

Congress of the United States
Washington, DC 20515

September 04, 2020

The Honorable Sonny Perdue
Secretary
U.S. Department of Agriculture
1400 Independence Ave, SW
Washington, D.C. 20250

Dear Secretary Perdue:

As Members of Congress representing wheat farmers across the country, we write regarding the deteriorating economic conditions being experienced on the ground now with the 2020 wheat harvest almost complete. Whether it's farmers who wrapped up harvest in May, those in the field harvesting their crops now, or those looking ahead to harvest in the coming weeks and trying to manage risk by forward contracting their crop, COVID-19 and other factors outside their control are depressing local cash prices and futures prices. So far, relief programs have had minimal applicability to wheat farmers. We ask that you use the resources available through the CARES Act to provide support for 2020 crop losses and to include all classes of wheat.

The Coronavirus Food Assistance Program (CFAP) is providing important assistance to hard red spring and durum wheat farmers for at-risk 2019 crop losses; however, farmers of hard red winter, soft red winter, and white wheat have also suffered lower prices due to the pandemic. Of 2019 harvested wheat acres, hard red spring and durum wheat comprised only 30% of production, so the majority of wheat farmers have not had access to assistance through this program.

The economic impact of COVID-19 has been experienced by all wheat farmers, particularly with the 2020 wheat harvest wrapped up in most areas of the country. As of August 14, 2020, the hard red winter wheat harvest was 90% complete, soft red winter wheat was finished, and close to half of the soft white harvest was wrapped up. Hard red spring harvest was 75% complete in South Dakota, 19% in Minnesota, 15% in Montana, and 7% in North Dakota. Durum harvest is just getting underway in Montana and North Dakota.

According to USDA's August 12, 2020, World Agricultural Supply and Demand Estimates (WASDE) report, demand for wheat for food use has been negatively affected by COVID-19 given a drop in food consumption away from home. Additionally, COVID-19 has affected markets all over the world, with the projected world-ending stocks being increased to a record 316.8 million tons (approximately 11.64 billion bushels). Record world ending stocks, caused in-part by the impacts of COVID-19, are expected to significantly depress wheat prices and also impact farmers' marketing tools by depressing futures prices. This is demonstrated by the WASDE report reducing the estimated season average farm price by \$0.10 per bushel to \$4.50 per bushel, as compared to the July WASDE estimate. Additionally, as shown in the table below, each of the three existing wheat futures contracts for September 2020 experienced at least a 12% drop between January and August.

September 2020 Futures Contract (per bushel)	Hard Red Winter	Soft Red Winter	Hard Red Spring
January 13-17 average	\$5.17	\$5.76	\$5.79
August 3-7 average	\$4.23	\$5.07	\$5.00
Percent change	-18%	-12%	-14%

Apart from the 2016 marketing year at the height of the recession in the farm economy, the average price for wheat in 2020 is shaping up to be the worst in the last 14 years, including both 2018 and 2019 when the Market Facilitation Program provided much-needed relief.

Wheat farmers have experienced significant economic harm resulting, in part, from COVID-19. Given the unique nature of the wheat production cycle, which entails harvest starting in May in the south and running into the early fall in the northern states, 2020 production impacts should be covered by USDA's COVID relief funds provided by Congress. Specifically, we request that you use funding provided in the CARES Act to immediately begin providing assistance for COVID-19 losses on 2020 production for all classes of wheat. We understand that more resources from Congress will surely be needed to address the breadth of economic losses resulting from COVID-19, and we are committed to pursuing additional resources to help farmers as part of any larger aid package developed by Congress. In the meantime, use of existing resources to help wheat farmers is needed now. Thank you for your attention to this matter.

Sincerely,



Frank D. Lucas
Member of Congress



Collin C. Peterson
Member of Congress



K. Michael Conaway
Member of Congress



Roger Marshall, M.D.
Member of Congress



Cathy McMorris Rodgers
Member of Congress



Dan Newhouse
Member of Congress



TJ Cox
Member of Congress



Kevin Hern
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Greg Gianforte
Member of Congress



Doug LaMalfa
Member of Congress



Markwayne Mullin
Member of Congress



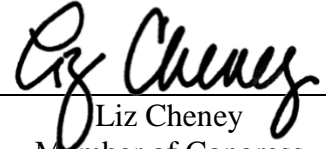
Steve Watkins
Member of Congress



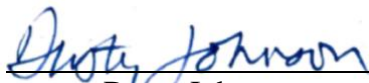
Filemón Vela
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Tom Cole
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Liz Cheney
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Dusty Johnson
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/S/ Jim Hagedorn

Jim Hagedorn
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Greg Walden
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Kim Schrier, MD
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Mike Simpson
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Kendra S. Horn
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Jim Costa
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Russ Fulcher
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Ken Buck
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