

U.S. HARD RED SPRING WHEAT “DNS WHEAT”

- ❖ Second largest class produced in the U.S.
- ❖ Known for:
 - ❖ High protein content
 - ❖ High vitreous kernel levels
 - ❖ Dough strength and high water absorption
 - ❖ Large Loaf volumes
- ❖ Typically used as “blending” wheat (improve protein content and protein quality),
 - ❖ Specialty bread products, Asian noodles, bagels, pizza crust, frozen and refrigerated dough products
- ❖ Major competitor? Canada and Australia, with some German and Kazak wheat competition dependent on year
- ❖ < 2% of Global Wheat Production, Highest Value in Int’l Wheat Trade “Cream of the Global Crop”



EXPORT MARKETING

- ❖ **Customer base of more than 50 countries**

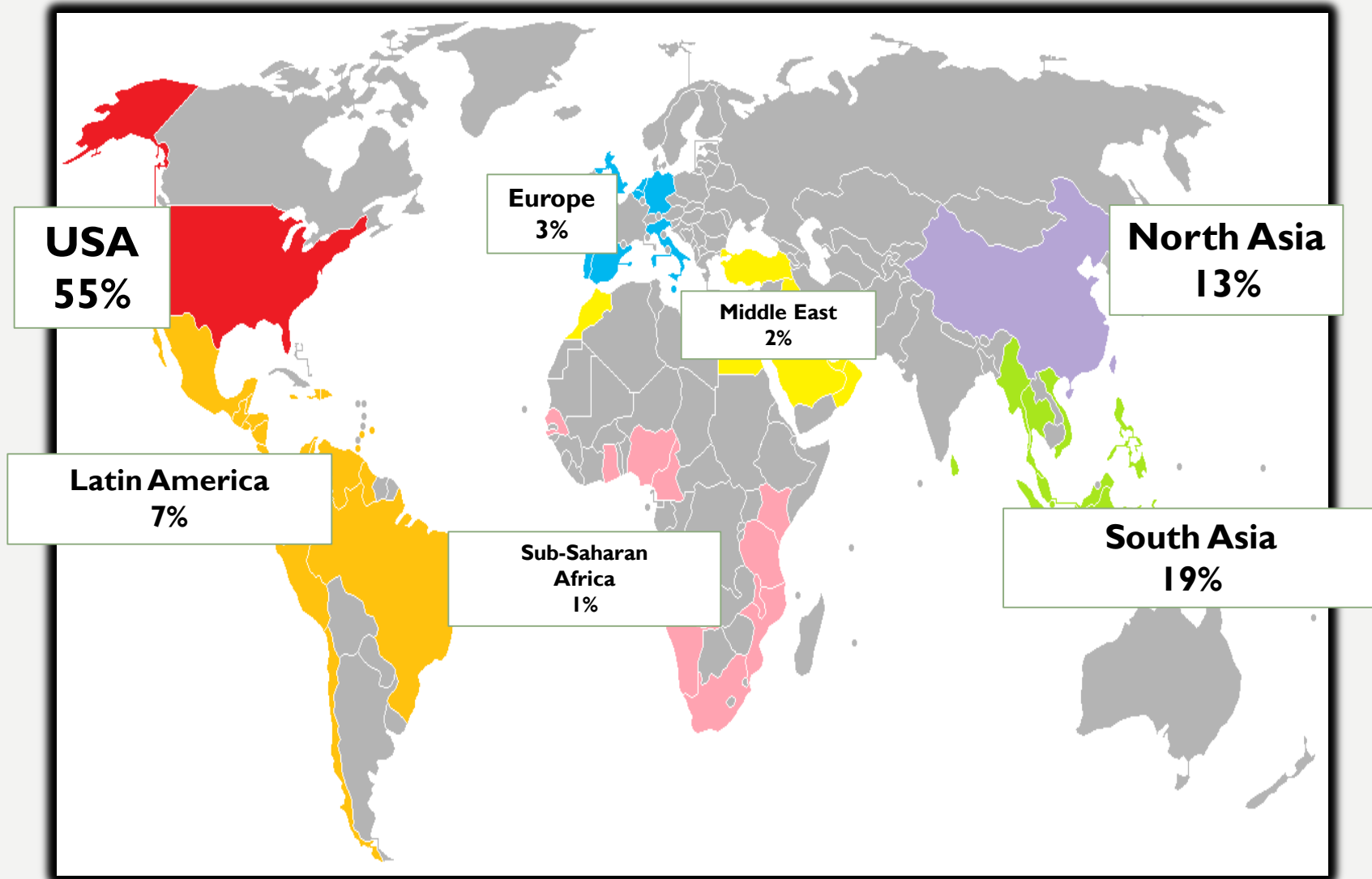
- ❖ **HRS**

- ▶ **Typically export 50% of crop**
- ▶ **Asia is major demand center – 60-70%**
- ▶ **ND wheat competes at highest price level in international trade**

- ❖ **Durum**

- ▶ **Typically export 25% of crop**
- ▶ **North Africa and Europe major demand center**
- ▶ **ND wheat known for higher protein, color (DHV/HVAC) and functionality**

WHO BUYS U.S. HRS WHEAT?



U.S. WHEAT ASSOCIATES FOREIGN OFFICES AND REGIONS



Goal: Boots on Ground Where it Matters Most

TRADE POLICY

❖ Trump Administration, Trade Officials

➤ USDA – Sonny Perdue, Secretary of Agriculture

- Steve Censky – Deputy Secretary
- Ted McKinney – Under Secretary for Trade
- Steve Mnuchin – Treasury Secretary
- Larry Kudlow – White House Advisor

➤ Commerce – Wilbur Ross

➤ USTR – Robert Lighthizer

➤ Chief Ag Negotiator – Greg Doud

❖ Exports very important for wheat, soybeans, corn, beef, specialty crops

❖ New Agreements?

➤ NAFTA Rewrite (USMCA)/KORUS

➤ Bilaterals - Extremely important without TPP

- Japan market \$2.00/Bushel duty disadvantage
- Japan, Canada, Australia all in TPP-11
- TPP+ - in new agreements

TRADE POLICY

Important for all U.S. Ag and U.S. Economy

PHILOSOPHY:

❖ Pursue Policy Environment that Fosters Growth in Agricultural Trade

- Clear the deck of tariff and non-tariff barriers
- Fosters Success in Market Development and Growth

❖ U.S. Agricultural Exports

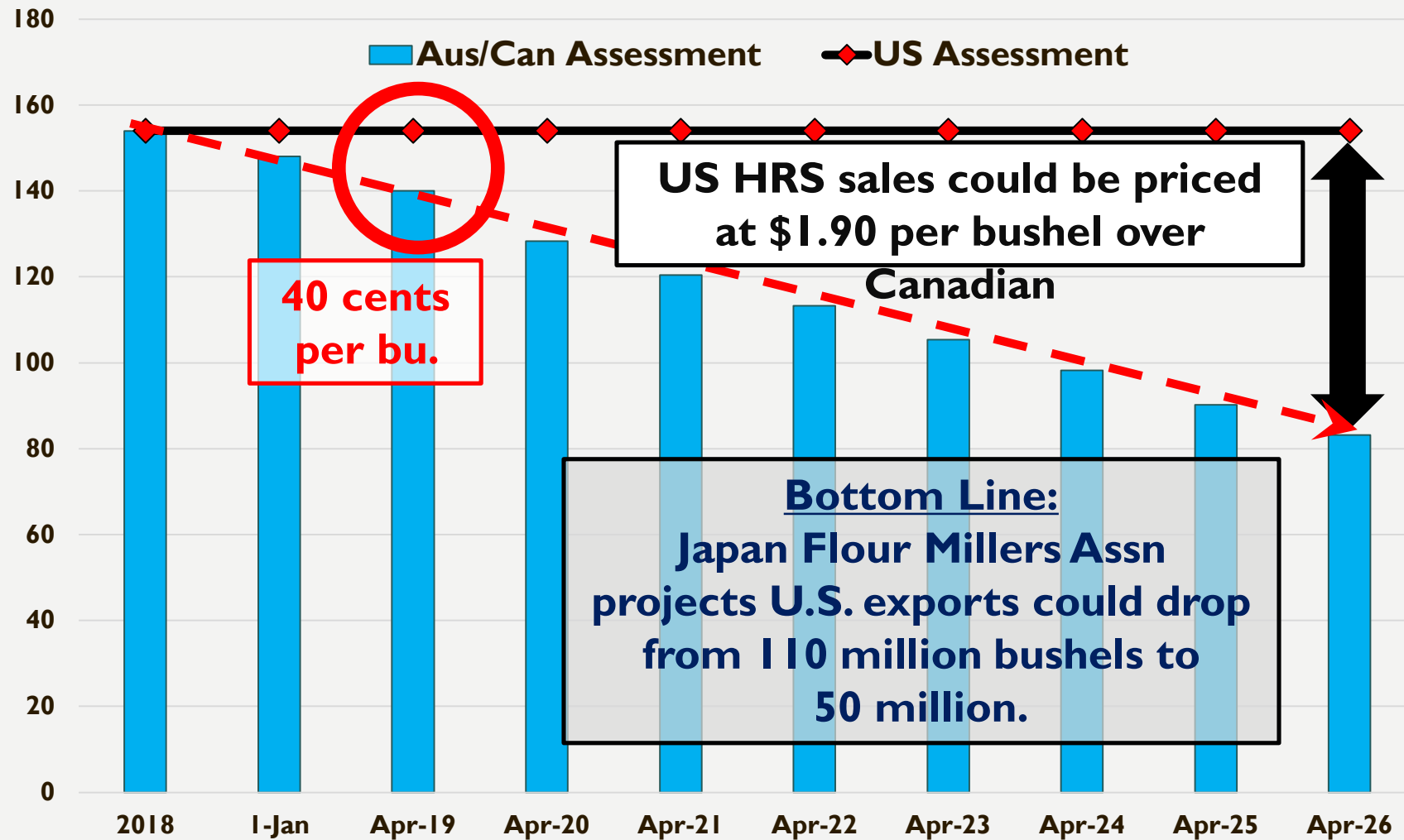
- One third of Gross Farm Income
- Total Annual Value of \$140 Billion
- Only Sector of U.S. Economy that consistently generates a trade surplus

TRADE POLICY PRIORITIES

- ❖ **USMCA (U.S., Mexico, Canada Trade Agreement)**
 - Held up in Congress – House
- ❖ **Japan Trade Agreement**
 - Address Japan Mark-up (Tariff)
 - U.S. HRS Exports - #2 Customer
 - TPP Imbalance Correction
- ❖ **China – Longer Process – Intel Property, Financial Issues**
 - Pursue All Opportunities – Normalize Agricultural Trade
 - Enforce 2 WTO Wins – U.S. Wheat
 - Wheat TRQ
 - Domestic Wheat Subsidies violations
- ❖ **Future FTA/Market Growth Opportunities**
 - Indonesia, Vietnam, Philippines, Taiwan
- ❖ **Canada Issues Beyond Feed Grade**
 - VRS, National Treatment
 - Rail Rate Disparity

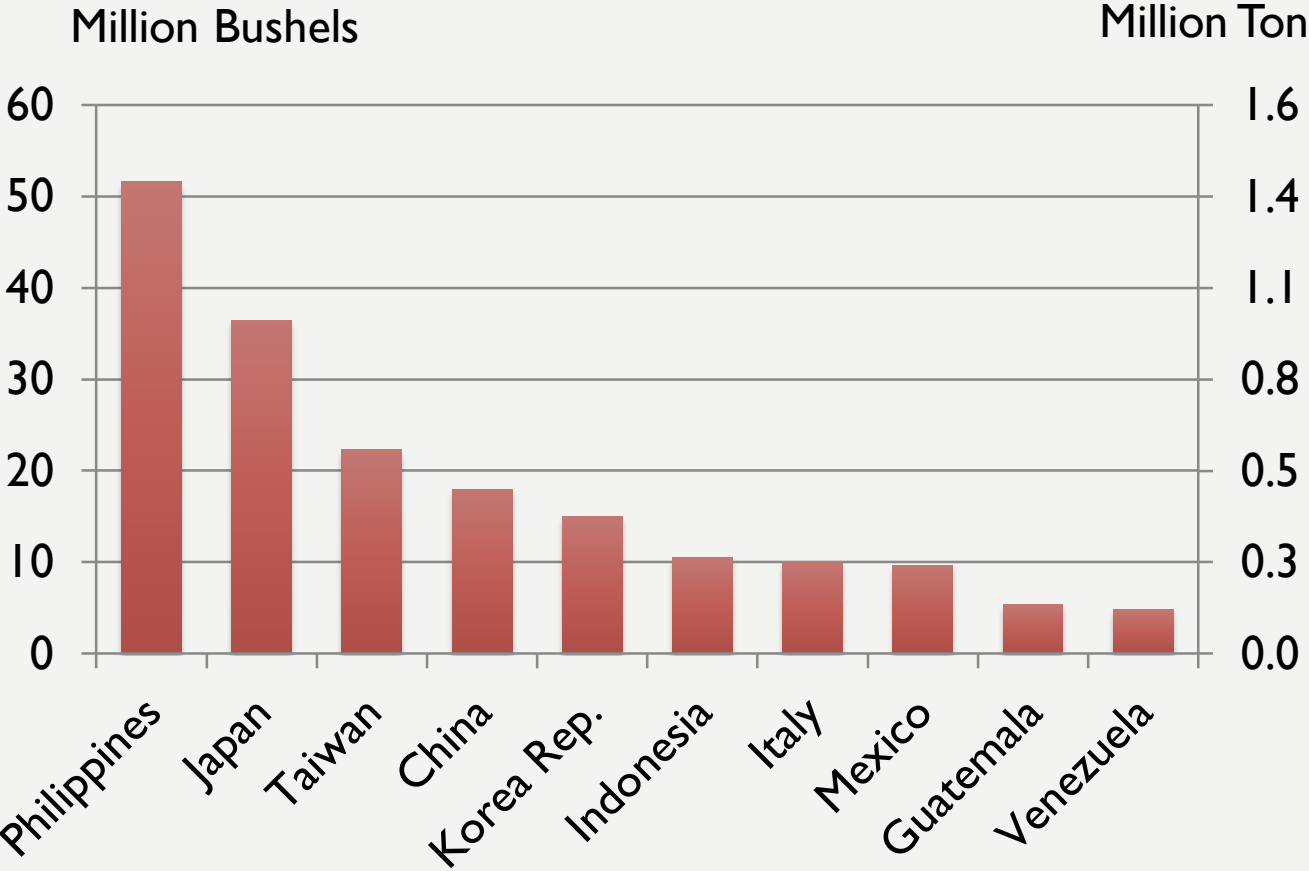
U.S. Wheat Producers Face Market Share Loss in Japan

US\$ /MT **Increasing tariff advantage to Australia and Canada**



TOP IMPORTERS OF U.S. HRS

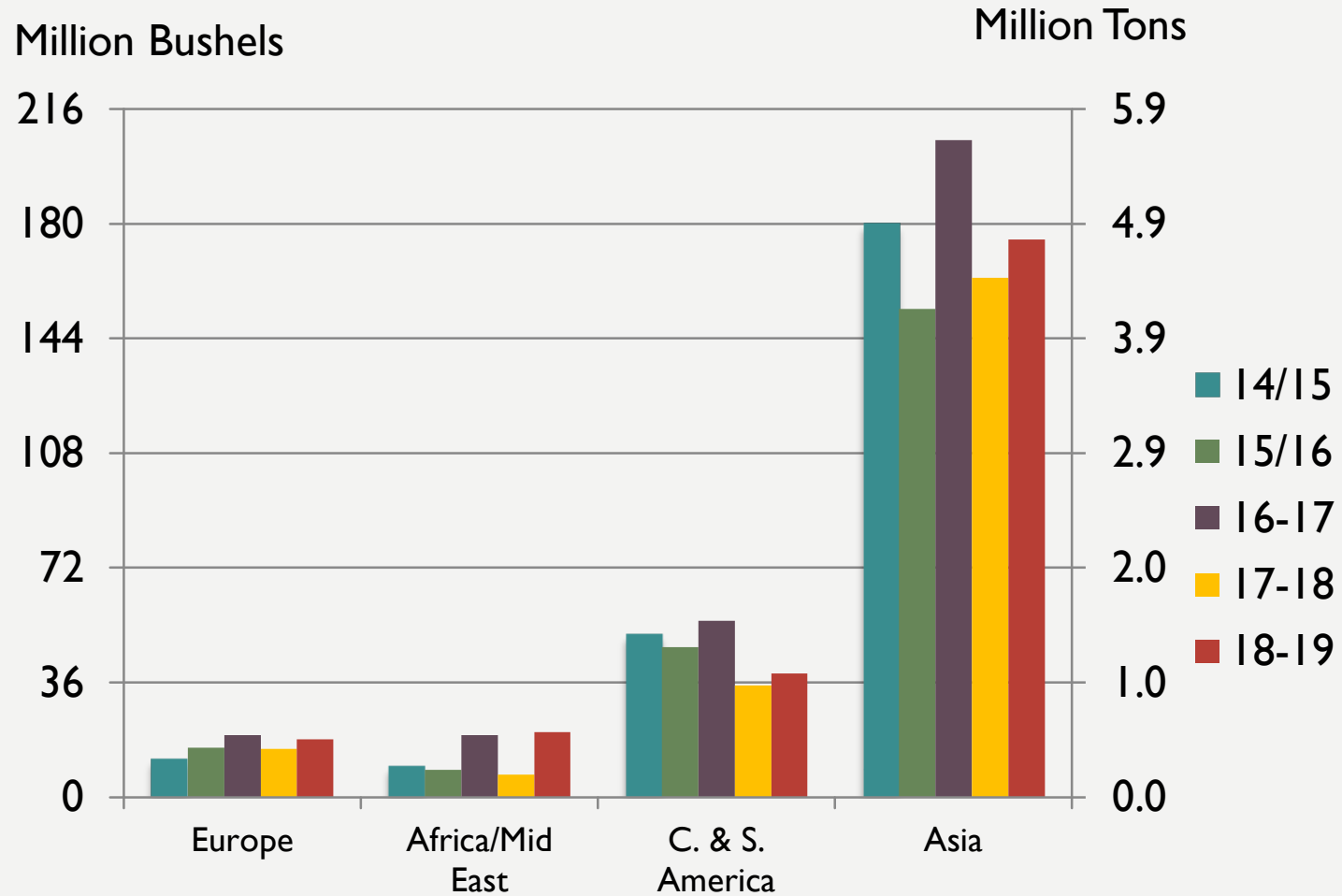
FIVE-YEAR AVERAGE (2014/15 – 2018/19)



USDA Export Inspections
Xldata/Both/Exports/Top 10 & 5 yr avg

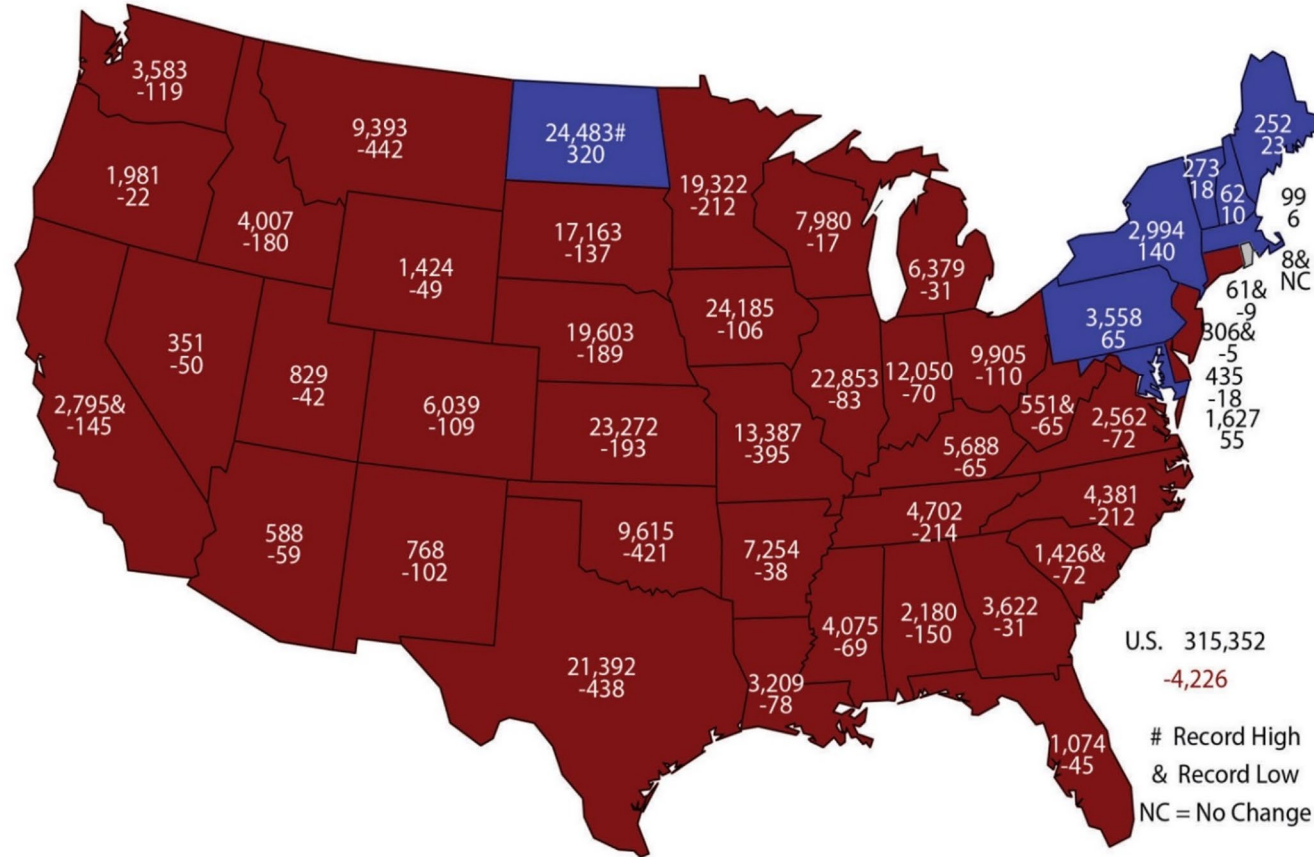
EXPORT TRENDS – BY REGION

U.S. HARD RED SPRING WHEAT





2019 Principal Crops Planted Area (000) Acres and Change From Previous Year



U.S. 315,352
-4,226
Record High
& Record Low
NC = No Change

ND AG ENTERPRISE VALUES (PRICE X PRODUCTION)

