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STATEMENT OF  
THE NORTH DAKOTA WHEAT COMMISSION

TO THE SENATE COMMITTEE ON  
AGRICULTURE, NUTRITION, and FORESTRY;  
SUBCOMMITTEE ON COMMODITIES, RISK MANAGEMENT, and TRADE

Hearing: Agricultural Trade; Priorities and Issues Facing America's Farmers

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Presented By:  
Neal Fisher, Administrator  
North Dakota Wheat Commission

Good morning, Mr. Chairman and members of the Committee, my name is Neal Fisher. I am the Administrator of the North Dakota Wheat Commission, and I am pleased to have this opportunity to offer testimony on behalf of the Wheat Commission and the dedicated producers it represents.

North Dakota wheat producers rely heavily on exports and have actively developed durable export market relationships, which account for half of their annual income opportunities. A vibrant market for high-end bread and pasta products also assures consistent growth in demand on the domestic side of the equation for our producers of high-performance U.S. hard red spring (HRS) and durum wheat.

The North Dakota Wheat Commission is a producer driven, checkoff organization directed by a seven-person board of Commissioners. Six are elected by their peers, with a seventh, 'member at-large', appointed by the Governor. Their mission is to expand market and pricing opportunities for their fellow wheat producers and thereby enhance the bottom line and resiliency of the North Dakota wheat industry.

Agriculture is the largest industry and economic driver in our state. The 'farm gate' value of agricultural production in North Dakota annually averages \$10 Billion, with four main pillars; wheat, corn, soybeans, and livestock making up 80 percent of the total value. Very important high value specialty crops, such as sugar beets, potatoes, sunflower, canola, peas, lentils, dry beans, flax and others make up the remaining 20 percent.

It is interesting that the states of Iowa, North Dakota, and Kansas typically rank as the top three states in what USDA describes as 'principal crops' in the United States. These three states consistently claim roughly 24 million acres planted to those principal crops. Illinois and Texas rank fourth and fifth, and several neighboring states fill out the top ten. Acreage in other states drops off pretty quickly.

Trade and exports of these staple U. S. commodities are extremely important to these agriculturally oriented states, but make up a very important part of the national economy as well. This year the value of U.S. agricultural exports is projected to reach a record \$191 Billion, eclipsing last year's record of \$177 Billion, according to USDA

estimates. Exports of this value annually support well over a million jobs in the U.S. We should also remember that U.S. Agriculture is the only sector of the U.S. economy that consistently generates a positive trade balance; routinely exporting more U.S. agricultural products than we import. This remarkable success story requires deliberate actions on the part of many, to accomplish and maintain that level of trajectory.

The North Dakota Wheat Commission has long valued its many partnerships. The founders of the Commission, soon after its creation by the North Dakota legislature more than six decades ago, entered into public/private partnerships that remain viable and productive today. Research and development partnerships with the Land Grant University, North Dakota State University; were expanded to develop better germplasm, genetic resistance to plant diseases and pests, and to improve yield, quality, and performance; ensuring greater producer and customer satisfaction and establishing a formula for repeat business.

Equally important are the Foreign Market Development (FMD) and Market Assistance Program (MAP) partnerships, administered by USDA's Foreign Agriculture Service (FAS). These aptly-named Cooperator Programs match producer (checkoff) funds in an approximately 2.5 to 1.0 ratio, effectively doubling or tripling the impact of producer funding when implementing and executing market development programs worldwide, under the guidance of the highly competitive Unified Export Strategy.

The U.S. wheat industry, including the North Dakota Wheat Commission and 16 other (similar) state wheat organizations, is represented by U.S. Wheat Associates in the market development arena. Equipped with funding from this USDA public/private partnership, U.S. Wheat maintains offices and provides qualified (trade service) staff in strategic customer locations around the world. Our producers are fond of saying, "The sun never sets on our market development and trade servicing efforts focused on the technical needs and success of our loyal customers. The stated goal is to establish 'repeat business' in the critically important export market.

North Dakota wheat producers have done very well in actively forging lasting business relationships with thriving customers in 60 – 80 importing countries. Much of the recent expansion in exports of U.S. hard red spring (HRS), also known as dark northern

spring (DNS) wheat has been accomplished in Asia where explosive growth has occurred especially in countries with younger demographics and therefore greater market potential. In those markets, HRS or the 'DNS' Brand as it is often referred to, is recognized as the 'Pinnacle of Quality and Performance' and is selling well – at premium prices.

U.S. DNS carries a proud reputation as an 'improver' wheat, specifically purchased to enhance the performance of perhaps an indigenous wheat produced locally, or a weaker performing raw material possibly acquired from an alternate origin at a seemingly more attractive price. The 'DNS' brand or identity may also provide the benefit of 'a clean label', with recognizably fewer additives required for product processing appearing on the package label, thereby generating additional, and 'marketable' customer appeal for the more natural, simpler end-product image. Growing market success in the Asian, Latin American and Caribbean Regions is a welcome offset to contrastingly declining markets in North Africa, the Middle East, and parts of Europe, where customers are vulnerable to the more modest values and often lower landed costs of logistically advantaged, lesser quality Black Sea and wheats of other global origins. The logistical dilemma is currently exacerbated by sky-rocketing global energy costs which are quickly manifested in much higher ocean freight and other obvious transportation costs, currently plaguing producers, processors, and consumers globally.

**Long held Wheat Commission trade policy goals include:**

- Improving Market Access
- Lowering Tariffs in Importing Countries
- Elimination of Unfair Trade Practices
- Expanding Markets and Pricing Opportunities for North Dakota Producers
- Fully Funding/Enhancing USDA Export Programs – FMD, MAP, & ATP
- Remaining the world's most reliable supplier of agricultural products in the world market and the world's first choice for wheat

**Global Trade Agenda/Environment Shifting to Non-Tariff Barriers - Concerning**

Trade agreements have intentionally reduced and, in many cases, eliminated burdensome tariffs, traditionally the major focus of wheat trade policy initiatives.

Bilateral and multilateral negotiations remain a priority, but emphasis has had to shift to

eliminating protectionist trade restrictions increasingly imposed by importing countries. New era restrictions to trade often ‘masquerade’ as legitimate measures to ensure domestic food security, promote alleged sustainability goals, or guard against threats to human or animal health. ‘Non-tariff’ barriers have become some of the most complicated and damaging trade issues, often deployed aggressively with little or no basis in science.

### **Other Current Concerns:**

- Past U.S. Administrations initiated preliminary negotiations with the UK, the European Union, and strategic trading partners in Africa, but pursuit of these formerly active U.S. trade portfolios has slowed markedly. Appointments of key trade negotiators and other critical agency personnel also lag normal timelines, shrinking the number and scope of team capabilities.

In stark contrast, aggressive negotiations in 2019 produced an ambitious China-Phase One Agreement which was relatively well received by agricultural stakeholders. Also, in 2019, a critically important agreement was negotiated with Japan to address a serious tariff disadvantage facing U.S. wheat producers arising from the U.S. withdrawal from the Trans-Pacific Partnership (TPP). Decisive actions by USTR and USDA, quickly adopted by Japan, preserved our second largest and long-time US spring wheat (DNS) export destination.

- Unrealistic maximum residue levels (MRLs); impractical limits on weed seeds in cargoes
- Bans on new technologies including biotechnology
- Non-scientific based claims are gaining momentum against common agricultural inputs, widely used herbicides and pest control agents

These costly, non-tariff restrictions often strand cargoes in foreign ports with little recourse but to renegotiate contract price or terms; difficult issues to address with little hope of meaningful results under existing trade remedy provisions.

- USDA-FAS MAP and FMD Funding levels are in serious need of additional funding, a prime consideration for upcoming Farm Bill deliberations. Inflationary and other budgetary pressures have seriously eroded the effectiveness of these critically important and highly effective market development tools by 20 to 30 percent or more; these are valuable, time-tested programs which have repeatedly

in independent studies generated economic benefits of up to \$35 for each dollar invested in these very same U.S. agricultural market development programs.

**Opportunities:**

- Earlier initiated FTA negotiations have potential to expand U.S. agricultural exports and should be re-started; UK FTA perhaps most logical and potentially relatively shorter timeline prospect; some U.S. HRS business noted; would demonstrate continued U.S. interest in FTA process
- Africa – Longer term potential, 100 MMT annual volume potential; Africa Growth and Opportunity Act (AGOA, May of 2000 expires in 2025) Discussion will likely come up; Sub-Saharan Africa (SSA) is a large potential grain import market/but very price sensitive, actual upfront potential may be limited, but opportunity to explore for future business
- U.S. wheat industry has identified growth markets in Asia-Pacific region that deserve additional attention; Indonesia, Malaysia, and others (attention and resources required)
- U.S. Opportunity to ‘Remain the world’s most reliable supplier’ of agricultural products to the world market

Mr. Chairman, Thank you again for this opportunity. I will be happy to respond to any questions you may have.