

POLICY MINUTE

USDA Details White Wheat Incentives

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In a press release on January 29, USDA announced details of the white wheat incentive program included in the 2002 Farm Bill. Section 1616 of the Farm Security and Rural Investment Act of 2002 authorized the program, but contained a scant 15 lines of language in a 407-page bill, leaving many questions about how it would be implemented.

The legislation specifically authorized a total of \$20 million in funding during the crop years of 2003 through 2005 to provide incentives to white wheat producers on not more than 2 million acres that meet specified quality criteria. Other guidelines were unaddressed in the legislation, requiring substantial interpretation on the part of USDA in determining the final rules.

In the final rules announced today, the funding limit is left unspecified, but total program outlays are based on not more than 2 million acres or an equivalent volume of production. Other rules in today's announcement address payment rates, quality requirements, production evidence, and other issues.

The following text from USDA's press release details the specific elements of the white wheat incentive program:

NEWS RELEASE

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AGRICULTURE DEPUTY SECRETARY MOSELEY ANNOUNCES DETAILS OF THE HARD WHITE WHEAT INCENTIVE PROGRAM

WASHINGTON, Jan. 29, 2003 – Agriculture Deputy Secretary Jim Moseley today announced the final rule and key program details of the Hard White Wheat Incentive Program (HWWIP), for which \$20 million was authorized under the 2002 Farm Bill. Moseley made the announcement today at the 2003 Wheat Industry Conference in Albuquerque, NM.

"We appreciate the cooperation of the hard white wheat industry in developing the parameters of this program that was created by the 2002 Farm Bill," said Moseley. "The goal of the program is to increase the number of bushels of hard white wheat produced in the United States for the 2003 through 2005 crop years, and we anticipate the provisions announced today will achieve this."

According to Moseley, the Farm Service Agency (FSA) will administer HWWIP through the 2005 crop year beginning with the 2003 hard white wheat crop. The final rule is published in today's Federal Register. Key components of the HWWIP include:

- Sign-up for 2003 HWWIP is scheduled to begin March 3.
- Both hard white winter wheat and hard white spring wheat are eligible for payment.
- A production incentive in the amount of \$0.20 per bushel is provided for a minimum of #2 or better Hard White Wheat as established by Federal Grain Inspection Service.
- Payment can be earned on a maximum of 60 bushels for each planted acre. An additional incentive in the amount of \$2.00 per acre is provided for each acre planted to certified seed.

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- Producers are eligible to earn both the production incentive and the certified seed incentive in the same year.
- Total Commodity Credit Corporation outlay for the three years is to be based on not more than 2 million acres or equivalent volume of production.
- Settlement sheets must be provided to FSA upon disposal of the production certified on the application, to be eligible to earn the production incentive.
- The end use of the hard white wheat may not be for feed use.

White wheat is preferred for noodles and is in demand by North African and central Asian bread markets. Currently, U.S. hard white wheat exports are small, partly due to inadequate supplies of consistent quality. Target markets are predominantly in Southeast Asia, where hard white wheat varieties are used to produce Chinese noodles. Incentives to grow hard white wheat are expected to increase supplies of consistent quality so exporters can compete in this export market.

Additional details and sign-up procedure will be released to county FSA offices by Feb. 3.
