



First Quarter Report July 2018 - October 2018

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Letter from Chandler Goule CEO, NAWG

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

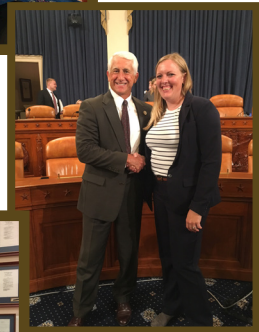
NAWG kicked off the first quarter of FY2018-2019 with association business specifically focused on NAWG's priorities trade and the farm bill conference process. During congressional recess in July and August, NAWG staff and I continued to meet with House and Senate Ag Committee staff as well as other key congressional staff to continue pushing for the reauthorization of the farm bill and ensure that NAWG's positions are being heard.

In September, NAWG hosted its annual fly-in where our NAWG Board of Directors and State Executives attended a variety of meetings on Capitol Hill. In addition, our members experienced an informative briefing by Peter Bachman, Office of the Secretary, USDA; Brad Karmen, FSA Farm Programs; Bill Cobb, FSA Farm Loan programs; Keith Gray/RJ Layher, RMA Administrator's Office; Mike Davis, RMA Risk Management Services; and Jimmy Bramblett, NRCS Programs. Thank you to all of our board members and state executives who traveled to Washington, D.C. Your participation led to a very productive and worthwhile experience for all participants, and everyone's participation helps move NAWG forward for the benefit of wheat growers nationally.

Toward the end of September, I traveled to CropLife America's Government Policy Weekend, where I was able to have further engagement with a variety of Industry Partnership Council members. Toward the end of the month, I attended the Friends of the National Arboretum Annual Board Meeting, which further enhances NAWG's Industry Partnership Program. In October, President Musick and I traveled to St. Louis, MO to attend the biannual Grower Advisory Council Meeting, where I continued to discuss the organization's mission and priorities.

Thank you for all your continued support to advance the mission of NAWG!

Chandler Goule



Regular Communications, Outreach, and Partnerships

The first quarter kicked off with NAWG and U.S. Wheat Associates participating at the Maryland Commodity Classic held on July 26th. The Classic was hosted by the Maryland Grain Producers Association, Maryland Soybean Board, Maryland Grain Producers Utilization Board, and Mid-Atlantic Soybean Association. NAWG's Director of Communications Caitlin Eannello and USW's VP of Communications Steve Mercer had a joint table at event.

In early August, the National Wheat Foundation's Success Files segment aired twice during primetime on the Fox Business Network. NAWG has copies of the commercial and full segment clips which are available upon request.

Additionally in August, the Soil Health Partnership (SHP) launched a new 2018 social media campaign to spread the word about soil health and the innovative management practices that make a difference. Using #SoilSmart, NAWG and NWF helped push out related content. A reminder that NAWG is a member of the SHP.

In late August, NPR's KCUR station interviewed farmers on how they were impacted by the 1980s grain embargo and how this parallels to today's trade war with China. NAWG Past President and Kansas wheat farmer Paul Penner [was interviewed](#) for the piece and talked about the difficulties to regain market share once it is lost.

To close out August, NWF [published a blog](#) highlighting the great debate around crop insurance. The blog served as a pointer piece to a *Capital Press* article which covered interviews from representatives from the ag industry including NAWG CEO Chandler Goule and Secretary Nicole Berg.

For the month of September, NAWG and NWF celebrated whole grains month. In addition to pushing out content across our social media platforms, the Foundation [posted a blog](#) highlighting "Whole Grains Month" and the benefits of wheat. We posted a second [blog](#) which highlighted the work of a group of international scientists who successfully sequenced the genome of the wheat crop.

Since January, NAWG has been working with the North American Millers' Association (NAMA) and the American Bakers Association (ABA) about concerns they are receiving from their customers on glyphosate residues on wheat products. As a result, the NAWG/Monsanto/CropLife/NAMA/ABA glyphosate coalition was formed to tackle these issues. In short, Monsanto, CropLife, and NAWG have pulled our resources together, now housed on the [NAWG](#) and [NWF](#) sites, for NAMA and ABA to direct their members to, if they receive any question on how glyphosate is used by wheat growers. Additionally, NAWG developed a "Glyphosate Best Practices" [brochure](#) for wheat.

NAWG continues to hold print and radio interviews regarding the farm bill which has now expired and most likely won't be brought back up until after the November 2018 election. Additionally, Chandler and the officers have handled several interviews around trade, specifically the new U.S., Mexico, and Canada Agreement. Major outlets included *AgriPulse*, *Bloomberg*, *Capital Ag Press*, *RFD-TV*, and *the Wall Street Journal*. Additionally, *Capital Press* published an [opinion editorial](#) by NAWG President Jimmie Musick who discussed how wheat farmers are becoming long-term casualties of Trump's trade wars.

Lastly, in early October, the Foundation issued a release announcing that it is now accepting applications for the Jerry Minore Scholarship. This scholarship is done annually in conjunction with Bayer and supports students pursuing a career in agriculture.

Regular Communications, Outreach, and Partnerships

NAWG/NWF FIRST QUARTER PRESS RELEASES

July 06, 2018	NAWG/USW Joint Release: Trade Conflict with China Already Hurting U.S. Farm Families
July 06, 2018	NAWG/USW Joint Press Release: The Trump Administration Can Prevent the Threat of Wheat Export Losses Under CPTPP
July 24, 2018	NAWG/U.S. Wheat JOINT STATEMENT – Wheat Organizations Continue to Support an End to Trade War as Administration Offers Help for Farmers
August 01, 2018	PRESS RELEASE: NAWG Applauds Congress for Moving Forward with Farm Bill Conference Committee
August 27, 2018	NAWG Press Release: USDA Aid Package Fails to Consider All Commodities
September 13, 2018	JOINT RELEASE: NAWG and USW Welcome Attention on Trade Policy Risks and Opportunities
September 13, 2018	PRESS RELEASE: Wheat Growers Travel to Washington to Talk Farm Bill and Trade
September 28, 2018	PRESS RELEASE: NAWG Disappointed in Farm Bill Expiration; Calls on Congress to Provide Certainty to Farmers
October 01, 2018	Wheat Grower Organizations React to New Trade Deal with Canada and Mexico
October 02, 2018	PRESS RELEASE: The National Wheat Foundation Begins Accepting Applications for Scholarship Honoring Ag Students

NAWG/NWF FIRST QUARTER SOCIAL MEDIA HIGHLIGHTS

NAWG	FACEBOOK	TWITTER
Previous Quarter	2,631 Followers	6,804 Followers
Current Numbers	2,711 Followers	6,804 Followers
NWF	FACEBOOK	TWITTER
Previous Quarter	1,092 Followers	910 Followers
Current Numbers	1,160 Followers	966 Followers

Farm Bill, Ag Appropriations, Transportation, and Tax

July through September marked another quarter with many policy developments taking place. Following both the House and Senate passing their versions of the Farm Bill in June, we turned our focus towards the conference negotiations. Unfortunately, disagreement between negotiators ultimately led to the expiration of the 2014 Farm Bill on September 30, 2018.

In addition to the Farm Bill, the FY 2019 appropriations process has continued. After the House and Senate Appropriations committees approved FY 2019 Agriculture Appropriations bill in late spring, a minibus appropriations bill which included a continuing resolution for several agencies, including the Department of Agriculture, was signed by the President in late September. This allows USDA operations to continue at FY18 spending levels through December 7, 2018, at which point Congress will need to take further action on appropriations in order to avoid a shutdown of the Department of Agriculture and other federal agencies.

Heading into the upcoming quarter, NAWG will be continuing to advocate our Farm Bill priorities as well as pushing for the completion of a final conference report in a lame duck session following the election as well as continued work on FY 2019 ag appropriations.

2018 FARM BILL DEVELOPMENT

Following the House and Senate passing their respective versions of the Farm Bill in June 2018, NAWG turned our focus toward the Farm Bill conference negotiations. NAWG continues to participate in an informal Farm Bill Coalition, which is comprised of the major agriculture organizations in Washington, DC. The group continues to serve as opportunity to refine ideas about how to improve the commodity programs, crop insurance, conservation programs and other policy areas as well as to find areas where NAWG has partners on specific Farm Bill issues.

In addition, NAWG has continued to meet with offices on Capitol Hill. In mid-September, NAWG held a fly-in where we hit the Hill and met with Administration officials focusing on key Farm Bill conference negotiation issues as well as trade. NAWG members were able to visit with over 50 offices, including nearly all members of the Farm Bill conference committee, to discuss NAWG's priorities for the conference negotiations. Additionally, NAWG members were able to reiterate the detailed Farm Bill conference letter that NAWG sent to all conferees outlining NAWG's positions on numerous provisions within the House and Senate versions of the Farm Bill. The letter was created through a series of Domestic and Trade Policy Committee and Environment and Renewable Resources Committee conference calls, and final adoption by the full NAWG Board of Directors.

During the fly-in NAWG members were also pressing for the Farm Bill conference negotiation package to be concluded before the bill expired on September 30th. On September 30th, Senate and House Agriculture Committee leadership was unable to complete a final conference report with several outstanding differences between the House and Senate still being negotiated, leading to expiration. NAWG provided an internal background to members on what the expiration means for farm programs.

Farm Bill, Ag Appropriations, Transportation, and Tax

NAWG continues to push for the completion of a Farm Bill in the lame duck period after the 2018 midterm elections. As part of that process, we will communicate to the Hill and the public about the implications of expiration, including the uncertainty of what the farm support system will look like, lack of new sign-ups through conservation programs like CRP, and lack of funding for the Foreign Market Development (FMD) program.

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. The coalition continues to communicate about the importance of crop insurance and feels confident that a Farm Bill conference report will protect the crop insurance system. In addition to the Farm Bill, the coalition is looking forward to meeting with USDA Risk Management Agency officials in the upcoming quarter to discuss areas of improvement for the crop insurance system.

FY 2018/2019 AGRICULTURE APPROPRIATIONS/BUDGET

The House and Senate Appropriations committees approved FY 2019 Agriculture Appropriations bills in late spring, and the full Senate has acted on its version; however, Congress did not take action on a final agriculture spending bill before the end of the fiscal year. In late September, a minibuss appropriations bill was passed that included a continuing resolution for several agencies, including the Department of Agriculture that was signed by the President on September 21st. The continuing resolution will allow for USDA operations to continue at FY 2018 spending levels through December 7th, 2018. This provides more time for conferees to work on a separate minibuss appropriations bill that includes the FY 2019 Agriculture appropriations bill.

There are several important provisions in the FY 2019 Agriculture Appropriations bills including the U.S. Wheat and Barley Scab Initiative. The conference negotiations are working between the House appropriations bill which increased by \$14 million above the FY 2018 level and provides a \$23.27 billion discretionary budget which was higher than requested by Administration. In total the bill provides \$145.09 billion in discretionary and mandatory funding which is down by \$922 million from FY 2018, and the Senate appropriations bill which included funding of \$224 million above the FY 2018 enacted level but fell \$922 million short from the FY 2018 mandatory funding level.

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.

Farm Bill, Ag Appropriations, Transportation, and Tax

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.

WHEATPAC

During this last quarter, the WheatPAC was active and made contributions to the following individuals:

- Rep. Cathy McMorris Rodgers (R-WA)
- Senator Cindy Hyde-Smith (R-MS)
- Rep. Dan Newhouse (R-WA)
- Rep. Don Bacon (R-NE)
- Rep. Cheri Bustos (D-IL)
- Rep. Bob Gibbs (R-OH)
- Senator John Hoeven (R-ND)
- Rep. Jimmy Panetta (D-CA)
- Rep. Kurt Schrader (D-OR)
- Rep. Robert Aderholt (R-AL)

Environment and Renewable Resources

CROP PROTECTION TOOLS

NAWG continued to focus on ensuring wheat growers' use of glyphosate and other crop protection tools. NAWG Past president Gordon Stoner filed a declaration in NAWG's legal efforts against the State of California's Proposition 65. California Prop 65 in effect would require cancer warning labels on bread and other wheat-based products due to the potential of glyphosate residue. We had additional glyphosate conversations with the North American Millers and the American Bakers Association with Monsanto to answer questions about the use of glyphosate, regulation of pesticides and the safety factors built into the legal uses of glyphosate. As a follow-up from that discussion, NAWG and Monsanto also spoke with the American Bakers Association Technical Committee Meeting regarding glyphosate and shared the National Wheat Foundation's Brochure on the Uses of Glyphosate in Wheat production. NAWG also had a discussion about the Proposition 65 lawsuit with the New Zealand Embassy representatives, sharing our concerns about efforts to impact the use of glyphosate.

NAWG also engaged in action on Chlorpyrifos (Lorsban). In August, the 9th Circuit Court of Appeals directed the EPA to revoke all tolerances and cancel all registrations for chlorpyrifos within 60 days. This action was precedent setting, with the court directing EPA to take action on a specific chemical. NAWG joined several other agriculture organizations in requesting that the EPA and USDA ask for a rehearing in this case. The EPA did ask for the rehearing in September.

NAWG also filed comments on the biological opinions issued under the Endangered Species Act for Chlorpyrifos, Diazinon and Malathion. The EPA is required to consult under the ESA during registration review of all pesticides, however the process is broken, resulting in unrealistic alternatives and mitigation efforts. NAWG continues to work for a workable ESA review process for pesticides and met with Acting EPA Administrator Andrew Wheeler to ask for EPA support in working with the Department of Interior and the Department of Commerce to develop a better review process and stress the importance of this issue to wheat growers.

FARM BILL – CONSERVATION

With the Farm Bill reauthorization process well underway, NAWG worked with Congressional Staff on NAWG positions and worked with NAWG Board members to establish conference committee priorities for the association. NAWG staff circulated comparisons of the House and Senate passed Farm Bill Priorities and the NAWG Environment and Renewable Resources Committee held two calls to review the conservation titles of both bills and identify areas of focus for NAWG outreach as the Conference Committee worked to resolve the differences between the two bills. The NAWG Board passed the recommendations of the Environment and Renewable Resources Committee and NAWG officially conveyed the positions to the House and Senate Agriculture Committee member via letter in August. NAWG also hosted informal Farm Bill conservation title discussions with other commodity group representatives in Washington, DC. NAWG remains in regular contact with Congressional staff conveying the policy priorities and gathering feedback on negotiations.

Environment and Renewable Resources

REGULATIONS

NAWG filed comments on the efforts to revise the 2015 Waters of the US Regulation (WOTUS) in August. Due to a court decision, the Environmental Protection Agency's efforts along a two step process to repeal and replace the 2015 regulation were derailed. The Supreme Court decided that the nationwide stay (or restriction on implementing the regulation) would be lifted, putting the regulation into effect in 37 states. In January, the EPA took action to delay the effective date of the 2015 regulation until 2020, and the courts stopped that action. As a result, the stays (or restrictions on implementing the regulation) that were in place in some of the states that filed suit against the 2015 regulation remain in place, but others must comply with the regulation. Now, each state is treated differently when it comes to the implementation of the 2015 regulation. NAWG filed comments in August to stress the importance of revising the 2015 WOTUS regulation, supporting the EPA's efforts to repeal and replace the regulation.

NAWG, working through the National Endangered Species Reform Coalition filed comments on three proposed regulations on Endangered Species reform. The revisions were related to Section 4(d) related to the scope of the take prohibitions to be applied, Section 7 consultation process and Section 4 related to criteria for the listing of species and the designation of critical habitat.

SUSTAINABILITY

NAWG participate in Field to Market's strategic planning process, providing input on the future direction of the organization. NAWG also worked with grower to review the new Fieldprint Calculator, a revised software program that was released on September 28 and is available on the Field to Market website. NAWG also serves on two of the Field to Market Committee, the verification committee and the awards and recognition committee, and each held meeting this quarter. NAWG also participate in a sustainability meeting hosted by the Corn Refiners Association to discuss sustainability in the agriculture sector.

Research and Technology

PROPOSED RULE PART 340 – APHIS STATUS ON REVISING BIOTECHNOLOGY REGULATORY PROCESS

NAWG attended a meeting consisting of industry stakeholders that are members of a Coalition tracking and inputting the rule making process, on September 5, 2018. NAWG is a member of The Coalition, which is comprised of the major commodity associations and BIO, ASTA, Farm Bureau and others.

It should be noted that APHIS has been responsive to the industry to hold listening sessions to gather ideas. A good faith effort has been made, and has been obvious to the Coalition. Also, the agency is making progress toward a proposed new rule. Some of it looks similar to the last proposed rule of the previous administration, which was abandoned. APHIS has stated their objective with the new rule is to ensure the introduction of new/novel GE plants are safe for plant health so they can protect the value of American agriculture.

A couple of noteworthy items:

- APHIS has received more than 14,000 comments to a new rule
- This includes labeling symbols, with most favoring “Derived from biotechnology”
- If not a product of genetically engineered, would NOT be regulated under Part 340.
 - This means gene edited plants would not fall under APHIS Part 340.
- Noxious weeds, with potential to cross breed with the desired crop (jointed goatgrass), still finding its way into the rule and still not clear how APHIS intends to regulate.
- If APHIS has previous experience with traits, a new event will likely NOT be regulated.
- A Risk Assessment of a new trait/event still being considered in the new rule.
- If a Risk Assessment has not been completed when the entity wants to field test the new event, permitting will be required.
- There will be no “Notification Process”.
- APHIS intends to finalize the Proposed New Rule by year end.

NAWG will do as it has always done, advocate for favorable regulation to promote research efforts in wheat.

NAWG TO ASSESS IMPACT OF FARM BILL DELAY PERTAINING TO RESEARCH TITLE (VII)

After the failure to pass the 2018 Farm Bill, NAWG will turn its focus to understand implications to research funding. This will include funding to the SCAB initiative. Currently in 2018, SCAB is appropriated at \$8.7 M of the \$10 M appropriated in the 2014 Farm Bill.

Research and Technology

In reaction to the increasing deficit, the administration is proposing a 5% across the board cut to all agencies. But the cuts could be much deeper since they are not based on current spending approved by Congress and signed off on by the President, but rather the reduced budgets proposed by the President that Congress did not approve (e.g. for FY2018 and again in FY2019, a nearly \$300 million reduction in USDA research activities each year was proposed by the President). This is concerning to NAWG, and we will advocate for continued support in wheat research.

2018 NATIONAL WHEAT YIELD CONTEST UPDATE

The 2018 Wheat Yield Contest was officially closed on October 1st, the deadline for entering harvest data for registered entries. The Contest is in the process of tabulating results, and checking each entry for compliance of qualifications specified in the Official Contest Rules. Both State and National Winners will be notified individually at least by late November, and the results will be posted on this website by December 1st, 2018. All wheat grain samples submitted from entries have been analyzed and quality data results are in. Grower entries can review their quality results by logging into their account on the Contest website.

International Trade

USMCA (FORMERLY KNOWN AS NAFTA)

This quarter the US, Mexico and Canada were able to come to an agreement on the NAFTA renegotiations, now known as the US-Mexico-Canada Agreement (USMCA). The three country leaders are expected to sign the final text on November 30th.

The released text included progress on trade barriers for US wheat into Canada. The main improvement is an update on Canada's grain grading system. With this new language Canada will no longer automatically grain US wheat as feed wheat. This change will allow Canadian varieties that are grown in US the same grading standards as Canadian grown wheat. While this is a step in the right direction, there is further work to be done on the varietal registration system that will continued to be discussed between the two countries.

In addition, other positives steps regarding SPS and biotechnology/plant breeding innovations were made. The text took a step beyond the text of the original Trans-Pacific Partnership (TPP) agreement by incorporating plant breeding innovations.

Through Trade Promotion Authority the final text of the USMCA will need congressional approval. The earliest timeline for Congress to make their final approval will be March 2019. NAWG will continue to work with Congress on USMCA.

POTENTIAL FTAS

This quarter USTR also announced their intent to make trade agreements with Japan, European Union, the United Kingdom. As the CPTPP countries also became closer to implementing the agreement this quarter, the announcement of a possible US-Japan FTA is very encouraging. When CPTPP is implemented the US will be at a disadvantage to Canada and Australian wheat as these countries will receive a discounted mark-up on wheat export. NAWG continues to engage with the Administration to encourage an agreement with Japan as quickly as possible.

For any agreement with the EU and UK will depend upon the final Brexit outcome.

TRADE AID PACKAGE

This quarter the USDA announced a trade aid package to provide assistance to farmers impacted by tariff retaliations. NAWG has been meeting with USDA and OMB to discuss the details of the market facilitation program and lobbying on behalf of US wheat farmers for a fair payment due to trade impacts. These impacts come from zero sales to China since March due to the threat of tariffs, and a decrease in sales to Mexico due to the uncertainty of NAFTA.

CONGRESSIONAL INTEREST

The House Ways and Means Subcommittee on Trade held a hearing on the effects of Tariffs of US Agriculture. NAWG Board Member Michelle Erickson-Jones (MT) testified to the Subcommittee on the impacts tariffs and other trade policies have had on the US wheat industry. In addition, the Senate Agriculture Committee held a hearing on the perspectives of US agriculture trade. A variety of high level Administration officials testified and were questioned about the current trade policy and negative impact on US agriculture, including many questions regarding wheat specifically.

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.

