Soybean Crushing in the EU

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I will start my talk today by explaining how the growth of China and the advent of biofuels policies have dramatically changed the market for soybeans.

This has had major implications for the development of crushing in the three main soybean growers: the US, Argentina and Brazil.

I conclude with the implications of these factors on soybean crushing in the EU, in general, and in the CEE region, in particular.
1. The rise of China
China has emerged as a major importer of soybeans
2. The advent of biofuels policy
Before 2007 there was no link evident between petroleum and vegetable oil prices. CPO was often cheaper than crude oil per tonne.
Since 2007, a price band has appeared, linking vegetable oil prices to petroleum prices, with the prices of oils at a premium to Brent crude.
As a result, biofuels have pulled global oil demand growth ahead of that for meal.
This has encouraged crushing in Argentina and Brazil
The effect on the EU
In response to the growth of Chinese bean imports, the EU has had to start importing more meal.
Within the EU, biofuels policies have increased the demand for rapeseed oil dramatically.
In response to this new source of demand, crushing margins for rapeseed and soybeans diverged.
Since 2009 they have both begun to decline.
The weakest link in the soybean crush margin, has been the price of meal.
This is not because feed grains have been particularly competitive. Soybean meal has in fact been historically cheap.
Instead, it is because of competition from the vast quantities of DDG entering the world market as a result of Ethanol processing.
Soybean crushing in the EU
Soybean crushing has declined, while softseed crushing has increased
Soybean crushing capacity has also declined, but not dramatically and not in the CEE region.
As a result, there is significant excess capacity for soybean crushing in the EU.
While the domestic market for soybean meal for feed relies almost entirely on imports.
Vielen Dank!

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