



Global Forage Exports

a U.S. Perspective

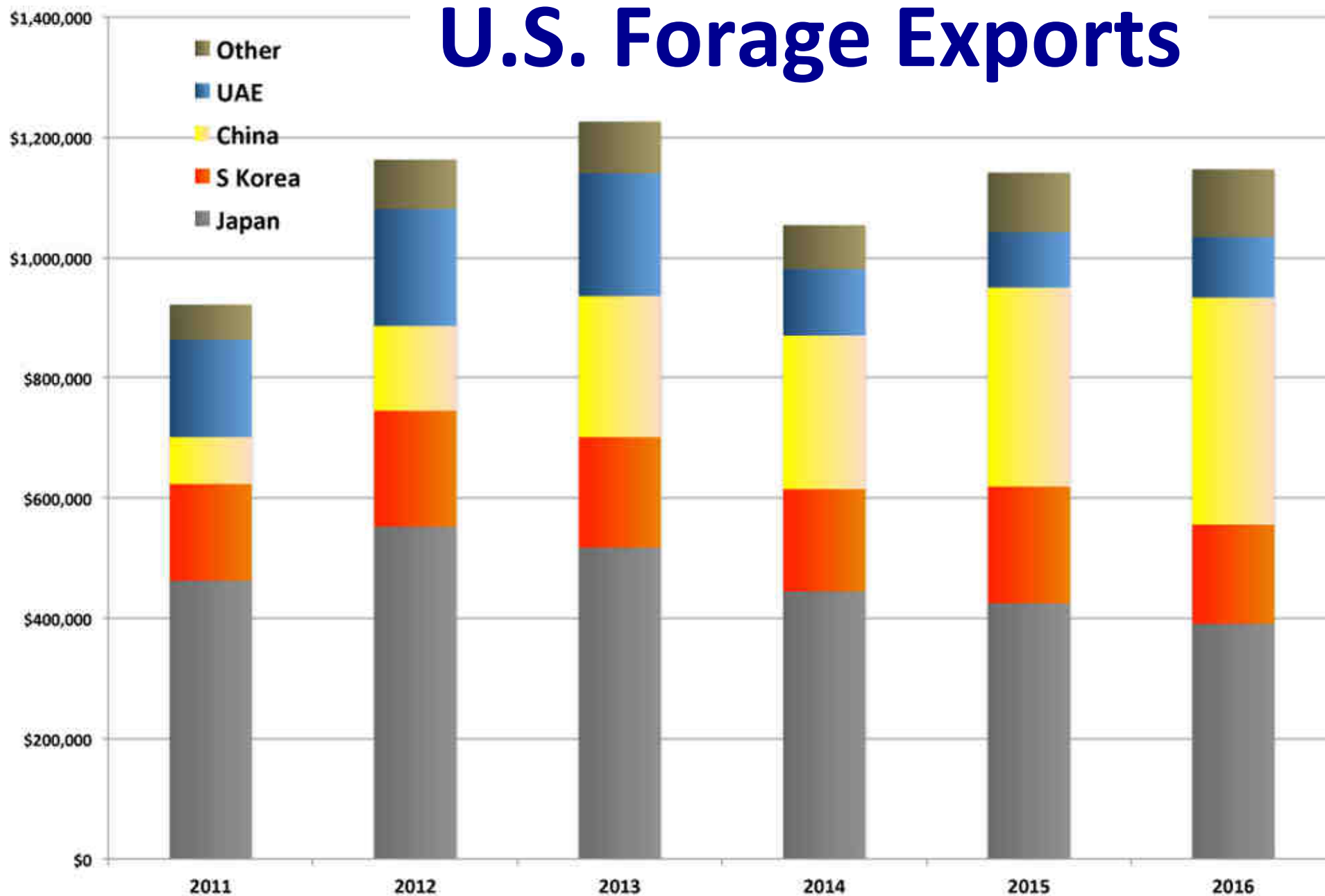
Canadian Forage and Grassland Association
November 17, 2016

U.S. Forage Export Council

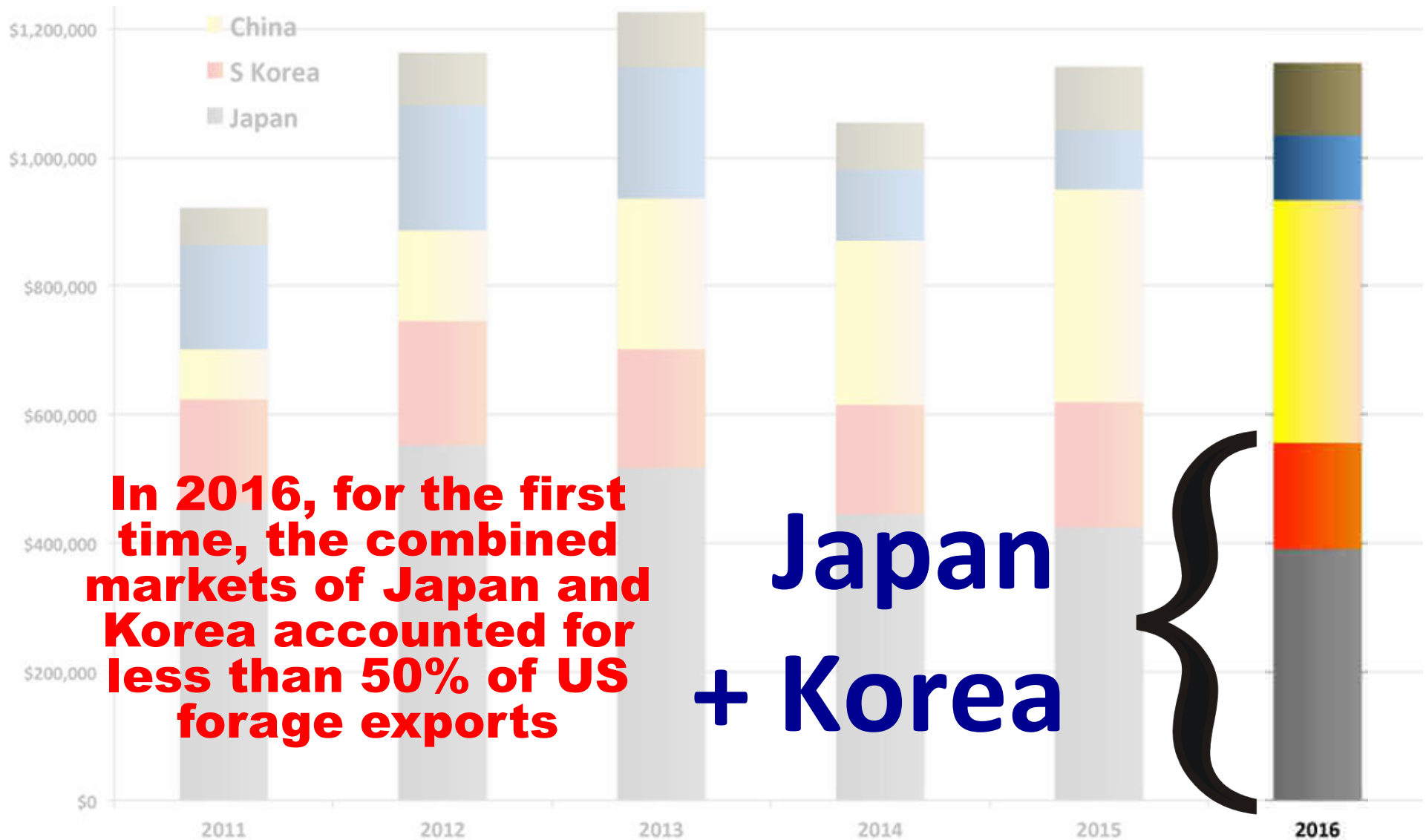


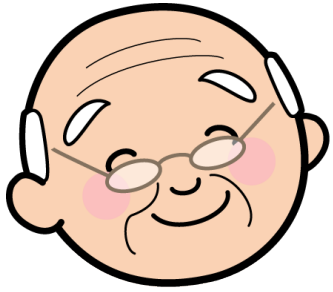
- 33 members
- >\$1 billion in exports
- NOT a trade association
- Focused on market access: Opening & maintaining markets based on regulations that are transparent, consistent and science-based

U.S. Forage Exports



Focus #1 - Japan and Korea





% of farmers age 65+

1980

1990

2000

2010

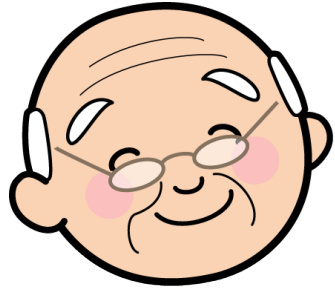
28%

46%

67%

74%

50% decline in # of farmers



Dairy farmers age 65+



Herds acquired by larger
farms with different
feeding systems

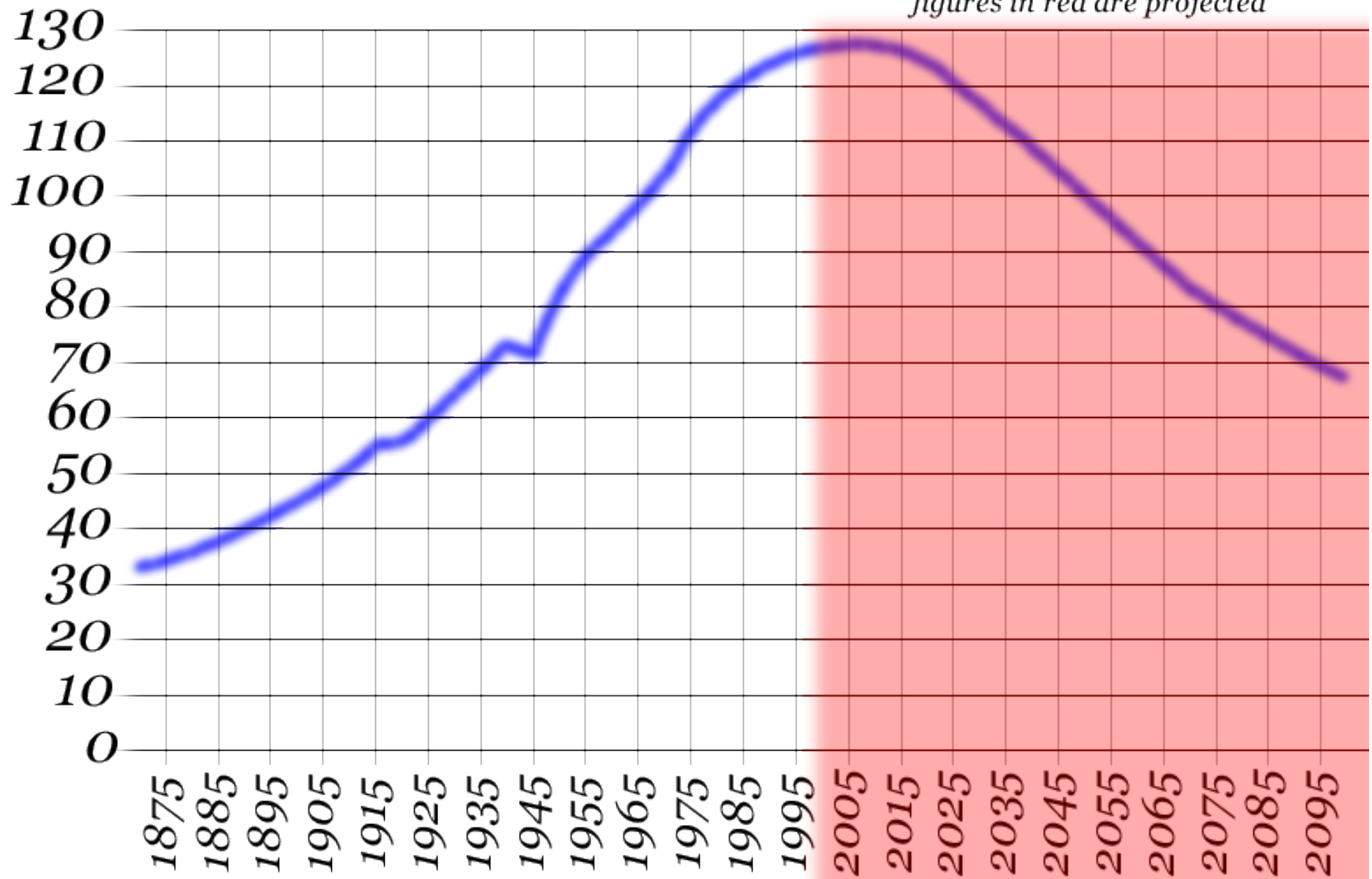


Herds sold to meat
processors

population
in millions

Japanese Population from A.D. 1870 - A.D. 2100

figures in red are projected



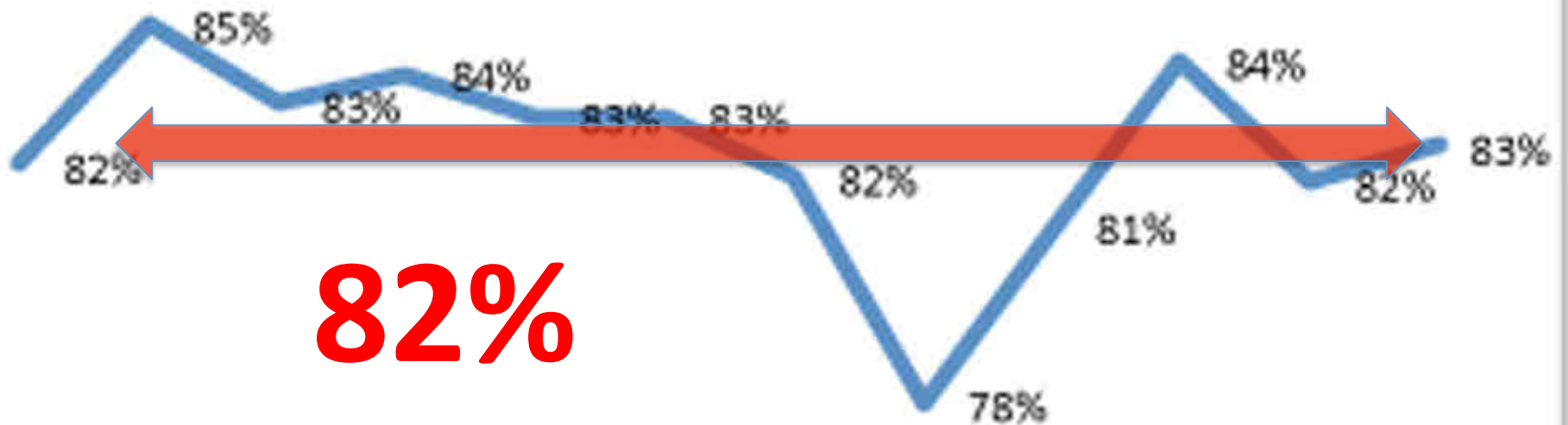
data source: <http://www9.ocn.ne.jp/~aslan/pfe/jpeak.htm>

Reliance on Domestic Forage

Subsidies in Japan

Quota System in Korea

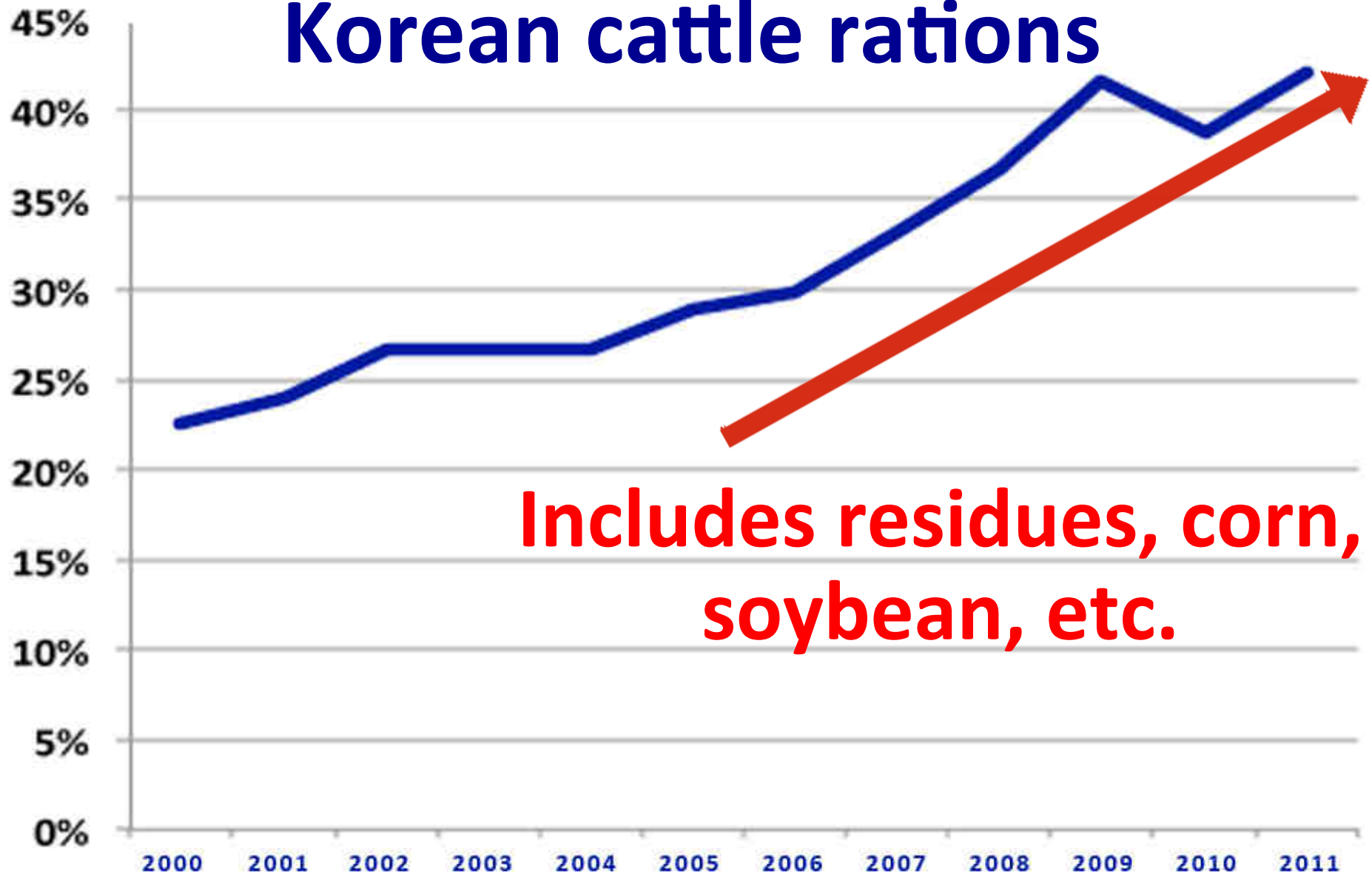
Quotas matched to
domestic production



82%

(years 2000-2011)

% of "feed vegetable" in Korean cattle rations



Despite the relative decline of the Japanese market it still remains an important customer of US forage



- Japanese dairies and beef ranches buy a full range of forage.
- Japan pays more per ton than other major forage markets.

50% Alfalfa



Timothy

11%

7% Perennial
Ryegrass



Annual
Ryegrass

2%

11% Fescue



Orchardgrass

1%

1% Bentgrass



Klein

4%

9% Sudangrass



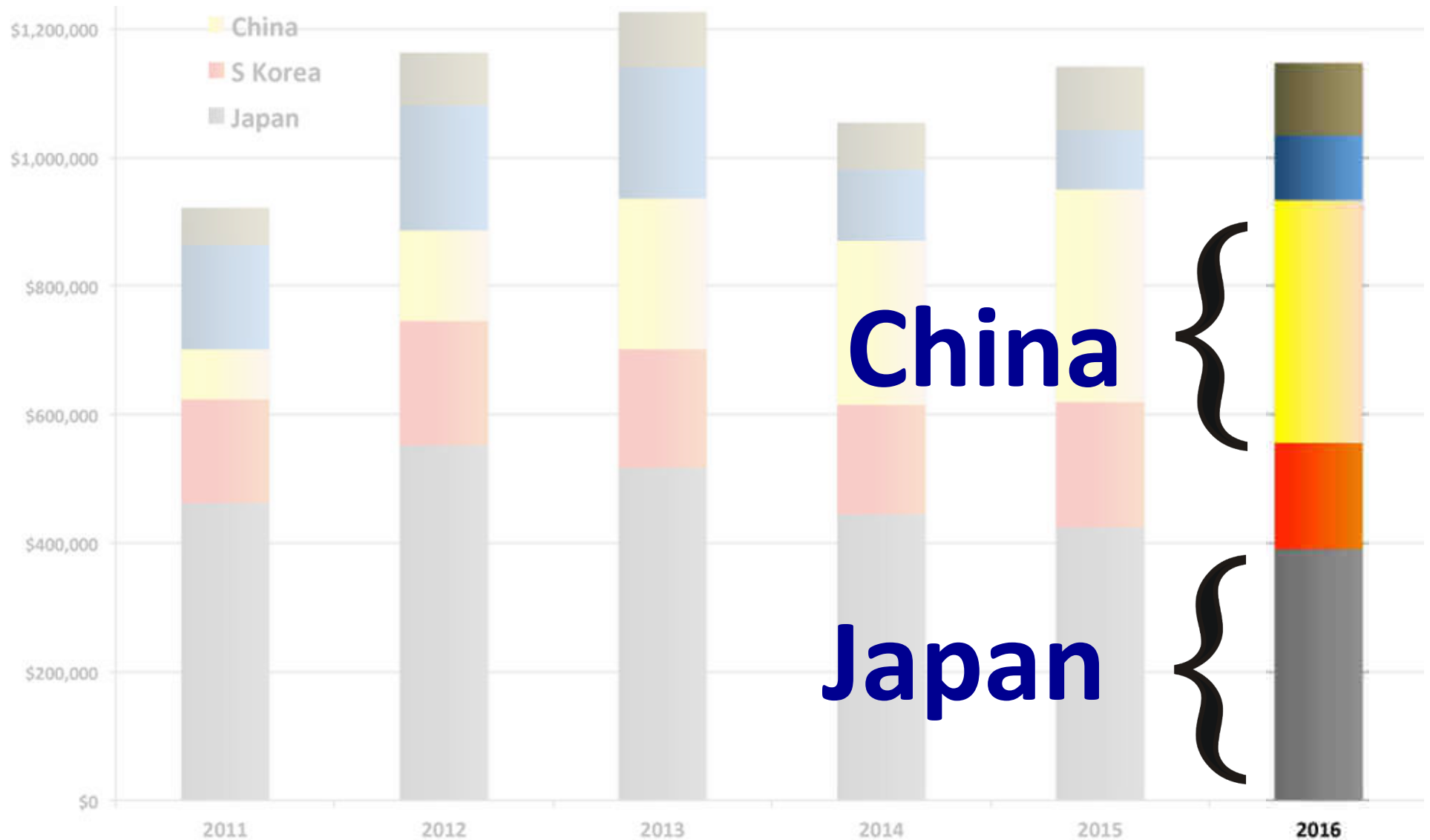
Bermuda

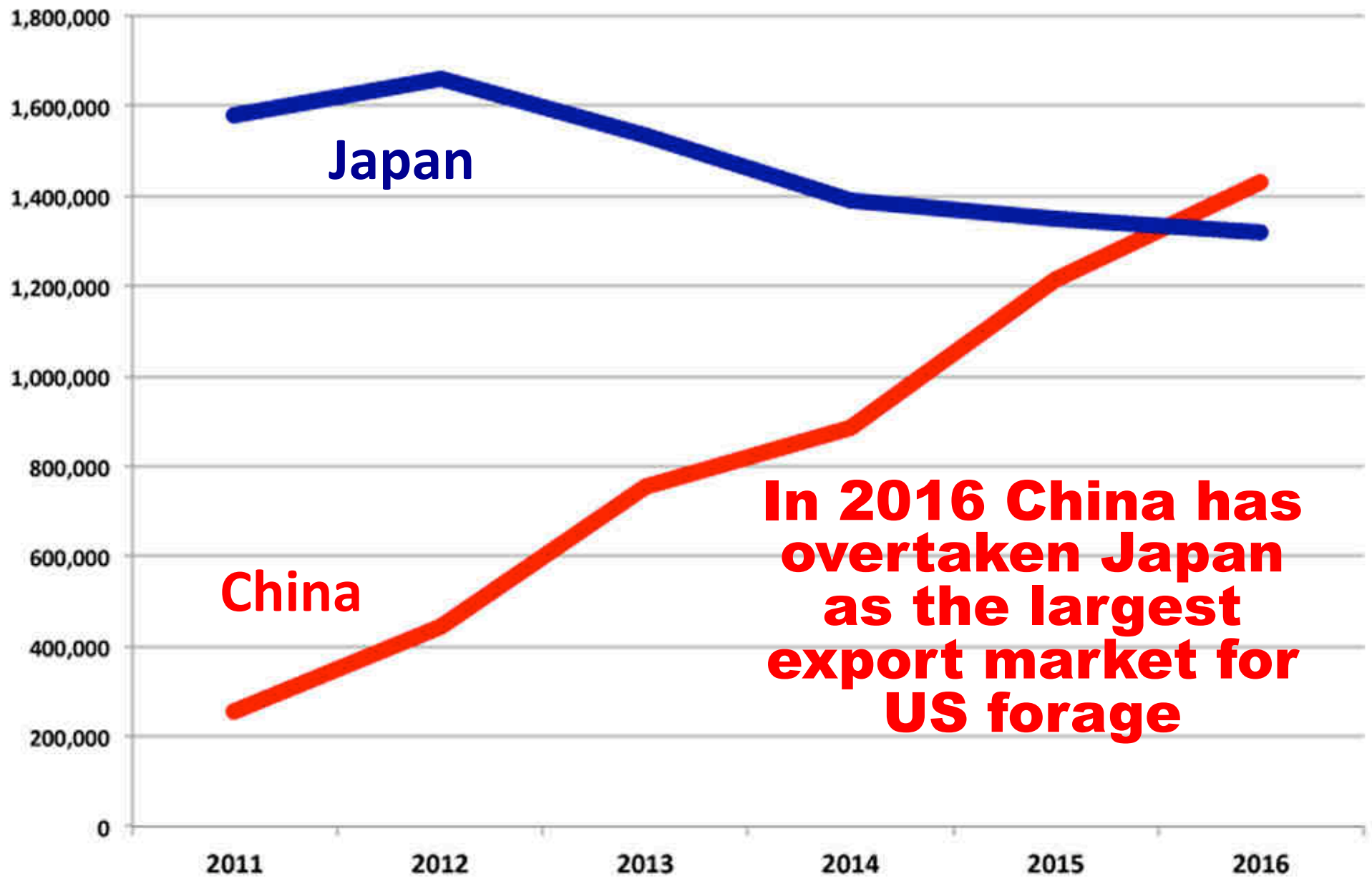
4%

Volume vs Value

	MT Rank	Volume	Value	% dif
Japan	1	42%	48%	13%
UAE	2	20%	17%	-17%
Korea	3	17%	17%	-1%
China	4	13%	12%	-6%
Taiwan	5	4.0%	3.4%	-15%
Oman	6	2.0%	1.4%	-28%
Canada	7	1.0%	0.8%	-21%
Vietnam	8	0.2%	0.2%	9%
Kuwait	9	0.2%	0.2%	-2%
Hong Kong	10	0.1%	0.1%	25%

Focus #2 – Growth in China





In 2016 China has overtaken Japan as the largest export market for US forage

Chinese consumers
demanding safe, high
quality dairy products



Chinese dairy industry,
with world-class facilities,
demanding high quality
inputs, which includes high
quality forage

China's government promotes the value of good Alfalfa...

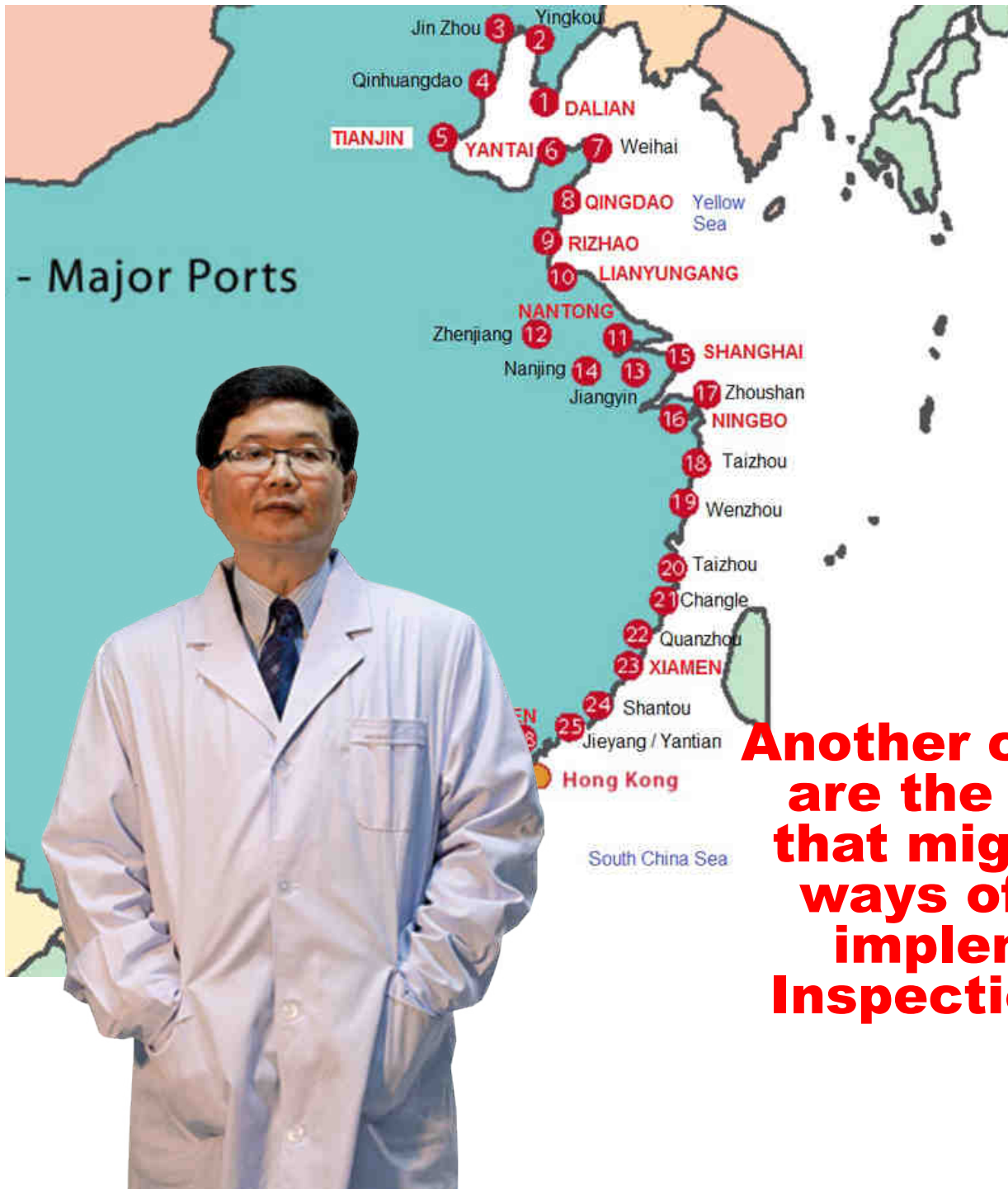
- **Saves farmer money**
- **Improves cow health**
- **Improves milk quality**



A man in a dark suit and glasses stands with his hands in his pockets, smiling. He is positioned in the foreground on the left. The background is a busy Chinese street scene with many people walking, various signs, and buildings. Large Chinese characters '关系' (guānxi) are overlaid on the right side of the image.

关系 guānxi

One challenge in the Chinese market is identifying reliable partners: Everyone will say they have "excellent contacts" but few can deliver.



**Another challenge in China
are the number of ports
that might have different
ways of interpreting or
implementing policy.
Inspections vary by port!**

Policy

MOA

Ministry of Agriculture

Enforcement

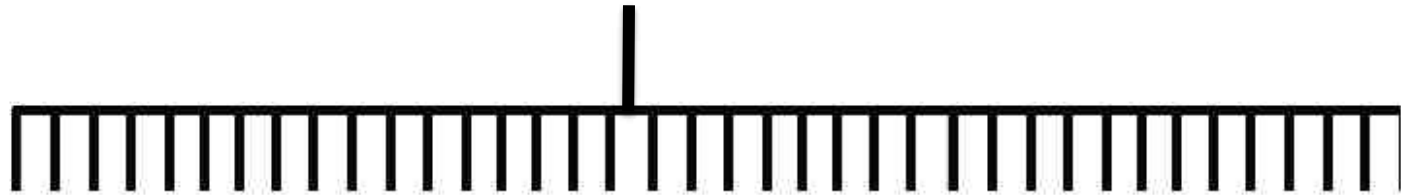
AQSIQ

Quality Supervision, Inspection and Quarantine

Implementation

CIQ

Inspection and Quarantine

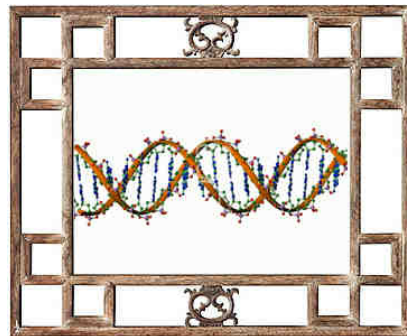


**Exporters must understand
and follow regulations
pertaining to controls for
verticillium wilt, GMO,
nematodes, vika virus**

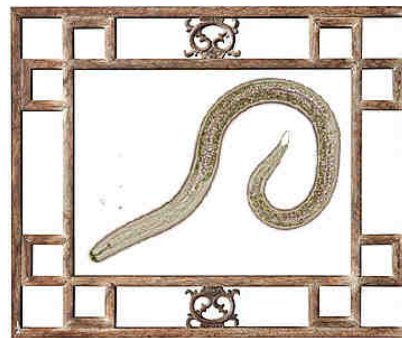
\$



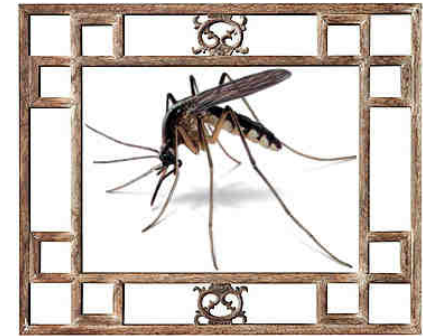
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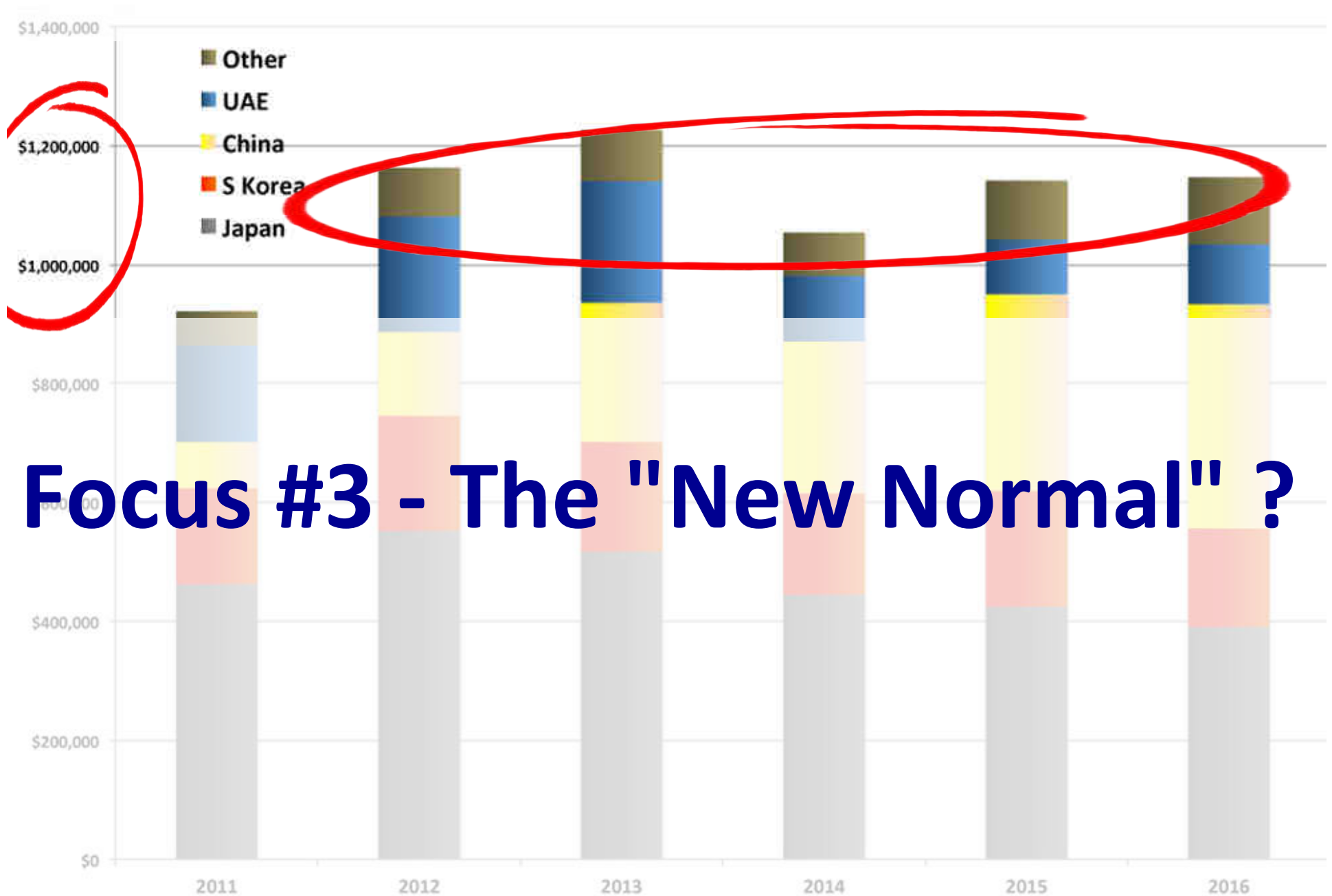
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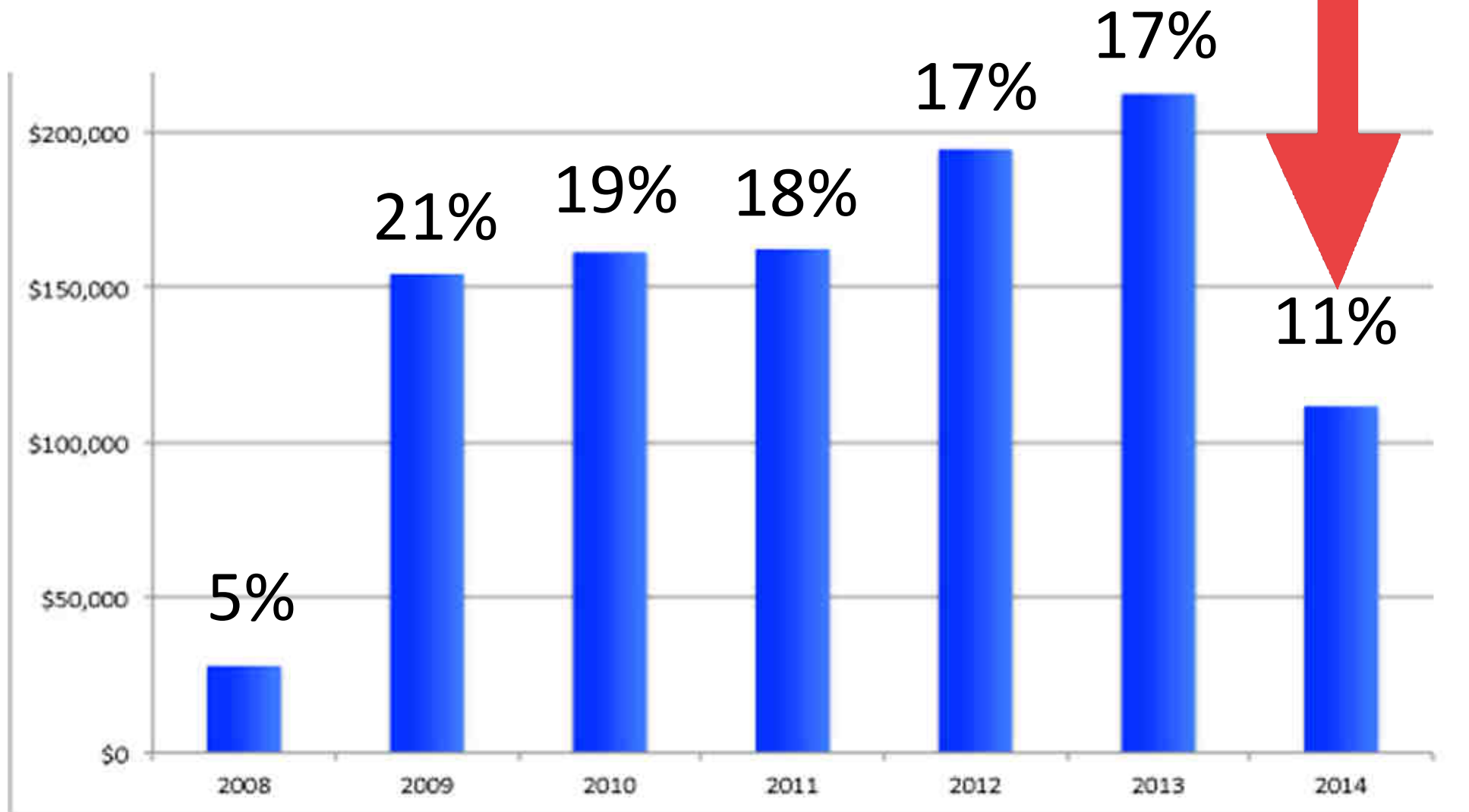


**US exporters to China must
contend with accumulated
expenses of inspection and
testing to ensure
compliance**



Focus #3 - The "New Normal" ?

UAE Exports



UAE Exports

- Inventory surplus
- Cheaper alternatives
- New market still seeking its optimal product mix



Saudi Arabia

- Irrigation continues, till...?
- Investment abroad
- KSA demands high quality



US agricultural exporters require reliable transportation which has been challenged with the Hanjin bankruptcy and port slowdowns.



117930 KS Equity

90 Actions

97 Edit

G 1212: Graph 1212

08/03/2016

09/05/2016

08:00

14:35

Compare

Local CCY

1D 3D 1M 6M YTD 1Y 5Y Max 30 Min Table

<<

Security/Study

Flag

Settings

Help

HANJIN SHIPPING

117930 KS Equity - Last Price 870.00
Close on 08/02 ----- 2090.00

-1220.00
-58.37%

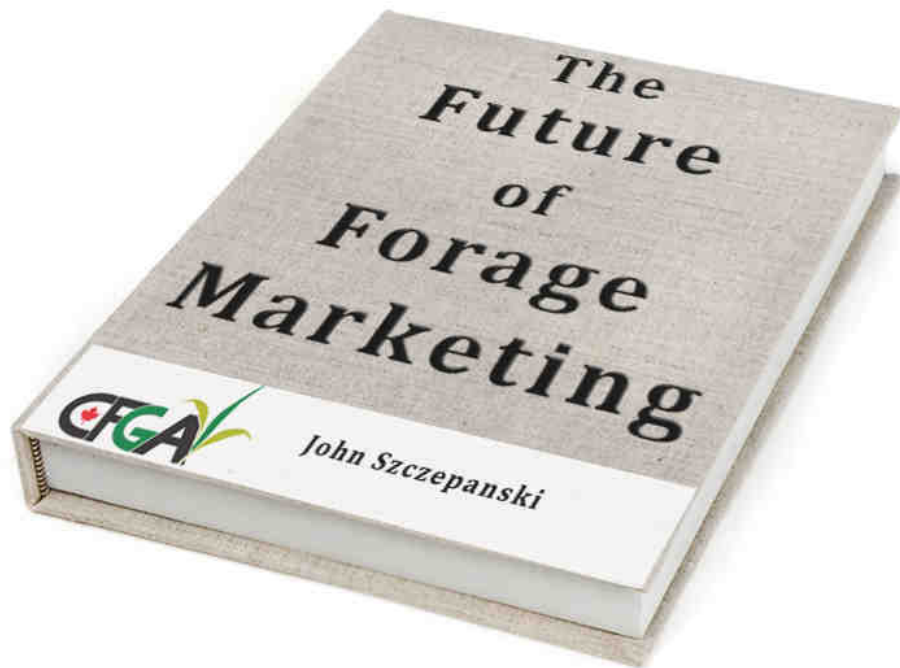
870.00

03 04 05 08 09 10 11 12 16 17 18 19 22 23 24 25 26 29 30 05
Aug 2016 Sep 2016

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000

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SN 512800 6672-4450-0 05-Sep-16 8:05:01 HKT GMT+8

Forage marketing can't rely on tired slogans of being "the safest" or "the best." We need to understand our customers and address their needs.



Not applicable

"Safest in
the World!"

**Safety should be a
given! Focus instead on
areas of real value to
your customer.**



Not applicable

"The Best
in the
World!"

**"Best" is a myth.
The reality is that
"Good Enough" is what
the customer wants, at
a reasonable price!**



**Successful marketing
has to focus on the
basics.**



**We need to take the time to
communicate directly with
our customers, understand
their needs and deliver on
the promises we make.**



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