GLOBAL GRAIN AND OILSEED TRADE

International Plant Protection Convention Open-ended Workshop on International Movement of Grain

North American Export Grain Association, W. Kirk Miller, Senior Advisor,
In Cooperation with:

- Associação Brasileira das Indústrias de Óleos Vegetais (ABIOVE)
- Australian Grain Exporters Association (AGEA)
- Associação Nacional Dos Exportadores De Cereais (ANEC)
- Câmara de la Industria Aceitera de la República Argentina - Centro de Exportadores de Cereales (CIARA-CEC)
- Canada Grains Council (CGC)
- Canadian Wheat Board (CWB)
- Canola Council of Canada
- Grain Trade Australia (GTA)
- Pulse Canada
- U.S. Wheat Associates (USW)
- U.S. Grains Council (UGC)
- U.S. Soybean Export Council (USSEC)
- U.S.A. Rice Federation (USRF)
• Why the grain, oilseed and other agribulk trade is important to the World’s consumers.
• Scope and magnitude of the international grain and oilseed trade.
• How the “Trade” works.
• Why plant protection regulations and regulators are important to the grain trade.
• What the trade needs from you.
World Population: 1950-2050

Middle Class Income

“Middle Class” Outside the U.S. Expected to Double By 2020 – To 1 Billion Households
Worldwide food consumption will be impacted

Foreign households w/real PPP incomes greater than $20,000 a year
(in millions of households)

Middle class in developing countries projected to increase 104% by 2020 vs. just 9% in developed countries in 2009

Source: Global Insight’s Consumer Markets as analyzed by USDA’s Office of Global Analysis
World Food Programme --- Hunger Map

Fighting Hunger Worldwide

The cost of hunger to developing nations is an estimated US$420 billion per year.

It takes only 25 US cents for WFP to give a hungry schoolchild a cup of food with all the nutrition needed for the day.

The number of undernourished people worldwide is just under 1 billion -- equivalent to the population of North America and Europe combined.

Hunger Map 2011

<table>
<thead>
<tr>
<th>Category</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undernourished</td>
<td>&lt;15%</td>
<td>15-24%</td>
<td>25-34%</td>
<td>35-44%</td>
<td>45-54%</td>
<td>55-64%</td>
</tr>
<tr>
<td>Description</td>
<td>Extremely Low</td>
<td>Very Low</td>
<td>Moderately Low</td>
<td>Moderately High</td>
<td>High</td>
<td>Very High</td>
</tr>
</tbody>
</table>

IPPC - Grain overview - December 6, 2011
FOOD INSECURITY

Exists when people lack access to sufficient amounts of safe and nutritious food, and therefore are not consuming enough for an active and healthy life. This may be due to the unavailability of food, inadequate purchasing power, or inappropriate utilization at household level.

(Source: United Nations FAO)
FOOD SECURITY

Exists when all people at all times have both physical and economic access to sufficient, safe and nutritious food that meets their dietary needs for an active and healthy life.

(Source: United Nations Organizations)
## 2011/2012 World Grain and Oilseed Use and Trade (MMT)

<table>
<thead>
<tr>
<th>Crop</th>
<th>Use</th>
<th>Trade</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>458</td>
<td>33</td>
<td>7%</td>
</tr>
<tr>
<td>Wheat</td>
<td>677</td>
<td>137</td>
<td>20%</td>
</tr>
<tr>
<td>Coarse Grain</td>
<td>1149</td>
<td>119</td>
<td>10%</td>
</tr>
<tr>
<td>Oilseeds</td>
<td>389</td>
<td>113</td>
<td>29%</td>
</tr>
<tr>
<td>Oilmeals</td>
<td>260</td>
<td>80</td>
<td>31%</td>
</tr>
<tr>
<td>Veg oils</td>
<td>150</td>
<td>62</td>
<td>41%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,083</strong></td>
<td><strong>544</strong></td>
<td><strong>18%</strong></td>
</tr>
</tbody>
</table>

November 2011, USDA WASDE
## World Trade in Rice

<table>
<thead>
<tr>
<th>Imports</th>
<th>2009 (est.)</th>
<th>2010 (est.)</th>
<th>2011 (est.)</th>
<th>2012 (f'cast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUROPE</td>
<td>1.3</td>
<td>1.5</td>
<td>1.5</td>
<td>1.4</td>
</tr>
<tr>
<td>N &amp; C AMERICA</td>
<td>2.9</td>
<td>3.1</td>
<td>3.3</td>
<td>3.2</td>
</tr>
<tr>
<td>SOUTH AMERICA</td>
<td>1.1</td>
<td>1.4</td>
<td>1.2</td>
<td>1.1</td>
</tr>
<tr>
<td>NEAR EAST ASIA</td>
<td>6.2</td>
<td>6.7</td>
<td>6.6</td>
<td>6.8</td>
</tr>
<tr>
<td>FAR EAST ASIA</td>
<td>7.4</td>
<td>9.1</td>
<td>10.2</td>
<td>9.4</td>
</tr>
<tr>
<td>AFRICA</td>
<td>10.6</td>
<td>9.9</td>
<td>10.3</td>
<td>10.3</td>
</tr>
<tr>
<td>OCEANIA</td>
<td>0.5</td>
<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>World Total</strong></td>
<td><strong>29.2</strong></td>
<td><strong>31.4</strong></td>
<td><strong>33.2</strong></td>
<td><strong>32.0</strong></td>
</tr>
</tbody>
</table>
World Wheat Imports

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Global Animal Feed Use

- Corn (Maize): 66%
- Feed Wheat: 16%
- Barley: 12%
- Sorghum: 3%
- Oats: 2%
- Rye: 1%

2011/2012 Oilseed, Total Imports

Source: PSD Online (Updated: September 12, 2011)
(http://www.fas.usda.gov/psdonline)
World Soybean Imports

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Interior Logistics – Efficient and Timely
Transport from Interior to Export
Another International Trade Shipment to Feed Hungry People
## BASIS FOR TRADE

1. Mutual Benefit
   - ✔ Comparative Advantage – Sound Economics
   - ✔ Sustainable Supply – Resources Optimized
   - ✔ Well Being - Health and Economic

2. Sound Practice
   - » Fair and enforceable contracts
   - » Uniform grades and standards
   - » Reliable weights and measures
   - » Science based risk management
   - » Consistent and predictable official policy
   - » Corruption free market space
Delivery Terms and Transfer of Risks

- **FAS** (Free along side ship)
  - Seller bears costs and risks until the ship leaves.
  - Buyer takes over once the ship departs.

- **FOB** (Free on board)
  - Seller bears costs and risks until the ship departs.
  - Buyer takes over once the ship departs.

- **CFR** (Cost and freight)
  - Seller bears costs and risks until the ship departs.
  - Seller covers the freight costs.
  - Buyer takes over as soon as the goods arrive.

- **CIF** (Cost Ins. freight)
  - Seller bears costs and risks until the ship departs.
  - Seller covers the freight and insurance costs.
  - Buyer takes over as soon as the goods arrive.

- **Ex SHIP**
  - Goods are delivered ex ship, with the seller bearing all risks and costs until the ship departs.
  - Buyer takes over as soon as the ship departs.

**GOODS RISKS COSTS**

- **Seller**
  - Bears all risks and costs up to the ship's departure.

- **Buyer**
  - Takes over all risks and costs as soon as the ship departs.

IPPC - Grain overview - December 6, 2011
Role of Governments in International Grain Movements

- Fair and equitable market access
- Consistent monitoring and oversight of trade
- Assurance of security and sanctity of contracts
- Enforcement of anti-corruption measures
- Fair, transparent and science based phytosanitary measures
“COHERENT TRADE AND AGRICULTURE POLICIES CRUCIAL FOR DEVELOPMENT OF POORER STATES”
UNCTAD Secretary-General, Supachai Panitchpakdi 9/14/2011
PLANT QUARANTINE MEASURES AND TRADE

• Risk assessments need to be completed for all trade restricting measures and need to be based on sound science.

• Plant quarantine measures need to be transparent, properly noticed and practiced in the country imposing the restrictions.

• Unwarranted or overly restrictive measures will adversely impact food security.
Conclusion

The global grain industry is very appreciative of this opportunity to participate in the open-ended workshop to share some background perspectives on how the grain trade works and why trade is so important to consumers around the world.

We hope to work with you to adopt and implement appropriate risk management measures facilitative to Trade.
Thank You!

Please Join Us at the Welcome Reception
This Evening on the 19th floor in the Vista 360 Lounge. 18:00 – 20:00 (6-8 PM)