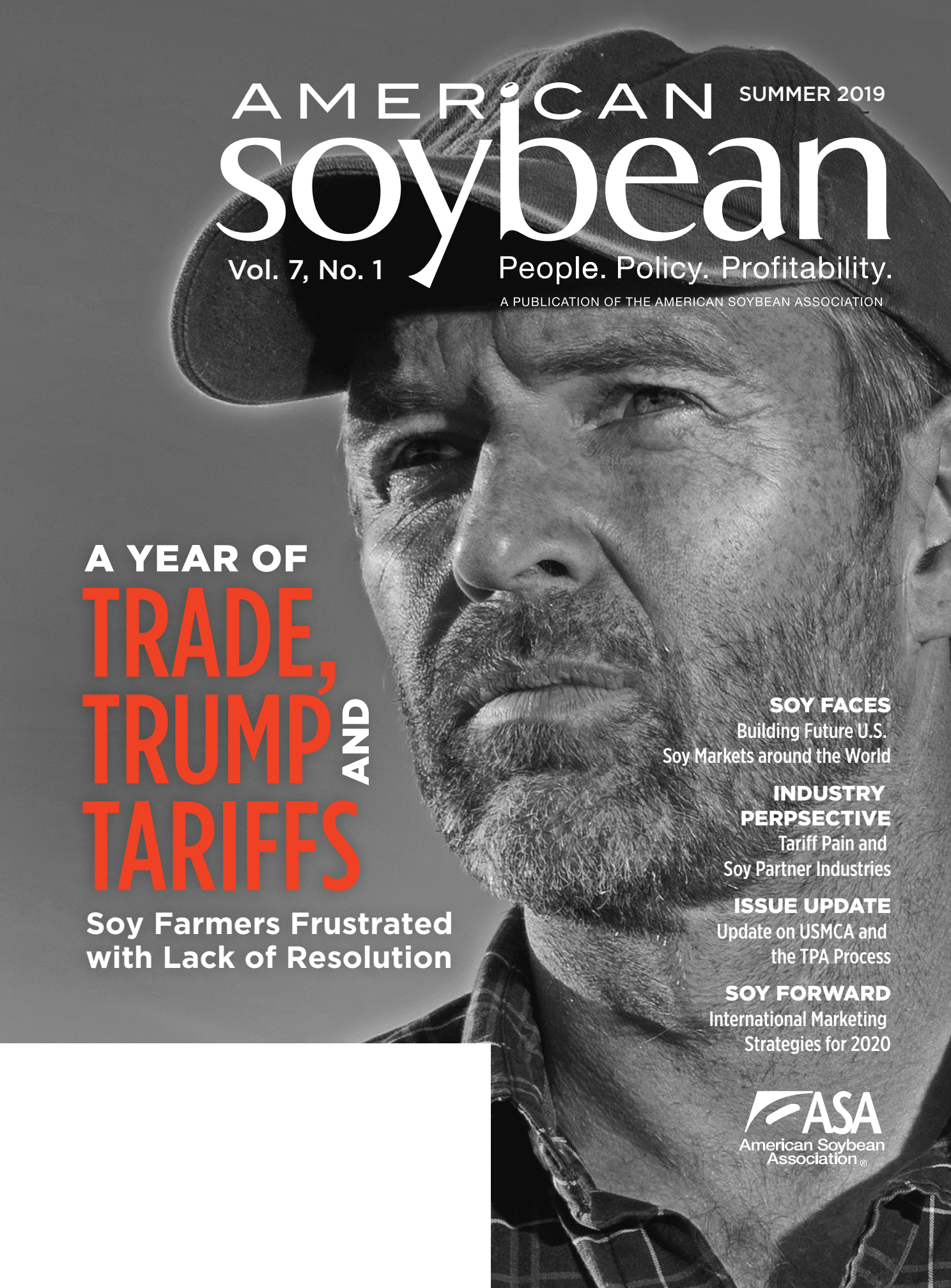

AMERICAN soybean

SUMMER 2019

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People. Policy. Profitability.

A PUBLICATION OF THE AMERICAN SOYBEAN ASSOCIATION

A YEAR OF TRADE, TRUMP AND TARIFFS

Soy Farmers Frustrated with Lack of Resolution

SOY FACES
Building Future U.S. Soy Markets around the World

INDUSTRY PERPSECTIVE
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Update on USMCA and the TPA Process

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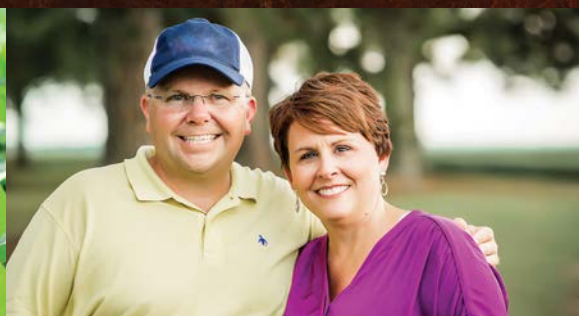

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ASA American Soybean Association®

The American Soybean Association (ASA) represents U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state associations representing 30 states and more than 300,000 soybean farmers.

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ASA leadership corner

As the summer issue of this magazine goes to print, we are now crossing the one-year mark of unresolved tariffs with China. The threat of tariffs began in early 2018 when President Trump intimated that he would use tariffs as a tool to revise our trading relationship with several of our key trading partners. As the threat of tariffs with China turned to a reality July 6, 2018, China responded by announcing a 25% tariff on many U.S. products, including soybeans. After this, we began to see what eventually became a 20% decline in the price of soybeans. This decline in price could not have come at a worse time, as the soybean industry and broader farm economy had already experienced a roughly 50% decline in farm income since 2013.

ASA continues to voice soybean farmers' concerns with the Administration and Congress over these tariffs. To date, we have not seen a resolution to the tariff war with China, nor have we seen the completion of our number two trade priority: Passage of USMCA. The persistent trade policy uncertainty, along with wet weather and flooding across the country, has made for a very difficult spring. Not only is it impacting our spring, but it is also impacting our ability as soybean producers to market our product to lock in any profit for the current year and potentially for future marketing years.

ASA has worked closely with the Administration since January 2018 and still continues to actively, and consistently, voice our concerns with this trade disruption. Farmers want open markets for trade. While we appreciate the recent announcement of a second round of assistance, which will help offset some of the losses during these difficult times, let me reiterate: **Farmers want open markets for trade.**

ASA will continue conversations directly with the Administration and Congress, and through other avenues such as social media, to ensure our voices are being heard. In addition, ASA has been working actively with the United States Soybean Export Council (USSEC) to build new markets in other countries. We have seen recent success through increased soybean purchases by a variety of countries, and we are working hard to grow new markets. However, these purchases do not offset the possible long-term loss of a market like China, which took more than 40 years to develop.

Davie**STEPHENS**

Davie Stephens, ASA President

ASA appreciates the advocates we have in the Administration, and we certainly understand the challenges they face in resolving international issues that have been imbalanced for way too long; however, farmers simply cannot share a disproportionate load of the burden. We cannot be collateral damage along the way. Our family farms and our families' livelihoods are at stake. Please continue to share the message of agriculture and the importance of trade. Together we are a powerful voice and, like soybeans, we will be resilient.

ASA Director Josh Gackle (left) and ASA President Davie Stephens (right) visit the White House to hear President Trump's plan to support farmers as the tariff battle with China persists.

NEWS soyS

Soy Straws Win Indiana Soybean Alliance's New Uses Competition

First-place winners of the Student Soybean Product Innovation Competition, from left to right, are Natalie Stephenson, Morgan Malm and Ruth Zhong

Photo Credit: Indiana Soybean Alliance

A soybean-based drinking straw earned top honors at this year's Student Soybean Product Innovation Competition sponsored by the Indiana Soybean Alliance (ISA) and Purdue University. The contest encourages Purdue University students to develop novel applications for soybeans that meet a market need. This year's winner, Team Stroy, took home the award for replacing a common restaurant item with a biodegradable, environmentally friendly straw.

"A biodegradable drinking straw really combines a concern in today's headlines with the potential of innovation," said Nancy Cline, a farmer from Kirklin, Ind., and ISA grain marketing and utilization committee chair. "Team Stroy captured the essence of this contest. We want to show the versatility of soybeans while addressing a need in society. ISA is very happy to work with Purdue students in the contest as we look to expand markets for soybeans grown in Indiana."

Team Stroy includes: Natalie Stephenson, a senior from Fairland, Ind., in the Krannert School of Management studying marketing and data analytics; Morgan Malm, a graduate student from Fort Wayne, Ind., pursuing a Master's degree in food science; and Ruth Zhong, a senior from Carmel, Ind., studying electrical engineering. The trio received a $20,000 prize for their first-place entry. Source: Indiana Soybean Alliance

A tool being used by Iowa Soybean Association regional agronomists can help farmers see how well their nitrogen management performed at the end of the crop year. Results can help make adjustments for the following season.

Photo Credit: Joseph L. Murphy/Iowa Soybean Association

A New Tool for Evaluating Nitrogen Management

Iowa farmers have a new resource to help them refine their nitrogen management. The Nitrogen Balance tool, developed for the Iowa Soybean Association (ISA) by MyFarms, can analyze the difference between nitrogen inputs, like fertilizer or manure, and nitrogen outputs, such as nitrogen lost to the environment or grain leaving the farm. The tool creates an easy-to-understand scorecard on how well nitrogen was managed, enabling farmers to make profitable refinements for next year's production.

The Nitrogen Balance tool allows farmers to view anonymous aggregated data, which helps to understand the effects of nitrogen application timing on nitrogen balance in the area with similar soils and weather events.

The Nitrogen Balance tool is available only through ISA regional agronomists. Farmers who are interested in receiving nitrogen balance information for their farms should contact their ISA regional agronomist or email: research@iasoybeans.com. To complete the Nitrogen Balance formula, the agronomist will need fertilizer practices and yield monitor data for the particular crop. The Nitrogen Balance tool will analyze this data along with weather events to create a report. Data will be kept private and anonymous. Source: Iowa Soybean Association

ASA in action

U.S. SOY ADVANTAGE

As part of the continued, multi-country tour to promote U.S. soy, ASA President Davie Stephens joins leaders from USSEC and USB to meet with Chinese importers in Beijing and Shanghai. Stephens and other soy leaders talked to buyers about the advantages of U.S. soy, including technology innovations, sustainability practices, and being positioned to effectively serve a global marketplace. Photo Credit: USSEC

USSEC

ASA and U.S. Soybean Export Council (USSEC) Director Stan Born participates in "Experiencing Today's U.S. Soy Advantage in Mexico." During the most recent marketing year, Mexican customers imported more tonnage of whole U.S. soybeans, soybean meal and soybean oil combined than any other country, except for China. "It's an opportunity to strengthen relationships with customers who know our products and introduce what we do to folks who may not yet know us," Born said. "It's a great way to promote U.S. soy in a market that is so important in our export portfolio." Photo Credit: USSEC

ASA Treasurer Brad Kremer (center) joins USSEC to promote the quality and sustainability of U.S. soy to officials from Morocco, Tunisia and Algeria. This fourth annual USSEC Maghreb Poultry Nutrition Roundtable, held in Morocco, allowed customers to learn more about advanced poultry nutrition and good use of U.S. soybean oil in poultry rations. "These are the people that make the decision to purchase U.S. soy," Kremer said. "The experience is one I will never forget, and I'm very proud to share how our innovation and quality is the best in the world." Photo Credit: USSEC

TAIWAN & THAILAND

ASA Director Morey Hill talks about his operation and promotes U.S. soy during USSEC's Regional Buyer's Conference in Thailand. The event provides a vital opportunity to connect more than 300 Southeast Asia and Asia Subcontinent purchasers with U.S. exporters and grower-leaders. Guests attend presentations and panels focusing on the quality of the U.S. soy crop, global soy protein outlook, sustainable production, and transportation. U.S. soy crushers and buyers also learn about key research, markets, crop quality, consumer views on sustainability, and the overall U.S. Soy Advantage. Photo Credit: USSEC

ASA Director Pam Snelson (third from left) participates in the first-ever USDA Foreign Agricultural Service (FAS) agricultural trade mission to Taiwan. FAS Administrator Ken Isley led the delegation in personalized business-to-business meetings arranged by local USDA-FAS staff and industry trade experts. The group explored how to expand the soy business to Taiwan—the U.S.'s eighth-largest agricultural export market. Photo Credit: USSEC

TRADE WAR

During a town hall, ASA Chairman John Heisdorffer speaks about the impact tariffs have had on growers across the country. The Association of Equipment Manufacturers (AEM), Tariffs Hurt the Heartland, and Kinze Manufacturing hosted the event in Williamsburg, Iowa, featuring a discussion between U.S. Sen. Joni Ernst (R-Iowa), local businesses and farmers on the impact of tariffs on the state's economy. Photo Credit: Joseph L. Murphy/Iowa Soybean Association

ASA Director Monte Peterson (front row, third from left) expresses concerns regarding the ongoing trade war with China to USDA Secretary Sonny Perdue at an event in North Dakota. Photo Credit: North Dakota Soybean Growers Association

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ILLINOIS SOYBEAN ASSOCIATION
CHECKOFF PROGRAM

ISSUE update

By Hanna Abou-El-Seoud, ASA
Washington Representative

USMCA: Update on the status and importance of USMCA and the TPA process

After almost a year of negotiations to update the North American Free Trade Agreement (NAFTA), the U.S., Mexico and Canada signed the United States-Mexico-Canada Agreement (USMCA) on Nov. 30, 2018. USMCA is a trilateral agreement that will return market certainty to these export markets for soybean growers.

Trade is the most important issue for soybean farmers. Soybeans and soy products are America's leading agricultural export with an export value of over $28 billion last year (2018). We export more than 60% of our soybean crop. Therefore, it is critical to maintain existing global markets for soybeans, as well as to expand markets through finalizing and reaching new free trade agreements.

NAFTA created one of the world's largest free trade zones, laying the foundation for strong economic growth and rising prosperity in the United States, Canada and Mexico. Since the enactment of NAFTA, soy exports to Mexico quadrupled. Mexico is the number two buyer of U.S. soybean meal ($579 million), the number two buyer of U.S. soybean oil ($202 million), and the number two market for U.S. whole beans ($1.5 billion). In addition, the enactment of NAFTA saw soy exports to Canada double. Canada is the number four buyer of U.S. soybean meal ($317 million) and the number seven buyer of U.S. soybean oil ($26 million). Overall, Canada and Mexico represent the top two export destinations for almost all U.S. agriculture products, totaling roughly $39 billion in U.S. agriculture exports every year.

Passing USMCA would not only ensure the gains already achieved through NAFTA, but also it would modernize our trading relationship by ensuring farmers access to a robust and vital marketplace, providing countless jobs, and boosting the national and rural economy. The USMCA maintains zero tariffs on U.S. soybeans and soy products and provides the highest enforceable sanitary and phytosanitary standards of any trade agreement to date. It will also be the first trade agreement to include an enforceable agricultural biotechnology chapter to support 21st century innovations in agriculture. Lastly, USMCA will improve transparency and foster consultations on matters affecting trade among these countries, as well as create a rapid-response mechanism to address trade challenges.

The USMCA will need to be ratified by Congress using the Trade Promotion Authority (TPA) timeline and process. Now that the agreement has been signed and the International Trade Commission (ITC) has issued its report, the Administration is free to send the draft text of USMCA to Congress. Once it sends the draft text, the Administration will have 30 days to send the final text to Congress. After the final USMCA text arrives in Congress, the House and Senate will have a roughly 90-day window to go through a series of Committee hearings culminating in an up or down vote on USMCA.

Support for USMCA in Congress is growing, and the resolution to the Section 232 steel and aluminum tariffs on Canada and Mexico cleared one of the big hurdles to passage of USMCA. However, many Members of Congress are still looking for a solution to outstanding concerns on labor, the environment, and biologics.

A YEAR OF TRADE, TRUMP AND TARIFFS

By Barb Baylor Anderson

Soybean farmers increasingly frustrated with lack of resolution

July 6 marks the anniversary of U.S.–China retaliatory trade tariffs being implemented, and soybean farmers are increasingly frustrated by the negative impact the situation has had on their farms and on the industry. Yet, many still opt to see a bright side, especially if a resolution comes sooner rather than later and they are able to hang on financially through 2019.

President Donald Trump imposed a 25% duty on $50 billion worth of Chinese goods a year ago, and shortly thereafter, a 10% duty on $200 billion more, resulting in China placing retaliatory tariffs on U.S. goods in kind for each instance. After no movement in negotiations, the Trump Administration in May 2019 increased tariffs on the $200 billion in Chinese goods from 10 to 25% to add pressure on China to make changes to its economic policies. The U.S. plans a 25% tariff on the remaining $325 billion in annual imports from China. China has, of course, responded with its own retaliatory tariff intentions.

"We would like to see these tariffs rescinded and get back to free and open trade sooner rather than later," said Davie Stephens, a farmer from Clinton, Kentucky, and ASA president. "Soybean farmers have been hit hard at a time when the farm economy was already down. We have lost about $2 per bushel, and we want to get this resolved and be able to lock in a profit on our crops."

As the trade war between the U.S. and China escalates, farm families like the Petersons (*pictured*) in North Dakota say they are renewing their focus—and there's no room for mistakes. *Photo Credit: Monte Peterson*

While the overall impact on U.S. soybean farmer profitability has been dire, it affects individual farmers in different ways. Here is a look at how farmers are coping around the country:

Shift in crop rotation

Rippey, Iowa, farmer Tim Bardole would love to maintain a 50-50 corn and soybean rotation. But this year, the Bardoles' planted acreage breakdown is 65% corn, 35% soybeans.

"We lose $100 per soybean acre as opposed to corn with current prices, and that is not sustainable. I hope it will change, but right now we just have to put a pencil to it to make the banker happy. We also have to weigh the economics with maintaining soil health with our rotation," he said.

Bardole farms with his dad Roy, brother Peter and son Schyler. The three-generation farm is expanding to include two hog barns to provide an income stream for Schyler.

"He is entering farming at a time when he hasn't seen any profitability, and the trade issue of the last year has hurt that," Bardole said. "The soybean market is feeling the impact of the loss of China trade. It is a big problem if we lose this young generation of farmers because of it."

While Bardole says there is no question China's departure from the soybean market has had a huge impact, he is encouraged by what he heard while in China in March.

"Buyers want a resolution. They need U.S. soybeans," he said. "But the trade dispute will have a long-ranging effect as to what we can sell into China unless there is a soybean crop disaster in Brazil. If an agreement can be reached, it will be of long-term value to U.S. soybean farmers."

Iowa soybean grower Tim Bardole says the trade war will have a long-lasting impact on selling to China, but one bright spot on the horizon is USSEC's work to constantly build and maintain new foreign markets for U.S. soy. Photo Credit: Joseph L. Murphy/Iowa Soybean Association

The Bright Side: Bardole said the U.S. Soybean Export Council (USSEC) is presently working in overdrive, nurturing new markets that will make the soybean industry stronger for the future.

"This strategy may have been a longer time coming without the China situation," he said. "The majority of U.S. farmers understand we all live and die by trade. I still have hope the U.S. will fix these issues, but we have had to deal with more than one black eye in the process."

No room for mistakes

Monte Peterson of Valley City, North Dakota, received $9.48 per bushel for his soybeans a year ago. Today, his price is $7.30, and exports from the Pacific Northwest (PNW) are minimal.

"Cash flow is tighter. We have had to make a renewed focus on covering our bases and farming as affordably and as efficiently as we can," Peterson said. "There is no room for mistakes. We are keeping our rotations the same to maximize resources and try to attain some profitability."

Peterson farms with his wife Penny, raising corn and soybeans. He is a fourth-generation farmer, having been in business since 1980, and relies on west coast business to support his basis.

"This has been a roller coaster year with tariff retaliations from China," he said. "We had several weeks last year with absolutely no exports from the Pacific Northwest. Then we had about 16 weeks of sales, and now we are back to nothing."

While Peterson considers trade negotiations a disruption to the system, he said farmers should be prepared to take advantage of making sales at better prices when business returns.

The Bright Side: Peterson is focused on global population growth and greater protein demand.

"The U.S. is expanding into nontraditional markets. I am grateful we are gaining some share in other countries to absorb our excessive soybean stocks, even though we miss our main customer," he said. "We need to be persistent in growing a quality crop so customers have a preference for U.S. soybeans and never lose sight of that. We may not have the lowest price, but we should have the best quality. We cannot leave any stone unturned in building new markets."

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"We need to be persistent in growing a quality crop so customers have a preference for U.S. soybeans and never lose sight of that. We may not have the lowest price, but we should have the best quality."

– Monte Peterson, North Dakota soybean grower

(continued from page 11)

Focused on the future

Ryan Bivens is not happy about the current trade war either, but as a young, first-generation producer he believes in the philosophy behind his operation, Fresh Start Farms. Bivens and his wife Misty farm near Hodgenville, Kentucky, and support four full-time employees. They raise about 7,500 acres of corn, soybeans and wheat.

"I have supported this Administration's decisions since the beginning and try to remain optimistic. There is nothing wrong with initiating talks to try to improve trade between the U.S. and China, but I am increasingly concerned that a year has passed with no outcome," he said

Like other producers around the country, Bivens is dealing with the same low price and profitability issues, and he notes that it prolongs what was already a soft farm economy.

"We stayed with our same rotation this year to maintain our agronomics and land management strategies," he said. "But the situation is serious. We see a negative impact not only on our income, but also a double-whammy with higher input costs. Some of our pesticides come from China and are affected by this. Bottom line, it is taking more of our money to farm in 2019."

Bivens believes that without a resolution soon, the state of the ag economy could quickly get even uglier. He did not farm during the grain embargo of the 1980s but said the current situation could get even worse. Today's farmers have higher risk exposure with larger farms and investment.

The Bright Side: "We have an opportunity to pick up market share from other countries while South America supplies China.

Kentucky soy grower Ryan Bivens says the trade war has presented an opportunity to pick up market share from other countries as South America supplies China. Photo Credit: Kentucky Soybean Association

Maybe this is a lesson for U.S. farmers to not put all our eggs in one customer's basket," Bivens said. "There is still demand for U.S. soybeans, and I am confident we will get China back. We are just one global weather disaster away from higher prices."

Buried in uncertainty

Stan Usery, Jr., decided to forego full-season soybeans this year because of too much market uncertainty. Instead, the Elkmont, Alabama, farmer and his dad are raising more cotton, along with corn, winter wheat and double-crop soybeans. They also raise poultry on contract for a large company.

"With the escalation in tariffs this spring, we had to shift acres," he said. "There is no crop we produce that hasn't been affected by the tariffs, but I can't grow soybeans profitably when the price falls below $9.00 per bushel. There is way more uncertainty now than a year ago."

Usery was able to manage 2018 financially because he had a good portion of his anticipated production forward-contracted before the trade war began. The same pricing opportunities have not materialized for his 2019 production, and he is concerned about farm income for the year.

"I have tried to remain patient and hopeful for a resolution, but that was shattered in May with the escalation of the tariffs by the U.S. and retaliation by China," he said. "Who knows what will happen next? Soybeans for us are the least attractive crop to grow, economically speaking."

Usery hopes trade associations, including ASA, will keep pressure on the administration for a resolution soon. While the Market Facilitation Program (MFP) provided partial relief in 2018, and will again in 2019, he does not support supply controls as the answer.

The Bright Side: "I just want to get back to farming on sunny, warm days that hopefully will generate positive energy—news to help all of us replace this trade uncertainty," he said.

U.S. soybean farmers said they will keep close watch on the trade situation into harvest, noting some financial stress may be relieved through the second Market Facilitation Program announced by the administration this spring. While this offers short-term relief, ASA emphasizes that U.S. soy growers still need long-term solutions and continues to urge the administration to restore market stability by rapidly concluding negotiations with China and lifting Section 301 tariffs in exchange for China removing its retaliatory 25% tariff on U.S. soybeans.

"I have tried to remain patient and hopeful for a resolution, but that was shattered in May with the escalation of the tariffs by the U.S. and retaliation by China." —Stan Usery, Jr., Alabama soybean grower

speaking for TRADE

By Dan Lemke

A 25-foot motorhome wrapped in pro-trade messaging is bound to gather attention, which is exactly the hope of Farmers for Free Trade (FFT). Whether it's seen traversing the countryside, parked in front of a small-town cafe or stationed near the iconic Alamo, the motorhome is a vehicle for generating sometimes emotional conversations about trade's impact on farms and families through FFT's Motorcade for Trade.

FFT is among the groups active in touting trade messages across the United States, especially rescinding tariffs and pushing for passage of the U.S., Mexico, Canada Agreement (USMCA). The bipartisan nonprofit was formed in 2017 after the United States pulled out of the Trans Pacific Partnership (TPP), an agreement that would have given the U.S. trade advantages with 11 other countries. FFT co-founder Angela Hofmann said at that time some lawmakers and business leaders had begun to look at trade in a negative way.

"We saw a polarization of the trade issue," she said. That sentiment was disheartening because, "Ag has always had a trade surplus and enjoyed markets that farmers themselves had fought for years to develop, like China and Mexico."

FFT formed to engage people and empower farmers and ranchers to speak out about the importance of trade. The late U.S. Sen. Richard Lugar and former U.S. Sen. and Ambassador to China Max Baucus joined in forming and supporting the FFT cause of helping agriculture speak with a collective voice.

Farmers for Free Trade co-founder Angela Hofmann (second from right) emphasizes the importance of U.S. trade with Mexico and Canada during the Motorcade For Trade stop at Brent Bible's (far right) farm in West Lafayette, Ind. Also joining the panel is (from left to right) Corteva's Elisha Modisett Kemp, Cory Harris, Rep. Jim Baird and Bruce Kettler, director of the Indiana State Department of Agriculture. Photo Credit: Farmers for Free Trade

Raising visibility

Farmers for Free Trade is backed by a large national network of partnering organizations including the American Soybean Association. In April, FFT began the highly visible Motorcade for Trade. The modern day "whistle stop tour" began in Pennsylvania and hit 11 states during the April Congressional recess, logging nearly 5,000 miles in FFT's rolling billboard. The motorcade continues its journey through June, venturing into Oklahoma, Texas, New Mexico, Arizona and California.

More than a publicity stunt, the motorcade made stops at farms, food banks and even shipping ports to illustrate trade's far-reaching impacts.

"It's not just the farmer who is affected, it's the implement dealer who relies on farmers. It's the local café and the gas station," Hofmann added. "And, if farmers lose land, we can't assume it will stay in agriculture."

Motorcade stops involve roundtable discussions, congressional meetings and plenty of passionate conversations through mainstream media and social media.

"Times are tough, and a lot of the roundtable meetings we hold during the whistle stops get emotional," Hofmann said. "At almost every meeting, someone recounted stories of people who have lost their farm or are making tough choices about passing it on to the next generation. Farmers care about staying in business, and these trade decisions impact them."

(continued on page 14)

(continued from page 13)

More than a publicity stunt, the Farmers for Free Trade motorcade made stops at farms, food banks and even shipping ports to illustrate trade's far-reaching impacts. Photo Credit: Farmers for Free Trade

Farm success and lifestyles are at stake in the trade debate, Hofmann said. It's vital to farmers and ranchers that avenues for trade are reopened. Hofmann recounted a stop in Texas that was attended by three generations of a ranch family, including a three-month old baby. The family was concerned about its future because they had planned to sell their beef into China. Barring a resolution to trade issues with China, that prospect seems unlikely.

"Trade affects farmers' and ranchers' ability to carry on the next generation," Hofmann said. "We're talking about family legacies and whether they can be continued."

In addition to the Motorcade for Trade, FFT has had a presence at numerous agriculture conferences, including the 2019 Commodity Classic in Orlando, and has traveled the country engaging producers at agriculture conventions and farm shows. Attendees at FFT events can sign banners and deliver messages to Congress about the importance of passing USMCA. And, farmers also record testimonial videos about why trade matters to their farms and livelihoods.

Farmers for Free Trade was one of several farm groups that used a National Ag Day social media contest to educate the public about what trade means to agriculture and rural America. The #TradeSupportsMyFarm challenge encouraged farmers and ranchers to explain how much international trade means to them.

Personal stories

Lafayette, Indiana, farmer Brent Bible is among those growers who are vocal about farmers' need for trade and the economic damage caused by tariffs.

"This is creating a long-term issue," Bible told reporters during a media call organized by Farmers for Free Trade. "Corn and soybean farming are small-margin businesses that rely on a lot of volume and sales to generate income."

Bible said he's seen a 20 to 25% drop in soybean prices compared to last year before the trade war with China began. The longer the U.S. goes without a completed USMCA and the longer tariffs are making U.S. agricultural products noncompetitive, the more damage is being done, according to Bible.

"We're the best producers and have the best technology both in seed and equipment. We can process and get that product to sale better than anyone else, and that's been our competitive edge," Bible contends. "Our advantage is that we're a reliable source. This trade war and tariffs have taken that away. It has made us so noncompetitive that others are willing to take risks to get ahead of us because we're priced so far out of the market. As more time goes by, the reliability that we've been able to present is eroding."

Farm megaphone

Hofmann said FFT is working to empower farmers and ranchers to tell their stories because that is what resonates with many people in Congress. Those stories are intended to prompt action.

"One of our first goals is to get USMCA across the goal line," Hofmann said. "The agreement has been negotiated, now Congress just needs to act."

Hofmann added that Farmers for Free Trade works to take politics out of the discussion and focus on the hometown economic importance of trade. FFT has partnered with ad hoc groups like Americans for Free Trade on a Tariffs Hurt the Heartland campaign to draw attention to the negative impacts of tariffs.

Keeping the message of trade impacts at the forefront is important because midterm elections brought in a new audience, says Hofmann.

"USMCA needs bipartisan support because more than 60 members of Congress have never taken a trade vote," Hofmann said.

The Farmers for Free Trade message is being heard, however, Hofmann reports. She says Congressional members are paying attention because they want to, "do right by their districts."

"A lot of farmers and ranchers think their voices don't matter, but they do now more than ever," Hofmann said. "We listen to them and then try to amplify their voices. We're having real conversations and translating those stories so that people in Washington, D.C., understand the impacts trade has on farmers and communities."

INDUSTRY perspective

By Chris Crawford

Tariff Pain: How the Trade War Affects Soy Partner Industries

Recent tariff impacts have been felt across the country, not only by soybean growers but also partner industries, including pork, equipment manufacturers and pesticide suppliers.

National Pork Producers Council

Jim Monroe, assistant vice president of communications for the National Pork Producers Council (NPPC), Washington, D.C., said the second trade relief package announced by the Trump Administration this spring provides some relief for pork producers but is more of a Band-Aid than a long-term solution.

Adding insult to injury, China, the world's largest pork-consuming nation, is currently experiencing a dramatic reduction in domestic supply of pork due to widespread African swine fever infection in animals.

"This would be an unprecedented and huge growth opportunity for U.S. producers to expand exports to China," Monroe said, adding that current punitive tariffs of 50%, on top of existing 12% tariffs, prevent them from capitalizing on the opportunity.

Additionally, Monroe cautioned that the Trump administration's plan to impose 5% tariffs on all Mexican imports as of June 10 could further burden the pork industry with another round of retaliatory tariffs that American pork producers cannot afford. Zero-tariff pork trade with Mexico was recently restored after U.S. steel and aluminum tariffs were removed.

Furthermore, the NPPC is calling on Congress to quickly ratify the U.S.-Mexico-Canada agreement (USMCA), preserving long-term zero-tariff access to markets that represent more than 30% of total U.S. pork exports.

The NPPC estimated that during the past year, trade disputes with Mexico and China have cost U.S. pork producers about $2.5 billion.

Jim MONROE

Jim Monroe, assistant vice president of communications, National Pork Producers Council

According to an NPPC statement, Iowa State University economist Dermot Hayes, Ph.D., M.S., projects that if Mexico implements protracted retaliatory tariffs, U.S. pork producers will lose the entire Mexican market–representing 20% of total U.S. pork exports last year. As of April 1, the value of U.S. pork exports to Mexico was down 28% from the same period last year.

Monroe said 2018 was projected to be a profitable year for U.S. pork producers, with record production last year, this year and projected for next year, but because of these trade disputes, it was not.

"We need to get through these disputes and on a level playing field in China and Japan and go on the offensive in the Philippines and Vietnam to significantly expand pork exports," he added.

Regarding the relationship between the soybean and pork industries, Monroe said having access to an abundant supply of soybeans keeps one of pork production's largest input costs down.

"We are working hard to end the trade dispute with China so we can export more soybeans to the country in the form of pork!" he said.

Association of Equipment Manufacturers

Section 232 and 301 tariffs also are hurting the equipment manufacturing industry, with the Association of Equipment Manufacturers (AEM), Milwaukee, Wisconsin, projecting that these tariffs are increasing the cost of producing U.S. agriculture and construction equipment by 6%.

AEM's official position on Section 232 tariffs is that, by imposing tariffs on steel and aluminum from the European Union, Canada and Mexico, the Trump administration has not only made it less advantageous to manufacture equipment in America but also has started a trade dispute with the United States' largest trading partners and allies.

"These tariffs are already leading to retaliatory actions, resulting in lowered U.S. exports and the risk of losing market access for U.S. manufactured goods and agricultural commodities," AEM said in a statement.

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Kip Eideberg, vice president of government and industry relations for AEM, said steel is a major input for equipment, so these tariffs significantly impact equipment manufacturers.

"The end result with tariffs is costs either go up or margins go down," he said. "Increased costs are bad for consumers; lower margins are bad for manufacturers. The retaliatory tariffs on U.S. agricultural products affect farmers' ability to purchase new equipment. If things don't change soon, this will have a systemic impact on the U.S. agriculture industry and negatively impact equipment manufacturers."

KipEIDEBERG

Kip Eideberg, vice president of government and industry relations, AEM

AEM has reported that Section 301 tariffs, including a 25% tariff on different types of agricultural equipment and parts imported from China, have hurt the equipment manufacturing industry and risk eliminating the economic gains from last year's tax reform legislation.

"Tariffs are taxes on American businesses and consumers," Eideberg said. "It's important to acknowledge that we agree with the president's efforts to go after China and force long-term structural changes to China's trade policies. But we do not believe that doubling or tripling down on tariffs is the correct solution. The diagnosis is correct, the prescription is not."

Eideberg also noted that it makes little sense to start a trade war and then offset the cost of retaliatory tariffs through federal subsidies.

"We're shooting ourselves in the left foot, right foot and maybe our hand," he said.

Equipment manufacturers and farmers just want to compete in the global marketplace on quality, price and service, but these tariffs severely restrict their ability to do so and create uncertainty, Eideberg said.

"It's harder for equipment manufacturers to invest in things like research and development, and new production lines during times of uncertainty," he added.

Finally, Eideberg said equipment manufacturers stand shoulder to shoulder with soybean growers in opposing the tariffs.

"The agriculture equipment industry depends heavily on growers: As the farm business goes, so goes the agricultural equipment industry," he said.

CropLife America

Chris Novak, president and CEO of CropLife America, Washington, D.C., said the impact of the tariffs continues to fall hardest on the farm customers the organization's pesticide manufacturing members serve.

Novak said 32 chemistries from CropLife America's member organizations were exempted by the United States Trade Representative (USTR) from the last round of Section 301 tariffs of 10%.

"We estimate the value of this exemption to be $32 million in savings for our farm customers," he said, adding that ingredients included in the list could cost chemical manufacturers more than $100 million.

Novak said he's hopeful that farmers won't see these cost increases, but that requires farmers to speak up about the potential impact of any cost increases.

"We expect some tariff impacts to be passed on, just as they are on all other consumer goods," he said. "If the tariffs are imposed, farmers should expect these cost increases to show up as they order products for the 2020 season."

ChrisNOVAK

Chris Novak, CEO/president, CropLife America

CropLife America has been working closely with its farm commodity partners to continue to push the message to the Trump administration that the trade wars and tariffs have been disproportionately hurting farmers.

Novak said the organization has proactively communicated this point, including submitting comments to USTR, which he said was helpful in influencing policy change.

"We are going back to the USTR and asking our commodity partners to do the same, to say that now isn't the time to threaten or impact the price of crop inputs that farmers rely upon," he said.

Written comments were due to USTR in June, when a public hearing was scheduled to hear requests for exemptions from the Section 301 tariffs. Novak said a decision on the next round of exemptions from the Trump administration is expected in July or August.

"We know farmers are already stressed and stretched this crop year," Novak said. "We want to push the administration to resolve these trade restrictions quickly and help uncover new trade markets for rural America."

OUR SOY CHECKOFF™

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

By Laura Temple

Promising Pipeline of Sustainable Soy Production and Market Opportunities

The global soybean market is shifting. Analysts predict roughly six million U.S. acres will change to from soy to corn, wheat and other small grains in 2019. But even as soybean farmers adjust to market factors beyond their control, they remain optimistic.

"We've had exceptional soybean yields the last several years, likely due to a combination of weather, genetics and management practices," says David Droste, who farms near Nashville, Illinois. "We know we can continue improving, so the outlook for soybeans is positive."

Economic experts believe the U.S. soy industry will remain sustainable for the next several years.

"Trade policy aside, economic analyses project a strong environment for soybean demand through the need for soybean meal and soybean oil," says Will Secor, grain and farm supply economist for CoBank Knowledge Exchange. "Worldwide, while the macroeconomic situation is uncertain, consumers are doing well, and that impacts soybean product demand."

Secor says crush margins are an indicator of global demand. Those have been strong in the U.S., with the potential to remain elevated for a couple of years.

"The full impact of trade policy won't be felt until the fall of 2019," he adds. "While the Chinese market will be difficult to replace or restore, the U.S. is making progress where possible."

The potential for production improvement and market growth exists in several areas due to strong industry partnerships. The soy checkoff continues to initiate and build opportunities to create soybean profit.

Sustainable management improvements

Droste values management practices associated with environmental sustainability that also support soybean profitability.

"In our area, no-till soybeans yield better," he says. "Maintaining a corn/soybean rotation helps manage disease and spread risk. We double-crop soybeans with soft red winter wheat, both a cover and cash crop."

His focus on nutrient use exemplifies how best practices preserve natural resources and profits. "Putting the right crop nutrients in the right place at the right rate and time gives us a better return," he explains. "We limit nutrient runoff, protecting the environment and saving costs. To improve, I want to learn more about phosphorus needs and application timing to prevent its loss."

Droste continues to invest in his farm. Installing weather stations in fields spread throughout the operation provide detailed weather data and better hyperlocal forecasts. "We plan field work more effectively and efficiently with this hourly weather picture, so we get more done during planting, application or harvest windows," says Droste.

He also uses precision data. "Planting, applications and harvest data show low-yield areas where we cut inputs and more productive areas to increase resources, managing our profits better."

Droste's practices and similar efforts measurably improve sustainability. Field to Market's analysis of U.S. Department of Agriculture data, the National Indicators Report, shows that since 1980 soybean farmers have cut land use 40% per bushel, decreased soil erosion per acre 47% and reduced energy use per bushel 35%.

Driven by consumer demand, food companies and retailers focus on environmental outcomes

to measure sustainability. One way the soy checkoff plans to address U.S. soy's sustainability is through collaborative research and communications with other checkoff organizations. The United Soybean Board (USB) recently entered into a unique partnership with the National Corn Growers Association and National Pork Board to coordinate efforts. These efforts aim to expand the awareness, capacity and motivation of farmers to adopt beneficial and profitable environmental practices.

Soybean breeding innovations

Droste expects better soybean genetics to be a key in ongoing crop improvements. "Technology like CRISPR will be a big positive, advancing genetics faster," he says.

Nick Kalaitzandonakes, Ph.D., professor of agriculture and applied economics and Frank Miller Chair of Innovation Studies at the University of Missouri, agrees. He specializes in the economics of agricultural innovations from discovery to market. With soy checkoff funding, he is studying the potential impact of gene editing.

"How might gene editing technology evolve? Where will the benefits come from? How will potential regulatory frameworks impact development? Can we demonstrate the value of implementation? Our study is investigating these questions," says Kalaitzandonakes.

He describes gene editing as a faster, more efficient tool for improving crops and a significant change in plant-breeding innovation. The technology is in the early stages of development, and acceleration in improvements will happen over time as capabilities to use gene-editing tools, like CRISPR, are built. But the development pathway exists.

Based on his research, he believes that gene editing in soybeans will first address disease

susceptibility and improve oil profiles. "Improvements and adjustments to protein content will be more difficult because it involves more complex gene sequences," he explains. "The most difficult challenges will be with complex traits like yield, drought tolerance and nematode resistance. They are farther in the future—but eventually will be possible."

Kalaitzandonakes believes pairing this technology with precision agriculture tools will accelerate overall system improvements for sustainable soybean production—and profitability. Both efficiency and differentiated products can improve returns.

"In the global marketplace, farmers don't influence prices, so they need to be efficient," he says. "They benefit directly from any improvements in yield or cost efficiency. The soy checkoff is investing in understanding this innovation."

Soybean meal market growth

With production improvements comes the need for markets. As an economic analyst, CoBank's Secor says global protein demand will continue growing with the world's middle class. And protein demand correlates to need for soybeans, as both feed and food.

"The U.S. will remain one of the most efficient soybean and meat producers in the world," he says.

Livestock and poultry turn soybean meal into high-quality protein around the world. According to Secor, about 75% of the soybean meal produced in the U.S. is used domestically.

Although the growth rate of U.S. livestock and poultry production has slowed, he expects steady development. Pork production should grow between one and 2% per year through 2021, and additional processing would boost that. The outlook for poultry is similar.

"Though the U.S. has a mature broiler industry, it expects slow growth of about 1% per year, with export markets offering new opportunities," says Paul Aho, Ph.D., an economic consultant for the poultry industry. "Roughly half the feed ingredient cost to raise broiler chickens goes to the purchase of soybean meal."

Aho says the nine billion broilers raised annually in the U.S. require 800 million bushels of soybeans for feed, making even that slow growth a positive for soy inclusion. And global potential is more promising.

"As income increases around the world, people generally tend to eat more chicken," Aho says. "It's a sustainable industry because of the less than 2:1 feed conversion ratio, one of the most efficient in animal agriculture."

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He predicts global broiler production will expand at a rate of about 2% annually, with the most growth in Southeast Asia, Latin America, the Middle East and sub-Saharan Africa. Countries will meet poultry demand with a combination of imports and modernizing their domestic production, both which create opportunities for U.S. feed and poultry exports. Either way, the growing taste for chicken represents soy market potential.

Secor adds that alternative poultry production systems also increase meal demand. "Any decrease in feed efficiency for poultry requires more soybean meal, and antibiotic-free or slow-growth systems show between a two and 12% decrease in feed efficiency," he says.

He also expects meal and meat exports to grow more than domestic use, especially with demand for a sustainable feed source for the aquaculture industry. Asia will account for 97% of the expected growth in farm-raised fish and seafood.

Secor also has identified potential threats to soybean meal in the protein market. "As a feed ingredient, soybean meal is likely to face increased competition from dried distillers grain, or DDGs," he says. "However, plant-based and cultured meat products will remain niche products for the next five to 10 years."

Soybean oil market expansion

Animal agriculture's demand for protein-rich feed provides soybean oil, which fits diverse applications.

"Food oil demand is flat, and competition with other food oils will likely intensify," says Secor. "But the outlook for soybean with biodiesel is strong."

"About 30% of oil from the U.S. soybean crush is used to produce biodiesel, a sustainable fuel option made from renewable resources," says Alan Weber, senior advisor for the National Biodiesel Board. "Demand for soybean oil as a biodiesel feedstock increased 40% since 2015, and growth will continue."

The USDA's Economic Research Service forecast predicts a 9% increase in biodiesel use of soybean oil to 7.8 billion pounds during the 2018-19 marketing year. And the final Renewable Fuel Standard rule for 2020 calls for a 15% increase in biodiesel use.

Opportunities to grow the biodiesel market exist throughout the U.S., notes Weber, as states work to reduce carbon emissions.

- The push in the northeast is to include higher blends of biodiesel in heating oil.
- California relies on biodiesel to meet low-carbon fuel standards, and similar standards are being pursued in the Northwest.
- In addition to reducing emissions, biodiesel plays an important role in economic policy in Midwestern states like Illinois, Iowa and Minnesota.

Weber credits the soy checkoff for funding critical biodiesel industry programs.

- Technical support evaluates biodiesel's use in new engine technology.
- Research demonstrates that biodiesel is a low-carbon fuel.
- Economic analysis establishes domestic biodiesel supplies and economic benefits, as required by the Environmental Protection Agency to set volume requirements each year.

"Biodiesel demand for soybean oil should grow sustainably at roughly 10% per year," he says. "That benefits both crop and livestock producers. In addition to supporting soybean prices, biodiesel reduces the cost of soybean meal about $20 per ton. And animal fat, which is an important biofuel feedstock, has increased in value."

Farmers are paying attention.

"Data shows that with tax credits, biodiesel has great potential to increase soybean oil use," says Droste. "Biodiesel has increased the value of soybeans about $0.63 per bushel. For our checkoff investment from 60 bushel-per-acre soybeans, that's nearly a $40 per acre return just from biodiesel. That doesn't account for opening new whole soybean and meal markets."

The market continues to change, and many factors remain uncertain, but the outlook for soybean #cropportunity remains positive. Production improvements and market growth may look different during the next few years. But both will continue with the support of the soy checkoff.

"As yields increase and production becomes more efficient, our checkoff return will continue to increase," concludes Droste.

By Karen Coble Edwards

WISHH Strategic Partners Build Demand for U.S. Soy in Food and Feed

Demand for food and feed containing U.S. soy is growing in developing countries, and the American Soybean Association's (ASA) World Initiative for Soy in Human Health (WISHH), along with its strategic partners, is driving that growth in African, Asian and Central American markets.

WISHH develops agricultural value chains in specific emerging markets, establishes the U.S. brand and market share, and creates long-term demand for U.S. soy. Building new demand helps spread risk across a larger number of countries by broadening and diversifying the U.S. soy export market portfolio.

One of WISHH's latest successes is Ugandan food and beverage company SESACO, which just became a new soy flour customer for ZFS Creston and purchased textured soy protein (TSP) from Kansas Protein Foods. SESACO's enterprise-driven attitude makes the nearly 100-employee company a valued WISHH strategic partner.

"The collaboration is promoting trade between us," said founder Charles Nsubuga. "The neighboring countries are picking up the idea because of what exists between us and ASA/WISHH. The economic impact is such a big one that could not have taken place without this kind of partnership."

Demand for high-quality soy protein products like defatted soy flour and TSP opened the door for trade. "We can't produce these products at home, so we better import them from the USA so we can address two main challenges: One is nutrition and the other is economic," Nsubuga said.

SESACO exemplifies the enthusiasm for U.S. soy and its nutritional power for breads, beverages, school meals and more. In April, SESACO introduced frozen soy dessert, a first for Uganda and quite possibly the entire East African region.

In April, SESACO introduced frozen soy dessert, expanding its line of soy-containing beverages, porridges, yogurt and more. The company also supplies Ugandan bakers with U.S. soy flour and training on how to boost their profits—and at the same time increase the nutrition and shelf life of their breads.

ASA/WISHH also introduces new feed customers like Catherine Osei-Tutu to U.S. soy and its suppliers. The West African poultry farmer purchased her first 4,640 bushels (100 metric tons) of U.S. soybean meal this year for her 7,000-bird farm in Ghana. WISHH leverages farmer dollars with outside resources such as the U.S. Department of Agriculture (USDA) Foreign Agriculture Service (FAS), which supported Osei-Tutu to join WISHH at the International Production and Processing Expo (IPPE) in Georgia, where she met with U.S. soy suppliers.

Also in Ghana, WISHH's work with Yedent Agro Group, a manufacturer of human foods made with soy, assisted the company's expansion into livestock feeds production. The company purchased an extruder from Insta-Pro International in Iowa. Yedent will buy U.S. soy flour to manufacture TSP for use in the Ghana school feeding program, driving demand for 2,500 metric tons of TSP per year.

WISHH"s work continues to yield results, as Central American companies win large government contracts to manufacture U.S. soy-based foods for school meal programs. U.S. soybean farmers who participated in a WISHH trade team were instrumental in solidifying a partnership between a leading Central American food and beverage company and the Salvadoran Ministry of Education, which oversees meals for more than 500 schools. The U.S. soy customer won a 2019 government contract to supply the Salvadoran school meal program with foods containing texturized soy protein made from U.S. soy flour.

WISHH is the vehicle for U.S. soybean farmers to continue to drive customers to innovate and invest in food and feed processing by providing technical services in fast-growing developing countries. WISHH identifies and brings online new export destinations, establishes the U.S. brand and market share, and creates long term demand for U.S. soy.

By Joe Scott

Growers Build Relationships, Future U.S. Soy Markets around the World

During a recent WISHH trade team trip to Cambodia, Dawn Scheier (back row, fourth from right) and other U.S. soybean growers visited the international WorldFish research center, which purchases whole U.S. soybeans for extrusion and is developing a risk management program with WISHH assistance.

With looming trade difficulties, there may have never been a more important time for soybean farmers to develop new markets.

"It's so important because we don't have China right now," said Dawn Scheier, a fourth generation farmer who serves on the American Soy Association's (ASA's) World Initiative for Soy in Human Health (WISHH) Program Committee. "And developing new markets doesn't happen overnight."

Scheier wanted to get involved in promoting the soybeans she and her family grow in South Dakota, so she jumped at a chance to participate in a WISHH trip to potential long-term markets. Scheier also serves on the U.S. Soybean Export Council (USSEC) board, which seeks to build a preference for U.S. soybeans and soybean products worldwide by building and maintaining relationships through trade and technical services.

Last January, Scheier and other U.S. soybean growers took a WISHH trip to Cambodia and Myanmar as part of an effort to develop new markets in those countries.

Sustainable fish farming

"The main thing we went to Cambodia for was to launch commercialization of the aquaculture market," Scheier said. "WISHH's whole goal is to connect trade and development. Our long-term goal is basically to sell more soybeans."

Cambodia's government, universities, feed millers and other supply chain members participate in WISHH's Commercialization of Aquaculture for Sustainable Trade (CAST), a five-year project funded by the U.S. Department of Agriculture (USDA).

"It's a good project because fish is Cambodia's number one source of protein," Scheier said.

But most fish in the market comes from wild sources, especially the Mekong River basin, which is fisheries in reservations up in the mountains, an unsustainable practice for a steadily growing population, Scheier said. The Cambodian government wants future growth to come from fish farming to

provide a steady and sustainable supply of fish.

As a WISHH trade team member, Scheier witnessed how Cambodia places a priority on developing an aquaculture industry. She and the other farmers joined the CAST project launch ceremony. "U.S. embassy officials joined the Cambodian Minister of Agriculture, and a room full of media attended," Scheier said. "It was a big deal for them because the project is aligning with the Cambodian government's strategic plan by increasing quantity and quality of aquaculture production for domestic consumption."

The WISHH group also met with fish farmers during the trip.

'What's in it for you?'

"When we got there, the Cambodian farmers asked us what was in it for us," Scheier recalled. "I said, 'We want to sell our soybeans, so if you successfully develop your fish farms, it gives us a new market.' We told them this would be mutually beneficial."

But the trip wasn't about simply marketing quality soy. Upon arriving, Scheier and the rest of the WISHH contingent quickly saw that Cambodia's fish farms operate at basic levels and have some key infrastructural needs.

"It surprised me that there's a real lack of cold storage there," Scheier said. "They don't have much in the way of refrigeration. The buyer comes out to the farm to buy the fish. They have the fish hanging up alongside the road. So, that's one of the things they'll start working on, and WISHH works with them to help them with that."

She said Cambodian fish farmers also have been underutilizing selective breeding methods and largely allow breeding to just happen. As a result, the group discussed how the farmers can use genetics to breed quality fish.

Logistically, transportation will be another need for the Cambodians. Scheier noted how farmers would buy animal feed and take four or five bags on motorcycles rather than buying it in bulk.

"They're also in the process of building a processing plant for the aquafeed, so that's going to be another important bit," Scheier said.

Not one-and-done

The Cambodian market will not develop overnight, but the result will be worth it, Scheier said.

"We don't want it to be a one-and-done market. We want to develop it, help it to grow into a market over the long term," she said. "The whole goal for WISHH is to turn this into a basic market for U.S. growers so we can turn it over to USSEC," she said. "That's what WISHH did with Pakistan. They weren't buying any soybeans from us at first."

Pakistan started out as basic market developed through WISHH, but it now is an established market being further developed through USSEC. In 2018, Pakistan bought 1.72 million metric tons of soy from U.S. growers, nearly triple the amount the country bought in 2017. Now the Pakistani market is part of the USSEC program as an established and growing market for U.S. soy.

Most of the WISHH trip was focused on Cambodia, but the group also visited Myanmar.

The Myanmar market is working to develop tofu, and Scheier noted Myanmar farmers do grow soy.

"We were surprised by the poor quality of soybeans there," Scheier said. "So, we talked about how higher quality soy would help give them a more balanced diet."

The WISHH group also answered farmers' questions about poultry and swine production, and much of the discussion centered on fundamental animal husbandry questions.

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South Dakota soybean farmer Dawn Scheier feeds fish during her trip to Cambodia, where she saw firsthand how the country prioritizes developing an aquaculture industry.

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"It was like the fish market, it was really basic," Scheier said. "It reminds me of how we were raising hogs and poultry back in the early 1900s. They feed them leftover scraps. We talked to them about how a good, balanced diet will help with their production."

Those discussions with other growers may have been the most useful part of the trip in the long run.

"It's nice when the farmers there get to see us as farmers," Scheier said. "You build relationships, and they're going to trust you, and they know you will have a good, quality soybean that's going to go there—and if there's a problem, they'll feel more comfortable reaching out to you and asking questions."

U.S. soybean growers who serve on the WISHH Program Committee and WISHH staff met with Michael Newbill, Chargé d'affaires of the U.S. Embassy in Cambodia. Newbill officiated at the launch ceremony of ASA/WISHH's USDA-funded Commercialization of Aquaculture for Sustainable Trade (CAST)—Cambodia project, along with the Cambodian Minister of Agriculture. From left: Scott Gaffner (IL); WISHH Executive Director Liz Hare, CAST Chief of Party Jim Hershey; Newbill; Craig Converse (SD); WISHH Chairman Daryl Cates (IL); and Dawn Scheier (SD).

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#soySOCIAL

The American Soybean Association (ASA) continues to ramp up its social media advocacy to underscore the importance of soybean policy issues before the Administration, Congress, consumers and other soy growers. To the right are some of our top soybean policy posts:

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#DevelopingDemand
#PassUSMCA
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Top Tweets

ASA reiterates the damage the trade war has caused U.S. soybean growers and urges the Administration to rescind the tariffs and instead make soybeans a part of reducing our trade deficit with China.

Soy growers call for members of Congress to ratify USMCA this year, while also urging the Administration to keep the current NAFTA agreement intact until the new agreement is ratified.

ASA continues to underscore the value of biodiesel to soy growers, truckers and consumers—pushing for immediate action on a multi-year extension of the biodiesel tax credit.

SoyFORWARD

By Paul Burke

International Marketing Strategies and New Market Development are Key to U.S. Soy's Success

Last year, when the trade war between the U.S. and China became a reality, soybeans—the United States' largest agricultural export—was at the tip of the proverbial spear.

Because export markets are vital to U.S. soy, the United Soybean Board (USB) has dedicated increased funding and purpose to international marketing. In particular, a 2017 study helped the U.S. soy industry to better identify, reprioritize and define the most impactful future global soy markets.

Our international marketing strategy asks, "Where are the U.S. soy industry's next market priorities? What impactful activities can be carried out in these markets? And how can the U.S. soy industry carry out promotional or marketing work in the identified markets?"

Making investments in the right markets is critical to this effort. U.S. soybeans are exported to more than 100 markets, and the U.S. Soybean Export Council (USSEC) works to ensure that all markets remain "open for business" through market access efforts. Targeted program investments focus on high-priority markets where we can have a meaningful impact. In select markets, we're working on early-stage development efforts.

We assess markets in four categories, as indicated below with examples:

- Immature—Ghana, Senegal
- Basic "open"— Pakistan, India, Nigeria, Myanmar
- Expansion "grow"—Mexico
- Mature "maintain"—European Union, Japan, South Korea

Ninety-eight percent of U.S. soybean exports currently go to basic, expansion or mature markets and 93% of U.S. soy-related trade value is in its expansion and mature markets.

In basic markets the U.S. soy industry strives to introduce soy utilization technologies, while in expansion markets the industry works to create a preference for U.S. soy. In mature markets, work focuses on sustaining current demand and policy issues such as biotechnology. In all markets, the competitive advantage of the great U.S. sustainability story provides a marketing point of difference.

Market access—both proactive and reactive engagement—is supported at every market stage and includes relationship management, crisis management, and policy advocacy that maximizes the U.S. soy competitive advantage and minimizes potential trade barriers.

Four focus utilization areas—animal, aquaculture, human and sustainability—provide program direction in priority markets.

In addition to this long-term strategy, we're also taking short-term measures to help ensure that U.S. soy exports don't decline despite loss of exports to China. USSEC's "What it Takes" initiative looked at all possible global markets for U.S. soy and put together projections for the amount of exports needed to those markets to make up for volume losses to China. USSEC doesn't actually sell anything, but we work closely with U.S. soy exporters and importers around the world. Our team is focused on helping to achieve the "What it Takes" goals so that our important level of U.S. soy exports—approximately 60% of total production—is maintained.

Over just one week in mid-May, USSEC conducted events in five different locations around the world, bringing together approximately 550 current and potential U.S. soy customers with 20 or more U.S. exporters. These customers, representing significant demand, hailed from at least 30 countries and spanned all of our market segments from basic to mature, along with three different types of demand—animal, aquaculture and human.

Paul Burke is senior director of U.S. soy marketing at the U.S. Soybean Export Council

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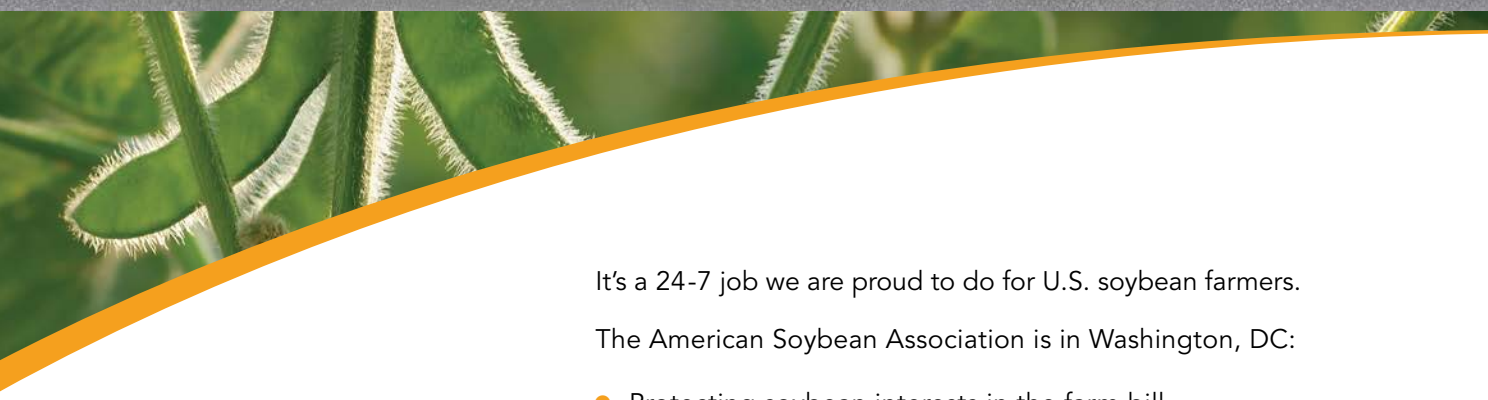

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