

Growers worried by packer's bankruptcy

By DAN WHEAT
Capital Press

WENATCHEE, Wash. — About a dozen tree fruit growers voiced concerns about getting paid for the rest of their 2015 apple crops at a July 14 bankruptcy hearing for Gold Digger Apples Inc. of Oroville, Wash.

One of them, Mauricio DePaz, said growers haven't been able to get new operating loans because they are awaiting payments from the packer to pay off old loans.

Growers are concerned Gold Digger may not be "on the level with us," he said.

Gold Digger said it was doing great at its annual grower meeting in December, he said.

DePaz said that in January Gold Digger General Manager Greg Moser told him the co-op owed him \$83,000 for his 2015 fruit. Later, he was told \$62,000 and then \$30,000, so he wonders what the amount really is, he said.

"I get the feeling Gold Digger's own fruit goes to better markets and the rest of our fruit not the best," he said.

Other growers raised similar concerns.

Peg Callaway, Gold Digger's attorney in Omak, Wash., later called the comments "ridiculous." She said Gold Digger didn't even know it had a problem with the bank until the end of December, informed growers at numerous grower meetings and that growers voted for bankruptcy.

Gold Digger had two days to decide between bankruptcy and receivership and chose bankruptcy over having someone from Renton with no tree fruit experience run the cooperative, she said.

U.S. Bank filed a lawsuit against Gold Digger on May 20 seeking repayment of loans totaling \$18.5 million, alleging that the co-op was in default. A week later, Gold Digger filed for Chapter 7 bankruptcy in U.S. District Court in Spokane.

The purpose of a Chapter 7 filing is to achieve a fair distribution to creditors of the debtor's available property.

The meeting was held in Wenatchee to give creditors an opportunity to ask questions and help the bankruptcy trustee examine debtors' assets, debts and operations to determine liquidation and disbursement of assets, said Dan O'Rourke, Gold Digger's bankruptcy attorney.

At the meeting, Jeff Earl, a Moses Lake, Wash., attorney and U.S. Justice Department-appointed bankruptcy trustee, said he expects to gain court authority soon to "make a large disbursement to growers."

It will be followed by other payments while holding back 10 percent to cover trustee and professional selling costs, he said.

Earl told growers he can't vouch one way or another for Gold Digger's business practices.

Gold Digger is named for Oroville's gold mining roots and is the

last grower-owned tree fruit cooperative headquartered in Okanogan County. It has more than 44 grower members, 613,456 square feet of fruit storage and packing facilities in Oroville, 500 acres of orchard and leases 250 acres.

It packs about 1 million boxes of apples and pears annually and 300,000 boxes of cherries. The fruit is sold through Chelan Fresh Marketing. Gold Digger also has a vineyard and a 10,000-case winery.

The co-op has laid off virtually all of its 800 seasonal and year-round employees, Earl said. Earl sold its 2016 fruit to Gebbers Farms, which is operating the co-op's cherry packing line, Callaway said.

Earl said that, as trustee, he is trying to sell Gold Digger's property and facilities and that this fall's operation of its apple and pear lines are not determined.

The 2014 crop year was a poor one throughout the apple industry, and Gold Digger's costs are increased

because it is the farthest-north operation in the region, Callaway said.

U.S. Bank followed the law but was not fair, Callaway said.

"There were alternatives to bankruptcy. Instead they narrowed it to bankruptcy or putting their person in charge. It wasn't fair to growers. I think the bank got tired of dealing with them and intended to shut them down," she said. It was "plain wrong," she said.

Cheryl Leamon, vice president of corporate communications for U.S. Bank in Chicago, declined comment, saying the bankruptcy proceedings are ongoing.

Gold Digger tried "every possible means" to get refinanced with any bank and in the end U.S. Bank refused to respond to an offer from another lender to buy the loan, Callaway said.

"People in the Midwest make decisions for the bank and they don't care about Oroville, the community or Gold Digger," she said.

Brexit impact minimal on global ag, economist says

By CAROL RYAN DUMAS
Capital Press

While Britain's decision to exit the European Union is expected to create difficulties for farmers, agricultural trade and investments in the region, an economist predicts it won't have a significant impact on the global food system.

"I think there will be a ripple (but) it will barely make a dent in the global food system," said Mike Dwyer, chief economist for the U.S. Feed and Grains Council and former economist with USDA's Foreign Agricultural Service.

"I'm not saying there won't be some fallout in Europe. I'm saying when you diffuse that across a huge global food system, I don't think this — in and of itself — will be a big deal, he said during a forum hosted and streamed live by the Farm Foundation on July 13.

His forecast, however, comes with one major caveat — that other EU countries don't follow suit, he said.

The main impact is the long-term effect Brexit has on currency, he said.

All the chaos seen in equity, bond, commodity and foreign exchange markets following the surprising Brexit vote was a repricing of assets for an unexpected outcome, he said.

Deutsche Bank changed its forecast for 2.1 percent economic growth in Britain to 0.9 percent after the vote and its forecast for economic growth in the EU to drop from 1.5 percent to 1.1 percent.

European growth was anemic to start with, he said, adding that it's a little more anemic now but not falling off the cliff.

In the bigger picture, the expected 3.6 percent economic growth rate in the global GDP was only decreased slightly to 3.4 percent, he said.

"This is not enough to cause anything like what happened in 2008-2009, when the global economy tanked in a very rapid fashion," he said.

The effect would get more pronounced if it isn't isolated to Britain. If what happens in Europe starts morphing through emerging markets, affecting trade linkages, it could become a global problem, he said.

"I just don't see that happening," he said.

"What happens in a place like China will absolutely affect the global food system. So that should keep you awake at night, not what happened in Europe," he said.

If Brexit accelerates the growth rate of the U.S. dollar even further than expected, that will be a problem for the U.S. in some markets. But in terms of currency realignment verses economic growth impact, it is the demand side that is far more important than the realignment of currency," he said.

"This event, as bad as it is and as scary as it is for the Europeans themselves, poses no real risks in my opinion for the global food system," he said.

OSU suggests later application to control thrips

By SEAN ELLIS
Capital Press

ONTARIO, Ore. — If onion growers could push applications of Movento back a little later in the season, they might have more success controlling thrips, Oregon State University research is showing.

Onion thrips are the biggest pest problem for bulb onion growers in Idaho and Eastern Oregon. Besides causing feeding damage, which results in smaller onions, the insects can transmit the iris yellow spot virus, which can devastate onion fields.

According to OSU researchers in Ontario, an aggressive spraying program to keep thrips populations down is the only effective way for onion growers to control the insect.

OSU Cropping Systems Extension Agent Stuart Reitz



Sean Ellis/Capital Press

Oregon State University researcher Stuart Reitz discusses the Malheur County onion field trials July 13 during a field day. Reitz said the research is showing that using Movento a little later in the season may help growers better control onion thrips.

said Movento is one of the most effective pesticides in controlling immature populations of onion thrips and recommendations have been for growers to start their spray

program with Movento and apply it early in the season because it takes awhile for it to absorb into the plant and become effective.

But if growers in this area

apply the pesticide too early, its residual effect is gone by late June or early July, right as thrips populations in the area are starting to soar, he added.

Pushing use of Movento back a little later in the season can result in better control when thrips numbers are exploding, Reitz said.

"If you can push using that to a little later in the season, I think you can get a bigger bang for your investment," he said. "If you use another material early in the season to hold those low populations in check and put the Movento out a little bit later, I think it will ultimately pay off."

OSU researchers in Malheur County have been conducting field trials supported by the Idaho-Eastern Oregon Onion Committee to try to find the best way for onion growers to manage thrips.

Nyssa farmer Bruce Corn said the various onion-related

trials there have greatly benefited the area's onion industry over the years and growers have high hopes the thrips trial will help them manage thrips with as little spraying as possible.

"It sounds very reasonable," he said of Reitz's Movento recommendation. "We really depend on them and look to them to figure out the best way to do things."

Because of the roller-coaster weather in the valley this year — it's gone from hot early to cooler, then hot again and cooler — populations of thrips, which like hot, dry weather, have been spotty, Reitz said.

"Thrips pressure has come up and gone down and come up and gone down," he said.

Growers have had decent success this year in controlling thrips but they've had to spend money to do that, said Nyssa grower Paul Skeen.

Farm groups urge Calif. to delay cap-and-trade extension, changes

By TIM HEARDEN
Capital Press

SACRAMENTO — Farm groups want state leaders to hold off on a proposed expansion of California's cap-and-trade program, which they say already has placed burdens on producers.

Representatives from groups including the California Farm Bureau Federation and Western United Dairymen say Gov. Jerry Brown and lawmakers should wait until closer to the program's 2020 sunset before considering whether to extend it.

Cynthia Cory, the CFBF's director of environmental affairs, noted that California is still the only place in the world where such a program exists even though state leaders were confident that others would follow.

"We're saying let the program get closer to 2020 and let other people in the world start doing this," Cory said. "This is a global issue, not a local issue."

"We just keep saying, 'Why are you ratcheting down on the cleanest place in the world and putting them at a competitive disadvantage instead of working with other entities and getting them to step up to the plate?'" she said.

Brown and other leaders are pushing to extend the 4-year-old cap-and-trade program, in which manufacturers and other companies must meet certain emissions limits or buy "credits" to exceed them, even as the program faces a legal challenge from the California Chamber of Commerce and credit sales have fallen well below expectations.

The California Air Resources Board may vote next year on a proposal to extend the program until 2030, and companion bills in the Legislature would require further cuts in emissions to meet



Tim Hearden/Capital Press

A log is loaded onto a truck at a logging site near Viola, Calif., in 2015. Some large timberland owners are participating in the carbon offsets program under California's cap-and-trade law, but many others have found that the requirements for participating are too stringent, going beyond common forestry practices.



Cynthia Cory

targets set for 2030, 2040 and 2050, according to legislative bill analyses.

Among the hardest-hit by the proposed changes would be the dairy industry, insiders say. The industry has been subject only to voluntary emissions targets so far while the state has provided \$11 million for five dairy digesters, which cost a total of \$30.2 million, according to the state Department of Food and Agriculture.

However, the air board has discussed mandating a 75 percent reduction of methane emissions from dairies — a burden that could require the construction of as many as 500 digesters at the state's largest dairies to meet, said Paul Sousa, WUD's director of environmental services.

"Our goal has been to keep it in the arena of being voluntary and incentive-based," said Sousa, noting that dairies that install digesters can receive income for carbon credits. "I think there are

some things we can do to achieve emissions reductions ... but the goals need to be reasonable."

A 75 percent cut in manure methane by 2030 is "just a very lofty goal that would be very, very difficult to hit even with funding because of other obstacles to putting in digesters," he said.

The program's direct impact on farms has been hard to calculate because it has been built in to such costs as electricity and fuel, Cory said. The biggest impact now is being felt by agricultural processors, which are already subject to mandatory reporting and emissions reductions, she said.

Further, plants are grappling with a recent Public Utilities Commission decision stemming from the 2010 San Bruno pipeline explosion that will increase natural gas transportation costs by 90 percent over the next three years, said John Larrea, director of government affairs for the California League of Food Processors.

As a result of the panel's allowing rate increases to pay

for improved gas lines, processing plants are "looking at anything from a \$400,000 to \$1.2 million increase in their natural gas costs," Larrea said.

"We've got water issues," he said. "Water is going to become more costly as well. All of these factors start coming in and they're not being considered. ... It's piling up on us here."

One industry that expected to benefit from cap-and-trade was timber. Large timberland owners, including Sierra Pacific Industries, have participated in the carbon offset program, said Mark Pawlicki, the company's director of corporate affairs and sustainability.

But to sell credits to those affected by the cap, a landowner "must abide by a set of stringent requirements such as committing to a 100-year program of maintaining or increasing forest carbon levels each year, going above the level of carbon sequestered under common forestry practices, and avoiding other land uses in the project areas," Pawlicki said in an email.

Onion growers confirm success of applying herbicide through drip system

By SEAN ELLIS
Capital Press

ONTARIO, Ore. — Oregon State University field trials have shown that applying the herbicide Outlook through drip irrigation works much better than surface application in controlling the yellow nutsedge weed.

Now grower experience is confirming that research.

Farmers who produce yellow bulb onions in Idaho and Oregon received special permission for the first time this year from their state agriculture departments to apply Outlook through drip irrigation. Previously, they were limited to surface application of the herbicide.

"We were very successful with" applying it through a drip system, Nyssa farmer Bruce Corn said. "It worked very, very good."

About 95 percent of the 20,000 acres of bulb onions grown in Southwestern Idaho and Eastern Oregon are yellows and about 60 percent of them are on drip irrigation systems.

According to OSU researchers, Outlook is one of the most effective tools in controlling yellow nutsedge, which is the main weed challenge for growers in this region.

OSU Weed Scientist Joel Felix said growers who have used Outlook in drip systems this year are reporting good results.

"The growers that I've spoken to so far that are using it in a drip system are quite happy," he said. "If you have a drip system, I think you'll be wasting your money applying it over the top ... because we're seeing much better nutsedge control from applying it through a drip system."

The field trials Felix has led at OSU's Malheur County Research Station the past three seasons are occurring in silt loam soil, and he said farmers with lighter soils would likely be better off applying Outlook at lower rates than those being applied at the station.