

Tillamook subsidiary files lawsuit against troubled E. Oregon dairy

Complaint seeks to terminate milk-buying contract with Lost Valley Farm

By MATEUSZ PERKOWSKI
Capital Press

A subsidiary of the Tillamook County Creamery Association has filed a lawsuit seeking to stop accepting milk from a troubled Oregon dairy in bankruptcy proceedings.

Lost Valley Farm of Boardman, Ore., began supplying Columbia River Processing, the subsidiary, when the dairy opened last year. It has since run into serious regulatory and financial problems.

The company’s owner, Greg te Velde, owes about \$67 million to Rabobank, a major agricultural lender that sought to foreclose on Lost Valley Farm’s cattle herd.

A liquidation auction of the cattle was halted in April by te Velde’s Chapter 11 bankruptcy filing, which protects the company from actions by creditors while it’s restructuring.

However, the dairy’s ability to sell milk to Columbia River Processing has been a major point of contention in the bankruptcy proceedings, with the Tillamook cooperative vowing to stop accepting deliveries at the end of May.

Tillamook CEO Patrick Criteser argued that his company has terminated its contract with Lost Valley Farm, but te Velde maintains the



E.J. Harris/EO Media Group

A lawsuit filed by a subsidiary of the Tillamook dairy cooperative seeks to terminate its milk-buying contract with Lost Valley Farm, a troubled Oregon dairy farm near Boardman.

contract is valid and threatened to sue.

Columbia River Processing has filed an adversary case — a complaint related to the bankruptcy proceedings — asking a bankruptcy judge to declare that the contract was terminated before the Chapter 11 case was filed.

The company submitted a letter terminating its contract with te Velde in late February, citing the dairy’s failure to pay debts and the appointment of a receiver to oversee its operations.

Reputational damage to the Tillamook cooperative and high bacteria levels in Lost Valley Farm’s milk have also been cited by the company in ending the milk-buying agreement.

When Columbia River Processing offered to negotiate a reinstatement of the contract, te Velde did not respond, according to the complaint.

If the judge isn’t willing to declare the contract invalid or allow CRP to terminate the agreement, the complaint seeks a judgment that would cause the dairy to its lose bankruptcy protections for any further contract violations.

The issue of CRP’s continued acceptance of milk is key to Lost Valley Farm’s ability to restructure and remain operational.

Rabobank cited the impending end of milk sales to CRP as a reason to lift the dairy’s bankruptcy protections, which would allow the cattle auction to move forward.

U.S. Bankruptcy Judge Fredrick Clement denied that request during a hearing last month, but may revisit the matter.

“Frankly, I think this issue is going to resolve itself one way or the other,” he said. “If Columbia River refuses to

accept milk and the debtor is unable to force them to do so, undoubtedly this issue will ... rise to the top of the matters under consideration and will be addressed again by this court.”

The other major factor affecting Lost Valley Farm is its settlement of a lawsuit with Oregon farm regulators over improper wastewater disposal.

In court documents, te Velde acknowledged he was facing a contempt hearing because ODA claimed the dairy was out of compliance with the deal.

The judge declined to lift the dairy’s bankruptcy protections on these grounds, though he could reconsider if the ODA actually shuts down its operations.

“My guess is the Oregon Department of Agriculture has its remedies without seeking stay relief,” Clement said.

Ag caught in U.S.-China trade dispute

By CAROL RYAN DUMAS
Capital Press

Additional tariffs on Chinese goods to the U.S., announced by the Trump administration on Tuesday, represent the latest development in the on-again, off-again trade duel between the two countries.

With about \$20 billion in agricultural exports to China last year, U.S. farmers and ranchers are closely following the bout.

“There’s plenty going on,” Dave Salmonsens, senior director of congressional relations for American Farm Bureau Federation, told Capital Press. “It’s a little unsettling.”

The additional tariffs will have an impact on agriculture, but the extent of the fallout will depend on how things play out in trade talks between the two countries this week in Beijing, he said.

The administration said the 25 percent tariffs on \$50 billion worth of goods imported from China are in response to China’s unfair trade practices related to the forced transfer of U.S. technology and intellectual property.

First announced in March,



Don Jenkins/Capital Press File

A ship waits to be loaded at the Port of Tacoma in Washington state. U.S. agriculture sold \$20 billion worth of products to China last year, sales put at risk in the current trade dispute between the U.S. and China.

the tariff threat drew an in-kind response from China — primarily targeting agricultural goods, including soybeans, corn, wheat, sorghum, cotton and beef.

Trump raised the ante, threatening tariffs on another \$100 billion of Chinese goods, and China promised it would retaliate (presumably in kind).

The trade-war rhetoric seemed to simmer down after both sides announced on May 19 a consensus on

taking effective measures to substantially reduce the U.S. trade deficit in goods with China, which amounted to \$375 billion last year.

The administration’s announcement that it’s moving ahead with the tariffs and will have a list of targeted imports by June 15 is a “little interesting,” coming just ahead of the trade talks in Beijing, Salmonsens said.

AFBF figured the process was still going on, given the public hearing and comment

period on the proposed tariffs and Treasury Secretary Steven Mnuchin’s comment that the trade war was “on hold” — not halted, he said.

The organization is hopeful the trade talks will go well and result in the resolution of long-running issues, he said.

“We’d rather have talks than tariffs,” he said.

AFBF hasn’t analyzed the potential impact to agriculture. It’ll depend on whether the U.S. tariffs go into effect and whether China retaliates. Retaliatory tariffs would make U.S. products noncompetitive, effecting trade and prices to farmers, he said.

China’s retaliatory tariffs against U.S. tariffs on steel and aluminum are already having an impact on U.S. producers, he said.

Those tariffs, applied at the start of April, include additional duties of 25 percent on pork and 15 percent on fruit, tree nuts, wine and ginseng.

National Pork producers Council is calling for a swift resolution of the trade dispute with China — the world’s largest pork-consuming nation — saying it has cost pork producers \$2.2 billion on an annualized basis.

Miller ‘right chairman at right time’ for U.S. Wheat

Overseas marketing arm meets in Seattle June 22-24

By MATTHEW WEAVER
Capital Press

RITZVILLE, Wash. — Mike Miller predicts more “bumpy” roads ahead for wheat farmers in the face of international trade uncertainty.

The Ritzville, Wash., wheat farmer will end his one-year term as chairman of U.S. Wheat Associates during the organization’s summer board meeting June 22-24 in Seattle. The organization is the overseas marketing arm of the wheat industry.

“It’s hard to navigate right now, because the rules have changed,” he said. “We’re dealing with the unknown.”

The Trump administration last year pulled out of the Trans-Pacific Partnership trade agreement, which included Japan, one of the largest consumers of Northwest wheat. Now the administration is renegotiating the North American Free Trade Agreement with Mexico and Canada, two other large trade partners.

In January, Miller also finished a two-year stint as chairman of the Washington Grain Commission.

When he took office, previous U.S. Wheat officers told Miller that chairman duties are usually pretty much dealing with the same trade issues. But in the past years, he says, “It’s just been upside down. And it’s even getting worse.”

Miller has also worked through changes at U.S. Wheat, including the transition to new president Vince Peterson, whose predecessor retired. Other issues have included overseas office closures and traveling to deal with industry challenges in Congress, the farm bill and the “overwhelming issue of trade.”

Overall, Miller believes the wheat industry in Washington and the Pacific Northwest is “quite healthy.” Falling number test results were a concern in previous years, but the region has mostly settled into a decent weather pattern, meaning starch damage will likely decrease.



Matthew Weaver/Capital Press

Mike Miller will end his year-long term as chairman of U.S. Wheat Associates during the overseas marketing organization’s summer board meeting June 22-25 in Seattle.

He’s more concerned about farmers in the Great Plains who are dealing with drought, trade issues, quality problems, freight problems and the loss of markets in Africa to Russian competition. Wheat acreage in the Plains is down due to economics, he said, with farmers electing to plant cotton, corn and soybeans instead.

Miller has spearheaded several efforts, forming a working group to tackle domestic grain transportation issues and reduce railroad rates, U.S. Wheat president Vince Peterson said.

“Mike is a quiet but a goal-oriented leader ... he prefers actually getting things done out of range of the camera lens to standing in the spotlight,” Peterson told the Capital Press. “There wasn’t a meeting or topic that came up during Mike’s tenure that he didn’t immediately default to looking after the best interests of all U.S. wheat producers.”

Miller “expertly” covered all bases to get the message out to foreign customers that U.S. wheat farmers value their business and are working hard to protect their interests and remain their most reliable supplier, Peterson said.

“Mike was the right chairman at the right time for U.S. Wheat,” Peterson said.

Miller’s leadership and advocacy have made great progress for Eastern Washington farmers and agriculture, said U.S. Rep. Cathy McMorris Rodgers, R-Wash.

Monitoring moisture helps onion growers

By BRAD CARLSON
Capital Press

Agronomist Jim Klauzer gets the best view of the onion industry below ground level.

“We are really big on moisture monitoring,” said Klauzer, with Clearwater Supply in Ontario, Ore. He has been in the job for 18 years, often helping onion and other crop growers tap advances in drip irrigation.

Paying attention to onion plants and the water beneath them can help growers optimize quality and yield, he said. They don’t have to use drip irrigation to do this, though he has seen the mode become much more common in onion fields during his tenure.

One of Klauzer’s favorite tools is a sensor made of a hard plastic tube about a fourth as long as a broom handle with a porous dome on one end and wire-connected readers on the other. It reads in centibars, which express water content as a tension force holding water in the soil to provide a sense of how hard the plant works to extract moisture. If the sensor is in a bucket of water it reads zero. If it’s in the hot sun or an oven it reads 200.

He also likes graphs showing peaks and valleys representing water volume over time. Ideally, the graphs show the onion grower applied the right amount of irrigation water at the right time and made adjustments a key points in the growing season.

Onions grow best between



Brad Carlson/Capital Press

Agronomist Jim Klauzer with Clearwater Supply in Ontario, Ore., shows the assorted components used in drip irrigation.

15 and 30 centibars, Klauzer said, citing research from Oregon State University’s Malheur Experiment Station near Ontario. In that range, the onions aren’t super-saturated so they invite butt-rot and other fungal diseases, and not too dry so as to curtail yield.

As an example, he showed a local grower’s irrigation graph from May 15 to June 23, 2016, a typical year for onions. Sensor data on a chart depict irrigation applications about seven to 10 days apart and centibar readings from 15 to 30, which is ideal.

“The onions are in a state of establishing roots and developing leaf mass,” Klauzer said, referring to this data set. “You don’t typically see bulbs.”

Fast-forward to the mid-May to early June of 2018. He’s seeing good root and leaf-mass progress as he visits area onion fields.

U.S. House to take up immigration bills

By DAN WHEAT
Capital Press

U.S. House Speaker Paul Ryan, R-Wis., has announced the House will vote next week on immigration and agricultural labor reform.

The announcement averts a procedural move called a discharge petition in which moderate Republicans and Democrats were attempting to bypass Ryan and force votes on four immigration bills, most of which aimed at giving citizenship to recipients of Deferred Action of Childhood Arrivals, known as DACA.

DACA refers to people whose parents brought them into the U.S. illegally as children and have received a renewable two-year deferred action from deportation and a work permit.

The discharge petition

was reportedly two votes shy of the number needed for passage.

U.S. Rep. Dan Newhouse, R-Wash., was among the Republicans being wooed to support the discharge petition, but he announced he will not sign it given the speaker’s commitment to bring the compromise bills to the floor.

However, he said he is keeping his options open.

DACA recipients in his district want certainty of protection from deportation. A new compromise within the House Republican Caucus giving that certainty and addressing greater border security is the best way to make that happen, Newhouse said in a June 12 news release.

He said he commends Ryan and House Majority Leader Kevin McCarthy, R-Calif., for their commitment to him to bring forward

a separate immigration bill that addresses agriculture’s labor needs before the August recess.

“Agriculture is a labor-intensive industry and there remains a shortage of domestic labor,” Newhouse said. “Our farmers and ranchers much have access to a legal and reliable workforce in order to provide the world with a safe and abundant supply of food.”

The agricultural labor bill would be a new measure, but House Judiciary Chairman Bob Goodlatte’s HR 4760 would also be voted on, a Newhouse aide said.

Michael Marsh, president and CEO of the National Council for Agricultural Employers, could not be reached for comment.

HR 4760 would bolster immigration enforcement including the use of E-veri-

fy (electronic verification of employment eligibility), fix DACA and replace the H-2A guestworker program with a new one called H-2C. It’s supported by the American Farm Bureau Association, the Washington farm labor association known as WAFLA and is opposed by the Western Growers Association in Irvine, Calif.

H-2C includes dairy, mushrooms and other sectors excluded from H-2A, but caps the number of workers at 410,000 while requiring illegal residents to return to their country of origin and apply to re-enter the U.S. as H-2C workers.

“Mandatory E-verify without any real fix for the existing workforce and a cap on H-2C would be devastating to agriculture,” Marsh has previously said, adding that NCAE is working to fix that.