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People. Policy. Profitability.

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ISSUE UPDATE

ASA's Transportation and Infrastructure Positions

SOY FACES

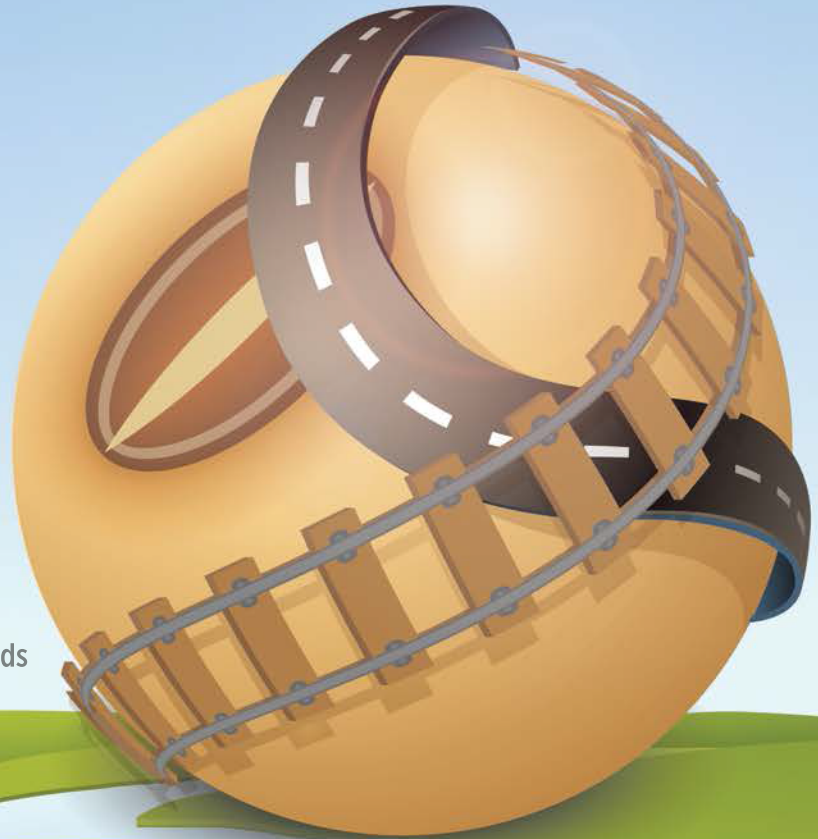
Mississippi Producer Sees Transportation Challenges as Opportunity

SOY FORWARD

Making Lemonade from Trade War Lemons

INDUSTRY PERSPECTIVE

Is Transportation Industry Prepared if Trade Deficit Ends



soy LOGISTICS

MOVING YOUR BEANS TO THE MARKETPLACE

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FEATURES

08 COVER STORY
Dredging the Mighty Mississippi: Why Only 5 Feet Measure Up As the soybean industry faces ongoing threats, investment in infrastructure is imperative to allow more cost-effective production and to reliably access international customers.

20 SOY FACES Mississippi farmer Willard Jack views infrastructure and other major transportation challenges as opportunities.

22 INFOGRAPHIC A look at where and how U.S. beans are shipped.

30 SOY FORWARD Jim Sutter, CEO of the U.S. Soybean Export Council, discusses using a difficult trade situation as an opportunity to build or renew relationships in other markets.

DEPARTMENTS

04 ASA LEADERSHIP CORNER Comments from CEO Ryan Findlay.

05 ASA IN ACTION Soy leaders meet with lawmakers on the Hill in D.C. to discuss tariffs, farm bill and biodiesel.

12 SOY NEWS A review of soy-related news from across the nation and around the world.

16 SOY CHECKOFF News from the United Soybean Board and soy checkoff.



19 INDUSTRY PERSPECTIVE Dr. Walter Kemmsies of JLL Ports, Airports and Global Infrastructure comments on how the transportation industry needs to be prepared should the U.S. trade deficit end.

25 #SOYSOCIAL Check out what's trending and what members of the soy family are sharing on social media.

29 SOY WORLD A close-up look at ASA international marketing activities.



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

The Fight is Not Over for Soy Growers on Trade

March of this year, I attended a meeting in DC with farmer leaders, and the message we heard was, “Buckle up, it’s going to be a bumpy few months.” And, what a tumultuous ride it has been—more of a five-point harness versus a lap belt kind of ride! Market volatility has been incredible, and as we know, mostly in the downward direction for soybeans. The trade war with China is the obvious, painful factor. While it doesn’t appear we will see an end any time soon, we—your ASA staff and grower leaders—have advocated harder than ever for an end to this trade war. We hear your frustrations and are steadfastly working towards a solution with regular meetings at the White House, with USDA, the House and the Senate, and by utilizing myriad means of communication. I’ve never seen so many farmers on major media outlets as I have

the last six months. It isn’t easy being live on *CNBC*, having a *Wall Street Journal* reporter needle you during a detailed phone interview, or answering off-the-cuff for countless radio programs—particularly right now juggling this big harvest. Yet, the farmer leaders representing you have done an outstanding job, and they deserve a respectful hat tip.

The fight is not over. But, this is exactly why ASA exists as an organization—to engage in these policy battles and keep the steady tap, tap, tap of advocacy going as long as we must. And, it isn’t just trade. We’re fighting to get a farm bill done this year. Whether or not you utilize programs directly, the farm bill impacts everyone in rural America. Another area with turbulence is the Renewable Fuels Standard and support for biodiesel. We continue to remind Congress and the EPA of

Ryan FINDLAY



Ryan Findlay, ASA CEO

the benefits of diversifying our fuel portfolio and providing a homegrown energy source.

In recent weeks, we have seen wins regarding free trade agreements—a request we have hammered the Administration on for weeks. With a Korea agreement pending, negotiations with Japan now open, and a new “NAFTA”—the U.S. Mexico-Canada Agreement (USMCA)—headed towards Congressional approval, we have progress for which to be thankful.

No one enjoys a bumpy ride. And, for now, it’s still “seatbelts fastened” as we push for a negotiated solution to the tariff situation. But, know that every day your staff and grower leaders are working behind the scenes to that end. And, we thank you for what each of you do and for being a part of this great organization.



(Left to right) American Soybean Association (ASA) CEO Ryan Findlay, ASA Secretary Kevin Scott, U.S. Department of Agriculture (USDA) Secretary Sonny Perdue, ASA Chairman Ron Moore and ASA Vice President Davie Stephens in a meeting in Washington, D.C. to discuss priority soybean issues including trade, the Farm Bill, the Renewable Fuel Standard and infrastructure.

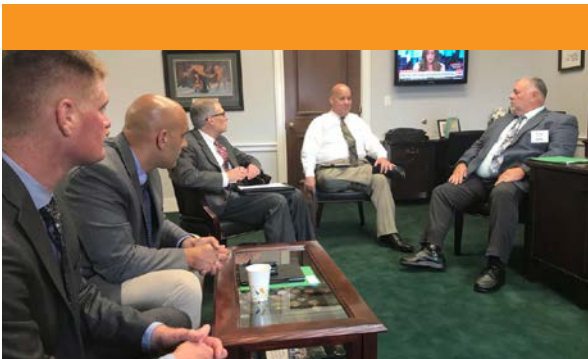
Tariffs Take Center Stage During Soy Grower Hill Visits

Priority issues for American Soybean Association (ASA) board members during this summer's Hill visits included the farm bill, biodiesel and—most critical the week after U.S. beans were hit by China with a 25 percent retaliatory tariff—rapidly escalating trade conflicts with China and related consequences for soybean growers. ASA continues to advocate for ending the tariff war and for long-term solutions to the loss of export markets, including negotiation of bilateral trade agreements that expand and diversify U.S. markets for soybean and livestock products.

Capitol Hill



Soybean farmers from across the U.S. visit with Rep. Collin Peterson (D-MN) regarding trade and farm bill 2018.



Ohio soy growers discuss the Market Access Program (MAP), the Foreign Market Development (FMD) program and the Farm Bill with Jared Dilly, deputy chief of staff for Congressman Jim Jordan.



Indiana soy growers meet with U.S. Department of Agriculture (USDA) Under Secretary Ted McKinney to discuss trade policy. Photo courtesy of Indiana Soybean Alliance



Iowa growers make several stops on Capitol Hill in July. "In all of our visits we shared the pain going through farm country at the current time," said ASA Director Wayne Fredericks. Photo courtesy of Wayne Fredericks



(From left to right): Sen. Tina Smith (D-MN), ASA Director Joel Schreurs and Minnesota farmer Jamie Beyer discuss trade and how family farms are weathering stress. Photo courtesy of Minnesota Soybean Growers Association

In all of our visits we shared the pain going through farm country at the current time.
WAYNE FREDERICKS, ASA DIRECTOR



Courtney Heiser, a new participant in ASA's **Advocacy Communications Team (ACT)**, talks NAFTA during her on-camera media training. ACT members learned how to share their story, advocate on issues that affect their farms, and engage the consumer public during training in Washington, D.C. this fall. ACT is a program sponsored by Bayer Crop Science.



Ten members of the **2018 Young Leader Class**, sponsored by Corteva Agriscience™, the agriculture division of DowDuPont, participate in the third phase of training in Washington, D.C. Participants included: Adam Guetter (MN); James Locke (MS); Tyler Clay (MS); Dane Diehl and Erica Wagenknecht (MO); Kevin and Brianna Deinert (SD); Jordan Scott (SD); Charlie Roberts (TN); and Tanner Johnson (WI).



Soybean farmer-leaders from 12 states meet in Raleigh, N.C., for Part One of the 2018-19 **ASA Leadership At Its Best** program, sponsored by Syngenta. This valuable program recognizes up-and-coming soybean farmer-leaders and provides them with extensive training to further develop their leadership skills and provide additional education on communications, strategic planning, forecasting, media training and overall effective leadership practices.



Thanks to our partners at **Kubota**, ASA President John Heisdorffer (left) and Vice President Davie Stephens (right) hit the road to talk trade, tariffs, biodiesel, farm bill and more at Farm Progress 2018.



ASA CEO **Ryan Findlay** discusses ill effects of trade tariffs on American soybean farmers, live on CNBC.



Ag Voices of the Future Program Offers Students an Education on Ag Policy

A select group of 10 college students from nine different states completed the Ag Voices of the Future program in Washington, D.C. The program is sponsored by Valent U.S.A. and ASA, and gives the students an inside look at how agricultural policies are made in Washington. The students received an education on effective advocacy and the significant legislative, trade and regulatory issues that impact farmers.

USDA



U.S. Department of Agriculture's (USDA) Sheryl Kunickis, director, Office of Pest Management Policy, answers questions from the Ag Voices of the Future students during their visit to USDA in Washington, D.C.



(From left to right): United Soybean Board Chair Lewis Bainbridge, ASA Director Monte Peterson and ASA President John Heisdorffer speak to attendees of the **International Oilseed Producers Dialogue** on the topics of policy, trade and breeding issues from a U.S. farmer perspective.



U.S. Department of Agriculture (USDA) Under Secretary Ted McKinney (left) and ASA Director Bret Davis (right) observe tempeh being manufactured from U.S. soybeans during **USDA's trade mission to Indonesia**. Indonesia is the fourth-largest market for U.S. soybean exports, where they are processed into tempeh and tofu, staples of the local diet. Photo courtesy of the U.S. Soybean Export Council

Ronnie RUSSELL



"Whenever you lose a market, it takes a long time to gain that back," ASA Director Ronnie Russell of Missouri tells the Washington Post's Jenny Starrs, on tariff negotiations. Russell was interviewed by Starrs ahead of the Soybean Festival in Norborne, Mo. Photo courtesy of Missouri Soybean Association

“Whenever you lose a market, it takes a long time to gain that back.”

RONNIE RUSSELL, ASA DIRECTOR

the Mighty

DREDGING

As the soybean industry faces ongoing threats, including international tariffs, options to increase profitability have been fiercely pursued. This includes making strategic investments in infrastructure to allow production to be more cost-effective and to reliably access international customers.

U.S. soybean farmers rely on a multi-modal transportation system comprised of rural roads and bridges, highways and interstates, freight railroads, inland waterways, and ports, according to the Soy Transportation Coalition (STC). Each of these links in the supply chain is essential for farmers to be profitable.

A recent STC analysis performed by Informa Economics IEG found that one infrastructure enhancement offered the greatest potential to significantly benefit the competitiveness of the U.S. soybean industry and individual farmer profitability.

The 256-mile stretch of the Mississippi River from Baton Rouge, La., to the Gulf of Mexico accounts for 60 percent of U.S. soybean exports, along with 59 percent of corn exports—easily the top export region for both commodities.

Mississippi River stakeholders, led by the Big River Coalition (BRC), are promoting an initiative to dredge the Mississippi River Ship Channel (MRSC) from its current 45-foot depth to 50 feet.

“During this period of turmoil in the soybean industry with trade friction, the federal government is looking into its toolbox to help farmers. Infrastructure investment is a great way to enhance soy growers’ long-term competitiveness.”

MIKE STEENHOEK, EXECUTIVE DIRECTOR,
SOY TRANSPORTATION COALITION

Mississippi

By Chris Crawford

The MRSC services four of the top 13 ports in the United States: The Port of Greater Baton Rouge (Port of Baton Rouge); the Port of South Louisiana; the Port of New Orleans; and the Plaquemines Port, Harbor and Terminal District (Port of Plaquemines). The Port of South Louisiana is the largest port in the nation in terms of tonnage. The dredging project also would provide access to the Port of St. Bernard.

“During this period of turmoil in the soybean industry with trade friction, the federal government is looking into its toolbox to help farmers,” said Mike Steenhoek, executive director for the STC. “Infrastructure investment is a great way to enhance soy growers’ long-term competitiveness. All too often, infrastructure investment is allowed to become a theoretical issue. The STC research clearly explains how this single infrastructure enhancement will have tangible benefit to individual farmers in individual states throughout the country.”



A soybean transport barge flotilla awaits departure at Lock and Dam No. 10 in Guttenberg, Iowa on the Mississippi River. Photo courtesy of Soy Transportation Coalition

Advocating for a ‘Mightier Mississippi River’

The BRC was created in Fiscal Year 2011 in response to the announcement by the Commander of the United States Army Corps of Engineers’ Mississippi Valley Division that it was discontinuing reprogramming funds to maintain the MRSC.

The coalition’s role is “Advocating for a Mightier Mississippi River” to promote the future of navigation on the MRSC—the U.S.’s most productive channel.

The BRC’s more than 100 maritime members, including the STC, asked the group to advocate for deepening the MRSC to 50 feet to more effectively transport nearly 500 million tons of imported/exported cargo annually.

Sean Duffy, Sr., executive director of the BRC, said the U.S. Army Corps of Engineers (USACE) currently spends about \$120 million a year to maintain the channel at 45 feet deep and 750 feet wide, which have been the dimensions since 1989.

Duffy said the MRSC is dredged every six months and also every time there is a high-water event.

Justifying deepening the Mississippi River

On Aug. 3, the USACE Director of Civil Works James Dalton signed the Director’s Report to authorize the General Reevaluation Report (GRR) (economic update) and Supplement to the Final Environmental Impact Statement (SEIS) as required to justify the deepening of the MRSC to 50 Feet. (continued on page 10)



The Glenn Edwards is a hopper dredge from Manson Construction used for maintenance dredging on the Lower Mississippi River.

Photo courtesy of Big River Coalition/P.J. Hahn

(continued from page 9)

In the report, Dalton recommended deepening the MRSC and said it was, “economically justified and environmentally sustainable,” and he approved budgeting for the project based on the final GRR and SEIS.

The Director’s Report said the underlying National Economic Development Plan called for deep draft navigation to a depth of 50 feet from the Gulf of Mexico at River Mile 22 Below Head of Passes through the Port of Baton Rouge ending at River Mile 232.4 Above Head of Passes.

The plan also said this dredging of the river is beneficial to the United States in transportation cost savings and by allowing more efficient use of vessels.

It goes on to say that material dredged from River Mile 13.4 Above Head of Passes to River Mile 19.5 Below Head of Passes will create more than 1,450 acres of marsh habitat, which will be beneficial to the local ecosystem.

The USACE estimated the cost to deepen the MRSC at \$157.5 million, with a cost sharing of about \$118 million of federal funding and \$39.4 million non-federal dollars that Louisiana would be responsible for.

Duffy added that it would continue to cost \$120 million to maintain the river annually.

What this means for soybean growers

The STC research highlighted that, if the MRSC is dredged to 50 feet, shipping costs for soybeans from Mississippi Gulf export terminals would decline 13 cents per bushel (\$5 per metric ton). This is because a deeper river allows not only for use of larger ships, but also loading existing ships with more revenue-producing freight.

This research also analyzed what the dredging would do to interior basis (difference between



Once material and water from the bottom of the Mississippi River is dredged, it discharges nearby, which creates additional marsh habitat for the local ecosystem. Photo courtesy of Big River Coalition/P.J. Hahn

the local price the farmer receives and the market value established by the Chicago Board of Trade) for soybeans in 31 states.

The STC noted that farmers located closer to inland waterways and barge transportation enjoy a more positive (or less negative) basis versus soybeans grown further away.

“As a rule, the less-costly and more efficient the supply chain is subsequent to farmers delivering their soybeans, the higher value a farmer will receive for the bushels of soybeans produced,” a STC news release stated.

For its research report, the STC tasked Informa Economics IEG with creating basis maps for soybean-producing states located adjacent to navigable inland waterways to highlight the current market versus how basis could improve for soybean farmers if the MRSC is dredged to 50 feet.

What researchers found was that areas with more pronounced negative basis would be replaced with those with more favorable basis territory.

The STC report estimated this would result in Illinois soybean farmers adding \$77 million in annual funds for their soybean crops. Researchers added that this would be replicated in other

soybean-producing states along the inland waterway system.

“One of the main reasons soybean farmers in my area of the country can remain profitable is due to our access to the Ohio and Mississippi Rivers,” said Gerry Hayden, STC chairman, ASA Director and soybean farmer from Calhoun, Ky., in the STC news release. “Our research highlights that dredging the Lower Mississippi River will improve the supply chain for those soybeans being loaded onto the river and eventually exported from the Mississippi Gulf region. This more efficient supply chain will translate to more profitable soybean farmers.”

Outside of Illinois, the STC research estimated farmers in the 31 evaluated states would receive an additional \$461 million annually for their soybeans due to dredging the MRSC to 50 feet.

Additionally, these further-removed soybean-growing states would benefit similarly to their waterway-adjacent counterparts from increased modal competition between rail and barge, the STC reported.

“When modal competition increases, a downward pressure on shipping rates will often occur,” the STC said. “With barge transportation becoming more viable for a larger percentage of the soybean-producing areas of the country, there will be a greater degree of overlap between areas served by railroads and barge. Soybean shippers will benefit from this modal competition.”

Steenhoek said the STC is excited about the dredging project and how soybean growers, including in the interior of the country, will benefit.

“Researchers projected how farmers will benefit from receiving a higher percentage of the market value for their soybeans as the supply chain becomes more efficient [from the dredging],” he said.

DISCHARGE

Three steps, next steps

In 2011, the BRC identified three steps required to deepen the MRSC to 50 feet, matching the control depth of the new locks on the Panama Canal.

The first step was to increase the federal threshold for full-channel maintenance from 45 feet to 50 feet, which was completed through the Water Resources Reform and Development Act (WRDA) of 2014.

The second step was to finish the General Reevaluation Report to update the economic impact of the deepening of the MRSC to 50 feet, which occurred on Aug. 3 when the USACE Director's Report was released.

Of the three steps, only one remains to be completed, which is to secure federal and state funding for the deepening project.

Duffy of the BRC said he thinks the project is a year or two away from securing the required funding.

"The Director's Report gave us economic justification for the project, identified the cost and gave the project a benefit/cost ratio of 7.2," he said (meaning in general, for every dollar invested there will be a return of \$7.20).

Steenhoek said there seems to be broad agreement that after the 2018 midterm elections on Nov. 6 there will be a renewed effort in Congress to address improving the U.S. infrastructure, with the goal of having this deepening project on the priority short list.

"There is a growing desire in the country to assist the agricultural economy, including soybean growers," he said. "Our task is making sure policymakers don't just see this as a Louisiana project, but that it benefits the whole nation."



The G.D. Morgan is a cutter suction dredge from Weeks Marine that's used in the Mississippi River Ship Channel. Photo courtesy of Big River Coalition/P.J. Hahn

How do you dredge a river? DREDGING

According to the United States Army Corps of Engineers (USACE), enlarging and deepening navigation channels, as proposed with the Mississippi River Ship Channel (MRSC), involves removing materials from the bottom of the river that were previously undisturbed. In contrast, maintenance dredging operations involve the repetitive removal of naturally-recurring, deposited bottom sediment such as sand, silt and clays in an existing navigation channel. This process will continue to be required annually if the MRSC is deepened to 50 feet.

More than 400 ports and 25,000 miles of navigation channels are dredged throughout the United States to keep traffic operating efficiently, according to the USACE.

Dredging is primarily performed by the USACE at navigation channels and by Port Authorities at harbors. This occurs in five major areas with different materials typically being removed:

- Main approaches (approach channel in ocean); dredged material is composed primarily of sand
- Bar channels (sandbars at inlets); dredged material is composed primarily of coarse-grained sand
- Entrance channels (to harbors); dredged material is composed primarily of sand to fine-grained silt and clay

- Berthing areas (harbors/ports); dredged material is composed primarily of silt and some sand
- Inland waterways (intracoastal waterways and river channels); dredged material is composed primarily of silt and sand

A dredge is a machine that scoops or suctions sediment from the bottom of waterways or is used to mine materials underwater. Modern dredges are guided by computer navigation, but the basic excavation methods used are the same as those practiced in the late 1880s.

Two of the main types of dredges are hydraulic and mechanical. Hydraulic dredges work by sucking a mixture of dredged material and water from the channel bottom.

"The amount of water sucked up with the material is controlled to make the best mixture," according to experts at the USACE. "Too little water and the dredge will bog down; too much and the dredge won't be efficient in its work. There are two main types of hydraulic dredges—pipeline and hopper dredges."

Mechanical dredges remove material by scooping it from the bottom of a waterway and then placing it onto a waiting barge or into a disposal area. Dipper dredges and clamshell dredges, named for the scooping buckets they employ, are the two most common types.

Aquaculture is Fastest Growing Food Production Sector



Photo courtesy of the World Initiative for Soy in Human Health

Aquaculture continues to grow faster than any other major food production sectors, according to the recent United Nations Food and Agriculture Organization (FAO) report.

“By 2030, the world will eat 20 percent more fish (or 30 million tonnes live equivalent) than in 2016. Aquaculture production that year is projected to reach 109 million tonnes, a growth rate of 37 percent over 2016,” the report states.

To put these numbers into perspective, Aqua-Food Technologies, Inc. calculated aquaculture feed production in 2017 to be 65.6 million metric tons (MMT) and is expected to grow to 68.6 MMT in 2018. The soy product usage in those aquaculture feeds would total 15.4 MMT in 2017 and 16.5 in 2018.

Currently, U.S. soybean farmers’ market share of soybeans in global aquaculture feed is 33 to 34 percent, according to USSEC Director-Aquaculture Colby Sutter.

“These reports reinforce what we already know—consumers worldwide are eating more and more fish,” Sutter said. “With the global aquaculture industry growing so quickly, it will continue to push the demand for quality soybean meal in aquafeeds, one that U.S. soy is well-positioned to answer.”

To read the FAO report, visit www.fao.org. Source: USSEC



Photo courtesy of Arable

Weather Monitoring Tool Delivers Insight to U.S. Soy Farmers

Funded by the National Science Foundation, Arable Labs has developed a crop and weather sensor that delivers real-time, precision weather information straight to the hands of farmers in the field. The technology packs sensors into portal devices that collect information in the fields on crop health, and then transmits the data to the cloud. Users are then able to receive a comprehensive overview of weather and plant conditions. **Learn more here: www.arable.com.**

Source: USSOY.org

ROOF MAXX



Photo courtesy of United Soybean Board

Soy-based Roof Maxx Saves Money, Eliminates Waste

A new soy-based product, Roof Maxx, reverses aging in asphalt shingles and is certified as 86 percent biobased content under the U.S. Department of Agriculture (USDA) BioPreferred Program.

After 24 years of building a roof replacement company, Ohio-based brothers Todd and Mike Feazel launched Roof Maxx in 2017. The soy-based sealer revives sloped shingle roofs and reduces landfill waste, all at a fraction of the cost of a total roof replacement. With the help of the Ohio Soybean Council, Roof Maxx has since moved from using a toll producer to producing it themselves in Ohio.

The Ohio State University assessed the Roof Maxx asphalt restorer in a new technical report, concluding that the product exhibits great potential to be an economical biobased solution for both maintaining and increasing a roof's service life. Extending the life of the roof saves money for the property owner and cuts the waste streams headed to landfills.

Source: United Soybean Board

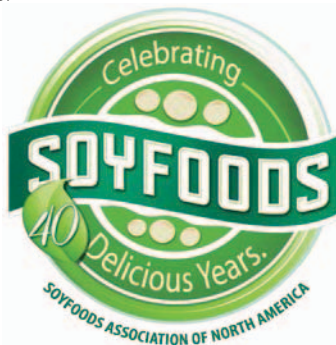
Soyfoods Association of North America Celebrates 40 Years

This past summer marked the 40th anniversary of the founding of the Soyfoods Association of North America (SANA). SANA is a lead advocate for the health benefits and nutritional advantages of soy consumption. The group encourages sustainability, integrity and growth of the soyfoods industry by

promoting and maintaining the benefits of soy-based foods to consumers, health professionals, researchers, media, government officials and industry partners.

Recently, SANA and the American Soybean Association (ASA) have worked together on issues including upholding the soy protein health claim and the use of soy as an extender in military meals.

Source: SANA



by the NUMBERS

2.07 billion-The number of soybean bushels the U.S. exported in 2018.

(SoyStats)

\$41.01 billion-The total value of the U.S. soy crop in 2018.

(SoyStats)

70 percent-The percentage of soybean meal that accounts for animal protein meals in China. (USSEC)

64 percent-The percentage of all U.S. soy oil exports globally, exported from the U.S. to the Americas. (USSEC)

1.5 billion-The number of North Asian consumers of U.S. soy—the highest per capita soy consumption in the world. (USSEC)



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FULL-CIRCLE RETURN

HERE'S HOW THE SOY CHECKOFF WORKS. The national soy checkoff was created as part of the 1990 Farm Bill. The Act & Order that created the soy checkoff requires that all soybean farmers pay into the soy checkoff at the first point of purchase. These funds are then used for promotion, research and education at both the state and national level.



* Led by 73 volunteer soybean farmers, the United Soybean Board (USB) invests and leverages soy checkoff dollars to MAXIMIZE PROFIT OPPORTUNITIES for all U.S. soybean farmers.

unitedsoybean.org



Make Inland Waterways a Priority and Preserve the U.S. Transportation Advantage

The U.S. transportation infrastructure may be the biggest advantage U.S. soybean farmers have over other soy exporting countries, and all stakeholders will need to make maintaining this advantage a top priority.

“In many cases exporting rivals have advantages in longer growing seasons, cheaper labor and land prices,” says Paul Rohde, vice president of the Midwest Area, Waterways Council, Inc. “The one advantage U.S. farmers have is our ability to get our products to a global marketplace more efficiently than our competitors, at least for now. The number one way agricultural exports move is through the inland waterways, and having a reliable river system is critical in building relationships with foreign markets.”

However, Rohde says the question is whether we can assume the river and channel system will continue to be a reliable mode of transportation in the future. Because so much is at stake, interested parties need to elevate the priority of maintenance and improvements to the inland waterways system.

“One way to make the operation and maintenance, rehabilitation, and modernization of locks and dams a priority is to have a wide coalition speaking in general unison on priorities,” says Rohde.

Rohde notes that having stakeholders that come to the table with solutions, rather than just presenting a problem, is



Old and deteriorating locks and dams on U.S. inland waterways present a serious threat to maintaining the transportation advantage that U.S. soybean farmers have over other soy exporting countries. Photo courtesy of United Soybean Board

LOCKS & DAMS

something that decision makers find attractive.

“Collaboration and open communication among stakeholders is key,” says Rohde.

Maintenance of the locks and dams should be a priority issue, but there are many funding challenges, says Rohde. Funding for maintenance can be less glamorous than funding for new projects, and transportation on the rivers can be the “forgotten R,” compared to roads, rails and runways.

The majority of locks and dams on the Mississippi River were built in the 1930s and 1940s, so most have outlived their intended design life. By the end of this decade, more than 80 percent of the locks nationwide will have exceeded their intended design life.

“As these systems age, it’s reasonable to assume an increase in both scheduled and unscheduled closures for major repairs, which is more costly, and even the appearance of unreliability could impact the confidence our export partners have in U.S. soy,” says Rohde.

But it’s not too late to raise maintenance of inland waterways to a higher priority.

“In many cases, if we don’t pay for maintenance on the inland waterways up front, they become much more expensive fixes and major rehabilitations,” says Rohde. “We’re seeing some problems that could have been resolved less expensively 10 years ago. Educating decision makers to help them understand why this should be an investment priority now can avoid costly expenses in the future.”

System Perspective Encourages Exploration of Transportation Solutions

Efficiently shipping anything from here to there requires a seamless, dependable transportation system. This is especially true for bulk commodities like soybeans. Solving challenges facing any part of that system—like the Illinois River locks and dams—requires big-picture perspective.

“Our integrated, multi-modal bulk shipping system helps the U.S. compete better in global trade,” says Amy Larson, president, National Waterways Conference (NWC). “We need a reliable system that operates smoothly to stay competitive.”

NWC members represent every aspect of water resources. This includes waterways, ports, flood plains, hydropower and water supply, so Larson consistently takes a holistic view.

She says everyone understands that each mode of transportation has critical roles within a larger system. All pieces need to work together, especially at gateways and transition points, to keep the supply chain flowing. However, working together through tough infrastructure challenges can be difficult.

System perspective supports collaboration

“Maintaining transportation infrastructure is fraught with conflict,” Larson says. “For water resources, the greatest tension is balancing human and economic needs, like transportation and flood control, with environmental concerns.”

She notes that stakeholders with similar goals often allow their roles and a single issue to overshadow their view of the

entire system and potential long-term solutions.

“For example, the Illinois River locks and dams allow barges to proceed to the Mississippi and the Port of New Orleans, ultimately taking commodities and goods to export markets around the world,” Larson says. “Modernizing the locks will be critical to the whole system, but while finding solutions, stakeholders shouldn’t lose sight of impacts and needs in other segments of the system.”

Larson believes that maintaining a system view encourages all the groups involved to discuss and explore potential solutions. For example, groups should start conversations comparing lock and dam repairs relative to replacement, considering long-term engineering requirements, benefit-cost ratios and more.

“Every business has a cost share in the system,” she explains. “But because each segment works differently, a system perspective

is vital to understanding the many ways stakeholders contribute.”

She recommends starting conversations with system-level questions and maintaining that perspective regardless of specific roles and issues.

- Who are all the beneficiaries and stakeholders? Should other groups be involved?
- What are the consequences of an unreliable system?
- Where are the synergies between functions?
- How do we work together to achieve similar goals?
- How can we build on existing collaborations?
- What can we learn from models in other areas of the U.S. or other countries?

“We need to honestly consider the costs and benefits of time, energy and resource investments,” Larson says. “Working together benefits the system—and everyone relying on it.”

Source: United Soybean Board

THE AG ECONOMY IS RIDING ON IT



OF U.S. GRAIN EXPORTS*
TRAVEL THE MISSISSIPPI
RIVER AND ITS TRIBUTARIES

**20% of U.S. farm income comes from U.S. ag exports*

Sources: American Society of Civil Engineers 2017 Infrastructure Report Card / USDA: Reliable Waterways System



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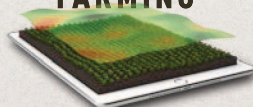
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INDUSTRY

perspective

By Dr. Walter Kemmsies

Should Trade Deficit End, Transportation Industry Needs to Be Prepared

Eventually, the unsustainable U.S. trade deficit is going to end, either in a good way or a bad way. The bad way entails doing nothing until an economic crisis like 2009 occurs. With the US economy growing at a brisk pace and despite tariff increases, the trade deficit has increased to record levels. Unchecked, this would eventually lead to another crisis. The alternative is to go through difficult negotiations now while the global economy is cruising at a comfortable clip. However, before new terms needed for the U.S. to reverse its trade deficit are settled, the U.S. should have already begun building the additional transportation infrastructure needed to handle an increase in exports.

According to the U.S. Trade Representative's (USTR) reports to Congress, the objective of the trade agreement negotiations is to improve exporters' access to global markets, and not to reduce global trade. Agreeing to new terms was never going to be a simple task for at least two reasons. First, some segments of U.S. trading partners' economies are dependent on protections from foreign competition, particularly agricultural producers. They will need to be convinced that the barriers to imports need to be removed for the greater good of their economies. The U.S.

has comparative and competitive advantages in agricultural production. Economies dependent on manufactured goods exports to the U.S. must allow U.S. agricultural exporters to compete fairly in their markets.

Walter KEMMSIES



Dr. Walter Kemmsies, JLL Ports, Airports and Global Infrastructure

The second reason is that the world economy has and continues to evolve into a complex of global supply chains. Therefore, a multilateral solution is required to reduce the U.S. trade deficit. This means simultaneously revising the terms of trade with each of the largest groups of U.S. trading partners: North America, Europe and North Asia. It would be unfair to expect any one country to bear the entire burden of reducing our trade deficit. Recent progress with Mexico, Canada and the European Union auger well for

trade agreement negotiations that would lead to a lower U.S. trade deficit.

The United States has a trade deficit measured in dollars, but a surplus when trade is measured in tons because U.S. imports have a higher value per ton than its exports. To close the trade deficit measured in dollars would require doubling the volume of exports, most of which would be agricultural goods such as soy.

Therefore, beyond trade agreement revisions, there is another risk to U.S. efforts to reduce its trade deficit—freight movement capacity. Congestion on our roadways, railways and waterways has worsened as economic activity continues to expand because investment in transportation infrastructure has lagged population and economic growth. The Mississippi Waterway's infrastructure is mostly over 75 years old, well beyond its expiration date. Weight limits on crumbling highways need to be increased. These are just a few of the threats to a successful outcome of the effort to improve the balance of trade. So, the big question is: What can we do now to assure the freight movement capacity needed when and if our trade partners agree to absorb significantly more U.S. exports?

Keep on Trucking: Mississippi Producer Sees Transportation Challenges as Opportunity

There are two main reasons why Willard Jack advocates for the best soybean transportation possible. The first-generation farmer from Belzoni, Miss. and chairman of the family's Silent Shade Planting Co. grows 12,000 acres of irrigated soybeans, cotton, rice, corn, wheat and peanuts that all need to find a home in local mills or nearby export channels.

Jack also is chairman of Willard Jack Trucking, which he owns with his wife Laura Lee. The business was founded to manage Silent Shade's grain-hauling needs but has since expanded to service Mississippi Delta customers who require grain, fertilizer, dirt and gravel hauling.

"We are fortunate we can take our soybeans right to the elevator and right into the export channel because of our proximity to the river and to the Gulf," Jack said. "We are one of the first to harvest, so we can truck our beans right away and be available for other transport needs."

Jack moved from Canada to the United States in 1979 to begin farming. He and Laura Lee have three children; Stacie Koger, Gregory Jack and Jeremy Jack; and four grandchildren. Several family members are involved with one of the two enterprises today.

Willard Jack Trucking's mission is, "To safely and efficiently provide hauling services in a timely manner and at competitive prices." The company operates eight trucks, employs eight full-time drivers, and fills two to



Willard Jack views infrastructure and other major transportation challenges as opportunities. Photo courtesy of Willard Jack

three part-time trucking positions with two rental trucks as needed during harvest.

"We store about 750,000 bushels of corn and rice on the farm so that it can be delivered during the winter to a rice mill about an hour away and to local chicken feed mills," he said. "Since the rest of our crops are trucked out during harvest, we hire additional drivers."

But timely, competitive trucking is easier said than done. According to the Soy Transportation Coalition (STC), U.S. agriculture is a "21st century rural infrastructure," noting an improved and well-maintained highway and bridge system that can accommodate 21st-century transport volumes is critical to future success.

Generally, the first and the last 10 to 20 miles of soybean transportation from farm to customer occur via truck.

Jack's stance is to view infrastructure and other major transportation challenges as opportunities. Number one on his list is finding and keeping qualified truck drivers.

"There is a driver shortage here and across the nation," he said, citing statistics of 9,000 current open truck driving positions in Mississippi and 100,000 openings nationwide. "Soybeans and other crops are not a comparatively high-dollar freight, so truckers usually are not paid as well as they might be for hauling other freight. We have to compete with those other industries."



Willard Jack (far right, with his family) is chairman of Willard Jack Trucking in Belzoni, Miss. He is keen on efficient and competitive transportation for both his farming and his trucking enterprises. Photo courtesy of Willard Jack

Willard Jack Trucking has raised wages to compete for drivers but still finds holding on to qualified people is tough. “There is a lot of turnover. My daughter-in-law is our human resources specialist. She works almost full time just trying to keep a file of current and potential hires,” said Jack. “She actively recruits truckers. We use a highway billboard to attract drivers.”

Domestic transportation policy is another challenge that trucking companies and soybean farmers face. Jack has spent decades advocating on policy issues. He has been an American Soybean Association (ASA) director since 2015. He also has been on the Mississippi Soybean Association (MSA) board for more than 20 years and, in the past, served on the Mississippi Soybean Promotion Board, Rice Promotion Board, Rice Council, Farm Bureau and National Rice Promotion Board. Jack has

been part of an advisory board appointed by the Mississippi Commissioner of Agriculture and sat on county and state Natural Resources Conservation Service and Agricultural Stabilization and Conservation Service committees.

Jack is adamant about the need for ongoing transportation maintenance. “Rural roads and bridges need to be maintained in top condition. As we increase yields and haul more grain in trucks, we need to prevent having to detour many miles because a road or bridge is out. That runs costs up significantly,” he said.

Jack said higher fuel taxes may be one solution. The STC lists, as one of its priorities, supporting a federal tax increase on gasoline and diesel fuel of 10 cents a gallon indexed to inflation. The group also wants to ensure rural areas receive proportionate, sufficient funding from the tax.

“The whole transportation

infrastructure system needs to be evaluated,” Jack said. “Hauling further distances on trucks may be one way to move bulk commodities efficiently, but that decision needs to be coordinated with all of the other intermodal transportation methods.”

Recent international trade policy decisions also threaten soybean and transportation profitability. Trade wars and tariffs have resulted in lower soybean prices, along with a wider-than-usual harvest basis. Jack said their normal fall basis is 20 to 30 cents per bushel, however, this year it’s 70 to 80 cents per bushel.

“We have to be concerned this fall about where this record crop of soybeans is going to go,” he said. “Trucking it all would be a challenge, so we will have to rely more heavily on other modes of transportation. One positive for farmers is that there is less coal traveling on the river right now.

(continued on page 28)

SOYBEANS on the MOVE

Cargo Capacity



One Semi
910
bushels of soybeans



One rail hopper car
3,500 to 4,000
bushels of soybeans

or



Four semis

Major Inland Waterways & Top Ag Ports

WATERWAYS

Major Inland Waterways

- 1 Mississippi River
- 2 Missouri River
- 3 Arkansas River
- 4 Tennessee River
- 5 Ohio River
- 6 Hudson River
- 7 Gulf Intracoastal Waterway
- 8 Atlantic Intracoastal Waterway



A Look at Where and How U.S. Beans are Shipped



100 car unit train
350,000 to 400,000
 bushels of soybeans
 or



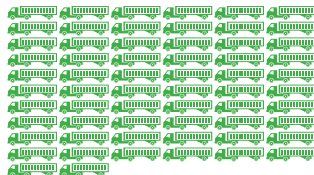
One barge
52,500 to 57,000
 bushels of soybeans
 or



One 15 Barge Tow
787,500 to 855,000
 bushels of soybeans
 or



16 rail hopper cars
 or



62 semis



219 rail hopper cars
 or



940 semis



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- 3 Kalama, WA
- 4 Houston, TX
- 5 Los Angeles, CA
- 6 Long Beach, CA
- 7 Virginia Ports** VA
- 8 Tacoma, WA
- 9 Seattle, WA
- 10 Oakland, CA
- 11 Savannah, GA
- 12 Longview, WA

* New Orleans Port Region includes: South Louisiana, New Orleans, Westwego, Baton Rouge, Avondale, Gretna, Chalmette, Gramercy, Destrehan, LA

** Norfolk includes: Norfolk, Newport News, and Richmond, VA

Source: USDA

Information provided
 by Soy Transportation
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#SOY SOCIAL

Soy Growers' Social Pages Highlight Monarchs in Fall

American Soybean Association (ASA) took a moment this fall to illuminate the importance of monarch habitat in its overall conservation efforts, which include soil and water quality and pollinator preservation. ASA ran a month-long photo contest asking farmers and other ASA friends and followers to upload snapshots of their efforts to plant milkweed and protect the pretty, beneficial butterflies. See a few of the entries to the right.

Trending

#Beans4Monarchs
#FarmersforMonarchs
#TradeNotTariffs
#DevelopingDemand
#SoyLeaders

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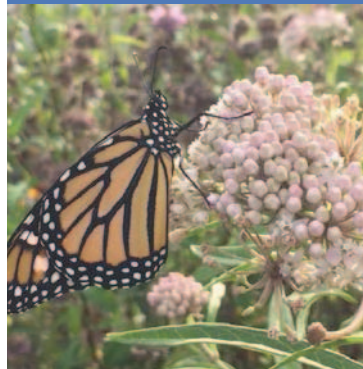


 - Dawn Harman Leon



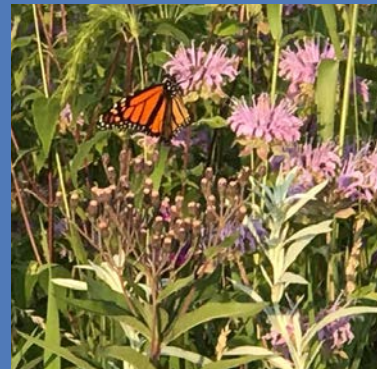
Checking milkweed after karate has become a nightly chore. #Beans4Monarchs

 - Christina Seward Denekas



#Beans4Monarchs

 @lisaddunlap



 @wrfredericks

Great habitat leads to monarch success. #Beans4Monarchs #FarmersforMonarchs



Warming up this morning #Beans4Monarchs

 - Skye Dobberstein Doerscher

ISSUE update

By Tom Hance



The Capt. Frank involved in a dredging operation.

Photo courtesy of Big River Coalition/P.J. Hahn

Getting a Lock on ASA's Transportation & Infrastructure Positions

Numerous modes of transportation—truck, rail, and barge—play an important role in soybean industry economics. While there are certainly challenges and improvements that can be made in the trucking and rail sectors, waterways infrastructure has been, and continues to be among the top of the list of concerns and priorities for the American Soybean Association (ASA) and our industry partners.

Having an inland waterways system that runs through the heart of the soybean production region in our country is a major advantage for the global competitiveness of U.S. soybeans. Shipping by barge is the most economical and efficient mode of transportation for bulk commodities and is an option that our competitors do not enjoy to the extent that we do in the U.S.

However, like anything, without proper maintenance and modernization, this advantage for U.S. producers will continue to diminish. The inland waterways infrastructure

is aging and deteriorating. Most of the infrastructure is beyond its life expectancy and there has not been sufficient investment from the federal government to upgrade and modernize the system. As it gets older, maintenance needs increase, causing delays, increasing costs, and reducing transportation efficiency. There is also an opportunity to improve efficiency by dredging the lower Mississippi River to greater depths, which will accommodate larger vessel loads and reduce costs. The United Soybean Board (USB), the Soy Transportation Coalition (STC) and ASA have been exploring actions that our industry can take to help make this happen.

The need and desire to modernize the inland waterways infrastructure is not breaking news, it has been recognized for a long time now by stakeholders, and to some extent by policymakers, too. There is a long list of projects for new construction and major rehabilitation of inland waterways infrastructure that have been

authorized by Congress. Included among these are construction of new, larger, locks and dams on the Upper Mississippi River, the Illinois River, the Ohio River, and the Gulf Intracoastal Waterway. Certainly, there are other needs to add to that list when the existing authorized projects are complete or underway. The list of existing Congressionally-authorized projects carries a current estimated cost of \$8.8 billion. That is not an insignificant amount, but it is also very modest relative to the cost of other federal government functions and the amounts proposed by President Donald Trump and Members of Congress to be spent on infrastructure upgrades.

There was a long period of stagnation in the stakeholder coalition efforts to get Congress to provide the funding needed to upgrade inland waterways infrastructure. However, since 2014 there have been some significant accomplishments and progress.

The Water Resources Development Act (WRDA) of 2014

addressed the Olmstead project that was significantly over budget and consuming the funding from the Inland Waterways Trust Fund (IWTF). Congress took action to shift Olmstead costs outside of the IWTF, freeing up funds for other projects. The same year, following a push by the stakeholder coalitions, Congress increased the barge fuel fee, which increased the annual resources available for IWTF projects. IWTF projects are funded through a 50-50 cost share of barge fuel fees and general treasury funds appropriated annually by Congress.

Since the 2014 WRDA, Congress has also provided steady increases in annual appropriations for the U.S. Army Corps of Engineers (USACE) programs, the IWTF and the Harbor Maintenance Trust Fund (HMTF), which covers maintenance and upgrades of ports and harbors. The result of these actions has been to accelerate work on projects that were already underway and reduced the timeframe in which all of the Congressionally-authorized projects are now expected to be completed.

While the ASA and waterways stakeholders are glad to achieve this progress, we want and need to further accelerate the modernization of inland waterways infrastructure, particularly the locks and dams on the Upper Mississippi and Illinois River System.

The ASA and our coalition partners are pushing on several fronts to make this happen. First, we work to support continued funding increases through the annual USACE appropriations. A two-year budget agreement for fiscal year 2018 and fiscal year 2019 between President Trump and Republican and Democrat congressional leaders provided a top-line budget number that more easily allowed for USACE funding

increases for those years. A new budget agreement will likely be needed to continue that for fiscal year 2020 and beyond and to pave the way for Congress to pass the appropriations bills with sufficient funding.

The next WRDA reauthorization bill in 2020 is a legislative vehicle that can and will be targeted to make changes to the cost-share of IWTF projects that will provide additional federal funding and accelerate the timeframe for completion of the congressionally authorized projects. Budgetary considerations will be a challenge, as they always are, but there is reason for some optimism that policymakers recognize the importance of upgrading the inland waterways infrastructure and that it should not be put off any longer.

Part of the reason for optimism stems from the emphasis President Trump placed on infrastructure during his campaign and his continued pledges to invest a minimum of \$200 billion in direct federal funding for infrastructure during his Administration. It remains to be seen if, when, or how the major infrastructure funding will be delivered, but ASA and our

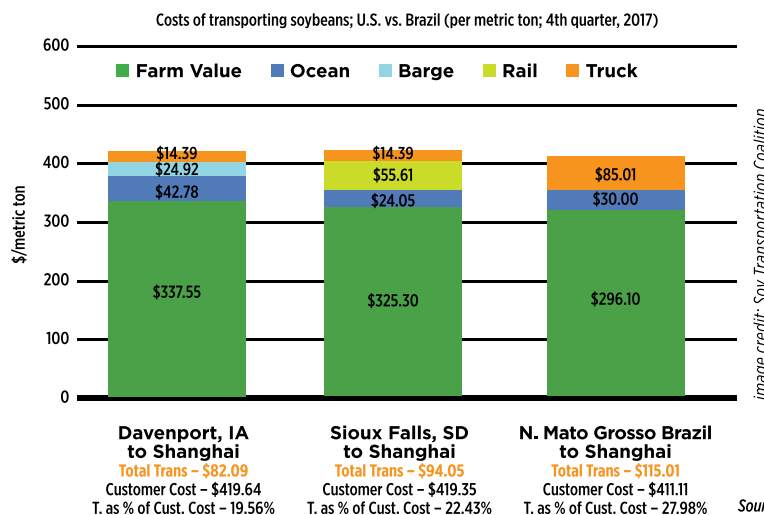
coalition partners continue to support the effort and stress that inland waterways infrastructure must be a priority. A major federal investment in infrastructure can be delivered through any of several legislative vehicles, including a stand-alone package, the annual appropriations process, WRDA, or the next Highway reauthorization bill.

Congress has options to address the budgetary challenges of infrastructure spending. They can prioritize infrastructure over other government spending or use federal revenue already generated from hydroelectric production derived from waterways. A third option would be to use revenues that have been collected under the Section 232 and 301 tariffs to upgrade infrastructure. While ASA wants to see the Section 301 tariffs rescinded, we can use revenues already collected to fund projects that would aid industries that are dependent on exports, such as agriculture. ASA is open to this and other potential alternatives—whatever is politically feasible and gets the job done. Where there's a will, there's a way.

Tom Hance is on the ASA Washington, D.C. staff

Why Should Farmers Care About Transportation?

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Silent Shade Planting Co. has capacity to store about 750,000 bushels of corn and rice that are hauled by Willard Jack Trucking to customers as needed throughout the year. Photo courtesy of Willard Jack.



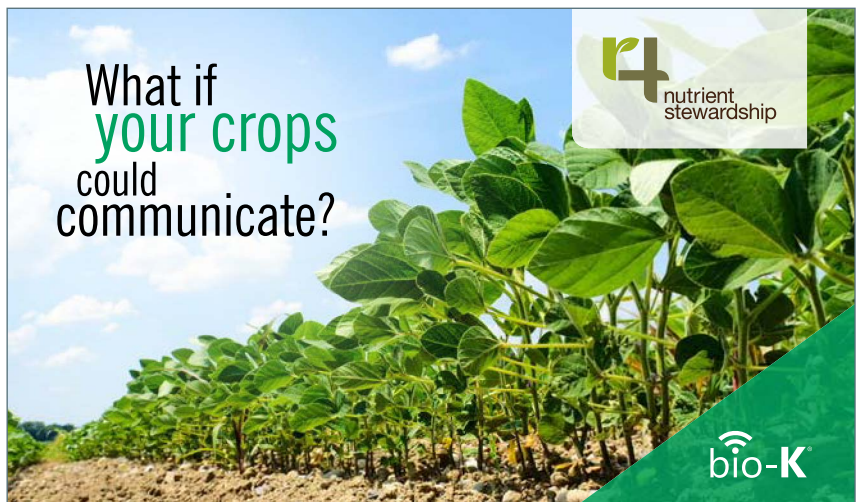
(continued from page 21)

There are plenty of barges and tows to absorb the surplus and hopefully firm up the basis.”

Steel and aluminum tariffs are another worry for Jack, as semi-trailer and farm equipment prices increase because of tariffs. “It is disconcerting to us,” he said, “but there is a sweet spot you can find between repair and replace. It is hard to justify buying new if you have to now.”

Jack is committed to doing what needs to be done to maintain an efficient truck fleet that will keep his farming and trucking costs competitive for the long term.

“Trucks are going to get more expensive. We will have to be more efficient, load in and out of bins more quickly, make the process smoother and respect a trucker’s time,” he said. “From an industry perspective, we need to eliminate territorial attitudes between trucks, barges and rail. We must work together so we can remain competitive with South America.”



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Soybean Growers from 11 States to Lead Trade Development Through WISHH

American Soybean Association (ASA) President John Heisdorffer confirmed 14 fellow soybean growers from across the nation to lead ASA's World Initiative for Soy in Human Health (WISHH) Program Committee in 2018-2019.

"Service on the ASA/WISHH Program Committee benefits all U.S. soybean growers by connecting trade and development in countries that have some of the fastest-growing populations in the world," Heisdorffer said. "WISHH is creating customers for U.S. soy in livestock feeds and human foods in developing markets in Asia, Africa and Central America where the demand for soy protein is on the rise."

2018-19 officers are: Chairman Daryl Cates (IL), Vice Chair Gerry Hayden (KY), Treasurer Jim Wilson (MI), and Secretary Roberta Simpson-Dolbeare (IL).
New WISHH Committee Members

include: Craig Converse (SD), David Lueck (MO), and Craig Williams (IN). Tim Bardole (IA), Daryl Cates (IL), Roberta Simpson-Dolbeare (IL), Kurt Maurath (KS) and Dawn Scheier (SD) are returning for additional terms on the WISHH Committee. They join existing members: Gerry Hayden (ASA-KY), Bill Wykes (IL), Jim Wilson (MI), Matt Gast (ND), George Goblisch (MN) and Jeff Magyar (OH). David Williams (USB-MI) and Ed Beaman (U.S. Soybean Export Council) serve as ex-officio representatives to ASA/WISHH.

Heisdorffer also praised the leadership of outgoing Committee Members Stan Born (IL), Ryan Cahoon (NC), Levi Huffman

(IN), Thomas Kentner (IL), Steve Reinhard (OH) and Jeff Lynn (IL).

ASA/WISHH connects trade and development. As a trailblazer for trade, WISHH grows markets for U.S. soy farmers, and at the same time, improves lives and economic opportunities in developing countries. WISHH works with international companies and organizations that purchase U.S. soy. These buyers invest thousands of their own dollars to research and promote soy-based foods and feeds made with U.S. soy in emerging markets. Over the last five years, WISHH leveraged soybean farmer checkoff investments by a ratio of more than 6 to 1.

WISHH Committee members for 2018-2019: (Front row, from left): George Goblisch (MN), Jim Wilson (MI), Chair Daryl Cates (IL), Secretary Roberta Simpson-Dolbeare (IL), Vice Chair Gerry Hayden (KY), Dawn Scheier (SD), WISHH Deputy Director Liz Hare, and Tim Bardole (IA). (Back row, from left): WISHH Executive Director Jim Hershey, Kurt Maurath (KS), Jeff Magyar (OH), Bill Wykes (IL), David Lueck (MO), David Williams (MI), Craig Converse (SD), Ed Beaman (USSEC) and Craig Williams (IN). Not shown: Matt Gast (ND).



SOY FORWARD

By Jim Sutter

Making Lemonade from Trade War Lemons

US. soybean farmers are understandably frustrated with the current market situation. Their investments, together with those of the U.S. Department of Agriculture (USDA) and the U.S. soy industry, have developed China into the world's largest soybean market. Now, however, due to a current trade war that has nothing to do with soybeans, they have lost access to the Chinese market.

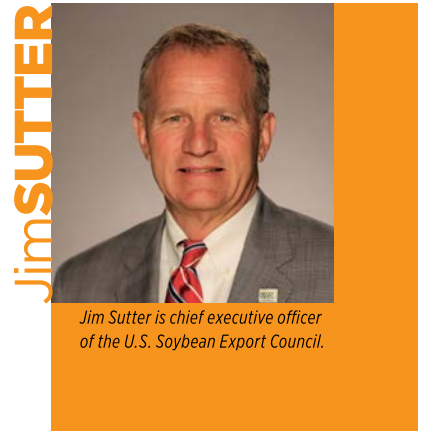
Access to China's market isn't all U.S. soy farmers have lost. Tied to that access is an unusual situation where market prices between U.S. and Brazilian soybeans have widened to a record \$2.00+/bushel. Brazilian and virtually all other non-U.S. origin soybeans are trading at a roughly 20 percent price premium over U.S. soybeans due to the tariff situation. This spread is in place as a market reaction to ensure that China will buy all of the non-U.S. origin soybeans available before turning to the U.S. for any last few soybeans they may need to fulfill their total demand; and on these last few beans, a 25 percent tariff will be paid so that beans with only a 20 percent tariff don't look overpriced to Chinese buyers.

It's pretty easy to define the winners and losers here: Clearly, U.S. soybean farmers are losing as they're forced to sell their soybeans at this discount versus soybeans from all other origins. Chinese consumers of

U.S. soybeans are also losing out by having to pay a higher price than normal; that cost, however, is spread out across virtually hundreds of millions of consumers of pork, poultry, fish and cooking oil so the actual impact is quite minimal, particularly given that world market prices for soybeans are at the lowest levels in the last 10 years. The winners are all other soybean buyers in the world, including internal U.S. Soy consumers, who are buying U.S. soybeans at an abnormally large discount to alternative origins.

The U.S. Soybean Export Council (USSEC) is making lemonade out of these trade war lemons by taking this opportunity to build or renew relationships in markets that, for any reason, have been sourcing from South America or other origins. It certainly can't be said that U.S. prices are not competitive at this time, so USSEC is taking this opportunity to promote the U.S. Soy Advantage.

The U.S. Soy Advantage includes the superior U.S. transportation and export infrastructure, the sustainable production practices utilized by U.S. soybean farmers, and the consistent high quality of U.S. soybeans and soybean products. We are also taking this opportunity to grow demand for soy in new, evolving basic markets in line with the shift in U.S. soy's international marketing efforts implemented earlier in



Jim Sutter is chief executive officer of the U.S. Soybean Export Council.

2018. The shock of the trade war on our usual markets is making our evolution in strategy look quite smart and imperative for the future.

When the trade war was just a future worry and merely a "what if," we raised concerns about unintended consequences and the "long-tail" those consequences can have even after the trade war is over—those concerns are real and still exist. Hopefully, the steps we are taking in the short-term will help to mitigate those concerns and will ensure a strong future for U.S. soy in international markets, keeping in mind that overseas markets have been the home for approximately 60 percent of U.S. production in each of the last 10 years.



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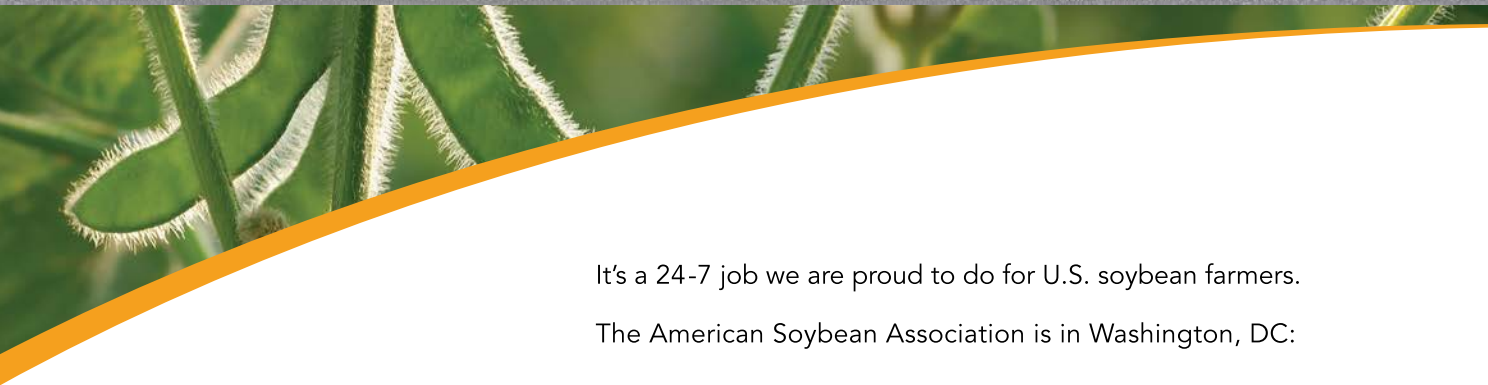
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