U.S. soybean market may be eroding

NEWARK, Del. - Competition for the world soybean market is stiff now, but it's going to get worse, says Jerry Caulder, director of market research at Monsanto, Inc.

Only through accelerated research in developing new uses for soybean protein and increased exports of textured vegetable protein will the U.S. be able to remain on a competitive level in the future world soybean market. According to Caulder, not only have other countries increased their soybean acreage tremendously in the past decade, but plantings of other oil-producing crops, such as the Malaysian oil palm and the coconut palm, will soon double in production throughout the world.

One of the keynote speakers at the Delmarva Soybean Meeting held last month in Salisbury, Md., Caulder expresses concern that the U.S. has been "giving away" technology to countries who in turn use it to compete with us.

It's taken us 45 years to bring soybean yields to the present level and increased plantings to the current 50 million acres, he says. In contrast, Brazil has become our greatest rival in less than a decade, rising from an insignificant producer of soybeans in 1968 to grow one-third as many soybeans as we did last year. In addition, their yields have already caught up with ours.

"Why teach the Brazilians to grow soybeans?" Caulder asks. "We can grow soybeans. Teach them to grow coffee. We can't grow coffee, so why do we continually fund technology being exported for nothing?"

One advantage to this competition is that soybean prices are prevented from fluctuating so drastically in the world market, says Caulder. Because the Brazilian cropping system is the exact opposite of ours (we harvest in the Fall, they harvest in the Spring), there is always a constant supply of soybeans.

He adds, however, that Brazil has already succeeded in capturing the West German market from the U.S. And, though they haven't yet sold much to our biggest customer, Japan, further embargoes such as the one a few years ago against selling our soybeans to Japan will drive the Japanese to look elsewhere for a source.

The soybean is a unique plant. its economic value lies in two factions: the protein contained in the beans and the oil produced from those beans. Even though the output of soybean oil per acre is usually greater than other domestic oil crops such as sunflowers, new plantings of Malaysian oil palm in Africa and Indonesia produce ten times as much edible oil per acre as soybeans.

Malaysian oil palm and coconut palm come into direct competition with only the oil faction of the soybean. Even so, some eight per cent of our oil market has been captured by the oil palm in the last 10 years and Malaysia's production of oil palm is expected to double by 1980, according to Caulder.

"It takes about three years for these acres to come into production," he says. "But the life of those trees is about 30 to 35 years. So it's a long-term investment on the part of the Malaysian government to invest in oil palm. The competition of this new planting will be there 35 years from now. Oil palm is a relatively easy crop to produce compared to some of the other tropical crops so the production costs will remain low."

Caulder concludes that the oil palm is here to stay. But the American soybean competes for the protein market as well as for the oil market. The protein portion of the soybean is just as important because of the soybean meal we feed to produce red meat.

"The protein content will be even more important in the future," Caulder states, "because the underdeveloped nations cannot afford the luxury of changing textured protein from vegetables to red meat like we do. Textured vegetable protein is going to be the protein of the future for most of the population of the world."

Caulder paints a grim picture of future world food production, stating that we must increase our cereal and vegetable production by 100 and 70 per cent, respectively, over the next 20 years in order to merely maintain the level of nutrition we have today. With industrialization and urbanization already eating away at the arable land now being farmed, we are confronted with the dilemma of a diminishing supply of land and a greater demand for what we can grow on this land. Underdeveloped nations are looking to the U.S. for the answers.

Soybeans may play a major role in alleviating problems with world protein shortages but soybean farmers must first get together to find new uses for the soybean. The only way the developing nations will make it, he says, is through consumption of textured vegetable protein and we must find the means to make this plant protein more palatable.

Caulder urges all soybean producers to organize for more research, better legislation and expanded markets. If this is not achieved soon, he says, the U.S. stands a good chance of losing the position we now enjoy in the world soybean market.

Price support crop loans available from ASCS

WASHINGTON, D. C. - Farmers having 1976 grain crops stored on the farm are eligible for Price Support Loans, according to the Agricultural Stabilization and Conservation Service.

Final dates for obtaining loans on 1976 grain production are as follows: 1976 wheat - $2.26, March 31, 1977; 1976 barley - $1.19, March 31, 1977; 1976 oats - $.86, March 31, 1977; 1976 corn - $1.69, May 31, 1977; 1976 sorghum - $1.44, May 31, 1977; 1976 soybeans - $2.43, May 31, 1977.

Grain placed under loan is mortgaged by Commodity Credit Corporation. Loans may be repaid by the producer at any time. Prior approval for sale of the commodity may be granted by the County ASC Committee. Loans require payment of interest at 7.5 per cent simple interest.

As of December 31, 1976, Pennsylvania farmers had obtained price support loans for 1976 grain crops as follows: Corn - 1,634,365 bu., $2,750,839.89; Sorghum - 3,240 cwt., 8,326.80; Oats - 61,597 bu., 47,996.74; Soybeans - 3,610 bu. 8,752.30; Wheat - 31,982 bu. 53,996.65.

In the United States, the following quantities of 1976 crops were put under support loan as of December 31, 1976: barley, 13,165,000 bushels; corn, 204,789,000 bushels; oats, 4,010,000 bushels; rye, 104,000 bushels; soybeans, 13,398,000 bushels; wheat, 226,067,000 bushels, and sorghum, 8,908,000 hundredweight.

Net quantities of 1975-crop grains under loan as of December 31, 1976, were. barley, 292,000 bushels; corn, 3,825,000 bushels; oats, 99,000 bushels; rye, 10,000 bushels; wheat, 1,974,000 bushels; and sorghum, 106,000 hundredweight.

Generally, lower grain prices and increased CCC loan rates have resulted in a substantial increase in the amount of grain being stored on farms and in approved warehouses with the aid of price support loans administered by the Agricultural Stabilization and Conservation Service, U.S. Deprtment of Agriculture.

Eligibility for participation in all programs administered by ASCS is established under law without regard to race, color, religion, sex or national origin.