USDA Agricultural Outlook Forum 2000

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Optimum Quality Grains
Evolution of Grower Contracts for Agricultural Crops
Future Agricultural Crop Grower Contracts

• Large Acreage Opportunities - Greater than 10,000 acres
• Specified Use Related
  – Feed
  – Processing
  – Seed
• Multiple Origins
• Identity Preservation Required
Production Contracting History Crops

- Seed Production Contracting
- White Corn
- Waxy Corn
- Food Grade Corn and Soybeans
- Clear Hylem Soybeans (IOM)
New Production Contracts

- OPTIMUM® High Oil Corn
- High Sucrose soybeans
- Low Linolenic soybeans
- Low Saturate soybeans
- Nutritionally Dense Corn
- Identity Preserved Seed Specific Soybeans
- Identity Preserved Hybrid Specific Corn
Production Contract Evolution

• Access to New End Use Identity Preserved Markets
  – Domestic Integrators and Processors
  – Defined Marketing Channels
  – Connection to Crop Use
Production Contract Evolution

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• Markets are Beginning to Understand the Differentiation that Identity Preservation Bring in Terms of Grain Quality
Production Contract Evolution

• Increased Certification as End Use Traits have Increased Value
  – Seed Product and Planting
  – Harvest
  – Storage
Production Contract Evolution

• Increased Certification as End Use Traits have Increased Value
  – Seed Product
  – Harvest
  – Storage

• Reward Producers and Grain Handlers with Investment in Identity Preservation
Production Contract Evolution

• Increased Use of E-Commerce
  – Larger Grower Base Access
  – Easy Access to Contracting Opportunity
Opportunity Search enables anyone with Internet access to view programs offered by Optimum.
Production Contract Evolution

• Increased Use of E-Commerce
  – Larger Grower Base Access
  – Easy Access to Contracting Opportunity
  – Instant Information Sharing (Contract Availability, Premium Definition, Contract Samples, Communication)
  – Real Time Contract Fulfillment
Results of Contracting

• Increased Choice for Producers
Results of Contracting

- Increased Choice for Producers
- Match Supply to Demand
  - Reduce Oversupply Depressing Value
  - Reduce Huge Swings in Premium over the Base Commodity Price (White Corn)
Results of Contracting

• Increased Choice for Producers
• Match Demand to Supply
• U.S. Grain and Oilseeds Origination Differentiated in the Global Market Increasing Competitiveness