



Purdue News

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Study: Specialty grains can pay handsome dividends

WEST LAFAYETTE, Ind. – Compared to commodity crops, popcorn, tofu and other special varieties of corn and soybeans make up a small portion of Indiana's annual agricultural production. For Hoosier producers willing to grow them, however, the payoff can exceed traditional varieties.

A study by Purdue University and the Indiana Agricultural Statistics Service found that the foremost specialty corn varieties generated more than \$15.7 million in revenue above the commodity base price for Indiana growers in 1999. This "value-added" income also applied to specialty soybeans: Popular varieties earned an average value-added premium of 98 cents per bushel.

Indiana produced \$1.4 billion of all corn and \$1 billion of all soybean varieties in 1999.

"A new wave of specialty grains and oilseeds are enjoying increased interest – an interest sparked in part by advances in biotechnology and low prices for traditional corn and soybeans," said James Pritchett, a former Purdue agricultural economist who headed the study. "Value-added grains like these present opportunities to producers and add to the farm economy."

The Purdue study is the first to examine the economic benefits of specialty grains in Indiana. Findings were based on responses to a questionnaire mailed to 8,000 corn and soybean producers in March 2000.

Questionnaires polled farmers on their harvested corn and soybean acres, production issues, specialty grains income and advantages/disadvantages of growing specialty varieties. Survey results represented the best estimates of producers and Purdue researchers.

Among the nearly 30 percent of farmers who returned the questionnaires, 15 percent said they grew specialty grains. Producers indicated they planted 11 specialty

corn and seven specialty soybean varieties in 1999, or planned to plant them in 2000.

Four specialty corn varieties accounted for more than 67 percent of acreage – or an estimated 550,600 acres – grown in 1999. Those varieties, and their uses, are:

- Waxy – emulsifiers, salad dressings and industrial adhesives.
- White – tortillas and other foods.
- High oil – food greases, feed additives and some food products.
- Yellow food – canned corn and cereals.

Farmers planted fewer acres of such specialty varieties as popcorn, organic corn, sweet corn and seed corn.

The three most common specialty soybean varieties grown by Indiana producers in 1999, and their uses, include:

- Seed – parent crop for other soybeans.
- STS-brand – feed, soybean meal and oil.
- Tofu – food products.

Specialty grain yields for surveyed farmers were slightly higher, on average, than state averages for commodity grains, the study found. "The difference may well be attributed to producers' managerial talents, and/or land quality," Pritchett said.

While farmers reported better yields and income with specialty grains, they also said the varieties cost more to produce and presented special challenges, said Joan Fulton, a Purdue agricultural economist who assisted with the study.

"These products do incur additional costs, and sometimes the costs are associated with logistical factors like transportation, timing of delivery and special handling," Fulton said. "For producers, those factors present very important managerial decisions."

Production contracts also were a concern of some specialty grains producers. The study found farmers liked the additional revenue and access to markets and seeds the contracts provide, but disliked the uncertainty of delivery dates and locations.

Switching from commodity corn and soybeans to specialty varieties requires careful consideration, Pritchett said. Not all farmers realize increased profits.

"In our study, we found that some producers would have been better off growing No. 2 yellow corn or commodity beans, rather than specialty corn or STS beans," Pritchett said. "In some cases they would have made \$27 an acre less with the specialty grains."

Fulton agreed. "One should never jump into something new just because it's new or everyone else is doing it," she said. "There are some very important regional differences that can make growing specialty grains a plus or minus, such as who will receive or process the grain. We see more white corn in southern Indiana because that's where the processors are, and more waxy corn in northern Indiana because of the processors there."

The [complete study](#), titled "An Overview of Specialty Corn and Soybean Production in Indiana," is available on the Internet and may be downloaded from the Web.

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