

Industry News

North America

Soybean Checkoff-Funded Products Open New Doors in 2005

Year after year, the United Soybean Board (USB) and soybean checkoff have helped build new demand for U.S. soybeans through news uses—and 2005 was no different. A recorded total of 81.8 million bushels were utilized in soy-based products in 2005, which was an increase of 12.6 million bushels from 2004. The soybean checkoff continues to partner with manufacturers to introduce new markets for soybean farmers.

According to the USB, nineteen new soy-based products were commercialized in 2005, thanks to the support of the soybean checkoff. USB funds the development of soy technology by universities and research facilities across the country and continue to gain access to new markets, including plastics, lubricants, solvents and others.

“We are forecasting a record of over 90 million bushels of soybeans used in industrial products this year and nobody has a bigger stake in new markets for soybean farmers,” says Todd Allen, chair of USB’s New Uses Committee and a soybean farmer from West Memphis, Arkansas. “That’s why the soybean checkoff is so committed to working with industry to develop new uses. We can’t do it alone, but we can certainly show some of the biggest manufacturers out there how soy-based technology can benefit them.”

Among the variety of new products introduced this year is an innovative soy-based resin system that is being used in a variety of applications. Ashland Specialty Chemical Company’s ENVIREZ soy-based resin is used in making soft and rigid plastics. Examples include a newly formulated low-profile thermoset sheet-molding compound from John Deere and Case New Holland for tractor



An Envirez thermoset plastic product. This product has various sheet molded applications and John Deere and Case New Holland are working to incorporate it in future moldings for tractors and combines.

hoods and covers; GPI’s use of ENVIREZ in filament-wound tanks; Fabri Glass’ use of this special resin in vacuum bags and Permay’s spray application for painting and packaging large parts.

Other companies have stepped to the forefront of engineered soy-based products. Cooper Power Systems and Cargill Industrial Oils and Lubricants created Envirotemp FR3 Fluid, an electric power transformer fluid. More than 10 electric co-ops around the country have picked up on this technology, allowing soybean oil to help power rural communities and farms. BioSpan Technologies developed two unique specialty products: Activate, a methyl soyate asphalt activator and REPLAY, a methyl soyate pavement restorer. These products are being used by state departments of transportation in the Midwest.

Other notable innovations include Green Products Inc.’s Agri Seal, a soy-based caulking compound, and Oregon State University’s soy flour with Kymene, which is a paste resin for plywood, developed with the assistance of Cargill, Hercules Inc. and Columbia Forest Products. Additional soy-based technology includes the following products:

- Agrol by BioBased Technologies—a variety of flexible and rigid foam applications.
- Soyol by Urethane Soy Systems Company—a chemical in plastic formulations
- Emulsified Oil Substrate by Industrial & Environmental Services—a product that cleans contaminated groundwater.
- Purrg by Cesco Solutions—a recycled paper pulp cleaner.
- Soyfast Soy Technologies—a general purpose cleaner concentrate.
- Soygreen 5000 by Soy Technologies—a parts cleaner concentrate.
- Soygreen 6000 by Soy Technologies—an adhesive remover.
- Soy Stop by Soy Technologies—a graffiti-remover system.
- Environmental Liquid Membrane System, or ELMS, Natural Metal Jacket by Green Products Inc. —a soy-based metal coating.

“I am excited to think about where soybean checkoff-funded technology will take us in the future,” says Allen. “With soybean farmers working with industry partners to build new markets, we can build new markets for our soybeans and increase the demand for our soybeans, all through our soybean checkoff.”

USDA Boosting Expected Production Estimate

USDA expects both larger soybean harvested area and higher yields for this summer’s crop and has boosted the 2005–06 soybean production estimate to 84 million metric tons (MMT). Soybean exports could reach 25.9 MMT. Export competition from South America has been unusually strong in recent months, reflecting large available supplies from record 2004–05 soybean crops, USDA said. Soybean stocks are projected at 13.7 MMT.

Total U.S. oilseed production for 2005–06 is estimated at 96.4 MMT, up 0.5 MMT from last year. Although soybean production accounts for most of the increase, sun-

flower seed, canola, cottonseed, and peanut production also could contribute to the boost in oilseed production. Global oilseed production for 2005–06 is projected at a record 389 MMT with foreign production likely to reach 292.5 MMT. USDA expects Brazil's soybean production for 2004–05 to be a record 53 MMT despite drought in southern Brazil.

ASA Weekly Update

Around the World

Abiove Expects Big Brazilian Crop in 2005–06

Brazil's 2005–06 soybean production could reach 57.4 MMT, according to the latest estimate from the Brazilian Vegetable Oils Industry Association (Abiove), the country's largest association of soybean crushers. Abiove's soybean export estimate for 2006–07 is 24.5 MMT. The large soybean crop will likely lead to an increase in soymeal production in Brazil, Abiove said. The crushers estimate soymeal production at 22.9 MMT and they also expect soymeal exports to be 13.4 MMT. Soyoil production for 2005–06 is believed to be 5.65 MMT, while the export estimate is 2.4 MMT.

Abiove also estimates that Brazil's 2005–06 soy crush to be 29.7 MMT. According to the crusher's association, as stocks from the 2004–05 soy harvest dwindle, so has the Brazilian soy crush, falling in November to 2 MMT from October's 2.2 MMT. November soy crush totals are the lowest they have been since 2001, when Brazilian crushers processed 1.9 MMT of soybeans. Abiove said. Nevertheless, Abiove expects a 2006–07 Brazilian crush of 29.5 MMT.

Local demand for soymeal continues to rise, due in part to demand from Brazil's large livestock industry, said Abiove. Meanwhile, soyoil demand remains volatile. Abiove estimates that Brazil's soy industry will profit only slightly better in 2006 because of rising international prices.

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Repsol YPF To Invest \$30 Million to Build Biodiesel Plant in Argentina

Through its Applied Technology Center (CTA), located near the La Plata Refinery in Buenos Aires (Argentina), Repsol YPF has established the Argentinean Bio Fuel Investigation Center. Repsol YPF, the Spanish-Argentinean petroleum company, estimates that it will begin making biodiesel at the plant in 2007. Repsol YPF hopes to become the first major producer of this renewable fuel in Argentina.

Repsol YPF will invest \$30 million to build the Investigation Center. The plant is expected to produce 120,000 cubic meters of biodiesel per year, which will initially be combined with diesel fuel in a 5% proportion.

Enrique Locutura, president of Repsol YPF for Argentina, Bolivia, and Brazil, announced that construc-

tion of the biodiesel plant will begin in 2006 in Ensenada (a suburb of Buenos Aires). Locutura also stated that the biofuel plant will run at full capacity by the end of 2007.

Currently, a majority of the biodiesel produced in the world is produced in Europe. Through the Argentinean biofuel project, YPF says that it is ensuring South America follows in Europe's footsteps by integrating biofuels into currently used fuels in order to take better care of the environment.

In Argentina, one of the most common alternative fuels is Compressed Natural Gas (CNG), which is a mixture of propane and butane. CNG is a gas, but it becomes a liquid at high pressures, and it is stored as a liquid in automobiles. CNG reduces carbon monoxide emissions by 70%. In Argentina there are two million vehicles that are CNG compatible, making it one of the largest users of CNG in the world.

India's Vegetable Oils Tariff Scheme Upsets Domestic Industry

India's vegetable oils industry has expressed disappointment in its government's decision to cut import tariff values by only between \$3 and \$24 a metric ton (MT). On December 16, the Finance Ministry had issued a notification saying that there would be no revision of the tariff but, following continued demands from the edible oil industry to revise the tariff rates to come in line with the market price, the revision was made on January 2.

Tariff values are prices set by the Finance Ministry in order to calculate customs duties and prevent under invoicing of edible oil imports. India levies 45% import duty on crude soyoil, 65% on crude palm oil and 75% on refined oils.

In effect since January 2, the tariff on refined, bleached and deodorized (RBD) palmolein has been revised downwards by \$24/MT to \$421/MT. Values for other palmolein items were cut by \$23/MT to \$420/MT. The smallest reduction was for RBD palm oil whose import tariff was cut by \$3/MT to \$432/MT, while that for crude soyoil was reduced by \$13/MT to \$497/MT.

"The reduction does not reflect the market price; in the international market, crude palm oil is ruling at just \$380 a ton," said Sandeep Bajoria, chairman of the Central Organization for Oil Industry and Trade. "It is too small a reduction and will have no effect on domestic prices. Prices are more or less likely to rule the same as they were before the reduction." The tariff rate cut has come at a time when vegetable oil imports are showing a tendency to decline. In December, there was a considerable slowdown in India's vegetable oil imports for various reasons, including pressure of domestic arrivals and price disparity.

India's vegetable oil purchases are widely expected to dip this season, which began in November, as the country's edible oil production is projected to rise. India has estimated its domestic oilseed output this year to be 13.37 MMT, compared with 12.26 MMT last year, while vegetable oil production is seen at 4.85 MMT this year against 4.53 MMT last year.

ASA Weekly Update. ■