



OILSEEDS, OILS & MEALS MONTHLY PRICE AND POLICY UPDATE *

No. 143, June 2021

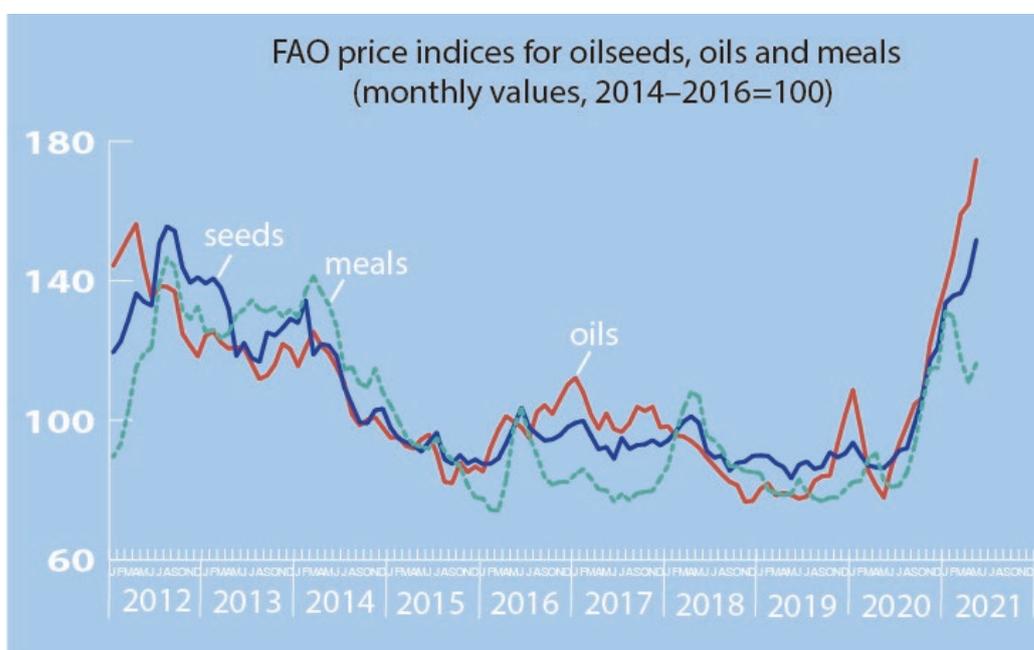
a) Global price review

In May, FAO's price indices for oilseeds and vegetable oils increased for a twelfth consecutive month, gaining, respectively, 10.5 and 12.7 points (or 7.4 and 7.8 percent) and marking multi-year highs. Meanwhile, after falling three months in a row, the oilmeal index rebounded moderately, rising by 5.5 points (or 5.0 percent) from its level in April. All three price indices trailing the oilcrops complex remained well above their respective year-earlier levels.

The additional rise in the oilseeds price index stemmed from higher soybean, rapeseed and, to a lesser extent, sunflowerseed prices. International soybean quotations increased markedly in May,

reaching their highest level since October 2012. The unrelenting price strength was largely fuelled by the following factors: i) continued global soybean supply-demand tightness; ii) concerns over low soil moisture levels in the United States (US) and their effect on the country's 2021/22 crop prospects; iii) persistent strong crush demand in the US as well as in South America's key producing countries; and iv) spill-over effect from surging international maize prices. Towards late May, however, soybean prices started to ease on reports of improving weather conditions in the US and expectations of larger-than-earlier-anticipated 2020/21 harvests in both Argentina and Brazil. Rapeseed prices kept rising uninterruptedly since

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* The **Monthly Price and Policy Update**, or MPPU, is an information product provided by the oilseeds desk of the Markets and Trade Division of FAO. It reviews the development of international prices for oilseeds, oils and meals as reflected by FAO's price indices and spots salient policy and market events selected from a variety of official and unofficial sources. Section b) of the present issue covers developments observed during the months of **April and May 2021**. 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/>.

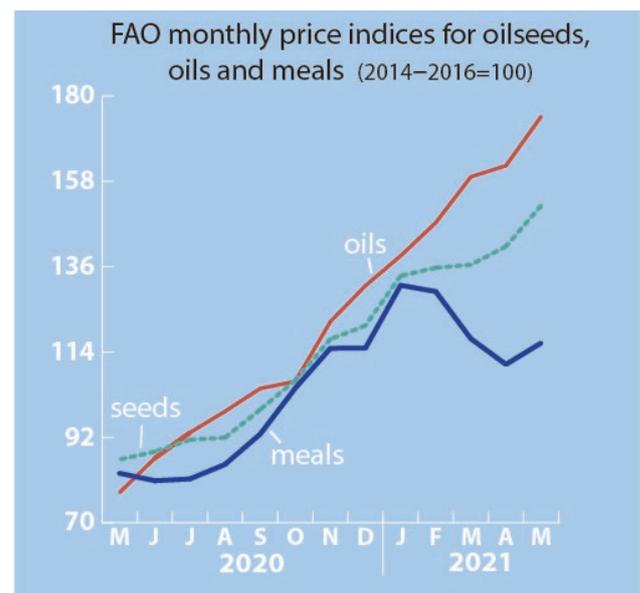
Global price review – cont'd

April 2020, climbing to decade-highs. Besides protracted global supply tightness, rapeseed values also responded to reports of unfavourable weather conditions in major growing regions in both Canada and the European Union (EU), where 2021/22 crops are approaching harvests. Sunflowerseed prices rebounded marginally in May (after retreating from multi-year highs in April) while remaining well above the level registered in the corresponding month of last year, underpinned by limited farmer selling and shrinking inventories in leading exporting countries.

As for oilmeals, the rebound in the price index in May mainly reflected higher soy, rape and sunflower meal values. International quotations for soymeal, the index' leading component, rebounded in May. Although global soymeal supplies remained adequate, expectations of growing feed demand in China – tied to the ongoing restocking in the country's hog herds – lent support to international soymeal prices. International prices of rapeseed and sunflower meal received support from, respectively, robust demand for non-GM oilmeals in the EU and tightening supplies in the Black Sea region.

With regard to vegetable oils, the persistent strength of the index was mainly driven by rising palm, soy and rapeseed oil values. International palm oil quotations remained on an upward trajectory in May and reached their highest level

since February 2011, as slow production growth in Southeast Asian countries, combined with robust global import demand, kept inventories in leading exporting nations at relatively low levels. In addition, fresh gains in mineral oil prices also lent support to palm oil values. International prices of soyoil registered a twelfth consecutive monthly rise, sustained by prospects of robust global demand, especially from the biodiesel sector, and stronger-than-expected import demand, notably from China and India. In the meantime, international rapeseed oil values were underpinned by continued global supply tightness, while sunflower oil prices remained virtually unchanged in May, as support from tight supplies in the Black Sea region was offset by global demand rationing.



b) Selected policy developments and industry news

ARGENTINA – biofuel policy: According to industry sources, the Government is considering to amend the country's biofuel policy in place since 2006. While current legislation – set to expire in July 2021 – requires all transport diesel

to contain 10 percent of (soyoil-based) biodiesel, new provisions under consideration would introduce flexible rates and give priority to small and medium-size biofuel producers. Reportedly, the mandatory blending rate would be reduced to 5 percent. Furthermore, to facilitate the stabilization of retail fuel prices, the Energy Secretariat would be authorized to raise the mandate or

reduce it further to as low as 3 percent, depending on market conditions. Lower blending mandates could raise Argentina's annual soyoil export availability.

BANGLADESH – market regulation:

Consistent with earlier announcements (*see MPPU Apr. '21*), the Government temporarily suspended the 4 percent 'advanced tax' applied to imports of unrefined vegetable oils and refined palm oil, in a bid to stabilize edible oil retail prices during the Ramadan period.

BELGIUM – biofuel policy:

The Government confirmed that, as part of efforts to combat deforestation, sales of biofuel produced from certain crops would no longer be allowed in the country. While palm oil is expected to be banned as raw material for transport biofuels from mid-2022, soyoil use would be halted from 2023. (*See also MPPU Apr. '21*)

BRAZIL – import policy: With a view to combating domestic inflation and shielding the country's crushing, animal feed and biodiesel industries from persistently high commodity prices, the Government suspended the import tariffs on soybeans, soyoil, soymeal and maize imported from countries outside the Mercosur trade bloc until the end of 2021 – thus reactivating an exemption that was in place between October 2020 and January 2021 (*see MPPU Nov. '20*).

BRAZIL – biofuel policies

- **Blending mandate:** Concerned about the impact of persistently high soyoil and biodiesel prices on the country's inflation rate, the Government authorized fresh cuts in the country's mandatory biodiesel blending rate – from 13 percent to 10 percent – during the period May to August 2021 (*see also MPPU Nov. '20*). The blending mandate had been raised from 12 percent to 13 percent in March 2021, in line with the country's regulatory biofuel framework (*see MPPU Jan. '20*).
- **Biodiesel trading:** ANP, the authority responsible for regulating domestic biofuel production

and trade, confirmed that the country's biodiesel market would be gradually liberalized from January 2022 onwards to guarantee the fuel's supply and quality, while fostering free competition between market participants (*see also MPPU Nov. '20*). The new trading model would envisage a mix of the current public auction system and trade in the spot market. Furthermore, imports of biodiesel would be allowed from January 2023.

BRAZIL – pest control:

The Agricultural Ministry released a revised version of its national programme for the control of Asian soybean rust, including updated procedures and a new governance model. The new regulations took effect on 1 June 2021.

CHINA – agricultural policy:

The Government informed that it will continue to promote stable domestic grain production to ensure food security. Reportedly, the minimum purchase price policies for wheat and rice will be maintained, as will subsidies for maize and soybean producers and public insurance programmes for farmers. Reportedly, grain procurement, reserves and market regulation will be enhanced, and storage and logistics facilities improved. Furthermore, more stringent regulations over the use of arable land will be enforced. Other measures include the promotion of commercial breeding systems and research efforts to raise the oil content of soybeans.

EGYPT – social policy / market regulation:

Triggered by strong increases in the prices of imported vegetable oils, the Ministry of Supply and Internal Trade raised the price of edible oil sold under the public food distribution programme. As of 1 June 2021, one-liter bottles were sold at EGP 21 (USD 1.34), i.e. 23.5 percent more than previously. Reportedly, Egypt's vegetable oil requirements are covered almost entirely through imports by the General Authority for Supply Commodities (GASC), and more than 60 percent of the country's population qualifies for the food subsidy programme. According to

government sources, national supplies and strategic reserves of edible oil continued to be adequate and would be monitored regularly in consultation with concerned private sector entities.

EUROPEAN UNION – environmental policies:

With a view to encouraging direct investments in sustainable activities, the European Commission issued a regulation establishing technical screening criteria for determining which activities or products qualify as contributing substantially to climate change mitigation/adaptation without harming other environmental objectives. With regard to renewable fuels, the list of products defined as sustainable investments includes biofuels and biogas produced from ‘advanced feedstock’ (such as agricultural waste and forest residues), while fuels produced from food and feed crops are excluded. As for eligible agricultural activities, specific complementary regulations are expected to be issued later in 2021.

EUROPEAN UNION – food standards:

Two European Parliament committees called on the European Commission to consider exempting certain single-ingredient food items – including extra virgin olive oil – from the proposed EU-wide front-of-pack rating system ‘Nutri-Score’, citing a number of shortcomings in the generic rating system (*see also MPPU Mar. ’20 & Jan./Apr. ’21*).

EUROPEAN UNION – biofuel policy:

Following the detection of a several cross-border fraud cases concerning biodiesel, five EU Member States involved in biofuel production issued a joint statement calling upon the European Commission to develop a framework for stricter public supervision of biofuel use across the European market. According to the statement, certification and voluntary private oversight are not sufficient to ensure that relevant sustainability criteria are upheld across the supply chain.

INDIA – agricultural policy: With a view to encouraging domestic oilseed production,

the Ministry of Agriculture and Farmers Welfare started distributing high-yielding oilseed varieties to farmers for the forthcoming Kharif (summer crop) season. Part of the National Food Security Mission, the initiative reflects concerns over the recent spike in local edible oil prices, which – given the country’s strong reliance on imports – was attributed to the recent surge in international vegetable oil prices. The new programme envisages the distribution – free of charge – of 800 000 soybean seed kits and 74 000 groundnut seed kits in nearly a third of the country’s districts. The measure is expected to bring an additional 637 000 hectares under oilcrop cultivation, potentially generating an added seed and oil output of about 1.2 million tonnes and 250 000 tonnes, respectively.

INDIA – food standards: The Food Safety and Standards Authority modified its food safety standards related to peanut butter, shea butter and Borneo tallow nut oil. Furthermore, the 3 percent limit of industrial trans-fatty acids in oils and fats entered into force on 1 April 2021. The threshold is set to be reduced to 2 percent in January 2022.

INDONESIA – palm oil export duties:

Reflecting the steady rise in international palm oil prices, the Government further raised the tax charged on the country’s palm oil exports. In May and June 2021, the tax stood at USD 144 and USD 183 per tonne, respectively. Meanwhile, the variable export levy applied to palm oil exports remained unchanged at USD 255 per tonne.

INDONESIA – environmental policy:

The Government removed a number of industry by-products – including spent bleaching earth (SBE), a clay used to bleach and deodorize palm oil – from the list of hazardous wastes, thereby freeing processors from strict disposal requirements. The measure only applies to SBE with oil residue levels below 3 percent. In 2019, the country’s total SBE production amounted to 779 000 tonnes, of which an estimated 15 percent was treated to reduce the oil content to 3 percent.

According to environmental groups, on-the-ground monitoring of the disposal of waste products by palm oil refiners would likely continue to pose challenges.

KYRGYZSTAN – market regulation:

The Government announced that, as of 25 May 2021, retail prices of sunflower oil would be regulated for a three-month period, with a view to stabilize the domestic edible oil market.

MALAYSIA – export policy

- **Variable export tax:** The export tax rate Of 8 percent applied since January 2021 was confirmed for the month of June. The 8 percent rate is the maximum tariff envisaged under the country's palm oil export taxation scheme.
- **Export promotion:** According to Government sources, Saudi Arabia would become Malaysia's hub for the import and distribution of palm oil and derived products into the markets of the Gulf Cooperation Council as well as Middle East and North Africa. Reportedly, companies in both Saudi Arabia and the United Arab Emirates committed to source Malaysian palm oil, while Malaysia plans to set up palm oil refining and processing facilities in the region.

MALAYSIA – social policy:

The Government informed that subsidized public distribution of cooking oil would not be affected by recent increases in the price of palm oil and that monitoring and enforcement activities would be stepped up to guarantee the programme's orderly implementation. Reportedly, the commitment to supply 60 000 tonnes per month was maintained.

MALAYSIA – COVID-19 related measures:

During a new, comprehensive lockdown in the first half of June, oil palm plantations and related downstream facilities were allowed to continue operating. While harvesting and work in other open spaces could continue as normal, work-force capacity in oil mills and refineries has to be reduced to 60 percent. According to observers, no major supply disruptions were reported, although

temporary slowdowns in palm oil uptake were not excluded.

THE PHILIPPINES – agricultural policy:

After lengthy negotiations, the President signed into law legislation creating a trust fund designed to support the country's coconut industry and its workers (*see also MPPU Oct. '18*). The PHP 75 billion (USD 1.54 billion) trust will channel funds originating from a levy collected from coconut farmers, processors and exporters during the 1970s back to the sector. The law authorizes the disbursement of the set-aside funds over the coming five years. Furthermore, it mandates the Philippine Coconut Authority (PCA) to craft – with input from coconut farmers and other industry stakeholders – a Coconut Farmers and Industry Development Plan setting the directions and policies for the development and rehabilitation of the industry with its 3.5 million growers. The plan will be aimed at increasing farm productivity and farmers' incomes, alleviating poverty, providing social protection, including health and education benefits, and modernizing the coconut industry. The plan is expected to include programmes in support of community-based enterprises and coconut farmer's organizations. The PCA informed that it was updating its coconut farmer registry, which would include all those cultivating up to 5 hectares as either owners or tenants. According to the media, industry representatives voiced concerns over the planned allocation of funds to a multitude of government agencies and disapproved the exclusion of coconut growers and other industry stakeholders from the Trust Fund Management Committee.

RUSSIAN FEDERATION – market

regulation: In line with plans announced in March, in April, the Government started subsidizing the production and sales of sunflower oil by companies participating in the recently agreed voluntary price stabilization programmes (*see MPPU Apr. '21*). Reportedly, RUB 9 billion (USD 124 million) have been allocated to support subsidized sales of both sunflower oil and sugar.

In the case of sunflower oil, the subsidies will be available until end-September.

RUSSIAN FEDERATION – export policies:

In a bid not to impair the marketing of the country's forthcoming soybean crop, the Government reduced its recently introduced 30 percent soy export tax to 20 percent (but no less than USD 100 per tonne). The temporary tax measure was implemented last February to secure domestic supplies amid surging global prices and rising inflation risks (*see MPPU Jan. & Apr. '21*). The reduced tax rate is set to come into effect on 1 July 2021 and is expected to remain in place until August 2022.

SRI LANKA – agricultural policies / market regulation

- Oil palm cultivation / palm oil trade:
While maintaining its ban on the establishment of new oil palm plantations and promoting the gradual replacement of existing plantations with alternative crops, the Government eased its recently introduced import restrictions for palm oil, providing local industries with special import licenses for refined, bleached and deodorized (RBD) palm olein (*see also MPPU Apr. '21*).
- Coconut cultivation, marketing and trade:
According to media reports, the Government is preparing a number of measures in support of the country's coconut industry. Reportedly, Government officials announced measures to prevent the felling of coconut palms without prior permission from relevant authorities, comprising the tree's inclusion in the Felling of Trees Control Act. Moreover, the existing rules regarding the sale of coconut plantation lands would be amended to the effect that all transactions of plots exceeding two acres will require official approval. Additional measures under consideration include: prize stabilization initiatives, subsidized production loans, and financial assistance for bringing water to coconut plantations. With regard to prices, in April, the Government brokered an agreement with the country's coconut oil manufacturers association to guarantee the supply of bottled coconut oil at a fixed price of LKR 450

(USD 2.26) per liter. Furthermore, the Consumer Affairs Authority directed all importers, refiners, manufacturers and distributors to refrain from blending edible coconut oil with any other oil.

TURKEY – export policy:

In April, amid rising food prices and concerns over inflation, the Government banned bulk olive oil exports for a period of six months with a view to preventing domestic shortages and securing affordable prices for consumers.

UKRAINE – export policy (market regulation):

In April, the Government reached an agreement with the country's vegetable oil industry to cap exports of sunflower oil in the 2020/21 marketing year (ending on 31 August 2021) at 5.38 million tonnes. The measure is aimed at stabilizing retail prices of edible oils while preventing domestic supply shortages. Furthermore, the Government proposed to ban sunflowerseed exports from 15 May through 30 September 2021. (*See also MPPU Apr. '21*)

UKRAINE – import policy: In April, the Government added wheat, rye and sunflowerseed oil to the list of products banned for import from the Russian Federation.

UNITED STATES OF AMERICA – biofuel policy: Draft bills extending the 16-year old USD 1 per gallon tax credit accorded to biodiesel blenders have been presented at the US Lower and Upper House. The bills propose to extend the programme, which is set to expire in December 2022, through 2025, in a bid to support continued growth in the production and use of biodiesel and renewable diesel. (*See also MPPU Jan. '20*)

UNITED STATES OF AMERICA – import policy: In April, the US International Trade Commission decided to investigate whether the US industry is materially injured by imports of organic soybean meal from India, which is allegedly subsidized and thus sold in the United States at less than fair value.

UZBEKISTAN – export policies (market regulation): In May, to stabilize local prices of edible oils and prevent domestic supply shortages, the Government introduced temporary export duties of 50 percent for cottonseed oil, 20 percent for sunflower oil, and 30 percent for cottonseed and sunflowerseed. In addition, imports of vegetable oil, sunflowerseed, flaxseed and soybeans as well as domestic sales of vegetable oil (with the exception of cottonseed oil) will be exempted from paying value added tax. Furthermore, local vegetable oil producers may export no more than half of the product obtained from processing imported sunflowerseeds. All measures will be in place from 1 May to 31 December 2021.

Trade differences – palm oil

- Malaysia / European Union: The World Trade Organization (WTO) agreed to the establishment of a new dispute panel at the request of Malaysia concerning certain EU measures on palm oil-based biofuels, which allegedly confer unfair benefits to EU domestic producers of rapeseed and other biofuel feedstock (see MPPU Apr. '21). Eighteen WTO members reserved their rights to participate as third parties in the proceedings.
- CPOPC / Belgium: The Council of Palm Oil Producing Countries (CPOPC), which comprises of Indonesia and Malaysia, expressed its disappointment over Belgium's planned ban on palm oil as renewable biofuel feedstock (see above). The Council highlighted the economic and social development role that palm oil plays in producing countries while contributing to meet the UN's SDGs. According to CPOPC, the initiative also undermined the progress being made by producing countries in complying with certification schemes aimed at guaranteeing reliable, sustainable supply chains.

Sector development measures

- Jamaica – coconut palm: According to official sources, the Government is collaborating with coconut growers to boost the supply of coconuts for the industry, with a view to

better catering for growing demand for coconuts and derived products. Under the partnership, the Government plans to support the production of 400 000 seedlings per year, to cover 1 200 hectares of coconut.

- Uganda – oil palm: A joint venture between the Government, industry and farmers set out to establish new oil palm plantations on Buvuma Island in Lake Victoria. Out of a planned 7 500 hectares, 5 000 hectares will be dedicated to a nucleus estate while the remainder will be allocated to smallholder farmers. The investment is part of the National Palm Oil Project – an initiative of Uganda's Ministry of Agriculture, Animal Industry and Fisheries that received funding from the UN's International Fund for Agricultural Development. (See also MPPU May '19 & Mar. '20)
- West Africa – organic palm oil: An alliance of palm and palmkernel oil processing companies in Ghana and Liberia and a US-based natural soaps company received a USD 1.1 million grant from the US Agency for International Development (USAID) to help smallholder farmers in West Africa access the growing market for organic palm oil in the United States. Aimed at raising the profits of small-scale oil palm plantations and fostering export value addition in the region, the new alliance is expected to focus on process upgrades, organic certification and product traceability.
- China – oil palm: In China, recent progress in oil palm research and newly approved varieties are expected to advance the country's prospects for domestic palm oil production, thereby helping to reduce the country's dependence on edible oil imports. The Government-backed establishment of a national oil palm germplasm collection has opened the door for commercial cultivation in the country, according to the palm oil certification body RSPO (Roundtable on Sustainable Palm Oil). Recently, two locally developed varieties have been approved and are now ready for planting on a large scale. Characterized by high and stable yield, potential for wide adaptability, early flowering and fruiting, and resistance to wind and drought, the new varieties are deemed

suitable for planting throughout Hainan Province and other regions with similar climatic conditions. Researchers estimated the country's area suitable for oil palm cultivation at over 2 million hectares.

Pesticide regulation: Japan and the European Union notified the WTO regarding the adoption of national permitted maximum residue levels (MRLs) for selected pesticides used on several crops, including soybeans.

Logistics issues (COVID-19 related):

In May, reports of fresh surges in COVID-19 cases in India led to several seaports across the world closing their doors to shipments to and from the country. Reportedly, national lockdown measures also resulted in labour shortages in Indian port operations, leading to delays in the movement of goods within the country.

Private sector – market initiatives

- **Export-oriented olive oil production – Algeria:** Algeria's national olive oil sector association launched an initiative aimed at almost doubling the country's area under olive cultivation. Set to plant 400 000 hectares of olive trees across the country, the programme would complement a recent government initiative aimed at stimulating olive oil exports.

- **Organic sesame exports – Nigeria:** Local media reported that the country's sesame industry started exporting certified organic sesame after attaining organic certification status by ECOCERT International earlier this year. The initiative has been promoted by Nigeria's national sesame seed association (NSSAN) and the Nigerian Export Promotion Council (NEPC).

R & D – varietal research (soybeans):

In Argentina, a team of researchers presented a new non-transgenic soybean variety suited for direct feeding of monogastric animals in the form of special flours. Reportedly, the new variety has a protein content of 41.5 percent, does not require heat treatment and includes the recessive genes that decrease the bean's bitter taste and astringent sensation.

R & D – product development

- **Hempseed food uses:** Increased interest in hemp seed as a source of fat and protein in food products and beverages has been reported from the United States, after the development of new techniques to fractionate the seeds without making use of harmful chemicals. The seeds, which do not naturally contain the cannabinoid compounds found in other parts of the plant, are said to be rich in protein and beneficial fatty acids and offer manufacturers a number of functional, nutritional and taste advantages.
- **Olive oil adulteration:** In the United States, the industry-led Botanical Adulterants Prevention Program (BAPP) released a guidance document on detecting olive oil adulteration in the laboratory. The document summarizes the various analytical methods available to detect adulterants. Meanwhile, in the European Union, researchers conducted a review of the most common types of fraud in the olive oil sector and proposed possible countermeasures. The research project benefitted from funding by the European Commission.
- **Olive oil analysis:** In Italy, a group of researchers developed new testing methods allowing to accurately measure 45 different trace elements in extra virgin olive oil. Reportedly, the proposed method is suitable for routine analyses with high sample throughput.
- **Soy/linseed feed uses:** In Brazil, a team of researchers found that the inclusion of soy and linseed oil in the diet of dairy cows can enhance the nutritional properties of milk by reducing its content of saturated fatty acids while raising the level of unsaturated fatty acids.

Futures markets – China: The China Securities Regulatory Commission approved the trading of palm oil options and authorized the participation of overseas investors in trading. Trading in the new contract was set to start on 18 June 2021 on the Dalian Commodity Exchange. Reportedly, the exchange is also conducting consultations on a new options contract (as well as revised trading rules) for RBD palm olein.

Biodiesel – industry initiatives

- Unconventional biodiesel feedstock:

In the United States, minor oilseeds such as carinata, camelina and covercress – a new version of pennycress (*thlaspi arvense*) obtained through gene-editing techniques – are attracting increased attention as biodiesel feedstock, according to the media. Reportedly, besides striving in arid climates and on marginal farmland not suited for other agricultural crops, the named oilseeds can be planted as carbon-fixing cover-crops in the off-season, when fields would otherwise lay idle. While camelina seed already gained approval as feedstock under the US Renewable Fuel Standard, requests for other alternative oilseeds still require clearance by the Environmental Protection Agency (EPA).

- Power generation feedstock – oil palm waste:

A Japanese electricity supplier plans to produce wood pellets from waste oil palm trees in Malaysia. Reportedly, the pellets would be co-fired with coal at the company's power generation plants.

- Renewable diesel: According to media reports, interest in 'renewable diesel' produced from waste products such as used cooking oil (also known as 'hydro-treated vegetable oil' or HVO) is expanding rapidly in the United States. The biofuel is valued for its reduced carbon footprint and because it can be considered chemically identical to mineral diesel (see MPPU Nov. '15 & Sep. '20). Reportedly, in the United States, several joint ventures to produce and market 'renewable diesel' have been launched recently, partly involving retrofitting of existing petrol refineries.

Palm oil – sustainable production

- Private funding initiative:

Lestari Capital, an environmental finance enterprise supporting conservation and restoration programmes, launched an initiative (named 'Rimba Collective') aimed at generating USD 1 million to support industry efforts on long-term forest protection and restoration in Southeast Asia, starting in Indonesia. Led by global buyers and processors of palm oil, the initiative would be

aligned with the Government of Indonesia's environmental and economic development policies. Reportedly, the new scheme would help the industry embed conservation activities into the cost of goods such as palm oil. The project's declared target is to protect, over the coming 25 years, 500 000 hectares of tropical forest, supporting 32 000 individuals in forest communities. Funding from partners would be channelled to a portfolio of projects, prioritized based on their potential to protect and restore large, continuous areas of natural ecosystems and critical habitats, such as primary rainforest, peatland and mangroves. Other priorities would include generating measurable ecosystem service benefits as well as resilient livelihoods for local communities. Reportedly, partner contributions would be correlated directly with procurement volumes, so as to ensure that funding is secure, self-sustaining and scalable over time.

- Development project (Cameroon):

Oil Palm Adaptive Landscape (OPAL), a project funded since 2015 by a group of Swiss public and private institutions to improve the management of the oil palm landscape in select countries, reported on progress in Cameroon. Reportedly, by engaging stakeholders in discussions about the key social, economic and ecological drivers shaping oil palm development, the project succeeded in raising small producer awareness about ways to increase productivity in their operations and contributed to the preparation of a national strategy document on sustainable palm oil development by the Government of Cameroon.

Sustainable palm oil – RSPO news

- Members training: The global, industry-led palm oil certification body RSPO, joined forces with the Center for International Private Enterprise (CIPE) to provide training to its members on business integrity. Reportedly, the initiative was aimed at helping members better understand RSPO's Code of Conduct and ensure full compliance with the organization's standards.

- Gender inclusion: RSPO released a manual outlining the building blocks of a gender-inclusive business in the palm oil sector. The initiative is

meant to assist RSPO members in identifying possible gender imbalances in their businesses, adopting practices that promote gender balance in their operations, and applying strategies towards a more gender inclusive workforce.

- **Liberia update:** In Liberia, RSPO community outreach programmes are said to have facilitated more cohesive relationships between oil palm companies and communities, leading to reduced palm oil-related conflicts and greater understanding of RSPO's Principles and Criteria at a grassroots level.

Certified palm oil market – third party views:

Market experts attributed the stagnation in global demand for certified sustainable palm oil (*see also MPPU Apr. '21*) to prohibitive costs of certification for small producers on one hand and to consumer reluctance to pay sustainability premiums, especially in developing countries like China and India, on the other. For the majority of small growers the costs of certification – estimated around USD 8–12 per tonne in a 2019 case study on Indonesia – are difficult to justify, considering

that smallholders barely benefit from the associated price premium. Reportedly, much of that premium – which, depending on the sale channel used and on demand fluctuations, has been estimated between USD 2.50 and USD 30 per tonne – is captured by downstream manufacturers and retailers, while small producers hardly benefit – mirroring existing imbalances in how profits from palm oil are distributed along the value chain. Apparently, only large commercial plantations are interested in certification, less for economic reasons than to prevent reputational damage. Meanwhile, on the consumer side, awareness about sustainability issues tends to remain low – hence the reluctance to share costs for improved sustainability in the field. Market observers also argued that consumer good companies should do more to sensitize consumers and support producers on the ground. With regard to retail prices (of products containing only small amounts of palm oil), experts suggested that these would increase only fractionally if manufacturers chose to recover the costs of sustainable sourcing.

*For comments or queries
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	International Prices (US\$ per tonne) ¹					FAO Indices (2014–2016=100) ⁷		
	Soybeans²	Soybean oil³	Palm Oil⁴	Soybean Cake⁵	Rapeseed Meal⁶	Oilseeds	Vegetable oils	Oilcakes/ Meals
Annual (Oct/Sep)								
2006/07	335	772	684	264	184	80	93	66
2007/08	549	1325	1050	445	296	133	153	109
2008/09	437	849	682	409	206	96	90	89
2009/10	429	924	806	388	220	100	109	92
2010/11	549	1308	1147	418	279	132	159	102
2011/12	562	1235	1051	461	295	132	143	111
2012/13	563	1099	835	539	345	131	120	129
2013/14	521	949	867	534	324	120	116	128
2014/15	407	777	658	406	270	95	93	99
2015/16	396	773	655	351	232	93	95	85
2016/17	404	806	729	336	225	95	103	81
2017/18	402	820	648	381	258	94	94	93
2018/19	370	744	523	328	247	88	80	81
2019/20	379	783	668	338	243	90	93	84
Monthly								
2019 - September	366	765	563	315	201	87	84	77
2019 - October	386	765	579	319	214	91	84	78
2019 - November	377	771	683	318	216	89	93	78
2019 - December	377	814	765	324	237	90	101	80
2020 - January	391	872	840	332	240	94	109	82
2020 - February	376	801	741	334	245	90	98	83
2020 - March	367	722	621	364	255	87	85	89
2020 - April	363	675	573	363	280	87	81	90
2020 - May	361	675	531	328	262	86	78	83
2020 - June	369	741	594	325	229	88	87	81
2020 - July	383	815	659	329	227	91	93	81
2020 - August	387	865	707	345	245	92	99	85
2020 - September	418	893	740	378	270	99	105	93
2020 - October	454	900	763	430	294	107	106	105
2020 - November	502	978	875	470	319	117	122	115
2020 - December	516	1036	963	468	328	121	131	115
2021 - January	576	1074	1026	535	382	134	139	131
2021 - February	580	1136	1086	526	380	136	147	130
2021 - March	568	1296	1135	472	364	136	159	117
2021 - April	594	1388	1155	442	352	141	162	111
2021 - May	639	1590	1229	454	409	152	175	116

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 2014–2016 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