

In 1980 there were 4 major wheat exporters - 46 percent came from the US; in 2021 the number of major exporters was 10 - the US share was 11 percent

Exports seem to have a mesmerizing effect on US farmers, who have the ability to produce crops at levels that exceed domestic demand. This productivity has been driven by an abundant base of arable land combined with access to the latest production technology (equipment, seed genetics, and chemicals that provide essential nutrients and suppress weeds). If US agriculture were to be solely dependent upon domestic consumption, the number of farmers and the area of land under cultivation would have to shrink significantly.

While the number of farmers has steadily declined over the decades, primarily as the result of improvements in equipment that allow a farmer to work ever-larger amounts of land, and the area under production has declined modestly, these reductions have been swamped by increasing yields leaving US farmers as dependent as ever on exports for their profitability.

Last week we looked at corn (<https://tinyurl.com/5ecbjarn>) and saw a decline in both US share of world corn exports and the absolute amount of US corn exported.

This week we turn to wheat, again looking at the period encompassed by the 1980-2021 crop marketing years.

For the 1980 crop marketing year, US farmers produced 64.8 million metric tons (tonnes) of wheat. During that year, the US exported 42.2 million tonnes (MT) of wheat, 65.1% of its wheat crop. US exports dominated world wheat-exports accounting for 45.7% of the market.

Canada came in second with exports of 16.3 MT and a market share of 18.0%. The European Union was third (EU-15: the number of countries in the EU at that point in time was 15, today 27 countries are a part of the EU) and was responsible for 15.7 MT of wheat exports. If one adds Romania and Hungary (they are now a part of the 27 member states in the EU) to the total, the EU would account for 17.2 MT of wheat exports in the 1980 crop year. Australia came in fourth at 9.6 MT (10.6%).

Russia and Ukraine, which we will discuss soon, were both a part of the USSR at that time. The USDA PS&D database we are using does not provide totals for individual nations that were a part of the USSR in 1980. Separate numbers for individual countries within the USSR are not available until 1987, just before the dissolution of the USSR (1989-1992).

In 1980 the 4 largest wheat exporting nations were responsible for 96.1% of the market.

By 2021 US wheat exports were 21.8 MT, but accounted for just 10.7% of the world wheat-export-market. The world wheat-export-market in 2021 was led by the EU (37.5MT, 18.5%) followed by Russia (32.0 MT, 15.8%), and Australia (27.5 MT, 13.5%). Ukraine came in fifth (20.0 MT, 9.8%). In 2021, 10 countries (considering the EU as a single country with a common agricultural policy) accounted for 93.8% of the world wheat-export-market.

Turning to wheat production, the EU-15 led the pack at 67.4 MT, closely followed by the US (64.8 MT, 14.9%), China, (55.2 MY, 12.7%), and India (31.8 MT, 7.3%). In 2021, the EU continued to lead the pack (139.0 MT, 17.9%) with China as a close second (137.0 MT, 17.6%). India came in third (110.0 MT, 14.1%) with Russia (75.2 MT, 9.7%), the US (45.0 MT, 5.8%), and Australia (36.3 MT, 4.7%) following.

The leading importers in 2021 were Egypt (12.5 MT), Indonesia (11.0 MT), Turkey (10.0 MT), and China (9.5 MT). The top 10 wheat importing countries accounted for 84.4 MT (42.0% of world imports).

Given all of this, what does the 2022 wheat market look like? With Russia and Ukraine accounting for 108.2 MT of production (13.9%) and 52.0 MT of wheat exports (25.6%), the Russian invasion of Ukraine and Ukraine's fierce response makes their role in world export markets problematic. Ukraine's wheat production will undoubtedly be significantly reduced (will enough wheat be harvested to feed Ukrainians?) while market sanctions may limit the countries that will be able to purchase wheat from Russia.

Prices will be higher than last year. How much higher? It's anyone's guess.

What seems certain is that the hungry of the world will suffer from the higher prices. Nearly a billion people already experience malnutrition because they couldn't afford to purchase sufficient food when grain prices were at a relatively low level. With higher prices resulting from Russia's invasion of Ukraine, hundreds of millions more will find themselves unable to adequately feed themselves and their dependents, unless the US and its allies who are providing weapons to Ukrainian fighters also provide sufficient food to combat malnutrition everywhere.

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