



SOY NEWS

Soybean Checkoff Protects U.S. Farmers' Share of China Market

ST. LOUIS (Feb. 3, 2003) - China is the largest importer of U.S. soybeans, but this market has room to grow. U.S. soybean farmers intend to make sure it remains a top customer of their soybeans through soybean checkoff-funded programs designed to increase exports to this market.

"United Soybean Board (USB) farmer-directors recognize how valuable the China market is to U.S. soybean farmers," said Criss Davis, a soybean farmer from Shullsburg, Wis. "Recently, the board approved a new international marketing strategic plan that includes specific tactics designed to build our share of the China market."

USB farmer-directors, who oversee the investments of the soybean checkoff, see significant potential to grow the China market in the animal production and feed industries. According to Davis, these are extremely large industries in China, and they are still growing, but their levels of technical and management expertise are far behind U.S. levels.

"This situation provides the checkoff's international marketing staff in China with the opportunity to be extremely effective in influencing production practices and feed ingredient selection," said Davis.

The soybean checkoff is building a customer preference for U.S. soy exports and adding value to soy exports to China through work with the country's crushers and large feed millers. The checkoff is co-sponsoring feed and livestock technical seminars for their customers in the swine, poultry and aquaculture industries.

"As the crushing industry continues to expand in China, and competitive pressures lead companies to find more ways to reduce costs, these checkoff-funded cooperative programs should allow us to create stronger ties with our Chinese customers and build a preference for U.S. soybeans," said Davis.

In the new soybean checkoff strategic international marketing plan, U.S. farmers also hope to build demand for their product through checkoff-funded efforts, implemented by the American Soybean Association, to demonstrate the superior economic performance obtained through optimal use of soybean meal from U.S. soybeans. The soybean checkoff also funds activities to encourage crushers to supply, and feed millers to use, dehulled soybean meal in their poultry, swine and aquaculture industries.

In the last marketing year, China imported 168 million bushels of U.S. soybeans. Previous soybean checkoff-funded international marketing activities in the region were very effective in building demand for U.S. soy. These activities included the introduction and promotion of the use of full-fat soybean meal and soybean oil for added energy

in China's poultry and swine industries. The promotion of these concepts resulted in considerable demand for whole soybeans in feed from China's poultry and swine industries. China aquaculture programs emphasizing feed-based production have also significantly increased U.S. soybean meal imports to the region.

"Future checkoff-funded international marketing efforts will also address market access and trade policy issues in China," said Davis. "To protect U.S. exports to China, the soybean checkoff is taking a lead role in implementing procedures to comply with China's biotech regulations and stricter quarantine rules." These checkoff-funded activi-

ties have been conducted in cooperation with the trade and publicized through Trade Service and Market Information Systems.

"Through our farmer-driven checkoff-funded programs to expand our market share in China and develop stronger relationships with these customers, U.S. farmers are well positioned to protect and grow this market," said Davis.

USB is made up of 61 farmer-directors who oversee the investments of the soybean checkoff on behalf of all U.S. soybean farmers. As stipulated in the Soybean Promotion, Research and Consumer Information Act, USDA's Agricultural Marketing Service has oversight responsibilities for USB and the soybean checkoff.

New Soybean Checkoff Initiative Focuses on Competitiveness

CHARLOTTE, N.C. (Feb. 28, 2003) - U.S. soybean farmers face intense competition to maintain and grow their share of international and domestic markets. During a press conference held today at the 2003 Commodity Classic in Charlotte, N.C., soybean checkoff farmer-leaders announced a new checkoff-funded initiative designed to help U.S. farmers become stronger competitors.

"In the last few years, we've seen soybean production in South America explode. The region is expected to double its production acres in the next decade," said United Soybean Board (USB) Chairman David Durham, a soybean farmer from Hardin, Mo. "In the future, it will only become more difficult for us to compete against South America in terms of production. Improving the quality of our crop is one way we can compete."

The new checkoff-funded initiative announced at Commodity Classic is focused on improving the overall compositional quality of the U.S. soybean crop. Through this initiative, U.S. soybean farmers will be encouraged to evaluate the compositional quality, or protein and oil levels, in addition to yield when selecting soybean varieties to plant on their farms.

"Many of our domestic and international customers demand soybeans that produce high-protein soybean meal," said Durham. "Unfortunately, in the last decade, a geographical shift in our soybean production has caused the protein content of the U.S. soybean crop to decline."

Traditionally, the Southern United States has produced soybeans with higher levels of protein. However, soybean production in the South has significantly declined, with

more production shifting to the upper Midwest. As Durham explained, these shifts have caused an overall decrease in the protein content of U.S. soybeans, which poses a threat to U.S. farmers' share of domestic and international markets. In contrast, the protein content of South America's soybeans has increased in recent years since more of the region's soybean production has moved closer to the equator.

"To get a competitive edge, U.S. farmers, particularly in the upper Midwest, need to evaluate protein and oil levels in addition to yield-potential when selecting varieties," said Durham.

State and national soybean checkoff farmer-leaders developed the new checkoff-funded initiative. To more efficiently utilize resources, the initiative coordinates state and national soybean checkoff investments.

"The farmer-leaders who developed this initiative understand that there is also a need for a market signal that recognizes the value of quality differences in soybeans," said Durham.

Through this initiative, USB farmer-leaders and staff are also working with processors and seed companies to develop a market signal and assess the adverse economic impact of producing soybeans with lower levels of protein and oil.

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Farmers and Their Checkoff Lead Global Effort for Soy in Aquaculture

Industry experts predict that global aquaculture production has the potential to double within the next 25 years. Global aquaculture production is expected to increase from a current level of nearly 22 million metric tons (MMT) to 50 MMT in 2025 as the result of an increase in the world's population by 2 billion and declining capture fish production. Fishmeal made from captured fish was the most popular choice of feed for the world's aquaculture industry. However, with the oceans being depleted of fish, it has become apparent

that there is a need for manufactured aquafeeds, and soy is an ideal alternative protein source. The growth of this industry in the next two decades could result in an increase of over 1.4 billion bushels of soybeans needed for aquafeeds because the world's population will need to rely more on aquaculture rather than captured fish. Through their soybean checkoff, U.S. soybean farmers fund feeding trials and technical assistance programs in China, India and Southeast Asia to create new demand for U.S. soybeans.

Arkansas Soybean Promotion Board Contributes to In-State Promotion Effort

The Arkansas Soybean Promotion Board contributed \$10,000 to the Arkansas Foundation for Agriculture (AFA) for its in-state agriculture awareness campaign. The AFA focuses on improving the image of agriculture among the consuming public of Arkansas through a multi-media cam-

paign including television, radio, print advertising, and billboards.

The 2003 campaign also includes program targeting 5th graders in the Central Arkansas area. The project includes classroom presentations addressing the positive impacts of agriculture.

Arkansas General Assembly Approves Incentives for Biodiesel Sales and Production

During the 2003 regular session of the 84th General Assembly, legislators passed the following acts creating incentives for distributing and producing biodiesel in Arkansas.

The Consolidated Incentive Act (Act 182 of 2003) makes biodiesel plants eligible for tax incentives depending on where the facility locates, their investment and the number of jobs created. Option 1 offers the possibility of a 10% investment tax credit. Option 2 offers the possibility of a job creation tax credit 1% to 5% of payroll each year for up to 5 years. Both options offer the possibility of a refund of sales and use taxes, a job creation cash rebate of 3.9% to 5% of payroll each year up to 10 years, a 33% tax credit for research and development done in conjunction with a state university, and a 10% tax credit for R&D done in-house.

The Biodiesel Incentive Act (Act 187 of 2003) provides a state income tax credit to biodiesel suppliers for the cost of the facilities and equipment used directly in the wholesale or retail distribution of biodiesel fuels equal to 5% of the cost of the facilities and equipment. It also provides grants through the Alternative Fuels Commission for biodiesel producers. Qualified producers of biodiesel would receive grants of 10 cents per gallon of biodiesel fuel produced for the first five million gallons of biodiesel produced per year for up to 5 years.

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*Note: * denotes a representative to the United Soybean Board*

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For questions about any information in this newsletter or for more information on board-funded programs, please contact any of the above board members, call 501-228-1268, or write Arkansas Soybean Promotion Board, P. O. Box 31, Little Rock, AR 72203.

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