

Factors Contributing to the Recent Increase in Food Commodity Prices

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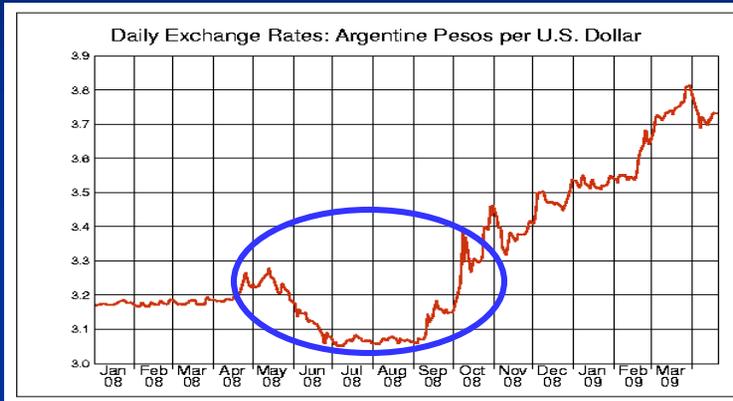
Food Price Crisis – Then and Now

- **Global economic growth** – *previously strong but has weakened.*
- **Value of the U.S. dollar** – *previously weak but now strengthened.*
- **Energy, freight rates, and ag input prices** – *previously strong; now weakened.*
- **Supply situation** – *World wheat supplies rebound in 08/09*
- **Export restrictions** – *problematic in spring 2008 but have eased*
- **Global biofuels market** – *still strong in US, EU, Brazil and providing support*

U.S. Dollar Has Gained Against Most Currencies

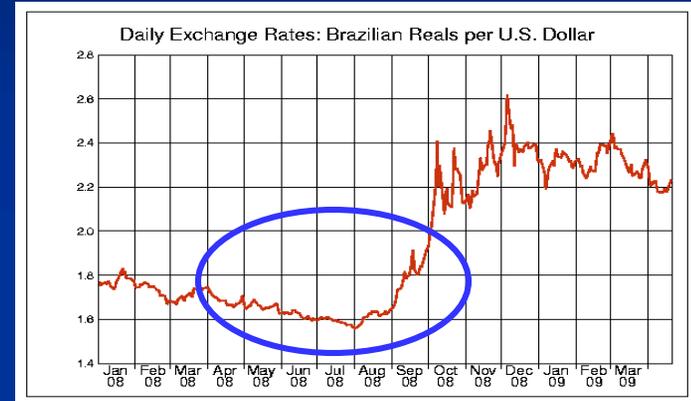
Argentine Peso

US\$



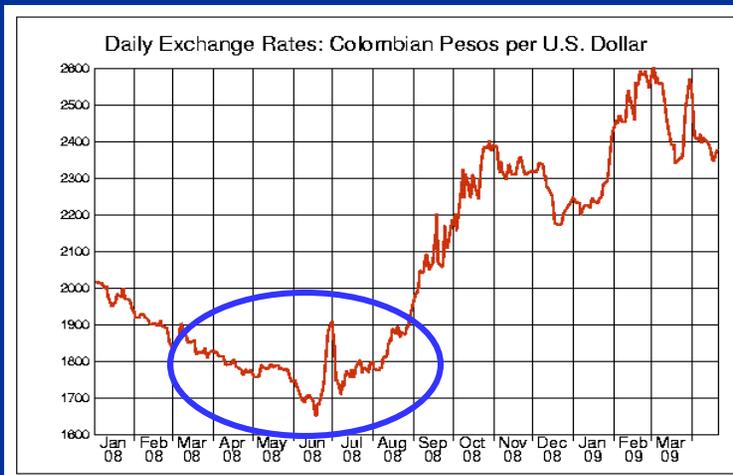
Brazilian Real

US\$



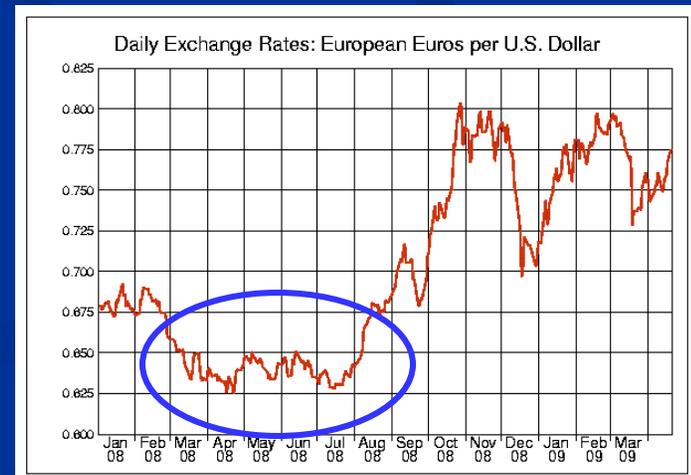
Colombian Peso

US\$



Euro

US\$



Source: Pacific Exchange Rate Service, 4/20/2009

How Are Commodity Prices Faring?

Wheat, corn, and soybeans, have all dropped sharply from recent highs

Wheat futures



Goldman Sachs Commodity Index



Corn futures



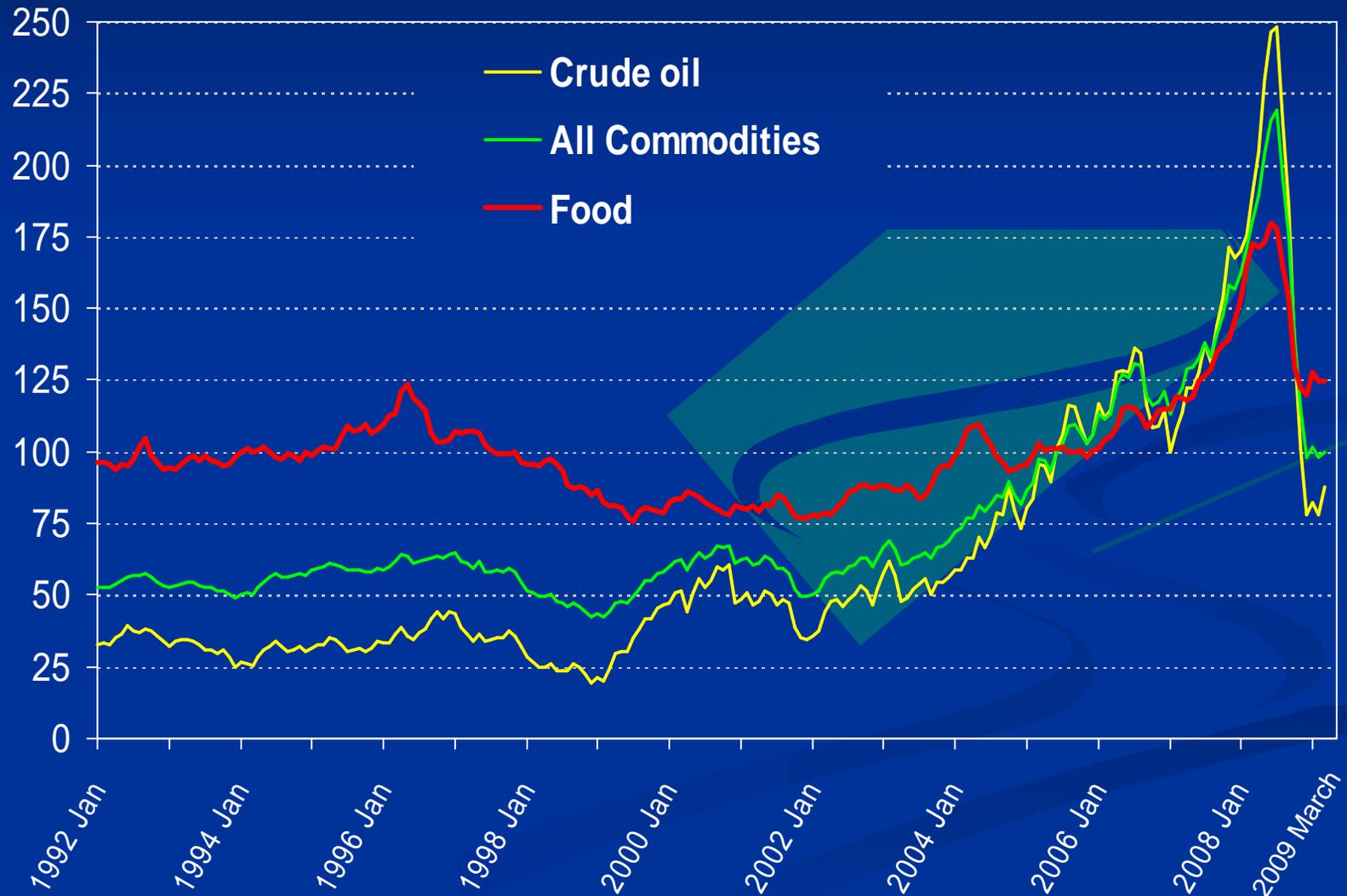
Soybean futures



Energy and Food Prices Closely Linked

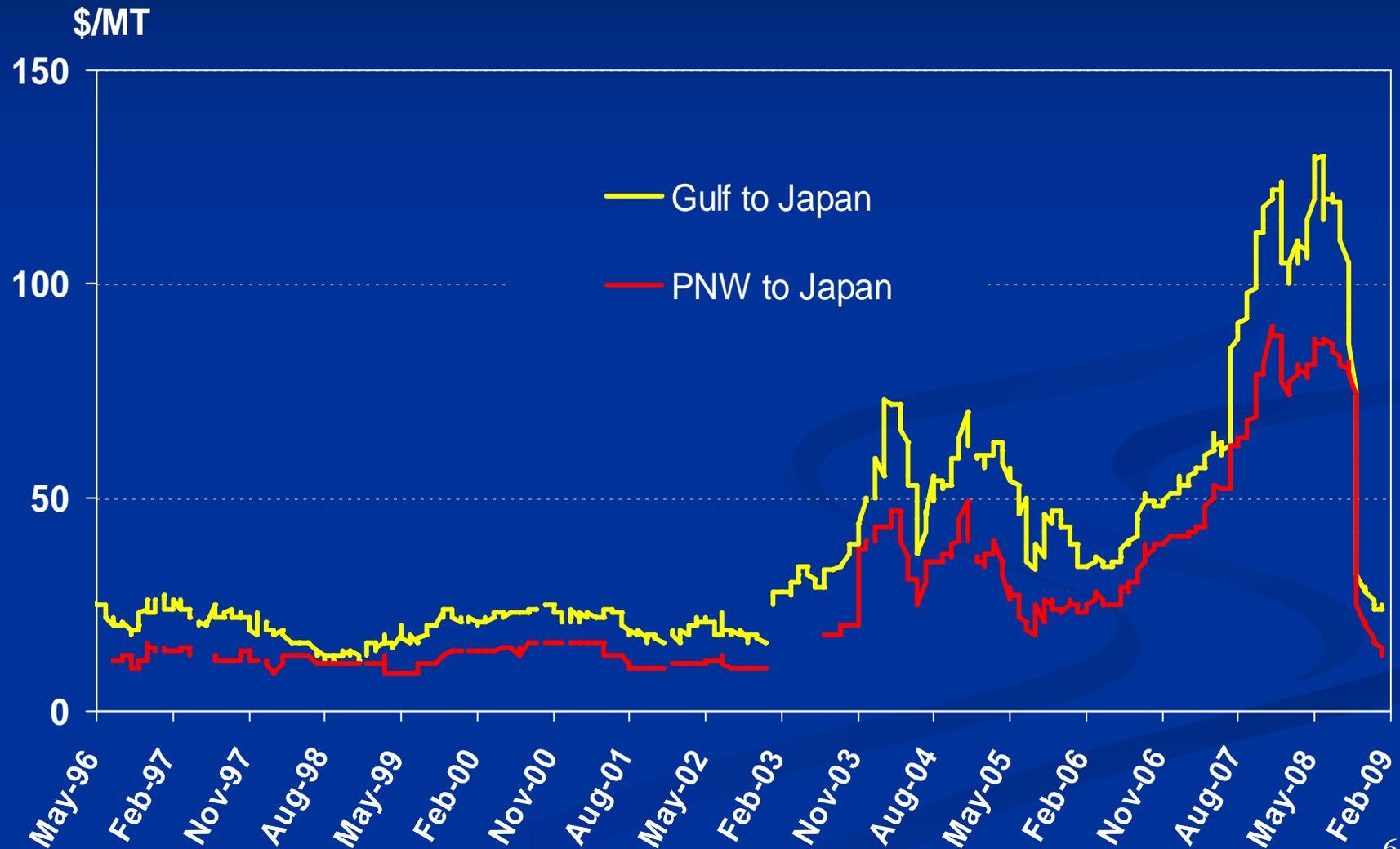
Energy prices affect ag inputs, processing, transportation, and biofuels

Index: January 2005 = 100



Source: International Monetary Fund: International Financial Statistics

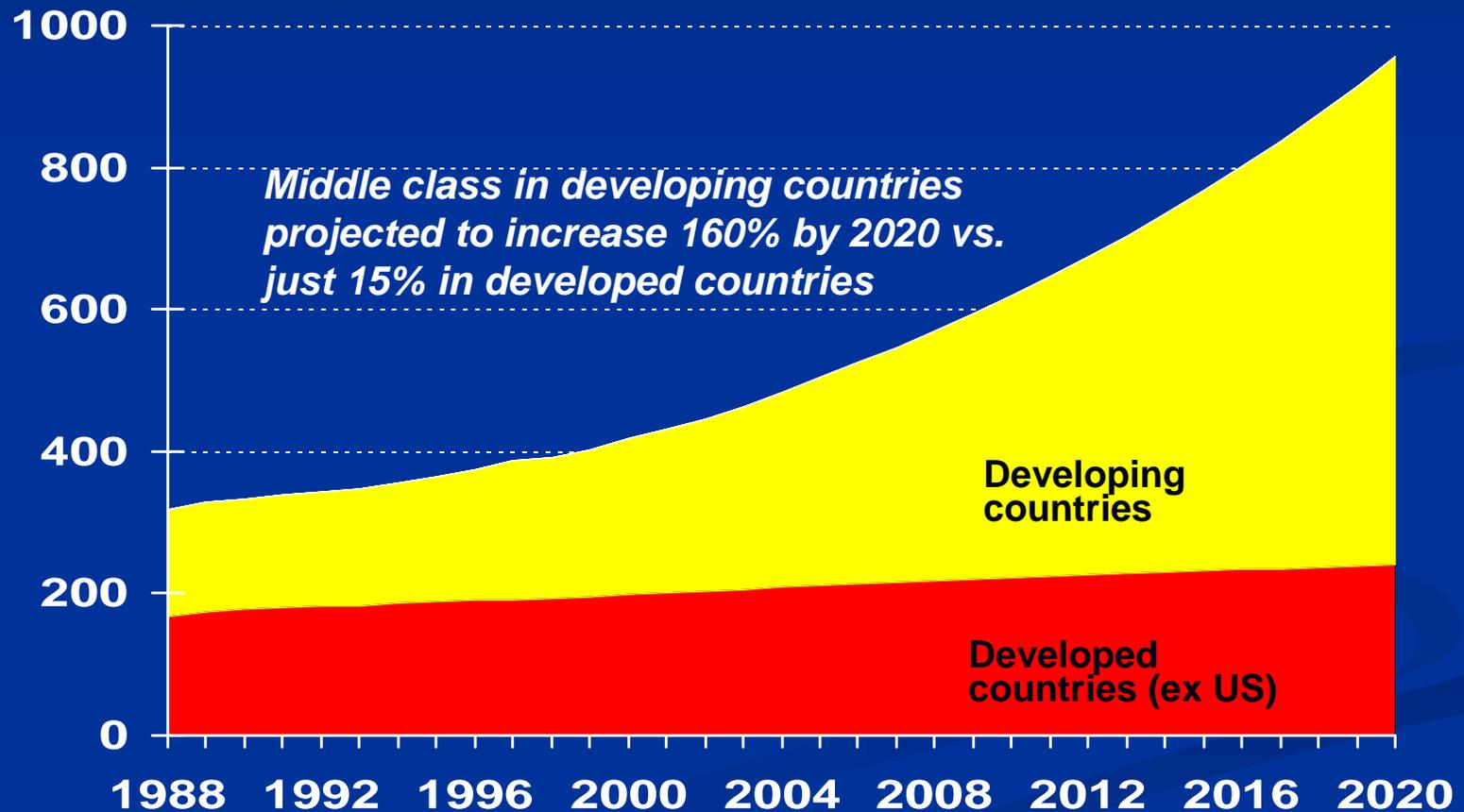
Ocean Freights Have Plummeted Due to Lower Fuel Costs and Reduced Transportation Demand



Source: International Grains Council

“Middle Class” Outside the U.S. Expected to Double By 2020 – Approaching 1 Billion Households

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



Source: Global Insight's Global Consumer Markets data as analyzed by OGA/FAS/USDA

Biotechnology - The Solution to Meeting Future Food Needs

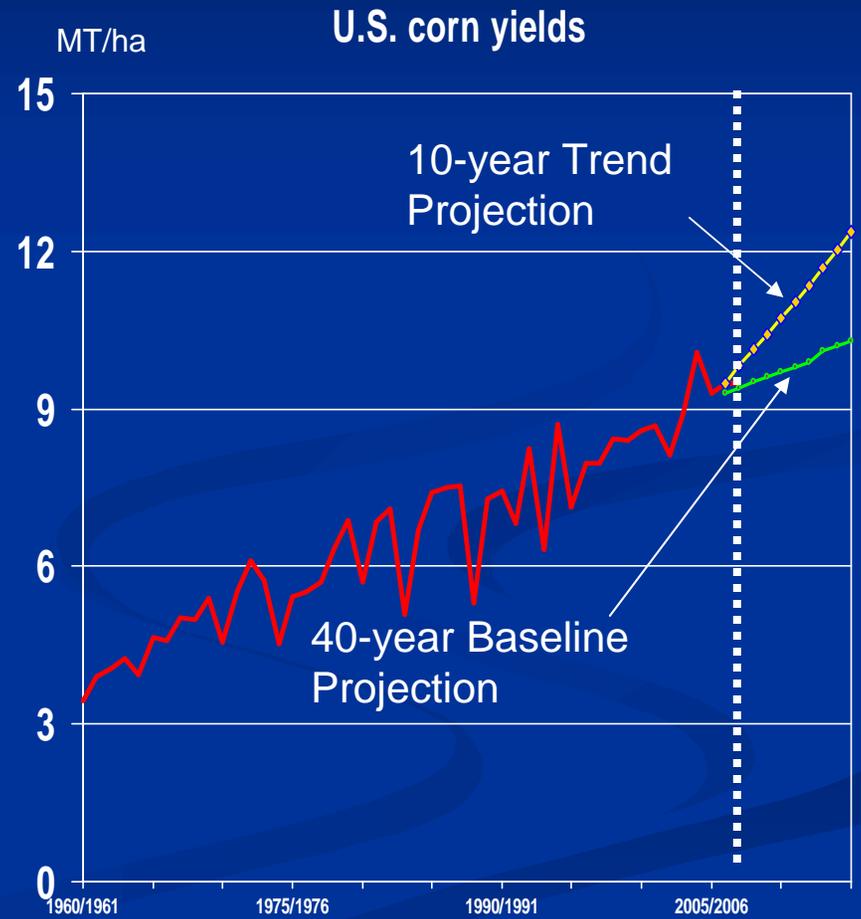
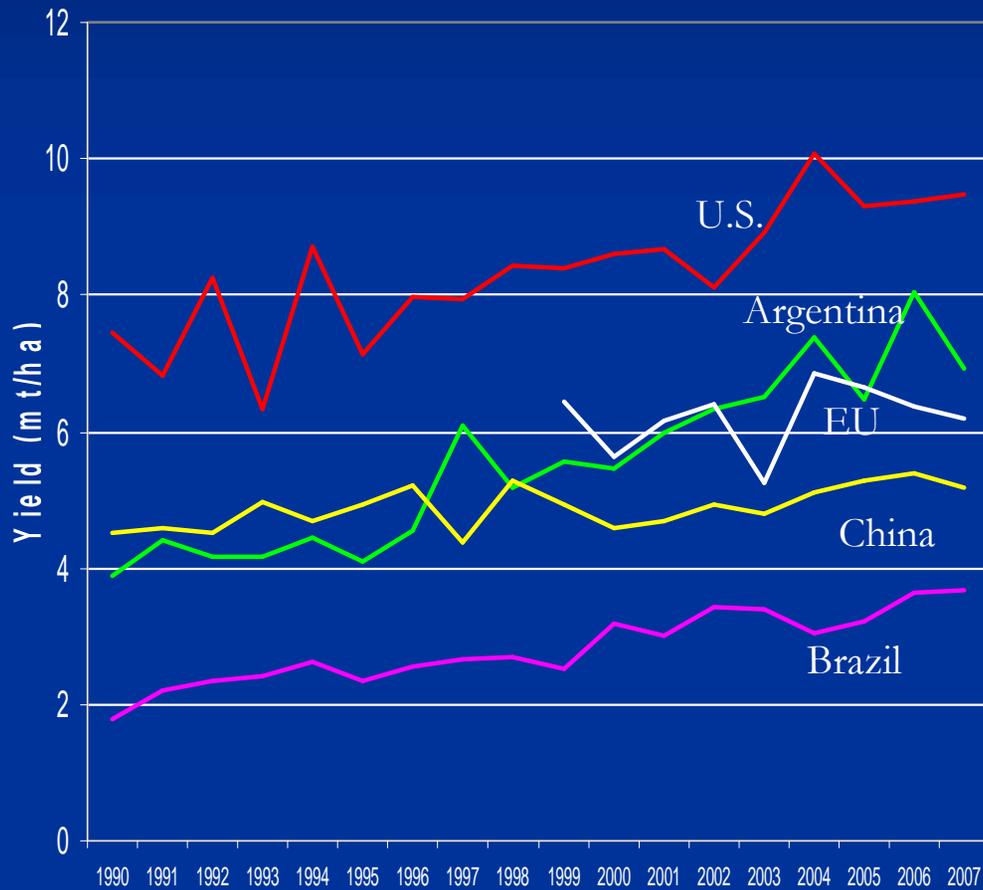
Benefits of Biotechnology

- Boost yields
- Reduce pesticide and fertilizer use
- Improve conservation tillage practices
- Improve drought tolerance

U.S. Position:

Sound science should guide government policy, not misinformation or fear

Corn yields of major producing countries: Huge untapped potential



2008 – 2016 data from USDA Agricultural Baseline Projections; 10-year trend analysis from FAS

What Does It All Mean?

- **The “Issue”** – *Food Price Crisis, Food vs Fuel, Food Security????*
- **Increasing Global Agricultural Production** – *the key to resolving these issues*
 - *Technological Developments*
 - *Good Governance (price transmission)*
 - *Improved Transportation and Distribution Channels*
- **“Caution”** – *part of the problem was over-reaction*
- **Allow markets to work** – *global trade*

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