OILSEEDS, OILS & MEALS
MONTHLY PRICE AND POLICY UPDATE *

No. 93, April 2017

a) Global price review

The month of March saw a weakening in international prices for oilseeds and derived products. The FAO price indices for oilseeds and oilmeals lost respectively 6.9 and 5.4 points, reversing the trend observed in the preceding months. But the strongest month-on-month decline occurred in FAO's price index for vegetable oils, which dropped by 11 points (or 6 percent), falling for the second consecutive month. It is important to note, however, that all three indices continued to fare above the values recorded in the corresponding month of last year.

The drop in the price index for oilseeds mainly reflects developments in the world soybean market. In March, the harvest forecast for South America's soybean crops improved considerably, with exceptionally high yields expected in both Brazil and Argentina, as well as in Paraguay. As a result, global 2016/17 soybean output is now set to grow nearly 10 percent year-on-year (possibly exceeding the all-time 2014/15 record by 23 million tonnes) – while weak growth in import demand and global consumption are leading to a build-up in stocks. Reports of record-high prospective soy plantings for the United States' 2017/18 crop also contributed to last month's downward pressure on prices. International quotations for rapeseed and rapeseed meal also lost strength on both spillover effects from the soy market and higher than anticipated rapeseed availabilities, notably in India. Moreover, preliminary forecasts for 2017/18 point to a recovery in global rapeseed output – after four seasons of consecutive decline. Ample global sunflower seed availabilities also contributed to the drop in FAO's oilseed price index.

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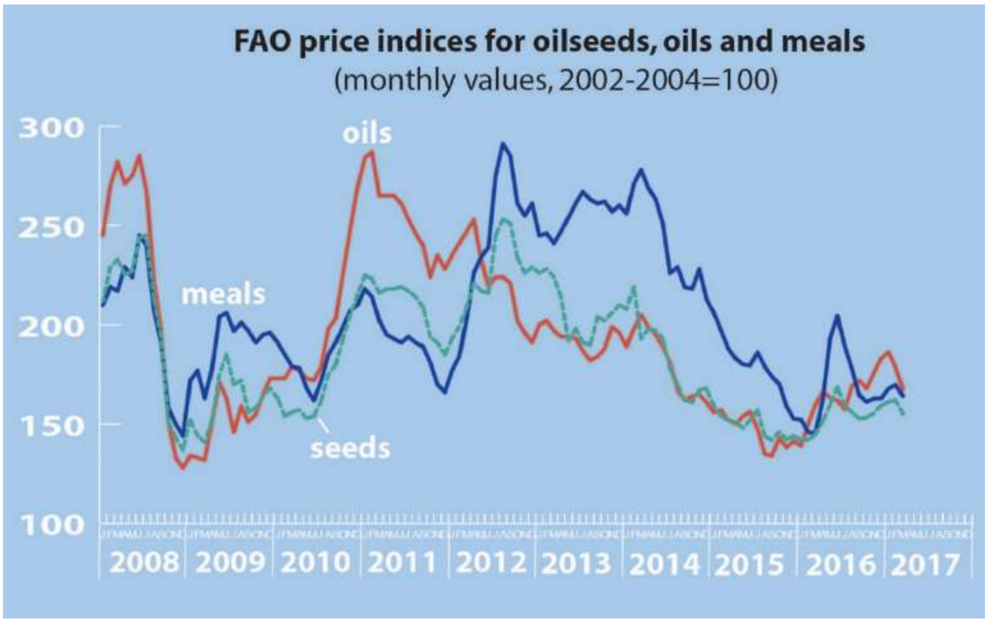
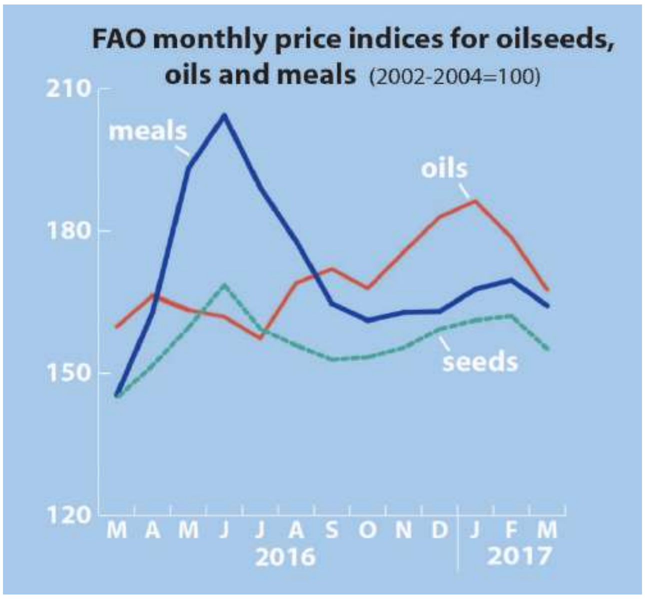


* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Trade and Markets Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO's price indices and spots important policy and market events selected from a variety of official and unofficial sources. Section b) of the present issue covers developments observed during **February** and **March 2017**. 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*

As to oilmeals, ample global soymeal supplies relative to demand weighed on international meal prices. The discovery of tainted meat in Brazilian exports also pressured international meal prices. The news could affect Brazil's meat consumption and import demand for Brazilian meat, possibly translating into a temporary slowdown in soymeal utilization.

With regard to vegetable oils, in March, FAO's price index dropped to an 8-month low on both, price contractions in palm oil and weakening quotations for the leading seed-oils, which followed the path of the corresponding seeds. Despite persistently low stock levels, palm oil values dropped by almost 6 percent, reaching the lowest level since October 2016. Apart from tracking weakness in rival oils, palm oil prices retreated on prospective production increases in Southeast Asia (on the back of near-perfect weather as well as seasonal and cyclical factors), particularly in Indonesia. It should be noted, however, that, while palm oil production is expected to accelerate in the coming months, import demand continues to be slow, especially for Malaysian palm oil. India, the world's top palm oil buyer, is likely to slow down its purchases, following bumper domestic rapeseed, soybean and groundnut crops.



b) Selected policy developments and industry news

ALGERIA – tax policy: Effective 1 January 2017, the value-added tax on selected grain and feed products – including soybean meal (all of which is imported) – has been raised from 7 percent to 9 percent. As the measure directly affects sale prices, the tax increase could slow down Algeria's pace of soymeal imports.

CHINA – public rapeseed oil reserves: Government 2016/17 auctions of rapeseed oil from state reserves ended in March 2017. From mid-October 2016 to 8 March 2017, a total of 2.08 million tonnes of rapeseed oil have been offered, virtually all of which was bought by traders. During the campaign, average auction prices ranged from CNY 5 904 to CNY 7 172 per tonne (respectively, USD 856 and 1040).

CHINA – agricultural policy: In a policy statement, the Government of China confirmed earlier plans to gradually modify the country's crop structure, encouraging farmers to expand soybean production as well as maize production for silage, while reducing maize production for grain *(see MPPU June & Nov.'16)*. As to the nation-wide target price for soybeans and Heilongjiang's soybean production subsidy, no adjustments have been announced in preparation of the forthcoming 2017/18 plantings.

EUROPEAN UNION – food safety policies: Following the adoption by the European Parliament on 15 March 2017, new, more stringent regulations on food safety and inspection are set to come into force in April, requiring EU member states to apply the new rules by 2020. The main objective of the new regulations is to tackle fraudulent practices in the food industry across the EU. Sectors expected to benefit from the new rules include the olive oil sector, where several cases of fraud have been uncovered in recent years. Typically, low-quality olive pomace oils are sold and exported as extra virgin olive oil, and olives sourced from another country are processed and sold as indigenous olive oil.

INDIA – copra support price: The Government of India has set the 2017 procurement price for milling and ball copra at, respectively, INR 65 000 (USD 1 004) and Rs 67 850 (USD 1 048) per tonne – i.e. 9 percent above last year's level. India's Commission for Agricultural Costs and Prices had recommended the increase in the minimum support price (MSP), based on the analysis of (i) production and processing costs, (ii) trends in domestic and international prices of edible oils, (iii) the overall demand and supply situation for copra and coconut oil, and (iv) the likely impact of MSPs on consumers. The new MSP for copra is aimed at ensuring remunerative prices for farmers and stimulating investment in coconut, thereby raising production and productivity in the country's coconut industry.

INDIA – food standards and safety

- India's Federal Food Safety and Standards Authority postponed to 30 June 2017 the compliance date for mandatory declaration of trans fat and saturated fat content on food product labels. The compliance date (originally set at 25 May 2016) has been postponed twice before. The measure is meant to allow manufacturers to utilize the existing stock of their packaging materials. Conversely, entry into force of the 5 percent limit for trans fatty acid content (by weight) in fats, oils and fat emulsions remains effective 28 February 2017.
- The Food Authority of Punjab State started collecting and testing samples of numerous brands of edible oil/ghee sold in local markets. Reportedly, all sub-standard and adulterated oil products will be banned from the market. (On past instances of vegetable oil adulteration see *MPPU July'16*.)

INDIA – import policy: The Government of India announced a temporary cut in the import duty on sunflower seed. From 1 April to 30 September 2017, the ordinary 30 percent duty has been replaced by a 10 percent tariff. The country's processing industry, which is suffering from a low capacity utilization rate, had been calling for a tariff cut from a long time. The measure is expected to raise India's sunflowerseed imports and crushing.

INDIA – export policy: With a view to boost shipments and promote domestic processing of premium vegetable oils, on 27 March, the Government of India lifted a ban on bulk exports of selected edible oils, notably groundnut, sesame and soybean oil. The measures will likely benefit in particular groundnut producers and crushers in Gujarat State, where a record harvest has driven down local prices. India banned bulk exports in 2008, when the share of the country's consumption met through imports started rising sharply. Since then, the government only allowed the exportation of edible oils in branded consumer packs of up to 5 kg – subject to volume limitations and minimum prices.

INDONESIA – agricultural policy: According to government officials, Indonesia plans to encourage independent palm oil farmers to introduce maize intercropping in their plantations – a measure meant to boost domestic maize production and thus reduce the dependence on imported crops. Under the plan, maize would be introduced in nearly one million hectares of oil palm plantations by the end of 2017. The government would provide seeds and subsidized fertilizer to farmers who join the programme. Planting oil palm and maize side by side is expected to improve land use efficiency, raise productivity and increase farmers' incomes.

INDONESIA – palm oil export tax: In March 2017, Indonesia's variable tax on palm oil exports remained unchanged at USD 18 per tonne, reflecting an only marginal increase in the government's palm oil reference price between March and February 2017. For April, the export tax has been lowered to USD 3 per tonne, reflecting a drop in the base price.

MALASYIA – palm oil export tax

- Malaysia's sliding export tax for palm oil has been raised from 7.5 percent to 8 percent in March (mirroring an increase in the government's benchmark price), whereas, in April, the tax has been brought back to 7.5 percent (following a drop in the reference price).

(MALAYSIA palm oil export tax – cont'd)

- According to government officials, Malaysia is considering aligning the country's variable export duty for palm oil with that of Indonesia. Allegedly, differences in the duty schemes of the two countries resulted in Malaysia losing global market share, particularly regarding trade in refined palm oil. Reportedly, under the present duty structure, Indonesia is able to sell refined palm oil at USD 30–40 per tonne less than Malaysia. Therefore, Malaysia would like to explore the possibility of having a common, mutually beneficial tax regime. The issue could be reviewed at a future meeting of the Council of Palm Oil Producing Countries (CPOPC).

MYANMAR – food standards and safety: According to local press reports, the Government of Myanmar plans to take action against illegal vegetable oil imports and fraudulent sales of cooking oils in the country. Reportedly, some brands of groundnut and sesame oil sold on the domestic market were found to actually contain a mixture of different unidentified oils plus artificial fragrance.

SRI LANKA – import policy: In Sri Lanka, forecasts of a marked drop in domestic coconut production have driven up the retail prices of coconut oil and other cooking oils. Concerned about the resulting hardship for consumers, the government approved the importation of 40 000 tonnes of coconut oil and decided to lower the special commodity levy charged on imported vegetables oils. For coconut oil, palm kernel oil and refined palm oil the duty has been reduced from LKR 150/kg to LKR 130/kg (respectively 99 and 85 US cents), while for crude coconut and palm oil the duty has been adjusted from LKR 130/kg to LKR 110/kg (85 and 72 US cents).

TURKEY – import policy: According to industry sources, import licenses issued by the Turkish Government no longer include the Russian Federation in a list of accepted tax-free origins for agricultural products, including wheat, maize and sunflower oil and sunflower meal – a circumstance implying that a prohibitive tariff of 130 percent would be applied to supplies from Russia. While government officials underscored that no supplier had been banned from exporting to Turkey, Turkey's purchases of the concerned products from Russia have effectively come to a halt.

UKRAINE – agricultural policy: The Government of Ukraine pledged to support further growth in domestic soybean production. Reportedly, areas where soybean production can be expanded will be identified and the adoption of modern production technologies – including in the field of organic production – will be promoted.

ZAMBIA – import policy: Reportedly, in February 2017, government officials announced the restriction of imports of refined, packed and bottled edible oils into the country, adding that the measure was meant to protect domestic refiners and strengthen the market for locally produced cooking oils.

Bilateral trade talks

- Canada / China: The Canola Council of Canada (the industry association that represents the country's rapeseed value chain) has backed the on-going exploratory discussions between Canada and China about a possible bilateral trade agreement, saying that it would create jobs and increase Canada's exports of rapeseed and rapeseed products. According to a study commissioned by the Council, the elimination of China's import tariffs could raise Canada's exports of rape seed, oil and meal by CAD 1.2 billion a year (USD 0.9 billion) – which would equate to 1.8 million tonnes of rapeseed or about 10 percent of Canada's current annual production. Reportedly, China's tariff on imported rapeseed currently stands at 9 percent, which, in 2016, made imported rapeseed about CAD 32 per tonne (USD 24) more expansive than soybeans (which enjoy an import duty of 3 percent).
In addition, resolving specific non-tariff barriers is said to be necessary to take full advantage of China's demand *(see MPPU Nov.'16)*. Furthermore, three rapeseed varieties authorized in Canada in 2012 are still to gain approval in China, implying that their commercialization remains on hold in Canada – allegedly hampering farmers' access to the latest seed technology.
- Canada / Viet Nam & India: The Government of Canada reiterated its commitment to strengthen its agricultural ties and deepen mutually beneficial

trade with both Viet Nam and India. During a trade mission to the two countries, government and industry officials promoted Canada's agri-food products, including oilseeds. Furthermore, in India, several Memoranda of Understanding have been signed between Canadian rapeseed oil distributors and Indian retailers.

- India / Ghana: Indian governmental officials reaffirmed their country's commitment to deepen trade relations with Ghana, mentioning, inter alia, India's growing demand for oilseeds and vegetable oil from Ghana.
- Indonesia / Australia: While Indonesia and Australia are negotiating a free trade deal to be concluded this year, Indonesian officials invited Australia to remove tariffs and non-tariff measures for Indonesian products such as palm oil, paper pulp and other wood products. Regarding palm oil, Australian officials informed that no trade barriers were in place.
- Kazakhstan / China: Government officials from Kazakhstan and China signed a protocol on phytosanitary requirements for increasing the exportation of Kazakh soybeans to China *(see also MPPU Jan.&Feb.'17)*. Reportedly, all soybean imports from Kazakhstan will be crushed in China.
- Kenya / Zambia: During bilateral talks between the two countries, Kenyan government officials stated that Kenyan milk and palm oil products could not access the Zambian market due to diverging standards. They called for the development of common COMESA standards to enable trade between members of COMESA (Common Market for Eastern and Southern Africa).
- Russian Federation / China: Based on the terms of a long-term contract between the Russian Federation and China, shipments of Russian agricultural products to China are set to increase, local news agencies informed. Reportedly, in 2018, the Russian Federation is planning to export 1.5 million tonnes of agricultural products – including soybeans, barley, flax seed and sunflower oil – to China.
- Ukraine / Iran (Islamic Republic of): According to Ukrainian government officials, Ukraine plans to significantly increase its trade in food and agricultural products with Iran. Reportedly, the two sides agreed that the trade potential between the countries is not fully tapped. Products for which Ukraine intends to expand its shipments to Iran include oilseeds and vegetable oils.
- Viet Nam / India: In March 2017, citing phytosanitary concerns, the Government of Viet Nam temporarily banned the importation of groundnuts and other agricultural products from India. Subsequently, India suspended imports of a number of agricultural products from Viet Nam, also on phytosanitary grounds. Eventually, both countries lifted their temporary bans, reporting that the phytosanitary issues had been resolved.

Sector development measures

- Argentina – grains & oilseeds: According to private industry estimates, Argentina's grains and oilseeds transportation sector will receive ARS 27 billion (USD 1.76 billion) in private investments for the 2016–17 period. Aimed at making the country's transports logistics and processing operations more efficient, the investments will concern port facilities, road and rail networks, truck terminals, warehouses and processing plants.
- India – coconut palm: The Indian Coconut Development Board agreed to support 38 projects worth INR 600 million (USD 9.3 million). Out of the total, 32 projects will focus on coconut processing and product diversification, three on market promotion, and three on research. The Board's financial contribution will amount to INR 91 million (USD 1.4 million). The projects will be located in the states of Kerala, Karnataka, Tamil Nadu and Andhra Pradesh.
- Kenya – coconut: Kenya's Nuts and Oilcrops Directorate announced that it will distribute 2.1 million quality coconut seedlings to farmers in the country's coastal region to boost production and strengthen the coconut value chain *(see also MPPU Mar.'15)*. To raise productivity, farmers will be encouraged to replace senile and non-productive trees. Reportedly, the main problems affecting Kenya's coconut sector are: lack of adequate research; poor agronomical practices; lack of appropriate and affordable technology; exploitation by middlemen; and lack of access to credit facilities by the smallholder farmers.
- Pakistan – rapeseed: A state-funded project for enhancing oilseed productivity has been launched in Pakistan's Khyber Pakhtunkhwa Province. The project, which was designed to provide high-quality certified rapeseed to farmers, will include

the multiplication, procurement and marketing of a high-yielding rapeseed variety. The project will be implemented in collaboration with the private seed business and local extraction industry.

- Sri Lanka – coconut palm: In Sri Lanka, the Ministry of Primary Industries and the Ministry of Plantations are planning to jointly launch a programme to increase domestic coconut cultivation. A key objective of the initiative will be to cater for growing international demand for high value-added coconut products.
- Thailand – coconut palm: Thai coconut production is reported to have declined steadily over the past five years because of drought and destructive pests. To address the resulting supply shortages and halt imports of coconut products, the government has instructed state agencies to develop action plans for boosting domestic production. The plans should focus on expanding the country's plantation area and promoting suitable high-yielding coconut varieties.
- Vanuatu & Samoa – coconut palm: The Pacific Community (SPC) and the European Union plan to support the coconut industry in Samoa and Vanuatu as part of a new regional initiative to improve the business competitiveness of small producers. The EUR 3.5 million (USD 3.7 million) Coconut Industry Development Project (CIDP) is expected to improve the livelihood of smallholder farmers in the two countries by supporting innovation in coconut production and strengthening regional market integration. In the Pacific region, the coconut sector supports rural population livelihoods, plays a central role in the diets of people, and contributes to export earnings. New interest in coconut products such as virgin coconut oil, coconut water, coconut sap and timber is said to offer opportunities for the industry's growth.

Biofuel policies

- Indonesia: According to industry sources, the Government of Indonesia is considering to reduce the amount of subsidy per kiloliter it pays to petrol companies for blending biodiesel so as to spread the total subsidy amount across a larger volume. The move would allow raising domestic biodiesel production – and hence the uptake of local palm oil, the principal biodiesel feedstock – without increasing budgetary outlays. Allegedly, the recent fall in palm oil prices would leave room to use part of the subsidy to raise volumes. Private sources pointed out that the B20 blending mandate (that requires transportation diesel to contain 20 percent biofuel) introduced last year – which only applies to (subsidized) diesel – might be extended to non-subsidized diesel fuel in 2017, possibly boosting domestic biodiesel demand by about 70 percent.
- Nigeria: Nigeria's Federal Government informed that it is working on a 'Biofuel Policy and Incentives' document, which spells out production and price targets and defines a regulatory framework for domestic biofuels utilization. The policy's objective would be to reduce the country's dependence on fossil fuel and imported petroleum products, while promoting cleaner forms of energy. Support measures would comprise duty and tax breaks as well as the establishment of a Biofuels Equity Investment Fund (backed by parastatals and development banks) to stimulate investment in biofuel production, including cultivation of biofuel-crops. For biodiesel, the specification endorsed by stakeholders is B20, i.e. a blend of diesel and 20 percent biofuel produced from jatropha oil, used palm oil and other non-edible oils.
- Rwanda: Rwanda's Research and Development Agency (NIRDA) informed that the government decided to abandon a USD 35 million biodiesel project launched four years ago. Reportedly, the government realized that the pilot project was not viable due to insufficient availability of feedstock and high costs of production. The project feasibility study had identified non-edible jatropha oil as key feedstock, but eventually the plant was discovered to be unsuitable for the country's climate. Concerns over using scarce arable land for uses other than food production were also cited.
- United States / Argentina & Indonesia – trade dispute: Claiming that Argentina and Indonesia are dumping biodiesel onto the US market, the US biodiesel industry filed an anti-dumping and countervailing duty petition with the US Government. According to the petition, Argentine and Indonesian producers are selling biodiesel into the US market at prices substantially below their costs of production. The petition also alleges that Argentine and Indonesian producers enjoy trade and market distorting subsidies. US biodiesel imports from the two countries are said to have surged in recent years, taking market share

from US manufacturers. Reportedly, the Indonesian Government has submitted a complaint to the WTO over the US industry's petition, while Argentine state officials rejected the claims as unfounded.

World Trade Organization (WTO) – trade facilitation: WTO announced the entry into force of the Trade Facilitation Agreement. The multilateral agreement is aimed at expediting the movement, release and clearance of goods by simplifying import and export procedures, customs formalities and transit requirements. Full implementation of the agreement is expected to trim trade costs and help diversify trade, with developing countries having the most gain. The agreement includes a special facility meant to ensure that developing countries receive the assistance needed to reap the full benefits of the trade pact. By end-February, 114 countries notified acceptance of the agreement.

Certified sustainable palm oil – government policies

- Malaysia & Indonesia – national certification schemes: Malaysia and Indonesia renewed their efforts to launch binding national certification schemes for sustainably produced palm oil – as opposed to the widely used voluntary certification through RSPO, the global, internationally recognized and industry-backed standard setting body for palm oil. In recent years, the governments of Malaysia and Indonesia have become increasingly concerned that RSPO could place local stakeholders in a disadvantaged position, by (i) imposing overly stringent requirements, (ii) applying high certification costs, and (iii) paying insufficient attention to the needs of smallholder oil palm growers. Consequently, in 2014, Malaysia started developing a state-backed, voluntary standard known as MSPO or Malaysian Sustainable Palm Oil *(see also MPPU May/July/Dec./Nov.'14 & Aug.'15)*. In February 2017, government officials announced a timeline for the standard's mandatory application: compliance will be implemented in stages, with RSPO-certified estates, non-certified estates, and smallholder growers required to obtain MSPO certification by, respectively, 31 December 2018, 30 June 2019 and 31 December 2019. The measures is aimed at making MSPO a globally recognized standard. Indonesia also issued its own sustainability standard for palm oil, called Indonesian Sustainable Palm Oil (ISPO). However, international acceptance of Indonesia's national standard remained low – despite efforts to streamline ISPO with RSPO *(see also MPPU June/Aug.'11, May'12, Apr./Dec.'13, May'14, and Mar.'16)*. To address this issue, in February 2017, Indonesia has taken steps to gain the EU's recognition for palm oil produced in compliance with national laws and regulations. Reportedly, Indonesia is working on a scheme similar to its domestic timber legality assurance system, which conforms fully to the EU code on Forest Law Enforcement Governance and Trade (FLEGT). Indonesia and the EU are working on this initiative under the recently established Working Group on Environment and Climate Change.
- United Kingdom – uptake of certified palm oil: According to recently published government data, in the United Kingdom, annual uptake of RSPO-certified sustainable palm oil almost tripled between 2009 and 2015 *(see also MPPU Dec.'15)*. Out of the 457 thousand tonnes sourced through RSPO-backed supply chain models in 2015, about 326 thousand tonnes were segregated and mass-balanced palm oil, whilst Book&Claim certificates accounted for 131 thousand tonnes. While purchases by food manufacturers and retailers consisted almost entirely of certified palm oil, in the food service sector, certified palm oil accounted for only 67 percent of total purchases. Civil society groups urged policy makers to stick to the target of sourcing 100 percent certified palm oil. In addition, they recommended to broaden that policy to include palm oil derivatives and palm oil in imported finished products.

Palm oil sourcing and lending strategies – private sector

- *Cargill*: In Malaysia, global agri-business firm *Cargill* joined forces with a social society group to support the inclusion of independent oil palm smallholders in certification. Under the project, independent growers, dealers, mills and refiners are provided with technical assistance to help them adopt responsible and efficient practices, increase their yields, and obtain certification. Reportedly, in total, 175 smallholder growers have received RSPO certification. The initiative's long-term objective is to develop a critical mass of smallholders and create a self-sustaining group scheme able to provide an uninterrupted flow of RSPO certified sustainable palm oil.

- *Kraft Heinz*: Global food company *Kraft Heinz* committed to achieving a sustainable and traceable palm oil supply chain. The food manufacturer pledged to source only RSPO-certified palm oil and to regularly report on progress. Civil society groups pointed out that the company's policy lacked a timeline for implementation. The general question whether RSPO's current basic principles are sufficiently stringent to prevent unsustainable practices completely was also raised.
- *HSBC*: Global lending institution *HSBC* decided to review its loan policies for the palm oil sector and met with *Greenpeace* to discuss its request to adopt stricter standards to protect high-carbon-stock (HCS) forests and peatland *(see also MPPU Feb.'17)*. The bank said it is open to tighten its policies as society's expectations change and new standards emerge. Itself a member of RSPO, the bank said it supports the full incorporation of the HCS Convergence Agreement into RSPO's standards. Meanwhile, *HSBC* has expanded its 'prohibited business commitment', making it consistent with the 'No deforestation–No Peat–No Exploitation' policies that are increasingly common in the palm oil supply chain. *HSBC* also pledged to close its relationship with companies that do not comply with its policies. The bank underlined that growers, processors, consumer good companies and banks need to work together more successfully to promote a sustainable palm oil sector. *Greenpeace* considered *HSBC*'s initiative as an important first step, which sends a clear signal to other banks to follow suit.

Research & Development

- Rapeseed – disease resistance: Reportedly, Australian scientists found new rapeseed genes for resistance to 'blackleg', a major pest threat to rapeseed cultivation in Australia and elsewhere. The mapping of genes for resistance via molecular markers is said to help develop varieties with lasting resistance to the disease. The research project benefitted from public funding.
- Rapeseed – varietal research: In the United States, USDA's National Institute of Food and Agriculture (NIFA) announced the availability of up to USD 0.77 million for fundamental and applied research to help develop new rapeseed varieties, expand the crop's growing region, and launch new commercial rapeseed-based products. Applications must include both research and extension services.
- Soybean oil-based graphene: In Australia, researchers developed a technology to produce graphene from soybean oil. Graphene consists of single layer carbon films with promising applications in the semiconductor, electronics, battery energy, and composites industries. Reportedly, the high cost of conventional graphene production represented the principle hurdle in the product's commercialization until now. By contrast, the new technology is said to be less complex, inexpensive and based on renewable feedstock. Allegedly, the new method allows to produce graphene from any type of used cooking oil. The research was conducted with public funding.

Futures markets – China: Following approval by China's securities regulator, the Dalian Commodity Exchange (DCE) has launched a soymeal options contracts on 31 March 2017 *(see also MPPU Jan.'17)*. Option contracts grant the right but not the obligations to buy a financial contract in the future. DCE's initiative is meant to help the process of price discovery and to provide agricultural companies with more flexible risk management tools.

Waste oil recycling: ABIOVE, the association of Brazilian vegetable oil industries, reported that its members are managing nearly 1 300 collection points for used cooking oils across the state of São Paolo. Launched by ABIOVE in December 2015, the programme is implemented in collaboration with a number of state agencies. Under the scheme, used edible oils are collected and subsequently channeled for recycling to the oleochemical and biodiesel industry. In 2016, a total of 1 162 million liters of waste oil have been collected.

Pesticide regulations – glyphosate: The European Chemical Agency (ECHA) reckons that there are no grounds to classify glyphosate (a herbicides used extensively on oilcrops and grains worldwide) as a carcinogen, as a mutagen or as toxic for reproduction. The agency informed that its assessment was based on available scientific evidence and preceded by close consultations with all relevant stakeholders. ECHA's opinion had been requested by the European Commission when it renewed the EU license for glyphosate last year *(see MPPU July'16)*. The Commission is expected to take into account the agency's opinion when it decides – later this year – whether to renew the license further. ECHA's findings tally with an earlier opinion published by the European Food Safety Authority, but contradict a report issued by the WHO's International Agency for Research on Cancer *(see MPPU Apr.&Dec.'15)*. Furthermore, in May 2016, a joint FAO/WHO meeting on pesticide residues concluded that glyphosate is unlikely to pose a carcinogenic risk to humans from exposure through the diet. A number of civil society groups have questioned ECHA's assessment. According to *Greenpeace*, ECHA has not taken into account scientific evidence of cancer in laboratory animals, overlooked the views of independent scientists, and relied on unpublished industry studies. Concerns were also raised about possible conflicts of interest at ECHA.

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
2015/16	396	773	655	351	232	151	155	168
Monthly								
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
2016 - June	455	797	679	430	259	169	162	204
2016 - July	429	790	652	400	234	159	157	189
2016 - August	414	812	736	375	228	156	169	178
2016 - September	403	825	755	344	219	153	172	165
2016 - October	404	853	712	340	214	153	168	161
2016 - November	409	875	755	343	218	155	176	163
2016 - December	420	902	783	344	211	159	183	163
2017 - January	425	879	806	355	216	161	186	168
2017 - February	428	838	779	357	241	162	179	170
2017 - March	408	809	735	346	238	155	168	164

[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