Food and Agriculture Organization of the United Nations

OILSEEDS, OILS & MEALS
MONTHLY PRICE AND POLICY UPDATE *

No. 83, June 2016

a) Global price review

During May 2016, the FAO price indices for oilseeds and oilmeals continued to move up, posting month-on-month gains of, respectively, 5 and 19 percent, which propelled the two indices to 15–16 month highs. Conversely, the vegetable oil index dropped by 2 percent, interrupting the upward trend of the preceding three months.

The rises in the oilseed and oilmeal indices mainly reflect developments in the global soybean market. While continued strong import demand by China and other Asian countries provided support to international soy values, much of the price strength stemmed from a tighter global supply and demand outlook. In May, FAO again lowered its global forecast for 2015/16 soybean production (by almost 3 million tons), as poor weather conditions further compromised the harvests of Brazil and Argentina (and, to a lesser extent, those of Paraguay and Uruguay). As a result, global soybean production is expected to lag behind world consumption – reversing the situations prevailing in the last three seasons. Furthermore, preliminary forecasts for the upcoming 2016/17 season also point to a possible shortfall of global production relative to demand, which, if confirmed, would likely translate into a further drawdown in global soybean inventories – possibly involving two important exporters, the United States and Argentina.

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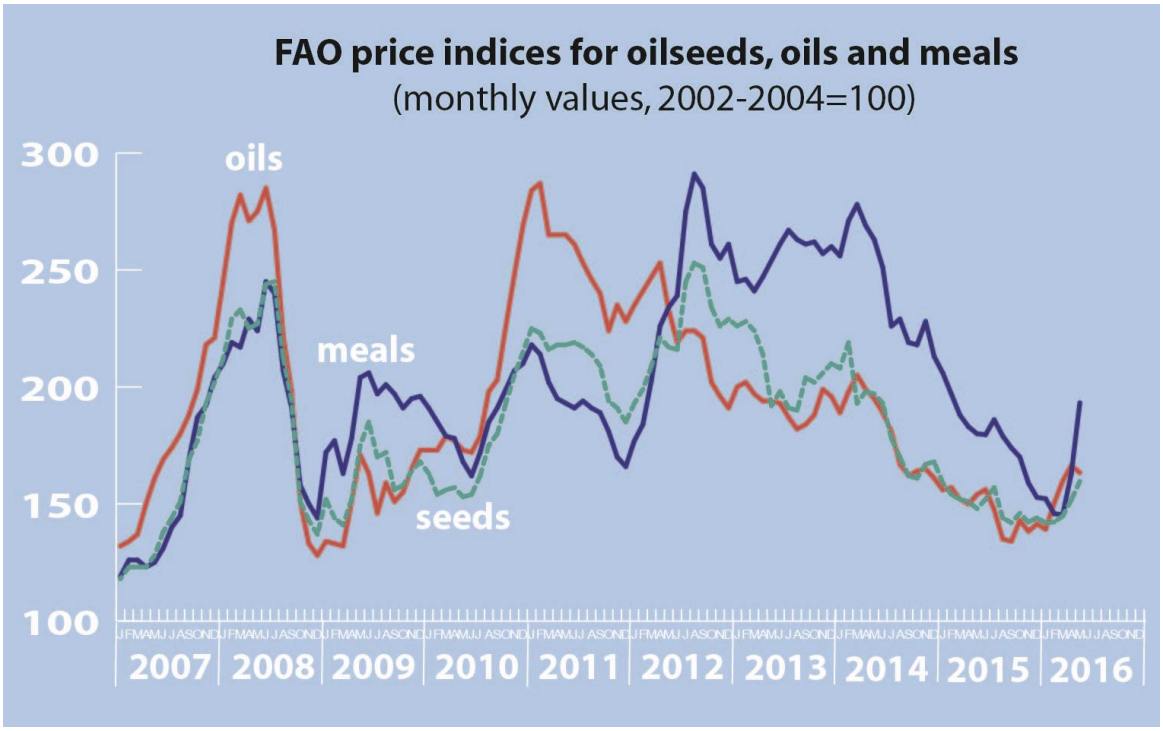
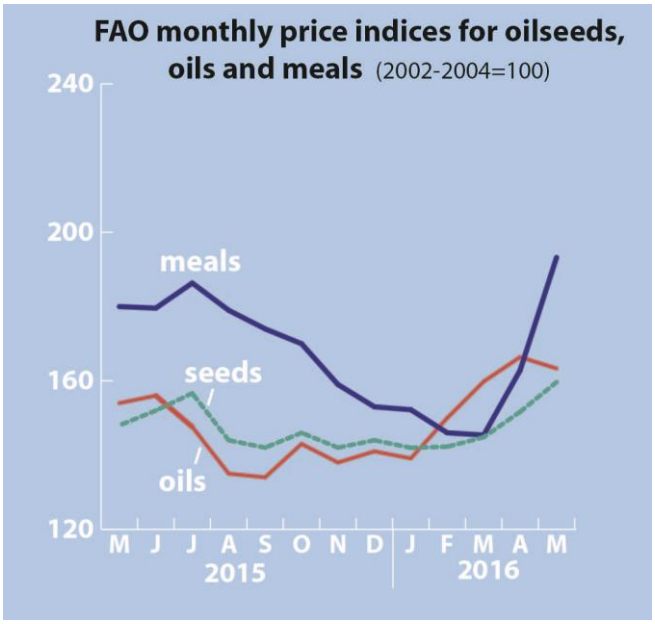


* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Trade and Markets Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO's price indices and spots important policy and market events selected from a variety of sources. Section b) of the present issue covers developments observed during **April-May '16**. Previous issues can be downloaded from the FAO website at the following URL: http://www.fao.org/economic/est/publications/oilcrops-publications/monthly-price-and-policy-update/en/

Global price review – *cont'd*

The marked rise in the oilmeal index mirrors a surge of soymeal prices, with ensuing spill-over effects on other oilmeals. Lower than expected soymeal export availabilities, notably in Argentina, the world's leading soymeal supplier, combined with firm global import demand have bolstered international soymeal values.

As to vegetable oils, the index' decline reflects a 2 percent drop in palm oil prices, which, however, remain well above the corresponding values of last year amid negative global production prospects. Main factors contributing to the slip in prices include weaker than anticipated import demand for palm oil, notably by China and India, combined with export availabilities exceeding expectations in Malaysia.



b) Selected policy developments and industry news

ARGENTINA – seed policy: All private tests of grain/oilseed shipments carried out to detect the presence of GM seed will require prior government authorization, official sources announced. The new rule would idle efforts by global seed company Monsanto to collect royalties on GM soybeans slated for export (including second-generation soybeans, i.e. crops grown from seed not directly bought from the company). Monsanto relies on private trade companies to inspect all soybean cargoes for the presence of GM material and to collect royalties on its behalf where proof of prior payment is missing – a measure deemed illegal by Argentina's farmers *(see also MPPU July'15)*.
In the wake of the government's decision, Monsanto said that it would re-evaluate the viability of continuing its GM soy business in the country. The company's withdrawal would bar Argentina's farmers from accessing Monsanto's latest GM soy variety, RoundUp-Ready-2-Xtend, which allows farmers to control weeds resistant to glyphosate-based herbicides. Monsanto had planned to start selling the new variety this year, in time for the country's 2016/17 crop.

BRAZIL – agricultural policy: The government presented its agricultural support package for the 2016/17 season. Total public outlays for commercial farming will amount to BRL 202 billion (USD 59 billion), 8 percent more than last year, but less than the 2015 inflation rate of 10–11 percent. The bulk of funds (83 percent) will be allocated to loans for production and marketing operations. The amount earmarked for on-farm investment loans will decline by 11 percent, compared with last year's allocation. About 70 percent of the production/marketing loans will be offered at subsidized interest rates of 9.5 to 11.25 percent, significantly above last season's rates. As to investment loans, only 12 percent will be subsidized, with rates ranging 8.5–9.5 percent (again above last season's level). The remainder of the loans will be provided at market rates – with the benchmark rate currently standing at 14.5 percent. Individual farmer households will benefit from higher borrowing limits – generally 8 to 10 percent

above last season's levels. Government outlays for crop insurance subsidies have been doubled.

CANADA – transportation policy:
The government decided to extend by one year – until August 2017 – the rules put in place in 2014 to ensure that grains, oilseeds and other crops reach markets in a timely manner *(see MPPU Apr.'15)*. The regulations require minimum shipment volumes by the country's two main railways. They also entitle traders to receive compensation when a hauler fails to provide adequate services, and give U.S.-based railways greater access to the Canadian freight market. Grain traders welcomed the government's decision, saying that the provisions had proven to be an effective tool to enhance competition among carriers. By contrast, the country's railway companies deemed the measures' extension to be unjustified.

CHINA – agricultural policy: China is planning to expand its soybean area over the next five years, mostly at the expense of less lucrative maize cultivation, official sources informed. The statement was preceded by the announcement the country would abandon its state procurement and stockpiling policy for maize, as already done for cotton, soybean and rapeseed. The government set its 2020 target for soybean plantings at 9.33 million hectares, which compares with 6.45 million hectares planted in 2015. The area expansion would be concentrated in regions where soybeans are traditionally grown. Reportedly, the government will roll out plans to encourage farmers to switch from maize to soybean cultivation. Investments in technology to improve yields and specific support for soybean growers are envisaged. Average soybean yields are projected to rise from currently 1.8 tonnes per hectare to over 2 tonnes per hectare, which, combined with the planned area expansion, would boost the country's output to 19 million tonnes by 2020 – some 60 to 70 percent above the current level. The government intends to promote the cultivation of high-protein non-GM soybean varieties so as to meet rising domestic demand for protein-rich food. Therefore, local production will continue to be devoted to edible purposes (via the transformation of beans into tempeh, tofu, soymilk and similar products), whereas domestic demand for soyoil and soymeal will continue to be satisfied via the crushing of imported beans. Private analysts commented that soybean returns may not be sufficiently attractive to achieve the planned shift in plantings, citing high domestic labour and input costs as well as the dampening effect of cheap soybean imports on domestic prices. Planting decisions are likely to be influenced by various types of subsidies, especially direct payments to farmers, which are expected to replace crop procurement systems.

COLOMBIA – import policy: Colombia's import duty on oils/fats and derived products has been suspended until 29 August 2016, to address recent market shortages arising from a slowdown in imports. The slowdown has been linked to the strong depreciation of Colombia's currency against the US dollar, especially as the US currency has become the legal tender in Ecuador, Colombia's second largest supplier of edible oil (after the United States). Despite being Latin America's leading palm oil producer, Colombia is a net importer of oils/fats.

INDIA – copra procurement: In April 2016, the public procurement of copra at the announced minimum support price of INR 5 950 per tonne (USD 89) commenced in Kerala State. Procurement is handled by coconut producer companies designated by the state level procurement agencies, while NAFED (the National Agricultural Cooperative Marketing Federation) is responsible for storage operations.

INDONESIA – oil palm replanting:
The Indonesian Oil Palm Estate Fund – the state agency set up in August 2015 to collect the levy of USD 50 for each tonne of crude palm oil exported – released IDR 6.75 billion (USD 505 000) to support smallholder oil palm replanting *(see also MPPU Oct.'15)*. The funds are part of a multi-year government programme worth IDR 52 billion (USD 3.9 million). The first release will be used to subsidize farmers in Riau province (Sumatra) taking up loans to replace aging palms with new ones. The programme is reserved for farmers with plantations of less than 4 hectares, which,

in Indonesia, account for approximately 40 percent of total palm oil output. Reportedly, the government plans to support the replanting of 100 000 hectares per year. Indonesia's oil palm industry has experienced a virtual stagnation in average yields during the last 10–20 years, due to the aging of palms.

NEPAL – market control: The government launched an investigation into surging retail prices for edible oils and other essential goods, official sources informed. Reportedly, oil manufacturers have been asked to provide details on their costs of production, stocks, and price setting policies.

UKRAINE – export policy: Government officials attributed the 10–30 percent rise in internal purchase prices of grains and oilseeds since January 2016 to the re-instatement, at the start of the year, of the 16.7 percent VAT refund for exports of grain/oilseeds. Reportedly, when there was no VAT refund, exporters transferred the financial burden directly to producers by lowering internal purchase prices.

Export/import policies – palm oil

- Indonesia: In May 2016, Indonesia reinstated its export tax on palm oil, which had been suspended since October 2014. The reintroduction of the tax was triggered by the recent rebound in international palm oil prices, as Indonesia's escalating tax kicks in when the calculated reference price of palm oil exceeds USD 750 per tonne. With the May 2016 international benchmark price reported at USD 754, an export tax of USD 3 per tonne became due. For June 2016, based on an only slightly higher benchmark of USD 752, the tax will remain unchanged at USD 3 per tonne.
- Malaysia: In the wake of the continued appreciation of international palm oil prices, Malaysia will rise its sliding export tax on crude palm oil to 5.5 percent in June 2016. The tax had been reinstated at 5 percent in May 2016, after a 12-month suspension period.
- Vietnam: The import tax on vegetable oil transactions introduced as a temporary safeguard measure in 2013 *(see MPPU Sep.'13)* was lowered to 2 percent in May 2016 and is poised to be phased out in May 2017. Although the tax was introduced to protect local producers, the market shares of imported products are reported to have increased further in the last few years, suggesting continued low competitiveness of local production.

National food standards

- Chile – saturated fat labeling: Legislation regulating the labeling of the nutritional composition of food products – specifically the content of saturated fat, sodium, sugar and energy – will come into effect in Chile on 26 June 2016. For saturated fats, the threshold triggering obligatory warnings on labels is 4 grams per 100 grams for solid foods, and 3 grams per 100 ml for liquid products. The legislation includes additional marketing restrictions for products that are intended for consumption by children.
- China – food importation: China's food standards agency proposed that importers of certain products be required to review relevant documents and conduct on-site inspections of foreign establishments from which they intend to source products. The draft measure is meant to ensure that China-bound foods comply fully with the requirements of national laws and regulations. The list of products for which on-site review of foreign suppliers would be mandatory, includes bulk vegetable oil.
- India – coconut oil marketing: In line with earlier efforts to curb adulteration of coconut oil, in March 2016, Kerala's food safety authorities introduced a requirement calling for mandatory registration of new brands within one month of their commercialization, failing which marketing of such oils would be banned *(see also MPPU May'15)*. The measure is meant to prevent previously banned produce from re-entering the market. Reportedly, the new policy has led to orders banning the production and commercialization of 14 brands of coconut oil that were found to be adulterated.
- Italy – olive oil marketing: In an effort to comply with EU law, Italy's lawmakers are considering to abolish a regulation that required a 'minimum expiry date' for olive oil of no more than 18 months from the date of bottling. The regulation had been introduced in 2013 because, with age, olive oil begins to gradually lose the organoleptic traits that determine its nutritional and health properties. However, such provision was found

to be inconsistent with EU law stating that it is up to food manufacturers to assess the date until which their products retains their specific properties, if properly stored. Italy's farmers associations warned that the elimination of the labelling requirement would put commercial interests above consumers' interests. If approved, the measure could also encourage sellers to put old olive oil stocks on the market for sale.

- Russian Federation – GMO food labeling:

The Russian Federation published draft amendments to its food labeling regulations. The revisions concern new requirements for labeling food products containing GMOs. Under the proposal, labels would need to report GMOs when the presence of a biotech components exceeds 0.9 percent (in terms of product weight). The regulation would apply to the Russian Federation and the other members of the Eurasian Economic Union.

- United States – olive oil imports:

Concerned about reports that describe the prevalence of adulterated and fraudulently labeled olive oil imported into the country, U.S. lawmakers proposed that the country's Food and Drug Administration (FDA) looks into the creation of a sampling and testing system for imported olive oil. Trading firms commented that testing ought to apply also to domestically produced olive oil. Furthermore, they pointed out that before FDA testing can be effective, specific standards of identity need to be agreed on and implemented nationwide. Apart from federal regulations governing voluntary labeling of olive oil *(see MPPU Dec.'10)* and from certain definitions used in individual states *(see MPPU May/Nov.'14)*, the United States does not have a set of binding national standards. The existing international standards are said to be of limited value, considering that they remain mostly unenforced *(see also MPPU Nov.'13)*.

Sector development measures

- India – palm oil market support: As part of its efforts to enhance domestic oilcrop production and reduce the country's dependence on vegetable oil imports, India's Central Government decided to implement a market intervention system for palm oil. Under the new scheme, fresh oil palm fruit branches will be bought from farmers at INR 7 888 per tonne (USD 118). The move was welcomed by palm oil farmers and processors, who suffered from recent price drops. Previous efforts to stimulate oil palm cultivation failed to produce the hoped-for results. Although the government identified some 2 million hectares of land suitable for oil palm, cultivation has expanded at a slow pace, with current plantings totaling 200 000 hectares nationwide *(see also MPPU July/Sep./Dec.'15)*.
- Indonesia – coconut: In future, the government will devote more attention and resources to maximizing returns in the country's coconut industry so as to fully tap the opportunities offered by local and global markets, a government official said. Details on planned measures were not provided. To end the stagnation in domestic production and processing, industry representatives recommended to consider palm rejuvenation programmes to improve productivity levels, as well as a moratorium on raw coconut exports to stimulate local production of value-added products for domestic consumption or export.
- Philippines – public coconut support:

The government allocated PHP 1.29 billion (USD 28 million) to the country's Coconut Authority to support the implantation of various programmes throughout 2016. Last year, PHP 1.38 billion (USD 30 million) were released. In 2016, the focus of the interventions remains on coconut rehabilitation/replanting, fertilization, intercropping and smallholder oil palm development.

- Philippines – private coconut lending:

In 2015, a private bank, formed in 1994 with the specific purpose of channeling credit to coconut farmers, provided loans worth PHP 609.8 million (USD 13.2 million) to some 18 000 small coconut farmers in 66 out of the country's 68 coconut provinces. The loans financed livelihood activities of small households, including village-based processing of coconut by-products, cash crop cultivation, livestock raising, and marketing projects. To be able to serve remote coconut areas, the bank partnered with farmers/farm workers organizations, NGOs and rural financial institutions. The bank aims at raising its total lending volume to PHP 710 million (USD 15.4 million) in 2016.

- East & Southern Africa – soybean support:

The UK Government launched a 'Soybean Challenge Fund' to support the development and improvement of regional soybean value chain

systems, including the promotion of regional trade. The Fund backs partnerships that help address market failures in input/service markets, storage, market coordination mechanism and policy regulation. Assistance is targeted at private sector organizations or private sector-led consortia that work together with small scale farmers in the production and marketing of soybeans.

Biodiesel – national policies

- Kiribati – coconut oil: With multilateral financial and technical support, the Kiribati Government is promoting the use of coconut oil in power generation, so as to curb the country's dependence on fuel imports, while shifting to more environmentally friendly forms of energy production. Under the project, crude coconut oil will be blended with regular diesel fuel at a 9:1 ratio.
- Thailand – B10 use: In Thailand, where mandatory blending of diesel transportation fuel with 7 percent of palm-oil based biodiesel is in place since 2014, the voluntary nationwide sale of B10 (diesel blends containing 10 percent biodiesel) is planned for 2018. Policymakers are working on industry standards for the higher blends and may introduce tax incentives to make B10 more attractive. B7 will remain commercially available alongside B10. For vehicles run by state agencies and the military, B10 usage will be mandatory.
- United States – federal consumption target: The U.S. Environmental Protection Agency (EPA) proposed a mandatory volume requirement for biomass-based diesel in 2018 of 2.1 billion gallons – compared with final standards of 1.9 billion gallons and 2.0 billion gallons in 2016 and 2017 respectively. The country's current production capacity is estimated at 2.1 billion gallons.
- United States – state incentives: In Iowa, the state with the second largest biodiesel production capacity in the United States, the local government decided to extend its biodiesel production credit – originally set to expire at the end of 2017 – through 2024. The producers credit will remain at 2 US cents per gallon for the first 25 million gallons of production per plant. In addition, the state's retail tax credit is set to be extended and expanded. While retailers will continue to receive a tax credit of 4.5 US cents per gallon for sales of diesel containing at least 5 percent biodiesel (B5), from 2018 through 2024, the B5 incentive will drop to 3.5 US cents per gallon, but an additional incentive of 5.5 US cents per gallon will take effect for diesel containing at least 11 percent biodiesel.

Biodiesel – industry and civil society initiatives

- Emission measurement: A new study presented by an environmental advocacy group suggests that, in the European Union, biodiesel produced from crops grown on agricultural land can lead to similar or higher greenhouse gas emissions that the fossil diesel it replaces – when the impact of indirect land use changes is taken into account. The study analyzed palm, rape and soy-based biodiesel.
- Aviation fuel: U.S. carrier *United Airline*s informed that it will use a blend of 30 percent renewable jet fuel – produced from non-edible oils/fats and agricultural wastes – and 70 percent petroleum fuel on selected domestic flights. Purportedly, the initiative is part of the company's efforts to reduce emissions and support energy diversification. Likewise, the Dutch carrier *KLM* announced that it will test the efficiency of camelina-based jet fuel on selected commercial flights. Camelina is a non-edible oilseed crop suitable for northern climates, which is said to be suitable for cultivation as a rotation crop in relatively dry areas and on thin soils.
- Coconut waste: In Thailand, a private joint venture announced the completion of a biomass power plant capable to convert coconut waste into energy. Reportedly, the plant, which uses high-pressure high-temperature technology, is designed for the combustion of all forms of coconut waste – husk, shell, bunches, fronds, leaves and trunk.

Varietal developments

- Groundnut: Argentina's Agricultural Technology Institute presented a new early-maturing groundnut variety characterized by high yields and large grain size. The early-maturing trait is said to allow for an early harvest, thus contributing to enhanced efficiency in marketing and crush operations. The new variety, which belongs to the runner low-oleic groundnut group, will be ready for commercialization in 2017.
- Safflowerseed: A group of U.S.-based biotech companies announced successful field trials of safflower plants that produce an edible oil with high levels of arachidonic acid, a fatty acid alleged to

provide developmental benefits for infants. The newly developed oil could provide a renewable and sustainable source of this nutritionally relevant fatty acid, the companies said. The seed and its oil are pending regulatory approval before commercialization.

- GM soybean: Private sources reported that leading grain traders in the United States could refrain from buying soybeans produced from Monsanto's latest GM variety (RoundUp-Ready-2-Xtend), due to concerns that the outstanding regulatory approval in the European Union could disrupt international trade. Earlier this year, Monsanto started selling the new seed in North America, assuming that the EU would grant its approval without delay. The company, which expected farmers in the United States and Canada to plant the new seed on some 1.4 million hectares, has now offered to replace the seeds with varieties that have been cleared by the key import authorities. The event shows that traders are increasingly reluctant to buy GM products that haven't been granted regulatory approval in the major export markets. Reportedly, to address the trade's concerns, some seed companies have started selling their GM varieties under contracts that detail specific locations where growers can deliver their crops.

Responsibly sourced soybean

- Brazil – soy moratorium: Initially launched in 2006 for two years and renewed annually since 2008, the voluntary moratorium on trading and financing of soybeans grown on illegally cleared land in the Amazon region has been renewed indefinitely. The decision was taken by a multi-stakeholder coalition that brings together the private sector, civil society groups and the Brazilian government. Reportedly, the moratorium has proven effective in reducing deforestation and enabling responsible soy production, while ensuring full compliance with national regulations, notably the Brazilian Forest Code and the federal monitoring of farms under a rural environmental registration system.
- Company news: Following other firms based in Nordic countries, a large Scandinavian meat processor pledged to use – by the end of 2018 – only responsibly sourced soybeans, a key ingredient in animal feed. The company's commitment is said to reflect concerns over deforestation, rising greenhouse gas emissions, depletion of biodiversity and soil erosion in conventional soybean production. To achieve 100% responsible sourcing, the company will rely on independent bodies that certify responsible soy production, notably the Round Table on Responsible Soy (RTRS) and ProTerra *(see also MPPU Feb.'15)*.
- WWF: The World Wildlife Fund called on companies in the soy supply chain to be transparent about their use of soy and to consider sourcing soy from RTRS and ProTerra certified producers. After reviewing the sourcing policies of selected European companies that buy and use soy as animal feed in meat and dairy production, WWF stated that many of them have limited knowledge about the origin of their supplies and are not aware of the importance of protecting vulnerable natural habitats such as the Amazon, Cerrado and Chaco regions in South America. The advocacy group also pointed out that, although some soybean producers and companies were investing heavily in responsible production and certification, the market was not sufficiently recognizing and rewarding these efforts *(see also MPPU Feb.'16)*.

Palm oil – national environmental policies

- Malaysia – pollution control: In a bid to control the growing annual haze pollution problems affecting large swathes of Southeast Asia, the Government of Malaysia proposed to amend the country's Environmental Protection Act so as to allow the confiscation of land where big fires are discovered. The annual outbreak of fires in Malaysia (and Indonesia) has been directly associated with slash-and-burn forest/peatland-clearing practices employed when new oil palm plantations are developed. Used as an easy and cost-effective way to clear land, such illegal practices release large amounts of greenhouse gases and produces a dense toxic smog that threatens human health, compromises crop yields and affects air traffic. Officials said that, under the proposed amendment, the government would seize control of land irrespective of plantation size.
- Indonesia – peatland protection: Indonesian government officials informed that a peatland management method developed in Malaysia, called compaction, would be tested in the country in a bid to curb annual fires in peatland areas. Malaysian experts said the method could

suit Indonesia's highly porous peatlands because it made the soil more solid, preventing it from losing water quickly, hence making it more resistant to fire during the dry season.

- Indonesia – oil palm moratorium:

The President of Indonesia announced a new moratorium on oil palm concessions as part of the country's efforts to reduce the sector's impact on the environment. He added that he expects the sector's further growth to originate primarily from productivity improvements – relying on both the introduction of higher-yielding planting material and the development of uncultivated land under existing concession. No timeline and implementation details were provided, but a presidential regulation is under preparation to form the legal basis for the moratorium. The new measure would complement a 5-year old moratorium on primary forests clearing and peatland conversion *(see MPPU May'15)*.
In preparation of the new moratorium, relevant ministries and local governments have been instructed to review all existing plantation permits, so as to ensure that they are based on legal and valid land acquisition processes. According to government officials, since the moratorium's announcement, numerous applications for land conversion permits have been rejected. Some industry experts warned that the new ban could slow down the country's economic growth and lead to critical palm oil supply shortages and prices increases at both national and global level. Others welcomed the government's effort to focus on intensification rather than on land expansion.
Civil society groups expressed doubts about the new presidential plan, pointing to critical enforcement problems faced under the existing moratorium (allegedly resulting from decentralized decision making) and to obstacles faced in raising yields, especially at smallholder level.

Palm oil – company initiatives: After committing to delinking palm oil production from deforestation and to mapping its supply chain to the mill level, *Golden Agri-Resources* – one of Indonesia's leading palm oil producers – pledged to achieve 100% supply traceability up to the plantation level. For the mills owned directly by the company, traceability to plantations would be achieved by 2017, while traceability for independent third-party mills that supply the company is to be achieved by 2020. The latter target is said to require engagement with hundreds of individual plantation managers, intermediaries and smallholder farmers. On the same topic, *Wilmar*, the world's largest palm oil processor and trader, recently reported significant progress in mapping its supply chain, including its third-party suppliers. However, the company acknowledged that achieving 100% traceability required more time than originally planned due to the complexities of its supply network. The company also recognized that the development of clear means to measure progress in reducing actual deforestation posed multiple challenges.

Palm oil – civil society groups

- Greenpeace International informed that according to its latest review of global consumer good firms that pledged to set up deforestation-free palm oil supply chains, none of the companies surveyed was able to confirm that its supply chain was free of deforestation, nor could the companies determine how much of their palm oil originated from suppliers that comply with their own sourcing standards. Most companies had yet to obtain independent third-party verification to demonstrate that their palm oil is produced in compliance with their policies.
- In March 2016, Greenpeace Indonesia launched a mapping tool (using technology developed by Global Forest Watch) that allows the public to monitor deforestation and fires in near-real time, as well as to see who controls the land where the fires are lighted.

Palm oil – sustainability certification: In April 2016, the Roundtable on Sustainable Palm Oil (RSPO) – the world's leading, industry-backed standard setting body for palm oil – informed that it had suspended one of its members from certification following non-compliance with standards meant to prevent rainforests destruction, peatland conversion and social conflicts.
The suspension prevents the concerned member – which is one of seven companies that dominate global trade in palm oil – from selling palm oil (produced since the suspension) as certified sustainable. In the wake of the suspension, several customers of the suspended company, including *Unilever*, *Kellogg*, *Mars* and *Nestlé*, informed that they were disengaging from trading with the

suspended firm so as to comply with their own corporate policies and commitments. The buyers' reaction shows how commercially sensitive palm oil procurement and traceability have become. The suspended company assured that it was committed to address the issues raised. It submitted an action plan for RSPO re-entry, detailing corrective actions taken to review and enhance the company's sustainability practices. In another instance, in May 2016, a large palm oil grower voluntarily requested the withdrawal of sustainability certificates granted by RSPO from 58 of its palm oil processing mills. The company said it foresaw sustainability issues in its supply chain and therefore wished to review certain policies and make some structural changes in its certification approach. The company submitted a time-bound action plan on how to achieve full compliance with RSPO standards at all its plantations and mills.

Plant disease control – olive tree: A new study released by the European Food Safety Authority (EFSA) confirms that *xylella fastidiosa* is responsible for the quick wilting and dieback syndrome that is destroying olive trees in southern Italy. The finding is said to mark an important step forward because, in order to accurately assess the risk of an epidemic spreading, the epidemiology and host range of the disease need to be ascertained. The study considers the stringent removal of host plants, irrespective of their health status, in new outbreak areas, as the only option effective in reducing pathogen spread. In addition, the reduction of certain vector populations, by application of chemicals or any sustainable method, may slow down the pathogen spread.

Herbicide regulations – glyphosate: In April 2016, the European Parliament invited the European Commission to extend the market approval for glyphosate by no more than 7 years. Originally, the permit – which runs out in June 2016 – had been proposed for a 15-year renewal. Lawmakers also recommended to restrict the type of uses for which the herbicide was cleared, until its classification for safe and sustainable use and its toxicity levels were re-assessed. They also requested that the scientific evidence behind a recent assessment of the herbicide by the European Food Safety Authority be disclosed *(see also MPPU Dec.'15 & Mar.'16)*. Glyphosate is extensively used in agriculture and is employed worldwide in soybean cultivation. Lately, questions about the herbicide's effectiveness and about potential environmental/health hazards associated with its use have been raised by researchers and regulatory agencies in several countries.

Futures markets and e-trading

- China: The Zhengzhou Commodity Exchange raised its transaction fees for some institutional investors for rapeseed meal futures contracts, effective 13 May 2016.
- India: In April 2016, the government launched an e-trading platform covering 25 agricultural commodities, including major oilseeds, in a bid to improve transparency in wholesale markets and help farmers obtain better prices for their products. The platform allows farmers to sell their products online in any of the registered markets. Out of India's 29 states, 21 are participating in the project, which initially covers 365 wholesale markets.
- United States: The CME Group raised the maximum daily price change permitted on soybean contracts by 5 US cents to 65 US cents per bushel. The new price limit has come into effect on 20 April 2016.

For comments or queries
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	International Prices *(US$ per tonne)* [1]					FAO Indices *(2002-2004=100)* [7]		
	Soybeans[2]	Soybean oil[3]	Palm Oil[4]	Soybean Cake[5]	Rapeseed Meal[6]	Oilseeds	Vegetable oils	Oilcakes/ Meals
Annual (Oct/Sep)								
2004/05	275	545	419	212	130	104	103	101
2005/06	259	572	451	202	130	100	107	96
2006/07	335	772	684	264	184	129	150	128
2007/08	549	1325	1050	445	296	216	246	214
2008/09	437	849	682	409	206	157	146	179
2009/10	429	924	806	388	220	162	177	183
2010/11	549	1308	1147	418	279	214	259	200
2011/12	562	1235	1051	461	295	214	232	219
2012/13	563	1099	835	539	345	213	193	255
2013/14	521	949	867	534	324	194	189	253
2014/15	407	777	658	406	270	155	153	194
Monthly								
2015 - January	421	789	681	431	279	159	156	206
2015 - February	407	775	693	412	273	154	157	197
2015 - March	402	748	673	392	262	152	152	188
2015 - April	396	753	657	380	263	151	150	183
2015 - May	385	781	663	371	290	148	154	180
2015 - June	397	800	670	372	282	152	156	180
2015 - July	413	746	635	389	264	157	148	186
2015 - August	375	729	544	371	270	144	135	179
2015 - September	367	725	533	362	256	142	134	174
2015 - October	377	743	581	351	255	146	143	170
2015 - November	367	726	561	328	232	142	138	159
2015 - December	372	757	568	317	215	144	142	153
2016 - January	368	722	564	316	217	142	139	152
2016 - February	370	762	639	303	203	142	150	146
2016 - March	379	761	694	301	219	145	160	145
2016 - April	398	797	723	339	242	152	166	163
2016 - May	425	790	708	406	261	160	163	193

[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 meal (44/45% Hamburg fob ex-mill)

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

[7] The FAO indices are calculated using the Laspeyres formula; the weights used are the average export values of each commodity for the 2002-2004 period. The indices are based on the international prices of five selected seeds, ten selected vegetable oils and five selected cakes and meals.

Sources: FAO and Oil World