Poultry: Key to Your Profitability

- Hidden Soybean Quality Costs
- Sustainability’s Role in Market Access
Growing Specialty Soybeans Makes More “Cents!”

Selling differentiated soybeans can bring in extra revenue without having to expand acres. Isn’t it time you looked into getting more per bushel?

Visit SoybeanPremiums.org to see which incentive program is the best benefit for you.

*Soybean Checkoff*
6 Feature Story
Get a Handle on Soybean Profitability
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Illinois Blazes Biodiesel Trails
With the lapse of the federal blender’s excise tax credit last year, many biodiesel plants outside of Illinois could not afford to produce fuel. Illinois plants, however, were able to continue production and even eye expansion.
Welcome to the first issue of Illinois Field & Bean. The farmers serving as volunteer directors with the Illinois Soybean Association (ISA) are excited to support this new publication and share it with the state’s soybean farmers. Our goal is to deliver helpful information about a wide range of soybean profitability issues — from production in the field to end uses for the bean.

We hope you will not view Illinois Field & Bean as just another publication in your mailbox. Illinois Field & Bean replaces the Illinois Soybean Review, and was designed from feedback Illinois soybean farmers provided during the last several months. You asked for more production-related information and accountable results from the projects your soybean checkoff and membership dollars fund. We have listed at the top of each article the target area covered in the story. These target areas are the priority areas identified by the ISA board of directors earlier this year.

Our number one priority for the 2011-12 fiscal year is animal agriculture, our number one customer. Half of the soybeans produced in Illinois end up as feed for livestock and poultry. Pork production accounts for 82 percent of the soybean meal consumed in Illinois; dairy and beef together eat another eight percent. We have chosen to focus on the poultry industry in this issue, as we approach Thanksgiving. The Illinois poultry industry consumes five percent of that meal.

Animal agriculture was identified as our top issue during our Illinois Soy 2020 long-range strategic planning process. We met last spring with nearly 20 different stakeholder groups, including livestock and poultry, seed technology, processing, transportation, finance, renewable fuels, grain marketing, crop inputs, research and policy. One-on-one meetings held with various organizations helped us identify potential areas for collaboration.

The roundtable discussions we held with folks representing Illinois poultry interests provided us with direction for investing soybean checkoff dollars in areas that will yield the greatest impact for Illinois soybean farmers. You can learn more about those efforts in the pages ahead.

Please take a critical look at the contents of Illinois Field & Bean, and let us know if we are on target with meeting your needs. If you are like me, you want to learn a few things when you flip through a magazine. I am confident you will. Have a wonderful Thanksgiving holiday.
Maximize Return on Investment

Our family farming business is very similar to many others in the Midwest. We work to be profitable by maximizing income and reducing expenses. This simple approach to business management has worked well for many producers in the past and continues to work today. Not only do we want to generate a profit, but we also strive to make the best use of our available business resources to get a solid return on our investment.

Return on investment takes considerably more work, effort and persistence than just reducing expenses. The difficulty comes when we begin to analyze each and every purchase on the return generated from that specific expense investment. We can calculate the interest or dividend received from a bank savings account, stock shares or other financial investments, but it is sometimes difficult to quantify the return we receive from our operating expenses.

We select seed based on yield, agronomic traits, crop protection traits, company service, salesperson knowledge and price. All of these factors are important in the decision-making process for me. We apply fertilizer based on soil tests and reasonable expectations of crop production, not what we might produce if all variables are at perfect levels for maximum crop yield. We evaluate the use of fungicide based on presence of disease, researched variety response and crop value. Price is always a factor in the decision, but certainly not the only component in the final analysis.

Another big issue that affects return on investment is capital purchases, particularly machinery. Some producers try to justify oversized equipment for the acres they farm by raising the concern of timeliness, but instead must look at how this increase in machinery costs affects their return on investment on a per acre basis. I dare to say that machinery costs alone are the greatest detriment to return on investment.

We make purchases each year to make a significant investment in our growing crops. Much of the financial return that we receive from that investment is dependent on weather and crop prices. We can, however, control how we spend growing those crops by using a set of criteria that are important to our business. Ask yourself whether the product is necessary for the production of the crop or an option that may or may not provide a return. Use the information and research of trusted advisers and independent testing to make your decisions. Do not use production products or practices based only on the hope that this will improve returns and, therefore, profit. Evaluate each crop input purchase as if it were a standalone investment.

In our business, we also look to maximize our return on investment in a number of ways, not just from a purely financial point of view. We feel it is important to review value, quality, service, integrity and knowledge, as well as price.

David C. Erickson farms near Altona, Ill., and is a past president of the Illinois Soybean Association and the American Soybean Association. He also is a contributor to Profit Planners for Farm Progress publications.
Profitability may not be top of mind at harvest, especially with cash soybean bids still flirting with the teens. But getting a handle on the factors that can affect soybean profitability can help soybean farmers maximize returns in any market. And those factors can range from intangible influences like transportation infrastructure to more nuts-and-bolts agronomics.

“The Illinois Soybean Association (ISA) is targeting checkoff investments in the coming year in several areas that can affect farmer profitability,” says Matt Hughes, soybean farmer from Shirley, Ill., and ISA chairman. “Some of our top priorities are animal agriculture, transportation, soybean yield, soybean quality and sustainability. We are funding projects that can help farmers address concerns and improve return on investment.”

How does transportation affect our competitive edge?

The exact impact of transportation issues on soybean profitability may be difficult to discern, but several groups are trying to gain a better understanding and share it with farmers.

The Soy Transportation Coalition (STC) is one of those groups. The STC is made up of several soybean checkoff organizations, including those in Illinois, Ohio and Minnesota. Projects funded and monitored by the STC are projects targeted at improving the soybean transportation system for more cost-effective, reliable and competitive service. The STC already has established, through economic analysis, that a relationship exists between higher transportation costs and pressure on prices received by farmers. In fact, the STC finds farmer profitability is dependent on a number of items that are out of farmer control.

ISA acknowledges that challenge. ISA is working with economists to quantify and better understand transportation-related price pressure. For example, deteriorating bridges can affect soybean farmer profitability. Informa Economics reports that farmers could lose five cents per bushel for each load of grain detoured around a closed or obsolete bridge. In a recent study partially funded by the Illinois soybean checkoff, researchers found 475 bridges were rated deficient and obsolete in just nine Illinois counties. That represents only about two percent of all Illinois bridges and 11 percent of all deficient bridges.

Informa Economics in a separate study also took a look at an increase in semi-truck weight limits. The analysis shows that increasing the amount of goods semi tractor-trailers can carry could save the average farmer up to 16 trips from field to elevator during harvest.

The study examined how raising the semi-truck weight limit from 80,000 pounds to 97,000 pounds would affect motorist safety, road infrastructure and farmer income. Adding a sixth axle to trucks while increasing the weight limit would reduce trips from the field by 25...
What can be done to improve soybean productivity?

Production research is more tangible, and suggests higher yield is the first step to greater profitability. That is one of the findings from a Minnesota Soybean Research and Promotion Council and Minnesota Soybean Growers Association issue paper released this month.

A six-year high-yield study funded by the soybean checkoff and directed by Bruce Potter, Minnesota Extension educator, concludes that by putting all of the best practices of a high-yield system together in a corn/soybean rotation, farmers can increase yields for both crops.

Researchers suggest the second step in the profitability process is to put together an expert team of crop consultants, Extension educators and other professionals who transfer and interpret research for farmers. The third step must be handled by farmers themselves. Farmers must be dedicated to producing more and better food while sustaining natural resources.

“We are trying to do a comprehensive job in evaluating this type of information on a regular basis, whether it be transportation or anything else that can improve the viability of the soybean industry,” says Dean Campbell, soybean farmer from Coulterville, Ill., and ISA director. Campbell also is a former STC chairman.

How is soybean quality important to my profitability?

Soybeans grown in South America have traditionally had at least one percent more protein and one percent more oil content than soybeans grown in the U.S. The United Soybean Board (USB) reports international buyers, particularly those in Asia, seek higher protein and oil content.

“We can meet Asian demands for oil and protein, and informed seed selection is the way to do it,” says Hughes. “We have to be thinking as farmers about the very real possibility of our major customers turning to other suppliers if we can’t get our protein levels up.”

USB conducts a quality survey each year to track protein and oil levels. While the 2011 results are not available yet, key findings from 2010 found:

- Average protein and oil levels differed only slightly from 2009 and long-term averages.
- Average protein levels were 34 percent, down 0.4 percent from 2009.
- Average oil content was virtually unchanged at 18.7 percent.

Where can I go for more help?

A number of check-off-funded information sources are available to farmers. Here are a few to consider when it comes to production and marketing decisions that affect profitability:

- Select varieties that will yield well in your environment, but look at those with higher protein and oil content. The Soybean Quality Toolbox at www.SoyQuality.org can help easily identify high-quality soybean varieties for specific areas nationwide. Illinois farmers can also explore options with Varietal Information Program for Soybeans, www.vipsoybeans.org.

- IL Soy Bids, which is a free application for Web-enabled mobile phones, provides local elevator and soybean futures prices quickly and easily. IL Soy Bids provides futures prices and current cash prices at the five elevators closest to the farmer’s zip code, as well as a listing of additional apps farmers may find useful in managing their operations.
Any idea what utilizes the most soybean meal nationwide? The poultry industry is the largest U.S. meal market and ranks as the second-largest user behind pork in Illinois. Cumulatively, the livestock and poultry industries account for about 98 percent of soybean meal use nationwide.

“Animal agriculture is our top priority this year,” says Pat Dumoulin, soybean farmer from Hampshire, Ill., ISA director and vice chair for animal agriculture. “We have been meeting with leaders from the state’s poultry industry to talk about how we can better support our number one customer.”

ISA is holding twice per year roundtable discussions with poultry and nutrition experts, representing private industry and universities, commodity groups and state officials, to address the opportunities and constraints to further development of poultry and egg production in Illinois. The roundtables so far have uncovered several ideas for the partnership, including opportunities for Illinois soybean farmers to enhance soybean meal use in poultry rations to perhaps lower feed costs and improve nutrition and ultimately enhance profitability for both industries.

Action items for the future include:

• Increase nutritional energy levels in soybean meal that contribute to better nutrition properties for poultry feed and better profitability for soybean farmers.
• Address challenges with soybean yield drag, composition measurement and segregation.
• Monitor state government constraints on business and regulatory environments.
• Build community awareness and support for the overall agriculture industry.
• Assess new business opportunities for poultry industry and related industry growth.
• Address limitations with the state’s current transportation infrastructure.

“We plan to work together more closely in the future in maintaining and perhaps even expanding egg production in Illinois, as well as looking at opportunities for greater broiler and turkey production and processing,” says Nicole Boettger, ISA livestock program and strategy team lead. “We need to keep our top customers in our own backyard so we have a strong, stable demand base. We need to keep the poultry industry in Illinois, and we want to help make that happen.”

The U.S. broiler industry consumes more than 12.7 million tons of U.S. soybean meal per year, the equivalent of about 590 million bushels of beans.

The Illinois poultry industry is small compared with production in surrounding states, but Ken Koelkebeck, University of Illinois Extension poultry specialist, says the university’s state-of-the-art facility, completed in late 2007, allows for high-quality poultry research to help develop the industry.

• Illinois is home to primarily a layer (egg) industry and turkey industry.
• Illinois has approximately 3.5 million laying hens and raises five million turkeys per year.
• Illinois layers produce more than 100 million eggs per month.
Are You Leaving Money on the Table?

This year’s high soybean prices may encourage Illinois farmers to produce more bushels. But greater production or not, the price of soybeans is ultimately going to be based on quality, not just quantity. This hidden disconnect can reduce profits for Illinois soybean farmers under any price scenario, even though it may not be evident on the elevator settlement sheet.

“What farmers aren’t seeing is how protein and oil levels impact the prices they get at the elevator,” says Chris Schroeder with Centrec Consulting. “Collectively, if farmers produce soybeans with low protein and oil levels, they are leaving money on the table. Market signals sent to farmers are focused on bushels and not what processors really want out of soybeans.”

Low-quality soybeans hurt a farmer’s bottom line in two ways, says Schroeder. The first has to do with the Estimated Processed Value (EPV) of the soybean; the combined value of oil, meal and hulls. If oil and protein quantities are below levels demanded by buyers — generally 35 percent protein to produce meal that meets minimum protein standards and 19 percent oil — the processor receives less for their end products. The price they can pay for soybeans is reduced.

The second involves foreign and domestic competition. “The customer is primarily concerned with soybean protein and oil levels. If a customer sees that Illinois soybeans don’t yield as much oil and protein as those from another country or region, the processor will bid the price for Illinois soybeans down,” says Schroeder. “What a processor pays the elevator, and thus the farmer, is a direct reflection of what the processor actually got out of the beans.”

The solution, says Schroeder, is to change how farmers view a truckload of soybeans. “Farmers need to start looking at that truckload not as beans, but as a truckload of oil and protein.”

Tim Seifert, ISA director and second vice chair for high quality, agrees customer expectations must be top of mind for Illinois farmers and soybean checkoff efforts. “Illinois is competing on the world market against big hitters like Brazil and Argentina, where protein and oil levels are generally higher than ours,” says Seifert, who farms near Auburn, Ill. “When the world is looking to buy soybeans, especially to feed livestock, they are looking for high component levels.”

As buyers see they can get higher oil and protein levels from Illinois soybeans, Seifert says more customers will start heading in Illinois farmers’ direction. “We need to give them the oil and protein content they want, so we can continue to compete on the world market,” he says.

The Soybean Quality Toolbox at www.SoyQuality.org and the Varietal Information Program for Soybeans at www.vipsoybeans.org can help farmers identify high-quality varieties for their areas.

“If farmers push better-quality soybeans down the pipeline, it will come back to them in higher prices for their beans,” Schroeder says. “And if farmers increase the oil and protein levels in their beans, processors will pay more and begin to demand more Illinois soybeans.”

Research has shown that soybean samples taken from the same test plot in the same year can vary from 50 cents to $1.00 per bushel in processed value. — Chris Schroeder, Centrec Consulting

“We need to give customers the soybean oil and protein content they want, so we can continue to compete on the world market.” — Tim Seifert

High Quality

Processed Value vs. Soybean Prices

Source: Centrec Consulting

Funded by the Illinois soybean checkoff.

Photo by Ken Kashian, Illinois Farm Bureau
### Sustainability

**Market May Seek Sustainable Proof**

With more domestic and international customers basing purchasing decisions on sustainability criteria, soybean farmer conservation practices are becoming more important than ever.

“Sustainability practices are already in place on most Illinois farms,” says Ron Moore, ISA director and vice chair of sustainability. “Reduced tillage, reduced pesticide use, water conservation, soil quality improvement and other practices defined as ‘sustainable’ are practical decisions farmers have been making long before being green was trendy.”

A study conducted from 1987 to 2007 by the Keystone Alliance for Sustainable Agriculture supports Moore’s statements. Agricultural sustainability can be measured in large part by how efficient the industry is in five core areas: energy use, soil loss, irrigation water use, climate impact and land use. The graph shows the Keystone study found U.S. soybean farmers improved efficiency in all five areas between 1987 and 2007. The closer the lines are to the center of the graph, the more efficient and sustainable the industry.

Sustainable production practices have become so important to today’s marketers and overseas buyers that emerging sustainability certification standards are starting to knock on the soybean farm gate. For example, in response to emerging requirements by the European Union that only “sustainably produced” soybeans be used to produce biodiesel in Europe, ADM has begun to explore options for certification. To gauge how soybean farmers would perceive a sustainability certification, ADM recently circulated a draft International Sustainability and Carbon Certification (ISCC) to a small group of Illinois farmers.

ISA also plans to invest checkoff dollars to help Illinois farmers understand and lead the response to any impending sustainability accreditation standards. ISA is re-vamping its website and creating materials on sustainability to share with Illinois soybean customers.

“One of the most important things ISA is working on right now is informing our customers about sustainable management practices soybean farmers are already doing so they get proper credit,” says Moore, who farms near Roseville, Ill. “But when a soybean is produced, it is just the start of the sustainability success story. Consumer measures of lifecycle impact leave out the best successes that soybean farmers have achieved.”

Moore explains that those successes are seen in improved livestock productivity and human health around the world. “In an increasingly competitive global marketplace, being able to tell our domestic and international customers that our soybeans are raised using sustainable methods will help create preference for Illinois soybeans,” Moore says.

### U.S. Soybean Efficiency Indicators, 1987-2007

Source: Keystone Alliance for Sustainable Agriculture

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<th>YEAR</th>
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<th>UNIT</th>
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<tbody>
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<td>Energy Use</td>
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<td>Million Bfu/bushel</td>
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<tr>
<td>Soil Loss</td>
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<tr>
<td>Irrigation Water Use</td>
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<td>Thousands gallons/incremental bushel due to irrigation</td>
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<tr>
<td>Net Carbon Emissions</td>
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<td>Pounds carbon/bushel</td>
</tr>
<tr>
<td>Land</td>
<td>0.026</td>
<td>Acres/bushel</td>
</tr>
</tbody>
</table>

### Just What is Sustainability?

The United Soybean Board defines sustainable soybean agriculture as: A farming system that meets the needs of the present while improving the ability of future generations to meet their needs. Producers accomplish those goals by:

- Adoption of technology and best practices, which increase productivity to meet future needs while being stewards of the environment;
- Improving human health through access to safe, nutritious food; and
- Enhancing the social and economic well-being of agriculture and its communities.
Illinois soybean farmers support trade negotiations that significantly improve access to foreign markets for U.S. soy and livestock products. Trade pacts can directly affect Illinois soybean farmer profitability.

ISA is pleased Congress passed U.S. free trade agreements (FTAs) with Panama, Colombia and South Korea in October. The agreements will reduce or remove tariffs on U.S. products shipped to those countries. Goods from Colombia and Panama come into the U.S. tariff free, and ISA opposes measures that are protectionist and encourage trading partners to take similar actions.

More than half of Illinois soybean production is exported annually—more than 1.9 billion bushels of soy equivalent worth $21 billion last year—according to USDA.

- The Colombia FTA will immediately eliminate tariffs on U.S. exports of soybeans, soybean meal, high quality beef, certain pork products, most kinds of poultry and some dairy products. Colombia will also eliminate its price band system for U.S. imports. In 2010, U.S. exports of soy were valued at $103 million, down 64 percent from 2008.
- The Korea FTA offers immediate duty-free access to U.S. soybeans for crushing and to U.S. soybean meal. For the first time, producers of U.S. food-grade soybeans have access to the South Korean market. In 2010, Korea imported $440 million worth of U.S. soybeans, soybean meal and soybean oil.
- Tariffs in Panama on U.S. soybeans, soybean meal and crude vegetable oils were removed immediately with the FTA. Tariffs also were removed immediately for certain meats. In 2010, U.S. exports of soybean products to Panama were $65 million.

ISA Challenges Onerous Transportation Regs Proposals

When the Illinois Department of Transportation decided to reinterpret Commercial Drivers License (CDL) laws, the Illinois Soybean Association became concerned. The change would mean farmers hauling crops from their fields, who were in crop-share agreements with landlords, could be considered “for-hire” carriers and should not be exempt from CDL regulations.

ISA is pleased the issue has been resolved on the federal level, and continues to address the issue on a state level. Comments provided to the U.S. Department of Transportation’s Federal Motor Carrier Safety Administration (FMCSA) have helped prevent creation of any new restrictive transportation regulations with regard to licensing, commodity transport and other issues.

“Illinois soybean farmers joined with the American Soybean Association and other agricultural organizations in submitting comments to oppose any new regulations,” says Matt Hughes, soybean farmer from Shirley, Ill., and ISA chairman. “In response, the agency came out with a very definitive statement saying that no new regulations will be issued, and in fact, are reinforcing the ability of states to use common sense exemptions for farmers and farm machinery.”

Because of Illinois soybean farmer efforts to make legislators and the U.S. Department of Transportation aware of the issue, several interpretations were reconsidered. The interpretation of interstate commerce as it applies to the movement of farm products was reconsidered.

“We have no intention of instituting onerous regulations on the hardworking farmers who feed our country and fuel our economy,” noted U.S. Transportation Secretary Ray LaHood. “Farmers deserve to know that reasonable, common sense exemptions will continue to be consistently available to ag operations.”

ISA does not believe a farmer should be labeled an interstate carrier simply because there is a chance that the crop can be sold outside of the state. Photo by Amy Roady

U.S. Share of Exports to Colombia Has Declined

Source: Informa Economics

Photo by Ken Krehbiel, Illinois Farm Bureau

Matt Hughes

Photo by Ken Krehbiel, Illinois Farm Bureau
Crumbling Transportation Advantage Affects Local Elevator Bids

If the routes Illinois soybeans are taking to their final destinations this harvest are not the shortest or cheapest, it likely is due to problems with the transportation infrastructure. Not all roads, locks and dams and railways are in prime condition in Illinois, and such deficiencies create detours and delays, higher freight costs and, ultimately, weaker basis.

“Illinois has had advantages because there are international and domestic market options in all directions and via all transportation types,” says Ron Kindred, soybean farmer from Atlanta, Ill., and ISA director and vice chair for transportation.

But a recent study funded by the Illinois soybean checkoff and the Illinois Corn Marketing Board found that 15 percent of Illinois’ bridges are currently rated deficient and obsolete. In addition, the lock and dam system has many chambers that are too small to accommodate the average tow of 15 barges powered by a pushboat. And many roads and railways within the state are in need of significant repairs or replacement.

“We are fortunate to have the infrastructure we do here in Illinois, but it is really getting old,” confirms Doug Renoud, river terminal manager for ADM in Naples, Ill. “There is great resilience in this industry to get things done when problems arise, but it will hurt if a lock and dam or bridge goes out.”

For example, soybeans must be moved by truck and rail to reach their next destinations when a lock is closed. According to the Waterways Council Inc., in “A Clear Choice for the Environment,” up to 16 railcars or 70 semi-truck trailers would be needed for every barge-full of grain. Similarly, an inadequate bridge can cause costly detours or increased trips with trucks or railcars not filled to capacity.

“South America is improving transportation infrastructure every year, and could soon be the low-cost provider. Our roads, bridges and river system need to be improved before that happens,” adds Scott Docherty, general manager of Topflight Grain Cooperative in Monticello, Ill.

To address these and other transportation challenges, ISA is investing checkoff dollars in further studies of the bridges most critical to the soy industry. ISA is assessing potential of increasing road weight limits to improve efficiency and align with other states. Farmers can help by emphasizing in local communities the value of transportation infrastructure.

Low weight limits cost the soybean industry time and money. Photo by Katie Knapp

A farmer who faces diesel prices near $4 per gallon could lose five cents per bushel for soybeans as the result of a bridge closure.

Informa Economics

Best Price is More Than Best Bid

For farmers to earn the most for soybeans, more than the local cash price needs to be considered at selling time. Transportation costs to get beans from the field to bins and then to the elevator, or straight to the elevator, can vary significantly among local elevators. Transportation costs weigh into basis calculations, and how efficiently soybeans get from the elevator to the end-user creates the spread among local elevators.

The Soy Transportation Council Calculator (http://www.soytransportation.org/calculator_location.php) can help determine the most efficient and profitable option. Simply put in information for two local elevators to see where the most can be earned based on the difference between delivery costs and spot prices.

Ron Kindred notes that Illinois is well-positioned with international and domestic market options in all directions and via all transportation types. Photo by Ken Kashian, Illinois Farm Bureau
Biodiesel

Illinois Blazes Biodiesel Trails

With the lapse of the federal blender’s excise tax credit last year, many biodiesel plants outside of Illinois could not afford to produce fuel. Soybean oil and feedstock prices were high, and biodiesel plants that had just made capital investments had a tough time staying afloat.

Illinois plants, however, were able to continue production and even eye expansion. The state sales tax credit for B11 blends allowed biodiesel to remain competitive with petroleum ultra-low sulfur diesel fuel. That sales climate, along with policy changes for 2011 and ongoing Illinois soybean checkoff support, have allowed the state’s biodiesel industry to continue to blaze trails.

“As we approach the end of 2011, all five biodiesel plants in Illinois are operating at or near capacity, which according to the U.S. EPA’s Moderated Transaction System (EMTS) is 188 million gallons per year,” says Rebecca Richardson, MARC-IV Consulting and ISA industry lead for industrial utilization.

“For the first time ever, both federal programs designed to encourage the use and acceptance of renewable fuels came to be for all of 2011. The Renewable Fuel Standard (RFS2) was fully implemented for the entire year, and the federal blender’s tax credit was reinstated for the full year.”

Federal programs for biodiesel have been vital for industry growth, but Richardson notes biodiesel also must be recognized as a viable fuel in newer engine technologies for it to be in demand. The national requirement to reduce air emissions called into question the use of biodiesel in engine technologies developed after 2007.

“Strong demand created by the Illinois tax incentive compelled Original Engine Manufacturers (OEMs) to conduct their own research and verify that biodiesel in blends up to and including B20 would work in newer engines,” says Richardson. As a result of that manufacturer data, she adds that more and more OEMs are including biodiesel in their owners’ manuals.

“Biodiesel’s development has been one of the most sustainable and profitable returns on investment the soybean checkoff has ever achieved,” says Lyle Wessel, soybean farmer from Waterloo, Ill., and ISA director and vice chair of industrial utilizing. “As long as the U.S. biodiesel industry continues to grow, it will provide tremendous opportunity to create value for soybean oil that might otherwise be a drag on the soybean market. Biodiesel provides a solid end use for the oil and provides renewable energy solutions for stronger U.S. energy security and cleaner air.”

Soybean oil prices also have drawn strength from crude oil prices for the last two years. The bad news is that as crude oil prices rise, so do farmer energy costs. While farmers may spend more for fuel, higher soybean prices may help offset those higher costs.

Greater soybean oil demand for biodiesel production in the past five marketing years provided an estimated 9- to 27-cent-per-bushel support to soybean prices, resulting in about $2.7 billion of additional net returns to the production sector in addition to other market forces increasing prices.

Source: Centrec Consulting Group, LLC, December 2010

Lyle Wessel says biodiesel’s development is one of the most sustainable and profitable returns on investment the soybean checkoff has ever achieved.

Biodiesel a Boon for Illinois Economy

Illinois uses more biodiesel and offers higher retail biodiesel blends than any other state, says Rebecca Richardson. The B11 blend has been sold in Illinois since 2003, the year the state legislature passed the sales tax incentive for fuel retailers to encourage them to offer blends.

According to a recent study conducted by CardoENTRIX, a worldwide environmental and economics consulting firm, the Illinois biodiesel industry has supported 7,800 jobs, is responsible for more than $2.6 billion of Illinois Gross Domestic Product between 2004 and 2010, and provided the state’s consumers with nearly $1.5 billion in that same timeframe.

This fuel dispenser has both the Federal Trade Commission black and blue label that indicates a 6- to 20-percent blend of biodiesel and the American Grown Performance sticker with an 800 number for more information about biodiesel.

Photo by Rebecca Richardson

Photo by Ken Robinson, Illinois Farm Bureau

Photo by Ken Robinson, Illinois Farm Bureau

Photo by Rebecca Richardson

Photo by Rebecca Richardson

Photo by Ken Robinson, Illinois Farm Bureau

Photo by Rebecca Richardson
ISA is the only organization devoted exclusively to Illinois soybean farmers and dedicated to producing legislative results in Springfield, Ill., and Washington, D.C. Consider joining the association, so you can be sure your voice is heard and needs represented. Soybean checkoff dollars cannot be used to fund legislative efforts, only membership dues can.

ISA is currently addressing:
• Extension of the federal biodiesel tax incentive
• Farm Bill
• Transportation and more

With ISA membership, you also receive such benefits as biodiesel certificates that can be redeemed through a participating fuel retailer, free Optimize soybean seed treatment, weekly updates, newsletters, our magazine and more. Fill out a membership application at www.ilsoy.org, email ilsoy@ilsoy.org or call 309-663-7692. Dues are $95 per year, or $195 for a discounted three-year membership.

Dean Campbell (above), ISA district director from Coulterville, takes time during the Farm Progress Show to talk with the media, and share information about ISA's legislative efforts.

Doug Winter (left), ISA district director and treasurer from Mill Shoals, recruits new members during the Farm Progress Show. Photos by Katie Knapp

**2011-12 Farm Show Schedule**

*Look for the Illinois Soybean Association at these upcoming farm shows:*

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<thead>
<tr>
<th>Show</th>
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<td>Greater Peoria Farm Show</td>
<td>November 29, 30-December 1</td>
<td>Peoria Civic Center Peoria, IL</td>
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<td>IAA Annual Meeting</td>
<td>December 3-6</td>
<td>Palmer House Chicago</td>
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<tr>
<td>Northern Illinois Farm Show</td>
<td>January 11-12, 2012</td>
<td>NIU Convocation Center DeKalb, IL</td>
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<tr>
<td>Quad Cities Farm Show</td>
<td>January 15-17</td>
<td>QCCA Expo Center Rock Island, IL</td>
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<td>Midwest Ag Expo</td>
<td>January 25-26</td>
<td>Gordyville USA Gifford, IL</td>
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<td>Illinois Pork Expo</td>
<td>January 31-February 1</td>
<td>Peoria Civic Center Peoria, IL</td>
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<td>WIU Ag Mech Farm Expo</td>
<td>February 11-12</td>
<td>Western Hall Macomb, IL</td>
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<td>National Farm Machinery Show</td>
<td>February 15-18</td>
<td>Kentucky Fair &amp; Expo Louisville, KY</td>
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<td>Illinois Grain &amp; Feed Show</td>
<td>February 19-21</td>
<td>Renaissance Hotel Schaumburg, IL</td>
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DaBurger Debuts with Da Bears

Chicago Bears Radio WBBM, the Illinois Pork Producers Association and ISA are sponsoring a Tailgate Throwdown Recipe contest during football season. Each week, WBBM is asking its loyal network of Bears fans to send in their favorite game-day recipe. One recipe will be featured online and on air during the pre-game show. The winners of each week will compete in the Tailgate Throwdown contest at Joe’s Bar in Chicago January 1, 2012. The grand champion will receive a Weber Grill and a road trip to watch the Bears during the 2012 season.

The contest complements the promotion of DaBurger — a half-pound pork burger being served three different ways at Bears games this season. A specialty cart is located at Section 427 on the upper level in Soldier Field. Three DaBurger options are available to fans:

• Pork BLT – pork burger with bacon, lettuce, tomato and dijon
• Bacon Cheddar Delight – pork burger with bacon, cheddar, grilled onions and BBQ sauce
• Pork 3-Ways – pork burger with pulled pork and bacon topped with cheddar and BBQ sauce

The DaBurger promotion is just one example of ISA-IPPA efforts to strengthen the state’s pork industry to keep pork production close to Illinois soybean production.

Funded by the Illinois soybean checkoff.

Partner News

45% China’s predicted share of world poultry and pork consumption by the year 2025, according to a study funded by the soybean checkoff. Chinese soybean meal incorporation rates also will grow more rapidly and move closer to U.S. rates by 2025.

China Poultry Production Has Bright Outlook

China produces 30 percent of the world’s poultry and 40 percent of the world’s eggs — and both are expected to continue to grow. Richard Y. Han, poultry technical director, American Soybean Association - International Marketing (ASA-IM), says the Chinese poultry industries, along with the overall economy of China, are experiencing tremendous development and expansion.

The average percent of total revenue share that soybean meal provides to U.S. soybean farmers, according to a study funded by the United Soybean Board.

ISA Partners with USAPEEC on Poultry Promotion

ISA continues to leverage soybean checkoff dollars with funding from other groups to support promotions led by the USA Poultry and Egg Export Council (USAPEEC) overseas. In the last fiscal year, ISA invested in efforts to promote U.S.-fed chicken in Japanese supermarkets. Import statistics by the minister of finance show that U.S. chicken imports to Japan increased 36 percent in volume and more than 85 percent in value from January to July, up from the same period in 2010. ISA funding also assisted with seminars and promotion in Peru, Jordan and Yemen. In the coming year, ISA will support in-store demonstrations, seminars and retail training in Yemen, Jordan, Peru and India, as well as Latin America’s meat processing sector.

In 1985, poultry meat accounted for only eight percent of total Chinese meat production. In 2009, the percentage had increased to 21 percent. As a result, Han says production is becoming more specialized, and Chinese consumers are becoming more conscious about quality.

While large in overall scale, the Chinese poultry industry is still very diverse and scattered. Production efficiency is far behind that of developed countries. Much poultry production comes from small-scale farms that lack stringent biosecurity measures, quality housing and management skills. Chinese government policies are encouraging larger scale, more efficient animal production systems, and big companies are starting to invest heavily in automated, environmentally controlled standard production facilities. Han is optimistic, and predicts egg production will continue to increase, while broiler output could double in the next 10 years.
Benefits of Board Service: Rob Shaffer

Rob Shaffer really did not know much about the Illinois soybean checkoff, other than it was something subtracted from his check. Now, the fourth-generation farmer from El Paso, Ill., says serving on the ISA board has opened his eyes to the multitude of opportunities with soybeans.

“I have learned so much in the 15 months I have been on the board. I was a little skeptical at first about how our money is invested, but now that I have been involved with funding decisions and see the measurable results we can obtain from our investments, I understand the checkoff much better,” he says. “I also see direct benefits to my farming operation.”

Shaffer has adopted ideas from the checkoff-funded Yield Challenge program, and put them to work in the field this year. He and his brother evaluated on 80 acres of soybeans in 2011 different inputs, including seed inoculants, root stimulator and foliar feeding products.

“When our agronomist walked the field, he said it was one of the best he’d seen this year. With everything we have thrown at these soybeans, I am anxious to see final yield results,” he says. “As a fourth-generation farmer, I want to leave this ground better than I found it.”

Shaffer sees serving on the ISA board as a chance to give back to the industry, even while raising a young family, managing a small Angus cow herd and serving on his fraternity alumni board.

“I wanted an opportunity to give back to agriculture,” he says. “I have exposure to so many different programs now involving soybeans and livestock, domestic and export, and understand better all of the various avenues for soybean use. You grow as a person through media interviews, through direct contact with our projects and through networking with other farmers. If you have the time and the interest to learn, you will find no better place to serve than ISA.”

Farmers Must Talk with Consumers: Deb Moore

Research commissioned by Illinois Farm Families (IFF) shows that consumers, especially moms, have questions about food and farming. ISA leaders are helping address those concerns.

“Moms care about what farmers are doing, and about how we’re growing their food,” says Deb Moore, Roseville, Ill., ISA member and one of IFF’s “farm mom” leaders.

“Unfortunately, moms have been getting answers about food from the media, talk shows, documentaries, social networking sites — from just about everyone except us, the farmers who grow it,” she adds. “Through IFF, we’re working to change that.”

As an IFF farm mom leader, Moore has spent several months reaching out to Chicagoland moms at special events, farmers markets and mom meetups (online communities based on shared interests that occasionally meet in person).

“Topics run the gamut, from questions about biotech crops to how you arrange play dates for kids when you live in the country. Most moms don’t realize that farmers use experts to help with everything from animal nutrition to crop spraying. They also don’t know how heavily farming practices are regulated.

There is an opportunity to educate,” Moore says.

Throughout the next year, IFF will bring groups of Chicago-area moms, dubbed “field moms,” out to the country to tour soybean and corn, beef, dairy and hog farms. Moore will accompany the field moms on tours. She and husband, Ron, also will host field moms on their farm next spring to plant an acre of soybeans, and track the progress of the crop throughout the season.

“Moms admit they don’t know much about farmers, farming or how food is grown. But that has not stopped them from gathering information and forming opinions about us,” she says. “We need to take the time to open our doors and show consumers how we raise their food.”

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Leadership

16—Illinois Field&Bean

November 2011
NEW BEANS on the block

The Farm Progress family of custom magazines is pleased to welcome three new additions: Illinois Field & Bean, Ohio Soybean News and Soybean Business. You know our service dedication — Farm Progress is the publisher of Prairie Farmer, The Farmer (Minnesota) and Ohio Farmer.

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Illinois soybean and egg producers are fortunate to have each other in close proximity. Both rely on each other for business success. Layers and other poultry use half of all the U.S. soybean meal consumed, and U.S. soybean meal accounts for one-quarter of all poultry feed consumed.

“About 70 percent of our cost to produce a dozen eggs is feed, so it is important for us to access feed locally,” says Ben Thompson, Pearl Valley Eggs, Pearl City, Ill. “We are able to get our second most important feed ingredient, soybean meal, from processors in Illinois and Iowa, which are the two top soybean producing states. The meal has protein filled with essential amino acids for egg production.”

According to national statistics, Illinois ranks second in the nation in total soybean production and eighteenth in egg production. Illinois also is a leading state in soybean processing.

“It is important for us to partner with our number one customer in meeting their needs, and it is obviously essential to have a domestic poultry market,” says Rowen Ziegler, a soybean farmer from LaHarpe, Ill., ISA director and vice chair of producer communications. “We invest soybean checkoff dollars in activities that support the Illinois poultry and egg industry.”

Ben Thompson welcomes that perspective. His parents, Dave and Terry Thompson, started Pearl Valley Eggs in 1987. Dave had been a first-grade teacher and hatched eggs in his classroom. He decided to leave teaching and went to work for an egg farm owned by Jewel Food Stores. After a decade with the farm near Loda, Ill., he decided to build his own operation.

Today, Pearl Valley has nine barns, the smallest holding 87,000 and the largest holding 167,000 laying hens. They have a feedmill, egg processing plant and a sizeable fertilizer operation. The Thompsons are considered a Top 30 egg producer in the United States with 1.1 million chickens. They have the capacity to hold 280,000 chicks to raise them from one day old.

“Soybean meal is one of the most important ingredients for us. Layer feed requires high-quality soybean meal available on a regular basis,” he says. “Soybean meal also is the most economical protein ingredient we use. Even though we are paying twice as much per ton now as we were 10 years ago, it helps us appreciate having local access. We wish processors were even closer.”

Thompson says Pearl Valley receives four to five 20-ton loads of soybean meal per week, or about 36,500 tons per year. That is the meal from about 1.5 million bushels of soybeans.

“Local, reliable customers that need the high-quality source of protein we can provide are a steady source of income for Illinois farmers.” —Rowen Ziegler

Thompson agrees that Illinois agriculture is important to the state and world economies. “We are fortunate to have top producers in Illinois, and need to support each other’s businesses,” he says. ◆
A Boatload of Biodiesel Promotion

The USS LST-325 World War II amphibious vessel docked in Henry and Peoria, Ill., during a few days in September. The ship, which is powered by soy-based biodiesel funded in part by the Illinois soybean checkoff, serves as a World War II memorial and museum.

The LST-325 was docked for a day in Henry, where nearly 10,000 people visited the ship. The LST-325 then returned to the Peoria riverfront for several days, hosting about 30,000 tourists. The LST-325 (www.lstmemorial.org) permanently docks near Evansville, Ind.

The LST-325 locks through in Peoria on September 1 on its way to Henry.

Mike Erker, United Soybean Board (USB), pauses to admire the massive biodiesel banner produced for the ship by partners ISA and GROWMARK.

Mike Erker, USB; Duane Dahlman, ISA district director from Marengo; Tom Verry, National Biodiesel Board; and Karl Lawfer, former ISA district director from Kent; pause to capture a “thumbs up” moment as they board a Peoria Charter Coach shuttle bus at the Peoria Riverplex en route to the LST-325 ship moored at the Peoria Lock. The Peoria Charter Coach fleet has driven millions of miles over the course of several years on a B11 blend of soy-based biodiesel.

Upon the return of the ship to Peoria, volunteer and World War II veteran, Bob Howe, displays a biodiesel rally towel. ISA provided thousands of rally towels to visitors during the ship’s weeklong stay in Peoria.
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