



2020 ANNUAL REPORT
OF THE NORTH CAROLINA SOYBEAN
PRODUCERS ASSOCIATION

PRESIDENT'S LETTER



When I wrote to you last year, we recapped on the slate of challenges facing the ag sector which weighed on fundamentals and pushed commodity prices to ten-year lows. Fast forwarding to today, global supply/demand balance sheets have turned in favor of the American farmer, the Brazilians are importing soybeans from the United States and North Carolina soybean farmers are enjoying their highest prices in six years.

2020 has certainly been an eventful year in its own right, and while fast-forwarding through these past 12 months might be tempting, it would potentially rob us of some hard-earned experiences and valuable lessons.

We cannot talk about 2020, for example, and not mention COVID-19, which disrupted life and upended routines, but also required us to be proactive in addressing new business challenges. At the Association and through our research partnership with N.C. State, this has meant finding new ways of getting information into the hands of growers, be it through Zoom presentations, virtual field days or podcasts. These were, in fact, goals in the five-year plan that was finalized by the Association late last year but it is safe to say that COVID sped up their adoption.

Consistent with this theme of virtual delivery, 2020 also marked a pivot in terms of how the Association conducts its community outreach. In the past, our outreach message was largely delivered through in-person visits at schools and community events. The realities of 2020 brought these events to an abrupt halt. But, after taking time to recalibrate, Association staff got to work developing online teacher training modules to help get ag into the classroom and to support the state's teachers who have deftly made a pivot of their own. While there is no perfect substitute for in-person events, by leveraging the talents of our state's educators as a force multiplier, these modules will allow us to reach many more students than we have in the past.

As growers, we are keenly aware that efficiency is a key component in helping to make the US food chain the world's safest, most abundant, and most affordable. In many cases efficiencies can be achieved through consolidation and economies of scale but in 2020 we saw that there are risks inherent in that trend, with a heavily consolidated meat packing sector showing stress early in the year. To their credit, processing constraints were resolved quickly and against great odds but not without pain spilling into grain markets first. Going forward, we as growers must remain aware of how consolidation - be it among input suppliers or end users - impacts our business.

The 2020 election, while unpleasant at times, also offered up some valuable lessons for the agricultural community. Sticking close to home, I am confident in saying that we are all pleased with the outcome of the Commissioner's race and all stand to benefit greatly from four more years of Steve Troxler's leadership at the NCDA. That said, I am also confident in saying that the race and in particular, the tone adopted by the Commissioner's opponent, caught many of us off guard. Going forward the NCSA is committed to doing its part to bridge the urban-rural divide so that it cannot be exploited by aspiring politicians in the future.

The past two years have certainly been eventful and I'm pleased to be bowing out on a high note. Reflecting on my term as President of the N.C. Soybean Producers Association and the current state of prices I take great solace knowing that while trade wars, viruses and weather can cause temporary hardship on the farm, *at the end of the day the world needs US agricultural products.*

Wishing you a healthy, happy and prosperous year ahead.

A handwritten signature in black ink that reads "Jeff Tyson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Jeff Tyson
NCSA President

INVESTING IN THE FUTURE OF THE AGRICULTURE INDUSTRY

The North Carolina Soybean Producers Association is dedicated to investing in research projects that help farmers increase both their productivity and profitability and over the last few years the Association has funded a number of exciting projects to get growers thinking about the crop a little differently. Some of those projects include investigating maturity group and planting date interactions, looking at best management practices for early maturity soybeans, and building "SMART" technology to improve pest management recommendations.

But, one of the often-unrealized benefits of investing in this research is we are also investing in the future pool of agricultural employees. Graduate students are the workhorses behind much of the soybean research that the NCSA sponsors - making sure trials are implemented, data is collected, and results are analyzed so growers can use that information to make more informed decisions. By investing in these projects and these students, we are investing in the future of the agriculture industry.

Below are profiles of a few of the excellent graduate students working in the soybean research program. These students, in particular, are unique because they are from N.C. soybean farms, literally bringing checkoff dollars full circle.

MAKAYLA GROSS

MaKayla Gross grew up in Lee County on a 6th generation row crop farm that also has a vibrant agritourism business. MaKayla knew from a very young age she wanted to be in the ag industry for the rest of her life and had her heart set on N.C. State, although her path to get there was non-traditional. She came to NCSU CALS through the STEAM program and has continued to thrive since then. MaKayla majored in Ag Business Management and double minored in Crop Science and Leadership in Ag and Life Sciences. A major focus of her Master's project is understanding how winter crop rotations, such as cover crops and winter grain crops, interact with different soybean maturity groups and impact soybean productivity in N.C. She is excited about her work and hopes the results will help growers across the state, including her family's own farm, make decisions about alternative rotation systems. MaKayla will graduate this December and plans to find a job with a reputable company that supports N.C. growers.



WHY DID YOU DECIDE TO COMPLETE GRADUATE SCHOOL AT N.C. STATE AND SPECIFICALLY WORK WITH SOYBEANS?

"As a first-generation college student, I knew if I ever got the incredible opportunity to go to Graduate School at N.C. State, I would. Agriculture is my passion and I have always loved every aspect of it. When offered the opportunity to pursue my Graduate degree in the Soybean Extension Program, I knew I had to do it. I knew I wanted to be in a program where I could learn and grow as much as I could - and that is why I chose soybeans."

TRISTAN MORRIS

Tristan Morris grew up on a 6th generation diversified row crop farm in Halifax County where he spent many days working with his family in the field and learned many life lessons. After graduating high school, Tristan attended NCSU and majored in Soil Science with a minor in Ag Business. He is currently working towards his Master's under the direction of Dr. Rachel Vann on a project evaluating many different combinations of planting dates, maturity groups, and seeding rates and how those interactions influence yield and quality. Graduate school was a good fit for Tristan because it allowed him to continue helping on the farm on the weekends while also gaining research experience. This work will be used to improve planting date and maturity group recommendations for N.C. soybean growers, which will hopefully improve the state's average yield. Upon graduation, Tristan plans to work as an agronomist in eastern N.C.



WHY IS IT IMPORTANT FOR N.C. SOYBEAN GROWERS TO SUPPORT GRADUATE STUDENT RESEARCH?

"Being involved in the Soybean Extension Program has given me opportunities to grow both personally and professionally. I have been able to improve my presentation skills and have gained research experience through not only working on my project, but also helping with other soybean projects. Additionally, I have developed friendships with people from all over the state and made connections in the field of agriculture that will be very beneficial in the future. By supporting this work, soybean growers are helping build the next generation of the ag workforce."

DJ STOKES

DJ Stokes grew up on a 4th generation family farm in Sampson County where they grow corn, soybeans, peas, and organic produce. There, he developed a deep passion for agriculture and an appreciation of the hard work required to produce food. At N.C. State, DJ majored in Agriculture Sciences with minors in Crop and Animal Science and it was there he was first introduced to the Soybean Extension Program through an internship. During his internship, he saw firsthand the valuable research conducted by Dr. Vann and the Soybean Extension team and decided to pursue a Master's degree in the program. DJ started this fall and will be continuing the work of Tristan Morris with the planting date x maturity group trial. The hope is to generate more data and work towards building a decision support tool for growers.



HOW WILL YOUR GRADUATE STUDENT TRAINING PREPARE YOU TO CONTRIBUTE TO THE N.C. AG COMMUNITY IN THE FUTURE?

"During my time in the Soybean Extension Program, I have had the chance to interact with many people in the agriculture industry. I have been able to see firsthand many of the issues that plague farmers. Having the opportunity to work with and learn from Dr. Vann has vastly expanded my knowledge and prepared me with the skills I need to go out and be a leader in the ag community."

MARKET DEVELOPMENT

THE BILL FOR THE TRADE WAR COMES DUE - HOW BRAZIL ENDED UP IMPORTING US SOYBEANS

There are only four countries that export significant amounts of commodity soybeans – the United States, Brazil, Argentina and Paraguay. Although Brazil recently surpassed the United States in terms of production, with a growing world population, hungry for protein, there is no getting around the fact that the world needs U.S. soybeans. In the summer of 2018 – the early days in the US-China trade war - with US soybean prices suffering under the weight of retaliatory tariffs, it may have been easy to lose sight of this fact.

Initially, U.S. soybeans were effectively put on-sale as traders had to scramble to find new markets. As China pivoted to Argentina and Brazil to meet its import needs almost exclusively, the US found these new markets and revisited old ones, particularly Europe. By late 2018, however, a funny thing began to happen. What began as a trickle of U.S. soybean exports to Argentina (29,000 MT in June), quickly turned into a torrent, increasing to 2 million MT of soybeans by year's end with traders purchasing discounted US beans for resale to China while halfheartedly obscuring their origin.

Brazil was also exporting beans to China at a record clip, but as a far bigger producer with far larger stocks they had no trouble meeting this new demand – at least in year one. Going into 2019, however, beginning stocks were at a 20-year low, an early indication that the pace was not sustainable. Brazil's exports in 2019 dropped but not before stocks were whittled down further. By 2020 though, a repopulated Chinese hog sector needed to be fed. The trade responded, but in the process Brazil's export commitments plus domestic demand began to exceed domestic supply.

As a result, 2020 saw the first U.S. soybean exports to Brazil in over a decade, with 30,000 MT leaving New Orleans the first week of November, just two weeks after the Brazilian government suspended import tariffs. Brazil's own Oilseed Association (ABIOVE) has estimated that the country will need to import a record one million tonnes this year and a half a million tonnes in 2021, all of which should provide continued support to U.S. prices – trade wars notwithstanding.

BRAZIL'S SOYBEAN BALANCE SHEET ('000 MT)

	2018	2019	2020
Beginning Stocks	10,812	3,624	3,319
Production	123,081	120,751	126,400
Imports	187	144	1,000
Seeds/other	3,642	3,673	3,800
Exports	83,258	74,073	82,000
Crushing	43,556	43,454	44,600
Final Stocks	3,624	3,319	319

THINKING INSIDE AND OUTSIDE THE BOX

Given the large livestock sector in the state, North Carolina is not a major soybean exporter – only about 15% of the production in our state leaves the country in a given year. For soybeans that are exported however, the majority are moved in Intermodal Containers - "boxes" as they are known in the Shipping Industry - rather than in bulk vessels.

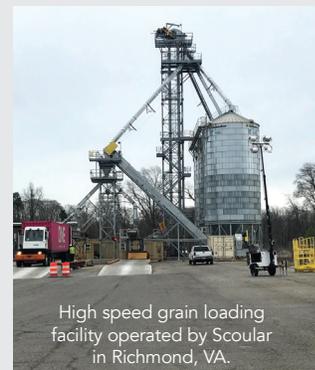
While some beans in the far Northeastern corner of the state are trucked directly to Norfolk, most outbound beans are loaded on containers at a handful of grain elevators around the state, and sometimes directly on the farm.

While container loading facilities can be as informal as a conveyor belt moving beans from bin to truck, increasingly, there are multi-million dollar operations being built that are capable of receiving grower grain and loading out containers in a matter of minutes. This year was bookended by visits to two such facilities, one fully operational and one still in the planning stages.

In early March, board members Jeff Tyson, Reggie Strickland and Gary Hendrix joined NCSA Assistant Commissioner of Agriculture, Sandy Stewart, as well as NCSA and NCSPA staff to visit Scoular's high-speed grain loading facility in Richmond. Opened in November 2019, the facility gets most of its grain from points north and west of Richmond and puts them in containers to be barged down the James River to be loaded on an ocean-going vessel at Norfolk.

Fast-forward to October, and growers Gary Hendrix, Duncan Malloy and Adrian Locklear, all from the Sandhills, met with Northwest Grains International (NGI) at the Dillon, SC Inland Port to discuss grain supply, logistics and to get a look at the facility planned for a neighboring plot of land owned by NGI.

There is an abundance of containers on the East Coast and favorable rates to return those containers to East Asia. Comparing prices in East Asian markets with the cost of procuring North Carolina soybeans and shipping them overseas reveals that there is plenty of margin to go around in containerized exports. Going forward, the NCSPA looks forward to working with these enterprising buyers to find a home for high quality North Carolina soybeans in international markets.



NCSPA Directors and staff meet with Northwest Grains International to discuss an inland loading facility in Dillon, SC.

PIVOTING TO A DIGITAL WORLD

As North Carolina's urban population continues to grow and misinformation about agriculture amplifies, the Association's commitment to consumer outreach and education is stronger and more important than ever before. Though outreach looked different in 2020, we are looking forward to diversifying our approach and expanding our reach through new avenues in 2021.

For years, the NCSPA's outreach programs thrived through face-to-face visits, with growers and staff traveling across the state to share the message of agriculture in classrooms and in-person community events. As with most things in 2020, this approach and the Association's program of activities came to a screeching halt in March. With in-person event cancellations continuing and school activities varying county by county, the Association has had to reevaluate our approach and brainstorm new ways to connect with consumers.

Understanding that our limited access to students will likely continue throughout 2021, we have pivoted to supporting our state's educators. With the help of Feed the Dialogue NC, through funding from the North Carolina Tobacco Trust Fund Commission and the United Soybean Board, the NCSPA is developing a learning module resource to equip teachers with appropriate background knowledge to incorporate agricultural concepts into their instruction. Each module will correspond with various N.C. curriculum standards but are specifically targeting high school Earth and Environmental Science courses.

Anchored with the story of N.C. row crop farmers, John and Rob Fleming of Fleming Brothers Farms in Scotland Neck, the learning modules will include an overview of the North Carolina agriculture industry, agriculture's relationship with the environment, and an introduction to agricultural technology. Supplementing each module, teachers will be provided with specially curated activities they can use in the classroom. This resource will be free and available to teachers in early 2021.

Supporting this initiative is our new Community Outreach Coordinator, Kortney Neal and intern, Mary Kate Morgan. Kortney and Mary Kate both have degrees in agricultural education and will be tasked with generating activities and promoting the resource amongst the teaching community.

Though this year has brought challenges and transitions, we know our direction moving forward will continue the legacy of the NCSPA's outreach efforts.

For more information on the NCSPA's outreach programs or to schedule an event, please contact Kortney Neal at ksneal@ncsoy.org.



John Fleming of Fleming Brothers Farms filming for the learning module resource.

LEGISLATIVE OUTREACH

POLITICAL YEAR IN REVIEW

2020. Just writing the year alone sums up the craziness experienced since last March, including in the country's politics. We saw how elections, a pandemic and sensationalist claims all led back to the farm and how they impact your daily operations. On a positive note, 2020 saw the agriculture community coming together to ensure that their voices were not left out. We would be remiss if we did not start off by giving a short election recap, the focus for many since the beginning of the year.

One of the biggest races at the top of N.C. farmers' minds was the reelection of Commissioner of Agriculture, Steve Troxler. Since first elected in 2004, Commissioner Troxler has adeptly applied his farming background and sound judgment to advance the interests of not just N.C. farmers, but every resident of this state who is equally invested in a safe and abundant food supply as well as a scenic and sustainable natural environment. As North Carolinians, we can feel fortunate to have an individual like Commissioner Troxler at the helm of N.C. Department of Agriculture for at least the next four years.

Also making headlines were elections for U.S. Congress. Senator Thom Tillis won his reelection bid after one of the most expensive senatorial races in U.S. history. Additionally, all N.C. incumbents for the U.S. House of Representatives were reelected by their districts. After 2019's redistricting, we also have a few newcomers on the scene: Deborah Ross (D) for District 2, Kathy Manning (D) for District 6, and Madison Cawthorn (R) for District 11. At the state level, Republicans remained in control of both the N.C. House, 69-51 and the N.C. Senate, 28-22. Democrats gained one seat in the N.C. Senate and Republicans gained four in the N.C. House. All incumbents running for Council of State won their reelections and Republicans won all open Council of State races.

No one needs a reminder on how tough 2020 was on the ag community, but we were fortunate to see support from Congress, USDA, N.C. Department of Agriculture, and the N.C. General Assembly. The first of these came in May with the Coronavirus Food Assistance Program (CFAP) that



Farmers meet with Congressman David Rouzer and N.C. Senator Brent Jackson at a safe and socially distanced meeting at Reggie Strickland's farm in Mt. Olive, N.C.

directed \$16 billion to ag alone. In September, when the need for additional support was evident, CFAP2 was released with an additional \$14 billion in aid. At the state level, the N.C. Department of Agriculture spearheaded the Appropriation for Small Meat Processors Assistance legislation in the General Assembly that provided \$10 million in grants to small meat processors to expand their facilities during COVID-19.

In the past year, the N.C. Soybean Producers Association had meetings with legislative candidates to make sure that farmers' voices were being heard in Raleigh and D.C. While we were not able to visit Capitol Hill physically in 2020, we were able to meet with some of our representatives on the farm and via Zoom, including Senator Thom Tillis, Representative David Rouzer, Representative Ted Budd and N.C. Senator Brent Jackson.

This state is very fortunate to have farmers who are passionate about agriculture and continue to advocate for their peers back home, even when that means parking the combine for an hour to log onto Zoom. Regardless of what the new year brings, we are committed to finding safe ways that ensure N.C. growers' legislative interests continue moving forward in 2021.

The NCSPA's Corporate Partners are another great advocate of the N.C. soybean farmer that deserve recognition. We would like to thank our 2020 Corporate Partners and all that they do to help us continue to serve the soybean industry every day!



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ANNUAL REPORT OF THE TREASURER

John Fleming, Treasurer

FISCAL YEAR 2019-20, ENDED AUGUST 31, 2020	AMOUNT
REVENUE	
Assessments – Net	1,077,247.00
Investment Income (Loss)	62,749.00
Other	216,232.00
TOTAL REVENUE	1,356,228.00
EXPENSES	
Research	949,586.00
Market Development	165,613.00
Producer Communications	355,005.00
Membership & Organizational Policy	80,747.00
Administration	200,148.00
TOTAL EXPENSES	1,751,099.00
ASSETS	
Current Assets ¹	3,478,207.00
Property-Net ²	75,796.00
Other Investments	443,326.00
TOTAL ASSETS	3,997,329.00
LIABILITIES	
Assessments Payable	170,531.00
Other Liabilities	33,851.00
TOTAL LIABILITIES	204,382.00
NET INCREASE (DECREASE)	(394,871.00)
NET ASSETS-AUGUST 31, 2019	4,187,818.00
NET ASSETS-AUGUST 31, 2020	3,792,947.00

¹ Includes cash, cash equivalents, and CD's

² Property value adjusted for accumulated depreciation



NORTH CAROLINA SOYBEAN
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