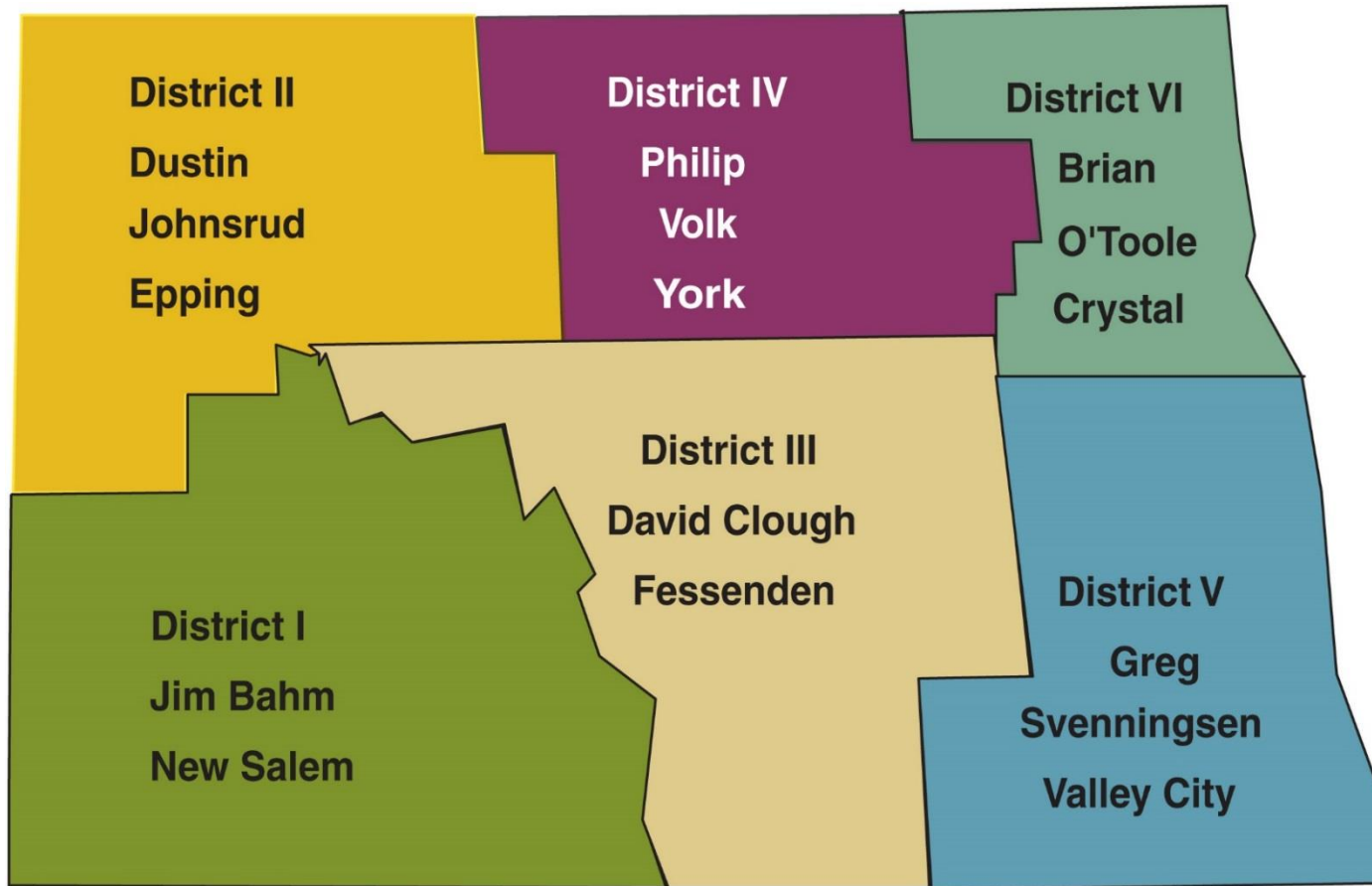


North Dakota Wheat Commission Update



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

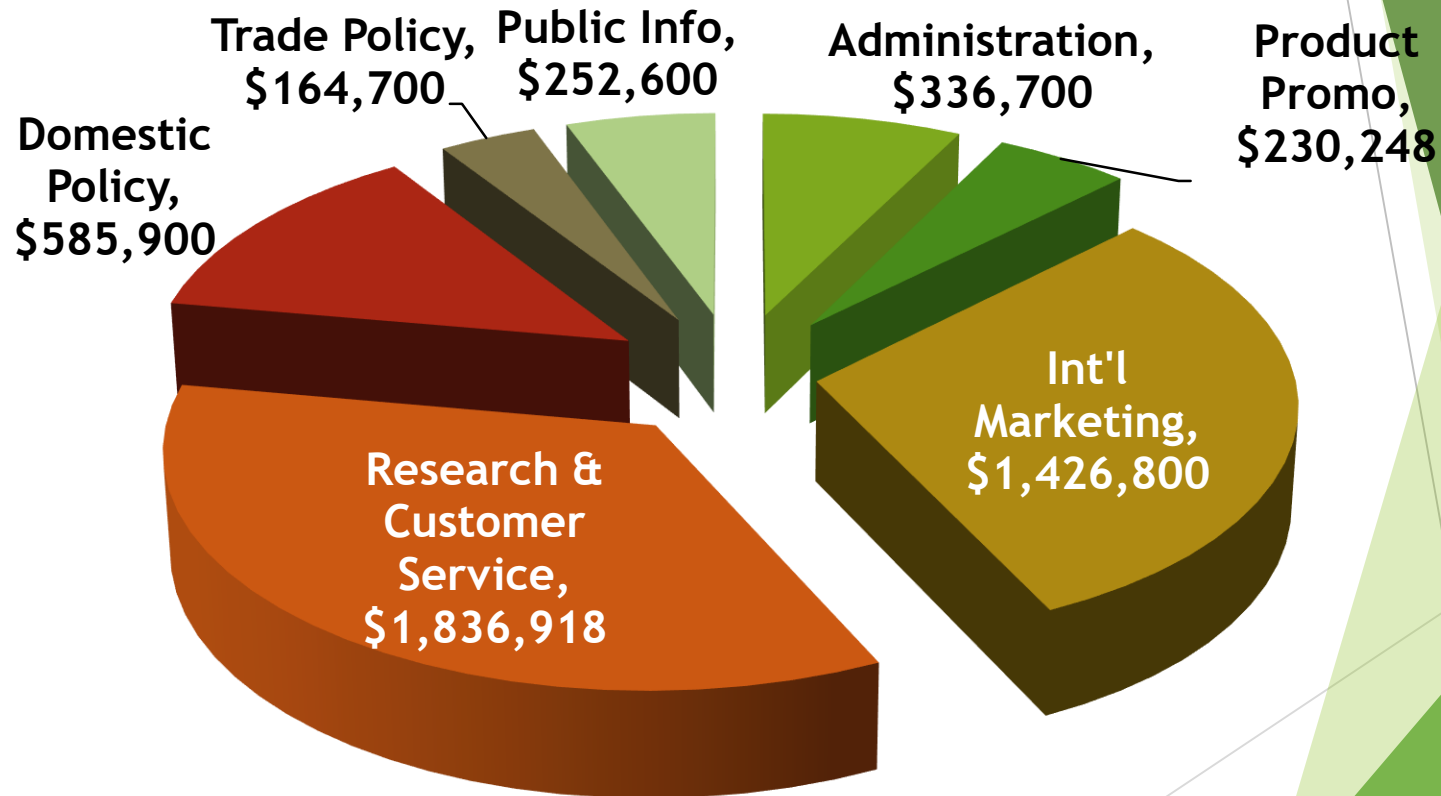
- Build bigger better markets for ND premium wheats

► 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



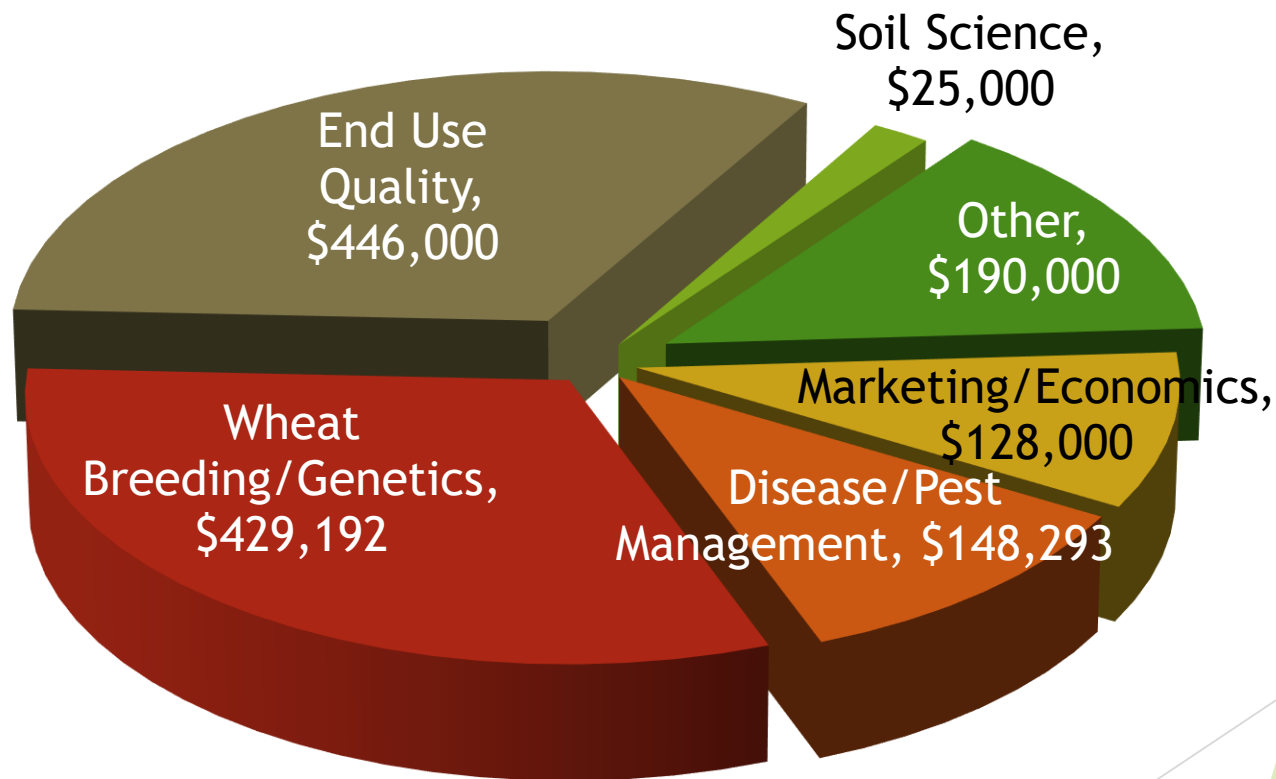
EXPORT MARKETING

- **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

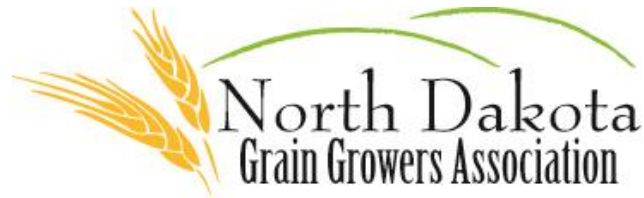
- ▶ **Partnerships with Wheat Foods Council and National Pasta Association.**
 - Uphold and promote positive wheat image and reputation
 - Provide accurate nutrition information
 - Combat anti-gluten, anti-wheat movements
 - Work with registered dietitians, chefs, personal trainers, etc. to get messages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

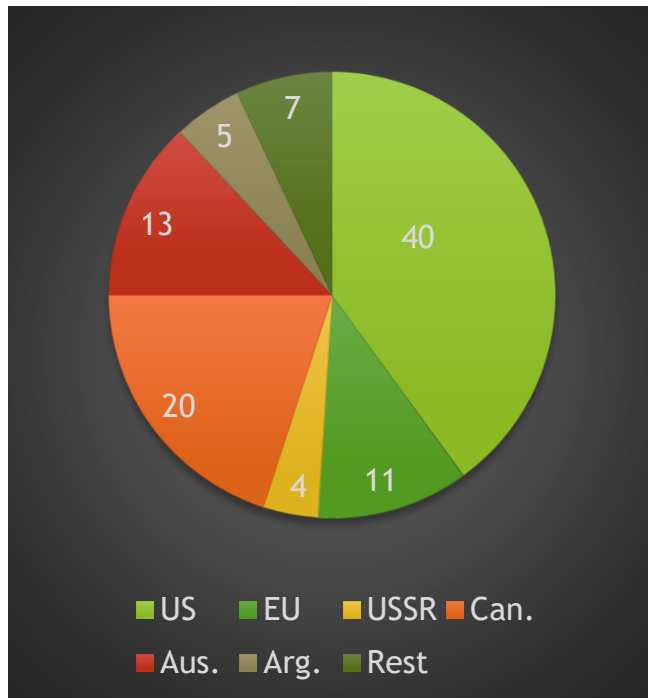


NDWC - Top issues in 2017-18

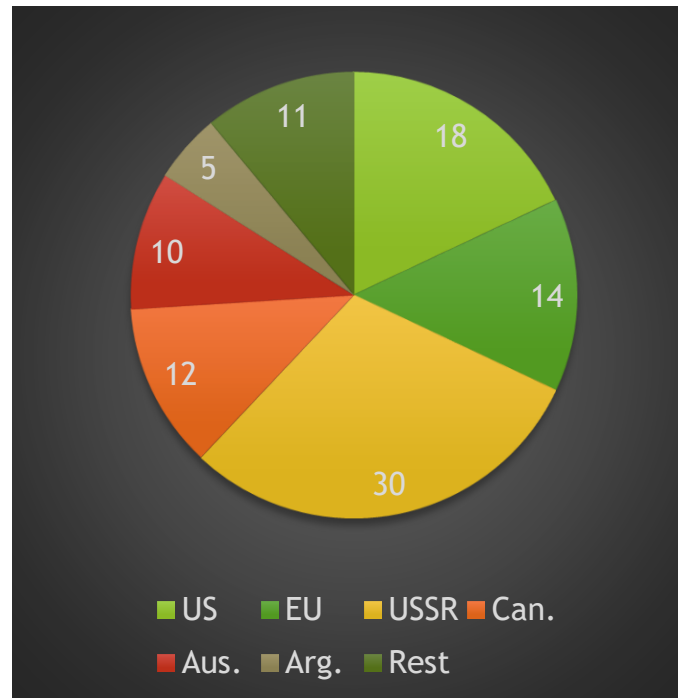
- ▶ Maintaining export competitiveness in “quality” markets
- ▶ Trade agreements/trade policy under new administration
- ▶ Glyphosate residues
- ▶ Addressing quality testing issues that affect producers' bottom lines
- ▶ Research, research, research - funding and getting information to producers

Market Share of Top Exporting Countries

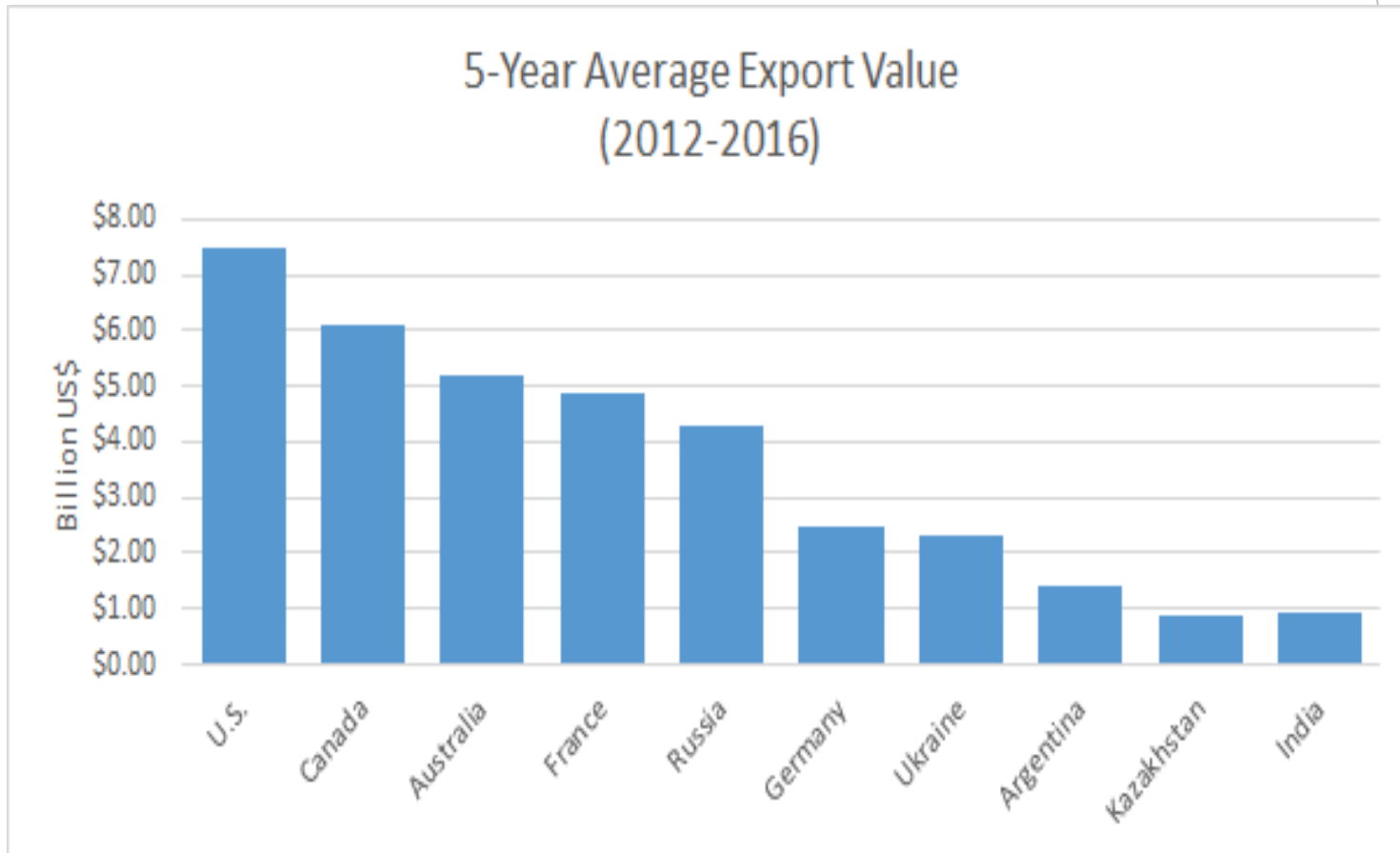
1970's



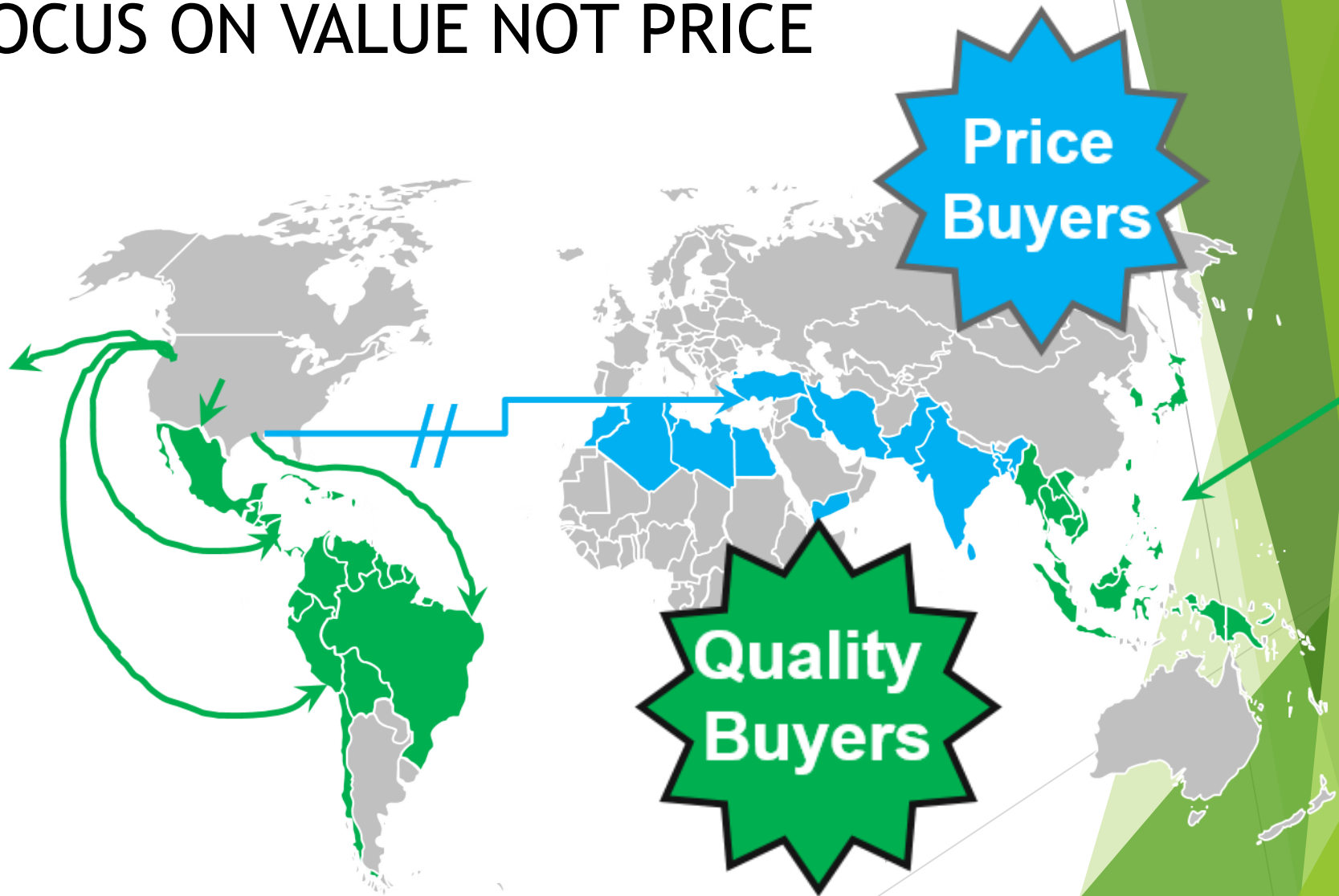
2014-2016 Avg.



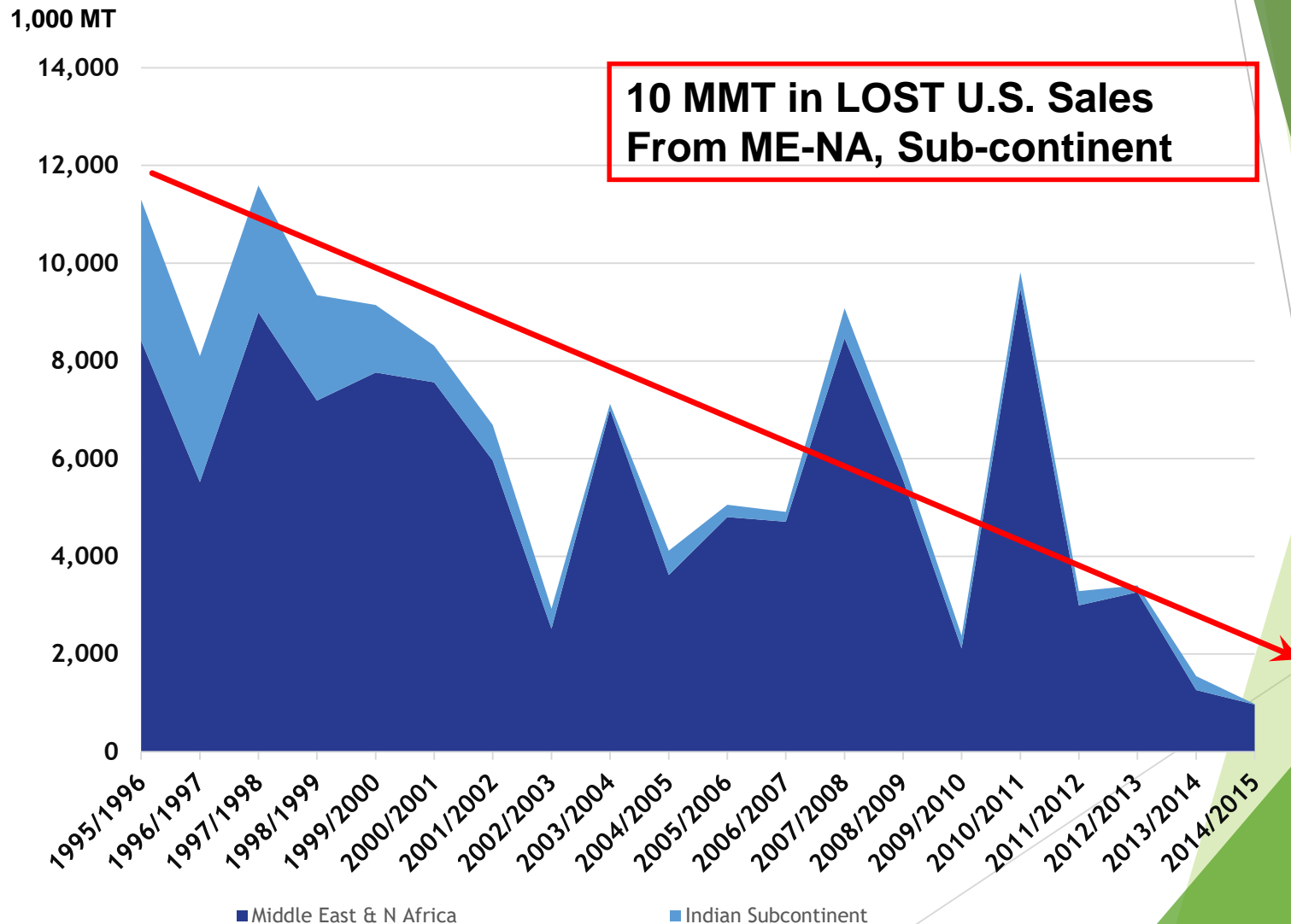
U.S. TOP VALUE WHEAT EXPORTER AMONGST COMPETITORS



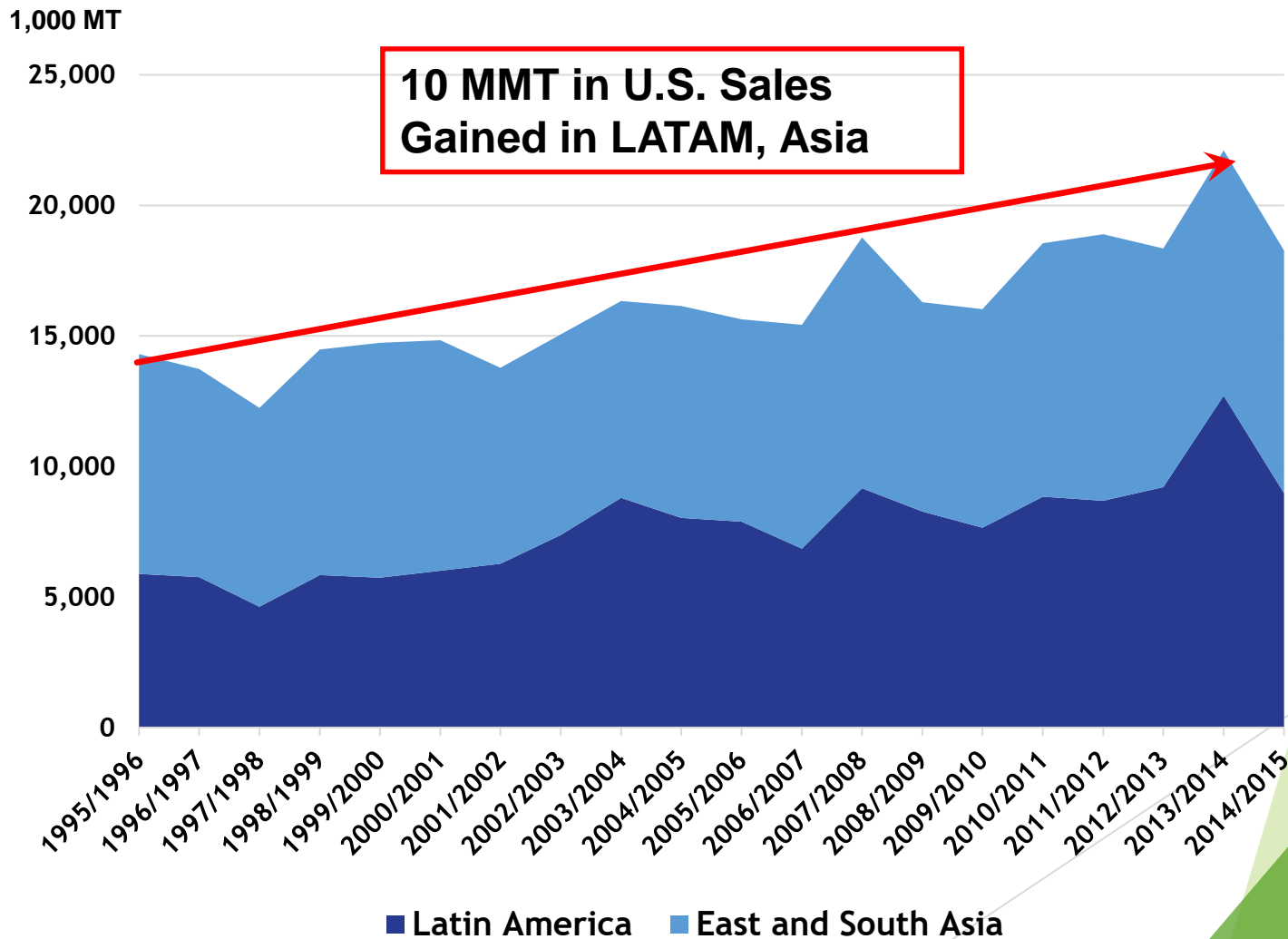
Majority of HRS and Durum markets FOCUS ON VALUE NOT PRICE



Shift from Middle East, N. Africa, India



To Latin America and Asia



U. S. FUTURES TRENDS

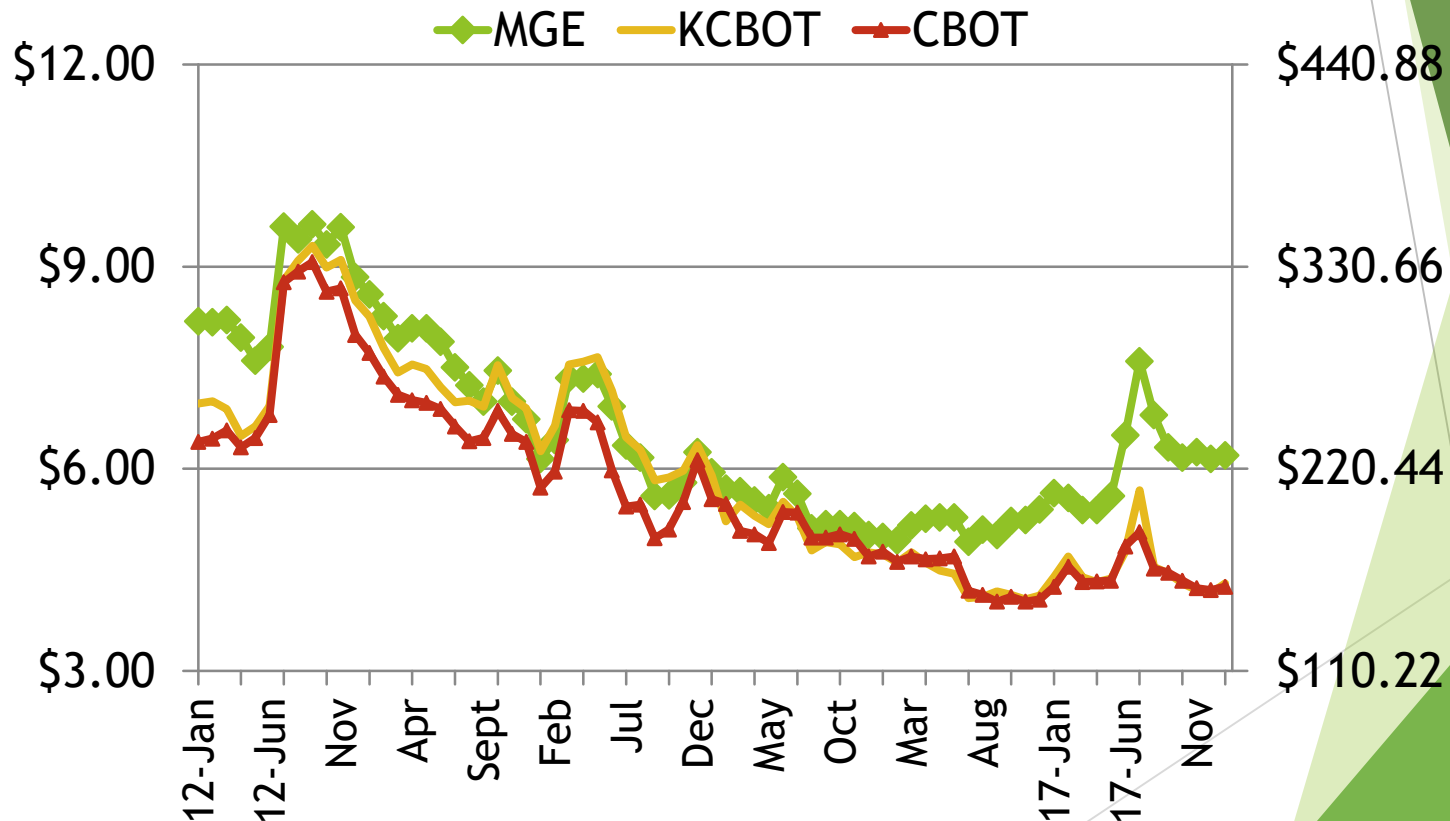
Minneapolis - Hard Red Spring

Kansas City - Hard Red Winter

Chicago - Soft Red Winter - World prices

\$ per Bushel

\$ per Ton



1/12/18

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

