



SUSTAINABILITY – AG INDUSTRY AND SOY PROGRAMS

USDA Outlook Forum – February 21, 2013

Jim Sutter, CEO

U.S. Soybean Export Council

WHO WE ARE



- We represent and market the U.S. soy family internationally
- We are a dynamic partnership of key stakeholders from throughout the U.S. soy family
- Founding members ASA and USB play key roles
 - ASA develops domestic policy positions and lobbies on behalf of U.S. growers and soy family and is the Cooperator with FAS
 - USB determines checkoff investment strategy and oversees implementation of national/state programs
- Recently agreed to use **USSEC** name globally

OUR CHARGE



USSEC's Strategic Goals

1. Increase the volume of U.S. soybean and product exports to 2.2 billion bushels by 2015 from current 2011 benchmark levels (~1.9 billion bushels)
2. Enhance the reputation of the United States as a reliable, sustainable and consistent supplier of quality soybean products
3. Continually improve USSEC as a world class marketing organization

WHAT WE DO



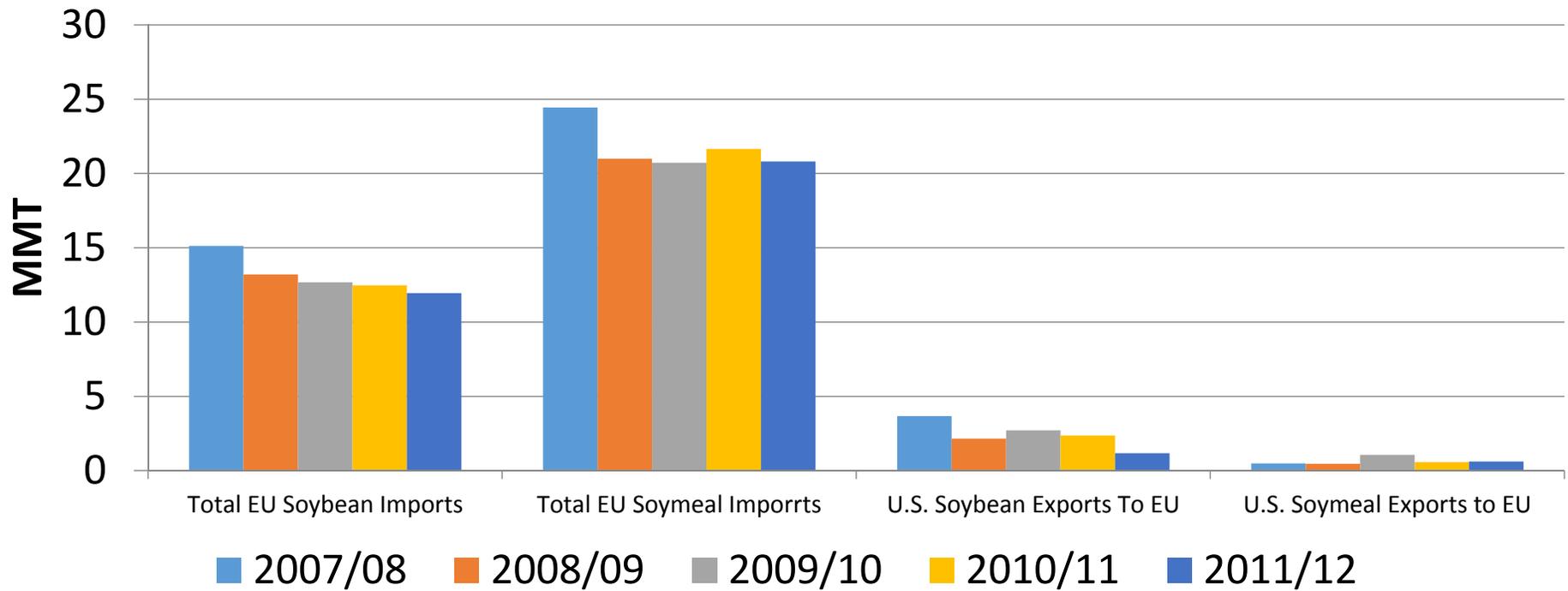
- We **advocate** U.S. positions on topics on current hot-button topics
- We **communicate** the total quality experience of U.S. soy
- We **educate** customers of U.S. soy in modern production practices to improve efficiencies
- We **evaluate** the effectiveness of our own programs
- We **organize** research to prove benefits of U.S. product

LOW U.S. SHARE OF EU SOY IMPORTS

- The EU-27 has averaged importing 13.09 MMT of soybeans and 21.73 MMT of soymeal over the last 5 marketing years.
- However, U.S. exports to the EU during the same 5-year period have averaged only 2.42 MMT of soybeans and .644 MMT of soymeal.
- That is a U.S. market share of only 17.6% and 3% respectively and about 8% share of U.S. Bean and Meal exports.
- Most EU soy imports are from Argentina and Brazil

TOTAL EU SOYBEAN AND SOYMEAL IMPORTS & EXPORTS TO EU

U.S. Soybean and Soymeal



U.S. SOY for a growing world

2 DISTINCT SECTORS :



- Governmental: EU sustainable regulations only on fuel – not yet food or feed
 - Renewable Energy Directive (RED)
 - Several certification schemes are established with governmental approval
- Commercial : Industry driving sustainability “schemes” globally with voluntary marketing claims
 - Unilever, FEFAC, Dutch Feed Association
 - Food retailers creating own scheme
 - Hope to relieve pressure of biotech issue

MAJOR TRENDS FOR SOY



- Feed Industry reliance on Round Table Responsible Soy (RTRS)
 - Supply is limited with very few soy producers involved
 - RTRS certifying coops in India and China
- U.S. soy industry most sustainable
 - U.S. Industry resistant to adoption of schemes due Cost and Impracticality
 - Developed “U.S. Soybean Sustainability Protocol”

RED EQUIVALENCY

Renewable Energy Directive Criteria	U.S. Equivalence
35% greenhouse gas emission reduction	<ul style="list-style-type: none"> 55-57% reduction per USB calculations using RED methodology <ul style="list-style-type: none"> 57% reduction per EPA methodology
Protection of primary forest, protected areas, and highly biodiverse areas	Highly Erodible Land Conservation (Sodbuster) National Landscape Conservation System Conservation Compliance USDA Forest Service Endangered Species Act National Park Service
Protection of land with high carbon stocks and wetlands	Clean Water Act Wetlands Reserve Program (Swampbuster)
Preservation of peatland	Clean Water Act State laws protecting peatland
Adequate standard of independent auditing	<ul style="list-style-type: none"> > 95% of NASS reported acreage is internally audited NRCS conducts annual random audits of no less than 5% of internally audited acreage

NEXT STEPS ON RED



- Bi-lateral efforts – U.S. and E.U. governments discussing
- National efforts within EU
- Doubt much will happen until more EU member states actually implement
- Threat: ineligibility of soyoil from U.S. soybeans to be used for EU renewable fuels could further limit demand for U.S. beans

COMMERCIAL GOALS AND DEADLINES



- Dutch and Belgium Feed Industry voluntary requirement – Jan 1, 2015 – only “sustainable” soy to be used
- Various “schemes” can satisfy
- Feed manufacturers in various countries looking for alternatives
- U.S. product is sustainable and we have certification process to document

U.S. SOY SUSTAINABILITY IS REAL



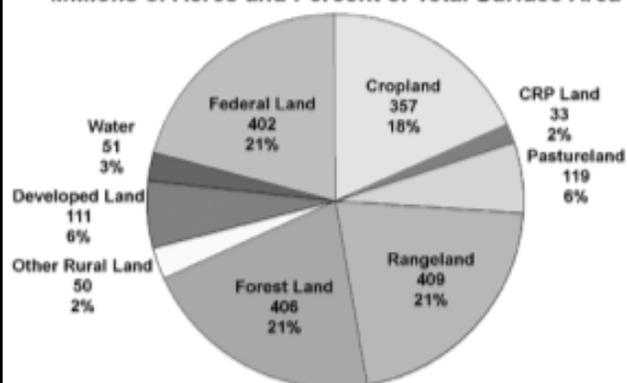
- 95+% of U.S. Soy Crop grown on land with conservation plan that is farmed sustainably
- High Historic levels of conservation funding and program participation
- 9,000 staff across 50 states operating in every county
 - Soil scientists, biologists, engineers
- Partnerships at local and state level
 - Farmers, community leaders, environmental NGOs, Tribes, universities, state agencies
- Site-specific, science-based conservation plans working, one-on-one with farmers

U.S. SOYBEAN SUSTAINABILITY ASSURANCE PROTOCOL



- Based on U.S. national system of conservation laws
- Includes Best Production Practices by 275,000+ U.S. soybean producers
- Aggregate approach
- Quantifiable results
- Third party audit and certification

Surface Area, by Land Cover/Use, 2007
Millions of Acres and Percent of Total Surface Area



Total Surface Area = 1,938 Million Acres
Cropland includes cultivated and non-cultivated cropland.

Four directives with control Measures & Regulations

- Biodiversity and High Carbon Stock
 - Wetland, grassland, forest, biodiversity
- Production Practices
 - Conservation tillage, crop rotation
- Public and Labor Health and Welfare
 - EPA, EEO, OSHA
- Continuous Improvement
 - CRP, Conservation programs, precision farming

PROTOCOL



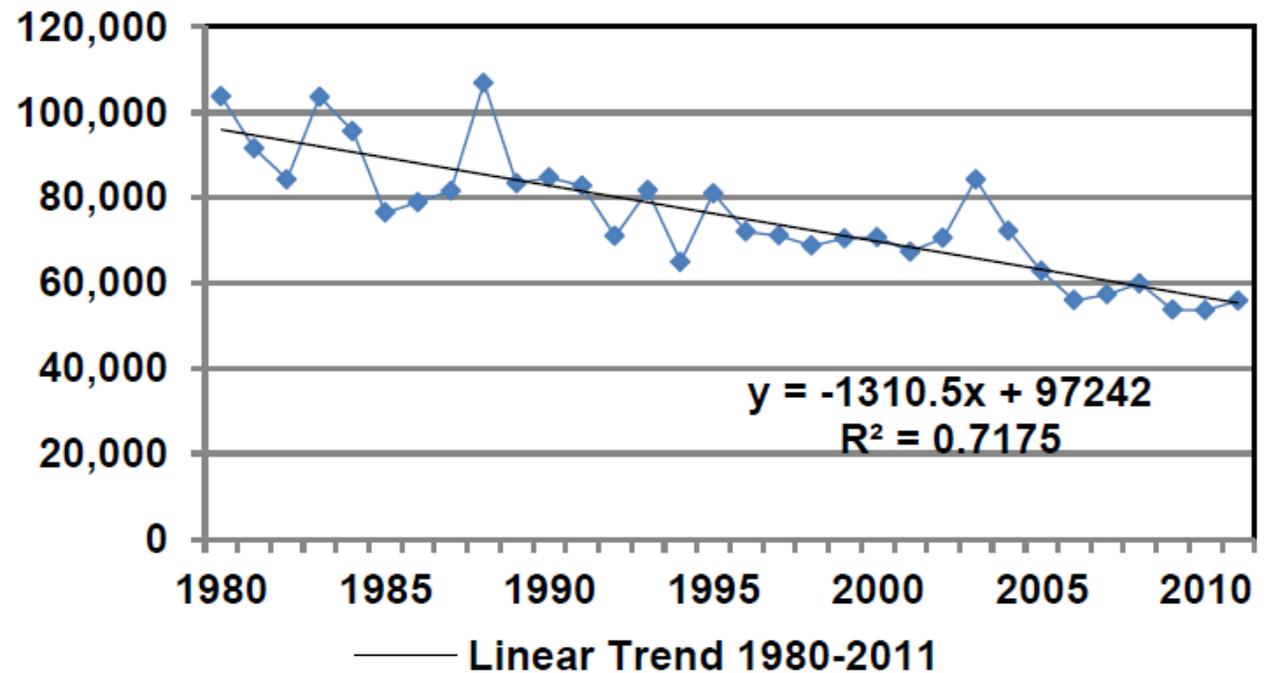
Measurement, Audit, Certification

- Annual measurement system of environmental impacts
 - Life Cycle Analysis, Field To Market reports
- Audits includes producer self-audit and independent third party audit by USDA-FSA of % of producers participating in Farm Program
- Sustainability Certification done on mass balance system by Soy Export Sustainability (SES)

ENERGY PER SOYBEAN BUSHEL

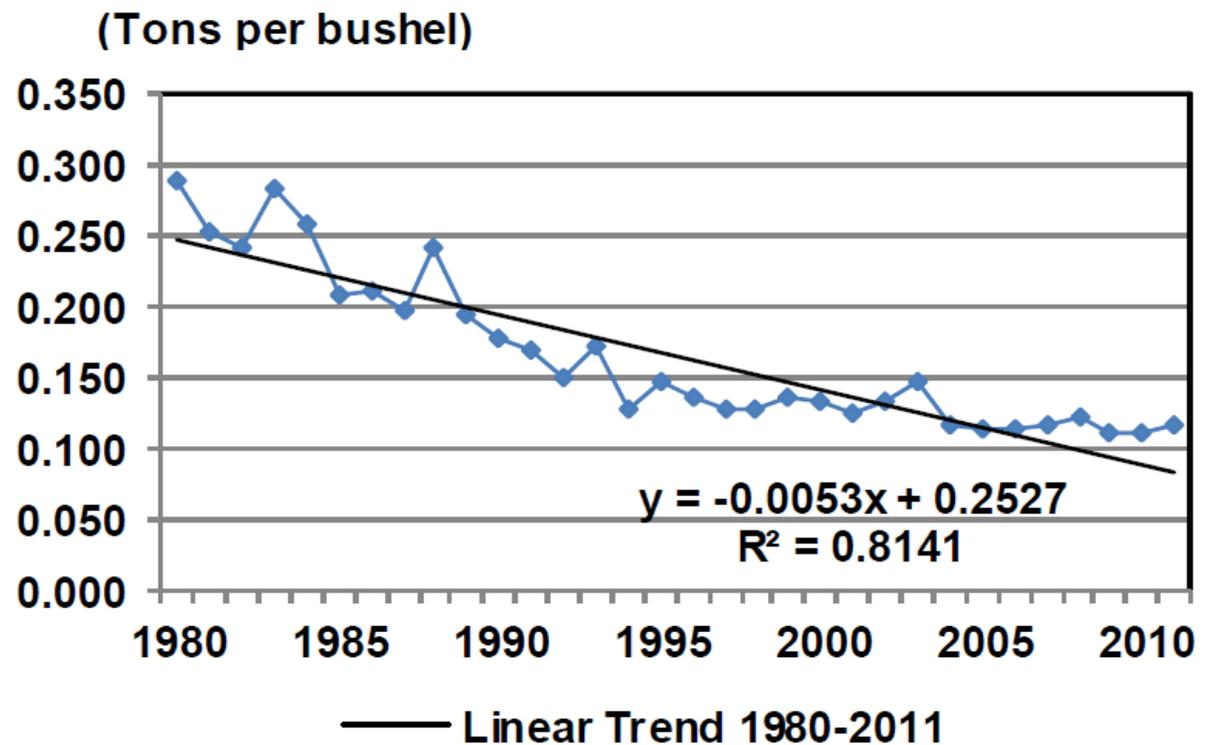


(Btus per bushel)



U.S. SOY for a growing world

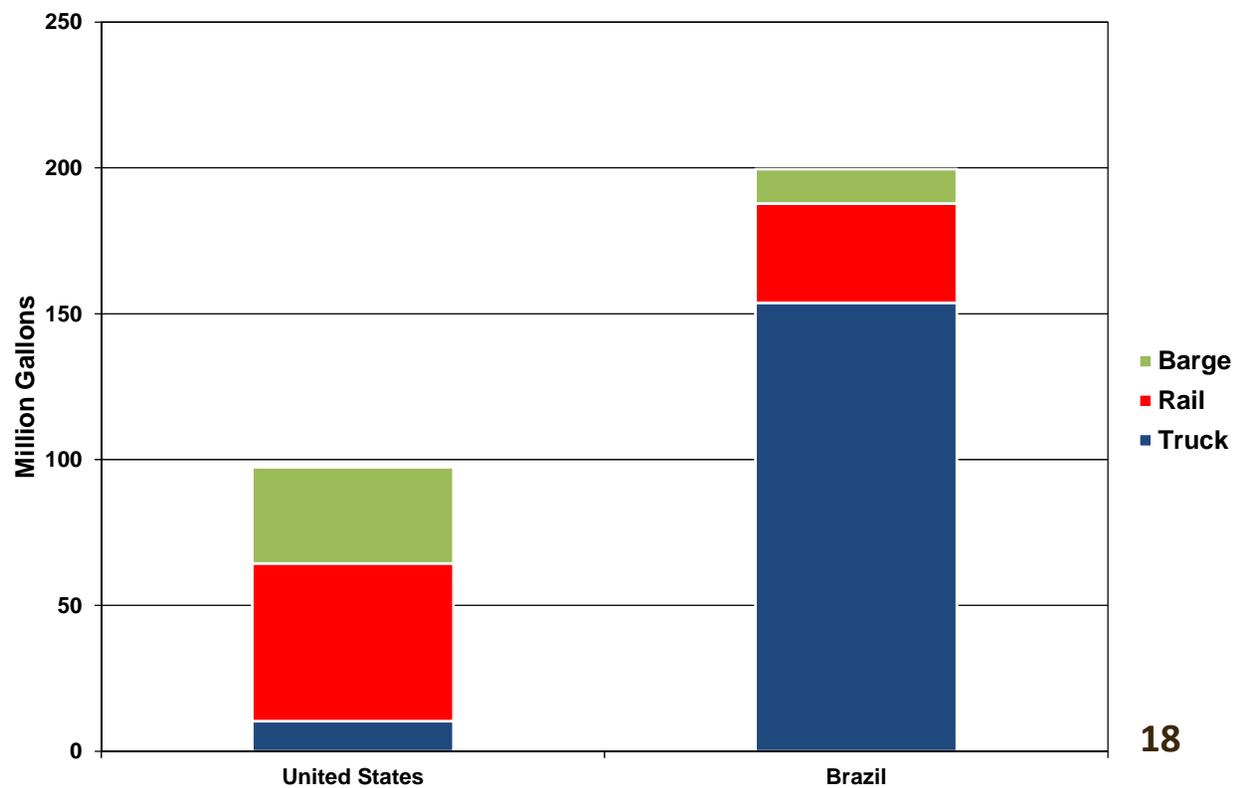
ANNUAL SOIL EROSION



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FUEL CONSUMPTION

Fuel Consumption Moving Soybeans to Market Position by Mode



U.S. SOY for a growing world

U.S. SOY SES CERTIFICATION – NEXT STEPS



- Finalizing system with U.S. exporters
- Ongoing discussions with E.U. Customers to educate and inform
- Target July, 2013 to begin certifying shipments

COLLECTIVE EFFORT – U.S. EXPORTERS



- Many commodities under the same pressures as soy
- U.S. has great track record, history across the board
- Collective effort to “advertise” and capture this competitive advantage
- As Sustainability becomes a market criteria helps U.S. position as a low cost provider

FOREIGN AG SERVICE – GBI

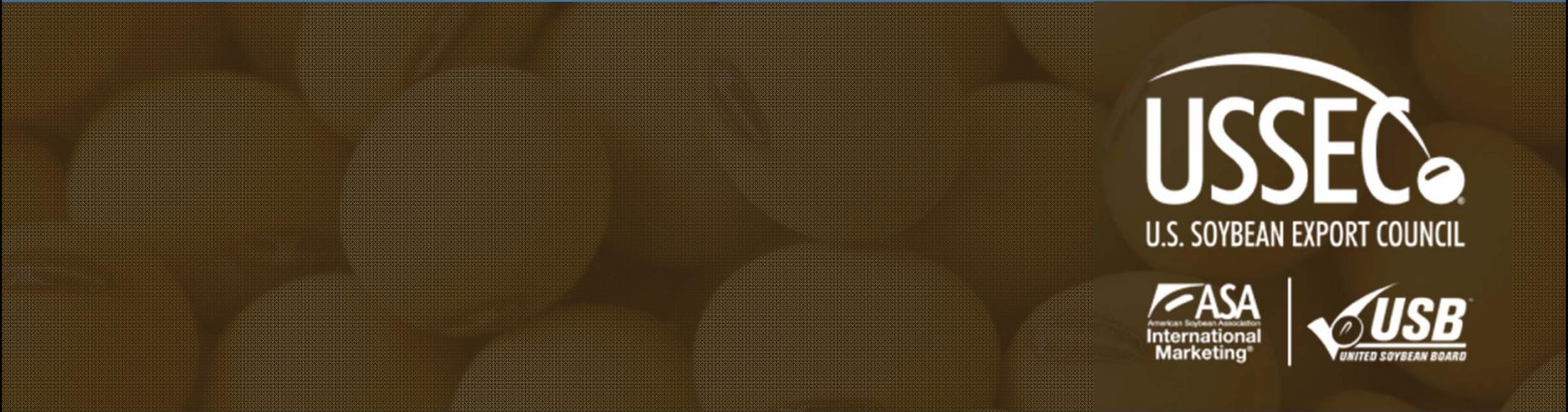
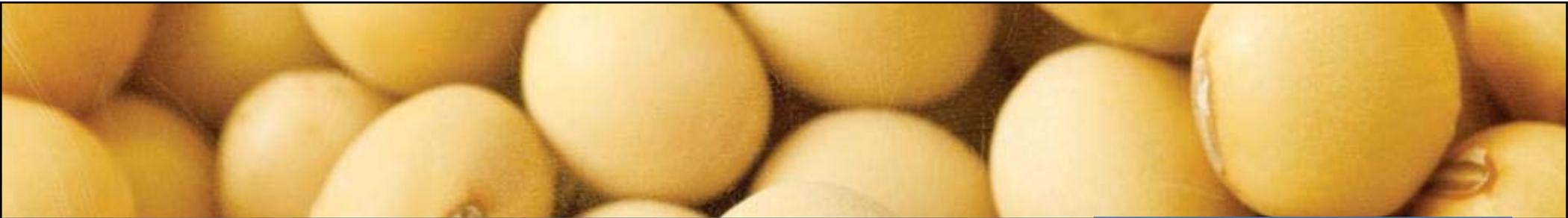
Linking U.S. Agriculture 
FAS to the World



Multi Cooperator promotion of U.S. Ag Sustainability

- FAS funded program to promote sustainability of U.S. agriculture focused on Europe
- Includes FAS cooperators for soy, rice, poultry, seafood, hardwoods, NAEGA
- Project implementation just starting
 - Identify common U.S. ag elements
 - Meet with industry & influencers
 - Determine strategy
 - Implement Europe communication outreach

U.S. SOY for a growing world



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