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## NEWS RELEASE

# Trade deals bode well for Washington wheat

(January 16, 2020, Spokane, WA) After years of poor prices and promised, but unrealized trade deals, Eastern Washington farmers are finally holding a winning hand as multiple agreements are being signed, sealed and delivered.

The latest success is the passage of the USMCA treaty by the U.S. Senate 89 to 10 on January 16. But a preliminary trade agreement with China, the details of which were revealed by the Trump Administration on January 15, vies, or even exceeds the U.S./Mexico/Canada deal in importance. Not to be forgotten, the bilateral agreement with Japan, signed last November, puts U.S. farmers on the same footing as Canadian and Australian farmers into that market.

Glen Squires, CEO of the Washington Grain Commission, hailed the flurry of deals.

"There are many challenges facing Eastern Washington wheat farmers, but prices can never be overlooked and prices have been in the doldrums for several years. While the USMCA treaty doesn't have a direct affect on the Pacific Northwest, Mexico is the nation's largest wheat importer. Its ability to continue to source U.S. wheat into the future will strengthen the entire market," he said.

USMCA retains tariff-free access to imported U.S. wheat into Mexico. It also works toward more open commerce for U.S. wheat farmers into Canada.

Michelle Hennings, executive director of the Washington Association of Wheat Growers, echoed Squires support for the USMCA treaty, but added that it is the preliminary deal that President Trump forged with China that holds the greatest promise for her farmers.

"China has a lot of wheat, but they don't have a lot of quality wheat. With Eastern Washington's emphasis on growing quality, our farmers are well positioned to take advantage of the anticipated demand and rising prices," she said.

The preliminary agreement will have Beijing purchasing an additional \$200 billion worth of U.S. goods and services over the next two years, of which \$80 billion is to come in agricultural commodities. In 2017, when the trade war started, China imported about \$185 billion in total U.S. goods and services.

The country has also agreed to follow its commitments under the WTO, established when it acceded to the international trade organization in 2001. That includes a Tariff Rate Quota of 9.64 million metric tons of wheat imports annually. If fulfilled, it would make China the third largest importer in the world behind Egypt and Indonesia.

“All of this trade activity bodes very well for our farmers, but we must remember the world still has a large wheat inventory. Nevertheless, I believe Eastern Washington is well positioned—given our history and commitment in growing quality wheat—to take advantage of President Trump’s and trade representative Robert Lighthizer’s tireless work on behalf of U.S. agriculture,” Squires said.

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