
Industry News

Soy forecast: more markets, more competition

America's soybean growers heard some good news and some bad news during the American Soybean Association's 1981 annual meeting this summer in St. Louis.

Good news:

- Secretary of Agriculture John Block told the 2,200 registrants there would be no further embargoes of agricultural products to support foreign policy unless there is a general trade embargo covering all goods. U.S. farmers believe their markets were unfairly hurt by President Carter's embargo of grain shipments to the Soviet Union following that nation's invasion of Afghanistan.
- The ASA and a major farm chemical firm, Elanco, announced plans for a two-year study of prospective soybean supply-and-demand through the year 2002.
- ASA officials expect increased demand for protein and oil, which means there will be larger potential markets for soybeans.

Bad news:

- Producers of sunflower, canola and palm oil believe the opportunities for increased soybean use also are opportunities for their commodities. They are organizing marketing programs to penetrate those markets.
- A stronger U.S. dollar means foreign buyers are paying more for U.S. soybeans and soybean products. West Germany paid about 16 Deutschmarks a year ago for a bushel of soybean worth \$8.74 in the U.S.; they now pay about 17 marks for that same bushel of soybeans, worth \$7.05 in the U.S. as of the end of July. In Europe, prices for U.S. soybean meal have risen 54% during the past year; the price rise in the U.S. was about 25%.

- No one at the meeting was predicting a rise in soybean prices at least until harvest time in the U.S. (October-November), when South American exports may begin to dwindle. Some analysts predict prices won't really recover until next spring. If the U.S. dollar weakens in relation to foreign currencies, it would create more demand and possibly increase prices that producers receive.

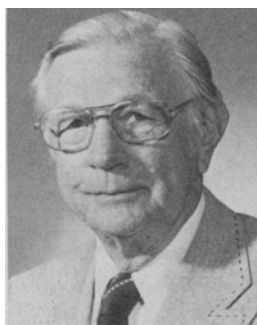
There was considerable speculation as to the condition and size of this year's U.S. soybean crop. The meeting was held July 31-Aug. 4. The most recent U.S. Department of Agriculture estimate at that time was 1.99 billion bushels, subsequently raised on Aug. 12 to 2.02 billion bushels. Bache's Robert Saathoff forecast a crop of 2 billion bushels or more, primarily because his reports were that the crop, planted late in many areas, was rapidly improving. Merrill Lynch's David Bartholomew said he expects a crop of 1.94 billion bushels based on a yield of 29 bushels per acre with 67 million acres harvested.

Regardless of the size, supplies may exceed demand. Bartholomew noted 1980/81 consumption is expected to

total about 1.85 billion bushels, with a 100 million bushel carry-over. That carry-over, plus a new crop of 2.0 billion bushels, would exceed demand, unless the dollar weakens dramatically enough to stimulate extensive foreign buying.

A three-continent live television hook-up, called World Soybean Report III, provided timely information on European and Japanese markets. Agriculture Secretary Block, in his speech, and Wayne Sharp, U.S. agricultural attache to the EEC who spoke via the television hook-up, both said the U.S. has firmly told the Common Market that the U.S. will not accept any change in the duty-free entry of U.S. soybeans and meal into the Common Market. The addition of Spain, the world's largest olive oil producer, and Greece to the Common Market would significantly change fats and oils production within the EEC. Sharp noted estimates have ranged as high as \$1 billion as the cost of admitting Spain to the EEC if that nation removes current soy marketing restrictions. Some Europeans have suggested a tax on imported fats and oils as a way to offset those costs, but Sharp said the U.S. will not tolerate any

ASA honors Harold Wilcke



AOCS member Harold Wilcke received the American Soybean Association's Utilization Research Award during the ASA annual meeting in St. Louis this summer.

Dr. Wilcke, retired corporate vice-president of research for Ralston Purina Co. in St. Louis, was cited for his studies that helped improve use of soybean meal in animal feed formulations as well as directing Ralston's work on edible soy protein for human food.

"Dr. Wilcke recently coorganized the Keystone Conference on 'Soy Protein in Human Nutrition,' a landmark conference in establishing nutritional value of soybean protein for humans," ASA President Frank Ray said in presenting the award. □

shifting of the burden of paying agricultural supports to U.S. products. G. Vandermoortele of N.V. Safinco said the olive oil subsidies are provided for social and political reasons and would have to continue, but that a long-term shift to other crops might be possible.

Hiroshi Nakamura of Hohnen Oil Co. said rapeseed oil usage has been increasing in Japan as it is regarded as more stable, producing fewer objectionable odors than soybean oil. Some cooking oils marketed in Japan may contain 70-80% rapeseed oil with the balance being soybean oil, he said. Soybeans are imported in larger quantity. About 90% of the soybean meal is used for animal feed and 10% for human foodstuffs; about half the rapeseed meal is used for animal feed and the rest is spread as fertilizer, Nakamura reported.

ASA Chief Executive Officer Ken Bader told the growers that world soybean usage could require a 3.0-billion-bushel annual crop from the U.S. by the end of the decade. Bader said Japan, South Asia, Mexico, Europe, China and the Soviet Union may require another half billion bushels by the end of the decade, with expansion elsewhere creating the rest of demand.

Others will also be seeking to sell to those markets. Helmut Jende of Cargill

Agricola, in a videotape report, said Brazil produced a 15.5-million-ton soybean crop in 1981 and hopes to produce 20 million tons by 1990. Larry Kleingartner of the National Sunflower Growers' Association said U.S. sunflower production and processing are expected to rise rapidly during the next 10 years. Borge Dato' Bek-Nielson of the Malaysian Palm Oil Growers' Association said that, by the end of the decade, palm oil acreage in Malaysia may double. Canada's canola/rapeseed acreage may expand from about 8.5 million acres at present to 10 million acres by 1990, John Smythe, president of the Canola Council, said in a videotaped report.

The expanding market potential and the possible competition are reasons ASA officials were pleased to announce the ASA-Elanco market study project. A report on soybean supply-and-demand through 1987 is expected to be ready by the 1982 ASA meeting, whereas the final projections through the year 2002 are expected by the 1983 ASA meeting. A "blue ribbon" panel, representing producers, processors, exporters, and others, is to oversee the project. The four specific objectives are: (1) to identify opportunities for soybean production and use through 2002; (2) identify obstacles to achieving full potential; (3) outline ways to achieve

potential; and (4) project supply-and-demand within several scenarios of world economic/agronomic conditions.

Several speakers during the meeting mentioned the need for plant scientists to achieve a yield breakthrough for soybeans. Commercially grown soybeans are not hybrid plants, as are corn and other grains. Bader said the U.S. average yield could be as high as 48 bushels per acre if growers used recommended cultural practices. C. Lockwood Marine, chairman of the National Soybean Processors Association, said a yield breakthrough is needed.

Succeeding Frank Ray of Florida as president of the American Soybean Association is Charles Hamon of Kansas. □

ASA endorses peer review

Among the policy resolutions approved by ASA voting delegates in St. Louis was one urging that the federal government hold off on releasing information about research results to news media until after the results have been screened by peer review. The agencies specifically mentioned in the resolution were the USDA and the Food and Drug Administration with an over-all reference to "and other agencies." □

University purchases Crown pilot plant

Crown Iron Works Co. of Minneapolis has recently shipped a solvent extraction pilot plant to the University of Arizona at Tucson. The plant includes an extractor, desolventizer-toaster, distillation system and mineral oil absorption system which will be used by the university for research and development in the processing of gopherweed and other potential new arid land crops. The plant is capable of processing up to 1 ton per day. □

Single cell protein to be marketed

Hoechst AG, of West Germany, is planning a "large-scale investment" in single cell protein for human food. The project will challenge the only

other producer of such protein in Western Europe, ICI, which already has a commercial plant in operation. Hoechst plans to have its SCP—produced by using ammonia and methanol to separate bacterial cells into their acids—on the market in about two years. The West German pilot plant is currently producing 1,000 metric tons a year of protein and 50 tons of nucleic acid. Production goal is of 20,000 tons per year. Single cell protein is a major potential source of protein for developing nations. □

Nutrition fellowships

The American Institute of Nutrition will administer four 1982-83 fellowships in basic nutrition research, to be awarded annually from funds donated by the Foremost-McKesson Foundation. Each fellowship will be for \$5,000 and may be renewed for up to

three years.

Applicants must have been accepted for candidacy for the doctoral degree in a field relevant to nutrition research and must be U.S. citizens or have resident immigration status.

The deadline for receipt of applications is Feb. 1, 1982. For further information and application forms, contact the American Institute of Nutrition, 9650 Rockville Pike, Bethesda, MD 20814. □

Crown Iron and Simon-Rosedowns Agreement

Simon-Rosedowns Ltd., U.K., has announced a marketing agreement with Crown Iron Works Co., of Minneapolis. Crown has added the Rose-down screw presses to its equipment systems and, under the agreement, will promote sales of the full range of these presses in the U.S. and Canada. □