

Court OKs class action in employment case

By DAN WHEAT
Capital Press

SEATTLE — The 9th U.S. Circuit Court of Appeals has upheld a federal judge's ruling that a lawsuit involving more than 600 alleged job seekers may proceed against a Southern Washington farm as a class action.

Meeting in Seattle, a three-judge panel of the appeals court on Aug. 31 unanimously affirmed Judge Stanley Bastian's April 2015 ruling involving Mercer Canyons Inc.

The remote family farm, more than 125 years old, is in the Horse Heaven Hills south of Prosser and north of the Columbia River town of Alderdale. The 12,000-acre farm includes vineyards and produces about 365 million pounds of fresh produce annually.

In 2014, two farmworkers, Bacilio Ruiz and Jose Amador, with the help of Columbia Legal Services, filed a lawsuit alleging Mercer Canyons failed to inform them, when they worked there or sought work there in 2013, of vineyard jobs available under the H-2A-visa guestworker program paying \$12 an hour.

The company failed to contact former vineyard employees about the higher-paying jobs and turned away hundreds of local farmworkers in violation of state and federal wage laws to hire foreign H-2A workers, the lawsuit contends.

Mercer Canyons has denied the allegations and has said it was approved to hire 44 H-2A workers but hired only 19 after hiring 22 local workers for the jobs. All of them were paid the higher wage required by H-2A regulations, Mercer Canyons has said.

Calif. strawberry production sizzles after slow beginning

By TIM HEARDEN
Capital Press

WATSONVILLE, Calif. — After a slow start, California strawberry growers have come within striking distance of last year's production totals.

Growers had produced nearly 149.6 million crates for the year as of Aug. 27, compared to 159.1 million at the same point last year and 160.6 million in the first eight months of 2014, according to the California Strawberry Commission.

Since mid-July, however, the picking of strawberries has far outpaced the last two summers. For instance, strawberry farms in the Golden State turned out nearly 5.7 million flats — well above the 3.96 million and 3.5 million picked in comparable weeks in 2015 and 2014, respectively, the commission reports.

The question of whether production will catch up to last year depends on the weather, commission spokeswoman Carolyn O'Donnell said.

"It just depends on when it starts raining again," she said. "If we get early rains, maybe not. But the weather has just been beautiful."

Favorable weather has spurred production at V&M Farms in Watsonville, said Juan Godinez, who was selling strawberries for the operation at a recent farmers' market in Elk Grove, Calif.

"It's been great, just because it's nice and cool out there," he said. "That's the only reason."

Winter rains early in 2016



Tim Hearden/Capital Press

Juan Godinez of Watsonville, Calif.-based V&M Farms arranges strawberries for sale at a recent farmers' market in Elk Grove, Calif. After a slow start this year, California strawberries have outpaced the peak-season production of the past two years.

put production well behind the previous two years, when a lack of rainfall led to fast starts. As of April 4, strawberry fields in California had produced just 26.7 million flats, well below last year's

total to date of nearly 45.4 million.

However, industry leaders believed even then that all the rain has put fields in position to yield an abundant crop during the peak harvest season, which typically runs from April to mid-summer.

O'Donnell said the production pattern is more consistent with the years before the drought, when the industry saw almost a decade of record or near-record crops. Overall production in 2015 dropped slightly for the second straight year.

Growers are trying to get by with fewer acres — an estimated 32,515 acres in 2016. That's down from the 37,438 estimated acres last year and continuing a trend of annual declines from the 40,816 acres planted in 2013. Until the drought, growers had kept pace by planting newer varieties that posted better yields.

Growers this year have been happy with the quality of berries, which have been virtually flying off supermarket shelves, O'Donnell said.

"There weren't piles and piles of them" in supermarkets, she said. "People were buying them."



Capital Press File

Global dairy prices rallied in August as buyers responded to a year-over-year decline in production.

August rally helps global dairy prices

By CAROL RYAN DUMAS
Capital Press

Slowing world milk production brought buyers to the market in August, with most commodity prices jumping 25 to 30 percent in a matter of weeks.

Skim milk powder missed the rally cry, however, and prices continue to lag, according to a new report from the U.S. Dairy Export Council.

Things have improved in world markets, but they still have a long way to go to get back to long-term average prices, Alan Levitt, USDEC vice president of communications and market analysis, said.

The big fundamental change in markets is that milk production is finally pulling back after a couple of years of strong growth. That got buyers' attention, he said.

"Buyers were more aggressive. Over the last month, things kind of turned ... milk is not as loose as we thought. So much of this is psychology and perception. Buyers want to get ahead of the next price increase," he said.

So they jump in the market, and price increases become a self-fulfilling prophecy, he said.

But the rebalancing of world supply and demand appears to be underway, Levitt and Marc Beck, USDEC executive vice president of strategy and insights, wrote in their global outlook report.

Milk production from the top five suppliers was down 0.4 percent year over year in the second quarter and their exports were up 2 percent, putting a dent in the surplus. That trend is expected to continue through the second half of the year and into 2017, the analysts said.

The main driver in slowing milk production is the EU. Milk production growth there was up 6 percent year

over year in the first quarter but slowed in April and May. It was down 1.9 percent year over year in June, with similar losses reported for July.

"Coupled with declines in Australia and Argentina and flat output in New Zealand, production from the top five suppliers was down 1.6 percent in June," the analysts stated.

The U.S. is the only region still growing milk supply, but a strong domestic market will continue to constrain product volumes sold overseas, they noted.

The analysts expect global milk production to be down for the balance of the year, off about 0.5 percent year over year from the top five suppliers.

While the price rally in August was welcome, it needs to be put in perspective, Levitt said. Prices are still near 10-year lows in some cases and still haven't come back to long-term average prices, Levitt said.

"We expect prices to move up a little through the rest of the year, but the upside is somewhat limited," he said.

Weak oil prices, a strong U.S. dollar, erratic economic growth in emerging markets, lost demand from Russia and Venezuela and large skim milk powder inventories in the EU are some of the headwinds, the analysts reported.

In addition, milk processors and co-ops in New Zealand and Europe are beginning to increase payout prices, which could stall the needed supply contraction before it gets too much deeper. And most of the supply-contraction news is now already priced into the market.

"In the supply and demand balance sheet, I think the worst is over, but I don't see a big upside," Levitt said.

Dairy groups criticize Canada's pricing policy

By CAROL RYAN DUMAS
Capital Press

U.S. dairy industry members are concerned by new Canadian pricing policies on milk used in processing. They say the policies will hurt U.S. dairy exports to its northern neighbor.

At issue is a pricing policy that went into effect in Ontario last April that establishes a new class of milk and pricing for milk for processing that would undercut dairy imports from the U.S.

The same strategy appears to be in play in negotiations between the Dairy Farmers of Canada and the Dairy Processors Association of Canada, which announced a "national agreement that includes the creation of an ingredients strategy" in July. Details of that agreement have not been released.

"The goal is to incentivize Canadian processors to use domestic milk or dairy ingredients, and it's specifically focused on U.S. imports going into further processing in Canada," said Shawna Morris, U.S. Dairy Export Council vice president of trade policy.

Canada is trying to use pricing tools to make domestic dairy ingredients more attractive and cheaper and drive

up the cost processors would be forced to pay for U.S. product, she said.

Canada's pricing system consists of convoluted and complex regulatory tools, and its milk-classing structure is intentionally used to block imports, she said.

It's difficult to get details on how Ontario's program is working and how a national program might work, she said. But U.S. companies already see export losses, and it's likely a national program would lead to more, she said.

Targeted in the Ontario policy are imports of U.S. ultrafiltered milk, which is highly concentrated to remove water and high in protein. It's used primarily in Canada for making cheese, and would be impacted by the national strategy, she said.

USDEC and the National Milk Producers Federation on Thursday praised Sens. Chuck Schumer, D-N.Y., and Tammy Baldwin, D-Wis., for urging an investigation into the policies.

In a letter to Ambassador Michael Froman and USDA Secretary Tom Vilsack, the senators said it is troubling that the pricing programs appear to be designed to displace imports of U.S. product.

"We are extremely con-

cerned that the Class VI pricing policy that has recently been in place in Ontario violates Canada's existing trade commitments to the United States, and reports suggest that this new national strategy may follow a similar approach," the senators stated.

The Class VI pricing program appears to incentivize Canadian processors to shift to using more Canadian dairy inputs, in essence penalizing them for the use of imported dairy inputs, they stated.

"Based on the information currently available on this program and the clear public track record that the Class VI pricing program is being implemented specifically to displace imports, we have serious doubts as to how the program would be compliant with Canada's NAFTA and WTO obligations," they said.

The North American Free Trade Agreement and the World Trade Organization govern trade between the U.S. and Canada.

The senators said they are concerned that Canada is moving to target New York and Wisconsin exports of ultrafiltered milk, with companies in those states saying they have already lost considerable export sales as the result of the new policy in Ontario.

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