Australian Oilseeds Federation

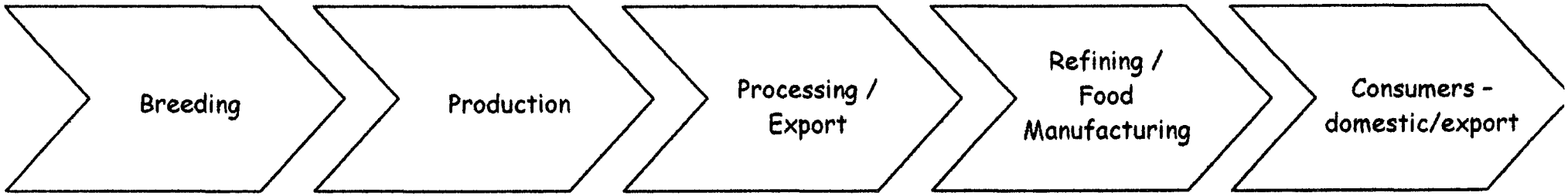
Soybean Industry Strategic Plan 2002-2005

Growth through Cooperation

October 2001

Accompanying plans for the Australian Oilseeds Federation, Australian Sunflower Association and Canola Association of Australia were developed in conjunction with the Soybean Industry plan.

THE INDUSTRY



- 5 year breeding program in place
- Private sector activity in targeted areas
- Shifting focus from oil to food production
- Requires more transparent and structured system for market feedback and determination of priorities

- 5 key regions - Sugar Coast, Northern NSW/SE Queensland, North Coast NSW, Central NSW, Riverina/ Northern Victoria
- Rotational benefits have driven growth in coastal regions and there is increasing recognition of soybeans as a profitable crop choice
- Strong competition from cotton, corn and rice in inland regions

- Well developed for oil types although lower demand has reduced number of sites crushing beans
- Edible bean infrastructure expanding
- New regions e.g. Sugar Coast requires further development

- Refining capacity exists to meet oil demand
- Refining sector being impacted by declining demand for soy oil and thus shifting focus to other oil types
- Soy food manufacturing activity expanding but requires support

Factors Influencing Industry Development

Soybean oil products are generally in maturity or decline, however, their use in niche markets continues to grow. The most exciting opportunity for soybeans lies in the edible foods market, as indicated by significant growth over recent years. The most constraining factor to development of these markets is varietal adaptability and suitability. Continued RAD and improving grower skills will be required in this area,

Soy meal is the most valued in the market due to its naturally high protein levels, attractive amino acid profile and high digestibility. However, declining soy oil demand may well limit the supply of this derived product. This may be portly overcome through continued development of full fat meal markets, which will also provide an outlet for downgraded edible beans in excess of market needs or less suitable to the edible market.

Industry strengths that will support growth for the industry	**Industry weaknesses that will constrain development of the Industry**
• High value edible market • Excellent breeding program - proteins ore improving but logging 2-3%, agronomy has improved • A few players in Australian marketing can cooperate to effect change • Clean and green • Legume in crop rotations (expand the beef 'n' beans concept) • Strong meal demand from intensive animal industries • Diversity of market uses • Soybean health benefits • World wide industry • Small soy food market but very fast growing • Irrigated and raingrown industry with large geographic spread reduces variability in production • Good production knowledge in Industry and service support - more Interaction between areas • Edible buyers seeking production over wider geographic area • National affiliation of industry is developing • QA - have the basic standards • GMO free status for edible Industry and meal markets • Organic growers slowly increasing in numbers	• Lack of funds to achieve goals • Adopted varieties don't meet Asian food market standards • Varieties to suit specific region - difficult to generate varieties that meet geographic spread • Poor adaptation of varieties • Varieties to suit specific end uses • Quality in southern areas is sometimes lower • Quality variation across varieties and between years • Behind the market in terms of market use, oil profile, protein, edible types • Marketers hove ad hoc approach to buying and strategically planning • Notional association is lacking • Lock of marketing of alternatives, GMO free, quality, edible, QA • Inability to invest in GMOs (GMO free status is only a short term advantage) • Oil market shrinking on two fronts - direct competition from other oils and less healthy fat profile • Small international player • Market feedback, In particular, to breeders • Lock of Isolate extraction plant • Lack of contribution by some sectors of the industry

Opportunities/Risks

Opportunities	Threats/Risks
• Health benefits of soy • Expanded markets for edible uses • Domestic edible soy - functional food growth, Japan edible soy foods, Asian soy food demand, soy milk demand, soy flour demand • Increases in intensive livestock/aquaculture uses including full fat to replace imported soy meal • Development of industrial oil markets • Turmoil in dairy industry, allowing new opportunities for soymilk • Improved cooperation for accessing domestic and international markets on national basis • Clean and green image of Australian production systems • GMO - opportunities for specific traits and consumer health benefits and competitive production, enhanced animal nutrition / GMO free a short term opportunity to grow the industry • Access genetics from overseas for genetic gain • Integrated QA and EMS systems, with national and international recognition of QA/IP and EMS • Increased production and continuity of supply through sugar coast expansion, increases in southern NSW & Victoria and diversification in cotton regions • Closer cooperation with Austrade and like organisations from overseas • AOF to become more active in grower information days and industry supply chains	• Water - cost, access and return / poor gross margins and returns per megalitre • Cotton, rice, horticulture/orchard industries ore competing • Opportunity cropping results in production variability • Decline in domestic oil consumption (crushing capacity is there if oil demand exists) • Subsidised production/marketing from overseas competitors • Not investing in QA • Manufacturing advantages being introduced into competitor oilseeds - solid fats • No cooperation/collaboration in notional marketing approach for soybeans • GMO - local industry tainted by adverse US publicity • Imports • Missing out on pesticide registrations because the industry is too small • Lack of tonnes processed in Australia

Goals

Grow the industry and improve the profitability for all sectors	Grow industry to double its current size and consistently achieve this level Recognise the industry's shift in focus from oil and meal to soy foods (domestic and export) markets and support components of the industry that will continue to drive growth	This will include ▪ Improving the profile of the soybean industry ▪ Positioning soybeans as a first crop of choice ▪ Finding and developing alternative uses for soybean products ▪ Improving varieties and production practices ▪ Enhancing value chain relationships, information and services
Structure	Create a more coordinated and focused industry which is sufficiently resourced to help itself achieve its growth targets	This will include: ▪ Development of a national association in cooperation with AOF ▪ Integration of end users into industry structures ▪ Developing a sustainable funding mechanism
Industry services	Provide high level of service to industry participants to encourage the active participation of members and position the national soybean committee catalyst and facilitator of industry development	This will include: ▪ Improving communication between industry players ▪ Improving the flow of market intelligence

STRATEGY

Grow the industry to be a consistent producer of at least 200,000 tonnes of beans annually

Objective	Strategies	Outcome
Increase the demand for soybean oil through identification of alternative uses	Investigate alternative uses for oil - industrial and specialist food applications Review of end uses and manufacturing opportunities to develop potential niche industries Promote development of niche industries and alternative uses	Increased soybean oil consumption in Australian and NZ
Increase the demand for soybeans through expansion of the edible market	Provide in field support to promote the production of new edible varieties Support forums etc on value adding to soybeans i.e. Soyfoods conference Review opportunities for replacement of imported soy isolate Develop information resources to counter negative press Review opportunities for further processing of soybeans in Australia before exporting (work with Victorian initiative) Promote export of value added products Assess the market opportunity for fresh beans into Asia - work with northern hemisphere suppliers/develop international cooperative marketing arrangements	Increased soybean production Increased demand for edible beans Increased processing if edible beans in Australia Increased knowledge about use of soybeans in food applications
Increased production of meal for domestic consumption	Assess potential to increase use of full fat soy - pursue opportunities on north coast Queensland (and NSW)	Replacement of imported soy meal

Objective	Strategies	Outcome
Improved varieties available to growers and improved yields through better production practices	Facilitate international liaisons to develop access to new genetic traits required Cooperate with other industries on minor pesticide product use registrations for soybean e.g. Pulse Australia Identify raw material specifications Establish and continually update end user requirements for raw materials and communicate to breeders and growers Support the new 5 year breeding program and ensure market feedback Monitor progress of the GRDC funded breeding program and redirect priorities if required Promote rotational benefits of soybeans Review varieties and promote recommended ones	Increased production of better quality beans Shift focus to breeding for edible markets Varieties with improved protein (levels and consistency) and lower oil (and higher sugar) Recommended variety list
Improve marketing options for growers	Facilitate access to a better range of marketing options for growers and more transparent pricing and demand information Encourage industry participants to offer grower contracts at planting Provide support for and promote integrated production chains which can deliver price premiums for edible beans Improve the flow of market information including supply and demand estimates, pricing information, contract options, etc Develop and maintain quality standards	Commitment to a value chain system Improved communication of market requirements through use of contracts and transparent pricing systems
Improve the profile of the industry	Market the industry - rotation benefits, consumer nutrition benefits, others Profile the benefits of soybean as a crop choice and food choice	Increased number of growers in the industry Increased investment in soybean processing

Objective	Strategies	Outcome
Develop a crop support program to build industry capability and knowledge	Provide training programs for agronomists and facilitate the flow of up to date information Work with other associations to deliver these programs e.g. Pulse Australia, Mung Bean Association and other crop support activities Support the AOF initiative to develop a network of industry champions	Improved knowledge of soybean agronomy and quality Improved level of extension service

Create a focused and resourced industry to facilitate and promote industry development

Objective	Strategies	Outcome
Form a national soybean association as a sub group of AOF	Develop a structure for a national association that captures input from each of the regional association and negotiate its formation Encourage food processors and all end users to become part of the national association Review options for funding - levy or PBR (switch NSWGB levy to industry association) and negotiate an arrangement	National industry association that is representative of all sectors with secure funding base

Role of the National Soybean Association

Extension

- Help growers with marketing
- Promote variety development that meets needs of end users
- Encourage evaluation and adoption of new varieties Industry representation - Addressing industry issues Communication
- Liaison between industry groups
- Liaison up and down the market chain

Adoption and use of QA standards for production and handling

Facilitate conferences and seminars

Pursue industry issues through AOF

Objective	Strategies	Outcome
Promote industry development	Identify priorities and assist the industry in seeking funding for supporting research projects Review the Canadian industry structures and activities and identify lessons for Australia Develop linkages between regions to enable year round supply Lobby for funding into new uses - look at existing EU/ US technologies that can adopted End user survey and structured approach to setting standards and breeding priorities Promote adoption of quality assurance	Industry brand and promotion program
Trade promotion	Develop industry to industry dialogue with trading partners e.g. Japan Exploit GM free status whilst relevant	Improved trade access and relationships
Improved industry communication	Help facilitate improved communication between companies, independent labs, universities, CSIRO, state government technical institutes to assist with value adding oilseeds for food and industrial uses Facilitate communication and dialogue between oilseed industry and food processing/edible industry Better communication with growers Develop an oilseed industry newsletter - producers, handlers, processors, livestock processors - not just focused on production	Improved linkages and communications