Record Crop Creates Transportation Challenge

TIME FOR FARM PROGRAM DECISIONS

MOVE BEANS FROM BIN TO BARGE
It’s time to take a stand against soybean cyst nematodes.

As soybean cyst nematodes have adapted to the most widely used source of genetic resistance, you increasingly need additional protection against SCN to maximize yield potential. Take back control with Clariva™ Complete Beans, the only seed treatment proven to offer effective, season-long protection against SCN through direct and lethal activity. Clariva Complete Beans helps minimize hidden and costly damage from SCN independent of environmental conditions, and builds on the unsurpassed early-season insect and disease protection that growers trust from market-leading CruiserMaxx® Beans with Vibrance® seed treatment.

Contact your Syngenta representative or visit ClarivaCompleteBeans.com and take back your fields.
TRANSPORTATION Affects your Soybean Value
The transportation system beyond the bin deserves attention for its impact on farmer profitability. Learn how availability and condition of roads, bridges, rails and waterways play big roles in attracting buyers and influencing the value of your soybeans.

TRANSPORTATION is at Post-Harvest Forefront
Illinois soybean farmers continue to invest in projects that improve efficient movement of soybeans and help all points along the delivery chain. ISA is a recognized resource for solutions-oriented approaches, and is addressing infrastructure challenges all over the state.

Non-GMO Soybeans May Pay Dividends for Growers
Illinois is well-positioned to take advantage of global demand for non-GMO soybeans. As farmers look at value-added options for 2015, identity preserved soybeans may be worth a look.

Profitability Matters: Tap into your Potential
Commodity prices are down. What can farmers do to manage the risk? Purdue University’s Michael Boehlje addresses some of the steps you can consider for 2015 and beyond.

Illinois Farmers Can Grow 100-Bushel Soybeans
The Illinois soybean world changed this fall when one farmer reported a 104-bushel-per-acre soybean yield as part of the ISA Yield Challenge program. Read more about how farmers may be ready to tackle the intensive management needed to achieve this milestone.

What’s the Best Farm Bill Option for You?
Farm owners have a one-time opportunity to elect their federal crop program option for the 2014 through 2018 crop years. The information found here can help you make that decision.
Towing the Transportation Load

Most farmers are well aware of the critical role transportation plays not only in getting our soybeans from Point A to Point B, but in doing so efficiently and economically. If soybeans don’t move smoothly and on time, our local soybean basis takes a hit and that hurts our profitability.

The Illinois Soybean Association (ISA) recognizes the value of maintaining a strong transportation infrastructure. Investing soybean checkoff dollars in transportation research and programs has been one of our top priorities during the last three years. Here’s what we know:

- The deteriorating condition of locks, dams and river channels increases the risk of waterway shutdowns. That can restrict barges full of soybeans moving to the Gulf.
- Road and bridge conditions do not support modern farm equipment and loaded trucks. Plus, weight limits and overweight permits differ widely across counties and townships.
- Volume on short line railroads is expected to increase more than the amount of private investment needed to maintain and enhance rail lines, which could mean shortages.
- Federal and state budget appropriations have not met our transportation needs.

Here’s what we are working on to address these challenges:

- Exporting soybeans in shipping containers is an emerging, alternative transportation channel for Illinois soybeans to reach foreign markets. ISA-funded research has shown this can be profitable, and we are evaluating ways to make it work best.
- ISA has positioned itself to lead positive change across the transportation industry. Our “Let’s Find a Way” campaign has been used to educate farmers, transportation stakeholders, legislators and the media about our infrastructure needs.
- Access to multiple transportation modes in Illinois provides significant advantages for reaching domestic and international markets, and improved transportation efficiencies of Illinois soybeans can increase farmer profit potential. We are raising awareness of specific infrastructure concerns statewide to help get improvements underway.

- ISA is drafting strategy and building relationships concerning public-private partnerships to get critical improvements fully funded. We currently have support for a Public Private Partnership Pilot Program (P5) to focus on the Illinois River.

ISA will continue to seek solutions for transportation challenges affecting Illinois soybean farmers. Let us know your thoughts about ways to enhance our transportation infrastructure.

BILL RABEN
ISA Chairman

Biodiesel Education Vital Part of Transportation Strategy

ISA recently marked the beginning of the fifth year of Automotive Service Excellence (ASE) accredited diesel technician training developed through the National Biodiesel Board and funded by the Illinois soybean checkoff. More than 400 Illinois students have received the training.
Consider IP to Expand Market Access Options

> BY ROB PRATHER, HURON COMMODITIES

Want to get paid a soybean premium? Are you growing “just beans,” or have you come to the realization that you are producing a product that buyers in a global market seek to purchase?

Identity-preserved (IP) soybean programs are no longer a fad, and in fact are more of a stable and viable marketing option for Illinois soybean farmers. IP can be defined in many ways: as soybeans being delivered to a buyer that are of a single variety or perhaps are similar in protein or oil content, possibly from the same breeder, or maybe all soybeans being delivered have a similar characteristic such as a clear hilum. IP soybeans can be used for seed, oil, feed or food production; can be GMO or non-GMO; and can go into domestic or export markets.

The objective of an IP soybean program is to deliver a consistent product to a manufacturer, and give soy-based food consumers assurance that what is served in their homes will look, cook and taste the same with every bite. The specifications and premium level of any IP program is ultimately determined by the buyer trying to meet the needs of a specific customer end product.

Ready-to-use IP soybeans allow buyers to move product directly to customers and create supply chain efficiencies. And global economies are beginning to dictate cost-saving and ready-cash strategies for buyers. This includes purchasing and shipping smaller lots of soybeans using truckloads or ocean containers rather than large lots moving via barge, rail and bulk vessel.

For the near-term, available equipment, education and infrastructure in the U.S. provide farmers with cost advantages over global competition. But that is certain to change as other world markets strive to compete for our market share. Continuing education and process improvement at the farm level are keys to maintaining our advantage over the competition.

With the right disciplined mindset, practices and procedures, it is possible to provide a suitable IP product to an end user direct from the farm. What if you could offer the service of loading buyers’ hopper trucks or containers direct from your farm and capture some of the middleman margin for yourself? It can, and is, being done and shouldn’t be overlooked as a possible marketing option for your long-term strategy.

When a buyer calls and offers you a premium for growing IP soybeans, will you know if that offer is higher than what you expected, or if it is too low to cover your costs? If you can’t answer those questions, figure it out now so you can negotiate and capture premiums as they are presented to you.

Missing an IP premium opportunity may have already happened to you or someone you know. Unlike past seasons, the chance might not come back around. Does your local elevator have any IP programs? Ask, and also look beyond local. Search out and find the IP program fit for your operation to safeguard your profits in an increasingly expanding and volatile market.

For more information and to see some current opportunities, visit www.soybeanpremiums.org. ■

Rob Prather is a merchandiser for Huron Commodities in Monticello, Ill. Huron specializes in providing fully cleaned and packaged non-GMO/IP shipments of containerized U.S. origin soybeans destined for food production throughout the world. For the past 18 years, Huron has been successful by operating under the premise that each link in the chain, from planting to processing, is equally essential to the success of soybean programs.

“Ready-to-use identity-preserved (IP) soybeans allow buyers to move product directly to customers and create supply chain efficiencies.”

ROB PRATHER, Huron Commodities
With an historic harvest to sell and new crop year underway, Illinois farmers have pressing tasks at hand. How international customers receive half of the state's soybeans takes a mental backseat. Yet, the transportation system beyond the bin deserves attention for its impact on farmer profitability. Availability and condition of roads, bridges, rails and waterways play big roles in attracting international buyers and influencing the value of soybeans to Illinois farmers.

While a farmer’s location in the state can influence market opportunities and basis, 54 percent of Illinois soybeans move into international channels, according to USDA.

"Transportation is the key variable for why we're able to participate in the international market and help satisfy those buyers," says Mike Steenhoek, executive director, Soy Transportation Coalition. "We like to think we grow the best soybeans in the world. You can make that argument, but other countries produce quality soybeans as well. Our secret is the ability to get soybeans from point A to point B more cost effectively and reliably than our competitors."

Illinois farmers do tout a competitive advantage. Seven Class 1 railroads connect in Chicago, the largest rail gateway in the United States. A network of more than 2,000 miles of interstate highways and 34,500 miles of state highways gives trucks the means to deliver soybeans. And Illinois uniquely offers access to navigable waterways on the west side, south side and through the interior. The Mississippi, Ohio and Illinois rivers form arteries for soybean exports.

"There is no other state in the corn-soybean belt that has that kind of access," Steenhoek says.

Proximity to such a vast inland waterway system puts Illinois farmers closer to international customers. Farmers today prove more aware of those markets and transportation assets than ever before, says Jeff Adkisson, executive vice present of the Grain & Feed Association of Illinois.

"After our productive soils, transportation is one of the key factors for producers," he says. "We have to make sure our soils are productive and we are growing a good crop. But if we don't have the transportation system to get their products where they need to go, it’s a moot point."

PATHWAYS CAN PRESERVE QUALITY

Just as the path to international markets starts on the farm, so does soybean quality and condition. Delivery of sub-standard soybeans yields lower values and potential messes in storage. Splits, foreign material, damage and moisture matter, says Alan Knobloch,
manager of Akron Services Inc., a grain elevator in Brimfield, Ill. River terminals will discount soybeans that do not meet the desired grading standard, whether for No. 1 yellow soybeans or otherwise.

“We appreciate when a farmer sets his combine and has a crop that’s harvestable and creates the condition and quality the market is looking for,” he says.

To reach international markets, Illinois soybeans first travel road or rail to river terminals. From there, soybeans spend about 50 days in transit from river terminals to foreign shorelines. The crop travels two to three weeks on barges to Mississippi River export terminals in southern Louisiana, Steenhoek says. There, soybeans load onto an ocean vessel and most steer westward for a 30- to 35-day trip through the Panama Canal, across the Pacific Ocean and to Asia.

In addition, container shipment represents a small, yet growing transport option to reach these markets. The option came as a surprise to Jeff Lynn, soybean farmer from Oakford, Ill., when he assumed duties as vice chairman of ISAs transportation target area. “I knew beans moved on rail cars and barges and semi-trucks, but I did not realize we were pushing hard to get soybeans to international markets in containers,” he says.

The option proves of particular interest for identity-preserved, high-protein or non-GMO soybeans. The shipment method preserves crop quality and reaches markets that cannot accept bulk vessels. ISA estimates about eight percent of Illinois soybeans ship in containers.

SOYBEANS TRAVEL WATERWAYS IN MULTIPLE WAYS

**BARGE:**
53,000 to 58,000 bushels, depending on water level

**TOW OF 15 BARGES:**
800,000 or more bushels

**OCEAN VESSEL:**
2.1 to 2.2 million bushels

*Source: Soy Transportation Coalition*
INFRASTRUCTURE AFFECTS COMPETITIVENESS

While miles of waterways, rails and roads give Illinois an edge, farmers are hearing more that all modes need improvements to increase farm profits and protect market access.

“The biggest thing we are looking at now is trying to modernize our infrastructures,” Lynn says. “We need to stay in the forefront. We need to stay competitive. If we don’t modernize our infrastructure, we will start losing out on that international market.”

Illinois’ crumbling infrastructure increases costs for farmers as much as $1 to $2 per bushel, according to one Illinois soybean checkoff-funded study. In particular, the nation’s navigable waterways prove in dire need of repair to efficiently serve international markets.

“It’s not an exaggeration to say, ‘It’s not a matter of if, it’s when’ we have a catastrophic failure,” Steenhoek says. “Lock and dam sites that have degraded the most are used by Illinois farmers.”

The Ohio River remains in much better shape than the Mississippi and Illinois rivers, where the problems are well documented, he says. The good news is that the technology behind lock and dam operations remains about the same, even at 60 to 80 years old.

“If you simply take care of it, you can increase its useful life,” Steenhoek says. “Unfortunately, we failed to do that. We have allowed these locks and dams to fall into disrepair.”

The nation’s privately financed freight-rail system has performed at a much higher level, says Steenhoek. Still, rail companies progressively invest to meet demand and essentially play catch-up right now. A dramatic increase in crude oil production absorbs a lot of U.S. rail capacity, particularly in the Dakotas. Farmers in western states have experienced widening basis, while the challenge generates a ripple effect throughout the entire rail network, he says.

GLITCHES CAN BE COSTLY

High demand teamed with available, low-cost modes of transportation traditionally improve basis for Illinois soybean farmers. “Good infrastructure, especially on the river, is extremely important to the Midwestern farmer,” says elevator manager Knobloch. “The more efficiently we can move grain to New Orleans, the cheaper the cost is for transportation and the cheaper the end user can buy it.”

For elevators like Akron Services Inc., costs in trucks, drivers, fuel and insurance remain fairly consistent. Located just 28 miles from the Illinois River, the Brimfield business has charged 14 cents per bushel for more than five years, Knobloch says. At the river, farmers pay a lift charge through their basis. After that, barge transportation expenses prove highly variable and competitive for agribusinesses that operate river terminals.

Barge freight trades on a percentage of tariff, or the per-bushel charge to rent a barge down to New Orleans. Costs vary from 90 percent of tariff to unprecedented highs of 1,100 percent of tariff in early October, Knobloch says. At that peak, barge freight equates to about $1.50 per bushel, a cost that must be recovered in the selling price to international buyers.

Availability of barges and tugs, as well as competition from other commodities like oil, coal, rock and fertilizer, all impact barge freight cost. The grain system occupies 30 to 35 percent of barge capacity, he says. Grain has slowly lost tonnage to other commodities.

“I would say our transportation system is probably 30 percent of the equation,” he says. “An available supply is another 30 percent and the end user desire or choice is 40 percent of the equation. To a great extent, your price as a farmer is still driven by the supply-demand equation from the end user and what they are willing or wanting to buy or financially capable of buying.”

ABOUT 58% OF ALL U.S. SOYBEANS EXPORT THROUGH THE MISSISSIPPI RIVER AND GULF OF MEXICO.

Source: Soy Transportation Coalition
Transportation is important to get soybeans from farm to customer, and to add value to farm profitability. This is why Illinois soybean farmers continue to invest in projects that improve efficient movement of soybeans and help all points along the delivery chain.

“Having a sound transportation system makes it easier for us to get beans from the field to the elevator and beyond to end users,” says Paul Rasmussen, soybean farmer from Genoa, Ill., and ISA director. “Anything that helps us do our job better, especially this year when there is a lot of grain to be harvested, helps improve our bottom line.”

A quality transportation system provides the means to move soybeans to consumers in an efficient manner,” confirms Kelly Buchanan, marketing and communications manager with Consolidated Grain and Barge Co. “This efficiency allows for the U.S. to offer competitive prices, not only domestically but worldwide.”

Recognizing this importance, specific ISA transport initiatives during the coming months include:

- **DOMESTIC SOYBEAN MOVEMENT.** ISA has developed the project, “Addressing Domestic Transportation Infrastructure for Illinois Soybean Movement.” About 54 percent of Illinois soybeans are exported annually. Yet the many stakeholders along the supply chain rely heavily on the state’s infrastructure of roads, bridges and railways to move soybeans where they need to go. Multiple parties collaborate to raise awareness of the issues impacting Illinois’ transportation infrastructure and to prioritize projects that support soybean movement, whether destinations are local, regional, national or global.

- **CONTAINER LOGISTICS INITIATIVES.** Containers travel down inland and national waterways and across oceans, transporting a wide variety of goods to foreign ports. Through the “Container Logistics Initiatives to Improve Illinois Soybean Competitiveness” container-on-barge project, ISA is identifying opportunities to develop a commercially competitive and sustainable way to support containerized soybean and soy product transport.

- **PUBLIC-PRIVATE PARTNERSHIPS (P3).** Improving the transportation infrastructure within Illinois takes effort from a variety of related companies, farmers, legislators and others. Formally referred to as “Public-Private Partnerships (P3s) to Improve Soy Transport Infrastructure,” ISA’s P3 pilot project facilitates public and private investments that can improve soybean movement and strengthen competitiveness for Illinois soybeans.

“ISA has become a recognized resource for solutions-oriented approaches to the transport infrastructure challenges seen all over the state,” says Scott Sigman, ISA transportation and export infrastructure lead. “With several years of research and evaluations, ISA has built a solid foundation of trust among transportation planners and leaders. This has translated into effective solutions for addressing transportation issues that impact soybean farmers.”

**FACT:**

’Tis the Season for Soybean Exports

An overwhelming 80 percent of U.S. soybean exports occur during this time of year — between September and February — ahead of the South American harvest, estimates the Soy Transportation Coalition (STC). STC efforts to enhance U.S. transportation are funded, in part, by the Illinois soybean checkoff.
What would you be willing to do for an extra $2 per bushel premium for soybeans? For some Illinois soybean producers, that premium comes from growing non-GMO (genetically modified organism/biotech) or other identity-preserved (IP) soybeans.

"We have seen more interest in non-GMO soybeans from growers because of the premiums," says Rob Prather of Huron Commodities in Monticello, Ill.

For example, early November premiums for average food-grade soybeans ranged from $1.80 to $2.60 per bushel with a $2 average, says Kellee James, CEO and founder of Mercaris, a market data service and online trading platform for organic, non-GMO and certified agricultural commodities. Feed-grade, non-GMO soybeans, which have looser quality specifications, were selling for about $1 over the cash price at that time. Organic, non-GMO food-grade soybeans were earning $18 over the Chicago Board of Trade price, as a comparison.

"The reason we process non-GMO soybeans is because we have specific customers, both internationally and domestically, who want a non-GMO soybean product that is used in food products and ingredients," says Steve Sproull, commercial manager at Cargill’s Bloomington, Ill., plant. The plant has been processing non-GMO soybeans since about 1997. Sproull says over the years, the premium paid to growers has increased with a rise in demand.

As farmers look at options for 2015, IP soybeans are an option to consider. Many experts expect some softening of premium programs due to this year’s record supply. However, international demand for non-GMO soybeans, especially in Southeast Asia, is expected to remain stable, Prather says. Most experts agree that domestic demand will be driven by consumer preferences. James says demand for feed-grade soybeans is growing, too.

ILLINOIS FARMERS IN UNIQUE POSITION

Illinois is well-positioned to take advantage of global demand for non-GMO soybeans, says Mark Albertson, Illinois Soybean Association (ISA) director of strategic market development. Since 2010, between eight and 11 percent of soybean acres in Illinois have been planted with non-GMO soybeans, according to the USDA. Albertson says three primary factors help Illinois lead the nation in non-GMO soybean production:
• First, Illinois has access to containers, which are used to ship IP soybeans to international customers. "Chicago container prices are the major advantage for Illinois when it comes to transportation costs," confirms Prather.

• Second, Illinois soybean farmers have access to soybean processors who crush non-GMO soybeans. One reason Illinois is so strong for non-GMO is because of its large non-GMO processing capacity, says Albertson who also runs SoybeanPremiums.org. Cargill in Bloomington, ADM in Decatur and Solae in Gibson City, Ill., are big players in that arena.

• Third, demand for non-GMO soybeans exists along grain terminals on the Illinois and Mississippi rivers. Albertson says the terminals fill barges for ocean-going vessels.

DO YOUR IP HOMEWORK

Before signing up for a premium program, farmers should approach this option from a business perspective, especially if the goal is to improve farm profitability.

"Know your costs and pick a price point where you can be profitable," Prather says. "Also, don’t forget to read the fine print in your contract."

Contracts can be negotiated. Farmers should draft a contract that works for them and their buyer, Prather says. One common area to examine is delivery date. For example, if you don’t have on-farm storage, negotiate or seek a contract that allows you to deliver your soybeans at harvest instead of at buyers’ call.

For El Paso, Ill., soybean farmer Rob Shaffer, who grows about 450 acres of soybeans with his brother, a fall delivery date works best. He is able to take his soybeans to an elevator in Roanoke, Ill., which tests them before they are dumped into a segregated, non-GMO bin. It takes a little more time, but Shaffer says it is worth it for the premium he receives.

More time and management are required to grow a non-GMO crop, acknowledges Shaffer. Relationships and conversations matter, which is why the ISA director talks to each of his neighbors to let them know he is growing a non-GMO crop. He also places a non-GMO soybean sign at the corners of his fields, which is especially helpful for herbicide applicators.

Time invested in growing non-GMO soybeans often results in a high-value crop that yields the same, if not more, says Shaffer. If a farmer already is focused on using different modes of action to control weeds, rotating crops, researching varieties for protein and oil and monitoring fields, then Prather recommends finding a premium program that rewards growers for their extra effort.

Shaffer says the switch from growing specialty soybeans to 100 percent non-GMO wasn’t that challenging. "Everyone is looking for a niche, and for us this works," he says.

9% of Illinois soybean production in 2014 was non-GMO.

Checkoff FACT:

Learn More about Available IP Programs

Farmers can grow non-GMO soybeans that are both high-yielding and have high value. One key is to research different varieties and market opportunities for them. The Illinois soybean checkoff promotes a website where farmers can get information about IP soybean programs, along with contract offers from buyers. Visit soybeanpremiums.org.

If farmers want to take advantage of premium programs, Rob Prather, Huron Commodities, has a few practical tips:

> Know your variety. "I can’t buy your soybeans if I don’t know the variety," says Prather.

> Install gentle handling equipment, such as bean ladders in bins, so soybeans don’t get damaged. "Learn from northern farmers who grow edible beans and other crops," he says.

> Scout fields before harvest. Set up your combine to handle the size of soybeans.

> Clean your equipment, all of it. "Dust from a GMO bean will make a load test hot," says Prather. Most of the time, the mistake comes from borrowing equipment from a friend or getting a neighbor to help, whose equipment is not properly cleaned. Also, make sure all corn is out of your equipment.

> If you grow different types of soybeans, plant and harvest your non-GMO varieties first to avoid contamination, Shaffer says.

> Once your crop is in the bin, moisture management is huge. "Check bins every couple of weeks," Prather says. "We can’t ship your soybeans if the moisture is too high."
### By the Numbers

Illinois soybean farmers were expected to produce an estimated record **551.6 million bushels** in 2014, with an average yield of 56 bushels per acre, which would make Illinois top producer two years in a row.

*Source: USDA November Crop Production Report*

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worth of commodities delivered annually from sites in Illinois is transported by trucks on Illinois highways.

*Source: U.S. Department of Transportation*

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<td>FAILURE OF THE LaGrange Lock on the Illinois River could cost agriculture $2.7 million.</td>
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*Source: Illinois soybean checkoff-funded study*

A **2-week** failure of the LaGrange Lock on the Illinois River could cost agriculture **$2.7 million**.

*Source: Illinois soybean checkoff-funded study*

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There is a net return of **$10 for every $1 invested in rural bridges for local economies.**

*Source: Illinois soybean checkoff-funded study*

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**GROW BETTER BEANS.**

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**YIELD. COMPOSITION & PROFITABILITY**

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**ILLINOIS FIELD & BEAN | DECEMBER 2014**
Illinois Farmer Reappointed to USB
Dwain Ford, soybean farmer from Kinmundy, Ill., was reappointed this fall to the United Soybean Board (USB). Agriculture Secretary Tom Vilsack announced the appointment of 19 members and three alternate members, which included 14 returning members.

Farmers elected to serve on the board invest soybean checkoff funds on behalf of all U.S. soybean farmers in projects that increase the value of U.S. soybean meal and oil, ensure U.S. farmers and their customers maintain the freedom and infrastructure to operate and meet the needs of U.S. soybean customers. Board members are elected by Qualified State Soybean Boards. Appointees serve three-year terms that begin this month.

U.S. Moms Talk GMOs in China
The U.S. Soybean Export Council (USSEC) recently took four U.S. moms to China to talk to consumers about the safety of biotech soybeans (GMOs). Recent media in China has increased public fear of biotech foods. Since China is the number one export market for U.S. soybeans, USSEC wanted to reach out directly to Chinese consumers.

The delegation included women with strong ties to agriculture. The goal was to connect with Chinese moms about the safety of GMO soybeans and feeding them to their families. The group met with three different sets of professional moms, including embassy workers, bloggers and public relations agencies. Pre- and post-meeting surveys found that more than 80 percent of participants shifted their GMO views positively.

Soybean Buyers Prefer U.S. Shipments
According to a national soybean-checkoff-funded study, some international buyers prefer U.S. soybeans to those from Brazil or Argentina because they can count on the beans reaching them in a timely manner. The study, conducted in partnership with the Soy Transportation Coalition (STC), gathered input from buyers in China, Taiwan, Thailand and Vietnam. In most of the markets, U.S. shipments were the most predictable.

The study notes buyers often pay as much attention to the timeliness of a shipment as they do to price. Late shipments can be expensive for buyers, and other problems can arise down the production chain when shipments don’t arrive on time.

“It’s great to see the infrastructure in the United States is still doing its job,” says Dwain Ford, soybean farmer from Kinmundy, Ill., and USB representative. “If our competitors continue to update their infrastructure and we don’t, we could easily fall behind.”

EQIP Application Deadline Approaches
The final application deadline for the Environmental Quality Incentives Program (EQIP) is Jan. 16, 2015, and is the last opportunity to compete for upcoming funding periods.

EQIP provides funding for development of conservation plans on cropland or other natural resources. Many applicants have shown interest in the funding pool to address soil erosion and water quality issues on cropland. There also is funding for grazing land, confined livestock operations and more. Interested farmers should submit an application to their local NRCS field offices. For more information, visit www.il.nrcs.usda.gov ■

Calendar of Events

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<td>Soybean Leadership College</td>
<td>January 6-8</td>
<td>St. Louis</td>
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<td>Northern Illinois Farm Show</td>
<td>January 7-8</td>
<td>DeKalb</td>
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<td>Illinois Fertilizer &amp; Chemical Association Convention</td>
<td>January 20</td>
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<td>Midwest Ag Expo</td>
<td>January 28-29</td>
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<td>ISA Soybean Summit</td>
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<td>Illinois Soybean Growers Resolution Meeting</td>
<td>February 5</td>
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<td>ISA Soybean Summit</td>
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For more information, visit www.ilsoy.org
Commodity prices are down. How can farmers manage risk as prices fluctuate?

Farmers always have steps they can take to manage risk. The first is to maintain a strong cash and working capital position to buffer financial pressures. They can try to lock in prices and keep cash costs and land rents in line with revenues. Most importantly, they need to recognize they'll continue to have leaner profit margins in 2015 and will have to adjust spending impact on agriculture.

Some say, "You have to spend money to make money," and invest in better fertilizer, equipment and applications on crops. How do you find the right balance?

Farmers always have steps they can take to manage risk. The first is to maintain a strong cash and working capital position to buffer financial pressures. They can try to lock in prices and keep cash costs and land rents in line with revenues. Most importantly, they need to recognize they'll continue to have leaner profit margins in 2015 and will have to adjust spending.

What is the most common financial challenge farmers face?

The biggest challenge is the biggest cost, and that's cash rents. Farmers are finding it difficult to convince their landlords that those rents should be adjusted down. It's a challenge and history shows that it takes longer for rents to adjust than almost any other cost that farmers incur. The issue is, if you continue to pay premium rent, how much money can you afford to lose before prices recover? The other side of that is, if you give the property up, what is the chance you'll get it back when prices improve? One way to respond to this challenge is to approach landlords with some hard numbers of what losses may be for the 2015 crop if rents are not adjusted.

Have you seen any common mistakes in how farmers approach profitability?

I often find that farmers don't spend enough time understanding cost structure. The cost per unit of output is an important concept many people struggle with. Nobody knows with certainty what their yield will be, but they do have expectations. They need to ask, "How much do I have to get out of each bushel of soybeans to cover all cost components I've incurred to produce that bushel; fertilizer, seed, machinery, labor and everything else? We frequently say the most important marketing decision a farmer makes is not what the sale price, but what he pays for his inputs.

It's time to look back on 2014 and plan for the next crop. Illinois Field & Bean spoke with Michael Boehlje, distinguished professor of agricultural economics at Purdue University, about how soybean growers can plan for a profitable 2015.
TRUE or FALSE?
Illinois Farmers Can Grow 100-Bushel Soybeans

**Management Matters Mythbusters**

**TRUE:** The Illinois soybean world changed Oct. 8, 2014, when Dan Arkels, Peru, Ill., reported a 104-bushel-per-acre soybean yield as part of the ISA Yield Challenge Program. Prior to that, farmers and agronomists had speculated whether it was even possible. Did Illinois have the right soils, weather and varieties available? Were farmers ready to tackle the intensive management needed to achieve this milestone? Here’s what participants have to say:

- **Fertility plays a role in high soybean yields.**

**TRUE:** Lynn Rohrscheib, soybean farmer from Fairmount, Ill., and ISA director, says fertility plays a big role in raising high-yielding soybeans, including starting with a solid soil testing program. "You can have the best varieties out there, but if your soil is not in good health, you are throwing away money and crop potential," she says.

Ross Prough, soybean farmer from Greene County, agrees there are benefits of a solid fertility program. Prough has participated in the Yield Challenge since it started in 2010. He tested soil fertility early in the program. "One of the first things we started was fertilizing soybeans every year instead of fertilizing corn and hoping there's something left for the beans," he says.

- **The real benefit of the program is learning to be profitable.**

**TRUE:** Ross Prough’s 2014 plot located in southwestern Illinois yielded 67.8 bushels, a 4.5 bushel yield increase over his check plot. He estimates additional costs for his plot were $70 per acre. "We lost a little money on the project," says Prough. "But if we hadn’t done it, we wouldn’t know where we were going. The only way is to get out there and see for yourself."

Joe Klein, soybean farmer from Seymour, Ill., had yields running in the low- to mid-80s. "You want to find out what works and adapt it for your operation, but that takes some experimentation," he says. "That extra trip or new product may cost more money, but what you’re looking for is a good return on investment."

- **The weather complicates things.**

**TRUE:** Klein and Rohrscheib agree that, despite advanced management practices, the weather will continue to heavily influence soybean yields. "You can do everything right, but you can’t control the weather. That means you can’t repeat the same results from one year to the next, which makes it both interesting and fun," says Klein.

Rohrscheib adds, "We have to deal with the cards we are dealt when it comes to moisture and temperature, and this past year was as close to perfect as you can get."

Rohrscheib says rain delayed some work in 2014, while cooperative weather can make all the difference in producing high-yield soybeans. "With perfect weather conditions to get into the field when we need to and with timely rains, we could all produce 100-bushel beans," she says. •

**Checkoff Fact:**
Illinois Farmers Test Yield Potential Statewide

More than 20 Illinois soybean farmers threw their hats in the ring as part of ISA’s 2014 100-Bushel Challenge in 2014. The checkoff-funded program was designed to encourage farmers to explore new approaches to soybean management.
What's the Best Farm Bill Option for You?

> BY BARB BAYLOR ANDERSON

Reviewing new federal farm program choices is part of the soybean management decision making process, as farmers make plans for 2015. Farmers must decide during the next few months whether to choose Agricultural Risk Coverage (ARC) or Price Loss Coverage (PLC), which replace the Direct and Counter-Cyclical Payments/Average Crop Revenue Election (ACRE).

"Unlike the old direct payment program, which paid farmers in good years and bad, these new initiatives are based on market forces and include county and individual coverage options. They provide a more rational approach to helping manage risk," says USDA Secretary Tom Vilsack.

Farm owners have a one-time opportunity to elect their Title 1 crop program for the 2014 through 2018 crop years. Three program options exist: Agriculture Risk Coverage-individual (ARC-IC), Agriculture Risk Coverage-county (ARC-CO), and Price Loss Coverage (PLC) with the choice to buy the Supplemental Coverage (insurance) Option (SCO).

"It is tough to make a broad generalization for which program is the best choice for an individual farmer/operation, but soybeans seems to be a bit clearer than other crops," says Nick Paulson, University of Illinois ag economist. "Because the PLC program reference price for soybeans is still below current and projected market prices, ARC program options look more favorable. If a farmer is seriously worried about soybean prices dropping below $8 this could change, but ARC looks like the more favorable program given the price expectations we have now."

Here's a look at how the options generally break out for soybean farmers:

### ARC-CO

**AGRICULTURE RISK COVERAGE-COUNTY (ARC-CO)**

ARC-CO payments will be issued when the actual county crop revenue of a covered commodity like soybeans is less than the ARC-CO guarantee for that covered commodity.

The ARC-CO guarantee equals 86 percent of the previous five-year average price, excluding marketing years with the highest and lowest prices, multiplied by the five-year average county yield, excluding the marketing years with the highest and lowest yields.

The payment is equal to 85 percent of the covered commodity’s base acres times the difference between the county guarantee and actual county crop revenue for the commodity. Payments may not exceed 10 percent of the ARC guarantee price times the ARC county guarantee yield.

The marketing year average is the average price September through August of the following year, so program payments will be made a full year after the crop is harvested.

ARC-CO users cannot sign up for SCO, which covers part of your crop insurance deductible.

### ARC-IC

**AGRICULTURE RISK COVERAGE-INDIVIDUAL (ARC-IC)**

ARC-IC payments will be made when actual ARC-IC revenue, which is the total across all covered commodities on the farm, is less than the associated ARC-IC guarantee. The farm for ARC-IC purposes is the total producer interest in all ARC-IC farms in the state.

The farm’s ARC-IC guarantee equals 86 percent of the farm’s individual benchmark guarantee, which is the five-year average of the farmer’s annual benchmark revenue for each commodity, excluding the high and low annual revenue years. Resulting revenues are averaged across all crops on the farm based on plantings, not just single crops, to obtain the revenue guarantee. Actual revenue is calculated the same way.

The ARC-IC payment equals 65 percent of the sum of the base acres of all covered commodities on the farm, times the difference between the individual guarantee revenue and the actual individual crop revenue across all covered commodities planted on the farm. Payments may not exceed 10 percent of the individual benchmark revenue.

ARC-IC users cannot sign up for SCO, which covers part of your crop insurance deductible.

### PLC

**PRICE LOSS COVERAGE (PLC) WITH CHOICE TO BUY SUPPLEMENTAL COVERAGE OPTION (SCO)**

Farmers interested in PLC who also participate in the federal crop insurance program may make the annual choice beginning with their 2015 crop to purchase additional crop insurance coverage.

SCO provides farmers with the option of covering a portion of his or her crop insurance deductible and is based on expected county yields or revenue. The cost of SCO is subsidized. Indemnities are determined by the yield or revenue loss for the county or area.

Crops/counties covered under ARC programs are not eligible to purchase SCO.

PLC generates payments if the crop’s marketing year average is below the fixed reference price set in the farm bill, which is $8.40 for soybeans. The payment is calculated by subtracting the average from the reference price and then multiplied by the farm’s payment yield.

Each farm’s payment yield can be updated to 90 percent of the average yield from 2008-2012. The payment is made on 85 percent of the crop’s base acres.
FREEDOM TO OPERATE

CROP INSURANCE CONSIDERATIONS

Illinois soybean farmers should consider coordinating program decisions with crop insurance plans, especially when choosing ARC programs. Paulson says farmers should not have to make any drastic changes in insurance with the SCO program, which again is only available to those who choose PLC. Farmers with soybean base in ARC will not be able to purchase SCO.

“For farmers in areas where 85 percent insurance coverage through revenue or yield protection plans is available, I don’t think SCO adds much in terms of risk management value,” Paulson says. “If a farmer can buy a high level of individual coverage, that should be preferred from a risk management standpoint, over a lower coverage level on an individual plan adding SCO.”

In areas where the highest coverage level available is 75 percent on individual plans, Paulson says SCO deserves more consideration, which can affect the choice of ARC versus PLC. ■

EVALUATE YOUR OPTIONS ONLINE

To provide better and more complete information on 2014 Farm Bill implementation and to make educated decisions about the program, the University of Illinois’ Farmdoc Farm Bill Toolbox (farmbilltoolbox.farmdoc.illinois.edu) houses webinars, videos, articles and the opportunity to plug in data and see how various program options would pan out for you. Illinois farmers may also call 217-300-1231 for assistance.

FARM PROGRAM SIGNUP TIMELINE

Now – Feb. 27
Base Acre Reallocation and Yield Updates
Owners have a one-time opportunity to reallocate farm base acres or update yields.

Now – March 31
ARC/PLC Election
Producers make election which will remain in effect for the 2014-2018 crop years, of the following:
1. PLC or ARC County on a covered commodity-by-commodity basis; or
2. ARC Individual for all covered commodities on the farm.

Mid – April-Summer 2015
ARC/PLC Enrollment
Producers sign contracts to participate in ARC/PLC for 2014 and 2015 crop years, which will remain in effect for the 2014-2018 crop years.

Program Choices

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<thead>
<tr>
<th>COUNTY ARC</th>
<th>FARM ARC</th>
<th>PLC</th>
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<tr>
<td><strong>85% of base acres, REVENUE TRIGGER = 5-yr.</strong></td>
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<td><strong>85% of base acres, PRICE ONLY TRIGGER = $3.70/bu. corn, $8.40/bu. soybean reference prices</strong></td>
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<tr>
<td>*OA county yields x 5-yr.</td>
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<td>*OA MYA price (if elected, revenue summed across all commodity crops on farm)</td>
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Enrollment at FSA:
Summer/Fall – Base and/or Yield updates; Winter – ARC or PLC sign-up.

One-time choice (irrevocable) by FSA farm number (need both operator and landlord signatures).

If a farm fails to enroll in either ARC or PLC in 2014, then PLC serves at the default for 2015 through 2018.

*OA – olympic average throws out high and low yield/price
Source: www.farmdocdaily.illinois.edu
Illinois Soybean Growers Legislative Issues to Watch

The Republican wave in the 2014 midterm elections is shaking things up in Springfield and Washington, D.C.

IN SPRINGFIELD:
• Illinois will have a Republican in the governor’s mansion come January.
• In the Illinois State Senate, Republicans gained one seat. Democrats maintain a strong, veto-proof 39-seat majority.
• Statewide, the Democrats maintain their 71-vote veto-proof majority in the Illinois House.
• There will be at least 20 “new faces” to serve in the House in the 99th General Assembly.

IN WASHINGTON, D.C.:
• U.S. Sen. Dick Durbin won reelection, but Republicans gained control of the U.S. Senate for the first time since 2006.
• Kansas Republican Sen. Pat Roberts will remain chair of the Senate Agriculture Committee.
• Texas Republican Rep. Mike Conaway will likely chair the House Agriculture Committee.
• Republicans expanded their majority in the U.S. House of Representatives, picking up at least nine seats, including two from Illinois. In the 10th District, Republican Bob Dold defeated Democratic incumbent Rep. Brad Schneider. And Rep. Mike Bost (part of the Illinois House GOP leadership) defeated Democratic incumbent Rep. Bill Enyart in the 12th District. Come January, the composition of the Illinois delegation will be 10 Democrats and eight Republicans.
• Ballot initiatives on GMO labeling were voted down in Oregon and Colorado.

Make Your Voice Heard at Voice for Soy

Join your fellow Illinois soybean farmers on Voice for Soy and be part of the effort to affect legislative decisions that impact your farm and the Illinois economy. If you haven’t registered yet at www.voiceforsoy.org, click “Join Us” on the home page.

Advocate for Ag in Two Easy Clicks
The easiest way to connect Illinois farmers with state and federal legislators and regulators, Voice for Soy:
• Only sends you an action alert email when there’s a topic important to agriculture.
• Provides links in the email to a customizable letter for your lawmakers.
• Lets you make your voice heard with two clicks from a computer, tablet or smartphone.

ILLINOIS SOYBEAN GROWERS (ISG) AS OF PRESS TIME IS WATCHING:
• The possibility that Gov. Quinn will use the Illinois veto session to make the temporary income tax rates – which are scheduled to sunset Jan. 1, 2015 – permanent.
• In Washington, D.C., there’s Republican talk of stopping the EPA’s Waters of the U.S. (WOTUS) rule and USDA’s new school lunch standards.
• There’s renewed hope for completing free trade agreements, including the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP).
City Mom Stands Up for Farmers

Heather Guido, Oak Park, Ill.

After participating in Illinois Farm Families' mom education program, Heather Guido, mother of two boys from the Chicago suburb of Oak Park, Ill., has become a true "agvocate." Sure, she was raised on a farm herself, but admits her family's 40-acre grape-growing operation in New York is much different than today's Midwestern farm. Guido heard so much about trendy food topics like GMOs and hormones from a variety of channels, but wanted to discover the truth for herself.

She decided to take charge. But Guido has gone above and beyond, sharing the story of agriculture wherever she goes - from the local farmer's market to the airport and on her personal blog.

**TOUR: GRAIN FARM**

**HOSTS:** Paul and Donna Jeschke

**LOCATION:** Mazon, Ill.

**GUIDO'S PERSPECTIVE:** After the grain tour, an Illinois consumer action group approached Guido and attempted to paint a picture of farmers irresponsibly handling antibiotics. Her response: "Perhaps our consumer perception of the American farmers is off the mark. As I gave the gentleman at my door last night some of the facts I've learned firsthand as a Field Mom, it knocked him off of his rehearsed spiel and the depth of his pitch became transparent."

**TOUR: HOG FARM**

**HOSTS:** Eldon and Sandy Gould and Chris and Dana Gould

**LOCATION:** Maple Park, Ill.

**GUIDO'S PERSPECTIVE:** "I had an eye-opening tour of the Goulds' hog farm. Farmers do even more than moms to prevent the spread of disease."

**TOUR: ULTRA FOODS GROCERY STORE**

**HOSTS:** dietician, store employee

**LOCATION:** Wheaton, Ill.

**GUIDO'S PERSPECTIVE:** Upon learning about food labels, "...marketers are thriving on us. And our fears... it is more important to get our children to eat more fruits and vegetables than to worry about pesticides."
EMERGE

“Beck’s Escalate™ seed treatment is not only a huge benefit, but it comes to you at no extra cost.

In side-by-side comparisons, Beck’s Escalate provides a better stand, a more vibrant color, and the plant looks healthier overall. It gives us the best opportunity from the very beginning.

You can look at your field, know that you have a good stand, and move on.

Watch the interview at www.BecksHybrids.com/TravisKelley

Escalate is a registered trademark of Beck’s Superior Hybrids, Inc.

Travis Kelley
Farm Manager

BECK’S