

# COMMODORE RESEARCH

## **Phase One Expected to be Signed Soon**

Widely circulated in the media last week was an announcement from China's Vice Minister of Agriculture and Rural Affairs stating that China will not be raising grain import quotas this year. To many, this statement is a sign that China will not be dramatically increasing imports from the United States. Much less circulated, however, is the fact that the announcement only pertained to quotas on wheat, corn, and rice. Soybean imports are not covered by annual grain quotas. Overall, it remains soybean imports that have the potential to dramatically increase as part of a trade deal. Phase One of the trade deal is likely to be signed soon, but it does remain to be seen if China will actually end up significantly raising its soybean imports from the United States. However, we do not find last week's quota announcement as having any major bearing on prospects going forward.

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