Casualty of Protectionism

What’s at Stake for U.S. Wheat in Japan

Ben Conner
U.S. Wheat Associates
February 22, 2019
USDA Ag Outlook Forum
U.S. Wheat in Japan

Post-War Food Aid
Oregon Wheat Growers’ buses
School lunch program
Demand explosion
Wheat Imports 1960-1975

Source: USDA PSD Database
Japan ❤️ Wheat

Ramen
Tempura
Udon
Gyoza
Tonkatsu
Yakisoba
Kasutera/Castella
U.S. Wheat Imports Since 1970

Source: USDA GATS Database
Share of U.S. Wheat Exports

CV Japan: 9.6%
CV Others: 16.4%

Source: USDA PSD Database
MAFF Import System

Agriculture ministry facilitates wheat imports

Exclusive right to import duty-free

Works for us in Japan, but generally not recommended

農林水産省
MAFF Import System

Mark-Up = Effective Tariff

Import Price Paid by MAFF

Price Paid by Flour Miller

Funds for MAFF & Producer Support

U.S. WHEAT ASSOCIATES
CPTPP Mark-Up Reduction

Current: approx. 17.35 ¥/kg
Year 1: 16.2 ¥/kg
Year 2: 15.3 ¥/kg
Year 3: 14.5 ¥/kg
Year 4: 13.6 ¥/kg
Year 5: 12.8 ¥/kg
Year 6: 11.9 ¥/kg
Year 7: 11.1 ¥/kg
Year 8: 10.2 ¥/kg
Year 9 and after: 9.4 ¥/kg

CPTPP Year 1 – Dec. 30, 2018
CPTPP Year 2 – April 1, 2019

$19/MT premium starting April 1st
MAFF Import System

CPTPP vs MFN

2018

2021

2025

MFN

USA

CPTPP

CPTPP

CPTPP
Share of Exports by Class (West Coast)

- **HRW**
  - 35 million bushels

- **SW**
  - 28 million bushels

- **HRS**
  - 38 million bushels
Share of Exports by Class
(West Coast)

HRW

SW

HRS
Share of Exports by Class
(West Coast)

HRW

SW

HRS
Share of Exports by Class (West Coast)

1.6 MMT
59 million bushels
Supply Chain Loss Equivalents

Farms (15,000bu): 3,764

Unit Trains (110 cars): 128

Bulk Vessels (35 TMT): 44
Farm Families in the Crossfire

Impacts of losing 1.6 MMT...

37 cents per bushel

Farmer with 1000 acres of wheat loses approximately $20,000
Trade or Fade

Pro-trade consensus needed again
Getting passed by many competitors
Need USMCA implemented to show we can still complete agreements
US-Japan needs to be done ASAP to avoid major losses to the wheat supply chain