



Ship Type: All Trade Area: China

Bulletin 363 - 05/04 - Soya Bean Trade - China

The important April – September period for the import of South American beans into China is now in full swing. China is the world's largest soya bean buyer, having an annual 29m ton crushing industry. The beans are processed into oil and animal fodder for the country's domestic market.

Recently several reports have appeared in the press concerning this trade which will affect Members carrying this product to China. The areas of concern are:

1. The Chinese market for soya bean meal was earlier in the year artificially depressed due to the outbreak of avian flu in Asian countries. The crushing companies were ordering and stockpiling soya beans under the belief that the market would recover. However, the expected demand has so far failed to materialise resulting in a surplus stock of soya beans in the country, bought at a time when prices were particularly high. The world price of soya beans has since fallen and Chinese banks have become concerned knowing that the crushers will be operating at a loss and reports circulated indicate that they may refuse to extend letters of credit to soya bean crushers. The result is likely to be long discharge delays in the ports and potential non-deliveries of the cargoes if contracts are cancelled.
2. Separately, a toxic fungicide has been found by the Chinese Authority Inspection Service for Quality (CIQ) in soya beans imported from Brazil and as a result two shipments have been refused permission for entry into the country. The fungicide applied in Brazil was related to treatment of seed stock soya beans - the beans were therefore not intended for export. The problem became apparent due to the particular dye that was used to distinguish treated from untreated beans. It is believed that the Brazilian government now has intervened and that further export of affected beans should have stopped. A branch of the State Administration of Quality and Supervision in China has however announced that imports from four major trading houses shipping Brazilian soya beans to China has been banned. This factor, possibly combined with the general market situation, is likely to lead to enhanced control by CIQ and thus delays before cargoes are discharged.

In view of the likelihood of our Members' ships facing delays in Chinese ports, ships' crews should be vigilant in conducting proper care for these cargoes. Soya beans are semi perishable and, if shipped in marginal over-moist condition, are liable to start to self-heat due to the proliferation of micro-organisms. We are advised by our experts that when this applies it is a gradual process which may not manifest itself over the period of a normal voyage but could do so when protracted delays occur. Ships' crews will not have any means of effectively combating the process once it is under way but in order to protect Members position vis-à-vis potential claims over loss of quality, we can only emphasise the importance of cargo care and the maintenance of strict records. This includes avoiding water entering the cargo holds and maintaining a prudent regime of cargo ventilation at all times.

Source of information: Loss Prevention Department