

ASA Addresses Brazilian Soy Imports to U.S.

ASA is extremely disappointed with the decision of Wilmington Bulk LLC, a consortium of large hog and poultry producing companies, and Louis Dreyfus Corporation, the trading company involved in the transaction, to import Brazilian soybean meal rather than utilizing U.S. product. The first of at least two shipments arrived August 30, at a port facility in Wilmington, N.C.

"This situation is very frustrating for U.S. farmers and ranchers," stated ASA President Dwain Ford, a producer from Kinmundy, Illinois. "Although, as businessmen, we understand that seasonal price spreads between U.S. and Brazilian soybean meal, highly competitive ocean freight rates, and uncompetitive internal U.S. rail and shipping rates may have supported the economics to buy South American soybean meal, we cannot support that decision, and we need to determine what can be done to make U.S. products more competitive."

While the situation is frustrating, it is important to note that currently, a very small quantity of soybean meal is involved. ASA is taking a proactive stance to address the situation and determine strategies that will improve the competitiveness of U.S. soybean farmers.

ASA has identified three key reasons why imported Brazilian soybean meal may be able to move into the region at the expense of U.S. soybean meal.

- 1. Insufficient Competitive Transportation Infrastructure:** Because the Southeastern U.S. is served by only two major railroads that have almost as much non-agricultural freight as they can handle, there is not a lot of competition to carry soybeans and soybean meal to the Southeast. This results in high freight rates to transport soybeans and soybean meal to the region. Furthermore, Brazilian investments to expand their inland waterway system raise the importance for the United States to modernize our river systems to ensure commodities can be transported cost competitively.
- 2. The Jones Act:** Another way to transport soybeans and soybean meal to the Southeast from the Midwest via the Great Lakes or the Gulf of

Mexico would be on ships. However, the Jones Act requires that all water transportation of goods between U.S. ports be conducted on U.S. flag vessels, made in the U.S. and manned by U.S. seamen. This makes their cost far higher than foreign flag vessels.

- 3. Exchange Rates:** American farmers are the most efficient in the world. However, the comparative advantages that our producers generally enjoy — abundant, fertile natural resources, access to high quality inputs and technology, for example — are mitigated by the appreciation of the dollar and the sharp depreciation of currencies among our major competitors, particularly Brazil, Argentina, and Canada. These relationships in currency exchange rates over the past few years have, in many instances, shut our exports out of foreign markets and increased import competition in the U.S. market.

"The first two issues could be addressed through reforms of our domestic transportation system for shipping bulk agricultural products," explained Ford. "Lowering the costs of transporting agricultural goods from the Midwest to the Southeast through a Jones Act exemption for bulk agricultural commodities could also result in more competitive rail rates."

Ford said ASA has taken action to ensure that U.S. soybean farmers aren't being placed at a competitive disadvantage in this particular trade due to the fact that U.S. farmers pay royalties for soybean varieties containing Roundup Ready® technology while Brazilian farmers are reported to have widely pirated Roundup Ready seeds.

In the last year, ASA and its farmer members have successfully addressed several important trade priorities: Trade Promotion Authority was passed by Congress and signed into law by President Bush; China trade issues regarding biotech soybeans have been addressed and clarified; and the 2002 Farm Bill was signed by the President. ASA will now focus efforts on the issues surrounding U.S. imports of South American soybean products.

ASA Celebrates 20 Years in China

This year, 2002, marks the 20th Anniversary of the opening of the American Soybean Association (ASA) office in Beijing, China. In the beginning, ASA's work focused on technical services to livestock and feed production. Now, important work is being conducted with China's livestock producers, feed millers, aquaculture industry, soybean processors and the traders and distributors who supply their needs.

"In particular, ASA has focused on work with the animal and animal feed producers in China who can best benefit from using the valuable proteins in soybean meal as a mainstay of animal diets," said ASA President Dwain Ford.

In August, to celebrate the anniversary, ASA/China hosted activities in

Guangzhou, Shanghai, and Beijing to express appreciation for China's purchases of U.S. soybeans. ASA's efforts helped transform China from a soybean exporter to an importer, becoming the largest single country customer for U.S. soybeans.

"ASA has invested a great deal to make China the world's largest single market for U.S. soybeans and we want to continue this positive trade relationship between China and U.S. soybean producers," said ASA CEO Stephen Censky.

ASA's market expansion activities in China are made possible by producer checkoff dollars invested by the United Soybean Board and State Soybean Councils, and funding by the U.S. Department of Agriculture's Foreign Agricultural Service.



ASA/China's 20th Anniversary celebration in Beijing included many special guests and speakers. Some of the participants are pictured here. (L to R) Liu Qin, Director of Aquaculture Division of Bureau of Fisheries of the Ministry of Agriculture (MOA); Wang Jin, Deputy Director of Foreign Affairs Division, MOA; Zhu Bao Xin, retired Director of the National Fisheries Extension System (1994-2001); Wei Bao Zheng, Director of the National Fisheries Extension System; Mike Cremer, ASA/China Aquaculture Technical Director; Yang Jian, Director of the Fisheries Bureau, MOA; Phil Laney, ASA/China Country Director; Jim Zhang, ASA/China Aqua Program Manager; and Zhou En Hua, who manages ASA/China fresh-water aquaculture demonstrations. (ASA photo)

Farmers United For 2003 ASA Membership

For more than 80 years, the ASA, a grassroots organization, has been speaking in Washington, D.C., on behalf of soybean producers. Illinois soybean grower and ASA President Dwain Ford asserts, "It is important to build and maintain ASA's membership. Membership provides clout and credibility to our organization. Members equal votes to legislators."

Kentucky soybean grower Gerry Hayden is proud to be a member of ASA and a volunteer recruiter because, "Membership numbers provide representation at the state and federal levels. Encouraging growers to participate through membership supports the soybean industry."

Greg Leonard, ASA Membership Chair and an Oklahoma soybean producer proclaimed, "It is because of member leaders like Gerry, who support ASA with such enthusiasm, that soybean growers across the country are well represented in Washington, D.C., and throughout the soybean industry."

To recognize the dedication and hard work of ASA's volunteer recruiter leaders, ASA will present a special evening of appreciation at Lowe's Motor Speedway, immediately following the "Welcome Gathering" at Commodity Classic in Charlotte, North Carolina, Wednesday, February 26, 2003. Commodity Classic is the combined

annual convention of ASA and the National Corn Growers Association.

Find out more about becoming a member and/or volunteer recruiter by contacting: Membership Department, American Soybean Association, 12125 Woodcrest Executive Drive, Suite 100, St. Louis, MO 63141; Phone: 800-688-7692; Fax: 314-576-2786; E-mail: membership@soy.org.



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