



GLOBAL DEMAND FOR ENHANCED-QUALITY SOYBEANS EQUALS PREMIUMS PAID TO U.S. FARMERS

Annually 60 million bushels of soybeans are exported at a premium for food-grade uses. Trends indicate that demand for enhanced-quality or food-grade soybeans is continually increasing, but U.S. production acreage is not meeting the demand, culminating in higher prices. Customers in Asia, the likely destination for many of these food-grade soybeans, are willing to pay premiums to ensure their supply.

U.S. soybean farmers can help to fill a growing global demand by planting food-grade soybeans for soybean processors that send their beans to markets such as Asia to be used in soybean-based food products like tofu and miso.

“We decided to grow food-grade soybeans to gain a wider profit margin.”

ROD SMITH
SOYBEAN FARMER FROM FREEMAN, MISSOURI

This is a market where U.S. soybean farmers have a competitive advantage. Because enhanced-quality soybeans require separate storage and shipping containers, as well as a certain amount of traceability, the United States already has the infrastructure in place to handle large amounts of specialized soybeans.

It's up to each individual farmer to choose varieties that will help meet this demand and increase their profits. Local seed dealers are the best place to start when deciding which soybeans to grow. They can advise farmers on which varieties will produce the traits that customers are looking for, along with good yields. They can also educate farmers on premiums within the local market area.

“I'm not raising a commodity anymore, I'm raising a product, and you get a better price for a product.”

KEVIN GLANZ
SOYBEAN FARMER FROM MANCHESTER, IOWA

Another source of information is www.soybeanpremiums.org, which allows buyers to post premium programs, gives growers a detailed program listing and provides links to additional resources. The selection of available non-biotech, food-grade and Identity-Preserved (IP) varieties is increasing. Following is a description of the types of varieties these end users are requesting:

FOOD-GRADE SOYBEANS

These soybeans are grown and harvested in a fully separate farm system on a contract agreement basis. The contracts usually include auditing of land, seed and farming practices as well as harvesting and transportation. Analysis of the end product is done to ensure quality.

LOW-LINOLENIC SOYBEANS

Low-linolenic soybeans that are currently available and high-oleic soybeans, which will be available for limited commercial introduction in 2009, are two varieties that are being sought by the food industry because they result in oil with no trans fat. These biotech traits do not have the same segregation and traceability rules as other enhanced-quality soybeans.

Coming up with a trans-fat-free soybean oil is important here in the United States, as well as abroad, since the Food and Drug Administration (FDA) requires labeling of food products that contain trans fats. This prompted a desire by food companies to eliminate trans fats from ingredient lists.

ORGANIC AND PESTICIDE-FREE SOYBEANS (NON-BIOTECH)

These soybeans are grown and harvested with the same standards as non-biotech. The difference is related to the agricultural practice. The premium price for these soybeans is higher, but the yield deficit may be higher than non-biotech.



Our soybean checkoff.
Effective. Efficient. Farmer-Driven.



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PLANTING ENHANCED-QUALITY SOYBEANS MAXIMIZES PROFIT POTENTIAL PER ACRE

Growers looking to expand their soybean portfolios are taking advantage of the premiums being offered for planting enhanced-quality traits such as food-grade, IP and non-biotech. With the growing demand for these enhanced-quality soybeans by overseas customers, premiums for these soybeans can and will continue to increase.

Soybean growers from across the country are taking advantage of this opportunity, including the following farmers:

“The demand for food-grade is exploding. Everybody wants to buy organic. If you put a pencil to it, it doesn’t pay to grow commodity beans. Last year, the premium for my beans is \$3.40 a bushel. On 10,000 bushels, that’s \$34,000 in extra money.”

KEVIN GLANZ
SOYBEAN FARMER FROM MANCHESTER, IOWA

“From an economic perspective, transportation costs versus premium, there’s a premium in the market place for enhanced-quality traits. With the economic incentive to grow non-biotech and looking at the cost of conventional chemicals, the cost of growing non-biotech will actually be less.”

KEN DALENBERG
SOYBEAN FARMER FROM MANSFIELD, ILLINOIS

“We decided to grow food-grade soybeans to gain a wider profit margin. It’s a great marketing tool, and there is a benefit in knowing we have a buyer for our soybeans. We’re also able to pick up more land. It’s attractive to renters because of the better return.”

ROD SMITH
SOYBEAN FARMER FROM FREEMAN, MISSOURI

“I like to know that I have a buyer, and I like to know what my basis is before I plant the crop. It makes marketing a lot easier. And my premiums have been anywhere from 60 cents over Chicago to \$3.50 over Chicago.”

TODD HANSEN
SOYBEAN FARMER FROM OWATONNA, MINNESOTA



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IP HANDLERS – WANT YOUR SOYBEANS AND ARE WILLING TO PAY FOR IT

In exchange for the higher degree of management required to grow a traceable high-quality crop of food-grade soybeans, soybean processors are willing to pay a premium for them. IP handlers are willing to pay extra for special soybeans because end users are willing to pay more for them, including these handlers:

“Up here you’re going to grow some amount of soybeans, and you can really add value to your acreage. It’s a way to diversify your ag program. Last year with yield and basis, specialty growers were getting \$1.70 to \$1.80 more.”

BRANDON BICKHAM
DELONG COMPANY, CLINTON, WISCONSIN

“We are getting quite a bit of interest from growers wanting to grow non-GMO products. The premium that we are offering the farmers for that little extra effort is proving to put more money into their bottom line. Their interest is good, and we are hoping to continue that trend and to be able to send more non-biotech products to the supply chain.”

DAVE MARTIN
BLUE GRASS FARMS, JEFFERSONVILLE, OHIO

“The reaction from farmers has been very positive. There’s an opportunity to add anywhere from 30 dollars to 60 dollars an acre to their bottom line, and, with the market fluctuating the way it is right now, it’s just a very good opportunity for farmers to increase their income.”

TOM MCKAY
SUNOPTA COMPANY
CONTRACTS WITH FARMERS IN SEVEN STATES

“The demand is significant. The real issue is having enough supply to meet the demand of food manufacturers. At the end of the day, everyone has to eat. The economies of Southeast Asia are improving, and the first thing that happens when economies improve is people want to eat better.”

BOB SINNER
PRESIDENT OF SB&B FOODS
CONTRACTS WITH FARMERS IN FIVE STATES

“What I’m trying to do is continually identify varieties that will work for customers in Asia and yield better for farms. We identify farmers who are willing to grow them and then explain that the premium is high enough to compensate for any yield deficit.”

DON LATHAM
PRESIDENT OF LATHAM FARMS, ALEXANDER, IOWA

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ENHANCED-QUALITY SOYBEANS –TRACEABILITY FROM “FARM TO PLATE”

STEP 1 CONTRACT

Growers provide crop on an individual contract basis. Farmers and IP handlers contract well in advance of planting for a specific variety at a specific premium.

STEP 2 FARM

Specific varieties are grown under contract, harvested and stored separately on the farm.

STEP 3 BAGGING FOR TRANSPORT

Farmers transfer crops to bags or sealed containers, maintaining separate distribution lines for specific varieties.

STEP 4 ELEVATOR

Varieties are graded and handled using special procedures. They are stored in separate bins, containers or silos.

STEP 5 DELIVERY TO PORT

Crops are loaded into containers or dedicated barges carrying limited cargo, or otherwise shipped by railroad.

STEP 6 SHIPS

The shipments are loaded onto container ships into separate holds and stored completely separate from other shipments during the transoceanic trip.

STEP 7 PORT OF DISCHARGE

On arrival, the shipments are unloaded using a dedicated system and stored separately from other shipments.

STEP 8 TRANSPORT

Distribution to overseas customers from the entry port is carried out using coastal vessel, barge, truck or railroad – maintaining separation from other crops.

STEP 9 STORAGE AT PROCESSORS

The deliveries are stored in separate dedicated storage.

STEP 10 PROCESSING

Specific varieties are processed using separate runs or lines for high-value products.



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