



Second Quarter Report October 1, 2019 to January 1, 2020

WWW.WHEATWORLD.ORG

202.547.7800

Letter from Chandler Goule CEO, NAWG

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

NAWG had a busy start to the fall season! To kick off, I traveled to the New York City for the Field to Market Senior Executive Forum. It was here that I met with fellow senior leaders to discuss challenges and opportunities facing agricultural sustainability efforts in the U.S.

Mid-October I attended the quarterly CEO Council meeting, where I had the opportunity to discuss a variety of issues related to modern agriculture. The mission of the council is to coordinate alignment of core issues of modern agricultural systems by telling our story, sharing information, and leveraging our strengths while serving as a resource for policy makers and others interested in U.S. food, fiber and renewable fuels.

The last week of October President Scholz and I attended the biannual Grower Advisory Council organized by Bayer. It was a great opportunity to get updated on the Company's top priorities as well as share NAWG's focus for the year.

In November, NAWG and U.S. Wheat held a successful annual fall conference in Santa Fe, New Mexico. Items of note included the approval of the 2018-19 audit results for both the Foundation and NAWG and progress regarding the sale of the Wheat Building.

In the first week of December, the NAWG Board of Directors met in Denver, CO for five days to discuss developing a NAWG strategic plan. A majority of the NAWG Board of Directors and State Executives attended, and an in-depth discussion was had regarding the current status of the organization and investing in its future.

The second quarter concluded with the selling of Foundation's building. I am looking forward to writing my third quarter report as it will be done in our new location - 25 Massachusetts, NW.

Sincerely,

Chandler Goule



Regular Communications, Outreach, and Partnerships

In early October, NAWG Director of Communications Caitlin Eannello met with Sue King, Public Affairs Office Director for USDA's National Agricultural Statistics Service (NASS). Sue directed NAWG to few helpful resources that may be of interest to our states:

- [NASS 2017 Agricultural Chemical Use Survey of Wheat Producers](#)
- [Talking about NASS](#): A guide to help partners and stakeholders communicate more effectively about the NASS mission and the value of its important work to producers, the ag industry, local communities, and the nation.
- [Small Grains Annual Summary](#)

On Thursday, Oct. 31st, *Agri-Pulse*, in partnership with NAWG, [held a breakfast briefing](#) on the U.S.-Mexico-Canada Agreement (USMCA) for congressional staff and media. The briefing was held on Capitol Hill and focused on the timeline, opportunities, and challenges associated with passing of the USMCA. Panelists included: Jim Costa, Chairman, Chairman of the House Agriculture Committee's Subcommittee on Livestock and Foreign Agriculture; **Chandler Goule, CEO, National Association of Wheat Growers**; Jim Mulhern, CEO, National Milk Producers Federation; Nick Giordano, Vice President and Counsel, Global Government Affairs, National Pork Producers Council; Lesly McNitt, Director of Public Policy, National Corn Growers Association; and Hanna Abou-El-Seoud, Washington Representative, American Soybean Association

Updates from the briefing can be found on NAWG's [Facebook](#) and [Twitter](#) pages. Farm Policy Facts also [published a piece](#) authored by NAWG CEO Chandler Goule to coincide with the briefing.

Additionally, during the FY19-20 second quarter, Caitlin Eannello and President Ben Scholz represented the Association at the National Association of Farm Broadcasters (NAFB)'s Annual Convention in Kansas City. Prior to the Convention, NAWG submitted the following topics to be discussed with reporters 1) Recap: Congressional Action on Trade; 2) Appropriations; 3) Food Aid: The Role of Wheat; and 4) NAWG's Remaining Priorities for 2019 and Looking Ahead to 2020.

The NAFB Convention is always done jointly with U.S. Wheat Associates who share a standing booth with NAWG. USW Director of Communications Amanda Spoo and Kansas wheat farmer Brian Linin participated on behalf of their organization. The topics they submitted for interviews included: 1) Why the new U.S.-Japan tariff agreement and the U.S.-Mexico-Canada Agreement on trade are so important to all U.S. wheat farmers; 2) How quality problems in the U.S. and Canadian spring wheat crop will affect prices and trade; and 3) Examples of how U.S. Wheat Associates is successfully using Agricultural trade Promotion funding to build new overseas demand. Both organizations had more than 15 interviews with a variety of Broadcasters. It was a very productive event. For highlights from the event, follow #NAFB19 and @NAFB.

During the second quarter, NAWG remained active in the [USMCA Coalition](#) Social Media Working Group. The group shared and collaborated on materials which were then sent out to the states to use on their social media platforms.

Lastly, the National Wheat Foundation accepted applications for its Jerry Minore Scholarship through December 31st. This scholarship is done in collaboration with BASF and winners will be announced in the FY19-20 third quarter.

Regular Communications, Outreach, and Partnerships

NAWG ANNUAL REPORT SECOND QUARTER PRESS RELEASES

- October 7, 2019: [JOINT PRESS RELEASE: U.S.-Japan Tariff Agreement Confirms Equal Access for U.S. Wheat](#)
- October 9, 2019: [PRESS RELEASE: NAWG CEO Honored with CropLife America Award](#)
- October 10, 2019: [PRESS RELEASE: NAWG Hires New Government Relations Representative](#)
- October 24, 2019: [Media Advisory: NAWG CEO to Participate in AgriPulse Briefing on the U.S.-Mexico-Canada Agreement](#)
- December 10, 2019: [JOINT PRESS RELEASE: Signing Moves USMCA Towards Benefits for U.S. Wheat Growers](#)
- December 13, 2019: [JOINT PRESS RELEASE: Wheat Organizations Encouraged by Progress on Phase One Deal with China](#)
- December 19, 2019: [JOINT PRESS RELEASE: U.S. Wheat Industry Praises House of Representatives for Advancing the U.S. Mexico-Canada Agreement \(USMCA\)](#)

Most read press release for the quarter:

PRESS RELEASE: NWF Announces National Winners for the 2019 National Wheat Yield Contest

Washington D.C. (November 12, 2019) – The National Wheat Foundation’s National Wheat Yield Contest offers growers the opportunity to compete with farmers from across the United States and improve their production practices through new and innovative techniques. Today, NWF is announcing the national winners for the 2019 National Wheat Yield Contest.

“A special congratulations to Rick Pearson from Buhl, ID and Tom Duyck from Forest Grove, Oregon for being this year’s Irrigated and Dryland Bin Buster winners,” stated Foundation Board President Wayne Hurst. “This is the second year we have included a quality component into the Contest which not only lead to an increase in applicants but diversified the candidate pool... Read more here: <http://bit.ly/2KgQmHn>

Farm Bill, Ag Appropriations, Transportation, and Tax

The second quarter was very busy for NAWG in Washington, DC, as we continued to track work on Farm Bill implementation, seek flexibility from the USDA on disaster assistance for wheat farmers, and engage with the Hill on trade developments and funding priorities. Throughout the quarter Congress struggled to pass a full year appropriations bill; however, it averted a government shutdown and ultimately passed an agriculture appropriations bill, which included many NAWG priorities. USMCA has continued to be front and center as Congress and the White House reached an agreement on a path forward, with enacting legislation ultimately passed by the House of Representatives, and Speaker Pelosi's office throughout the process has continued to keep NAWG staff apprised of their negotiations and process.

Heading into the upcoming quarter, NAWG will continue to work on Farm Bill implementation, press for Senate action on USMCA, advocate for FY 2021 agriculture appropriations priorities, and monitor new and emerging trade developments.

2018 FARM BILL IMPLEMENTATION

The deadline for the FY 2019 Conservation Stewardship Program's [Grassland Conservation Initiative](#) were due Friday, October 25. The FSA sent out letters to potential applicants in July and September. As background, the 2018 Farm Bill included a provision that requires that base acres on which there was only grassland (there are specific parameters around this) over a 10 year period would be ineligible for ARC/PLC for the 2019-2023 crop years, but those base acres would be eligible for this new Grasslands Conservation Initiative. USDA mailed information directly to growers/landowners for whom they could identify that this provision would be applicable; however, if you think that you may have base acres impacted by this provision, we strongly urge you to contact your local FSA and NRCS offices.

On Tuesday, October 15, the USDA opened the 2020 enrollment for ARC and PLC. The deadline for signing up for the 2019 crop will be March 15, 2020, and the deadline for the 2020 crop year is June 30, 2020. A farmer's program election will apply to both the 2019 and 2020 crop years, and then there is an annual election opportunity in subsequent years.

Additionally, the Farm Service Agency has started processing \$1.5 billion in payments triggered under ARC/PLC for the 2018 crop year. The FSA anticipated an additional \$1 billion in payments in November, once NASS published additional commodity prices for the 2018 crop year.

- Market Year Average Prices for 2013/14 - 2018/19 ([Link](#))
- Projected 2018 PLC Payment Rates ([Link](#))
- Projected Prices for 2018 ARC County Coverage ([Link](#))
- Projected Prices for 2018 ARC Individual Coverage ([Link](#))
- FSA 2018 ARC-CO Payment Rates Map for Wheat ([Link](#))

CROP INSURANCE AND DISASTER AID

On Wednesday, October 16, NAWG, along with other farm groups, sent a letter to USDA Secretary Sonny Perdue asking that the Agency make available the fullest appropriate disaster assistance under the recently-enacted Wildfires and Hurricanes Indemnity Program Plus (WHIP+) as well as under other applicable USDA programs.

Farm Bill, Ag Appropriations, Transportaion, and Tax

Additionally, the group urged the USDA to provide flexibility in the crop insurance program to assist growers who face severe quality problems and who might not be able to harvest their crop because of abnormal weather conditions.

Several of our northern tier states have experienced significant rainfall right as harvest was getting underway, causing significant falling numbers problems. A lot of those growers had higher than normal yields, and so as a result, crop insurance didn't necessarily trigger because the production to count practice only recognizes quality loss on the yield rather than the price the farmer is actually receiving. As a result, NAWG pressed USDA to make WHIP+ available to help growers experiencing those losses. NAWG made significant headway on this issue as part of the FY 2020 Agriculture Appropriations bill, which is discussed in more detail below.

APPROPRIATIONS AND BUDGET ACTIVITY

During the last week of September, Congress approved a continuing resolution to fund the federal government through November 21, 2019. On October 31, the Senate passed H.R. 3055 as amended, which included the agriculture appropriations bill as part of a larger appropriations package of four other regular appropriations bills. Ultimately, this vehicle was not considered in the House of Representatives and negotiations continued.

On Thursday, November 21, President Trump signed another continuing resolution that would fund the federal government through December 20, 2019.

On Thursday, December 12, the four principal appropriators in Congress reached an agreement "in principle" to fund the federal government for the remainder of FY 2020. This agreement consisted of two legislative packages—one for defense and another for domestic programs, which would include agriculture appropriations. These packages passed the House of Representatives on December 17, and the Senate on December 19, before being signed into law on December 20. Of critical importance to NAWG is an additional \$1.5 billion being made available for WHIP+ and direction to include quality loss coverage and excessive moisture as a cause of loss. Additionally, the U.S. Wheat and Barley Scab Initiative was fully funded at \$15 million – a \$5.5 million increase – and the Small Grains Genomic Initiative is set to see a funding increase. Regarding the provisions on WHIP+ coverage for quality loss and excessive moisture, NAWG will immediately engage USDA in the new year to ensure these provisions are implemented in such a way to provide meaningful assistance to wheat farmers.

In addition to those programmatic funding requests, we worked with NGFA and some other groups on an issue that's been flagged that was in the House bill that would have potential implications for the Grain Standards Act. The Grain Standards Act statute currently requires that USDA immediately resume grain inspection services in the event that a delegated agency ceases inspection services. As a result of a labor dispute in 2013-2014 at the Port of Vancouver, the Washington State Department of Agriculture ceased providing inspection services while the Longshoremen were striking; USDA was not immediately stepping in to provide inspection services, and so this spurred the language in the 2015 reauthorization to require the Department to immediately resume services.

Farm Bill, Ag Appropriations, Transportation, and Tax

The House Ag Appropriations bill contained language that “strongly discourages” USDA from requiring grain inspectors to cross picket lines. NAWG staff joined with NGFA, AFBF, and United Grain in meeting with House Appropriations Committee staff regarding this issue. Collectively, our groups proposed alternative language which was mostly included in the final bill.

TRANSPORTATION AND INFRASTRUCTURE

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.

On December 2, NAWG joined ADM, American Soybean Association, and Sorghum in sending a letter to the Galveston District of the U.S. Army Corps of Engineers requesting the USACE dredge the channel connecting the Port of Galveston to the Gulf of Mexico with the regularity necessary to ensure a continuously available 45-foot navigation channel.

TAX

NAWG staff continued to participate in an agricultural tax policy coalition. In November, the coalition met with Congressman Panetta’s (D-CA-20) staff which outlined a bill on estate tax relief for farmers and ranchers, which they introduced on November 22. IRS Code 2032A Special Use Valuation allows a property to be appraised as farmland rather than its value if sold for development when determining estate taxes. The proposed legislation would remove outdated limitations so that it can serve its intended purpose of helping to preserve family farm and ranch businesses. After further review of this bipartisan legislation, NAWG signed onto a coalition letter expressing support for this legislation.

The 2017 Tax Cut and Jobs Act (TCJA) temporarily doubled the estate tax exemption from \$5.5 million to \$11 million through 2025. While the higher but temporary exemption protects the vast majority of the nation’s farms, businesses that top the exemption level still must factor in estate taxes and related planning costs. Section 2032A Special Use Valuation is a tool that can help farmers manage their estate tax liability. However, the \$750,000 limit (indexed—roughly \$1.1 million today) is often insufficient to compensate for the restrictions put on the farm or ranch business.

In November, Senator Baldwin’s (D-WI) office reached out to NAWG staff to discuss legislation they introduced with Senator Hawley (R-MO), the Competitive Dollar for Jobs and Prosperity Act (S. 2357), which works to address how the overvalued American dollar has negatively impacted our exports. This legislation would manage the U.S. dollar exchange rate and bring it into alignment by placing a “market access charge” on foreign purchases of U.S. stocks, bonds, and other assets. Baldwin’s staff noted market access charges are a capital flow management tool that is WTO compliant and is used by other nations and is well documented by the IMF. According to the Coalition for a Prosperous America (CPA), bringing the U.S. dollar into alignment could add nearly \$1 trillion to America’s GDP, create more than five million new U.S. jobs and raise more than \$2 trillion in tax revenue over six years. policy direction in our resolutions, NAWG has not taken a position on this legislation.

Farm Bill, Ag Appropriations, Transportation, and Tax

The Competitive Dollar for Jobs and Prosperity Act is supported by the Coalition for a Prosperous America (a coalition of manufacturers, organized labor, farmers, and ranchers), National Association of Pipe Fabricators, National Farmers Union, JOA Industries, Meyer Manufacturing, Lapham-Hickey Steel Operations in Oshkosh, Wisconsin, and Team Industries, Inc. in Kaukauna, Wisconsin. Without specific policy direction in our resolutions, NAWG has not taken a position on this legislation.

WHEATPAC

In December, staff attended an Agriculture Fundraising Lunch for Senator Daines (R-MT) and a fundraising reception for Congresswoman Cindy Axne (D-IA-2), a member of the House Agriculture Committee. For both candidates, WheatPAC contributed \$1,000 to their reelection campaigns. Additionally, during the quarter staff attended meet and greets for a Committee for Stronger Rural Communities (a SuperPAC supporting Congressman Collin Peterson); Kathleen Williams, Candidate for Montana's At-large Congressional District; Floyd McLendon, Candidate for Texas' 32 Congressional District and Jamie Berryhill, Candidate for Texas' 11 Congressional District. Moving into calendar year 2020, an election year, WheatPAC will significantly ramp up activities.

Environment and Renewable Resources

NAWG Environment and Research Committee held a face to face meeting in November to discuss policy issues including the implementation of the 2018 Farm Bill, Climate policy discussion on Capitol Hill, Sustainability, Research, Pesticides, and Waters of the U.S. The committee provided direction for

NAWG staff to continue to engage in the ongoing climate discussions to be aware of what was being developed. The committee planned to provide input on Farm Bill regulations once they were released by USDA and subsequently held a call in December to discuss the Conservation Stewardship Program and the Conservation Reserve Program.

NAWG continued to be involved in the Farmers for a Sustainable Future coalition with 19 other crop and livestock organizations. The group developed fact sheets to use as education tools on Capitol Hill to share information about U.S. agriculture production related to no till & carbon sequestration, energy use and productivity. The information also includes information about the scope USDA Farm Bill Conservation program use. This positive messaging is used to educate congressional staff.

NAWG participated in Field to Market: The Sustainable Agriculture Alliance meeting and the Sustainable Agriculture Summit held in Indianapolis, IN in November. This is an opportunity to collaborate with food companies and suppliers interested sustainability project in their direct supply chain.

NAWG also participated in Field to Market's Senior Executive Forum discussing climate issues.

NAWG continued to work with our industry partners to ensure that wheat growers have a variety of crop protection tools. Specifically, during this period, Chlorpyrifos (Lorsban) was under legal scrutiny and NAWG decided to join other commodity organizations in filing an Amicus Brief to support EPA's action to maintain the registration of Chlorpyrifos. The court proceedings will play out in 2020. NAWG is also working with a coalition, including US Wheat, regarding maximum residue levels restrictions in the European Union.

International Trade

USMCA

At the end of October, NAWG CEO Chandler Goule participated on a panel briefing to congressional staff and media on the timeline, opportunities and challenges of the U.S.-Mexico-Canada agreement (USMCA). The panel, hosted by Agri-Pulse, gave NAWG the opportunity to highlight the grain grading change that is a win for U.S. wheat growers, as well as the importance of maintaining market access to Mexico and Canada. The briefing was held in the House Agriculture Committee and opened by Chairman of the House Agriculture Committee's Subcommittee on Livestock and Foreign Agriculture Jim Costa (D-CA).

Then, on Wednesday, November 20, Speaker Pelosi's office called NAWG to provide an update on the USMCA. The Speakers' office conveyed that talks between House Leadership and Ambassador Lighthizer at that time were moving forward, and they were very close to a deal. The remaining issues to resolve were very technical related to labor and enforcement.

Shortly after this conversation the two parties found a solution, and the President along with his colleagues re-signed the updated text allowing for an implementing bill to be introduced in the House. Then on December 17, USMCA legislation passed out of the House Ways and Means Committee with only one vote against the agreement from Rep. Bill Pascrell (D-NJ). On December 19, the USMCA was passed by the full House of Representatives by a vote of 385 to 41. The next step is for the Senate to vote on the bill.

JAPAN

On October 7th, the U.S. and Japan signed a trade agreement that puts the U.S. on an equal playing field with competitors in the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). This phase one agreement keeps wheat competitive as the mark-up on imported wheat from the U.S. will decrease to the same levels that Canada and Australia are subject to. Japan is one of the largest markets for U.S. and this deal was critical as the U.S. represents about 50 percent of the wheat imports in Japan, valued at more than \$600 million.

While the U.S. Congress does not have to approve this phase one agreement under the Trade Promotion Authority, the House Ways and Means Subcommittee on Trade held a hearing on the U.S.-Japan Trade agreement on November 20. In the leadup to the hearing, NAWG joined over 30 agricultural groups in sending a letter to full committee Chairman Neal and Ranking Member Brady, urging their support for implementation of the trade agreement in early 2020, as targeted. The letter underscored the fact this bilateral agreement would put U.S. farmers back on a level playing field with CPTPP countries. Congressman Smith (R-MO-8) highlighted the coalition letter and it was entered into the record. During the hearing the Subcommittee Chairman Blumenauer (D-OR-3) expressed concern there wasn't adequate consultation with Members of Congress.

International Trade

BRAZIL TRQ

After about 24 years, Brazil will open their tariff rate quota (TRQ) per their World Trade Organization (WTO) commitments they agreed to when joining the organization. U.S. Wheat Associates have been working with the government on this issue for several years. This will allow an opportunity for U.S. wheat to be purchased in Brazil, the fourth largest wheat importer in the world. NAWG has been part of these conversations and worked with Congress to raise the issue as it impacts hard red winter and soft red winter wheat.

CHINA

The U.S. and China announced an agreement on a “Phase One” trade deal on December 13th. While details of text remain uncertain as of the end of NAWG’s 2nd quarter, NAWG and USW were encouraged by the news as the China market has seen only one purchase of U.S. wheat since the tariffs were initiated. NAWG and USW are also hopeful that this deal will uphold the changes determined by the TRQ and domestic support cases the U.S. won against China at the WTO.

INTERNATIONAL FOOD ASSISTANCE

NAWG Treasure Nicole Berg and staff Molly O’Connor joined USW alongside rice and sorghum growers and staff on a food aid learning journey to Kenya and Tanzania in November. This trip, through a grant from USDA, allowed growers and staff to see food aid programs firsthand. The programs included US Agency for International Development (USAID)’s Food for Peace where participants toured a refugee camp in northern Kenya and USDA’s Food for Progress where participants toured a monetization program. Both programs use U.S. wheat, which participants saw, and are authorized in the Farm Bill.

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/



Science For A
Better Life



JOHN DEERE



U.S. CUSTOM HARVESTERS, INC.