

USGC President's Mission Services Two Major Asian Markets. U.S. Grains Council leadership traveled to Korea and Taiwan May 4-10 as part of a Council President's Mission. Dale Artho, USGC chairman and Texas corn and sorghum producer; Ken Hobbie, USGC president and CEO; and Mike Callahan, USGC senior director of international operations for Asia; met with government officials, industry leaders and end-users in each country. During the mission, Hobbie delivered presentations in both Seoul and Taipei, detailing the world supply and demand situation focusing on the United States. "The presentations were well received," Hobbie said, adding that many questions were asked and answered. In front of an audience of more than 50 people, including the CEOs of Korea's major feed manufacturing and industrial and food corn processing companies, Hobbie



Approximately 100 industry representatives attended the Grain Situation and Risk Management Seminar at Taipei's Howard Plaza Hotel on May 8. During the seminar, Ken Hobbie, U.S. Grains Council president and CEO, presented on the production, supply and demand of U.S. grains and distiller's dried grains with solubles.

answered questions about corn use for ethanol in the United States, market trends and U.S. grains supplies. The Council delegates also met with members of the Korea Corn Processing Industry Association (KCPIA) where they learned about the association's membership commitment to continue purchasing biotech corn. Earlier this year, South Korea purchased of 697,000 metric tons (27 million bushels) of U.S. genetically modified (GM) corn for use in manufacturing and industry applications — the first time since government regulation of biotech crops began in 2001. "KCPIA had concerns about public reaction to biotech corn ingredients used in food manufacturing," Artho said of the meeting. "But we talked positively about how long we've been using it in the United States without adverse effects and how it is not only safe, but also makes corn affordable." Artho said the Council encouraged KCPIA to continue using GM corn for both industrial and food applications. Indirectly related to corn issues, KCPIA asked the Council for assistance in quelling mistrust in Korea regarding the perceived safety of U.S. beef, which has had an impact on the acceptance of GM grains. KCPIA asked if the Council could arrange for a high-level U.S. government official to endorse the consumption of U.S. beef and reassure the Korean public of its safety. According to both Artho and Hobbie, the Council aims to discuss the issue with the U.S. Meat Export Federation as a way to work with other national cooperators for the betterment of U.S. feed grains and livestock producers. The President's Mission continued its work in Taipei where the team participated in a Grain Situation and Risk Management Seminar. During the seminar, USGC consultant Robert Hodgen of J.D. Heiskell & Company's California branch delivered a presentation on risk management which was well received by the audience. Council leadership also met with local industry organizations including the National Animal Industry Foundation, Taiwan CP and the Taiwan Feed Industry Association. The meetings gave the delegation a clear picture about the financial pressure faced by Taiwan's feed and livestock sectors. "The industries are currently grappling with the issues around their profitability given the high price of corn and feed ingredients," Hobbie said. To address the issue, Council delegates explained how the value of the dollar, market disruptions like the strike in Argentina and the dynamics of the world supply and demand situation in several grain categories all play a role in today's price of feed grains. "It was a good chance to see how the Council not only works at developing markets, but also servicing the marketplace," Artho said. "Because the Council has a long term presence in both these markets, people have come to see the Council as a provider of good, honest information," he said. "I think that is a very important outcome of the investment of producer dollars in the international market through the Council."

For more information on the contents of this newsletter or the U.S. Grains Council, its mission and programs, please contact Mike Deering, director of communications, or Jodi Kiely, manager of communications, 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 nine 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 \$26 million.

USGC DDGS Workshops Bring Together Council Suppliers, Japanese Customers. As distiller's dried grains with solubles (DDGS) gain in popularity among international end-users, the U.S. Grains Council is capitalizing on the growing demand for the product by hosting two DDGS seminars in Japan this week. The workshops will serve as a source of accurate information for Japanese industry representatives interested in using DDGS. They will also provide an opportunity for DDGS suppliers to meet directly with potential buyers. Council members participating include POET, CHS Inc., North Star Rail International LLC, International Feed, J.D. Heiskell and Company and US Commodities. As of press time, the first workshop held in Miyazaki on May 14, had successfully finished, attracting nearly 100 participants according to Cary Sifferath, USGC acting senior director in Japan. Sifferath said the outcome was very positive. "In conjunction with the seminar, Council suppliers participated in a mini tradeshow which gave them an opportunity to meet with potential buyers," he said. "This allowed the chance for potential customers to ask questions face-to-face with exporters regarding U.S. DDGS export availability, utilization, merchandizing and shipping." The symposium featured two speakers including Dean Franke, vice president of International AgMotion Inc. and its subsidiary, US Commodities, LLC and Dr. Phillip Smith of Tyson Foods. Franke gave a general DDGS informational talk about the supply and demand situation while Smith's presentation focused on Tyson Foods' positive experience using DDGS. In 2007, Japan imported 100,000 metric tons of DDGS and according to the Council's Tokyo office, an opportunity exists to export at least 500,000 tons of high quality DDGS to Japan in the future. The second workshop will take place in Tokyo on May 15. The Council will also host DDGS workshops in China May 22-23. Council DDGS supplier members will also attend the China seminars.

USGC Showcases U.S. Ag Industry to Russian Grain Buyers. Representatives of Russia's feed grains industry saw firsthand U.S. agriculture during the Russian Grain Buyers Mission, hosted and organized by the U.S. Grains Council from April 28-May 7. While in the United States, the delegation visited the Chicago Board of Trade where they heard a presentation, took a tour of the facility and discussed risk management issues with representatives from Archer Daniels Midland Company, a Council member, and FC Stone. The group also participated in a short course at the International Grains Program (IGP) at Kansas State University. During the course, they learned about potential risk management tools and strategies that could be used in their grain trading operations. "Russian traders and end-users are finding themselves in a new and dangerous economic world," said Jay O'Neil, USGC consultant and senior agricultural economist at IGP. "With commodity prices as high as they are, the Russians came to the short course anxious to learn about the futures markets and what options and strategies could be employed to manage their input price risk," he said. According to O'Neil, a new electronic commodities futures exchange just opened in Moscow and the Russian team was interested in learning how futures exchanges work and how they might utilize their local exchange or the Chicago Board of Trade as a vehicle for hedging. In addition to risk management issues, distiller's dried grains with solubles (DDGS) also generated interest among the visiting delegation. The group visited the LifeLine Foods facility in St. Joseph, Mo. where they learned that the DDGS protein level of LifeLine Foods' production process produced 39-45 percent protein levels. "This could be very significant to a foreign customer who is paying very high freight rates as it would deliver more protein for the freight dollar," said O'Neil, who accompanied the group on the LifeLine Foods tour. The Russian team continued its mission in Illinois where they had the chance to see the farming operation of Steve Ruh, Illinois farmer and past president of the Illinois Corn Growers Association. Ruh's farm is located in Sugar Grove, Ill. "They (participants) got to witness the actual planting process and even ride on the tractor with Steve," said Phil Thornton, value enhanced project director for the Illinois Corn Marketing Board, who hosted the team May 7. "The group was primarily interested in the overall management of the operation, such as input costs," he said. While in Illinois, the delegation also visited a grain elevator and Corn Products International, which specializes in corn starch, corn gluten meal, corn oil and other related products.

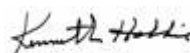
Bangladeshi End-Users Receive DDGS Training. As distiller's dried grains with solubles (DDGS) hit the global feed market as a new product, international customers are often unfamiliar with its use. To educate new end-users about the co-product while simultaneously promoting it in new markets, the U.S. Grains Council sends experts into the field to conduct training with feed nutritionists, purchasers and company directors, often at the request of the client. As freshmen DDGS importers, feed manufacturers in Bangladesh are learning how to use the product in poultry feed this week. Dr. Budi Tangendjaja, USGC technical program manager based in Indonesia, is delivering presentations on DDGS production and its quality and nutritive value. He is also conducting simulations to look at the feed formulation for broilers and layers. The Council sent Tangendjaja to Bangladesh because of his prior experience working in the country. According to Amit Sachdev, USGC consultant in India and the liaison between Feed International Corporation, the DDGS supplier, and Ria International, the Bangladeshi purchaser, Bangladesh usually imports soybean meal and corn from India for use in its poultry sector. DDGS is a new product and industry users have no idea how to properly use it. "A poultry company in Bangladesh imported a consignment earlier, but it was of poor quality and so they were unable to use it," Sachdev said, adding that the problem stemmed from the fact that the product was not properly introduced in the country at the time of its purchase. Through proper training, Tangendjaja hopes to avoid that problem. "It's unclear what the potential for DDGS use is in Bangladesh right now," said Sachdev. "Because of the high price, it may not be feasible to use DDGS in poultry rations at this time, but there is a possibility of using it in fish feeds and ruminant feeds," he said, adding that such usage would depend on availability and price. Earlier this year, Bangladesh imported 504 metric tons of DDGS due to USGC communications with Ria International.

COUNCIL NEWS

A Note from the President

I've said it time and time again and I will continue to say it as long as I am involved in this business: U.S. farmers are the very best in the world. U.S. producers are facing many challenges right now, primarily the weather, making things rough this planting season. There is not much we can do, but please know, on behalf of all of us at the U.S. Grains Council, you are in our thoughts and we have faith in your ability to work around Mother Nature and surpass all expectations. Farming is undoubtedly a volatile business, but you always come through for the Council, U.S. consumers and our international customers. I just returned from the USGC President's Mission talking to leaders in the agricultural industry regarding U.S. supply. I reiterated to them that U.S. farmers will do what it takes to respond to demand and generate a reliable supply. Your commitment and passion makes it relatively easy to ensure confidence in our international trade partners. Thank you for all you do.

Sincerely,



Ken Hobbie, President and CEO



See More of Alaska on a Tour. The Council's 48th Annual Board of Delegates' meeting will feature industry experts with presentations about the future of the grain industry, but it also boasts several tour opportunities for participants and guests to experience the culture, heritage and wildlife of Alaska. Explore the city on the Anchorage City Tour, as you treat your taste buds at the Alaska Wild Berry Products Factory and come face-to-face with Alaska's first people at the Alaska Native Heritage Center. Participants of the Matanuska Valley Tour can escape the city to see oxen at the only domestic musk ox farm, go on dog sled rides at the Iditarod Race

Headquarters and see giant vegetables that thrive on the increased summer sunlight and fertile land at Pyra's You-Pick Farm. The meeting's main social event will be the all day Exploring Alaska Excursion. With an early morning departure, the group will travel down the Alaskan coast to the Kenai Fjords National Park to see glaciers, sea lions and more. Lunch will be served on the boats and dinner will be served on Fox Island, a unique island in Resurrection Bay. For more information on these tours or additional meeting information, contact the Council's membership department at (202) 789-0789 or Valerie Smiley, manager of membership, at vsmiley@grains.org. You may register online at www.grains.org.

NEW ON THE WEB

Hobbie: High Exports Due to Demand Development. Ken Hobbie, U.S. Grains Council president and CEO, was interviewed by Randy Koenen of Red River Farm Network in Grand Forks, N.D. Koenen is also president of the National Association of Farm Broadcasting. During the interview, Hobbie credited the United States' record export rate to demand development and to the fact that more people around the world are consuming more meat, eggs and milk. The interview took place in Washington, D.C. as part of the National Association of Farm Broadcasting Washington Watch Issues Forum. To listen to his interview, visit the Council's Web site, www.grains.org, in the "News and Information" section.

Monthly Management Reports (MMRs) Posted on GRAIN Center. The April Monthly Management Reports from the Council's offices in Asia and Rest of the World are now available in The GRAIN Center, the members-only section of the Council's Web site, www.grains.org, under "Reports" or in the "What's New" section. Prepared by the Council's international offices, these reports include information on market developments as well as Council programs and activities. For more information on MMRs, contact Karen Sonnet, international operations coordinator for ROW, at ksonnet@grains.org, or Kelly Crist, international operations coordinator for Asia, at kcrist@grains.org.

Korean DDGS Handbook. The DDGS User Handbook is available online in Korean. The PDF document can be accessed under the "Buying U.S. Grains & DDGS" section of the Council's Web site, www.grains.org.

If you encounter a problem logging in to The GRAIN Center, or need a username and password, contact Regina Meeks, coordinator, at rmeeks@grains.org.

COUNCIL ACTIVITY CALENDAR

To view the most up-to-date calendar of events, USGC members may log in to The GRAIN Center through the Council's Web site and then click on "Council Activity Calendar."

May 19-23: Dean Franke of U.S. Commodities, Dr. Jerry Shurson from the University of Minnesota, and Dan Keefe, USGC manager of international operations – DDGS, will travel to China for meetings with local industry representatives in Guangzhou where they will hold DDGS seminars in addition to workshops held in Shanghai. The seminars are intended to develop trade and serious interest in U.S. origin DDGS by both U.S. suppliers and Chinese buyers. They will cover information on the current U.S. DDGS supply and demand outlook as well as the utilization of DDGS in the swine industry in the United States. Representatives from the following companies will attend: J.D. Heiskell and Company, Midwest Ag Enterprises, Minnesota Department of Agriculture, POET, North Star Rail International, Mitsubishi, the Virginia Department of Agriculture and CHS. For more information, contact Kim Karst, manager of international operations – Asia, at kkarst@grains.org.

May 21-22: The Board of Directors will meet for the May Board of Directors meeting in Amarillo, Texas. The meeting will begin with a tour of the cattle feeding industry in and around Hereford, Texas as well as a visit to White Energy, a local ethanol producer in the area. The tour will be followed by the regular session of the Board.

May 26-June 1: A team of five Taiwanese government and industry representatives from the Institute of Microbiology and Biochemistry, the Bureau of Food Safety, Department of Health, the Department of Horticulture, National Taiwan University and the Food Industry Research and Development Institute (FIRDI) will travel to the United States under the direction of Clover Chang, USGC assistant director in Taiwan. They will visit related organizations and government agencies in Washington D.C. including: U.S Food and Drug Administration, U.S. Environmental Protection Agency, Animal and Plant Health Inspection Service and Foreign Agricultural Service. They will also talk with organizations such as BIO and the International Food Information Council. The team will visit with representatives from Council members Pioneer, Syngenta and Monsanto. This visit will familiarize the visiting team with the management of stacked events in the United States and also promote the completion of guidelines which encourage the importation of U.S. grains into Taiwan. For more information, contact Kim Karst, manager of international operations — Asia, at kkarst@grains.org.

June 10: Dale Artho, USGC chairman and Texas corn and sorghum producer, and Ken Hobbie, USGC president and CEO, will travel to London, England to attend the Grains Conference 2008 hosted by the International Grains Council (IGC). The conference will try to answer the following questions: As demand climbs further to meet expanding food, feed and industrial needs, including biofuels, will producers be able to respond sufficiently? What is the likely impact on future world trading patterns, also taking into account recent sharp rises in ocean freight rates? What is the latest thinking on biofuel trends? Several eminent speakers representing related industries and various governments, will give their perspectives on these and other vital issues. For more information, contact Hillary Bennett, executive assistant, at hbennett@grains.org.

The U.S. Grains Council does not discriminate on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or marital/family status. Persons with disabilities, who require alternative means for communication of program information, should contact the U.S. Grains Council.