

China needs apple diversity, marketer says

Wenatchee exporter ends up in Shanghai

By DAN WHEAT
Capital Press



Tracy King

WENATCHEE, Wash. — Over dependence on one variety “is a ticking time bomb” for the Chinese apple industry, says the international business CEO of a Chinese fruit company.

Seventy percent of China’s apple production is Fuji and if China doesn’t reinvent itself with new varieties it will suffer the same downturn Washington growers faced in the late 1990s and early 2000s when they were too dependent on Red Delicious, Tracy King, International Business CEO of Xing Ye Yuan Group in Shanghai, told Capital Press.

“There is global demand for Fuji but clearly the trend is toward many new varieties at the consumer level, even among Chinese consumers. If Chinese growers do not get out ahead of demand, there will be a day of reckoning,” King said.

Southeast Asia, India, Indonesia, Canada and Mexico are better markets for Chinese

apples than the U.S., but it’s tough to only have one variety to sell, said King, who more than a decade ago was export director of the

Washington Apple Commission in Wenatchee.

Mexicans love the sweet taste of Fuji and there is a relatively large Chinese-Canadian demographic, he said.

Chinese apple exports to the U.S. are small at 192,258, 40-pound boxes in 2015-2016 but that was up 30 fold from the year before, according to USDA. Even if that doubles this year it’s statistically irrelevant, King said. Chinese apple farmers are among the least efficient in the world and the U.S. will not be “flooded with cheap Chinese apples in my lifetime,” he said.

Washington apple sales to China, roughly 1.3 million boxes during each of the past two years, have a much brighter future because Washington growers are efficient and producing newer varieties, he said.

Xing Ye Yuan began more

than 20 years ago as an apple and citrus fruit packer. It expanded to become one of China’s largest distributors of domestic fruits and vegetables. King was hired in January to start an import-export program for apples, oranges and other fruits.

He is setting up imports of Washington apples, pears and cherries and California table grapes, citrus, stone fruit and Chilean product, which will run counter seasonally.

“This is a great fit for my skill set as I have been exporting these items from the U.S. to China since the mid-1990s,” he said.

It is easier for him to call shipper-marketers in Wenatchee, Chelan and Yakima to buy fruit than someone from China without his connections and experience, he said.

But the U.S. is way down on his list for exports because the market for Fuji is “only so large” and Americans “have become very picky about what varieties they like,” King said.

Chinese Fuji growers also have a huge ocean freight disadvantage to U.S. Fuji growers, making return to Chinese

growers as much as \$5 per box less in the U.S. market compared to U.S. growers, he said.

King, 59, was born and raised in the Seattle area and received his bachelor’s degree in international studies at the American University in Washington, D.C. He received his master’s degree in China Regional Studies from the University of Washington in Seattle. His interest in China was spawned by normalization of U.S.-China relations in the 1970s. He is fluent in Mandarin Chinese and lived in Beijing in 1980-81 researching his thesis on Chinese agriculture.

King was an export fruit salesman at Oneonta Starr Ranch Growers in Wenatchee from 1990 to 2002, export director at the Washington Apple Commission from 2002 to 2005 and director of marketing at Dovex Marketing Co. in Wenatchee in 2005-2008.

Next he was Asia regional sales manager for Sinclair Systems International, Wenatchee, a manufacturer of produce PLU — price look-up — stickers, in 2008-2012 and then China sales manager for Anderson Hay & Grain Co., Ellensburg, in 2014-16.



Mateusz Perkowski/Capital Press File

A drone is demonstrated at the Oregon State University agricultural research station near Pendleton, Ore. The federal government has clarified flight safety rules for commercial drone operations but the privacy policy remains murky.

Drone privacy questions defy easy answers, attorney says

Unmanned aerial vehicles offer opportunities, concerns for agriculture

By MATEUSZ PERKOWSKI
Capital Press

SALEM — Federal authorities are making headway in regulating commercial drone operations but some questions defy easy answers, according to an attorney specializing in the technology.

While rules developed by the Federal Aviation Administration for unmanned aircraft vehicles are becoming clearer and more streamlined, many issues remain legally murky, said Craig Russillo, an attorney with the Schwabe, Williamson and Wyatt law firm.

One particular area of uncertainty is the tension between the federal government and landowners over who controls airspace, Russillo said during an April 25 agricultural seminar organized by his firm.

“It’s shifting sands. It’s moving around a lot,” he said.

Historically, this matter of jurisdiction was often less contentious because airplanes and helicopters generally didn’t fly at low altitudes over people’s homes and property, Russillo said.

Now, however, there’s a possibility of camera-equipped drones flying 10 feet above someone’s backyard, raising privacy concerns, he said.

Federal regulators have largely concentrated on flight safety and have “punted” on privacy policy, Russillo said. “You have states and municipalities filling the void here.”

The concern is that without a national approach, the U.S. will develop a patchwork of different rules across different jurisdictions that complicate commercial drones operations, he said.

In agriculture, drones offer the possibility of aerially monitoring crop health, irrigation efficacy and field operations without hiring professional pilots.

“The drone is really just a platform for gathering

data,” Russillo said.

On the other hand, unmanned aerial vehicles could be used for unwanted surveillance of livestock operations by outside groups, for example.

In Oregon, lawmakers have passed a statute under which landowners can sue for injunctive relief, damages and attorney fees if a drone operator persists in flying less than 400 feet over their property after a warning.

Landowners can also report the problem to the FAA, though it’s unclear how involved the agency would become in such disputes, Russillo said.

Over time, it’s likely that case law will establish the rights of landowners to “disable” drones flying over their property, but those lines have yet to be drawn, he said.

“You don’t have a right to shoot it down,” Russillo said.

Farmers who use drones could be held liable for trespass, injury or property damage as well, but such incidents aren’t covered by their general liability insurance, he said.

Existing insurers may offer separate coverage for drones, but growers can also turn to specialized companies, such as Verify, which offer on-demand liability insurance of up to \$25,000 for a per-hour price of \$10, Russillo said.

When flying unmanned aerial vehicles to enhance their farm operations, growers must familiarize themselves with the federal rules for drone usage, he said.

For example, commercial operators must obtain a remote pilot certificate, operate drones weighing less than 55 pounds and always keep the devices within their visual line of sight, among other regulations.

“If something goes wrong, whether you are or aren’t in compliance with federal law could be very important,” Russillo said.

Severe winter strengthens East Idaho hay prices

By JOHN O’CONNELL
Capital Press

IDAHO FALLS — Eastern Idaho hay farmers say they may again have a chance to raise a profitable crop.

A glut of hay depressed the forage market during the past couple of years, though slumping prices of competing crops left growers without better options.

However, growers and feeders say the extreme winter has depleted hay inventories, resulting in strengthening alfalfa prices.

“It looks like the old crop hay is pretty well cleaned up,” said Lewisville feedlot operator Duwayne Skaar. “We’re thinking this (new crop of feeder) hay will start out over \$100 per ton.”

Bone-area rancher Rick Passey ran out of hay several weeks ago and has been buying additional bales from a neighbor. Passey plans to make his first cutting of new alfalfa June 15-20.

“We started out at \$80 per ton, and we told them we needed 100 tons more, and they raised it to \$100,” Passey said. “The carryover that’s been here for the past couple of years, I think it’s going to



Courtesy of Rick Passey

Allan Empey, left, props up a fence post for Rick Passey to drive into the ground with a post pounder on the front of his tractor. Passey is preparing to graze cattle on his rangeland following a harsh winter that depleted alfalfa supplies.

be greatly dwindled.”

As of May 1, USDA reported Idaho on-farm hay stocks at 510,000 tons — down 46 percent from the previous year. But good rangeland conditions should provide some relief to ranchers. According to a USDA report for the week ending May 14, 83 percent of the state’s pastures and range were reported to be in good to excellent condition.

Passey said unseasonably warm weather during the first two weeks of May melted snow and stimulated grass growth throughout the foothills where his cattle graze,

though he’s had to repair miles of fencing damaged by heavy snowdrifts.

University of Idaho Extension economist Ben Eborn recently calculated the cost of producing a ton of alfalfa in Eastern Idaho at \$87. Earlier this winter, he said feeder hay was selling for \$60 to \$75 per ton.

“That price is probably up \$25 per ton,” Eborn said,

adding the new alfalfa crop sustained less winter damage than many feared, and hay export demand is also improving. “We got the hard winter, and it cleaned the hay

out, dropping the oversupply in half.”

With grain prices still low, Dubois alfalfa grower Chad Larsen anticipates feeders will feed less hay and more corn and barley. Larsen said feeder hay is selling for about \$110 per ton delivered, and dairy hay is selling for about \$150.

“We get calls every week on feeder hay or dairy hay, and we’re out,” Larsen said.

McCammon rancher Jim Guthrie said many feeders have resorted to buying poor-quality hay, some of which has been sitting for two years.

Apple Commission adopts new budget

By DAN WHEAT
Capital Press



Courtesy Washington Apple Commission
The new logo the Washington Apple Commission is considering for overseas point-of-sale promotions.

YAKIMA, Wash. — The Washington Apple Commission trimmed some promotional dollars targeted for several countries in adopting its \$10.4 million budget for fiscal year 2017-18.

Other than that and \$51,000 to re-roof the commission building in Wenatchee, the budget was little changed from the current \$10.4 million budget year ending June 30.

The budget, passed by the commission May 25, includes \$7.8 million for export promotions with \$4.8 million from the federal Market Access Program and \$3 million from a 3.5-cent a box assessment on the 2017 crop, estimated at 135 million boxes.

A total of \$282,000 was shaved off promotions in Central America, Thailand, Malaysia, Taiwan, Western Europe and Russia because of a reduction of that amount in MAP money, said Todd Fryhover, commission president.

The budget allocates \$1.1 million for promotions of Washington apples in Mexico, \$1.1 million for India, \$875,000 in China, \$600,000 in Vietnam and \$550,000 in Indonesia. Those amounts are similar to what was spent on the season now ending.

The commission will also spend \$520,000 on Central America, \$510,000 on Thailand, \$307,000 on Malay-

sia, \$295,000 on the Middle East, \$275,000 on Taiwan, \$260,000 on South America, \$50,000 on Western Europe and \$26,000 on Canada.

About \$500,000 will be taken for the top five countries from \$2.6 million in reserves, Fryhover said.

The commission plans to spend \$500,000 per year for the next three years for a total of \$1.5 million out of the \$2.6 million to offset expected MAP reductions, he said.

The commission also has \$3 million in reserves for catastrophic events such as the Alar scare of 1989, he said.

Representatives from Mexico, India, China, Vietnam and Indonesia will be in Wenatchee June 8-9 to discuss promotions and how to use a new logo featuring the Washington apple logo surrounded by individual logos of about two dozen companies in point-of-sale materials in overseas markets.

Multi-state dry bean consortium one step away from reality

By SEAN ELLIS
Capital Press

BOISE — An effort to create a multi-state dry bean research consortium has moved along slowly since it was first pitched in 2013 but it’s now one step away from being formalized.

Dry bean commissions, processors and land grant universities in Colorado, Idaho and Wyoming agreed in 2013 to form a consortium that works together on projects that benefit all three states’ bean industries.

“I think we’re making progress but it’s slow,” said Jerry Haynes, secretary of the Colorado Dry Bean Administrative Committee.

The Idaho Bean Commission has led the effort.

The University of Wyoming and Colorado State University signed memorandums of understanding several months ago that spell out how the states’ universities will cooperate.

Once University of Idaho signs the MOU, the effort is a go. UI officials did not say when that might happen.

“That agreement would formalize everything and then we could develop the mechanisms needed to start getting things going,” said Mike Moore, manager of UW’s Seed Certification Service.

The idea it to maximize the amount of money available for bean research by not duplicating efforts and work-

ing together on projects that benefit each state, said Idaho farmer and IBC board member Bill Bitzenburg.

“There are a lot of issues in the bean industry that aren’t state-specific,” he said. “A bean is a bean.”

Haynes said bean-related issues the states could work together on include breeding, fertility, variety testing, water management and herbicide testing.

Not duplicating efforts will be one of the biggest benefits of the effort, people involved in it told Capital Press.

“We would really like for this to move forward because we all have the same goal in mind — not to duplicate efforts and to develop more of a multi-state (approach),” said IBC Administrator Andi Woolf-Weibye.

Colorado’s bean industry has pledged \$10,000 a year for three years toward the effort, Idaho is expected to provide \$30,000 a year for three years and Wyoming, which recently created a bean commission, will contribute as well.

Moore said that for land-grant universities, which normally compete for research funding, to work together at this level will be groundbreaking.

Others said they are hopeful that the consortium will be that significant but are a little skeptical that it actually will because of how slowly it’s moved.

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