

## **USSEC Helps Provide Extra Profits to U.S. Farmers**

(St. Louis, MO) – Farmers are getting premiums as high as 25 cents per bushel for soybeans sold at elevators transporting grain via containerized shipping – the process of sending grain internationally via containers that can be easily moved among ships and trains.

The benefit to U.S. soybean growers is due in part to the efforts of the U. S. Soybean Export Council (USSEC), which has worked closely with U.S. exporters and overseas customers to promote containerized shipping. In the past four years, a growing number of grain elevators around the country have gotten involved as the value of container export shipments becomes apparent.

“Containerized shipping provides the U.S. soybean industry with access to new markets and potential customers,” says Miguel E. Escobar, acting CEO of USSEC. “The value and flexibility of this option gives U.S. growers a competitive advantage. Exporting U.S. soy in containers is big business as containerized soy shipments from the U.S. totaled as high as 9% of exports valued at over \$1 billion per year.”

The benefits are shared with farmers and grain elevators.

“Basically, we’re able to get more for beans that we send out in containers, and in return we’re able to pay our local farmers more,” said John Seely, grain merchandising specialist for the St. Clair Service Company in Belleville, Ill.

St. Clair FS began utilizing containers in 2008. In 2009, it shipped 350 containers through the DeLong Company of Clinton, Wis., which contracts cargo containers from shipping companies and exports soybeans to Asia and other regions.

For Illinois farmers like Wayne Heberer, William Rulevish and Joe Landers, getting an extra nickel, dime or quarter for each bushel of soybeans is, well, “good business.”

“When they started loading containers at the elevator, I wasn’t sure what the advantage would be for me,” said Landers, an Illinois grain and livestock farmer who typically grows 400 to 500 acres of soybeans per year,” said. “But even if it is a nickel per bushel, that’s a nickel per bushel. And that’s good business.”

Seely reported that at the end of 2009, St. Clair was paying a premium of 25 cents per bushel – the national average ranged from 10 to 25 cents per bushel in 2009. He also

said that St. Clair is expanding its containerized shipping to a second elevator in Summerfield, Ill.

“We have truck driver who picks up the empty containers located by DeLong, drops them off at our elevator, picks them up when they are full and hauls them over to the St. Louis railyard,” explained Seely. “From there they are exported by DeLong.”

### **USSEC promotes containerized shipping to importers**

USSEC successfully promoted containerized shipping of U.S. soybeans and soy meal for several years and it continues to be successful even in the global economic downturn and upheaval in global shipping rates. USSEC held industry conferences in China, Taiwan and Southeast Asia in addition to highly popular programs in Chicago and New Orleans. The benefits of “flexibility” was demonstrated during a recent conference when a team of Chinese feed millers indicated to USSEC that they had experienced difficulties purchasing less than vessel size volumes of high-quality U.S. soybeans. Learning about the flexibility of containerized shipping, the China team began purchasing the desired U.S. soybeans in containers.

And following a recent transportation conference, Chinese attendees from Dalian, Shanghai, and Zhengzhou purchased more than 3 million bushels of U.S. soybeans.

Containerized shipping is not just for customers in Asia as USSEC’s successful promotion of containerized shipping in Romania proved in 2009. In April, Suinprod, the leading swine producer in Romania, placed a \$500,000 order for its first containerized shipment of U.S. soybeans. USSEC assisted in the transaction, which took months of negotiations.

### **Making use of empty boxes**

More than 8 million cargo containers loaded with consumer goods enter the U.S. from foreign countries each year. Many of the 20- or 40-foot steel boxes are sent back overseas completely empty.

Exporters, U.S. grain companies and international marketing groups like USSEC realized the containers sent back by the U.S. may have been void of contents but full of potential.

After a great deal of effort and promotion, many of the steel boxes are loaded with U.S. soybeans and returned to China, Taiwan and a number of other places around the globe.

There are a number of advantages for the transportation companies.

According to major grain transportation companies such as DeLong, the difference between bulk ocean freight rates and container freight rates has motivated the demand for containerized soybeans. Increased international demand in the late 2000s pushed freight rates to an all-time high of more than \$100 per metric ton, while container rates were closer to \$65 to \$75 per metric ton. Though the bulk rates have lessened recently, container rates are still cheaper.

Just as important, a study by the Soybean Checkoff revealed that ocean carriers spend close to \$100 billion per year operating their container assets. Of that number, approximately \$16 billion is attributed to the cost of repositioning empty equipment to the point of its next cargo.

### **USSEC focuses on increasing markets**

The advantage for U.S. soybean growers is obvious: more international markets means more demand – which means a higher price for the soybeans they grow.

U.S. grain elevators big and small are hoping containerized shipping continues to grow.

Meanwhile, grain elevators and farmers are closely watching how transportation and international markets affect their bottom line – which is highly dependent on the prices they receive at selling time.

“Selling more beans and grain to foreign countries ultimately means more business for elevators like us here in the United States,” said Seely, pointing out that the St. Clair FS is the only elevator using containerized shipping in his region of Illinois. “If we keep selling more beans, we’re going to need more efficient ways to transport it.”

Rulevish, who farms about 600 acres in Illinois, admitted that as a farmer and creator of a soybean crop, what happens after he delivers his beans to the elevator isn’t at the forefront of his mind.

“But again, if I’m going to get a nickel more because my beans are going in a container, then suddenly I’m willing to pay attention.”