

# Report: Pacific Rim trade deal good for agriculture, mostly

## Wheat industry criticizes federal study

By **DON JENKINS**  
Capital Press

Agriculture more than any other major sector of the U.S. economy would benefit from the 12-nation Trans-Pacific Partnership, but some farmers would miss out on the gains, according to a report by the U.S. International Trade Commission.

U.S. dairymen and cattlemen would be among the biggest winners, according to the report. Fruits, vegetable and nut growers also would gain from tariff reductions.

Wheat, rice and soybean farmers, however, could see their overall exports decline, as TPP increases foreign competition and U.S. agriculture puts more resources into raising meat for new overseas customers, the report states.

Wheat and soybean trade groups discounted the report's findings and reaffirmed their strong support for TPP.

The National Association of Wheat Growers called the report "out of touch."

American Farm Bureau Federation President Zippy Duvall urged Congress to pass the trade agreement.

"Approving this deal would give U.S. agriculture greater access to some of the fastest-growing markets in the world at a time when we need market expansion like never before," Duvall said in a written statement.

The trade commission's 780-page study constitutes the federal government's official economic analysis of TPP.

If implemented in 2017, TPP would create an additional 128,000 U.S. jobs and raise national income by \$57.3 billion by 2032, according to the commission.

The commission noted the gains in employment and income would be less than 1 percent compared to not implementing TPP.

Agriculture would fare better than the services sector or the manufacturing, natural resources and energy sector, according to the report.

The commission estimated TPP would increase U.S. farm output by \$10 billion, primarily because Japan and Vietnam would open their markets by phasing out tariffs and lifting limits on imports. The \$10 billion increase would be roughly equal to the value of Washington state's annual farm production.

U.S. producers could expect to see significant gains in sales of beef and processed foods to Japan, dairy products to Canada and Japan, and fruits, vegetables and nuts to Vietnam, the report noted.

The potato industry would almost triple french fry sales to Vietnam within five years, according to the report. Growers could also expect increased sales of french fries and dehydrated potatoes to Japan.

Pacific Northwest growers would be the most logical source of those potatoes, said Matt Harris, government relations director of the Washington State Potato Commission.

TPP's elimination of tariffs on nuts should help U.S. almond growers in the highly competitive export market, according to the report.

Lower tariffs should boost apple sales to Vietnam and Malaysia. Japan also will phase out tariffs, but TPP does not resolve the phytosanitary issues that have kept U.S. apples out.

According to the commission, increased beef and dairy exports would be felt throughout the U.S. farm economy.

Ranchers and dairymen could be expected to increase their herds, driving up the demand for animal feed and the competition for land, squeezing producers with less to gain by trade liberalization, according to the report.

The trade commission singled out wheat and soybeans as crops that could be adversely affected.



Don Jenkins/Capital Press

A ship waits to be loaded at the Port of Tacoma in Washington state. A new report by the U.S. International Trade Commission projects the Trans-Pacific Partnership would increase U.S. farm production by \$10 billion by 2032, primarily by exporting more food to Japan and Vietnam.

The report also said that while U.S. wheat farmers could expect to gain business in Vietnam, they may lose Japanese customers to cheaper Canadian wheat. The overall result would be flat production.

The wheat growers association issued a statement, challenging the report's conclusion.

The association said the U.S. sells more wheat to Japan now than competitors and TPP won't give Canadians a new

advantage. The trade commission's analysis, the association said, was "out of touch with the reality of Japan's preferences for U.S. wheat."

"The assumptions made in the ITC report are disappointing and misleading," wheat association President Gordon Stoner said in a written statement.

Most importantly, TPP can be the vehicle for increasing trade with countries that are not now part of the agreement,

such as Indonesia, Thailand and the Philippines, according to the wheat association.

"Congress should act quickly to enable farmers to take full advantage of the potential economic opportunities at stake under TPP," Stoner said.

The American Soybean Association said TPP will benefit its members by increasing domestic demand and prices for soybean meal to feed livestock.

"When our partners in the pork, poultry, beef and dairy industries do well, we do well," said Delaware farmer Richard Wilkins, soybean association president.

The trade commission agreed that soybean prices would rise, but that would hurt exports, particularly to China, which is not a TPP partner.

U.S. rice farmers could expect increased sales to Japan, but that would be more than offset by losing market share in the U.S. and Mexico to Vietnamese growers, according to the trade commission.

USA Rice Federation responded to the report by reaffirming that it wasn't ready to endorse TPP, a stance shared by the California Rice Commission, a spokesman said.

# Idaho curtailment list further trimmed

By **JOHN O'CONNELL**  
Capital Press

BOISE — The Idaho Department of Water Resources sent notices of curtailment May 18 affecting 160 junior groundwater rights in response to the Surface Water Coalition's 2005 delivery call.

The department's order will be effective June 3, meeting a state requirement to give affected water users ample time to join a groundwater district with an approved mitigation plan and avoid curtailment, said IDWR Deputy Director Mat Weaver.

"We met this morning and went over the practices and staff and timing it will take to be ready to curtail," Weaver said, adding the department is coordinating with water districts and watermasters.

IDWR's curtailment list included 44 fewer water rights than Weaver's initial estimate, mostly due to the removal of water rights that staff determined had been obtained unnecessarily for uses that were already covered by a domestic-use exemption.

Idaho code specifies the domestic groundwater exemption applies to "the use of water for homes, organization

camp, public campgrounds, livestock and for any other purposes in connection therewith, including irrigation of up to one-half acre of land if the total use is not in excess of 13,000 gallons per day."

The exemption also covers other uses if the diversion rate is below 0.04 cubic feet per second and a volume of 2,500 gallons per day.

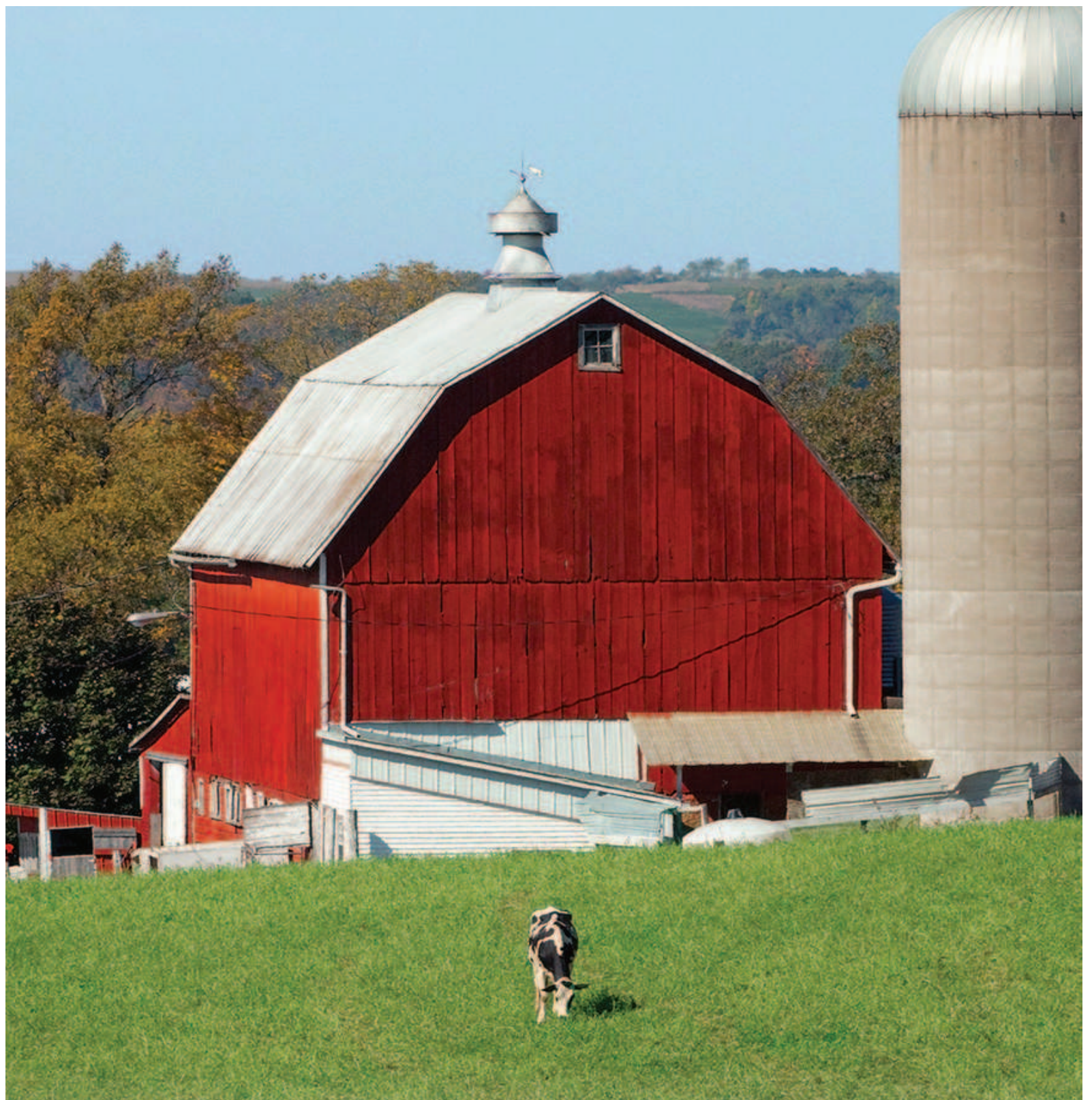
In at least one case — involving an Idaho Falls business that treats groundwater used for cleaning gravel and re-injects it into the aquifer — Weaver explained curtailment wasn't necessary because the use was non-consumptive.

The coalition's surface irrigators filed the call based on junior groundwater users' contributions to declining spring flows into the Snake River downstream of Blackfoot.

IDWR's methodology order calculates the coalition is owed 44,200 acre-feet this summer, factoring in this season's water outlook. The notices went out to groundwater users with priority dates junior to February of 1989 who aren't covered by one of four IDWR-approved mitigation plans.

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