

# DDGS Exports & International Markets

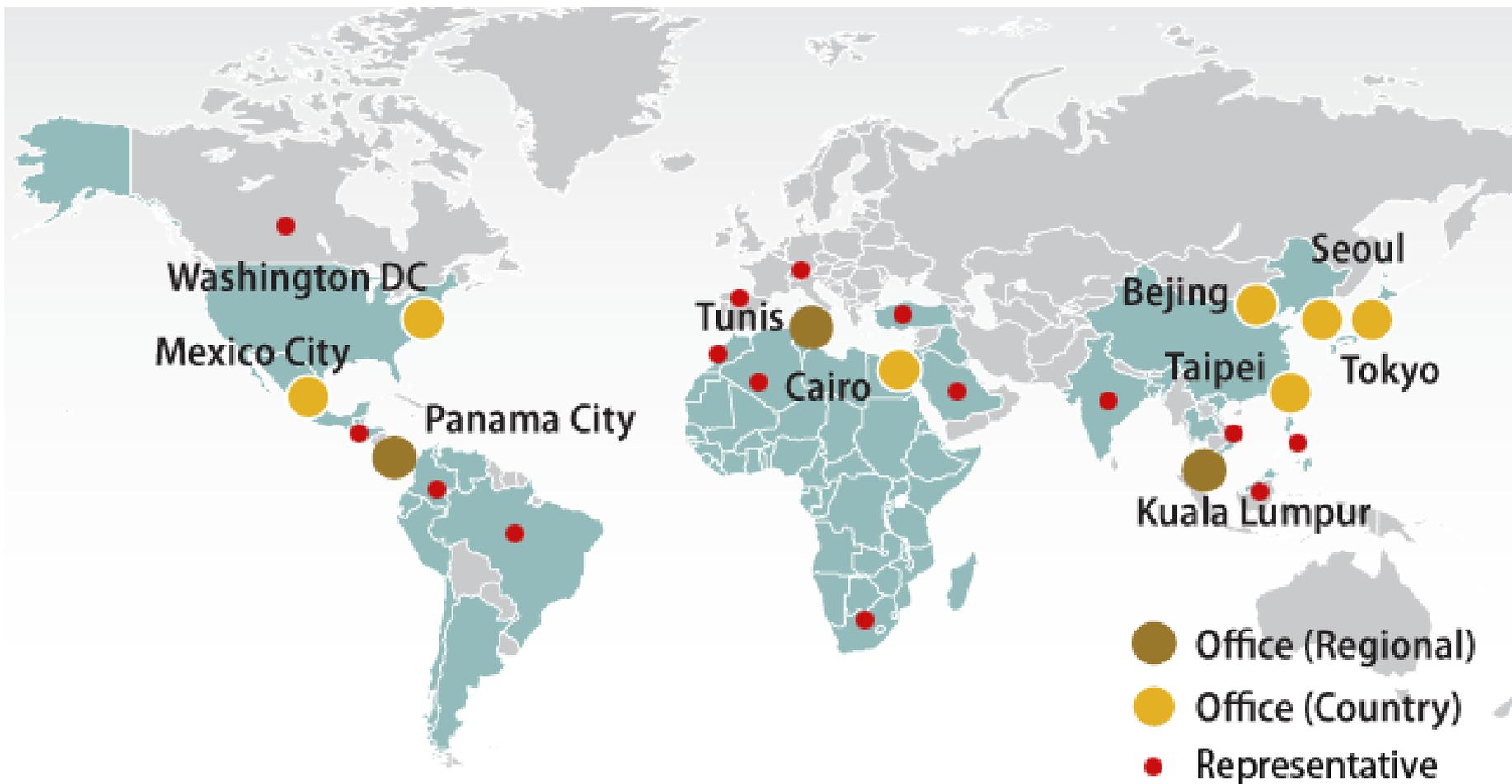


**U.S. GRAINS**  
COUNCIL

April 11<sup>th</sup>, 2014  
Omaha, NE

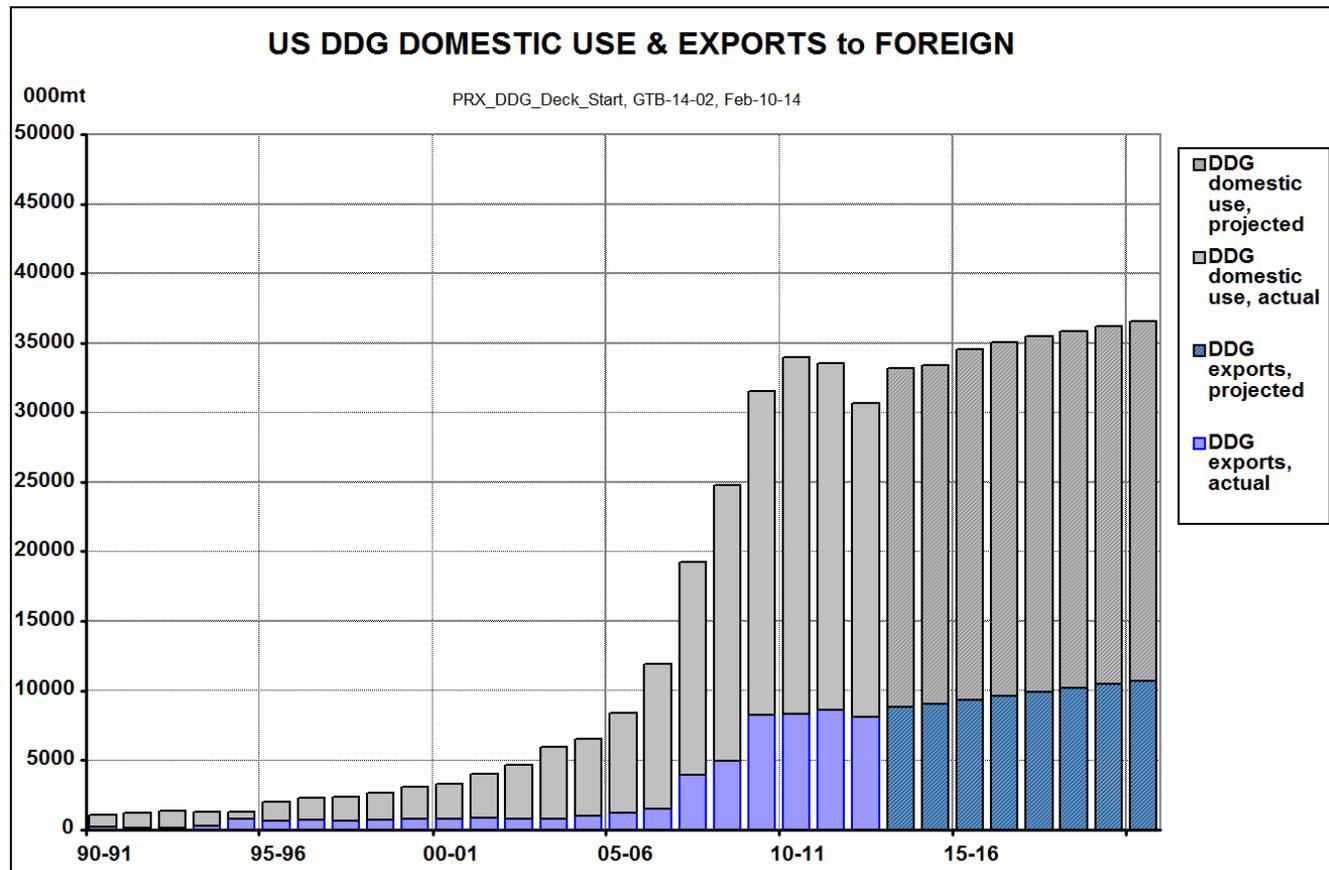
*Alvaro A. Cordero*  
Manager of Global Trade

Developing markets. >> Enabling trade. >> Improving lives.





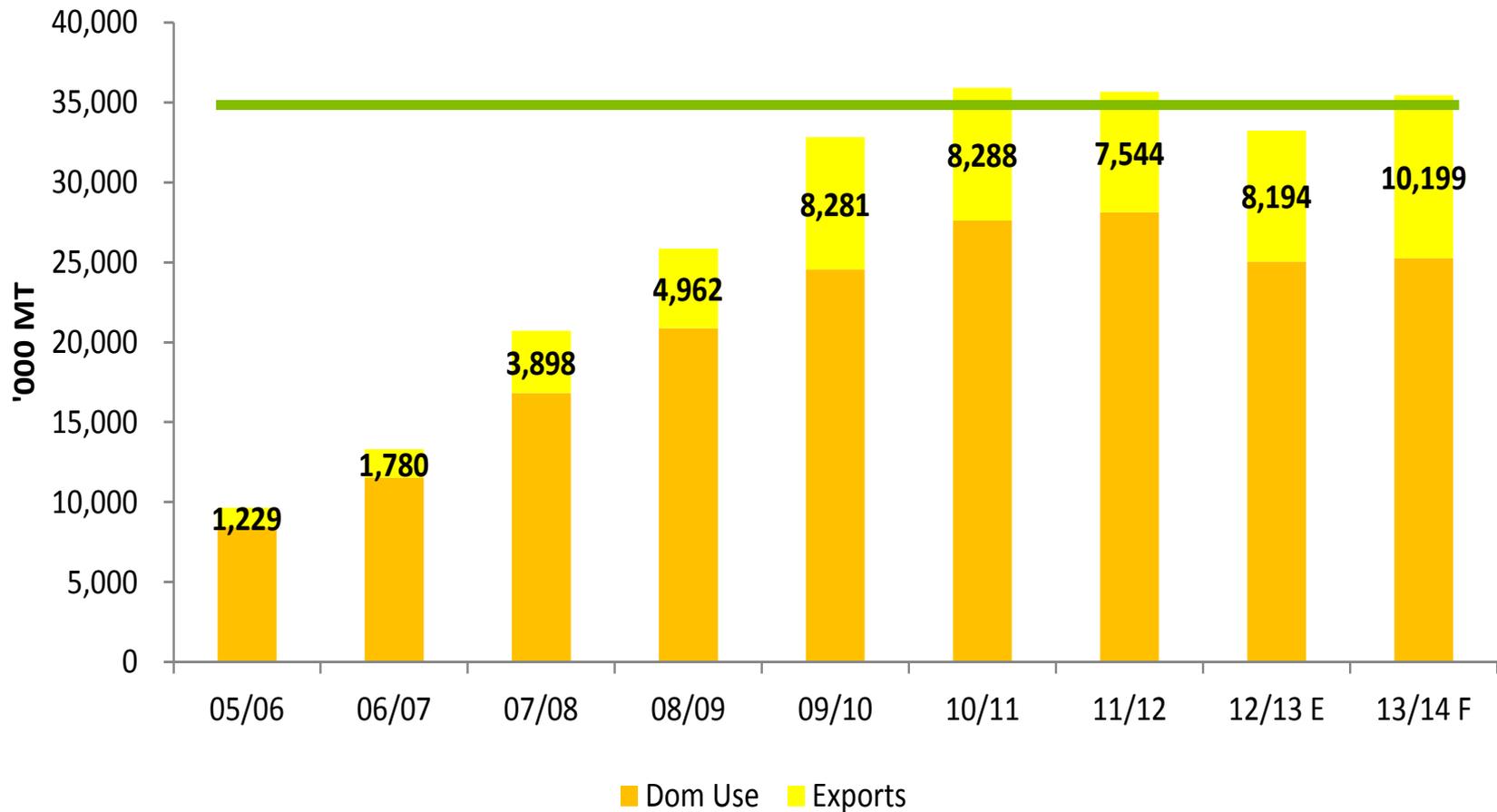
## DDGS – Int. Market Analysis



**DDG DOMESTIC USE EXCEEDS EXPORTS TO FOREIGN**

PRX Blue Sky Model shows DDG production leveling off—most of which is fed in place of whole corn, with increasing exports to foreign (as low cost competitor to protein meal).

## DDG Domestic Usage & Exports



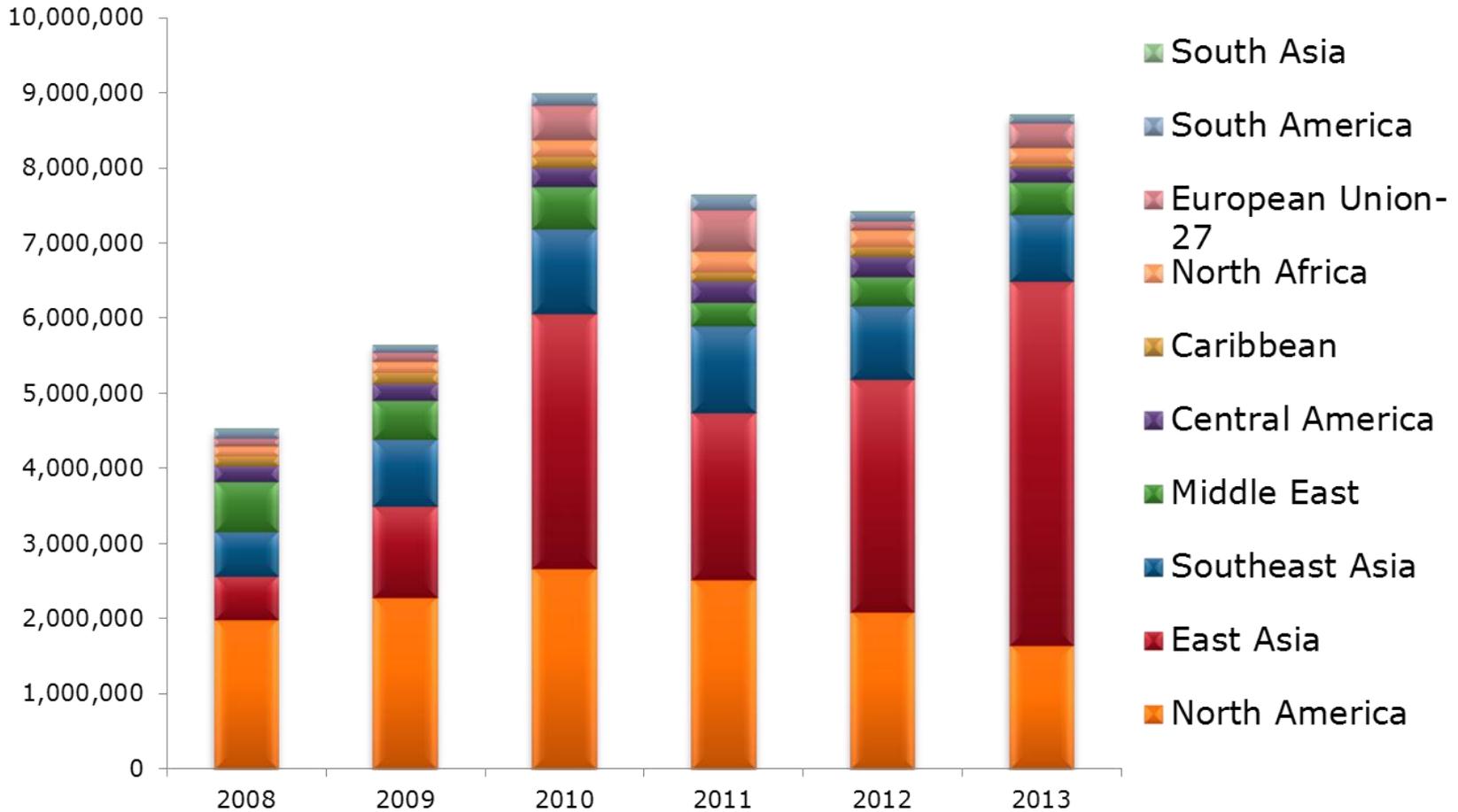
# Export Markets

COUNTRY	2010 YR	2011 YR	2012 YR	2013 YR	Jan/Feb 2013	Jan/Feb 2014	% Change	Net Change
<i>World Total</i>	9,004,669	7,674,559	7,419,054	9,712,448	1,203,131	1,808,253	50	605,122
China	2,528,759	1,372,592	2,160,523	4,488,269	256,480	815,248	218	558,768
Mexico	1,650,908	1,774,457	1,498,544	1,284,511	195,382	250,288	28	54,906
Canada	1,042,702	746,374	593,667	474,495	84,923	52,914	-38	-32,009
Korea, South	506,474	337,801	345,584	396,359	63,476	119,607	88	56,131
Japan	217,780	300,699	377,620	383,232	53,930	76,793	42	22,863
Vietnam	430,236	494,599	371,272	355,978	61,604	115,290	87	53,686
Turkey	374,220	61,001	175,965	289,358	110,506	17,477	-84	-93,029
Thailand	291,070	202,633	210,768	271,257	36,675	45,841	25	9,166
Taiwan	144,485	234,877	207,626	239,754	37,842	38,075	1	233
Ireland	251,305	246,007	165,334	238,396	57,955	53,155	-8	-4,800
Indonesia	275,068	183,045	89,556	225,421	40,066	46,827	17	6,761
Israel(*)	162,695	214,074	170,057	131,733	7,974	7,553		-421
Egypt	80,576	109,840	97,295	113,721	39,998	31,972	-20	-8,026
Morocco	133,135	168,284	117,090	113,478	24,231	14,740	-39	-9,491

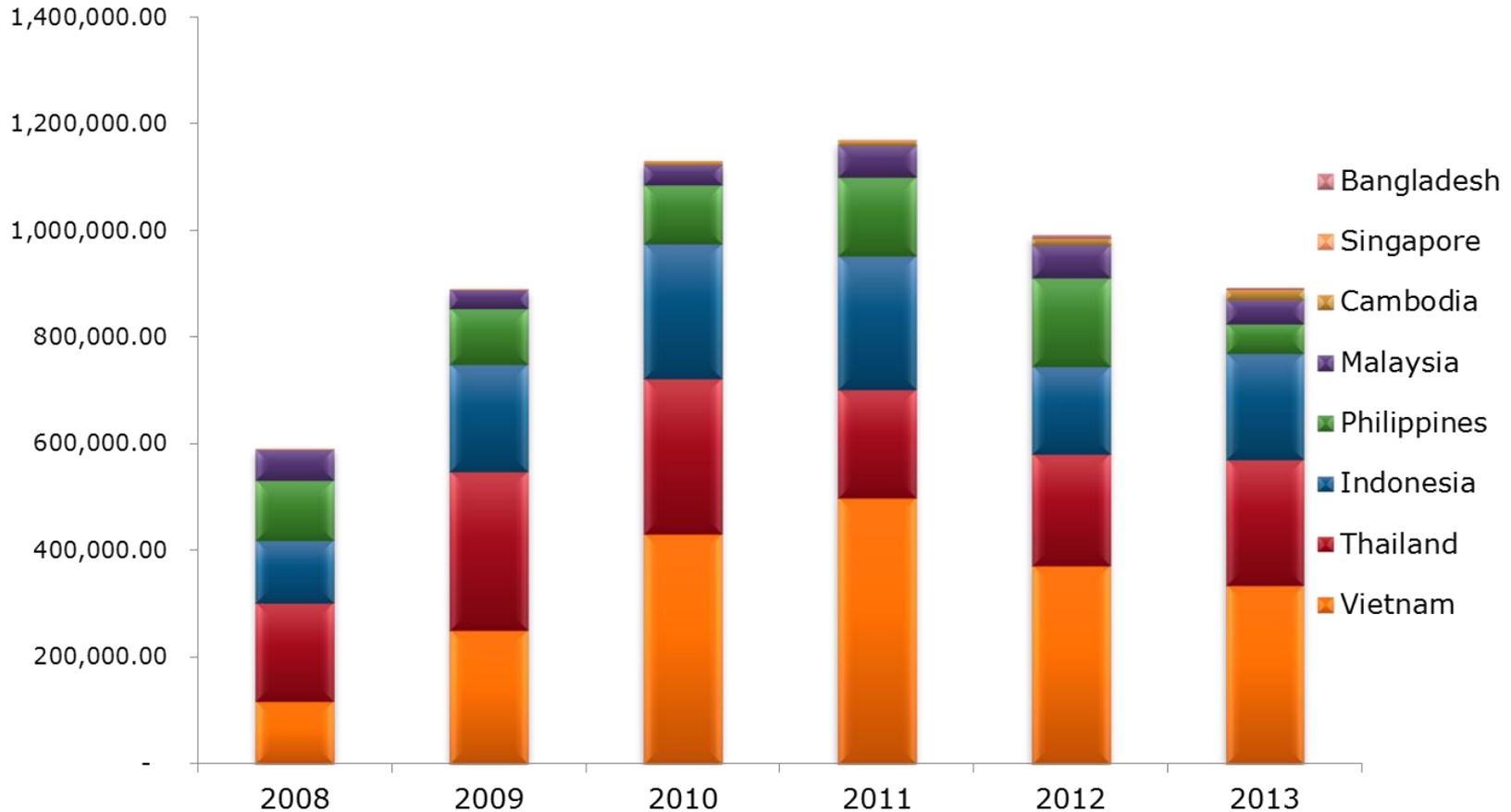
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Colombia	78,027	87,797	87,556	93,727	11,860	11,223	-5	-637
United Kingdom	115,860	122,501	-	87,115	16,535	8,356		-8,179
Costa Rica	89,737	93,493	82,166	70,425	6,213	12,522	102	6,309
Philippines	112,052	145,425	163,794	61,711	7,457	17,215	131	9,758
Guatemala	71,413	78,271	81,732	51,559	5,150	7,273	41	2,123
Cuba	133,636	110,677	114,548	50,188	8,347	-		-8,347
El Salvador	38,060	59,912	61,836	47,532	1,220	8,766	619	7,546
Honduras	30,668	41,383	34,913	38,771	7,000	2,398	-66	-4,602
Malaysia	40,667	48,504	49,992	37,860	14,118	4,555	-68	-9,563
Cambodia	33	6,286	9,537	20,819	3,568	4,830		1,262
Jamaica	4,877	7,826	11,806	19,658	2,947	1,500	-49	-1,447
Bangladesh	-	1,306	5,431	19,107	684	889	30	205
Peru	5,801	12,582	16,305	17,575	7,649	6,005	-21	-1,644
Spain	6,046	5,217	6,422	16,077	12,716	21,855	72	9,139
Ecuador	5,015	11,938	10,820	14,246	8,557	-		-8,557
Panama	-	-	-	13,246	3,045	2,519		-526
Jordan	39,893	120,221	15,626	12,716	3,802	423		-3,379

# DDGS Exports to the world

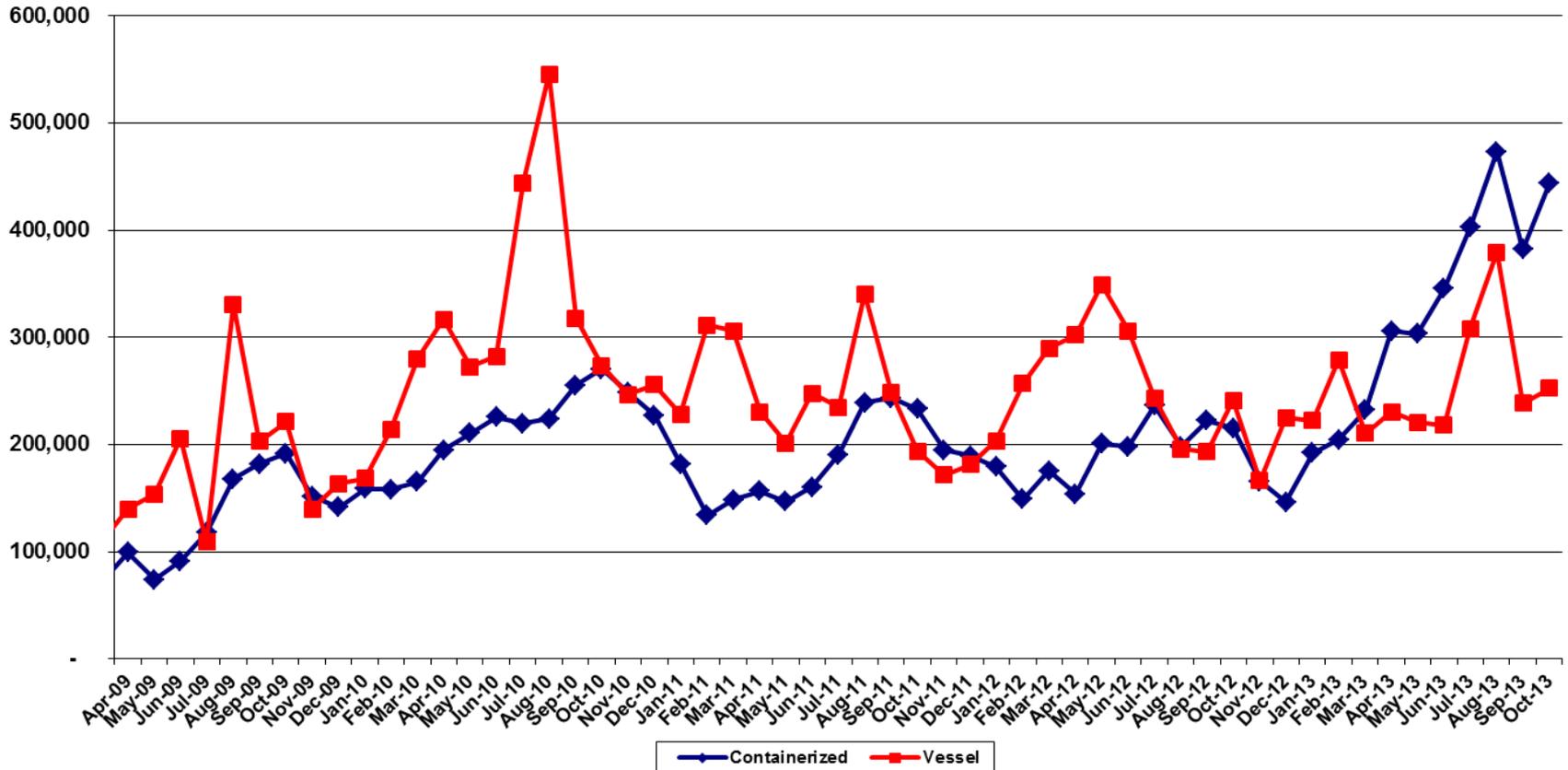


# SEA DDGS Exports



# DDGS Container vs Bulk Vessel

DDGS Container vs Bulk Exports  
(Metric Tons)

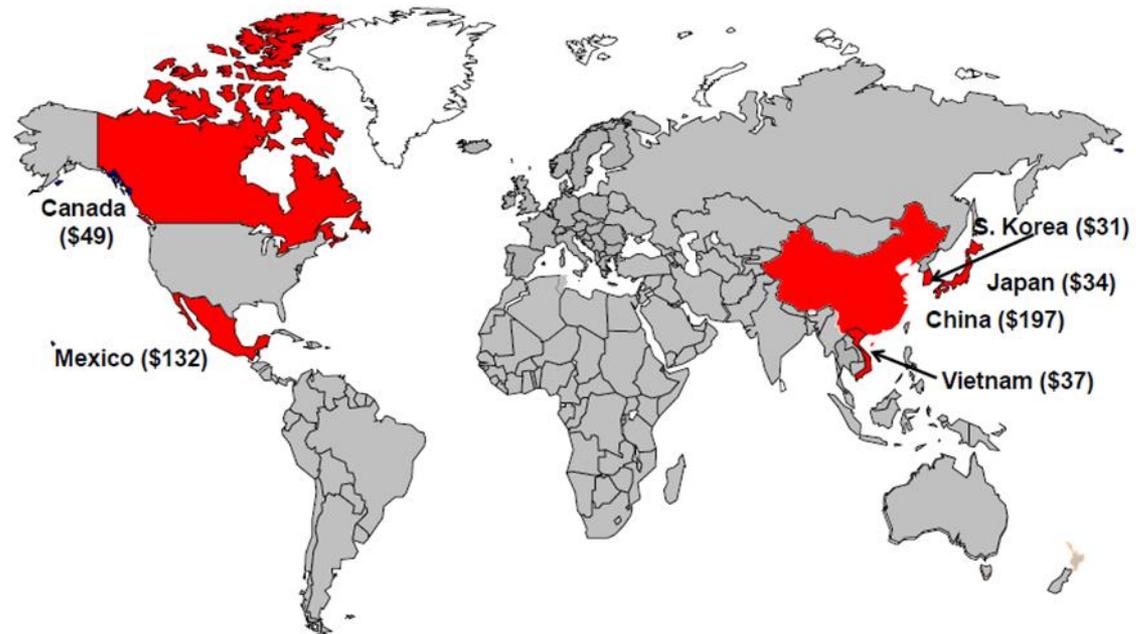


# Major DDGS Importers / Impact

1. China (+218%)
2. Mexico (+28%)
3. Canada (-38%)
4. Japan (+42%)
5. Vietnam (+87%)
6. Korea (+88%)

## Top U.S. DDG Markets

October-April 2012 Exports in \$ million



# DDGS Price Reference



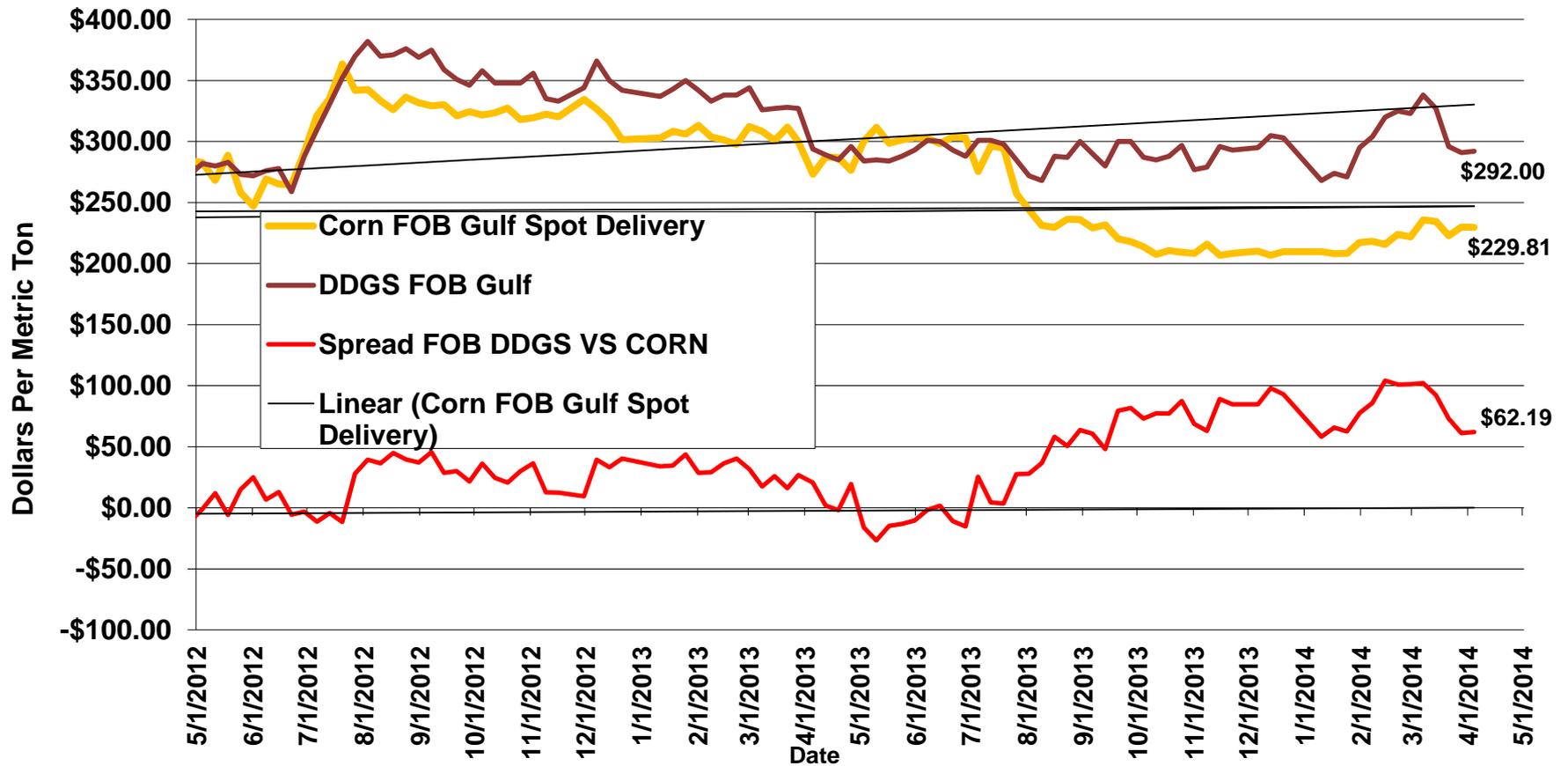
**DDGS Price Table: April 4, 2014 (USD/MT)**  
 (Quantity, availability, payment and delivery terms vary)

Delivery Point Quality Min. 35% Pro-fat combined	Mar	Apr	May
Barge CIF New Orleans	290	285	280
FOB Vessel GULF	297	292	287
Rail delivered PNW	330	320	315
Rail delivered California	336	326	321
Mid-Bridge Laredo, TX	328	323	316
40 ft. Containers to South Korea (Busan)	385	375	370
40 ft. Containers to Taiwan ( Kaohsiung )	376	366	361
40 ft. Containers to Philippines ( Manila )	382	372	367
40 ft. Containers to Indonesia ( Jakarta )	382	372	367
40 ft. Containers to Malaysia (Port Kelang)	384	374	369
40 ft. Containers to Vietnam (HCMC)	390	380	375
40 ft. Containers to Japan (Yokohama)	385	375	370
40 ft containers to Thailand (LCMB)	388	378	373
40 ft Containers to Shanghai, China	373	363	358
KC & Elwood, IL Rail Yard (delivered Ramp)	290	286	282

Source: WPI, \*Prices are based on offer indications only; terms of delivery, payment and quality may vary from one supplier to another, impacting the actual value of the price.

# Price relation of DDGS vs Corn

## FOB US GULF DDGS & CORN PRICES



# OCEAN FREIGHT MARKETS AND SPREAD

US Gulf to Europe: 60/70,000	\$19.00	Down \$1.00
US Gulf to Egypt: Panamax	\$31/33.00	down \$1.00
US Gulf other Med: 25,000 MT	\$36/37.00	steady
US Gulf Israel: 50,000 MT	\$32/34.00	down \$1.00
US Gulf Morocco: 25,000	\$34/36.00	Steady
US Gulf Turkey: 50,000	\$33/35.00	down \$1.00
US Gulf Japan: Panamax	\$47/48.00	down \$1.00
US Gulf China: Panamax	\$48/50.00	Down \$1.00
US PNW Asia: 35/45,000 m/t	\$34/36.00	Steady
US PNW Japan: 35/45,000 m/t	\$24/26.00	Up \$1.00
US PNW China: 50,000+ m/t	\$25/27.00	Down \$1.00
France to Algeria: 30,000 m/t	\$25.00	Steady

# OCEAN FREIGHT MARKETS AND SPREAD

France to Morocco: 30,000 m/t	\$26.00	Steady
France to Egypt: 30,000 m/t	\$26.00	Down \$1.00
France to Jordan: 50,000 m/t	\$31.00	Down \$1.00
France to Saudi Arabia: 60,000 m/t	\$38.00	Down \$1.00
Argentina to Europe: 50,000 m/t	\$25.00	Down \$1.00
Argentina to Egypt: 50,000	\$36/37.00	steady
Argentina to Algeria: 25/30,000 m/t	\$35/36.00	steady
Argentina to Morocco: 25,000	\$34/35.00	Steady
Argentina to Saudi Arabia	\$45.00	Down \$2.00
Argentina to Spain: 30,000	\$34/35.00	Steady
Brazil to Algeria: 25,000 m/t	\$32/33.00	Steady
Brazil to Turkey/Egypt: 50,000 m/t	\$27/28.00	Down \$1.00
Brazil to Morocco: 30,000 m/t	\$31/32.00	Steady
Brazil to Europe	\$25.00	Steady
Black Sea to Spain: 30,000 m/t	\$20/21.00	Steady – improving
Black Sea to Morocco: 30,000 m/t	\$24/25.00	Steady - improving
Black Sea to East Med: 30,000 m/t	\$16/17.00	Steady – improving
Black Sea to East Med: coaster	\$24/25.00	Steady – improving
Black Sea to Saudi Arabia – Jeddah – 50k	\$29/31.00	Steady – improving
Baltic Dry Index	1205	Down 168
Baltic Capesize Index	2306	Down 251
Baltic Panamax Index	822	Down 156
Baltic Handysize Index	598	Down 51



## DDGS market dynamics

- GMO
- Value (price)
- Competition
- Alternatives (India & others)
- Product Education





## Southern Mexico DDGS Program Yields

### Positive Results

Mexico is the third-largest market for U.S. distiller's dried grains with solubles (DDGS) but its southern region remains an underserved livestock sector with growth potential for U.S. exports. The U.S. Grains Council is on the precipice of opening this market for U.S. grain exporters.

In 2012, the Council conducted an assessment of southern Mexico's potential to begin using DDGS to feed livestock.

Positive results of this pilot program could bode well for expansion; in 2013, Mexico imported 1.3 million metric tons for feeding purposes. The potential exists to more than double current

amounts by providing technical and practical education to local cattlemen.

"Livestock production in this area can be characterized as small-scale producers with limited access to imported grain feeds," said Julio Hernandez, USGC director in Mexico. "Our assessment showed despite limited investment in this area by importers and feed millers, the region had tremendous import potential for feed grains, ranging from 1.5 to 3 million tons per year."

The Council began exploring opportunities to promote the use of U.S. DDGS to ruminant producers in the area. A trial was conducted over a 100-day period in which grazing cattle received a supplemental ration of 1kg (2.2 pounds) of feed concentrate (80 percent DDGS) per animal per day.

The results were dramatic and encouraging. Supplemented cattle grew twice as fast as the control group. This demonstrated cattle supplemented with feed concentrate using DDGS reduced the time it took to reach market weight in half, from 200 to 100 days. Southern Mexico's cattlemen would benefit despite the additional cost of purchasing the feed concentrate, potentially doubling profits.

As a result of these promising initial trials, a local cattleman who leads a nearby consortium of cattle farmers committed to conducting further commercial trials with more than 30,000 head of cattle.

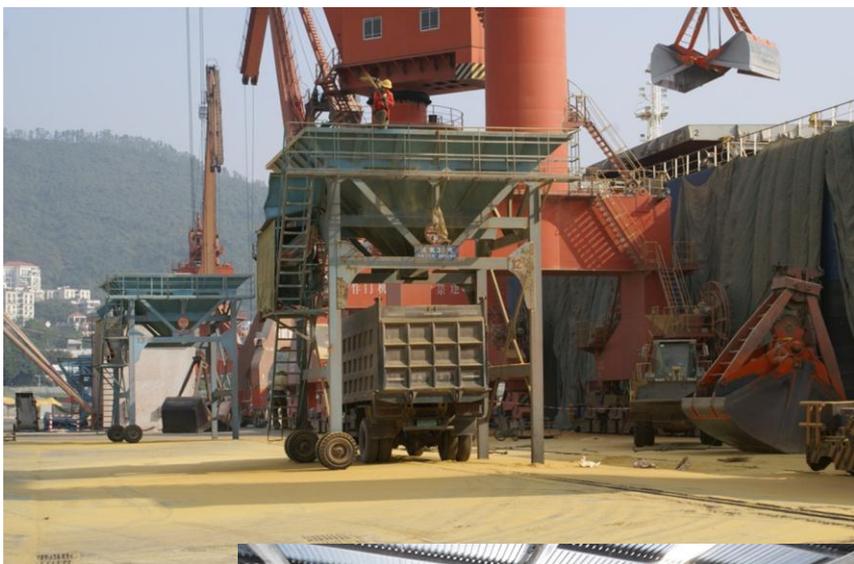
"The Council's Mexico office will work closely with this group to ensure understanding and success," Hernandez said. "We are already working with regional importers to develop a smooth flow of DDGS to the region."

Results of the forthcoming trials will be disseminated in the region – including Quintana Roo, Campeche, Tabasco and Chiapas – illustrating to cattlemen that they can enhance their income through use of U.S. DDGS in feed concentrates. These areas comprise a large amount of beef, dairy, dual-purpose cattle and swine herds with little to no exposure to DDGS.

"This region has tremendous growth potential for U.S. DDGS and could eventually achieve a demand of more than 1 million tons per year," said Javier Chavez, USGC marketing specialist in Mexico. "An increased demand will generate interest from suppliers and expanding DDGS availability at competitive prices is inevitable."

# Southern Mexico DDGS Program Yields Positive Results





- ❑ Plant Registration
  - 46 + plants registered
  - More in pipeline
- ❑ Product Registration  
AQSIQ
- ❑ Price advantage
- ❑ GMO...
- ❑ Soy complex

# China – Plants Registered

## Officially certified, 46 plants with Ministry of Agriculture – Peoples Republic of China:

- ✓ Patriot Renewable Fuels, LLC
- ✓ Marquis Energy LLC
- ✓ Marquis Energy – Wisconsin LLC
- ✓ Lincolnway Energy LLC (Hawk Gold)
- ✓ Platinum Ethanol LLC (Hawk Gold)
- ✓ Louis Dreyfus Norfolk, LLC
- ✓ 9 plants of Valero Renewable Fuels Company, LLC  
(including their plants in Albert City, Albion, Aurora, Bloomingburg, Charles City, Fort Dodge, Hartley, Linden, and Welcome)
- ✓ Big River United Energy, LLC (Hawk Gold)
- ✓ Big River Resources West Burlington, LLC (Hawk Gold)
- ✓ Big River Resources Boyceville, LLC (Hawk Gold)
- ✓ Big River Resources Galva, LLC (Hawk Gold)
- ✓ ADM – Columbus,
- ✓ ADM – Cedar Rapids
- ✓ Badger State Ethanol, LLC
- ✓ Homeland Energy Solutions, LLC
- ✓ One Earth Energy LLC (AgMotion)
- ✓ Illinois River Energy LLC (AgMotion)
- ✓ Bio-Nutrition International, Inc. USA
- ✓ Alltech Inc. USA
- ✓ Vitech Bio-Chem Corporation, USA
- ✓ Guardian Energy, LLC
- ✓ Golden Grain Energy, LLC



## NEW PLANTS below:

- ✓ AL-Corn Clean Fuel
- ✓ Glacial Lakes Energy
- ✓ ACE Ethanol – Stanley
- ✓ Guardian Lima, LLC
- ✓ Aberdeen Energy
- ✓ 11 plants from POET  
(including their plants in Mitchell, Jewell, Ashton, Corning, Hanlontown, Gowrie, Groton, Hudson, Chancellor, Bog Stone, Emmetsburg)



## *Trade Servicing*

- Assessment
- Market presence
- Reciprocal visits
- Trade support (claims)
- FAS / APHIS / USGC
- Industry input

# NEW Challenges



**Bakken  
Oil Fields**

**Minneapolis**

**Chicago**



Thank you!