



Dan Wheat/Capital Press

The 140-by-10-foot mural on Ward Rugh's plant in Ellensburg, Wash., is a harvest photo taken by company vice president Andy Schmidt at Broadmoor Farms about 10 years ago. Schmidt says Timothy export prices need to soften in 2018 to gain market share.

## PNW hay exporters hope for better season

By DAN WHEAT  
Capital Press

ELLENSBURG, Wash. — Exporters say inventories of 2017 alfalfa and Timothy hay should sell out this spring but that export pricing still appears to be tricky.

“Right now we have a lot of competition for market share coming out of Australia and Canada where they have weaker currencies and are offering product at cheaper prices than we can for Timothy and Sudan grass,” said Jeff Calaway, president of Calaway Trading Inc. in Ellensburg.

Exporters, many of whom are in Ellensburg, have never fully recovered the markets that were reduced or lost from the 2014 and 2015 work slowdown at West Coast container ports, he said.

Exporting alfalfa is tough because rain and smoke damaged a lot of alfalfa last season, knocking it out of export

quality and creating a Pacific Northwest shortage, Calaway said.

Domestic dairies are willing to pay more than export markets for the high-test alfalfa, he said.

And there's the challenge of Saudi Arabia buying a lot of premium new season alfalfa in the Pacific Southwest at prices higher than Japanese, Korean and Chinese buyers are willing to pay, Calaway said.

Saudi Arabia's Almarai Co., the largest dairy in the Gulf region, has bought hay fields in California and Arizona in recent years through its subsidiary Fondomonte California, to source its own hay. Water scarcity has caused the Saudi government to restrict domestic crops.

Almarai took 400,000 tons of hay out of the Southwest last year, continues to go after top quality and is willing to pay top price to get it, Calaway said.

More U.S. exporters

should be able to compete in Saudi Arabia as it continues to restrict water for production, said Mark T. Anderson, president of Anderson Hay & Grain Co. Inc., another large Ellensburg exporter.

“China and the Middle East continue to be good emerging markets for U.S. hay products but competition from other countries is heavy, especially in the Middle East,” Anderson said, adding that his company has good quality, consistent supply and good brand recognition in both regions.

Pricing in China has improved a little each month but is below new crop starting prices in the Southwest, he said. It should balance out as old crop inventories sell out and exporters are less inclined “to dump product into China to keep hay presses busy,” he said.

Chinese demand has been growing at discounted prices but dramatic improvement is unlikely because of competi-

tion from other export countries and Chinese dairies not doing well, Calaway said.

Andy Schmidt, vice president and co-owner of Ward Rugh Inc. in Ellensburg, said it's hard to find the right price at the farm for what China wants to pay.

Timothy prices will have to soften to gain overseas market share this season, Schmidt said.

Last season, exporters got aggressive buying premium and supreme horse Timothy at up to \$340 to \$350 per ton, which was too high to compete with Australian oat hay and Southwest Sudan grass on the dairy side, he said.

Ward Rugh's primary market is Timothy going to Japan and South Korea.

“We expect old crop inventories of alfalfa to clean up well up and down the West Coast,” Anderson said. “We also see lower acreage planted so we expect supply and demand to match up better.”

## Apple Commission to promote proprietary varieties overseas

By DAN WHEAT  
Capital Press

YAKIMA, Wash. — The Washington Apple Commission has learned it can promote proprietary apple varieties overseas, at least to some extent, and sees it as a helpful tool in an increasingly challenging marketing climate.

At a commission meeting March 22 in Yakima, Commission President Todd Fryhover said while at the USDA Foreign Agricultural Service the previous week in Washington, D.C., he was told the commission can offer consumer samples of proprietary varieties overseas at retailers' requests.

“It could be a Lady Alice, a Sweet-Tango, whatever. That's a huge deal to us. It's difficult to get retailers overseas to do demos with Reds (Red Delicious) and Gala, but they ask about the proprietaries,” Fryhover said.

Proprietary varieties — there are many — are varieties grown, packed and sold under the control of one company or group of companies versus being available to all growers, packers and marketers. They're limited in volume, sell for high prices and along with Honeycrisp provide the most profits.

“I don't want proprietaries to overtake Reds and Gala overseas, so we need a process for what we do. There's a lot of things we need to work through because we have to move Reds and Gala,” Fryhover said.

Proprietaries can sell in higher-end retail markets and generate excitement

along with Washington's new Cosmic Crisp to debut in 2019 and 2020, he said.

Cosmic Crisp is intended to begin in domestic markets only. But Frank Davis, commissioner and vice president of sales at Washington Fruit & Produce Co., Yakima, said it will need to be exported as soon as possible because of the large volumes planned.

Davis said he would look into why Proprietary Varieties Management, the manager of Cosmic Crisp, may be seeking federal Market Access Program funding for export promotions when that should occur through the Apple Commission.

Washington is producing large apple crops and

while it was helped by lower production in Europe, Canada, Mexico and the East Coast in the fall 2017 crop, that probably won't be the case this fall, Fryhover said.

Varietal diversification is “immense” and “certain grades won't make it in the future,” Fryhover said.

“Low grade Reds and Fuji are done. Fancy (lower grade) will be hard to sell and certain sizes also. All these things add up and trade is another thing,” he said.

The meeting was one day before China announced higher tariffs on agricultural goods, including apples.

Challenges facing the industry, Fryhover said, include a lack of progress in bilateral trade agreements and renegotiation of the North American Free Trade Agreement, more protectionism in general and a prevailing wage of \$14.12 per hour for general labor with little to help labor shortages.



Todd Fryhover

## Stripe rust losses expected to be 'normal' in wheat

Chen: Spray fungicide for susceptible varieties

By MATTHEW WEAVER  
Capital Press

Pacific Northwest wheat farmers have less stripe rust to contend with than they did at this time last year, and researchers say any yield losses for susceptible varieties in the region should be about normal.

Farmers raising highly susceptible wheat varieties should probably spray fungicide at the time of herbicide application, while farmers growing other varieties should wait to spray until they see stripe rust, said Xianming Chen, USDA Agricultural Research Service plant pathologist in Pullman, Wash.

Last year, Chen found stripe rust in Lincoln and Adams counties, but this year has found the disease only at a Walla Walla experimental field. That indicates less stripe

rust pressure, he said.

In his latest stripe rust report, Chen increased his prediction of yield loss in highly susceptible varieties from 6 percent to nearly 18 percent. He considers it a “light” stripe rust epidemic, which he described as “close to normal.”

Normal yield loss is about 20 percent, Chen said.

Crop damage is expected to be less than the last two years, Chen said.

Susceptible varieties include Eltan, Xerpha and ORCF-102.

A grower's level of worry depends on the variety he planted, and the variety his neighbor planted, Chen said.

“If you grow Eltan and your neighbors grow Xerpha, these two are pretty much susceptible, and (if) they find stripe rust in their field, you should spray your Eltan field, even if you do not see stripe rust,” he said. “If you grow varieties like Bruehl, and neighbors grow Xerpha, you do not need to worry, you do



University of Idaho

Stripe rust in wheat is a concern among farmers in the Pacific Northwest because it reduces yields in varieties that are not resistant to it. Researchers say the level of the disease is about normal so far this year.

not need to spray.” Bruehl is a club wheat that's resistant to stripe rust.

In Oregon, Jay Noller, head of Oregon State University's Department of Crop and Soil Science, said in an update stripe rust was found Feb. 21 in a single plot in an early planted hard wheat nursery outside Corvallis.

Hard wheats are generally more susceptible to stripe rust than soft white winter wheats. Nearly all Willamette Valley wheat is soft white winter wheat. The finding was deemed to be of no significant relevance to commercial

wheat production, Noller stated.

No stripe rust was found on a plot of the soft white wheat variety Foote. Stripe rust often appears earlier on Foote than other soft white winter varieties, Noller stated.

“Overall, it appears that there has been little overwintering of wheat stripe rust in Oregon this year,” Noller stated in the report. “As early epidemics cause the greatest yield loss, this is good news for the coming season.”

Growers and fieldmen should scout fields for rust as temperatures increase in the next few weeks, Noller stated. Susceptible fields are vulnerable to inoculum blown in from other regions during the entire growing season.

Noller advised farmers to report any observation of stripe rust to their local extension agent, OSU cereal pathology assistant professor Christina Hagerty or OSU botany and plant pathology professor Chris Mundt to share the information with other producers, fieldmen and extension personnel.

Chen will continue to periodically check for development of the disease. Snow in late February added soil moisture, good for crop development, but also creating favorable conditions for stripe rust, which could last through mid-May, he said.

## E. Idaho potato growers prevail in PCN case

By CAROL RYAN DUMAS  
Capital Press

A U.S. District Court judge last week ruled the federal government did not follow its own rules and regulations in formulating its pale cyst nematode eradication program, which has regulated thousands of acres of farmland in eastern Idaho since the devastating pest was discovered in 2006.

While he did not vacate the program, he gave it temporary status until the agency can amend its errors in providing the required public notice and obtaining public comment.

The summary judgment by U.S. District Judge Edward Lodge closes a lawsuit — unless it is appealed — filed in April 2015 by a group of potato growers affected by the PCN program, which is centered on the Shelly area south of Idaho Falls.

The lawsuit alleges the USDA Animal and Plant Health Inspection Service violated administrative law in issuing and implementing the interim rule and final rule. Those rules quarantine infested and associated fields, restrict interstate movement of regulated articles and provide deregulation protocols for quarantined fields.

The judge did not stop the program but ordered the agency to redo the process so its regulations are lawful,

said Bill Myers, attorney for the plaintiffs.

APHIS quarantined crops and put significant restrictions on growers. In theory, if the process was not done correctly those rules might or might not be appropriate, he said.

The lawsuit focuses on the rulemaking requirements with regard to the deregulation protocols in the interim and final rules, which plaintiffs claim were never subject to public notice or comment.

In ruling in favor of the potato growers, Lodge said, “Defendants have not asserted nor shown that they have satisfied the notice and comment process.”

“It was a huge ruling on our behalf. We've been fighting with the federal government for three years,” said Stephanie Mickelsen, a plaintiff and a potato grower in Firth, Idaho.

Growers' concerns were brushed under the table, she said. The federal government declared what could happen to growers' land and which crops they could grow, and about 20 growers in the area have been crippled and run out of business, she said.

The plaintiffs had asked the court to enjoin APHIS and the Idaho State Department of Agriculture from enforcing the rules and protocols and end the quarantine and regulation of their fields.



Stephanie Mickelsen



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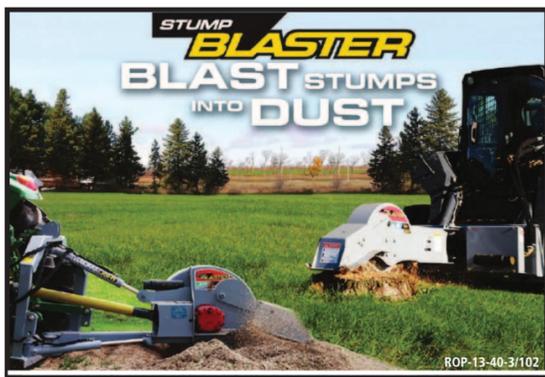
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