



NORTH DAKOTA WHEAT COMMISSION

2023-2024 ANNUAL REPORT

More Acres, Strong Yields, Improved Quality

The 2023 production season began with the usual challenges and a few new wrinkles. Cold soil temperatures and late season snowfall complicated startup, but producers quickly caught up, finished by mid-June and gained a seven percent increase in wheat acreage, at 6.6 million acres.

Drier than normal conditions prevailed in eastern areas, while a more favorable production situation developed over much of western and southwestern North Dakota and nearby areas of South Dakota and Montana. Dry conditions continued in the north and east along the Canadian border, into northwestern Minnesota, dropping south through the Red River Valley.

Good Crop

A slightly larger North Dakota all wheat crop came in at 308 million bushels, averaging 47.1 bushels per acre, the fourth highest state average yield on record and just below the 48.9 bushel record established a year ago.

The crop graded well with good quality, 14.0 protein, and 61.4 pound test weight, FHB (Scab) impacts were minimal and damage levels were low. Falling number score just under 400 indicated a sound crop with a strong overall performance profile, including 'customer pleasing' dough stability and loaf volume ratings compared to the 2022 crop.

Competition Intense, Everywhere

Fierce global competition put immense pressure on all wheat prices, with very real negative local impacts. When the 2023 North Dakota crop was being planted local producer prices for HRS were \$8 - \$8.50, with durum prices at \$10 - \$10.50. HRS has since slipped to \$5 - \$5.25 with Durum at \$8 - \$8.50. Heavy supplies of much cheaper, lower quality Black Sea wheats remain readily available. African and Middle Eastern destinations are particularly vulnerable due to logistical and low price features associated with Ukrainian and Russian originations, and the Black Sea reach is growing.

Silver Linings to Consider

US Hard Red Spring (HRS) and Durum wheats do not compete directly with these cheaper alternatives. Quality, end-use performance, and reliability of supply 'identity' of US HRS and Durum sells. Established customers continue to buy US HRS and Durum at 'premium prices' compared to other wheats available,

both in the export market and here at home. Demand remains strong in your top ten markets, mostly in North and South Asia and Latin America. US HRS is again the largest selling class of US wheat in the export market. US HRS sales in Latin America and the Caribbean realized a 50% increase over the past five years, gradually growing from 37 million bushels in 2019 to 56 million in 2023. US domestic market consumption is robust as well, with US mills currently processing 50% of the annual US HRS crop and 70% of the US Durum crop.

Determined Attitudes

North Dakota producers have long held a reputation for making good choices and pursuing positive outcomes. Some call it self-determination. North Dakota wheat producers through their own dedication and the deliberate actions of many have influenced positive outcomes on behalf of their industry, local communities, and the citizens of the state and region. Producers have actively advocated for cutting edge research, well-qualified personnel, and the infrastructure required to move critical technology, genetics, and management practices forward in an effective manner.

They have systematically developed durable domestic and export market opportunities thereby ensuring growth in demand for quality, high performance, premium priced wheat and durum; taken active roles in development of Farm Program safety net features including crop insurance, disaster assistance; and challenged regulatory overreach issues that otherwise threaten time-proven production practices, technologies, and efficiencies, benefitting producers and consumers alike.

The North Dakota Wheat Commission proudly acknowledges its industry partners in accomplishing its mission and purpose: USW, NAWG, NDGGA, USDGA, NDGDA, NDSU, NCI, ND Ag, Dept., USDA, WFC, and WMC.

'Food Security = National Security'; Ditto, 'Energy' and 'Water'. North Dakota has all three!

Sincerely,

Jim Pellman, Chair

Neal Fisher, Administrator



International Marketing

US HRS EXPORTS

US hard red spring wheat exports rebounded in the 2023 marketing year (June 1- May 31), reaching 235 million bushels, up 10% from the previous year. A high grading crop, which averaged slightly above 14% protein supported demand, along with adjustments in rail pricing to the Pacific Northwest, which brought US export values on par with Canadian values. The North Dakota Wheat Commission advocated for adjustments in rail pricing, citing the sharp discounts Canada employed in the 2022 marketing year to capture demand in Asia.

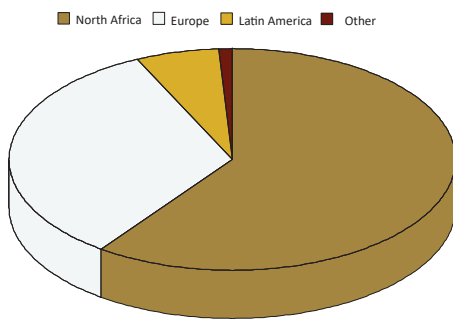
Export demand for US HRS remains heavily concentrated in Asia with 70% of sales going to that region in 2023. Mexico and the Latin American region account for another 25% of demand, with the remaining share split between traditional buyers in Europe and Africa. US HRS was the leading export class of wheat from the US in 2023, accounting for one-third of total US sales. High quality, higher protein wheat remains a rarity in the international market, which supports demand for North Dakota grown wheat in the face of world markets inundated with cheap Russian and Ukraine wheat.

The top market was the Philippines at 58 million bushels, up 35% from the previous year. Mexico held onto second position at 35 million, up 46 percent. The remaining top five markets were Taiwan and Japan at 24 million bushels, and South Korea at 17 million. The Philippines remains a very stable demand center for HRS with high US market share, as their end-users know it will produce the quality products demanded by their consumers. Demand in Mexico has grown nearly four-fold over the past 5 years,

US DURUM EXPORTS

The 2023 marketing year brought improved world demand for US durum with sales reaching 22 million bushels, up more than 20% from the previous year. The improved export sales were supported by a good quality crop, higher import needs in key markets, and sharply lower Canadian exports due to drought. US exports were on a stronger pace early in the year, but unexpected, cheap exports from both Turkey and Russia tempered final US sales.

2023 DURUM EXPORT SHARE



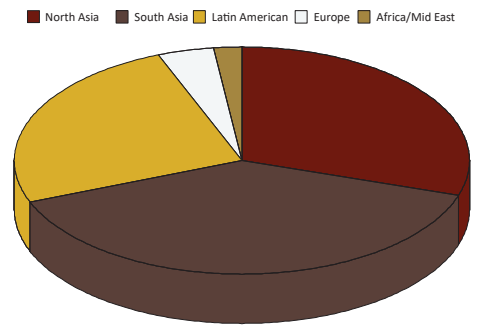
Top markets were Algeria, Italy, Morocco, Mexico and Venezuela, accounting for roughly 90% of total US exports. Algeria was the dominant market with 50% of the sales. Domestic crop shortfalls and a long-time preference for US durum were

supportive factors in Algeria which pushed the final sales level to nearly 3 times the five-year average. Italian purchases reached nearly 7 million bushels, about 10% higher than the previous

supported largely by direct rail shipments from North Dakota and Montana, which provide more consistent quality. Taiwan and South Korea both showed an increase in volume in 2023.

Demand in Japan, while stable with 2022, is down by nearly one-third from 5 years ago, as an aging population is lowering overall demand, and favorable Canadian pricing in that market is challenging US HRS sales.

2023 HRS EXPORT SHARE



Collectively, the top five markets account for two-thirds of U.S. HRS export demand, with more than 30 other markets accounting for the balance. While smaller volumes, many of these other markets provide potential growth opportunities, with younger populations and a growing middle class. Many of these markets are in South Asia, led by Vietnam, Malaysia and Indonesia, as well as Latin America, led by Honduras, Panama and the Dominican Republic. Technical education and direct customer trade servicing is paying dividends in these markets, with a promising future. Italy, China, Spain, Nigeria and Egypt also provide unique demand opportunities, in part driven by demand for use in pasta.

year, but only about one-half of the five-year average. Italy was a market that was heavily influenced by cheap Turkish and Russian exports. Sales to Morocco were nearly 1.5 million bushels, double the pace of the previous year, as drought impacted their domestic crop. Efforts by US durum breeding programs to improve the yellow color in US durum is also paying dividends.

Mexico and Venezuela both showed dramatic increases in US durum imports, especially relative to the past two years, reaching a combined 1 million bushels. Direct rail shipments from North Dakota and Montana supported Mexico demand, as it gave US origin durum more competitive logistics into some mills. Mexico is a leading export source for durum worldwide, but mills there still need imports to improve quality. Venezuela demand is highly variable from year to year, due to ongoing political and social unrest, but they are an important market for U.S. producers when market conditions are opportunistic.

Other markets which registered sales of US durum in 2023 included Belgium, Spain, Panama and Japan. Durum exports are more challenging compared to other classes of US wheat, due to smaller rail shipment volumes, concentrated production areas and the fact that US domestic annual demand accounts for nearly 60 million bushels of grind.



Domestic Promotion

The North Dakota Wheat Commission's domestic promotion focuses on conveying positive messages on the healthfulness of bread, pasta and other wheat foods, and interacting with major milling, baking and pasta companies.

Domestic promotion efforts are done on a mostly collaborative basis with the Wheat Foods Council (WFC) and National Pasta Association (NPA), both of which are funded by producers and industry. These organizations strive to promote



the health benefits of wheat foods; provide sound, scientific information on wheat production and wheat foods; create

trendy recipes to engage and interest consumers; and share positive wheat foods messaging with key influencers. Specifically, the WFC, has recently promoted wheat foods via chef workshops and continuing education opportunities for personal trainers.

Domestic marketing efforts with US domestic mills, bakeries and pasta companies is important for North Dakota grown HRS and durum, since we are the largest producing state of those two classes of wheat, and the US is the largest single market for

each class. Interaction with US end-users takes place through the WFC and the NPA, as well through organizations such as the Wheat Quality Council, and meetings such as the International Durum Forum. Interaction with the U.S. domestic industry is important for education on the safety of herbicides, fungicides and insecticides critical to wheat production and quality, keeping connected on the emerging interest in regenerative and sustainable production practices and ensuring the U.S. market continues to prioritize domestically grown wheat for its reliability, quality and safety.

The Commission also continues to do in state promotion efforts via the Ag in the Classroom events that provide agriculture education to thousands of fourth graders around the state and our annual Pasta Month promotion event to recognize the state's durum producers and pasta industry.

Do yourself a flavor



It's National Pasta Month
NORTH DAKOTA WHEAT

Domestic Policy

Domestic policy is a key variable in the profitability of wheat producers. The NDWC contracts with the ND Grain Growers Association (NDGGA) and the US Durum Growers Association (USDGA) to support their efforts to address congressional and administration policy on the farm bill, crop insurance, disaster assistance and regulatory issues. Approximately 13% of the Commission's annual check-off collections are directed to the NDGGA and USDGA, based on a provision in the NDWC legislation.

The NDGGA focus is on all small grains, while the USDGA focus is on the specific needs of durum. Both organizations contract at the federal level for national policy needs, and also work extensively with local and state officials. Persistent efforts on the farm bill, soil and water regulatory issues, chemical pricing and availability, crop insurance and conservation issues, among others, have brought significant benefits to North Dakota wheat producers.

Some of the more visible events that showcase the work of these groups include the annual E-tour by the NDGGA. The tour allows EPA staff and federal officials to visit ND producer operations, ag retailers and chemical applicators, and local and state agencies to view first-hand modern farming practices and needs of producers. The NDGGA also collaborates with the Commission and surrounding state check-offs to host Best of the Best in Wheat Research meetings each winter to educate producers on the latest in wheat research. The USDGA hosts the Crop Outlook and International Durum Forum which brings key companies in the US durum industry to the state to visit with producers and learn about current issues and needs of the US durum production region.



Research

In the 2023-24 fiscal year, the North Dakota Wheat Commission committed just over \$1.5 million dollars to research and customer service projects. Research has been a top funding priority for the Commission for years. The Commission funds both long-term research, such as genomic selection and wheat breeding, and short-term research that addresses timely production or customer concerns. The Commission’s dedication to providing research funding stems from the idea that high quality research provides producers with the best varieties and production tools to continue producing wheat that meets customer’s needs.

The Commission funds research in the following areas:

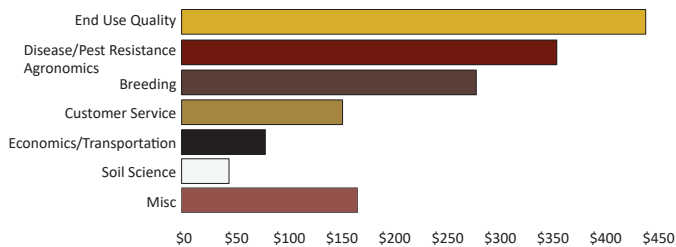
- End-use quality –goals of funded projects include: evaluating potential new varieties for quality attributes to ensure they meet producer and customer demands; analyzing samples for the annual regional crop quality survey; addressing customer concerns or trends in the industry such as milling attributes, kernel size impacts, analyzing new equipment efficiency and reliability, and exploring the use of spring wheat in sour dough and other specialty breads.
- Disease and pest resistance/agronomics – current studies include high input variety management, fertilizer recommendations, disease resistance and management (scab, bacterial leaf streak, ergot, leaf and stem rust), management of sawfly and other pests, DON testing on a varietal basis.
- Breeding – program support for the hard red spring, durum and hard red winter wheat breeding programs at NDSU.
- Customer Service – supporting educational programming at Northern Crops Institute and Wheat Marketing Center in areas of grain procurement, pasta processing, milling, and end-product analyzation.

- Economics/transportation – funding support for procurement programming for customers, analysis of GMO and other technology potential, analysis of grain shipments and costs.
- Soil Science – provides research on the effectiveness of cover crops and tillage practices on soil health, managing acidic soils.
- Misc. – SBARE matching funds, contingencies for equipment and new research technologies.

The Commission meets every March to review submitted research projects and make funding decisions based off producer priorities. In addition to direct research funding, the Commission has made contributions to capital improvement projects over the years. In 2024, the Peltier Complex opened, providing state of the art research facilities for the wheat quality programs and a new home for the Northern Crops Institute. The Commission contributed \$1.75 million for this project.



RESEARCH DOLLARS (THOUSAND DOLLARS)



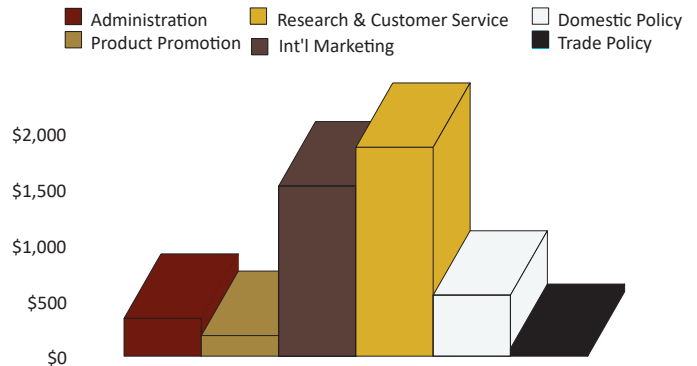
Your Check-off Dollars

FINANCIALS FOR JULY 1 TO JUNE 30

| | Actual FY 2023-24 | Budget FY 2024-25 |
|--------------------------|----------------------|----------------------|
| Beginning Balance | \$5,644,583 | \$5,480,744 |
| Checkoff Collected | \$4,774,555 | \$4,875,000 |
| Interest Income | \$85,532 | \$31,000 |
| Sales/Miscellaneous | \$78,172 | \$15,000 |
| Total Receipts | \$10,582,842 | \$10,401,744 |
| Refunds to Producers | \$303,786 | \$316,875 |
| Expenditures | \$4,798,312 | \$5,168,101 |
| Ending Balance | \$5,480,744 | \$4,916,768 |

Annual revenue collections from the wheat check-off were slightly more than \$4.77 million in the 2023-24 fiscal year, representing 307 million bushels of producer sales. While annual wheat production is a barometer of potential revenue collections, actual producer sale patterns are the final determinant, and producer carryover stocks help cushion years of production shortfalls. Similarly, the NDWC Board strives to operate with sufficient carryover funds, allowing for steady funding of critical program areas.

FY 2023-24 OPERATING EXPENDITURES = \$4,798,312



Trade Policy

Development of positive trade policy and enforcement of existing agreements are critical elements of a successful trade environment, reinforcing producer driven and directed mission and goals of Wheat Commission market development programs.

Initiatives are coordinated with industry-recognized partners: US Wheat Associates, National Association of Wheat Growers, North Dakota Grain Growers, US Durum Growers, and other like-minded, market oriented stakeholders.

Trade Policy Goals:

- Improve market access
- Lower tariffs in importing countries
- Support negotiation of new and improved trade agreements
- Eliminate unfair trade practices and other non-tariff barriers
- Expand markets and pricing opportunities for North Dakota producers
- Pursue additional funding for USDA-FAS Market Development programs

Non-Tariff Barriers

Trade agreements have reduced import tariffs, opened markets and were once the focus of wheat trade policy initiatives, but non-tariff, protectionist restrictions imposed by importing countries are increasingly problematic obstacles.

- Non-scientific based claims against widely used inputs
- Unrealistic maximum residue levels (MRLs), common weed seeds
- Technology bans which limit innovation, jeopardize le-

gitimate domestic and global food security goals and US producer success in global trade.

Wheat Export Opportunities

North Dakota wheat producers have established a broad market base worldwide, with 70 percent in Asia; other key destinations; Latin America, Africa and Europe.

- Earlier negotiations with the UK, European Union and in the Indo-Pacific region have considerable potential and should be aggressively pursued.
- US Wheat has identified additional markets in South Asia (Indonesia, Malaysia).

Important Considerations:

Expanding global trade opportunities and market access has mobilized growth and development in US agriculture for decades; Model for global food security.

US agriculture is the only sector of US economy consistently generating a positive trade balance; Record annual US agricultural exports of more than \$180 Billion in recent years. First time in decades US agricultural exports are now overshadowed by a recent surge in agricultural imports.

Strong consideration should be directed to greater (Farm Bill) investment in USDA's time-proven Foreign Market Development (FMD) and Market Access Programs (MAP) to re-establish US agricultural trade balance and reputation.





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BOARD OF COMMISSIONERS AND COUNTY REPRESENTATIVES

Jim Bahm, New Salem, ND
District 1 2020-2024

Adams..... Dustin Laufer
Billings Loren Bock
Bowman Colby Schumacher
Dunn Lenci Sickler
Golden Valley..... Don Hardy
Grant Wes Frederick
Hettinger Keith Witte
Mercer..... Gary Knell
Morton Jim Bahm
Oliver Mikael Schmidt
Sioux Jamie Heid
Slope..... Miles Hansen
Stark Dean Baar

Dustin Johnsrud, Epping, ND
District 2 2021-2025

Burke Eugene Christiansen
Divide Aaron Jacobson
McKenzie vacant
Mountrail..... Aaron Skarsgard
Renville Del Gates
Ward Duane Poynter
Williams Dustin Johnsrud

Jim Pellman - Chairman
McClusky, ND
District 3 2022-2026

Burleigh Dean Goetz
Eddy..... Brady Richter
Emmons..... Tom Bernhardt
Foster..... Lee Greger
Kidder Tim DeKrey
Logan Bill Becker
McIntosh Ross Litsey
McLean Brian Fransen
Sheridan James Pellman
Stutsman Vacant
Wells..... Vacant

Philip Volk, York, ND
District 4 2020-2024

Benson Philip Volk
Bottineau Lenny Artz
McHenry..... David Thom
Pierce..... Mike Schmaltz
Ramsey Matthew Olson
Rolette Mark Martinson
Towner..... Alec Miller

Scott Huso, Aneta, ND
District 5 2021-2025

Barnes..... Erik Flatt
Cass Todd Ellison
Dickey vacant
Griggs Scott Tranby
LaMoure Jordan Nitschke
Ransom..... Travis Dagman
Richland Michael Beeson
Sargent Roger Zetocha
Steele Scott Huso
Traill Steve Doeden

Aaron Kjelland, Park River, ND
District 6 2022-2026

Cavalier Griffin Zimmer
Grand Forks Brian Jodock
Nelson John Steffan
Pembina Kelly O'Toole
Walsh Aaron Kjelland

Mark Birdsall - Vice chairman
Commissioner-at-Large
Berthold, ND 2023-2027



Neal Fisher
Administrator

Jim Peterson
Policy & Marketing Director

Erica Olson
Market Development and Research Manager

Keri Ell
Accounting Specialist

Jolene Beehler
Administrative Assistant

