

Shipping: ‘It kind of threw the world into a tizzy’

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Early in the crisis, Davis — who is also a Republican state representative from Albany — said the flow of goods was reduced to a trickle. Americans weren't buying, ships were halted and even the companies that manufacture cargo containers slowed production due to reduced demand.

“It kind of threw the world into a tizzy,” she said.

Then, as the months wore on, the floodgates opened. Consumers changed their buying habits, ordering products online, many from overseas. Ships' capacities were suddenly overwhelmed, and shipping companies struggled to keep up.

“I've been doing this long enough, and it just takes time for the market to correct itself,” Davis said.

With such high demand for imports, Davis said carriers realized it would be more profitable for them to expedite sending empty containers back to their point of origin, rather than wait to refill those containers with agricultural products.

That has exacerbated an already difficult situation at ports, with unprecedented congestion and record container volumes.

Davis and her business partner, Macey Wessels, operate Boshart Trucking, which provides grass straw baling and transportation services for more than 40 farmers in the Willamette Valley.

Davis is also vice president of BOSSCO Trading, working with customers in Japan and South Korea to sell grass straw primarily for animal feed. In a given year, Davis said she ships around



Mateusz Perkowski/Capital Press File

A bipartisan group of lawmakers is asking the Federal Maritime Commission to continue investigating “unreasonable practices” by shipping carriers that are making it harder for U.S. farms to export their products.

40 containers of straw per week.

But with containers now at a premium, she said roughly half of their shipments are delayed by a week or two, and 25% are delayed 2-5 weeks.

“I would say it's frustrating,” Davis said. “(Our customers) like schedules. We pride ourselves on being able to produce what they want, on time. That's been a struggle.”

In addition, Davis said

carriers have dramatically raised shipping costs for agricultural goods. For example, she said one container heading for Shibushi, Japan, now costs \$500, a 50% increase since December.

“These are huge multi-national global companies that us little guys have a hard time going up against,” Davis said. “If there are any unfair trading practices happening, then the (maritime commission) definitely needs to take a look.”

Gary Frederickson, president of Oregon Hay Products in Boardman, said the disruptions caused by carriers returning empty containers and damaging to all West Coast agricultural exporters.

“These actions are causing irreparable short-term harm to U.S. exporters and potentially permanent long-term

harm as the U.S. becomes an unreliable source of products,” he said.

Stuart Follen, president of SL Follen Co., which owns and operates Oregon Hay Products, said the Shipping Act of 1984 does not allow carriers to unilaterally limit access for U.S. companies trying to conduct business.

SL Follen Co. annually ships approximately 65,000 tons of hay products to Asia and the Middle East, according to the company's website.

“Ocean carriers, by unnecessarily restricting access to ocean containers and shipping them back to Asia empty, are damaging countless American farmers, agricultural processors and international trading companies throughout the U.S. and especially along the West Coast,” Follen said.

Auction: ‘We love what we do’

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Despite the difficulties, Balmelli and other market owners around the nation say they are optimistic about the future of livestock auctions. Balmelli said it remains the one venue where there is true price discovery, while providing a social gathering place unique to rural America.

“We feel this loyalty to our customers and our employees to stay in this business as long as we can,” Balmelli said. “We love what we do.”

Two auctions close

Already in 2021, two sale barns on the West Coast closed their doors within weeks of one another.

Woodburn Livestock Auction in Woodburn, Ore., and Shasta Livestock Auction Yard in Cottonwood, Calif., both announced their closures in February.

Brad Peek, general manager of the Shasta market, said the decision to halt regular Friday auctions was difficult but necessary. The sale barn was opened in 1961 by Peek's father, Ellington Peek, and is a major part of his family's legacy.

“Obviously, it's sad,” Peek said. “We are friends with our customers, number one. It's going to be some inconvenience for them.”

In 1989, Ellington Peek co-founded Western Video Market, getting into the business of video livestock auctions. Since then, Brad Peek said the company has grown steadily, marketing cattle and lambs.

Western Video Market now holds a dozen sales every year — six in Cottonwood, and six remotely in places such as Nevada, Wyoming and Nebraska. The company sells close to 350,000 head of cattle annually, Peek said.

“We need to focus on that part of our business,” Peek said. “It's growing, and highly successful.”

Meanwhile, cattle numbers at the sale barn had been dwindling since the 1990s, dropping from 150,000 per year to between 60,000 and 80,000 per year.

The last in-person sale at Shasta Livestock Auction Yard was Feb. 12. The last sale at Woodburn Livestock Auction was Feb. 23. That property is now up for sale, according to owners Tom and Mary Elder.

In a statement, the Elders said they decided to shut down the livestock portion of their business “due to the continual declining head counts and rising costs of doing business.” They will continue to hold online-only machinery sales.

The rise of video

Forrest Mangan, region executive officer of the Livestock Marketing Association, said the rise of video auctions is one example of how times and technology have changed the industry. The association represents more than 800 local livestock auction markets and allied businesses.

Video auctions are another avenue for larger producers to market their livestock, Mangan said. Rather than transporting large lots of cattle to the sale barn, they are instead filmed on the ranch. The footage can then be broadcast virtually anywhere, as well as online, inviting buyers from across the country and around the world.

“It just gives people more choices,” said Mangan, who works with 100 member markets in 11 Western states and Canada. “Like I tell producers, it's what works best for your operation.”

Trent Stewart, owner of the Central Oregon Livestock Auction in Madras, described video marketing as “the future.” He also works part-time as an auctioneer for Superior Livestock, based in Texas, supplementing his income by traveling for auctions in different states.

The Central Oregon Livestock Auction has averaged about 70 sales and 34,000 head of cattle per year over the last decade — a far cry from years ago when sale barns in both Madras and



George Plaven/Capital Press

Jason Humphrey has been a veterinarian at the Chehalis Livestock Auction since 2001. He works at Cascade West Veterinary Hospital in Centralia, Wash.



Derrell Peel



Ethan Lane

nearby Redmond sold 50,000 head each.

Video auctions and specialized sales, such as purebred or organically raised cattle, are one way local auctions can find new customers and charge premium rates, Stewart said.

“That's the only way to try and stay alive in this game now, is a niche market, so to speak,” he said. “Just selling commodity cattle anymore doesn't pay the bills.”

But, as Stewart points out, video auctions aren't for everyone. Smaller ranchers with only a few cattle are better suited for the sale barn, meaning they will continue to play a vital role in the livestock industry.

“The worst thing in the world that could happen is have a lot of these sale yards shut down,” Stewart said. “If they don't keep these auction yards in business across the U.S., it's going to be ugly for all producers.”

Fewer cattle, rising costs

Data from the Livestock Marketing Association suggest some signs of stability for the sale barn, according to Mangan.

A survey conducted by the Livestock Marketing Association shows 89% of livestock producers use the local auctions to market at least some of their cattle.

The number of registered packers and stockyards, meanwhile, has remained stable since 2010, dropping by just one to 1,204 by 2019.

“Really in the Western U.S., yes we had those two (auctions) close, but we haven't really seen a trend in the last 10-15 years of markets closing,” Mangan said.

Overall declining cattle numbers and rising costs, however, are putting sale barns to the test.

Derrell Peel, extension livestock marketing specialist for Oklahoma State University, said the number of cattle nationwide peaked in 1975 at 132 million head. That figure dipped to a low of 88.2 million head in 2014, and has since recovered modestly to 93.6 million head.

“In the broadest sense of the word, there are not as many animals that need to be sold,” Peel said. That is due partly to greater efficiency at beef processing plants, and larger animals being bred on the ranch.

“We produce as much beef today as we did back then, but we do it with many millions fewer cattle,” he said.

Others also point to urban sprawl in places such as Western Washington and Oregon, with property values increasing faster than the profits of ranches

and new developments consuming farmland.

Kyle Cheney, an 82-year-old rancher in Centralia, Wash., operated a livestock auction, Twin City Sales, before he sold it 10 years ago.

“The value of the property and reduction in livestock ... it was a combination of both (factors),” Cheney said.

What once was Twin City Sales has since been redeveloped as a plaza that includes a dental office and veterinary clinic.

Five miles to the south, Balmelli of the Chehalis Livestock Auction said their costs are rising. Labor is especially expensive, she said, as the state of Washington gradually increases its minimum wage to \$15 per hour.

“All these little things, they've tripled in eight years and our commissions have stayed the same,” she said. “We just need more cattle here. We need expenses to go down.”

Packer concentration

Another lingering concern is consolidation among the largest beef packers, which producers say has contributed to lower prices for cattle.

Four businesses — Cargill, JBS, National Beef and Tyson Foods — now control 84% of the market. With less competition, Stewart, of the Central Oregon Livestock Auction, said these companies might pay just breakeven prices buying directly from ranchers.

“That's where the real problem is,” Stewart said. “People are throwing their hands in the air and giving up.”

Ethan Lane, vice president of government affairs for the National Cattlemen's Beef Association, said the industry is focused on increasing “negotiated cash trades,” like competitive bids at the sale barn, which in turn will drive up the base price in direct transactions.

“Everybody in the industry is trying to achieve the same thing,” Lane said. “The question is, how do we get it done?”

The Cattle Market Transparency Act, sponsored by Sens. Deb Fischer, R-Neb., and Ron Wyden, D-Ore., seeks a solution that, in part, would direct the USDA to establish regional mandatory minimum percentages for negotiated cash trades, thus reintroducing competition to restore prices.

Lane said the NCBA is “extremely supportive” of the bill's objectives, but does not support mandatory provisions.

“We have a voluntary framework that we're working in right now, trying to increase negotiated trade in these regions,” he said.

“What they're selling matters, too,” Lane added. “That's part of the business model, figuring out where to go and where to get the best price for your livestock.”

Plan: Groups say breaching dams could save four of the most endangered salmonid species

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His proposal includes a 35-year extension of the license of all remaining dams in the Columbia River Basin greater than 5 megawatts and a 35-year moratorium on litigation related to anadromous fish under the Endangered Species Act, National Environmental Policy Act, and the Clean Water Act.

“Each of our organizations strongly supports the removal of the four Lower Snake River dams to help restore the region's culturally significant wild salmon and steelhead, and we fully support aiding every community impacted by the removal of the dams,” the letter states.

“However, this goal cannot be achieved by suspending the protections of our bedrock environmental laws for a generation or more, along with an unprecedented attack on environmental justice for millions of people that live across the Columbia River basin,” the letter continues. “The proposed suspension of core environmental laws is the most sweeping we have ever encountered and is unacceptable.”

The groups claim in their letter that breaching the dams could save four of the most endangered salmonid species from extinction. But Simpson's proposal demands “the most extensive rollback of environmental safeguards in the modern environmental era.”

“Rep. Simpson is asking millions of the region's residents to sacrifice their clean water protections and is risking the future of many other endangered, threatened, or sensitive species in the Northwest as the price for removing these four dams,” the letter states. “Moreover, this deal would set a terrible and dangerous precedent for the rest of the nation, creating a model wherein environmental progress can only occur by sacrificing human health and environmental protections elsewhere.”

“Cynically, Rep. Simpson's proposal continues the false narrative that environmental safeguards are to blame for declining wild salmon populations,” the letter states. “Nothing could be further from the truth.”

“While we support providing funds and resources to help the communities that would be impacted by the removal of the Snake River dams, Rep. Simpson proposes to spend \$34 billion with virtually no accountability on how those funds would be spent,” the letter states.

The groups say that under Simpson's proposal, most funding would go towards “special interests and large agribusiness,” claiming that funding would go towards “large factory farm agribusinesses to further subsidize operations that already

cause massive water and air pollution and other environmental ills” and a “vague list of other infrastructure projects including unproven hydrogen storage and small modular nuclear reactors that have little to do with the Snake River dams.” The letter argues that “Rep. Simpson would be the sole arbiter who picks winners and losers for decades to come.”

“The entire purpose of breaching the Snake River dams is to rescue populations of wild fish,” the groups write to the legislators. “But, perversely, Rep. Simpson's proposal would jeopardize those very same fish by removing their legal protection from other major sources of harm.”

The groups “applaud any effort to get the ball rolling on dam removal and welcome a robust conversation on how to make that happen in the near term,” the letter states.

Simpson told the Capital Press his concept is designed to improve water quality and quantity of all watersheds in Oregon, Idaho, Washington and Montana. He wants producers and stakeholders who voluntarily participate in watershed partnerships to be able to work proactively without the threat of litigation from tribes, conservationists and states, he said.

“I believe conservationists giving up lawsuits for 25 years against agriculture is a fair trade if it means saving Idaho's endangered wild salmon and steelhead from certain extinction,” Simpson said. “It seems conservation groups who call my concept a ‘non-starter’ and ‘dead wrong’ are more concerned about ending litigation against Northwest dams and agriculture than actually helping the fish and improving the watershed.”

Kristin Meira, executive director of the Pacific Northwest Waterways Association, which advocates for maintaining the dams, said agriculture agrees with the environmental groups that salmon recovery needs to be addressed through existing federal laws, regulations, policies and processes that protect and balance both environmental and human interests.

“We do not agree that breaching the Lower Snake River dams is the silver bullet that will address the complexities of recovering our region's wild salmon and steelhead,” Meira said.

NOAA Fisheries, in partnership with tribal and state governments and a variety of economic and environmental interests, has already established agreed-upon goals for recovery of the region's salmon and steelhead, with “comprehensive” science-based plans for achieving those goals, Meira said.

“We look forward to working together as a region to accomplish this challenging but achievable work,” she said.