



*U.S. wheat farmers sell about half of their annual crops overseas, and the U.S. leads the world in wheat exports. Free and open trade is a priority for wheat growers and for NAWG.*



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## International Trade

### Essential to Wheat Farmers and the American Economy

Agriculture trade plays an important role in today's global economy and in the effort to feed hungry people at home and abroad. With the world's population expected to swell to nine billion by the year 2050, free and open trade will become even more important in the coming decades. Agricultural exports are forecast to reach a record \$145 billion in fiscal year 2013.

Nearly half of the wheat U.S. farmers produce is traded overseas, which has a direct effect on farm gate prices and many farmers' bottom lines. More than 20 percent of the world's total wheat exports come from the United States. Trade policies that improve market access and enforce commitments, as well as trade promotion programs that help U.S. wheat farmers teach customers about their products, are essential to continuing this success and increasing our exports in the future.

### Wheat's Trade Principles

NAWG works closely with wheat farmers and agriculture industry partners including U.S. Wheat Associates, the industry's export market development organization, to ensure policymakers understand the impact of trade policy on farmers, industry and the American economy. Our guiding principles in this area include:

- supporting high-level dialogue between officials and policymakers to help create strong free trade agreements that provide access to markets and strengthen our ability to protect U.S. wheat exports.
- supporting policies that make it easier to ship U.S. wheat abroad by alleviating barriers to trade.
- educating Members of Congress and other policymakers about the benefits to farmers and the economy of trade promotion programs, such as the Market Access Program (MAP) and the Foreign Market Development (FMD) program.

### Did You Know?

**About half of all U.S. wheat is exported each year, but in some states, the percentage is higher. About 60 percent of Oklahoma wheat goes overseas, as does 80 percent of Montana wheat.**

### Want to Know More?

Much more about NAWG's trade work is available online at [www.wheatworld.org/trade](http://www.wheatworld.org/trade).

# Trade Policy Priorities

NAWG and U.S. Wheat Associates, the industry's overseas market development organization, work together to fashion trade policy priorities for the industry. On a day-to-day basis, NAWG takes the lead on legislative lobbying activities while U.S. Wheat Associates primarily interfaces with administrative agencies.

The wheat industry's trade focus currently includes:

**TRANS-PACIFIC PARTNERSHIP (TPP) TALKS.** NAWG and U.S. Wheat Associates, which provides input to U.S. government officials during trade negotiations, support a comprehensive TPP agreement that provides improved market access and includes ambitious language

on modern trade issues. U.S. Wheat Associates also supports a sanitary-phytosanitary (SPS) chapter that includes measures going beyond commitments made at the World Trade Organization (WTO), as well as making new commitments enforceable. The organizations also support Japan, the Philippines and Indonesia joining the TPP framework.

**MAP AND FMD.** The U.S. wheat industry strongly supports full funding of \$200 million per year for the Market Access Program (MAP) and of \$34.5 million per year for the Foreign Market Development (FMD) program. These programs are authorized in the farm bill and provide cost-share assistance for market development efforts undertaken

by U.S. non-profit agricultural trade organizations, including U.S. Wheat Associates. See more about these programs in the breakout box this page.

**CUBA.** Cuba has the potential to be a good market for U.S. wheat exports, but U.S. policies result in millions of dollars in lost sales each year. The wheat industry strongly supports policy changes through regulations or legislation that would allow producers to tap into this market and help feed the Cuban people.

**FOOD AID.** U.S. government food aid is distributed by private voluntary organizations (PVOs) around the world as well as relief organizations such as the World Food Programme. A

broad spectrum of American society participates in the giving and handling of food aid, including the farming, processing, transportation and distribution industries. By using American-grown food in food aid, American hands and American infrastructure are involved throughout the entire operation, and we can ensure and stand by the quality of the food that is delivered. U.S. wheat farmers are proud to supply wheat for food aid, which typically represents the largest volume of food to these programs each year, and are committed to help countries attain lasting and sustainable food security.

**RELIABILITY.** U.S. wheat customers can depend on consistent quality and reliable delivery. Since the passage of the Grain Standards Act in 1916, the U.S. has been the pioneer in providing quality assurance to grain buyers. In their contracts, buyers can specify the traits they need to get the most value. Those contracts are backed up by the most professional and objective inspection system in the world. The U.S. Department of Agriculture's Federal Grain Inspection Service (FGIS) oversees impartial inspectors who sample, weigh, inspect and certify nearly every single wheat shipment exported from the United States. In addition, the U.S. Constitution does not allow export taxes to be levied, and other legislation provides guarantees to customers that the U.S. will not limit exports. These policies provide assurances to customers that the U.S. is the most reliable origin.

## FOCUS ON: MAP AND FMD

Export market development programs MAP (the Market Access Program) and FMD (the Foreign Market Development program) are among the most successful public-private programs undertaken by the federal government. They are also among the most misunderstood programs, often targeted for cuts by policymakers who don't fully understand how they work or their return on investment. Here are some important facts:

- MAP and FMD provide federal cost-share funds for farmer dollars allocated toward export development activities in overseas markets.
- Organizations receiving MAP and FMD funding, known as "cooperator" organizations, must participate in a rigorous annual application and evaluation process in order to receive funds.
- U.S. Wheat Associates is the wheat industry's cooperating organization. USW's total budget is \$17.6 million, with about \$5 million coming from farmers through state checkoff programs and \$12.6 million from MAP, FMD and other cost-share programs.
- USW operates 15 overseas offices and employs more than 80 staff members (60 based overseas) to reach wheat customers in every viable market in the world.
- A January 2010 economic analysis of wheat export market promotion showed U.S. wheat farmers received \$23 in net revenue for every \$1 they invested in export promotion between 2000 and 2007.
- The study also showed that every \$1 invested by wheat farmers and the government returns \$115 in gross revenue to the U.S. economy.
- The study showed total economic gain to the U.S. economy from increased market development activity of \$1.1 billion per year from 2002-2009.