

High milk prices not enough to spur production

By CAROL RYAN DUMAS
Capital Press

Farmgate milk prices have followed dairy commodity prices higher worldwide. But the rising cost of inputs, lack of labor, unfavorable weather and variable feed quality continue to limit milk production, according to a new report by Rabobank.

Inflationary pressure is running rampant around the world, with a worsening outlook, RaboResearch analysts said in their Dairy Quarterly report.

"Dairy commodities will stay elevated through mid-year amid the constrained supply. The longer-term outlook hinges upon consumer behavior and normalized market conditions, both being very unpredictable," they said.

Even before the Russia-Ukraine conflict, global dairy commodity prices were soaring due to a supply shortfall. As the short-



Matthew Weaver/Capital Press File

Prices are up but other factors continue to limit milk production, analysts say.

falls are unlikely to go away in the near term, Rabobank expects milk production in the Big-7 exporting regions to decline 0.7% year over year versus last year's high comparables in the first half of 2022.

In addition, the Russia-Ukraine conflict escalates an already high-cost sit-

uation, the analysts said.

"Russia's invasion of Ukraine presents significant upside price risks for energy, fertilizer and agricultural commodities, which will have a spillover impact on feed costs, feed availability and ultimately on dairy commodity prices and farmgate milk prices," they said.

MILK PRICE PROJECTIONS

Milk price projections, dollars per hundredweight

Class III	Class IV
Q1 2022 – 21.08	Q1 2022 – 23.98
Q2 2022 – 22.37	Q2 2022 – 24.23
Q3 2022 – 21.63	Q3 2022 – 21.93
Q4 2022 – 19.12	Q4 2022 – 20.21
Q1 2023 – 17.56	Q1 2023 – 19.35
Q2 2023 – 17.93	Q2 2023 – 19.28
	Source: Rabobank

Russia supplies about 40% of Europe's natural gas, a key ingredient in the production of nitrogen-based fertilizers. Russia and Ukraine account for 28% of global wheat exports, 18% of corn exports and 30% of barley exports, the analysts said.

"The global commodity markets are already tight as other regions battle drought, rising fertilizer costs and falling yields and acreage," they said.

There would also be implications for dairy products if China were to support Russia, risking sanctions that would apply to 25% of global dairy demand.

Under that scenario, New Zealand would seek an alternative market for nearly 40% of its dairy exports. Sanctions on China would also affect U.S. and European exports of dry whey, 336,000 metric tons and 292,000 metric tons, respectively, as well as other dairy

exports, they said.

"This would be a dire situation for China and its trading partners, hopefully preventing it from coming to fruition," the analysts said.

Here in the U.S., dairy exports were up 11% year over year in 2021. Port congestion will likely continue to improve, but elevated costs and delays are likely to remain a factor in 2022. The strong exports of the past two years have been largely due to gains in Mexico and China, and similar year-over-year growth may not be sustainable, they said.

On the milk production side, milk prices have been high enough to stop the accelerated culling that reduced the U.S. herd by 133,000 head between May 2021 and January 2022.

"Class III and IV milk prices — both above USD 22/cwt. (hundredweight) — are profitable, but a major response is unlikely," the analysts said.

Developer hopes to rezone 700 ag acres

By BRENNAVISSE
EO Media Group

Roughly 700 acres near Bend in Central Oregon has the potential to be rezoned from farmland to rural housing.

In April, a public hearings officer will evaluate an application to rezone the land, which sits north of state Highway 126 adjacent to Lower Bridge Way and Coyner Avenue. The property is surrounded by farmland, federal land and some nonfarm dwellings in rural subdivisions, according to Haleigh King, a county associate planner.

It's unclear what the plans are for the land, other than a request to change the zoning on all 710 acres to rural residential housing, which allows for no more than one dwelling per 10 acres. But the application has already drawn opposition from surrounding neighbors, farmers and Central Oregon LandWatch, a land use advocacy group.

"This is an irreplaceable resource we have," said Ed Stabb, who has farmed the land south of the property for roughly 22 years. "It's changing the historical character of Deschutes County."

The applicant, 710 Properties LLC, is registered to

Robert Turner and Charles Thomas III, according to the Oregon Secretary of State's Office business registry.

Mark Stockamp, a representative for the applicant, declined an interview to answer why the applicant was pursuing a zone change for the land.

"We appreciate the interest in this process and are excited to share more about the project soon," Stockamp said in an emailed statement.

A request to rezone this amount of land at once is "rare but not unprecedented" in Deschutes County, said Peter Gutowsky, the county's community development director.

Ben Gordon, the executive director of LandWatch, said the organization is strongly opposed to the potential rezoning. He argued it will be hard for the applicant to prove this land is no good for agricultural purposes when there are ranching operations next door.

For farmers and ranchers in the area, a chief concern is water. Billy Buchanan is a rancher who has raised Wagyu and Angus cattle south of the property for the past eight years.

Buchanan prides himself on providing locally sourced beef to businesses in Central

Oregon.

He is worried about what building potentially 70 homes on 10-acre lots will do to an aquifer that he relies on for his farming operations. Several neighbors have already had to drill wells deeper amid a long-standing drought.

"It does directly affect us," Buchanan said.

Buchanan also argues the land has agricultural worth regardless of irrigation. The land could be used for hay storage, for example, or to give cattle more room to roam to keep them from getting too fat on irrigated pasture.

"If it can be farmable, I feel you should keep those residential areas in other residential areas," he said.

According to Deschutes County records, the applicant argues other than a small portion around a residence, the land is not irrigated, which makes agricultural practices difficult. A soil study shows that 71% of the soil that is deemed generally unsuitable for farming, according to county records.

The applicant says the land has not been historically farmed, at least in the last 20 years, according to county staff.



EO Media Group File

Northwest processors are buying potatoes from Maine in the wake of last year's small crop in the Pacific Northwest.

Northwest processors buy potatoes from Maine

By BRAD CARLSON
Capital Press

Processors in the Pacific Northwest, a region known for its potatoes, are bringing in spuds from Maine to fill a gap caused by the short 2021 crop and an unexpectedly high demand for fried products.

Potato processors in Idaho, Washington and Oregon are supplied most years by farmers close to home.

But last summer's record heat wave reduced the Northwest crop's yield and quality, said Dale Lathim, Potato Growers of Washington executive director.

Fry processors contracting for the 2021 crop also ordered conservatively amid ongoing concerns about COVID-19, he said.

"At the time there was a lot of uncertainty," Lathim said. "The last thing you want to do is turn potatoes back to growers."

Demand for the 2021 crop turned out to be strong as the coronavirus spread slowed, and customer traffic increased at restaurants, schools and event venues.

Northwest processors ultimately bought every locally grown, processing-suited potato they could — and determined they needed more, Lathim said.

Fortunately, growers in Maine last year had "fantastic growing conditions" and produced a high-quality, high-yielding crop that left a surplus, he said.

Travis Blacker, industry relations director at the Idaho Potato Commission, said processors' needs are such that the short 2021 crop did not meet their demand.

He said fry processors need and appreciate the potatoes grown in the Northeast, though the shipping costs increase expenses.

Neither the Maine Potato Board nor major processor McCain Foods, which operates plants in Idaho and Washington, could be reached for comment.

Eagle, Idaho-based processor Lamb Weston Holdings is slated to announce quarterly earnings April 7. The company in its previous quarterly report said its raw-potato cost per pound would increase as 2022 pro-

gresses due to the extreme summer heat reducing the 2021 Northwest crop's size and quality.

USDA's National Agricultural Statistics Service reported the estimated potato yield per acre last year dropped 9.75% in Idaho and 10.2% in Washington. Maine's yield per acre jumped 32%.

Harvested acres were up 5% in Idaho, 3% in Washington and 5.3% in Maine.

Lathim said Maine potatoes began arriving in the Northwest in December. Volume picked up after Jan. 1.

In the Columbia Basin, they arrive by rail at Pasco, Wash.

"This is the second time in my 28 years I ever remember potatoes coming from the East Coast to the West," Lathim said.

In the past, surplus potatoes from the Northwest have also been shipped east when needed, he said.

"It's nice when the industry can work together, fill the needs and keep our industry moving ahead," Lathim said.

Growing SW Idaho county may add ag, rural growth committees

By BRAD CARLSON
Capital Press

Canyon County, Idaho, leaders may set up separate citizen advisory committees on agriculture and on rural growth as part of the new comprehensive plan.

Development Services Director Steve Fultz and Elizabeth Allen, a county planner and the division manager for long-range planning, said the idea is in an early, conceptual phase, so details are yet to be worked out.

The committees could advise the planning and zoning commission and county commissioners on land-use issues, agriculture impacts or how proposals square with rural smart-growth principles, they said.

"We are seeking further direction from the (county



Steve Fultz

commissioners) and from the P and Z commission," Fultz said. The fast-growing county is updating its comprehensive plan and future land-use map to provide a vision through 2030. The update is in draft form. Approval is expected later this year.

Fultz said citizen committees focused on agriculture and on rural growth issues could be incorporated into the updated comprehensive plan.

Allen said creating an agriculture committee has generated "positive feedback and excitement" from community members.

"While we as a county support ag and the preservation of ag, we real-

ize growth is an important part of Canyon County as well," Fultz said. "It's a developing partnership, but we think it's a partnership that can work."

Members of the citizen committees could include representatives from the agriculture and development industries as well as specialists in water usage, environmental issues, and compatible rural growth, he and Allen said.

County commissioners and the Planning and Zoning Commission on April 28 plan to hold a public workshop on the proposed update to the comprehensive plan. Public hearings are to follow.

Fultz started working for Canyon County in May 2021. He worked as economic development director for the city of Caldwell, which is the county seat, for 18 years.

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