

12 July 2023

Update on soybean specs for export

Following on from the Chinese notification to the World Trade Organisation (WTO) of its intention to update their current requirements for soybean grading which have been in force since 2009, Brazil appears to be taking similar steps.

Please note that the Brazilian Ministry of Agriculture, Livestock and Supply has opened to consultation – via [Ordinance No. 532/2022](#), possible changes to the current official specifications for soybeans and its by-products which have been in place since 2007 (by way of [Normative Instruction nº 11](#)).

The proposed changes deal mainly with quality requirements, sampling, presentation and marking / labelling. It is important to mention that as the scenario currently stands, the subject official standards - whilst playing an important role in relation to commercial transactions involving soybeans, are only compulsorily applicable to government sales, final consumption and cargo imports. A point which in itself might be subject to review.

It appears that the overall objective of the current consultation would be to better reflect the quality and characteristics of the different types of soybean produced in the country, and we understand also to reflect changes that are being implemented / under discussion in key consumer markets for the Brazilian soybeans such as China.

Whilst the discussions are ongoing, below are some areas that will possibly be addressed in case actual changes occur. Please note that this is not an exhaustive list, and that modifications might occur during the discussions.

- **Moisture content:** one of the main changes discussed is the reduction in the percentage of moisture, from 14% to 13%, recommended for marketing purposes. The proposal is to establish a new moisture limit that can improve the quality of the product and meet the requirements of the national and international markets;
- **Impurities:** Another aspect that can be addressed is the definition of limits for the impurity content allowed in the soybean. This refers to the presence of foreign materials such as straw, stones, earth, among other unwanted elements that may be present in the grains;
- **Mechanical damage:** This criteria is utilised to assess the mechanical damage to the kernel, such as cracking, breaking and crushing, which can affect the quality and commercial value;
- **Oil content:** The oil content in soybeans is an important factor for the processing industry. It is possible that minimum or maximum limits for the oil content will be discussed, to guarantee an adequate supply of raw material for the production of soybean oil and its derivatives;

Whilst it appears that some of the changes will benefit carriers – especially the reduction in moisture content, which should allow longer periods of carriage with a reduction in the risk of mould formation / cargo deterioration, it is unclear how swiftly and to what extent the changes will be implemented. The consultation process has now been ongoing for some time, and we understand that different players have different interests in relation to the proposed more stringent requirements. As such, it is essential to closely monitor future developments and engage in public consultations that may be established to ensure the representation of the sector's interests.

Please note that as usual the Circular is for general guidance only and should not be acted on without further specific checks. We will report on developments as they occur.