U.S. Soy Friends and Foes
More Bottom Line Value

Mint Condition Storage
Needed Soy Newcomers
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.
ABOUT THE COVER
Illinois soybean farmers must play the long-game to meet international demand, regardless of which buyer is at the center of the plan.

COVER STORY

New World Order
Illinois soybean production has nearly doubled in 30 years to meet demand. Biodiesel, trade with emerging economies and an increasing appetite for protein are driving the new world order.

South America Rising
South America’s soybean production expansion is not new. But with political uncertainties and vulnerability to strikes, the door is open for the U.S. to remain a competitive, consistent supplier.

Rescue Mission to Reclaim Lost Feed Markets
Soybean sales are being lost to synthetic amino acids used in livestock feeds each year. The ISA’s High Yield PLUS Quality (HY+Q) program is one way farmers are fighting back.

Storage Tips for World Trips
Many farmers are considering adding to their on-farm storage capacity to manage today’s market uncertainty. Learn how farmers can best keep soybeans in export-ready condition.

Sustainability Incentives
If ever there was a year when farmers could benefit from economic incentives to use sustainable practices, this is it. Find out how to make farms more resilient while gaining financial help.

DIFFERENCE MAKERS

Supporting the Specialty Soybean Sector
Eric Wenberg, executive director, Specialty and Soya Grains Alliance, believes the soybean industry needs to listen and change the system to suit who is buying.

DEPARTMENTS

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John Deere’s Lesson in Perseverance

John Deere faced a number of challenges along the path to creating Deere & Company—raised by a single mother after the early death of his father, he had a limited education and faced the threat of bankruptcy as he created the company. But with a background as a blacksmith, he was confident the steel plow would solve the issues of the heavy soils of Illinois sticking to cast iron plows. He is quoted as saying, “If we don’t improve our products, somebody else will and we will lose our trade.” Indeed, his steel plow helped improve agricultural productivity.

We Illinois soybean farmers can take a page from Deere’s book on perseverance. This year, we’ve battled the effects of late planting and prevented planting, challenging, in-season weather and lower prices stemming partly from the ongoing trade war with China.

Yet, we persevere and continue to focus on success. The Illinois Soybean Association (ISA) has targeted increasing farmer profitability and building customer demand across multiple markets in the projects funded for FY20. We are concentrating on making sure farmers have the tools we need to not only survive, but thrive, well into the future. Projects include:

• Supporting ILSoyAdvisor and farmer profitability programs so farmers maintain valuable soybean acres and stay on the cutting edge of production practices and technologies.

• Increasing the use of B20 and higher biodiesel blends in Illinois, and educating a broader group of audiences about the advantages of using biodiesel.

• Facilitating trade team visits and contacts to increase customer preference for Illinois soy, as well as focusing on new market development to maximize use of Illinois soy.

• Maximizing transportation, infrastructure and logistics advantages for Illinois soybean growers over road, river and rail.

• Advancing the HY+Q program to bring more awareness to the importance of soybean quality and improving soybean amino acid levels.

• Sharing forward thinking and leadership in this Soy Perspectives magazine.

This issue of the magazine spotlights our marketplace—especially international, traditional markets, but also new and emerging markets like Nigeria and Vietnam. We must remain forward thinking and look to fill displaced demand from China. Building demand extends beyond targeting markets and also includes things we can do on our farms. For example, growing soybean varieties sought by buyers, maintaining condition of our soybeans in storage and choosing sustainable production practices that add value to our bushels.

As we approach a new calendar year, ISAs mission remains to strive to enable Illinois soybean producers to be the most knowledgeable and profitable in the world. I hope you will persevere with the mindset of John Deere. And best wishes for a meaningful holiday season.

“We are concentrating on making sure farmers have the tools we need to not only survive, but thrive, well into the future.”

DOUG SCHROEDER | ISA Chairman
Illinois soybean farmers have been driving commercialization of biodiesel since the mid-1990s. The ISA checkoff program has invested in its research and development, while Illinois Soybean Growers (ISG) has led efforts to secure legislation and regulations to support biodiesel use.

We have had success, but it’s time to kick trailblazing biodiesel up a notch in Illinois. Pricing changes are expected to improve the environment for selling biodiesel this fall. ISA has been working on a multi-year project to capitalize on that by increasing the average blend of biodiesel used in Illinois from its current level of eight percent to 13 percent—a more than 60 percent increase. We ultimately would like to increase common blends up to at least 20 percent.

And there is incentive. Market conditions have changed the economic benefit for Illinois retailers to carry biodiesel blends above B11 (11 percent biodiesel/89 percent diesel). Yet, 25 percent of Illinois fuel marketers do not sell biodiesel blends above five percent. They are not all taking full advantage of the Illinois state sales tax exemption by carrying at least B11.

Let me explain. The Illinois Biodiesel Sales and Use Tax Credit began in 2003. The credit offers a full exemption from the 6.25 percent sales tax on biodiesel blends exceeding 10 percent and a 20 percent exemption for blends of B1 to B10. ISG has successfully advocated for continuation of this credit to help the biodiesel industry maintain strong economic activity in the state.

That effort has paid off. The Illinois biodiesel industry has grown from less than 20 million gallons per year in 2003 to more than 200 million gallons, supporting about 2,000 Illinois jobs. According to checkoff-funded studies, biodiesel production and use in Illinois generates $145 million in household income and $3.4 million in farm income annually. That research finds biodiesel has increased the price of soybeans by 63 cents per bushel. With an increase in blend levels, the value to Illinois soybean farmers could be another seven cents per bushel.

Illinois soybean farmers are also leaders in creating groundbreaking partnerships, such as the B20 Club, a select group of Illinois organizations running fleets on biodiesel blends of 20 percent or greater. We also continue to encourage additional crush plant capacity in the state.

Our strategic positioning builds a strong foundation to take the next step to move to B20 blends in Illinois. Now we need you to add your voice to the effort. Visit VoiceforSoy.com to learn more and participate in ISG advocacy to trailblaze biodiesel production and use in Illinois.
In those 30 years, developments like biodiesel, trade with emerging economies like China, and the increasing appetite for high-quality protein that comes with rising incomes have driven global soybean demand. It’s increased more than 240 percent, according to USDA. Soy helps feed and fuel the world, especially as high-quality feed for poultry, pigs and fish. And U.S. producers have adjusted to supply soybeans to fill that demand.

But the 2020 outlook for the global soybean market is bearish, especially for the U.S., says Dan Basse, president, AgResource Company, a Chicago commodities market research and analysis firm. Basse shared his worldwide demand drivers at the 2019 U.S. Soy Global Trade Exchange.

“World leaders are mixing politics into grain trading, which makes regional outlooks more difficult into 2020,” Basse says. “With issues like Brexit, trade between the U.S. and China and many others, it’s about nationalization, not globalization.”

He says data and historical evidence show free and open trade brings value to the world economy, and it has significantly reduced the percentage of people living in extreme poverty.

“Today, the U.S. soybean market is caught in political and weather crosscurrents, between large world crops and slow U.S. export demand because of issues with China,” Basse says. “The next five years offer a bearish market for soy and grain amid slowing trade.”

Along with global politics and trade uncertainty, several other factors contribute to this outlook.

**SLOWING GLOBAL GROWTH**

World population growth is slowing down. “The annual percentage gain in population is expected to ease to one percent by 2026,” Basse notes. “The vast majority of future growth is projected to be in Africa, driving wheat demand growth most.”

Income growth pushes global food demand, as diet improvements top priorities for those emerging from poverty. But global gross domestic product (GDP) growth is also slowing down.

Basse says that when looking at data over each of the past two decades, GDP growth is slowing, especially in India, China and Sub-Saharan Africa. His projections for the next decade show this growth rate will hold steady or continue to decline.

Combined, these trends indicate that overall food demand growth will also slow. At the same time, Basse explains that global soybean stocks are high and increasing, despite the dismal 2019 U.S. growing season. South American soybean production has exploded, and it continues to increase (see article on page 12).
UNCERTAIN HIGH-QUALITY PROTEIN SUPPLY

Projections for modest global increases in household income are enough that Basse believes the next five years offer a bullish outlook for meat. However, African swine fever (ASF) will impact the global meat market—and, by extension, soybean meal demand. “ASF is a global protein game-changer,” says Richard Fritz, president, Global AgriTrends. “The virus is hard to kill, with a mortality rate of more than 95 percent. We currently have no vaccine, and 75 percent of the world’s hogs are now threatened with outbreaks in Europe and Asia.”

ASF continues to spread in Asia, also infecting Cambodia, Laos, Mongolia, Myanmar, North and South Korea, the Philippines, Vietnam and eastern Russia. And wild boars continue to carry it west throughout Europe. The disease is decreasing the global hog herd and the market for hog feed—including soybean meal. Because the virus persists in the environment, it’s hard to predict a timeline for repopulation and renewed feed demand.

Fritz believes that even with the decline in pork demand and suggested high frozen pork inventories in China, a significant protein gap still exists. Both Fritz and Basse point to potential record global pork exports, with South America, Europe and the U.S. currently supplying China.

“But even with high stocks, exports, shifts from pork to chicken and growth in aquaculture, today the world doesn’t have enough protein to fill the gap in China and the rest of Asia in the near future,” Fritz says.

As a result, the global soybean meal market will be reshaped. Fritz says filling the short-term protein gap with pork exports and other proteins like poultry, beef and seafood, will dictate feed needs. Long-term shifts in pork demand due to fear of ASF may reduce the size of the global herd, and timing and location of rebuilding of the global hog herd will determine when and where soybean meal is needed and who supplies it.

NEW GLOBAL DEMAND DRIVERS

“U.S. farmer net revenue shows the need for another soybean demand driver,” Basse says. “U.S. soybean production costs are increasing, and thanks to the strength of the U.S. dollar, exchange rates favor non-U.S. farmers.”

The soybean industry is working to develop such drivers and markets. “We’re shifting our international focus to markets that can replace lost demand for U.S. soy and grow overall global demand,” says Jim Sutter, CEO, U.S. Soybean Export Council (USSEC).

According to Sutter, USSEC is focusing on countries in two market categories; basic markets that are countries beginning to stabilize and build economies and expanding markets, countries with stable economies, commercialized animal agriculture and notable growth potential.

“Basic markets like India, Morocco and Pakistan can provide the highest return,” Sutter says. Other countries in this category include Egypt, Honduras, Myanmar, Nigeria (see article on page 11) and Sri Lanka.

“At the same time, we’re reaching out to existing customers in expanding markets, like Indonesia, Mexico and Thailand,” he says. “We’re listening to their needs and concerns, while reinforcing the U.S. soy advantage.”

Columbia, Cuba, Peru, Turkey and Vietnam (see article on page 10) are other examples of expanding markets. U.S. soy export companies see meeting high-quality specifications with identity-preserved soy as a growing opportunity. Illinois has the infrastructure available to grow, clean, store and load soybeans in shipping containers to meet defined customer requirements. And USDA reports such shipments have been increasing, reaching more than three million tons last marketing year.

For example, CHS, a global cooperative with several locations in Illinois, has increased its volume of container soybean exports in the past couple years. “U.S. soybeans are growing in popularity in countries like Indonesia, where they are used for foods,” says Caryn Lee, grain marketer with CHS in Singapore. “More Indonesians are seeking protein-rich diets, driving demand for U.S. soy. To preserve quality, customers buy soybeans by container. They tend to be cleaner. There is less handling and opportunity for contamination.”

At the same time, the national soy checkoff supports research to find new uses for soybeans to further expand demand. Soy can supply renewable ingredients that reduce or replace petroleum-based products in everything from fuels and building products to tires and shoes. Such efforts developed soybean oil as a biodiesel feedstock, which is now used around the world. Future innovations have the potential to further reshape domestic and global soybean demand.

These market analysts agree. New soy uses, resolving political trade issues and managing ASF would improve the soybean outlook for 2020 and beyond. ■
2019 U.S. Soy Global Trade Exchange Showcases State’s Soy Advantages

More than 300 soybean buyers from 50 countries converged in Illinois for the 2019 U.S. Soy Global Trade Exchange. The U.S. Soybean Export Council (USSEC) hosted the conference in Chicago in August with support and leadership from the Illinois Soybean Association (ISA) checkoff program. Soybean buyers and exporters gathered current insight on the global soybean market, explored new opportunities and strengthened relationships. Sessions covered market dynamics, African swine fever, soybean feed quality, container shipping value, sustainability and more. ISA coordinated industry and farm tours in and around Chicago to showcase the Illinois soybean industry.
Several soybean food processors and other soybean buyers from Taiwan, South Korea and Southeast Asia got an up-close look at soybean cleaning processes used by Scoular at their facility in Andres, Illinois.

U.S. Soy Global Trade Exchange participants visited soybean container loading facilities to learn more about this shipping option. Several container exporters hosted tours at Illinois locations, including CGB Enterprises in Joliet.

Soybean buyers and industry stakeholders from Nigeria, Myanmar and Vietnam watched barge traffic move through the Brandon Road Lock and Dam on the Illinois Waterway in Joliet, Illinois. They learned how soybeans move efficiently from Illinois and the U.S. Midwest to the Gulf of Mexico.

The U.S. Global Soy Trade Exchange literally welcomed the world to Illinois. At the O’Connor farm, tour attendees marked their hometown with a pin on a world map.

On a tour of the BNSF intermodal terminal in Joliet, Illinois, soybean buyers from several Latin American countries and South Korea saw how shipping containers are double-stacked on rail cars. Other groups visited the CHS river terminal in Morris, Illinois, where soybeans can be loaded on barges and shipped down the Illinois River to the Gulf of Mexico.
Vietnam has been one of the fastest growing soybean importers in the world during the last decade, thanks to a rapidly expanding middle class and open market policies. Soy consumption has been climbing and is forecast by USDA in 2018-19 to reach 5.5 million metric tons.

“Demand over the long-term is expected to grow substantially, as the country’s per capita income continues to increase,” says John Baize, international trade consultant.

While Vietnam is led by a communist government, Vietnam has a relatively market driven economy with a population of 94 million. The U.S. Soybean Export Council (USSEC) notes the expanding middle class there is spilling over from major cities into other provinces and cities.

USSEC officials also note Vietnam has been quick to adopt new technologies and management systems and is willing to accept foreign investment. Total U.S. exports to Vietnam have increased more than nine-fold to $10 billion, which is up 823 percent over the past decade, according to the U.S. Trade Representative. Vietnam is the U.S.’ seventh-largest agricultural export market, and soybeans are imported for both animal feed and human food uses.

USDA reports total U.S. soybean imports into Vietnam in the last marketing year were 1.2 million metric tons and soybean meal imports were 641,000 metric tons, 80 percent and 156 percent year-over-year increases. Vietnam has two operational soybean crushing companies; one with 1,000 metric tons per day capacity and one with 3,500 metric tons per day capacity.

And while long-term prospects for U.S. soybean and meal sales to Vietnam are strong, the short-term presents challenges. Swine feed production has experienced a 30 percent drop due to an outbreak of African swine fever (ASF). USDA estimates pork production accounts for most of the total feed market. Baize expects lower demand at least until the disease is controlled.

Local buyers are more optimistic. “U.S. soybeans are very popular in Vietnam, alongside helpful U.S. support,” says Bui Kim Thu with Tam Viet Agriculture Co. Ltd. “Since swine herds and feed have decreased, farmers are raising poultry for domestic consumption and export. With increased aquaculture raising and consumption, total feed volume may not be much affected.”

While Vietnam ranks fourth in global pork production, it also is a market for U.S. soy-fed pork. U.S. Meat Export Federation (USMEF) President and CEO Dan Halstrom says Vietnam is a promising market, albeit highly competitive and very price sensitive.

“A much higher percent of consumers in Vietnam buy fresh pork,” adds Joel Haggard, USMEF senior vice president for the Asia Pacific. “Vietnam has had a severe consumption response to ASF. I think it is a spike down and possibly a slow return up, but we will just have to see.”

On the human food front, biotechnology acceptance has not traditionally been a major issue in Vietnam. USSEC officials report the government occasionally raises food safety concerns with biotech soybeans, but importers and consumers are mainly indifferent.

Mongkol Bantharunroj, vice chairman, Thai Corp. International Co., Ltd., was in the U.S. earlier this year, and was pleased to see U.S. soybeans were good quality, clean and uniform in size and color. The company uses soybeans in tofu products, soymilk and other soy drinks.

“People nowadays care much about their health and eat more healthy foods and plant protein. In our company case, we are targeting to distribute and develop retail consumer products,” he says.

With a strong tourism industry, Sabrina Yin, USMEF director in the ASEAN, sees rapid development within Vietnam’s foodservice sector. Between 2010 and 2018, the number of international tourists in Vietnam tripled from five million to more than 15 million. Even more are estimated in 2019, underlining the value of the fast-growing market for U.S. soybean farmers.
Nigeria faces its share of security challenges, from militant groups, bombings and abductions, to conflicts between local farmers and nomadic herdsmen. Even so, the soybean area harvested in this African nation, along with soybean imports, are simultaneously increasing as food and feed demand rise. Nigeria is Africa’s most populous country, and its growing middle class is driving demand for animal protein.

“Nigeria already has a population of 203 million, and that is forecast to increase by 62.7 percent or another 132.4 million between now and 2040. That, and expected expansion in per capita income, promises to make Nigeria a major growth market for soybeans and soybean meal in the future,” says John Baize, international trade consultant.

Nigeria grows soybeans for domestic use traditionally in the northern part of the country, although more farmers are expanding production into the south. USDA’s Foreign Agriculture Service (FAS) forecasts Nigeria’s soybean production in the current marketing year will reach 1.15 million metric tons, up nine percent from USDA’s 2018-19 estimate of 1.05 million metric tons. Harvested area will be up four percent with yields set to climb almost five percent.

FAS officials also recently noted Nigeria has the potential to become a significant market for oilseeds, oil meals and oils for domestic and industrial consumption. FAS forecasts Nigeria’s soybean consumption this year could reach 1.18 million metric tons, up nearly 5.5 percent.

“Nigeria is the second-largest soybean market in Sub-Saharan Africa, so it is committed to soybean meal and oil as essential raw materials for their agro-industrial complex,” says Peter Goldsmith, University of Illinois ag economist and principal investigator and director for the USAID Feed the Future Lab for Soybean Value Chain Research (SIL). “Poultry and aquaculture production are growing rapidly and the need for feed far outstrips local supply.”

According to the American Soybean Association (ASA) World Initiative for Soy in Human Health (WISHH) program, the Nigerian poultry industry accounts for the majority of U.S. soy purchases in Sub-Saharan Africa. Recent estimates indicate current demand for soy imports is about 200,000 metric tons per year and will rise as Nigeria’s poultry industry grows.

FAS estimates Nigeria’s soybean imports may reach 85,000 metric tons in 2019-20, up nearly 31 percent from a year ago. Last year, Nigeria’s soybean imports came from the U.S., India, United Kingdom and Thailand. Nigeria’s soybean exports will total some 38,000 metric tons.

The ASA/WISHH program has worked to build demand for U.S. soy in Nigeria for a decade. WISHH and the U.S. Soybean Export Council (USSEC) organized a meeting with Nigerian poultry leaders earlier this year to transition U.S. international marketing management of the poultry sector from WISHH to USSEC. USSEC will manage commercial market development in that sector while WISHH will manage market development for aquaculture and human foods.

“ASA/WISHH’s work in Nigeria is a prime example of why visionary Illinois soybean farmers led creation of WISHH nearly 20 years ago,” says Daryl Cates, WISHH chair and soybean farmer from Columbia, Ill. “WISHH started building demand and driving growth for U.S. soy in Nigeria in 2010, laying the foundation for poultry feed markets. As USSEC takes over that sector, WISHH will expand markets for U.S. soy in the aquaculture and food sectors.”

Michael David, HMOMCS International LLC and USSEC consultant, says Nigeria’s government projects the poultry and aquaculture sectors will grow an average 20 percent per year between 2018–2025. “This creates a huge demand pull on soybeans as the preferred source of protein and essential amino acids,” he says. “Nigeria’s domestic production growth averages less than three percent per year, so the supply shortfall will continue to widen and Nigeria will increasingly depend on imports to satisfy growing demand.”

Growth in other market sectors also is anticipated. “Nigeria has a long history going back to the 1960s of promoting soybeans for human nutrition as well,” says Goldsmith. “So, consumer markets for soy-based milk, yogurt and flour are relatively strong.”

“If the current recovery from economic recession which started in 2016 is sustained, and Nigeria returns to its previous GDP growth path of 7-10 percent per year, import demand for soybeans and meal may expand to an estimated three million tons in the medium term,” says David. ■
SOUTH AMERICA RISING

Evaluating the impact of the 98 percent plunge in U.S. soybean exports to China

> BY CANDACE KREBS

LET’S START HERE: Competitive factors that allowed the U.S. soybean industry to establish a mutually beneficial trading relationship with China haven’t dissolved overnight.

“The U.S. clearly has comparative advantage growing row crops,” says Matt Herrington, director of analysis and client development, World Perspectives Inc., a consulting firm in Washington, D.C. “The thing to keep in mind is right now markets are reflecting strong political shocks. If a trade agreement is achieved, I think things would revert rather quickly. Right now, two years in, I think the impact would still be pretty small.”

Meanwhile, South America’s expansion of arable land is nothing new. It’s been going on for 20 years, although it had slowed in recent years, adds Gary Blumenthal, World Perspectives’ founder and CEO. He notes that while countries like Vietnam have made out very well in the China trade war, expanding and improving their manufacturing and shipping capabilities, “I would argue shifts in agriculture markets tend to be a little more inelastic and quicker to shift back to pre-trade war status.”

Add to that Brazil’s political uncertainties and its vulnerability to trucker and port strikes, Herrington observes, and “that supports the theory the U.S. will continue to be a reliable, consistent supplier of agricultural products to China for years to come.”

POTENTIAL FOR LASTING IMPACT

Most analysts agree the longer the U.S.-China trade war drags on, the more uncertain the outcome.

For starters, Tanner Ehmke, a manager with CoBank’s Knowledge Exchange Division in Denver, argues President Trump’s preference for negotiating unilaterally, completely outside the usual governing bodies like the World Trade Organization with minimal if any ally support, brings into question durability and enforceability of any future pact.

“Take Chinese theft of intellectual property. China’s not going to stop doing that. What happens when they do it next time?” Ehmke asks. “Does Trump just perpetually keep dropping more tariffs on them or pull those away? I think we’ve got a tiger by the tail.”

As the feuding continues, changes in world trade patterns occur.

“You hear it over and over that the longer the trade war, the more permanent these changes become,” Ehmke says. “Trade routes and relationships that occurred because of the trade war become cemented. The longer we offend key trading partners, the more motivated they are to find somebody else with which to trade.”

The current situation is often compared to the infamous Soviet grain embargo of the early 1980s. Many now blame President Carter’s decision to cut off Soviet exports with setting in motion the rise of the Black Sea region as a global power player in wheat production, a development that has made wheat significantly less profitable for U.S. producers to grow.

Ehmke predicts current trade disruptions could ripple out across decades, adding Midwest soybean farmers will have no choice but to adapt. Analysts already predict farmers will plant more corn in 2020, in large part because it is more readily sold in domestic markets.

TIME FOR STRATEGIC REPOSITIONING?

Jason Clay, senior vice president of markets at the World Wildlife Fund, based in Washington, D.C., also sees the current trade spat having lasting impact, acknowledging the public’s alarm over fires burning in the Amazon.

“The trade war has played right into Brazilian soybean producers’ hands,” he says. “It’s given them an open door into the Chinese market, and that’s causing speculation around land and anticipation of higher demand for soy.”

“When markets shift,” he adds, “it takes quite a bit to get them back, and that’s what’s worrisome about this.”

From a global perspective, though, he sees an opportunity for...
both the U.S. and Brazil to put more emphasis on value-added agriculture. And in environmental terms, burning the rainforest isn’t that different from farming highly erodible land in the U.S. that should never have been converted from forest or native prairie, he says.

Responsible trade policy, including satisfying the growing economy of the world’s most populous country, doesn’t require the U.S. or South America to break new ground, Clay argues. Rather, the most productive acres should be farmed more intensively with livestock used to add value to crops. Instead of growing soybeans for export, the U.S. and South America could produce more pork and poultry, increasing income, generating jobs and reducing greenhouse gas emissions at the same time, he adds.

“We are a low-cost producer. We should be selling animal protein to other parts of the world, because we can do that more efficiently than they can,” he says.

Devastating outbreaks of avian influenza and African swine fever in Southeast Asia could also play into that. “It will take 10 years to turn the hog industry around in China,” Clay says. “In that time period we could make a lot of money selling animal protein to China.”

“China does want to buy our soy,” he continues, “but my sense is China is going to shift to buying more meat. I think Brazil is going to pivot to more value-added production, and I think American farmers should be thinking along those lines, too.”

As that happens, he believes the business model in the Midwest needs to change, to allow crop farmers to share in profits more equitably.

“The price of soybeans is determined globally. It doesn’t matter if demand comes from the U.S. or China,” he says. “The real question is: can we develop an animal protein system that incorporates grain producers as equity holders in those companies in exchange for supplying needed raw materials? Then more farmers might have a chance of surviving. Just selling commodities only gets more difficult and more competitive.”

An equity-sharing model would also improve agricultural resiliency in the face of climate change, by allowing grain producers to better manage production risk and make the kinds of long-term resource management investments that only pay off over time, he adds.

PIVOTAL PATH TO THE FUTURE

World Perspectives’ Blumenthal agrees that it’s a pivotal time for U.S. agriculture—and for individual farmers—to think strategically.

“The key thing is, what’s our objective? If our objective is to be a competitive bulk soybean supplier, then we have to continuously work on being a low-cost supplier. Now Europe has gone a different direction, because they know they can’t compete on price. They’ve decided to put more focus on quality and price per unit,” he says.

U.S. farmers will need to continue investing in technology if they want to overcome their main competitive disadvantage, which is high land and labor costs, he says. But the past two years point to another disadvantage that burdens farmers: politically motivated trade.

“As the leading country in the world, we take risks to mold the world as we would like it to be, and embargoes are commonly used to do that,” Blumenthal notes. “Brazil never participates in those types of embargoes. It’s not their policy, either because they don’t have the political heft or because their economy couldn’t handle it.”

“In any event,” he concludes, “that’s a risk our farmers take by producing in a country where our leaders take stands that sometimes end up hurting us on trade.”

“The U.S. clearly has comparative advantage growing row crops. The thing to keep in mind is right now markets are reflecting strong political shocks.”

MATT HERRINGTON, director of analysis and client development, World Perspectives Inc.
Hundreds of millions of dollars in soybean sales are being lost to synthetic amino acids used in domestic livestock feeds each year. The Illinois Soybean Association (ISA) checkoff program developed the High Yield PLUS Quality (HY+Q) program as a response. The ongoing effort is to help farmers fight back to protect and, ultimately, regain market share.

AT ISSUE

Since 2000, up to 70 percent of soybean meal in swine feed has been replaced by a combination of synthetic amino acid products and DDGS (distillers dried grains with solubles).

And the impact is measurable, says R. Dean Boyd, Ph.D., technical director emeritus, Hanor Company and Triumph Foods Group; and adjunct professor of animal nutrition at North Carolina State University and Iowa State University. The Hanor family of companies includes pork production and processing across multiple states, selling 1.4 million hogs per year and processing more than six million. For each year between 2000 and 2010, Boyd says the Hanor Company replaced 6,222 semi-loads of soybeans with 6,066 semi-loads of corn and 146 semi-loads of synthetic amino acid products.

ISA calculates the annual net loss of farm income as about $28 million for that one company alone. When the feed ingredient shift is applied across other domestic livestock customers, losses amount to hundreds of millions of dollars. Globally, the lost market share would amount to billions of dollars, so ISA has called for an industry rescue mission to reclaim lost feed markets.

“Soybean quality has been declining for some time,” says Linda Kull, Ph.D., ISA director of ag innovations and tech transfer. “HY+Q set out to address the U.S. quality issue in new ways, looking at science and communications differently than before. While quality naturally varies by location, we’ve found some varieties are more likely to meet livestock customer needs.”

ISA has analyzed more than 47,000 soybean samples and found a way to see the potential feed value each soybean variety can deliver. The difference in feed cost at the variety level can be about $0.80 per hog head. Varieties that are naturally higher in amino acids, and therefore offer higher feed value, are already on the market today. These varieties can deliver maximum value to livestock customers without sacrificing yield and are listed at www.soyvalue.com

FARMERS JOIN THE EFFORT

Many farmers are already making a difference by growing high-value varieties.

“I try to be a responsible soybean grower. We need to do everything we can to please our livestock customers,” says Don Guinnip, soybean farmer from Marshall, Ill. “Knowing the nutritional composition of my soybeans is very important to me. I want to know protein content, oil yield and amino acid profiles. I want a history of that information so I can make better variety selections and have field-by-field comparisons of how those varieties perform.”

Soybean grower consideration of end-user needs cannot be overemphasized. “Nutritionists know about soybean quality issues,” notes Boyd. “We know the feeding limitations are due to this reduction in quality. We know soybean quality by processing plant and growing region. We are tasked with knowing this to be able to efficiently and economically rear pigs.”
SEED COMPANIES SIGN ON

Teams at AgriGold and LG Seeds are collaborating with ISA to support the HY+Q program. The companies have more than 20 varieties in their collective portfolios that meet qualifications to be designated as superior varieties for livestock feed.

“Yield and agronomic characteristics are still important when it comes to selecting varieties, but ISA has identified varieties that have high yield, as well as high feed value,” says Chuck Hill, AgriGold specialty products manager. “Whether it’s corn or soybean seed, we’re always looking to add value to what we sell. We have to push out synthetics and encourage livestock customers to use more soybean meal. There is value in this approach.”

Hill says becoming part of the HY+Q program was an easy decision.

“We’ll be doing it again next year as we identify our new varieties and determine how they fit the high yield and quality criteria. This helps AgriGold demonstrate the innovation we strive to deliver,” Hill says. “This is just our fourth year selling soybeans, and our hope is that it lets growers know we’re trying to improve the soybean market.”

Such efforts also affect soybean breeding programs.

“We’re at the beginning stages of that,” Hill says. “It is certainly one place this message needs to go to. Breeders still have to work toward yield, disease resistance and sound agronomic characteristics, but to some extent the protein quality and amino acid content may be a tie breaker. For example, when selecting varieties and variety A and variety B are about the same in all characteristics, except that A is better on feed quality, we’d likely select A.”

GET ON THE BANDWAGON

Currently, 768 varieties are found in the HY+Q database, with rankings based on the amino acids livestock nutritionists use to calculate least-cost feed rations.

Farmers can get their own local soybean feed nutrition profiles from the 2019 harvest. A free, postage-paid sample kit can be requested from www.soyvalue.com. Once returned and analyzed, a confidential report on the sample’s feed value is made available to the submitting farmer.

“Soybean farmers have a product to sell that’s naturally better than synthetic feed ingredients,” says Kull. “Another synthetic feed ingredient factory is being built in the United States. Every rail car they deliver will replace soybean meal in the market. We can’t let that happen when varieties are available today that can help soybean farmers reclaim their feed markets.”

“Soybean quality has been declining for some time. HY+Q set out to address the U.S. quality issue in new ways, looking at science and communications differently than before.”

LINDA KULL, PH.D., ISA director of ag innovations and tech transfer
As the global landscape for oilseeds changes, ebbs and flows, Illinois soybean producers must assess where they fit into the market scheme to be successful. Who is friend and who is foe? The answer is unsurprising: It depends.

The September World Agricultural Supply and Demand Estimates (WASDE) report (most recent) estimated higher U.S. soybean exports and crush, as well as higher global oilseed trade despite lower production. So, where do soybeans stack up with other oilseeds?

**SOYBEANS THE GLOBAL BIG DOG**

Soybeans command the largest share of oilseed production and consumption globally. Only a handful of markets play in rapeseed, another popular oilseed, with European Union (EU) countries being the biggest producers. However, with a three-year low for global rapeseed production, as competition, rapeseed may get less of a spotlight than soybeans.

“The EU had a poor crop this year, though there might be some rebound next year on yield,” says Mark Ash, USDA senior agricultural economist. “They’ve had some issues that hurt the profitability of growing rapeseed. They have banned certain insecticides in the EU that hurt the ability to control flea beetles in rapeseed fields. And a lot of farmers in the EU are going to be more reluctant to grow it. They are more likely to grow wheat, barley and other crops.”

That, says Ash, becomes the opportunity for other oilseeds to gain ground there. The EU does not have much room for increased production of sunflowers, for example. Both Russia and Ukraine sunflower output can increase and fill gaps left by the loss of rapeseed oil, although much of global sunflower production goes into birdseed and confections rather than getting crushed. Flax is a non-factor. It is primarily used for linseed oil and is not a huge market.

On the meal side, soybeans may gain ground on rapeseed worldwide, but Ash says there generally hasn’t been as big a gap in that category.

“The footprint of all these other oilseeds is so small, I don’t think it’s a story,” says Thomas Hammer, National Oilseed Processors Association (NOPA) president. “Soybean consumption is still going up. But if you don’t get the Chinese market back, then all bets are off.”

**COMPETING WITH CANOLA**

On this side of the pond, canola (rapeseed) is the second most produced oilseed. It is tops in Canada and number two in the U.S. In fact, Canada is one of the biggest producers.

“They have the ability to export to global markets, although right now it’s difficult exporting to China,” says Ash. “If that trade issue clears up, they should be able to expand to other areas.”

However, much uncertainty remains for the U.S.’ neighbors to the north, he explains. The country already favors small grains and canola production. And while expansion has slowed, Ash anticipates an increase could still occur, depending on how oilseeds around the world fare.

One challenge is that canola oil’s market is small, notes Hammer. “They have to decide where to market it,” he says. “Canola oil is sort of equivalent to our high oleic soybean oil, and we are trying to emulate canola oil. High oleic is coming along, but not as fast as farmers like.”

Hammer notes high oleic soybean oil must be identity preserved—a premium is paid and it has to be segregated. “We’re trying to compete with the quality of canola oil, but it’s important to remember that it doesn’t have the nutritional bundle and building blocks of soybean oil,” he says.

Likewise with canola meal, which goes largely to animal feed. Canola meal is not competitive with soybean meal nutritionally, Hammer says. “It doesn’t contain the same amino acids. It doesn’t have the nutrition animals need. Soy is the ‘cadillac’ of animal nutrition.”
MANAGING ALL THE MOVING PARTS

Given all the production and consumption possibilities worldwide with oilseeds, keeping track of all the moving parts is tough. That includes oil and protein preferences.

“It’s all about consumer choice,” says Hammer. “We need to make sure soy is the preferred choice of animal nutritionists, for example, whether they’re feeding pigs or chickens.”

One thing Illinois soybean farmers can do is monitor protein levels of what’s coming off the field, says Hammer. “If they’re dropping, is that Mother Nature, or is that the seed? They may be drought- or disease-resistant, but if you’re losing protein, is it worth it?” he asks.

When you compare crude protein levels, Brazilian soybeans have higher levels than the U.S.

However, “protein levels are dropping in all three top protein growing countries. It’s important for farmers to educate themselves about what nutritionists want,” says Hammer. “Soybean protein lives and dies with what’s going on with meat consumption.”

U.S. per capita consumption of meat is 223 lbs. per year, according to USDA. “We’re eating a lot of meat,” says Hammer. “Ninety-seven percent of soybean crush goes to feed animals.”

With most of the world’s future middle class projected to be in India, China and Asia in the not-too-distant future, Hammer encourages Illinois farmers to make sure customers understand soy’s advantages. That may help boost demand as more of it goes into food and feed applications.

Other oilseeds will continue to have a role in meeting human and animal nutrition needs. From a broad, long-term view, market watchers predict certain oilseeds in certain parts of the world will continue to grow faster than others, depending on exchange rates and more.

Ash says countries such as Argentina, Russia and Ukraine could provide incentives for farmers to expand oilseed production when currencies are being depreciated. That, in turn, would help farmers in South America and Eastern Europe gain a foothold.

Even now in Ukraine, soybean production is increasing dramatically, though new tax changes may make that less appealing. Ukraine is the world’s largest sunflower producer. More than two-thirds of Ukraine can raise crops or livestock, reports crop protection company ADAMA.

“In this current environment where you have a conflict with a major soybean importer such as China, that opens the door for other oilseeds,” Ash says. “The longer that goes on and the faster these countries produce other oilseeds and China takes more of them, the more likely they will be able to take fewer and fewer soybeans from the United States.”

Finally, while oilseed processing plants are the same for soybeans and soft seeds, incentive is low for U.S. farmers to put canola or other oilseeds into their current production regimes.

“They don’t fit into a rotational pattern,” he explains. “Sunflower and canola grow in colder climates with shorter growing seasons. We rotate between corn and soybeans because soybeans fix nitrogen in the soil. There’s really no infrastructure and no market for other oilseeds.”
Storage Tips for World Trips

The 2019 soybean harvest is a memorable one. Millions fewer bushels will be harvested by U.S. farmers following weather woes. But high stock numbers and muted key export trade partners are keeping a tight lid on prices. And soybean stocks stored on- and off-farm are expected to increase as a result, adding on to the U.S.’ billion bushel ending stocks projection for 2018-2019.

“In central Illinois we have always dumped our beans in the fall and stored some of our corn. That switched last fall with the trade wars, because we always relied on China to take our excess beans in the fall,” explains Mark Hobrock, general manager of Western Grain Merchandising in Rushville, Ill. “Last year we had the most beans ever stored on-farm, and this year there will be more than last year on farms across Illinois.”

USDA estimates U.S. soybeans stored in all positions on June 1, 2019, totaled 1.79 billion bushels, up 47 percent from the prior year. On-farm stocks soared to 730 million bushels, up 94 percent from June 1, 2018. Meanwhile, corn stocks in storage fell by two percent. This reversal of routine is apparent across the state of Illinois.

Soybeans in all storage positions climbed to 320.7 million bushels in June 2019, compared with 250 million bushels the prior year. On-farm storage increased from 70 million to 100 million bushels.

This predictably has left grain merchandisers and logistics managers scrambling to meet increased storage demand for soybeans.

“We are still carrying a significant amount of last year’s production, and we have built additional storage space this year for that reason,” says Kim Craig, grain merchandiser for Bell Enterprises, Inc. of Deer Creek, Ill., which services Woodford, Tazewell and western McLean counties.

With U.S. soybean production projected at 3.6 billion bushels in 2019 and with soybean exports for 2018-19 down approximately 390 million bushels from the previous marketing year, many farmers are considering adding to their own, on-farm storage capacity. But how can farmers best keep soybeans—whether commercial or specialty varieties—in export-ready condition in an on-farm storage environment? Below are some tips from storage experts.

Sample Soybeans in Storage

1. Watch Moisture Levels

“As a warehouseman, the first thing to consider is that you have a commodity with significant value and you have to make sure you have a management plan for that inventory,” Craig advises. “If it has value, make sure your eyes are on that commodity and that you have an accounting of its condition. That means that you are going to have to do periodic samplings of that inventory.”

Craig notes soybeans require their own special kind of care and conditioning—especially if it’s a wet crop. “You are going to be running fans to make sure it is fresh and cool, and there is always a cost for energy,” he says. “If you want to end up with the right results you are going to have to spend some money to get there. You would be better off spending the money reassuring yourself that you are going to end up with what you want.”

2. Watch Moisture Levels

“Don’t ever put any beans in the bin that are more than 14 percent moisture. I like them down below 12,” says Hobrock. “Once they are put away, make sure all of your bins are cored.”

Hobrock explains producers sometime in December should pull a couple of loads out of the bin, about five or ten percent from the center. “Get pods and split beans out of the center and make sure you get them cold. Don’t let them go through a warm-up period. Also, check your bins at least every two weeks, no matter how hot or cold the temperature is. Once it starts to warm up, in March or April, make sure you are checking them every week,” he says.
Core the Bins

Coring a stored crop on a regular basis may be the single most important measure farmers can undertake to ensure farm-stored soybeans remain in export-ready condition, says Jeff Adkisson, executive director of the Grain and Feed Association of Illinois (GFAI).

“The two key things farmers can be doing are visual observation and coring or pulling out that center core of the bin and refilling the bin. It takes time and effort, but it pulls down the pods, stems and foreign material that tend to congregate in the center part of the bin. If you pull that out and refill over the top, soybeans will stay in better condition to be held over,” he says.

David Wessel, soybean producer from Chandlerville, Ill. has been storing soybeans on his Cass County farm on and off for around 30 years. He stresses that to bring stored soybeans out of on-farm storage in export-ready condition, they must be put into storage in “export-plus” condition.

“The first step is to harvest them at the optimal time and put them in the bin at the optimal time,” Wessel says. “Weather dictates how that goes sometimes. This year we are having a later harvest in cooler weather. That makes it harder to get them down to ideal moisture. You want to harvest them at 13 percent and not let them get too dry after you harvest them.”

Monitor Vigilantly

Farmers storing their soybeans must, above all, remain vigilant in checking stocks and rotating them, stresses Craig.

“If you end up turning your back and expecting everything to take care of itself, you know what will happen,” Craig says. “You are going to lose the condition of your crop and then your goal of carrying that crop over and those beans will be out the window. It is going to take special management and conditioning of that crop to make sure that eight or 10 months down the road that the beans are in the same condition they are now.”

The incentive: Foreign purchasers of Illinois-grown soybeans will settle for nothing less, adds Bobby Dowson, director of the Illinois Department of Agriculture’s international sales division.

“International buyers tell us they like our soybeans better than Argentina’s or Brazil’s, because they are in better shape and they are higher in protein,” he says.

Expert Keys to Export-Ready Soybean Storage

- Never put away beans with 14% or higher moisture.
- Keep them cool and dry.
- Core your bins to rotate stock.
- Be vigilant. Check stock every 14 days in winter, weekly in summer.
If ever there was a year when Illinois soybean farmers could benefit from economic incentives to use sustainable practices, this could be the one. Many forces—extreme weather, commodity prices, tariffs, consumer demands—are pressuring farmers to consider opportunities to become even more sustainable, not only environmentally, but also economically.

The turmoil of 2019 begs the question: what can Illinois soybean farmers do to make their farmed acres more profitable and less vulnerable to forces beyond their control?

“We need to be realistic in helping farmers become more sustainable and profitable,” says Maria Bowman, lead scientist with the Soil Health Partnership (SHP). “A year like 2019 emphasizes the need to help farmers manage risk and make their farms more resilient through sustainable practices that include soil health management systems.”

SHP is headed into its sixth year as a farmer-led initiative fostering transformation and sustainability in agriculture through improved soil health. It’s grown from 17 active farms in 2014 to more than 225 active farms in 2019. SHP represents around 6,000 acres across 16 states (including Illinois) and partners with more than 100 organizations at all levels.

“SHP is determining how farmers can adopt soil health practices more feasibly,” says Bowman. “It can be challenging to add soil health management practices to your operation. It’s not as simple as choosing a cover crop, and it’s all going to be golden.”

Bowman says SHP field managers work with farmers as they consider varieties and hybrids for cash and cover crops, nutrient management and tillage in their soil health management systems.

“Farmers may not see an economic benefit immediately but achieving soil and environmental benefits in a way that doesn’t hurt economically is still a win,” she adds.

Farmers adopting more advanced soil health measures involving strip trials receive a $5,000 payment per year from SHP over a five-year period. Beyond collecting data and research, SHP offers free on-farm technical assistance from field managers, webinars, a blog and the opportunity to network with other farmers working to improve soil health.

The Illinois Sustainable Ag Partnership (ISAP) is another group providing resources for farmers to gain value from conservation practices. The partnership has an array of educational materials and technical assistance, including its S.T.A.R. Program through the Champaign County Soil and Water Conservation District (SWCD). S.T.A.R. helps farmers adopt new practices and begin the journey to improved soil health with a long-term plan for sustainability and profitability.

SOIL CARBON PAYMENTS

Farmer Kent Bohnhoff grows soybeans, corn, wheat and cover crops in Effingham County, Illinois. He’s also recently retired from the Natural Resources Conservation Service (NRCS) and is a lifelong advocate for sustainable agriculture and conservation practices.

“I want to better understand soil health and use sustainable farming practices to take some of the risk and variability out of
farming,” says Bohnhoff. “If you do some things right, you aren’t as impacted by floods, droughts or other weather extremes. As a farmer, I know I’m losing soil and nutrients. Soil is a farmer’s main asset, plus I want to improve the environment.”

Already practicing sustainable methods such as strip till, the 4Rs of nutrient management and using the Conservation Reserve Program (CRP) to plant field borders with native grasses for wildlife habitat, Bohnhoff recently enrolled in Indigo Carbon.

“I heard Indigo was offering payments for increasing soil carbon. I use many of the practices their program requires. It’s an opportunity to earn money for the good I already do,” he says.

“We launched Indigo Carbon and The Terraton Experiment in June 2019 with the goal of removing one trillion metric tons of carbon dioxide from the atmosphere and using it to enrich agricultural soils,” says Rachel Raymond, Indigo Ag Chief Operating Officer.

“Our plan aims to pay farmers $15-$20 per ton of carbon they sequester through using regenerative tools like cover crops, no-till, diverse crop rotation and integrating livestock.”

Depending upon soil type and regional climates, participating farmers may receive payments of $30-$60 per acre for increasing soil carbon. “We want to partner with growers to help their transition to adopt regenerative practices. Many Illinois farmers are using these sustainable practices, and Indigo wants to provide the tools to realize the synergy of adopting a suite of regenerative practices rather than a single practice,” explains Raymond.

Illinois growers have signed up more than 100,000 acres for Indigo Carbon and that number is increasing every day. “Today growers are thinking outside the box of managing weeds, insects and diseases, but also managing weather volatility and soil health. Change is challenging, so a financial incentive to try something new and partner with Indigo agronomists should help sequester carbon, increase farm profitability and reduce the carbon footprint in agriculture.”

**ILLINOIS CROP INSURANCE REWARD PROGRAM**

There’s a new program in Illinois for farmers with crop insurance using cover crops, which allows them to seed 2019 fall cover crops and receive a $5 per acre reward, says Kris Reynolds, Midwest deputy director, American Farmland Trust.

“It’s available for 50,000 acres in Illinois. We’ve worked with many partners to get this funding in the Illinois Department of Agriculture (IDOA) budget,” he says. “It’s a great way for farmers to get a small reward for increasing cover crops on their land to make farms more sustainable by improving soil health and water quality while mitigating economic risk.”

Only acres not receiving cost-share funding from state and federal programs are eligible. Reynolds says farmers apply using their Farm Service Agency (FSA) 578 forms to certify cover crop acres. Offered by each individual’s crop insurance provider, the program is funded through IDOA. Details are available through SWCD local offices, which will submit applications to IDOA. Farmers also can access multiple resources available through American Farmland Trust.
In 2018, the U.S. Census reported the U.S. exported 2.6 billion bushels (over half the domestic crop) of soybeans valued at $28 billion. Despite changing markets and political influence, the demand for U.S. soybeans and soy-based products continues to grow globally, thanks in part to increased purchasing power in emerging markets.

But where do you start when it comes to exporting and connecting to buyers from all over the world? There are many tools and resources to take advantage of, but your most important goal is export readiness to meet buyer expectations.

• **Commit to the long game.** Exporting is not a game where you can have one foot in it. When you commit to export, it will require complete commitment. This allows for the long-term organizational buy-in and resources, including any staff and finances that will be necessary to become successful exporters.

• **Address the culture conundrum.** Even as technology removes global hurdles to communication, culture barriers still exist. In export marketing, more than U.S.-based sales, relationship building is a necessity for export success. Every country culture is different, and a cookie-cutter approach will not work. You will need to research and understand the cultural nuance of each country where you choose to export. This will include understanding cultural customs, communications, correspondence, business practices and even traditional decision-making processes of that business culture.

• **Look for research opportunities.** Finding the right prospects includes market research to identify your markets of opportunity. Tools like the Harmonized System (HS) and the Schedule B, along with market reports from USA Trade Online or the Global Agricultural Trade System (GATS), allow you to do detailed searches on export variables related to current volume of sales, duties and fees.

• **Get yourself export ready.** Buyers consistently tell us that many exporters lack the ability to meet their expectations and make it difficult to do business with them. You can prevent this by doing your homework before you connect with buyers. You’ll need to know your HS codes, research the market, be prepared with export pricing and correct terms of sales and be knowledgeable about transportation and freight solutions.

• **Develop a marketing plan and strategy.** Once you identify a target market, you will need a plan and strategy and promotional resources. In some cases, cost-share opportunities such as Food Export–Midwest’s Branded Program are available to assist with marketing and promotional costs. Your marketing plan should include information on global food trends, packaging and labeling regulations.

• **Connect with buyers.** You’ve picked the market and prepared yourself, now you need to build a relationship with the buyer. Despite cultural differences, people around the world are very similar. Ask yourself, what would I expect in a business relationship? Begin your discussion by asking questions about the buyer’s needs and how your product suits them. Be patient, new market relationships take time to build.

Producers interested in exporting can contact the U.S. Soybean Export Council (USSEC) or visit www.ussec.org to learn more about markets. Food Export Association of the Midwest USA (Food Export–Midwest) also offers many services to help you learn about exporting and to foster buyer-seller connections. For more information, visit www.foodexport.org. ■

Greg Cohen is communications manager at Food Export Association of the Midwest USA, a non-profit organization that promotes the export of food and agricultural products from the Midwest region of the United States.
Where do my soybean checkoff contributions go?

For the 2018-19 fiscal year, nearly $13 million was invested in checkoff programs. The programming budget is broken down into these areas at the following percentages:

- **Farmer Profitability**: 41%
  - Optimize through business management, yield and sustainable practices.
- **Efficient Product Delivery**: 17%
  - Ensure Illinois soy reaches its intended destinations efficiently.
- **Influence and Reach**: 16%
  - Expand through member, corporate and industry efforts.
- **Leadership**: 2%
  - Increase effective, progressive leadership in the organization.
- **Marketplace**: 24%
  - Promote Illinois soy for export markets, biodiesel and animal agriculture use.

For more information about the programs and projects where soybean checkoff dollars are invested, visit [www.ilsoy.org](http://www.ilsoy.org).
2020 Commodity Classic Aims to Help Farmers See Future Clearly

In a year of challenge and change, farmers have the opportunity to learn from the experts, see game-changing equipment and technology, and network with thousands of other farmers during the 2020 Commodity Classic, Feb. 27-29, in San Antonio, Texas. “See Your Future Clearly” is the theme for Commodity Classic, and the schedule taking shape is designed to help farmers position for success. Educational sessions will include marketing insights, soil health, farm policy, yield-boosting production practices, new products and technologies and more. The trade show is expected to feature some 400 exhibitors showcasing the latest technology, equipment and innovation. To view the schedule and sign up for email updates, visit CommodityClassic.com. Registration and housing details will be available this month.

American Farmland Trust’s Soil Health Efforts Document Profitability

The American Farmland Trust, in partnership with the Natural Resources Conservation Service (NRCS), released four case studies this year that show better soil health can lead to higher net farm income. One of those case studies was Thorndyke Farms located near Piper City, Illinois. The family saw a 15 percent increase in its five-year soybean yield averages after implementing soil health practices and an annual change in per acre next income of $34. To read more about the Thorndyke’s change in soil health management, visit https://farmland.org/new-american-farmland-trust-nrcs-case-studies-show-soil-health-practices-increase-farm-profitability/.

University of Illinois Researchers to Develop Soil Erosion Prediction Tool

University of Illinois scientists have received a $500,000 grant from the USDA National Institute of Food and Agriculture (NIFA) to develop a computational tool that stakeholders can use for estimating and predicting soil erosion. Researchers note current measurements do not capture the full dynamics of soil erosion in agriculture. The project will develop tools to evaluate the effects of land management practices on erosion over time and space with a web interface that will allow farmers to assess different scenarios. For example, farmers can choose between options such as tilling or no-tilling and see the likely effects on their regional watershed over time. Researchers will use observations from satellite data, ground-based data and numerical models to develop the tool. Pilot study areas include the Kaskaskia River Watershed in southern Illinois.

ISA Sponsors New SoyStats App

The American Soybean Association’s (ASA) annual SoyStats report has long been a definitive guide to soybeans by the numbers, available as a hard copy booklet and online at soystats.com. Now, SoyStats can be accessed via a new app that is sponsored by the ISA checkoff program. The app is downloadable for both Apple and Android devices. Access the app store and look for “SoyStats” to find industry and state-specific information.

National Biodiesel Conference & Expo Heads to Tampa

The National Biodiesel Conference and Expo will be held in Tampa, Jan. 20-23, 2020. Soybean farmers, plant managers and biodiesel retailers are invited to connect and build relationships while learning the latest information regarding biodiesel production and government affairs and exploring the latest equipment and services available. To get additional details about the annual conference and to register, visit www.biodieselconference.org/.

FARM IL Changes Name to Illinois Agri-Food Alliance

FARM IL has updated its name to the Illinois Agri-Food Alliance. The organization, which was created through the Food and Agriculture Roadmap for Illinois (FARM IL) in 2015, is supported by the ISA checkoff program. Robert Easter, Illinois Agri-Food Alliance board chair and University of Illinois president emeritus, says the new name more accurately reflects the holistic and inclusive nature of the group. Illinois Agri-Food Alliance is dedicated to providing opportunities for diverse stakeholders to critically evaluate opportunities and challenges along a comprehensive, integrated roadmap that supports Illinois’ future stake in food and agriculture.
From researching new uses for soybeans to identifying new markets for U.S. soy, the soy checkoff is working behind the scenes to create new opportunities and increase profits for soybean farmers. 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
“Sometimes what we don’t know is more important than what we do know. For soybeans this year, next to nothing is really certain. That could stimulate rallies to profitable levels, but it doesn’t guarantee them. And passing up chances to sell, as hard as it will be to pull the trigger, could lead to pain down the road.”

BRYCE KNORR | Farm Futures Magazine, July 2019

“As some of the most sustainable producers in the agriculture industry, soybean farmers are exactly what the poultry industry needs now to prepare for the future. Since 1980, U.S. farmers have increased soybean production by 96 percent while using eight percent less energy, according to the U.S. Soy Sustainability Assurance Protocol. This is the sort of accomplishment and narrative today’s consumer wants. Soybeans answer the call for a sustainable diet for poultry and a path to a product that consumers can get behind.”

U.S. SOYBEAN EXPORT COUNCIL | Major Shifts in the Poultry Industry Shape Future Soy Demand, September 30, 2019

“The entrepreneur always searches for change, responds to it, and exploits it as an opportunity.”

PETER DRUCKER | management consultant, educator, author

“Demand for agriculture rarely abates. Agriculture is critically important for food, fuel and industry. So much so that when there is a supply disruption, like the one looming this year because of historic springtime planting delays, consumers face paying higher prices, and farmers are the direct beneficiaries of increasing grain prices...China’s people will pay the price, directly or indirectly, to U.S. farmers for their crops. America’s heartland, and our farmers, will revive and thrive.”

SAL GILBERTIE | Opinion Contributor, Business Insider, “China’s Attempts to Make U.S. Farmers the Economic Casualties of the Trade War are Going to Backfire,” August 2019

“A brand for a company is like a reputation for a person. You earn a reputation by trying to do hard things well.”

JEFF BEZOS | CEO, Amazon.com

“Oilseed and oilseed product exports, particularly soybeans, represent a significant source of demand for U.S. producers and make a large net contribution to the U.S. agricultural trade balance. Among all U.S. agricultural products, only grains and feeds outrank the oilseed sector in total export value and volume. In the early 2000s, the value of U.S. oilseed and product exports averaged more than $9 billion, nearly half the farm-level value of production. By 2017, the value of oilseed and product exports had increased to more than $32.7 billion.”

USDA-ERS | Oil Crops Sector at a Glance, October 2019

“Today it’s important to be present, be relevant and add value.”

NICK BESBEAS | Former CMO, LinkedIn

“There is nothing like a concrete life plan to weigh you down. Because if you always have one eye on some future goal, you stop paying attention to the job at hand, miss opportunities that might arise, and stay fixedly on one path, even when a better, newer course might have opened.”

INDRA NOOYI | CEO, Pepsico

“Historically, to be successful in the international marketplace for agriculture, particularly for commodity crops soybeans and corn, required one to simply get it from point A to point B at the lowest cost. Because of that, we developed a supply chain that was predicated on multiple steps of consolidation and aggregation...Containers offer less bulk, more selectivity.”

MIKE STEENHOEK | executive director, Soy Transportation Coalition, as reported by Matt Miller in the American Journal of Transportation, November 2018
DIFFERENCE MAKERS

the results for food varieties can be phenomenal. It takes cleaning your trucks, or worse, cleaning your auger but it can be done. A premium of $150-200 per acre can mean the difference in revenue that moves a farm ahead.

What role does containerized shipping play in specialty production?

The container market is growing. Federal inspection data show in some months, containers reach 22-24 percent of total tonnage shipped. That’s a huge increase! Developing countries want commodity soybeans but lack the means to unload and use them in large amounts or lack equipment. The other market is for specialized beans and products that often are optically sorted, bagged, palletized, loaded and shipped. These containers move at higher values and set the market standard for high quality. End users get exactly what they ordered and paid the premium to get it. They make a higher margin in the manufacturing process, so farmers should be connected in the supply chain to those transactions and hold brokers accountable for a fair price.

What’s the bottom line for the specialty soybean industry?

We have to pay attention to giving customers at home and abroad what they want. We need to be listening and changing our system to suit who is buying. Every soybean grown in the United States needs to be grown with a market in mind, with its qualities at the forefront of the sales conversation. Farmers deserve to be paid for their work.

SSGA wants to grow the markets at home and abroad to help farmers add acreage and earn more. We are promoting science and study in this field such as for trying to find better weed control options for farmers. We also help our members stay up-to-date on regional seed developments.

IP practices grew out of the quality seed trade. The premium market has to operate as part of our farm and sales system, not stand apart from it. It’s in our DNA to help. That’s our goal.

What is the current status of the specialty soybean industry?

It is strong and growing. We have some threats and obstacles on the horizon, but farmers and sales companies are moving ahead. Bad weather seemed to touch everyone in the U.S. this year. The same is true for farmers with contracts to grow identity-preserved (IP) soybeans. The Chicago Board of Trade price travels up and down. With the premium for IP soybeans, it is better for farmers who undertake the hard work IP processes require.

Our obstacles are U.S. regulation and foreign market access. We say the United States wants to build connections from farm to table, but try to get a phytosanitary certificate or grain inspection in a rural community or load a container and you understand quickly we didn’t build those systems to work from our rural businesses—we built them for efficiency from ports. The expense is tough on businesses. We also need to break down market barriers abroad.

How would you advise farmers to explore specialty soybean production?

There are businesses and cooperatives that focus on connecting farmers with premium contracts. ISA runs SoybeanPremiums.com, and SSGA is happy to exchange information about specialty soybeans with Illinois. Farmers worry about yield loss in taking up a food soybean variety that might be conventional or take on special traits. Our farmer members report their premium makes up for yield loss if they even have it. With precision agriculture,
Through our patented Nutriform® Technology, Aspire® combines two forms of boron (B) with potassium for uniform nutrient distribution and season-long boron availability, consistently delivering the right amount of B when and where you need it. It’s a bold step in unlocking every plant’s potential.

Now every other way to use boron is, well, ancient history.

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