

News from the Competition: Ukraine

U.S. exports are likely to face strong competition from Ukrainian corn and feed wheat exports, reported Cary Sifferath, USGC regional director.

“With a record corn crop this year and plenty of feed quality wheat to sell, I would now say Ukraine will have 10 million metric tons (394 million bushels) to as much as 12 mmt (473 million bushels) of corn and 7 mmt (257 million bushels) of feed wheat available for export,” he said.

Ukrainian farmers are using inputs like fertilizer more aggressively to increase yields. Capital spending on port facilities and export capacity is also increasing as multinational exporters invest in the region, but Sifferath warns that rail and export facilities could still prove a bottleneck for moving such grain volumes.

“It wasn’t that long ago that the multinational grain companies were wondering if Ukraine was a safe place to invest in facilities, since the government can restrict exports, as it did in 2010,” he explained.

In October, Ukrainian President Viktor Yanukovich

cancelled export duties for wheat and corn that had been imposed in July, and Ukrainian officials have talked of exporting 27 mmt of grain in 2011/12.

Much of Ukraine’s corn and feed wheat is likely to go to the Mediterranean region, to Israel, Syria, as well as the North African and E.U markets. Sifferath suggested, “Israel has been a big feed wheat user in the past and is likely to be a big buyer because of low transportation costs from the Black Sea.”

“Egypt, Algeria and Morocco are restricted from importing wheat for feed use, and sales to the EU’s Mediterranean nations will depend on pricing.”

“We know the Japanese and Taiwanese have purchased some Ukrainian corn,” Sifferath said, “and Ukrainian feed wheat may have traded into Southeast Asia.” He noted that feed wheat could also go to South Korea and even China, if the Chinese choose to buy wheat instead of corn to build their grain reserves.

There has also been speculation about yellow corn sales to South Africa.

The Council Takes on the 2011 NAFB Trade Talk

Today, November 10, 2011, the U.S. Grains Council participated in the NAFB Trade Talk Show, the centerpiece event of the 67th Annual NAFB Convention. Over 100 broadcasters were on site to gain issue perspectives from key players in the agricultural community.

Wendell Shauman, USGC Chairman, and Thomas C. Dorr, USGC President and CEO, represented the Council to discuss current trade issues on the Council's radar, including the free trade agreements, China's record corn crop and the value of international trade.

This is an opportunity at the local and regional level to reach new audiences through NAFB's member stations and networks.



USGC President and CEO, Thomas C. Dorr, in an interview earlier today with Dan Skelton from KICD Radio in Spencer, IA.

For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Marri Carrow at 202-789-0789.

The U.S. Grains Council is a private, non-profit partnership of producers and agribusinesses committed to building and expanding international markets for U.S. barley, corn, grain sorghum and their products. The Council is headquartered in Washington, D.C., and has 10 international offices that oversee programs in more than 50 countries. Financial support from our private industry members, including state checkoffs, agribusinesses, state entities and others, triggers federal matching funds from the USDA resulting in a combined program value of more than \$28.3 million.

Council Begins Lower-Oil DDGS Education Efforts

As more U.S. ethanol plants add oil extraction capacity either at the front end or back end of their processes, the supply of lower-oil distillers dried grains with solubles (DDGS) is increasing, and with it, the need to educate foreign DDGS users about its different characteristics.

“The lower oil content means a difference in how this DDGS will perform in livestock rations,” explained Sean Callanan, USGC manager of programs. “The Council has spent a lot of resources on building an international market for DDGS. Now we’re taking steps to educate people about lower-oil DDGS.”

In a first step, Council international directors who administer DDGS programs and international DDGS nutritionist consultants met in Minneapolis last week with ethanol and DDGS industry contacts and leading U.S. livestock nutritionists to discuss lower-oil DDGS.

“For many of the attendees, this was the first they had heard about lower-oil DDGS,” said Callanan.

The two-day program began with an exploration of ethanol industry dynamics, including the differing financial successes of plants with and without oil extraction. At one time, DDGS oil content was 10-15 percent, but as extraction becomes more efficient, oil-content is likely to be much lower.



New trials incorporating lower-oil DDGS in feed rations are currently being tested

Nutritionists from the swine, beef, dairy and poultry industries reported that only preliminary data is currently available for feed formulations with lower-oil DDGS, but new testing is already under way. When research results are available beginning next February, the Council will determine its next steps, including possible conference calls or webinars.

“As this newer form of DDGS moves into the marketplace, we want to make sure our customers aren’t surprised by the difference in its performance,” said Callanan. “We will need to begin re-educating them about what to look for and how to recalibrate feed formulas for different levels of oil in DDGS.”

News from the Competition: South Africa

Every few years South Africa produces enough corn to compete for export sales. The latest statistics from the South African Grain Information Service show that in the May-April 2010/11 marketing year South Africa exported 1.05 million metric tons (41 million bushels) of white corn and 1.02 million metric tons (40 million bushels) of yellow corn.

Most of the white corn was exported to Sub Saharan Africa with 613,080 mt (24 million bushels). South Korea was the largest overseas purchaser at 203,087 mt (8 million bushels). Other buyers included Italy, Mexico and Pakistan. South Korea was the largest single buyer of yellow corn (610,721 mt/24 million bu) compared

to Sub-Saharan Africa at 129,137 mt (5 million bu) and smaller sales to Japan, Taiwan, Spain, Portugal and Kuwait.

In the current marketing year (May–October 2011), South African corn exports have included more than 1 million mt (39.4 million bushels) of white corn and 650,000 mt (25.5 million bu) yellow corn. As the main buyer of white corn, Mexico purchased 701,279 mt (27.6 million bu) with smaller sales to Italy, Korea and Venezuela. South Korea is the leading purchaser of yellow corn (302,259 mt/11.9 million bu) followed by Taiwan (161,550 mt/6.4 million bu).

Meanwhile, concerns are being raised that production forecasts may be too optimistic and that South Africa could face a very tight stocks situation from January through April, especially for white corn.

USDA's Weekly Export Sales Highlights

October 28 - November 3, 2011

Corn Net Sales

Net sales of 251,900 metric tons (9.9 million bushels) for the 2011/2012 marketing year were down 60 percent from the previous week and 75 percent from the prior 4-week average.

Sorghum Net Sales

Net sales of 5,200 metric tons (205,000 bushels) were partially offset by decreases for Mexico.

Increases Reported	Metric Tons	Bushels (million)
Mexico	153,000	6.0
Japan	133,300	5.2
China	119,500	4.7
Taiwan	37,200	1.5
South Korea	18,600	0.7

Decreases Reported	Metric Tons	Bushels (million)
Unknown Destinations	228,700	9.0

Increases Reported	Metric Tons	Bushels (million)
Unknown Destinations	9,100	0.36

Decreases Reported	Metric Tons	Bushels (million)
Mexico	4,000	0.16

Corn Net Sales 2012/13

No net sales for delivery in the 2012/2013 marketing year were reported.

Sorghum Exports

Exports of 30,800 metric tons (1.2 million bushels) were reported.

	Metric Tons	Bushels (million)
Mexico	30,800	1.21

Corn Exports

Exports of 624,400 metric tons (24.6 million bushels) were reported.

	Metric Tons	Bushels (million)
Japan	193,300	7.6
Mexico	134,500	5.3
China	124,700	5.0
South Korea	57,700	2.3
Dominican Republic	27,900	1.1
Taiwan	23,600	0.93

Barley Net Sales

No net sales were reported.

Barley Exports

No exports were reported.

COUNCIL ACTIVITY CALENDAR

November 12-14: The Council will host the Feed Grain Co-Products Buyers Conference in Geneva, Switzerland. Event participants will include major buyers from the Middle East and North Africa as well as representatives from key agribusinesses and trade organizations. The focus will be to provide valuable industry analysis addressing DDGS and Co-products transportation systems and handling issues. For more information, contact Ashley Kongs, USGC coordinator of international operations for Rest of World, at akongs@grains.org.

November 13-23: The Council will lead a DDGS Promotion Swine Tour through Vietnam, Thailand and the Philippines. USGC consultants will provide technical training to commercial swine producers, breeding companies and other regional buyers. This hands-on setting will provide key information on DDGS use in swine rations, swine nutrition and mycotoxins. For more information, contact Anne Pelkey, USGC manager of international operations for Asia, at apelkey@grains.org.