

# WEEKLY NEWS ARTICLE UPDATE



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## Export Sales Highlights

This summary is based on reports from exporters for the period March 20-26, 2015.

**.Soybeans:** Net sales of 27,400 MT for 2014/2015 were down 95 percent from the previous week and 92 percent from the prior 4-week average. Increases reported for Mexico (102,600 MT), Malaysia (24,300 MT, including 24,000 MT switched from unknown destinations and decreases of 1,000 MT), Colombia (10,800 MT, including 5,000 MT switched from unknown destinations), Vietnam (7,900 MT), and Taiwan (7,200 MT, including 500 MT switched from China and decreases of 3,400 MT), were partially offset by decreases for unknown destinations (51,000 MT), China (40,500 MT), Japan (39,200 MT), Peru (6,000 MT), Israel (2,000 MT), and Canada (1,300 MT). Net sales of 568,300 MT for 2015/2016 were for unknown destinations (359,500 MT), China (118,000 MT), Mexico (90,000 MT), and Japan (800 MT). Exports of 665,100 MT were down 13 percent from the previous week and 3 percent from the prior 4-week average. The primary destinations were China (374,500 MT), Japan (85,200 MT), Taiwan (65,500 MT), Mexico (33,000 MT), Indonesia (29,900 MT), and Malaysia (26,900 MT).

*Optional Origin Sales:* For 2014/2015, new optional origin sales were reported to China (55,000 MT). Outstanding optional origin sales total 711,000 MT, all China.

*Exports for Own Account:* The current exports for own account balance is 1,900 MT, all Canada.

*Export Adjustments:* Accumulated exports to Japan were adjusted down 12,150 MT for week ending February 5<sup>th</sup>. These sales were inadvertently reported as being shipped, but should have been reported as being cancelled.

**Soybean Cake and Meal:** Net sales of 214,100 MT for 2014/2015 were down 5 percent from the previous week, but up 30 percent from the prior 4-week average. Increases were reported for the Dominican Republic (65,500 MT, including 4,000 MT switched from unknown destinations and decreases of 200 MT), Mexico (44,100 MT), Colombia (40,500 MT), Panama (25,300 MT), Barbados (24,200 MT, switched from Guatemala), and Spain (21,500 MT, including 20,000 MT switched from unknown destinations). Decreases were reported for Guatemala (27,100 MT) and unknown destinations (25,400 MT). Net sales of 183,500 MT for 2015/2016 were reported for Canada (109,000 MT), the Dominican Republic (60,600 MT), and unknown destinations (13,900 MT). Exports of 291,500 MT were down 4 percent from the previous week, but up 10 percent from the prior 4-week average. The primary destinations were Iran (65,000 MT), Venezuela (60,000 MT), the Dominican Republic (44,000 MT), Mexico (30,300 MT), Spain (21,500 MT), Canada (20,700 MT), and Colombia (15,100 MT).

**Soybean Oil:** Net sales of 20,500 MT for 2014/2015 were down 8 percent from the previous week, but up noticeably from the prior 4-week average. Increases were reported for South Korea (10,500 MT), Mexico (7,400 MT), Canada (2,300 MT), and the Dominican Republic (100 MT). Exports of 18,100 MT were down 7 percent from the previous week and 11 percent from the prior 4-week average. The primary destinations were Mexico (7,200 MT), the Dominican Republic (7,100 MT), South Korea (2,000 MT), and Canada (1,500 MT).

### [Boaters Push Senate Bill Removing Corn-Ethanol Mandate](#)

NEW ORLEANS (AP) - The nation's largest boating advocacy group has thrown its support behind a U.S. Senate bill that would do away with the law requiring ethanol produced from corn to be sold to American consumers.

BoatUS is urging its half-million members to contact their senators regarding S. 577, the Corn Ethanol Mandate Elimination Act of 2015. The bill has been introduced into the chamber by Sens. Diane Feinstein (D-Calif.) and Pat Toomey (R-Pa.)

S. 577 would remove the government mandate that forces refiners to add high percentages of corn ethanol to the fuel they produce. When the Renewable Fuel Standard became federal law in 2005, legislators assumed the nation's fuel consumption would continue to climb, so they increased the overall ethanol requirements each year. In 2008, for instance, the mandate was nine billion gallons, but that number will climb to 36 billion gallons by 2022.

Americans' gasoline use has actually declined since the mandate was implemented, however, forcing regulators to increase ethanol content to unsafe levels for some internal-combustion engines. In 2010, the Environmental Protection Agency permitted E15 to be sold at the same stations offering E10. The higher-ethanol fuel is not permitted for use with marine engines, snowmobiles, motorcycles, lawnmowers, leaf-blowers or any vehicle manufactured before 2001.

E15 is currently sold in 16 states, leading to confusion and incompatible fueling among consumers.

Feinstein called the corn-ethanol mandate "unwise and unworkable."

"Roughly 40 percent of corn in the United States is currently used for fuel, which increases the price of food and animal feed, while also damaging the environment," she said. "Once we remove the corn-ethanol mandate, the RFS program can finally serve its intended purpose: to support the development of advanced, environmentally friendly biofuels like biodiesel, cellulosic ethanol and other revolutionary fuels."

Under the RFS, refiners across the nation must meet four separate standards: advanced biofuel, cellulosic biofuel, biomass-based diesel and total renewable fuel, which is corn-based ethanol. S. 577 would eliminate that final standard.

Louisiana's senior senator, David Vitter, supports the bill, which was introduced as an amendment to the Keystone XL Pipeline Act.

"The EPA's corn-ethanol mandate has been failing for years, costing Louisiana consumers too much at the gas pump, the grocery store and for livestock feed," he said.

In November, Vitter was critical of the EPA's decision to further delay setting the ethanol-production levels to meet the RFS for 2014, even though the year was almost over. The mandate called for the RFS to increase to 14.4 gallons last year. At a 10-percent ethanol blend, however, only 13 billion gallons would have been consumed by American motorists.

For boaters, any level of ethanol is a concern because the manufactured fuel has great affection for water, according to LaPlace chemist Pete Landry.

"Ethanol is hygroscopic. It absorbs water. It's like a water magnet," he said.

Since boat fuel tanks are designed to vent into the atmosphere, they suck in high-humidity air with each night's cooling period. That humidity bonds with the ethanol, eventually resulting in contaminated fuel that's damaging to marine motors.

Many marinas sell non-ethanol fuel at substantially higher prices, but BoatUS says 60 percent of boaters fill their tanks at roadside stations. The vast majority of those offer no ethanol-free alternatives.

### **Can This Man Feed the World? Billionaire Harry Stine's Quest to Reinvent Agriculture -- Again**

On one of the windiest days in recent memory Harry Stine, the richest man in Iowa, cranes his neck to examine the elevator shaft inside the 110-foot steel observation tower next to his garage. "The cables look awfully frayed. Who knows if it will last one more time?" he chuckles. Nonetheless, we hop into the elevator cab, he flips the switch to get it moving, and up we go as the wind rips into us at 40mph.

Stine, the 72-year-old founder and owner of Stine Seed, the largest private seed company in the world, built this tower back in 1987 so he could get a good view of his empire, some 15,000 acres of frozen Iowa farmland. Aside from a small, glass-walled house, it's his only visible indulgence. Once home to his father's hardscrabble cattle-and-crop farm, Stine has, without attracting any widespread notice, developed some of the most valuable agricultural products on Earth here. With more than 900 patents, Stine sells his coveted soybean and corn seed genetics to agri-giants like Monsanto and Syngenta, nabbing estimated annual sales of more than \$1 billion with margins in excess of 10%. Along with his four children, Stine owns almost 100%.

It is a good reminder to those tempted to confine “innovation” solely to the world of Silicon Valley that some of the most impressive and fundamentally important advances on Earth are occurring today in agriculture, and the global epicenter is America’s heartland. The seed market—a \$44 billion worldwide industry that supplies crop growers with the essential element they use to plant, harvest and sustain the world’s food supply—is expected to double in the next five years as crops fortified with more resilient genetics improve yield and efficiency. That’s good news since the world’s population continues to grow by about 85 million every year, while arable land remains scarce.

With a combined market value of \$320 billion, five publicly traded conglomerates own most of the action: Monsanto, DuPont, Syngenta, Dow and Bayer. Then there’s Stine. Based in Adel, Iowa (pop. 4,000), the dozen or so companies under Stine’s umbrella form an unlikely titan at the heart of the market, directly or indirectly generating revenues from almost 50 million acres of crops in the U.S. each year.

Stine Seed does business with all of the heavyweights and has for more than three decades, primarily because it has something everybody else needs: the best-performing soybean seeds in the business. Through plant breeding, a roughly 10,000-year-old technique that’s not unlike creating Thoroughbred horses or show dogs, Stine has been perfecting the genetic makeup of soybean seeds—primarily used in animal feed and to produce vegetable oils—since the 1960s. The basic technology may be ancient, but an innovative, data-savvy strategy, married with shrewd leadership and a classic midwestern work ethic, has made Stine’s operation best in class. He isn’t bashful about what his small-town company has accomplished.

“Our germplasm—our genetic base here—is the best in the world,” says Stine. “We dominate genetics in the industry.”

Today 60% of all U.S. soybean acreage is planted using genetics developed by Stine’s companies, which also have a strong presence in South America and other international markets. FORBES estimates that Stine’s company—which, among other things, also breeds corn genetics, creates plant traits in its biotech lab and has a small but growing commercial seed sales operation—is worth nearly \$3 billion.

While rivals scoff, he now thinks he can double the world’s output of corn, the most popular crop on Earth. By breeding corn seeds genetically predisposed to thrive when planted in high densities, he thinks he can supercharge the engine generating animal feed, biofuels and food for the whole planet. “We’re going to be able to double corn yields very easily,” says Stine. “And apparently a lot of people working in the same industry can’t see

that.... They think, 'How can this be? And furthermore, how can this little farm kid out here be doing this?'"

After seven years of genetic tinkering he's won plenty of converts. "It's an insight that will revolutionize the corn industry," says Dermot Hayes, a professor of agribusiness at Iowa State University. If it works out, it won't be the first time this farm kid, unknown outside his industry, has changed the world.

A tall man partial to Levi's and blue button-downs with pens in the pocket, Stine stands on the burnt-orange carpet in his office—a little-changed artifact of the Reagan era littered with the nuts, berries and, especially, mushrooms he likes to forage for (he has a handwritten log detailing when and where he's found each of the 32,000 morel mushrooms he's nabbed in recent years). He's waving several reams of paper, filled with three years of yield results that drive Stine's corn euphoria. At almost every location they plant them, he says, his seeds outperform any other variety.

The secret to Stine's golden corn? Efficiency. In the early 1930s, prior to the Dust Bowl, 7,000 corn plants per acre were grown in the U.S., yielding about 27 bushels per acre. Seeds were planted in rows 42 inches apart so horses could traverse the fields. Now 35,000 plants and 150 bushels per acre is common—nearly five times the yield—thanks to modern tractors, fertilizers, pesticides and seeds genetically modified to resist insects and herbicides. But while genetic modification—using biotechnology to insert a genetic trait into a seed—grabs headlines (and stokes health fears, despite overwhelming scientific evidence of safety), traditional breeding programs by seed developers have done just as much to raise yields.

Stine noticed that corn plants hadn't changed much in generations. Tall has always been sexy for corn, even though less than half of the plant is actually harvested. That means most of the biomass is using valuable resources that don't necessarily improve a farmer's yield. The conventional spacing of corn rows has also largely persisted at 30 inches or more in modern agriculture, with narrower rows in use on less than 5% of corn acres in North America as of 2012, according to rival DuPont Pioneer.

Stine flipped the conventional wisdom on its head. He began breeding corn to thrive at higher planting density: shorter plants with smaller tassels and more upright leaves that attract more sunlight. A leaner, more efficient plant. After breeding many descendants of the seeds with that genetic makeup, the company has developed corn that can be planted in much narrower rows—12 inches or even pairs of rows 8 inches apart—increasing the

number of plants per acre to as much as 80,000. And, of ultimate importance, substantially increasing a farmer's harvest.

"Harry's breeding for it," says Van Wiebe, an agronomist with Hefty Seed in Buhl, Idaho, who has seen a 30% difference between Stine's seed and those of his rivals in his experimental fields. "It's going to be the way of the future."

Not everyone buys what Stine is selling. A DuPont Pioneer study from 2012 concluded that for most of the Corn Belt narrow rows do little to increase yields. "Future changes in production practices could favor narrow rows at some point," says Mark Jeschke, DuPont Pioneer's agronomy research manager. "But no research thus far has shown that ultrahigh populations combined with narrow rows significantly increased corn yield."

"It is an interesting story and a great conversation piece," adds Tony Vyn, professor of agronomy at Purdue University, "but a sideline to the real drivers of corn yield and economic efficiency gains that are needed most for this decade."

For farmers there's a sizable capital risk in switching. Buying more seeds per acre is expensive. It also requires more fertilizer and new planting and harvesting machinery specially fitted for the narrower rows. To pay for the change, you'd need at least an immediate 10% yield improvement—and 20% to 30% to really benefit a farm's bottom line, estimates Bruce Rastetter, CEO of Summit Group, which grows corn and soybeans on 20,000 acres of land in Iowa and Nebraska. "It's going to take some time," says Rastetter, who is experimenting with Stine's model. "I don't see extremely quick adoption, but I do think there's an early-mover advantage to doing it and learning to do it well."

Stine is hardly alone in his beliefs. Monsanto is doing similar work, and he'll have to battle with it for market share should crop growers flock en masse to high-density planting. "We've worked a lot in that space but also in the design of the plants and equipment," says Robert Fraley, Monsanto's chief technology officer, who has been doing business with Stine since the early 1980s. With the world adding 800 million to 900 million bushels of corn demand each year, Fraley says corn seed still needs more innovation, and he buys into Stine's vision: "We absolutely think it's possible to double yields."

We're willing to give Stine the benefit of the doubt for a simple reason. He's already revolutionized agriculture. Twice. In 1994 the U.S. government granted its first patents on the full genetic makeup of a soybean. Previously only asexual plants like rosebushes or apple trees could be patented, not self-pollinating crops like corn and soybeans. Stine Seed was first in line to get its top-performing varieties patented. It wasn't a coincidence: As early as the 1970s Stine, who had taken one business law class at McPherson College, a small

liberal arts school in Kansas, was stipulating in contracts the royalties companies had to pay for using his seed and prohibiting them from using the seeds their harvest produced to plant for next season. Crucially, it also forbade them from using his seeds to breed their own.

“His was the first company in the industry with soybeans to structure licensing agreements so that when companies took a contract with him they could not breed,” says Philippe Dumont, a lawyer and seed industry veteran who has spent the past decade working for Bayer. “It shows a superior foresight.”

It also helped secure Stine, in 1997, one of the most pivotal and lucrative deals in agricultural history. At the time Monsanto—with Fraley, then president of the company’s genomics group, leading the charge—had developed the biotechnology to insert genes into crop seeds, making them resistant to glyphosate, the plant-killing herbicide in the company’s dominant weed killer, Roundup. For farmers the “Roundup Ready” soybean seed would be an industry-changing innovation that reduced time and labor battling weeds. But a fancy biotech trait offered limited value if the genetic base of the seed was inferior and overall yields suffered. Roundup Ready technology combined with Stine’s industry-leading soybean genetics was a natural fit.

When a battalion of Monsanto lawyers and dealmakers descended on Stine Seed to finalize the deal, they found Stine alone in the company’s conference room at a Ping-Pong table (Stine still rarely loses). “If you really want to be fair here, you need to go get two more [lawyers],” he smirked.

Neither party will disclose the agreement’s terms, but that deal contributed to the phenomenal success of the Roundup Ready soybean seed, a technology that’s now used in 96% of the soybean acreage in the U.S., likely generating in excess of \$10 billion for Monsanto since 1997. Stine will only say he receives a cut from his company’s contributions to Roundup Ready soybeans, and its relationship with Monsanto extends well into the future.

That lead was solidified in 2013, when the protections of patented seeds like Roundup Ready withstood a challenge in the U.S. Supreme Court. The case—which held portentous implications for all seed developers, including Stine—went in Monsanto’s favor, affirming intellectual property rights for plant genetics. Stine’s business model had been blessed by the highest court in the land.

Stine’s savvy is homegrown. After graduating from McPherson in 1963, he did two quarters of graduate work at Iowa State, then went home to work on his father’s modest farm. The



family was poor and the work both long and hard—rising at 6 a.m. and finishing at 6 p.m. was the norm, except in summer, when the hours were even longer.

After learning about some anomalous soybean plants with extra seeds in a nearby field, Stine became obsessed with breeding higher-yielding seeds to boost profits. Even if the process has grown more involved and advanced, the strategy behind breeding has changed little in ten millennia. “It’s very simple. You take good parents, and you make lots of offspring,” says Stine, who learned the basics in under an hour from an Iowa State technician. “It takes a minute and a half to learn what there is to learn about plant breeding.”

At the time public universities dominated breeding, and for good reason: Profits were limited, since intellectual property rights for soybean plants didn’t exist—and wouldn’t for another 30 years. Additionally, it was a labor-intensive, painstaking endeavor, unsuitable to most businessmen or dawn-to-dusk farmers but perfect for Stine, innately curious and capable of intense focus, despite a childhood filled with academic struggles. He didn’t know it then—and wouldn’t for several more decades—but he suffered from dyslexia and also mild, high-functioning autism. Knowledge of those diagnoses was all but nonexistent at the time. Back then, he says, he just thought he was “retarded.”

“I’m a data and information and facts person; I’m not a people person. I don’t understand how people’s brains work and why they do what they do,” says Stine. But, as a consequence of his learning disabilities, Stine always worked slowly and carefully. He also possessed a canny, fluid mental aptitude for data and math. His “disabilities” were actually advantages that let him see things in ways others did not.

“Those qualities he has have enabled him to do in business what he has done. He has the right combination of everything,” says son Myron, who has worked alongside his father at the company for 20 years. “When you put him in the room with a bunch of people, he’s going to outpace everybody intellectually.”

Stine founded the first private soybean research and development firm in the U.S. in 1968. By the mid-1970s, under a new company called Midwest Oilseeds, Stine was operating the most widely used soybean genetics company in the U.S., licensing the robust seeds it bred for royalties. Though the company also began breeding corn seed genetics, soybeans remained its most profitable niche.

It was around this time that Stine recognized the necessity of protecting his valuable genetics. If a farmer could buy your seed one year and then simply use the offspring or seeds from the plants it grew the next year, he could cut the seed developer out of the loop

while retaining the powerful genetics. Moreover, he could start his own breeding program using the seeds. The contracts Stine drew up prohibited this.

Some still infringed and faced legal confrontation if caught, but largely the strategy worked. The company expanded throughout the 1980s, gobbling up smaller seed companies and conducting soybean research in other climates around the country. The breeding process grew more advanced and automated, and by the early 1990s the company was testing 150,000 soybean varieties annually and producing the highest-yielding seed on the market. The Stine network of 1,700 dealers was selling Stine soybean products in 15 states under 160 brands. By the time it got its 1994 patent Stine had become the largest private seed company in the country, the bulk of its revenues still coming from royalties from licensing its award-winning soybean genetics.

“There’s always wrinkles in his science and negotiations that catch you off guard,” says Monsanto’s Fraley. “He’s not afraid to speak his mind. But at the very bottom of it all, he has made a huge difference in the industry and he’s done it in his very unique and special way.”

As we stand high atop his tower, the wind streaking into us, “unique and special” seems a vast understatement. “Now here’s what’s going to happen. I’ll sit here,” he says, perched on the top bar of the guardrail, unfazed by the steep plummet behind him or the violent gusts. “And you sit next to me. And then we’ll negotiate.”

He’s kidding, of course. It’s a long-running gag he’s played on acquaintances, business competitors and even his wife, Molly, who had suffered the misfortune of the elevator actually breaking and had to climb down the ladder—in heels.

But the joke, conducted amid full view of his empire, serves as a playful reminder: Harry Stine, the dyslexic farm boy turned cunning negotiator, data savant and agriculture visionary, is on top of the world. And he’s got plans to stay there. Says Stine: “I’m having too much fun.”

## **FBI: Plot to Steal Seed Corn a National Security Threat**

March 31, 2015

The U.S. Federal Bureau of Investigation (FBI) has invoked the powers granted by the Foreign Intelligence Surveillance Act (FISA) to gather evidence against two Chinese brothers who stand accused of stealing patented seed corn from Iowa corn fields.

Mr. Mo Hailong and Mr. Mo Yun are accused of stealing patented seeds from companies including DuPont Pioneer and Monsanto with the goal of smuggling them back to China to be counterfeited by the privately owned Chinese agricultural company, Beijing Dabeinong Technology Group (DBN Group). If convicted, the siblings could face ten years in prison.

The U.S. International Trade Commission reports that in 2009 Chinese companies cost U.S. businesses \$48.2 billion through the theft of intellectual property, and in a recent court filing, a DuPont Pioneer attorney wrote that bringing hybrid corn seed to market costs hundreds of millions of dollars and years of research and development.

Though not presenting the same risk as acts of terrorism, for example, the FBI still views trade secret theft and economic espionage as threats to national security. Under FISA, the FBI is allowed to bypass the universal requirement for traditional search warrants, instead getting permission from a confidential Washington, DC- based court designated for the hearing of complex cases involving national security.

By invoking FISA, it makes the relationship of DBN Group to the Chinese government critical to the course of the case, as FISA allows for the collection of intelligence regarding people spying on behalf of foreign governments or government-connected groups. Supporting the FBI, University of Iowa associate professor, Tong Yao found that in 2014 the Chinese government owned 1.8% of DBN Group, however, there are multiple murky factors to consider, and questions remaining as to the true connection of DBN to the Chinese government and its influence over the company. It is just these prevailing questions and lack of transparency that will make it hard for the defense to stop the prosecution from using evidence collected under FISA.

Although the U.S. Attorney's Office for the Southern District of Iowa indicted seven Chinese citizens in relation to the seed smuggling case, the Mo siblings are the only currently under prosecution. The remaining five people are believed to have left the country, according to court documents. The FBI is also investigating the possibility of 'insiders' at the seed companies who could have provided assistance to the plot by giving GPS coordinates of test fields.

### **ADM to Adopt No-Deforestation Policy for Soy, Palm Oil**

By Jeffrey T. Lewis and Jacob Bunge

SAO PAULO-- Archer Daniels Midland Co., among the world's largest traders of crops, said Tuesday it will adopt a new policy to fight deforestation by soy and palm-oil suppliers.

ADM buys all of its soy and almost all of its palm oil from third parties. Under the new policy, ADM "commits to build traceable and transparent agricultural supply chains that protect forests worldwide," the company said.

The new policy will be formally announced at a May 7 shareholder meeting, ADM said.

ADM's move comes as global agricultural companies face pressure from environmental and consumer groups to take greater responsibility for the way their products are produced, ranging from cultivation to labor practices. Rival commodities firm Cargill Inc. last year said it would expand existing efforts to address deforestation in palm oil production and preserve woodlands.

For palm oil, ADM commits to no development of high conservation value areas, no deforestation of high carbon stock forests and won't accept the use of fire for clearing land for production.

For its soy operations, ADM will apply a set of standards to its suppliers and will work with third-party inspectors to ensure growers meet those rules.

The inspectors "will assess growers based on their adherence to a broad set of social, environmental, legal and agronomic standards, including their labor practices, water and soil usage, solid waste management, observance of land rights, legal compliance, and the responsible use of fertilizers," ADM said.

"We are confident that our No Deforestation policy is both strong and appropriate for our company," said Victoria Podesta, chief communications officer for ADM.

The company already participates in a program in Brazil, the world's second-biggest soy producer, that embargoes soy produced on farms where satellite surveillance determines land has been cleared for crops.

ADM also commits to a policy of no exploitation of people and local communities for both palm oil and soy production, including no use of child labor, meeting all local labor laws and regulations and compensating workers as local laws require.

### **COFCO on the Prowl for US Agricultural Assets**

3/31/2015

Chinese food giant COFCO Corp. is looking for acquisitions in the United States, the world's biggest *exporter* of agricultural commodities.

Once the government arm for *importing* food staples, the state-run company has been transformed under the leadership of its charismatic chairman, Ning Gaoning, into one of the world's largest food companies with food-producing assets on five continents, the Wall Street Journal said.

Last year, it spent US\$2.7 billion to acquire Dutch *graintrader* Nidera BV and 51 percent of Noble Group's agriculture unit, gaining footholds in the breadbasket regions of South America and central *Europe*.

"We want to get more involved in other parts of the world, especially in the Americas, where a lot of the *grain* is grown, *shipped* and *exported* to other *markets* like China," said Paul Liu, COFCO's head for North America.

The deals it is looking for could include acquisitions or partnerships with rivals to secure US ports and grain terminals, giving COFCO better access to the world's largest source of corn and a top soybean grower, Liu said.

With a lock on China's *graintrade*, COFCO has access to deep state coffers, providing US\$10 billion for acquisitions, the newspaper said, citing company officials.

Its revenue last year was estimated at US\$63.3 billion following the Noble and Nidera deals, but the company still lags behind the world's three larger agribusiness giants, Cargill and Archer Daniels Midland of the United States and Louis Dreyfus Group of France.

The food giant also has to deal with competition at home. As a bottler of household edible oil, it is only second to Singapore's Wilmar International Ltd., which supplies 55 percent of the Chinese market compared with COFCO's 15 percent, according to the consultancy Shanghai JC Intelligence.

In its US push, COFCO could be facing bigger hurdles. Buying assets from larger players could come at a hefty price tag, while acquiring small properties may be difficult to consolidate, the newspaper said, citing analysts.

The Beijing-based company, with its direct pipeline to China's growing food sector, could represent both a potential threat and an attractive partner for long-established US *grain-trading* giants.

Owning significant North American assets such as ports and *grain* terminals could enable COFCO to buy more grain at lower cost to supply its Chinese operations, reducing its dependence on the US *grainshippers*.

If a US *company* teamed with COFCO, however, it could secure direct access to one of the world's fastest-growing food *markets*.

COFCO might buy or invest in existing *grain-trading* infrastructure, or form alliances with *graincompanies* to develop new facilities, Liu said.