

Casualty of Protectionism

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

Ben Conner

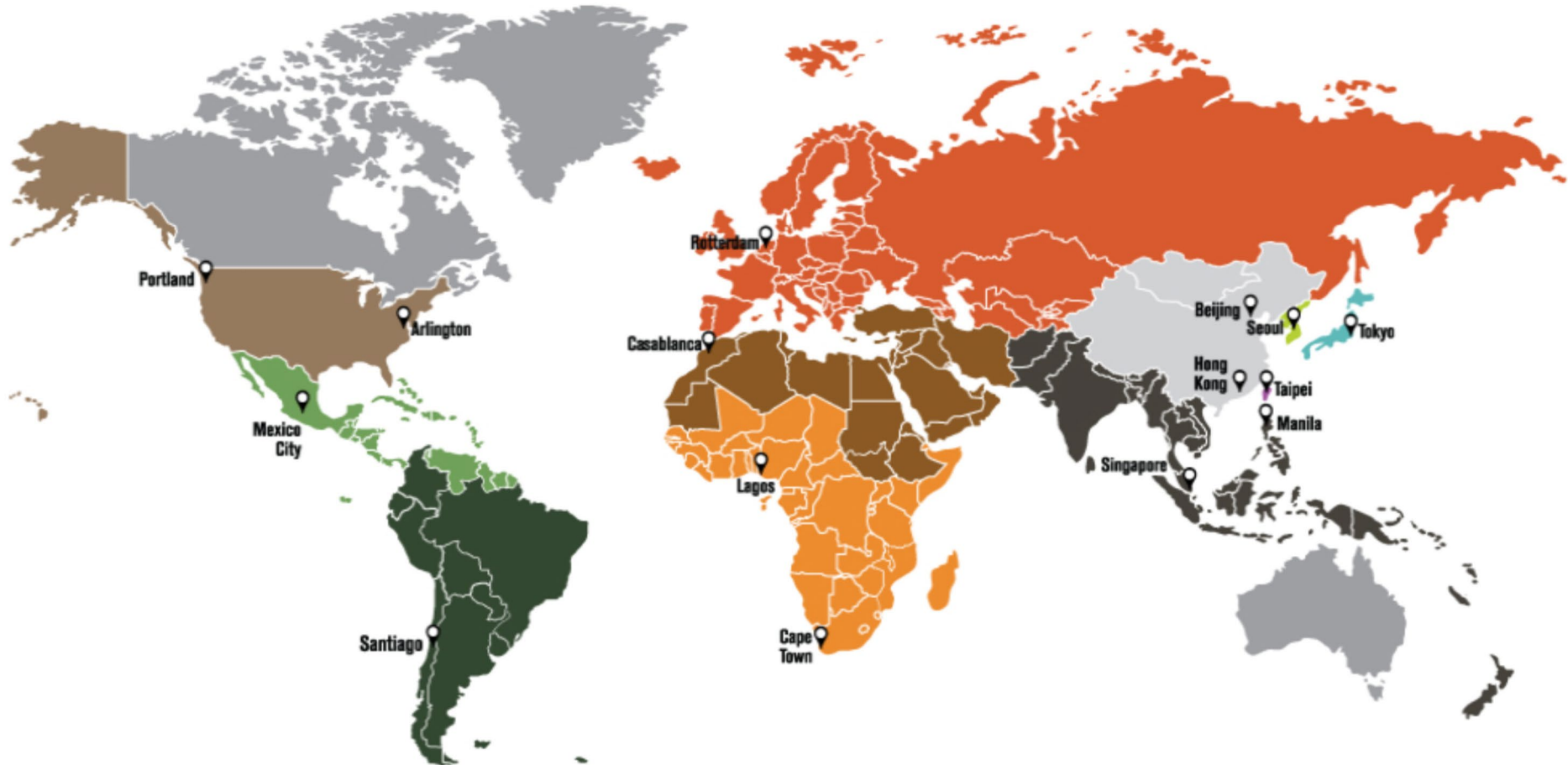
U.S. Wheat Associates

February 22, 2019

USDA Ag Outlook Forum



USW Overview



U.S. Wheat in Japan

Post-War Food Aid

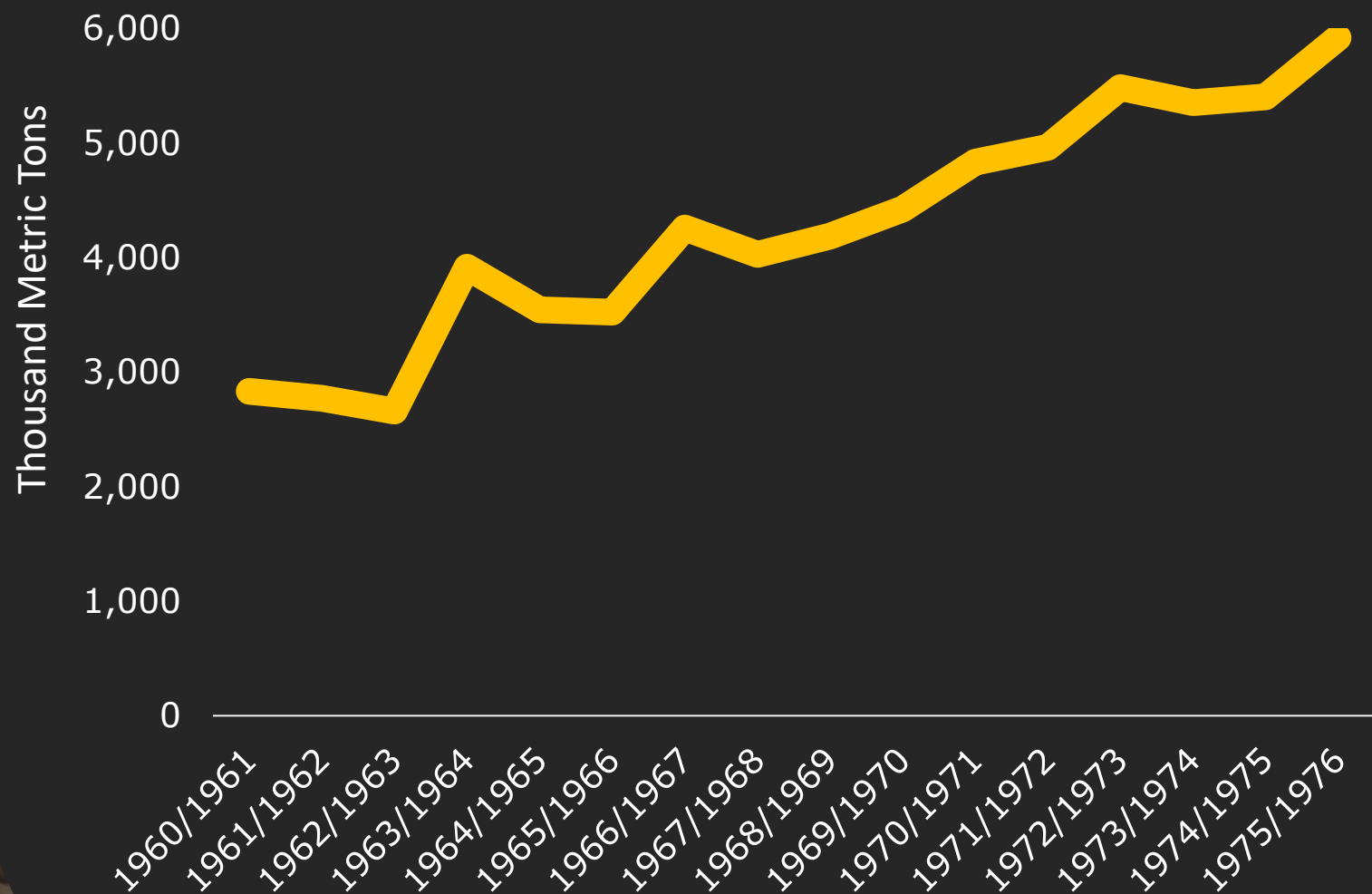
Oregon Wheat Growers' buses

School lunch program

Demand explosion



Wheat Imports 1960-1975



Source: USDA PSD Database

Japan ♥ Wheat

Ramen

Tempura

Udon

Gyoza

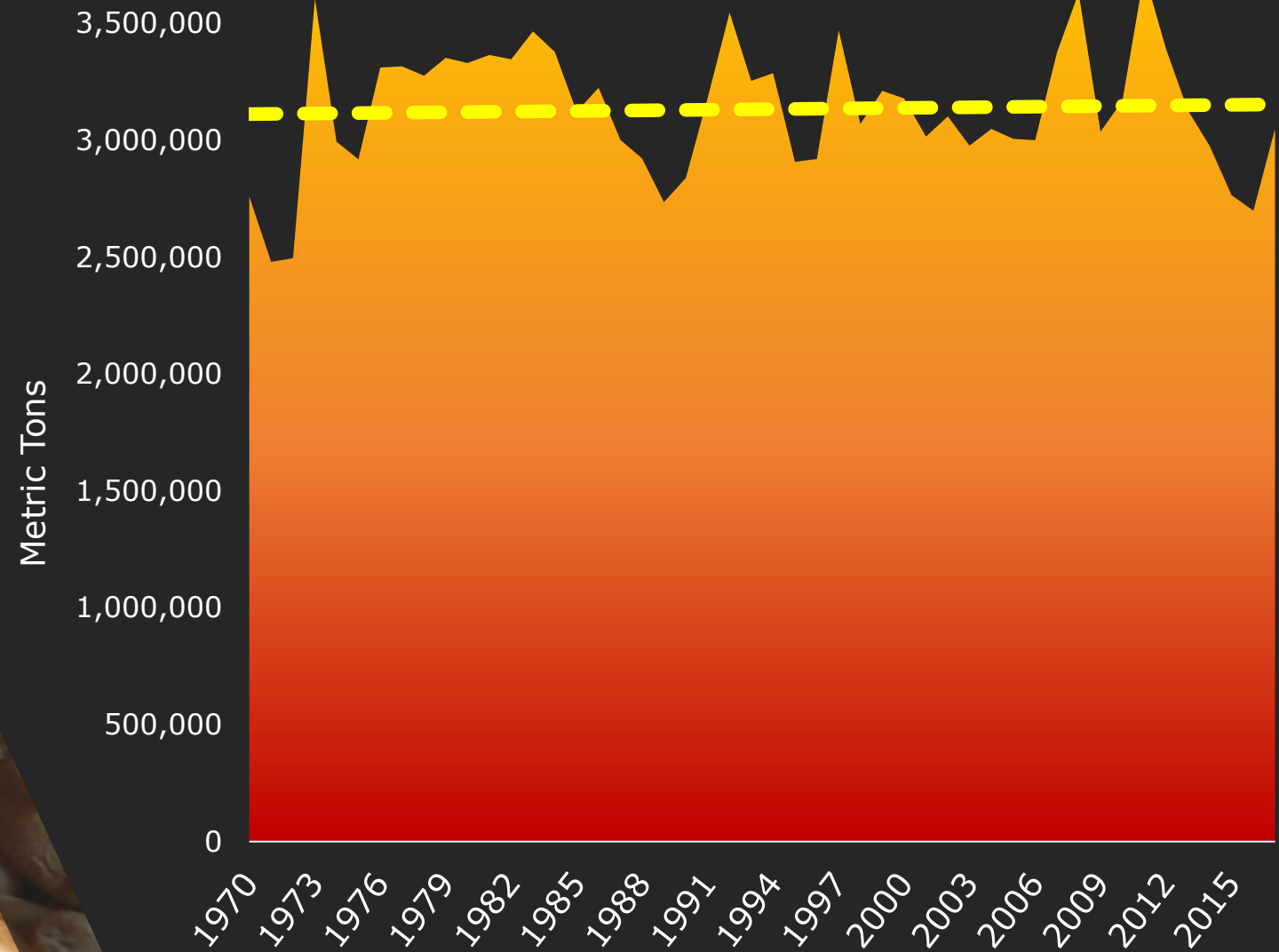
Tonkatsu

Yakisoba

Kasutera/Castella

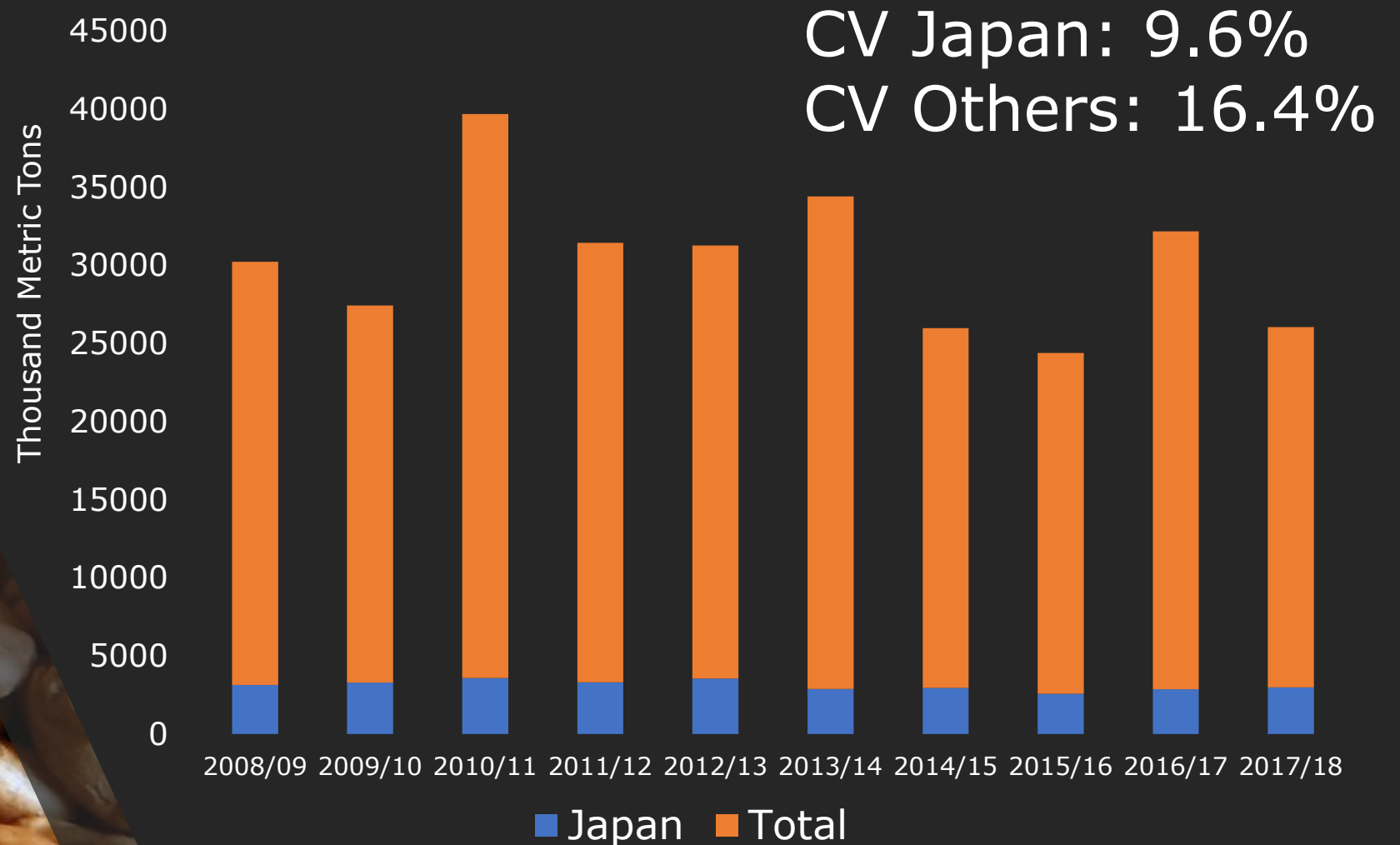


U.S. Wheat Imports Since 1970



Source: USDA GATS Database

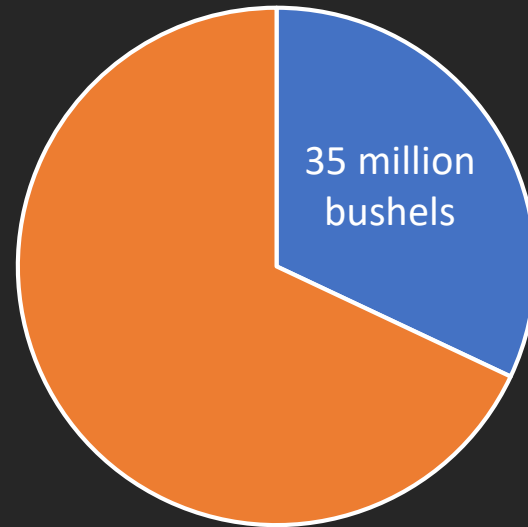
Share of U.S. Wheat Exports



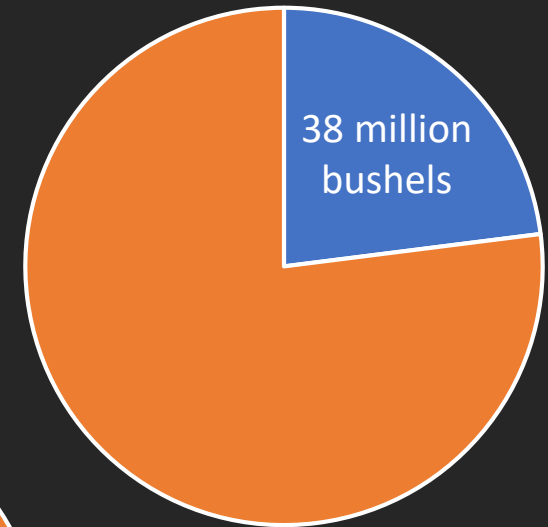
Source: USDA PSD Database

Share of Exports by Class (West Coast)

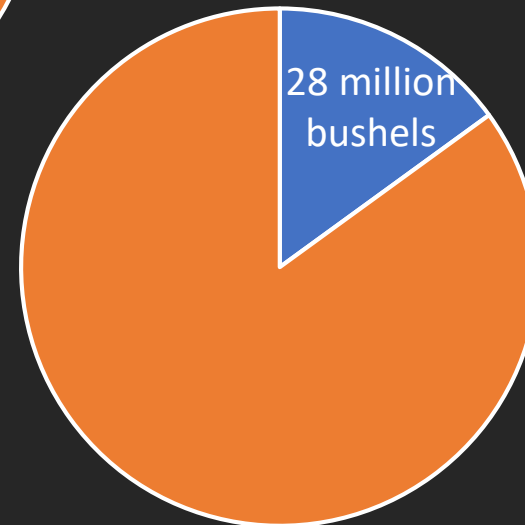
HRW



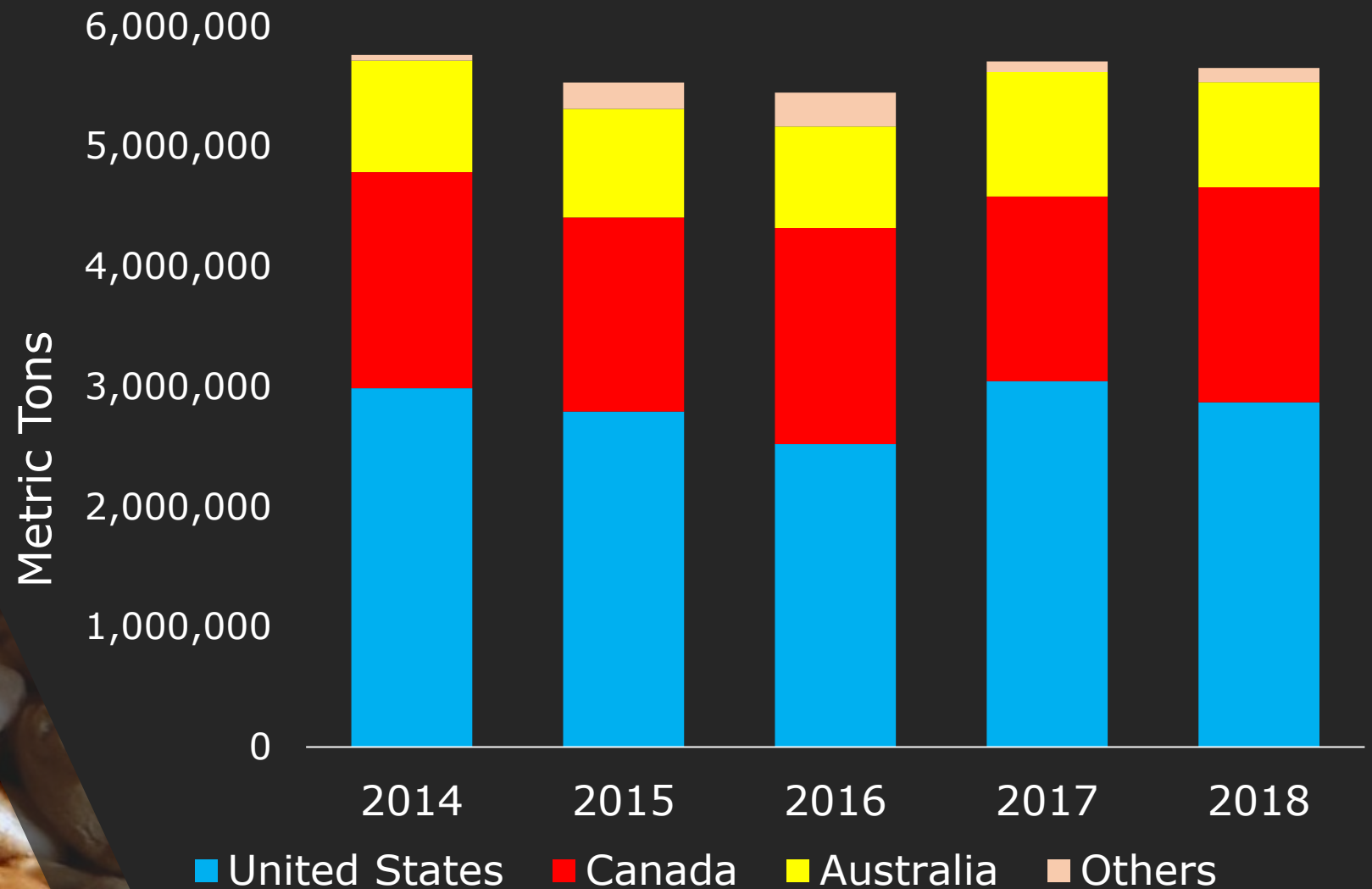
HRS



SW



Total Wheat Imports



Source: Global Trade Atlas

A close-up photograph of numerous golden wheat grains, showing their characteristic oval shape and textured surface. The grains are piled together, filling the left side of the frame.

MAFF Import System

Agriculture ministry facilitates
wheat imports

Exclusive right to import duty-free

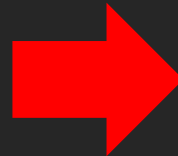
Works for us in Japan, but
generally not recommended

農林水産省

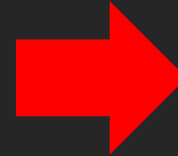
MAFF Import System

Mark-Up = Effective Tariff

Import
Price Paid
by MAFF



Price Paid
by Flour
Miller



Funds for
MAFF &
Producer
Support





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

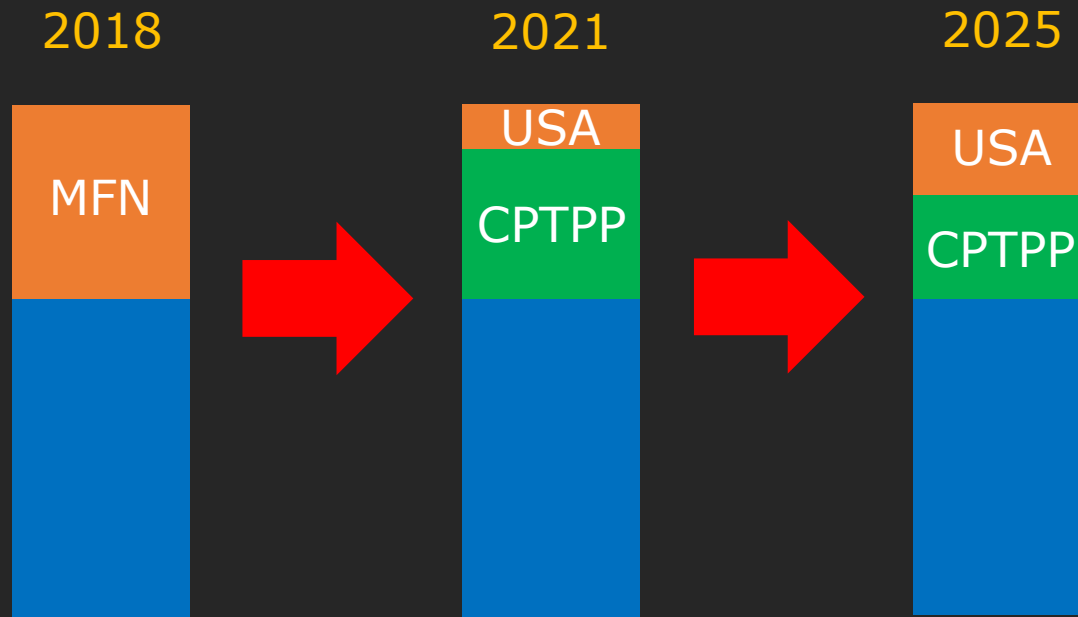
CPTPP Year 1 – Dec. 30, 2018

CPTPP Year 2 – April 1, 2019

**\$19/MT premium
starting April 1st**

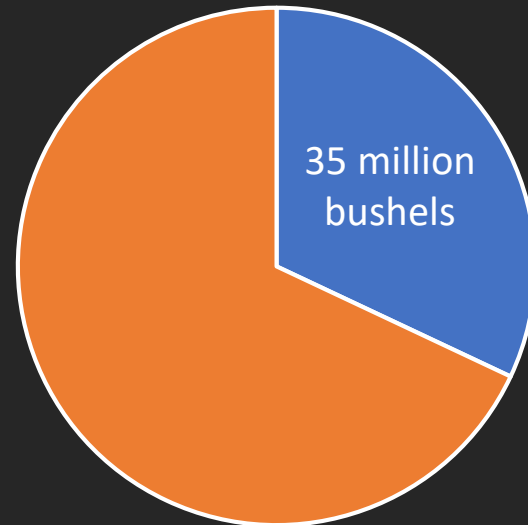
MAFF Import System

CPTPP vs MFN

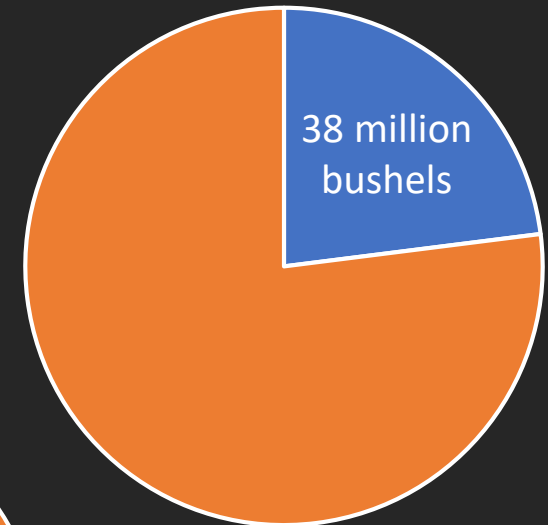


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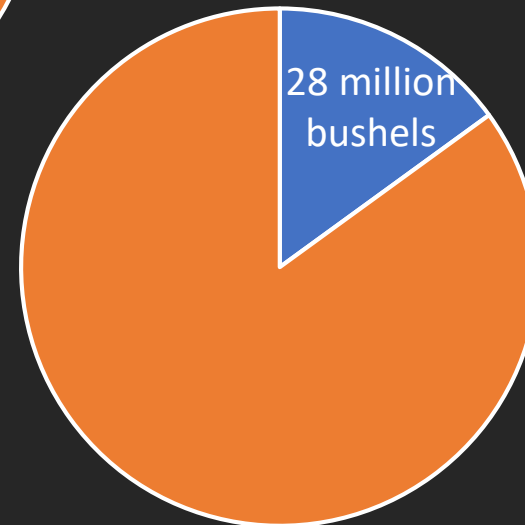
HRW



HRS

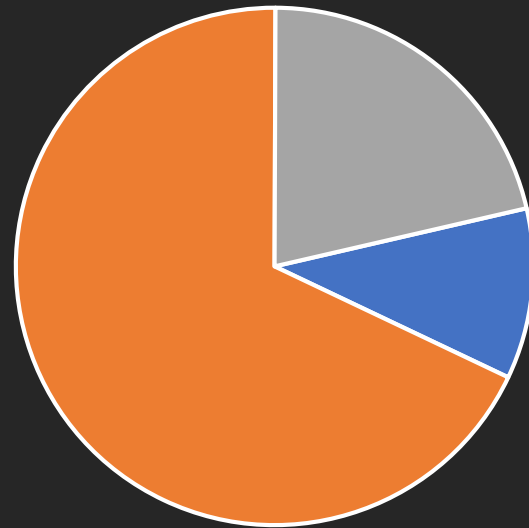


SW

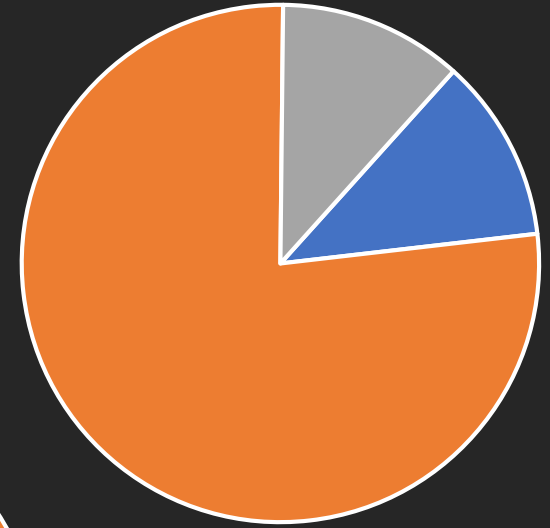


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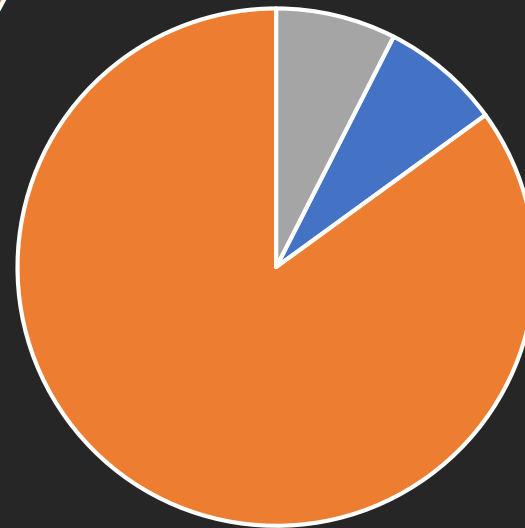
HRW



HRS

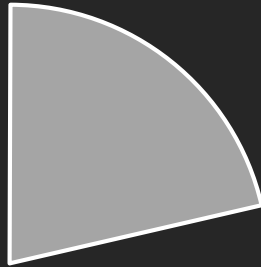


SW

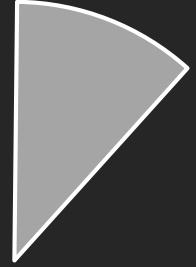


Share of Exports by Class (West Coast)

HRW



HRS



SW



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



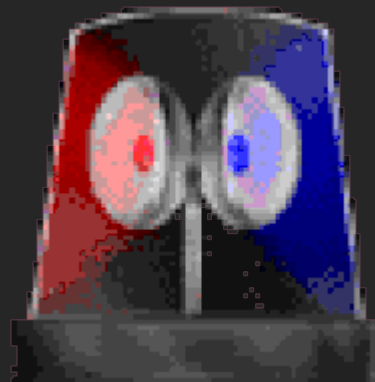
Trade or Fade

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



 U.S. WHEAT
ASSOCIATES