

News review

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China's oilseed production to decline in 2009-10

BEIJING, CHINA — China's total oilseed production is forecast to decrease slightly in 2009-10 while domestic consumption is expected to grow during the same period, the U.S. Department of Agriculture's Foreign Agricultural Service (FAS) said on April 15.

FAS said it expects China's total oilseed production to decrease slightly, to 56.9 million tonnes, due mainly to reduced soybean planted area. Despite efforts by the Chinese government to boost oilseed production, planting intentions for major oilseeds (except canola) are expected to decrease in response to the poor returns received by farmers in 2008-09. FAS said additional factors affecting oilseed planted area expansion include lack of preference in subsidization, competition for land from other crops and urban expansion.

Consumption of oilseeds in 2009-10 is forecast to grow at a modest rate of 3% to 94.3 million tonnes. Domestic oilseeds used for feed are slowly declining because of increasing food use and stagnant

domestic production. Although oilseed imports declined in 2008-09, the gap between demand and domestic production is forecast to grow, according to FAS. Oilseed imports — mostly soybeans and canola — will also increase to meet domestic consumption demands. Oilseed imports are expected to grow by 4% to 38.8 million tonnes.

Soybean production in 2009-10 is forecast to decrease 2.5%, to 15.6 million tonnes, based on a reduced planted area of 9.1 million hectares and average yields.

Soybean imports in 2009-10 will increase to 38 million tonnes, up from the estimated 36.2 million tonnes in 2008-09, due to moderate GDP growth and continued concentration in the livestock sector, according to FAS forecasts. Although consumer demand is likely to be impacted by the slowdown of GDP growth in 2009, overall oilseed demand is forecast to continue growing in 2009-10 due to increases in animal production, use of industrially produced animal feeds, and higher human consumption, FAS said.

Cargill third-quarter profit down 68%

MINNEAPOLIS, MINNESOTA, U.S. — A difficult economic environment weighed on results at Cargill as third-quarter earnings in the period ended Feb. 28 fell 68% to \$326 million from \$1.03 billion in the same period a year ago. For the first nine months of fiscal 2009, earnings totaled \$3.01 billion, up 4% from \$2.9 billion in the first nine months of fiscal 2008.

"Cargill's earnings turned down in the third quarter as the troubles in the global economy and financial system arrived at our company's doorstep," said Greg Page, chairman and chief executive officer. "When conditions reversed course in mid-2008, we began preparing for tougher times ahead. We cut expenses, decreased debt and curtailed non-base capital spending, but we kept the focus on our customers who need a strong, reliable partner to help them provide

more value to the customers they serve."

Cargill said the lower results during the third quarter affected all five of its business units, and while performance in the units was mixed, many businesses experienced weaker demand and lower sales volumes as well as fewer trading opportunities as markets fluctuated within narrower ranges.

Looking ahead, Page said Cargill is encouraged by global efforts to stabilize the financial system and revive economic growth.

"When conditions come into place for a recovery on the broader economic front, with our fundamentals in place, we'll be ready to build on those trends," he said.



Page

Nibulon to invest \$150 million in elevators, fleet

YKOLAYIV, UKRAINE — Nibulon announced in early April that it will invest \$150 million in the construction of seven grain elevators with the a total storage capacity of over 250,000 tonnes and the creation of its own fleet, including 24 barges and 14 towing hawsers with the total deadweight of 100,000 tonnes.

The company said the project is to be implemented in 2009. The Nikolaev-based plant, Wadan Yards Okean, is to build vessels for the company. The first four barges are to be supplied in August 2009.

The expected volume of grain transportations after the fleet creation totals over 1 million tonnes per year and the volume of container river transportations will total 18,000 TEU annually.



An aerial view of Nibulon Ltd.'s grain export complex at Port of Nikolaev, Ukraine. Photo courtesy of Nibulon.