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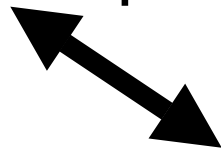
Soybean Industry Development in North Queensland

Export Value Chain Initiatives to SE Asia

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Identifying and developing trade and market opportunities for complementary sugar rotation crops



Market & Trade Development

Farming System

Legume Fallow Cropping
Controlled Traffic
Reduced Tillage

Business Management

Business Planning
Financial Management

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Presentation Overview

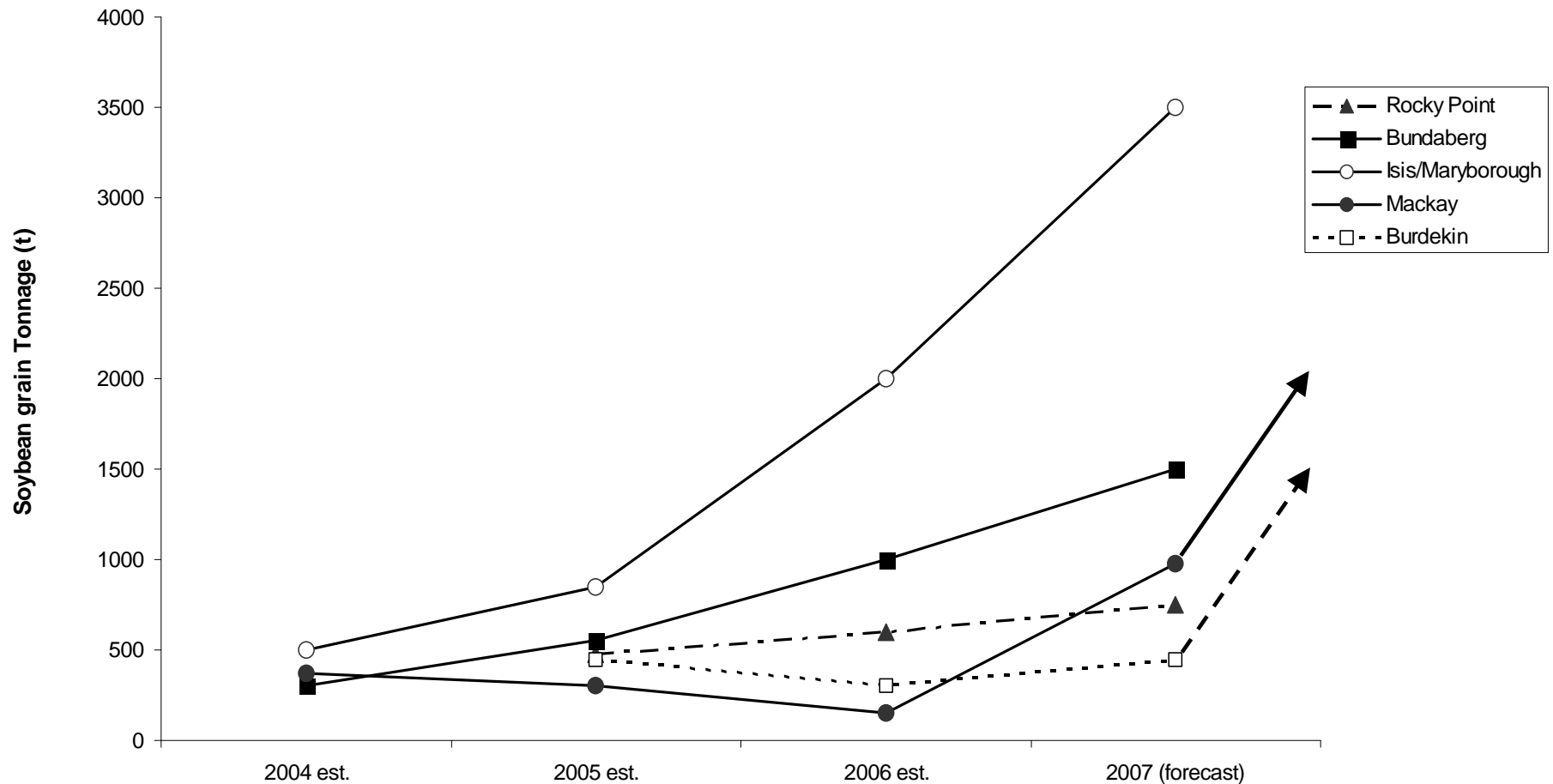
- (i) Introduction and marketing perspective for NQ soybean**

- (ii) Trial export shipment and value chain analysis**

- (iii) Conclusions and ‘where to from here?’**

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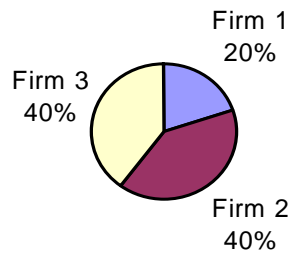
Introduction and marketing perspective



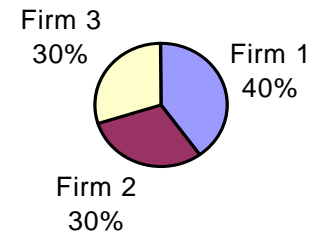
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Introduction and marketing perspective

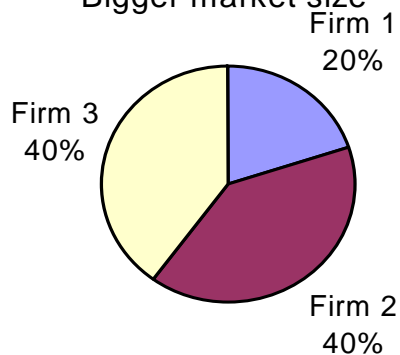
1. Current Market share %



2. Higher Market share %
Same Market size



3. Same Market share %
Bigger market size

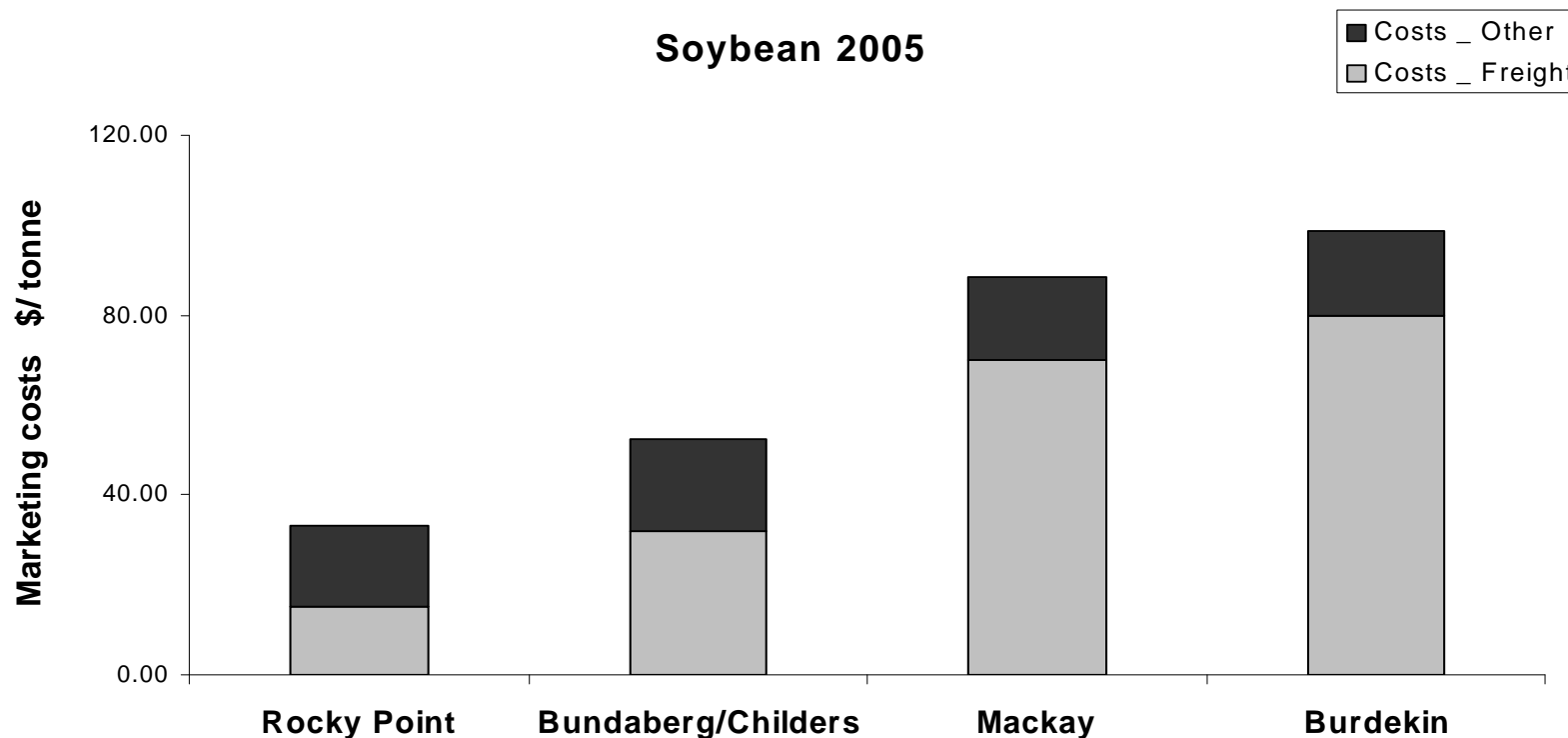


Firms can either keep the same market share % but increase sales volume by increasing total market size, or for the same market size, increase market share %

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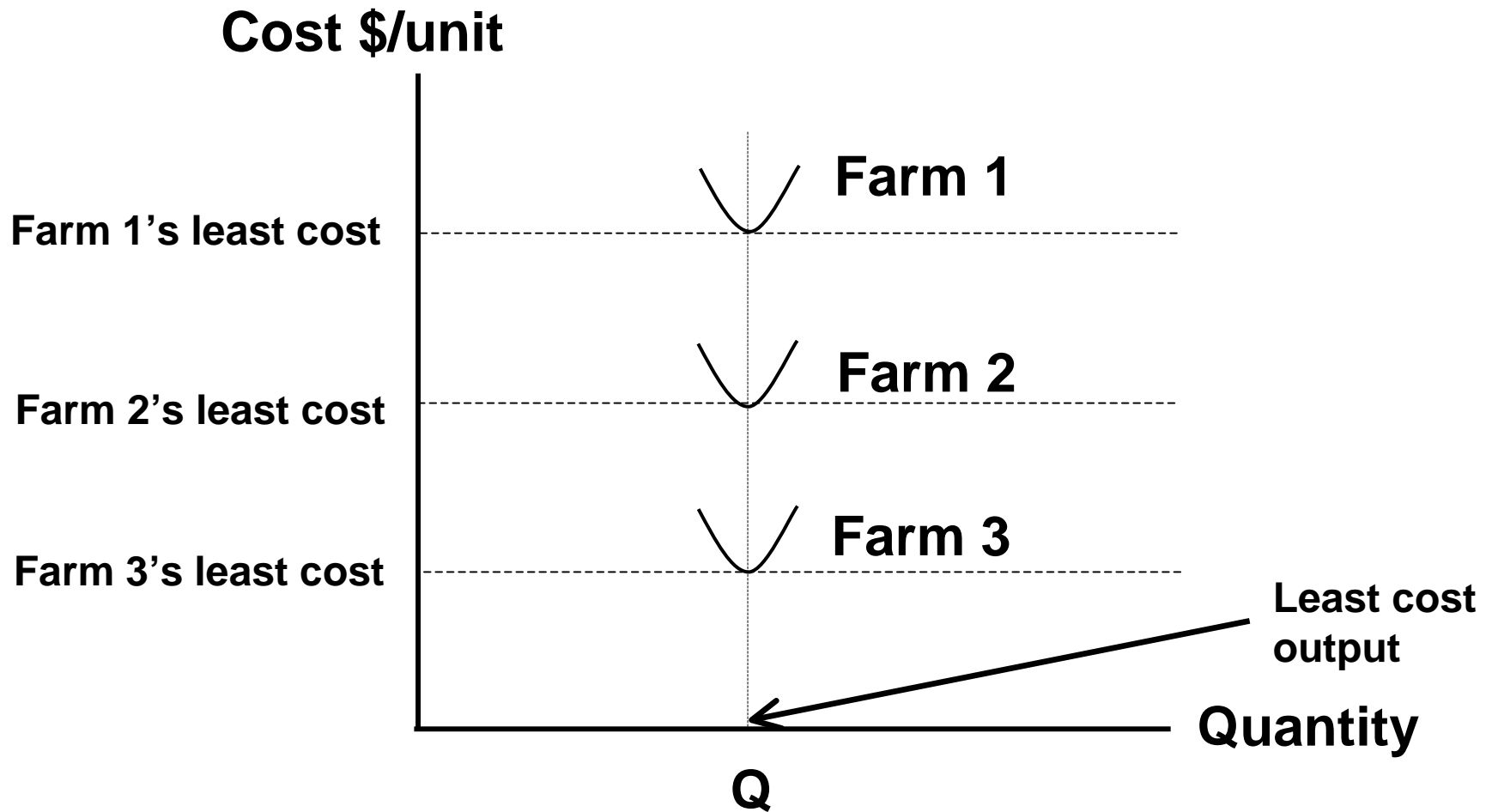
Introduction and marketing perspective

The 'costs to market' are an issue



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Introduction and marketing perspective



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Introduction and marketing perspective

Domestic markets

- Cost competitiveness
- *Currently* feasible markets options are crushing, with some full-fat stockfeed and limited access to milling (flour) markets

Export markets

- Opportunity to diversify risk, capture freight costs?
- SE Asia and Pacific Rim countries positive for trade development – logistical proximity, existing presence by Australian exporters/agents etc.

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Trial export shipment and value chain analysis

Preamble

- Keenness for income diversification and spreading market risk with legume crops (domestic and export markets) – building on legume crop rotation systems being promoted within sugarcane
- **Trial export shipment** of soybean grain **to Indonesia** in Oct. 2005 (22.5 Tonnes ex. Port of Townsville)
- Allowed an initiative to value add to trial shipment with an **agribusiness trip to Indonesia** in Nov. 2005 to investigate new trade and market development options

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Trial export shipment and value chain analysis

Desired Outcomes

- Build a relationship between Burdekin soybean growers and Indonesian soybean importers and related supply chain organisations
- Identify value adding opportunities as well as other potential markets for other soybean products
- Identify quality and quantity requirements that meet soybean market specifications
- Provide growers in the Burdekin with information of market driven soybean standards, export options and supply chain management

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Agribusiness trip sponsors



Australian Government

Sugar Research and Development Corporation



Department of
Primary Industries and Fisheries
Queensland Government



Australian Government

Austrade



Queensland
Government

Trade and Investment Office
INDONESIA

AUSPAC INVESTMENTS P/L Export Merchants

Export initiative supporters

Townsville Port Authority

Patricks Logistics **AQIS**

John Swire & Sons Shipping

Burdekin Shire Council

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Trial export shipment and value chain analysis

INDONESIA

- **Market size and growth:** Indonesia imports approx. 1.3 million tonnes soybean p.a. Growth - 2% p.a.?
- **Competitors:** US and Sth. America, Canada
- **Market segments:** Majority of soybean processed into a basic food staple (tempe), low socio-economic market base and price sensitive. Smaller niche markets for soy milk and tofu (beancurd)

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Trial export shipment and value chain analysis

- **Desired import quantities:** Importer agents and representative processors/distributors require 5000 T + p.a. Multiple shipments preferred to one-off shipments
- **Soybean products:** dark hilum varieties for *tempe* production - 80% of soybean usage, remaining 20% of soybean (ideally light/white hilum varieties) for mainly *soymilk and tofu*.
- **Grain specifications:** Clean appearance, low foreign material (2 to 3% preferred), acceptable bean size (large enough for splitting), protein content important for soy milk and tofu (>41% ideal; protein : oil ratio 2:1). Roughly CSO 8 equivalent for tempeh, CSO 6 for tofu/soy milk (NB: Indonesia)

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Trial export shipment and value chain analysis



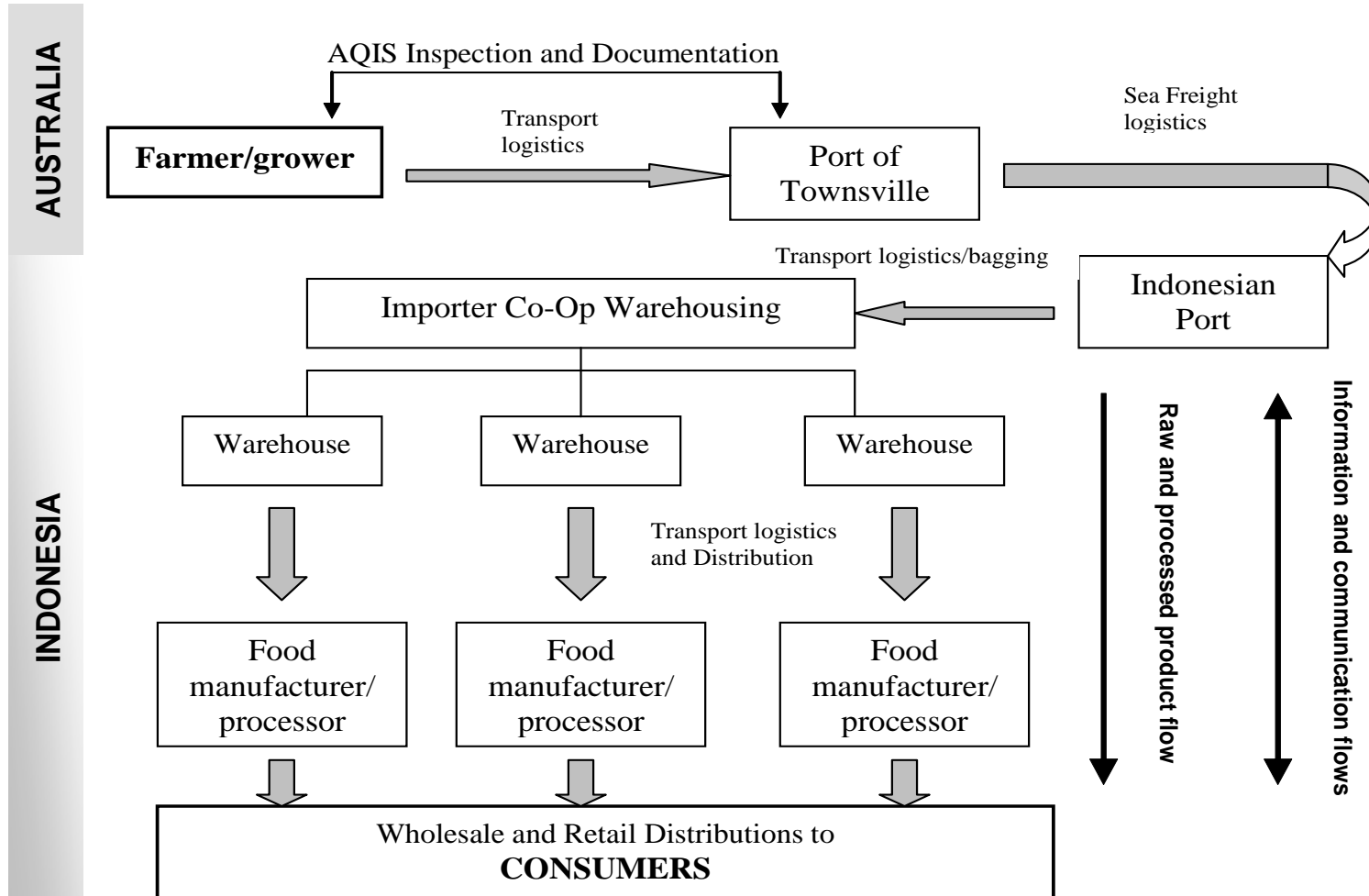
AQIS inspection pre-shipment and phytosanitary certification



Bulk '1 mt' bag loading into 20'GP TEU container

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Soybean export supply chain - Australia to Indonesia for tempe manufacture



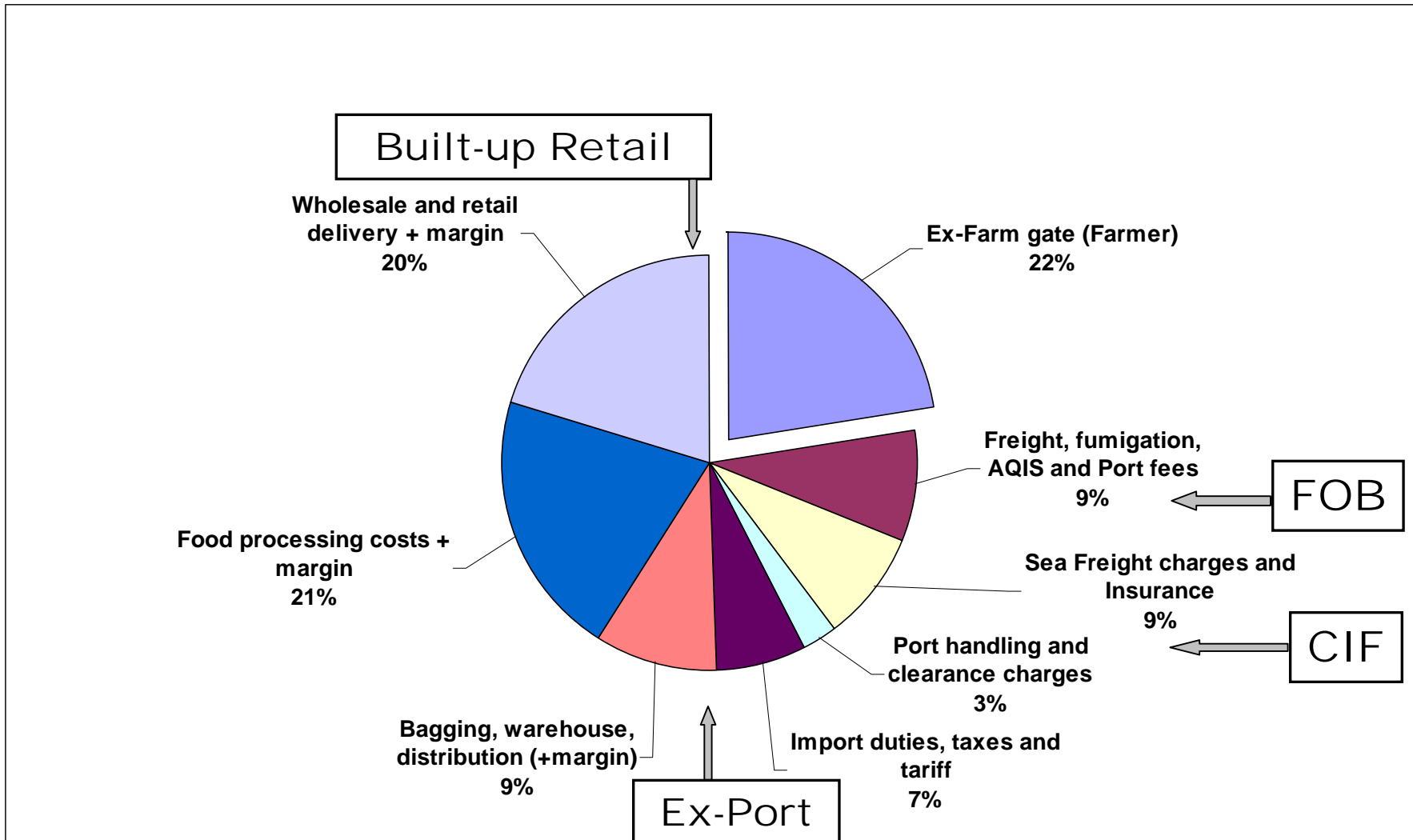
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- ***Tempe:*** soybean cake from fermented whole soybeans. Soybeans soaked, boiled and 'skin' removed. Beans split and fermented /cured. Product retail ready-for cooking at home or pre-cooked.
- ***Kripik tempe:*** Fried tempe 'snack food'

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Value Chain cost component analysis



Photos courtesy
A. Musumeci

Queensland the Smart State

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Indonesia

Developing country with

- Infrastructure issues
- Variable income levels
- Price sensitive markets



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Trial export shipment and value chain analysis

Some issues re Indonesian market

- **Continuity of supply and quantity:** Indonesian end-users generally require large tonnages and year round supply
- **Cost competitiveness:** Ability to land grain in Jakarta comparable to competitors.
- **Market segments:** Target higher value markets? light hilum varieties (cv. Stuart). Higher value markets may accommodate lower supply tonnage.

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Conclusions and ‘where to from here?’

No economic value to soybean growers unless the end-user actually purchases the product

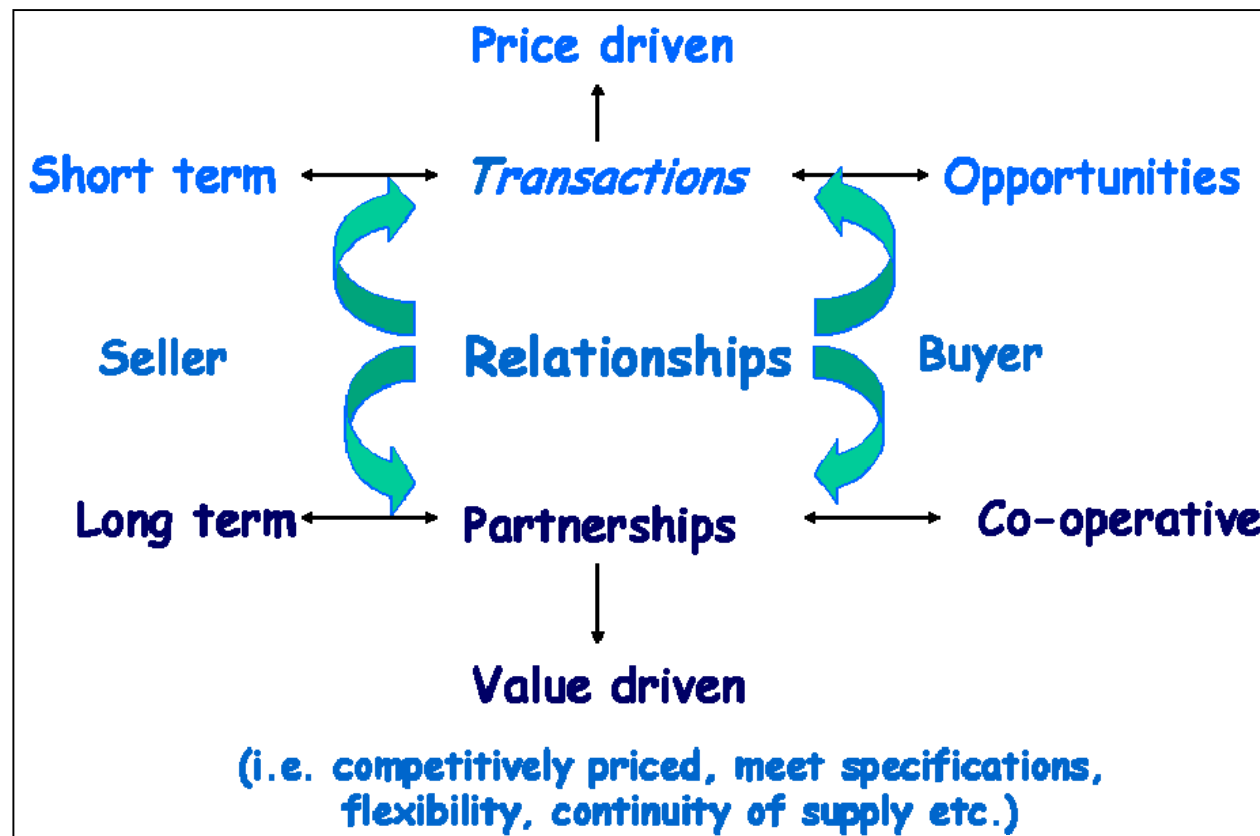
Produce quality grain product to customer specification

- Supply on-demand to quantity ordered
- Manage price risk – know COP and margins, negotiate FOB or CIF?
- Export market options broaden sales base, and being part of a market supply chain is stimulating.

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Conclusions and 'where to from here?'

Marketing is all about developing a relationship with your buyer (customer) that satisfies their needs for quantity *and quality*, such that the process becomes value driven.



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Conclusions and ‘where to from here?’

- Continued interest from importers/processors in Indonesia, however other SE Asian niche market options (Thailand, Malaysia?) more realistic as niche market options
- Need to consolidate a ‘critical mass’ soybean grower base in the Central Region and Burdekin – continued promotion of the integrated farming system benefits with rotational legumes
- Realistic farming options – *grain soybean* crops based on economic and sustainability returns, must be a \$\$ return
- Export markets a valuable risk management tool - nevertheless long term development, grower commitment

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Conclusions and 'where to from here?'

Some industry challenges

- Value chain competitiveness (domestic and export)
- Grower participation and skills learning (crop and business management support-who?)
- Regional infrastructure (grain management systems)
- Further establishment of light hilum varieties for NQ
- Green manure option for soybean - impact on grain availability
(drivers being water, market price, crop management skills)

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Conclusions and 'where to from here?'

NQ annual production (grain soybean)

