MEDIA/ARTICLES
The USDA offers a big-picture guess on what the coming decade will bring for U.S. farmers and ranchers.

Written By: Jonathan Knutson | Mar 9th 2020 - 5am.

The U.S. Department of Agriculture says it doesn't have a crystal ball. But the Ag Department is offering this big-picture guess on what the coming decade will bring for U.S. farmers and ranchers:

Generally more of the same conditions that American agriculturalists face now, including relatively low crop prices and a declining share of global ag exports.

The latter reflects "growing competition to meet export demand in global markets," said Frayne Olson, crops economist/marketing specialist with North Dakota State University Extension.

Though U.S. farmers are the most efficient in the world today — producing the most per acre — they aren't necessarily the cheapest producers. Further, competitors overall are becoming more efficient, increasing their ability to win export sales, Olson said.

USDA says the report, USDA Agriculture Projections to 2029, "is not a USDA forecast about the future, but a conditional, long-run scenario" about what will happen if current farm legislation continues and certain assumptions are met.
Among the key assumptions of the report: The 2018 Farm Bill, the centerpiece of U.S. food and ag policy, will remain in place through 2029, and that ongoing trade disputes with China, a huge customer for U.S. ag exports, will continue.

It's important to note that the report was prepared in 2019 before the China phase one agreement, the U.S.-Mexico-Canada Agreement and the Japan free trade agreement were approved, USDA stressed.

Among the report's predictions for the coming decade:

- Prices for most crops will remain relatively low, but will rise slowly over the 10-year period.
- Relatively low feed prices and efficiency gains will provide incentive for livestock operators to expand.
- Though U.S. ag exports will rise slowly, the U.S. share of global markets will decline. That partly reflects the continued strength of the U.S. dollar, which makes U.S. products more expensive for foreign customers.
- Crude oil prices will rise, though advances in drilling technology will limit how much oil goes up in price.
- Corn use for ethanol will increase, with higher ethanol exports accounting for the increase.
- Net farm income will fall in the short term, but increase later. It's expected to end 2029 $4.7 billion higher than in 2020.

As for the Upper Midwest's three major crops, corn, wheat and soybeans, the report offered these predictions, among others:

- Corn production is expected to grow, mainly from yield gains but also from an increase in planted acres.
- U.S. planted wheat acreage will range from 45 million to 46.5 million annually, below the recent five-year average of 48.8 million.
- U.S. soybean acreage, which dropped in 2019, will rebound and then remain relatively steady.

Olson, who studied the agricultural trade components of the 108-page report, said he was surprised by a few of its individual conclusions — for example, it predicts U.S. corn exports to Mexico will rise faster than he had anticipated. Overall, however, he thought it generally was on target.
OSU study finds wheat diet not associated with gastrointestinal inflammation

- From Oklahoma State University
- Mar 11, 2020

“From an inflammatory standpoint, there was really no difference between the two varieties,” said Dr. Brenda Smith, an Oklahoma State University Regents professor of nutritional sciences, John and Sue Taylor Endowed Professor and co-author of the study. “If anything, modern wheat had some minor improvements. When we compared
the effect of diets incorporating the heirloom and modern wheat varieties, mice on the modern wheat diet showed improved structure of villi, finger-like projections in the small intestine that increase surface area for absorbing nutrients, compared with the mice fed the heirloom variety. These findings indicate modern wheat does not elicit an inflammatory response and did not compromise the integrity of the gut.”

Some critics claim modern wheat varieties have an increased concentration of a harmful gluten protein compared to heirloom varieties. Researchers believe this is the first study to monitor gastrointestinal health of laboratory animals receiving modern or heirloom wheat varieties in the context of a Western-style diet. The varieties selected, Gallagher and Turkey, are important in American agricultural history.

When wheat was first introduced on the Great Plains, varieties that had been successfully grown on the East Coast did poorly. In the 1870s, German Mennonite migrants introduced the Turkey wheat variety grown in Eastern Europe. Turkey performed so successfully that the vast majority of modern U.S. hard red winter wheat varieties trace their origins to it. The Gallagher variety is a modern progeny of Turkey commonly found in pizza, bagels, cereal and bread.

“When these concerns first came out nine years ago, scientists as a whole were not able to directly counter with a scientific study of this kind,” said study co-author Dr. Brett Carver, an OSU Regents Professor and leader of the Oklahoma Wheat Improvement Team at OSU. “This is the first study published to compare, in feeding trials, two varieties separated by nearly a century of modern wheat breeding practices. We’re not just confirming something that’s hypothesized or already published — this is groundbreaking.”

While past research has considered topics related to gluten sensitivity, such as the impact on individuals with celiac disease consuming wheat, this is one of the first studies to directly examine the gastrointestinal impact of wheat consumption in the context of a Western diet on otherwise healthy organisms.
“We were looking at the integrity of the gut, the response of immune cells and other health outcomes,” said study co-author Dr. Edralin Lucas, an OSU professor of nutritional sciences and Jim and Lynne Williams Endowed Professor. “But there are many opportunities for future research. For example, this study was conducted in a very controlled laboratory environment, and now we need to move the work into a study with human subjects.”

Scientists from the American Society of Nutrition and the American Chemical Society as well as many agriculture industry leaders are showing interest. Smith, Carver and Lucas also hope to carry the message to dietitians, personal trainers and others in health care who may be providing nutritional advice.

“This should be a message to the general public, but it’s also a message to clinicians,” Smith said. “One study doesn’t turn the whole tide, but at least it should raise a question: ‘Is recommending gluten-free diets to otherwise healthy individuals the best thing to do?’”

A research project incorporating the topics of food production, nutritional sciences and public health is a holistic approach often unique to land-grant universities such as Oklahoma State University, whose mission is to serve the public interest.

“That’s the beauty of a land-grant university like this,” Carver said. “Many don’t realize we have these resources in place.”

This research was funded by a grant from the Oklahoma Wheat Commission.
Research delves into changes of wheat quality

Mal Gill 10 Mar 2020, 5:30 p.m.

GRAINGROWERS has commissioned research to better understand the drivers of changes in quality in Australia’s largest commercial crop, about 40 per cent of which is produced in Western Australia.

It investigated varied reports and opinions over the past decade in relation to the quality of Australian wheat which has an annual farmgate production value of $6.5 billion, accounts for about half of the national grains industry value and about 70 per cent of which is exported to customers overseas.

A reduction in quality could lead to lower demand, reduced international competitiveness, lower grower returns per tonne and potentially reduced profitability, unless it was a measured response to "rational market signals", the Gains In Grains: Is Australia Producing The Most Profitable Quality Of Wheat? report pointed out.

Analysis for the report looked at quality and price independently - wheat for human consumption versus for livestock feed and ethanol - and the relationship between the two over time.

It took into account changes such as breeding investment, bulk export deregulation in 2008, major customer shift from the Middle East and North Africa to South East Asia, rising low-cost
competition, increased blending to meet specification and other changes in international grain markets.

Although Indonesia is now our biggest wheat customer, taking four million tonnes a year, per capita wheat consumption across South East Asia is significantly below world average so demand in that region, whether for breads, noodles, stockfeed or fuels, is expected to drive future wheat production growth and influence quality.

The report found Australian wheat remained a versatile commodity, well placed because of its favourable milling quality and colour traits to meet a wide range of domestic and international customer demands.

Its "core quality attributes", the report found, were white-seed coat, hard grained, clean, low moisture and its noodle and bread-making characteristics.

But protein levels - one of the two most important quality parameters, along with hardness, in determining the widest possible end-use "functionality" - was trending lower towards a critical minimum of 10pc, the report said.

In WA, where the average wheat protein is lower than in other Australian grain growing regions, the significant fall in protein levels in APW2 (Australian Prime White) wheat from just over 11pc at the 2012-13 harvest to 10pc in 2015-16 and 2017-18, best demonstrated this trend, the report indicated.

Historical price data shows each 0.1pc protein increment is worth roughly $1 a tonne compared to base grade APW.

The trend towards lower protein appeared to be highlighted by increasing use of blending to achieve specification, so customers received the actual protein levels they paid for, rather than the generally higher seasonal harvest average protein profile they previously received.

The report found the reduction in protein in Australian wheat appeared to be "largely driven by the trade-off between yield and protein".

It found the trend was also likely to continue, with future production increases likely to be accompanied by lower grain protein levels, given long lead times - up to 10-15 years - to develop new high-protein varieties with increased yield.

The situation was exacerbated by the lack of a single industry entity since deregulation to relay market feedback on performance from customers to breeders and growers.

There was also no single body responsible for long-term "crop shaping" - planning for the future, the report pointed out.
Also, misdeclaration of varieties compromised the quality profile and threatened future investment in cereal breeding programs because of the subsequent breakdown of the End Point Royalties (EPR) system meant to incentivise breeders.

The report highlighted previous Australian Export Grains Innovation Centre research on what customers thought of Australian wheat.

Australian APH (Australian Prime Hard) was recognised as a good bread wheat, but other classes were less preferred and US and Canadian varieties more preferred largely because of better performance in the sponge and dough baking process common in Asian markets.

In the noodle market, APH, AH (Australian Hard) and APW are the most preferred in South East Asia, but while ASW (Australian Standard White) was preferred to Black Sea wheat, it was considered inferior to North American classes.

The origin of wheat seemed more important to South East Asian noodle makers than to bread makers.

"Ensuring the right price signals regarding quality are transferred from customer to grower to breeder is imperative," the report stated.

For growers, finding the right "balance" between higher production volumes and lower quality and price will be important, it said.

It claimed that while industry structures to manage and deliver quality had proven "relatively effective", there were "opportunities to rethink and reshape the sector for ongoing success in the future".

"These opportunities relate to leveraging potential genetic gain that breeders might deliver through changes to Australia's wheat classes, refinement of trading standards to reflect the evolving international competitive landscape, reviewing the impact of pricing structures and blending of protein levels and continued refinement of industry's collaboration on promotion of Australian wheat quality."
Wheat is harvested near Lexington, Ore. A new trade deal with Kenya will allow more wheat from the Pacific Northwest to be exported to that African nation.

EO Media Group File

PORTLAND — A new market is opening for wheat farmers in Oregon, Washington and Idaho.
After 12 years of negotiations, Kenya has agreed to lift its prohibition against U.S. wheat exports from the Pacific Northwest, the USDA announced on Feb. 25.

As part of the agreement, the agency's Animal and Plant Health Inspection Service, or APHIS, will work with producers to increase crop surveillance for flag smut, a seed-borne and soil-borne fungal disease that poses no human or animal health risks but can reduce wheat yields by as much as 50%.

Greg Ibach, USDA undersecretary for marketing and regulatory programs, said Northwest farmers now have full access to the Kenyan wheat market, valued at nearly $500 million annually.

"This action proves our commitment to securing fair treatment and greater access for U.S. products in the global marketplace," Ibach said in a statement.

Flag smut affects primarily dryland winter wheat, grown predominately across Eastern Oregon, Washington and Idaho. Spores can survive for at least four years in the field. Symptoms of infected plants include stunted growth, twisted and distorted leaves and, in severe cases, no grain head development.

The disease has been found periodically in U.S. wheat since the early 1900s, according to the USDA, though it has been controlled through the use of treated seed, crop rotation and modern production practices. Chemical seed treatments are the most effective method of controlling flag smut, researchers at Oregon State University say.

Amanda Hoey, CEO of the Oregon Wheat Growers League and Oregon Wheat Commission, said the deal with Kenya provides new opportunities for Oregon growers. The vast majority of Oregon wheat, between 85 and 90%, is exported.

"We need as many open markets as we are able to secure for our wheat," Hoey said. "The acceptance of export phytosanitary inspection and certification provides access to a market restricted to Oregon growers for more than a decade."
Kenya imports much of its annual wheat supply, since domestic production only supports about 10% of the country’s overall consumption. Most imports come from suppliers such as Russia, Ukraine and the European Union. The U.S. currently makes up only 5% of Kenya’s wheat imports, or about 120,000 metric tons.

The deal struck between APHIS and Kenya also has an impact on U.S. wheat being sold into landlocked Uganda, since they both use Kenya’s port facilities. Between the two countries, Hoey said they import about 1.6 million metric tons of wheat a year.

"Even if we saw a 5% rise in the market share, it could be worth over $20M to the U.S. wheat industry," she said.

Steve Mercer, a spokesman for U.S. Wheat Associates in Arlington, Va., said the industry supports continued free trade negotiations with Kenya, which could provide a model for other African countries to follow.

"Africa is a fast-growing continent, but one that the U.S. has had limited opportunity for trade negotiations with," Mercer said. "A high standard (free trade agreement) with Kenya should open the door for additional African countries to pursue two-way trade negotiations with the U.S."
George Plaven
Reporter
I cover issues affecting Oregon agriculture. Have a news tip? Let me know!
Vietnam Buying $3 Billion in U.S. Farm Goods to Ease Trump Tariff Threats

By Nguyen Dieu Tu Uyen
March 3, 2020, 10:35 PM PST Updated on March 3, 2020, 10:55 PM PST

- Vietnamese companies commit to $3 billion in farm purchases
- Deals include $800 million purchase of wheat and barley

Terms of Trade is a daily newsletter that untangles a world threatened by trade wars.

Vietnam, looking to allay the Trump administration’s wrath over its soaring trade surplus with the U.S., is committing to buy $3 billion in farm products from Nebraska. The agricultural shopping spree is part of a campaign to address complaints about the trade surplus and difficulties U.S. companies face in accessing Vietnamese markets.

“We see a lot of room to increase purchases from America, and that will significantly help narrow our trade gap with the U.S.,” said Nguyen Do Anh Tuan, the agriculture ministry’s spokesman, who was part of a recent Vietnamese delegation to meet farm-product producers in the U.S. “Our demand for American farming products is very high.”

Vietnamese companies signed 18 agreements with American producers to buy about $3 billion of farm products in the next two to three years, Tuan, director general of the agriculture ministry’s international cooperation department, said in an interview. The deals include purchases of 100,000 cows, 3 million tons of wheat and barley worth as much as $800 million, and fruit, corn and soy animal feed, according to Tuan.

“We will have regular meetings with these Vietnamese companies to give them timely support in implementing the signed MOUs,” Tuan said. “We also want to buy more high-tech equipment from the U.S. to make more value-added farm products in the future.”

Wrath of Trump

Vietnam’s leaders are doing all they can to avoid China’s fate after U.S. President Donald Trump, asked in June 2019 if he wanted to impose tariffs on Vietnam,
described the Southeast Asian nation as “almost the single worst abuser of everybody.”

Vietnam’s exports to the U.S. reached $61.3 billion in 2019, widening the trade gap to $47 billion from $34.8 billion in 2018, according to Vietnamese customs data. The U.S. Census Bureau reports a $55.8 billion trade deficit with Vietnam for 2019 and $39.5 billion for 2018.

In an interview last year, Prime Minister Nguyen Xuan Phuc promised that Vietnam would buy more U.S. products, such as Boeing Co. aircraft. In August, state-run Vietnam National Coal-Mineral Industries announced it was negotiating to buy U.S. coal for the first time, from Xcoal Energy & Resources LLC.

Vietnam is cracking down on fake labeling of Chinese goods being routed through its territory to bypass U.S. tariffs. Meanwhile, the central bank and government ministries have vowed to address U.S. concerns about Vietnam’s monetary policy and trade surplus with the U.S., after the Treasury added Vietnam to a watchlist of countries being monitored for possible currency manipulation.

U.S. Trade Representative Robert Lighthizer said last year that Vietnam needs to resolve “market access restrictions related to goods, services, agricultural products, and intellectual property.”

Vietnam is working to address Lighthizer’s concerns, Tuan said.

“We will work on changes in some relevant regulations to make it easier for American companies to sell more in Vietnam,” he said. “We are trying to create opportunities for businesses of the two countries to boost trade exchange in a fair manner. This will surely help the bilateral relations between Vietnam and the U.S.”