An Egg a Day

India Poised for Soy Protein
When you need backup against pests and weeds or insights on the latest ag tech, ILSoyAdvisor is your go-to with answers and advice you can trust. With content from agronomists, certified crop advisers, agribusiness managers and fellow Illinois farmers, you’ll find the tools you need for whatever you’re up against.

ILSOYADVISOR.COM
COVER STORY

An Egg a Day
India is poised to become the third-largest global economy, with an insatiable protein demand. Illinois soybean producers must be prepared to play the long game to provide that protein.

Agri-Phobia
The 2019 growing season is plagued with uncertainty. Yet, global soybean supplies are plentiful relative to current demand. Is there such a thing as too much soybean production?

Olympic Proportions
China’s upward economic trajectory is changing in ways difficult to predict. But it is no secret economic growth will continue to spark greater food demand and the need for more soybeans.

Contain Yourself
To sustain export growth and gain a competitive edge for Illinois soybeans, diversification is needed to secure more buyers. Shipping containers may provide a long-term solution.

The Now and Future Fuel
Electric vehicles are gaining momentum, but don’t count out biodiesel. The fuel has a significant niche with its increased energy security, improved air quality and safety benefits.

DIFFERENCE MAKERS

5G and Precision Agriculture
John Deere says 5G can facilitate a broad suite of precision farming technologies. And no matter where farmers are physically, they will be connected to what’s happening on the land.

DID YOU KNOW?
Illinois Soybean Association informational membership is free. Learn more about the power of the checkoff and the value of advocacy: https://www.ilsoy.org/get-informed.

ABOUT THE COVER
Is India the golden egg of the future of global protein consumption? Imagine if its 1.3-plus billion people ate just one more egg a day what the need for soybean meal would be.
Embrace Being Fourth

Illinois is the top soybean production state. But did you also know that if Illinois was a country, it would be the fourth-largest soybean producer in the world, behind Brazil, the rest of the U.S., and Argentina? With that market position, it’s clear we can have a significant influence. We need to embrace it with our leadership and help shape the global marketplace from our Illinois farms.

In 2018, Illinois produced 688 million bushels of soybeans. And we can handle them. The state has roughly 975 grain facilities and processing capacity of more than 21,300 metric tons per day.

We have other advantages in our favor as well:

• Illinois is in the heart of U.S. soybean production with some of the most productive farmland in North America.
• We grow a dependable soybean supply, with consistent quality year after year.
• Efficient transport routes and options get our soybeans to destinations around the world.
• We grow soybeans sustainably, with a focus on continuous improvement.
• And we offer support to help customers successfully navigate the soy import process.

So how do we continue to capitalize on our strengths? We stay a step ahead of the competition.

That includes identifying promising markets. The importance of growing and exploring new markets is more important to our profitability than ever before. A team of ISA staff and producers took the lead in visiting India this spring, the world’s fastest-growing economy with significant population growth. Protein consumption there is increasing as the middle class grows, and high-quality feed will be needed to support growing poultry, aquaculture and dairy demand.

Our cover story in this issue of Soy Perspectives takes a look at the potential of this market. The ISA team met with a variety of business development, investment, logistics and commodity groups to understand economic factors that will drive the market, the climate for innovation and the potential opportunity for U.S. soy. ISA wants to understand the needs for the long term.

The exploration of India comes on the heels of trying to make up for losses in sales to China, our primary soybean market. Ongoing trade disputes and African swine fever have dried up much of the demand. We explore the situation in this issue, and we also address the related debate of whether the U.S. is just producing too much for the global marketplace.

What are the options for future soybean demand? One potential niche is container shipping. Most containerized U.S. soybeans originate in Illinois, as Chicago provides shippers with access to empty containers Illinois soybean farmers use as a lower-cost transport option that is competitive with bulk system and vessel freight costs. Learn more about the option in the pages ahead.

We have much to appreciate on our Illinois farms. Join me in embracing being the fourth-largest soybean producer by being first in helping build and service the global markets we need.

“We need to embrace our soybean production ranking with our leadership and help shape the global marketplace from our Illinois farms.”

LYNN ROHRSCEIB | ISA Chairwoman
Down But Not Out
Demonstrating Leadership in the Midst of Trade Uncertainty

> BY MIKE LEVIN, Illinois Soybean Growers director of public policy and regulatory affairs

When you consider Illinois’ soybean production statistics, clearly we have built a reputation as a production powerhouse. But when 60 percent of our crop leaves this country annually, how much we produce matters less if our markets are unsteady.

The trade war with China has been a roller coaster of uncertainty for more than a year. Key players in the U.S.-Mexico-Canada Agreement (USMCA) are still figuring out how to work together. During May, soybean futures dropped to their lowest in a decade. This is all compounded by a wet, cold spring that saw crops planted much later than normal.

We can’t control the weather, and the trade environment may feel out of our hands. But when we’re a top soybean producer in the world — when we’ve established a reputation as the national leader — we need to make connections and raise our voices to find a solution.

**AS THE TRADE WAR WITH CHINA PERSISTS, WE OPEN DOORS TO OTHER OPPORTUNITIES.** Taiwan receives about 45 percent of Illinois containerized soybeans, according to an Informa Economics report. India’s population is expected to exceed China’s in the next three years. The Philippines is the top customer for U.S. soybean meal. Vietnam’s feed sector has nearly quadrupled in growth since 2005.

Opportunity is ripe to engage new and developing markets that value the consistent supply of high-quality soybeans Illinois producers provide. It’s why we work hard to engage customers on the ground in Illinois, with more than 30 trade teams visiting ISA offices and leaders each year. It’s also why ISA directors visit other markets to learn firsthand about potential business opportunities.

**WHEN OUR LIVELIHOODS ARE THREATENED, WE NEED TO ACT.** Free and open trade is a fundamental necessity to sustain today’s farm businesses. Tariffs and unbrokered deals and short-term fixes shouldn’t cut it. Don’t wait for markets to go away. Be ready to call on the White House, Congress or state officials. Be ready to explain why trade is critical to your farm, state and nation.

Voice for Soy offers this and more — a one-stop shop to track key issues like trade, share information with fellow producers and mobilize quickly when necessary.

In the midst of uncertain times, one thing is sure: We’ve cultivated an international reputation for excellence in soybean production. Let’s continue to use our leadership to push for policies that protect existing and emerging markets — not ones that stifle our capabilities. ■

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**To learn more information about ISA’s Corporate Partner’s Program visit** [www.ilsoy.org/corporate-partners](http://www.ilsoy.org/corporate-partners).
During the next 20 to 30 years, India is poised to be the third biggest economy behind only the U.S. and China. It will also be the most populous.

While it is easy to get caught up in short-term issues and barriers to leveraging this market, when it comes to capitalizing on India’s growth, the consensus is that agriculture — both in Illinois and on a broader scale — needs to play the long game.

Market watchers say the exponential growth projected for India in the coming decades portends amazing opportunities for those aggressive and progressive partners. Population growth between 2017 and 2035 is expected to equal about 75 percent of the current U.S. population.

“The country is expected to have a population greater than China — 1.6 billion by 2050,” says Jeff Nawn, CEO and founder of The North Hill Group, a policy development consulting firm. “That’s a large share of the global economy.”

India’s population is expected to surpass that of China by around 2022.

At the same time, buying power will rise. Right now, India’s economy accounts for about seven percent of world gross domestic product (GDP). By 2050, that could double to 15 percent.

“As an exporting country, India is not a market we can ignore,” says Nawn.

**BIG PRODUCTION POTENTIAL**

India boasts the second largest arable land total in the world and is the second largest producer of wheat and rice. “Indian agriculture is dominated by millions of small, marginal farmers (85 percent of India’s total farmer base). The typical farmer owns up to two hectares and two to three cattle,” says Shiva Mudgil, vice president, RaboResearch Food & Agribusiness.

Crop production is at risk as more than half of the country is entirely rain-fed and subject to irregular rain patterns. Crop production growth is hindered by soil degradation, pest attacks and processing and food storage losses in India. The World Bank says as much as 12 percent of vegetables and six percent of grains are lost due to improper post-harvest management.

That may open the door for more U.S. corn and soybeans. Animal feed demand is projected to grow significantly and imports will be needed to meet that demand.
Rabobank says poultry feed costs in India are increasing due to a production shortfall in corn. Soybean meal prices also are higher. Deloitte Touche Tohmatsu India LLP reports that from 2014 to 2017, global production of soybeans grew at a compound annual growth rate (CAGR) of five percent, whereas India’s production declined at a CAGR of one percent. Global soybean meal exports have increased at CAGR of 0.9 percent during that time while Indian exports have increased seven percent.

“India is amongst the top five producers of soybeans and imports large quantities,” says Mukul Varshney, director, corporate affairs for John Deere. “Consumption is in the form of edible oil across India. Soy products such as milk and tofu are not very popular yet. Those imports may increase once non-animal protein gains momentum or animal feed finds an alternative.”

**BIGGER CONSUMPTION OPPORTUNITY**

“India’s packaged food and beverage industry was estimated at $100 billion in 2018 and could grow at a 12 percent CAGR for the next five years,” says Mudgil. As the Indian population grows, greater food consumption is driven by higher per capita income.

“If we look at the market, it’s a young population, and they’re experiencing rapid economic growth and rapid population growth,” says Nawn. “About 46 percent of the population is below age 25. Their incomes are rising, and their demand for export products continues to increase. This creates an established consumer base ready and eager to consume more and new foods.”

Based on per capita GDP growth, India’s per capita food expenditures are expected to increase from $311 to $715 between 2017 and 2035, putting them close to levels in China today. Key proteins such as meat, eggs, fish and seafood, as well as a greater portion of the Indian population’s food expenditures will be going to food eaten away from home.

India is the third largest consumer of edible oils after China and the European Union, and that could increase between 16.6 and 32.8 million metric tons between 2017 and 2035. Soybean oil consumption alone could increase to 12.3 million metric tons. That would put total vegetable oil consumption in India at 280 percent of 2017 U.S. consumption.

“The impact of every person in India eating an egg a day? It would be staggering,” says Nawn. “It would be irresponsible for us to ignore what India will be to the global GDP.”

Simply put, it is important the U.S. engage with the Indian market over time and important that U.S. agriculture understand that the market will grow and offer sales opportunities.

“The benefit of growth in China over the last 25 years is also a great example,” says Nawn, “not just in soybeans, but pork, beef and other industries. And think of the benefits that occurred through the NAFTA agreement. We have seen incredible growth through increased exports.”

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**What would be the impact if India’s exploding population consumes more protein?**

<table>
<thead>
<tr>
<th>Consumption</th>
<th>Percentage of Global Protein Consumption</th>
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<tbody>
<tr>
<td>China</td>
<td>7% of 2017 China protein consumption</td>
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<tr>
<td>European</td>
<td>13% of 2017 European Union protein</td>
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<tr>
<td>U.S.</td>
<td>19% of 2017 U.S. protein consumption</td>
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*Source: Agribusiness Consulting/Informa*
BIGGEST NEXT STEPS

How can Illinois soybean producers help encourage development of this market?

“Call your elected officials or see them at the coffee shop and tell them we want a bilateral trade agreement,” says Nawn. “The U.S. government should be engaging and setting up framework for export growth. Policymakers will respond to that effort to engage from farmers and agriculture.”

India may be receptive, as agriculture is seen as a growth market. The government has made agriculture a key focus, increasing budget allocations by 24 percent from 2016 to 2017. While the country is largely self-sufficient for meat and protein meal production in the short-term, the rate of projected growth raises the question of how they will meet demand long-term.

“With 1.6 billion people and the GDP per capita increasing that way, food sourcing won’t be the same in the future,” says Illinois Soybean Association CEO Craig Ratajczyk. “They will need protein meal to feed animals, and they will increase their protein consumption as a population. Many people see India as the next China for the next two decades or longer.”

Agribusiness consulting firm Informa believes India will respond to more consumer demand with increased meat imports, increased oilseed production and crush, increased soybean meal imports and increased oilseed imports and domestic crush.

Ratajczyk agrees there is opportunity for increased business from this projection. On a recent trip to India, Ratajczyk says he was amazed at the number of buildings under construction. “They are where China was 10 to 15 years ago,” he says. “The opportunity for soybeans and agriculture is something we need to explore. If we want to serve the checkoff and the U.S. farmer, exploring the Indian market is something that must be on our list.” ■

Illinois soybean producers are in the midst of an uncertain season. USDA had earlier indicated U.S. farmers would plant five percent fewer soybeans this year compared to last, as ongoing trade disputes created anxiety about profitability. Then came delays and prevented plantings.

The short-term outlook generates some fear as well, with pressure on farm finances into the next decade likely. The Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri’s U.S. Baseline Outlook report from April shows projected prices for U.S. soybeans affected by trade disputes could remain below 2014-2017 average prices until foreign tariffs are removed. Lower prices, oversupply due to solid growing conditions worldwide, the spread of African swine fever and a relatively strong U.S. dollar also may deter growth in U.S. exports.

Which begs the question: have U.S. soybean farmers become too productive for current demand?

“We are definitely in a situation where global supplies are heavy relative to demand – that’s why prices have been relatively low for the last several years,” says Patrick Westhoff, FAPRI director. “Part of this has been due to better than average weather around the world. It’s been six years since we actually had a global world average yield below trend for grains and oilseeds. Part of it is the technology that everyone around the world has invested in. Just having a normal yield year — whatever that means — could tighten up those supplies we see today.”

Westhoff says some long-reliable “engines of world demand growth” have slowed down over the past few years, reducing demand for U.S. farm exports.

“Reliable drivers of exports have been normal world population expansion, China and biofuels. But right now, we see...
about the same per-person grain and oils use that we had in 1980, other than in China. We are waiting to see what the next engine of growth will be,” he says.

“Places like India could become a more important source of demand growth,” he continues. “But to be honest, patching together any number of smaller trade deals could not compare to what we have seen with demand growth in China during the past 35 years.”

For that reason, FAPRI economists established their most recent baseline premises for long-term projections assuming the U.S.-China trade war would continue into the foreseeable future. Similar projections from University of Illinois economists are based upon a lingering trade war.

“Our farmers have historically been able to out-produce demand and it seems as if we are there again, particularly with soybeans,” says Gary Schnitkey, University of Illinois soybean industry chair in agricultural strategy. “There is always a struggle to keep demand growing to meet our ability to produce. China and the trade tariffs and African swine fever will continue to keep demand down. It looks like we might be in a period of lower prices for a while.”

Westhoff agrees. The U.S. farm debt-to-asset ratio increased from 11.3 percent in 2012 to 13.5 percent in 2018, he says. The projected debt-to-asset ratio will average 14.8 percent from 2020 to 2028. Farm income is expected to be lower in 2019 for soybean farmers, with prices staying below $9 bushel per acre if the U.S. or South America produces yields at or above trendline.

So, what is Schnitkey’s advice to farmers? Stay the course by ensuring risk management and cash management systems are efficient for today’s economy. Continue with normal crop rotations and scrutinize each budget expenditure through the current economic downturn.

“We have to watch those cash flows and maintain liquidity during these couple of years that are probably going to be rough, with poor incomes. But the markets will turn around,” he predicts.

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**UNITED STATES SOYBEAN PRODUCTION BY YEAR**

Billion Bushels

**PRICES RECEIVED FOR SOYBEANS BY MONTH - UNITED STATES**

Dollars per Bushel
Economic Growth Continues to Fuel Chinese Soybean Demand

> BY LAURA TEMPLE

On 08/08/08, a culturally auspicious date, China re-introduced itself to the world. A memorable spectacle of the 2008 Summer Olympic opening ceremony featured the Chinese people. Those Olympics gave the rest of the world an enticing look at those people — China’s huge demand base of more than one billion with money to spend. China had just achieved a 14 percent increase in gross domestic product (GDP) in 2007.

“About 20 years ago, China started realizing significant economic growth that peaked in 2007,” says Roger Bernard, senior policy analyst for IEG Vantage. “The draw of China’s huge market sparked global investments to compete there. Though their growth rate has moderated, their GDP is still growing more than six percent a year, significant for an economy that size.”

Diet improvements accompany economic growth and development. “China must feed its people to maintain stability,” says Barry Flinchbaugh, ag economics professor for Kansas State University. “As the standard of living increases with economic growth, people want to eat better. That means increasing the amount and quality of protein they eat. That happens quickest with chicken, and then pork.”

Agriculture in China and around the world responded to the opportunity to meet demand from more than one billion people able to afford more and higher-quality protein. “Anyone who has income has food,” Flinchbaugh says. “The Chinese people like pork, and pigs like soybeans.”

China’s soybean demand has grown with their economy. When China joined the World Trade Organization (WTO) in 2001, it used about 15 percent of the world’s soybeans in the world. By last year, China used nearly one-third of the world’s increasing soybean production, according to USDA estimates. The U.S. and other soybean producers stepped up to meet that need.

CHINA’S GROWTH AND DEVELOPMENT

According to Flinchbaugh, economic growth in China is rooted in a government commitment to improve the people’s quality of life made decades ago. China began opening to global trade in the 1980s, and a lengthy process of economic change culminated with the country joining the WTO as growth accelerated. But as China allowed industry privatization and foreign investments, the government remained deeply involved.

“China has used central control to spur the economic gains we’ve seen,” explains IEG’s Bernard. “Unabashed lending fueled it. The government injects lots of liquidity and finances into the economy to encourage growth and development.”

Bernard attributes some slowing growth rates in the years since China hosted the Olympics — and the global economic crash — to the curtailing of government lending in response to mounting debt. However, recent signals indicate an increase in government lending, in part to minimize the impact of the trade war with the U.S. on the Chinese people.

“As China’s economy develops, it is transitioning from centralized to market-based,” says Bernard. “But the state ultimately still exerts control.”

GLOBAL AGRICULTURAL IMPLICATIONS

To make the best use of its land, China’s support policies focus on commodities they produce reliably, like corn, wheat and rice. China looks to lower-cost suppliers for other commodities.

“To ensure supply in areas where China is less than self-sufficient, China has made investments worldwide,” says Bernard. “Despite headlines about land purchases, most of their international investments are in infrastructure and logistics to ensure they have access to what they need.”

The soybean supply chain is a prime example. “Chinese agricultural subsidies have favored corn production, which sets up for soybean imports,” says Wes Petkau, senior oilseed and products analyst for IEG Vantage. “They are in high demand to feed livestock as affluence and protein demand increase.”

Petkau notes 10 years ago, China imported 50 million metric tons of soybeans. But soybean imports grew between five and 10 percent to reach 94 million metric tons in 2017-18.

“Internal sources indicate China may shift future subsidies toward soybeans, which may begin to increase their domestic production,” he says. “But the rest of the world has been investing to meet these needs. Brazil has been increasing soybean production and market share in China, while several smaller-producing nations, including Canada, have done the same. The U.S. claimed more than 40 percent of China’s market earlier this decade, while building a reliable soybean supply chain that became a pipeline to deliver soy to China.”

“U.S. infrastructure efficiently carries increasing soybean production through inland waterways to New Orleans or via rails and rivers to Pacific coast ports,” he continues. “Grain terminals at those ports load cargo ships for China. In recent years, market share has slipped as production and exports from other countries — primarily Brazil — have increased.”

That pipeline developed through intentional investments over three decades.
“The U.S. soybean industry worked hard to establish relationships in China,” says Flinchbaugh. “We held trade missions back and forth to build relationships. We developed soybean standards that met their needs, and farmers dramatically increased production.”

CHANGING ECONOMIC DYNAMICS

China’s upward economic trajectory is changing in ways difficult to predict. The ongoing trade war between China and the U.S., China’s aging population and African swine fever (ASF) continued slowing of the Chinese economy. Other factors make it difficult to anticipate needs.

And those factors all have implications for soybean markets.

For example, many imported soybeans feed China’s pigs. ASF has decimated the Chinese swine herd. But conflicting private and government reports obscure the actual percentage of reduction. And ASF may or may not change Chinese pork demand.

Similar uncertainty about other economic factors lead analysts to differing opinions about the future of U.S. soybean market share in China.

Flinchbaugh expects continued growth resulting in ongoing need for U.S. soybeans. “If the Chinese government allows the open market to work, soy demand will continue to grow, though perhaps at a slower rate,” he says. “The number of mouths to feed in China isn’t declining. Once better protein is available, it’s hard to go back. Other countries can’t fully take our place because of our volume and ability to efficiently increase yields. It will take a while for them to ramp up.”

He anticipates that although ASF will decrease soybean needs in the short-term, China will eventually rebuild their swine herd to previous levels. Flinchbaugh also believes the WTO can police trade-related issues between China and the U.S.

“The marketplace works,” he says. “We need to let it. China depends heavily on exports for their own economic growth. Their interdependence on the global economy will force them to play fair. We need to work together so that everyone wins.”

Petkau has a more measured outlook for both China and U.S. soybeans. He points out that Chinese soybean import growth stalled in 2017-18 and is forecast to decline to an estimated 86 million metric tons in 2018-19, due in part to tariffs and ASF. And China has options.

“The rest of the world is eager to prove they are just as good at producing soybeans,” he says. “Canada, Russia and Eastern Europe have all increased production. Argentina’s production rose 18 to 19 million metric tons following their drought. Though logistics take time to develop, competition is real.”

China’s changing demographics may also alter food consumption trends as the impact of controlling population growth has yet to be entirely felt. Petkau thinks the longer-term ASF impact remains uncertain and hasn’t had as large an impact on soybean trade as first feared. He cites several factors like price competitiveness and feed requirements of protein alternatives.

“If the current situation continues, global soybean supply could begin to tighten during 2019-20,” he says. “That could open doors for U.S. soybeans to once again play a larger role.”

Regardless, the U.S. and others will work to meet the appetite of China. And the Chinese people will have changed even more when they welcome the world for the 2022 Winter Olympics.

Cumulative U.S. Soy Exports to China

![Cumulative U.S. Soy Exports to China Graph](source: U.S. Census Bureau)
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Join us at the 2019 DTN Ag Summit, December 9-11 at the Fairmont Chicago Millennium Park Hotel, for agriculture’s premier business conference. This year’s event will help you recognize opportunities and seize them to your best advantage. Join like-minded peers for invaluable insights from the industry’s best and brightest as they share their expertise on topics critical to your success.

You’ll learn from:
- Global ag market insights from the industry’s top business leaders
- New voices changing what it means to farm in the 21st Century
- New information sources you’ll come to depend on in the future
- Out-of-the-box financial and enterprise thinking
- Young Farmers growing their businesses

General sessions and in-depth breakouts will connect you with innovative farmers and financial experts who can help you see key business opportunities and turn those into profitable next steps.

Registration is open!
Learn more: 888.576.9881 or dtnagsummit.com
Exporting 60 percent of Illinois’ soybeans each year to customers around the world is complex. That’s why the Illinois Soybean Association (ISA) checkoff program supports every step of the international sales process to increase export volumes where Illinois has a strategic advantage.

Top international destinations for Illinois soybeans and soy products include Taiwan, Indonesia and Mexico, according to U.S. Census Bureau export data.

“Based on recent global production, Illinois ranks as the fourth-largest soybean producer in the world,” says Mark Albertson, ISA director of strategic market development. “And, Illinois is uniquely positioned to efficiently send soybeans to customers around the world. Our annual soybean exports are worth roughly $3.5 billion.”

Albertson stresses the importance of building and strengthening relationships throughout the soybean sales process. That takes people. So, he leads a team dedicated to facilitating Illinois soy export growth, working closely with the U.S. Soybean Export Council (USSEC).

“To ensure and grow markets, our team regularly connects with USSEC and customers to meet their needs and anticipate new opportunities for soy products from Illinois,” he says. “From welcoming trade teams to responding to purchase inquiries, ISA shows existing and potential customers how Illinois soybean producers deliver a reliable, sustainable supply with consistent quality.”

Many ISA efforts position Illinois soybeans and soy products to help customers—and by extension producers—succeed, according to Albertson. When engaging international stakeholders, ISA leaders share how checkoff program initiatives allow Illinois producers to meet customers’ desires.

SOYBEAN SALES SUPPORT: Relationships

Relationships foster sales—even international soybean sales. ISA builds and maintains relationships with soybean, meal and oil buyers around the world on behalf of Illinois soybean producers.

“Soybean buyers want to see firsthand where their product comes from and how it is grown,” says David Headley, ISA trade team lead. “Illinois offers opportunities to see all aspects of the U.S. soybean industry, from fields, to logistics and transportation, to the Chicago Board of Trade.”

Headley coordinates tours for more than 30 trade teams visiting Illinois each year, many through USSEC. He customizes trips so they see the industry aspects of most interest and hear from relevant experts. He takes trade teams to farms, elevators, cooperatives, industry partners and more.

“We provide high-quality visits for trade teams,” he says. “Many international facilitators request that Illinois be part of a visit to the U.S. because of what we’ve shown them in the past.”

In 2017, ISA hosted more than 350 international delegation members outside of the Farm Progress Show. In 2018, ISA welcomed 440 visitors and hosted groups from Laos, Sri Lanka and Romania for the first time. Even more guests are expected in 2019. Headley attributes some of that ongoing increase to ISA’s Chicago office, which has opened new opportunities.
“Our Chicago office has become a draw for visitors,” he explains. “It allows us to meet with high-level foreign officials during layovers in Chicago, connect with consulate representatives who encourage visits from their countries and many others.”

During these visits, buyers often meet with farmers, like Doug Schroeder, ISA director and vice-chairman who farms near Mahomet, Illinois.

“Hosting trade teams on my farm allows me to thank groups for their business, listen to their needs for product and delivery, and encourage them to continue buying soybeans from us,” Schroeder says. He has hosted teams from Latin America, China and more.

In addition to welcoming visitors to Illinois, ISA organizes strategic trade missions to build and strengthen relationships abroad. During the past few years, ISA leaders have met with customers and other stakeholders throughout Asia, Europe and Central America.

“The more relationships we build and the better we understand the global industry, the better we are able to compete,” says Schroeder, who visited soybean industry stakeholders in Taiwan, China and Indonesia last winter. “Visiting customers on their home turf gives us a much clearer view of the demands they need to meet and how we can help them.”

Whether at home or abroad, Schroeder engages with customers to protect and grow soybean markets. He adds, “Trade team visits and trade missions are opportunities to protect the markets we have and listen for opportunities to grow.”

SOYBEAN SALES SUPPORT: Transactions

The agreement between one party to buy something from another party sounds simple. But quite a bit goes into it. How do the buyer and seller find each other? What regulations must be followed? How are payments managed?

Those details can become difficult when dealing with language and knowledge barriers that exist in international transactions. That’s part of the reason ISA receives hundreds of requests about soybean purchases. Wading through the email, phone and social media messages to find legitimate opportunities and potential customers among those requests is paying off, literally.

“Inquiries from smaller companies or those in developing countries can be overlooked in the larger trading community,” says Eric Woodie, ISA trade analyst and facilitator. “These potential customers need help connecting with suppliers and navigating the import process. We make that connection, providing the opportunity to buy soybeans or soybean meal from Illinois.”

Woodie actively works through requests to identify legitimate buyers and introduce them to Illinois-based companies that can meet their needs, like DeLong, Ruff Brothers and others. Since 2017, he has made connections equating to more than $17 million and 1.8 million bushels in soybean and soybean meal sales. And he expects to see these sales continue to grow through 2019.

“ISA helps importers recognize the opportunities that exist in sourcing U.S. soy,” he says. “We bring a bit more transparency and confidence to the process.”

In addition to matching buyers and sellers, Woodie serves as a resource to both parties in their respective countries as they navigate import and export regulations, inspections and financials.

“Our efforts have developed repeat customers, strengthened our presence in countries like Indonesia and Taiwan, and established new customers in countries like Myanmar,” Woodie says.

His goals to continue reaching new customers include proactively reaching out within the aquaculture industry in Asia, continued information sharing about the quality and consistency of Illinois soybeans, and increasing connections between farms and end users.

“The trend of wanting to understand where food comes from is expanding globally,” he says. “The support we provide directly addresses that issue.”

Knowing the source of soybeans is only possible when we can get the product from Point A to Point B. And that’s another area ISA supports: logistics.

SOYBEAN SALES SUPPORT: Logistics

Illinois is uniquely positioned to efficiently export soybeans and soy products anywhere in the world. With access to rivers, roads and rails, soy can be shipped in bulk or containers to key ports in any part of the country. That means the logistics exist on the seller end, but buyers may not know how to find transportation options and compare efficiencies and costs.

“Since many groups we work with don’t have the capacity to find and compare delivery options, we also connect customers and exporters to freight groups to help them link the sale through to delivery,” Woodie says.

Enter shipping containers. Modular shipping containers carry all types of goods. Often items like televisions, furniture, toys or other consumer goods come to the U.S. from various parts of the world in containers. And they can be filled with something else for their next trip. In Illinois, soy is one option. Eight percent of soybean exports from Illinois move in containers, with great potential to increase.

“The work we are currently doing with customers focuses on container shipping,” Woodie says. “They effectively meet the needs of smaller customers, especially when quality is a high priority.”

As a producer who has been face-to-face with customers, Schroeder agrees, noting that soy movement via container is growing. “We have a lot of empty shipping containers in Illinois that will go back overseas,” he says. “If we can fill them with soybeans, so much the better.”
For both container and bulk shipments, maintaining our infrastructure and understanding trade patterns is critical to ensuring sales logistics flow smoothly. And it’s another way ISA supports soybean trade.

Scott Sigman, ISA transport and export infrastructure lead, works with Woodie to offer connections and recommendations that optimize logistics for buyers and sellers and insights on timing and cost factors. “Maintaining our infrastructure keeps Illinois producers competitive in the global market,” Sigman says. “ISA works with partners in all modes of transportation – rivers, roads and rails – and at local, state, regional and national levels. Our goal is to ensure our systems can efficiently deliver soybeans.”

To that end, Sigman has led ISA involvement in transportation innovations. “Because containerized soybean shipping offers great advantages to both customers and Illinois soybean producers, we have been involved in efforts to figure out how to ship containers either on barges or vessels through inland waterways to ports,” he says. “Options like these could increase container export volumes because of cost competitiveness.”

Sigman serves as a resource throughout the shipping and logistics industry, as well. This year, he has given multiple presentations on shifting trade patterns, using soybeans as an example. Understanding these changes helps companies adjust and keep products moving.

“All this and more ensures that Illinois soybean producers will continue to be global leaders in the soybean industry,” says Albertson. “ISA initiatives in relationships, transactions and logistics make it possible. And, keeping export demand strong supports the soybean basis in Illinois.”

- Scott Sigman, ISA transport and export infrastructure lead

- Mark Albertson, ISA director of strategic market development

**SUPPORT LEADS TO PROGRESS**

ISA’s support for soybean sales impacts the entire soybean supply chain.

- The quality of trade team visits and information provided to delegations keeps customers coming back to the U.S., according to David Headley, ISA trade team lead.

- ISA’s partnership is bringing the U.S. Soy Global Trade Exchange, an annual event attended by hundreds of soybean buyers from around the world, to Chicago in August.

- Connections with soybean customers has opened doors and grown business for local grain companies in Illinois, according to Eric Woodie, ISA trade analyst and facilitator.

- New companies are moving into the soybean shipping market thanks in part to support from ISA, Woodie adds.

- The Illinois Waterway, which connects the Great Lakes to the Gulf of Mexico, will receive much-needed major rehabilitation and lock repairs during the summers of 2019, 2020 and 2023, according to Scott Sigman, ISA transport and export infrastructure lead.

“Maintaining our infrastructure keeps Illinois producers competitive in the global market. ISA works with partners in all modes of transportation at local, state, regional and national levels. Our goal is to ensure our systems can efficiently deliver soybeans.”

- Scott Sigman, ISA transport and export infrastructure lead
Indonesia buys soybeans from Illinois. And their purchases are increasing, due in part to Illinois Soybean Association (ISA) checkoff program efforts.

**CONSULATE RELATIONSHIP BRINGS TRADE TEAMS**

During a reception for consulate representatives in the Chicago office in the spring of 2018, ISA connected with the Indonesian consulate in Chicago. As a result, ISA participated in an Illinois Business Counsel meeting with consulate representatives from Indonesia (left), who expressed interest in bringing soybean buyers to Illinois to work through logistics challenges and help them buy more U.S. soybeans. The consulate also asked ISA to host a high-level Indonesian agriculture delegation and additional trade teams, including one that visited the Chicago Board of Trade last October. In 2018, ISA hosted four Indonesian delegations, and that relationship continues.

**TRADE MISSIONS STRENGTHEN CONNECTION**

Because Indonesia is a top Illinois soybean customer, ISA leaders visit regularly. The most recent trade mission occurred January 30 to February 2, 2019. ISA directors Lynn Rohrscheib, Fairmount; Doug Schroeder, Mahomet; and ISA CEO Craig Rataczyk learned about soybean needs for the traditional Indonesian staple tempeh, (left), visited the Cigading Port, Cilegon, (right), and met with other local officials and customers to identify new and growing opportunities for Illinois soybeans.

**CONTAINERS DELIVER HIGH-QUALITY SOYBEANS**

Most of Indonesia’s soybean imports become tempeh, which requires naturally colored soybeans with less than one percent foreign material. To ensure that quality – which Illinois can supply – Indonesia is the top buyer of containerized soybeans, at about 1.4 million metric tons last year, according to Federal Grain Inspection Service data. Containers can be filled at transload facilities, shipped to U.S. ports via train and loaded onto ocean vessels for delivery (left).

**SOYBEAN SALES GROW**

These efforts all contribute to growing soybean exports to Indonesia, which has the world’s fourth largest population. As its economy and middle class grow, demand for soybeans increases. Soybean imports and U.S. market share are increasing. Illinois export data in the table is under-reported because of how state-of-origin information is gathered. More than 25 percent of the soybeans going from the U.S. to Indonesia are likely from Illinois. Note that ISA efforts to connect buyers in Indonesia to Illinois sellers resulted in more than 7,000 metric tons of exports. In addition, Indonesia ranks in the world’s top ten for poultry broiler and aquaculture industries. More than 4.4 million metric tons of soybean meal are imported for feed. With such large demand, the U.S. has opportunity to increase its current five percent share of Indonesia’s soybean meal market.

<table>
<thead>
<tr>
<th>MARKETING YEAR</th>
<th>TOTAL INDONESIAN IMPORTS (million metric tons)</th>
<th>U.S. EXPORTS (million metric tons)</th>
<th>U.S. MARKET SHARE</th>
<th>ILLINOIS EXPORTS (metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td>2.27 MMT</td>
<td>2.03 MMT</td>
<td>89%</td>
<td>456,000 MT</td>
</tr>
<tr>
<td>2016-17</td>
<td>2.65 MMT</td>
<td>2.5 MMT</td>
<td>94%</td>
<td>661,000 MT</td>
</tr>
<tr>
<td>2017-18</td>
<td>2.48 MMT</td>
<td>2.43 MMT</td>
<td>97%</td>
<td>623,000 MT</td>
</tr>
<tr>
<td>2018-19 estimate</td>
<td>2.73 MMT</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SOURCE: U.S. Department of Agriculture, U.S. Census Bureau, ISA estimates
It’s easy to make more on your soybeans.

Find the connections you need to see your profits grow. Thankfully, SoybeanPremiums.org already did the hard work of finding them for you. Food-grade, identity-preserved and non-GMO, connect with premium programs and buyers in your area today.
Illinois soybean producers are finding a 40-foot rectangular box paves the way for market diversification and adds value for top quality-preserved soybeans sold to foreign buyers. In fact, shipping containers may be the competitive answer to move more soybeans profitably from harvest to new buyers looking to purchase soybeans in smaller quantities.

“To sustain export growth and gain a competitive edge for Illinois soybeans, we need diversification to secure more buyers,” says Scott Sigman, Illinois Soybean Association (ISA) transportation and infrastructure lead. “China trade tensions underscore the need.”

Sigman says container shipping presents a continuously expanding opportunity for Illinois soybeans, and is an effort ISA has worked on for years.

“The container concept for soybeans evolved from various market dynamics,” says Sigman. “Some Illinois soybean producers now gain a premium for soybeans exported in containers.”

**PRESERVING QUALITY AND VALUE**

Customers seeking specific soybean types or quality often want to preserve identity from harvest through processing, transportation and delivery, and Sigman says containers fit that need.

Quality control and documentation certification for US #1 yellow soybeans are part of that process. A licensed inspector approves soybeans for each container, taking samples and confirming quality. Containers are loaded, sealed and travel by rail to ocean ports, often never opened during transit. Hence, customers gain a level of confidence with verification at shipment.

Generally, movement from farm to container loading facilities is a more direct line, with less handling, splits and cracks and less blending from multiple sources. A transporter may then ship a trainload of containers to the coast for processing and transfer back to a major port location.

“Our next step is to develop a range of opportunities to load containers closer to the farm or even on the farm, with a USDA-trained and licensed inspector,” says Sigman. “This process may help farmers improve their basis by shipping more directly to customers overseas.”

Typically, about 14 acres worth of soybeans fit into a container. Sigman says a farmer with substantial acreage could cost-effectively supply a significant number of soybean bushels over the course of their fields and on-farm storage. Possibly, producers could sell several container loads in one fell swoop, or meter it out over the course of a year in a consistent way.

“Export buyers often represent feed mills, livestock companies, vegetable oil, food grade, tofu or other foods that they seek to bring to their market locally. We see them look at fields and say ‘this is incredible. I would like to buy these 1,200 acres’,” says Sigman. “There’s potential for tracking and tracing the specific origin. Some foreign buyers have suggested buying more directly. We’re working to facilitate this by extending the range of existing bundlers with companies loading soybeans, such as transloaders with logistics capabilities.”

**ILLINOIS’ INTERMODAL EDGE**

Intermodal terminals such as Logistics Park Chicago (LLC), Joliet, Ill., provide the logistics and services for loading shipping containers near farms. Terminals ensure efficient and safe interchange between road, rail and other transport modes that move containers to coastal ports.

Ilinois producers and terminals have the production and storage capacity to fill containers year-round, and new digital technology makes it easier to link people with capacity to fill empty containers to shippers who seek to avoid the cost of repositioning empty containers.

“We’re fortunate to be near the Chicago terminals with high demand for container movement in the Joliet area,” say Jesse Ruff, co-owner, Ruff Grain Company. Ruff operates grain purchasing facilities in Livingston, LaSalle, Marshall, Woodford and McLean counties.

“The values traded in that market are strong and close enough to make sense for us,” say Ruff. “If a farmer is much farther than 70 miles away, the economics won’t work. We secure trucking companies that bring containers out of Joliet, load soybeans, return and ship to exporters.

“Containers give farmers another market with a higher value than they might find in their local area,” says Ruff. “We’re able...
to pass along a higher price. It’s good for us and for our farmers.”

“ISA has pursued returning containers back to their origin in a way that’s mutually beneficial for shipping lines to optimize business plans and soybean growers to profit,” says Sigman. “ISA visits shipping lines worldwide, including in Geneva, Copenhagen, Seoul, Taiwan, Hong Kong and Shanghai. The goal is developing relationships and affirming soybean export importance.”

**EXPLORING INFRASTRUCTURE NEEDS**

Beyond soybean storage facilities and intermodal terminals, other supporting infrastructure is needed to make the system hum. And it’s no small task.

“There are some growing pains involved in streamlining the container shipping process from farm to intermodal terminals,” says Mark Schneidewind, Will County Farmer Bureau manager.

“We see a huge amount of truck congestion and resulting road deterioration, safety concerns and other infrastructure issues. For example, BNSF and Union Pacific rail companies lift an average of two to three million containers onto rail each year. The facilities have been here 10 to 20 years. Everyone locally uses our roads to reach them,” says Schneidewind.

ISA and many of its partners sit on committees with county officials to help define acceptable trucking routes for container loads ranging 88,000 to 92,000 pounds.

“A location with a box culvert along one of our routes is posted at only 80,000 pounds. We’re working to develop routes through municipalities, townships and counties to allow container loads that won’t involve an extra 25 to 30 miles,” he says. “A lot goes on behind the scenes.

“We lost grain elevators on the Des Plaines River about 14 years ago, and we needed an alternative. We previously relied solely on barges which required 50,000 to 60,000 bushels to fill. Containers hold 1,100 to 1,400 bushels. We need that business, too,” says Schneidewind.

“Basically, we try to nurture a more direct shipment of Illinois soybeans. Streamlined goods flow, cash flow and information flow for buyers means more profit for farmers,” says Sigman. 

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**CONTAINER CONVENIENCE**

**Back haul opportunities.** The U.S. imports more than it exports, creating an imbalance of containers that arrive and leave full. Economics mean shippers must fill containers for the back haul. Repositioning empty containers costs the shipping industry $20 billion annually.

**Flexibility.** Customers in markets such as Taiwan, Vietnam and Indonesia, prefer containers for smaller quantities. Large bulk orders may exceed financial capacity, demand and other logistics.

**Efficient supply chain.** Container shipping allows more timely, predictable delivery. Customers purchasing smaller orders may have limited storage capacity. When shipments arrive late, buyers may be unable to match purchases with sales, leading to inventory, foreign currency and interest rate change risks. Delays with containers typically mean less financial risk than bulk cargo volumes.

**Faster turnaround.** Containers shipped from West Coast ports can reach China in about 17 days. Bulk shipment vessels departing from New Orleans – the departure market for about 60 percent of U.S. soybean exports – require about 30 days to China.
Electric vehicles (EVs) are a hot topic among green energy proponents. But as electric power gains cultural and market momentum, don’t count biodiesel out just yet.

“Biodiesel continues to have a significant niche in the fuels market because it increases energy security, improves air quality and the environment, and provides safety benefits,” says Linda Bluestein, co-director of Clean Cities in the U.S. Department of Energy’s Vehicle Technologies Office. The office seeks to form partnerships between government, private and nonprofit organizations to advance alternative fuels and petroleum displacement methods.

“Fuel diversity is extremely important for energy security, resiliency, innovation and affordability,” the University of Illinois graduate adds.

And achieving a diverse fuel supply depends on exploring new options, such as electricity, compressed natural gas and hydrogen, without abandoning proven alternative fuel solutions available today, such as biodiesel.

Arnold cites U.S. Energy Information Administration that show that fossil fuels made up 63.5 percent of the electricity generated in the United States while renewables made up only 17.1 percent. He also pointed to California Air Resources Board (CARB) data showing how the carbon intensity (CI) of electric power in California compares to biodiesel and other fuels. Considering the CI figures, electricity’s total carbon footprint is often on par with regular diesel fuel and higher than biodiesel.

**What’s Driving Electric Adoption?**

Despite these environmental realities, the personal electric vehicle (PEV) market is growing, with more than one million PEVs sold in the U.S. in 2018. PEV models are still limited but becoming more readily available each year. With battery costs decreasing and range increasing, PEVs now compete more favorably with conventional vehicles.

Opportunities for electric power are growing more slowly in the medium- and heavy-duty fleet market, which runs primarily on diesel fuel. Diesel is the undisputed power source for moving goods across the country, fueling 90 percent of all freight nationally. That includes the trucking, rail, marine, industrial, ag and construction sectors, according to the Diesel Technology Forum.

Barriers to adoption of electricity in heavy-duty applications include time required for charging, limited operating ranges and inconsistent availability of charging stations for long-distance travel. Locally operating fleets need to establish vehicle charging facilities and consider electric costs based on time-of-use rates.

These barriers may drop as state and federal governments increasingly embrace electric vehicle power. A key driver is a $2.9 billion Environmental Mitigation Fund created as part of a 2016 action against Volkswagen for violations of the Clean Air Act. According to Bluestein, these funds are largely being invested in infrastructure to support electric transportation. Each state receives a share...
of these funds based on the number of Volkswagen vehicles sold in that state. In Illinois, the settlement amounts to $108 million for state-level projects.

One national effort supporting electric vehicle use is the U.S. Department of Transportation’s corridor program, which designates corridors along major highways where drivers can recharge electric vehicles, as well as obtain hydrogen, propane and natural gas fuels. The goal is to improve mobility of alternative fuel vehicles. Government incentives also help steer fleets toward electricity by providing subsidies for electric vehicle purchases.

**Trying Out Electricity**

One company exploring electric power is Cook-Illinois Corporation of Oak Brook, the largest family-owned-and-operated U.S. school bus contractor. Cook-Illinois services Chicago-area customers with 18 school bus subsidiaries and operates shuttles at Midway International Airport.

John Benish, Jr., president of Cook-Illinois, believes it will take time for fleets to significantly move away from liquid fuels. As a member of the B20 Club, Cook-Illinois is committed to using B20 to fuel its school bus and airport shuttle fleet. However, the company recently used Volkswagen settlement funds to purchase two electric buses, each costing about $350,000.

“The only way I could get these buses is because costs are mostly subsidized by the government,” says Benish. “The buses will arrive this month, and we’re going to evaluate them closely over the next couple of years. The obvious plus is zero emissions, but we’re also going to evaluate how long it will take to recharge the buses.”

Benish also plans to consider more than just tailpipe emissions when evaluating the overall impact on the environment. “I want to know the actual carbon footprint for a full-size electric bus because it’s obviously big and heavy. It takes a lot of coal to produce electricity. We are going to look at how that green footprint compares to biodiesel and other options,” he says.

**What Biodiesel Brings**

Proponents stress the important thing to remember is that biodiesel is an alternative energy option proving its value right now. Biodiesel can be an affordable alternative fuel option for fleets, and Bluestein points out it’s a domestically produced, clean-burning and renewable substitute for regular diesel. It is used in diesel vehicles without need for engine modification.

Another important consideration is longevity. In June 2000, biodiesel became the first and only alternative fuel to have successfully completed the Tier I and Tier II Health Effects testing requirements of the Clean Air Act Amendments of 1990. The biodiesel industry invested more than $2 million and four years into the health effects testing program with the goal of setting biodiesel apart from other alternative fuels and increasing consumer confidence in biodiesel.

Biodiesel also is a high-quality fuel that must meet 23 minimum qualifications for ASTM standards, compared to the 14 qualifications petroleum diesel must meet. It is higher in cetane for reduced smoke and naturally sulfur-free, meeting limits of 15 parts per million or less.

At a practical, everyday level, biodiesel benefits are just as apparent. Cook-Illinois has been running biodiesel in its school buses for 13 years. “One benefit is you can fuel a bus I bought two, seven or 10 years ago,” says Benish. “There’s no need to retrofit the bus. It’s reliable. It’s better for the bus. It cuts down on emissions. And it supports Illinois soybean farmers.”

**Both-And, Not Either-Or**

Considering the experiences of Cook-Illinois and the realities outlined by Bluestein and Arnold, it becomes increasingly clear the future of alternative energy will not be based on a single solution. It’s much more likely to be an “all of the above” answer, using both electricity and proven alternatives like biodiesel.

“Biodiesel can continue to have a significant niche in the fuels market,” according to Bluestein. “This will allow it to increase resiliency, lower certain emissions and provide a fuel with great performance and emissions profiles for on- and off-road purposes.”

**Comparing Vehicle Fuel Options**

<table>
<thead>
<tr>
<th><strong>ELECTRICITY</strong></th>
<th><strong>BIODEisel</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>zero tailpipe emissions</td>
<td>lower emissions than diesel fuel</td>
</tr>
<tr>
<td>primarily light-duty vehicles</td>
<td>primarily medium- and heavy-duty</td>
</tr>
<tr>
<td>requires electric vehicle purchase and availability</td>
<td>low-cost transition using existing</td>
</tr>
<tr>
<td>of charging stations</td>
<td>vehicles and infrastructure</td>
</tr>
<tr>
<td>generally stable prices</td>
<td>sometimes volatile prices</td>
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</tbody>
</table>
After 25 years of successfully running TEPAP, The Executive Program for Agricultural Producers and a management and strategy bootcamp for farming operations, Danny Klinefelter of Texas A&M composed a list of the top things he learned from the farmers he helped educate.

Among his top observations was the importance of communication.

In quoting renowned management consultant Peter Drucker, who believed 60 percent of all management problems are communication problems, Klinefelter says communication problems stem from several common behaviors: secrecy, inability to admit being wrong, dictatorship, unresolved conflict and unfair fighting. To solve these problems, Klinefelter says employees and family members must meet regularly to create a clear understanding of expectations, responsibilities, direction and execution plan by everyone.

At Brock & Associates, we have similarly witnessed in working with farmers that the most successful marketers constantly clarify their execution plan. Marketing is a game of making high impact decisions with limited information. The frustration most Illinois soybean producers feel toward their marketing is understandable. Trade wars, USDA response programs...
and record planting delays have created impossibly satisfying soybean basis levels and introduced levels of complexity and uncertainty that make the most volatile historical weather markets look elementary by comparison.

Making marketing decisions is what we do in the advisory business. We analyze data, study market factors and distribute market intelligence and recommendations we believe producers can leverage to manage price risk and enhance their bottom lines. We dig deep into market reports to assess present impacts and future influences on crop prices. We turn information into decisions.

But more information does not necessarily mean better decisions. Plenty of studies reveal decision makers more often use additional information to reinforce and entrench previously held positions rather than as a tool to reevaluate. We believe keeping an open mind is at least as important as the information itself.

Rather than launch into a cliché list of the benefits of a written marketing plan, better use of this space is to note the communication hallmarks of the best managers and marketers are the very definition of a marketing plan. We define it as a specific plan of action that communicates what your pricing goals are and how you will make the decisions to meet them.

Most of the time what we farmers think we need is better information, such as the most accurate weather, yield or USDA report forecast. The reality is, we need to decide what we are going to do despite the accuracy of intel we interpret. Klinefelter also cites that the main difference between the top 10 percent of farm organizations and the rest of the top 25 percent is timing. The only way to pull off timing to your advantage in marketing a crop is to try and define decisions ahead of time, making them as systematic as possible. The time a market spends at a favorable price sometimes only last minutes.

It's easier to illustrate the importance of timing in other areas of farming, like fieldwork. Almost every producer learned from their predecessor the command performance often required to plant a crop, and Illinois farmers are as good at it as any. USDA reported that from May 26 to June 2, Illinois planted 1.12 million acres of corn over two working field days. That translates to 23,333 acres per hour, an impressive achievement that bested fellow troubled planting states Indiana and Ohio.

The best odds of capitalizing on the most marketing opportunities over time comes from having planned for them ahead of time. The market moves too quickly and the emotional element is too dominant a presence to just watch the market closely and defer the decision. Deciding later or deciding not to decide just aren’t acceptable steps to sell a crop. If you decide today you do not want to sell at the current price, that’s fine. But you must decide today at what price you will sell. The decision won’t get any easier.

When USDA released its March 1 Grain Stocks Report, we noticed Illinois soybean producers still had 70 percent of the 2018 crop in storage. For reference, Iowa and Minnesota had 74 percent and 69 percent respectively. Although a portion of Illinois soybeans in inventory on March 1 was sold on forward contracts and the 70 percent doesn’t reflect that, USDA data show the undersold soybean farmer is prevalent and the magnitude is staggering. Our analysis was these three states were carrying too much of last year’s crop at the halfway point of the marketing year and most likely still do.

At the time, we advised producers to be about 70 percent priced, depending on whether they are strict cash marketers or hedges. We recognize producers have likely done some catching up since March 1.

This isn’t an attempt to highlight what sales should have been made. Second guessing the past is a delusional luxury left for those in politics. There comes a point in marketing where the confidence destruction of hindsight wisdom just begets further decision paralysis. It is, however, worth noting that Klinefelter also observes most successful businesses are “learning organizations.”

Dissecting former marketing decisions or lack thereof is undoubtedly important if you stand a chance at improvement.

Besides the key lesson that changes in price alone do not make marketing decisions easier, another is that the greatest mistakes in marketing are quantity, not price related. Establishing criteria to guide how much to market goes a long way toward avoiding mistakes. For instance, selling no more than 20 percent in a single day, no more than 10 percent with “double up” premium contracts, no more than 20 percent in pools or no less than 5 percent in any given day are a few examples. Combined with goals of having a certain percent sold at planting, at harvest or at other dates, helps decisions fall out of the marketing plan.

Finally, evaluate your performance and learn from both successes and failures. Being able to recognize when you were just plain lucky or when you did all the right things but still had poor results are harder to recognize than bonehead plays or those times where good decision making matched the result. Be honest with yourself, throw out the bad and keep the good when formulating the next plan.

- Establish a marketing plan that helps you implement decisions based on principles and criteria established before the grain merchandiser’s call comes.
- Don’t get bogged down with too much information or only data that supports your view.
- Mind the quantity of each sale.
- Always honestly, painfully evaluate performance before making the next plan.
U.S. agriculture is poised for serious challenges for the remainder of 2019. Large grain and oilseed supplies, continuing increases in U.S. and non-Chinese animal protein and dairy production, and major trade uncertainties will prevail for much of the year. At the same time, U.S. and global economic growth rates will slow, requiring significant attention to marketing strategies, cost controls and balance sheet management in the food, fiber and ag supply chain.

Up and down trade negotiations with China will likely carry on this summer, possibly longer. Throughout the talks, China has pledged to buy soybeans and other ag products, and USDA has reported sales of these products are occurring. However, recent news indicates China is stopping those purchases amid what appears to be both sides digging in for a longer trade dispute.

Ratification of USMCA in Congress also continues to be an uphill climb. Recent developments provide mixed signals for its future. The U.S. lifted steel and aluminum tariffs on Canada and Mexico. As a result, Canada and Mexico lifted retaliatory tariffs. Then the Trump Administration threatened Mexico with tariffs unless they reduced the flow of illegal immigration into the U.S.

Commodity markets will remain focused on the potential for progress on the U.S.-China negotiations and weather in North America. Abundant grain and oilseed stocks pull down on prices, but a potential resolution of current trade disputes and U.S. production concerns have eased some of these downward price pressures.

While soybean exports continue to lag behind last year, domestic demand remains robust. With two new plants coming online by the end of 2019 and with crush margins at elevated levels, this robust domestic consumption will likely continue for several months.

Brazil’s soybean harvest wrapped up with good, but not record, production. Dry weather last quarter sapped the top-end potential out of much of the crop. Soybean production for all of South America will likely be higher as Argentina’s crop returns to normal levels. The country’s crop was hit by extremely dry weather last year. Exports have been strong out of South America, and this puts pressure on U.S. exports as the U.S. marketing year moves into its second half.

The wild card for the months ahead will be 2019’s incredibly wet spring. Corn and soybean planting progress was historically slow with corn planting progress the slowest on record. This weather will certainly shift acres out of corn. Some is being placed in prevented planting acres and some likely shifted to soybeans or possibly spring wheat.

The combination of trade disputes and wet weather is creating significant volatility for grain markets. Farmers able to grow a crop and capitalize on high prices may see higher incomes. However, as the U.S.-China trade dispute weighs on prices, farm income generally will remain at levels similar to 2015-2018 and farmland values will risk a downward slide that could put balance sheets in dangerous territory. These risks will be front and center in the coming months.
ISA Fosters Global Export Relationships

The ISA checkoff program in May hosted a reception and dinner for representatives from a dozen consulates, foreign chambers of commerce and international trade organizations based in Chicago. Attendees represented countries and organizations involved in soybean trade, including current and potential customers like Taiwan, China, The Philippines, France, Germany and Central Asia. ISA directors and staff learned how to better work with these partners to support soybean trade and shared how the Illinois soybean industry functions. ISA also joined the International Business Council of the Illinois Chamber of Commerce to host their fifth annual international trade conference the following day. The conference focused on risks, opportunities and export strategies to penetrate high-value markets.

ISA Supports Chicago Volunteer Days with Biodiesel in Buses

To reinforce how farmers carefully steward resources and support sustainability, the ISA checkoff program is participating in Indian Ridge Marsh Community Stewardship Volunteer Days in Chicago this summer. By sponsoring free transportation via biodiesel-fueled buses, community volunteers are experiencing a sustainable, “local” ride that reduces their carbon footprint — and learning one important way Illinois soybean producers care for natural resources.

ISA to Participate in Farm Progress Show Next Month

The ISA checkoff program will be found at Booth 809 at the 2019 Farm Progress Show, which will be held Aug. 27-29 in Decatur, Ill. But don’t look for a tent. ISA representatives will be using a shipping container as home base to discuss issues like transportation and infrastructure, agtech, production innovations and more. Watch for details about lunch to be served.

Biodiesel Diverts 1.8 Billion Pounds Used Oil from Landfills

The National Biodiesel Board (NBB) estimates that nearly two billion pounds of used cooking oil are diverted from landfills each year for use in biodiesel. Recycled cooking oil is the second largest oil source for biodiesel. In addition, biodiesel uses 1.3 billion pounds of animal fats. The rendering process captures the raw material. NBB notes biodiesel’s ability to use fats and oils and turn them into renewable fuel makes biodiesel an active player in reducing food waste.

Calendar of Events

AgTech Nexus USA Conference  
> July 22-23 • Chicago, IL

ISA Annual Meeting  
> July 30-August 1 • Champaign, IL

U.S. Soy Global Trade Exchange  
> August 19-23 • Chicago, IL

Farm Progress Show  
> August 27-29 • Decatur, IL

Women in Agribusiness Summit  
> September 25-27 • Minneapolis, MN

Schnitkey Named University of Illinois Soybean Industry Chair

Gary Schnitkey, Ph.D., was recently named the new University of Illinois Department of Agricultural and Consumer Economics Soybean Industry Chair in Agricultural Strategy. He is a professor of ag and consumer economics who specializes in crop insurance, farm and risk management and farm finance issues. The chair position was first funded by the ISA checkoff program in 1996. The holder provides intellectual leadership, conducts research, educates students and performs public service and outreach in the discipline of ag strategy, particularly as it relates to the soybean industry. Schnitkey works with farmers and agribusinesses through outreach programs, hosting some 50 meetings annually. He also teaches undergraduate courses in financial management and international agribusiness.

Checkoff’s Tech Toolshed Tackles Data Complexity

New guidance from the national soybean checkoff program aims to help farmers maximize data to make the best management decisions. Tech Toolshed, in partnership with five universities, has released a new installment of free resources to help farmers incorporate digital and precision agricultural systems into their farm management strategy. The resources focus on data literacy and offer insights and tips tailored for soybean farmers to better understand the agricultural data landscape, evolving agricultural technologies and data analytics. For more information about how Tech Toolshed works, visit www.unitedsoybean.org/techtoolshed/. The free event includes lunch. Due to the workshop format, space is limited to the first 75 registrants. Watch for registration information soon. For questions, email ilsoy@ilsoy.org.
“World trade means competition from anywhere; advancing technology encourages cross-industry competition. Consequently, strategic planning must consider who our future competitors will be, not only who is here today.”

ERIC ALLISON | Head of Elevate, Uber Technologies

“As players swap seats at different negotiating tables, one sector will be particularly well-positioned to punch above its weight: agriculture. In most of these bartering rounds, countries will find room to compromise by making adjustments to the nontariff barriers they use to protect farmers at home. But bargaining will not go smoothly on every front; as bilateral agreements increasingly replace multiparty blocs, regional standards and regulations will start to diverge — and at times, compete — heralding greater inefficiencies for producers involved in several different deals at once.”

“Agriculture: Sowing the Seeds of Global Trade Competition,” Aug. 3, 2017 online assessment provided by Stratfor, a geopolitical intelligence platform

“You’ve got to keep reinventing. You’ll have new competitors. You’ll have new customers all around you.”

GINNI ROMETTY | IBM chairman, president and CEO

“Free market innovation requires the correct mixture of oversight, with the confidence that an open and evenly matched marketplace will produce beneficial competition for all. As we watch the modernization of our nation’s ag sector, that confidence will be essential to recognizing these industry wide transformations for their potentially ground-breaking results. When our farmers and rural communities prosper, that economic success reverberates across the country.”


“There is no question that farmers prefer free trade over government aid. What we are seeking is a level playing field, where our agricultural home team will always be the best competitors and have the best chance to succeed on the world market.”

SONNY PERDUE | Current USDA secretary

“Becoming number one is easier than remaining number one.”

BILL BRADLEY | Former professional basketball player and U.S. Senator

“America's continued leadership in food and farming...is not guaranteed. Emerging risks are placing pressure on America’s historic role as a global leader...The U.S. must also do more to position growers and businesses for success in markets of the future: Asia and Africa. Trade and regulatory challenges will require new thinking to ensure American businesses can enter these regions and growers can export to them. Food standards and regulatory frameworks in emerging countries are inconsistent and dynamic. Property rights and rule of law are all too limited.”

“Growing the Global Competitiveness of the American Agriculture and Food Sector,” AgriPulse, March 18, 2015, Dan Glickman, former secretary of agriculture and Doug Bereuter, former member of congress and president emeritus of the Asia Foundation and co-chairs for a Chicago Council on Global Affairs ag project

“Competition has been shown to be useful up to a certain point and no further, but cooperation, which is the thing we must strive for today, begins where competition leaves off.”

FRANKLIN D. ROOSEVELT | President

“Any time you find someone more successful than you are, especially when you’re both engaged in the same business — you know they’re doing something that you aren’t.”

MALCOLM X | American Muslim minister and human rights activist
IS 5G AVAILABILITY CRITICAL TO FUTURE FARM PROFITABILITY?

Precision agriculture and the ability to manage a farm from anywhere, at any time will be of great value to producers. However, improvements in rural broadband need to be made to make full use of these technologies. This connectivity is imperative for decision making, efficiency and productivity, today and in the future, which all factor into farm profitability.

Communication of information — people-to-machine, machine-to-people and machine-to-machine — will become even more important as farms evolve and more technology is used. Tremendous amounts of data and information need to be analyzed to make informed decisions that directly impact the bottom line. Availability of 5G will help producers make faster and better decisions while improving machine performance for greater productivity, efficiencies and yields.

WHAT FUTURE AGTECH TOOLS WILL HELP U.S. FARMERS PRODUCE THE FOOD NEEDED TO FEED THE WORLD?

Fast, reliable 5G connectivity is imperative in helping producers and service providers run their businesses while helping feed a growing world population. Deere’s customers now expect that no matter where they are — whether it’s in the field or in the office — they can be connected to the land, know what’s happening at all times and feel confident in their machines’ capabilities. As we continue to provide more on-machine intelligence, fast and reliable connectivity becomes more critical to meet the significant challenges producers face every day.

Start with making a list of your biggest pain points and most time-consuming tasks, then engage in a conversation with a wireless expert to identify potential solutions for your business. Focus on the critical few first. We think it’s important to start small and grow into additional solutions as you see the benefit and ROI from some of the initial solutions you implement.

WHAT ARE SOME GENERAL APPLICATIONS OF 5G THAT WILL BE USEFUL IN AGRICULTURE?

5G is generally defined as the fifth-generation digital cellular network technology that provides improved broadband access and mobile internet connectivity. It offers faster speeds to transmit more data with more reliable connections on smartphones and other connected devices and equipment. 5G will be vital to the future of precision agriculture technology because it will allow enabled machines to communicate with each other faster than ever before.

5G will give producers access to greater connectivity and open a world of possibilities. Users can implement a broad suite of technologies capable of working in tandem, including GPS, mobile apps, automated driving, sensors and data transmission. It allows faster two-way communication and more accurate field operations and shares data more quickly and efficiently.

HOW WILL 5G HELP U.S. FARMERS COMPETE BETTER ON THE WORLD STAGE?

As 5G coverage expands, it will bring reliable, high bandwidth speeds to more producers who farm in areas that typically lack coverage. This will allow for more real-time data capture and decision making, driving better, more precise results to make farmers more competitive.

Matt Olson is John Deere Agriculture & Turf Division’s product marketing manager for precision ag. His marketing manager team focuses on marketing technology solutions to help producers improve machine and job performance and agronomic decisions.
From promoting the profitability of using high-quality soybean meal in India to training animal producers on nutrition in Colombia, the soy checkoff is working behind the scenes to develop more market opportunities for U.S. soy. We’re looking inside the bean, beyond the bushel and around the world to keep preference for U.S. soy strong. And it’s helping make a valuable impact for soybean farmers like you.

See more ways the soy checkoff is maximizing profit opportunities for soybean farmers at unitedsoybean.org

INVESTING IN NEW MARKETS FOR U.S. SOY