



## U.S. WHEAT: A VITAL FOOD AID TOOL

### CONTRIBUTING TO GLOBAL FOOD SECURITY

Wheat is the source of 20 percent of the world's caloric intake and a dietary staple around the world. It is an excellent source of energy-providing complex carbohydrates, fiber, B vitamins and iron. The U.S. wheat industry, through its Food Aid Working Group (FAWG), is committed to global food assistance and encourages a program that includes the full range of options to help countries attain lasting and sustainable food security.

#### Specifically, we hold to the following principles:

- Promote wheat as a nutritious component of international food aid
- Support a strong U.S. food aid program that prioritizes in-kind donations and monetization
- Support funding and implementation of Local and Regional Procurement programs only through programs not currently purchasing U.S. commodities
- Encourage an increase to the Food for Progress Transportation Cap and efforts to mitigate the effect of Cargo Preference rules on cost recovery calculations
- Oppose U.S. government funding, directly and indirectly, of food aid commodity procurement from foreign agriculture export competitors
- Oppose food aid program proposals that permanently erode US in-kind donations
- Encourage food aid commodity procurement specifications that match relevant commercial market specifications wherever practicable

### AN EFFECTIVE FOOD AID STRATEGY SHOULD INCLUDE IN-KIND DONATIONS

Recent Farm Bills have provided ample flexibility for U.S. food aid programs. Food for Peace cash and voucher programs, as well as local and regional purchasing, are important for emergencies, when delays in the arrival of in-kind food would result in humanitarian crises. However, while they are an important food aid tool, a further shift in funding toward these programs moves resources away from in-kind commodities and diminishes returns. This removes U.S. agriculture from the equation, endangering its strong, cooperative relationship with aid programs, which is essential for Congressional support. In other areas of the world, such as the European Union, similar shifts have had a negative impact, leading to a decrease in total food aid contributions. In-kind and cash assistance systems work best in a complimentary relationship. Flexibility must not become a euphemism for a shift to cash only food aid policies. The U.S. wheat industry opposes all attempts to require that food aid be given as "cash only" instead of allowing donor nations to provide food directly as emergency and development assistance.



# DID YOU KNOW?

- Although worldwide in-kind food aid has been consistently declining since 1999, THE UNITED STATES CONTINUES to be the world's most stable, reliable source of IN-KIND FOOD AID DONATIONS AND TOTAL DEVELOPMENT ASSISTANCE.
- IF FOOD AID REPRESENTED AN EXPORT MARKET, total wheat donations for international food aid from the United States would rank in the top 10 export markets.
- WHEAT IS CONSISTENTLY THE TOP U.S. FOOD AID COMMODITY, making up more than 40% of all in-kind food aid from the United States each year and is THE SINGLE MOST MONETIZED COMMODITY.
- United States food aid programs have benefitted more than 4 billion people worldwide since the Food for Peace Act was signed into law in 1954.

USING ALL OF THE TOOLS IN THE TOOLBOX: MONETIZATION. Monetization is a food aid tool that provides necessary commodities to food-insecure areas and benefits market development programs by generating funding from the sale of donated U.S. commodities. The long-term value of monetizing a commodity goes beyond the immediate return of the initial sale. Monetizing U.S. wheat stimulates local milling industries and fosters relationships with future trade partners.

MONETIZATION IN COLOMBIA: A STORY OF SUCCESS. In 2021, USDA's Food for Progress program monetized 70,000 metric tons (MT) of U.S. Hard Red Winter (HRW) wheat through the Buenaventura port on the Pacific coast of Columbia. Partners of the Americas, the NGO implementing partner, used the monetization to fund the Cacao for Development (C4D) project. C4D works with

cacao farmers across Columbia to strengthen value chains in order to provide stabilized incomes and greater crop diversification. In addition to the humanitarian benefits of C4D, the monetization also offered a new commercial market opportunity for U.S. wheat exports. Prior to the monetization, U.S. wheat shipments to Columbia were limited to Caribbean seaports in the country. Through the Food for Progress monetization, Columbian mills operating on the Pacific Coast were able to see the demonstrated cost and quality benefits of U.S. wheat. In 2022, following the Food for Progress monetization, Columbian buyers purchased more than 50,000 MT of HRW wheat through the Buenaventura port. US Wheat Associates worked with Partners for the Americas to identify the proper wheat class and quality specifications best suited for the Columbian market, as well as identifying Columbian milling companies able to purchase the wheat through the Buenaventura port.

FOR MORE THAN 60 YEARS, U.S. WHEAT FARMERS HAVE TAKEN PRIDE IN PROVIDING IN-KIND WHEAT FOOD AID AS A SAFE AND RELIABLE SOURCE OF NUTRITION TO FOOD-INSECURE PARTS OF THE WORLD AND SUPPORT USING U.S. COMMODITIES TO ENHANCE DEVELOPMENT PROGRAMS.

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U.S. Wheat Associates (USW) is the industry's market development organization working in more than 100 countries. Its activities are made possible by producer checkoff dollars managed by 17 state wheat commissions and through cost-share funding provided by USDA's Foreign Agricultural Service.

National Association of Wheat Growers (NAWG) is a federation of 21 state wheat grower associations that works to represent the needs and interests of wheat producers before Congress and federal agencies. Based in Washington, D.C., NAWG is grower-governed and grower-funded, and works in areas as diverse as federal farm policy, trade, environmental regulation, agricultural research and sustainability.

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