

2019 ANNUAL REPORT

# DOING WHAT IT TAKES



U.S. SOYBEAN EXPORT COUNCIL



**PUBLISHED 02.21.20**



## **MESSAGE FROM DEREK HAIGWOOD, USSEC CHAIRMAN OF THE BOARD**

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2019's challenges ranged from weather to trade issues, affecting all facets of the U.S. Soy industry. USSEC continued its work of increasing export demand for our products through building demand and expanding global market access for U.S. Soy products.

While we farmers do our jobs by raising high-quality crops, USSEC is doing its part to make sure the fruits of our labor have a destination. As in farming, each year brings us new opportunities to cultivate and grow U.S. Soy.

## WHO WE ARE

The U.S. Soybean Export Council (USSEC) is a dynamic partnership of key stakeholders representing soybean producers, commodity shippers, merchandisers, allied agribusinesses and agricultural organizations.

Through a global network of international offices and strong support in the U.S., we help build a preference for U.S. soybeans and soybean products, advocate for the use of soy in feed, aquaculture and human consumption, promote the benefits of soy use through education and connect industry leaders through a robust membership program.

## OUR MISSION

Our mission is to optimize the utilization and value of U.S. Soy in international markets by meeting the needs of our stakeholders and global customers.

### GLOBAL FOOTPRINT



- |  |  |
|--|--|
|  <b>Americas</b>                      |  <b>Asia Subcontinent</b> |
|  <b>Middle East/<br/>North Africa</b> |  <b>North Asia</b>        |
|  <b>Greater Europe</b>                |  <b>Greater China</b>     |
|  <b>Sub-Saharan Africa</b>            |  <b>Southeast Asia</b>    |

## USSEC LEADERSHIP

### EXECUTIVE LEADERSHIP



**Jim Sutter,**  
Chief  
Executive  
Officer



**Karey  
Claghorn,**  
Senior  
Director,  
*Organizational  
Collaboration  
and Innovation*



**Paul Burke,**  
Senior Director,  
*U.S. Soy  
Marketing  
Programs*



**Carlos  
Salinas,**  
Senior  
Director,  
*Soybean Meal  
Feed Markets*



**Ed Beaman,**  
Senior Director,  
*New Program  
Development  
and Non-  
Traditional  
Funding*



**Beth  
Schulte,**  
Interim CFO



**Rosalind  
Leeck,**  
Senior Director,  
*Market Access*



**Julie  
Sumpter,**  
Controller

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Director,  
*Greater Europe,  
Middle East,  
North Africa*



**Timothy  
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Director,  
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**Ed Beaman,**  
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Director,  
*Sub-Saharan  
Africa*  
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Director,  
*Asia  
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**Kevin  
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Director,  
*Americas*



**Xiaoping  
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Regional  
Director,  
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**Rosalind  
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Director,  
*North Asia*



## USSEC STAFF

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**Charles Hall,**  
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*Measurement  
and Evaluation*



**Abby Rinne,**  
Director,  
*Sustainability*



**Will McNair,**  
Director,  
*Oil and  
Human  
Consumption*



**Pam Helmsing,**  
Director,  
*Contracts*



**Colby Pinkstone,**  
Director,  
*Strategic  
Program  
Development*

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*Communications  
and Marketing  
Strategy*



**George Harper,**  
Director,  
*Investor and  
Industry  
Communications*



**Lisa Humphreys,**  
Senior Director,  
*Content  
Management  
and Brand  
Stewardship*



**Paul Murphy-Spooner,**  
Director,  
*Public Relations  
and Issues  
Management*

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**Tori Sorensen,**  
*Insta-Pro*

### **Exporter Sub-Class**

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**Ken Dallmier,**  
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**Darren Kadlec,** Grower  
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**Lance Rezac,** Grower  
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**Doug Winter,** Grower  
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Leader, *North Dakota*

**Lance Rezac,** Grower  
Leader, *Kansas*

**Doug Winter,** Grower  
Leader, *Illinois*

## 2019 OVERVIEW

### **WHAT IT TAKES: U.S. SOY ADJUSTS EXPORT STRATEGY TO SECURE THE FUTURE**

USSEC's "What It Takes" initiative aimed to keep exports roughly unchanged despite volume losses to China. This program looked at all possible markets for U.S. Soy around the globe and put together projections for the amount of exports needed to those markets to make up for the loss of the China market. We worked closely with U.S. Soy exporters and importers around the world to maintain exports of approximately 60% of total U.S. Soy production.

## **INTERNATIONAL MARKETING STRATEGY: MARKET ACCESS**

We focused on prioritizing market access in ALL markets. Market access means:

**Being proactive and reactive to market needs**

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**Maintaining relationships**

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**Managing crises**

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**Fostering U.S. Soy interests**

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**Maximizing the U.S. Soy Advantage**

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**Minimizing potential trade barriers**

## LONG-TERM INTERNATIONAL MARKETING STRATEGY

In 2017, USSEC conducted a two-phase study to inform a revised International Marketing Strategy that re-prioritized and defined target markets to safeguard profitability for American farmers for years to come. Conducted in collaboration with United Soybean Board, this Marketing Strategy had helped us navigate the challenging landscape of 2019 and stay focused on both short- and long-term goals.

**MORE  
STRATEGIC  
FOCUS**

**FEWER  
INITIATIVES**

**IN ALL MARKETS, FOCUS ON**

## That study informed a revised long-term strategy that includes three components:



### WHERE TO PLAY

Shift to invest more in future markets



### WHAT DIRECTION DO WE TAKE TO WIN

Across all market stages, ensure market access and adopt the focus area approach framework



### HOW TO WIN

Across all market stages, adopt suggested best practices

**MORE EMPHASIS  
ON WHERE WE CAN  
INFLUENCE**

**DATA-DRIVEN  
RESPONSIVENESS**

**MARKET ACCESS AS MISSION CRITICAL**

## INTERNATIONAL MARKETING STRATEGY: WHERE TO PLAY

We classify markets by emerging, expansion and mature. Emerging markets represent our greatest opportunity:

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Priority  
markets

\$6.3B

Opportunity  
(at 50% share)

40%

Plan to  
increase  
investment  
to by 2021

By 2021, we'll decrease our investment into expansion markets and China to 50% (today, this investment is around 66%).

## EMERGING

**Algeria  
Bangladesh  
Egypt  
El Salvador  
Honduras  
India  
Morocco**

**Myanmar  
Nepal  
Nicaragua  
Nigeria  
Pakistan  
Sri Lanka  
Tunisia**

## EXPANSION

**China  
Colombia  
Costa Rica  
Cuba  
Dominican  
Republic  
Ecuador  
Guatemala  
Indonesia  
Jamaica**

**Malaysia  
Mexico  
Peru  
Philippines  
Romania  
Russia  
Thailand  
Turkey  
Vietnam**

## MATURE

**Belgium  
Canada  
Chile  
France  
Germany  
Italy  
Japan  
Netherlands**

**Poland  
Panama  
Portugal  
Saudi Arabia  
South Korea  
Spain  
Taiwan  
United Kingdom**

## **2019 EVENTS: CELEBRATING LONGSTANDING RELATIONSHIPS AND NURTURING NEW ONES**

Each year, the USSEC team hosts hundreds of stakeholder events worldwide, which bring together key audiences to build relationships, promote the U.S. Soy Advantage, and work to meet the needs of a growing world.

These events can be large conferences, like the 2019 U.S. Soy Global Trade Exchange, which took place in Chicago, bringing together soy importers and stakeholders from more than 50 countries to learn about how we grow the highest quality, most reliable and sustainable soy in the world. USSEC also holds regional conferences, trade missions, technical and trade servicing and sponsor and participate in other stakeholder meetings. One thing is certain: Each and every USSEC event brings together our most important audiences across the U.S. Soy value chain to reinforce and champion the U.S. Soy Advantage.

**IN 2019, WE CELEBRATED  
MILESTONE ANNIVERSARIES  
WITH SOY INDUSTRY  
STAKEHOLDERS IN THREE  
KEY MARKETS**

**Southeast Asia U.S. Agriculture  
Cooperators' Conference,  
Singapore (August 2019)**

The 15th annual agricultural cooperators buyers' conference in Southeast Asia took place from August 6 to 8 in Singapore, marking the 40th anniversary of USSEC's work in Southeast Asia. The U.S. Soy industry celebrated strong growth of exports of U.S. soybeans and soybean products into this region of the world. More than 200 guests participated in the event, including 79 importers representing 61 companies in seven countries.

### **Taiwan Outlook Conference & 50th Anniversary, Taipei (November 2019)**

The Conference and events, like the one held Taipei, are vital to increasing the demand for U.S. Soy. It's very important for crushers to meet the U.S. soybean farmers and put faces of the growers to the product. Their work has been well-received by our partners in Taiwan. Despite having a population of only 23.5 million, Taiwan was the United States' ninth-largest export market for farm and food products in 2018, enjoying 86 percent market share.

### **U.S. Soy Trade Exchange — Europe & Middle East/North Africa, Frankfurt (December 2019)**

In December, USSEC celebrated 50th anniversary of the opening of its first office in the European Region. The United States is Europe's primary supplier of soybeans, and this event highlighted the latest innovations in U.S. Soy to existing and new customers. The European Union is the second largest importer of soybeans after China and the largest importer of soybean meal. Imports total approximately 12 million tons of soybeans and 21 million tons of soybean meal.

## MATURE MARKET HIGHLIGHTS

**The Korea-U.S. Free Trade Agreement has helped to make South Korea the No. 1 market for U.S. soybean oil.** Korean soybean oil refiners are convinced with the quality of U.S. Soy oil. In fact, since 2018, two of the five major refiners have imported only U.S. soybean oil.

**Long-term partnerships define U.S. Soy's presence in Japan, where the U.S. Soy industry opened its first international office in 1956 and has maintained a constant presence ever since.** Although Japan's population is rapidly aging, U.S. market share in crush and soyfoods continues to increase and the U.S. enjoys a 74% market share.

**The European Union was another mature market that reaped great success in FY19.** USSEC leveraged its long-term relationships here to gain a 31% increase in whole soybean exports over the previous year. In particular, exports to southern Europe climbed. France, Italy, Portugal and Spain's imports rose 119%, more than doubling last year's U.S. Soy imports. In these markets, USSEC has focused on improving knowledge of the U.S. Soy Advantage related to quality, sustainability and logistics.

## EXPERIENCE TODAY'S U.S. SOY ADVANTAGE TOUR

In today's climate, it is important for us to take steps to nurture and solidify the relationships we have in expansion and mature markets to:

### **Protect**

our  
investments



### **Champion**

the benefits  
of U.S. Soy  
to meet their  
growing needs

We hit the road to meet with our customers in global markets across the world to show our gratitude for their partnership and reinforce the advantage they experience every time they choose to buy U.S. Soy.

# EXPERIENCE TODAY'S U.S. SOY ADVANTAGE

In 2019, as part of this initiative, we met with soy industry stakeholders face to face in more than 24 markets, including:

**Bangladesh**  
**Colombia**  
**Costa Rica**  
**Dominican Republic**  
**Egypt**  
**Germany**  
**India**  
**Indonesia**  
**Italy**  
**Japan**  
**Korea**  
**Mexico**  
**Myanmar**  
**The Netherlands**  
**Nigeria**  
**Pakistan**  
**Philippines**  
**Portugal**  
**Spain**  
**Taiwan**  
**Thailand**  
**Tunisia**  
**Turkey**  
**Vietnam**

**US SOY**





## **CREATING DEMAND FOR SOY AND DECREASING PROTEIN DEFICIENCY IN EMERGING MARKETS**

Protein deficiency is a growing problem in the majority of the Emerging Markets identified in our International Marketing Strategy. For instance, in India, it is estimated that 73% of the population is protein deficient. By working with trade local associations, governments and other influential groups in these markets, USSEC is working to find ways to overcome this problem by educating people about the importance of plant and animal protein as part of their daily diets. This is a growing component to drive the overall strategy to engage the value chain in the process while ultimately improve protein deficiency statistics – and in the long term, increase demand for soy in markets where we know there is substantial room for growth.

**Over the past year, USSEC has focused protein deficiency campaigns to engage consumers, NGOs, public and private sector, and other influencers in India and Nigeria.**

The campaign in India launched in late 2019 with great success thus far and Nigeria will launch in 2020.

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**The campaign is still young, but it's already having incredible reach.**

We expect fruitful things to follow in Nigeria as well as we work to position soy as a solution to major problems in the Emerging Markets.

**Through a strong media launch, collaborations with U.S. partners like USA Poultry and Egg Export Council (USAPEEC) as well as local consumer-focused influencer groups in India, the campaign has reached more than 900,000 stakeholders with the Right to Protein message in just a few short months.**

This broad and expanding reach will serve to increase protein – including soy – demand in a market where there is great room for growth.

13M

readers in  
top-tier  
newspapers

1/2

of India's internet  
users through 125  
million online views

1 of 33

Indian newspaper  
readers

8 of 10

top regional  
newspapers

10+

languages

18

major cities  
throughout  
the country

# right to protein



**STRESSED ABOUT YOUR CHILD'S  
PROTEIN INTAKE?**

**CALCULATE YOUR CHILD'S PROTEIN**



## SOY EXCELLENCE CENTERS



**The goal of SECs is to have them become a one-stop-shop for industry training.**

These centers are designed to provide training, resources and education to all members of the soy value chain.

**The first one opened in Cairo, Egypt this past September. Other sites for future Soy Excellence Centers include: Nigeria, Thailand and Mexico.**

SECs will also build and facilitate business relationships and links between local and international businesses.





## 2019 FINANCIALS

### INTERNALLY MANAGED FUNDS (IMF)

<b>IMF Revenue Collected</b>	\$756,957
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<b>Expenses</b>	\$502,147
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## APPROVED FUNDING FOR 2019

FUNDING SOURCE	TOTAL (\$)
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QSSB	\$3,078,750
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USB	\$35,140,072
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<b>Total Checkoff</b>	<b>\$38,218,822</b>
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FMD	\$8,521,831
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MAP	\$4,323,886
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<b>Total FAS</b>	<b>\$12,845,717</b>
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<b>Checkoff &amp; FAS Total</b>	<b>\$51,064,539</b>
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## FUNDING BY ALLOCATION 2019

### REGION



**Total Available  
for Investment**

**TOTAL (\$)**

\$4,985,727

\$2,345,448

\$3,252,414

\$3,191,288

\$2,362,647

\$5,079,087

\$5,595,900

\$24,252,028

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\$51,064,539

## **USDA AGRICULTURAL TRADE PROMOTION (ATP) PROGRAM FUNDING**

In 2019, USSEC and its colleague organizations, SSGA and WISHH received U.S. Department of Agriculture's (USDA) Agricultural Trade Promotion (ATP) program funds to support both short-term and long-term strategies that will build new markets for U.S. soybean producers.



The focal point of this strategy is to make investments into new markets where there is significant future potential owing to factors like population size, upward economic trends and low protein consumption.

As we move forward, USSEC is focused on expanding in global markets where we can have an impact and investing in markets that represent future growth opportunities.

ATP funds have been critical to help U.S. soybean farmers who have been disproportionately impacted by export uncertainty over the past year. These funds provide additional resources to help farmers and industry members remain competitive globally.

**ATP FUNDING  
2019**

<b>USSEC</b>	<b>TOTAL (\$)</b>
AF - Africa	\$3,033,696
AM - Americas	\$2,284,181
ASC - Asia Subcontinent	\$6,602,800
EU - European Union	\$866,800
MENA - Middle East / North Africa	\$5,740,000
NA - North Asia	\$205,000
SA - Southeast Asia	\$3,340,480
WW - Worldwide	\$6,763,711
<b>Total USSEC</b>	<b>\$28,836,668</b>

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**Grand Total**

**WISHH****TOTAL (\$)**

WISHH

\$3,740,000

**Total WISHH****\$3,740,000****SSGA**

EU - European Union

\$340,450

NA - North Asia

\$189,550

SA - Southeast Asia

\$1,375,448

WW - Worldwide

\$150,000

**Total SSGA****\$2,055,448****\$34,632,116**

## USSEC MEMBERS *(As of February 2020)*

ADM	Hang Tung Resources USA
Ag Processing Inc.	Healthy Food Ingredients (SK Food International, Inc.)
Agniel Commodities, LLC	Illinois Soybean Association
Alabama Soybean Producers	Indiana Soybean Alliance
Anchor Ingredients	Inland Empire Milling Company, LTD
Anderson International	Insta-Pro International
Arkansas Soybean Promotion Board	International Feed
BASF	International Grains Program Institute
Bayer Crop Science	Intertek USA
Bluegrass Farms of Ohio	INTL FCStone
Brushvale Seed, LLC	IOM Grain LLC
Bunge North America	Iowa Farm Bureau Federation
Cargill	Iowa Soybean Association
CGB Enterprises, Inc.	Kansas Soybean Commission
CHS, Inc.	Kentucky Soybean Promotion Board
Citizens L.L.C.	KG Agri Products, Inc.
Clarkson Grain Company Inc.	Knewton Soy Products LLP
CME Group	Landus Cooperative
CoBank	Michigan Soybean Promotion Committee
COFCO International Grains US	Midwest Ag Enterprises Inc
Commodity and Ingredient Hedging LLC	Minnesota Department of Agriculture
Corteva	Minnesota Soybean Research and Promotion Council
DG Global	Missouri Department of Agriculture
DuPont Nutrition	
Fornazor International, Inc.	
Gavilon Group LLC	
Global Processing, Inc.	
Grain Millers Specialty Products	

- Missouri Soybean  
Merchandising Council
- Montague Farms, Inc.
- National Oilseed  
Processors Association
- Nebraska Soybean Board
- Neco Seed Farms Inc
- 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
- Pennsylvania Soybean Board
- Perdue Agri Business, Grains  
and Oilseed Division LLC
- Pipeline Foods
- PURIS
- R. J. O'Brien & Associates, LLC
- Richland IFC, Inc.
- Rogers Grain Inc.
- Russell Marine Group
- SB & B Food, Inc
- Schwartz Farms
- Scoular Company
- South Dakota Department  
of Agriculture
- South Dakota Soybean  
Processors, LLC
- South Dakota Soybean  
Research and  
Promotion Council
- Soyko International, Inc.
- Specialty Soya and  
Grains Alliance
- Star of the West  
Milling Company
- Stone Arch Commodities
- Syngenta
- T. Parker Host
- Tennessee Soybean  
Promotion Council
- The Andersons
- The Delong Company, Inc.
- The Redwood Group, LLC
- Thionville Laboratories
- Trans Globe LLC
- TransGraph Consulting Pvt.
- US Nisshin Shokai
- Virginia Department  
of Agriculture and  
Consumer Services
- Wenger Manufacturing
- Wheaton Grain Inc.
- Wisconsin Soybean  
Marketing Board
- Zeeland Farm Services Inc.



## OUR 2020 VISION FROM JIM SUTTER, USSEC CEO

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### **Market diversification**

continues to be a focus as we continue to build international preference and demand for U.S. Soy.

Developing **emerging markets** is key as we work to facilitate future market development. As U.S. Soy closes existing gaps in per capita consumption growth, export opportunities grow.

**Market access**, both proactive and reactive engagement, is supported at every market stage and includes relationship management, crisis management, and policy advocacy that maximizes the U.S. Soy competitive advantage and minimizes potential trade barriers.

## **USSEC**

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