

IDAHO GRAIN

THE IDAHO GRAIN PRODUCERS ASSOCIATION MAGAZINE

Winter 2002



**IDAHO STATE WHEAT
GROWERS ASSOCIATION**

Idaho Grain Producers Association
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Views

BY ERIC ODBERG, IGPA President

Commodity Groups Must Unite



I started my term as President of the Idaho Grain Producers Association (IGPA) with the goal of bringing together commodity groups to speak as one voice for agriculture. Over the course of the past year I have realized that we as commodity groups share similar core issues that threaten our livelihood and way of life: the reintroduction of wolves into central Idaho that the Idaho Cattleman's Association fought against in 1995, and the field burning issue that the North Idaho Grass Growers and the IGPA are currently fighting. These issues involve the enforcement of a federal act, but would be better handled at the state level, where our government is more supportive of agriculture and our associations are more effective.

When our forefathers came out west to settle this great nation, it was in our government's best interest to sell or rent our public lands cheaply for two reasons: (1) to help settle this vast expanse, and (2) to build an economic foundation using its natural resources. This is what the public wanted as well. Today, in sharp contrast, the public is divided into two groups: The majority, who want to preserve our land and even take it back to the way it used to be (the reintroduction of wolves is a good example of this); and the minority, who want to preserve it while still making a living off the land. Our federal government is forced to take sides, and all too often, sides with the majority as it has on the wolf issue. In most cases it is appropriate for our government to do this, but not when a vital industry such as agriculture is adversely impacted.

Fortunately, the Idaho Cattleman's Association and the IGPA have been able to address these important issues at the state level. As a result of state intervention and the fact that wolves are no longer endangered, the Idaho Legislature passed a wolf management plan last year that will de-list the wolf from the Endangered Species Act. This will enable the state Fish and Game to regulate the population. Who wants a wolf permit?

To date, the federal government has taken the side of the grass growers and the grain industry by dismissing a lawsuit against growers under the Resource Conservation Recovery Act in Idaho Federal court, and the 9th Circuit Appeals Court in San Francisco. However, there have been some signs that this will not be the case in the near future, as indicated by the recent civil lawsuit ruling by Judge Mitchell that farms had to first pay a \$100,000 bond, then bale their straw before burning their fields. Thankfully, the state supreme court reversed this ruling, but it is clear that Idaho's right to farm law and private property rights are being threatened. The IGPA is committed to fighting the threat of eliminating field burning in Idaho, and has authorized wheat industry legal defense fund spending to support the North Idaho Grass Growers to defend these lawsuits.

We have just completed another burning season, which was successfully done in cooperation with the Idaho Department of Agriculture and the Idaho Department of Environmental Quality. Without a doubt, there are still changes that need to be made to these guidelines and rules. However, when an environmental group believes that they are representing the majority and tries to force their agenda through the legal system, they have to be stopped. The Idaho Cattleman's Association is finally getting a chance to do this, and the IGPA will continue to work with our state agencies to develop better field burning regulations while protecting our right to farm, and observing the Clean Air Act. Hopefully, we will have continued success!

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WHEAT



BARLEY



BARLEY & WHEAT

Look for these symbols in headlines throughout the magazine to see at a glance whether an article pertains to wheat issues, barley issues, or both.

IDAHO GRAIN PRODUCERS ASSOCIATION

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National Wheat Groups Face Crossroads



Does the U. S. wheat industry need four separate groups representing them in Washington D.C. on market development, trade issues, and domestic marketing? The Idaho Grain Producers Association (IGPA) and the Idaho Wheat Commission (IWC) feel it is time to streamline our national organizations.

At last year's state convention the IGPA voted to streamline the administration of your national wheat organizations. This past year the National Association of Wheat Growers (NAWG), U.S. Wheat Associates (USW), the Wheat Export and Trade Education Committee (WETEC), and the Wheat Foods Council (WFC), authorized a joint study to evaluate the current structure and efficiency of the U.S. wheat industry's national organizations. Their report concluded that the wheat industry is duplicating services, and would benefit from reorganization and consolidation. The study, however, did not indicate how this might be done.

The wheat industry study affirmed what the IGPA has been saying for the past couple of years: With financial resources declining yearly, funding four separate organizations is not in the best interest of wheat growers. The IGPA believes it is essential to consolidate the four wheat organizations under one board of directors.

- *All four organizations currently compete for financial resources from state grower organizations, state wheat commissions, and industry partners, to accomplish individual missions.* By consolidating under one board of directors, the wheat industry could prioritize industry goals and strategically allocate resources.
- *Growers need a unified process to develop wheat industry policy.* NAWG's mission is to develop a national policy from those submitted by member states and then advocate for that policy. USW's mission is to develop and service export wheat markets. USW also develops policy on trade issues and then advocates for that policy through the WETEC. This multiple-organization policy development process is very confusing to wheat growers as well as decision-makers on Capitol Hill.

The IGPA is convinced that for the wheat industry to remain viable and effective, some form of reorganization must occur. One obvious step is to combine the WETEC into NAWG and deliver a unified message to Congress on all political issues, including trade. The next step towards unification would be to combine the boards of NAWG and U.S. Wheat. This step will be a little more difficult because most state wheat commissions are prohibited from lobbying, state wheat commissions aren't however prohibited from participating in policy development. Forming one board of directors would require division of responsibility to manage the missions of both organizations. By uniting the membership-driven NAWG board with the state-commission driven U.S. Wheat board, the U.S. wheat industry would create a single board that develops U.S. wheat policy—providing all wheat growers with a very powerful and effective organization.

Bringing the Wheat Foods Council (WFC) under a unified management system is not as clear-cut. The WFC receives more funding from the domestic milling industry than state grower organizations and state commissions. The WFC and its member companies must make the decision to participate in the wheat industry unification effort.

The U.S. wheat industry is at a crossroads and must make some positive changes. There is no justification for anyone to oppose efforts to streamline our national organization, yet there are those in the industry who continue to oppose it. A task force comprising all four organizations is researching ways to improve the structure and effectiveness of our national wheat organizations. The IGPA and the IWC are firmly behind this effort.





Idaho Grain Producers Association Issues

IGPA President Attends NBGA Planning Session



The National Barley Growers Association (NBGA) met in Great Falls, Montana to review the association's mission statement and to perform strategic planning. In attendance were barley organization representatives from Washington, Oregon, Idaho, Montana, North Dakota, and Minnesota. IGPA President Gordon Gallup attended the meeting representing Idaho barley growers.

Following passage of the 2002 Farm Bill, the NBGA Board of Directors decided the time was right to evaluate the effectiveness of NBGA, suggest improvements, and set some new goals as NBGA moves beyond the 2002 Farm Bill debate.

NBGA board members recommended the following Mission Statement:

The Mission of the National Barley Growers Association is to enhance and maintain the profitability of the U.S. barley industry. We will achieve our mission by providing a unified voice through grassroots producer involvement in issues relevant to:

- Domestic farm programs*
- Trade policy*
- Environment*
- Transportation*
- Research*

Goals set by the NBGA include:

- Enhance internal communications.
- Develop a stable funding base for the NBGA.
- Build relationships to increase awareness about barley.
- Identify and work to resolve issues that impact U.S. barley producers.

NAWG BOARD MEETS IN TEXAS

The National Association of Wheat Growers (NAWG) Board of Directors met in Dallas, Texas to review the NAWG resolutions and suggest new resolutions for the annual convention. Based on committee findings, the Board set its priorities for the next few months:

- Disaster Assistance—Pass legislation as soon as possible.
- Consolidation/Unification—Continue to cooperate with the wheat industry to develop a plan to unify the national wheat organizations.
- Crop Insurance Reform—Work to get lower cost products, higher revenue guarantees, and more flexibility with uniform protection.

● Public Policy—Work with other farm groups to back-sell the 2002 Farm Bill and begin to forward-sell the 2007 Farm Bill.

● Farm Bill Implementation—Offer input on the rules during implementation for the benefit of wheat producers.

NEW USES AUDIT RELEASED

The National Association of Wheat Growers (NAWG) released its conclusions from a New Uses Audit for wheat. The study, funded by a grant from Monsanto, was prepared by the agricultural consulting firm Sparks Companies, and outlines several prospective new uses, traits, and markets for grain and by products for the wheat industry. The report evaluates twenty new uses, or traits, which are potential market opportunities for the wheat industry. Each opportunity is summarized in a one page write-up, and is evaluated in terms of development cost, potential premiums, potential volume, and estimated time to market. "We view this as a road map," said Gary Broyles, NAWG President. "Our hope is that wheat industry organizations, research institutions, and private companies can build upon what's been discovered in this report, and help us create new markets for our crops. The document can be downloaded from NAWG's website, <http://www.wheatworld.org>. Copies may also be requested by calling the NAWG office at 202.547.7800, or from your state association.





Quality Matters

Export Competitiveness at Risk

By John Oades, Director U.S. Wheat Associates, Portland Office

The privatization of world wheat markets over the past ten years has brought a much sharper focus on quality and value. At the same time, non-traditional wheat exporters (Russia, Ukraine, Kazakhstan, Hungary, Romania, Turkey, India, and Pakistan) have increased their share of world wheat export markets from 12% three years ago to 22+%.

PNW Soft White (SW) wheat is generally felt to have good quality by our overseas customers, although it is less consistent than they would like. As of July 2002, ordinary SW (no protein specification) is selling FOB Portland at \$150/MT (metric ton), or (\$4.10/bu). We know that cost of production is variable, but easily exceeds \$110/MMT (\$3.00/bu).

Our customers tell us that wheat quality from most of the non-traditional suppliers is "not so good...often inconsistent, but improving." Black Sea origin (Eastern Europe and former Soviet Union) milling wheats are selling at FOB \$90-100/MT (\$2.45-2.72/bu), and Indian wheats are selling FOB \$105-110/MT (\$2.86-2.99/bu). We don't know the real cost of production in all countries, but the USDA recently indicated that Ukrainian production costs average between \$50-60/MT (\$1.36-1.63/bu). Eastern Europe, and former Soviet Union countries are working hard to improve production practices and the infrastructure required to ensure the quality and reliability of their supply. These non-traditional suppliers are not going away; on the con-

trary, their production and exports are expected to increase.

The U.S. is no longer the lowest-cost producer of export wheat to the world, and hasn't been for some time. A significant portion of producer income is coming from farm program payments. Soft White (SW) wheat exports are off, due to the relatively high export price of SW in deference to

"Our situation can be summed up in four words: 'Not a pretty picture!'"



John Oades addressing growers on the importance of quality.

U.S. Soft Red Winter (SRW) wheat, and non-traditional wheats. SW exports are becoming more dependent on government food aid sales. Our situation can be summed up in four words: "Not a pretty picture!" The PNW/U.S. wheat industry (breeders, growers, warehousemen, quality controllers (FGIS), export promoters, and exporters) is at a crossroads. To grow our SW export business we have several options:

- 1) Increase the value of our product, while not significantly increasing the price.
- 2) Significantly decrease the price of our product.
- 3) Change our product to make a profit at an export price of \$100/MT (\$2.72/bu), with commensurate value.
- 4) Do nothing—stay the course with traditional practices and hope for the best.

I do not see our future in options two, three, or four. Unless we can reduce production and marketing costs by one-third, option two is a non-starter. Seeking to survive in a "cheapest wheat" environment (option 3) holds no real, sustainable future for our industry. Doing nothing (option 4) is not an option unless we intend to get out of the wheat business. Our only viable option is to significantly enhance the real economic value of our products to the overseas customer, while aggressively containing production and marketing costs. That's a tall order, but in order to succeed we must work

Quality Matters continued

“Our only viable option is to significantly enhance the real economic value of our products...”

as a “wheat community,” including all industry segments from breeders to exporters.

How do we add value to our PNW wheats for our overseas customers? Simply stated, we provide the customer with the quality that will optimize his long-term economic success, and provide that same quality in every shipment every year, at a market-competitive price.

Sound simple? It's not! SW varieties differ significantly in quality due

“The PNW wheat industry is at a crossroads.”

to widely divergent growing environments and production practices. Together, these factors create a huge range in functional quality, which the marketplace has limited ability to segregate without significantly increasing marketing costs.

There are a number of actions we



can take to get the “best value” to our customers, thereby enhancing the long-term viability of the PNW wheat industry:

Profile our key customers so we know what quality traits have the greatest value to them. Country profiles have been developed by U.S. Wheat Associates but further refinement is needed.

Create region-specific SW wheat crop quality data so we can bring buyers and sellers together in supplying a consistent product to the customer. This work is underway with the PNW Wheat Commissions, the Wheat Marketing Center in Portland, and U.S. Wheat Associates.

Bring the SW wheat community together to **create and publish SW and White Club (WC) wheat “quality targets”** that will focus on breeding, production, and marketing programs to customer needs. These targets must reflect what our customers

value most and what we can reasonably expect to breed, produce, and segregate in the marketplace. They must focus on economically-viable solutions for providing consistent value to the customer.

Preliminary work has been done on these targets, but has languished for over two years.

Create a viable and objective “varietal quality rating system” which considers the above quality targets and variety by environment interaction. Work is in progress on such a system at the ARS/Western Wheat Quality Laboratory in Pullman, WA.

Gather varietal analysis input from key overseas customers. Significant work has been completed through the Overseas Varietal Analysis (OVA) program operated by U.S. Wheat Associates, PNW Wheat Commissions, and the Western Wheat Quality Laboratory. The current goal is to include more pre-release varieties

Quality Matters continued

and achieve more crossovers between the OVA and the PNW Wheat Quality Council program.

Create "Recommended Varieties" lists based on the quality targets and the known environmental effects on varieties across regions. With effective distribution of this information, we can encourage growers to choose the best quality varieties from those with similar agronomic potential for their region.

Expedite the development of market-applicable technology for real-time measurement of functional quality (dough handling and end product quality) in the marketing system. We are presently limited to measuring U.S. grade, protein, dockage, moisture, and falling number. These measures are grossly inadequate for measuring functional quali-

ty that has value to the customer. FGIS is working on real time functionality testing, but a viable system has not evolved to date.

Build strategic alliances with key customers through the marketing chain to ensure a consistent supply of quality product. Ideally, this would involve growers, country elevators, and exporters working together to achieve mutual benefit of assured market share. NOTE: I am not suggesting development of customer-specific varieties, due to the segregation issues and added marketing costs that this would create.

Evolve Hard White (HW) wheat into a viable market class. The PNW wheat industry needs both hard and soft wheat production options to optimize our success. Environmental factors and production

practices will be key to production of higher proteins and the consistent functional quality wheat that is critical to our future HW customers. Much work has been done targeting HW development to customer needs through the Asian Products Collaborative (APC) program jointly operated by U.S. Wheat Associates and the Wheat Marketing Center. HW Quality

"The future can be bright for SW and HW wheat exports."

Targets have been developed by the wheat community and are helping us to focus on customers' needs.

If the wheat community joins together and aggressively pursues value-focused remedies while controlling costs, then the future can be bright for SW and HW wheat exports.

U.S. Wheat Associates (USW) is an extension of the twenty state wheat commissions, and is charged with overseas market development for U.S.-produced wheats. USW operates market development programs in more than 100 countries from a base of sixteen offices worldwide.





U.S. Wheat Associates

Jim McDonald Elected Chairman



Idaho wheat commissioner Jim McDonald recently began his service as Chairman of U.S. Wheat Associates. The gavel was handed over to McDonald during the U.S. Wheat Associates summer board meeting held in Oklahoma City, Oklahoma in July.

U.S. Wheat Associates is the grain industry's export market development organization, working in over 100 countries on behalf of America's wheat growers. McDonald, who has been on the Idaho Wheat Commission for the past five years, was elected Secretary-Treasurer in 2000. As Chairman, he will oversee programs and operations, as well as set policies and guidelines for the staff.

"I feel fortunate to be able to represent the farmers of Idaho, the Pacific Northwest, and the country. As Chairman, I'll do all that I can to increase sales abroad and regain some of the markets we've lost over the past few years." A third generation farmer, McDonald understands the importance of our foreign markets. "We all know how to grow wheat; what we have to work on is marketing what we grow," said McDonald. "Markets are changing every day. Years ago

there were just a handful of buyers, but today each individual miller is going out into the marketplace to purchase his own wheat. This is why we need an organization like U.S. Wheat Associates—to train them how to mill U.S. wheat, and teach them how our marketing system works so they know how to purchase our wheat."

The U.S. world market share is currently 23%—a new low. "I'd like to see it back up to around 30% by the end of next year," said McDonald. "Right now, we're working on developing a market for U.S. wheat in Cuba. U.S. Wheat Associates hit a few bumps this year with the current Administration, but we're not giving up."

The McDonald family has been farming in Grangeville since 1903, when Jim's grandfather moved to Idaho from South Dakota. Jim began farming with his father in 1960, after he received his bachelor's degree in Agronomy from the University of Idaho. Jim and his wife Beverly have

been married for 43 years and have two grown children and two grandchildren. Along with his son, Mike, Jim currently farms 1,200 acres of cultivated ground in Grangeville.

Also moving up the USW ladder are new Vice-Chairman Alan Lee, a third-generation farmer from North Dakota,

"We all know how to grow wheat; what we have to work on is marketing what we grow," said McDonald.

and Secretary-Treasurer Keith Kisling, a farmer from Burlington, Oklahoma.



Jim McDonald discusses foreign trade policy with Matt Weimer, U.S. Wheat Regional Vice President, Asia.



Message from the IWC Chairman, Boyd Schwieder Increasing our Competitive Advantage

The Idaho Wheat Commission is responsible for the collection and dissemination of the \$0.015/bushel wheat assessment. As Commissioners, the majority of our time is spent reviewing financial statements and checking the cost/benefit of investments made in research and market development on behalf of Idaho's wheat growers. This also includes the utilization of funds by our national organizations.

With finite resources declining, a decision was made by the grower boards of our four national organizations to find ways to strengthen and streamline the organizations. Following a Request for Proposals, Association Partners Plus from Longmont, Colorado, was hired to analyze the National Association of Wheat Growers, U.S. Wheat Associates, the Wheat Export Trade Education Council, and the Wheat Foods Council, to find ways to improve effectiveness.

The report was released at the U.S. Wheat Associates meeting in



Oklahoma City on July 29. Following that meeting, a 12-member grower committee (three representatives from each organization) was assigned to take the recommendations from the initial report, gather additional input from growers and other industry sources, and bring a proposed Plan of Action to wheat growers in March 2003.

The goal is to determine the best internal structure for national wheat

grower-funded organizations, as well as strategies to take us into the future. It is a tall order to fill, and committee members have a major task ahead of them. We support this effort and will provide updates as the process continues.

For additional information, or a copy of the report, please contact the IWC office at 208.334.2353.



HRW Update Poor Quality HRW Receives Negative Reaction from Customer

The Japanese Food Agency recently notified U.S. wheat traders of poor quality shipments of HRW wheat that may have been produced in southern Idaho. The wheat was shipped from the PNW in April/May. Japanese millers complained that the quality of the shipments was not representative of what has been received in the past. Test results showed poor tensile strength in noodles and poor bread quality (weak gluten). Samples of the shipments (collected by FGIS) were also tested by the Wheat Marketing Center in

Portland, where poor functionality was confirmed. The stability time, as measured on a Farinograph test, was half that of past shipments.

Tests are ongoing to identify the individual varieties included in the shipment, but are believed to include Garland, Symphony, Estica, Hatton, and TAM 107. The estimated purchase price of approximately 26,000 metric tons of PNW HRW wheat, including freight charges, is \$4.16 million.

Idaho Wheat Commission Executive Director Blaine Jacobson com-

mented, "If some of the varieties being taken to market are causing an adverse reaction among important customers, we want growers to be aware of the risk of losing share in a key market." The IWC biennially publishes a preferred list of seed varieties in order to provide a consistent, high-quality ingredient to our end users. See *Idaho Grain Magazine* Winter 2000 for the list, or contact the Idaho Wheat Commission at 208.334.2353.



Governor Appoints Joe Anderson to Idaho Wheat Commission



Joe Anderson

Governor Dirk Kempthorne recently appointed Joe Anderson of Potlatch, Idaho to represent the wheat producers of District One (Boundary, Bonner, Kootenai, Benewah, Latah, and Shoshone counties) on the Idaho Wheat Commission. Anderson will be replacing Heidi Linehan of

Genesee, who recently completed a five-year term.

Commissioner Anderson has been involved in a number of leadership positions with a variety of agricultural associations, including the University of Idaho Agricultural Consulting Council, the Council for Agricultural Research, Extension and Teaching, and the National Agricultural Research and Extension Users Advisory Board. His tenure with these organizations provided experience in lobbying for research funding, working with the budget process, appropriations, and management of agricultural research, extension, and teaching dollars.

Improving the producer's bottom line is vital to Anderson, who said, "As a Commissioner, I will give the highest priority to issues, programs, and proj-

ects that have the best chance of enhancing the competitiveness and profitability for Idaho wheat producers. Serving on the IWC is an investment," said Anderson. "The American farmer's only hope to influence his destiny is through the trade associations that represent his interests at the national, state, and local levels."

Anderson, who has been operating the family farm since 1967, grows wheat, barley, lentils, canola, and bluegrass seed on 3,420 acres near Potlatch. He holds a bachelor's degree in Agriculture, a master's in Accounting from the University of Idaho, and is a Certified Public Accountant. He and his wife Pam have been married for 39 years and have three children and three grandchildren.

Idaho Wheat Commission Elects New Chairman

Boyd Schwieder of Idaho Falls was elected Chairman of the Idaho Wheat Commission at the September 12, 2002 commission meeting. Mark Darrington, Declo, Idaho was elected Vice-Chairman.

Schwieder is a graduate of Utah State University. He and his family dry-land farm and run a cow-calf operation on 5,500 acres east of Idaho Falls near the small township of Dehlin. The Schwieders grow some organic wheat and are currently working to develop new niche markets for wheat.

"It's a pleasure and an honor for me to serve as Chairman of the IWC," said Schwieder. Now in his second term on the commission, Schwieder is working to develop more innovative ways to market Idaho wheat, and supporting research that will improve wheat varieties.

"Over the years, the IWC has helped fund research projects that have improved disease-resistant strains of wheat, and helped develop a new class of wheat (Hard White Wheat)," Schwieder said. "As Chairman, I will continue to work to achieve our objective—to maximize profitability for Idaho wheat producers."

Schwieder has been actively involved in the Idaho Grain Producers Association (IGPA) for nearly 30 years. He is a past president of the IGPA, and served on the board of directors of the National Association of Wheat Growers (NAWG). Schwieder is also actively involved with the Idaho Falls Chamber of Commerce, where he currently serves as Chairman of the Agriculture Committee.

Vice-Chairman Mark Darrington attended both Ricks College and Utah State University, where he



Boyd Schwieder

majoried in Agricultural Economics and Political Science. Darrington has been involved in agriculture since 1974, and currently produces wheat, potatoes, and sugar beets.



HARD WHITE WHEAT INCENTIVE PROGRAM



In an effort to meet rising demand for Hard White Wheat (HWW), the 2002 Farm Bill offers a Hard White Wheat Incentive Program. However, the guidelines necessary to implement the program have not yet been released by the USDA. Since this program is targeted at a fairly small potential audience of one crop, it has received lower priority than the bigger and broader regulations in the package. The program will be in effect for the 2003, 2004, and 2005 crop years.

Highlights of the program, as presently drafted, include:

- Both wheat grown under contract and open production qualify for the incentive program, as long as quality requirements are met.
- HWW produced must be grade #2 or better to qualify for the incentive payment.

- HWW producers must certify acres at the FSA, and declare the variety to the purchaser at time of delivery.

- Certified seed will not be required. However, to encourage its use, a \$2 per acre payment will be made to producers who use certified seed. The producer will qualify for the \$2 per acre payment each year certified seed is planted.

- In addition to the \$2 per acre payment (if certified seed is used), all producers of HWW meeting the quality requirement will receive an incentive payment of 20 cents per bushel, up to a maximum of 60 bushels per acre.

- Total funding is capped at \$20 million, and the qualified acres are capped at \$2 million. If the requested funding exceeds the \$20 million cap, a payment reduction formula included in the program will be used to recalculate that year's payment levels.

- Participants in the program can apply for program benefit payments by submitting a "settlement sheet" to the FSA County Committee and FGIS grade.

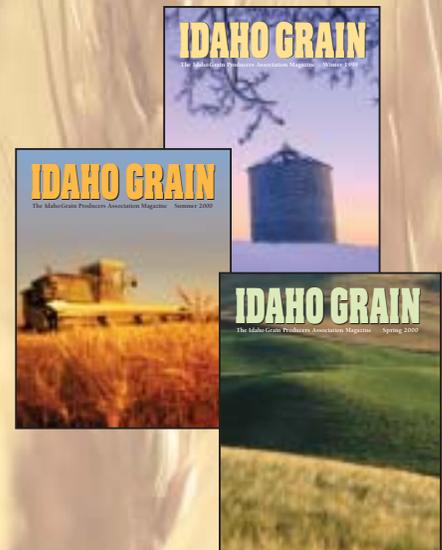
Although it is anticipated that the guidelines will be similar to those listed above, at this point decisions must be made without knowing exactly what the USDA program will be. In any event, growers should have a buyer identified before planting

For HWW in the U.S., the "chicken or egg dilemma" continues as it has for the past ten years. Millers are not interested in buying HWW from the U.S. unless they feel there will be a constant supply; producers do not want to grow a new class unless there are market signals to support that decision. The Hard White Wheat Incentive Program is one way to address this challenge.

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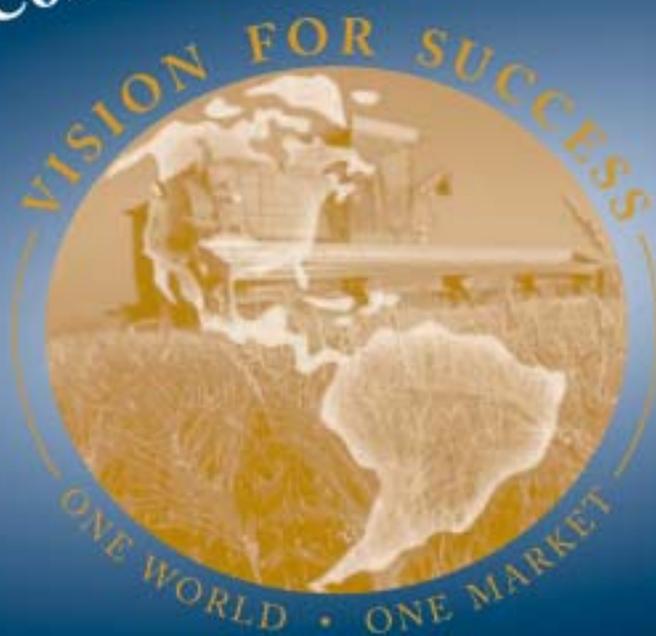


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Wheat Foods Council and Wheat Export Trade Education Committee

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Sharpen your production skills at our educational breakout sessions. Learn about the latest cutting-edge wheat research from the best researchers in the country. In addition, you will have the opportunity to attend the premier wheat industry trade show in the country to learn about what's new in farm equipment, seeds, crop protection and other new products. Representatives from the leading agribusiness companies will be available to answer your questions and describe their products and services.

Make your reservations now at the Hyatt in Albuquerque by phoning 505-842-1234 and state you are with the National Association of Wheat Growers to receive our special group rate. For more information, you can also go directly to our website at www.wheatworld.org under *Calendar of Events* to make your reservations at the Hyatt and view conference information as it becomes available. You can also contact your state wheat association for more information about the conference. A listing of state associations can be found on our website, www.wheatworld.org.

ATTENDEE REGISTRATION FORM

2003 Wheat Industry Conference and Exposition

January 26 - 31, 2003 - Hyatt Regency
Albuquerque, New Mexico

Registration Deadline: December 20, 2002. After pre-registration deadline expires, you must register on-site.



Name LAST FIRST NICKNAME FOR NAME BADGE (IF DIFFERENT)

Address CITY STATE ZIP

PHONE FAX (E-MAIL)

ORGANIZATION

SPOUSE LAST FIRST NICKNAME FOR NAME BADGE (IF DIFFERENT)

CHILDREN NAME(S) & AGE(S)

Number of Wheat Acres Total Acres Other Crops Grown

REGISTRATION FEES:

Registration	\$195 each	\$ _____
Spouse	\$175 each	\$ _____
Children Ages 18-21	\$175 each	\$ _____
Children Ages 5-17	\$ 45 each	\$ _____
Single Day Registration		
<input type="checkbox"/> Wednesday		
<input type="checkbox"/> Thursday	\$125 per day	\$ _____
Need Special Accommodations Due to Disability		

Please Help Us in Planning for These Important Events:

Will attend the WheatPAC event Thursday, January 30th (see separate registration form enclosed)
 Will attend the Route 66 Kick off event, Tuesday, January 28th
 Will attend the South of the Border Party, Wednesday, January 29th
 Will attend the Wheat Industry Trade Show kick-off luncheon, Wednesday, January 29th
 Will attend the Wheat Research Forum, Thursday, January 30th

TOTAL AMOUNT ENCLOSED \$ _____

METHOD OF PAYMENT

Check enclosed Credit card: Visa MasterCard Discover American Express
Expiration date ____/____ Credit card number

NAME AS IT APPEARS ON CREDIT CARD

SIGNATURE

For Hotel Reservations:

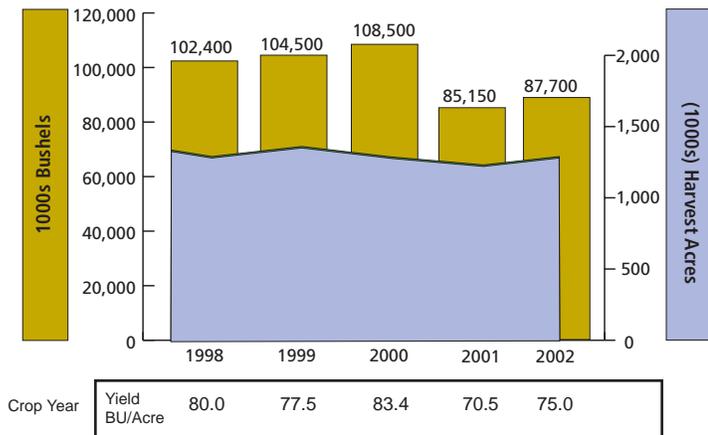
Note: We have limited space at the Hyatt Regency in Albuquerque, 330 Tijeras, Albuquerque, New Mexico 87102. Please be advised the cut off date for making your hotel reservation is **January 3, 2003** to receive our special conference rates. For Group Booking and reservation inquiries, please call the Hyatt worldwide toll-free number at 1-877-875-5036 and refer to the National Association of Wheat Growers to get our special discounted room rate and be credited to our room block. Please complete this conference registration form and return with full payment (checks payable to NAWG) to Annie Leftwood, NAWG, 415 Second Street, NE, #300, Washington, DC 20002. You can also pay by credit card. See meeting registration form. Mailed registration forms must be received by December 20, 2002 to receive pre-registration discount. If form is received after December 20, 2002, you will need to register on-site in Albuquerque. Registration includes admittance to all general sessions, workshops, receptions, luncheon and any exhibit hall meals. You will receive confirmation of your registration by mail in approximately three weeks after receipt of registration form. You may also register on our website at www.wheatworld.org after November 15th.

NOTE: Cancellation fee: No refunds after December 20, 2002.

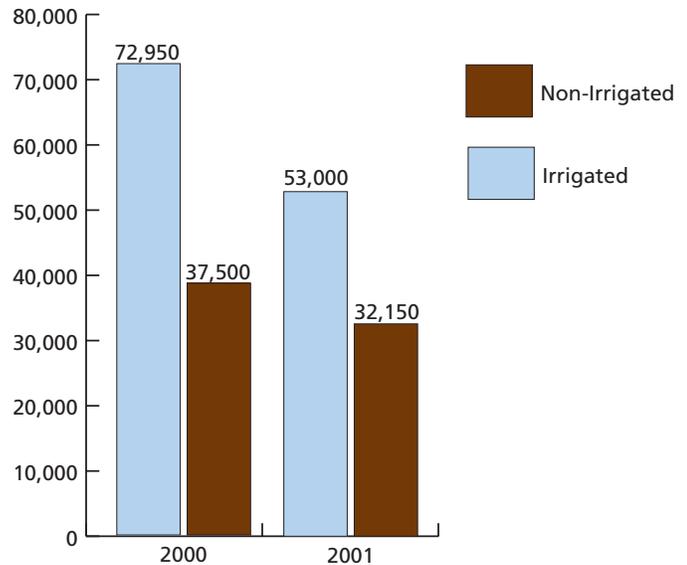
For conference registration information, exhibitor information, membership information and updates on legislative issues, please visit our website at www.wheatworld.org. You can also contact us at 202-547-7800 to obtain information on our 2003 Wheat Industry Conference. See you in Albuquerque!

IDAHO WHEAT FACTS - Update 2002

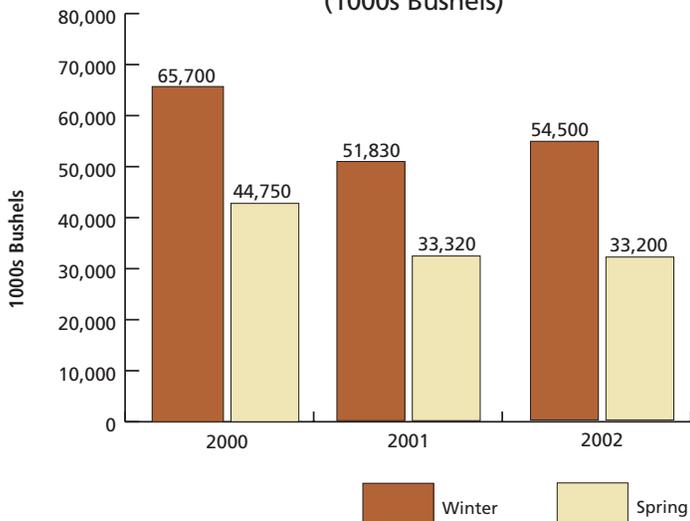
Wheat Production in Idaho



Idaho Irrigated/Non-Irrigated Production (1000s Bushels)



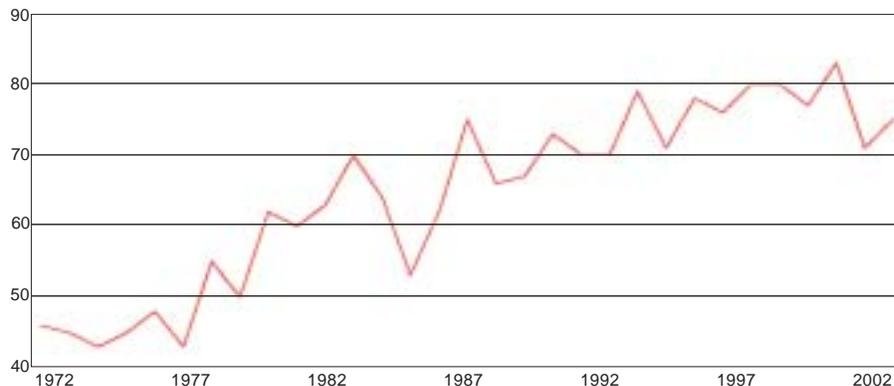
Idaho Winter/Spring Production (1000s Bushels)



	2000 Million \$	2001 Million \$
Value of Idaho Exports Wheat & Products	\$175.8	\$147.2
Value of Production—Wheat	\$281.1	\$279.1

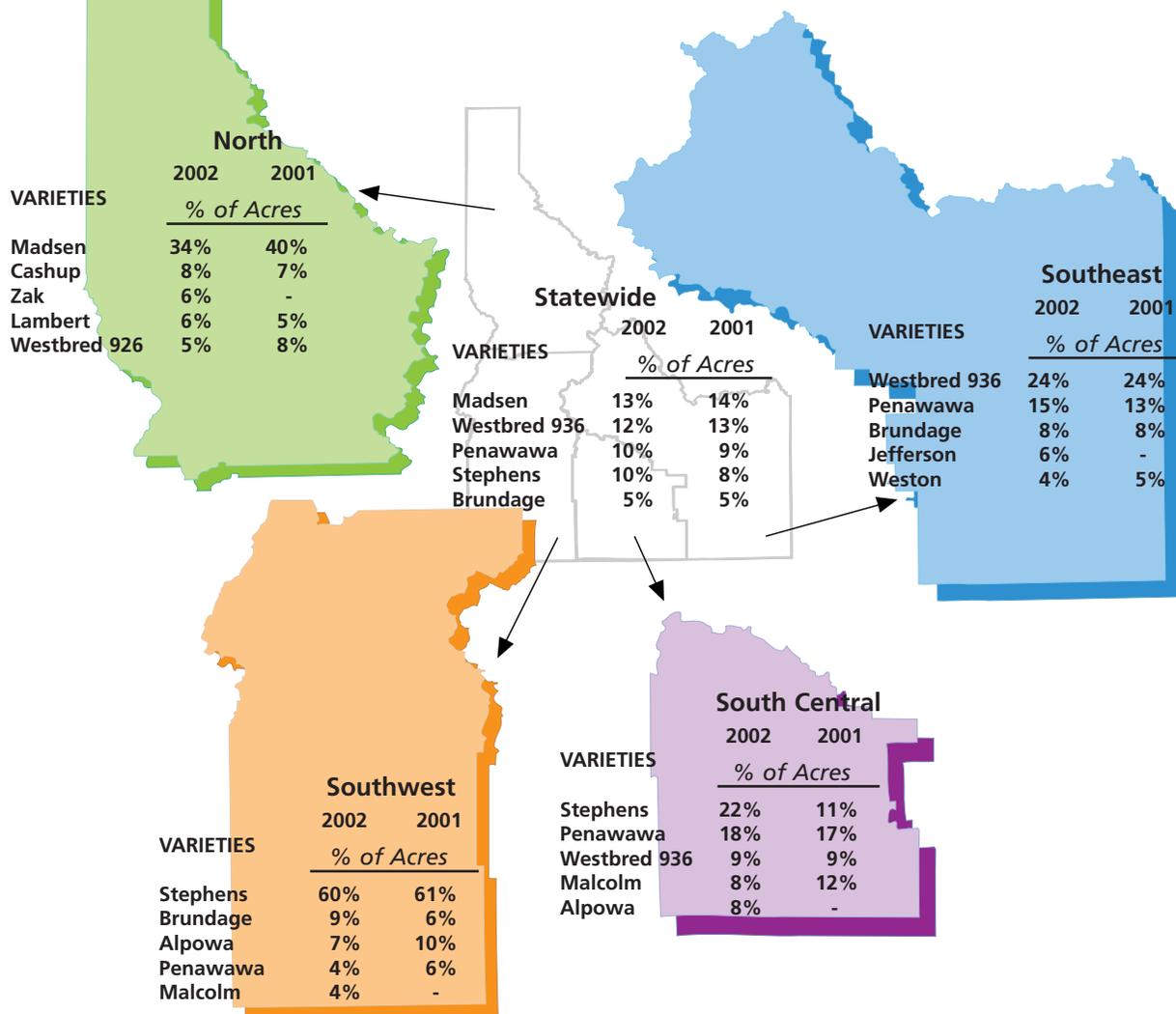
Source: Idaho Ag Statistics

Idaho Wheat Industry Trend (Bushels/acre)

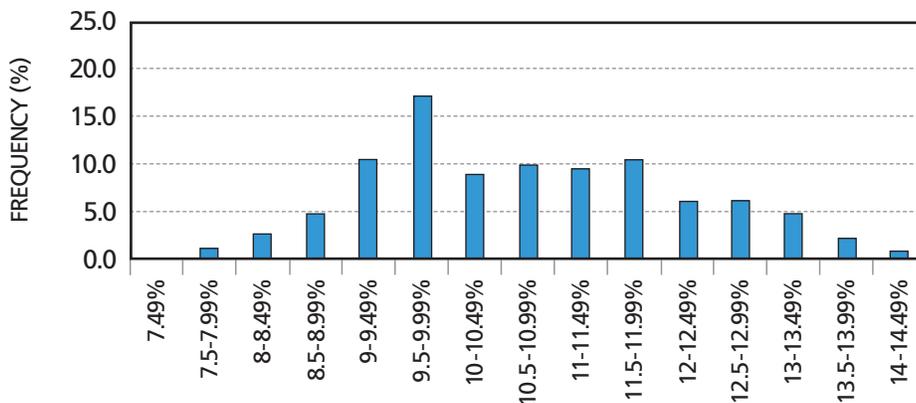


Leading Idaho Wheat Varieties Planted by District

(% Planted Acres, USDA Reporting District)



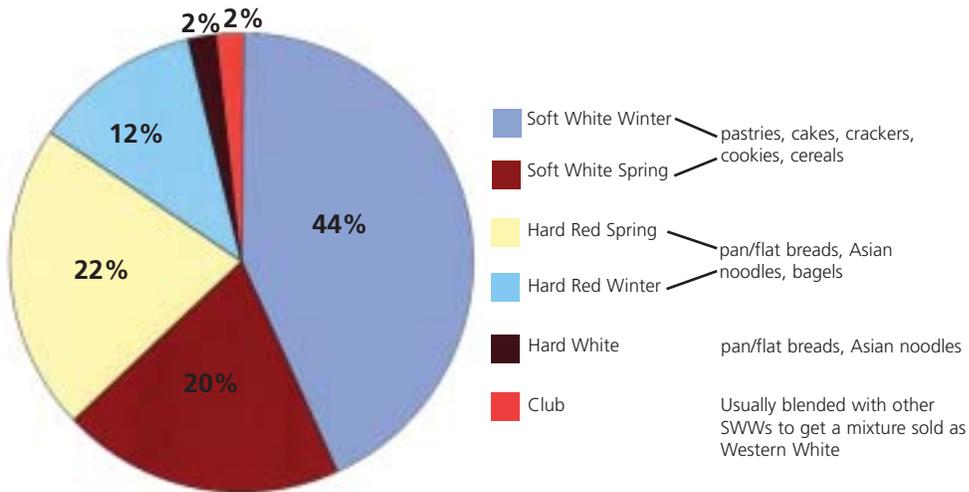
IDAHO SOFT WHITE WHEAT PROTEIN FREQUENCY DISTRIBUTIONS



SHARE OF TOTAL PRODUCTION BY CLASS

Idaho wheat growers can provide a quality ingredient for both domestic and international millers, and bakers. Whether the grain is needed for making pastries, flat breads, or Asian noodles, Idaho growers have the *right wheat*. International competition in the wheat market continues to increase. To maintain current market share, as well as expand, will require continued efforts to provide a consistently high-quality product that end users value.

Production By Class

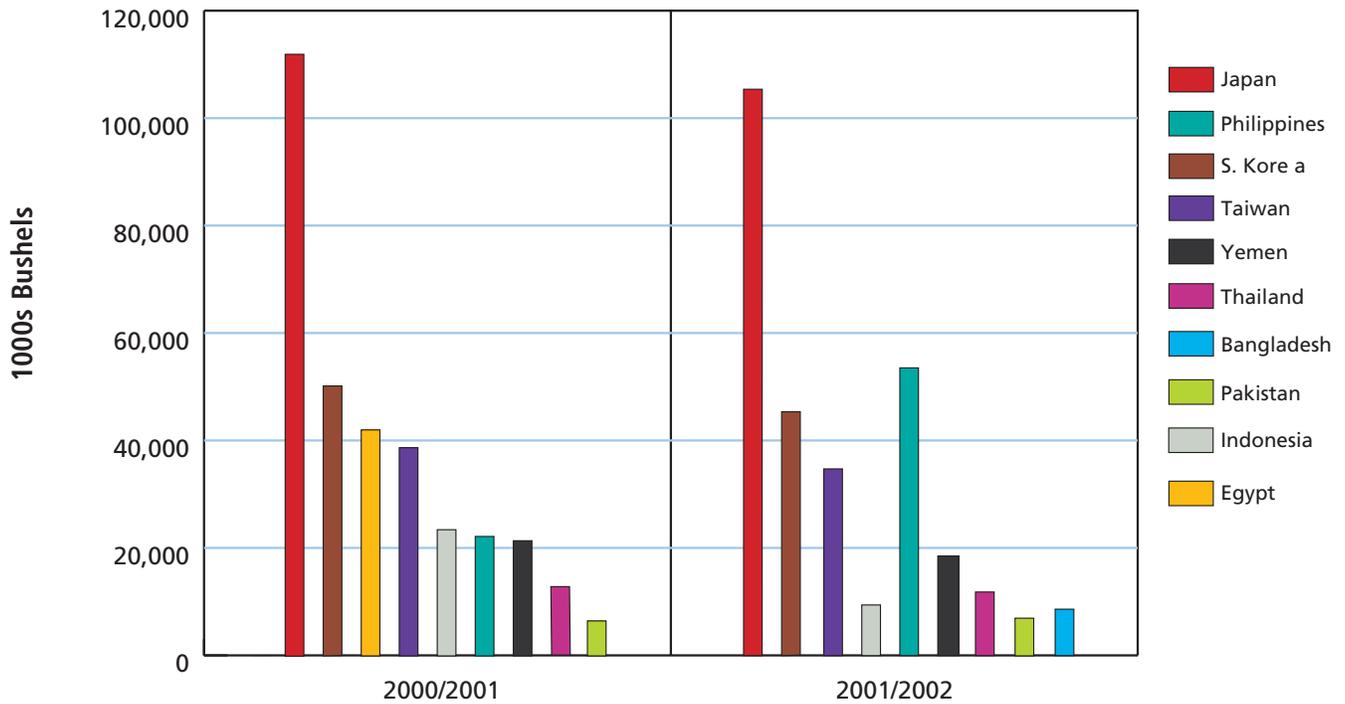


2002 WHEAT PRODUCTION BY CLASS AND REGION

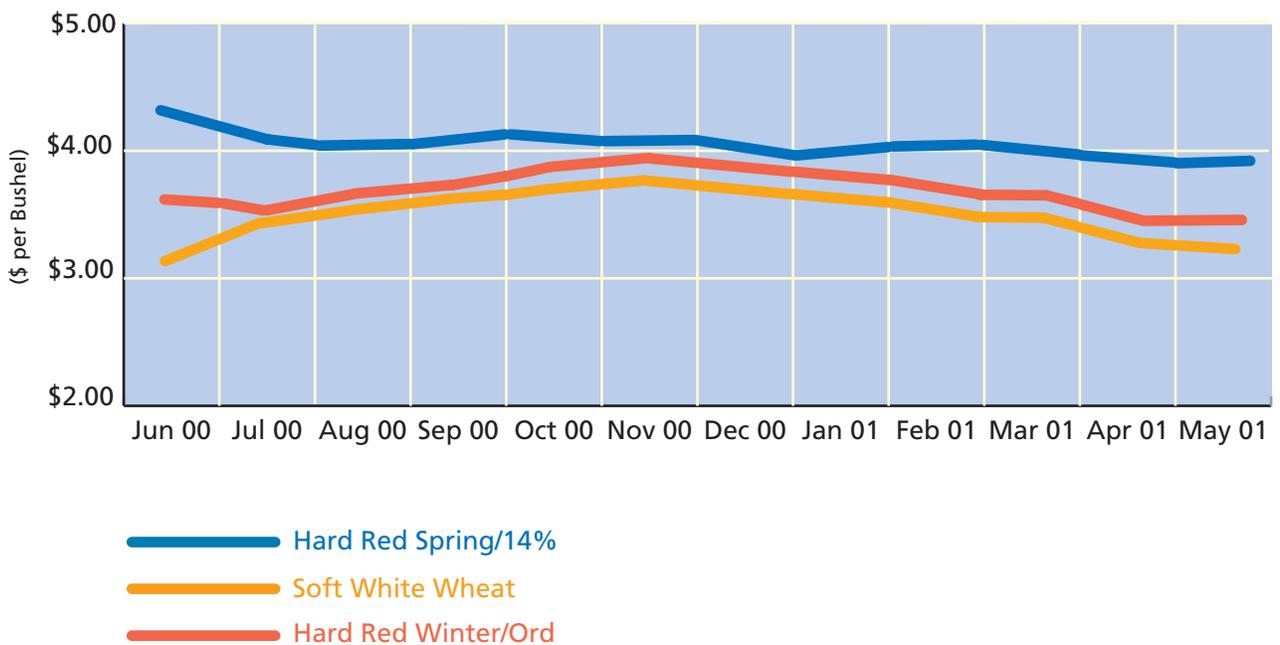
(IAS Regions, in bushels)

Class	North	Southwest	South Central	Southeast	Statewide Total bushels
Soft White Spring	4,058,750	890,625	3,900,125	6,600,000	15,449,500
Soft White Winter	20,448,750	3,500,000	7,555,000	9,550,000	41,053,750
Hard Red Spring	2,900,625	228,000	1,260,125	12,321,250	16,710,000
Hard Red Winter	2,100,000	5,700	2,138,000	6,800,000	11,043,700
Hard White	180,500	—	—	1,877,200	2,057,700
Club	1,373,130	—	—	—	1,373,130
Total	31,061,755	4,624,325	14,853,250	37,148,500	87,687,780

TOP NINE DESTINATIONS FOR PACIFIC NORTHWEST WHEAT



PORTLAND WHEAT PRICES Monthly Average FOB Prices Market Year 2002



Idaho Grain Producers Association 46th ANNUAL CONVENTION

“MANAGING YOUR FARM FOR PROFIT”

SPECIAL THANKS TO THIS YEAR'S SPONSORS

HIGH YIELD SPONSOR

General Mills – Great Falls
Les Schwab Tires – Lewiston
McGregor Company – Colfax
Monsanto Ag Group – Soda Springs
Northwest Farm Credit Services – Spokane
Syngenta Crop Protection – Idaho
Wells Fargo Bank – Boise

GOLDEN GRAIN SPONSOR

Bayer Crop Science – Lewiston
Busch Agricultural Resources, Inc. – Idaho Falls
Columbia Grain Inc. – Clarkston
DuPont Crop Protection – Boise
Gustafson LLC – Twin Falls
John Deere – Reno
Land O'Lakes Farmland Feed, LLC – Seattle
Monsanto Co. – McCammon
Primeland – Lewiston
Wilbur-Ellis Co. – Walla Walla

BUSHEL BOOSTER SPONSOR

ADM Farmland – American Falls
Bingham Coop – Blackfoot
Bohn Insurance – Malad
Bonneville County Wheat Growers
C.A.L. Ranch Stores – Idaho Falls
Coleman Oil Company – Lewiston
Columbia Grain Inc. – Grangeville
Cooperative Agricultural Producers Inc –
Rosalia, WA
Erickson Pontiac - GMC Inc – Rexburg
Gellings Farms – Idaho Falls
Genesee Union Warehouse Co. – Genesee

BUSHEL BOOSTER SPONSOR *continued*

Hansen Oil Company – Soda Springs
Magic Valley Compost – Jerome
Mountain States Ins. Group Inc. – Soda Springs
Nelson's Seed Co. – American Falls
Pioneer Equipment Company – American Falls, Rupert,
Blackfoot, Idaho Falls & Rexburg
Port of Lewiston
PPS Co., Inc. – Soda Springs
Rockymountain Machinery Co., Inc. – Blackfoot
Simplot Grower Solutions – Idaho Falls
Soda Springs Elevator – Soda Springs
Valley Wide Cooperative, Inc. – Rexburg
Western Farm Service Inc. – Bancroft

EXHIBITORS

Bayer Crop Science
General Mills
Gustafson LLC
ID Agricultural Statistics Service USDA
Idaho Barley Commission
Idaho Grain Producers Association
Idaho Wheat Commission
Monsanto
National Agri-Services
Northwest Farm Credit Services
R & H Machine, Inc.
Team USDA
U of I Poster Display
Wells Fargo Bank

Please say "THANK YOU" to these supporters by using their products and services throughout the year. A very special "THANK YOU" to all of you who attended the convention and made it a great success.

See you next year in Sun Valley, Idaho at the Sun Valley Resort, November 17, 18 & 19, 2003.



Taking the Idaho Barley Industry to New Heights

2002 Report from the Idaho Barley Commission

Promoting the expansion of malting barley production and processing in Idaho



Anheuser Busch undertakes major expansion

AB began construction at their Idaho Falls malt plant in sum-

mer 2002, which will double their existing 8 million-bu capacity to 16 million bu malt (about 14 million bu barley). AB says, "This commitment is being made because of the confidence we have in the relationship that has been built with growers. The expansion is another way to demonstrate that all of us value the dedication to quality demonstrated by growers in the intermountain region." The expansion will mean additional demand for 2-row malting barley in Idaho. AB also is doubling their barley storage capacity at their Osgood elevator.



Grupo Modelo holds official groundbreaking of new Idaho Falls malt plant on October 30, 2002.

Modelo malting plant comes to Idaho

Grupo Modelo, Mexico's largest brewing company, will begin construction in spring 2003 on a new 6.5 million-bu malt house (6 million bu barley) in an adjacent location in Idaho Falls. Modelo is the leader in production and marketing of beer in Mexico, with about 61% marketshare. Their leading beer—Corona—is the top imported beer in the U.S., which captured nearly 28% share of the imported beer market last year.

Expanding barley consumption in the U.S. and around the world



Evaluating commercial barley wet milling plant in Idaho

IBC is currently funding a major study to evaluate the feasibility of a commercial barley fractionation plant in Idaho that would separate barley into component parts, or fractions, that would have greater value than the whole grain. These fractions include concentrated protein for fish feed, beta-glucan fiber for specialized foods and cosmetics, and starch for food applications and ethanol.

Sponsoring cutting-edge research on low phytate barley cultivars

Research is being conducted to test experimental barley cultivars that contain low levels of phytic acid phosphorous (conventional barley stores phosphorous as phytic acid). Monogastric animals such as pigs, chicken, and fish are unable to digest this form of phosphorous, causing a nutrient deficiency in the diet and a phosphorous waste problem requiring expensive waste management systems. Idaho has sponsored pig and chicken feeding trials using this modified barley to demonstrate the advantages of low phytate barley in improving nutrition and reducing animal waste.



Research at the UI Fish Culture Experiment Station in Hagerman is formulating new fish feeds using barley.

Promoting health benefits of barley in the human diet

IBC is leading a national effort through the Barley Foods Research Steering Committee to secure a

heart-health claim from the U.S. Food and Drug Administration that can be used to promote barley foods in the U.S. and foreign markets. Barley beta-glucans have been shown to lower blood cholesterol and reduce the risk of coronary heart disease. Current research is focusing on the benefit of barley beta-glucans in managing Type 2 diabetes.



Taiwan barley trade team visited Commissioner Doug Scoville's farm in Potlatch in July 2002.

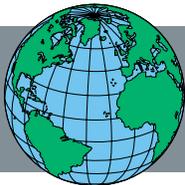
Global buyers come to Idaho

IBC hosted four barley trade teams in Idaho this summer, with representatives from ten countries, including Japan, Taiwan, China, Mexico, Dominican Republic, Brazil, Argentina, Venezuela, Colombia, and Peru. The response from these team visits has been very favorable, and numerous opportunities were identified that will

help us expand the sales of Idaho and PNW barley. Japan and Mexico are currently the top foreign buyers of Idaho barley.

Barley has strong presence on the Governor's Mission to Asia

Heidi Linehan, wheat commissioner from Genesee, represented the Idaho Barley and Wheat Commissions on the Governor's Mission to Asia in June 2002. Heidi, along with representatives from Genesee Union Warehouse and the University of Idaho, met with barley buyers in China and Taiwan. The IBC is providing barley samples to many of these potential new customers.



GLOBAL BARLEY MARKETING REPORT



Idaho Barley Commission, 1199 Main Street, Suite G, Boise, ID 83702
Tel: 208-334-2090; Fax: 208-334-2335; E-mail: kolson@barley.state.id.us

U.S. BARLEY S & D PROJECTIONS

(million bushels – USDA November 12, 2002)

	99/00	00/01	01/02	02/03
Beginning Stocks	142	111	106	93
Production	280	319	250	227
Imports	28	29	24	25
Total Supply	450	459	380	345
Feed	136	123	88	80
Food/Malt	172	172	172	172
Exports	30	58	27	20
Total Use	338	353	287	272
Ending Stocks	111	106	93	73
Price	\$2.13	\$2.11	\$2.23	\$2.40- \$2.80

BARLEY COMPETITOR IN MY 2002-03

(MMT– USDA November 12, 2002)

Country	Production	Exports	Carryover
U.S.	4.9 (-9.0%)	.5 (0%)	1.6 (-21.7%)
E.U.	48.1 (-0.2%)	4.0 (+27.0%)	11.7 (+23.2%)
Canada	7.7 (-29.0%)	.5 (-54.5%)	1.5 (-24.7%)
Australia	3.5 (-53.5%)	1.0 (-73.0%)	0.5 (-59.2%)
Russia	19.0 (-2.6%)	3.5 (+34.6%)	4.6 (+4.6%)

USDA PROJECTS DECLINE IN DOMESTIC FEED USE

Based on lower cattle on feed and hog numbers, USDA is now projecting a 7.5 million-ton decline in domestic feed and residual use this year. Total feed grain use is projected to fall only 2.7 million tons from a year earlier, based on a 3 million-ton increase in food, seed, and industrial use, and a 1.9 million-ton increase in exports.

USDA's October 1 cattle on feed numbers were down 6% from 2001 and down 5% from October 2000. Placements during September totaled 2.19 million head, 2% above 2001, but down 19% from two years ago. Idaho's cattle on feed numbers were down 10% from October 1, 2001. The swine breeding herd was estimated to be down 2% on September 1, while farrowing intentions for the September - November period were projected down 2%, and for December - February down 1%. Feed use by the dairy industry is expected to be up because of a projected increase in milk production in 2002 (up 3%) and 2003 (up 1%). Poultry meat and egg production also is projected to increase, with broiler production up 3% in 2002, and 1% higher in 2003.

TRADE POLICY DEVELOPMENTS

WTO agricultural negotiations continue in Geneva

Formal and informal ag trade negotiations were held in late September in Geneva on domestic subsidies. U.S. negotiators

GLOBAL BARLEY MARKETING REPORT *continued*

report that progress remains slow, with only the U.S. and the Cairns Group tabling specific proposals. Many negotiators have openly criticized the EU and Japan for failing to bring forward proposals on any of three pillars (export competition, market access, and domestic subsidies). The United States tabled a comprehensive proposal in July covering all three pillars. The Cairns Group of exporting countries (minus support from Canada, Malaysia, and Indonesia) tabled a detailed proposal on market access in early September, and followed with a detailed plan on domestic subsidies during the session on Sept. 23-27. Canada also tabled a separate proposal on domestic subsidies last month, calling for a five-year phase-out of all amber box subsidies that are currently calculated as an "aggregate measure of support or AMS." De minimis exemptions (trade distorting subsidies amounting to no more than 5% of total agricultural output for developing countries, and 10% for developing countries, are not counted against the AMS calculation) would continue. Blue Box subsidies used by the EU (currently unrestricted under Uruguay Round Agreement) would be reduced to zero over five years, and non-trade distorting Green Box subsidies (also unrestricted under URA) would be capped. The Cairns proposal is similar, but would reduce the de minimis exemption to zero over a set period of time. **Under the Uruguay Round Agreement, the EU was allowed to provide a maximum of \$60 billion in trade-distorting or Amber Box subsidies (measured by the AMS), compared to \$30 billion for Japan and \$19 billion for the U.S.**

The EU, Switzerland, Norway, Japan, and South Korea have responded to criticisms that they haven't presented proposals by arguing that it was premature to negotiate reduction formulas before agreeing to new rules addressing nontrade concerns, such as animal welfare, geographical indications, food security, poverty alleviation, rural development, and environmental protection. They also have warned that if other governments (specifically the U.S. and Cairns Group) don't tone down their strong demands for a major overhaul of the agricultural trading rules, they risk jeopardizing a successful conclusion to the Doha Round within the agreed-upon timeframe of January 1, 2005.

There are several important dates in the WTO agricultural negotiations:

- Mid December – Agriculture Negotiating Chairman Stuart Harbinson is expected to release an "overview paper" on possible modality options (reduction mechanisms). Many speculate this draft will not include specific numbers, but instead present the range

of proposals that have been laid out by various countries. Harbinson is expected to use a series of one-on-one meetings and small group consultations to discuss various options privately before the end of the year.

- January and February 2003 – Agriculture Negotiating Committee will meet monthly to conduct a comprehensive review and hash out differences.
- Late March 2003 – Member countries are expected to reach consensus on the final modalities text. This text will spell out in detail how much and how quickly countries are willing to cut subsidies and open markets to imports.

U.S. COMMERCE DEPARTMENT INITIATES ANTI-DUMPING AND COUNTERVAILING DUTY INVESTIGATION OF CANADIAN WHEAT IMPORTS

In response to a petition filed earlier this year by the North Dakota Wheat Commission, the U.S. Commerce Department announced in late October that it will seek separate anti-dumping (AD) and countervailing duty (CVD) investigations against imports of Canadian durum and hard red spring wheat that is sold by the CWB to U.S. millers. Under this case, the International Trade Commission must first establish that U.S. wheat producers have been injured by Canadian wheat imports and then the U.S. Commerce Department must prove that these Canadian imports are dumped into the U.S. market below Canada's cost of production (AD case) and/or are sold into the U.S. under unfair subsidies (CVD case).

BRAZIL LAUNCHES FIRST WTO CHALLENGE OF NEW US FARM BILL

In early October, Brazil requested an official WTO dispute panel to investigate whether the new U.S. Farm Bill provides "prohibited and actionable subsidies" to U.S. cotton producers. Brazil claims that the new six-year farm violates legislation, along with a long list of other American farm programs, violates 11 provisions of WTO rules, depresses international cotton prices, and costs Brazilian producers more than \$600 million in lost cotton exports and market income last year. Unless Brazil and the U.S. reach a settlement on Brazil's claims, a dispute panel will be convened later this year to undertake this investigation, and would likely rule within a year after it is created.

U.S. AND MEXICO REMAIN DEADLOCKED IN A TRADE DISPUTE OVER HIGH FRUCTOSE CORN SWEETENER AND SUGAR TRADE

The USTR continues to negotiate with Mexico on re-opening the Mexican market to imports of HFCS from the U.S. Last year, Mexico slapped a 20% tax on soft drinks that were made with HFCS, effectively stopping the imports of U.S. corn sweetener into Mexico (250 TMT to 350 TMT annually). The Mexican government has tied the resolution of this issue to greater market access for Mexican sugar exports into the U.S. market, a move that is opposed by U.S. sugar producers. U.S. corn producers are advocating unrestricted trade into Mexico for both U.S. corn and corn sweetener.

Monthly Average Price for Idaho & U.S. Barley (cwt.)



Average Weekly Barley and Corn Prices (Dollars Per Short Ton)



FY 2002-2003 Budget

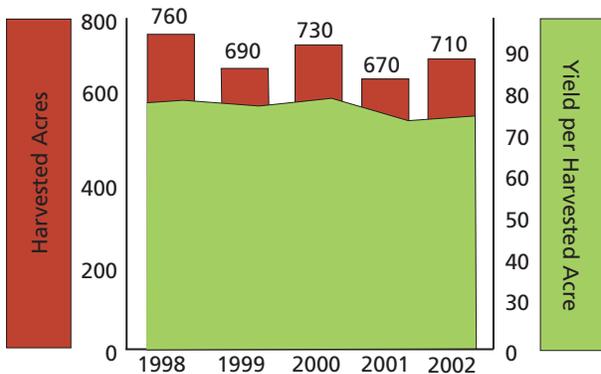


Total FY 2002/03: \$466,026
(6% above actual FY 2002 budget)

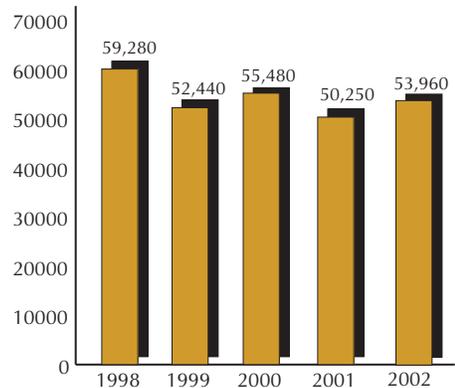


IDAHO BARLEY: ACREAGE, YIELD, PRODUCTION, PRICE, AND VALUE

Idaho Harvested Acres and Yield (1000s Acres)



Idaho Barley Production (1000s Bushels)



PERFORMANCE:
CONFIRMED



John Deere 50 Series Combines

“You’re still harvesting? We’ve been done for a week!”



Gary R. Johnson,
Pocatello, Idaho

That’s what Gary Johnson tells neighbors who ask why he uses John Deere STS Combines.

Johnson explains that when it comes to capacity, his John Deere Combines are second to none.

“Our STS Combines run at 25% faster ground speeds than our previous combines, while threshing the same amount of grain,” says Johnson. “We can start up to an hour sooner in higher moisture or with dew on the crop. And this year we had some down wheat and tough cutting in

weeds. But we never plugged a machine, not even once.”

Grain quality? Again, none better.

“With our previous machines, dockage was running between .9 and 1.8%, and our shrunken and broken was 1 to 1.5%,” says Johnson. “The 9650 STS Combines have knocked these down to only .5% on dockage and .3% on shrunken and broken. That’s money in the bank.”

This isn’t the only payback Johnson has seen from his STS Combines.

“As far as we can tell, the resale value on John Deere is at least a third more than others.” he says. “Mainte-

nance on these combines is next to nothing – just a few grease zerks and you’re on your way. Plus, there’s the service and backing that comes with it. As far as we’re concerned, the STS Combine is simply the best machine for harvesting grain on the market right now.”

See for yourself why more and more operators are choosing STS Combines. Visit your John Deere dealer’s store, today.



JOHN DEERE
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Farm Credit customers Pat and Louise Lynch

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Of course there's nothing like a one-on-one visit, but when things get hectic it's nice to know you can access your accounts, make payments, transfer funds, and get information on a range of ag-related issues from the convenience of your computer.

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