



HUGE MARKET AS RISK

Japan has long been one of the largest, most valuable markets for U.S. wheat in the world, built on the investment of time and treasure by four generations of farmers and public funding by USDA's Foreign Agricultural Service. On average Japan imports more than 3 million metric tons (MMT), or nearly 114 million bushels of U.S. wheat each year. Once the Trans-Pacific Partnership (TPP) is ratified and in force without the United States, it would steadily discount the effective tariff paid for imported Australian and Canadian milling wheat from about \$150 to about \$85 per metric ton; but the U.S. import tariff would remain at about \$150 per MT.

WIDE SPREAD LOSSES

Sources in the Japanese milling industry estimate this disadvantage would eventually force them to cut average total use of U.S. soft white, hard red spring and hard red winter wheat to less than 1.4 MMT per year. Total losses for U.S. wheat farmers would increase rapidly as the millers find alternative supplies. After only a few years, farmers and the U.S. grain trade will essentially be writing a check for almost \$500 million every year to Australian and Canadian farmers – at the average export price Japan has paid the past five years.

USW estimates that the lost sales would increase domestic wheat stocks and push down baseline wheat futures by about 50 cents per bushel. That would be a gut punch to the rural economy of the Great Plains and the Northwest and cut the income of every American farmer growing wheat. Jobs would be at risk in every business across the supply chain, from country



“ Washington wheat farmers have built our industry in large part on the specialized needs of the Japanese flour milling industry. If we don’t get back into TPP as soon as possible, we’ll lose much of that industry to foreign competitors. ”

– Marci Green, Washington Association of Wheat Growers President and a farmer from Fairfield, Wash.

elevators to railroads, barge companies and export elevators. Once lost to our competitors, the work and expense to rebuild that business will be massive.

BROAD BENEFITS AVAILABLE IN TPP

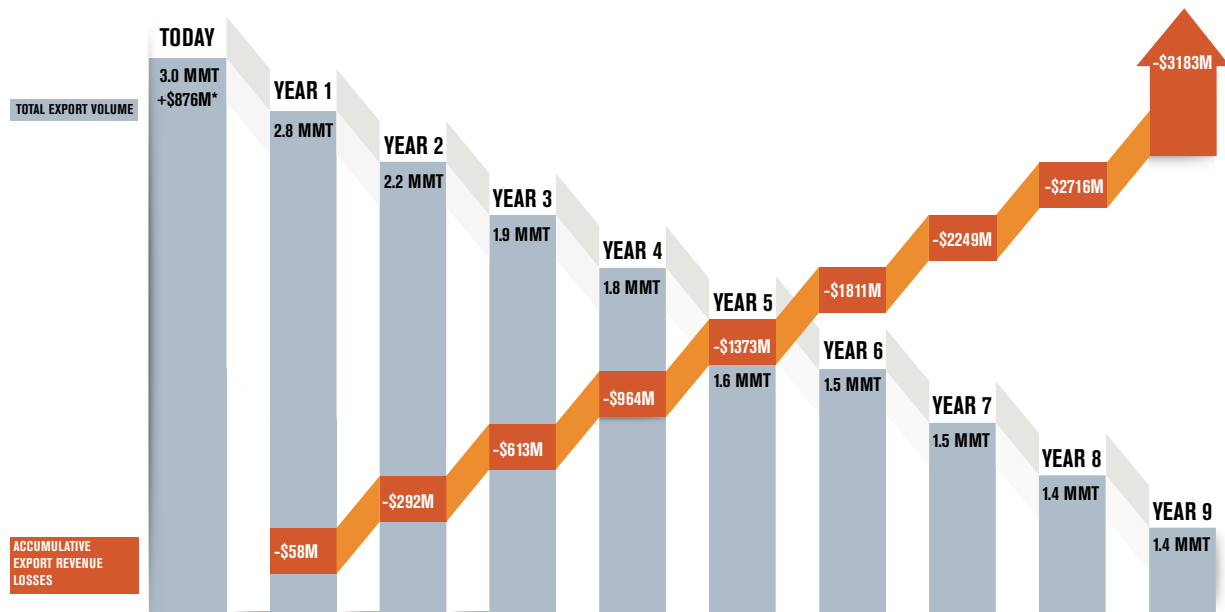
TPP would provide significant new market opportunities for U.S. wheat exports specifically and expand demand for U.S. food and agricultural products among nearly 500 million consumers outside the United States. Beyond keeping U.S. wheat competitive in Japan, finding a way to re-join TPP would eliminate Vietnam's 5 percent tariff on U.S. wheat and improve our competitive position in a market that USDA predicts will need 40 percent more imported wheat over the next ten years. Joining TPP would improve our position against competitors that are already aggressively negotiating trade agreements in the region.

Wheat farmers depend on the Trump Administration to negotiate a deal that would prevent catastrophic market losses. They share the President's desire to make great deals and want to see their family businesses thrive. If the President brings us into TPP, U.S. farmers can continue to compete fairly with farmers from any other country. American agriculture now counts on making a great deal with TPP countries, particularly Japan. American wheat farmers – facing a calamity they would be hard pressed to overcome if our country cannot change what a future under TPP 11 holds – now depend on it.



It took more than 60 years and programs like this school lunch activity in 1958 for farmers and USDA's Foreign Agricultural Service to build wheat demand in Japan. Now all that time and treasure could be squandered unless the President finds a way to re-join the TPP.

U.S. WHEAT EXPORT VOLUME AND REVENUE LOSSES IN JAPAN WILL GROW LARGER EVERY YEAR UNDER TPP 11



*March 2018: \$292/MT; Ave. 5-yr weighted FOB price. Sources: Japan Milling Industry; USTR; U.S. Wheat Associates



U.S. Wheat Associates (USW) is the industry's market development organization working in more than 100 countries. Its activities are made possible by producer checkoff dollars managed by 17 state wheat commissions and through cost-share funding provided by USDA's Foreign Agricultural Service.

National Association of Wheat Growers (NAWG) is a federation of 21 state wheat grower associations that works to represent the needs and interests of wheat producers before Congress and federal agencies. Based in Washington, D.C., NAWG is grower-governed and grower-funded, and works in areas as diverse as federal farm policy, trade, environmental regulation, agricultural research and sustainability.

