



SOY NOTES

for Kansas soybean farmers

News from the Kansas Soybean Commission – the soybean checkoff | Fall 2019

State checkoffs go ‘prospecting’ for international customers



Prospecting, in today’s business lexicon, is the art of identifying potential customers. It is the first step on the road to success. A group of soybean organizations hopes a prospecting trade mission to Southeast Asia in May will help them build demand for U.S. soy.

Representatives from the Kansas Soybean Commission (KSC), Nebraska Soybean Board and Iowa Soybean Association, with the help of Mishek Inc., hope to add Myanmar and Malaysia to a list of emerging countries that could help whittle down abundant U.S. soybean supplies.

“We’re prospectors right now,” said Peter Mishek, an exports consultant for Ag Processing Inc. (AGP). “We are digging and gathering information. ... It is uncharted territory, and we have to figure out what is going on to build a market profile.”

There are more than 20 livestock feed-concentrate and feed-ingredient importers in Myanmar. Some feed millers import products themselves, and some purchase through local importers. Due to high domestic prices of raw feed in Myanmar in 2017 and 2018, imports of U.S. soybean meal have increased sharply.

The soybean organizations met

with De Heus Myanmar, a feed-production company serving the poultry, swine and cattle industries. De Heus is a Netherlands-based company founded in 1911. It established its feed-production operations in Myanmar in 2016 and built a second plant there two years later. Both facilities are expected to produce about 331,000 tons of feed this year.

Myanmar’s total feed demand is likely to increase by 15% from last year and could reach 4.3 million tons in 2020, according to the U.S. Department of Agriculture. Growing demand for feed means more imports of soybean meal.

Myanmar borders China, Thailand, Bangladesh, Laos and India. Recently, the country emerged from a closed economy that resembled North Korea’s. Since the 1990s, the country slowly has been opening up to foreign investments.

“The prospects for the country are quite good,” Mishek said. “They have 53 million people, and they have the feed potential for 15–20 million people. The prognosis is in the neighborhood of 5% to 8% per year for the next four or five years. You would be hard-pressed to find anywhere on the globe with a market with that kind of potential for growth.”

KSC Administrator Kenlon Johannes participated in the meetings with De Heus. He has more than 30 years of experience with international trade missions to help build demand for soybeans.

“I was impressed. Peter called it prospecting, and prospecting it is,” Johannes said. “We are seeking out areas where we have not gone. We are finding the markets, but you have to work hard to develop them.”

He supports building markets there.

“I think it is going to pay off here,” Johannes said, “but you have to take it step by step, be patient, really do the homework and be service-oriented to get these markets.”

The U.S. Soybean Export Council (USSEC) and state soybean organizations have been searching for

new markets to sell an overabundance of soybeans sitting on the world market. To do that, USSEC has classified markets into four categories: immature, basic, expansion or mature.

Countries like Myanmar, Egypt, India and Sri Lanka are in the basic category. By 2021, USSEC plans to shift 40% of its investments into such markets.

“Basic markets can provide the highest return,” USSEC CEO Jim Sutter said during Commodity Classic in Orlando, Florida, earlier this year. “If all the countries we have in the basic category increase their market share just 50%, total demand would be twice the size of the entire U.S. soybean crop.” By Joseph Murphy, Iowa Soybean Association

Selling U.S. soybeans, meal to Latin American buyers

While Asia is the largest market for U.S. soybeans, U.S. soybean processors rely on Mexico, Latin America and the Caribbean for more than 40% of their total soybean-meal exports. Mexico is the largest buyer of U.S. soybean meal. The Caribbean and Latin America also are large soybean-meal buyers.

The Kansas Soybean Commission, other state soybean boards and Ag Processing Inc. (AGP) are funding a project to increase product availability and logistical awareness and, consequently, sales of U.S. soybeans and soybean meal directly into Mexico, the Caribbean and Central America. Increasing awareness by bringing buyers to visit farms and U.S. export facilities is a key strategy.

The project will improve communication and logistics directly and commercially with U.S. firms and farmers. Its goal is new trade and exports for U.S. soybean farmers and processors via rail and the Gulf Coast. The project will utilize AGP staff and Mishek Inc., an international trade consultancy, to carry out activities.

The U.S. soybean industry continues to see aggressive competition from Argentina, Paraguay and Brazil. It is necessary to promote U.S. soy’s quality and the advantages of U.S. products, transportation infrastructure and facilities via personal meetings with purchasing and logistical staff, audiovisual products, brochures, trade shows, and other media.

Above: Representatives from the Kansas, Nebraska and Iowa soybean boards, including Kenlon Johannes (third from right), visit a Malaysian milling company. (Joseph L. Murphy/ISA photo)

Trade breakthroughs bring optimism to meat-export conference

Recent trade developments lent an optimistic tone to the first day of the U.S. Meat Export Federation (USMEF) spring conference in Kansas City, Missouri, May 22. In his address, USMEF President and CEO Dan Halstrom reported Mexico's removal of retaliatory duties on U.S. pork, Canada's elimination of a 10% duty on prepared beef products and Japan's lifting of longstanding restrictions on U.S. beef.

The day's keynote speaker was Peter Zeihan, a global trade expert and best-selling author, who offered his perspective on how the trade environment was affecting U.S.



KSC Administrator Kenlon Johannes (left) and commissioners Lance Rezac, Onaga, and Bob Haselwood, Berryton, attend the USMEF spring conference. (KSC photo)

agriculture in general and the red-meat industry specifically. He noted, despite facing many challenges, the

United States was well-positioned to have continued success as an agricultural exporter.

Indirect soybean-meal exports in the form of meat have grown and are expected to continue growing. In 2017, almost 326,000 tons of soybean meal (from about 10.9 million bushels of soybeans) went to animal agriculture in Kansas. Pigs consumed 61% of that, poultry (broilers, layers and turkeys) consumed 15%, dairy cattle consumed 14%, and beef cattle consumed 8%.

In fiscal year 2020, which began July 1, the Kansas Soybean Commission will provide \$90,000 for USMEF's "Red Meat on the World's Table" project, with \$65,000 earmarked for promoting pork exports and \$25,000 for beef. 🌱

Agriculture supports dredging lower Mississippi River

Soybean farmers and all U.S. agriculture have been facing some challenging times over the past several months. It has become more vital than ever to continue looking for ways to remain profitable. One area the Soy Transportation Coalition (STC) has found that could benefit farmers greatly is dredging the bed of the lower Mississippi River.

There has been a push from river stakeholders, including agriculture, to promote the dredging of the lower shipping channel from 45 feet to 50 feet in depth. That is the segment of the Mississippi River that stretches from Baton Rouge, Louisiana, to the Gulf of Mexico, and it accounts for 60% of all U.S. soybean exports.

The project would allow for more and larger barges to export more commodities from the United States because they could hold more weight through the waterways. The use of those rivers and inland waterways to

transport products like soybeans creates almost no noise pollution. They also emit 35%–60% fewer pollutants compared to trains or trucks.

Farmers would have a greater opportunity to cut down on the exporting costs they incur by about 13 cents per bushel. In STC's study, it would make transportation more competitive between railways and barges by making the prices comparable.

The United Soybean Board is providing \$2 million to help offset the project's research, education and promotion costs. The research estimates farmers in the 31 evaluated states will receive an additional \$461 million for their soybeans due to the dredging. For Kansas farmers alone, that adds around \$7.76 million of improved revenue.

The Kansas Soybean Commission is a member of STC, which focuses on positioning soybean industry stakeholders to benefit from a transportation system that delivers cost effective, reliable and competitive service.

🌱 *By KSC summer intern Natalie Harris, Abilene*



Deeper river channels potentially could deliver more profits for U.S. soybean farmers. (USB photo)

Biodiesel, renewable diesel: A future together?



Farmers have been using sustainable practices for years, and the rest of the world is making new strides in a green movement. Some ideas of accomplishing that are more difficult than others, but the idea to use biofuels makes sense for them.

Biodiesel is a renewable fuel option for vehicles that run on diesel. It is made from various feedstocks, including soybean oil, recycled cooking oil and animal fats. The process to purify those feedstocks is transesterification, a reaction between the fats or oil and an alcohol catalyst, which creates biodiesel. Biodiesel generally is blended with conventional petrodiesel to create a product like "B20."

Renewable diesel, or hydrotreated vegetable oil, is becoming increasingly popular throughout the United States. Such "green diesel" is like biodiesel in that it uses the same feedstocks, including soybean oil, but it undergoes different chemical processes, such as hydrotreating. The hydrogenation process reacts the feedstocks with the hydrogen catalyst at high temperatures, creating a biofuel free of metals, oxygen and nitrogen compounds, like how petrodiesel is made.

With two biofuel options, consumers and producers often must answer the question about which is better.

The answer may not be this or that but rather a combination of the two. Studies by the Renewable Energy Group show a blend of 50% biodiesel and 50% renewable diesel (B50/R50) greatly reduces the hydrocarbons and particulate matter as compared to R100, B20/R80 and B20/R20. Opportunities to use a combination of the two biofuels may become more available for consumers in the future.

"Renewable diesel is made from the same things as biodiesel, yet the higher free-fatty-acid feedstocks like animal fats and recycled cooking oil are usually selected due to overall production costs. Growth in both industries will lead to more demand for all kinds of fats and oils," said Kaleb Little, communications director for the National Biodiesel Board. "The same meal-oil economics and animal-fat demand principles apply, with both returning value to livestock industries. Growth in both fuels is generally good for soybean farmers."

The Kansas Soybean Commission supports biodiesel and the growth of soybean products worldwide. It continues to promote cleaner, more efficient fuels for soybean farmers and the motoring public. 🌱 *By KSC summer intern Allison Railsback, Osage City*

FY '21 funding decisions to be made in December

The Kansas Soybean Commission (KSC) is requesting research and education proposals for its fiscal year 2021, which begins July 1, 2020. Proposals are due Oct. 15, and an individual may be listed as the principal investigator or educator on only one.

The commissioners will review ideas for breeding, production and environmental programs; animal- and human-nutrition or food-safety studies; commercially significant, value-added projects that will use large quantities of soybeans; and domestic or international marketing and transportation programs.

More information about KSC's priorities, complete instructions and application forms

are available at <https://KansasSoybeans.org/forms> on the web or by calling the Kansas Soybean office at 877-KS-SOYBEAN (877-577-6923). Proposers who gain preliminary approval from the commissioners will make formal presentations Dec. 5-7 in Topeka or via teleconferencing.

The three-day funding meeting will begin at 8 a.m. each day. The commissioners also will discuss current projects, market-development activities, educational programs and administrative items.

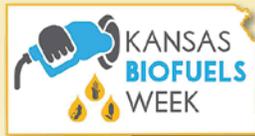
To obtain a complete agenda or to suggest additional topics for deliberation, contact KSC Administrator Kenlon Johannes at johannes@kansassoybeans.org or at the office. 📧



Brian McCornack requests funding for the Summer Soybean Science Institute at Kansas State University. (KSC photo)

Governor proclaims 'Biofuels Week'

During a challenging time in rural Kansas, renewable fuels remain an important asset to drive feed-grain demand



and improve prospects for profitability on the farm. Recognizing the many benefits biofuels provide to the Kansas economy, agricultural industry, energy consumers and environment, Gov. Laura Kelly proclaimed the week of May 26 as "Biofuels Week."

In celebration of the proclamation, Kansas Secretary of Agriculture Mike Beam hosted a recognition ceremony with the effort's organizing groups at the Kansas Department of Agriculture's headquarters in Manhattan.

"Biofuels add value to the Kansas economy and are an important contributor to the Kansas agriculture industry," Beam said. "They offer a clean-burning, affordable fuel choice to consumers, as well as provide valuable byproducts for our livestock industry in the form of [distiller's dried grains] and soybean meal. Biofuels play a key role in the long-term, sustainable agricultural prosperity of Kansas."

Currently in Kansas, 10 ethanol plants annually produce 550 million gallons of clean-burning renewable ethanol, worth nearly \$900 million. Those Kansas ethanol plants use 44% of all corn and 30% of all grain sorghum grown in the state.

Similarly, biodiesel adds 63 cents per bushel to the value of Kansas soybeans. Kansas has one renewable-diesel plant, and a state-of-the-art biodiesel plant just opened in Wichita that annually will produce 60 million gallons of clean-burning biodiesel from locally grown soybeans.

"America's first and only energy source to earn the title of 'advanced biofuel' from the Environmental Protection Agency, biodiesel can be used in almost any diesel engine without modifications in blends of up to 20%," said Dennis Gruenbacher, Andale, who represents the Kansas

Soybean Commission (KSC) on the National Biodiesel Board.

"Last year, biodiesel production used the oil from 660 million bushels of soybeans, which was 35% of the U.S. soybean-oil supply. That kind of domestic demand is vitally important to soybean farmers right now."

KSC and the Kansas Soybean Association were members of the coalition that urged Kelly to announce a statewide recognition of biofuels. The partner organizations promoted Biofuels Week through social media channels using the #KsBiofuels hashtag, as well as shared industry facts and statistics with news media and stakeholders across the state. 📧



Kansas Secretary of Agriculture Mike Beam (center, left) presents a copy of the governor's Biofuels Week proclamation to Bob Haselwood, Berryton, who represents the Kansas Soybean Association on the National Biodiesel Board. (Renew Kansas photo)



Soy Notes is a service of the Kansas Soybean Commission – the soybean checkoff.



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Contests allow Kansas farmers to compete on yield, value

As farmers begin fall harvest, they should think about the annual Kansas Soybean Yield and Value Contests. Entries must be post-marked no later than Dec. 1.

Kansas State University (K-State) Extension personnel or a designee must witness the harvest. A designee may be anyone not involved with the farm enterprise. For example, a family member or input supplier may not serve as the witness.

Pertaining to harvest, some of the contest rules' highlights include the following.

- ❖ An entry shall consist of one, contiguous field of at least 5 acres. Farm Service Agency measurements will serve to verify a field's size if entered in its entirety. If not, the harvest witness must take measurements with a measuring wheel, GPS device or smartphone app. If using an electronic method, a color printout must accompany the entry.
- ❖ Contestants should notify their Extension county offices of when harvest is to begin as early as possible.
- ❖ The harvest witness must inspect the combine's grain hopper and verify it is empty before harvest begins.
- ❖ Only official elevator-scale tickets shall verify the soybeans' weight. While a minimum of 5 acres must be checked, the entire field's weight may be taken.



Greg Love (left), Montezuma, accepts Love & Love Farms' plaques from contests coordinator Doug Shoup, Scranton. Last year's irrigated-division winner set a new yield-contest record. (KSC photo)

Thanks to the Kansas Soybean Commission (KSC), the highest dryland and irrigated yields in the contest each will receive a \$1,000 award. The overall winner could earn an additional \$1,000 for surpassing the standing record of 104.14 bushels per acre. Further, in each district, first place will win \$300, second will earn \$200, and third will receive \$100.

Managed by the Kansas Soybean Association (KSA), the contests are free to all Kansas farmers, but there is a limit of one entry per field. One person may enter multiple categories – conventional or no-till (which now includes strip-till), dryland or irrigated.

Farmers may enter the value contest, which evaluates protein and oil contents, without entering the yield contest and *vice versa*.

The complete rules are available at <https://KansasSoybeans.org/contests> on the web, from the Kansas Soybean office (877-KS-SOYBEAN, 877-577-6923 or info@kansassoybeans.org) and in K-State Extension offices across the state.

"The contest is an incentive for farmers to maximize soybean yield and protein and oil contents and an opportunity to share the production practices that achieve those high levels of yield and value," said Greg Strube, Horton, who is chairing KSA's contests committee this year.

Winners will receive their plaques, certificates and monetary awards during the Kansas Soybean Expo, January 8, 2020, in Topeka. 🌱



New, free mobile app now available

In August, the Kansas Soybean Commission and Kansas Soybean Association completely relaunched their shared mobile app. It features the office's contact information, social media posts, weekly radio update (podcast), Kansas bids and basis, news releases and newsletters, and calendar of industry events.

If your iOS device is not running Kansas Soybean Version 3.0.0 (dated Aug. 22) or something newer, update it. If your Android device is not running Kansas Soybean Version 1.0.1 (dated Aug. 20) or something newer, **uninstall and reinstall** it. Links to both app stores are available at <https://KansasSoybeans.org/app> on the web. From there, you also can find a link for test-driving the new app before installing it. 🌱



A former commissioner at large, Jerry Jeschke, Robinson, congratulates Joe Ryckert of the Paola FFA Chapter on his state oil-crop production proficiency award, which the Kansas Soybean Commission sponsors. (Kansas FFA photo)

Ryckert has gone from running the grain cart to applying fertilizer and pesticides and planting soybeans. He also performs routine maintenance on the farm equipment.

He hopes to become a pioneer in using new and emerging technologies. He already has begun by learning about GPS and drone equipment.

Poultry
18,200,000 Metric Tons
(the meal from 844 million bushels)



Hogs
7,000,000 MT
(the meal from 324 M bushels)



Dairy
4,000,000 MT
(the meal from 185 M bushels)



ANNUAL U.S. SOYBEAN MEAL USE

Beef
1,200,000 MT
(the meal from 55 M bushels)





Source: USM Market View Database, 2017/2018 © 2019 United Soybean Board (2019-24)