Views
BY TIM DILLIN, IGPA PRESIDENT

Under New Management

Under New Management’... we can see this sign everywhere. Some times it is for a good change. IGPA is proud to announce that after a thorough search, we have a new Executive Director. The competition was tough with very good candidates. I would like to personally thank each and everyone for going through our process. Our new Executive Director is Travis Jones. He has been the AG Director for Senator Craig for the last five years. He brings a new perspective to this position. With his energetic and enthusiastic personality, I believe he will build on our past successes and on our future successes. His first day on the job will be May 1st. Jones intends to hit the ground running. With a convention to plan, a farm bill to get implemented, the burning issue to tackle and with several trips to DC, he will be quite busy.

Now for the bad change! For Idaho farmers, under new management means the 9th circuit court is in charge of Idaho’s air. At the end of January, the 9th circuit ruled against Idaho’s implementation plan for crop residue disposal. Even though we have never broken any rules, followed all guidelines put forth by the state, the practice was declared illegal. There are many roads that lead us to the predicament we now find ourselves in. There is plenty of blame to go around. The courts decision stated that because of a move by the legislature in 1993, field burning has been illegal since then. The plan was amended in 2003 to include crop residue but the court ruled it was done illegally. Common sense is definitely not in the courts vocabulary. The court ruled on a technicality, not on the health effects of smoke as the SAFE group would have us believe. This decision also affects many Federal programs. Some CSP, CRP, and EQIP contracts could be at risk because of this decision. Wouldn’t it be ironic if by trying to clean the air, SAFE actually caused more environmental harm than good? We believe that is actually what will happen. To try and remedy this, IGPA is working closely with all state agencies and our congressional delegations. Despite what has been reported, the state is working on this issue and we are doing everything we can to keep them informed and give them all the help we can. All options are being considered. IGPA has also retained private counsel to help us navigate through this legal maze. With IGPA taking the lead on this issue, we are not going this alone. Other farm groups and organizations across the state have joined with us to find a remedy for the issue of burning. This is not going to be a quick or cheap fix.
IGPA Introduces New E/D

I'm Travis Jones, your newly appointed Executive Director of the Idaho Grain Producers Association. I was recently chosen to “replace” outgoing director Steve Johnson, but I believe that is impossible. Steve served the IGPA with integrity for nearly two decades and I hope to take his torch and continue the rigorous pace that he has set for this great organization.

For those of you I have not had the pleasure to meet, a quick introduction. I grew up on a farm and ranch in Northeast Oregon (a.k.a. “Western Idaho”) raising wheat, barley, and hay alongside our beef cattle operation. My father also owns and manages a cement and excavation business while my mother has worked for over thirty years at the Wallowa County Grain Growers cooperative in Enterprise, Oregon. I have some great memories of spraying weeds, picking rocks out of fields, branding cattle, and stacking hay.

I made a smart decision to attend the University of Idaho, where I received my bachelor’s and masters degrees in agricultural economics and met many good friends in the Idaho agriculture community. During those college years I completed internships with the USA Dry Pea & Lentil Council in Moscow, the Caldwell branch of Idaho Farm Credit Services, a crop trial research position with then-Zeneca Ag Products in Star, Idaho, and got my first exposure to Washington, DC working for U.S. Representative Greg Walden (R-OR).

After school, U.S. Senator Larry Craig hired me on as his agriculture policy advisor in Washington, DC where I have worked for the past six years. The experience with Senator Craig has been invaluable. I’ve had the opportunity to battle for Idaho agriculture on the frontlines of the 2002 Farm Bill, six agriculture appropriations bills, the 2005 Energy Policy Act, numerous emergency disaster assistance efforts, various rail and truck transportation issues, and many other Idaho-specific issues.

I will draw on my experience working on federal, state, and local agriculture and transportation policy issues in our nation’s Capitol to tackle the obstacles faced by the Idaho grain industry. As you know first hand, there are several. However, all farmers know that change is inevitable and that agriculture continues to be a major force throughout the halls of Congress and onto the shelves of consumers.

As I begin this new challenge, I will need your help, expertise, and counsel. Don’t hesitate to contact me for any and all questions, concerns, and general comments. I look forward to meeting many of you in the upcoming months, and to expanding on the hard work of Steve Johnson and the Idaho Grain Producers Association.
Existing and Proposed Pilot Project Routes
for increased legal gross weights
Idaho State Highway System

Legend
Pilot Project Routes
- Existing Pilot project Routes
- Pilot Project Routes on Former State Highway
- Proposed Pilot Project Routes
- Changes - due to reconfiguring of State Highway System route
- Non-Pilot Project Routes - State Highway System

Pilot Project Routes
Allows legal gross weights of up to 129,000 lbs by permit only.
Vehicle combinations not to exceed 115 ft overall length including load
overhang. Maximum computed off-track for such combinations not to
exceed 6.50 ft.

Non-Pilot Project Routes
Allows legal gross weights of up to 105,500 lbs.
Do Higher Truck Weights Make Cents?

Grain growers across the state are standing on opposite sides of the road when it comes to increasing the maximum gross vehicle weight for trucks from 105,500 to 129,000 pounds. The Idaho legislature recently passed Senate Bill 1138 and 1180. These Bills revised and added to the list of designated state special pilot project routes to test the use of 129,000-pound trucks on a limited number of state highways.

The pilot project, originally established by the Idaho Legislature in 1998, and then re-enacted in 2003, was designed to provide a more efficient means of freight transportation. The Idaho Legislature designated a small number of state highways in southern and eastern Idaho for a 10-year pilot project for the use of specially configured 129,000 pound gross weight trucks that also employ added axles.

The Idaho Department of Transportation (ITD) was charged with collecting data on the impacts of heavier trucks on safety, pavement and bridges as well as administering the program. This includes providing special permits and reporting the important impacts of the designated pilot project routes to the Idaho Legislature every three years during the pilot project.

The pilot program provides authority to local public highway agencies to allow roads in their jurisdictions to be included in the pilot program only if the highway district governing board chooses to do so and the routes do not provide a thoroughfare for interstate carriers to pass through the state.

“Our Roads Were Not Built for Heavier Truck Weights”

One of the arguments that some grain growers have against the higher 129,000-pound truck limit is that Idaho roads and bridges were not built to handle higher truck weights. The pilot program has also divided the legislature based on this one sticking point. Legislators from northern Idaho agreed to support legislation approving the pilot project, with the stipulation that roads in the north would not be included in the program (see map opposite page).

Impact of Truck Weight on Pavement

Trucks participating in the 129,000-pound pilot program are required to reconfigure to handle added axles. Depending on the configuration of the axle group, adding additional axles actually allows higher gross vehicle weights without increasing...
pavement damage (pavement damage is directly related to axle load, not gross vehicle weight).

According to a recent study by the U.S. Department of Transportation (DOT), “The gross vehicle weight (GVW) of a vehicle is not the prime determinant of a vehicle’s impact on pavements. Rather, pavements are stressed by loads on individual axles and axle groups directly in contact with the pavement.” Of course, the GVW, along with the number and types of axles and the spacing between axles, determines the axle loads.

The incremental effect on pavement deterioration increases sharply as the axle load increases. Adding one or two axles to a single axle to make a tandem or tridem-axle group allows higher gross vehicle weights without increasing pavement damage. These axle groups reduce pavement consumption by spreading the load along more of the pavement.

**Wear and Tear on Bridges**

The effect of truckloads on bridges is dependent not only on the weight of the truck but also on the span length of the bridge. The greatest impact occurs on bridges that are long enough to support an entire truckload within the clear span of the bridge.

In the drawing (above), the structural members of the bridge do not have to support the full weight of the truck, because the truck is longer than the clear span of the bridge.

According to ITD, when the span of the bridge is longer than the truck (below), the stresses induced in the bridge members are much greater. It is similar to the difference between standing in the middle of a plank that is 4 feet between supports compared with one that has 8 feet between supports.

**Analysis From the Pilot Project**

There have been a limited number of trucks participating in the 129,000-pound pilot project over the past three years based on the availability of routes. In a survey conducted by ITD they found that permits were not pursued because 129,000-pound trucks are not allowed to operate on local roads in some counties.

Several companies have reported economic benefits associated with the pilot project. Participants stated that the ability to haul greater weights has decreased fuel consumption and equipment maintenance needs. One company saw a reduction of more than 15,000 loads (30,000 trips) due to the heavier weight carried per load.

Currently ITD has not been able to collect enough data to determine if higher truck weights have increased deterioration to pilot project roads. Pilot project trucks generally make up less than 12 percent of the total truck volume. ITD will continue to monitor pavement condition on state highways and bridges involved in the pilot project.

What do you think about higher truck weights and increasing the number of roads available to heavier trucks? Log onto www.idahowheatalk.org to let us know your opinion.

**Theoretical Load Equivalency Factors Per 100,000 Pounds of Payload**

<table>
<thead>
<tr>
<th>Configuration</th>
<th>Gross Vehicle Weight (pounds)</th>
<th>Empty Weight (pounds)</th>
<th>Payload Weight (pounds)</th>
<th>No. Of Vehicles per 100,000 pounds of payload</th>
<th>Load Equivalency Factors</th>
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<tr>
<td></td>
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<td></td>
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<tr>
<td>Three-Axle Single Unit Truck</td>
<td>54,000</td>
<td>22,600</td>
<td>31,400</td>
<td>3.18</td>
<td>13.4</td>
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<tr>
<td>Four-Axle Single Unit Truck</td>
<td>64,000</td>
<td>26,400</td>
<td>37,600</td>
<td>2.66</td>
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<tr>
<td>Five-Axle Semitrailer</td>
<td>80,000</td>
<td>30,500</td>
<td>49,500</td>
<td>2.02</td>
<td>5.7</td>
</tr>
<tr>
<td>Five-Axle Semitrailer (10-foot Spread)</td>
<td>80,000</td>
<td>30,500</td>
<td>49,500</td>
<td>2.02</td>
<td>6.3</td>
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<tr>
<td>Six-Axle Semitrailer</td>
<td>90,000</td>
<td>31,500</td>
<td>58,500</td>
<td>1.71</td>
<td>3.8</td>
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<tr>
<td>STAA Double (five-axle)</td>
<td>80,000</td>
<td>29,300</td>
<td>50,700</td>
<td>1.97</td>
<td>8.3</td>
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<tr>
<td>B-Train Double (eight-axle)</td>
<td>124,000</td>
<td>38,700</td>
<td>85,300</td>
<td>1.17</td>
<td>3.9</td>
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<td>Rocky Mt.Double (seven-axle)</td>
<td>120,000</td>
<td>43,000</td>
<td>77,000</td>
<td>1.30</td>
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<td>Tumpike Double (nine-axle)</td>
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<td>46,700</td>
<td>101,300</td>
<td>0.99</td>
<td>5.0</td>
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<tr>
<td>Triple (seven-axle)</td>
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<td>44,500</td>
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<td>132,000</td>
<td>44,500</td>
<td>87,500</td>
<td>1.14</td>
<td>11.6</td>
</tr>
</tbody>
</table>

*LTL= Less-than-truckload
**TL= Truckload
**First Joint Pesticide Label Approved by EPA and Canada**

The Environmental Protection Agency and the Canadian Pest Management Regulatory Agency announced recently that they have given the first joint approval of a North American Free Trade Agreement harmonized label for a pesticide product.

The pesticide product is called Far-Go Granular Herbicide in the United States and Avadex MicroActiv Herbicide in Canada and is registered for use on wheat, barley, beets, lentils and peas.

"It's great to have Far-Go herbicide back in our weed management tool box," says Donn Thill, UI Weed Science Professor. "More and more cases of wild oat resistant to group 1 and 2 herbicides are being reported. Far-Go effectively controls wild oat in wheat, barley and large-seeded legume crops and is a different mode of action herbicide."

This represents an important milestone toward allowing pesticide products to move across borders legally. Currently, 12 more pesticide products are in the pipeline for NAFTA label development. Standard labeling will improve the flow of products among NAFTA countries, creating competition that should, ultimately, lower prices.

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**Cellulosic Biorefinery in Idaho one Step Closer to Breaking Ground**

Iogen Biorefineries Partners LLC, was one of six companies that received DOE grants to develop cellulosic ethanol facilities. The plant proposed for Shelley, Idaho (Bingham County), may receive up to $80 million from DOE. Negotiations between Iogen and DOE are underway to determine final project plans and funding levels. Funding will begin this fiscal year and run through fiscal year 2010.

The grants are designed to help ethanol producers with the upfront capital costs associated with construction of cellulosic ethanol biorefineries. Recipients must show a 60% industry / 40% government cost share.

Though this announcement was encouraging, construction of the biorefinery will hinge on the company obtaining loan guarantees from DOE, which have yet to be issued. This type of project goes beyond a lender’s normal ‘project finance’ lending risk. Because the project involves substantial new technology that is unproven, normal project financing is not available without a third party guarantee.

When everything falls into place construction could begin as early as 2008. The plant will produce 18 million gallons of ethanol annually using over 700 tons per day of agricultural residues, such as wheat straw.

The following outlines the ‘Road to Commercialization’ for Iogen and status of the process:

- **Successful operation of a semi-works demonstration facility**
- **Commercial plant site identified**
- **Contracts for feedstock concluded**
- **Land options concluded for commercial plant**
- **Ethanol off take concluded**
- **Project equity lined up**
- **Government risk sharing assured**
- **Financing closed**
- **Commercial facility ground breaking estimated 2008**

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**% Daily Calories from Wheat - FAO Database from Wheat**

![Graph showing % Daily Calories from Wheat](source: FAO Database, 2003 Compiled by H.-J. Braun, CIMMYT-Turkey)
Will the Burn Return?

With the recent 9th U.S. Circuit Court of Appeals ruling against crop residue burning throughout the state — not just in North Idaho - many growers are looking for answers: How did this happen? What can we do? Will we be able to burn next year?

Tim Dillin, President Idaho Grain Producers Association (IGPA), grows wheat and barley in Boundary County. “Over the years growers have invested a lot of money in their farms based on using field-burning to gain profit margins. For many this ruling changes everything. For me,” says Tim, “that equates to an additional $35,000 a year to work straw stubble into the soil instead of burning it off. Prices will have to rise quite a bit to overcome growing without burning.”

Bluegrass growers will take the biggest hit as there are no economically viable options at this time. Although the greatest impact will be on north Idaho growers, southern Idaho grain growers will also feel the pinch.

With increased interest from dairies and a proposed cellulosic plant near Shelley, stubble burning is less attractive in southern Idaho. Some grain growers who burn stubble before planting alfalfa in the fall may have hard adjustments to make.

“Economically this will cost us in more time and fuel, especially expensive diesel fuel, to put the stubble under and prepare a seed bed for alfalfa,” says Wayne Hurst, a grower in Declo. “Burning is an important post harvest management tool that should be available to farmers.”

Whether a grower is from north or south Idaho, most agree they are frustrated that a simple oversight cost them the use of a valuable management tool.

What a Difference a Day Makes

Idaho’s original State Implementation Plan (SIP) for complying with the Federal Clean Air Act allowed agricultural field burning. When the plan was amended in 1993, the field burning provision was inadvertently omitted. The omission was corrected in 2005 when DEQ clarified in the SIP that field burning was allowed in Idaho.

Recently, the 9th Circuit Court said the change required an amendment to the SIP - not a clarification - and ruled that the EPA had inappropriately approved DEQ’s agriculture field burning rules. This ruling prompted the state to prohibit field burning outside Indian reservations. One day burning was ok, and the next it was outside the law.

Why not get an amendment to the SIP? According to State officials that is easier said than done. To satisfy EPA, the State...
would need to conduct an analysis of how additional field burning pollution would impact air quality. DEQ’s current estimate is that it will take at least three years and several million dollars to undertake the evaluation EPA requires, with no guarantee of the outcome.

**Will the Burn Return?**

Legal remedies, including an appeal to the 9th Circuit Court of Appeals, are extremely unlikely.

Will burning of fields be allowed in the future? “Things are looking better,” says Dar Olberding, Acting Executive Director of IGPA. “IGPA and several grower organizations are continuing to investigate avenues to address the decision, such as redirecting the rules within EPA.

ISDA and IDEQ representatives have been discussing matters with IGPA’s attorney and have outlined a possible solution that may work to return burning to agricultural producers.

“The one thing we will not do,” says Olberding, “is compromise grass burning for stubble burning or vice versa. We don’t want to pit one grower against another.”

At this point, there are indications that eventually some form of regulated burning may be allowed. Olberding emphasizes that it’s important to keep the lines of communication open between all agencies and growers. “Our chances for success are much better when we all work together.”

The wheat and barley growers extend their thanks and appreciation to Governor Butch Otter, Celia Gould, Director, ISDA, Toni Hardesty, Director, IDEQ, the Attorney General’s office, and our congressional delegation for their efforts in addressing this unexpected court ruling.

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**Burner Beware**

Grain growers who light up a stubble field are opening themselves to legal action on two fronts. First, IDEQ has regulatory authority over illegal burns and may penalize offenders. Second, growers have no protection should a citizen file a lawsuit.

Allowable burning includes irrigation ditches or canals, burning fence lines for weed control, burning slash piles or prescription fires set by land management agencies and burning crop residues on the state’s five Indian reservations, which have their own implementation plan with the EPA.

If you farm tribal ground, you must pay the $2.00 fee to ISDA for burning. According to ISDA this is necessary to provide safe harbor protection. In addition, you still need to secure a permit to burn from the Idaho State Department of Lands and you must notify your local emergency services (Sheriff’s office) that you are burning.

For up-to-date information contact ISDA at (208) 332-8500. A letter of explanation regarding the ban on burning can be found on the ISDA website: www.agri.state.id.us/Categories/Environment/CropResidueDisposal/indexsmoke.

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**Photo entries invited for 2007 USW calendar**

U.S. Wheat Associates invites U.S. wheat growers, buyers, and users to submit pictures for possible use in the USW 2007 calendar. We encourage photographers—both amateur and professional, from the U.S. and the 90 countries that use U.S. wheat—to submit their best photos of U.S. wheat fields, foods made from U.S. wheat, or other scenes depicting the shipping, milling or use of U.S. wheat.

The deadline for entries is **June 1, 2007**.

Twelve photos will be selected, at awards of US$100 each.

USW will own all rights to the selected photographs. If people are featured in the photo, the photographer must obtain consent from the people before submitting their photos. By submitting such photos, the photographer confirms and represents he or she has received that consent.

Materials will not be returned.

**Mail entries to:** Steve Mercer, U.S. Wheat Associates, 1620 I (Eye) Street, NW, Suite 801, Washington, D.C. 20006.

**Requirements for prints:**
- If you submit an original print, please include the negative.

**Requirements for digital photos:**
- You should use a four mega-pixel (or higher) digital camera, set to the highest-quality resolution setting. Electronic files must be saved as eps, tiff or jpeg.
- Digital photo entries must be burned to a CD accessible by a PC. E-mail entries will not be accepted.

**Take care of your entries:** All entries must include your name, phone number and mailing address. Do not use paper clips to fasten anything to the photos or negatives (they could be permanently damaged). Protect your photos from bending in the mail, and use a padded envelope for mailing CDs.
At the Feb. 22, 2007 meeting of the Idaho Wheat Commission, the commissioners voted to move the wheat assessment back to $.02 per bushel effective July 1, 2007. The assessment has been at $.015 per bushel for five years. Prior to that, the assessment had been at $.02 per bushel.

Nearly 60% of the Idaho Wheat Commission budget goes to just four areas: lobbying efforts through the Idaho Grain Producers Association and NAWG, research through the University of Idaho, export market development through U.S. Wheat Associates, and development of new uses of wheat through the Wheat Marketing Center. Costs have increased among all of the four areas.

Several important projects are currently on IGPA’s agenda. Development of a new farm bill is one of the most critical. IGPA is also actively engaged in helping find a solution to the field-burning ban and they are aggressively protecting the water rights of Idaho wheat growers.

The University of Idaho budget has been reduced over the past five years and along with it the resources devoted to agriculture issues and to wheat. Some projects slated for downsizing are important to wheat growers and the Idaho Wheat Commission has agreed to provide funding to help keep them going.

The assessment to Oregon’s wheat growers is currently $.03/bushel. Washington’s assessment is done on a percentage basis of the selling price. Based on current wheat prices Washington’s assessment also works out to be approximately $.03/bushel.

Idaho wheat growers are reminded that wheat tax collected by out-of-state buyers should be remitted to the Idaho Wheat Commission. Unless notified that the wheat is coming from another state, most grain handlers collect the wheat tax for the state they operate in and remit those dollars to their own state wheat commission. If Idaho wheat is being sold in Oregon or Washington and the buyer is not being told the origin of the wheat and where the wheat tax should be remitted to, it means fewer dollars for managing Idaho issues like field-burning or water rights. It also means the grower is being assessed at a higher rate than he should be.

“If Idaho wheat is being sold in Oregon or Washington and the buyer is not being told the origin of the wheat and where the wheat tax should be remitted to, it means fewer dollars for managing Idaho issues like field-burning or water rights.”

Sell your wheat to a buyer who is licensed and bonded. Reports have come in of renewed activity of new buyers wanting to purchase wheat crops in Idaho. With the price volatility in the marketplace it is important that growers protect themselves and sell their wheat to reputable buyers who are licensed and bonded.
No Viking-like invasion of wild oat plants in the spring. No looting and pillaging weeds, stealing from your wheat crop. Nope, just plain boring – and that’s the way we like it.

That’s because spring-applied Far-GO controls wild oats underground – before they emerge and begin to battle your crop for nutrients. And Far-GO is a great resistance management tool because it controls wild oats that are resistant to post-emergent herbicides. All that protection – but nothing to worry about. Move along now. There’s nothing more to see. You’re free to do other things. Just remember to apply Far-GO this spring – to protect your yield potential.

Sure it’s boring; but to those of us in agriculture, boring sure is pretty.

You’re watching a demonstration of how early weed control, with Far-GO® herbicide, protects your yield.

Pretty boring isn’t it?
Are You Willing to Consider Pre-Harvest Marketing of Your Idaho Grain Crop?

By Ed Usset, University of Minnesota

Higher prices are creating some great early season pricing opportunities for the 2007 crop. But pricing grain before harvest is never easy. “You can’t sell what you don’t have” is a common attitude among producers, but I think new revenue insurance products should free you to market more aggressively before harvest. The exciting market rally of the last year has offered producers many opportunities to price their 2007 soft white and hard red spring wheat at prices well above production costs. Since January, new crop September spring wheat futures have traded in a 60 cent range, from $4.80 to $5.40 per bushel. These figures translate into cash prices of $4.50 to $5.10 per bushel in southern Idaho. New crop bids for white wheat in Portland are trading near the $5.00 mark, or cash prices of about $4.50 per bushel in the Lewiston area. Should Idaho producers be pricing new crop soft white and hard red spring wheat? To answer this question, it helps to review patterns in prices before harvest.

Springtime has proved to be the preferred time to make pre-harvest sales in all major grains, including wheat. For example, since 1990 the price of September futures at harvest (August 1) was less than the price on May 1 in 10 of the last 17 years. The same is true for Portland white wheat bids – the price in early August was lower than early May in 60% of the years. I sense that my 60% odds for all years may leave you a little underwhelmed. I think we can agree that our current situation of $5 wheat is not a typical year. Would it help our odds if we focused our attention on high priced years?

The following tables pay special attention to years when new crop pricing opportunities were higher than average on May 1. “Higher than average” is defined two different ways: September spring wheat futures or Portland new crop bids higher than $3.50 per bushel, and higher than $4.00 per bushel.

### September HRS Futures Prices, 1990-2007

<table>
<thead>
<tr>
<th>Year</th>
<th>May 1</th>
<th>Aug. 1</th>
<th>Change</th>
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<tr>
<td>1990</td>
<td>3.61</td>
<td>2.81</td>
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<tr>
<td>1992</td>
<td>3.55</td>
<td>3.06</td>
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<td>1995</td>
<td>3.65</td>
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<tr>
<td>1998</td>
<td>3.61</td>
<td>3.08</td>
<td>0.53</td>
</tr>
<tr>
<td>2004</td>
<td>4.24</td>
<td>3.53</td>
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</tr>
<tr>
<td>2006</td>
<td>4.28</td>
<td>4.69</td>
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</tr>
<tr>
<td>2007</td>
<td>5.00</td>
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<td></td>
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<tr>
<td>&gt; $3.50 Average (all 8 years)</td>
<td>4.16</td>
<td>3.81</td>
<td>0.34</td>
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<tr>
<td>&gt; $4.00 Average (4 years)</td>
<td>4.71</td>
<td>4.21</td>
<td>0.50</td>
</tr>
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</table>

Data Source: Minneapolis Grain Exchange

As the first table shows, September spring wheat futures on May 1 were above the $3.50 mark in 8 years since 1990 (this year will be the 9th year). In these years, September wheat futures traded lower into harvest in 6 of the 8 years, or 75% of the time. When we raise the bar to $4 on May 1, we are left with just four years, including last...
Let's look at similar tendencies in the soft white wheat market. As the figures above show, Portland white wheat bids for August delivery on May 1 were above the $3.50 mark in 10 of the last 17 years (2007 will be the 11th year). Soft white wheat values traded lower into harvest in 8 of 10 years, or 80% of the time. The average decline from May to August was 13 cents per bushel. When we raise the bar to $4 on May 1, we have five years to consider. The odds of decline remained at 80%, but the magnitude increased from 13 to 17 cents.

If 60% odds were less than impressive, will you sit up and pay attention to 75-80% odds? We should temper this information with that well-worn caveat, “past performance is no guarantee of future results.” But average price declines of 50 cents in spring wheat and 17 cents in white wheat are too large not to grab our attention. By themselves, seasonal tendencies offer a compelling reason to consider pre-harvest marketing, but it is not the only reason I like pre-harvest pricing. Allow me to share one more reason to consider pricing early. This reason requires you to look at your own operation and at production costs in your area to identify a profitable selling price.

Nearly ten years ago, early in my career as a Grain Marketing Specialist with the University of Minnesota, I spoke to a group of producers on the topic of pre-harvest pricing. It was February and new crop cash soybean prices were trading just over the $6.00 mark. I asked 40 producers, “How many of you can make money on $6.00 soybeans?” I saw 40 heads bob up and down, a clear indication that $6.00 beans were profitable. I asked a follow-up question, “How many of you have priced a portion of your new crop soybeans?” After unanimous agreement that $6.00 beans were profitable, I was dismayed to learn that not one producer had taken the initiative to lock-in a new crop price.

What are the costs of producing soft white and hard red spring wheat in Idaho? No single topic can lead to more arguments. Agreement is difficult to reach because production costs can be measured in so many different ways. I’ll never tell a farmer how to measure his or her costs. But I will recommend that each producer focus on the local cost environment and not their costs. I’ve heard it too many times, “My costs are $1 per bushel higher than estimates from the University!” If this is the case on your farm, then I respectfully submit that you have a production cost problem that may be too large for the best of marketing efforts to overcome.

For an estimate of hard red spring and soft white wheat production costs we can look at recent estimates from the University of Idaho (www.ag.uidaho.edu/aers/). Click on “resources” and “crops”. You can select the region of interest to you. For example, the estimated production costs for soft white winter wheat in Northern Idaho are $280 per acre. Assuming a yield of 75 bushels per acre puts costs at $3.73 per bushel. For hard red spring wheat in Eastern Idaho, the University estimates total production costs at $403 per acre. Assuming a yield of 100 bushels per acre and your average per bushel cost is $4.03.

These reports are very handy. Not only does the University offer detailed estimates for each item of operating costs and fixed costs, they leave a blank at the end of each line where you can fill in your costs. Take a few minutes and examine the cost assumptions for land and fertilizer, etc. Also look at yield assumptions. Plug in your own estimates for 2007 and you have a quick estimate of your own costs. Keep in mind these reports take a full cost approach – they even include a management fee because your efforts are valuable. But they do not consider direct or counter-cyclical payments. Government payments can be seen as “buying down” your production costs.

Once you have a sense of your production costs, we can argue about how much to sell at a profitable price (and today’s prices are profitable prices). Should you price 10% or 35% or all of your insured bushels? We can argue bushel amounts but there should be no argument about the need to get something sold when a good opportunity arises. Knowing your cost of production and seeing a profitable price is reason alone to act.

Take one more look at the comparison of May and August prices. There are just too many examples of price declines of 50 cents or more to ignore. High and profitable wheat prices at harvest are not guaranteed.

While I am an avid supporter of pre-harvest pricing, let me add one cautionary thought on new crop pricing. I am not interested in pre-harvest pricing of new crop grain at prices that are below local production costs (notice the emphasis on local costs and not my costs). I repeatedly challenge producers to look at local production costs as their minimum pricing objective. With this minimum price in mind, I want to avoid strategies that offer the risk of getting less than production
costs. If prices are below production costs, I suggest patience (I hear it’s a virtue). Not stubbornness but patience. Pre-harvest pricing opportunities are only half the battle in marketing. Storage and pricing opportunities after harvest give us another chance at better pricing opportunities.

I have outlined here two strong reasons for pre-harvest pricing. One argument rests on the strength of some well-established seasonal price tendencies in the market. The other argument asks you to know your local cost of production and to define a profitable new crop sale. Finally, I added a cautionary note about the perils of new crop pricing below your local production costs. I’m pleased to witness a growing number of producers willing to be proactive and set a price on a portion of their expected production before harvest. There is a risk in pre-harvest pricing. I hope you now understand the risk not taking action.

The odds look good but nothing is 100% - it still takes courage to price new crop wheat. I think it’s helpful to remind ourselves that today’s high prices are not led by wheat but corn, where rapidly growing ethanol production is propelling corn prices upward. The carryout figures in wheat remain tight but new crop prospects in 2007 are great. Yes, there is still a lot of bullish news in the market. Here’s my question for those of you in awe of today’s price levels: Did you think we would rally nearly $2 per bushel in wheat and corn on no news? This is a great pricing opportunity but I don’t recommend pricing more bushels than you have insured against loss. It makes good sense to lock-in these higher prices on the insured portion of your new crop.

**About the author:** Edward Usset serves as a Grain Marketing Specialist for the Center for Farm Financial Management at the University of Minnesota, the developers of FINPACK and MARKETEER software. Working with his colleagues at CFFM and in Extension, Ed has helped develop the award winning “Winning the Game” series of workshops. He also leads the “Minnesota Master Marketer Program”, a six-day program of intensive marketing training for grain producers. Ed has also taught several courses at the University including “Grain Marketing Economics” and “Futures and Options Markets”. You can reach him at usset001@umn.edu.

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**Barley Short Takes**

By Kelly Olson, Administrator, Idaho Barley Commission

**IBC sets 2007-08 budgets for barley research**

On March 8, the Idaho Barley Commission adopted a preliminary research budget for the new Fiscal Year 2008, which begins July 1. Approved research projects include:

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Budget</th>
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<tbody>
<tr>
<td>UI - Education for Barley Production / Extension Nurseries (Dr. Juliet Windes, Dr. Brad Brown)</td>
<td>$13,000</td>
</tr>
<tr>
<td>Stephen Guy Support Scientist Funding – Education for Idaho Barley Production / North ID Extension Nurseries (Dr. Stephen Guy)</td>
<td>$4,900</td>
</tr>
<tr>
<td>Herbicide Soil Persistence and Herbicide Resistant Weeds Prevention Expert System (Dr. Donn Thill)</td>
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<tr>
<td>Cereal Leaf Beetle Control in Barley (Dr. Juan Alvarez)</td>
<td>$9,000</td>
</tr>
<tr>
<td>New – Mealybug and root rot seed treatment trial (Dr. Juliet Windes and Dr. Juan Alvarez)</td>
<td>$7,700</td>
</tr>
<tr>
<td>ARS-Aberdeen - Barley Enhancement - Development and Testing of Improved Malt and Feed Barley Varieties (Dr. Don Obert)</td>
<td>$16,476</td>
</tr>
<tr>
<td>Oregon State Univ. – Barley Breeding - Winter Barley / Food Barley (Dr. Patrick Hayes)</td>
<td>$3,000</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$57,127</strong></td>
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**UI scientists offer updated technical information on ways to save energy input costs and optimize crop water use**

University of Idaho scientists have developed new publications that will help Idaho grain producers implement best management practices for saving on energy and fertilizer costs, as well as optimizing their water use. With rising energy costs squeezing profits, it is critical to streamline production practices to maximize fuel and fertilizer efficiency and to better control input costs. Consider these ideas:

- You can manage only what you measure.
- Fertilize for realistic yield goals, not for overly optimistic targets.
- Soil testing may be your best investment. Why guess on N, P, and K needs when fertilizer prices are spiking higher?

You can find the complete list of recommended **Best Management Practices for Saving on Energy and Fertilizer Costs** in a new CIS extension bulletin available on-line at http://info.ag.uidaho.edu/pdf/CIS/CIS1127.pdf or can obtain a copy by calling the Idaho Barley Commission at 208-334-2090.

The UI also has published new **localized crop water use information** from researchers Richard Allen and Clarence Robison of the UI Kimberly Research and Extension Center, which will assist producers in the design and management of irrigation systems, water rights management and consumptive water rights transfers and calculating complete-year water balances. This information can be found on-line at www.kimberly.uidaho.edu/ETidaho.
At their winter board meeting, the National Barley Growers Association (NBGA) adopted several priorities for the 2007 Farm Bill. Their centerpiece proposal will address serious inequities that exist in current support payment levels between the various program crops.

NBGA believes that the U.S. barley industry has lost significant competitiveness in its traditional Northern Tier growing region, due in large part, to distortions in federal farm program supports. Acreage trends certainly underscore NBGA’s concerns. In the last 20 years, U.S. barley acreage has declined by 70% and production by 65%.

Last year, a study conducted by the Food and Agricultural Policy Research Institute (a consortium of university agricultural economists who conduct policy analysis for Congress) documented the affect that the U.S. Farm Bill is having on barley acres. FAPRI found that marketing loan benefits under the 2002 Farm Bill clearly favored corn and soybeans over barley and wheat. In the Northern Plains, the average annual marketing loan benefit between 2000 and 2005 was $4 per acre for wheat, $8 for barley, $12 for soybeans and $21 for corn. At the national level, the combination of marketing loan benefits and market returns can help explain the increase in national soybean and corn acreage since the early 1990s and the decline in small grain production.

To mitigate the inequities of the current farm bill, NBGA supports a 2007 Farm Bill proposal that would use a consistent formula for calculating barley and other crop loan rates and target prices based on a set percentage of a crop’s 2000-2004 Olympic average prices: 95% for loans and 130% for target prices. It is significant to note that barley’s loan level at 75 percent is the lowest of any program crop; and its target price at 91 percent is also among the lowest. Likewise, barley’s current direct payment level at 10 percent is also in the lower range of all the program crops.

Specifically, NBGA supports an adjustment of all loan rates to 95 percent of each crop’s 2000-2004 Olympic average market prices, which would equal $2.35/bu for barley. Likewise, all target prices would be adjusted to 130 percent of each crop’s 2000-2004 Olympic average prices, which would equal $3.21/bu per bushel. NBGA also supports increasing the barley direct payment to no less than $.42; which would be equal to 17 percent of the 2000-2004 Olympic average prices.

Congress expects to complete their work on the 2007 Farm Bill by September 30, which is the date the current 2002 Farm Bill expires.
Researchers at the University of California, Davis, the USDA, and the University of Haifa in Israel have cloned a gene from wild wheat that increases the protein, zinc and iron content in the grain, potentially offering a solution to nutritional deficiencies. The World Health Organization estimates that more than 2 billion people are deficient in zinc and iron, and more than 160 million children under the age of 5 lack an adequate protein supply.

"Wheat is one of the world’s major crops, providing approximately one-fifth of all calories consumed by humans. Even small increases in wheat’s nutritional value may help decrease deficiencies in protein and key micronutrients," says Dr. Jorge Dubcovsky, a wheat breeder and lead researcher on this paper.

The cloned gene, designated GPC-B1 for its effect on grain protein content, accelerates grain maturity and increases grain protein and micronutrient content by 10 to 15 percent in the wheat varieties studied so far.

Dubcovsky said the research team was surprised to find that all cultivated pasta and bread wheat varieties analyzed so far have a nonfunctional copy of GPC-B1, suggesting that this gene was lost during the domestication of wheat.

This discovery provides a clear example of the value and importance of conserving the wild germplasm — the source of genetic diversity — of our crop species.

Dubcovsky leads a consortium of 20 public wheat-breeding programs known as the Wheat Coordinated Agricultural Project, which is rapidly introducing GPC-B1 and other valuable genes into U.S. wheat varieties using a rapid-breeding technique called marker assisted selection (MAS). The resulting varieties are not genetically modified organisms, which will likely speed their commercial adoption. (See Idaho Grain Spring 2007)

### USDA Wheat Planting Estimates and Grain Stocks for Idaho

Idaho NASS has estimated Idaho spring wheat plantings at 510,000 acres and winter wheat seedings at 780,000 acres. Both levels are 4% more than a year ago. All wheat planted in Idaho is expected to total 1.31 million acres, an overall 4% increase from last year.

Nationally, winter wheat seedings totaled 44.5 million acres, up 10% from last year. Of this total about 31.9 million acres are Hard Red Winter, 8.66 million acres are Soft Red Winter, and 3.92 million acres White Winter. For spring wheat, growers intend to plant 13.8 million acres, down 7% from 2006. This includes 13.3 million acres of Hard Red Spring. Durum wheat is expected to total 1.99 million acres, up 6%.

### Stocks

USDA’s latest survey of stocks for Idaho as of March 1 is estimated at total stocks, on farm and off farm, at 24.7 million bushels, down 22% from a year ago. This includes 16.2 million bushels in off farm stocks at mills, elevators, warehouses, terminals and processors. On farm storage is set at 8.5 million bushels, down 35% from last year.

Nationally estimates indicate 855.8 million bushels stored in all positions, down 12% from a year ago.


What is the impact on wheat prices following USDA’s release of Crop Production and Grain Stocks reports?

Each year, estimates of wheat production are published monthly, while wheat stocks reports are issued quarterly. The market reacts to these reports both positively and negatively. However, over time the net effect is close to neutral, as shown in the chart.

USDA's “Price Reactions After USDA Crop Reports” publication, can be found online at www.nass.usda.gov/Publications/PriceReactions/

The price level for any commodity can potentially be affected by information available to the market, but ultimately price is determined by supply and demand.

<table>
<thead>
<tr>
<th>Crop Production 1987-2006 USDA Report and Price Reaction</th>
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<tbody>
<tr>
<td>Day After Report</td>
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<tr>
<td>Week After Report</td>
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<tr>
<td>Increase 50 Times</td>
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<tr>
<td>Increase 59 Times</td>
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<tr>
<td>No Change 11 Times</td>
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<td>Decrease 53 Times</td>
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<td>Decrease 49 Times</td>
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IDAHO GRAIN SUMMER 2007
Biotechnology: Balancing Farm Productivity and Customer Needs

During a recent NAWG/USW Joint Bio-tech Committee meeting, grower boards agreed it was time to step up and encourage an increase in research in biotech wheat trait development.

“Biotech has been a ‘hot button’ issue within the wheat industry for years,” says Mark Darrington, a wheat grower from De-clot who serves on the Biotech Committee. “A strategy for addressing this issue in the U.S. has been laid out in a document called The Road Forward. However, just the agreement in a document does not constitute implementation. Marketers listen to their customers wants and there has been no additional demand shown for a biotech wheat. At the same time,” Darrington emphasizes, “producers must deal with profit margins and what it will take to maintain the edge on their farm now and in the future. Somewhere in the business of production and marketing many needs must be met.”

It is that concern about production profitability and a sustained reliable wheat supply that is driving an increasing interest in biotechnology among wheat growers. Wheat acres in the US, Australia and other countries continue to be lost to biotech soybeans, corn and other crops. Currently Syngenta’s fusarium head blight-resistant cultivar is the leading wheat biotech trait being researched and it is several years away from release.

“We need to signal the tech providers that wheat also needs modern innovation,” says Darrington. “Usually biotech traits are thought of in terms of producer advantage such as roundup ready. We as a Biotech Committee believe other traits can be incorporated to consumer gain such as addressing the challenges of gluten intolerance.”

On a recent USW trip to Asia, millers from several countries responded enthusiastically toward the possibility of a biotech offering with increased break flour yield. Australia and Canada have indicated interest in developing both salt and drought tolerant wheat.

“It’s our intent as an industry,” says Darrington, “to explore with growers in other wheat growing areas, and potential tech providers, potential traits and a time line so producers and buyers can have a smooth transition.”

While FGIS has certified that no biotech wheat currently exists in the U.S. other biotech crops do. Wheat leaders support establishing reasonable threshold levels for ‘adventitious’ or accidental inclusion of traits derived from biotechnology in bulk wheat or wheat food products in both US and international markets.

In the meantime, both NAWG and USW are continuing educational work with consumers on the benefits of biotech wheat both here and abroad.

Columbia River Channel Deepening

US Army Corps of Engineers has announced that Channel Deepening will receive $30 million in FY07. This additional investment will help continue the deepening of the Columbia River navigation channel between the ocean and Portland/Vancouver from 40 to 43 feet. This will enable ships to be fully loaded which lowers transportation costs and makes us more competitive.

Since 2005 over 41 miles of the 103 miles in the lower Columbia River have been deepened. $25 million has been requested for channel deepening in 2008.

The other major project underway is repair of the jetties at the mouth of the Columbia River. Jetties protect vessels from ocean waves, and direct the flow of the river to help maintain the channel’s depth and orientation. If vulnerable points of the jetties breach, the shipping lane at the mouth of the Columbia River could clog within a matter of weeks, impairing navigation and creating hazardous conditions.
**Notice to Idaho Producers of Agricultural Commodities & Seed Crops**

**YOU CAN PROTECT YOUR INVESTMENT**

The Idaho State Department of Agriculture examines Idaho licensed warehouses, commodity dealers, and seed buyers.

To protect your investment and to be eligible for the Idaho Commodity Indemnity Fund and the Idaho Seed Indemnity Fund, only deliver, sell, or contract your agricultural commodities and seed crops to warehouses, commodity dealers or seed buyers that are licensed by the Idaho State Department of Agriculture.

If you deliver, sell or contract with an unlicensed warehouse, commodity dealer or seed buyer you are not eligible to participate in the Commodity Indemnity Fund or the Seed Indemnity Fund.

Any person operating in Idaho as a warehouse, commodity dealer or seed buyer without an Idaho license shall be guilty of a felony. See §69-204 Idaho Code; §69-512 Idaho Code; and §22-5110 Idaho Code.

Report any person that DOES NOT have an Idaho Warehouse License, Idaho Commodity Dealer License, or Idaho Seed Buyer License who solicits, contracts for, or obtains agricultural commodities or seed crops from Idaho producers.

For more information, please contact Russ Dapsauski, Idaho State Department of Agriculture Warehouse Control Program, at 208-332-9612 or by mail at P.O. Box 790 Boise, Idaho 83701-0790.

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**Win a Trip to Spokane for The Idaho Grain Convention**

The Idaho Wheat Commission is sponsoring an essay contest for Idaho wheat and barley growers under the age of 40. The 5 best essays will be chosen and winners will receive travel, food, lodging and registration costs to the 2007 Grain Convention in Spokane, Washington, November 28-30.

The essay should focus on “What brought me back to the farm and what research/issue would help me the most to stay there.” The essay should be no more than 500 words and is due on November 1.

Please mail your essay to:
The Idaho Wheat Commission
821 W. State Street
Boise, Idaho 83702
Or e-mail your essay to: ts@idahowheat.org
Questions? Call the Idaho Wheat Commission at (208) 334-2353

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Over the past two years several concepts for the '07 Farm Bill have been presented and discussed. The NAWG proposal recommends a Direct Payment of $1.29 and a Target Price of $5.29, otherwise, most components of the '02 bill would remain the same. This “target” represents a national average cost of production, with the Direct Payment providing a minimal level of support (22% to 25% of the cost of production). This percentage of a wheat farmers cost of production is also “uninsurable.” You can typically insure 65% to 70% of your crop. Buy-up coverage is sometimes available, but not at a reasonable cost. Thus, of 100% of cost, 90% to 95% would be “covered” (65% insurance + 25% direct payment). The remaining 5% to 10% represents the profit portion, at the farmers risk.

Jim White, President, Washington Association of Wheat Growers, shared an interesting presentation. It centered on the idea of separating wheat by class for Counter-Cyclical payments. This was discussed at length, but not approved by the committee.

The next item on the agenda was a discussion of Permanent Disaster Assistance legislation. Bryan Hest, Minnesota, reviewed the criteria that was formulated by the subcommittee:

**Permanent Disaster Assistance (PDA) Key Points**
1. Funding for PDA must be from outside the funding for the commodity programs.
2. PDA should provide coverage for shallow losses as crop insurance in unavailable or uneconomical for the first 10% to 35% of loss.
3. PDA must not jeopardize the viability of any crop insurance product.
4. PDA should be determined using yields that are representative of individual farms.
5. PDA should use prices reflective of actual market prices, ie “higher of MPCI price or average market price”.
6. PDA should provide coverage for quantity and/or quality losses.
7. PDA should be WTO compliant.
8. Additional funding should be provided for local FSA staff and administration to implement Permanent Disaster Assistance.
Ask just about any American “what’s the first thing that comes to mind when I say Colombia” and the answer is pretty predictable. Ask that same question of Idaho wheat producer Hans Hayden and he’ll answer “wheat export opportunity.”

“I just returned from a U.S. Wheat Associates Board team trip to Latin America and the Colombia I saw was not at all what I expected,” says Hayden, who farms near Arbon and is serving a five-year term as 5th District Commissioner. “The legitimate economy seems to be booming and the people say they have a lot more buying power than they did even a few years ago. More important, they have hope for the future.”

Colombian economic statistics bear out Hayden’s first-hand experience. According to a USDA Foreign Agricultural Service (FAS) report:

- 36.2 percent of Colombians are middle class;
- 75 percent live in cities with modern supermarkets;
- 57.2 percent are less than 30 years old;
- 24 percent of food spending is for away-from-home meals;
- 40.3 percent of women work out of the home.

As a result, demand for new and convenient foods like Asian noodles, best made from soft white wheat flour, is growing. That’s a great opportunity for U.S. producers because Colombia depends almost completely on imported wheat – 1.34 million metric tons worth in calendar year 2006 or six percent more than it imported in 2005. There are also big challenges: preferential regional trade agreements, a 67 percent tariff on U.S. wheat imports and aggressive competition from the Canadian Wheat Board. As a result, U.S. wheat share of this expanding market dropped from 65 percent to 35 percent in 2006.

Surprising Colombian buying power, on display at this consumer products fair in Cali, is fueling increased wheat food consumption. Support from Idaho producers will help U.S.-grown wheat compete more effectively in this booming market.
Idaho wheat commissioner Hans Hayden (left) recently visited Colombia with a U.S. Wheat Associates Board Team and says its people count the U.S. as friends while its wheat food industry want to buy U.S. wheat. With Hans at Colombia’s Doria Foods are (left to right) the company’s production manager, Nebraska producer Delferd Schlake, U.S. Wheat Associates Regional Vice President Alvaro de la Fuente, Minnesota producer Ken Asp and Washington Wheat Commission Vice President Glen Squires.

While Colombia is buying more U.S. agricultural goods (left), U.S. milling wheat purchases are dropping because of trade barriers (right). A free trade agreement with Colombia can turn this trend around. (charts: USDA)

“What’s really frustrating is the Colombian millers told us they want to keep buying our wheat,” Hayden says, “but these barriers force them to buy a lower quality product from Argentina and administratively priced Canadian wheat. That’s why a free trade agreement is so important to American wheat producers.”

Signed, but not ratified, free trade agreements (FTAs) with Colombia and Peru hung in the balance of Congressional approval early in April. These two FTAs will immediately remove U.S. wheat import tariffs, a change that will help power U.S. wheat sales back up, potentially doubling to $400 million per year.

“U.S. Wheat Associates and the National Association of Wheat Growers are keeping up the pressure in Washington by talking about why wheat producers need these agreements,” Hayden notes. “Bilateral agreements and, eventually, a multilateral trade agreement are good for producers and our export customers. We have to keep global demand for U.S. wheat strong if we want to keep prices healthy here in Idaho.”

Visit FAS Worldwide online at http://www.fas.usda.gov/info/agexporter/agexporter.asp to read the March 2007 issue for more information about the expanding trade potential with Colombia. Open the February 2007 issue at the same Web site to read more about the U.S./Peru FTA.
The Myth of Weed Seeds

For the first time in many years, faced with a short domestic crop, India has imported nearly 220 million bushels of wheat since the start of the 2006/2007 marketing year — a dramatic and unusual increase. Yet not even one of those bushels came from the U.S.

Why? Indian import tenders maintain virtually zero-tolerance for several weed seeds, some of which are found at times in U.S. wheat for export. Overall, our wheat is very clean, from the combine to the export vessel, and we have low domestic tolerance for weed seeds. Yet the Federal Grain Inspection Service, the best system of its kind in the world, cannot certify U.S. wheat at India’s unreasonable standard.

This is but one example of how an array of sanitary and phytosanitary (SPS) issues create non-tariff trade barriers for wheat around the world. Pacific Northwest wheat growers have found themselves in the thick of the effort to fight misconceptions and address SPS barriers. For example, Brazil still bans wheat imported from the West Coast over disease concerns but allows imports of some U.S. wheat classes from other ports — a partial and decidedly poor answer to questionable concerns.

“The industry is working all the time to resolve SPS issues by sharing information and educating the influential organizations,” says Tom Mick, chief executive officer of the Washington Wheat Commission, who represents PNW producers on the U.S. Wheat Associates SPS Task Force. “It is absolutely necessary because we need to protect our reputation as a high-quality, reliable supplier. Helping open markets like Brazil and India and expanding existing markets is another obvious benefit.”

One of the best ways to build confidence in our production and marketing system is to bring decision-makers to the U.S. That’s why U.S. Wheat Associates and several state commissions are organizing a trip here for Brazilian importers and government officials in June. Trade team visits, supported by state wheat commissions and producers, are among the most effective strategies used in wheat export development.

The same need — and commitment to education — is driving the industry’s approach to the development of wheat with biotechnology traits.

“Biotechnology has the potential to benefit both wheat producers and consumers around the world,” says Vince Peterson, vice president, overseas operations for U.S. Wheat Associates. “We all want to be sure producers have the choice to plant biotech wheat and that buyers here and overseas have a choice of what to buy. This means we have to establish a reasonable standard for non-biotech wheat in as many markets as we can. We are educating our export customers about that now because biotech-free wheat will not be possible to certify. On the other hand, non-biotech wheat is possible and can be acceptable.”

U.S. wheat stands among the cleanest in the world, but sanitary and phytosanitary issues are increasingly seen as non-tariff barriers to trade. The industry is working to correct misconceptions to remove these barriers.
Bottom Line Return on Investment

With a better understanding of potential trade impact and issues, another important question comes up. Does the support Idaho wheat producers provide for foreign market development pay off? According to a recent comprehensive study, the answer is yes.

Hard-working, dedicated wheat producer board members direct the export market development activities of U.S. Wheat Associates. Funding comes from a cooperative effort between producers and the federal government. Producer dollars, administered by the Idaho Wheat Commission and forwarded to U.S. Wheat Associates, help qualify the industry for access to significantly more resources from USDA’s Foreign Market Development (FMD) and Market Access Programs (MAP).

As part of its preparation for new federal farm legislation, USDA commissioned Global Insight, Inc., to independently analyze the costs and benefits of FMD and MAP. Using a variety of models and assumptions, the study showed the investment is well-spent, not just for producers, but for all Americans. For example, the study suggests:

- Agricultural market development yields $25 in value for every $1 invested;
- Farm income is higher and the farm gate value of your products is greater than it would be without market development support;
- The net effect of market development equals $828 million in economic value to the agricultural and general economy.

“Simulating the trade model for both high-value and bulk commodities shows that by 2008, the U.S. world export market share increases and U.S. agricultural exports will be $3.8 billion higher as a result of the increased investment by government and industry under the 2002 Farm Bill,” according to Mike Dwyer, chief economist in the FAS Office of Global Analysis. Dwyer presented a summary of the USDA study at the U.S. Wheat Associates Board Meeting in January. “There is also a positive lag effect from the investment producers and FAS have made in export development since 2002 that would last until 2010 for export commodities like milling wheat.”

There’s no doubt global wheat trade is moving and shaking right now. Demand is growing, primarily in developing countries where population is up and a groundswell of democracy is creating new economic opportunity. Idaho growers have helped sustain an effort to add value to the excellent quality wheat grown, so flour millers, bakers, processors and government buyers around the world see advantages in U.S. wheat.

Our competitors in Australia, Canada and many other countries also see this potential. They aggressively target traditional U.S. wheat markets — sometimes with pricing practices that trump the quality and functional characteristics on which we should all be competing. Those efforts begin to look even more attractive when U.S. wheat prices are as high as they have been recently.

Idaho’s continued support of wheat export development pays greater returns in such a dynamic market. It fuels the important effort to educate overseas customers while sustaining national trade policies that protect your interests here at home. It is, in the end, a trade success story about how producers, an industry and a government work together to build opportunity that will help keep your family on the land.