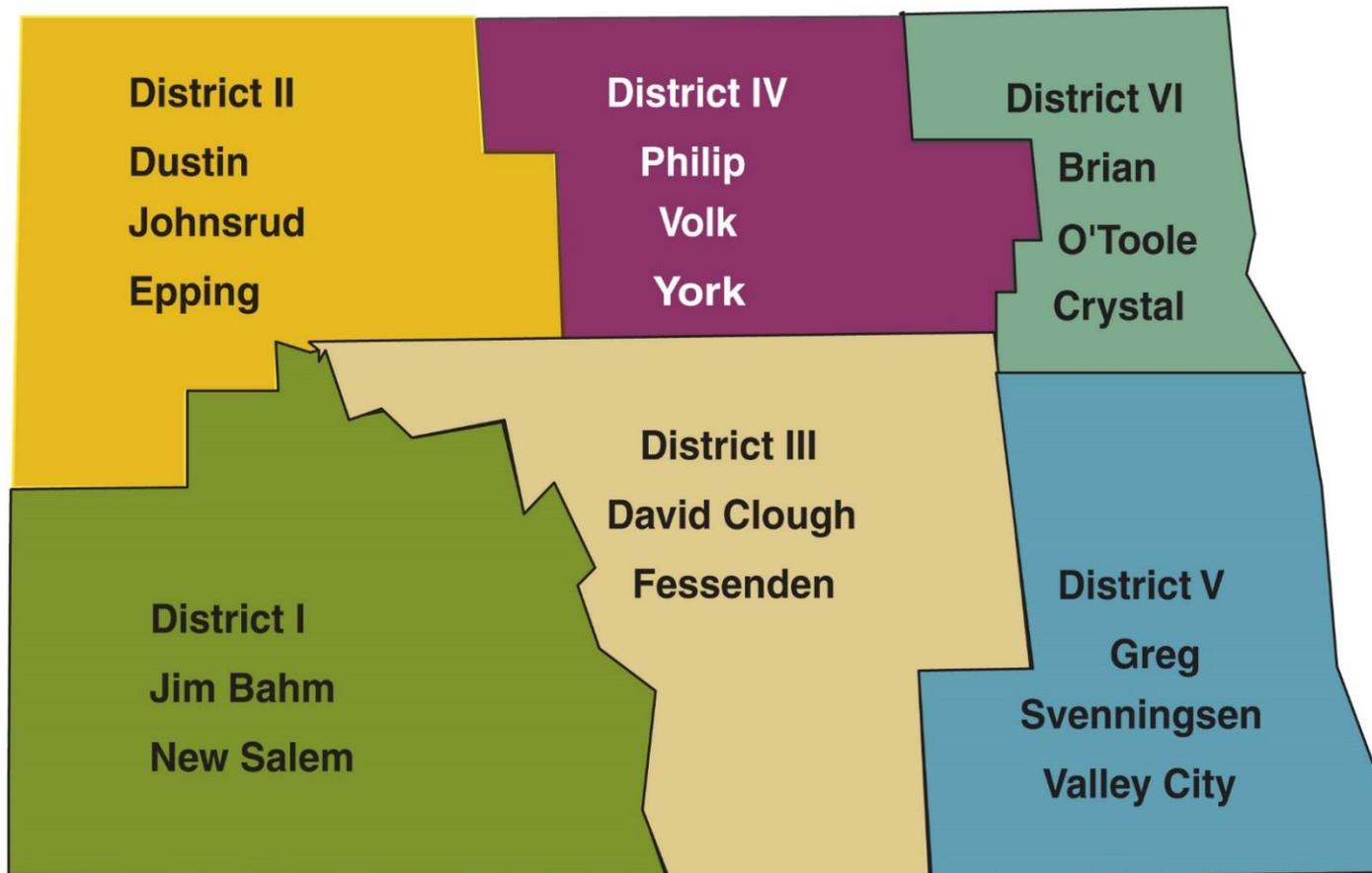


# North Dakota Wheat Commission Update



Best of the Best in Wheat Research Meetings  
Erica Olson  
Market Development & Research Manager

# BOARD OF COMMISSIONERS



**David Clough, Chairman**

**Bruce Freitag, Vice-Chairman & Commissioner-at-Large  
Scranton, ND**

# BUILDING BIGGER BETTER MARKETS THROUGH PRODUCER INVESTMENT

## ▶ OUR MISSION

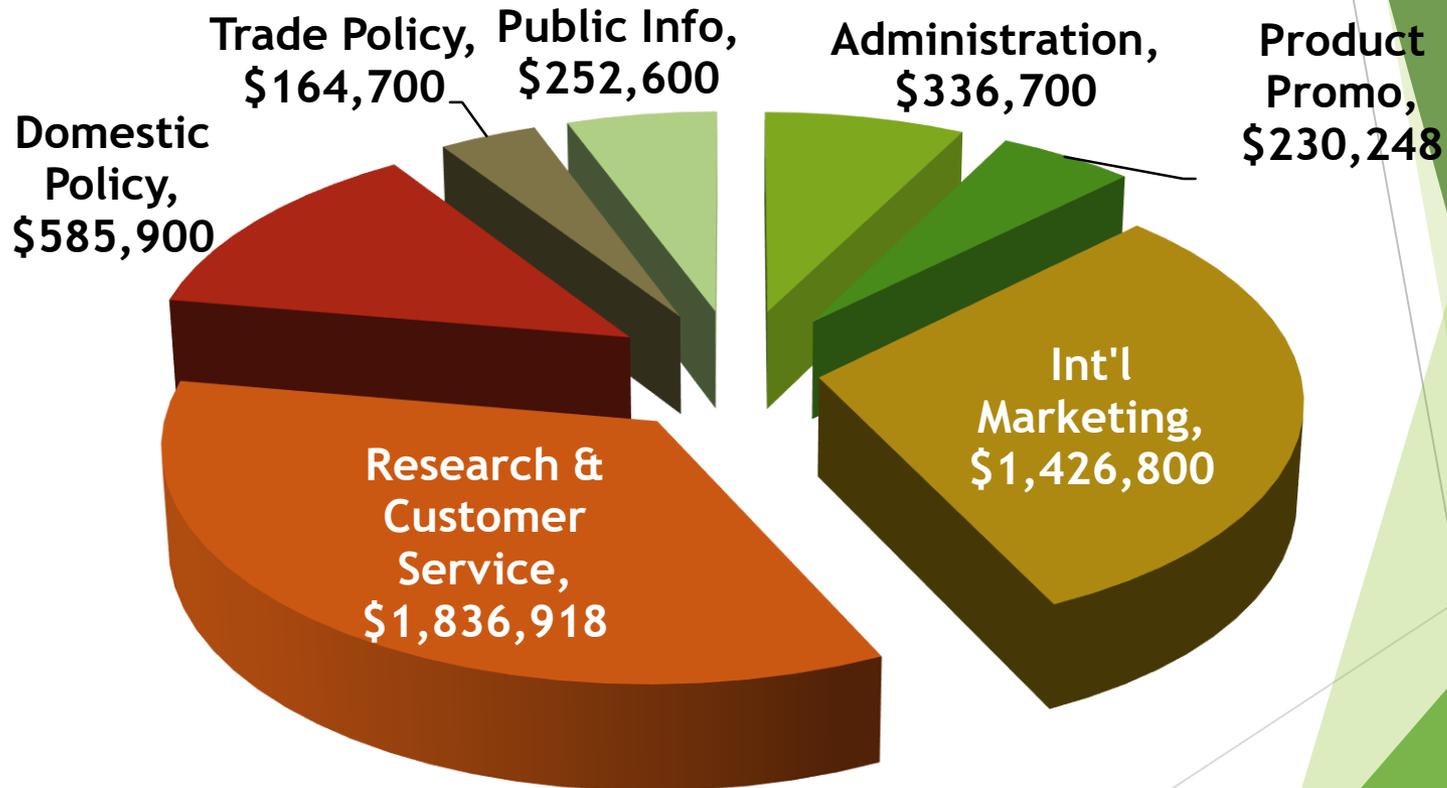
- ▶ Build bigger better markets for ND premium wheats

## ▶ SERVICE AREAS

- ▶ Research/customer service
- ▶ Export market development
- ▶ Domestic promotion/education
- ▶ Trade policy
- ▶ Domestic policy
- ▶ Public information

# SERVING PRODUCER PRIORITIES

NDWC 2017-18 BUDGET -  
\$4,505,933



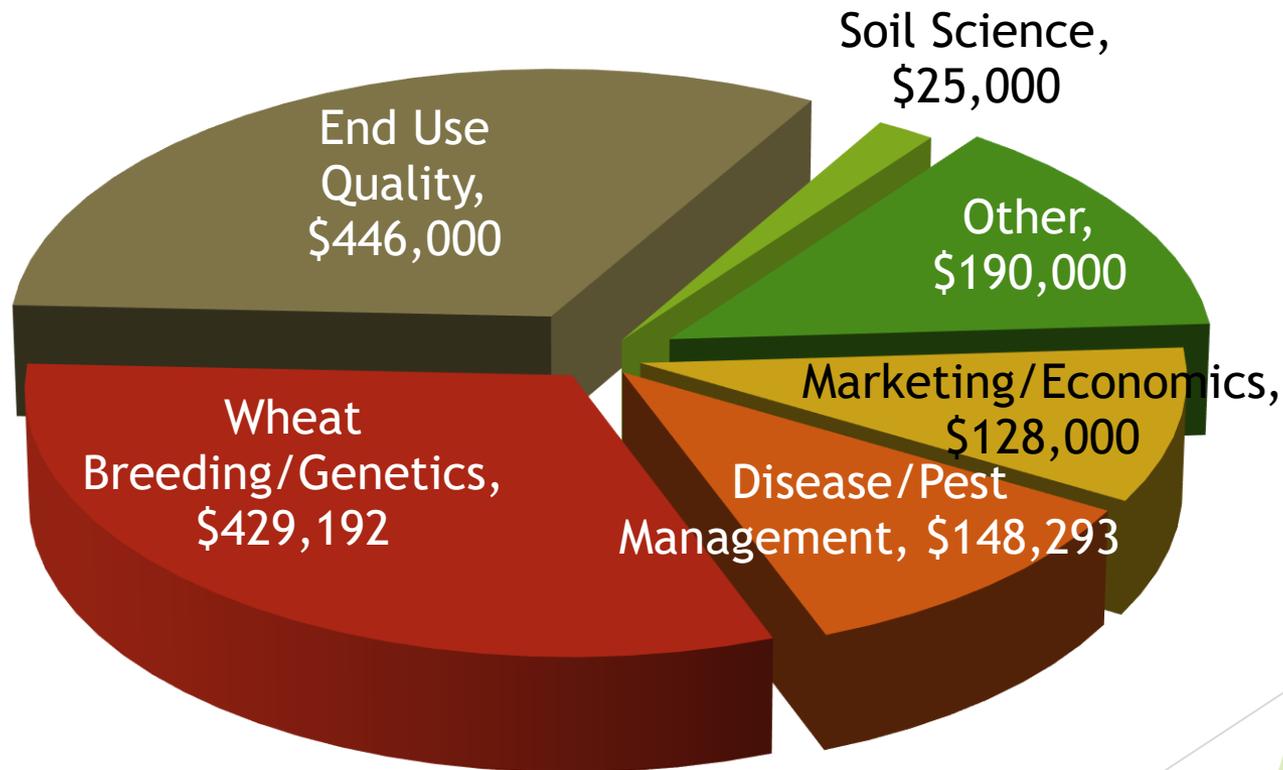
# EXPORT MARKETING

- **Partnerships** - U.S. Wheat Associates, Northern Crops Institute, Wheat Marketing Center, others
- **USDA FMD/MAP Match - \$2.00 : \$1.00/Commission Funds**
- **U.S. Wheat Associates is our “boots on the ground”**
  - Form customer relationships - so important in doing business
  - Provide technical support and trouble shooting
  - Crop quality and marketing seminars
- **Trade teams**
- **Customer Service = Repeat Business/Growth**

# RESEARCH

- ▶ Current budget includes \$1.4 million for wheat research
- ▶ Key Support Areas:
  - Wheat Breeding - HRS and durum
  - Disease/Pest Management
  - End use performance
    - Customer satisfaction/increased sales/repeat business
  - Research Infrastructure/Equipment
    - Provide greater value to producers, customers, consumers

# 2017-18 BUDGETED NDWC SUPPORTED WHEAT RESEARCH AT NDSU - \$1,366,485



Other includes New Technologies Contingency, NCI and Wheat Marketing Center.

# DOMESTIC PROMOTION

- ▶ **Partnerships with Wheat Foods Council and National Pasta Association.**
  - Uphold and promote positive wheat image and reputation
  - Provide accurate nutrition information
  - Combat anti-gluten, anti-wheat movements
  - Work with registered dietitians, chefs, personal trainers, etc. to get messages out

# TRADE POLICY

- **Trade Policy** work a joint effort with U.S. Wheat Associates and NAWG
- **U.S. Ag Exports** account for one third of gross farm income
- **U.S. Ag Exports** valued at \$140.5 Billion - 2017
  - Only sector of U.S. economy to show a trade surplus
- New Agreements?
- NAFTA - in process of rewrite
- **Trans Pacific Partnership** - now dead
  - Bilateral Opportunities may provide alternatives/framework
  - 12 Countries including U.S., Canada, Mexico, Japan, Australia, New Zealand, Chile, Peru, Singapore, Vietnam, Malaysia and Brunei
  - Future - Indonesia, Taiwan, Korea, Philippines

# DOMESTIC POLICY

- ▶ Support domestic policy through contracts - 2 mills of 15 mill check-off
- ▶ NDGGA & USDGA
  - Farm Bill
  - Crop Insurance
  - Regulatory Overreach-EPA/others
  - Water Management
  - Rail Issues
  - National Association Membership
  - Environmental/Conservation - E-tour
  - Producer Education
  - Chemical Harmonization



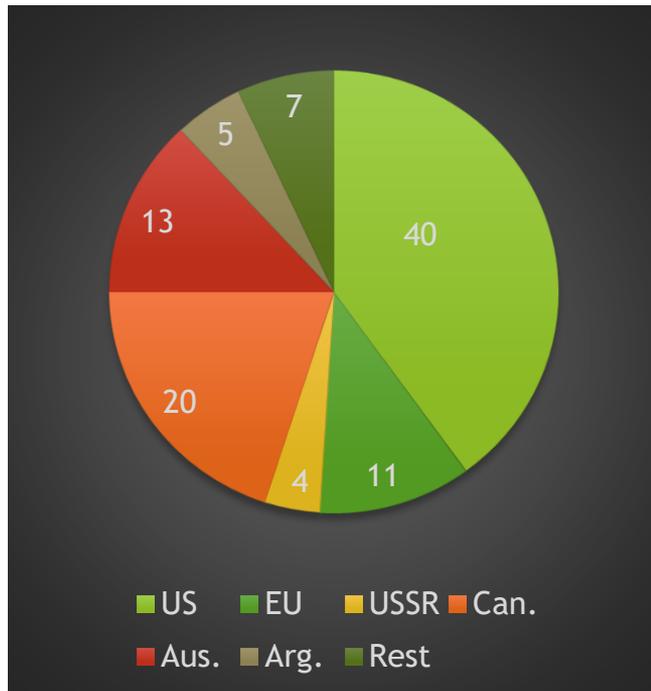
U.S. Durum Growers Association

# NDWC - Top issues in 2017-18

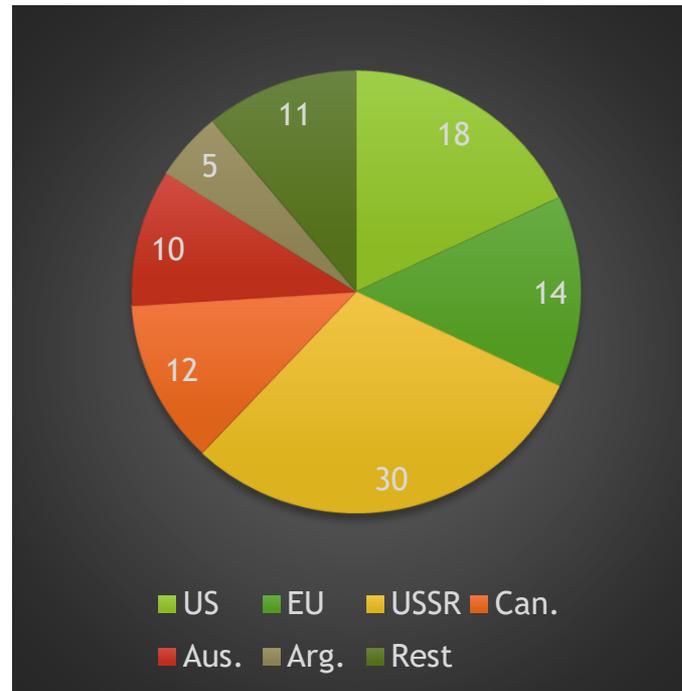
- ▶ Maintaining export competitiveness in “quality” markets
- ▶ Trade agreements/trade policy under new administration
- ▶ Glyphosate residues
- ▶ Addressing quality testing issues that affect producers’ bottom lines
- ▶ Research, research, research - funding and getting information to producers

# Market Share of Top Exporting Countries

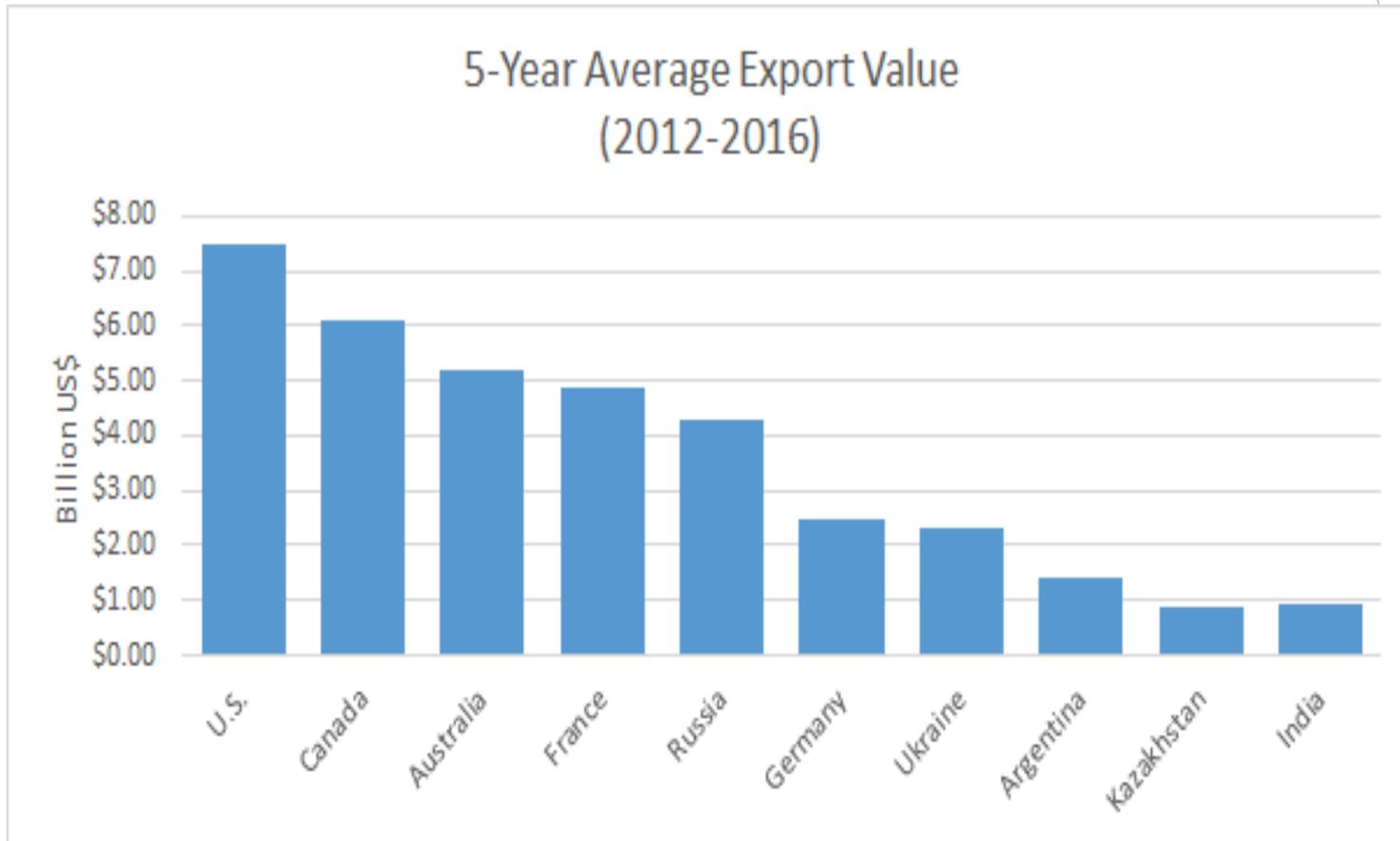
1970's



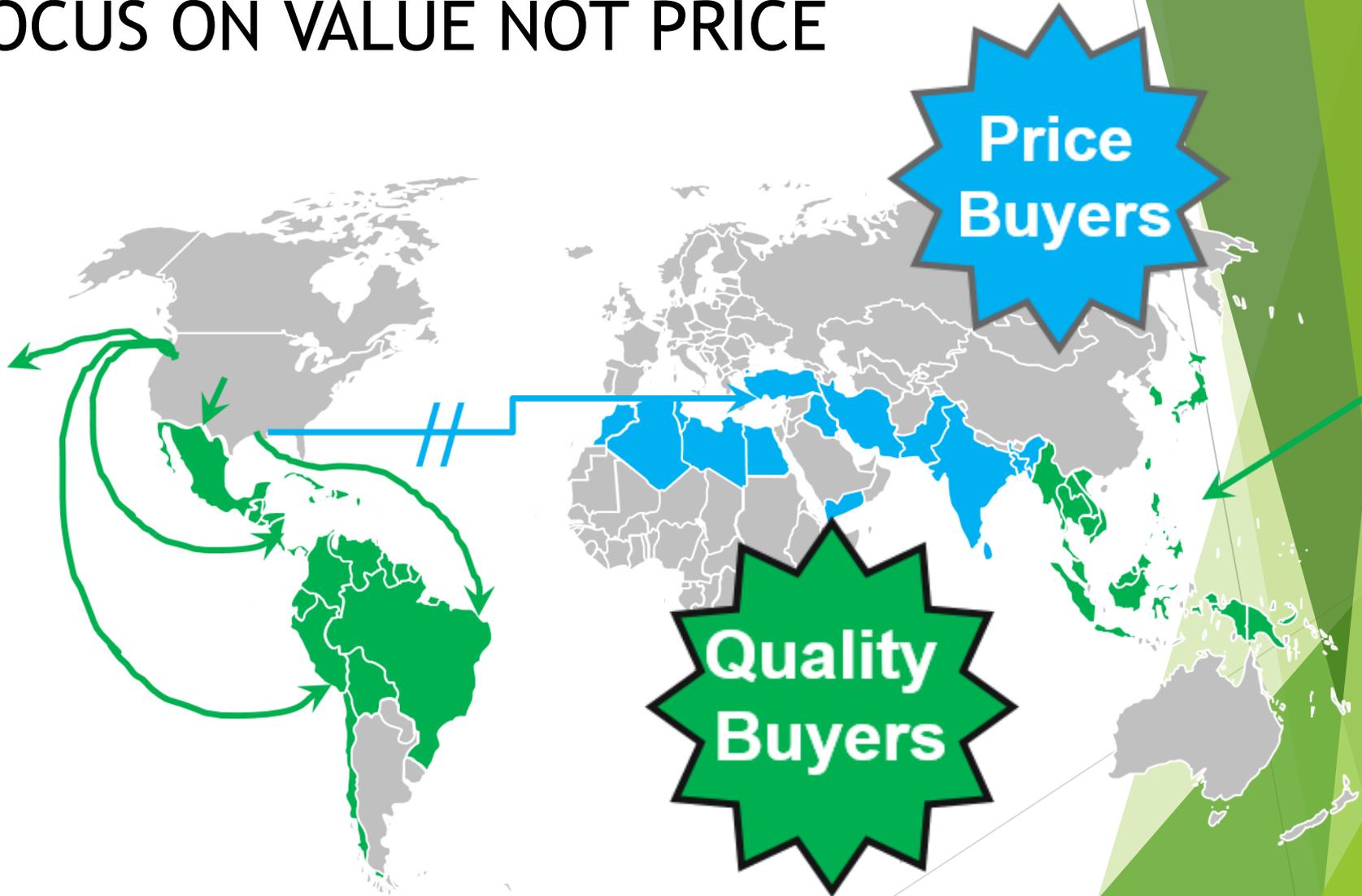
2014-2016 Avg.



# U.S. TOP VALUE WHEAT EXPORTER AMONGST COMPETITORS



# Majority of HRS and Durum markets FOCUS ON VALUE NOT PRICE



# Shift from Middle East, N. Africa, India

1,000 MT

14,000

12,000

10,000

8,000

6,000

4,000

2,000

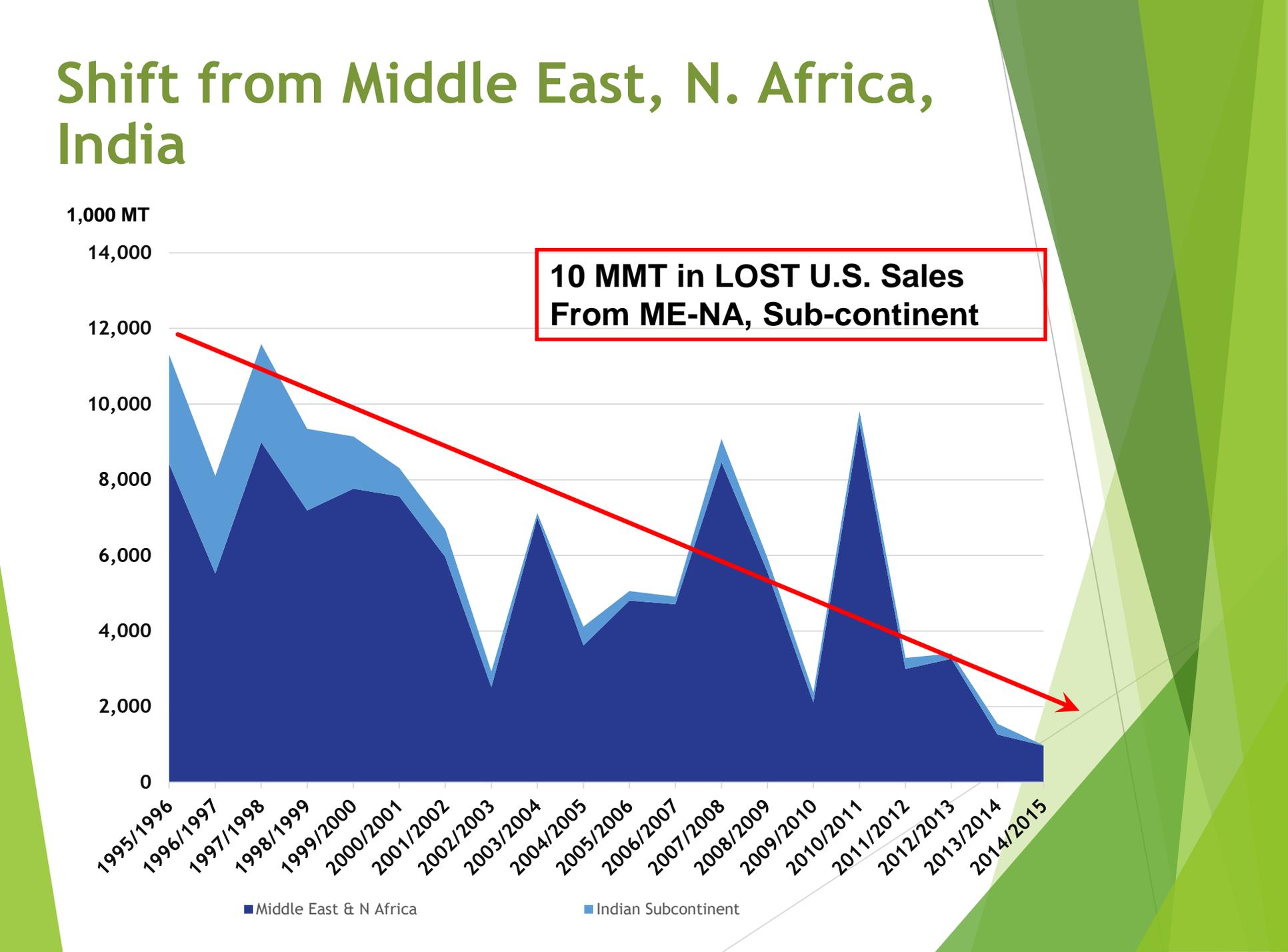
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**10 MMT in LOST U.S. Sales  
From ME-NA, Sub-continent**

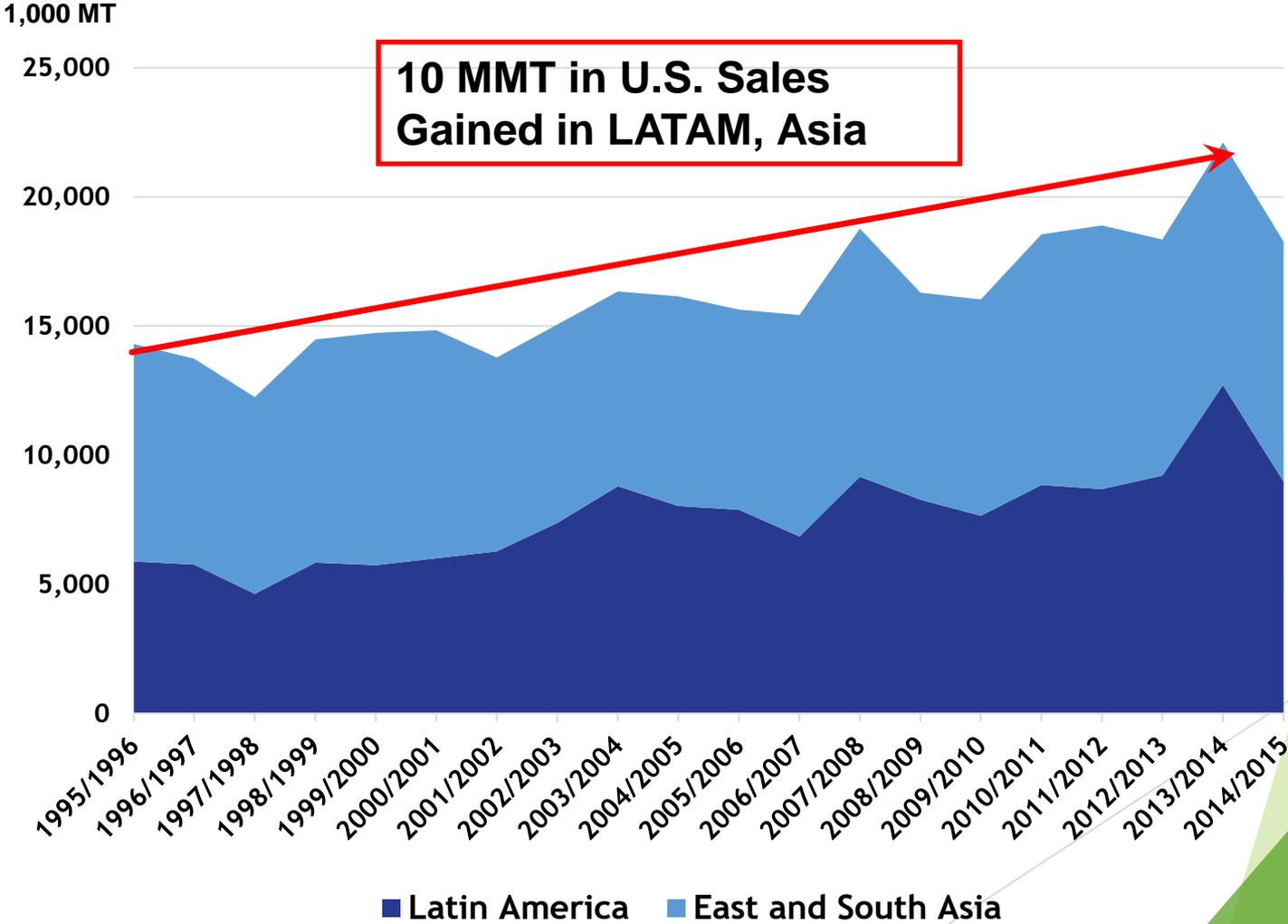
1995/1996  
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2011/2012  
2012/2013  
2013/2014  
2014/2015

■ Middle East & N Africa

■ Indian Subcontinent



# To Latin America and Asia



# U. S. FUTURES TRENDS

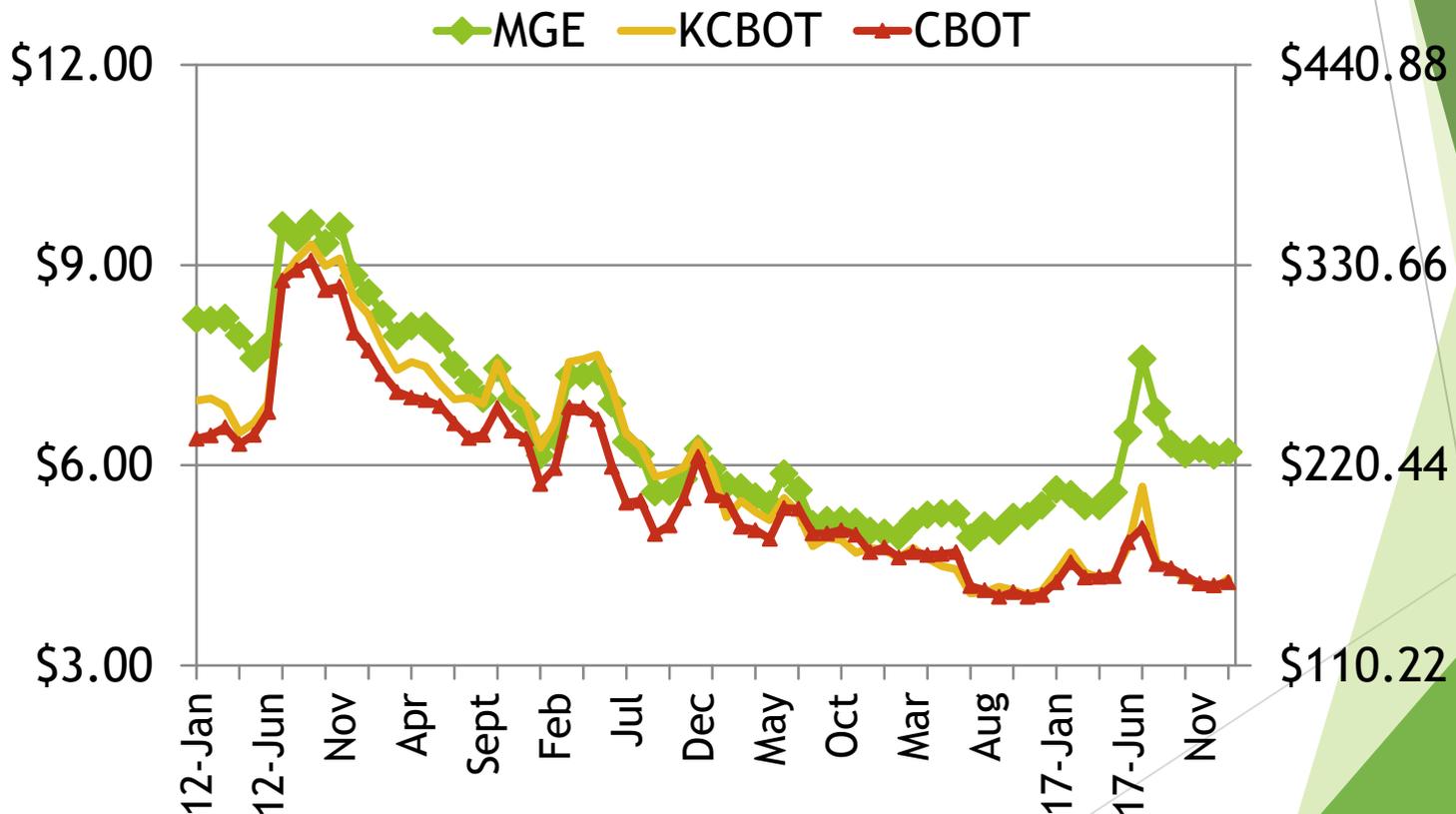
Minneapolis - Hard Red Spring

Kansas City - Hard Red Winter

Chicago - Soft Red Winter - World prices

\$ per Bushel

\$ per Ton



# Trade agreements

- ▶ NAFTA - rewrite process ongoing
  - ▶ Very delicate process given all the industries involved
  - ▶ USW's take
    - ▶ Supports updated and modernized NAFTA both to preserve enormous benefits of current NAFTA and push for progress on longstanding trade irritants with Canada
  - ▶ Under NAFTA, Mexico grew from near zero imports to 110 million bushels of HRW, SRW and HRS
  - ▶ Less potential for Canada as a market given large domestic wheat production and small population, but want producers to have opportunities to sell to Canada
    - ▶ Grading is not equal on both sides of the border - US wheat graded as feed
    - ▶ Doing away with NAFTA will not stop grain inflows from Canada due to an existing FTA with Canada that was done prior to NAFTA
- ▶ TPP without the U.S
  - ▶ US pulled out a year ago, just announced that remaining 11 countries will go forward
  - ▶ Canada, Australia, Japan, Mexico, Vietnam, Malaysia, Chile, Peru, Singapore, Brunei, and New Zealand
  - ▶ Price disadvantage in Japan
  - ▶ Future - Indonesia, Taiwan, Korea, Philippines

# Glyphosate Residues

- ▶ Increased scrutiny from domestic and international customers on glyphosate residues
- ▶ Mainly an issue with durum so far, but will affect all classes of wheat
- ▶ Prop 65 in California
- ▶ Strongest opposition is in Italy
  - ▶ Domestic farm group targeted imported US and Canadian durum as “toxic” due to glyphosate residues
  - ▶ Labeled for use as pre-harvest dessicant in both countries
  - ▶ Major pasta manufacturers targeted by producer and consumer groups
  - ▶ Testing for glyphosate residues - always fall below regulatory limits, but want extremely low or non-detectable

# Quality Testing Inconsistencies

- ▶ Producers, grain trade, and customers have struggled in recent years with quality testing inconsistencies, particularly with DON, vitreous kernel content, falling number and protein
- ▶ NDWC, USDGA, NDGGA, and NDGDA have worked with FGIS to try to minimize testing variance
  - ▶ Not an exact science, some tests are variable in nature, specifically DON
  - ▶ Variance in test results can lead to substantial price swings
  - ▶ Industry wide issue - affects the entire industry
- ▶ Grain grading workshops hosted this summer for producers and elevator staff with FGIS
- ▶ This will continue to be an ongoing issue....slow process

# Research, research, research

- ▶ State and federal research funds continue to dwindle
- ▶ Researchers looking for alternatives
- ▶ NDWC increase funding commitments a few years ago, increasing from \$1 million to \$1.5
- ▶ Project demands continue to increase every year, above the \$1.5 million - producer board must decide which areas to focus on and fund
- ▶ Getting research into producers' hands

**THANK YOU**

