

Opportunity KNOCKED. *U.S. Wheat* ANSWERED.

U.S. Wheat Associates (USW) took advantage of several opportunities to increase U.S. wheat exports in Marketing Year 2010/11 (June – May) by seizing the moment and leveraging years of work with overseas customers. The results: U.S. commercial export sales reached 35.1 million metric tons* (MMT) in 2010/11. That is 59 percent of total U.S. wheat production for the year, 56 percent more than in 2009/10 and the most exports since 1992/93. It is not surprising, then, that the United States remained the world's leading wheat exporter in 2010/11.

**1 metric ton = 36.74 bushels*

As the industry's export market development organization, USW promotes all six U.S. wheat classes: hard red winter (HRW), hard red spring (HRS), hard white (HW), soft red winter (SRW), soft white (SW) and durum. Funding is made possible through checkoff dollars, goods and services from 19 state wheat commissions and cost-share grants from the USDA's Foreign Agricultural Service. This report provides an overview of USW activities in 2010/11. For more information about USW activities and/or detailed financial information, please visit the USW website at www.uswheat.org/success, email us at info@uswheat.org or call (202) 463-0999, Ext. 330.

Thank you for your continued commitment to expanding overseas opportunities through support for U.S. Wheat Associates.

Don Schieber, 2010/11 Chairman
Alan T. Tracy, President



The world's most reliable choice.

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2010/11 Trade Overview and Activities

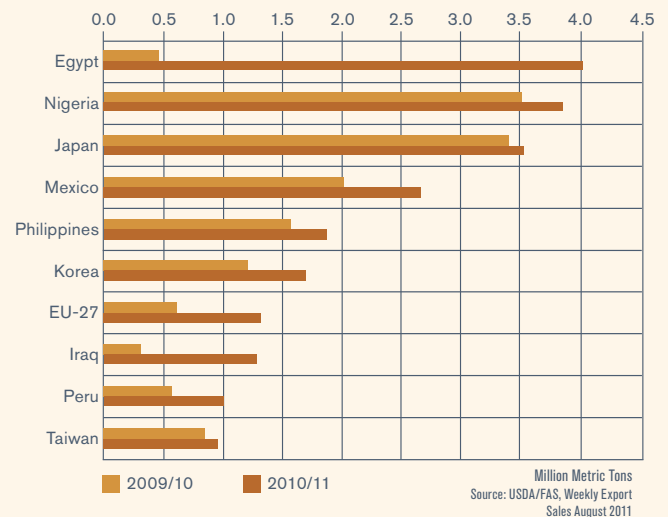
RUSSIAN EXPORT BAN SHOCKS WORLD WHEAT MARKET

Overseas demand for U.S. wheat started sluggishly in 2010/11. With abundant supplies of lower-priced Black Sea wheat predicted, expectations for U.S. wheat exports were low. Then, news about drought in Russia, Ukraine and Kazakhstan grew more ominous. Just as importers were absorbing the potential impact of reduced supply, Russia's government shocked the markets by halting wheat and feed grain exports on August 15, 2010.

Yet, armed with information from USW, importers knew they could rely on U.S. wheat producers to meet their needs immediately and for the rest of the year. U.S. wheat exports jumped quickly and continued growing as weather problems hurt the Canadian, German and Australian crops.

Japan and Nigeria usually vie for top U.S. wheat importer status and both customers significantly increased purchases in 2010/11. In fact, because they know U.S. wheat is "the world's most reliable choice," all 10 of the largest U.S. wheat buyers and buyers in each region USW serves, except North Africa, increased U.S. wheat imports in 2010/11.

TOP 10 CUSTOMERS FOR U.S. WHEAT



Here is how USW responded to several other opportunities to increase U.S. wheat export demand and influence trade policies around the world in 2010/11, as compared to 2009/10.

EGYPT TURNS TO U.S. WHEAT GROWERS

The unexpected loss of Russian wheat hit hardest in Egypt, the world's largest wheat importing nation. Over the years USW has helped the Egyptian importing agency establish minimum quality standards based on #2 U.S. SRW. In June 2010, USW brought a team of Egyptian government officials to the United States to learn more about our quality assurance systems. Those efforts helped ease Egypt into importing more U.S. SRW, HRW and SW again after the Russian government export ban. By the end of 2010/11, Egypt had imported more U.S. wheat—4 MMT—than any other country.



THE NEW SAUDI ARABIAN MARKET

The Kingdom of Saudi Arabia is importing wheat again after ending its production program due to water supply concerns. Through its Cairo regional office, USW has maintained contact with Saudi grain officials. In early 2010 USW worked with state commission members to bring Saudi grain officials to the United States to learn about our wheat export, price discovery and risk management systems. That prepared the Saudis to ramp up HRW and HRS purchases from zero in 2009/10 to 542,000 metric tons (MT) in 2010/11.



BUILDING SOFT WHITE DEMAND THROUGH FOOD SCIENCE

Global demand for spring rolls is growing rapidly, but published research on commercial production and quality is limited. So USW Asian product baking experts developed the first-ever scientific investigation into how flour made with U.S. wheat performs in spring roll wrappers. The course was part of a USW program that works with research and educational partners to demonstrate the quality of U.S. wheat in new markets and products, including spring roll wrappers, instant noodles, steamed breads and more. USW and the Wheat Marketing Center, Portland, OR, teamed with several large Asian food companies in 2010/11 to compare U.S. soft wheat flour blends to flour containing Australian wheat. The team found that medium-protein SW flour and U.S. "Western White" flour, a blend of SW and club wheat, performed best in commercial spring roll wrapper production. The stage is now set for more research to build demand for U.S. wheat.

HELPING MILLERS MOVE FLOUR TO HAITI

Four flour mills in the Dominican Republic are expanding to meet new demand in Haiti after the January 2010 earthquake destroyed its only flour mill. USW stepped up with trade and technical support to show how U.S. wheat could help the mills respond and grow well into the future. As a result, sales of HRW, SRW and HRS to the Dominican Republic increased

31 percent in 2010/11, with much of the extra flour moving to help ease at least some suffering and hunger in Haiti.

BUILDING ON A MORE FAVORABLE POLITICAL ENVIRONMENT FOR TRADE

With the U.S. trade agenda gaining some momentum in 2010/11, USW continued its work to remove trade barriers that distort free and fair U.S. wheat export flows around the world. In partnership with the National Association of Wheat Growers, USW pushed U.S. officials for passage of pending free trade agreements with Colombia, Panama and Korea to create equal or preferential market access policies. USW also continued to advocate for a World Trade Organization Doha Round agreement that balances reductions in domestic support with significant new market access for U.S. wheat exports and eliminates trade-distorting practices of monopoly sellers like the Canadian Wheat Board. USW also continued to assist several nongovernmental organizations around the world that buy and sell U.S. wheat to fund developmental food aid projects in several countries.

In addition, USW continued its work with industry partners to educate overseas customers about the importance of advanced breeding techniques in wheat, including biotechnology, and the potential benefits to wheat farmers, millers, bakers and wheat foods processors.

Looking to 2011/12, USDA's projection is for continued strong demand for U.S. wheat. As of September, USDA expected 2011/12 exports to reach 27.9 MMT, just under the 10-year average of 28.3 MMT. However, as the Black Sea drought and supply shock of 2010/11 prove, the results ultimately depend on weather, government actions and many other factors, including continued farmer and federal government support for agricultural export market development.



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