Company to launch new GM apple product

By DAN WHEAT
Capital Press

SUMMERLAND, B.C. — A small volume of genetically modified non-browning sliced apples apparently were well received by consumers in the U.S. Midwest and Southeast in November, and the company making them will launch a new product in mid-February.

Neal Carter, president of Okanagan Specialty Fruits Inc. in Summerland, won't say what the new product is but says 92 to 94 percent of consumers who ate the company's GM sliced Golden Delicious in promotional testing in six U.S. Midwest stores last February and March accepted them and said they would likely buy them.

"We don't feel we lack consumer acceptance," Carter said.

Asked if he believes it is a very vocal minority opposed to GM products, he said, "Yes, very much so."

OSF launched commercial sales Nov. 1 of only 40,000 to 50,000 pounds of Arctic Golden slices in about 70 stores under three retail banners across the Midwest and into the Southeast. They sold in 10-ounce pouch bags at a range of premium prices.

Okanagan Specialty Fruits
The non-browning genetically modified Arctic Fuji, developed by Okanagan Specialty Fruits of Summerland, B.C., has been approved for production and sales in Canada.

Okanagan Specialty Fruits
Arctic Golden Delicious apple slices sold last November in the U.S. Midwest and Southeast. The Canadian product is the first genetically modified apples sold in the U.S.

The sales and the earlier testing provided valuable consumer feedback on price points and packaging, Carter said.

Another 120,000 to 130,000 pounds of the 2017 crop was held back for the new product coming soon. Testing of bagged, whole apples may come next fall, he said.

OSF's products all sell under its Arctic brand.

The Canadian Food Inspection Agency and Health Canada announced Jan. 30 that the Arctic Fuji can be sold as food in Canada, poses no greater risk to human health than apples currently sold, has no impact on allergies and is not different in nutritional value than non-GM apples.

The Arctic Fuji had already been approved for sales in the U.S. by USDA in September, 2016.

Arctic Golden Delicious and Granny Smith have been approved in both countries and OSF plans to submit requests for approval of an Arctic Gala later this year or early next year. Approval takes about nine months in the U.S. and more than twice that in Canada, Carter said. OSF is considering other varieties, he said.

Carter, company founder, silenced a gene, reducing the enzyme polyphenol oxidase (PPO) to prevent browning when apples are sliced, bitten or bruised. The apples match the industry norm of not browning for three weeks after slicing but without using flavor-altering, chemical additives that the rest of the fresh-sliced apple industry uses.

OSF touts its slices as preservative free.

OSF grows most of its apples in undisclosed orchards in Washington state and is aggressively planting to increase volume to become a national brand in the U.S., Canada and elsewhere, Carter said.

"We are pursuing regulatory approval in Mexico and Argentina right now," he said.

The company will have 660 acres of orchards in Washington by the end of 2018, growing to 1,450 by mid-2019 and in 2020 will plant an additional 1,000 acres in Washington and the East Coast, he said.

So far, orchards are all company owned but contract growers likely will join, Carter said.

Washington has been the focus because of the availability of large tracts of land and because it's good apple country, he said.

The company is considering several sites in Washington to build a storage, processing and packing facility. Currently, it slices apples on its own line in facilities of another company in the Pacific Northwest.

Sales have only been in the U.S.

"In Canada, you have to have packaging in both English and French so it's not worth doing until we have more fruit," Carter said. "We may have a small amount here late this year from the 2018 crop."

Warming causes worries for Washington snowpack

By DAN WHEAT
Capital Press

YAKIMA, Wash. — Lowland snow on the east slopes of the Cascade Mountains is far less this winter than last and a warm February could threaten snowpack needed for summer irrigation.

Statewide snowpack was 100 percent of normal on Feb. 5 and water storage in Yakima Basin reservoirs was 131 percent of average, according to the Natural Resources Conservation Service and U.S. Bureau of Reclamation.

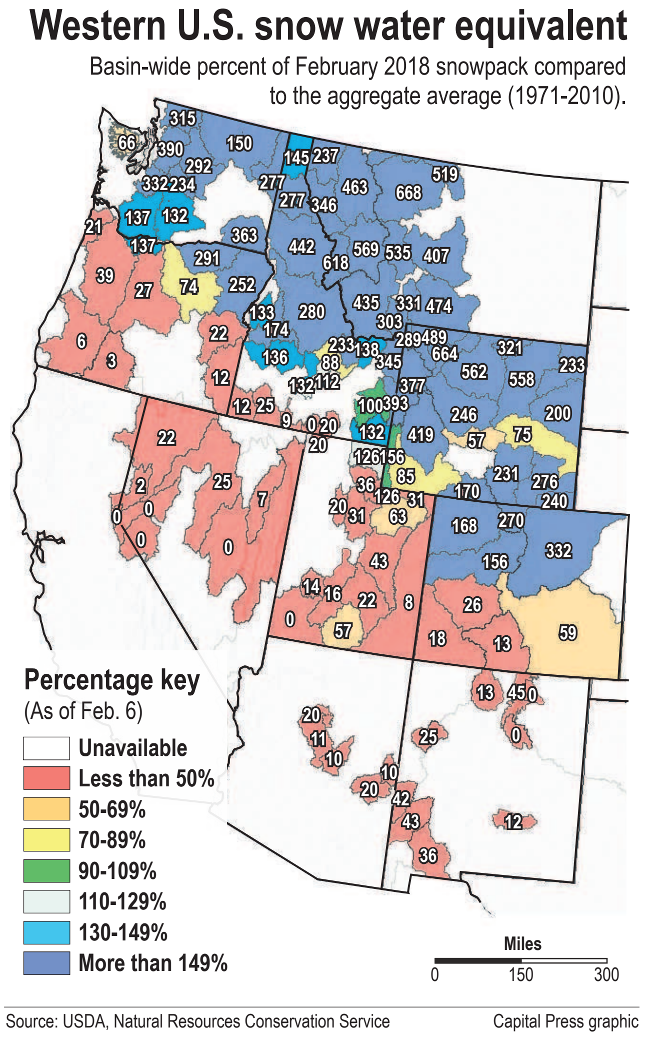
It was 68 degrees Feb. 4 in Yakima and 57 in Wenatchee, according to the National Weather Service.

"We've had three to four days of considerably above normal temperatures and rain which does not bode well for building mountain snowpack as we should be doing," said Scott Pattee, NRCS water supply specialist.

"It's all a function of La Nina. Warm and wet," he said.

Snow depth shrank several inches in a few days but not water content and soil moisture is good, Pattee said.

Snowstorms could rebuild snowpack or even just cooler temperatures could maintain existing snowpack, but the February outlook is for above normal temperatures and equal chances of precipitation, he said.



March and April are expected to be below normal in temperature and above normal in precipitation, he said.

"If we go through February with higher than normal temperatures, that could start to hurt if we're not getting snow, just rain. This time of year, we should be collecting snow in the mountains every day and we're getting rain," Pattee said.

Chris Lynch, U.S. Bureau of Reclamation hydrologist overseeing the Yakima Basin's five mountain reservoirs, said the water situation looks good but that he doesn't want to lose ground and never likes to see mountain snow melting in February.

"Snowpack isn't bad right now but we don't have a lot of snow-building weather in our forecast," he said. "December was dry in the middle and came back strong at the end. Historically, the basin builds snowpack through mid-April."

The five reservoirs, serving 464,000 acres of Yakima Basin farmland, were at 66 percent of their 1,065,400-acre-feet capacity on Feb. 5. Precipitation at the reservoirs for the first five days of February was 8.65 inches and water year-to-date precipitation (Oct. 1 through Feb. 4) was 170 inches or 122 percent of average.

Preliminary April through September streamflow forecasts call for normal to slightly above normal flows for the upper and central Columbia River regions, Pattee said.

"Some of the best snow in the state is in the upper Columbia and into Canada," he said.

Snow water equivalent snowpack in the Spokane basin was 106 percent of normal on Feb. 5. The upper Columbia (Okanogan and Methow rivers) was 131 percent. The central Columbia (Chelan, Entiat and Wenatchee) was 106, the upper Yakima was 92 and the lower Yakima 95. Walla Walla was 76, the lower Snake River was 103, the lower Columbia was 84, south Puget Sound (from Cascade crest to lowlands) was 80, central Puget Sound 90, north Puget Sound 116 and the Olympics 126.

Snow is sparse below 4,000 feet in the foothills west of Wenatchee. Lowland snow levels and lack of snow are normal for this time of year but noticeable compared with a year ago, which was above normal, Pattee said.

Pulse industry asks federal government to purchase excess stocks

By MATTHEW WEAVER
Capital Press

Representatives of the pulse industry will ask the federal government to purchase excess pea and lentil stocks after India unexpectedly hiked its tariff on the crops.

The request is to reduce "burdensome" stocks from an unexpected market shock before the new crop year, said Tim McGreevy, chief executive officer for the USA Dry Pea and Lentil Council.

India was the largest export market for U.S. peas and lentils, purchasing 150,000 metric tons to 200,000 metric tons of dry peas and 60,000 to 90,000 metric tons of lentils each year in the last five years.

India represents about 25 to 30 percent of total pulse exports, McGreevy said.

In November, the Indian government imposed a 50 percent tariff on all dry peas imported by India. Then, in December, the Indian government imposed a 30 percent tariff on lentil and chickpea imports.

Submitted Photo
Peas are shown in the header during harvest near Kendrick, Idaho. A decision by India to increase its tariffs on peas and lentils from the U.S. has forced the industry to ask the USDA to boost its purchases of pulse crops.

"What was particularly disturbing about this decree was they made it effective immediately," McGreevy said. "That was very difficult, because some U.S. shippers had product on the water bound to be delivered into India by the end of the year, or was already loaded and shipped. That was what we considered to be quite poor trade practice."

The shipments had to be redirected, causing some shippers to take losses, McGreevy said.

India is within its rights under the World Trade Organization to impose the tariff on imported pulses, McGreevy said.

The reason given is that India had a fairly large domestic crop of pulses and is protecting prices for its growers. McGreevy said it's had the desired effect: The tariff completely shut off all sales into India, and domestic prices increased "significantly."

India is the largest producer and "by far" the largest consumer of pulse crops in the world, McGreevy said. Eighty percent of India's population is vegetarian and constantly seeks inexpensive sources of vegetable protein.

Stronger demand domestically has helped soften the blow for U.S. farmers, he said. But stock levels are well above the past five years. Prices have dropped by 2 to 3 cents per hundredweight since the tariffs were announced.

"It was the biggest market shock I've been a part of in my 24 years," McGreevy said. "We've had droughts before, but you can kind of see them coming. But to have a shock like this where literally a government decision to cut off trade, after you've signed contracts — it was significant. There's no way to plan for that (or) insure against that. There was no indication this was coming."

Wheat, soybean and corn industries have faced a similar tariff in India, McGreevy said.

"This isn't something other commodity groups haven't faced — they have," he said. "It's just the first time we've faced it, because they've generally been pulse-deficit."

Oregon wineries see surge in direct-to-consumer sales

By GEORGE PLAVEN
Capital Press

The U.S. wine industry continues to experience a meteoric rise in direct-to-consumer sales, with Oregon wineries seeing the sharpest increase of all in 2017.

That's according to an annual report by Wines & Vines magazine and Sovos, a company that makes tax compliance and regulatory reporting software. Together, they have tracked growth in the direct-to-consumer channel since 2010.

Wineries shipped more than 5.78 million cases direct-to-consumer in 2017, valued at $2.69 billion. Both figures show roughly 15 percent annual growth in the sector, outpacing the six-year average of 11 and 12 percent, respectively.

Oregon led all wine-producing regions with a 31 percent gain in direct-to-consumer sales, followed by Washington at 26 percent and Sonoma County, Calif., at 25 percent.

Napa County, Calif., remained the leader both in volume and value of direct-to-consumer sales, even after the devastating wildfires that struck the region during harvest in October — the busiest time for tourists.

In Oregon, direct-to-consumer wine shipments have increased 214 percent since 2012, with Pinot noir driving more than half of that volume. The average price per bottle also increased by 2.8 percent, to $39.16.

"Oregon is clearly having its day," the report states. "Due to larger than average harvests in 2013-2015, along with increased attention from investors, the trade, media and consumers, Oregon's sales and shipments are flourishing."

Sally Murdoch, a spokeswoman for the Oregon Wine Board, said the news is encouraging to every Oregon winemaker.

"This represents a lot of hard work on the part of our producers in an extremely competitive and challenging market," Murdoch said. "It also shows a lot of successful engagement with consumers with a very sharp focus on what consumers want in the high-end wine sector."

The Oregon Wine Board's figures show a similar increase in direct-to-consumer sales, which rose by 63,536 cases in 2016 over 2015.

Murdoch said tasting rooms are largely responsible for those impressive increases.

"People really want to get in there, see the people who make the wine and buy," she said. "It's very tactile."

WSDA determining effects of TPP pact without U.S.

By MATTHEW WEAVER
Capital Press

The Washington State Department of Agriculture is trying to determine the impact of the Trans-Pacific Partnership proceeding without the U.S.

"We're still figuring out what that impact is, and how quickly those competitive disadvantages will emerge," said Derek Sandison, WSDA director. "How much time do we have to find a solution before we actually are having real, tangible impacts — in terms of how much more tariffs we're paying than our competitors?"

The U.S. wheat industry estimates the tariff alone will create a $200 million annual disadvantage in Japan by the time the trade deal is fully implemented in nine years.

The department is working with various commodity organizations to get a sense of what they've heard and know, Sandison said. The state is using its connections with USDA to assess what they're seeing.

"Who's impacted, by how much, and when?" Sandison said.

During a National Association of State Departments of Agriculture forum in Washington, D.C., he spoke with Ted McKinney, USDA Undersecretary for trade and foreign agricultural affairs, and Sharon Bomer Lauritsen, assistant trade representative for agricultural affairs and commodity policy for the U.S. Trade Representative.

Sandison told McKinney and Lauritsen that the agreement, now called TPP 11, will create an uneven playing field for U.S. commodities.

McKinney and Lauritsen said one problem is the U.S. Senate is sitting on the confirmation of Greg Doud, who was nominated to be the chief agricultural negotiator for USTR, Sandison said. The hold was recently lifted, but no Senate vote has been set on his appointment.

"Not having that critical position in place does somewhat limit their ability to have a broad, ranging set of discussions throughout ag trade," Sandison said. "From their standpoint, they still want to pursue bilaterals, although we've seen in recent news stories that the president has expressed some interest in maybe revisiting the multilateral side of this, which has yet to be seen."

Wheat industry representatives recently met with Japanese government officials and flour millers and were told that nation is not interested in a bilateral agreement. Sandison said Japan expressed similar sentiments to other groups recently, including the Montana Department of Agriculture.

Japan recently entered an agreement with the European Union, which will likely affect the ability to compete selling Washington wine in Japan, Sandison said. Wine-selling competitors such as Australia and New Zealand remain in TPP, and will have a competitive advantage over the U.S. in the Japanese market, Sandison said.

Sandison planned to be in Washington, D.C., this week with the state's wheat industry representatives, meeting with the White House's agriculture and trade representative to explain the potential impacts of the U.S. leaving TPP.

State agriculture representatives met last week with Senate Finance Committee staff to voice their concerns.