



FOR IMMEDIATE RELEASE

ASA Urges Ag Secretary to Maintain Oilseed Loan Rates

October 19, 2001... Saint Louis, Missouri... With uncertainties regarding whether a new farm bill will be enacted this year, the American Soybean Association (ASA), National Sunflower Association and the U.S. Canola Association have joined together to strongly urge Agriculture Secretary Ann Veneman to use Administrative discretion to maintain oilseed loan rates at current levels for 2002 crops. Allowing the soybean loan rate to fall from the current \$5.26 per bushel to the statutory minimum rate of \$4.92 per bushel for 2002 crops would directly reduce producer income by more than \$1 billion.

“With the outlook for another bumper oilseed harvest this fall and continuing low prices into next year, maintaining oilseed loan rates is essential to protecting farm income and the viability of minor oilseed industries,” said ASA President Bart Ruth, a soybean grower from Rising City, Neb.

In urging Veneman to maintain current oilseed loan rates, ASA noted that oilseeds have the lowest stocks-to-use ratios of major U.S. crops. According to the U.S. Department of Agriculture’s (USDA) October estimates, the 2001/2002 end of marketing year stocks-to-use ratio for soybeans is projected at just over 12 percent, compared to almost 15 percent for corn, 20 percent for rice, 29 percent for wheat and 51 percent for cotton. Reducing oilseed loan rates would only drive up production of crops already in greater oversupply.

ASA also informed Veneman that maintaining oilseed loan rates at current levels is necessary to protect U.S. oilseed producers from the negative effects of a higher valued U.S. Dollar and massively devalued Brazilian currency that is sending false production signals to Brazilian farmers.

Since 1997, the U.S. Dollar has gained strength against the currencies of at least 15 major importers. The higher valued U.S. Dollar is causing foreign buyers to have to pay more of their local currencies for oilseeds today than they were paying when oilseed prices were 30 percent higher in 1997.

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“Very clearly, the high-valued U.S. Dollar is a major reason why soybeans and other commodities are priced so low today,” said Ruth. “Maintaining loan rates at current levels is the only policy tool available to USDA to reduce the negative impact of the strong Dollar policy on U.S. producers.”

ASA also informed the Secretary that maintaining oilseed loan rates at current levels is necessary to temper the effects on U.S. soybean farmers of a devalued Brazilian Real that is sending false production signals to Brazilian farmers. Since July 1, 1997, the Brazilian Real has devalued 157 percent against the U.S. dollar. However, because international soybean prices are denominated in U.S. Dollars, a farmer in Brazil selling soybeans today for the equivalent of \$4.30 per bushel actually receives 41 percent more for his crop in Brazilian Reals than he did in July, 1997 when soybeans were selling for the equivalent of \$7.80 per bushel.

“That’s why Brazilian farmers are projected by USDA to increase their soybean plantings 31 percent from 1997/98 to 2002/03, despite a 30 percent decline in global soybean prices,” Ruth added. “Reducing U.S. soybean loan rates at a time when the grossly devalued Brazilian Real is sending false production signals to Brazilian farmers would have the effect of transferring soybean production and market share from the United States to Brazil.

“Reducing soybean production in the United States relative to other crops, or transferring production and market share to Brazil would be poor public policy,” Ruth concluded. “The global and domestic demand for soybeans has grown much more than any other agricultural commodity over the last decade. Reducing oilseed loan rates would undercut U.S. producers’ efforts to compete internationally.”

During the period 1990/91 to 1999/00, global usage of soybeans grew by 56 percent as compared to 27 percent for corn, 15 percent for rice, 7.5 percent for cotton, and only 6.2 percent for wheat. In the United States, growth in usage of soybeans similarly outpaced the growth of other commodities, with soybean usage growing by 36 percent and wheat usage actually declining by 5 percent.

Details on ASA policies and initiatives can be found at www.SoyGrowers.com.

**Growth in Global & Domestic Consumption of Major Commodities Over the Last Decade
(Million Metric Tons)**

Commodity	Global Usage			US Usage		
	1990/91	1999/00	Change	1990/91	1999/00	Change
	MMT	MMT		MMT	MMT	
Soybeans	103.4	161.0	55.7%	34.9	47.5	36.1%
Wheat	562.0	597.0	6.2%	37.2	35.4	-4.8%
Corn	475.0	602.8	26.9%	153.3	192.7	25.7%
Cotton	18.6	20.0	7.5%	1.9	2.2	15.8%
Rice	347.4	400.5	15.3%	3.0	3.8	26.7%
Total Above	1,506.4	1,781.3	18.2%	230.3	281.6	22.3%

**Change in Value of Currencies of Major Importers
Against the U.S. Dollar, 1997-2001**

Currency	Currency Per 1 US Dollar	Currency Per 1 US Dollar	Change
	July 1, 1997	October 15, 2001	
European Euro	0.9090	1.1006	-21.08%
Japanese Yen	115.00	120.94	-5.17%
Mexican Peso	7.9300	9.2710	-16.91%
Korean Won	888.2	1,292.0	-45.46%
Thai Baht	24.8	44.6	-79.84%
Indonesian Rupiah	2,433	9,965	-309.58%
Brazilian Real	1.0800	2.7710	-156.57%
Philippine Peso	26.3800	51.8250	-96.46%
Australian Dollar	1.3291	1.9382	-46%
Canadian Dollar	1.3805	1.5583	-12.88%
Singapore Dollar	1.4310	1.8105	-26.52%
Swiss Franc	1.4636	1.6263	-11.12%
Egyptian Pound	3.4009	4.2367	-24.58%
Malaysian Ringgit	2.5248	3.8000	-50.51%
Turkish Lira	148,750	1,615,000	-985.71%

Charts prepared by the American Soybean Association.

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