

Trade policy still up in air, expert says

By CAROL RYAN DUMAS
Capital Press

U.S. trade policies remain in a state of flux with the Trump administration, and billions of dollars hang in the balance for agriculture.

“U.S. ag is at a crossroads,” Dominique van der Mensbrugge, director of the Center for Global Trade Analysis at Purdue University, said Monday during the audiocast of the Farm Foundation’s forum on trade.

Since the end of World War II, U.S. administrations have been pursuing lower-tariff trade. But the Trump administration has reversed those long-standing policies, he said.

“The steel and aluminum tariffs were the first salvo,” he said.

The U.S. also withdrew from the Trans-Pacific Partnership, which was signed by 11 other countries.

“This will certainly have an impact on market access for U.S. farmers,” he said.

U.S. steel and aluminum tariffs are still in place, and the U.S. has threatened China with more tariffs. And while there’s no immediate concern about ratification of the new U.S.-Mexico-Canada Agreement, it is not yet a done deal, he said.

How those trade issues turn out will have an impact on U.S. agriculture. Things could go in a direction of more protectionism, remain at the status quo or swing to a total reversal of the trade



The CMA CGM Benjamin Franklin departs from the Port of Seattle. A Purdue University professor says U.S. agriculture stands to lose or gain billions of trade dollars, depending on which direction the administration’s policy swings.

wars, he said.

A study of the potential impacts of those outcomes by Purdue University shows U.S. agriculture could lose \$21.8 billion annually in exports under the worst-case scenario.

That scenario would include the U.S. remaining outside TPP, continued tariffs and retaliatory tariffs and a complete withdrawal from the North American Free Trade Agreement with Mexico and Canada.

Taking the issues separately, the U.S. withdrawal from TPP would reduce U.S. agricultural exports by \$1.8 billion annually. If the U.S. were to rejoin TPP, however, those losses would turn into a gain of \$2.9 billion annually in additional agricultural exports.

The total cost to agricul-

ture and other industries of leaving TPP is roughly \$5 billion, he said.

As for NAFTA, it’s had a dramatic impact on trade, he said. The share of U.S. agriculture exports going to Canada and Mexico increased from 14 percent in 1995 to 30 percent in 2017, he said.

While its replacement — the USMCA — was mostly a modernization of NAFTA with a relatively small increase in U.S. agricultural exports, it consolidated the gains made under the previous agreement, he said.

A complete withdrawal from NAFTA would lead to a \$12 billion decline in U.S. agricultural exports annually.

But current retaliatory tariffs are a more glaring issue. Continuation of those tariffs by Canada and Mex-

ico would result in a decline of \$1.8 billion in agricultural exports annually.

The impacts of all U.S. tariffs and counter tariffs, including retaliatory tariffs by China and the EU, would result in an \$8.4 billion annual loss in U.S. agricultural exports.

The trade wars and withdrawal from TPP are leading to a \$9.8 billion decline in U.S. agricultural exports annually.

As for the outlook, there’s been no reversal yet in the trade wars — even with the signing of the new USMCA, he said.

“At this point, there’s no reason to believe there will be a reversal. Can we be optimistic? I’m not sure at this stage. (But) I think we can be optimistic things won’t get worse,” he said.

WTO panel finds China pumps up farm subsidies

By MATTHEW WEAVER
Capital Press



Ben Conner

W T O , China is limited in how much it can subsidize farmers.

A World Trade Organization panel has found that China distorts the global wheat trade by increasing subsidies for its farmers through price supports.

“China now holds about half the world’s stocks because they have such high support prices,” said Ben Conner, vice president of policy for U.S. Wheat Associates, the overseas marketing arm of the industry. “Their government just keeps buying and buying.”

When a single nation has huge stocks, it puts downward pressure on world prices, he said.

“We want to see those start to come down and China start having stocks that are more responsive to market needs,” Conner said.

The WTO panel was formed after the U.S. Trade Representative challenged China’s domestic agricultural support programs for wheat, corn and rice. The U.S. entered the dispute settlement process in 2016.

A U.S. Wheat-sponsored study by Iowa State University in 2016 found that China’s domestic market support price at the time — roughly \$10 per bushel for wheat — cost U.S. farmers between \$650 million and \$700 million annually in lost income.

As a member of the

“We hope will happen now is that China will now take steps to come into compliance,” Conner said. “China talks about how important the WTO rules are to them, and how important it’s been for their economic development, so we certainly hope they’ll respect those rules.”

China could appeal the ruling, he said.

“We don’t think that’s necessary, we think the decision here is clear, it’s an almost black-and-white case,” he said.

The higher domestic prices have forced China to keep lower-priced imported wheat out of the country, Conner said.

U.S. Wheat hopes reform of China’s subsidy programs will create more opportunities for U.S. exports to China. Conner points to “enormous, blatant” demand for U.S. wheat classes, including soft white wheat primarily grown in the Pacific Northwest.

“That’s ultimately our hope, to be able to have a strong relationship with the Chinese wheat industry, where they become one of the largest buyers of U.S. wheat,” Conner said.

SW Idaho county mulls ag-to-residential rezone

By BRAD CARLSON
Capital Press

A slice of farmland near Caldwell, Idaho, could become rural home sites if Canyon County commissioners approve a rezoning request.

William Jenkins and Robert O. Jenkins requested the county rezone, from agricultural to rural-residential, four parcels totaling a combined 78.2 acres at the southwest corner of Indiana and Orchard avenues, south of Idaho 55. The average minimum lot size in a Canyon County rural-residential zone is 2 acres.

The Jenkins family has farmed in the area for many years. Farming the subject property “is becoming increasingly difficult because of encroachment of higher-density residential, including bordering property being annexed into the city of Caldwell,” the family said in a letter to county planners. The county’s forward-looking Comprehensive Plan Map shows the property as residential, “which fits the trend of the area.”



Brad Carlson/Capital Press

Residential uses are increasing near this farm property just outside Caldwell, Idaho.

“The property is well situated for low-density development as it has three-quarters of a mile of public road frontage, power on site, and water rights that are flexible for delivery,” the letter said. The family “has a long-term plan of making more parcels available for a growing family and friends as the need arises.”

The Canyon County Planning & Zoning Commission Feb. 21 recommended approval by the County Board of Commissioners, slated to consider

the proposal at 1:30 p.m. Mountain April 11, said Kathy Frost, recording secretary for the county’s development services department.

Planning documents show the property is within Caldwell’s city impact area. Residential and agricultural uses surround the property, bordered to the north and east by city limits. Twenty-one platted subdivisions, totaling 817 lots and averaging 0.41 acre each, are platted within a mile.

Federal changes mean more consistency in falling number tests

By MATTHEW WEAVER
Capital Press

Two federally mandated changes in falling number tests will mean more consistency when technicians check wheat samples for starch damage, Washington state’s grain inspection manager says.

Beginning May 1, the Federal Grain Inspection Service will correct for the barometric pressure at all laboratory sites when running the industry standard falling numbers test. Labs at an elevation higher than 2,000 feet above sea level have already been adjusting for the elevation and corresponding barometric pressure.

The barometric pressure impacts the boiling point of water and the falling number test score. In the falling number test, a slurry of wheat and water is heated in a bath of boiling water. In general, the higher the elevation, the

higher the falling number, according to the FGIS.

Now all falling number scores will be corrected to the barometric pressure at sea level using a formula developed by the Agricultural Research Service, according to the FGIS.

“We’re going to see some numbers change — some will go up a little bit and some will go down, but there’s no real deviation outside of about 6 to 15 points, is what we’ve noticed,” said Phil Garcia, Washington State Department of Agriculture grain inspection program manager in Olympia.

“You’re going to see more accuracy,” he said.

Also, according to federal rules, labs will no longer be able to hand-shake the slurry of wheat and water to mix it before running it through the falling number test machine. An automatic shaker called a Perten Shakematic must be used exclusively, Garcia said.

Hand-shaking was previously done as a last resort in the event of a machine failure, Garcia said.

“You have that human element, but when you put in the Shakematic, that element is gone,” he said.

That means the state must buy more equipment so it is always available as a backup, Garcia said.

The wheat industry was caught off guard in 2016, when starch problems caused much lower falling number test scores and cost farmers more than \$30 million in reduced prices.

“This isn’t the fix-all,” Garcia said. “We’re looking at a problem that is a lot bigger than just the methodology in the falling number test.”

“They’re just steps,” said Glen Squires, CEO of the Washington Grain Commission. “The goal of the industry is to improve the current test, to make the test more accurate. These are steps that certainly help do that.”

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