC County corn payments on those first two years will likely be larger than what they potentially could collect on PLC over five years."

The new federal farm bill spared no expense in government supports for grain farmers. After five years of record prices, bumper harvests the last two years have cut prices sharply.

"I would anticipate Iowa corn farmers would collect somewhere in the neighborhood of \$50 to \$70 per base acre each for the first two years," Johnson said. "It's the higher risk strategy but likely the higher reward strategy."

Illinois farmer Ron Moore, who is secretary of the American Soybean Association, said: "My son and I spent one afternoon playing with the computer and scenarios and prices. For us the best choice was ARC County."

Gary Schnitkey, an economist at the University of Illinois, said ARC-CO appeals to the bullishness of many corn and soybean farmers who saw prices double in recent years.

"It is being driven by expected payments which depends on price expectations. For corn, the breakeven point is a five-year \$3.30 average," Schnitkey said, who pegged breakeven prices for soybeans at \$7.80 and for wheat at \$5.50.

Jerry Mohr, a farmer and president of the Iowa Corn Growers, said farmers basically have to decide whether they are bullish or bearish when making their farm bill decisions now through March 31.

"I'm not a half empty guy. I think the glass is half full," Mohr said.

