

# Washington apple crop size, prices dip

By DAN WHEAT  
Capital Press

YAKIMA, Wash. — Washington's apple crop size and prices appeared stable a month ago but since then have fallen and, some say, likely will fall more.

The 2017 fresh crop was estimated at 138 million, 40-pound boxes on Feb. 1, down 3 percent from 142.3 million a month earlier, said Jon DeVaney, president of the Washington State Tree Fruit Association in Yakima.

Packouts are down as more fruit is diverted to processing for juice, sauce and baked ingredients or culled, he and others said.

"I expected it to come sooner. Diversion is helpful. Right now, this is just an apple market (OK but not great). It's just a lot of small fruit," said Chuck Zeutenhorst, general manager of First Fruits Marketing of Washington, in Yakima.



Dan Wheat/Capital Press

Josephine Ivarra and Miriam Valdovinos weigh and pack bagged Ambrosia apples at McDougall & Sons Fruit Inc. in Wenatchee, Wash., on Jan. 5. The crop size and prices are dropping.

"This is our second-largest crop. We can afford to have it go down and still have adequate supply and focus on bringing our best quality to market," DeVaney said.

Asking prices reported by USDA fell \$2 to \$4 per box on medium-size (80 and 88 apples per box) Granny Smith, Fuji, Red Delicious and Gold-

en Delicious while increasing \$1 to \$2 on Gala.

"I think they're still sliding a little bit," Zeutenhorst said.

Tom Riggan, general manager of Chelan Fresh Marketing, in Chelan, said he thinks the crop will continue to shrink due to splits and water core in some varieties and too much small fruit.

"Sometimes there's only so much room in the worldwide marketplace for real small apples, so not all will make it into a box," Riggan said.

Large and medium fruit sell heaviest first, and as their supplies dwindle, their prices will increase, but overall prices are less than last season, he said.

As of Feb. 9, USDA tracking of average asking prices among Yakima and Wenatchee shippers for extra fancy (standard grade) medium size 80 and 88 apples per packed box: \$13 to \$15 for Red Delicious, down \$1 on the low end and \$2 on the high end since Jan. 5.

Gala 80s were \$20 to \$24, up \$2 on the low end and unchanged on the high. Gala 88s were \$17 to \$22, up \$1 on the low end and also unchanged on the high.

Honeycrisp premium 80s were \$58 to \$64, up from \$46 to \$54 a month ago. Honey-

crisp premium 88s were \$56 to \$62, up from \$44 to \$52 a month ago.

Of the 4.3-million-box crop shrinkage, 1 million were Fuji, 984,000 were Red Delicious, 953,000 were Granny Smith, 840,000 were Gala, 361,000 were Ambrosia and 245,000 were Honeycrisp, Riggan said.

As of Feb. 1, 54.7 million boxes had been sold compared to 58.9 million a year ago. "It's a bit behind but we are making headway," Riggan said.

Exports have improved in the past month to 17 million boxes, season-to-date, up 5 percent from a year ago, said Bryan Peebles, Chelan Fresh Marketing export sales manager.

Mexico is up 5 percent over last year while Canada is down more than 10 percent, partly because of smaller fruit size, Peebles said.

India likes small Reds and is up more than 30 percent

1.8 million boxes while China is down almost 30 percent at less than 800,000 boxes, he said.

Sales to the Middle East and Latin America are strong, he said.

"As long as quality stays stable, we will be able to move apples into Mexico and India. Southern Hemisphere Gala starts packing this week and that will impact world markets," Peebles said.

U.S. Apple Association reported national fresh holdings of 95.6 million boxes on Feb. 1, up 12 percent from a year earlier. Processing holdings totaled 38.6 million boxes, up 10 percent.

The industry has a lot of apples remaining to sell, and one concern is having a large late crop followed by an early one brought on by a mild winter and possibly early spring.

"You don't want to have to sell a year's worth of fruit in 11 months," DeVaney said.

# Low snowfall creates bleak water supply outlook for Oregon

Snowpack below normal at all monitoring sites

By GEORGE PLAVERN  
Capital Press

Warm weather and meager mountain snow could spell a difficult water year ahead for Oregon farms.

The USDA Natural Resources Conservation Service released its monthly water supply outlook report for February, and overall conditions are not looking good in most basins across the state.

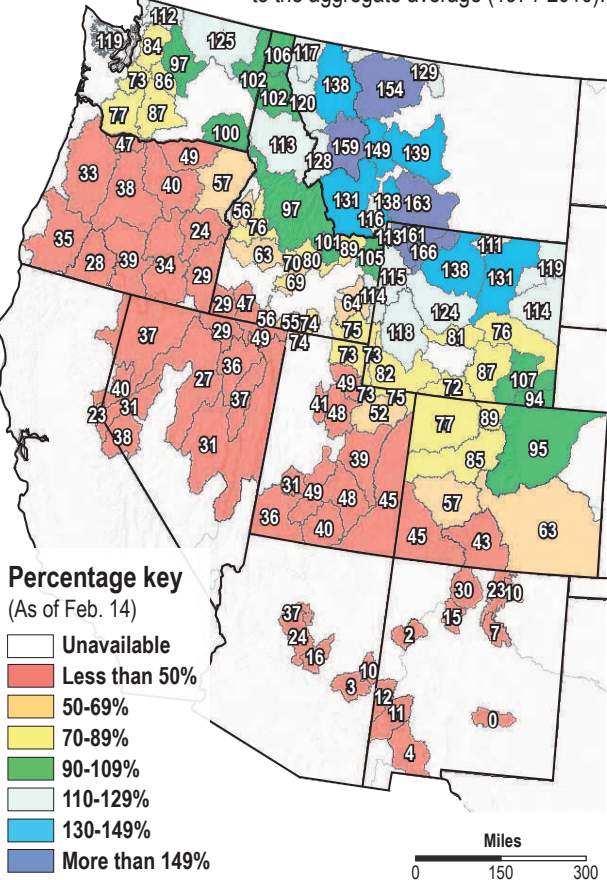
Of 137 monitoring stations, every single one recorded below-average snowpack as of Feb. 1. Most were less than 50 percent of normal, according to the NRCS.

Julie Koeberle, snow survey hydrologist, said the chances for a full snowpack recovery are low, but stressed there is still time for conditions to improve. The National Oceanic and Atmospheric Administration's Climate Prediction Center is calling for cooler and wetter weather over the next three months, offering a glimmer of hope.

However, if Oregon expects to fully catch up on snowpack by April 1, the next two months would have to deliver 125-225 percent of normal precipitation, with all of that falling as snow.

## Western U.S. snow water equivalent

Basin-wide percent of February 2018 snowpack compared to the aggregate average (1971-2010).



Source: USDA, Natural Resources Conservation Service Capital Press graphic

"Water managers will need to carefully evaluate water supplies this summer if snow and spring rains fail to bring relief," Koeberle said.

Northeast Oregon continues to boast the highest snowpack in the state, at 64 percent of normal in the

Grande Ronde, Powder, Burnt and Imnaha basins, and 55 percent of normal in the Umatilla, Walla Walla and Willow basins.

Those averages drop as low as 38 percent in the Willamette Basin, 35 percent in the Owyhee Basin and 33

percent in the Klamath Basin in southern Oregon, where streamflow forecasts between April and September are all project to be less than 60 percent of normal.

John Wolf, manager of the Klamath Irrigation District, said his board met for more than four hours Feb. 8 to discuss drought planning.

"It's pretty bleak down here right now," Wolf said. "We're all praying for a February or March miracle."

Already, Wolf said the district is planning to move back water availability by about two weeks, from April 15 to April 23 or 24. He added it is still not clear whether the state will allow drought permits for wells this season.

"Nothing is really cast in stone yet," he said. The U.S. Drought Monitor, operated by the University of Nebraska-Lincoln, has painted most of eastern, central and southern Oregon in either "abnormally dry" or moderate drought conditions.

Despite low predicted streamflows, reservoirs continue to store average or above-average amounts of water, providing a much-needed buffer for farmers heading into summer. The lowest reservoir levels for any basin as a whole is 98 percent of average in the Rogue and Umpqua basins of southwest Oregon. The highest are in the Owyhee and Malheur basins in southeast Oregon, at 139 percent of average.

# California federal milk marketing order delayed but on track

By CAROL RYAN DUMAS  
Capital Press

After announcing a delay last week in establishing a federal milk marketing order for California, USDA on Tuesday told stakeholders it is moving forward with an option that would only delay the process one to four months.

Stephen Vaden, a lawyer with USDA's office of the general counsel, explained in a conference call why USDA put the process on hold and the options the agency considered for getting things back on track.

USDA paused the FMMO proceedings awaiting a Supreme Court decision in two court cases, which could call into question the appointment of administrative law judges in federal agencies — including the one presiding over the FMMO proceedings.

The two cases, Lucia v. Securities and Exchange Commission and Bandimere v. Securities and Exchange Commission, are questioning whether the appointments of administrative law judges comply with the appointments clause in the Constitution.

The petitioners allege the appointments violate the clause because they are not properly appointed and may not be easily removed, he said.

The Department of Justice has reached the conclusion the petitioners are correct. The Supreme Court will render its opinion no later than June 30, he said.

Even though the litigation doesn't directly involve USDA, the issue that will be decided does impact USDA and the California FMMO, he said.

"Because an administrative law judge presided over the California milk marketing order, the decision in the cases currently before the Supreme Court could implicate the federal milk marketing order here," he said.

If the court were to decide DOJ is correct, the order if finalized would be vulnerable to legal challenge and highly likely to be vacated by the court, he said.

"All the many years of work put into promulgating this milk marketing order would be lost. Those are quite high stakes," he said.

Vaden said he doesn't blame producers for wanting to move ahead on the chance the court would decide differently, but that's a 50-50 shot. If that bet were lost, the process would be back to square one, he said.

If the process had to start from scratch, that would set potential implementation of the order back three years, he said.

A better option is to appoint a new hearing officer — a judicial officer who is not subject to challenge under the appointments clause — to fully review the record of the 40 days of hearings that have taken place.

That officer could ratify the record as is and USDA would put out a final decision for a producer vote. If the officer has question or wants to change something, additional time would be needed for industry feedback.

If USDA does nothing, finalizes the order and the bet on the court's ruling is correct, the soonest the order could be implemented would be October.

If it takes the safer route and appoints a new officer who ratifies the record, the order could be implemented by November. If the officer needs feedback, the order could be implemented by February 2019.

The ratification option, which USDA is taking, would only delay implementation one to four months and would make the order more likely to survive a legal challenge, he said.

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Download an Authorization Request Form from orbeef.org or by contacting the Oregon Beef Council office (503) 274-2333 or via e-mail at julie@orbeef.org.

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Funding for these trainings was made possible by Grant Number 1U18FD005889-01 from the FDA.

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