

Asia, Growing Domestic Interest In Organic Opens Possibilities For Non-GMO Soybeans



Dr. Pengyin Chen, soybean breeder for the University of Arkansas, visits with a guest at the Nov. 27, 2012, non-GMO soybean workshop held at Arkansas Farm Bureau's headquarters in Little Rock.

U of Arkansas System Division of Agriculture photo by Mary Hightower

LITTLE ROCK, ARK.

Increasing demand among U.S. consumers for organic and natural foods, plus the desire in Asia for soybeans for edamame, natto and other products, open a potential niche market for Arkansas growers that may be worth up to \$15 million, economists said Tuesday.

Dan Rainey, an economist with the University of Arkansas' Bumpers College and the U of A Division of Agriculture, presented a study conducted by him and his brother, Ron Rainey, an extension economist with the U of A System Division of Agriculture, describing the potential for Arkansas growers to exploit the market for non-genetically modified soybeans. The study was commissioned by the Arkansas Soybean Promotion Board.

The Rainey's were among the presenters at a workshop that included updates on the University of Arkansas' public soybean breeding program and a panel discussion by potential buyers of soybeans.

Arkansas grew more than 3.2 million acres of soybeans in 2012. In 2011, the crop was valued at \$1.5 billion. A fraction of that acreage is devoted to specialty soybeans such as those for fermented foods such as natto and tofu, or edamame, which can be eaten like a vegetable.

Some 6 percent of the overall crop is in non-GMO, also known as "conventional" soybeans.

"Of that amount, approximately 15 percent goes to a premium marketplace. That leaves 85 percent that is not. We believe there is a marketplace for that 85 percent," said Drew Oliver, a Crittenden County farmer who heads the International Marketing and Industry Relations Committee of the ASPB. The board manages checkoff funds paid by soybean producers and processors to support research and promotion.

Premiums for specialty soybeans can range from \$1.40 a bushel to more than \$3. That means producers growing non-GMO varieties and selling them with their other bean crop are missing a potential \$7 million to \$15 million in additional revenue, a number calculated using the state average yield of 39 bushels per acre.

"There is a growth in demand by consumers" who want to know where their food is coming from, Dan Rainey said. "When you look at growing organic sales ... demand is outstripping sup-

ply."

Rainey said consumer demand in this arena was growing at a rate of 8-15 percent a year and now includes not only specialty food stores, but also grocery, food clubs and other big box stores. Rainey also noted an increase in the amount of premiums that exporters of non-GMO soybeans to Japan have received since 2000.

U.S. exports of non-GMO soybeans to Korea has grown more than 50 percent in the past five years and in Japan, non-GMO exporters enjoy a 32 percent marketing margin relative to other soybeans.

Many of those who grow the non-GMO crops do so under contract, with the contractor often specifying the variety and other production aspects.

There were two strategies that Arkansas growers should consider, Rainey said. In the short term, consider becoming a contract grower. In the long term, over three to five years, growers might keep an eye on trends in the consumer apprehension for genetically modified crops to explore establishing value-added activities to meet the needs of this growing niche market of non-GMO goods.

Still, Rainey warned that "there is currently a growing demand for non-GMO products, but there is still uncertainty about the market" and that with any business, there will be risk. One of the factors that may lessen consumer apprehension toward GMO products would be the addition of more health benefits, such as beans with greater amounts of beneficial oils.

Ron Rainey, who is also co-director of the Southern Region Risk Management Education Center, followed with an overview of the Arkansas MarketMaker program - which can help growers seeking to open marketing horizons for their crops.

"MarketMaker is a tool for farmers to connect and educate potential customers about their products and services," he said. "It also has the tools to build and strengthen relationships, not only between farmer and consumer, but also business to business."

MarketMaker is available online at <http://ar.marketmaker.uiuc.edu/>. Δ