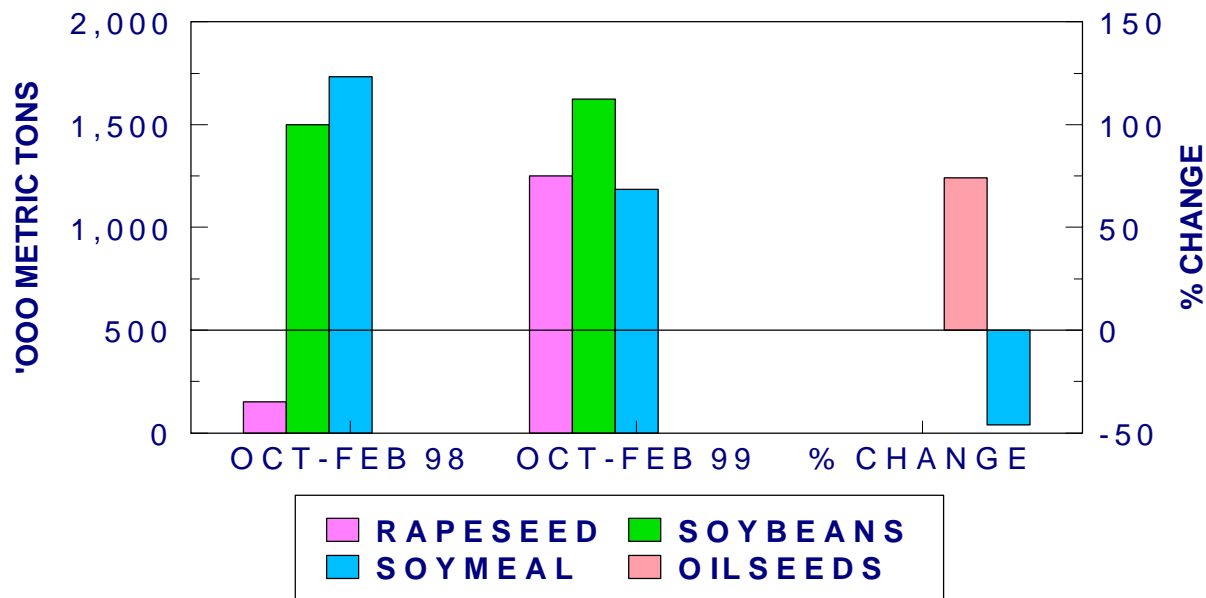




Oilseeds: World Markets and Trade

Soybean Meal Trade in China Will Slow with 13 Percent Value-Added Tax



The Chinese Tax Authority has imposed a 13 percent value-added tax (VAT) on soybean meal imports effective January 1, 1999. Previously, soybean meal and other oilseed meal imports enjoyed an exemption from the VAT as did all other feed ingredients. Fish meal imports remain exempt from the VAT. The long-rumored tax is expected to curb soybean meal imports by China. In response, China's 1998/99 soybean meal import forecast was reduced 500,000 tons to 3.0 million tons this month. As the chart above indicates, China has already shifted to importing oilseeds at the expense of oilseed meals. A crackdown on the smuggling of vegetable oil has encouraged record rapeseed imports, while soybean imports are also running ahead of last year's record pace. The new VAT policy will continue to favor oilseed imports. Soybean imports should reach nearly 3.5 million tons in 1998/99 leaving the domestic crush to supply a greater share of total meal demand (see article inside).