

Shane Frederick 0:03

All right. Hi. Welcome to another episode of the IP-ODCAST presented by the Specialty Soya and Grains Alliance. I'm Shane Frederick, the Communications Manager for SSGA and I'm joined again by our executive director, Eric Wenberg. How are you doing, Eric?

Eric Wenberg 0:20

Fine. Shane. Thanks very much for doing this with me again.

Shane Frederick 0:23

Absolutely. Good to see you again. And we'll start right off with a few stories that we've been following at SSGA this week. What are you looking at right now?

Eric Wenberg 0:36

Well, we've got three big things going on, we're tracking. The first one is we're seeing an awful lot of container movement out of the United States right now in the field crop area. You know, we're seeing mounting use of the container overall. And in the last four weeks, I will tell you the statistics are showing that these field crops are getting loaded and out of the country. The soy, the corn, increasing exports of the DDGs on trend. And we're just really grateful for that. Those are the kinds of things that we've been hoping for. As trade flows begin to normalize that and other the capillary movement of containers through the system should take some of the pressure off of transportation movements that our companies and members are caring about.

Shane Frederick 1:33

That's great. That's certainly good news. We've been talking a lot lately about the difficulty in transportation. And so to hear some good news has been is good to hear.

Eric Wenberg 1:45

It's just gratifying to see that our businesses are getting it done. They didn't make logistics easy in 2020. But these are the best in the world. They know what they're doing.

Shane Frederick 1:55

Absolutely. What else you looking at?

Eric Wenberg 1:58

Well, I just a little bit of a shout out at our considerations. Our thoughts are with our colleagues in Japan -- the flooding there, the extra rain, the emergencies going on in that country. United States and Japan are very close. It's happened down in the central and southern parts of the of the islands. And we just want to remember how important Japan is to the United States, and that we're thinking about them as our important friends and a great market.

Shane Frederick 2:34

And then one other thing you're looking at is another transportation issue, right?

Eric Wenberg 2:38

That's right. We know that and we're grateful for the administration's waiver of truck weight limits, as the COVID-19 emergency hit us, making it a little bit easier for farmers and transportation companies to move things around. That's going to be even more critical next month than on into fall as we take this crop out of the ground. But what we know now is that these waivers will expire 120 days after they were introduced, which is around July 20. So we're hoping in Washington, D.C. to be educating about the need for this waiver to be extended and to give farmers and transport companies as much flexibility as they need under these COVID restrictions to move crops around well.

Shane Frederick 3:31

Sounds good. Thanks for those updates. Let's get in kind of to the main topic of the day. Obviously, this year, 2020, especially over the last four months has been very difficult for for all of us to travel, to move around, to get to see people face to face and do all the things that we've been so used to for so long. But Eric, you've been able to get out and, in a safe way, see a few of our members, see some of our farmers, some of our processors, making sure that we're doing that in a socially distant way and doing all the things that we have to. But I was able to be with you one of those days, and I think that it proved to be some value in the last week or so to to get out and actually see some people face to face. Let's talk about that a little bit and kind of what you learned, getting around Minnesota, North Dakota a little bit.

Eric Wenberg 4:36

It's been gratifying to see our old friends to see what's happening in the ground. You know, farming isn't something that happens in a laboratory. This happens in dealing with the great black earth we have here. And, you know, it's a reminder that the United States is a safe supplier because what I experienced was a lot of awareness about protecting the crop, about protecting facilities, about regulating visitors, being conscious of the procedures coming from state and national health officials. And I saw a lot of people acting in smart ways and companies, and processors with their limitations on visitors really seem like they are after the procedures that will make the U.S. safe a supplier. Gratifying to see.

Shane Frederick 5:32

That's great to see. Obviously, you talk to a lot of people who are in the identity preserved world and people who are working at it, trying to improve at it who are advocating for others to get into it and get better at it and educate them on that. You're really seeing a lot of growth in the IP world, aren't we?

Eric Wenberg 5:57

That's right, you know, let's think about the future when we're going to have to look back and talk about 2020. And you know, the big, big story -- we don't want to minimize it -- will be the pandemic, but for agriculture, and in particularly the IP world, 2020 can turn into a success. You know, all the forecasts indicate, and our visits to farms and talking to growers, is that they're going to turn out a great and high-quality crop. They're going to meet those contracts that they have with the processors. They're going to put a terrific set of field crops into the bin for export abroad for our U.S. customers at a time when there's high demand. So let's talk about the premiums for a second. We're noticing, and I'll just tell you nationally, USDA is still forecasting that the average soybean farmer is going to lose \$65 an acre this year and the average corn farmer is going to lose \$40 an acre this year. In the IP world with the premium, our farmers are turning those numbers around. We've seen balance sheets and talked to farmers who are going to make an \$80 an acre premium on the soybeans and slightly less on the corn but it's still there. And so IP is changing their future. The United States needs to grow and export everything. But every farmer who's decided to take on the additional task and the additional work that goes into growing on a contract and growing for an IP processor, overall this year, reports are that's gonna have turned out to be a good business decision.

Shane Frederick 7:49

And the work that goes into it, and we've talked about this before, but but there is a lot of extra work that goes into it. But one farmer we talked to recently said that he thinks it's worth it. He thinks the extra effort that goes into it, whether it's, you know, everything that goes into the segregation of those crops, that go into the cleaning that has to be done, the blowing out of equipment, making sure that everything is right for those specific food products that they eventually turn into, you know, eventually you have to look at the value overall. And, you know, he says that the value is there, in the overall, but the work has to be done to go into it and, and I think that's something that he and others want to make sure that people know, that that work is worth it.

Eric Wenberg 8:40

Yeah, right. And we have a lot of myths to dispel. The principle one is yield. Our specialty growers are achieving similar if not equal yields to what everybody else is doing. Now they have to work hard and sometimes they have to leave a little bit of crop in the field. For example, if they've got some weeds in a patch, they might drive around them because those weeds in the conveyor can convey a stain to the soybean, a stain to the corn kernel that you just want to miss out. You don't want to have in your bin, and it's that kind of thinking ahead. I mean, imagine someone's skill level out there in the combine to understand that that's what they need to do to meet their quality instructions. I'm just impressed by it every day.

Shane Frederick 9:43

Yeah, it really is impressive. I think what I find interesting is, we talked to one farmer who talked about that same kind of situation with with beans that ended up being stained. And that was problematic, and it was one of his first forays into IP. And the good news was it didn't deter him, right? It made him decide that, 'All right, now I'm going to figure out how to get better at this and improve on it and do it right the next time, and it will be worthwhile. Not always an easy thing, I think, for people to do when when things don't go well the first time around, But it is good to see kind of the resilience there of of those people in action.

Eric Wenberg 10:25

That's right, and farmers are taking an open-minded approach. They'll grow anything. It's just, we've gotten so good at segregating crops now. I just think that, I just hope that that our buyers understand that when they're making an IP contract and committing to pay that higher premium to our exporters and to our companies that they can back up their traceability claims very well. And that strong relationship between the processor and the farmer is part of that.

Shane Frederick 11:10

Anything else that you learned from your visits this week?

Eric Wenberg 11:15

Well, let's remember that we're just hoping that farmers need the choice. We need to be encouraging the chemical and seed companies to be thinking about the high-quality, premium identity-preserved market at the same time. It's smaller, but it's no niche. You know, being able to provide them excellent inputs, is going to be important about keeping this going because it's growing. I mean, in agriculture, you can just fill a bucket with the stories of people struggling there. And we face some serious obstacles. In the identity preserved area, for the people trying to gain that highest premium, we're hearing more and more success stories.

Shane Frederick 12:05

That's great to hear. It's great to hear that the things are growing in the IP world and for us here at SSGA.

Eric Wenberg 12:16

Yeah, the only other thing I'd add is that, kind of a surprise to me while I was out there with farmers, was sort of a quick growth in non-GMO corn. There are some pretty innovative companies who are finding that market into processors making a different product. You know, I'll remind the audience that SSGA supports all the different types of technologies. We want farmers to have a choice and, you know, lots of people are growing all of the different crops at the same time with the different production methods. Again, we're just noting, noticing that the new capabilities of segregation are giving farmers the choice to have more control, to be located closer to someone who's putting their crop in a container and selling that crop. We are creeping local.

Shane Frederick 13:09

That sounds good. Well, thank you once again, Eric. It's been great to have you on another IP-ODCAST. And I'm sure we'll, we'll we'll have you back very soon once again and hope your travels continue to be safe and fulfilling.

Eric Wenberg 13:27

Thank you, Shane.

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