

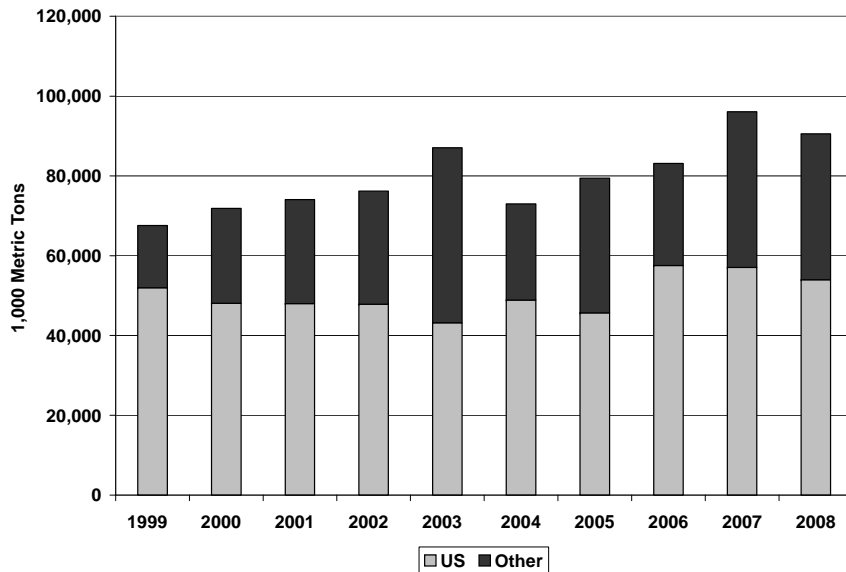


# Evaluating USGC Program Performance

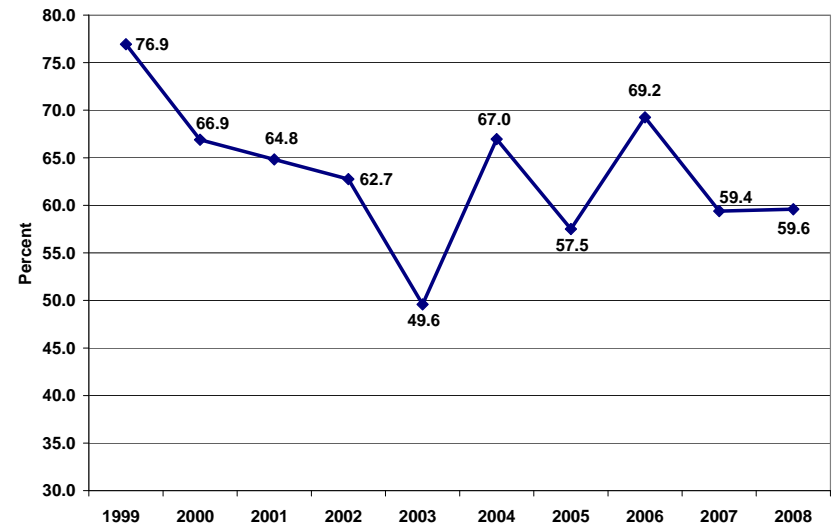
*Informa Economics*  
*June 24, 2009*

# Corn Overview

## World Exports



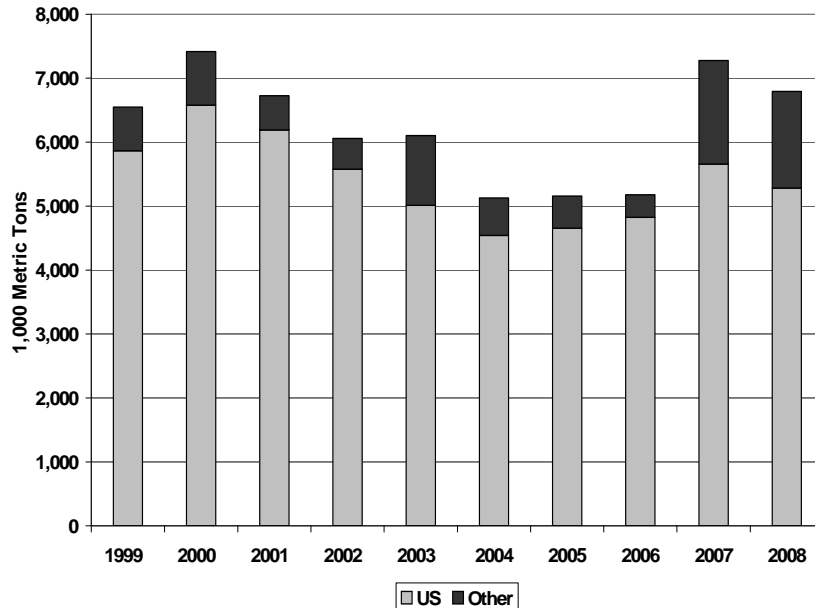
## US Percent Share



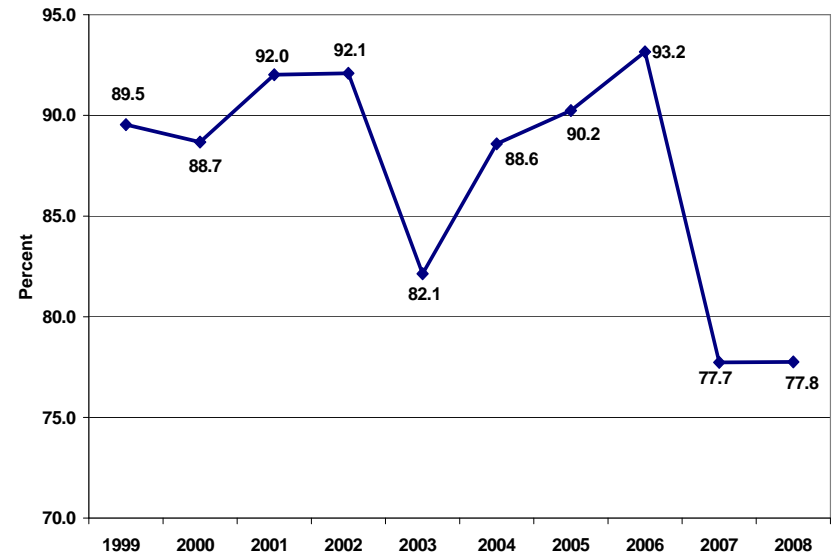
- Total world corn exports grew from 67.6 mmt in 1999 to a record 96.1 mmt in 2007 but fell to 90.5 mmt in 2008, but still the second highest in 10 years.
- US corn exports face a highly competitive market as US export share fell from 77% in 1999 to 60% in 2008. Also increased use of corn for ethanol has limited exports.

# Sorghum Overview

## World Exports



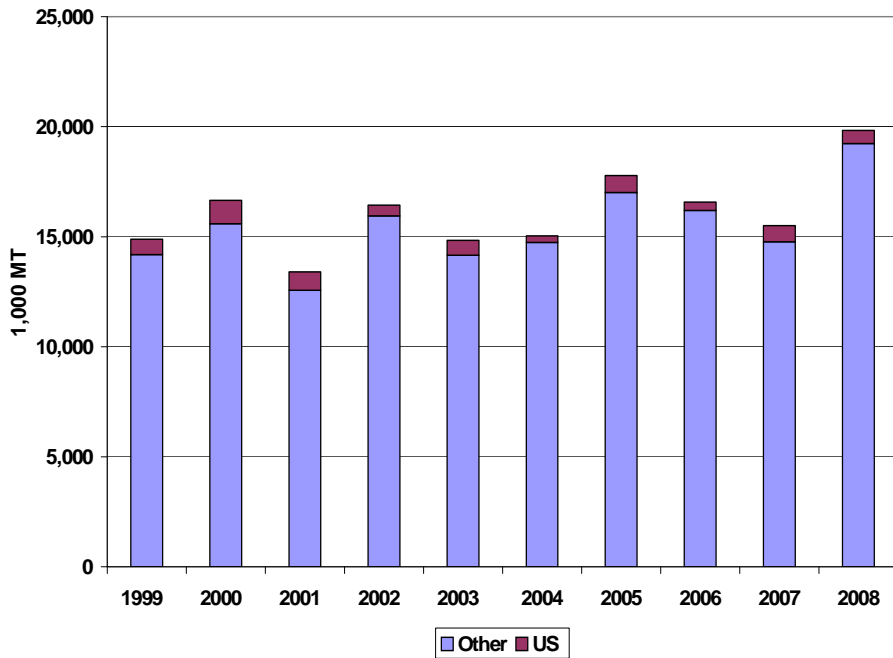
## US Percent Share



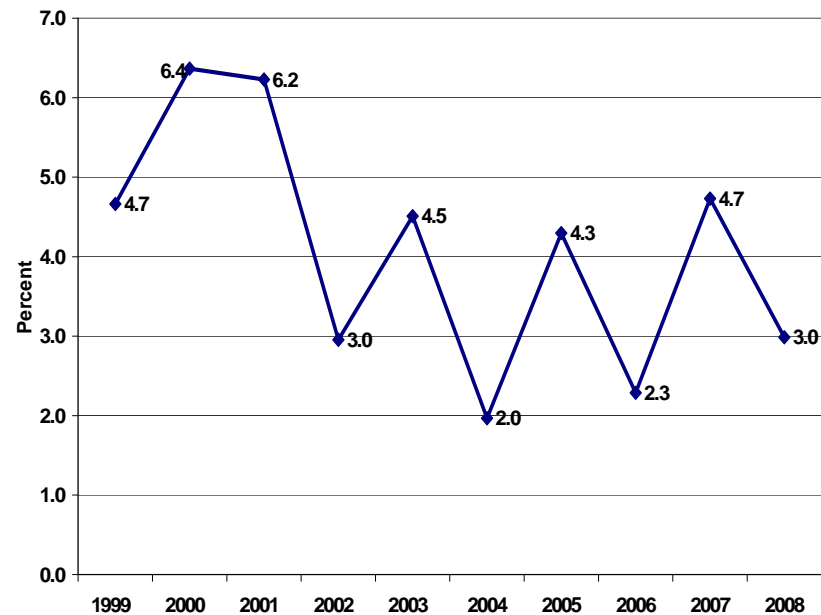
- Total world sorghum exports have been relatively flat over the last ten years.
- US sorghum exports face a highly competitive market and US market share has fallen in the last three years to 78% versus 90% the previous 8 years

# Barley Overview

## World Exports



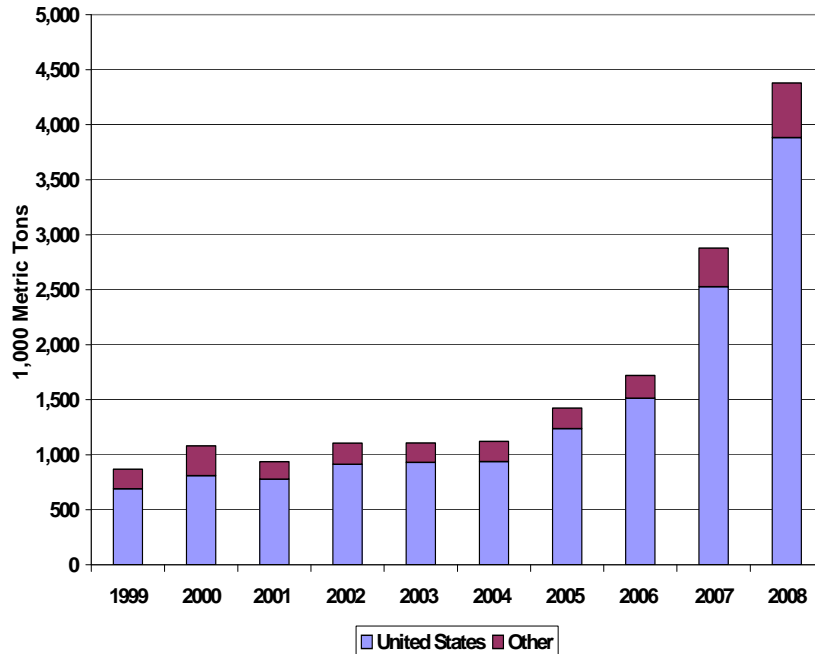
## US Percent Share



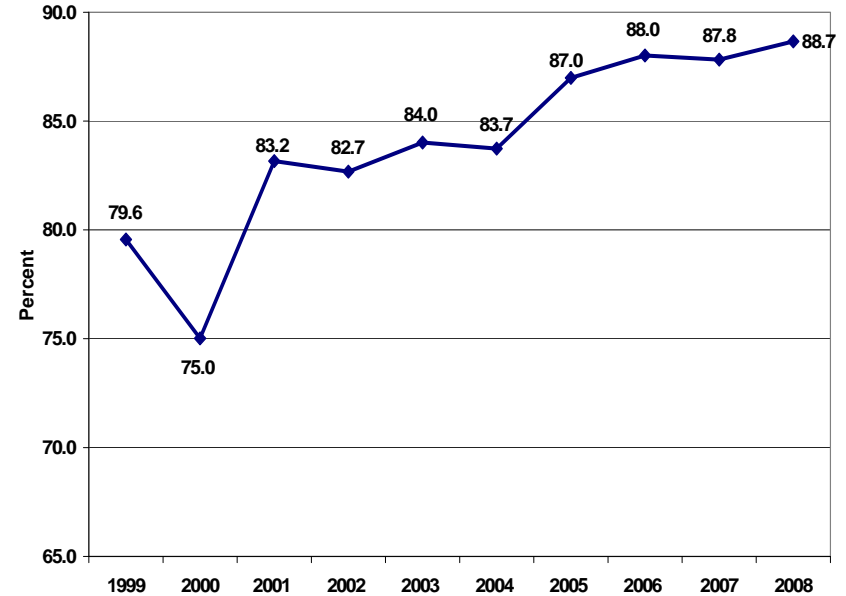
- Total world barley exports were up sharply in 2008.
- US barley export share though fell to 3.0% in 2008 compared with 4.7% in 2007.

# DDGS Overview

## World Imports

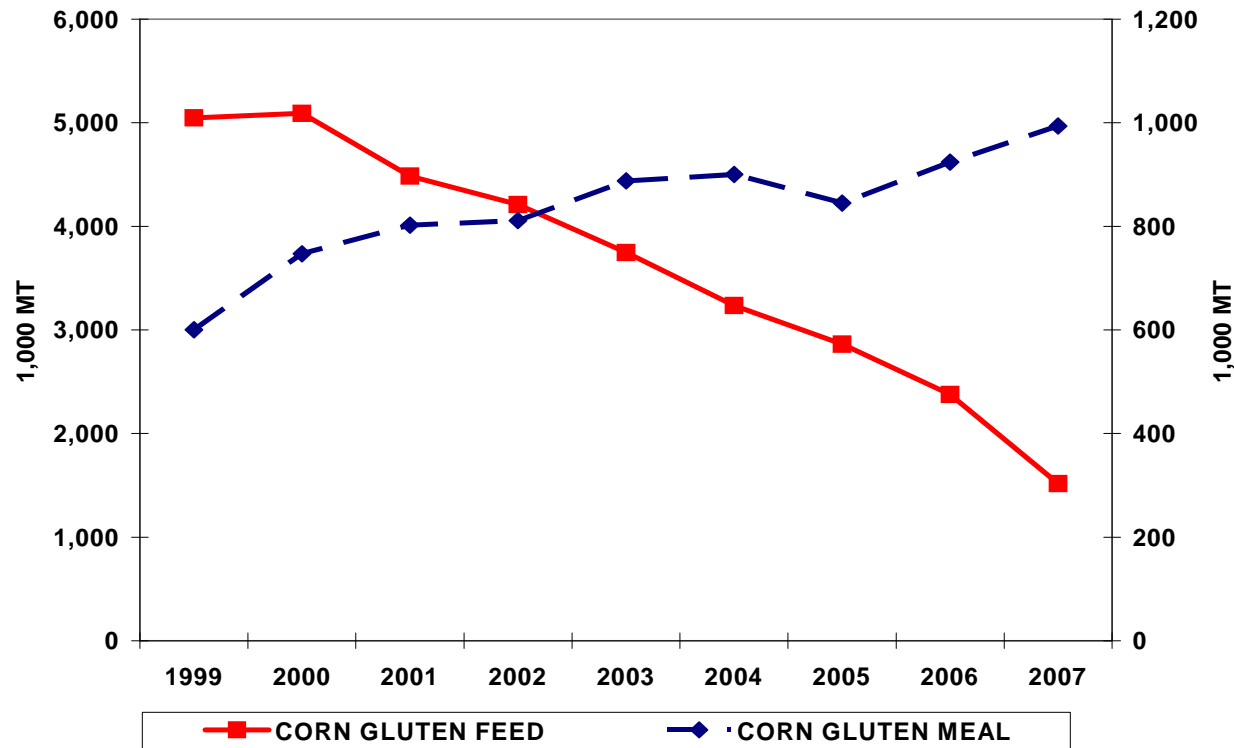


## US Percent Share



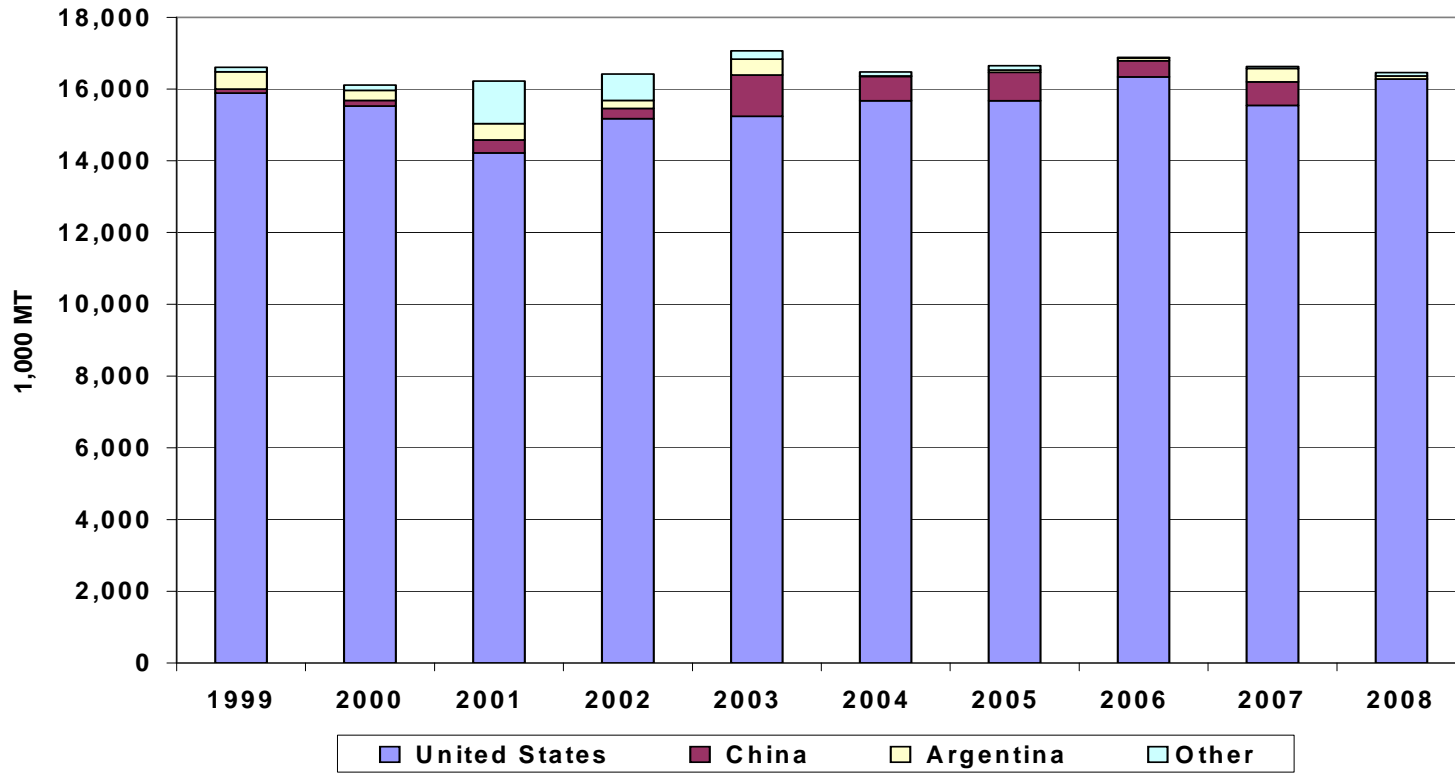
- Total world DDGS imports increased from 868,000 tons in 1999 to 4.4 mmt in 2008
- US trade share has increased from 80% in 1999 to 89% in 2008
- US trade share in top 10 markets as follows: Mexico–100%; Canada–100%; Turkey–93%; South Korea–65%; Japan–91%; Thailand–99%; EU-27–61%; Costa Rica–100%; Chile –100% & Morocco–97%

# US Corn Gluten Exports



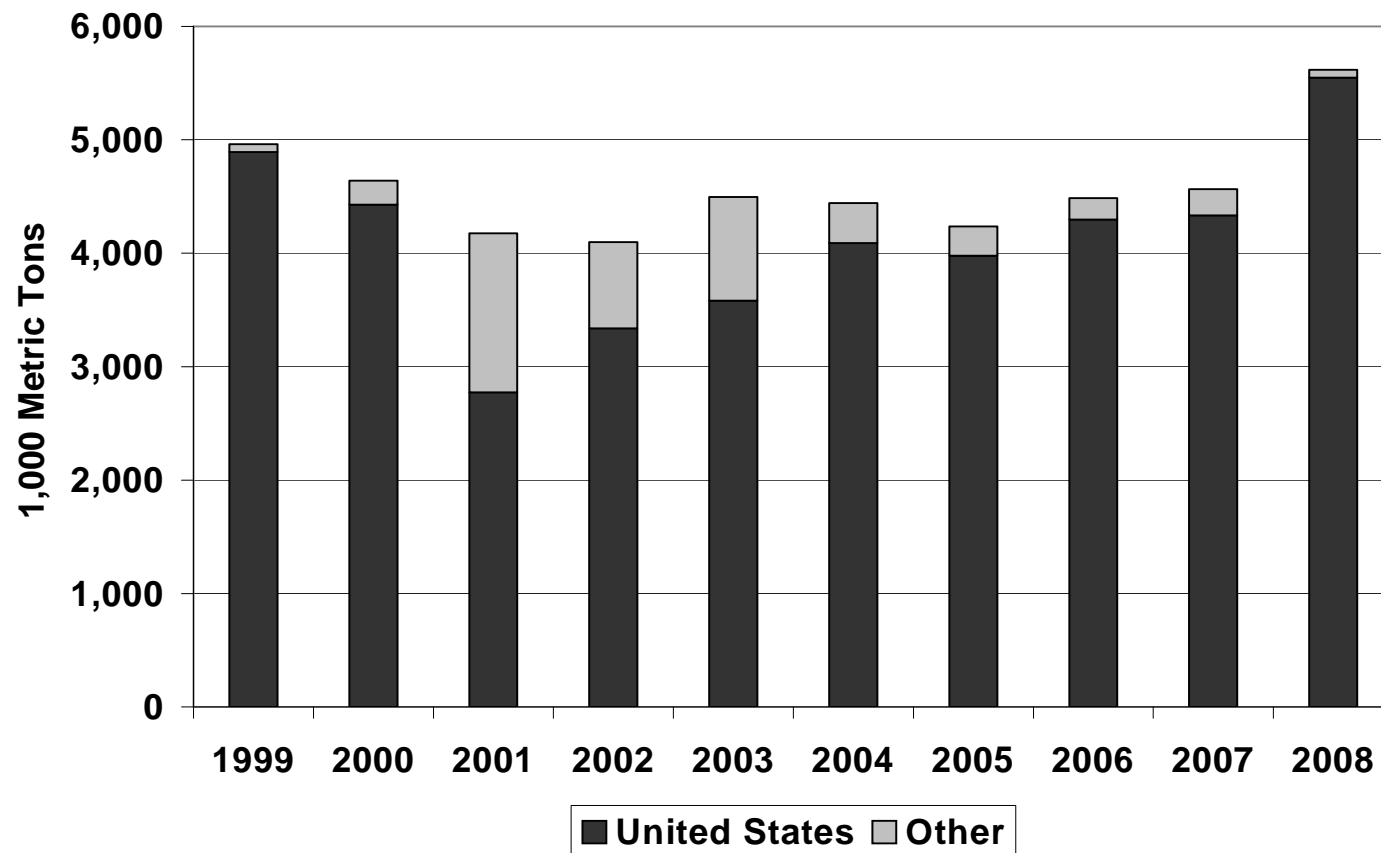
- US corn gluten feed exports on downward trend as exports to EU continue to decline. EU share of US exports drops from 90% in 2006 to 16% in 2008. Turkey a growing market with share increasing from 3% in 2006 to 43% in 2008.
- US corn gluten meal exports on upward trend as Indonesia, Colombia, Japan, Thailand and Russia rise sharply.

# Japan Corn Import Demand



- Total corn imports flat over last 10 years - 16.6 mmt in 1999 and 16.5 mmt in 2008
- US improves overall export share to 99% in 2008 versus 94% the year before.
- Imports from Argentina and China drop off sharply in 2008

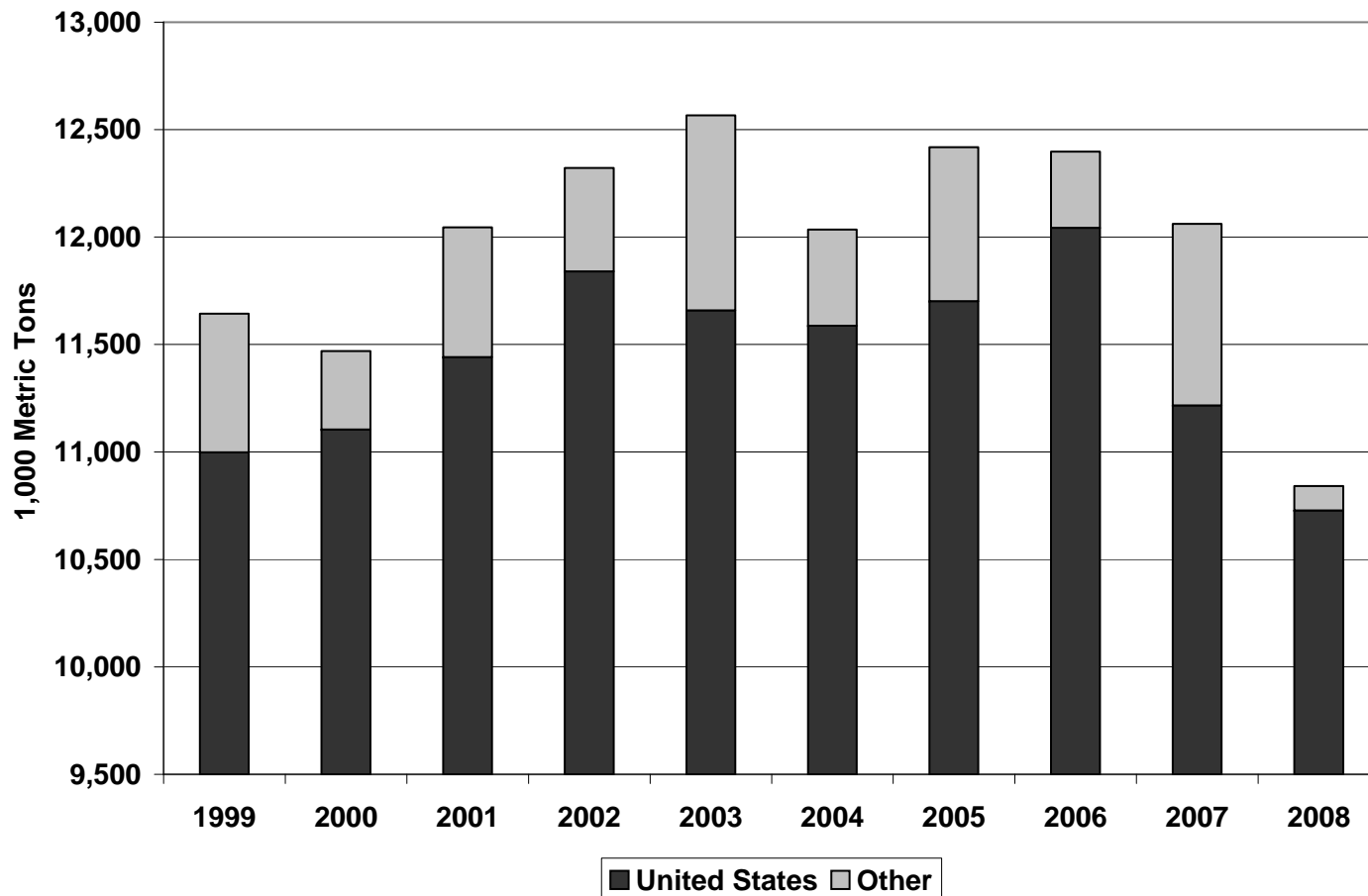
# Japan Food Corn Imports from US Recovering



- Imports of US food corn fell from 4.4 mmt in 2000 to 2.8 mmt in 2001
  - South Africa, Argentina, and China gained market share
- Imports from US have steadily increased since 2001 to 5.6 mmt in 2008
- Higher food corn imports offsetting declining feed corn imports

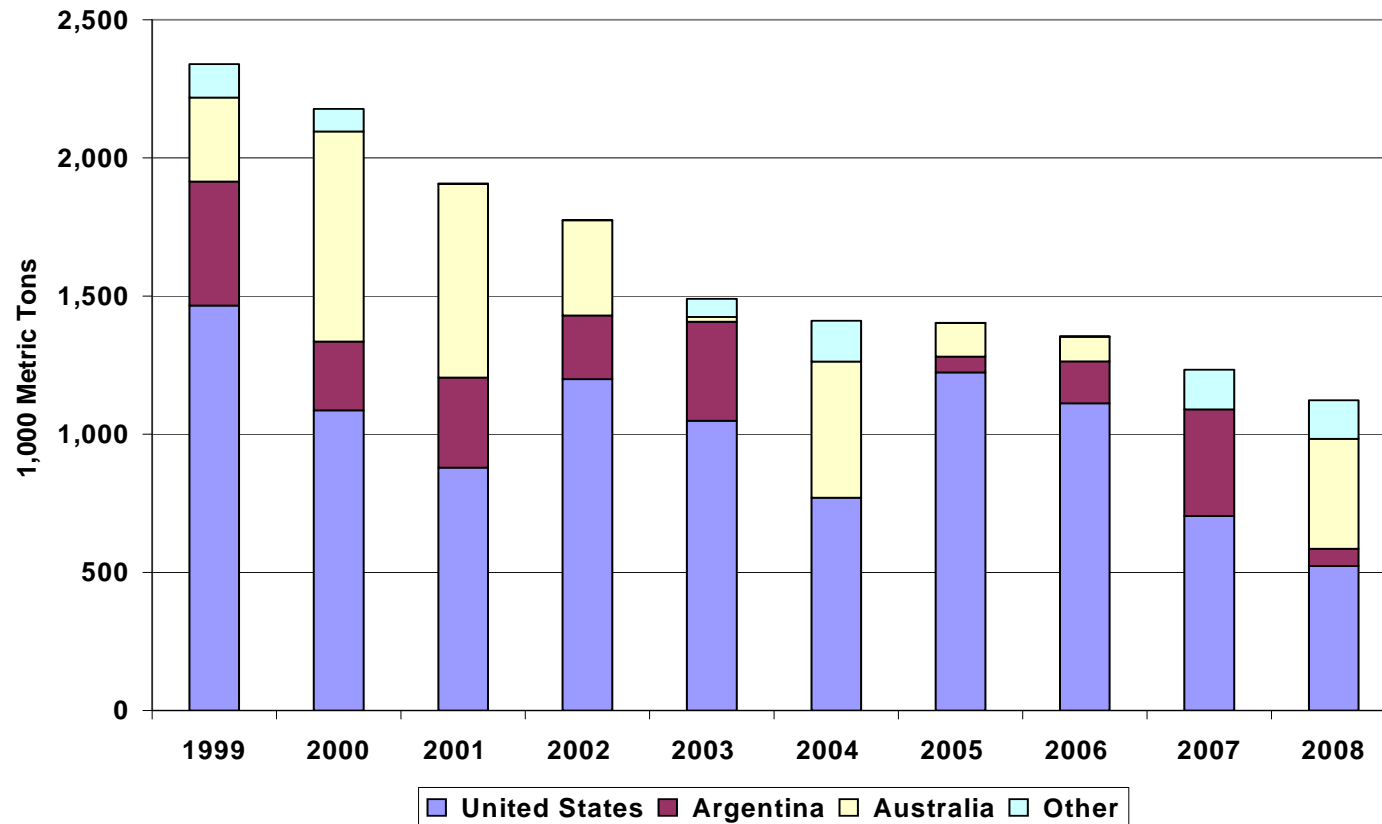


# Japan Feed Corn Imports Declining



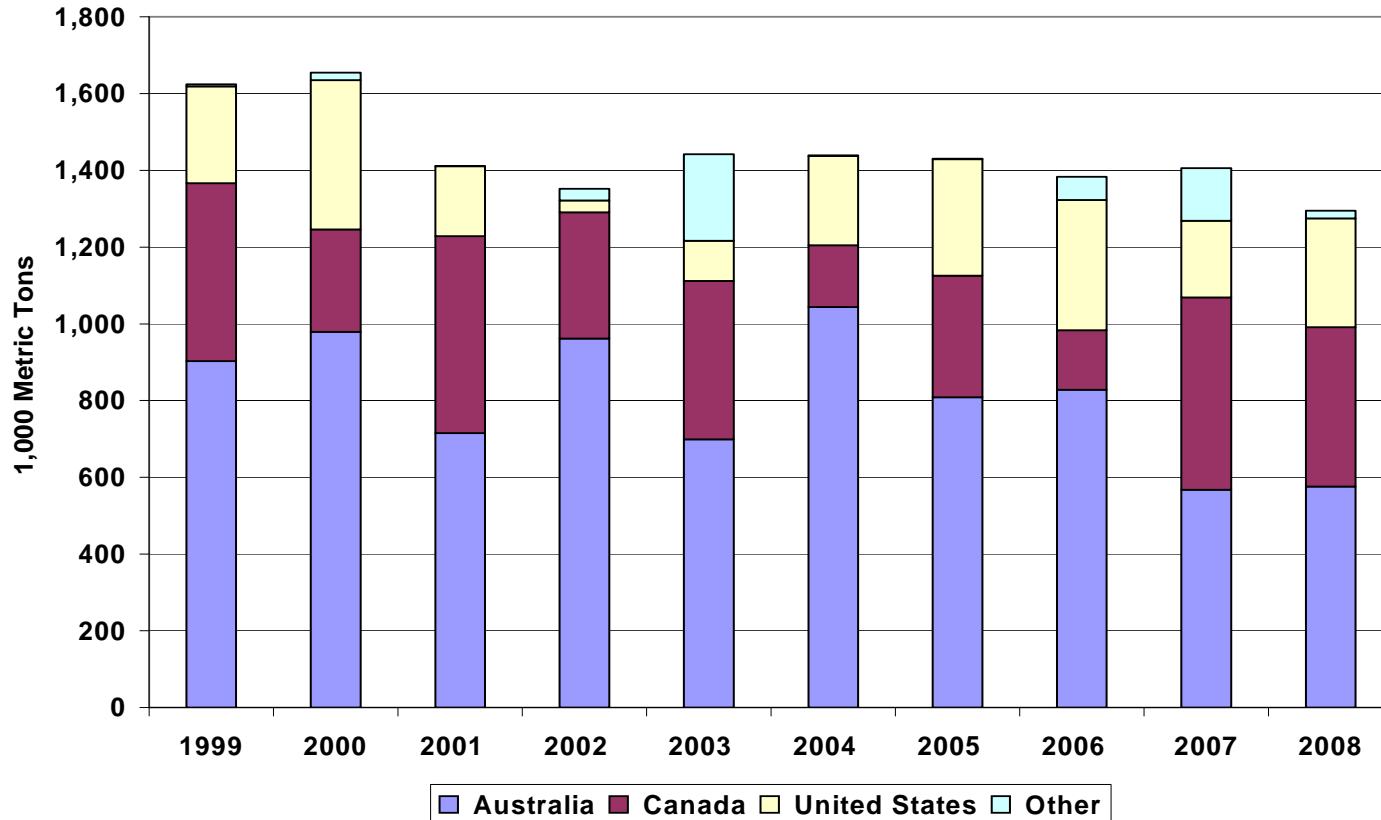
- Feed corn imports declining
  - High grain prices and Japan livestock population decreasing
- Despite declining market US share of imports at 99% in 2008 versus 93% the year before

# Japan Sorghum Import Demand



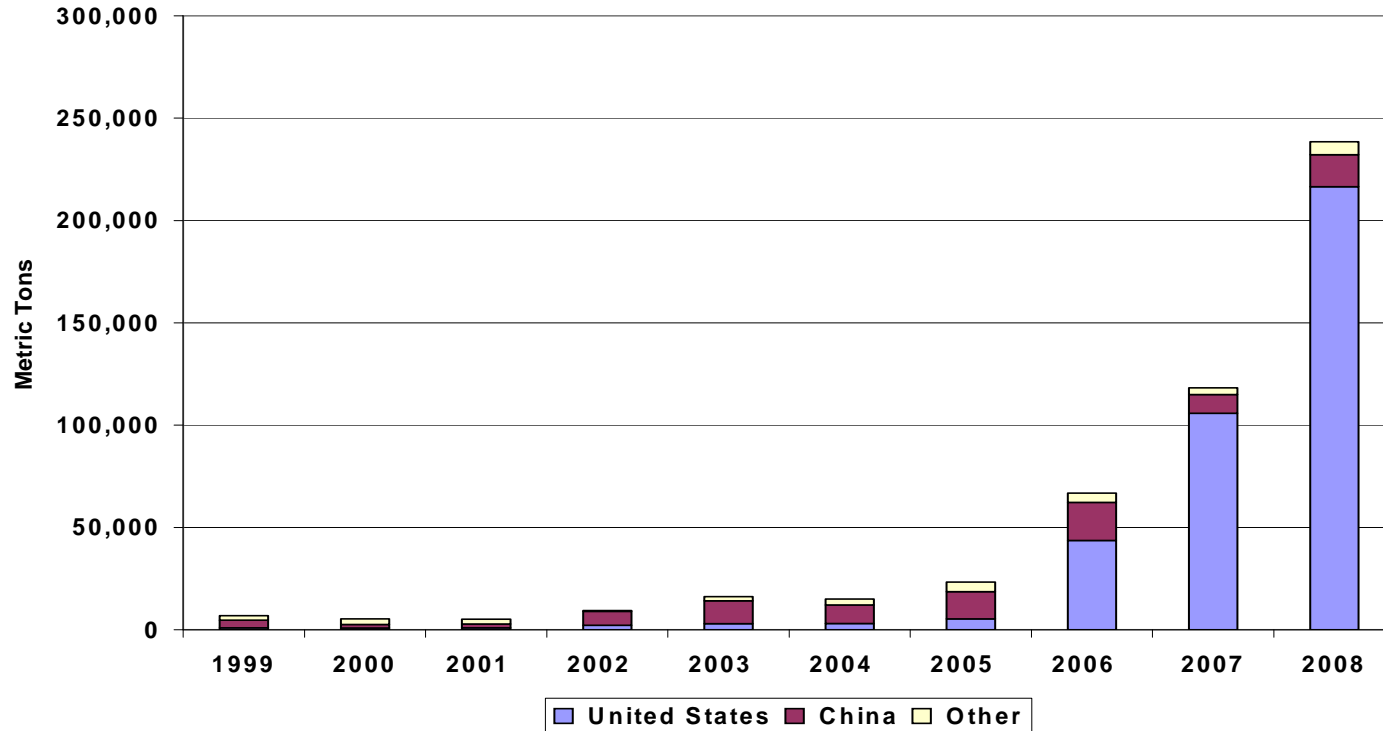
- Total sorghum imports have declined from 2.3 mmt in 1999 to 1.1 mmt in 2008
- US share in 2008 at 47% compared with 57% in 2007 and an average 85% for 2005 and 2006
- Sorghum demand fluctuates depending on relative price to corn

# Japan Barley Import Demand



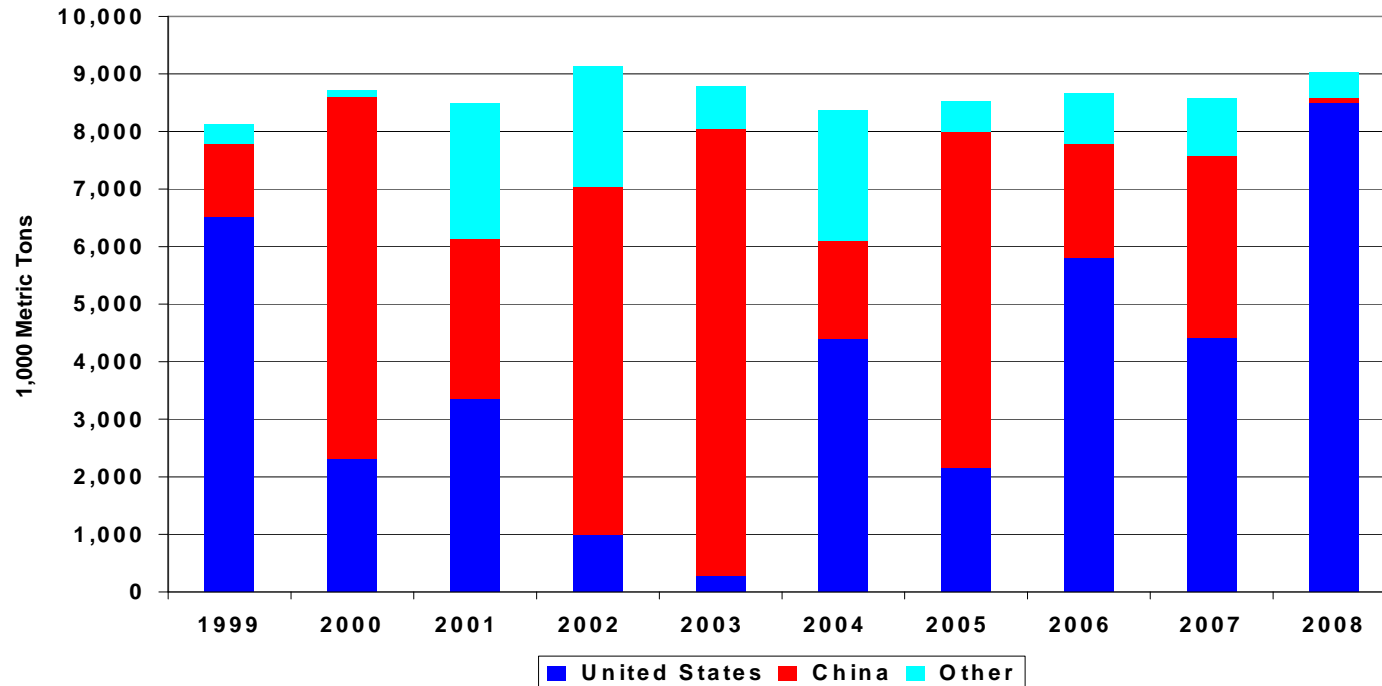
- Barley imports totaled 1.3 mmt, the lowest level in the last 10 years
- US trade share though improved in 2007 and 2008 to around 33%

# Japan DDGS Imports



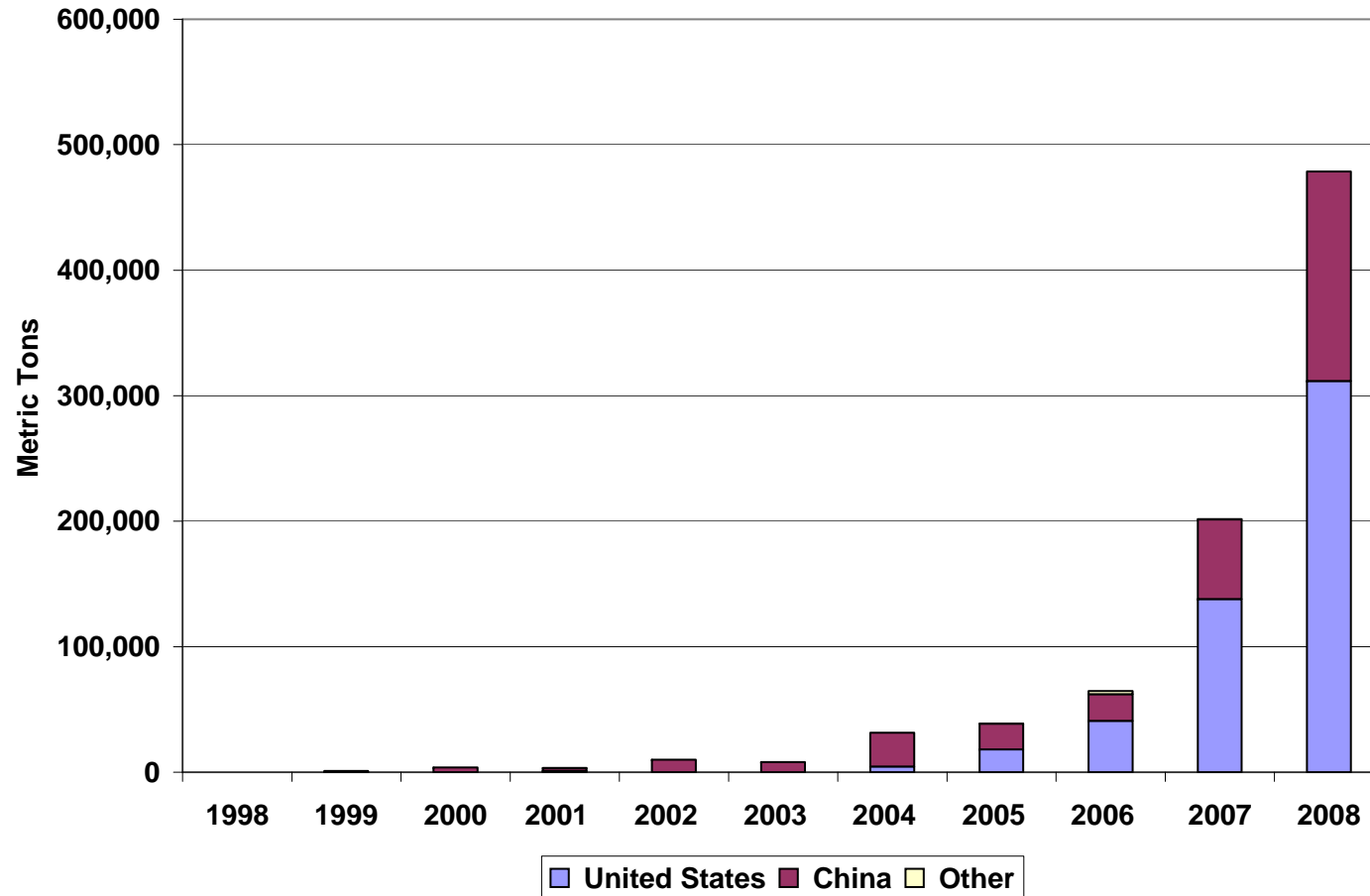
- Total DDGS imports increased from 23,338 tons in 2005 to 238,457 tons in 2008
  - US trade share increased from 24% in 2002 to 91% in 2008
- USGC began efforts to promote DDGS in 2002
  - Registered nutritional value & digestibility of DDGS with MAFF in 2003
  - Helped distinguish US DDGS from lower grade DDGS
- In 2004 USGC conducted commercial dairy feeding trials and in 2006 conducted swine feeding trials to promote use of DDGS

# South Korea Corn Import Demand



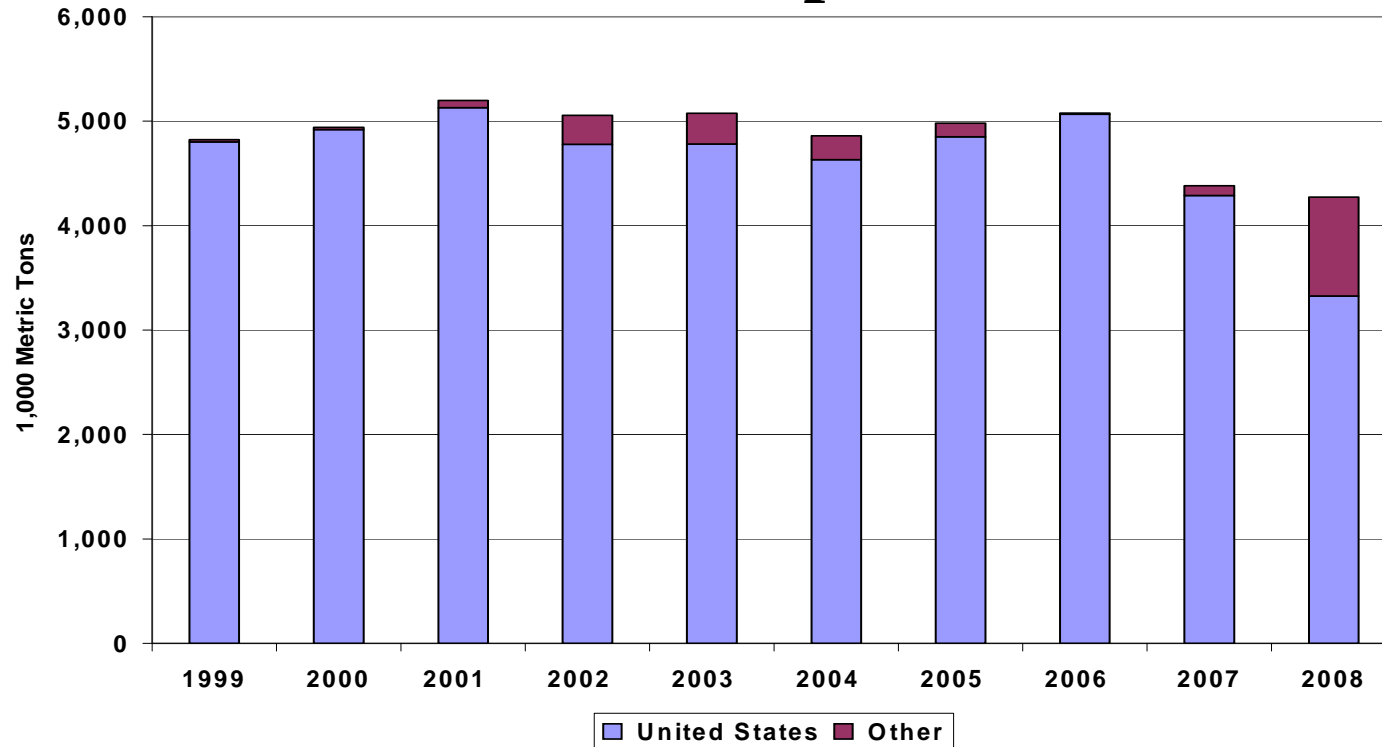
- Total corn imports jumped to 9.0 mmt in 2008 after being flat at around 8.5 mmt during the previous 4 years
- Third largest US corn export market
  - US market share was 80% in 1999, fell to 3% in 2003, and rebounded to 67% in 2006 and increased to 94% in 2008
- US exports depend on:
  - China corn prices, feed wheat availability, and food safety concerns of biotechnology

# South Korea DDGS Imports



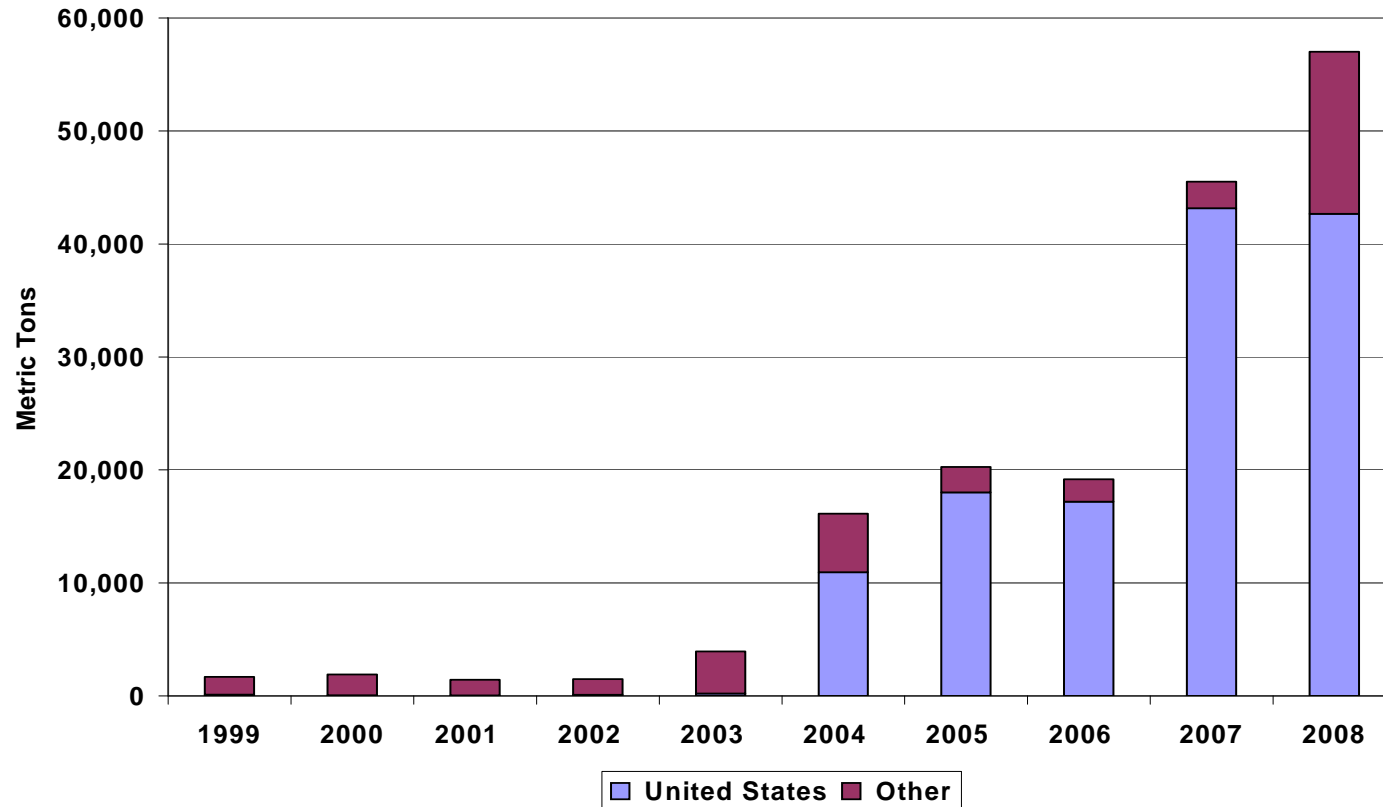
- Total DDGS imports have expanded from 3,825 tons in 2000 to 478,764 tons in 2008
- US trade share has increased from 14% in 2004 to 65% in 2008 but has been fairly flat the last three years

# Taiwan Corn Import Demand



- Total corn imports have fallen from 5.1 mmt in 2006 to 4.3 mmt in 2008
- Feed grain demand declining as livestock and poultry sectors decline and meat imports increase.
- US export market share to Taiwan fell from an average of 98% from 2005 to 2007 to 78% in 2008 as India's sales increased to a record 740,000 tons.

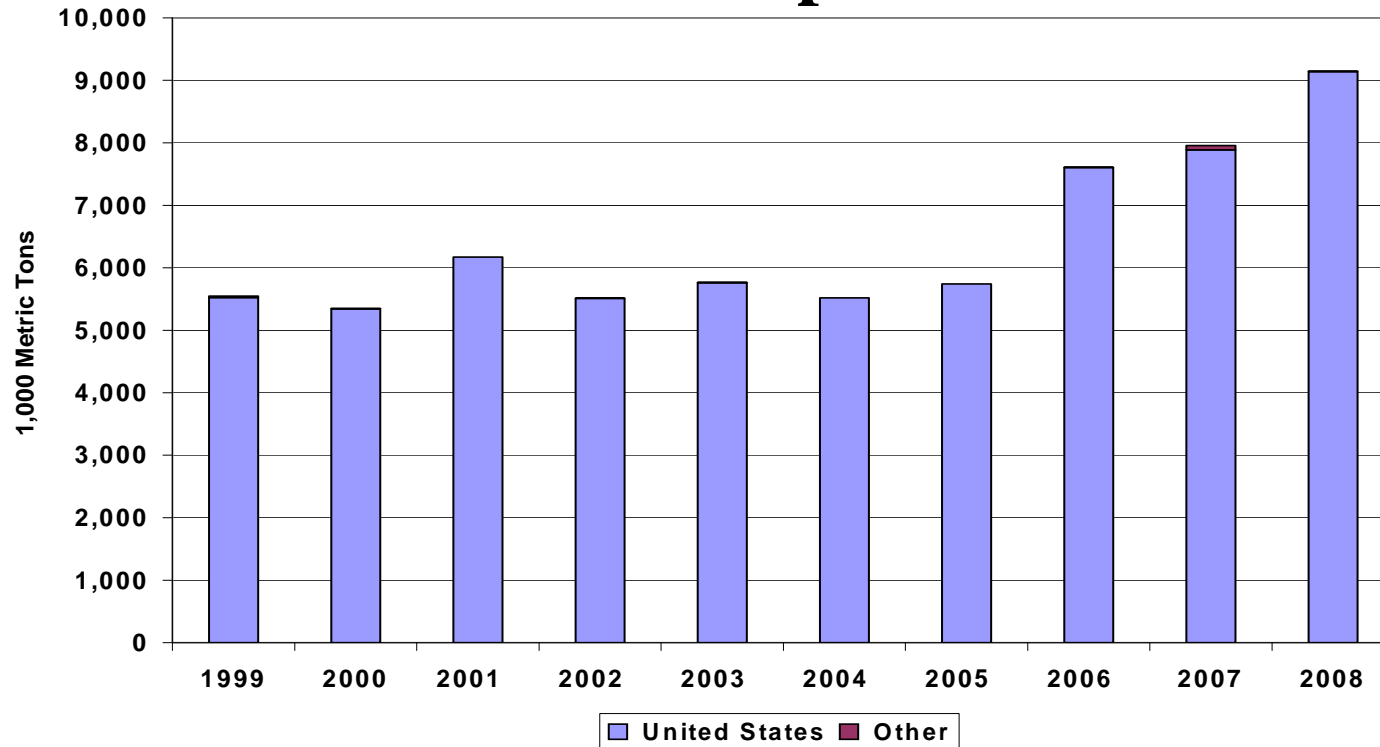
# Taiwan DDGS Imports



- Total DDGS imports have expanded from 16,120 tons in 2004 to a record 57,010 tons in 2008
- However US trade share fell from 95% in 2007 to 75% in 2008 as Canada and Vietnam supplied Taiwan with 12,000 tons in 2008.

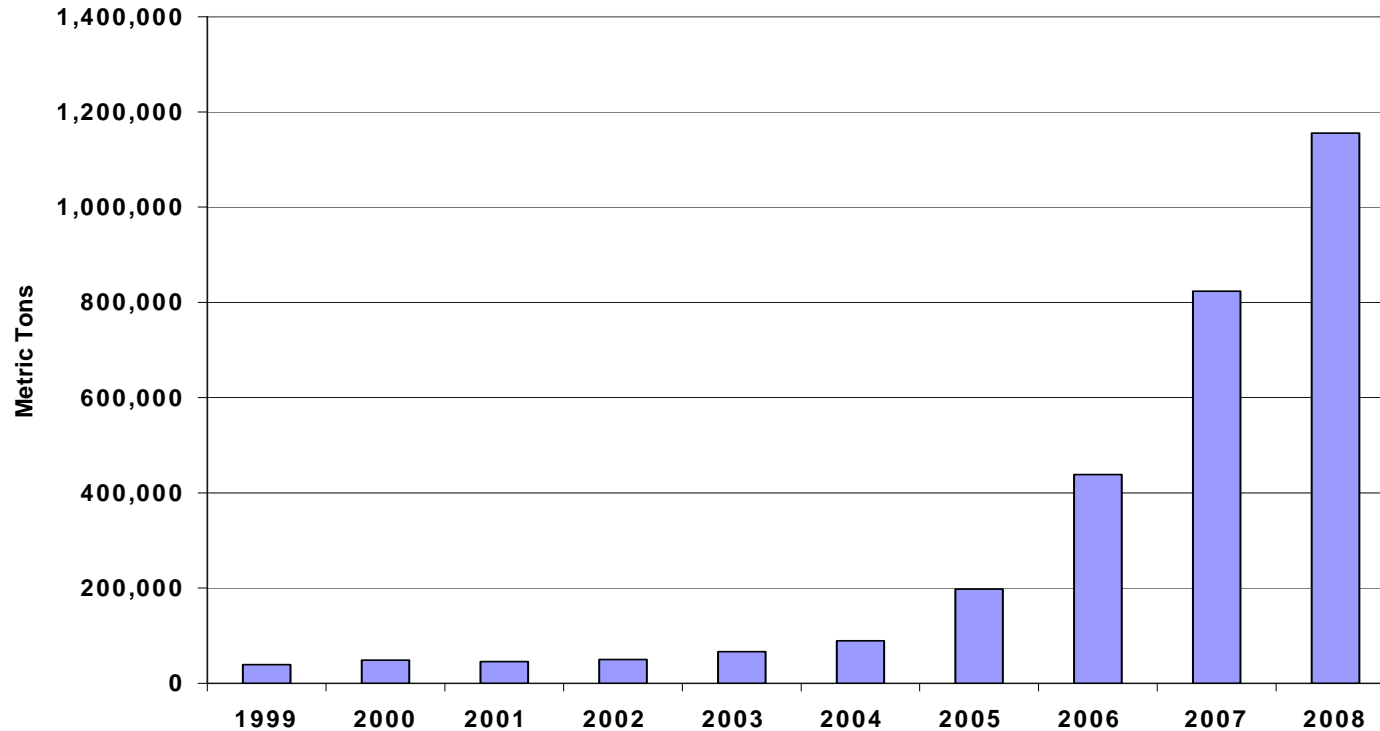


# Mexico Corn Import Demand



- Second largest US export market with US accounting for all of Mexico's corn imports
- Total corn imports increased from 8.0 mmt in 2007 to a record 9.1 mmt in 2008
- Corn imports depend on:
  - Livestock industry growth, international corn prices, domestic production & domestic food (tortilla) prices

# Mexico DDGS Imports



- Total DDGS imports have expanded from 50,039 tons in 2002 to 1.2 mmt in 2008, becoming largest US market
  - US accounts for 100% of imports
  - In early 2000s USGC focused on introducing DDGS into Mexico through feeding trials, bringing Mexican teams to US, disseminating technical information, etc.

# Credit Categories—USGC Program Impacts on US Exports By Market Characteristics

	Established Product			New Product		
	<i>Market Trend</i>					
<b>US Share</b>	Growing	Flat	Declining	Growing	Flat	Declining
Growing	7	9	13	13	15	20
Flat	1	3	5	8	10	17
Declining	0	0 <sup>1</sup>	2 <sup>2</sup>	0	0	0

1/ Reduced from 2 to 0

2/ Reduced from 4 to 2

# Market Trend Summary: Imports and US Share

## Trends in Total Imports & US Share in 25 Selected Markets

Market	Corn			Barley			Sorghum			DDGS			CGF			CGM		
	Total	US Share	USGC %	Total	US Share	USGC %	Total	US Share	USGC %	Total	US Share	USGC %	Total	US Share	USGC %	Total	US Share	USGC %
Algeria	0 <sup>1/</sup>	-	3															
Colombia	0	0	0							+	0 <sup>2/</sup>	0						
Egypt	0 <sup>1/</sup>	-	4							+	+	85				+	0 <sup>1/</sup>	100
India																		
Iraq	0 <sup>1/</sup>	-	0															
Jordan	0 <sup>1/</sup>	-	6															
Mexico	+	0 <sup>2/</sup>	3	+	-	3	-	0	5	+	0 <sup>2/</sup>	45						
Morocco	0 <sup>1/</sup>	-	5				0 <sup>1/</sup>	-	100	+	0 <sup>2/</sup>	100	+	+	100			
Russia	+	-	100															
Saudi Arabia	0 <sup>1/</sup>	0 <sup>1/</sup>	0															
South Africa																		
Spain/Port							+	+	7	-	-	0						
Syria																		
<b>Tunisia</b>	<b>0</b>	<b>-</b>	<b>0</b>							+	+	100	+	0 <sup>1/</sup>	100			
Turkey										+	0 <sup>2/</sup>	100	+	+	5			
Venezuela																		
Asia																		
Canada										+	0 <sup>2/</sup>	50						
China	0 <sup>1/</sup>	-	0							+	+	100						
<b>Indonesia</b>	<b>-</b>	<b>-</b>	<b>5</b>							+	+	48	+	+	13			
Japan	0	0 <sup>2/</sup>	3	-	0	5	-	-	15	+	+	70						
Korea	0	0	4							+	0	70						
Malaysia	0 <sup>1/</sup>	0 <sup>1/</sup>	4							+	0	48						
Philippines	0 <sup>1/</sup>	0 <sup>1/</sup>	0				+	+	100	+	0 <sup>2/</sup>	80						
Taiwan	-	0 <sup>1/</sup>	4	-	0 <sup>1/</sup>	15				+	0 <sup>1/</sup>	50						
Vietnam	+	0 <sup>1/</sup>	5							+	0 <sup>1/</sup>	45						
Thailand										+	0 <sup>2/</sup>	80						

1/ Imports up and down

2/ US share close to 100%

+ Increasing

- Decreasing

0 Flat

Note: For DDGS Council claims 100% of US exports for first 2 years and 13% for next three years (growing) and is equivalent to 48%.

Note: For DDGS Council claims 100% of US exports for first 2 years and 8% for next three years (flat) and is equivalent to 45%.

# Corn Impact Performance

## Corn

Country	2004-08		
	US Imports <i>mil tons</i>	GC Share %	Impact <i>mil tons</i>
Japan	79.52	3.00	2.39
Taiwan	22.16	4.00	0.89
Morocco	4.11	5.00	0.21
Korea	25.28	4.00	1.01
Algeria	5.00	3.00	0.15
Egypt	16.94	4.00	0.68
Tunisia	2.06	0.00	0.00
Iraq	0.02	0.00	0.00
Mexico	35.89	3.00	1.08
Colombia	12.91	0.00	0.00
Saudi Arabia	2.64	0.00	0.00
China	0.07	0.00	0.00
Russia	0.11	100.00	0.11
Indonesia	1.21	5.00	0.06
Malaysia	0.39	4.00	0.02
Philippines	0.07	0.00	0.00
Vietnam	0.08	5.00	0.00
<b>Total</b>	<b>230.60</b>	<b>2.85</b>	<b>6.58</b>

# Sorghum Impact Performance

## Sorghum

Country	2004-08		
	US Imports <i>mil tons</i>	GC Share %	Impact <i>mil tons</i>
Japan	4.334	15.00	0.650
Morocco	0.040	100.00	0.040
Mexico	12.236	5.00	0.612
Philippines	0.000	100.00	0.000
Spain/Port	3.635	7.00	0.254
<b>Total</b>	<b>20.372</b>	<b>7.64</b>	<b>1.556</b>

# Barley Impact Performance

## Barley

Country	2004-08		
	US Imports <i>mil tons</i>	GC Share %	Impact <i>mil tons</i>
Japan	1.551	5.00	0.078
Taiwan	0.111	15.00	0.017
Mexico	0.250	3.00	0.008
<b>Total</b>	<b>2.855</b>	<b>3.56</b>	<b>0.102</b>

# DDGS Impact Performance

## DDGS

Country	2004-08		
	US Imports <i>mil tons</i>	GC Share %	Impact <i>mil tons</i>
Canada	1.401	50.00	0.701
Egypt	0.043	85.00	0.037
Taiwan	0.132	50.00	0.066
Indonesia	0.099	48.00	0.048
Philippines	0.185	80.00	0.148
Colombia	0.109	0.00	0.000
Tunisia	0.004	100.00	0.004
Malaysia	0.002	48.00	0.001
Japan	0.374	70.00	0.262
Korea	0.513	70.00	0.359
Vietnam	0.214	45.00	0.096
Mexico	2.704	45.00	1.217
Turkey	0.960	100.00	0.960
Morocco	0.158	100.00	0.158
China	0.006	100.00	0.006
Spain/Port	0.545	0.00	0.000
Thailand	0.294	80.00	0.235
<b>Total</b>	<b>7.754</b>	<b>55.41</b>	<b>4.297</b>



# Corn Gluten Meal Impact Performance

## Corn Gluten Meal

Country	2004-08		
	US Imports <i>mil tons</i>	GC Share %	Impact <i>mil tons</i>
Egypt	0.384	100.00	0.384
Taiwan	0.245		0.000
Indonesia	0.913		0.000
Japan	0.310		0.000
Malaysia	0.272	0.00	0.000
Russia	0.054		0.000
Philippines	0.005		0.000
Korea	0.021		0.000
<b>Total</b>	<b>5.801</b>	<b>6.62</b>	<b>0.384</b>

# Corn Gluten Feed Impact Performance

## Corn Gluten Feed

Country	2004-08		
	US Imports <i>mil tons</i>	GC Share %	Impact <i>mil tons</i>
Morocco	0.110	100.00	0.110
Egypt	0.075		0.000
Algeria	0.000		0.000
Tunisia	0.020	100.00	0.020
Japan	0.022	5.00	0.001
Mexico	0.378		0.000
Turkey	1.222	13.00	0.159
<b>Total</b>	<b>5.550</b>	<b>5.22</b>	<b>0.290</b>

# USGC Program Impact Estimates

Informa/USGC Staff, June 09

			US Price Impacts		2009/10	
	Annualized <i>USGC Impact</i>	<i>per mmt, June</i>	<i>per bu, June</i>	<i>USGC Program</i>	Production Affected	Farm Revenue
	<i>mmt</i>	<i>\$/mmt</i>	<i>\$/bu</i>	<i>Prog Imp, \$/bu</i>	<i>bil bu</i>	<i>mil \$</i>
Corn	1.316	1.97	0.050	0.066	12.003	789.8
Sorghum	0.311	1.97	0.050	0.016	0.412	6.4
Barley	0.020	1.97	0.034	0.001	0.231	0.2
Sub					<b>mil \$</b>	<b>796.4</b>
	<i>mmt</i>		<i>\$ per bu</i>		<i>bil bu</i>	<i>mil \$</i>
DDGS	0.859	0.39	0.01	0.0086	12.003	103.2
DGF	0.058	0.39	0.01	0.0006	12.003	7.0
CGM	0.077	0.39	0.01	0.0008	12.003	9.2
Sub					<b>mil \$</b>	<b>119.3</b>
Total					<b>mil \$</b>	<b>915.7</b>

*By-prod sales impacts assigned 20% of corn price impacts*

*BCR 50.3*



# Evaluating USGC Program Performance

*Informa Economics*  
*June 24, 2009*

# Annualized Trade Impact Of USGC Efforts - July 2009 Update

- Value of US exports due to USGC:  
**\$395.2 million**
- Value of exports per dollar invested:  
**\$21.82**
- Producer income effect of USGC efforts:  
**\$915.7 million**
- Producer income per dollar invested:  
**\$50.30**