Food and Agriculture Organization of the United Nations

OILSEEDS, OILS & MEALS
MONTHLY PRICE AND POLICY UPDATE *

No. 128, March 2020

a) Global price review

In February, after rising three months in a row, FAO's price index for oilseeds posted a moderate drop, shedding 5.8 points (or 3.8 percent). Meanwhile, the vegetable oil price index saw a more pronounced drop of 18.2 points (or 10.3 percent), thus interrupting the upward trend observed since July 2019. By contrast, the oilmeal index remained virtually unchanged. Year-on-year, all three indices trailing the oilcrops complex fared above the respective levels registered in February 2019.

The latest drop in the oilseeds index primarily reflects falling values of soybean, rapeseed and sunflowerseed. Continuing to fluctuate in a multi-year low range, international soybean prices retreated by about 4 percent in February.

In addition to reports of favourable harvest conditions in South America and preliminary forecasts of a recovery in US soybean plantings in 2020, the drop in soy prices also stemmed from deepening concerns regarding the impact of COVID-19 on global demand. Towards the end of February, international soy prices stabilized on rumours of an imminent rise in soybean, soyoil and soymeal export taxes in Argentina, the world's top supplier of soybean products. Also international rapeseed prices contracted by around 4 percent. Concerns over the impact of COVID-19 on global vegetable oil consumption and news of delays in talks between China and Canada over the resumption of rapeseed transactions outweighed mild support stemming from persistent supply tightness in the EU.

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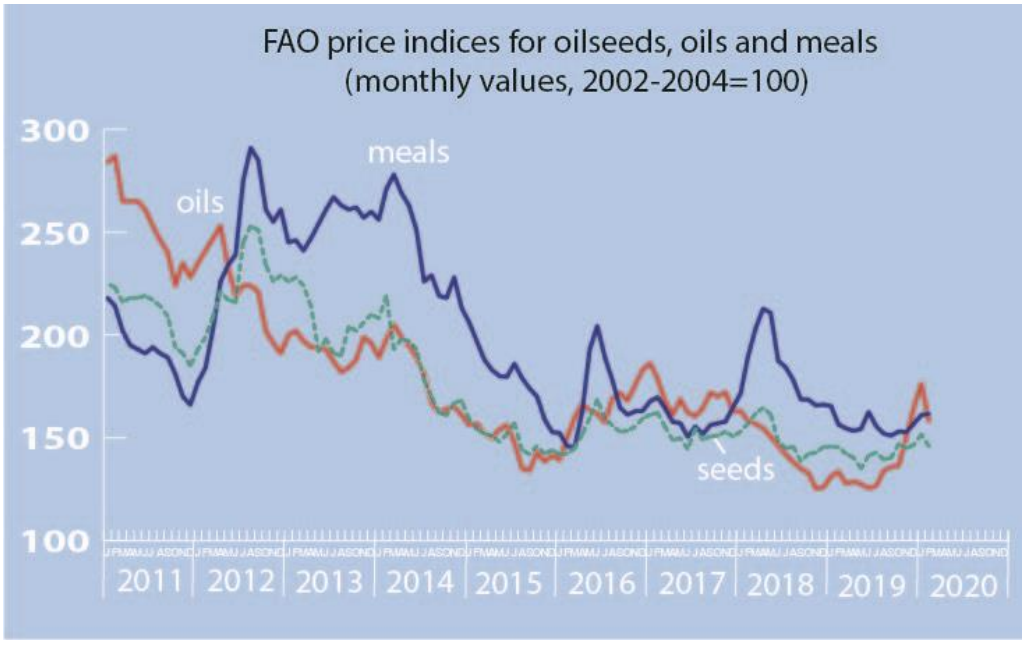


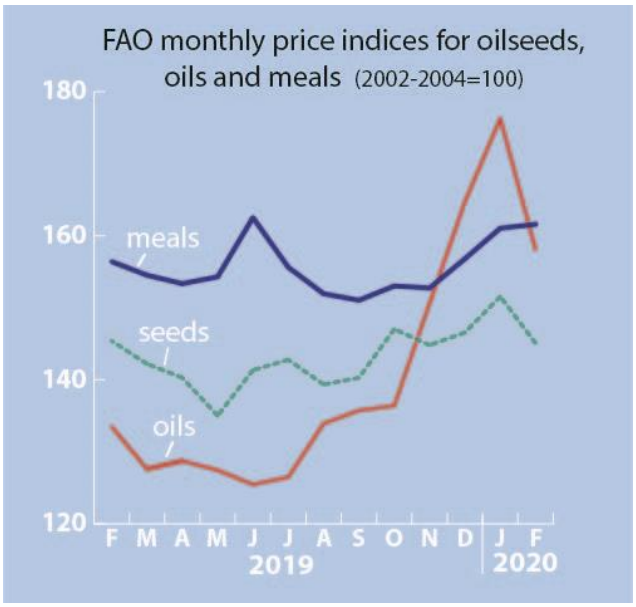
* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Trade and Markets Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO's price indices and spots important policy and market events selected from a variety of official and unofficial sources. Section b) of the present issue covers developments observed during **January** and **February 2020**. 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 for sunflowerseed, the latest retreat in prices primarily reflects sluggish import demand, combined with higher than expected crop estimates – and thus large export availabilities – in the Black Sea region.

The price index for oilmeals didn't follow the downward path seen in the global oilseed market. The index maintained its recently acquired firmness, mainly reflecting stable soymeal quotations. Despite fresh concerns over reduced feed intake tied to both the lingering African Swine Fever (ASF) epidemic and the COVID-19 pandemic, in February, international soymeal prices received support from developments in Argentina, where the pace of soy crushing slowed and exports came to a halt following the suspension of export registrations by the Government.

As to vegetable oils, the sharp drop in FAO's price index was led by weakening palm oil quotations, whilst soy, sunflower and rapeseed oil values also contracted in February. Month-on-month, international palm oil prices dropped by almost 12 percent, due to the concurrence of i) higher than expected output in Malaysia, ii) a temporary drop in Indian import demand, iii) plunging mineral oil prices, and iv) rising fears of a slowdown in global palm oil demand following the spread of COVID-19. Meanwhile, soy, sunflower and rapeseed oil followed the path of palm oil and of their corresponding oilseeds, while soyoil prices also reacted to higher than anticipated crush and inventory levels in the United States of America.



b) Selected policy developments and industry news

UNITED STATES OF AMERICA / CHINA – bilateral trade measures

- China: China's State Council Tariff Commission announced that, on 14 February, the additional tariffs imposed on selected US goods last September *(see MPPU Sep.'19)* would be cut by half. The announcement, which came in addition to the trade truce agreed between the two countries in December *(see MPPU Jan.'20)*, also concerns oilcrops and derived products, whose tariff rates would be reduced by 5 percentage points, except for soybeans, whose tariffs would see a reduction of 2.5 percentage points. All other retaliatory tariffs – notably the 25% soybean tariff introduced in July 2018 – would remain in force. Subsequently, on 18 February, in view of its pledge to scale up imports from the United States over the 2020–2021 period, the Government invited importers to apply for exemptions from the remaining retaliatory tariffs for US products – the most substantial tariff relief offered so far. Eligible goods include soybeans, other oilseeds and their derived products. In the case of soybeans, exempted importers would only pay the 'most favoured nation' tariff rate of 3%, which puts US soybeans on par with beans from other origins – allowing companies to submit their applications based on market conditions and commercial considerations. Applications including purchase amounts (in value) will be accepted from 2 March onward. All authorizations

will be company specific and remain valid for one year.

- United States: In compliance with the recently signed "phase one" agreement, on 14 February, the U.S. Government cut by half its retaliatory tariffs on selected Chinese goods. Furthermore, with regard to China's agreed purchases of U.S. goods and services, senior government officials reckoned that, due to the coronavirus outbreak, China's purchases could proceed at a slower pace than originally planned. Reportedly, the trade agreement includes a clause dealing with a party's inability to comply in case of unforeseeable external shocks.

ARGENTINA – export policy: On 26 February, the Government of Argentina temporarily suspended the customs reporting mechanism tracking export registrations for agricultural products, effectively halting the country's grain and oilseed shipments. The measure was taken in view of planned adjustments in the export tax for a number of commodities, notably oilseeds and derived products.

BRAZIL – transport policy: In January, Brazil's transport regulator ANTT revised the rules used to calculate minimum freight rates. Reportedly, the rules have been simplified compared to the version in place since mid-2019. Key parameters now include haul distance and the type of cargo, truck and loading operation. *(See also MPPU July'19)*

CHINA – pesticide regulation: In January, China invited comments by WTO member countries on a set of proposed new maximum residue limits (MRLs) for 65 pesticides in selected food products, comprising oilcrops, meals, oils and animal fats.

CHINA – GMO policy:
In January, marking a departure from past policies, China's regulators confirmed that biosafety certificates for domestic cultivation of two locally developed GM events had been granted *(see also MPPU Jan'20)*. The authorizations concern a GM maize and a GM soybean variety and will be valid through December 2024. Reportedly, cultivation of both varieties is expected to begin in the forthcoming season.

CHINA – agricultural policy:
The Government's 2020 crop production policy envisages the continued promotion of soybean cultivation. Reportedly, the 2020 policy priorities would include increased support for high-yielding soybean traits and new incentives for inter-cropping maize with soybeans – two measures aimed at helping reduce the country's dependence on soybean imports. In 2019, government outlays for producer subsidies in China's North-eastern soybean growing provinces totalled CNY 17 billion (USD 2.4 billion) – up by CNY 4 billion (USD 564 million) from the preceding year. According to industry estimates, in 2019, the per hectare subsidy for soybean farmers amounted to CNY 3 825 (USD 539), which compared to CNY 4 800 and CNY 2 595 (USD 676 and 366) in, respectively, 2018 and 2017.

ECUADOR – import policy:
The Government of Ecuador extended the country's tariff exemption for imports of soybean meal and wheat from all origins for five years, effective 1 January 2020.

EUROPEAN UNION – environmental policy:
As a follow-up to its action plan for the preservation of the world's forests *(see MPPU Sep.'19),* the European Commission launched a public consultation on initiatives aimed at i) minimizing the EU's contribution to deforestation and forest degradation worldwide, and ii) promoting the consumption of products from deforestation-free supply chains within the EU. Reportedly, the consultation will be followed by an impact assessment of regulatory options and demand-side measures.

EUROPEAN UNION – market regulation:
On 27 February, the European Commission closed the private olive oil storage support scheme activated last November to protect producers from

price declines *(see also MPPU Nov.'19 & Jan.'20).* Reportedly, a total of 213 500 tonnes of olive oil were absorbed under the scheme, representing about one fourth of the bloc's olive oil reserves. Support to individual producers ranged from EUR 0.83 to EUR 1.10 (USD 0.92 to 1.22) per tonne per day of storage. The bulk of the storage aid went to producers in Spain.

EUROPEAN UNION – pesticide regulation:
The European Commission decided not to renew the approval of thiacloprid – a pesticide belonging to the neonicotinoids group and used predominantly in rapeseed cultivation – due to identified insect and human health risks. The chemical's approval is set to expire on 30 April 2020.
The decision follows the prohibition of three other neonicotinoid-based insecticides in all outdoor-uses in April 2018.

INDIA – agricultural policy: On 1 February, India announced its federal budget for 2020/21, allocating about USD 30.8 billion to domestic support to agriculture. About 40 percent of the funds would be earmarked for income and crop insurance programmes, while the remainder would be used for short-term credit interest subsidies, irrigation projects and price stabilization schemes.

INDIA – import policy: In January, concerned about the adverse effect of recent adjustments in the country's palm oil duty structure on domestic oil refiners *(see MPPU Sep.'19 & Jan.'20),* the Government placed refined palm oil and palm olein on the list of goods requiring special import licences. Maintaining that the restriction was the equivalent of an import ban, traders anticipated a rise in the country's imports of crude palm oil – a development expected to alter the competitive position of Malaysia (India's main supplier of refined palm oil) and Indonesia (India's main source for crude palm oil). Separately, in an attempt to encourage domestic oilseed production and reduce the country's dependence on imported oils, India's federal budget document for 2020 raised the standard import duty for crude palm oil from 37.5 percent to 44 percent, while the duty for unrefined soy and sunflowerseed oil remained at 35 percent and that for rapeseed oil at 45 percent. However, for palm oil exporters from the ASEAN bloc – which includes Indonesia and Malaysia – the preferential rate of 37.5 percent for palm oil would remain in place.

INDIA – biofuel policy:
The Food Safety Department of Tamil Nadu state intends to expand its repurpose used cooking oil project (Ruco) aimed at recycling edible oil from the food sector into biodiesel. Reportedly, the initiative would contribute to reducing health hazards associated with prolonged use of cooking oil.

INDONESIA – variable palm oil export duties:
With palm oil benchmark prices rising – for the first time in 33 months – above the trigger-level of USD 750 per tonne, in February, Indonesia reactivated its palm oil export tax. While, in February, exports will be taxed at a rate of USD 18 per tonne, the rate for March will be USD 15, in line with recent setbacks in market prices. As for the export levy, which was reactivated on 1 January 2020 *(see MPPU Jan.'20),* the Government considered increasing its level to support the expansion of its biodiesel support programme, given the recent widening in the gap between the price of standard diesel and palm oil-based biodiesel. (NB: Currently set at a maximum of USD 50 per tonne, the levy was introduced in 2015 to finance government programmes on palm oil, notably biodiesel subsidies and an oil palm replanting scheme).

INDONESIA – biofuel policy:
The Government confirmed that – following the successful launch of mandatory B30 transport diesel (i.e. diesel blends including 30 percent of palm-oil-based diesel) in January 2020 – road test with 40 percent blends would start in April.
The newly introduced B30 requirement is expected to raise the fuel industry's annual uptake of palm oil to 8.5 million tonnes.

INDONESIA – land governance & environmental policy: A senior government official stated that the approval of new oil palm plantations permits would be suspended in the country's West Papua and Papua provinces, on the grounds that such investments wouldn't necessarily benefit local people. Reportedly, instead of oil palm, crops such as nutmeg, coffee and cacao would be promoted. The concerned region is home to the world's third largest swath of tropical rainforest (after the Amazon and Congo basins). Civil society groups argued that the problem with large-scale plantations in the region was not the commodity but insufficient attention to the needs and (land) rights of the indigenous communities. Advocacy groups also reiterated their calls for stricter enforcement of the 2018 moratorium on new plantation permits as well as greater scrutiny of existing permits *(see MPPU Oct.'18).* On a separate note, following a request filed by Greenpeace Indonesia, a state administrative court requested the Agricultural Ministry to release plantation maps and data about concession holders in the Papua region. Civil society groups welcomed the ruling, saying that greater transparency could help address land title issues faced by indigenous communities. Reportedly, an earlier, similar ruling concerning Kalimantan prompted work on guidelines to regulate the release of plantation information, with a view to protect the interests of concerned stakeholders.

ITALY – pest control: With regard to *xylella fastidiosa*, the bacterial disease that affects in particular olive cultivation, the Government of Italy approved a plan to deploy EUR 300 million (USD 332 million) over the 2020–2021 period both as compensation for farmers and for activities aimed at restoring olive oil production while containing the spreading of the disease.

MALAYSIA – export policy (palm oil): Following further gains in benchmark prices, Malaysia's variable export tax on crude palm oil has been set at 6 percent for February and March, up from the 5 percent tax rate introduced last January. On a separate note, in response to the recent slowdown in Malaysia's palm oil exports to India, the Government stepped up its trade promotion efforts, focusing on markets in the Middle East, Africa and Southeast Asia (NB: India has been Malaysia's single largest buyer for the last five years, accounting for roughly one quarter of Malaysia's exports in 2019). Furthermore, senior officials informed that the Government decided to drop its plans to file a WTO complaint against the European Union's restrictions on palm oil-based fuels *(see MPPU June'19)* – thus diverging from Indonesia's initiative in this regard *(see MPPU Jan'20).* Instead, Malaysia would advocate changing the treatment of palm oil during the review of the EU's policy scheduled for 2021.

MALAYSIA – biofuel policy: In January, Malaysia introduced mandatory B20 transportation fuel (i.e. diesel containing 20 percent of palm oil-based diesel) in the states of Langkawi and Labuan, with Sarawak and Sabah expected to follow in, respectively, April and August of this year. Reportedly, the shift to B20 will be happen in stages as fuel blending facilities and petrol stations need to be equipped to handle the higher blends. Nation-wide B20 use is expected to be achieved by mid-2021. Once fully implemented, the Government expects palm oil uptake by biodiesel producers to increase by 534 000 tonnes annually from the 760 000 tonnes currently used for the B10 programme (NB: the estimate, in addition to the B20 programme, includes the switch to B7 fuels in the industrial sector). Meanwhile the country's standard setting body has developed and deployed new fuel standards in support of the B20 programme. Moreover, the Government announced the launch of field tests with B30, in line with plans to shift to B30 fuels by 2025 at the latest.

THE PHILIPPINES – relief measures: The Philippine Coconut Authority released relief payments to coconut farmers affected by ashfall from the Taal volcano eruption in mid-January.

The aid package includes the distribution of seedlings and salt fertilizer for damaged trees.

RUSSIAN FEDERATION – agricultural policy: Under the Russian Federation's new Food Security Doctrine released in January 2020, the nation's self-sufficiency rate for vegetable oils has been set at 90 percent. In addition, the Government confirmed its long-term import ban for genetically modified crop and livestock products.

RUSSIAN FEDERATION – import policy: With effect from 1 January 2020, the Russian Federation cancelled duties on selected agricultural imports from Moldova, including sunflowerseed. The duties were in place since 2014, when the Republic of Moldova signed an association agreement with the European Union.

RUSSIAN FEDERATION – export policy: Concerned about a sharp rise in the country's sunflowerseed exports since the beginning of the 2019/20 marketing year, the Government proposed to temporarily raise export taxes on sunflowerseed, in a bid to support the country's oilseed crushing industry.

SAUDI ARABIA – food standards: In the Kingdom of Saudi Arabia, a regulation banning the use of partially hydrogenated oils/fats in the food industry has come into force on 1 January 2020. The measure complements trans-fatty acids limits of 2 percent for oils/fats and 5 percent for all other foods that were introduced back in 2017.

SENEGAL – export policy: Concerned about a surge in the country's groundnut shipments to China, in January, the Government decided to limit Senegal's groundnut exports to 200 000 tonnes per year, in a bid to guarantee adequate supplies for domestic processors. Reportedly, local groundnut prices surged to FCFA 325 000 per tonne (USD 551), which compares to an official maximum price of FCFA 210 000 (USD 356). In 2018/19, China sourced about 250 000 tonnes of groundnuts (or about two thirds of its imports) from Senegal.

THAILAND – import policy: Reportedly, the Government of Thailand plans to implement a set of measures aimed at halting illegal imports of palm oil for use as biodiesel feedstock. Smuggling is reckoned to strongly affect domestic prices. Planned measures include i) the use of advanced scientific and statistical tools to determine the origin of palm oil stocked across the country, and ii) the installation of gauges on storage tanks of biodiesel manufacturers.

UKRAINE – export policy: In line with previous announcements, on 1 January 2020, Ukrainian traders lost access to VAT refunds on their rapeseed exports. However, on 16 January, the Ukrainian Parliament voted to reverse the policy, reintroducing the refunds.

UNITED KINGDOM – agricultural policy: On 9 January, the United Kingdom introduced the Direct Payment to Farmers Bill regulating farmer support payments in 2020. While the bill preserves the level of payments granted in 2019 under the EU's Common Agricultural Policy, support to farmers will be increasingly linked to the provision of public goods such as the enhancement of air and water quality, the improvement of animal welfare and measures to mitigate the impact of climate change. The bill envisages a seven-year transition period for farmers to adjust to the phasing-out of a number of subsidies.

UNITED STATES OF AMERICA – farmer relief payments (trade mitigation measure): In February, the USDA announced the release of a third and final tranche of payments worth USD 3.6 billion under its Market Facilitation Program. The scheme is part of the Government's 2019/20 relief package to compensate farmers negatively impacted by the US-China trade differences *(see also MPPU July/Sep.'19 & Jan.'20)*. On a related note, government officials

did not rule out the possibility that farmers would be granted additional support until the United States' trade deals with China, Mexico and Canada are fully implemented.

UNITED STATES OF AMERICA – biofuel policy: To set up infrastructure required to supply higher biofuel blends across the country, USDA will make available grants worth USD 100 million through its newly created Higher Blends Infrastructure Incentive Program. Moreover, to promote the use of environmentally friendly fuels and ensure that the 2020 consumption targets for ethanol, biodiesel and other renewable fuels are met, USDA committed to increase the number of biofuel capable vehicles in its own fleet. Furthermore, USDA's National Institute for Food and Agriculture awarded a grant aimed at expanding the use of oilseeds and other oil-rich crops in renewable jet fuel production. Under the grant, new, cost-effective manufacturing technologies would be developed and crop feedstocks with vegetable oil compositions tailored for such technology would be identified. Initially, attention would focus on camelina seed oil, though other feedstocks such as genetically modified soybeans and oil-rich sorghum would also be considered. On a separate note, USDA informed that the rules governing its Advanced Biofuel Payment Program (which also applies to producers of biodiesel) have been amended.

UNITED STATES OF AMERICA – pesticide regulation: In January, the Environmental Protection Agency reaffirmed that glyphosate-based herbicides are not cancerogenic when used according to instructions provided on product labels. Meanwhile, US pesticide manufacturers continue facing lawsuits concerning alleged health issues and off-site damage to non-targeted crops resulting from the use of, respectively, glyphosate and dicamba.

VIET NAM – import policy:
The Government of Viet Nam published new requirements regarding quality control of imported feed ingredients, including soybean, oilmeals, vegetable oil and animal fat. *Inter alia*, sales certificates must clearly state that the concerned goods are manufactured and authorized for sale in the country of origin. The new requirements would come into force on 3 March 2020.

Sector development policies – Uganda (palm oil): The Government of Uganda set up, with support from the UN's International Fund for Agricultural Development, an entity tasked to oversee the management and expansion of oil palm cultivation across the country. The body will collaborate closely with farmers and operators from the private sector and draw on a parallel programme that promotes the introduction of improved crop varieties, including varieties resilient to climate change.

Trade agreements

- United States of America / Japan:

Under the US-Japan Trade Agreement that entered into force on 1 January 2020, US exports of oils and fats to Japan will benefit from preferential tariff access. Depending on the type of oil/fat, imports will be either duty-free or subject to preferential tariff rates set to be phased out over a period of three years.

- Mercosur: Mercosur members agreed on a set of rules governing trade in food products that contain traces of GMOs. The initiative is aimed at protecting food trade among the bloc's members from asynchronous trade barriers concerning low level presence (LLP) of GMOs. Reportedly, Mercosur is the first regional bloc to adopt regulations in this field.

Product quality control

- Palm oil contamination:

According to media reports, some European food companies expressed concern about traces of mineral oil hydrocarbons in palm oil, drawing attention to alleged health risks. Arguably, the preferred way to avoid those contaminants would be to use food-grade lubricants in palm oil milling facilities of producing countries. Reportedly, in the absence of EU norms regulating the presence

of hydrocarbons in food products, some traders and food manufacturers have set up their own standards about acceptable hydrocarbon levels. Meanwhile, the Malaysian Palm Oil Board is said to be considering the introduction of national limits for hydrocarbon residues, along with wider efforts to regulate the presence of contaminants in the palm oil refining process *(see MPPU Jan.'20)*. On a related note, a large palm producer in Indonesia informed that it switched to using food-grade lubricants in its processing operations, according to press reports.

- Olive oil quality control and fraud prevention: A study conducted by researchers in Australia and the United States of America claims that paucity of official testing schemes favours widespread adulteration, mislabelling and counterfeiting of olive oil. According to the authors, the main reason why regulators pay insufficient attention to quality controls in olive oil is that olive oil adulteration mostly poses quality issues rather than health risks.

On a separate note, in Tunisia, a large olive oil producer invested in blockchain technology to strengthen authentication of its products and prevent fraudulent practices. Reportedly, the technology allows consumers to track products from harvest to the final point of retail *(see also MPPU May & July 2019)*.

Sustainable palm oil – RSPO news

- Partnerships: The global, industry-led palm oil certification body Roundtable on Sustainable Palm Oil (RSPO) and the Global Green Growth Institute signed a MoU to enhance collaboration and funding for key activities and organizations supporting sustainable palm oil production. *Inter alia*, the two entities will work together to help their respective stakeholders secure access to the global market and assist responsible palm oil entrepreneurs in obtaining price premiums for their certified sustainable products.
- Production and sales of certified palm oil: Global supplies of RSPO-certified palm oil currently stand at 15.4 million tonnes annually, which is equivalent to about 19 percent of world palm oil production. As for sales, RSPO statistics for calendar year 2019 confirm the customary gap between total supplies and actual sales of certified material: similar to past years, in 2019, roughly half of the available certified products did not find a buyer and thus had to be sold as conventional palm oil without capturing a price premium – a problem the group is trying to tackle through its newly launched 'shared responsibility principle' *(see MPPU Jan.'20)*. With regard to sale channels used, in 2019, the three methods involving physical supply chains – i.e. 'identity-preserved', 'segregated' and 'supply-mass-balanced' transactions – accounted for 75 percent of total sales (compared to 70 percent in the previous year), while the remaining 25 percent were marketed via book&claim mechanisms, which contribute only indirectly to sustainable production systems. As for palm kernel oil, about 82 percent of RSPO-certified material found a buyer in 2019.
- Standards: The RSPO integrated and updated three of its standards, namely the Supply Chain Certification Standard, the Supply Chain Certification Systems and the Supply Chain Requirements for Mills *(see also MPPU Nov.'19)*.

Sustainable palm oil & soybeans – company sourcing policies

- *Kellogg*: Food manufacturing company *Kellogg* amended its palm oil sourcing policy to improve traceability throughout its supply chains *(see also MPPU Apr.'11 & Mar.'14)*.

The company pledged to phase out, by 2025, the sourcing of palm oil through RSPO credits, focusing instead on RSPO 'mass balanced' transactions (NB: 'mass-balanced' transactions are one of the three physical supply chain schemes offered by RSPO; different from 'identity preserved' and 'segregated' palm oil, 'mass balanced' transactions consists of blends of certified sources and ordinary palm oil).
To oversee its efforts, the company partnered with independent auditor Proforest. Furthermore, *Kellogg* joined the Palm Oil Transparency Coalition and signed up to the No Deforestation-No Peat-No Exploitation (NDPE) Implementation Reporting Framework and committed to work

more directly with smallholder farmers on productivity improvement measures. Reportedly, the company also extended its NDPE commitment to cover other commodities like paper, sugar and soybeans.

- *PepsiCo*: Food and drinks company *PepsiCo* strengthened its sourcing rules for palm oil *(see also MPPU May'14, Oct.'17 & Aug./Oct.'18).* The company now requires that, with retrospective effect to 2015, all its suppliers – direct ones as well subsidiary or third-party suppliers – abide by the NDPE principle. According to media reports, *PepsiCo*'s new requirement could affect the firm's relationship with a number of suppliers in Indonesia. Advocacy group Rainforest Action Network participated in shaping the company's new policy.
- *Tyson Foods* & RTRS:

U.S. meat processing firm *Tyson Foods* partnered with Proforest to conduct a deforestation risk assessment examining the firm's supply chain for palm oil, soybean, beef timber and paper products. The assessment would form the basis for the company's commitment to adhere to the NDPE principle. Reportedly, the company's initiative has been triggered by requests form a group of shareholders. Furthermore, the company announced that it would work with the Roundtable on Responsible Soy (RTRS) to purchase credits for soybean meal destined for the firm's poultry operations – particularly in regions where soy is sourced from areas subject to environmental and social risks. Reportedly, *Tyson Foods* was one of seven companies that recently joined the RTRS to contribute to the expansion of sustainable soy production practices. Others included a Canadian restaurant chain, a European livestock company, a Finish trader, an international non-profit environmental organization, a Brazilian certification institute, and an agronomic consultancy firm, also based in Brazil.

Sustainable coconut oil:
Reportedly, a public-private partnership set up to promote sustainable production of coconut oil in the Philippines and Indonesia resulted in a 26% improvement in productivity and a 47% increase in earnings for participating certified farmers. Out of 4 100 farmers that received training in good agricultural practices and farm management tools, about 1 600 were certified against the Rainforest Alliance's Sustainable Agricultural Standard. Participating farmers were mostly smallholders or tenants with less than four hectares of land and limited access to know-how and financing. The project enjoys the support of local government agencies, the German Agency for International Cooperation (GIZ), *Procter&Gamble*, *BASF*, and *Cargill (see also MPPU Apr.'13 & Aug.'17).*

Sustainable palm oil – third party studies

- Environmental impact: According to a study carried out by UK researchers, the establishment of new oil palm plantations – and the associated draining and clearing of peatlands – causes more environmental stress and GHG emissions than maintaining mature plantations. The research was driven by reports that, to expand their operations, growers across Southeast Asia are increasingly turning to peat swamps as other suitable palm oil acreage is becoming scarce and the means to raise productivity on existing plantations are lacking.
- Industry pledges: The latest global survey of palm oil buyers conducted by the Worldwide Fund for Nature (WWF) confirmed that many large food companies continue to lag on their self-imposed pledges to eliminate environmentally harmful practices from their palm oil supply chains. The advocacy group maintains that sourcing exclusively RSPO-certified palm oil is the best approach for concerned companies to honour their commitments.

Sustainable soybean – third party study:
Analyses conducted by environmental non-profit group CDP together with the supply chain mapping initiative Trase suggest that China, as the largest market for Brazilian soy, is exposed to imported GHG emission risks from deforestation linked to soybean expansion. The authors of the study argued that Chinese companies and the

Government could use their influence in the market to drive moves towards deforestation-free soy in Brazil.

Dietary guidelines – third party studies

- Saturated fat limits: In the United States of America, a group of nutrition academics invited the Government to drop its recommended limit on saturated fat intake in the forthcoming revision of the nation's Dietary Guidelines. Since 2005, the guidelines include a specific limit of 10 percent of calories from commonly consumed saturated fats. According to the researchers, evidence that the population-wide upper limits help prevent cardiovascular disease or reduce mortality is insufficient. Allegedly, the approach to treat saturated fats as one group, and to predict health effects on individual foods, meals and diets based on the total content of such fats is prone to lead to erroneous conclusions. The opinion of an official advisory committee on this matter is due by mid-May this year.
- Nutritional scoring of oils/fats:

FEDIOL, the federation representing Europe's vegetable oil industry, criticized the government-backed voluntary nutrition label 'Nutri-Score', stating that the scheme makes it impossible for single-ingredient foods, such as vegetable oils and fats, to obtain a high score. Reportedly, according to the scheme's energy-based criteria, all vegetable oils carry the same score, irrespective of their fatty acid composition – even though the latter is known to results in different nutritional and health properties for each type of oil/fat.

Biodiesel initiatives

- Biodiesel manufacturing technology:

In the United States of America, private transport companies and soybean industry associations joined forces to conduct an in-depth validation of new biodiesel technologies, in an effort to assess their viability in real-world, high-mileage fleet applications. The project aims at assisting transport companies switch to renewable fuels that are compatible with their infrastructure while minimizing disruptions and reducing overall operating costs.

- Biodiesel-enriched marine fuel:

Following the recent implementation of the International Maritime Organization's modified shipping fuel standard, a South Korean company set out to explore the use of biodiesel in low-sulphur marine fuel. As biodiesel feedstock the company intends to use primarily palm fatty acid distillate (PFAD). *(See also the following link: http://www.imo.org/en/MediaCentre/PressBriefings/Pages/34-IMO-2020-sulphur-limit-.aspx)*

- Environmental credentials:

According to industry sources, insufficient data on GHG emissions in farming could threaten Ukraine's ability to supply rapeseed to EU biodiesel manufacturers. In order to qualify under the EU's renewable energy directive, biodiesel producers are required to demonstrate that life-cycle GHG emissions of feedstock used fall within certain permissible levels.

Futures markets – palm olein options:

Reportedly, in January, Malaysian commodity exchange *Bursa Malaysia* launched an options contract on palm olein, as a complement to its existing palm olein futures contract. The new contract is aimed at improving price discovery and providing refiners as well as importers and end-users of palm olein with an additional tool to hedge against adverse price movements.

R & D – varietal research

- Rapeseed – variety withdrawal:

Agroscience company *Bayer* announced the removal of two recently launched hybrid rapeseed varieties (DEKALB DKTF-92-SC and DKTF-94-CR) from the marketplace, based on inconsistence performance.

- Rapeseed – genome sequencing:

An international research consortium coordinated by Canada's University of Saskatchewan completed the full assembly and mapping of 10 rapeseed genomes. Reportedly, the material will be made widely available to allow breeding for disease and climate change resistance.

- New rapeseed hybrids:

A group of Canadian agroscience and agri-business firms joined resources to work on the

improvement of the protein content in rapeseed hybrids. The initiative is aimed at turning Canadian rapeseed into both a high-value oil and a high-value meal crop.

R & D – product development

- High-oleic soybean uptake:

In the United States of America and Canada, the introduction of bans on the use of partially hydrogenated oils in food manufacturing *(see MPPU Oct.'17 & Aug.'18)* led to extensive product reformulation efforts. In particular, food producers started replacing conventional soybean oil (which requires hydrogenation for increased functional stability) with vegetable oils like palm, rapeseed and sunflower oil (which, due to a different fatty acid composition, do not require hydrogenation). At the same time, the soybean industry invested in the development of soybean varieties carrying a different fatty acid profile – in particular a high content of oleic fatty acid, which naturally raises the oil's stability. Although GM and non-GM high-oleic soybean varieties suitable for a variety of food and non-food applications are commercially available since a couple of years, cultivation has fallen behind expectations. In the United States of America, where farmers can avail of contract farming agreements and where high-oleic soybeans are reported to earn average premiums of USD 18 per tonne, annual plantings are estimated to fall short of 0.5 million hectares – which compares to industry projections of 6.5 million hectares for 2026. *(See also MPPU May'18)*

- Used cooking oil recycling:

In Canada, a group of researchers developed a technology for turning used cooking oil into a commercially viable, high-quality and biodegradable resin used for 3D printing.

- Fermented rapeseed meal:

Researchers from two Danish universities claimed that fermented rapeseed meal is at least as effective as zinc oxide used in feed for weaner piglets to improve growth, intestinal development and health.

- Fat substitute:

In Brazil, agribusiness firm *Cargill* launched a new ingredient that allegedly allows reducing the saturated fat content in ice cream and other dairy products by up to 30 percent. Reportedly, the blend of emulsifiers and liquid vegetable oils (primarily soybean oil) can be used to replace traditional fats without changing product formulations.

- Palm oil-based surfactant:

Specialty chemicals firm *BASF* launched a new surfactant for uses in a range of personal care products. The surfactant, which is produced using RSPO-certified ingredients, is said to be fully biodegradable and suitable for replacing surfactants containing sulphate.

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
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
2016/17	404	806	729	336	225	154	160	171
2017/18	402	820	648	381	258	152	154	182
2018/19	370	744	523	328	247	142	130	159
Monthly								
2019 - January	381	746	534	343	273	146	131	165
2019 - February	380	766	558	330	263	145	134	156
2019 - March	371	730	527	320	248	142	128	155
2019 - April	365	733	534	318	244	140	129	153
2019 - May	347	738	510	320	234	135	127	154
2019 - June	369	725	505	337	236	141	125	163
2019 - July	374	738	498	322	225	143	126	156
2019 - August	363	775	540	315	215	139	134	152
2019 - September	366	765	563	315	201	140	136	151
2019 - October	386	765	579	319	214	147	136	153
2019 - November	377	771	683	318	216	145	151	153
2019 - December	377	814	765	324	237	147	165	157
2020 - January	391	872	840	332	240	152	176	161
2020 - February	376	801	741	334	245	146	158	162

[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. Rotterdam)

[5] Soybean meal (44/45%,Hamburg f.o.b. 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