



February 22, 2008

The Honorable Ed Schafer
Secretary
U.S. Department of Agriculture
1400 Independence Ave. SW
Washington, DC 20250
Sent by fax and U.S. Mail

Dear Secretary Schafer:

We understand that you may be approached in the coming weeks with a request to permit early-outs on Conservation Reserve Program (CRP) contracts and/or restrict wheat exports in order to address wheat shortages in the domestic wheat market. Our organizations publicly and wholeheartedly support the Administration's trade agenda and commitment to opening new markets and request that you continue to rely on the market to allocate scarce wheat supplies and dictate planting signals.

As Undersecretary Keenum has pointed out, USDA and its cooperators like U.S. Wheat Associates are in the business of promoting exports, not impeding them. The Department and US wheat producers have invested many years and resources to develop overseas markets for our wheat, which has benefitted the domestic industry by increasing supplies over domestic needs and allowing them greater selection opportunities in their purchases. As a result of this effort, the US wheat industry has earned a valuable reputation as the world's most reliable supplier. Responding to a short-term supply crunch by restricting exports would be ill-advised, counter to US policy precedent and would undermine the reputation of our industry after years of investment in market development. We must give all our customers access to US wheat, regardless of where they reside.

Moreover, our organizations recognize current US policy and law prohibiting consideration of agricultural export restrictions except under the most compelling circumstances and only when the President declares a national emergency. We do not find ourselves in either of those situations at the present time.

Previous cycles have proven the old economic truism that the cure for high prices is high prices. Global wheat production will assuredly expand in response to these prices; this is the time-honored way for participants in a free market to recruit more wheat production. And for those who do not wish to be at risk in the spot market, hedging via the futures market and contract production are common mechanisms to address that risk.

Some have suggested that CRP acres should be released from their contracts to provide more productive land to address supply issues. NAWG has not taken a formal position on the early-

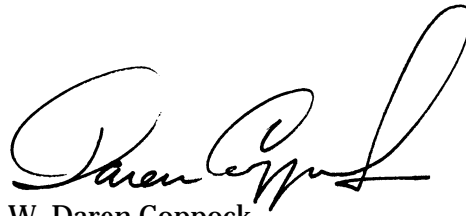
out of CRP contracts, though our members do believe in the sanctity of contracts. Producers and USDA entered the CRP contracts knowingly and both understood the terms. When those contracts are up for renewal, landowners will be able to make a choice between renewing CRP contracts and bringing those acres back into production in the then-current market environment.

We appreciate and fully support the Administration's commitment to free market principles and encourage you to maintain your position relative to proposed interventions in the market for wheat.

Sincerely yours,



Alan T. Tracy
President
U.S. Wheat Associates



W. Daren Coppock
Chief Executive Officer
National Association of Wheat Growers

C: Undersecretary Mark Keenum
House Committee on Agriculture
Senate Committee on Agriculture, Nutrition & Forestry