

Louis Dreyfus Commodities



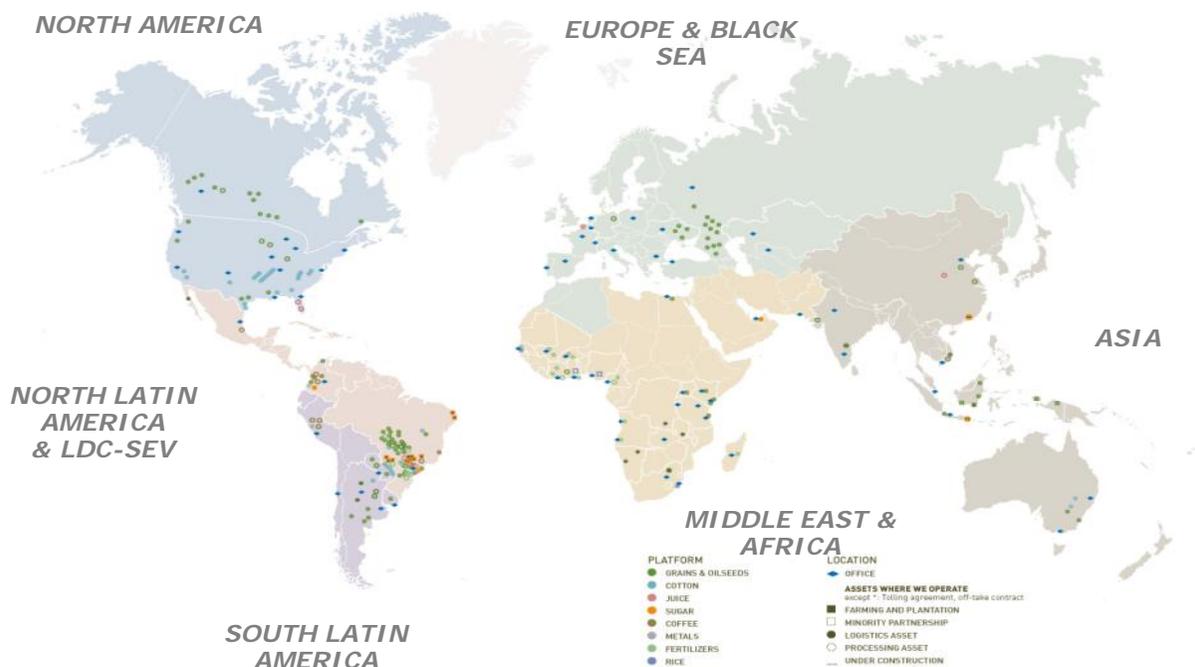
IOSCO Annual conference - Beijing
LDC perspective on Regulation of Commodity Futures and Financial
Derivatives
May 17th, 2012

LDC is a physical agricultural commodities producer, processor and merchant...

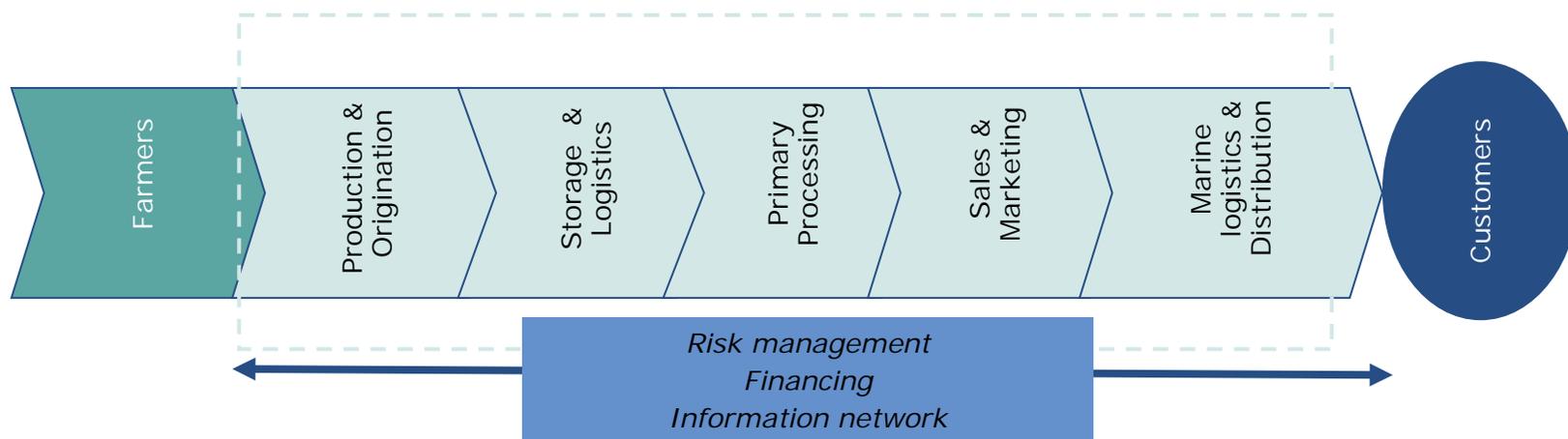
Our mission is to feed and clothe a significant amount of world population globally in several major commodities...

- Focus on **physical goods value chain**, from origination to logistics
- More than **70 MMT per year** handled in diverse commodities
- We feed and clothe up to **450 million people**
- **Leadership** position in several commodities - #1 in Rice, cotton, Top 3 in grains, oilseeds, sugar, juice, 2nd largest sugar crushing company with LDC SEV, #1 Fertilizers merchant in West Africa
- **Global** presence

**Over 34,500
Employees
55 countries**



... that serves as a conduit between farmers and consumers who need price predictability



Farming: Citrus, grains, oilseeds, sugar, in LatAm and S-E Asia

Inland logistics: presence in all the major origins

Processing: Americas, Europe and Asia

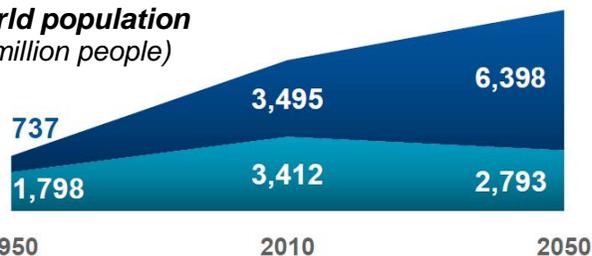
Export logistics: presence in all the major origins



Agri world has always had to face challenges...

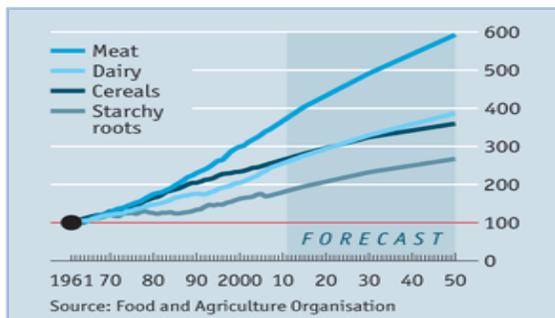
- **World population has been and will continue growing and urbanizing, and food demand exploding:**

World population
(In million people)



Source: UN

Global food demand
(1961=100)



Source: Food and Agriculture Organisation

- **So far, the world has met these challenges through**
 - Expanded arable lands
 - Technology
 - Globalization of markets
 - Access to risk management instruments – Futures - which provide the entire value chain (farm to fork) with price transparency and risk reduction through hedging
- **Land expansion, technology and globalization do not have unlimited potential**



Need for investment
Need for merchants to manage the risk
Increasing importance of risk management instruments

... and Futures markets are key contributors to help the Agri world overcome its challenges, LDC being the connecting agent

- **LDC consolidates the risk from the small players of Agri Industry**

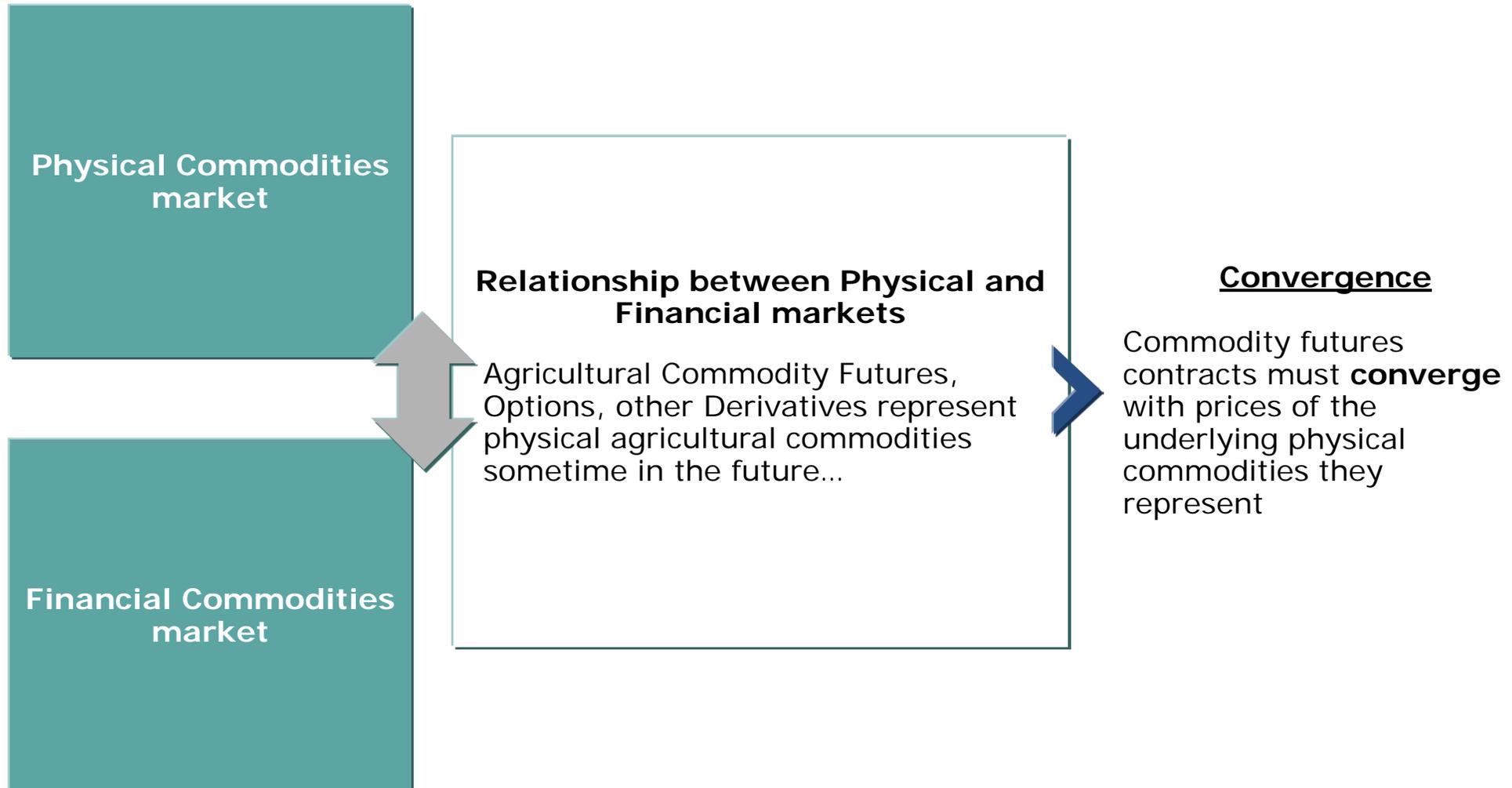
- LDC originates, warehouses, processes, exports, and merchandises agricultural commodities
- LDC manages price risk of agricultural commodities through the whole value chain from producer to consumer



Commodity Futures and Option are vital to LDC and its industry

- **To manage price risk, LDC hedges its physical positions**
- **Exchange traded futures are the most liquid hedge immediately available across most of our commodities**

Physical and financial agricultural Commodity Markets have different characteristics but should be a complement one to the other



LDC perspective on key characteristics of commodities derivatives markets

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- 1 - Exchange contracts and rules should be designed to facilitate hedging**
 - 2 - Rules should provide a clear and stable environment to attract and facilitate liquidity**
 - 3 - Rules of commodity futures exchanges need to reflect the specifics of commodities**
 - 4 – Financial market should play the role of a supply of last resort**