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Canada's Expression of Interest in the Trans-Pacific Partnership Trade Negotiations USTR-2011-0019

The free and fair flow of trade is essential to U.S. wheat producers as exports account for about half of their annual wheat production. In the most recent 2010/11 marketing year (MY), the United States exported over 35 million metric tons (MMT) of wheat, more than half of our annual production, which was valued at over \$10.2 billion. World wheat trade in 2010/11 reached 132 MMT, with the United States accounting for nearly 27 percent of global exports.

U.S. wheat producers support the Trans-Pacific Partnership (TPP) negotiation. U.S. wheat exports to the eight current TPP partners totaled almost 2.0 MMT in MY 2010/11. Of those countries, almost 1.5 MMT went to countries with which the United States already has a free trade agreement. U.S. wheat producers do not stand to gain substantial new markets as the TPP membership currently stands; however, the industry recognizes and applauds the goal of making TPP the basis for a larger trade framework to include other countries, such as Asia Pacific Economic Cooperation (APEC) member countries. Expanding the TPP membership to this degree would create opportunities for U.S. wheat producers and companies associated with wheat exports. The Asia-Pacific region has long been a significant destination for U.S. wheat. In MY 2010/11, the 21 APEC countries imported more than 13.8 MMT of wheat, valued at \$4.1 billion. TPP membership should also be open to non-APEC countries that can meet the high standards set forth in an agreement.

The United States currently imports wheat from Canada and is routinely Canada's largest wheat export market. However, U.S. wheat does not flow north at the same rate. In MY 2010/11, the U.S. imported 1.8 MMT of Canadian wheat, valued at \$496 million, but the U.S. only exported 55,100 metric tons to Canada, valued at \$16.7 million.

The Government of Canada recently adopted legislation eliminating the long-held monopoly of the Canadian Wheat Board (CWB), allowing for a transition to a competitive and open market by August 2012. The CWB monopoly has long served as a trade barrier into Canada and has distorted trade in third-country export markets. The U.S. wheat industry encourages the Administration to ensure that the process of phasing out the CWB monopoly occurs smoothly and allows for a more transparent, open and market-based Canadian wheat market.

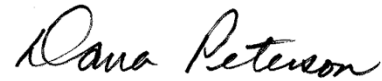
U.S. wheat producers support the TPP, and encourage the Administration to welcome Canada into this comprehensive agreement, if Canada agrees to resolve trade policies that hinder free trade. Canada must commit to making tough reforms to their own agricultural policies. U.S. wheat producers are hopeful that the Canadian government is ready to make necessary changes and we urge all parties to work quickly to reach agreement on participation terms. An APEC-wide Trans-Pacific Partnership will create new jobs and economic opportunities for U.S. wheat producers.

Sincerely,



Alan T. Tracy
President, USW

Sincerely,



Dana Peterson
CEO, NAWG

U.S. Wheat Associates (USW), the wheat industry's export market development organization, conducts training and provides information to customers in more than 100 countries on behalf of U.S. wheat producers. USW's activities are funded by producer check off dollars managed by 18 state wheat commissions and cost-share funding from the Market Access Program (MAP) and Foreign Market Development (FMD) program administered by USDA's Foreign Agricultural Service. USW works on behalf of U.S. wheat farmers to increase wheat exports by collaborating with foreign government officials and industry representatives to address market constraints and opportunities.

The National Association of Wheat Growers (NAWG) was founded more than 60 years ago by producers to work together for the common good of the industry. Today, NAWG works with its 21 state associations and many coalition partners to unite the wheat industry on issues as diverse as federal farm policy, environmental regulation and the future commercialization of biotechnology in wheat.