Sean Ellis/Capital Press

Irrigated and non-irrigated farmland continues to gain in value throughout the Pacific Northwest.

Farmland values continue to increase

By SEAN ELLIS
Capital Press

BOISE — Agricultural land values around the Northwest continue to increase, despite relatively low commodity prices.

"We would suspect that with commodity prices being low for the past two years, we would have seen some drop in (agricultural) land values, but that is not the case," said John Chidester, an ag land assessor in East Idaho. "I've seen no indication that values are going down."

USDA's National Agricultural Statistics Service estimates the average value for all cropland in Idaho at $3,400 an acre in 2017, a 3 percent increase over $3,300 an acre in 2016. NASS estimates the value of irrigated cropland in Idaho at $5,150 an acre and non-irrigated cropland at $1,460 an acre. Both are up 3 percent from the previous year.

Around the nation, average cropland value is estimated at $4,090 an acre, unchanged from 2016 and below the $4,130 total in 2015 and $4,100 total in 2014.

Bob Morrison, an independent ag land appraiser in Idaho Falls, said NASS Idaho estimates for 2017 appear solid.

"Ag land values have been steady to slightly increasing," he said. "It's surprising when you consider that commodity prices are down, but the values are still holding strong."

Doug Robison, Northwest Farm Credit Services senior vice president for agriculture in Idaho, said ag land value trends have shown some gains on an annual basis with overall transaction counts declining.

"The combination of limited supply, investor appetite and low interest rates have provided strong support for land values," he told Capital Press in an email. "Land values have been surprisingly resilient over the past few years. High-quality farmland remains in tight supply."

NASS also projects that cropland values in Washington and Oregon are on the rise in 2017.

The agency estimates average cropland value in Oregon at $2,860 an acre, up 4.8 percent from last year, with irrigated cropland averaging $4,850 an acre and non-irrigated cropland at $2,120 an acre.

In Washington, average cropland value is estimated at $2,890 an acre, up 4.7 percent, with irrigated cropland at $8,700 an acre and non-irrigated cropland at $1,380 an acre.

According to a Farm Credit Services report on 2017 ag land values, limited supply is anchoring land values "despite concerns surrounding weaker commodity prices. ... Both irrigated and dry cropland values continue to remain strong despite lower commodity prices for many crops."

A large volume of the farmland sold in Idaho this year is purchased by investment groups that are keeping the land in farming, said Morrison.

Cherries: Too much of a good thing?

Analysis

By DAN WHEAT
Capital Press

Dan Wheat/Capital Press

A huge 2017 cherry crop caused prices to tumble and created concerns for the future.

The Pacific Northwest sweet cherry industry finally had the year of its dreams in good weather, but maybe the year of its nightmares in pricing and returns.

Stellar weather this year led to record cherry volume. The crop of around 27 million, 20-pound boxes was well above the old record of 23.2 million boxes in 2014.

But the record crop caused wholesale prices to tumble below $16 per box, making it unprofitable. Early grower returns were good, but post-Fourth of July returns, not fully known until mid-October, are not expected to be good. Some picked fruit was dumped.

So the big question growers, packers, shippers and marketers will grapple with over the next several months is whether the industry can expand market consumption enough to handle 27 million-box and larger crops.

Or are the crops too much of a good thing?

The answer seems obvious. Supply exceeds demand. Cut supply. But it might be more complicated than that.

There are lots of variables that shape any given season. Weather is one of them. Rain, hail, excessive heat or poor pollination usually hold down crop size, but that didn't happen this year.

"The reality is every cherry season is different, and this one played out in a manner that is unacceptable to me, my growers and shippers," said B.J. Thurlby, president of Northwest Cherry Growers in Yakima, Wash., the industry's promotional arm.

Next year, the market might respond differently and there may be more demand than supply, he said. The key is repeat consumer purchases, and this year "our retail partners saw our core consumers did not make as many repeat purchases as we needed," Thurlby said.

"We had two-and-a-half months of sustaining huge volume, competing with lots of other summer fruit. California had a lot of cherries before us at good pricing and good volume. Why it tanked for us was just supply and demand," said Denny Hayden, a Pasco, Wash., grower.

B.J. Thurlby

Brenda Thomas

Norm Gutzwiler

It was a tale of two seasons for the Northwest. Pre-Fourth of July brought "good to moderate" prices, and post-Fourth of July brought too many cherries and prices at $16 a box and lower, Hayden said.

"The problem was not having enough sales for it. We couldn't move out packed fruit," he said.

PNW cherries were the No. 1 advertised item in retail produce departments for four weeks. They were in the top three for seven weeks against more than 800 other items on average, Thurlby said.

"You hope we picked up some new consumers, which is part of the necessary growing pains we go through in producing larger crops," he said.

Consumer-friendly retail pricing and good displays were the norm in most stores as major chains focused on cherries for over two months, he said.

More than 500,000 boxes per day were shipped for 42 straight days — an "unbelievable" amount, he said.

Northwest Cherry Growers began new programs in the Philippines, Myanmar and Cambodia and the industry exported more than 8 million boxes. More than 3 million of that went to China. The previous export record was 7.5 million in 2014. Last year, 1.8 million boxes went to China.

"To me the bottom line is there are just too many cherries planted. There's not enough infrastructure to get them packed. Until the huge supply drains away, it isn't a good market. It's a good market early and in the end but not in the middle until we reduce the amount of fruit being picked," said Norm Gutzwiler, a Wenatchee, Wash., grower.

Brenda Thomas, president of Orchard View Farms in The Dalles, Oregon's largest cherry grower, said people talk about growing markets but she's not sure where that is because "certain retailers reached a lot people with low pricing and it still didn't create enough demand."

"We packed all our fruit and sold all our fruit for very poor pricing. There was little or no demand for cherries in general. It was that way all season long except right at the beginning," Thomas said.

Small growers will get squeezed out first if supply is reduced, she said, adding she does the best she can for her growers.

Orchard View packs for a couple dozen growers. Beyond that, it grows 80 percent of what it packs.

Charles Lyall, a Mattawa, Wash., grower, said it's tough to make a profit this year on $20 per box at a 30 percent cullage rate.

Small growers, particularly 5- and 10-acre growers, are likely to get out of business first because they can't handle food safety compliance and other regulations as efficiently as large companies, Lyall said.

"I would like to increase markets but if you can't increase markets fast enough to take care of the volume and can't sell at a profit, then you have to start looking at reducing production," he said.

A short-term solution, he said, is heavier pruning to reduce crop load and produce larger cherries. The next option is removing less productive trees and varieties, which he will start doing this winter or next, he said.

Big companies have increased a lot of cherry acreage in the Mattawa area in the past 30 years and a lot of that, with some ups and downs, has been fueled by good prices, Lyall said.

"We've been riding that train. We might be back to a point where we've overproduced and it's going to have to go back to lowering volume," he said. "You tear out Bing at 6 tons per acre and plant Skeena that averages 10. The day of growing small fruit that doesn't get packed is trouble."

New varieties that produce large cherries would be good, he said, "but I'm afraid there's more of these years ahead than in the past."

Innate spuds gaining foreign-market approval

By JOHN O'CONNELL
Capital Press

KETCHUM, Idaho — Simplot Plant Sciences has obtained approval for its Innate brand of genetically modified potatoes in a few key foreign markets, including Japan, and has several other applications for foreign-market access pending.

Company spokesman Doug Cole said Simplot has no intention of exporting Innate into any foreign markets in the near term — though it may raise some Innate potatoes in Canada for distribution there.

For now, the approvals are intended only to minimize problems in case Innate materials are ever found commingled with conventional spuds shipped to sensitive export markets, Cole said.

"These countries would know how to test for (Innate) as part of the application process, and they would have our technical specifications," Cole said, adding that having Innate already approved in a foreign market could prevent delays of U.S. exports following confirmation of accidental Innate commingling.

Cole said Simplot obtained approval to sell its first-generation Russet Burbank in Japan during August. First-generation Innate Burbanks, Atlantics and Ranger Russets — all bred to resist bruising, to avoid turning brown after cutting and to possess low levels of acrylamide, which is a potentially harmful chemical created during frying of some starchy foods — were approved last spring in Australia and New Zealand.

Idaho farm seeks $280,000 for seed peas

By MATEUSZ PERKOWSKI
Capital Press

An Idaho farm is seeking more than $280,000 in a lawsuit alleging Syngenta Seeds violated a contract by failing to pay for pea seeds.

Vincent Farms of Twin Falls County claims that it was contracted to grow seed peas for Syngenta last year but wasn't paid for the crop upon delivery to the defendant's processing facility in Walla Walla, Wash.

Prior to delivering the crop, Vincent Farms had it tested by the Idaho Department of Agriculture, which confirmed the seed had a germination rate of 87 percent, according to the lawsuit.

That sample was "professionally prepared for testing" by removing "dirt, rocks, plant stems, pea pods, and undesired or unusable seed peas," the complaint said.

Syngenta argued the seed's germination rate fell below 85 percent — the threshold required by the contract — but the company did not "remove the excess waste" before conducting the test, according to Vincent Farms.

The lawsuit seeks $283,000 in compensation for the value of the seed peas, as well as prejudgment interest of 12 percent a year and attorney fees of at least $2,000.

An attorney for Syngenta Seeds did not respond to a request for comment, but the company has filed an answer to Vincent Farms' complaint stating it wasn't obligated to pay for the pea seeds.