Update to Foreign Crop Subsidy Database 2014-2024

These data are continually updated and current as of January 2, 2024. If you find errors or have access to newer data, please contact:

Darren.Hudson@ttu.edu

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ARGENTINA

General

- Exports
  - Export Quota System for Corn and Wheat
    - Corn and wheat are subject to the export quota system known as the Registry of Export (ROE).
    - This policy artificially lowers prices by limiting exports and announcing export quotas without a given pattern.
    - These policies reduce corn and wheat production in favor for soybean production.
  - Export Licenses (ROEs)
    - The USESCI issues and regulates export licenses (ROEs) in the grain and beef sectors.
    - Exporters have 45 days from the date of the export license request to notify the Argentine Customs Office of the destination of the shipment.
    - If within 5 days after the license is approved, the exporter pays the export tax and the destination notification period is extended 365 days.
    - The government has provided ROEs for 8.0 million tons.
    - This system is expected to end in December 2015.
    - Elimination
      - In 2015, the incoming government opened exports and eliminated ROEs.
      - All export licenses schemes first developed in 2006 would be eliminated.
      - This is most significant for corn, wheat, beef, and dairy products.
  - Export Rebate Modifications
    - Decree 1341/2016 raised and/or introduces export rebates for various agricultural products, including beef, horticultural products, organic products, plant oils, and various grain flours/meals.
    - The purpose of this measure is to promote diversified agro-industrial development by promoting greater value-added production chains and exports.
    - Its estimated cost is over US $160 million.
    - This decree helps meets one of the Macri Administration's main campaign promises to encourage innovation in the sector and bolster regional rural economies.

        - This decree also aims to support a burgeoning sector of the agro-export complex – organic and geographically-specific production.
        - On top of the product-specific export rebate, exporters will be able to offer an additional 0.5% rebate for those products outlined by geographical origin or alternative production methods (organic, etc.).
    - Export Taxes
        - In 2015, the incoming government reduced and eliminated export taxes.
        - There will be a gradual reduction of export taxes for soybeans and its byproducts by 5% every year and elimination of export taxes for all other agricultural products.
        - Decree 757/2018
            - Argentina issued the decree in August 2018, which modifies its campaign pledge to reduce export taxes on soybean oil and meal products, and imposed a six month suspension of the gradual tax reduction. All products will now be subject to variable export tax.
            - Raw commodities, including corn, wheat, soybeans and soybean products, will be taxed at 4 Argentine pesos/1 US Dollar (an increase of 10.8% at current exchange rate.) This change is expected to extend to the end of December of 2020.
            - Corn margins will be squeezed due to the addition of the 10% tax on exports.
        - Decree 37/2019
            - On December 14, 2019, the GOA eliminated the 4 pesos per US dollar cap on export taxes on grains, and raised taxes on all grains to 12%.
            - In addition, Congress passed Law 27,541 "Social Solidarity and Productive Reactivation" in which the government gained authorization to increase export taxes further, up to 15%.
            - With the current rates from November 2019 and the increase from Decree 37, this puts a max of 15% increase in export tax on wheat, barley, corn and rice. For soybeans, the rate is 33%. The rates became effective March 4, 2020.
            -

- Import Tariffs
    - Argentina increases import tariffs – no commodities in database are affected.
- Policy Changes
    - As of April 2014, there is no production or processing subsidies for grains in Argentina.

    - On December 10, 2015, policy changes were made including the reduction of the export tax on soybeans and its byproducts by 5% and eliminating export taxes on all other agricultural commodities.
    - On December 17, 2015, policy changes were made that included the removal of foreign exchange restrictions and devaluation of the Argentine peso by about 45% (over 50% to date). This boosted competitiveness of agricultural exporters and was a positive signal to producers who waited for such an adjustment to begin liquidating their inventories.
- Production and Processing Subsidies
    - There are no production or processing subsidies for grains in Argentina
- Wheat and Corn
    - Wheat and Corn Mills Subsidies
        - Wheat and corn mills are given a monthly subsidy for the volume of wheat sold in the domestic market (subject to a maximum volume per mill established by the Group of Coordination and Evaluation of Subsidies for Internal Commerce (USESCI), formerly the National Office of Agricultural Trade Control (ONCCA)).
        - The subsidy is the value per metric ton based on the difference between the theoretical FAS price (TFP) published by the Ministry of Agriculture (or price supposedly paid by the millers to corn and wheat farmers) and the "supply price" published by the Secretariat of Domestic Trade.
        - Small- and medium-sized farmers (up to 800 MT of wheat and up to 1,240 MT of corn production levels) are rebated the difference between the FOB official price and the TFP published daily by the Ministry of Agriculture.
    - Wheat and Corn Policies
        - Policies for wheat and corn are primarily aimed at maintaining sufficient domestic supplies at reduced prices through:
            - Domestic subsidies
            - Export taxes
            - Controls on export licenses
        - There is also a subsidy program in place for small and medium producers that allow for a rebate of export taxes paid.

Biofuels

- Average Countervailing Duty 2013
    - In 2013, the EU implemented an average countervailing duty of 24.6% for 5 years on biodiesel imports from Argentina due to alleged dumping, which caused imports of Argentine biodiesel to drop to almost nil.
    - No changes in EU policy are expected for 2014 and 2015.

- Ethanol Production
    - Currently (as of July 2017), the growing ethanol industry is based on sugarcane and more recently grains.
    - One of the negative effects of Covid 19 is that as of August 2021, biofuel production is continuing to decline and is at the lowest volume since 2016.
- Exports
    - Export Rebate
        - As of July 2017, bioethanol exports from non-Mercosur countries have a 4.05% rebate.
    - Export Taxes and Levies
        - In June and July 2017, the Government of Argentina set the export tax on biodiesel at zero percent (it dropped from 0.13% set in May 2017).
        - No biodiesel exports are expected in 2019 to the U.S. despite its preliminary lowering of the countervailing duties due to remaining anti-dumping duties.
        - In December 2019, the export tax scheme changed from a flexible scheme adjusted by the exchange rate to a fixed export rate. It also increased from 24.7% (including the 18% fixed tax) to 30%. The nominal export tax on biodiesel went from 19.74% to a fixed 27% tax.
        - In March 2022, GOA modified the export tax on biodiesel and increased it 1 percentage point, for a total of 30% (23.07 % effective tax).

- Imports
    - As of July 2017, bioethanol imports from non-Mercosur countries pay 20%.
    - Due to the Biofuel Laws, no imports of other biofuels are allowed, in order to meet the official mandates.

- Policies
    - 2006 Biofuels Law 26,093
        - Since the beginning of 2007, Argentina has had in place a Biofuels Law which mandates gasoline to be mixed with bioethanol and diesel with biodiesel. The original mandates were 5% each, but after several modifications, gasoline is currently (as of July 21, 2016) at 12% and diesel at 10%.
        - These efforts are influenced by their long-term strategy to mitigate emissions via sectorial plans between energy, transportation, land use, agriculture and forestry.
        - Argentina has no specific environmental or social/economic sustainability criteria for biofuels.

        - The Argentinean Government raised the biodiesel mix under the local mandate from 8% to 10% in 2014 to partially offset smaller exports due to market restrictions imposed by the EU. The government will increase the biodiesel mix from 8% to 9% in January 2014 and from 9% to 10% in February 2014. This measure is expected to remain in place for the next 5 years.
        - As of 2016, the blend mandated by the government has increased to a 12% mix for ethanol and 10% for biodiesel. The Biofuels Law expires in May 2021 with ongoing discussion for the next steps to be taken.
        - As of September 2020, the biofuels law is still set to expire in May 2021, though the mandate for biodiesel has not held in 2020, and continuing discussions as to whether an extension or new law may be considered by the government.
        - This law expires in May 2021.
    - <u>2008 Bioethanol Law 26334</u>
        - In January 2008, GOA passed this law which promotes the production of bioethanol from sugarcane. It allows sugar mills to participate under the biofuel promotion regime, maintaining basic norms and regulations.
    - <u>2021 Biofuels Law 27640</u>
        - Enacted in August 2021, the new law will reduce the mandated biodiesel blend rate to 5% (and in addition gives the Secretariat of Energy the authority to lower the rate to a minimum of 3% based on fuel prices).
        - Regarding bioethanol, the new law mandates a blend of 12% (and no lower than 9%), with the volume evenly divided between sugarcane and corn feedstocks and it will remain in effect until December 2030. In an event of where high commodity prices are negatively affecting fuel prices, all reductions in blending will come from corn.
        - Biofuels receive tax breaks in the form of lower VAT, income taxes, diesel import tax, hydric infrastructure tax, tax on liquid fuels and on carbon dioxide.
        - As of August 2022, the mandated blend rate for bioethanol is steady at 12%, and biodiesel has reduced for to 10% to 5%. However, in early 2022, the combination of low official prices and high world commodity prices has slowed sales, in part due to the war in Ukraine and the decrease in sales. As a result, in June 2022 GOA passed a resolution that increased the biodiesel mandate from B5 to B7.5, and concurrently passed a decree that temporarily increased it where it can rise as high as B12.52 to partially offset the diesel shortage.
        - The biofuels law protects the domestic biodiesel industry from import competition as the biodiesel used under the official mandate must be

produced in Argentine plants using local feedstocks. Currently, exports of biodiesel are not directly addressed by the new Biofuels Law 27640.

- RenovAR – Renewable Energy Plan
  - In early, 2016, the Argentine Government and the Ministry of Energy launched RenovAR to take advantage of the country's clean energy resources by promoting private renewable energy generation.
  - Argentina has instituted several laws and programs which focus in reducing GHG emissions by diversifying the energy matrix to boost renewable energy use and improve energy efficiency.
  - RenovAR is attracting large investments, primarily in wind and solar but also including biomass energy.
- Trade Agreements
  - After 20 years of negotiation, in June 2019 the EU and Mercosur made a trade agreement.
  - This agreement provides for duty free exportation from Mercosur countries of approximately 570 million liters of ethanol for industrial use and 250 million liters of ethanol for fuel use, with a small import tariff.
  - Implementation will take about 6 years.
  - Mercosur members will negotiate the quota distribution, and Brazil is expected to take the largest portion, followed closely by Argentina and Paraguay.
  - As of August 2022, GOA is currently exporting small volumes of sustainable ethanol to Chile and the EU.

- Promotion of the Biodiesel Industry
  - The Argentine Government has recently launched a series of measures to promote the local biodiesel industry which was operating at a very low capacity (as of July 2014). These measures are:
    - An increase in the official mandate price
    - A temporary reduction of local taxes on biodiesel for energy use
    - A temporary reduction of local taxes, to a lesser extent, transport use
- Soybeans
  - As of 2014, soybean oil is used mainly in the biodiesel industry, of which about two-thirds of production is exported and the rest is used domestically to meet the national policy of 10% biodiesel mix mandate (although it is not currently being met).
- Tax Reform for Fuels
  - In December 2017, Congress passed the Tax Reform Law 27430, and modified the tax structure of fuels and imposed a carbon tax on fossil fuels.
  - As of March 2018, fuels are subject to two taxes: one on liquid fuels and one on carbon dioxide. Biofuels, either pure or in fuel mix, are exempted from this tax.

Biotechnology

- Corn
  - As of December 2016, 95% of corn area is biotech varieties.
  - As of 2021, 00% of corn is biotech varieties.
- Cotton
  - As of December 2016, 100% of cotton area is biotech varieties.
- Soybeans
  - As of December 2016, almost all soybean area is planted with biotech seed varieties.
  - Several new soybean events have been approved recently; however, commercial issues and the existing seed law that does not protect intellectual property rights (IPR) are the major factors hindering commercial production of the new varieties.
  - In 2018, the Ministry of Agro-Industry authorized the import of GE soybeans for industrial use for the first time in decades, due to a severe drought.
  - In 2019, the first Chinese soybean event was approved in Argentina. In 2021, China granted approval to the event, which is the first on to receive approval for planting in China.
  - As of 2021, 100% of soybeans are biotech varieties.
  - Since 2015, GOA has included a conditional statement in every approval of a GE soybean event that it must be approved in China before domestic commercialization. This is due to China being a top trade priority for exports. In April 2022, the MOA in China authorized import and commercialization of Argentina's GE HB4 soybean.
- Wheat
  - As of October 7, 2020, Argentina became the first country in the world to approve GE wheat, by approving HB4 Eco Wheat from Bioceres Crop Solutions company.
  - This full approval was contingent upon approval in Brazil, as they are Argentina's main market for wheat.
  - In November 2021, Brazil approved the commercialization of wheat flour from the HB4 drought tolerant event grown in Argentina. As a result, GOA granted full approval for seed commercialization. This marks Argentina as the first major exporter of GE wheat.
- Policies
  - As of May 18, 2018, the MAI released Resolution 26/2018, which created a four year authorization for the import of biotech products from the U.S., for use as raw material in agro-industrial processing for food and animal feed, though it remains excluded for planting and seed commercialization.
  - Approval of stacked events is based on case by case evaluation.
  - The seed royalty system continues to be an unresolved issue and it is imminent that the Seed Law will be discussed at Congress, as of February 2019.

- Intra Mercosur Regulation in 2019 established an operating mechanism that member countries must implement to avoid LLP situations with GE products between states parties. To implement this mechanism, the develops of the authorized event must have submitted a request for commercial evaluation of the product to other member countries.
- In late 2019, a new resolution changed the way stacked events are approved and eliminated the need for approval of them as individual events, and that have allow risk of interacting negatively with other events. In doing so, Argentina aligned itself with the U.S., where most stacked events don't require additional approvals.
- In 2023, Argentina promoted the creation of the Bio Innovation Group (BIO) for South-South Cooperation.
- Also in 2023, the FAO-CONABIA (Food and Agriculture Organization, and the National Advisory Committee on Agricultural Biotechnology) agreement was renewed for the third time, for the time period of 2023-2027. This is the only global biosafety center for modern biotechnology.

- General
  - As of December 2016, Argentina continues to be the third largest producer of biotech crops after the United States and Brazil, producing 14% of the world's total biotech crops.
  - As of August 2014, Argentina has thirty biotech crop varieties approved for production and commercialization: five for soybeans, twenty-two for corn, and three for cotton.
  - In 2016, 14 GE events were approved.
  - The virus resistant potato and new wheat and soybeans seeds with drought resistance, both created by Argentine researchers, received final approval between late 2015 and early 2016.
  - In 2018, seven new biotech events were approved including safflower, alfalfa, potato and several soybean and corn events. A wheat event is still pending review.
  - As of the end of 2018, there are 51 biotech crop varieties approved for production and commercialization: 14 soybean, 29 corn, 4 cotton, 1 potato, 1 alfalfa and 1 safflower.
  - As of the end of 2021, three new GE events were approved. There are currently 64 biotech crop events approved for production and commercialization: 16 soybean events, two alfalfa events, one safflower event and one wheat event.
  - Regarding Seed Law, the seed royalty system continues to be an unresolved issue, as of the end of 2021. The proposed law facilitates producer's own use of seed by mandating that the price paid by producers for seed will cover the intellectual property rights of that product for a minimum period of three years.
  - In 2022, two new GE events were approved: one soybean and one corn.
  - As of December 2023, five new GE events have been approved, two soybean and three corn.

- Trade
    - China's approval of GE events continues to be a top priority for Argentine foreign trade, since China is one of the most important markets for Argentine agricultural products.
        - Because China is such a vital market for Argentina, final approval of new GE events tends to wait until the Chinese market approves it, in order to avoid trade disruptions.
    - As of 2021, there are no current trade barriers.

Corn

- Export Tax
    - Export Tax Prior as of April 2014
        - Corn: 20%
    - Export Tax As of December 2015
        - Corn: 0%
        - On December 10, 2015, policy changes were made and the export tax on corn was eliminated.
        - With the elimination of the 20% export tax on corn (along with removed restrictions) and the retention of a 30% export tax for soybeans (reduced from 35%), results in corn being now significantly more profitable than soybeans.
- Import Tariff
    - As of 2014, the import tariff for corn is 8%.
- Quotas
    - 2013/14
        - The government announced there would be an export quota of 16 million tons in mid-2013 for the 2013/14 crop.
- ROEs (Export Permits)
    - The Argentinean Government has provided ROE (export permits) for 8.0 million tons.
    - This system is expected to end in December 2015.

Cotton

- There is no information to report for cotton.

Rice

- Export Tax
    - Export Tax As of April 2014
        - Rice: 5%-10%

    - Export Tax As of December 2015
        - Rice: 0%
        - On December 10, 2015, policy changes were made and the export tax was eliminated (5% for rough rice and 10% for milled rice).
- Import Tariff
    - 2014
        - The import tariff on milled rice is 12% and 10% on paddy, brown, and broken rice.

Sorghum

- MY 2013/14
    - Local traders indicate that there is currently little interest and practically no program for exporting sorghum from Argentina.
    - The current export tax on sorghum is 20%.
    - The current import tariff on sorghum is 8%.

Soybeans

- China
    - For two years now, since October 2015, China halted the import of soybean oil from Argentina. In August 2017, China resumed importing Argentine soybean oil.
    - Since the reinstatement of soybean oil exports to China, Argentina has exported approximately 539,098 tons, which is around a value of US $365 million. Despite this amount of exports, it is not expected that China will import as much Argentine soybean oil as it did prior to the ban due to overall decreased imports.
- Export Restrictions and Quotas
    - As of April 2014, although export taxes are high, there are no export restrictions or quotas for soybeans as there are for grains.
- Export Taxes
    - 2014 Soybean Export Taxes
        - Soybeans: 35%
            - The government of Argentina raised soybean export tax by 4% (currently at 35%) to fund several subsidy programs for local users of grains and oilseeds.
        - Soybean Oil: 32%
        - Soybean Meal: 32%
    - As of December 2015
        - Policy Changes
            - Gradual reduction of export taxes for soybeans and its byproducts by 5% every year.

        - Current Export Taxes
            - Soybeans: 30%
            - Soybean Oil: 27%
            - Soybean Meal: 27%
    - January 2018
        - Decree 1343/17 was published on January 2, 2018 announcing the decrease of soybean export prices by 0.5% between January 2018 and December 2019. The current taxes for soybeans, soybean oil, and soybean meal are 29.5%, 26.5%, and 26.5%, respectively.
        - By January 31, 2020, the export tax should be decreased by a total of 12%.
        - In December 2019, it is expected the export tax for soybeans will be 18% and soybean oil will be 15%.
        - This will help farmers cope with increasing production costs, rising transportation costs, and climbing provincial property taxes.
        - As of May 2018, there have been reports predicting the government may suspend the 0.5% reductions. No official announcement regarding this has been made.
    - October 2020
        - On October 1, 2020, Argentina announced temporary reductions in soybean export taxes and a new 2% differential between export taxes on whole soybeans and underlying products.
    - November 2020
        - GOA began a payment schedule for compensation to small and midsize farmers for a portion of their export taxes paid on soybeans, of up to 23% of total soybean production. The maximum reimbursable yield is 2.5 (ton/hectare).
    - March 2022
        - GOA modified the export tax scheme for soybean byproducts through the end of 2022. In addition, soybean oil and meal export taxes were increased from 31% to 33%.
- Subsidy Programs
    - Subsidy programs were discontinued for local users of grains and oilseeds.
    - All subsidy programs were discontinued a few years prior to 2014.

Sugar

- 2010 Agreement
    - In 2010, the federal government came to an agreement with local mills to sell 6% of the sugar marketed domestically at low prices.

    - This volume represents about 10,000 tons/month, under the Domino brand and it is mainly sold at supermarkets in the city of Buenos Aires.
    - In early 2014, the government updated the price of this sugar from 2.50 pesos to 6 pesos per kilo at retail.
- Domestic Prices
    - The current domestic sugar price of a 50-kilo bag is selling at 220-240 pesos (US $530/ton).
- Export Approval
    - MY 2011/12
        - Consistent with grains and other commodities, sugar exports now have to be approved by government (beginning MY 2011/12) based on how well the domestic market is supplied.
- Local Prices
        - Local sugar prices for MY 2014/15 are expected to be much better than last year. The current domestic price is the equivalent of $500/ton, double what it was a year ago. (Inflation and production costs increased about 30% in the same period).
- TRQ
    - The US allocated 45,281 tons of sugar to Argentina under the 2013/14 tariff rate quota.

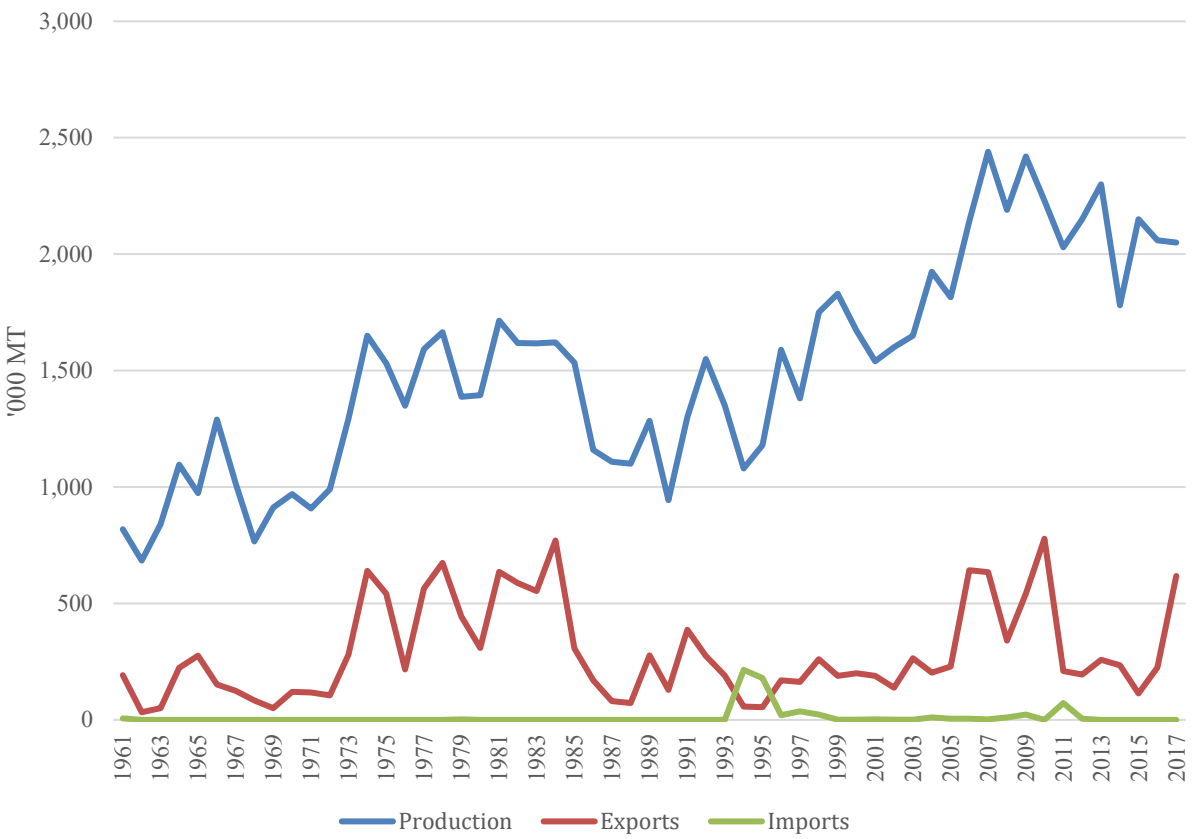

Figure 3. Argentinian Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

- <u>Key Policies</u>
    - Argentina mainly relies on an import tariff to support domestic sugar prices. Argentina maintains a 35% tariff on imported refined sugar,[1] a 20% tariff on raw sugar, and an average applied tariff for MFN of 17.6% for the HS17 (Sugar and Sugar Confectionary) category. As noted in Figure 1, Argentina is in the top ¼ of applied tariffs in the sample.
    - Argentina maintains an aggressive ethanol program which requires that domestic gasoline contain at least 12% ethanol. This mandate indirectly supports domestic sugar prices.

<u>Wheat</u>

- <u>Export Quota</u>
    - Wheat exports are subject to discretional export quotas announced sporadically.

[1] OECD-FAO, Agricultural Outlook: 2018-2027, Chapter 5: Sugar. OECD, Paris, France and FAO, Rome, Italy.

- 2013/14
    - In January 2014, the government announced an initial export quota for MY 2013/14 of 1.5 million tons of wheat, to be authorized in three tranches, and an additional of 50,000 tons of flour.
    - In February 2014, it allowed an additional 500,000 tons of wheat and 50,000 tons of flour.

- Export Tax
    - MY 2013/14
        - For MY 2013/14, the export tax was 23%.
        - Flour carries a 13% export tax while flour sub-products (pasta and couscous) are exacted a 5% export tax.
    - MY 2015/16
        - As of December 2015, the export tax for wheat is currently 0%.
- Import Tariff
    - As of 2014, the import tariff for wheat is 10%.
    - The import tariff on flour is 12% and 16% for its sub-products.

AUSTRALIA

General

- Ag2030 Plan
  - In part in response to the economic downturn caused by COVID-19, in October 2020, the Australian government has announced its plan to support the farm sector and work towards a A$100 billion industry by the year 2030. All funding provided will support farmers and the ag industry in some way.
  - Ag2030 has seven themes, and all will receive some additional funding to meet their goals:
    - Trade and exports – plans for busting the congestion of agricultural exporters, and to support and simplify their exports and trade with less expense and modernized export systems and regulations. In addition, this will help finalize FTAs with the EU and the UK, and in getting more out of existing FTAs.
    - Innovation and research – input funds over four years to streamline and modernize agricultural levies legislation, adoption and innovation hubs, telecommunication infrastructure and upgrade regional NBN customers to fiber in the network investment plan.
    - Biosecurity – additional funding for biosecurity and export programs in 2020-21, for new biosecurity innovation, analytics, pest management, fire ant eradication, as well as partnerships with community, industry, states and territories to build awareness and a focus on emergency preparedness for new pest and disease outbreaks.
    - Strong supply chains – development of a Modern Manufacturing Strategy, industry growth centers, and projects that address supply chain vulnerabilities. Working towards improving competition and fairness with codes of conduct for dairy, wheat, sugar, and horticulture. Maintain laws against illegal logging and associated trade. Also, simplify and strengthen organic export relation with the use of legislative review and organic goods rules.
    - Stewardship – funds allocated towards the timeliness of environmental assessments and reforms under the Environmental Protection and Biodiversity Conservation Act of 1999. Reforms to empower farmers to diversify their income and earn credit under the Climate Solutions Fund. Changes to the Australian Renewable Energy Agency toolkit to allow investment in soil carbon sequestration projects. Tax concessions for farmers to help build resilience and manage climatic, market, and production risks. Elimination of water buy-backs.
    - Human capital – funds for access to educational coursework for priority fields to upskill the current workforce, relocation assistance and funds to

encourage young Australians to become farm workers. Support for communities recovering from drought. Development of a National Agricultural Workforce Strategy to address future agricultural workforce needs. Creation of a Future Drought Fund with yearly limits that build drought preparedness and resilience. Changes to the Farm Household Allowance to assist farmer's access to support. In addition, funding mental health support for regional commercial fishers.

    - Water and infrastructure – funding allocated for rural community resilience and river health, to extend the On-farm Emergency Water Infrastructure Rebate Scheme, and identifying and building new water infrastructure. Funds to complete the Inland Rail by 2025.

- Drought Assistance
  - The government will provide A $320 million over four years from 2014-15 as part of a package of measures to support farmers affected by drought in addition to existing provisions for adverse climatic conditions.
- Exports
  - GOA has instituted a AU$110 million (US$70 million) program to help exporters get their products to market, due to COVID 19's reduction in commercial flights. Markets impacted are China, Hong Kong, Singapore and UAE (Australia's top four markets for ag and seafood products by air), as well as Qatar, the US, New Zealand and Japan.
- Free Trade Agreements
  - There are seven free trade agreements (FTAs) currently in force with New Zealand, Singapore, Thailand, United States, Chile, the Association of South East Asian Nations (ASEAN) (with New Zealand), and Malaysia. These countries count for 26% of Australia's total trade. Korea and Japan account for 5% to 11% of Australia's total trade, respectively.
  - Australia-China Free Trade Agreement
    - The China Australia Free Trade Agreement (ChAFTA) was signed in June 2015 by Australian Trade and Investment Minister Robb and Chinese Commerce Minister Gao.
    - Under the agreement, the gap in tariff preferences and market access closes.
    - Most tariff reductions are to be implemented within 4 to 9 years.
    - Tariffs on barley and sorghum will be eliminated.
    - There will be no change to the current trading quotas on Australian imports of rice and wheat exports to China.
    - Trade to China will benefit from the immediate elimination of the 3% tariff on barley and 2% tariff on sorghum. The 15% tariff on cotton seeds will be eliminated over 4 years.
  - Australia-Indonesia Free Trade Agreement

        - Ratified in December 2019, the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) provides preferential access for more than 99% of the ag goods imported by Indonesia.
            - Indonesia is currently the 5th largest export market for Australia's products.
            - Significant export for wheat, cotton, dried milk and beef exports.
    - <u>Australian-New Zealand ASEAN Free Trade Agreement</u>
        - The Australian-New Zealand ASEAN Free Trade Agreement eliminated tariffs on wheat for most ASEAN markets, including Singapore, Malaysia, Thailand, and the Philippines which have also been significant markets for Australian exporters.
    - <u>Japan-Australia Economic Partnership Agreement</u>
        - In April of 2014, Australia and Japan concluded negotiations on the Japan-Australia Economic Partnership Agreement (JAEPA).
        - This agreement will eliminate or reduce tariffs on grains and other agricultural commodities over a period of up to 15 years.
        - Under JAEPA, Australia will be the only country that can export wheat for feed duty-free outside of the 21.3% tariff on wheat gluten and milled corn products over the next 5-10 years.
        - JAEPA will reportedly provide for immediate duty-free and quota free access for wheat for feed as well as streamlined export arrangements for some Australian wheat varieties.
        - Australian rice producers received no concessions but will retain access to the Japanese market through the existing WTO tariff rate quota.
    - <u>Korea-Australia Free Trade Agreement</u>
        - In December of 2013, Australia and Korea Finalized the Korea-Australia Free Trade Agreement (KAFTA).
        - Tariffs will be eliminated on Australia's major exports to Korea and there will be new market openings in services and investments.
        - Korean tariffs of up to 300% will be eliminated on key Australian exports such as beef, wheat, sugar, dairy, wine, horticulture, seafood, and beer.
        - Custom duties on most agricultural commodities from Australia will be progressively reduced to zero over a period of up to 20 years.
        - The tariff on wheat (excluding seed) will be eliminated immediately.
        - Rice has been excluded from the great market access arrangements.
        - Not every agricultural product will benefit from the trade agreement. Products that will receive no tariff reductions include rice, unhulled barley, milk powders and condensed milk, abalone, ginger, apples, pears, watermelon, walnuts, onions, capsicums, garlic, and frozen pork belly.
        - The government said the above products receiving no tariff reductions account for less than 0.2% of total exports.

        - Australian honey is also excluded from the deal, and honey exports will continue to face tariffs of up to 250% as a result.
        - There will be new market openings in services and investments.
        - Models have shown that the agreement could be worth $5 billion between 2015 and 2030 and boost the Australian economy by around $650 million annually after 15 years.
        - Agricultural exports to Korea are expected to be 73% higher in 15 years as a result of the free trade agreement.
    - Peru-Australia Free Trade Agreement (PAFTA)
        - In late December 2017, Peru and Australia ended negotiations and agreed on a free trade agreement between the two countries. It is expected that the free trade agreement will be ratified and signed in 2018. Until signed, there will be limited information on the free trade agreement.
        - Under this agreement, 99% of the tariffs Australian exporters were paying will be eliminated. This will be achieved within five years by instating new quotas and reducing current tariffs.
        - As a result, Australia's sugar, dairy, rice, almond, sheep meat, wine, and beef will be more competitive against the same products from the United States in the Peruvian market.
        - Grains that will be duty free include barley, oats, pulses, malt, and canola oil.
        - Australia will initially have an export quota of 9,000 MT of rice, but this will steadily increase to 14,000 MT over a five year period.
        - The duty free sorghum export quota will start at 15,000 MT and will steadily increase to 20,000 MT in five years.
        - Once the agreement is put into effect, the current 9% wheat tariff will be eliminated.
        - Sugar will be given an initial export quota of 30,000 MT and will double to 60,000 MT over five years. By 2036, it is expected that sugar imports into Peru from Australia will reach 90,000 MT, which is equal to about 3% of all of Australia's sugar exports and 30% of Peru's sugar imports.
    - U.S.-Australia Free Trade Agreement (AUSFTA)
        - Came into effect in 2005, provides some advantages for US products, such as zero tariff rates on 75% of agricultural trade items.
        - Is the US' third largest two-way trading partner in goods and services, worth $73.9 billion.
        - Australia has strict quarantine requirement for fresh products, and import permits are required for fresh produce and some products are prohibited.
        - Agreement enables a majority of US products to enter the country tariff free.

        - The US accounted for 10% of Australia's total food and agriculture related imports in 2022.
- Sectoral Policy Developments (WTO, 2011)
    - Sectoral policy developments have focused largely on drought relief, water and land management, biodiversity, and climate change.
    - The average level of applied most favored nation (MFN) tariff protection for the sector (excluding forestry) remained stable and negligible, at 1.4%, compared with 4.2% for manufacturing.
    - A few sensitive items such as cheese, certain vegetables, certain oils and fats continue to receive tariff protection.
    - Exports and/or production of certain dairy, grain, horticulture, livestock, and wines/grapes continue to be subject to levies earmarked for research and development.
- Single-Desk Arrangements (WTO, 2011)
    - Single-desk arrangements continue to affect rice exports although similar statutory arrangements for grains, wheat, and sugar were recently dismantled (although entities operating them remain in place).
    - Despite a wide range of assistance programs, the agricultural sector's overall level of support, as measured by different indicators, has remained low, equivalent to 0.1% of GDP, and the majority of this assistance was delivered in the non-trade distorting (Green Box) budgetary outlays rather than tax incentives; both product-specific and non-product specific AMS were within Australia's de minimis WTO commitments.

Biofuels

- Anti-Dumping Duties
    - Since 2011, Australia has had anti-dumping and countervailing duties in place for imports of biodiesel coming from the United States.
    - This is a result of the U.S. federal tax credit of US $1/gallon.
    - In 2016, the end of the antidumping duties were announced, but US shipments of biodiesel have not resumed since.
- Biodiesel Excise
    - Under measures announced in the 2014 budget, imports of biodiesel will no long be excise free and will become subject to the full excise of A $0.3841 per liter.
- Biodiesel Mandate
    - The biodiesel mandate will require E10 to make up to 30% of regular petrol sales in Queensland in 2017.
    - Regular unleaded petrol will still be available as an alternative to E10 fuels.
    - As of August 2020, all biofuel policy is still determined by state government, and there is no federal government subsidy, tax credit or mandate that supports the production or use of biofuels. Only two states have biofuel programs that include mandates, but their goals are modest and far from being met.

- Ethanol Import Tariff and Excise Tax
    - As of August 2017, fuel ethanol imports are subject to a 5% tariff and the customs equivalent full excise mid-energy fossil fuels of A $0.401 per liter.
    - Because of the tariff and tax, imports do not typically compete with ethanol produced domestically.
    - As of November 2018, with minimum mandate support, biodiesel production and import have sharply decreased, due to lower world crude oil prices and high feedstock prices.
    - Biofuels are taxed at lower rates than fossil fuel equivalents, but this support is scheduled to decline over the period to 2030.
    - New South Wales (NSW) introduced an ethanol biofuels mandate in 2017 to encourage broader use of ethanol and other biofuels in the state.
- Ethanol Mandate
    - The Queensland legislation includes an initial 3% ethanol mandate for petrol and 0.5% biodiesel mandate, with both due on January 1, 2017.
    - NSW has a legislated ethanol supply mandate for wholesale companies and a requirement for retailers with 20 or more outlets to offer ethanol product for sale.
    - Under the NSW Biofuels Act 2007, a certain percentage of the total volume of petrol sold is required to be ethanol and biodiesel.
- Excise Tax and Producer Subsidy
    - As of May 2014, domestic ethanol and petrol are both subject to excise of A $0.38143 cents per liter.
    - However, the excise on ethanol is offset by paying ethanol producers a production subsidy of A $0.38143 cents per liter.
    - The subsidy reduces the cost of production and supports ethanol production.
- Fuel Excise
    - The fuel excise on domestically-produced ethanol will stay at zero for 2014-15, but an excise of A 2.5 cents per liter will apply from July 2016 until it reaches A 12.5 cents a liter in 2021.
- General
    - Australia is a member of the Asia-Pacific Economic Cooperation (APEC) Energy Working Group, which includes a biofuels task force.
        - This task force seeks to make biofuels a more sustainable transport fuel.
        - Task force member countries include Brazil, Canada, Japan, New Zealand, Malaysia, Mexico, Singapore, Taiwan, Thailand, the United States and Vietnam.
        - Australia is participating in the development of ISO sustainability criteria for bioenergy.
- Import Duty
    - As of May 2014, imported ethanol is subject to a customs duty of A 38.143 cents per liter.

- Unlike the excise on domestic ethanol, the customs duty on imports is not offset and imported ethanol is subject to the full customs duty.

Biotechnology

- Commercial Release
  - There are no commercial releases of GMO wheat, barley, sorghum, or rice in Australia.
  - As of December 2013, biotech cotton, canola, and carnation varieties are the only agricultural crops approved for commercial release into the environment in Australia.
  - As of November 2016, the crops approved for commercial release has not changed.
  - In June 2018, the commercial release of GE safflower has been approved for industrial applications. The lifting of the temporary prohibition in NSW, Victoria and Western Australia has increased plantings of GE canola rapidly.
  - Further research is being conducted on other biotech crops, including cotton, sorghum, sugarcane, and wheat.
  - Approval has been granted for food products derived from biotech canola, corn, cotton, rice, soybean and sugar beet, among others.
  - In June 2018, approved commercial release of GE safflower. Production mainly occurs in NSW, Victoria and South Australia, and was developed for industrial applications.
  - In August 2019, GOA lifted the ban on growing GE crops in all southern areas except Kangaroo Island. Statutory consultation period was through Sept 30, 2019. New draft regulations proposed to begin Dec. 1, 2019.
  - As of December 2020, GE cotton, canola and carnations remain the only crops approved for commercial release by the OGTR. However, there are varieties of multiple crops up for field trials for possible commercial release, including durum wheat, canola, cotton, sorghum, sugarcane, wheat and barley.
  - As of December 2021, there is no change to the approved crops allowed for commercial release. Currently almost all of the cotton grown in Australia is GE cotton.
- General Release
  - The federal government has approved genetically modified (GM) cotton, carnations, and canola varieties for general release.
  - As of late 2016, unprocessed (whole) biotech corn and soybeans have not received regulatory approval in Australia and cannot be imported without further processing.
  - Foods with biotech content over 1% must receive prior approval and be labeled.
- Cotton
  - As of December 2014, genetically modified (GM) cotton makes up around 95% of the Australian cotton crop.

- As of 2016, GM cotton has been grown in Australia for 20 years and now accounts for over 99% of production.
- The use of GM varieties of cotton to increase insect resistance or to increase herbicide tolerance has reduced pesticide use on Australian cotton crop around 85% when compared to previously grown conventional varieties.
- Under this program, Australia has effectively developed new strains of cotton to suit local conditions.
- As of December 2020, there are several new GE cotton varieties under development.

- Policies
  - General
    - Due to the potential impact on US exports, the US has a significant interest in Australia's policies and regulatory framework on biotechnology and the products derived from it.
    - Two policies are currently disruptive to trade with the US:
      - Unprocessed whole GE corn and soybeans do not have regulatory approval in Australia, so cannot be imported without further processing,
      - Foods with GE content of over 1% must receive prior approval and be labeled, which can potentially restrict sales in the US.
  - Gene Technology Act 2000 and 2001
    - Came out in June 2001 as a part of a national regulatory scheme, and provides a comprehensive process to assess proposed dealing with live and viable GMOs.
    - Used to monitor general releases of GE organisms into the environment and to enforce license conditions.
    - Stacked events must be licensed by the OGTR. For commercial release, the requirement can be met by labeling of a stacked item as "GMO" in the licenses or through the inclusion of specific conditions for the parent "GMO's" to encompass stacking between genetic modification in separate licenses.
  - Low Level Presence Policy
    - Australia has endorsed the International Statement on Low Level Presence of GE products. In 2005, they reached national consensus on thresholds for traces of GE canola in conventional canola consignments and variety trials.
  - Stacked Event Approvals – stacked events must be licensed by the OGTR. For commercial release, this requirement can be met by the explicit listing of a particular stacked GE product in a license or inclusion of the specific conditions of the parent cultivars.

- As of July 2021, New South Wales lifted its ban on GE food crops after an 18 year moratorium. Now federally approved GE crops can be grown in every Australian states except Tasmania.
- US export opportunities to Australia are restricted by the lack of government approval for GE products, especially feed grains, including corn and soybeans. As of December 2023, this continues to be an issue.

Corn

- Import Tariffs
  - The WTO bound import tariff level is 1%.

Cotton

- Exports
  - As of March 2017, Australia is one of the world's largest exporters of raw cotton with over 90% of the domestic crop exported, mainly to China, Indonesia, and Thailand.
- Import Tariff
  - The WTO bound import tariff level for cotton (carded) is 1.5%.
- Research and Development
  - The cotton research and development program is funded by cotton growers who pay a compulsory levy of $2.25 per bale of cotton they produce and this is matched by the Australian government

Rice

- Import Tariffs
  - The WTO bound import tariff level:
    - Unmilled rice: 1%
    - Milled Rice: 1%
- KAFTA
  - Rice has been excluded from the greater market access arrangements under KAFTA.
- SunRice
  - At the end of 2016, the sole distributor of Australian rice, SunRice, received an extension of its single desk export marketing arrangements.
  - Under this arrangement, the rice company has vesting powers over the state's export crop.
  - SunRice runs the export single desk on behalf of the NSW Rice Marketing Board which was granted a continuation of sole and exclusive license (SEEL) arrangements.

- The NSW government approved retention of the monopoly export marketing arrangements until 2022. There is no national arrangement in relation to export marketing of rice.

Sorghum

- ChAFTA
  - ChAFTA removed a 2% tariff on sorghum, although this would not have a strong influence on Chinese demand for imported sorghum.
- Import Tariffs
  - The WTO bound import tariff level is 1%.

Soybeans

- Import Tariffs
  - The WTO bound tariff level for soybeans is 1% as of 2009.

Sugar

- ChAFTA
  - Under the China-Australia FTA, there are no changes to tariffs or market access for Australian sugar exports to the Chinese market.
  - Nevertheless, exports to China are expected to continue to grow in the future due to increased demand market.
- Deregulation
  - The Australian sugar industry was deregulated in 2006 with the abolition of the 'single desk' arrangement under which sugar was compulsorily acquired and sold by Queensland Sugar Limited (QSL).
  - Subsequently, most growers retained marketing links with QSL in order to reduce unit costs through pooling sugar production for export.
- Exports
  - Australia is the 3rd largest exporter in the world.
  - Around 80% of Australian sugar is exported and about 20% is consumed domestically.
  - Raw sugar is consistently one of Australia's leading farm export commodities, exporting around 80% of total production.
- Financial and Trade Policy Support
  - The Australian government does not provide financial or any trade policy support for the sugar industry such as subsidies, tariffs, or duty protection.
  - Returns to sugar growers reflect the world price for the commodity.
- Import Duty
  - There is no import duty on cane sugar while other sweeteners such as maple sugar, fructose, and syrups thereof have rates of 4% and 5%.
- JAEPA
  - Under the Japan-Australian Economic Partnership Agreement (JAEPA), a 21.5 yen/kilogram tariff on high polarity raw sugar was eliminated.

    - The 70% tariff on 'J-Specific' sugar, which Australia exports to Japan, was unchanged
    - The JAEPA did cut the tariff on 'international standard raw sugar' from 180% to 110%, but this category is not traded between the two countries.
- KAFTA
    - Under KAFTA, Korea agreed to eliminate the 3% tariff on raw sugar to put Australian producers on equal footing with exporters in Thailand.
    - Korea's existing 35% tariff on refined sugar will be phased out over 18 years.
- Prices
    - World sugar prices have continued to decline and returns to growers are forecast at A $400/ton in 2014/15.
- Renewable Energy
    - The Queensland sugar industry makes extensive use of the fibrous stalk of the sugarcane plant (bagasse) to generate electricity for use in sugarcane milling and for export to the electricity grid.
    - Some sugar mills are self-sufficient in energy as they burn the by-product bagasse to generate electricity and steam for factory operations.
    - Around 400 GWh of electricity are generated, of which over half is exported to the electricity network.
- Queensland Sugar Limited (QSL)
    - The Queensland Sugar Limited (QSL) authorization to negotiate commercial export contractual arrangements with milling companies and cooperative expired on September 30, 2009.
- Trans-Pacific Partnership (TPP) Quota
    - Under the TPP signed in 2015, Australia achieved 65,000 MT of new quota access for sugar, in addition to the existing quota of 87,000 MT.
    - Australia will be allocated 23% of any future increase in annual quota allocation that may be required.
    - The TPP agreement will enter into force when 70% of all contracting parties pass domestic legislation on the agreement.

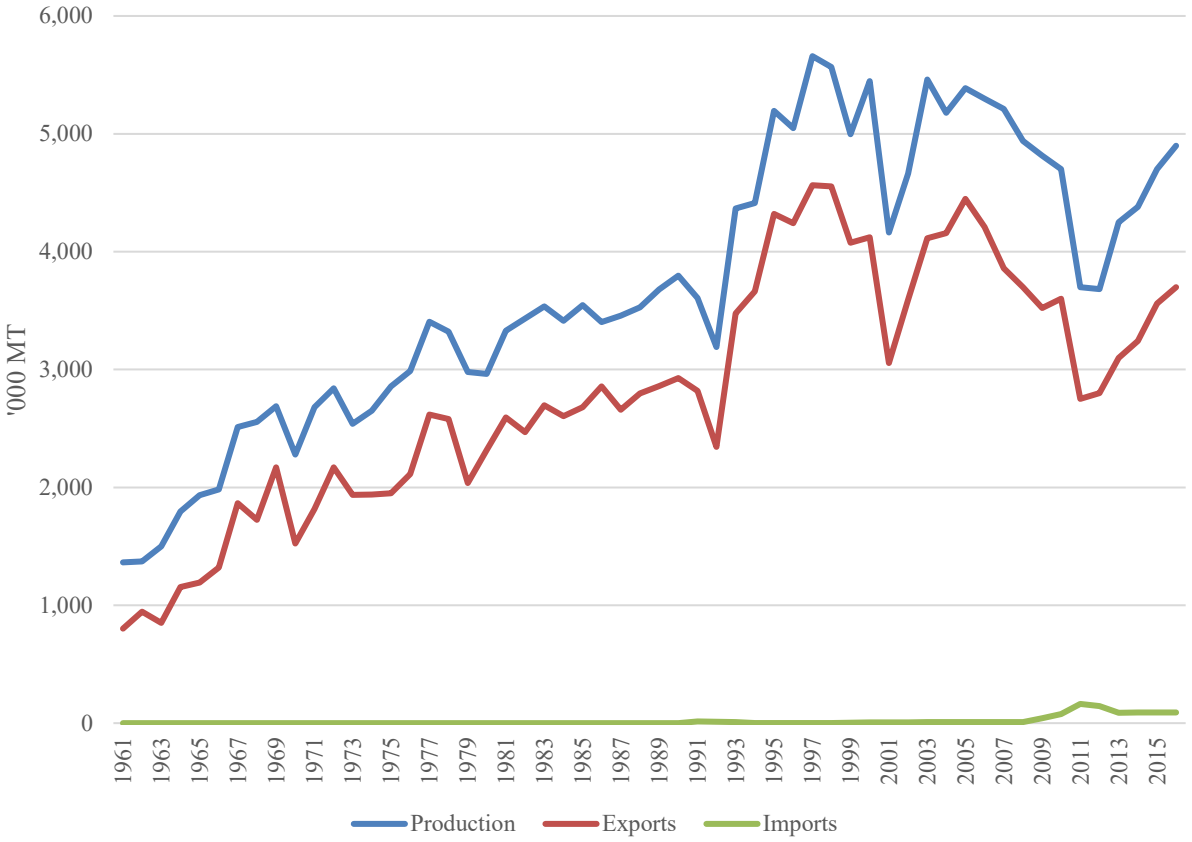

Figure 4. Australian Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

Australian exports follow production very closely (proportionately), indicating that sugar production is heavily reliant on exports.

- Key Policies**:**
  - Australia maintains a small (1.8% average) import tariff on the HS17 product category, but a 0% duty on raw cane or beet sugar.
  - There are ethanol mandates in parts of Australia which provide indirect support for sugar prices.
  - Despite its touted exposure to low world dump market sugar prices, retail refined sugar prices in Australia are 15% higher than the world average and 39% higher than consumer prices in the United States.[2]

[2] SIS International Research, "Global Retail Sugar Prices," July 2015. https://sugaralliance.org/project/global-retail-sugar-prices

Wheat

- Boron Restraint
  - A recent Grains Research and Development Corporation (GRDC) funded research project found genes that make wheat tolerant to boron, a chemical element, which when present in soils, damages the quality of grain crops.
- Exports
  - Bulk Exports
    - In 2008, marketing of bulk wheat exports was deregulated by removing the long-standing single-desk trading arrangement where the AWB (International) Limited had sole exporter rights.
    - Beginning July 2008, traders seeking to export bulk wheat require accreditation from the Wheat Exports Australia (WEA) mandated by the Wheat Export Marketing Act of 2008 to administer the Wheat Accreditation Scheme 2008.
  - Export Fees
    - Beginning in May 2014, wheat exports fees will be reduced by 25% to ensure export changes remain on sustainable footing.
- JAEPA
  - Under JAEPA, Australia is the only country that can export wheat for feed duty-free outside of the existing quota system.
- KAFTA
  - Under KAFTA, the 1.8% tariff on wheat (excluding seed) will be eliminated immediately.
- Trade
  - Australia is the 7th largest wheat producer in the world and the 4th largest exporter of wheat in the world.
  - Australia produces 3% of the world's wheat but accounts for 10%-15% of the global wheat trade. They export about 80% of the wheat that they produce, with WA the leading state.
  - Major types of wheat include Prime Hard, Hard, Premium White, Standard, Soft and Durum, based on protein, grain size, and moisture content.
  - Indonesia remains Australia's largest single international market for wheat, accounting for around one-fifth of total exports in recent years.
    - A number of Australian companies have invested in the growing milling sector in Indonesia to support demand for flour and flour products including noodles and baked goods.
  - China, South Korea, and Japan are among the top ten Australian markets for wheat, with exports to these North Asian markets averaging 3.7 million MT for the 5 years prior to 2015.

BRAZIL

General

- Export Tax Policy
  - Corn and Soybean Export Tax
    - The federal government is currently considering levying a 2.3% export tax on corn and soybeans as a way to bolster revenue.
    - Goias, Mato Grosso, and Mato Grosso de Sul have attempted to impose a de facto export tax on grains by revoking the interstate tax exception for agricultural exports.
    - The initiatives were killed when the Governor of Goias overturned the tax once it became evident that traders were going to other states to buy, which harms the state producers.
  - Reactivation of Export Tax
    - Members of the federal government have discussed the need to reactivate an export tax for agricultural products.
    - The export tax of 2.3%, which agricultural exports have been exempt for some time, would in theory help increase revenues to support Brazil's social security program.
    - Many people in the government have expressed opposition to this idea. The measure is currently being debated and has not been implemented
  - State Export Tax
    - As of April 2016, in an effort to find new revenue sources in a struggling economy, the state government of Goias proposed an increase of the state's export tax, but it was quickly removed after heavy pressures from producers and various "farm groups."
    - The issue to look for new revenue sources will continue to be a concern for the agricultural sector across the board.
- Government Programs (As of March 2014)
  - Contracts Option (COV)
    - The COV is a futures option available to producers and cooperatives available through the government to shield producers from the risk of price decreases.
    - The government has authorized up to R $300 million (US $94 million) for up to 1 MMT of corn in Mato Grosso state.
    - As of June 2017, the minimum price for the future sale is $17.87/60 kilogram sack (roughly US $2.36/bu).
  - Equalization Premium Paid to the Producer (PEPRO)

        - PEPRO is a premium granted to the farmer or cooperative which sells its products at a public auction.
        - The government pays the difference between the Official Revenue Value and the value of the premium (the maximum value paid by the government as a guarantee of the Reference Value).
        - MY 2017/18
            - In December 2017, the Brazilian Ministry of Agriculture (MAPA) approved the use of PEPRO. The program was developed in four different rounds. In the first three rounds, MAPA issued R $22 million for both PEP and PEPRO. After all four rounds, both PEP and PEPRO combined, MAPA will have issued around R $100 million (US $30 million); enough to support 1.3 MMT of rice. Under PEPRO, 97,600 MT of rice was supported in the first three rounds in Rio Grande do Sul and Santa Catarina. In the fourth round, it is predicted around 17,000 MT of rice will be supported by PEPRO.
    - Federal Government Acquisition (AGF)
        - This program allows the government to acquire agricultural products at the minimum price when the market price is below the minimum.
        - It also allows the government to acquire products at market prices for use in the Family Agriculture Program and to build strategic stocks.
    - Premium for Product Overflow Program (PEP)
        - Through this program, the government pays the difference between the prevailing market price and the minimum price of the product.
        - The objective of PEP is to move commodities from areas of high product concentration to areas of need, typically in the demographically-sparse parts of the North, and also to the Northeast, of the country.
        - The federal government through MAPA's National Company of Food and Supply (CONAB) conducts public auctions to set a premium for buyers of a given product.
        - These buyers then contact producers interested in selling their production at the current minimum support price.
        - Buyers must transport the product to the destination previously established by the program.
        - In PEP, the product is taken from private stocks.
        - PEP provides a premium for commercial buyers of agricultural commodities that allow such buyers to then sell the products at a lower price.

        - The PEP program has been used to lower the cost of internal transportation of cotton and as an export subsidy for Brazilian wheat.
        - MY 2017/18
            - In December 2017, the Brazilian Ministry of Agriculture (MAPA) approved the use of PEP. The program was deployed in four different rounds. In the first three rounds, MAPA issued R $22 million for both PEP and PEPRO. After all four rounds, both PEP and PEPRO combined, MAPA will have issued R $100 million (US $30 million); enough to support 1.3 MMT of rice. Under PEP, 211,600 MT of rice was supported in the first three rounds in Rio Grande do Sul and Santa Catarina. In the fourth round, it is predicted around 90,000 MT of rice will be supported by PEP.
    - Risk Premium for Acquisition of Agricultural Products Deriving From Private Contracts of Sales Options (PROP)
        - PROP is a subsidy program granted in the form of public auction for the consumer to acquire at a future date, a determined product directly from the producer and/or cooperative at a prefixed price, utilizing a private contract for the option to sell.
    - 2016
        - The government announced the use of both PEP and PEPRO to support wheat in November 2016 with an established limit of R $150 million (US $45 million) in support.
- Government Support for Commercialization and Export 2016
    - Total government across all commodities was dramatically reduced to just 27,000 metric tons in 2015, which is the lowest since 2008.
    - This can be attributed to higher commodity prices as a result of the strong dollar making Brazilian exports more profitable.
    - PEPRO was the only commercialization support program used in 2015 for 27,000 MT of rubber.
- Import Policies
    - As of October 2020, Brazil has announced it will suspend the import tariffs on corn, soybeans, soy meal and soy oil from countries outside the Mercosur trade bloc.
    - In November 2021, Brazil announced a unilateral 10% reduction of import tariffs on 87% of all goods and services until December 2022. This reduction includes ethanol, which was lowered to 18%.
- Rural Debt Restructuring
    - The government of Brazil occasionally arranges for rural debt restructuring for rural producers through:

        - Transfer of outstanding debt holdings from public/private institutions into Active Union Debt (DAU) of the National Treasury (the repayment terms of which are renegotiated periodically);
        - Renegotiation of outstanding loans is backed by government "equalization" payments to offset newly assumed risks for financial institutions;
        - Debt forgiveness to subsistence/small family operations.
    - 2010/11 Agriculture and Livestock Plan (PAP)
        - PAP allocates R $116 billion (US $64 billion) to finance production costs, marketing and investment for the October 2010 to September 2011 crop year.
        - The PAP maintains the subsidized interest rates of 6.75% and even lower at 6.25% for middle-class producers.
        - Low Carbon Agricultural Program (ABC)
            - The Low Carbon Agricultural Program (ABC) was created and funded with R $2 billion under the PAP.
            - It aimed at recovering 15 million hectares of degraded land and reducing CO2 emissions by 176 million tons by 2020.
    - PRONAMP
        - A new line of credit exclusively for middle-class farmers (PRONAMP) whose annual income is less than R $500,000 was created.

Biofuels

- Biodiesel Blending
    - On March 23, 2016, a law that increases the biodiesel blending in diesel sold in the country was signed into effect.
    - The law increases the mandate from the current 7% (B7) to 8% (B8) by 2017, then 9% (B9) by 2018, and finally by 10% (B10) by 2019.
    - The law also stipulated that biodiesel blending can reach 15% after 2019, provided that tests are conducted on engines and there is approval by the Brazilian National Energy Policy Council.
- Biodiesel Import Tariff
    - According to the Secretariat of Foreign Trade, the import tariff applied to biodiesel (NCM 3826.00.00) is set at 14%.
    - In January 2023, the import duty was increased to 16%.
- Corn
    - As of October 3, 2016, a recent media report stated that corn ethanol is expected to expand in the state of Mato Grosso, but with high domestic prices unlikely to

decrease until the next second "safrinha" crop is harvested and falling gasoline prices, corn ethanol may not be profitable in the near term.
    - As of October 2020, and due to cheap, plentiful corn supplies in Brazil, there has been an increase in investment in the corn ethanol sector. UNEM estimates a 2.5 billion liters of corn-based ethanol will come to market in 2020-21. In addition, industry sources report at least seven other corn-based ethanol plants in the development or construction stage, which will open within the next two years.
- Ethanol Blend Presidential Measure
    - In September 2014, President Dilma Rousseff signed the Presidential Measure that increases the maximum ethanol blend from 25% to 27.5%.
    - The law sets broader ethanol blend range to gasoline, but does not authorize the effective increase of the 25% blend to a higher value.
- Import Tariff
    - The import tariff on ethanol remains zero up to December 31, 2015, according to Resolution #94 of the Ministry of Development, Industry, and Commerce (MDIC)/Chamber of Foreign Trade (CAMEX).
    - Resolution #92 from September 2015 extended the zero import tariff for ethanol through December 31, 2021.
    - In March 2022, GOB eliminated the import tariff for ethanol through December 2022, in part as an attempt to reduce gasoline prices.
- Policies
    - In December 2015, Brazil joined the 21st Conference of the Parties (COP21) of the United Nations Convention on Climate Change. Each country works to reduce domestic emissions of greenhouse gases (GHG).
    - RenovaBio Program (National Biofuels Policy):
        - In November 2018, Resolution #758/2018 was adopted which:
            - Defined the standards for efficient production and importing of biofuels.
            - Set up criteria to calculate efficiency scores for domestic biofuel producers and importers.
            - Defines requirements for accrediting certification companies and plants for production.
            - Sets RenovaCalc, an analytical tool that measures biofuel carbon intensity to equivalent fossil fuel, including monitoring the environmental performance from biofuels production.
        - The National Biofuels Policy of Brazil (RenovaBio) was launched in December 2016 and is anticipated to begin in late December 2019.
        - More than 40 biofuel plants are currently requesting certification process.

- Designed to support Brazil's COP21 goals (regarding GHG emission reduction):
    - Annual carbon intensity reduction targets for minimum of 10 yrs.
    - Certification of biofuels by efficiency in reducing GHG emissions.
    - Decarbonization credits (CBIO) – by creating a market for carbon decarbonization credits, RenovaBio aims to create recognition of environmental benefits of biofuels and remuneration for the sector's role in the reduction of GHG.
- No changes to current ethanol mandate, remains at 27% for gasoline since March 2015. GOB instituted an annual TRQ of 600 ML on ethanol imports from September 2017 through August 2109.
- Any volume above the quota is subject to a 20% Common External Tariff under the Mercosur agreement. Biodiesel remains tightly regulated by GOB.
- Recognition that the biofuels sector (including ethanol, biodiesel, bigas, etc.) provides a significant reduction of GHG emissions.
- Due to the COVID-19 pandemic in 2020, and the expected negative impact in the Brazilian Otto-cycle fuel consumption, the Ministry of Mines and Energy propose the review of compulsory targets under RenovaBio. The new targets should by finalized by mid-August.
- Final targets were approved in June 2019 for the 2020-2029 cycle and these targets aim to reduce carbon intensity to 66.1 g CO2/MJ which is a reduction of 10.2% by 2029 from the 2018 base of CI of 73.6 g Cox/MJ.
- By the end of 2020, there were 241 biofuel plants certified to issue CBios, which aids a producer's profitability. The program is voluntary for producers and importers, however it is mandatory for fuel distributors.
- As of September 2022, there are 316 biofuel plants (which represents over 75% of the total plants in Brazil) which are certified to issue CBios. (269 are sugarcane ethanol plants, 6 sugarcane and corn ethanol plants, 1 cellulosic ethanol plants, 5 corn ethanol plants, 32 biodiesel plants and 3 biomethane plants).
- There have been no changes made to the current ethanol mandate, which remains at 27% for gasoline C since March 2015. The current biodiesel blend rate is set at 10%.

- <u>Biodiesel Use Mandate</u>:
    - Applies to all mineral diesel consumed since March 1, 2018.
    - Recommended the annual increase of the biodiesel blend by 1% from B11 up to B15 by March 2023.

    - As of November 2020, The Brazilian National Energy Policy Council has approved a resolution allowing the use of imported raw soybeans or soybean oil in the production of biodiesel.
- TRQs
    - In September 2017, GOB instituted a tariff rate quota for all ethanol imports, allowing 600 million liters to enter duty free, and any volume above being subject to a 20% tariff.
    - In September 2019, the TRQ was revised to 750 million liters on ethanol imports through August 2020. Anything above the 750 will be subject to a 20% tariff.
    - In September 2020, Brazil decided to maintain a pro-rata TRQ for ethanol of 187.5million liters for 90 days. In addition, the US granted an additional 80,000 metric tons TRQ for exporting sugar to the US market without paying taxes.
    - In September 2022, there are no TRQs or import duty currently applied to ethanol imports to Brazil. This is in part an attempt to control escalated costs associated to feedstock prices.

Biotechnology

- Low Level Presence Policy – Brazil has a zero-tolerance policy for unapproved GE food and crop events.
- Regulatory Requirements – An event approved by the CTNBio requires no further review.
- Current Crops
    - 2014
        - As of July 2014, there are 38 GE events approved for commercial cultivation in Brazil, of which 20 events for corn, 12 for cotton, 5 for soybeans, and one for dry edible beans (although approved in 2001, GE dry edible beans are expected to be commercially cultivated only in 2014/15 crop season).
    - 2017
        - As of November 2017, 68 events are approved for commercial production including 39 corn events, 15 for cotton, 11 for soybeans, one for dry edible beans, one for eucalyptus, and one for sugarcane.
        - Sugarcane was recently approved but will not be produced until the 2019/20 season.
    - 2018
        - As of October 2018, 90 GE events are approved for commercial cultivation, including 53 for corn, 17 for cotton, 17 for soybeans, and one for sugarcane.
        - Brazil is the second-largest producer of GE crops in the world, with 53 million hectares as of 2017/18.

- 2019
    - Brazil remains the 2nd largest producer of GE crops in the world, with a total of 107 events approved, and 60 million hectares planted.
    - As of late 2019, there are now 107 GE events for commercial cultivation: 60 for corn, 23 for cotton, 19 for soybeans, one for edible beans, one for eucalyptus and 3 for sugarcane.
    - Stacked events are treated as single events, and account for 20% of total area planted with GE crops.
- 2021
    - As of 2021, there are 115 events approved, with 65 for corn, 23 for cotton, 19 for soybeans, one for dry edible beans, one for eucalyptus and 6 for sugarcane for commercial production.

- Future Crops
    - In 2014, there were a number of biotech crops in the pipeline waiting for commercial approval, of which the most important are sugarcane, potatoes, papaya, eucalyptus, rice, and citrus.
    - Except for sugarcane, most of these crops are in the early stages of developments and approvals are not expected within in the next five years.
    - As of late 2019, there has been no change.
- Corn
    - On August 3, 2016, the Ministry of Agriculture, Livestock and Food Supply (MAPA) announced that they will request the approval of the National Biosafety Technical Commission (CTNBio) to allow imports of genetically modified corn from the United States.
    - Minister of Ag, Blairo Maggi, stated that he is committed to meeting the requests of the industry and wants to ensure the supply of grain in the country, but only for animal feed use by breeders of poultry and pork and milk producers until December 2017.
    - CTNBio's next meeting to discuss the issue will be held September 1, 2016, which, if they approve the measure (there is political pressure to do so), would leave a window of imports from the United States from September to November.
- Cotton
    - The adoption of biotech cotton reached 57% in 2013/14, a 15% increase from 2012/13. Sources confirm that the biotech adoption rate should reach 65%-70% in Brazil in 2014/15.
    - As of early 2022, adoption for Bt cotton now stands at nearly 90%.
- Soybeans
    - The biotechnology adoption rate for genetically engineered soybeans reached nearly 80% in 2010/11.
- Policy

    - Brazil has a zero-tolerance policy for unapproved GE food and crop events.
    - In October 2023, Brazil, Argentina, Paraguay and Uruguay created an International Network for the biosafety of products derived from modern biotechnology, which will establish common procedures and standards for assessing the biosafety of products, reducing cost and time.
- Trade Barriers
    - Brazil allows imports of biotech products on a case-by-case basis.
    - All imports of GE products must have the pre-approval of CTNBio. Approvals take into consideration food safety, toxicology and environmental aspects, and are generally science based.
    - After approval is granted, there are no further trade barriers.
    - Brazil has a zero-tolerance policy for unapproved GE events.

Corn

- Import Tariff
    - The WTO bound import tariff for corn is 48.3%.
- Prices
    - Minimum Price
        - The previous government minimum price for corn was R $13.05 per 60 kilograms (US $7.47 per 60 kilograms).
        - As of June 2017, the minimum price is R $16.50/60 kilogram sack (about US $2.18/bu).
- Tariffs
    - Common External Tariff (TEC)
        - The government reduced the TEC on corn imports to zero for non-Mercosur countries through November 2016.
            - The pork and poultry industries are pushed to extend the reduced tariff in 2017.

Cotton

- Government Payments 2010
    - When government payments to cotton producers were usually made out of the following programs: AGF, PEP, PROP, and PEPRO, no payment was made in 2010 due to high market prices.
- Import Tariffs
    - 2010/11
        - The government temporarily reduced the cotton import tariff from 10% to 0% for up to 250,000 MT between October 2010 and May 2011.
    - 2016/17

        - From February 2017 through July 31, 2017, Brazil temporarily lowered the import tariff on cotton to zero for up to 75,000 MT.
- PEPRO
    - In September 2014, the GOB approved R $300 million (US $134 million) under the Equalization Premium Paid to the Producer Program (PEPRO) to support cotton farmers in MY 2014/15.
    - Under the program, the GOB pays a premium to the farmer or cooperative that sells its products at public auctions.
    - The government pays the difference between the Official Reference Value (R $54.90 (US $24.50) per 15 kilogram sack) and the market price.
- Price
    - Domestic Price
        - The domestic price of cotton in October 2014 was $1.66/lb down 23% from the same time in 2013.
        - Current domestic cotton price: R $2.20/lb (US $0.94/lb)
    - Minimum Price
        - On February 11, 2014 the Government of Brazil announced minimum price at R $54.90/15kg (US $0.69/lb), almost a 10% increase.

Rice

- Import Tariff
    - The WTO bound import tariff for rice is 55%.
- Intervention
    - The government has a mechanism in place to intervene and purchase public stocks, but only if the price falls below the minimum set price.
- Prices
    - Minimum Support Price
        - Basic minimum support price for long rice ranges from R $10.12/60kg to R $20.70/60kg (US $3.57/cwt to US $7.30/cwt).
- Tariffs
    - Common External Tariff (TEC)
        - Non-Mercosul rice is subject to a common external tariff of 12%

Sorghum

- Minimum Support Prices
    - Basic minimum prices for sorghum ranges from R $9.50/60kg to R $11.20/60kg (US $1.93/bu to US $2.21/bu).

Soybeans

- Import Tariff
  - Brazil's import tariff on soybeans of 8% is consistent with MERCOSUR's Common External Tariff schedule (MERCOSUR is a trading block of South American countries that includes Argentina, Brazil, Paraguay, Uruguay, and Venezuela).
- Emergency Assistance
  - Brazil uses emergency assistance.
  - In 2007, R $14 billion (about US $6 billion) of emergency assistance was provided to soybean producers:
    - R $5.7 billion (US $2.5 billion) for marketing support
    - R $7.2 billion (US $3.2 billion) in rollover debt restructuring
    - R $1 billion (US $0.4 billion) in price support
- Federal Subsidized Loans
  - In the south of Brazil, where 38% of the soybean area is located, producers are eligible for federal subsidized loans.
- Prices
  - Parana
    - The average monthly soybean price in the state of Parana in September was $58.94 per 60 kilos (US $24.55), a 17% drop compared to the same month in 2013.
  - Mato Grosso
    - In Mato Grosso, the situation is even more unfavorable. Prices in October have averaged R $55.00 per 60 kilos (US $22.91).
  - Minimum Support Prices
    - Basic minimum support prices for soybeans range from R $13.00/60kg to R $14.00/kg (US $2.78/bu to US $2.99/bu).
- Proposed Export Tax
  - As of April 1, 2016, the Federal level members of the government have discussed the need to reactivate an export tax for agricultural products.
  - The export tax of 2.3%, which agricultural exports have been exempt for some time, would in theory help increase revenues to support Brazil's social security program.
  - The measure is currently being debated and has not been implemented.
- Soy Moratorium
  - The commitment known as the Soy Moratorium was extended until December 31, 2014.

- Originally created in 2006 under market pressure from the European food industry, a moratorium on purchasing soybeans from any newly deforested areas in the Amazon ecosystem was declared on all major soybean traders including Cargill, Bunge, ADM, Dreyfus, and the Maggi Group.
- The Vegetable Oil Industry Association (ABOIVE) and the National Grain Exporters Association (ANEC) both signed the moratorium.
- In 2010, the Bank of Brazil joined the agreement and made its financing available only to producers who are in compliance with the terms of the soy moratorium.
- The Soy Moratorium is scheduled to phase out at the end of 2014 and to be replaced with a new sustainability agenda, per the January 31, 2014 decision of the Brazil's Soybean Working Group (GTS).
- In May 2016, the Soybean Moratorium was extended another 10 years until 2026 and it has now become one of the main initiatives in the fight against illegal deforestation in the Amazon Biome.
- To celebrate the success of this program, the Minister of Environment mentioned the need to extend this program to the Cerrados Biome, which includes the largest soybean producing state in Brazil.
- The statement to extend the program to the Cerrados Biome started a new discussion about the future of the program in a region of Brazil responsible for about 50% of the soybean production.

Sugar

- General
  - As of June 2019, no final resolution has been reached regarding China's import tariffs or India's subsidies to export domestic sugar.
- Import Tariff
  - The WTO bound tariff for raw and refined sugar is 35%.
- Prices
  - Domestic Price
    - The domestic sugar prices in September 2014 were R $44.71 per 50 kilogram bag, including tax.
  - Sao Paulo
    - The State of Sao Paulo Sugarcane, Sugar and Alcohol Growers Council (CONSECANA) reports that the average sugarcane price (April 2013-January 2014) for the state of Sao Paulo for the 2013/14 crop was Real (R$) 0.4524 per kg of total reducing sugar (TRS), or R $60.34 per ton of sugarcane, down R $4.62 per ton compared to the 2012/13 crop (R $0.4791 per kg or R $64.96 per ton of sugarcane).

- The cumulative CONSECANA price (April - June 2017) for the state of Sao Paulo for the 2017/18 crop was R $0.6233 per kg of TRS or approximately R $78.21 per ton of sugarcane.

- Prorenova
  - In March 2014, the Government of Brazil announced the continuity of Prorenova, a credit line of R $3 billion (about US $1.25 billion) available to finance the renewal and/or expansion of sugarcane fields. The interest rate is set at the "long term interest rate" plus 2.7% per year.
- Regional Producer Subsidy 2014
  - According to Bill # 12.999/14, the amount of R $170 million will be paid to sugarcane growers from the Northeast affected by one of the most severe droughts in the past decades.
  - Approximately 23,000 growers will be eligible for a Regional Producer Subsidy.
  - The release of the funds depends on President Rousseff's signing a provisional measure which has not occurred yet.

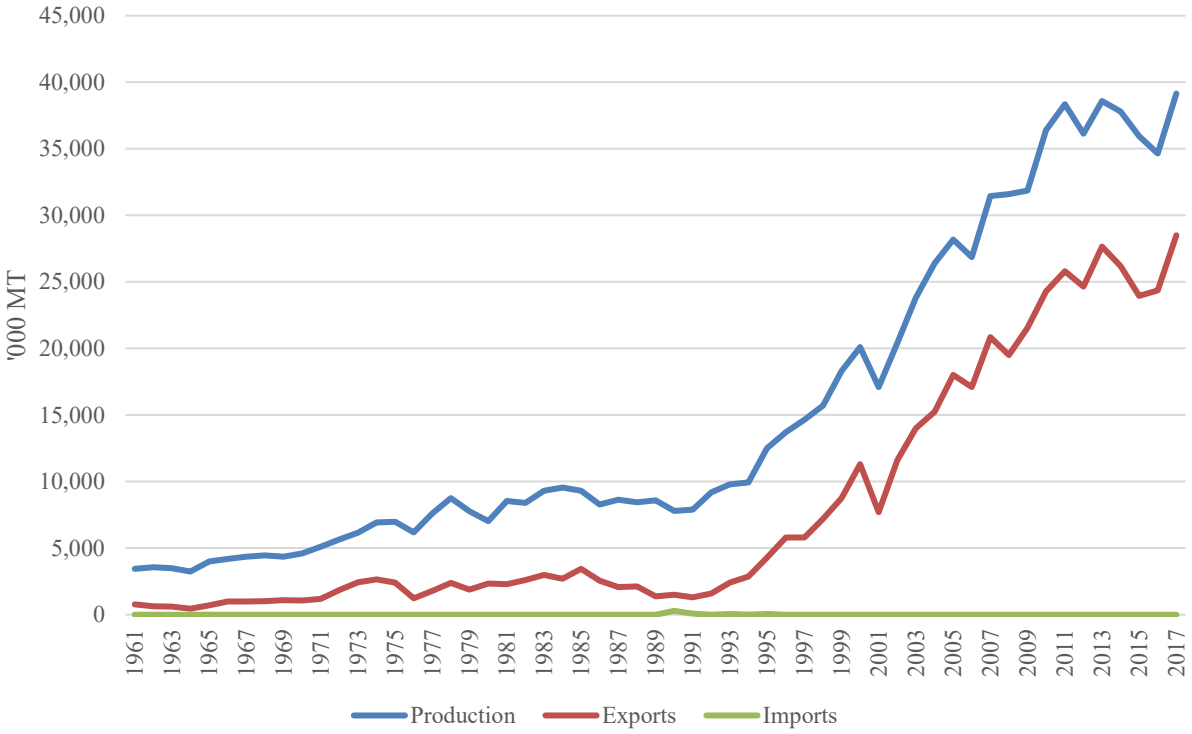

Figure 6. Brazilian Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

Brazilian sugar exports mirror production (in proportion), indicating that domestic policies favoring sugar production are enhancing sugar exports.

- Key Policies**:**
    - Brazil is the world's leading sugar exporter, by far, having benefitted from decades of government cane ethanol subsidies and consumption incentives. One study put the value to the Brazilin cane industry from ethanol cross subsidies and other programs at $2.5 billion per year.[3]
    - Brazil's expansive ethanol policy is by far the largest driver of domestic sugar prices. As of 2018, the maximum blend rate was 27% by volume of gasoline.
    - Brazil maintains an average 16.5% import tariff on the HS17 coded products (16% on raw cane and beet sugar).
    - Brazil uses a myriad of other input subsidies such as the guaranteed low interest loans and debt forgiveness, along with other more generic subsidies on inputs such as fertilizers and equipment.
- TRQs
    - Imports of sugar into the US are governed by tariff rate quotas (TRQ), which allows a certain quantity of sugar to enter under a low tariff. TRQs apply to imported raw cane sugar, refined sugar, sugar syrups, specialty sugars, and sugar-containing products.
    - As the second-largest recipient of the US sugar tariff quota, Brazil holds a raw value allocation of 152,691 metric tons in the beginning of FY 2020, which is roughly 14% of the total TRQ.
    - See below table for Brazil's TRQ of raw sugar:

[3] Patrick Chatenay, ProSunergy Ltd, "*Government Support and the Brazilian Sugar Industry*," Canterbury, England, April 2013. https://sugaralliance.org/project/government-support-and-the-brazilian-sugar-industry

U.S. Raw Sugar Tariff-Rate Quota for Brazil (Metric Tons)			
Fiscal Year - FY	Original TRQ Allocation	Additional TRQ Allocation	Total
2012	155,634	81,136	236,770
2013	152,691	16,107	168,798
2014	152,691	15,251	167,942
2015	152,691	37,978	190,669
2016	152,691	33,865	186,556
2017	152,691	30,001	182,692
2018	152,691	30,000	182,691
2019	152,691	52,464	205,155
2020	152,691	158,203	310,894
2021	152,691	29,083	181,774
2022	152,691		152,691
Source: USTR			

Wheat

- Imports
  - Import Tariffs
    - Brazil reduced the tariff on corn to zero percent, from 10%, through 2016 for non-Mercosul countries.
    - The tariff returned to 10% in 2017.
    - In May 2022, the import tariff on wheat and wheat flour was eliminated through the end of the year due to inflation from the pandemic.
  - US Imports 2016
    - To increase imports, Brazil reduced the tariff on corn to zero percent through 2016 for non-Mercosul countries.
    - There was an expectation that U.S. corn would enter Brazil en masses, but between January and December 2016, only 532,000 MT were shipped, up only 6% from 2015 when the 10% tariff was in place.
- Minimum Support Prices
  - Basic minimum support prices for wheat ranges from R $330.88/MT to R $426.75/MT (US $196/MT to US $253/MT).
- SPS Agreement
  - On July 8, 2015, Minister of Agriculture Katia Abreu signed a sanitary and phytosanitary (SPS) agreement with Russia to export wheat to Brazil because Argentina, their main exporter, has not been able to satisfy the demand. It is unlikely much Russian wheat would be imported into Brazil due to quality.
- Tariffs
  - Common External Tariff (TEC)

        - The Government of Brazil reduced the TEC on wheat imports, up to one million metric tons, from 10% to 0% for non-Mercosur countries effective June 23, 2014 until August 15, 2014.
    - Duty Free TRQ
        - In November 2019, GOB began implementation of a duty-free TRQ for 750,000 MT of wheat imports from non-Mercosul countries.
        - Outside of the TRQ, Brazil is expected to apply the 10% Mercosul common external tariff for all wheat imports outside of the trade bloc.
        - Argentina will likely continue to supply the majority of Brazilian wheat imports, while the US and other non-Mercosul countries should be able to make inroads in some regions.
    - Import Tariff
        - The WTO bound import tariff for wheat is 55%.
        - The applied rate is 10% for wheat imported from non-MERCOSUR countries.
        - Wheat is traded duty-free within MERCOSUR.

CANADA

General

- AgriInsurance
  - AgriInsurance is a federal-provincial-producer cost-shared program that stabilizes a producer's income by minimizing the economic effects of production losses caused by natural hazards.
  - AgriInsurance is a provincially delivered program to which the federal government contributes a portion of total premium and administrative costs.
  - The federal government also provides a reinsurance arrangement (deficit financing) to provinces.
  - Five provinces (Alberta, Saskatchewan, Manitoba, New Brunswick, and Nova Scotia) participate in the reinsurance arrangement.
  - Available Funding Premium for AgriInsurance coverage are cost-shared between the producer, the province, and the federal government.
- AgriInvest Accounts
  - AgriInvest accounts are available to manage small income declines, and provide support for investments to mitigate risks or improve market income.
  - Farmers make annual deposits in an AgriInvestment account based on a percentage of allowable net sales and receive matching contributions from federal, provincial, and territorial governments.
- AgriProcessing Initiative (API)
  - The AgriProcessing Initiative (API) provides support to existing processing companies for agri-processing projects that involve the adoption of innovative and new-to-company manufacturing technologies and processes that are essential to sustaining and improving the sector's position in today's global marketplace.
- AgriStability Program
  - The AgriStability program provides support during periods of large margin declines.
  - Farmers or businesses receive an AgriStability payment when their current program margin (allowable income minus your allowable expenses in a given year, with adjustments for changes in receivables, payables, and inventory) falls below 85% of your reference price margin (average program margin for three of the past given year with the lowest and highest margins dropped in the calculation).
- Assessment and Revenue Management Program (CARM)
  - In spring 2022, CARM will become mandatory for importers, including U.S. exporters acting as importer of record on customs documents.

- This new initiative is meant to modernize and streamline the import of commercial goods into Canada, including the collection of duties and taxes.

- Canada-China Free Trade Agreement
  - In March 2017, Global Affair Canada announced it is launching consultations on a potential Canada-China free trade agreement.
  - This comes six months after China threatened to reduce dockage allowances on imports of canola from 2.5% to 1% over concerns of blackleg disease.
  - China is Canada's second largest single-country trading partner and a key market for Canada in the Asia-Pacific region.
- Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA)
  - The Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) is a free trade agreement that covers nearly all Canada-EU trade, including agricultural trade.
  - For the EU, it is a first trade pact with a G7 country.
  - The EU is Canada's largest trading partner, while Canada is the 12th largest trading partner.
  - Once implemented (approximately June 1, 2017), the concessions granted under CETA have the potential to adversely impact US agricultural exports to Canada and EU markets.
  - Upon CETA implementation, the vast majority of EU agricultural, fish, and forestry products will enter Canada duty free, a very limited portion receive phase-in treatments to duty-free status, and a portion being exempt from tariff reduction (100 tariff lines).
  - Canada's leading agricultural imports from the EU in 2016, by value, that will receive immediate duty-free access include: sugar confection ($65 million), some bread, pastry, cakes ($40 million), etc.
  - Post analysis indicates a broad scope of US agricultural product exports to Canada that may face more competition from the EU, with general categories including: grains, oilseeds, etc.
- Canada – United Kingdom Trade Continuity Agreement
  - As of November 2020, Canada has reached an interim trade agreement with the UK regarding trade disruption as the UK leaves the EU and the combined trade agreement from that.
  - Allows for both countries to maintain current market access benefits as the UK leaves the EU.
  - No major changes to previous trading relationship, will continue with access to previous benefits, including elimination of tariffs on 98% of Canadian products exported to the UK.
- Canadian Agricultural Loans Act (CALA) Program

- The Canadian Agricultural Loans Act (CALA) program is a financial loan guarantee program that gives farmers easier access to credit.
- Farmers can use these loans to establish, improve, and develop farms.
- Agricultural cooperatives may also access loans to process, distribute, or market the products of farming.
- Under the CALA, the federal government guarantees repayment of 95% of the loan to the lender, provided that the requirements of the Act and the Regulations have been fulfilled.
- Loans are limited to a maximum of $500,000 for land and the construction or improvement of building, and $350,000 for all other loan purposes.
- The maximum aggregate loan limit for any one borrower is $500,000.
- The maximum aggregate loan limit for agricultural cooperative is $3 million, with the Minister's approval.
- The maximum amount eligible for consolidation/refinancing is the total of the outstanding principal balances of the loans to be consolidated/refinanced, to a maximum of $350,000.

- Fair Rail for Grain Farmers Act (Bill C-30)
  - Certain provisions of Bill C-30, the Fair Rail for Grain Farmers Act, which were set to expire August 1st, 2016, have been extended one year by a unanimous vote in the House of Commons.
  - Bill C-30 came about as a response to a severe backlog in the Canadian grain handling transportation system in the winter crop year 2013/2014.
  - Of particular importance to grain producers and companies were the following renewed provisions:
    - The federal government's right to set grain volume requirements for the railways and fine them for non-performance, and;
    - The limit on inter-switching being expanded to 160 kilometers from 30 kilometers.
  - The current Fair Rail for Grain Farmers Act, temporary emergency legislation designed to tide the system over while a long term fix is found, expires in July 2017.
- MFN Customs Duty Elimination 2016
  - The federal government is seeking the views of interested parties on the elimination of Most-Favoured-Nation (MFN) rates of customs duty on certain agri-food processing inputs.
  - The targeted tariff items being considered for elimination of the customs duty include fresh fruits and vegetables, various fats and oils, various extracts, sugar, cocoa, coffee, and tea.

- This initiative is a way to help improve the competitiveness of Canadian agri-food processors in domestic and foreign markets by reducing non-recoverable production costs.
- Several criteria were used to select the items that would benefit from tariff elimination:
  - Goods covered by these tariffs items must be used in agri-food processing
  - Eliminating the tariff on these goods will reduce production costs for Canadian industry
  - There was interest from stakeholders in eliminating MFN tariffs on some of these goods to enhance competitiveness.
- Under NAFTA, U.S. exports of items subject to the proposed MFN tariff elimination, valued at $2 billion in 2015 (or about 74% of total imports in Canada under those respective tariff lines), already benefit from duty free access into Canada.
- Once the measure is implemented, the United States would lose its preferential access to the Canadian market for those products, which would compete on the same duty free basis with exports from third countries.

- Monsanto
  - Monsanto announced a 10-year, $100 million project to develop earlier maturing soybean and corn varieties suitable to western Canada producing regions to be used in crop rotation patterns.
- Neonicotinoid-Treated Seed Policy
  - On July 1, 2015, new rules on the sale and use of neonicotinoid-treated seed came into effect.
  - The purpose is to significantly decrease the use of neonicotinoid-treated corn and soybean seeds to obtain a "treated seed vendor's license."
  - This will impact companies who export neonicotinoid-treated corn and soybeans to Canada and sell them through sales representatives.
  - These regulations are designed to reduce the number of acres planted with neonicotinoid-treated corn and soybean seed by 80% by 2017.
  - The regulations will impact U.S. vendors/exporters of corn and soybean seeds treated with neonicotinoid insecticides that sell into the Ontario market.
  - As of October 26, 2016, the Pest Management Regulatory Agency is in the process of completing a routine re-evaluation of neonicotinoid pesticides used on corn and soybeans in North America.
  - As of October 26, 2016, a value assessment was also conducted to comply with provisions under the *Pest Control Products Act* which require all products licensed under the *Act* to have an actual potential contribution to pest management.

- The October 26, 2016 value assessment showed "the economic benefit analysis determined that the national economic value of neonicotinoid seed treatment to the soybean industry results in an estimated economic benefit of about 1.5% to 2.1% of the national farm gate value for 2013 (about [US] $37.3 to 51 million)."
- As of April 2019, Health Canada will continue registration of three neonicotinoids following a re-evaluation of risk to pollinators. Seed treatments will continue to be permitted, but current maximum residue limits will remain in place.

- Price Pooling Program (PPP)
  - The Price Pooling Program (PPP) provides a price guarantee that protects marketing agencies and producers against unanticipated declines in the market price of their products.
  - Under the PPP, the Minister of Agriculture and Agri-Food Canada enters into an agreement with a marketing agency (associations of producers, processor, or selling agent) for the marketing of agricultural products under a cooperative plan.
  - The agreement provides a price guarantee for products delivered, enables the marketing agency to make an initial payment to the producers for products delivered and covers eligible storing, processing, carrying and selling costs of the marketing agency, to a fixed maximum.
  - The price guarantee is set at a percentage of the expected average wholesale price of the product.
  - The agreement covers the production of an agricultural product for a crop year.
  - Once all of the agricultural product is sold, the actual average wholesale price received by the marketing agency is determined.
  - If the calculated value is less than the guarantee value (the initial payment plus the eligible costs), the program allows for a payment for the shortfall by the Government of Canada.
  - If the calculated value is greater, the surplus is retained by the pool for future use or is distributed by the marketing agency to the producers according to the grade, variety, and type of the product that they delivered to the pool.
- Safe Food for Canadians Regulations (SFCR)
  - Beginning January 15, 2019, the Canadian Food Inspection Agency (CFIA) is responsible for monitoring the SFCR.
  - Three key elements are mandatory for businesses regarding new food safety regulatory environment: licensing, preventative controls and traceability.
  - For nuts, seeds and processed grains, some of the SFCR requirements will be phased in over a longer period of 30 months (to 7/15/21)
  - Some imported, unprocessed food meant to be further prepared in Canada and listed in Schedule 1 of their Regulations, and that are exempt from these regulations include unprocessed or treated grains, oil, pulses, and sugar.

- Sustainable Canadian Agricultural Partnership (SCAP)
    - GOC new 5 year ag policy framework, announced in July 2022, it will be implemented beginning April 2023 and will replace the Canadian Agricultural Partnership (which expires March 2023.
    - SCAP will include an additional $500 million CAD for cost-shared federal-provincial activities. This will bring the total cost-shared SCAP to $2.5 billion CAD.
        - Includes a commitment to reduce GHG by 3-5 MT.
        - A commitment to increase funding to recipients that are Indigenous Peoples, women, and youth.
        - Establishment of a new Resilient Agricultural Landscapes Program (RALP) meant to increase carbon sequestration, adaptation, and support other environmental co-benefits.
        - Overall, SCAP programming focuses on 5 priority areas, including climate change and environmental protection and investing in science, research, and innovation.
- Surtaxes
    - In May 2019, Canada repealed all retaliatory surtaxes on agricultural products being imported from the U.S. The annual value of U.S. exports targeted previously has been estimated at $2.5 billion.
- Trade Agreements
    - Canada-China Free Trade Agreement
        - In March 2017, Global Affair Canada announced it is launching consultations on a potential Canada-China free trade agreement.
        - This comes six months after China threatened to reduce dockage allowances on imports of canola from 2.5% to 1% over concerns of blackleg disease.
        - China is Canada's second largest single-country trading partner and a key market for Canada in the Asia-Pacific region.
    - Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA)
        - The Canada-European Union (EU) Comprehensive Economic and Trade Agreement (CETA) is a free trade agreement that covers nearly all Canada-EU trade, including agricultural trade.
        - For the EU, it is a first trade pact with a G7 country.
        - The EU is Canada's largest trading partner, while Canada is the 12th largest trading partner.

        - Once implemented (approximately June 1, 2017), the concessions granted under CETA have the potential to adversely impact US agricultural exports to Canada and EU markets.
        - Upon CETA implementation, the vast majority of EU agricultural, fish, and forestry products will enter Canada duty free, a very limited portion receive phase-in treatments to duty-free status, and a portion being exempt from tariff reduction (100 tariff lines).
        - Canada's leading agricultural imports from the EU in 2016, by value, that will receive immediate duty-free access include: sugar confection ($65 million), some bread, pastry, cakes ($40 million), etc.
        - Post analysis indicates a broad scope of US agricultural product exports to Canada that may face more competition from the EU, with general categories including: grains, oilseeds, etc.
    - Canada – United Kingdom Trade Continuity Agreement
        - As of November 2020, Canada has reached an interim trade agreement with the UK regarding trade disruption as the UK leaves the EU and the combined trade agreement from that.
        - Allows for both countries to maintain current market access benefits as the UK leaves the EU.
        - No major changes to previous trading relationship, will continue with access to previous benefits, including elimination of tariffs on 98% of Canadian products exported to the UK.
    - US-Mexico-Canada Free Trade Agreement (USMCA)
        - Approved by Canadian parliament on March 13, 2020 and came into effect July 1, 2020.
        - Is a replacement for North American Free Trade Agreement (NAFTA).
        - Allows grain grown in the US to receive an official Canadian grade as long as the grain is a variety approved in Canada.
        - Also removes requirements for inspection certificates to indicate grain grown in the US is of foreign or mixed origin. Does require a Declaration of Eligibility for Delivery of Grain from each producer at least once per crop year and for each licensed grain company receiving delivery.
        - Impact largely driven by higher grain prices in Canada and the convenience of transporting the grain across the border.
        - In 2020, Canada was the #2 exporter for U.S. and agricultural exports.
- Transportation Modernization Act
    - The Transportation Modernization Act, also known as C-49, would reconstruct certain sections of the Canada Transportation Act and of the Fair Rail for Grain Farmers Act that could potentially alter the cost of transporting Canadian grain across Canadian prairie provinces.

- Most notable changes include updated data reporting standards to increase transparency, allow grain shippers to file for reciprocal financial penalties against railways, and to guarantee "captive shippers" can gain access to competitive rail options, the bill would replace current regulations on interswitching provisions with a Long-Haul Interswitching mechanism.
- This bill is projected to go into effect in early 2018.
- This bill was finalized on May 22, 2018.

Biofuels

- Ethanol Mandate
  - Since December 2010, Canada has a federal mandate requiring 5% of the national gasoline pool to be renewable (ethanol) and 2% renewable content in diesel.
  - On November 29, 2017, Ontario's Ministry of the Environment and Climate Change proposed a number of amendments. Most notable changes include gasoline to average a minimum of 10% ethanol and ethanol to emit significantly less (35%) greenhouse gases.
- Canada's Clean Fuel Regulation (formerly National Clean Fuel Standard (CFS)
  - Environment and Climate Change Minister announced on November 25, 2016, that consultations will be held in February 2017 to develop a new fuel standard to reduce annual greenhouse gas emissions by 30 megatons (Mt) by 2030.
  - This reduction will provide a significant contribution towards achieving Canada's commitment of 30% emissions reduction below 2005 levels, by 2030.
  - The new standards will apply to fuels used in transportation, homes, buildings, and industrial uses and will set limits on the carbon intensity of fuels, which measures how much carbon is emitted relative to the amount of energy in the fuel being used.
  - While Canada already has renewable fuel regulations that mandate gasoline must include 5% renewable content, the clean fuel standard won't require the use of specific fuels or technologies.
  - The final CFR is expected to be released in Spring 2022. The date for the enforcement of the CFR is expected to be December 1, 2022.
  - Canada's Clean Fuel Regulation (CFR) became law on July 6, 2022.
  - The CFR's contributions to GHG emission reduction was anticipated to be 30 MT annually by 2030, but several changes have been made as recently as April 2022. ECCC hasn't yet announced a re-estimate of CFR's contribution to GHG emissions reductions.
  - One of the primary goals with the CFR is to repeal the Regular Fuel Regulation by September 30, 2024.

- There are several financial supports in place for biofuel producers. Bill C-19, an Act to Implement certain provisions of the Budget, states that income tax will be halved (from 15 to 7.5%) on 30% of the operating income for qualified activities conducted by renewable fuel producers.
- In November 2023, ECCC approved the US as compliant with the criteria under the new CFR. This approval ensures US biodiesel and ethanol exports to Canada as well as biofuel feedstock exports.

- Imports
  - In 2021, Canadian imports of fuel ethanol increased 8% to 1.3 billion liters. In 2022, imports of US fuel ethanol are at a record 1.5 billion liters with further expansion of the fuel pool and an upward trend in the average nationwide blend level.
- Provincial Blend Mandates

Table 1: Provincial Blend Mandates

Province	Ethanol Blend Mandate for Gasoline	Renewable Fuel Blend Mandate for Diesel
British Columbia	5%	4%
Alberta	5%	2%
Saskatchewan	7.5%	2%
Manitoba	8.5%	2%
Ontario	5%	2-4%
Quebec	5% inspirational mandate	none
*depending on greenhouse gas emission reductions		

  - Alberta will, beginning January 1, 2017, be applying a carbon levy that will be applied to fuels at a rate of $20 per ton, with the levy increasing to $30/ton on January 2018. Biofuels, including biomethane, biodiesel, and ethanol will not be subject to the levy and so the levy may result in increased usage of these biofuels.
  - Alberta currently has an emission eligibility standard attached to its blend mandate that requires suppliers to demonstrate 25% fewer GHG emission than the equivalent petrol fuel.
  - Ontario is in the final phase of the implementation of its "green diesel standard." The content requirements are being phased in over 3 years, from 2014-2017. Requirements in 2016 are that 3% of the total volume of diesel fuel must be bio-based. The bio-based diesel component of this blend must have 50% lower greenhouse gas emissions than standard petroleum diesel. In 2017, 4% of the total volume of diesel fuel must be bio-based. The bio-based component of this blend must have 70% lower greenhouse gas emissions than standard petroleum diesel.

    - In April 2019, the GOC enacted a national carbon-pricing framework, that allows provinces 18 months to develop a carbon-pricing plan or GOC will impose a backstop on them. As of August 2019, Alberta, Manitoba, New Brunswich, Ontario and Saskatchewan are challenging the carbon-pricing framework in provincial court.
    - The final CFR is expected to be released in Spring 2022. The date for the enforcement of the CFR is expected to be December 1, 2022.
- Tariffs
    - Due to NAFTA, there is no tariff on renewable fuels produced in the U.S. and imported to Canada.
    - The tariff on bioethanol imported from other countries is $0.05/liter.
    - In September 2017, Canada was granted the privilege to trade bioethanol tariff-free with the European Union as a result of the Comprehensive Economic Trade Agreement (CETA) being provisionally enforced. Even with tariff-free trade, Canadian bioethanol has carbon intensity levels that make it where it cannot hold its own against the competition in the EU market.

Biotechnology

- General
    - As of July 2022, Canada has planted 11.3 Million ha of GE crops, mainly canola, soybeans, and corn.
- Exports
    - As of December 2016, Canada is an exporter of biotechnology crops and products, including grains and oilseeds such as canola, soybean, and corn.
- Imports
    - As of December 2016, Canada is an importer of biotechnology crops and products, including grains and oilseeds such as corn and soybeans.
    - Industries such as ethanol production and livestock feed industry import US corn and soybeans.
- Regulation
    - As of December 2016, Canada has an extensive science-based regulatory framework used in the approval process of agricultural products produced through biotechnology.
    - Plants or products that are created with different or new traits from their conventional counterparts are referred to in the Canadian regulatory guidelines and legislation as plants with novel traits (PNTs) or novel foods.
    - Stacked products, defined as plant lines developed by crossing of two or more authorized PNTs, do not require further assessment of their environmental safety,

unless the stacked product expresses an additional novel trait or the novel traits of the parental PNTs are expressed differently.

- In March 2021, Health Canada launched a consultation on Novel Food Regulations, which focuses on plan breeding. Canada's Seeds Regulations describe the regulatory requirements for the release of plants that impact their environment. They are accepting guidance from stakeholders as of June 2021.
  - Since October 2020, the CFIA approved 6 PNTs (plants with novel traits) for unconfined release: 1 camelina product, 1 canola product, 2 corn products, sand 2 soybean products. However, none of these 6 events are expected to be commercially available in the next two years.
  - Canada planted 11.6 million ha of GE crops in 2021, mainly canola, soybeans and corn.
- In Canada, the coexistence of biotech and non-biotech crops is not regulated by the government.
- In September 2023, GOC published a draft guidance document for plant breeders and feed manufacturers that reinforces their product-based approach. This document also provides guidance on how Canada's FAF regulation are applied to products of plant breeding.

- Trade Barriers
  - As of December 2016, there are no trade barriers.
- Corn
  - As of December 2016, biotech corn plantings have been steadily increasing, and biotech corn currently accounts for 84% of all corn planted in Canada.
  - By the end of 2017, GE corn accounts for 88% of the total amount of planted Canadian corn.
  - GE corn makes up 86% of corn produced in Quebec, which is 34% higher than it was in 2007 at 52%.
  - As of December 2019, 91% of all corn planted in Canada is GE corn.
  - As of 2021, 91% of corn planted are GE varieties.
- Cotton
  - In 2019, Health Canada has approved one new GE cotton product for the use of feed.
- Soybeans
  - In 2016, area seeded to biotech soybeans is estimated at 1.43 million hectares, up 5% from 2015.
  - In 2018, total soybean GE varieties edged up at 1.2 percentage points over the previous 5 yrs. as GE varieties increasingly made prairie soybeans a possibility.
  - As of 2019, two varieties of high oleic soybeans are approved for Canada.
  - As of 2021, 80% of soybeans planted are GE varieties.

- Sugar
  - Since 2015, Bt sugar beets are approved for planting in Canada. The acreage planted remains low through 2019.
  - As of 2021, 100% of sugar beets planted are GE varieties.
- Wheat
  - As of December 2016, fear over uncertain consumer acceptance of biotech wheat could result in loss of markets for Canadian wheat growers remains the main barrier to Canadian wheat farmers' willingness to embrace biotech wheat.
  - As of December 2016, there are no wheat varieties being considered for regulatory approval in Canada.

Corn

- Import Tariff
  - The WTO bound import tariff on corn is 0.5%.

Cotton

- There is no information to report for cotton.

Rice

- Import Tariff
  - The WTO bound import tariff on milled rice is 0.7%.

Sorghum

- There is no information to report for sorghum.

Soybeans

- Market Premiums
  - Canadian soybean exporters receive market premiums for offering non-GMO, identity-preserved soybeans to the EU and Japanese markets.
  - Soybean exports to China more than tripled through the first half of MY 2018/19, in part due to access to U.S. soybeans shipping across the Great Lakes and record high production in Ontario (and despite total soybean production decreasing by 13% in the same time frame).

Sugar

- Import Tariff
  - The WTO bound import tariff on raw sugar is 5.2% and refined sugar is 5.4%.

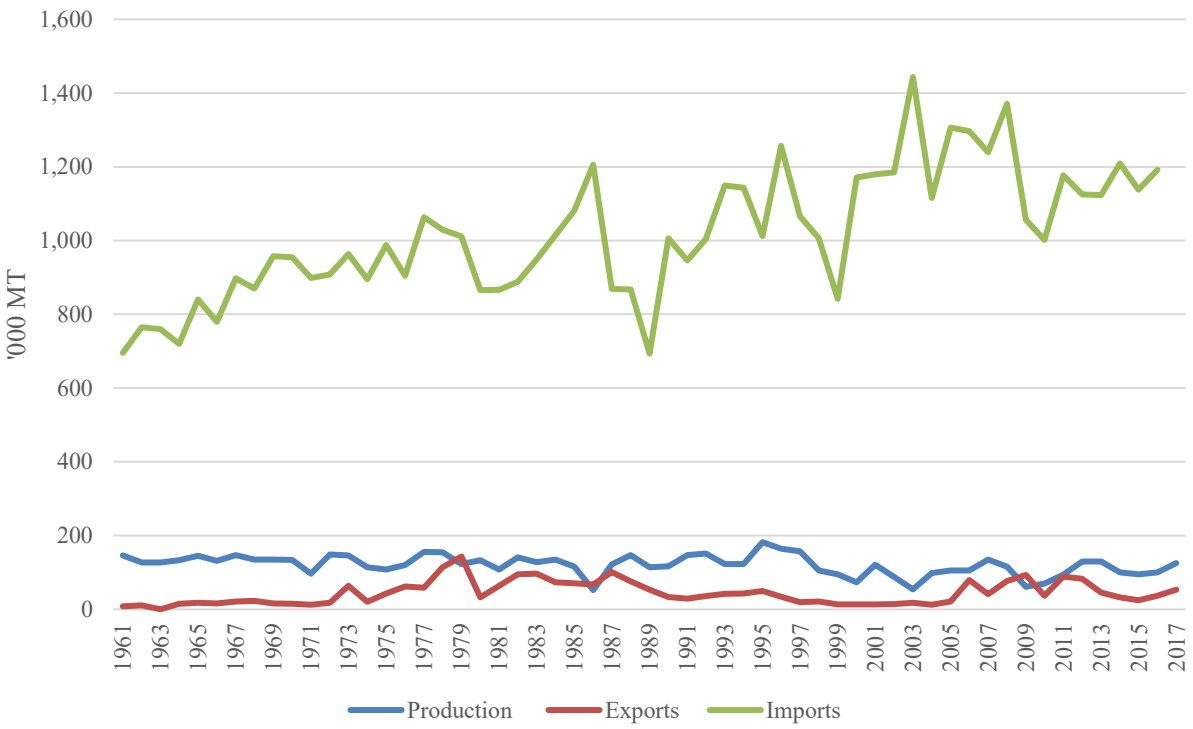

Figure 8. Canadian Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

Canada primarily relies on sugar imports and their primary sugar production is beet sugar.

- Key Policies**:**
  - Canada maintains an average 4.0% import tariff on the HS17 coded products, but 0% applied tariff on raw cane and beet sugar.
  - Canada has maintained prohibitive ($278/MT) antidumping duties on imports of U.S. sugar since 1995.
  - The Canadian government has a number of decoupled assistance programs such as crop insurance and transportation subsidies that benefit Canadian sugarbeet growers.
  - Canada maintains an ethanol mandate which indirectly supports sugar prices.
  - Despite its touted exposure to the world market for sugar, Canada's retail sugar prices are 10% higher than U.S. consumer prices for sugar.[4]

Wheat

- Grain Varietal Registration Changes

[4] SIS International Research, op. cit.

- In an effort to maintain the quality and improve the consistency of the Canadian wheat classes system, as of August 1, 2016, the Canadian Grain Commission will begin implementing a plan that involves the implementation of two new wheat classes:
    - Canadian Northern Hard Red (CNHR)
    - Canada Western Special Purpose (CWSP)
- It also eliminated three wheat classes:
    - Canada Western Interim Wheat (CWIW)
    - Canada Western General Purpose (CWGP)
    - Canada Western Feed (CWF)
- In addition, the quality parameters of the previously existing classes have been reviewed and tightened so that a number of varieties that were previously in the Canada Western Red Spring (CWRS) class will now be moved to the new CNHR class. The change of designation will only begin on August 1, 2018.
- Two years notice will be given if a variety will be designated to another class.

- Japan and South Korea Suspend Wheat Imports
    - On January 31, 2018, it was discovered a herbicide tolerant wheat variety resisted glyphosate application in the summer of 2017. Because of this, Japan suspended imports of Canadian wheat on June 15, 2018 and South Korea suspended imports on June 18, 2018.
    - Japan makes up 8% of Canada's wheat exports, roughly 1.6 MMT per marketing year. South Korea makes up 1.14% of Canada's wheat exports, roughly 226,330 MT per marketing year.
- Marketing Freedom For Grain Farmers Act
    - On December 15, 2011, Canadian legislators passed into law the divisive Marketing Freedom for Grain Farmers Act.
    - This act transitioned the Canadian Wheat Board (CWB) from a state trading enterprise (acting like a single desk seller of wheat) into a commercial enterprise.
    - This process will take place over five years.
    - This means Canadian grain producers can now choose with whom to contract their next crops.
    - The Marketing Freedom for Grain Farmers Act was enacted August 1, 2012. If the CWB fails to become a viable commercial entity within the five year period, it will be dissolved.
    - The Marketing Freedom for Farmers Grain Act will end the government guarantees/backing of the CWB's borrowing, as well as the government-backed initial payments after a period of five years.
- Tariffs
    - Import Tariffs

        - Under the tariff elimination provisions of the North American Free Trade Agreement (NAFTA), most US agricultural products enter Canada duty-free.
- <u>TRQ</u>
    - Canada has a TRQ on wheat imports with an in-quota rate of 0.7% (quota amount of 226,883 MT or about 8 million bu) and an out-of-quota rate of 62.8%.

CHINA

General

- Belt and Road Initiative
    - Because of China's Belt and Road Initiative Infrastructure project, corn, wheat, and some limited grains are being transported in restricted amounts from Central Asia and European trading partners including Kazakhstan, Ukraine, and Russia.
    - Most of the shipments are break bulk shipments of bagged grain that would typically be subjected to transportation and handling infrastructure limitations.
    - Buyers and shippers who use the railways to ship will face higher risks because currently, as of early 2018, there are no contract dispute settlement actions such as maritime law and insurance offered through typical ocean freight trade passages.
    - As of February 2018, China has appointed an association to undertake legal challenges leading to commercial disputes as a result of the Belt and Road Initiative.
    - For China's partners located in the Belt and Road region, the government has allocated US $308 million (2 billion RMB) for food assistance from 2017 through 2020.
    - Numerous initiative projects originally implemented through Memorandums of Understandings (MOUs) and other commitments have ended up being postponed, scaled down, or cancelled because of the large amount of uncertainty surrounding Belt and Road trading partners that the projects are "win-win."
- China Agricultural Modernization Plan 2016-2020
    - On October 20, 2016, the Minister of Agriculture of the People's Republic of China released an implementing measure of the "China Agricultural Modernization Plan 2016-2020," the 13th Five Year Plan for agriculture.
    - The document focuses on improving national agricultural productivity through scientific innovation and technology, a nationwide agricultural extension system, and the development of agricultural institutions for agricultural finance, insurance, environmental sustainability, and farmer welfare.
    - By 2020, the government aims to push agricultural modernization forward, guarantee national food security, enhance food safety, raise China's international agricultural competitiveness, and raise the standard of living for farmers across rural China.
    - The 13th Five Year Plan aims to continue and improve the rice and wheat minimum purchase price policy.
    - Central and Provincial Government support modernization of Chinese grain production through the purchase of state-of-the-art agricultural machinery.

- In wealthier provinces in China, such as Zhejiang province, equipment buyers receive subsidies of up to 60% from the Central government and an additional 20% to 30% from Provincial authorities.
- It is outlined in this policy that China is shifting away from its long-standing national reserve policy for corn, soybeans, and cotton. Instead, the country is promoting a greater set of risk management tools for its farmers and ranchers such as crop insurance, or as it is commonly referred to in China as "agricultural insurance."
- The Central Government encourages insurance program participation through regulation, a 30% to 60% premium subsidy, outreach efforts, and reinsurance.
- Recent reforms have also allowed greater flexibility for local governments to supplement program coverage by offering a greater range of policies for specialty crops and additional premium subsidies.
- In November 2015, MOA released a guideline, instructing farmers to cut corn planting acreage by 50 million mu (8.2 million acres) from 2015 level.
- The program covers thirteen provinces, with the major adjustment areas located in the four Northwestern provinces.
- In 2015, MOA designated potato as a staple grain crop (in addition to rice, corn, and wheat) and planned to expand the potato planting area.
- In February 2017, the central government announced a plan to cut corn acreage by another 10 million mu (or 667,000 ha).
- Substitute crops could include soybeans, sunflower, cash crops, silage corn, and potato.
- Industry surveys report that as a result of the fall in the government's grain purchase price, corn profits declined.
- In some regions, the profit gap between corn and soybeans narrowed while in others soybean profits even exceed those for corn. This is likely to encourage a modest increase in soybean acreage in the Northeastern region.
- <u>Environmental Set-Asides</u>
    - The 13th FYP outlined specifics for a central government pilot program to distribute RMB 1.5 billion (US $218 million) in set-asides to leave land fallow or rotate other crops.
    - Starting in 2017, 10 provinces will offer farmers between RMB 150 to RMB 1,000 per mu (US $1.50 to $10/hectare) to leave land fallow or rotate other crops.
    - The objective is to withdraw 340,000 hectares (5.1 million mu) of land from production to lie fallow and rotate approximately 73,300 hectares (1.1 million mu) of arable land to other crops.

        - As of June 2018, in Heilongjiang, China's biggest soybean producer, the subsidy for planting soybeans instead of corn is RMB 350/mu (US $833/ha). For soybeans planted in normal soybean areas, the subsidy is RMB 200/mu (US $476/ha).
    - Supply-Side Structural Reform
        - On February 5, 2017, the Ministry of Agriculture has implemented "supply-side structural reform" as announced in its 13th Year Plan (FYP) on December 22, 2016.
        - The plan is a continuation of a long-term campaign to tackle high production costs and strategically adjust agricultural production, by lowering corn production and raising soybean production from 2016 to 2020.
        - The goal is to boost China's agricultural productivity, raise producer incomes, and promote rural economic growth. The bottom line for the central government is "absolute security" in the area of staple grains (rice and wheat).
        - Rice and wheat area planted will remain stable in the foreseeable future. Corn area planted will continue to decrease in "non-essential" regions (regions considered not best suited for corn production).
        - The specific targets include 550 million tons of grain production with annual growth of 9%. Other targets include a mechanization rate of 70% of production and 40% of farmland managed as "moderately large-scale" operations by 2020.
        - By the end of the 13th five year period, the PRC announced it had achieved its goals of poverty eradication in rural areas and doubled the per capita disposable income of farmers from the 2010 level.
- China Agricultural and Rural Modernization Plan 2021-2025
    - Released on February 11, 2022, the PRC State Council issued the 14th Five-Year-Plan to advance ag and rural modernization. This plan sets goals, including the achievement of poverty eradication in rural areas, food security, and seed development remain their top priorities for the next five years.
        - Main goals and tasks include:
            - Improve the supply and security level of important ag products such as grain:
                - Stabilize the grain planted area
                - Strengthen the preservation of arable land and improve land quality
                - Ensure the effective supply of other important ag production
                - Optimize the layout of ag production

        - Increase the ability of agriculture to resist risks
    - Facilitate innovations to improve agricultural efficiency and competitiveness
        - Intensify the support for modern ag science and technology research
        - Facilitate the revitalization of the seed industry
        - Improve the research and use of ag machinery and equipment
        -
    - Improve the modernization level of the industrial chain and supply chain
        - Upgrade ag product processing
        - Continue to build more cold chain facilities
        - Expedite the development of rural E-commerce
    - Build a green and beautiful countryside
        - Agricultural pollution control
        - Prevention and control of cultivated land soil pollution
        - Pilot projects on cropland rotation and fallow system
    - Deepen agricultural and rural reform
        - Improve the ag support system
        - Expand the opening of agriculture to the outside world
- <u>Crop Rotation and Land Fallow Subsidy</u>
    - Starting in October 2017, the Ministry of Agriculture (MOA) disbursed a US $393.9 million (2.6 billion RMB) in effort to encourage farmers to participate in land rotation and fallowing farm techniques after the pilot program concluded in MY 2016/17.
    - Under this new program, a total of 800,000 hectares (12 million mu) will be eligible for this subsidy.
    - Because of uncontrollable factors such as weather and soil dependent issues, farmers in North East China are restricted to only planting corn and wheat.
    - Farmers located in the North China Plain have more available options and able to switch to planting rapeseed, spring wheat, or rice from the typical summer corn.
    - In 2018, a total of 1.6 million hectares (24 million mu) are expected to be eligible for this subsidy. By 2020, it is expected 3.33 million hectares (50 million mu) will be eligible.
    - The following table is the land rotation program payments by production practice:

Land Rotation Program Payments by Production Practice			
Province/Region	**Area**	**Payment**	**Practice**
Liaoning, Jilin, Heilongjiang, and Inner-Mongolia	670,000 hectares (10.0 million mu)	US $346/ha (150 RMB/mu)	Rotation
Hebei	29,850 hectares (2.0 million mu)	US $395/ha (171 RMB/mu)	Fallow
Gansu		US $1,1845/ha (800 RMB/mu)	Fallow (One season per year)
Guizhou and Yunnan		US $2,308/ha (1,000 RMB/mu)	Fallow (Two seasons per year)
Hunan		US $3,000/ha (1,300 RMB/mu)	Heavy Metal Remediation

- The following table is the expansion targets for China's crop rotation and fallowing program:

Expansion Targets for China's Crop Rotation and Fallowing Program					
	Rotation (millions mu)	Fallow (millions mu)	Pilot Area	Fiscal Support	Fiscal Support
2016	5	1.16	9 provinces	RMB 1.432 billion	US $228 million
2017	10	2	9 provinces	RMB 2.56 billion	US $406 million
2018	24		15 provinces	RMB 5 billion	US $794 million
2020	50				

Source: MOA

- Corn, Wheat, and Rice Policy
  - High Quality Grain
    - In October 2017, it was announced by the Ministry of Finance and the State Administration of Grain that US $756 million (RMB 5 billion) is budgeted to establish a new program whose main objective is to produce "high quality grain."
    - The Chinese government are making efforts to increase the overall grading standard of grain and oilseeds to higher than 30%. The target producers are in China's major grain producing counties.
    - The funds will help create high quality grain standards and expand post-harvest handling, distribution, and marketing networks.
  - Minimum Support Price and Reserve Programs

        - 2017
            - Existing minimum support price and reserve programs will be maintained.
        - 2018
            - In 2018, China is hoping to alter its temporary reserve programs for rice and wheat along with attempting to come up with a plan to diminish its large government expenses while still maintaining the world's largest reserves of corn, wheat, and rice.
            - Because of the broader structural reforms China is taking, there is consideration to completely eliminate the MSP for both wheat and rice.
    - Tariff Duties
        - Under the changes made to the in-quota and out-of-quota duty rates for TRQs, the in-quota rates for wheat, corn, and rice will stay constant at 1%. The out-of-quota MFN tariff rate duties for all other products will stay at 65%.
- DDGS Countervailing Duty (CVD) Investigation
    - On September 28, 2016, MOFCOM released its preliminary determination for its CVD investigation of imports of DDGS from the United States.
    - Based on the preliminary determination, companies that participated in the sample investigation will pay preliminary duties in form of safety deposit to Chinese Customs authorities from ranging from 10% to 10.7% as countervailing duty combined with 33.8% as anti-dumping duty instead of 5% in the past.
    - The 13% Value-Added Tax (VAT) will also apply in addition to AD import duty and the CVD import duty.
- Direct Purchasing of Grains by Foreign Investments Entities
    - Up until January 9, 2018, direct grain purchases by foreign investment entities (FIEs) at a farm-level is banned throughout the majority of China.
    - On January 9, 2018, the State Council introduced a new regulation that will allow US grain traders and other foreign-owned entities to directly market wheat, corn, and rice in established Free Trade Zones (FTZs), most of which are located in major grain producing provinces including: Guangdong, Fujian, Liaoning, Zhejiang, Henan, Hubei, Sichuan, and Shaanxi. Some of the main trading centers also have free trading zones including: Shanghai, Tianjin Municipality, and Chongqing.
    - This new direct purchasing policy should not affect China's trading environment for foreign-owned entities because the areas included in the new regulation (except the Liaoning province) are not located in the vicinity of major production

areas and will not include China's largest corn producing areas in Heilongjiang and Jilin provinces.
    - The other FTZs, excluding the ones listed above, mainly focus on non-agriculture related goods.
- Dried Distillers Grains (DDGS) Anti-Dumping Duties
    - On September 23, 2016, China's Ministry of Commerce (MOFCOM) announced it is imposing anti-dumping (AD) duties on imported DDGS from the United States by requiring importers to pay cash deposits to Chinese customs of 33.8%.
    - These anti-dumping duties on DDGS are helping the Chinese government to manage lower volumes of alternative feed imports.
- Export Policies
    - As of May 2018, the Provincial Government of Heilongjiang signed a contract with the State of Alaska for open charter direct flights between the U.S. and Northeastern China are now possible, which will reduce shipping times to less than 14 hours, making it possible for U.S. direct exports of oilseeds and products (in addition to food items).
- Export Subsidies Alternatives
    - China does not directly provide export subsidies for corn, rice, and wheat, but offers other programs intended to boost exports.
    - These include subsidies of sales from government held reserves, waivers for transportation taxes, subsidies for port fees, and rebates of the value added tax for corn, rice, and wheat exports.
    - Grains seeds are developed and produced mostly by state-owned and funded research facilities.
    - The distribution of seeds is coordinated by local officials with most grain seeds sold at subsidized prices.
- General Agricultural Support Program
    - China maintains a general agricultural support program.
    - This program includes direct payment to grain farmers, and subsidies for seed, fuel/fertilizer, and machinery.
    - Since 2012, this basic support has reportedly stayed stable at about US $26 billion and is expected to continue at similar levels in the coming years.
    - Before 2015, farmers received direct payments, input subsidies for seeds, fertilizers and pesticides, and agricultural machinery subsidies in several provinces.
    - After 2015, seeds, fertilizers, and pesticides payments were combined into a single, direct payment subject to eligibility based on a producer's production area and types of crops produced.

- On September 30, 2016, the United States filed a case with the World Trade Organization (WTO) disputing China's outlays of domestic support to producers of wheat, rice, and corn in excess of its WTO Accession Commitments and its commitments for the WTO Agreement on Agriculture.

China's Agricultural Domestic Support Payments in USD Billions					
Year	**Direct Payment**	**Seed Subsidy**	**Fuel/Fertilizer Subsidy**	**Machinery Subsidy**	**Total**
2008	$2.2	$1.7	$9.2	$0.6	$13.7
2009	$2.2	$2.9	$11.1	$1.9	$18.1
2010	$2.2	$3.0	$12.3	$2.1	$19.7
2011	$2.3	$3.4	$13.3	$2.7	$21.8
2012	$2.4	N/A	$17.1	$3.2	$22.7
2013	$2.5	N/A	$17.4	$3.5	$23.4
2014	$2.5	N/A	$17.4	$3.9	$23.7
2015	$19.4	N/A	N/A	$3.8	$23.2
2016	$21.3	N/A	N/A	$3.6	$24.8
2017	TBD	TBD	TBD	$2.7	TBD

- Grain Consumption Tax
  - Current as of April 2017, China assesses a consumption tax on the sales value of imported and domestic grain inconsistently.
  - Industry sources report that domestic producers and processors are favorably exempt from the consumption tax.
- "Grain-for-Green" Program
  - 1999
    - In 1999, under the "Grain-for-Green" program, China's State Council recognized the need to return marginal lands to forest and grassland to prevent soil erosion and natural disasters such as flooding.
    - Under the program, farmers were given a three-fold compensation plan for participation.
    - First, farmers were offered an annual in-kind subsidy of grain to compensate them for their foregone subsistence and revenue from retiring land.
    - Second, they were offered a cash subsidy.
    - Third, farmers were given input assistance to establish forests or grassland in place of sowing grain.
  - 2016

        - On November 12, 2016, Li Wei, renewed the central government's commitment to expand forestry and grassland set-aside programs, withdraw land from production, and promote water and soil rehabilitation.
    - 2017
        - In 2017, the government launched a new pilot "Grain-for-Green" program.
        - In eligible regions, the government is offering farmers RMB 1,500 per mu (US $15/ha) to convert grain producing land to forest and RMB 600 mu (US $6/ha) to convert land to grassland.
        - The purpose of this program is to manage soil erosion, grasslands, and safeguard water resources.
        - Based on this document, China will promote farmers to expand areas for feed and forage crops, such as silage corn and alfalfa in order to increase grass-fed cattle and sheep production.
- Grain Self-Sufficiency
    - Historically, China has pursued food security and grain self-sufficiency objectives.
    - The Government of China (GOC) has often resisted the implementation of policies that could discourage production of strategic foods.
    - Chinese food security policy is primarily focused on maintaining self-sufficiency in rice, wheat, corn, and tubers.
    - Soybeans and cotton are no longer part of this group.
    - As part of its Mid-Long Term National Grain Security Plan (2008-2020), the GOC will maintain its grain self-sufficiency rate at above 95% through 2020.
    - The grain self-sufficiency objective is implemented using direct payments, seed subsidies, tariff rate quotas, and price support programs (for rice and wheat), subsidies for farm machinery, and subsidies for farm use of fuel and fertilizers.
    - In recent years, these programs have expanded and in 2010 increased to $20.3 billion from $7.8 billion in 2007.
    - The bottom line for the Chinese Government is "absolute security" in the area of staple grains (i.e., rice and wheat). Rice and wheat will remain stable in the foreseeable future.
    - Corn area planted will continue to decrease in "non-essential" regions, that is, regions not ideally suited for corn production.
    - To ensure food security, the document notes that "functional" regions (i.e., optimal growing regions) for grain production that covers rice, wheat, and corn crops will be identified.
    - For other key commodities, mainly soybeans, cotton, rapeseed, sugarcane, and natural rubber, the country will establish "preservation" regions that are dedicated to specific crop production, in order to maintain basic self-sufficiency.

- While food security remains a top priority in China, the focus seems to have shifted from quantity to quality, which is also the core of the so-called supply-side structural reform. The government is encouraging farmers to improve product quality or to produce commodities that meet the increased demand from local consumers for better and more varied agricultural products.
- While the government is guiding farmers to reduce corn acreage, China is still encouraging farmers to expand areas for feed crops, such as silage corn and alfalfa in order to increase grass-fed cattle and sheep production.
- Farmers are encouraged to increase production of food-grade soybeans, tuber crops, and coarse grains.
- Subsidies
  - The overall domestic support level will continue to increase, but subsidies will be consolidated and geared toward major grain production areas, adequately-scaled operations to maximize productivity, and sustainable agriculture.
  - The protective purchase prices for rice and wheat will remain unchanged, but the price levels will be adjusted based on market demand and supply situation (Note: the government will probably set different rice and wheat purchase prices based on quality and varieties).
  - China has begun pilot subsidy programs to encourage farmers to grow feed crops and soybeans instead of corn.

- Grain Transportation and Storage Facilities Subsidies
  - It was announced by the NDRC in November 2017 that subsidies will be budgeted and offered in efforts to financially support infrastructure projects, mainly focusing on upgrading current capacity or building on to expand capacity for grain loading and handling plants located at ports and terminals along major transportation passages including highways, railways, and major inlets.
  - Some of the funds will be allocated for industrial plants with amenities for grain storage, processing, trading, and quality inspection.
  - As of early 2018, the grain industry mainly only has centralized commercial storage and handling capacity. Meaning most grain storage spaces are found in the largest grain producing regions, state-owned reserves for emergencies, and ports of departure at major ports.
- Grain Value Added Tax (VAT)
  - China assesses a value added tax (VAT) on the sales value of imported and domestic grain inconsistently. Since 1995, depending on prevailing market prices, the VAT has been removed and reinstated several times through a rebate or exemption.

- As of April 2017, domestic producers are favorably exempt from the VAT on minimally processed, principal products and processed products.
- Imported corn, wheat, or rice, which has been minimally processed as principal products, are subject to a 13% VAT.
- Imported corn, wheat, or rice which have been processed, are subject to a 17% VAT.
- On December 1, 2017, the Ministry of Finance stated the VAT applied to minimally processed imported grain and fodders will be reduced to 11%. Animal feeds, chemical fertilizers, pesticides, agricultural machinery, and agricultural plastic sheeting is also set at 11% VAT.
- As of early 2018, the State Council disclosed their decision to end China's Provisional Business Tax Regulations and amend provisional VAT policies to be implemented immediately. The general VAT rate enforced on processed imported corn, wheat, or rice products will stay the same at 17%.
- Since 1995, the VAT has gone through cycles of being implemented and removed depending on market prices. As of early 2018, it is reported that domestic producers are approvingly exempt from the VAT on minimally processed, principal products, and processed products.

- <u>Increased Tariffs Due to US Section 301 Trade Action Announcement 2018</u>
  - On April 4, 2018, MOFCOM, China's Ministry of Commerce, announced a proposal to raise tariffs to target certain US exports. The reason for this increase is to protect China's interests and rights.
  - This round of tariff increases will affect around US $16.5 billion in Chinese agricultural and food imports from the US.
  - China claims this is in response to the US $50 billion increase in Chinese exports because of US tariffs, found in the USTR 301 investigation.
  - Although these tariff changes were announced on April 4, 2018, it has not been announced when they will go into effect.
  - One June 16, 2018, China's Ministry of Finance announced a revised list of US products subject to an additional 25% retaliatory tariff in response to the US 301 investigation, which go into effect July 6, 2018, and affects 517 food and agricultural products.
  - Some of these products are also subject to tariffs in China's response to the 232 investigation and will be calculated in aggregate. The products to be taxed include oilseeds, rice, sorghum, corn, soybeans, and cotton, in addition to many other agricultural products.
  - As of June 1, 2019, China's Ministry of Finance State Council Tariff Commission (SCTC) are implementing supplementary retaliatory import tariffs on U.S. agricultural products, including grains, oilseeds and sweeteners (sugar).

- China will administer an exclusion process from the additional tariffs on specific products with documentation and commercial data that describe how additional tariffs on Chinese imports of U.S. goods cause economic damage to the applicant and major negative impacts on the relevant industries. Application window is expected to be from September to mid-October 2019.
- On August 23, 2019, the Ministry of Finance SCTC released Announcement #4, setting new tariffs for certain U.S. products (including grains, oilseeds and sweeteners). These tariff increases will be calculated in aggregate with earlier additional tariffs. Some of these tariffs increase beginning September 1, 2019, and the second increase begins December 15, 2019.
- Despite the predicted increases, in December 2019 the SCTC announced the new tariffs would not be implemented and the below tables show the current rates.
- In September 2020, the MOF announced that the SCCTC will extend Section 301 tariff exclusions through September 2021.
- The following table shows the changes being made by this announcement:

China's Tariff Changes on US Exports of Agricultural and Food Products (1-1-19 to 12-15-19)						
HS Code	**Description**	**Current Tariff (MFN) Rate**	**232**	**301**	**Add'l Tariff**	**Total Applied Tariff**
	Implementatation Date	**1-1-2019**	**4-2-18**	**6-1-19**	**12-15-19**	**12-15-19**
10011900	Durum wheat, excluding seed	1% in quota, 65% out of quota				1% in quota, 65% out of quota
10059000	Maize, excluding seed	1% in quota, 65% out of quota		25%	10%	30% in quota, 100% out of quota
10061021	Rice, excluding seed (multiple)	1% in quota, 65% out of quota		25%		26% in quota, 90% out of quota
10079000	Grain sorghum, excluding seed	2%		25%	10%	37%
15122900	Cotton seed oil	10%				20%
15152900	Corn oil	10%				35%
17019100	Cane/Beet Sugar	15% in quota, 85% out of quota		10%		25% in quota, 95% out of quota
17019910	Granulated Sugar	15% in quota, 0% out of quota		25%		40% in quota, 25% out of quota
52030000	Cotton	1% in quota, 40% out of quota		25%		26% in quota, 65% out of quota

- Irrigation Systems Investments
    - Current as of January 2017, provincial governments in Heilongjiang, Jilin, and Liaoning have invested RMB 4.6 to 6.0 billion (US $672 to $877 million) on an extensive irrigation investment program to encourage growers to switch from planting corn to planting rice and sorghum by improving available water supplies.
- National Carbon Market 2017
    - Because of a new national carbon market, a carbon cap-and-trade system, was launched by the Chinese government in December 2017, the grain and feed industries will have to meet new stringent emissions controls to help China meet these new carbon emission objectives that are part of the Paris Agreement.
    - This process will happen in a series of stages. The first stage will focus on power generation. The next stage will being to affect heavy industries, agricultural processors being one of them.
    - Some cities and regions have already implemented regional programs. At a local and provincial level, some feed millers, ethanol plants, and other processors have had to involuntarily lower throughput and shutdown. This decision is made on the air quality grade of the surrounding region the facilities are located in.
- Price Support
    - As of March 28, 2016, the government has abandoned price support policies for all commodities except wheat and rice.
    - The government says it will retain and "improve" support policies for wheat and rice, but these grains face the same challenges as corn.
    - Mounting surpluses, pressure from cheaper imports, and concerns about lagging productivity and environmental deterioration are forcing China to overhaul the agricultural subsidy model that developed over the past decade.
    - The support price system for corn, wheat, and rice has resulted in excessive stocks, unsustainable farming practices, suppressed demand, and a growing financial burden on the government. It has also artificially elevated domestic grain prices as much as 30% above the CIF price of imported grain, creating a strong incentive to import rather than purchase domestic grains.
- Rural Land Contract Law Reform
    - As of November 2017, the Standing Committee of the National People's Congress is contemplating making reforms to the current rural land contract laws.
    - Because of quickly expanding urbanization and growing demands to transfer rural land-use rights, the proposed changes will define the separation to contract or manage property between ownership rights and rural land rights.
    - The reforms are split into two sections. The first is to allow an extension of 30 years when the current contracts reach their expiration date. The second section

focuses on granting farmers right to retain contract rights over their portions of land and only have to pass on management rights if they opt to leave their land, mortgage it to banks, or receive shares of a cooperative in place of their land rights.

- These proposed changes will affect both rural cooperatives and big agricultural firms who are wanting to grow their intensive agricultural development and centralize rural tracts land to reach the objective of accomplishing economics of scale and acquiring and utilizing new technology.

- Seed Law
  - On November 4, 2015, the National People's Congress approved amendment to China's Seed Law. The major modifications include:
    - The number of crops subject to variety registration requirements was reduced from 28 to 5. The 5 seed varieties that will still need to be registered are rice, wheat, corn, cotton, and soybean. Variety registration will no longer be required for other crops, such as rapeseed, potato, and peanuts.
    - A "Green Channel" is established to allow seed companies that meet certain requirements to conduct experiments required for the registration process themselves.
    - Seed companies no longer need approval to introduce a registered variety similar ecological region in another province of China.
  - 2021 Seed Law Updates
    - A draft amendment to the Seed Law was released for public comment in August 2021. The amendment expands intellectual property rights for new plant varieties, extends and improves the level of protection, and attempts to stimulate domestic innovation. It also strengthens plant variety protections (PVP), particularly for essentially derived varieties (EDV). The comment period closes on September 18, 2021.
    - On December 24, 2021, PRC published an amended Seed Law. The amendment strengthens the protection of legal rights and interests of owners of new plant varieties and establishes a system of essentially derived varieties (EDV). The changes in the amended law appear welcome by most segments of the industry, as they have sought these changes for several years. The new law goes into effect March 1, 2022.
    - China also announced new policies that will create a path for domestic development and production of GE crops.
    - In March 2022, the PRC's Court of China issued "Guiding Opinions on Further Strengthening the Criminal Trial Work Involving Seeds" which clarifies the requirements for stronger seed-related criminal trials, the

application of law to seed-related crimes and improvement of relevant enforcement mechanisms. It is the latest in as trend of policies by the PRC to create stronger varietal protection and to encourage a market environment for the seed industry with intellectual property protections.

- Supply Side Structural Reform:
    - Over last five years, gains in China's agricultural yields have plateaued. Due to rising food demand, limited arable land and water resources, and effects of weather changes, China's leadership recognizes they must adapt their approach to agricultural production to maintain food security.
    - In 2016, a government wide effort was made to shift China's agricultural production from a quantity-based model to a quality-based model, using technology, innovation and capacity building.
        - Key pillars including planting seed research and development.
- Temporary Grain Reserve Policy
    - On March 28, 2016, the Director of the Economy and Trade Office of the National Development and Reform Commission (NDRC) announced that the temporary reserve policy in Northeastern provinces and Inner Mongolia will be replaced by a new mechanism of "marketized purchases."
    - The temporary reserve policy will be supplanted by a series of Central Government and provincial policies to encourage domestic disposal of excess stocks through state auctions, processor subsidies, and tightening feed import regimes.
    - Despite government assistance, many Chinese producers continue to face significantly higher production costs than the global average. In extreme cases, producers may plant crops with lower cost inputs such as soybeans and accept lower revenue.
- Trade Agreements
    - Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)
        - CPTPP is a trade agreement among Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.
        - CPTPP began on December 30, 2018, after six signatories ratified the agreement.
        - CPTPP goes beyond reducing tariffs on goods, but also sets higher standards in areas such as labor, environment, services, investment, intellectual property, digital trade, and the role of state-owned enterprises. Commitments made by members require very high levels of trade liberalization, inhibition of government interference and protection of business interests.

        - In September 2021, China applied to join the CPTPP. Immediate impact for their agricultural trade is predicted to be minimal, if they are accepted. Acceptance requires the consent of current member states.
        - China already has free trade agreements (FTA) or regional trade agreements with 9 of 11 CPTPP members. Mexico and Canada are the only countries with which China does not currently have a trade agreement. In these agreements, most tariffs on agricultural products have been eliminated or mostly eliminated.
    - Regional Comprehensive Economic Partnership (RCEP)
        - Composed of the 10 ASEAN countries (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam), with Australia, China, South Korea, Japan, and New Zealand. Came into force on January 1, 2022, after 10 member states ratified the agreement. Has been implemented in all but the Philippines. RCEP symbolizes the forming of the world's largest regional free trade area.
        - Under the RCEP, tariffs on most ag imports are eliminated from trade with the 10 member countries and New Zealand. With Australia and South Korea, most tariffs will be eliminated in next 5 yrs.
        - Import tariffs for US products include retaliatory 232 tariffs but not retaliatory Section 301 tariffs, which were exempted under China's tariff exclusion process as of March 2, 2020.
        - As of March 2023, this ag trade increased to $123.5 billion, in the first year it has been in force, and not entirely from tariff reductions. These changes to trade flows could present future challenges in some commodity sectors for the US.
- <u>Transportation Regulation</u>
    - In Northeast China, overloaded grain trucks have a history of causing highway traffic and safety issues. To regulate truck traffic, the Government of China's Ministry of Communications implemented new highway regulations in Northeast China in September 2016.
    - Trucks face great scrutiny for inspections and overloaded trucks face higher penalties of RMB 1,000 to 1,800.
    - These regulation raised on-road freight rates by 20% to 30% and caused delayed deliveries for shippers and end-users across North East China.
    - The Central Government may introduce a one-time payment of RMB 140 (US $10.17) to offset the additional freight costs incurred by trucking regulations.
    - In December 2016, it was announced that in the Jilin and Heilongjiang Provinces, trucks hauling corn will be exempted from new regulations or pay lower fees. In addition, trucks exceeding weight limits by less than one ton would be exempted from penalties.

- TRQs
    - As of December 2018, the State Council Tariff Committee began its annual tariff adjustment plan, which sets temporary import and export tariff rates for 2019.
        - This policy temporarily eliminated TRQs for plant-based oil meals beginning January 1, 2019, including cotton seed meal.
        - TRQ management will continue to apply to eight categories of commodities, including wheat.
        - A sliding tax will continue to be levied on certain amount of out-quota import cotton and rate will adjust accordingly.
    - In 2021, SCTC adjusting the sliding rate calculations for out-of-quota cotton imports and will continue to apply TRQ management to eight categories including wheat. The tariff rates will remain unchanged however.

Biofuels

- Blend Rate for Ethanol-Gasoline
    - In 2017, the blend rate for ethanol-gasoline is forecast at 2.5%, slightly lower by 0.1 percentage points from 2016, on relatively little change in fuel ethanol use and continued expansion in overall gasoline use.
    - Over the past decade, there has been no long-term sustained growth in the blend rate.
    - As of 2021, any progress on biofuels production and expansion continues to lag. China's actual blend rate is estimated at 2.1%, up slightly from 2020 but still well below peak blend rate of 2.8% from 10 years ago.

- Ethanol Production Expansion
    - In early 2018, China implemented two ethanol projects to expand national ethanol production capacity from its current 8% capacity to 33% by the end of 2020.
        - Tieling
            - A new ethanol plant is being building by China's State Development & Investment Corporation (SDIC) in Tieling, Liaoning. This plant will have the capacity of 300,000 tons. Production is expected to start in late 2018.
            - The Tieling plant alone is expected to have demand of 990,000 tons of corn each year.
        - Changchun
            - The second project will be in Changchun, Jilin and will be broken down into three separate stages.
            - The plant wwill eventually have the production ability of 600,000 tons of fuel ethanol, 50,000 tons of cellulosic ethanol, 600,000 tons of organic acid, and 150,000 tons of polylactic acid.

            - The Changchun project alone is expected to have a demand of approximately 3 million tons of corn each year by the close of 2020.
        - Huludoa
            - Over the next several years, the SDIC is in the process of opening at least 7 additional ethanol factories in Huludoa, Liaoning that will have a starting capacity range of 5.1 to 6.3 billion liters (4 to 5 million tons).
            - The annual demand of corn for this plant is estimated to be around 13 to 17 million tons of corn.
- Grains and Non-Grains
    - Grains
        - The definition of biofuels products by the Central Government as a grain or non-grain feedstock determines the subsidy classification for different biofuels.
        - Staple grain crops are defined as Generation 1.0 biofuels feedstocks.
        - State Council policies and defined subsidy benefits historically discourage ethanol production using corn, wheat, and rice feedstocks.
        - State policies prescribed that biofuel development (including fuel and ethanol and biodiesel) should not compete for arable land designated for crops for human consumption.
    - Non-Grains
        - China promotes the development of ethanol production using non-food grain feedstocks.
        - China's definition of "non-grain material feedstocks" is distinct. Sweet sorghum (stalks and grain), grain sorghum, cassava (tapioca), sugarcane (stalks and molasses), and sweet potatoes are defined as Generation 1.5 biofuels feedstocks.
        - The Central Government interprets that the cultivation, processing, and production of biofuels using Generation 1.5 feedstocks does not compete with the production and processing of staple food crops.
        - China defines corn cobs, corn stover, forage sorghum, wood chips, and other "fiber material" biomass as Generation 2.0 feedstocks.
        - The Central Government defines no policy or subsidy determination for synthetic ethanol production using petroleum, municipal waste, or biogas feedstocks.
    - Corn
        - Corn is the major feedstock for ethanol production, as of January 2017.
        - Corn use for ethanol production yields several byproducts:
            - Dry milling production yields dried distiller's grains with solubles (DDGS), corn oil, and in some cases, germ and bran.

        - Wet milling production yields corn gluten feed,
- Policies
    - E10 Use Policy
        - In early September 2017, a policy was announced on implementation regarding the Expansion of Ethanol Production and Promotion for transportation fuel.
        - The overall objective is to encourage corn use, back prices, and reiterate the government's commitment to continue working on supply-side reform.
        - By the end of 2020, it is hoped that E10 (10% fuel ethanol and 90% gasoline) will be used nationwide in transportation fuel.
        - By 2025, China will alter production to produce cellulosic ethanol which is produced from grasses, forest waste, and crop residues.
        - By the adoption of E10, it is important to decrease excessive corn stocks and air pollution.
        - As of February 2018, major cities and provinces are making strides to comply with the national E10 blending rate.
        - In December 2017, Tianjin announced a E10 fuel blending mandate to go into effect on October 1, 2018.
        - Shandong made the announcement they will fully adopt their E10 mandate on January 1, 2020.
        - As of August 2019, China's central and provincial authorities have not renewed subsidies, and without clear incentives and enforceable compliance measures, their ethanol industry will struggle to raise the level of biofuel use in time to meet the E10 goal by 2020. In addition, biodiesel remains neglected excepted for the limited program in Shanghai.
        - The ethanol blend rate is currently at 2.5%, which is down from the peak blend rates of 10 years ago. At the current rate, they will likely achieve a rate of 3.0 to 3.5 by 2020.
        - As of end of July 2020, China has unofficially suspended its goal to implement the E10 mandate by end of 2020. With a rapidly growing gasoline fuel pool, limited ethanol production capacity, and recent drop in corn stock, the government rollout has stalled. Biodiesel policy support remains primarily absent except in a limited program in Shanghai.
- Processor Subsidies
    - In March 2016, China eliminated its long-standing temporary reserve program.
    - The Central Government abandoned price support policies for all commodities, except wheat and rice.

    - In Fall 2016, several provincial governments in Northeast China began offering processor subsidies to state-owned ethanol processors to dispose of old-crop inventories from the State Grain Administration at discounted rates.
- Production Subsidies
    - During a period of high corn prices in 2008, China restricted construction of new ethanol facilities.
    - Central Government subsidies for conventional ethanol plants have been gradually phased out from RMB 2,000 per ton (US $318) in 2009 to zero in 2016.
    - Ethanol production subsidies using non-food grain feedstocks will become phased out by 2018.
    - Advanced cellulosic ethanol production subsidies are RMB 600 per ton (US $0.07 per liter).
    - The prospects for continued production subsidies in 2017 and 2018 remain uncertain as extensions or updates to the original subsidy program have not been announced at this time.
- Synthetic Ethanol
    - In January 2017, China opened the first coal-to-ethanol production plant in the world. This plant is located in the Shaanxi Province.
    - Currently, as of October 2017, the facility has a production capacity of about 126.8 million liters (about 100,000 tons). By 2020, the plant is hoping to expand the production capacity by 1,268 million liters (about 1.0 million tons).
    - To limit the expansion of other coal-to-chemical processing plants, China is predicted to enforce more strict environmental standards. However, SOEs and private investors have a growing interest in expanding the synthetic ethanol production capacity.
- Tariffs
    - Biodiesel
        - The applied import duty for biodiesel (HS: 382600) remains unchanged at 6.5% as of January 2017.
        - Free trade agreements with ten ASEAN countries plus Chile, Singapore, Vietnam, and Pakistan signed in 2012 removed import tariffs for biodiesel.

Tariff and Taxes on Biodiesel (2009 to 2017)					
HS #		Import Tariff Rate (MFN)	VAT on Import	Consumption Import Tax	VAT Rebate on Export
271020	Petroleum and biodiesel mixtures	6%	17%	5%	0%

382600	Biodiesel and mixture	6.5%	17%	5%	0%

- Ethanol
  - Denatured ethanol (HS 22072000) received a tentative tariff rate of 5% in 2016.
  - The tentative tariff rate has been restored to 30% (MFN rate) in 2017.
  - The applied import duty for undenatured ethanol (HS: 220720) remains unchanged at 40%.

- Valued Added Tax (VAT) and Consumption Tax
  - Since 2002, China has subsidized and granted tax reductions or exemptions of VAT or consumption taxes to fuel ethanol and biodiesel producers.
  - In 2009, China's Ministry of Finance announced that by 2015, the government will remove its support on the VAT rebate and import a 5% tax for grain-based ethanol production.
  - In 2015, VAT exemptions for grain-based fuel ethanol producers expired. VAT exemptions for ethanol producers using "non-grain" (Generation 1.5) and cellulosic feedstocks (Generation 2.0) continue.
  - On December 15, 2015, China's General Administration of Customs imposed a RMB 8 per liter (US $1.16) consumption tax on fuel blends with less than 30% biodiesel content. All other biodiesel blends are exempt from the measure.

Biotechnology

- General
  - On January 8, 2019, Chinese Ministry of Agriculture and Rural Affairs (MARA) approved five new biotech traits in imported crops, first new approvals since 2017.
  - In December 2021, MARA issued new and renewed biosafety certificates for GE events for the next 5 years. 34 certificates were issued for Bt crops approved for import as processing materials (including 16 GE cotton events) and 19 were renewed certificates for domestic cultivation.
  - In January 2022, MARA published 2022 Decree No. 2 which amends some articles of 4 seed related regulations. The amendments are to facilitate the commercialization of GE seeds and traits.
  - As of April 2022, MARA issued new and renewal biosafety certificates for 36 GE events for crop cultivation and production. In addition, 11 certificates were issue for biotech crops approved for import as processing materials. 31 certificates were issued for domestic cultivation, and these include 16 renewed GE cotton events, 8 new cotton events, 4 new GE corn events and one new GE soybean event.
  - In July 2022, MARA published a revised "guideline for Safety Assessment of Genetically Modified Plants" (the "Guideline") which applies to bio-safety

certificate application for domestic production and importation as processing materials.

- As of November 2022, PRC is preparing for commercial cultivation of GE crops, and their first ever regulations on gene-edited plants. PRC favors domestic biotech developers by prohibiting foreign investment and through its approval process, which currently lacks transparency and predictability.
- With the exception of GE cotton and papaya, PRC has not yet approved any GE food or feed products for domestic commercial cultivation.
- China both imports GE products and exports them. In 2021, they exported over 9,600 tons of GE papaya to Hong Kong. However, they do not export either one to the US.
- In January 2023, MARA approved 3 new and 2 renewed GE cotton crops for import. For domestic cultivation and production, MARA also approved 6 new GE events (incl. 2 GE corn, 1 GE soybean), and renewed 32 GE events (including 29 renewals for GE cotton), as well as new approvals for GE alfalfa and sugarcane.
- As well as the new approved events, MARA has also changed the guidelines for GM plants, whereby the nature of biosafety assessments is on an event basis, rather than variety and event, for consistency with Administrative Measures. MARA will determine at least one production trial site in each major ecological area for application to determine production safety.
- As of December 2023, MARA has registered 51 GE corn and soy varieties, including 37 GE corn varieties and 14 GE corn varieties. This is one step further in the advance toward commercial cultivation of domestically developed GE crops.
- In addition, MARA issued 9 new biosafety certificates and renewed two more for GE crops approved for import in processing materials. They also clarified the classification criteria and requirements for evaluating gene-edited plants and approved the first gene-edited plants for domestic cultivation. There does however continue a prohibition on foreign investment in GE seeds and unpredictable review processes for foreign products.

- <u>13th Five-Year Plan</u>
  - As a part of its rule revision plan, in 2016, the Chinese Ministry of Agriculture (MOA) released the "Revised Administrative Measures for Safety Assessment of Agricultural Genetically Modified Organisms" (MOA Decree 7 [2016]).
  - The 13th Five-Year Plan for Science and Technology Innovation aims to push forward the commercialization of a new domestic type of Bacillus thuringiensis (Bt) corn, Bt cotton, and herbicide-resistant soybeans by 2020.
  - In 2016, MOA revealed a roadmap for commercialization of GE crops in China, starting with cash crops "not for food use;" followed by crops for input for feed and industrial uses; then food crops; and finally staple food crops (rice, wheat, and soybeans).

- At the same time, delays in import approvals continue to worsen, causing unpredictability for traders and delaying the adoption of needed new varieties in exporting countries such as the United States.
- As of December 2019, MARA issued biosafety certificates for two new events and renewed the biosafety certificates for ten other events. They also granted the biosafety certificate for cultivation to 192 plant varieties, including one soybean and two corn products.
- China has prioritized nonfood use GE crops (such as cotton), then GE crops for indirect food use (such as soybeans and corn), and finally GE food use crops (such as rice and wheat) for commercialization and cultivation.
- Since MARA began approving imported GE products for FFP use, China has approved six different crops: soybeans, corn, canola, cotton, sugar beet and papaya.
- However, the lack of a Low Level Presence (LLP) policy in China means that the world's largest importer of animal feed has a zero tolerance for unapproved GE events, which is a significant barrier to trade.

- 14th Five Year Plan (2021)
  - The 2021 plan seeks to provide long-term assistance to key seed breeding programs and expedite major biotech breeding projects.
  - In 2019, China had nearly 6,400 registered seed production companies. However, media reports indicate that these companies are generally very small.
  - MARA is instructed to support leading domestic enterprises to speed up the creation and construction of seed production bases and modernize China's seed industry
  - In order for China to commercialize high-quality high-yield seeds, substantial investment need to be made in this sector to support domestic innovation and wide-spread adoption of intellectual property right norms.
  - The Plan has identified resource protection, pollution control, restoration of ag ecology, and the development of a low-carbon ag industrial chain as key goals to achieve between 2021 and 2025.

- Soybeans
  - As of October 28, 2016, Chinese government continues to restrict the use of imported biotech soybeans for food processing.
  - In an effort to protect the share and competitive price of domestic soybeans in the domestic food processing market, the government is expected to continue tighter control over the use of imported GMO soybeans for food processing.
- Trade Barriers
  - The most significant trade barrier in the biotech sector remains China's prohibition of foreign investment in biotech with overseas companies.

    - Another barrier is the slow progress of China's regulatory process for GE traits, which can cause some developers to languish for decades in waiting for approval.
    - The lack of a LLP policy in China also means the world's largest importer of animal feed has a zero tolerance for unapproved GE events, resulting in a significant barrier to trade.
- U.S.-China Economic and Trade Agreement
    - As of June 2020, and under the Phase One Agreement, China's MARA issued biosafety certifications for importing two new events (one corn and one soybean), along with six renewals for a minimum of 5 years.
    - As part of Phase One, China has committed to establish a regulatory process for all food ingredients derived from microbial biotechnology by February 2021.
    - China doesn't have LLP policy for biotech imports. With their zero tolerance previously for unapproved biotech products in imports and the large volume of imported GE products, it is a significant barrier to trade.
    - As of January 2021, MARA issued biosafety certificates for import of two new traits as well as the renewal of three others. Two of the traits are for corn and three are for cotton.

Corn

- 2013 Policy Change
    - As of December 2013, China will now only attempt to maintain "basic" self-sufficiency in corn production to allow for an "appropriate" level of imports (Number One Document issued by Chinese Communist Party Central Council on Jan. 19, 2014).
- Deep Corn Processing Program
    - This program was started as a measure to utilizing and decreasing domestic corn stocks before using corn from other sources.
    - Based on informal surveys of grain analysts from varying parts of the trade industry, it is expected this program could last from 18 months to 7 years; however long it takes to deplete the excess corn stocks.
    - In November 2017, an expected announcement concerning the deep corn processing subsidy was not made. Because of this, some plans to expand storage capacity has been delayed.
    - Experts speculate that the deep corn processing program will come to an end of payments will be cut in half due to increasing corn prices in order to handle the recent price changes.
    - It was announced mid-March 2018 that deep corn processors and feed producers are qualified to buy MY 2017/18 corn from March 15, 2018 through April 30, 2018.

    - In order to receive the subsidy of US $16/ton (RMB 100/ton), all purchases must be fully processed no later than June 30, 2018.
    - On March 23, 2018, Heilongjiang introduced their own subsidy for corn producers. The subsidy is US $24/ton (RMB 150). Corn producers will need to meet the same requirements as the deep corn processing program above to be able to qualify for this subsidy.
- Grain Auctions
    - In November 2010, the government prohibited corn processing plants to participate in grain auctions.
    - Only feed/flour millers, or livestock/poultry producers could participate to prevent excessive purchasing and price increases.
    - Further, purchases must not exceed a business' average monthly use.
- Government Stocks
    - Every marketing year, the government purchases corn to replenish stocks to maintain adequate supplies and curb rising domestic prices.
- Imports
    - Additional Tariff on US Origin Corn
        - It was announced on June 16, 2018, that China was adding an extra 25% tariff on US origin corn imports to China. This went into effect on July 6, 2018.
    - Countries Permitted to Export Corn to China
        - Current as of April 2017, the countries that are permitted to export corn to China include: Thailand, United States, Peru, Laos, Argentina, Russia, Ukraine, Bulgaria, Brazil, Cambodia, and South Africa.
    - Value-Added Tax (VAT)
        - In May 2017, a four tier value-added tax regime had been announced.
        - As of September 2017, the four tier regime has been reduced to a three tier regime.
        - The three tiers consist of 17%, 11%, and 6% rates, as a result eliminating the 13% rate.
        - This policy went into effect July 1, 2017 and immediately recued the VAT for agricultural products, including grains, from 13% to 11%.
- Loan-Guarantee Credit Facility
    - In November 2016, Xinhua News reported that Chinese authorities have established a loan-guarantee credit facility for corn processors in the North East Provinces of Jilin, Heilongjiang, Liaoning, and Inner Mongolia to purchase corn.
    - The loan-guarantee fund will backstop loans provided by the Agricultural Development Bank of China, the Ministry of Finance, China Banking Regulatory Commission, and the State Grain Administration.

- North East Corn Purchase Policy
    - On September 22, 2016, China's Grain Bureau announced the "North East Corn Purchase Policy" to normalize domestic supply and demand market mechanisms.
    - The policy will implement looser farm credit, local government loan guarantees for buyers, and improved access to drying, handling, and storage equipment.
    - For corn growers approved by the State Council, there are about RMB 30 billion (USD $4.5 billion) allocated for distribution to the North East region.
    - The new subsidy ranges from RMB 134 to RMB 150 per mu (0.1647 acre) based on actual seeding acreage in the new production year.
- Prices
    - Domestic Prices
        - In late March 2016, domestic corn prices have settled into a 10-year low. In China's prime growing regions, such as Heilongjiang province, corn prices have declined as low as RMB 950 to 1,150 (US $138 to $166) per ton. Elsewhere, prices have slumped to between RMB 1,260 to 1,430 (US $183 to $208) per ton.
    - Floor Prices
        - MY 2009/10
            - The average government floor price for corn in MY 2009/10 was US $274/MT.
        - MY 2013/14
            - The 2013 average floor price for corn is RMB 2,240 per ton, up to 120 RMB higher from the previous year.
        - MY 2016/17
            - On March 28, 2016, the government announced an end to the floor price for corn.
            - The resulting fall in corn prices following this announcement is still rippling throughout China's agricultural sector.
    - Minimum Support Price (MSP)
        - High prices of corn have boosted production and suppressed demand, resulting in excess stocks.
        - MY 2013/14
            - The minimum support price for MY 2013/14 is RMB 2,240 per ton, up to 120 RMB from the previous year.
            - High prices of corn have boosted production and suppressed demand, resulting in excess stocks. The government responded to this challenge by announcing on September 18, 2015, that it will cut the support price for corn to RMB 2,000 per metric ton. This is

the first time the floor price of corn has been reduced since it was first instituted in 2008 at RMB 1,500 per ton.

- MY 2014/15
    - In MY 2014/15, the support price reached a historical peak of RMB 2,250.
    - The government responded to excess stocks by announced on September 18, 2015, that it will cut the support price for corn to RMB 2,000 metric tons. This is the first time the floor price has been reduced since it was first instituted in 2008 at RMB 1,500 per ton.
    - The lower floor price is having a significant impact on farmers and will reportedly cause some farmers to operate at a loss, particularly small farmers and farmers who rented land based on higher support prices.
- MY 2015/16
    - In the fall of 2015, the Government of China ended the minimum support price for corn.
    - Since the removal of the minimum support price, there has been no official price floor or temporary stocks for corn.
    - Although there are no official government interventions in place, there are unofficial interventions including the State Administration of Grain establishing the floor price, issues given to state-owned enterprises, processors, and banks to purchase significant amounts of corn directly from corn producers in the Northeast region of China.
- MY 2018/19
    - Unspecified new subsidies will be created to help support corn farmers.

- Price Determination
    - As of February 2017, corn prices will continue to be determined by the market and the subsidy mechanism for corn growers will be furthered improved.
    - The protective price system for corn was removed and a subsidy mechanism for corn growers was put in place in 2016. The new program seems to be working well.
    - As a result of the new subsidy mechanism system, corn prices have dropped significantly, benefiting the downstream processing facilities such as the biofuel industry.
- Spot Prices

- September 2017
    - Northeast China
        - Minimum: 1,700 RMB per ton
        - Maximum: 1,750 RMB per ton
        - Average: US $264 per ton
    - North China Plains
        - Shandong
            - Minimum: 1,740 RMB per ton
            - Maximum: 1,780 RMB per ton
            - Average: US $269 per ton
        - Hebei
            - Minimum: 1,800 RMB per ton
            - Maximum: 1,820 RMB per ton
            - Average: US $277 per ton
        - Henan
            - Minimum: 1,800 RMB per ton
            - Maximum: 1,820 RMB per ton
            - Average: US $279 per ton
    - South China
        - Guangdong
            - Minimum: 1,750 RMB per ton
            - Maximum: 1,770 RMB per ton
            - Average: US $269 per ton

- State-Owned Inventories
    - From 2018 through 2020 or 2021, the current state-owned inventories are expected to be able to fulfill corn processing demands.
    - Processors will continue to be able to use state-owned corn stocks as long as enough corn supplies are available and they are operating above the breakeven level.
    - Even though there was an end to consumption support payments, corn by-products are still continuing to saturate local markets and adjacent export markets.
    - Because corn stocks are continuing to increase, China has started to look for new methods to relinquish corn by-products.
- Storage and Transportation Fees
    - The provincial governments of Heilongjiang, Jilin, and Inner Mongolia (that hold most of China's corn stocks) pay storage fees.
    - The fees are estimated at an annual cost of US $14.7/MT.
    - The central government periodically offers discounted rail rates to move corn to Dallan airport for shipment to Guangdong.

- Subsidies
  - General
    - On March 28, 2016, the Director of the Economy and Trade Office of the National Development and Reform Commission (NDRC) announced that the temporary reserve policy in Northeastern provinces and Inner Mongolia will be replaced by a new mechanism of "marketized purchases."
    - Unspecified new subsidies will be created to help support corn farmers.
  - Grower Subsidy Payments
    - Heilongjiang
      - 2016/17: US $350 per hectare (153.92 per mu)
      - 2017/18: US $303 per hectare (113.46 per mu)
    - Jilin-Dunhua
      - 2016/17: N/A
      - 2017/18: US $221 per hectare (113.46 per mu)
    - Liaoning – Huludao
      - 2016/17: N/A
      - 2017/18: US $356 per hectare (157 per mu)
  - Livestock Feed Miller Subsidies
    - The government has recommended that four major corn producing provinces offer subsidies to livestock feed millers under specific conditions.
    - On February 25, 2017, three provinces in Northeast China announced "Procedures for the Administration of Financial Subsidies for Feed Processing Enterprises in Jilin, Liaoning and Heilongjiang Provinces."
    - Inner Mongolia has not announced rules for its subsidy program. It is suspected that measure will be approved in March 2017 with a target price of US $30 per ton (RMB 200).
    - Eligibility requirements for the processor subsidies include: annual processing capacity of 50,000 tons or more and the ability to take delivery of auctioned corn from state inventories.
    - Eligible sales are required to be settled before April 30, 2017 and processed by June 30, 2017.
    - Based on industry comments, the margins for corn processors (starch, ethanol, corn syrup, etc.), with processor subsidies, are expected to reach RMB 500 to 600 (US $73 to $87) per ton.
    - In MY 2015/16, processor margins were closer to RMB 40 to 70 (US $5 to $100) per ton.

- Table of Subsidy Payments:

North East China Corn Processor Subsidy Payments (RMB/ton)				
Province	**Heilongjiang**	**Jilin**	**Liaoning**	**Inner Mongonlia***
Proposed - Nov. 2016	300	200	100	200
Approved - Feb. 2017	300	300	300	TBD
*Budgeted				

- Processor Subsidy Program
  - As of November 2016, at the local and provincial levels, North East provinces are developing new policy packages to liquidate corn stocks from state grain reserves.
  - In the fall of 2015, Jilin, Heilongjiang, and Inner Mongolia provinces proposed transfers of direct cash subsidies ranging from $25 to $55 per ton to processors purchasing corn directly from state grain reserves.
  - In early September 2016, industry experts indicated that the Central and Provincial Governments plan to allocate RMB 3 billion for this program.
  - Eligible end-users benefiting from the subsidy include feed mills as well as corn starch, corn glucose, corn oil, and ethanol producers.
  - Industry experts estimate the new subsidy will be slightly lower than last year at around $25 to $28 per ton.
  - On October 27, 2016, Jilin province was the first in the North East region to officially announce the new processor subsidy program.
  - The policy stipulates that processors purchasing from local provincial stocks between November 1, 2016 and April 30, 2017 are eligible for a $30 per ton processor subsidy.
- Silage Corn Subsidy
  - In August 2017, the Heilongjiang Farm and Land Reclamation Administration published an announcement that up to 60 RMB per ton (or 240 RMB per mu) subsidies for silage corn, which includes up to 120 RMB per ton for half-dried silage feed oat, and up to 240 RMB per ton for half-dried alfalfa silage.
- Supply-Side Subsidy Reform
  - In early September 2017, the State Council announced supply-side subsidy reform, which its overall objective will be to build up overall efficiency and raise farm incomes.
  - This policy is intended to reform state-owned enterprises (SOEs), promote competitiveness among SOEs, and to further stabilize food security.

        - It also aims to encourage grain companies to increasingly utilize locations and resources when researching potential businesses; harmonize supply and distribution channels from start to finish during production, purchases, storage, and sales; to establish e-commerce; and to discontinue counterfeit products through strengthening brands, patents, and trademarks.
        - The plan is to focus on building a modern grain industrial system by 2020 with at least 50 grain enterprises with main business revenue exceeding 10 billion yuan (US $1.5 billion).
- Tax Incentives and Export Quotas
    - Tax incentives and export quotas are extended to the corn sector.
    - In 2009, the government removed the Value-Added Tax (VAT) rebate to control exports.
- Transportation Issues
    - In MY 2016/17, major transportation obstacles resulted in bottlenecks.
    - To prevent this from happening in MY 2018/19, Heilongjiang stated that from December 20, 2017 until April 30, 2018, vehicles transporting corn would have lower highway toll fees.
    - For MY 2018/19, Jilin announced new less restrictive trucking rules to attempt to relieve traffic congestion and lower transportation costs.
- TRQ (fixed quotas have not changed since 2004)
    - Corn: 7,200,200 metric tons (283 million bu)
    - 60% of the TRQ is required to be traded by state-owned enterprises.
    - 40% of the TRQ is reserved for private allocation.
    - The within TRQ tariff rate is 1% and 65% beyond the TRQ.

Cotton

- Cotton Reserve Sales 2016
    - On August 5, 2016, China's National Development and Reform Commission announced that sales of state cotton reserves will be extended for one more month to the end of September 2016. The extension was granted to meet the textile sector's demand.
    - In addition, the plan to cap total reserve sales at 2 MMT was also eliminated.
- Imports
    - Sliding Duty and TRQ
        - On June 12, 2018, it was announced by the NDRC that 800,000 tons of additional cotton import quotas would have a sliding duty applied. This decision comes in effort to help meet the high demand of cotton from the textile industry.

    - These imports are only eligible to non-stated owned enterprises. If eligible, enterprises have the choice to use the cotton for general trade or processing trade, whichever will help them lower costs and become more efficient.
    - Quotas will be determined based on an application process controlled by the NDRC.
    - As of June 2018, in compliance with WTO commitments, China allocated 894,000 tons of tariff rate quota cotton imports each year. These imports have a 1% duty applied.
    - The sliding duty was put into effect to encourage imports of high-grade, high-priced cotton.
    - To determine the sliding duty, a formula is used using the taxable price. If the taxable price is RMB 15/kg (US $2,380/ton) or higher, a volume based tariff is applied at a rate of RMB 0.57/kg (US $90/ton). If the taxable price is lower than RMB 15/kg (US $2,380/ton), then the tariff is calculated by: Ri=9.337/Pi+2.77%*Pi-1
    - In order to be eligible for the TRQ, enterprises must have been registered with the State Administration for Industry and Commerce before October 1, 2017, have a good history of taxation and credit and remain in good financial standing, have received no violations in Customs starting in 2016, not be blacklisted on the website "Credit China," not have any violations of the "Administrative Measures for Import Tariff Rate Quotas of Agricultural Commodity," and the enterprise must have self-owned spindles equal to or more than 50,000.
    - To apply for this, enterprises must submit an application to NDRC approved agencies between June 15, 2018 and June 29, 2018. After submission, the NDRC will assign quotas as appropriate.
    - As of June 15, 2018, there is not an established deadline to use the TRQ. Typically, a TRQ has to be used before the end of a calendar year.
    - As of March 26, 2020, GACC eliminated the requirement for quality inspection for cotton import consignments, unless requested by specific importers or required by import regulation.
- <u>Exports</u>
  - To export China cotton, overseas cotton suppliers must register with China's General Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ).
  - On January 18, 2013, AQSIQ published Decree No. 151 on "Supervision and Administration Measures for Inspection of Import Cotton."
  - The Decree went into effect on February 1, 2013.

- Since then, implementation of these measures have been limited.
- Based on these registration requirements, traders are recommended to register with AQSIQ before exporting cotton to the Chinese market.
- AQSIQ keeps updating the supplier list on its website to include newly registered or renewed overseas cotton suppliers. The latest update was November 18, 2016.
- As of March 2017, Post have not received any reports of trade disruptions as result of this registration process.

- Prices
  - Average Price
    - According to a report issued by China's National Development and Reform Commission (NDRC) dated August 4th, the average cotton selling price in the first half of 2014 was RMB 17,414, down 9.8% from the previous year.
  - Domestic Cotton Price
    - As a result of the government's direct subsidy policy, the MY 2014/15 domestic cotton price will be lower compared to cotton prices resulting from previous policies establishing an artificially high floor-price.
  - Target Price
    - MY 2015/16
      - The target price for cotton is RMB 19,800/ton.
    - MY 2016/17
      - The target price for cotton is RMB 18,600 (US $2,735)/ton.
    - MY 2017/18
      - The target price system applied to cotton in Xinjiang in four northeastern provinces will be further adjusted and improved.
      - The government will adjust the scale and commodity variety of the state reserves and optimize reserve locations.
      - The new target price is 18,600 yuan per ton (approximately US $0.122/lb using current exchange rates or US $2,906 per ton).
      - This target price is unchanged from 2016 and will be in effect through MY 2019/20.
      - As of September 2017, there is no official legislation for the fixed subsidy (RMB 2,000 or US $313/ton) for the other nine cotton-producing provinces in China.
      - Because of the fixed target price until 2019, the subsidy rate will not accommodate for rising production costs and will not increase during the time the target price is in effect. This has the potential to hurt profits unless producers are able to balance out some of the production costs with other factors (yield gains, etc.).

- State Reserve Policy MY 2010/11
    - The government operates a state reserve policy where it maintains an unpublished volume of state cotton reserve which it uses (through purchases and releases) to regulate the domestic cotton market.
    - In August and October of 2010, a total of 1 MMT of state cotton reserves was released.
- Subsidies
    - Direct Subsidy For Cotton Outside Xinjiang Region
        - MY 2014/15
            - On November 4, 2014, NDRC announced that MY 2014/15 cotton produced outside of the Xinjiang region (the other nine cotton producing provinces) will receive a direct subsidy of RMB 2,000/MT.
            - As a result of the government's direct subsidy policy, the MY 2014/15 domestic cotton production price will be lower compared to cotton prices resulting from previous policies establishing an artificially high floor price.
        - MY 2016/17
            - The MY 2016/17 fixed direct subsidy of RMB 2,000 (US $300)/ton will be paid to cotton farmers and is expected to continue at the same level in MY 2017/18.
        - MY 2017/18
            - As of March 31, 2017, there is no official announcement for the fixed subsidy for the nine provinces outside the Xinjiang region.
            - As previously reported, the fixed subsidy amount provided to these provinces will be equivalent to 60% of the subsidy rate distributed to Xinjiang in any given year, but the maximum amount will not be higher than RMB 2,000/ton.
            - Although not confirmed, it appears the other nine-producing provinces will receive a direct subsidy of RMB 2,000 (US $323)/ton.
    - Seed Subsidy
        - MY 2013/14
            - The current seed subsidy rate is approximately $34/ha.
            - This seed subsidy is provided to large seed producers/traders for select "high quality varieties" through an open bidding process.
            - As such, the seed subsidy is intended to improve cotton quality.
        - MY 2016/17

        - In MY 2016/17, the government will continue to provide a long-standing seed subsidy of about $36/ha for selected "high quality variety" seeds to improve the cotton quality in all provinces.
        - Total expenditures in MY 2015/16, though unpublished, are estimated at about $136 million.
    - MY 2017/18
        - The government will continue to provide a long-standing seed subsidy of about US $36/ha for selected "high quality variety" seeds to improve the cotton quality in all provinces.
    - MY 2018/19
        - In MY 2018/19, the seed subsidy of US $36/ha for "high quality variety" seeds will be offered in MY 2018/19.
- Target Price-Based Subsidy Policy
    - A new support policy for MY 2014/15 narrow eligibility to Xinjiang farmers only and pays a direct subsidy based on target price instead of price support purchases. This policy is expected to lower farmer payments and decrease financial incentives.
    - After three marketing years of implementing the minimum price state purchase policy, the government switched to a target price-based subsidy program.
    - The change in policy sought to address the aftermath of the three ear stockpiling policies:
        - The pressure of large and expensive cotton stocks
        - Little positive impact on sustainable domestic cotton planting
        - Some Chinese spinners are out of business
    - MY 2015/16
        - In MY 2015/16, Xinjiang farmers receive a lower target price of RMB 19,100/ton (US $3,081/ton), down from the RMB 700/ton (US $113/ton) from the previous year.
        - The fixed subsidy provided to farmers in the other nine cotton-producing provinces continued at RMB 2,000/ton (US $323/ton).
        - The total central government combined subsidies for MY 2015/16 are estimated at RMB 29.58 billion (US $4.8 billion).
        - While total subsidies for MY 2015/16 grew by 26% compared to the total MY 2014/15 subsidy of RMB 23.32 billion (US $3.79 billion), total subsidies in these last two years are roughly RMB 6 billion (US $2 billion) lower than the subsidies provided during the state purchase policy program implemented from MY 2011/12 to MY 2013/14.

- MY 2016/17
    - During a Cotton Policy and Market Conference held in Beijing on March 18, 2016, the central government announced the continuation of the "Target Price-Based Subsidy Program" for Xinjiang in MY 2016/17.
    - However, the target price was lowered by RMB 500 (US $78)/ton from the previous year.
    - The price is RMB 18,600 (US $2,735)/ton.
- MY 2017/18
    - On March 16, 2017, the National Development and Reform Commission (NDRC) announced the "Enhancement Reform to the Target Price-Based Subsidy Policy" for Xinjiang Cotton.
    - The subsidy policy will continue for the next three years (MY 2017/18 through MY 2019/20).
    - The fixed target price for the subsidy will also remain unchanged from the MY 2016/17 level of RMB 18,600 (US $3,735)/ton.
    - The NDRC also set a yearly ceiling volume that will be entitled to the subsidy for Xinjiang. The entitled volume is set to be 85% of the averaged NSB certified national cotton production from 2012 to 2014. Based on NSB production data during that period, this volume ceiling would be 5.47 MMT per year.
    - In previous years, the subsidy did not include a ceiling volume and the justification for the base years to calculate this ceiling is unclear. However, Xinjiang's cotton production has never exceeded 5.47 MMT per year (recent average yearly production stands at about 4 MMT). Preliminary speculation is that the high ceiling volume may stimulate greater cotton area and production for Xinjiang in the next three years.

Total Central Government Cotton Subsidies Under the Target Price-Based System				
	MY 14/15	MY 15/16	MY 16/17	MY 17/18
Xinjiang	RMB 18.4 billion (US $2.98 billion)	RMB 25.6 billion (US $4.13 billion)	RMB 9.7 billion (US $1.46 billion)*	RMB 12.6 billion (US $1.89 billion)*
Other Provinces	RMB 4.97 billion (US $0.81 billion)	RMB 3.98 bilion (US $0.64 billion)	N/A	N/A
Total	RMB 23.32 billion (US $3.79 billion)	RMB 29.58 billion (US $4.8 billion)	N/A	N/A

Source: Industry Source

*Numbers based on NSB production and estimated price gap between target price and market avery price by Post

- MY 2020/22
  - The policy was extended for an additional three years, with no changes to the target price or the production cap.
- MY 2023/25
  - NDRC extended the policy for another 3 years, with the target price unchanged at 18,600 yuan/MT. The updated policy now reduced the fixed production cap entitled for subsidy to 5.1 MMT. New language was added to the policy emphasizing quality as a key component and a factor in determining subsidy allocation.
  - One likely issue is that in maintaining this price level for an additional 3 years, the policy reduces the overall benefit to farmers. The farmers will receive the same minimum price which was originally established in 2016, despite higher production costs for land, inputs, and labor.

- Xinjiang Shipping Subsidy
  - The Xinjiang province is a major source of China's domestic cotton production, but with only one rail line to move the raw product cross-country to textile producing areas in which harvest time can create bottlenecks.
  - MY 2008/09 – MY 2009/10
    - The government provides a subsidy of RMB 400 (US $59)/MT for cotton shipped from Xinjiang mills in coastal and southern cities.
    - Xinjiang currently provides 40% of China's domestic cotton production.
  - MY 2010/11

        - The government continues to provide a subsidy of RMB 400 (US $59)/MT for cotton shipped from Xinjiang mills in coastal and southern cities.
        - Xinjiang currently provides 40% of China's domestic cotton production.
        -
    - MY 2011/12
        - The government continues to provide a subsidy of RMB 400 (US $59)/MT for cotton shipped from Xinjiang mills in coastal and southern cities.
        - Xinjiang currently provides 40% of China's domestic cotton production.
    - MY 2012/13
        - The government continues to provide a transportation subsidy of RMB 500 (US $80) for cotton shipped from Xinjiang mills in coastal and southern cities.
        - Xinjiang currently provides 40% of China's domestic cotton production.
    - MY 2013/14
        - The government continues to provide a transportation subsidy of RMB 500 (US $80) for cotton shipped from Xinjiang mills in coastal and southern cities.
        - Xinjiang currently provides 40% of China's domestic cotton production.
    - MY 2014/15
        - The government continues to provide a transportation subsidy of RMB 500 (US $81) for cotton shipped from Xinjiang mills in coastal and southern cities.
        - Xinjiang currently provides 40% of China's domestic cotton production.
    - MY 2015/16
        - In MY 2015/16, the government continued to provide a transportation subsidy of RMB 500 (US $81)/ton for Xinjiang-origin cotton shipped to mills in coastal and southern cities.
        - Xinjiang currently provides more than 60% of China's domestic cotton production.
- Xinjiang Subsidy Policy
    - MY 2016/17

        - On October 28, 2016, the Xinjiang Provincial Government published implantation details for the 2016 Xinjiang cotton subsidy based on the central government's previously announced target price of RMB 18,600/ton from MY 2015/16.
        - The implementation details remain virtually unchanged from the previous year.
        - In an effort to reduce administrative costs and increase farmer confidence in cotton planting, subsidy payment to farmers will be paid in a timelier manner and completed in two installments rather than four.
        - One payment will be made at the end of October 2016 and the other at the end of January 2017.
        - Basic data collection (that is, data related to cotton planted area/distribution and ginning facilities) and lessons learned from the subsidy implementation in MY 2016/17 are expected to shape the government's formulation of the cotton support policy for MY 2017/18 and beyond.
        - Based on official reports, MY 2016/17 is scheduled to be the final year of the government's three-year trial implementation period for the "Target Price-Based Subsidy Policy." However, Post expects the current subsidy policy will continue in Xinjiang in the coming years.
    - MY 2017/18
        - In MY 2017/18, the Xinjiang subsidy (to non-PCC farms) remained production based. 90% of the subsidy is distributed to farmers based on how much they produce. The other 10% served as an area-subsidy for cotton farmers in four prefectures in south Xinjiang. The subsidy was kept production based as a continual encouragement of Xinjiang's cotton farming restructuring.
        - The subsidy is predicted to be extended throughout MY 2018/19.
- Xinjiang Trial Subsidy Program MY 2014/15
    - On September 18, 2014 NDRC published policy details on a trial subsidy program in Xinjiang for MY 2014/15.
    - This trial program will give Xinjiang cotton farmers a direct subsidy if the price falls below a target price of RMB 19,800 (US $3,193) per ton.
    - Farmers will be compensated on a combination of their acreage and the volume sold to cotton ginners.
    - Area Based Subsidy Rate

- $\frac{total\ funds \times 60\%}{Certified\ planting\ area}$

  - Seed Cotton Production Based Subsidy Rate

    - $\frac{Total\ funds \times 40\% \times lint\ ratio\ certified\ by\ Xinjiang\ government\ for\ specific\ region}{Certified\ Production}$

- Targeted Loans
  - MY 2010/11
    - In MY 2010/11, the Agricultural Development Bank of China (ADBC) provided loans (under favorable terms) for the purchase of 2 MMT of seed cotton.
  - MY 2015/16
    - In MY 2015/16, the ADBC continued to provide loans with favorable terms for seed cotton purchases.
    - The program facilitated the marketing of seed cotton when market prices remained weak and demand for cotton was stagnant.
    - CCA data indicated that total loans stood at RMB 28 billion (US $4.52 billion) in MY 2015/16 (down 40% over the previous year) on a smaller cotton production.
    - ADBC will continue to provide financial assistance for the marketing of domestic cotton in MY 2016/17.
    - Total ADBC loans to other provinces were only RMB 300 million (US $48 million) in MY 2016/17 due to low production.
  - MY 2016/17
    - In MY 2016/17, the ADBC continued to provide targeted loans with favorable terms for seed cotton purchases.
    - Specific data on total loans is not available but will be slightly higher than the previous year on a relatively larger cotton production.
  - MY 2017/18
    - The ADBC will continue to provide financial assistance for the marketing of domestic cotton in MY 2017/18.
    - The total amount of loans is predicted to increase as a result of higher cotton production.
- TRQs
  - WTO Commitments
    - Under its World Trade Organization (WTO) commitments, China is obligated to allocate 894,000 tons of cotton TRQ imports (subject to a 1% tariff).

        - Cotton without a TRQ allocation are subject to a stiff 40% import duty which normally impedes their price competitiveness.
        - In previous years, China also issued additional import quotas outside of its WTO TRQ until 2014.
        - However, the additional TRQ allocation in 2015 remained unknown or very limited (some industry insiders estimate that about 300,000 tons of cotton imports destined for processing and re-export were used in the bonded zones in 2015).
    - MY 2010/11
        - A TRQ system was in place that maintained the domestic cotton price higher relative to the price in the international market.
        - China distributed the usual 894,000 MT (about 4 million bales) of cotton TRQ for 2011 (1% import tariff) at the end of 2010.
        - For MY 2010/11, tariff rates beyond the TRQ ranged from 5% to 40%.
        - An additional 1.7 MMT was distributed subject to a variable rate quota
    - MY 2015/16
        - Industry insiders believe that, except average imports through bonded zones, the distribution of additional TRQs in 2016 are improbable.
        - Cotton imports without a TRQ allocation are subject to a stiff 40% import duty which normally impedes their price competitiveness.
    - MY 2016/17
        - Industry observers believe that outside imports through bonded zones, the distribution of additional TRQs appear improbable for 2017.

Rice

- Imports
    - Countries Permitted to Export Rice to China
        - Current as of April 2017, the countries permitted to export rice to China include: Thailand, Uruguay, Pakistan, Vietnam, Japan, India, Cambodia, Taiwan, Myanmar, Laos, and South Korea.
    - As international rice prices gained competitiveness over Chinese rice prices, import volumes into China have increased since November 2020. In addition, as Chinese rice prices lose competitiveness, exports slowed down from 2017-2019. With high animal feed prices, Chinese rice has been substituted for corn through 2021.
- Price Support
    - MY 2010/11

        - The government guarantees a minimum price for rice. If prices drop below the floor, the government purchases and stores it, which may be sold at an auction.
        - The government holds weekly auctions of both Indica and Japonica rice that correspond to about 2 MMT and 100,000 MT.
        - Early Indica: US $311/MT
        - Japonica: US $390/MT
    - MY 2014/15
        - The 2014 price support for Early Indica (unmilled) is RMB 2,700.
        - The 2014 price support for Japonica (unmilled) is RMB 3,100.
    - MY 2016/17
        - The Indica rice price is set at RMB 2,660 per ton (US $389).
        - The Japonica rice price is set at RMB 3,100 per ton (US $453).
    - MY 2017/18
        - The Indica rice price will remain unchanged from the previous year at RMB 2,660 per ton (US $389).
        - The Japonica rice price will remain unchanged from the previous year at RMB 3,000 per ton (US $436).
        - Third-class Mid-to-Late Indica rice minimum price is RMB 2,720 per ton (US $406/ton).
        - As of April 2018, the minimum support prices are as follows:
            - Third class early indica rice and mid-late indica: RMB 2,400 (US $381) and RMB 2,620 (US $416), respectively.
            - Japonica rice: RMB 2,600 (US $413)
- TRQ (fixed quotas have not changed since 2004)
    - The TRQ for rice (short and long grain) is 5,320,000 metric tons (20 million bu) and remains unchanged since 2004. Half is for long grain rice and the other half is for medium-short grain rice.
    - 50% of the TRQ is required to be traded by stated-owned enterprises.
    - The within TRQ tariff rate is 1% and 65% beyond the TRQ.
    - Effective July 1, 2018, the in-quota duty rate for TRQs for broken rice, indica-varieties, and other broken rice (HS Codes 10064010 and 10064090) will remain at 1% and the out-of-quota duty rate will decrease from 65% to 10%.

Sorghum

- Imports
    - 2016
        - As of October 26, 2016, during the past two years, South China has emerged as the world's largest user of United States' sorghum, and nearly

40% of all the sorghum produced in the United States was imported into South China.
        - More sorghum was imported into South China than was consumed domestically in the United States.
        - U.S. sorghum has been very attractive to Southern Chinese feed producers due to its lower price compared to domestic corn, and the absence of import restrictions. Because there are no import restrictions, sorghum is more attractive than corn for feed users.
    - 2018
        - As of early 2018, sorghum does not require tariff-rate quota and is not permitted for biotech production.
        - Imports to China are subject to a 2% MFN tariff rate.
    - Additional Tariff On US Origin Sorghum
        - It was announced on June 16, 2018, that China was adding an extra 25% tariff on US origin sorghum imports to China. This went into effect on July 6, 2018.
    - Antidumping Duty (AD) and Countervailing Duty (CVD)
        - On February 4, 2018, an investigation was initiated on sorghum imports from the United States. The claim was that United States imports of sorghum was hindering the domestic sorghum market. This investigation led to a temporary antidumping duty of 178.6% beginning April 18, 2018.
        - As of May 2018, MOFCOM reached the end of the investigation and announced the antidumping duty will no longer be applied and any antidumping duty that had been paid will be refunded.
        - The investigation was dismissed because it was not useful to China's public interest, it was hurting Chinese farmers and downstream industry, and the cost of living was starting to increase for consumers.
- Prices
    - Domestic Prices
        - As of September 2017, sorghum prices are at a three-year high. The price of imported sorghum in South China ports are averaging CIF RMB 1,837 per ton, which is about RMB 400 (US $60) lower than domestic sorghum.
        - As of February 2018, sorghum is currently priced at US $286 per ton (RMB 1,860). This price is currently higher than the price of corn at US $268 per ton.
    - Minimum Support Price
        - As of April 2017, sorghum producers in China do not benefit from a minimum support price of a Dalian Commodity Exchange contract.

        - Because of this, sorghum producers rely on forward marketing contracts with nearby alcohol producers or feed mills.
- Production Assistance
    - Sorghum is not considered an import feed grain and receives no production assistance.
    - In 2018, local government began to offer incentives for sorghum production including free fertilizer, seed, and pesticides. Sorghum producers are also able to apply for machinery rebates of US $4,500 (RMB 30,000) and direct payments of US $230 (RMB 100 per mu). The Shanxi government is strongly suggesting contract planting to its farmers.

Soybeans

- 13th Five Year Development Plan
    - As of July 29, 2016, in the "13th Five Year Development Plan," MOA clarified that domestic soybeans are considered a "grain product."
    - In other words, the planting of domestic soybeans is mainly aimed at meeting the domestic demands for soybean food.
    - Accordingly, the government has adjusted its soybean development policy to include more support to advantaged soybean-producing regions and focused its soybean research/technology on protein content and other quality factors to improve the quality of soybean food.
- Heilongjiang Emergency Soybean Expansion Plan
    - On April 29, 2018, an emergency plan to increase soybean planting area was announced. The plan aims to increase soybean planting area by 333,000 ha (5 million mu) and to switch from planting 133,000 ha (2 million mu) of corn to soybeans.
    - Local subsidies are being provided to support this effort. In Heihe City, Heilongjiang, a subsidy for soybeans of RMB 200 (US $234/ha) in 2018.
    - In Jilin, the subsidy for soybeans is RMB 200-580/ha (US $476-1380/ha) in 2018.
    - Following the Heilongjiang announcement, in June 2018, Henan announced a plan to rotate 0.5 million (34,000 ha) of soybeans for 2018.
- Imports
    - The import duty on soybeans (yellow, black, and green) is 3%.
    - The import tariff on soybean oil is 9%.
    - As of March 2018, China is at the top of the global soybean markets and imports the most soybeans in the world. The total amount of imports for China is 93.5 MMT, about 62.6% of total world soybean exports and 61.2% of total United States soybean exports.

- In MY 2016/17, China imported the majority of their soybeans from Brazil, about 45.34 MMT (48.5% of the market). China imported the most it ever had from the United States at 36.84 MMT (39.4% of the market).
- In MY 2018/19, soybean imports and meal consumption are predicted to stall due to ongoing trade tensions between the US and China and in part due to an outbreak of African Swine Fever (which is reducing swine herds).
    - Issues of the bilateral trade dispute include the additional 25% tariff on US soybeans, as well as concern among importers that China will add administrative actions at port to discourage purchases from the US.
-

- Obstacles to DDGS Imports
    - China's recent announcement (Sept. 2016) of anti-dumping and countervailing duties could have a negative effect on imports of dried distillers grains with solubles (DDGS) and could facilitate soybean imports.
    - Lower DDGS imports could encourage feed mills to use more soybean meal to supplement protein content in feed.
    - In September 2016, China imposed preliminary anti-dumping duties of 33.8% and countervailing duties ranging from 10% to 10.7% on DDGS.
    - These duties may change depending on China's final determination, which is expected to be announced in early 2017.
- Prices
    - Target Prices
        - The target price system applied to soybeans in Xinjiang in four northeastern provinces will be further adjusted and improved.
        - The government will adjust the scale and commodity variety of the state reserves and optimize reserve locations.
        - MY 2016/17
            - The target price for MY 2016/17 is RMB 4,800/ton (US $722/ton).
        - MY 2017/18
            - The target price is unlikely to change from the previous year and will remain at RMB 4,800/ton (US $722/ton).
- Subsidies
    - Direct Subsidies
        - Beginning in MY 2014/15, the central government enforced a trial program in the four Northeastern provinces by paying a direct subsidy to farmers based on target price.
        - Farmers receive a subsidy representing the difference between the market price at harvest and the set target price of RMB 4,800/ton (US $762/ton).
        - MY 2015/16

        - In MY 2015/16, the direct subsidy to farmers ranged from about RMB 1,960/ha (US $311/ha). In Heilongjiang Province to RMB 3,000/ha (US $476/ha) in Lining Province.
    - MY 2016/17
        - In MY 2016/17 the direct subsidies remained around the same as MY 2016/17. The subsidies ranged from about RMB 1,960/ha (US $311/ha) in Heilongjiang Province to RMB 3,000/ha (US $476/ha) in Lining Province.
        - The Heilongjiang Provincial Government also provided a payment of RMB 150/Mu (equivalent to US $339/ha) to farmers who switched from corn to soybeans.
    - MY 2017/18
        - As of March 2017, the target price has not been announced but it is expected to remain the same or increase.
- Grower Subsidy Payments
    - MY 2017/18 will be the first year a grower subsidy payment is offered.
    - This program was originally announced in March 2017 and pitched as a market-oriented payment connecting the soybean price to a direct subsidy for soybean producers.
    - This program will replace the three-year "target price" subsidy previously offered to soybean farmers.
    - Heilongjiang
        - 2016/17: US $275 per hectare (119 per mu)
        - 2017/18: US $394 per hectare (173.46 per mu)
    - Jilin – Dunhua
        - 2016/17: N/A
        - 2017/18: US $376 per hectare (165.58 per mu)
    - Liaoning – Huludao
        - 2016/17: N/A
        - 2017/18: US $470 per hectare (207 per mu)
- Target Price-Based Direct Subsidy Replacement
    - In March 2017, the Chinese government announced that for soybeans, starting in MY 2017/18, the "market-oriented soybeans price plus a direct subsidy to soybean farmers" will replace the current "target price-based direct subsidy."
    - The decision was made to assure farmers a subsidy during soybean planning in MY 2017/18.
- Tariffs

        - On June 16, 2018, GOC announced a revised list of U.S. products subject to a 25% tariff, effective July 6. This tariff applies to all U.S. soybean shipments arriving July 6 or later.

Sugar

- Five Year Plan to Boost Production
    - CY 2016 is the first year of China's governmental five year plan (2016-2020) to boost sugar production.
    - The plan's objective is to raise annual sugar production to 15 MMT by 2020, when consumption is forecast to reach 18 MMT.
    - The government's intention is to gradually reduce imports. Sugar production needs to increase more than 10% annually from 2016 to 2020 to reach the changing policy targets.
    - The government stated it would supply subsidies of RMB 400 per mu (US $375 per acre) for seeds, farm machinery, mulching film, and fertilizer.
- Imports
    - Tariff
        - On May 22, 2017, China's Ministry of Commerce established a safeguard measure against sugar imports from major supplying countries.
        - For out-of-quota sugar imports, the tariff will be 95%, up from 50%.
        - This tariff will be in effect from May 22, 2017 through May 21, 2018.
        - From May 22, 2018 through May 21, 2019, the import tariff for out-of-quota imports will drop to 90%.
        - From May 22, 2019 through May 21, 2020, the import tariff for out-of-quota imports will drop to 85%
        - For within-quota imports, the tariff will remain unchanged at 15%.
        - The following products under these HS Codes will be affected by the new tariff rates: 17011200, 17011300, 17011400, 17019100, 17019910, 17019920, and 17019990.
        - On September 18, 2018, China's State Council Tariff Commission (SCTC) implemented additional import tariffs .The following items will have an additional 5% tariff: cane sugar, granulated sugar, cane/beet sugar, corn, cotton, cotton seed oil, and .soybean oil.
        - On September 18, 2018, China's State Council Tariff Commission (SCTC) implemented additional import tariffs .The following items will have an additional 5% tariff: cane sugar, granulated sugar, cane/beet sugar, corn, cotton, cotton seed oil, and .soybean oil.
    - TRQ
        - Since 2005, the TRQ is 1.95 MMT.
        - The in-quota tariff is 15% and out-of-quota tariff is 50%.

        - 30% of the TRQ is reserved for non-state trading enterprises and the remaining 70% is assigned to state trading enterprises.
- Prices
    - Floor Prices
        - Sugarcane minimum purchase prices (floor prices) are set by the local sugar industry associations and sugarcane processors, in consultation with local governments.
        - MY 2010/11
            - At the beginning of the MY, major sugar-producing provincial governments announced a pre-set sugarcane purchase (floor) price that all sugarcane mills are expected to offer throughout the year.
            - If these sugarcane prices are raised by the provincial governments during the MY, sugar mills will raise the contracted cane price or pay the farmers a bonus.
        - MY 2016/17
            - In the Guangxi province, the purchase price has climbed to 500 RMB (US $72) per metric ton of sugarcane, up from 440 RMB in MY 2015/16 and a low of 400 RMB in MY 2014/15.
    - Purchase Prices

Purchase Price of Sugar Cane in Major Producing Provinces				
RMB per MT (US $1 = RMB 6.9)				
	Guangxi	Yunnan	Guangdong	Hainan
MY 2010/11	492	375	540-550	525
MY 2011/12	500	420	510	550
MY 2012/13	475	420	500	500
MY 2013/14	440	400	385-420	450
MY 2014/15	390-410	390-410	380-405	400
MY 2015/16	430-440	430	440-450	440-450
MY 2016/17	480-500	460	480	520
MY 2017/18 (estimated)	490	450	470	510

    - Wholesale Prices
        - Guangxi Province
            - MY 2016/17
                - The wholesale price of sugar for MY 2016/17 was approximately RMB 6,500 (US $1,000)/ton.
            - MY 2017/18

        - The wholesale price of sugar for MY 2017/18 is expected to be around 8% lower than the prices in MY 2016/17 at around RMB 6,000 (US $923)/ton.
        - At this price, it is still higher than the prices in MY 2014/15 and MY 2015/16.
- Reserves
    - The central and provincial governments manage reserves to ensure adequate supplies and stabilize prices led by the National Development and Reform Commission.
    - For MY 2010/11, by March, the government auctioned 770,000 tons of sugar.
- Safeguard Measure
    - Investigation 2016
        - On September 22, 2016, the China's Ministry of Commerce (MOFCOM) issued a notice announcing the initiation of safeguard measure investigation against imported sugar, which includes raw sugar and finished sugar classified under HS codes: 17011200, 17011300, 17011400, 17019100, 17019910, 17019920, and 17019990.
        - The period of the investigation is from January 1, 2011 to March 31, 2016.
        - The investigation should be completed in six months by March 22, 2017 but can be extended for two months under special circumstances.
        - The results of this investigation were originally to be announced on March 22, 2017, but it was delayed by two months and the new announcement date is set at May 22, 2017.
        - As China is a huge importer of sugar, the results of this investigation, and any possible resulting changes in import policy, could have a major impact not just on imports but also on prices, production, and stock policies.
    - 2017
        - On May 22, 2017, MOFCOM enacted a safeguard measure on sugar imports from all major importing countries.
        - For imports out-of-quota, the import tariff increased to 95% from 50%, effective as of May 22, 2017.
        - For imports within the quota, 1.945 million tons per year, the import tariff will remain at the current 15%.

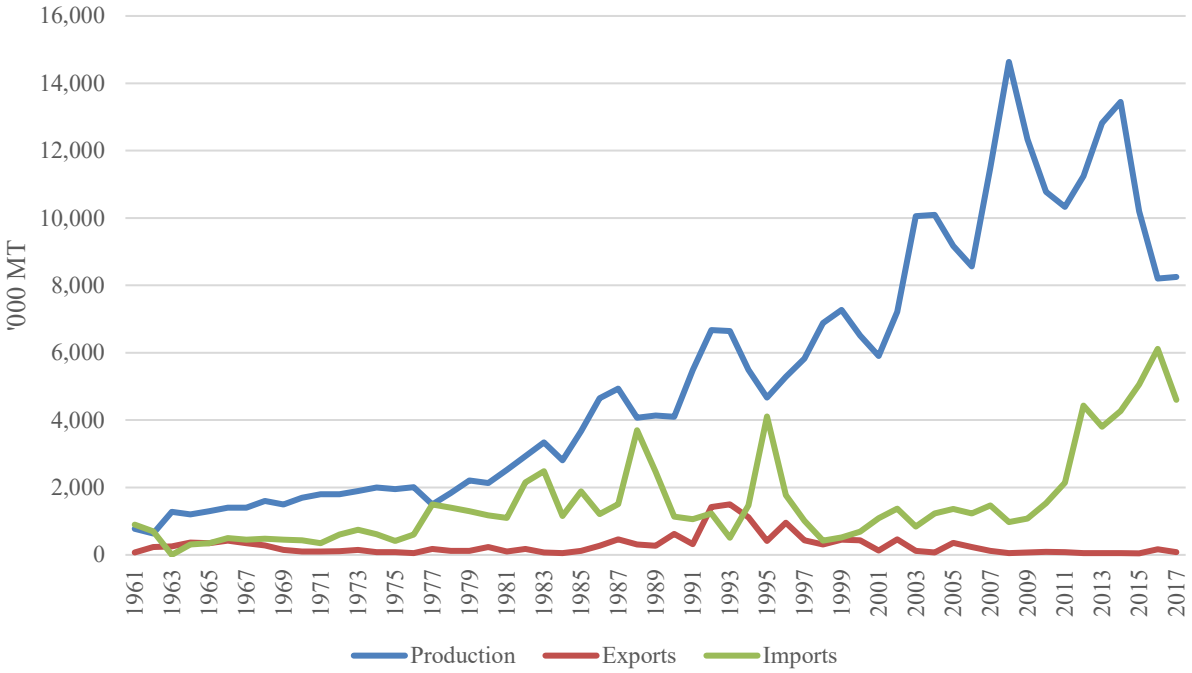

Figure 9. Chinese Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

- <u>Key Policies</u>**:**
    - China is the world's largest sugar importer, but also the fourth largest producer. The government tightly controls the Chinese sugar market.
    - China relies on an average import tariff rate of 28.7% on the HS17 coded products (note: China's average applied rate exceeds its WTO average bound rate in this code).
        - The "out-of-quota" tariff for sugar in China was 95% in 2017, decreasing to 90% in 2018 and 85% in 2019. Previously the tariff had been 50%.
        - The in-quota (1.945 MMT) tariff is 15%.
    - 70% of all Chinese quota imports are by state-trading enterprises (STEs).
    - China imports about 400,000 MT of sugar from Cuba every year at preferential prices.
    - The Chinese government operates a reserve stocks program to manage supply.
    - Several of China's provincial governments set minimum cane prices and provide other assistance.
        - For example, Guanxi province provides an input subsidy ($375/acre) to cover the cost of seeds, machinery, mulching film, and fertilizer for sugar production as part of its 5-year improvement plan (started in 2016).

- The Chinese government supports sugar consumption by restricting saccharine production.

Wheat

- Imports
  - Additional Tariff on US Origin Wheat
    - It was announced on June 16, 2018, that China was adding an extra 25% tariff on US origin wheat imports to China. This went into effect on July 6, 2019.
  - Countries Permitted to Export Wheat to China
    - As of April 2017, the countries permitted to export wheat to China include: Australia, Canada, France, Kazakhstan, Hungary, United Kingdom, United States, Serbia, Mongolia, and Russia.
  - Duty-Paid Quotes
    - Current, as of June 13, 2018, the following table shows the wheat duty-paid quotes by origin and destination:

China: Wheat Duty-Paid Quotes by Origin and Destination (as of June 13				
Origin	**Class**	**Destination**	**US $/MT**	**RMB/MT**
United States	SRW	Guangdong	$300	RMB 1,926
China	Common Wheat	Guangdong	$403	RMB 2,576
United States	HRW	Guangdong	$312	RMB 1,995
China	Hard Wheat	Guangdong	$452	RMB 2,895
Kazakhstan	14% Protein	Henan	$254	RMB 1,655
Russia	12% Protein	Henan	$423	RMB 2,750

  - TRQ (fixed quotas have not changed since 2004)
    - Wheat: 9,636,000 metric tons
    - 90% of the TRQ is required to be traded by state-owned enterprises.
    - The within TRQ tariff is 1% and 65% beyond the TRQ.
    - The annual TRQ for wheat is set at 9.64 MMT, but only 10% of the quota is given to the private sector.
    - Wheat imports are still tightly controlled by the government through tariff rate quotas (TRQs).
    - Because of the TRQs for wheat, it is extremely difficult for private buyers to access the market. It is not expected that this policy will change anytime in the foreseeable future (as of February 2018).
    - Even though the TRQs policies have been prone to corruption, new officials in office are leery on changing the policies in fear of putting themselves at risk.

- Exports
    - Wheat exporters are required to apply for export licenses.
    - Since 2008, the VAT rebate (13%) was removed to discourage exports.
- Prices
    - Floor Prices
        - The government's floor price program provides incentives to boost wheat production in general.
        - There is no additional price incentive for higher quality wheat.
        - As such, higher protein or lower gluten varieties are not grown domestically.
        - MY 2014/15
            - The 2014 average floor price for wheat is RMB 2,360.
                - White Wheat: 2,360 (2014)
                - Red Wheat: 2,360 (2014)
        - MY 2016/17
            - The wheat floor price is 2,360 RMB per ton (US $345/ton).
        - MY 2017/18
            - The wheat floor price will remain unchanged from MY 2016/17. The floor price is 2,360 RMB per ton (US $345/ton).
    - Government Procurement Prices (Purchase Period For Wheat Is May – Sept.)
        - Average Floor Price
            - 2010: 1,800 RMB/ton
            - 2011: 1,980 RMB/ton
            - 2012: 2,120 RMB/ton
            - 2013: 2,240 RMB/ton
            - 2014: 2,360 RMB/ton
            - 2015: 2,360 RMB/ton
            - 2016: 2,360 RMB/ton
            - 2017: 2,360 RMB/ton
            - 2018: 2,360 RMB/ton
        - Red Wheat
            - 2010: 1,720 RMB/ton
            - 2011: 1,960 RMB/ton
            - 2012: 2,040 RMB/ton
            - 2013: 2,240 RMB/ton
            - 2014: 2,360 RMB/ton
            - 2015: 2,360 RMB/ton
            - 2016: 2,360 RMB/ton
            - 2017: 2,360 RMB/ton

        - 2018: 2,360 RMB/ton
    - White Wheat
        - 2010: 1,800 RMB/ton
        - 2011: 1,900 RMB/ton
        - 2012: 2,040 RMB/ton
        - 2013: 2,240 RMB/ton
        - 2014: 2,360 RMB/ton
        - 2015: 2,381 RMB/ton
        - 2016: 2,360 RMB/ton
        - 2017: 2,360 RMB/ton
        - 2018: 2,360 RMB/ton
- Minimum Support Prices (MSP)
    - 2017
        - In January 2017, a Chinese official hinted that the minimum purchase prices for wheat should be adjusted to a "reasonable level." Traders have speculated that any change would likely lower the minimum support price. However, the program for wheat is certain to continue.
        - For MY 2016/17, the MSP is for wheat (Class 3) is set at US $363.2 per ton (RMB 2,360).
    - 2018
        - In late October 2017, it was announced the minimum support price will continue in major wheat producing regions throughout 2018.
        - The NDRC is striving to transform the MSP into a market-driven and more adjustable program by creating gradual and target price reforms to help aim to establish "absolute security for staple grains."
        - As of February 2018, for MY 2018/19, the MSP for wheat (Class 3) is currently set at US $354 per ton (2,300 RMB).
        - The policy amendments made in 2018 are the first ones since the start of the program in 2004.
        - The decision to lower the MSP for wheat was based off several factors including total grain production costs, market prices (domestic and international), and industry growth. Total production numbers are not expected to fall as a result of the lowered MSP. Wheat other than Class 3 will not be affected by these new policy revisions.
        - In late October 2017, the minimum support price for MY 2018/9 was lowered to US $348/ton (RMB 2,300).

        - 2019
            - In October 2018, the minimum support price for wheat was lowered to US $320/ton (RMB 2,240).
        - 2020
            - In October 2019, the MSP for wheat was announced that it will continue to be at the same level as it was for 2019, remaining at US $320/ton (RMB 2,240).
            - In a separate policy issued the same date, NDRC for the first time set a total MSP ceiling which caps the volume it will buy from farmers under MSP each year. For 2020, the cap is set at 37 million tons.
            - The official data shows that as of September 2019, China purchased more than 68 million tons of wheat, for which only 20 million was via the MSP.
    - Spot Prices
        - MY 2016/17
            - Average spot prices in November 2016 jumped 10% or RMB 235 per ton (USD $34) since August 2016 to RMB 2,490 per ton (USD $362).
            - In January 2017, domestic wheat spot prices soared to between RMB 2,450 and RMB 2,640 (US $9.74 to $10.35 per bushel).
        - MY 2017/18
            - The following prices are the wholesale wheat spot prices in major markets.
            - Hebei
                - Common wheat: 2,490 RMB per ton (US $377 per ton)
                - Strong wheat: 2,640 RMB per ton (US $400 per ton)
            - Shandong
                - Common wheat: 2,480 RMB per ton (US $376 per ton)
                - Strong wheat: 2,660 RMB per ton (US $403 per ton)
            - Henan
                - Common wheat: 2,480 RMB per ton (US $376 per ton)
                - Strong wheat: 2,650 RMB per ton (US $402 per ton)
            - Jiangsu
                - Common wheat: 2,420 RMB per ton (US $367 per ton)
                - Strong wheat: 2,620 RMB per ton (US $397 per ton)
            - Anhui
                - Common wheat: 2,450 RMB per ton (US $371 per ton)
                - Strong wheat: N/A
- Producer Payments

- MY 2016/17
  - The Central Government provides direct wheat producer payments of at least RMB 125 per mu (US $112 per acre).
- MY 2017/18
  - The Central Government will continue to provide direct wheat producer payments of at least RMB 125 per mu (US $112 per acre), unchanged from last year.

EGYPT

General

- Agricultural Liberalization Programs
  - The Government of Egypt (GOE) relinquished land ownership under its agricultural liberalization program.
  - Current government policies encourage domestic and foreign investments in new lands.
- Import Rules on Grains 2016
  - As of September 2016, Egypt's Ministry of Agriculture and Land Reclamation's Central Administration for Plant Quarantine has tightened its agriculture quarantine regulations, imposing a rule that will prevent grain shipments suspected of contamination from being offloaded until they are tested.
  - The new grain regulation will prevent shipments with any level of contaminant, including ergot, from being offloaded until test results show they comply with quarantine regulations.
  - The new rule will raise costs for suppliers forced to pay demurrage for shipments held at port for extended periods.
- Fertilizers
  - In October 2014, the government raised the price of urea fertilizers from LE 1,500/ton (US $210/ton) to LE 2,000/ton (US $280/ton), while the prices of nitrate fertilizers went up to LE 1,900 (US $266/ton).
- Policy
  - *Ambrosia Spp* in Grain and Oilseed Imports
    - Egypt applies a zero tolerance policy standard on *Ambrosia spp*. seeds, affecting corn, soybeans, and wheat shipments.
    - If discovered in a shipment, Egypt requires that the entire shipment be sieved before the grain can be released.
    - The process takes from ten days to three weeks for a panamax vessel, and due to demurrage, storage, and other associated issues, costs the importing company between $5 and $7 per metric ton.
    - Any added costs like these are, in turn, passed along to the Egyptian buyer
  - Price Controls
    - The GOE maintains a policy of price controls on cotton, wheat, and sugarcane.
  - Tariffs
    - As of June 2016, there are no tariffs on soybeans, sunflower seed, linseed, and sesame seed. Palm oil duties are zero.

- Value Added Tax (VAT) Law 67 of 2016
    - In July 2020, Egypt Tax Authority passed a protocol to apply a 14% VAT on the advanced freight services on exempted goods including agricultural commodities such as wheat, corn and soybeans effective August 1, 2020 without prior notice.
    - In November 2020, Egyptian Cabinet approved a draft bill that exempts importers from paying VAT on shipping costs, but it is not yet passed.
    -

- Producer Support
    - While fertilizer and pesticide subsidy programs were phased out in 2003, assistance to producers in the form of soft loans, free irrigation, and subsidized electricity are maintained.
- U.S. Exports
    - With respect to market access, important U.S. agricultural exports were allowed to enter at 5% or less in 2007.
    - The bound rates for agricultural products were above applied duties for most products.

Biofuels

- There is no information to report for biofuels.

Biotechnology

- General
    - Egypt has no biosafety legal framework. Without one, they are incapable of moving forward in agricultural biotechnology. It impedes field trials (the last one was conducted in 2010), and the commercial use of GE crops. GE crops are currently not authorized for planting.
    - Despite Egypt lacking legislation regulating biotechnology and prohibitions for planting GE crops, they import Bt corn and soybeans as long as the country of origin consumes these products.
- Exports
    - Agricultural exports to Egypt from the US currently face no import restrictions as a result of agricultural biotechnology policy.
    - It would be untenable for Egypt to impose trade restrictions on biotechnology, as it relies close to 100% on soybean imports and 60% of corn imports to meet its needs.
- Imports
    - As of November 2016, Egypt is a net importer of agricultural commodities including soybeans for food and feed and yellow corn for feed.

    - With the exception of Ukraine, countries exporting to Egypt produce primarily GE corn and soybeans.
- Policies
    - All commercial production is currently stalled due to Ministerial Decree 378, issued on March 8, 2012.
    - This decree suspended import registration, cultivation, and commercialization of all GE crops in Egypt.
    - Despite the moratorium, biotech R&D continued in Egypt. In addition, the lack of biosafety law has resulted in various decrees dealing with GE crops. As of November 2019, they still lack biosafety framework that would allow for the commercialization of GE crops.
    - As of the end of 2021, Egypt still lacks a biosafety framework, and as such the planting of GE crops is still not authorized.

- Cotton
    - In 2010, the Cotton Research Institute (CRI) requested authorization from the NBC to plant GE cotton varieties for the production of basic seed to assess crop yields.
    - NBC granted the approval and the crop was planted on a trial basis.
- Wheat
    - During 2009, the National Biosafety Committee (NBC) granted approval for the field testing of transgenic wheat lines.
    - Currently, the new lines have been incorporated in the national wheat breeding program of ARC for further field testing and seed multiplication.

Corn

- Customs Duty
    - There is no customs duty for corn, but only about 2% for port charges.
- Prices
    - Corn Gluten Meal Prices
        - As of September 2017, the price of corn gluten in Egypt on the local market is EGP 12,400/MT (US $704/MT).
        - This price has increased by 100% because of the devaluation of the Egyptian currency.
    - DDGS (Distiller's Dried Grains with Solubles) Prices
        - As of September 2017, the price of DDGS in Egypt on the local market is EGP 4,300/MT (US $244/MT).
        - This price has increased by 100% because of the devaluation of the Egyptian currency.
    - Domestic Poultry Feed (60-70% Corn) Prices

        - As of September 2017, the domestic poultry feed price increased to EGP 6,800/MT (US $386/MT) from EGP 4,000/MT (US $454) as a result of the November 2016 devaluation.
    - Local Buying Prices
        - On November 4, 2016, the government of Egypt announced the decision to raise the price paid for next year's harvest.
        - The government raised the price paid for local yellow corn from EGP 2,100/MT (USD $117/MT) to EGP 2,500/MT (USD $140/MT).
    - Procurement Price
        - MY 2010/11: The procurement price for white corn crop is $302/ton.
        - Union of Poultry Producers Price Contract
            - As of September 2017, the Union of Poultry Producers (UPP) has a contract with the agricultural cooperatives and the Egyptian Agriculture Bank. Under this contract, the UPP must buy domestic corn at EGP 3,400/MT (US $193/MT).
            - This is considered a procurement price and went into effect mid-July by the ministry.
            - Even though the value of the Egyptian pound has fallen, the domestic price of corn has become progressively less cost-effective since the November 2016 devaluation.

Cotton

- Cotton Production Policy
    - In 2017, the Egyptian government established a policy to attempt to stabilize the cotton industry and keep it from declining further than it has so far. This policy includes 19 steps and was first used in the 2017 planting season. The policy will be extended in the 2018 planting season. The following are the 19 steps (taken from the GAIN Report: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Cotton%20and%20Products%20Annual_Cairo_Egypt_3-27-2018.pdf)
        - 1. Encourage contract farming to solve marketing bottlenecks.
        - 2. Provide high quality seeds to increase yields and quality.
        - 3. Identify the areas suitable for each cotton variety.
        - 4. Enforce the ban on prohibited varieties and implement an awareness campaign to educate farmers on the specifications and requirements of each variety.
        - 5. Develop the local spinning and weaving industries.
        - 6. Tighten control over the transfer of seeds between governorates to prevent seed mixing.
        - 7. Apply good agricultural practices.

        - 8. Coordinate with the relevant ministries to agree on an indicative price before the planting season commences to encourage farmers to grow quantities needed by the local industry and traders.
        - 9. Ensure that regulatory agencies crack down on black market with unfair prices.
        - 10. Prepare annual economic studies that determine the production area needed based on the industry's need.
        - 11. Encourage the spinning industry to use Egyptian long-staple cotton to reduce imports.
        - 12. Develop new varieties to increase the yields.
        - 13. Intensify promotion of Egyptian cotton in international markets, protect Egyptian cotton, and define the role of the concerned authorities that work in planting, trading, and cotton-related industries.
        - 14. Limit the growing of cotton seeds for plantations to certain farmers based on contracts with the government.
        - 15. Provide urgent solutions to farmers facing seed shortages, especially for those growing long-staple varieties.
        - 16. Apply punitive measures to certified seed farmers who decide to sell their crops to traders, including failure to provide seeds or deliver the seeds to the central administration for seed production.
        - 17. Stop all agricultural services to seed farmers that violate the contract terms with MALR.
        - 18. Establish seed distribution and collection centers by MALR's Central Administration for Seed Production, identifying selling and buying prices.
        - 19. Maintain MALR's Central Administration for Seed Production as the sole responsible entity for inspecting and certifying seed production.
- <u>Exports</u>
    - Egypt has removed all export restrictions on its cotton.
    - Between March and July 2020, Egyptian exports of cotton were halted due to supply chain disruptions from COVID-19. Exports resumed in July, at reduced capacity. As a result, prices remain lower than average due to high stocks and lower demand.
- <u>Imports</u>
    - <u>Import Bans</u>
        - On July 4, 2015, the Ministry of Agriculture and Land Reclamation's Central Administration for Plant Quarantine (CAPQ), issued a directive stating that it would stop issuing import permits for cotton of all origins.
        - On July 15, 2015, under pressure from manufacturers and importers, the government made an announcement rescinding the measure made July 4, 2015 and cotton imports were allowed again.

    - Currently, Egypt allows cotton imports from Uzbekistan, Turkmenistan, Kazakhstan, United States, Greece, Sudan, Benin, Burkina Faso, Syria, and Turkey.
    - From time to time, Egypt imposes ad-hoc import bans on cotton lint in an effort to prop up local production.
- Import Duty
    - Crude cottonseed duties are zero.
    - As of 2018, the following are the tariffs imposed on imports:
        - Raw cotton and cotton lint (HS Code 520100): zero
        - Carded or combed cotton (HS Code 520300): 5%
- Import Permits
    - To import cotton into Egypt, imported must acquire an import permit from MALR's Central Administration for Plan Quarantine (CAPQ). Each permit is valid for only one year.
    - To receive a permit, the request must be made at least one month prior of the intended importation date, list the port of entry and date of arrival to reserve the proper equipment needed for fumigation.
    - Any shipment must have a fumigation certificate from quarantine authorities at the port of origin. The fumigation certificate must be issued no more than three months from the date of arrival. If more than three months have passed, the shipment will be returned to the port of origin where the fumigation must be redone or re-exported to a different destination.
- Import Regulations
    - To be allowed entry into Egypt, cotton must have no whole or broken seeds or any foreign objects (as stated in Ministerial Decree No. 3007/2001).
    - If whole or broken seeds are found, it will not be released. It can either be destroyed by the imports under the oversight of CAPQ or exported to another destination or the country of origin. If exported to a third destination, the CAPQ will issue a certificate stating the reason of rejection.
    - Any cotton imported into Egypt is required to be fumigated at the country of origin by methyl bromide, magtoxin, or phostoxin at the levels stated in the import permit. Shipments can also be fumigated at the Egyptian ports even if fumigated at the port of origin. Although not required, it is suggested that a pre-shipment inspection is conducted at the country of origin before shipping. If importers opt for this, two CAPQ inspectors will

travel to the origin country to inspect the shipment before it leaves the country of origin. In some cases, importers would rather pay a cost up front for the inspection as the inspectors act as a type of insurance policy to avert delays once the shipment reaches Egypt.

- Prices
  - Holding Company
    - In efforts to boost the Egyptian economy and expand the production of cotton, the Ministry of Public Sector Affairs announced that the Holding Company for Cotton, Spinning, and Weaving and its associated companies are wanting to buy cotton from farmers.
    - The Holding Company is offering to pay LE $2,300 (US $127.7) per qintar or (US $619.3/bale) for long and extra-long staple varieties grown in the Delta region and harvested in July 2017.
    - They are offering LE $2,100 (US $116.6) per qintar (US $565.5/bale) for short and medium staple cotton grown in Upper Egypt.
  - Indicative Price
    - In an attempt to keep the cotton industry stable, the Egyptian Ministry of Agriculture and Land Reclamation offers an indicative price for cotton.
    - Before the indicative price was introduced and put into effect, the government offered cash payments to the textile industry so they were paying a government-announced price Egyptian cotton.
    - The objective of the indicative price is for the textile industry to buy cotton directly from farmers at a pre-established price. The textile industry is not forced to buy at the set price, but the indicative price is used as a farm-level base price.
    - MY 2018/19
      - Compared to last season, the indicative price was raised over EGP 400 (US $22.72).
      - Extra-long staple cotton produced in the Nile Delta: EGP 2,700 per kantar (US $743.42 per bale)
      - Medium and short staple: EGP 2.500 per kantar (US $688.35 per bale)
      - One kantar is approximately 45.05 kilogram lint cotton.
- Seed Mixing
  - In an effort to stop seed mixing, Ministerial Decree Number 1340/2016 was announced on February 14, 2017. This is to go into effect in the next year's planting season.

- The above decree states that seed cotton production is exclusive to farmers who signed a government contract based on Ministerial Decree 277/2016. Ministerial Decree 277/2016 determines the areas qualified for growing cotton varieties.
- Under Decree 1340/2016, MALR's Central Administration for Seed Production will sign contracts with qualified farmers.
- Prices will be established and published two months prior to harvest.

- SPS Regulations
  - Egypt maintains SPS regulations such as banning imports from countries affected by boll weevil infestation.
  - The US is now treated as boll weevil-free by Egypt because risks are considered minimal due to the ginning and baling process.
- Subsidies
  - HCTWS Program
    - In October 2015, the newly appointed government backtracked on its policy of ending cash subsidies; therefore allocating LE 261.7 million (US $29.6 million) to purchase the MY 2015/16 crop following pressures from farmers and traders.
    - The government, through the Holding Company for Textile, Weaving and Spinning (HCTWS), will buy farmers':
      - Medium and short staple cotton grown in Upper Egypt at LE 1,100 per qintar (US $124 per qintar or US $603 per bale).
      - Long and extra-long staple cotton grown in the Delta region at LE 1,250 per qintar (US $141 per qintar or US $685 per bale).
    - The government will pay the HCTWS a subsidy to encourage it to buy cotton from farmers at the aforementioned prices. The government pays the HCTWS for the following:
      - Short and medium staple cotton at LE 150 per qintar (US $17 per qintar or US $82 per bale) up to a value of LE 11.7 million (US $1.3 million).
      - Long staple cotton grown in the Delta region, which represents the bulk of Egypt's cotton production, at LE 250 per qintar (US $28 per qintar or US $137 per bale) up to a value of LE 250 million (US $28 million).
  - Input Assistance
    - The government provides input assistance to producers to defray the costs of land preparation, pesticides, and planting seeds.
  - Textile Mills and Traders Subsidy
    - The government pays a subsidy of LE 200/ton (US $28/ton) to textile mills and traders to encourage the purchase of local cotton.

- The subsidy reduces the gap between locally produced cotton prices and imported cotton prices.

Rice

- Imports
  - 2018 Imports
    - As of June 5, 2018, it was announced the Egyptian Government will be importing milled, paddy, and cargo rice. It has not been said how much the government is planning on importing.
    - The objective of this is to increase the quantity of rice the government has and to avoid any price spikes to consumers.
    - This comes after a policy established in January 2018 in which the land area used to grow rice was reduced and as a result people were hoarding grain.
    - This is the first time in several years that rice imports were allowed into Egypt.
  - 2019 Imports
    - As of June 2019, imports of rice is projected to increase, due to the Ministry of Water Resources and Irrigation's (MoWRI) efforts toward curbing rice production in an attempt to conserve water.
  -
  - Import Tariff
    - A 5% import tariff is applied on rice imports.
- Exports
  - Export Ban Lifted 2009
    - On February 21, 2009, the ban on rice exports was lifted.
    - Egyptian rice could be exported provided that the exporter delivers through a tender the same amount of the exported rice to the Government of Egypt and pays the government LE 1,000/MT in export taxes.
  - Export Ban 2016
    - As of June 2016, Egypt has an export ban in place, but even when it permitted overseas sales from October 2015 through March 2016, it imposed an export tax of $200/ton on milled rice, justifying the measure as a means to maintain an adequate domestic supply of rice at reasonable prices.
    - The burdensome conditions for shipping overseas set by the government were a deterrent to exports.

            - Unnerved, traders held onto their stocks trying to force the government to revise its export policy, causing rice shortages that affected the government's subsidy program.
            - Retail market prices of packaged milled rice during the period of January – March 2016 more than doubled.
        - To avoid shortages for the upcoming season (2016/17), the GOE announced that it will continue its export ban of milled and broken rice, and will procure rice at $259-$370 per MT, which has had the effect of reducing paddy rice prices by $40 and milled rice prices by more than 30%.
    - Export Licensing System
        - In September 2012, rice exports were allowed but only through an export licensing system.
        - Through this system, the government controls the amount of exported rice and the timing of the exports in order to grant rice for ration card beneficiaries under the food subsidy system.
    - Export Restrictions 2016
        - As of November 2016, large-volume shipments of new-crop white rice have been limited, mostly to China under the government-to-government agreement.
        - Under this agreement, the first shipment of 100,000 metric tons of grade new-crop white rice will be shipped to China between October 25 and November 22, 2016.
        - The shipments FOB prices were finalized at $394/MT for 50 kilogram packages and $399/MT for 25 kilogram packages.
        - This is the first shipment of the agreed upon two million metric tons in the December 2015 government-to-government agreement between China and Thailand.
        - The government allocated the shipment tonnage to private rice exporters as the government does not hold stocks of new-crop rice.
- Ration Card Program
    - The ration card program provides 1.5 kilograms of rice/person/month for the 68 million ration card holders. This totals about 1.3 MMT per year.
    - There is also a smart card system, which redistributes subsidized commodities and allows for consumer choice and makes commodities affordable with the same subsidized price.
- Prices
    - Domestic Packaged Rice

        - In MY 2017/18, as of September 2017, domestic packaged rice is selling for EGP 6.5/kilogram in public consumer complexes and MOSIT outlets.
    - Local Buying Prices
        - On November 4, 2016, the government of Egypt announced the decision to raise the price paid for next year's harvest.
        - The government raised the price for local paddy rice from EGP 2,100/MT (USD $117/MT) to EGP 3,000/MT (USD $168/MT).
    - Milled Rice Prices
        - In March 2018, the price of milled rice was EGP 6,500/MT (US $369.30/MT).
        - In April 2018, the price of milled rice was EGP 7,500/MT (US $421/MT) – EGP 9,250/MT (US $520/MT).
    - Paddy Rice Prices
        - As of September 2017, paddy rice is selling at EGP 3,800/MT (US $216/MT) compared to EGP 5,200/MT (US $295/MT) in March 2017.
        - In April 2018, the price of paddy rice was EGP 4,500/MT (US $255.60/MT). In February 2018, the price for paddy rice was EGP 4,000/MT (US $227.20/MT).
        - After the June 2018 announcement of the government importing rice, the price of milled rice is roughly EGP 5,200/MT (US $292/MT).
    - Procurement Price
        - 2016/17: $259-$370 per metric ton.
    - Retail Market
        - As of September 2017, prices of rice in the retail market range between EGP 5-7/kilogram and is sold predominantly in rural villages.
- Production
    - Decreased Land Area
        - As of October 2016, Egypt will decrease land area used for rice production in 2017 by 34.6%, according to a decree issued by the Ministry of Irrigation.
        - In an attempt to preserve scarce water resources, the ministry limited the cultivation of the water-consuming crop to six governorates covering an area of 704.5 thousand feddans (295,890 hectares (ha)).
        - This is in comparison to the 1.076 million feddans (450,000 ha) harvested in the 2016 season.
    - Production Fine
        - In MY 2017/18, producers planting rice outside of the set allotment area of 451,920 hectares will have to pay fines of EGP 8,000/hectare (US

$454/hectare) compared to EGP 5,328/hectares (US $600/hectare) before the devaluation of Egyptian currency in November 2016).

Sorghum

- Import Tariff
  - A 5% import tariff is applied on all sorghum imports.

Soybeans

- Imports
  - Avian Influenza
    - Imports declined following the outbreak of the Avian Influenza, which reduces imports of soybeans for the poultry sector.
  - Import Tariff
    - Previously, the tariff rate for soybeans and refined soybean oil was zero.
    - There is no tariff on soybeans.
    - Oilseed meal and cake extracted from oilseeds are subject to an import duty of 5%.
    - Import tariffs on bulk crude and refined soybean oil is currently at 2%.
- Prices
  - As of September 2017, soybean meal prices are currently EGP 6,800/MT (US $386/MT) which is up from EGP 4,000/MT (US $454/MT) as a result from the November 2016 devaluation.

Sugar

- Imports
  - Import Ban Policy
    - In June 2020, in light of the COVID-19 crisis, Egypt's Ministry of Trade and Industry temporarily banned sugar imports, including refined and raw sugar. The ban was set for three months, which can be renewed if necessary. The majority of their imported sugar comes from Brazil, in addition to some from the EU and China.
  - Import Duty Removal November 2016
    - Between the high import tariffs and the floating Egyptian pound, the situation developed into sugar hoarding, as traders realized that they could make significant profits if they sold sugar in the future, resulting in severe sugar shortages in the local market with prices tripling.
    - This forced the government, in November 2016, to remove the import duties on imported refined white sugar (HS 170191) from November 10, 2016 through May 30, 2017.

        - On March 7, 2017, Prime Ministerial Decree (532/2017) removed import duties on raw sugar imported from March 15 through December 31, 2017.
    - Import Fee 2009
        - As of February 2009, the government imposed an import fee of LE 500/ton on white sugar as a protection for the inefficient domestic industry.
    - Import Tariff February 2016
        - Previous import tariffs on white and raw sugar were 10% and 2%, respectively.
        - In February 2016, the government made the decision to raise import tariffs on a wide range of imported commodities, including raw and refined sugar.
        - Presidential Decree Number 25/2016, published January 26, 2016, raised import tariffs on raw cane and raw beet sugar (HS 170112, 170113, and 170114) from 2% to 20% and from 10% to 20% on refined sugar imports (HS 170191).
    - Exempted Imports May 2016
        - Egypt temporarily opened the door to raw sugar imports by removing the 20% tariff rate on such imports from all origins.
        - According to Minister's Decision Number 1364/2016, published in the Egyptian Gazette on May 21, 2016, Egypt exempted imports of raw sugar (HS 170112, 170113, and 170114) from the 20% tariff rate up to the end of 2016, which will be effective from May 20, 2016.
        - However, the tariff rate on imported refined sugar (HS 170191) will remain at 20%.
    - Rescinding Safeguard Measures
        - On February 8, 2016, the Ministry of Industry and Trade published Decision Number 2/2016 rescinding the safeguard measures imposed on white sugar imports since April 2015.
        - Investigations found that it was not necessary to impose the safeguard measures on white sugar imports and decided to refund all temporary fees paid by the importers during the period.
    - Shortages 2016
        - In early October 2016, sugar shortages had been reported in most of Egypt's governorates, including the capital Cairo.
        - This affects the unsubsidized sugar sold at market prices, and to a lesser extent the subsidized sugar sold at government-owned shops.
        - To demonstrate the reality of the shortage, FAS/Cairo office staff was unable to buy one kilogram of sugar from shops surrounding the area

where the U.S. Embassy is located in the Garden City neighborhood of Cairo, an affluent and economically active quarter.

- Post believes that both traders and consumers are hoarding sugar in expectation of price increases, due to the Egyptian pound's (EGP) daily depreciation in the parallel market against the U.S. dollar (USD).
- Escalating sugar prices in the international market have also played a role, as these have increased from USD $440 per ton in August to over USD $515 per ton in October.
- The Egyptian pound's official rate is currently (as of October 23, 2016) at USD 1 = EGP 8.88, however, in the parallel market the pound has continued to weaken since it was last devalued in March of 2016, reaching a high of 16/USD in October of 2016.
    - This had the predictable effect of daily price changes, as Egypt must meet its needs by importing one million tons or about one-third of its annual consumption.

- Exports
    - Re-Imposed Export Tax
        - On April 5, 2017, the Ministerial Decree number (469/2017) re-imposed an export tax of EGP 3,000 (US $166) per metric ton.
        - The decree is effective from March 30, 2017.
        - The decision in intended to safeguard the country's strategic reserves of sugar after sugar prices increased worldwide.
        - Based on reports, the Ministry added that some traders were planning to export huge amounts of Egyptian sugar to capitalize on the high market prices.
        - There is a large price differential between local white sugar prices and international prices, encouraging some traders to capitalize on this arbitrage opportunity.
    - Temporary Export Tax
        - Egypt's Minister of Industry and Trade has temporarily imposed barriers on sugar exports through an export tax while reducing those for raw sugar imports by removing its 20% tariff.
        - According to Ministerial Decree Number (455/2016), published in the Egyptian Gazette on May 18, 2016, Egypt's sugar exports are now subject to an export tax of EGP 900 per metric ton (US $101.35/MT).
        - The decree is effective from the date of publication in the Egyptian Gazette until December 31, 2016.
        - In December 2016, the Ministry extended the export tax for six months and increased it to EGP 2,000 (US $111) per metric ton.

        - FAS Cairo expects that the government will extend these taxes and will likely maintain the current rate of EGP 2,000 (US $111) per metric ton.
    - Floating Egyptian Pound
        - On November 3, 2016, the government decided to float the Egyptian pound.
        - The currency was initially devalued to EGP 13 per USD, as an indicative price from the pegged rate of EGP 8.88 per USD.
        - It has since toppled further, currently trading at EGP 18 per USD as of late March.
        - The devaluation along with the 20% import tariffs made imports expensive and domestic sugar much more competitive, encouraging sugar traders to export instead of importing.
- Limited Planting Area Policy
    - Water scarcity has forced the government to put in place policies that limit the area planted with crops that require abundant water consumption like sugarcane and rice.
    - The current policy regarding sugarcane, drafted by the Sugar Crops Research Institute (SCRI) prohibits any increase in the area planted with sugarcane; therefore, efforts are focused on improving productivity in order to meet the sugarcane mills' capacity in Upper Egypt.
- Prices
    - Consumer Price
        - In May of 2013, one kilogram of refined sugar consumer price ranged between EGP 4.95 to EGP 6.80 (US $1 = 6.6804 EGP).
    - Delivery Price
        - The government delivery price in 2010/11 for sugarcane was LE 260/MT (US $44/MT).
    - Free Market Prices
        - MY 2016/17
            - Refined sugar offered by state-run processors at EGP 11.75 (US $0.65) per kilogram.
            - Sugar from private companies offered at EGP 12-14 (US $0.66 - $0.77) per kilogram.
    - Local Buying Prices
        - On November 4, 2016, the government of Egypt announced the decision to raise the price paid for next year's harvest.
        - The government raised the price paid for local sugarcane from EGP 400/MT (USD $22/MT) to EGP 500/MT (USD $28/MT).
    - Local Market Prices

        - In October 2016, sugar prices in the local market surged to EGP 18-20/kg (US $1 - $1.10/kg) as compared to EGP 5.50 (US $0.30) per kilogram previously.
    - Price Stabilization
        - In March 2017, the Minister of Supply and Internal Trade decided to put measures in place to try to stabilize the sugar price.
        - The Ministry obliged sugar packing companies to stamp each sugar package with the subsidy prices sold at its outlets.
        - In addition, the sugar processors must now sell their sugar production destined for household consumption at EGP 9,250 (US $514) per metric ton and for industrial use at EGP 10,500 (US $583) per metric ton.
        - From each, deduction of EGP 1,500 (US $83) and EGP 1,250 (US $69.5), respectively, per metric ton sold will go to a "Price Budget Fund" to help finance sugar imports.
    - Procurement Prices
        - MY 2015/16
            - The MY 2015/16 procurement price for sugarcane was set at EGP 400/MT (US $22/MT).
        - MY 2016/17
            - In MY 2016/17, the sugarcane procurement price was established at EGP 620/MT (US $34.9/MT), a 55% increase from MY 2015/16.
        - MY 2017/18
            - As of January 2018, the procurement price for sugar is set at EGP 620 per metric ton (US $34.9/MT). Farmers are worried about profit margins as the cost of production is approaching EGP 52,381 per ha (US $2,951/ha). Because average yields are approximately 95.2 MT/ha, profit margins would decline to EGP 6,643/ha (US $374.2/ha). Because of this, farmers are getting a price return of EGP 553.5/ha (US $31.2) per month.
            - Using a farmers syndicate (union), have negotiated a new procurement price of EGP 700/MT (US $39.4/MT). Originally, farmers had asked for the procurement price to be raised to EGP 1,000/MT (US 56.3/MT).
            - In late January 2018, the procurement price was raised once again to EGP 720/MT (US $40.5/MT); one week after the announced of the procurement price being raised to EGP 700/MT. This procurement price is 16% higher than the procurement price offered in MY 2016/17.

        - At the new procurement price of EGP 720/MT, the farmers' profits will be around EGP 16,163/ha (US $910.6/ha), or 143.3% increase in net profit. This equates to about EGP 1,347/ha (US $75.8/ha) per month.
- Sugar Beet Prices
    - Sugar beet prices are set by mills based on sugar content and premiums are paid for early delivery.
    - Delivery Premium
        - For sugar beets, farmers are eligible for a delivery premium if the beets are delivered within the first week of harvest.
        - As of March 2018, the delivery premium is established at EGP 120 (US $5.6) per metric ton.
        - After the first week of harvest, the delivery premium decreased by EGP 10 (US $0.55) per metric ton every week through April 30th. The minimum the premium reaches is EGP 25 (US $1.40) per ton, under the condition the sugar concentration remains higher than 16^. The sugar concentration requirement is to embolden farmers to pay more attention to sucrose levels instead of narrowing in on crop weight so sugar yields will rise.
    - Delivery Price
        - The delivery price for sugar beets in MY 2010/11 has been set by the beet sugar companies at LE 320/ton (US $54/ton) for sugar beets that have 16% sugar content.
    - Procurement Prices
        - MY 2011/12 – MY 2015/16
            - From MY 2011/12 through MY 2015/16, there was a flat procurement price for sugar beets.
            - The procurement price was set at EGP 275 (US $15) per metric ton.
        - MY 2016/17
            - In MY 2016/17, the sugar beet procurement price was set at EGP 400 (US $22.6) per ton.
            - This was the first increase since the flat procurement price was set in MY 2011/12.
        - MY 2017/18
            - In MY 2017/18, the sugar beet procurement price was set at EGP 500 (US $28.4) per metric ton. This is 25% higher than the previous year.
- "Supply Price"

- Current as of March 2017, to encourage farmers to deliver their crop to sugar refineries, the government provides a subsidized "supply price" for beet and sugarcane production.
- The subsided prices are to help farmers' income and, at the same time, reduce the prices of refined sugar in the local market.
- Farmers cited the inflationary pressures on production inputs, as a result of the floating Egyptian pound against the US dollar, cut into their profits.
- As a result, the government, fearing tight supplies, gave into the farmers' demands and increased the supply prices for sugarcane and beets by 55% and 45%, respectively. This is the highest percentage increase ever.
- The government previously kept the supply prices flat for two years, before applying a 10% increase.
- <u>Sugar Beets</u>
    - For sugar beets, farmers previously received the actual price announced by the government, in addition to bonuses from refineries for early harvest and high sugar concentration.
    - In MY 2016/17, the supply price for the sugar beet crop increased to EGP 400 (US $22) per MT, 45% higher than MY 2015/16 prices at EGP 275 (US $15) per MT.
    - This increase is the first since MY 2011/12 as it was flat for 5 years at EGP 275 (US $15) per MT.
    - As a bonus for early harvest, beet farmers get an additional EGP 120 (US $6.70) per MT, if they are able to deliver the crop during the first week of the harvest season.
    - After the first week, the EGP 120 bonus is gradually reduced by EGP 10 per MT (US $0.55/MT) every week thereafter.
    - Refineries are paying extra for early supply as early harvested crop has higher sugar concentration – up to 20% more – compared to the late harvested crop. For sugar concentration, refineries pay farmers additional bonus of EGP 25 per MT (US $1.40/MT) if the sugar concentration is higher than 16%.
    - In MY 2016/17, farmers who are able to deliver their crop during the first week of the harvest season and have sugar concentration higher than 16% will receive an average sum of EGP 545 per MT (US $30/MT).
- <u>Sugarcane</u>
    - For MY 2016/17, the government increased the supply price for the sugarcane crop to EGP 620 (US $34.50) per MT., 55% higher than MY 2015/16 prices of EGP 400 (US $22) per MT.

- Production
  - Egypt consumes slightly more than 3 million tons of sugar annually but produces just over 2 million tons leaving a gap of a million tons a year for imports.
- Soft Loans
  - The government provided soft loans to sugarcane farmers, which most cane farmers used.
  - The government policy also promoted expansion of sugar beet production, which is suitable to cultivation in newly reclaimed lands.
- Tariffs
  - Anti-Dumping Tariff
    - On April 19, 2015, Egypt issued Ministerial Decree Number (288/2015) imposing a temporary 20% anti-dumping tariff on white sugar imports or a minimum fee of LE 700/ton (US $92/ton).
    - It is set for a minimum of 200 days pending the results of the government investigation.

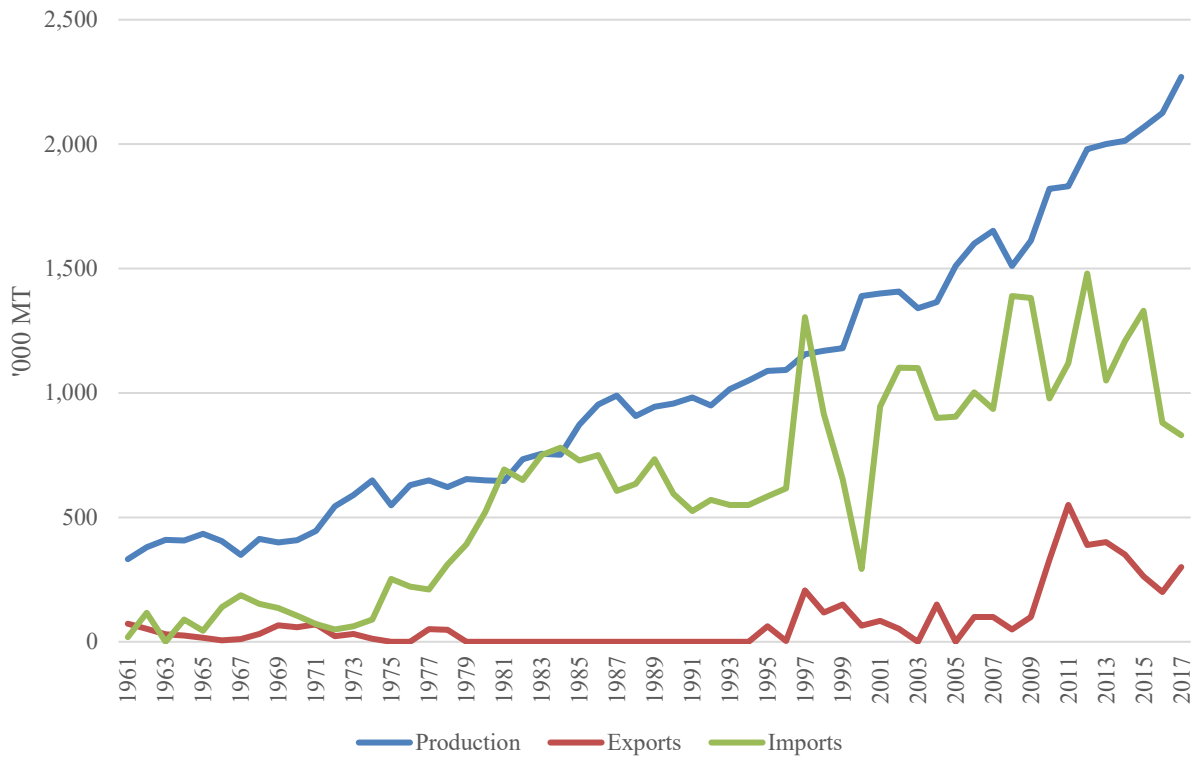

Figure 11. Egyptian Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

- Key Policies**:**
    - The government closely regulates the sugar sector and sets beet, cane, and sugar prices. The government owns four of Egypt's six beet companies, all of its cane mills, and one of its two cane refineries.
    - Egypt has traditionally maintained an average HS17 applied tariff of 17.3%, but recent events have led to temporary suspensions of raw and refined sugar import duties (most recently in 2017). In fact, in 2017, the government reinstituted an export tax of $166/MT and will likely maintain a tax of $111/MT in order to preserve domestic production for domestic use. The government also maintains government-owned stockpiles to manipulate price.
    - Egypt has implemented acreage controls of water intensive crops like sugarcane.
    - Domestic price supports for beet and cane sugar production resulted in an estimated increase in producer profits of 143% for 2018.
    - The government also supplies subsidies for financing and inputs.
    - Since the 1990s, the United States has funded a research project valued at 200 million Egyptian pounds ($12 million) to develop disease-resistant sugarcane varieties.

Wheat

- Demurrage Charges
    - In early 2018, a system of demurrage charges was introduced for wheat. These charges boosts the daily rate, but restricts how many days the demurrage charges can be used.
    - In addition to these demurrage charges, there are increased sieving costs that will be effective for almost all exporters to Egypt.
    - For a 63,000 MT shipment of wheat to Egypt, the exporter would be subject to pay US $144,000 (US $2.29/ton) in demurrage charges alone. The sieving cost for the same shipment would be estimated around US $189,000 for the shipment (US $3.00/ton). If the exporter's performance bond had expired, they would be required to renew before exporting any product. For the same 63,000 MT of wheat, to renew the performance bond, the cost would be US $333,270 (US $5.29/ton), or approximately 10 Egyptian piasters/kg of wheat.
    - For 2018, the Government of Egypt is predicted to import approximately 7.8 MMT of wheat. For this amount of wheat, demurrage charges would total US $17.86 million and sieving charges for 80% of the wheat would total US $18.7 million. Because these charges are so high, sources calculated the Government of Egypt would end up paying an estimated US $36.6 million more for wheat than is reasonable. These calculations were found at the current exchange rate of 651.5 million EGP (US $1 = EGP 17.80).

    - Between October 2017 and February 2018, Egypt is said to have paid an average of US $10.26/MT (EGP 182.63) more than other traders. This is happening because importers are adding a risk premium because high risks are prevalent when doing business with Egypt.
- Directive No. 48 – 2017
    - The Ministry of Agriculture and Land Reclamation's (MALR) Central Administration for Plant Quarantine (CAPQ) announced on October 31, 2017, Directive No. 48: Regarding Special and Complementary Regulations for the Importation and Release of Wheat Shipments Imported from Abroad.
    - The objective of this directive is to increase the rate of release of imported foreign wheat shipments. For this to happen, inspection practices will be accelerated and conformed to the Egyptian standard for wheat.
    - This directive is not introducing new regulations, but instead combines previous rules and specifications that are pertinent to today's wheat trade climate.
    - With rising ambiguity of import regulations and inspection procedure in the past few months, wheat suppliers are responding by charging high-risk premiums (as high as $500,000 in certain situations).
    - For FAS Cairo trade contracts, US $8 - $10 per metric ton is paid in risk premiums.
    - By instating this directive, the CAPQ is hoping to end the arbitrary use of import rules and inspection methods at the port-of-destination, which has been inflating business costs for some new traders.
- Imports
    - Customs Duties
        - There is no customs duty for wheat, but only about 2% for port charges.
    - Import Ban
        - As of May 2016, Egypt is banning the trade of imported wheat in the domestic market, as well as its delivery to local mills without permission from the Ministry of Supply and Internal Trade.
        - The new requirement is valid only during the three-month period during the government's wheat procurement season, which begins in mid-April and lasts until July.
        - Transportation of local and imported wheat across provinces is prohibited.
    - Tariffs
        - Current, as of March 2017, there is no tariff for soybeans.
        - Oilseed meal and cake extracted from oilseeds are subject to an import duty of 5%.
        - Import tariffs on bulk crude and refined soybean, sunflower oil are currently (as of March 2017) at 2%.

- Minimum Protein Requirement
  - On February 2, 2018, Egypt's General Authority for Supply Commodities modified the protein requirement for wheat.
  - They reduced the protein percentage required for wheat purchases as a way to include more bidders in government transactions, broaden the competition, and support rising prices.
  - The new protein percentage requirements can be found in the table below:

Minimum Protein Requirements for Egyptian Wheat	
Origin	**Minimum Protein**
Soft Wheats	11-11.5%
Russian, Romanian, Ukrainian, Bulgarian, Paraguayan, Hungarian	11.5-12%
Hard Red Winter Wheat	12-12.5%
Kazakh	12.50%

Source: FAS Cairo Market Analysis

- Privately-Owned Silos
  - Starting with the crop harvested in 2015, the GOE has permitted privately-owned silos to play a role in the procurement of domestically produced wheat.
  - The private silos buy wheat from farmers at the subsidized price and then are compensated by the government for it, as well as for its storage.
- Prices
  - Local Buying Prices
    - 2016
      - In October 2016, the Egyptian Ministry of Agriculture and Land Reclamation (MALR) said that a committee formed to set the local buying price for Egypt's wheat crop has recommended raising the price paid to domestic producers to EGP 3,000/MT (US $338/MT) from the current price of EGP 2,800/MT (US $315/MT).
      - The cabinet will have to approve the proposed price before it is put into place.
      - The new ministerial-level committee was established to determine the proper price for local wheat and investigate if the payment system should be reformed to minimize corruption.
      - To encourage farmers to grow wheat the Egyptian government sets the price for local wheat, usually above international prices.
      - This has resulted in opening the door for middlemen who buy local wheat and mix it with cheaper imported wheat in order to claim government subsidies.

        - 2017
            - In 2017, the price paid by the government for local wheat ranged from EGP 555 to EGP 575 per ardeb (US $210/MT to $218/MT). The price was determined based on the quality and moisture levels of the wheat.
            - One ardeb is the equivalent to about 150 kilograms.
    - Procurement Prices
        - MY 2013/14
            - The MY 2013/14 procurement price was LE $2,800 per ardeb (US $400/MT).
        - MY 2014/15
            - The MY 2014/15 procurement price was LE $2,800 per ardeb (US $367/MT).
        - MY 2015/16
            - The MY 2015/16 procurement price was LE $2,800 per ardeb (US $315/MT)
        - MY 2016/17
            - The MY 2016/17 procurement price is LE $3,600 per ardeb (US $200/MT).
        - MY 2017/18
            - The MY 2017/18 procurement price is LE $2,800 per ardeb (US $214 per MT).
- Purchase
    - The Government Authority for Supply of Commodity (GASC) has a target to purchase 3 MMT of local wheat for 2011/12.
- Subsidies
    - Flour Subsidy
        - As the world's largest wheat buyer, Egypt will cease subsidizing flour for its bread subsidy program in August 2017.
        - This will cut wheat imports by up to 10% by reducing smuggling.
        - Once this goes into effect, subsidies will be associated with the actual bread products purchased by consumers.
        - The Ministry is hoping this policy will reduce smuggling, cut down on waste, and save the state up to LE $8 billion (US $447 million) on its 2017-18 food subsidy bill.
        - The Ministry estimates lower flour consumption will translate into fewer imports.
    - Subsidy Program Inefficiencies

- After the devaluation of the Egyptian pound in November 2016, which brought the domestic price to EGP 4,700/MT (US $267/MT at $1.00 to EGP 17.60), private mills offered flour at the new domestic price which some of the public mills still supplied bakers with 82% extraction flour for (subsidized) baladi bread production at the price before the currency devaluation occurred (EGP 2,800/MT (as of September 2017, US $159/MT at $1.00 to EGP 17.60)).
- Some of the bread bakers exploited the situation and would resell the flour to other private bakers at EGP 4,700/MT, most commonly in rural areas where supervision is minimal.
- To control the wheat flour leakages, the MOSIT in conjunction with public and private millers, the EGYPTIAN Chamber of Commerce and the Chamber of Cereal Industries signed an agreement on August 1, 2017, agreed on a fixed price for GASC supplied wheat.
- The agreement states the GASC to sell wheat at EGP 4,000/MT(US$227/MT) to public and private mills. Both public and private millers agreed to sell flour at EGP 4,700/MT (US $267/MT); this milled flour sell price will be subject to quarterly reviews. The 82% extraction flour will be solely used in baladi bread production.
- This agreement will help fix the inefficiencies currently in the subsidy program by subsidizing the final product instead of the input materials. It hopes to generate competition among millers to encourage the production of higher quality flour and bread.
- As part of this agreement, bakes will pay millers for milled flour three days in advance.

- <u>Subsidy Reform</u>
  - In November 2015, the Government of Egypt said it would no longer pay a fixed, highly-subsidized price to procure local wheat.
  - Instead, the government will directly subsidize farmers LE 1,300/fedan (US $162/fedan or US $68/ha) up to a maximum of 25 fedans per farmer.
  - The government will then buy local wheat at the average global wheat prices prevailing during the harvest time.
  - Estimates from the former advisor to the Ministry of Supply indicated that farmers will earn between LE 1,500/fedan and LE 1,800/fedan (US $187/fedan - $225/fedan or US $78/ha - $94/ha) less as compared to the previous five years.
  - <u>Backtrack on Subsidy Reform</u>
    - Egypt said it would pay its local farmers a fixed price of LE 420 (US $53.64) per ardeb or LE 2,800 (US $359) per metric ton of

wheat for the MY 2016/17 crop, backtracking on its subsidy reforms announced in November 2015, in which it stated that it would buy wheat from its farmers at world market prices and provide a direct cash payment of LE 1,300 (US $70) per fedan (roughly US $166/ha) of wheat grown.

- The high price that Egypt pays for its local wheat has led to arbitrage opportunities where foreign wheat is sold to the government, mostly Russian, falsely labeled as Egyptian.

- Zero Tolerance Policy for Ergot
  - On August 22, 2016, Egypt's Minister of Agriculture and Land Reclamation issued a ministerial decree (No. 1421/2016) that stipulated zero tolerance for ergot fungus in imported wheat shipments from all origins.
  - In July 2016, ministerial decree 117/2016 was issued accepting imported wheat shipments containing up to 0.05% ergot, in compliance with Codex standards.
  - The latest decision (zero tolerance) was made after a technical committee from the agricultural research center studied the issue for three weeks and determined that the ban was necessary to protect Egypt's agricultural lands.
  - Import Disruption
    - Egypt's wheat imports have been disrupted continuously since December 2015, when a French shipment was rejected due to Egypt's attempts to enforce a zero tolerance for ergot.
    - Since the end of 2015, Egypt has implemented and rescinded the policy three times, causing multiple rejections, and repeated tender annulments.
  - 2017 Update
    - On November 14, 2017, the lawsuit filed against Ministerial Decree No. 2992 (2016) issued by Prime Minister Sherif Ismail was accepted by Egypt's Administrative Court. The plaintiff of the case is attempting to reverse the decree and reinstate the prior policy of zero-tolerance level of ergot fungi in imported Russia-origin wheat shipments.
    - As a result, a preparatory ruling was made banning imports of Russian-origin wheat that has trace amounts of ergot fungi. This will not be an official ruling until a financial decision is made by a higher court.

EUROPEAN UNION

General

- Brexit
  - After the United Kingdom voted to exit the European Union, a two-year break-up negotiation period began.
  - In March 2018, the European Union and the United Kingdom reached an agreement on a transition policy that is allowing the UK-EU trade relationship to remain after the Brexit deadline of March 29, 2019 through December 31, 2020.
  - This agreement ensures the current intra-EU trade relationship will continue between the United Kingdom and European Union-27.
  - As of April 2018, it is not sure what will happen at the expiration of this agreement in 2020.
  - After leaving the EU, it is predicted that the UK will seek trade agreements with other countries.
  - With so many unknowns at this time, it is hard to predict what impacts this will have on agricultural product markets.
- Corn and Sorghum Tariff Barriers
  - The accession of Spain and Portugal to the EU resulted in the application of common EU tariff barriers to Spanish and Portugal imports and the loss of competitiveness for imports from non-EU countries.
  - An agreement between the EU and the US allows for the imports of a fixed quantity of non-EU corn and sorghum at a preferential import duty as compensation for the loss of the Spanish market.
  - The current agreement (as of March 2017) applies to 2 million MT of corn and 0.3 million MT of sorghum.
- Exports Duties and Quotas for Corn, Sorghum, and Wheat MY 2010/11
  - The EU imposes import duties and quotas to limit the entry of lower-priced imports of grains
  - Duties are fixed as the difference between the effective EU intervention price multiplied by 1.55 and a representative cost added to insurance and freight (CIF) prices for grains in Rotterdam.
  - The duty for durum and high quality wheat has been set at zero beginning MY 2010/11 (July 1, 2010 to June 30, 2011).
  - The duties for corn and sorghum/rye have been both set at zero since August 17, 2010 and October 19, 2010, respectively.
- History

- Croatia was added to the European Union on July 1, 2013, making it the 28th member state. This makes the EU-27 now the EU-28.
- On June 23, 2016, the United Kingdom voted to leave the European Union. As a result, the markets suffered. The Sterling was down more than 11% against the dollar, it was the biggest one-day market drop since 1971, the market fall was more than twice as much as on Black Wednesday 1992, and at EU $1.34, the currency was at its weakest level against the greenback since its recovery from the Sterling crisis of 1985.
- On March 29, 2017, UK Prime Minister Theresa May enacted Article 50 of the EU Lisbon Treaty, initiating a 2-year breakup negotiation process.

- Interventions for Corn, Sorghum, and Wheat MY 2010/11
  - Farmers and traders unable to obtain a higher market price can, as a last resort, sell their grain to the government at the grains intervention price of EU $101.3/MT.
  - Guaranteed intervention quantities have been reduced to zero for corn and durum wheat from MY 2009/10.
  - A guaranteed intervention quantity of 3 million for soft wheat is applied from MY 2010/11 and intervention quantities have been reduced to zero for sorghum from MY 2010/11.
  - Interventions of grain are made between November 1 and May 31.
  - Grain held in intervention stores are either sold by tender onto the domestic market or exported.
  - A proportion is given out to the most deprived population in the EU.
- Policy
  - Autonomous Tariff Measure (ATM)
    - The European Commission introduced an autonomous tariff measure (ATM) introducing zero import duty for 950,000 MT of wheat, 400,000 MT of corn, and 250,000 MT of barley from Ukraine to apply from the end of April until October 31, 2014.
    - This measure was prolonged to apply from January 1 2015 until the end of December 2015, and has been a TRQ since January 1, 2016, additionally providing for an annual increase in the quantity of corn subject to zero import duty from 400,000 MT from January 1, 2016 to 650,000 MT in 2021.
    - In September 2016, the Commission proposed an additional duty free measure for Ukraine (which as of March 2017, has not been approved), which include:
      - Common wheat, spelt and meslin, flour, groats, meal, pellets, and grains – 650,000 MT per annum

        - Barley, other than seed, flour and pellets – 350,000 MT per annum
- <u>Common Agricultural Policy (CAP)</u>
    - The "greening component" in Pillar 1 of the new CAP includes three elements of greening that all farmers would have to comply with to receive direct payments. The three components are:
        - Crop diversification
        - Conservation of permanent grassland
        - Ecological focus areas (EFA)
    - Two new measures began August 2, 2018, to help farmers address the drought.
        - Farmers can receive up to 70% of direct payments and 85% of rural development policy payments in mid-October 2018, instead of in December.
        - Farmers may deviate from specific greening requirements to allow land used for production of animal feed. This is contrary to the requirement for crop diversity and the EFA rules on fallow land.
    - Additional state aid rules allow aid grant up to 80% of drought damage. Member states allowed to grant aid up to 15,000 EU per farmer over 3 years for damage compensation without notification to the Commission.
    - Range of measures provided under rural development section of current CAP legislation:
        - Member States may provide total financial support for restoration of agricultural production potential damaged by drought.
        - Farmers may use buffer strips for fodder production.
        - Member States can use risk management tools to support farmers. Additionally, farmers who suffer income loss in excess of 30%
    - <u>Reform</u>
        - Reform of the CAP reduced support prices for selected commodities and introduced direct payments to producers based on crop area.
        - Single farm payments (SFP) that do not require production replaced current direct payments at the discretion of member states.
        - Producer payments in the 10 new-member states will be phased in over a 10-year period.
        - These reforms move from a price support policy to an income support policy through decoupled payments and farmers have more choices in their production decisions.

        - These reforms include a renewed commitment to rural development as new-member states are more dependent on agriculture for employment and economic activity.
- <u>European Green Deal: The EU Climate Law</u>
    - A new proposal for a "green deal" is being investigated by the European Commission, which could have an impact on the agri-food sector.
    - On March 4, 2020, the European Commission published the legislative proposal of the EU Green Dean: The EU Climate Law.
        - This proposal aims to write into EU law the goal set out in the Green Deal: climate neutrality by 2050 while achieving net zero greenhouse gas emissions.
        - The Climate Law will make the EU Green Deal legally binding for the EU and the Member States.
        - It also includes a reduction of net GHG emissions by at least 55% compared to 1990 levels, by 2030.
    - The Green Deal's goal to become more sustainable includes:
        - The Farm to Form (F2F) Strategy:
            - Proposal mandatory front-of-pack nutrition label
            - Nutrient profiles in the context of nutrition and health claims
            - Extension of origin indication for certain products
            - Revision of the EU rules on date marking
            - Animal welfare and animal welfare labeling
            - Reduction of the use of antibicrobials
            - Revision of EU legislation on food contact materials
            - Reduction of the use and risk of chemical pesticides by 50% and the use of more hazardous pesticides by 50% by 2030
            - New techniques, including biotechnology and the development of bio-based products
            - Revision of the Feed Additives Regulation to reduce environmental impacts of livestock farming
            - Review of the EU Policy on the Promotion of Agricultural Products
        - The Biodiversity Strategy:
            - The Strategy lists 39 actions to improve biodiversity
            - An action plan for organic farming for 2021-2026
            - Study on the sustainability of the use of forest biomass for energy production/Operational guidance on the new sustainability criteria for forest biomass for energy

        - Measures to avoid or minimize the placing of products associated with deforestation or forest degradation on the EU market
    - The EU Climate Target Plan for 2030:
        - EU carbon farming initiative
        - Revision of the Renewable Energy Directive
        - Review of the EU's emission reduction legislation
    - The EU Methane Strategy:
        - Draft report stresses the importance of technologies and practices to limit methane emissions from agriculture
        - The Circular Economy Action Plan:
        - Lists 35 actions that focus on the design and production for a circular economy, with the aim to ensure that the resources used are kept in the EU economy for as long as possible
        - Reducing Packing Waste/Mandatory requirement on recycled plastic content and plastic waste reduction measures
        - Policy framework for bio-based plastics and biodegradable or compostable plastics
    - The EU Action Plan towards Zero Pollution for Air, Water and Soil
        - This section was adopted on May 12, 2021 into the European Green Deal to help achieve zero pollution by 2050
        - Improving air quality to reduce the number of premature deaths caused by air pollution by 50%
        - Improving water quality by reducing waste, plastic litter at sea (by 50%) and microplastics released into the environment (by 30%)
        - Improving soil quality by reducing nutrient losses and chemical pesticides' use by 50%
        - Reducing by 25% the EU ecosystems where air pollution threatens biodiversity
- <u>Taxonomy Regulation</u>
    - In June 2020, to meet the EU's climate targets for 2030, the European Commission adopted the Taxonomy Regulation.
    - It establishes the framework for an EU taxonomy for sustainable activities by setting 4 overarching conditions that an economic activity has to meet to qualify as "environmentally sustainable".

        - It aims to act as a screening mechanism to define sustainable activities and steer private investment to activities that the Commission deems sustainable.
- <u>Export Licenses</u>
    - From November 6, 2016, export licenses have no longer been required.
- <u>Farm Crisis Aid Package 2016</u>
    - On July 18, 2016, the EU approved a new EU $500 million support package for European farmers that are still suffering from the ongoing price crisis.
    - The aid package is similar to last year's package, as it also includes EU $150 million for reducing milk production on a voluntary basis.
    - The remaining EU $350 million is distributed among the Member States, which can top up their envelope with national aid.
    - The seven point package includes further market measures for dairy and market withdrawal program for fruit and vegetables. Notable points include:
        - Conditional adjustment aid: EU $350 million will be used to implement measures at Member State level. Member States may increase the aid amount by 100%.
        - Advance payments: Advances will be increased to 70% for direct payments from October 16, 2016, and 85% for area-based rural development payments after finalization of the administrative checks.
        - Fruits and vegetables: Support will be updated for withdrawals made by producer organizations in the fruit and vegetable sector.
- <u>Free Trade Agreements</u>
    - The EU is in advanced negotiations for a Free Trade Agreement with Argentina, Brazil, Paraguay and Uruguay, but a major sticking point is ethanol, as of 7-16-19.
- <u>Intervention Mechanism</u>
    - EU legislation allows the EU to intervene in markets by purchasing grains from farmers and traders at an intervention price of EU $101.31/MT, which reflects the delivered to store price at which EU purchases are made.
    - Intervention purchases may be made between November 1 and May 31 for common wheat, barley, corn, sorghum, and durum wheat.
- <u>Tariff Rate Quotas (TRQ)</u>

        - As of July 2020, the EU is reviewing the current rules on management of TRQs with import licenses and the documentary requirements of US exporters that allow use of TRQs.
        - Many are origin specific and a proof of origin may be required.
    - Transparency Regulation 2019/1381 Policy
        - Put into force March 27, 2021, the Regulation plans to enhance transparency of risk assessment in the food chain by increasing the independence of scientific studies, strengthening the governance of the European Food Safety Authority, and implementing a comprehensive risk assessment process.

Biofuels

- Anti-Dumping Duty
    - Argentina
        - On September 7, 2017, the European Commission got approval from Member States to decrease the anti-dumping duties on Argentine biodiesel from the current 22-25.7% to 4.5-8.1%.
        - This is a result of a World Trade Organization Dispute Settlement finding that majorly supported Argentine claims.
        - The dispute between the EU and Argentina began in November 2013 when the European Commission applied anti-dumping duty rates ranging from 22-25.7% on Argentine biodiesel. At this time, Argentina was the number one biodiesel exporter for the EU market.
        - As of October 2018, the EU has repealed AD duties imposed on Argentine and Indonesian biodiesel.
    - United States
        - On February 19, 2013, the Council of the EU introduced an anti-dumping duty of EU $83.03 per metric ton on imports of US origin bioethanol.
        - In May 2013, the Renewable Fuels Association (RFA) and Growth Energy, on behalf of the US ethanol industry, filed a joint complaint arguing that duties should only be imposed on individual companies and not as a blanket country-wide duty.
        - On June 9, 2016, the European Union General Court ruled that the European Commission violated its own laws by issuing a country-wide anti-dumping duty on imports of US ethanol.
- Duty Rates
    - Since 2012, ethanol and gasoline blends with an ethanol content of 70% or more has been classified as denatured ethanol under code 22.07.20.00, and is charged with an import tariff of E 10.20 per hectoliter.

- Before this went into effect, ethanol was imported under code 3824, at an import duty of 6.5%.
- The EU countervailing duties against US biodiesel were set to expire on September 16, 2020, however the European Commission is instead reviewing the expiry of these measures. They have 15 months to conduct an investigation. Until then, the duties remain in place.
- On August 3, 2021, the European Union extended for an additional 5 years the anti-dumping and countervailing duties levied on imports of US biodiesel since 2008.
- The anti-dumping duties are extended to imports of biodiesel consigned from Canada, as well as to biodiesel in a blend containing by weight 20% or less of fatty-acid mono-alkyl esters and/or paraffinic gasoil obtained from synthesis and/or hydro-treatment, originating in the US.

- Policy
  - Current as of June 2017, soybean oil use is restricted by the EU biodiesel standard DIN EN 14214 because soybean-based biodiesel does not abide by the iodine value set out in this standard (the iodine value serves as a measure for oxidation stability). To meet this standard, soybean oil is mixed with rapeseed oil and palm oil. The majority of soybean oil use is in Spain, Germany, France, and Italy. Less usage is seen in Portugal, Bulgaria, Romania, and the Netherlands.
- RED
  - The Renewable Energy Directive (RED) went into effect on June 25, 2009 and will expire on December 31, 2020. The goal of this directive is to have 20% of the EU's total energy use to be from renewable sources by 2020.
  - The transportation sector has a goal to reach a renewable energy-blending rate of 10% by 2020.
  - The European Commission (EC) amended the sustainability requirements in the Indirect Land Use Change (ILUC) Directive, by capping the use of food based biofuels at 7% and setting non-binding national targets for non-food based biofuels. At 0.5% of overall energy use.
- RED II
  - The successor to the Renewable Energy Directive (RED) will be the Renewable Energy Directive II (RED II). This will take effect from 2021-2030.
  - The overall objective is to reach a renewable energy target of 32% by 2030.
  - This policy will set a 14% target of renewable energy for the transportation sector. It also limits the RED II portion of conventional based biofuels to 1% above the current consumption levels of Member States in 2020, up to the general cap of 7% for each Member State. It also creates restrictive targets for using advanced (non-food based) biofuels to 3.5% by 2030, with a blending cap of 1.7% for advanced biofuels produced with waste fats and oils.

- The EU announced sustainability standards for biomass and expanded on the current standards for biofuels which could affect palm and soy imports. Advanced biofuels will be double-counted towards both the 3.5% target and the 14% target.
- As of November 2020, the EU is reviewing RED II with the goal of aligning the RED II targets into the European Green Deal. They are also reviewing sustainability criteria. It went into national legislation by June 30, 2021.
- In June 2021, the EU set its renewable energy target of 32% by 2030 and a 14% target for the transport sector.
- In October 2021, the EC's State of the Energy Union report concludes that for the first time, renewables overtook fossil fuels and nuclear energy as the EU's main power source.
- As of July 2023, REDII still needs to be formally adopted by the EU. It is expected to enter into force by late 2023 or early 2024.

- Renewable Fuels Directive of 2003
  - Under the Renewable Fuels Directive of 2003, member states establish a minimum level of biofuels as a proportion of fuels sold from 2005, starting with 2% and reaching 5.75% of fuels sold in 2010.

Biotechnology

- General
  - In July 2018, the European Court of Justice decided that organisms created through innovative biotechnologies should be regulated as GE organisms in the EU. This has potential to create trade disruptions in the future.
  - The EU does not export any GE crops or plants, but does import GE products including soybeans, corn, and rapeseed, and imports approximately 75% of its consumption.
  - In July 2019, the Commission authorized ten GMOs, including seven for food and feed uses (1 cotton, 6 maize, and 1 soybean varieties). The authorization doesn't include cultivation and are valid for a period of 10 years.
  - Council of the EU has asked the European Commission to propose options to update the EU policy framework by April 2021.
  - In January 2021, the EC approved five GE crops (3 corn and 2 soybean) and renewed the authorization for three corn crops for food and feed. These were the 8 events remaining at the end of last year that had not finished authorization previously, and will remain valid for 10 years.
  - With the European Green Deal and the changes it brings, the Commission launched a policy initiative to determine how to regulate the newer techniques of the Farm to Fork and Biodiversity Strategies, and a draft policy is targeted for 2023.
  - In February 2022, the EC approved two GE crops (1 soybean and 1 oilseed rape) for food and animal feed. As of March 2023, these two events have gone through

the EU's full authorization procedure. Member States did not reach a qualified majority in favor or against the GE crops to date.

- As of March 31, 2022, the EC approved three GE crops: 1 soybean, 1 rapeseed and 1 cotton, and renewed 1 cotton GE event for food and feed imports.
- In April 2022, the EC began a public consultation on the legislation for plants produced by certain new genomic techniques. The purpose was to determine stakeholder's views on a proposal for a legal framework for plants obtained by targeted mutagenesis and cisgenesis and their food and food products. The goal is to enable innovation in the agri-food system while contributing to the goals of the EU Green Deal and the Farm to Fork Strategy.
- Beginning in 2021 and through 2023, the EU commission reviewed policies related to import and regulation of plants obtained by new genomic techniques. The genome editing proposal was finally presented as part of the adopted package of measures for sustainable use of key natural resources, and it is now being evaluated by the European Parliament and Council of the EU.

- <u>Corn</u>
  - As of 2017, MON810 corn is the only approved crop for production in the EU. This event is a Bacillus thuringensis (Bt) corn which resists the pest, European corn borer.
  - In 2016, four countries grew MON810 including Spain, Portugal, Czech Republic, and Slovakia. In 2017, only Spain and Portugal continued production.
  - Bt corn is produced only in regions where the European corn borer is prominent.
  - The main use of Bt corn is in producing animal feed and biogas.
  - The single variety of authorized GE corn is banned in 19 Member States.
  - On June 29, 2022, the EC approved one GE crop for food and animal feed, maize, and it is valid for 10 yrs.
  - As of December 2022, commercial cultivation of GE crops in the EU is limited to 1% of the EU's total corn area. Unfortunately, the single variety authorized for cultivation remains banned in all or parts of 19 of the member states.
  - In June 2023, the EC approved three GE corn crops for import for food and animal feed. The renewal remains valid for 10 years.
  - In October 2023, the European Commission authorized four GE maize crops for food and animal feed.
- <u>Cotton</u>
  - Previously, the EU did not permit farmers to cultivate biotech cotton.
  - On September 26, 2013, the EU Court of Justice ruled in favor of Pioneer Hi-Bred International, Inc. authorizing BT 1,507 corn. (Originally submitted in 2001).
  - There are no restrictions on importing cotton lint or products produced from biotech.

    - In June 2023, one renewal for GE cotton crop for import for food and animal feed. The renewal remains valid for 10 years.
- Soybean
    - As of October 2020, the EU approved the import of GE soybean. This is only the second authorized GE crop in this year.
    - In June 2023, the EC renewed the authorization for three soybean crops for import for food and animal feed. The renewal remains valid for 10 years.

Corn

- Imports
    - EU and United States
        - An agreement between the EU and United States allows for the import of a fixed quantity of non-EU corn and sorghum at a preferential import duty as compensation for the loss of the Spanish market.
        - The current agreement applied to 2 million metric tons of corn and 0.3 million metric tons of sorghum.
- Quotas
    - Duty-Free Tariff Quota
        - Since July 2006, the EU opened an annual duty-free tariff quota of 277,988 MT for imports of corn from non-EU countries.
    - Tariff Import Quota
        - The EU operates a reduced tariff import quota of 500,000 metric tons of corn into Portugal (maximum tariff of EU $50 per metric ton).
        - Amounts are reduced by quantity of grain substitutes (e.g. starch residues and citrus pulp) imported in the same year.
        - Flint maize is not permitted to be included within the concession.

Cotton

- Prices
    - Farm Gate Price
        - The farm gate price for raw cotton in Spain in MY 2011/12 was EU $50 per 100 kilograms.
- Spain Cotton Payments
    - The average value of the single payment per hectare was 278 euros in 2011. However, there are vast differences between regions. In the Andalucía region, where the majority of Spain's cotton is grown, the single payment averages 435 euros/hectare.
- Tariffs

- In November 2020, the EU imposed additional tariffs to a list of US products following the WTO ruling against US subsidies to Boeing. The products to be taxed include cotton and wheat, with a 25% tariff to be imposed. This applies to mostly foods, but does include some seed oils.

Rice

- Direct Aid 2008-2011
  - Following the CAP Health Check, the EU agriculture ministers, at the Farm Council in November 2008 agreed to keep, until 2011, the 75 euros/ton (US $109/ton) direct aid to eligible rice farmers, subject to paddy being produced.
  - This has the effect of delaying the decoupling of the support until January 1, 2012.
  - As of 2012, the 75 euros/ton (US $109/ton) will be added to the 102 euros/ton (US 149.3/ton) currently granted as decoupled payment.
  - Rice seed producers continue to be eligible to a "coupled" payment of 172.7 euros/ton (US $252.9/ton) for Indica rice seeds and 148.5 euros/ton (US $217.4/ton) for Japonica rice seeds.
- Export Limit
  - The rice subsidized export limit is set at 133,400 MT (3 million cwt).
- Imports
  - Import Licenses
    - As of March 2017, rice products requiring an import license includes:
      - Husked rice under heading 1006.20
        - Period of validity is until the end of the second month following that of application. Security is Euro 30/MT. Current rate of duty is Euro 30/MT.
      - Milled rice under heading 1006.30
        - Period of validity is until the end of the second month following that of application. Security is Euro 30/MT. Current rate of duty is Euro 175/MT.
      - Broken rice under heading 1006.40.00
        - Period of validity is until the end of the second month following that of application. Security is Euro 1/MT. Current rate of duty is Euro 65/MT.
  - TRQs
    - As of March 2018, the following types of rice are subject to a tariff rate quota:
      - Husked: 28,819 MT
      - Milled/semi milled: 247,165 MT

            - Broken: 225,530 MT
        - Most of these imports can be imported duty free.
    - TRQ Tariff Rate
        - The TRQ in-quota tariff rate is as low as zero for some product lines and as much as 123.2%.
- Intervention
    - The quantity eligible for intervention under the rice intervention system for MY 2009/10 was set to zero, meaning that should intervention be triggered (if paddy prices fall below 150 euros/ton (US $219.6/ton)), buying in paddy prices are to be determined.

Sorghum

- There is no information to report for sorghum.

Soybeans

- Government Support
    - There is no intervention buying, export subsidy, or other market support for soybeans in the EU.
- Imports
    - As of early 2018, the EU is the second largest soybean importer globally, only behind China. More than 70% of the soybeans imported into the EU originate from Brazil and the United States.
- Premiums
    - The premium for non-biotech soybean meal is currently estimated at 60-70 euros per MT, or about 13% premium to normal soybean meal prices.
- Set-Aside Mechanism
    - As of December 2008, under the CAP Health Check, the set-aside mechanism was abolished.

Sugar

- Ending of Sugar Production Quota
    - Under the previous CAP, the EU sugar production regime was meant to end on September 30, 2015, but in the CAP after the 2013 agreement, it was extended for two years through MY 2016/17 (officially ending on October 1, 2017) to allow producers and processors to prepare for the liberalization of the EU market.
    - The sugar production quota has been in place for 50 years.
    - The EU sugar market will continue to be shielded by high tariff walls, fixed import quotas, and decreasing preferential sugar import supplies.

- Benefits
  - The most competitive processors from Germany, Benelux, and France want to expand production as WTO limitations on EU sugar exports also end with the sugar quota system.
  - Their goal is to produce more sugar at marginal cost without significant investments by optimizing production capacity.
  - By closing uncompetitive plants and consolidate production in the most productive areas could aid in furthering lowering the overall cost of sugar production in the EU.
- Coupled Payments
  - As part of regional policies under the CAP's Pillar 1 and Pillar 2, 10 member states (MS) out of the 19 producing MS maintained coupled payments for sugar production.
  - From the old EU-15 MS, Finland, Greece, Italy, and Spain maintained coupled payments for sugar production in order to secure national sugar production after the end of the quota system. They feared they could not compete with sugar processors in Northwestern Europe.
  - Six of the new MS that joined the EU after 2004, Poland, Czech Republic, Slovak Republic, Hungary, Romania, and Croatia, decided to maintain coupled payments.
  - The level of coupled payments for sugar production varies widely between the 10 MS with payments amounting from around Euro 67/ha in Finland to over Euro 600/ha in Romania.
  - These coupled support will continue after the expiration of the sugar quota system through the end of the current CAP in 2020.
- Isoglucose
  - The ending of the sugar quota system also ends the limitations on the isoglucose production and the competition with sugar for the EU sweetener market can start again. The European Commission suggests that the isoglucose market could eventually gain a market share of 2 million MT, or about 10% of the EU sweetener market by 2025.
  - The ending of the EU sugar production quota is expected to lead to increase competition between the different sweetener industries, which industry experts believe could result in increased market volatility in the short term before sweetener markets find a new equilibrium.
  - Isoglucose (such as high fructose corn syrup) was governed by the production quota system, linking isoglucose to the sugar quota at 5%, it was not a competitor for food use. This limitation will end with the conclusion of the sugar production quota.

- Rules and Restrictions Coming to An End
  - At the end of the quota regime on October 1, 2017, the following rules and restrictions will come to an end:
    - Exports
      - Pending availability of EU export licenses limited to the EU's WTO sugar export ceiling of 1.35 million MT (of refined sugar).
    - Disposal on the EU market for industrial purposes
      - For example, for fermentation by the biochemical industry for bio-ethanol production.
    - Release on the EU domestic market
      - This option carries a levy of Euro 500 per MT unless the EU decides to waive all or part of the levy through exceptional sugar market management measures.
      - Under the post 2013 CAP, this system mainly remains the same under the system of "temporary market management mechanism."
- Sugar Refineries
  - The European sugar refining industry could benefit from a consolidation in the beet processing industry.
  - Sugar refineries in the southern and eastern parts of the EU gives them a logistical advantage as the local sugar suppliers if they are able to source the necessary raw sugar.
  - Sugar refiners found it increasingly difficult to secure raw sugar imports when the gap between EU domestic sugar prices and world prices shrank under the new CAP.
  - Duty-free imports from ACP and EBA countries have decreased after the 2007 EU Sugar Reform in response to lower EU sugar prices and increased domestic demand.
  - Another decrease in the EU sugar price after the end of the quota system may lead to a further decrease in imports, which will not be compensated by new duty-free imports from EU FTAs.

- Import License System
  - EU farmers are protected against competition from non-preferential raw cane sugar by high tariffs and import duties. A rigid import license system governs preferential duty-free imports from Least Developed Countries (LDCs) under the Everything-But-Arms (EBA) agreement limiting imports to 3.5 million MT white sugar equivalents.
- Income Support

    - Income support for sugar beet farmers has been integrated into the direct payment system.
- Prices
    - Minimum Price
        - Sugar factories are required to pay farmers a minimum price.
        - The minimum price for sugar is EU $26.29 per ton for sugar beet for the production of quota sugar.
        - Out-of-quota sugar does not benefit from this minimum price.
    - Reference Price
        - The EU reference price for white sugar is fixed at 404.4 per ton and 335.2 per ton for raw sugar. Private storage aid can be activated on the basis of the reference price, market prices, costs, and margins. (http://ec.europa.eu/agriculture/sugar/index_en.htm)
- Quotas
    - EU sugar exports are managed through a strict export quota system.
    - Country Specific Quotas
        - In recent years (as of 2017), additional country-specific quotas have been agreed as part of EU free trade agreements (FTAs) with Peru, Colombia, Panama, and Central America totaling approximately 260,000 MT.
        - Ukraine also has an allocation of 20,000 MT quota.
        - This country-specific quota system will not be affected by the ending of the sugar production quota regime in October 2017.
        - Ecuador has a quota of 25,000 MT.
        - Vietnam has a quota of 20,000 MT.
    - Production Quotas
        - Croatia
            - Upon Croatia's accession into the EU, the European Commission (EC) allocated 192,877 MT of refined sugar production quota to Croatia, thus bringing the total EU-28 sugar production quota for refined sugar to 13.5 metric tons.
        - Sugar Reform
            - The 2007 Sugar Reform limited total EU production quotas for food purposes to 13.5 million MT of white sugar equivalent which amounts to 14.7 million MT in raw sugar equivalent. This EU sugar production quota regime is set to expire at the end of the marketing year 2016/17.
            - Under the 2007 Sugar Reform, sugar produced in the EU member states that exceeds their individual production quota is considered "out-of-quota" sugar and cannot be sold on the EU sugar market

for food purposes. Rather, "out-of-quota" sugar must be sold for export for industrial uses (feedstock for fermentation such as bioethanol).

- The sugar quota system also included production limitations on isoglucose. Currently, 720,000 MT isoglucose is allowed under the current quota system.
- The quota management system is set to expire on September 30, 2017.

- Import Quota
  - In compensation for its loss of duty-free EU sugar import quota of 180,000 MT of sugar, the EC agreed to issue Croatia a new sugar quota of 40,000 MT for three years from MY 2012/2013 through MY 2014/15.

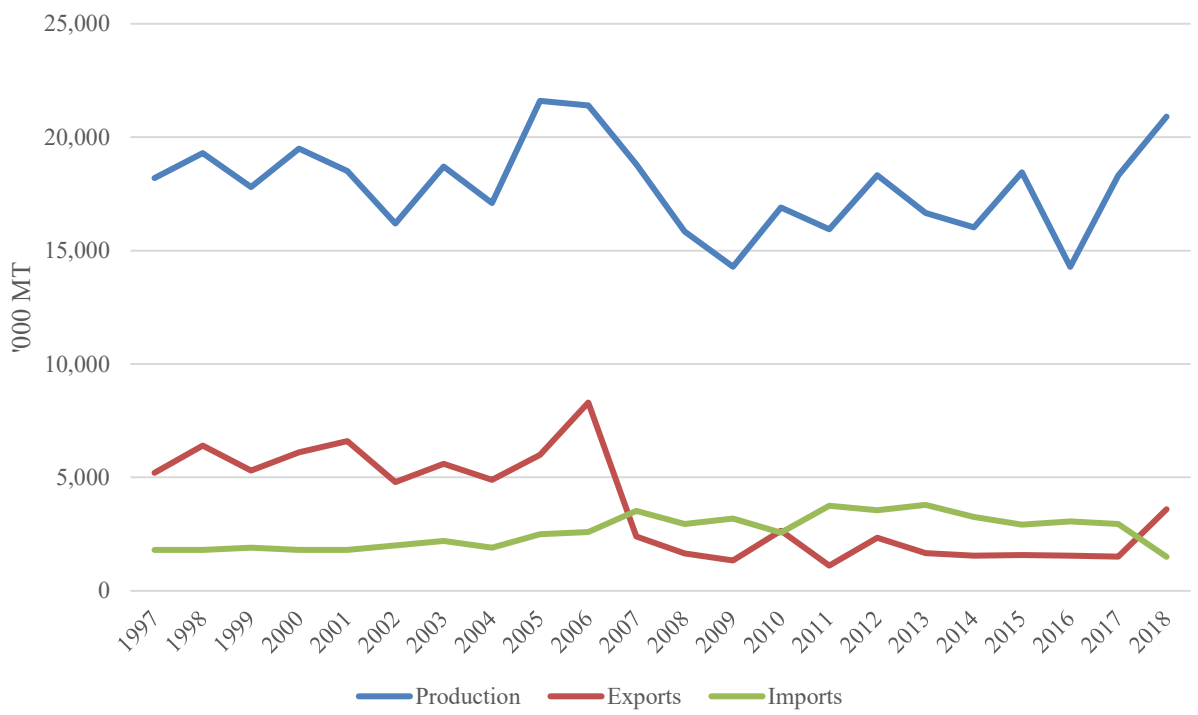

Figure 12. European Union (Starting with EU15 and adding new members as joined; EU28 figures since 2007) Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 2007-2018. Source: USDA. (USDA data began in 1997.)

- Key Policies:
  - The EU maintains strict quotas under licensing for exports of raw and refined sugar. It also maintains an average applied tariff of HS17 products of 6.8%

- Special arrangements limit duty-free EU imports to 3.5 MMT from a number of developing countries.
- The EU uses decoupled and coupled payments for sugar. Coupled payments remain at least through the 2020 Common Agriculture Policy expiration. One report estimated the value of EU coupled and decoupled supports to EU beet producers at $665 million per year.[5]
- The EU maintains a biofuels policy that continues to expand its goals for renewable fuel production.
- Until production quotas were lifted in late 2017, "out of quota" production in EU member states had to either be exported or used for ethanol production (could not be used for food purposes).

Wheat

- TRQs
  - As of 2003, low and medium quality wheat has a minimum TRQ of 3,112,030 MT.
  - Country Specific Quota
    - A country specific quota of 572,000 MT was allocated for imports originating in the United States and 38,853 MT for those originated from Canada.
    - The remaining 2.378 million MT is split into four equal tranches of 594,000 metric tons each on a quarterly basis, and is open to other non-EU countries on a first come first served basis.
    - From April 2017, the Canadian duty free TRQ for wheat will be increased to 100,000 MT per annum with the implementation of the EU-Canada Comprehensive Economic and Trade Agreement (CETA).
  - *Ergo Omnes* Quotas
    - In addition to the TRQs, from January 1, 2012, there has been a new *ergo omnes* (open to all) quota consisting of one trance of 122,790 metric tons for medium and low quality wheat.
    - This has been opened to take account of market loss arising from the accession of Bulgaria and Romania to the EU in 2007.
    - The duty for imports under the quota is set at EU $12/metric ton, while imports outside of the quota are subject to a duty of EU $95/metric ton
  - MY 2010/11
    - Low and medium quality soft wheat has a TRQ of 2,989,240 MT (from all sources).
    - The within quota import duty is EU 12/MT.

[5] Patrick Chatenay, ProSunergy Ltd, " *European Union Sugar Industry Support*," Canterbury, England, August 2015.

        - Import duties on low and medium quality wheat were suspended from February 28, 2011 until the end of June 2011, after which import duties will be reimposed.

    - All of these TRQs (excluding MY 2010/11) remain operational as of April 2017.

INDIA

General

- Corn and Sorghum
  - Export Restrictions
    - Currently, as of February 2017, the Government of India (GOI) imposes no restrictions on exports of corn, millet, sorghum, and barley.
  - Import Restrictions
    - Currently, as of February 2017, imports of corn, millet, sorghum, and barley are allowed by private trade subjects to the effective import duty and phytosanitary conditions specified in the Plant Quarantine (Regulation of Imports to India) Order 2003.
- Export Subsidies
  - The Uruguay Round Agreement on Agriculture (AOA) permits export subsidies on agriculture subject to the limits set-out in Member's Schedules of Commitments.
  - Export subsidies can still be used by WTO members, but only where they used them during the base period (1986-1988).
  - As India did not have any export subsidies during the base period, it was not entitled to any export subsidies except subsidies aimed at reducing the cost of marketing including internal and external transport as well as handling and processing costs (that is, subsidies listed in Article 9.1(d) and (e)), provided that these are not applied in a manner that would circumvent export subsidy reduction commitments.
- Fertilizer Subsides
  - A significant portion of government funds have been allocated to subsidizing production inputs such as fertilizers, seed, power, and irrigation.
  - The fertilizer subsidy alone increased from 60 billion rupees (US $1.25 billion) to 140 billion rupees ($2.88 billion) in 2001/02.
- Import Duties
  - A 15% duty is applicable on import of oilmeals, rice bran, and oil bearing materials.
  - While there are no quantitative restrictions on oilmeal imports, the availability of other cheap feed material continues to generally discourage imports, even at zero import duty.
- Input Subsidies
  - On the domestic front, the Government of India has provided input subsidies.
  - Electrical Power Subsidies to Agriculture

        - 2013/14: 669,890 rupees
- Support Prices
    - The government has provided support prices for most agricultural commodities.
    - In recent years, the spread between the government's support price to farmers and the government issue price for wheat and rice have widened and led to higher subsidies.
    - The government buys agricultural products from farmers at announced support prices.
    - As of July 2019, GOI has approved increases in the MSPs for the fall harvested crops for 2019/20 season. In comparison with the previous MY:
        - For unmilled rice, there is a 3.7% increase,
        - For sorghum, there is a 4.9% increase,
        - For corn, there is a 3.5% increase,
        - For soybeans, there is 9.1% increase, and
        - For cotton, there is 7.8% increase.
- Trade Policies
    - The government maintains domestic policies with a series of restrictive trade policies such as import licensing, tariffs, quotas, and state trading.
    - However, the Indian government has been removing many licensing and quota restrictions and is replacing them with high tariffs.
    - As of July 6, 2018, Government of India's Directorate of Plant Protection, Quarantine & Storage issued a memo waiving plant quarantine requirements for specific items, including sugar, oilseed and oilseed products, due to less phytosanitary risk.
    - As of October 2020, three new laws are under review for agricultural market reforms (already approved by Rajya Sabha, the upper house):
        - Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act (FPTC) 2020
            - The law will create a system that allows farmers to freely trade their products intrastate and interstate outside of physical market yards. This could mark the end of the GOIs wheat and rice purchases as MSPs.
        - Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act (FAPAFS) 2020
            - This act is to empower farmers to engage with the private sector without fear of exploitation. It would transfer market unpredictability risks from the farmer through contract pricing and farming and provide access to modern technologies and better inputs.
        - Essential Commodities (Amendment) Act (ECA) 2020

        - Modifies legislation established in 1955, and removes commodities deemed essential (including oilseeds). Stock limits would be removed except under extreme conditions.
- Trade Agreements
    - Australia-India Economic Cooperation and Trade Agreement (AI-ECTA)
        - Comprehensive partnership agreement geared to boosting trade and investment ties.
        - The new trade agreement was signed in April 2022, and is a partnership agreement which aims to boost bilateral trade and investment.
        - Agreement still pending approval between the both parliaments. However, little opposition is expected.
        - Australia will provide duty-free access for about 96% of Indian goods entering the country.
        - India will reciprocate with 85% tariff reductions on select Australian food and ag products. Currently dairy, wheat, rice, corn, other coarse grains, sugar and pearl millet are not included in the agreement.
        - NOTE: why it matters > US is the largest supplier of cotton to India, including extra-long staple and Upland varieties. Australia is a supplier of long staple cotton, competing directly with US suppliers. Australia's access to a duty-free quota of 300,000 bales could negatively affect US upland cotton sales, as at present, imported cotton to India has a 10% tariff.
    - India-United Arab Emirates Free Trade Agreement
        - India signed with the UAE on February 18, 2022, its first new FTA in a decade. This FTA is set to reduce tariffs for 80% of goods and provide duty-free access to 90% of India's exports to the UAE.
        - Additional tariff concessions are expected over the next 5 years that would lead to lower tariffs for 98% of exports and 90% of imports from the UAE. Indian exports are set to get zero-duty access in 5 to 10 years.
- Current Trade Agreement Negotiations
    - India-Canada FTA
        - The two countries resumed FTA negotiations in April 2022, following a 5 year hiatus. Currently both sides seek an interim trade deal aimed at bolstering bilateral commerce and investment with the next 6 to 9 months.
    - India-European Union FTA
        - India and the EU are set to resume negotiations for an FTA in June 2022. Negotiations are likely to be a long process due to the

market access issues, as well as the complexities from negotiation with a 27 member bloc.

- India-Israel FTA
  - Discussions over the possibility of an FTA have been going on for over a decade, as of April 2022.
- India-United Kingdom FTA
  - India and the UK aim to conclude a comprehensive and balanced free trade agreement by October 2022.

Biofuels

- Fuel-Grade Ethanol Price Fixing Mechanism
  - On December 10, 2014, the GOI announced a fuel-grade ethanol price fixing mechanism for state-owned oil marketing companies (OMCs) to procure the government's ethanol blending program (EBP). Ethanol procured under this program will be blended with gasoline, and based on a 'benchmark price' established by the OMCs. EBP ethanol prices may be updated each marketing year (October-September).
  - 2016/17
    - Administered prices of ethanol for the EBP will be INR 39/liter from December 1, 2016 to November 30, 2017.
    - Charges will be paid to the ethanol suppliers as per actuals in case of the excise duty and VAT/GST, and transportation charges as decided by OMCs.
- National Policy On Biofuels 2009
  - On December 24, 2009, the Government of India (GOI) approved its National Policy on Biofuels, which encourages the use of renewable energy resources as fuel for motor vehicles.
  - In 2016, India reached its highest ethanol market penetration of an average gasoline blend rate of 3.3% throughout the country.
- New National Policy on Biofuels for 2018
  - Released on June 4, 2018, the new policy goal is to achieve 20% blending of ethanol with gasoline and 5% blending of biodiesel with diesel.
  - Major focus of the new policy is ensuring the availability of biofuels from indigenous feedstock.
  - New ethanol-blending program (EBP) stipulates procurement of ethanol produced from B-heavy molasses, sugarcane juice, and damaged food grains such as wheat and damaged rice (as these are unfit for human consumption).
  - New policy further states that oil marketing companies (OMCs) have agreed to sign Ethanol Purchase Agreements with 2-G ethanol suppliers for 15 years to provide a secure market and support the 2-G initiatives.

- Current biofuel trade policy restricts the import of biofuels for fuel use. Imports will remain restricted to industrial and potable use.
- The policy will encourage innovation and provide a push for R&D and the utilization of developed and emerging technologies. Identified areas of intensive R&D work include:
  - Biofuel feedstock production
  - Advanced conversion technologies from identified feedstock
  - Technologies for end-use application including modification for biofuel
  - Utilization of bi-products of biofuels

- Sugar
  - In December 2014, the GOI announced a price-fixing scheme for parastatal OMCs to produce fuel to accelerate sugarcane crushing operations.
  - The program fixes landed-ethanol prices at OMC depots from INR 48.50 to INR 49.50/liter, a 3%-5% increase over the previous price.
  - India's ethanol program is based on sugar molasses, a by-product of the sugar industry, and not directly from sugarcane or corn as in other countries.

Biotechnology

- General
  - India remains undecided on GE crops. Currently, Bt cotton remains the sole crop derived for commercial cultivation. GE soy and canola events, along with some food ingredients from microbial biotechnology are approved for import.
- Imports
  - As of November 2017, the only GE food products approved for import are soybean oil produced from GE soybeans (glyphosate tolerant and five other events) and canola oil produced from GE canola (a few choice herbicide tolerant events).
  - The majority of the soybean oil is imported from Argentina (3.1 MMT), Brazil (0.6 MMT), and Paraguay (0.2 MMT).
  - Limited canola quantities are imported from Canada.
  - Any other GE crops, processed product, or seeds are strictly banned from being imported.
- Coarse Grains
  - The GOI's phytosanitary requirements for weed seeds, ergot, and other SPS issues, including no approvals to date for any GE corn events, have effectively banned U.S. coarse grains exports to India.
  - Imports of any GE product, including GE corn and food products derived from GE crops are subject to approval by India's biotech regulatory agency, the Genetic Engineering Appraisal Committee (GEAC).

- As of February 2020, the GEAC has not approved any GE coarse grains or byproducts for import. Soy and canola oils derived from select GE soy and canola events are the only products derived from GE crops approved for import.

- Cotton
  - The Government of India issued an order on March 22, 2014 banning the use of two varieties of biotech cotton seeds produced by a major Indian seed company. The two seeds did not perform as expected during the summer season affecting yields across seven districts.
  - According to the order there was a 50% drop in yields in the affected area.
  - As of November 2021, Bt cotton remains the only biotech crop approved for commercial cultivation, with five events approved. In addition, Bt cotton accounts of 95% of India's cotton production.

Corn

- Exports
  - Export Subsidy
    - The government provides an export subsidy in the form of a 5% duty credit scrip on the FOB value of exports under the Vishesh Krishi Upaj Yojana (Special Agricultural Product Scheme).
  - Trade Barriers
    - As of March 2018, there are no trade restrictions for exports for corn.
- Imports
  - Tariff Table

Import Tariffs on Corn					
HS Code	Description	Basic Duty (BD) on Assessable Value (AV)	Social Welfare Surcharge (SWS) on AV+BD	Integrated GST (IGST) on AV+BD+IGST	Total Effective Duty (BD+SWS+IGST)
1005	Corn	50%	10%	0	55%

Exchange rate as of 02/15/18: US $1 = INR 63.00

  - Tariff Rate Quota (TRQ)
    - India allows imports of corn under a tariff rate quota (TRQ) of 500,000 metric tons at zero duty for a given Indian fiscal year (April-March).
    - Imports are subject to an in-quota tariff of 15%.
    - Imports of corn outside the TRQ are subject to a 50% import duty.

        - IFY 2016/17 TRQ
            - On July 11, 2016, the government gave an extension to the government parastatals responsible for canalizing imports under the TRQ to apply for the IFY 2016/17 TRQ from March 31, 2016 to August 8, 2016.
            - The three government parastatals issued notification to actual buyers seeking their interest in importing non-genetically modified corn under the TRQ (PEC, STC, and MMTC) based on which they will be applying for the IFY 2016/17 TRQ.
            - On July 14-15, 2016, the PEC issued two tenders for importing 120,000 MT of non-GM corn under specific conditions in different ports, which was cancelled due to lack of response from the exporters.
            - Since the TRQ is applicable through March 2017, the PEC has issued a tender for 200,000 MT of non-GM corn for imports during mid-December through end-January, the period after the kharif corn and before the rabi corn marketing season.
            - For 2020-21, the GOI budget for maize (corn) is 15% TRQ omitted, with 60% tariff for all imports.
- Prices
    - Minimum Support Prices
        - 2011/12: 9,800 INR/MT
        - 2012/13: 11,750 INR/MT
        - 2013/14: 13,100 INR/MT
        - 2014/15: 15,300 INR/MT
    - Market Prices
        - 2015
            - Market prices in the major producing states are ranging from INR 11,830 ($203) to INR 14,700 ($253) per metric ton.
        - 2016
            - As of October 27, 2016, the wholesale prices in the major producing states are ranging from INR 12,500 (US $188) to 14,400 (US $217) per metric ton.
        - 2017
            - As of July 27, 2017, market prices in major producing states are ranging from INR 14,500 (US $225) to INR 15,500 (US $240) per metric ton (spot).
    - Wholesale Prices

National Avg. Monthly Wholesale Price of Corn - 3/9/2018				
Year	2015	2016	2017	Change
	Prices in INR/MT			
Jan	12,829	14,600	14,896	2.0%
Feb	13,385	15,286	14,897	-2.5%
Mar	13,865	14,982	14,947	-0.2%
Apr	14,302	14,501	14,815	2.2%
May	13,062	14,129	14,168	0.3%
Jun	13,390	14,762	14,068	-4.7%
Jul	12,888	15,015	14,366	-4.3%
Aug	14,010	15,505	14,299	-7.8%
Sep	13,878	15,169	13,745	-9.4%
Oct	13,875	14,411	13,488	-6.4%
Nov	14,073	14,901	13,743	-7.8%
Dec	14,987	14,381	13,369	-7.0%
Exchange Rate: 64.8 INR/US $				

Source: Agmarket News, Ministry of Agriculture, GOI

- Procurement 2014
  - Government procurement of corn through May 27, 2014 was estimated at a record 1.2 million metric tons. Most of this corn was procured at a minimum support price of INR 13,100 per MT.

Cotton

- Bonus Payment for Seed Cotton
  - On November 1, 2017, the State of Gujarat put into effect a regulation that will give farmers an additional Rs. 500 per 100 kg, which is about 3.5 cents per pound above the MSP established by the Government of India.
- Duty Policies:
  - Duty Drawback
    - Export oriented units (EOUs) and firms importing against an advance license receive a duty drawback (zero duty for EOUs, and duty discounts for others) on imports of raw materials for the export of value-added goods.
    - Under the "Export Promotion Capital Goods" plan, imports of capital goods and machinery are allowed at reduced duty rates against export obligations (zero duty for EOUs).
  - Duty Free Scrips

        - Textile exporters are provided 2% of the value of exports to the United States and EU in the form of duty free scrips under the Market-Linked Focus Product Scheme.
        - The scrips can be used for importing goods duty-free and is transferable to other importers.
    - Import Duty
        - Current as of April 2022: GOE rescinded its cotton import duty of 10% until late September 2022. The import duty consisted of a 5% basic customs duty, and 5% Ag Infrastructure and Development Cess.
- Exports
    - Export License
        - India's national fiber policy affirms that cotton exports should be limited to an exportable surplus.
        - Current as of March 2017, cotton and cotton yarn exports are allowed under an Open General License (OPL) without any quantitative restrictions.
    - Export Tax
        - On April 9, 2010, the GOI imposed an import tax of Rs 2,500 (US $5.60) per metric ton on raw cotton.
    - Incentives
        - On September 25, 2013, the GOI announced the withdrawal of any incentives on exports of cotton and cotton yarn under the Focus Market Scheme (FMS).
        - In March 2022, local traders expect that GOI will reduce or remove the tariff on extra-long staple cotton to help industry achieve their export targets. GOI indicates it will create a separate HTS code for this cotton, and will make ELS imports duty free.
    - Quota
        - The GOI has established an export quota of 4.3 million bales for MY 2010/11.
        - Since February 27, 2011, no further exports of raw cotton have been allowed.
- Goods and Services Tax (GST) Bill
    - Current as of March 2017, with the introduction of the Goods and Services Tax (GST) Bill in Parliament, the government has made progress towards meeting the July 1 deadline for the implementation of indirect tax reform.
    - While natural fibers like cotton do not attract any duties, the GST bill will lower input costs and reduce prices of synthetic/man-made fibers as manufacturers will be able to claim an input credit.

- Government Purchases
    - Government agencies purchase seed cotton at the MSP and sell the processed cotton at market prices; losses incurred in the operation are borne by the government exchequer.
    - Besides MSP operations, CCI and state marketing organizations are also involved in purchasing cotton at open market prices for commercial sales.
- Prices
    - Cotton Planting Seed Price (Control) Order 2015
        - 2015
            - On December 7, 2015, the Government of India published an order that fixes the sale price of cotton seeds for sowing.
            - The purpose is to ensure that farmers receive a fair, reasonable, and affordable price, according to the information published by the Ministry of Agriculture.
            - Seed prices account for only 5% to 9% of the total cost of cultivation with greater variability attributed to production style (irrigated/non-irrigated), chemical usage, and seeding intensity.
            - The price will be fixed on or before March 31, 2015 and to extended through the following Indian fiscal year which runs April 1 through the following March 31.
            - The order establishes that it will set the price of seed licensing and royalty fees, as well.
        - MY 2016//17
            - On March 8, 2016, the Ministry of Agriculture and Famers Welfare announced a fixed maximum sales price for cotton seed for planting.
            - The prices are as follows:
                - BG-I version of Bt. Cotton Hybrid
                - Seed value: Rs. 635
                - Trait value including taxes: Rs. 0
                - BG-II version of Bt. Cotton Hybrid
                - Seed value: Rs. 751
                - Trait value including taxes: Rs. 49
                - Maximum sale price
                - BG-I: Rs. 635
                - BG-II: Rs. 800
        - MY 2018//19

        - On March 12, 2018, the Ministry of Agriculture and Famers Welfare announced a fixed maximum sales price for cotton seed for planting.
        - The prices are as follows:
            - BG-I version of Bt. Cotton Hybrid
                - Seed value: Rs. 635
                - Trait value including taxes: Rs. 0
            - BG-II version of Bt. Cotton Hybrid
                - Seed value: Rs. 701
                - Trait value including taxes: Rs. 39
            - Maximum sale price
                - BG-I: Rs. 635
                - BG-II: Rs. 740
- <u>Minimum Support Prices</u>
    - <u>Policy:</u>
        - The Government of India (GOI) establishes a minimum support price (MSP) for cotton at the beginning of every marketing season.
        - The Cotton Corporation of India (CCI), a central government organization, is responsible for price support operations in all states, but is occasionally assisted by state government marketing organizations.
    - <u>Minimum Support Prices for Medium Staple</u>
        - 2013/14:
            - Rs. 3,750 per 100 kg (US $0.28/lb)
        - 2014/15:
            - Rs. 3,750 per 100 kg (US $0.28/lb)
        - 2015/16:
            - Rs. 3,800 per 100 kg
        - 2016/17:
            - Rs. 3,860 per 100 kg
        - 2017/18:
            - Rs. 4,020 per 100 kg
    - <u>Minimum Support Prices for Long Staple</u>
        - 2013/14:
            - Rs. 4,000 per 100 kg
        - 2014/15:
            - Rs. 4,050 per 100 kg
        - 2015/16:

        - Staple length 27.5 mm to 29 mm: Rs. 4,050 per 100 kg (US $0.31/lb).
        - Staple length of 39.5 mm to 40.5 mm: Rs. 4,100 per 100 kg
    - 2016/17:
        - Rs. 4,160 per 100 kg
    - 2017/18:
        - Rs. 4,320 per 100 kg
  - Minimum Support Price for Most Commonly Traded Staple
    - The minimum support price for the most commonly traded staple in 2013/14 increased by 2.5% from Rs 3,850 per 100 kg (US $0.32/lb) to Rs 3,950 per 100 kg (US $0.33/lb).
    - Seed cotton prices for MY 2013/14 were 25% above the minimum support price.
- Production Boost
  - In 2017, farmers in several states shifted from planting pulses, soybeans, and groundnut to planting cotton. To promote this change, the government had a higher minimum support price (MSP) and more purchases made to create a buffer stock by the Government of India (GOI).
  - Ultimately, the market became oversaturated and unable to accommodate the increased production which caused prices to fall below the MSP along with limited GOI procurement.
- Seed Diversification
  - In Punjab, the state government has announced a proposed plan for seed diversification, providing an incentive of Rs 4,000 (US $66) per hectare to farmers for switching from paddy cultivation to cotton under the high density planting system (HDPS) model.

Rice

- Basmati Rice Duties
  - In April 2008, the GOI imposed an export duty of 8,000 INR/MT (US $160/MT) on basmati rice, on top of the minimum export price (MEP) of 1,200 INR/MT.
  - On January 20, 2009, the export duty of 8,000 INR/MT (US $163/MT) applicable to basmati rice was abolished and the MEP was lowered to 1,100 INR/MT.
- Exports
  - In February 2011, the government allowed export of 150,000 tons of select premium non-basmati rice varieties; exports other than non-basmati rice varieties were not allowed.

- On September 9, 2011, the government lifted the export ban on non-basmati rice, which had been in effect since September 2007 (with ad hoc humanitarian exports exempted from time to time).
- Export of Basmati rice continued without quantitative restriction throughout the period, subject to a minimum export price (MEP), which changed from time to time.
- On July 4, 2012, the government removed the MEP requirement on exports of basmati rice.
- In October 2023, GOI continues with export restrictions that were imposed in August. India's export policy bans exports of broken rice and non-basmati white rice, with limited exceptions. In addition, as of August 2023, the government imposed a 20% export duty on parboiled non-basmati rice. This month, they extended the export duty until April 2024.

- Futures Trading
  - Since September 2007, futures trading for rice has been banned. This decision was made based on concerns for price inflation.
- Government Rice Offtake
  - Market sources report that MY 2015/16 government rice offtake under the public distribution system (PDS) has been relatively weak as government made a concentrated effort to off load the MY 2015/16 (April/March) rain damaged wheat.
  - Based on the latest available official figures, average monthly offtake of rice during the first nine months of MY 2015/16 was estimated at 2.6 MMT/month compared to 3.0 MMT/month compared to the same period in MY 2014/15.
  - Market sources expect rice offtake in the last quarter to improve as government off load more rice through various programs instead of wheat due to current tight government wheat stocks.
- Hybrid Rice Production and Subsidies
  - A number of states provide seed subsidies and other forms of financial support to encourage farmers to produce rice crops from hybrid seeds. Despite these efforts, hybrid rice is not produced often due to the lack of ability to produce the corps to the consumers' preferences, small yields, and hybrid rice doesn't have the same mill quality as conventional rice.
- Import Duties
  - Since April 2000, the Government of India has applied import duties of 70-80% to keep imports low.
  - In March 2008, the GOI removed the import duty on rice, but there have been no imports due to uncompetitive pricing and consumer preference for local varieties.

- Since the removal of the import duty, there have been no other imposed taxes, including the social surcharge or the integrated goods and services taxes.

- Prices
  - Minimum Support Prices
    - Rice, Paddy (Common)
      - 2005/06: 5,700 Indian Rupees (INR) per metric ton
      - 2006/07: 6,200 INR/MT
      - 2007/08: 7,450 INR/MT
      - 2008/09: 9,000 INR/MT
      - 2009/10: 10,000 INR/MT
      - 2010/11: 10,000 INR/MT
      - 2011/12: 10,800 INR/MT
      - 2012/13: 12,500 INR/MT
      - 2013/14: 13,100 INR/MT
      - 2014/15: 13,600 INR/MT
      - 2015/16: 14,100 INR/MT
      - 2016/17: 14,700 INR/MT (estimate)
    - Rice, Paddy (Grade A)
      - 2011/12: 11,100 INR/MT
      - 2012/13: 12,800 INR/MT
      - 2013/14: 13,450 INR/MT
      - 2014/15: 14,000 INR/MT
  - Spot Prices
    - Currently, as of April 2017, spot prices for common-grade coarse rice range from INR 21,950 (US $340) to INR 32,200 (US $500) per MT in major producing states.
    - In May 2018, the spot prices for rice are between INR 28,200 (US $433) and INR 35,520 (US $546) per MT for major producing states.
  - Wholesale Prices

National Avg. Monthly Wholesale Price of Common Rice - 3/9/2018				
Year	2015	2016	2017	Change
	Prices in INR/MT			
Jan	28,400	27,827	28,656	3.0%
Feb	28,149	27,876	28,648	2.8%
Mar	28,463	28,343	29,964	5.7%
Apr	28,497	27,836	29,072	4.4%
May	29,036	27,856	29,422	5.6%
Jun	26,582	27,541	30,500	10.7%
Jul	26,495	28,393	27,647	-3.3%
Aug	26,673	28,761	28,370	-1.4%
Sep	27,061	28,610	29,679	3.7%
Oct	25,888	28,652	29,718	3.7%
Nov	26,136	28,599	28,121	-1.7%
Dec	26,451	27,765	29,213	5.2%
Exchange Rate: 64.8 INR/US $				

Source: Agmarket News, Ministry of Agriculture, GOI

- Rice Procurement
  - Total MY 2015/16 rice procurement through July 26, 2016, is estimated at 34.1 MMT compared to 31.6 MMT during the same period last year, with the increase largely accounted for by the northern states.
  - With some additional procurement in eastern and southern states through September, total MY 2015/16 rice procurement is estimated at 34.6 MMT, about 8% higher than the previous year and marginally lower than the record procurement of 35 MMT in MY 2011/12.

Sorghum

- Exports
  - As of March 2018, there are no trade restrictions for exports of sorghum.
- Import Duty
  - As of February 2017, India imposes a basic import duty of 50% on sorghum.

Import Tariffs on Sorghum					
HS Code	Description	Basic Duty (BD) on Assessable Value (AV)	Social Welfare Surcharge (SWS) on AV+BD	Integrated GST (IGST) on AV+BD+IGST	Total Effective Duty (BD+SWS+IGST)
1007	Grain Sorghum	50%	10%	0	55%

- Minimum Support Prices
  - 2008/09: 5,400 INR/MT
  - 2011/12: 9,800 INR/MT
  - 2012/13: 15,000 INR/MT
  - 2013/14: 15,000 INR/MT
  - 2014/15: 15,300 INR/MT

Soybeans

- Imports
  - Bound Tariff Rate
    - India has a bound tariff rate of 100% for soybeans and an applied tariff rate of 30.6%.
  - General
    - India has not imported any soybeans in recent years due to high tariffs and phytosanitary restrictions.
    - Non-GM soybeans are eligible for import from any country for consumption and processing, provided additional declarations stating freed from *Bruchidius spp*, weed seed-free certifications, and/or zero dockage certifications vis-à-vis weed seeds in the phytosanitary certificate, heat treatment, and logistics management as advised by the Plant Protection Authority (PPA).
    - Oilseeds can be imported into India without any quantitative restrictions, but typically face higher tariffs (30%) and complex phytosanitary requirements.
    - In January 2021, Indian domestic soybean meal prices began to escalate without warning to unprecedented highs, 110% above the government's MSP of $531/MT. In July, soybean meal prices peaked at a record high of $1,350/MT. As a result, the GOI is allowing for the import of up to 1.5 MMT of foreign-origin soybean meal (including GE soybeans) at 16.5% basic customs duty.

        - In August 2021, GOI officially permitted the import of 1.2 MMT of soybean meal derived from GE soybeans through October 2021. However, port access is limited to 2 ports, Jawaharlal Nehru Port Trust, Nhava Sheva and LCS Petrapole (both containerized shipments). Later, 3 additional ports were approved: Mumbai Seaport, Tuticorin Seaport, and Vishakhapatnam Seaport.
        - In September 2021, GOI extended the import of soybean meal through January 31, 2022.
        - Due to the geopolitical crisis related to the Russian-Ukraine war, soybean prices are increasing and are likely to remain high. Typically, India imports sunflower oil from the Black Sea region, and the trade disruption is a result of the war. From March 2022.
        - May 24, 2022, GOI is allocating a tariff-rate quota of 2 MMT for crude soybean oil.
    - Import Duty
        - As of April 2018, there is a total import duty on soybeans. The current tariff is 49.5%. Included in this tariff is a 10% social welfare tax. The basic customs duty is 45%.
        - March 2023, the zero-duty TRQs end March 31, as both soybean and sunflowerseed oil imports will incur a 5.5% import duty.

- Minimum Support Prices
    - 2007/08
        - Yellow soybeans: 1,050 INR/MT (US $6.97/bu)
        - Black soybeans: 920 INR/MT (US $6.04/bu)
    - 2015/16
        - The minimum support price for soybeans is Rs. 2,600 per 100 kg
    - 2016/17
        - The minimum support price for soybeans is Rs. 2,775 per 100 kg
    - 2017/18
        - The minimum support price for soybeans is Rs. 3,050 per 100 kg

Sugar

- Imports
    - Duty Free Import Authorization
        - The Duty Free Import Authorization program allows exporters to import sugar with zero duty only if they meet specific export requirements.
        - In early 2018, the Government of India initiated the use of this program for white sugar through September 2018.
    - Import Duties

        - 2008
            - On July 8, 2008, the Government of India raised the import duties on raw and refined sugar from 10% to 15% in an effort to protect domestic sugar prices and help millers to pay off their debts to farmers.
        - 2015
            - On April 29, 2015, the Union Cabinet gave its approval to increase the duty on sugar imports under open general license (OGL) from 25% to 40%. The objective was to discourage imports, prevent excessive inventory, and support local sugar prices.
        - 2017
            - April
                - After June 12, 2017, import duties levied against imported sugar will be 40%, unless otherwise notified.
            - June
                - After June 12, 2017, import duties levied against imported sugar will be 40%, unless otherwise notified.
            - July
                - As of July 10, 2017, the import duty on raw sugar (including imports by bulk consumer), refined or white sugar, was raised from 40% to 50%.
        - 2018
            - In early 2018, the Government of India increased the import duty on white and raw sugar to 100%. As of April 2018, there is no announced date of when this will end.
    - Raw Sugar Imports
        - As of April 5, 2017, the GOI will allow 500,000 MT of raw sugar imports (subject to the tariff rate quota) to be imported through June 12, 2017.
        - This policy was made to address regional production gaps and control sugar prices.
- Exports
    - Export Duty
        - As stated in the June 16, 2016, Customs Notification No. 37/2016, sugar exports will remain subject to a 20% export duty.
        - In the July 6, 2016, Customs Notification No. 41/2016, it states that refined sugar derived from raw sugar imported under the ALS will be exempted from the 20% export duty.
        - On March 20, 2018, the Government of India announced the export duty for sugar would be reduced to zero.

        - As of April 2021, India retains its export policy that enables subsidized exports at six MMT.
        - As of October 2023, GOI continues to maintain its export policy that restricts the sugar export at 6.5 MMT. They may continue to restrict sugar export to maintain domestic sugar market prices.
    - Export Policy
        - As of May 2022, GOI amends its sugar export policy. The restriction does not apply to sugar exports destined to the US or the EU falling under CXL and TRQs.
        - As of October 2023, GOI amended the export restriction on sugar to an indefinite period. The export of sugar under the CSL concession quota with the United Kingdom and the tariff-rate quota with the US are unaffected.
    - Export Quota
        - On September 18, 2015, GOI introduced the minimum indicative export quota (MIEQ) for selling 4 MMT of sugar (raw, white/refined) in MY 2015/16.
        - The export quota has been prorated among sugar factories by considering their average sugar production in the last three marketing years.
        - The program seeks to revive sugar exports, inject cash flows, and offset surplus sugar in MY 2015/16.
    - Export Subsidies
        - In February 2014, the GOI approved an export subsidy of INR 3,300 (about $54) per metric ton for raw sugar exports. The duration of this subsidy is 2 years and will be reviewed every 2 months.
        - India's export subsidy scheme for raw sugar exports, which had not been implemented during the last two marketing years (MY 2013/14 and MY 2014/15), lapsed in September 2015 as it did not yield sales in terms of volume.
    - Export Tax
        - On June 16, 2016, GOI announced a 20% export tax on raw and white sugar.
    - Open General License
        - Sugar can be exported under Open General License (OGL). The requirement of registration of sugar quantity prior to exports with direct general of Foreign Trade has been waived off to expedite sugar export sales.
        - As of June 16, 2016, sugar exports remained subject to the 20% export duty.

- Register Sugar Quantities Requirement
    - According to the Ministry of Commerce's Notification No. 3/2015-2020, shippers are no longer required to register sugar quantities prior to exporting with the Director General of Foreign Trade (DGFT) in an effort to expedite export sales.

- Non-Tariff Barriers
    - Imported sugar is subject to non-tariff barriers and other local regulations applicable to domestic sugar.
    - Mills are allowed to import raw sugar at a zero duty against a future export commitment (mills can refine imported raw sugar and sell it in the domestic market, but must re-export 1 MT of refined sugar for every 1.05 MT of raw sugar imported within a specified period).
- Prices
    - Minimum Support Prices
        - 2008/09: 811.8 INR/MT (US $18.66/MT)
    - Wholesale Prices
        - As of April 2017, Indian wholesale sugar price is trading at US $600 per MT.
        - As of September 2017, Indian wholesale sugar is trading at US $625/MT.
- Production Subsidy
    - On November 18, 2015, the CCEA approved a production subsidy of INR 4.50 per quintal for sugarcane crushed in MY 2015/16 to be paid directly to the farmers on behalf of the millers.
    - Subsidy payouts would be adjusted against the cane prices fixed under the Fair and Remunerative Price (FRP) program and include debts owed by sugar millers to farmers for crop sold during the previous year.
    - Including the subsidy, millers will now have to pay cane farmers INR 225.5/quintal of cane produced, leaving sugar mills to bear nearly 98% of the cost.
    - Eligible recipients (sugarcane millers) must meet 80% of the targets notified under the CCEA's Minimum Indicative Export Quota (MIEQ), as well as achieved 80% of target to supply ethanol for blending with gasoline for blending with gasoline under the GOI's ethanol blending program.
    - The value of the subsidy is estimated upwards of $180 million and would be paid by the Sugar Development Fund (SDF).
    - Removal of Subsidy
        - In May 2016, the sugarcane production subsidy was removed because sugar prices were substantially higher than levels required for operational viability of the sugar industry.

        - Subsequently, the minimum indicative export quota (MIEQ) for selling 4 MMT of sugar (raw, white/refined) in MY 2015/16 was also withdrawn in June 2016.
        - These programs were intended to incentivize exports, inject liquidity, and lower India's surplus.
    - In early 2018, the Government of India reintroduced 2 MMT of sugar exports through the minimum indicative export quota program.
- Public Distribution System Subsidy
    - As of April 1, 2017, the GOI will stop providing the INR 18.50/kilogram subsidy on sugar to states for selling it via public distribution system (PDS) at ration shops.
- Sugarcane Development Fund (SDF)
    - The GOI collected INR 240 (US $3.93) per MT of sugar produced by mills in support of the Sugarcane Development Fund (SDF).

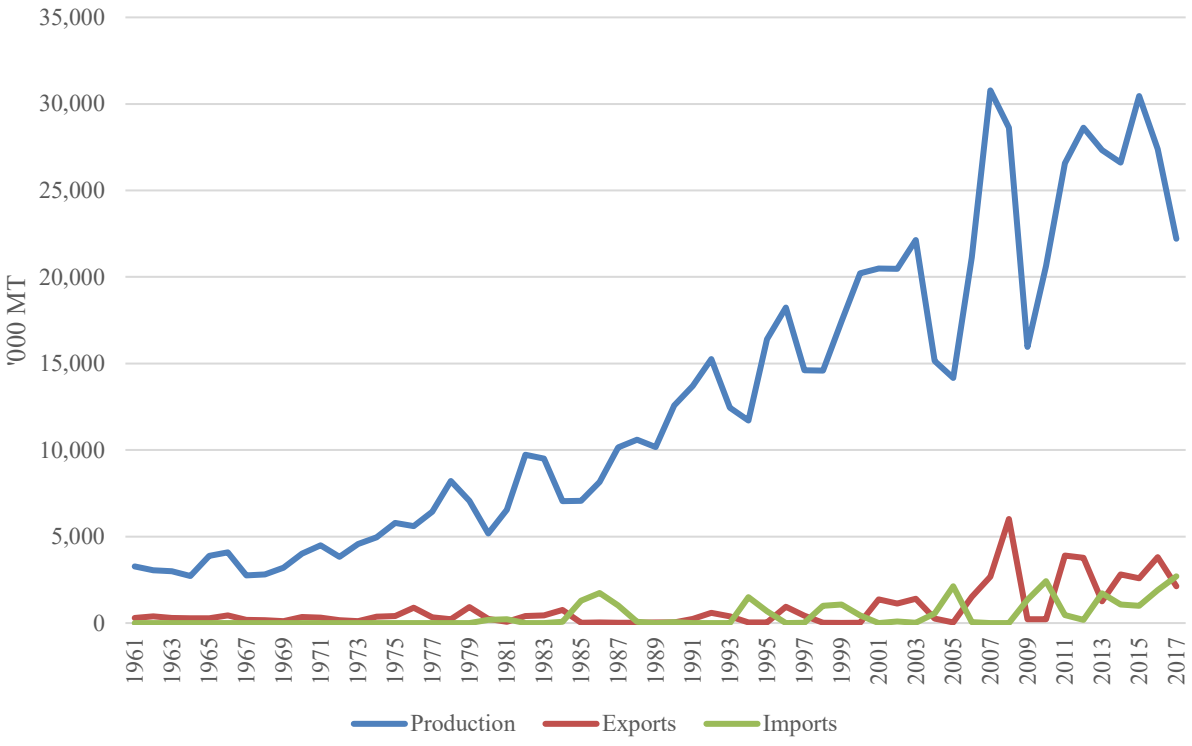

Figure 13. Indian Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

- Key Policies:

- India's federal and provincial governments tightly control the sugar market, a huge source of jobs throughout rural India, and have boosted Indian cane sugar production to the largest in the world in 2018/19. A recent report estimated the value to the Indian sugar industry from government interventions at $1.7 billion per year.[6]
- Several countries, led by Brazil and Australia, have filed a complaint with the World Trade Organization against Indian sugar production and export subsidies.[7]
- India launched an export subsidy program for 5 MMT of sugar in 2018.[8]
- Indian provincial governments impose production controls.

Wheat

- Exports
  - As of May 2011, the government continues to ban wheat exports due to food price inflation.
  - On September 9, 2011, the Government of India lifted the export ban on wheat and wheat products. Since then, there have been no imposed taxes or tariffs on exported wheat and wheat products.
  - As of May 2022, GOI announced an immediate ban on wheat exports, due to the spike global wheat prices and to food security risks to India.
- Imports
  - Custom Duty
    - On October 19, 2015, the Ministry of Finance issued a notification raising the basic custom duty on imports of wheat to 25% (ad valorem on CIF value).
    - Earlier on August 7, 2015, the government had imposed an import duty of 10% ad valorem effective until March 31, 2016 (end of MY 2015/16).
    - In March 2017, it was announced a basic custom duty of 10% would be instituted.
    - In November 2017, the basic custom duty was increased to 20% as announced by the Ministry of Finance.
    - On March 28, 2018, the Ministry of Finance announced the basic custom duty would be raised to 30% from 20%.
  - Goods and Services Tax (GST) Duty

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[6] Antoine Meriot, Sugar Expertise LLC, "*Indian sugar policy: Government role in production expansion, and transition from importer to exporter,"* Bethesda, Maryland, August 2016. https://sugaralliance.org/project/indian-sugar-policy-government-role-in-production-expansion-and-transition-from-importer-to-exporter

[7] From WTO website https://www.wto.org/english/news_e/news19_e/ds579_580rfc_07mar19_e.htm

[8] On export subsidies: https://www.spglobal.com/platts/en/market-insights/latest-news/agriculture/092718-india-approves-5-mil-mt-of-sugar-exports-with-subsidy-for-2018-2019-season

        - Currently, as of March 2018, wheat products are subject to a GST duty of 12%, which is equal to the local sales tax (countervailing duty).
    - Import Duty
        - An import duty of 25% ad valorem has been placed into effect (effective through the end of March 2016 but is likely to be extended through MY 2016/17, at least through the harvest and marketing season (April-July)).
        - On September 23, 2016, the Ministry of Finance issued a notification lowering the basic custom duty on imports of wheat from 25% to 10% (ad valorem on CIF value) until March 1, 2017.
            - Market sources report that the GOI decision to lower import duty was due to concern about the rising domestic prices and relatively strong off take of government held wheat in the recent months.
            - The government also lowered the import duty on wheat to allow private mills to augment their wheat consumption requirement through imports.
            - Imports of wheat at 10% import duty will be economical for the millers at the current international prices, especially the southern and western mills due to the inland freight advantage.
        - Import Duty Removal 2016
            - On December 8, 2016, the Ministry of Finance issued a notification removing the import duty on wheat for an indefinite period.
            - The decision to remove the import duty was due to concern about the rising domestic prices and declining government-held wheat stocks in the recent months.
        - In March 2017, the GOI made the decision to increase the import duty from zero to 10%.
        - In November 2017, it was increased again to the current level of 20%. These tariff increases were a result of record wheat production and somewhat weak domestic prices throughout MY 2017/18.
    - Social Welfare Surcharge
        - Before MY 2018/19, wheat and wheat products were subject to the Education Cess (2%) and Secondary and Higher Education Cess (1%) tax. For MY 2018/19, these will be replaced with a Social Welfare Surcharge of 10% of the basic custom duty on imported goods.
        - This went into effect on March 1, 2018.

Import Tariffs on Wheat and Wheat Products					
HS Code	Description	Basic Duty (BD) on Assessable Value (AV)	Social Welfare Surcharge (SWS) on AV+BD	Integrated GST (IGST) on AV+BD+IGST	Total Effective Duty (BD+SWS+IGST)
1001	Wheat and Muslin	20%	10%	0	22%
1101	Wheat and Muslin Flour	30%	10%	0	33%

- Prices
  - Market Prices
    - In 2014, market prices for wheat currently range between INR 14,211 (US $245) and INR 16,411 (US $282) per metric ton.
    - As of April 2017, wheat prices in major wheat surplus states are currently ranging from INR 16,156 (US $250) to INR 16,732 (US $260) per MT, around the MSP of INR 16,250 (US $252) per MT.
    - As of May 2018, the market price of wheat is between INR 17,150 (US $264) to INR 17,350 (US $267) per MT.
  - Minimum Support Price
    - 2006/07: 7,000 INR/MT
    - 2007/08: 8,500 INR/MT
    - 2008/09: 10,000 INR/MT
    - 2009/10: 10,800 INR/MT
    - 2010/11: 11,000 INR/MT
    - 2011/12: 11,700 INR/MT
    - 2012/13: 12,850 INR/MT
    - 2013/14: 13,500 INR/MT
    - 2014/15: 14,000 INR/MT
    - 2015/16: 14,500 INR/MT
    - 2016/17: 15,250 INR/MT
    - 2017/18: 16,250 INR/MT
    - 2018/19: 17,350 INR/MT
  - Price Support
    - Open Market Sale
      - In the years that have satisfactory procurement and stocks, the government will also sell wheat to the private market through an open market to help balance open market prices.
    - State Bonuses

        - In 2014, the government made an announcement to stop states from offering additional state bonuses to farmers.
        - Ignoring the announcement, in the state of Madhya Pradesh, the state is offering an additional bonus of INR 2,000 per MT to their farmers on top of the minimum support price in MY 2017/18 and through MY 2018/19.
    - Subsidized Price
        - The government designates wheat to be distributed through a public distribution system and welfare channels at a subsidized price.
  - Spot Prices
    - MY 2016/17
        - Ranged between INR 17,500 (US $260) to INR 21,000 (US $315) per MT in major producing states.
    - MY 2017/18
        - For the major wheat producing states, the average spot prices, as of October 2017, were ranging between INR 15,670 (US $241) to INR 16,950 (US $261) per metric ton.
  - Wholesale Prices

National Avg. Monthly Wholesale Price of Wheat - 3/9/2018				
Year	2015	2016	2017	Change
	Prices in INR/MT			
Jan	17,153	16,914	20,149	19.1%
Feb	17,397	17,472	19,247	10.2%
Mar	17,204	17,242	18,922	9.7%
Apr	16,646	17,257	18,092	4.8%
May	16,734	16,979	17,980	5.9%
Jun	16,485	17,725	17,790	0.4%
Jul	16,495	17,804	17,663	-0.8%
Aug	16,739	17,863	17,684	-1.0%
Sep	16,272	17,513	18,886	7.8%
Oct	17,562	17,214	19,188	11.5%
Nov	17,217	19,849	18,479	-6.9%
Dec	17,316	19,316	18,171	-5.9%
Exchange Rate: 64.8 INR/US $				

Source: Agmarket News, Ministry of Agriculture, GOI

- Procurement

- The 2014/15 government procurement of wheat is likely to reach 28.0 MMT, but that is significantly lower than the target procurement of 31 MMT. As of May 27, 2014, total government procurement was officially estimated at 27.2 MMT.
- Bonus
  - As of April 2017, the newly elected state government in Uttar Pradesh announced a bonus of INR 100 per MT to the farmers to compensate for pre-cleaning and unloading charges.
- As of April 2018, the cost of wheat has increased significantly as a result of the steady increase in MSP and high expenses of the government procurement, storage, and management system.

Indian Government Wheat Procurement and Public Distribution System (PDS) Operation								
Marketing Year	Production	GOI Procurement	MSP	GOI Total Cost	Offtake from GOI Stocks	PDS Issue Price		
(Apr-Mar)	(million ton)	(million tons)	INR/ton	INR/ton	(million tons)	APL	BPL	AAY/NFSA
2009/10	80.68	25.38 (31.5)	10,800	14,246	22.38	6,100	4,150	2,000
2010/11	80.80	22.51 (27.8)	11,000	14,944	23.07	6,100	4,150	2,000
2011/12	86.87	28.34 (32.6)	11,700	15,953	24.27	6,100	4,150	2,000
2012/13	94.88	37.92 (40.0)	12,850	17,526	33.24	6,100	4,150	2,000
2013/14	93.51	25.09 (26.8)	13,500	19,083	30.61	6,100	4,150	2,000
2014/15	95.85	28.02 (29.2)	14,000	20,512	27.16	6,100	4,150	2,000
2015/16	86.53	28.09 (32.5)	14,500	21,274	31.57	6,100	4,150	2,000
2016/17	87.00	22.96 (26.4)	15,250	21,970	29.25	6,100	4,150	2,000
2017/18	98.38	30.83 (31.3)	16,250	23,963	25.20	6,100	4,150	2,000
2018/19	94.00	30.00 (32.1)	17,350	24,456	N/A	6,100	4,150	2,000

Sources: Ministry of Agriculture, Food Corporation of India

Notes: Exchange rate INR 64.8 = US $1 as of March 9, 2018

[1] Figure in parentheses is GOI procurement as percentage of total production

[2] FAS/New Delhi estimate

[3] Economic Cost includes cost of procurement (MSP), handling, storage, transport, interest, etc.

APL - Above poverty line

BPL - Below poverty line

AAY - Antyodaya Anna Yojana (Poorest of the Poor)

NFSA - National Food Safety Act

INDONESIA

General

- 2009 Subsidies
  - The budgetary allocation for fertilizer subsidies was also increased from Rp. 14.6 trillion (US $1.5 billion) in 2008 to Rp. 20.6 trillion (US $2.1 billion) in 2009.
  - Funding for seed subsidies increased from Rp. 33 trillion (US $3.4 billion) in 2008 to Rp. 35 trillion (US $3.6 billion) in 2009.
  - Funding for infrastructure development increased from Rp. 89 trillion (US $9.2 billion) in 2008 to Rp. 99 trillion (US $10.2 billion) in 2009.
- Association of Southeast Asian Nations (ASEAN)
  - Under ASEAN, Indonesia has reduced tariffs for all products including in its original commitment (7,206 tariff lines) to 5% or less of at least 65% ASEAN origin.
  - Rice and sugar remain on the sensitive list, exempted from tariff reduction.
- Trade Barriers
  - Agricultural trade in Indonesia has been heavily regulated by tariffs, import licensing, export taxes and bans, and informal export quotas.
  - To encourage domestic processing industries, export taxes were levied on primary products to subsidize inputs to the processing sector.
  - Processed agricultural products had import restrictions.
  - Import monopoly for most agricultural commodities is through state trading companies.
- Trade Reforms
  - Some trade reforms were undertaken in the mid-1980s which reduced some import tariff rates, lowered ceilings on tariff rates, and raised the number of import items with low tariff rates.
  - In spite of the reforms, domestically produced products corresponding to 54% of domestic production remain on the "Restricted Goods List."
- Free Trade Agreements
  - The Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) – pending final review in both countries, but has reached the conclusion of trade negotiations.
    - Provides preferential access for a number of Australian agricultural products, including feed grains and sugar.
      - Feed grains will have duty free access for 500,000 tons in year one, though it is currently unclear which feedgrains will be allowed duty free access under the quota.

            - Sugar locked in 2017 early reduction of tariff to 5%, although the US is not a major exporter of raw sugar can or refined sugar to Indonesia.
        - Allows for automatic issue of import permits for many items. as of August 31, 2018.
        - Will reduce tariffs and provide additional cooperative mechanisms for addressing non-tariff barriers and import licensing.
- Value Added Tax (VAT) Exemption for Corn, Soybeans, and Wheat
    - On December 31, 2015, the Indonesian Ministry of Finance issued Regulation No. 267/2015 on the Import of Livestock and Poultry and Aqua Feed Ingredients, which are exempted from value added tax.
    - The regulation listed the following commodities poultry feed ingredient imports as free from value added tax:
        - Corn gluten meal (HS 2303.10.90.00)
        - DDGS (HS 2303.30.00.00)
        - Soybean (HS 1201.90.00.00)
        - Corn (HS 1005.90.90.00)
        - Sunflower Seed (HS 2306.30.00.00)
        - Wheat pollard (HS 2303.30.00.00)
    - An average of 10% VAT is imposed on imports of other feed ingredients.

Biofuels

- Biodiesel
    - Blending
        - Based on MEMR Regulation 12 released in March 2015, the regulation increases mandatory biodiesel blending from 10% to 15% for transportation and industrial uses.
        - It also increased blending to 25% for electricity generation.
        - In 2020, the blending rate was increased to an average of 30% nationwide.
        - In February 2023, the biodiesel blending mandate was increased from 30% to 35%, to increase palm oil use for fuel.
        - In August 2023, the new B35 biodiesel blending mandate reached nationwide coverage and is expected to raise biodiesel consumption 25% to 13 billion liters.
    - Exports
        - As of June 2017, biodiesel producers are expecting biodiesel exports to rise to record levels as a direct result of rising fossil fuel prices.

        - As of August 2018, biodiesel exports expected to rise to one billion liters following the removal of EU anti-dumping duties and sales growth in other markets.
        - As of June 2021, the biodiesel exports are forecast to remain low due to export taxes, the impact of Covid in the demand for diesel, and a CPO-diesel price spread that curtailed China's discretionary demand.
    - General
        - As of October 2020, Indonesia is the world's largest producer and consumer of biodiesel and continues to expand their nationwide biodiesel program at a steady pace. Even with the impact of Covid-19, higher blending provides an offset that led to increased domestic use of biodiesel in 2020. There are almost no biodiesel exports for 2020, and there remains no current fuel ethanol program.
        - The introduction of E5 gasoline in July 2023 restarted Indonesia's bioethanol consumption after years of inactivity, although it was a modest start of an estimated 2 million liters for 2023, which was due to E5's price premium in a price sensitive market.
        - As of September 2023, GOI continues to carry out tests for renewable diesel (HDRD) and sustainable aviation fuel.
    - Mandate Program
        - In January 2018, the Government of Indonesia revealed plans to extend the biodiesel mandate to non-public transit industries. To accomplish this, the mandate volume will be changed before the allocation period starts (the allocation period is from May to October 2018).
        - It has not been stated if the non-public transit sector can boost production and broaden distribution and if there will be enough financial resources to subsidize the development of biodiesel use.
        - As of August 2018, the mandate was expanded to non-public sector transportation.
    - Market Index Price
        - Old Biodiesel Index Price
            - (Average CPO reference price + 125 USD/MT) x 870 kg/m3 + delivery cost
        - New Biodiesel Index Price (as of May 2017)
            - (Average CPO reference price + 100 USD/MT) x 870 kg/m3 + delivery cost
    - Program
        - Indonesia's biodiesel subsidy is driving the expansion of palm-oil based biodiesel blending and consumption in Indonesia.

        - The program has been funded since 2015 through an export levy on CPO and CPO derivatives, and is managed by the CPO fund agency (BPDPKS).
        - More than 1 billion liters of biodiesel were absorbed under this program between January and June 2016, using the revenues generated by the levy to cover the difference between the cost of biodiesel and fossil fuels.
        - The fund was established through regulation 24/2015 and 61/2015, and started in summer 2015.
    - Policy
        - Indonesia's biofuels program is a key component of the National Energy Policy (KEN) as formalized in Government regulation 79/2014. KEN targets 23% renewable energy use nationally by 2025 and 31% by 2050.
    - Subsidy
        - In the first half of 2016, Indonesia issued regulation 24/2016, allowing the CPO fund to subsidize biodiesel for electricity generation.
- Bioethanol
    - Market Price Index
        - Old Bioethanol Market Price Index
            - Average Argus ethanol x 788 kg/m3 x 1.14
        - New Bioethanol Market Index Price (as of May 2017)
            - (3 months average molasses price x 4.125 kg/L) + 0.25 USD/liter
- Gasoline and Diesel Subsidies
    - Gasoline subsidies have been eliminated.
    - Diesel subsidies have been reduced from IDR 1,000 liter to IDR 500/liter.

Biotechnology

- General
    - Government of India overall policy on biotechnology is to accept it with a precautionary approach and use science to assess environmental, food and/or feed safety.
    - As of December 2022, GOI has 21 GE corn events, 16 GE soybean, 3 GE sugarcane, 1 GE potato, 4 GE canola, and 5 GE cotton varieties have undergone risk assessment for food, feed or environmental safety. Only a GE sugar cane variety has undergone all three assessments. It is expected that more will be approved for commercialization in the coming years.
    - As of November 2023, ten GE events have been allowed for cultivation in Indonesia, one GE sugarcane, one GE potato and eight GE corn varieties.
- Exports
    - Indonesia does not export any GE crops to the US or any other country.

- Imports
    - The US exports Bt cotton, soybeans, soybean meal, Bt corn and a variety of food products derived from GE crops and microbes to Indonesia. In 2020 nearly $1.9 billion of products was exported.
    - As of the end of 2021, Indonesia continues to import large quantities of GE products. There have been no trade disruptions so far.
- Policy
    - The Government of Indonesia's (GOI) overarching policy on biotechnology is to "accept with a precautionary approach" with respect to environmental safety, food safety, and/or feed safety based on scientific approaches as well as taking into considerations of religion, ethical, socio-cultural, and esthetic norms.
    - As of February 2020, two GE corn and GE potato variety, as well as GE sugar can have completed biosafety assessments for food, feed and environmental safety. Commercialization of these are still waiting for GE crop monitoring regulation.
    - MOA Regulation 50/2020 (February 2021)
        - Released by Indonesia MOA, with necessary guidelines for commercial cultivation of GE crops.
        - Applicants required to conduct routine monitoring of GE crops grown during first 3 yrs. of cultivation and report impacts on livestock health and environment, and all monitoring expense is responsibility of permit holder/applicant.
        - Monitoring to be conducted in 3 cities if GE plants are in one province, and in widening area for each expansion of planted area.
        - Final step for GE crops to reach commercial cultivation is establishing a SOP for GE variety release. The SOP is already under development.
            - 3 GE corn varieties, 1 sugarcane variety have undergone all three safety assessments.
- Corn
    - To date, seven GE corn varieties have received feed safety approval in Indonesia. In addition, two GE corn varieties have received feed safety approval.
    - As of October 2021, 20 corn events have been approved for environmental, feed and/or food safety. 9 additional corn events have been approved for feed safety, and 2 corn events are approved for environmental safety.
    - GOI has approved 4 GE corn events for domestic cultivation in February 2022.
- Cotton
    - As of October 2021, 5 cotton events have been approved for environmental, feed and/or food safety. 2 additional cotton events have been approved for environmental safety.
- Soybeans
    - Currently there are 2 GE soybean varieties that have received food safety approval from the GOI.

    - As of October 2021, 14 soybean events have been approved for environmental, feed and/or food safety.
- Sugar
    - There are three GE sugarcane varieties that have received food safety approval from the GOI.
    - Additionally, three GE varieties have also received environmental safety approval and variety-release approval from the Ministry of Agriculture.
    - As of October 2021, 1 new sugar event has been approved for feed safety, and 3 new sugarcane events are approved for environmental safety.

Corn

- Feed Mills
    - Current as of March 2017, MOA restricts imports of corn and corn substitutes.
    - Because of this, feed mills are expanding their capacity in order to optimize local production and maintain stable supplies.
- Imports
    - Classification
        - On March 24, 2016, MOT issued regulation 20/2016 on corn imports. The regulation classified corn imports into three categories: feed, food, and industrial use. The volume of corn can be imported for feed food, and industrial use will be decided via an inter-ministerial meeting including MOT, MOA, state-owned company BULOG, the Ministry for State-Owned Companies, and the Coordinating Ministry for Economic Affairs.
    - Duties
        - To assist the local starch industries, import duties on corn and cassava are 10%.
    - General
        - In November 2023, GOI opened corn imports to 500,000 metric tons to soften the impact of higher commodity prices and to ensure adequate supplies for small holder poultry farmers.
- Prices
    - Domestic Prices 2018
        - As of February 2018, because of the import ban on corn, domestic corn prices in Indonesia have soared to the highest corn prices globally.
        - Since domestic corn prices are so high, for feed, producers are using more low-grade feed wheat.
    - Farm Gate Prices
        - Previous farm gate prices ranged from Rp. 3,250/kg (US $278) to Rp 3,500/kg (US $299).

        - As of March 2017, current farm gate prices range between Rp. 3,300/kg (US $246/MT) and Rp. 3,500/kg (US $261/MT), compared to Rp. 3,100/kg (US $231/MT) to Rp. 3,200/kg (US $239/MT) in June 2016.
        - As of November 2017, current farm gate prices range between Rp. 3,300/kg (US $244/MT) and Rp. 4,100/kg (US $303/MT), compared to the above prices from March 2017.
    - Feed Mill Level Corn Prices
        - Feed mill level corn prices have declined slightly in response to the ongoing main harvest, dropping from Rp. 4,000/kg (US $299/MT) in early January 2017 to Rp. 3,900/kg (US $291/MT) in March 2017.
    - Government Reference Price
        - As of late November 2017, the government reference price is Rp. 3,150/kg (US $233/MT).
    - Hybrid Corn Prices
        - In previous years, the price of hybrid corn seed has risen, with prices ranging from Rp 50,000/kg ($4.3/kg) to Rp 80,000/kg ($6.8/kg).
    - Prices Paid By Feed Mills
        - Current, as of November 2017, the prices paid by feed mills range from Rp. 4,200/kg (US $311/MT) to Rp. 4,300/kg (US $318/MT), which is slightly more than the prices paid in March 2017, around Rp. 3,900/kg (US $289/MT).
        - The official published feed mill purchase price, as of November 2017, is Rp. 4,000/kg (US $296/MT).
- Subsidized Seed Program 2006
    - The Ministry of Agriculture initiated a subsidized seed program for corn in 2006 on up to 3,000 MT of hybrid corn seed.

Cotton

- End of Value Added Tax (VAT)
    - The Indonesian Supreme Court revoked GOI Regulation No. 31.2007 on February 25, 2014, ending the 10% value added tax (VAT) exemption for cotton.
- Imports
    - Imports of cotton, textiles, and textile products can only be done by Registered Importers and Producer Importers. The imported cotton must be used as a raw material to produce finished textile products and not be sold directly to the market.
    - As of April 2018, Indonesia has a zero percent duty on cotton imports, but in order to protect the domestic market from being overwhelmed with cheaper

products, cotton yarn and fabrics are subject to import duties between 5% and 10% and a value added tax of 10%.

Rice

- Flood Relief
  - Due to the damage caused by flooding, the Ministry of Agriculture plans to provide relief to farmers.
  - Farmers who were close to harvest are scheduled to receive Rp. 2.7 million each, while farmers who were in the early stages of planting will receive free seed.
- Government Monopoly Purchase
  - The government monopoly purchases excess production for price stabilization, emergency conditions, post-disaster food security situations, and to fulfill the ASEAN rice reserve agreement.
  - The Ministry of Agriculture also purchases paddy rice from farmers to prevent the price from falling under the government purchasing price.
- Government Selling Stocks
  - Beginning around mid-October 2017, the BULOG has been selling stocks in the market. From mid-October 2017 through the end of November 2017, approximately 18,126 tons has been sold to retail markets, the main buyer being Jakarta, at the ultimate price of Rp. 8,100/kg (US $600/ton).
  - BULOG will continue to sell stocks in the market until the first harvest of 2017/18 arrives.
- Imports
  - Sanitary and phytosanitary (SPS) and food quality regulations have led to import restrictions.
  - Import Duty
    - GOI lowered the import duty on rice to Rp. 450/kg (US $49.3/ton) in January 2008.
  - Import License
    - The Ministry of Trade Regulation No. 19/M-DAG/PER/3/2014 repeals the eligibility of private importers holding a general import license to import rice.
    - In order to import rice, importers must become Registered Importers or Producer Importers of Rice.
- Prices
  - Farm Gate Prices
    - Current, as of March 2017, farm gate prices of wet paddy in Java range from Rp. 4,100/kg (US $306/MT) to 7,500/kg (US $560/MT).

- As of November 2017, farm gate prices of wet paddy rice in Java range from Rp. 4,500/kg (US $333/MT) to Rp. 6,000/kg (US $444/MT), compared to Rp. 3,500/kg (US $259/MT) to Rp. 4,800/kg (US $355/MT) in July 2017.

- Government Purchase Prices
  - In 2008, the government purchase prices were:
    - Milled Rice: Rp. 4,300/kg
    - Paddy: Rp. 2,200/kg
  - In 2009, the purchase prices were increased by 7%.
  - As of November 2017, the current government purchase price for wet paddy rice is Rp. 3,700/kg (US $274/MT).

Indonesian Government Purchasing Price for Paddy and Rice 2012 - Present (3/29/18)							
		Inpres 2012			Inpres 2015		
Quality Requirement		Wet Paddy	Dry Paddy	Rice	Wet Paddy	Dry Paddy	Rice
Moisture Content	Max	25%	14%	14%	25%	14%	14%
Empty Husk/Dirt	Max	10%	3%	-	10%	3%	-
Broken	Max	-	-	20%	-	-	20%
Farmer's Level Price		Rp. 3,300	-	-	Rp. 3,700	-	-
Mill's Level Price		Rp. 3,350	Rp. 4,150	-	Rp. 3,750	Rp. 4,600	-
Bulog Warehouse Price		-	Rp. 4,200	Rp. 6,600	-	Rp. 4,650	Rp. 7,300

Source: Presidential Instruction No. 5/2015

- Maximum Retail Price
  - On August 24, 2017, the Ministry of Trade published regulation No. 57/2017 detailing "Maximum Retail Prices (MRP) of Rice."
  - The policy will affect both medium and premium quality rice where medium rice is 25% brokens and premium is considered as 15% brokens maximum.
  - The prices for each region are as follow:

Indonesia: Maximum Retail Prices for Rice			
No.	**Province**	**Medium Rice MRP (Rp./kg)**	**Premium Rice MRP (Rp./kg)**
1.	Jawa, Lampung, and South Sumatera	9,450	12,800
2.	Sumatera, except Lampung and South Sumatera, Sumatera, Selatan	9,950	13,300
3.	Bali and West Nusa Tenggara	9,450	12,800
4.	East Nusa Tenggara	9,950	13,300
5.	Sulawesi	9,450	12,800
6.	Kalimantan	9,950	13,300
7.	Maluku	10,250	13,600
8.	Papua	10,250	13,600

        - As of January 2018, sources have stated the maximum retail price has been ineffective and created market distortions.
        - Because paddy rice prices were rising, the ceiling prices established by the Ministry of Trade restricted margins and narrowed chances for small and medium rice mills to benefit from yielding medium quality rice. Due to this, small and medium rice mills who produce lower quality rice were forced to briefly halt production. This caused a decreased amount of medium quality rice in the market to meet the demand.
    - Wholesale Prices
        - The average price of medium quality rice at the Cipinang wholesale market has declined from Rp. 10,000/kg (US $747/MT) on November 29, 2016 to Rp. 9,600/kg (US $717/MT) on March 29, 2017.
        - As of November 2017, on the Cipinang wholesale market, the average price for medium quality wheat is Rp. 10,625/kg (US $786/MT), which is up from Rp. 10,135/kg (US $750/MT) at the end of July 2017.
- Procurement
    - BULOG has set its procurement target at 3.2 MMT of milled rice equivalent for MY 2015/16.
    - The GOI has instructed BULOG to maintain a minimum secure stock level of 2 MMT by the end of the year (MY 2015/16).

Sorghum

- There is no information to report for sorghum.

Soybeans

- Imports
  - Import Duty
    - The Government of Indonesia has a 10% import duty on soybeans (effective January 1, 2005).
  - Import Tariffs
    - As of March 2017, the tariff for soybeans remains at zero.

Sugar

- Imports
  - Import Duties
    - 2017
      - Raw sugar from sugarcane: Rp. 550 per kilogram
      - White sugar: Rp. 790 per kilogram
      - Refined sugar: Rp. 790 per kilogram
  - Import Licenses
    - To control imports, the Ministry of Trade grants import licenses for specific quantities of white sugar to four selected importers.
  - Import Restrictions
    - 2008
      - According to Minister of Trade (MOT) regulation number 19/2008, plantation white sugar, a regulated commodity, can only be imported by registered importers.
      - Registered importers must also be sugar producers and are required to produce at least 75% of their white sugar from Indonesian-grown sugarcane.
      - Raw sugar can only be imported by processors that will use it for their own refining, while refined sugar may be imported by food processors for their own production.
      - Whenever it deems necessary, the GOI can grant sugar mills permission to import raw sugar for white sugar production, provided that it is used to reduce idle capacity due to domestic cane production shortfalls.
    - 2015

- On December 23, 2015, MOT issued regulation number 117/2015 stating that imports of plantation white sugar can only be conducted by state owned companies.
- The GOI is also prohibited from issuing raw sugar imports approvals to sugar mills to reduce idle capacity in the future.
- The regulation classified sugar into three categories:
  - Raw sugar with HS Code 1701.12.00.00, ex. 1701.13.00.00, and ex. 1701.14.00.00 with a minimum ICUMSA (International Commission for Uniform Methods of Sugar Analysis) of 1,200 IU (International Unit).
  - Refined sugar with HS Code 1701.19.11.00 and 1701.99.19.00 with maximum ICUMSA of 45 IU.
  - Plantation white sugar with HS Code 1701.91.00.00 and 1701.99.90.00 with ICUMSA ranges from 70 IU to 200 IU.
- This regulation also restricts sugar imports one month prior to, during, and two months after the milling season. This is intended to simplify sugar import procedures and to improve the competitiveness.

- Value Added Tax (VAT)
  - 2017
    - Raw sugar from sugarcane: 10%
    - White sugar: 10%
    - Refined sugar: 10%

- Prices
  - Farmer Level Purchase and Consumer Level Selling Reference Prices
    - Indonesia's Ministry of Trade (MOT) issued regulation 63/2016 "Farmer Level Purchase and Consumer Level Selling Reference Prices" on September 15, 2016.
    - Reference prices are set to ensure availability and price stability for agricultural products for both producers and consumers, as per Presidential decree 71/2015 on essential commodities (rice, corn, soybeans, and sugar).
    - 2016
      - In 2016, the buying price from the farmer was Rp. 9,100 per kilogram; the selling price to the consumer was Rp. 13,000 per kilogram; and the auction price was Rp. 11,000 per kilogram.
  - Floor Prices
    - 2009
      - The government sets a floor price of Rp. 3,800/kg (about US $0.18/lb).

- 2015
    - On May 12, 2015, the Indonesian Minister of Trade announced that the floor price for plantation white sugar was increased to Rp. 8,900/kg ($678/MT).
    - However, competition with higher-quality refined sugar, (supposedly prohibited from retail sale), prevents the floor price increase from supporting plantation white sugar.
- 2016
    - To stimulate sugar production, the GOI increased the plantation white sugar floor price in May 2016 to Rp. 9,100/kg (US $682/MT) from Rp. 8,900/kg (US $667/MT).

- Retail Prices
    - The average retail price of plantation white sugar in March 2017 increased to Rp. 14,591/kg (US $1,094/MT) compared to Rp. 13,400/kg (US $1,004/MT) in March 2016.

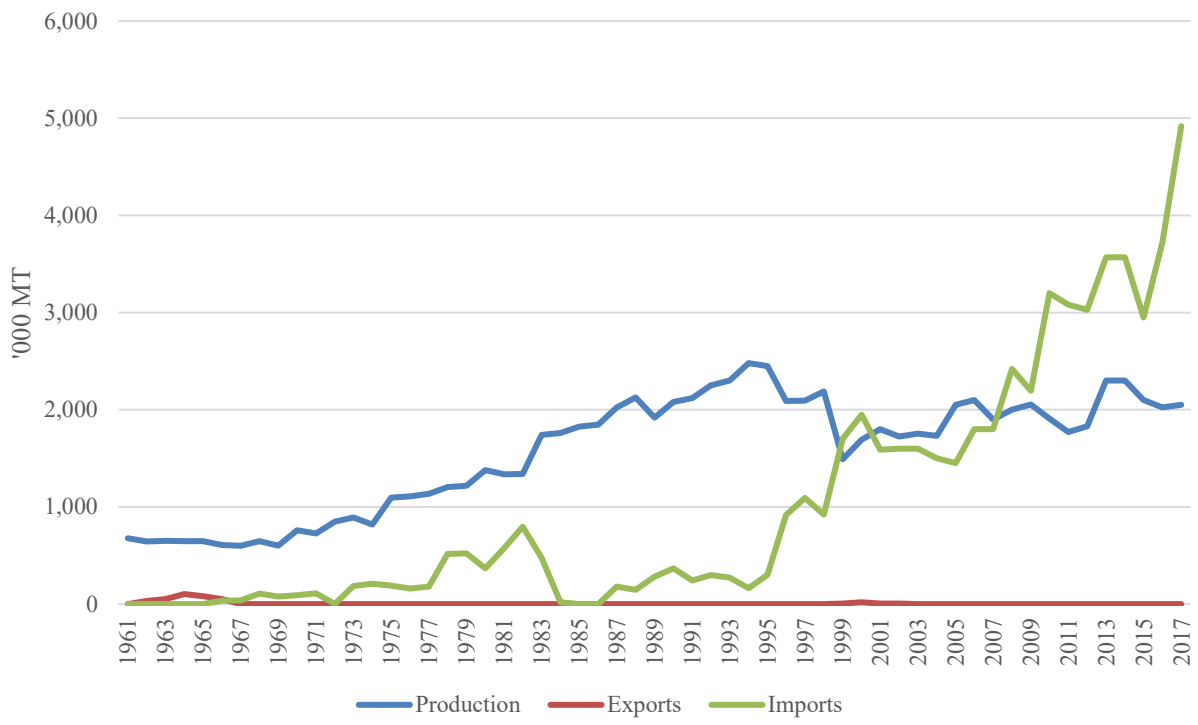

Figure 14. Indonesian Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

- Key Policies**:**
    - Indonesia's sugar sector is highly regulated. The government controls imports, prices, and supply chains and owns a number of cane mills.
    - The Ministry for State-Owned Companies is providing $324 million to revitalize mills under Minsitry control.
    - Indonesia is the world's second largest sugar importer. Imports are strictly controlled through the granting of import licenses only to state-owned companies.
    - Indonesia maintains an average applied tariff for HS17 coded products of 7.4%. In 2018, the import duty for raw sugar was approximately $0.02/lb. of sugar.
    - The government sets minimum prices for sugar producers and maximum prices for consumers.
    - Indonesia has an ethanol program, based on the molasses by-product.

Wheat

- Anti-Dumping Duties
    - 2006
        - The Indonesian government has anti-dumping import duties on wheat from India and China of 11.44% and 9.50%, respectively.
        - The normal import duty is 0% on wheat and 5% on wheat flour.
    - 2016
        - Indonesia is expected to implement an anti-dumping duty for imports of Indian and Turkish wheat flour (HS Code 1101.00.10.10 and 1101.00.10.90) in the first half of 2016.
        - The anti-dumping duty is the result of an APTINDO request to the Indonesian Anti-Dumping Commission in March 2014, in advance of the December 4, 2014 expiration of Indonesia's wheat flour import quota.
        - The anti-dumping duty will range from 5.6% to 28.9%.
        - The import duty will have a limited duration of 4 years from the implementation date.
- Import Duty
    - As of December 5, 2012, Indonesia has imposed a temporary 20% safeguard duty on imported wheat flour.
    - The temporary safeguard introduced in December 2012 expired in July 2013.
    - The current import duty is 5%.

JAPAN

General

- Basic Plan for Food
  - The Basic Law on Food, Agriculture and Rural Areas forms the framework and policy direction for agriculture in Japan and is implemented through the revised Basic Plan for Food, Agriculture and Rural Areas, adopted in March 2010.
  - The current plan emphasizes:
    - A higher self-sufficiency ratio
    - Consolidation of production, processing, and distribution of agricultural produce to enhance value-added
    - Improve food safety
    - Participate in international standard-setting
    - Extend income support regardless of the size of farms
  - In 2016, the Government of Japan (GOJ) revised the "Basic Plan for Food, Agricultural and Rural Areas" (Basic Plan), to divert farmers from rice production by encouraging the planting of soybeans, wheat, or feed crops.
  - The GOJ will continue to pay farmers to convert from rice production and will reduce the payments made for volume and quality of soybean production beginning JFY 2017 (April 1, 2017).
- Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)
  - Japan, along with ten other countries, signed the CPTPP on March 8, 2018.
  - As a result, Japan created an import quota for Australian rice and rice-containing products. The country specific quota (CSQ) will begin at 6,000 MT for the initial three years and steadily increase to 8,400 MT by the end of the 13th year. At this point, the CSQ will remain at 8,400 MT onward. Duties will be eliminated within the CSQ but the markup will remain and MAFF will distribute SBS tenders in order to import the CSQ amounts.
  - Japan also agreed it would lower duties for 13 various products that will include rice flour preparations, rice cake, and rice crackers. These products are some of the highest imported.
  - Like with the Japan-EU EPA, it will lower or completely eliminate duties for rice-containing products.
  - CPTPP countries are: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.
- Direct Payments for Field Crops
  - As of March 2018, direct payments for field crops are eligible for wheat, soybeans, and sugar beets (produced in Hokkaido).

    - The objective of this program is to reimburse the difference between sales price and production expenses.
    - The groups qualified to receive these payments are certified farmers, certified new farmers, and community farming groups (without farm size requirement).
    - Every three years the payment (yen/kg) is announced for each grade and quality of the field crops.
    - The equation used to determine the average unit payment is the average production cost per 0.1 ha over the last three years divided by the average yield of the last seven years (not including the highest and lowest years, thus looking at a recent five year period), minus the average sales price over the last five years excluding the highest and lowest years.
- Emergency Stocks
    - Japan holds emergency stocks of essential feed grains such as corn, sorghum, and rice. The stock levels have been set since 2005.
    - This stock level is set at approximately 950,000 MT.
    - The breakdown is 600,000 MT of corn and sorghum combined (roughly 90% corn) and 350,000 MT of rice.
    - The stock level is set at 536,000 MT for corn and 64,000 MT for sorghum.
- Feed Grain Contingency Reserve Program
    - The Government of Japan operates its regular contingency plan to hold imported corn and sorghum in reserve.
    - The feed grain reserve program was expanded to include barley, wheat, bran, and soybean oil meal.
    - Corn continues to account for the majority of the reserve.
    - JFY 2015
        - In JFY 2015, Japan held a total of 1.25 million MT of feed grain in reserve: 600,000 MT by the Government of Japan and 650,000 MT by the private sector.
    - JFY 2016
        - Beginning in JFY 2016, the Government of Japan no longer held reserves but the private sector holds 850,000 MT of feed grain, and the Government of Japan subsidizes the storage costs for 5/17 of the 850,000 MT (250,000 MT).
- Feed Price Stabilization Program
    - Japan has a feed price stabilization program, whereby the combination of a subsidy from the Ministry of Agriculture, Forestry, and Fisheries (MAFF) and an industry fund help absorb sudden surges in the compound feed price.

- It is activated when the imports costs of ingredients in a particular quarter exceed the average import costs of ingredients in the previous one year. The ingredients included in the program are corn, sorghum, soybean meal, and wheat.
- No compensation payments were made for the first three quarters of JFY 2015, reflecting lower prices for corn, soy meal, and freight
- In the third quarter of JFY 2016, the program was activated as a result of increased ocean freight costs and a devalued Yen. The compensation payments made were as follows:
  - JFY 2016 4th quarter: 950 yen/MT
  - JFY 2017 1st quarter: 1,700 yen/MT
  - As of October 2017, the compensation payments made in the second and third quarters of 2017 have not been announced. Industry sources have determined feed millers have reduced compound feed prices by 1.8% in the JFY 2017 2nd quarter and 0.6% in JFY 2017 3rd quarter as a result of the appreciation of the Yen and declining soybean meal prices. Because of this information, FAS Tokyo believes no compensation payments were made after the first quarter of JFY 2017.

- Free Trade Agreements
  - Since 2018, Japan has implemented several large scale FTAs with major economies. Under these agreements, Japan created TRQs for a selection of commodities and products in the agriculture, forestry, and fisheries sector.
  - In addition, Japan signed the Regional Comprehensive Economic Partnership (RCEP) agreement, which covers Japan and 14 other countries of the Asia-Pacific nations in November 2020.
  - Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)
    - Japan, along with ten other countries, signed the CPTPP on March 8, 2018.
    - As a result, Japan created an import quota for Australian rice and rice-containing products. The country specific quota (CSQ) will begin at 6,000 MT for the initial three years and steadily increased to 8,400 MT by the end of the 13th year. At this point, the CSQ will remain at 8,400 MT onward. Duties will be eliminated within the CSQ but the markup will remain and MAFF will distribute SBS tenders in order to import the CSQ amounts.
    - Japan also agreed it would lower duties for 13 various products that will include rice flour preparations, rice cake, and rice crackers. These products are some of the highest imported.
    - Like with the Japan-EU EPA, it will lower or completely eliminate duties for rice-containing products.
    - CPTPP countries are: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

        - The UK and member states of the CPTPP signed the agreement to join in July 2023. Japan will grant the same treatment as the current CPTPP for UK agriculture, forestry, and fisheries products.
    - Japan-EU Economic Partnership Agreement (EPA)
        - On December 9, 2017, the negotiations ended between Japan and the EU and the economic partnership agreement (EPA) was finalized, though the partnership was not signed until July 17, 2018.
        - As a result of this agreement, Japan will lower or completely eliminate tariffs on 16 various products that contain rice. Most of these products are not commonly imported and already have low duties attached.
        - Majority of Japanese tariffs for oilseeds and meal are already set at zero percent ad valorem. However, the Japan-EU EPA and CPTPP agreement will eventually eliminate tariffs on many oil products and curb the competitiveness of oil crushers.
    - Japan-UK Free Trade Agreement
        - On January 1, 2021, the Japan-UK Comprehensive Economic Partnership Agreement (CEPA) was entered into force, which enables the UK to maintain most of the market access terms which were approved under the previous Japan-EU Partnership Agreement (EPA).
        - UK lost access to 15 out of 25 preferential TRQs, and of remaining 10 TRQs, preferential tariff rates will only be applied to the volume remaining after EU-27 imports are subtracted. This applies to wheat, barley, coffee and other food preparations. They lost access to the ones for wheat flour, barley flour, sugar, and other food preps.
    - U.S.-Japan Trade Agreement (USJTA)
        - Began January 1, 2020. Provides preferential market access for some products through creation of country-specific quotas (CSQs), and include preferential tariff rates (usually zero).
            - Products with CSQs include wheat, grain sorghum, corn, and sugar.
            - Once implemented, nearly 90% of all U.S. food and ag products imported into Japan will be duty free or receive preferential tariff access. U.S. wheat is a key ingredient in Japanese bakery and noodle production.
            - USJTA established a self-declaration system for origin claims, which requires importers to declare a good as originating in order to receive preferential tariff treatment.
            - Supplementary explanation and evidence requests for goods are waived by Customs if the value of the good is less than 200,000 yen.
        - As the USJTA enters year 5 of the agreement implementation on April 1, 2023, additional products where tariffs will be eliminated will include soybean oil and other processed oil and fat.

        - The USJTA improved market access for US products with the creation of TRQs for food wheat, wheat products, and others. However, in JFY 2022, allocation and fill rates of the TRQs remain underutilized.
        - While imports of oilseeds are generally duty-free, oil imports have been subject to special tariffs. Therefore, most vegetable oil has been produced from imported oilseeds crushed in Japan.
        - As of the end of 2023, the US accounted for 70% of Japan's total imports of food grains, excluding wheat and rice. This makes Japan the #3 overseas market.
        - This agreement provides tariff parity with competing food barley suppliers such as Canada and Australia. Japan maintains a tariff-rate pooled quota under the World Trade Organization (WTO) for certain corn products for which the US is a dominant supplier. While tariffs on most feed grains are already duty-free, tariff elimination in this agreement provides further opportunities for US corn supply to Japanese snack manufacturers. Most imported US sorghum goes to feed.
- Government Support
    - The agriculture sector continues to receive substantial government support such as a higher MFN applied rate relative to other sectors, tariff quotas, income support, and in some sub-sectors, income support.
    - In general, the government has veered away from administered prices to direct income support for farmers.
    - Production restrictions are also in place, which lead to higher prices.
- MAFF 2010
    - The Government of Japan manages a feed price stabilization program whereby a combination of a MAFF subsidy and an industry fund help absorb sudden surges in the compound feed price.
    - Grain prices sharply rose in the last quarter of 2010 and subsidies were once again activated at 3,250 yen/MT.
- Support Payments
    - As of March 2018, for strategic crops, the government offers support payment to producers.
    - Any farmer who produces any of the strategic crops for commercial sale are qualified to receive support payments.

Japan: Support Payments for Strategic Crops	
Eligible Crops	**Support Payment (per 0.1 hectare)**
Wheat, Barley, Soybeans, Feed Crops	35,000 yen (US $331)
Whole Crop Silage Rice	80,000 yen (US $757)
Rice for Processing	20,000 yen (US $189)
Feed Rice, Rice for Flour	This adjusts based on yield. The minimum is 55,000 yen (US $520) and the maximum is 105,000 yen (US $994)

Source: MAFF

The exchange rate is US $1 = 105.68 Japanese yen (3/23/18)

- Sustainable Food Policies
    - Beginning in 2021, Japan's MAFF is developing a green food system strategy for ag, forestry, and fisheries supply chains, with a 2050 timeline for implementation. This strategy, "MeaDRI" (pronounced mi-dori) includes targets for CO2 emission reduction, fertilizer and pesticide reduction, organic production expansion, and increasing the productivity of food manufacturers and sustainability. Please see current link here:
        - https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=MAFF%20Finalizes%20Green%20Food%20System%20Strategy%20Report_Tokyo_Japan_05-20-2021
    - Food Security Reinforcement Policy Framework
        - In December 2022, the Government of Japan released the framework, and will fund new food security reinforcement measures through JFY 2022-23.
        - The policy framework to is designed to strengthen Japan's food security and a stable food supply, as currently 60% of Japan's food consumption relies on imports.
        - Goals include increased organic farming, reduction of GHG emissions, reduction of chemical fertilizer use, and increasing feed crop production. This primarily relates to production of wheat, soybeans, and feed grains.

Biofuels

- Energy Plans
    - In April of 2014, Japan published its Basic Energy Plan for the next five years. This plan emphasizes the importance of renewable energies for three main reasons:
        - Japan needs to increase domestic production of renewable energy to help ensure a stable supply. This has become more and more important since the 2011 Great East Japan Earthquake, which has caused imports of energy for generating power to increase by approximately three trillion yen (about US $30 billion)
        - To prevent global warming

        - To promote a dispersed power system to revitalize regional economics
    - The Basic Energy Plan states that, "Concerning biofuels, which are mostly imported, Japan continues to introduce the fuels in light of international trends and technical development of the next generation of biofuels."
    - Sophisticated Methods of Energy Supply Structure Act (Sophisticated Act 2.0) – November 2010
        - A law that takes necessary measures to promote the use of renewable energy sources such as solar, wind, and other non-fossil energy sources.
        - In September 2020, Japan's METI revised this act and increased the greenhouse gas emission (or carbon intensity (CI) value) to 88.74 g-CO2eq/MJ from 84.11, effective immediately.
        - On February 1, 2023, METI proposed new transport biofuel standards for JFY 2023 through JFY 2027. METI is accepting comments through March 2 and hopes to implement them beginning April 1.
        - Proposed changes include:
            - Refineries would be required to use 500 ml of crude oil equivalent of bioethanol annually,
            - A lifecycle assessment for US corn-based ethanol vs Brazilian sugarcane-based ethanol,
            - Possible revisions to GHG emission reduction targets for transport biofuel,
            - Recognition of "Sustainable Aviation Fuel as bio-jet fuel,
            - METI will not require the use of next gen bioethanol until 2028.
    - 6th Strategic Energy Plan 2020 (SEP)
        - Japan's prime minister pledged that Japan would become carbon neutral by 2050 and reduce its greenhouse gas emissions (GHG) by 46% by 2030.
        - SEP was updated to increase renewable energy sources (biomass, solar, wind, geothermal and hydro) to approximately 20% of Japanese primary energy supply sources as well.
        - SEP does not currently call for an increase in the use of biofuels used in road transport.
- Ethanol
    - It is expected sometime in January 2018 that Japan will grant the use of US corn-based ethanol for use in producing bio-Ethyl Tert-Butyl Ether (ETBE). By allowing this, it should aid in meeting Japan's requirement to reduce greenhouse gas emissions.
    - To achieve the biofuel target through 2022, Japan imports the majority of the ETBE made from US corn ethanol beginning in July 2019. However, the blend rate remains among the lowest of countries with a fuel ethanol program.

Biotechnology

- General
  - Japan is a major importer and consumer of biotechnology crops, but domestic production remains limited, as of November 2022. Their largest exporter is the US, primarily with grains and oilseeds. Currently, 331 products are approved for food use.
  - As of March 2023, a new waxy corn product has been added to the list GE products that are not subject to Japan's GE food, feed, and biodiversity regulations. There are only three other products on that list (no grains).
  - As of November 2023, there is no commercial production of GE food or feed in Japan, despite MAFF approval for the cultivation of 151 GE agricultural products.
  - GOJ also requires separate environmental approvals for stacked products. In September 2023, MHLW had exempted 36 stacked products (5 soybean, 15 corn, 4 canola, and 12 cotton) from review.
  - Although there are still consumer groups actively campaigning against products derived from biotechnology, the public perception of GE-derived products has changed. Recent GOJ survey results show that consumers concerned with GE food are now in the minority.
- Imports
  - As of November 2016, Japan remains one of the world's largest per-capita importers of food and feed produced using modern biotechnologies.
  - As of November 2016, Japan relies on imports for almost 100% of its corn supply and 95% of its soybean supply.
  - New GE labeling requirements will come into effect in 2023 for GE imports.
  - As of September 2021, 194 products have been approved for environmental safety, which include 145 approvals for domestic cultivation. However, no GE feed or food products are cultivated in Japan, despite broad regulatory approval.
  - Japan imports almost 100% of its corn and over 96% of its oilseeds supply, which is primarily GE soybean and canola. In CY2020, they imported 15.8 million tons of corn, 1/3 of which was for food use.
- Exports
  - As of the end of 2021, Japan currently does not grow any GE crops, there are no GE agricultural products exported from Japan.
- Obstacles for Commercial GE Crop Cultivation
  - As of November 2016, there are a few significant obstacles for local growers to engage in commercial GE crop cultivation.
  - Farmers must pay a processing fee of 314,760 yen (approximately US $3,150) to the Hokkaido Governor's office in order to cover the costs of reviewing their application.

- Local farmers must secure a buyer who is willing to accept harvested GE products and making sure that the crop has the relevant chemical registration in Japan if the farmer plans to utilize a herbicide tolerant trait such as glyphosate resistance.
- Changes as of March 2020:
  - The commercialization of GE plant products require food, feed and environmental approvals through multiple committees. Stacked events require separate environmental approvals.
  - Under the Feed Safety Act, GE products used as feed must obtain approvals from the MAFF Minister.
  - Japan has approved 322 GE products for food, including 186 events approved for environmental safety, which includes 141 approvals for commercial cultivation. In addition, they have approved 179 products for feed.
  - There is still no commercial cultivation of GE food products in Japan.
  - Some consumer groups still actively campaign against GE products, but public perception of the risk is decreasing.
  - Japan does import almost 100% of its corn and 94% of its soybean supply, most of which are GE crops.
  - Required buffer zones to GE crops in open fields (30 meters for rice, 10 meters for soybeans, 300-600 meters for corn and 400-600 meters on rapeseed).
- As of May 2021, MAFF has finalized approval for 186 GE feed crops and 13 GE feed additives. MAFF still requires an environmental assessment, regardless of intent for domestic cultivation of the GE crop.

- Trade Barriers
  - As of November 2016, Japan has no significant trade barriers for GE crops. . This is still true at the end of 2023.
  - Feed Safety Guidelines on the Handling of GE Feed and Feed Additives
    - Final draft released in February 2020.
    - MAFF shall request notification for crossbred progeny products derived from GE plants bred through conventional breeding techniques with conventional varieties.
    - In addition to conventional cultivars, it applies to products notified to MAFF as genome edited, genetically engineered products with safety approval.
    - As of April 20, 2021, MAFF no longer expects developers of these GMO products to undergo MAFF's consultation process for feed or feed additive products, following a public comment period that closed on March 5th.

Corn

- CIF Price

- The CIF price of corn in MY 2013 increased 7% over the MY 2012 price.

Cotton

- Imports
  - There are no restrictions on cotton imports.
  - In July 2019, damage to silage corn by the fall armyworm outbreak created a need for protection of the corn imported. MAFF established a program to support storage costs of the imported feed corn.

Rice

- Direct Payment Program
  - In 2010, the government implemented a new single-year pilot direct-payment program on rice.
  - The program provides participating farmers with income support equal to the difference between the production cost and the "farm gate" price of rice, irrespective of the size of farm scale.
  - In FY 2011, the government intends to formally introduce a new direct payment system, extended also to other crops, based on the results of the pilot program. More information on this can be found under the "General" section.
- MAFF Subsidies for Rice Production as of March 2017
  - Rice for feed
    - 55,000 yen/10 Are for yield up to 380 kg/10 Are
  - Rice for flour (subsidy is provided according to yield)
    - 55,000 yen plus 167 yen/kg for yield between 381 kg/10 Are and 689 kg/10 Are (e.g., for the average yield of 530 kg/10 Are, 80,000 yen/10 Are).
    - 105,000 yen/10 Are for yield of 680 kg/10 Are or over.
  - Planting High Yield Varieties of Rice for Feed and Rice Flour
    - 12,000 yen/10 Are
  - Rice for Processing
    - 20,000 yen/10 Are, and an additional 12,000 yen/10 Are is paid when three year sales contract is made.
  - Rice for Whole Crop Silage
    - 80,000 yen/10 Are
  - Rice for GOJ Reserve
    - 7,500 yen/10 Are
- Minimum Access Commitment
  - Minimum Access Commitment was reduced from the non-tariffed rate of 8.0% to 7.2% of total domestic consumption.

    - Typically, MAFF imports 682,000 mt of rice to fill its WTP TRQ, commonly referred to as the Minimum Access rice quota.
    - In FY 22, MAFF awarded 677,714 mt of rice through the Minimum Access import system.
- Rice Acreage Reduction System
    - Along with the direct payment made to field crops, the Japanese government has provided a payment of 7,500 yen (US $71)/0.1 ha to rice producers who adhere to a MAFF/Prefectural-established production quota.
    - This payment and the practice of designating production target volumes to Prefecture will be ended by the Japanese government on April 1, 2018.
    - The funds previously allocated for this program will be used instead for the direct payments to strategic crops (more information on this program can be found in the "General section), income insurance, and farmland improvement.
- Simultaneous Buy-And-Sell System
    - In 2009, a total of 100,000 tons of rice were imported and marketed directly under the simultaneous buy-and-sell (SBS) system.
    - On September 27, 2017, the first SBS rice transaction of JFY 2017 was completed. A 25,000 MT quota (22,500 MT of brown or milled whole-kernel and 2,500 MT of milled broken) was available, but 24,998 MT (22,500 MT for whole grain and 2,498 MT for broken rice) was fulfilled out of 65,368 valid bids. Of the whole grain distributed, 64% (14,490 MT) was awarded to US non-glutinous medium grain milled rice, 26%, or 5,814 MT, was Australian non-glutinous short grain rice (brown and milled combined).
    - In fiscal year 2017, Japan fulfilled the total simultaneous buy-and-sell quota of 100,000 MT. It is predicted they will do the same in fiscal year 2018.
- TRQ
    - The tariff quota quantity for rice (milled rice basis) in 2008 was 682,200 MT.
    - WTO TRQ
        - As of July 3, 2018, a minimum access World Trade Organization (WTO) tariff rate quota, also known as a minimum access (MA), of 767,000 MT has been announced.
        - The markup attached to imports is set by the Ministry of Agriculture, Forestry, and Fisheries (MAFF), but it is capped at 292 yen/kg or 321 yen/kg. There is also an ad valorem duty of 25% or 19.2% attached on rice products although there is currently no duty on rice.

Japan: State Traded Rice Products Covered by WTO TRQ		
Product	HS	In WTO TRQ
Rough Rice	1006.10.101	zero + markup
Brown Rice	1006.20.010	zero + markup
Milled Rice	1006.30.010	zero + markup
Broken Rice	1006.40.010	zero + markup
Rice Flour	1102.90.310	25% + markup
Rice Groats and Meal	1103.19.510	25% + markup
Rice Pellets	1103.20.350	25% + markup
Rolled or Flaked Rice	1104.19.250	25% + markup
Other Worked Rice	1104.29.250	25% + markup

Japan: Rice and Rice Products Imported Outside WTO		
Product	HS	WTO MFN Duty
Rough Rice	1006.10.090	341 yen/kg
Brown Rice	1006.20.090	341 yen/kg
Milled Rice	1006.30.090	341 yen/kg
Broken Rice	1006.4.090	341 yen/kg
Rice Flour	1102.90.390	375 yen/kg
Rice Groats and Meal	1103.19.590	375 yen/kg
Rice Pellets	1103.20.390	375 yen/kg
Rolled or Flaked Rice	1104.19.290	341 yen/kg
Other Worked Rice	1104.29.290	341 yen/kg

CPTPP: Rice Country Specific Quota for Australia	
Year	**Quota**
1	6,000 MT
2	6,000 MT
3	6,000 MT
4	6,240 MT
5	6,480 MT
6	6,720 MT
7	6,960 MT
8	7,200 MT
9	7,440 MT
10	7,680 MT
11	7,920 MT
12	8,160 MT
13	8,400 MT
14 and later	For year 14 and later, the quota will stay at 8,400 MT

- U.S. – Japan Trade Agreement
  - Simultaneous Buy and Sell (SBS) rice tender – increased transparency of the SBS tenders and may help U.S. exporters better understand Japanese demand for specific types of imported rice.

Sorghum

- Feed Stock Reductions
  - Following the GOJ's 2003 policy of reducing overall feed stocks, sorghum stocks have decreased dramatically.
  - Post estimated current government and commercial stocks will remain constant at less than 80,000 metric tons.
- Import Prices
  - The average import prices have come down to US $272-$280 per metric ton in the recent months, and the price competitiveness of US sorghum has been improving.
- Utilization
  - As of March 2017, almost all imported sorghum is consumed as feed in Japan, and it is mainly utilized as a substitute for corn in compound feed.
  - The utilization of sorghum depends on its price relative to corn and rice as feed millers reportedly prefer corn when prices are equivalent.

Soybeans

- Imports
  - The US share of Japan's soybean imports is about 76%.
  - Import Tariffs
    - Japan imposes heavy tariffs on oil imports to protect the crushing industry.
      - There is virtually no trade in soybean oil and rapeseed oil.
    - There is no tariff on soybean imports.
- MAFF
  - Soybeans are one of the "targeted farm products" under MAFF.
  - Soybean producers receive a subsidy based on the difference between the costs of domestic production and the farm gate sales price.
  - The subsidy equals roughly 30,200 yen/10 acres (US $1,009/ac) or 8,840 yen/60kg (US $37/bu).

Sugar

- MFN Tariff Rate
  - The average MFN tariff rate for sugar and sugar confectionery is 39.1%.
- Price Support System
  - Historically, Japan's price support system guaranteed a price for domestic beet and cane producers, set each year.
  - The government set a price at which it would buy raw sugar from refiners that allowed refiners to pay the guaranteed price for beets and cane, then purchased sugar at the set price, resold the sugar to refiners at a lower price, roughly equivalent to the import price.
  - In 2007, the sugar beet support program shifted from a price support to a direct payment system.

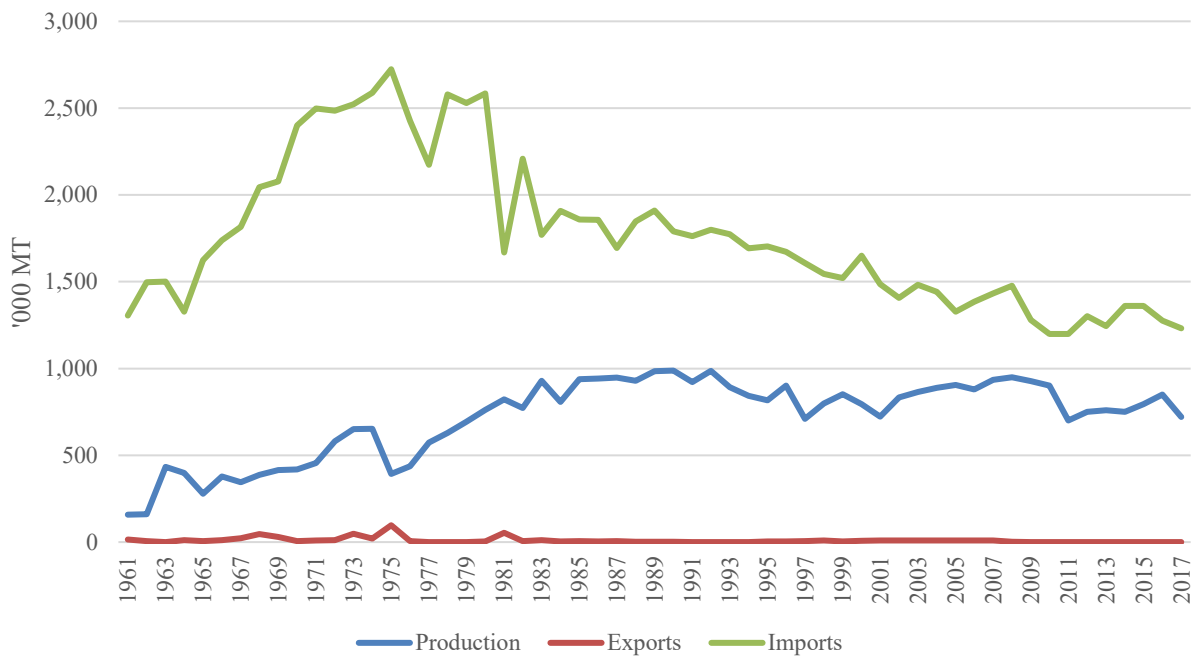

Figure 15. Japanese Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

- Key Policies:
  - As with most commodities in Japan, the government closely governs the sugar market.
  - Direct payments are the most common form of producer support.
  - The average applied HS17 tariff rate is 10.3% (12.4% bound rate), but there is a special tariff ranging from approximately $0.09/lb of raw cane sugar and about $0.16/lb of refined cane or beet sugar, depending on exact product form.
  - Japan uses a profit insurance program (for all producers).
  - Japan's retail refined sugar prices are among the highest in the world, about double consumer prices in the United States.[9]

Wheat

- MAFF Control
  - The MAFF controls both producer and resale prices of domestic wheat, and the resale price of imported wheat.
  - To ensure prices reflect international prices, MAFF revises the re-sale price of imported wheat twice a year (April – September and October – March).
  - MAFF buys imported wheat at international prices and sells it to domestic flour millers at a markup.

[9] SIS International Research, op. cit.

        - The markup ratio fluctuated between 1.3% and 1.7% over the last two years due to volatile international wheat prices.
        - MAFF reportedly intends to maintain this rate around 2 to 1, which means MAFF sells imported wheat at twice the purchase price.
    - Revenues from transactions for imported wheat are used to help cover the cost difference between the purchase and resale price of domestic wheat. This is referred to as the "Cost Pool System."
    - MAFF allows flour millers to import wheat outside of MAFF's control as long as they export an equivalent amount of wheat flour.
    - Flour millers that successfully find export markets can import this so called "free wheat" at global market price.
    - There are two types of imports, Category I and Category II. In October 2017, Category III was added which will permit up to 200,000 MT of any wheat class imports, whether it be bulk or containerized shipments.
    - <u>Imports</u>
        - <u>Food Wheat</u>
            - MAFF operates SBS tenders to allow imports of Durum of any origin, Australian Prime Hard, Australian Premium White, and Australian Hard in bulk shipments (a Category I Import) and wheat other than the five major wheat classes (WW, DNS, HRW, 1CW, and ASW) in container shipments (a Category II Import).
            - MAFF temporarily suspended SBS tenders for food wheat and feed wheat in October and November 2016, respectively, due to an investigation into the SBS tendering system for rice.
            - However, food wheat was temporarily imported under the "Direct Purchases of Food Wheat" system.
        - <u>Feed Wheat</u>
            - For each fiscal year, MAFF set import quotas for feed wheat based on demand estimates (which do not include Australian feed wheat).
            - There has been no feed wheat imported from Australia since MY 2013/14.
            - As a result of the Japan-Australia Economic Partnership Agreement of January 15, 2015, imports of Australian feed wheat have been liberalized so that Australian feed wheat is imported outside of the Simultaneous-Buy-Sell (SBS) system.
            - For JFY 2016, the import quota for feed wheat is set at 600,000 MT, and 347,686 MT has been successfully bid as of March 8, 2017.

        - MY 2017/18 total wheat and wheat products imports were down 0.6% to 5.88 MMT due to increased domestic wheat production. Food wheat imports from Canada increased 0.5% but imports from the US fell 1.7%.
        -
    - Prices
        - MAFF Prices
            - 2017
                - March
                - MAFF announced its intention to raise its re-sale price of five major wheat classes (Western White {WW}, Hard Red Winter {HRW}, Dark Northern Spring {DNS}, Canada Western Red Spring #1 {1CW}, and Australia Standard White {ASW}) for April – September 2017 by an average of 4.6% to 50,690 yen/MT to account for an increase in the cost of freight, a weaker Japanese yen, and higher prices for hard wheat.
                - The average re-sale price of soft wheat (ASW and WW) will be decreased by 5.2% to 46,390 yen/MT.
                - The average re-sale price of semi-hard and hard wheat (1CW, DNS, and HRW) will be increased by 9.2% to 52,710 yen/MT to reflect the increased price for 1CW.
                - October
                - In October 2017, MAFF raised the sales price for all five major wheat classes for the period of October 2017 through March 2018 by an average of 3.6% to 52,519 yen/MT (about US $468) to cover increasing freight costs, a weaker Japanese Yen, and lower production in the United States and Australia.
                - The average resale price of soft wheat (ASW and WW) increased to 50,200 yen/MT (about US $447) or about 8.2%.
                - Semi-hard wheat (1CW, DNS, and HRW) increased to 53,600 yen/MT (about US $478) or 1.7%.
            - 2018
                - March
                - For April-September 2018, MAFF will increase sales prices to 54,370 yen/MT (US $515/MT), a

3.5% increase. This change was made because the average price of DNS, 1CW, and HRW rose to 55,440 yen.MT (US $525/MT), a 3.4% increase and because the average price of ASW and WW increased to 51,980 yen/MT (US $490/MT), a 3.5% increase.

- The increase in sales price was a result of rising freight costs, a weaker Japanese yen, worries about high protein wheat production in North America, and a rising price of Australian noodle wheat (a sub-class of ASW).

- Private Sector Reserves
  - As a contingency plan, the private sector holds a total of 940,000 MT of imported wheat, equivalent to 2.3 months of demand in reserve, for which the GOJ subsidizes the storage costs for the amount equivalent to 1.8 months demand.
  - Once trade is normalized, reserve levels are expected to return to normal levels of about 1.2 million MT.
- Shift From Table Rice
  - In an effort to shift production from table rice to other crops, the GOJ is providing 35,000 yen per 10 Are of wheat produced on rice paddies.
  - The GOJ is also providing income stabilization subsidy payments to wheat produced in both rice paddies and dry fields to compensate for the difference between costs and sales prices.
  - Average Income Stabilization Payments
    - JFY 2014 – 2016: 6,320 yen/60 kg
    - JFY 2017 – 2019: 6,890 yen/60 kg
- Simultaneous Buy-And-Sell System (SBS)
  - Under the simultaneous buy-and-sell (SBS) system, a certain amount of imported wheat and barley may be purchased and marketed directly.
  - A total of 125,180 MT of imported wheat were contracted under the SBS in FY 2010.
- TRQ
  - The tariff quota quantity for wheat in 2008 was 5.74 MMT (211 million bu).

MEXICO

General

- Corn and Sorghum
    - The ASERCA announced incentives to solve corn and sorghum specific marketing problems that occurred in the 2013 spring/summer crop cycle.
    - These incentives will take place in the current fiscal year (January to December 2014) and will take into consideration the specific program's objective to encourage growers to market their product with market certainty.
    - The "target population" is defined as "growers," directly or through their companies, legally incorporated under Mexican law, that produced and marketed corn and sorghum in the 2013 spring/summer crop cycle, except the volumes which have been supported under the "Forward Contract Program" in that crop cycle.
    - The eligible products, volume, incentive amount, states, and agricultural crop cycles are as follows:
        - The incentive is approved for corn and sorghum of the 2013 spring/summer crop cycle, up to 3.12 million metric tons.
        - An incentive of 200 pesos per MT (US $15.15 MT) is provided
        - States considered eligible for this incentive are listed below:

Corn and Sorghum Incentives		
State	**Corn Volume (MT)**	**Sorghum Volume (MT)**
Mexicali Region (Baja, California-San Luis Rio, Colorado, Sonora)	-	25,000
Campeche	120,000	-
Chiapas	200,000	20,000
Chihuahua	300,000	70,000
Durango	40,000	-
Guanajuato	400,000	-
Hidalgo	150,000	-
Jalisco	525,000	250,000
Michoacan	350,000	250,000
Morelos	5,000	100,000
Nayarit	100,000	-
Nuevo Leon	20,000	-
Puebla	30,000	25,000
Quertetaro	50,000	-
San Luis Potosi	-	30,000
Zacatecas	60,000	-
Total	**2,350,000**	**770,000**

- Crop Support 2013
  - According to the paying agency of SAGARPA called "Agency of Marketing Services and Development of Agricultural Markets" (ASERCA), for CY 2013, supports were granted for the marketing of 26.3 MMT of grains and soybeans, which is a 3% increase in supports from the previous year.
  - Among the mix grains supported are white corn, wheat (bread wheat and durum), and sorghum.
- Electricity Program
  - The electricity program lowers the price of electricity used for agricultural activities.
  - The electricity price is set at $0.03 per kwh, which is one-fifth the price paid by urban consumers.
- Flat Rate Payments

- A flat rate payment for corn, sorghum, wheat, and rice will be provided to growers for 2016 spring/summer and 2016/2017 fall/winter crop cycles. SAGARPA indicated that the supports will be granted based on the size of the production unit as follow:
    - Subsistence (up to 5 hectares of non-irrigated land and 0.2 hectares of irrigated land)
        - Subsistence Growers: Support will also include subsistence growers with production units up to 3 hectares of non-irrigated land and located in the CNCH municipalities. These growers will receive the largest amount of support payments per hectare or portion of 1,500 pesos (US $82/ha) for their production units.
        - All Other Growers: The rest of the growers will receive a support payment per hectare or portion of 1,300 pesos (US $71/ha) for production units. They will receive support if they have up to 3 hectares of non-irrigated land and are located in the municipalities not included in the CNCH, as well as the rest of the production units up to 5 hectares of non-irrigated land and 0.2 hectares of irrigated land.
    - Transition (greater than 5 hectares and up to 20 hectares non-irrigated land and greater than 0.2 hectares and up to 5 hectares of irrigated land)
        - Production units will receive 800 pesos per hectare (43.62 US dollars/ha).
    - Commercial (more than 20 hectares non-irrigated and more than 5 hectares irrigated)
        - Production units will be granted 700 pesos per hectare (US $38.17/ha).
    - Growers with production units of non-irrigated land and whose acreage is less than one hectare, will receive the support equivalent of one hectare, with certain exceptions. The operational rules state that beneficiaries are required to plant at least 3 eligible supported areas during the agricultural crop cycle.
    - If weather conditions or natural disasters prevent planting in eligible areas, support still may be granted as long as SAGARPA Delegations submit a written request, accompanied by a technical opinion of the competent authority that endorses the presence of such conditions in the affected areas. This measure shall be subject to federal budget availability.

- <u>Forward Contract Program</u>
    - SAGARPA continued to encourage forward contract purchases between farmers and buyers through the "Forward Contract Program," *Agricultura por Contato*

- The Forward Contract Program has become the most effective instrument for promoting the marketing of grains and oilseeds, promoting a business culture that includes mechanisms for risk management and income protection for farmers, as well as promoting the system of markets and price control. With these actions and despite the drastic decline in recent months of international grain prices, growers using the program have mostly been protecting their incomes and thus allowing them to continue operating their farm business.
- As of September 30, 2015, 32.72 MMT of various commodities have been supported through the Forward Contract Program; mainly corn (white and yellow), sorghum, wheat (bread and durum), and soybeans.
- In the first 10 months of 2015, the program had benefited 195,590 participants (growers and buyers): 187,748 growers and 7,843 buyers.
- Budget Distribution by Product:
  - Corn: 62.96%
  - Sorghum: 18%
  - Wheat: 15%
- On March 9, 2016, a notification was published in the MFR which re-opens the Forward Contract Program for the next 15 days. This provides another opportunity for producers to sign up for the program if they had not already done so. The special provision of the program (called "Special Coverage for Cotton") will apply to a maximum volume of 445,000 bales that mature in May 2016.
- In 2017, the Forward Contract Program suffered a notable budget cut in ASERCA's 2017 budget. Because of this, ASERCA ended the support coverage for buyers and growers support was decreased to 75% from 85%.

- <u>Market Interventions</u>
  - Since the transition period of the North American Free Trade Agreement (NAFTA), some market interventions have been drastically reduced.
  - Some reversal of this trend has occurred in recent years with the introduction of a Target Income Program for some crops and an increase in energy and irrigation subsidies.
- <u>PROCAMPO Productive Program</u>
  - PROCAMPO was initiated in October 1993 by Presidential Decree. The program was created to facilitate the transition under NAFTA to more market oriented policies from the previous system of guaranteed prices. It provides direct cash payments at planting time on a per hectare basis to growers of many crops, including feed grains as well as oilseeds.
  - The new PROCAMPO Productive Program (previously "PROCAMPO for Better Living") was started in January 2014.

- This program attempts to promote a more productive, competitive, and fair implementation for the countryside.
- PROAGRO Productive supports can be channeled to training, technical assistance, mechanization, use of improved seeds, plant nutrition, productive reconversion, crop insurance, price hedging, etc. depending on the grower's level of farming operations and regional conditions.
- The budget allocation for 2015 is 14 billion pesos (approx. US $1.08 billion), which is very similar to the amount allocated in 2012.
- The notice informs of a name change from "PROCAMPO for Better Living" to "PROCAMPO Productive," which highlights a new provision that growers are only eligible to receive PROCAMPO's support for planted area. Before, growers could get support for payments just for land ownership – not on actual production.
- Failure to meet this new planting requirement will lead to removal from the land registration in the new PROCAMPO directory. Consequently, the grower will not be able to receive the subsidy in the future.
- The maximum area under production that a grower can receive PROCAMPO subsidy will be the equivalent in hectares up to 100,000 pesos (roughly US $7,750.00) per grower and per crop cycle.
- <u>Crops</u>
  - Corn, cotton, rice, sorghum, and wheat have similar subsidies.
  - Under the PROCAMPO, the new income subsidies for corn, cotton, rice, sorghum, and wheat for the 2009-12 crops cycles correspond to 963 pesos/ha and 1,300 pesos/ha (US $71.07/ha – US $95.94/ha) for production areas between 1 and 5 hectares, and over 5 hectares.
  - The maximum payment limit under the program was reduced to 100,000 pesos (roughly US $7,380.00) regardless of total production area.

- <u>PROGARO Productivo</u>
  - The program grants direct supports to growers with farms in operation that appropriately registered in the PROAGRO directory.
  - The objective is to "support the agricultural economic units to increase their working capital." The notice also pointed out "SAGARPA can define (subject to federal budget availability) strategies to reincorporate farmers registered in the PROAGRO directory that are not currently in the program's target population for not having completed the geo-referencing of their land plots and/or updated their file.
  - SAGARPA can incorporate growers who have not been registered in the PROAGRO program, giving priority to subsistence growers that cultivate basic grain and oilseeds.

- SAGARPA can pay liabilities from agricultural cycles in the previous fiscal year which were not liquidated due to lack of budget.
- SAGARPA is authorized to allocate up to 1.5% of the full program budget to establish a training and technical assistance program directed primarily to subsistence growers to facilitate the adoption of technological innovations, improve their agricultural practices, and increase their crop yields.
- 2016
  - On December 30, 2015, SAGARPA announced in the Mexican Federal Register (*Diario Oficial*) a notice which modifies the operational rules of "PROAGRO Productivo," the Mexican domestic agricultural support program, during the calendar year 2016.
  - For calendar year 2016, PROAGRO Productivo reduces the maximum amount of support per production unit and agricultural crop cycle from 100 to 80 hectares, which is intended to benefit growers of lower acreage and that are located in the municipalities served by the National Crusade Against Hunger.
  - PROAGRO beneficiaries must demonstrate that the subsidy was used for training and technical assistance, mechanization, use of improved seeds or selected native seeds, plant nutrition, production restructuring, agricultural insurance, fertilization, storage and marketing, payment of services, and fuel acquisition, inter alia.
  - Payments

PROAGRO 2016 Per-Hectare Allocation (Subject to 80 ha maximum)		
Category	**Description**	**Allocation per eligible hectare or fraction thereof**
Subsistence	Growers with production units (UERA) of up to three ha of rain-fed land	1,500 pesos (US $74.84/ha)
	Rest of country subsistence growers	1,300 pesos (US $64.86/ha)
Transition		750 pesos (US $34.90/ha)
Commercial	Growers with UREA of more than 20 ha up to 50 ha non-irrigated, and those with more than five ha up to 12.5 ha of irrigated area	450 pesos (US $37.42/ha)
	Rest of country commercial growers	180 pesos (US $8.98/ha)

  - Growers with production units of non-irrigated land and whose acreage is less than one hectare, will receive the support equivalent of one hectare, with certain exceptions.

- The operational rules state that beneficiaries are required to plant at least the eligible supported area during the agricultural crop cycle.
- If weather conditions or natural disasters prevent planting in eligible areas, support may still be granted as long as the local SAGARPA Delegation submits a written request, accompanied by a technical opinion of the competent authority that endorses the presence of such conditions in the affected areas.

- 2017
  - On December 31, 2016, SAGARPA announced in the Mexican Federal Register the new operational rules of "PROAGRO Productive."
  - The 2017 program notice indicated that "SAGARPA can define (subject to federal budget availability) strategies to reincorporate farmers registered in the PROAGRO directory that are not currently in the Program's target population. Similarly, SAGARPA can incorporate growers that cultivate basic grains and oilseeds."
  - SAGARPA can pay liabilities from agricultural cycles in the previous fiscal year which were not liquidated due to lack of budget.
  - SAGARPA is authorized to allocate up to 1.5% of the full program budget to establish training and technical assistance program directed primarily toward subsistence growers to facilitate the adoption of technological innovations, improve their agricultural practices, and increase their crop yields.
  - For 2017, PROAGRO Productive will retain a limit of up to 80 ha that may receive support per production unit and agricultural crop cycle.
  - A flat rate payment for corn, sorghum, wheat, and rice will be provided to growers for the 2017 spring/summer and 2017/18 fall/winter crop cycles.

- Payments for 2017/18

PROAGRO 2017 Per-Hectare Allocation (Subject to 80 ha maximum)		
Category	**Description**	**Allocation per eligible hectare or fraction thereof**
Subsistence	Growers with production units (UERA) of up to three ha of rain-fed land	1,500 pesos (US $79.53/ha)
	Rest of country subsistence growers	1,300 pesos (US $68.93/ha)
Transition		750 pesos (US $39.77/ha)
Commercial	Growers with UREA of more than 20 ha up to 50 ha non-irrigated, and those with more than five ha up to 12.5 ha of irrigated area	450 pesos (US $23.86/ha)
	Rest of country commercial growers	180 pesos (US $9.55/ha)

- Growers with production units of non-irrigated land and whose acreage is less than one hectare, will receive the support equivalent of one hectare, with certain exceptions.
- The operational rules state that beneficiaries are required to plant at least the eligible supported area during the agricultural crop cycle.
- If weather conditions or natural disasters prevent planting in eligible areas, support may still be granted as long as the local SAGARPA Delegation submits a written request, accompanied by a technical opinion of the competent authority that endorses the presence of such conditions in the affected areas.

- 2018
  - For the 2018 season, up to 80 ha may be eligible for support based on production unit and agricultural crop cycle.
  - The following table is per hectare allocation within the 80 ha maximum:

PROAGRO 2018 Per-Hectare Allocation (Subject to 80 ha maximum)		
Category	**Description**	**Allocation per eligible hectare or fraction thereof**
Subsistence	Growers with production units (UERA) of up to three ha of rain-fed land	1,600 pesos (US $84.98/ha)
Transition	Gowers with UREA of five to 20 ha non-irrigated, or up to five ha of irrigated area	1,000 pesos (US $53.11/ha)
Commercial	Growers with UREA of more than 20 ha up to 50 ha non-irrigated, and those with more than five ha up to 12.5 ha of irrigated area	450 pesos (US $23.90/ha)
	Rest of country commercial growers	180 pesos (US $9.56/ha)

  - Growers with production units of non-irrigated land and whose acreage is less than one hectare, will receive the support equivalent of one hectare, with certain exceptions.
  - The operational rules state that beneficiaries are required to plant at least the eligible supported area during the agricultural crop cycle.
  - If weather conditions or natural disasters prevent planting in eligible areas, support may still be granted as long as the local SAGARPA Delegation submits a written request, accompanied by a technical opinion of the competent authority that endorses the presence of such conditions in the affected areas.
  - Producers who accept these payments must be able to prove the subsidy was spent on training and technical assistance, fertilization, improved

seeds, phytosanitary control products, labor, machinery, equipment, and agricultural implements, storage and marketing, credit guarantees, payment of services, and fuels acquisition, etc.

- For 2018, it was stated "SAGARPA can define (subject to federal budget availability) strategies to reincorporate farmers registered in the PROAGRO directory that are not currently in the Program's target population. Similarly, SAGARPA can incorporate growers who have not been registered in the PROAGRO program, giving priority to subsistence growers that cultivate basic grains and oilseeds." SAGARPA also has the authority to pay liabilities from agricultural cycles from the 2017 fiscal years which did not get liquidated because of budget constraints. They also have the sanction to set aside up to 1.5% of the full program budget to create a training and technical assistance program aimed at subsistence growers to aid in the adoption of technological innovations, advance agricultural practices, and boost crop yields.

- Target Income Program
  - The Target Income Program provides direct support to producers of corn, wheat, sorghum, barley, and cotton, and a few other crops in certain regions of the country that have a marketable surplus.
  - Under this program, payments are provided to producers for the difference between the market price of the eligible commodities and the Target Income.
  - The market price is defined by the Support and Services for Agriculture and Livestock Marketing Agency (ASERCA) within the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) based on prices offered by buyers during the harvest season and international/regional prices, among other factors.
  - On May 31, 2018, SAGARPA announced the new target prices that will be used to determine support payments for corn, wheat (durum and soft wheat for bread production), sorghum, soybeans, cotton, and rice for fall/winter 2017/18 and spring/summer 2018. The following table shows the new prices:

Mexico: Target Income Prices 2018/19			
Product	**Previous Target Income (Pesos/Ton)**	**New Target Income (Pesos/Ton)**	**% Change**
Corn	3,300	3,960	20
Hard Wheat	4,400	5,010	14
Durum Wheat	3,750	4,556	22
Sorghum	2,970	3,564	20
Cotton	21,460	25,750	20
Rice	3,650	4,380	20
Soybeans	6,600	8,400	27

Biofuels

- Diesel Program
  - The diesel program reduces the price of diesel used for agricultural activities by providing tax concessions.
  - The effective price paid by farmers is 44% less than the market price.
- Ethanol
  - In August 2016, the Energy Regulatory Commission (CRE) published new gasoline specifications in the Mexican Official Norm, NOM-016, allowing for the first time use of up to 5.8% of ethanol as an oxygenate in gasoline.
  - However, ethanol is not permitted to be used in gasoline in the metropolitan areas of Mexico City, Guadalajara, and Monterrey.
  - The new NOM enters into force on October 29, 2016.
  - As of June 2017, the CRE raised the maximum blend rate for the majority of Mexico from 5.8% to 10% (E10), which is the typical blend rate in the United States.
- Policy
  - On February 1, 2008, Mexico's Biofuels Law was published.
  - It contained provisions within the Sugar Law that contain overall goals focused on the possibility of producing ethanol.
  - Eight years later (2016), Mexico has not formally introduced ethanol into its commercial gasoline mix.

Biotechnology

- General
  - Mexico has not approved any biotech food or feed products since May 2018.

- GOM has also rejected or delayed all permit applications for cultivation of GE cotton in 2019.
- Cotton is the only GE crop currently planted in Mexico, however with the lack of updated seat availability coupled with additional challenges in this sector has significantly reduced production and quality.
- On January 1st 2021 GOM called for a phase-out on glyphosate and GE corn by January 2024, and a replacement with sustainable alternatives.
- As of November 2023, Mexico's biotechnology regulatory policy environment has become increasingly uncertain under the current administration.
    - GOM has not approved any applications for genetically engineered (GE) products for food and feed use since May 2018 and has not approved any permits for planting GE crops since 2019.
    - GOM has also denied or not provided a decision on 34 planting permit applications for GE cotton and denied one application for GE alfalfa.

- <u>Corn</u>
    - In 2013, the Mexican government suspended the granting of environmental testing permits to developers of genetically engineered (GE) corn due to legal dispute brought about by a collective group of activists that resulted in a federal judge placing a temporary injunction on all activities involving GE corn in Mexico.
    - As of December 2016, corn remains the most sensitive of Mexico's biotech regulations for all governmental agencies.
    - In late 2020, Mexico decreed that they will begin a transition away from the use of glyphosate and GE corn for human consumption by January 31, 2024. As of July 2021, no concrete details have been given regarding timelines of implementation. Nearly all of their imported yellow corn comes from US suppliers, and several domestic agricultural groups and companies are working to file legal injunctions against the decree.
    - On September 20, 2022, Congress of the State of Mexico approved a Law for the Promotion and Protection of Local Corn Varieties. This law requires cooperation with federal authorities to ensure that the corn varieties are free of GE corn. This law is only in one of 32 Mexican States, and is intended to protect nature and care for the environment.
    - In relation to the Mexico decree to move away from GE corn, GOM further decrees that certain companies will be exempt from import duties (from October 2022 to February 2023). This includes both white and yellow corn imported for animal consumption, as a part of this new decree for import waivers.
    - February 2023, Mexico approved a modified Corn Decree to gradually substitute Bt corn for human consumption and animal feed. This new Corn Decree imposes an immediate prohibition on the use of GE corn for "human consumption", which applies to Mexico's masa and tortilla production. The uncertainty in the

regulatory environment has made it increasingly difficult for businesses to invest in biotechnology in Mexico.
    - In addition, there have been no applications for planting GE corn since 2014.
- Cotton
    - Industry sources estimate that MY 2013/14 yields will reach a higher than usual average of 7.5 bales per hectare as a result of Genetically Engineered (GE) cotton seed use, varieties that permit high density planting, and favorable weather conditions.
    - As of December 2016, cotton is the most important genetically engineered (GE) crop produced in Mexico.
    - As of September 2020, and in part due to the impact of Covid-19, there is an increase in cotton seed shortages due to a lack of GE seed approvals, as well as due to a glyphosate import ban. At this time there are only four commercial GE events approved.
    - As of the end of 2020, cotton is the only GE crop planted in Mexico.
    - As of the end of 2021, there continues to be continues to be no new GE events approved.
    - Cotton continues to be the only GE crop produced commercially in Mexico, as of December 2023.
    - Due to the lack of approval of new varieties, the GE cotton seeds imported from the US are out-of-date varieties, many of which are being phased out of production.
    - Mexico imports GE cotton from the US in order to meet nearly 50% of its domestic demand.
- Soybeans
    - Soybeans were the second GE crop to reach commercial state under the Mexican regulation. The first commercial permits for GE soybeans were in 2012.
    - Soybean production is industrialized for food and feed products.
    - There have been no applications for planting GE soybeans since 2013.
- Mexican Official Norm regulations
    - Published by Secretariat of Agriculture Livestock, Rural Development, Fishery and Food (SAGARPA), this Norm set up new requirements for conducting evaluation of the risks that experimental trials of GE organisms might pose to environment, animal, plant or fishery safety.
    - As of March 2020, GOM has not approved any Bt events for food or feed since May 2018, due to a lack of regulatory action by the federal agency in charge of Bt authorizations.
        - Bt cotton is currently the only permitted commercial crop cultivated in the country. However, all new applications for Bt cotton cultivation permits have been rejected or delayed.

        - GOM contributes to anti-biotechnology action by the current presidential administration, which creates concern about the future of biotechnology in Mexico.
- Trade Barriers
    - As of December 2016, Mexico's Biosafety Law and the Implementation Rules do not specify a threshold limit for GE seeds, but sources state that this could be interpreted in two ways:
        - A zero tolerance or
        - That it can have a 2% tolerance of impurities as any other seed and part of those impurities can be GE seeds.
    - According to SAGARPA, as of December 2016, there is a 2% foreign material tolerance in imports of GE seed. Inspections may be done at warehouses in order to avoid rejections at the border. This percentage level is a potentially serious area of contention for many importers.
    - As of May 2018, Mexico has not approved any biotechnology food or feed products, and there is no indication when approvals will resume. Based on a precautionary principle, they have rejected all permit applications of GE cotton since 2019.
    - As of December 9, 2020, Mexico has a draft decree that calls for a phase-out of both GE and glyphosate corn for human consumption, over the next four years. It was published by end of year with a final decree.

Corn

- Imports
    - Mexico is the world's second largest corn importer as of March 2017.
    - In late 2016 and into early 2017, the Mexican government has made public statements stating a strategic objective to increase diversification of its agricultural import suppliers. Meaning that Mexico would not rely solely on US imports as it does currently. As of March 2017, there have been no changes in policy or economic factors and therefore Mexico will remain a substantial importer of corn from the US.
- Jalisco
    - Jalisco is one of the major corn producing states in Mexico. Corn growers in Jalisco that are part of the National Campesino Confederation (CNC) have held meetings with state government officials to discuss issues revolving around low corn prices.
    - The CNC requested that the Jalisco state government provide an additional support of 1,000 pesos (USD $239/MT).
    - The current established target price is 2,200 pesos (USD $164/MT).

    - Reportedly, neither the Government of Jalisco nor SAGARPA have responded to the group's petitions.
- Oversupply Incentive Programs
    - As of early 2018, budget cuts have happened to main support programs in Mexico, including the Forward Contract Program being eliminated for buyers and reduced to 75% support for growers.
    - Because the Forward Contract Program had minimal use in 2017, the Government of Mexico introduced three new incentive programs for corn to help deplete the oversupply of corn.
    - The following three incentive programs were introduced on April 3, 2018:
        - Notice A
            - The purpose of this incentive is to acknowledge marketing issues of the 2017 spring-summer crop cycle of corn in Guanajuato, Jalisco, and Michoacan (human and starch consumption), under the Commercialization Support Program.
            - This incentive serves to guarantee the commercialization of corn under the competitive circumstances for the grower. It will help support income certainty.
            - This incentive will make up the difference between free market prices and the average price listed in the Forward Contract Program so the buyers may go on participating in the Forward Contract Program even though corn prices are decreasing in these three states.
        - Notice B
            - The purpose of this incentive is to acknowledge marketing issues of the 2017 spring-summer cycle of white corn in Guanajuato, Jalisco, Michoacan, and Nayarit (livestock consumption), under the Commercialization Support Program.
            - The purpose of this incentive is to support a higher volume of white corn, than was supported in 2017, for livestock consumption due to budget constraints.
            - This incentive will allow a higher volume of white corn to be registered in the Forward Contract Program in the states listed above.
        - Notice C
            - The purpose of this incentive is to acknowledge marketing issues of the 2017 spring-summer cycle of yellow corn in Chiapas, under the Commercialization Support Program.

        - The purpose of this incentive is to expand the volume of yellow corn registered in the Forward Contract Program.
- PIMAF
    - PIMAF is a government program that assists growers of corn and dry beans in support of their land plots, including cost-sharing for the purchase of improved seed and fertilizers, as well as expert technical support.
- Prices
    - Domestic Corn Prices
        - The CNPAMM stated that as a result of the decline in international corn prices, domestic corn prices have been set at 2,700 pesos (about USD $201/MT).
    - Target Price
        - From 2008/09 to 2013, the target price for corn was 2,100 pesos/MT (about US $3.96/bu).
        - As a result of the bearish corn market outlook, the National Corn Growers Confederation of Mexico (CNPAMM) requested Mexico's Secretary of Agriculture, Enrique Martinez, to set a "Corn Target Price" at 3,800 pesos per metric ton (roughly USD $283.50/MT) under the support program that the Government of Mexico established in 2003.
        - According to the CNPAMM, the request is due to the 41% fall in international corn prices over the last 2 years.
        - CNPAMM states that the corn target price is insufficient to cover production costs and pay back debts owed to banking institutions and the National Finance Institution of Agriculture, Rural, Forestry, and Fisheries Department.
- PROMASA
    - For FY 2011, the Government of Mexico, under the PROMASA program, will provide support for production of up to 300,000 MT of corn flour (nixtamal) dough.
    - The supports per kilogram of corn flour dough for tortillas correspond to 0.60 pesos/kg and 0.50 pesos/kg for small and medium enterprises, and low-income consumers.
    - The assumptions behind these supports is that every kilogram of corn producers 1.8 kilograms of corn flour dough, requires 0.0035 liters of gas and 0.040 kilowatt hours of electricity.
- TRQ
    - Since the implementation of NAFTA, the TRQ quota has increased from 2.5 MMT (approximately 98 million bu) to 3.515 MMT (138 million bu).
    - The out-of-quota tariff on corn has been reduced from 206% to 37%.

    - The out-of-quota tariff was reduced to zero after 2007.
- White Corn
    - Under the current plan, SAGARPA is planning to shift part of white corn producing areas to yellow corn producing areas.
    - 2020 Strategy of Promoting Yellow Corn Production In Mexico
        - In early January 2014, producers, entrepreneurs, and associations throughout the corn's chain presented the "2020 Strategy of Promoting Yellow Corn Production in Mexico" to the Economy Secretariat (SE).
        - The strategy seeks the conversion of 1 million hectares of white corn to yellow corn in irrigated and good rain-fed regions by 2020, beginning with 150,000 hectares in 2014.
        - The main objectives consist of supplying yellow corn to the domestic production chains that consume this grain, to develop permanent suppliers though the "Forward Contracts Program" and thus promote substituting imports of yellow corn to favoring quality domestic yellow corn.
    - Growers' Preference to Growing White Corn (as of March 2017)
        - The white corn market pays a premium over yellow corn, as white corn is preferred in tortilla making (tortillas is the most important source of calories for many Mexicans) in the domestic food market.
        - Production of white corn is cheaper for farmers as farmers have better access to local technology and inputs, such as seeds that have been adapted to local conditions. However, sources noted that these differences have been reduced in the past few years, due to better yellow corn seed options adapted to local conditions.
        - White corn production does not require high economies of scale to make a profit compared to yellow corn production.
        - White corn is easier to commercialize with the options of human or feed consumption.
        - Smallholders and subsistence farmers can use white for self-consumption.
        - Private sources indicate that delayed payment of yellow corn incentives by SAGARPA have also discouraged farmers from planting yellow corn.
    - Wholesale White Corn Prices for 2016

Average 2016 Monthly Wholesale Price for White Mexican Corn in Pesos per KG				
Month	**Mexico City**	**State of Mexico**	**Jalisco**	**Puebla**
January	5.20	4.55	5.05	5.90
February	5.28	4.85	4.92	5.68
March	5.36	4.58	5.10	5.00
April	5.52	4.50	5.30	5.00
May	5.68	4.70	5.32	5.00
June	5.66	4.82	5.42	5.00
July	5.70	5.28	5.35	5.00
August	5.84	5.24	5.36	5.00
September	6.08	5.45	5.35	5.30
October	6.40	5.42	5.30	5.40
November	6.06	5.30	5.34	5.16
December	6.00	5.12	5.35	5.00

Cotton

- Prices
  - Cotton Futures Contracts
    - May 2014: The price for cotton futures contracts is US $467.10 per bale.
    - July 2014: The price for cotton futures contracts is US $462.50 per bale.
    - October 2014: The price for cotton futures contracts is US $409.85 per bale.
    - December 2014: The price for cotton futures contracts is US $399.95 per bale.
    - March 2015: The price for cotton futures contracts is US $399.35 per bale.
    - May 2015: The price for cotton futures contracts is US $399.65 per bale.
    - May 2017: The price cotton futures contracts is US $387.5 per bale.
  - Target Price
    - The target price for cotton was increased from 12,600 to 19,800 pesos per ha (US $1,057/ha – US $1,661/ha) beginning January 1, 2011.
    - This is the minimum reference price that producers will receive if international cotton prices decline or crops are damaged.
- Imports
  - Mexico is looking to diversify its imports with countries that offer zero tariffs, including Argentina, Brazil, Greece and Italy.
  - US should remain main supplier of cotton to Mexico, which accounts for almost 100% of their current total cotton imports.
  - In 2021, cotton imports increased as domestic production was insufficient and textile mills prefer high quality US cotton.

Rice

- Government Support Payments
  - On July 23, 2016, the president of the National Rice Product System indicated that after more than a year of requesting government support, in June SAGARPA finally granted support payments of 3,000 pesos per hectare for irrigated plots (US $161/ha) and 1,500 pesos per hectare for non-irrigated land (US $80.50/ha), for a period of three years.
- Import Tariffs
  - 2014
    - In 2014, the SE set the tariffs of imported products under HTS. 1006.10.01 (paddy rice) at 9%; and the 1006.20.01 (husked brow), 1006.30.01 (semi-milled or wholly milled, whether or not polished or glazed), 1006.30.99 (other), and 1006.40.01 (broken) at 20%.
    - MRC
      - The Mexican Rice Council (MRC) has been lobbying with the Secretariat of Economy (SE) and SAGARPA, urging them to re-establish import tariffs on rice imported from all countries that Mexico does not have free trade agreements with.
      - The MRC is optimistic that the Mexican government will support this demand and re-establish the import tariffs before the end of this year, if not sooner.
- Prices
  - Income Support Price
    - The target income support price from 2008/09 to 2013 was 2,940 pesos/MT (US $5.94/bu).
  - Wholesale Milled Prices

Average 2016 Monthly Market Prices for "Morelos Type" Milled Rice in Pesos Per KG				
Month	**Mexico City**	**State of Mexico**	**Jalisco**	**Puebla**
January	21.00	26.00	25.38	23.00
February	21.75	25.75	25.50	23.00
March	22.00	25.40	25.60	22.00
April	21.25	26.00	25.75	22.00
May	21.00	26.00	26.00	22.00
June	21.00	26.00	25.70	22.00
July	21.00	25.50	25.50	22.00
August	21.00	25.60	26.00	22.00
September	21.00	25.75	26.00	22.25
October	21.00	25.50	26.00	22.00
November	21.00	25.60	26.00	17.80
December	21.00	25.00	26.00	15.00

- TRQs
  - On June 8, 2016, the SE announced the need to implement a first-response measure – TRQs – that would allow the Government of Mexico (GOM) to promptly respond to shortages in the food domestic supply, thus, guaranteeing supply and avoiding collateral price impacts on consumers.
  - Unilateral TRQs
    - On March 1, 2017, the Secretariat of Economy (SE) published in Mexico's Federal Register an agreement establishing the specific provisions governing the unilateral tariff rate quotas (TRQs) that were published on June 8, 2016.
    - Under the TRQ, countries that do not already have a free trade agreement with Mexico will be able to import rice duty-free.
    - Imports of these products from the US have duty-free access under NAFTA.
    - The new TRQs will allow 150,000 MT of rice for any origin to enter Mexico duty-free through December 31, 2017, and the quota allocations will be distributed on a first-come, first-served basis.
    - The TRQ was established in order to have available mechanisms to address situations that may affect the availability and access to the aforementioned products, in order to guarantee supply and protect the income of Mexican families, contributing to the stability of the national market of the benefit of consumers.
    - The unilateral TRQ includes the following rice products:

        - Paddy rice (HS code 1006.10.01)
        - Husked rice (HS code 1006.20.01)
        - Semi-milled or wholly milled rice, whether or not polished or glazed (HS code 1006.30.01)
        - Other (HS code 1006.30.99)
        - Broken rice (HS code 1006.40.01)
    - Importers may request permission from SE to import these products under the TRQ.
    - There is a maximum quota allocation of 10,000 MT for rice per requester.
    - The current non-tariff rates are 9% for paddy rice and 20% for other rice.
    - Uruguay faces a zero duty for all types of rice other than broken rice.
    - In January 2018, the agreement was extended and will be in effect until the end of 2019. The periods were changed to: January 1st – December 31st, 2017, January 1st – December 31st, 2018, and January 1st – December 31st, 2019.
    - The quota certificates are distributed on a first-come, first-served basis, and are valid for 60 regular days from the day they are issued or until December 31st of the same year.
    - On August 7, 2020, the Secretariat of Economy published in Mexico's Federal Register an agreement establishing the specific provisions governing the unilateral TRQs that were published in June 2016. The new TRQs will allow 105,000 MT of rice from any origin to enter Mexico duty-free (30,000 MT until December 31, 2020 and 75,000 MT from January 31, 2021 until December 31, 2021).

Sorghum

- Oversupply Incentive Programs
    - As of early 2018, budget cuts have happened to main support programs in Mexico, including the Forward Contract Program being eliminated for buyers and reduced to 75% support for growers.
    - Because the Forward Contract Program had minimal use in 2017, the Government of Mexico introduced a new incentive program for sorghum to help deplete the oversupply of sorghum. There were three incentive programs announced for corn (more information on this can be found in the "Corn" section).
    - The following incentive program was introduced on April 3, 2018:
        - Notice D
            - The purpose of this incentive is to acknowledge marketing issues of the 2017 spring-summer crop cycle of sorghum in Oaxaca, under the Commercialization Support Program.

        - Because sorghum is not listed on the CME of Chicago Board of Trade, its prices are determined based on corn contract prices. Corn prices are expected to fall and sorghum is losing competitiveness and more growers are not registering it under the Forward Contract Program.
        - This incentive will address the 12,500 MT not supported under the Forward Contract Program.
- Production Expansion
    - Favorable weather and increased government support could encourage growers to expand sorghum production.
    - For example, in Guanajuato, the state government announced on October 6, 2014, a budget of 160 million pesos (USD $11.9 million) to give a monetary incentive of 300 pesos per metric million ton (roughly USD $22/MT) to growers who sell their sorghum on the open market.
    - Current as of March 2017, the decision to plant more sorghum is being driven mainly by the desire to reduce risks and the fact that the campaigns implemented to control and mitigate the sugarcane aphid (SCA) pest have been relatively successful, allowing farmers to reverse the yield reductions caused by the pest. Private sources have indicated that new and better hybrid seed varieties, which are more resistant to SCA, have begun to be planted in some regions of these states.
    - Sorghum requires fewer inputs, is more resistant to dry weather conditions, has a relatively shorter crop cycle, and is cheaper to grow than corn.
    - Contacts indicate that the potential net returns from corn and sorghum are about the same, thus the lower costs and risks favor a shift to sorghum.
- Support to Capitalize Guanajuato's Sorghum Producers, 2014
    - Guanajuato sorghum growers organized demonstrations to demand the reestablishment of the "Target Income Program," which includes compensation when crop prices drop below a certain level.
    - The Governor of Guanajuato stated that the new program, now called "Support to Capitalize Guanajuato's Sorghum Producers, 2014," will be for those producers with a maximum planted area of 20 hectares.
    - Grower support will be limited to an average yield of 8.5 MT/hectare.
- Target Income
    - Target income for sorghum producers is 1,785 pesos/MT (about $3.36/bu) from 2008/09 to 2013.

Soybeans

- Prices
    - Target Income Support Prices

        - The target income support price for soybeans is 4,200 pesos/MT (US $8.49/bu) from 2008/09 to 2013.
- Pro-Oilseeds Program
    - SAGARPA continues with the subsidy program to encourage the domestic production of oilseeds. The main purpose of this program is to increase the production of oilseeds and encourage planting of alternative crops to improve producer income.
    - The program offers technical assistance to help increase seed planting density, promote the use of fertilizers and other improvements in plant nutrition, and encourage proper and efficient technological applications for phytosanitary controls.
    - The current SAGARPA administration agreed to renew the program for the period 2013-2018.
    - The objective is to increase production and productivity of soybeans, safflower, canola, sunflower, and sesame. More specific objectives include:
        - Recommend more production of basic grains in the main producing areas of the country as classified by the National Institute of Forestry, Agricultural and Livestock Research (INIFAP
        - Adequately supply the oilseed domestic demand
        - Reduce oilseed imports
    - The program provides support to oilseed producers for up to 1,500 pesos per ton of oilseeds (approx. USD $84.27 per ton) if sold to the domestic vegetable oil industry, or domestic livestock feed mill and manufacturers.
    - The program has a production limit of 100 hectares of oilseed, cultivated in irrigated areas or equivalent production in non-irrigated areas (per grower), capped at 750,000 pesos per grower (roughly USD $42,135).
- TRQs
    - On October 1, 2021, Mexico published a temporary tariff rate quota for soybean imports for all trading partners, effective through December 31, 2021. The TRQ volume is 500,000 metric tons of soybeans imported under the HS code 12019002 with zero import duty.
    - The Mexican authorities will assign the TRQ by direct allocation on a first-come, first-served basis. The exemption is on soybean seed, no TRQ for seed.
    - GOM implemented the TRQ in order to open its market in response to tight US supplies and high prices in this marketing year.

Sugar

- Financing-Related Subsidies

- Numerous finance-related subsidies such as debt restructuring, borrowing, and government-backed financing for mills are also given to the sugar sector.

- Reference Price
  - MY 2013/14
    - The reference price for MY 2013/14 is 6,697.06 pesos per year (US $511.22/MT at 13.10 pesos/US dollar exchange rate), 37% below last year's level.
  - MY 2015/16
    - The Secretariat of Economy published an announcement in the *Diario Oficial*, on October 30, 2015 that sets the reference price of sugar that is used to calculate sugarcane for the MY 2015/16 crop.
    - The reference price is $8,130.65 pesos per MT (US $486.86/MT at the current $16.70 pesos per dollar exchange rate).
    - This represents a slight increase in peso terms from the MY 2014/15 reference price of $7,099.83 pesos per MT (US $517.10/MT at the then-current $13.73 pesos per dollar exchange rate).
  - MY 2016/17
    - The Secretariat of Economy published an announcement in the *Diario Oficial* (Federal Register) on October 28, 2016, which states the reference price of sugar – standard base – that should be used to calculate sugarcane payments for the MY 2016/17 crop.
    - The reference price is $11,077.76 pesos per MT (US $591.44/MT at $18.73 pesos per dollar rate).
    - This price is slightly higher to prices announced for the past MY 2015/16 of $8,130.65 pesos per MT (US $486.86/MT at $16.70 pesos per dollar exchange rate).
  - MY 2017/18
    - For the MY 2017/18 sugar crop, the Secretariat of Economy stated on October 31, 2017, the standard reference price used for calculating sugar cane payments is $13,283.64 pesos per MT (US $707.70/MT).
  - MY 2018/19
    - October 31, 2018 - the Secretariat of Economy published in the Diario Oficial the reference price of sugar to be used to calculate sugarcane payments for the MY 2018/19 crop, at $12,711.52 pesos per MT ($627.11 dollars/MT at $20.27 pesos per dollar exchange rate).
- IMMEX Program
  - On January 6, 2016 the Secretariat of Economy (SE) published in Mexico's Diario Oficial (Federal Register) modifications to the Promotion of the Manufacturing, Maquiladora, and Export Services (IMMEX) Program.

        - Program allows participating business to import certain inputs duty-free, providing that the resulting products are subsequently re-exported.
        - IMMEX-certified companies can only import sugar that does not benefit from the US Sugar Re-export Program.
- Decree entered into force February 5, 2016
- PRONAC
    - On May 2, 2014, the Secretariat of Agriculture (SAGARPA) announced the National Program for the Sugarcane Agroindustry for 2014-2018 (PRONAC).
    - The main objectives of the program are:
        - Guarantee sugar suppliers in the domestic market and promote orderly trade
        - Increase the profitability and competitiveness of the sugarcane agroindustry
        - Increase the productivity of the sugarcane agroindustry
        - Improve the sustainability of the sugarcane agroindustry
        - To promote research, development, innovation, and technology transfer in the sector
    - PRONAC is consistent with the strategy outlined in the 2013-2018 National Development Plan (NDP), announced on May 22, 2012.
- Quotas
    - Export Quota
        - In accordance with the agreement published on February 6, 2015, under which sugar exports to the United States are subject to prior authorization permits, SE is announcing the total quota of sugar that they may be exported to the United States.
        - The new quotas are calculated in compliance with point 13 of the February 6, 2015 agreement, using March World Agricultural Supply and Demand Estimates (WASDE) and data from the National Committee for the Sustainable Development of Sugarcane (CONADESUCA).
        - 2015/16
            - The adjusted quota for the 2015/16 sugar cycle is 1,178,115.79 metric tons raw value (MT-RV), an increase of 19.8% over the December 24, 2015 export limit of 983,247.92 MT-RV.
        - 2016/17
            - On August 15, 2017, the Secretariat of Economy made an announcement of a non-refined sugar quota requested by the United States Government of 94,285.5 metric tons-raw value (MT-RV), to be exported to the United States for the 2016/17 sugar cycle.

- 2017/18
    - On October 13, 2017, the Secretariat of Economy announced the maximum quota allotment of sugar that can be exported to the United States. For MY 2017/18 (October 1, 2017) through September 30, 2018), the quota is 1,150,612.86 metric tons raw value (MT-RV). This is expected to fulfill 70% of the United States sugar demand.
    - Based on new regulations that have gone into effect, only 904,052.96 MT-RV, about 55% of the United States demand, can be exported from January through March 2018.
    - From October 1, 2017 to December 30, 2017, 651,106.02 MT-RV is already pledged to be exported to the United States. Because of this, the remaining balance of 252,946.93 MT-RV can be exported from January 1, 2018 through September 30, 2018.
    - As of August 15, 2018, the SE instituted a maximum sugar export quota to the US for the 2018/19 sugar cycle.
    - Sugar export quota to the US is 750,876.85 MT of raw value.

- Maximum Quota Allotment to be Exported to US
    - Prior to 2015
        - Prior to 2015, Mexico and the US had a comparable set of prohibitive over-quota tariffs on sugar.
        - The over-quota tariff on raw sugar was 0.338 pesos/kg (US $0.15/lb) and 0.36 pesos/kg (US $0.16/lb) for refined sugar.
    - MY 2014/15
        - On February 11, 2015, SE announced via the *Diario Oficial* the amount of the total quota of Mexican sugar derived from sugarcane or beets to be exported to the United States from October 2014 – September 2015.
        - The amount is 1,162,604.75 metric tons, in raw value.
    - MY 2016/17
        - On August 30, 2016, SE announced the amount of the total quota of sugar to be exported to the United States for the 2016/17 sugar cycle (October 1, 2016 through September 30, 2017), derived from sugarcane or beets.
        - The amount in metric tons raw value is 870,688.94.
        - An announcement was made on December 26, 2016 containing the maximum quota allotment of sugar to be exported to the United States for the 2016/17 sugar cycle.

        - The amount remains unchanged from the October 21, 2016 announcement at 870,688.94 metric tons raw value.
        - On March 21, 2017, SE announced an increase in the amount of the total quota of sugar to be exported to the United States for the 2016/17 sugar cycle. The new calculations raised the quota to 1,042,854.51 metric tons raw value.
    - MY 2017/18
        - On April 10, 2018, the Secretariat of Economy (SE) announced the maximum quota allotment of sugar to be imported by the United States. This will be in effect from October 1, 2017 to September 30, 2018.
        - The quota, in tons raw value, is 1,150,612.86. This is unchanged from the December 27, 2017 announcement.
- Sugar Suspension Agreement
    - In early July 2017, the United States and Mexico signed the final amendments to the Sugar Suspension Agreement.
    - The amendment will go into effect October 1, 2017, and remain in place until September 30, 2018 and forward.
    - For the first year of the agreement, the Export Limit will be 50% of US Needs Calculation based on the July World Agricultural Supply and Demand Estimates (WASDE).
    - In December 2019, representatives from Mexico and the U.S. are expected to meet for the 5 yr. review of the agreement, as mandated by the US Dept. of Commerce.

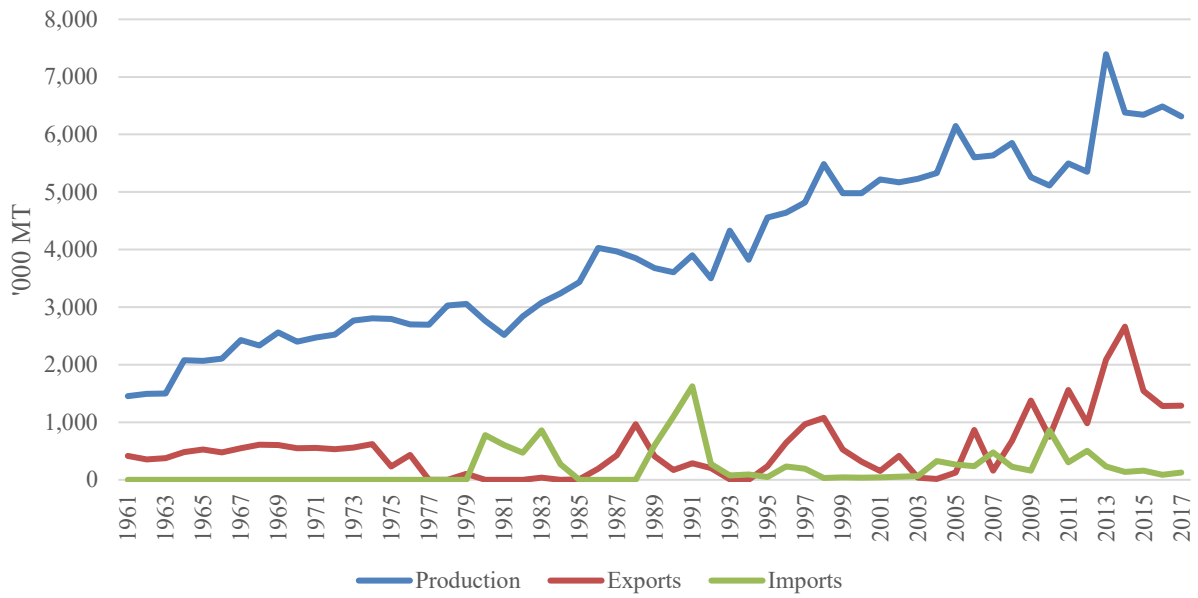

Figure 17. Mexican Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

- Key Policies:
  - The Mexican federal and state governments are closely involved with the Mexican sugar industry, a huge source of rural jobs. From 2001 until just a few years ago, the government owned more than half of all Mexican sugar mills.
  - In 2014, the U.S. International Trade Commission and U.S. Department of Commerce found Mexico guilty of violating U.S. trade laws in dumping subsidized sugar on the U.S. market. The U.S. government calculated subsidy and dumping margins totaling more than 80%.[10]
  - Mexico's Ministry of Agriculture and Rural Development has announced it will provide direct annual supports of 7,300 pesos ($383) to each of the country's 170,000 sugarcane farmers, regardless of farm size. About 95% of these are small-scale cane farms. In total, the payments will amount to about $65 million.[11]
  - Mexico maintains import restraints with an average HS17 MFN applied tariff of 31.3%.
  - Under NAFTA rules, Mexico maintains a common external tariff of 15-16 cents/lb.
  - The government sets a minimum price that the mills must pay growers for their cane, using a formula based on sugar sale prices to domestic and foreign markets.

[10] U.S. Department of Commerce http://enforcement.trade.gov/download/factsheets/factsheet-mexico-sugar-ad-cvd-final-091715.pdf
[11] https://www.jornada.com.mx/ultimas/2019/04/22/incorporan-a-cana-de-azucar-al-programa-de-produccion-para-el-bienestar-5925.html

- Mexico uses numerous indirect subsidies through preferential financing arrangements, loan guarantees for domestic sugar supplies, and funding for research and development.
- Mexico has long promulgated programs for cane ethanol use to help support the sugar sector.

Wheat

- Demand
  - As of March 2017, demand for wheat feed and residual use is expected to decline to 350,000 MT, as cheaper feed grain alternatives, mainly corn and sorghum, will take greater market share.
- Imports
  - As of March 2017, price and quality continue to be the main factors that decide import sources.
  - Nontraditional Sources
    - In the past couple years, many Mexican millers and some feed producers have been sourcing wheat from non-traditional suppliers such as Ukraine, Russia, and France, as they have said to have found the right balance between price and quality.
    - Due to quality issues with some of these non-traditional sources, Mexican millers may return to sourcing U.S. wheat due to better quality and higher protein content of U.S. wheat along with logistical advantages.
    - Shipping times are also contributing to switching to sourcing U.S. wheat. Although, shipping costs from the U.S. are only slightly cheaper than non-traditional sources, the amount of time is considerably less. For example, a shipment from Texas or Louisiana typically takes five days or less to arrive in the port of Veracruz. A shipment from Russia can typically take two weeks or longer.
    - Logistically, in order to maintain production levels, wheat shipments need to arrive on a regular basis. Shipments mainly coming from Russia or other non-traditional sources make this logistically challenging.
  - Argentina
    - In late December 2017, Mexico is expecting its first purchase of 30,000 MT of wheat from Argentina.
    - This is part of trying to diversify trade because of the unpredictable future of NAFTA.
    - The Mexican Secretariat of Agriculture (SAGARPA) tried to encourage purchases from Argentina and Brazil by financially supporting a reverse trade mission.

        - If prices and quality are up to standards, Mexico may continue to buy wheat from Argentina in the future.
- Target Income Support Price
    - The target income support price for wheat is 2,730 pesos/MT (US $5.51/bu) from 2008/09 to 2013.

NIGERIA

General

- Agriculture Promotion Policy (APP)
    - In August 2016, the Government of Nigeria (GON) launched its Agriculture Promotion Policy (APP) for 2016 – 2020.
    - The APP will partner with the private sector to refresh the Agricultural Transformation Agenda (ATA) initiated and implemented by the former GON agricultural regime.
    - The APP promises to build on the successes of ATA by closing the domestic demand and supply gaps for both crops and livestock, while exporting at quality standards required for the international market.
    - The APP is also created to improve value chain activities of selected agricultural enterprises, namely rice, wheat, maize, fish (aquaculture), dairy milk, soybeans, poultry, horticulture, and sugar.
    - The APP indicates that the GON will aim to reduce wheat imports by 50% by 2017.
    - The APP is to help Nigeria become self-sufficient in rice production by 2017.
    - Corn is included under the GON APP's prioritized agricultural products and is over 60% of poultry feed inputs.
    - The APP has yet to be implemented due to lack of government funds.
    - As of April 2017, the GON continues to pursue the APP, which aims to reduce wheat imports 50% by 2018.
    - As of April 2018, the GON has yet to initiate the APP because of insufficient funds. It has also been recently stated that subsidies for fertilizers and other inputs will be ended.
- Agricultural Transformation Agenda (ATA)
    - In 2012, the Government of Nigeria initiated the Agricultural Transformation Agenda (ATA) program designed to specifically reduce food imports by increasing production of five key crops: rice, cassava, sorghum, cocoa, and cotton.
    - The overall objective was to increase agricultural production in order to increase domestic food production and generate employment.
- Common External Tariff (CET) Policy
    - As a member of the Economic Community of West African States (ECOWAS), Nigeria is committed to tariff schemes consistent with the harmonized system under the organization's common external tariff (CET) policy.
- Corn and Sorghum Import Ban

- The import ban on corn and sorghum was lifted in 2008 and the import duties on corn and sorghum are both 5%.

- Economic Structural Adjustment Program
  - Nigeria has undertaken an economic structural adjustment program to reform its economy.
  - The reforms were less extensive compared to the other West African countries because of the larger size of its economy and its position as a major oil exporter.
  - Although fertilization markets have been deregulated, Nigerian agriculture is heavily influenced by government intervention.
  - The government supports focus on input supply, extension service deliveries, the administration of soft loan programs, and the maintenance of a buffer stock program to stabilize commodity prices.
  - The Nigerian agricultural sector remains heavily protected with an average applied tariff of 40%.
- Government Enhancement Scheme (GES)
  - As of November 9, 2016, the GON lacks the funds to continue with the Government Enhancement Scheme program, initiated by the preceding administration, which assisted farmers with seeds and subsidized inputs (including fertilizers).
  - On the other hand, production is constrained because much of the planted seeds distributed to farmers under GES were largely from the stock of low-yielding old varieties (yielding an average of one ton per hectare).
  - Availability of fertilizers is limited because distribution is still restricted to help prevent the manufacturing of explosives by insurgents and militants.
  - In late January 2017, GON re-launched the GES to provide support to farmers through subsidized agricultural inputs.
  - Despite the re-launch, rural/small holder farmers and cottage agribusinesses, who contribute over 80% of the country's agricultural production, continue to note the absence of government support which helped increase agricultural productivity under previous administrations and better economic conditions.
  - A few large-scale agribusinesses note that GON's withdrawal of support, especially the GES, allows them to better plan as government support was typically provided towards the end of the production season when it was least beneficial.
- Monetary Policy
  - On June 23, 2015, President Buhari imposed a monetary policy to restrict foreign exchange access for 41 imported goods and services which include highly consumed food and agricultural products.

    - Among the food products affected by the import restrictions include: rice, margarine, palm kernel/palm oil products, vegetable oils, meat and processed meat products, vegetables and processed vegetable products, poultry, eggs, turkey, frozen and tinned fish, and tomatoes/tomato pastes.
- Trade Barriers for Essential Grains (Wheat, Rice, and Corn)
    - As of April 2017, Nigeria continues to employ trade restrictions such as high tariffs, levies, import bans and other measures to protect its domestic agriculture, despite the country's membership to the World Trade Organization (WTO).
    - These measures are expected to hold through the following year.
    - Levies continue to be imposed on wheat imports, and will likely remain in force along with a technical import ban on rice and other food/agriculture items classed as "Not Valid for Forex."
    - The import ban on corn was lifted around 2007, however, "special clearances" are required before any buyers can import corn – likely to remain throughout MY 2017/18.
    - As of the end of 2020, Nigeria's ineffective trade policies are still constraining food supply chains, elevating food inflation and increasing pressure on food security.
    - In 2022, Nigeria continues to constrain food supply chains with import bans and permit requirements.
- Vegetable Oil Ban
    - In 2008, the Government of Nigeria removed the import ban on crude vegetable oil and imports have continued to increase.
    - However, imports of vegetable oil in retail packs remain banned.

Biofuels

- There is no information to report for biofuels.

Biotechnology

- General Information
    - There are differences between the regulatory treatment of the approvals process for feed, feed, processing and environmental release. Bt cotton and cowpea are, as of 2021, the only approved crops for environmental release in Nigeria, but GE corn and soybean varieties have been approved for food, feed, and oil processing.
    - The approval process and conditions are the same for stacked or pyramided event approvals. Either singular or stacked events includes an average 180 days for approval by the National Biosafety Committee.
    - Field testing and evaluations are allowed.

- Low Level Presence Policy – tolerance for LLP of approved events in country that are not yet approved in Nigeria is 4%.
- In October 2020, transgenic corn received National Biosafety Management Agency approval for confined field trials.
- In December 2020, Nigeria became the first African country to issue guidelines on gene editing. Their goal is to make the seeds commercially available to farmers for planting at the start of the 2023 crop season. Their first Bt crop was cotton, in 2018.
- As of September 2022, Nigeria hosted regulators from Mozambique and Ethiopia to learn more about Nigeria's biotechnology regulatory experience. Increasing crop productivity is critical to meet the country's food security needs, as their population increases by 2.6% annually.
- As of 2022, Nigeria does not export GE products. They do permit the import of biotech crops and GE grains for poultry feed and seeds for research purposes. In July, the NBMA approved the importation of GE drought-tolerant wheat from Argentina. This GE wheat is mainly for food and processing, not planting.
- As of December 2022, Nigeria's approval process and conditions are the same for stacked event approvals as for single trait approvals.

- <u>Corn</u>
  - As of 2017, Monsanto's pest resistant corn has been approved for trials but none have yet to take place.
  - In 2019, field trials are still pending.
- <u>Cotton</u>
  - With transgenic insect-resistant cotton now in commercial production in Burkina Faso, Nigerian farmers have indicated strong interest in commercial production of GE crops, such as bioengineered cotton and the drought-tolerant corn (WEMA project).
  - <u>Bt. Cotton</u>
    - As of November 2016, the National Biosafety Management Agency granted Monsanto approval for the commercial release of bioengineered cotton and the field trial of drought-tolerant corn.
    - As of January 2019, two varieties of Bt Cotton were approved for commercialization, after two years of multi-location trials.
    - In January 2021, Nigeria approved a pilot group of 1,000 farmers to plant Bt cottonseed through MAHYCO Seed Company Nigeria.
- <u>Rice</u>
  - As of November 2016, the newest rice project was commissioned in October 2015 at the National Cereal Research Institute, Badeggi.
  - The project is facilitated by the African Technology Foundation (AATF) with the aim of increasing rice productivity in flood prone, poor Nitrogen and saline environment.

    - Bt rice is commencing drought tolerance trials as of 2018.
- Sorghum
    - Africa Biofortified Sorghum (ABS)
        - As of November 2016, the ABS project is supported by the Bill and Melinda Gates Foundation (BMGF) and DuPont Pioneer.
        - The sorghum is modified to have increased levels of Vitamin A, Iron, and Zinc.
        - As of December 2020, the project is moving from development towards deregulation and commercialization of well-adapted cultivars with improved nutritional traits.
    - Bt Sorghum
        - As of January 2019, Bt sorghum is beginning field trials.
- Soybeans
    - As of 2019, the National Biosafety Management Agency has granted a confined field trial permit for HT soybeans.
- Trade Barriers
    - As of November 2016, Nigeria has no ban on the import of GE products and cannot ascertain if crops being imported have GE content.
    - As of 2021, and the end of 2022, Nigeria continues to maintain an open market for commodities produced with biotechnology. There are currently no biotechnology-related trade barriers affects US food and ag product exports to Nigeria.

Corn

- Export Ban
    - Corn exports are still banned, though large informal cross-border exports to Niger, Chad, and Sudan occasionally occur.
- Government Support
    - Currently, as of November 2016, there is no government program directed at supporting farmers to increase corn production.
- Import Tariff
    - Current as of April 2017, corn imports into Nigeria are allowed at a 5% tariff.
- Prices
    - 2016
        - From August to November 2016, prices increased from about $165 per ton to $310 per ton for domestic corn and remained at $225 per ton for imported corn.
    - 2017
        - As of April 2017, current corn prices have increased nearly 300% from ₦40,000 (US $80) per ton to about ₦154,000 (US $300) since 2015.

Cotton

- Discounts
  - Nigerian cotton is discounted because of trash and propylene contamination which has reduced its competitiveness relative to other African countries.
  - The government has instituted an export enhancement grant of 20% to compensate for the discounts to Nigerian cotton.
- Imports
  - While imports from other countries, mainly the US, are subject to a 50% tax, those from neighboring countries enter Nigeria duty-free.

Rice

- Anchor Borrowers Program
  - During the last quarter of 2016, GON supported major integrated rice mills under its new Anchor Borrowers program to pursue its backward integration agenda.
  - Even though 80% of the mills run at least less than 25% capacity mainly due to paddy rice scarcity, the Anchor Borrower program is expected to provide funds to the large-scale operators in the local rice sector.
  - The objective is to support out-grower schemes with small-scale rural farmers around communities usually where modern rice mills are located.
  - Integrated mills are also assisting the out-grower farmers with capacity building, seeds, and other inputs which are improving yield and overall production.
- ATA
  - A policy of the ATA is to increase domestic rice production to make the country self-sufficient in rice production by 2015, when rice imports will be banned.
- Imports
  - 2011
    - In 2011, the government restricted the importation of rice through seaports and banned importation through land borders to minimize rice smuggling.
  - 2016
    - As of November 2016, imports through land borders are banned, although rice is still traded informally across the borders at fluctuating prices that reflects the prevailing exchange rate.
    - In 2016, imported rice still dominates, and is the more noticeable on the market as compared with locally produced rice.
    - Most urban consumers prefer imported rice (2016).
    - As of November 2016, rice continues to be listed as one of the 41 items prohibited from official access to foreign exchange for importation, even under the GON's single rate flexible forex policy.

- 2017/18
    - Recently, sometime between late 2017 and early 2018, the GON implemented a new policy prohibiting imported rice into the country if it doesn't have the official approval, regardless or not if the purchase had been approved and the foreign exchange approved by the Central Bank or originating from the informal forex market. These steps were taken to try and hinder the import of rice into Nigeria.
- Differential Tariff
    - Nigeria implemented a differential tariff policy in 2016:
        - Integrated rice mill operations with grower schemes at 30% tariff;
        - Rice importers without backward integration at 70% tariff
    - As of April 2017, the differential tariff between importers who have domestic rice production and the exclusive traders remain at 30% and 70%, respectively.
    - Rice is still among the 41 items excluded by CBN for accessing forex to pay for its import purchases.
    - Rice importers must show evidence of their CBN forex allocation document before the consignment can be cleared at ports.
    - In late 2017/early 2018, these differential tariffs have been eliminated completely. This was done as a way to hinder the import of rice into Nigeria.
- Dual Customs Tariffs
    - As of November 2016, there have not been official changes to the dual customs tariff rates, which are 70% and 30% for regular rice importers and the importers who adopted the GON's backward integration concept, respectively.
- Duties
    - 2011
        - In 2011, semi- or wholly-milled rice imports faced a 10% duty and 20% levy.
        - Imports of brown rice face a 5% duty and no levy.
    - 2016
        - As of 2016, rice imports through Nigerian ports attract a 70% duty, which makes the venture less attractive.
- Rice Import Funding
    - In July 2015, the Government of Nigeria announced that imported rice cannot be funded through the formal forex market; however, sources note that rice imports are mostly funded through off-shore funds from the more expensive parallel market.

- Loans
  - As of November 2016, government sources indicate that agricultural loans at single-digit interest rates are available for paddy production (under Anchor Borrowers Program).
  - However, some farmers report they have not been able to access these rates.
- Prices
  - 2011
    - The benchmark price for all types of imported rice (from all origins) during the first quarter of 2011 was US $560/ton.
    - Duties are calculated based on the benchmark price regardless of the actual FOB price.
  - 2016
    - In 2016, domestic market price for imported rice hiked by almost 50%, increasing from about ₦12,000 (US $60) to about ₦21,000 (US $105) per 50-kg.
    - All other locally produced rice, apart from the highly priced "Ofada" variety, sell in the urban markets at averagely ₦14,000 (US $70) per 50-kg but enjoy less patronage due to lack of consumer preference.
    - The "Ofada" rice, considered a delicacy, is more expensive because of its nutritional value and limited availability.
    - It is worth noting, that despite the price, Nigerian consumers prefer to pay the higher unit of price of imported rice than the locally produced rice because of its better quality.
  - 2017
    - As of April 2017, sources note that Nigeria's paddy price is currently selling at ₦250,000 (US $500) per ton and its local market price for milled rice is ₦260,000 (US $520) per ton.
    - Integrated mills indicate that the difference is insufficient to cover milling and marketing costs.
    - Local rice sells at ₦13,000 per 50kg (US $26), about 28% less than imported rice at ₦18,000 (US $36), the quality of locally milled rice is poor as compared with imported rice causing majority of rice consumers, especially in the urban areas, to still patronize the available but higher-cost imported rice.
    - As of October 2017, the market price of rice from neighboring countries is Naria 16,000 (US $45) per 50 kilogram bag compared to the US $24 per 50 kilogram bag in the past year.

Sorghum

- Cassava Substitute
  - As of November 2016, considering the challenges posed by limited forex for wheat importation, sorghum flour is deemed as the more suitable alternative (for blending bread flour) than cassava flour.
- Import Tariff
  - Current as of July 2016, sorghum can be imported into Nigeria at a 5% tariff.
- Removal of Export Ban
  - In 2011, the Nigerian government removed its export ban to neighboring countries, mainly Niger and Chad. Sources note that only 50,000 tons of Nigerian sorghum is exported.

Soybeans

- Import Duty
  - The import duty on soybean seeds and soybean meal for animal feed is 15%.
- Prices
  - 2013
    - 2013 prices represented a 40-50% price hike over the last five years. The increase in price is attributed to excess demand over domestic input.
      - Soybean Meal: $688/ton
      - Soybean Oil: $1,310/ton
      - Soybean Seed: $580/ton
  - 2016
    - Sorghum prices increased nearly 90% from ₦80,000 (US $160) per ton in 2014 to ₦150,000 (US $300) per ton in 2016.

Sugar

- Imports
  - Nigeria is Africa's largest sugar importer and the 2nd largest consumer behind South Africa.
  - Import Duty
    - The import duty on refined sugar is about 20%, and when other taxes, such as the development levy (10%) and VAT (5%) are assessed, the effective duty is about 35%.
    - Raw sugar imports attract a much lower duty of only 5% and are exempted from the development levy.
- GON Incentives

- The GON in the sugar sector as stated in the Nigerian Sugar master plan are listed below. These measures have shifted investment patterns toward the goal of backward integration in the sugar value chain.
    - Low duty of 2.5% on machinery for the industry
    - Chemicals for sugar production have zero duty
    - Import duty of 20% on refined sugar, as well as development levy of 10% and VAT of about 5%
    - Provision of infrastructure including access roads, boreholes, power lines, land acquisition, and health care facilities for new sugar estates.
    - 100% foreign ownership of sugar complexes is allowed
    - Provision of a credit support scheme for sugarcane growers in collaboration with the Central Bank of Nigeria (CBN) and commercial banks.

- NSDC
    - The National Sugar Development Council (NSDC) and the Central Bank of Nigeria currently assist farmers in acquiring fertilizers, pesticides, and seed cane.
    - The NSDC plans to implement an out-grower program that will eventually include all 14 sugar producing locations in the country. The out-grower program will deliver inputs and credits to cooperatives at a low interest rate of 7% compared to up to 28% or more at traditional lending rates.
- NSMP
    - Nigeria's sugar sector is driven by the National Sugar Master Plan (NSMP), a backward integration program with projections for the development of local sugarcane plantation and sugar production over a 10-year period.
    - The NSDC was amended in June 2015 to help further support the Nigeria Sugar Master Plan.
    - Nigeria's current domestic supply has not met the rising demand despite incentives offered by GON to boost local production. The GON has revised the sugar tariff structure as an incentive to boost domestic raw sugar production by offering a 0% import duty on machinery and spare parts for local sugar manufacturing firms.
    - The following have also been granted as incentives to boost local production:
        - 5 year tax holiday for investors in the sugar value chain
        - 10% import duty and 50% levy on imported raw sugar
        - 20% duty and 60% levy for imported refined sugar
    - A 3 year concessionary tariff of a 5% import duty and 5% levy on imported raw sugar was imposed between 2013 and 2015 on the refineries that signed-on to the government's Backward Integration Program.

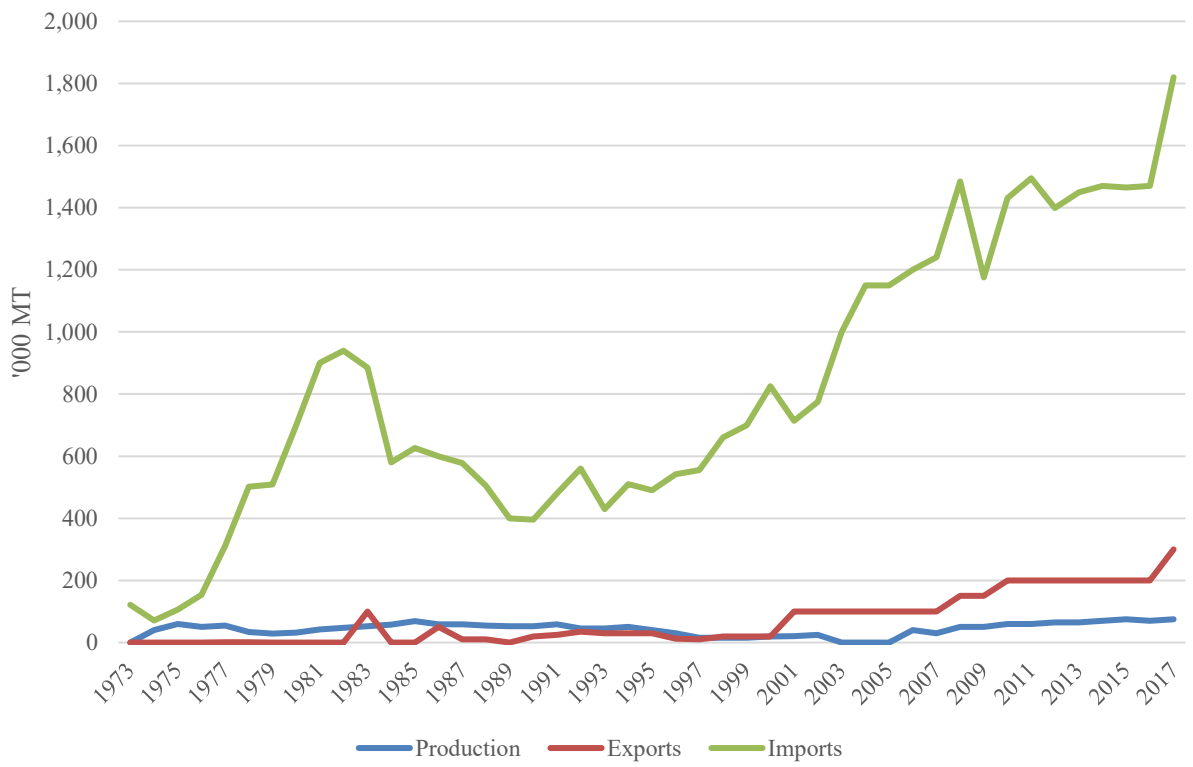

Figure 18. Nigerian Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1973-2017. Source: USDA. (USDA data begin at 1973).

- Key Policies:
  - Nigeria primarily uses import duties for price support. The average applied HS17 MFN tariff is 12.5%. However, import duty on refined sugar is about 20%, and when coupled with the development levy (10%) and the VAT (5%), the effective import duty on refined sugar is about 35%. Imports of raw sugar are exempted from the development levy and have a lower duty of 5%, thus favoring imports of raw sugar for further processing.
  - The government also uses a suite of input subsidies such as low duties on machinery, chemical, interest rate subsidies, and equipment for sugar processing.
  - The government allows 100% foreign ownership of sugar facilities to encourage foreign direct investment.

Wheat

- Cassava
  - The GON started to enforce its policy in 2012 that millers must include cassava flour in wheat flour beginning with a 10% cassava flour inclusion rate in 2012, increasing steadily to 40% by 2015.
  - 2016 Update (As of Nov. 2016)

        - Bread millers prefer cost-effective blending with inexpensive wheat from Russia and other third country suppliers rather than compete with local mass market for less quality cassava flour used to blend with wheat flour.
        - The GON's cassava inclusion policy remains, although the inclusion percentage is much lower than initially envisaged.
        - Cassava consumption and prices increased significantly among the mass consumers.
- Imports
    - Import Ban
        - As of April 2017, imports of wheat flour, pasta, including noodles and spaghetti, remain banned.
    - Import Duty and Tariff
        - The import tariffs on wheat flour and biscuits are 35% and 25%, respectively. A 5% VAT is also applied to wheat flour.
        - The GON began the implementation of a 15% levy on imported wheat grains, which pushed the effective duty from 5% to 20% in July 2012.
        - The GON's new regime is expected to maintain the existing position to reduce wheat imports by 50% at the end of 2017.
        - As of July 2016, the current import tariff is 5% duty plus 15% levy (a total duty of 20%).
- Prices
    - Domestic Prices
        - As of April 2017, domestic wheat prices (per ton) are currently US $420 in the local markets and US $600 for regional export markets.
    - Import Prices
        - As of October 2017, the US freight rate of wheat is around US $32 per ton. The freight rate of wheat from the Black Sea region is around US $23 per ton, or about 40% less than the US freight rate.
    - Procurement Prices
        - 2014
            - The procurement prices as of March 31, 2014 are as follows:
                - Soft food quality wheat Class 3 (Central, North-Western, Volga Valley, North Caucasus, Southern): 6,750 rubles per MT.
                - Soft food quality wheat Class 3 (Ural, Siberia, Far Eastern): 6,400 rubles per MT.
                - Soft food quality wheat Class 4 (Central, North-Western, Volga Valley, North Caucasus, Southern): 6,450 rubles per MT.

        - Soft food quality wheat Class 4 (Ural, Siberia, Far Eastern): 6,200 rubles per MT.
        - Soft food quality wheat Class 5 (Central, North-Western, Volga Valley, North Caucasus, Southern): 6,100 rubles per MT.
        - Soft food quality wheat Class 5 (Ural, Siberia, Far Eastern): 6,000 rubles per MT.
    - The procurement prices as of December 22, 2014 are as follows:
        - Soft food quality wheat Class 3 (Central, North-Western, Volga Valley, North Caucasus, Southern): 10,000 rubles per MT.
        - Soft food quality wheat Class 3 (Ural, Siberia, Far Eastern): 10,000 rubles per MT.
        - Soft food quality wheat Class 4 (Central, North-Western, Volga Valley, North Caucasus, Southern): 9,300 rubles per MT.
        - Soft food quality wheat Class 4 (Ural, Siberia, Far Eastern): 9,200 rubles per MT.
        - Soft food quality wheat Class 5 (Central, North-Western, Volga Valley, North Caucasus, Southern): 9,000 rubles per MT.
        - Soft food quality wheat Class 5 (Ural, Siberia, Far Eastern): 9,100 rubles per MT.
- <u>2015</u>
    - The procurement prices as of March 31, 2015 are as follows:
        - Soft food quality wheat Class 3 (Central, North-Western, Volga Valley, North Caucasus, Southern): 9,700 rubles per MT.
        - Soft food quality wheat Class 3 (Ural, Siberia, Far Eastern): 9,500 rubles per MT.
        - Soft food quality wheat Class 4 (Central, North-Western, Volga Valley, North Caucasus, Southern): 8,900 rubles per MT.
        - Soft food quality wheat Class 4 (Ural, Siberia, Far Eastern): 8,700 rubles per MT.
        - Soft food quality wheat Class 5 (Central, North-Western, Volga Valley, North Caucasus, Southern): 8,600 rubles per MT.

        - Soft food quality wheat Class 5 (Ural, Siberia, Far Eastern): 8,400 rubles per MT.
    - The procurement prices as of October 5, 2015 are as follow:
        - Soft food quality wheat Class 3: 10,900 rubles per 1 MT
        - Soft food quality wheat Class 4: 10,400 rubles per 1 MT
        - Wheat Class 5: 8,800 rubles per 1 MT
  - <u>2016</u>
    - The procurement prices as of March 18, 2016 are as follow:
        - Soft food quality wheat Class 3: 10,900 rubles per 1 MT
        - Soft food quality wheat Class 4: 10,400 rubles per 1 MT
        - Wheat Class 5: 8,800 rubles per 1 MT
  - <u>2017</u>
    - On March 29, 2017, the Ministry of Agriculture posted information that the draft Order on the target level of prices for the possible grain procurement interventions for the 2017 grain crop is waiting for approval from the Federal Antimonopoly Service.
    - The Ministry underlines that the decision to initiate grain procurement interventions will be taken depending on the situation in the domestic market, and the proposed level of minimum prices will only apply if such a decision is taken.
    - In previous years, the announcement of intervention prices at the end of March worked as the unofficial price target for the market. To avoid this, the Ministry emphasizes that it is not the price itself, but the decision to begin interventions that is important.
    - Currently there is no status on the approval of this order. The following are the proposed prices by the Ministry of Agriculture for the 2017 crop:
        - Soft food quality wheat Class 1: 12,500 rubles per 1 MT
        - Soft food quality wheat Class 2: 11,500 rubles per 1 MT
        - Soft food quality wheat Class 3: 10,300 rubles per 1 MT
        - Soft food quality wheat Class 4: 9,000 rubles per 1 MT
        - Wheat Class 5: 7,600 rubles per 1 MT
- <u>Wheat Memorandum of Understanding (MoU)</u>
    - In June 2016, Nigeria's Federal Ministry of Agriculture and Rural Development (FMARD), the Flour Millers Association (FMA), and the Wheat Farmers Association (WFA) signed a Memorandum of Understanding on sourcing domestically produced wheat from the WFA at a predetermined average price of $610 per ton, compared to $420 per ton of imported wheat.

- This MoU provided a market for WFA members and encouraged them to remain in wheat production.
- However, three months into this agreement, the wheat market price increased to about $660 per ton and WFA members ceased selling to FMA – resorting to selling to the open market at prevailing market prices.
- Sources report that FMARD is yet to bring both WFA and FMA together to renegotiate the terms of agreement based on current market prices.

PAKISTAN

General

- Input Subsidies
  - Input subsidies are offered for electricity and fertilizer.
  - Development loans are provided for machinery purchases.
  - The government subsidizes natural gas purchases for fertilizer production at around $200 million/year.
- Minimum Price Support Program
  - The government of Pakistan uses a minimum price support program for major crops produced in the country.
  - Under this program, the government agrees to make purchases when the market price falls below an announced level.
- Production Credit Subsidies
  - The government subsidizes agricultural production credit through both private banks for the purchase of seeds, fertilizers, pesticides/insecticides, animal feed, labor, fuel, irrigation water charges, and agricultural machinery.

Biofuels

- There is no information to report for biofuels.

Biotechnology

- General
  - As of 2021, cotton continues to be the only GE crop approved. Regulatory uncertainty is preventing the approval for any other GE crops. .
  - In addition, the National Biosafety Committee is still developing regulation on the import of GE commodities.
  - In 2018 the plant registry guidelines and implementing rules of the PBRA were finalized by the Ministry of National Food Security and Research (MNFSR), but procedures for registering GE food crop seeds is still on hold.
  - The Dept. of Plant Protection (DPP) stopped imports of GE soybeans and canola in late 2022, stating that importers now need an import license from the Ministry of Climate Change (MOCC). However, MOCC has no system to process import licenses for GE commodities destined for food, feed, or processing. Despite attempts to amend the National Biosafety Rules and Guidelines, GE commodity import ban remains. As of a year later, this has remained an issue.
- Corn
  - While some corn events have been approved, firms have not received the licenses they need to begin production and sales.

- Cotton
  - Currently, as of March 2020, 95% of Pakistani cotton is biotech.
  - Most of the approved seed varieties contain one of the two released events MON 531 (Cry1Ac gene) and Cry1Ab, both of which protect cotton from lepidopterans.
  - In 2016, farmers used more than thirty-five seed varieties, including one hybrid.
  - As of 2021, cotton continues to be the only GE crop approved for cultivation and use.
- Imports
  - As of February 2017, Pakistan imports biotech soybeans, canola, and cotton.
  - Imports of canola and soybean oil derived from biotech seeds mainly are imported from Canada, Australia, Brazil, United States, and Argentina.
  - The majority of biotech soybean imports were sourced from the United States, Brazil, and Argentina.
  - In late October 2022, Pakistan's Dept. of Plant Protection began requiring importers to present an import license from the Ministry of Climate Change as a condition for releasing soybean arrivals. As of February 2023, two consignments are still impounded and must be re-exported. All of these GE soybeans were either from the US or Brazil. It remains unclear when a system will be put into place to provide these permits, or if the ban is permanent.
- Policy
  - 2017
    - As of February 2017, Pakistan is making progress towards approving and implementing regulations that will modernize its seed and biotechnology regulatory systems.
    - The Plant Breeders' Rights Act is expected to receive final executive approval soon; the Act would provide intellectual property protection for biotech seeds for the first time ever.
    - Regulators are striving to finalize the implementing rule of the 2015 Seed Act that would encourage private sector investment in the industry.
  - 2019
    - Government of Pakistan has put on hold GE trials on all crops except cotton since March 2019.
  - 2020
    - Biotechnology laws exist in Pakistan, but the rules and administrative processes to implement the legislation have yet to be established.
    - As of 2019, the commercialization of GE cotton has been approved, but not implemented. GE hybrid corn was suspended due to a moratorium by the National Biosafety Committee.

        - Currently, only public research institutions are conducting biotech research on crops such as wheat, rice, corn, sugarcane, potato and tomato.
        - Domestic private seed companies are restricted to Bt cotton, which is the only biotech crop under commercial production in Pakistan.
    - 2021
        - In February 2021, the national regulatory bodies are in different stages of promoting rules and administrative procedures for the legal system that governs their ag biotech.
        - Currently the National Biosafety Committee is in the process of developing regulations for importing GE food for food, feed and processing.
        - Intellectual property protections remain weak. Which limits access to the cotton industry of the latest generations of GE cotton seed.
    - 2022
        - The NBC reviewed a policy on regulating imports of GE commodities for food, feed, and processing. The draft FFP policy was sent to relevant Ministries for further review.
        - Currently, GE cotton remains the only GE crop approved for cultivation. This year, farmers planted 25 seed varieties, accounting for 95% of Pakistan's total cotton planted.
        - Pakistan imported approximately 2 MT of GE soybeans this year, with the US having about a 40% market share.
        - In addition, the Ministry of National Food Security and Research is finalizing new regulations on seed imports. Developers are required to produce 10% of the seed locally the first year, and 50% by the 5th year after import approval is granted.
- Trade Barriers
    - As of February 2017, there are no trade barriers.
    - There is no label requirement in place for foods, seeds, fibers, oils, or feeds derived from biotech crops.
    - Regulators may put a labeling system in place at some point in the future.
    - As of December 2022, MOCC and MNFSR are currently developing measures to regulate the trade of GE products intended for food, feed and production.

Corn

- Imports
    - As of April 2017, the Government of Pakistan imposes a 30% regulatory duty and a 10% customs duty on the import of corn, shielding producers from imports.
    - The duty has resulted in no corn imports, in spite of the fact that Pakistan's domestic corn prices are much higher than international prices.
- Interventions

    - As of April 2017, corn trade in Pakistan is carried out by the private sector with little or no intervention from the government.
    - There is not a fixed government procurement price and the commodity is not involved in procurement or marketing.
- Prices
    - Domestic Prices
        - As of April 2017, domestic prices of corn are currently US $240 per ton.
    - Imported Prices
        - As of April 2017, imported corn C&F Karachi is currently around US $185 per ton.
- Subsidies
    - As of April 2017, corn farmers benefit from fertilizer, water, and power subsidies, a common practice for most farmers in Pakistan.

Cotton

- Cotton Cess
    - The GOP, through the Pakistan Central Cotton Committee (PCCC), is in the process of increasing the cotton cess by 150% from Rs. 20 to Rs. 50 (standard bale of 170 kg) (US $0.23 to US $0.58).
- Free Trade
    - The Government of Pakistan follows a free trade policy for cotton with no quantitative restrictions or duties on either imports or exports.
- Imports
    - Pakistan is continuing to import cotton from the US to bridge the supply demand gap, imports are by 115% through June 2018.
- Support Prices
    - The Government of Pakistan has announced the support price of $0.34/pound, a significant increase over the prevailing farm price of $0.26/pound.
- Tariff and Sales Tax
    - 2017
        - As of August 2017, the Government of Pakistan has reinstated the tariff and sales tax on imported cotton. The tariff had been temporarily set at zero percent.
        - As a result of this reinstatement, the price of imported cotton has risen about 9%.
        - Due to the timing, imports should be reduced during the harvest season.
        - From July to December 2017, the Government of Pakistan implemented a tariff of 4% and a sales tax of 5% for imported cotton. Domestic cotton is excluded from this tariff and sales tax.

- 2018
    - In January 2018, the tariff and sales tax (previously set at 4% and 5%, respectively) were reduced to zero.
    - Tariffs from July to December 2018, the GOP imposed a 4% tariff and a sales tax of 5% on imported cotton, with an exemption for domestic cotton. The sales tax and tariff were dropped in January 2019.
- 2019
    - Pakistan maintains minimal tariff restrictions on cotton imports, though tends to impose tariffs during harvest and limits the flow of cotton into India.

- Textile Policies
    - In February 2015, the Government of Pakistan announced its 2014-2019 Textile Policy. The policy aims to double textile exports from US $13 billion to US $26 billion, through increased value addition, by 2019.
    - Key features are budgetary support, drawback of certain local taxes and levies, duty free import of machinery, fiber diversification, product diversification, small and medium enterprise development, enactment of domestic labor laws, establishment of world textile center, and revitalization of projects like Pakistan Textile City.
    - The industry continues to be affected by erratic power supplies and progress towards achieving the goals outlined has been reportedly slow.
    - In December 2020, the GOP is finalizing Textile Policy 2020/25, in an effort to make Pakistan more competitive globally. The five year policy aims to achieve product maximization and job creation in order to fuel growth in exports to $25.3 billion by 2025.
    - Key features include no or low interest loans, a financing facility to fund the purchase of textile and apparel machinery, and an export financing scheme to fund the production of garments and textiles for export.

Rice

- Import Duty and Sales Tax
    - There is a 10% import duty and 15% sales tax on rice imports.
- Intervention
    - As of April 2017, rice in Pakistan is carried out by the private sector with little or no intervention from the government.
    - Since the publicly-run Rice Export Corporation of Pakistan was disbanded 20 years ago, Pakistan's rice traders have responded well to the market liberalization and over the years have become major players in world rice trading.
- Prices
    - Minimum Support Price

        - 2005/06: Rs. 300/40 kg (US $5.72/cwt) for paddy rice.
    - Procurement Price
        - Since 2000, the GOP discontinued setting a procurement price for paddy and milled rice and abandoned rice procurement through state trading enterprises.
            - However, in 2008, the GOP intervened in the rice market through two state bodies: Pakistan Agricultural Services and Storage Corporation (PASSCO) and the TCP.
        - PASSCO was authorized to procure 500,000 tons of Basmati and 500,000 tons of IRRI rice to stabilize prices.
        - PASSCO set floor prices at Rs. 1,500/40kg (US $468/MT) for Super Basmati and Rs. 1,250/40 kg (US $390/MT) for 385 varieties.

Sorghum

- There is no information to report for sorghum.

Soybeans

- Imports
    - Current as of April 2017, Pakistan is the third largest importer of edible oil in the world.
    - Bound Tariff Rate
        - The bound tariff rate for soybean imports is 100%. The applied rate is 10%.
    - Duty Structure

Duty Structure for Soybeans			
Item	**Soybeans**	**Soybean Meal**	**Crude Deodorized Soybean Oil**
Customs Duty	3%	10%	9,050
Additional Duty	1%	1%	-
Reguar Duty	-	-	Rs. 50/MT
Sales Tax	6%	10%	-
Central Excise Duty	-	-	16%
Federal Excise Duty	Rs. 400/MT	-	Rs. 1,000MT

    - Import Tariff
        - Increase in Import Tariff
            - The increase in the import tariff on soybean meal from 0% to 11% during the last year (2014) and 10% this year (2015), leading to a

total 21% effective from July 1, 2015, is generally expected to reduce soybean meal imports with higher imports of soybeans.

- Shift From Imports of Soybean Meal to Soybeans
  - As of April 2017, Pakistan continues to shift from imports of soybean meal to imports of soybeans in response to change in the tariff structure from 2015.
- Tariff Structure
  - As of April 2017, Pakistan's tariff structure is designed to facilitate oilseed imports through reduced tariffs and fees as a mean of shifting value addition to the domestic industry.
  - Landed prices plus tariffs play a significant role in determining the import mix between seeds, oil, and meal.

- Sales Tax
  - Currently, as of March 2018, soybeans that are imported using a solvent extractor have a sales tax of 6%. For other firms importing soybeans, their imports are subject to 15%.

- Prices
  - Price Supports
    - The Government of Pakistan offers no price support mechanism for soybeans and does not engage in state procurement programs.
  - Soybean Meal
    - Trade sources reveal that the soybean meal prices ranged between $507-$535/MT CNF Karachi.

Sugar

- Exports
  - Export Subsidy
    - In MY 2015/16, Pakistan exported 272,000 metric tons of sugar as exports were supported by a US $124 per metric ton subsidy.
  - Export Quotas
    - 2016/17
      - In December 2016, the Government of Pakistan established an export quota of 225,000 metric tons without an export subsidy.
      - This was done in an effort to move stocks off the domestic market, generate additional revenue for millers, and speed payments to growers.
      - Through February 2017, only 15,885 metric tons of sugar was exported, mainly due to price disparity between domestic and international prices.

        - In March 2017, the government approved exports of 200,000 metric tons of sugar without a subsidy for a total of 425,000 metric tons that can be exported through May 31, 2017.
    - 2017/18
        - For MY 2017/18, the Government of Pakistan allocated export quotas for 84 sugar mills in two tranches bringing the export quota total to 725,000 MT.
        - During this marketing year, the exports were sent to Afghanistan and the Government of Pakistan enacted a minimum export price of US $425 per metric ton.
        - Because of rising international sugar prices, Pakistani sugar was exported sugar commercially at higher levels without utilizing an export subsidy.
        - For MY 2017/18, the inter-ministerial Economic Coordination Council published an export quota of 500,000 MT, but has not announced an export subsidy.

- Imports
    - Import Duty
        - The GOP maintains a 15% regulatory duty on raw sugar imports, a 15% general sales tax, and a 1% excise duty.
        - As of April 2021, and to facilitate the availability of sugar to end users, the GOP has eliminated all duties on sugar imports.
    - Import Tariff
        - As of April 2018, the import tariff on sugar is set at 40%.
- Growing Stocks – September 2016
    - Increased sugar production is expected to push stocks to nearly 2.0 MMT; 750,000 MT to 1.0 MMT above ending stock levels observed during recent years.
    - Barring a significant increase in world sugar prices that would make Pakistani exports price competitive, millers are expected to face the difficult situation of purchasing the record supply of cane at a high public support price while sugar sales are limited to the domestic market.
    - With the aid of a $40 import tariff, sugar in Pakistan is priced well above the international market.
    - While domestic sales may be remunerative, unless the government announces another export subsidy, mills may face the cost of carrying large stocks of unsold sugar, a prospect that could inhibit their ability to pay farmers for their cane.
    - At this stage (as of September 30, 2016), it is too early to predict whether the government will establish an export subsidy. During the past two marketing years, that decision was made in December or January.

- Prices
  - Indicative Price
    - The GOP supports cane production by setting an indicative price, which is announced either before or after planting.
    - The federal government generally does not procure cane although it authorizes provincial governments to fix respective cane prices after consultation with sugar industry and farmer organizations representatives.

Pakistan: Sugar Cane Indicative Prices by Province				
Year	**Punjab**	**Sindh**	**KPK**	**Baluchistan**
	Rs. Per 40 kg			
2003-04	40	41	42	43
2004-05	40	43	42	43
2005-06	45	58	48	-
2006-07	60	67	48	-
2007-08	60	67	65	-
2008-09	80	81	65	-
2009-10	100	100	100	-
2010-11	125	127	125	-
2011-12	150	152	150	-
2012-13	170	172	170	-
2013-14	170	172	170	-
2014-15	180	182	180	-
2015-16	180	182	180	-
2016-17	180	182	180	-
2017-18	180	182	180	-

Source: Provincial Agriculture Departments and PSMA

  - Market Prices
    - The market price of sugar during 2013/14 is expected to hover around Rs. 53 per kilogram (US $505/ton).
  - Support Prices
    - MY 2008/09
      - The minimum support price ranged from Rs. 80/40 kg to Rs. 81/40 kg.
    - MY 2013/14
      - During the MY 2013/14 crushing season, the provincial government of Punjab and Khyber Pakhtunkhwa (KPK) maintained the previous year's sugarcane support price of Rs. 170 per 40 kilograms (US $43/ton), whereas, Sindh announced a price of Rs. 172 per 40 kilograms (US $44/ton).

        - This is a 13% increase from last year's price due to increase in inputs due to a depreciating rupee.
    - MY 2014/15
        - The minimum support price (MSP) announced for Punjab and Sindh is Rs. 180 per 40 kg (US $43.3/ton) and Rs. 182 (US $44/ton), respectively.
    - MY 2015/16
        - The minimum support price (MSP) remains the same as MY 2014/15.
        - The minimum support price (MSP) announced for Punjab and Sindh is Rs. 180 per 40 kg (US $43.3/ton) and Rs. 182 (US $44/ton), respectively.
    - MY 2017/18
        - The minimum support price (MSP) remains the same as MY 2014/15 and MY 2015/16
        - The minimum support price (MSP) announced for Punjab and Sindh is Rs. 180 per 40 kg (US $43.3/ton) and Rs. 182 (US $44/ton), respectively.
        - Buyers and sellers will occasionally work out sales at below-minimum support prices if both parties agree.
    - MY 2020/21
        - The MSP increased from Rs. 10 ($.065) per 40 kg of cane to Rs. 200 ($32.47/ton), and for Sindh Rs. 202 per 40 Kg ($32.79/ton).
        - Sugar prices have risen 60% in the last two years, mainly due to GOP pricing policies that kept the MSP high for producers but prices low for consumers.
        - As a result, the government has eliminated sugar duties and imports more sugar to free up supplies and control prices.
- Subsidies
    - Freight Subsidy
        - Sugar exports are contingent on government intervention of providing inland freight subsidies of Rs. 175 per kilogram (US $18/MT) for the export of sugar.
    - Sugar Export Subsidy
        - 2014/15
            - In 2014/15, the government set a subsidy of $100 per MT that led to a fully subscribed quota of 500,000 MT.
        - 2015/16

- On December 7, 2015, the Government of Pakistan approved a sugar export subsidy of $124 per metric ton to cover exports of up to 500,000 metric tons through March 31, 2016. Pakistan's domestic sugar market is protected by a 40% tariff and domestic prices are well above international prices.
- The subsidy is designed to reduce stocks, improve cash flow for sugar mills, and facilitate payments from mills to farmers.
- Actual exports are expected to near or reach 500,000 metric tons bringing the total cost of subsidies to $60 million.

▪ 2016/17
- If the flow of cash to the mills is poor and delays payments to farmers, pressure for a 2016/17 export subsidy may mount.
- For now, it has been opted to forecast exports at zero given the disparity between Pakistani prices and international prices.

▪ 2017/18
- A freight subsidy will be available for the full quota amount (2 million metric tons). The subsidy is up to US $97 per metric ton (Rs. 10.7 per kg). This subsidy raises the possible total expenditures for sugar export subsidies to US $194 million

▪ 2018/19
- No change to the freight subsidy of up to $97 per metric ton.

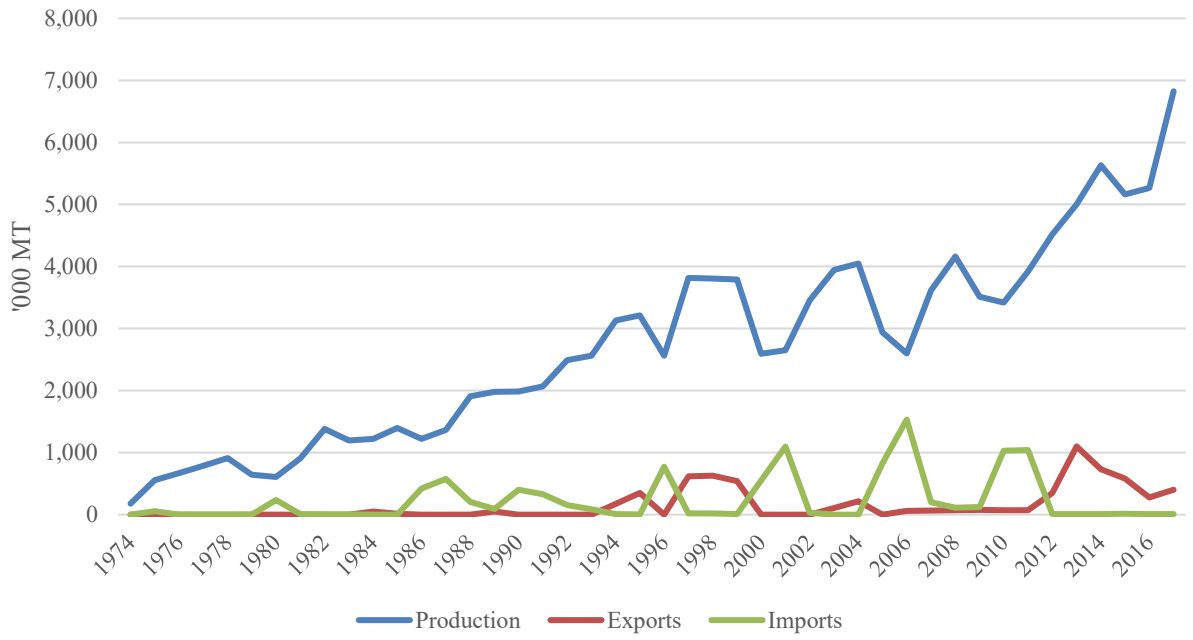

Figure 19. Pakistani Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1974-2017. Source: USDA. (USDA begin in 1974).

- Key Policies**:**
  - Pakistan has an average applied tariff for the HS17 category of 15% according to the WTO; but, the general duty on sugar imports was set at 40% in April 2018 along with a 15% regulatory duty, a 15% general sales tax, and a 1% excise duty on raw sugar imports.
  - Pakistan subsidizes sugar exports. The government set a minimum export price of $425/ton and operated an export quota which was expanded to 500,000 MT in 2017/18 and provides an inland freight subsidy of $97/MT for sugar exports.
  - Pakistan sets a minimum support price for cane producers, which was $43-$44/ton for 2017/18. Provincial governments set processor prices for sugar.
  - Provincial governments also support sugar research and development, farmer training, and new technology transfer.

Wheat

- Exports
  - Afghanistan 2017
    - As of late 2017, Afghanistan is one of Pakistan's biggest and most reliable importers.
    - This is most likely a result of close relationships of traders on both sides of the borders.
    - With recent closing of Pakistan and Afghanistan borders as well as the high price of Pakistani wheat, the amount of wheat being exported to Afghanistan is decreasing.
    - Sources calculate about 400,000 MT of wheat is exported to Afghanistan and 600,000 MT total exports.
  - Export Ban
    - The Government of Pakistan lifted its ban on the export of wheat in December 2010 and allowed private sectors to export wheat.
    - The government has also announced there will be no ban on the export of wheat during the 2011 procurement season.
  - Export Subsidies
    - The federal authorization for wheat export subsidies expired in July 2015. The subsidies were not large enough to generate commercial interest in Pakistani wheat markets other than Afghanistan.
    - Talk of government-to-government deals with regional markets arises occasionally, but at this stage there do not appear to be any concrete deals in the offering.

        - August 2016
            - The Government of Pakistan has also allowed exports of up to 900,000 metric tons of wheat with an export subsidy of $120 per ton as of August 29, 2016.
            - The cost of the subsidy will be shared by the federal and the provincial governments of Punjab and Sindh, the two main wheat producing provinces.
        - 2018
            - As of March 2018, it has been announced the federal and provincial governments will provide an export subsidy in efforts to offset the price of up to 2.0 million metric tons (1.5 million metric tons in Punjab and 500,000 metric tons is in Sindh).
            - The subsidy is up to US $159 per metric ton and will be in effect until June 30, 2018.
            - If all 2 million metric tons are exported and the full subsidy is given, the total cost of the export subsidy would add up to US $320 million).
- Import Tariff
    - Bound Tariff Rate
        - Current as of April 2017, the bound tariff rate for wheat is 150%.
    - Import Tariff
        - The Government of Pakistan has increased the tariff on wheat imports from zero to 20%. The increase is well below Pakistan's bound tariff rate of 150% for wheat.
        - As of June 2017, the import tariff is 60%.
    - Isolation
        - Because Pakistan maintains high tariff rates and high domestic prices, it's isolating itself from the international wheat market.
        - The Pakistani domestic market is shielded from imports by a 60% regulatory duty.
        - Because of these trade barriers, it is not expected that Pakistan will be importing a sizeable amount of wheat.
    - Regulatory Duty – August 2016
        - On August 29, 2016, the Government of Pakistan announced an increase in the "regulatory duty" for wheat imports from 40% to 60%.
        - The move is aimed at shielding the large supply of domestic wheat from cheaper imports.

        - While "regulatory duties" are considered temporary, it is not clear when the tariff, which falls within Pakistan World Trade Organization bound rate, will be lifted.
        - Given the significant price disparity between Pakistan's domestic wheat prices and international prices, the duty likely to be in effect for the foreseeable future.
- Prices
    - Market Price
        - Current internal market prices in Pakistan are around $320/metric ton.
    - Procurement Price
        - Grain stocks are procured and maintained by the provinces through the Pakistan Agricultural Storage and Services Corporation (PASSCO).
        - The government wheat procurement storage and distribution system is financed through borrowed money from commercial banks.
        - MY 2013/14
            - The procurement price during MY 2013/14 was Rs. 1,200 per 40 kg (US $312/ton).
        - MY 2014/15
            - The Government of Pakistan has maintained the procurement price for current year's crop at last year's level, Rs. 1,200 per 40 kilograms (US $312/ton).
        - MY 2016/17
            - As of September 30, 2016, the Government of Pakistan has not announced a revised wheat procurement price.
            - At $300 per metric ton, the procurement price and the effective floor price that it creates in the commercial marketplaces Pakistani wheat among the most expensive in the world (as of Sept. 30, 2016).
            - As of December 2016, the government has kept the procurement price for the 2016 wheat harvest unchanged from 2015 at Rs. 1,250 per 40 kg (US $300 per MT).
            - While Pakistan's wheat will continue to be quite expensive relative to the international market, the decision should keep local wheat from becoming dearer still.
        - MY 2017/18
            - As of June 2017, the procurement price for wheat is US $310 per metric ton.
    - Support Price

        - The government controls the market for wheat in Pakistan through a minimum guaranteed support price and an issue price for wheat sold to flour mills.
        - MY 2015/16
            - The Government of Pakistan has announced an 8% increase in the wheat support price, fixing it at Rs. 1,300 per 40 kilograms (US $318 per metric ton) effective April 1, 2015.
            - This is the first support price increase in two years.
        - MY 2017/18
            - For MY 2017/18, the support price is set at US $310 per metric ton.
            - This makes Pakistani wheat some of the most expensive globally.
        - MY 2018/19
            - As of December 2017, it is expected the procurement price for the MY 2018/19 crop will be set at US $310 per metric ton.
- Procurement Target 2011/12
    - The government has fixed a procurement target of 6.57 MMT for MY 2011/12. The cost of purchasing the target volume at the procurement price is nearly $1.8 billion.

RUSSIA

General

- Charter on Grain Turnover
  - Some of the top 23 traders of Russian grain voluntarily signed the "Charter on Grain Turnover" in May 2017.
  - This Charter lays out the process of received reimbursement for VAT on exported agricultural products.
  - The companies that are eligible for this reimbursement are companies that purchase product for export.
  - The refund amount is 10%.
  - Agricultural producers do not typically pay a VAT, but pay a "Unified Agricultural Tax" (UAT).
  - Grain traders fear this discrepancy allows "gray schemes." The amount of firms created to create a "chain-resale" of agricultural products to receive the refund has grown quickly.
  - The countries who signed the Charter have agreed to not partake in tax-avoidance schemes and to avoid cooperation with dishonest firms that are gaining a comparative advantage through the use of illegal VAT refunds.
  - The countries who signed the Charter aim to purchase agricultural products directly from farmers, processors/commissioning firms, and honest market participants.
  - Any violations of the Charter will be sent to industry unions of the National Association of Exporters of Agricultural Products (NAEAP) "for subsequent adoption of measures aimed at preventing such violations in the future."
- Construction and Modernization of Subsidies
  - On March 30, 2016, the Government of Russia (GOR) signed Order No. 540-p on distribution of 8,954.7 billion rubles among provinces for partial compensation of direct expenditures for construction or modernization of agroindustrial facilities, as well as for purchasing machinery and equipment.
  - The subsidies will be distributed to the following sectors:
    - Fruit storage facilities (812.4 million rubles)
    - Vegetable and potato storage facilities (275.59 million rubles)
    - Greenhouses (3,039.14 billion rubles)
    - Dairy farms (4,022.36 billion rubles)
    - Genetic centers in livestock and plant breeding (378.6 million rubles)
    - Wholesale distribution centers (426.44 million rubles)
- Corn and Soybean Import Duties Lifted

    - Import duties for corn and soybeans were lifted in 2005 for an unspecified period of time.
    - These commodities serve as main ingredients for the poultry and pork industries.
- Credits for Agricultural Producers
    - On December 29, 2016, GOR approved Resolution #1528 by which, starting from January 2017, the government will provide subsidies to banks which provide short-term and long-term loans to agricultural producers at the government-fixed 5% interest rate.
    - The new rules aim at improving the financial performance of agricultural businesses by changing the existing model of interactions between the government, banks, and producers.
    - The measure is aimed to increase access of agricultural enterprises to credits and lower the financial burden on agricultural producers.
    - The rules will stimulate banks to offer up to 1 billion ruble loans for one year for operational needs of crop, livestock, and dairy farmers, as well up to 10 billion ruble long-term loans for investment projects, both at 5% maximum interest rate.
    - Long-term subsidized loans for creation and modernization of storage facilities for potatoes, fruits, vegetables, grain seeds are planned for a loan tenure from 2 to 8 years.
    - Per the resolution, the GOR commits to reimburse the difference between the 5% interest rate and the interest rate which corresponds to the bank's requirements for credit approval.
- Declining Federal Support
    - The Government of Russia has reported that federal support for agriculture will decrease from 237 billion rubles in 2016 to 215.9 billion rubles in 2017, and is planned to decrease further to 198 billion rubles in 2018 and 194 billion rubles in 2019.
    - In 2017, the government consolidated agricultural support programs, and there is no official budget data on the financing of decoupled support programs in agricultural land.
    - The plan for 2017 allocates 36.67 billion rubles in support of plant production. Of this 2017 allocation, producers of grain, oilseeds, sugar beets, other so-called technical crops, potatoes, and open-air vegetables may receive 11.34 billion rubles total in the form of decoupled support.
    - In 2016, financing of decoupled support from the federal budget was 23.04 billion rubles.
    - The government amended the requirements for those farms that may apply for decoupled support. Among the amended requirements includes:

        - The Ministry of Agriculture plans to change the basis for subsidies. If in 2016, 60% of a subsidy depended on sown area, and 40% depended on the intensiveness of the use of arable land and soil fertility, in 2017 the major portion of subsidy will depend on sown area and soil fertility, and the smaller portion on intensiveness of use of arable land.
        - The GOR added the production of planting seeds of corn, sugar beets, and sunflower seeds to special sub-directions of decoupled support, which included in 2016 production of seed potatoes and planting seeds of open-air vegetables and production open-air vegetables. The actual decoupled support of producers of grains and pulses, except producers of planting seeds of corn, will be negligible.
- <u>EAEU Free Trade Agreements</u>
    - On May 29, 2015, the Armenia-Belarus-Kazakhstan-Russia Eurasian Economic Union (EAEU) signed a free trade agreement with Vietnam and Kazakhstan.
    - In October 2019, the EAEU signed free trade agreements with both Serbia and Singapore.
    - In April 2020, the treating with Armenia to the EAEU has added a 5-15% import tariff on some items, including rice, grains, vegetable oils and other food stuff items for Armenia and Kyrgyzstan. These tariff changes go into effect January 1, 2021.
    - Between November 2020 and July 2021, EEC Council decision No. 17 reduced the number of developing countries that have access to the 25% import tariff discount for exports of some ag products to the EAEU under its system of tariff preferences. This applies to meat, fish, fruit and vegetables, and became effective as of October 12, 2021.
- <u>Elite Seeds Program</u>
    - The federal government subsidizes seed breeding (Elite Seeds Program), but the reproduction of these seeds and their commercialization is not supported by the government.
- <u>Energy Subsidies</u>
    - Subsidized agricultural energy includes items such as fuel for machinery and natural gas.
- <u>Fertilizer Price Influence</u>
    - The government influences the level of fertilizer prices for farmers through a mechanism of voluntary agreements with major chemical fertilizer producers.
    - In accordance with the order of the Government of the Russian Federation of January 1, 2013, the "market principle of pricing" for the supply of mineral fertilizers to domestic agricultural producers is applied.

- Producers set domestic prices (excluding VAT, packaging, logistics, and distribution costs), taking into account the global market situation.
- In 2016, to ensure the availability of mineral fertilizers for agricultural producers in Russia and to increase the volume of fertilizer supply to the domestic market, the Ministry of Agriculture and Ministry of Industry and Trade of the Russian Federation and the Russian Association of Fertilizer Producers (RAPU) developed and introduced a series of mechanisms to curb the growth of mineral fertilizer prices to domestic agricultural producers.
- The mechanism is fixed in the Agreement on Cooperation between the RAPU and Rosagropromsoyuz, which represents the interests of "large" Russian agricultural producers.

- Government Support For Agricultural Producers 2018
  - For 2018, the Government of Russia is providing agricultural producers with financial support. Similar to 2017, the total financial support is 242 billion rubles (US $4.2 billion). The allocation of the support package includes 52.5 billion rubles for subsidizing the interest rate on investment loans, 49.7 billion rubles for soft credit, 39 billion rubles for regional subsidies, 2 billion rubles to support for replacement of agricultural machinery, and a few other causes.
- Grain Export Ban 2011
  - Russia banned all grain exports until July 1, 2011.
- Grain Imports
  - Russian imports of grain have been hampered by changes in grain quality certification.
  - Trade has been disrupted by the strengthening of phytosanitary control over grain and grain products.
- Grain Interventions
  - Russia's support of grain production is from grain interventions, in which grain is purchased into a fund if market prices for farm products drop lower than the predetermined level.
  - Grain is sold out of the fund if there is a shortage on the market or if market prices exceed the predetermined level.
  - Budgetary constraints limit the ability for direct subsidies or other forms of support.
  - MY 2018/19
    - The government has established the wheat intervention prices for MY 2018/19. Overall, the prices are, on average, around US 420-28 lower than the prices in MY 2017/18.
    - Wheat intervention prices have been set at:
      - 3rd class milling wheat: 8,600 rubles (US $155) per MT

        - 4th class milling wheat: 7,600 rubles (US $132) per MT
        - 5th class milling wheat: 6,400 rubles (US $111) per MT
    - The intervention prices for corn has been set at 7,100 rubles (US $123) per MT.
    - The intervention price for both wheat and corn are CIP local elevator and VAT inclusive.
    - Although intervention prices have been set, it has not been announced if and when the government will employ the intervention prices.
- Grain Transportation Subsidies
    - In late 2017, the Russian Government established decree No. 1595 setting transportation subsidies for grains.
    - These subsidies will be active from December 21, 2017 through June 30, 2018.
    - This decree sets aside a total of 2.99 billion rubles from the Federal Budget to cover the transportation costs for up to 3.181 MMT of wheat, barley, and corn from 13 different regions including the Central, Volga, Ural, and Siberia Federal Districts.
    - The overall objective of this decree is to help facilitate an increase in grain exports, even out domestic prices, and to further back the profit margins of agricultural producers.
- Import Ban
    - Decree No. 293 was signed into effect on June 30, 2017, by President Putin extending the import ban on agricultural products from countries who have instituted applied economic sanctions against Russia, including the United States, until the end of 2018.
    - The purpose of the ban is to protect Russian national interests.
    - On June 24, 2019, GOR updated decree No. 293 extending the ban until the end of 2020.
- Laws and Policies
    - Federal Law #520-FZ
        - On December 30, 2020, the GOR approved Federal Law #520-FZ, which amends the previous Federal Law "on grain" This legislation establishes the Unified State Traceability System for Grain and Grain Products, which will come into force January 2022. (no specific grain is listed but it is assumed all are included).
        - Primary goal of the 'track-and-trace system' is to enhance Russian grain quality and to track its life cycle from production to release into circulation.
        - Inaccurate information entered into the system by any participant will cause administrative liability fees to be assessed to the participant.

- Production Support
    - The Russian Government remains committed to increasing production by increasing credit and subsidizing crop inputs, as well as offering a special machinery leasing fund.
    - Implementation of these programs depends on the federal budget allocation to agriculture.
- Seed Subsidies
    - While no prescribed rules govern seed subsidies, many local jurisdictions offer credit for seed purchases, sell seeds below their commercial price, or cover a portion of seed treatment expenses.
- Tariffs
    - On August 28, 2018, the Eurasian Economic Commission (EEC) published Decision 141, which established tariff rate quotas (TRQs) and respective volumes for imports of meal, poultry, and whey into the Eurasian Economic union (EAEU).
        - Does not specify country-specific allocations for Russia.
        - The 2019 volumes for Belarus and Kazakhstan remain unchanged from 2018, while the Kyrgyz Republic will increase access for beef.
        - No TRQs were established for Armenia since it has lower WTO bound tariff rates than the EAEU TRQ rates and has negotiated increases through 2022.
        - TRQ allocations will begin officially September 30, 2018.
    - Preferential Tariffs for Rail Transportation
        - The government established preferential tariffs for rail transportation of grain to drought-affected regions in 2010 from the South (coefficient is 0.5) and from Siberia (coefficient is 0.3).
        - These preferential tariffs are effective until July 1, 2011.
        - On October 1, 2017, the Russian railways announced a rail tariff reduction of 10.3% for grains being transported from Voronezh, Orel, Tambov, Orenburg, Saratov, Novosibirsk, and Omsk oblast through June 30.
- Trade Barriers
    - Beginning in August 2014, Russia banned many US agricultural products imported from the US, Canada, the EU, Australia and Norway as a result of the economic sanctions placed against Russia. At various times, the ban was expanded to include additional products primarily focusing on food items.
    - In mid 2020, the ban was again extended to include addition seeds, including corn and other seed for sowing.
    - In December 2020, an additional TRQ of 17.5 million tons was introduced on grains, including wheat, rye, barley and corn, for February 15, to June 30, 2021.

- Decree 33 increased the within-quota export duty on wheat from March 1 to June 30 from 25 to 50 euros/ton and the within-quota export duty on corn and barley from zero to (25 euros/ton and 10 euros/ton, respectively) from March 15 to June 30,2021.

Biofuels

- There is no information to report for biofuels.

Biotechnology

- Imports
  - As of December 2016, there currently is no ban on the registration of GE crops/lines/traits for imports for food and feed. However, Russia does not permit the importation of GE planting seeds.
- Policy
  - Federal Law 358-FZ
    - On July 3, 2016, President Putin signed Federal Law 358-FZ "on amendments to certain legislative acts of Russian Federation concerning improvement of the state regulation in the sphere of genetic-engineering activities." These amendments:
      - Prohibit cultivation of genetically engineered plants and breeding of genetically-engineered animals on the territory of the Russian Federation
      - Strengthen state control and monitoring of processing and imports of GE organisms and products derived from such organisms and set penalties for violations of this federal law.
      - Genetic engineered plant seeds are banned from being imported except in the course of expert examination and research activities.
      - Genetically engineered plants cannot be grown except in the course of expert examination and research activities.
  - Resolution 548
    - On June 16, 2014, the Russian Government issued Resolution No. 548 that delayed the start of registration of GE crops for cultivation in Russia until July 1, 2017. This delay will likely postpone the implementation of GE crops in Russia until 2023-2024.
    - The decision of Resolution No. 548 does not affect the exportation of GE goods to Russia for use as food or feed.
    - Registration of GE crops and products for use for food or feeds is allowed and continues in accordance with the Russian regulation.
  - Resolution 770

        - In June 2017, the Russian Government issued the resolution to continue the ban on cultivation and breeding of GE plants and animals per Federal Law No 358 of June 2016. Imports permitted, but there are no guidelines for registering GE feed use.
        - In July 2018, the Ministry of Agriculture published the first draft of proposed methodological guidelines for review, but it was superseded by a December 2018 version of safety guidelines for GE organisms.
- Trade Barriers
    - As of December 2016, Russia bans the cultivation of GE crops, and this impedes US exports of planting seeds and crops, such as soybeans, rapeseed, sugar beets, and corn.
    - Order #160
        - On March 27, 2020, Russia's Minister of Agriculture signed the order which establishes a process for registering GE events for feed use, making it possible for them to be imported after registration. Per Federal Law No. 358-FZ of July 2016, Russia continues to ban cultivation and breeding of GE plants and animals, as well as the import of GE planting seeds.
        - In October 2020, the MOA added legislation to extend the suspension of the ban on these products until January 1, 2022. Soybeans, soybean meal, and corn are not currently on the list of banned products.
        - In addition, the guidelines do not include provisions that allow for registration of any stacked events. Applicants are then obligated to repeat all the studies conducted on each single event contained in the stack.

Corn

- Planting Seed Support
    - The support of development of planting seeds of corn will not come into effect in MY 2017/18, and corn producers will continue depending on imported planting seeds of corn.
- Prices
    - Procurement Prices
        - On March 31, 2014, the procurement price was set at 5,600 rubles per 1 MT and on December 22, 2014, the procurement price remained the same for the 2014 corn crop.
        - On March 31, 2015, the procurement price was set at 6,900 rubles per 1 MT and remained the same on October 5, 2015 for the 2015 corn crop.
        - For the 2016 crop, the procurement price was set at 7,900 rubles per 1 MT.

        - The proposed procurement price for corn for MY 2017/18 is 7,900 rubles per 1 MT. This price has not yet been approved by the Russian government. See Procurement Prices under wheat for more information.
- Production Subsidies
    - In April 2017, the Ministry of Agriculture forecast that the rates of federal subsidies for production of planting seeds of corn will be 32,700 rubles per hectare for parent forms of hybrids, and 10,100 rubles per hectare for planting seeds of first generation of hybrids.

Cotton

- There is no information to report for cotton.

Rice

- Imports
    - Rice is the only grain imported in significant quantities.
    - Import Ban 2006
        - In December 2006, Russia placed a ban on all rice imports from all countries.
        - The resumption of imports was linked to the equipping of inspection points with modern equipment that can better test quality and safety of rice.
        - The move demonstrated the power of the Russian Federal Veterinary and Phytosanitary Surveillance Service (VPSS) to control the trade of grain products.
    - Import Tariff
        - The rice import tariff is 0.07 euros/kg (US $4.11/cwt).
- Tariff Quotas for Rice Imported from Vietnam
    - In accordance with the EAEU agreement with Vietnam on the Free Trade Zone, Russia drafted GOR Resolution on the Distribution of Volumes of tariff quotas for certain types of long grain rice imported from Vietnam.

Sorghum

- There is no information to report for sorghum.

Soybeans

- Decreases In Export Duties
    - August 4, 2016

        - Government Resolution No. 786 of August 4, 2015, called for decreases in export duties on certain types of fish, seafood, oilseeds, wood products, and some other non-agricultural products in accordance with Russia's WTO Commitments.
        - The export duty on soybeans will decrease from 6.67%, but not less than 11.67 euro per 1 metric ton, to zero. This duty was effective from September 2014 through August 2014.
        - Before the decrease, the export duty was 13.33% but not less than 23.33 Euros/MT from September 2013 through August 2014.
    - August 15, 2016
        - Government Resolution No. 797 of August 15, 2016, called for decreases and lifting of export duties on certain types of fish, seafood, oilseeds, wood products, and some other non-agricultural products in accordance with Russia's WTO commitments.
        - The lifting or decrease in duties will be effective September 1, 2016.
        - The export duty on soybeans (HS codes 1201.10.000.0 and 1201.90.000.0) were decreased to zero from September 1, 2015.
        - The resolution confirmed the status of soybean exports as "duty free."
- Imports
    - Actual imports of soybeans are currently restricted by SPS requirements and unsettled GMO registration procedures.
    - It is expected that soybean imports would increase significantly when these SPS issues are resolved.
    - Import Duties
        - Import duties were suspended for soybeans in the same resolution that lifted duties for corn.
        - The official import duty is 5%.
- Subsidies
    - Interest Rate Subsidies
        - As of March 2017, to some extent agricultural producers of oilseeds may rely on interest rate subsidies.
        - The new mechanism for interest rate subsidies became available in early 2017.
        - The government will subsidize the banks directly, and the banks will provide credits to farmers at the 5% interest rate.
        - Previously, farmers had to obtain loans at commercial interest rates and were later reimbursed by the state.
        - At the end of January 2017, the Ministry of Agriculture signed agreements on the new scheme of government interest rate subsidies with six banks,

but industry analysts report of significant delays in financing with this scheme.

Sugar

- Government Support
  - Because the Russian government cannot offer significant support to the industry, it assists the industry primarily through border measures.
  - The GOR actively regulates sugar supplies by means of:
    - Import duties for raw cane sugar
    - Quotas for white beet sugar originating from Belarus.
    - As an additional measure of sugar market regulation, the GOR sells sugar from the state reserves at auctions; the GOR planned to auction 300,000 MT of sugar in 2011.
- Imports
  - Russia is the world's largest sugar importer.
  - Agreement on the Free Trade Zone
    - In accordance with the Agreement on the Free Trade Zone (which includes nine Former Soviet Union countries except Georgia, Azerbaijan, Turkmenistan, and the Baltic Republics) of October 18, 2011, Russia can import sugar, duty-free, from all these countries except Ukraine.
    - Imports of white sugar from Ukraine (HS Code 1701.99.100) to the Republic of Belarus, Republic of Kazakhstan and Russian Federation is subject to an import duty of US $340 per kilogram. This import duty will be in effect until some date in the future that will be "agreed upon on by mutual consent."
    - Ukraine will apply a 50% import tariff on white sugar (HS Code 1701.99.1000) imported from Belarus, Kazakhstan, and Russia for the period "agreed upon on mutual consent."
    - As of April 2017, no agreement on this issue has been reached.
    - As of April 2018, an agree has still yet to be reached.
  - Import Duties
    - 2011
      - In January 2011, the Russia-Belarus-Kazakhstan Customs Union Commission decided to temporarily lower the import duty for raw sugar from US $140/MT to US $50/MT in the period March 1, 2011 to April 30, 2011.
    - 2013
      - Beet sugar originating from Ukraine will not be subject to import duties beginning January 2013.

- 2016
    - In accordance with the current procedures, the import duty on raw sugar in the countries of the Custom Union in April 2016 will be US $240/metric ton.
    - The rate of import duties will be down US $227 per metric ton.
    - The rate of import duties on raw sugar varies on the range of US $140-$260 per metric ton.
- 2017
    - The import duty on raw sugar in the countries of the Customs Union in February 2017 was US $250/MT. The rate of import duties on raw sugar varies in the range of US $140-260 per 1 MT.
    -
- Variable Scale of Import Duties
    - The variable scale of import duties was adopted by the GOR in 2004 and is a unique tool which allows for smoothing sharp fluctuations in the price of sugar in the world market.
    - 2016
        - In April 2016, the average world price of raw sugar on the New York Mercantile Exchange ICE was US $449.87/MT.
        - In accordance with the current procedures, the import duty on raw sugar in the countries of the Custom Union in April 2016 will be $240/metric ton.
        - The rate of import duties will be down $227 per metric ton.
        - The rate of import duties on raw sugar varies in the range of $140-$260 per metric ton.
    - 2017
        - In accordance with the current procedures, the import duty on raw sugar in the countries of Customs Union in February 2017 was US $250/MT.
        - The rate of import duties on raw sugar varies in the range of US $140-260 per 1 MT.

- Prices
    - Average Producer Price
        - MY 2015/16: 3,000 rubles/MT
        - MY 2016/17: 2,700 rubles/MT
    - Average Retail Prices
        - December 2016: 52.2 rubles/kg, 7% lower than the same period in 2015.
    - Domestic Price
        - April 2017: US $535/MT

- Wholesale Prices
  - July 2016: 40.8 rubles/kg
  - January 2017: 30.0 rubles/kg
  - February 2017: 30-31 rubles/kg

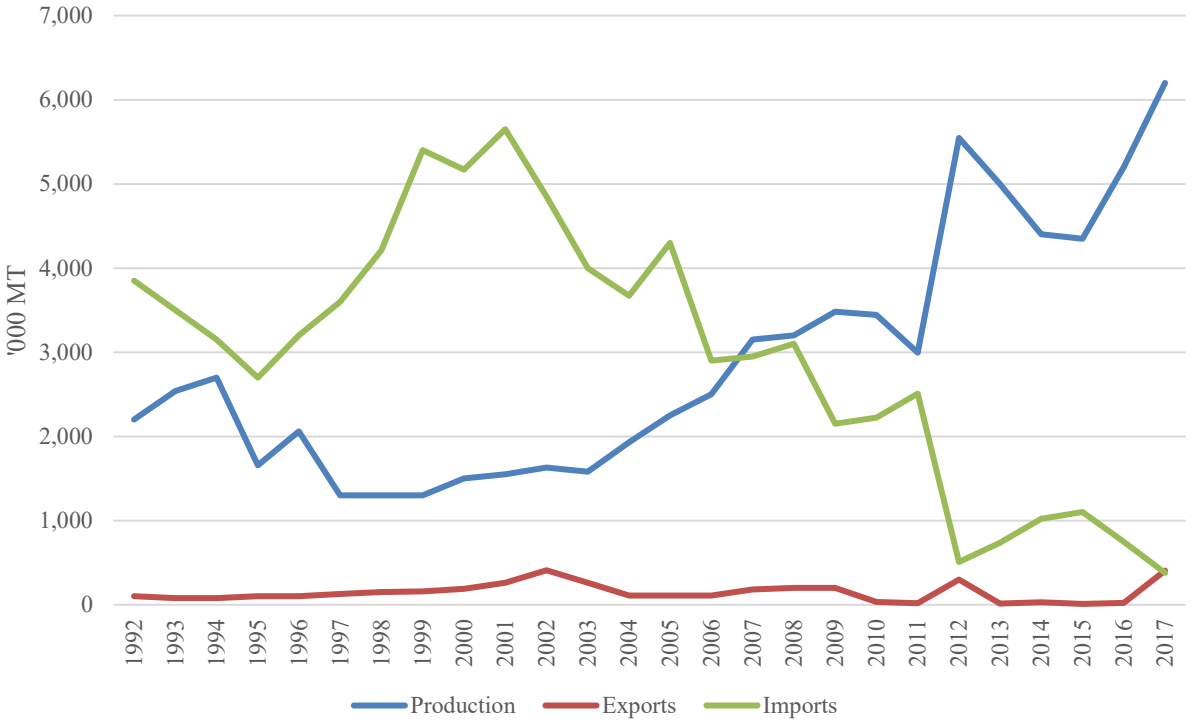

Figure 20. Russian Federation Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1992-2017. Source: USDA. (USDA data begin in 1992).

- Key Policies**:**
  - Russia had been a major sugar importer, but government programs to increase sugarbeet planting resulted in a sharp rise in Russian sugar production over the past decade.
  - Russia's limited budget means that almost all sugar policy is based on import tariffs. As of 2017, Russia maintained a $250/MT duty on sugar imports from inside the customs union.
  - Russia maintains a system of subsidized interest rate loans to agricultural producers through commercial banks.
  - Russia provides seed, fuel, fertilizer, and machinery subsidies.[12]

Wheat

- Egypt

[12] https://www.agroinvestor.ru/technologies/news/31349-kuban-oplatit-70-zatrat-na-semena-sakharnoy-svekly/

- In August 2016, Egypt strengthened control over import wheat and resumed its requirement for zero ergot wheat. This requirement and tightened phytosanitary control actually suspended all wheat exports to Egypt, including Russia.

- Exports
  - 2008/09
    - In 2008/09, Russia had been expanding grain shipping and port capacity in an effort to boost exports.
  - Export Duty 2016
    - On September 26, 2016, the Russian government decreased the wheat export duty to zero through Government Resolution No. 966.
    - According to this resolution, the basic export duty, which is "50 percent minus 6,500 rubles per 1 metric ton, but not less than 10 rubles per 1 metric ton" is not changed.
    - The deductible portion of the wheat export duty was raised from 5,500 rubles to 6,500 rubles per 1 MT and the minimum amount of duty was decreased from 50 rubles to 10 rubles per 1 MT.
    - The duties placed on durum wheat and wheat planting seeds were lifted.
    - During the period of September 23, 2016 to July 1, 2018, the export duty on wheat exported from Russia will be zero.
    - These measures were aimed to stimulate grain exports and support domestic grain prices.
    - According to industry analysts, at the present contract prices for wheat and the current exchange rate, the export duty on wheat was only 10 rubles per 1 MT.
      - At this level the export duty did not play a significant role on export prices, but it prevented some traders from concluding long term, wheat export contracts.
    - According to the Russian Minister of Agriculture, in situations where the US Dollar is strong and Russia has a bad wheat crop, Russia may return to charging the wheat export duty.
  - Export Duty Decrease 2016
    - Government Resolution No. 966 of September 26, 2016 "On introduction changes into export customs tariff rates of commodities, exported from the Russian Federation outside of boundaries of member-states of the Custom Union Agreement."
    - According to this resolution, the basic export duty, which is "50% minus 6,500 rubles per 1 metric ton, but not less than 10 rubles per 1 metric ton" is not changed, however during the period September 23, 2016 to July 1, 2018, the export duty on wheat exported from Russia will be zero.

        - The measure is called to support Russia grain export potential and provide for balanced state of the food market as well as market profitability for the Russian grain producers.
        - The export duty mechanism remains in place in the event it is needed in the future.
    - Export Duty Lifted 2015
        - On May 12, 2015, the Russian Government lifted duties on wheat exports with Government Resolution No. 467. According to this resolution, export duties on wheat, which were in force beginning February 1, 2015, are lifted beginning May 15, 2015.
        - An export duty on wheat in the amount of 15% of custom values plus 7.5 euro, but not less than 35 euro per 1 metric ton was in force since February 1, 2015.
    - Floating Export Duty
        - Beginning July 1, 2015, the floating export duty on wheat was introduced to the government:
            - 50% of customs values minus 5,500 rubles, but not less than 50 rubles per 1 MT.
        - The Russian Government claims this formula will allow for the immediate adjustment of the wheat export duty if the Russian ruble exchange rate plummets.
        - Starting October 1, 2015, amends to the floating wheat export duty put in force July 1, 2015, will take effect. The amendments includes:
            - The increased deductible portion of the wheat export duty from 5,500 rubles (US $83.90) to 6,500 rubles (US $99.10) per 1 metric ton.
            - The minimal amount of the duty is reduced from 50 rubles (US $0.80) to 10 rubles (US $0.15) per 1 metric ton.
            - The government also lifted duties on durum wheat and on planting seeds of other types of wheat.
            - Thus, the export duty on durum wheat and wheat planting seeds will be zero and export duty on other wheat will be calculated as 50% of customs value minus 6,500 rubles, but not less than 10 rubles per 1 metric ton.
- Grain Intervention Fund
    - Over the course of eight trade sessions, the Intervention Fund purchased 177,235 metric tons of grain for 971.37 million rubles (approx. $24 million). This includes:
        - 13,095 metric tons of milling wheat Class 3

        - 25,920 metric tons of milling wheat Class 4
        - 19,575 metric tons of Class 5 feed quality wheat
    - The Ministry of Agriculture ordered that State Intervention Fund grain purchases from the 2016 crop began August 19, 2016. The first purchases will be carried out in Crimea. The grain purchase interventions for the Russian territory are scheduled to begin in September and will be completed at the commodity exchanges ZAO "National Commodity Exchange." The Ministry of Agriculture plans to buy up to 0.6 MMT of grain to the Intervention Fund by the end of CY 2016, and the total purchases in MY 2016/17 may reach 2 MMT.
    - <u>Grain Intervention Prices</u>
        - On March 31, 2015, the Russian Ministry of Agriculture determined the level of the prices for purchasing grain from the 2015 crop for the State Intervention Fund.
        - The Ministry has not determined the date to being the intervention prices and maintains the right to amend the prices if the market changes.
        - The Ministry of Agriculture announced the first purchases of the grain from the 2015 crop for the State Intervention Fund will begin August 18, 2015.
        - Wheat prices are 3-4.5% lower than the current prices by 23.2-26.2%.
        - On October 5, 2015, the Russian Minister of Agriculture increased the level of prices for 2015 grain crop purchases to the State Intervention Fund and made wheat prices equal for all federal districts:
            - The Intervention Fund price for wheat Class 3 was set at 10,900 rubles per metric ton.
            - The price for wheat Class 4 was set at 10,400 rubles per 1 metric ton.
            - The price for wheat Class 5 (feed quality) was set at 8,800 rubles.
        - Government Order 1599-p of July 27, 2016, authorized direct, back-selling of grain from the Intervention Fund. Such sales may be made, without auctions, to those agricultural producers who sold their grain to the Intervention Fund during procurement interventions in MY 2015/16. The back-purchase of intervention grain has been initiated to make room for new Intervention Fund purchases of grain from the 2016 crop. The sale will be conducted during August 2016. The back purchase price is as follows:
            - The back-purchase price for farmers will be the price received when they originally sold the grain to the Intervention Fund, minus storage costs, insurance, and taxes.

        - The Government Resolution No. 1003 of October 5, 2016, amends the rules of purchasing and selling of products (grain and dairy products) to/from the State Intervention Fund.
            - The above amendments come into force on July 1, 2017, and seemingly will not influence rules for grain interventions in MY 2016/17.
            - The major amendment is that producers, who sold their products to the State Intervention Fund, will have the right to buy back their products (grain) from the Intervention Fund, and this operation will be considered as a pledge transaction.
- Import Tariff
    - The import tariff for wheat is 5% of customs values (this import tariff stands for all grains excluding rice).
- Prices
    - Average Purchase Prices
        - The average purchase price for milling wheat class 3 and for feed quality Class 5 remained the same as they were set by the Order of the Minister of Agriculture in March 2014:
            - 6,400 rubles/MT for milling wheat Class 3
            - 6,000 rubles/MT for feed quality Class 5
        - The average purchase price of milling wheat Class 4 was higher than the price specified in the March Order of the Minister of Agriculture by almost 200 rubles in the beginning of Intervention Fund purchases to 6,450 rubles.
    - Target Prices for Procurement
        - MY 2008/09
            - State procurement intervention prices ranged from 2,300 rubles/MT (US $3.38/bu) for No. 3 wheat to 1,800 rubles/MT (US $2.51/bu) for No. 4 wheat.
            - In November and December of 2008, when the Ministry of Agriculture increased Class 3 wheat price from 5,000 rubles to 5,500 rubles (approximately US $200) per MT for all provinces of the Russian Federation, and then raised it to 6,000 rubles (US $218) per metric ton for Ural and Siberian Federal Districts and for Orenburg oblast.
        - MY 2013/14
            - The procurement prices as of March 31, 2014 are as follows:

        - Soft food quality wheat Class 3 (Central, North-Western, Volga Valley, North Caucasus, Southern): 6,750 rubles per MT.
        - Soft food quality wheat Class 3 (Ural, Siberia, Far Eastern): 6,400 rubles per MT.
        - Soft food quality wheat Class 4 (Central, North-Western, Volga Valley, North Caucasus, Southern): 6,450 rubles per MT.
        - Soft food quality wheat Class 4 (Ural, Siberia, Far Eastern): 6,200 rubles per MT.
        - Soft food quality wheat Class 5 (Central, North-Western, Volga Valley, North Caucasus, Southern): 6,100 rubles per MT.
        - Soft food quality wheat Class 5 (Ural, Siberia, Far Eastern): 6,000 rubles per MT.
    - The procurement prices as of December 22, 2014 are as follows:
        - Soft food quality wheat Class 3 (Central, North-Western, Volga Valley, North Caucasus, Southern): 10,000 rubles per MT.
        - Soft food quality wheat Class 3 (Ural, Siberia, Far Eastern): 10,000 rubles per MT.
        - Soft food quality wheat Class 4 (Central, North-Western, Volga Valley, North Caucasus, Southern): 9,300 rubles per MT.
        - Soft food quality wheat Class 4 (Ural, Siberia, Far Eastern): 9,200 rubles per MT.
        - Soft food quality wheat Class 5 (Central, North-Western, Volga Valley, North Caucasus, Southern): 9,000 rubles per MT.
        - Soft food quality wheat Class 5 (Ural, Siberia, Far Eastern): 9,100 rubles per MT.
- <u>MY 2014/15</u>
    - The procurement prices as of March 31, 2015 are as follows:
        - Soft food quality wheat Class 3 (Central, North-Western, Volga Valley, North Caucasus, Southern): 9,700 rubles per MT.
        - Soft food quality wheat Class 3 (Ural, Siberia, Far Eastern): 9,500 rubles per MT.

        - Soft food quality wheat Class 4 (Central, North-Western, Volga Valley, North Caucasus, Southern): 8,900 rubles per MT.
        - Soft food quality wheat Class 4 (Ural, Siberia, Far Eastern): 8,700 rubles per MT.
        - Soft food quality wheat Class 5 (Central, North-Western, Volga Valley, North Caucasus, Southern): 8,600 rubles per MT.
        - Soft food quality wheat Class 5 (Ural, Siberia, Far Eastern): 8,400 rubles per MT.
    - The procurement prices as of October 5, 2015 are as follows:
        - Soft food quality wheat Class 3: 10,900 rubles per 1 MT
        - Soft food quality wheat Class 4: 10,400 rubles per 1 MT
        - Wheat Class 5: 8,800 rubles per 1 MT
- MY 2015/16
    - The procurement prices as of March 18, 2016 are as follows:
        - Soft food quality wheat Class 3: 10,900 rubles per 1 MT
        - Soft food quality wheat Class 4: 10,400 rubles per 1 MT
        - Wheat Class 5: 8,800 rubles per 1 MT
- MY 2016/17
    - On July 19, 2016, the target prices for procurement interventions for the 2016 grain crop were released. For all Russia, the prices were set at the following:
        - Soft milling wheat Class 3 was set at 10,900 rubles per 1 metric ton.
        - Soft milling wheat Class 4 was set at 10,400 rubles per 1 metric ton.
        - Soft milling wheat Class 5 was set at 8,800 rubles per 1 metric ton.
        - Corn Class 3 was set at 7,400 rubles per 1 metric ton.
- MY 2017/18
    - The Ministry of Agriculture underlines that the decision to initiate grain procurement interventions will be taken depending on the situation in the domestic market, and the proposed level of minimum prices will apply only if such a decision is taken.
    - In previous years, the announcement of intervention prices at the end of March worked as the unofficial price target for the market.

- In order to avoid this, the Ministry emphasizes that it is not the price level itself, but the decision to begin interventions that is important.
- According to some industry analysts, given the current grain market situation, the interventions may not start in MY 2017/18. As of April 2017, there is no information on the approval of this order.
- MY 2017/18 is the first year the Ministry announced prices for wheat Classes 1 and 2. In recent previous years, Russian farmers did not produce such wheat, and the reference price, according to the Ministry of Agriculture, may stimulate its production.
- The prices for the 2017 crop have been proposed:
    - Soft food quality wheat Class 1 – 12,500 rubles per 1 MT
    - Soft food quality wheat Class 2 – 11,500 rubles per 1 MT
    - Soft food quality wheat Class 3 – 10,300 rubles per 1 MT
    - Soft food quality wheat Class 4 – 9,000 rubles per 1 MT
    - Wheat Class 5 – 7,600 rubles per 1 MT

SOUTH AFRICA

General

- Policy Changes
  - South Africa has undergone major policy changes since the end of Apartheid.
  - While the major policy changes with respect to agriculture were dominated by an expensive land reforms policy, the government has also implemented major changes in the agricultural economy.
- Tariffs
  - The country opted for import tariffs as a means to control imports and enters into preferential trade agreements with neighboring countries under the Southern Africa Custom Union and outside the region.
  - Under its WTO commitments, all tariffs schedules are below bound rates and the average unweighted tariff was reduced to 9.1%.

Biofuels

- There is no information to report for biofuels.

Biotechnology

- General
  - Since 1997, 23 GE events have received general release approval, and can be used for commercial plantings, food and feed, and are allowed to be imported and exported. The approved events are in corn, soybeans and cotton.
  - As of February 2020, almost 90% of corn, 95% of soybeans and all cotton planted in South Africa is done with the use of GE seed.
  - As of October 2021, South Africa has approved 27 GE plant events for commercial production, including 3 new events for corn, soybeans and cotton. In addition, the production area of the GE commodities is estimated at around 2.8 million hectares. Of these crops planted, 75% are GE corn, 24% are GE soybeans, and 1% is GE cotton.
  - In the past 5 years, they have authorized 42 field trial permits, for different events of soybeans, corn, and cotton.
  - In 2021, South African Sugarcane Research Institute (SASRI) is conducting research into GE sugarcane.
  - In early 2022, South Africa is in the process of setting regulatory policies for NBTs and is considering regulating GE products under its current GMO Act.
  - As of November 2022, South Africa is amongst the top 10 largest producers of GE crops in the world an has approved 27 GE plant events for commercial production of corn, soybeans, and cotton.

- Import Permits
  - As of October 2016, according to the South African regulatory procedures, the application process for commodity import permits requires that the exporting country must have approved the same type and number of GE events that have been approved in South Africa.
- Trade Barriers
  - As of November 2016, DAFF mandates that only approved GE events are allowed in South Africa under the "GMO" Act.
  - According to the South African regulatory procedures, as of November 2016, the application process for commodity import permits requires that the exporting country must have approved the same type and number of GE events that have been approved in South Africa.
  - Differences in the speed of authorizations lead to situations where products are approved for commercial use outside South Africa but not within South Africa.
  - These asynchronous approvals results in severe risks of trade disruption since South Africa only applies only 1% tolerance for the presence of unauthorized (in South Africa) biotech events in food and feed (November 2016).
- Corn
  - As of October 2016, due to the slow pace of approval by the South African government, the United States is still now allowed to export Genetically Engineered (GE) corn to be used for food and feed to South Africa.
  - Although all of the GE events currently (as of Oct. 2016) commercially produced in South Africa was developed in the United States, United States commercial corn cannot be exported to South Africa as South Africa and the United States are not synchronous in terms of certain GE event approvals for corn.
  - On December 5, 2016, the Registrar of the GMO act informed stakeholders that all corn GE events that have been causing asynchrony with the United States have been approved by the Executive Council and invited applications for permits from importers.

Corn

- Imports
  - Import Ban
    - South Africa has banned imports under its SPS regulation for imports of genetically modified corn.
  - Import Duty
    - There has been no import duty on corn since December 8, 2006.
- Prices

- Futures Prices
  - 2017
    - The futures prices for white and yellow corn for March 2017 is as follows:
      - White Corn: R $2,228/ton (US $169/ton)
      - Yellow Corn: R $2,169/ton (US $165/ton)
  - 2018
    - The futures prices for white and yellow corn for January 2018 is as follows:
      - White Corn: R $1,944/ton (US $158/ton)
      - Yellow Corn: R $1,972/ton (US $160/ton)
- Minimum Guaranteed Price
  - South Africa does not provide a minimum guaranteed price for corn.
- SAFEX Prices
  - On a year-by-year basis, white corn and yellow corn prices are down 28% and 21%, respectively.
  - The SAFEX prices for corn (per ton) are shown in the table below:

Table 4: SAFEX prices for corn SAFEX Futures prices (as of 3/11/2014) per ton

Commodity	2014/07	2014/09	2014/12	2015/03	2015/07
White Corn	R $1,660 (US $158)	R $1,695 (US $161)	R $1,738 (US $166)	R $1,768 (US $168)	R $1,837 (US $175)
Yellow Corn	R $1,726 (US $164)	R $1,766 (US $168)	R $1,818 (US $173)	R $1,846 (US $176)	R $1,876 (US $179)

Cotton

- There is no information to report for cotton.

Rice

- Import Duty
  - South Africa is totally dependent on rice imports to meet the local demand as no rice production takes place in the country, due to the high water requirements of the crop. As a result, rice imports are duty free.

Sorghum

- General
  - Over the past ten years, the US has established itself as the major exporter of sorghum to South Africa, where it is mainly used for human consumption, as per November 2023.
- Applied Tariff

- The tariff applied for sorghum is 3%.

Soybeans

- Import Tariffs
  - The general import tariffs on soybean products as of April 2017 is as follows:
    - Soybeans: 8%
    - Soybean Meal: 6.6%
    - Soybean Oil: 10%
  - The tariff rate for the European Union and South African Development Community is 0%.
  - The tariff rate for the European Free Trade Association is:
    - Soybeans: 8%
    - Soybean Meal: 6.6%
    - Soybean Oil: 10%
  - The full rebate on the import tariff of soybeans for the production of biodiesel was approved from July 1, 2009 to June 30, 2011.
  - As of April 2023, the current tariff schedule on soybeans allows tariff-free import from neighboring countries and the EU. It is anticipated with the high production of soybeans and sunflowers, the import will cease in MY 22/23 and 23/24 as domestic supply will meet demand.
- Prices
  - The prices of soybeans, as of July 2014, were R 6,124/ton (US $575/ton).
  - As of July 2014, local soybeans were trading almost 40% higher than a year previous.

Sugar

- Import Tariffs
  - MY 2008/09
    - The sugar tariff was 55c/kg (US $0.25/lb) then fell to 23.3c/kg (US $0.11/lb) then to zero because of higher world price, but tariff protection for South Africa's sugar producers against disruptively low world sugar prices remain in place for the 2008/09 season.
- Custom Duties
  - As of April 15, 2015:

Sugar Custom Duties as of April 15, 2015							
				Rate of Duty (c/kg)			
Heading/Subheading	**CD**	**Article Description**	**Unit**	**General**	**EU**	**EFTA**	**SADC**
17.01		**Cane or beet sugar and chemically pure sucrose, in solid form:**					
1701.1		**Raw sugar not containing added flavoring or coloring matter:**					
1701.12	2	Beet Sugar	kg	245.4	245.4	245.4	245.4
1701.13	9	Cane Sugar	kg	245.4	245.4	245.4	245.4
1701.14	5	Other Cane Sugar	kg	245.4	245.4	245.4	245.4
1701.9		**Other:**	kg	245.4	245.4	245.4	245.4
1701.91	2	Containing added flavoring or coloring matter	kg	245.4	245.4	245.4	245.4
1701.99	3	Other	kg	245.4	245.4	245.4	245.4

- As of October 2017:

Sugar Custom Duties as of October 2017							
				Rate of Duty (c/kg)			
Heading/Subheading	**CD**	**Article Description**	**Unit**	**General**	**EU**	**EFTA**	**SADC**
17.01		**Cane or beet sugar and chemically pure sucrose, in solid form:**					
1701.1		**Raw sugar not containing added flavoring or coloring matter:**					
1701.12	2	Beet Sugar	kg	213.1	213.1	213.1	213.1
1701.13	9	Cane Sugar	kg	213.1	213.1	213.1	213.1
1701.14	5	Other Cane Sugar	kg	213.1	213.1	213.1	213.1
1701.9		**Other:**	kg	213.1	213.1	213.1	213.1
1701.91	2	Containing added flavoring or coloring matter	kg	213.1	213.1	213.1	213.1
1701.99	3	Other	kg	213.1	213.1	213.1	213.1

  - On September 15, 2017, the customs duties tripled from 63.63 c/kg (US $0.05/kg) to 213.1 c/kg (US $0.16/kg).
  - As of October 2023, the South African Revenue Service reduced the import customs duty of 196.28 c/kg to zero, mainly due to stronger world sugar price.
- Flexible Import Tariff System
  - The country applies a flexible (variable) import tariff system on a formula that yields different rates depending on domestic market conditions.
  - For instance, if a high world price induces a rise in exports of South Africa sugar, the formula kicks in and the tariff rate falls to encourage imports to satisfy the needs of the domestic market.

- Prices
  - Dollar Based Reference Price (DBRP)

- To guarantee the lowest price importers pay for imported sugar, South Africa uses the domestic Dollar Based Reference Price (DBRP), which accounts for the duty. The current DBRP is US $566 per ton.
- If import prices drop below the established DBRP, an import duty goes into effect. If the import prices rise above the DBRP, there will be no import duties.
- When deciding whether or not to enact an import duty, South Africa studies the 20 day moving average of import prices of sugar. Although this process happens monthly, the activation of import duties is delayed.
- On April 4, 2014, the South African Revenue Service triggered the International Trade Commission of South Africa's (ITAC) suggestion that the DBRP for sugar be increased from US $358/ton top US $566/ton.
- Increased number of sugar imports in MY 2016/17 was a result of the DBRP being below the import prices and imports not being subjected to an import duty. Sugar importers were able to import the sugar below the DBRP and then ship the sugar duty free before an import duty was triggered.

- <u>Price Determination</u>
  - Prices are determined by a pooling mechanism under the control of the South Africa Sugar Association (SASA) using a formula called the Division of Proceeds, in accordance to the Sugar Act of 1978 and the Sugar Industry Agreement of 2000.
  - The association operates as a State Trading Enterprise and has sole control over exports.
  - Price is determined using a formula called the Division of Proceeds. The formula aims to insure that the revenue that accrues to the sugar industry is allocated to millers and growers fairly under a partnership arrangement.
  - In September 2014, the industry forecasted that the 2014/15 RV ton price for sugarcane will increase by 4% to R 3,274.31/RV ton (US $291.05/RV ton) from the 2013/14 price of R 3,137.87/RV ton (US $278.92/RV ton).
- <u>Prices Paid to Growers</u>
  - In South Africa, how much sugar cane growers are paid is determined by the quality of the sugar cane they produce and deliver to the mill.
  - To grade the quality of the sugar cane, an industry agreed formula is used. This is called the Recoverable Value Tonnage.
  - To maximize how much sugar cane growers are paid, they try to produce the highest quality sugar cane so the mill can recover as much sugar as they can.

        - The price paid to growers also takes into consideration the net revenue gained from selling sugar and molasses in the export and domestic markets.
        - The table below shows the prices paid to growers over the past several marketing years:

Sugar Cane Prices Paid To Growers	
MY	Price (Rands/Recoverable Value Ton)
2012/13	3,197.32
2013/14	3,137.87
2014/15	3,437.97
2015/16	3,979.22
2016/17	4,931.91
2017/18	4,187.11

Source: South African Canegrowers Association

    - Sugar Beverage Levy
        - In April 2018 a new tax went into effect for all sugary beverages.
        - In May 2019, the Minister of Finance also announced an increase of 5% per gram of sugar that exceeds 4 grams per 100 ml. This "sugar tax" impacts both domestic and imported beverage products, and negatively impacts the sugar industry.
            - The sugar tax has resulted in over 30% decrease in sugar demand.
            - Imports account for less than 2% of the revenue raised by the tax.
- Quotas
    - EU Free Trade Agreement
        - South Africa is allowed an annual quota of 150,000 MT sugar to export duty free to the European Union (EU) under the SADC/EU Economic Partnership Agreement which has been in effect since October 2016.
        - As of October 2017, it is forecasted that South Africa will fill about 75% of the quota in MY 2017/18, which is calculated with final sugar production data and current available stocks.
        - As of October 2017, because of recent changes in the EU domestic sugar production regulations, the South African sugar market could be economically unfeasible and difficult to compete in.
    - United States Tariff Rate Quota (TRQ)
        - South Africa is a beneficiary of the United States Tariff Quota allocation, which allows it to export sugar duty free to the United States.
        - 2015

        - South Africa was allocated a TRQ of 24,220 MTRV to the US for FY 2015.
        - South Africa confirmed that it would fully utilize this quota and has additional capacity of 20,000 MTRV should it be allocated an additional TRQ.
    - 2016
        - South Africa fully utilized the allocated 24,220 MTRV quota for the 2016 FY.
        - South Africa confirmed that it has the capacity to export the 24,220 MTRV that it has been allocated for the 2017 FY.
    - 2017
        - For FY 2017, South Africa is predicted to fully use the 24,220 MTRV quota as well as the additional quota allotment of 10,875 MTRV.
    - 2018
        - As of October 2017, South Africa expects that it will be able to export the total export quota of 24,220 MTRV in FY 2018.
    - 2019
        - For FY 2019, South Africa has fully used the 24,220 quota. Total exports were 56,540 MT for 2017/18, yet this tonnage refers to the TRQ allocations for two fiscal years.
    - 2020
        - For FY 2020, South Africa used the full 36,625 export quota.
    - 2021
        - As of October 2021, South Africa fully utilized its total quota allocation of 24,220 MTRV for the fiscal year.
    - 2022
        - As of October 2021, South Africa is expected to use all of its quota allocation of 24,220 MTRV for FY 2022. The TRQ amount has remained constant over the last several years.
    - 2023
        - For MY 22/23, South Africa exported 7% of its total raw sugar to the US.
        - As of May 2023, South Africa is expected to fully utilize its allocation of the TRQ for the US. The industry has been able to increase domestic demand by 280,000 MT over the last three years.
- Trade Policy

- In February 2019, the Finance Ministry announced a 5% increase in tax on sweetened beverages. This "sugar tax" impacts domestic and imported beverage products as well as the sugarcane industry.
    - Over 30% decrease in amount of sugar sold since April 2018.
    - Increase in sugar exports at a lower price.

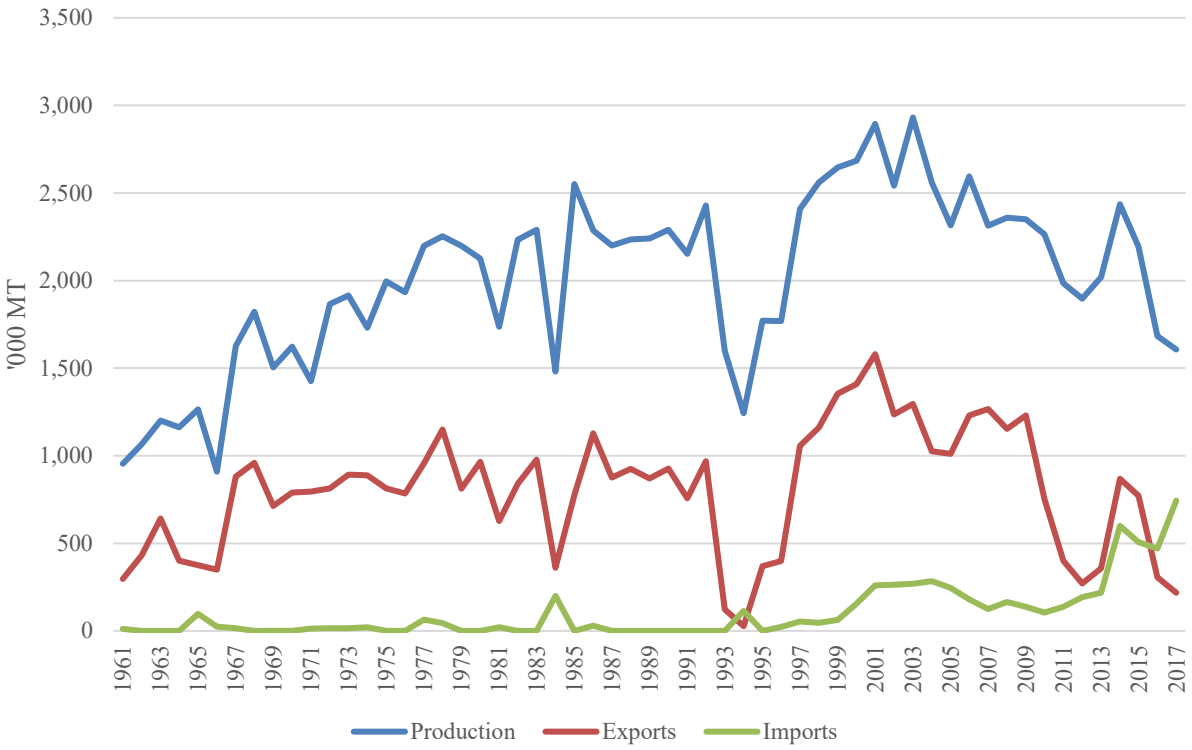

Figure 21. South African Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

- Key Policies:
    - South Africa uses a variable rate tariff based on world market prices rather than a fixed percentage tariff. For 2018, the declared import tariff rate was approximately $0.07/lb. of imported sugar. The government uses a dollar-based reference price to formulate the duty, which is currently $0.28/lb.
    - The South African Sugar Association is a State Trading Enterprise (STE) and maintains complete control over exports. Producers are indirectly supported by the monopoly profits arising from the export STE.

Wheat

- Dollar Duty

    - The dollar duty on wheat is calculated as the difference between the 3-week moving average of the US No. 2 HRW Gulf Settlement price (world reference price) and the domestic dollar-based reference price.
    - If the 3-week moving average of the world reference price shows a variance of more than $10/ton from the existing level for 3 consecutive weeks, an adjustment to the tariff is triggered and a new duty will be calculated.
    - The resulting dollar specific duty is converted to Rand according to the Rand/Dollar exchange rate prevailing on the duty that the adjustment triggered.
    - In 2010, the domestic dollar-based reference price for wheat was US $215/ton.
- Imports
    - Import Quota
        - MY 2017/18
            - In late 2016, an annual quota of 108,279 tons of wheat was also announced that can enter South Africa at a rebate of 14.4% on the full duty.
            - This is in effect from February 1, 2017 through October 31, 2017.
            - The outside of quota rate is R $1,591.40/ton (US $120.74/ton).
        - MY 2018/19
            - For MY 2018/19, the annual quota of wheat has been established at 108,279 tons.
            - Imports are allowed into South Africa at a rebate of 14.4% on the full duty.
    - Import Tariffs
        - How Import Tariffs Are Calculated
            - These import tariffs are calculated to certify changes in the market are continuously accommodated.
            - The formula used to establish the import tariffs based on a reference price (the five year average price of United States Hard Red Wheat No. 2), alterations for distortion factors (subsidies) in the world wheat market, and the deduction of the average freight expense to South African seas (ITAC) at US $279 per ton as of June 2017.
            - After this step, the import tariff is calculated by taking the difference between the three week moving average of the United States Hard Red Wheat No. 2 and the reference price.
            - If the difference is more than U $10 for three continuous weeks, the tariff is activated.
            - The import tariff is then determined by the difference between the two dollar prices.

- MY 2017/18
    - The current import tariff, as of March 2017, for wheat imports into South Africa is R $1,591.40 per ton (US $120.74/ton).
    - On August 8, 2017, the import tariff was activated at R $752.35 per ton.
    - On September 5, 2017, the import tariff was activated at R $909.99 per ton.
    - On September 8, 2017, a new import tariff of R $379.34 per ton was put into effect. This is about 60% lower than the previous tariff which was R $947.20 per ton, which is the lowest tariff since February 2015.
    - As of September 29, 2017, the current wheat import tariff is R $752.40 per ton (US $53/ton). This is 98% higher than the previous tariff that went into effect on September 8, 2017.
    - Summary of South Africa's import tariff for wheat for MY 2017/18:
        - General: R $752.40/ton (as of 9/29/17)
        - European Union (EU): New EPA trade agreement – 300,000 tons import tariff free between February 1, 2017 and October 31, 2017. For imports outside of the set quota, the tariff will remain at R $752.40/ton.
        - European Free Trade Association (EFTA): R $752.40/ton
        - Southern Africa Development Community (SADC): R $752.40/ton
        - Minimum Market Access: The annual quota is set at 108,279 tons and the extent of the rebate is full duty minus 14.4%.
- MY 2018/19
    - As of March 2018, the import tariff for wheat is set at R $716.30 (US $60) per ton. The import tariff went into effect on December 15, 2017. The previous import tariff was set at R $910 (US $76) per ton.

- South Africa and the European Union Economic Partnership Agreement
    - A new Economic Partnership Agreement (EPA) between South Africa and the European Union (EU) that came into effect in late 2016, allows for duty-free imports of 300,000 tons of wheat from countries in the EU.
    - This duty-free allowance is effective from February 1, 2017 to October 31, 2017.

- Prices

- Futures Prices
  - As of March 2017, the future prices of wheat is R $3,954/ton (US $300/ton). This is 16% lower than the same period in 2016.

SOUTH KOREA

General

- Adjustment Tariffs and Voluntary TRQs Announced for 2017:
    - On December 26, 2016, the Ministry of Strategy and Finance (MOSF) announced an updated list of adjustment tariffs and voluntary tariff rate quotas (TRQs) for certain agricultural products.
    - These adjustment tariffs and TRQs are part of a special program run by MOSF to assist domestic industries.
    - The effective period is January 1, 2017 through December 31, 2017.
    - The following products include:
        - Maize for feed (HS Code 1005.90):
            - Base Tariff Rate: 3%
            - 2017 Tariff: 0%
            - 2017 TRQ: 10,000,000 MT
        - Soybean for oil crushing & oil cake for feed (HS Code 1201.90):
            - Base Tariff Rate: 3%
            - 2017 Tariff Rate: 0%
            - 2017 TRQ: 1,500,000 Mt
        - Cotton seeds for feed (HS Code 1207.29):
            - Base Tariff Rate: 2%
            - 2017 Tariff Rate: 0%
            - 2017 TRQ: unlimited
        - Sugar, other; containing added flavoring or coloring matter (HS Codes 1701.91 and 1702.19):
            - Base Tariff Rate: 30%
            - 2017 Tariff Rate: 5%
            - 2017 TRQ: 85,000 MT
        - Wheat bran for feed (HS Code 2302.30):
            - Base Tariff Rate: 2$
            - 2017 Tariff Rate: 0%
            - 2017 TRQ: 56,000 MT
        - Soybean oil - cake for feed (HS Code 2304.00):
            - Base Tariff Rate: 1.8%
            - 2017 TRQ: 2,451,000 MT
            - 2017 Tariff Rate: 0%
- Adjustment Tariffs and Voluntary TRQs Announced for 2020
    - On December 31, 2019, the Ministry of Economy and Finance (MOEF) announced an updated list of adjustment tariffs and voluntary tariff rate quotas (TRQs) for certain agricultural products.
    - These adjustment tariffs and TRQs are part of a special program run by MOEF to assist domestic industries.
    - The effective period is January 1, 2020 through December 31, 2020.

- The following products include:
  - Maize for feed (HS Code 1005.90)
    - Base Tariff Rate: 3%
    - 2020 Tariff: 0%
    - 2020 TRQ: 9,200,000 MT
  - Soybean for oil crushing & oil cake for feed (HS Code 1201.90)
    - Base Tariff Rate: 3%
    - 2020 Tariff Rate: 0%
    - 2020 TRQ: 1,200,000 MT
  - Cotton seeds for feed (HS Code 1207.29)
    - Base Tariff Rate: 2%
    - 2020 Tariff Rate: 0%
    - 2020 TRQ: unlimited
  - Sugar, other; containing added flavoring or coloring matter (HS Codes 1701.91 and 1702.19)
    - Base Tariff Rate: 30%
    - 2020 Tariff Rate: 5%
    - 2020 TRQ: 98,000 MT
  - Wheat bran for feed (HS Code 2302.30)
    - Base Tariff Rate: 2%
    - 2020 Tariff Rate: 0%
    - 2020 TRQ: 30,000 MT
  - Soybean oil – cake for feed (HS Code 2304.00)
    - Base Tariff Rate: 1.8%
    - 2020 Tariff Rate: 0%
    - 2020 TRQ: 2,450,000 MT
- On December 29, 2020, the Ministry of Economy and Finance (MOEF) announced an updated list of adjustment tariffs and voluntary tariff rate quotas (TRQs) for certain agricultural products.
  - These adjustment tariffs and TRQs are part of a special program run by MOEF to assist domestic industries.
  - The effective period is January 1, 2021 through December 31, 2021.
  - The following products include:
    - Maize for feed (HS Code 1005.90)
      - Base Tariff Rate: 3%
      - 2021 Tariff: 0%
      - 2021 TRQ: 10,000,000 MT
    - Soybean for oil crushing & oil cake for feed (HS Code 1201.90)
      - Base Tariff Rate: 3%
      - 2021 Tariff Rate: 0%
      - 2021 TRQ: 1,200,000 MT

        - Cotton seeds for feed (HS Code 1207.29)
            - Base Tariff Rate: 2%
            - 2021 Tariff Rate: 0%
            - 2021 TRQ: unlimited
        - Sugar, other; containing added flavoring or coloring matter (HS Codes 1701.91 and 1702.19)
            - Base Tariff Rate: 30%
            - 2021 Tariff Rate: 5%
            - 2021 TRQ: 100,000 MT
        - Wheat bran for feed (HS Code 2302.30) No info.
        - Soybean oil – cake for feed (HS Code 2304.00)
            - Base Tariff Rate: 1.8%
            - 2020 Tariff Rate: 0%
            - 2020 TRQ: 2,450,000 MT
- On December 27, 2022, the Ministry of Economy and Finance (MOEF) announced an updated list of adjustment tariffs and voluntary tariff rate quotas (TRQs) for certain agricultural products.
    - These adjustment tariffs and TRQs are part of a special program run by MOEF to assist domestic industries.
    - The effective period is January 1, 2023 through December 31, 2023.
    - The following products include:
        - Maize for feed (HS Code 1005.90)
            - Base Tariff Rate: 3%
            - 2023 Tariff: 0%
            - 2023 TRQ: 11,000,000 MT
        - Soybean for oil crushing & oil cake for feed (HS Code 1201.90)
            - Base Tariff Rate: 3%
            - 2023 Tariff Rate: 0%
            - 2023 TRQ: 1,200,000 MT
        - Cotton seeds for feed (HS Code 1207.29)
            - Base Tariff Rate: 2%
            - 2023 Tariff Rate: 0%
            - 2023 TRQ: unlimited
        - Sugar, other; containing added flavoring or coloring matter (HS Codes 1701.91 and 1702.19)
            - Base Tariff Rate: 30%
            - 2023 Tariff Rate: 5%
            - 2023 TRQ: 105,000 MT
        - Wheat bran for feed (HS Code 2302.30)
            - Base Tariff Rate: 2%
            - 2023 Tariff Rate: 0%

        - 2023 TRQ: 70,000 MT
    - Soybean oil – cake for feed (HS Code 2304.00)
        - Base Tariff Rate: 1.8%
        - 2023 Tariff Rate: 0%
        - 2023 TRQ: 2,450,000 MT
- Imports of Grains and Oilseeds
    - The government's state trading arm Korea Agro-Fisheries Trade Corporation (aT) formed a consortium with four private companies (Samsung C&T Corporation, STX Corp., CJ Corp., and Hanjin Shipping) to directly secure no less than 20% or 2.5 MMT of Korea's total annual imports of grains and oilseeds (including 1.5 MMT of corn by 2015) as part of the food security strategy of the Ministry of Strategy and Finance.
- Korean-Australian Free Trade Agreement (KAFTA)
    - The Korean- Australian Free Trade Agreement (KAFTA) was officially signed by both parties in April 2014, approximately five years after negotiations began in May of 2009.
    - KAFTA is expected to formally enter into force at the end of 2014 or, at the latest, early 2015, following ramification by the respective countries' legislative boards.
    - Based on the Harmonized System for Korea (HSK) product lines, 90.8% of Australia's imports from Korea and 75.2% of Korea's imports from Australia will become duty free upon implementation of the agreement.
    - Australia will eliminate tariffs on 99.5% of the products from Korea within five years.
- Korea-Canada Free Trade Agreement
    - The agreement was formally entered into effect on January 1, 2015.
    - Approximately 97.5% of all products traded between Canada and Korea will become duty free within 10 years.
    - The value of imported products, 98.7% of Canada's imports from Korea and 98.4% of Korea's imports from Canada will become duty free within 10 years.
- Korea-Colombia Free Trade Agreement
    - Korea ratified the Korea-Colombia Free Trade Agreement on April 29, 2014.
    - Based on the HSK product lines, 96.1% of Korea's imports from Colombia and 96.7% of Colombia's imports from Korea will become duty free within 10 years from implementation.
- Public Intervention
    - South Korea has supported its agricultural sector at a relatively high level compared to the policies of other member countries of the Organization for Economic Cooperation and Development (OECD).

    - Public intervention mainly consists of high prices supported by government purchases together with high tariffs that protect domestic producers from foreign competition, that implicitly tax consumers.
- Korea-US Free Trade Agreement
    - Implemented in March 2012, and together with the on-going evolvement of the Korean food market, should generate greater export opportunities for American products.
    - Korea is the 5th largest export market for American agriculture, as they rely heavily on imports to fulfill their food and agricultural needs.
    - Significantly reduced the tariff barrier on most products, including wheat, corn, soybeans, sugar beets and cotton, and oilseeds.

Biofuels

- There is no information to report for biofuels.

Biotechnology

- General
    - In 2019, Korea had 90 events under development in 14 different varieties, including several variations of rice.
    - As of February 2020, Korea has yet to commercially produce any biotech products.
    - Korea imports biotech products for food, feed, and processing but not for cultivation.
    - In 2020, Korea has 121 events in 19 varieties of products under development, including rice, wheat, corn, beans, cotton and canola.
    - Korea imports biotech products for food, feed, and processing but not for cultivation.
    - In December 2020, Korea is drafting a proposal to revise its Living Modified Organism Act to cover biotech products, including GE products.
    - Despite the progress made in research, without increased farmer support for using this technology, commercialization is unlikely. As of January 2021, there are still no commercially available biotech products.
    - As of October 2021, Korea announced it is in the process of revising its Living Modified Organism (LMO) Act to cover biotech and GE products. This process began in April 2021. Currently only Bt corn and soybeans are produced, and used for livestock feed.
- Corn
    - Corn processors continue using GM corn and non-biotech IP corn as well as traditional corn to produce corn starch, HFCS, and corn flour.
- Rice

    - Some of the rice events under development include: resveratrol enriched rice, vitamin A enriched rice, insect resistant rice, and environmental stress tolerant rice.
- Trade
    - The U.S. is the top GE grain exporter to Korea, primarily importing Bt corn and soybeans for livestock feed.
- Trade Barriers
    - There are growing concerns over the approval and risk assessment process for biotech products, specifically that there are five agencies involved in the approval of a single product. The approval process continues to be exceedingly slow.
    - Korea also maintains a zero-tolerance policy for inadvertent presence of biotech ingredients in processed products.
    - Whether grown domestically or imported, biotech products are required to undergo a food safety assessment and an ERA, and the overlap between agencies and redundant data requirements create unnecessary delays in the approval process.

Corn

- KORUS FTA
    - Under the KORUS FTA, the duty on US feed corn immediately fell to zero.
    - If imports of US corn claim the KORUS preferential duty, those imports do not count against the global autonomous TRQ of 10 MMT.
    - The duty-free volumes for corn for food processing will grow each year, with tariffs being completely phased out by 2019.
- TRQs
    - The TRQs for these commodities were expanded with feed corn set at 9 million MT with zero duty for CY 2014, and processing corn at 1.25 million MT with 1% duty for the first half of CY 2014.
    - The out-of-quota duty for both remains fixed at 328%.
    - The entire TRQ for feed corn is allocated to feed miller members of the Korean Feed Association (KFA) and Nonghyup Feed Inc. (NOFI) while 2.2 MT of processing corn is managed by the Korean Corn Processing Industry Association (KOCPIA).
    - Autonomous WTO TRQ Exclusion
        - CY 2017
            - For CY 2017, the government excluded processing corn from the list of TRQs.
            - The out-of-quota duty for both feed and processing corn remained fixed at 328%.

        - The in-quota rate for processing corn is 3%.
    - CY 2018
        - For CY 2018, the TRQ for feed corn was announced at 10 MMT with a zero percent duty.
        - The out-of-quota duty for feed and processing corn is fixed at 328%.

Cotton

- TRQ 2011
    - The TRQ quantity for cotton seeds for feed in 2011 is set at 160,000 MT.
    - The in-quota duty is 2%.

Rice

- Direct Payments
    - The government subsidizes rice production through two forms of direct payments:
        - An area payment which is based on farm size
        - A price support payment under the Rice Income Compensation Act (RICA).
- Food Rice Industry 2011
    - A total of 390,000 tons of government held domestic and imported rice (2006-2008 crops) will be released to the rice food industry at 355 Korean won/kg (US $0.31/kg) until the end of 2011.
- Government Procurement
    - The state-run aT administers purchases and sells rice through a public auction system.
    - PFSP
        - The government purchases rice to ensure food security and price stability. Under the Public Food Grain Stockholding Program (PFSP), the Korean government procures domestic paddy rice during the harvest season (October – December) at the average market price and later sells during the non-harvest periods at the prevailing domestic market price.
        - For October – December 2013, the Korean government purchases 367,000 MT (milled basis) of paddy rice, or 9% of the 2013 rice production under PFSP. The government procurements almost achieved the initial target of 370,000 MT, paying high enough prices to farmers thanks to bullish market trends under the program.
    - PSSE
        - As part of the Public Storage System for Emergencies (PSSE), the government purchases domestic paddy rice during the harvest season

while paying the average market price and selling it during the non-harvest periods at the prevailing domestic market price.

- Government Support of Planting Other Crops
    - The government plans to provide 3 million Korean won (US $2,700) per hectare for farmers who cultivate other crops in their rice paddy lands.
    - The plan is to have rice farmers cultivate other crops in 40,000 ha paddy land from 2011-2013.
- Imports
    - Customs Duties
        - The Ministry for Agriculture, Food, and Rural Affairs (MAFRA) announced on July 18, 2014, that Korea has decided to go for ordinary customs duties on rice under the WTO beginning on January 1, 2015.
    - Mandatory Import Volume
        - As of January 2018, South Korea is continually required to meet a non-negotiable import quota of 408,700 MT from Most Favored Nation (MFN) countries with a tariff rate of 5%.
        - For 2017, they met this by importing from the United States, China, Thailand, Australia, and Vietnam. The United States alone accounted for 33.9% of South Korea's imports.
        - South Korea has been successful in meeting this quota every year since at least 2014.
    - Schedule LX
        - On September 30, 2014, the Korean government submitted a draft containing modifications and rectifications to "Schedule LX – Republic of Korea" to the WTO, which allowed Korea to change its regime to ordinary customs duties (without a MMA component) on rice beginning January 1, 2015.
        - Five countries, including the United States, reserved their positions with respect to proposed rectification and modification of the Republic of Korea's tariff schedule concerning rice market access.
        - As agreed in the special treatment clause, Korea continued to import the mandatory import volume of 408,700 MT from Most Favored Nation (MFN) countries at the current duty level of 5%.
        - Korea deleted provisions about usage requirements, such as the ratio of table rice (30%) and a country specific quota that guaranteed access to the domestic market.
        - Tariffs outside of the quota remain prohibitively high.
    - TRQ Purchasing Plans
        - 2015

        - As of January 1, 2015, South Korea liberalized its rice market by imposing a 513% tariff duty on out-of-quota imports and eliminated previous country-specific quotas for the United States, China, Australia, and Thailand.
        - Under the 2015 Tariff Rate Quota (TRQ) purchasing plan, South Korea will purchase 408,700 metric tons (MT) of rice.
    - 2016
        - Korea will purchase 408,700 MT of rice (milled basis) under rice tariffication (in effect since 2015).
        - Under the 2016 TRQ thus far (as of June 28, 2016), Korea has bought 178,300 MT (milled basis) or 43.6% of total TRQ, which consists of 153,300 MT of brown rice for processing purposes and 25,000 MT of milled rice for table purpose.
        - As of October 2016, Korea has bought 292,665 MT (milled basis) or 71.6% of total TRQ, which consists of 297,405 MT of brown rice (equivalent to 267,665 MT in milled) for processing purposes, and 25,000 MT of milled rice for table use.
        - The remainder will be purchased by the end of the year.
        - Korea purchases a total of 408,700 MT of rice (milled basis) from the United States, China, Thailand, Australia, India, and Vietnam.
    - 2017
        - Under the 2017 TRQ purchasing plan, Korea will purchase 408,700 MT of rice (milled basis) under the rice tariffication system that has been in effect since 2015.
        - So far this year, Korea has filled 22% of the total 2017 TRQ through purchases of 100,000 MT of USDA No. 3 grade brown rice (90,000 MT, milled) for processing purposes.
  - WTO MMA
    - Korea imports rice as part of its WTO Minimum Market Access (MMA) rice agreement.
    - Korea's commitment under 2011 MMA is 347,658 tons of milled rice.
- Loan Program
  - The Korean government is expected to provide loans for rice millers worth more than 1.2 trillion Korean Won (US $1 billion) with a special loan rate between zero and two percent per annum this year (2015).
  - The National Agricultural Cooperative Federation (NACF), the national farmers group, also continues to provide about 1.3 trillion Korean Won (US $1.1 billion) worth of loans to rice farmers/millers with zero interest rate.

    - The main goal of the loan program is to encourage rice millers to purchase more rice from farmers minimizing the downward pressure of harvest on prices in the rice market.
- Rice Income Compensation Act
    - Area Payment
        - This payment is made on a 'per hectare' basis and is calculated using the average area of rice production during the base period 1998-2000.
        - CY 2013
            - This payment is made on a per hectare basis and is calculated using the average area of rice production during the base period 1998-2000.
            - The 2013 area payment was at 800,000 won (US $731) on average per hectare, down 1.3% from the previous year.
            - The National Assembly and Korean Government have also agreed to raise the area payment for the 2014 crop to 900,000 hectares, and 1,000,000 won (US $913) for the 2015 crop and beyond.
        - CY 2016
            - The average 2016 area payment was 1,001,010 Korean Won (US $864) per hectare.
        - CY 2017
            - In 2017, the total amount spent on deficiency payments was Korean Won 539.3 billion (US $478 million).
            - In 2017, the average area payment was 1,003,027 won (US $888) per hectare.
            - The government calculated this payment by taking the difference between the average harvest price (1,933 Won (US $1.71) per kg (milled)) and the target price (2,350 Won (US $2.08) per kg (milled)).
    - Deficiency Payment
        - CY 2013
            - The deficiency payment is 85% of the difference between the national-average market price during the 2013 harvest season (Oct. 2013 – Jan 2014) and the 2013 target price, less the area payment.
            - Due to strong farm gate prices during the harvest season, farmers received no deficiency payments in CY 2013.
        - CY 2016
            - The deficiency payment is 85% of the difference between the national-average market price during the 2016 harvest season

(October 2016 through January 2017) and the 2016 target price set by the government, less the area payment.

- In CY 2016, the total deficiency payment amounted to 1,490 billion Korean Won (US $1,287 million).
- Due to lower farm gate prices during the harvest season, farmers received deficiency payments in CY 2016. However, the Korean government couldn't pay rice farmers the calculated 420.7 Korean Won per kg because this value was greater than Korea's total allowable WTO Aggregate Measure of Support (AMS) of 1,490 billion Korean Won. Therefore, the government paid only 418.7 Korean Won per kg to farmers.

Sorghum

- There is no information to report for sorghum.

Soybeans

- Prices
  - Average Wholesale Prices of Domestic Soybeans
    - 2011: 6,745 Korean Won per kg
    - 2012: 5,561 Korean Won per kg
    - 2013: 6,034 Korean Won per kg
    - 2014: 4,073 Korean Won per kg
    - 2015: 3,985 Korean Won per kg
    - 2016: 4,431 Korean Won per kg
    - The applicable exchange rate is Korean Won per USD: 1,158 on average in 2016.
- Procurement
  - The government purchases at a fixed price set each year.
  - No purchases were made in 2010.
  - For CY 2014, the price was fixed at 3,868 Won/kg (US $3.51).
- Tariffs
  - Applied Tariff Schedule For Oilseeds

Applied Tariff Schedule for Oilseeds				
Commodity	**HS Code**	**2015**	**2016**	**2017**
Soybean, Seed	1201.10.xxxx	3	3	3
Soybean, Crushing 1/	1201.90.1000	3(0)	3(0)	3(0)
Soybean, Feed 1/	1201.90.2000	3(0)	3(0)	3(0)
Soybean, Sprouting 2/	1201.90.3000	3(5)	3(5)	3(5)
Soybean, Food Grade 2/	1201.90.9000	3(5)	3(5)	3(5)

1/ - The number in parenthesis is the in-quota tariff rate associated on 1.5 million tons of soybeans imported for crushing and feed purposes for CY 2017.

2/ - The applied duty rate of 5% for food grade soybeans imported and administered by the Korea Agro-Fishery & Food Trade Corporation (aT) under the WTO TRQ. Soybeans imported out-of-quota by private importers will be assessed a tariff rate of 487% or Korean Won 956/kg, whichever is greater.

- TRQs
  - 2011
    - Soybean for oil crushing and oil cake for feed from three to zero with 1,150,000 TRQ.
  - 2015 TRQ Based Procurement Plan
    - Under its CY 2015 TRQ based procurement plan, the Korean Agro-Fishery and Food Trade Corporation contracted for 200,000 MT of soybeans on basis trading contracts at the end of 2013, with delivery during the first half of CY 2015.
  - Autonomous WTO TRQ
    - 2014
      - The government set the 2014 autonomous TRQ for #1 grade soybeans at 271,950 MT, consisting of approximately 45,000 MT of soybeans for sprouting and 226,950 MT for food processing.
      - The applicable in-quota tariff rate is 5%, while the out-of-quota tariff rate is prohibitive 487%, or 956 Korean won (US $0.87) per kilogram, whichever is greater.
    - 2017
      - The government is expected to announce the 2017 autonomous WTO TRQ in early March 2017, which will be composed of 83% for food processing, 12% for sprouting, and 5% for import licenses for end-users.
      - The applicable in-quota tariff rate is 5%, while the out-of-quota tariff rate is a prohibitive 487%, or 956 Korean won (US $0.83) per kg, whichever is greater.

        - As of March 2017, the CY 2017 autonomous soybean meal WTO TRQ is set at 2.451 MMT with a 0% in-quota import duty, unchanged from 2016.
        - The CY 2017 WTO TRQ for DDGS is set at unlimited volume, with a 0% in-quota import duty for countries under FTAs.
    - 2018
        - The Korean government is expected to establish the WTO TRQ in March 2018.
        - The TRQ is expected to be comprised of 86% for food processing, 9% for sprouting, and 5% for import licenses for end-users. The end licenses enable end-users/importers to eliminate the step of going through aT and purchase soybeans directly from sources.
        - The in-quota tariff rate will be set at 5% and the out-of-quota tariff will be set at 487% or 956 Korea Won (US $0.85) per kg, whichever is greater.
        - The crushing soybean quota has been set at 1.5 MMT with an adjustable in-quota tariff that has recently been reduced to zero (from 3%). This quota is an additional quota to the WTO quota.
        - The soybean meal WTO TRQ is set at 2.451 MMT with a zero percent import duty, the same as 2017.
        - The WTO TRQ for DDGS is unlimited with a zero percent in-quota duty for countries in which South Korea holds a free trade agreement.
- KORUS-FTA
    - Under the KORUS-FTA, Korea has established a zero-duty TRQ for 10,000 MT of food-grade identity-preserved (IP) soybeans in the first year of the agreement in CY 2012, increasing to 20,000 MT in year two and 25,000 MT in year three.
    - IP Soybeans Quota Allocation Under KORUS-FTA (in MT):
        - CY 2012: 10,000
        - CY 2013: 20,000
        - CY 2014: 25,000
        - CY 2015: 25,750
        - CY 2016: 26,523
        - CY 2017: 27,319
    - Under the KORUS-FTA, effective since March 15, 2012, Korea's 5.4% duty on imports of crude soybean oil is scheduled to be phased out in 10 equal annual reductions, while 5.4% on refined soybean oil will be phased out in five equal annual reductions.

Sugar

- TRQ
  - The TRQ for raw cane sugar is unlimited and the import duty is zero.
  - Refined Sugar for Food Processing
    - The in-quota duty decreased from 35% to 0% with an unlimited quantity until June 30, 2011.

Wheat

- Imports
  - Flour Import Tariff
    - In CY 2014, the flour import tariff rate is applied at 4.2% of the local base rate.
  - Import Duty
    - The import duty on all US wheat (including milling and feed wheat) is zero under the KORUS FTA.
- Loan Program
  - The government has in place a loan program to finance purchases; drying and storing facilities are also provided to local wheat producers.
- TRQs
  - Autonomous WTO TRQ Exclusion
    - MOSF excluded milling wheat from the CY 2017 list of autonomous TRQs, leaving all milling wheat to be charged the out-of-quota duty rate that remains fixed at 1.8%.
    - This remains in place for CY 2018.
  - Feed Wheat
    - The feed wheat TRQ and its corresponding duty were eliminated in 2007.
  - Milling Wheat
    - A TRQ for milling wheat of 0.8 million metric tons was set at 1% duty, down from the base rate of 1.8%, for the first half of CY 2014, but up from 0% applied in the previous year.
    - The out-of-quota duty remains fixed at 1.8%.

THAILAND

General

- Chile-Thailand Free Trade Agreement
  - The Chile-Thailand Free Trade Agreement entered into force on November 5, 2015.
  - This free trade agreement immediately reduces tariffs to zero on over 90% of the products traded between the two countries.
  - On the remaining products, the tariffs will be reduced to zero over periods ranging from 3 years up to 8 years (for the most sensitive products).
  - The preferential tariff treatment of Chilean agricultural exports will intensify the competition with U.S. agricultural exports to Thailand, particularly for wine, tree fruit, grapes, seafood, and some timber products.
- Price Insurance Scheme (PIS)
  - In MY 2009/10, the government implemented a new framework of agricultural support.
  - A direct payments program based on established price insurance called the Price Insurance Scheme (PIS) replaced the indirect support for rice, corn, and tapioca under the Price Mortgage Scheme (PMS).
  - Under the PIS, farmers are able to cash-in on their sales at market prices immediately.
  - The PIS is expected to be continued long-term as the government avoids stocks intervention and accumulation under this scheme.
  - For PIS, in MY 2009/10, the government paid around 48 billion baht (US $1.5 billion) for compensation to farmers, as compared to the buy-in cost of the MY 2008/09 Paddy Mortgage Scheme of 130 billion baht (US $3.8 billion), which excludes post-harvest handling costs.
- Rice Acreage Reduction Program
  - The Ministry of Agriculture and Cooperatives' Department of Agriculture Extension reported on September 9, 2016, that it is recruiting farmers who are willing to shift from off-season rice planting in 2017 (MY 2016/17) to alternate field crops (sweet corn, young-baby corn, feed corn, or soybeans).
  - The target area encompasses 22 provinces along the Chao Phraya river basin and totals 300,000 rai (48,000 hectares).
  - Eligible farmers will receive direct payments of 2,000 baht per rai (US $375/hectare) for a maximum of 5 rai (0.8 hectares) per household via the Bank of Agriculture and Agricultural Cooperatives.
  - The deadline to apply for this program closed on September 18, 2016.

- Sources expect that approximately half of the targeted farmers likely will participate in the program.

Biofuels

- Alternative Energy Development Plan
  - GOT has a new 20-year Alternative Energy Development Plan (2018-2037) to replace its old 15-year plan, that didn't achieve its short-term target in ethanol consumption.
  - The new plan leaves the ethanol consumption target unchanged at 9.0 million liters/day by 2021, which is still a challenge as current consumption is around 1.1 million liters/day.
  - The biodiesel consumption target is revised up from 4.5 million liters/day to 5.97 million liters/day by 2021, while current production capacity is at 1.62 million liters/day.
  - The endorsement of the AFDP has been postponed until mid-2019, from the original timeframe of late 2017, as the government reviews the current energy blueprint.
  - The biofuel price subsidy will be phased out during 2020 – 2022 under the new State Oil Fund Act, which was approved in September 2019.
  - Ethanol production and consumption is expected to increase, and biodiesel is expected to grow by 11% by the end of 2019.
  - Biofuel consumption has remained below AEDP 2018 targets due to the prolonged Covid-19 outbreak into 2021.
- Control Imports and Exports of Ethanol and Biodiesel
  - Ethanol is classified as a controlled import/export product.
  - To import or export ethanol, traders are required to have import/export permits which are distributed by the Ministry of Energy (MOE).
  - Biodiesel is also classified as a controlled import/export product and traders are required to have the proper permits to import or export the product.
  - As of June 2017, the MOE has rejected any imports of fuel ethanol into the country, and prohibits biodiesel imports to very minute levels.
- Ethanol Consumption
  - Daily ethanol consumption is expected to trend upward to 3 million liters in 2014 and 3.5 million liters in 2015 due to growing demand for E20 and E85 gasohol.
  - The higher demand is being fueled by the government's price subsidies and the expansion of E20 and E85 gasohol stations.
- Molasses-Based Ethanol
  - As of July 2016, the government expects molasses-based ethanol, which accounts for 70% of total ethanol production in 2015, to dominate Thailand's overall

ethanol production through 2026 with molasses-based ethanol production reaching 1.8 billion liters.
    - Molasses-based ethanol production has significantly declined in 2020 and into 2021 due to reduced sugarcane production. Ethanol demand is primarily being fulfilled by cassava-based ethanol for the second year, as a result.
- National Energy Plan
    - In October 2015, the Thai Cabinet approved Thailand's revised national energy plan. The bottom line of the revised AEDP is to promote higher use of biofuels and while remaining self-reliant in feedstock and biofuels with minimum trade for both.
    - The plan also aims at expediting the mandatory blending the current B7 requirement to B10 in 2018.
    - The government plans to subsidize the use of B20 in large trucks on a voluntary basis.
    - B10 will gradually become the primary diesel fuel in 2021 as the government's subsidizing of B10 is an incentive to use it over B7 and B20.
    - The government reduced the biodiesel mandatory blend rate from 10 percent to 7 percent in 2022. However, the current blend rates during February 5 – March 31, 2022, were set in range with a minimum of B5 for diesel fuel to help curb retail prices of diesels.
- Policy
    - Regarding ethanol policy, the government is still promoting the use of gasohol through price incentives and excise tax reduction for cars compatible with E20 and E85 gasohol.
    - As for biodiesel policy, on the demand side, the government continues to impose the mandatory blending of biodiesel markets which covers on-road, agriculture, industry, and etc. To meet demand, the government has targeted oil palm acreage at 10.20 million rai (1.63 million hectares) by 2036 with the plan that only domestic palm oil will be used as feedstock and other feedstock like animal fats and UCO will be used insignificantly.
- Subsidies
    - In 2017, the price subsidies, which are paid for by the State Oil Fund, make gasohol (ethanol-blended gasoline) 20 to 40 percent cheaper than regular gasoline.

Biotechnology

- Exports
    - As of December 2019, Thailand does not officially export any GE products.
- Imports

- The importation of GE plants for processed foods, soybean and corn for feed and industrial uses, and cotton lint is allowed by the Thai government as of December 2016.
- It is estimated that 95% of total soybean imports and 80-90% of cotton imports in 2015 were GE plants.
- As of 2021, Thailand continues to limit the import of GE products to processed food, soybeans, corn and DDGS for feed and industrial uses, and cotton lint.It is estimated that 95% of total soybean imports and 85-90% of cotton imports were from GE plants.

- Policies
  - As of December 2016, Thailand has not passed regulations permitting genetically engineered (GE) crops for cultivation.
  - As of October 2021, Ministry of Natural Resources and Environment (MONRE) has not yet sent the draft Biodiversity Law to the Cabinet for approval. This draft includes biosafety regulations covering research, field trial and commercialization for GE plants, animals and microorganisms. After approval, it will enter the legislative process.
  - The Thai Food and Drug Administration also anticipates sending two new GE food regulations regarding GE imports, productions and labeling to the Food Management Committee before the end of 2021 for final clearance.
  - Thailand is also adopting the economic growth model known as Thailand 4.0, which mandates ag and biotechnology as one of the growth engines. The project's objective is to improve crop productivity using biotech for more efficient farming and reduce the negative impact on the environment.
  - As of 2021, no stacked or pyramided events have been approved for cultivation.
  - In November 2022, the Thai Cabinet approved the draft Biodiversity Law in principle. Thai FDA also published its two new GE food regulations regarding GE food imports, production, and labeling. Both regulations will be effective on December 3, 2022.
  - Thailand has yet to finalize its Biodiversity Act since December 2022, it is still held up by the Council of State. This remaining legislative process may take more than a year.
- Trade Barriers
  - As of December 2016, there are no additional biotechnology-related trade barriers.
  - Some trade associations have expressed concern that the Thai Food and Drug Administration (TFDA) may revise GE food labeling regulations to be more restrictive. This could in the future potentially cause trade disruptions in foods containing GE plant materials (December 2016).

- As of October 2021, there are no additional biotechnology related trade barriers beyond two new GE food regulations.

Corn

- Domestic Corn Purchasing
  - As of September 29, 2016, the government is pursuing a policy of encouraging feed millers to buy domestic corn at 8 baht per kilogram (US $229/MT) while limiting imports of feed wheat during the peak harvest in order to stabilize the farm-gate price of corn.
  - Imported feed wheat is approximately 10% cheaper than domestic corn.
- Imports
  - Laos, Cambodia, and Myanmar
    - As of March 2017, the government still maintains a zero-tariff and quota-free corn import window from February 1, 2017 to August 31, 2017 for Laos, Cambodia, and Myanmar.
  - TRQ
    - MY 2010/11
      - Thailand's WTO agreement allows for a TRQ of 54,700 tons at a 20% in-quota tariff rate for corn.
      - Out-of-quota imports are subject to a 73% tariff rate with a surcharge of 180 baht/ton (US $6/MT).
      - Shipments are allowed only during the period of March 1 – June 30, 2011 when domestic production is minimal.
      - Under AFTA, countries in the region will be able to export tariff and quota free into Thailand from March 1 – June 30, 2011.
    - As of March 2017, excluding Laos, Cambodia, and Myanmar, countries are subject to a Tariff-Rate Quota (TRQ) of 54,700 metric tons with a 20% in-quota tariff, and an out-of-quota tariff of 73%. The out-of-quota tariff is accompanied by a surcharge of 180 baht per metric tons (US $6/MT).
- Potential Soft Loan Program
  - As of October 2017, the Thai government is considering starting a soft loan program, valued at around 45 billion baht (US $1.4 billion), for cooperatives to be able to buy domestic corn at 8 baht per kilogram (US $240/MT). At this price, it would be about 37% higher than current market prices.
  - The overall goal of the program is to increase the domestic price of corn. There is skepticism over how effective this program could be due to the fact the difference between the purchase and market price is higher than the reduced interest rate.
  - On October 31, 2017, the program was approved and placed into effect.

    - For the farmers who choose to participate, the government will give them a 3% interest rate subsidy. Since this program did not go into effect until late in the harvest season, the government does not expect the participation levels to be high this year.
- Price Insurance Scheme
    - For MY 2011/12, the Price Insurance Scheme for corn will likely continue to be implemented.
    - The government did not pay any compensation in the MY 2010/11 program as market prices of corn had been above insurance prices.
- Prices
    - 2014
        - As of March 7, 2014, corn prices dropped to 6.68 baht per kilogram (US $209/MT) compared to 8.84 baht per kilogram (US $296/MT) in the same period in 2013.
    - 2016
        - As of September 29, 2016, the domestic price of corn is approximately 7.8 baht per kilogram (US $223/MT, ex-feed mill price).
        - The majority of MY 2016/17 main-crop corn has entered the market creating downward pressure on domestic prices.
    - 2017
        - As of June 2017, farm-gate prices remain around 6,000-6,500 baht per metric ton (US $192/MT) which remains below the government target of 8,000 baht per metric ton (US $237/MT).
        - As of October 2017, farm-gate prices decreased to 5.9 baht per kilogram (US $178/MT). This is about 3% lower than the same time in 2016.
    - 2018
        - As of January 2018, the farm-gate corn prices have been announced to be set at approximately 8 baht/kg (US $250/MT), a 27% increase compared to 2017. This increase is associated with limited supplies of domestic corn.

Cotton

- Support Program
    - There is no domestic support program for cotton farmers.
- Imports
    - In MY2017/18, cotton imports declined 16% as imports replaced domestic production.
    - First quarter of MY2018/19, cotton imports increased 15% from same period last year, due to demand from spinning mills.

- MY 2020/21 cotton imports declined 15% from the previous MY, largely due to competition from Australian cotton.
- MY 2021/22 cotton import demand is expected to increase 9%, well below the average annual import demand, and primarily due to COVID-19.

Rice

- Incentives 2016
  - The government expects these two programs will help stabilize the farm-gate price of rice, as approximately half the bumper supplies will be kept off the market during the peak harvest period.
  - The goal of this program is to keep approximately half of the newly harvested fragrant and white rice off the market in order to stabilize domestic prices through the On-Farm Rice Pledging Program for fragrant and glutinous rice farmers and the Interest-Rate Subsidy Program for rice millers/traders.
  - On October 11, 2016, the cabinet agreed to increase incentives to farmers and millers/traders to stockpile MY 2016/17 main-crop rice during the peak harvest period of November – December 2016.
  - On-Farm Pledging Program
    - MY 2016/17
      - On September 22, 2016, the Rice Policy and Management Committee agreed to provide more incentives for farmers, farmer institutions, and rice millers/traders to stockpile rice during the peak harvest period of November and December 2016.
      - Farmers who participate in the On-Farm Pledging Program with the Bank of Agriculture and Agricultural Cooperatives will receive immediately 11,000 baht/MT (US $29/MT) in cash for storing fragrant or glutinous rice on site as opposed to in the past when they had to wait until the rice was sold on the market to receive 1,500 baht (US $43/MT).
      - They will receive the final 500 baht/MT (US $14/MT) when the rice is sold on the market in the following months.
      - The target of this program is to pledge 2 million metric tons of fragrant and glutinous rice in the northeastern region.
      - Based on the cabinet approval on November 1, 2016, farmers participating in the pledging program will receive 9,500 baht per metric ton (US $271/MT) for pledged fragrant rice paddy.
      - As of October 31, 2016, the intervention price is 86% of current average market price for fragrant rice paddy of 11,000 baht per metric ton (US $29/MT) for the storage costs as opposed to

previously when they had to wait until the rice paddy was redeemed or sold on the market to receive any money.

- Farmers will receive a direct payment of 2,000 baht per metric ton (US $57/MT) for the harvest and postharvest handling costs.
- Taking the storage costs and the direct payment into account, farmers who participate in the pledging program will receive 13,000 baht per metric ton (US $371/MT) for pledged fragrant rice.
- Farmers who do not participate in the pledging program will also receive the direct payment of 2,000 baht per metric ton (US $57/MT).

MY 2016/17 On-Farm Pledging Program				
Rice Paddy Varieties	**Target**	**Intervention Prices**	**Market Price**	**Results**
	(Metric Ton)	(Baht/Metric Ton)	(Baht/Metric Ton)	(Million Metric Ton)
Hom Mali Fragrant Rice	2	9,500	13,210	1.25
Glutinous Rice		9,500	10,210	0.17
White Rice	1	7,340	7,500	0.04
Pathumthani Fragrant Rice		8,250	10,250	0.01
Total	3			1.47

- Farmers participating in the pledging program will receive a subsidy on storage costs of 1,500 baht per metric ton (US $42/MT) as well as a direct payment of 2,000 baht per metric ton (US$57/MT) for certain harvest and postharvest handling costs (up to 12,000 baht (US $340) per farm household).
- In total, participating farmers will receive 13,000 baht per metric ton (US $368/MT) for Hom Mali fragrant rice and glutinous rice paddy, 10,500 baht/MT (US $300/MT) for white rice paddy, and 11,300 baht/MT (US $323/MT) for Pathumthani fragrant rice paddy.
- While the intervention prices are below market prices, when supplemental subsides are included the total amount received by farmers is 20-40% above current market prices.
- Farmers who do not participate in the pledging program will still be eligible for the direct payment of 2,000 baht per metric ton (US $57/MT) for certain harvest and postharvest handling costs (a maximum of 12,000 baht (US $340/MT) per farm household).

- As of April 2017, the government did not implement the on-farm pledging program for MY 2017/18 for off-season rice.

- MY 2017/18
  - On September 19, 2017, the Thai cabinet approved a 73 million baht (US $2.2 billion) budget for the On-Farm Pledging program which will encompass all main-crop rice varieties from November 1, 2017 through February 228, 2018.
  - The target of this program is to pledge 2 million metric tons of fragrant and glutinous rice in the northeastern region.
  - MY 2017/18 intervention prices are set to be 3% higher than MY2016/17 prices for white rice paddy and fragrant and glutinous paddy rice prices will be 13% higher than MY 2016/17.
  - Farmers who participate will receive a storage subsidy of 1,500 baht per metric ton (US $45/MT) along with a direct payment of 1,200 baht per metric ton (US $36/MT) for certain harvest and postharvest handling costs (up to 12,000 baht (US $364/MT) per farm household) from September 1, 2017 through July 31, 2018.
  - Total, farmers will receive:
    - 15,300 baht per metric ton (US $464/MT) for Hom Mali fragrant and glutinous paddy rice
    - 11,100 baht/MT (US $336/MT) for white paddy rice
    - 12,000 baht/MT (US $364/MT) for Pathumthani fragrant paddy rice
  - Although the intervention prices are currently below market price, when supplemental subsidies are taken into account, the total price the farmers receive ranges 15-50% above current market prices.

MY 2017/18 On-Farm Pledging Program				
Rice Paddy Varieties	**Target**	**Intervention Prices**	**Market Price**	**Cabinet Approval**
	(Metric Ton)	(Baht/Metric Ton)	(Baht/Metric Ton)	(Date)
Hom Mali Fragrant Rice	2	10,800	13,210	9/17/2017
Glutinous Rice		10,800	10,210	
White Rice		7,200	7,500	
Pathumthani Fragrant Rice		8,500	10,250	

- As of January 2018, the On-Farm Pledging program only brought in 76,467 million metric tons of paddy rice, significantly below the target of 2.5 million metric tons.

        - It's speculated the 2.5 million metric ton target was not reached due to high market prices, estimated to be roughly 11% over the loan rates offered.
    - Interest-Rate Subsidy Program
        - MY 2016/17
            - Millers/traders and farmer institutions who participate in the Interest-Rate Subsidy Program will receive a 4% interest rate subsidy (for 4-6 months of storage) – up from an earlier announced 3% interest rate subsidy.
            - The target is to encourage millers/traders to stockpile 8 million metric tons of rice and farmer institutions to stockpile 2.5 million metric tons.
            - As of October 31, 2016, the Interest-Rate Subsidy Program aims to keep around 10 million metric tons of milled rice off the market from November 1, 2016 to March 31, 2017.
            - The Ministry of Commerce reported that around 300-350 millers are participating in the program which accounts for around one-third of total rice mills.
            - As of April 2017, the government extended the Interest-Rate Subsidy Program to encourage rice millers and traders to store MY 2016/17 off-season rice between April 1 and July 31, 2017, in order to stabilize farm-gate prices of off-season rice.
            - Rice millers participating in this program will receive a 3% interest rate discount from the banks for 3 to 6 months storage. This is a slight decrease from the 4% interest rate discount that was provided for MY 2016/17 main-crop rice paddy.
        - MY 2017/18
            - For MY 2017/18, the Thai cabinet approved a budget of 940 million baht (US $28 million) for the Interest Rate Subsidy Program in an effort to encourage rice millers and traders to store rice.
            - The purpose of the program is to provide an interest rate subsidy for 8 million metric tons of rice.
            - Rice millers and traders who choose to participate in the program will receive a 3% interest rate subsidy to store rice/paddy for 2-6 months between October 1, 2017 and September 30, 2018.
            - As of December 2017, the Soft Loan Program brought in approximately 886,474 metric tons of paddy rice.
- Prices

- Direct Purchase Program 2011
  - The government has additional measure on the Direct Purchase Program with a target of 2.0 million tons of paddy to buy at benchmark prices, effective March 16, 2011.
  - This will help stabilize domestic prices of paddy which are under downward pressure during the harvest.
- Domestic Prices
  - The majority of MY 2016/17 main-crop rice has entered the market creating downward pressure on domestic prices.
- Export Prices 2016
  - Export prices of new-crop rice were volatile in November 2016 as the majority of new-crop fragrant and white rice supplies were entering the market.
  - Fragrant rice prices declined by 100 USD/MT in the beginning of November and then increased by 40 USD/MT to around $576 USD/MT during the last week of November 2016 once traders realized that their forecasts of MY 2016/17 fragrant rice production were overly optimistic.
  - Foreign buyers took a "wait and see" position during the recent price volatility.
- Farm-Gate Prices
  - Off-season rice currently, as of April 2017, has a farm-gate price of 7,300 – 7,800 baht per metric ton (US $217-$226/MT), compared to 7,500 – 8,000 baht per metric ton (US $217-$232/MT) for the same period in 2016.
- Glutinous Rice
  - Prices of glutinous rice paddy declined 28% to 9,200 baht per metric ton (US $288/MT).
- Intervention Price
  - The proposed intervention price would be set at 14,400 baht per metric ton (US $450/MT) for fragrant rice paddy, which is around 10% below current market prices.
  - The proposed intervention price for glutinous rice paddy would be set at 11,700 baht per metric ton (US $365/MT), which is 5-10% above current market prices.
- Rice Paddy
  - Prices of fragrant rice paddy are at 12,825 baht per metric ton (US $400/MT), down 18% from the same period last year.

- Price Insurance Scheme

- The Price Insurance Scheme which replaced the long-standing Paddy Mortgage Scheme remains in place for the MY 2010/11 crop.
- The revised insurance prices and the amount of eligible tonnage per farm/household are as follows:

- Price Subsidy Programs (for Rice and Oil Palm Farmers)
  - Following the general election campaign in early 2019, GOT agreed to allocate a budget of 60.36 billion baht (US $1.98 billion) for three price subsidy programs for small rice and oil palm farmers:
    - Paddy Rice Price Guarantee Program – was revived. This program will be used as cash compensation when market prices fall below the guaranteed prices.
    - Direct Payment to Cover Rice Production Cost Program – money is allocated for registered farmers who will receive direct payment of up to 8 acres for main crop rice production.
    - Oil Palm Price Guarantee Program – funds will be used as cash compensation for oil palm farmers when market prices fall below the guaranteed prices.
  - These three programs are currently limited to one crop year. Cash compensations are based on average yields and a ceiling of eligible area per household.
- Price Stabilization
  - MY 2016/17
    - The government has introduced measures to stabilize domestic prices of rice paddy, for when large supplies of MY 2016/17 main-rice crop will enter the market in November 2016. It aims to hold around half of the total main-crop rice supplies off the market during peak harvesting season (November 2016 – February 2017). The measures were approved by the cabinet in June 2016 will mainly consist of the following programs:
      - On-Farm Pledging Program (Farmer Loans to Delay the Sales of Rice Paddy) which aims to stabilize farm-gate prices for fragrant and glutinous rice paddy in the northern and northeastern regions. The target is to pledge 2 million metric tons of fragrant and glutinous rice paddy. Farmers will also receive storage costs of up to 1,500 baht per metric tons ($42/MT).
        - As of March 18, 2016, the government is expected to continue some limited on-farm pledging program for MY 2016/17.
      - Soft Loan for Farmer Institution to Stockpile Rice Paddy Program which will provide a 3% interest rate subsidy for farmer

institutions to stockpile rice paddy of up to 2.5% million metric tons.

- Soft Loan for Rice Traders and Millers Program which will provide a 3% interest rate subsidy to encourage rice traders and millers to stockpile rice or paddy up to 8 million metric tons for 2 to 6 months.

- MY 2017/18
  - For MY 2017/18, the Thai cabinet approved a 12.5 billion baht (US $379 million) budget for a Soft Loan Program intended for farmer institutions to store rice paddy during October 1, 2017 through September 30, 2018.
  - 2.5 million metric tons of paddy rice will be the main focus of the program.

- Shift From Rice to Corn – October 2016
  - In addition to the measures to stabilize domestic prices of MY 2016/17 main-crop rice, the Ministry of Agriculture and Cooperatives (MOAC) plans to join forces with private associations including the Thai Feed Mills Association and the Thai Seed Trade Association as well as the BAAC to encourage farmers in irrigated areas to shift from MY 2016/17 off-season rice production to corn production.
  - The MOAC plans to target farms mostly located in the northern and northeastern regions totaling around 2 million rai (0.3 million hectares). They also plan to replace off-season rice area of 200,000 rai (32,000 hectares) in 19 provinces in the central plains with legumes.
  - The goal is to reduce the excess supplies of off-season rice by 1.25 million metric tons and to increase corn production by 1.4 million metric tons.
  - Feed mills will have to guarantee a farm-gate price of 8 baht per kilogram (US $229/MT) which is approximately 16% above current price levels.
  - Farmers who are willing to participate in this program will be eligible for a 4,000 baht loan per rai (US $714/hectare) from the BAAC and a 3% interest rate subsidy.
  - This project is part of a plan to reduce import demand for feed wheat which has increased significantly during past years.
  - The details of this program have yet to be finalized.
  - On November 15, 2016, the cabinet approved an 8 billion baht credit line through the Bank of Agriculture and Agricultural Cooperative (BAAC) to encourage rice farmers in irrigated areas to shift to corn production during November 2016 – June 2017.
  - The acreage from farmers participating in the program is far below the program's target of 2 million rai (0.3 million hectares). Due to sufficient water supplies, many farmers instead chose to continue producing rice.

- MY 2017/18
  - If producers choose to participate, they will be given a direct payment of 2,000 baht/rai (US $390/hectare) (up to 15 rai per household or 30,000 baht/household – US $937/household).
  - Most participants are in the northern part of Thailand and typically produce non-irrigated rice.

Sorghum

- There is no information to report for sorghum.

Soybeans

- Exports
  - Soybean Meal Export Ban Removal
    - In April 2016, the Thai Cabinet decided to lift a long-standing export ban on soybean meal.
    - Sources report this move is a response to a request by soybean crushers who foresee increased export opportunities in shipping soybean meal to neighboring ASEAN countries that also have growing livestock sectors.
- Imports
  - Soybean Meal
    - Local Purchase Requirement
      - In March 2017, the Ministry of Commerce notified eligible soybean importers that they would now be required to purchase locally produced soybean meal at prices not below 14.58 baht/kg (US $416/MT) for 2017, an increase of 1.40 baht/kg (US $40/MT) from the price floor of 13.18 baht/kg (US $377/MT) which was applied in 2015 and 2016.
  - TRQs
    - Soybeans
      - Under the Agreement on Agriculture, Thailand has a soybean tariff rate quota of 10,922 tons and an in-quota 20% tariff rate.
      - 2010
        - On November 25, 2010, the Thai Cabinet approved unlimited quota for soybeans imported from WTO member countries from 2011-2013 subject to zero tariff.
        - Out-of-quota imports are subject to 80% tariff rates.
      - 2013 - 2016
        - On November 30, 2013, the Thai Cabinet approved an unlimited import soybean quota with a 0% tariff from

WTO member countries for a period of three years from 2014-2016.
    - The current unlimited import soybean quota with a zero tariff from WTO member countries will be valid until the end of 2016, but it is unlikely that this unlimited policy will continue.
    - Soybean importers are still subject to domestic absorption requirements.
  - 2017 - 2019
    - In January 2017, the Ministry of Commerce announced the implementation of a new three year soybean import policy to last from 2017 to 2019.
    - The content of this policy remains unchanged from the previous Thai soybean import policy which allowed unlimited imports at a zero percent tariff for WTO member countries.
    - However, under the new policy, only eight trade associations and 16 food processing companies qualify as importers.
    - These importers are required to be members of the associations and purchase domestic soybeans at the predetermined prices of 17.50 baht/kg (US $500/MT) for oil crushing, 17.75 baht/kg (US $507/MT) for feed, and 19.75 baht/kg (US $564/MT) for human food processing (i.e. soy sauce, tofu, soy milk, etc.).
- Soybean Meal
  - Imports of soybean meal are subject to a TRQ system with a quota of 230,559 tons and an in-quota tariff rate of 20%.
  - On November 16, 2010, the Thai Cabinet approved unlimited in-quota imports under the WTO agreement for soybean meal with an in-quota tariff rate of 2%.
  - Out-of-quota imports are subject to a 119% tariff.
  - ASEAN-Korea Free Trade Agreement (AKFTA)
    - Under the ASEAN-Korea Free Trade Agreement (AKFTA), the import quota for soybean meal for 2011 is unlimited and in-quota imports are subject to a 5.56% tariff.

    - In July 2014, the National Council for Peace and Order (NCPO) adjusted this TRQ and approved unlimited in-quota imports of soybean meal for three years (2015-2017).
    - The NCPO also lowered the tariff rates setting the in-quota tariff at 2%.
- Import Permits
    - The Thai government requires permits for import and only eight trade associations, representing a group of soybean meal importers, are eligible to receive an import permit. The same eight trade associations are required to purchase domestic soybean meal at government-determined prices.
- Soy-Based Food Processors
    - On January 30, 2017, the Thai National Oilseed and Vegetable Oil Committee decided to permit soy-based food processors to import soybean meal for soy-based food products. Previously, food processors were not permitted to import soybean meal.
    - As of March 2017, the annual import quota for food processors will align with Thailand's WTO TRQ of 230,559 MT. The in-quota imports are subject to a 10% import tariff and a 133% out-of-quota tariff.
    - The government intends to require a non-GMO certificate accompany soybean meal intended for food use.
    - Thailand does not have any import restrictions on the import of biotech soybean meal for non-food purposes.
    - The new import restrictions will go into effect once they receive Cabinet approval which is likely to occur in the second quarter of 2017.
- Soybean Oil Crushers
    - On March 10, 2017, the Ministry of Commerce announced the allocation of a 222,150 MT soybean meal export quota to 4 soybean oil crushers in the following amounts:
        - Thai Vegetable Oil Co.: 162,467 MT
        - Thanakorn Vegetable Oil Co.: 44,599 MT
        - PAS Produce Export and Silo Co.: 14,025 MT
        - Industrial Enterprise Co.: 1,059 MT
    - The Thai Feed Mill Association has voiced its disagreement with this policy as they feel it is not justified

unless the government also eliminates the 2% tariff for imported soybean meal.

- Soybean Oil
  - Imports of soybean oil (crude and refined) are subject to a TRQ system under the WTO agreement.
  - In 2010, the TRQ for soybean oil was set at 2,281 tons, subject to an in-quota tariff rate of 20%.
  - The tariff rate for out-of-quota imports is prohibitively high at 146%. This has resulted in no imports in recent years and is expected to continue.

- Prices
  - Crushing Grade
    - The determined domestic prices of soybeans for crushing grades were set at 16.25 baht/kg in Bangkok (US $508/MT) as opposed to 14.75 baht/kg (US $431/MT) in 2013.
  - Domestic Prices
    - Currently, as of March 2018, importers of soybeans must purchase domestic soybeans at the following prices:
      - 17.50 baht/kg (US $500/MT) for oil crushing
      - 17.75 baht/kg (US $507/MT) for feed
      - 19.75 baht/kg (US $564/MT) for human food processing
  - Feed Use Price
    - Feed-use grade soybeans were set at 16.50 baht/kg (US $516/MT) in 2014 compared to 15.00 baht/kg (US $469/MT) in 2013.
  - Food Grade
    - Prices for food grade soybeans were 18.50 baht/kg (US $578/MT) as opposed to 17.00 baht/kg (US $531/MT) in 2013.

Sugar

- Deregulation
  - As of September 30, 2016, the government is moving forward with its plan to deregulate the domestic sugar market due to WTO concerns filed by the Brazilian Government about Thailand's domestic supports and export subsidies for sugar.
  - Based on consultations with the Brazilian Government, Thailand will have to amend its Cane and Sugar Act to eliminate the sugarcane price supports and direct payment programs, and the domestic sugar pricing and quota system that distort domestic and export markets.

- The Ministry of Industry's Committee on Cane and Sugar has yet to propose the cane and sugar restructuring plan for cabinet approval. However, the next consultations are scheduled for October 15, 2016.
- MY 2016/17 is expected to be the last price support program for sugarcane farmers as the government.
- On October 11, 2016, the cabinet approved a restructuring plan for the cane and sugar industry where the government will amend the current Cane and Sugar Act B.E. 2527 (1984) eliminating the sugarcane price support program, the domestic sugar price controls, and the sugar sale administration as a response to Brazil's WTO petition.
- If implemented, from MY 2017/18 onward, the government will no longer provide domestic price subsidies and direct payments to cane growers. The current price controls which set domestic sugar prices at 19 baht/kg (US $0.25/lb) for refined sugar, ex-factory wholesale, excluding the 7% VAT, and sugar retail prices (including VAT) at 21.85 baht/kg (US $0.29/lb) for white sugar and 22.85 baht/kg (US $0.30/lb) for refined sugar will also be eliminated.
- The government is planning to terminate a special 5 baht/kg (US $0.07/lb) tax on the domestic sugar sales that funded the CSF as the CSF is projected to pay off its outstanding debt by mid-June 2018.
- On January 15, 2018, an executive order was implemented to temporarily deregulate the domestic sugar price controls and sugar sales administration from MY 2017/18 through MY 2018/19. The sugarcane price support system will remain unaffected.

- <u>Direct Payment Program</u>
  - The government is likely to discontinue the direct payment program for cane farmers in MY 2016/17, unlike in MY 2015/16 when the government provided farmers a 180 baht/ton direct payment since the minimum prices did not cover their production costs.
  - As of April 2017, the government is still planning to discontinue the direct payment program for cane farmers who normally receive additional financial assistance from the state-run Cane and Sugar Fund (CSF) as the current minimum price is set well above production costs.
- <u>Domestic Sugar Premium</u>
  - With the executive order that went into effect on January 15, 2018, the domestic sugar premium was created.
  - As of April 2018, the domestic sugar premium is set at 5 baht/kg (US $0.07/lb).
  - Sugar mills will pay this premium. The funds will be used to financially support the state-run Cane and Sugar Fund (CSF) whose purpose is to provide subsidies to cane growers if market prices of sugar decline past the intervention price.

    - This premium is to replace the VAT that had been the source to provide funds to the CSF.
- Imports
    - ASEAN Economic Community (AEC) Free Trade Agreement
        - Under the AEC, sugar imports will be duty free in most ASEAN countries (including Thailand), except for the Philippines (5%), Indonesia (5-10%), and Myanmar (0-5%).
    - Tariff Rate Quota (TRQ)
        - 2015/16
            - Thailand filled its allocated quota of 14,743 metric tons of raw sugar (raw value) under the FY 2015/16 (October 1, 2015 – September 30, 2016) U.S. TRQ and the March additional reallocation of 1,265 metric tons (raw value) and May additional allocation of 2,005 metric tons (raw value) in MY 2015/16.
            - Export prices under the TRQ were well above world market prices.
        - 2016/17
            - Thailand subjects imported sugar to a 65% tariff rate and a quota of 13,760 MT, likely to deter imports.
            - The out-of-quota tariff is 94%.
            - Effective on December 31, 2015, all sugar imports from ASEAN countries will be duty free under AEC and do not count towards the TRQ.
            - In FY 2016/17 (October 1, 2016 – September 30, 2017), Thailand is expected to fill its allocated quota of 14,743 metric tons (raw value) from the United States as export prices under the TRQ are still 30% above world market prices.
            - Thailand filled its allocated quota of 14,743 tons (raw value) of raw sugar.
        - 2017/18
            - The TRQ for MY 2017/18 will remain the same as the previous year at 14,743 metric tons (raw value) from the United States.
            - As of September 2017, current export prices remain 40-50% above world market prices.
            - In addition to fulfilling the US tariff rate quota for FY 2017, Thailand also completed the reallocation of 1,548 metric tons (raw value) and an extra allotment of 5,071 metric tons (raw value).
- Prices
    - 2008 Domestic Sugar Prices

        - The government is likely to maintain control of domestic sugar prices, which were established in May 2008 and are currently well above market prices:
            - White Sugar: 19 baht/kg (US $0.27/lb)
            - Refined Sugar: 20 baht/kg (US $0.28/lb)
    - 2008 Retail Prices
        - Retail prices for sugar will also remain at established 2008 prices:
            - White Sugar: 21.85 baht/kg (US $0.27/lb)
            - Refined Sugar: 22.85 baht/kg (US $0.28/lb)
        - Market prices are 10%-30% higher than control prices due to record international sugar prices driven by lower-than-expected global sugarcane production.
    - 2015/16 Support Prices
        - The MY 2015/16 sugarcane support prices are set at 808 baht per metric ton, a decline of 10% from MY 2014/15 support prices (854 baht per MT (roughly US $24.4/MT)).
    - 2016/17 Support Prices
        - The MY 2016/17 price support for sugarcane is likely to increase well above 1,000 baht per metric tons (US $29/MT), compared to 808 baht per metric ton (US $29/MT) in MY 2015/16.
        - This is due to the surge in the world market price of raw sugar which is a parameter in setting minimum support prices of sugarcane.
        - On January 31, 2017, the cabinet set the minimum support price for MY 2016/17 sugarcane production at 1,050 baht per metric ton (US $30/MT).
        - This price is a 30% increase from the prior minimum support price of 808 baht per metric ton (US $23/MT) in MY 2015/16 in line with increases in world market prices of sugar.
    - Government Controlled Sugar Prices
        - The government controlled sugar prices are currently set at 19 baht/kg (US $0.26/lb) for white sugar, and 20 baht/kg (US $0.27/lb) for refined sugar, ex-factory wholesale (excluding 7% VAT).
- Soft Loan 2010
    - In 2010, the government approved a soft loan of 3,000 million baht (US $100 million) with an interest rate of 4.7% per year (Minimum Retail Rate minus 2 percentage points: MMR -2) for cane growers to buy harvesters to improve their harvest efficiency.
- Value Added Tax (VAT)

- The government collects 5 baht/kg (US $0.06/lb) and VAT from the domestic sugar sales for the Cane and Sugar Fund, which is used to finance the sugarcane price support and direct payment programs to farmers.
- This tax was eliminated due to the executive order implemented on January 15, 2018. It has been replaced with the domestic sugar premium.

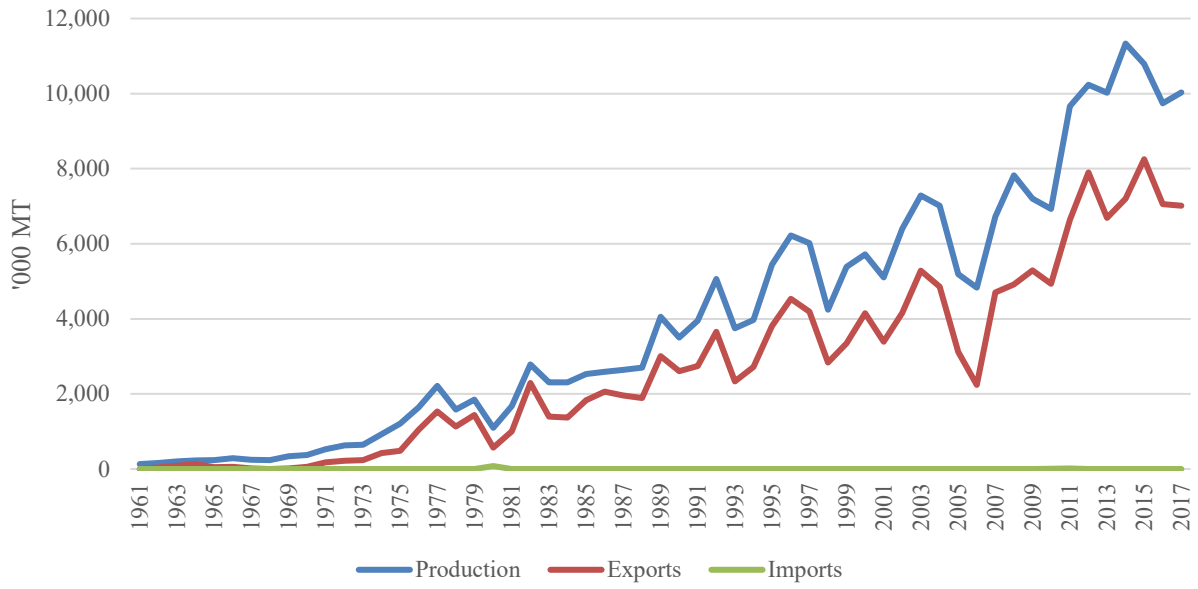

Figure 23. Thai Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

- Key Policies:
  - Government programs boosted Thai sugar production and exports enormously over the past decade, and Thailand is now second only to Brazil in sugar exports. One study placed the value of Thai government support for its sugar industry at $1.3 billion per year.[13]
  - Brazil has recently threatened to bring a WTO case against Thai sugar subsidies.[14]
  - Thailand has set a sugar-import duty of $0.05/lb. of sugar, but imports from other ASEAN countries are exempt.
  - Thailand traditionally maintained price controls over sugar, but in 2018, all prices were liberalized.

[13] Antoine Meriot, Sugar Expertise LLC, "*Thailand sugar policy: Government drives production and export expansion*," Bethesda, Maryland, June 2015. https://sugaralliance.org/project/thailands-sugar-policy-government-drives-production-and-export-expansion

[14] From WTO website: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds507_e.htm

- Domestic sugar wholesale prices are approximately 5 baht per kilogram (7 cents/lb) higher than the world sugar price, but the Thai government is providing a production cost subsidy of 50 baht per metric ton ($1.6/MT; a maximum of 5,000 metric tons per farmer), as well as direct payments of 53 baht per metric ton ($1.7/MT) from the state-run Cane and Sugar Fund.[15]

The government imposes a $0.07/lb. tax on domestic sugar at the mill level to fund the Cane Sugar Fund, which provides income support to domestic cane sugar producers. Although Thailand has repeatedly said they would eliminate domestic support, this program has remained in place.

Wheat

- Controlled Commodity
  - According to Cabinet action on January 19, 2016, imported wheat grain is now listed as a "controlled" commodity due to the concern about the impact on domestic corn and cassava demand.
  - The announcement came after the surge in feed wheat imports to a record 3 million metric tons in 2015.
  - While the government has not banned the imports of wheat grain yet, it now requires that importers have to declare final uses.
  - The purpose is to monitor the imports of feed wheat to ensure that the imports will not affect domestic corn and cassava prices.
- Imports
  - Import Permits
    - Effective on January 19, 2017, as part of the Thai government's efforts to protect domestic corn growers, import permits will be required for the import of feed wheat.
    - To support a feed wheat import permit, the importer must demonstrate a 3 to 1 domestic corn absorption rate (e.g. to import a ton of feed wheat a mill will have to use 3 metric tons of domestic corn).
  - Import Restrictions
    - The downward pressure on domestic corn prices led the cabinet to decide on November 8, 2016 to restrict feed wheat imports (HS 1001.99.90).
    - Under the new regulations, import permits will be required for the import of feed wheat.

[15] 2019 GAIN Report, https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Sugar%20Annual_Bangkok_Thailand_4-11-2019.pdf

        - Feed wheat imports will be subject to a 3 to 1 domestic corn absorption requirement meaning that in order to import a ton of feed wheat a mill would have to use 3 metric tons of domestic corn.
        - The government set the minimum purchase price for domestic corn at 8 baht ($227 USD) for feed mills.
        - The import restriction went into effect on January 19, 2017.
        - Due to the restriction, the maximum allowed volume of feed wheat imports is only 1.7 million metric tons; much less than the amount of feed wheat that was imported annually between 2013 and 2016.
        - Eligible feed wheat importers must be feed mill owners and will be required to buy domestic corn prior to being allowed to import feed wheat. The feed mill owners are prohibited from reselling the imported feed wheat.
        - All feed wheat shipments will be checked for aflatoxin and radiation contamination under the Feed Quality Act 2558 (2015). The maximum aflatoxin tolerance level is set at less than 100 microgram per kilogram. The radiation safety standard for imported feed wheat have yet to be finalized. Shipments will be destroyed or rejected if the test results exceed the tolerance levels for either aflatoxin or radiation contamination.
- Tariffs
    - Wheat
        - The tariff on imported wheat has been zero since September 2007.
    - Wheat Flour
        - The applied tariff on wheat flour is 5% (0.5 baht/kg), except in AFTA (Brunei, Indonesia, Malaysia, Philippines, and Singapore) and ASEAN-Australia-New Zealand which has been duty free since January 2010; however 40% of the content has to originate from the exporting countries.
        - Wheat flour imports from Vietnam have been duty free since the end of 2015 under the AEC.

TURKEY

General

- Agricultural Basins
  - It was proposed in 2017 that Turkey will be split into 941 "basins" determined by climate and soil.
  - Within these basins, 19 strategic crops will be subsidized by the Government of Turkey. Each basin will have specific crops assigned to them.
  - A list will be established stating which crops will be on the subsidy list.
  - This is set to go into effect in 2018.
  - Due to government stimulation, certified seed use is expected to rise.
- Agriculture Subsidies
  - For 2018, the Government of Turkey (GOT) plans to offer 14.8 billion TL (US $3.89 billion) in agricultural subsidies for all producers.
  - This is 15% higher than the amount offered for subsidies in 2017, 12.8 billion TL (US $3.55 billion). As of February 2018, US $1 = 3.80 TL.
  - The allotments for 2018 are predicted to be 1.9 billion TL for fuel subsidies, 4 billion TL (including 1.5 billion TL for cotton) for premium subsidies, 1.7 billion TL for rural development subsidies, 1 billion TL for agricultural insurance payments, and 4 billion TL for livestock subsidies.
  - The table below is the breakdown of subsidies per crop for 2017 – 2018.
- Domestic Certified Seed Subsidies
  - To try and encourage producers to use certified seed and seedlings, they have provided subsidies to producers.
  - To become eligible to receive the subsidies, producers need to be registered in the Farmer Registration System. Producers also must produce and sell certified seed in Turkey and declared through the government as a seed company.
  - The table below shows the subsidies by crop:

Subsidies for Domestic Certified Seed Producers		
Products	**TL/KG**	
	2017	**2018**
Barley, Rye, Oats	0.08	0.08
Wheat	0.1	0.1
Paddy Rice	0.25	0.25
Soybean	0.35	0.35

- Exports

- During the week of March 10, 2022, to stabilize local market conditions, the Ministry of Trade temporarily halted exports of grains, oilseeds, cooking oil, and a few other agricultural commodities leaving from bonded warehouses. This includes wheat, barley, corn, rye and triticale.
- However, a few days after this ban was imposed, it was lifted.

- Grain Premiums

Turkey Grain Premiums (TL/MT)					
Products:	Wheat	Barley, Oats, Rye	Paddy Rice	Chickpeas, Lentils, Dry Beans	Corn
2011	50	50	100	100	40
2012	50	50	100	100	40
2013	50	50	100	100	40
2014	50	50	100	100	40
2015	50	50	100	200	40
2016	50	50	100	300	20
2017	50	50	100	300	30
2018	50	50	100	500	30

- Grain Support System
  - MY 2016/17

Turkey Grain Support System (TL/ha) - MY 2016/17			
	Diesel Support	Chemcial Fertilizer Support	Soil Analysis Support
2013	43	55	25
2014	46	60	25
2015	48.5	66	25
2016	110		

- An import update on the 2016 subsidies are that the fuel subsidy and fertilizer subsidy were merged into one payment, and the government abolished the soil analysis subsidy, which was previously granted to producers benefitting from the fertilizer subsidy.
- The GOT granted around 1.5 billion TL to farmers in scope of support for diesel, chemical fertilizer, and soil analysis in 2016.

- As of July 2017, MinFAL pays a 50/TL premium and continues to provide up to 127 TL/MT for supports for fertilizers, gasoline, certified seed, and soil analysis support.

- MY 2017/18
  - In August 2017, the grain supports were adjusted as follows:

Turkey Grain Support System (TL/ha) - MY 2017/18			
	Diesel Support	Chemical Fertilizer Support	Total
Wheat, Barley	130	40	170
Paddy Rice	360	40	400
Corn	170	40	210

  - As of October 2017, the Turkish government is providing a premium of 50 TL/MT for wheat and barley, 30 TL/MT for corn, and 100 TL/MT for paddy rice. (Exchange rate: US $1 = 3.65 TL as of October 2017).

- Grain Tariff Rates

Turkey Grain Tariff Rates 2018						
Product Group	Products	EU	Bosnia Herzeg	S. Korea	Others incl. USA	Notes
Wheat	Spelt, common wheat and meslin (excl. seed)	45	0	45	45	US $200 CIF reference price
	Durum wheat	45	0	45	45	US $300 CIF reference price
	Common wheat, Durum wheat, and meslin seed	0	0	0	0	-
Corn	Maize seed	0	0	0	0	
	Popcorn, unpopped (excl. seed)	25	0	25	25	US $200 CIF reference price
	Other corn	25	0		25	US $270 CIF reference price
Rice	Rice in husk for sowing	13	0	15	115	
	Round, medium, long grain rice in husk	34	0	34	34	
	Round, medium long husked rice	36	0	36	36	
	Semi-milled, wholly milled, broken rice	45	0	45	45	

Current as of March 2018

- On June 28, 2017, the Government of Turkey decreased the import tariff for wheat and corn from 130% to 45% for wheat and 25% for corn. The reference price for both wheat and corn was set at US $200 CIF.
- In November 2017, the Government of Turkey decreased select tariffs on feed materials. Some oilseed meals' tariffs have not been changed, but if it will be used as a feedstuff, a tariff of 6.5% will go into effect. The import tariff on all types of bran will be reduced from 5% to zero percent.
- In May 2019, Turkey has removed the tariff increases imposed in August 2018, halving the additional tariffs imposed with a Presidential Decision.
  - Rice has an additional tariff duty of 25%.
  - No other grains currently listed.
- In September 2021, Turkey eliminated the import tariffs on some pulses and grain, including wheat, barley and sorghum, which are reduced to zero until

December 31, 2021. In January, the tariffs will revert to their former levels, ranging from 9.3-130%, depending on the commodity.
    - On December 31, 2021, Turkey announced a revised tariff list, and the import tariffs on corn and wheat (among others) has been eliminated through December 31, 2022.
- Imports With Zero Customs Duties
    - On July 29, 2017, it was announced the Turkish Grain Board was given authorization to import 2.25 million metric tons of wheat, barley, corn, and rice with customs duties eliminated.
    - This will be in effect until May 31, 2018 for wheat and barley and until August 31, 2018 for corn and rice.
    - This effort is to help neutralize domestic prices throughout the year.
    - As of January 2023, Turkey's import of wheat, barley, and rice continues to sell at discounted prices with zero duties on imported grains and pulses.
- Inward Processing Regime
    - As of March 2017, exporters are no longer to import wheat, corn, and some other products from Russia under the scope of the Inward Processing Regime.
    - This could majorly impact the grain and feed industry.
    - It is unclear how long this "ban" could last.
- National Agricultural Project
    - It was announced on November 14, 2016 that Turkey will start to implement a new subsidy program for agricultural products starting in January 2017.
    - This project covers a new allocation system for agricultural supports for crops and livestock. Within this scope, Turkey is divided into 941 agricultural basins based on climate and soil to subsidize specific crops for each zone.
    - The details of this new policy have not yet been published by the government, but the basic outline of the program and covered commodities have been announced.
    - The National Agricultural Project, meant to diversify Turkey's agricultural production, increase productivity, and reduce the planted area of water-intensive crops in drought prone areas, will subsidize 19 crops, determined as strategic crops by the government.
    - They are wheat, barley, corn, rye, oats, triticale, cotton, paddy rice, tea, tobacco, lentils, dry beans, chickpeas, safflower, soybean, sun flower, canola, hazelnuts, olives, and forage crops.
    - Only wheat and forage crops will be subsidized in every basin.
    - In the scope of the new policy, all subsidy payments will be given in two installments per year, which aims to reduce bureaucracy for farmers, who formerly received payments in many installments per year.

- The Turkish government will also pay half the cost of diesel. The contribution for diesel will be calculated according to which crops are grown.
- The Prime Minister has said that the government will only support crops if they are on subsidized crop list for their specific agricultural basin and the Turkish Grain Board (TMO) will have active role in the new subsidy policy in order to prevent market fluctuations and set price stability.
- It is expected that TMO will not procure crops if they are not on the subsidized crop list for their specific agricultural basin. That amendment of TMO's role will probably affect planting decisions of farmers who have been planting corn and taking advantage of TMO's procurement price.
- The main issue is that in regions where corn is not on the crop list for that basin, farmers will lose the option to sell their corn to TMO, which historically is a reliable buyer. When TMO offers a procurement price (they do not do so every year), it is usually considered a good price.
- In December 2016, the list was updated to include corn.

- Oilseed Production Premiums
  - In the past several years, the Turkish government has provided production premiums and fuel and fertilizer support to support oilseed production.
  - For 2018/19, cotton producers get 400 TL/ha for fuel and 40 TL/ha for fertilizer.
  - For 2018/19, soybean producers get 190 TL/ha for fuel and 40 TL/ha for fertilizer.
  - The oilseed production premiums for soybeans and seed cotton are below:
    - Soybean
      - 2016: 600 TL/MT
      - 2017: 600 TL/MT
      - 2018: 600 TL/MT
    - Seed Cotton
      - 2016: 750 TL/MT
      - 2017: 800 TL/MT
      - 2018: 800 TL/MT
- Support Program Policy Changes
  - The agricultural policy in Turkey has been characterized by ad hoc changes under an environment of high inflation.
  - Agricultural policy has moved from market price support and input payments to income support payments.
  - The direct support program which started in March 2000 and was funded by the World Bank was discontinued after MY 2007.
  - The budget of direct support payments was then diverted to deficiency payments, chemical fertilizer payments, and diesel support payments.

- While the government has not released an official support for the grain sector, available information shows no direct support payments in MY 2009 but that the budget for chemical fertilizer and diesel support will increase.
- In 2008, 7 YTL/ha (US $5.4/ha) was paid in the form of direct support payment, 3.25 YTL/ha (US $2.5/ha) in diesel support, 5 YTL/ha (US $3.8/ha) in chemical fertilizer support, and 1.7 YTL/ha (US $1.3/ha) in irrigation energy support.
- As a result of IMF negotiations, in January 2009, the government decreased the amount of agricultural support from 5.5 billion TRL (US $3 billion) to 4.96 billion TRL (US $2.7 billion).

- Trade Policies
  - In January 2022, GOT implemented a new regulation that banned exports to stabilize domestic market conditions. Temporarily, the ban on exports included more than a dozen agricultural products, including vegetable oils and many vegetables. Included in these bans was soy oil, sunflower oil, cotton seed oil, and corn oil.
  - In March 2023, GOT lifted the remaining export restrictions on export items, though many were lifted earlier. Seed oil was removed from the restrictions in August 2022.

Biofuels

- Bioethanol
  - Mixture Rate
    - Turkey announced a 2% mandatory mixture rate of bio-ethanol into fuel starting in January 2013, which was then increased to 3% in 2014.

Biotechnology

- Biosafety Law
  - Turkey's Biosafety Law permits the regulated study and development of plant biotechnology. However, the cumulative disincentives in the forms of quarantine control, approvals, liability, and prohibition on the cultivation of agricultural biotechnology have discouraged product development.
  - Article 5(1)(c) of the Biosafety Law adopted on March 26, 2010, bans the production of genetically engineered animals and plants.
  - Importation of transgenic seeds is also forbidden by the Law and by the seed circular, which is usually published in January of every year by MinFAL.
  - Since MinAF has not yet established rules for conducting field trials, restrictions dictate that research activities must remain in the laboratory stage. Despite these restrictions, in the last few years (as of November 2023), Turkey's Scientific and Technological Research Council has increased the amount of grant money for

biotech research projects. Universities are also teaching biotechnology courses and doing some limited research in this field.

- Opposition
  - Public opposition to agricultural biotechnology continued to increase significantly in 2012, mostly due to campaigns run by NGOs via print and visual media.

- General
  - As of December 2016, Turkey has approved 25 corn, and seven soybean events for feed.
  - No GE traits have been approved, as of late 2016, so any GE presence found in food is therefore illegal.
  - As of 2017, 26 corn and 10 soybean crops have been approved for use in feed products.
  - As of 2017, Article 5(1)(c) of the Biosafety Law prohibits the cultivation of genetically engineered crops and animals.
  - As of October 2019, there are still only 36 events approved for import for feed use, 10 soybean and 26 corn. No GE traits are approved for human food use, so any GE presence in food products is prohibited.
  - In January 2021, the Turkish Government published the Biosafety Decisions on import of GE soybean and corn events. Within one month, MinAF approved a total of 4 soybean events and one corn event for feed. In addition, they cancelled the approvals of five corn events which were set to expire 12/24/21.
  - As of February 2021, GOT has published the Biosafety Decisions on import of GE soybean and corn events. In addition, MinAF cancelled the approvals of five corn events that will expire on 12/24/21, and approved four soybean events and one corn event for feed.
  - As of September 30, 2021, there are only 36 events approved for feed use in Turkey, 13 for soybean and 23 for corn, and all are imported. No events are approved for food use or cultivation.
  - On January 7, 2022, one new GE soybean and one new corn event for feed were approved. Two approvals for corn events expired on 12/24/21.
  - In April 2022, GOT published new Biosafety Decision approvals for the import of GE soybean and corn. The MinAF approved 2 new soybean events and 2 new corn events for feed and cancelled approvals of 3 corn events and 1 soybean event. There are still a total of 36 approved GE events for feed.
  - As of November 2022, the Turkish Ministry has approved 7 GE soybean and corn events for the year. No events are approved for food or cultivation.
  - GOT approved the import of a GE stacked corn event for feed. In a separate decision, the single event MON 810 was cancelled due to a recent court decision. With these changes, the total number of approved GE events remains at 36, as of December 2022.

    - As of November 2023, there remains only 36 events (corn and soybeans) approved for feed purposes. There are no events for food use due to public concerns about the technology.
- Trade Barriers
    - As of December 2016
        - Most of Turkey's trade partners have encountered import problems due to Turkey's lag in asynchronous approvals for food and feed.
        - As a result, trade has been severely restricted out of concern that dust of minor low-level presence (LLP) of GE traits in food products would lead to the rejection of shipments.
        - Testing of imported products remains inconsistent and continues to be a considerable cost for importers.
        - Turkey has zero tolerance for the detection of unapproved GE traits, except for the 0.1% for feed which is only for detection of GE traits pending approval in the application process.
    - As of February 2019
        - Turkey's Biosafety Law and regulations continue to disrupt trade.
        - Testing of imported products remains inconsistent and continues to be a considerable cost for importers.
    - September 2021
        - The importation of GE seeds is still forbidden by law.
        - GE events approved in Turkey have also been approved in the EU, but Turkey has approved fewer GE traits, which is causing trade disruptions.
        - The zero tolerance policy for detection of unapproved GE traits, except for a 0.1% tolerance in feed, continues to be an issue.
        - Turkey's Biosafety Law contains severe liability, sanction and penalty clauses the punish noncompliance with large fines and prison sentences.
        - Turkey approves traits separately for food and feed, which has led to instances of LLP and prosecution under the Biosafety Law.
- Corn
    - The Feed Millers Association, Turkish Poultry Meat Producers and Breeders Association, and the Turkish Egg Production Association applied in January 2011 for the approval for feed use of the 22 EU-approved corn events.
    - In December 2011, and April 2012, approvals for feed use were given to 16 out of 22 corn events with the remaining six events being rejected.
    - As a result of the rejection, trade in corn and corn by-products have virtually ceased due to the difficulty in segregating the approved and rejected biotech GE events in the supply chain.
    - On July 16, 2015, the Board approved 3 corn (MIR604 corn, MON863corn, T25 corn) events and their products for feed use.

    - On November 5, 2015, the Biosafety Board approved another 6 corn (MON863 x NK603, MON863 x MON810, MON89034 x MON88017, MIR604 x GA21, Bt11 x MIR604, MIR162) events and their products for feed use.
- Soybeans
    - In 2010, the Turkish Feed Millers Association submitted dossiers for the approval for three soybean events (feed use only) that are already approved in the European Union. These were: A2704-12, MON89788, and MON40-3-2. The Biosafety Board approved the above mentioned soybean events to be used as feed with a final approval decision published in the Official Gazette on January 26, 2011.
    - On July 16, 2015, the Board approved 2 soybean (MON87701 soybean and MON87701 x MON89788 soybean) events and their products for feed use.
    - On November 5, 2015, the Biosafety Board approved another 2 soybean (A5547-127, 356043) events and their products for feed use.
    - Current as of February 2017, biotech soy oil is only allowed to be used in feed and industry categories, mostly paint and ink production, but has not yet been approved for use in food.

Corn

- Exports
    - In October 2023, Due to a surplus of grain from high production, GOT temporarily authorized exports of domestic corn and durum wheat. The main export destinations were Iraq, Italy, and Egypt.
- Imports
    - Import Ban
        - 2010
            - Since September 26, 2010, corn and corn derivatives cannot be imported, except in limited quantities from some EU countries by paying a premium to get certified non-biotech corn following the Biosafety Law.
        - 2016
            - On April 23, 2016, The General Secretariat of Mediterranean of the Exporter Association, announced a Ministry of Economy Directive which bans the import of corn until November 30, 2016 for those entities which gained inward processing authorization certificated after April 10, 2016.
            - In order to access tariff free grain, they will now need to buy corn directly from the Turkish Grain Board.
        - 2017

        - Effective March 15, 2017, the GOT has banned wheat imports from Russia in the scope of Turkey's IPR.
    - Import Duties
        - Turkey imports corn duty free under an inward processing regime, or with a customs duty of 130% for corn outside of the inward processing regime.
        - Because of the Biosafety Law, corn, starch, or corn by-products are not currently using the inward processing regime.
    - Import Tariff
        - The GOT applies a 130% tariff on corn to protect the domestic market.
        - As of July 2017, the Turkish government reduced tariffs for corn from 130% to 25%.
        - The tariff will remain at 25% for 2018.
- Prices
    - Domestic Prices
        - 2016: 630 TL/MT
        - 2017: 750 TL/MT
    - Premiums
        - 2010: 40 TL/MT
        - 2011: 40 TL/MT
    - Procurement Prices
        - 2015: 725 TL/MT
        - 2016: 740 TL/MT (US $245/MT)
        - 2017: 718 TL/MT (US $205/MT)
        - MY 2017/18: 760 TL/MT (US $512/MT)
- Procurement
    - In MY 2017, TMO will not procure corn in almost every basin in the drought-prone regions of Konya, Mardin, and Sanliurfa – an area where there was about 2 MMT of corn harvested in previous years.
- Subsidies
    - In MY 2015, the government gave subsidies of about 55 TL per ton (premium payment, fuel, and fertilizer subsidy) for corn.
    - In MY 2016, the government gave subsidies of about 31 TL per ton (premium payment, fuel, and fertilizer subsidy) for corn.

Cotton

- Anti-Dumping Duty
    - GOT announced a 3% anti-dumping duty on the U.S. cotton imports starting from April 2016.

    - The industry feels this is somewhat tolerable since some of the U.S. cotton will come under the inward processing regime for exports and hence will not be subject to the anti-dumping duty.
- GAP Project
    - The Turkish Government spent more than US $22 billion over the past three decades on irrigation and agricultural extension project in Southeast Anatolia, called the GAP Project.
    - When finished, around 1.7 million hectares of land will be irrigated and a total of 22 dams will be completed.
    - As of 2008, about 74% of the hydro-electric projects and 15% of the irrigation projects are completed.
    - In 2008, the government promised to allocate US $12 billion in five years for dams, irrigation, and infrastructure in the region.
    - In 2009 and 2010, the government allocated funds for the project for irrigation projects.
    - If actually realized, a total of 1.04 million hectares of land will be irrigated by 2013, which could eventually increase cotton production in the region.
- Government Support
    - Support Mechanisms
        - The support mechanisms for the cotton sector are in three categories:
            - Premium support
            - Direct support
            - Diesel and chemical fertilizer support.
        - Premium Support
            - The premium support is a payment based on production, given directly to the farmer per kilogram of unginned cotton production, which is approximately $0.17 TL/kg for the producer using certified seeds and about $0.14 TL/kg for producers using non-certified seeds (US $0.24/lb and US $0.18/lb lint equivalent) as of April 2009.
        - Diesel and Chemical Fertilizer Support Payments
            - The diesel and chemical fertilizer support payments are made on per hectare basis. For cotton, these payments are $35.43 TL/ha for diesel fuel support (US $14.34/ac) and $23.57 TL/ha for chemical fertilizer support (US $9.54/ac) as of April 2009.
    - Support Payments
        - The GOT is trying to introduce new facilities to cotton farmers to increase their incomes. Accordingly, it has announced 7 TL/kilogram monthly

support payments to farmers who utilize bonded warehouses for future sales.

- Imports
  - Import Duty
    - For a period of 9 months from July 2011, imports of fabric and garment were subject to a 20% and 30% import duty, respectively.
  - Import Tariff for Cottonseed
    - Current as of April 2017, cottonseed is subject to a 10% tariff.
  - Import Tax
    - Current as of March 2017, cotton imports have zero import tax.
    - Since April 2016, US cotton is subject to a 3% antidumping duty.
  - Tariff for Cottonseed Oil
    - Current as of February 2017, the tariffs for cottonseed oil is as follows:
      - Crude: 31.2%
      - Refined for food use: 31.2%
      - Refined for industrial use: 5%
      - Refined for biodiesel: 19.5-0%
  - Cotton is imported to Turkey with zero tariffs, since it is the key input of Turkey's textile sector. US cotton imports are subject to a 3% antidumping duty imposed by Turkey, while other cotton is not.
- Prices
  - MY 2009 – MY 2011
    - The cotton premium was increased from 324 TL/MT to 420 TL/MT in 2009 and remained the same in MY 2010 and MY 2011.
  - 2013
    - During MY 2013, local cotton prices moved along with world prices. Local Standard 1 Aegean cotton was US $2.23 per kilogram in September 2013. It declined to US $1.90 per kilogram in late December 2013.
    - Local cotton is presently quoted for $2.07/kilogram.
- Seed Cotton Production Bonus
  - In an effort to promote farmers to plant cotton, the Turkish government instituted a seed cotton production bonus. Only certified seed users are eligible for the production bonus.
  - 2008
    - In April 2008, the government announced that payments ("production bonuses") for 2007/08 seed cotton would be YTL 0.348 (approximately US $0.28) per kilogram, which will continue until 2011.
  - 2014

        - Prior to planting in MY 2014, the Government of Turkey has increased the seed cotton production bonus about 10% to 0.55 TL per kilogram, which had a positive effect on planting (550 TL/ton is about US $244/ton).
    - 2015
        - The production bonus for the 2015 crop was 650 TL/MT.
    - 2016
        - In MY 2016, the government's initiative to increase planting by increasing the production bonus to TL 0.75 (US $0.25) per kilogram of seed cotton (750 TL/MT) had a positive effect on farmers' planting decisions.
    - 2017
        - This is the sixth year to increase the seed cotton production bonus.
        - For MY 2017/18 cotton seed, the production support is TL 0.80 per kilogram.
        - As of August 24, 2017, US $1 = 3.5 TL.

Rice

- Imports
    - In MY 2011, the TMO intended to import 40,000 tons (+/- 5%) of paddy rice.
    - Import Certificates
        - Rice exporters gain import certificates, which allow them to import paddy rice with zero tariff in order to produce rice for exporters.
    - Import Duty
        - The import duty remained at 34% for paddy rice in MY 2011 and 45% for milled rice.
    - Import Tariff
        - Current as of April 2017, the import tariff for paddy rice is 34%.
        - A decree published on December 31, 2017, reduced tariffs from 34%, 36%, and 45% to 5%, 10%, and 15% for paddy rice, brown rice, and milled rice, respectively. These new rates will be effective until July 1, 2018. These changes are aimed at targeted inflation in food prices.
- Inward Processing Regime (IPR)
    - As of April 2017, most of the paddy rice (rice in husk) imports are done with zero tariff under the inward processing regime (IPR) for export purposes.
    - This IPR process for the paddy rice sector is similar to the one used in the wheat sector.
    - Rice exporters gain import certificates, which allow them to import paddy rice with zero tariff in order to produce rice for exporters.
    - The main target is to allow Turkey to become the rice miller for the region.

    - They import paddy rice, mill it, and export it to Middle East and Northern African countries.
    - 25% of the paddy rice imports are done under IRP for export purposes.
- Premium Production Programs
    - The GOT continues to support rice production with production premium programs.
    - 2015
        - According to 2015 production bonus announcements, the paddy rice premium remained at 100 TL/MT (US $35/MT).
        - The total budget of that support was 65 million TL, which was given to the farmers according to their amount of production after the harvest.
    - 2016
        - According to 2016 production bonus announcements, the paddy rice premium remained at 100 TL/MT (US $28/MT).
        - The GOT is also continuing to provide different benefits to farmers under the umbrella of certified seed, soil analysis, diesel, and fertilizer support which total 190 TL per hectare. These are given to the farmers a year after the harvest.
- Prices
    - Procurement Price
        - 2017
            - TMO announced the procurement price at 1,675 TL/MT for Osmancik and 2,100 TL/MT for Baldo variety for 60 milling rate paddy rice.
        - 2018
            - As of December 31, 2017, a procurement price was not announced. This is most likely due to satisfactory demand in the private sector for domestic paddy rice.
- TRQ
    - Since 2003, Turkey has applied a TRQ on rice imports.
    - There is a dispute between Turkey and the US, in which the US claims that Turkey has required licenses in order to import rice both at the in-quota and over-quota rates, which is a non-transparent and discretionary process.
- Turkish Food Codex Communique on Rice
    - The Ministry of Food, Agriculture, and Livestock (MinFAL) announced a draft for Turkish Food Codex Communique on Rice which allows for up to a 5% threshold for unintentional blending, up from a zero tolerance level.
    - With this realistic threshold, the government can now crack down on the problem of blending of cheaper rice varieties because they can sort out the difference

between unintentional blending which can happen during production, transport, and processing at under 5%, and purposeful blending and mislabeling of varieties/qualities/origins which has become an issue.

Sorghum

- There is no information to report for sorghum.

Soybeans

- Imports
  - Soybean Meal Import Tax
    - For 2018, soybean meal will have a zero percent tax if imported from EU countries. If imported from countries outside the EU, soybean meal will be subject to a 5% tax.
  - Soybean Tariffs
    - Since 2011, there have been no import tariffs on soybeans.
  - Soybean Oil Tariffs
    - Current as of February 2017, the tariffs for soybean oil is as follows:
      - Crude: 31.2%
      - Refined for food use: 31.2%
      - Refined for industrial use: 5%
      - Refined for biodiesel: 19.5-0%
  - TRQ
    - Current as of February 2017, to comply with its Customs Union agreement with the EU, Turkey established tariff rate quotas for vegetable oils.
    - Although established, Turkey does not always utilize these quotas, in order to maintain the value of Trakya Birlik's stocks.
    - The tariff for soybean oils are:
      - Crude soybean oil: 60,000 MT with a 0% duty
      - Refined soybean oil: 2,000 MT with a 0% duty
- Production Bonus
  - The production bonus for the use of certified soy seed increased from 350 TL (US $233) per ton in 2010 to 500 TL (US $310) per ton for the 2011 crop.
  - The production bonus for the 2014 crop was 500 TL/MT
  - The production bonus for the 2015 crop was 500 TL/MT
  - The production bonus for the 2016 crop was 600 TL/MT
- Support Programs
  - The Government of Turkey (GOT) announced in late 2016 a new regional crop support program that may improve condition for soybeans planting, but the details of the program are not available as of now.

- Over the years, the GOT has been encouraging the increase of oilseeds planting by higher production bonus payments.

Sugar

- Imports
  - Import Tariffs
    - The tariff rate on sugar imports to Turkey remains at 135% on the CIF value, which makes Turkey's sugar imports negligible.
    - As of March 2022, the tariff quota for sugar imports is 400,000 MT.
- Exports
  - Export Difficulties
    - In MY 2015, the Turkish poultry industry faced difficulties in exports due to security problems in the border areas of major export markets such as Iraq and Syria, along with political disputes.
    - As of late 2016, the industry is showing great efforts to find new routes to the main export markets and also searching for new export markets.
    - Increase in usage of alternative low-priced feed items such as DDGS in the rations also reduces soybean and products usage.
    - Due to the above issues, domestic consumption of soybean is expected to decrease in MY 2016.
  - Exporters Import Duty Exemption
    - Currently, as of October 2016, exporters of sugar products can buy C quota sugar at world prices, and bring the sugar into free zones under the Inward Processing Regime, which exempts them from the 135% import duty imposed on sugar imports, with the precondition that they export the end product and not sell it domestically.
- Prices
  - Factory Sales Price
    - Centrifugal Sugar Prices
      - MY 2016/17
        - 144.72 TL per 50 kg bag (2.89 TL/kg)
        - 179.28 TL per 50 kg bag of cube sugar (3.58/TL)
  - Procurement Price
    - MY 2016/17
      - Beet Sugar
        - 190 TL/MT
    - MY 2017/18
      - Beet Sugar
        - 210 TL/MT

        - US $1 = 3.7 TL as of April 2017
        - These prices are for 16 polarity beets. If beets have a higher polarity, they will receive about US $4 extra per each degree of polarity increase.
    - Retail Prices
        - MY 2016/17
            - As of October 13, 2016, the retail price for a 1 kilogram of sugar is 4.60 TL (US $1.54).
            - As of April 2017, the retail price of sugar currently varies between 3.75 and 4.75 TL/kg
            - US $1 = 3.7 TL as of April 2017
    - Wholesale Prices
        - The wholesale price of a bag of crystal sugar is 131 TL ($60.60) and a 20 kg bag of cube sugar is 69 TL (US $31.90), including an 8% value added tax.
        - As of October 13, 2016, the wholesale price of a 50 kilogram crystal sugar is 145 TL (US $48) and a 50 kilogram bag of cube sugar is 179 TL (US $59) (including 8% value added tax [VAT]) (exchange rate for US $1 is 3 TL as of October 2016).
        - As of October 13, 2016, the wholesale price of 1 kilogram of sugar is 2.90 TL (US $0.97).
        - As of September 2017, the wholesale price of a 50 kg bag of crystal sugar is 150 TL (US $43) and a 50 kg of cube sugar is 179 TL (US $50) (including 8% VAT) (the exchange rate as of September 2017 is US $1 is 3.5 TL).
- Quotas
    - A, B, C Quotas
        - The "A quota" is the amount of sugar that the producers can market domestically.
        - The "B quota" is an additional margin allowed for producers.
        - At the end of the campaign period, any excess sugar produced by the factories above their allocated quotas is sold as C sugar to exporters at world prices.
        - A Quota
            - The price of A Quota sugar beets with 16% polarity rate has increased from 149 Turkish Lira (TL)/MT (US $82.77/MT) in MY 2012/13 to 156 TL/MT (US $82.10/MT) in MY 2013/14.
        - C Quota

- The price of C Quota ranges between 70-85 TL/MT (US $36.80 - US $44.70/MT) in MY 2013/14.

- Production Quota
  - Turkey's sugar production is limited by quotas.
  - The Sugar Law of 2001 formed a Sugar Board under the Ministry of Industry and Trade whose main responsibility is to distribute production quotas to all the sugar- and sweetener-producing companies based on their performance over the previous three years.
  - For newly established refineries, the quota is determined by their reported capacity.

Sugar Production Quotas in Turkey (1,000 MT)									
	MY 2014/15			MY 2015/16			MY 2016/17		
	A Quota	B Quota	Total	A Quota	B Quota	Total	A Quota	B Quota	Total
Beet Sugar	2,250	67.5	2,317.5	2,250	67.5	2,317.5	2,385	119.25	2,504.25
Starch Based Sugar	250	-	250	250	-	250	265	-	265
Total Quota	**2,500**	**67.5**	**2,567.5**	**2,500**	**67.5**	**2,567.5**	**2,650**	**119.25**	**2,769.25**

Sugar Production Quotas in Turkey (1,000 MT)									
	MY 2017/18			MY 2018/19			MY 2019/20		
	A Quota	B Quota	Total	A Quota	B Quota	Total	A Quota	B Quota	Total
Beet Sugar	2,403	120	2,523.00						
Starch Based Sugar	267	-	267						
Total Quota	**2,670**	**120**	**2,790**						

  - The quotas for MY 2021/22 are 2.7 MMT for sugar beets and 67,500 for starch based sugar.

- Starch Based Sugar Quota
  - The starch based sugar quota was increased 25% from the initial announcement of 244,000 MT to 305,000 MT.

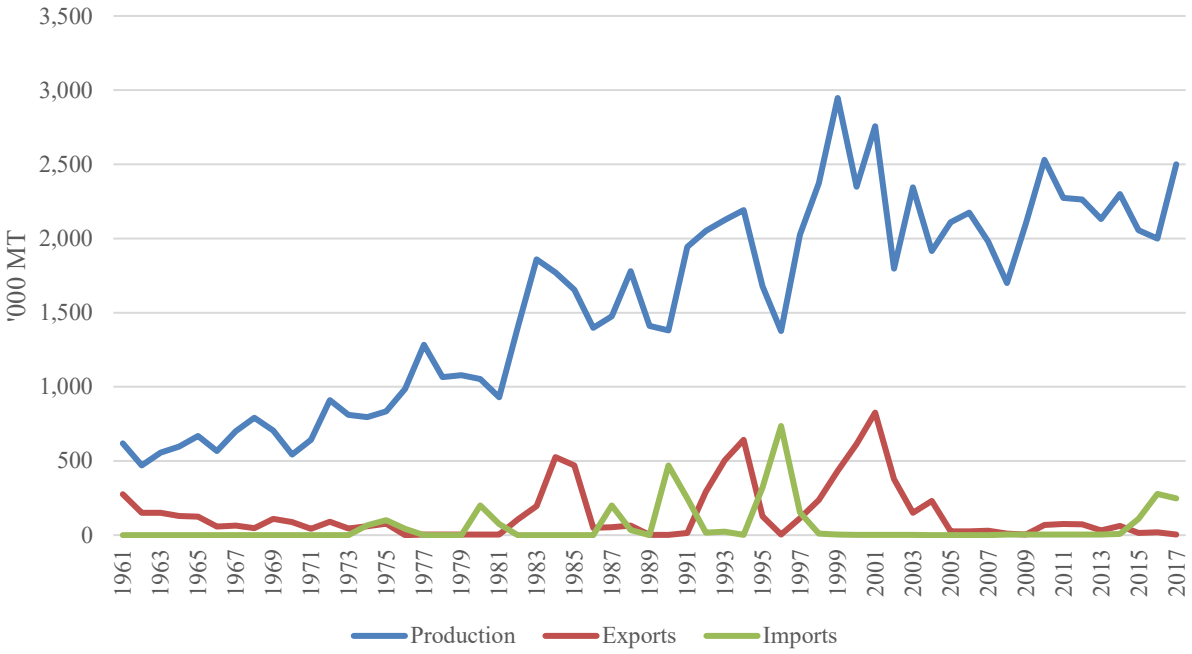

Figure 24. Turkish Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1961-2017. Source: USDA.

- <u>Key Policies</u>**:**
  - As previously noted, Turkey is one of the highest subsidizing countries in the world on sugar based on direct transfers and border policies. Their average MFN applied tariff for the HS17 code is 102%, but their applied rate for raw sugar imports is 135% as of 2016.
  - A Turkish government entity, (TURKSEKER) is the country's biggest sugar producer, owning 15 factories accounting for 30% of Turkish production.
  - The government provides a myriad of input subsidies, such as fertilizer and fuel, and also provides direct income/price support and insurance programs.
  - Turkey uses production quotas to manage internal supplies.
  - Although Turkey has been phasing out/privatizing the government-owned sugar mills, those mills received subsidies estimated at as much as $250 million per year.[16]
  - Turkey requires 3% bioethanol in its gas fuel and sugarbeet molasses is one of the feedstocks used to meet that requirement.

[16] Burell, A. and M. Kurzweil. "Distortions to Agricultural Incentives in Turkey." World Bank and Wagenigen University Working Paper 10, 2007. http://siteresources.worldbank.org/INTTRADERESEARCH/Resources/544824-1146153362267/Turkey_0208.pdf

Wheat

- Exports
  - Turkish wheat exports usually depend on TMO export policy.
  - As of April 2017, Turkey has ranked as the top wheat flour exporter in the world in recent years.
  - Due to a surplus of grain from high production in 2023, GOT temporarily authorized exports of domestic durum wheat and corn.
- Government Support for Wheat (TL/MT)

Turkey: Government Support for Wheat Producers					
Year	Certified Seed (TL/ha)	Premium (TL/Ton)	Soil Analysis (TL/ha)	Diesel (TL/ha)	Fertilizer (TL/ha)
2009	50	45	22.5	29.3	38.3
2010	50	50	25	32.5	42.5
2011	60	50	25	37.5	47.5
2012	60	50	25	40	50
2013	75	50	25	43	55
2014	75	50	25	46	60
2015	85	50	25	48.5	66
2016	85	50	110		
2017	85	50	8	130	40
2018	85	50	8	150	40

- Imports
  - EU Imports 2017
    - As of January 2017, TMO issued a series of international tenders to purchase a total of 99,000 tons of wheat to be sourced from the European Union (EU).
    - Therefore, 99,000 MT of high quality wheat, with a minimum 14% protein, will be bought under a zero tariff quota through a tender on January 13, 2017.
  - Import Duty
    - Durum wheat processors and pasta producers have an extensive amount of inward process regime certificates for about 1 MMT. This allows them to import 1 MMT of durum wheat without duty.
  - Import Duty Exemption
    - The Turkish inward process regime allows exporters to obtain raw materials and intermediate unfinished goods that are used in production of

the exported goods without paying customs duties and being subject to commercial policy measures.
        - Under this regime, exporters get special import licenses where they export wheat products (i.e. wheat flour and pasta).
        - For example, when pasta exporters export 100 MT of pasta, they are eligible to import 175.4 MT of wheat at a zero tariff rate (conversion rate is 1.754) and when a wheat flour producer exports 100 MT of wheat flour, they are eligible to import 140 MT of wheat duty free.
        - Turkey increased the inward process regime certificate price from US $80 to US $100 per metric ton.
        - Durum wheat processors and pasta producers have an extensive amount of inward process regime certificates for about 1 MMT.
    - Import Tariffs
        - 2010-2011
            - The GOT applied a 130% tariff on wheat to protect the domestic market, but there is an open door for flour (and other wheat products) exporters to import tariff-free wheat.
            - The import tariff on wheat was temporarily reduced to zero (from 130%) until May 1, 2011.
        - 2016
            - As of June 2016, the GOT applied 130% tariff on wheat to protect the domestic market, but there is an open door for flour (and other wheat products) exporters to import tariff-free wheat.
        - 2017
            - As of July 2017, the Turkish government reduced tariffs for wheat from 130% to 45%.
        - 2018
            - Tariffs will remain at 45% for 2018.
- Inward Processing Regime (IPR)
    - As of April 2017, a number of Turkish agricultural exports benefit from Turkey's Inward Processing Regime (IPR) policy.
    - The IPR has made it possible for Turkish wheat products, for example, better compete internationally despite high, protected domestic prices.
    - Flour exporters, as well as pasta and biscuit exporters, gain import certificates which allow them to import wheat with zero tariff in order to produce and export flour.
    - Almost all wheat imports in MY 2016/17 have been done under the scope of the IPR with zero tariffs by wheat product exporters.

- The other advantage for wheat flour exporters is that the by-products of wheat are very valuable in the domestic market.
- In 2015, an amendment was added that allows imports of milling wheat up to 30% if producers blend milling wheat and durum wheat in order to produce pasta for the African market. They can only sell 100% durum wheat in Turkey.
- Russia Import Ban
  - The GOT has banned wheat imports from Russia in the scope of Turkey's IPR since March 15, 2017.
  - The main sector affected by the import ban from Russia is the wheat flour sector as Russia is the largest supplier of milling wheat for Turkey.

- Prices
  - 2013 Prices
    - TMO announced the wheat price on June 7, 2013 at:
      - 720 TL/MT for milling wheat
      - 765 TL/MT for durum wheat
  - 2014 Prices
    - Anatolian Red Wheat Price
      - The price of Anatolian red wheat is between 910-935 TL/MT.
      - The price of feed type wheat was 750 TL/MT at the Polatli Commodity Exchange on March 27, 2014.
    - Certificate Price
      - In October 2014, Turkey increased the inward process regime certificate price from $80 to $100/MT.
      - As of 2014, the price of the durum wheat inward process regime certificate is $20/MT.
    - Market Prices
      - On October 31, 2014, the market price for high quality wheat was 963 Turkish Lira (TL)/metric ton (MT) (US $426/MT) when the Turkish Grain Board (TMO) announced the availability at 880 TL/MT (US $390/MT) of high quality wheat.
      - Following the announcement on October 31, 2014, the market price fluctuated below 900 TL/MT in the first week of November, returning to 950 TL/MT (US $420/MT) on November 11, 2014.
  - 2016 Prices
    - Domestic Prices
      - Anatolian HRW: 870 TL/MT
      - Durum Wheat: 930 TL/MT
    - Intervention Prices
      - MY 2016/17 durum wheat: 1,000 TL/MT (US $344/MT).

        - MY 2016/17 Anatolian Hard Red Milling (AKS) Wheat: 910 TL/MT (US $314/MT).
- 2017 Prices
    - Domestic Prices
        - Anatolian HRW: 970 TL/MT
        - Durum Wheat: 990 TL/MT
        - Milling Wheat: 1,080 TL/MT (US $239/MT)
    - Procurement Prices
        - Anatolian Hard Red Milling (AKS) Wheat: 940 TL/MT (US $261/MT)
        - Durum wheat: 1,000 TL/MT (US $278/MT)
        - Farmers have the opportunity to receive up to 5% more depending on quality (bugs ratio and protein).
- 2018 Prices
    - Domestic Prices
        - Anatolian HRW: 1,005 TL/MT
        - Durum Wheat: 1,060 TL/MT
    - Procurement Prices
        - Anatolian Hard Red Milling (AKS) Wheat: 940 TL/MT (US $314/MT)
        - Durum wheat: 1,000 TL/MT (US $346/MT)
        - Farmers have the opportunity to receive up to 5% more depending on quality (bugs ratio and protein).
- Historic TMO Wheat Intervention Prices and Premiums for Anatolian Hard Red Milling (AKS) Wheat

Turkey: TMO Wheat Intervention Prices and Wheat Premiums (TL/MT)		
Year	**Intervention Price**	**Premium**
2007	425	45
2008	500	45
2009	500	45
2010	550	50
2011	605	50
2012	665	50
2013	720	50
2014	-	50
2015	862	50
*2016	910 (US $314)	121 (US $17)
2017	940 (US $261)	50 (US $13)

**convert to dollars as of June 2016*

- Quotas
  - On December 22, 2010, the Turkish Ministerial Council allocated a 1 MMT duty free import quota for wheat to the Turkish Grain Board (TMO) which can be used until December 31, 2011.
  - TMO allocated its quotas of 230,000 MT milling wheat and 100,000 MT of EU durum wheat to the private sector.
- Wheat Seed Subsidy
  - The Turkish government is attempting to raise the quality of wheat by offering subsidies to farmers based on their usage of domestically-produced certified wheat seed.
  - For MY 2018/19, the subsidy was 85 TL/ha. This was intended to help cover the costs of the more expensive, higher quality seed.

UNITED KINGDOM

General

- Brexit
  - The United Kingdom was a part of the European Union beginning in March 2018.
  - At the end of 2020, the UK left the EU and is seeking trade agreements of its own again. As part of this agreement, there are no tariffs or TRQs on each other's goods.
  - As part of the Northern Ireland Protocol, NI will remain part of the single market and customs union for goods to maintain integrity of the EU border and minimize disruption to trade in Ireland.
- Free Trade Agreements
  - Japan-UK Free Trade Agreement
    - On January 1, 2021, the Japan-UK Comprehensive Economic Partnership Agreement (CEPA) was entered into force, which enables the UK to maintain most of the market access terms which were approved under the previous Japan-EU Partnership Agreement (EPA).
    - UK lost access to 15 out of 25 preferential TRQs, and of remaining 10 TRQs, preferential tariff rates will only be applied to the volume remaining after EU-27 imports are subtracted. This applies to wheat, barley, coffee and other food preparations. They lost access to the ones for wheat flour, barley flour, sugar, and other food preps.
- Policies
  - Border Target Operating Model (BTOM)
    - Post-Brexit import control system for animals, animal products, plants and plant products will be implemented in two phases.
      - First phase is effective only for EU, and will require export health certificates beginning January 31, 2024. (no certificates were required when the UK was part of the EU).
      - Secondly, export health certificates will be required from all other countries beginning April 30, 2024.
  - Import Policies
    - Following the UK's departure from the EU, US export health certificates are now required to either follow the Great Britain model health certificates or the EU model health certificates if shipping to Northern Ireland.

Biofuels

- General
  - Following a government announcement, the rollout of E10 fuel (gasoline with up to 10% ethanol began in September 2021.

- There are currently 2 biofuel plants in the UK, and the 2nd one is set to open shortly.

Biotechnology

- General
  - United Kingdom currently has a timeframe of one to two years for the first phase of regulatory reform, and 5-7 years for a wider overhaul of biotechnology regulation.
  - As of January 1, 2021, there are 9 GE crops out for public consultation as part of the new UK approval process, with additional events still pending.
- Exports
  - As of November 2023, the UK does not export GE crops to any country.
- Imports
  - The UK is a protein-deficient market that imports grain and oilseed derivatives for livestock feed. These imports currently include commodieites that are predominantly derived from GE crops, primarily soybeans and soybean meal.
- Policies
  - GE Approvals
    - First round of GE approvals was passed in May 2022, a carryover from the European Union.
    - These approvals distinguish between approval for food, feed, processing, or environmental release.
    - Stacked or pyramided event approvals is the same as laid out for single events.
    - As of April 26, 2023, eight more GE crops were authorized for use, including wheat, camelina, potatoes and barley.
    - Despite approval of the science, the UK has never planted a commercial GE crop and has none under development.
  - Genetic Technology (Precision Breeding) Act
    - Confirmed as an act of Parliament in March 2023.
    - Is the first phase of amending the UK's regulatory framework for GE products.
    - Secondary legislation will be needed to streamline the regulation of plants and animals derived from simple genome editing and other techniques that could have been achieved by simple breeding methods.
    - The current timetable anticipates this legislation being laid in summer 2024 and possibly approved by the end of the year, for plants. Legislation for animals not expected until late 2025 or early 2026.
- Trade

    - In terms of trade, the UK has not kept pace as of yet with EU approvals for food and feed imports, which causes disruption in the market.
- Trade Barriers
    - For three decades, US exports have been constrained by market conditions and local legislation pertaining to GE food products.
    - For many US companies, the additional burden of sourcing non-GE ingredients to supply the EU and UK markets is often too large a hurdle to overcome.

UZBEKISTAN

General

- Policy
  - Agriculture in Uzbekistan receives high policy priority.
  - The main objectives of Uzbekistan's agricultural policy in recent years are to:
    - Maximize and stabilize export revenues from agricultural outputs
    - Redistribute revenue from agriculture to other sectors
    - Improve rural standards of living

Biofuels

- There is no information to report for biofuels.

Biotechnology

- Policy
  - Uzbekistan has no regulations governing production, importation, or labeling of bioengineered products.
  - There are no regulations regarding biotechnology-related labeling of processed food products.
  -
- Production
  - Uzbekistan does not commercially grow any transgenic crops nor does it have regulations in place affecting imports of these products.
  - As a major cotton producer, Uzbekistan could benefit from planting biotechnology cotton.

Corn

- There is no information to report for corn.

Cotton

- Cotton Farm Ownership
  - Before 2004, cotton farms were state owned.
  - In 2003, the government decreed that all state farms reorganize into private farms by 2006.
  - By the beginning of 2006, more than half of the existing state farms were reorganized into private farms.
- Debt Write-Offs
  - Debts are written off based on special resolutions issued by the government.

    - Most of the debt write-offs are associated with collective farms being reconstructed.
- Exports
    - Exportation of cotton is centrally controlled by the state.
    - All cotton lint is sold either to trading companies of the Ministry of Foreign Economic Relations to Investments and Trade (MFERIT) for export or to the Republican Commodity Exchange that offer them for sale to domestic consumers.
- General
    - The government maintains control over all aspects of production, including planted area, production targets, prices, inputs, procurement, and marketing.
    - The state fixes the area that farmers have to cultivate to produce cotton.
    - The state provides subsidies for irrigation, fertilizer, seed, and financing.
    - As of December 2018, they continue to lower the targeted cotton planting area to increase vegetable and fruit production in areas where cotton yields are low.
    - As of March 2020, Uzbekistan liberalized the cotton market by a presidential decree. State regulation of cotton production, price and mandatory sales plan is now abolished. Cotton growers may now freely choose the variety they want to grow.
- Policies
    - In December 2022, GOU instituted a new regulation requiring cotton seed (and other crop seed) to be certified by an Uzbek government seed testing agency. The purpose is to increase the use of certified, better-quality seeds and increase crop yields.
- Prices
    - Seed Cotton Price 2014
        - The average procurement price for seed cotton (based on grade 2 class 5) was 937,400 Uzbek sums (US $400) per metric ton. (The 2014 official exchange rate: Uzbek sums 2,344 = US $1).
        - In MY 2014/15, the average seed cotton procurement price is reportedly planned to increase by 15-20%.

Rice

- There is no information to report for rice.

Sorghum

- There is no information to report for sorghum.

Soybeans

- Import Tariff

    - The import tariff on oilseeds is 5%.
- Production
    - Farmers interested in growing soybeans have been unable to obtain necessary land area.
    - State orders dictate that all land areas be strictly devoted to wheat and cotton production.
- Trade Impediments
    - The demand for oilseeds, especially soybeans, is considerable, but the high VAT on all imports along with the transportation costs to landlocked Uzbekistan remain as major impediments to trade.

Sugar

- Import Tariffs
    - There are zero tariffs on imported raw and refined sugar.

Wheat

- Procurement Prices 2014
    - Procurement prices for hard and soft wheat at the end of September 2014 are listed below. (official exchange rate 2014: 2,160 Uzbek sums = US $1)
        - Hard Wheat
            - Grade 1: 623,490 Sums/MT (US $288.65)
            - Grade 2: 549,890 Sums/MT (US $254.58)
            - Grade 3: 500,270 Sums/MT (US $231.61)
            - Grade 4: 380,000 Sums/MT (US $175.93)
            - Grade 5: 314,330 Sums/MT (US $145.52)
        - Soft Wheat
            - Grade 1: 519, 090 Sums/MT (US $240.32)
            - Grade 2: 441,430 Sums/MT (US $204.37)
            - Grade 3: 380,000 Sums/MT (US $175.93)
            - Grade 4: 339,360 Sums/MT (US $157.11)
            - Grade 5: 314,330 Sums/MT (US $145.52)
- Production
    - The government of Uzbekistan controls planted area, production, and marketing of wheat, both in the domestic and international markets.

VIETNAM

General

- Comprehensive and Progressive Trans-Pacific Partnership Agreement
    - On March 8, 2018, the Vietnamese government signed an agreement with ten other countries including Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, and Singapore.
    - This partnership agreement will officially go into effect in early 2019.
    - The results of this partnership agreement will eliminate 98% of tariffs throughout the trans-pacific marketplace.
    - The Vietnam government is hoping that as a result of signing this agreement, there will be more foreign direct investments in multiple sectors, more so in the agriculture and food processing sectors.
- DDGS
    - The Ministry of Agriculture and Rural Development (MARD) announced Decision 3566/QD-BNN-BVTV which removes the halt on imports of distiller's dried grains with solubles (DDGS) from the United States. After the decision was signed into effect, import permits were available for DDGS.
- Input Subsidies
    - The Government of Vietnam has many program under which inputs such as seed, fertilizer, and irrigation water are subsidized.
    - At the provincial level, seeds are provided to farmers at subsidized rates.
    - Fertilizer manufacturers and importers have access to low-interest credit.
    - Approximately half of the cultivated land in Vietnam is irrigated and farmers pay a subsidized fee for using water for irrigation. The irrigation fee is set by each province under the guidelines of the Ministry of Water Resources. On average, farmers pay approximately half of the irrigation maintenance and operation costs.
- Policy
    - Sustainable Agriculture and Rural Development Strategy 2021-2030
        - In March 2022, Vietnam issued a new Sustainable Agriculture and Rural Development Strategy 2021-2030 Vision to 2050.
        - The main objectives of the Strategy include:
            - building a commodity-producing ag sector while developing specific agriculture plans based on local advantages,
            - ensuring national food security,
            - making an important contribution to socio-economic stability,
            - preventing and controlling natural disasters and epidemics,
            - protecting the environment,

        - and responding to climate change, by efficiently implementing international commitments on reducing greenhouse gas emissions.
    - The specific targets for meeting these objectives by 2030 are:
        - The GDP growth rate of ag, forestry and aquatic products reaching an average of 2.5 to 3% each year. Labor productivity growth rate in these three areas increases by 5.5 6o 6% each year.
        - To expand and develop markets, especially export markets.
        - Increase incomes and reduce poverty sustainably. Rural income increases by 2.5 to 3 times the 2020 level. Rural household poverty rate decrease by 1 to 1.4% per year.
        - The proportion of ag employment in the total labor force decreases to less than 20%, while the rate of trained ag workers increase to more than 70%.
        - Develop green, environmentally friendly and climate resilient agriculture, reduce rural environmental pollution, strive for greenhouse gas emission reduction by 10% compared to 2020 level. Forest coverage remains stable at 42%, of which the sustainable management certified forest area reaches more than one million hectares. Increasing coastal and marine protected areas reaches 3 to 5% of the natural national marine area.
- WTO
    - Vietnam joined WTO on January 11, 2007 as the 150th member of the organization.
    - Its commitments for joining WTO included reduction in tariffs, a ceiling on agricultural subsidies, and a phase out period for quota elimination.

Biofuels

- There is no information to report for biofuels.

Biotechnology

- General
    - MARD resumed acknowledgement of new applications for food and feed use in April 2023. This includes applications herbicide resistant traits for canola and cotton. In September, three more applications were accepted, including two new biotech events for corn and one for soybeans. As of the end of October, public consultations for these events are ongoing.
    - In 2022, industry estimated the biotech corn area at around 220,000 ha while demand for GE seed is increasing.
- Corn

- Biotech corn is mainly produced for feed use, either for grains or as silage, due to high demand in the feed and livestock industry.
- Commercial production of genetically modified corn was anticipated in CY 2012/13. At the time, large field trials were being conducted.
- In March 2015, MARD's Crop Production Department (CPD) approved three genetically modified corn varieties for commercial planting.
- In April 2015, the approved GM corn varieties were planted, making Vietnam the 29th country to commercialize a biotech crop in the world.
- Between June 2015 and October 2016, the Ministry of Agriculture and Rural Development (MARD)'s Crop Production Department (CPD) approved 17 biotech corn varieties for growing in Vietnam.
- These approvals follow the first three biotech corn varieties permitted for cultivation in March 2015.
- As of December 2016, all of the approved biotech varieties carry a genetically engineered (GE) corn trait tolerant to either *Lepidopteran* or *glyphosate* separately or *Lepidopteran* and *glyphosate* together.
- In 2017, an additional corn event was approved bringing the total number of approved corn varieties to 18.
- On September 20, 2019, MARD approved 5 new biotech events, including two for soybean and one for corn. Some of these had been pending approval for over 4 years.
- As of August 2021, 12% of the total corn crop is Bt corn.
- Vietnam currently only approves the commercialization of Bt corn, as of November 2022. 16 Bt corn varieties are approved, most of which are stacked events.
- In the first six months of 2023, Vietnam approved six outstanding biotech corn hybrids for cultivation, after the country suspended its appraisal process since 2017.

- <u>Imports</u>
  - As of December 2016, Vietnam imports a number of genetically engineered (GE) plant products, including soybeans, soybean meal, soybean oil, corn and distillers grain, cotton, alfalfa, and canola.
  - Excluding imported cotton used in the textile industry, the majority of Vietnam's GE product imports are utilized as feed for the country's growing livestock and aquaculture sectors.
  - As of July 2020, the MFN import tariff on ethanol was reduced to 15%.
  - As of August 2021, there are 52 events approved for food and feed import to Vietnam. All outstanding applications were approved up to this date.
  - As of November 2022, Vietnam had not resumed its regulatory process for acknowledging and reviewing new application, going back to August 2021. This is a requirement for importation of any new approvals. The country remains a

major importer of biotech crops and products including soybeans, corn, distiller dried grains, soybean meal, and cotton. The US is the dominant supplier of DDGS, soybeans, and cotton, while Argentina and Brazil are the two largest suppliers of corn and soybean meal.
    - As of November 2023, Vietnam remains a major importer of biotech crops and products, including soybeans, corn, and distillers' dried grains with solubles (DDGS), soybean meal, alfalfa, and cotton.
- Exports
    - As of December 2016, Vietnam does not export GE crops.
    -
- Policy
    - 2008
        - Law on Biodiversity – first law legalizing provisions of genetically modified organisms and risk management of GMOs in Vietnam.
    - 2010
        - Decree 69/2010 on Biosafety – provides a framework on the management of GE organisms, genetic specimens and the approval of GE crops for food, feed and cultivation.
    - 2014
        - In early 2014, Vietnam completed the main regulatory documents required to commercialize biotech crops.
        - On January 24, 2014, the Ministry of Agriculture and Rural Development (MARD) issued Circular 2/2014/TT-BNNPTNT to broadcast the Approval Process of Issuing and Withdrawing Certification for Genetically Modified Plants for use as food and feed.
    - 2017
        - On August 1, 2017, MARD approved 21 certificates for GE products to be used in food and feed products. All products approved are soybean and corn products.
        - There are still 29 GE events for soybean, corn, cotton, canola, sugar beet, and alfalfa that are awaiting approval.
    - 2018
        - Law on Crop Production – (did not go into effect until January 2020) GE varieties, whose host varieties aren't approved for cultivation in Vietnam, are subject to field testing prior to applying for cultivation approval. Ge varieties are permitted for import for field testing with a Certificate of GE Food/Feed Approval and Biosafety Certificate.
    - 2020
        - Decree 118/2020, revising Decree 69/2010 on Biosafety:
            - Revision focuses on amending and supplementing provisions on field testing of biotech crops for safety assessments.

            - Provides a regulatory basis to resume field testing of biotech corn for biosafety assessment, which was suspended in 2017.
            - Details provisions on renewal of Certificates for Food and Feed Approval and Certificates of Biosafety in cases of change of applicants' information.
        - As of October 2020, Vietnam has issued 45 certificates of food/feed approval for GE products including corn, soybeans, sugar beets, and cotton. Six of the cotton products are approved only for feed use.
        - MARD has yet to reestablish the GE Risk Assessment Committee that was dissolved in September 2020.
    - 2021
        - Master Plan
            - In March 2021, Vietnam issued a Master Plan to outline development of ag biotech to 2030.
                - Aims to facilitate research and application of biotech in a group of key ag products to increase quality and productivity, adapt with climate changes and increase resistance to pests and disease;
                - Increase investment in local ag biotech industries;
                - Upgrade capacities in plant breeding technologies, gene technologies, and animal and plant cell technologies.
            - MARD is the focal point and is responsible for collaborating with line ministries to implement the Master Plan.
- Trade Barriers
    - As of June 2016, no trade barriers affecting GE agricultural products have been reported.
    - However, there is potential for trade restrictions to occur depending on how Vietnam implements its feed and food biotech regulations, including inspection authorities, on grain, oilseed, and feed trade.
    - As of October 2021, there are no official trade barriers affecting GE ag products.

Corn

- Import Tariff
    - The tariff rate applied to corn (seed) imported from countries having MFN with Vietnam is zero.
    - Government of Vietnam issued Decree 101/2021/ND-CP on November 15, 2021, revising MFN tariff rates on corn. This decree lowered the MFN corn tariff to 2%.
- Prices
    - Domestic corn prices are usually higher than imported corn due to domestic supply typically falling short of demand.

- Local prices usually drop sharply during the seasonal harvests (autumn and winter harvest crops), then go up during the first 4-5 months of the year.

Cotton

- Import Tariff
  - Cotton lint (HS Code 5205-5206-5207) has a zero tariff but a 5% VAT.
  - Cotton fiber (HS Code 5201, 5203) has a zero tariff but a 5% VAT
  - Cotton yarn (HS Code 5205, 5206, 5207) has a 5% tariff plus a 10% VAT.
  - This import tariff is still current as of December 2017.
- Prices
  - 2009 Prices
    - Vietnam has a guaranteed purchase price for seed cotton.
    - As of April 2009, it was about $0.38/kg (US $0.52/lb lint equivalent)
  - 2013 Prices
    - 2013 cotton prices ranged from $1.86/kilogram to $2.09/kilogram.
    - The average price was $2.02/kilogram, a slight decrease of 3.3% in comparison to the average price in 2012.
  - April 2014
    - Presently, seed cotton has been purchased at an average price of VND 13,000/kilogram (US $6.16/kilogram), and increase of 7% over the previous crop.
    - Ginned cotton is being sold at $1.97/kilogram to $2.00/kilogram.
  - Import Price for MY 2012/13
    - The average import price for 2012/13 was $1.96/kilogram, a decrease of 20% in comparison to the average import price in 2011/12.

Rice

- "3 Cut, 3 Up" Policy
  - Vietnam adopted a "3 Cut, 3 Up" policy to increase productivity while reducing costs:
    - Cutback on seeds, fertilizers, and pesticides
    - Increase on productivity, quality, and profit
  - With this policy, Vietnamese farmers on average receive 15% to 20% more profits and about a 5% rise in income.
- Export Certificates
  - From October 1, 2011 to September 2012, rice exporters should obtain a certificate of eligibility to be able to export rice.
  - To be eligible for export, businesses are required to have (or lease):

        - At least one rice storage warehouse with a minimum holding capacity of at least 5,000 tons
        - At least one processing facility with a minimum of 10 tons/hour processing capacity.
    - Exporters who fail to obtain a certificate of eligibility after September 2012 will not be allowed to export rice.
- Prices
    - Minimum Export Price
        - The Vietnam Food Association's Minimum Export Price (MEP) is $490/ton for 5% broken rice and $470/ton for 25% broken rice on a FOB basis as of April 2011.
    - Minimum Purchase Price
        - The Minimum Purchase Price (MPP), established by the Vietnam Food Association (VFA), is a calculation based on the estimated production costs (provided by the Ministry of Finance) of a specific season crop plus 30% to serve as profit margin.
        - Paddy Rice MPP
            - 3,500 VND/kilogram (MY 2009/10)
            - 4,000 VND/kilogram (MY 2010/11)
            - 5,000 VND/kilogram (MY 2011/12 and MY 2012/13)
            - There is no MPP for MY 2013/14

Sorghum

- There is no information to report for sorghum.

Soybeans

- Imports
    - Import Duties
        - Soybean flour (HS Code: 120810): 8%
        - Soybean hulls (HS Code: 230250): 0%
        - Defatted soya bean flour, fit for human consumption (HS Code: 2304.00.10): 0%
        - Other soybean meal (HS Code: 2304.00.90): 2%
    - Tariffs
        - Under the current tariff structure, soybeans enjoy a zero percent tariff for imports from WTO member countries.
        - The tariff rate for soybeans imported from countries having the Most Favored Nation (MFN) status with Vietnam remains at 0% with a 5% VAT.

- The following table shows the tariff rates for soybeans with Vietnam's trading partners:

Vietnam Soybean Import Tariffs 2018												
HS Code	Descrirption	Import Tariff %										
		MFN	ATIGA	ACFTA	AKFTA	VKFTA	VJEPA	AJCEP	AIFTA	AANZFTA	VCFTA	VNEAEU
1201	**Soybeans, whether or not broken**											
1201.10.00	Suitable for sowing	0	0	0	0	0	0	0	0	0	0	0
1201.90.00	Other	0	0	0	0	0	1	5	1	0	5	0

- The abbreviations are as follows:
  - MFN: Most Favored Nation
  - ATIGA: ASEAN Trade In Goods Agreement
  - ACFTA: ASEAN-China Free Trade Agreement
  - AKFTA: ASEAN-Korea Free Trade Agreement
  - VKFTA: Vietnam-Korea Free Trade Agreement
  - AJCEP: ASEAN – India Free Trade Agreement
  - AIFTA: ASEAN – India Free Trade Agreement
  - AANZFTA: ASEAN – Australia - New Zealand Free Trade Agreement
  - VCFTA: Vietnam – Chile Free Trade Agreement
  - VN-EAEU: Vietnam – Euroasia Economic Union Free Trade Agreement

- Soybean Oil
  - Beginning on March 15, 2018, soybean oil, except soybean oil used for food processing, must be fortified with Vitamin A as stated in Decree 9/2016/ND-CP, dated January 28, 2016.

Sugar

- On August 3, 2015, the Ministry of Industry and Trade issued a circular regarding the import tariff quota on sugar.
  - TRQ shall be allocated to traders supplying sugar as an input in food manufacturing or to suppliers of raw sugar for production of refined sugar.
    - Indirectly discourages the in-TRQ importation of refined sugar for sale to Vietnamese consumers.

Wheat

- Import Duty
  - The current import duty for wheat is 5% and 15% for wheat flour.

    - Wheat imported from Australia to Vietnam is duty free under the Australia-Vietnam Free Trade Agreement.
    - The tariff rates applied to wheat (durum) and wheat flour imported from countries having MFN with Vietnam are 5% and 10%, respectively. A 5% VAT is applied if the trading is done through an intermediate seller.
- MFN Tariffs
    - Government of Vietnam issued Decree 101/2021/ND-CP on November 15, 2021, revising MFN tariff rates on wheat. This decree eliminated the MFN duty for all classes of wheat.

WEST AFRICA

(Benin, Burkina Faso, Cote d'Ivoire and Mali)

All West Africa

- Corn and Sorghum in All West Africa
  - Corn and sorghum in these four countries are subsistence crops and there is technical support available to producers through the development and dissemination of improved seed varieties.
- Cotton in All West Africa
  - Current as of March 2017, the non-weighted average seed cotton price paid to farmers across eight countries in the CFA zone was 249 CFA francs/kg in 2016/17 (equivalent to US $0.41/kg in March 2017).
- General Policy Information for All West Africa
  - These countries have implemented structural change policies.
  - Intervention
    - Under these programs, all forms of government intervention, including commodity subsidies in different sectors, were eliminated.
  - Prices
    - There is no official government policy regarding marketing or price fixation, but the governments maintain buffer stocks for cereals that are released in food shortages.
  - WTO and ECOWAS
    - As members of the WTO and the Economic Community of West African States (ECOWAS), Benin, Mali, and Burkina Faso adopted protection policies that satisfy their commitments to both entities. The duty on agricultural products entering these countries has risen under the common external tariff, thus resulting in higher average applied MFN tariffs.
- No Information
  - There is no information to report for biofuels, biotechnology, sorghum, soybeans, or wheat.
- Soybeans in All West Africa
  - Tariffs
    - Under the ECOWAS common external tariff, bulk soybean imports are assessed a 5% import duty.
    - Additional surtaxes may be applied depending on the country.
- Wheat in All West Africa
  - Imports
    - Almost all of the wheat consumed is imported.
    - Import Duties

- Wheat falls into the category of non-sensitive good and is subject to import duties ranging between 5% and 10% depending on the country.
- Additional taxes such as statistical tax (1%), community charge tax (1%), and other port charges may also apply.

BENIN

General

- 2013 Budget
  - The Government of Benin's (GOB) 2013 budget included provisions for agricultural programs to boost local productions, modernize agriculture, and promote agribusiness.
  - Agricultural provisions represent 11.8% of the total budget (US $2.9 billion) and include subsidies for:
    - agricultural inputs
    - building of an agricultural equipment assembly line
    - construction of an agricultural processing plant to process perishable products for export and local consumption
    - the creation of an Agricultural Development Bank
- Subsidies
  - The GOB subsidized the production of cotton, rice, and corn by distributing "free seeds" and subsidized fertilizer.

Corn

- Cost of Production
  - The cost of production for 1.0 ton of corn is around US $148.
  - CePRA agents argue that it is closer to US $393.
  - Labor is not considered part of production because it is usually family members who work on smaller farms.
- Export Costs
  - The price per MT to export corn to Niger is FCFA 185,000 (US $363.51/MT) while the internal price is set at FCFA 150,000 (US $294.74/MT) for first choice corn, and FCFA 120,000 (US $235.00/MT) for second choice corn.
- Fertilizer Subsidy
  - In an effort to increase corn production, the Government of Benin (GOB) offered a fertilizer subsidy of 50% beginning in 2008.
  - This makes a 50 kilogram bag of fertilizer FCFA 11,000 (US $21.61) when the market price is FCFA 23,800 (US $29.47).
- Prices
  - Prices for Corn Seeds
    - EVDT Seed: FCFA 800 per 50 kilograms (US $78.60)

        - Improved Seed: FCFA 450 per 50 kilograms (US $35.37)
        - Local Seed: FCFA 300 per kilogram or 15,000 per 50 kilograms (US $29.47)
    - Wholesale
        - FCFA 32,000 (US $62.87) for a 100 kilogram bag in July 2012 in the Azobe market, which is one of the more important grain markets in the south.
        - FCFA 22,000-24,000 (US $43-$47) for a 100 kilogram bag in late September 2014 at the Malanville market in the north. .

Cotton

- Farm Gate Prices
    - The farm gate prices for premium quality seed in Benin for MY 2011/12 are 255 FCFA/kg (US $0.51/kg) and 250 FCFA/kg (US $0.5/kg), respectively.

Rice

- Import Duty
    - In 2008, Benin suspended the import duty on milled rice.
- Prices
    - Imported Rice
        - The price of imported rice from the Azareke, Dantokpa, Malanville, and Natitingou markets is between FCFA 532/kilogram and FCFA 612/kilogram (US $1.04-$1.20/kilogram).
    - Local Rice
        - The price for local rice at the Azareke and Mala

Sugar

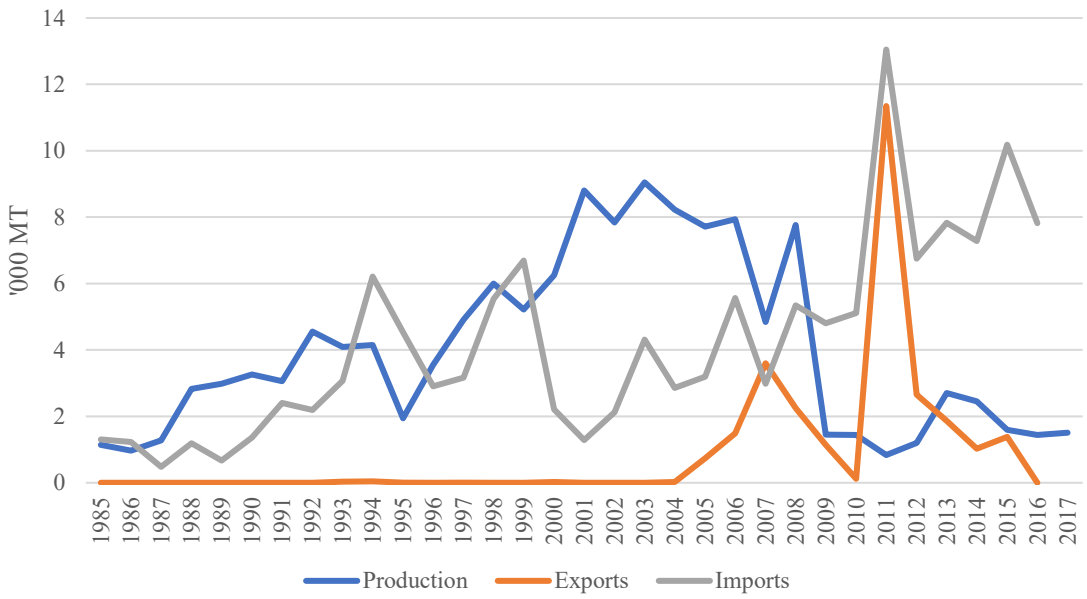

Figure 5. Benin Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1985-2017. Source: USDA. (USDA data begin in 1985).

- Key Policies**:**
  - Benin relies almost exclusively on import tariffs of around 13% on the HS17 coded products, but has an applied tariff of 20% on beet sugar and 10% on cane sugar imports.
  - The government occasionally uses input subsidies, but the government budget is severely restricted in this regard.

BURKINA FASO

Cotton

- Farm Gate Prices
  - In Burkina Faso, the farm gate prices for premium quality seed cotton for MY 2010/11 were 182 FCFA/kg (US $0.36/kg) and 180 FCFA/kg (US $0.36/kg), respectively.
- Input Subsidy
  - For MY 2010/11, the government of Burkina Faso announced an input subsidy of about $10 million.

Rice

- Imports
  - Import Tariff Suspension
    - On October 8, 2008, authorities in Burkina Faso agreed to extend for another 6 months the suspension of tariffs and VAT on rice imports.
  - National Conformity Certificate
    - Rice imports require a national conformity certificate to be allowed to enter Burkina Faso.
- Prices
  - Floor Price
    - Rice producers in Burkina Faso are guaranteed a floor price.

Sugar

- Import Tariffs
  - Sugar imports are subject to tariffs.
  - In Burkina Faso, a 20% tariff is applied under the CET and an additional tax based on the reference value of imported sugar.

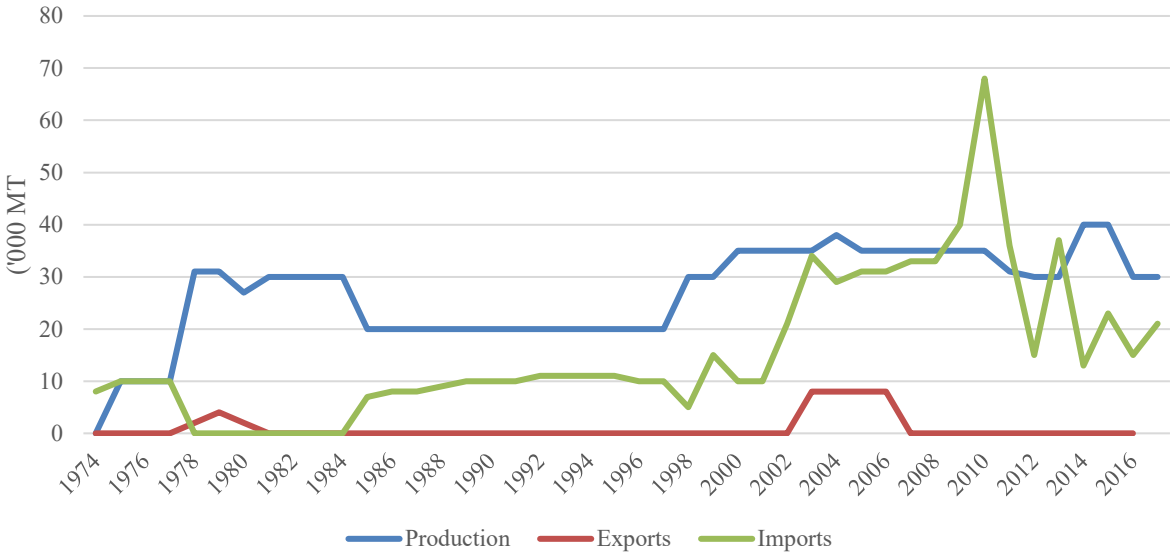

Figure 7. Burkina Faso Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1974-2017. Source: USDA. (USDA data begin in 1974)

- Key Policies**:**
  - Burkina Faso relies almost exclusively on import tariffs of around 13% on the HS17 coded products, but has an applied tariff of 20% on beet sugar and 10% on cane sugar imports.
  - The government occasionally uses input subsidies, but the government budget is severely restricted in this regard.

COTE d'IVOIRE (Ivory Coast)

Biotechnology

- General
  - In 2021, Cote d'Ivoire began to put systems in place to eventually allow GE products onto the market.
  - The ratification of the Cartagena Protocol and the creation of the country's first biosafety law (Law 2016-553, which was passed in July 2016) have been the initial steps towards acceptance of GE products.
  - There are no additional approvals required for stacked or pyramided events
- Exports
  - Currently not applicable.
- Imports
  - There are no known GE products currently being imported.

    - CNBIOS is not operating at the moment and therefore no GE products are currently allowed into the country.

- Policies
    - Law 2016-553 (biosafety law) – as of November 2022
        - In July 2016, Cote d'Ivoire began implementing the national biosafety law after it was adopted by parliament.
        - The law outlines the steps needed for importation of GE products as well as identifying different agencies that will ensure that imported products remain safe for human and animal health.
        - There remains a lack of educational outreach regarding the benefits of GE products. As such, there are currently no GE products being researched or developed in the country.

Cotton

- No data prior to 2018
- Until the early 2000s, the Ivoirian cotton sector was controlled by the public Compagnie Ivoirienne pour le Developpement des Textiles (CIDT). Privatization and deregulation policies dismantled the CIDT's control over cotton purchasing and commercialization.
- Cotton production is concentrated in the northern and central regions of the country.
- In addition to cashews, cotton is one of the most important cash crops in the country's northern and central districts.
- Prices
    - MY 2017/18 price was set at 265 CFA francs ($0.50), unchanged from MY 2016/17. Is one of the higher support prices in the region.
- Policy
    - Until early 2000s, Ivoirian cotton sector controlled by the CIDT.

Rice

- General:
    - Since 2008, Cote d'Ivoire has pursued policies to become self-sufficient and eventually a regional exporter, but remains a major importer of milled rice, primarily from Asian suppliers.
    - US rice exports to the region struggle to compete with Asian suppliers.
- Trade:
    - MY 2018/19 imports are projected at 1.35 MMT.
- Policy:
    - The first National Rice Development Strategy (NRDS) of 2008 sought to achieve self-sufficiency in rice production by 2016, but the target has been pushed back several times.
    - Impacted by lack of funding, low irrigation, and lack of available inputs continue to hamper the initiative.

- Currently the GOCI target is to achieve self-sufficiency by 2020. This appears unrealistic given continuing reliance on imports to meet domestic demand.

Sugar

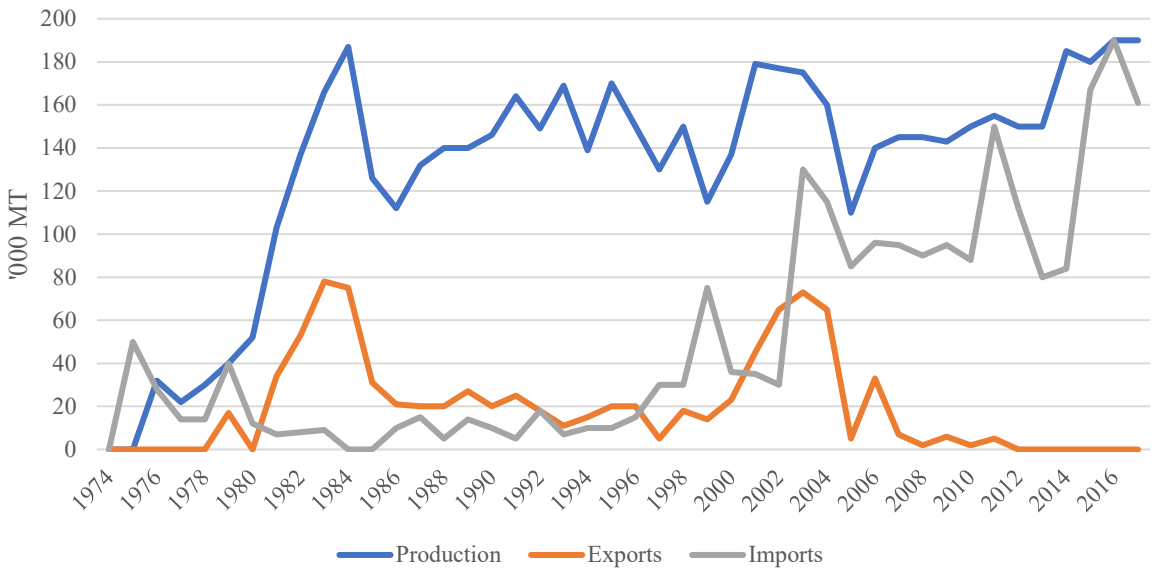

Figure 10. Cote d'Ivoire Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1974-2017. Source: USDA. (USDA data begin in 1974)

- Key Policies**:**
  - Cote d'Ivoire relies almost exclusively on an average 13.5% import tariff on the HS17 coded products, with a 20% tariff on raw cane and beet sugar.
  - The government occasionally uses input subsidies, but government funding is severely restricted.

MALI

Cotton

- Gross Earnings
  - Gross earnings of the cotton sector are divided among cotton producers (60%) and the Company Malienne pour le Development des Textiles (CMDT) (40%).
- Prices
  - Farm Gate Prices
    - The farm gate prices for premium quality seed in Mali for MY 2011/12 are 255 F FCFA/kg (US $0.51/kg) and 250 FCFA/kg (US $0.5/kg), respectively.

- Fixed Price
  - In Mali, cotton price is fixed early into the season that approximates the price that will be changed for the period (based on previous values of Cotlook Index A).
  - A final price is calculated at the end of the season.
  - If the final price is higher than the price set earlier, farmers receive additional payment.

Rice

- Floor Price
  - Rice producers in Mali are guaranteed a floor price.

Sugar

- Import Tariff
  - Sugar imports are subject to tariffs.
  - For Mali, a 20% tariff is applied under the CET while a 55% special tariff is applied for sugar imported outside of the ECOWAS countries.

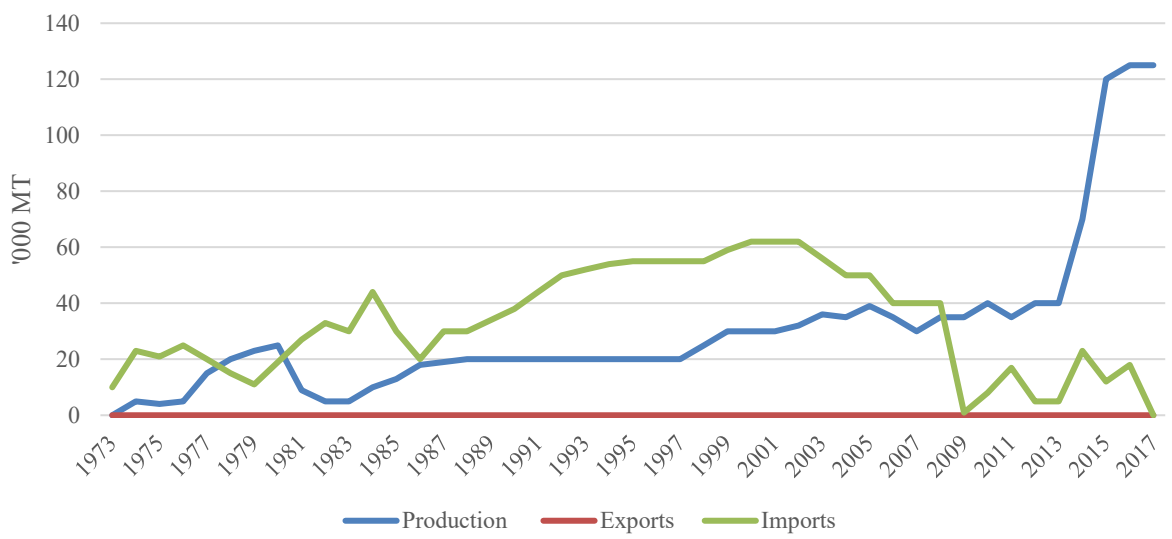

Figure 16. Mali Production (Raw Sugar in '000 MT), Exports, and Imports (Raw and Refined), 1973-2017. Source: USDA. (USDA data begin at 1973).

- Key Policies:
  - The government is closely involved with the operation of the Mali sugar industry, which is largely controlled by a Chinese national company.[17]

[17] Government ownership: https://af.reuters.com/article/idAFL8N1B64LB

- Mali largely relies on import tariffs for price support. The average MFN HS17 tariff is 12.6%, but Mali maintains a raw sugar import tariff of 20% and a special tariff of 55% for non-West African countries.
- Input subsidies are occasionally used, but government funding is severely restricted.