OILSEEDS, OILS & MEALS
MONTHLY PRICE AND POLICY UPDATE *

No. 50, August 2013

a) Global price review

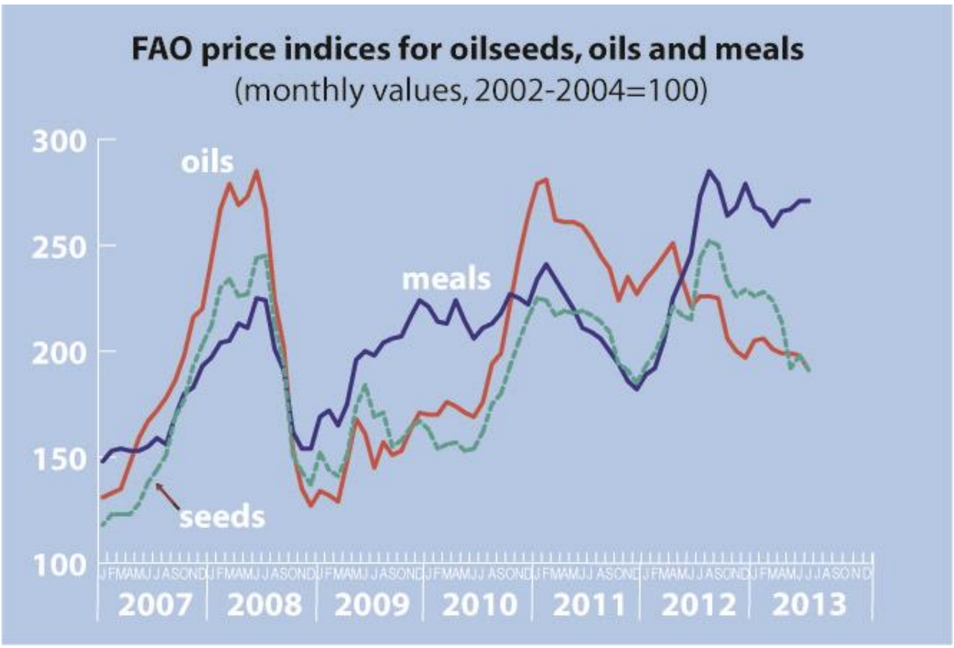
In July, FAO's price indices for oilseeds and oils/fats lost strength, while the index for oilmeals remained about unchanged compared to the previous month.

The indices for oilseeds and oils/fats both dropped by about 3–4 percent from the June level, which pushed the oilseeds index to a 19-month low and confirmed the downward trend in oils/fats values that started in early 2011. The meals/cakes index, on the other hand, maintained its historically high level.

International oilseed and oils/fats prices eased mainly reflecting expectations of improved soybean availabilities later this year. In particular, beneficial rains during July and forecasts of favourable weather conditions in the coming weeks have improved the production outlook for the United States. Better than earlier anticipated crop prospects in India – following timely monsoon rains – also contributed to downward pressure on prices. Moreover, current forecasts point to a further expansion in soybean plantings in South America later this year, suggesting that soybean supplies in 2013/14 could climb to an all-time record.

Higher than previously expected estimates for this year's rape and sunflower seed harvests also weighed on the prices of oilseed and oils/fats. Sunflowerseed production forecasts remain excellent for Romania and Bulgaria, and very good for Ukraine and Russia despite less than optimal weather conditions. Rapeseed output is likely to exceed initial forecasts in the European

- cont'd on next page -



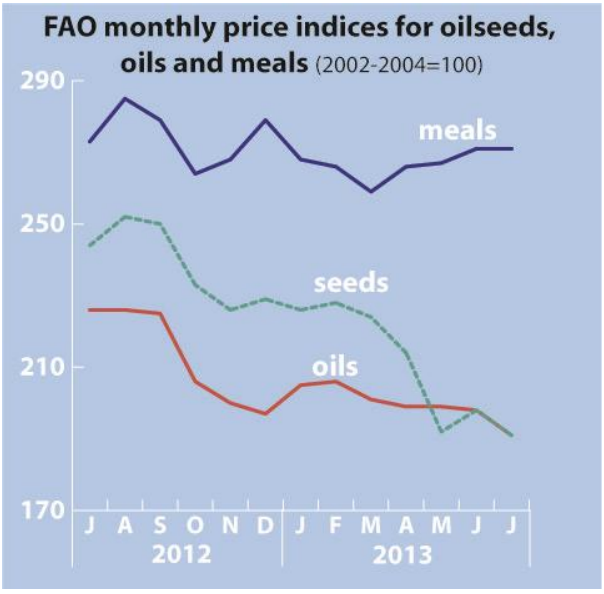
* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Trade and Markets Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO's price indices and spots important policy and market events selected from a variety of sources. The present issue covers developments observed during **June** and **July 2013**. Previous issues can be downloaded from the FAO website at URL http://www.fao.org/economic/est/publications/oilcrops-publications/monthly-price-and-policy-update/en/

Global price review – *cont'd*

Union (following good harvest progress during July) as well as in Canada, where favourable weather has improved yield prospects, possibly allowing output to fully recover from last year's drop.

The decrease in the oils/fats index was also caused by falling palm oil prices. Palm oil lost strength as ample production coincided with lower than expected import demand, in particular by China and India. Lower soyoil values also weighed on the oils/fats index. Soyoil quotations have been influenced by unusually large soyoil export availabilities in Argentina, following poor demand from the biodiesel sector.

As to meals/cakes, the index remained virtually unchanged as additional gains recorded for soybean meal have been offset by continued weakness in fishmeal values. International soymeal quotations appreciated further, reflecting the current exceptional tightness in global supplies. However, global supplies are expected to recover once the US crop enters the market, which should allow meal prices to ease in the coming weeks. The current weakness in fishmeal prices seems to be caused mainly by subdued import demand.



b) Selected policy developments and industry news

ALGERIA – soymeal import duty: According to private sources, the government is considering to extend by one year the suspension of import duties on soymeal and other feedstuff that was introduced in September 2012 *(see MPPU Nov.'12)*. The suspension was introduced to help the country's livestock industry coping with high import prices and to check rises in local retail prices for meat.

BRAZIL – disease control: The mandatory 90-day soybean-free period has taken effect in most of the country's soybean growing states on June 15th. In effect since the mid 2000's, the measure is meant to help slow the spread of diseases (notably 'asian rust' but also 'corn ear/cotton ball worms') from one soy crop to the next. During the prohibition period, no commercial soybean cultivation is allowed and all adventitious soybean that may have germinated after the last harvest must be destroyed.

BULGARIA – competition policy: The country's competition authority sanctioned a group of vegetable oil producers and retailers for creating a price cartel. The agency found that vertical agreements entered by the concerned companies had prevented competitive market pricing.

CANADA – rapeseed/soybean R&D: New government funding will be made available to enhance the competitiveness and sustainability of the country's rapeseed and soybean industries. The Canola Council of Canada and the Eastern Canada Oilseed Development Alliance will receive support under the AgriInnovation Program to conduct research on: new uses of rapeseed as animal feed; pest management and disease resistance; yield enhancement and stress resistance; economic and environmental sustainability; and market opportunities for food-grade soybeans.

CHINA – state procurement and reserve policies

- Soybean reserves: The release of soybeans from public reserves via public auctions is set to resume in August. Reportedly, a total of 3 million tons could be offered, all of which originating from domestic procurement operations conducted in 2010 and 2011. According to private sources, sales could be slow to take off as auction starting prices (probably ranging Yuan 4 200 – 4 600 per ton) are likely to exceed current import prices (reported at Yuan 3 500 per ton).
- Rapeseed and rapeseed oil procurement: Procurement policies for rapeseed oil have been tightened to prevent imported rapeseed oil from entering public reserves. Reportedly, a strict ban has been imposed on the entry of imported rapeseed oil as well as on oil extracted from imported rapeseed into state reserves.

CHINA – GM soybean approval: Chinese officials announced the approval of three varieties of genetically modified soybeans for importation. The three pest resistant varieties (CV127, Intacta RR2 Pro and Liberty Link) are of particular interest to Brazil – one of China's leading soybean suppliers. Based on China's approval, Brazilian farmers expected to start using the improved seed material for the forthcoming 2013/14 crop.

CHINA – removal of import restrictions: Agreement on a new strict shipment protocol has paved the way for the resumption of India's rapeseed meal exports to China. Imports had been banned January last year following the detection of a hazardous chemicals in consignments from India *(see MPPU Feb.'12)*.

EUROPEAN UNION – biodiesel anti-dumping duties: According to private sources, Argentina's biodiesel industry is being negatively affected by the EU's recently introduced provisional anti-dumping duties *(see MPPU June'13)*. In Argentina biodiesel production is strongly export oriented, with about 95% of domestic output destined to the EU market. Argentina's biodiesel industry is reported to be working at only 35% of installed capacity as a result of the EU duty increase. To raise production, local producers are pushing for higher domestic biodiesel consumption, but lifting the compulsory blending requirement above the current 7% rate does not seem viable: the government's policy to allocate domestic blending quotas mainly to small companies seems to limit the ability of larger producers to supply the market. As an alternative solution, Argentina is trying to diversify its biodiesel exports, for instance by seeking approval to sell biodiesel to the US market. In the meantime, first exports of biodiesel to the EU have been reported from neighbouring Brazil: in July, a partly state-controlled company said it was ready to ship 8 000 tons of biodiesel to the EU. As to Indonesia, the second country targeted by the EU's anti-dumping measure, private sources reported that – after bilateral talks between Indonesia and the EU have reached a standoff – the country could file a complaint against the EU at the WTO.

EUROPEAN UNION – regulation of commodity derivative markets: Discussions about the introduction of limits on commodity speculation are going on among EU lawmakers. The purpose of such limits would be to restrict the activities of fund management companies that engage in agricultural commodity trading – a practice that some believe has fueled food price volatility in recent years *(see also MPPU Nov.'12)*. Reportedly, the EU Council is not in favour of setting EU-wide position limits and, instead, has proposed to allow individual member countries to set their own limits. Critics say that this would lead to member states converging towards low positions limits. The EU Parliament continues to favour single, binding limits across the EU. Lawmakers are expected to reach a consensus by March 2014. By comparison, in the United States, position limits have already been adopted for some key futures and options contracts, including for wheat and maize.

EUROPEAN UNION – common agricultural policy: The Council, Commission and Parliament of the EU have reached agreement on a set of reforms to be applied to the bloc's common agricultural policy during 2014–2020. Direct payments to EU farmers are going to be maintained, although member countries may also continue to provide support coupled to the production of specific products (within certain limits). The most important change will be that payments are going to increasingly depend on compliance with specific environmental requirements: in particular, producers will be required to diversify their crops, maintain permanent grassland, and protect 'ecological focus areas'. The new rules also envisage a negative list of entities that would not be eligible for subsidies. However, no agreement has been reached on degressivity and capping of payments to individual farmers, on the transfer of funds between pillars and on the rates of co-financing. Also, the budgetary framework for the next seven years still needs to be discussed. The EU Commission still has to translate the agreed-upon reforms into legislative text for final adoption by the Parliament and Council.

EUROPEAN UNION – long-term biofuel policy: The environment committee of the EU Parliament has endorsed the EU Commission's draft proposal *(see MPPU Nov.'12)* to cap the contribution of food-based biofuels in the transportation sector and to require reporting of estimated GHG emission levels for each biofuel, including mandatory accounting of ILUC effects. The committee recommended to limit the contribution of food-based (or 'first-generation') biofuels to 5.5 percent of total energy consumption in 2020 – as opposed to the originally proposed 5 percent, and compared to the current level of about 4.5 percent – with a view to ensure that support granted to such biofuels does not unintentionally harm the environment or displace food production. The proposal represents a reversal from the EU directive approved in 2009, which fixed the contribution of renewable energy sources at 10 percent. The committee also proposed that 'advanced' (or 'second-generation') biofuels – i.e. fuels made from agricultural residues, seaweed and certain waste products – account for at least 2 percent of total energy consumption and that their production be promoted through special incentives. The committee's recommendation has to be followed by a plenary vote later this year, following which the proposal will be submitted to the EU Council for final approval. If confirmed, the policy shift would negatively affect the EU's biofuel industry, which relies heavily on food crops, especially edible oils, as feedstock. Industry sources warned that, by applying an arbitrary cap on all food-based biofuels, important differences between individual fuels – in terms of environmental performance – would be ignored, thus exposing the EU's policy to accusations of discrimination and breaches of WTO rules.

FRANCE – palm oil marketing: The French government assured Malaysia that domestic palm oil sales will not be subject to tax hikes on environmental or health grounds as recently considered in the French parliament *(see MPPU Dec.'12)*. It was also made clear that under forthcoming EU regulations on mandatory declaration of product ingredients there would be no discrimination against palm oil *(see also MPPU Apr.'13)*.

INDIA – public distribution of edible oil: Managed and funded by the federal government since 2008, subsidized sales of (mostly imported) vegetable oils under the Public Distribution System are set to expire in September 2013. Reportedly, in several states the programme is not being used widely due to a variety of reasons. During fiscal year 2012/13, states are said to have utilized less than one third of the over 600 thousand tons of oil procured at central level. With a view to reduce the centre's exposure, in future, state governments could be asked to themselves place orders with the procurement agencies – based on their actual needs –, with subsequent reimbursement by the federal government on the basis of actual transactions.

INDIA – support prices: With the onset of the kharif (summer) cropping season, minimum support prices (MSP) paid to farmers have been revised upward for several crops: the MSP for yellow and black soybeans has been raised to, respectively, Rs 25 600 and Rs 25 000 per ton (compared to last year's Rs 22 400 and 22 000); that for sesame has been lifted to Rs 45 000 per ton (from Rs 42 000); and that for groundnuts in-shell went up to Rs 40 000 per ton (from previously Rs 37 000). By contrast, the MSP for sunflowerseed and nigerseed have been kept unchanged at, respectively, Rs 37 000 and 35 000. Support prices are adjusted regularly to reflect rises in production costs, so as to protect farm incomes and stimulate production. This year, the increases granted to oilcrops (ranging from zero to 14 percent) are smaller than last year's (24–37 percent) and compare as follows to other kharif crops: rice up 5%; cotton 3%; millet 6%; pulses 2–12%; and maize 11%.

INDIA – vegetable oil import duty: Reportedly, the government is considering to raise the country's import duty on refined vegetable oils, notably refined palm olein imported from Malaysia and Indonesia. At present, it costs less to import refined oil than crude oil, a situation that puts domestic refiners at a strong disadvantage. The distorted import pattern is related to the inverted export duty structure adopted by Malaysia and Indonesia – to promote their own refining industries – and to the changes India applied to its crude vegetable oil import policy earlier this year *(see MPPU Feb.'13)*, which narrowed the difference in import tariffs for crude and refined oils to only 5 percent. According to India's refining industry the duty differential needs to be kept around 14% for refining operations to remain economically viable. After concerns over domestic inflation stalled government action for several months, the ministries of finance, commerce and agriculture now agreed to review available options to address the issue. Reportedly, the proposal currently under consideration is to raise the import duty on refined oils from the existing level of 7.5 percent to 12.5 percent, while leaving the rate for crude oils at 2.5 percent.

INDIA – coconut sector support

- Replanting programme: Reportedly, the federal government agreed to assist the Coconut Development Board in extending its scheme for replanting and rejuvenation of coconut palm from Kerala to the entire country. Intended to raise productivity and farm incomes, the project supports the introduction of disease-resistant, high-yielding varieties while encouraging the involvement of producer associations.
- Insurance scheme: With a view to increase farmers' uptake of the Coconut Palm Insurance Scheme, which was launched with central and state government support in 2009 to protect growers against natural calamities *(see MPPU Jan.'10)*, the Coconut Development Board has proposed the following policy changes: replacing single tree coverage with area or region-wise coverage to increase cost effectiveness; contract extension from 1 to 3 years; and raising the insurance amount from Rs 600 per palm to Rs 2 000.

INDONESIA – land distribution policy: The government confirmed that it is working on a regulation that would prohibit oil-palm companies to expand their plantation areas beyond 100 000 ha *(see also MPPU June '13)*. It also informed that companies that are listed on a local stock exchange and whose majority of shares are publicly owned would be exempt from the restriction.

INDONESIA – public soy reserves: In line with past government announcements, the state-run Board of Logistics (BULOG) is ready to resume soybean imports and establish strategic reserves with a view to stabilize domestic prices of soy-food products *(see also MPPU Nov.'12)*. Reportedly, BULOG has signed a first contract with the national cooperative of tempeh and tofu producers (GAKOPTI), which will allow members of the cooperative to buy soybeans from BULOG at IDR 7 450 per kg.

INDONESIA – palm oil export tax: Based on a slight increase in international palm oil quotations, in July, Indonesia raised its tax collected on crude palm oil (refined palm olein) exports from previously 9 (3) percent to 10.5 (4) percent. In August, the tax rates will remain unchanged.

INDONESIA – palm oil industry

- Processing capacity: According to industry sources, the country's palm oil refining capacity is growing rapidly – triggered, inter alia, by the revised export duty regime put in place in 2011, which conferred shipments of refined palm oil with an edge over crude oil exports *(see also MPPU Sep. '11)*. Estimated at 26 million tons in 2012, the country's installed palm oil refining capacity is put at 30.9 million this year and could climb to 39.5 million tons in 2014. The estimate for next year can be broken down into the following sub-categories: refining and fractionation capacity 30.9 million tons, oleo-chemical production capacity 4.2 million, and biodiesel manufacturing capacity 4.3 million. Cocomunity
- Transport infrastructure: The palm oil industry has urged the government to build new seaports to cope with the country's rising export volumes. Low public investment in past years is said to have led to inadequate road and port infrastructure, causing inefficiencies and raising handling costs above the level found in competing Malaysia. Especially the number of seaports offering special palm oil bulking terminals seems to be insufficient. Enhanced or new seaports ought to be strategically located, that is in North Sumatra, West Kalimantan and North Sulawesi.

MALAYSIA – biofuel policy: Launched in three central states of Peninsular Malaysia in 2011, mandatory commercialization of B5 (regular diesel blended with 5% palmoil methyl ester) is set to be extended to the entire country by July 2014, according to official sources. Once the programme is implemented nationwide, biodiesel producers are expected to absorb 500 000 tons of palm oil per year, compared to 300 000 tons at present. Government officials expect that increased biodiesel demand will help absorb excess palm oil production and prevent the build-up of stocks, thus lending support to prices. Moreover, the government is already planning to move beyond 5 percent blends: the country's Palm Oil Board is working on an action plan, that includes research on the suitability of B10 blends and related equipment warranty issues. Other measures said to be ready for implementation include the use of B10 by public agencies and the armed forces, B10 trials with the country's Fisheries Development Board, and incentives schemes for voluntary B10 use.

MALAYSIA – palm oil export tax

- Monthly tax review: In August, the country's export tax on crude palm oil will be kept unchanged at 4.5 percent for the sixth consecutive month, despite a slight increase in the international reference price for palm oil. By keeping export charges at the bottom of the pre-defined tax range palm oil shipments are encouraged, which also helps to further reduce the country's palm oil inventories.
- Free trade agreement: Parties to free trade agreements typically agree to liberalize trade, including the reduction of national import tariffs and export restrictions. In this respect, concerns have been voiced locally regarding the treatment of Malaysia's export taxes on crude palm oil (and other raw materials) under the on-going negotiations of the Trans-Pacific Partnership Agreement (TPPA). In case Malaysia agreed to exempt shipments to TPPA member countries from export taxation, the country would forgo the possibility to favour exports of refined palm oil over crude palm oil shipments – the policy currently in use to support the country's value-added downstream manufacturing industry. freemalaysiatoday

PAKISTAN – rapeseed import duty: With a view to encourage domestic production of oilseeds, the government decided to introduce a tax on rapeseed imports amounting to PRp 400 per ton. In the last few years, average annual imports of rapeseed have risen to around 850 000 tons, while domestic rapeseed production remained flat at 220 000 – 250 000 tons per year.

PARAGUAY – soybean export taxation: The proposal to apply a 10 percent tax on exports of oilseeds and other unprocessed grains has been ratified a second time by the country's Senate and resubmitted for consideration by the Lower House, which had rejected the bill at a first reading last April *(see also MPPU Dec.'12 & June'13)*. Meanwhile, government officials have said that the controversial proposal is not implementable as it would require an amendment to the country's customs code; instead the government is recommending to introduce a general tax on agricultural income and to extend the value added tax to the entire farming sector. Reportedly, the country's farmers' associations are backing the proposal put forward by the government.

PHILIPPINES – biofuel policy: The National Biodiesel Board (a body composed of representatives from six ministries, the country's Coconut Authority and the Sugar Regulatory Administration) has approved an increase in the country's mandated biodiesel blend from currently 2 percent to 5 percent by end 2013 – two years ahead of the target set in the Biofuels Act of 2006 *(see also MPPU Jul. & Nov.'12)*. The planned increase would raise domestic demand for coconut methyl ester to about 350 000 tons per year, compared to 140 000 tons at present. Ministry officials said they were confident that the country's coconut sector was able to supply the required amounts. Reportedly, in recent years, the country's coconut sector has suffered from oversupply, falling export demand for coconut oil and declining domestic copra prices. The proposed shift to a higher mandatory blend is expected to bolster domestic demand, thus helping to stabilize prices. Reportedly, consultations with all concerned sectors will be held and specific technical test carried out before proceeding with nationwide introduction of the higher blend.

SENEGAL – edible market regulation: Based on recommendations made by the national committee responsible for monitoring domestic food prices, the government has set the following price limits for edible oils sold in the Dakar region: FCFA 825, 850 and 900 per liter for, respectively, ex-mill, wholesale and retail sales.

UNITED STATES – farm legislation: Recent votes in the two chambers of congress about the next 5-year farm bill remained inconclusive. Current programmes are set to expire on coming September 30th, based on an extension of key provisions contained in the 2008-bill that was granted nine months ago *(see also MPPU Nov.'12 & Feb.'13)*. In June, the Senate passed its second version, which much resembled the previous one, re-proposing the elimination of direct payments to farmers, the expansion of crop insurance programmes and modest cuts to the food stamps programme. Reportedly, a limit on crop insurance subsidies for large farmers and generous price-based support schemes for rice and groundnuts were added. One month later, in July, the House finally passed its first version, which, however, deliberately excluded the nutrition title as legislators could not agree over the scale of spending cuts in the food stamps programme. As to agriculture, also the House version focused on expanding the crop insurance programmes at the expense of direct payments. Reconciling the two versions of Congress could prove difficult as the Senate is expected to insists on a bill that includes both the agriculture and the nutrition title. In case no agreement was reached by end September, a further extension of provisions contained in the 2008-bill seems likely as, otherwise, agricultural policies would revert back to laws passed in the late 1940's.

ZAMBIA – import policy: Reportedly, local industry has urged the government to consider restricting importation of edible oils. Oil manufacturers claim that they have the capacity to supply the domestic market with oil produced from locally grown oilseeds, notably soybeans. Specifically, the industry proposed to (i) grant import permits only under special circumstances, (ii) review the current policy of importing crude oils free of duty, (iii) ban the importation of packaged refined palm oil, and (iv) remove the value added tax on cooking oils. The proposed measures are meant to favour marketing of domestically produced oils and stem the inflow of finished palm oil that doesn't undergo value addition locally. The overall objective would be to promote domestic oilseed production and to allow the local edible oil industry to grow.

Oil palm productivity gains and environmental implications: Malaysian researchers working on the sequencing of the oil palm genome managed to isolate a gene that should permit to boost yields quickly. Typically, due to the oil palm's notoriously long reproductive cycle, it takes years for breeders to identify seedlings of a high-yielding type. Now, thanks to the identification of a commercially valuable genetic marker, it should be possible to shorten this cycle drastically. According to some experts, more rapid development and distribution of high-yielding varieties would automatically diminish the pressure on plantations to expand into fragile forestland, thus producing major environmental benefits. However, others warned that strict rules to protect forests and regulate the expansion of plantations will remain of crucial importance. Eventually, providing producers with access to guaranteed high-yielding seed material should represent a valuable alternative for farmers – especially smallholders – to grow their businesses, which could act as a strong incentive for those farmers to voluntarily adhere to environmental requirements.

Oil palm investments: Leading global players in palm oil production and trade are continuing to pursue major investments in oil palm outside Indonesia and Malaysia, notably in Africa but also elsewhere in Asia. African countries where new plantations are planned or already under development include Cote d'Ivoire, Gabon, Ghana, Liberia, Nigeria and the Republic of Congo. Opportunities are also being assessed in the following countries in Asia: Cambodia, Papua New Guinea, Myanmar and Pakistan. Investors seem to be driven by the prospect of continued growth in the demand for palm oil at the local, regional and global level on one hand, and by growing scarcity of suitable land in Southeast Asia along with increasingly strict regulations concerning environmental protection and social responsibilities on the other. Reportedly, most investments projects involve joint ventures with local companies and enjoy the support of concerned national governments. Investors claim to follow environmental and social best practices, to contribute to the revival of local industries and job creation, and to raise the availability of high quality oil for local populations. Particular attention is said to be given to the involvement of small producers and to the enhancement of local skills and capabilities.

Certified sustainable palm oil

- Thailand: A first shipment of certified sustainable palm oil has been reported from Thailand. The 1000 tons consignment comes from a RSPO-certified group of independent small farmers and is expected to encourage other small farmers to apply for certification. Smallholders are estimated to account for more than 80 percent of the country's oil palm industry. Reportedly, the needs of smallholders received particular attention during the process of national interpretation of RSPO standards *(see also MPPU Jan.'12)*.
- Global availability: The global production capacity of RSPO-certified sustainable palm oil has been estimated to reach 8.6 million tons this year, involving 2.4 million ha of certified area, and slightly more than 15% of total world production.
- Smallholder certification: To acknowledge the dominant and fast-growing role of small palm oil producers, RSPO has launched its 'Smallholder Support Fund' to help small producers that lack good agricultural practices gain certification. RSPO committed to making available to the Fund ten percent of income generated from its trading of certified produce as well as 50 percent of any remaining income surplus earned by the group each year.

Illegal forest fires: Traditional slash-and-burn techniques used by farmers in Indonesia and Malaysia to clear land during the dry season are reported to have once again caused major smog problems in Singapore and Malaysia. Apparently, although declared illegal under national laws, burning continues to be used in the region to clear land or fertilize soils, in particular in oil palm plantations and timber concessions. Leading palm oil firms operating in the region – most of them members of RSPO – confirmed strict adherence to zero-burn policies on their own plantations. However, large producers typically also rely on supplies from other sources, and enforcing no-burning policies on such third parties seems to be much more difficult. Reportedly, Indonesian authorities started investigating selected companies based on satellite images, while also RSPO requested several member companies to prove compliance with the group's zero-burn requirement. Companies found to have broken RSPO's rules could lose their green certification, which is becoming an indispensible prerequisite for entering many Western European markets.

High-oleic soybean oil: Eyeing rising consumer demand for stable vegetable oils with low saturated fat and zero trans fat content, soy industry groups in the United States promised to make funds available for the cultivation of high-oleic soybean varieties and the production and marketing of the respective oil. According to industry sources, annual US production of the specialty soyoil could exceed 4 million tons by 2023, which compares to an annual global soyoil output of 44 million tons at present *(see also MPPU June'13)*.

GMO marketing in the EU: US-based biotech company *Monsanto* announced that it will discontinue its GM-seed activities in the European Union and withdraw its pending formal approval requests for the cultivation of GM-seed (including one request for a GM soybean variety). Reportedly, the decision was driven by the lack of prospects for the cultivation of new GM crops in the EU, where obtaining approvals for GM-seed cultivation is subject to complex procedures and where public opposition to the technology remains strong. *Monsanto* informed that, instead, it will concentrate on its conventional (non-GM) seed activities in the EU and on obtaining EU approvals for the importation of GM-seed products for direct consumption as food and animal feed (as opposed to cultivation). The company's marketing strategy therefore includes promoting further the cultivation of GM crops in third countries (notably in South America but also in Eastern Europe) for subsequent exportation to and consumption in the EU market. European biotech firm *BASF* made a similar move last year, when it decided to end its GM-seed activities in the EU, transferring all related research operations to the United States.

Recycling of used vegetable oils: Reportedly, food manufacturer *Del Monte Foods* decided to join food services company *McDonald's* in its vegetable oil recycling project in the United Arab Emirates *(see MPPU Jan.'13)*. The food manufacturer committed to run part of its logistic fleet on biodiesel made from waste oils.

Standards and certifications

- Environmental standard for cosmetics: A new voluntary standard for toiletry and personal products launched in Australia, *Good Environmental Choice Australia (GECA)*, claims to address a variety of sustainability issues, including consumer concerns about the sustainability of palm oil production. Reportedly, the standard aims to allow manufacturers to market the environmental benefits of their products with more confidence.
- Sustainable biodiesel certification: A new biodiesel certification programme launched by *GreenCircle* and *Sustainable Biodiesel Alliance* in the United States aims at providing an objective certification system to measure the overall sustainability of biodiesel production, distribution and use, based on specific environmental, economic and social criteria.
- International food standards: The 36th session of the WHO/FAO *Codex Alimentarius Commission* held last July in Rome deliberated on the following standards and text related to the

oilseed and oils/fats sector: (i) nutrient reference values, including for saturated fatty acids; (ii) Asian standards for tempe, for fermented soybean paste, and for non-fermented soybean products; (iii) parameters for rice bran oil; (iv) standards for edible fats/oils not covered by individual standards; (v) standards for named animal fats, for vegetable oils, and for olive/olive pomace oils; (vi) lists of acceptable previous cargoes in the code of practice for the storage and transport of edible fats/oils in bulk.

- Draft international standard for fish oil: The 23rd session of the WHO/FAO *Codex Committee on Fats and Oils* held in Malaysia last March agreed to return a proposed draft standard for fish oil to step 2/3 (of the 8-step approval process) for redrafting, comments and further discussion. Reportedly, discussion by the committee focused on the overall scope of the standard, the types of oil to be included, quality factors, additives and contaminants.
- Responsible fish meal production: Stakeholders of the fish meal commodity chain agreed to develop voluntary industry standards to recognize responsible production. The proposed standards will set out requirements for the aquaculture feed industry to operate on a more environmentally sound and socially responsible basis, notably by tracing key ingredients used in fish feed and placing demands on raw material manufacturers to demonstrate that their products are produced responsibly. The initiative focuses on South East Asia, whose fish feed industry supplies feed for farmed fish globally. The standards should be ready for voluntary use by the end of 2015.

Derivative markets: US derivatives exchange *CME Group* reported the launch of a standardized, centrally cleared US-dollar contract for palm oil. Based on prices from *Bursa Malaysia* futures contracts, the USD Malaysian Crude Palm Oil Calendar Swap is said to have been developed for customers that wish to trade in far-off months, relying on a global clearance mechanism as opposed to dealing with trade partners bilaterally.

For comments or queries
please use the following Email contact:
Peter.Thoenes@fao.org

	International Prices (US$ per tonne) [1]					FAO Indices (2002-2004=100)		
	Soybeans[2]	Soybean oil[3]	Palm Oil[4]	Soybean Cake[5]	Rapeseed Meal[6]	Oilseeds	Edible/Soap Fats/Oils	Oilcakes/ Meals
Annual (Oct/Sep)								
2004/05	275	545	419	212	130	105	104	105
2005/06	259	572	451	202	130	100	108	125
2006/07	335	772	684	264	184	129	148	153
2007/08	549	1325	1050	445	296	217	245	202
2008/09	437	849	682	409	206	156	145	180
2009/10	429	924	806	388	220	162	174	215
2010/11	549	1308	1147	418	279	215	256	221
2011/12	562	1235	1051	461	295	214	232	224
Monthly								
2011 - October	502	1216	995	378	243	194	224	194
2011 - November	491	1228	1054	353	224	191	235	186
2011 - December	476	1163	1026	346	227	185	227	182
2012 - January	500	1223	1062	371	234	193	234	189
2012 - February	512	1245	1100	385	255	199	239	192
2012 - March	542	1283	1152	426	287	209	245	205
2012 - April	575	1308	1182	474	335	221	251	225
2012 - May	570	1210	1081	492	330	217	234	235
2012 - June	570	1187	996	503	315	215	221	246
2012 - July	660	1234	1010	584	353	244	226	273
2012 - August	682	1254	994	619	365	252	226	285
2012 - September	669	1276	960	604	374	250	225	279
2012 - October	617	1183	844	555	359	233	206	264
2012 - November	595	1148	816	539	378	226	200	268
2012 - December	603	1153	772	553	396	229	197	279
2013 - January	591	1192	838	512	367	226	205	268
2013 - February	597	1164	862	513	381	228	206	266
2013 - March	588	1117	853	503	367	224	201	259
2013 - April	559	1099	841	521	300	214	199	266
2013 - May	498	1077	849	527	404	192	199	267
2013 - June	523	1036	858	551	321	198	198	271
2013 - July	514	997	838	568	304	191	191	271

[1] Spot prices for nearest forward shipment

[2] Soybeans (US, No.2 yellow, c.i.f. Rotterdam)

[3] Soybean oil (Dutch, f.o.b. ex-mill)

[4] Palm oil (Crude, c.i.f. North West Europe)

[5] Soybean cake (Pellets, 44/45%, Argentina, c.i.f. Rotterdam)

[6] Rapeseed meal (34%, Hamburg, f.o.b. ex-mill)

Note: The FAO indices are calculated using the Laspeyres formula; the weights used are the average export values of each

Sources: FAO and Oil World