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Report Name: India - A Thumbs Up for Soybean Meal Imports Possibly

Country: India

Post: New Delhi

Report Category: Agriculture in the Economy, Oilseeds and Products, Biotechnology and Other New Production Technologies, Dairy and Products, Livestock and Products, Poultry and Products, Agricultural Situation, Policy and Program Announcements, Agriculture in the News, Climate Change/Global Warming/Food Security, Export Accomplishments - Market Access, FAIRS Subject Report, SP1 - Expand International Marketing Opportunities, SP2 - Prevent or Resolve Barriers to Trade that Hinder U.S. Food and Agricultural Exports, WTO Notifications, Trade Policy Monitoring

Prepared By: Ankit Chandra, Agricultural Specialist, Dr. Santosh K. Singh, Mark Rosmann, Agricultural Attaché, and Mariano J. Beillard, Senior Regional Agricultural Attaché

Approved By: Mariano Beillard, Senior Regional Agricultural Attaché

Report Highlights:

Post's sources inform that the Indian government is allowing for the import of up to 1.5 million metric tons (MMT) of foreign-origin soybean meal (including that derived from GE-soybeans) at a 16.5 percent basic customs duty. Final approval granting market access for soybean meal (including that derived from GE-soybeans) will be made by the Ministry of Commerce and Industry. However, due to the absence of any notification, or official written guidance from the Indian government at present, there is high uncertainty on how this import quota will be implemented through October 31, 2021.

GENERAL INFORMATION

Soybean meal is India's most popular animal feed protein source. Its use is found throughout the Indian poultry and egg, dairy, and pork production sectors.¹

In January 2021, Indian domestic soybean meal prices commenced to climb without warning. Prices in recent months have rocketed to unprecedented highs. August 2021 prices for soybean meal are currently averaging \$1,115, India rupee (INR) 83,000 per metric ton (MT), 110 percent above the government's minimum support price (MSP) of \$531/MT (INR 39,500). Earlier in July, soybean meal prices peaked at a record high of \$1,350/MT (INR 100,050), averaging \$1,243/MT (INR 92,500) in local markets. Prices quoted in some cases are 200 percent above 2020's prevailing prices.

FAS New Delhi (Post) finds that some markets have charged almost \$1,400/MT (INR 104,212) for soybean meal, capitalizing on the shortage of feed. High feed costs are being passed onto Indian consumers in the form increased domestic poultry prices, reaching \$3.50 per kilogram, and higher egg prices (\$0.07 per egg).²

India's poultry feed industry has aggressively petitioned the Indian government for relief, seeking authorization to import soybean meal derived from genetically engineered (GE) soybeans.³ India's domestic soybean crop will not be harvested until October 2021, with crush and meal production not anticipated until mid-month.

The Soyabean Processors Association of India is placing the blame for this year's soybean meal price spike squarely on the shoulders of excessive speculation and hoarding. While this is true, 2021's runaway prices are also result of highly competitive pricing of Indian soybeans and meal at the end of December 2020. In the first half of market year (MY) 2020/2021 (October-September), India significantly increased its soybean exports to neighboring foreign markets such as China and Bangladesh. In the same period soybean meal exports doubled due to competitive pricing and global supply constraints (such as, an initial forecast of a short Brazilian soybean crop, as well as bottlenecks in Argentine shipping ports). Higher export volumes drew down domestic supplies, causing price speculation compounded by reports of hoarding in the market. The 2021 southwest monsoon has also been erratic, starting-stalling-restarting and dumping at times very heavy rains in the soybean production states; further fueling speculation about bean yields and meal availability in the upcoming MY 2021/2022.

The scarcity of animal feed is putting tremendous financial pressure on Indian livestock producers (including poultry, dairy, pork, and aquaculture). Indian animal feed consumption is high, fueled also by large-scale production of livestock product for export. India is among the top global exporters of carabeef, derived from the domestic water buffalo/Asian water buffalo (*Bubalus bubalis*), dairy products, and farmed shrimp.

Soybean Meal, To Import or Not to Import, that is the Question: There is a critical shortage of animal feed protein in India. Domestic soybeans prices have rocketed to an unprecedented high of \$1,023 (INR 76,000) per MT, representing an increase of 92 percent above the current minimum support price of \$532 per metric ton. Some markets are reportedly charging new highs of \$1,400/MT due to significant feed shortages.

¹ Soymeal/soy de-oiled cake (DOC), the solid substance left after oil is expelled from the seed, forms the 30 percent component of poultry feed, with corn accounting for the remaining carbohydrate component (70 percent) of the feed ration.

² Source: Indian Express, [Chicken feed costs as much as branded atta; economics of poultry farming takes a toss](#). Accessed August 4, 2021.

³ Note, that lobbying is not legally permissible in India.

India's poultry feed industry is aggressively petitioning the Indian government – including the Ministries of Fisheries, Dairying and Animal Husbandry, Commerce and Industry, Agriculture and Farmers Welfare, and Environment and Forests – for relief, seeking the authorization to import GE-derived soybean meal. Industry cites an immediate need for animal feed, requesting permission to import up to 1.5 million metric tons (MMT) of soybean meal/soy de-oiled cake (DOC) (crushed, non-living organism – LMO) through at least October 31, 2021 (date by which this season's domestic soybean crop is harvested).⁴

Industry associations are pressuring the government arguing that soybean meal imports, as stipulated under the International Trade Commission Chapter 23 as an animal feed component, are permissible. Imports of non-LMO DOC do not represent a threat to human, animal, or environmental safety.

A Thumbs Up for Imports, Possibly: Post's sources communicate that the Indian government is allowing for the import of up to 1.5 MMT of foreign-origin soybean meal (including that derived from GE-soybeans) at a 16.5 percent basic customs duty. Final approval granting market access for soybean meal (including that derived from GE-soybeans) will be made by the Ministry of Commerce and Industry. However, due to the absence of any notification, or official written guidance from the Indian government at present, there is high uncertainty on how this import quota will be implemented through October 31, 2021.

Guess What, Trade Happens: Despite the uncertainty, Post's market sources report that Indian buyers are now starting to contract for soybean meal imports from neighboring Bangladesh, Vietnam, and for transshipments from the United States and other origins.

Speculation Likely Results in Soybean Meal Price Drop: On August 9, 2021, various local industry associations published information on social media thanking key government officials for the “historic decision of allowing GM [sic] Soya Meal import, for the first time in favor of livestock farmers.” This was followed by a breaking news commentary on television, followed by announcements from various local print media.⁵

In advance of any public pronouncement by the Indian government authorizing imports, industry's action moved domestic soybean meal prices from \$1,264/MT to \$1,210/MT (Table 1). U.S. soybean meal, like that of other major producers such as Brazil and Argentina, is largely derived from GE-soybeans.⁶

⁴ Petitioners have also impressed that importing of non-LMO, DOC will be devoid of any human, animal, or environmental harm.

⁵ See Economic Times, [Soybean futures fall on rumours about soyameal imports](#). Accessed August 11, 2021.

⁶ As of 2017, genetically engineered products have been approved for use in more than 70 countries worldwide. According to the International Service for the Acquisition of Agri-biotech Applications (ISAAA) (<http://www.isaaa.org>), twenty-four countries grow GE crops (e.g., the United States, Canada, Mexico, Brazil, Argentina, China, India, Australia, South Africa, as well as European Union member states Spain and Portugal). The corn crop is largely GE in Argentina (97 percent), Brazil (88 percent), and the United States (92 percent). Similarly, soybeans from Argentina (100 percent), Brazil (97 percent), and the United States (94 percent) are also GE. Both commodities make their way into animal feed, as well as processed food products as ingredients.

City Reporter : New Delhi Monday, 09 August 2021

In favor of Farmers, Central Govt announces Soya meal Import !

Livestock Industry & All India Poultry Breeders Association (AIPBA)'s Chairman, Shri Bahadur Ali



SHRI BAHADUR ALI
Chairman, AIPBA, Founder
MD, ABIS Exports (I) Pvt. Ltd.

“On the behalf of entire Indian Poultry Farmers, Aqua Culture Farmers (Fisheries and Shrimp), Dairy Farmers would like to thank our Hon'ble Prime Minister **Shri Narendra Modi Ji**, Hon'ble Home Minister, **Shri Amit Shah Ji**, Hon'ble Cabinet Minister of Environment Govt of India, **Shri Bhupender Yadav Ji**, for making this historic decision of allowing GM Soya Meal Import, for the first time in the favour of Livestock Farmers.

Hon'ble Minister State for Commerce & Industries Govt of India **Shri Som Parkash Ji**, Hon'ble Minister of , Animal Husbandry, Dairying & Fisheries **Shri Parashottam Rupala Ji**, Hon'ble Minister of State AHD&F **Dr. Sanjeev Balyan Ji** and their entire office **Shri Atul Chaturvedi Ji**, Secretary (AHD), **Dr O. P. Chaudhary**, Joint Secretary (NLM/PC) Department of AHD for standing in support of Livestock Industry and taking the initiative to save guard more than 10 Crore Indian Livestock Farmers and 5 Crore people who are engaged in livestock employment directly or indirectly at the time of distress caused due to shortage of Soya Meal / De-oiled cake which will ensure our Nation's livestock is fed, so that the Nation's citizen can be fed milk (Dairy), Chicken, Egg (Poultry), Fish and Shrimp (Aqua) regularly and with affordable price.

Shri Gulrez Alam, Secretary, AIPBA & Director, IB Group and **Shri Ashish Gupta**, Executive Member, AIPBA who have tirelessly worked in favour of the livestock Industry.

The entire Livestock Farmers and Industry feel secure and thankful under the dynamic leadership of **Shri Narendra Modi Ji**”.

Thank you,

Bahadur Ali,
Chairman, AIPBA

It will be imported under Chapter 23 of the customs rule. Under HSN code 234020/30 Duty will be accordingly put.

- 1. Seller has to declare the "Soyameal consignment is for Animal Feed purpose and not for food"**
- 2. Importing CHA has to take the declaration from Importer that "The use of the Consignment is for Animal feed use and not for human Food".**

We would also like to thank Hon'ble Minister Commerce & Industries and Food, Consumer affairs Govt of India **Shri Piyush Goyal Ji**,

Table 1: Domestic Soymeal Prices at Different Trading Centers

Market	09-Aug-21		07-Aug-21	
	Price (INR/MT)	Price (USD/MT)	Price (INR/MT)	Price (USD/MT)
Indore	90000	1210	94000	1264
Kota	92000	1237	94000	1264
Jalna	93000	1250	97000	1304
Nagpur	95000	1277	97000	1304
Nanded	95000	1277	97000	1304
Latur	95000	1277	99000	1331
Solapur	82000	1102	82000	1102
Hingoli	63500	854	63500	854
Akola	75000	1008	75000	1008

Source: FAS New Delhi Research.

Soybean Meal Imports Being Possibly Confirmed as Early as Mid-August? Domestic soybean meal prices are expected to remain elevated despite weakened demand at higher prices, drawing on high soybean and oil complex price movements. Soymeal prices are likely to feature range-bound movement between \$1,100-1,300/MT (INR 85,000 –100,000/MT) over the next 2-3 weeks. However, with the government potentially authorizing GE-soybean meal imports, prices are likely to fall to \$1,000-1,100/MT (INR 80,000-85,000/MT) and possibly reaching \$806/MT (INR 60,000). Future domestic soybean production data may further cause price volatility through October when the domestic crop harvest arrive and crushing begins. While Post sources report that the Indian government may soon issue a notification authorizing up to 1.5 MMT of soybean meal from all-origins, the current lack of import procedures or implementation plan by the government will result in continued uncertainty and risk for soybean meal exporters, including the United States.

Attachments:

No Attachments.