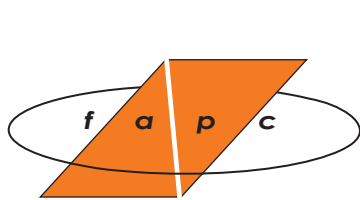


Robert M. Kerr Food & Agricultural Products Center



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Plains Grains Inc.: A Wheat Information Resource

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Introduction

The wheat marketing system involves many different components, from the producer to the end-user, and each one has different concerns. Producers are concerned with characteristics that affect how many bushels per acre they will be able to harvest, including yield, yield stability and disease resistance. Local and terminal elevators have time, equipment and space constraints, so their focus is on the timely unloading and loading of trucks, trains and barges with little attention going to segregating on a quality basis. The miller, on the other hand, is very concerned about quality characteristics, such as test weight, protein, kernel weight, kernel size, hardness and flour yield, all of which impact the return a miller gets for each bushel of wheat milled. The baker is concerned with protein and baking characteristics, such as water absorption, stability, starch damage, mixing time and tolerance and loaf volume. These are the characteristics that will affect the quality and quantity of the final product, and it is these characteristics with which the baker is concerned when buying flour (Baker, Herrman, and Loughin). Finally, the end-user is concerned with the consistency and value of the final product. From the producer to the end-user, because there are so many different channels for wheat to pass through and roles to fill, it is difficult to move the appropriate quality from the field to the end-user.

Plains Grains Incorporated

Plains Grains Inc. (PGI) is designed to assist all levels of the wheat supply chain, both domestically and internationally, by providing wheat quality information to industry members, including everyone from the producer to the baker. PGI was founded to market grain on a quality basis with the mission to enhance and improve agricultural trade in the Plains region. PGI is a non-profit organization operating under the direction of a board of directors. Board

members come from different sectors of the industry, including representatives from private and cooperative grain companies, producer groups and the milling industry. In addition, there are non-voting representatives from the Oklahoma Department of Agriculture and the Oklahoma State University College of Agricultural Science and Natural Resources.

PGI's focus is on determining the end-use quality of each year's crop, marketing wheat based on this end-use information and educating the members of the wheat industry throughout the marketing chain about wheat quality and wheat quality's impact on the end-use product. PGI does this by facilitating a wheat quality survey on each year's crop, hosting workshops, maintaining a web-based marketing system and encouraging personal relationships between buyers and sellers.

PGI is located in Stillwater, Oklahoma, and utilizes many of the resources available at OSU. The PGI office is located in the Wes Watkins Center for International Trade Development. PGI also is utilizing the OSU Wheat Quality Lab (WQL) and the Cereal Chemistry Lab, which are located in the Food & Agricultural Products Research and Technology Center. The WQL lab and staff are vital for workshop testing and presentation and for developing and maintaining good customer relationships.

Services Provided

PGI provides two main services: facilitation of quality testing, then relating that information to the marketing chain, and educational workshops. Samples for quality testing are pulled from the hard red winter (HRW) wheat production area as far south as Texas and as far north as South Dakota and Montana. Workshops are held in Stillwater and are open to any member of the industry.

Samples collected by PGI are pulled from locations across Oklahoma that are within one of the seven Okla-

homa grainsheds. Grainsheds are based on facilities that have the capability to load trains for export or river barges going to the Gulf. These individual load-out facilities serve as the focal point of each grainshed, and the production area and the elevators that feed into that particular facility make up the area surrounding each grainshed. Grainsheds are not defined by company but rather whether grain is moved from the county elevator, to the regional shipper and then on through the marketing chain domestically or internationally. Oklahoma's grainsheds are based on six train load-out facilities and one river port.

Samples are collected from elevators that fall in the defined grainsheds and sent to CII Laboratory Services. There, they are tested for wheat, flour, dough and baking quality characteristics. Results from this testing show the average end-use quality within a grainshed. U.S. wheat marketing chain customers can gain needed end-use quality information from these grainshed averages. U.S. wheat customers originate grain from the same load-out facilities that are the focal point of the grainsheds tested.

Workshops are available to members from all sectors of the marketing chain. To date, the content of PGI workshops has focused on which quality characteristics have economic impact on milling operations with the main focus being on the quality needs of Mexican millers. Mexico has recently become one of the largest importers of U.S. wheat, most of which is HRW wheat. The U.S. geographic location to Mexico gives it an advantage over foreign competition (Canada and Australia), and the large volume of HRW consumed by the Mexican population makes it a logical starting point for PGI's marketing efforts.

Although workshops are open to anyone, the target audience has been producers and grain handlers. Quality wheat begins in the field, so PGI is working to educate producers and those who support producers (i.e., Extension educators and area agronomists) on how different quality characteristics affect the baking process of various goods. Once producers understand the importance and economic impact of end-use quality, they are more likely to make decisions necessary to achieve the potential economic benefit

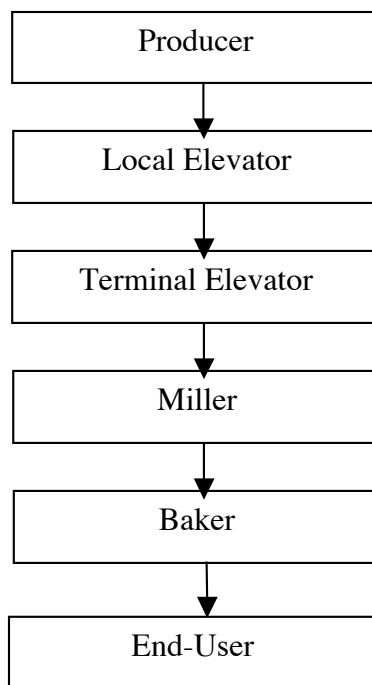


Figure 1. Wheat Export Supply Chain

of quality production. PGI also educates grain handlers on what the customer needs because satisfying the customer is easier when their needs are known and understood.

PGI has had Mexican millers in Oklahoma on several occasions to meet with producers and grain handlers, so they could learn their customers' needs first-hand. These meetings also helped the customers understand how wheat is moved from the field where it is grown to their mill. These types of meetings between buyer and seller help to develop personal relationships between buyer and seller and foster trust and future trade.

One tool PGI has to help develop wheat markets is an online, searchable database that can track quality information. Users of the system can search the database for a specific quality of wheat. Once a buyer has specified the quality that is needed, PGI will then work with the

buyer to find a supplier that can provide what is needed.

Finally, PGI will be a single source that millers can contact when interested in U. S. wheat. Currently, potential buyers must call or drive around the HRW wheat producing region to locate suitable grain or depend on a multi-national corporation that may be able to source wheat outside the United States if it is in their best interest. PGI does not have, and will not take, any ownership of any wheat and is therefore a "disinterested third party."

Funding and Expansion

PGI is a non-profit entity that has operated on state and federal grants and funding from the Oklahoma Wheat Commission. Although PGI started in Oklahoma, the vision for PGI has always been to expand beyond the borders of Oklahoma to the whole HRW wheat production area, including Colorado, Kansas, Nebraska and Texas. Steps are currently being taken to accomplish this. Expansion will increase the production base that PGI has access to when pooling resources to satisfy functionality needs of domestic and international buyers of Plains agricultural products. Expansion also will increase PGI's funding opportunities. Furthermore, including other commodities will expand the funding base to include those commodities producer groups.