

PolicyPennings by Daryll E. Ray & Harwood D. Schaffer

US wheat exports down by nearly half from 1981 peak while non-US wheat exports have doubled

In the last two columns, we examined corn and soybean complex with a focus on US domestic demand, exports, world domestic demand, and the action of our competitors and customers. In this column we take a look at wheat.

US wheat production stood at 1.4 billion bushels in 1960, dropping to 1.1 billion bushels before taking off as the export boom of the 1970s began to surge. By 1981 and 1982, US wheat production had reached 2.8 billion bushels, double its level just 20 years earlier. And farmers and politicians alike thought that ever-expanding exports had solved the “farm problem.” Since then US wheat production has leveled off remaining in the 2.0 to 2.5 billion-bushel range as producers sought more profitable alternatives.

In the meantime, wheat production in the rest of the world increased by over three times from 7.2 billion bushels in 1960 to 21.8 billion bushels in 2012 and non-US domestic consumption made a similar gain.

Wheat exports from the US, which stood at 654 million bushels in 1960, surged to 1.8 billion bushels in 1981, a level not seen since. Non-US wheat exports were roughly comparable to US wheat exports in 1981 at 1.9 billion bushels. Since 1981, US wheat exports have been variable with a downward-to-flat trend. On the other hand, non-US wheat exports—also variable—have trended upward.

In 2012, the US exported 1.0 billion bushels or 100 million bushels shy of half its 1981 level. In contrast, non-US wheat exports more than doubled between 1981 and 2012 (4.1 billion bushels in 2012). The 2012 numbers appear to be representative, since the 2012 levels are nearly identical to the latest five-year (2008 to 2012) averages of US and non-US wheat exports.

In the 25 years between 1960 and 1984, wheat exports accounted for over 50 percent of US wheat utilization in all but 4 of years, with 7 years above

60 percent, including 1981 when exports peaked at 68 percent. Since 1984, US wheat exports have accounted for over 50 percent of US wheat utilization only 7 times.

In the US, food, seed and industrial consumption of wheat has increased steadily over the period, from 560 million bushels in 1960 to 1.0 billion bushels in 2012, when exports and food demand matched each other. Feed demand for wheat has been highly variable over the total period since 1960.

As we think about meeting the challenge of feeding an additional 2 billion people by 2050, up from 7 billion today, the historical record suggests that the goal will likely be met, with US exports filling in the year-to-year variation in production elsewhere in the world.

During the last 52 years—1960-2012—the world’s population increased 133 percent from 3 billion to 7 billion. At the same time, the wheat harvested area increased by 6.7 percent, and the wheat yield increased by 163 percent. As a result, the world’s production of wheat increased by 181 percent.

As it was in 1960, the issue of hungry people in the world is not a matter of production or exports from the US; it is a matter of poverty. Without enabling people to produce their own food or find jobs that will allow them to purchase the food they need, hunger in 2050 will likely remain an issue of poverty not production.

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