

BEYOND THE COMMODITY

Rethinking Value in Agricultural Exports

by Dr Alvaro Garcia, Livestock Nutrition Strategist, Global Farming Digest, Portugal

As global markets become more complex, buyers increasingly evaluate more than the quality and price of agricultural commodities. Distillers dried grains with solubles (DDGS) illustrate how integrated production systems are becoming an important source of long-term competitive advantage.

For decades, the competitive advantages that shaped agricultural exports were well defined. Countries competed by producing more grain, improving quality, lowering production costs and delivering commodities efficiently to international markets. Advances in genetics, mechanisation, grain handling, processing and transportation reinforced those advantages, allowing agricultural products to move farther, faster and at lower cost than ever before. Those principles transformed global grain trade and continue to drive successful exporting industries today.

The environment in which those principles operate, however, has changed. The biological value of grain has not changed, nor have the economic fundamentals that govern supply and demand. What has changed is the way buyers evaluate long-term risk and, consequently, the attributes they value in a supplier. Price, quality and consistency remain essential considerations, but they are increasingly evaluated alongside a broader question: which suppliers are most likely to remain dependable when markets become less predictable?

The answer extends beyond the disruptions experienced during the past few years. The COVID-19 pandemic exposed vulnerabilities in global supply chains that few anticipated. Geopolitical conflicts altered established trade routes, while weather variability affected production simultaneously across several major exporting regions. Rising transportation costs and logistical bottlenecks remind buyers that dependable supply cannot always be taken for granted. Individually, these events represented temporary disruptions. Collectively, they changed how governments, processors and feed manufacturers evaluate the long-term reliability of agricultural suppliers.

Historically, agricultural commodities have been marketed according to the characteristics of the products themselves. Wheat is valued for its protein concentration and milling quality. Corn is evaluated according to yield, consistency and price. Feed ingredients compete through nutrient composition, digestibility and cost per unit of usable nutrients. These characteristics remain indispensable because they determine technical performance and economic return. They explain how a product performs after it has been purchased, but they provide only part of the information buyers increasingly seek when making long-term sourcing decisions.

Increasingly, buyers are evaluating more than the commodity itself. They are also evaluating the agricultural system responsible for producing, processing and delivering that commodity consistently over time. Efficient infrastructure, modern processing

THE NEW
MULTIMILLA +
ROLLER MILL
MULTIMILLA +
WATCH TO DISCOVER
LEADING INNOVATIONS
www.imas.com.tr
imas

FIGURE 1.

How Competitive Advantage in Agricultural Exports Is Evolving

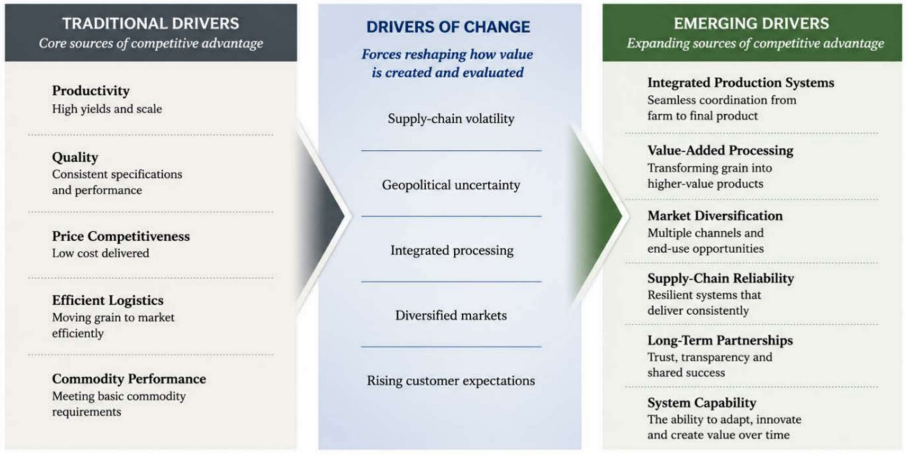


Figure 1. Traditional drivers such as productivity, quality, price competitiveness and efficient logistics remain fundamental to agricultural exports. Increasingly, however, buyers also evaluate the capabilities of the agricultural systems that consistently produce, process and deliver those commodities.

capacity, scientific innovation, technical support and established commercial relationships have become important components of the value proposition because they reduce uncertainty and improve confidence in future supply. Although these characteristics do not appear on a product specification sheet, they increasingly influence purchasing decisions by helping buyers assess the reliability of the system behind the product.

This represents an important evolution in how strategic differentiation is created. For many years, exporters differentiated themselves primarily through the measurable characteristics of the commodities they produced. Those characteristics remain fundamental, but they are no longer sufficient on their own. Increasingly, long-term competitiveness also reflects the capabilities of the agricultural system that consistently produces, processes and supports those commodities. In other words, buyers are placing greater value not only on the product they purchase, but also on the production system that stands behind it.

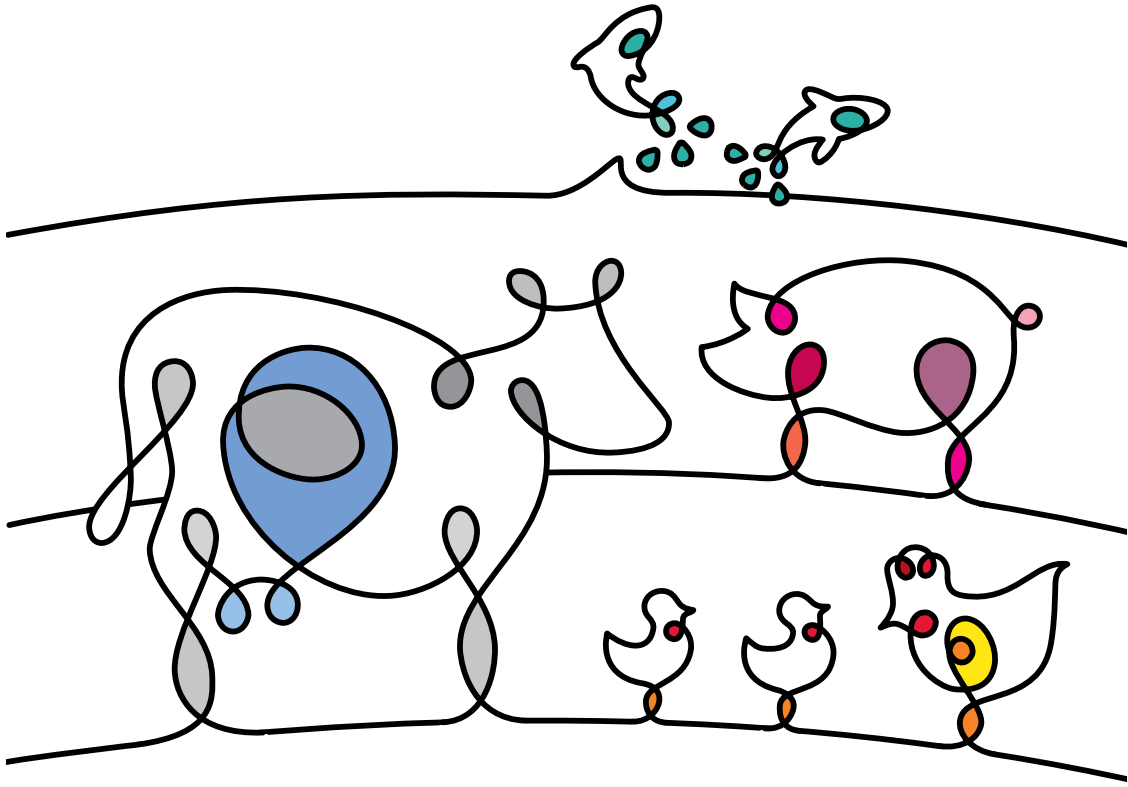
Few agricultural products illustrate this evolution more clearly than distillers dried grains with solubles (DDGS).

A case study in the evolution of value

DDGS provide an excellent example of how sources of competitive advantage in agriculture continue to evolve. Few feed ingredients have accumulated a stronger scientific foundation or achieved broader international acceptance across livestock species. Decades of research have demonstrated their nutritional value in dairy, beef, swine, poultry and aquaculture production, establishing DDGS as an economical source of protein, energy, digestible phosphorus and functional fibre. Today, nutritionists understand where DDGS fits within practical feeding programs, feed manufacturers recognize its economic value, and livestock producers appreciate the flexibility it provides in ration formulation. From a nutritional perspective, the scientific foundation is well established. Its broader significance, however, extends beyond animal nutrition. The development of DDGS illustrates how innovation can transform a production system rather than simply improving an individual product. This transformation illustrates an important economic principle: greater value is created when innovation allows one raw material to serve multiple markets rather than only one. The success of DDGS was not achieved by discovering a new nutrient or creating a novel feed ingredient. It resulted from developing a more efficient way to utilise the entire corn kernel, allowing a single crop to simultaneously support food production, renewable fuels, livestock feeding and an expanding range of industrial and bio-based products. Instead of creating one product for one market, modern grain processing generates multiple products that serve complementary markets, increasing the value extracted from every bushel of corn. Rather than creating a single product for a single market, the same bushel now contributes to multiple value chains, each reinforcing the economic viability of the others.

This integrated approach has important economic implications because it strengthens the entire agricultural system rather than a single segment of the supply chain. Diversifying the products generated from a single crop reduces dependence on any one market while creating additional demand channels, improving resource utilization and expanding marketing opportunities. The result is a more flexible production system in which grain producers, processors, feed manufacturers, livestock producers and importing countries all benefit from having more options when market conditions change. Rather than creating value for one industry alone, DDGS illustrates how innovation can generate complementary value throughout the agricultural economy.

The value created by this diversification extends beyond the



Life, made easier.

Feeding the world is a daily commitment in which technical and practical knowledge must be precise, synchronized, and balanced. It's a microbiome that requires the right nutrients, information, advise, and high performing solution that are simple for you and your animals.

At Jefo, it's more than a gut feeling; it's science, it's partnership.

We know you *care*. You aim for the *peak*. You follow the *cycle*.

jefo.com

Life, made easier.

Jefo

Ad_Multi_MillingandGrain_GL_En_20250116



individual participants in the supply chain. Agricultural markets have always been dynamic, with relative prices continually responding to weather, production levels, transportation costs, exchange rates and global demand. Under these conditions, flexibility becomes a competitive asset. Nutritionists who have access to multiple high-quality feed ingredients can adapt rations without compromising animal performance. Feed manufacturers can respond more effectively to changing ingredient markets. Grain processors can serve several industries simultaneously, while importing countries can diversify procurement strategies rather than relying on a limited number of suppliers. The availability of options does not eliminate uncertainty, but it improves the ability of the entire agricultural system to respond when conditions inevitably change.

Viewed from this perspective, DDGS represents much more than a successful feed ingredient. It demonstrates how investments in crop production, processing technology, scientific research, transportation infrastructure and market development collectively create value that extends well beyond the physical characteristics of the final product. Every shipment of DDGS carries more than nutrients. It also reflects decades of investment in research, processing technology, transportation infrastructure and market development that collectively strengthen the competitiveness of the agricultural system behind it. Those capabilities cannot be measured by laboratory analyses alone, yet they increasingly influence purchasing decisions because they reduce risk and improve confidence in long-term supply.

The same principle extends well beyond DDGS. Increasingly, agricultural exports compete not only because of the quality of the commodities they deliver, but also because of the strength of the production systems that support those commodities. In that respect, DDGS should be viewed not simply as one of the world's most successful agricultural co-products, but as an illustration of how innovation can strengthen the competitiveness of an entire agricultural sector while creating value for every participant in the supply chain.

Looking beyond the commodity

If the sources of competitive advantage are evolving, the implications extend well beyond DDGS. They influence how agricultural industries invest, how exporters position their products and, perhaps most importantly, how they communicate value to international customers.

For decades, agricultural marketing has understandably emphasised the measurable characteristics of the products being sold. Grain exporters describe quality, consistency, processing characteristics and price because these attributes determine technical performance and influence purchasing decisions. Those factors will always remain fundamental to international trade, and no exporter can expect to compete successfully without them. The challenge is not to replace that message, but to expand it.

Increasingly, buyers are evaluating characteristics that cannot be measured by laboratory analyses alone. They are assessing the reliability of supply chains, the sophistication of processing industries, the availability of scientific and technical support, the consistency of quality assurance programs and the ability of suppliers to adapt as markets evolve. These capabilities reduce commercial risk and strengthen long-term business relationships. Although they are rarely listed in a product specification, they have become part of the value customers purchase when they choose one supplier over another.

This broader perspective also changes how innovation should be viewed. Investments in research, processing technology, transportation infrastructure and market development do more than improve individual products; they strengthen the competitiveness of the agricultural system. Their value is reflected not only in higher yields or improved product quality, but also in greater flexibility, more diversified market opportunities and stronger commercial partnerships. The success of DDGS illustrates this principle because it demonstrates how innovation in one sector of agriculture can create value throughout the entire supply chain rather than benefiting only a single industry.

The grain industry has spent decades demonstrating the nutritional, functional and economic value of its products, and it has done so remarkably well. The next opportunity may be to communicate something equally important: the strength of the agricultural systems that consistently produce, process and deliver those products. In an increasingly competitive marketplace, that broader perspective may become an important source of differentiation because it reflects capabilities that are difficult to replicate and that become more valuable as uncertainty increases.

Perhaps this is the next stage in the evolution of agricultural exports. Productivity, quality and efficiency will remain the foundation of international competitiveness, but they may no longer define it completely. Countries that combine those traditional strengths with scientific innovation, integrated processing industries, reliable infrastructure and long-term commercial partnerships will offer customers more than commodities. They will offer confidence in the agricultural systems that stand behind those commodities.

Viewed in that context, DDGS represents far more than one of the world's most successful feed ingredients. It demonstrates how innovation can transform a commodity into a broader source of value that strengthens producers, processors, exporters and customers alike. If that principle extends beyond DDGS, and there is every reason to believe it does, the future of agricultural exports will depend not only on the quality of the commodities countries sell, but also on the strength of the agricultural systems those commodities represent. Ultimately, every shipment carries two products: the commodity itself and the capabilities of the system that produced it. The latter may become one of agriculture's most enduring competitive advantages.

For references, contact editorial@perendale.co.uk