



Third Quarter Report January 1, 2020 to April 1, 2020

WWW.WHEATWORLD.ORG
202.547.7800

Letter from Chandler Goule CEO, NAWG

NAWG Officers, Board of Directors, State Executives and Members,

NAWG had a busy start to the FY20-21 third quarter. First, we officially relocated to our new office space the first weekend of January after the National Wheat Foundation sold its building in December 2019. Following that, NAWG and U.S. Wheat held their annual Winter Conference in Washington, D.C. During this time, we had productive committee meetings as well as a very successful Wheat 104 event and reception.

Following the Winter Conference, NAWG traveled to San Antonio, Texas for the 2020 Commodity Classic, where our officer team transitioned for the 2020-2021 year: Dave Milligan, President; Nicole Berg, Vice President; Brent Cheyne, Treasurer; Keffy Felty, Secretary; and Ben Scholz, Past President. We'd also like to welcome our newest board members and thank all those board members for their service who transitioned off the board this year as well.

In addition, the National Wheat Foundation (NWF) officer team transitioned for the 2020-21 year. The new NWF executive officer team includes David Cleavinger, President; Joe Kejr, Vice President; Bernard Peterson, Treasurer, and the board added Gary Broyles, who filled Wayne Hurst's seat. The NWF Board of Directors thanked Mr. Hurst for his years of service on the Board and dedication to the wheat industry.

To increase transparency and communication between NAWG and NWF, the NAWG Vice President and Secretary will now also serve as non-voting advisors on the NWF Board, and two NWF executive officers will serve as non-voting advisors on the NAWG Budget Committee.

These are just a few highlights from the FY20-21 third quarter. I would like to extend thanks to the NAWG Board of Directors and State Executives for all of their active participation this past quarter and am looking forward to closing out the fiscal year successfully.

Sincerely,

Chandler Goule



Regular Communications, Outreach, and Partnerships

The FY2020-2021 third quarter began with an issue around glyphosate. On Friday, February 24th, NAWG was made aware by our connections at Bayer of a [Q&A posted](#) on Kellogg's "Open for Breakfast" site. The Q&A included this statement: "although this practice is not widespread in our wheat and oat supply chains, we are working with our suppliers to phase out using glyphosate as pre-harvest drying agent in our wheat and oat supply chain in our major markets, including the U.S., by the end of 2025."

NAWG worked internally to see if certain states, specifically Michigan, were familiar with this new initiative by Kellogg's. They told us that they were not. Later in the week, NAWG received a media inquiry from Laura Reiley at the *Washington Post* looking for a statement from NAWG re the Q&A. Reiley's piece which included her interview with NAWG can be accessed here: [Kellogg's commits to reducing widely used herbicide in supply chain. But farmers didn't know about it.](#)

NAWG reached out to Kellogg's who became aware of the *Washington Post* piece. Kellogg's was open to starting a relationship and agreed to publish suggested edits to its Q&A from NAWG. NAWG and Kellogg's continue to be in touch.

NAWG/USW also held its annual Winter Conference during the third quarter. As we did for the 2019 Winter Conference, NAWG partnered with WAMU on radio advertisement which aired twice every morning between 1/12 – 1/17/20. The purpose of the ads was to promote the winter conference and NAWG's hill day. Additionally, a NAWG ad was placed on WAMU's site here: <https://wamu.org/>. The ad garnered 50,004 impressions, 83 clicks, and a 0.17% CTR.

Also during the third quarter, NAWG celebrated the 2020 Classic which saw a record farmer attendance. During Classic, NAWG and the National Wheat Foundation welcomed in a new slate officers which is highlighted in a joint release [here](#). NAWG carried out several media interviews, many of which focused on Dave Milligan being the first grower from Michigan to ever serve as President of the Association.

During #Classic20, NAWG also sat down and spoke with Bayer's Brett Begemann. Begemann serves as a member of the Executive Leadership Team and as Chief Operating Officer for the Crop Science division of Bayer. The audio of the interview with accompanying blog is posted [here](#).

Additionally, during the third quarter, the Soil Health Partnership in conjunction with the National Wheat Foundation was able to add three new wheat sites in its network. With these additions, SHP promoted the news through several blogs on its "Digging In" blog page: 1) [Wheat sites expand, diversifying SHP program](#); 2) [Wheat trials evaluate soil health and environmental indicators](#); and 3) [National Wheat Yield Contest helping to build understanding of wheat's impact on soil health](#).

The National Wheat Foundation (NWF) also [launched](#) the 2020 National Wheat Yield Contest and resigned its contract with FLM Harvest to manage communications around the contest. FLM Harvest has really been a great asset and has worked closely with the Foundation to improve the value of the Contest for sponsors.

To round off the FY20-21 third quarter, the world was hit with Coronavirus, a novel, and potentially, deadly virus. It has impacted day-to-day activities resulting in mandatory stay at home orders. It has also shape the way we communicate with one another. NAWG handle several media inquiries around COVID-19 and its impact on wheat growers/ag and the supply chain.

Regular Communications, Outreach, and Partnerships

THIRD QUARTER NAWG AND NWF PRESS RELEASES

- January 15, 2020: [JOINT STATEMENT – Phase One Trade Deal Should Restore China’s Demand for U.S. Wheat](#)
- January 15, 2020: [NAWG Announces House Ag Committee Leader for its Wheat Leader of the Year Award](#)
- January 16, 2020: [JOINT RELEASE: U.S. Wheat Industry Applauds Senate for Passing the U.S. Mexico-Canada Agreement](#)
- January 23, 2020: [PRESS RELEASE: NAWG Applauds Release of Updated WOTUS Rule](#)
- January 29, 2020: [JOINT PRESS RELEASE: U.S. Wheat Industry Applauds the Trump Administration for Signing the U.S. Mexico-Canada Agreement into Law](#)
- February 03, 2020: [PRESS RELEASE: NAWG Applauds Administration for Releasing Final Round of MFP Payments](#)
- February 10, 2020: [PRESS RELEASE: NAWG Voices Concern About President’s 2021 Budget Proposal](#)
- February 18, 2020: [PRESS RELEASE: The National Wheat Foundation Officially Opens its 2020 National Wheat Yield Contest](#)
- February 27, 2020: [PRESS RELEASE: NAWG and the National Wheat Foundation Name New Board Officers at the 2020 Commodity Classic](#)
- March 20, 2020: [PRESS RELEASE: NAWG Welcomes News of Large Wheat Purchase by Chinese Buyers](#)

Farm Bill, Ag Appropriations, Transportation, and Tax

With the unfortunate circumstances surrounding the COVID-19 pandemic NAWG made the difficult decision to cancel its annual National Wheat Improvement Committee fly-in, which was scheduled for March 29-31. Staff have been working closely with the states, industry, Capitol Hill, and administration in crafting a disaster response that addresses and reflects the concerns raised by agriculture.

Heading into the upcoming quarter, NAWG will continue to educate Members of Congress on our FY2021 appropriations priorities, work on Farm Bill implementation, monitor new and emerging trade developments, and engage with Capitol Hill and the Administration on a potential COVID-19 Phase IV relief package and provide perspective on how this pandemic is impacting growers.

COVID-19 RESPONSE

Since states have begun to issue emergency declarations and further declarations have been made at the federal level, NAWG has been proactively seeking feedback from states on how the COVID-19 pandemic has been impacting growers and the farm economy. Additionally, NAWG has been engaged with the entire agricultural supply and value chain – as well as the Administration and leaders in Congress – on understanding how this pandemic is impacting agriculture and formulating a federal response that is attentive to the needs of producers. Specifically, NAWG has been participating in near-daily conference calls and video conferences with policy makers and industry partners to convey the challenges we've been hearing from our membership.

To date, three COVID-19 related packages have been enacted into law to stimulate the economy and shore up social safety nets as large sections of the workforce have been furloughed or put out of a job. Additionally, the most recently enacted package includes \$14 billion for replenishing the CCC and several provision within the Small Business Administration that may be of use for farmers and ag/rural businesses affected by COVID-19.

2018 FARM BILL IMPLEMENTATION AND DISASTER AID

During NAWG's Winter Board Meeting, on Thursday, January 16, members participated in their annual lobby day on the hill, where they visited with their Congressional delegations and staff to present wheat leadership awards and discuss critical issues related to the production of agriculture. Additionally, in January, NAWG's contingent with Syngenta's Leadership at its Best (LAIB) program conducted a series of hill visits to discuss the economic conditions in farm country, importance of maintaining Farm Bill programs, and the importance of expanding our export markets.

Throughout the winter and spring, NAWG continued to work on implementation of the Farm Bill as well as on disaster relief, given language that was in the FY 2020 appropriations bill that NAWG pursued to enable quality loss and losses from excessive moisture to be covered under the Wildfires and Hurricanes Indemnity Program Plus (WHIP+). Regarding WHIP+, NAWG hosted meetings with other ag groups and with USDA to discuss possible options, given input provided from our state associations. We looked back to previous programs that included quality loss coverage, including the SURE program and quality loss in early 2000s ad hoc disaster programs. As part of this process NAWG also provided several real-world examples of quality discounts that were experienced to be used by USDA in evaluating different options. Implementation of this program will continue into the fourth quarter.

Farm Bill, Ag Appropriations, Transportaion, and Tax

Regarding Farm Bill implementation, NAWG continued its engagement with USDA RMA on implementation of a new quality loss option in crop insurance to enable producers to drop poor quality years from their APH, an option which would have premium impacts. Additionally, ARC/PLC election decisions for the 2019 and 2020 crop years took place and NAWG worked with USDA and stakeholders to ensure stakeholders could have access to resources for making decisions.

NAWG staff has continued regular engagement with the House and Senate Agriculture Committee staffs on a variety of issues, including 2018 Farm Bill implementation, the Grain Standards Act, and outlook for upcoming Committee hearings.

RESEARCH

In February, NAWG participated in a preliminary stakeholder discussion related to the USDA's Agriculture Innovation Agenda. In follow-up to that discussion, Undersecretary Hutchins and USDA Agriculture Innovation Agenda Coordinator John Dyer held a video conference with NAWG in March to discuss further developments of the innovation agenda and opportunities for engagement in a request for proposal that USDA published on April 1. In general, the Agriculture Innovation Agenda seeks to increase ag production by 40 percent and decrease its environmental footprint by 50 percent through genome design, digital and automation, prescriptive intervention, and systems-based management. NAWG will consult with the Environment and Research Committee in the coming months to develop feedback.

In advance of a hearing in March, NAWG joined several other grower groups in sending a letter to Chairman Roberts and Ranking Member Stabenow of the Senate Agriculture Committee, which underscored our shared support for the development of new breeding methods and encourage interagency coordination among USDA, EPA, and FDA in providing legal certainty to foster new breeding methods and new gene edited plant varieties. The letter was entered into the Congressional record.

NAWG staff have been engaged in helping organize wheat's role in the National Predictive Modeling Tool Initiative (NPMTI), which is a \$5 million federal initiative first funded by Congress in December 2019 and is modeled after the U.S. Wheat and Barely Scab Initiative. Wheat is one of the five collaborators – along with National Agricultural Genotyping Center, Los Alamos National Laboratory, cotton and corn – and each collaborator has an opportunity to direct how research will be conducted with these funds. The overall goals of the NPMTI are to ensure crop sustainability and crop quality, to increase precision and potentially reduce pesticide use, to improve soil health through soil-borne disease quantification, and to improve disease management, thereby reducing yield loss. Staff have been engaged in regular calls with the five collaborators and members of the wheat research area committee to establish university partners and formulate research goals for wheat.

APPROPRIATIONS AND BUDGET ACTIVITY

In February, President Trump released his FY2021 budget, which officially kicked off the FY2021 appropriations cycle, whereby House and Senate appropriators will begin formulating how they envision each of the 12 appropriations bills to fund the federal government beyond September 30, 2020. Following the release of the president's budget, NAWG staff provided a detailed breakdown to the states and board highlighting the continued cuts to agricultural programs. As NAWG has done in years past, we will continue to work to ensure these drastic programmatic cuts are not enacted by Congress.

In keeping with past years, NAWG organizes the National Wheat Improvement Committee (NWIC)

Farm Bill, Ag Appropriations, Transportaion, and Tax

fly-in during the month of March to lobby Congressional appropriators on top research related priorities, which for FY2021 included the U.S. Wheat and Barley Scab Initiative and a new Wheat Resiliency Initiative. While this fly-in was scheduled to take place from March 29-31, it was ultimately canceled due to the unprecedented nature of the COVID-19 pandemic.

However, NAWG staff continued to engage with appropriators throughout March by submitting appropriations requests for these programs to all House and Senate Ag Appropriations Subcommittee members and submitted official testimony to the subcommittee on behalf of NAWG President Milligan. In addition to the NWIC priorities, President Milligan's testimony sought protection for Farm Bill priorities like crop insurance and conservation tools, as well as advocating for the USWBSI and Predictive Modeling Tool, and MAP-FMD programs. In the coming weeks and months, NAWG staff will continue to engage Members and their staff on these programmatic requests.

TRANSPORTATION AND INFRASTRUCTURE

In January, NAWG staff participated in a USDA listening session where Deputy Secretary Censky provided an overview of a report published last year titled [*The Importance of Inland Waterways to U.S. Agriculture*](#). The report forecasts the impact of the U.S. economy and agricultural competitiveness in global markets and includes an analysis of varying levels of financial support for our inland waterways. The session entailed a robust conversation among stakeholders and various federal agencies underscoring the need for continued federal support and investment in maintaining our inland waterways to supplement overland transit and facilitate cost effective transportation and exports.

2020 DIETARY GUIDELINES

In January, NAWG joined a number of "Grain Chain" organizations in submitting written comments to USDA/HHS on our 2020 Dietary Guideline recommendations. These comments reflect the Grain Chain's dialogue in early December as well as include newly published research on both 1) Benefits of Grain Consumption in 6-23-Month-Old Children and 2) Significant Impact of Federal Policy on Whole Grain Consumption in School Meals. The comments also note the research being performed on behalf of the U.S. pasta industry regarding nutrient intake and diet quality, that is pending publication.

WHEATPAC

WheatPAC held its annual fundraising auction at Commodity Classic, where we raised over \$38,000 through our auction, heads-or-tails game, and registration fee. This was certainly the largest WheatPAC fundraiser in recent years. Our state and industry partners played a critical role in helping sponsor the event and provided many amazing auction items that contributed to this successful evening. While in-person fundraising has slowed considerably in March due to COVID-19, this has given us the opportunity to refine our fundraising strategy going into the summer.

Environment and Renewable Resources

ENVIRONMENT AND RESEARCH COMMITTEE

The NAWG Environment and Research Committee held two meetings this quarter in Washington, DC and during Commodity Classic in San Antonio, Texas. The committee discussed farm bill regulations, research priorities, pesticide regulations and legal actions and climate change discussions on Capitol Hill and the development of voluntary carbon markets. The committee reviewed NAWG policy resolutions and set the priorities for the year.

PESTICIDES

NAWG continued to engage in pesticide regulatory and legal issues surrounding glyphosate, chlorpyrifos and neonicotinoids. NAWG joined an amicus brief on the registration approval of chlorpyrifos and participated in discussions on the EPA released neonic mitigations measures document and open comment period. The NAWG Environment and Research Committee will continue to work to draft comments to EPA. NAWG also held discussions with Kellogg regarding their public statements on glyphosate. Regarding the Proposition 65 Lawsuit related to Glyphosate in California, paperwork has continued to be filed and actions were scheduled for June. It is unclear at this time what impact the COVID-19 situation in California will have on the case schedule.

FARM BILL IMPLEMENTATION

NAWG continued to engage in Farm Bill implementation during the drafting of regulations by the US Department of Agriculture. This quarter NAWG filed comments on the Conservation Stewardship Program, the Conservation Reserve Program and the Environmental Quality Incentives Program. FSA also announced the enrollment of 3.4 million acres under general sign up in March and NRCS is holding ongoing sign-ups for EQIP and CSP. The field offices were closed to face-to-face meetings, but growers should be able to sign-up for programs via phone appointments with USDA staff at local service centers.

SUSTAINABILITY

Field to Market released a [Pest Management Report](#) in February and the Grower sector filed comments on a potential pest management metrics in March. The sector stressed the need to avoid any type of metric that focuses on reduced pesticide use or specific active ingredients and instead look to efficiencies. Any description of the use of pesticides should also include benefits, such as the use of herbicides that facilitate no-till farming, use of cover crops and other soil enhancing and carbon sequestering practices.

CLIMATE

NAWG engaged in outreach on the Capitol Hill with meetings with committees and congressional staff regarding different legislative proposals and reports. NAWG presented the wheat growers perspective and helped to educate congressional staff on the impact of different policy approaches. By mid March, it was clear that draft legislation and reports would be delayed due to the focus on COVID-19.

SOIL HEALTH PARTNERSHIP

The wheat trials within the Soil Health Partnership continued and additional wheat team meetings and wheat protocols were addressed in February and March. February was also a time of focused wheat communications with three blog posts about the National Wheat Foundation's involvement in SHP, the grower test plots and the National Wheat Yield Contest. The blogs can be found here: <https://www.soilhealthpartnership.org/shp-blog>. COVID-19 has altered some of the activities and the ability to do some spring soil sampling, but the project is ongoing with remote communications.

International Trade

Throughout February and March, USDA and USTR announced various steps China has taken to implement the U.S.-China Phase One Economic and Trade Agreement. On February 25th, the two U.S. agencies noted that China announced their tariff exclusion process for imports of U.S. agricultural products and tariff rate adjustment reduction for specific agriculture products. Other implementation items included impacts to potatoes, poultry, pet food, facility approvals for exporting specific agricultural goods, feed additives and seafood industries.

On March 10th, the U.S. agencies provided an update that China's new tariff exclusion process went into effect on March 2nd and applications from importers are now available. Other implementation items included impacts to California nectarines, beef and beef products and facility approvals for exporting specific agricultural goods. On March 24th, the U.S. agencies released information that the China market-based tariff exclusion process is in effect and importers are reporting tariff relief on U.S. food and agriculture products. Other implementation items included impacts to poultry, beef, DDGS and animal feed.

In March, China also made their first major purchase of wheat since March of 2018. The purchase was 340,000 MT, or about 12.5 million bushels, of hard red winter wheat for the marketing year 2020/2021. This purchase falls within their TRQ of 9.64 million MT of which China has agreed to implement after the WTO case ruling.

NAWG has been engaged through the Farmers for Free Trade in sending a letter to Secretary Mnuchin, Majority Leader McConnell, and Speaker Pelosi requesting the suspension of tariffs during this time of economic uncertainty related to the COVID-19 pandemic. On March 25th, Farmers for Free Trade organized a call to action grassroots effort for farmers across the country to call their leaders in Congress and ask for this tariff suspension. At this point the USTR has put out a federal register notice for China tariff suspension on medical devices and healthcare items only.

In late March, the president also notified Congress of the Administration's intent to negotiate with Kenya on a Free Trade Agreement as part of the Trade Promotion Authority process. USTR will be required to publish their objectives for negotiations in the federal register at least 30 days before trade negotiations begin. While Kenya is not a big potential market at this time for U.S. wheat, such an agreement will set the stage for future trade agreements with other African countries. NAWG and USW will be engaged on this FTA process.

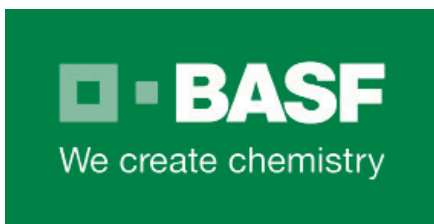
On January 29th, the President signed into law the U.S.-Mexico-Canada Agreement (USMCA). Then, in March, Canada ratified USMCA through their parliament process which was the last country that needed to ratify the agreement. This allows each country to start the USMCA implementation process which has been targeted for June 1st. However, with Coronavirus response, it is appearing that key deadlines will be missed, and the implementation date will need to be shifted back.

The Joint International Trade Policy Committee met during the Winter Wheat Conference in Washington, DC. The NAWG and USW joint committee heard updates on USMCA, Brazil TRQ, China and Iraq MOU by NAWG and USW staff. The committee also heard presentations on the WTO Appellate Body issue and the India domestic support study progress. The NAWG short- and long-term trade policy goals were also discussed by the committee to provide recommendations to the NAWG DTPC meeting at Commodity Classic where resolutions were reviewed.

FY2019-2020 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.

For more information on how to join, visit: www.wheatworld.org/about-us/industry-partners/



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