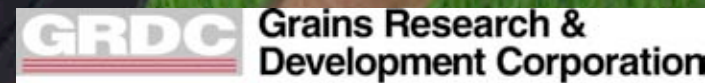


China, India, Durum Wheat

Understanding Emerging Demand Trends



By Leon Ryan
Sponsor:



My Farm



China the market



Understanding China

- ▶ Diets
- ▶ Attitude to Eating



Farming in China

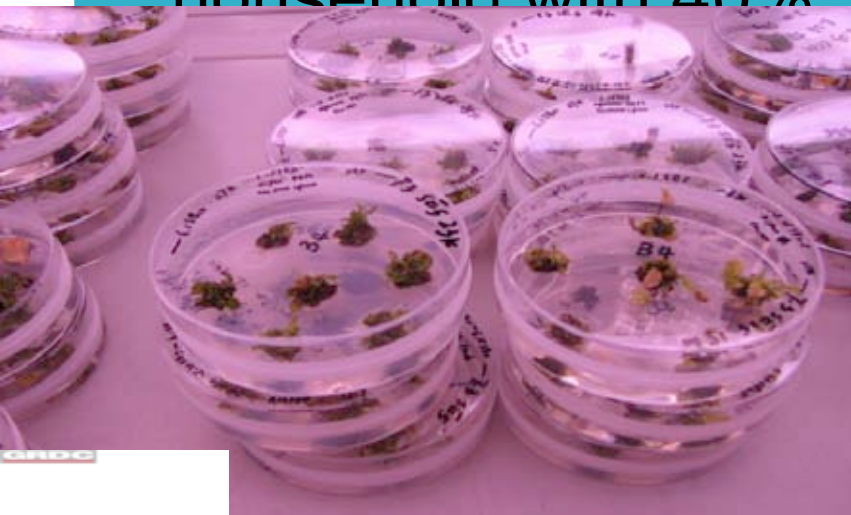
Average Farm size is 0.3-0.4 ha

About 60% of the production is consumed at the household with 40%

Rice: China produces almost 1/3rd of the world's rice (135MMT) (4.53tn/Ha average)

Wheat: China produces 17% of the world's wheat at

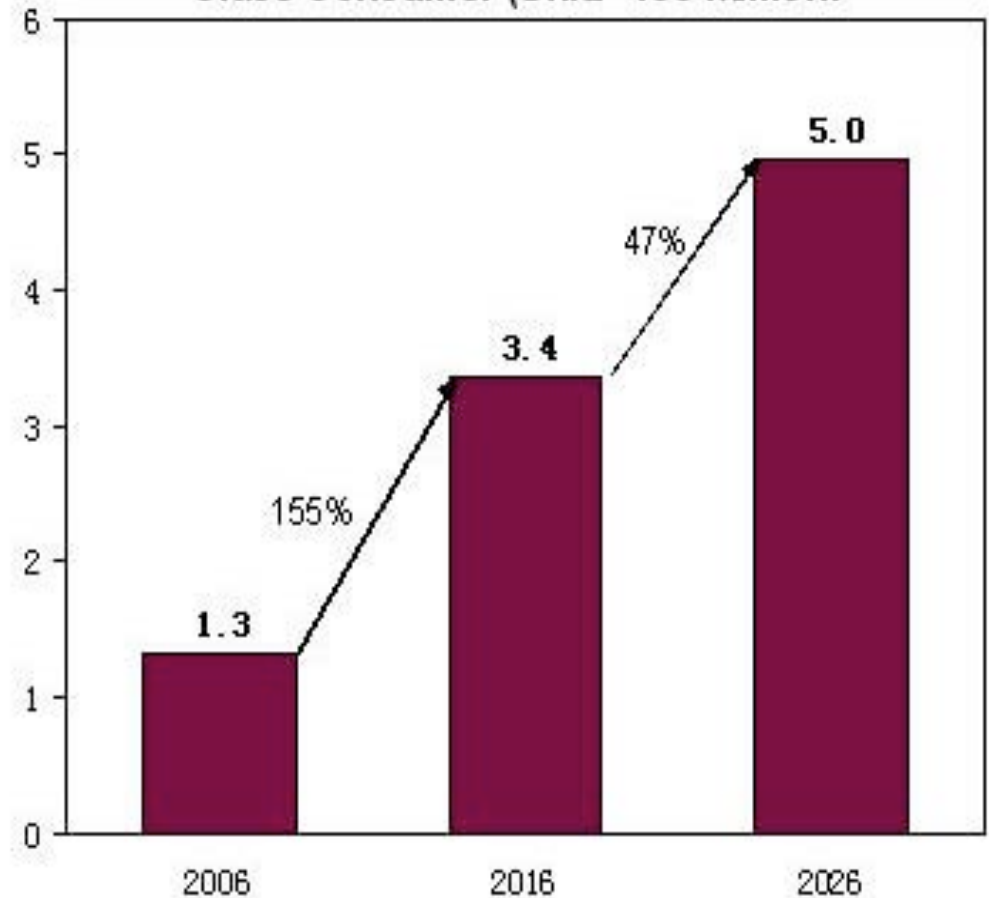
113MMT (4.7tn/Ha Average)



The Middle Class

- ▶ Est. greater than 200 mill and growing
- ▶ Yr 2011, Lower middle class of 290 Million
- ▶ Yr 2025, Upper middle class of 520 Million

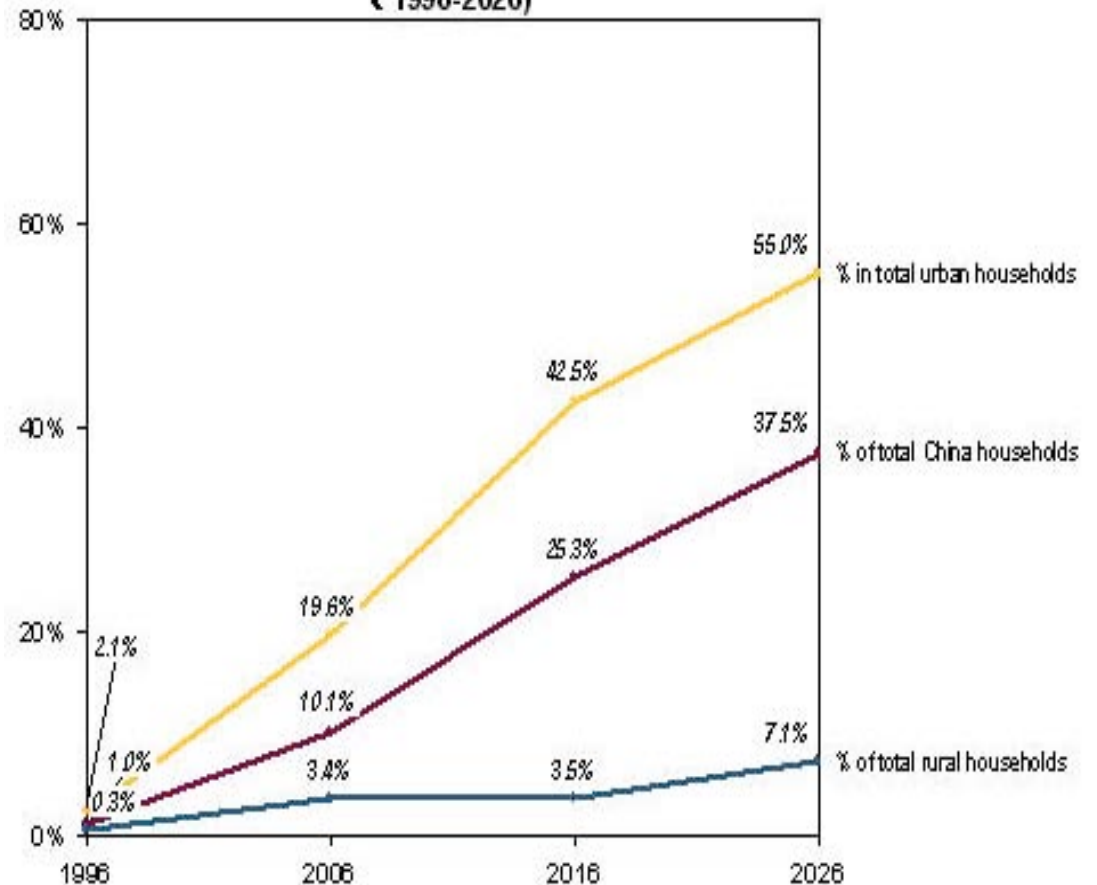
Chart 1: Population Forecast of China Middle Class Consumer (Unit: 100 Million)



Source : Global Demographics, DRC

- The middle class consumers want and will pay for high quality products, but not at the same premium as the affluent class.
- They are becoming more sophisticated consumers
- The population is becoming urbanized and with it so is their wealth

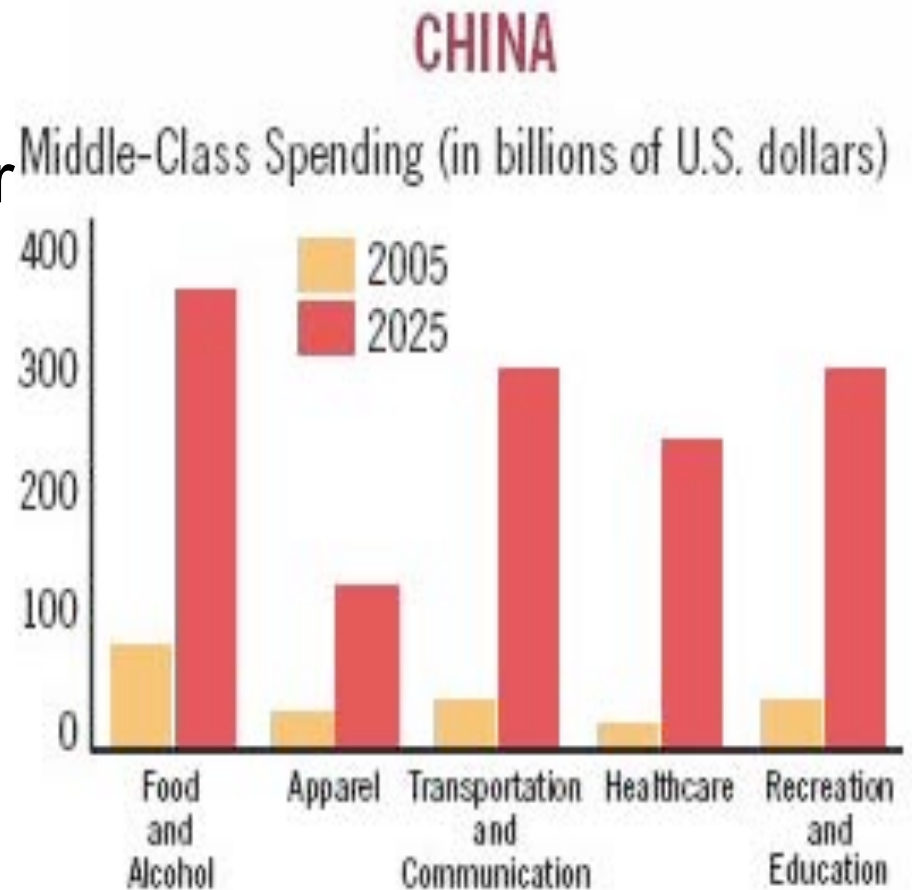
Chart 3 : Percentage of Middle Class Consumer Households (1996-2026)



Source : Global Demographics, DRC

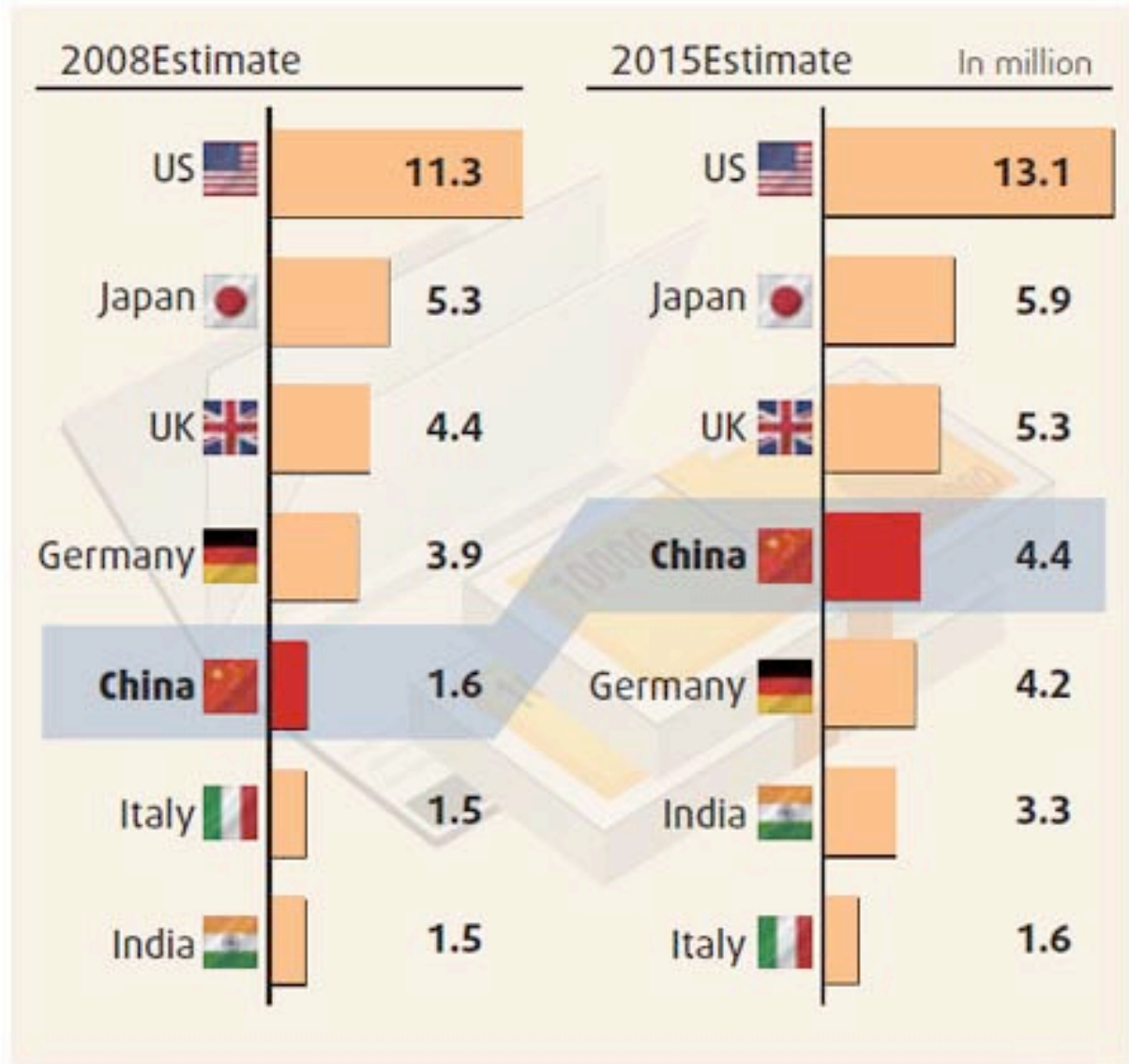
What does it mean for Agriculture?

- ▶ Countries in developing worlds spend 40% of their income on foods
- ▶ As people's wealth increases, they spend more money on eating better food.....
- ▶and alcohol drinks like beer



9/11/09

Number of wealthy households



Source: Mckinsey

Graphic by She
 9/11/09
NUFFIELD
 AUSTRALIA
 FARMING SCHOLARS



Wheat & Rice v's Corn & Soy

World Per Capita Consumption

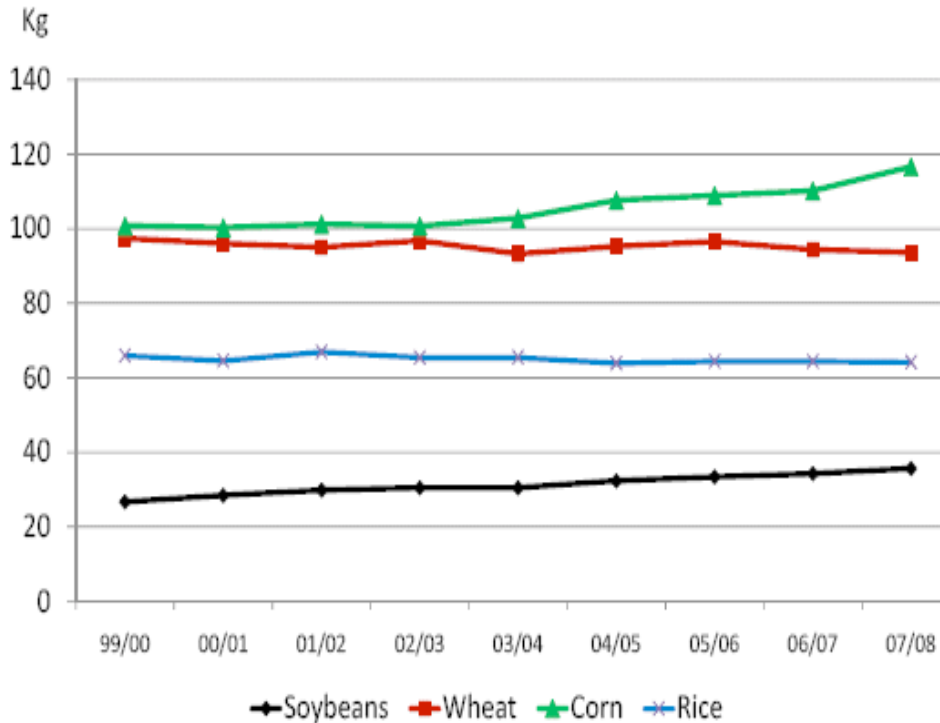
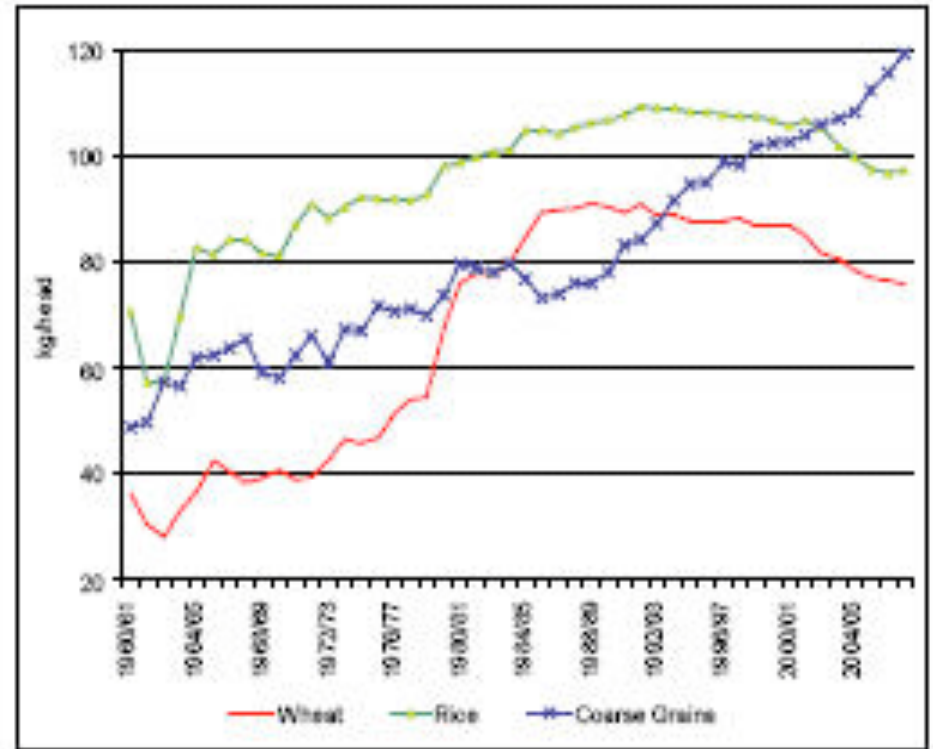
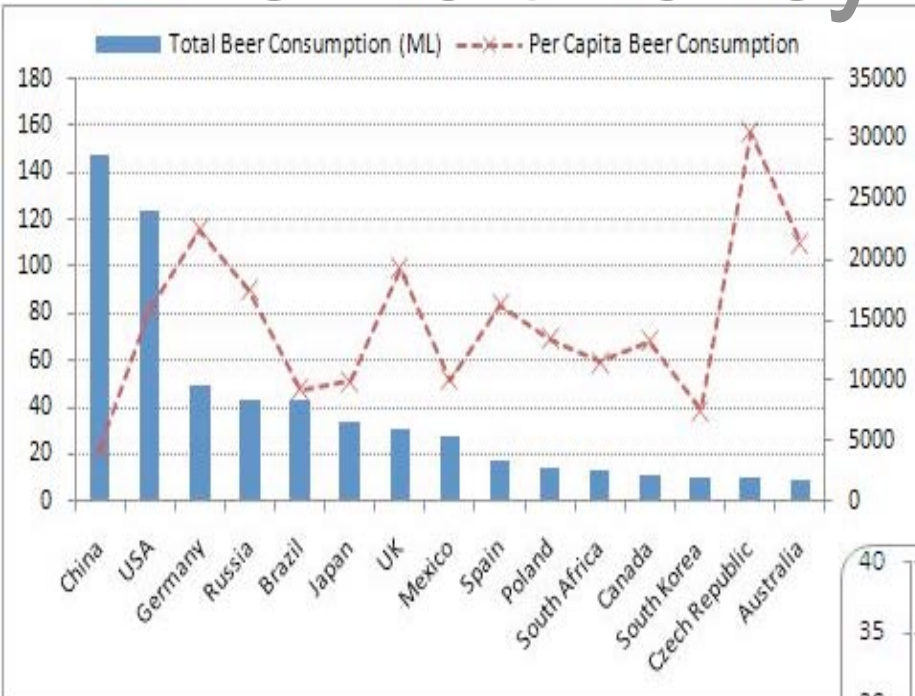


Chart 6: Grain Consumption per Capita in China

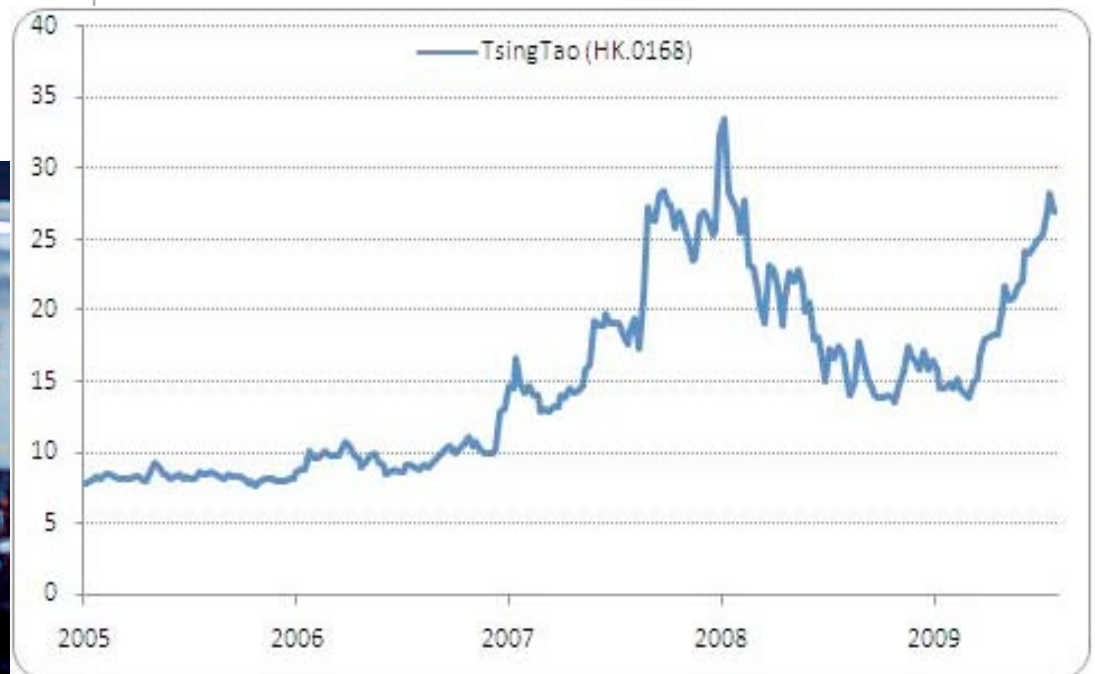


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The Malt Barley story



- ▶ Beer plays an important role in Chinese society
- ▶ Opportunities for Malt in China

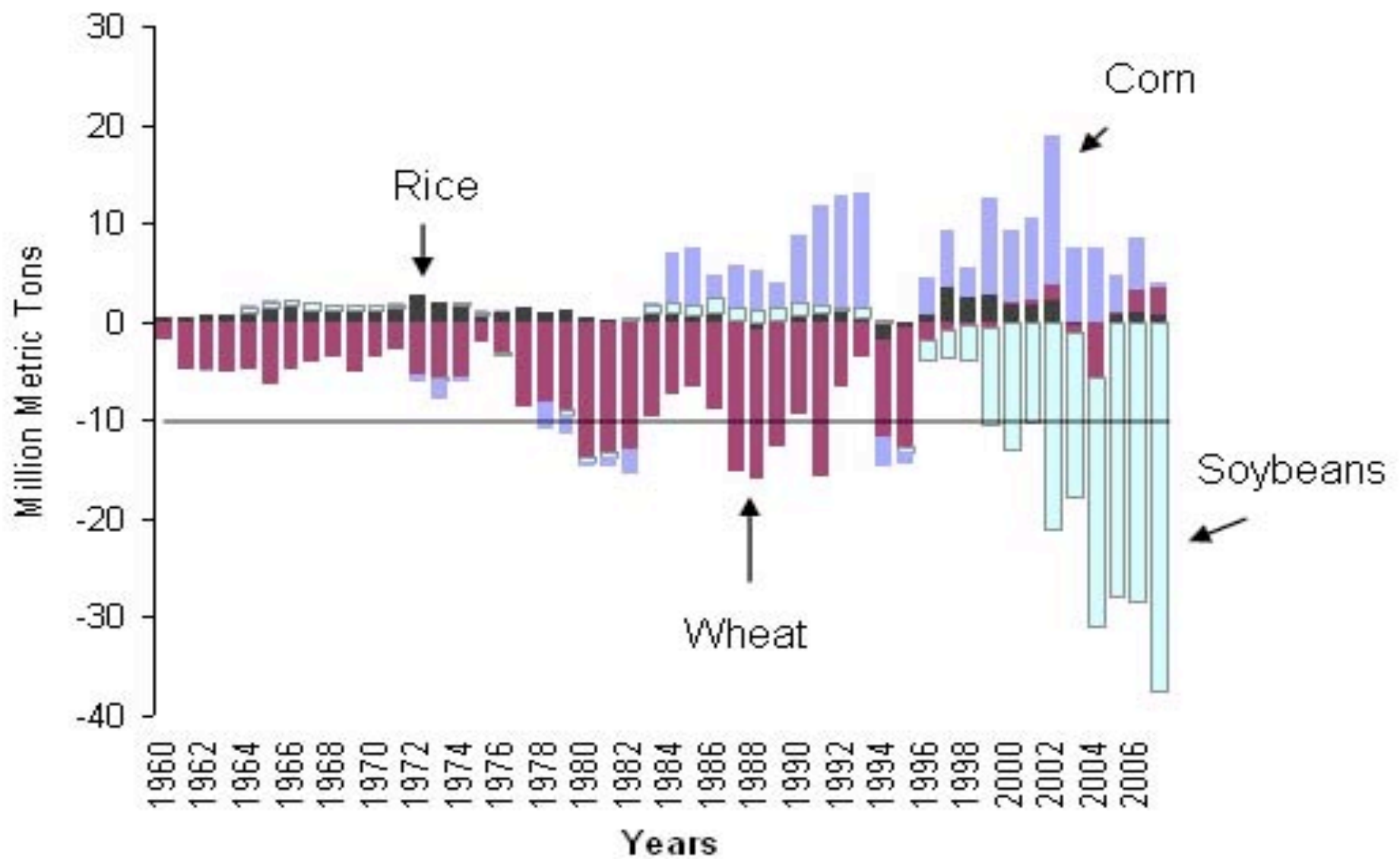


Wheat

- ▶ China consumes only slightly more wheat than it produces on average
- ▶ Most wheat imports come from Canada.
- ▶ From Jan to June this year, China imported 1.5 million tonnes of wheat from Australia



Langzhou,
China



Note: Chart shows exports/imports for market years. Negative numbers mean that imports exceed exports.

Source: Analysis of data from USDA, Foreign Agricultural Service.

Canola

- ▶ GM Canola for crushing
- ▶ YTD 1.93 million tonnes
- ▶ YTD 43 KT from Australia



India

The worlds biggest democracy



Two sides of the Story



Improving the Life of the poor



- ▶ 1.13 Billion People
- ▶ 350 Million poor people living below the poverty line
- ▶ By year 2050 1.5 Billion
- ▶ How many will depend on staple grains?

Infrastructure



This economic boom is being built on the shakiest of foundations.

- ▶ Highways,
- ▶ Reliable power

The Quality of Productivity

Economic losses from congestion and poor roads alone are as high as \$6 billion a year, says Gajendra Haldea, an adviser to the federal Planning Commission.

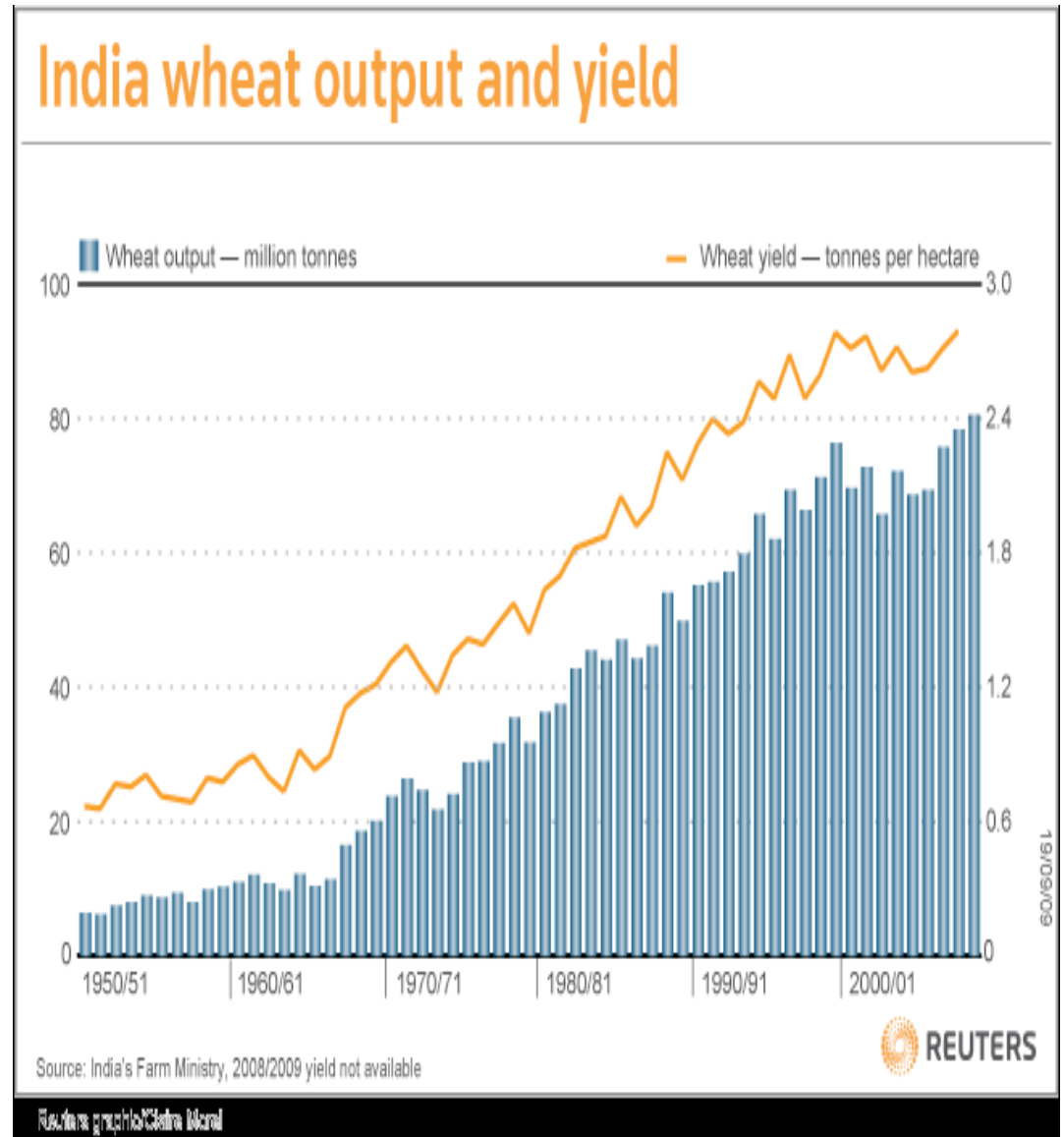


Labour



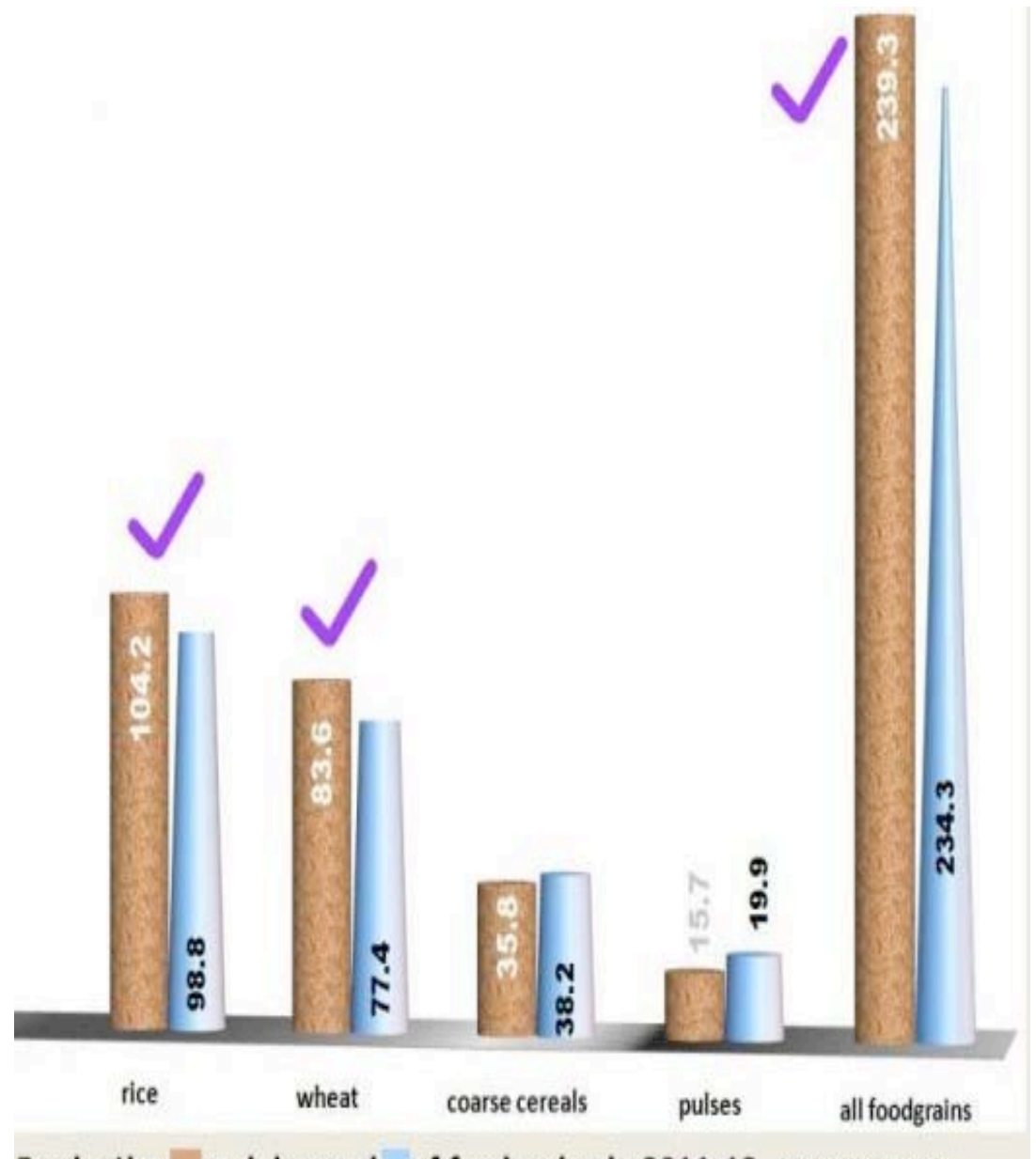
India's Wheat Production

- ▶ U.S. Department of Agriculture raised its forecast of 2009/10 world wheat ending stocks to 186 million tonnes, from 183 million in August.



Consumption

- ▶ 2020 India will require 10MMT extra to meet demand for Wheat
- ▶ 2020 India will require an extra 5MMT of Pulse Imports to maintain demand



Opportunities in India

- ▶ Wheat – Industry needs to maintain Presence
- ▶ Pulses – New marketing Methods



Durum Wheat Exporting Future

- ▶ My Experiences
- ▶ Soils
- ▶ Yields
- ▶ Marketing



Molino Casillo, Durum Miller,
Italy

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Export Competition

- ▶ Mexico
- ▶ North Dakota
- ▶ Canada
- ▶ Turkey
- ▶ India



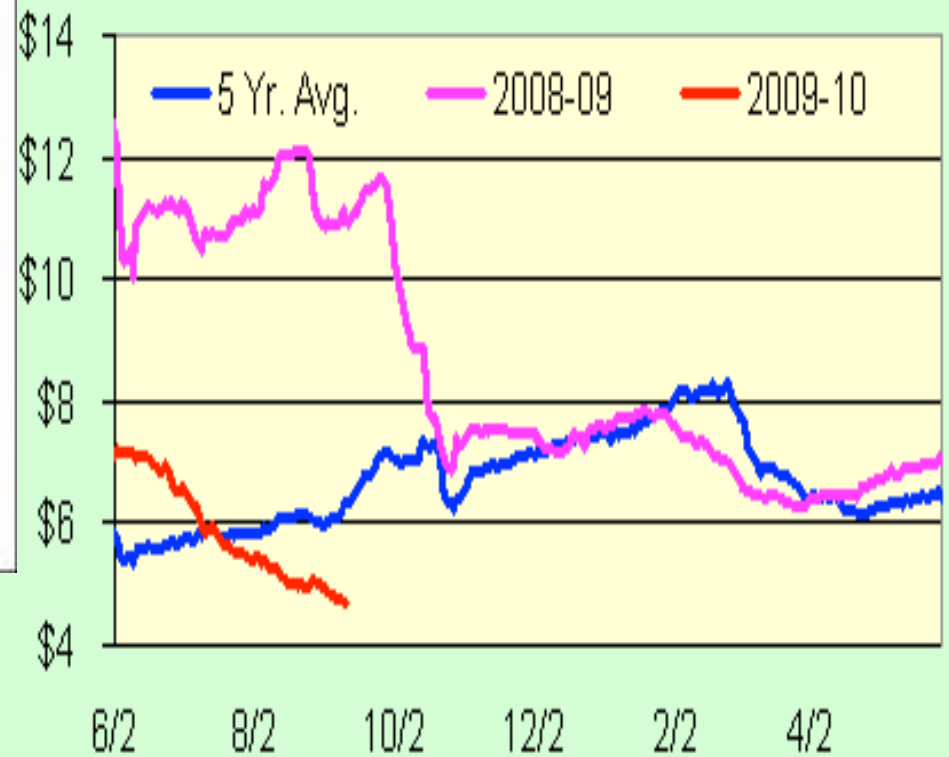
Semolina Flour

Long Term Pricing

Historical Durum Wheat Prices 1929-2007
(CPI Adjusted)



National average durum price



Exporting Durum for Milling

- ▶ Molino Casillo
- ▶ Only Interested in Premium
- ▶ Limited Purchasing Capacity



Durum Mill, Italy

Dakota Growers Pasta Co.

- ▶ Fully Vertically Integrated
- ▶ Grower Ownership
- ▶ Generic Brands

- ▶ Results: 10% ROA

- ▶ 3rd Largest Pasta Co in US



Durum's Future

- ▶ My Farm
- ▶ The Industry



During this presentation

661 new consumers were born

687 new consumers were born

What will they be eating?



Thank You



Grains Research & Development Corporation



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