



Issues Impacting the Global Oilseed Industry

Industry Forum
Thomas Hammer, CEO
National Oilseed Processors Association
February 9, 2010
Tucson, Arizona

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Brief outline of my presentation

- NOPA – Mission & Members
- US Soybean Supply/Demand Situation
- NOPA – Crush Statistics
- NOPA Priority Issues
- **Global Oilseed Industry must be allowed to remain profitable & competitive!**

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National Oilseed Processors Association (NOPA)

- NOPA Mission
 - Represents US soybean, sunflower seed, flaxseed & canola crushing industries
 - Assist US oilseed processing industry to be the most **competitive & profitable** in the world
 - Help unite US growers, processors & customers across the entire value chain to respond to global challenges & opportunities
 - **Partner with global oilseed crushing industries to resolve global issues!**

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NOPA Members

- 16 NOPA member companies
- Account for 96% of US soybean crush
- Operate 66 processing plants in 21 states
- Crush 1.6 billion bushels, comprising 54% of US soybean farmers' production in 2008/09



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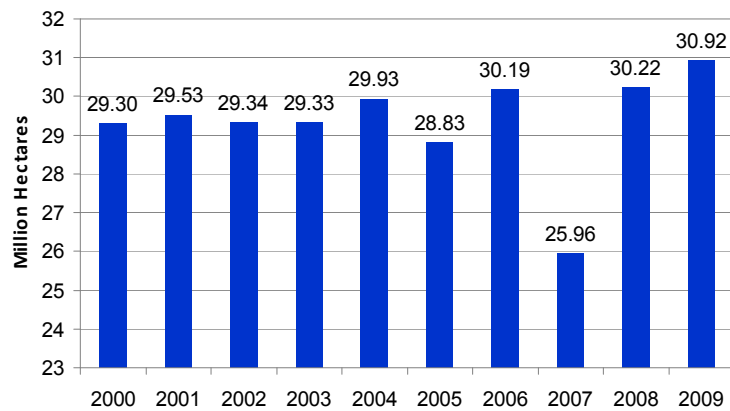
US Soybean Supply & Demand Situation

- Supply
 - Harvested Acres
 - Production
 - Soy Biodiesel
- Demand
 - Soybean Meal
 - Soybean Oil
- Exports



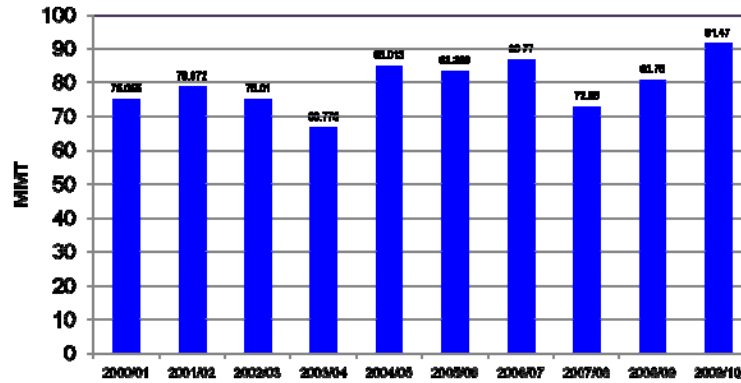
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U.S. Soybean Harvested Area 2000 – 2009



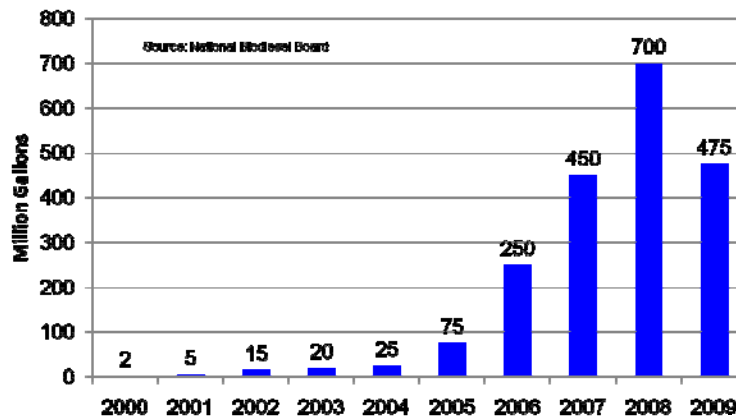
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U.S. Soybean Production 2000 – 2008 and USDA Forecast for 2009



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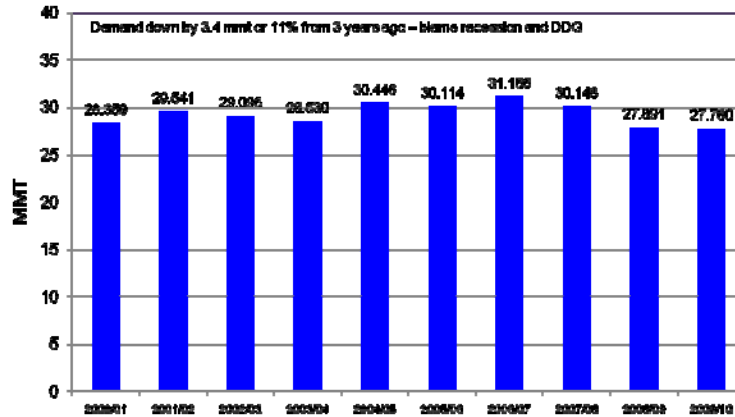
U.S. Biodiesel Production 2000 – 2008 and NBB Estimate for 2009



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U.S. Soybean Meal Consumption

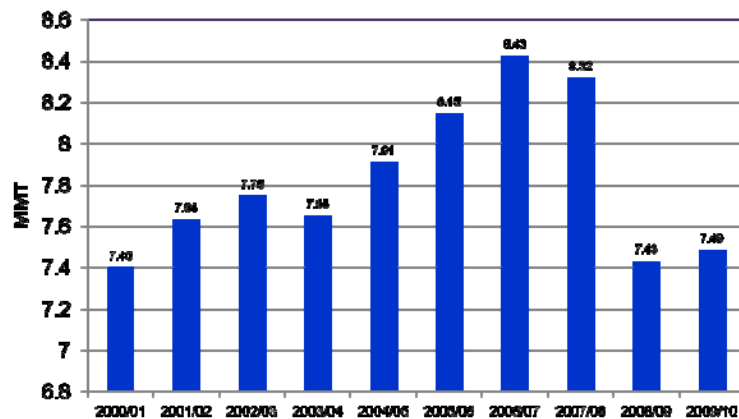
2000/01 – 2008/09 and Forecast for 2009/10



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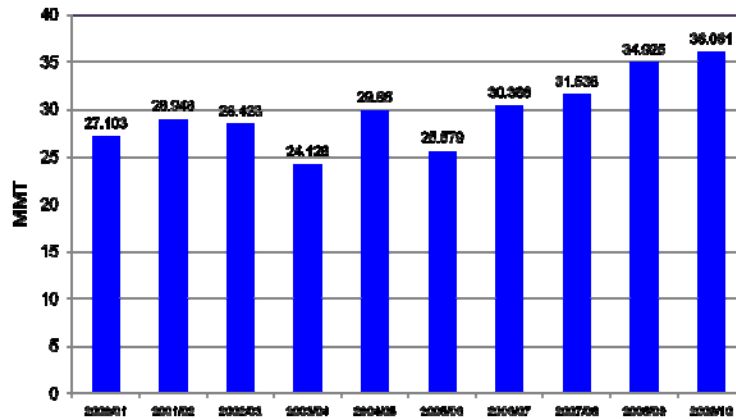
U.S. Soybean Oil Consumption

2000/01 – 2008/09 and Forecast for 2009/10



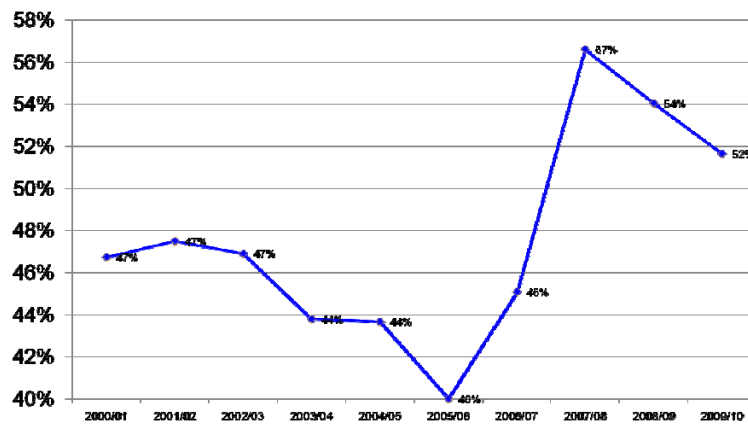
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U.S. Soybean Exports 2000/01 – 2008/09 and Forecast for 2009/10



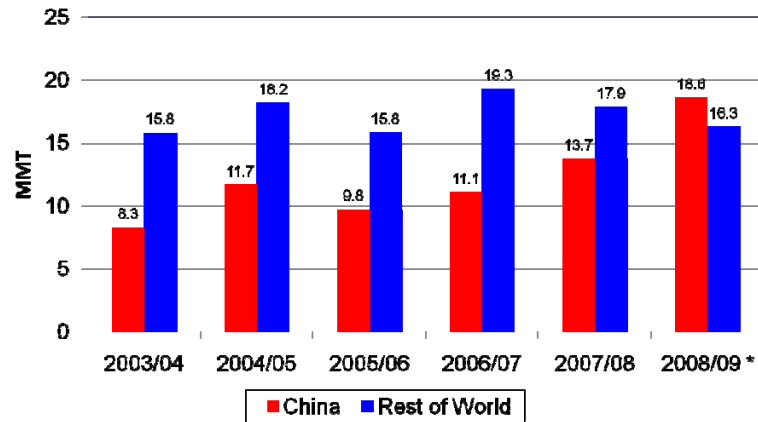
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U.S. Soy Exports as Share of Production 2000/01 – 2008/09 and USDA Forecast for 2009/10



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US Soybean Exports to China & Rest of World – 2003/04 to 2008/09



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NOPA Members – Monthly Crush Statistics

- Soybean Crush
- Soybean Meal Exports
- Soybean Meal Produced
- Soybean Oil
 - Produced
 - Stocks
- Soybean Yields
 - Meal
 - Oil

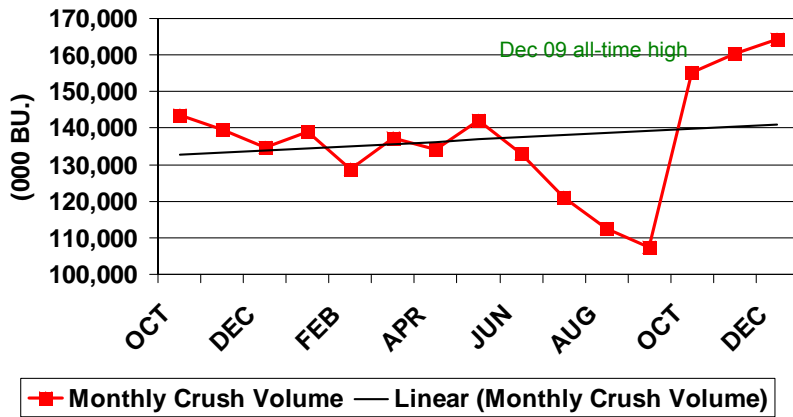


Issued around the 15th of each month

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NOPA MONTHLY CRUSH

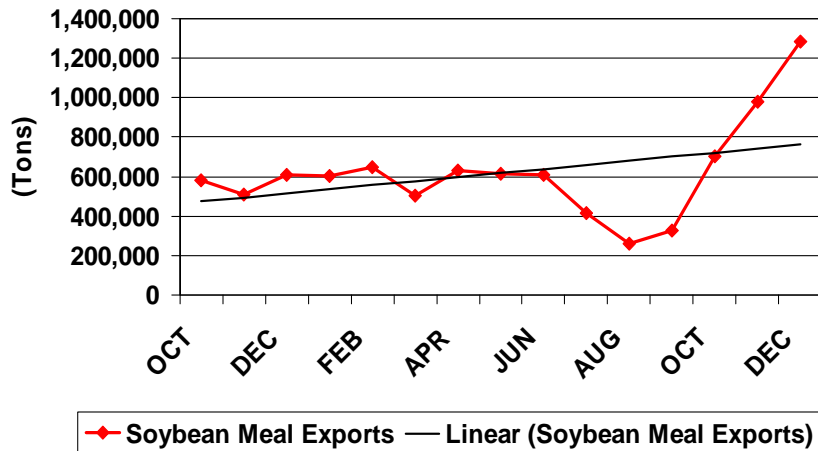
October 2008 – December 2009



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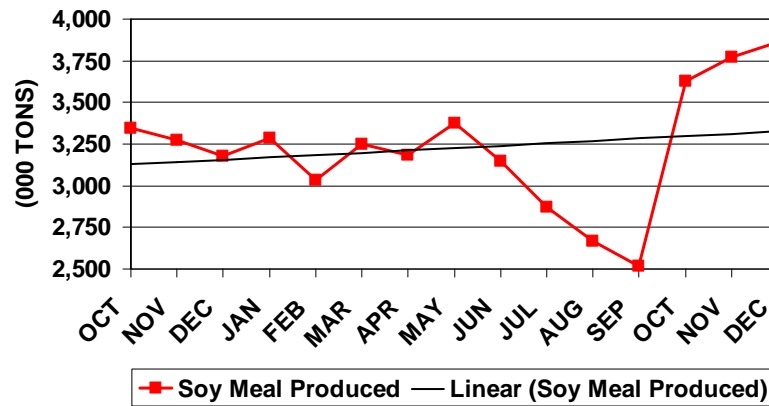
NOPA MONTHLY MEAL EXPORTS

October 2008 – December 2009



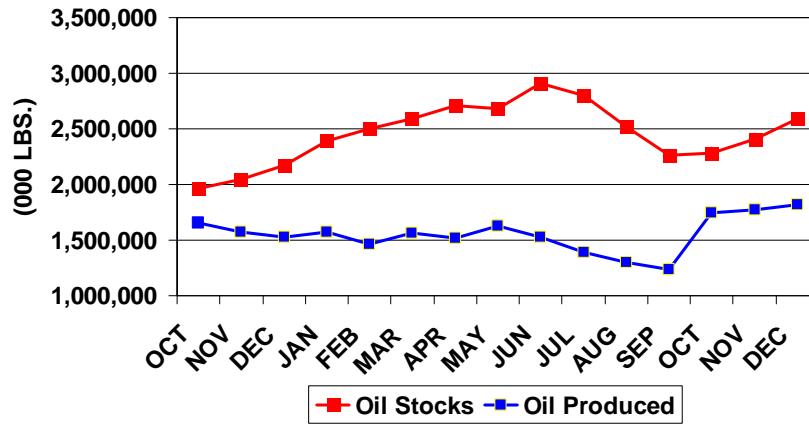
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NOPA MONTHLY SOYMEAL PRODUCED October 2008 – December 2009



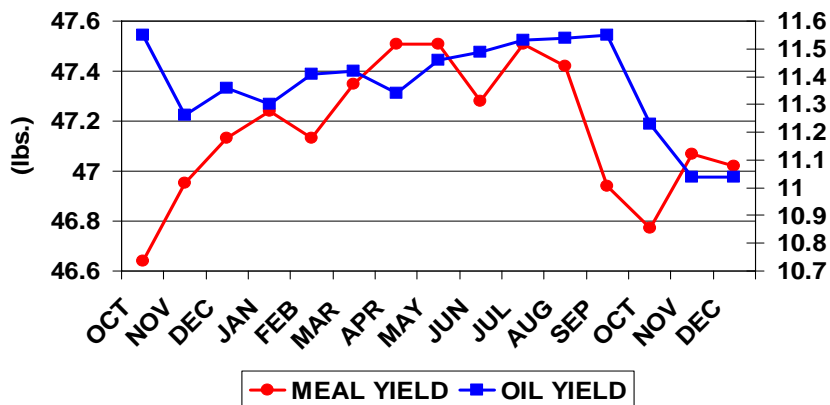
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NOPA MONTHLY SOYOIL PRODUCED & OILSTOCKS - October 2008 – December 2009



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NOPA MONTHLY MEAL & OIL YIELDS



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NOPA PRIORITY ISSUES

- Climate Change Legislation/Regulation
- Food/Feed Safety Legislation/Regulation
- Trade Liberalization/Enforcement
- Threats to Animal Agriculture
- Biotechnology Releases/Acceptance

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Climate Change Legislation Direct Costs – Oilseed Processers

- Purchase of GHG Allowances & Additional Energy Costs *
 - Increased Near-Term Costs (2015-19):
 - \$790 million to NOPA Members
 - \$2.6 million per plant
 - Increased Moderate-Term Costs (2020-24)
 - \$1.1 billion to NOPA Members
 - \$3.7 million per plant
- Global Challenge cannot be solved by any one nation acting unilaterally...

**NOPA Analysis*

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Climate Change Legislation - Loss of Productive Cropland

- Impact on arable farmland to trees & grasslands to earn carbon offsets by 2050*:
 - ↓ 35 million cropland acres
 - ↓ 24 million pastureland acres
 - ↓ 21.9% change in corn acres
 - ↓ 28.8% change in soybean acres
- Further analysis needed to determine impacts on agricultural production, commodity prices, exports & consumers costs...

**USDA Analysis 12/18/09*

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Additional Efforts to Regulate GHG Emissions

- EPA Regulations
 - Clean Air Act
 - Endangerment Finding
- State/Regional Cap & Trade Initiatives
- UN Framework Convention on Climate Change



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Food/Feed Safety Legislation & Regulation

- Congressional Legislation
 - Bipartisan support
 - Could pass by end of 2010
- FDA Regulations
 - Animal Feed Safety Initiative
 - Proposed Regulations Sep/Oct 2010
- Border Controls

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International Trade – Liberalization & Enforcement

- Doha Development Round
 - Market Access – Oilseeds & Products, Meat
 - DETs - Eliminate
- Free Trade Agreements
 - US – S. Korea, Columbia, Panama, TPP
 - Foreign FTAs – prolific expansion
- Trade Enforcement
 - Offensive – DETs
 - Defensive – Buy American, Russian Meat Restrictions, China Poultry Case

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Threats to Animal Agriculture

- Domestic Challenges:
 - Profitability
 - Physical Well-Being of Animals
- International Trade – Exports
 - Market Access to Emerging Markets
 - Maintaining Existing Markets
 - China
 - Russia

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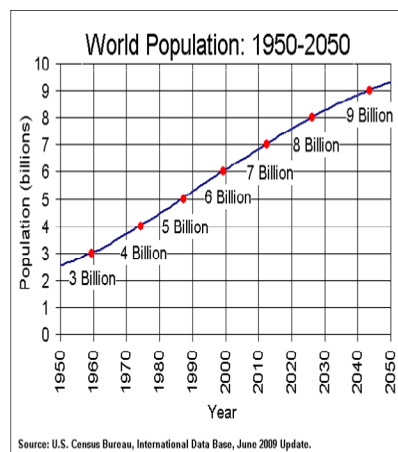
Biotechnology - New Events Releases & Acceptance

- World Population – increase by 40%
- Global Soybean Supply vs. World Demand
- Soybean Industry Portfolio
- Global Biotechnology Environment
- **Biotechnology is the Future...**

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World Population expected to increase 40% by 2050

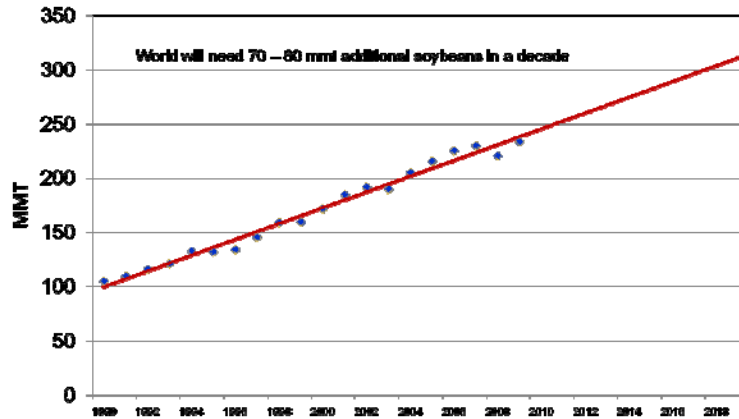
- World's population expected to grow 40% by mid-century
- Given broad-based economic growth, it lifts several 100s of million low-income consumers out of poverty
- This likely means that agricultural commodity prices will remain strong
- But the cure for high prices – is high prices



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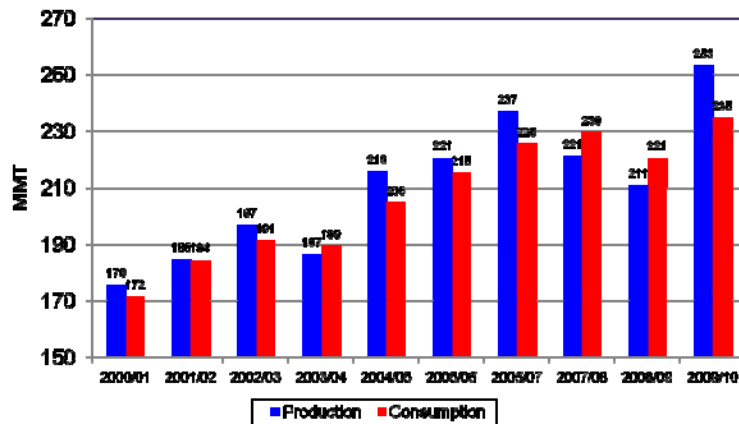
Global Soybean Consumption

1990/91 – 2009/10 and Trend to 2009/10

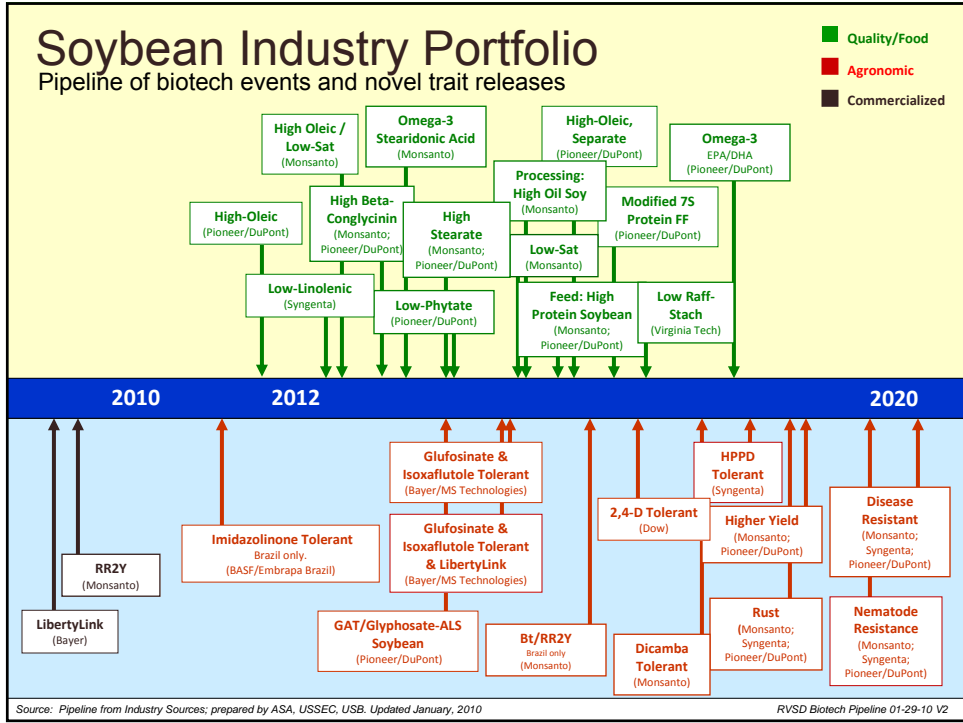


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Global Soybean Supply keeping pace with World Demand – just barely



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Global Biotechnology Environment

December 2009	Consumers	NGOs/Media	Regulatory	Political	Livestock Farmers	Crop Farmers	Food Industry & Retailers
China	■	■	■ ↑	■ ↑	■	■	■
EU	■	■	■	■	■	■	■
Mexico	■	■	■	■	■	■	■
Japan	■ ↓	■	■	■	■	■	■
Taiwan	■	■	■ ↑	■	■	■	■
Indonesia	■	■	■	■	■	■	■
S. Korea	■	■	■ ↑	■	■	■	■
Turkey	■ ↓	■ ↓	■ ↓	■ ↓	■	■	■ ↓
Colombia	■	■	■	■	■	■	■
Philippines	■	■	■ ↑	■ ↑	■ ↑	■ ↑	■ ↑
Thailand	■	■ ↓	■	■ ↓	■	■	■
Vietnam	■	■	■	■	■	■	■
India	■	■	■	■	■	■	■

■ Very negative ■ Negative ■ Uncertain ■ Neutral ■ Positive ■ Very positive Trend: ↑ Improving ↓ Worsening No arrow = no change

Biotechnology is the future!

- I am a biotechnology optimist! Thomas Malthus – a colossal pessimist - will continue to be proven wrong
- Working together, we are capable of increasing world agriculture production 40% by 2050 without causing extremely high prices
- But – to do this, we must work to overcome emotional, non-scientific barriers to biotechnology



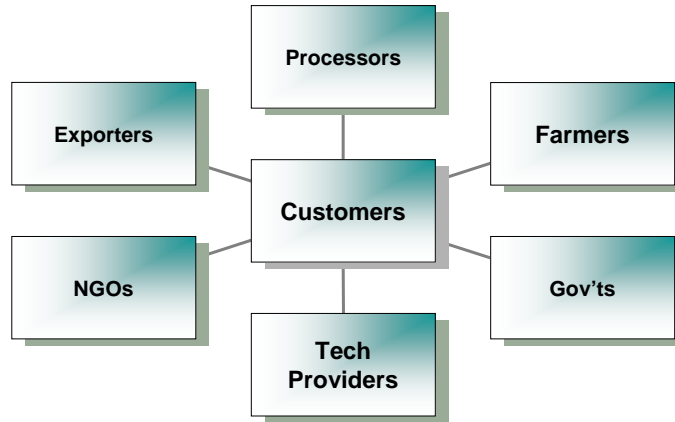
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Global Oilseed Industry Threats to Profitability/Competitiveness

- Non-Acceptance of Biotechnology Advances
- Unfair Trade Policies & Practices
- Unilateral Climate Change Legislation & Regulations
- “Zero-tolerance” Food/Feed Safety Regulations
- Restrictions on Animal Agriculture
- Growing Anti-Business Climate...

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Together we can reinvent the global soy value chain to face coming global challenges



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US Soybean Processors Value Our Partnerships with ABIOVE & FEDIOL

- Thank you for allowing me to be a part of this important global panel
- On behalf of NOPA's soybean processing members, I thank ABIOVE & FEDIOL for our continued close partnership
- **Questions...**



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