

## Washington

Grain  
commission  
OKs \$6.33M  
annual budgetBy MATTHEW WEAVER  
Capital Press

SPOKANE — The Washington Grain Commission increased its budget nearly 20 percent for next year and added money for falling number research at its May 18 meeting.

The commission's budget for the 2017-2018 year, which begins July 1, for \$6.33 million, up 19.9 percent from the 2016-2017 budget, which was nearly \$5.3 million.

The commissioners also set aside \$500,000 for research into falling number problems. The starch quality problem is estimated to have cost the Pacific Northwest wheat industry more than \$30 million last year in price reductions.

"We've taken a lot of the messages from farmers — their complaints, worries and concerns on falling numbers and we are determined to try to do the best we can," said chairman Mike Miller. "We felt it was a legitimate amount to begin addressing (the problem)."

The funding has not been earmarked for a specific project, said CEO Glen Squires. The commission will send out requests for proposals from researchers.

The commission also encourages other states impacted by falling number problems to make a similar effort.

Priorities include developing a quick test for falling number problems that grain elevators would be able to use on-site.

The budget is a year-long discussion for commissioners, Squires said.

"(Commissioners recognized that) yeah, the income's coming down this year, but we need to keep programs going and keep addressing the issues," Squires said. "Something like falling number, we need to help solve that problem."

Falling number problems arose after the commission set last year's budget, Squires added.

Washington wheat prices are down, but recently have been increasing, Squires said. Washington wheat prices in all classes have averaged \$4.60 per bushel, down 13.2 percent from \$5.30 per bushel last year.

Squires expects to collect \$5.3 million to \$5.4 million in assessments this year. That money will fund the budget for next year.

The commission assesses three-fourths of 1 percent of net receipts at the first point of sale for wheat and 1 percent of net receipts at the first point of sale for barley.

The commission will take \$990,000 out of reserves. It keeps \$5 million in reserves in case of a total crop failure.

Commissioners in previous years had the foresight to save money during good years as a cushion for market downturns, Miller said.

## NAFTA talks could be good for ag, Inslee says

By DON JENKINS  
Capital Press

Washington Gov. Jay Inslee said Friday that renegotiating the North American Free Trade Agreement could be a "springboard" for exporting more of the state's farm products to Mexico.

Inslee spoke to reporters after meeting with Mexican President Enrique Pena Nieto in Mexican City. The governor said he brought up opening up access to U.S. potatoes and milk during what he called a "long and engaging meeting."

A revised NAFTA also could increase opportunities to sell Washington products such as cheese and wine, he said.

"We think there's a lot more opportunity for selling more ag products in Mexico," Inslee said. "These NAFTA discussions may be a springboard to opening up doors to new products."

Inslee went to Mexico City to join a state delegation on the last day of a four-day trade mission to Mexico. The



Don Jenkins/Capital Press File

Gov. Jay Inslee says Washington agriculture could benefit from renegotiating the North American Free Trade Agreement with Mexico and Canada.

delegation included state Department of Agriculture Director Derek Sandison and Washington Dairy Products Commission officials, as well as representatives from other industries.

Coincidentally, the delegation was in Mexico when the Trump administration formally notified Congress that it intended to renegotiate the pact with Mexico and Canada. The two-page notification

from U.S. Trade Representative Robert Lighthizer said the 23-year-old treaty needed to be "modernized," but did not criticize the current agreement.

"That is a significant change from the rhetoric we heard during the campaign," said Inslee, a critic of the Trump administration.

On Thursday, Inslee met with Canadian Prime Minister Justin Trudeau in Seattle. Inslee said that Trudeau and Pena

Nieto agreed NAFTA could be improved. "What I heard from these two leaders was an openness to reasonable dialogue about this," he said.

Mexico ranks as the seventh-largest export market for Washington farm goods, according to WSDA. Last year, Mexico bought \$313 million worth of food and other agricultural products from the state.

While many farm groups say they're satisfied with NAFTA, the National Potato Council estimates that exports to Mexico could roughly double to \$500 million annually if Mexican importers had what the council calls "full and unrestricted access" to U.S. fresh and processed potatoes.

The council complained in a letter last month to the White House that Mexico blocks market access by "unscientific and inconsistent application" of food-safety standards.

Simply canceling NAFTA, however, would have increased tariffs on U.S. potatoes from zero to 50 to 70 percent,

according to the potato council.

The dairy industry welcomed reopening NAFTA.

Industry leaders accuse Canada of blocking trade and said that they wanted to defend their market in Mexico.

Inslee said he was granted a meeting with Pena Nieto because of his defense of undocumented workers. Inslee said he also found common cause with the Mexican leader over climate change.

"No matter what happens in Washington, D.C., Mexico will have a partner in the state of Washington in fighting climate change," he said.

Inslee's proposals to tax carbon emissions to discourage the use of fossil fuels and increase government revenue have failed to pass the Legislature. Inslee has ordered a carbon cap through an administrative order. Business groups, including the Washington Farm Bureau, have a lawsuit pending in Thurston County Superior Court to overturn the cap.



Photos by Matthew Weaver/Capital Press

Wayne Tippet, commissioner for the Port of Clarkston County, in hat and suspenders, displays a 1914 15-horsepower Fairbanks-Morse engine used for running threshers, grain mills, water pumps or "any place they needed an engine," during the Snake River Family Festival May 20 in Colfax, Wash.

Festival celebrates \$20B impact  
of river system on commerceBy MATTHEW WEAVER  
Capital Press

COLFAX, Wash. — The Snake River Family Festival on May 20 celebrated the billions of dollars in economic contributions the Columbia-Snake River system makes to the Pacific Northwest economy.

More than 400 people attended the festival at Boyer Park and Marina in Colfax, Wash. It included free food, children's activities, live music, an information tent, an interactive salmon display, farm machinery and barge and tug boat displays.

The entire system represents \$20 billion of commerce, said Tom Kammerzell, commissioner for the Port of Whitman County and a Colfax rancher.

Nearly 10 percent of all U.S. wheat exports move through Snake River dams, and more than 4.3 million tons of cargo was barged on the Snake River in 2014. It would have taken 167,000 semi-trucks or 43,000 rail cars to carry that amount.



Debbie Morrison, Lewis-Clark Terminal manager, helps Terra Von Lindern, 4, play with grain near the terminal's display about the grains transported on the river system.

Rob Rich, vice president of marine services for tug and barge operator Shaver Transportation Co., said the river system impacts farmers, grain elevators, fertilizer and seed providers, ports, towboat operators, cruise vessels and electricity and irrigation users.

With the system, Rich said, farmers have a bulk transportation system not affected by weather.

Export elevators downriver receive 40 percent of the wheat by barge and 60 percent by rail.

About 80 percent of farmers using the river system are solely dependent on it, Rich said.

"Where they are sending their wheat, that particular elevator only has the (ability) to receive by truck and ship by barge," he said.

A typical four-barge tow moves the same amount of cargo as 140 rail cars or 538 trucks.

Trucks are more expensive, so farmers wouldn't be as competitive in the export market, Rich said.

Mexican trip reassures WSDA  
director about trade tiesBy DON JENKINS  
Capital Press

A weeklong trip to Mexico eased worries about trade relations with Washington's seventh-largest export market for farm products, state Agriculture Director Derek Sandison said Monday.

The trade mission wasn't a direct response to President Donald Trump's criticism of the North America Free Trade Agreement, but that's what everybody wanted to talk about, Sandison said.

"The reason (to go) was to reaffirm our commitment to that partnership with Mexico," he said. "NAFTA has been very good to Washington."

"It's a concern, and we're doing what we can to keep relations on an even keel," he said. "But it's less of a problem than we perceived."

Sandison was part of a business delegation that also included Washington Dairy Products Commission General Manager Scott Kinney and Chairwoman Michelle Schliter, a Lewis County dairy farmer.

While the delegation was in Mexico, U.S. Trade Representative Robert Lighthizer issued a two-page letter notifying congressional leaders that the White House will re-negotiate NAFTA. The letter stressed that the trade pact with Mexico and Canada needs to be updated and that the Trump administration looked forward to conferring with lawmakers.

The letter's temperate language contrasted with Trump's condemnations of NAFTA and threats to withdraw from the trading partnership.

"I think the positive language that was used resonated well with (Mexican officials),"

Sandison said. "It's basically an agreement that needs to be modernized, and I think there is a broad recognition that there is a need to do that."

Mexico bought \$313 million worth of Washington agricultural products last year, according to the state Department of Agriculture. Mexico is the top foreign customer for Washington apples and dairy products, the state's two most valuable agricultural commodities. Mexico is by far the top export market for U.S. dairy, with sales topping \$1.2 billion in 2016, according to the U.S. Dairy Export Council. The state's share was \$72 million, according to WSDA.

Kinney said Monday that he saw Tillamook cheese in Mexico, as well as California and Wisconsin cheeses. But he said there is an opportunity for Washington's small cheesemakers to fill a demand for protein.

"We have the perfect product for it," he said.

Getting more Washington cheese in Mexican stores will take developing supply chains, not revising NAFTA, Kinney said. "NAFTA has definitely been beneficial for Washington farmers as a whole, and we'll keep our eye on that."

The delegation also included Washington Commerce Director Brian Bonlender. Gov. Jay Inslee joined the delegation Friday in Mexico City and met with Mexican President Enrique Pena Nieto. Inslee told reporters that NAFTA negotiations could help Washington agriculture, particularly by resolving food-safety issues that the National Potato Council says keeps U.S. spuds from having full access to the Mexican market.

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