

2010

ANNUAL REPORT

Kansas Wheat

Kansas Wheat
Commission

Kansas Association
of Wheat Growers





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Kansas Wheat is the cooperative agreement between the Kansas Wheat Commission and the Kansas Association of Wheat Growers, joining together as “leaders in the adoption of profitable innovations for wheat.”

The Kansas Wheat Commission is a grower-funded, grower-governed wheat products advocacy organization working to secure the future of Kansas wheat in the global market through international trade research, export system studies and continually improved varieties of wheat. The KWC is funded by a voluntary, 1.5 cent per bushel assessment for each bushel of wheat produced in the state.

The Kansas Association of Wheat Growers is a voluntary member-governed organization representing wheat growers in planning legislation, advising government and international agencies on matters affecting wheat and providing grass-roots leadership to the U.S. wheat industry. Dues are \$100 per year.

Contact Kansas Wheat at 217 Southwind Place, Manhattan, KS 66503, or call (866) 75-WHEAT. Check out our Web site at www.kansaswheat.org or e-mail kswheat@kswheat.com



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KWC LETTER: A CHANGE IN SEASONS

When my father began farming, this business was much different. Tractors without cabs and small grain trucks could be found on small farms. Farmers had fewer choices of wheat varieties from which to choose. Today, GPS-equipped tractors, farmer-owned semi-trucks and much larger farms are the norm. Wheat farmers have an ever-increasing and more productive selection of wheat varieties to plant.

Change is constant. Since my tenure on the Kansas Wheat Commission began seven years ago, five commissioners and four staff members have come and gone. We've added new committees to reflect our closer working relationship with the Kansas Association of Wheat Growers. Through our partnership with KAWG, the Heartland Plant Innovations Center and Kansas Wheat Alliance have been developed. The Wheat Foods Council and Plains Grains Incorporated have evolved. We've worked on long-range planning and goal setting, to fine-tune our objectives and maximize the investment farmers make with the one-and-a-half cent per bushel wheat assessment.

The Kansas Wheat Commission continues to cultivate international relationships with foreign buyers through our invest-

ments in the U.S. Wheat Associates. In Fiscal Year 2010, trade teams from seven countries visited the United States. We have increased the investment in research projects, with some exciting innovations to come in wheat variety research, technology and agronomic practices.

Despite the constant changes in our industry, the Kansas Wheat Commission's objective remains the same: to be leaders in the adoption of profitable innovations of wheat. That a single kernel of wheat can grow and become many seeds is a miracle. That your investment in the Kansas Wheat Commission grows into so many worthwhile causes and projects is a miracle in its own right, too.

Sincerely,



Doug Keesling, Chairman
Kansas Wheat Commission



KAWG LETTER: LOOKING AHEAD

After wheat harvest is complete, I often sit back and reflect not only on the past year's crop, but the recent accomplishments of the Kansas Association of Wheat Growers. Our association had another great year in 2010, many of which you will read about in this annual report.

Two major accomplishments this year by KAWG include the early success of the Heartland Plant Innovations Center and our stance on the public/private collaboration between Kansas State University and private seed research companies, through a document that NAWG and KAWG endorsed, entitled "The Principles of Collaboration." You can read more about these topics elsewhere in this annual report.

Although it may seem like we are barely done implementing the 2008 farm bill, the Senate and House agriculture committees are already holding hearings for the 2012 bill. We have been gathering producer input about farm programs and formulating policies. David Schemm, KAWG vice president from Sharon Springs, chairs the national Domestic Policy and Trade Committee, which will give Kansas a strong voice as those policies are developed.

In addition to the farm bill, KAWG and NAWG have both been at work on many other federal issues. The EPA's proposed further regulation of water, air and dust would be harmful to Kansas wheat producers. Many federal proposals

dealing with climate change, and the Clean Water Act, are being watched carefully by KAWG and NAWG. Both groups continue to provide input on these topics and are working to ensure our producers aren't burdened with further regulations which are not based on sound science and economic principles.

Finally, federal agencies are looking carefully at cellulosic ethanol as one means of reducing our nation's dependence upon foreign oil. Thanks to a series of grants, KAWG created an online biomass utilization tool designed to help producers identify income opportunities. Look for the tool to be available this fall.

If you have any questions, please call me at 620-947-3012 or contact the Kansas Wheat office.

Sincerely,



Paul Penner, President
Kansas Association of Wheat Growers



TWO JOIN KANSAS WHEAT STAFF

Justin Gilpin and Dalton Henry joined the Kansas Wheat staff in Fiscal Year 2010.

Gilpin, who became Chief Executive Officer on Sept. 1, 2009, was formerly logistics coordinator at General Mills and was International Marketing Specialist for the Kansas Wheat Commission from 2000 to 2006. The Russell native earned a degree in milling science and operations in 1998.



Henry joined the staff after graduating from Kasas State University in May with a degree in agricultural communications. At K-State, he was Student Body President and served on the Agriculture Ambassadors. A native of Randolph, he was President of the Kansas FFA Association in 2006-07.



Henry fills the vacancy left by Dana Peterson, who served as Kansas Wheat's Producer Policy Specialist from 2004-2010. Peterson was selected as CEO of the National Association of Wheat Growers in January. The Smith County native was hired after a national search.

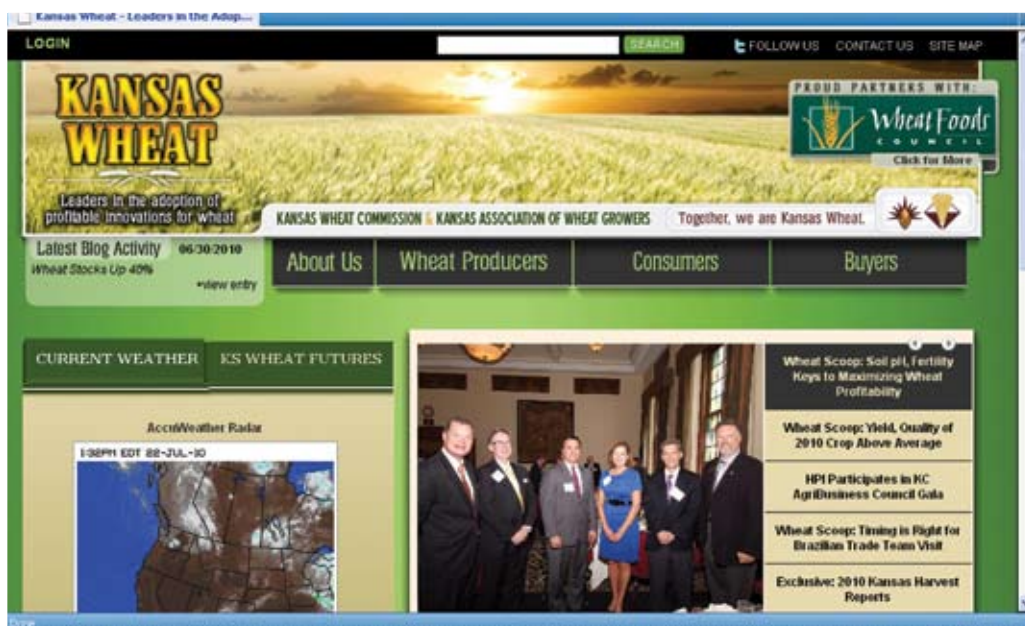
Kansas Wheat also employed two interns. Nichole Ely, a senior in agricultural communications from Inman, worked during the school year; Brent Fritzemeier, a senior in journalism and mass communications from Stafford, worked during the summer.

KANSAS WHEAT WEB SITE REACHES THOUSANDS

Since a massive redesign in June, 2009, the Kansas Wheat Web site – www.KansasWheat.org – has achieved a large following. More than 63,000 people have visited the Kansas Wheat Web site, accessing nearly 154,000 pages of information. The most common destinations for Web visitors included the 2010 Harvest Reports, which were updated daily during wheat harvest; recipes; photo album and staff information.

“The Web site is often the ‘front door’ to Kansas Wheat Commission and Kansas Association of Wheat Growers. Therefore, we constantly update the site with fresh content so that there is always something new for producers, consumers and industry professionals to see,” says Bill Spiegel, director of communications for Kansas Wheat.

In Fiscal Year 2010, Kansas Wheat also launched a Facebook page and Twitter feed. To follow Kansas Wheat, simply log onto each of those Web sites and search “Kansas Wheat.”



BRAZIL TARIFF SUSPENSION PROVIDES OPPORTUNITY FOR U.S. WHEAT

When a team of wheat buyers from Brazil visited Richard Randall's farm near Scott City the week of June 28, the timing could not have been any better. Not only was the visit in the middle of one of the best harvests in the last 20 years, but it comes on the heels of Brazil's postponement of retaliatory action on U.S. wheat and other commodities as the 2012 Farm Bill is developed.

In 2005, Brazil had won a World Trade Organization decision against the U.S, arguing that the U.S. cotton marketing loan and counter-cyclical programs and the GSM-102 export credit guarantee program were violations of WTO fair trade agreements. Brazil then stated its intentions to levy a package of tariffs against U.S. imports, including wheat.

However, as the two countries attempted to resolve their dispute over cotton subsidies in the 2012 Farm Bill, Brazil announced June 17 that it will suspend \$820 million in tariffs against U.S. imports, while the two countries attempt to resolve their dispute over the cotton subsidies, through provisions of the 2012 farm bill.

Brazil, one of the top five wheat importers in the world, is a sophisticated wheat buyer and demands consistent, high-quality wheat to feed its people. The Brazilian team included seven people who collectively, are responsible for buying 70% of the country's imported wheat. U.S. Wheat Associates, a farmer-funded market development organization, organized the trade team's visit to the U.S in July. The trip included stops in Washington D.C. and Colorado.

“Brazil is a key market for U.S. wheat,” explains Justin Gilpin, CEO of Kansas Wheat. “Normally, Brazil would import wheat from Argentina, a neighboring country in South America. But Argentina has an insufficient supply of wheat and is charging a premium for what it does have to sell.”

KAWG SET TO RELEASE CELLULOSIC ETHANOL COMPUTER TOOL

In 2007 the Kansas Association of Wheat Growers received a pair of grants from the Kansas Department of Commerce and the Natural Resource Conservation Service to develop a Biomass Utilization Tool to assist producers in making decisions regarding harvesting biomass for cellulosic ethanol production. The tool, developed in by KAWG in conjunction with K-State, has the ability to factor in different contract provisions including price, sign-up incentives and nutrient replacement provisions. The tool also assigns costs to potential moisture loss, storage, transportation and fertilizer needs. It is expected that the tool will be available in an online format late this summer.

YIELD GOOD, QUALITY AVERAGE IN 2010 WHEAT CROP

Final numbers won't come in until August, but the 2010 Kansas wheat crop was a good one, by most accounts. Although areas of southern Kansas suffered from poor yields, other areas of the state had severe hail and wind damage, and late flushes of stripe and leaf rust developed throughout the state, the crop averaged about 45 bushels per acre, according to the July report of the Kansas Agriculture Statistics office. That is the fifth highest average yield on record and the highest since 2003. Kansas farmers harvested a 369 million bushel crop, from 8.2 million acres.

Test weight of the 2010 crop exceeds the 60-pound per bushel benchmark, and although content averaged below the 12% level desired by millers, the 11.75% protein average in Kansas exceeds that of the crop in Texas and Oklahoma this year.

NEW WEB PORTAL HIGHLIGHTS NATIONAL FESTIVAL OF BREADS

Participants in the nation's only amateur bread-baking competition have a new Web site, which features information about the National Festival of Breads, including events, accommodations, press clippings and an online entry form. Kansas Wheat and contest co-sponsors King Arthur Flour, Inc. and Fleischmann's Yeast, launched the Web site in June. The site, developed by ImageMakers, Inc. in Wamego, incorporates a design and color scheme that evokes the down-home goodness of fresh-baked bread. It will prove to be a valuable resource as contestants and sponsors gear up for the second NFOB, to be held in Wichita June 22, 2011.



YIELD CONTEST HAS SUCCESSFUL DEBUT

More than 20 entries from across the state were received in the first-ever Kansas Wheat Yield Contest. The competition culminated with the 2010 wheat harvest. As of July 20, contestant entry forms were still being audited and winners yet to be determined.

“The Wheat Yield Contest is a great opportunity for wheat producers to challenge themselves to grow top-quality, high-yielding wheat,” says Jay Armstrong, Kansas Wheat Commissioner from Muscotah and chairman of the joint marketing committee. “Our first Wheat Yield Contest has generated interesting agromomic information and our intent is to share that information with the state’s wheat producers.”

BASF co-sponsored the Kansas Wheat Yield Contest with the Kansas Association of Wheat Growers and Kansas Wheat Commission. One farmer in each of three regions - Western, Central and Eastern Kansas – received \$1,000 in cash. Details for the 2011 Kansas Wheat Yield Contest can be found at www.KansasWheat.org.



TEAMWORK, TECHNIQUE KEY TO K-STATE BREEDING PROGRAM

From new wheat varieties, to new uses and solutions to agronomic problems, research continues to be a priority for Kansas wheat farmers, through their one-and-a-half cent per bushel wheat assessment.

In Fiscal Year 2010, the Kansas Wheat Commission committed more than \$1 million – about 30% of the entire budget - to wheat research projects.

Much of the investment funds new variety research at Kansas State University. Wheat breeder Allan Fritz says the wheat breeding program at K-State is a unique collaboration of specialists from K-State, USDA's Agricultural Research Service and other land-grant universities.

Behind the scenes, numerous scientists evaluate thousands of wheat lines for resistance to stripe rust pathogens, Hessian fly and nematodes. Others are looking for genetic "markers" for nitro-

gen use efficiency and drought tolerance. And in the K-State Wheat Quality Laboratory, Rebecca Miller screens potential new wheat varieties for quality attributes.

"My job is to take all this expertise and develop a wheat line that has commercial value," Fritz says. "It doesn't do any good to have a good leaf rust resistance package, if there is no stripe rust resistance or good quality. You have to have the whole package."

Fritz and his counterpart Joe Martin, at the Agricultural Research Center in Hays, are working to speed up wheat variety development through molecular biology, or identifying "markers" for traits that are advantageous to growers. Inserting these markers into wheat varieties ensures that the traits are present in the plant, which allows the wheat breeders to focus on getting maximum yield out of wheat lines that possess the characteristics growers need.

"With molecular biology, we can find lines we want to advance in our nurseries in two years, rather than six or seven years," Fritz says.

Support from the Kansas Wheat Commission, he adds, is vital to the wheat breeding program's success. Essential new equipment at Hays and Manhattan and the nurseries throughout the state are paid for by checkoff funds.

"I really value that it comes from the producers. It's a partnership with the people that grow our varieties, and as important as anything else, is the relationship and the communication back and forth," he says. "With the KWC, the Kansas Wheat Alliance and potentially some collaboration between different state programs, we put ourselves in a position to remain competitive and allow our producers to continue to have choices when it comes to varieties that they grow."



IN 2010, TWO PRIORITY PROJECTS

More than \$1 million in funds from the KWC were used in various research proposals, including wheat quality surveys, new equipment, agronomic studies and new uses for wheat.

About \$250,000 goes to the wheat breeding programs in Hays and Manhattan with that money used largely for operations and facilities. Also in FY 2010, the Kansas Wheat Commission leaders committed nearly \$100,000 toward refurbishing the greenhouses in Hays. This investment is just one example of the Wheat Commission's goal of maintaining the high standard of excellence for which the K-State wheat program is known.



Another highlight of Fiscal Year 2010 was an announcement by Monsanto that it would enter into a collaborative agreement with K-State. The agreement will bolster Monsanto's fledgling wheat breeding program by providing germplasm to the multi-national bioscience firm. In turn, K-State's breeding program gains access to a host of technologies from Monsanto's technology platforms. The agreement - the first of what promises to be several public/private collaborations to come - ensures the future of the K-State public breeding program. Leaders and staff from the Kansas Wheat Commission and Kansas Association of Wheat Growers were deeply involved in the negotiations between Monsanto and K-State, to make sure producer investments in the K-State program were protected.

HPI: FROM DREAM TO REALITY

Forrest Chumley has hit the ground running since he was hired as president of Heartland Plant Innovations in January. He has led research projects that will add value to crops and plants grown in Kansas, led collaborative research between the University of Kansas and Kansas State University and worked to hire a staff that will lead in-house research to speed up development of new wheat varieties.

HPI is a business venture funded in part by the Kansas Bioscience Authority and is majority-owned by the Kansas Association of Wheat Growers, with several additional public and private investors. In May, HPI hosted its first-ever Collaborative Research Conference in Manhattan. Twenty-five participants representing academia, industry and the HPI Board of Directors met with HPI project investigators from the University of Kansas and K-State. These projects include:

- University of Kansas: Discovery of novel bio-active molecules for development as natural products, with Barbara Timmerman, chair of medicinal chemistry and Kelly Kindscher, senior scientist, Kansas Biological Survey
- K-State: Establishing a trait pipeline for wheat, with Bikram Gill, director of the Wheat Genetics and Genomics Resource Center and Eduard Akhunov, wheat genomics researcher.

Considerable progress has been made in these two projects, Chumley says. "The KU team is detecting novel bio-active compounds from Kansas crops and native plants, and the K-State team discussed using modern wheat genetics and genomics to discover value-adding traits to solve problems for farmers and end-users of the crop," he explains.

Meanwhile, Chumley is working on developing HPI's Advanced Plant Breeding Services Program (APBSP). The first service provided by APBSP, known as the Doubled Haploid Laboratory, will begin operations Summer, 2010, in temporary lab space at K-State's Throckmorton Hall, with a permanent laboratory to be built in the new Kansas Wheat Innovation Center north of the K-State campus.

"Full application of Doubled Haploid technology promises to greatly accelerate the development of new wheat varieties, potentially cutting cycle time almost in half. It will do so by allowing wheat breeders to work more efficiently and effectively, making selections with smaller breeding populations and fewer generations of crossing," Chumley says.

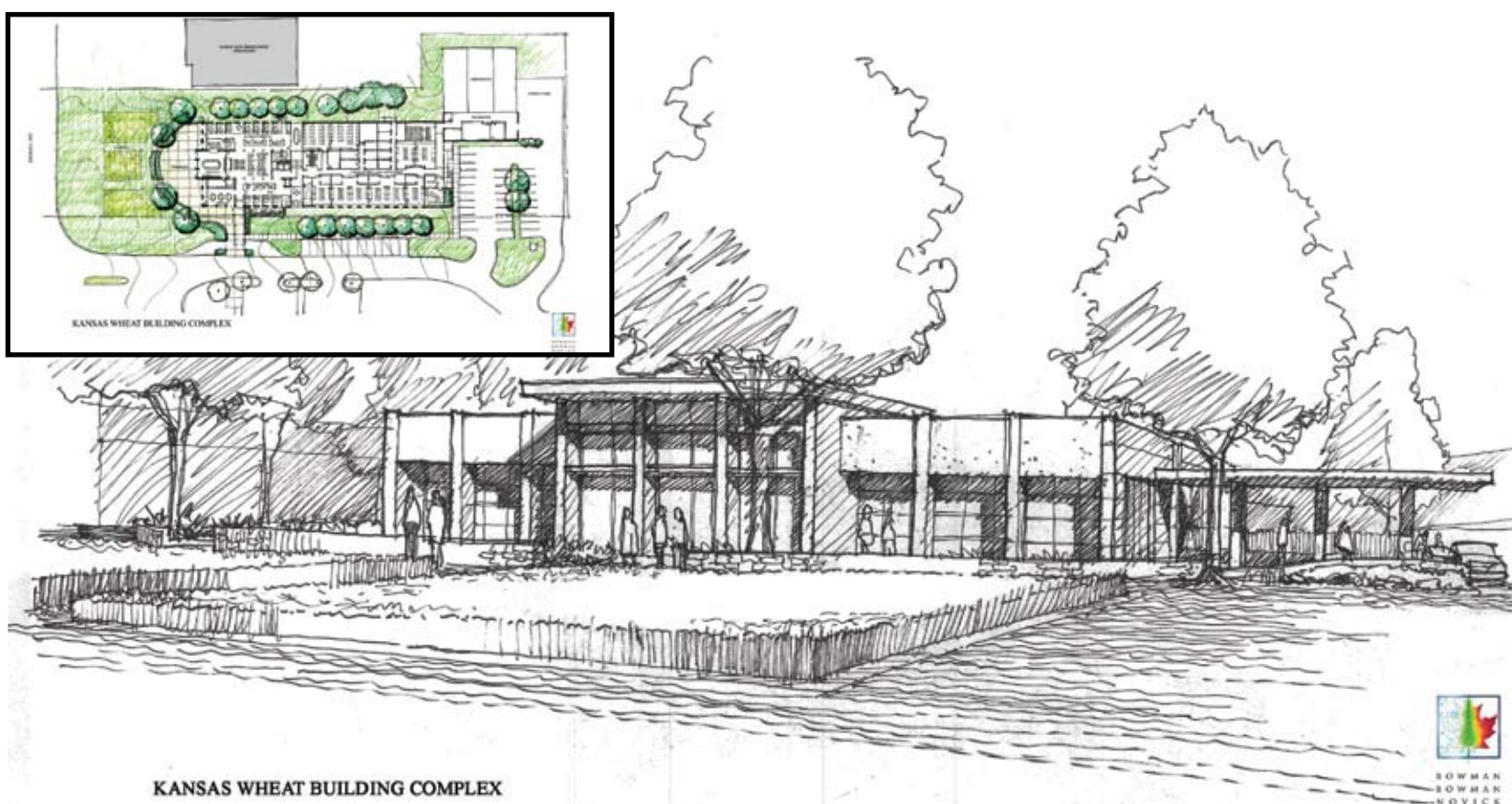
Other staff members include Jim Gray, director of business development and soon, HPI will hire a director of the Advanced Plant Breeding Services Program, who will establish the Doubled Haploid

laboratory and begin servicing wheat breeding customers in the land grant universities and government laboratories, Chumley says.



Heartland Plant Innovations is one of several Innovation Centers the KBA is funding; HPI will receive a total of about \$16 million over five years. Wheat producers are represented on the board of HPI by Paul Penner, Hillsboro, President of the Kansas Association of Wheat Growers and Doug Keesling, Chase, Chairman of the Kansas Wheat Commission. Justin Gilpin, chief executive officer of Kansas Wheat, is chairman of the board.

"This new research initiative promises great things ahead for the Kansas wheat industry. Heartland Plant Innovations will be the nation's premiere research institute for wheat and small grains," said Penner.



KANSAS WHEAT BUILDING COMPLEX



NIGERIA SUCCESS CONTINUES WITH LARGER IMPORT NUMBERS

Though the two countries are half a world apart, Nigeria and the United States have become the closest of allies when it comes to the wheat industry. Not only is Nigeria the world's largest importer of U.S. wheat, buying more than 3 million metric tons last year alone; the country's milling companies expect to import 3.5 million metric tons in the current marketing year with more ambitious import goals in years to come.

The reason, according to Tunde Odunayo, is simple. Wheat grown in the U.S. meets strict quality standards, and consistent supplies ensure that Nigeria's flour mills and bakers always have enough wheat to meet their needs. Odunayo was one of an 11-member Nigerian trade team who visited the U.S. from Nigeria last week, making stops in Washington, D.C., Kansas City, Manhattan and Dallas. The group, sponsored by U.S. Wheat Associates, met with federal officials, wheat industry specialists and producers during the 8-day trip, testifying on behalf of the USDA's market access programs and learning more about the 2010 wheat crop.

Odunayo, who is vice chairman and chief executive officer of Honeywell Flour Mills, one of the largest flour mills

in Nigeria, says the United States supplies 90% of the wheat consumed in Nigeria.

"Responsible for that would be two main factors. First of all, the quality of wheat produces just the kind of pan bread that Nigerians want. Second, the U.S. has succeeded in competing very efficiently against Canadian wheat, which is also quite good for our needs. But what the U.S. has done is put out a marketing program, at the forefront of which is the U.S. Wheat Associates, and that sort of endears U.S. wheat to the Nigerians," Odunayo says.

Wheat foods are a growing business in the African country, in part due to a rapidly growing urban population which demands convenient foods, such as instant noodles and pan breads. For U.S. wheat farmers to maintain a competitive edge, Odunayo says the emphasis on quality must continue.

"We like producers to concentrate on good quality wheat, and basically that is about protein level and test weight. If they don't reach that quality, it isn't good enough for Nigeria. Test weight and protein are very, very important," he says. The European Union, former Soviet

Union and Australia also provide wheat to the highly competitive Nigerian market, but Canada is the most aggressive competitor, he adds.

Thus, the importance of the U.S. Wheat Associates market development organization, which receives producer checkoff dollars from 19 state wheat commissions. The USWA qualifies for additional funding from USDA's Foreign Agricultural Service Market Access Program, Foreign Market Development and other programs, helping to stretch those producer investments even further. U.S. Wheat Associates has 19 offices around the world, helping foreign customers get the most from their investment in U.S. grown wheat. This is a partnership that Odunayo says must continue.

"Canada is now beginning to send Nigerian millers to Canada on trade visits. Canada is also beginning to send Nigerian millers to learn about baking. They are copying all of the marketing things the U.S. Wheat Associates is doing," Odunayo explains. "In order for U.S. grown wheat to remain competitive in the minds of Nigerian millers, producers should continue to support the U.S. Wheat Associates so that they can always be ahead of what Canada is trying to do."



TRADE AGREEMENTS CRUCIAL TO EXPORT SUCCESS

The passage of trade programs continues to be a priority of U.S. wheat industry leaders, not only to improve demand for wheat, but to benefit consumers in other countries.

Alejandro Daly, president of the Wheat Millers Committee in Lima, Peru, says a free trade agreement between Peru and the United States has created jobs and wealth for his countrymen, by providing a market for Peru's booming textile and vegetable markets. Meanwhile, the agreement was a boon for U.S. wheat producers who now sell some 500,000 metric tons of wheat per year to Peru, thanks to the elimination of a 20% tariff.

The Peru Free Trade Agreement has been an unqualified success for both countries. "It means more employment, better salaries and better opportunities for our people," Daly says.

The same could be true in Colombia, where a free trade agreement with the U.S. has been the wheat industry's top trade priority and is key to maintaining more than \$90 million in annual wheat

exports to Colombia. The tariff on U.S. wheat to Colombia now stands at 19%, according to Jaime Jimenez, executive director of the National Federation of Wheat Millers in Bogota, Colombia. His country buys 1.3 million metric tons of wheat each year.

U.S. wheat faces competition in Colombia from Argentina, which enjoys advantages from the Mercosur trade agreement allowing for duty-free access; and Canada, which approved a trade agreement with Colombia in July, 2010. Although the U.S. has consistent supplies of high-quality wheat that Colombian millers and bakers prefer, the Colombian wheat industry can achieve a similar product by blending wheat sourced from Argentina and Canada.

Meanwhile, farmers in Paraguay and Uruguay also are increasing wheat production and could soon be suppliers to Colombia. All of these factors could combine to cause a precipitous drop in U.S. exports to Colombia, Jimenez says. U.S. Wheat Associates estimates that,

at current export prices, failure to ratify the U.S.-Colombia FTA could lead to an annual loss of more than \$92 million for the U.S. wheat industry.

On the other hand, analysis by the Food and Agricultural Policy Research Institute (FAPRI) suggests that if the Colombia FTA were in effect now, U.S. wheat exports would be 20 million bushels greater and the farm price would be 10 cents per bushel higher.

"A free trade agreement between the U.S. and Colombia would improve demand for U.S. wheat 30% today," Jimenez says. "In turn, it would improve the income of our people, and allow us to sell goods to a country with 300 million people who have great purchasing power."

An analysis by the Food and Agricultural Policy Research Institute suggests that if the Colombia FTA were in effect now, U.S. wheat exports would be 20 million bushels greater and the farm price would be 10 cents per bushel higher.

FY 2010 INTERNATIONAL BUYER SPOTLIGHT

Less than half of the wheat grown annually in Kansas is consumed in the U.S. International markets must consume the rest. Therefore, a portion of the check-off is invested with the U.S. Wheat Associates to develop markets throughout the world. Here are some highlights of our key international customers:

Nigeria: The world's largest importer of Hard Red Winter wheat, Nigeria is expected to buy 3.5 million metric tons, or nearly 130 million bushels, in 2009-10 (one metric ton equals 36.74 bushels of wheat). U.S. market share in Nigeria averages 85-90%. U.S. wheat isn't the cheapest option for Nigeria; they buy from the U.S. because of the high quality, a consistent and reliable supply of wheat and the personal relationships Americans have cultivated with Nigerian millers and buyers over the years.



Brazil: Wheat consumption in Brazil has risen for the past 40 years and now totals some 10 million metric tons per year. In 2009, Brazil imported 4.9 million metric tons; the year before, 5.5 million metric tons. This year, Argentina - Brazil's largest wheat provider - does not have enough supply to meet its own needs. Brazil must turn to the U.S. and Canada for wheat.



Other top wheat buyers for 2009-10 include:

Mexico	1.07 million MT
Peru	468,000 MT
Morocco	317,000 MT
Taiwan	310,000 MT
Venezuela	306,000 MT
Iraq	306,000 MT
Columbia	301,000 MT

FARM-TO-FORK MESSAGE GREET'S STATE FAIR VISITORS

A newly renovated Kansas Wheat display greeted thousands of Kansas State Fairgoers in 2009. The exhibit, in the heart of the Pride of Kansas Building, was designed to teach visitors a “farm-to-fork” lesson about the state’s top crop.

During the 10-day run in Hutchinson, dozens of Kansas Wheat staff, volunteer spokespersons and board members manned the interactive exhibit, which combined a miniature wheat field displaying live wheat plants in stages from new emergence to ready-for-harvest; a miniature grain mill on loan from ConAgra Foods; a display of 192 cinnamon rolls, 42 one-pound bags of flour and 42 1.5 pound loaves of white bread – each of which are produced from one bushel of Hard Red Winter wheat.

“By providing fairgoers with a number of visual displays that illustrate the prod-

ucts in which wheat are used, we are able to teach Kansans how farmers impact their lives on a daily basis,” says Aaron Harries, marketing director for Kansas Wheat. “It may be difficult for the average consumer to understand exactly what a bushel is. The Kansas Wheat booth does that in a fun and educational way.”

Other features included the winning participants in the Kansas Wheat State Fair Photo Contest, trivia contests and prizes, and on-site video interviews with Kansas Wheat staff and fairgoers. A host of nutritional information was available, as were the annual Kansas Wheat Commission Recipe Books. A giant mural of a combine harvesting wheat completed the Exhibit, which garnered an award for Reserve Grand Champion for Inside Exhibitors from the Kansas State Fair Board of Directors.

Cindy Falk, nutrition educator for Kansas Wheat, says the new-and-improved Kansas Wheat Exhibit was spawned by the successful Urban Wheat Field project in New York City in 2008, in which the public was able to see and feel a wheat field.

“There are many Kansans who have seen wheat fields before, but have never really explored them,” Falk explains. “We wanted to provide an opportunity for people to learn about wheat as its growing, and to be able to ask questions about wheat, wheat foods and nutrition.”

Thousands of fairgoers did just that, including Gov. Mark Parkinson and Kansas Secretary of Agriculture Josh Svaty.

The 2010 Kansas State Fair runs from September 10-19 in Hutchinson.



A BUSY 2011 PLANNED FOR DOMESTIC MARKETING

Plans are underway for two major Domestic Marketing projects in Fiscal Year 2011. The Second Urban Wheat Field, sponsored by the Wheat Foods Council, will move from New York to Washington D.C. and is scheduled for Sept. 23-24, 2010. The Washington D.C. location, near the Capitol Mall, will be easily accessed by thousands of fall visitors to our Nation’s Capital. Not only will tourists be able to walk through the miniature wheat field, they will be able to see a combine up close, learn more about wheat milling and nutrition, and taste fresh-baked bread. The first Urban Wheat Field, held in Sept., 2008, attracted thousands of folks in New York’s Financial District. Kansas Wheat is a member of the WFC.



Next June, the Kansas Wheat Commission will sponsor the Second National Festival of Breads, in Wichita. Eight finalists will be chosen to bake one of four award-winning bread recipes, and participate in a Harvest Tour of Kansas. The event was a huge success in 2009, with more than 500 contestants submitting recipes for the eight finalist slots. Kansas Wheat has developed a new Web site, www.nationalfestivalofbreads.com, to promote the contest. The Web site is online now.

KWC BUDGET SET AT \$3.44 MILLION

Income received each year by the Kansas Wheat Commission depends upon the size of the state's wheat crop. In FY 2010, farmers produced 369 million bushels of wheat; in FY 2009 Kansas farmers produced 370 million bushels. Average yield was 45 bushels per acre from 8.2 million harvested acres.

The Commission collected about \$5.36 million from the voluntary Wheat Assessment, and refunded \$322,000. Each year, the budget is subject to approval by the Commission.

Industry Investments

The Kansas Wheat Commission's annual budget includes investments in Public Issues, Research, Domestic Marketing, International Marketing, Administration and Special Projects. Highlights of certain expenditures are summarized below:

International Marketing Investments

U.S. Wheat Associates (\$884,903). The industry's export market development organization, USW works in 90 countries on behalf of wheat producers. Producer check-off funds are matched 3-to-1 by federal dollars.

International Grains Program at K-State (\$125,000). IGP educates international leaders about U.S. grains through technical training and assistance programs in storage and handling, milling, marketing and processing.

Plains Grains, Inc. (\$50,000). A five-state marketing pool including Kansas, Texas, Oklahoma, Colorado and Nebraska; PGI issues harvest quality reports and other services to help

educate foreign buyers on the progress and quality of the region's wheat crop.

Crop Quality Testing (\$50,000). Results of harvest samples collected across Kansas were distributed to foreign wheat buyers by U.S. Wheat Associates.

Trade Teams (\$10,000). International buyers who visit Kansas through a partnership with U.S. Wheat Associates meet farmers who grow the wheat and learn about crop quality and characteristics.

Producer Outreach

Annual Reports and Newsletters (\$109,000). Quarterly newsletters and the annual report are published in the High Plains Journal and Kansas Farmer. Kansas Ag Statistics (\$25,000). The KWC funds data collection for the Wheat Quality report and helps publicize the findings.

Producer Promotions (\$35,625). The annual campaign co-sponsored by the Kansas City Board of Trade and DeBruce Grain, recognizes Kansas wheat farmers for a job well done and helps consumer awareness of the impact the Kansas wheat industry has on the state. Our annual "Know Your Wheat" booklets reach 20,000 producers each year.

Statewide Conferences (\$15,500): Providing topical information to Kansas farmers is a priority. The Kansas Wheat Conference and Kansas Commodity Classic are two forums by which the KWC makes this happen. Attendance at farm shows and other related events also is important.

Kansas Wheat Commission Financial Statement (unaudited) July 1, 2009 – June 30, 2010

Beginning Cash Balance	\$3,441,356
FY 10 Revenues	
Wheat Assessment Collected	5,360,666
Other Income (sales of promotional items, Grants, operating activities, etc.)	113,360
Sponsorship Income	32,500
Interest Income	80,661
Total FY 2010 Revenue	\$9,028,543
Refunds to Producers	(321,784)
FY 2010 Expenditures	
Special Projects	(17,500)
Public Issues – Food Aid	(119,280)
Research	(1,226,092)
Domestic Marketing	(859,691)
International Marketing	(1,242,776)
Administration	(239,629)
Heartland Plant Innovations	(23,502)
Total FY 2010 Expenditures	(\$3,728,470)
Ending Balance	\$4,978,289

*This financial statement is an unaudited document.



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