U.S. WHEAT ASSOCIATES 2019 TRADE POLICY PRIORITIES

As the most export-dependent grain commodity in the U.S., the free and fair flow of trade is essential to U.S. wheat producers. In marketing year 2017/18, the United States exported 24.5 million metric tons (MMT) of wheat, valued at over $5 billion, representing 52 percent of U.S. production. Although wheat is the world’s most traded grain and the United States is one of the leading suppliers, a wide range of barriers currently restrict U.S. producers’ ability to export their product. We seek to improve market access, eliminate unfair trade practices and enforce existing trade commitments, so that U.S. farmers can continue to be the world’s reliable choice for high quality wheat.

An overview of U.S. Wheat Associates’ trade policy priorities for 2019 follows:

TRADE AGREEMENT MONITORING & ENFORCEMENT

- USW encourages aggressive enforcement of trade commitments related to wheat, including through the World Trade Organization (WTO) dispute settlement mechanism when appropriate. USW also supports resolving the Appellate Body impasse and appointing new members so that the dispute settlement mechanism can continue to be an effective tool for resolving trade violations.

- The United States should continue its cases on China’s non-compliance with WTO commitments on domestic support and tariff rate quota (TRQ) administration, together the single largest trade enforcement issue the U.S. wheat industry faces in annual dollar impact.

- Brazil should comply with its WTO commitment of a 750,000 metric ton duty-free quota for wheat, or otherwise renegotiate its commitment in a way that preserves the market access commitment for U.S. wheat producers.

- Subsidized Turkish flour is a major challenge for flour milling industries around the world, many of which are important customers of U.S. wheat. USW supports measures that prevent Turkish flour from undermining flour milling companies, particularly in developing countries, as well as addressing the root causes of the problem in Turkey through the WTO or other mechanisms.

- Other wheat export subsidy policies that should be challenged by the U.S. government include Brazil’s PEP and PEPRO programs, rail subsidies in Russia, the Maximum Revenue Entitlement system in Canada, and subsidized sales from Pakistan.

- The WTO SPS Agreement is fundamentally important to wheat farmers to ensure that rules relating to human and plant health do not become disguised trade barriers by ensuring that regulations are based on appropriate scientific research and risk assessments. It should be a priority of the U.S. government to ensure that countries follow these commitments for regulations affecting wheat trade.

UNILATERAL TARIFFS

- USW opposes unilateral tariffs imposed in violation of WTO commitments, particularly Section 232 tariffs imposed on commonly trade products ostensibly for national security purposes. These tariffs invite retaliation on agricultural products and could provide precedent for countries to impose their own national security tariffs for food security reasons.
NEGOTIATING GLOBAL TRADE RULES

- USW supports the WTO and the global rules-based trading system. The WTO remains a vital institution to ensure a level playing field among agricultural producers. USW will only support comprehensive, multilateral negotiations if countries are willing to abandon the failed Doha framework, make substantive market access commitments and rein-in domestic support programs that are currently out of compliance. Any future agreements at the WTO must not weaken the Agreement on Agriculture.

- USW opposes efforts through the WTO to address food security through increased subsidization. Instead, we support liberalization of trade in wheat which will provide food security to consumers by removing key trade barriers that distort markets and make staple foods more expensive.

FREE TRADE AGREEMENTS (FTAs)

- USW strongly supports current FTAs and applauds the Administration for updating NAFTA through the USMCA. USW urges its timely adoption while keeping the existing NAFTA in place in the meantime. USW also supports continued discussion with Canada regarding access for U.S. varieties in the Canadian varietal registration system.

- USW encourages the administration to negotiate new FTAs. U.S. wheat exports face disadvantages without new agreements as competing nations sign agreements with key wheat markets. U.S. FTAs should eliminate tariffs and include sanitary-phytosanitary (SPS) measures that go beyond current WTO commitments.

- Implementation of the Trans-Pacific Partnership (TPP) without the United States has disadvantaged U.S. wheat producers. USW supports negotiations with Japan but encourages the administration to consider rejoining TPP. USW would also like to see Japan provisionally decrease the mark-up on U.S. wheat to prevent damage to the Japanese flour milling industry and U.S. wheat farmers during negotiations.

CUBA & OTHER SANCTIONED COUNTRIES

- USW supports ending the trade embargo and normalizing trade relations as Cuba. USW also supports the current exemptions for agricultural sales to sanctioned countries.

MARKET DEVELOPMENT

- USW encourages full funding of the Market Access Program (MAP) and Foreign Market Development (FMD) program. These programs support critical market building and development programs for U.S. wheat producers.

A full list of barriers facing the wheat industry can be found in USW’s annual submission to the USTR National Trade Estimates report.

U.S. Wheat Associates (USW), the industry's export market development organization, conducts training and educational activities with customers in over 100 countries on behalf of U.S. wheat producers, supporting all six U.S. wheat classes. Market development activities are funded by producer check off dollars managed by 17 state wheat commissions and through cost-share funding provided by the U.S. Department of Agriculture’s (USDA) Foreign Agricultural Service (FAS).