Departing National Farmers Union president: 'Enormous stress' in farm country

By MATTHEW WEAVER
Capital Press

Roger Johnson

New public policy is needed to address several "enormous" stress factors affecting farmers, the departing president of the National Farmers Union says.

Roger Johnson recently announced to the organization's board that he does not plan to seek re-election at the national convention in Savannah, Ga., in March.

Johnson has been president since 2009.

Johnson said he decided to retire because he will turn 67 in January. He said he is committed to helping ensure a smooth transition to the next president.

"I think we're very well-positioned to influence the public policy things that need to be changed, and frankly there's quite a few of them," Johnson told the Capital Press. "There's a lot of stress out in farm country right now."

Johnson pointed to "enormous" financial stress and declining net farm income over the last seven years. That's been "temporarily" reversed by USDA's Market Facilitation Program payments, which nobody expects to last, he said.

"If they weren't there, we'd continue to see declining net farm income," he said. "There's no long-term checks, and we need one. ... We need some public policy responses that are going to shore up the safety net so we don't have to sit here with our hand out and hope that USDA's going to dump a bunch of money into something that was created as a result of their own actions."

Johnson also pointed to "enormous" trade disruption.

"This administration has offended trading partners," he said. "There's been lots of disruption, which has had very serious consequences on farm prices."

The Trump administration has been increasingly hostile to biofuels, Johnson said. The administration has sided with "big oil" over ethanol plants, which has also had a negative impact on farmgate prices.

Weather challenges have created a lot of stress, he said.

But Johnson said the growing populations around the world are a positive from an economic standpoint.

"The weather extremes that are happening as a result of climate change are going to create spikes in prices that are going to provide opportunities for farmers," he said. "If you're a commodity farmer, that's kind of what you're living for now. Our policy doesn't provide any other methodology other than hoping somebody else gets production destroyed as a result of weather or some other catastrophe."

Johnson also sees opportunities around larger population centers. Consumers increasingly want to know where their food comes from and prefer to buy locally from someone they know. That's where most beginning farmers are likely to emerge, he said.

Johnson became president at a time of change for the Farmers Union, following the recession and as the organization moved its national office from Denver to Washington, D.C. He said he is proudest of rebuilding the office team, strengthening finances and the organization's growing membership around the country.

The NFU has 200,000 members.

Those factors position the organization well to be increasingly influential in public policy, he said.

Johnson said the organization doesn't have a large presence in the Pacific Northwest, but is rebuilding in the region.

Farmers applaud USMCA progress in House

Wheat industry: Pact provides 'reassurance,' ends uncertainty

By MATTHEW WEAVER
Capital Press

Matthew Weaver/Capital Press File

Gary Bailey, chairman of the Washington Grain Commission, left, with CEO Glen Squires during a board meeting in Spokane.

House Speaker Nancy Pelosi's announcement Tuesday that negotiations on the U.S.-Mexico-Canada Agreement have been completed was welcomed by farmers.

"It's very important for United States wheat production that USMCA get passed," Gary Bailey, chairman of the Washington Grain Commission and a St. John, Wash., wheat farmer, told the Capital Press. "We've been waiting a long time. There have been a lot of distractions in Congress, it seems. I'm glad they got to work and got this done."

Bailey said the industry hopes to see the final agreement completed before the end of the year.

USMCA affects Midwestern wheat farmers more than Pacific Northwest wheat farmers, Bailey said.

"Any increase or solidification of any trade agreements helps everyone," he said.

The announcement is a step toward a final agreement, said Steve Mercer, vice president of communications for U.S. Wheat Associates, the overseas marketing arm for the wheat industry. The agreement must be submitted to Congress for approval.

Mercer said he didn't want to speculate on the timeline for congressional approval.

"It's reassurance for wheat growers and the entire agricultural industry," he told the Capital Press. "What we need is to be able to continue trading freely with Mexico. They're our largest single international customer. We feel like this agreement finally ends the uncertainty that's been hanging over the market."

The agreement also sends a signal that the U.S. is capable of negotiating high-quality trade agreements to benefit both its economy and that of its trading partners, Mercer added.

"We urge the House to expeditiously pass this agreement so it can be ratified by the Senate this year," Randy Gordon, president of the National Grain and Feed Association, said in a press release. "Doing so will be a tremendous win for the United States and the entire North American region and our interdependent economies."

"This is welcome news and a relief for American farmers," Angela Hofmann, co-executive director of Farmers for Free Trade, a national bipartisan coalition of ag commodity and business groups, said in a press release. "Now it's time to get the bill passed before politics can get in the way. Farmers and ranchers will be watching closely to ensure that their members of Congress are standing up for American agriculture."

Farmers have struggled in the face of bad weather and "unpredictable" trade policy, Hofmann stated.

"Passing USMCA will guarantee that our farmers' closest and most important markets will remain free from tariffs and red tape," she said.

Hofmann commended U.S. Trade Representative Robert Lighthizer and congressional leaders on both sides of the aisle who have worked to get to a deal.

Exports up, prices low with large apple crop

By DAN WHEAT
Capital Press

WENATCHEE, Wash. — Washington's 2019 apple crop remains large, prices are still low, and while domestic sales have been sluggish, exports are ahead of last year.

It still looks like a "very challenging year for the industry" with the large crop depressing prices, says Desmond O'Rourke, world apple analyst and retired Washington State University agricultural economist in Pullman.

"Even without trade disputes it would be a tough year because of the large crop and organics and Honeycrisp not getting price premiums," he said.

The crop was estimated at 138.168 million, 40-pound boxes on Dec. 1 by the Washington State Tree Fruit Association versus 138.208 million on Nov. 1, a miniscule drop of 40,000 boxes.

In the first three months of the sales season (September, October and November), 30.4 million boxes have been sold compared with 26.3 million at the same time last year and 27.6 million two years ago.

Of the 30.4 million boxes sold, 21.5 million have sold domestically, up 6% but the crop is 18% larger, O'Rourke said.

"So that's sluggish given the size of the crop. Part of it might be that the crop was a little later this year," he said.

But exports, at 8.8 million boxes are up 47% from 5.8 million a year ago, O'Rourke said.

That's driven by volume and low prices but "exports are still well below where they need to be for this size of crop," he said.

Exports need to be 35% of the crop and right now are running at 26 to 28% of shipments, he said.

Exports to India are up 150% at 181,951 boxes from 72,535 a year ago, despite a 70% tariff.

"I believe India's ban on Chinese apples is still on. So Washington is it's main place to area to import from right now and with our Red Delicious averaging $16 a box that must be very attractive," O'Rourke said.

Taiwan is up 104% at 1,854,192 boxes from 908,578 a year ago.

Taiwan doesn't have tariffs but had a lot of domestic fruit a year ago so now is back to a more normal level of imports, he said.

Average prices for the week ending Dec. 6 were $15.54 on Red Delicious and $19.20 on Gala, he said.

Sales of the new Washington State University Cosmic Crisp began Dec. 1 at sale prices of $2.99 per pound in some stores but movement and wholesale pricing statistics won't be reported until the association's Jan. 1 report. Cosmic Crisp prices are expected to be strong this season because of limited volume.

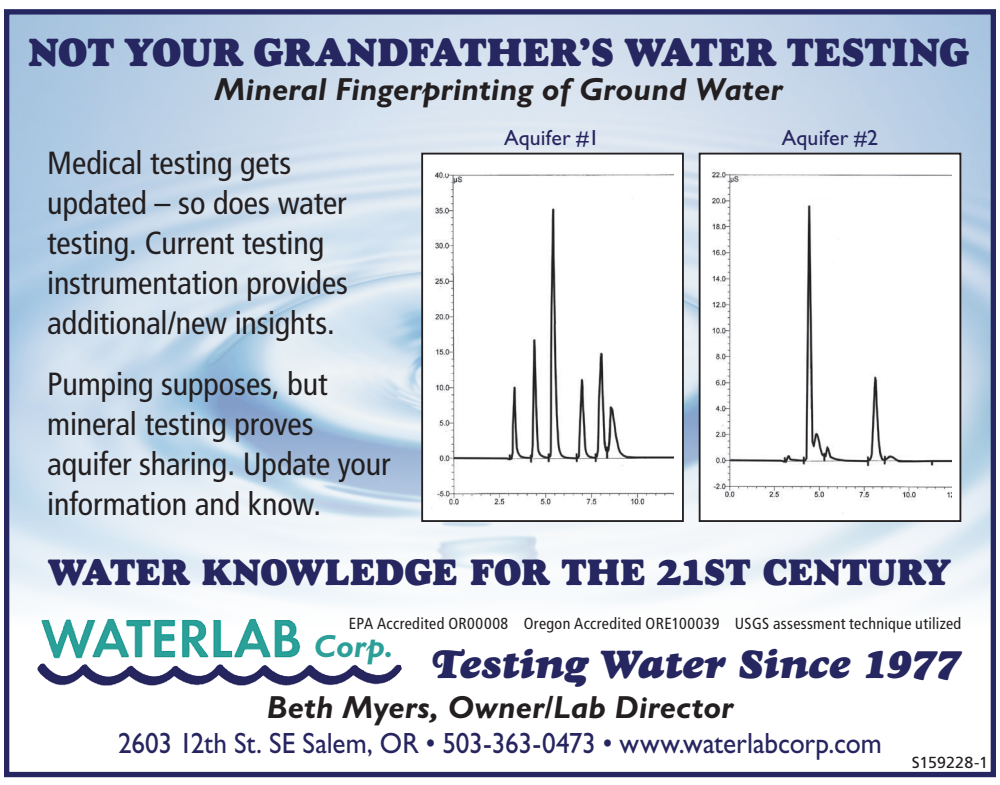
As of Dec. 6, the average asking price among Yakima and Wenatchee district shippers for extra fancy (standard grade), medium size 80 apples per box for Gala was $20 to $24 and $18 to $22 for size 88, both down $2 on the top end from a month ago, according to USDA.

Red Delicious 80s and 88s were $14 to $17 per box down $1 on the low and top end from a month ago.

Breakeven for growers on most varieties is generally $20 per box but some big operators can break even at $16 on economies of scale on Red Delicious, O'Rourke has said.

Honeycrisp 80s and 88s were $30 to $40.90, unchanged from a month ago and down from $42 to $50.90 two months ago and $45 to $55.90 a year and a month ago.

Fuji 80s were $20 to $26 versus $22 to $26 a month and 88s were $19 to $24 versus $20 to 24 a month ago.

Granny Smith 80s were $20 to $26 and 88s were $20 to $24, both unchanged from a month ago.

Golden Delicious premium 80s were $28 to $32 and 88s were $26 to $32, both unchanged from a month ago.