

Willamette Valley wine achieves global brand milestone

Region receives formal recognition from European Union

By **GEORGE PAVLEN**
Capital Press



Harry Peterson-Nedry

PORTLAND — The Willamette Valley wine industry may be only 56 years old, but it continues to gain a notable reputation around the world.

In its latest feat, the Willamette Valley became just the second American Viticultural Area — along with California's Napa Valley — to be granted "Protected Geographical Indication" status by the European Union, linking certain iconic products to their unique place of origin.

Other examples include Champagne and Barolo wine, which legally can only come from the Champagne region of France or the Barolo region of Italy,

respectively. As a registered Protected Geographical Indication, or PGI, the Willamette Valley name is now secured throughout the EU's market of 27 countries and 450 million consumers, said Stavros Lambrinidis, EU ambassador to the United States.

"For the EU consumer, the PGI is the guarantee of authenticity, that every bottle meets the quality standard set by the Willamette producers," Lambrinidis said.

Geographical indications are the cornerstone of EU wines, spirits, food and other agricultural goods, Lambrinidis said. Products with a PGI certificate attract higher prices, which in turn

can entice bad actors to forge counterfeits.

"Any operator seeking to sell non-originating wine using the registered Oregon name, or using labeling devices to evoke 'Willamette Valley' in the mind of the consumer, will be stopped," Lambrinidis said.

The Willamette Valley is home to more than 500 wineries, and is known for producing high-quality Pinot noir. It was classified as an American Viticultural Area, or AVA, in 1983, noted for its distinctive climate, soils and water — collectively known as terroir.

Harry Peterson-Nedry considers himself part of the "second wave" of wine pioneers in the Willamette Valley. He started Ridgecrest Vineyards in 1980, which would become the first vineyard located in the Ribbon Ridge AVA, a sub-appella-

tion of the Willamette Valley in Yamhill County.

By 2002, Peterson-Nedry said, the industry was becoming more intent on protecting its name and winemaking style.

"Our viticultural areas, whether it's Oregon or the Willamette Valley, we consider almost sacrosanct," he said. "We don't want other people using ours."

The reason, Peterson-Nedry said, is twofold. First, the Willamette Valley may lose its exclusivity in the marketplace if just anyone is allowed to appropriate the name.

Second, consumers may also lose confidence in the product if it does not consistently meet the region's quality standards.

"It recognizes the uniqueness of a specific place," Peterson-Nedry said. "And that uniqueness is not very

unique if you can do it anywhere else."

California's Napa Valley was the first AVA to be recognized by the EU in 2007. Two years earlier, six global wine regions, including Oregon and California, signed on to what is now known as the Wine Origins Alliance, fighting to protect regional names in the marketplace.

Jennifer Hall, the alliance's director, said granting PGI status for the Willamette Valley is a major step forward for the entire wine industry to ensure consumers are not being misled.

"This decision is an acknowledgment that location truly does matter when it comes to wine," Hall said.

Morgen McLaughlin, executive director of the Willamette Valley Wineries Association, said PGI recognition is a big achievement

for a relatively young wine region.

"The Willamette Valley's first vines were planted in 1965, and since then several generations of growers and vintners have put their imprint on the world wine map," McLaughlin said.

Peterson-Nedry, who led the PGI effort, said it took 13 years of start-and-stop work to reach the finish line. The main document submitted to the EU contains 30 pages of detailed descriptions about the region's geography, wine varieties, growing practices and industry accolades.

"This is a hard-won, important designation that provides protection for the name 'Willamette Valley' in wines as they are marketed around the world," Peterson-Nedry said. "And it puts us in a marketplace where we're all watching each other's back."

Organic Valley weighing options after fire at Oregon creamery

By **GEORGE PAVLEN**
Capital Press

McMINNVILLE, Ore. — Despite heavy damage from an April 20 fire, there are still signs of activity at the Organic Valley creamery in McMinnville.

Trucks arrive at what remains of the facility to load and unload milk, which is then transported to other processing plants around the Northwest. While flames destroyed the main 25,000-square-foot building, other assets including storage tanks, the milk dryer and butter churn all survived the blaze.

Before it burned, the McMinnville creamery handled 4 million pounds of organic milk per week to make butter and milk powder.

The question now is whether Organic Valley, the nation's largest organic farming cooperative, plans to rebuild in McMinnville or look elsewhere to recoup its processing capacity.

"We have to consider our options at this point," said Steve Pierson, a fourth-generation dairy farmer in St. Paul, Ore., and president of the co-op's board of directors. "We have to decide what incentives will be available to us, to stay or to go."

Pierson, of Sar-Ben Farms, said Organic Valley remains committed to the Pacific Northwest. Oregon represents the second-largest pool of milk for the co-op, with 25 farmer-members along the coast and in the Willamette Valley.

Sar-Ben Farms has 320 milking cows and has 175 irrigated acres about



While flames destroyed the main 25,000-square-foot building at Organic Valley's creamery in McMinnville, Ore., other assets including storage tanks, the milk dryer and butter churn all survived the April 20 blaze.

30 miles south of Portland. The operation went organic in 2005. Pierson is the first person outside Wisconsin to be elected board president.

Organic Valley acquired the McMinnville creamery from a local co-op, the Farmers Cooperative Creamery, in 2016. It was renovated and reopened the following year.

After the fire, Pierson said, "It became very apparent how tenuous processing is in the Northwest," with Organic Valley sending milk as far as Idaho and California.

"I think at first there was a little bit of consternation about what Organic Valley was going to do," he said. "(Producers) understand how important our footprint here is."

Pierson said the co-op has gone the extra mile to ensure members their markets are secure. Organic Valley

has continued to buy milk, and taken a financial hit for transporting it longer distances.

"Primarily, it's covered by our business interruption insurance," Pierson said. "But there is a limit to that. We can't do that forever."

He said the co-op plans to hire a firm to help the board analyze its options for adding Northwest processing capacity. Rebuilding the McMinnville creamery, he said, is one option.

"We are not looking to leave McMinnville," he said. "We've been very happy with the city, the employees and our neighbors."

In an earlier interview with the Capital Press, Mark Pfeiffer, Organic Valley's vice president of internal operations, estimated the co-op spent up to \$23 million renovating the McMinnville plant since 2016.

Feds protest law firm's bill in Easterday bankruptcy

By **DON JENKINS**
Capital Press

The Justice Department has objected to a \$3.8 million legal bill submitted by a Los Angeles law firm overseeing the liquidation of the bankrupt Easterday ranches and farms in the Columbia Basin.

The bill, with others to follow, covers work that lawyers with Pachulski, Stang, Ziehl and Jones did between Feb. 1 and May 31. Hourly rates averaged \$1,053, with one attorney charging \$1,695 an hour, according to court records.

The rates far exceed what local lawyers involved in the case are seeking and are substantially higher than fees collected in a more complicated bankruptcy case in Eastern Washington, according to Assistant U.S. Trustee Gary Dyer, the government watchdog in the bankruptcy proceeding.

The L.A. firm's bill, submitted this month to U.S. Bankruptcy Judge Whitman Holt in Yakima, fails to justify the fees, Dyer stated in an objection filed Friday.

The firm vaguely described its services, had too many nonparticipating lawyers attend court hearings and over-billed by miscalculating hours, Dyer claimed.

He asked Holt to reduce the fees and perhaps withhold them until the L.A. firm provides fuller descriptions of its work.

Efforts to reach the firm's lead attorney on the case, Richard Pachulski, were unsuccessful.

The firm specializes in bankruptcies and was hired by new Easterday directors shortly after Cody Easterday resigned as head of Easterday Ranches and Easterday Farms.

Cody Easterday, 50, later pleaded guilty to defrauding Tyson Fresh Meats and another company of \$244 million by billing them for buying and feeding cattle that didn't exist. He agreed to pay restitution and is scheduled to be sentenced



Cody Easterday

Oct. 5 on one count of wire fraud. He faces up to 20 years in prison.

Separate from restitution in the criminal case, the Easterday companies — owned by Cody Easterday, his wife and mother — owe millions of dollars to creditors.

Farmland Reserve Inc., owned by the Church of Jesus Christ of Latter-day Saints, will buy several Easterday farms for \$209 million, but the money has to be allocated.

The Pachulski firm was one of three law firms involved in the bankruptcy proceedings that submitted a first round of legal bills this month.

In a court filing, Pachulski defended its rates as reasonable, saying its lawyers overcame objections and organized an auction that maximized the value of the Easterday properties for creditors.

Dyer unfavorably compared hourly rates sought by Pachulski to other attorneys' fees.

Senior members of a law firm that restructured Astria Health, a Yakima County health-care provider, billed \$800 an hour, Dyer noted. Liquidating farm properties will be simpler, according to Dyer.

Two Seattle firms also are working on the Easterday bankruptcy. The lead attorney for Davis Wright Tremaine charged \$800 an hour, while the lead attorney for Bush Kornfeld billed \$450 an hour.

By contrast, Isaac Pachulski presented an hourly rate of \$1,695. He worked on the case for 1.6 hours, adding \$2,712 to the bill.

His brother, Richard Pachulski, reported working 224.7 hours at \$1,592 per hour for a total of \$358,396.

Hourly rates charged by firm attorneys were at least \$695 an hour.

Lawsuit targets new USDA rules for biotech crops

By **MATEUSZ PERKOWSKI**
Capital Press

A coalition of biotech critics is challenging the legality of new USDA rules that allow developers more leeway in deciding how genetically engineered crops are regulated.

The agency eased restrictions last year so that biotech developers can decide whether crops altered with various methods come under the agency's jurisdiction.

The National Family Farm Coalition and five other organizations have filed a complaint alleging that USDA's regulations violate several federal laws and will endanger farmers and wildlife.

The lawsuit alleges that

genetically engineered, or GE, crops will "now effectively be left to the devices of their manufacturers" who can grow and sell them "without any further oversight" by USDA, "regardless of their agronomic risks" or their "risks to soils, waterways, native ecosystems, and endangered species."

Traditionally, biotech crops that posed the risk of becoming plant pests, such as those modified with agrobacterium, had to be "deregulated" by USDA, which involved extensive environmental analysis.

Until they were deregulated, developers had to obtain permission for these crops to be field tested or moved across state lines.

If another method was used that didn't involve plant pests, such as gene editing or a gene gun, then the biotech developer still had to confirm the crop wasn't subject to the time-consuming deregulatory process.

Under the new rules, though, biotech developers can decide for themselves if their crops are exempt from the deregulatory process.

If they decide a crop isn't exempt, the USDA will evaluate it for six months to determine if it's a "plausible" plant pest risk. If not, the crop can be commercialized. Only if the agency finds that a crop plausibly poses such a risk does the deregulatory process apply.

In the past, critics filed a

lawsuit against USDA alleging the deregulatory process was insufficient, which complicated the commercialization of such crops as alfalfa and sugar beets that were genetically engineered to withstand glyphosate herbicides.

The plaintiffs claim that USDA enacted the regulations contrary to the Endangered Species Act by failing to "consult" with other agencies about potential harms from releasing genetically engineered crops without an environmental analysis.

The complaint alleges that USDA violated the National Environmental Policy Act by ignoring the regulation's cumulative impacts and by refusing to study reasonable alternatives to the new rules.

Late frost, drought reduce Pacific Northwest canola yields

By **MATTHEW WEAVER**
Capital Press

A late frost followed by drought have taken a toll on the Pacific Northwest canola crop, cutting into yields.

May frosts reduced winter canola yields more than anticipated, said Karen Sowers, executive director of the Pacific Northwest Canola Association.

"That's something you can't really see until when you get to harvest," she said.

Some Palouse farmers are seeing a third to half of last year's yield, Sowers said.

Spring canola farmers in Walla Walla County, Wash.,

normally would get a yield of 2,000 pounds per acre, but are expecting 800 pounds this year.

On the Palouse, growers can get up to 3,000 pounds per acre, but are expecting 1,000 to 1,200 pounds per acre this year.

Cold or hot weather can cause canola flowers not to produce a pod or produce a misshapen pod. Sowers has heard of instances of sprouted seeds in the pod.

"That's a drought response, the hormones are all out of balance in the plant and they're triggering something that's making the seed sprout," she said. "That's con-



Canola grows on the Palouse in Washington state.

sidered damaged seed, and it can also be a challenge for storage."

Sowers recommends growers scout their fields and speak with the facility they

plan to sell their crop to. They should also contact a crop insurance agent, she added.

New canola growers need four years to establish their yield for insurance purposes,

or else they must rely on county average yields, Sowers said.

"It's important to get your own yield on your own farm, rather than the county average," she said.

Prices are above 30 cents a pound. Sowers estimates the cost of production is about 18 cents per pound.

Planted acres are up 20%, Sowers estimated. Last year Washington farmers raised nearly 80,000 acres, Idaho farmers nearly 47,000 acres and Oregon farmers roughly 3,800 acres.

Washington canola is 63% spring-planted; Idaho is 74% spring-planted; and Oregon is

58% fall-planted.

She attributes the growth to high demand for oil, meal and renewable diesel, with three new facilities in Canada and several plants being retrofitted for production.

She also cited poor weather conditions in Canada and North Dakota, where most canola is grown.

"Harvested and production will definitely be a different story," she said.

The drought will also affect planted winter canola acreage in the fall.

"You have to plant into moisture," Sowers said. "It's just not there in most situations. We need rain."