promar International

Grain-Oilseed Market Access Indexes: Final Report on 2008 – Soybeans & Products

A report prepared for

U. S. Soybean Export Council

January 30, 2009

Promar International
1737 King Street, Suite 330
Alexandria, VA 22314 USA
Tel: (703) 739-9090
Fax: (703) 739-9098
E-mail: promar@promarinternational.com

Grain-Oilseed Market Access Indexes:
Final Report on 2008

A report prepared for
U.S. Soybean Export Council

CONTENTS

This report is based on work for the following three organizations sponsoring the overall project:

North American Export Grain Association
U.S. Soybean Export Council
U.S. Grains Council

promar International

SECTION 1: EXECUTIVE SUMMARY

This report updates similar analyses performed from 2004 to 2007 and highlights some of the changes that have taken place. It reflects market access conditions for US grains and oilseeds in 28 countries as of the end of 2008. The earlier reports reflected conditions as of the end of 2003, 2004, 2005 and 2007. The resulting database and market access indexes from these studies are used to:

- focus attention on the most egregious market access barriers,
- allow one to measure progress over time in improving market access,
- facilitate comparisons among countries and among commodities, and
- provide the information in a form conducive to its most effective use.

Market access is a necessary condition but not a sufficient one for generating US grain and oilseed exports to a particular country. There may also be a general lack of import demand, or an importing country may have a very open market but its buyers choose to purchase supplies from a competing exporter. Therefore US cooperators focus their efforts on a range of objectives that include expanding or maintaining demand in target markets (a bigger pie), expanding US market share (a bigger slice of that pie), and achieving greater market access (a seat at the table).

This year's project again updated the market access database from secondary sources. From analysis of the revised database, we updated the set of grain-oilseed market access indexes (GOMAI), which are on a 100-point scale.

The big picture

On balance, access to foreign markets for US grains and oilseeds improved slightly over the course of 2008 on a country-by-country basis but was little changed on a commodity-by-commodity basis because access reductions were in some of the larger markets, while improvements were in smaller markets. It is notable that while formal barriers like tariffs and quotas were mostly unchanged or less onerous, there was a tendency for technical barriers to worsen.

During 2008, there were actually major temporary improvements in market access worldwide as many countries cut import duties or dropped quota restrictions to limit domestic food price increases due to the surge in world commodity prices. Unfortunately, as commodity prices fell in the second half of the year, most of the market access restrictions were restored, leaving them about where they began the year. It is a reminder that should world grain and oilseed prices fall to low levels, many importing countries remain free to increase their import duties, subject to WTO bound levels.

At the start of 2009, improvements in access are in store for markets in Costa Rica and Peru. Costa Rica finally approved the CAFTA-DR agreement and it was jointly implemented with the United States on January 1. And the Peru-US Trade Promotion Agreement takes effect on February 1.

Doha Round failure

At the beginning of 2008, some hoped that a breakthrough in negotiations in the Doha Development Round would improve market access for US commodities in 2009 and subsequent years. That outcome now appears to be only a distant possibility after negotiations stalled. Large developing nations such as Brazil, India, and China, and large developed nations, such as the United States and the European Union, failed to reach a mutually acceptable compromise with respect to a special safeguards mechanism, sensitive and special products, and preference erosion.

Macroeconomic risk factors related to dysfunctional credit markets, trade imbalances, and worldwide recession came to a head in the second half of 2008, and there was also a shift in political leadership among major stakeholders in the Doha negotiations. Rather than encouraging compromise, these developments led to stalemate.

New leaders in the United States, the European Union, and several other major negotiating nations are facing political pressure against trade liberalization. In the United States, newly elected President Barak Obama touched on trade with mostly protectionist rhetoric during his campaign, but the direction US trade policy will actually take under his administration is yet to be determined. Without discrete fast-track trade negotiation authority, the Office of the US Trade Representative is expected to have a smaller role in the new administration, and the priority placed on bilateral trade agreements may be diminished.

A failed Doha trade round will not significantly change terms of trade for US commodities in the short run due to a spate of recent bilateral trade agreements entering into force in late 2008 and early 2009. US commodities remain competitive due to favorable product quality and availability in contrast to the mounting production concerns in major row crop competitor nations in the Southern Hemisphere.

However, long-term prospects for improved trade relations are uncertain, as a rising tide of protectionism may follow economic malaise worldwide. The longer-term hope is that economic and population growth in developing nations and the resulting consumer demand for better diets will help maintain the historical trend toward freer trade.

The trade finance barrier

A new non-governmental barrier to US exports that has arisen in the past year is the lack of credit for international agricultural commodity trade. The global economic slowdown has cut deeply into trade financing. Partly as a result, the IMF has predicted that the volume of global trade will contract 2.8% in 2009, compared with an expansion of 4.1% in 2008. Similarly, the World Bank projects a 2.1% decline, the first since 1982. It is estimated that the global financing gap in international trade exceeds $25 billion dollars.

Several factors have contributed to the contraction in trade finance. Financial institutions such as investment banks that had recently become very active in financing trade were caught in the middle of a frenzied market consolidation that saw traditional trade financers bought out or taken over. Due to tight credit conditions, traders have had difficulty accessing funds and interest rates were far above normal.

Relative to other markets and client segments, emerging market trade finance, and funding in support of mid-market and small-to-medium sized business clients have been hit especially hard. Commodity trade finance was negatively impacted as historically-trusted instruments such as letters of credit became more difficult to secure and in some cases less readily accepted than in the past.

The response of global institutions to the trade finance crisis has been extensive. New guarantee programs have been developed and introduced, export credit and insurance agencies have been actively working to try to ensure a smoother functioning of trade finance, and multilateral institutions, through different trade-financing programs, have attempted to confront the situation head on. Some multilateral institutions have developed new relationships with top trade banks to devise custom solutions to the existing crisis. However, despite these and other efforts to thaw out credit markets, 2009 will continue to be a difficult year for those seeking trade financing.

Summary of study findings

The average ratings from the database are shown in the table below. In our scores for the end of both 2005 and 2007, price measures were the most serious barrier, quantity measures the least serious, and technical and procedural somewhere in between. This time, the average score for quantity measures was unchanged at 6.5. The average for price measures rose for the second year in a row, from 5.0 to 5.2 as a number of countries reduced tariff protection, again partly due to high world market prices. The average score for technical measures fell again, this time from 4.8 to 4.7, further evidence that some countries may be resorting more to this type of barrier. Of course at a more disaggregated level there were many significant differences.

	Database
Price measures	5.2
Quantity measures	6.5
Technical measures	4.7

Table 1 presents the results of Promar analysts' scoring of the database, following the procedures described in Section 2. Table 2 shows the change in each score from the scoring done at the end of 2007. Figures A-1 to A-4 rank the scores for each commodity by country. Figures B-1 to B-28 rank the scores for each country by commodity with a comparison to a year ago.

Venezuela and India again rank at the bottom, with indexes of 7.0 and 8.8 respectively. Seven countries averaged between 20 and 50: Brazil, Colombia, Ecuador, European Union, Russia, South Korea and Turkey. The last two fell down into that grouping while Thailand rose out of it. Of the 28 countries, 14 had indexes of 70 or more, and 5 had indexes between 50 and 70.

Compared to the database results for the end of 2007, four of the countries had a change in average score of 10 points or more. Morocco went up by 21 points and Peru by 10 points as access improved under the FTAs with the United States. Indonesia fell by 12 points due to increased technical barriers and Turkey by 10 points as duties on corn and sorghum went back up. Three countries increased by 5-7 points: Iraq, Thailand and Vietnam. The only other country that declined was Korea, but only by 3 points.

On a commodity basis, the weighted average scores were either unchanged or 1 or 2 points up or down. The only exception was grain sorghum, down 4 points on access reductions in Guatemala, Indonesia and Turkey. Wheat, corn, and barley were all still at the low end, in the 37-47 range. Soybean meal, soybean oil and the corn byproducts had the highest scores, in the 54-60 range.

SECTION 2: METHODOLOGY

This section reviews the methodology for desk research for constructing the database, scoring of the database, and preparation of the final market access indexes. We used the same methodology as in the reports prepared in 2004 – 2007. The database covers the following 28 countries:

Algeria	India	Russia
Brazil	Indonesia	Saudi Arabia
Canada	Iraq	South Korea
China	Japan	Taiwan
Colombia	Malaysia	Thailand
Costa Rica	Mexico	Turkey
Ecuador	Morocco	Venezuela
Egypt	Pakistan	Vietnam
European Union	Peru	
Guatemala	Philippines	

Eleven commodities in the wheat, coarse grain and soybean sectors are included:

Durum wheat	Barley
Wheat, other	Corn
Soybeans	Sorghum
Soybean oil, crude	Corn gluten feed and meal
Soybean oil, refined	Brewers & distillers dried grains
Soybean meal	

2.1 Analytical methodology

We group trade barriers in five categories in the database:

- **Tariffs**
- **Other price measures** like import fees, customs charges, taxes, etc.
- **Quotas**
- **Other quantity measures** like import licensing, monopoly purchasers, etc., and
- **Technical or procedural measures** that make trade more difficult, expensive, or risky like customs procedures, sanitary and phytosanitary regulations, corruption, etc.

For purposes of summarizing and analyzing the results, we had to decide on how to weight the responses for each country-commodity pair, for each commodity across all countries, and for each country across all the commodities. The procedures we settled on are reviewed below. While we score the database using a one to seven scale, we convert those results to a zero to 100 scale.

Weights for commodity-country pairs. We again simply weighted the three measures – price, quantity, and technical – equally in calculating the average index for a commodity in a particular country in the absence of a rationale for any alternative set of unequal weights.

In converting the **ratings** to an **index**, we decided in 2004 to insure that in cases where imports were effectively blocked by some access measure and the rating was a "1", that the index would be zero. We accomplished this by taking the **natural logarithm** of each 1 to 7 rating and multiplying the three natural logs together to get a **converted average survey score**. Since the natural log of one is zero, this ensured that a closed market received a zero score.

A perfect rating of three sevens would translate into 7.368 when the three natural logs of 1.946 are multiplied together. To convert this and all other combinations to a **100-point scale**, we divided 100 by 7.368, getting 13.572 and then multiplied this factor times all the converted average survey scores.

The resulting scale is slightly non-linear, giving a downward bias to the scores. For example, three fours, which one can think of as the midpoint of a 7-point scale, translate into a rounded score of 36. Three fives yield a score of 57. Another result is that the more dispersed the three ratings are, the lower the index. A 6, 5 and 4 will yield an index of 54 while a 7, 5 and 3 result in a 47. Yet the average of the three ratings in both cases is 5. This has the effect of giving a heavier weight to a low rating.

Weights for a commodity across all countries. Quantities of production, consumption or trade are the obvious alternative weighting factors for coming up with a single market access index for US exports of a commodity to this set of 28 countries. Using trade data would underweight countries that successfully block or limit imports from the United States. Therefore, where possible, we again used total domestic disappearance in 2007/08 from USDA's PS&D database. In the case of DDG and corn gluten feed and meal we used total coarse grain consumption (corn, barley, sorghum and oats).

Weights for a country across all commodities. Since some of these commodities have markedly different units of measure and unit values, using quantities as weights is less appropriate. Yet the value of domestic use is generally not available. We therefore use a simple average of the indexes for each commodity.

The results of applying this methodology to the survey results are presented in Table 1 on a 100-point index scale.

2.2 Database methodology

In constructing the database we drew on the same wide range of materials we have used in the past. For the bulk of the information, we relied on five main sources: the Foreign Agriculture Service (FAS), the US Trade Representative (USTR), the US Department of Commerce (DOC), the Animal and Plant Health Inspection Service (APHIS), and Global Tariff Information by CUSTOMS Info. Where available, we also relied on specific country government or regional trade association websites and material from the Economist Intelligence Unit.

2.2.1 FAS

For nearly every country, we used the 2007 and 2008 Grain and Oilseed attaché reports, the most recent FAIRS reports, and any other relevant reports. In general, the attaches provided useful information regarding tariffs and other trade policy issues. However, some reports provided little or no information. The FAIRS reports provided some useful technical information and occasionally provided tariff measures. All reports can be found at http://www.fas.usda.gov/scriptsw/attacherep/default.asp.

2.2.2 USTR

The USTR's 2007 and 2008 National Trade Estimate Reports on Foreign Trade Barriers provided general trade barrier information by country. Reports were published for every country except Algeria and Iraq. We also used U.S. Wheat Associates' "Submission to the 2009 National Trade Estimate Report on Foreign Trade Barriers".

The reports included the most restrictive measures in place that affect US market access. Such measures included tariff and non-tariff price measures, quantitative measures (quotas, licenses, and import bans), and technical measures (SPS, biotechnology regulation, customs procedures, and corruption).

In addition to other sectors, the reports addressed general agriculture issues. However, there was a commodity focus if significant commodity-specific barriers existed. They can be accessed at:
http://www.ustr.gov/Document_Library/Reports_Publications/2008/2008_NTE_Report/Section_Index.html
http://www.ustr.gov/Document_Library/Reports_Publications/2007/2007_NTE_Report/Section_Index.html

2.2.3 DOC

The Department of Commerce supplies a wealth of information related to trade within its International Trade Administration (ITA). The ITA operates a Trade Information Center where country specific tariff and tax information and country reports covering customs procedures, import regulations, etc. can be found.

The ITA's country specific tariff and tax information has links to country tariff schedules and also utilizes the Tariffic International On-The-Fly Tariffeed, an online tariff database. Country tariff schedules were available for Algeria, Canada, China, Colombia, Costa Rica, Ecuador, EU, Guatemala, India, Indonesia, Morocco, Pakistan, Peru, Philippines, Taiwan, Turkey, and Vietnam. Tariff information every country covered, excluding Indonesia and Iraq, was available in the Tariffic online tariff database. Additionally, there were also links to tariff databases of regional trade associations, including APEC (Japan and South Korea) and ASEAN (Indonesia, Malaysia, Philippines, Thailand, and Vietnam). This tariff and tax information can be located at http://www.ita.doc.gov/td/tic/tariff/country_tariff_info.htm.

Additional country reports were available for nearly every country and can be found at http://www.trade.gov/td/tic/ under Country Information. We also used the U.S. Commercial Export Guides at http://www.buyusa.gov/home/.

2.2.4 APHIS

In cooperation with the Center for Environmental & Regulatory Information Systems (CERIS) of Purdue University, APHIS operates the EXCERPT database. This database covers the most recent sanitary and phytosanitary requirements for imported plants by country. The database does not include country requirements for processed products such as malt, soybean oil, soybean meal, ethanol, CGF&M, and DDG. There is an annual subscription fee of $200.

2.2.5 Global Tariff Information by CUSTOMS Info

Global Tariff Information is operated by CustomsInfo.com – one of the largest trade compliance research companies in the United States. The database includes trade-related information for over 100 countries. Through the database you can access information relating to customs tariffs and duties, import taxes, charges and accessorial fees, all preferential regimes and tariff treatments, currency conversions, and all duty calculation formulas.

2.3 Protocols for scoring the database

First of all, it is important to remember that we were trying to assess conditions as of the end of 2007. We note any changes scheduled to take place in early 2008, but the scores are based on rules and practices in effect in December 2007.

In each of the three classes of barrier, every country started as a seven and then we applied a series of deductions, as outlined below, based on the particular market access barriers identified in the database.

While traders might view a particular measure as simply a cost of doing business rather than an effective market access barrier, e.g. a 10% tariff that applies to imports from all countries, we treated all measures that discourage imports of US products as market access barriers to one degree or another.

2.3.1 Price measures

Tariffs are the main barrier and in most cases are specified in percentage terms. However there are also tariffs of fixed amounts per unit, and variable tariffs such as those under the Andean Price Band system or EU variable levies. Other price-related measures to be taken into account in some way include taxes (VAT, excise, sales, etc.), advance payment requirements, foreign exchange controls, and tariff preferences for competitors. We used the following rules of thumb in scoring the price measures in the database:

For tariffs, the deductions were as follows:

Tariff (%)	Penalty
0	0
1-10	-1
11-20	-2
21-30	-3
31-40	-4
41-50	-5
> 50	-6

For absolute rather than percentage tariffs, we converted to a percentage basis using representative recent market prices (average US export values for 2004/05-2006/07 plus estimated transportation costs).

For variable tariffs like the Andean Price Band system or EU variable duties, we deducted an additional one point beyond those called for by the actual effective tariff level because this type of system tends to keep prices stable in the country using it while forcing all the market adjustment onto other importers and exporters. If there were tariff preferences for significant competing suppliers, we deducted one.

For VAT and other taxes that are applied to both domestic and imported products, we deducted 0.5. If they applied only to imports, we treated them as an additional tariff.

For advance payment requirements or foreign exchange controls, we deducted 0.5.

2.3.2 Quantity measures

The basic quantity barriers are tariff rate quotas, which may or may not be restrictive. In addition, various countries have import licensing, local purchase requirements, monopoly purchasers or other measures that potentially limit trade.

If there is an import ban, we deducted 6. If there is a TRQ, we deducted at least one, and as much as 5 depending on the degree of restrictiveness.

For import licensing, import permits, preshipment authorization, a monopoly purchaser, or a domestic purchase requirement, we deducted one in each instance.

2.3.3 Technical and procedural measures

For the countries under study, the measures most frequently mentioned were SPS barriers (inspections, quarantine, testing), GMO labeling or sensitivity, and corruption.

For corruption, we deducted one if the country's score on the Transparency International list was below 3.0 in 2008. We deducted 0.5 if the score was between 3.0 and 4.0.

For GMO labeling requirements, we deducted one if there is a 5% or more threshold, 3 if there is a 1% or less threshold, and 2 if between 1% and 5%. For bans on varieties approved in the United States that tend to preclude trade, we deducted up to 6 depending on impact. If customs procedures were mentioned, we deducted one. For SPS barriers (inspections, quarantine, testing) we deducted 1-3 depending on severity.

We viewed these as rules of thumb. In some cases the deductions added up to more than six but our rating scale constrained us to a rating no less than one. In other cases where we ended up with a rating of one but there was still a significant level of US exports to the country, we adjusted the rating upwards to a two or three.

2.4 Preparation of the final indexes

The ratings that we gave each country for the three types of market access barrier are preserved in an Excel file provided separately to study sponsors. After conversion to a 100-point scale as described above, the resulting market access indexes based on our analysis of the database are presented in Table 1. Figures A-1 to A-5 rank the scores for each commodity by country. Figures B-1 to B-28 rank the scores for each country by commodity with a comparison to a year ago.

SECTION 3: SUMMARY OF RESULTS

The average ratings from the database are shown in the table below. In our scores for the end of 2005 and 2007, price measures were the most serious barrier, quantity measures the least serious, and technical and procedural somewhere in between. This time, the average score for quantity measures was unchanged at 6.5. The average for price measures rose for the second year in a row, from 5.0 to 5.2 as a number of countries reduced tariff protection, again partly due to high world market prices. The average score for technical measures fell again, this time from 4.8 to 4.7, further evidence that some countries are resorting more to this type of barrier. Of course at a more disaggregated level there were many significant differences.

	Database
Price measures	5.2
Quantity measures	6.5
Technical measures	4.7

Table 1 presents the results of Promar analysts' scoring of the database, following the procedures described in Section 2. Table 2 shows the change in each score from the scoring done at the end of 2007.

Venezuela and India again rank at the bottom, with indexes of 7.0 and 8.8 respectively. Seven countries averaged between 20 and 50: Brazil, Colombia, Ecuador, European Union, Russia, South Korea and Turkey. The last two fell down to that grouping while Thailand rose out of it. Of the 28 countries, 14 had indexes of 70 or more, and 5 had indexes between 50 and 70.

Compared to the database results for the end of 2007, four of the countries had a change in average score of 10 points or more. Morocco went up by 21 points and Peru by 10 points as access improved under the FTAs with the United States. Indonesia fell by 12 points due to increased technical barriers and Turkey by 10 points as duties on corn and sorghum went back up. Three countries increased by 5-7 points: Iraq, Thailand and Vietnam. The only other country that declined was Korea, but only by 3 points.

On a commodity basis, the weighted average scores were either unchanged or 1 or 2 points up or down. The only exception was grain sorghum, down 4 points on access reductions in Guatemala, Indonesia and Turkey. Wheat, corn, and barley were all still at the low end, in the 37-47 range. Soybean meal, soybean oil and the corn byproducts had the highest scores.

Table 1: Average market access rating – database

Average rating	Durum	Wheat, other	Soybeans	Soybean oil, crude	Soybean oil, refined	Soybmean meal	Barley	Corn	Sorghum	CGF & M	DDG	Average
Algeria	80.7	80.7	76.8	84.3	61.9	84.3	67.7	76.8	67.7	61.9	61.9	**73.1**
Brazil	0.0	15.4	9.0	33.5	25.4	20.4	28.7	6.8	28.7	38.0	38.0	**22.2**
Canada	61.9	61.9	88.6	96.2	96.2	96.2	77.6	84.3	96.2	92.5	96.2	**86.2**
China	56.0	56.0	67.7	62.4	62.4	67.7	67.7	56.0	67.7	67.7	67.7	**63.5**
Colombia	38.0	38.0	35.9	41.7	57.0	50.0	51.9	35.0	46.6	61.9	61.9	**47.1**
Costa Rica	84.8	84.8	80.7	92.1	70.1	84.8	80.7	81.6	76.2	80.7	80.7	**81.5**
Ecuador	55.1	55.1	15.4	33.5	16.8	33.5	33.5	13.9	30.9	55.1	63.9	**37.0**
Egypt	68.5	68.5	61.9	84.3	74.4	67.7	84.3	84.3	67.7	67.7	67.7	**72.5**
EU	54.3	28.7	56.5	76.2	76.2	56.5	36.1	0.0	76.2	29.5	32.8	**47.5**
Guatemala	79.6	79.6	79.6	79.6	76.2	79.6	79.6	70.1	72.5	79.6	79.6	**77.7**
India	15.9	15.9	0.0	15.9	6.8	13.7	15.9	0.0	0.0	0.0	0.0	**7.6**
Indonesia	68.5	68.5	28.7	68.5	68.5	68.5	68.5	45.5	68.5	68.5	62.4	**62.3**
Iraq	87.6	87.6	87.6	87.6	87.6	87.6	87.6	87.6	87.6	87.6	87.6	**87.6**
Japan	48.8	48.8	79.6	59.3	59.3	88.6	63.1	68.5	81.6	88.6	88.6	**70.4**
Malaysia	92.1	92.1	92.1	80.7	80.7	100.0	92.1	92.1	92.1	100.0	100.0	**92.2**
Mexico	71.5	71.5	76.5	85.2	85.2	76.5	71.5	71.5	81.1	65.9	76.5	**75.7**
Morocco	76.8	76.8	80.7	80.7	80.7	80.7	72.5	84.3	76.8	62.4	75.1	**77.0**
Pakistan	72.5	45.5	72.5	53.2	38.9	72.5	72.5	72.5	72.5	72.5	72.5	**65.2**
Peru	76.2	76.2	82.7	96.2	96.2	88.6	68.4	68.4	68.4	88.6	88.6	**81.7**
Philippines	82.7	82.7	68.4	68.4	68.4	68.4	76.2	50.8	76.2	72.5	68.4	**71.2**
Russia	0.0	0.0	0.0	46.7	49.5	29.5	27.5	0.0	31.2	49.5	58.9	**26.6**
Saudi Arabia	65.6	65.6	76.2	84.8	76.2	92.1	82.7	71.2	76.2	84.8	92.1	**78.9**
South Korea	49.5	45.5	34.1	49.5	49.5	45.5	39.2	38.0	72.5	54.3	72.5	**50.0**
Taiwan	58.9	58.9	65.6	68.4	84.8	80.7	76.2	52.0	65.6	76.2	80.7	**69.8**
Thailand	61.9	61.9	57.5	57.5	57.5	55.1	40.2	43.0	58.9	62.4	62.4	**56.2**
Turkey	40.9	43.3	88.6	38.9	17.2	71.2	73.3	0.0	0.0	74.3	74.3	**47.5**
Venezuela	0.0	0.0	6.6	6.6	9.5	6.0	0.0	2.6	0.0	16.8	16.8	**5.9**
Vietnam	80.7	84.3	76.8	84.3	62.4	92.5	84.3	84.3	76.8	84.3	76.8	**80.7**
Weighted average	**45.3**	**37.6**	**46.0**	**56.6**	**54.2**	**59.6**	**47.0**	**42.1**	**49.9**	**55.1**	**57.4**	

Table 2: Change in database scores from a year earlier

Average rating	Durum	Wheat, other	Soybeans	Soybean oil, crude	Soybean oil, refine	Soybmean meal	Barley	Corn	Sorghum	CGF & M	DDG	Average
Algeria	0	0	0	0	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0	0	0	0	0
Canada	5	5	0	0	0	0	0	0	0	0	0	1
China	0	0	0	0	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	1	0	0	0	0
Costa Rica	0	0	0	0	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	1	0	0	0	0	0	0	0
Egypt	0	0	6	17	7	0	0	0	0	0	0	3
EU	0	0	0	0	0	0	0	0	0	0	0	0
Guatemala	0	0	0	0	12	0	0	0	-7	0	7	1
India	0	0	0	9	0	0	0	0	0	0	0	1
Indonesia	-11	-11	-17	-11	-11	-11	-11	-12	-11	-11	-10	-12
Iraq	5	5	5	5	5	5	5	5	5	5	5	5
Japan	0	0	0	0	0	0	0	0	0	0	0	0
Malaysia	0	0	0	0	0	0	0	0	0	0	0	0
Mexico	0	0	0	0	4	0	0	0	0	3	0	1
Morocco	77	24	24	4	18	0	4	16	33	13	19	21
Pakistan	0	0	0	0	0	0	0	0	0	0	0	0
Peru	14	14	14	28	8	9	6	13	6	0	0	10
Philippines	7	7	-4	-4	-4	-4	0	14	0	0	-4	1
Russia	0	0	0	3	6	-3	-4	0	0	0	-3	0
Saudi Arabia	0	0	0	0	0	0	0	0	0	0	0	0
South Korea	-7	-6	-7	0	0	0	0	-8	0	0	0	-3
Taiwan	0	5	0	0	0	0	0	0	0	0	-7	0
Thailand	-2	-2	0	15	15	-7	15	29	31	-5	-14	7
Turkey	0	2	0	0	0	0	0	-31	-85	0	0	-10
Venezuela	0	0	2	2	0	0	0	3	0	0	0	1
Vietnam	1	5	13	8	9	4	5	5	4	5	-3	5
Weighted average	1	0	-1	2	1	-1	-1	0	-4	0	0	

Figure A-1: Soybeans

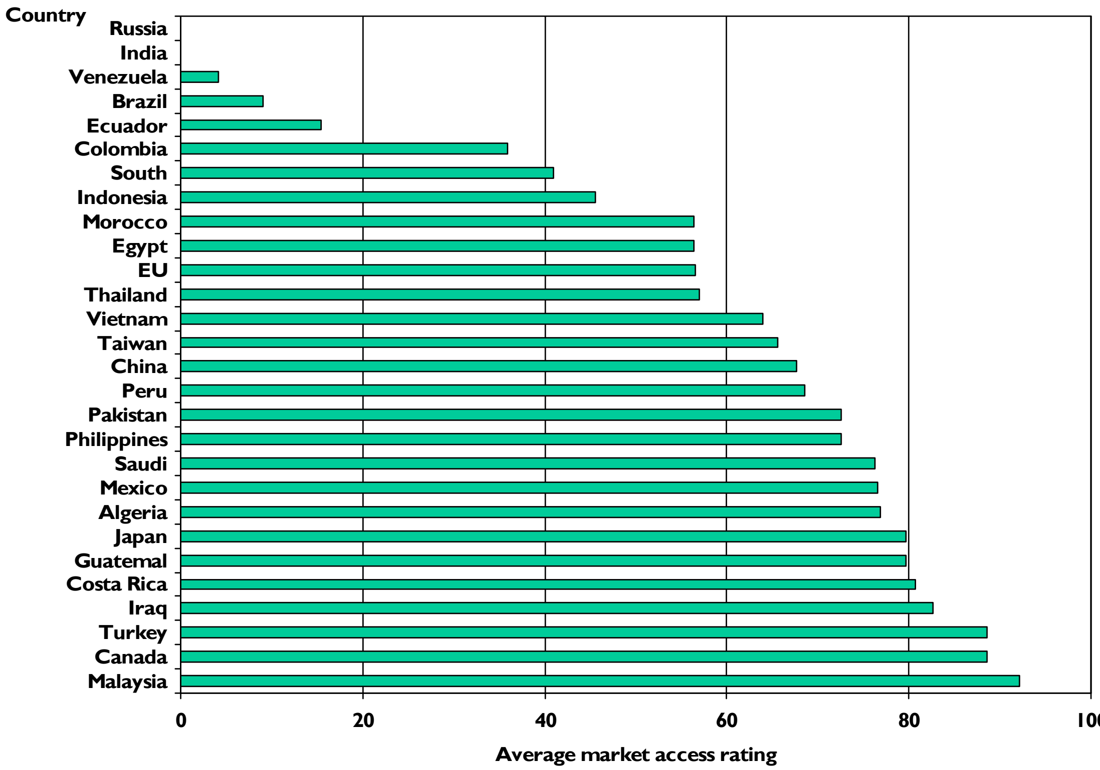


Figure A-2: Soybean meal

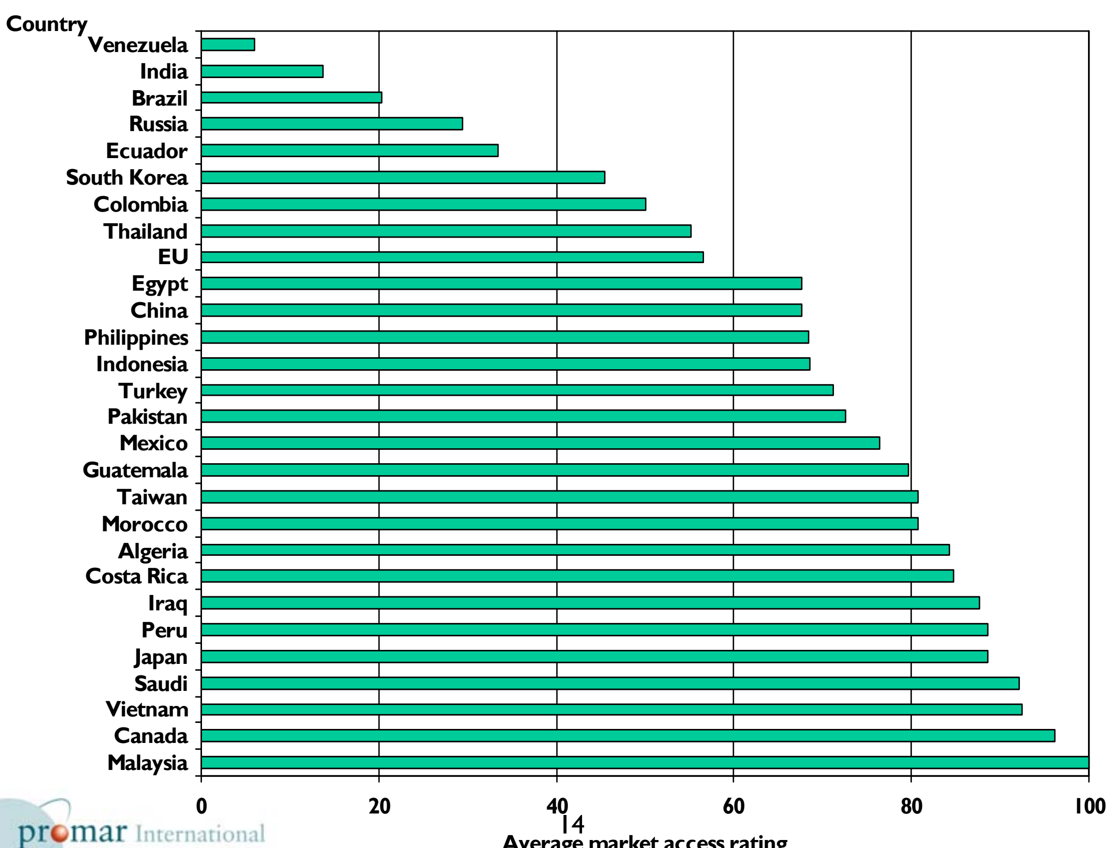


Figure A-3: Soybean oil, crude

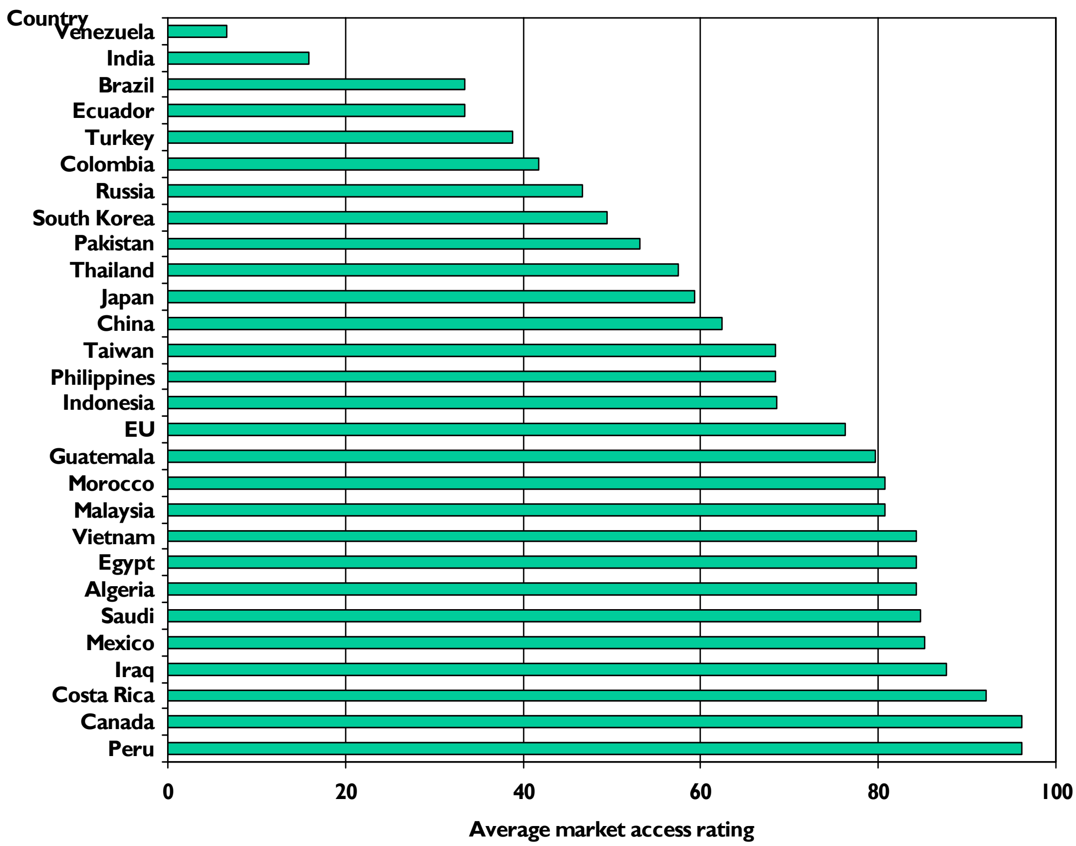


Figure A-4: Soybean oil, refined

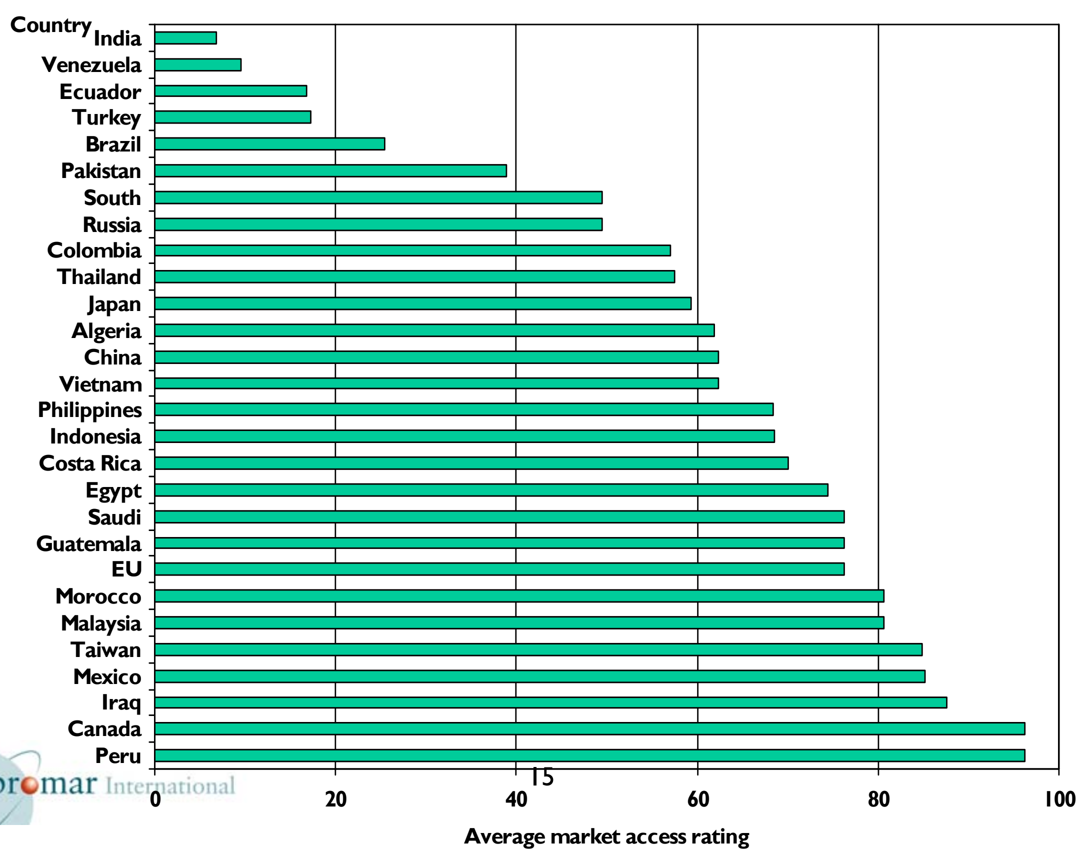
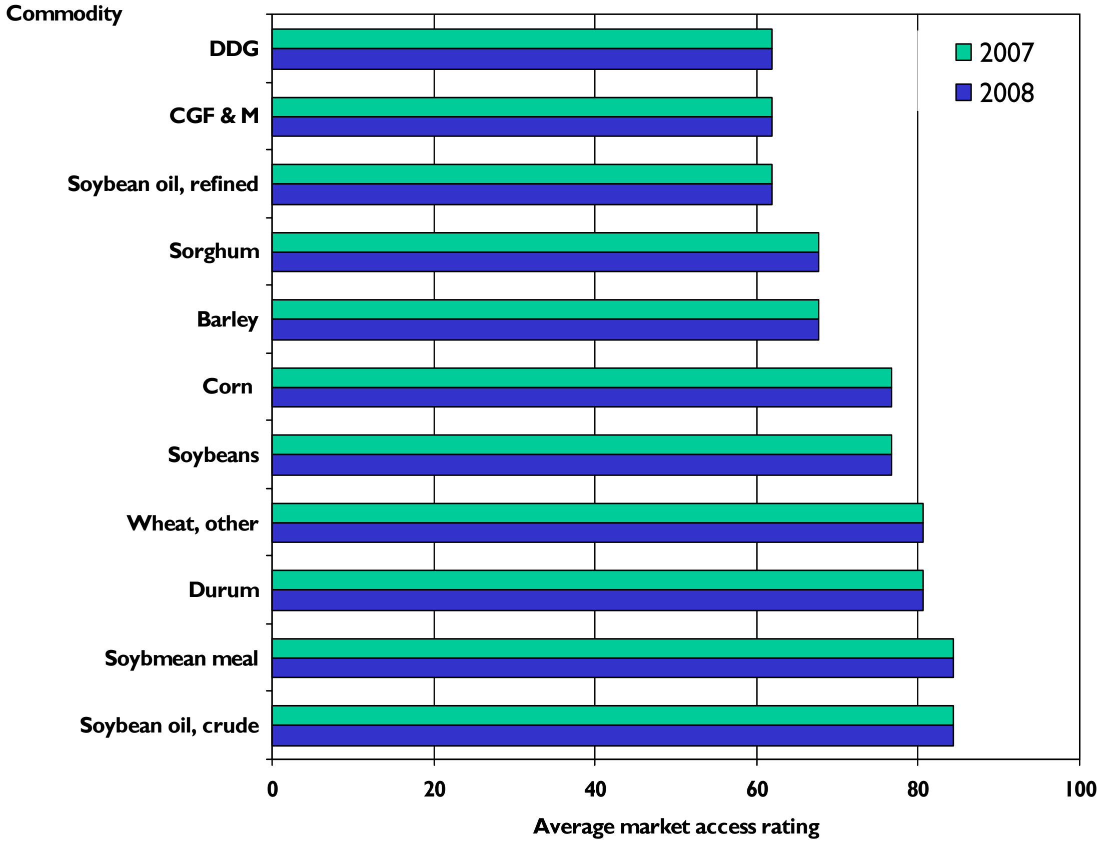


Figure B-1: Algeria



Market access

Algeria does not impose high barriers to imports. The majority of grains and oilseeds have a tariff of 5 to 15 percent plus a small sales tax. No quantity restrictions are applied. Algeria has relatively few technical and procedural barriers to importing, though plant health inspections and phytosanitary certificates are routinely required. Corruption remains a problem - Algeria scored a 3.2 out of a possible 10 points (with 10 being the least corrupt) on Transparency International's Corruption Perceptions Index. Both the Algerian Office of Grains and private sector companies are involved in grain importing.

At present, there are preferential duties between Algeria and the European Union (EU), as well as with the four other countries of the Arab Maghreb Union.

Grain-oilseed situation

The main reason that Algeria's markets are comparatively open is that the country is heavily import-dependent. It produces no corn or soybeans and only about a third of its wheat requirements. Algeria is one of the world's largest wheat importers, taking in more than 5 million tons annually. The US share of the wheat market has been declining and is now less than one percent. Algeria imports bread wheat principally from Europe and the Black Sea, and durum from France, and only occasionally from the US or Canada.

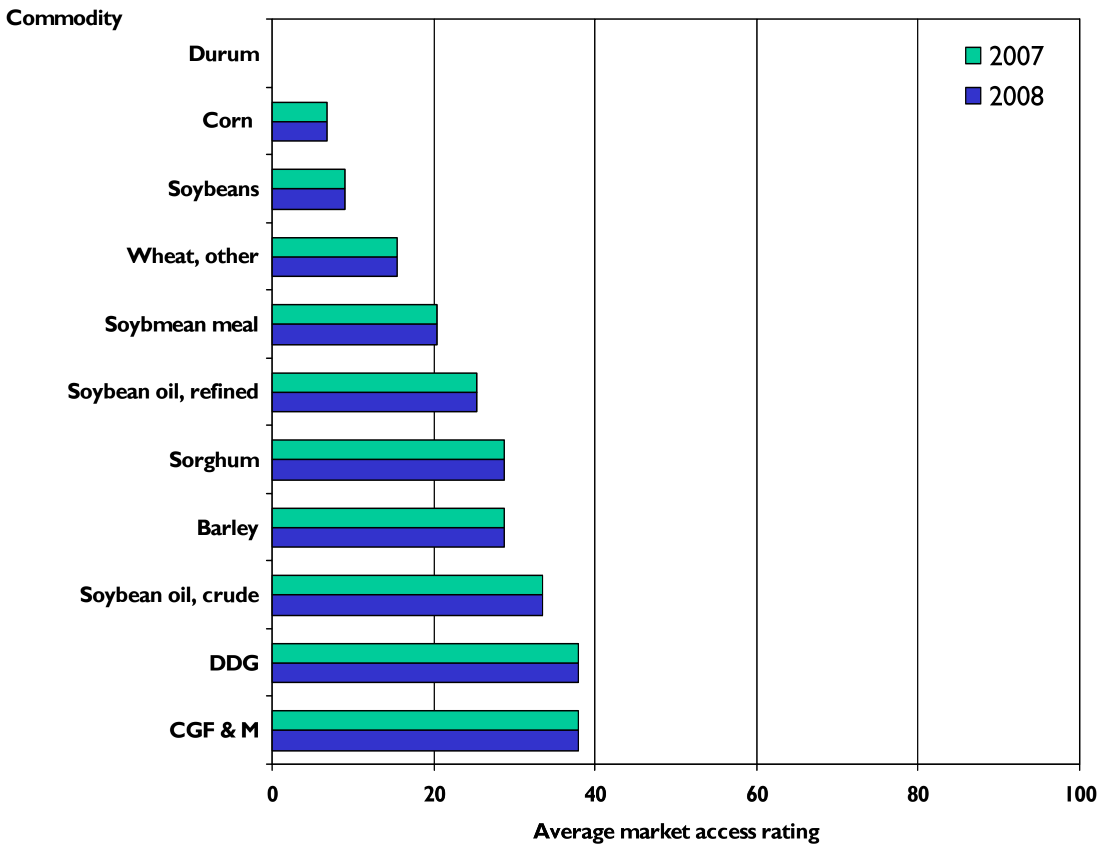
Algeria has no soybean crushing facilities. Most of its 700,000 mt of soybean meal imports come from Argentina. US sales to this market have been negligible in recent years. Argentina does buy about half of its 2 million tons of corn imports from the US.

Algeria: Soybean Meal (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
MY Imports from US	106	18	0	0	0
MY Imports	455	631	674	700	725
Total Supply	455	631	674	700	725
MY Exports					
Feed Consumption	455	631	674	700	725
Total Consumption	455	631	674	700	725

Source: USDA PS&D, January 2009

Figure B-2: Brazil



Market access

Access to Brazilian grain and oilseed markets appears to be deteriorating slightly. Brazil continues to participate in the MERCOSUL/MERCOSUR common market and maintains common external tariffs on feed grains, oilseeds, and byproducts of grains and oilseeds accordingly. In 2007, Brazil reinstated stiff Merchant Marine Taxes on bulk grain imports in addition to preferential treatment for domestic taxes and phytosanitary regulations. Some Brazilian mills receive exemptions from the COFINS and PIS tax schedule.

From January through June 2008, the government of Brazil temporarily eliminated tariffs on non-Mercosur wheat but reinstated a 10 percent common external tariff on June 30, 2008. In the second half of 2008, the precipitous decline in corn and soybean prices, and the broader credit crisis, lead to a sharp decline in the value of the Brazilian real against the US dollar, causing immediate concerns for farm production and trade financing for exports as well as imports. A larger GSM allocation would facilitate greater US exports to this market.

Grain-oilseed situation

Brazil's grain and oilseed production has expanded rapidly over the past decade and the country has become a major competitor of the United States in world corn and soybean markets. Production of these two crops is projected to continue to expand as new land is brought into production to meet both export demand and the needs of growing domestic livestock and poultry industries.

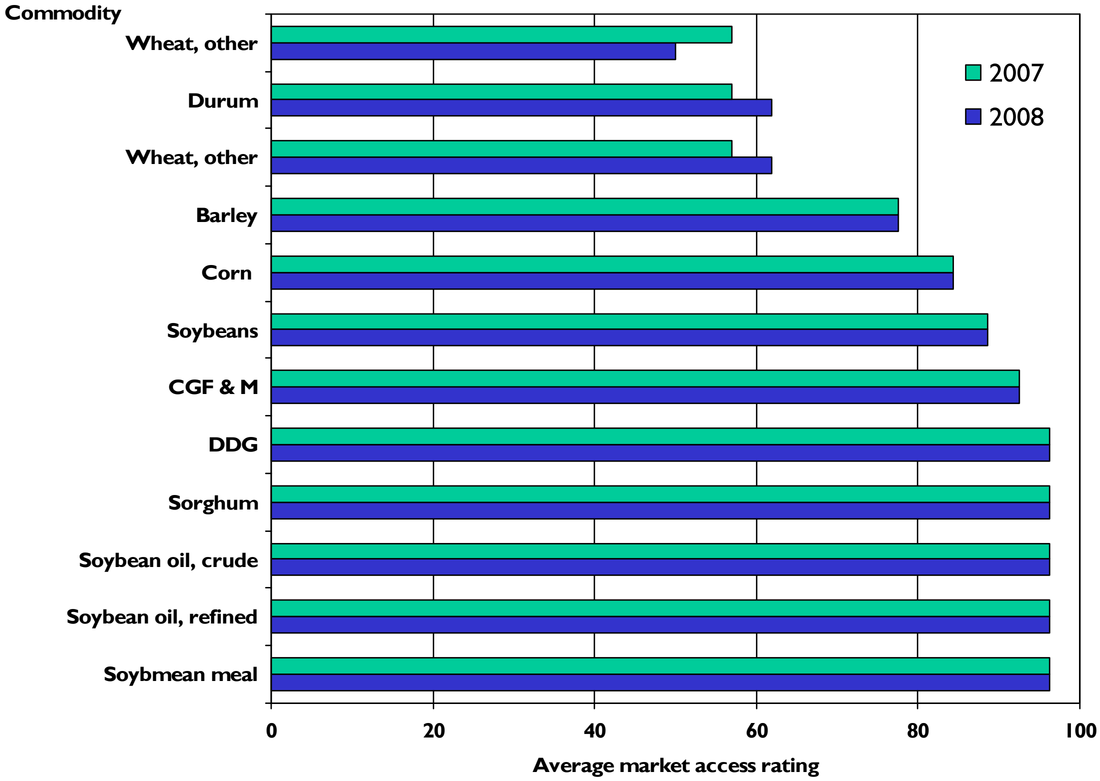
However, Brazil remains a major wheat importer, with net imports of 6-7 million tons annually, principally from Argentina. The US has not been able to penetrate the Brazilian wheat market in recent years.

Brazil: Soybean (1,000 mt)

Attribute	**2004/2005**	**2005/2006**	**2006/2007**	**2007/2008**	**2008/2009**
Area Harvested (1,000ha)	22,917	22,229	20,700	21,300	21,300
Yield (mt/ha)	2.31	2.56	2.85	2.86	2.77
Beginning Stocks	15,507	16,658	16,641	18,190	19,156
Production	53,000	57,000	59,000	61,000	59,000
MY Imports	475	63	53	145	50
Total Supply	68,982	73,721	75,694	79,335	78,206
MY Exports	20,137	25,911	23,485	25,364	25,250
Crush	29,344	28,285	31,109	31,860	31,500
Feed Waste Dom. Cons.	2,843	2,884	2,910	2,955	3,006
Total Dom. Cons.	32,187	31,169	34,019	34,815	34,506
Ending Stocks	16,658	16,641	18,190	19,156	18,450

Source: USDA PS&D, January 2009

Figure B-3: Canada



Market access

Canadian market access for grains and oilseeds products is relatively good. However, wheat and barley remain restricted to a single desk marketing program under the Canadian Wheat Board, which also provides trade and export credit financing to private importers. Board operations control the wheat market, and phytosanitary requirements for visual distinguishability of wheat classes have erected discriminatory barriers to US wheat marketing efforts in Canada. In October 2008, Canada's Conservative government won re-election, yet failed to win a majority in the House of Commons. In the months leading up to the election, the Conservative government promised to deregulate the single desk marketing system either completely or only for either barley or wheat. But they decided not to introduce legislation as all three opposition parties support the CWB and a directors' election returned a pro-single desk majority. Current concerns related to the financial crisis also helped push the issue off the national agenda.

Separately, the CWB won a case in the US Court of International Trade in October 2008. The court ruling orders the US Department of Commerce to return duties collected from tariffs that were unfairly applied to imports of Canadian spring wheat from August 2003 to February 2006.

Grain-oilseed situation

Canada is a major wheat, barley and canola exporter but imports both corn and soybean meal from the United States. Annual production of corn and soybeans is normally about 10 and 3 million tons, respectively. Canada typically imports about 2 million tons of corn, 1.5 million tons of soybean meal, and 300,000 tons of soybeans. In 2007/08, imports of corn jumped to 3 million tons due to short supplies of feed wheat. Canola production is normally about 10 million tons with more than half of that being exported, including to the United States.

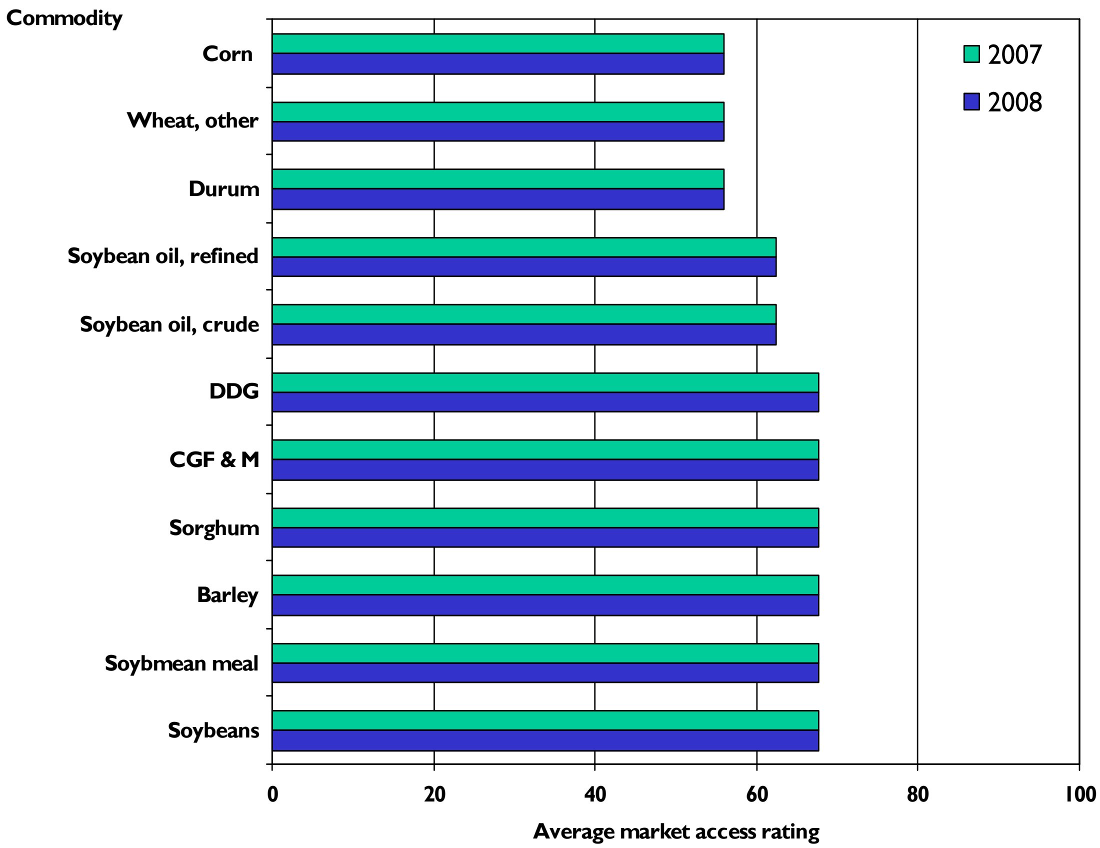
In 2008, wheat and canola producers expanded plantings in response to high world market prices and then also experienced favorable yields. Therefore exports of those two commodities during the 2008/09 marketing year will be up significantly. With large supplies of feed wheat, imports of corn are projected to be below normal.

Canada: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	1,174	1,169	1,200	1,171	1,210
Yield (mt/ha)	2.59	2.70	2.88	2.31	2.73
Beginning Stocks	195	453	644	675	229
Production	3,042	3,161	3,460	2,700	3,300
MY Imports	386	349	234	305	350
MY Imports from US	363	324	234	305	350
Total Supply	3,623	3,963	4,338	3,680	3,879
MY Exports	1,124	1,318	1,683	1,775	1,830
Crush	1,545	1,497	1,524	1,383	1,430
Feed Waste Dom. Cons.	501	504	456	293	330
Total Dom. Cons.	2,046	2,001	1,980	1,676	1,760
Ending Stocks	453	644	675	229	289

Source: USDA PS&D, January 2009

Figure B-4: China



Market access

China's Ministry of Finance (MOF) announced in late 2008 that it will keep the average import tariff on agricultural goods the same. China's average tariff on agricultural products is currently 15.2%. It is worth mentioning, however, that as recently as November 2008, Zhang Xiangchen, China's ambassador to the WTO, had announced that China would cut tariffs on agricultural products by 20-30%, but as of January 2009 no details regarding which products would be impacted and no time frame for reduction have been revealed.

The December 20, 2007 removal of the export rebates for certain commodities (previously considered an equivalent additional duty for American grain exporters) continues with no modification in sight. This act applies to Chinese exporters of certain types of grains, soybeans, and flour products, including durum, wheat & meslin, barley, corn, grain sorghum, and soybeans. Aside from the export rebate removal, most within-quota tariffs remain relatively low and China's TRQ's remain large enough that in-quota tariffs most often apply. All imports are subject to a VAT ranging from 13-17%.

In May 2008, MOF announced a temporary reduction in import tariffs for six commodities, including soy oil and rapeseed oil. In June 2008, the MOF, in collaboration with China's State Tax

Administration, announced that, effective June 13, 2008, the rebate of Value Added Tax (VAT) for exports of vegetable oils would be eliminated.

Continued barriers to the Chinese market include transparency issues, opaque regulatory regimes, and SPS measures with questionable scientific bases. The AQSIQ (General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China) is a clear example of a restrictive barrier to trade. At present, the AQSIQ requires importers to obtain a Quarantine Inspection permit (QIP). This process can become cumbersome as the AQSIQ slows down or even suspends the issuance of QIPs at its discretion.

Some also argue that US exports to China would be higher if the credit rating assigned for purposes of GSM financing was more realistic and more funds were made available.

Grain-oilseed situation

As a matter of basic food security policy, China has been expanding wheat and corn area planted in recent years in pursuit of self-sufficiency in these two key grains. Trade has been discouraged even where it would make more economic sense to import than to transport the grain internally from surplus to deficit areas.

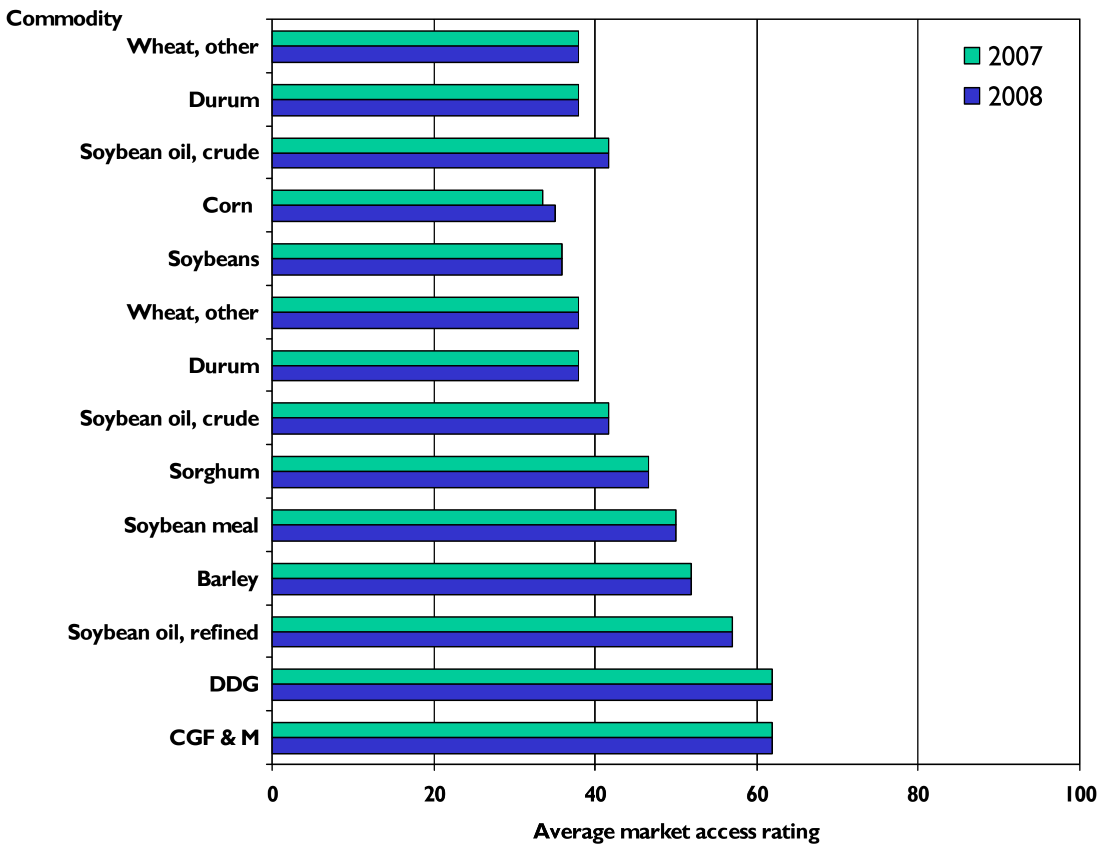
Something had to give in this situation and it was oilseed self-sufficiency. China's imports of soybeans have grown rapidly, reaching a record 38 million tons in 2007/08. They are expected to be about the same in 2008/09.

China, Peoples Republic of: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	9,590	9,591	9,280	8,700	9,300
Yield (mt/ha)	1.81	1.70	1.72	1.61	1.81
Beginning Stocks	2,100	4,700	4,573	2,700	4,245
Production	17,400	16,350	15,967	14,000	16,800
MY Imports	25,802	28,317	28,726	37,816	36,000
MY Imports from US	11,873	9,708	11,505	12,400	12,000
Total Supply	45,302	49,367	49,266	54,516	57,045
MY Exports	390	354	446	453	450
Crush	30,362	34,500	35,970	39,518	41,474
Feed Waste Dom. Cons.	1,850	1,740	1,650	1,700	1,750
Total Dom. Cons.	40,212	44,440	46,120	49,818	51,874
Ending Stocks	4,700	4,573	2,700	4,245	4,721

Source: USDA PS&D, January 2009

Figure B-5: Colombia



Market access

Except for isolated incidents of quota increases, 2008 saw little modification for US access to the Colombian market. Due to Colombia's continued status within the Andean Community, the incumbent Price Band System, and the preferences granted to other Andean countries as well as Argentina, Brazil, Paraguay, and Uruguay under the Colombia-Mercosur FTA, the majority of the barriers to US agricultural exports to Colombia remain price-related.

On December 19, 2008, Colombia did announce that there would be an increase in the 2009 TRQ for yellow corn by 750,000 tons to 3.05 MMT, exactly 50,000 tons above the 2008 TRQ. The Colombian Ministry of Agriculture also announced that it is in the process of revoking a decision taken in December to exclude corn from the price band system and increase the duty to 25 percent. At an auction on December 17, Colombia allocated its first tranche of 2009 corn. Demand was higher than supply, and certificates for 110,000 tons of local corn were purchased. This will allow for 550,000 tons of corn to be imported duty-free from the US.

The US-Colombia Trade Promotion Agreement was signed on November 22, 2006, in Washington D.C. If it is ever ratified and implemented, US agricultural exports will receive immediate duty-free treatment on close to 52 percent of current trade. The Democratic

Congress views the agreement with suspicion due to alleged labor rights inadequacies. Reflecting fears over Obama's disposition on trade, President Bush and US Trade Representative Susan Schwab made direct appeals to Congress on Jan. 12-13, 2009 to approve the FTA with Colombia but these efforts proved futile.

Grain-oilseed situation

Despite the Andean and Mercosur preferences, Colombia has become an important US trading partner. It is a net importer of the key crops – corn, wheat, and soybeans and products. It buys virtually all of its wheat and most of its soybeans from abroad. Wheat imports are normally about 1.3 million tons, with about half of that coming from the United States. During 2007/08 the US share rose to about 75% – more than one million tons – due to reduced availability from other exporters.

Colombia imports 350,000 tons of soybeans annually, about 7/8ths of its needs, all from the United States. In addition the country imports 300,000 tons of soybean meal from the US.

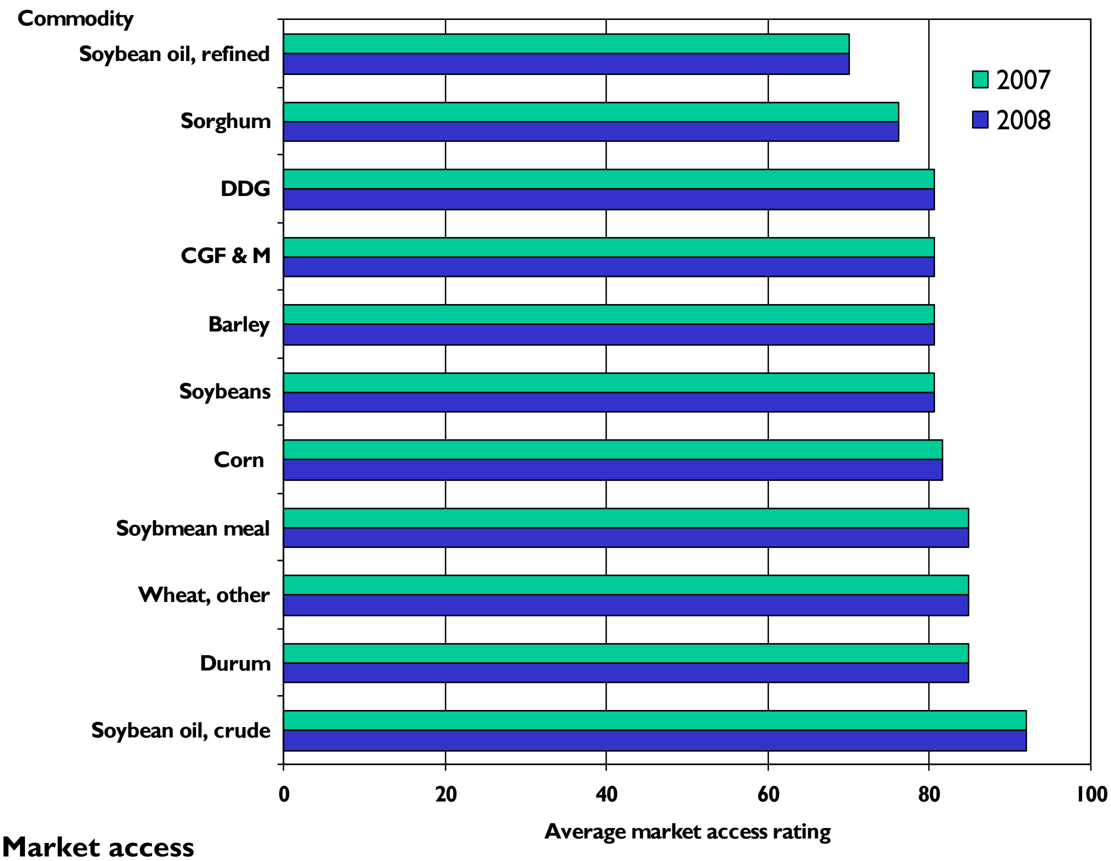
In the case of corn, Colombia imports two thirds of its needs, virtually all from the United States.

Colombia: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	48	31	27	26	29
Yield (mt/ha)	1.63	2.00	2.04	2.04	2.17
Beginning Stocks	54	41	48	33	9
Production	78	62	55	53	63
MY Imports	329	367	338	320	375
MY Imports from US	154	236	170	180	180
Total Supply	461	470	441	406	447
Crush	185	185	168	168	180
Feed Waste Dom. Cons.	235	237	240	229	245
Total Dom. Cons.	420	422	408	397	425
Ending Stocks	41	48	33	9	22

Source: USDA PS&D, January 2009

Figure B-6: Costa Rica



Market access

Costa Rica has very few barriers to US imports. The few existing barriers include some in the technical/procedural measure category (e.g. a reportedly cumbersome and lengthy procedure for obtaining standard phytosanitary documentation).

The US-Central America Free Trade Agreement (CAFTA) was concluded and was signed into law in August 2005. As of the beginning of 2008, Costa Rica had not implemented CAFTA-DR. It received an extension until October 1, 2008 to take legal steps necessary for the agreement to enter into force. Finally, in November 2008, the legislature voted to implement the agreement. In December 2008, President George W. Bush, issued a proclomation that brought the pact into force on January 1, 2009.

Now that Costa Rica's entrance into CAFTA is fully in force, tariffs on many commodities will either be eliminated immediately or over a period of 15 years. However, in the case of the commodities of interest for the current discussion, entry was either free already, or the initial decrease in tariffs under phase-out schedules is so small that it did not change our scoring.

Grain-oilseed situation

Costa Rica is not a big agricultural producer so it is heavily dependent on imports of basic grains and oilseeds. It does not produce wheat or soybeans and imports essentially all of its requirements from the United States – about 650,000 tons of wheat and 250,000 tons of soybeans each year. Wheat imports have been flat but soybean imports are in a strong uptrend. Passage of the FTA should consolidate the close trading relationship for these commodities.

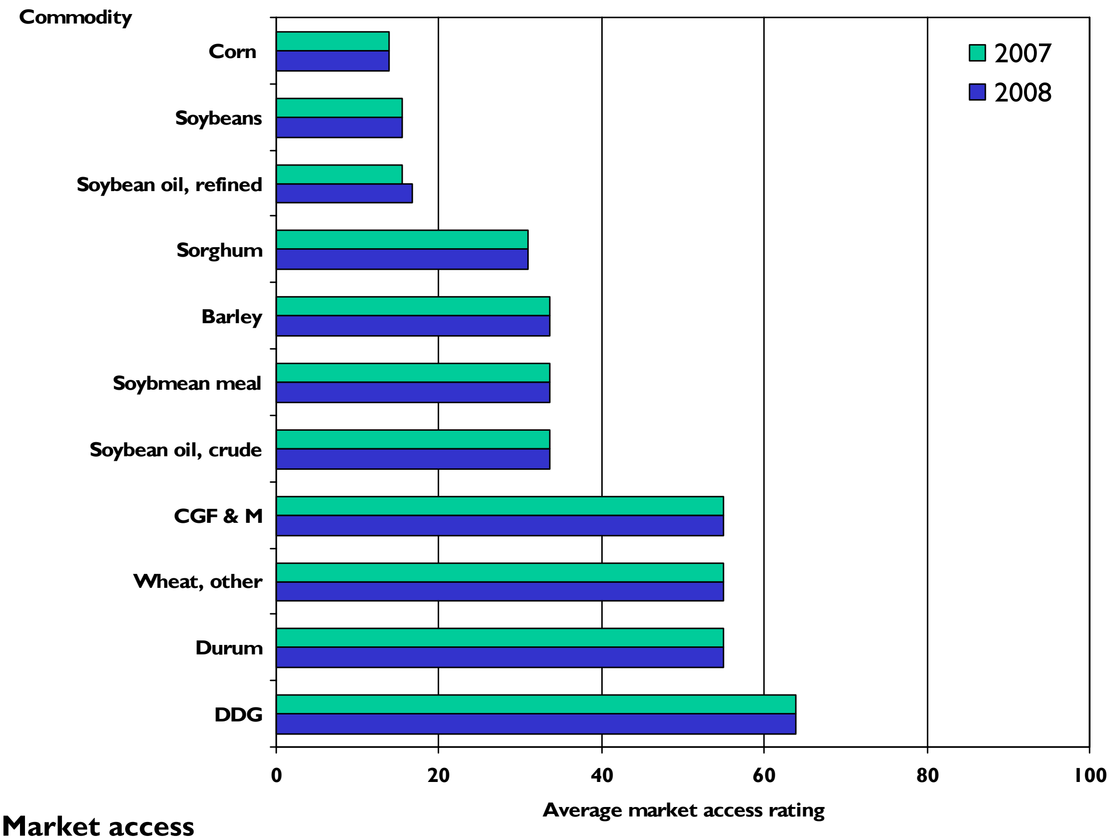
Costa Rica produces a small amount of corn but imports 98% of what it needs, almost all from the United States. Here too demand has been growing.

Costa Rica: Soybean (1,000 mt)

Attribute	**2004/2005**	**2005/2006**	**2006/2007**	**2007/2008**	**2008/2009**
MY Imports	193	195	208	240	275
MY Imports from US	193	195	200	240	265
Total Supply	193	195	208	240	275
Crush	189	191	204	235	270
Total Dom. Cons.	193	195	208	240	275

Source: USDA PS&D, January 2009

Figure B-7: Ecuador



Market access

The government of Ecuador imposes an average applied MFN tariff rate of 11.7 percent. Ecuador applies relatively low tariffs for most raw materials and capital goods, including agricultural commodities, generally below 5 percent ad valorem.

Ecuador, a member of the Andean Community, maintains preferential treatment for Uruguay, Paraguay, Argentina and Brazil under the Andean Price Band System, from various levels of ad valorem tariff duties. Wheat imports from Mercosur countries are scheduled to enter duty free by 2012. Preferential treatment is applied to soybeans, soybean meal (2304000000), and soybean oil (1507100010). Wheat imports from the United States are subject to a 10 percent duty.

The provisions of the Andean Trade Promotion and Drug Eradication Act, of which Ecuador is a signatory country, were extended a number of times, most recently through December 31, 2008. Whether they will be extended, or the Act revisited, in 2009 is uncertain.

Anti-GMO legislation, i.e. the Food and Nutrition Security Law, remains a concern. While the attorney general declared the law unenforceable due to technical errors, his decision was mainly related to the limited technical capacity and funding available to the Government to implement and enforce the law. Such legislation could ultimately crimp imports from the US.

Grain-oilseed situation

Ecuador is neither a major producer or importer of grains and oilseeds. However, it does rely heavily on the United States for its imported corn needs. The US typically provides about 80% of Ecuador's corn imports, and imports account for slightly more than half of total consumption.

Ecuador produces little wheat and imports about half a million tons per year. Only about a quarter of those imports come from the United States. The country does not import soybeans. US sales of soybean meal to Ecuador averaged about 70,000 tons over the two most recent marketing years, out of total imports of half a million tons.

Ecuador: Soybean (1,000 mt)

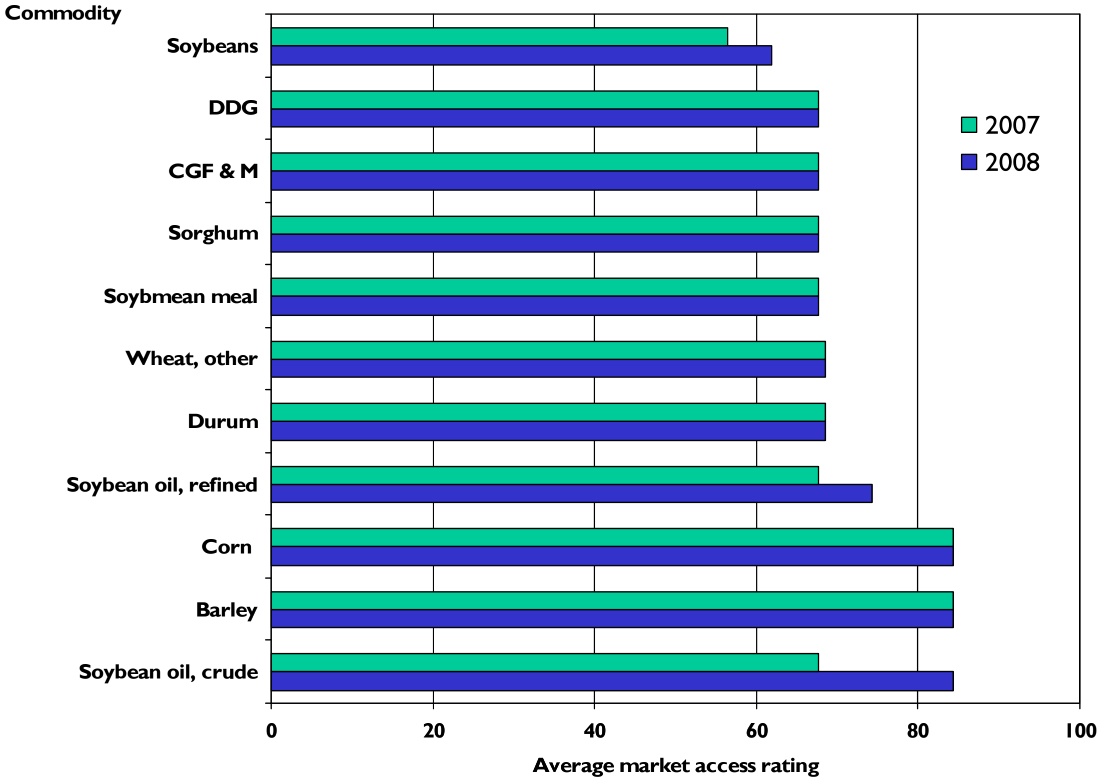
Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	53	45	47	47	47
Yield (mt/ha)	1.62	1.40	1.38	1.38	1.38
Beginning Stocks	0	1	3	2	1
Production	86	63	65	65	65
MY Imports	0	0	0	0	0
Total Supply	86	64	68	67	66
MY Exports	21	0	6	6	5
Crush	25	29	30	30	30
Feed Waste Dom. Cons.	39	32	30	30	30
Total Dom. Cons.	64	61	60	60	60
Ending Stocks	1	3	2	1	1

Ecuador: Soybean Meal (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Beginning Stocks	13	25	32	9	10
Production	20	23	24	24	24
MY Imports from US	24	7	100	15	15
MY Imports	408	498	430	475	510
Total Supply	441	546	486	508	544
Feed Consumption	416	514	477	498	524
Total Consumption	416	514	477	498	524
Ending Stocks	25	32	9	10	20

Source: USDA PS&D, January 2009

Figure B-8: Egypt



Market access

In 2008, Egypt was one of the world's largest grain importers and accordingly applied near zero or zero percent tariff barriers on imports. It generally purchases grains based solely on price and quality assessments. The government of Egypt lowered simple average tariff rates for cereals (Chapter 10) from 3.3 percent in 2005 to close to zero percent in 2008, eliminating simple average tariffs on most grains, most notably grain sorghum. Oilseeds (Chapter 12 and 15) have also lowered simple average tariff rates for oilseeds, fats, oils, etc. from 6.4 percent in 2005 to 4.5 percent in 2008.

The Government of Egypt has made some significant improvements to market access for all product classes, including grains and grain products. In February 2007, the Ministry of Finance released a restructured tariff schedule, significantly lowering duties or eliminating price restrictions to market access across the board.

However, sanitary and phytosanitary measures continue to be "non-transparent and burdensome." A number of strict and tedious certification procedures have been applied inconsistently. This is consistent with Egypt's decline on Transparency International's Corruption Perceptions Index. In 2005, Egypt received a moderate corruption score of 3.4, but it dropped to a poor score of 2.9 in 2007 and was put at 2.8 in 2008.

Grain-oilseed situation

Egypt produces 50-60% of the wheat and corn that its people and livestock product industries consume each year. Due to the country's elaborate food subsidy system, human consumption of grain was unaffected by the high world market prices of 2007-2008. Animal feeding was affected though. Despite annually importing about 8 million tons of wheat, Egypt purchases no wheat from the United States. However, in the case of corn the US is the dominant supplier, with about two-thirds of the import market.

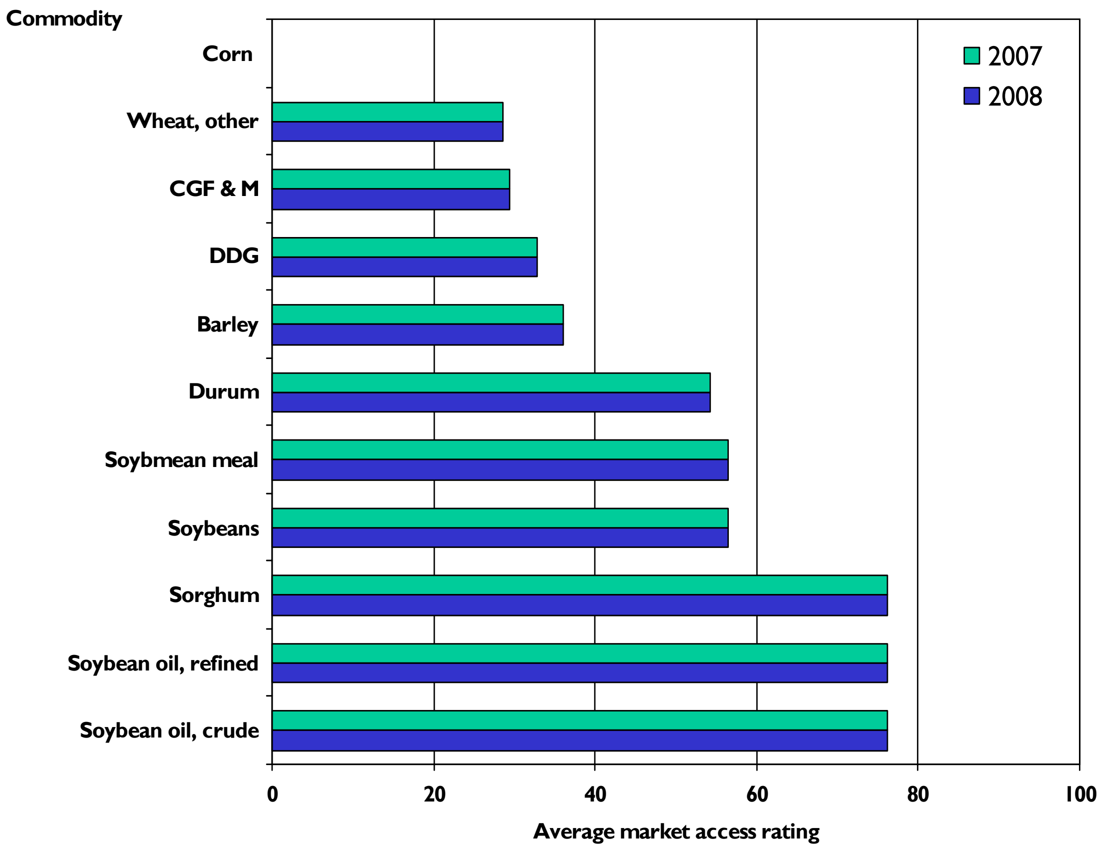
In the oilseed complex, Egypt's consumption of soybean meal has expanded somewhat in recent years. Domestic production of soybeans is negligible. Most of the meal is produced from imported soybeans. Imports of US soybeans have risen dramatically, as has the US share of the market. Imports in 2007/08 exceeded 700,000 tons. The United States accounts for only a small share of the 300,000 tons of soybean meal imports.

Egypt: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	14	15	13	13	13
Yield (mt/ha)	2.43	2.40	2.46	2.46	2.46
Beginning Stocks	0	40	20	92	38
Production	34	36	32	32	32
MY Imports	762	776	1,325	1,100	1,200
MY Imports from US	308	457	641	728	550
Total Supply	796	852	1,377	1,224	1,270
Crush	721	800	1,250	1,150	1,200
Feed Waste Dom. Cons.	25	22	25	24	26
Total Dom. Cons.	756	832	1,285	1,186	1,241
Ending Stocks	40	20	92	38	29

Source: USDA PS&D, January 2009

Figure B-9: European Union



Market access

Traditionally a difficult market for US grain exporters to penetrate, the EU offered a brief respite in 2008 when access temporarily improved for certain cereals. Due to a spike in grain prices and tight market conditions, on July 1, 2008, Commission Regulation 608/2008 ushered in a temporary suspension of customs duties on a number of cereal products for the marketing year 2008-09. Included in this list were durum wheat, rye, barley, maize, grain sorghum, and millet. However, Regulation 608/2008 carried with it the caveat that if the internal EU grain situation were to alter, the EU would reserve the right to re-implement customs duties.

Citing price decreases in cereal markets, in October 2008, Mariann Fischer Boel, EU Commissioner for Agriculture and Rural Development, indicated that customs duties on cereal imports would be re-introduced. On October 16, 2008, the European Commission's Cereals Management Committee agreed that recent falls in internal EU grains prices made it appropriate to reintroduce import duties for all grains at that time.

Member states' diverse attitudes towards biotech grains continue to pose obstacles to US commodities. Corn is almost totally blocked and distillers grains and corn gluten feed and meal are largely restricted.

Grain-oilseed situation

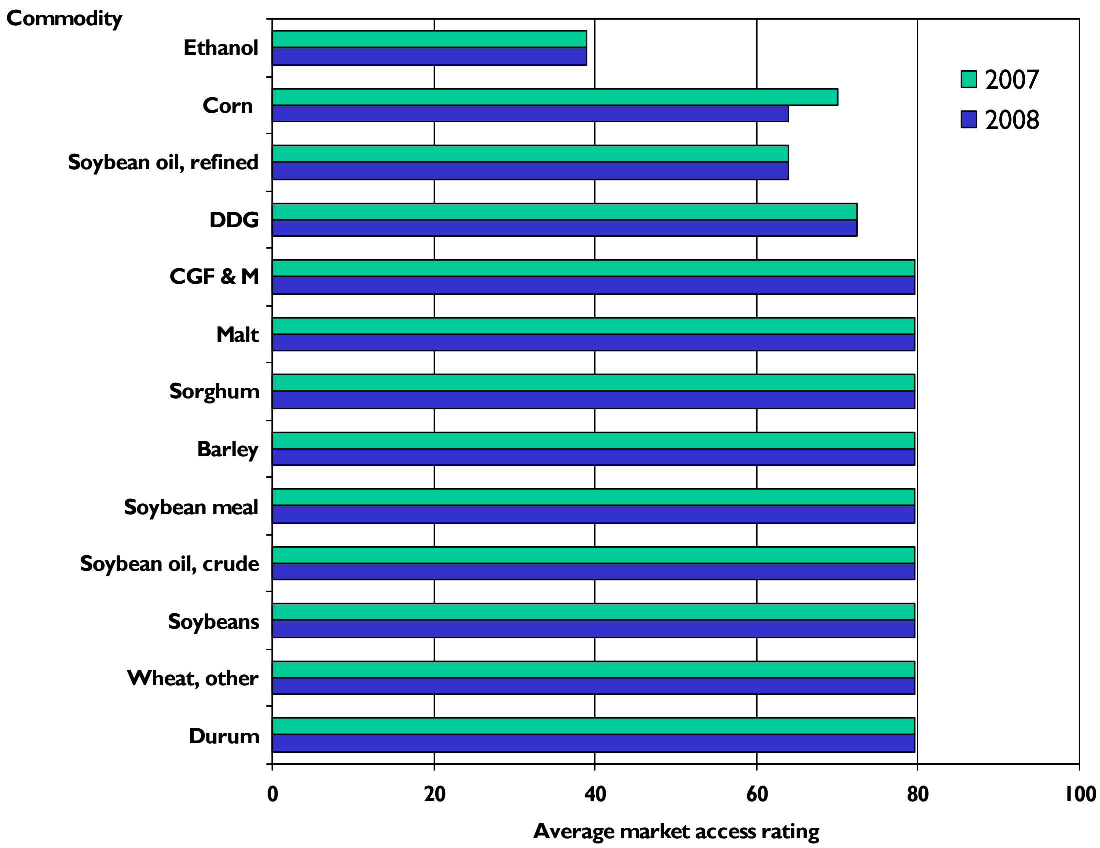
Poor European grain crops in 2007 contributed to the tight 2008 world supply situation. Increased plantings and very good yields for the 2008 wheat and coarse grain crops resulted in a 46 million ton increase in production. This is permitting expanded consumption, the rebuilding of stocks, and a return to net-exporter status after having net grain imports of 11 million tons in 2007/08, including large imports of grain sorghum from the United States. EU corn imports are highly variable, depending on domestic production of corn and feed wheat and barley. The EU imports 95% of its soybean use, plus about 23 million tons of soybean meal. The US has about a 20% share of the 16-17 million tons of soybean imports but virtually no share in meal.

EU-27: Soybean (1,000 mt)

Attribute	**2004/2005**	**2005/2006**	**2006/2007**	**2007/2008**	**2008/2009**
Area Harvested (1,000ha)	394	403	494	342	275
Yield (mt/ha)	2.76	2.91	2.49	2.13	2.73
Beginning Stocks	906	757	733	1,118	819
Production	1,086	1,174	1,228	728	750
MY Imports	14,539	13,937	15,291	15,148	14,150
MY Imports from US	4,440	2,387	3,686	3,756	2,800
Total Supply	16,531	15,868	17,252	16,994	15,719
MY Exports	35	49	47	40	30
Crush	14,350	13,670	14,670	14,870	13,650
Feed Waste Dom. Cons.	1,276	1,300	1,300	1,150	1,120
Total Dom. Cons.	15,739	15,086	16,087	16,135	14,880
Ending Stocks	757	733	1,118	819	809

Source: USDA PS&D, January 2009

Figure B-10: Guatemala



Market access

Guatemala is one of five Central American nations that make up the Dominican Republic-Central America Free Trade Agreement. It was ratified and implemented by the United States on June 30, 2005, and by most other remaining partners October 7, 2007. US provisions of DR-CAFTA entered into full force on July 30, 2006, and the overall agreement entered into full force with all members on January 1, 2009. Under the agreement, tariffs and non-tariff barriers on a variety of products will be either immediately eliminated, or in some cases gradually eliminated over a 15 to 20 year period.

The time and expense for imports have been dramatically reduced following the implementation of DR-CAFTA. Tariffs and quantity restrictions have been removed or remain low. Price and quantity restrictions for sensitive products such as white corn remain high, but are scheduled to be phased out over time. Phytosanitary certificates and import permits remain an issue, as does a recent requirement that grain sorghum imports from Florida be accompanied by an additional declaration. Guatemala has made some improvement in mitigating corruption, however still scores poorly (3.1) on Transparency International's Corruption Perceptions Index.

Grain-oilseed situation

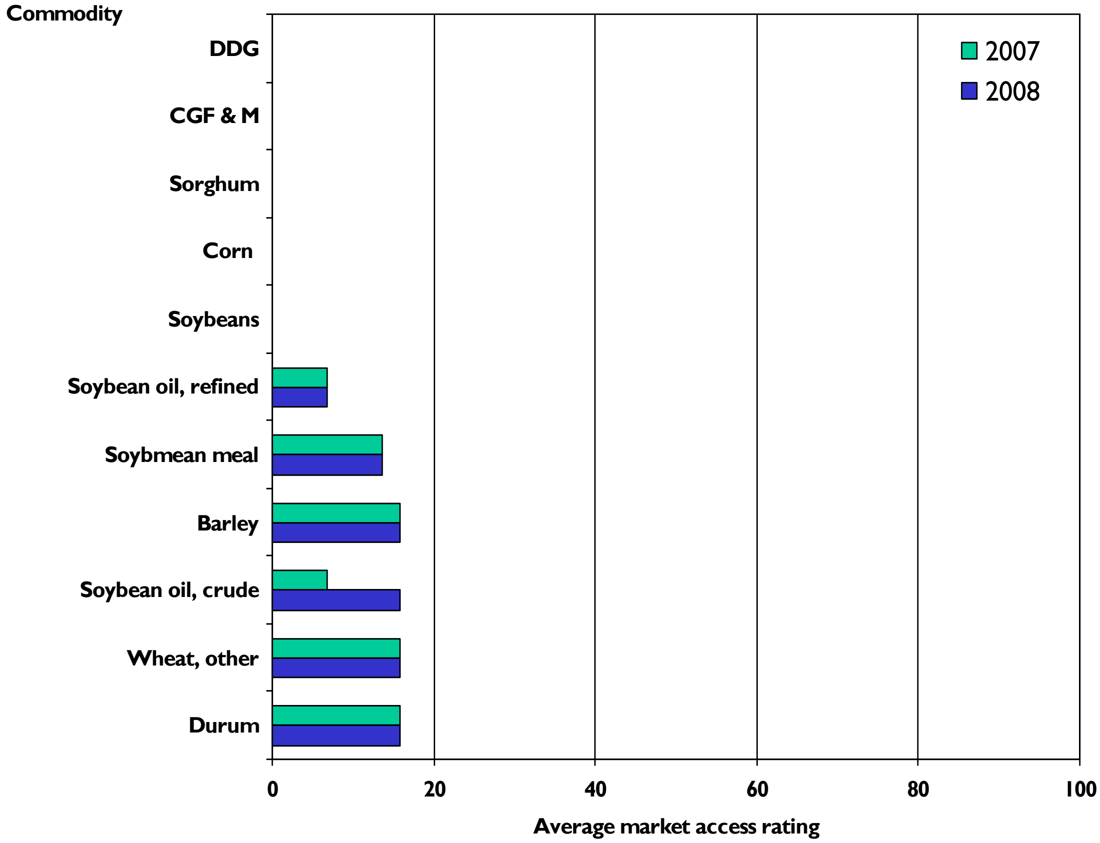
Guatemala does not produce any significant amount of wheat, corn or soybeans. The country relies primarily on the United States for its import needs. It does not have any soybean crushing capacity and therefore imports soybean meal and oil. All of its 300,000 tons of soybean meal imports come from the United States.

Guatemala: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	11	11	11	11	11
Production	36	36	36	36	36
MY Imports	9	21	25	25	25
MY Imports from US	9	21	15	15	15
Total Supply	45	57	61	61	61
MY Exports	1	1	1	1	1
Feed Waste Dom. Cons.	44	56	60	60	60
Total Dom. Cons.	44	56	60	60	60

Source: USDA PS&D, January 2009

Figure B-11: India



Market access

In 2008, India (GOI) maintained its reputation for being one the most difficult markets for US grain exporters to penetrate. The majority of products face tariffs from 15% to 182%. Compounding these tariffs are taxes levied by the city, state, and central authorities (effective tax rates range from 22 percent to 26 percent). The total effect of these different charges is a much higher effective applied rate that sharply increases retail prices of imported goods.

On November 18, 2008, the GOI re-imposed a 20 percent import duty on crude soybean oil. The GOI had abolished import duties on crude soybean oil in March 2008 in an effort to stem inflation.

Our report at the end of 2007 noted the temporary duty-free access given to wheat. Due to a wheat stock shortfall, the Government of India had dropped the duty on wheat to zero and also allowed for the private sector to temporarily import wheat at this level as well. A year later, all indications are that tariffs will be reimposed once buffer stocks are restored to acceptable levels, with the same rigid phytosanitary specification.

Aside from tariff barriers, several non-tariff barriers exist. These include opaque customs procedures, SPS barriers, and labeling requirements - i.e. the requirement to obtain prior approval from India's Genetic Engineering Approval Committee and mandatory labeling to import genetically modified goods.

Grain-oilseed situation

India has had good crops the last couple of years and has remained generally self-sufficient in grain and soybean production. Over the last five seasons the only time it really had to ramp up imports was during 2006/07 when it brought in 6.7 million tons of wheat, none of which was of US origin.

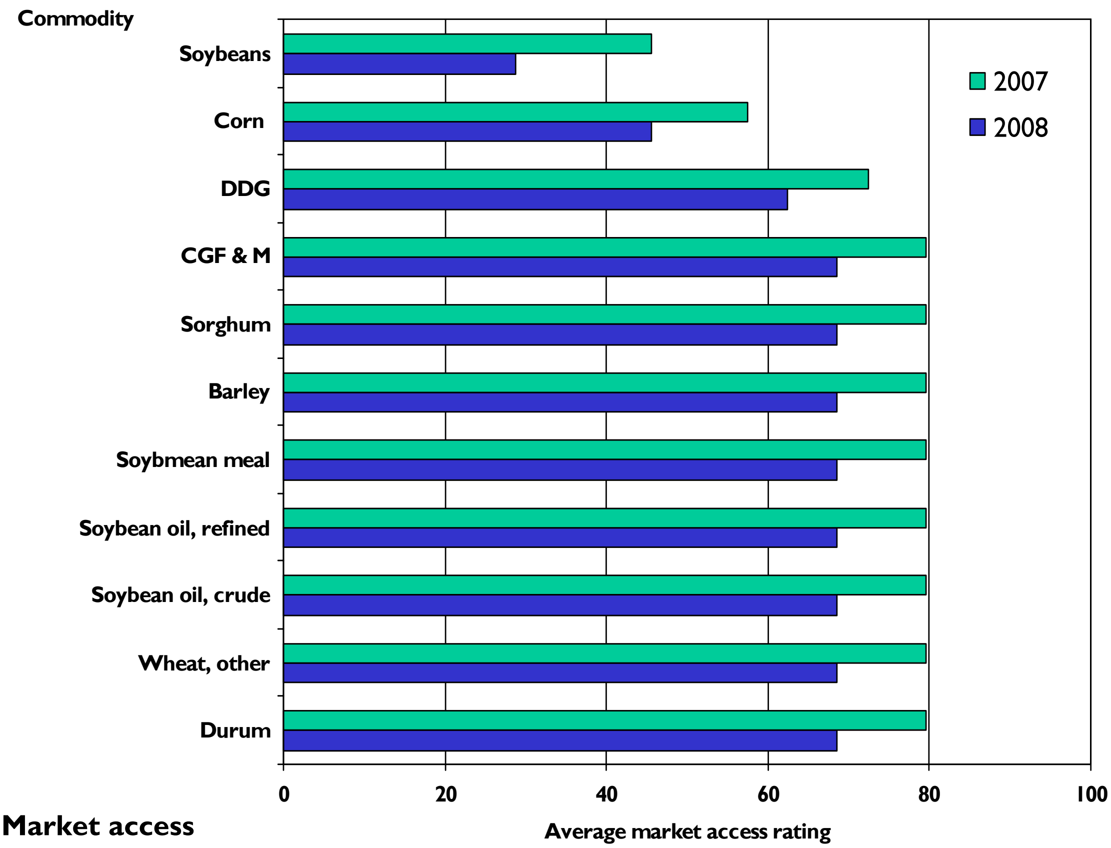
With India's economy growing strongly, demand has shown a steady upward trend. To meet that demand, production has been growing due to expanded plantings and, in the case of corn and soybeans, rising yields. Corn use is up sharply over the last two seasons, primarily in the food, seed and industrial sectors, although there has also been some increase in animal feed.

India: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	7,990	7,800	8,120	8,800	9,600
Yield (mt/ha)	0.73	0.90	0.95	1.06	1.01
Beginning Stocks	65	90	106	53	125
Production	5,850	7,000	7,690	9,300	9,700
MY Imports	0	0	0	0	0
Total Supply	5,915	7,090	7,796	9,353	9,825
MY Exports	6	9	7	5	5
Crush	5,030	5,990	6,615	7,998	8,340
Feed Waste Dom. Cons.	565	720	785	845	875
Total Dom. Cons.	5,819	6,975	7,736	9,223	9,645
Ending Stocks	90	106	53	125	175

Source: USDA PS&D, January 2009

Figure B-12: Indonesia



Market access

Tariffs are zero or only 5% for the covered agricultural products and there are no import quotas (although corn and soybeans are subject to import licensing). VAT levels are at 10% with the exception of corn. In January 2007 the Government of Indonesia issued the third amendment to Regulation No. 12/2001 eliminating the 10 percent VAT on imports of certain strategic taxable goods including corn.

The high world price of soybeans incited domestic controversy in 2008. The Government of Indonesia lifted soybean import duties, citing the dependence on soybean imports to meet national demand.

The main market access barriers to the Indonesian market continue to be institutional and social practices rather than formal tariffs and quotas. Inconsistent enforcement of regulations, lack of transparency, discriminatory taxes, and testing requirements for imported food products all discourage trade. At present, its corruption rating is 2.6 on the Transparency International's Corruption Perceptions Index. Trade would benefit from CCC approval of more banks to participate under the GSM-102 program for Southeast Asia.

Indonesia's recent submission of WTO notice 32-SPS raises several concerns. The proposed requirement for documentation of government or private testing to determine whether or not Indonesia's maximum residue levels are met could make it impossible for US agricultural products to meet Indonesian standards.

Grain-oilseed situation

Rice is the major food grain in Indonesia and agricultural policy is based on pursuit of self-sufficiency in that crop. The population consumes 37 million tons of rice, compared to only 5 million tons of wheat and 4 of corn. (Another 4 million tons of corn goes into animal feed.) All of the wheat is imported. In both 2006/07 and 2007/08 Indonesia bought about one million tons of its wheat needs from the United States. In earlier years the US had only a small share of the market.

In the case of corn, Indonesia produces most of its requirements and is an irregular importer. Purchases from the US have been few and far between recently, but were almost 1 million tons in 2005/06.

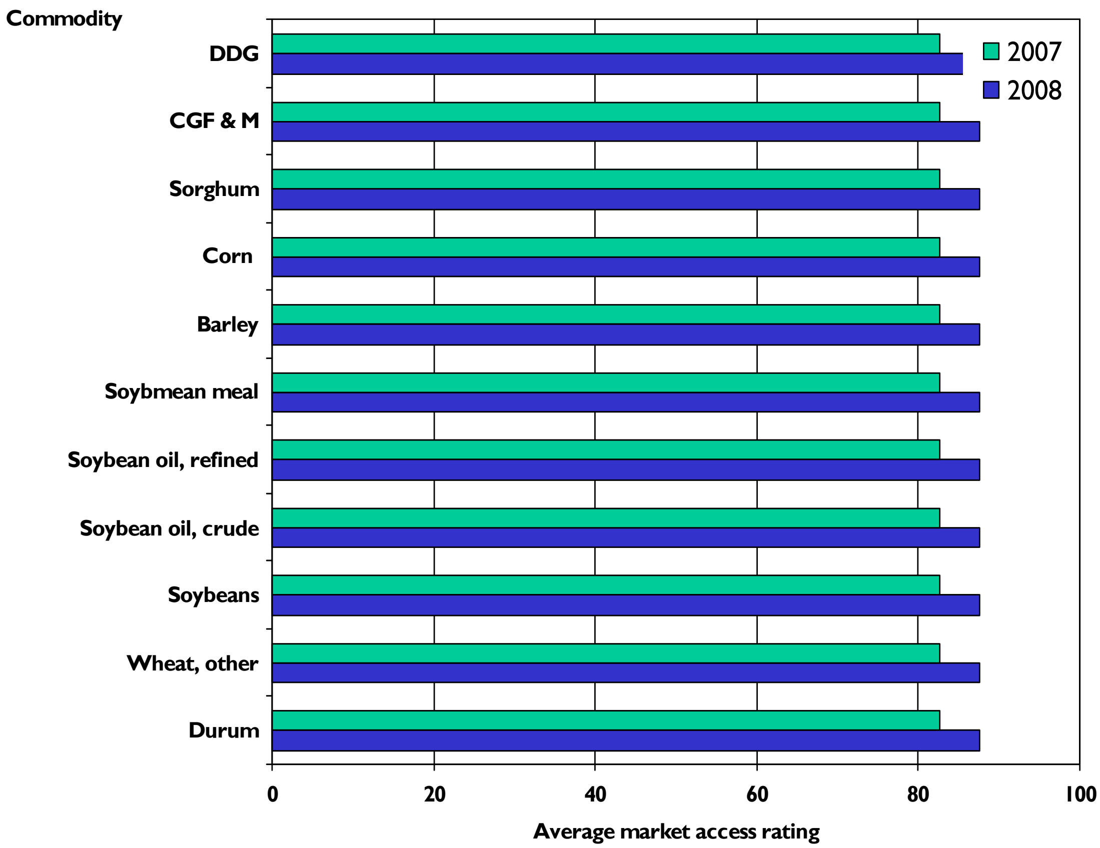
Indonesia produces about 800,000 tons of soybeans and imports 1.3 million tons, mostly from the United States. But it is an even bigger importer of soybean meal – 2.3-2.5 million tons annually – and very little of that is US origin.

Indonesia: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	640	650	621	600	620
Yield (mt/ha)	1.29	1.28	1.31	1.30	1.29
Beginning Stocks	105	102	91	139	50
Production	825	832	815	780	800
MY Imports	1,112	1,187	1,309	1,200	1,300
MY Imports from US	931	1,084	1,200	1,100	1,200
Total Supply	2,042	2,121	2,215	2,119	2,150
MY Exports	1	1	2	2	2
Feed Waste Dom. Cons.	42	42	42	42	35
Total Dom. Cons.	1,939	2,029	2,074	2,067	2,068
Ending Stocks	102	91	139	50	80

Source: USDA PS&D, January 2009

Figure B-13: Iraq



Market access

The security situation in Iraq has improved considerably and import demand is expected to increase as the nation rebuilds. Iraq continues to operate the state-run Iraqi Grain Board to facilitate the distribution of grain to Iraqi industrial consumers and households based on rationing.

Market access for grains and oilseeds to Iraq remains limited due to inconsistent application of laws and regulations, corruption, poor infrastructure, limited working capital, and competition from informal markets. A poll of Iraqi business attitudes by the Center for International Public Enterprise in February 2008 reported that 17 percent of respondents consider Iraqi trade laws to be easily available and understandable. 43 percent considered trade laws as partially accessible, and 31 percent considered trade laws to be inaccessible. Corruption remains endemic in some parts of the country. Transparency International has lowered Iraq's valuation on the Corruption Perceptions Index to 1.3 points out of ten.

At this time, trade financing is available from the Trade Bank of Iraq. However, a GSM-102 program that offers a 100% guarantee would be beneficial.

Grain-oilseed situation

Since 2003, US and Australian wheat have been the dominant suppliers of Iraqi grain shipments under the direction of the Coalition Provisional Authority, the Government of Iraq, and the Iraqi Grain Board. Record prices for grains in 2008 shifted national demand for grain to lower quality wheat varieties from Black Sea exporters to blend and mill with higher-quality North American varieties. In December 2008, Iraq closed on offers to purchase 300,000 tons of wheat from Canada, Australia, and Romania, signaling flexibility by the Iraqi Grain Board and price sensitive purchasing decisions based on exchange rates, oil prices, and commodity prices.

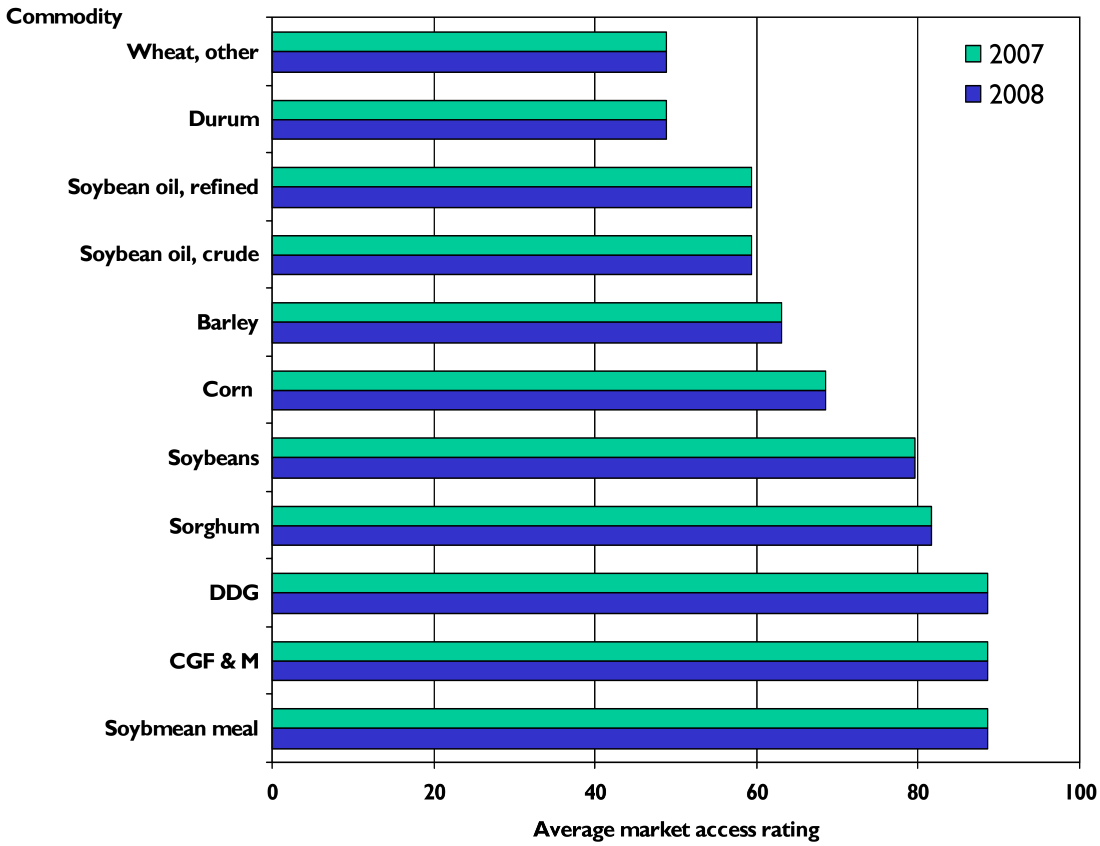
Iraq is not a significant consumer of corn or protein meals and imports little if any each year.

Iraq: Soybean Meal (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
MY Imports from US	0	9	0	0	0
MY Imports	20	40	20	25	30
Total Supply	20	40	20	25	30
Feed Consumption	20	40	20	25	30
Total Consumption	20	40	20	25	30

Source: USDA PS&D, January 2009

Figure B-14: Japan



Market access

In 2008, there were few changes to Japan's grain and oilseed trade policy. The country still maintains significant market access barriers in order to support farm prices and incomes. Tariff rate quotas for grains remain the government's major tool for regulating the market.

Japan is a critical destination for US agricultural exports. State trading is the rule for wheat and barley, since the Ministry of Agriculture, Food, and Fisheries controls all imports. In-quota tariffs for TRQ items are zero.

On September 19, 2008, Japan temporarily suspended imports of wheat, rice, and barley, following a scandal involving tainted rice sold to domestic food companies. Distributors sold a shipment of tainted rice, meant strictly for industrial use, to food manufacturers and restaurants. Subsequently, the Japanese government resumed tenders to buy foreign grain after measures were taken to ensure unapproved supplies would not be used in food. However, there continued to be periodic cancellations of tenders for US supplies.

Grain-oilseed situation

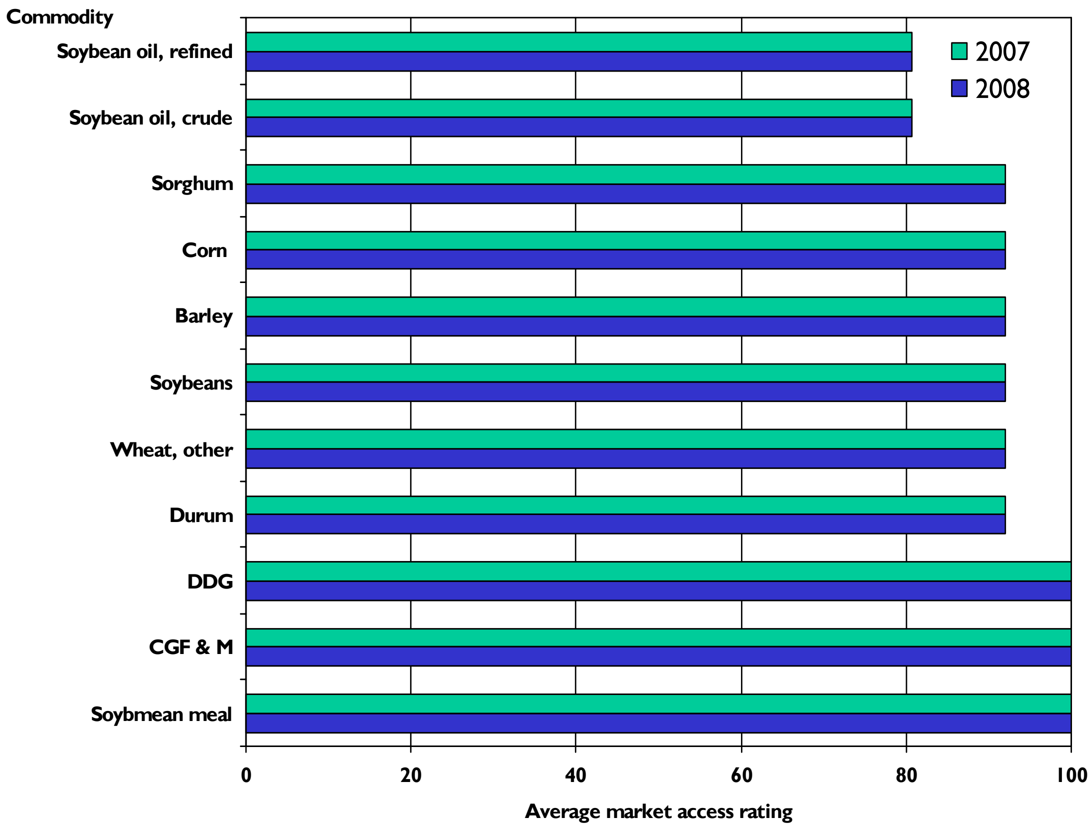
Japan is heavily import-dependent when it comes to grains (other than rice), oilseeds, and oilseed products. Japan is among the largest and most reliable importers of US agricultural commodities and the United States usually has a very high market share – typically 90% for corn, 55% for wheat, and 80% for soybeans. Japan is by far the largest US export market for barley, accounting for 60% of total exports, the third largest export market for grain sorghum, and an important market for corn by-products.

Japan: Soybean (1,000 mt)

Attribute	**2004/2005**	**2005/2006**	**2006/2007**	**2007/2008**	**2008/2009**
Area Harvested (1,000ha)	137	134	142	138	138
Yield (mt/ha)	1.19	1.69	1.58	1.63	1.63
Beginning Stocks	299	258	256	265	286
Production	163	226	225	225	225
MY Imports	4,295	3,962	4,094	4,014	4,000
MY Imports from US	3,170	3,085	3,125	3,175	3,175
Total Supply	4,757	4,446	4,575	4,504	4,511
Crush	3,149	2,820	2,925	2,890	2,840
Feed Waste Dom. Cons.	315	330	340	350	360
Total Dom. Cons.	4,499	4,190	4,310	4,218	4,255
Ending Stocks	258	256	265	286	256

Source: USDA PS&D, January 2009

Figure B-15: Malaysia



Market access

In 2008, Malaysia maintained its comparatively open markets for US agricultural exports. Tariffs are generally zero or low, and government administrative procedures are straightforward.

An item of concern for US exporters is the Malaysian Biosafety Bill. If passed, it will require mandatory labeling for products developed through biotechnology. The bill was presented in the Parliament for its first reading in December 2007. To date it has not passed. However, if passed the bill's requirements could result in serious constraints to importing US corn and soybeans.

The proposed U.S-Malaysia Free Trade Agreement stills holds promise for US grain exporters. In encouraging news, U.S. Ambassador to Malaysia James R. Keith, announced that the US-Malaysia Free Trade Agreement (FTA) will be fast-tracked under the administration of the new U.S. President, Barack Obama.

Grain-oilseed situation

Malaysia produces no wheat or soybeans and very little corn. Annual imports of the three commodities are 1.3, 0.5 and 2.5 million tons, respectively. Soybean meal imports have been growing about 10% annually and are estimated at about 1 million tons in 2008/09. However, Malaysia buys virtually no soybean meal from the United States and is only a sporadic buyer of US corn or wheat. The United States does usually have about a 50% share of Malaysia's soybean imports.

Malaysia: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Beginning Stocks	73	308	56	20	5
MY Imports	897	389	444	470	520
MY Imports from US	137	196	200	225	225
Total Supply	970	697	500	490	525
MY Exports	18	16	20	30	32
Crush	476	465	305	310	312
Feed Waste Dom. Cons.	20	20	20	20	25
Total Dom. Cons.	644	625	460	455	487
Ending Stocks	308	56	20	5	6

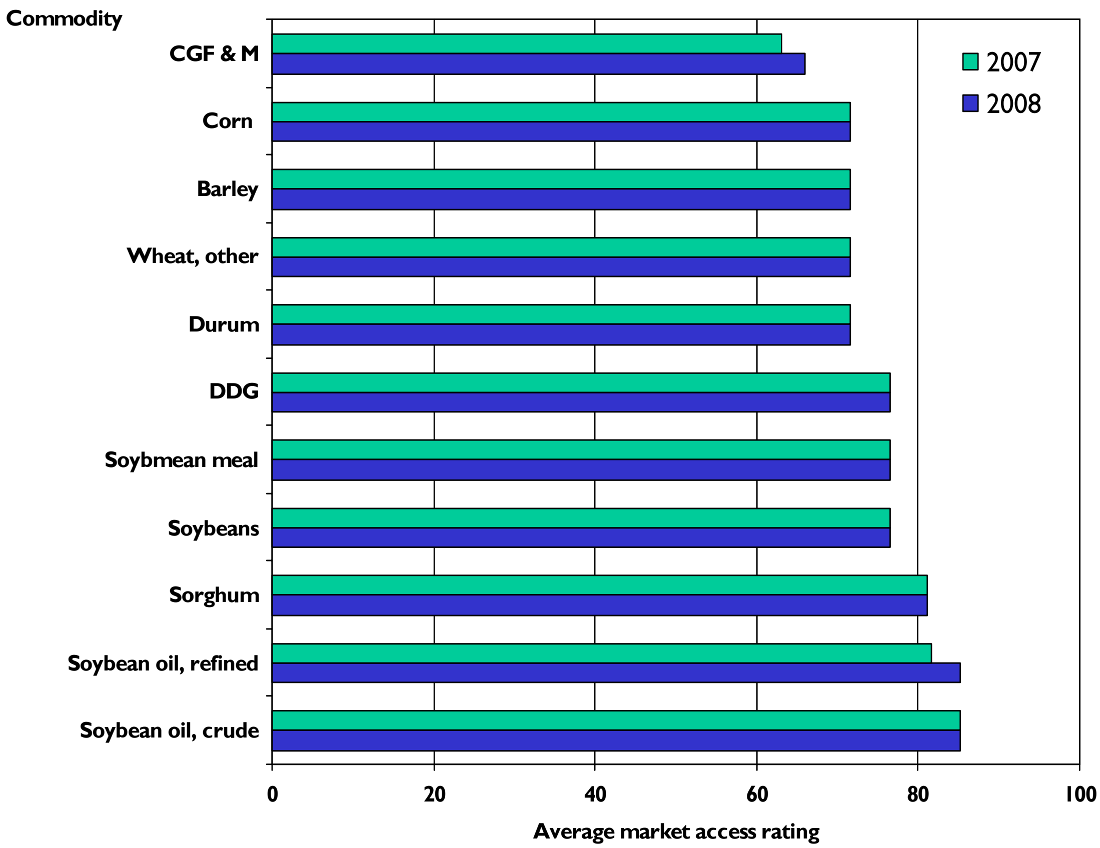
Source: USDA PS&D, January 2009

Malaysia: Soybean Meal (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Beginning Stocks	70	73	79	63	25
Production	370	366	240	244	246
MY Imports from US	11	9	12	15	15
MY Imports	677	779	899	930	1035
Total Supply	1117	1218	1218	1237	1306
MY Exports	23	35	34	35	35
Feed Consumption	1021	1104	1121	1177	1225
Total Consumption	1021	1104	1121	1177	1225
Ending Stocks	73	79	63	25	46

Source: USDA PS&D, January 2009

Figure B-16: Mexico



Market access

On January 1, 2008, the final NAFTA provisions entered into force, eliminating tariffs and quota on all varieties of US grains and oilseeds for all products, including sensitive corn/maize imports. Accordingly, US grains and oilseeds are competitively priced and enjoy preferential market access, effectively solidifying a dominant market share for US products. Corn and corn product imports are still politically sensitive in Mexico and are subject to unilateral quotas and tariffs ranging from duty free for NAFTA trading partners to a general rate for HTS 10059099, "corn varieties not elsewhere specified or indicated", as high as 194 percent.

On December 16, 2008, the government of Mexico reduced applied duties on non-NAFTA imports of vegetable oil, including on crude soybean oil, from 10 to 7 percent, and on refined soybean oil from 20 to 14 percent. The announcement reported that the government would gradually reduce these tariffs to zero percent by February 2009. This will make the US NAFTA preferential rate less valuable.

Trade administration procedures and regulations remain complex, and are sometimes applied in an opaque manner at border crossings and in administrative adjudication. US grains continue to be subject to several SPS measures.

Grain-oilseed situation

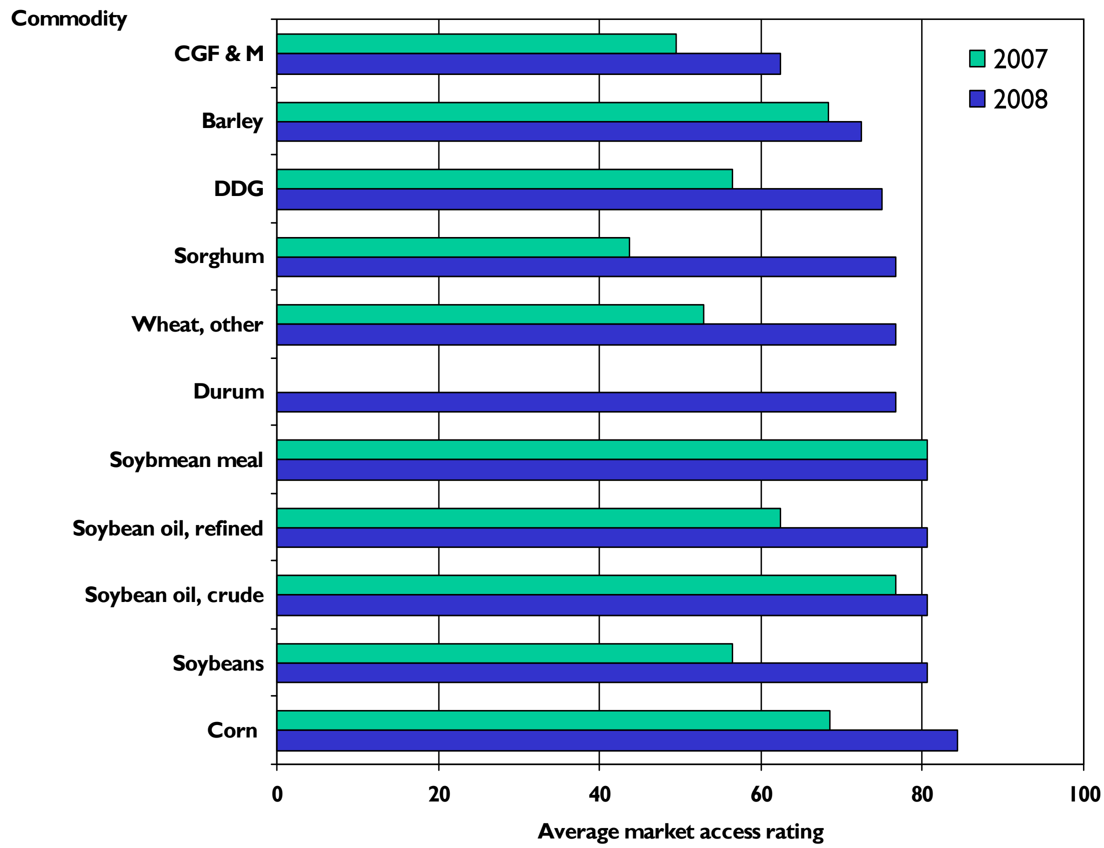
Mexico expanded wheat plantings the last couple of years in response to the high prices. Wheat production has gone from 40% of requirements to 60%. But Mexico also exports wheat so imports have remained at about 3.6 million tons a year. Two-thirds to three-quarters of that is bought from the United States, and the remainder from Canada. Corn production has grown as a result of rising yields but imports of corn from the US still account for 25-30% of consumption. Due to the favorable logistics, Mexico continues to source almost all of its soybean and soybean meal imports from the US.

Mexico: Soybean (1,000 mt)

Attribute	**2004/2005**	**2005/2006**	**2006/2007**	**2007/2008**	**2008/2009**
Area Harvested (1,000ha)	88	93	54	53	65
Yield (mt/ha)	1.50	1.99	1.48	1.43	2.46
Beginning Stocks	40	47	41	39	30
Production	132	185	80	76	160
MY Imports	3,640	3,667	3,844	3,650	3,585
MY Imports from US	3,542	3,667	3,840	3,650	3,635
Total Supply	3,812	3,899	3,965	3,765	3,775
MY Exports	1	0	0	0	0
Crush	3,729	3,823	3,900	3,700	3,700
Feed Waste Dom. Cons.	35	35	26	35	35
Total Dom. Cons.	3,764	3,858	3,926	3,735	3,735
Ending Stocks	47	41	39	30	40

Source: USDA PS&D, January 2009

Figure B-17: Morocco



Market access

In the past, market access issues for grains and oilseeds to Morocco included prohibitively high tariffs, poor infrastructure, and a lack of regular shipping services. However, each of these areas has improved in recent years. Furthermore, the government of Morocco has reformed the customs service to allow for more timely and efficient processing and administration.

The government of Morocco lowered or eliminated tariffs after signing preferential trade agreements with the United States and the European Union. Morocco also maintains preferential trade agreements with Turkey and 17 member nations of the Pan-Arab Agreement.

However, access for most grains is subject to progressive import duties according to a threshold price set in Moroccan dirhams by the Customs Administration of Morocco, and importers note that quota fill rates are not enforced and accounted for in a transparent manner.

On June 1, 2008, the government imposed a 50 percent ad valorem import duty to protect local producers. However, on August 16, 2008, in response to high grain prices, the government of Morocco temporarily eliminated market access limitations for non-durum wheat varieties, effectively devaluing preferential access for US, EU, Turkish, and Pan-Arab imports. Durum wheat was scheduled to be duty free from August 16, 2008 to May 31, 2009. Morocco is traditionally a small market for distillers grains and there are no significant tariff barriers for imports.

Progress on the highly anticipated Tangiers-Mediterranean deepwater port is moving forward and is on track for full operation in 2009. The first multimodal container shipping has been operational since July 2007 and the second port, Tang-Med II is scheduled for operation in early 2009. A grain terminal was in service in 2008. Although situated at one of the world's busiest shipping bottlenecks at the Strait of Gibraltar, where nearly 200 ships pass each day, and several shipping lines offer dry cargo container service, Morocco has no direct shipping services from the United States or Canada to Morocco, and relies on transshipment from Europe. Ongoing projects for road and expressway investment are expected to greatly improve local distribution and market access.

Grain-oilseed situation

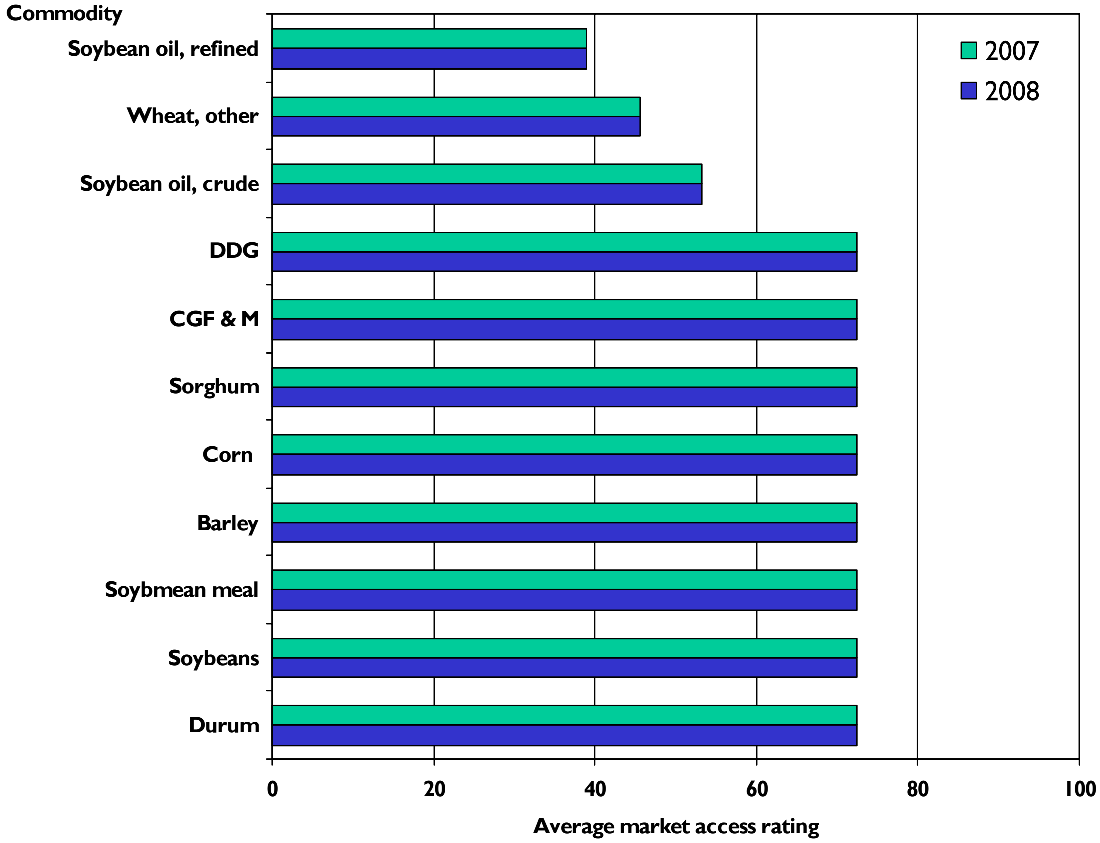
Morocco's wheat production is very erratic due to climatic conditions. Consequently, imports vary significantly from year to year in the 2-4 million ton range. The US share of Morocco's wheat imports averages about 10% but both the volume and share are highly variable. Morocco imports most of its corn needs and the US is a major supplier. The US also provides about half of the 450,000 tons of soybeans the country imports each year as well as a portion of the small volume of meal imports.

Morocco: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Beginning Stocks	35	65	39	29	29
MY Imports	499	424	444	400	450
MY Imports from US	193	303	325	285	325
Total Supply	534	489	483	429	479
Crush	469	450	454	400	450
Total Dom. Cons.	469	450	454	400	450
Ending Stocks	65	39	29	29	29

Source: USDA PS&D, January 2009

Figure B-18: Pakistan



Market access

Pakistan continues to be a country mired in corruption. The country scored a 2.5 of a possible 10 points (with 10 being the least corrupt) on Transparency International's Corruption Perceptions Index. That said, there are relatively few quantitative restrictions on US agricultural exports to Pakistan. For most commodities, Pakistan's technical barriers are still the most prohibitive. Most commodities are subject to a 10% duty and a general sales tax of 15%.

As mentioned in our previous report, the 2007 wheat shortage forced the Pakistani Government to import wheat. Ill-advised policy maneuvers by the Pakistani government led to this wheat imbalance. In April 2007, following a record wheat harvest, the GOP lifted a three-year old wheat export ban. This decision led to an increase in wheat prices, followed by a re-instatement of the ban in May 2007. That said, wheat continues to leave Pakistan via smugglers to locations in Afghanistan and India.

To counteract the wheat shortage, import duties on wheat were lowered. To date, tenders continue to be issued to US wheat exporters.

Grain-oilseed situation

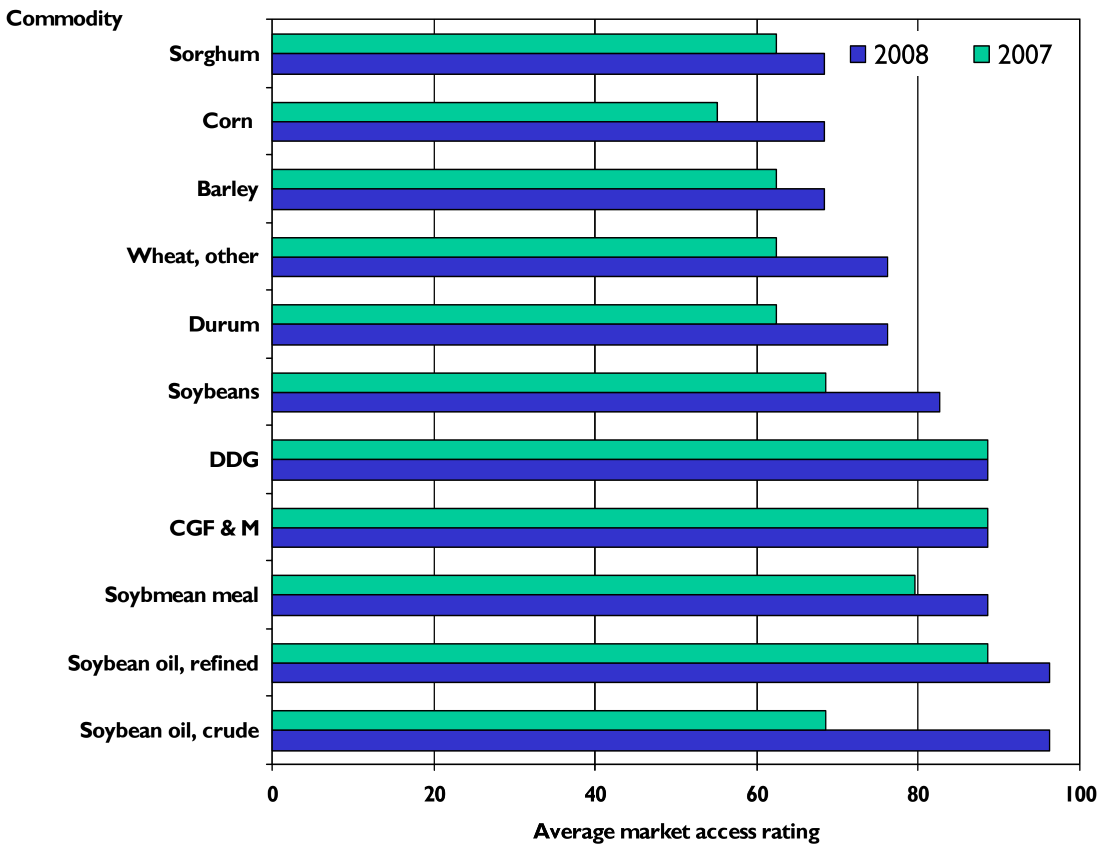
Pakistan both imports and exports wheat and has been a net exporter the last two marketing years and is more or less in balance in 2008/09. Therefore little wheat has been purchased from the United States recently. Pakistan is self-sufficient in corn and neither imports nor exports much. Soy imports are very small – 50,000 tons of beans and 320,000 tons of meal. Occasionally the beans are US origin, but not usually.

Pakistan: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	1	2	2	2	2
Yield (mt/ha)	0.00	6.00	15.00	25.00	25.00
Production	1	2	2	2	2
MY Imports	0	12	30	50	50
MY Imports from US	0	10	30	50	50
Total Supply	1	14	32	52	52
Crush	1	12	30	50	50
Feed Waste Dom. Cons.	0	2	2	2	2
Total Dom. Cons.	1	14	32	52	52

Source: USDA PS&D, January 2009

Figure B-19: Peru



Market access

Peruvian markets are relatively open. In comparison to most other nations, Peruvian agricultural imports are subject to a relatively favorable average MFN duty of 14.9 percent and/or additional surcharges according to progressive tariff schedules that link specific duties to international prices. Peru applies an additional 5 percent temporary surcharge on many agricultural goods and a price band or variable levy on sensitive agricultural products such as corn.

Cereals (Chapter 10) are subject to an average MFN duty of 11.3 percent and an average MFN bound tariff of 43.1 percent. Oilseeds (Chapter 12 and 15) are subject to an average MFN duty of 6.6 percent and an average MFN bound tariff of 30.0 percent. Duties on feed grains were suspended in 2008 due to the high world market prices.

The US and Peru signed the US-Peru Trade Promotion Agreement in April 2006. The Peruvian Congress ratified the amendment in June 2006, and the US Congress ratified and implemented the provisions on December 14, 2007. Finally in January 2009 the two governments announced that the agreement would come into effect on February 1. We have scored Peru's market access rules as if the agreement were in effect on January 1. Under the PTPA, several products including wheat, soybeans and soybean products are subject to duty free treatment immediately after the agreement enters into force.

Grain-oilseed situation

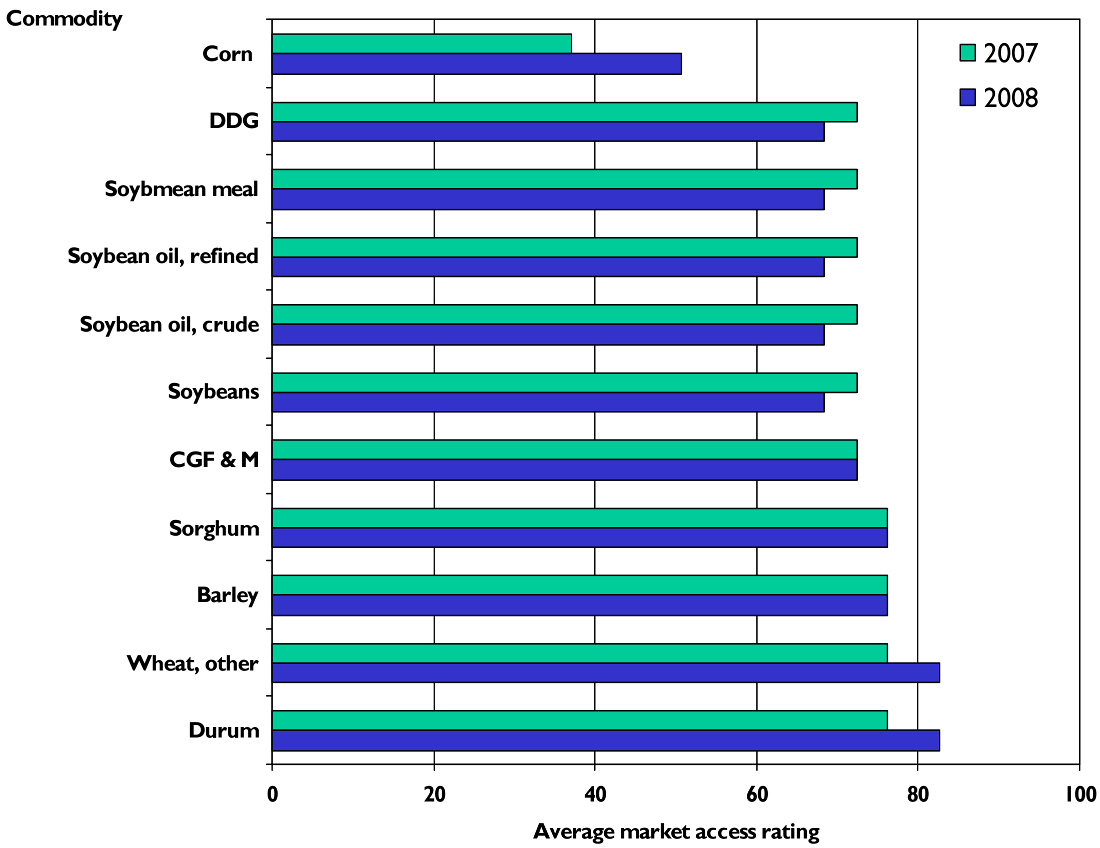
Corn demand is growing in Peru and is being met through both rising production and rising imports. On average about 20% of the imports come from the US. Peru is not a significant wheat producer and has to import about 90% of its requirements. In recent years about one third of the 1.5 million tons of wheat imports have been of US origin. Peru imports mostly soybean meal (900,000 tons) rather than beans (90,000 tons). While an occasional cargo comes from the United States, the market is dominated by Southern Hemisphere producers.

Peru: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	2	2	2	2	2
Yield (mt/ha)	12.00	18.50	24.50	45.00	47.50
Production	3	3	3	3	3
MY Imports	24	37	49	90	95
MY Imports from US	0	7	5	5	5
Total Supply	27	40	52	93	98
Crush	2	2	2	2	2
Feed Waste Dom. Cons.	25	38	50	91	96
Total Dom. Cons.	27	40	52	93	98
Ending Stocks					

Source: USDA PS&D, January 2009

Figure B-20: Philippines



Market access

The Philippines has relatively open market access for grains and oilseeds. In 2007, as part of a concession to the Association of Southeast Asian Nations (ASEAN), the government lowered tariffs for members to 5 percent or below on 99 percent of all harmonized tariff lines. From 2003 to 2006, the government had raised agricultural tariffs from a simple average tariff of 10.5 percent to 11.8 percent.

Although US-Philippine consultations on market access for wheat, soybean, and soybean meal began in 2006, the Philippines remains a protected market for grain. At this time, tariff schedules and other price restrictions remain unchanged. Overall, tariffs for US grains remain relatively low, ranging from 1-7% and are VAT exempt. The exception is corn, which is subject to an in-quota tariff of 35%. Duties for oilseeds also continue at low rates, but are not VAT exempt. Both grains and oilseeds are subject to several import surcharges. The GOP Department of Finance relies on soybean meal import duties for revenue.

High food prices are politically sensitive in the Philippines and the government often intervenes to assist development of the national economy. President Gloria Macapagal-Arroyo signed Executive Order No. 765 to eliminate import duties for wheat on November 7, 2008. In fall

2008, the government also launched a price intervention program to raise corn prices from P10.00 ($0.21) per kilo to P11.50 ($0.24) per kilo.

Phytosanitary certificates and an import permit are required for grain shipments to the Philippines. Wheat straw is prohibited from entering the country. The Corruption Perceptions Index rating for the Philippines by Transparency International is 2.3 on a scale from 1 to 10.

Grain-oilseed situation

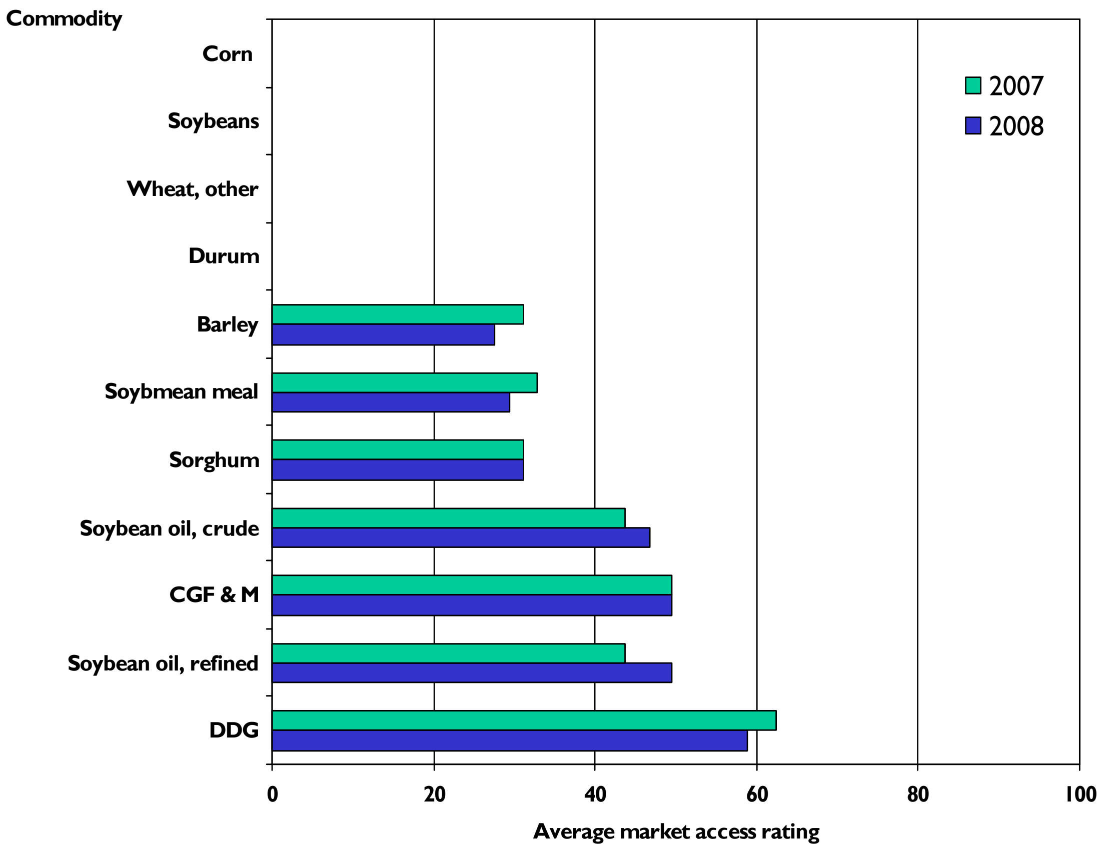
The Philippines is largely self-sufficient in corn and only an occasional buyer from the United States. But it does not produce wheat and therefore has annual imports of 2.5-3.0 million tons, of which about 1.6 million tons are regularly purchased from the United States. Normally the Philippines acquires the 100-150,000 tons of soybeans it imports from the United States but in 2007/08 a majority was purchased from other origins. Soybean meal imports have grown slowly to about 1.5 million tons. Over the last five years, US exporters have increased their meal market share from about 20% to about 50%.

Philippines: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	1	1	1	1	1
Yield (mt/ha)	1.00	1.00	1.00	1.00	1.00
Beginning Stocks	11	20	5	7	5
Production	1	1	1	1	1
MY Imports	146	108	167	90	120
MY Imports from US	107	70	90	70	90
Total Supply	158	129	173	98	126
Crush	110	97	149	76	104
Feed Waste Dom. Cons.	3	2	2	2	2
Total Dom. Cons.	138	124	166	93	121
Ending Stocks	20	5	7	5	5

Source: USDA PS&D, January 2009

Figure B-21: Russia



Market access

Market access for US grains and oilseeds to Russia is poor due to opaque import regulations, customs clearance rules, price controls, and tariff administration.

The government of Russia started grain procurement interventions on August 19, 2008, and continued intervention actions in late 2008 to manage domestic stocks of various qualities of feed grains, and their associated prices.

During the period December 22, 2008 to December 31, 2008, the government employed a program to purchase corn stocks on the open domestic market and manage market prices, and inventories. Interventions were scheduled to resume in January 2009.

In June 2007, the government announced that after 2009, the trade ministry will abolish country specific quota allocations and raise out-of-quota tariff rates.

Importers complain that the new Federal Service of Veterinary and Phytosanitary Surveillence (VPSS), established in 2007, has failed to develop a science-based, transparent, predictable, and consistent phytosanitary inspection and certification system. Significant barriers to trade are still in practice including, the inconsistent application of the legal regulatory framework, and the introduction of unpublicized regulatory orders by the State Customs Committee.

Corruption remains a significant problem in Russia, which scored 2.1 points on Transparency International's Corruption Perceptions Index.

Grain-oilseed situation

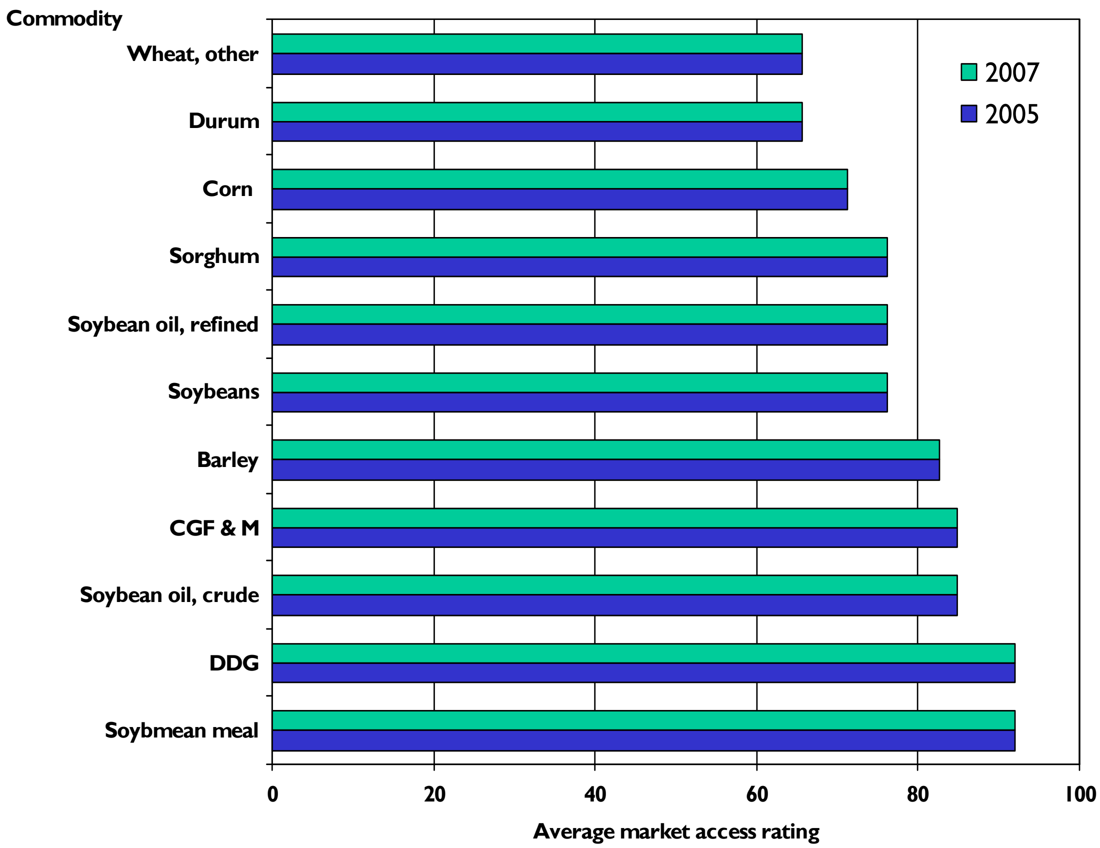
Russia has not been a significant corn importer, and rapid growth in planted area has actually put the country in a net export position for 2008/09. Russia was already a major wheat exporter, and with an excellent 2008 crop it looks like exports will rise even more to about 15 million tons. Russia has only recently begun to import a few hundred thousand tons of soybeans to supplement the 800,000 tons of annual meal imports. In both cases it is mostly Southern Hemisphere material, with an infrequent cargo from the United States.

Russian Federation: Soybean (1,000 mt)

Attribute	**2004/2005**	**2005/2006**	**2006/2007**	**2007/2008**	**2008/2009**
Area Harvested (1,000ha)	555	656	815	709	725
Yield (mt/ha)	1.00	1.05	0.99	0.92	0.97
Beginning Stocks	7	29	22	22	40
Production	555	689	807	652	700
MY Imports	40	2	34	442	305
Total Supply	602	720	863	1,116	1,045
MY Exports	9	3	16	5	5
Crush	546	675	805	1,051	996
Feed Waste Dom. Cons.	18	20	20	20	20
Total Dom. Cons.	564	695	825	1,071	1,016
Ending Stocks	29	22	22	40	24

Source: USDA PS&D, January 2009

Figure B-22: Saudi Arabia



Market access

Since last year's report, there have been no changes to Saudi Arabia's market access barriers. At present, there are no quantitative barriers to US market access and tariffs for nearly all commodities are low. Tariffs range from 0% on barley, corn, and soybean meal to 5% for most of the remaining commodities. Exceptions to these low tariff levels include refined soybean oil, which is subject to a 12% tariff, and, wheat, which is subject to a 25% tariff.

There are a few technical and procedural barriers to trade. Certain phytosanitary measures are in place for wheat, barley, corn, sorghum, and soybeans. Furthermore, certain products must meet fumigation as well as Genetically Modified Organism (GMO) labeling requirements. The ban on ethanol other than inactive ethyl alcohol is still in place.

Grain-oilseed situation

Saudi corn production is negligible so the country imports 1.5-2.0 million tons annually. Recently US corn has accounted for a third to a half of the imports. Saudi Arabia is also the second largest export market for US barley, but the United States is not a major exporter and the US barley is usually only 1 or 2% of Saudi imports.

In the case of wheat, the government appears to be carrying through on its commitment to wind down its support program, as harvested area declined significantly in 2008 despite high world prices. It is estimated that imports will jump from a couple of cargos annually to about 750,000 tons in 2008/09, the first significant volume in many years. With no recent history of importing, it is difficult to predict the mix of origins but logistical factors will probably tip the balance towards suppliers other than the United States.

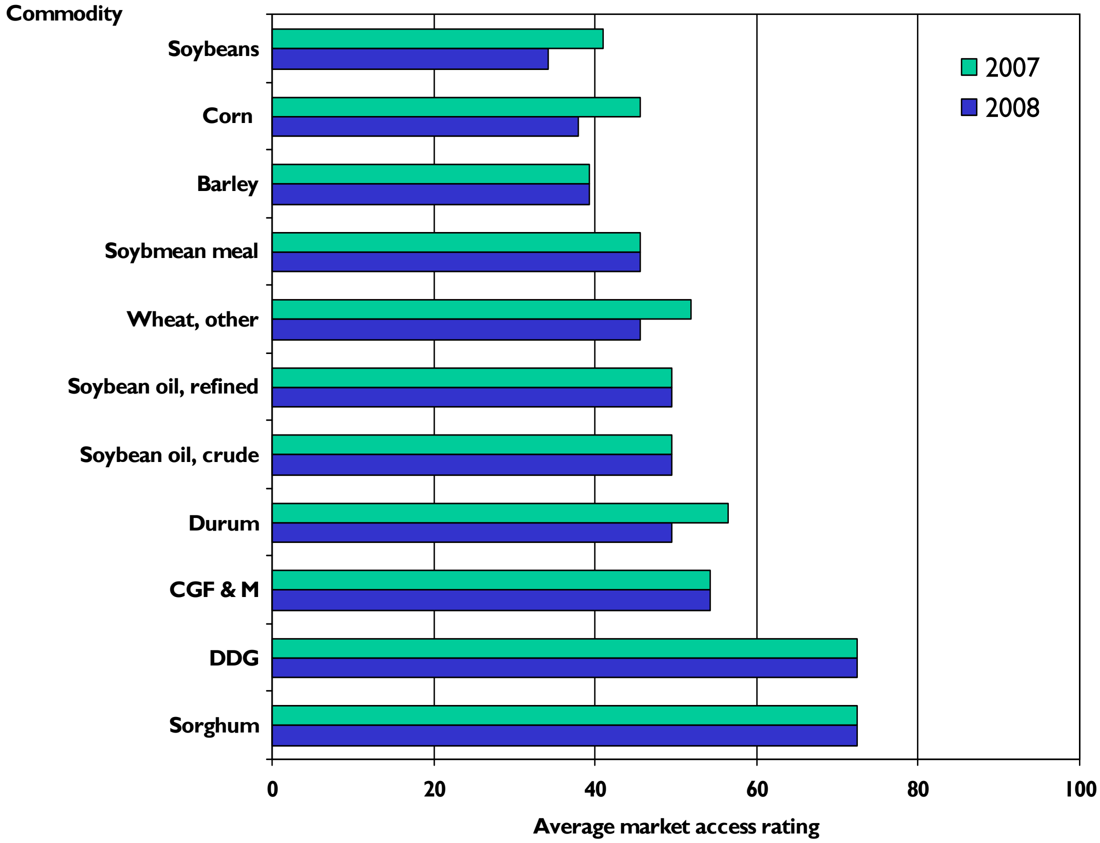
Saudi Arabia is not a big soybean importer and seldom buys any from US suppliers. However US soybean meal usually accounts for about a third of the 600,000 tons the country imports.

Saudi Arabia: Soybean Meal (1,000 mt)

Attribute	**2004/2005**	**2005/2006**	**2006/2007**	**2007/2008**	**2008/2009**
Beginning Stocks	25	25	25	20	20
MY Imports from US	89	133	150	225	235
MY Imports	524	534	525	600	625
Total Supply	549	559	550	620	645
Feed Consumption	524	534	530	600	625
Total Consumption	524	534	530	600	625
Ending Stocks	25	25	20	20	20

Source: USDA PS&D, January 2009

Figure B-23: South Korea



Market access

2008 saw deteriorating prospects for US agricultural exports bound for South Korea. First, Korea's Food and Drug Administration (KFDA) formally proposed adopting the Codex maximum residue level of .5 ppm.. If implemented, this regulation would hinder potential US wheat exports. Second, the US-Korea Free Trade (USKFT) Agreement is running into major roadblocks on its way to formal ratification.

In April 2008, South Korea and the United States signed an accord which called for significant reduction in tariffs and other barriers to trade; both agricultural and industrial. At present, the agreement awaits ratification by both countries' legislatures. Opposition to the agreement has been fierce in Korea. Opposition MPs in the legislature launched a violent 12-day siege on the Korean Parliament. This occupation, which began on Boxing Day, resulted in a successful delay on a key vote for the USKFTA. Meanwhile, President Obama's statement that the USKFTA was poorly constructed was met with a stern response from South Korea's Trade Minister, Kim Jong Hoon, who stated "even if the US proposes renegotiations of the free trade deal, we don't need to respond to it."

Grain-oilseed situation

Historically the United States provided a quite high proportion of South Korea's grain and oilseed imports. That has changed for a number of reasons, including the growth and price competitiveness of Southern Hemisphere supplies, availability of corn from China, the increased importance of freight, and perhaps a desire on their part to diversify sources of supply.

Korea does not produce any wheat or corn to speak of. The country annually imports 3-4 million tons of wheat (about a third US) and 8.5 million tons of corn. The mix of origins for the latter is highly variable. Over the last four seasons, the US share of imports has ranged from 25% to 90% and averaged about 58%.

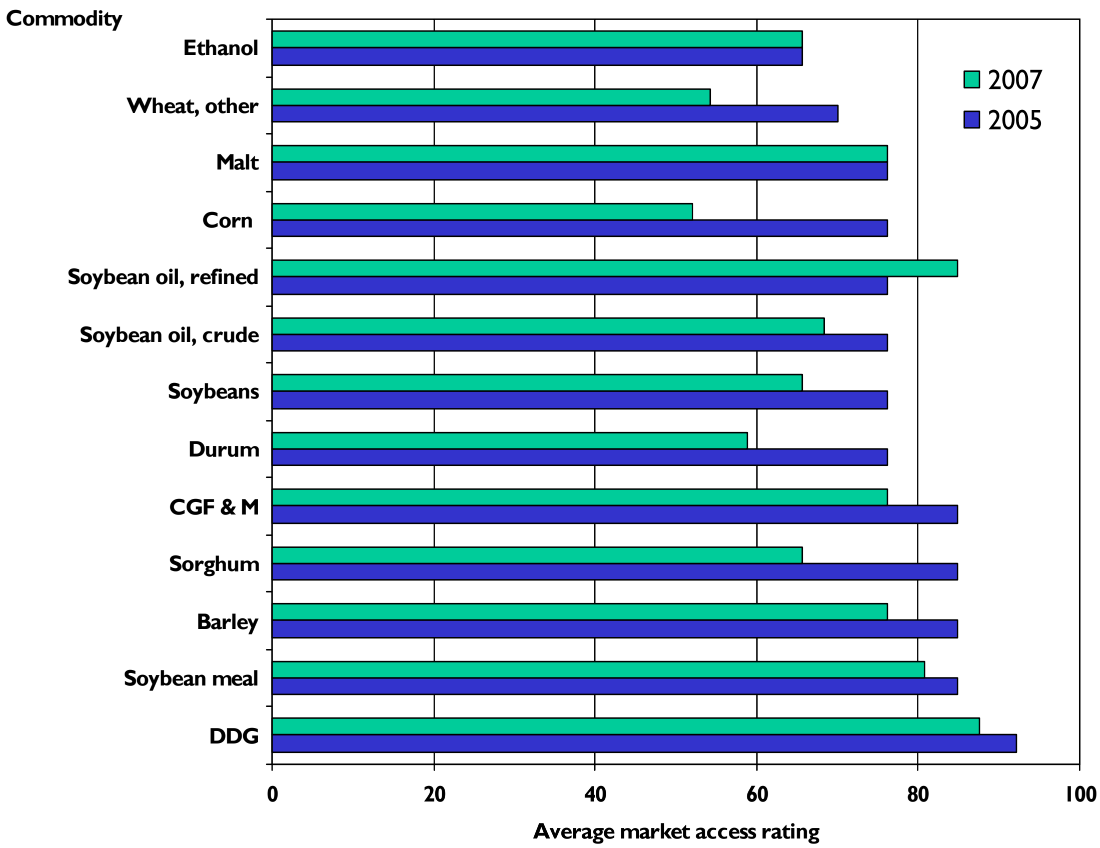
Korea imports 1.2 million tons of soybeans, about 90% of the soybeans it uses. The US share is about 40%. In addition the country imports 1.8 million tons of soybean meal, but only 10% of that is US origin.

Korea, Republic of: Soybean (1,000 mt)

Attribute	**2004/2005**	**2005/2006**	**2006/2007**	**2007/2008**	**2008/2009**
Area Harvested (1,000ha)	85	105	90	76	85
Yield (mt/ha)	1.64	1.74	1.73	1.50	1.59
Beginning Stocks	60	69	70	83	42
Production	139	183	156	114	135
MY Imports	1,240	1,190	1,231	1,231	1,260
MY Imports from US	827	513	575	625	625
Total Supply	1,439	1,442	1,457	1,428	1,437
Crush	925	875	900	916	921
Feed Waste Dom. Cons.	45	47	49	50	51
Total Dom. Cons.	1,370	1,372	1,374	1,386	1,397
Ending Stocks	69	70	83	42	40

Source: USDA PS&D, January 2009

Figure B-24: Taiwan



Market access

Grains and oilseeds have relatively open market access in Taiwan. Due to high commodity prices, Taiwan implemented tariff reductions during 2008 through August for feed grains, including wheat, flour, as well as wheat, corn and soybean meal products, and earlier had waived the 5 percent VAT on imported barley, corn, soybeans, and wheat, effective for the period from August 6, 2007 to February 5, 2008.

Taiwan continues to impose non-tariff barriers through regulatory barriers or Special Safeguard Mechanisms of the WTO. Traders are concerned that the Taiwan Department of Health may use newly implemented monitoring regulations to impose restrictions on US wheat and grain imports, due to the difference between US EPA and Codex Alimentarius pesticide tolerance standards. In February 2008, Taiwan approved the genetically modified soybean event MON 89788 (Monsanto's Roundup Ready 2 Yield soybean).

There are no quantitative restrictions on US imports other than on ethanol and wheat, which are subject to import licensing requirements and reporting to national authorities for domestic production. Codex Alimentarius revisions to maximum residue levels may lead to delays or rejection of US imports due to conflicting standards between the US EPA and Codex. In August 2007, DOH adopted Codex tolerance, placing U.S. exports at some risk of rejection in Taiwan.

Grain-oilseed situation

Taiwan has had a close political, military, and economic relationship with the United States for decades and has gone out of its way to buy American when sourcing basic agricultural commodities. It does not produce wheat or soybeans, and corn output is negligible. Wheat imports are 1.1-1.2 million tons annually, and one million of that is US origin. Taiwan normally buys 100% of its corn imports from the United States but in 2007/08 the share fell to 90%.

All soybean meal used by Taiwan is from domestic crushings of imported beans. The United States typically supplies about 75% of the 2.3-2.4 million tons of soybean imports.

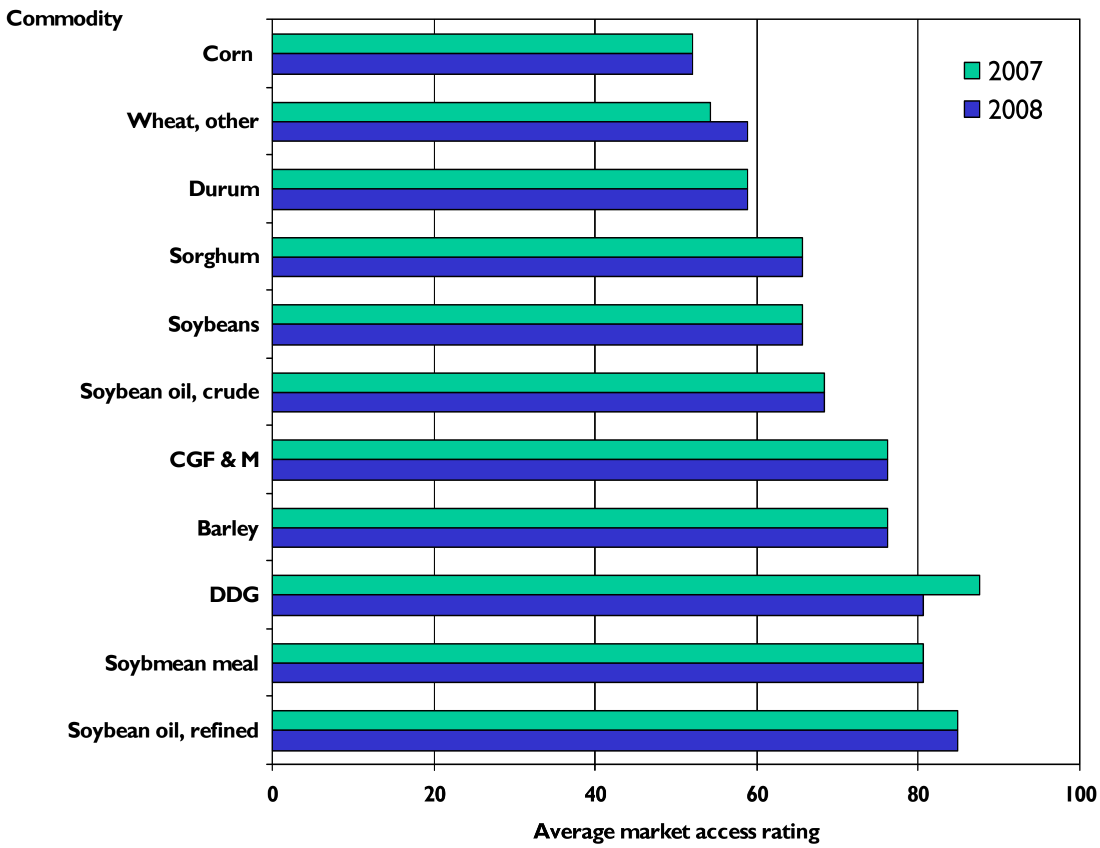
Taiwan has also begun to import significant volumes of distillers grains from the United States – 178,000 tons in 2007/08.

Taiwan: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Beginning Stocks	77	70	118	133	90
MY Imports	2,256	2,498	2,436	2,149	2,350
MY Imports from US	1,627	1,867	1,750	1,750	1,750
Total Supply	2,333	2,568	2,554	2,282	2,440
Crush	2,013	2,190	2,161	1,927	2,075
Total Dom. Cons.	2,263	2,450	2,421	2,192	2,340
Ending Stocks	70	118	133	90	100

Source: USDA PS&D, January 2009

Figure B-25: Thailand



Market access

Price and quantitative controls and non-tariff barriers substantially restrict US market access to Thailand. Agricultural imports to Thailand are subject to average applied MFN tariff protection of 25.4%, three-times the average tariff rate for non-agricultural goods. Cereals (Chapter 10) are subject to an average MFN duty of 19.4 percent and an average MFN bound tariff of 32.6 percent. Oilseeds (Chapter 12 and 15) are subject to an average MFN duty of 19.1% and an average MFN bound tariff of 38.1%. Sales of agricultural products remain exempt from the value-added tax implemented in 1992.

TRQ restrictions on corn and soybean oil remain as before. In 2007, Thailand relaxed TRQ allotments, allowing unlimited imports of soybeans (1201000020) and soybean cake (2304000000) for specific producer groups at lower in-quota rates. Under the Joint Economic Cooperation Strategy Program, or Ayeyawady-Chao Praya-Mekong Economic Cooperation Strategy (ACMECS), an economic cooperation agreement among neighboring nations, the Government applied duty free treatment to an unlimited amount of corn.

In July 2008, corn prices peaked at US$284/MT and subsequently plummeted to $120/MT by early December 2008. In response, the Government implemented price interventions fixing corn prices at THB 8.50/kg with an overall supply target of 500,000 MT from November 1, 2008 to February 18, 2009. The Government also suspended preferential access under the ACMECS agreement and resumed government trade controls. Changes in the dollar/baht exchange rate have decreased the effective applied tariff rates on wheat, barley, corn, and sorghum, improving US market competitiveness.

Although the government of Thailand maintains relatively open access according to WTO tariff rate quota rules, US exporters report restrictive and burdensome requirements for import permits and licenses, including compulsory purchase of local feed ingredients. Thailand maintains a complicated and burdensome import permit regime. Importers report inconsistent application of WTO transaction valuation methodology for customs clearance of fees and taxes.

Grain-oilseed situation

Corn and wheat consumption have shown little growth in Thailand in recent years, but there has been some increase in soybean meal demand. Thailand produces 90% of its corn needs so imports are only a few hundred thousand tons a year, and do not include any from the United States. There is no wheat production so the country imports an average of 1.1 million tons, of which about 500,000 tons are US origin.

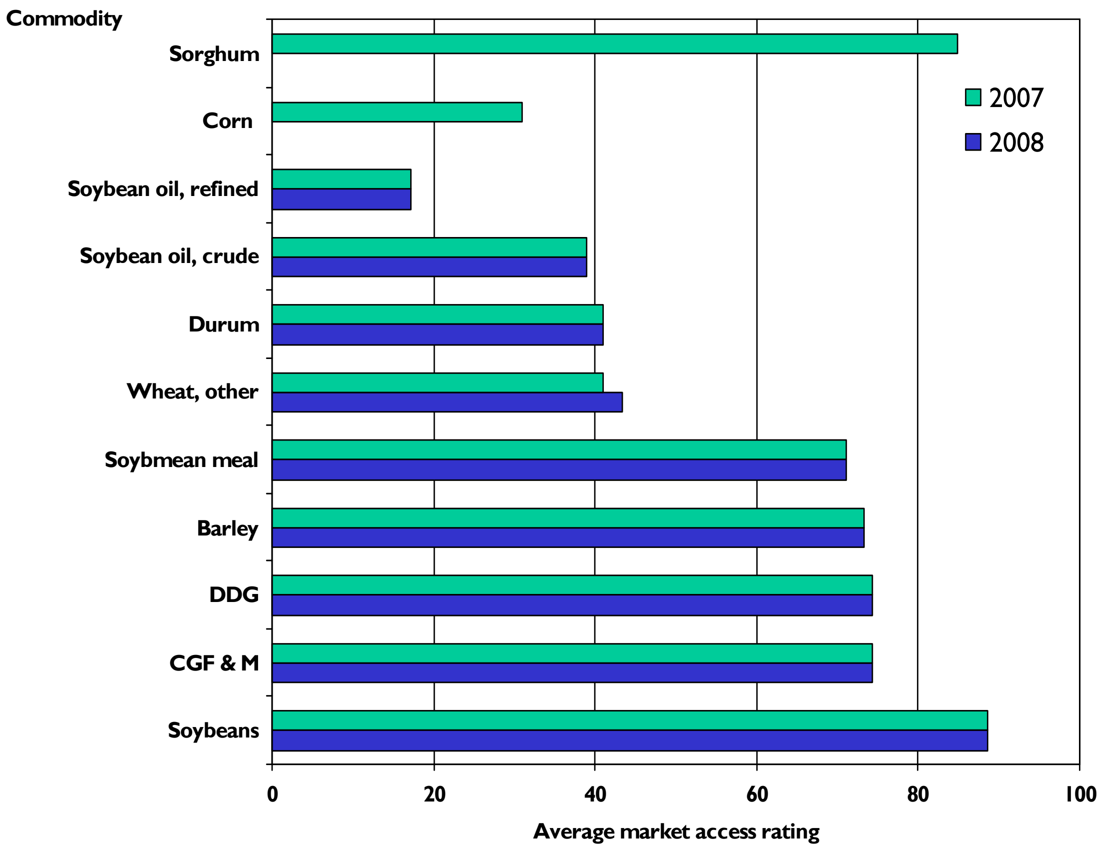
Thailand imports 1.6 million tons of soybeans and 1.8 million tons of soybean meal. The United States supplies about 25% of the soybeans but none of the meal.

Thailand: Soybean (1,000 mt)

Attribute	**2004/2005**	**2005/2006**	**2006/2007**	**2007/2008**	**2008/2009**
Area Harvested (1,000ha)	146	144	145	140	120
Yield (mt/ha)	1.49	1.57	1.45	1.50	1.50
Beginning Stocks	89	60	65	64	70
Production	217	226	210	210	180
MY Imports	1,517	1,473	1,532	1,733	1,650
MY Imports from US	553	363	553	550	550
Total Supply	1,823	1,759	1,807	2,007	1,900
MY Exports	1	1	1	3	2
Crush	1,500	1,413	1,406	1,513	1,400
Feed Waste Dom. Cons.	85	93	126	138	111
Total Dom. Cons.	1,762	1,693	1,742	1,934	1,828
Ending Stocks	60	65	64	70	70

Source: USDA PS&D, January 2009

Figure B-26: Turkey



Market access

At the beginning of 2008, Turkey appeared primed to improve its market accessibility. In December 2007, the Government of Turkey (GOT), citing shortages and price increases for wheat and feed grains, cut import duties for grains. The GOT slashed tariffs on durum wheat (from 100% to 5%), wheat (from 130% to 8%), barley (from 100% to 0%), corn (from 130% to 35%), and soybeans (from 10% to 8%). However, these cuts were short-lived. The tariffs for corn and sorghum were quickly reset at 35 percent, with the caveat that the rate would rise to 70 percent on May 15, 2008.

It soon became clear though that further imports of these products would be necessary to counter the continuing grain shortage. Therefore, the Turkish cabinet issued a decree on April 8, 2008, which entailed the following actions: (1) the Turkish Grain Board (TMO), was given the right to import 300,000 MT of corn with zero duty – in addition to another 300,000 MT zero-duty quota that had been approved in September 2007; (2) tariffs on out-of-quota corn and sorghum were reduced from 35% to 20%, effective until July 31, 2008, when the tariffs rose to 50 percent; (3) the TMO was given permission to import 700,000 MT of wheat with zero duty. On November 12, 2008, the Turkish Government, citing record domestic crop production, announced an increase of customs duties for corn and sorghum back to 130%.

Turkey's principal quantitative barriers include TRQs (with preferences to the EU and other countries in the region) and licensing requirements. Its principal technical/procedural barriers stem from the difficulty of obtaining SPS certifications, testing requirements, corruption and lack of transparency in the implementation of import policy. For instance, required documents necessary for imports can be subject to changes with little or no prior notification. Corruption is becoming less of an issue in Turkey. It scored a 4.6 out of a possible 10 in Transparency International's Corruption Perception Index (up from 4.1 last year).

Grain-oilseed situation

Turkey had an excellent 2008 corn crop and may import little or no corn over the course of the 2008/09 marketing year. When the country does import though, US exporters usually get a share of the action. During the last two seasons, when imports exceeded one million tons, 35-40% of those imports were from the United States.

In the case of soybeans, Turkey does not produce much and imports about a million tons each year, plus 300-400,000 tons of soybean meal. For both commodities US share has recently been about 35%, down from 55-65% in the 2004 and 2005 seasons.

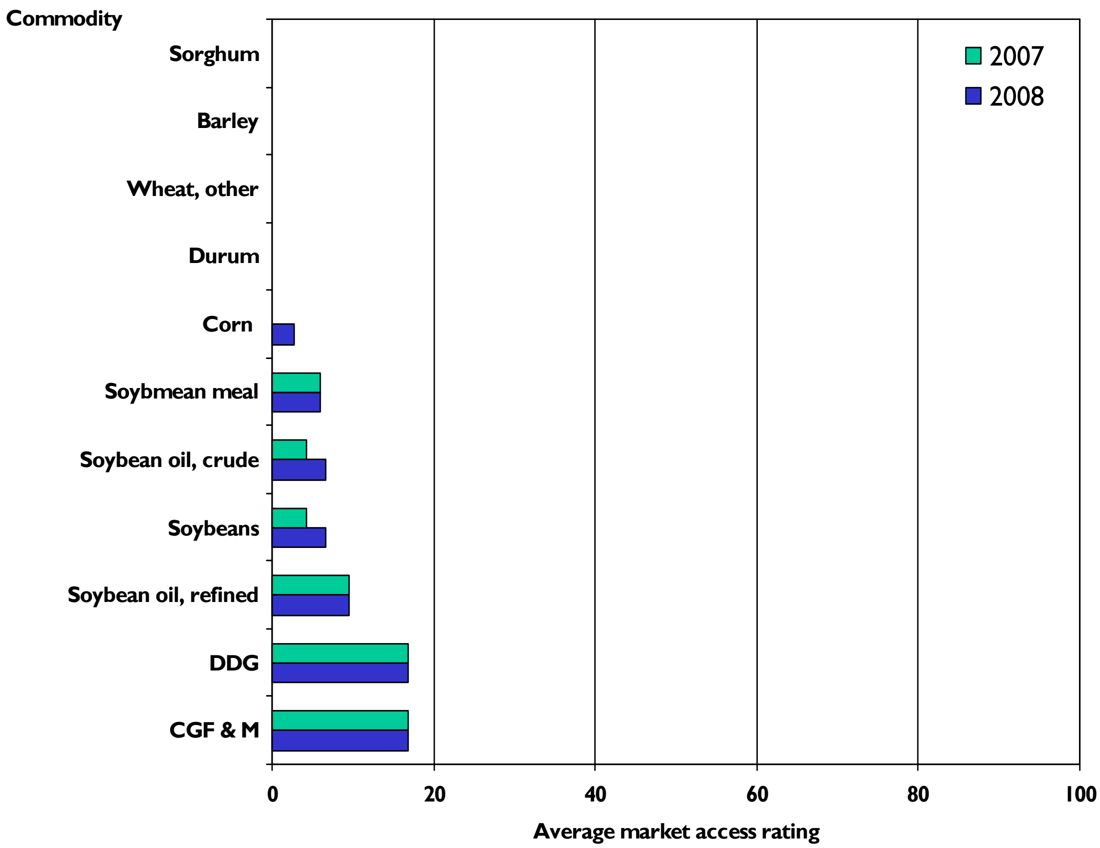
During 2006/07 and 2007/08 about 12% of wheat consumption was imported, but none from the United States.

Turkey: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	10	10	8	7	7
Yield (mt/ha)	2.50	2.50	3.13	2.86	2.86
Beginning Stocks	88	125	144	171	125
Production	25	25	25	20	20
MY Imports	858	986	1,172	973	1,050
MY Imports from US	473	675	427	350	350
Total Supply	971	1,136	1,341	1,164	1,195
Crush	315	362	430	380	400
Feed Waste Dom. Cons.	496	610	725	644	659
Total Dom. Cons.	846	992	1,170	1,039	1,074
Ending Stocks	125	144	171	125	121

Source: USDA PS&D, January 2009

Figure B-27: Venezuela



Market access

Venezuela continues to maintain a highly protectionist import policy. Price-related barriers, technical barriers and corruption limit the ability of US exporters to freely access the Venezuelan market.

Despite Venezuela's systemic market access issues, in 2008 there were some small improvements. First, between May and June 2008, the Venezuelan Foreign Exchange Administration Commission (CADIVI) increased to twenty the HS codes eligible for foreign exchange authorization (in cases of non-production or insufficient production inside Venezuela). Included in this list were crude soybean oil, soybeans, and yellow corn. Venezuelan companies importing these products can now use the modality of "sight drafts or due-on-demand" to bring products into the country under a more expedient system. The advantages of this system are a substantial reduction in time for exchange authorization and greater access to the international market. Second, the relaxation of CADIVI's temporary measures for production, import, and marketing of products and sub-products of the food industry was extended to December 31, 2008. This meant that importers did not have to present the non-production or insufficient production certificates to CADIVI to request foreign exchange. Furthermore, imports of products where domestic production was declared insufficient by the Venezuelan Government became exempt from the value added and customs taxes.

Venezuela's continued push to formally join Mercosur, and the consequent Common External Tariff applied by Mercosur nations, is gaining momentum. Brazil's President, Luiz Inacio Lula da Silva, believes the Brazilian Senate will accept Venezuela into the trade bloc by March 2009. Brazil's lower house approved the measure in December 2008. Thus far, Argentina and Uruguay have approved Venezuela's bid to enter Mercosur, but Paraguay is yet to approve the bid.

Grain-oilseed situation

Corn use has been growing in Venezuela and the United States continues to be by far the main supplier of imports despite the tense political relationship. The country does not produce wheat and therefore imports 1.5-1.7 million tons annually. The US has supplied an average of 55% of the wheat imports over the last four years.

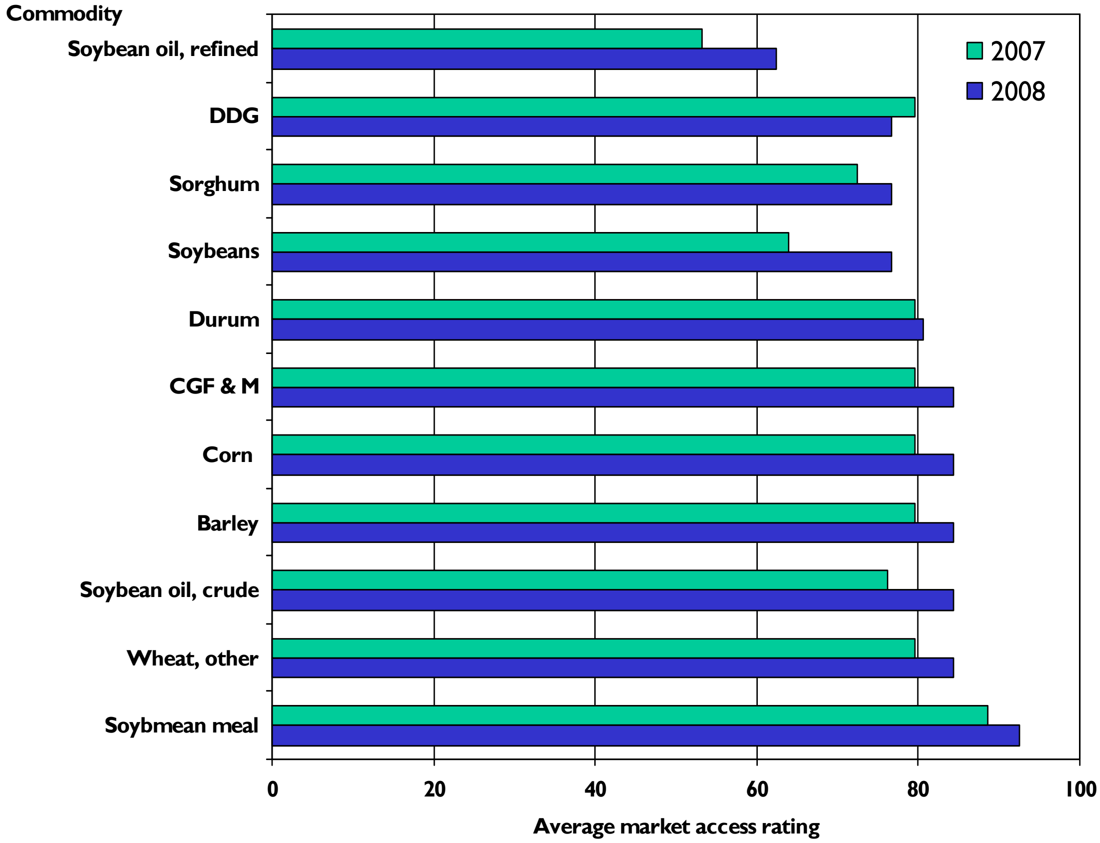
Venezuela is not a significant soybean importer but it now buys about one million tons of soybean meal from Southern Hemisphere producers.

Venezuela: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	3	3	4	4	4
Yield (mt/ha)	1.00	1.00	1.00	1.00	1.00
Beginning Stocks	0	0	0	0	2
Production	3	3	4	4	4
MY Imports	10	53	25	30	25
MY Imports from US	9	10	0	0	0
Total Supply	13	56	29	34	31
Crush	11	54	27	30	29
Feed Waste Dom. Cons.	1	1	1	1	1
Total Dom. Cons.	13	56	29	32	31
Ending Stocks	0	0	0	2	0

Source: USDA PS&D, January 2009

Figure B-28: Vietnam



Market access

Market access to Vietnam for grains and oilseeds has improved in recent years due to Vietnam's accession to the WTO, and continued investment in infrastructure. Vietnam entered the World Trade Organization in January 2007. Upon WTO accession, US exports to Vietnam were subject to duties of 15 percent or less. Vietnam has since further reduced import duties on feed grains and corn. On August 5, 2008, the Vietnam Ministry of Finance lowered MFN tariffs on soybeans from 2 percent to zero percent.

With respect to non-tariff barriers, importers report that the Vietnamese customs clearance procedures are inconsistent with WTO customs valuation agreement principles. The government of Vietnam established a Sanitary and Phytosanitary Authority in October 2007 and reported early notification to the WTO in January 2008.

Infrastructure remains a significant barrier to trade in Vietnam. 78 percent of national container traffic is funneled into Ho Chi Minh City and an additional 19 percent of container traffic is operated in the ports of Haiphong and Cai Lan. A deep-water port at Cai Mep is scheduled to be operational in 2010.

Vietnam continues to experience problems related to corruption with no improvements since 2005, and maintains a score of 2.7 on the Corruption Perceptions Index administered by Transparency International. Lower scores on other technical and regulatory barriers offset some of the effects of higher scores on tariff and price measures.

Grain-oilseed situation

Feed demand has been growing rapidly in Vietnam but so have corn yields, so corn imports have remained flat at about 500,000 tons annually. Wheat consumption is flat and imports are about 1.2 million tons a year. Purchases of both commodities from US sources are infrequent.

Vietnam produces about 400,000 tons of soybeans and imports another 100,000 tons. But domestic soybean crushings are dwarfed by the rapidly increasing imports of soybean meal, which are estimated at about 2.5 million tons in 2008/09, up from 1.2 million tons 4 years earlier. As in the case of the grains, the United States is a marginal supplier of both beans and meal.

Vietnam: Soybean (1,000 mt)

Attribute	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009
Area Harvested (1,000ha)	183	204	210	280	280
Yield (mt/ha)	1.33	1.43	1.47	1.46	1.46
Beginning Stocks	0	0	20	20	20
Production	243	292	309	410	410
MY Imports	6	46	74	110	120
MY Imports from US	1	3	4	5	5
Total Supply	249	338	403	540	550
Feed Waste Dom. Cons.	129	130	160	175	175
Total Dom. Cons.	249	318	383	520	530
Ending Stocks	0	20	20	20	20

Source: USDA PS&D, January 2009