



# 2015

## ANNUAL REPORT

U.S. SOYBEAN  
EXPORT COUNCIL

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



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# WELCOME TO USSEC



USSEC celebrated its 10<sup>th</sup> anniversary in 2015. The organization's articles of incorporation were initially signed on March 7, 2005.

Over the life of the organization, USSEC's goals have evolved to effectively conduct its role of creating an international presence, building preference and demand for U.S. Soy by developing and maintaining relationships through trade and technical services and taking steps to ensure market access.

USSEC promotes the quality and value of U.S. Soy in more than 70 countries around the world. We are a dynamic partnership of key stakeholders representing soybean producers, processors, commodity shippers, merchandisers, allied agribusinesses and agricultural organizations. Through a global network of international offices and strong support in the U.S., USSEC advocates for the use of soy in feed, aquaculture and human consumption, promotes the benefits of soy use through education, and connects industry leaders through a robust membership program. Over the past ten years, other parts of the U.S. Soy family have come to count on USSEC to help benefit all U.S. Soy producers and the U.S. Soy industry.

Our efforts that are made by a world class USSEC team of nearly 130 committed professionals around the world help build demand and keep the value of U.S. Soy strong. We are pleased to tell you about some of these initiatives in our 2015 Annual Report.

Again this year, an independent study confirmed that, for every dollar U.S. soybean farmers invest in marketing their soybeans outside of the United States, they significantly boost their profitability. According to the study, annual soybean exports averaged nearly 5 percent higher each year as a result of international promotion activities conducted on behalf of U.S. soybean farmers. For soy meal and soy oil, exports each year averaged 15 percent and 24 percent higher, respectively, than would have happened without those same international promotion activities. Using those results, a benefit-cost ratio (BCR) was calculated. For the period reviewed, the soy industry received \$29.60 of additional export revenue for every dollar invested in promotion. At the farmer level, that additional export revenue translates into a BCR of \$10.10 in additional profit to farmers per dollar spent on international promotion.

International marketing efforts certainly pay off for the U.S. Soy family. Last year's crop was record setting, and this year's crop is once again poised to be large. Exports of beans, meal and oil are expected to top USDA projections for the full year, showing a fourth consecutive year of increase and setting a new record.

As always, we appreciate your ongoing support.

Laura Foell  
USSEC Chair

Jim Sutter  
USSEC CEO



TRADE SERVICES

TECHNICAL SERVICES

MARKET ACCESS

MANAGEMENT,  
REPORTING & EVALUATION



U.S. SOY  
INDUSTRY

QSSBs

# USSEC WHO WE ARE

USSEC is a dynamic, member-directed, not-for profit partnership of key stakeholders representing soybean producers, processors, commodity shippers, merchandisers, allied agribusinesses and agricultural organizations.

Through a global network of international offices, USSEC differentiates and builds a preference for U.S. Soy, advocates for the use of soy in feed, aquaculture and human consumption, promotes the benefits of soy use through education and connects industry leaders through a robust menu of programs and projects. USSEC's mission is to maximize the use of U.S. Soy internationally by meeting the needs of our stakeholders and global customers.

USSEC's board is comprised of 15 members representing various stakeholders from the U.S. Soy industry. Eight delegates are from our founding members - the American Soybean Association (4) and the United Soybean Board (4) - and seven seats represent trade, allied industry, and state organizations.

USSEC collaborates with ASA, USB, Qualified State Soybean Boards (QSSBs) and our members to create programs that promote and represent the U.S. Soy

industry around the world. Our network of experts builds a preference for U.S. Soy using the latest product research and information. We work as an integral part of the U.S. Soy family in the international marketplace through the use of trade teams, joint media, feeding trials, and numerous participation opportunities for grower leaders to help educate buyers about the overall quality and sustainability of U.S. Soy.

USSEC routinely manages over 140 projects throughout the year in all significant international markets around the world. This work is important and is having a measurable impact of changing buying decisions. USSEC will continue demonstrating the myriad of intrinsic and extrinsic values of U.S. Soy in trade and technical servicing venues, because they add value to the product. And through our market access projects, USSEC is working to minimize related potential trade barriers while maximizing the U.S. Soy competitive advantage.

From our superior contracting, transportation, ports, and nearly 130 USSEC associates working around the world, to the enhanced value of its superior amino acid profile, U.S. Soy truly is a total quality experience. And USSEC widely communicates this platform.

Launched in 2014, the USSOY.org website tells the story of U.S. farmers. International buyers of U.S. Soy have shown great interest not only in learning more about how their crop was raised, but are also



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Representatives of the U.S. Soy family prepare for the conference call about the ISGA mission to China. Clockwise from bottom: USSEC CEO Jim Sutter (with laptop); ASA Chairman Wade Cowan; USB Chairman Bob Haselwood; USSEC Regional Director - North Asia Paul Burke; USSEC Country Director - China Xiaoping Zhang (standing); and USSEC Chairman Laura Foell

interested in the families and farms who produce it. A video produced for the website, "This Is Harvest," received an Emmy nomination, bringing even greater attention to the USSOY.org website and the stories of U.S. farm families. The site also features quality infographics and reference materials.

USSEC's focus is to complement the work of the U.S. Soy supply chain, which starts with farmers and is comprised of many various industries as we move our product from farm to international consumers around the world.

USSEC is working hard to provide best-in-class service to the entire soy family, strengthening the entire value chain. Additionally, our expert team of in-house contractors provide superior, least cost service to U.S. Soy industry.

The USSEC team is governed by core values. These values shape our culture and define the very character of our organization. They guide how we behave and make decisions.

### At USSEC, we:

- Deliver world class performance
- Act responsibly
- Foster our diversity
- Trust our team

USSEC hosted the IOPD annual meeting in Chicago, June 28-July 1



# USSEC PROVIDES TRADE SERVICES

USSEC provides trade services to our customers around in the world. In addition to helping facilitate and ease trade, these activities are essential in building strong relationships between buyers and sellers.

USSEC's second annual U.S. Soy Global Trade Exchange, held in Milwaukee from September 15-18, 2014, was once again a resounding success, with nearly 300 international buyers from 49 countries attending. International customers were provided with extensive networking opportunities, attended two days of informative presentations, and made site tours of key agricultural facilities. Among the highlights were Chinese agricultural leaders, including 10 key crushing companies, signing 21 purchasing contracts totalling \$2.3 billion, and Taiwanese trade teams added another \$28 million.

Once again, the U.S. Soy industry is breaking records for soybean export sales to China in the 2014/15 marketing year, and the U.S. soybean industry continues to compete very well with South American farmers for the biggest soybean importer and



Aquaculture Educational Opportunity participants at Pacifico Aquaculture, Isla Todos Santos, Mexico

consumer market in the world. USSEC has, in the past couple of years, implemented a strategy of providing unique service to top U.S. soybean buyers. These top buyers represent a dominant portion of total U.S. soybean export sales to China, representing 75.4 percent in 2012/13 and 78.7 percent in 2013/14, and they are quite influential in the overall soybean industry. Confidence and preference thus built among these top buyers and their downstream customers helps to maintain and expand U.S. soybean sales to this important export market for the U.S. Soy industry.

A series of workshops were staged in Japan targeting the soy food sector and the importing industry. Advertising placed in leading trade journals promoted the U.S. Soybean Sustainability Assurance Protocol (SSAP) during the same week as the conferences. USSEC's North Asia offices have been aggressively promoting the opportunity that soy processors have to differentiate their products with certified sustainable U.S. Soy. As a result of these regional efforts, North Asia leads the world with over 163 million bushels of certified sustainable U.S. soybeans exported to firms in China, Japan, Korea and Taiwan.

In another demonstration of the success of USSEC's trade services programs and the importance of building and maintaining long-term relationships, seven panamax vessels of U.S. soybean meal were



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(L-R) M. Pamudi, Indonesia USSEC Technical Manager-Aquaculture; Hsiang Pin Lan, USSEC Asia Marine Aquaculture Specialist; Lukas Manomaitis, USSEC SEA Technical Director - Aquaculture; and Levy Loreto Manalac, USSEC Philippines Technical Manager - Aquaculture, at the BFAR-NMC Office, Panabo Mariculture Park, Panabo City, Davao del Norte, Philippines

purchased this marketing year by the Thai Feed Import Group. In September 2013, USSEC brought the company's leadership from Thailand to the U.S. on a trade mission that included touring grain export facilities, visiting with U.S. soybean growers, inspecting the soybean crop, and attending the U.S. Soy Global Trade Exchange in Davenport, Iowa.

In India, USSEC is helping the trade cope with its food security needs by developing marketing channels and infrastructure needed to supply and expand the growing poultry sector with feed. USSEC's strategic efforts in assisting India's poultry and feed sectors to modernize and expand has and will continue to increase the nation's demand for soybean meal, accelerating growth in imports. With India consuming more soybean meal at home, the U.S. is well positioned to gain new market share in other nearby Asian markets. Market indications point to the very real potential of increased imports of U.S. Soy directly into India in the coming years.

In 2014/15, a USSEC-led delegation of U.S. soybean farmers participated in feed association assemblies and met with feed and meat industry representatives in France, Spain, Italy and Romania. The EU market contains many highly competitive opportunities for U.S. Soy. In the current marketing year, the U.S. has exported 5.32 million metric tons (MMT) of U.S. Soy to the EU market.

And in Egypt, USSEC is working to introduce soy protein concentrate to a growing aquaculture market. Egypt's aquaculture sector has been growing at more than 10 percent per year for the past 10 years. Today, the aquaculture sector produces approximately 1.1 million tons of fish, 40,000 tons of which are marine fish. This number is expected to double by 2017 as Egypt unveils plans to establish 2,400 hectares of marine fish farms along the Suez Canal waterline. The project is expected to produce 50,000 tons of fish annually and annual demand for marine feed is expected to reach 200,000 tons. Current marine feed production capacity is only 1000 tons, leaving great opportunity in terms of improving quantity as well as quality of marine aqua feed in a sustainable manner using U.S. Soy as an ingredient.

In Costa Rica and Guatemala, USSEC implemented a strategy, "Soy is Health," to encourage greater consumption of U.S. soybean oil in the larger soybean oil-consuming countries in the Americas region where competing oils from other origins have affected imports from the U.S. USSEC conducted a generic campaign promoting activities that included educating consumers about the benefits of soy through community events, in-store promotion, and an outdoor signage campaign.



# USSEC PERFORMS TECHNICAL SERVICES

USSEC provides technical services in each of our six regions as part of our investment in building buyer awareness in the value of U.S. Soy.

The demand for food-grade soybeans continues to rise. In many cultures, such as Japan and Indonesia, soy is a traditional part of the human diet. In India and other places, soy's role in human food is just beginning.

In Japan, USSEC is communicating the value of the U.S. identity preserved (IP) system and keeping customers apprised of breeding programs for soy food beans. USSEC reached out to various food chains beyond the food bean trade to help Japanese buyers understand the efforts the U.S. soybean industry makes in the soy supply chain to deliver U.S. food ingredients to Japan.

In Indonesia, USSEC has continued its efforts to stimulate growth in soy consumption by improving tempe (a national dish made using 100 percent U.S. Soy) production facilities and the quality of Tempe in order to elevate the image of the staple as a safe, healthy food. USSEC has also held a number of events in Indonesia on a regional basis to enhance soy fortification opportunities on both regional and national levels.



A tortilla producer in Nayarit, Mexico requested technical assistance from USSEC to effectively include soy flour in corn and wheat tortillas to improve nutritional and health properties of its product.



USSEC consultants Vijay Anand and Pawan Kumar inspect a freshly planted soybean field in the Indore region of India

On the other side of the world, a soyfood supplier in Bhopal, India requested technical assistance from USSEC to help launch their soymilk powder for India's school lunch program, which covers more than 240 million beneficiaries.

Animal utilization technical services continue to be critical to the success of the inclusion of U.S. Soy in animal feed around the world. The global animal Ag industry is U.S. Soy's biggest customer, consuming a whopping 90 percent of the annual U.S. soybean crop. Our team works hard to make U.S. Soy the number one choice of our customers, spreading the word about its protein content, exceptional amino acid profile and superior digestibility.





USSEC took a group of fourteen young Polish and Romanian commercial nutritionists representing local feed compounders to Madrid, Spain in October 2014 where they attended a series of training sessions.

As the world's aquaculture industry continues to grow, USSEC's technical services in this area remain key to build further demand for U.S. Soy. The Korean government is encouraging the use of protein meal-based extruded feed (EP) to expand aquaculture production. USSEC is expanding opportunities for the increased use of U.S. Soy in the Korean aquaculture sector by demonstrating the superiority of EP products throughout the flounder life cycle.

USSEC conducted a two day seminar in the Philippine municipalities of Anda and Bolinao, Pangasinan in September 2014 targeting milkfish cage technicians, farmers, investors and local government units with the objective of sharing USSEC's Low Volume High Density (LVHD) cage aquaculture technology along

with the latest technologies and benefits of using extruded floating feeds in milkfish cage aquaculture in Southeast Asia.

Differentiation is a key strategy employed by USSEC. USSEC researchers have conducted long-term research concluding that the amino acid composition of U.S. soybean meal is superior to that of other origins and provides a better quality protein for animal nutrition purposes, presenting the results at many international forums. USSEC also commissioned a report on soybean meal quality by origin, which shows the added value of higher quality soybean meal. The report validates that differences in digestible energy and amino acid content greatly contribute to the high value of U.S. soybean meal.



USSEC conducted a two day seminar in the Philippine municipalities of Anda and Bolinao, Pangasinan in September 2014.

In the EU, USSEC took a group of fourteen young Polish and Romanian commercial nutritionists representing local feed compounders to Madrid, Spain in October 2014 where they attended a series of training sessions on swine nutrition, feed science and feeding-related health problems at the Polytechnical University of Madrid. The nutritionists toured Spanish swine breeding and production facilities, as well as a leading regional cooperative that manufactures and supplies various swine feed products.

# USSEC PROMOTES MARKET ACCESS

Developing and maintaining market access is a critical strategy for USSEC. Sustainability and biotechnology create different issues for the U.S. Soy industry and USSEC is working to minimize related potential trade barriers while maximizing the U.S. Soy competitive advantage.

The U.S. Soybean Sustainability Assurance Protocol (SSAP) is helping U.S. Soy to better compete in a dynamic global environment and provides a competitive advantage over soy from other origins. The SSAP was developed by USSEC and other members of the U.S. Soy family to ensure that the methodologies for measuring sustainable performance are thorough, transparent and credible, as well as based on aggregate USDA data. The SSAP certifies that U.S. Soy is sustainably produced and aims to meet growing consumer demand for environmentally, socially and economically produced commodities and is helping to change the dialogue on soy sustainability in Europe and promote the sustainable production of U.S. Soy.

The protocol addresses growing concerns about the sustainable production of key commodities, particularly those that can have an impact on climate change, deforestation and habitat loss. This sensitivity is particularly acute in European countries where NGO influence on the retail sector is very strong in some sectors, such as Dutch retail. The European Feed Manufacturers' Federation (FEFAC) has stated that all of its soy requirements needed to come through 'verified sustainable practices' by 2015. Thus, the decision earlier this year by the Dutch Feed Association, NEVEDI, to accept the SSAP as a certification process for sustainability was a critical milestone for continued U.S. Soy exports to the European Union

Additionally, USSEC applied for Renewable Energy Directive (RED) certification in Europe. The Renewable Energy Directive establishes an overall policy for the production and promotion of energy from renewable sources in the EU.

USSEC has promoted the SSAP in many forums to different customers. To date, more than 850,000 metric

tons (MT) of soy products have used the certification with exports to China, the Netherlands and other markets. Reflecting the fundamental principle of sustainability's need for 'continuous improvement,' the protocol itself continues to evolve and has been further strengthened by the development of U.S. Soy producers' sustainability goals by 2025. The SSAP is now available in English, Mandarin, Japanese and Spanish. The SSAP not only reflects the industry's commitment to the future, it helps keep U.S. Soy competitive on the global market. More info on SSAP is available at <http://www.USSEC.org/ssap>.

USSEC continues to lead efforts for a FAS-funded Global Broad-based Initiative (GBI) on sustainability. This year, the GBI participated in the USA Pavilion at the Milan EXPO in Italy. The USA Pavilion showcases the concept, "American Food 2.0: United to Feed the Planet," and spotlights American leadership on issues such as food security and policy, technology, nutrition and health, and culinary culture. Over 140 countries are participating in Milan EXPO 2015 with more than 20 million people expected to visit before the World's Fair concludes in October. The USA Pavilion focuses on the United States as an innovator not only in the food sector, but also in many aspects of culture, science and business. In July, at a forum in which USDA Secretary Vilsack also addressed the group, a USSEC executive committee member spoke about his farm and how sustainability is readying it for the sixth generation of family farmers.

USSEC has also been working diligently to ensure new biotechnology events are approved in a timely fashion in key markets. U.S. farmers and consumers continue to have confidence in the safety and benefits of biotechnology, and USSEC is helping the U.S. Soy industry to relay this information to the rest of the world.

In Taiwan, a website was created by USSEC in order to arm the Taiwan soy food sector with information to assure consumers about the safety of their soy foods.

The Taiwanese government has implemented a GMO labelling law that could impact demand for U.S. commodity soybeans used in the soy food sector. This website provides Taiwan soy food processors with a solution on how to respond to consumer concerns regarding the safety of their soy foods that contain biotech soy ingredients.

In response to the slowdown in the approval of new biotech traits in China coupled with misleading reports in that country's media, USSEC has developed numerous tactics to help build confidence in the safety of biotechnology while highlighting how this technology can enhance sustainable food security. Because China is U.S. Soy's top export market, USSEC has cultivated a three-prong plan to educate Chinese buyers and consumers about biotech on behalf of the U.S. Soy industry:

1. Engage the industry in China, i.e., crushers and feed and livestock industry representatives, to talk with their government about potential supply problems.
2. Build confidence through programs such as the U.S. Farm Moms to China events.
3. Engage the International Oilseed Producers Dialogue (IOPD) and International Soybean Growers Alliance (ISGA) to work with like-minded countries.

USSEC has worked to support the efforts of the Chinese Ministry of Agriculture to promote the safety of biotech soybeans by conducting public relations activities featuring American female farmers, targeting Chinese professional women, in the Farm Moms to China program. USSEC also developed a Chinese language website targeting Chinese women, [www.soyfarms.com](http://www.soyfarms.com), as part of this public relations activity as well.

The goal of USSEC's Farm Moms to China program is to head off any misinformation that appears in the Chinese press and social media by reaching out directly to Chinese consumers to share scientific facts and build confidence. USSEC sent two delegations of female agriculture representatives to China to forge connections with Chinese mothers and other parties about the safety of GMO soybeans. USSEC's Moms to China events have been regarded as great successes, helping create a genuine dialogue about food and families.

Another way that USSEC has worked on China's market access issues is through its participation, together with USB and ASA, in the International Oil Producers Dialogue (IOPD) and the International Soy Growers Alliance (ISGA). USSEC's role in the IOPD and the ISGA allows the U.S. Soy industry to work with other soy-producing countries on market access issues. USSEC is the secretariat of ISGA.

The IOPD creates a forum for dialogue between oilseed growers to discuss common concerns and issues and ISGA focuses on topics where common understanding or opinion exists such as biotech approval needs. USSEC's participation helps to develop partnerships that can provide support for key market access issues.

While the countries that make up ISGA typically compete with each other in the world soybean market, the mission of the group is to collaborate in the development of select soybean markets and to speak with a unified voice opposing market restrictions, scientifically unsound non-tariff barriers to trade relating to health, environmental, chemical residues and biotech approvals.

In April, USSEC took part in an ISGA mission to China to help improve the country's biotech approval process. A white paper, "The Potential Economic Impacts of Delayed Biotech Innovation in Soybeans" was released at the forum where ambassadors from all ISGA members were in attendance. Developed in conjunction with ISGA members and written by researchers at the University of Missouri, the peer-reviewed white paper details the benefits of genetically modified (GM) crops for countries that accept them while also documenting the economic impact of delays in regulatory approval. The white paper illustrates that a three-year postponement in global approval of biotech-enhanced soybean traits any time in the next 10 years would cost farmers and consumers a total of nearly \$19 billion, compared with typical approval timelines.

USSEC hosted the IOPD annual meeting in Chicago from June 28-July 1. Eleven countries and the European Union were present at the IOPD annual event, which was held in the United States for the first time in 6 years.

Another tactic employed by USSEC was the production of a brochure, "Dispelling the Myths," which was produced in English, Mandarin, Turkish and Vietnamese.

USSEC touted the benefits of biotech and sustainability during a series of presentations in European countries including Spain, France, Italy, United Kingdom, Germany, Latvia, Lithuania and Poland last fall and spoke to the Eastern Europe Feed Industry about the impact of EU biotech approval delays this spring at a conference in Croatia at a meeting that attracted more than 250 feed industry representatives, scientists, and government officials from Croatia, Hungary, Serbia, Poland and Bosnia-Herzegovina. USSEC's presentation emphasized that delays in biotech approvals in the EU have had an adverse financial impact on EU livestock, dairy and poultry producers because unapproved crops which have been commercialized elsewhere are being found in EU imports.

# MARKET OVERVIEWS

USSEC's global network is divided into six international regions: Southeast Asia, North Asia, Greater Europe, Middle East/North Africa, the Americas, and the Asian Subcontinent. Here is an overview of each region. Countries noted are those with current USSEC presence.

## THE AMERICAS

- Barbados
- Canada
- Chile
- Colombia
- Costa Rica
- Dominican Republic
- Ecuador
- El Salvador
- Guatemala
- Haiti
- Honduras
- Jamaica
- Mexico
- Nicaragua
- Panama
- Peru
- Trinidad & Tobago
- Venezuela

The Americas region is home to a population of 303 million and represents 6 percent of the world GDP with an average GDP growth of 3.5 percent. Mexico and Canada are key stable markets and Ecuador, Colombia and Venezuela are key growth markets for U.S. Soy. The other countries are stable markets, although U.S. Soy faces increasing competition from South American soy.

Markets for soybean meal and soybean oil are growing, despite some swine and poultry health issues. Economic growth is promoting production growth and the region is seeing an increased demand for meat, poultry meat and eggs. The Americas region continues to be dependent on imports of grains and oil seeds.

The Americas region is the largest U.S. market for soybean meal (51 percent of total U.S. soybean meal exports), soybean oil (84 percent of total U.S. soybean oil exports), soy ingredients and the second largest for whole soybeans (9 percent of total U.S. soybean exports). This region imports from the U.S. year round and represents up to 84 percent of U.S. exports of soybean meal during the months of April

to September in any given market or fiscal year, a fact that helps keep the U.S. crush plants crushing twelve months a year.

All categories of U.S. soybean product exports to this region have grown significantly in FY15 as compared to FY14. U.S. soybean exports are up 24 percent, soybean meal exports are up 13 percent and soybean oil exports are up 38 percent. The U.S. exports trends for some of the largest markets within the region continue to show growth; soybean meal exports to Mexico are up 13 percent and soybean oil up 22 percent YTD for FY15 vs. the same period of FY14. U.S. Soy exports to Colombia and Guatemala have experienced the greatest growth in FY15. In the case of Colombia, soybean exports are up 254 percent, soybean meal exports are up 137 percent and soybean oil is up 66 percent, assisted by the free trade agreement (FTA) between Colombia and the United States. Exports to Guatemala have also grown; soybeans are up 223 percent, soybean meal is up 6 percent and soybean oil is up 53 percent. Soybean meal exports to Panama are up 53 percent vs. FY13. There is increased competition for soybean products from other origins and alternative products in all cases (e.g. oil and meals).

Soybean exports to Canada are up 31 percent, soybean meal down 27 percent and soybean oil down 53 percent YTD FY15 vs. same period FY14. Soybeans are replacing soybean meal and soybean oil, as a result of increased crush capacity and better economics in crushing vs. importing meal and oil.

Spreading the word about the quality and sustainability of U.S. Soy is critical in this region, as biotech has become an increasingly political issue in

Mexico with social media yielding increased negative comments about soy. South American soy imports also remain competitive.

Continued investment in promotion, consumer education and public relations is critical to grow and defend the U.S. soybean oil market share in the Americas Region, given the increased proportion of total U.S. soybean oil exports as exports to this region, as well as increased competitive pressure from other origins and other edible oils.

## ASIAN SUBCONTINENT

- **India**
- **Pakistan**
- **Bangladesh**
- **Nepal**
- **Sri Lanka**

With a population of 1.65 billion, the ASC region is home to 23 percent of the world's population. With the regional GDP average growth at greater than 5 percent and increasing, this region is growing rapidly. A new pro-business and growth-oriented government won a landslide election in India in May of 2014, and commercial interests in India are optimistic about positive changes in commercial and trade policies. The region faces infrastructure issues and infrastructure rebuilding. Political instability remains a continuing problem in Pakistan.

U.S. soy imports to Bangladesh exceeded 100,000 metric tons in the past 12 months. India remains a large export market for soy protein isolates and concentrates and occasionally imports U.S. soy oil. Commodity soybean imports to India are uncertain due to the lack of GMO approvals. Processors and traders are increasingly looking to the domestic market and in 2014 use of domestically produced soy meal exceeded exports for the first time. Domestic production of soy in India continues to decline. Promotional efforts can increase direct demand for U.S. soybeans and Hi-Pro soybean meal in Pakistan, Bangladesh and Sri Lanka.

In 2013, domestic soymeal consumption was 4.3 MMT, while domestic soy usage in human food was 1 MMT. Bangladesh is increasing its crushing capacity and Pakistan still has unused crushing capacity. The region's industry is becoming increasingly consolidated. The compound annual growth rate

of poultry broilers is 12 percent and 7 percent for layers. For farmed freshwater fish, compound annual growth rate is 8 percent and farmed shrimp is 8 percent. The compound annual growth rate of the human consumption of soy is 10 percent.

Market access issues that will need to be addressed in the ASC region are the alleviation of GMO concerns in India and Bangladesh, the establishment of zero or low duty for defatted soy flour, soybean meal and other soyfoods, and the encouragement of soy utilization in government feeding and social welfare programs.



FAS New Delhi Minister Counselor Scott Singular addresses the audience at USSEC's Soy Partnership Summit in Indore, India

## GREATER EUROPE

- Belgium
- Czech Republic
- Denmark
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Russia
- Spain
- Sweden
- Switzerland
- Turkey
- United Kingdom

The Greater Europe region is a key market for the U.S. Soy industry in both whole soybeans and soy meal exports. With a population of 850 million people, the region represents 27 percent of the world's GDP (for comparison purposes, the GDP of the U.S. is 23 percent of the global GDP), although its GDP growth is essentially flat.

Europe represents 11 percent of U.S. soybean and soy meal exports at 6,500,00 MT (238 million bushels). The 10 countries of Germany, Spain, France, the Netherlands, Italy, United Kingdom, Denmark, Portugal, Turkey and Russia import over 150,000 MT of U.S. Soy. U.S. East Coast exports to Europe are strong.

This growing market share for U.S. soybean meal demonstrates an increasing preference for U.S. meal, and the reliability of U.S. Soy export shipments has helped increase U.S. soybean exports to European markets. An increasing awareness of quality differences by soy production origin is occurring in Europe and is supportive of U.S. Soy's advantages.

The U.S. Soy industry holds a competitive advantage in the Greater Europe region because of its work in the area of sustainability, which is of increasing importance to the European food and feed industry. As mentioned previously, NEVEDI approved the SSAP as a sustainable program in early 2015, and USSEC has worked closely with the European feed association, FEFAC, as it develops its sustainable scheme for the feed industry throughout Europe. USSEC also submitted the SSAP to the European Commission for use under the Renewable Energy Directive (RED) in April 2015 and continues discussion and review for its approval.

Europe is the world's second largest GMO soy importer behind China. Approximately 90 percent of commercial feed produced in Europe is GMO. The European food industry, however, continues to greatly limit the use of GMO products due to labelling restrictions and a strong NGO presence. The Transatlantic Trade and Investment Partnership (TTIP) between the U.S. and the EU is being negotiated and could potentially create a quicker import approval process for Ag biotech events.



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

USSEC director Bob Metz (center) and ASA vice president Richard Wilkins (right) chat with Victor Nogueira from Group Nogar in Galicia, Spain

## MIDDLE EAST/ NORTH AFRICA (MENA)

- **Algeria**
- **Egypt**
- **Iraq**
- **Jordan**
- **Lebanon**
- **Morocco**
- **Saudi Arabia**
- **Syria**
- **Tunisia**
- **United Arab Emirates**

The MENA region is home to 380 million people or 6 percent of the global population. The regional GDP is 4.5 percent of the world's GDP with wide geographic swings. The countries of Egypt, Tunisia, Morocco, Saudi Arabia and Israel import over 150,000 metric tons of U.S. Soy and the region represents 4 percent of total U.S. Soy exports.

Egypt is the most important market for the U.S. Soy industry in the region as it approaches 1 million tons of imported U.S. Soy. The Egyptian crush industry continues to show strong growth with several local crush plants expanding and in some cases doubling their production. The Egyptian poultry industry remains strong along with the aquaculture industry, which now produces over 1 MMT annually with tilapia as the primary species. Soy extrusion and full-fat soy meal production is increasing throughout the region and Saudi Arabia's poultry and dairy industry is very strong.

The North Africa countries of Egypt, Tunisia, Morocco, and Algeria were the fastest growing feed industry in the world by percentage last year despite ongoing challenges in the region.

USSEC and the U.S. Soy industry have faced some operational interruptions in this region due to ongoing conflicts in several countries. The region also faces some challenges with poultry disease issues, specifically in Egypt and Tunisia. Yet investments in animal agriculture and infrastructure are ongoing with significant investments in soy crushing/extrusion, soy oil refining and port infrastructure in Egypt and other countries. Investments in poultry, dairy, aquaculture and feed production are also occurring throughout the region even as government/social transitions continue. Regional markets for soybeans, soy oil and soybean meal are all considered as growing by USSEC.

## NORTH ASIA

- **China**
- **Hong Kong**
- **Japan**
- **South Korea**
- **Taiwan**

A staggering 1.55 billion soy consumers reside in the North Asian countries and the region boasts a growing middle class that is improving and diversifying its diet with an increased consumption of vegetable and animal protein and vegetable oils derived from soy. This expanding middle class currently numbers over 880 million and is led by China, which has a goal of moving a further 300 million consumers from rural lifestyles to urban lifestyles and incomes in the next fifteen years. This development trend portends well for increased soy imports and consumption as Chinese consumption of animal protein and vegetable oil among urban consumers is double that of rural consumers.

With the increase in urban incomes, it is not surprising that U.S. Soy exports of soybeans to China have recorded back-to-back record years exceeding one billion bushels each year. Looking forward, a recently commissioned USSEC research report on future soy consumption and imports indicates annual soybean imports will increase between 110 to 183 million bushels per year for the next five years.

The crushing sectors in Japan and Taiwan both increased their imports of commodity soybeans. In Japan, imports of U.S. soybeans increased 11 percent, equivalent to over 6.9 million bushels, and increasing the U.S. market share to over 65 percent. In Taiwan, the imports increased by more than 400 million bushels, pushing the market share for U.S. soybeans over 50 percent. Taiwan remains a strong destination for containerized soybeans with over 35 percent of its bulk U.S. soybean imports arriving in Taiwan in containers.

Exports of value-added IP soybeans to the North Asia region continue to chalk up successes. In Japan, the market share for U.S. soybeans in the food sector increased to 48 percent in 2014, with an increased volume of over 918,000 bushels of value-added U.S. soybeans. This increase in Japanese demand comes after nearly ten years of committed marketing efforts in Japan to reclaim market share lost to Canada and other suppliers. In Korea, USSEC's efforts working with various industry segments to utilize U.S. soybean tariff rate quotas (TRQ) under the Korea-U.S. FTA has led to a 95 percent utilization of this preferential TRQ.

## SOUTHEAST ASIA

- Australia
- Laos
- Singapore
- Burma (Myanmar)
- Malaysia
- Thailand
- Cambodia
- New Zealand
- Vietnam
- Indonesia
- Philippines

Southeast Asia currently has a total population of 636 million, which the U.S. Census Bureau projects to increase to 697 million by 2025. Although there is a wide mix of cultures and religions, the region is relatively stable socially and politically. Southeast Asia's economy is the sixth largest in the world. Collectively, ASEAN's (Association of Southeast Asian Nations) largest economies, which include Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam, is projected to continue its robust economic growth, boasting an approximate 5 - 6 percent annual average growth rate compared with 3.0 to 3.5 percent for the global economy.

With its growing population - an additional 6 million mouths to feed annually - and burgeoning middle-class consumers with rising disposable household incomes, Southeast Asia's animal protein consumption is projected to achieve a compounded annual growth rate of 20 percent in the next five years. Largely dependent on imported raw feed ingredients, this region needs to increase its purchase of soybean and soybean meal exponentially to meet demand, especially considering that five countries in

this region are ranked within the top 20 global broiler producers, five countries are ranked in the top 10 in global aquaculture production, and Vietnam and the Philippines rank #4 and #6 in global pork production, respectively. Total projected imports for U.S. soybeans into Southeast Asia in 2015 are about 3.4 MMT and 2.5 MMT of soybean meal, accounting for over 59 percent and an 18 percent share of the overall market, respectively. This is a 240 million bushel market for U.S. Soy.

Southeast Asia's regional economies are relatively open and market-driven, and ASEAN countries have good relations with the United States. U.S. exports of agricultural products to ASEAN countries totaled \$10.7 billion in 2013. Leading categories include: soybeans (\$1.7 billion), dairy products (\$1.3 billion), wheat (\$1.1 billion), cotton (\$923 million), and soybean meal (\$909 million). Southeast Asia represents a market with a combined estimated GDP of more than \$6 trillion in 2015. A core competency of the major markets in this region is its ability to adopt new technologies and management systems rapidly. Biotechnology acceptance is not a major issue.



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

SEA trade mission's September on-farm visit was hosted by a Minnesota soybean representative

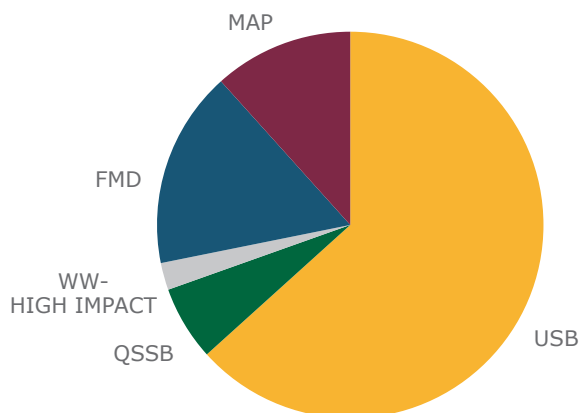


# USSEC FINANCIALS

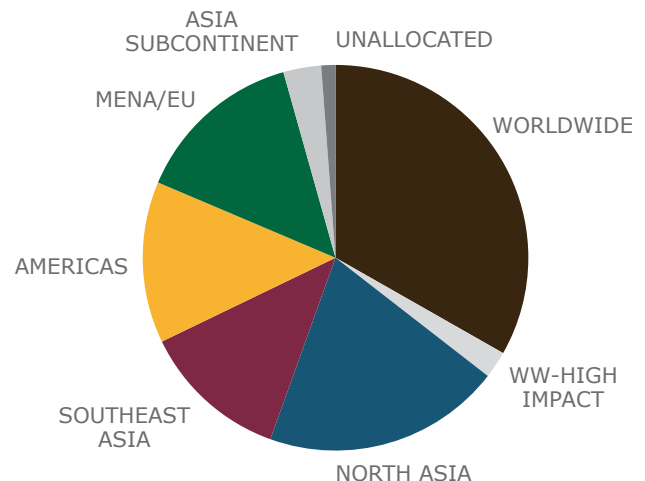
APPROVED FUNDING FOR 2015	
SOURCE	FUNDING (\$)
United Soybean Board (USB) Allocated	26,457,988
United Soybean Board (USB) Unallocated	506,073
<b>Total USB15 Funding</b>	<b>26,964,061</b>
USB FY12 (High Impact Funds)	968,132
Qualified State Soybean Boards	2,660,397
<b>Total Checkoff Funds</b>	<b>30,592,590</b>
Foreign Market Development (FMD)	7,028,325
Market Access Program (MAP)	4,967,226
<b>Total FAS Funds</b>	<b>11,995,551</b>
<b>CHECKOFF AND FAS TOTAL</b>	<b>42,588,141</b>

FUNDING ALLOCATION FOR 2015	
GEOGRAPHY	ALLOCATION (\$)
Worldwide	14,153,432
Worldwide - High Impact	968,132
North Asia	8,510,820
Southeast Asia	5,259,576
Americas	5,768,596
MENA/EU	6,070,600
Asia Subcontinent	1,350,912
<b>Total Allocated</b>	<b>42,082,068</b>
<b>USB Unallocated as of 8/24/15</b>	<b>506,073</b>
<b>TOTAL AVAILABLE FOR INVESTMENT</b>	<b>42,588,141</b>

## APPROVED FUNDING



## PLANNED INVESTMENT



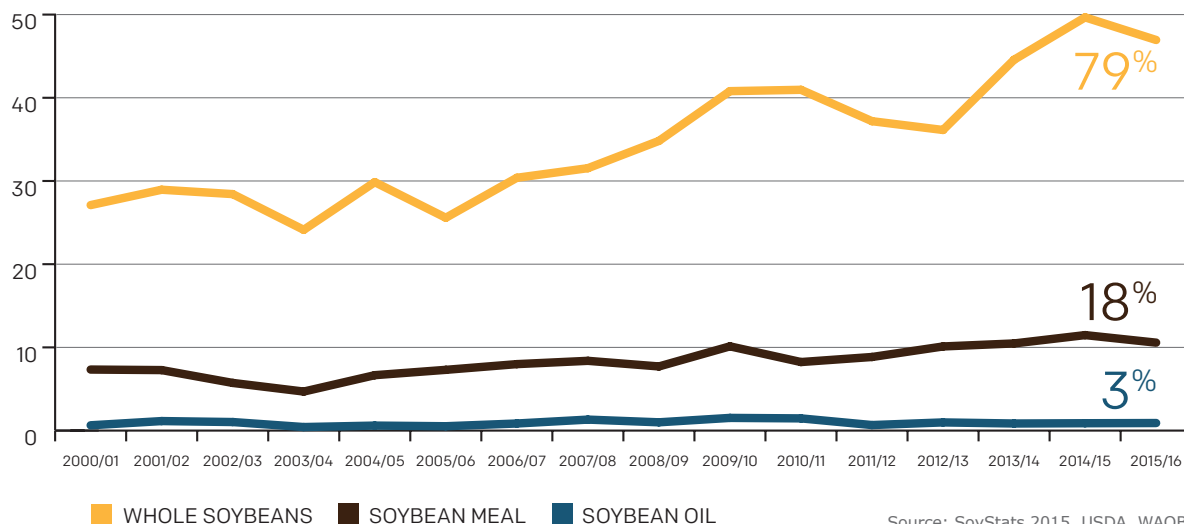
## INTERNALLY MANAGED FUNDS (IMF)

IMF Revenue Collected thru 6/30/15	416,157
Expensed thru 6/30/15	54,779

The activities of the U.S. Soybean Export Council to expand international markets for U.S. soybeans and soy products are made possible by producer checkoff dollars invested by the United Soybean Board and various State Soybean Boards, support from cooperating industry and through the American Soybean Association's investment of cost-share funding provided by USDA's Foreign Agricultural Service.

# U.S. SOY EXPORTS

## 2000-2014 AND 2015 PROJECTED



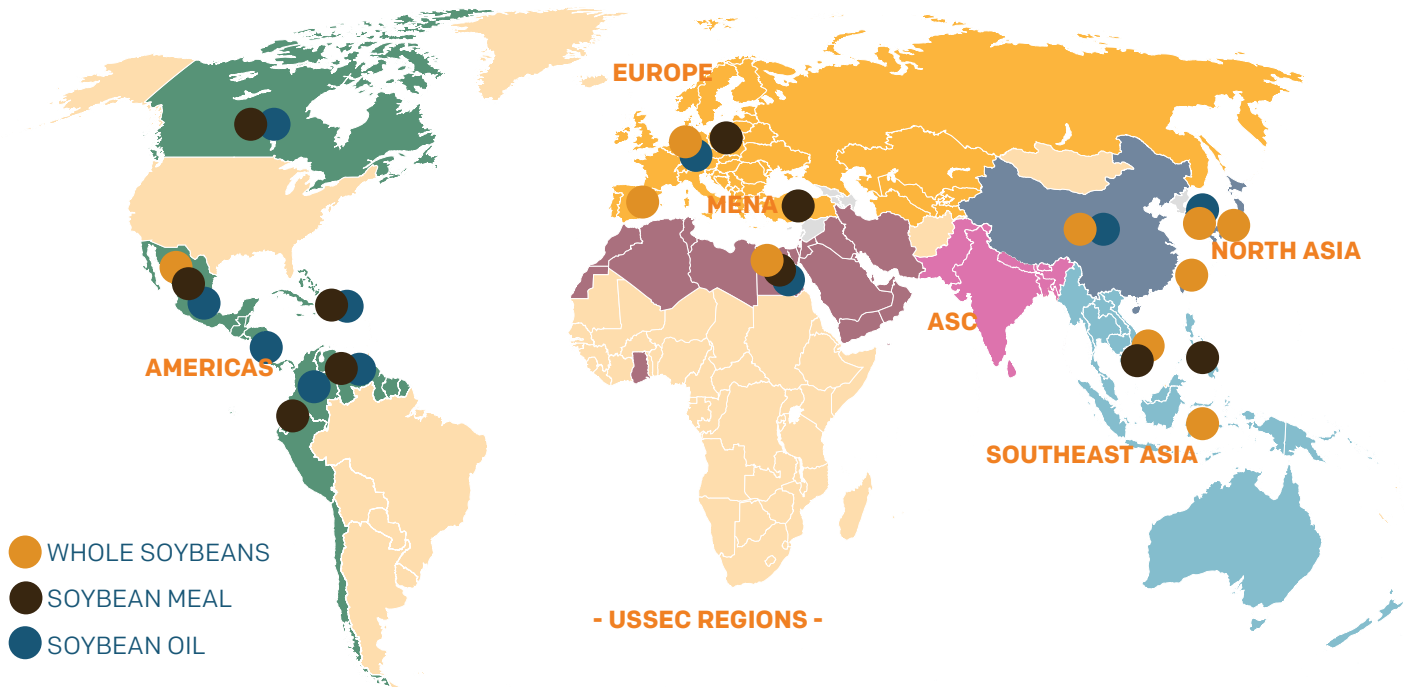
WHOLE SOYBEAN EXPORTS	
YEAR	MMT
2000/01	27.103
2001/02	28.948
2002/03	28.423
2003/04	24.128
2004/05	29.860
2005/06	25.579
2006/07	30.386
2007/08	31.538
2008/09	34.817
2009/10	40.798
2010/11	40.959
2011/12	37.186
2012/13	36.129
2013/14	44.574
2014/15	49.668
2015/16	46.947

SOYBEAN MEAL EXPORTS	
YEAR	MMT
2000/01	7.335
2001/02	7.271
2002/03	5.728
2003/04	4.690
2004/05	6.659
2005/06	7.301
2006/07	7.987
2007/08	8.384
2008/09	7.708
2009/10	10.125
2010/11	8.238
2011/12	8.845
2012/13	10.111
2013/14	10.474
2014/15	11.476
2015/16	10.569

SOYBEAN OIL EXPORTS	
YEAR	MMT
2000/01	0.636
2001/02	1.143
2002/03	1.027
2003/04	0.425
2004/05	0.600
2005/06	0.523
2006/07	0.851
2007/08	1.320
2008/09	0.995
2009/10	1.524
2010/11	1.466
2011/12	0.664
2012/13	0.982
2013/14	0.851
2014/15	0.884
2015/16	0.907

# TOP EXPORT MARKETS

## 2014



WHOLE SOYBEAN EXPORTS	
CUSTOMER	VALUE (MILLIONS)
China	\$14,798
Mexico	\$1,815
Indonesia	\$1,042
Japan	\$995
Taiwan	\$729
Germany	\$550
Spain	\$511
Netherlands	\$429
South Korea	\$361
Turkey	\$345
All Others	\$2,626

SOYBEAN MEAL EXPORTS	
CUSTOMER	VALUE (MILLIONS)
Mexico	\$850
Philippines	\$590
Canada	\$522
Venezuela	\$435
Thailand	\$287
Dominican Republic	\$192
Columbia	\$192
Vietnam	\$181
Ecuador	\$171
Guatemala	\$168
All Others	\$1,905

SOYBEAN OIL EXPORTS	
CUSTOMER	VALUE (MILLIONS)
Mexico	\$187
China	\$132
Dominican Republic	\$124
Peru	\$57
Columbia	\$39
Nicaragua	\$38
Guatemala	\$37
Morocco	\$36
Canada	\$34
South Korea	\$27
All Others	\$101

Source: SoyStats 2015, USDA, WAOB.

# USSEC MEMBERS

Archer Daniels Midland (ADM)  
Ag Processing, Inc.  
Agniel Commodities, LLC  
Alabama Soybean Producers  
Bluegrass Farms of Ohio  
Brushvale Seed, Inc.  
Bunge North America  
Ceres Commodities, LLC  
CGB Enterprises, Inc.  
Clarkson Grain Company, Inc.  
CoBank  
Commercial Lynks  
Commodity and Ingredient Hedging, LLC  
DuPont - Pioneer Hi-Bred  
Enerfo USA, Inc.  
Gavilon Group LLC  
Grain Millers Specialty Products  
Huron Commodities, Inc.  
Illinois Soybean Association  
Indiana Soybean Alliance  
Inland Empire Milling Company, LTD  
Insta-Pro  
International Feed  
International Grains Program Institute  
INTL FCStone  
IOM Grain, LLC  
Iowa Farm Bureau Federation  
Iowa Soybean Association  
J&J Corporation (DBA: SOYKO International Inc)  
JB Global  
Kansas Soybean Commission  
Kentucky Soybean Promotion Board  
KG Agri Products, Inc.  
Knewton Soy Products, LLP  
Lansing Trade Group, LLC  
Michigan Soybean Promotion Committee  
Midwest Ag Enterprises, Inc.  
Midwest Shippers Association  
Minnesota Soybean Research and  
Promotion Council

Mirasco, Inc.  
Missouri Soybean Association  
Monsanto  
National Oilseed Processors Association  
Natural Products, Inc.  
Nebraska Soybean Board  
New York Corn & Soybean Growers Association  
North Carolina Department of Agriculture and  
Consumer Services Marketing Division  
North Carolina Soybean Producers Association  
North Dakota Soybean Council  
Northern Crops Institute  
Northwest Grains International, LLC  
Ohio Soybean Council  
Owensboro Grain Company  
Pennsylvania Soybean Board  
Perdue Agri Business, Grains and Oilseed  
Division, LLC  
R. J. O'Brien & Associates, LLC  
Richland IFC, Inc.  
Russell Marine Group  
SB & B Food, Inc.  
Schillinger Genetics  
Scoular Company -Specialty  
SK Food International, Inc.  
South Dakota Soybean Research and  
Promotion Council  
Stonebridge, LTD  
SunOpta Grains and Food Group  
T. Parker Host, Inc.  
Tennessee Soybean Promotion Council  
Thayer Seed, LLC  
The Delong Company, Inc.  
Thionville Laboratories  
Verified Grains, Inc.  
Wenger Manufacturing  
West Central CoOp  
Wisconsin Soybean Marketing Board  
Zeeland Farm Services, Inc.



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