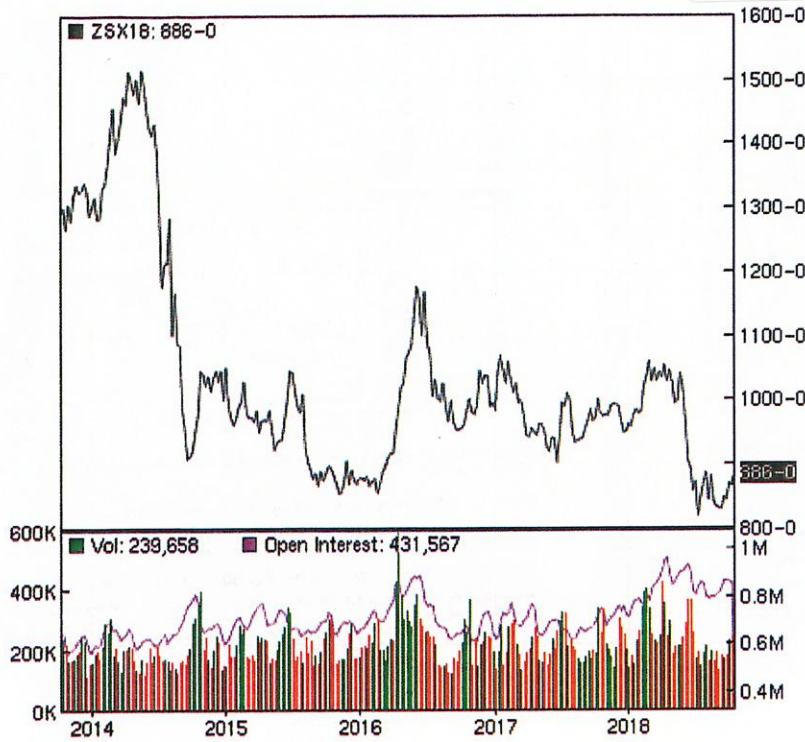


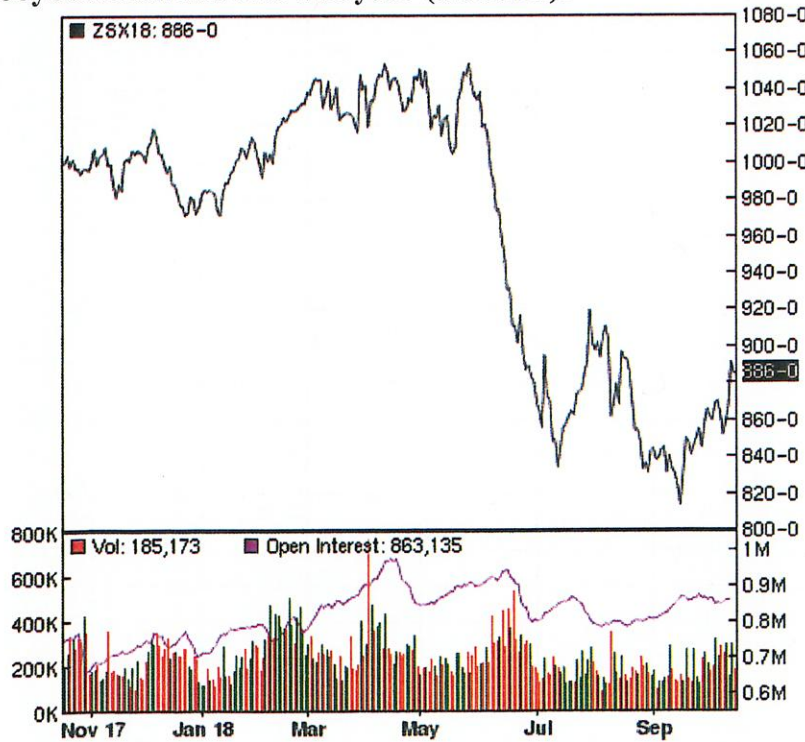
Info from Ag Council  
Andrew Grobman

# HANDOUT 2

Soybean market over last 5 years (\$/bushel):



Soybean market over last year (\$/bushel):



## Global soybean exports

Million metric tons

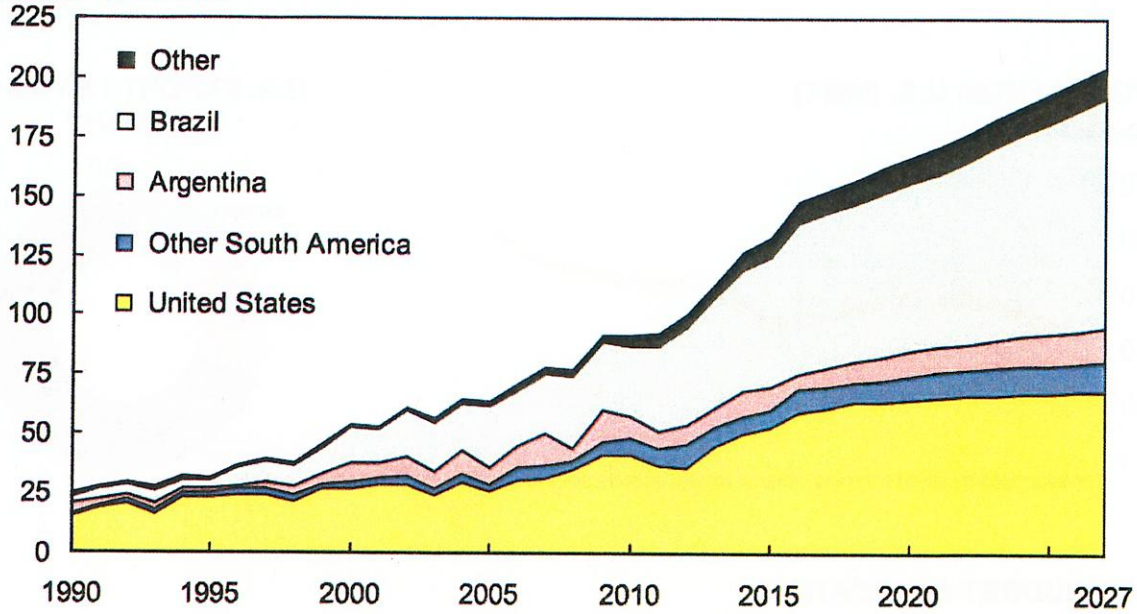
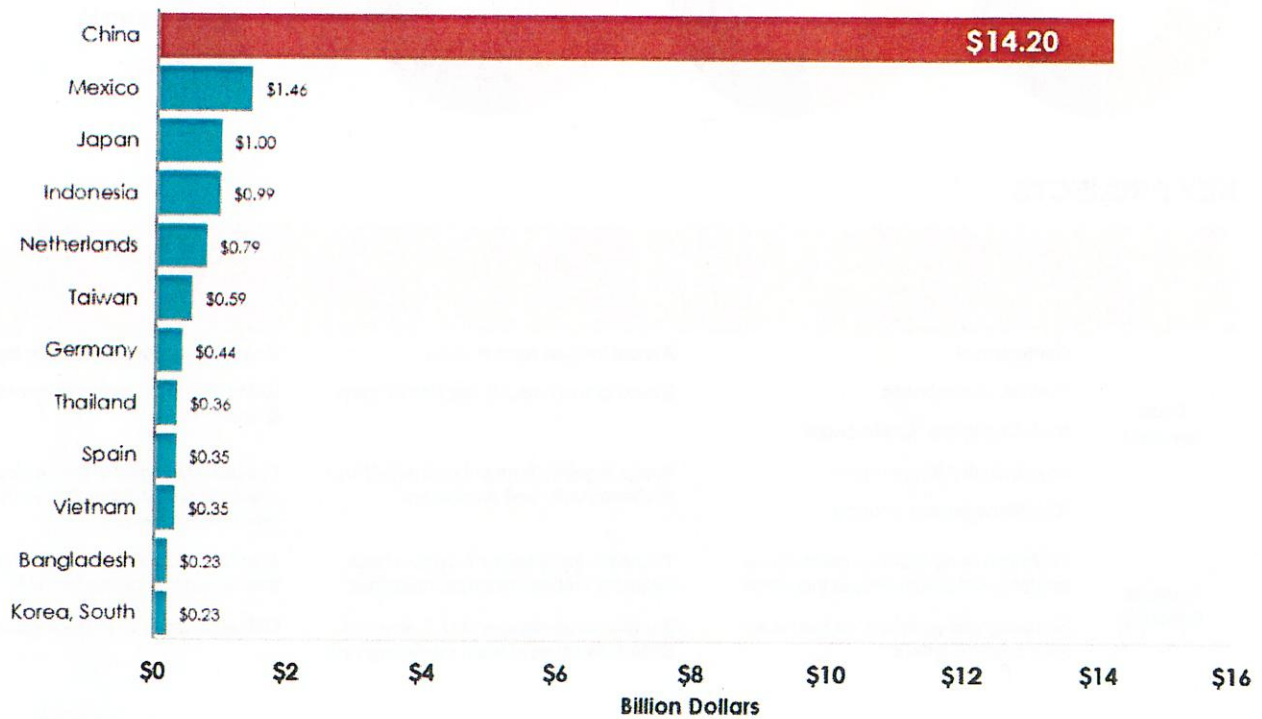


Figure 2. Top Export Destinations for U.S. Soybeans  
2016 Calendar Year





# NORTH ASIA

## CHINA

### SUPPLY / DEMAND BASICS

- China is the 4th largest producer of soybeans in the world
  - China is increasing its soybean production
  - Production currently > 13 MMT; all non-GMO soybeans
  - +90% goes for soy food production
  - China's goal is to increase soybean production to between 18-20 MMT by 2020
  - This will reduce growth in volume of imports.
  - Future per annum soybean import growth projected between 1-3 MMT
- China's soybean consumption per annum 92 MMT
  - Projected 2017 imports 83 MMT
  - All imported SBs are crushed to produce SBM for feed industry
  - Increases in SB imports will be driven by increases in demand for SBM from feed industry
- World's second largest importer of crude vegetable oils

### COUNTRY OVERVIEW

- 1.349 billion soy consumers.
- GDP \$12.26 trillion.
- Per capita Income \$9100. Grew 8% per year in last two years.
- Official 2015 growth rate declared 6.5%, however this is widely disputed, key is economy is still growing albeit at the "new normal" slower rate of growth.
- Rapidly urbanization population
  - 55% of population urban. Urbanization increases animal protein consumption.
  - China per capita consumption of meat 59 kg, U.S. per capita 85 kg—room for feed and SBM consumption to grow.

### TRADE / COMMERCIAL OVERVIEW

- Huge, modern crush industry
  - 150 MMT capacity.
  - Utilization only 60%.
  - 70% of crush capacity owned by Chinese so not dominated by ABCDs
- Weak crush margins do not curtail Chinese production and imports
  - Poultry feed demand under immense pressure from food safety scandals.
  - Pork industry profitability returning after large culling of herd, means reduced feed production in 2016
- Feed industry growing and consolidating; expected growth 5% per annum over next 20 years. Animal production rapidly moving to CAFO operations.
- Soy food consumption growing. Increased 100% over last 20 years

### POLICY AND/OR COMMERCIAL ISSUES

- Due to bilateral trade issues Chinese government is considering to restrict access for USA soybeans.
- AQSIQ and APHIS have introduced a new policy identifying all soybean shipments over 1% foreign material. Despite assurances from both governments the trade is concerned that this will slow or disrupt trade.
- Current GMO approval process in China is dysfunctional and not transparent.. New U.S. specific events approved only through U.S. government intervention.
- Chinese government endorses biotechnology, but certain segments oppose (seen as U.S. plot to destabilize China).
- Issue has become politicized in China and government is grappling with the issue. Citizens don't trust the government, especially when it comes to food safety.