



Second Quarter Report November 2018 - January 2018

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Letter from Chandler Goule CEO, NAWG

Dear NAWG Member States,

The 2018-2019 second quarter was a very exciting and productive quarter for NAWG as we passed the 2018 farm bill! We will spend the next year working with the Administration and Congress to get it implemented. I really appreciate everyone who worked on getting this historical bill passed. It would have not been possible with the help from our states and those who serve in leadership positions and act as the voice of NAWG.

Additionally, in early October, President Musick and I attended the biannual Grower Advisory Council, where NAWG's top priority issues were discussed for the rest of our agenda for 2018 and what we hope to see in 2019. Toward the end of October, U.S. Wheat and NAWG held our annual joint Fall Meeting in Tampa, FL, which was a huge success!

In early November, I attended the Bayer's Cereals Summit in Dallas, TX, where my presentation focused on the future of wheat.

Shortly after, Vice President Scholz, Josh Tonsager and I attended the Tri-State Grain Growers Convention in Portland, OR, where we provided updates on NAWG's end of the year agenda as well as our vision for 2019. We were fortunate to have the opportunity to speak at the Washington Association of Wheat Growers' All Committee Meeting, Idaho Grain Producers' Committee Meeting, and Oregon Wheat Growers League's board meeting. In addition, I moderated an Export Panel, which included Dr. Randy Fortenbery, Ag Economist with Washington University; Brian Lield, United Grain Corp; and Kurt Haarmann with Columbia Grain; and Damon Filan, Tri-Cities Grain. Each panelist provided their perspective of the export market impacts of the tariffs.

Thank you all for your continued support to advance the mission of NAWG and I look forward to a successful third quarter!

Sincerely,

Chandler Goule



Regular Communications, Outreach, and Partnerships

Communications had a very active second quarter. From November 7-9, 2018, the National Association of Wheat Growers (NAWG) and U.S. Wheat Associates (USW) attended the 75th annual National Association of Farm Broadcasters (NAFB) Convention held at the Westin Crown Center in Kansas City, MO. During the convention, NAWG and U.S. Wheat hosted a booth as part of the Trade Talk on November 8th. USW Vice Chairman Doug Goyings and NAWG President Jimmie Musick represented their Associations and plan on discussing several topics with broadcasters including the farm bill, trade, midterm elections, and other association-specific priorities. NAWG President Jimmie Musick carried out more than sixteen interviews in four hours.

Additionally, for the first time, the National Wheat Foundation (NWF) and USW co-partnered a NAFB Foundation scholarship. The scholarship was given to Matthew Winterholler, a senior at Texas Tech University who is majoring in Agricultural Communications. Matthew was recognized at the NAFB Foundation Luncheon on Wednesday, November 7th where NAWG President Jimmie Musick and USW's Amanda Spoo presented him the award. For more information, visit <https://nafb.com/foundation>.

From November 11-15, 2018, several growers, NAWG staff, and communicators participated in the Wheat Industry Leaders of Tomorrow (WILOT) program, sponsored by Bayer. WILOT is a week-long leadership and advocacy program that better prepares leaders with the tools they need to be advocates for the wheat industry. NAWG Director of Communications Caitlin Eannello participated this year, for the first time, and spoke to the group on NAWG's communications strategy, priorities, and why it's important for growers to share their stories.

On November 12th, the National Wheat Foundation [announced](#) the 2018 National Wheat Yield Contest national winners. One week later, the Foundation [issued a release](#) naming the state winners of the 2018 NWYC. *DTN/Progressive Farmer*, the official publication of the contest, has published two articles highlighting the contest with a third to be released in March.

Titled "[Wheat Grower Breaches 200-Bushel Barrier in 2018 Wheat Yield Contest](#)," the first article was released on November 12, 2018 and profiles Phillip Gross who was named the overall winner for the 2018 contest. Emily Unglesbee published her second article in the series, "[Wheat Yield Contest Announces New Rankings for 2019](#)," on January 3, 2019, which provides a high-level overview of the new quality component being added to the contest. The final piece in March will be a multiple page spread highlighting each national winner of the 2018 NWYC.

The winners of the 2019-2020 Minore Scholarship have been notified and will be commemorated during a special ceremony, organized by BASF, at the 2019 Commodity Classic. The four winners include 1) Ms. Adrienne Blakey, majoring in plant and soil sciences at Oklahoma State University; 2) Ms. Kayla Beechinor, at Washington State University student pursuing a double major in integrated plant sciences; 3) Ms. Samantha Fischer, majoring in food science & industry and global food systems leadership at Kansas State University; and 4) Mr. Storm Soat, majoring in crop and soil science at Michigan State University.

On December 20, 2018, President officially signed The Agriculture Improvement Act of 2018, commonly known as the Farm Bill, into law. NAWG President and Sentinel, OK wheat farmer Jimmie Musick [attended the official signing of the bill](#) and his statement can be found [here](#). It is worth noting that in 2018 alone, NAWG carried out around seventy media interviews (D.C. and national) on the 2018 farm bill.

Regular Communications, Outreach, and Partnerships

NAWG/NWF SECOND QUARTER PRESS RELEASES

November 11th	PRESS RELEASE: Trade and Farm Bill Take Front and Center at 2018 NAWG/USW Fall Conference
November 7th	PRESS RELEASE: NAWG Calls on Congress to Make Farm Bill a Priority During Lame Duck PRESS RELEASE: NAWG Calls on Congress to Make Farm Bill a Priority During Lame Duck
November 12th	PRESS RELEASE: NWF Announces National Winners for the 2018 National Wheat Yield Contest
November 19th	PRESS RELEASE: NWF Announces State Winners for the 2018 National Wheat Yield Contest
November 29th	PRESS RELEASE: NAWG Applauds Farm Bill Negotiators for Moving Process Forward
November 30th	PRESS RELEASE: NAWG and U.S. Wheat Associates Welcome Official Signing of USMCA, Encourage Repeat with Japan
December 11th	PRESS RELEASE: NAWG Welcomes New WOTUS Proposed Rule
December 12th	PRESS RELEASE: NAWG Supports 2018 Farm Bill Conference Report; Urges President to Sign into Law
December 17th	PRESS RELEASE: NAWG Applauds President's Announcement of Second Round of MFP Assistance
December 20th	PRESS RELEASE: NAWG Applauds President Trump Signing the 2018 Farm Bill into Law

NAWG/NWF SECOND QUARTER SOCIAL MEDIA HIGHLIGHTS

NAWG	FACEBOOK	TWITTER
Previous Quarter	2,711 Followers	6,804 Followers
Current Numbers	2,796 Followers	7,000 Followers
NWF	FACEBOOK	TWITTER
Previous Quarter	1,160 Followers	966 Followers
Current Numbers	1,205 Followers	1,030 Followers

Farm Bill, Ag Appropriations, Transportation, and Tax

The last quarter of 2018 marked a successful quarter for NAWG. With the Farm Bill expiring on September 30th, 2018 there was a lot of pressure for Farm Bill conference negotiators to settle differences between their versions of the bill and pass a Farm Bill conference report. Fortunately, an agreement was reached which included of NAWG's priorities, and the bill was signed into law by President Trump on December 20th. NAWG President Jimmie Musick was invited to the signing ceremony and was standing just behind President Trump and leadership of the House and Senate Agriculture Committees as the bill was signed into law.

In addition to the Farm Bill, the FY 2019 appropriations process has continued but run into some major obstacles. At the end of September, President Trump had signed 5 of the 12 appropriations bills into law; unfortunately, the Agriculture Appropriations bill was not one of these bills. At the end of the year, with a continuing resolution expiring on December 21st, a partial government shut down resulted and would continue into the new year. NAWG closely watched the implications of the partial government shutdown and called for the reopening of USDA.

Heading into the upcoming quarter, NAWG will continue to closely engaged Congress with our priorities for the FY2019 appropriations process as well as look forward to the start of the FY2020 process and the release of the President's Budget. In addition, NAWG will turn our focus from advocating for passage of the farm bill to ensuring it's quick and proper implementation.

2018 FARM BILL DEVELOPMENT

With the 2014 Farm Bill expiring on September 30th, 2018, a top priority of the last quarter was ensuring passage of the 2018 Farm Bill before the end of the 115th Congress. NAWG worked closely with the House and Senate Agriculture Committee to provide input on areas of the conference negotiations that were impactful to wheat farmers. We continued to communicate and meet regularly as a part of an informal Farm Bill Coalition on the efforts to complete a Farm Bill as well.

The efforts proved successful with a conference agreement between the House and Senate Agriculture Committees being announced on November 29th. On December 11th, the Senate voted on the Farm Bill Conference agreement with it passing on an overwhelming bipartisan vote of 87 to 13. The following day, December 12th, the House took up the conference agreement and also passed it with large support in a vote of 386-47. On December 20th, NAWG President Jimmie Musick was invited to Washington D.C. to be a part of the ceremony of President Trump signing the 2018 Farm Bill into law.

NAWG saw notable achievements with the passage of the 2018 Farm Bill. In Title 1 of the Farm Bill we saw improvements to the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. Farmers will have an opportunity to choose between ARC and PLC in 2019, and then beginning in 2021, farmers will have the option to choose between programs every year moving forward. Further administrative improvements to ARC include a requirement that RMA yield data be the first source used if available and that the physical location of a farm be used to determine which county payment rate applies to that specific farm. The new bill also increases the plug yield used in ARC, enables producers the option to update their PLC yields in 2020, and enables the reference price for both programs to increase if market conditions improve.

Farm Bill, Ag Appropriations, Transportation, and Tax

Additionally, USDA will be required to publish payment rate information within 30 days of the end of the marketing year, giving producers more certainty and predictability of support levels. Title II of the Farm Bill, Crop Insurance, also had some positive changes for wheat farmers. The Conference report mandates research and development by the U.S. Department of Agriculture to improve crop insurance for wheat quality losses. Additionally, it fixes the 508(h) reimbursement process for the creation of new crop insurance policies, enables enterprise units to cross county lines, and ensures summer fallowing producers that use cover crops can continue to be classified as summer fallow producers.

CROP INSURANCE COALITION ACTIVITIES

NAWG staff continue to participate in activities of a broad crop insurance coalition comprised of most of the national agricultural organizations as well as groups representing crop insurers. The coalition was successful at fending off attacks to the crop insurance system in both the House and Senate Farm Bill debates as well as in the final conference agreement. On October 23rd, the Coalition had a meet and greet with RMA administrator Barbre. Looking forward to the next quarter, the Coalition will likely spend time meeting with new Members of Congress about crop insurance and its importance to the broad coalition.

FY 2019 AGRICULTURE APPROPRIATIONS/BUDGET

With 5 of the 12 appropriations bills signed at the end of the last quarter, NAWG was hopeful for more movement on the other 7 bills, specifically the Agriculture Appropriations Bill. However, as the end of the calendar year approached, President Trump and many Republicans demanded border wall funding to be included as part of the Homeland Security appropriations bill. Democrats were opposed to this and it stalled the movement of the other appropriations bills. On December 21st, the government entered a partial shutdown which would continue into the next quarter. NAWG remained active during the shutdown, advocating for it to come to an end and providing up to date information about the shutdown impacts on producers. In particular, NAWG actively stayed up to date on how the shutdown impacted USDA operations and communicated these impacts as we received them.

Over the next quarter, NAWG will continue to advocate for the Ag Appropriations bill to be passed. Additionally, we expect the President's budget request for the next year will be released in the next quarter. It is typical that the President's budget will show cuts to important agricultural programs and although the President's budget is rarely enacted, NAWG will respond accordingly should cuts be presented.

TRANSPORTATION

NAWG has continued to participate as part of the Rail Customer Coalition (RCC), Ag Transportation Working Group, Rebuild Rural coalition, the Waterways Council Inc., and other independent efforts on several issues. NAWG has also continued to participate as part of BNSF's Ag Rail Business Council, which gathers twice a year (most recently in Washington, D.C., in September) and includes staff and farmer representatives from several agriculture organizations and farmer leaders from various regions of the country. BNSF has sought out input from the countryside about rate and service issues and conversely also communicates to the participants business updates.

Farm Bill, Ag Appropriations, Transportation, and Tax

WHEATPAC

The end of the calendar year will also draw close to the 115th Congress. In total, the WheatPAC gave over \$67,000 to Congressional candidates in the last cycle and plans to build on that in the 116th Congress. Early on in the next quarter, NAWG will put together a budget for the PAC for the 116th Congress and will be in contact with state associations and the Board of Directors for guidance as that is put together.

Environment and Renewable Resources

NAWG Environment and Renewable Resources Committee met in Tampa, Florida in October. The committee review action on the Farm Bill, discussed minimal effects determination provisions, and positioning on Farm Bill conservation programs. The committee heard from Lee Hall, Bayer, regarding the European Union's change to the maximum residue level for Chlorpyrifos Methyl which effectively ends the use of Chlorpyrifos Methyl (Storicide II) on any grain being shipped to the EU. The committee also had a brief discussion of Endangered Species legislative efforts, with several proposal introduced in the House and a discussion draft circulating in the Senate.

FARM BILL

The Farm Bill conference and final conference report were the focus of the of the quarter. The conference report was released on December 10th and quickly approved by the House and Senate and signed by the President 11 days later. NAWG developed a detailed [summary](#) document that can be found on the farm bill section of website. The conservation provisions took steps to consolidate the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP), but in the end retained both programs. EQIP will include new stewardship payments and there will be increased funding for the program. CSP enrollment will be altered to allow for competitive application for new and renewing contracts, removing the cap on contract renewals.

The Conservation Reserve Program was also continued with expanded acreage up to 27 million acres. USDA is directed to allocate 60% of available acres each year for enrolling in the conservation reserve based on historical state enrollment rates (FY07-16 enrollment). Rental rates are capped at 85% of country rental rates for general sign up and 90% for continuous sign up. State FSA committees can also recommend alternative rates with supporting information. The bill also expands the CRP haying and grazing provisions and adds two new pilot programs – CLEAR 30 for 30-year contracts for buffer type practices and a Soil Health Income Protection program that is specific to the Prairie Pothole region and limited to 50,000 acres and has a limited sign-up timeframe.

PESTICIDES

NAWG participated in a wheat supply chain discussion about glyphosate residues on wheat. The discussion, hosted by the North American Millers Association focused on research into the movement of glyphosate, residue testing, and sharing information. The group did not take formal positions, but agreed to continue to share information and continue discussion on pesticide residue issues. The glyphosate lawsuit related to California's Proposition 65 was not acted upon during this quarter. The court has stayed the litigation until other related court cases can be heard. We expect more action in 2019 or 2020, based on the court's scheduling and ruling in two related cases.

NAWG also worked with our crop protection company partners seeking passage of the Pesticide Registration Improvement Act. The bill passed in the House, but did not pass the Senate prior to the end of the 115th Congress. In addition, efforts on Endangered Species Act consultation related to pesticide registration and registration review continued. The final Farm Bill included Inter-Agency work group between EPA, USDA, and the Departments of Interior and Commerce, and the Council on Environmental Quality, requiring a report back to Congress on the progress in developing a strategy to improve the Endangered Species Consultation process.

Environment and Renewable Resources

WATERS OF THE UNITED STATES

The Environmental Protection Agency and the U.S. Army Corps of Engineers released a revised Waters of the U.S. regulation in December. NAWG Environment Committee Vice-Chair Eric Spates attended the announcement in Washington, DC. The regulation was released and posted on the EPA website, but was not officially posted in the Federal Register prior to the Federal Government shutdown in late December. The government shutdown impacted immediate next steps on regulation, including a public meeting scheduled for January. Once the regulation is printed in the Federal Register, there will be a 60 day comment period. The NAWG Environment and Renewable Resources Committee is expected to review and develop comments on the regulation.

WETLAND/HEL COMPLIANCE

USDA's Natural Resources Conservation Service released an interim final regulation to make changes to the wetland and highly erodible land conservation compliance regulations. The changes include updating definitions, including a new "best drained condition" definition, specifying precipitation data range, clarifying that determinations can be made on field or sub-field levels, not just tract level determinations, and several other provisions. The rule does not provide needed specification and practice identification for minimal effects wetland exemptions. The regulation is open for public comment for 60 days and the NAWG Environment Committee is reviewing the regulation and will develop comments for NAWG to submit.

SUSTAINABILITY

The Field to Market Board met in October to continue action on the Strategic Plan to guide Field to Market for the next three years. During this quarter, NAWG stepped into a temporary position on the Field to Market Executive Committee, filling a position that was left vacant due to a staffing change. NAWG also continued to represent wheat growers on Field to Market committees and at the General Assembly. NAWG Secretary David Milligan attended the Sustainability Summit in Denver, CO in November. This event brings together representatives from several crop and livestock groups to focus on food chain sustainability efforts. During the meeting, ADM/Agribility/General Mills' Southern Plains wheat supply chain project in Kansas was awarded Field to Market's [Collaboration of the Year](#).

SOIL HEALTH PARTNERSHIP

The National Wheat Foundation continued working on wheat grower participation in the Soil Health Partnership (SHP). SHP underwent staffing changes in 2018 that resulted in delays in some work, but during this quarter NWF, SHP and General Mills held a meeting to plan out future actions and fulfillment of the General Mills Foundation grant to the NWF.

Research and Technology

Fall Wheat Conference, Research & Technology Committee and NAWG Board meeting 10/29 – 11/2

Key for the Research & Technology NAWG policy is to have identified critical production issues in wheat needing research attention. At the Fall Wheat Conference, the Research and Technology committee identified and agreed upon this production issues. These research needs will be represented by NAWG staff during congressional meetings and visits pertaining to research funding policy development.

Here is a summary of the R&T Committee's input:

- Diseases (Fusarium Head Blight, Wheat Streak Mosaic Virus, Rusts, Barley Yellow Dwarf Viruses, Powdery Mildew
 - Other diseases (Sharp Eye Spot, TakeAll, Soil Born Mosaic Virus)
- Insect Pests - Wheat Stem Sawfly (expanding into NE, CO, ID), Aphids, Hessian Fly, Nematodes, Wireworm, Wheat Curl Mite, Orange Wheat Blossom Midge
- Resistant Weeds in Wheat - Lambsquarter, Italian & feral ryegrass, Palmer Amaranth, Kochia, Russian Thistle, Goat Grass, Maretail
- Other areas of interest:
 - Abiotic stress- drought, high rainfall, heat, low pH tolerances
 - Enhanced breeding- speed to market for varieties with increased disease resistance
 - Nitrogen use efficiency and general nutrient management technologies
 - Integrated Pest Management Improvements
- Equipment Improvement –
 - Planting (trying to singulate wheat, depth control- work to improve uniformity)
 - Harvesting – more on the go evaluation needed for wheat quality
 - Protein measurements on the
 - Falling number (ON the go technology for combine needed for growers to measure quality)
- Fusarium Head Blight (Head Scab) mycotoxin “Deoxynivalenol” (DON) testing on farm

Wheat Industry Leaders of Tomorrow, NAWG's Annual Leadership Training Program for Members – 11/11 – 11/15, St. Louis, Missouri

This year's executive training session was well attended and was presented a robust agenda by NAWG's host, Bayer CropScience/WestBred. Agenda items were covered in depth by experts in the subject matter. I encourage all State Associations to highlight this Executive Training Class with

Research and Technology

aspiring wheat leaders within your respective State organizations.

Topics

1. DiSC Training, Alejandro Cornejo, People Leader Effectiveness and Change Management Specialist, Bayer
2. Josh Tonsager, Steve Joehl, Caitlin Eannello – NAWG Staff - The Structure of the Wheat Industry and Key Trade Organizations/Key Issues Facing Wheat
3. Josh Tonsager, Directory of Policy - Lobbying Training
4. Agriculture Policy, Dr. Jonathon Coppess, Clinical Assistant Professor of Law and Policy, University of IL
5. Wheat Industry Engagement in Support of Research and New Technology – Dr. John Pitkin, Jeff Koscelny, Dan Urnikis, Bayer CropScience; Steve Joehl, NAWG
6. Tour of Monsanto's Chesterfield Village Biotechnology Research Facility
7. The Status of New Technology in Wheat and Bayer's Wheat Business- Dr. John Pitkin, Global Disease Management Lead, Dr. Jeff Koscelny, Wheat Commercial Lead, Tom Wehmeier, Climate Regional Sales Manager, Bayer CropScience
8. Media/Effective Communications Principles & Media Training - Dan Fields, Fleishman-Hillard
9. Consumer Trends, Food and Ag Issues and Shared Values - Donna Moenning, Center for Food Integrity
10. Issues Management/Coalition Building/Social Media – Wesley Matthews, Social Media Manager, Caitlin Kerfin-Smith, Corporate Social Media Outreach Community Manager, Rachel McGrew, Global Corporate Social Media Manager – All Bayer CropScience

Thank you to the list of participants at this year's class. All of them were eager listeners and very willing to participate in discussions on each topic.

Attendees: Madison Andersen, CO, Dennis Haugen, ND, Mitchel Konen, MT, Matthew Kreuger, MN, Justin Place, ID, Brian Starkebaum, CO, Amanda Spoo, VA, Steve Joehl, NAWG; Caitlin Eannello, NAWG, Josh Tonsager, NAWG.

National Wheat Improvement Committee Meeting – 12/5/2018

NAWG participated in the National Wheat Improvement Committee meeting on December 5th. Steve Joehl, NAWG's Research Director, serves as the Secretariat for the committee, a group of wheat technical experts (breeders and cereal grain pathologists) available to consult on emerging issues pertaining to wheat. It is also a Committee of wheat experts responsible to represent wheat issues on a national level to Congress, USDA and other stakeholders.) Chairman is Dr. Robert Zemetra, Oregon State University and Vice Chair is Dr. Eric Olson, Michigan State University.

Research and Technology

In the daylong meeting held after the SCAB Forum in St Louis, MO., the NWIC discussed emerging wheat issues that have resulted from the previous year's crop. This committee serves to list wheat research needs to highlight during the March NWIC fly-in. This is the only annual meeting held by the group, and provides guidance to NAWG for research on a national level. Issues identified at the meeting to be considered for highlighting during the Research Fly In, which has been set for March 24-26, 2019, include:

1. Increased funding for the SCAB Initiative
2. Completion of Small Grains Genomic Initiative funding
3. Encourage the backfilling of vacant positions within USDA-ARS
4. To thank Congress on recognizing the need to fund Falling Number Research in 2018 at \$1M.

The Agriculture Improvement Act of 2018, the Farm Bill, signed into law

On December 20, 2018, President Trump signed the Bill into law. Wheat received a favorable increase for the US Wheat and Barley Scab Initiative, with an increase in the authorization to \$15M (from \$10 M) and a program-specific cap on Indirect Costs of 10% of funds provided by a grant for carrying out research under the Title.

These were two areas NAWG and the National Wheat Improvement Committee focused during Congressional discussions that needed attention. Congress came through on the requests by increasing the authorization and putting limits on Indirect Costs that would be charged against research grants. These two improvements into the Title will insure Fusarium Head Blight (Head Scab) research funding is preserved for the life of the new Farm Bill.

International Trade

USMCA

On November 30, 2018 the United States—Mexico—Canada (USMCA) trade agreement was signed by the President of the United States Donald Trump, then-President of Mexico Enrique Peña Nieto and Prime Minister of Canadian Justin Trudeau. The negotiation process started to modernize the current North American Free Trade Agreement (NAFTA) text, the final USMCA trade agreement would replace the original NAFTA language text once ratified.

All three countries will need to ratify the new agreement through their own internal process. For the US this means the House and Senate will need to consider and vote on the text. The expectation is that the vote will take place in March or April. However, our government also has to provide a list of laws that will need to be changed in order to comply with the trade agreement and the International Trade Commission (ITC) will need to produce a study of the agreement's economic impact by March 14th.

USMCA did include some important provisions for wheat. It continues the duty-free access for most agricultural products, including wheat and the hope is that loyal purchasers of U.S. Wheat in Mexico will have some of their concerns eased. There also were provisions to improve grain grading in wheat. This is a welcome first step to creating equal access for wheat on both sides of the border. This change should allow U.S. farmers growing Canadian-registered varieties to sell their wheat in Canada and receive the same price as Canadian-grown wheat. USMCA also built upon NAFTA's human, plant and animal health and safety standards to better ensure science-based decision making, improve transparency, prevent trade disruptions, and create a technical consultations mechanism to resolve issues between countries.

Steel and Aluminum Tariffs

The Trump Administration has placed Section 232 Tariffs on several countries including Canada and Mexico which has resulted in retaliatory tariffs on many US goods. At this point wheat has not been a target of these retaliatory tariffs from Mexico and Canada. The Trump administration has characterized the 232 tariffs as being a separate issue from USMCA but Mexico and Canada have seen these as closely related.

JAPAN

The administration has announced they intend to negotiate a bilateral trade agreement with Japan. Japan is the top market for US wheat exports on average. However, with CPTPP ratified on December 30, 2018 without the U.S. our competitors, Canada and Australia, will receive a decreased mark-up on their wheat which we predict will reduce our market share from 50% to 23% if another deal is not made.

CHINA

NAWG has been supportive of holding China accountable for their trade violations through the WTO process to uphold fair trade practices but has stated we should not open ourselves to damaging retaliatory trade practices or start trade wars that hit agriculture first. In 2017, the U.S. exported 61 million bushels of wheat (worth \$450 million) to China. In 2018, after U.S. applied tariffs to China, Chinese customers stopped making new purchases of U.S. wheat. At the end of 2018 no purchases of U.S. Wheat were made in China from March-December, resulting in an estimated loss of one million tons.

Towards the end of 2018, President Trump and Chinese President Xi met and discussed tariffs and trade concerns however no immediate results were made. The US and China have scheduled

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additional meetings to discuss ways to end the trade war.

There also is a WTO case pending against China for their support of their commodities, including wheat. The ruling has been made known to the countries involved, however remains private for the time being. It is expected that China would try to appeal the final ruling. This would be problematic since we are getting down to the wire for the WTO appellate body to function as upcoming terms expire and the US has a block to confirm any new members. This would put any ruling on this case or future cases (think the TRQ case) in limbo. While the US may have initially won an appeal would halt that win until the appeal process is complete, meaning China would not be forced to make changes and the US could not retaliate. This is an unfortunate scenario that NAWG and USW have been warning the Administration and Congress about. This also comes as the US and China continue their 90-day trade talks, it may very well have an impact on those conversations as well.

FOOD AID

The passage of the 2018 Farm Bill included continuation of two food aid programs important to wheat. These include the Food for Peace program which continues to provide in-kind food aid as the base of the program and continues the 20 percent flexibility from the 2014 Farm Bill and authorizes the program at \$2.5 billion each year. The Food for Progress program continues to support countries that are looking to expand trade and bolster their agricultural economies. The final bill keeps commodity donations as the main part of Food for Progress but creates a pilot project to study the effectiveness of providing direct financial assistance for development projects.

Industry Partners Council

The NAWG Industry Partners Council (IPC) is comprised of representatives from our value chain partners who participate in the five levels of IPC engagement. Companies and organizations can achieve these levels through a single-funded NAWG program, project or a combination of multiple-funded NAWG programs or projects. Below are the FY2018-2019 IPC partners:



Science For A Better Life



U.S. CUSTOM HARVESTERS, INC.

