News & Events

Serving All Customers: Identity Preserved Programs Expand Export Options

June 05, 2014

Latest News (/news-categories/latest-news)

"The keys are planning and preparation," said Jim Stitzlein, manager of market development for Consolidated Grain and Barge. "IP (identity preserved) programs can expand customer choice, but success can only come if there is a willingness to commit, and if interest is expressed early enough to allow coordination across the entire value chain."

Stitzlein, a U.S. Grains Council delegate and Biotechnology Advisory Team member, noted that CGB for years has promoted both commodity and IP programs and has strengthened its relationships with growers willing to respond to the users' needs. A recent example is a relatively new IP program created by CGB and its Japanese parent company, Zen-Noh, to source non-GM corn from the United States for Japan Corn Starch, a food manufacturer. The first shipments left Gulf ports in May.

The joint program involves an unusual degree of vertical integration through the production and shipping process. JCS worked with Zen-Noh and CGB to enter into direct production contracts with growers, purchased the seed directly from a seed company and utilized proprietary assets in the CGB system to segregate handling. JCS, a major purchaser of GM commodity corn as well, also established a separate, dedicated manufacturing line to maintain segregation from planting through packaging the final product.

"This is a great example of the planning and coordination needed to 'share the road,'" said USGC President and CEO Tom Sleight. "Most U.S. corn is GM. It takes extra work to segment a specialty crop in a high volume commodity handling system. But it can be done -- at a price -- if all concerned communicate, plan, prepare and commit. New Zealand is another good example."

In New Zealand, the first shipments of U.S. corn in a decade arrived recently; this was, again, non-GM IP corn, a niche market but one with growth potential, as New Zealand hopes to become a production platform for meat and dairy products for China. And on a related front, the first bulk shipment of U.S. distiller's dried grains with solubles shipped for New Zealand in mid-May. Adel Yusupov, USGC regional director for Southeast Asia, anticipates further growth as U.S. sourcing becomes established.

While Japan continues to import IP corn from the United States, a robust IP market in Korea not long ago dominated by the United States – again, for non-GM corn – has all but dried up for U.S. exporters. Byong Ryol Min, USGC director in Korea, noted that in the non-GM segment of the Korean market – 952,000 metric tons (37.5 million bushels) in 2013 -- , U.S. market share has dropped from 73.5 percent in 2008 to just 3.4 percent in 2013. In the same period, Hungarian, Serbian and French exports have soared from less than 7 percent to more than 85 percent of this market segment.

"Price is a key in Korea," Min said. "Korean buyers have already returned to the United States for commodity corn as prices have normalized. Korea will definitely come back for IP corn when its price becomes competitive."

IP specialty grains have experienced boomlets of interest before, but price premiums have always limited growth. As the global market continues to become more diverse and more competitive, however, the capacity of the U.S. logistical system to serve all market segments will continue to evolve. It's all about the customers -- and with planning and preparation, the U.S. supply chain can and will continue to respond flexibly to changing demand.

Corn (/news-and-events/news-topics/corn)
Japan (/news-and-events/news-topics/japan), Europe (/news-and-events/news-topics/europe), Southeast Asia (/news-and-events/news-topics/southeast-asia)

New Zealand (/tags/new-zealand)

Print (http://www.grains.org/print/2444) Email (http://www.grains.org/printmail/2444)

Related Articles

- United States Risks Losing Export Market to Colombia
- USGC Presents Corn Export Quality Report Across Latin America
- I-LEAD Team Gets Firsthand Look at Korea, Vietnam Export Markets
- Talkin' Trade with Kevin Latner
- Fostering Old Relationships to Regain Market Share

View More Related News