

Importers get the whole wheat tour

July 1, 2012 / Camille Phillips

Kansas wheat farmers may be tied to the land, but their crop isn't. About half of the wheat grown in the United States each year is exported.

To help sustain these markets, the wheat industry sponsors trips for overseas customers to come to the U.S. to see how the wheat they buy gets from the farm to the port. Recently, a Nigerian group visited the Kansas City Board of Trade as part of one such tour.

There wasn't much action in the KCBOT trading pits when the group of Nigerian men visited the exchange, thanks mostly to online trading. Still, it's likely that the wheat price being decided in the pit impacted the bottom line for flour mills in Nigeria. The country is one of the top three importers of American wheat.

On the surface, a flour mill in Nigeria doesn't make much sense. After all, the climate is not conducive to growing wheat. But Nigerian flour mills are successful, nonetheless. According to Muyiwa Talabi, who works for the U.S. wheat industry in Lagos, Nigeria, that's because Nigerians love bread.

"The British colonized Nigeria and bread was one of the staples for the British and Nigerians picked up that attitude of eating bread," Talabi said. Talabi says there are 22 commercial milling companies in Nigeria.

According to the U.S. Department of Agriculture, Nigeria imported more than 3.7 million tons of wheat from the United States last year. Only Japan and Mexico bought more.

U.S. Wheat Associates—the industry organization that sponsored the Nigerian tour and about 10 others throughout the year—represents the international trade interests of 19 state wheat commissions. It is funded by the U.S. Department of Agriculture and wheat farmers through a

check-off paid to those state commissions. U.S. Wheat Associates spends about 3 percent of its budget on the international trade tours.

Trade visits such as the Nigerian tour are a vital part of keeping the wheat export business successful, said Aaron Harries, director of marketing for the Kansas Wheat Commission.

“It’s reassuring to (the Nigerian millers) to come and see where the product is coming from, seeing individuals face to face,” Harries said. “Relationships are very important to them. Some buyers of wheat are what we call price buyers, where they ultimately buy the cheapest wheat available. Nigerians don’t do that.”

Other important trips coming up include a Colombian team the Kansas Wheat Commission is hosting in July in honor of the new Colombia-U.S. free trade agreement. If the trade agreement had not been reached, U.S. Wheat Associates estimated up to \$100 million annually could have been lost to Canada, which had already reached a trade agreement with Colombia.

This particular tour through three states lasted 10 days and took the Nigerians to research labs, shipping yards and grain elevators. Before arriving at the Kansas City Board of Trade, the Nigerians had already visited farmers in Nebraska and Kansas.

That was a highlight for Tunde Adebayo, human resource manager at Honeywell Flour Plc.

“I had the opportunity to see the wheat farmers, to see the wheat being harvested, and also look at the quality checks that goes on to insure that the quality of the wheat that gets to us even in Nigeria is the right quality,” Adebayo said.

Meeting the farmers left Babatunde Idowu, division head for Flour Mills of Nigeria, with a strong impression as well. He said the technology and skills he witnessed on the trip encourage him to dream of a future where his own country has a stronger agricultural presence.

“I wish we could do the same thing back home,” Idowu said. “That is, produce at least where we have advantage, like rice, maize...So that we can also be like the U.S. We can also feed the world with our maize, rice and sorghum,”

But that doesn't mean the U.S. wheat industry needs to be concerned. Even if Nigeria expanded its rice and maize production, the flour mills would continue to buy U.S. Wheat, Idowu said. “Of course we would,” he chuckled. “No doubt about that.”