



# MARKET SNAPSHOTS

FEBRUARY 2019

**U.S. SOY** for a growing world



# AMERICAS

## SUPPLY / DEMAND BASICS

- Largest U.S. export market for SBM (MY16/17- 58% of total U.S. Exports), SBO (61% of total U.S. SBO exports), soy ingredients and 3rd largest for SB (8% of total U.S. SB exports).
- Growing soybean, soybean meal and oil markets
- Poultry, swine and aquaculture consolidating and with expansion efforts, including exports
- Increased meat, poultry meat and egg demand, given economic growth – Production growth
- Increased competition from SAM SB and SBM
- Increased competition from SAM SBO and from canola & palm oils
- Region will continue to be dependent on imports of grains and oilseeds
- Pet food market growing quickly and consistently
- WATCH Colombia – super growth potential of U.S. soy exports

## REGION OVERVIEW

- 675 million people in LATAM + Canada
- 9% of the World GDP (U.S. is 23%)
- Projected GDP Growth: 2.0% in 2018; 2.6% in 2019
- Mexico, Colombia & Central America - Key growth markets for U.S.
- Canada is a mature but stable and important market
- Region beginning to recover economically, after contracting in 2017

## SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	6.204	6.953	5.391	6.122	86.9%	Declining
Soymeal	9.682	10.046	6.098	7.249	63.0%	Growing
Soy Oil	1.955	1.757	0.731	0.755	37.4%	Stable
TOTAL	17.841	18.756	12.220	14.126	68.5%	

## TRADE / COMMERCIAL OVERVIEW

### FISCAL YEAR 2017

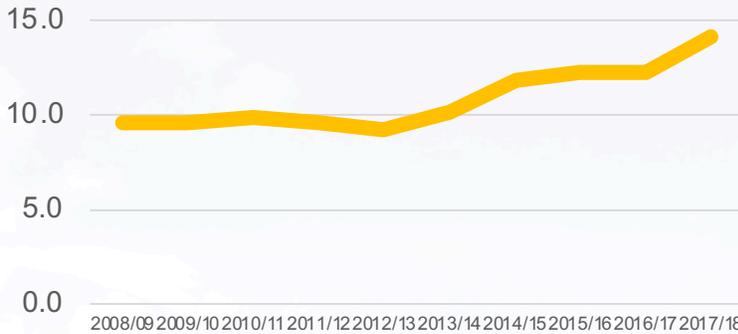
- Soybean exports to AM up 11% in FY17 vs. FY16.
- SBM exports to AM down 6% in FY17 vs. FY16
- SBO exports to AM up 8% FY17 vs FY16
- Exports to Mexico; SB up 13%; SBM down 13.5% and SBO exports to Mexico down 7% MY17 vs MY16
- SB exports to Central America (CAM) down 3%; SBM up 1% and SBO exports up 12% FY17 vs FY16
- SB exports to Canada up 23%, SBM up 21% and SBO exports up 72% MY17 vs MY16
- SB exports to Colombia down 3%, SBM exports up 32% and SBO exports up 114% MY17 vs MY16

## POLICY AND/OR COMMERCIAL ISSUES

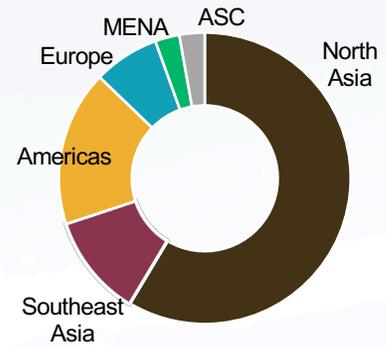
- Presidential elections in Mexico and Colombia this year could have a major economic and trade directional shift
- Volatility in Mexico's peso has led to a investment uncertainty and drawback until NAFTA resolution is clearer
- Social media is changing the discussion on GM issues and anti-soy sentiments and trolls are becoming more aggressive to discredit GMOs in public
- Ecuador: extended the tariff and duty exemption for SBM imports (US included), to DEC 2019 but started to import SBM from Paraguay and Bolivia
- Venezuelan hyperinflation (1,000,000+% ) has led to an economic and humanitarian crisis and decimated animal production

# AMERICAS

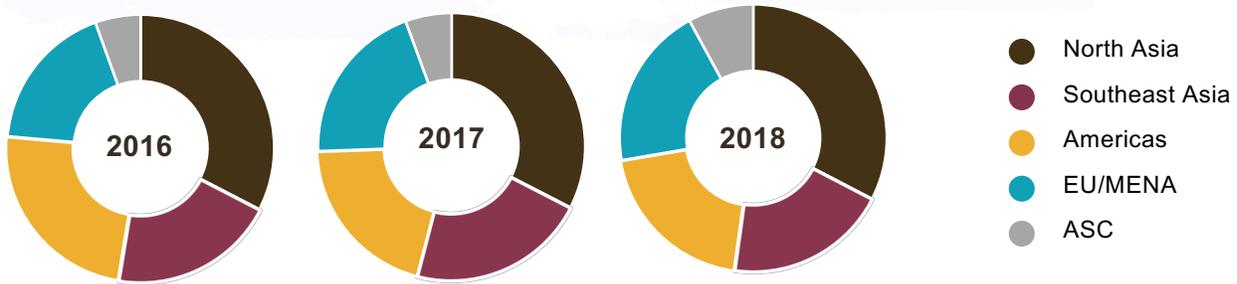
## IMPORTS FROM U.S. (MMT)



## U.S. EXPORTS BY REGION 2016/17



## USSEC BUDGET ALLOCATION



PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Buyers/cooperator's Conference Risk Management	One large conference 18 months Annually with follow up one-on-one meetings	Valuable trade partnerships established Will be proactive on educating industry on valuing U.S. soy and independence from trader decision control
	Industry Conferences and Summits	Conferences, seminars, workshops or one-on-one advise with key buyers Successful Agribusiness Development and Regional AU Industry Meeting Broader communication of US Soy Sustainability and Advantages – Values	Exposure of U.S. soy industry leadership and U.S. soy products values Solid promotion of US Soy communication and industry feedback Support U.S. differentiation; more US Soy Sustainability Certificates issued; interest on 'US Soy Sustainability Seal'
Technical Servicing	Training to feed manufacturers and integrated operations, poultry, aqua and livestock leading producers	Nutrition, feed manufacturing, price & risk management conferences and one-on-one training, certification programs Differentiation of US soymeal and nutritional bundle	Enhance their economic viability Increase awareness and demand for U.S. soy products Communicate the differences in AA profiles
	Food Industry, HRI and Government and Institutions	Educate and communicate the advantages of U.S. conventional SBO and High Oleic SBO.	Understand latest developments in U.S. SBO and make decisions on the advantages of U.S. SBO.

# AMERICAS

## MEXICO

### SUPPLY / DEMAND BASICS

- Increased local soybean crush to supply growing meal and oil market increasing U.S. SB imports, reducing U.S. Meal and Oil exports
- No longer the largest importer of US soybean meal and soybean oil, due largely to the fact that crush capacity in the country is increasing
- Aquaculture (shrimp) health issues improving and growing production. Should see SBM demand growth going forward (from U.S. and from U.S. crushed soybeans)
- Increased meat, poultry meat and egg demand due to population and economic growth
- Some competition from South American soybeans
- Large increase in DDG imports in Q2 & Q3 (following tariffs imposed by China)
- Increased competition from other oils (palm, canola, safflower)
- Retail market of edible oils largely mature to stable
- Mexico will continue to be dependent on imports of grains (30%) and oil seeds (>90%)
- Growing demand for pet food, as production is higher than aquaculture feed production

### COUNTRY OVERVIEW

- 138 million people
- \$1.046 Trillion total GDP
- 1.98% of the World GDP
- Average GDP Growth of 2.3% in 2016; est. at 1.5 to 2.5% for 2017
- Mexico is a key growth market, with SAM challenging U.S., especially now with ongoing negotiations to expand trade agreements with BRZ and ARG and upcoming NAFTA revision. Negotiation of FTA with European Union has found an “agreement in principle”, with finalization expected to happen later in 2018.

### TRADE / COMMERCIAL OVERVIEW

#### *Marketing Year 2016/2017*

- SB exports to Mexico up 13% MY17 vs MY16
- SBM exports to Mexico down 13.5% MY17 vs MY16
- SBO exports to Mexico down 7% in FY17 vs FY16
- Increased competition against U.S. SBO from other oils, including domestic safflower production

### POLICY AND/OR COMMERCIAL ISSUES

- Yucatan continues its GMO plantation free position
- Social media creating an outlet for negative GMO and soy sentiments
- Record homicides in 2017 and growing in 2018 are leading to concerns about the government’s capability to control narco-trafficking
- US enjoys 90% market share on soybeans, 95% for soybean meal
- “Zero tolerance” of soil presence on shipments to Mexico appear to be picking up in 2018, after a focus on corn shipments in 2017; authorities implementing a ‘pilot’ procedure to help major importers
- Mexico suffered from uncertainty on the future of NAFTA: high FX volatility, weakened financial indicators. Implied major exposure of industry to SAM grains and oilseeds.
- Presidential election of 2018 seen as a major deciding factor in the direction of Mexico’s economy going forward. Leftist, nationalist, Andres Manuel Lopez Obrador, the former mayor of CDMX won in a historic landslide. Thus far, relations with the US/Trump Administration have started off very well.

# AMERICAS

## MEXICO

### IMPORTS FROM U.S. (MMT)



### SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	4.126	4.873	3.886	4.205	101.9%	Growing
Soymeal	1.991	1.818	1.683	2.496	125.4%	Growing
Soy Oil	0.255	0.195	0.265	0.168	65.9%	Growing
TOTAL	6.372	6.886	5.834	6.869	107.8%	

### KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Buyers Conferences	One large conference every year	Valuable trade partnerships established
	Industry Conferences	Conferences, seminars, workshops or one-on-one advise with key buyers Aqua investment Workshop Regulatory Market Issues  Stronger and broader communication of US Soy Sustainability and Advantages – Values	Exposure of U.S. soy industry leadership and value of U.S. soy products Forum to discuss future needs Improve relationships with regulatory bodies to anticipate and resolve any potential market access issues NAFTA Key targets exposed; support to differentiation; interest on 'US Soy Sustainability Seal' being available
Technical Servicing	Training to feed manufacturers and integrated operations, poultry, aqua and livestock leading producers	Nutrition, feed manufacturing, price/risk management conferences and one-on-one training, certification programs	Bust their economic viability Increase awareness and demand for U.S. soy products Communicate the differences in AA
	Food Industry, HRI and Government and Institutions	Educate and communicate the advantages of U.S. conventional SBO and High Oleic SBO.	Understand latest developments in U.S. SBO and make decisions on the advantages of U.S. SBO.

# AMERICAS

## COLOMBIA

### SUPPLY / DEMAND BASICS

- Poultry is the meat of choice, but pork consumption increasingly fast, due to high pork checkoff (about \$2 per head) dedicated towards pork consumption promotion
- Antioquia (Medellin area) the traditional pork consumption base, but is growing nationally to 9.3Kgs per capita (up from 4.2 in 2010)
- Pet food industry a high margin growth market
- FOB purchasing program could be a model for regional purchasing and US differentiation
- Poultry consumption with large market penetration at 32.8Kgs per capita
- TRQ in effect for SBO under the US-Colombia FTA, open market access for SBM and soybeans

### COUNTRY OVERVIEW

- 49 million people
- GDP US\$397 billion (World Economic Outlook)
- Per capita GDP still relatively low at \$5792
- A country that is experiencing a storybook economic recovery, from once being the most dangerous place in the world
- Bogota and Medellin largely wealthy and built out, compared to much poorer rural areas
- A rash of corruption, stemming from a particular government contract with a Brazilian company, has led to an uprising in public distrust towards the government.
- Becoming a large destination for Venezuelan refugees, estimates are over 1 million Venezuelans have crossed the border in recent months

### TRADE / COMMERCIAL OVERVIEW

- Occasional SBM importation from Bolivia, due to 0% tariffs on ANCOM FTA.
- Large exporter of coffee, cut flowers, energy products (coal, oil), gold and fruits
- US-Colombia FTA critical to US competitive advantage, as MERCOSUR currently imposes large tariffs, due to low prices
- The US has a \$696 million trade deficit with Colombia, in 2016

### MY 2017 EXPORT DATA

- U.S. Soy exports to Colombia
  - SBO: MY 2017 at 120TMT vs 57TMT in MY 2016, up 114%
  - SBM: MY 2017 at 877TMT vs 664 in MY 2016, up 32%
  - SB: MY 2017 at 507TMT vs 524TMT in MY 2016, down 3%

### POLICY AND/OR COMMERCIAL ISSUES

- FARC peace agreement will see 2018 as the first real political opportunity for FARC to transition from guerilla narco-terrorists to legit political party
- New president took office in August 2018 and is seen as a pro-government pragmatist, with ties to the previous Uribe administration
- Current government is supportive of domestic palm oil production, which limits SBO market penetration
- Crude SBO TRQ raised to 39,478MT in 2018, grows 4% per year

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	0.544	0.550	0.524	0.507	92%	Growing
Soymeal	1.206	1.315	0.664	0.877	67%	Growing
Soy Oil	0.372	0.375	0.056	0.120	32%	Growing
TOTAL	2.122	2.240	1.244	1.504	67%	



# ASC

## SUPPLY / DEMAND BASICS

- Important drivers are population and growing economies
  - 1.73 Billion Population
  - 6.7% Growth in GDP (ADB)
  - Urbanization at 3% per year
- ASC has a severe malnutrition problem
  - World's largest human feeding and welfare program (240 million beneficiaries)
  - Inclusion of Soy in Government feeding programs
- Growing Consumption
  - 8.87 MMT Soybean Meal Consumption
  - 32 MMT Cooking Oil Use;
- Stagnant Production
  - Consumption outpacing regional production
- Growing Animal and Aqua Sectors
  - Total animal feed milled in ASC in 2017 – 43 MMT
  - 80% of meal goes for poultry; balance for aqua
  - Meal needs for 2020 projected at 11-12 MMT
- Meal Utilization in Compound Annual Growth Rate:
  - Broilers - 12%
  - Layers - 7%
  - Farmed Freshwater Fish - 8%
  - Farmed Shrimp - 15%
  - Human Consumption of Soy - 10%

## REGION OVERVIEW

- This Region, consisting of 5 growing countries, is classified as a “Basic” market space in the enhanced USSEC Marketing strategy. As such important tech servicing and capacity building are critically important.
- Focus on Demand/Growth of domestic soy consumption and Market Development for U.S. Soy
- New, growth-oriented majority government in India, relatively stable governments in Bangladesh and Sri Lanka, but political instability in Pakistan
- Infrastructure Rebuilding; Unavailability of cost effective transport facilities

## SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	2.560	3.575	1.574	2.785	108.8%	Growing
Soymeal	1.068	0.945	0.396	0.215	20.1%	Growing
Soy Oil	4.569	3.870	0.008	0.001	0.0%	Growing
TOTAL	8.197	8.390	1.978	3.001	36.6%	

## TRADE / COMMERCIAL OVERVIEW

- Volume of 1.97 MMT of U.S soy imports to ASC ; 56% increase over FY16.
- Regular containerized and bulk imports of U.S. soybean and meal into Bangladesh
- Bulk and container shipments of U.S. Soy to Pakistan mostly for beans
- Concentrates and isolates U.S. imports at 4000 MT in India.
- Containerized soy meal imports to Sri Lanka
- First U.S. Soy shipments to Nepal in 2015 lead to 70,000 MT imports in 2016; more U.S imports anticipating more imports in near term.
- Increasing Crushing Capacity in Bangladesh, Pakistan and Nepal
- Nepal - poultry feed production 850,000 tons, 10% growth
- Current soy crushing capacity in Pakistan, Bangladesh and Nepal is 3.57 MMT
- With 2.21 MMT of U.S soybeans imported into ASC in FY18 ( till June); share of U.S beans on total regional installed soy crushing capacity is about 62%

## POLICY AND/OR COMMERCIAL ISSUES

- Sanitary and Phytosanitary non-tariff barriers in India
- GMO concerns in the region but GM meal is approved in Sri Lanka
- Agricultural price supports offered by Indian government extend to oilseeds and lentils
- Special regional trade agreement that once existed with India has been removed in 2018 for soy meal trade

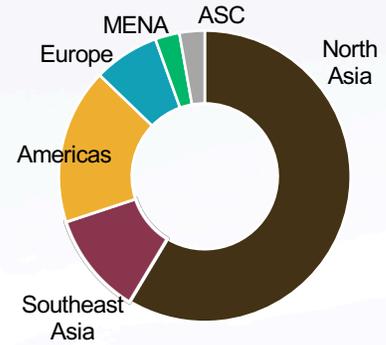
# ASC

## IMPORTS FROM U.S. (MMT)

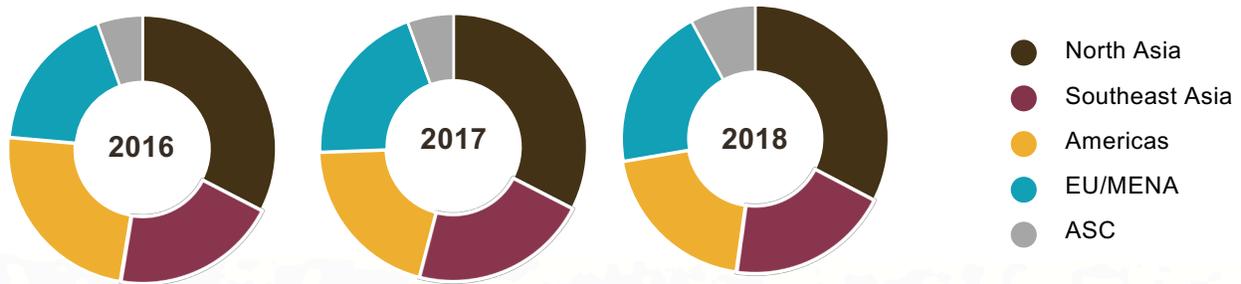
U.S. Census Bureau data.



## U.S. EXPORTS BY REGION 2016/17



## USSEC BUDGET ALLOCATION



PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Market Access	Biotech Messaging	Biotech messaging at different levels (Media, Researchers, End Users and Government) to sensitize or educate on the science and safety of GM/Biotech agri-Products (soy in focus). Educate trade associations on Biotech issues, risk analysis and market forecasts	Protect the regional markets that are already accepting GM soy and make them less vulnerable to misinformation. Prepare the countries not yet accepting GM crops for accepting imports of U.S. soy
Trade Servicing	Demand Building	Projects to convince poultry, aqua and food producers of the benefits of higher quality meal and protein products to improve their profitability and consumption and demonstrate how U.S. soy can help	Increased demand for soy meal products leading to increased imports of U.S. soy into the region and continued increasing consumption of Indian soy in-country.
Technical Servicing	Differentiation and adding value to U.S soy	Demonstrate value of soy in general and U.S. soy in poultry feed formulations, U.S beans used in human food and nutritional benefits in Government welfare programs	Prepares or strengthens base for U.S. soy utilization, increases dependence on soy in general, wards off competing sources of protein.

# ASC

## BANGLADESH

### SUPPLY / DEMAND BASICS

- Increasing crushing capacity
- Fifth largest fresh water fish producer in the world
- Aquaculture, poultry, dairy and horticulture are most important agriculture subsectors
- Livestock and poultry contribute 3.3% to GDP
- Feed production is 6.5 MMT/year
- Poultry meat production is 890,000 MT/year and fish production is 3.15 MMT/year
- Poultry and fish contribute significantly to the protein-poor population
- Malnutrition and food security concerns
- Soy oil is preferred over other oils, consumption is growing among urban population

### COUNTRY OVERVIEW

- Population: 166 million population
- GDP average growth: 7.30%
- Infrastructure Hurdles – Infrastructure Rebuilding
- Large and growing middle class
- Bangladesh aspires to be a middle-income country by 2022

### TRADE / COMMERCIAL OVERVIEW

- Government policies are trade friendly
- Country has support of international donors; poverty alleviation
- U.S. imports totaled 1.06 MMT in market year 2016/17.
- U.S. Soybean Market share ~ 85%
- Meal and oil imports are being substituted by bean imports (thus less dependency from India)
- U.S. soy protein concentrate companies see potential for imports
- No duty on import of crude or refined edible oil
- 5% import tax on soy meal but no tax on soybeans

### POLICY AND/OR COMMERCIAL ISSUES

- GMO officially restricted, but large imports of GM cotton, soy and corn flow in

### SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	0.813	1.100	0.939	1.058	130.1%	Growing
Soymeal	0.454	0.650	0.128	0.045	9.9%	Growing
Soy Oil	0.830	0.780	0.001	0.001	0.1%	Growing
TOTAL	2.097	2.530	1.068	1.104	52.6%	

# ASC

## BANGLADESH

### IMPORTS FROM U.S. (MMT)

U.S. Census Bureau data.



### KEY PROJECTS – Bangladesh

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Supply	A series of education/training projects for crushers to continue their preference for U.S. Soy. Train entrepreneurs on import and logistics processes; expose entrepreneurs to U.S. trade and logistics	Grow market share of U.S. Soy and improve trade efficiencies
Technical Servicing	Differentiation and adding value to U.S soy and technology upgrades	Poultry and aqua feed formulations to emphasize usage of U.S. soy meal and increase inclusions; incorporation of high value U.S. soy products in food applications, crush plant assistance, adoption of USSEC recommended aqua technologies	Tech interventions at all levels of production and/or utilization sectors will increase preference for U.S. soy and compliment trade processes

# ASC

## INDIA

### SUPPLY / DEMAND BASICS

- Stagnant soybean production for last four years, estimated sowing in 2018 is 10.2 Million hectare (7% higher than last year).
- Domestic consumption of soymeal exceeded exports for the first time in 2014
- Soybean Production of 2017 crop estimated at 8.63 MMT,
- Domestic soymeal consumption: at 5 MMT
- Compound Annual Growth Rate
  - Broilers – 10 %
  - Layers -- 7%
  - Farmed Freshwater Fish – 8%
  - Farmed Shrimp – 20%
  - Human Consumption of Soy – 10%
- India is the largest veg oil importer in the world- 15.1 MMT
- India's animal feed industry is expected to double in size in 5 years

### COUNTRY OVERVIEW

- Economy ranks 5<sup>th</sup> and purchasing power parity is 3<sup>rd</sup> in the world; FDI ranks 9<sup>th</sup> @ \$ 44.5 billion in 2017
- Population: 1.32 billion with over 300 million as middle class population (2016)
- GDP average growth: 7% in 2018
- New, development-oriented majority government at the center
- Infrastructure Hurdles – Infrastructure Rebuilding

### SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	0.079	0.175	0.001	0.001	1.3%	Growing
Soymeal	0.011	0.015	0.001	0.003	27.3%	Growing
Soy Oil	3.534	3.000	0.000	0.000	0.0%	Growing
TOTAL	3.624	3.190	0.002	0.004	0.1%	

### TRADE / COMMERCIAL OVERVIEW

- Concentrates and isolates exceeded 4,500 MT in India.
- Commodity soybean imports seen at 0.125MMT, however, growing interest in food grade soybeans ,soy flour, soy nuts and non-GM meal
- U.S. Food soybeans being tested in sample lots at soy food companies
- Processors/traders increasingly looking toward imports
- India currently has only an exportable surplus of 1.1.5 MMT of SBM. Capacity building should erode this level to the point where India may be faced with no choice but to import from the U.S. and push the resolution of the GM ban.

### POLICY AND/OR COMMERCIAL ISSUES

- Market Access issues like tariff and non-tariff barriers must be addressed
- Government of India (GOI) is keen to address protein malnutrition problems
- Continued Capacity Building in, for example, the poultry sector may drive soymeal imports.
- GM soy is not allowed, but GM cotton is produced; GOI is working to draft a policy on GM crops
- Agricultural price supports by the GOI continue to be disruptive to free and open trade.

# ASC

## INDIA

### IMPORTS FROM U.S. (MMT)

U.S. Census Bureau data.



### KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Market Access	Biotech Messaging	Biotech messaging at different levels (Media, Researchers, End Users and Government) to sensitize or educate on the science and safety of GM/Biotech agri-Products (soy in focus).  Educate trade associations on Biotech issues, risk analysis and market forecasts	After India has reached a critical supply/demand and price anomaly situation in the last two years; prepare this region for accepting imports of U.S. soy
Trade Servicing	Demand Building	Projects to convince poultry, aqua and food producers of the benefits of higher quality meal and protein products to improve their profitability and consumption	Increased demand for soy meal products which will prevent Indian soy from being a competitor to U.S soy ; continue to retain Indian soy in-country.
Technical Servicing	Differentiation and adding value to U.S soy	Demonstrate value of soy in general and U.S. soy in poultry feed formulations, U.S beans used in human food and nutritional benefits in Government welfare programs	Prepares or strengthens base for U.S. soy utilization, increases dependence on soy in general, wards off competing sources of protein

# ASC

## PAKISTAN

### SUPPLY / DEMAND BASICS

- Growing poultry sector, modernizing production methods.
- Growing Crush Capacity based on poultry market largely with strong potential in Aqua and Dairy.
- Broiler production is approximately 1.5 million metric tons (MMT)
- Dairy sector is slowly starting to become more modern (high yielding animal stock are being imported). Few modern dairy farms have been established. Limited SBM inclusion in dairy feed rations. Currently conducting overall market assessment in this sector.
- Total soymeal usage for animal feeds at 1,500,000 MT; Total animal feed milling at 6.50 MMT
- No imports of Indian SBM since 2015; decline started in 2014

### COUNTRY OVERVIEW

- Pakistan has transitioned from ASA/WISHH to USSEC in 2017
- GDP is \$304.95 billion and growing at 5.4% per year
- Pakistan is the sixth most populous nation in the world with a population of over 193 million in 2016.
- Pakistan is also one of the youngest countries in the world with 63 percent population is under the age of 25.
- Political instability and U.S. Department of State Travel Advisory make it difficult to send U.S.-based technical consultants to travel to Pakistan

### TRADE / COMMERCIAL OVERVIEW

- 753,430 MT of U.S. soybeans, meal, oil and protein products imported in the 2016/17 market year.
- Soybean imports are growing due to the increased tariffs on SBM
- There is always interest in SBO but freight charges are a disadvantage
- Palm oil is the major oil because the largely refineries are configured for palm oil processing.

### POLICY AND/OR COMMERCIAL ISSUES

- High tariffs on SBM and value-added soy products (soy flour, concentrates, isolates, etc.); companies have been reluctant to work with the government to have them reduced
- Registration of GMO soybean application has been submitted to the Government.
- Cockleburs in U.S soybean consignments force fumigation practices imposed by department of plant protection; zero tolerance policies slow down discharge rate; importers incurring an additional cost of approx. \$3-5 per ton.

### SOY IMPORT SITUATION (MMT)

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Soybeans	1.668	2.300	0.630	1.725	103.4%	Growing
Soymeal	0.372	0.040	0.116	0.001	0.3%	Growing
Soy Oil	0.205	0.090	0.007	0.000	0.0%	Growing
TOTAL	2.245	2.430	0.753	1.726	76.9%	

# ASC

## PAKISTAN

### IMPORTS FROM U.S. (MMT)

U.S. Census Bureau data.



### KEY PROJECTS – Pakistan

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Technical Servicing	Crush Plant Tech Servicing	Helping Pakistan crush facilities produce high quality U.S. meal and oil through this work	This work has caused the overall value of U.S. meal produced from U.S. beans to increase.
	Differentiation and adding value to U.S soy and technology upgrades	Poultry feed formulations to emphasize on usage of U.S. soy meal and increase inclusions; incorporation of high value U.S. soy products in food applications, crush plant assistance	Tech interventions at all levels of production and/or utilization sectors will increase preference for U.S. soy and compliment trade processes
Trade Servicing	Supply	A series of education/training projects for crushers to continue their preference for U.S. Soy. Train entrepreneurs on import and logistics processes; expose entrepreneurs to U.S. trade and logistics; participate in National trade shows to seek new opportunities	Grow market share of U.S. Soy and improve trade efficiencies

# ASC

## SRI LANKA

### SUPPLY / DEMAND BASICS

- Demand driven by poultry industry.
- Government gradually supporting development in the dairy industry.
- National Aquaculture Development Authority (NAQDA) under the purview of the Ministry of Fisheries and Aquatic Resources may increase focus on aquaculture in future.
- Animal feed at 0.84 MMT in 2017
- Growth opportunity in the domestic consumption of commodity soy and value-added soy products.
- Meal Utilization in Compound Annual Growth Rate:
  - Broiler -- 8%
  - Layer -- 7%
  - Human Consumption of Soy – 10%
- Second Highest per capita GDP in ASC

### COUNTRY OVERVIEW

- Focus on Demand/Growth of domestic soy consumption and Market Development for U.S. Soy
- Population: 21.00 million
- GDP average growth: 5.84%
- Sri Lanka is focusing on long-term strategic and structural development challenges as it strives to transition to an upper middle-income country.
- Growth-oriented, stable government
- Infrastructure improving with good roads and modern ports

### TRADE / COMMERCIAL OVERVIEW

- Direct Market for U.S. soy Products
- Regular container shipment of soybean meal with 150,712 MT of U.S. meal imported in 2016/17 market year
- Potential market for U.S. food-grade soybeans, soy concentrates, soy isolates and soy flour used in processed foods, such as bakery products, nutraceuticals and texturized soy protein (TSP)
- Requirements are stable; highly quality conscious due to flourishing processed chicken market
- Considerable opportunities to promote soybean products in animal feed.
- Opportunities may arise in the human food sector, if biotech issues are addressed. Could be opportunity for Non-GM soy.

### POLICY AND/OR COMMERCIAL ISSUES

- GMO Concerns but GM meal is approved for import and use in animal feeds
- Government sets the price of some foods
- Customs tariff instability was seen in November 2016; with some work on this front soy meal is currently exempted from customs duty.

### SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	0.004	0.004	0.004	0.001	25.0%	Growing
Soymeal	0.231	0.240	0.151	0.166	71.9%	Growing
Soy Oil	0.000	0.000	0.000	0.000		Growing
TOTAL	0.235	0.244	0.155	0.167	71.1%	

# ASC

## SRI LANKA

### IMPORTS FROM U.S. (MMT)

U.S. Census Bureau data.



### KEY PROJECTS – Sri Lanka

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Market Access	Biotech Messaging	On-site Biotech dialogues in the U.S. for Sri Lankan regulators to impress on advantages of U.S. soy	Helps solve occasional trade set-backs in Sri Lanka and ensures steady supply of U.S. soy
Technical Servicing	Differentiation and adding value to U.S soy	Demonstrate superiority of U.S. soy from intrinsic value perspective and educate the poultry and livestock sectors continuously	Improves further preference for U.S. soy and helps sustain current trade

# GREATER EUROPE

## SUPPLY / DEMAND BASICS

- World's largest soymeal importer – highly competitive
- Approximately 10% of commercial feed is non-GMO – this % is increasing in dairy industry
- Increasing valuation for U.S. meal with feed formulation tables valuing soymeal by origin
- Globally Europe is the 2<sup>nd</sup> fastest growth poultry and pork industry by volume over last 5 years and Russia is the 3<sup>rd</sup> fastest growing

## TRADE / COMMERCIAL OVERVIEW

- 5.27 million metric tons of U.S. soy imports 2018/19 marketing year thru Dec. 2019
- Europe accounts for 28% of US soybean exports in first four months of marketing year representing an increase of 114% over last year
- Major US soy importers thru December – Spain(1.37 MMT), Netherlands(1.31 MMT), Germany(699,000 MT), Italy (544,000 ), Portugal (375,000 ), Belgium (214,000) UK (203,000)
- EU approved SSAP for Renewable Energy Directive (RED)
- US soymeal exports to Europe (200,000 MT) in first four months of marketing year
- Strong East Coast exports to EU
- SSAP approved as “verified” sustainable system through FEFAC (Europe feed associations)
- Imported 4.1 million tons of SSAP certified soy in first four months of marketing year
- Europe feed industry focusing more on “verified” sustainable systems instead of “certified”

## SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	18.408	20.551	4.822	5.716	31.1%	Declining
Soymeal	20.045	19.540	0.329	0.808	4.0%	Growing
Soy Oil	0.322	0.346	0.001	0.001	0.3%	Stable
TOTAL	38.775	40.437	5.152	6.525	16.8%	

## REGION OVERVIEW

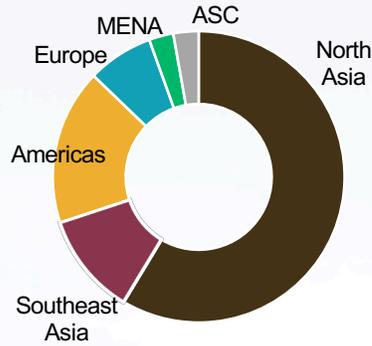
- 580 million people
- 27% of the World GDP (U.S. is 23%)
- Feed industry growth of 4% (twice US)
- Increasing nationalism among EU member states

## POLICY AND/OR COMMERCIAL ISSUES

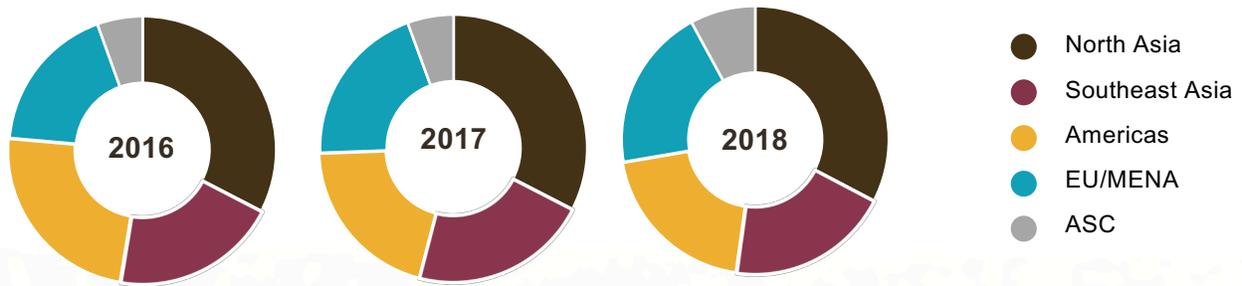
- EU 2<sup>nd</sup> largest biotech ag importer after China
- Sustainability – U.S. competitive advantage
- RTRS struggled with supply – reworking their system
- Glyphosate use renewed but pressure mounting
- Chemicals MRLs concerns will increase in coming years
- New Breeding Technique received negative judgement as GMO from Europe Court of Justice but not final EU judgement/regulation
- Retailers (especially German) have oversized influence in commercial chain
- FEFAC (EU feed association) sourcing guidelines gaining feed/food industry acceptance
- USSEC seen as expert in sustainability discussion involved in several country working groups
- NGOs driving small but focal shifts in poultry/livestock industry to slow growth, non-gmo feed, plus larger impacts in animal welfare and reduction in anti-biotic use in animal production
- SSAP approved verifiable sustainable by Consumer Goods Forum (retail/food mfg. leaders)
- Increasing soybean crush in Europe

# GREATER EUROPE

**U.S. EXPORTS BY REGION  
2016/17**



**USSEC BUDGET ALLOCATION**



**KEY PROJECTS**

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Buyers Conferences	One large conference per year	Export commitments and valuable trade partnerships reestablished
	Country Level Buyers Conferences	10 conferences with key buyers	Exposure of U.S. soy to the market place, forum to discuss future needs
	Feed/Poultry Industry meeting support and participation	Participate in local feed and poultry association meetings with technical and market information	Strengthen connection to local country level associations and industry
Technical Servicing	Sampling and reporting on results for Amino Acid Content	Sample competition and U.S. soy and SBM at the start of each marketing year	Determine/underscore and communicate the fundamental differences in AA content and the overall value of that to the buyer
Market Access	Biotech approval and Sustainability	Support import approvals on new biotech events and promote US soy sustainability	US soy seen as sustainable production with organization approvals

# MENA

## SUPPLY / DEMAND BASICS

- Egypt largest importer in region with 1.06 million metric tons of US soy thru first four months of year a 429% increase
- Saudi Arabia (271,000) Tunisia(214,000)-Morocco(95,000)-Israel (158,000) Metric tons of U.S. soy imports
- Iran imported US soy -521,000 MT
- Crush capacity increasing, especially in Egypt. Also Saudi, Algeria, Lebanon – US soybean exports increased 308% YTD
- Animal ag & infrastructure investments on-going
- Feed/poultry/dairy/aquaculture industry increasing business as region stabilizes

## REGION OVERVIEW

- 6% of Global Population - 380 Million
- Infrastructure hurdles but investment continues
- Widespread security concerns in region but conflicts decreasing
- Recent low petroleum prices impacted economies and several governments income
- Foreign currency concerns in a few countries

## SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	5.611	7.714	1.193	3.545	63.2%	Growing
Soymeal	7.295	6.218	0.519	0.801	11.0%	Growing
Soy Oil	1.905	1.929	0.163	0.026	1.4%	Growing
TOTAL	14.811	15.861	1.875	4.372	29.5%	

## TRADE / COMMERCIAL OVERVIEW

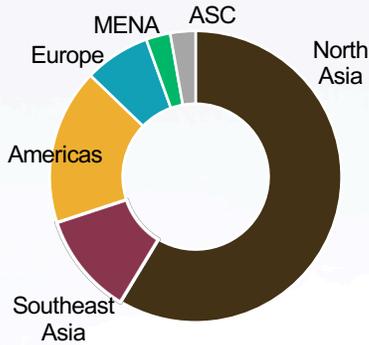
- 2.82 million metric tons of U.S. soy exports YTD
- Regional Crush Investments – Egypt, Saudi Arabia + Algeria + Lebanon
- Egypt Aquaculture growth (1 MMT)
  - Intensive pond aquaculture opportunity
  - 15,000 hectares of production facilities in construction by government
- Additional opportunities in aquaculture in North Africa and Gulf region at smaller scale
- Soy extrusion increasing - FFSBM and express meal growth in North Africa
- Regional SBO refining growth
- Strong Saudi poultry and dairy industry (by-pass meal exports)
- Soy trade with several countries such as Syria, Libya or Iran is complicated but continues with both direct and indirect imports
- Opportunities to increase SBO in feed formulations

## POLICY AND/OR COMMERCIAL ISSUES

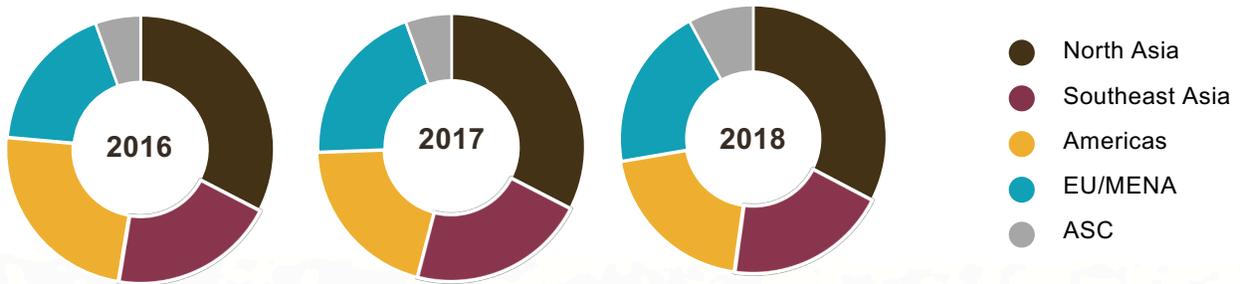
- Poultry disease issues – wet markets common. USSEC supports programs in Egypt and Tunisia
- Resolved Ambrosia seed issue in Egypt market
- Sustainability/biotech issues not prevalent
- Poultry growth remains strong but slightly increasing focus on dairy and aquaculture
- Egypt, Morocco, and Israel used SSAP for 187,000 MT of US soy

# MENA

## U.S. EXPORTS BY REGION 2016/17



## USSEC BUDGET ALLOCATION



## KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Poultry industry	Support growth in primary soy market of poultry industry with focus on US performance advantage and delivery confidence	Increase US soymeal usage with improved feed production and management practices
	Aquaculture	Increase focus on aquaculture industry	Increase US soymeal usage with improved feed production and management practices
	Animal feed growth and logistics development	Commercial growth applications for the region including FFSBM and dairy feed	Intra-regional increase of soy consumption in feed applications/channels
	Capacity building	Support production increases in soy crush and FFSBM processors	Intra-regional increase of soy consumption in feed applications/channels

# NORTH ASIA

## SUPPLY / DEMAND BASICS

- Accounts for 68% of U.S. soybean exports.
- Growing soybean and meal market in China.
- Crush in Korea & Taiwan stable.
- Soybean crush in Japan rebounding on poor canola crush margins and better SBM prices.
- Soy food consumption increasing in China.
- Soy food consumption in Japan, Korea & Taiwan stable.

## REGION OVERVIEW

- 1.55 billion soy consumers.
- At \$1.56 trillion, GDP is equal to that of U.S.
- Regional GDP growing but slowing.
- China is largest soy market but very competitive.
- Japan, Taiwan and Korea's soy consumption is static, but U.S. market share is still strong.

## TRADE / COMMERCIAL OVERVIEW

- Growth in soy consumption in China is slowing but still significant growth opportunity.
- Taiwan continues to be a strong destination for containerized soybeans.
- Korea is an opportunity for food grade soybeans and high oleic soybean oil after 2017.
- Japan's resurgent crush is positively impacting U.S. exports, up 24% from same time last year.

## POLICY AND/OR COMMERCIAL ISSUES

- GMOs
  - Current approval process in China is dysfunctional,
  - The government is considering policies to eliminate all GMO soy ingredients in food products.
  - Japanese Consumer Affairs Agency likely to approve non-GMO labeling that will effectively reduce use of USA identity preserved soybeans..
  - Korea could introduce labeling requirements for SBO.
- Due to bilateral tensions, Chinese government has restricted access for USA soybeans by retaliatory 25% tariff since July 6 2018.
- U.S. soy industry needs to be vigilant on MRL and other grading & quality issues.

## SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	100.525	101.189	40.884	33.162	33.0%	Growing
Soymeal	3.502	3.762	0.287	0.424	12.1%	Growing
Soy Oil	1.145	0.910	0.348	0.305	26.6%	Declining
TOTAL	105.172	105.861	41.519	33.891	32.2%	

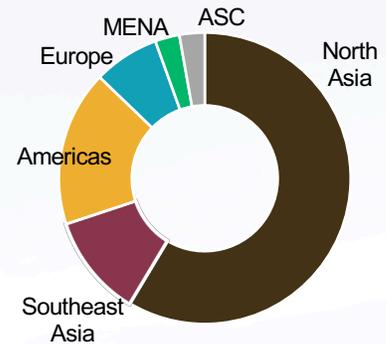
# NORTH ASIA

## IMPORTS FROM U.S. (MMT)

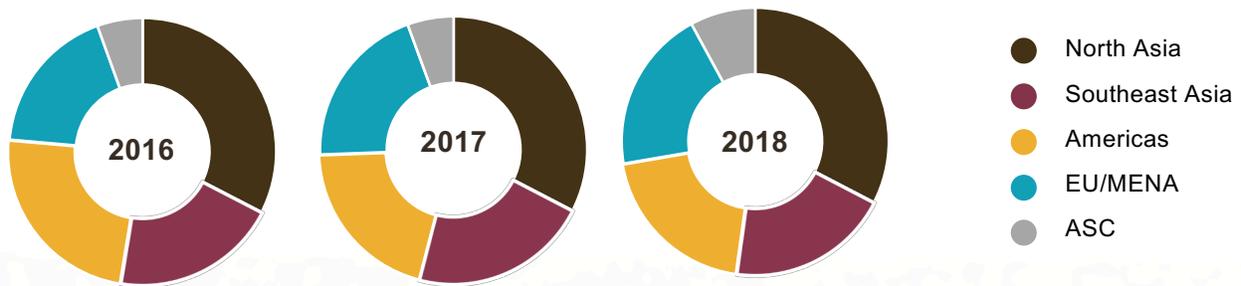
U.S. Census Bureau data.



## U.S. EXPORTS BY REGION 2016/17



## USSEC BUDGET ALLOCATION



## KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Conferences	Annual in each market place	Brings entire soy value chain together.
	Outlook Conferences	Based around meat/poultry/grain trade	Reinforces U.S. ag commitment to China.
	Multi-Cooperator Conferences		
	Joint Industry Roundtables Risk Management Training	Brings together largest importers of U.S. soybeans with feed processors	Creates environment where largest processors of U.S soy interact with downstream demand.
Technical Servicing	Technical trade teams & conferences targeting feed/animal/aqua industries	Technical trade teams & conferences targeting feed/animal/aqua industries	Sustains and creates demand for SBM from largest processors of U.S. soy.
	Sampling and reporting on results for Amino Acid Content	Sample competition and U.S. soy and SBM at the start of each marketing year	Differentiates U.S. in the market place.

# NORTH ASIA

## CHINA

### SUPPLY / DEMAND BASICS

- China is the 4th largest producer of soybeans in the world
  - China is increasing its soybean production
  - Production currently > 16 MMT; all non-GMO soybeans
  - +90% goes for soy food production
  - China's goal is to increase soybean production to between 22-24 MMT by 2025
  - This will reduce growth in volume of imports.
  - Future per annum soybean import growth projected between 1-3 MMT
- China's soybean consumption per annum 105 MMT
  - Projected 2019 imports 89 MMT
  - All imported SBs are crushed to produce SBM for feed industry
  - Increases in SB imports will be driven by increases in demand for SBM from feed industry
- World's second largest importer of crude vegetable oils

### COUNTRY OVERVIEW

- 1.390 billion soy consumers.
- GDP \$13.24 trillion.
- Per capita Income \$4,120. Grew over 8% per year in last two years.
- Official preliminary 2018 growth rate declared 6.6%, however this is widely disputed, key is trade tensions with the U.S. has negatively impacted the economy which has been growing albeit at the "new normal" slower rate of growth.
- Rapidly urbanization population
  - 58.5% of population urban. Urbanization increases animal protein consumption.
  - China per capita consumption of meat 63 kg, U.S. per capita 85 kg—room for feed and SBM consumption to grow.

### TRADE / COMMERCIAL OVERVIEW

- Huge, modern crush industry
  - 150 MMT capacity.
  - Utilization only 60%.
  - 70% of crush capacity owned by Chinese so not dominated by ABCDs
- Weak crush margins do not curtail Chinese production and imports
  - Poultry production is recovering from food safety scandals years ago, broiler and layer feed demand is stable to moderate increase.
  - Pork industry is threatened by the African Swine Fever outbreak over the country, resulting in large culling of herd, means reduced swine feed production in 2018.
- Feed industry growing and consolidating; expected growth 5% per annum over next 20 years. Animal production rapidly moving to CAFO operations.
- Soy food consumption growing. Increased 100% over last 20 years

### POLICY AND/OR COMMERCIAL ISSUES

- Due to bilateral trade issues Chinese government imposed 25% retaliatory tariff on U.S. soy since July 6<sup>th</sup>, 2018, resulting in drastic decline in export sales to China.
- AQSIQ and APHIS have introduced a new policy identifying all soybean shipments over 1% foreign material. Despite assurances from both governments the trade is concerned that this will slow or disrupt trade.
- Current GMO approval process in China is dysfunctional and not transparent.. New U.S. specific events approved only through U.S. government intervention.
- Chinese government endorses biotechnology, but certain segments oppose (seen as U.S. plot to destabilize China).
- Issue has become politicized in China and government is grappling with the issue. Citizens don't trust the government, especially when it comes to food safety.

# NORTH ASIA

## CHINA

### IMPORTS FROM U.S. TO CHINA (MMT)



### SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	93.489	94.092	36.837	28.680	30.5%	Growing
Soymeal	0.059	0.021	0.000	0.006	30.8%	Stable
Soy Oil	0.711	0.481	0.173	0.000	0.1%	Declining
TOTAL	94.259	94.594	37.010	28.686	30.3%	

### KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Soy Outlook Conferences Joint SBM Roundtables Crop Quality & Buyers Teams Government Relations	Annual conference U.S. harvest outlook Connect SBM processors with largest end users Buyers to USA to see crop conditions on the ground Improve Chinese policy makers views of U.S. soy	Generate downstream demand for the top 10 largest importers of U.S. soy. Address trade issues as they arise and position U.S. soy as a partner in sustainably meeting China's food security and safety goals.
Technical Servicing	Aquaculture Feed Demand Feed, Swine, Poultry Teams, Conferences & Sponsorship	Expand U.S. soy utilization in aqua feeds Expand U.S. soy utilization in feed industry	Increase utilization of SBM produced from U.S. soy. Differentiate U.S. soy.
Management, Reporting & Evaluation	Beijing & Shanghai representation N Asia regional HQ	Maintain point of contact for Chinese customers.	Long term presence, reputation and credibility in market place.

# NORTH ASIA

## TAIWAN

### SUPPLY / DEMAND BASICS

- Imports all of its soybean needs
- 2,657,000 MT Imported – U.S. share 76%
  - 2,020,000 MT for Crush (76%)
  - 387,000 MT for Full Fat (14%)
  - 250,000 MT for Soy Foods (10%)
- U.S. 70% of total share of food grade soybeans and Canada 30%
- 75,000 MT non-GMO food grade soybeans

### COUNTRY OVERVIEW

- 23 million soy consumers
- GDP \$573 billion (2017)
- Per capita income \$24,900
- 2017 Economic growth rate 2.86%
  - Economic growth increasingly tied to trade and tourism with China
- Flat population growth, but it is not shrinking

### TRADE / COMMERCIAL OVERVIEW

- Two major crushing groups, one smaller crusher
  - No other oilseed crushed in Taiwan
- Feed production and is static
  - Animal production sector is struggling to compete with imported meat products
  - Feed industry's growth is taking place offshore (China & S.E. Asia)
- Soy food consumption is static
  - Due to concerns over GM soy foods produced with non-GMO soy has grown to 40% of market from 2015
  - U.S. market share in soy food sector is now 70%
  - Non-GMO soybean demand increasing along with Canadian market share.

### POLICY AND/OR COMMERCIAL ISSUES

- GMO food labeling law implemented January '16. Included labeling of SBO.
- Impacts all soy products including SBO
- Taiwan politicians have proposed banning all GMO soy ingredients in food products.
- Issues is leading leading to increased non-GMO SB imports from all supplying countries (China, Canada & USA)
- Issue could diminish demand for bulk soybeans delivered in containers from USA
- USA now 70% market share in Taiwan soy foods market
- Eight firms have signed SSAP logo use agreement and have added logo to their products.

# NORTH ASIA

## TAIWAN

### IMPORTS FROM U.S. (MMT)



### SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	2.566	2.657	1.480	2.020	76.02%	Stable
Soymeal	0.033	0.023	0.025	0.015	65.2%	Stable
Soy Oil	0.000	0.000	0.000	0.000		Stable
TOTAL	2.599	2.680	1.505	2.035	75.9%	

### KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Soy Outlook Conferences Key Customer Team SBO Marketing Training Soy Foods Programing	Annual conference U.S. harvest outlook Demonstrate superiority of U.S. supply chain Promote and position U.S. soybeans in soy foods	Maintain high market share for U.S. soy by creating preference for U.S. soy and continued purchases of U.S. soy
Technical Servicing	Comparative analysis of SBM	Conduct tests to compare amino acids of SBM produced from Brazil and U.S. soybeans.	Increase utilization of SBM produced from U.S. soy Differentiate U.S. soy
Management , Reporting & Evaluation	Taiwan representation	Maintain point of contact for Taiwan customers.	Long term presence, reputation and credibility in market place

# NORTH ASIA

## JAPAN

### SUPPLY / DEMAND BASICS

- 2017 Total Soybean Consumption
  - 236 TMT domestic production
  - 2,761,813 MT imported; 1,660,020 MT imported from U.S. (60.6% market share)
- 2017 crush volume
  - 1,910,404 MT
  - 65% U.S. soy crushed; 35% from other origins
  - 2016 crush volume up 24% from previous year
- Soy foods utilization (2015)
  - 350 TMT\* U.S. origin food grade soybeans
  - 236 TMT domestic soybeans
  - 367 TMT\* other origin food grade soybeans (Canada, China)
  - 2017 U.S. market share increased 6%, now at 54%

### COUNTRY OVERVIEW

- 127 million soy consumers; GDP \$4.57 trillion; per capita income \$45,000
- 2015 economic growth rate 1.2%,
  - Two decades of flat or negative economic growth
- Rapidly aging population; birth rate stable but death rate growing faster
  - Impacts potential growth of consumption of animal protein and vegetable oil

### TRADE / COMMERCIAL OVERVIEW

- Consolidated crushing industry
  - Three major crushing companies; 1.9 MMT crushed in 2017
  - Soy crush resurging due to weaker crush margins for canola
- Feed industry growth is flat
  - Due to reduced SB crush, SBM imports increasing
  - U.S. is not gaining market share due to Chinese meal
  - Swine and poultry farms increasing in size, total production of animals is flat
- Soy food consumption is flat
  - Japan is largest market for U.S. IP food grade soybeans
  - Canada is top competitor
  - U.S. share has increased 6% reaching 54% in 2017
  - Trade is indicating Canadian supply is shrinking, offering supply opportunity for U.S. food grade soybeans

### POLICY AND/OR COMMERCIAL ISSUES

- Japanese Consumer Affairs Agency will set the level of GMO tolerance at 0.01% for any foods labeled as non-GMO. Foods made with imported non-GMO ingredients will be labeled as being potentially “contaminated” with GMO ingredients. This will lead to reduced demand for USA non-GMO soybean imports.
- U.S. industry has experienced trade disruptions due to detections of chemical residues that exceed Japan’s tolerances
- As producers use new herbicide mixes to address glyphosate tolerant weeds, need to monitor those chemicals and the maximum residue level (MRL) policies in export markets

# NORTH ASIA

## JAPAN

### IMPORTS FROM U.S. (MMT)



### SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	3.175	3.256	2.475	2.191	69.0%	Stable
Soymeal	1.621	1.728	0.223	0.329	20.3%	Growing
Soy Oil	0.005	0.007	0.003	0.003	60.0%	Stable
TOTAL	4.801	4.991	2.701	2.523	52.6%	

### KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Soy Outlook Conferences Partnership Team Soy Foods Programing	Annual conference U.S. harvest outlook Exchange views and information with executive management of Japan crush sector Promote and position U.S. food grade soybeans	Maintain high market share for U.S. soy by creating preference for U.S. soy and continued purchases of U.S. soy
Technical Servicing	High Impact SBM Programing for Feed, Poultry & Swine Industries	Conduct conferences, teams and workshops on SBM quality	Increase utilization of SBM produced from U.S. soy
Management , Reporting & Evaluation	Japan representation	Maintain point of contact for Japan customers	Long term presence, reputation and credibility in market place

# NORTH ASIA

## SOUTH KOREA

### SUPPLY / DEMAND BASICS

- 2015 Soy Consumption:
  - Soybean
    - A total of 1,117 TMT imported - U.S. 48% share, including 830 TMT imported for crushing -U.S. 41% share and 287 TMT non-GM food-beans imported - U.S. 74% share
    - 154 TMT domestically produced
  - Soybean Meal
    - 1,692 TMT imported - U.S. 9% share
    - 814 TMT domestically produced from imported soybeans
  - Soybean Oil
    - 287 TMT imported – U.S. 16% share
    - 158 TMT domestically produced from imported soybeans

### COUNTRY OVERVIEW

- South Korea has 50 million soy consumers
  - GDP \$1.3 trillion; per capita income \$23,838
  - 2013 economic growth rate 3.0%
- North Korea has 25 million soy consumers
  - GDP \$30 billion; per capita income \$1,220

### TRADE / COMMERCIAL OVERVIEW

- Crushing Sector - 100% depends on imports for soybeans
  - Domestic crushing covers 26% of the country's SBM demand and 35% of SBO demand
  - Annual domestic soybean crushing in the range from 800 to 950 TMT for the last 5 years
  - U.S. market share in the range from 37 to 53% for the same period
  - Growing competition from South American soybeans
- Feed and Livestock Sector - 19 MMT of compound feed production in 2015
  - Swine is the largest segment, followed by beef cattle, poultry and dairy cattle
  - 2.3 MMT of SBM consumed in 2013, 76% of which was met by imports
  - Market share of U.S. was 9.1% of the Korean SBM imports in 2014
- Food-Soybean Sector - 450 TMT in the annual demand for food-soybeans
  - 64% of the demand met by imports, all being non-GM soybeans
  - Market share of U.S. was 74% of the imported food-soybeans in 2014
  - Korea - U.S. FTA brought an end to the government's monopoly in food-soybean imports

### POLICY AND/OR COMMERCIAL ISSUES

- Korea – U.S. FTA
  - 5% duty on RBD SBO is set to phase out by 2016; and crude SBO by 2021. This has made Korea the #2 export for USA SBO.
  - Opened market for variety-specific identity preserved soybeans for soy-food processing
  - 2015 TRQ allocation is 25,000 MT for U.S. variety-specific IP soybeans, out of which 95% utilized.
  - Mandatory GMO labeling in place with a 3% threshold
  - Growing voice from consumer groups calling for the expansion of GMO labeling into SBO
- Korea –Canada FTA - Will open market for Canadian variety-specific identity preserved soybeans for soy-food processing
- Differential Export Tax - Argentine DET is functioning like the export subsidy for the country's SBO in the Korean imported SBO market

# NORTH ASIA

## SOUTH KOREA

### IMPORTS FROM U.S. (MMT)



### SOY IMPORT SITUATION (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	1.286	1.256	0.679	0.747	58.1%	
Soymeal	1.764	1.846	0.009	0.018	1.0%	
Soy Oil	0.306	0.276	0.206	0.301	98.4%	
TOTAL	3.356	3.378	0.894	1.066	31.8%	

### KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Soy Outlook Conferences	Host annual conference U.S. harvest outlook Demonstrate superiority of U.S. supply chain Promote and position U.S. soybeans in soy foods.	Maintain high market share for U.S. soy by creating preference for U.S. soy and continued purchases of U.S. soy
	Buyers Teams		
Technical Servicing	U.S. SBM and Food Beans Conferences	Expand U.S. soy utilization in animal feed, human food and aqua industries	Increase utilization of SBM and preference for U.S. soy
	U.S. Soy in Aqua Feed		Differentiate U.S. soy
Management, Reporting & Evaluation	Korea representation	Maintain point of contact for Korean customers.	Long term presence, reputation and credibility in market place

# SOUTHEAST ASIA

## SUPPLY / DEMAND BASICS

- U.S. Soybeans, soy meal, and soy oil export value into SE Asia as of August 2018 is about \$1.07 Billion, \$808 Million, and \$3.5 Million respectively (FAS-GATS)
- Global per capita meat consumption remains low compared with levels in higher-income countries— Southeast Asia's projected annual growth rate for meat consumption is between 2 to 3 percent through 2025/26.
- Four countries ranked within the top 20 global broiler producers
- Three countries ranked within the top 5 and another three countries ranked within the top 12 in global aquaculture production
- Vietnam and Philippines ranked #5 (2.77 million metric tons) and #7 (1.64 million metric tons) in global pork production
- Thailand is the world's third largest exporter of broiler meat (800,000 metric tons)
- To date, actual imports for U.S. soybeans and soybean meal into S.E. Asia for MY 2018 is 5.1 MMT and 3.2 MMT, a 21% and 36% increase compared with MY 2017 same time last season. 342 Million BU market for U.S. Soy (Census Bureau), an increase of 78 Million BU from previous season so far.
- Estimated feed production in SE Asia = 71 MMT in 2017 (USSEC). This includes Australia and New Zealand.

## REGION OVERVIEW

- Total population 645M – Increasing to 692M by 2025 (ADB)
- Population growth rate between 0.8-1% annually – over 6M added to population annually.
- Half of ASEAN's population was below 28.8 years of age in 2014, compared to 40.8 in China and 42.1 in the European Union. This demographic will yield an abundant labour pool and comparatively low wages.
- ASEAN has the third-largest labour force in the world.
- S.E. Asia has about 9 per cent of the world's population and covers a land area of 4.46 million square kilometres (3 percent of the world's total land area). The seas covered by ASEAN are about three times larger than its land area. Limited arable land but good potential for aquaculture.
- Wide mix of cultures and religions, but relatively stable socially and politically.

## TRADE / COMMERCIAL OVERVIEW

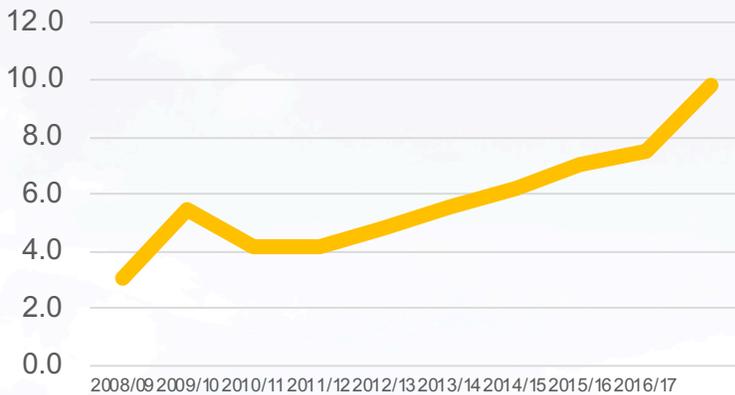
- The ASEAN Economic Community (AEC) has a combined GDP of \$2.4 trillion, and is the 3rd fastest growing major Asian economy after China and India.
- Wealth distribution that is currently observed in South East Asia (SEA) will continue and by 2020 the middle class population will more than double to 400 million. (AC Nielsen)
- Dynamic growth and an expanding middle class are making Southeast Asian consumers among the most confident in the world when it comes to their economic prospects.
- The Association of Southeast Asian Nations (ASEAN) overall is seeing a stable growth thanks to: (i) vital labour markets, (ii) active infrastructure spending, and (iii) strong global demand.

## POLICY AND/OR COMMERCIAL ISSUES

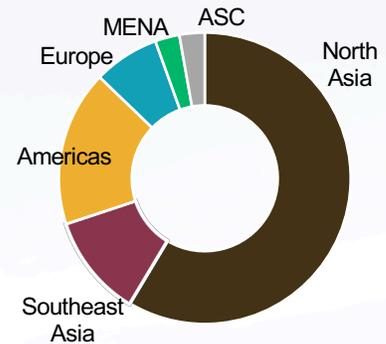
- The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), also known as TPP11 is a signed, but not-yet ratified, trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. The eleven countries represent 13.4 percent of the global gross domestic product or \$13.5 trillion, making this one of the largest trade agreements after the North American Free Trade Agreement.
- The Indonesia government "took over" corn importation late 2015 to protect farmers and boost domestic production. Now they are "controlling" wheat imports to encourage animal-feed mills to use domestic corn. As a result of this scenario and higher prices, imports of soybeans have increased to produce full-fat soybean meal which favours U.S. soybeans as feedstock. However, there continues to be bilateral trade policy concerns between Indonesia and the United States that may spill over onto agricultural trade.
- The Philippines is still working on the framework for formalizing its GM events approval process since establishing the Joint Departmental Circular in 2016. However, this ongoing process has not had a significant impact on U.S. soy exports to the Philippines. U.S. soybean meal exports is not affected as it is not regarded as a product that can be used for propagation and requires only the Bureau of Plant Industry (BPI) approval on import permits.
- The Vietnam government is reviewing the use of herbicides and there is imminent possibility that the local government will ban the use of Glyphosate in the country. U.S. Soy Industry's concern will be on import regulations towards residue limits or its restriction for ag-use - imports included.

# SOUTHEAST ASIA

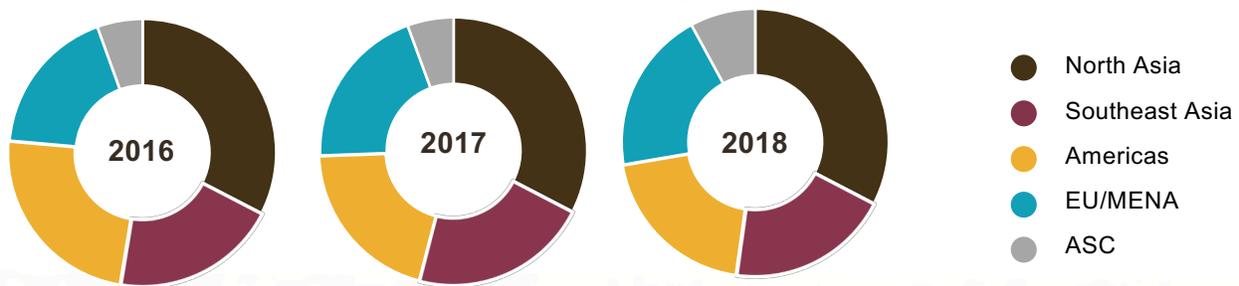
## IMPORTS FROM U.S. (MMT)



## U.S. EXPORTS BY REGION 2016/17



## USSEC BUDGET ALLOCATION



## U.S. SOY PROJECTED IMPORTS (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	8.409	8.102	4.819	6.000	74.1%	Growing
Soymeal	16.097	16.692	2.747	3.793	22.7%	Growing
Soyoil	0.273	0.258	0.001	0.005	1.9%	Stable
TOTAL	24.779	25.052	7.567	9.798	39.1%	

# SOUTHEAST ASIA

## KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Regional Buyers Conferences	<p>These 'buyers conferences' are an important step in building U.S. soy preference and fortifying USSEC's relationship with the industry.</p> <p>The 2018 AG Supply Chain Asia (ASCA), previously known as GTC. 280 participants attended ASCA 2018 representing more than 130 organizations, including importers, end-users, suppliers, and service providers from across Southeast Asia. USSEC plans to continue to generate even greater interest and build this conference as another Buyers Conference.</p> <p>The U.S. Soybean Export Council (USSEC) and the U.S. Grains Council (USGC), jointly organized the 16th Southeast Asia U.S. Agriculture Co-operators Conference (ACC). This year's conference highlighted the current changes and challenges faced by agribusinesses and provided strategic insights from a distinguished panel of U.S. Ag leadership and subject matter experts.</p>	<p>ASCA 2018 - According to conference evaluations submitted, trades and negotiations included more than 1.6 million tons of U.S. agricultural products, including 900,000 tons of U.S. soybeans and soybean meal and about 780,000 tons of U.S. corn, distiller's dried grains with solubles (DDGS) and wheat.</p> <p>ACC 2018 – 185 participants from 11 countries attended the 3-day Buyers Conference. Based on the evaluations received, over 1.1 million metric tons of U.S. agricultural products, were traded/negotiated at the event, which includes over 430,000 tons of U.S. soybeans and 190,000 tons of U.S. soybean meal.</p> <p>Overall, from verbal and written feedback received, both regional events were very well received by participants.</p>
	Soy Supply Workshops	<p>USSEC has conducted 2 workshops in the major cities of Jakarta, and Ho Chi Minh City in May, 2018 to promote U.S. Soy. The 'Agribusiness Series' is a bespoke program designed by USSEC to create a platform for USSEC to bring across the benefits and advantages of U.S. soybeans and soybean meal to a select audience. Promotion of the U.S. SSAP certification is a prime objective and selling point for U.S. soy. In total, about 150 industry members participated in the workshops.</p>	<p>The U.S. Soy Supply workshops was well received in all the locations as importers and end-users appreciate the market outlook and technical presentations provided by USSEC and USSEC's invited guest speakers.</p> <p>Among our guest presenters were Jay O'Neil, Gordon Denny, Brett Cooper and USSEC Technical Consultants. All of whom contributed to the success of the events.</p>
	SE Asia Trade Teams to the U.S. (Food and Feed)	<p>The 10<sup>th</sup> S.E. Asia Trade and Soy Food Missions to attend the 5<sup>th</sup> USSEC Global Soy Trade Exchange in the U.S. is underway. We are expecting over 48 executives representing 40 companies from Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam.</p>	<p>In the 2016 mission, more than 350,000 metric tons of U.S. agricultural products with an estimated value of US\$125 million were negotiated and traded by the team members during the mission. Over 300,000 metric tons (11 million bushels) of soybean equivalent were transacted on the trip.</p>
Technical Servicing	Aquaculture Feeding Demonstrations and technical teams	<p>The Southeast Asia Industrial Marine Fish Aquaculture Industry Support project focused on knowledge and technology transfer to the Southeast Asian marine fish aquaculture industry. Three separate activities targeted three separate parts of the marine fish aquaculture complex including (1) Hatchery support, (2) Feeding demonstration in polar circle style marine cages, and (3) Marine fish industry study tour to Malta to showcase and compare systems.</p>	<p>As a major region for aquaculture production, these activities have built a growing demand for soy optimized feeds using U.S. soy meal. The soybean meal market for aquaculture is about 2mts.</p>



# SOUTHEAST ASIA

## VIETNAM

### SUPPLY / DEMAND BASICS

- Manufactured feed production in Vietnam in 2017 was estimated at 20.52 million metric tons with primary sectors being swine, poultry and aqua. (Alltech)
- Commercial feed production has more than doubled since 2005 and is expected to double again by 2020.
- Vietnam ranked 17<sup>th</sup> in global feed production, up two places since 2013, 4<sup>th</sup> in global pork production and 3<sup>rd</sup> in global aquaculture production.
- To date, total imports for U.S. soybeans into Vietnam in MY 2018 is 1.06MMT and for soybean meal 622TMT, an 80% and 100% increase same time MY 2017 ~ 62 Million BU market for U.S. Soy.
- Vietnam has two operational soybean crushing companies, one based in Central Vietnam (1,000mts/day capacity), and another in the South (over 3,500mts/day capacity)

### COUNTRY OVERVIEW

- Led by a communist government, Vietnam is relatively open and market driven.
- Population 94M. About 45% of the general population is between 25-54 years old (CIA Factbook 2016)
- The middle and affluent class (MAC) in Vietnam will double in size between 2014 and 2020, from 12 million to 33 million. MAC consumers, whose income is from VND15 million (U.S.\$714) or more a month, are also spreading out to other provinces and cities. (BCG Dec 2013)
- Overall, Vietnam is quick to adopt new technologies and management systems and generally have 'open door' policies towards foreign investment.

### TRADE / COMMERCIAL OVERVIEW

- In Southeast Asia, Vietnam ranks as the 35<sup>th</sup> largest economy globally with more than \$546 Billion dollars (PPP) est. in 2015.
- U.S. exports to Vietnam have increased over nine-fold to \$10.3 billion in 2016 up 43 percent from 2015 and up 823 percent over the past decade. (USTR)
- Vietnam is the U.S.'s 10th largest agricultural export market, with exports totalling \$2.7 billion in 2016. (USTR)
- Vietnam is expected to have the fastest-growing economy of the six major ASEAN countries in 2016, with real GDP growth projected to improve to a nine-year high of 6.8%, from an estimated 6.6% in 2015. (The Economist)

### POLICY AND/OR COMMERCIAL ISSUES

- The Vietnam government is reviewing the use of herbicides and there is imminent possibility that the local government will ban the use of Glyphosate in the country. U.S. Soy Industry's concern will be on import regulations towards residue limits or its restriction for ag-use - imports included.
- Biotechnology acceptance is usually not a major issue but the government will on occasion raise GM concerns with regards to food safety. Importers and consumers are mainly indifferent.

# SOUTHEAST ASIA

## VIETNAM

### IMPORTS FROM U.S. (MMT)



### U.S. SOY IMPORTS (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	1.646	1.850	0.549	1.207	73.3%	Growing
Soymeal	4.945	4.800	0.250	0.641	13.0%	Growing
Soyoil	0.030	0.050	0.000	0.000	0.0%	Stable
TOTAL	6.621	6.700	0.799	1.848	27.9%	

### KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Regional buyers conferences	Encompasses both the annual Grain Transportation and U.S. Agricultural Co-operators' Conference Series	Cuts across different soy utilization areas by bringing buyers and sellers together resulting in actual sales of U.S. soy
	U.S. Soy Supply Workshops	Practical workshops designed for specific audiences. To educate buyers on risk management as well as to promote U.S. soy as the product of choice	Importers and end-users appreciate these services as one of the valued added services and benefits of buying U.S. soy
	Southeast Asia Trade teams to the U.S. - Feed and Food groups	Bring over a team of food and feed ingredient importers for a mission to meet with U.S. exporters and to appreciate the intrinsic and extrinsic benefits of buying U.S. soy	Cuts across different soy utilization areas by bringing buyers and sellers together resulting in actual sales of U.S. soy
Technical Servicing	Animal nutrition, feed formulation, and quality control workshops	Conducted by our in-country technical consultants to industry groups to show the difference that using U.S. soy makes to their animal performance and profit margins	Importers and end-users appreciate these services and training as one of the valued added services and benefits of buying U.S. soy
	Aquaculture feed demonstrations and technical teams	Provide technical information and practical training on aquaculture production to stakeholders from grass root level upwards.	Importers and end-users appreciate these services as one of the benefits of buying U.S. soy. They also learn that buying quality ingredients reduces cost and increase profit margins
	Leveraging through sponsorships	Working with third party organizers of agricultural events to spread the message on the benefits of buying/using good quality feed ingredients, i.e. US soy	Spreading the U.S. quality message via third party technical events has proved to be an effective strategy in promoting U.S. soy

# SOUTHEAST ASIA

## INDONESIA

### SUPPLY / DEMAND BASICS

- Total feed production in Indonesia in 2016 was estimated at 17.33 million metric tons – 15<sup>th</sup> largest producer globally. (Alltech).
- 80% of this feed is consumed by the poultry sector, a result of the dominant Muslim population.
- Indonesia is currently the world's 4<sup>th</sup> largest customer for U.S. soybeans (2.5 million metric tons). Over 95% of the soybeans imported goes towards the production of Tempe, a traditional staple food.
- There is no soybean crushing industry in Indonesia due to competition from palm oil. The country imports about 4-4.5 MMT of soybean meal for its livestock industry.
- Indonesia is among the top 10 broiler and top 10 aquaculture producers globally.
- To date, total imports for U.S. soybeans into Indonesia in MY 2018 is 2.23MMT and for soybean meal 200KMT, a 1% and 200% increase from MY 2017 same time last season ~ 89 Million Bu market for U.S. Soy.

### COUNTRY OVERVIEW

- Indonesia is the world's 4th largest country by population ~ 256 million, and has the world's largest Islamic population. (CIA Factbook)
- More than 28 million Indonesians currently live below or at the poverty line set at 200,262 rupiahs per month (\$22). (World Bank)
- Indonesia's economy is growing rapidly and there are currently about 74 million middle-class and affluent consumers (MAC) in Indonesia. This number is expected to double by 2020. (BCG Mar 2013).

### TRADE / COMMERCIAL OVERVIEW

- In Southeast Asia, Indonesia ranks as the 8<sup>th</sup> largest economy globally with more than \$2.840 Trillion (PPP) est. in 2015.
- The United States had a \$13.2 billion trade deficit with Indonesia in 2016. Two-way goods trade between them totalled \$25 billion in 2016, with U.S. goods exports to Indonesia almost doubling in the last decade to \$6 billion in 2016, and goods imports totalling \$19.2 billion. (USTR)
- In 2016, Indonesia was the ninth-largest U.S. agricultural export destination by value (\$2.6 billion) and the eighth-largest U.S. agricultural import source by value (\$2.8 billion). (USTR)
- Indonesia is the world's largest producer and exporter of palm oil worldwide ~ 36MMT (est. 2016).

### POLICY AND/OR COMMERCIAL ISSUES

- There continues to be pressure on the government to regulate the importation of soybeans. This is of concern especially with a President that wants the country to be self sufficient in food supply.
- Biotechnology acceptance is usually not a major issue but the government will on occasion raise GM concerns with regards to food safety. Importers and consumers are mainly indifferent.
- Sustainability is a major issue for Indonesian palm producers. This has the potential to translate favorably for U.S. soy.

# SOUTHEAST ASIA

## INDONESIA

### IMPORTS FROM U.S. (MMT)



### U.S. SOY IMPORTS (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	2.649	2.700	2.501	2.554	96.4%	Stable
Soymeal	4.255	4.400	0.068	0.232	5.5%	Growing
Soyoil	0.023	0.023	0.000	0.000	0.0%	N.A.
TOTAL	6.927	7.123	2.569	2.786	40.2%	

### KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Regional buyers conferences	Encompasses both the annual Grain Transportation and U.S. Agricultural Co-operators' Conference Series	Cuts across different soy utilization areas by bringing buyers and sellers together resulting in actual sales of U.S. soy
	U.S. Soy Supply Workshops	Practical workshops designed for specific audiences. To educate buyers on risk management as well as to promote U.S. soy as the product of choice	Importers and end-users appreciate these services as one of the valued added services and benefits of buying U.S. soy
	Southeast Asia Trade teams to the U.S. - Feed and Food groups	Bring over a team of food and feed ingredient importers for a mission to meet with U.S. exporters and to appreciate the intrinsic and extrinsic benefits of buying U.S. soy	Cuts across different soy utilization areas by bringing buyers and sellers together resulting in actual sales of U.S. soy
Technical Servicing	Animal nutrition, feed formulation, and quality control workshops	Conducted by our in-country technical consultants to industry groups to show the difference that using U.S. soy makes to their animal performance and profit margins	Importers and end-users appreciate these services and training as one of the valued added services and benefits of buying U.S. soy
	Aquaculture feed demonstrations and technical teams	Provide technical information and practical training on aquaculture production to stakeholders from grass root level upwards.	Importers and end-users appreciate these services as one of the benefits of buying U.S. soy. They also learn that buying quality ingredients reduces cost and increase profit margins
	Leveraging through sponsorships	Working with third party organizers of agricultural events to spread the message on the benefits of buying/using good quality feed ingredients, i.e. US soy	Spreading the U.S. quality message via third party technical events has proved to be an effective strategy in promoting U.S. soy

# SOUTHEAST ASIA

## THAILAND

### SUPPLY / DEMAND BASICS

- Total feed production in Thailand in 2016 was estimated at 17.92 million metric tons, ranked 14<sup>th</sup> largest globally (Alltech), with primary sectors being swine, poultry and aqua.
- The largest crusher, Thai Vegetable Oil (TVO), accounts for more than 50% of the total capacity and supplies about 40% of the total soybean meal consumed in the country.
- Thailand ranks 3<sup>rd</sup> among global broiler producers and is a major exporter of poultry products to EU and North Asia.
- Thailand is among the top 10 largest aquaculture producers in the world and the largest producer of shrimp in Southeast Asia.
- Thailand has the largest and most sophisticated soy food and beverage industry in Southeast Asia. It is estimated that per capita consumption of soy beverages in Thailand is about 12 liters per year (Tetrapak 2014), ranking it 2<sup>nd</sup> in the world.
- To date, total imports for U.S. soybeans into Thailand in MY 2018 is 1.38MMT and for soybean meal 473TMT, a 48% and 61% increase from MY 2017 same time last season ~ 68 Million Bu market for U.S. Soy.

### COUNTRY OVERVIEW

- Thailand's population in 2015 stands at 68M (CIA Factbook).
- The World Bank upgraded Thailand's income categorization from a lower-middle income economy to an upper-middle income economy in 2011. Poverty has declined substantially over the last 30 years from 67% in 1986 to 11% in 2014 as incomes have risen. (World Bank)
- Despite facing a number of political challenges, Thailand has made great progress in social and economic issues. Sustained economic growth and impressive poverty reduction. (World Bank)

### TRADE / COMMERCIAL OVERVIEW

- In Southeast Asia, Thailand ranks as the 22<sup>nd</sup> largest economy globally with more than \$1.031 Trillion dollars (PPP) est. 2015.
- Over the past decade, two-way trade has grown by more than 36 percent, with U.S. exports to Thailand increasing by more than 30 percent to \$10.6 billion (USTR).
- U.S. total exports of agricultural products to Thailand totalled \$1.6 billion in 2016, 15<sup>th</sup> largest agricultural export market. (USTR)
- Thailand has one of the most sophisticated agricultural industry in S.E. Asia.

### POLICY AND/OR COMMERCIAL ISSUES

- Biotechnology acceptance is a moderate issue but primarily as a result of the restrictions placed on the country by their exports markets (e.g. poultry, soy beverage, etc.).

# SOUTHEAST ASIA

## THAILAND

### IMPORTS FROM U.S. (MMT)



### U.S. SOY IMPORTS (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	3.078	2.482	1.041	1.508	49.0%	Growing
Soymeal	2.782	3.191	0.347	0.507	18.2%	Growing
Soyoil	0.008	0.000	0.000	0.000	0.0%	N/A
TOTAL	5.868	5.673	1.388	2.015	34.3%	

### KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Regional buyers conferences	Encompasses both the annual Grain Transportation and U.S. Agricultural Co-operators' Conference Series	Cuts across different soy utilization areas by bringing buyers and sellers together resulting in actual sales of U.S. soy
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# SOUTHEAST ASIA

## PHILIPPINES

### SUPPLY / DEMAND BASICS

- Ranked 21<sup>st</sup> globally (Alltech), total feed production in the Philippines in 2016 was estimated at 12.78 million metric tons with primary sectors being swine, poultry and aqua.
- The market for soybeans is small compared to other S.E. Asian countries. Only one soybean crushing company currently operating (300TMT/day), but producing meal for own use from 100% US soybeans and selling finished feeds.
- The Philippines is currently the world's largest customer for U.S. soybean meal, with ~1.88 MMT in export sales as of FY 2017.
- Much of the meal is consumed in swine feeds, which composes just over half of total feed production. This is followed by poultry (~34%) and aqua (~13%).
- Philippines is ranked #6 in global pork production.
- Total imports for U.S. soybeans into the Philippines in MY 2017 is 260TMT and for soybean meal 1.88MMT, a 75% and 78% share of the market respectively ~ 96 Million BU market for U.S. Soy.

### COUNTRY OVERVIEW

- Philippines' population in 2015 stands at 101M (CIA Factbook).
- Strong GDP growth is projected for 2015 and 2016 based on buoyant private consumption, a solid outlook for investment and exports, and recovery in government expenditure. GDP is projected to increase by 6.4% in 2015 and 6.3% in 2016. (ADB)
- GDP growth in the Philippines is expected to remain strong in 2016 with higher investments and consumption. Growth forecast for the Philippines is revised up to 6.4% in 2016 and 6.2% in 2017.

### TRADE / COMMERCIAL OVERVIEW

- In Southeast Asia, Philippines ranks as the 29<sup>th</sup> largest economy globally with \$745 Billion dollars (PPP) est. 2015.
- The Philippines has an excellent relationship with the U.S. for economic, socio-political, and historical reasons.
- The Philippines is currently the 33<sup>th</sup> largest goods trading partner with the U.S. ~ \$16.7 Billion in total (two ways) goods trade during 2015. (US Census Bureau)
- U.S. exports of agricultural products to the Philippines totalled \$2.5 Billion in 2013, the 9<sup>th</sup> largest U.S. Ag export market. (USTR)
- The Philippines is one of the most dynamic emerging markets in the East Asia region, with sound economic fundamentals and a competitive workforce that is globally recognized.

### POLICY AND/OR COMMERCIAL ISSUES

- Biotechnology acceptance is usually a moderate issue. However, as the presence of environmental groups (e.g. Greenpeace) is more pronounced in the Philippines compared with the rest of ASEAN, there are occasional 'flare-ups' on GM issues.
- The Philippines is still working on formalizing its GM events approval process since establishing the Joint Departmental Circular in 2016 which consists of government experts from the Departments of Agriculture, Science and Technology, Environment and Natural Resources, Health, and Interior and Local Governments.

# SOUTHEAST ASIA

## PHILIPPINES

### IMPORTS FROM U.S. (MMT)



### U.S. SOY IMPORTS (MMT)

COMMODITY	TOTAL IMPORTS 2016/17	TOTAL IMPORTS 2017/18	IMPORTS FROM THE U.S. 2016/17	IMPORTS FROM THE U.S. 2017/18	U.S. MARKET SHARE 2017/18	MARKET ASSESSMENT
Soybeans	0.248	0.200	0.260	0.213	85.9%	Stable
Soymeal	2.662	2.750	1.875	2.152	80.8%	Growing
Soyoil	0.056	0.045	0.000	0.000	0.0%	N/A
TOTAL	2.966	2.995	2.135	2.365	79.7%	

### KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Regional buyers conferences	Encompasses both the annual Grain Transportation and U.S. Agricultural Co-operators' Conference Series	Cuts across different soy utilization areas by bringing buyers and sellers together resulting in actual sales of U.S. soy
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	Southeast Asia Trade teams to the U.S. - Feed and Food groups	Bring over a team of food and feed ingredient importers for a mission to meet with U.S. exporters and to appreciate the intrinsic and extrinsic benefits of buying U.S. soy	Cuts across different soy utilization areas by bringing buyers and sellers together resulting in actual sales of U.S. soy
Technical Servicing	Animal nutrition, feed formulation, and quality control workshops	Conducted by our in-country technical consultants to industry groups to show the difference that using U.S. soy makes to their animal performance and profit margins	Importers and end-users appreciate these services and training as one of the valued added services and benefits of buying U.S. soy
	Aquaculture feed demonstrations and technical teams	Provide technical information and practical training on aquaculture production to stakeholders from grass root level upwards.	Importers and end-users appreciate these services as one of the benefits of buying U.S. soy. They also learn that buying quality ingredients reduces cost and increase profit margins
	Leveraging through sponsorships	Working with third party organizers of agricultural events to spread the message on the benefits of buying/using good quality feed ingredients, i.e. US soy	Spreading the U.S. quality message via third party technical events has proved to be an effective strategy in promoting U.S. soy

# WORLDWIDE

## WORLDWIDE BASICS

- Trade and technical servicing programs to enlarge the international footprint of U.S. soy and address various market forces
- Information resources for grower leaders serving on strategic teams focusing on:
  - Meal, Oil & Sustainability Target Areas
  - Supply, Market Place & Demand Action Teams
  - Trade, Policy and International Affairs (TPIA) Committee
  - International Marketing Dialogues
- Support for grower leaders participating in marketing missions, helping them to prepare for presentations and industry meetings
- Hosting incoming trade teams, coordinating interaction between exporters and buyers and optimizing the value of their missions
- Engaging Qualified State Soybean Boards (QSSBs) and industry in international marketing activities
- Overcome market issues by monitoring global approval processes and addressing other barriers to trade as they arise
- Development of utilization area marketing plans

## PROJECTS PROVIDE

- Expert Contractor Support
- Risk Management Training
- Trade Show Experiences
- Industry Meetings
- Applied Research
- Technology Transfer
- Marketing and Technical Support
- Strategy Development Sessions including UES development
- Enhance buyer's understanding of how to best add value to their operations by using U.S. soy
- Outbound Grower Leader Marketing Opportunities
- Support of Inbound Trade Teams
- Events Management
- Standardized market surveys measured against Key Performance Indicators
- Soybean market monitoring

## INDUSTRY UTILIZATION AREAS

- Ensure the needs of specific sectors of the industry are incorporated into project designs
- Provide direction to focus efforts on long range strategic goals
- Serve as a resource for regional staff on common research, top class speakers, etc.

## GOALS

- Consistent trade and technical servicing programs and messaging in our marketing areas
- Program development driven by the needs of the industry and the Long Range Strategic Plans of the various funding sources
- Universally accepted talking points and briefing papers
- Improved communications across all regions
- Best practices used in one of the marketing regions are shared and knowledge transferred
- Worldwide data base of reports, best practices, and highly effective consultants

## SCOPE

- Managing 20 projects valued at ~\$6.7 million dollars (excluding Attachment C)
- 4 directors, 5 project managers, 1 stakeholder relations manager, 1 stakeholder relations coordinator, 1 project implementation manager and 1 event planner.
- Grower leader and consultant travel
- Membership & Industry Relations
- International Program Leadership
- UES Accountability
- QSSB and Industry Relationship Management

# WORLDWIDE

## KEY PROJECTS

PROJECT TYPE	KEY PROJECTS	BRIEF DESCRIPTION	IMPACT
Trade Servicing	Global Animal Feed Management & Technical Support	This project coordinates international efforts to differentiate U.S. soybeans and soybean meal from soy of different origins and creates a customer preference for U.S. soy as a feed ingredient highlighting its intrinsic and extrinsic values. This project creates interactions with grower leaders, scientists, customers, industry leaders, staff and contractors around the world. It also allows participation in international trade shows, seminars and symposia with an emphasis on animal feed and nutrition.	Over 1 Billion metric tons of animal feed is produced worldwide, using approximately 217 million metric tons (MMT) of soy. Of that, approximately 124 MMT tons of soy is used in poultry feed, 51 MMT in swine feed and 21 MMT in ruminant and other animal feed. According to FAO, poultry production is expected to more than double from 2010 to 2050 and pork production is expected to increase by 38%. As part of this effort, USSEC exhibited at the 2016 International Production & Processing Expo where staff interacted with attendees from 34 countries.
	Global Aquaculture Management	Aquaculture producers around the world have varying levels of business development, but all seek ways to reduce input costs, realize greater profit margins, while adhering to environmental regulations regarding water pollution, etc. Because of the varied levels of knowledge, some producers in one area of the world can greatly benefit from the practices developed by those in other production areas.	In 2017, global aquafeeds used about 15.5 MMT of soybean equivalents. We know that at least 5.5 MMT of that soy was of U.S. origin.
	Global Market Access and Sustainability Promotion	This project monitors and addresses a wide range of global market access issues that can limit soy exports. There is constant pressure in the marketplace as it relates to biotechnology acceptance, sustainability, regulatory delays, and other tariff and non-tariff trade barriers.	Through this project we not only keep the pulse of the world related to market access issues, we address those challenges through innovative and impactful programming such as the International Soy Growers Alliance (ISGA), U.S. Soy Sustainability Assurance Protocol (SSAP) acceptance and promotion around the world as well as many other engagement activities in coordination with the regional offices.
	Building International Awareness of Enhanced Trait U.S. Soy Oil	This worldwide project's objective is to motivate crushers to commit to invest in methods for identity preserving (IP) soybeans with new and improved oil composition traits for value capture throughout the chain. To help ensure international demand pull for these products and differentiate and build preference for U.S. Soy it is important to start educating the international crushers well in advance of exportable U.S. enhanced trait soybean oil. Focus groups will be used to capture the crusher/refiner findings.	Very successful project as the Japanese and Chinese focus groups' findings revealed crushers/refiners currently have the capability of oilseed value chain IP. Moreover, both markets have a deep understanding of the value of and market positioning needed for launching a SBO with enhanced traits linked to better health.
Technical Servicing	Ileal Digestibility of Amino Acids in Soybean Meal by Swine	This study was designed to determine and compare the ileal digestibility of amino acids in soybean meal from various origins when fed to swine. The work was concluded in July with positive results.	The project contributes to the body of knowledge about the comparative advantages of U.S. soy. The results were presented at the U.S. Soy Global Trade Exchange and was recently published in the <i>Journal of Animal Science</i> in April 2017
	Global Aquaculture In-Pond Raceway System and Feed Tech Support	As new soy diets are developed for varying species of aquaculture, life stages and production systems, applied research and on-farm feeding demonstrations are required to prove the value of soy-based aquafeeds to the aquafeed industry and aquaculture farmers in regions around the world. Evolving our program, we are now only doing demos in conjunction with the sustainable best management production technology called the In-Pond Raceway System, or IPRS. This encourages producers to advance their production technique, conserving fine resources like water, collecting waste, and having better management of the product being farmed.	For aquaculture, water conservation and recycling are among the most critical issues for industry sustainability. This IPRS technology introduced by USSEC in 2013 allows for at least the tripling of aquaculture production while using soy-based feed in existing ponds; while simultaneously reducing aquaculture's environmental impact by conserving and recycling water, providing waste output for crop fertilization, and optimizing food safety through improved system management. It has attracted widespread attention and interest in China, India, Egypt, Vietnam and Latin America. Today in China there are over 3000 commercial cells being used.
	Worldwide - Reinvigorating Soy Oil Markets	The objective of this international activity is to secure consistent purchasers of U.S. soy by helping the targets reinvigorate their soy oil product offerings and to strengthen their positions in the wholesale and retail markets. A key focus area for this effort will be to drive customer preference for U.S. soy by educating the targets on successful soy oil product repositioning techniques, such as advanced marketing training programs, product promotions, labeling enhancements, and new packaging research, which have been effectively utilized in different regions of the world. USB International Opportunities will also support U.S. soy's efforts to raise awareness of new U.S. soy oil products such as high oleic soybean oil.	Between 98-100% of the target audience found this reinvigorating SBO promotional campaign to be timely, relevant and valuable to their businesses. They acknowledged that they were much more aware of advanced product repositioning methodologies; impressed with the innovation response other companies had taken with novel, new SBO product development and packaging; and the vast majority said they would share the information with their company counterparts.  This project also trained USSEC staff from three key US SBO export destinations on strategies & tactics that had been successfully used to significantly reinvigorate US SBO use/sales in the Americas' retail & wholesale sectors.