Deere keeps operations running during labor strike

By SIERRA DAWN MCCLAIN
Capital Press

MOLINE, Ill. — Deere & Co., an equipment company known for its iconic green-and-yellow John Deere tractors, told the Capital Press it is keeping factories running during a major labor strike — but farmers and ranchers are still worried.

More than 10,000 Deere & Co. workers went on strike last week at 14 Deere factories in Illinois, Iowa, Colorado, Kansas and Georgia. It is the first major walkout at the agricultural machinery giant in 35 years.

The strike, led by the United Auto Workers union, is over wages and benefits the union says aren't good enough. Deere and union negotiators are in discussions this week, but in the meantime, because the striking workers make up more than one-third of Deere's 28,100 U.S. employees, farmers and dealers are worried the walkout could slow production and lead to equipment and parts shortages.

Dealerships and farm groups nationwide have expressed concern that a long strike could hamper Deere's ability to deliver products on time and fear a short supply could mean even higher prices, cutting into farmers' margins.

"We already had seen an increase in the prices of equipment and parts over the last year because of a lot of reasons we've seen in other parts of the economy, so the longer this (strike) goes, we're probably going to see some further increases in equipment prices," Jay Rempe, senior economist for the Nebraska Farm Bureau, said in a podcast Tuesday.

In response to farmers' and dealers' concerns, Deere & Co. said that as part of its Customer Service Continuation Plan, "employees and others will be entering our facilities daily to keep our operations running."

About 4,000 production workers at non-union plants or represented by other unions remain on the job.

However, Jennifer Hartmann, the company's spokeswoman, did not say whether the total number of people working in Deere facilities matches normal or even close-to-normal levels.

"Our immediate concern is meeting the needs of our customers, who work in time-sensitive and critical industries such as agriculture and construction," Deere said in a statement.

Deere recently offered employees a new package including pay raises and lump-sum bonuses over 6 years and enhanced retirement benefits.

Deere already has some of the highest wages and benefits in the industry, accounting for about 15% of the company's costs, according to independent analysts.

Deere's proposed new plan would have increased the average production employee's wages from $33 to nearly $40 per hour and added enhanced benefits.

Deere workers, however, rejected the deal Oct. 10, saying it was insufficient.

When negotiators failed to reach an agreement by the Oct. 13 deadline, workers went on strike. Work stopped at 12:01 a.m. Oct. 14.

Hartmann of John Deere told the Capital Press Monday the company has resumed negotiations with the union but cannot share details.

"To honor our good faith dealings with the UAW, we will not be sharing details on the matters being negotiated at this point," said Hartmann.

Nitrogen prices erupt due to 'perfect storm' of global forces

By MATEUSZ PERKOWSKI
Capital Press

Mateusz Perkowski/Capital Press File

A front-end loader scoops up urea. Nitrogen prices have skyrocketed because of increased demand and soaring manufacturing costs.

Nitrogen fertilizer prices are skyrocketing due to a combination of global economic forces, hitting record levels not seen in more than a decade.

In the past two months, the price of urea — a common benchmark for other nitrogen products — has soared from about $420 per ton to $700 per ton on the Gulf of Mexico's wholesale market.

"You can't point to one thing. It's a perfect storm hitting us," said Corey Rosenbusch, president and CEO of The Fertilizer Institute industry group.

For farmers, retail prices must also account for the added costs of transportation and storage, though the specifics depend on location and dealer inventories.

Higher crop values have spurred an increase in fertilizer demand but other factors are also responsible for the recent price surge, experts say.

Significantly, the soaring cost of natural gas, a key input in urea production, has eaten enough into the profits of European manufacturers to force factory curtailments and shut downs.

Europe must instead buy urea from manufacturers in Egypt, which in turn reduces that country's shipments to other regions, said Deepika Thapliyal, an editor with the ICIS commodity market analysis service.

"It's just a chain reaction," she said. "Everybody starts increasing their prices because they know they can get more for their product."

The resulting upswing in prices has been steep enough to spook the government of China, another major urea producer, which is creating regulatory barriers on exports from that country to protect its nitrogen supplies, Thapliyal said.

"They are scared because their domestic season is going to start soon," she said, noting that farmers build up fertilizer inventories over winter. "They wanted to keep a check on prices, which is why they've restricted urea exports."

The governments of Russia and Turkey are expected to take similar steps to shield their domestic farm industries from the brunt of higher nitrogen prices, said Julie Meehan, managing editor of fertilizers at ICIS.

"Who's to say others won't follow that trend?" she said.

Within the U.S., manufacturers have endured freezing temperatures early in the year and a hurricane in late summer, which constrained nitrogen fertilizer output, said Rosensbusch of The Fertilizer Institute.

"That had a ripple effect," he said.

Manufacturers are now conducting preventive maintenance that requires factories to shut down while equipment is overhauled, Rosenbusch said.

Such "turnarounds" were postponed last year during the height of the coronavirus pandemic, before vaccines were available, he said. "They wanted to keep the minimum number of employees on plant properties."

The outlook for nitrogen prices heading into 2022 is unpredictable but lower winter temperatures in Europe don't bode well for a drop in natural gas prices, which would spur production there, Meehan said.

"There will be a jump in demand from households" for natural gas in the colder season, adding to demand from manufacturing, she said. "There's just not enough in reserve."

The supply of nitrogen in the U.S. could be affected by a federal trade investigation into Russia and Trinidad dumping urea ammonium nitrate, or UAN, onto the U.S. market, said Sylvia Traganida, an editor at ICIS.

No countervailing duties have been imposed but the investigation has had a "psychological effect," with exporters from those countries reluctant to commit supplies to the U.S., she said.

"If it's not affordable to send it to the U.S., they will send it to Europe," Traganida said.

In Europe, the high price of nitrogen fertilizers has already convinced farmers to switch from grains to pulses, which require less of the nutrient, Meehan said.

Rosenbusch of The Fertilizer Institute advised farmers to communicate their fertilizer demands and budgets to dealers, which will help with planning for the spring season.

"It may not be available in the form they want it at the exact time they want it," he said.

Environmental groups: Stop safety logging plan

By GEORGE PLAVEN
Capital Press

EUGENE, Ore. — Three environmental groups are suing the Umpqua National Forest in southwest Oregon seeking to block a roadside logging project removing dead and burned trees from the massive Archie Creek Fire in 2020.

North Umpqua District Ranger Sherri Chambers signed off on the Archie Creek Fire Roadside Danger Tree Project on Aug. 18, logging approximately 2,642 acres of fire-damaged trees along 65 miles of Forest Service roads.

In her decision memorandum, Chambers said the project is critically important for public safety along the routes, which provide access for firefighting and recreation.

"Although I am aware there are tradeoffs associated with this and every action, I believe I have an obligation to prioritize the health and safety of employees, partners, stakeholders, and the public who will be working, visiting, and recreating in the area accessed by the these roads and road segments," Chambers wrote.

Cascadia Wildlands, Oregon Wild and Umpqua Watersheds filed a lawsuit on Oct. 14 asking a U.S. District Court judge to halt the project, arguing it was approved without the necessary review under the National Environmental Policy Act.

Nick Cady, legal director for Cascadia Wildlands, said the Forest Service is disguising commercial logging as safety-driven hazard tree removal.

"The vast majority of this logging is simply not necessary for public safety reasons," Cady said. "If the Forest Service were to take the time to analyze on the ground where logging was needed, this project would be much smaller in scale and non-controversial."

Conservationists have also challenged post-fire logging along 404 miles of roads in Oregon's Willamette National Forest, where the Beachie Creek, Lionshead and Holiday Farm fires wreaked devastation in 2020.

Under NEPA, the Forest Service is normally required to analyze and disclose the environmental impacts of its management actions.

However, the Umpqua National Forest approved the Archie Creek Fire project as a "categorical exclusion," allowing it to sidestep the review process, according to the lawsuit.