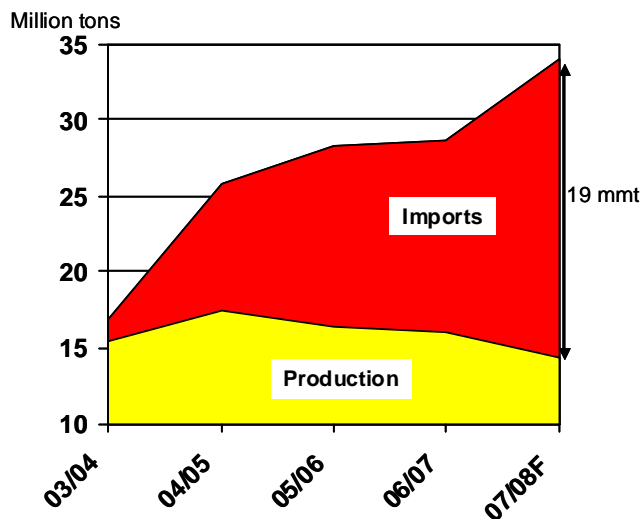


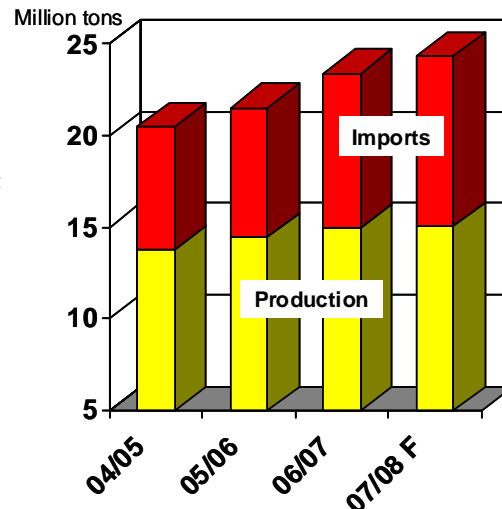
Oilseeds: World Markets and Trade

Explosive Growth in Vegetable Oil Demand Exacerbates Chinese Supply Deficit, Reliance on Imports

Soybean Imports Expand While Production Falls



Imported Veg Oil Growth Outpaces Domestic Veg Oil



Explosive growth in Chinese demand for vegetable oils, attributed to changing consumer preferences as incomes rise, is causing both soybean and vegetable oil imports to surge to record levels as the market attempts to balance amid rising prices. Declining production caused by urbanization and falling water tables could push the gap between consumption and production to a record 19 million tons as processors bring in more beans for crush. However, the Chinese vegetable oil market is growing so fast that even the unprecedented growth in soybean imports will not satisfy the total demand for vegetable oil.

Traditional soybean suppliers, Argentina, Brazil, and the United States will continue to benefit from this surging Chinese demand. Major palm oil producers Indonesia and Malaysia will also benefit as China considers temporary tariff reduction policies on oilseeds and vegetable oils to help mitigate inflation associated with rising vegetable oil prices.