
The Future of Soybeans

Food labeling laws change in 2006 and trans-fat labeling will be in effect. Soybean oil is an excellent cooking oil, but it does smoke a bit without modification. That modification is not needed and the trans-fat level is much lower with low-linolenic acid soybeans. Currently there are 50,000 acres of these soybeans in contract production in Iowa. Some projections are that we will go to full scale production of these contracted soybeans which will require 2 million acres of contract production. One corporate group has announced intentions to go to 600,000 acres of contract production by 2007. There are also other specialty beans being contracted - like organic soybeans, edible soybeans, tofu beans and others - which are in strong demand.

Diesel fuel standards require a lower sulfur content diesel fuel starting January 1, 2006. The engine lubrication factors aided by the sulfur will need to be replaced and biodiesel is a natural. It is likely the petroleum industry will come up with some petroleum additive to meet the needs for lubricity and maintain market share they hate to give up to soybean farmers. There is some evidence that this is indeed the case when a major supplier has asked their fuel distributors to remove biodiesel markings on pumps in recent weeks. Farmers may need to be working with their suppliers to counter this attack.

Soybean crushers may need to move to high oil soybeans to help meet the need for oil used in the fuel industry. I was in North Dakota last week for a Great Plains Crop Conference and they announced plans for a huge canola oil crushing plant at Grand Forks to supply biodiesel needs in the future. The plant will crush production from some 1.2 million acres of canola in North Dakota and possibly Canada. There may be potential for additional soybean crushing plants in Nebraska. Currently Nebraska exports about 40% of the soybean crop and further processes the remainder. The ability to expand crush at current plants is unknown, but the value added dollar potential for Nebraska is clear. We currently export lots of dollars out of Nebraska for oil, gas and coal. If even a part of those dollars can be captured by value added processing in Nebraska it will help our entire economy.

We have a near glut of protein on the market now with soy, canola, and sunflower meals, plus distiller grains. If the ethanol industry finds a way to move output from 2.8 gallons of ethanol to a potential say 4.0 gallons per bushel the remainder high protein meal would further pressure this protein market.

The point of this column is for soybean producers to ask lots of questions to their seed suppliers about possibilities for contract production to enhance prices for soybeans. Soybean producers need to be alert and excited about potential opportunities to supply the market. We always need to make sure that there are increased profit potentials in these ventures. We also need to realize that 3-5 cents per bushel above traditional markets is significant if the specialty beans have comparable yield and agronomic potential.

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