

Hendrick expands Japanese market for his IP soybeans

CHESTERVILLE — Dave Hendrick has capitalized on high quality eastern Ontario soybeans in the Japanese market. And he's only beginning to roll.

Five years ago, Hendrick Seeds was selling 300 to 400 tonnes of soybeans each year to Japanese buyers. In 2004, Hendrick's operation is looking to send about 8,000 tonnes to Japan.

In 2005, the market will probably increase by another 50 per cent, he figures.

He's now making contracts with local growers for about 12,500 acres of Identity Preserved (IP) soybeans for 11 varieties. To increase the soybean supply, he has had to convince enough growers, inviting more than 100 to a lunch meeting last month

where they met with Japanese agents.

Hendrick said that besides quality, the ability of eastern growers to keep the beans separate from other crops and impurities has made them valuable in Japanese eyes. "We are giving them the beans they want," he said.

Negotiations are also important. "The Japanese want one price 12 months

of the year," he said. But everyone has to benefit, especially the eastern grower. Otherwise, no one would produce the beans. Hendrick presented a table of premiums for producers, ranging from \$35 to \$115 per tonne, depending on variety.

Vinton-81, with 127 days to maturity, paid a premium of \$115, while Woodstock and S0880 each paid a premium of \$35.

To keep the IP designation, producers and elevators will have to follow protocols outlined by Hendrick Seeds. Shawn McRae, of Bainsville in Glengarry County, says IP soybeans will improve his margins and give him a "slight advantage." But he says he has had to spend



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money to "deal with the contamination issue." Cleaning equipment adds a great deal of work.

"Canada offers a better guarantee that there will be no GMOs," says Ron Uemura, soybean team manager with the Kanenatso Corporation, an international company

based in Japan with more than (US)\$3.5 billion in net sales.

The Japanese government has been subsidizing farmers to switch from rice to soybeans, he said, adding that the program ends in another year. "Our government has red ink like the U.S. and the subsidy will decrease." He expects the price of world soybeans to go higher. "That's our worry," he said.

While the higher U.S. dollar has hurt Canadian exports, the yen has increased in value against the U.S. dollar, Hendricks said. Since the Japanese purchase their soybeans with American dollars, they can afford to pay a little higher for Canadian soybeans, he said.