

# Average US wheat exports peaked in decade of the 1980s and have declined each decade since

In this third column in our series of analyses looking at agricultural exports since 1960, we turn our attention to wheat. In our examination we will be looking for evidence that US export-oriented policies have led to steadily-increasing exports and higher crop prices.

During the 1960s, before the export boom of the 1970s, wheat exports remained below 1 billion bushels with average annual wheat exports of 712 million bushels (see Table 1). The 1965 crop marketing year with wheat exports of 852 million bushels saw the largest exports of the decade while the lowest exports (544 million bushels) were seen in the 1968 crop marketing year.

As a note: crop marketing years in the US begin with the month of the harvest of the largest area in the US grown to a specific crop and extends for 12 months, at which time the next crop marketing year begins. Depending on the author, the crop marketing year can be designated in several ways: 1965/1966 crop marketing year, the 1965 crop marketing year, or simply as the 1965 crop or crop year. For the remainder of this column we will use the third designation, so for wheat the 1965 crop year begins on June 1, 1965 and continues through May 31, 1966.

US Wheat Exports		1960s	1970s	1980s	1990s	2000s	2010s
Mil. Bu	10 yr. av.	712	1,051	1,378	1,154	1,017	1,003
	Highest Year	852	1,375	1,771	1,354	1,263	1,291
	Lowest Year	544	599	909	1,002	850	778

**Table 1. US wheat exports by decade including the 10 year average exports, the highest year's export level and the lowest year's export level. Million bushels (Source: United States Department of Agriculture, Foreign Agricultural Service, Production, Supply, and Distribution Custom Query (<https://tinyurl.com/6jb3wj9b>)).**

Table 1 shows wheat exports experiencing a significant growth spurt in the 1970s. This was triggered by the entry of the Soviet Union in international markets. Prior to 1972, the Soviet Union had responded to grain shortages by slaughtering farm animals and feeding the freed-up grain to the civilian population. The Soviet Union (today the Russian Federation) has been active in international grain markets, including wheat, since then.

The highest US exports of the 1970s were in the 1979 crop year with 1.375 billion bushels shipped to foreign destinations. Average annual wheat exports for the decade were 1.051 billion bushels with the lowest export level occurring in 1971, the year before the entry of the Soviet Union as a buyer in world grain markets.

US Wheat exports peaked in the 1980s with exports of 1.771 billion bushels in 1981 and decadal average annual wheat exports of 1.378 billion bushels. The lowest exports of the decade were 909 million bushels, well above the highest wheat exports of the 1960s, 852 million bushels.

Subsequently, the 10-year average US wheat exports have seen a slow decline as shown in Table 1. Single high-year wheat exports of the 1990s, 2000s, and the 2010s have settled into a trough between 1.291 and 1.354 billion bushels while decadal average exports have ranged from 1.154 billion bushels in the 1990s to 1.003 in the 2010s. In the last 3 decades annual wheat exports have fallen to as few as 778 million bushels.

The history of wheat exports over the last 5 decades has been quite different from the dreams of the early-to-mid-1970s when exports were booming, prices were at historic highs, and US farmers were putting extra land into production based on the idea that they needed to feed the world.

In 1960, US farmers exported 654 million bushels of wheat, By 2020, US wheat exports were 985 million, a 48 percent increase. By way of comparison, foreign wheat exports were 957 million bushels in 1960, and 6.279 billion bushels in 2020, and increase of 534 percent. As a side note, for the 2016-2020 crop years, Russian wheat exports averaged 1.313 billion bushels (USDA, PS&D).

The US may be the preferred supplier to some grain markets, but clearly farmers around the world are feeding the world with the US serving as the residual supplier.

As a result, wheat prices have almost uniformly been below the full cost of production in the US. Wheat showed positive returns only twice in the last 22 years. Over the crop years from 1998 through 2019, the value of production minus total costs averaged -\$50.84 per planted acre.

That leaves federal farm programs struggling to compensate farmers for their losses. The problem is that these programs have been spectacularly inadequate because they were designed with the idea in mind that traditional farm programs kept prices up and exports down with artificially high loan rates.

What becomes clear with the above analysis is that loan rates—which were lowered in the 1985 Farm Bill and made ineffective in the 1996 Farm Bill (the get the government out of agriculture and we will out-export everyone else Farm Bill), both with the goal of capturing export markets—are not the cause of constrained wheat exports.

As we look to the next farm bill, we need to keep these lessons in mind and design farm programs that will sustain US crop prices at levels that cover the full cost of production.

*Policy Pennings Column 1069*

*Originally published in MidAmerica Farmer Grower, Vol. 37, No. 315, March 26, 2021*

*Dr. Harwood D. Schaffer: Adjunct Research Assistant Professor, Sociology Department, University of Tennessee and Director, Agricultural Policy Analysis Center. Dr. Daryll E. Ray: Emeritus Professor, Institute of Agriculture, University of Tennessee and Retired Director, Agricultural Policy Analysis Center.*

*Email: [hdschaffer@utk.edu](mailto:hdschaffer@utk.edu) and [dray@utk.edu](mailto:dray@utk.edu); <http://www.agpolicy.org>.*

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