

# Tariffs kick in, dampening agriculture outlook

By **CAROL RYAN DUMAS**  
Capital Press

With retaliatory tariffs on U.S. agricultural exports by China and Mexico now in effect, the shift from trade war rhetoric to reality is tempering optimism in farm country.

The U.S. imposition of tariffs on steel and aluminum imports has elicited responses from other countries and is impacting negotiations in the North American Free Trade Agreement, analysts with CoBank said in their latest quarterly economic outlook report.

Trade concerns are high for U.S. agriculture, which is increasingly dependent on exports. Nearly 70 per-

## Learn more

The report is available at [www.cobank.com](http://www.cobank.com)

cent of those exports are destined for China, Mexico, Europe, Japan and South Korea, and trade negotiations or trade disputes are underway with virtually all of those customers, the analysts said.

"Equally important, our competitors for these markets are aggressively seeking new trade relationships that may challenge our historical supply-chain commitments," they said.

Uncertainty around trade presents an escalating concern to U.S. agriculture, they said.

"With large global supplies in most crops, animal protein and dairy sectors, competition for market share is significant and will impact the entire food, fiber and agriculture supply chain including prices received by U.S. producers," they said.

The strong world economy is boosting export markets, but competition for market share is significant and trade negotiations will have an influence on price direction, they said.

The analysts offered the following key findings for U.S. agricultural markets in their 21-page report.

U.S. corn and soybean crops are in great condition, but prices are under pressure from both favorable

growing conditions and impending Chinese tariffs.

U.S. red meat production is expected to rise 3 to 4 percent this year and poultry production is expected to increase 1 percent. The pork sector is at greatest risk of trade impacts as the industry expands and tariffs are set to increase in Mexico and China.

The dairy industry has stabilized and shown some recent strength, with production gains slowing and exports rising. The EU, however, has signed free-trade deals that could limit U.S. export growth. The EU-Mexico deal and Mexico's impending tariff increase on U.S. dairy products both pose considerable risk. Drought conditions have ex-

panded across the Southwest, with more than half of California now in moderate to severe drought. Most specialty crops also face rising trade barriers in China and Mexico, which threaten future sales growth.

Net cash income in agriculture has declined over the past few years, and the erosion in working capital has increased the need for debt in an environment of rising interest rates.

Current market conditions would indicate very little improvement in net farm income in 2018. Rising interest rates, higher fuel costs, relatively high land rental rates and little price relief from other inputs will continue to put downward pressure on profit margins.

## USDA files administrative complaint against former Boise produce business

By **BRAD CARLSON**  
Capital Press

The USDA has filed an administrative complaint under the Perishable Agricultural Commodities Act against Northwest Produce LLC claiming the defunct company owes farmers tens of thousands of dollars.

The Idaho company allegedly failed to pay 11 produce growers a combined \$85,054 from July 2015 through June 2017, the USDA Agricultural Marketing Service said in a July 3 news release.

Henry Michael Grasmick

owned the former Northwest Produce LLC, which he said went out of business in September 2017.

A filing with the Idaho Secretary of State said Grasmick was the registered agent for Boise-based Northwest, which originated in November 2014 and formally dissolved on Jan. 2, 2018.

"We just got the complaint last week and are discussing it," Grasmick said July 3. "There's nothing I can say or comment about it. We don't know where they are at. We are going to try to get to the bottom of it, and we will

see where it goes from there."

He would not comment further.

USDA said Northwest will have an opportunity to request a hearing. If USDA finds the company committed repeated and flagrant violations, it would be banned from the produce industry for two years.

USDA said that in the past three years it resolved about 3,400 PACA claims involving more than \$58 million and had PACA staff assist more than 8,500 callers with issues valued at about \$151 million combined.



Dan Wheat/Capital Press

Angel Manuel Reyes, an H-2A-visa guestworker from Mexico, picks Orondo Ruby cherries in Griggs Orchard near Orondo, Wash., on June 19. It's a limited-volume, proprietary sweet-tart cherry.

## Northwest cherry shipments set daily record on June 25

By **DAN WHEAT**  
Capital Press

YAKIMA, Wash. — Northwest cherry growers surpassed 700,000 boxes shipped in one day for the first time and have enjoyed an excellent first half of the season.

A daily shipment peak of 712,486, 20-pound boxes was reached on June 25, and the week averaged 604,000 boxes per day before accelerating to 708,000 boxes June 29, said B.J. Thurlby, president of Northwest Cherry Growers in Yakima, the industry promotional organization.

It was a strong week needed for heavy Fourth of July holiday sales.

"To everyone's benefit, the relatively stable weather has kept our cherries in the sweet zone. The dessert quality of a bag of Northwest cherries is unparalleled right now," he said.

"There's great fruit size. Bings are eating well. We may have a 90-day harvest spread, which allows controlled sales. The front third to half of this crop will do really well," said Bruce Grim, manager of the

Northwest Cherry Marketing Association in Wenatchee.

The preliminary June total is 11.3 million boxes, making it the third-highest behind the record 12.3 million in June of 2016, Thurlby said.

The industry has crossed 600,000 boxes a day several times per year in the last several years and set a record 36 days of shipping over 500,000 boxes per day last season.

So far this year, daily shipments have exceeded 500,000 boxes for 17 days but that likely is ending now with a lull between the front and back half of the crop, Thurlby said.

A second peak of more than 600,000 boxes is expected about July 15, he said. The front end of the crop was slightly early and the back half is slightly late, he said.

Of the 11.3 million boxes shipped so far, 1.5 million are Rainier. Thurlby expects Rainier to finish at 2 million. Rainier is delicate and has had some wind damage, he said.

Skeena was picking in Mattawa on July 3 and Bing in Naches Heights, upriver from Yakima, and Malaga

south of Wenatchee.

"Sales managers are saying no orders are being rejected to speak of and retailers are saying cherries are selling well with repeat sales, which is everything," Thurlby said.

Warmer weather in the Midwest and on the East Coast are helping sales because it leads to more picnics and barbecues for which people tend to buy cherries, he said.

"Overall prices have been strong," he said. "I like the feel of it, looking into the back half and I didn't say that at this time last year."

A July glut sank prices a year ago. It was a record 26.4-million-box crop. This year's crop is expected to finish at 23 million boxes.

The industry had sold 341,499 boxes to China as of June 26 compared with 249,432 at the same point a year ago, Thurlby said.

That is expected to slow because of China's retaliatory tariffs against the U.S. that as of July 6 brings the total China tariff and entry tax on U.S. cherries, apples and pears to 50 percent.

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**JD S660**  
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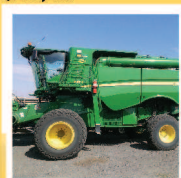
**\$275,000**



**JD S670**  
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Premium Cab, Small wire concave, JD 615P BPU platform, 3,006-hrs, #0S726053  
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Hillico 27% leveler, duals, 4WD, 635Flex platform and cart, 1,003-hrs, #755718  
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Hillico 27% leveler, duals, 4WD, Straw chopper, MacDon header harness, 1,116-hrs, #D0756086  
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2012

Sm Grain, Rohco 35% leveler, Drive duals, JD 635F platform and cart, 1,757-hrs, #C0745834  
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