

Larger apple crops predicted for many countries

Earlier harvest gives Washington growers an advantage

By DAN WHEAT
Capital Press

WENATCHEE, Wash. — Larger apple crops this fall in the U.S., Canada, Mexico and large crops in Europe and China will make the new sales season for Washington growers tougher than the one just ending, a longtime industry observer says.

The export market will be tough and prices likely will slip but should hold up better than they did for the record crop in 2014, said Desmond O'Rourke, a consultant and retired Washington State University agriculture economics professor.

"The big positive so far is that we are early so a lot of our product is beating Michigan and New York in the domestic market. Gala and Honeycrisp are shipping. That's a huge advantage for us," O'Rourke said.

Bruce Grim, manager of the Washington Apple Growers Marketing Association in Wenatchee, agreed, saying Washington has enjoyed a three-week jump on East Coast producers and is opening with strong prices. Main-



Dan Wheat/Capital Press

Lorena Pena holds four Summer Fuji apples with one hand as she clips their stems to prevent cuts and bruises. She was on a crew picking apples at a C&O Nursery orchard in East Wenatchee, Wash., on Aug. 29. The U.S. and other countries expect larger crops this fall.

taining those prices will be a challenge as the season progresses but it helps to have better size and grade Gala apples with less sunburn this year than last, Grim said.

Marketers will keep volume moving to try to maintain prices, he said. About 1.7 million boxes of Gala had been shipped through Aug. 26 of an estimated 30.3-million-box Washington Gala crop, up 27 percent from last season.

O'Rourke has predicted Gala prices will average \$21 per box through the new marketing year, down from \$24 in the season just ending because of greater volume in the U.S. and other countries.

O'Rourke and Grim at-

tended the U.S. Apple Association's 121st annual conference at the Chicago Ritz-Carlton on Aug. 25-26.

USDA estimates a 248 million, 42-pound box fresh and processed apple crop for 2016. The association forecast is 245.9 million boxes, up 3 percent from last year and from the five-year average.

While growers continue to increase production, the crop is well within the industry's capacity to effectively and profitably market, said Mark Seetin, the association's director of regulatory and industry affairs.

Of the total, Washington is No. 1 at 149 million boxes, Michigan is 31 million boxes,

New York is 30 million boxes and Pennsylvania is 11 million boxes.

The next tier in millions of boxes: Virginia, 4; Oregon 3.9; California, 3.5; North Carolina, 2.5; West Virginia, 1.9; Idaho, 1.4; and Ohio, 1.2.

Michigan production is up 49 percent. Growers there have been replacing older orchards with higher-density plantings, almost doubling their yield per acre. Michigan could surpass New York this year as the No. 2 producer. That appeared to happen in 2013 but a USDA tally was in error.

New York's crop, hampered by drought, could increase this fall if growers get

rain, and there's usually 2 million to 3 million boxes of roadside sales not counted, Grim said.

Nationwide, Red Delicious is forecast at 53.2 million boxes, up from 50.3 million; Gala is forecast at 44 million, up from 37.5 million; and Honeycrisp is 15.3 million, up from 13.2 million. Granny Smith, Fuji and Golden Delicious are all close to last season's amounts.

Canada is up 17 percent at 17.1 million boxes and Mexico is up 15 percent at 31.2 million boxes. Europe is down slightly but still huge at 660 million. China, the largest apple producer at 2.3 billion boxes, consumes most of its crop internally but is Washington's biggest competitor in Asia.

Washington's harvest began at the end of July and will finish in November.

Gala harvest is finishing with good fruit size and good maturity, said Andy Gale, general manager of Stemilt AgServices in Wenatchee. There are hardly any cracks at the stem, an indicator of over maturity, he said.

"Generally, labor has been a challenge. People with H-2A (foreign guestworkers) are happy but there are a lot of 'Help Wanted' signs up around the Columbia Basin and ads on Spanish radio for pickers," Gale said. "It's tighter than last year."

Japan

resumes

U.S. wheat tenders

By MATTHEW WEAVER
Capital Press

Japan has lifted its restrictions on U.S. wheat purchases.

The nation's Ministry of Agriculture, Forestry and Fisheries has issued tenders for nearly 58,000 metric tons of Western white wheat, a blend of soft white wheat and subclass club wheat grown in the Pacific Northwest.

Japan has also ordered 33,000 metric tons of dark northern spring wheat and nearly 54,000 metric tons of wheat from Canada.

"We're pleased, obviously," said Steve Mercer, vice president of communications of U.S. Wheat Associates.

Japan and South Korea restricted U.S. wheat purchased in July after 22 genetically engineered wheat plants, determined to be Monsanto wheat MON 71700, were found in a fallow field in Washington.

The countries waited until a new test capable of detecting MON 71700 could be implemented. South Korea lifted the restriction four days later.

Mercer said all stakeholders, government agencies, customers and other involved parties have taken a "reasonable approach."

"It certainly minimized the potential for market disruption," he said. "It was a delay of two tenders, perhaps."

Japan is ahead on U.S. wheat purchases in the current marketing year compared to the same time last year, Mercer said. The nation has purchased nearly 1 million metric tons this year, compared to 922,000 metric tons last year. White wheat sales are within 10 percent of last year and spring wheat sales are ahead.

Nurseries should prepare for next recession, economist says

Texas A&M expert: Economic indicators positive, but downturn is overdue

By MATEUSZ PERKOWSKI
Capital Press

PORTLAND — There's no reason to panic, but nursery producers should begin preparing to weather the next downturn in the U.S. economy, according to horticulture economist Charlie Hall.

Several indicators suggest the economy will continue slowly chugging along for the time being, but based on historical data, the country is overdue for a recession, Hall said at the Oregon Association of Nurseries Farwest Show in Portland, Ore.

"We don't have a lot of red flags over the next 18 to 24 months, but we will go into recession at some point," he said.

Nursery producers should consider this current time frame as a reprieve and develop a game plan for dealing with various financial scenarios, said Hall, a professor at Texas A&M University.

"We need to start right now informing our contingency plans," Hall said. "There's nothing holding us back but ourselves."

Sales of nursery products and services surged for years as the baby boomer generation married, had children and bought houses, but they began slowing in the 1990s and are now flat, he said.

Because they're in a mature industry, nurseries are prone to disruptions — as evidenced by the large number of companies that went out of business during the last financial crisis, Hall said.

"The interesting thing about this stage is that any disturbance will cause a shakeout," he said.

At this point, housing starts are getting back to nor-

mal and there's growth in the number of mortgages, both of which are positive for the nursery industry, he said. People are also quitting jobs to take higher-paying ones, and members of the millennial generation — known for delaying marriage and family — are beginning to form more households.

Lower fuel prices also provide consumers with more spending money, though they won't necessarily spend all of it on nursery goods and services, Hall said.

Only 42 percent of consumers buy plants in an average year and 25 percent spend money on landscape services, he said. While these numbers aren't great, they do imply the industry has the potential to increase sales frequency, he said.

Nurseries tend to emphasize prettiness and newness in plants, while they should be focusing on their functionality, Hall said. For example, studying in the presence of plants has been shown to im-

prove students' academic performance and test results.

Other research has indicated that plants and landscaping increase property values, building occupancy rates, improve water quality and reduce healthcare costs.

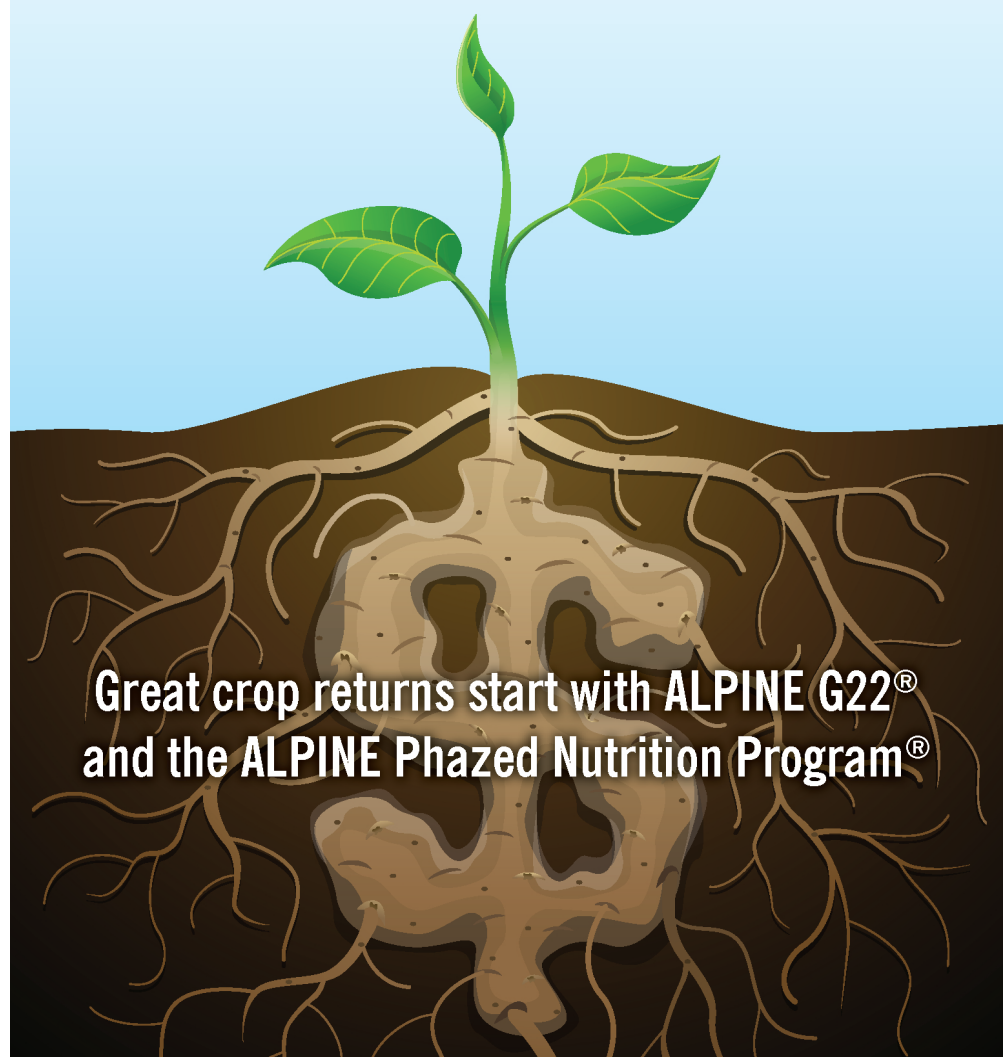
Pet-related sales have grown despite the recession, which shows people are willing to spend money to feel happy, he said. Nurseries should find a way to tap into this dynamic.

"We will pay whatever it takes to improve the quality of our lives," Hall said.

Nurseries can appeal to the altruism of the millennial generation by promoting the environmental benefits of plants, such as helping butterflies and pollinators, said Brie Arthur, "green industry communicator" who writes and speaks about horticulture.

"I want the world to be a better place with how I spend my money," she said.

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USDA clarifying rule allows ranchers to opt out of beef council checkoffs

By JOHN O'CONNELL
Capital Press

BILLINGS, Mont. — The USDA is "clarifying" a little-known policy the agency insists has long been in place allowing ranchers to opt out of allocating half of their check-off fee payments to qualifying state beef councils, according to a court document.

In its Aug. 4 motion in Montana district court, USDA argued that in light of the opt-out policy, the judge should dismiss a case filed by Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America challenging the constitutionality of current check-off fee management.

R-CALF alleges the government has forced member cattlemen to fund state beef councils that often promote beef in general rather than U.S. beef or beef from their states, in violation of their First Amendment rights.

R-CALF has asked that the full \$1-per-head check-off fee paid on cattle sales go to the national Cattlemen's Beef Promotion and Research Board, which they agree operates in compliance with the law. R-CALF officials said their suit targets the Montana Beef Council as a test case. Officials of the Montana council declined to comment.

USDA believes publicizing the opt-out provision eliminates R-CALF's "com-

pelled subsidy claim."

"To the extent plaintiff's members are contributing to the Montana Beef Council against their wishes, they are doing so only because they have failed to avail themselves of this procedure," the USDA motion reads.

Short of a dismissal, USDA requested that the court at least stay the case until after the process of clarifying the policy is complete. Public comment on the proposed clarification rule will be accepted through Sept. 13, and USDA noted R-CALF members are free to participate.

According to USDA's motion, proposing a rule recognizes "all producers may not have been aware of the option to direct their full federal assessment to the Beef Board, particularly in light of language inadvertently removed from the Beef Order in 1995."

In response to USDA's motion for a dismissal, R-CALF attorneys filed an Aug. 24 motion asking the judge to rule in favor of their arguments as a matter of law, without the necessity of a trial.

R-CALF CEO Bill Bullard noted USDA has published a flowchart showing half of checkoff fees must be directed back to a state beef council. Bullard can find no written evidence of any opt-out policy.

"If there was an inadver-

gent deletion (of an opt-out policy) over two decades ago, you would think a responsible agency would have corrected the mistake through a technical amendment," Bullard said.

Bullard believes the proposed opt-out rule, as USDA recently described it, is intentionally onerous to ranchers who would seek to use it — requiring them to file monthly paperwork that must be approved by state councils and allowing the councils to hold their revenue for up to 105 days — and that the policy improperly places the burden of correcting a constitutional violation on the victims.

Bullard said a member in Kansas wrote USDA asking to have his full checkoff payment directed to the national organization before the agency filed its rule, and USDA never mentioned the existence of an opt-out policy, instead requesting that he seek the state council's permission.

Bullard said R-CALF is educating cattlemen of their right to opt out of the policy, encouraging them to comment on the proposed rule and is supporting a pair of Senate bills introduced by Sen. Mike Lee, R-Utah. S. 3200 would require participation in all checkoff programs to be voluntary, and S. 3201 would prohibit the awarding of checkoff dollars to groups that lobby.