Peru: An Untapped Market for US DDGS

Livestock Industry in Peru

Poultry Sector:
- Peru produces approximately 3.235 mmt of poultry feed per year.
- Peru produces 800 tmt of poultry meet per year.
- Formal sector broiler production is 44 million per month.
- 16-18 million layers in production with 1.6 million hatching eggs per month.

Dairy sector:
- 1.4-1.6 Million heads of dairy cows.
- Largest farm being 600 head, most farmers are small to medium size farms (50 head). 99% of the herd has less than 50 head.

Swine Sector:
- 60-65,000 sows nationally.
- Two large commercial producers.

DDGS in Peru

DDGS is a new product in the Peruvian market and has the potential to provide tremendous benefit to livestock producers by lowering their costs of production, however there is a lack of understanding of the nutritional characteristics of the product as well as its storage and handling requirements.

Dairy Sector – Currently the primary importer of DDGS in Peru is Gloria, Peru’s largest milk processor. This sector could trip their current imports.

Poultry Sector – has the largest long term potential for DDGS imports. San Fernando, the largest poultry producer, imported 5 TMT of DDGS two years ago. Currently not buying US DDGS due their purchasing corn and soybeans from South America.

The Peruvian feed sector could consume an estimated 358 tmt of DDGS per year with an approximate value of $136 million.

DDGS Potential in Peru (MT)

<table>
<thead>
<tr>
<th>SECTOR</th>
<th># Animals in Commercial Farms</th>
<th>DDGS Potential</th>
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<tbody>
<tr>
<td>Poultry</td>
<td>800 tmt/yr poultry meat</td>
<td>251,075</td>
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<tr>
<td></td>
<td>44 million broilers per month</td>
<td></td>
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<tr>
<td>Turkey</td>
<td>5 million/yr</td>
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<tr>
<td>Swine</td>
<td>60-65,000 sows</td>
<td>35,880</td>
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<tr>
<td>Dairy</td>
<td>1.4-1.6 million head (800,000 are milking)</td>
<td>72,000</td>
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<td>Total DDGS Potential</td>
<td>358,955</td>
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DDGS Imports in Peru and Potential Demand (TMT)

Peru Overview
- Total corn demand: 3.45 mmt. Argentina is the primary supplier.
- Insignificant amounts of sorghum produced or imported.
- Feed sector utilized 3.1 mmt of corn.
- Domestic corn production flat for past 5 years

Market Overview
- Population: 29.6 million
- GDP Growth: 6.9%
- GDP per capita: $10,200
- FTA between Peru and the U.S.
- Robust economic growth

Market Growth Potential
- Feed demand has grown 5% annually for the past 10 years.
- Poultry sector is dominant importer and user of corn (80%) followed by the swine sector. The dairy sector is small, however and important user of DDGS.

An Overlooked Market Opportunity Worth $136 Million per Year!