



The Soy Export Weekly Update

Vilsack Says EPA Should Set RFS Of 1 Billion Gallons Of Soy-Based Biodiesel

USDA Secretary Tom Vilsack said he believes the Environmental Protection Agency (EPA) will soon set an annual renewable fuels standard of 1 billion gallons of soybean-based biodiesel. That would be the amount mandated to be blended into petroleum supplies nationally each year.

However, before EPA can make that determination, the agency first is required to certify that soy-based biodiesel would reduce greenhouse gas emissions by 50 percent below emissions produced by petroleum-based diesel. That computation could be tricky because EPA may factor in data that raise questions other than: Does burning "X" amount of biodiesel produce greater or lesser levels of greenhouse gas emissions than does burning an equal amount of petroleum diesel?

If EPA chooses to consider the contribution of soybean land use around the world (known as "indirect land use change") to the generation of greenhouse gases, biodiesel likely would fail to meet the 50 percent emissions reduction threshold.

Senators Urge Removal Of Land Use Rule When Creating RFS

The Environmental Protection Agency (EPA) should refrain from considering indirect changes to land use when calculating greenhouse gas emissions from biofuels as part of a forthcoming proposal to create standards for renewable fuels, a group of 12 farm-state senators said in a letter to EPA Administrator Lisa Jackson.

The forthcoming proposed Renewable Fuel Standard (RFS) 2 rule includes "indirect land use calculations," as part of EPA's analysis of life-cycle greenhouse gas (GHG) emissions from biofuels, and will be used to determine which fuels count as renewable under the standards, the senators said. The authors of the letter, released March 16, include Sen. Tom Harkin, (D-Iowa), chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, and Sen. Chuck Grassley (R-Iowa), the ranking member of the Senate Finance Committee. They warned that under EPA's current methodology, existing soy-based biodiesel may not qualify as a renewable fuel, and other biofuels could follow suit.

Under the 2007 energy law, corn ethanol must be declared to reduce greenhouse gases by 20 percent and soy biodiesel must do so by 50 percent. Under the 2007 law, Congress assured that all corn ethanol plants either already constructed or under construction would be guaranteed to qualify for the production mandate – the so-called grandfathered clause. But that was not the case for soy biodiesel.

A government study in 1998 said that soy biodiesel reduces greenhouse gas emissions by 78 percent versus petroleum-based diesel. But the EPA in charge of writing the rule to implement the 2007 changes to the RFS decided to take into account international practices when deciding how damaging soy biodiesel is to the environment – this is the so-called indirect land use topic.

Indirect land-use calculations include factors such as the increase in carbon dioxide emissions created when forests and grasslands are cleared for cultivation of biofuel crops, according to the letter. The letter requests that EPA refrain from including the land-use calculation, "given



the complexity and uncertainty of this issue as well as what we believe are basic analytical limitations.”

“The premature publication and use of inaccurate or incomplete data could compromise the ability to formulate a sound approach to implementing this life cycle GHG emissions requirement in the future,” the senators wrote. “And the resultant rulemaking confusion could seriously harm our US biofuels growth strategy by introducing uncertainty and discouraging future investments.” The calculations could increase the life-cycle greenhouse emissions assessed for biofuels such as corn and sugarcane-based ethanol and soy-based diesel, the letter said.

India Expected To Repeal Import Tax On Soyoil

India announced the country intends to scrap its import tax on crude soyoil to bring its duty in line with other crude vegetable oils, the government and industry officials have announced. GK Pillai, the trade secretary, said that India would be cutting the import duty on soyoil, which is currently at 20 percent, without giving further details but trade sources said the duty would be completely withdrawn, giving it equal footing with rival crude palm oil.

The government imposed the soyoil duty in November as a means of shielding domestic soybean producers from cheaper imports, but the policy has resulted in an influx of overseas palm oil and sunflower oil at record levels in the first four months of the oil year.

China’s Largest Soybean Crusher To Accept Foreign Investment

Jiusan Group, China’s largest domestically-owned soybean crusher, said last week that it would be open to internationalization, according to a report from *The Public Ledger*. Previously the company had said it was opposed to foreign investment in the country. Tian Renli, president of Jiusan, recently told the Economic Observer that internationalization would be the company’s development path and it is likely that Jiusan would co-operate with foreign investors. “If any foreign companies would like to co-operate with us, we will actively consider the opportunity,” said Tian. But he also made it clear that such cooperation must be premised on maintaining a controlling stake by Chinese. And, he stated that the firm would not accept “any unfair additional terms” imposed by foreign enterprises, such as preferential purchasing for imported, genetically modified soybeans.

Soy Complex Higher On Sinking U.S. Dollar And Inflation Fears

The soy complex closed higher on March 19 reflecting the Fed’s announcement that precipitated a collapse in US dollar and spurred inflation fears. The threat of an Argentine farmer strike continues to encourage importers to seek U.S. soybeans. Argentine farmers failed to get lawmakers to debate a bill to reduce soybean export taxes, but Argentina’s president unveiled a plan to share 30 percent of the soybean export tax revenue with the provinces to placate farmers who do not like that much of the tax revenue goes to urban areas. Initial reaction was not positive from farm leaders, leaving the threat for a repeat of last year’s periodic strikes largely intact. May bean futures were up \$9.37, finishing at \$345.57; July gained \$10.38, closing at \$345.39; and August was up \$11.48, ending at \$340.70. May meal increased \$7.50, closing at \$326.61; July was \$8.38 higher, finishing at \$322.97; and August meal closed up \$9.37, ending at \$316.80. May soyoil was \$21.38 higher, finishing at \$703.05; July was up \$21.38, closing at \$709.00; and August gained \$21.16, closing at \$712.31.



U.S. & South America Soybean/Products Balance

	United States			Argentina			Brazil		
	Actual	Estimate	Proj.	Actual	Estimate	Proj.	Actual	Estimate	Proj.
	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
Soybeans	<i>thousand tonnes</i>								
Carryin	12,229	15,617	5,580	334	1,876	4,160	2,252	3,110	4,464
Production	86,770	72,859	80,536	48,800	46,200	43,800	59,000	61,000	57,000
Imports	246	269	245	2,336	2,810	1,800	108	88	50
Crush	49,198	49,024	44,906	35,962	33,200	33,700	31,511	32,245	31,000
Exports	30,428	31,598	31,298	12,132	11,954	12,700	23,805	24,514	24,750
Other	4,002	2,543	4,447	1,500	1,572	1,600	2,934	2,975	3,025
Usage	83,628	83,165	80,651	49,594	46,726	48,000	58,250	59,734	58,775
Carryout	15,617	5,580	5,710	1,876	4,160	1,760	3,110	4,464	2,739
Soymeal	<i>thousand tonnes</i>								
Carryin	285	314	267	2,003	1,144	1,313	863	1,563	1,884
Production	39,058	38,322	35,372	27,856	26,060	26,355	24,420	25,000	24,025
Domestic use	31,184	30,078	27,896	619	634	660	11,520	12,180	12,391
Net Exports	7,845	8,291	7,471	28,096	25,257	26,058	12,200	12,499	11,995
Usage	39,029	38,369	35,367	28,715	25,891	26,718	23,720	24,679	24,386
Carryout	314	267	272	1,144	1,313	950	1,563	1,884	1,523
Soybean oil	<i>thousand tonnes</i>								
Carryin	1,365	1,399	1,126	487	310	475	300	341	535
Production	9,294	9,329	8,532	6,917	6,331	6,442	6,050	6,190	5,950
Domestic use	8,420	8,313	7,984	580	1,106	1,205	3,550	3,925	4,011
Net exports	840	1,289	657	6,514	5,060	5,445	2,459	2,071	2,150
Usage	9,260	9,602	8,641	7,094	6,166	6,650	6,009	5,996	6,161
Carryout	1,399	1,126	1,017	310	475	267	341	535	324

USDA Export Sales (tmt) - Week of 12 March 2009

Country	Commodity	New Sales	Accum. Exports	Country	Commodity	New Sales	Accum. Exports
Canada	Soybeans	2.4	119.7	Philippines	Soymeal	0.7	210
China	Soybeans	25.3	14827.4	Poland	Soymeal	31	84
Colombia	Soybeans	5.2	79	Romania	Soymeal	28.3	28.3
Egypt	Soybeans	5	505.2	Thailand	Soymeal	2.5	90.5
Germany	Soybeans	76.6	706.7	Trinidad	Soymeal	2.2	14
Guatemala	Soybeans	1.2	2.3	Turkey	Soymeal	12	106.9
Indonesia	Soybeans	5	747.4	Venezuela	Soymeal	2.1	264.8
Iran	Soybeans	2.4	65.4	Vietnam	Soymeal	3.3	16.5
Japan	Soybeans	16.1	1380.3	Canada	Soyoil	2.6	17.8
Mexico	Soybeans	58.5	1551.4	Dom. Rep.	Soyoil	0.4	1.1
Taiwan	Soybeans	54.7	1032.7	Nicaragua	Soyoil	1	9.4
Turkey	Soybeans	12.0	289.6	Saudi Arabia	Soyoil	0.3	1
Vietnam	Soybeans	2.1	29.4	Venezuela	Soyoil	3	33
Canada	Soymeal	6.2	477.0	Export Sales Totals (tmt)			
Dom. Rep.	Soymeal	2.7	151.8		Outstanding Sales	Accum. Exports	New Sales
Guatemala	Soymeal	3.9	112.2	Soybeans	4,170.3	23,899.2	143.5
Indonesia	Soymeal	2.1	15.5	Soymeal	1,250.8	3,324.6	33.4
Malaysia	Soymeal	0.5	2.5	Soyoil	175.5	222.3	-8.0
Morocco	Soymeal	12.9	45.4				
Peru	Soymeal	17.6	60				



Thursday Spot and Futures Prices, 19 March 2009

<i>Item</i>	<i>Location</i>	<i>May</i>	<i>July</i>	<i>Aug</i>
Soybeans (\$/mt)	Central Ill./Chicago	345.57	345.39	340.70
	FOB Gulf (Basis)	369.09	366.70	361.28
	CIF Gulf Coast (Basis Chicago)	369.09	366.70	361.28
Board Crush Margin	\$/mt	22.84	21.44	22.21
		<i>May</i>	<i>July</i>	<i>Aug</i>
Soybean Meal 48%, HiPro (\$/mt)	Central Ill./Chicago	326.61	322.97	316.80
	FOB Gulf (Basis)	362.99	359.35	349.87
	West Coast (Basis)	396.06	392.42	386.25
Soybean Meal 44% (\$/mt)	Central Ill./Chicago	326.61	322.97	316.80
	FOB Gulf (Basis)	351.96	348.33	338.85
	West Coast (Basis)	385.03	381.40	375.22
Soybean Oil, Crude (\$/mt)	Central Ill./Chicago	703.05	709.00	712.31
	FOB Gulf (Basis)	669.98	675.93	679.24
		<i>Beans</i>	<i>Meal</i>	<i>Oil</i>
1 year ago prices	Chicago, \$/mt	443.49	342.04	1199.30

Weekly Statistics, Past Five Weeks (\$/mt)

	<i>12-Feb</i>	<i>19-Feb</i>	<i>26-Feb</i>	<i>5-Mar</i>	<i>12-Mar</i>
Nearby Soybean Futures (CBT)	355.86	324.99	319.39	313.05	324.08
Basis Central Illinois	363.21	332.34	326.74	321.14	331.42
Basis Gulf	382.31	350.35	340.70	336.94	346.86
Nearby Soybean Meal Futures (CBT)	335.87	304.79	296.52	288.03	304.79
Basis Decatur	346.89	315.81	307.54	304.57	319.12
Basis Gulf	379.96	352.18	331.79	329.92	342.26
Basis West Coast	411.93	376.44	368.17	361.89	374.23
Nearby Soybean Oil Futures (CBT)	723.77	670.64	697.54	677.03	668.66
Basis Decatur	619.05	571.43	587.31	577.83	559.53
Basis Gulf	663.14	637.57	675.49	643.96	633.38
BIFFEX Ocean Freight Rates					
US Gulf/Cont., grains basis	17.67	18.43	19.26	23.61	23.66
US Gulf/Japan, grains basis	33.79	35.27	37.06	45.19	43.21
PNW/Japan, grains basis	18.58	18.22	18.58	22.79	22.72
PNW/Japan Spread	15.21	17.05	18.48	22.40	20.49
US Corn, CBOT Nearby Futures	144.18	139.07	142.51	137.49	148.32
US Sorghum, Gulf Cash Price	146.16	141.09	144.40	145.17	155.64
Canadian Canola, Nearby Winnipeg	343.80	328.75	326.55	320.58	317.06



