Farmers welcome WTO challenge of Chinese price supports

Cost to wheat farmers: $650M to $700M annually

By MATTHEW WEAVER
Capital Press

The Chinese government's programs supporting wheat, rice and corn farmers are distorting global trade and undercutting U.S. farmers, trade and industry representatives say.

The Obama administration launched a new trade enforcement action against the People's Republic of China at the World Trade Organization, concerning excessive government support provided for Chinese production of those crops, according to the Office of the U.S. Trade Representative.

"China's 'market price support' for these products is estimated to be nearly $100 billion in excess of the levels China committed to during its accession," a press release for the agency states. "China's excessive market price support for rice, wheat and corn inflates Chinese prices above market levels, creating artificial government incentives for Chinese farmers to increase production."

The U.S. is challenging China's government support to reduce distortions for the crops, and help American farmers compete on a more level playing field, the press release states.

China's programs cost U.S. wheat farmers roughly $650 million to $700 million each year, wheat industry officials say.

China's internal domestic support price for wheat is more than $10 per bushel, while world market prices are "considerably lower," said Gordon Stoner, president of the National Association of Wheat Growers.

Soft white wheat on the Portland market ranged from $4.75 to $4.81 per bushel as of Sept. 13.

"Chinese farmers are certainly growing wheat, to the point that China has the largest stockpiles of wheat in the world," Stoner said. "As a result, the U.S. wheat industry does not have an opportunity to export wheat to China. Without the domestic support, very likely their farmers would be growing other crops."

China has roughly 45 percent of the global wheat ending stock, said Alan Tracy, president of U.S. Wheat Associates.

"Just the increase in production and reduction in trade is price-depressing," he said.

Without China's price guarantees, the country would import 7.7 million more tons of wheat, Tracy said. The United States would get nearly 1.5 million tons of that, and U.S. wheat production would increase by nearly 1 million tons.

"If China were not guaranteeing its price above market, world prices would be higher and the net U.S. farm gate (price) would be approximately 19 cents a bushel higher on a year average," Tracy said.

Iowa State University estimates U.S. wheat farmers are losing 1.5 million tons of exports to China each year because of price support. The impacts are worth roughly 5 percent of producer income in the United States, Tracy said. Canada, Europe and Russia are also negatively affected by China's domestic support programs.

China has 60 days to respond to the U.S. Trade Representative's request for meetings. If the issues cannot be resolved, then USTR is prepared to enter a full-on dispute settlement case with WTO, Tracy said.

If the case cannot be settled and China is unwilling to change its policy to comply, the WTO dispute settlement panel will likely authorize the United States to retaliate, Tracy said.

NAWG and U.S. Wheat don't expect resolution to come any time soon. The process could take several years, Stoner and Tracy said.

Gosia Wozniacka/ Associated Press File

Farmworkers pick up paper trays of dried raisins near Fresno, Calif. Farm groups say California's new overtime law will hurt workers and farms.

Groups say new overtime law will hurt workers, farms

By TIM HEARDEN
Capital Press

SACRAMENTO — Farm groups assert an agriculture overtime bill signed last week by Gov. Jerry Brown will ultimately sap wages from the farmworkers it was intended to help.

Farms will end up reducing work shifts and moving away from crops that require large numbers of employees, while retailers will simply purchase cheaper produce from other states and countries, said Tom Nassif, the Western Growers chief executive officer.

Other long-term ramifications of Assembly Bill 1066 could include more consolidation of farms, including more farmland ownership by hedge funds and other investors, and more family farmers selling out, industry insiders said.

"Certainly this is not a good opportunity for farmworkers to put in more hours to make up for days of inclement weather when work wasn't available," California Farm Bureau Federation President Paul Wenger told the Capital Press.

The prospect of growers switching from labor-intensive crops to tree nuts and other commodities that can be mechanically harvested "is happening already, and this will just accelerate it," Wenger said.

Under the bill proposed by Assemblywoman Lorena Gonzalez, D-San Diego, farmworkers will be paid for overtime after eight hours in a day and 40 hours in a week rather than the current 10-hour day and 60-hour week for agriculture that Brown originally approved during his first stint as governor in 1976.

The new rules will take effect in 2022 for most farms and 2025 for operations with 25 or fewer employees. United Farm Workers president Arturo Rodriguez said in a statement that Brown "corrected a historic wrong and set an example for other states to follow."

The UFW helped push the revived measure through after Gonzalez's original overtime proposal failed to get the needed 41 votes in the Assembly. She used the "gut-and-amend" process to insert the overtime language into what had been a teacher-compensation bill.

Gonzalez, a former labor leader and the daughter of an immigrant farmworker, told the Capital Press in an email earlier this summer that she wanted to get the bill passed "for the 400,000 Californians who aren't treated equally under the law … just because they work on a farm."

But the bill will end up harming farmworkers the most, said state Sen. Jim Nielsen, R-Gerber.

Nielsen, a rancher and vice chairman of the Senate Budget Committee, said family farms will hire one crew for eight hours or less and a second crew for another shift.

"Farmworkers will end up working for one farm in the morning (and) getting back in their cars to drive to another farm to work the afternoon shift," he said.

The overtime bill follows the swift passage of legislation this year gradually increasing the state's minimum wage from the current $10 an hour to $15 an hour by 2022.

Nielsen noted that the new burdens come as the state's agricultural production value fell by nearly $9.5 billion to $47 billion in 2015, mainly because of the drought.

The trends will likely lead to more consolidation of farms and higher prices for consumers, predicted Joel Nelsen, president of California Citrus Mutual.

"You're going to see family farmers selling property," Nelsen said. "It's going to be a more concentrated industry. I've already got hedge funds looking at this industry. People are going to have a concentrated source for their food supply."

The Farm Bureau's Wenger lamented language in the bill that allows growers to get around the new overtime rules if they pay their workers at least 30 percent above the minimum wage, but only if they have a labor contract.

"My lowest-paid, year-round worker is 40 percent above the current minimum wage, but I wouldn't be able to do a work-around," said Wenger, a Modesto almond grower.

He suggested that if Sacramento lawmakers are serious about raising farmworkers' wages, they should pass a law under which all produce brought into the state is subject to the same rules — similar to what Proposition 2 did in egg production.

"We're here to defend the producers in California who produce under the strongest, most strident worker laws and environmental laws, and Sacramento doesn't mind heaping it on us," he said. "If that's what they want, why don't they walk the talk?

"With Proposition 2, it saved our poultry industry" by forcing out-of-state producers to comply, he said. "Other states were upset with us … but a lot of other growers in other states started producing (according to the new standards) because they could get a higher price."

East Idaho canal shuts off water early

By JOHN O'CONNELL
Capital Press

ABERDEEN, Idaho — Aberdeen-Springfield Canal Co. General Manager Steve Howser said a water outlook that took a dramatic turn for the worse this summer has compelled him to shut off his system about three weeks earlier than he originally anticipated.

Howser, who closed his headgates on Sept. 12, said his board members and shareholders opted during a recent meeting to prolong deliveries for as long as possible, rather than holding back some water until October to wet fields to more easily harvest sugar beets.

The canal, which serves 63,000 irrigated acres in southeast Idaho, has been especially hard hit by a summer drought, which is forcing water managers throughout the region to make tough choices. Though the water supply seemed sufficient in April, following a near-average winter, Howser said demand for canal water was greater this season than it's been in nearly three decades.

"In 18 years I've never been more than three days off when I make my prediction on how long my storage will last at the beginning of the season. This year, I was more than three weeks off," Howser said.

Howser explained, "charging the system" to deliver water during beet harvest wastes about a five-day supply of water. He and his growers are banking on filling the system during general beet harvest with natural flows, as other companies shut off for the season and Snake River levels rise. Otherwise, beet tips break off when growers dig them from dry ground, causing a 25 to 30 percent yield reduction.

"I'm not making my shareholders any promises," Howser said, adding natural flows have returned by Oct. 5 in similar "analogue" years.

Howser said about 1,200 acres that had been well-irrigated switched back to canal water this year, and there were more water-intensive crops on canal water, as growers sought to conserve groundwater under terms of the Surface Water Coalition water call settlement. He said there were also several days above 90 degrees during summer, and the snowpack melted in a way that minimized storage capture. His company will end the season without a drop of carryover water in the reservoirs.

Amalgamated Sugar growers say the company is prioritizing early beet harvests in the Aberdeen area and will open a piling station there earlier than planned. Some local growers, such as Doug Ruff, are simply harvesting beets on the canal first, instead of well-irrigated beet fields.

National hay growers honor Eckenberg

By DAN WHEAT
Capital Press

Dan Wheat/Capital Press

From left, Bob and Andrea Eckenberg, matriarch Kay Eckenberg, and Janet and Jim Eckenberg at National Hay Association barbecue at their Mattawa, Wash., farm on Sept. 16.

MATTAWA, Wash. — Some 280 hay growers and brokers from the U.S. and Canada and hay importers from China toured Eckenberg Farms, a hay exporter in Mattawa, as part of the 121st annual meeting of the National Hay Association last week.

Most of the meeting was at the Pasco Red Lion Hotel, Sept. 14-17. That location and the farm tour and barbecue were in honor of Bob Eckenberg, head of the family-owned company who finished his year as association president. The meeting was last held in Pasco when his late father, Eddie, was association president in 1999.

"I was fortunate enough to follow in dad's footsteps. For me this is probably the pinnacle of my career," said Bob Eckenberg, 50, adding he hopes his brother, Jim, 53, company vice president, becomes association president some day.

"A lifetime of hay. Dad started with 35 acres in 1963," Jim said.

"It started as a hobby farm. A place to raise the kids," said brother, Steve, 57, who is retired.

Today, the farm produces hay on 5,000 acres, leased and owned, buys hay throughout the Northwest and exports 98 percent of its 100,000 metric tons of cubed hay and double-compressed bales to Asia and the Middle East.

Japan buys more than 50 percent. South Korea and China alternate in second place at about 25 percent and the United Arab Emirates and Saudi Arabia round out the buyers. The hay is tracked by computer from growing and purchase to delivery.

Eckenberg Farms has 90 year-round employees — more at harvest — and operates four bale compressors and six cubing machines.

It's among the last companies grinding hay bales into 1.25-inch-square, 3-inch-long cubes, an industry standard from the 1960s into the 1990s for ease of shipping and retention of nutrition and feed value.

Double compression of bales into halves took over as a more economical method for shipping in the 1990s, and cubing has been declining since, Bob Eckenberg said.

As national president, Eckenberg and other association members lobbied Congress in support of bills by Rep. Dan Newhouse, R-Wash., trying to prevent future seaport labor slowdowns. West Coast hay exporters are still dealing with loss of export markets from the port slowdown in 2014 and 2015.

The association is working to open new markets in India and around the world. It's been working with USDA on China's concerns about GMO residue in containers of non-GMO hay going into China. Greater longevity of U.S. embassy staff in China would help that issue, Eckenberg said.

The association has also lobbied for more "reasonable" rest requirements for long-haul truck drivers, he said.

The West Coast hay market has been flat since the port slowdown because of the loss of overseas markets, too much feeder hay in 2015 and low milk prices.

East Idaho city hosts celebration of the russet

By JOHN O'CONNELL
Capital Press

John O'Connell/Capital Press

The Idaho Spud Days parade, hosted Sept. 17 in Shelley, includes potato- and agricultural-themed floats and exhibits.

SHELLEY, Idaho — Potato sacks are a common garb, and large farm equipment comprises a good percentage of the floats at the Idaho Spud Days Parade, hosted as part of an 88-year-old celebration of the staple of this small Eastern Idaho city's economy.

The celebration draws thousands of people to pay tribute to the russet potato — which also happens to be the mascot of the local high school.

The event started Sept. 14 with the crowning of Miss Russet, a unique pageant that awards college scholarship money to the top contestants.

Shelley High School senior Alicent Ackerman, who won this year's crown, lives adjacent to potato fields and is "super excited for all of the opportunities that are about to come" due to her new status as a potato ambassador. She wowed the judges with her dancing skills during the pageant and plans to organize a spirit week focused on suicide prevention for schools in her community.

Children participated in a Tator Trot footrace on Sept. 16, and a pancake breakfast and Spud Run kicked off a day of festivities on Sept. 17.

"For years, they said Shelley was the potato capital of the world, though I don't know if that's accepted any more or not," said Ron Carlson, a former watermaster of the water district that includes the Eastern Snake Plain's upper valley.

Carlson has attended Spud Days since his childhood but has performed patriotic music at the festival for most of the past decade with the Community Orchestra at Firth, conducted by his wife.

"It's a bigger event now than it's ever been," Carlson said. "It's a celebration of Eastern Idaho's economy."

Most people in attendance had a direct tie to the potato industry. Brian Mitchell, who watched the parade from his front yard, works at the Basic American Foods dehydrated potato processing plant.

MerLene Hall, who attended from Sugar City, said both of her parents were employed by the potato industry. As a child, she "bucked spuds," which entailed filling baskets with tubers and then pouring the contents into sacks for loading on flat-bed trucks.

"It was the beginning of everyone's back problems," Hall joked.

The Idaho Potato Commission's Great Big Idaho Potato Truck — a giant replica Russet Burbank on wheels — rolled in the parade, having also participated during its initial national tour in 2012.

"We go to a lot of places where they don't know much about potatoes, but here at home, it's great," said Ellis Nanney, a member of the Tater Team that staffs the truck. "We don't get asked as much if it's real here, because people have a little bit higher potato IQ."

The Tater Team also participated in the Tater Tug — a tug-of-war with a mashed potato pit at its center.

James Hoff, a local spud grower with the IPC, circled the parade route in the 1943 Boeing Stearman biplane he flew in the organization's 2014 commercial, in which he and another farmer searched from the sky for their missing Potato Truck.

"It gets everybody excited about spud harvest," Hoff said of the festival.

Shelley Mayor Stacy Pascoe and a group of volunteers gave away 6,200 baked potatoes, donated by Basic American Foods and Liberty Produce.