

China's need for food is marketing opportunity

Written by Gothenburg Times
Wednesday, 25 August 2010 21:23 -

American consumers are accustomed to seeing the "Made in China" label on products, but someday the Chinese may see their food products labeled "Grown in the U.S.A."

China's agricultural system is struggling to keep up with citizens' food needs. Among its challenges is meeting the population's demand for more protein specifically meat, mostly pork and poultry.

University of Nebraska-Lincoln Extension's "Market Journal" program Sept. 2 explores China's changing needs and how they affect American producers.

"China has to rely on more integrated systems like we have here and in Europe to produce poultry, to produce fish, and to produce pork, and, consequently, the feedstuff must also fit into that model," said Peter Mishek, director of Mishek Inc., on the program. "The origination or gathering of grain fits that model of large bulk movement such as we have here."

China has decided to increase its livestock production, which requires corn for energy and soybeans for protein in animal rations.

Although soybean is native to China, it does not yield as well there as corn.

"When you look at their arable land base, more of that is conducive to corn over soybeans," says Chad Hart, grain marketing specialist at Iowa State University. "Their production technology lends itself more toward corn and when you look at the relative yields that they have been able to achieve they have been able to do a little better on the corn side than the soybean side."

Hart said China would rather be self-sufficient in corn production and depend on the world markets for whole soybeans, which it prefers to import and then process for soybean meal, protein and oil.

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About 60% of the world's soybean exports go to China an important market for soybean producers in the United States, Brazil and Argentina, the world's leaders in soybean production.

A team of 13 people, sponsored by the Nebraska Soybean Board, went to China in March to determine the potential of a deal to "brand" Nebraska-produced soybeans and sell them directly to Chinese processors.

Greg Janak, a producer from Prague, was surprised to see how some of the soybeans came into processors' terminals.

"Some of it looked pretty good but they brought samples out to us of grain that didn't have very good quality. I was surprised to see that because what I send to my local elevator and what they get looked like they were two different things because I think there is a lot of blending," he said.

This only heightened the Nebraska team's interest in branding a quality Nebraska soybean product. Lisa Lunz, producer from Wakefield, heard a common request from the Chinese buyers: They want a soybean with high protein and oil content.

At every stop, Lunz said, she heard processors complain that protein and oil content are lower in beans produced in the U.S. than those produced in Brazil and Argentina, because of differences in climate.

On the other hand, Chinese processors prefer the color of the North American beans.

University of Nebraska-Lincoln research is trying to determine how to maintain high yields while increasing protein and oil content.

Plans for a Nebraska-branded soybean will depend in part on availability of storage facilities that could segregate beans from those produced in other states. Ag Processing Inc. of Omaha is expanding its shipping operation in Aberdeen, WA, which could provide that space.

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AGP plans to sponsor a visit by some Chinese businessmen to Nebraska this fall to further explore the state's soybean production.

The full story of the Nebraska Soybean Board's trade mission to China, "Market Journal Extra: Grown in the USA," can be seen on NET 2 at 7 p.m. Sept. 2, 1 p.m. Sept. 5, 7:30 p.m. Sept. 9 and 1:30 p.m. Sept. 12.

The program also will be archived at marketjournal.unl.edu.