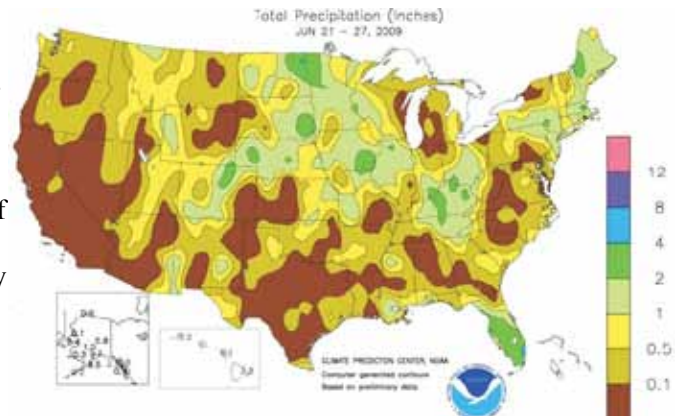


USDA Export Credit Program for U.S. Grain Purchases Now Totals \$5.375 Billion. On June 24 and July 2, USDA announced an additional \$1.05 billion for GSM-102 export credit guarantees for the 2009 fiscal year, bringing this year's total allocations to \$5.375 billion. The GSM-102 program provides guarantees to U.S. banks against the risk of non-payment by a foreign bank in the sale of U.S. agricultural commodities. "The GSM-102 program facilitates trade when financing is tight and affords U.S. farmers a guaranteed buyer of their grains and related co-products," said Ken Hobbie, U.S. Grains Council president and CEO. The Council, a non-profit organization focused on building export markets for U.S. corn, barley, sorghum and co-products, considers the GSM-102 program one of the most effective programs for defending U.S. market share in difficult economic times. Mexico, Central America, Turkey and South Korea were among the recipients of the recent increased allocations and are key target markets for the Council and its market development efforts. "South Korea is a vital market for U.S. feed grains and co-products. It would use even more credit if it were available," said Mike Callahan, USGC senior director of international operations for Asia. The June 24 announcement provides an additional \$300 million to South Korea, totaling to \$1.2 billion. Central America was allocated an additional \$150 million, for a total of \$700 million. \$100 million was allocated for Mexico, bringing the country's total to \$225 million. Turkey was allocated \$50 million, bringing the total to \$450 million. "During this time of slow global economic growth and tight credit, GSM-102 increases the confidence of U.S. banks to give out loans, providing many countries with credit options they would not otherwise have," said Erick Erickson, USGC special assistant for planning, evaluation and projects. GSM-102 rarely results in an expenditure of U.S. government funds because of its importance to the buying country, and the repayment history has a good track record. Congress established a \$5.5 billion cap for the 2009 fiscal year and the Council hopes the remaining \$125 million will be made available in coming months. Hobbie added, "The Council works with USDA to help direct GSM-102 credit guarantees toward important feed grains markets worldwide. These efforts have paid dividends. GSM-102 has become a very popular program with international buyers and U.S. banks and sellers. Our export customers are able provide food and fiber for their people while U.S. farmers benefit from having a guaranteed buyer. You can't get a more win-win situation."

U.S. Farmers Overcome Adversity, Surpass Expectations. Farmers faced looming adversity during the spring planting season, causing lowered expectations, but ultimately overcame. USDA projects the second-largest corn planting acreage since 1946, after 2007. Early stages of planting were similar to last year's conditions. Though low temperatures and frequent precipitation slowed planting in early May, warmer dryer conditions eventually returned, allowing farmers to make accelerated progress in late May. U.S. corn producers planted an estimated 87 million acres, up 1 percent from 2008. U.S. soybean farmers reached a historic high, increasing planting by nearly 2 percent from 2008, with 77.5 million acres planted. Together, U.S. corn and soybean producers worked steadfastly to plant a total 164.5 million acres, an increase of nearly 3 percent. U.S. Grains Council President and CEO Ken Hobbie said U.S. agricultural producers continually show their efficiency and ability to produce enough grains to meet market demands. He said U.S. farmers demonstrate a loyal commitment to assuring an adequate supply of affordable quality feed despite hardships faced during difficult spring planting. With rapid response to the marketplace, producers continually provide unwavering dedication and allegiance to U.S. and global consumers. "I cannot say I am surprised by the recent planting projections issued by USDA. Time and time again, U.S. farmers are faced with adversity, but their commitment to providing an adequate supply of U.S. feed ingredients as well as their dedication to curbing global hunger perseveres," said Hobbie. "Thanks to U.S. farmers, we are able to reassure our global end-users on the reliability of U.S. agriculture and create dependability in the global marketplace for U.S. agricultural products. This is another factual demonstration of U.S. farmers meeting global demand." Information from surveys is compiled in USDA's Acreage Report, released on June 30, 2009. Surveys were conducted the first two weeks of June.



For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact our communications staff: Mike Deering, Marri Carrow or Melisa Augusto at 202-789-0789.

TALKIN' TRADE

Global Partnerships Essential for U.S. Growers

By Mike Deering
Director of Communications
U.S. Grains Council



Forming partnerships with global end-users is absolutely vital to accessing, developing and defending markets for U.S. corn, barley, sorghum and all related co-products. This is a strategic process requiring U.S. Grains Council directors and consultants to gather a great deal of intelligence about specific markets outside U.S. borders. The main goal for USGC staff is to successfully identify the movers and the shakers in livestock industries all over the world. These export market development experts work on the ground to find the trend-setters, so-to-speak. By working with this small pool of end-users that have solid reputations and the ability to influence, the Council can cause dramatic changes in the entire marketplace efficiently and effectively. During my recent visit to Egypt and Morocco, I saw examples of these instrumental partnerships. The Council, for example, formed a partnership with COPAG, a dairy cooperative in southern Morocco. By partnering with one progressive cooperative with a reputation of fiscal responsibility that embraced change and innovation, the Council was able to demonstrate the benefits of modernizing the ruminant sector in Morocco. "Plant the seed and it will grow," said Kurt Shultz, USGC director in the Mediterranean and Africa. Other dairy and beef producers saw COPAG's advancement and started to follow suit. Not to mention, COPAG has more than 14,000 smaller farms as members of their cooperative who received technical training from COPAG officials, who received hands-on instruction from Council staff and consultants. COPAG corn utilization increased from 600,000 bushels in 2003 to 2.3 million bushels in 2008, plus an up tick in co-products. The Moroccan Feed Millers Association (AFAC) has adopted a five-year strategic plan to develop the

See COPAG on Page 3

U.S. Waxy Barley Catches the Spotlight in Japan. Rich in nutrients and loaded with fiber, U.S. waxy barley has made its debut in the Japanese market through focused campaigns. In April 2009, 1,100 metric tons (50.5 million bushels) of U.S. food barley was exported to Japan and was purchased by several Japanese barley processors. A popular Japanese restaurant chain, Ootoya, added to its menu of traditional Japanese-style cuisine U.S. barley, tomato and green vegetable soup. Hakubaku, the largest processor in Japan, supplied the barley to Ootoya. The soup was promoted as a seasonal recommendation in the chain's 200 restaurants nationwide.

Due to the overwhelming popularity, surpassing Ootoya's expectations, the restaurant chain is planning another U.S. waxy barley promotion with a new cereal and dessert recipe. According to Michiko Wakamiya, USGC administrative manager in Japan, "Ootoya's target is women, ages 20 to 45, and the U.S. barley soup has been appealing to this consumer market." The Agricultural Trade Office in Tokyo has also joined in the promotion of U.S. barley



U.S. barley, tomato and green vegetable soup was featured as a seasonal menu item at Ootoya, a popular restaurant chain in Japan.

through its Web site, www.myfood.jp, a site dedicated to the promotion of U.S. agricultural products. In an article featuring an interview with Richard Groven, board member of Council member North Dakota Barley Council, the merits of U.S. barley are highlighted. The article, titled, "Know Who Produces U.S. Barley," presents U.S. barley production practices, quality assurance measures and dietary benefits. To complement the information given about the U.S. grain, the Web site also featured the Groven family barley soup recipe. As U.S. waxy barley continues to make its way into the Japanese marketplace, the Council intends to provide necessary assistance and information to those who are sponsoring these promotions in an effort to increase the consumption of U.S. food barley globally.



U.S. Grains Council hosted Jorge Bedoya, president of the Colombian Poultry Association, to present to the Moroccan Poultry Association Board of Directors in Morocco last week.

USGC Helps Morocco Explore the Benefits of a Poultry Checkoff. The U.S. Grains Council hosted Jorge Bedoya, president of the Colombian Poultry Association (FENAVI) in Morocco last week. Bedoya spent the week working with the Moroccan Poultry Association (FISA) on how to improve its operations and the management of the association. He made presentations to the Moroccan Ministry of Agriculture and to the FISA board of directors on how Colombia was successful in establishing a poultry checkoff fund. “The Moroccan poultry industry has an excellent tool in FISA to improve the competitiveness of the industry and to defend its interests before the government,” said Bedoya, who previously worked for the coffee checkoff in Colombia. “This is due in large part to the support of the U.S. Grains Council and the long-term commitment the Council has made to the development of the poultry sector. However, now is a perfect opportunity for the poultry industry to step up and take command of its own future through the establishment of a checkoff fund.” Bedoya explained that the Colombian poultry industry has seen per capita poultry consumption double from 22 pounds per capita in 1994 to 50 pounds in 2008 since

the checkoff’s inception in 1994. FENAVI has a goal to further expand per capita consumption to 75 pounds per capita by 2018. This dramatic growth is all driven by a consumer promotion program initiated by FENAVI as a result of the check-off fund, which generates approximately \$5 million annually. Colombia is the sixth largest buyer of U.S. corn, importing 114 million bushels in 2008. Morocco imported 37 million bushels of U.S. corn in 2008, making it the fourteenth largest buyer. Per capita poultry consumption in Morocco is currently 30 pounds. However, FISA would like to follow Colombia’s example and establish a checkoff fund, which will give it the ability to dramatically affect consumer perception of poultry and drive future demand for poultry products in Morocco. Kurt Shultz, USGC director in North Africa and the Mediterranean said the Council has been an active supporter of FISA since it was established in 1993. “The establishment of a checkoff program would put the responsibility for developing the Moroccan poultry sector directly in the hands of the Moroccan poultry industry,” said Shultz. “In addition, it would mean a dramatic increase in poultry production which would require additional U.S. corn and sorghum, as the Moroccan poultry sector imports 100 percent of its feed needs.”

Moroccan Feed Millers Association Develops Five-Year Plan for Ruminant Feed Market.

COPAG Continued from Page 2

ruminant feed market. Since then, commercial ruminant feed production has increased from 150,000 tons in 2003 to 700,000 tons in 2007. This represents an increase in corn consumption by the ruminant sector of 6.5 million bushels per year from 2003 to 2007 or an approximate \$21.4 million per year in corn sales. AFAC projects ruminant feed production will exceed 1.7 million tons by 2011 or 18.3 million bushels of additional corn sales. The Moroccan government announced a major new development strategy for the ruminant sector, proposing to double per capita meat consumption by 2020. This all started with one partnership between the Council and one cooperative. The trickle-down effect is occurring in a dramatic way.

Wiesemeyer to Speak to Council Members on Impacts to Trade Policy.

Jim Wiesemeyer, senior vice president of policy and trade issues for Informa Economics, is scheduled to speak at the Council’s 49th Annual Board of Delegates Meeting in San Diego, Calif., July 19-22. With his experience reporting on major farm bills and trade policy in Washington, D.C., since 1978, Wiesemeyer will address the ongoing changes in Washington, D.C., with the new administration and how it impacts trade policy. Wiesemeyer is also a Washington consultant to *Pro Farmer* newsletter and a columnist for www.agweb.com. For more information on the full lineup of speakers or the Board of Delegates meeting, contact Shannon Schaffer, USGC director of membership, at sschaffer@grains.org, or Valerie Smiley, USGC manager of membership, at vsmiley@grains.org.

USDA's Weekly Export Sales Highlights

June 19-25, 2009

Corn: Net sales of 1,155,100 metric tons (45.5 million bushels) were up 68 percent from the previous week and 67 percent from the prior four-week average. Increases reported for Japan (369,600 tons or 14.6 million bushels, including 71,700 tons or 2.8 million bushels switched from unknown destinations and decreases of 5,900 tons or 232,000 bushels); South Korea (279,800 tons or 11 million bushels, including 117,900 tons or 4.6 million bushels switched from unknown destinations); Egypt (240,000 tons or 9.4 million bushels, including 60,000 tons or 2.4 million bushels switched from Syria); Taiwan (127,900 tons or 5 million bushels, including 58,000 tons or 2.3 million bushels switched from Japan and 57,900 tons (2.3 million bushels) switched from unknown destinations); Mexico (88,700 tons or 3.5 million bushels); Canada (36,400 tons or 1.4 million bushels); and Colombia (35,300 tons or 1.4 million bushels) were partially offset by decreases for unknown destinations (67,500 tons or 2.7 million bushels) and Guatemala (27,800 tons or 1.1 million bushels). Optional origin sales of 8,500 tons (335,000 bushels) were for Colombia. Net sales of 117,000 tons (4.6 million bushels) for delivery in 2009/2010 were reported for South Korea (58,000 tons or 2.3 million bushels); Mexico (55,600 tons or 2.2 million bushels); Panama (7,600 tons or 299,000 bushels); Taiwan (2,000 tons or 79,000 bushels); and Barbados (1,000 tons or 39,000 bushels). Decreases were reported for unknown destinations (7,200 tons or 283,000 bushels). Exports of 742,500 tons (29.2 million bushels) were down 29 percent from the previous week and 11 percent from the prior four-week average. The primary destinations were Japan (244,800 tons or 9.6 million bushels); Taiwan (130,400 tons or 5.1 million bushels); Mexico (101,900 tons or 4 million bushels); South Korea (59,900 tons or 2.4 million bushels); Egypt (42,600 tons or 1.7 million bushels); the Dominican Republic (28,400 tons or 1.1 million bushels); and Syria (25,600 tons or 1 million bushels).

Barley: There were no sales reported during the week. Exports of 100 tons (4,600 bushels) were reported to Mexico.

Sorghum: Net sales of 122,600 tons (4.8 million bushels)--a marketing-year high--were for Mexico (119,600 tons or 4.7 million bushels) and unknown destinations (3,000 tons or 118,000 bushels). Exports of 44,700 tons (1.8 million bushels) were to Mexico.

COUNCIL NEWS

VIV Turkey Trade Show Brings International Agriculturalists Closer Together. This week, USGC Regional Director in the Middle East and Subcontinent Joe O'Brien attended the VIV Turkey 2009 Trade Show in Istanbul. This show, themed an "International Trade Fair for Intensive Animal Production and Processing," is one of the largest feed and agricultural trade shows in the region with exhibitors from around the world in attendance. U.S. participants included U.S. Embassy and Consular representatives, USDA's Foreign Agricultural Service representatives, consultants from Council members POET and Ag Processing Inc. as well as farmers from Iowa, Nebraska, South Dakota and Minnesota. Show participants learned the importance of working international agricultural relations and received an in-depth view of rural conditions in Turkey. The GSM-102 increase of \$50 million to Turkey was also announced during the meeting; participants felt it would be quickly subscribed.

USGC Headquarters Closed Friday, July 3. The Council's headquarters office in Washington, D.C., will be closed Friday, July 3, in observance of Independence Day. The Council wishes everyone a safe and happy holiday as we celebrate the independence of this great nation.

NEW ON THE WEB

New Blogs Posted Frequently. Check out the latest entries on the Council's blog, "The Grain Board." The most recent posts include, "From Standstill to Full Speed Ahead," by Mike Deering, USGC director of communications, and "Come in We're Open," by Ken Hobbie, USGC president and CEO. Visit "The Grain Board" at www.thegrainboard.com. For more information, contact the bloggers at thegrainboard@grains.org.

Council's Web site Goes Mobile. The Council's Web site, www.grains.org, is now equipped for mobile capability. Check out the site from your mobile device to see Council news and events in an easy-to-read format. Check back daily for news updates, market perspectives, newly uploaded photos, blog posts and much more.

COUNCIL ACTIVITY CALENDAR

July 8-17: The Council will sponsor the Korean Feed Grains Import Buyer Team to travel to Washington, D.C., New Orleans and Illinois. Seven import buying leaders will have the opportunity to review the perspectives of U.S. corn supply and demand with regards to increasing corn demand for the ethanol industry. During their travels, the group will meet with representatives of Council members and tour their production facilities. For more information, contact Kim Karst, USGC manager of international operations for Asia, at kkarst@grains.org.

July 11-19: Dr. Mark Giesemann, of Council member POET, will travel to Taiwan to provide on-site consultations, give presentations at seminars and participate in panel discussions to discuss mycotoxins, sampling and testing of mycotoxins, distiller's dried grains with solubles (DDGS) quality and how to prevent mycotoxins. Hog producers and feedmill technicians in attendance will gain an understanding of the quality of DDGS. For more information, contact Kim Karst, USGC manager of international operations for Asia, at kkarst@grains.org.

July 12-16: The Council will sponsor a team of Mexican feed grains buyers to Kansas and Nebraska. This program will provide team members the opportunity to become familiarized with the production, handling, storage, quality control, marketing and export systems of grain sorghum in the United States. With assistance from Council members National Sorghum Producers, Kansas Grain Sorghum Commission, Nebraska Grain Sorghum Board, Lansing Trade Group, Ag Processing Inc. and The Scoular Company, the group will visit farms, producers, elevators, traders, transportation facilities and trading houses. For more information, contact Gina Tumbarello, USGC manager of international operations for Rest of the World, at gtumbarello@grains.org.