

# Wilmington Bulk revisited: The cost of soybean meal

In a recent column we reported that Wilmington Bulk, LLC, a consortium of North Carolina swine and poultry producers, was planning to import 50,000-75,000 metric tons of soybean meal from Brazil. The justification given by Wilmington Bulk President Jimmy Kissner was “high domestic prices.”

That justification was subsequently challenged by the Soybean Producers of America (SPA). Dan McGuire, SPA Chair, obtained prices from overseas suppliers to see if indeed they were cheaper than product obtained domestically.

In the case of 48-percent soybean meal pellets, McGuire found it selling for \$258/metric ton (MT), FOB Paranagua, Brazil. “When ocean freight, to Wilmington, NC, plus discharge, handling, and inland freight to feeding operations is added, the price was about \$308/MT,” McGuire said. On the same day, US 48-percent soybean meal in Raleigh and Fayetteville, NC was selling for \$306/MT.

Both prices were obtained from open market sources, Mostert Oilseeds in Brazil and NC Dept. of Ag and USDA-AMS Market News in North Carolina. It is possible that, on a volume bid basis, the consor-

tium could obtain discounts from the published prices. However, assuming that the consortium’s leverage would be similar in both markets, it is hard to see how it can be argued that the cost of imported supplies is significantly different from the “high domestic prices.”

The one kicker in the whole thing is the fact that Wilmington Bulk has millions of dollars tied up in their port facility, leaving them with a fixed cost whether or not one bean passes through the doors. In the import scenario, some of these charges would be included in the discharge and handling costs. As we have said before, just the need to cover some of the costs of the facility may drive a portion of the feed purchasing decisions of the consortium. But over the long-pull, it would be surprising if the existence of the import facility didn’t create some drag on domestic prices.

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