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Forecast for U.S. Soy Demand!

SOY FUTURES

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24/7 Passion for Agriculture

SUSTAINABILITY

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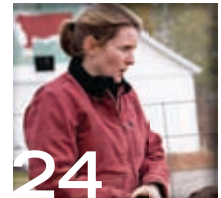
The American Soybean Association (ASA) represents all U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state associations representing 30 soybean producing states and more than 300,000 soybean farmers.



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SOY news

U.S. Soybean Farmers See \$28 Billion in Exports

According to the U.S. Census Bureau, U.S. soybean farmers exported a record 2.6 billion bushels of U.S. soy and soy products, valued at over \$28 billion last year. It marked the second year in a row that exports exceeded 60 percent of U.S. soybean production.

But record soybean production is no longer enough to ensure markets for U.S. soy.

"Soy production is growing worldwide and end users have choices," says Derek Haigwood, soybean farmer from Newport, Arkansas, and director on both the United Soybean Board (USB) and the U.S. Soybean Export Council. "To position the U.S. as a preferred supplier, we need to differentiate our product and farming practices to customers around the world."

Global economic growth is increasing demand for soy worldwide. To maintain and grow market share globally, the soy checkoff is making investments in areas where U.S. soybean farmers have the greatest opportunity to differentiate their product. More specifically, the checkoff is focused on growing sustainable soybeans that produce better quality meal and oil for end users.

"While exports are rising, U.S. soybean farmers can take even more market share if we differentiate ourselves in the global marketplace," says Haigwood. "Improvements to meal and oil will help us keep a strong foothold in these crucial overseas markets."

USB's 73 farmer-directors work on behalf of all U.S. soybean farmers to achieve maximum value for their soy checkoff investments.

Source: United Soybean Board



Soy has been common in Asian diets for thousands of years. It is found in modern American diets as a food or food additive. Soybeans contain isoflavones—compounds similar to the female hormone estrogen. Research suggests that daily intake of soy protein may slightly lower levels of LDL ("bad") cholesterol.

Source: National Center for Complementary and Integrative Health



Goodyear Using Soybean Oil-Based Rubber in Tires

The Goodyear Tire & Rubber Company is harvesting some unique “seeds” of innovation as it introduced a new tire technology used on its Assurance WeatherReady tires for passenger vehicles, introduced this past fall.

The first commercial use of a new soybean oil-based rubber compound is helping Goodyear enhance tire performance in dry, wet and winter conditions. A Goodyear team of scientists and engineers created a tread compound, or formulation, using soybean oil, which is naturally derived, cost-effective, carbon-neutral and renewable.

“Goodyear’s legacy of innovation drives us to continue to apply new technology solutions, developing superior performing tires that meet consumer demands,” said Eric Mizner, Goodyear’s director of global materials science.

By employing soybean oil in tires, Goodyear found a new way to help keep the rubber compound pliable in changing temperatures, a key performance achievement in maintaining and enhancing the vehicle’s grip on the road surface.

Goodyear’s tests have shown rubber made with soybean oil mixes more easily in the silica-reinforced compounds used in manufacturing certain tires. This also improves manufacturing efficiency and reduces energy consumption.

Goodyear cooperated on the project with the United Soybean Board, which provided some funding support for the development of Goodyear’s soybean oil application in tires.

The commercialization of soybean oil in tires as the latest technology breakthrough by Goodyear builds on the company’s other recent innovations, such as the use of silica derived from rice husk ash, another component Goodyear is using in certain consumer tires, along with current and past uses of components such as carbon fiber, DuPont™ Kevlar®, volcanic sand and more.

Goodyear is one of the world’s largest tire companies. It employs approximately 65,000 people and manufactures its products in 47 facilities in 21 countries around the world.

Source: Goodyear Tire & Rubber Company

Getting Hooked on Soybean Research

For recent alumna Marissa Scherven, the chance to research a disease in soybeans was a key component of her undergraduate years at the University of Minnesota.

As a sophomore, Scherven was looking for a work-study job and found one as an undergraduate research assistant in Jim Kurle’s plant pathology lab. What started as a mundane job turned into three years dedicated to finding resistance to the pathogen *F. graminearum* in an effort to help secure soybean crops in Minnesota.

F. graminearum is a relatively new threat to soybean growers in the state. It’s a fungal pathogen that affects plants by causing seed, seedling, and root rot, which ultimately may lead to significant yield loss. The goal is to find resistant soybean lines and attempt to stop *F. graminearum* problems before they start.

When Scherven became good at her research, it became a focal point in her academic life. She created a research poster, wrote a scientific paper, and was sent to a plant pathology symposium in East Lansing, Mich., where she was the only undergraduate presenting her research.

For three years, “I was in the lab every day. It was my first real adult job,” says Scherven, who earned a B.S. in horticulture.

“It made me grow up—there was a lot of responsibility that I wasn’t really used to...and a lot of sleepless nights writing that paper and getting it edited over and over again.”

All that work sparked a new passion, and Scherven plans to return to the U of M to pursue a master’s degree in plant pathology. She’d consider working in another lab with another crop, but would prefer to pick up where she left off with Kurle and soybeans.

“The soybeans, they just get to me,” Scherven says with a chuckle. “I can’t walk away from them.”

Source: University of Minnesota



Marissa Scherven, a University of Minnesota alumna, has a passion for soybean research. Photo courtesy of University of Minnesota

ASA in Action

Heisdorffer of Iowa is New ASA President

John Heisdorffer of Keota, Iowa, was elected the new president of the American Soybean Association (ASA) at the Association's Board meeting in St. Louis, Mo., in December. Heisdorffer raises soybeans, corn and hogs with his wife, Deanna, and son Chris.

"There is so much facing the soybean industry today, and I am very aware of the responsibility that this position carries with it. For the first time in history, American farmers harvested more acres of soybeans than any other crop. We are a leading voice in the ongoing dialogue on food and farming, and as a leader, it's our duty to stay engaged and stay passionate on the issues that affect soybean farmers every day. Whether that's trade or biotechnology or regulation, there is plenty to be done. I am excited to get to work, and I look forward to leading this wonderful organization in the coming year."

Heisdorffer replaced Illinois' Ron Moore as president, and Moore moved to the role of ASA Chairman. Former Chairman Richard Wilkins of Delaware rotated off the nine-member ASA Governing Committee.

The ASA Board also elected Davie Stephens to serve as vice president, a position that places him in line to serve as the association's president in 2019. Stephens lives in Wingo, Ky., and farms in Kentucky and Tennessee with his wife Judy and his father, raising soybeans, corn and poultry.

In addition to Heisdorffer, Moore and Stephens, the ASA board voted to elect Kevin Scott of South Dakota as Secretary; Bill Gordon of Minnesota for a second term as Treasurer; and Bret Davis of Ohio, Eric Maupin of Tennessee, Joe Steinkamp of Indiana, and Charles Atkinson of Kansas as at-large Governing Committee members.

New members beginning a three-year term on the ASA board are Dennis Fujan of Nebraska; Josh Gackle of North Dakota; Jered Hooker of Illinois; Ryan Kirby of Louisiana; Alan Meadows of Tennessee; Scott Metzger of Ohio; Nick Moody of Virginia; Scott Persall of Canada; Caleb Ragland of Kentucky; Ronnie Russell of Missouri; and Brandon Wipf of South Dakota.

ASA Directors who retired from the board are: Ed Erickson, Jr., of North Dakota; Bruce Hall of Virginia; Mark Huston of Canada; Jim Miller of Nebraska; Dave Poppens of South Dakota; Jeff Sollars of Ohio and Lawrence Sukalski of Minnesota. ▣

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Governing Committee
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Charles Atkinson
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Greenwood, Del.



Brandon Wipf
Huron, S.D.



Bill Wykes
Yorkville, Ill.

ASA in Action

ASA Responds to Withdrawal of Biotech Rule

In response to the U.S. Department of Agriculture's (USDA) withdrawal of its proposed rule to overhaul federal regulation on biotechnology and plant breeding innovations like gene editing, American Soybean Association (ASA) Chairman and Illinois farmer Ron Moore issued the following statement:

"USDA's withdrawal of the proposed rule is both a positive and a negative for soybean farmers. On the plus side, there were a considerable number of aspects about the rule that would have stifled innovation and created additional regulatory uncertainty and ambiguity. So we're happy that USDA recognized the flaws in portions of the proposed rule and has taken it back to square one so that those may be remedied.

"We appreciate that the proposed rule addressed gene editing techniques and we hope that, however USDA opts to move forward with rulemaking, they will maintain a positive focus on these new technologies. Specifically, we hope that USDA will continue to recognize that new plant breeding innovations are distinct from and do not fall under the same USDA regulatory review process as transgenic biotechnology.

"More generally, there is a benefit to creating smarter and more practical regulatory frameworks with all stakeholders at the table. It is important to foster trust in agricultural technologies on the part of customers abroad and consumers at home. In this regard, we do not want the withdrawal of the rule to lengthen the existing lag between efforts to craft smarter regulations for new technologies and the need to convince consumers of their benefits, both at home and abroad.

"We hope that USDA will move forward to work with stakeholders to develop new science-based regulations that promote agricultural innovation and to foster confidence in new agricultural technologies on the part of all concerned." ▣

Ron Moore, ASA Chairman and Illinois farmer.



ASA Submits Comments on Step 2 of WOTUS Repeal



The American Soybean Association (ASA) submitted comments to the Environmental Protection Agency (EPA) on step two of the proposal to repeal and replace the 2015-era Waters of the U.S. (WOTUS) rule. The Agency requested input from stakeholders in preparation for developing a new rule and definition of "Waters of the U.S."

ASA's comments reflected the need for key modifications to be included in any re-write of the rule. These included preventing any expansion of regulatory authority to include waters considered to have a "nexus" to waters under the jurisdiction of the Clean Water Act. The comments also made clear that prior converted cropland, tile drainage and maintenance of existing tile and drainage ditches do not fall under the jurisdiction of WOTUS.

ASA applauded the Administration's approach to abandon the 2015 proposed rule and the February 28, 2017 Executive Order to write a rule that interprets "navigable waters" consistent with the opinion of Justice Antonin Scalia in the *Rapanos v. United States* case. The comments urged development of a new rule that "protects our waters while respecting the role of states and giving more certainty to the agriculture community."

The timeline on a new proposal is uncertain. ▣

FMC Joins ASA in Supporting Events to Engage Members in Policy Discussions

The American Soybean Association (ASA) appreciates the generous support provided by FMC this past year to help several state associations hold successful meetings that engaged their members in discussions on key policy and industry issues. Many of these events also provided an opportunity to help non-members become more aware of the association's work and the value in joining their state soybean association.

"FMC appreciates being able to support ASA and state soybean associations with their grower outreach efforts, while also meeting our crop protection customers," said Mike Harper, industry relations manager with FMC.

FMC helped sponsor events organized this past year by ASA-affiliated state soybean associations in Illinois, Indiana, Iowa, Missouri, Nebraska, Ohio and Tennessee. The events attracted hundreds of farmers to key farm show gatherings and meetings throughout these states. Farmers had the



Nick Hustedde, technical service manager with FMC, speaks to a group of farmers at an Indiana Soybean Alliance "Shop Talk" event held this past summer in Terra Haute, Indiana. *Photo courtesy of Indiana Soybean Alliance*

opportunity to hear from policy experts and agribusiness and congressional leaders on a variety of issues that directly impact their operations. □

ASA Introduces New Class of DuPont Young Leaders



The 34th class of ASA-DuPont Young Leaders met in Johnston, Iowa the week of Nov. 27, 2017.

The 34th class of American Soybean Association (ASA) DuPont Young leaders recently began their leadership journey at DuPont Pioneer headquarters in Johnston, Iowa. It was the first phase of a program designed to identify new and aspiring leaders within the agriculture community and provide them with opportunities to enhance their skills and network with other growers. Representatives from 19 states and Canada participated in the program.

ASA Chairman and Illinois farmer Ron Moore said, "The Young Leader program provides training in key leadership areas and allows participants to form lasting relationships with growers from across the country. This strengthens our industry and allows us to work collaboratively in our local, state and national organizations."

The 2018 Young Leaders are: James Wray (AR); Jonathan Snow (DE); Rick Dickerson (DE); Joshua Plunk (IL); Chris Steele (IN); Chris Gaesser & Shannon Lizakowski (IA); Kevin & Kim Kohls (KS); Jared & Kimy Nash (KS); Clay & Lindsey Wells (KY); Caleb Frey (LA); Walter & Kristen Grezaffi (LA); Brian & Michelle Washburn (MI); Scott & Polly Wilson (MI); Adam Guetter (MN); James Locke (MS); Tyler Clay (MS); Dane Diehl & Erica Wagenknecht (MO); Kevin & Heather Kucera (NE); Scott Langemeier (NE); Philip Sloop (NC); Logan Ferry (ND); Justin Cowman (OH); Kevin & Brianna Deinert (SD); Jordan & Samantha Scott (SD); Charlie Roberts (TN); AJ Teal (TN); Pat Mullooly (WI); Tanner Johnson (WI); and Ann & Jeff Vermeersch (Ontario, Canada).

"It was a privilege to meet this year's class of DuPont Young Leaders and talk with them about the challenges and opportunities facing American agriculture," said Bart Baudler, Commercial Unit Lead-North & West. "We look forward to watching them continue to develop their leadership skills throughout the remaining parts of the program."

The Young Leaders will complete their training Feb. 25-Mar. 1, 2018, in Anaheim, Calif., held in conjunction with the Commodity Classic Convention and Trade Show.



Forecast for U.S. Soybean Demand: **STRONG AND STRONGER**

| By James C. Webster

A year ago, at the U.S. Department of Agriculture's (USDA) Agricultural Outlook Forum, the department's top commodity analysts said that market fundamentals favored soybeans among the major crops, "particularly with expectations of continued growth in China's soybean imports."

The intervening year has provided nothing to change the bullish demand outlook for soybeans and soy products. If anything, demand prospects have improved to the point that USDA now expects soybean acreage to equal corn acreage in 2018 and sees soybeans planted on more land than any other feed or food crop in 2019.

The forecast for 2017 contrasted the positive soybean outlook with "only

moderate growth in corn used for ethanol production and strong export competition from Argentina, Brazil and Ukraine" and tough competition for wheat exports. That translated into projected record soybean planted area but declines in corn and wheat acreage.

USDA's long-term projections see 2018 and 2019 soybean planted area at 91 million acres each and 2018 corn plantings at 91 million acres, falling to 90 million acres in 2019. The analysts see similar fundamentals continuing for the coming decade, with 2028 plantings of 91.5 million acres of soybeans, 87.5 million acres of corn.

"If realized, this would be the first market-driven acreage shift that resulted in more soybean acres

planted than corn," said John Newton, American Farm Bureau Federation director of market intelligence, who coined the term "King Soybean." But "market driven" is the key qualifier; soybean acreage exceeded corn once before, in 1983 when the federal government's payment-in-kind (PIK) program discouraged corn planting.

Rabobank experts agree with USDA's assessment. "We come to the same conclusion in modeling that we have done," said Stephen P. Nicholson, vice president for grains and oilseeds with RaboResearch Food & Agribusiness, Chesterfield, Mo. The impetus is better demand and price – "a little more profitability for beans," he said.



Paul Drazek, a former USDA trade negotiator now a partner in the Washington trade consulting firm DTB Associates

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"Record U.S. soybean production is driving record exports," USDA said in its November 2017 Outlook for U.S. Agricultural Trade, with annual total soybean export value up \$200 million to \$24.1 billion.

Projections for the coming season, and indeed those for the longer term, are predicated on what Newton calls "a business-as-usual environment," as well as normal weather patterns and no significant disruptions in supply or demand from disaster or political decisions.

The China factor

Several factors underlie the positive demand outlook for soybeans, led by strong exports but also a healthy biodiesel market and meal to meet the growth in domestic meat and poultry consumption.

But among those, the Chinese market towers above all. "It all boils down to what China wants to do," Nicholson said.

"We continue to see good demand from China," he said. "One caveat, we will probably lose a little of market share because Brazil has big crop, and as long as currency rates favor Brazil. But that's OK; it's not going to be over the top."

AFBF's Newton said that China buys about 60 percent of the soybeans exported by the United States. "I can't imagine a scenario where they wouldn't, because the demand is so great," he said. The Chinese are the largest pork producer in the world and will continue to need soybean meal to feed their swine, he said.

Just how important is China? The production of one in every four acres planted to soybeans is exported to China, making it a \$15 billion market, said former USDA Chief Economist Joe Glauber, now a senior research fellow at the International Food Policy Research Institute (IFPRI). "It's probably also the largest growth market in the world too."

Yet amid the positive outlook, analysts are concerned that the evolving trade policy of the Trump Administration may be a cloud on the horizon. Nicholson said he was troubled by "rattling sabers over trade," especially with regard to the North American Free Trade Agreement (NAFTA) and withdrawal from the Trans-Pacific Partnership (TPP).

Spurning trade agreements that could expand markets for U.S. soybeans is "a dangerous precipice to go down," Nicholson said, because agriculture is so heavily dependent on trade. Setting aside the implications for direct soybean exports, he said, it is important to "think about livestock—25 percent of

pork and 30 percent of chicken are exported—if those two are hijacked, it would be very difficult. That would be pretty tough for the soy market."

The expansion of trade agreements among other countries that do not involve the United States is another concern from a policy standpoint because U.S. exporters do not have the same favorable market access terms granted to some of its competitors, Nicholson said.

Paul Drazek, a former USDA trade negotiator now a partner in the Washington trade consulting firm DTB Associates, and Glauber also expressed unease with comments by some administration officials about the U.S. trade deficit with China.

Analysts' concerns arise in part from the proposition by Secretary of Commerce Wilbur Ross and Peter Navarro, director of the White House National Trade Council, that pressure should be applied to China in order to shrink its trade surplus with the United States.

"It depends on how far they take their trade policy threats of retaliation against China," Drazek said. Threats of trade actions against China with the intention of reducing Chinese exports to us could backfire, he said. "If we start such measures, it is widely assumed that China will find a way to respond. It may not be overt or explicit but it could reduce imports from the United States."

He recalled former President Obama's imposition of tariffs on Chinese tires early in his administration. "China found some sanitary and phytosanitary measure to cut off or substantially reduce its poultry imports. That could happen again," he said, with retaliation against livestock and dairy exports affecting demand for U.S. soybeans.

(continued on page 12)

(continued from page 11)

"I would really be concerned if we were to see a huge trade war with China," said Glauber, who was the chief U.S. agricultural trade negotiator during the Doha Round talks. "If there were to be some kind of tit for tat in terms of retaliatory tariffs, it would have a very large effect on U.S. soybeans."



Joe Glauber, senior research fellow, International Food Policy Research Institute

A prohibitive tariff would have immediate impact," he said. "Prices would react pretty harshly. I don't think they (Southern Hemisphere exporters) could make up the difference. They have some ability to double crop but they have seen a lot of growth over last 15 years but nothing like what it would take to take over." He added, "China is not going to shut off all trade but they could make it very painful."

Newton pointed out that Chinese demand for soybeans is responsible for much of the rapid expansion in soybean planted area in North America as well as the Southern Hemisphere. "U.S. producers responded to these market signals by increasing soybean production by 130 percent since 1990," he wrote. "Brazil and Argentina have been much more aggressive, expanding production by 579 percent and 396 percent, respectively."

Glauber and Nicholson both spoke of the longer-term potential for increased soybean production and exports from the Black Sea region,

principally Russia and Ukraine. Glauber pointed out that climate and land in the region are favorable to soybeans. "That's going to mean something," he said. Nicholson said any shift from wheat or other crops in the Black Sea region "could be a real game changer."

Trade agreement factors

Drazek considers the possibility of pulling out of NAFTA a more immediate threat, worrying that the administration is making demands for new NAFTA provisions "that neither Canada nor Mexico could possibly accept. One of the objectives may be to make it impossible to negotiate a new agreement and give us an excuse to pull out."

NAFTA withdrawal is one of what AFBF's Newton called a "black swan" event that could suddenly roil markets and alter planting decisions. Others might be an unexpected slowdown in consumption, more favorable growing conditions in South America or a sudden increase in the strength of the dollar, making U.S. exports less competitive.



John Newton, director of market intelligence, American Farm Bureau Federation

"Mexico is our second largest market for soybeans," Newton said. "It is not insignificant but it is dwarfed by what China buys." For the year ended in September, China bought some 36.6 million metric tons (MMT) of the 60 MMT of soybeans exported by the United States. Mexico bought

3.9 MMT. While a loss of the NAFTA market might have a short-term price-depressing effect on U.S. soybeans, its longer-term impact might be more harmful as other countries move to replace U.S. exports of protein products to Mexico.

Administration officials appear divided over withdrawal from NAFTA. Secretary of Agriculture Sonny Perdue is credited with helping persuade President Trump not to follow through with a plan to withdraw from NAFTA in April 2017, describing which U.S. states that would be adversely affected by the loss of agricultural exports.

Ray A. Starling, special assistant to the president for agriculture, agricultural trade and food assistance at the National Economic Council, told a group of farm policy veterans in Washington in October 2017 that of White House agricultural concerns, "at top of the list the one getting the most attention is agricultural trade." Conceding that "our options have narrowed and they may narrow even further, which is not a good thing for agriculture," he said his job is to "make sure that others in the administration know that ag trade is so important."

Public pushback from agricultural interests may shore up pro-NAFTA partisans in the administration. A coalition of more than 80 food and farm organizations wrote to Ross in October 2017 to challenge his assertion that a loss of guaranteed access to Mexico and Canada would not have a significant impact on U.S. agriculture.

"Should the United States withdraw from the NAFTA...Mexico likely will impose duties of 20 percent or greater on agricultural imports from the United States," Dermot Hayes, Iowa State University agricultural economics professor, wrote in

December. More than \$12 billion of U.S. agricultural exports to Mexico in 2016 included some 10 percent of all pork production, 5 percent of poultry and beef and more than \$1 billion in dairy products. He expects Mexico would quickly find alternative supplies from countries such as Argentina, Brazil, Canada and the European Union. Given the worldwide abundance of agricultural commodities, these countries will be more than happy to oblige.

The Nebraska Farm Bureau published a study in December asserting that U.S. withdrawal from NAFTA “would not only undercut Nebraska’s farm and ranch families, but harm the underlying foundation of Nebraska’s agriculture based economy.” The analysis shows that exports of soybeans and soybean meal to Canada and Mexico in 2016 were worth \$1.28 per bushel of soybeans produced in Nebraska.

The U.S. Chamber of Commerce also is vocal in opposition to NAFTA withdrawal, observing that “Mexico is second only to China as an export destination for U.S. soybean exports.” Without the agreement, it pointed out, Mexican tariffs would rise from zero to 10 percent on pork and 75 percent on chicken—both major outlets for soybean meal.

The U.S. decision to forego participation in the TPP also troubles market analysts for its impact on soybean exports. “If we’re not at the table negotiating, we’re on the menu,” Nicholson said, adding, “We could lose market share” in some TPP countries.

TPP would have eliminated import taxes as high as 35 percent on soybeans and 40 percent on U.S. poultry products, according to a 2016 statement by the Office of the U.S. Trade Representative (USTR). Most U.S. farm product exports would have received duty-free

treatment immediately, USTR said, including Japan’s 21 percent tariff on American soybean oil, \$288 million of which was exported to TPP countries in 2014.

The National Oilseed Processors Association (NOPA) said that the United States exported \$5.5 billion soybeans and products to TPP countries in 2014. Its 2016 statement said the TPP would help U.S. soybeans gain a competitive advantage over Brazil and help Argentina expand markets for U.S. pork, beef, poultry and dairy products, the U.S. soy industry’s largest customers.

Regulatory and policy factors

Agricultural policy analysts expect that the new administration’s regulatory policy shifts may prove positive for soybean demand and supply.

Chief among them is the November 2017 decision by the U.S. Environmental Protection Agency (EPA) to maintain the requirement of 2.1 billion gallons of biofuel in 2018 and again in 2019. “EPA wanted to take them down,” Rabobank’s Nicholson said, “but they got a lot of blowback from Midwestern senators and the administration quickly buckled. If biofuel supporters kick up enough fuss, I don’t know if the admin really wants to have that fight. With other regulatory issues considered more important at EPA, a fight over the renewable fuel standards “may not be worth [expending] political capital,” he said.

Farm Bureau’s Newton pointed out that advanced biofuels “are worth watching” as an indicator of soybean demand. “There had been some concern should they roll back advanced biodiesel,” he said. With more than 30 percent of soybean oil moving into biodiesel, he said, there has been “a market signal for a long time.”



Stephen P. Nicholson,
vice president for grains and oilseeds,
RaboResearch Food & Agribusiness

Likewise, the administration’s approach to biotechnology regulation could be positive for soybeans. USDA announced in November 2017 that its Animal and Plant Health Inspection Service (APHIS) was withdrawing an Obama Administration proposal that had been criticized for regulating a wider range of biotech traits than necessary, thus increasing, rather than reducing, the regulatory burden for biotechnology. “Any lean to deregulation is going to be a little more friendly to biotech,” said Nicholson, potentially making it easier to win approval for new soybean biotech traits.

“The regulatory structure around trans fats is pretty well finished,” Nicholson said. “I don’t see much on that issue going forward” following the final determination by the Food and Drug Administration (FDA) in September 2017 to reduce dietary trans fats.

Nicholson sees crop insurance as the biggest policy issue in next year’s farm bill debate. “I don’t think there will be a lot of new money, if any,” for commodity safety net programs, he said. One potential “black swan” event could arise from an effort by farm program opponents to cut back on crop insurance or other safety net programs for soybeans and other program crops, but similar previous attempts have always failed. ■

China

\$21.4 billion U.S. Agricultural Exports, 2016

Top 5 U.S. Exports

- 1 Soybeans (\$14.2 billion)
- 2 Course Grains* (\$1.0 billion)
- 3 Hides & Skins (\$949 million)
- 4 Pork (\$578 million)
- 5 Cotton (\$550 million)

*Excluding Corn

Export Growth

2006-2016



#1

Among U.S. Agricultural Export Markets, 2016

Twitter: @USDAForeignAg Website: www.fas.usda.gov

Source: FAS Global Agricultural Trade System (GATS) BICO HS- 6

United States Department of Agriculture
Foreign Agricultural Service



Mexico

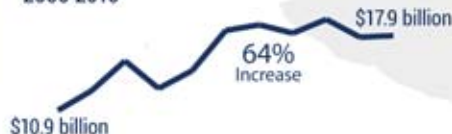
\$17.9 billion U.S. Agricultural Exports, 2016

Top 5 U.S. Exports

- 1 Corn (\$2.6 billion)
- 2 Soybeans (\$1.5 billion)
- 3 Pork (\$1.3 billion)
- 4 Dairy Products (\$1.2 billion)
- 5 Prepared Foods (\$1.0 billion)

Export Growth

2006-2016



#3

Among U.S. Agricultural Export Markets, 2016

Twitter: @USDAForeignAg Website: www.fas.usda.gov

Source: FAS Global Agricultural Trade System (GATS) BICO HS- 6

United States Department of Agriculture
Foreign Agricultural Service





CREATING A FUTURE WORTH GROWING

From the first sale of U.S. soy to China to the release of the first soybean oil-based tire, the soy checkoff has been behind the scenes, growing new opportunities and customers for the soybeans you produce. We're looking inside the bean, beyond the bushel and around the world to keep preference for U.S. soy strong. And for U.S. soybean farmers like you, the impact is invaluable.

See more ways the soy checkoff brings value to farmers at unitedsoybean.org



Soy Checkoff News from the United Soybean Board

Soy Checkoff Helps Capture More Value for Farmers by Improving Meal Quality

Demand for soybean oil and meal are the critical factors determining market value for soybeans.

Although the price per pound for soybean oil is typically higher than the price per pound of meal, the comparison doesn't mean oil contributes more value per bushel of soybeans.

"The need for both oil and meal makes processing plants run, depending upon what the market wants at the time," said Bruce Weber, director of soybean product line grain marketing for CHS, Inc. "Meal is more important to the price structure, and the impacts of supply and demand are much closer."

Both components are important, but when it comes to providing value to farmers, meal is the engine that drives profitability.

Looking beyond protein to increase demand

Soybean meal moves through the market as a direct reflection of livestock needs. A healthy animal agriculture sector creates demand for meal. And because of soybean meal's availability, protein content and overall nutritional composition, it's a preferred ingredient for most livestock feed rations.

"Soybean meal is an ideal protein complement to corn," said Chris Hostetler, director of animal science for the National Pork Board. "Soybean meal is relatively low in energy but high in crude protein, especially lysine. Combining corn and soybean meal provides a nutritionally balanced diet for pigs."

Nutritionists formulate feed rations based on nutrient needs, but many overseas buyers still look at price first when considering meal purchases.

Because it's often higher priced than soybean meal from other origins, U.S.-produced meal has been at a disadvantage. Shifting the value proposition to include more than crude protein could increase demand and benefit U.S. farmers.

U.S. soybean meal's nutritional bundle goes well beyond just crude protein to include amino acids, energy, vitamins and minerals. These constituents not only are part of the U.S. Soy Advantage, but are also crucial to the diets of poultry and livestock. And measuring meal quality by more than just crude protein is changing how meal is valued.

Farmers are not yet paid for their soybeans based on constituent values, so most remain focused on yield. But knowing the attributes end users want from their meal can help

farmers make choices that impact future profitability.

Exploring opportunities to boost quality

Nutritionists and buyers alike are drawn to meal that has consistent quality, so they can be assured of the product they are getting and how their animals will perform. Even though soybean meal is already widely incorporated in animal diets, there is always room for improvement.

Here are three soy checkoff-funded research projects that explore the quality and quantity of meal protein so that every soybean harvested meets the needs of customers.

- **Applying innovative technology to improve soybean meal protein quality** Wayne Parrott, Ph.D., University of Georgia, is leading a project using brand-new CRISPR/Cas9 genome editing technology to improve meal protein quality. Genome editing allows researchers to identify and modify genes in soybeans in an attempt to alter seed composition. Parrott's research will help create breeding stock that will be used in combination with improved genetics to breed the most desirable traits into the future varieties available to farmers.
- **Breaking increased soybean meal protein barriers** USDA Agricultural Research Service researcher Rouf Mian, Ph.D., is leading a project to overcome the challenges increased meal protein content presents by breaking the negative relationships it has with seed oil content and yield. Using soybean cultivars from places such



Swine consume 25 percent of the soybean meal produced annually in the United States.
Photo courtesy of United Soybean Board

as Korea, that have the genetics for high meal protein levels, Mian's project is leveraging findings from previous soy checkoff-funded research to breed new varieties with high meal protein levels and desirable yield potential. These varieties will be made available to farmers in all maturity groups over the next five years.

- **Collaborating with industry partners to investigate new opportunities** The soy checkoff has partnered with DuPont Pioneer to conduct a proof-of-concept project to explore the potential for development of new varieties with improved meal protein quality and increased meal protein levels in maturity groups 0-1. This project will confirm whether it is genetically possible to increase protein content in soybean lines and ensure that continued soy checkoff investment in breeding for increased protein is justified. In the end, it's about producing the genetics that farmers need to meet customer demand.

Opening new markets for U.S. soy

China remains the No. 1 importer of U.S. soy. But as worldwide appetites for protein grow, so do soy checkoff-supported efforts to open new markets and build similar preferences for U.S. soy in other areas, such as India and its neighboring countries.

India is second only to China when it comes to population. It's also a strong emerging market for U.S. soy—and is rapidly growing its soy use. Half of India's population is younger than 24, and by 2030 its middle class is expected to be larger than the entire U.S. population. It's also the second largest aquaculture producer in the



Soybean meal is the engine that drives soybean profitability, and 56 percent of U.S. soybean meal is fed to poultry. Photo courtesy of United Soybean Board

world and third in egg production; in fact, India's feed industry comprises about 90 percent of the soybean meal volume consumed there.

To this end, the U.S. Soybean Export Council (USSEC), supported by the soy checkoff and the American Soybean Association (ASA), began designing programs to build demand for domestic soy (thus sparing markets for U.S. soy in the Asian region) as far back as the 1990s.

"By teaching Indian entrepreneurs the value and utility of soybean meal, we created awareness and increased consumption of U.S. soy in India's neighboring countries," recalled Vijay Anand, deputy regional lead – Asia subcontinent, USSEC. "Today, USSEC programs continue to address market development. As the Indian population becomes younger, wealthier and more urban, we've taken the approach of growing businesses that will use U.S. soy in the future."

This includes 244 new poultry and aquaculture businesses in India in the past seven years, which collectively provide 12.21 million metric tons of additional feed milling capacity.

This rising demand for soybean meal, coupled with a drop in India's soybean production, is creating more

opportunities for U.S. soy. But it's not without constraints, as the Indian government has a protective policy in place to ban the import of genetically engineered (GE) materials.

Matt Stutzman, ASA director and Michigan grower said, "Feeding the world is so far from just how we can increase yield. There are so many market-access issues that need to be addressed in order to get our commodity to the people who need protein."

China may import more U.S. soy than any other country, but the soy community is not putting its proverbial eggs in one basket. It's working to grow and support demand in other populous regions, which is why USSEC and the soy checkoff will continue to develop markets and promote U.S. soy in growing regions such as India.

Its neighbors, including Bangladesh, Sri Lanka, Pakistan and Nepal, are among the most populated countries on earth—offering tremendous opportunity for U.S. soy and the protein it provides. ▣





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HELPING YOU DELIVER ON DEMAND

Whether it's improving soybean meal to outperform the competition or sharing the growing opportunity of high oleic soybeans, the soy checkoff has been working behind the scenes to help farmers satisfy their customers' needs. We're looking inside the bean, beyond the bushel and around the world to keep preference for U.S. soy strong. And for U.S. soybean farmers like you, the impact is invaluable.

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



Federal Policymaking

What's on Tap in Washington in 2018?

By **John Gordley**

Now that it's 2018, it's a good time to examine the landscape for federal policymaking in the coming year. We at the American Soybean Association are pleased to provide a look at Congress' must-do measures, entitlement reform, and possible bipartisan legislation; as well as the barriers that could disrupt these efforts.

Must-dos

As of press time, Congress has passed a Continuing Resolution (CR) funding the government through January 19, at which point another CR or broader omnibus appropriations bill is needed. This will be harder, since Democrats want to address immigration issues while Republicans want tighter border security. Another issue is whether to add a tax extenders package, including retroactive approval of the biodiesel tax credit. However these are decided, a second CR in January is a good bet. Mid-March brings another deadline when the suspension of the federal debt ceiling expires. Expect this to be approved as well, despite considerable teeth-gnashing.

Entitlement reform

Reform of entitlement programs including Medicaid, Medicare and Social Security has long been a goal of House conservatives. However, Senate Republican leaders discount the likelihood of comprehensive changes in such sensitive programs in an election year.

Possibilities

President Trump focused on improvements to the nation's infrastructure, particularly transportation projects, as a candidate and this may be an area for cooperation in 2018. Democrats traditionally support increased infrastructure funding, so the questions will be whether the two sides can agree on the amount, priorities, delivery, and offsets.

The current farm bill expires in September and there is broad agreement that the next version should include minor adjustments to existing programs rather than major policy changes. The House will likely modify the Price Loss Coverage (PLC) program, establish a new cotton program and strengthen the dairy Margin Protection Program. The Senate will likely fix the county Agricultural Risk Coverage (ARC) program to enhance the safety net. It is not clear how either committee will offset these costs within the spending baseline.

Barriers

All involved in the farm bill contend with the uncertainty of what would happen in the event of a foreign policy or trade crisis. The consequences of a NAFTA withdrawal would be serious, since Canada and Mexico would likely seek other suppliers for soy and livestock products. Confrontation with China



is another threat. The Department of Commerce is investigating whether China has endangered national security by selling steel and aluminum below cost. Also, the U.S. Trade Representative is reviewing whether Chinese companies have unfairly obtained intellectual property from U.S. companies. ASA has repeatedly communicated to the administration that we export 30 percent of our soy to China, and diversion of even part of that market to competing suppliers would destabilize our prices and exports for years to come.

Given partisan gridlock on other issues, some say the farm bill may be the only bipartisan legislation that can pass this year. However, opponents of the farm program continue to sharpen their attacks. It will take bipartisan cooperation to achieve results before midterm politics take over this summer. ▣

Issue Update

What Does Comprehensive Tax Reform Mean for Farmers?

| By Tom Hance

Shortly before Christmas, Republican leaders reached a final agreement and passed a comprehensive tax reform package on to the White House for President Trump to sign. The final agreement sets the corporate tax rate at 21 percent and the top tax rate for individuals at 37 percent. Pass-through business entities that pay taxes through the individual side of the tax code would get a 20 percent deduction.

The primary issues of interest and impact to soybean farmers and how they are addressed in the final agreement are as follows:

Pass-through rates/structure – The final agreement will reflect the Senate bill approach of pass-through entities paying at the appropriate individual rate with a 20 percent deduction. The vast majority of farms are structured as pass-through entities, such as sole proprietorships, partnerships and limited liability companies, whose owners pay taxes on profits through the individual code. These pass-through entities account for 85 percent of U.S. agricultural production, according to USDA data.

Interest deductions – The ability to deduct business interest was maintained for entities with gross receipts under \$25 million.

Cash Accounting – The ability for farm operations to use this accounting method was maintained.

Stepped-up Basis – This was maintained.

Expensing and Depreciation – Businesses will be allowed full and immediate expensing of purchases with the benefit phasing out by 20 percent every year after 2022. The Section 179 expensing limits to \$1 million (compared with \$500,000 under current law) and the phase-out threshold is boosted to \$2.5 million.

Estate Tax – The exemption level is doubled from \$5.49 million to \$11 million for individuals, and \$22 million for couples. The final agreement does not fully repeal the estate tax as the House bill proposed to do after six years.

Like-Kind Exchanges – These are maintained but limited to property only (not equipment).

State, Local and Property Tax Deductions – The agreement limits deductions for state, local and property taxes paid to a combined total of \$10,000, however it retains the current law allowing farmers to deduct in full the property taxes on agricultural land in production.

Net Operating Losses – While the ability to carryback losses is repealed for general businesses, an exemption was provided for agriculture that allows farmers to carryback losses for two years.

Domestic Production Activities Deduction (Section 199) – This deduction that benefits cooperatives will be repealed but the agreement allows cooperative members to claim a new 20 percent deduction on payments from a farmer cooperative. Also, the cooperatives themselves could claim that deduction on gross income minus payments to members, with certain limitations.

Leaders of national farmer cooperative organizations have indicated this favorable treatment for gross income will help minimize the potential increase in the tax burden on farmer-owned cooperatives.

Biodiesel Tax Credit – While the biodiesel tax credit and other expired temporary credits were not addressed in the comprehensive tax reform bill, there is an effort to have a separate tax extenders package included on another legislative vehicle that is passed before the end of 2017 or early in 2018. ▣



Fighting the Hidden Killer: Top Management Tips to Control Nematodes in Soybeans

KEY TAKEAWAYS

1. Nematodes have long been a leading yield robber in soybeans, but this yield-robbing pest is becoming even more of a threat as resistance issues grow.
2. Almost all soybean growers face nematode pressure, but not all realize the damage the pest is doing to their fields, since there may be few or no above-ground symptoms. It's critical that growers integrate multiple management practices to protect their crops.
3. ILeVO® seed treatment from Bayer offers advanced protection against nematodes. On average, growers are seeing a 2- to 4-bushel-per-acre* yield advantage with ILeVO under low to moderate nematode pressure.

If it seems like your soybean yields are plateauing, you're not alone. When Iowa soybean grower Ron Heck started noticing his yields seemed "off," the culprit surprised him.

"I knew there was yield variability in my fields, but I had no idea how large it was," said Heck, a former American Soybean Association president who has farmed for 44 years near Perry, Iowa.

Heck partnered with Iowa State University researchers to find answers. "We were all surprised to find out that soybean cyst nematode (SCN) was a major contributor to the yield differences," Heck said.

Destructive nematodes like SCN can slash soybean yields by 30 to 50 percent – all without any above-ground symptoms. These microscopic, parasitic roundworms wreak havoc by penetrating the vascular tissue in plant roots, feeding on cell material and blocking nutrient uptake.

"While insects and weeds are visible pests, nematodes quietly attack your yields and profits without drawing much attention," Heck said.

SCN is a serious challenge, but it's not the only nematode threat. Other pests include root-knot nematodes and reniform nematodes, which are among the most destructive nematodes in the southern United States, especially in cotton-producing areas. Root-knot nematodes induce globular, irregularly shaped galls on soybean roots. These galls can be distinguished from soybean plants' nitrogen-fixing nodules, which are spherical in shape.

Many farmers don't realize that their soybean fields have been invaded by nematodes. These pests can feed off soybean roots for weeks before any above-ground symptoms appear. By then, nematode populations have grown more numerous and much stronger, becoming difficult to control.

The practice of growing SCN-resistant soybean varieties is considered to be the most effective tool for the management of SCN, but it is far from a complete solution. Continued use of the soybean varieties that utilize the same source of SCN-resistant genes (PI 88788) has led to the increased ability of SCN to adapt and reproduce. As with herbicide resistance, reliance on a single SCN-management tool has reduced the technology's effectiveness as the target pest has evolved.

Once in a field, SCN cannot be eliminated, making it essential to actively manage this pest with multiple strategies.

ACTIVE MANAGEMENT IS ESSENTIAL

The cornerstone of a nematode management program starts with soil sampling. "We've got to sample to know what's going on below ground, because an above-ground inspection is not going to tell us what's going on with nematode populations," said Jason Bond, a professor and plant pathologist at Southern Illinois University.

If soil tests reveal threshold populations of nematodes, try these management strategies:

1. **Put a rotation plan in place.** Planting a non-host crop, such as corn, wheat or sunflowers, can help reduce nematode populations in your field, especially SCN.
2. **Plant an SCN-resistant soybean variety.** Seek out higher levels of nematode resistance and diverse sources of nematode protection in soybean varieties, such as Peking genetics.
3. **Investigate new seed treatments.** While nematode resistance is evolving, so are modern seed treatments that complement resistant soybean varieties. Seed treatments offer added protection against nematodes.

ILeVO from Bayer is a broad-spectrum nematicide seed treatment that helps control many harmful nematodes, including SCN, root-knot and reniform. ILeVO is active across multiple stages of the nematode development cycle by reducing hatching eggs, decreasing juvenile mobility and development, and also by reducing nematode reproduction in the seed zone. "ILeVO provides a complementary benefit to SCN-resistant varieties by adding another level of protection to kill nematodes," said Jeremiah Mullock, Bayer SeedGrowth™ Product Development Manager.

Seedlings that are protected right from the start develop more vigorous root systems. This leads to stronger, healthier plants that are better able to ward off yield-robbing pests as the crop grows.

"ILeVO delivers a consistent yield response in the 2- to 4-bushel-per-acre* range when targeting nematodes," said Mullock, citing research data collected since 2011. "If you have above-ground symptoms of SDS, as well as nematodes in your fields, this yield advantage with ILeVO is 4 to 10 bushels per acre.**"

Using a proven seed treatment is an effective way to bring additional management for nematodes while protecting yield potential. Although there's no way to completely eradicate SCN from a field, there are ways to manage the issues and prevent substantial yield loss.

**Destructive nematodes
like SCN can slash soybean
yields by 30 to 50 percent –
all without any above-
ground symptoms.**

*Compared to a fungicide/insecticide base seed treatment.



Science For A Better Life

Policy At-a-Glance



What Are ASA's "Policy Asks" for Transportation and Infrastructure?

- **THE ASA ASK:** Ensure any infrastructure initiative includes significant direct federal funding for waterways projects already authorized by Congress to upgrade inland waterways system.
WHY IT'S IMPORTANT: Bridges, locks and dams, harbors and port facilities all need major investment to maintain and increase global competitiveness of U.S. agricultural products.
- **THE ASA ASK:** Provide funding for dredging the lower Mississippi River—near Baton Rouge, La. to the Gulf of Mexico—to a depth of 50 feet from the current 45 feet.
WHY IT'S IMPORTANT: Fifty-eight percent of U.S. soybean exports, 67 percent of corn exports, and 17 percent of wheat exports depart from the Mississippi Gulf region. Deeper dredging would allow agricultural exporters to load ships more efficiently and lower the delivered cost to our customers—enhancing our competitiveness.
- **THE ASA ASK:** Provide funding to adequately maintain the Columbia River to the authorized depth of 43 feet from mouth of the river to Portland, Ore., and for rehabilitating jetties at the mouth of Columbia River to allow efficient passage of marine vessels.
WHY IT'S IMPORTANT: Twenty-six percent of U.S. soybean exports, 48 percent of wheat exports, and 17 percent of corn exports depart from Pacific Northwest. The Columbia River can play a larger and important role in these exports.
- **THE ASA ASK:** Provide funding, estimated at \$3.1 billion, for the federal share of 15 deep draft navigation channel improvement projects authorized by Congress. Additional funds could be utilized for the federal share of deep draft navigation channel improvement projects undergoing feasibility studies.
WHY IT'S IMPORTANT: Waterways infrastructure must be preserved to ensure U.S. farmers can continue to competitively and efficiently ship grain to global markets. The largest container ships in operation today are about double the size of just five years ago and need deep draft channels for navigation.
- **THE ASA ASK:** Include funding for rural broadband and streamline the application and permitting processes to facilitate and accelerate rural broadband deployment.
WHY IT'S IMPORTANT: Broadband access is important to economic competitiveness of farming operations and the quality of life in rural America.



ILeVO[®]



**Worry about equipment.
Worry about weather.**

**Don't worry about SDS
and nematodes.**

ILeVO[®] seed treatment from Bayer is the first and only seed treatment that offers effective protection against Sudden Death Syndrome and nematodes, including Soybean Cyst Nematode.

That means growers get early-season protection for stronger profit potential at harvest. So protect your soybeans with ILeVO, and you'll have less to worry about.

To learn more, contact your Bayer representative or visit ILeVO.Bayer.com

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SoyFutures

Immersed in Agriculture

| By **Barb Baylor Anderson**

Not a day goes by that Kate Lambert is not immersed in farm finances and many of the other critical aspects of agriculture. Kate and her husband, Matt, are owners of Uptown Farms based in Laclede, Mo. She also is a loan officer for FCS Financial in north-central Missouri and a member of the 2017 ASA Advocacy Communication Team.

Lambert did not grow up on a farm, however. Rather, an understanding of and interest in agriculture was instilled in her by her father.

Lambert says her dad was a farm kid at heart, and often explained farming activities going on near their Sycamore, Ill., home.

"I was introduced to farming early on," she said. "While I had no production agriculture background, my dad suggested I join FFA. FFA became my 'gateway' into agriculture."

Lambert managed FFA sheep projects during high school, raising the animals on a local farm at the edge of town. She met Matt during this time as well, and eventually they both attended Northwest Missouri State University. Lambert got her degree in agriculture business.

"When it became apparent Matt wanted to go home and farm after college, I had to decide if I wanted to follow. I had always thought I might go to law school," she said. "Obviously I chose the farm, and that was a big change for me—driving more than an hour to buy a pair of jeans."

Today, the Lamberts are fifth-generation farmers and manage

2,500 acres of row crops and hay production. They have transitioned their farm to completely no-till, and use cover crops to enhance soil health while minimizing soil erosion and run-off. In addition, the family has a commercial Red Angus cow-calf herd and flocks of registered and commercial sheep.

"Raising sheep was easy for me, but I did not anticipate I would fall in love with row crop production," she said.

"I took one soils class in college and that class always stood out as one of my favorites. I began to ride along with Matt or my father-in-law to ask questions about crop production and understand what is involved."

At the same time, Lambert was learning the ropes with FCS Financial. She worked as an intern, later became a farm appraiser and transitioned to loan officer about two years ago. She still has her general appraiser certification, but enjoys the direct interaction with farmers on financing.

"Working with FCS Financial is a very fulfilling career. I enjoy spending time with our customers and also

having the opportunity to travel and speak about the ag industry," she said. "Our cooperative structure means our member-borrowers are our owners. I never have to choose between doing what's right for shareholders or what's right for customers. They are the same."

The experience of working with her husband to manage their own farm finances has been useful to Lambert as a loan officer. She stresses to farmers that you cannot get by today simply by putting together financial statements once a year for a lender. She counsels borrowers to understand and use their financials to make decisions.

"Know your actual expenses, calculate your breakevens and then actually use them to make decisions. Get someone to help you if you need it," she said. "Farmers need to use the data they collect to make decisions. It's no longer okay to just record the data."

In the year ahead, she urges farmers to prepare for the worst and hope for the best. "Commodity prices appear to be comfortable in these lower



Kate Lambert on the farm with her husband, Matt, and sons, Mace, 6, and Meyer, 3. Kate and Matt manage 2,500 acres of row crops and hay production. *Photo courtesy of Kate Lambert*



Kate Lambert and her son feeding their flocks of registered and commercial sheep.
Photo courtesy of Kate Lambert

ranges for the time being. Farmers have less profitability and cash reserves than they did a few years ago, which means we all need to learn to be better managers,” Lambert explained. “We need to constantly be looking at income and expenses, with a special focus on controlling our expenses.”

At home, she says the recent downturn in farm economics is uncharted territory. She and Matt began farming when commodity prices and profitability were significantly better.

“We are going through the same things at home that my customers are,” Lambert said. “Markets and farm policy are huge issues, along with the weather. They are all volatile and that affects our farm and my loan work. We need to support young farmers, especially, and be more involved with them so they can get the funding and the education they need to succeed.”

When talking with legislators, Lambert encourages support of a new farm bill with sound risk management options, such as crop insurance. The average age of American farmers is 58, so she believes the industry must focus on helping young farmers enter the market as well. Affordable access to crop insurance, as well as continued funding for Farm Service Agency (FSA) guarantees and FSA participation loan programs are vital for that, she added.

“It would have been challenging, if not impossible, for us to obtain capital to start farming without crop insurance,” Lambert said. “We also purchased our farm using the FSA beginning farmer loan program. Those things need to remain available to other farm families starting out.”

As part of her 24/7 passion for agriculture, Lambert says advocating for agriculture is a must and needs to stretch beyond where it has been in the past.

“Just like we have been telling our personal stories of farming, we also have to tell the economic story about agriculture. The public is largely unaware that agriculture creates jobs and promotes the economy,” she said. “Regulation and policy present big challenges, as fewer people are connected to production agriculture. We must do our part to protect and promote the industry.”

Ultimately, Lambert hopes if one or both of their sons decide they want to farm, there will be opportunities for them, “If we can’t keep agriculture profitable, it will be hard to get people to come back to the farm,” she said. “You have to be able to make a living to draw people back.” ▣

Do you know someone who represents the diverse, changing face of agriculture that should be featured in Soy Futures? If so, send an email to jbright@soy.org.



HELP BUILD A STRONGER FUTURE FOR U.S. SOYBEAN FARMERS

Your contributions to SoyPAC, ASA's Political Action Committee, help us support lawmakers who are legislative champions on issues impacting your soybean production and profitability.

Here are a few examples of what ASA accomplished with our allies in Congress, supported by SoyPAC.

- Increasing biodiesel volumes under the RFS to over 2 billion gallons
- Rescinding the \$3 billion cut in crop insurance included in the FY-2016/2017 budget
- Passing a sensible GMO labeling bill in both the House and the Senate that was signed into law
- Increasing funding for waterways infrastructure and harbor maintenance

**To see more accomplishments, visit SoyGrowers.com.
Make an online contribution to SoyPAC at soygrowers.com/about-asa/soypac.**



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Proceeds from the auction benefit SoyPAC.

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SoyWORLD

WISHH Connects Trade and Development with Record 2017 QSSB Support

A record 20 Qualified State Soybean Boards (QSSBs) supported American Soybean Association/World Initiative for Soy in Human Health (ASA/WISHH) work in 2017, making it possible for WISHH to connect trade and development in Africa, Asia and Latin America.

"Every year, we are receiving money from the states to improve our projects with the WISHH organization and to try and expand these markets for the use of our soybeans from the U.S." says WISHH Chairman Daryl Cates, an Illinois soybean grower. "We are leveraging these dollars. Right now we receive about 6-1 ratio of non-checkoff to our checkoff investments. But not only that, we are getting an even bigger bang for our buck because the companies WISHH works with are also investing their own dollars to promote their products made with U.S. soy."

Cates, WISHH Vice Chairman Levi Huffman (IN), Committee Member David Lueck (MO) and ASA/U.S. Soybean Export Council (USSEC) Director Monte Peterson (ND) share how WISHH connects trade and development in WISHH's new "Trailblazer for Trade" video available on WISHH's YouTube channel.

Huffman and Peterson traveled with WISHH Deputy Director Liz Hare to Central America in 2017. Peterson reports, "It is quite obvious to me that WISHH has had an impact here. WISHH has come into a market that didn't exist and had an effect of basic development of creating a new market. WISHH is in a position to establish a baseline of new market development here in Latin America. As economies evolve and opportunities come to sell more U.S. soy into this market, it will be an opportunity at some point to

transition to USSEC for further market development."

Huffman has related comments about WISHH's development work in Africa that will lead to future trade opportunities. "If we aren't making this technical assistance and these contacts, someone else is going to do it," Huffman says. "We need to be here in the beginning."

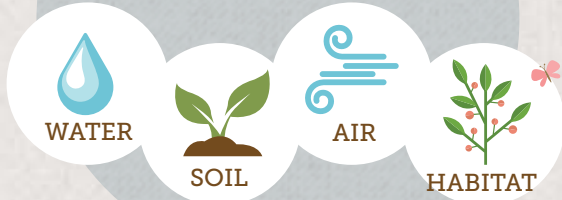
Lueck shared his views on WISHH's work in Asia. "I saw how WISHH connects agricultural development with trade for U.S. soy in developing countries like Cambodia," said the Missouri soybean grower. "We met progressive feed and food company representatives as well as international organizations like WorldFish that can partner with WISHH. Together, we can create an even larger role for U.S. soy." ■



CONSUMER PERCEPTIONS around Sustainability & Farming

» USFRA conducted a consumer research study to determine perceptions around farming, ranching and sustainability

78%
of consumers
care most about:

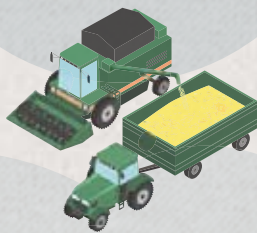


75%
of consumer
food connectors:

say they consider
the sustainability of
how food is grown
and raised **when**
at the grocery
store¹



52%
of consumer food
connectors agree:
most of today's farming and
ranching operations in the
U.S. meets the standard of
sustainability



56%
of respondents
agree:
farmers and ranchers
use **new technologies**
and **innovations** to
protect the
environment



¹ 2015 survey conducted by The Tarrance Group of more than 1,000 consumers to understand their perceptions on the importance of sustainability in farming and ranching.

Consumer Food Connectors, a group of well-educated individuals that are concerned with food issues and take the time and effort to communicate about those issues with others, to provide a sharper focus on the conversations about how food is grown and raised

Wholly or partially funded by one or more Checkoff programs.



Sustainability

Melding Conservation and Profitability

By **Dan Lemke**

Dallas, Wis., farmer Andy Bensend's hand was forced. A casualty of the grim 1980s farm economy, Bensend filed bankruptcy in 1986. While difficult, the decision allowed Bensend to reinvent himself as a farmer.

"I knew I had to be lean. I had a tractor, planter and sprayer," Bensend said. "It was driven out of necessity, but I learned I could do well without spending a lot, which drove the cost of production down."

Change of habit

Bensend also began to no-till farm. The approach was both profitable and productive and his operation began to grow. That growth centered on the use of strip-till and no-till practices as well as variable rate technology. Today, his farm includes more than 4,000 acres of primarily corn and soybeans.

"We scrutinize every input, every variable or fixed asset. In a commodity production system, you have to be low cost producers," Bensend said.

Bensend's system of minimal tillage, his focus on reduced inputs, and recently the inclusion of cover crops, has resulted in a very sustainable cropping system.

"My yields are as good as any and maybe better than a lot," Bensend admitted. "More importantly, I realized I was being nicer to the land. There was less erosion; we had less off-target nutrient movement and better water infiltration. That had a positive influence on the local geography."

Bensend's experience and results from a multi-year study by the National Association of Conservation Districts (NACD) support the fact that sustainability and profitability can go hand in hand.

"They practically mean the same thing," said Tim Palmer, a Truro, Iowa farmer and NACD first vice president. "It means being here to farm the next year because what we're doing doesn't deplete resources and it's doing what's beneficial for our family business."

Positive returns

According to results from case studies by the NACD and Datu Research, soil health practices such as cover crops and no-till can result in an economic return of over \$100 per acre.

During the three-year study, four corn and soybean farmers from across the U.S. experimented with cover crops and/or no-till techniques. Year-by-year changes in income that the farmers attributed to these practices were compared to a pre-adoption baseline.

Research found that while planting costs increased by up to \$38 per acre, fertilizer costs decreased by up to \$50 per acre, erosion repair costs



Andy Bensend
Dallas, Wis., farmer

decreased by up to \$16 per acre, and yields increased by up to \$76 per acre. The studies also found that with adoption of sustainable conservation practices, net farm income increased by up to \$110 per acre.

Bensend, who received the 2017 American Soybean Association Conservation Legacy Award for his sustainability efforts, said there's not a bad time for farmers to experiment with no-till and cover crops.

"When there is high profitability in crops, you can experiment. When prices are low, you can't afford to lose money," Bensend said.

To view results of the case studies, visit <http://www.nacdnet.org/soil-health-research/>. ■



SoyForward

Tax Reform That's Built for Agriculture

By **Congresswoman Kristi Noem**

In 1963, more than 200 of the nation's 435 congressional districts were defined as rural. Fifty years later, just over 30 districts carried that same distinction. It's a shift that has dramatically changed the context in which federal policies are debated—a shift that requires rural representatives to fight harder than ever for a seat at the table. Nowhere has this been more relevant in recent months than in the tax reform debate.

Despite the representation gap, the recently passed tax reform package was built for farmers. Under this bill, producers will keep more of their money, get access to enhanced cash flow management tools, and see a simplified tax code to help make sure folks can take advantage of every benefit they're entitled to.

More specifically, we significantly lower individual tax rates and create a 20 percent small business deduction for many farms and ranches as well as for agricultural cooperatives. Additionally, we nearly double the standard deduction, dramatically expand the Child Tax Credit, retain popular retirement savings options, and continue the deduction for charitable giving—all of which are important to farm families.

From a business perspective, we allow for immediate expensing, enabling taxpayers to depreciate 100 percent of qualified expenses the year they were purchased. This will help many afford upgrades to their operations.

We also expand both Section 179, which allows farmers to better manage depreciation, and interest deductibility, a critical tool for a highly-leveraged industry like agriculture.

While I will continue to fight to fully and permanently repeal the Death Tax, this legislation does offer some immediate relief by doubling the exemption level for the first eight years and maintaining a stepped-up basis.

As the only farmer on the final negotiating team, I'm deeply honored to give producers a voice in tax reform. I've spoken to hundreds, if not thousands, throughout this process and am incredibly proud about how closely this legislation reflects their priorities.

Our farm has been in the family for more than a century. We've survived bad droughts, bad floods, and bad tax policies. While we can't change the weather, we can change the tax code. Now is the time to do that and do it in a way that will help American farms and ranches last a century more. ■



Kristi Noem

Rep. Kristi Noem is the first South Dakotan in history to serve on the House Ways and Means Committee, which has jurisdiction over tax reform. She helped author the tax reform package and served as the only farmer on the final negotiating team.

Rep. Noem is a 2003 alumna of the American Soybean Association's DuPont Young Leader program.



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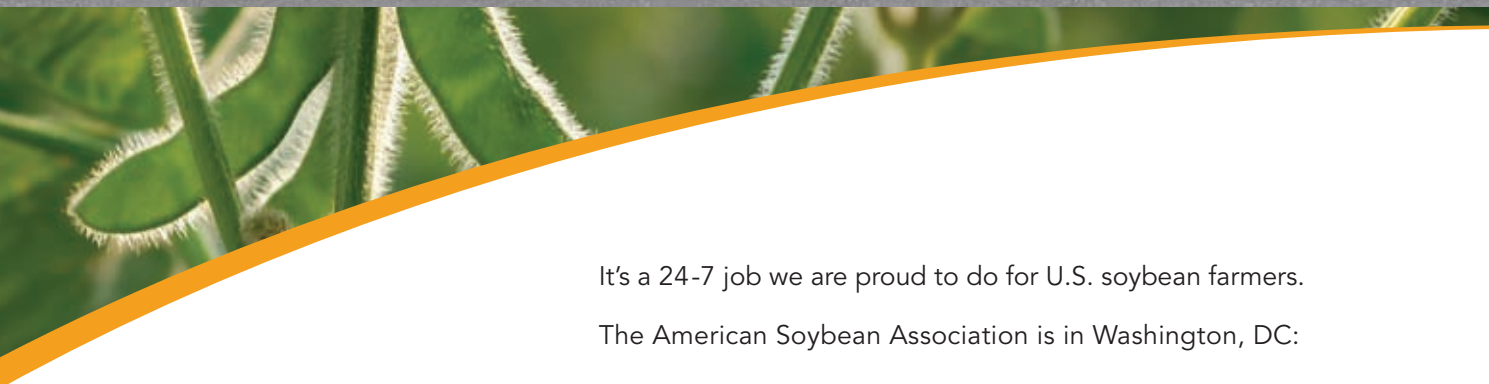
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- Protecting soybean interests in the farm bill
- Fighting against burdensome EPA regulations
- Growing soybean trade opportunities

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