

# EU-Japan trade agreement worries U.S. ag groups

By CAROL RYAN DUMAS  
Capital Press

U.S. agricultural groups warned of the fallout after President Donald Trump pulled out of the Trans-Pacific Partnership, and less than six months later the first repercussions have materialized — the EU has penned a trade deal with Japan, a major market for U.S. farm exports.

The European Commission last week called the new Economic Partnership Agreement with Japan “the most important bilateral agreement ever concluded by the EU,” saying it will remove the vast majority of duties and open the Japanese market to key agricultural exports.

American Farm Bureau economist Veronica Nigh said the agreement is a significant threat to U.S. agricultural exports to Japan, which consistently ranks as the fourth-largest market for the U.S. Japan imported \$11 billion in agricultural goods from the U.S. in 2016.

In her analysis of the agreement, she said Japan continues to maintain high tariffs on agricultural goods, especially compared to other developed countries.

“Reductions in these tariffs will certainly mean greater sales for the country able to reach and ratify a trade agreement,” she said.

That’s why U.S. agriculture celebrated the completion of the TPP in February 2016 and mourned the U.S. withdrawal in January. The EU recognized the U.S. withdrawal from TPP as an opportunity, and its negotiations with Japan went into hyper-drive, she said.

The agreement “likely means that we will lose market share in an important market — that’s what tends to happen when you’re outside looking in on a bilateral FTA,” she said.

It could lead to significant erosion of U.S. market share for pork, beef, cheese, processed foods and wine. The EU already has a strong presence in Japanese markets, which a significant tariff advantage will only increase, she said.



Carol Ryan Dumas/Capital Press File

Cows move toward the milking parlor on Bettencourt Dairy No. 1 in Wendell, Idaho. A new trade agreement between the European Union and Japan threatens one of the largest export markets for U.S. agricultural products such as cheese, pork and beef.

## Dairy impact

The agreement includes better access for EU cheeses and other dairy products, such as milk powders and butter, said Shawna Morris, vice president of trade policy for National Milk Producers Council.

“This agreement is a fresh reminder of how critical it is that we get in the game as well,” she said.

The EU is negotiating with other countries as well, and the other major dairy supply countries of the world are also actively pursuing free trade agreements for their countries.

It’s critical the U.S. do the same, she said. Japan is a sizeable market for U.S. dairy and the third largest for U.S. cheese.

U.S. dairy sales to Japan were \$205.7 million in 2016, down 25 percent from 2015, according to the U.S. Dairy Export Council.

The European Commission said the agreement with Japan will scrap duties on EU hard cheeses and ensure the protection in Japan of more than 200 geographic indicators.

The U.S. dairy industry is always concerned about geographic indicators, which the EW uses to protect common food names such as parmesan or feta cheese to restrict competition.

However, Japan has been setting a pretty good example with its system on geographic indicators, she said. It requires an application be submitted, reviewed and opened for public comment, evidence and argu-

ments before the government makes a decision.

“To our knowledge, on the GI side of things, it’s at the beginning, not the end, of the process,” she said.

The Consortium for Common Food Names, for which she is the senior director, participates in such processes, she said.

The EU is also negotiating a deal on GIs with Mexico and concluded one with Canada last year, said Beth Hughes, director of international affairs for the International Dairy Foods Association.

“We still need to see the details, but we are concerned about which common food names will be affected and how that will impact U.S. cheese exports to Japan,” she said.

The EU-Japan bilateral agreement could be an “ominous portent” for U.S. dairy exports to Japan, she said. The agreement enhances the EU as a competitor to U.S. dairy in Japan now and in the future.

In the bigger picture, USDA projects U.S. milk production to grow 23 percent over the next 10 years. Given that U.S. exports today account for 15 percent of production, there needs to be export opportunities for approximately 80 billion pounds of milk over the next 10 years, she said.

“Bilateral agreements, especially in the Asia-Pacific region, are critical if we are to attain our future export potential and continue to support American jobs,” she said.

## Meat matters

National Pork Producers Council is also concerned and has renewed its request that the Trump administration begin negotiations on a trade deal with Japan.

“The United States must quickly finalize a trade deal with Japan if it wants to maintain that important market, said Ken Maschhoff, NPPC president, in a press release.

“We can’t stand by while countries around the world negotiate agreements that give them a competitive advantage over American products,” he said.

Japan is the highest-value market for U.S. pork, importing \$1.56 billion in 2016 and 26 percent of U.S. production. Those exports added more than \$50 per head to the average value of all hogs marketed in the U.S.

“Producers are very dependent on exports ... we can’t afford to lose exports in our No. 1 market,” Maschhoff said.

The EU is an aggressive and formidable competitor in the Japanese pork market and is the second-largest supplier after the U.S.

European exporters stand to gain a significant advantage through the tariff reductions negotiated in the agreement with Japan, the U.S. Meat Exported Federation said in a statement to Capital Press.

Japan is clearly moving forward in reducing agricultural trade barriers for other suppliers, USMEF stated.

The U.S. also shipped \$1.51 billion in beef to Japan in 2016. Although the EU isn’t currently a major beef supplier to Japan, it has become a factor in Japan’s imports of tongues and other varietal meats.

Through the agreement, duties on EU beef variety meats will be slashed initially and phased to zero over the next 11 to 13 years, putting the U.S. at a significant disadvantage. Duties on EU chilled and frozen beef cuts, currently at 38.5 percent, will initially be cut about 10 percent and phased down to 9 percent over 15 years.

“Meanwhile, U.S. beef continues to pay 38.5 percent duty and remains subject to Japan’s quarterly beef safeguards,” USMEF said.

# Bean consortium to move forward with or without UI

By SEAN ELLIS  
Capital Press



Sean Ellis/Capital Press File

GLENNIS FERRY, Idaho — Idaho Bean Commission board members have decided to move forward with a multi-state dry bean consortium with or without a memorandum of understanding from the University of Idaho.

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

The final step in making the consortium a reality are signed MOUs from the land grant universities. The University of Wyoming and Colorado State University signed theirs nine months ago.

During their regular quarterly meeting June 29, IBC commissioners expressed frustration at the amount of time it is taking for UI to sign its MOU.

“If it’s taking this long to get something like this MOU approved, what will happen when we actually want to reach an agreement on a project?” said IBC Administrator Andi Woolf-Weibye.

When stakeholders from the three states agreed to form the consortium, they said its biggest benefit would be allowing the industry to maximize research dollars by not duplicating efforts.

IBC board member Mike Goodson, a grower from Parma, said that if it takes much longer for the MOU to be signed, “I think this effort could collapse and I don’t want to see that.”

Instead of waiting for the MOU to be signed, the group decided to work directly with UI researchers on projects backed by consortium mem-

bers. Idaho Bean Commission members have decided to proceed with a regional bean consortium with or without a memorandum of understanding from the University of Idaho.

“We’re going to proceed forward with or without the (MOU),” said IBC commissioner Don Tolmie, production manager of Treasure Valley Seed Co.

University officials declined to comment on the IBC decision to work directly with researchers regardless of whether there is a memorandum of understanding. They also said the MOU is being worked on but didn’t say when it might be signed.

Bean-related issues the states have expressed interest in working together on include breeding, fertility, variety testing, water management and herbicide testing.

Colorado is a leader in dry bean genetics, Idaho is a leader on the agronomic side of the industry and Wyoming, which formed a dry bean commission as the regional effort was being discussed, has a plant pathologist.

The IBC will lead a second effort to apply for federal grants that recently became available for multi-state specialty crop groups.

That grant program, which is authorized by the farm bill, provides several million dollars a year for multi-state specialty crop groups that focus on research, food safety, plant diseases, pest issues and other crop-specific projects.

## With second ‘ag gag’ law struck down, eyes turn to appeals courts

By MATEUSZ PERKOWSKI  
Capital Press

With a second so-called “ag gag” law getting struck down, the fate of prohibitions against secret farm recordings now rests with federal appellate courts, experts say.

Two neighboring states, Idaho and Utah, enacted laws barring people from gaining entry to farms under false pretenses to film agricultural operations.

The statutes were prompted by broadly publicized undercover videos that depicted animal abuse at livestock facilities.

A federal judge recently found Utah’s statute to unconstitutionally violate free speech rights, largely on the same grounds that Idaho’s law was earlier invalidated.

The ruling in Idaho is already being reviewed by the 9th U.S. Circuit Court of Appeals, while the Utah opinion is expected to be challenged before the 10th U.S. Circuit Court of Appeals. Together, the federal appellate courts have jurisdiction over 15 Western states.

However, the 9th Circuit is widely viewed as more liberal than the 10th Circuit, potentially setting up a “circuit split” on the laws that would invite U.S. Supreme Court review, experts say.

Despite its conservative reputation, the 10th Circuit is likely to uphold U.S. District Judge Robert Shelby’s recent ruling against Utah’s statute, said Stewart Gollan, attorney for the Animal Legal Defense Fund, which sued to oppose the laws.

False statements, such as those used to obtain farm jobs, would likely be protected under a Supreme Court precedent that threw out a law criminalizing lies about military service, he said.

“The Supreme Court made very clear that even untrue speech can, in many cases,

enjoy First Amendment protection,” said Gollan.

In the Utah ruling, the judge found that many potential “false pretenses” criminalized by the state’s law would be too innocuous to cause “legally cognizable harm,” so they remain protected as free speech.

Utah’s statute “criminalizes a broad swath of lies that result in no harm at all,” such as job applicant claiming “that he is a born-again Christian, that he is married with kids, that he is a fan of the local sports team,” the judge said.

John Dillard, an attorney for the Animal Agriculture Alliance, said it’s tough to predict how Utah’s statute will be interpreted by the 10th Circuit.

“It’s a case of first impression,” said Dillard, who submitted a court brief defending Utah’s law.

Even if the 10th Circuit agrees the Utah statute is unconstitutional, the ruling would hopefully shed some light on the type of activities that can be lawfully prohibited, he said.

According to the judge’s ruling, Utah’s statute unlawfully interfered with the creation of free speech, similarly to a statute that taxes ink and paper to suppress the views of a newspaper.

The right to broadcast a video would “mean very little” if the government could “circumvent that right by regulating with impunity the making of the recording instead,” the judge said.

Since Utah’s law targeted actions — making false statements and secret recordings — not actual speech, lawmakers need to understand the “right reasons” for enacting laws that affect hiring, said Dillard.

“If we’re going to consider actions speech, we’ll need some clearer parameters,” he said.

## Research ranch seeks to balance conservation, grazing

By JOHN O’CONNELL  
Capital Press

HAILEY, Idaho — During his years as executive vice president of the Idaho Cattle Association, Wyatt Prescott was often on the ranchers’ side of grazing-related battles with conservation groups.

“The science wasn’t there to support either side of it,” Prescott said.

Now — as cattle manager at a unique research ranch owned by the Nature Conservancy and Wood River Land Trust — Prescott collaborates with environmentalists to find answers to challenges that have too often triggered conflicts over public lands.

The ranch, which includes 10,400 acres of private land and 11,000 acres of Idaho Department of Lands and Bureau of Land Management leases, has been grazed since it was homesteaded. A developer purchased the private portion in the 1980s, planning to build homes, but sold the development rights through a USDA land-preservation program.

The conservation groups bought the ranch planning to turn it over to the Idaho Department of Fish and Game.



John O’Connell/Capital Press

Wyatt Prescott, right, instructs ranch hands on horseback June 7 at Rock Creek Ranch near Hailey, Idaho, following a cattle drive.

Those plans fell through, so they signed a memorandum of understanding allowing University of Idaho’s College of Agricultural and Life Sciences and College of Natural Resources to use the property for rangeland research, complementing work done at UI’s pasture-based research facility in Salmon.

“Idaho has so much of this type of rangeland, and we need to figure out how to best meet the needs of all of the different users on this rangeland landscape,” said Cameron Packer, who works

for the owners as the ranch’s stewardship coordinator. “We want to improve habitat, conserve the rangelands for future use and increase their overall sustainability.”

Research at the ranch commenced in May 2016. UI will compare the well-being of 150 cow-calf pairs raised on the rangeland with the same number of pairs raised on pasture in Salmon.

Prescott, who works on a contract with UI, said research from the initial season suggests cattle that disperse farther away from ripari-

an meadows and graze the hillsides tend to gain more weight. Prescott explained the finding is important because the ranch hopes to select for both cattle that convert feed to weight efficiently and avoid overgrazing environmentally sensitive meadows.

Another study starting this summer will analyze the impacts of six different grazing densities on plants of importance to sage grouse. Prescott suspects grazing will prevent forage from going to seed and keep meadows green longer.

“Through using grazing

## Credit program planned for Teton flood-irrigation project

By JOHN O’CONNELL  
Capital Press

VICTOR, Idaho — A partnership seeking to bring back flood irrigation in Teton Valley to replenish declining groundwater levels has started research on a credit system that would offer participants financial incentives.

Surface flows in the Teton River watershed have steady-

ly declined as irrigators have installed efficient sprinkler systems to replace flood irrigation, which once boosted the water table.

Officials estimate groundwater levels in the valley have dropped 55 feet since irrigators started phasing out flood irrigation in the 1970s, and the valley’s junior water rights are often shut off as a result.

In December of 2015, local irrigators, the Teton County Farm Bureau Federation, local cities and counties, Friends of the Teton River, Teton County Soil and Water Conservation District, Water District 1, the Henry’s Fork Foundation and others formed the Teton Water Users Association to reverse the trend.

The coalition is amassing funds to repair long-aban-

doned flood-irrigation infrastructure, enabling farmers to flood irrigate within their existing water rights in the spring, when surplus water is available, before switching back to sprinklers later in summer. The recharged groundwater returns to the river about three months later, when it’s most needed by fish, wildlife and irrigators.