

**25th Annual IAOM MEA Conference**  
Cape Town, South Africa     ◆     December 4, 2014

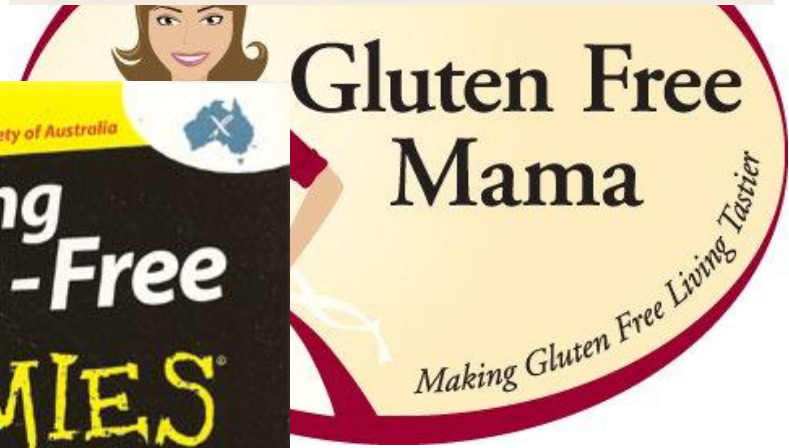
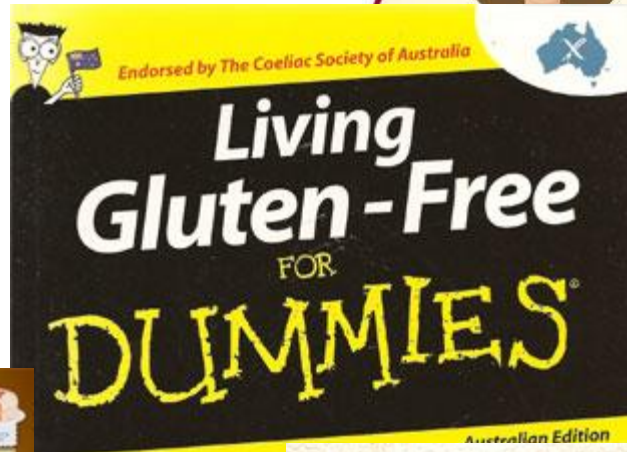
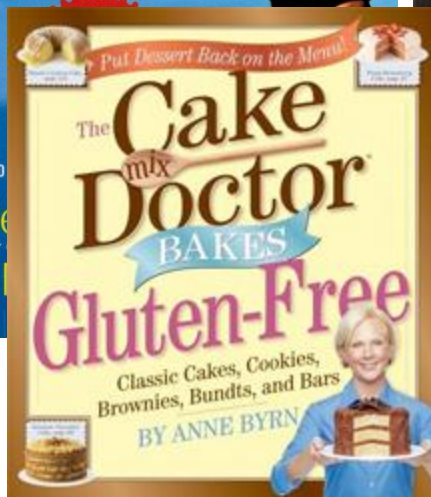
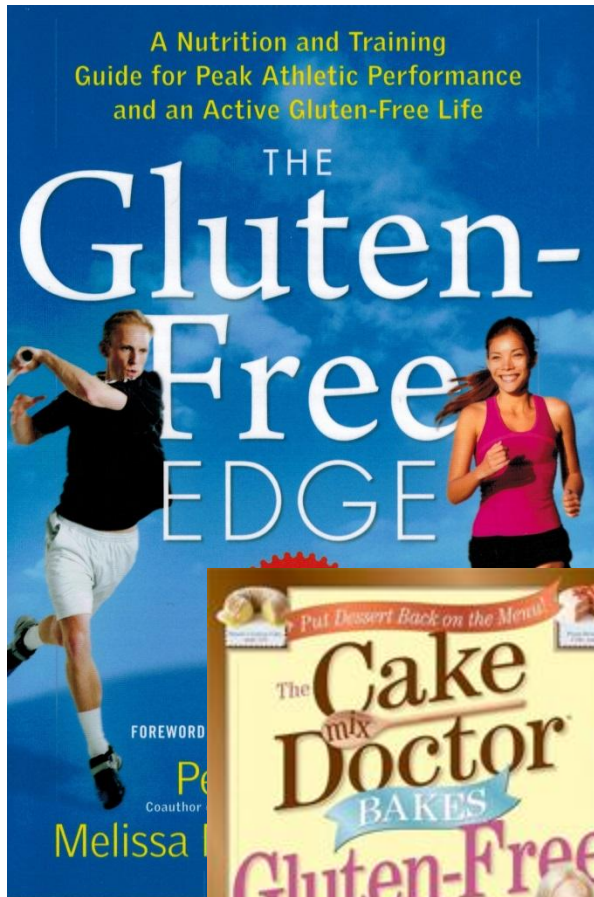
***Toward Greater Global  
Food Security***

**Alan Tracy**  
President

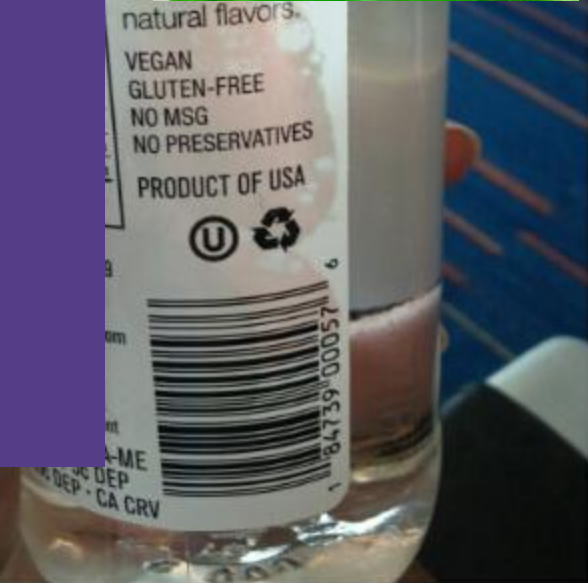


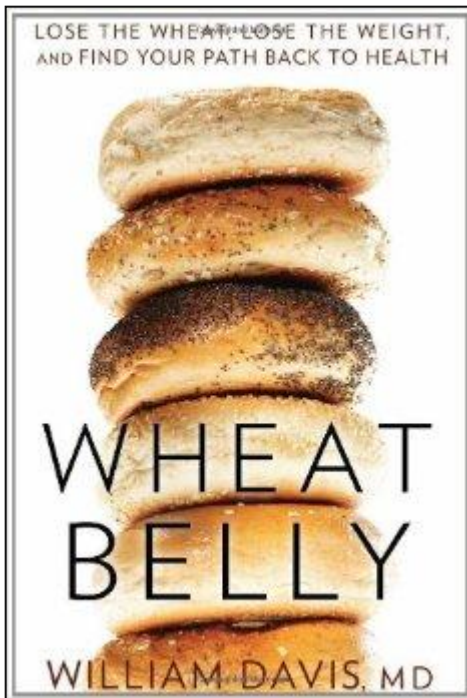
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# Gluten Free Frenzy

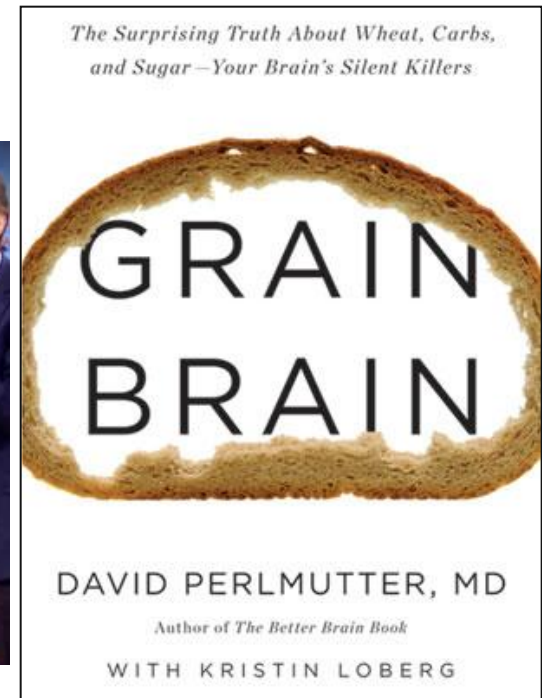


# Misleading Labeling?





## Major Players



- Dr. Oz = 3 Emmys, 3.4 million viewers
- Wheat Belly #4 on NYT Best Sellers List (released August 30, 2011)
- Grain Brain #2 on NYT Best Sellers List (released September 17, 2013)

# Celiac Disease Complicates Perception

- Real condition...
- For 1% of U.S. population
- Yet about 20% of consumers have purchased gluten-free products

The screenshot displays the Celiac Disease Foundation website. At the top, there is a navigation bar with the CDF logo, a 'Join our email list!' button, and a 'DONATE' button. Below the navigation bar are menu items: 'ABOUT CDF', 'CELIAC DISEASE', 'GET INVOLVED', 'LIVE GLUTEN-FREE', and 'TEAM GLUTEN-FREE'. The main content area features a large banner with a photo of a woman and a collage of fruits, with the text 'Ask THE DIETITIAN' and 'Janelle Smith | Registered Dietitian Nutritionist'. Below the banner are three buttons: 'FUNDRAISE WITH TEAM GLUTEN-FREE', 'FIND A HEALTHCARE PRACTITIONER', and 'COMPLETE THE SYMPTOMS CHECKLIST'. The 'FEATURED NEWS' section includes two articles: 'CDF Medical Advisory Board Member Dr. Joseph Murray Quoted in The New York Times Article About Celiac Disease Diagnosis' and 'How Celiac Disease Affects Pregnancy'. On the right side, there is a search bar, 'LOCAL CHAPTERS AND SUPPORT' with a map, and 'GET INVOLVED' with a list of activities like 'Volunteer', 'CDF Shop', and 'Conference & EXPO'.

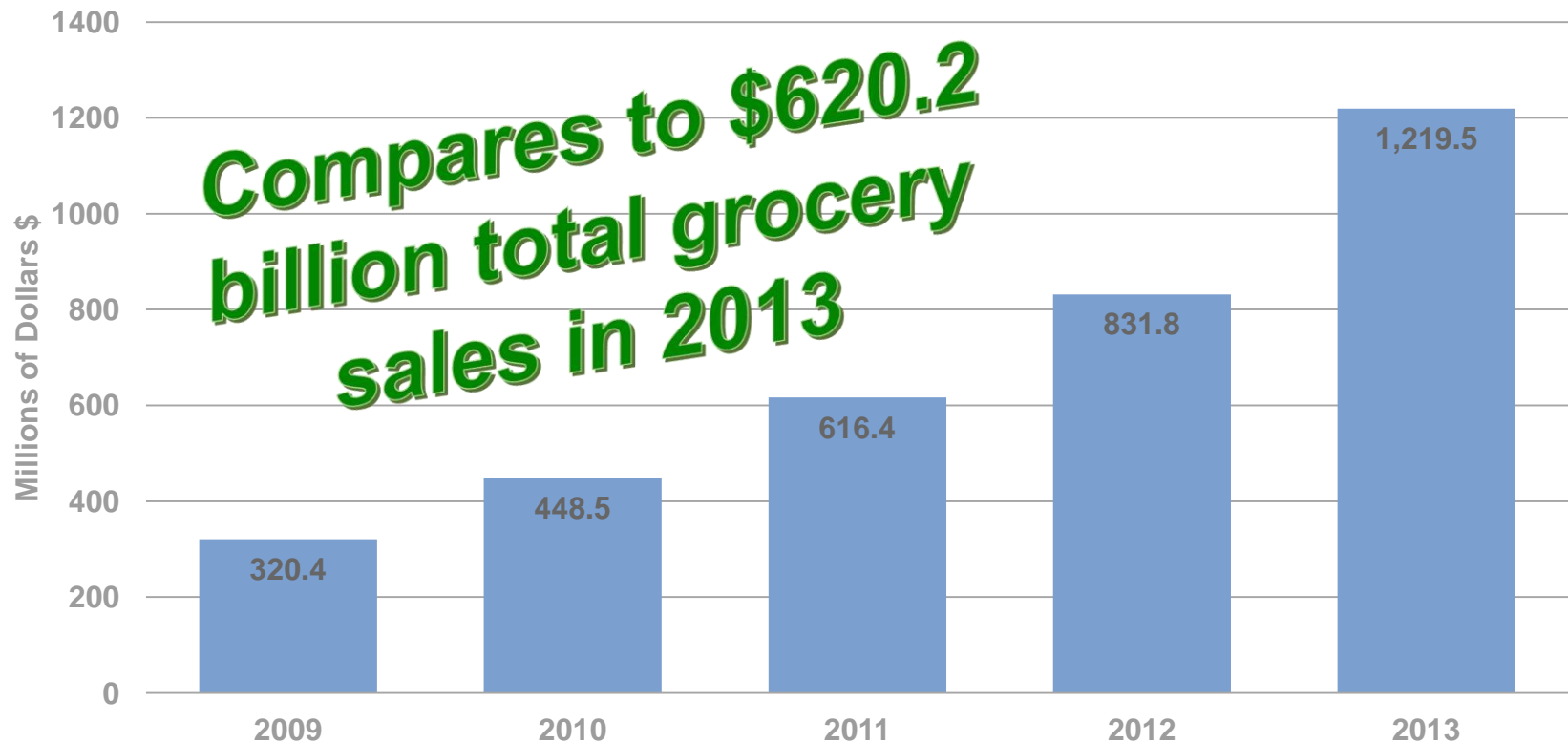


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# U.S. Gluten Free Sales Up 40% on Average

Gluten-Free Specialty Products  
Annual Sales (\$ millions)



Source: Ardent Mills, *The Truth About Gluten Free*



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# Gluten Free is a Highly Niche Market

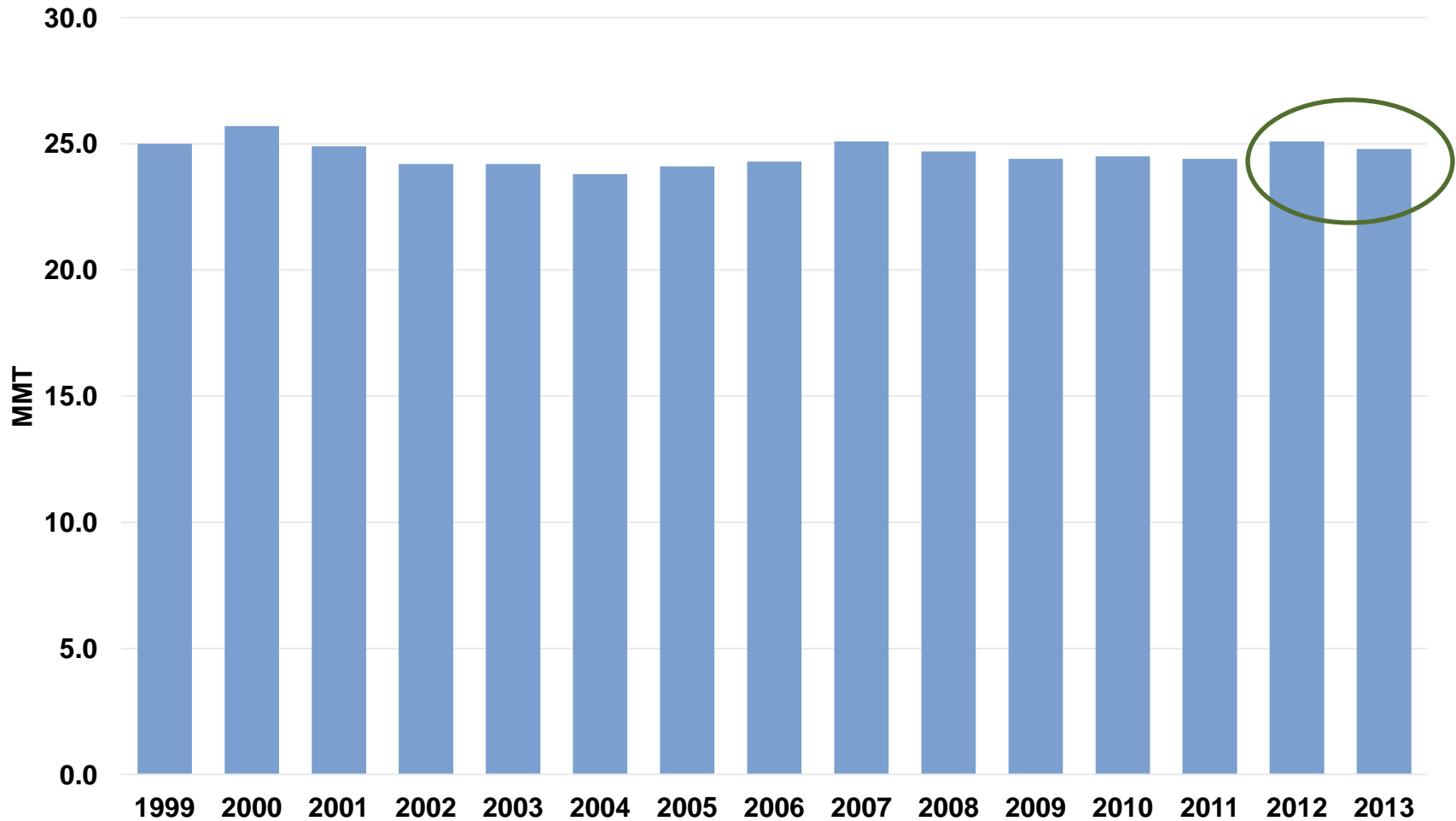
- **Driven by just 2.5% of U.S. households**
  - Even they just buy \$185 in GF products/year
- **1% of parent categories in 2012**
  - GF flour 2.6% of total flour sales
- **403 companies selling gluten free products**
  - But 81% have \$1 million sales or less



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# Wheat Ground for Flour in U.S.



*\*Source: USDA ERS Wheat Yearbook*



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# Wheat Foods Council



- **Wheat Safari takes 26 to Fargo, ND**
  - Specifically addressed breeding and gluten concerns
- **Truth About Gluten feature**
  - 39.4 million impressions



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# Grains for Your Brain

[Grains in Your Kitchen](#)

[Grains & Your Brain](#)

[Ask an Expert](#)

[Research & Insights](#)

**E**nough with baseless guilt trips about the food you eat.

Grains for Your Brain arms you with real science from real experts so you can make healthy food choices for yourself and your family. It's time you felt good about what you eat.

Use the top navigation to find your way quickly, or select a category below to start exploring.



## *Grains in Your Kitchen*

*Discover recipes, meal plans and nutrition infographics for every taste.*



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# Perception May Be Turning

**THE WALL STREET JOURNAL.** BUSINESS

TOP STORIES IN BUSINESS 1 of 12  
**EU Investigates Amazon Tax Affairs**

2 of 12  
**Corporations Call It Splits**

BUSINESS  
HOW WE EAT  
**The Gluten-Free Craze: Is It Healthy?**  
Experts Question Benefits of Gluten-Free for All but a Small Minority

Email Print 365 Comments f t di in A A

By JULIE JARGON CONNECT  
June 22, 2014 10:37 p.m. ET



Heather Nutsch cooks at her home in Omaha, Neb. She tried a gluten-free diet but eventually quit, saying she never felt full and got bored. Sarah Hoffman for The Wall Street Journal

A decade ago, few Americans had heard of gluten. Today, one survey says, almost a third are trying to avoid the element found in grain. In growing numbers, the world's

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## Most People Shouldn't Eat Gluten-Free

Gluten-free products made with refined grains can be low in fiber, vitamins and minerals  
Mar 11, 2013 | By Rachael Retner and MyHealthNewsDaily

Many Americans are considering cutting back on the amount of gluten in their diets or avoiding it altogether. However, nutritionists say that if this is not done carefully, the diet can be unhealthy.



In a recent poll, 30 percent of adults said they wanted to "cut down or be free of gluten," according to The NDP Group, the market-research company that conducted the poll. That's the highest percentage of people to report having this goal since the poll began asking the question in 2009, NDP says.

Flickr/jeffreuw



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# Wheat Industry Resources



[www.wheatfoods.org/](http://www.wheatfoods.org/)



<http://www.grainsforyourbrain.org/>



<http://www.ardentmills.com/uploads/Gluten-Free-White-Paper.pdf>



# Food Security: An Incredibly Complex Problem

- Governments need food security = power
- Narrowly focused strategies are inherently inadequate



*“If you desire peace, cultivate justice, but at the same time cultivate the fields to produce more bread; otherwise there will be no peace.”*

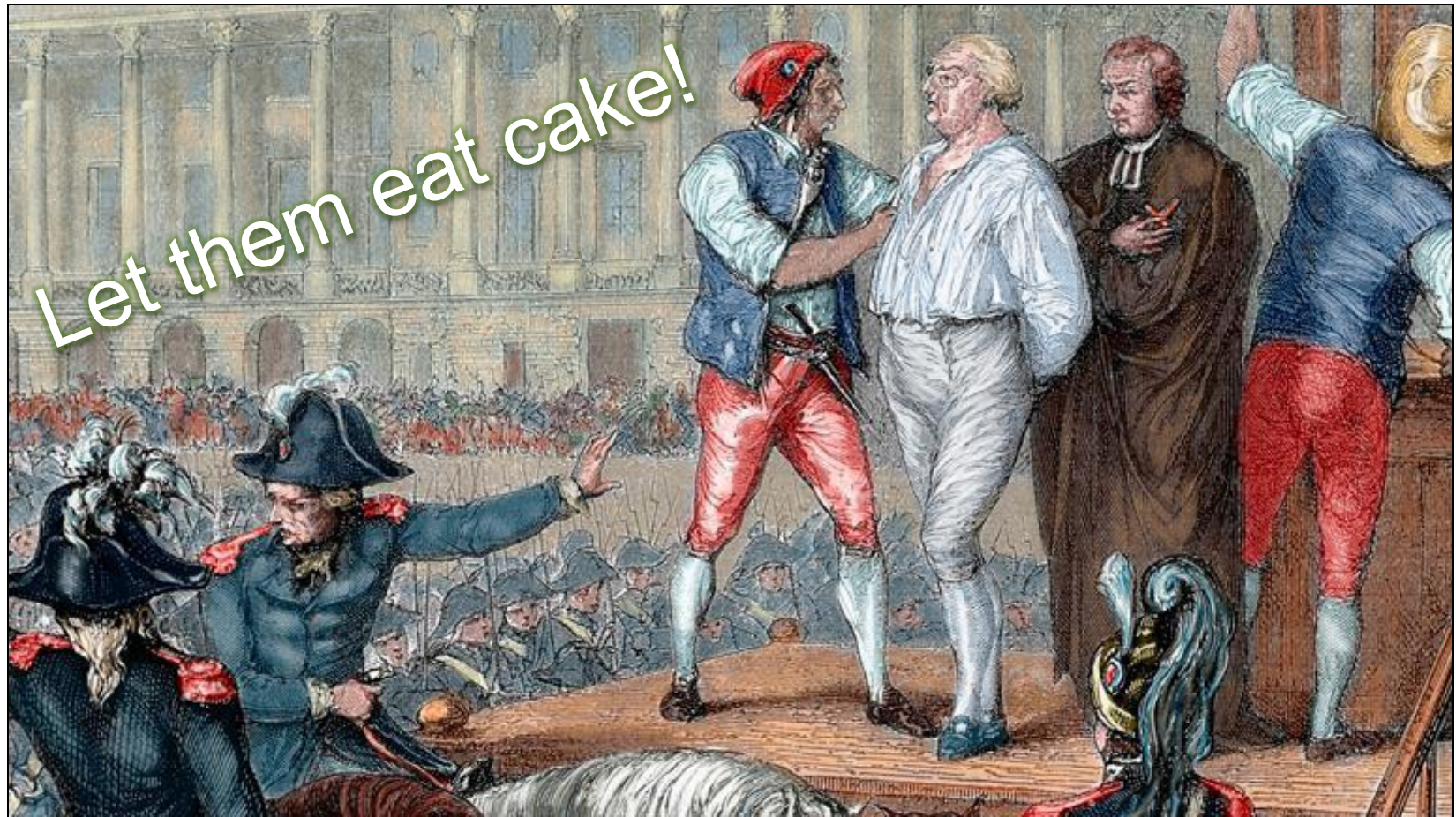
– Dr. Norman Borlaug



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# French Revolution: 1789 to 1799



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# Arab Spring: 2010 to 2014



KHALED ABDULLAH/REUTERS

**An anti-government protester with pieces of bread taped to his head shouts out slogans. The rival rallies were for the most part peaceful.**



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# Some Things Tried

- **Country Self Sufficiency Goals**
- **Sarkozy's G20 Effort**
- **India Food Security Ploy**
- **Buying Foreign Land**



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# Good Intentions, But Not Sustainable

- *Local Food Production* is important, but too much emphasis on **self-sufficiency** works against real food security:
  - Increased farm subsidies
  - Budgetary costs, graft, waste, protectionism
  - Import restrictions needed to protect artificial local prices are antithetical to food security



*Even if production subsidies seem to work in the short term...they are not sustainable.*



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# High Price Supports Lead to Actions Antithetical to Food Security

- Artificial pricing
- Distorted prices
- False investment signals
- Inefficient investments
- Unwanted surpluses
- Storage costs and waste
- Export subsidies
- Import restrictions



*False market signals always distort markets and encourage uneconomic investments that waste capital.*



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## **G20 – In 2011, Sarkozy Called for:**

- **International Information System**
- **Internationally Controlled Emergency Stocks**
- **New Trading Rules to Fight Volatility**

## **Proved Unworkable**

- **Stocks expensive**
- **International coordination cumbersome**
- **Treating only the symptoms, not the cause of volatility**
- **Came to nothing but AMIS (Ag Market Information System) under FAO, largely redundant with USDA and IGC information**



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# WTO Failure at Bali: A Step Backward in Trade & Real Food Security!

- **India's Food Security Demands Delay WTO Trade Facilitation Agreement**

- Allows trade distorting subsidies beyond current WTO limits
- Public stockholding already allowed
- Threatened TFA benefits
  - Millions of jobs
  - \$520 billion in higher GDP for food insecure countries
- Not really a food security initiative at all – it was about trade distorting domestic support



# Foreign Farmland Purchases

- **Governments don't make good farmers!**
- **Cannot truly control the foodstuffs produced in another country**
  - Subject to civil unrest, embargoes, logistical disruption, expropriation of production or land

## **Bloomberg**

*July 9, 2011*

**South Korea to expand overseas farming on rising food costs**



**WORLD GRAIN.**

*July 29, 2011*

**China increasing investment in South American agriculture**



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# Real Food Security Is Possible With:

- Open Markets
- Better Market Infrastructure for Local Production and International Trade
- More Anti-Corruption Efforts
- Less Government Interference in Individual Economic Freedom and Opportunity
- Less Government Involvement in Market Prices and Trade
- Rule of Law
- Property Rights, Security of Investment
- Adopting New Technologies Like Biotechnology
- Education, Personal Economic Freedom and Security

*Focus on these strategies first!*



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## A Twist on Borlaug's Advice:



Without **peace** and **justice**,  
there will **not** be enough **food**.



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# Open Markets Work!



- Access to World Supplies
- Rationalizes Investment Decisions
- Greater Efficiency and Growth, Locally and Globally

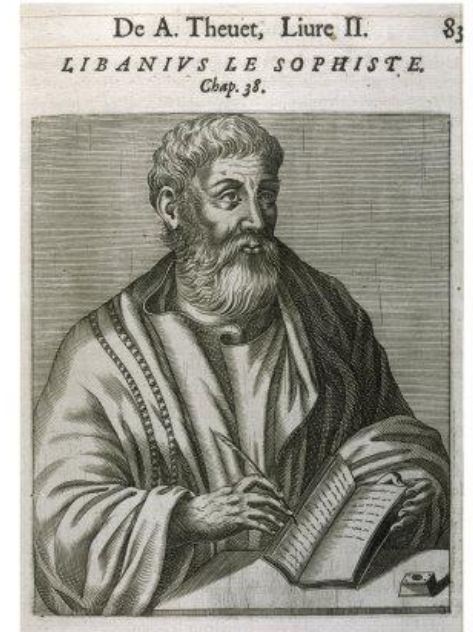


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# Trade Is Not A New Idea

**“God did not bestow all products upon all parts of the earth, but distributed gifts over different regions to the end that we might cultivate a social relationship, because one would need the help of another. And so God called commerce into being, that all might have common enjoyment of the fruits of the earth, no matter where produced.”** – *Libanius, 4<sup>th</sup> Century BC*

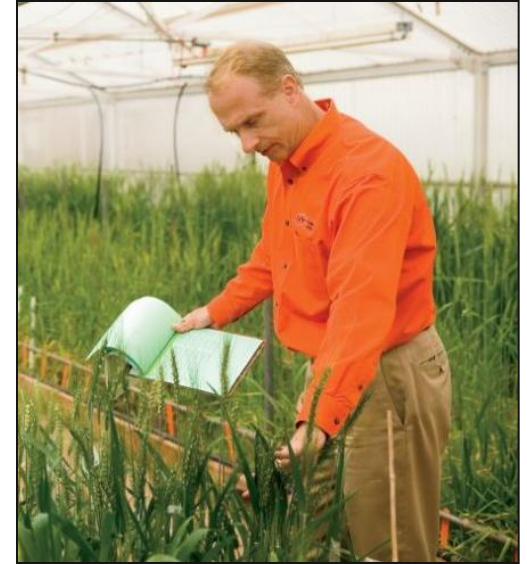


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# Invest in Sustainable Technology

- How to produce more with less
- Science-based assessments
- Modern breeding techniques, including biotechnology
  - Reduced total pesticide use
  - Reduced energy use
  - Reduced soil erosion, improved water quality
  - Carbon sequestration
  - Greater production and greater security of production
- Workable registration regimes and tolerance levels for biotech products



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# Global Prosperity Depends on Trade

*“**Predictable, open and transparent** markets will provide an environment for countries to obtain **sustainable food security** through **private sector investment** in efficient, lowest-cost food systems. Without that, **no amount** of **government investment, policy declaration, and/or coercion** can achieve real food security.”* – Paul Green, Agricultural Economist



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# What Else Could Governments Do?

**...here is one idea...**



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# A New Idea for the WTO ... and the Wheat World



## Establish a Global Wheat Food Security Initiative

Participating Countries Would Completely  
Liberalize Wheat Trade



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# A Global Wheat Food Security Initiative

- No export taxes
- No import tariffs
- No export subsidies
- No embargos, no export or import quotas
- No state trading enterprises (STEs)
- Limits to trade distorting domestic subsidies
- Full transparency



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## Why Wheat ...

- Most important grain; world's top food grain
- 1<sup>st</sup> in planted area; 2<sup>nd</sup> (to corn) in tonnage
- 20% of the world's calorie consumption
- 20% of protein for poorest half of the world
- Most traded grain: 150+ MMT traded annually
- Major wheat exporters (U.S., Canada, Australia) could easily comply
- **Promises importers guaranteed access to exportable wheat supplies**



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# Global Wheat Food Security Initiative

**UNDER DISCUSSION**

A composite image featuring a golden wheat stalk in the foreground, positioned as if it is growing from the Earth. The Earth is shown as a blue and white globe in the background. The text 'UNDER DISCUSSION' is written across the image in a large, red, hatched font.

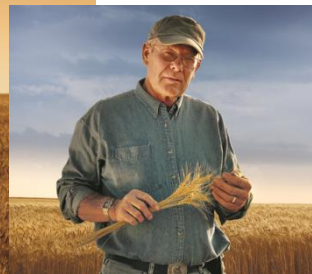
- Will provide some genuine food security to the world's wheat importers
- CAN be achieved
- Will need support from you, the world's milling industry



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# Your Company's Best Food Security



*Relationships with Reliable Suppliers!*



- **USW Home Page:**  
<http://www.uswheat.org>
- **Price Reports:**  
<http://www.uswheat.org/reports/prices>
- **Wheat Letter:**  
<http://www.uswheat.org/newsEvents/wheatLetter>
- **Email:**  
[info@uswheat.org](mailto:info@uswheat.org)



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# Thank You!

**Alan Tracy**

President



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