WEEKLY NEWS ARTICLE UPDATE

Prepared by John C. Baize and Associates | 7319 Brad Street | Falls Church, VA 22042
TEL: 703-698-5908 | FAX: 703-698-7109 | E-mail: jbaize@attglobal.net

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Export Sales Highlights

This summary is based on reports from exporters for the period April 24-30, 2015.

Soybeans: Net sales of 338,900 MT for 2014/2015 were down 22 percent from the previous week, but up noticeably from the prior 4-week average. Increases were reported for unknown destinations (170,000 MT), Mexico (67,800 MT), Indonesia (38,400 MT, including 25,000 MT switched from unknown destinations and decreases of 1,500 MT), Japan (32,200 MT, including 18,000 MT switched from unknown destinations and decreases of 4,300 MT), Costa Rica (22,800 MT, including 14,000 MT switched from unknown destinations), and China (5,300 MT). Decreases were reported for Canada (4,600 MT). Net sales of 350,300 MT for 2015/2016 were reported for unknown destinations (450,000 MT) and Japan (300 MT), were partially offset by decreases for China (100,000 MT). Exports of 186,700 MT were down 29 percent from the previous week and 51 percent from the prior 4-week average. The primary destinations were Japan (50,500 MT), Mexico (50,400 MT), Indonesia (38,800 MT), Costa Rica (15,800 MT), Venezuela (6,000 MT), and China (5,700 MT).

Optional Origin Sales: For 2014/2015, options were exercised to export 30,400 MT from other than the United States. Outstanding optional origin sales total 475,000 MT, all China. For 2015/2016, new optional origin sales totaling 118,000 MT were reported for China. Outstanding optional origin sales total 173,000 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 136,800 MT for 2014/2015 were up 2 percent from the previous week and 31 percent from the prior 4-week average. Increases were reported for Mexico (46,700 MT), the Dominican Republic (22,200 MT), Peru (21,400 MT), Honduras (16,800 MT, including 8,900 MT switched from unknown destinations and decreases of 100 MT), Colombia (13,800 MT), Nicaragua (7,400 MT, including 1,000 MT switched from El Salvador and 1,000 MT switched from Guatemala), and Canada (5,500 MT). Decreases were reported for Vietnam (11,100 MT), Sri Lanka (1,000 MT), Guatemala (1,000 MT), and El Salvador (900 MT). Net sales of 31,300 MT for 2015/2016 were reported primarily for Peru (22,500 MT) and the Dominican Republic (7,200 MT). Exports of 235,500 MT were down 20 percent from the previous week and 7 percent from the prior 4-week average. The primary destinations were the Philippines (89,400 MT), Mexico (35,200 MT), Vietnam (34,300 MT), Venezuela (16,000 MT), Colombia (14,800 MT), and Canada (14,800 MT).

Soybean Oil: Net sales of 15,600 MT for 2014/2015 were up noticeably from the previous week and from the prior 4-week average. Increases were reported for Mexico (25,800 MT), Jamaica (4,000 MT), and Canada (200 MT), were partially offset by decreases for the Dominican Republic (9,800 MT), Colombia (4,300 MT), and Panama (500 MT). Exports of 19,600 MT were up noticeably from the previous week and 29 percent from the prior 4-week average. The primary destinations were the Dominican Republic (10,300 MT), Colombia (5,300 MT), and Mexico (3,400 MT).

Syngenta Rejects $45 Billion Monsanto Takeover Offer

By Katharina Bart and Pamela Barbaglia

ZURICH/LONDON, May 8 (Reuters) - Agrochemicals firm Syngenta on Friday rejected a $45 billion takeover offer from Monsanto saying the offer undervalued the Swiss firm and did not fully take into account regulatory risks.

Sources had told Reuters overnight that the two agricultural companies were working with investment banks on a takeover deal that would create an industry behemoth with combined sales of more than $31 billion.

But, Syngenta said on Friday that its board had unanimously rejected a 45-percent cash offer by Monsanto that would value Syngenta at 449 Swiss francs ($486.35) per share.

"The offer fundamentally undervalues Syngenta's prospects and underestimates the significant execution risks, including regulatory and public scrutiny at multiple levels in many countries," Syngenta said in a statement.

Monsanto confirmed it had made an offer for Syngenta and, in a statement, said it was confident of obtaining all necessary regulatory approvals to close the deal.

Syngenta shares closed up 19 percent at 396.90 Swiss francs on Friday. Monsanto shares were up about 3 percent at $122.51 on Friday afternoon on the New York Stock Exchange.

Swiss company Syngenta had been working with Goldman Sachs to assess the merits of a sale to the world's largest seeds company Monsanto, which is being advised by Morgan Stanley sources had earlier told Reuters.

Rumours of talks between the two companies gained pace at the end of April, sending shares in Syngenta to a record high of 351 Swiss francs on May 4.

Monsanto, which initially approached Syngenta last year, has long been interested in its Swiss rival and the potential to base itself in Switzerland and benefit from lower taxes, one of the sources told Reuters.

Following attempts by the U.S. Treasury to clamp down on such moves, known as tax inversion, Monsanto may have to buy Syngenta in a cash rather than stock transaction and would be unable to redomicile in Switzerland, an
industry source said.

RIVAL BIDDERS?
Monsanto foresees strong benefits from a takeover of Syngenta, which makes heavy research and development (R&D) investments in crop technology to increase the average productivity of crops such as corn, soybeans, sugar
cane and cereals.

Monsanto, meanwhile, is focused on conventional and biotech seeds and last year raised its R&D spending to $1.7 billion from $1.5 billion in 2013.

"There is a clear strategic logic to a deal," one of the industry sources said. "Syngenta is the

only available target in crop protection. It's no wonder Monsanto continues to circle the company."

A deal would come as prospects for genetically modified (GM) crops are improving in the European Union after a change in its legislation unlocked a stalled approval process. Monsanto owns the only GM product approved for
cultivation in the EU, a modified maize.

Despite the two companies' cultural affinity, a merger may be challenged by antitrust regulators, primarily in North America, where the two groups are already seen as market leaders in the seeds industry.

German chemicals company could be among possible bidders for all or parts of Syngenta, one of the
sources said.

He mentioned Chinese state-owned firm, China National Chemical Corp (ChemChina), as another possible buyer with strong appetite to bulk up its European presence, though Syngenta may be reluctant to cede control to an
Asian rival.

Spokesmen at BASF and Dow Chemical declined to comment, while representatives of ChemChina were not immediately available for comment.

Syngenta, which was formed in 2000 by the merger of Novartis Agribusiness and Zeneca Agrochemicals, also competes with Bayer CropScience

ADM Launches Sustainable Soy Certification Program in Brazil

SAO PAULO, May 8 (Reuters) - Archer Daniel Midlands Co. ADM.N, one of the world's largest grain traders, said on Friday it was launching a sustainable soy certification program in Brazil with an eye to meeting the demand of European buyers.

The program, which should include 120 of the 6,000 Brazilian producers growing soy for ADM by the end of the year, is specifically targeting the European Union, and the Netherlands in particular, said Amanda Cosenza, sustainability manager for ADM in South America.

Brazil, the world's No. 2 soybean producer after the United States, ships nearly 70 percent of its soybeans to China, though some exporters are seeking to diversify in light of slower economic growth in Asia's largest economy.

ADM declined to give company-specific export data.

Other companies in Brazil are also working to prove their soybeans did not contribute to deforestation of the Amazon rain forest or employ slave labor. ADM's program will expand in coming years and will likely be launched in Paraguay as well, Cosenza said.

"This fits with demand," she said in an interview.

Representatives of Abiove, an industry group that includes the biggest soy traders in Brazil, traveled to Europe last month to discuss soy sustainability and its Soja Plus program.

The private sector's efforts to meet Europe's demand for sustainable soy, a key ingredient in animal feed, comes amid a shift in government policy. Brazil last year extended a moratorium on buying soy grown in illegally cleared land in the Amazon rainforest until May 2016.

By then the government hopes to finish a registry of all farming property in Brazil, considered a first step towards implementing a new forestry code that was passed in 2012.

Some environmental groups have criticized the looming end to the soy moratorium, especially as a new shipping route via river barges in the Amazon opens up. The Brazilian government and industries say that other controls will replace the moratorium, ensuring soy does not contribute to deforestation.

"Our focus until May 2016 will be to ensure that all ADM producers are registered," said Cosenza. "There will be new conversations in 2016 to see what the next steps are."

Lack of Innovation Leaves EU Trailing Rival Economies in U.S. and Asia

Wall Street Journal May 6, 2015

There are many different explanations for the euro crisis: poor fiscal management, loose banking regulation, a loss of competitiveness as cheap money during the boom pushed up wages and house prices. But one major contributor to Europe’s problems that continues to hold back economies today is a lack of innovation.

The European Commission's own "Innovation Scorecard" shows that on almost every measure of innovation, the European Union lags well behind the U.S. and on some measures now lags parts of Asia, while differences between EU countries are widening.

Worryingly, in some countries, progress on improving innovation has gone into reverse as financial pressures have eaten into budgets. Boosting innovation is essential if Europe is to raise its long-term sustainable growth rates.

Although Europe produces its fair share of new patents, it struggles to turn these into commercial opportunities. Just one company in France's CAC-40 Index of leading companies was founded since 1970 and only two members of Germany's DAX-30.

Europe failed to produce an Apple or Google or Facebook. Venture-capital investment is well behind the U.S. relative to gross domestic product.

European businesses also lag in adoption of new technologies and processes, reflected in lower productivity growth.

The new commission appears to recognize this challenge. Its proposals to deepen the single European market in digital services, announced Wednesday, should go some way to help make the EU a more attractive place to operate a technology business.

As things stand, European companies selling cross-border account for just 4% of the European digital-services market, while only 7% of small and midsize companies sell cross-border. New measures to harmonize consumer-protection rules, simplify tax-compliance systems, introduce European copyright rules, improve spectrum allocation and incentivize fast broadband rollout should all help in the creation of a genuine pan-European single market for digital services.

But boosting innovation isn't just about improving conditions for tech startups. Innovation is needed across all industries—and in some sectors, EU rules are among the biggest obstacles.

Take the chemicals industry. The old European rules used to impose very heavy testing requirements on all new substances, thus discouraging European firms from bringing new substances to market. Europe's response was to level the playing field by extending the stringent testing to rules for existing substances too, regardless of risk, according to a report by Andrea Renda for the Centre for European Policy Studies. The result is that

Europe's laboratories are so busy with testing—the process can take 11 years—that research has shifted offshore while many new projects have been canned.

In other industries, innovation has been held back by the EU's reluctance to adopt a science-based approach to regulation.

There is overwhelming evidence that innovations developed by the biotech industry can bring substantial benefits to agriculture in terms of higher crop yields and more efficient use of land and water. Yet the EU, under pressure from domestic lobbies in member states, has ignored the science and only ever licensed two genetically modified organisms, or GMOs, one a maize product produced only in Spain, the other the Amflora potato, developed by German chemical giant BASF. The firm waited 13 years for approval before withdrawing the product from Europe and transferring its research to the U.S.

Indeed, some fear that science has dropped even further down the EU agenda under the current commission. Last year it abolished the position of EU chief scientific adviser, a post only created in 2012. At the same time, the commission raided the Horizon program, a major source of funding for academic research, to provide seed capital for new EU infrastructure investment funds.

These fears that the EU may be turning its back on science may be ill-founded. Carlos Moedas, the EU's science and innovation commissioner, insists the commission is still committed to evidence-based policy making and will soon announce plans for a new scientific advisory body.

He also says that the new EU investment funds will be able to invest in science-based projects, offering a way for universities to make up for lost funding. At the same time, the commission is leading a review of all EU regulation with the aim of removing unnecessary rules. Other commission initiatives, including a tougher approach to competition policy and plans to encourage more market-based funding, should help innovative companies.

But even if the commission understands the problem, businesses will rightly remain wary. Some fear the commission wants to use new digital-market rules to make life difficult for U.S. firms. And many are well aware that some of the biggest obstacles to innovation have arisen as a result of gold-plating by national governments and the European Parliament, which are susceptible to pressure from vested interests determined to keep out newcomers.

Successful innovation depends on collaboration and openness to outsiders and new ideas. If Europe is to truly escape its crisis-ridden past, it needs to abandon its instinctive protectionism.

Argentina's Speedy Soy Harvest Weighs on World Food Prices

By Hugh Bronstein

BUENOS AIRES, May 8 (Reuters) - Argentina's soy harvest progressed by a brisk 12 percentage points over the last week, the government said on Friday, propelling the agricultural powerhouse toward a record crop that has already helped drag world food prices to a near five-year low.

The world's top exporter of soymeal livestock feed expects a 59 million-tonne harvest this season, blowing past the record 53.4 million tonnes collected in the 2013/14 crop year.

Soy demand is driven by Asia, where the middle class is shifting from a diet of rice toward meal-fed beef, pork and poultry. Climbing Argentine crop estimates helped push world food prices to a near 5-year low in April. (Full Story)

Argentina's agriculture ministry said 72 percent of the country's soybeans had been harvested so far, up from 64 percent at the same point last year.

"The forecast indicates good weather conditions during most of the week ahead. Cool air, with warmer periods during the day, will continue in central and northern Argentina over the coming seven days," the ministry said in a report.

Soy planting has taken Argentina by storm over the last 20 years, displacing wheat and corn in many areas and raising concerns that lack of crop rotation may cause long-term damage to soils in the country's famously fertile Pampas farm belt.

Argentina slaps a 35-percent export tax on soybeans, compared with 23 percent on wheat and 20 percent on corn.

Soy is nonetheless favored by growers due to the export quota system that governs wheat and corn shipments.

Under the system, the government raises and lowers the amount of allowable export through the year, depending on crop size and domestic food demand. Growers complain the system makes crop planning difficult and hurts their profits by reducing competition among buyers.

The soy juggernaut has also been propelled by genetic technology that allows bean plants to grow in dryer areas.

"What we are seeing now is the combined impact of good crop weather and genetic technology that is increasing yields in areas that were too dry to grow soy only a few years ago," said Pablo Adreani, analyst with consultancy AgriPAC.

Brazil Takes Aim at U.S. Farm Subsidies as Rousseff Readies Visit

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BRASILIA - After finally turning the page on a dispute over spying that hampered attempts to deepen trade ties, Brazil and the United States may be headed for another clash, this time over U.S. farm subsidies.

Brasilia is gathering evidence to show that the United States is increasing subsidies for soy and corn farmers, which threatens to further push down prices for the key crops grown in the South American country and hurt its already sputtering economy, four Brazilian officials told Reuters.

Although it is too early to launch a full-out trade dispute, Brazil plans to apply pressure on Washington by questioning its farm program at the World Trade Organization's agriculture committee and by rallying support among other commodities exporters, officials said.

Brazil's growing concerns over U.S. farm subsidies comes as President Dilma Rousseff prepares to visit Washington in June, a trip aimed at bolstering trade between the hemisphere's two largest economies.

It took more than a year of intense negotiations for Rousseff to reschedule the trip, which was originally set to take place in 2013 but was scrapped following revelations that Washington spied on her personal communications.

Although Rousseff will not address the concerns about farm subsidies directly with U.S. President Barack Obama, her aides plan to bring it up in meetings with U.S. officials ahead of the visit, one of the Brazilian officials said. They all spoke on condition of anonymity to discuss the plans candidly.

"We are certain that U.S. subsidies will rise, but we need to gather evidence during the next harvest to build our case," said another official involved in trade policymaking. "We don't rule out a trade dispute, but we are in the early stages."

The U.S. government says its farm programs are transparent and fair and do not distort commodity markets.

"The new farm bill programs have minimal effects on production and trade and, as such, we are confident that the programs are in compliance with our WTO commitments," Cullen Schwarz, a U.S. Department of Agriculture spokesman, said in email response to questions from Reuters. He was referring to the 2014 U.S. farm bill.

A farming powerhouse, Brazil is an experienced player in agriculture disputes. It won a landmark WTO case in 2004 against U.S. cotton subsidies, a dispute that finally ended last September with a $300 million settlement for Brazilian producers.

The concerns over subsidies show how difficult it is for the regional powers to deepen economic ties after decades of disagreements over trade policy and other issues.

On her trip to Washington, Rousseff wants to attract more U.S. investment and technology to Brazil, which is one of the world's most closed economies because of high import tariffs and other trade barriers. But officials say both countries will struggle to deliver on key topics such as ending double taxation.

CONCERN OVER FALLING GRAIN PRICES

Brazilian officials worry that the drop in global grains prices will prompt the United States to release more subsidies to its farmers through crop insurance schemes in the 2014 farm bill.

In a presentation last year when she led Brazil's farm lobby group CNA, Katia Abreu, now agriculture minister, warned that Brazil could lose up to $500 million a year in revenues from soy exports due to price distortions caused by U.S. subsidies.

The estimates are from a study by consultancy Agroicone, which expects those subsidies to drag down world corn and soy prices by 4 percent and 3 percent, respectively.

"If prices remain at this level that will trigger more subsidies to U.S. farmers, leaving Brazilian producers at a disadvantage," said Alinne Oliveira, head of international affairs at CNA, which set up a group to monitor the subsidies.

Soy prices on world markets have plunged around 35 percent over the last year while the value of corn fell nearly 60 percent since its record high in late 2012, according to benchmark CME futures.

Brazilian authorities expect to have more evidence of the distortions by early next year to challenge the United States. In the meantime, officials say Brasilia will seek to press the United States to be more transparent about its subsidies.

Brazil comes a close second to the United States as the world's largest producer of soy, which makes up about 10 percent of its total exports. The fall in soy prices helped explain Brazil's first trade deficit in 14 years in 2014.

"We need to act multilaterally at the WTO to reduce those subsidies," said another Brazilian official. "At a time when economic growth is low, every major exporter is fighting for every little piece of the market."