

ASA Action Partnership Annual Report

September 2014

Thank you for joining us at the ASA Action Partnership (ASAAP) retreat in Asheville! We appreciate your insights and hope you found the meeting of benefit to both you and your organization. The following annual report highlights just a few of the efforts made possible in ASA's FY14 through the support of industry stakeholders, QSSBs and ASA state affiliates, and the United Soybean Board.

ASAAP was formed because the challenges and opportunities that impact all stakeholders along the soy value chain have become more complex. The coordination and resources needed to positively affect those challenges and opportunities are more intense, requiring enhanced commitments to existing efforts as well as the initiation of new approaches.

Through ASAAP, ASA engages top soy industry supporting partners to participate in an interactive dialogue to:

- **Identify and prioritize issues important to the continued success of the U.S. soy industry**
- **Coordinate resources/efforts on addressing issues with ASAAP members**
- **Develop and support action plans.**

ASA wishes to recognize the members of ASAAP who make the progress below possible. Industry members include **DuPont Pioneer, Bayer Crop Science, ADM, Syngenta, Dow AgroSciences, BASF, Monsanto, FMC** and **AGCO**. Checkoff and affiliate members include the **United Soybean Board, U.S. Soybean Export Council, Illinois Soybean Association, Indiana Soybean Alliance, Kansas Soybean Association, Michigan Soybean Association, Minnesota Soybean Growers Association, New York Corn and Soybean Growers Association, North Carolina Soybean Producers Association, North Dakota Soybean Growers Association, Ohio Soybean Association** and **Tennessee Soybean Association**.

Here is a look at the progress ASA has made in the past fiscal year with the help and guidance of the ASAAP members:

As we work to create and expand markets for soybeans, and safeguard our farmers' freedom to operate, ASA supports and fosters farmer profitability and sustainability, and helps to ensure that our industry is viable and sustainable well into the future.

Through the support and investments from ASAAP members, ASA has made great strides in a number of areas critical to the long-term success of the U.S. soy industry. These include initiatives in policy, leadership development, and membership/grassroots advocacy.



AQUACULTURE

Aquaculture is the fastest-growing form of food production in the world, yet most of this growth is overseas. Currently, the U.S. imports an overwhelming majority of our seafood, which contributes more than \$9 billion to our trade deficit. A robust domestic aquaculture industry will serve to create a new market for U.S. soy here at home.

- **Pushing for Favorable Policy for Domestic Aquaculture** – ASA is working with the Coalition for U.S. Seafood Production (CUSP) led by the Soy Aquaculture Alliance Coalition to urge to the Obama Administration to move forward with policies favorable for domestic aquaculture production. In late April, ASA organized a series of meetings for a group representing everything from Maine aquaculture to Washington salmon to Indiana perch, plus soybean farmers and Darden seafood, with Sec. Vilsack, NOAA and the White House Office of Science and Technology Policy (OSTP). Additionally, the group met with OMB prior to the publishing of the administration's rule on Gulf of Mexico aquaculture. Specifically, ASA is advancing the industry's interest in robust domestic offshore aquaculture.

BIODIESEL

Producing a record 1.7 billion gallons in 2013, the biodiesel industry provides a valuable market for soybean farmers while creating a surplus of soybean meal that, in turn, lowers the price of animal feed. Tools like the Renewable Fuel Standard and the Biodiesel Tax Incentive ensure that this industry is allowed to continue to competitively produce clean, renewable American fuel, generate thousands of jobs and reduce our dependence on foreign oil.

- **ASA Continues to Press on Renewable Fuel Standard** – Following the release of EPA's proposed levels for the 2014 Renewable Fuel Standard Required Volume Obligations (RVO), ASA expressed concern that the biomass-based diesel levels for 2014 and 2015 would be reduced below the amount actually produced in 2013, saying, "The level set forth in the proposal is unnecessarily low and will stifle the growth and job creation potential demonstrated by the biodiesel industry over the past several years." The biodiesel industry produced more than 1.7 billion gallons of biodiesel in 2013, and will match or surpass that production level in 2014. Following the EPA's announcement, ASA directors and members submitted nearly 1,000 comments to EPA on its proposed rule to set the 2014 and 2015 biomass-based diesel Renewable Volume Obligation (RVO) at 1.28 billion gallons. ASA has met with officials at the White House, EPA and USDA and also urged President Barack Obama to intervene and improve the proposed volume requirements, with a letter emphasizing how biodiesel has created thousands of jobs in nearly every state in the U.S., has support from numerous members of congress, governors and mayors across the country and how its expansion would have a positive impact on agriculture. In late August, EPA sent its final rule to the Office of Management & Budget (OMB), and ASA understands from Administration sources that it is still anticipated that final RFS will be announced in September and we continue to press our position with the White House.
- **ASA Lauds Senate Support of Biodiesel Tax Credit** - ASA issued a statement in May praising Sens. Heitkamp, Durbin, Klobuchar, Franken, Cantwell and Donnelly, for speaking up in support for biodiesel. In a press conference, the senators highlighted the need for reinstatement of the biodiesel tax credit and for EPA to increase the proposed 2014 Renewable Fuel Standard (RFS) volumes for biodiesel. The senators, others representing biodiesel and feedstock producers, outlined the negative impact that the lapse of the credit has had on the burgeoning industry and the additional uncertainty resulting from the EPA's 2014 RFS proposal. ASA pushed and put its support behind the tax extenders legislation passed by the Senate Finance Committee, which contains a two-year extension of the dollar-per-gallon Biodiesel Tax Credit. The legislation contains language from an ASA-supported standalone bill offered by Sens. Maria Cantwell (D-Wash.) and Charles Grassley (R-Iowa) that would extend the credit. In the more fractured House, feedback from Ways and Means Committee staff suggests that there has been little discussion of the biodiesel tax credit thus far and there is no indication whether it would be acted on individually, rolled into a larger bill or not considered at all. The expectation is still that the pace of House action will push tax extenders into the post-election lame duck session.
- **ASA Weighs In with EPA on Argentine Biodiesel** – ASA has submitted a letter to EPA to register its concerns over the agency's consideration of an application to establish eligibility of Argentine biodiesel for the Renewable Fuel Standard (RFS). The application was submitted by CARBIO, the trade association representing Argentine biodiesel producers. With 1.3 billion gallons of biodiesel production capacity and subsidies that promote exports, Argentine biodiesel could have a large impact on the U.S. biodiesel market. In addition to our letter, ASA also met with representatives of environmental groups that are concerned with the impacts of deforestation in South American growing regions. EPA has given indications that it could soon take action on the application.

BIOTECHNOLOGY

Soybean farmers depend on new biotech seed technologies to enhance yield, increase nutrients, conserve valuable resources, lessen their impact on the environment and overcome pests, weeds and other challenges beyond their control. Currently, U.S. regulatory agency delays in completing timely biotech reviews are delaying the launch of new traits and keeping them out of the hands of the farmers that need them.

- **ASA Leads Pursuit of More Efficient Biotech Approvals in U.S., China, Europe** – The last year has seen expanded efforts on the part of the U.S. soybean industry to confront challenges in the regulatory approvals framework both here in the domestic market and abroad in our key trading partners. In the U.S., ASA has taken the lead role in continued discussions with USDA and other agencies to suggest ways our federal partners can meet more progressive timelines for issuing decisions on the deregulation of biotech crops. While USDA is supposed to be making such decisions within 13-15 months, USDA is currently missing its deadlines by six months to two years or more. Brazil, Argentina and Canada all are approving traits faster than the United States, which has negative implications for U.S. growers in terms of access to and development of new technologies in the U.S. marketplace. The delayed approvals timeline in the U.S. causes myriad problems for the industry, and such problems are magnified in a market like China, which will not proceed with its internal process until traits are approved in their originating countries.

To confront the challenges in the Chinese market, representatives from ASA, USB and USSEC traveled to China in March, focusing discussion on the importance of timely biotech approvals in order to meet food demands in that country and across the globe. ASA also met domestically with Agriculture Secretary Vilsack and USTR Agricultural Negotiator Darci Vetter, to encourage the Administration to re-engage and address China's biotech approval delays through their interactions. Attention on the Chinese market has heightened in recent months following the detection of unapproved biotech traits in U.S. shipments of corn and dried distillers' grains (DDGs).



In the EU, ASA continues to lead efforts to organize the value chain to press the EU Commission and USTR for action on pending biotech events when the Commission meets this month. In particular, ASA and USB traveled to Brussels in February to meet with European Commission officials from the departments which cover Trade, Consumers & Health and Agriculture, and press for timely approvals of biotech soybean events; in particular the high oleic soybean traits currently going through the EU's approval system. Nine biotech events are pending for final approval before the Commission, including Pioneer's Plenish, Monsanto's Vistive Gold high oleic soybeans and Monsanto's dicamba resistant soybean. ASA has met both individually and as part of the U.S. Biotech Crops Alliance with USTR and Amb. Darci Vetter to encourage her to raise these critical issues in her dealings with the commission.

- **ASA Highlights Success of Coexistence Efforts** - In comments submitted to USDA, ASA President Ray Gaesser urged the Department to take both a practical and a scientific approach to enhancing agricultural coexistence. He also urged USDA to consider the already extensive work on coexistence underway in the industry. In Gaesser's comments, ASA, which provided separate recommendations to USDA both as part of the AC21 Committee and as a member of the AgBiotech Alliance, reinforced its position that "there is no real evidence that current efforts to achieve coexistence between neighboring producers are not working."
- **ASA Continues to Advocate for Federal GMO Labeling Legislation** – As a founding member of the Coalition for Safe, Affordable Food, ASA is continuing to work with the entire food industry to support the Safe and Accurate Food Labeling Act. The legislation, introduced by Rep. Mike Pompeo (R-Kan.) would establish voluntary standards for labeling foods with or without biotech ingredients. Additionally, the legislation makes mandatory an FDA safety review of all new GMO traits before they are brought to market and additionally eliminates a large potential source of confusion among consumers by establishing FDA's labeling guidance as the national standard and preventing states from enacting a patchwork of conflicting requirements. The past year saw efforts to pass such legislation succeed in Vermont and Connecticut, and fail in California and Washington. Currently, the legislation awaits a hearing in the House Energy & Commerce Committee.
- **ASA and Fellow USBCA Members Interface with USDA, USTR on Biotech Approvals** - In separate meetings in the fall, winter and summer, ASA and the other members of the U.S. Biotech Crops Alliance met with federal agencies to advocate for the more timely review and decision on new biotech traits. During November and December meetings with USDA, ASA and partner groups expressed concern over delays in completing deregulation decisions, and their related negative effects on the competitiveness of U.S. growers. Then again in a July meeting with USTR, ASA and the USBCA raised a similar issue with USTR and Amb. Darci Vetter, only this time with specific attention to the delays in critical export markets like China and the European Union.

CONSERVATION & SUSTAINABILITY

Soybean farmers are conservationists first and foremost, and our farms are dependent on the idea that the land we farm today must be carefully stewarded to continue producing for our children and grandchildren long after we're gone. It is with this in mind, that we pursue advancements in conservation and sustainability every day.

- **ASA's Gaesser Joins Working Group on Cover Crops and Soil Health** – Agriculture Secretary Tom Vilsack has identified cover crops and soil health as key components of the USDA initiative on multi-cropping, and in March, ASA President Ray Gaesser spoke to the opening session of the Sustainable Agriculture Research and Education (SARE) National Conference on Cover Crops and Soil Health. Gaesser now represents the soy industry on SARE's working group to provide follow-up review and action on ideas and recommendations provided during the conference.

DATA & PRECISION AGRICULTURE

The range of precision agriculture instruments available to farmers now can tell us more than ever before about the production and potential of our land. With that ability though, comes risk, and the potential benefits presented by analyzing huge amounts of data must be balanced with careful consideration about the security and stewardship of that data.

- **ASA Leads Industry on Data Issues** - Shortly after the March ASAAP meeting at which data played such a key part, ASA formed an Ag Data Working Group including representatives from ASA, USB and state soybean associations. The group is charged with developing answers to a list of questions around the topic of data ownership and security that resulted from a meeting organized by Farm Bureau in April. The participants in this work group have been highly engaged and provided valuable feedback to share back to the Farm Bureau and other farmer driven agricultural organizations. In August, ASA leaders and staff presented and participated in a data symposium and workshop presented by the PrecisionAg Institute at Iowa State University prior to the 2014 Farm Progress show. ASA represents the first farmer-led organization to join the PrecisionAg Institute and will hold a seat on the Institute's advisory council, which sets the policy for the organization's activities and facilitates communication among industry partners and individuals. As a new partner in the Institute, ASA will play an integral role in future precision agriculture educational efforts, advocacy, research activities and award programs that recognize farmers and other industry leaders for their effective use of this technology.

FARM BILL

In addition to being the first bipartisan bill to take concrete steps toward deficit reduction, the Agricultural Act of 2014 includes disaster assistance, stronger crop insurance provisions, conservation programs, market development at home and abroad, investment in renewable fuels and countless other programs that directly and indirectly help soybean farmers remain competitive in a growing global marketplace.

- **Farm Bill Passes, Now on to Implementation** – After three long years of negotiations, starts and restarts, ASA was extremely pleased to see numerous soy-championed provisions included in the 2014 Farm Bill. ASA worked with allies in the House and Senate to ensure that the law represents the best interests of soybean farmers by strengthening crop insurance programs, streamlining conservation, strengthening the farm safety net and investing in key programs in the areas of trade promotion, research and renewables. The law includes a choice between a revenue and price-based safety net program, and maintains decoupled farm support programs that will minimize the possibility of planting and production distortions that could trigger new challenges from the World Trade Organization. For implementation resources, the law includes \$3 million to land grant institutions to educate and assist producers in signing up for farm programs, which is divided between two multi-regional consortiums of universities. ASA supported this approach to provide producers with web-based information on the farm program options that are right for their region.
- **ASA Pushes FDA to Revise Proposal to Ban Partially Hydrogenated Oils** - In submitted comments and a subsequent meeting with FDA, ASA urged the FDA not to rescind the generally regarded as safe (GRAS) status for partially hydrogenated oils (PHOs) as a way to further reduce trans fat consumption. Instead, ASA encouraged the agency to take into account the time needed to ramp-up domestic high oleic soybean oil production and urged FDA to pursue alternative strategies that have already aided in the dramatic reductions in trans fat consumption over the last decade. ASA also registered serious concerns that FDA's proposal would have the unintended consequence of raising saturated fat consumption as a result of manufacturers opting to substitute higher saturated fat palm oil for

PHOs as it waits for high oleic soybean production capacity to catch up with current demand. Soybean farmer incomes would be reduced by \$1.6 billion annually as a result of an immediate switch from soybean oil to higher saturated fat palm oil.

REGULATORY

Farmers are committed to conserving resources, ensuring safety and protecting the environment. Onerous or needless regulation can impede responsible production, overlap, duplicate and create reams of paperwork for farmers. Rather than protect, conserve and enhance, over-regulation serves only to hinder farmers' ability to remain productive.

- **ASA Reacts to EPA's Waters of the U.S. Rule** – In April, the Environmental Protection Agency released its proposed rule clarifying the agency's jurisdiction over waters of the United States under the Clean Water Act. EPA Administrator Gina McCarthy has given her assurances to ASA and to other farm groups on multiple occasions that the existing exemptions for agriculture will be maintained, however ASA continues to have major concerns about the impacts of the proposed rule on U.S. soybean farms. ASA joined other food and agriculture stakeholder groups in requesting more time to comment on the rule, and in the months since its release have met with then-Deputy Administrator Bob Perciasepe and conducted an informational webinar with high-ranking EPA staff. As ASA finalizes our comments, we will meet again with EPA in October.
- **ASA Represents Farmers, Industry on Pollinator Issues with USDA, EPA** - In multiple meetings during FY14, ASA leaders and staff met with high-ranking officials at USDA and EPA regarding the emerging issue of pollinator health. Both the soy industry and our partners in the federal government have identified the health and safety of honeybees, Monarch butterflies and other pollinators as a key issue to be faced by modern agriculture. As part of the Pesticide Policy Coalition, ASA met earlier in the summer with Deputy Agriculture Secretary Krysta Harden on USDA's work on the issue, and earlier this week, ASA met with Jim Jones, Assistant Administrator in the Office of Chemical Safety and Pollution Prevention at EPA, following the White House's executive order directing USDA and EPA to take steps to ensure the health of pollinators within the next year.
- **ASA Weighs in with EPA on Spray Drift** – In April, ASA submitted comments to EPA regarding spray drift in pesticide risk assessment. ASA urged EPA to embrace the use of drift reduction techniques (DRT) and standard operating procedures already in use and quickly implement its long-awaited DRT Program for verification and use of drift reduction technologies among other suggestions.
- **ASA Comments, Rebuts EWG on Enlist Duo** - In June, ASA registered its comments with EPA on the pending registration of Enlist Duo herbicide for 2,4-D-resistant soybeans and corn. In its comments, ASA reiterated that to successfully combat the growing problem of weed resistance in many key growing areas, farmers must be able to access new products like Enlist Duo in a timely and reliable manner. Later in the summer, ASA responded publicly to an unscientific and poorly-constructed study on potential risks of Enlist Duo from the Environmental Working Group, citing the robust testing regimen undertaken by EPA in the approvals process for Enlist Duo as a key reason why Americans should be confident in its safety.
- **ASTA, ASA Meet with EPA on Seed Treatment Stewardship** – ASA joined leaders from the American Seed Trade Association (ASTA) in a meeting with EPA staff to update them on ASTA's education campaign about seed treatment stewardship. ASA has joined ASTA in promoting the campaign, which aims to raise awareness with farmers about the importance of stewardship of treated seed. The campaign includes video and print material for applicators, farmers and pesticide safety educators.



TRANSPORTATION

Soybean farmers use trucks to move soybeans from the farm to the elevator, trains to carry those soybeans from the elevator to the terminal, and barges to ship those soybeans to ports where they then supply our global trading partners. We need investment in each of these transportation systems to ensure that they remain modern and efficient.

- **ASA Cheers as Waterways Bill Passes** – ASA cheered passage by both the House and the Senate of the conference report of the Water Resources Reform and Development Act (WRRDA). The report, which passed both chambers overwhelmingly in May, contains several of ASA’s key policy priorities. The law authorizes improvements, and establishes policies and funding mechanisms for waterways infrastructure, including locks and dams, dredging, and port maintenance activities, which soybean farmers rely on to move their soybeans to market and remain competitive in global markets. Additionally, the law contains provisions to exempt certain farms that store oil in aboveground tanks from Spill Prevention Control and Countermeasures (SPCC) regulations.
- **ASA Weighs in on Surface Transportation with Senate EPW Committee** – ASA reiterated its top transportation and infrastructure priorities for soy growers in a letter to members of the Senate Environment & Public Works Committee, as they considered the potential mark-up of a surface transportation reauthorization bill in May. Included in ASA’s priorities were: increasing revenue for the Highway Trust Fund to maintain and improve surface transportation infrastructure; maintaining exemption for agriculture regarding hours of service and an increase in truck weight limits as proposed in H.R. 612, the Safe and Efficient Transportation Act (SETA).
- **Grain Inspection Resumes Following Longshoremen’s Strike** – A strike by longshoremen in the Pacific Northwest ended in August as union members ratified a new labor agreement. The strike stood in the way of the 25 percent of U.S. soy exports that depart through ports in the Pacific Northwest after State Grain Inspectors were withdrawn in July. ASA and other groups met with USDA officials demanding that USDA and the Federal Grain Inspection Service step in to provide grading services, which are required by law for all export shipments.
- **ASA Testifies Twice on Rail Service Issues** – In separate hearings in the spring and fall, ASA emphasized the importance of addressing rail service issues and their negative impacts on soybean growers. ASA and state representatives from Minnesota and North Dakota highlighted the great impact the railways have on soybean farmers who rely on the transportation to get their crop to the growing world population as well as the impact on local basis and soybean prices when service delays occur. Currently, the backlog of rail cars to move grain out of the upper Midwest continues, leaving many elevators still full of 2013-crop grain ahead of a looming 2014 harvest. The backlog is very negatively affecting basis levels and cash bids, and is likely to create a real grain storage crisis once new crop harvest begins, further impacting producers.

TRADE

Soybean farmers have developed valuable trading partners in every corner of the globe. American soy and products like pork and poultry that use soy inputs help to make soy the nation’s largest and most valuable farm export. With that position comes the responsibility to ensure that soybean farmer priorities are at the top of the list when it comes to new trade agreements.

- **ASA Presses for Equitable Trade Pacts with Pacific Rim, Europe** – In outreach to USDA and USTR over the past year, ASA has remained adamant that the nation’s farm exports—with soybeans being the largest of that group—have a place at the bargaining table. Currently, the U.S. is involved in negotiations with Pacific Rim partners over the Trans-Pacific Partnership, and with the EU on the Transatlantic Trade and Investment Partnership. While ASA remains a proponent of both agreements, there are certain aspects to each that present cause for alarm. Within the TPP, Japan’s continued request for protected status for several agricultural commodities, including the meat that most U.S. soy meal goes to feed, is a non-starter for many farm groups, including ASA. In the TTIP, Europe’s unscientific view on biotechnology and irrational approach to sustainability still present a significant barrier to the acceptance of American soy in that market.

LEADERSHIP DEVELOPMENT

- **DuPont Young Leader Program** – The ASA DuPont Young Leader Program celebrated its 30th historic year of identifying and training new and upcoming grower leaders. The class included participants from 22 states and Canada, who were trained about the importance of advocacy, social media and communications training. A select group also participated in ASA's July Board of Directors meeting and Hill visits with their state offices.
- **Leadership At Its Best** – Soybean Leaders from 12 state affiliates participated in advanced leadership training during the Syngenta sponsored Leadership At Its Best program. The two-part program provides an advanced level of training for emerging leaders who may already serve on their state soybean association board. The training emphasis is on media relations, communications skills and development, soybean industry policy issues and organizational leadership.
- **Soybean Leadership College** – Following a successful 13th annual Soybean Leadership College in January 2014, plans are well underway for the 2015 program scheduled Jan. 8 – 10, 2015 at the Doubletree Hotel Union Station in St. Louis, Missouri. Soybean Leadership College provides opportunities for current and future agricultural industry leaders to network in an environment that provides state-of-the-art training on organizational leadership and communications. A premier training event, the College is also available for college students who wish to enhance their skills.
- **State Board Training** – ASA's State Board Training program continues to provide key opportunities for ASA affiliates to increase their organizations effectiveness and operational agility. Kansas, Kentucky, Michigan, North Dakota and Ohio all held sessions this year. Programs included strategic plan development, media relations and building a grassroots advocacy program.



MEMBERSHIP AND GRASSROOTS ADVOCACY

- **Regional Support and Activity:** Grassroots membership and advocacy are a key to ASA success. This summer, ASA grower leaders increased their regional presence through participation in shows including, Big Iron, Minnesota Farm Fest, Dakota Fest and Farm Progress. The outreach was designed to increase awareness of the importance of advocacy at the local, regional, state and national level and promote membership while garnering additional subscribers for ASA publication, thereby increasing the reach and effectiveness of these publications. The activity also served to demonstrate the value and collaboration of the state affiliate ASA relationship.
- **Membership Update** – Membership is the heartbeat of ASA, enabling us to be successful in our ongoing legislative and regulatory work. The 2014 membership year is going strong and will come to a close at the end of September. As of August 31, membership was at 21,811 with several membership drives planned for the month. As we look toward the 2015 membership year, ASA expects strong membership growth and involvement. Several new reward based recruiting programs are being initiated for the 2015 membership year including a New Recruiter Engagement Prize Program, in which eligible recruiters will be entered in a drawing for prizes which include an Apple electronic package to luxury trips.

