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Determinants of soybean meal exports from major exporting countries

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The dominance of few countries in the world market for soymeal suggests that soymeal exports might be oligopolistic. The export demand for soymeal is increasing continuously. It is pertinent to understand the factors deriving export demand for soymeal. Export demand function for major soymeal exporters was estimated for major soymeal exporters Such as USA, Brazil, Argentina and India. The paper is mainly based on secondary data, collected from FAO, USDA, WTO, UNCTAD, and IMF for the period 1980 to 2011. The review of trade policies revealed that United States and European Union apply tariff escalation with zero import tariff on seeds and positive import duties on oils. China imposes higher import duty and value-added tax on import of oil and meals rather than on soybean seed which encourages the import of whole soybeans for crushing within its borders to capture the increasing edge in value-added processing activity. India, Venezuela and Turkey impose higher import tariffs on soybeans, meals and oil. The results of soymeal export demand function revealed that Argentina's soymeal export demand decreases with the increase in international prices of soymeal and substitute commodity, whereas it increases with the increase in volume of international soymeal trade and income of importing countries. In the case of Brazil, fish meal prices negatively affected the soymeal export demand while volume of international trade of soymeal and exchange rate positively and significantly affected the soymeal export demand from Brazil. USA's export demand for soymeal was found to be positively and significantly affected by fish meal prices while negatively by income of importing countries. Soymeal export demand from India was negatively related with the domestic prices, and prices of substitute commodity while positively with volume of international trade and income of importing countries.