

WHEAT LIFE

The official publication of the Washington Association of Wheat Growers

DECEMBER | 2019



The 2019 Tri-State Grain Growers Convention

Growers explore trade, policy, research at annual event

ALSO IN THIS ISSUE:

No 2018 ARC-Co payment for most Washington wheat farmers

How a private-public partnership promotes PNW wheat successfully

The mail trains that went galloping by

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WHEAT GROWERS**

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President's Perspective



New year, new president

By Ryan Poe

Oh, man, president!

Four or five years ago, when I was approached to go through the Washington Association of Wheat Growers' (WAWG) chairs, I hesitated, wondering if it was the right time to make that kind of commitment. I'm the fifth generation on my family's centennial wheat farm up in Grant County where I grow dryland wheat and canola and raise

some cows with my uncle and cousin. My wife, Marlene, owns a veterinary practice in Grand Coulee, and I have two small children, Katie (now 9) and James (now 7). The push I needed came from my uncle who basically told me that there's never going to be a time that is going to feel like the right time to do this. I'm passionate about dryland wheat farming and protecting our ability to raise wheat, and I kept thinking that if I'm not willing to do this, why should somebody else be?

So I did it, and so far, it's been...a little bit of everything. I've been frustrated at the lack of general knowledge about farming. I've been gratified when a legislator understands the importance of the message I'm trying to convey. Sometimes I feel like I've talked myself hoarse defending our industry, but I've also been deeply satisfied when we are able to move the needle on an important issue.

Besides my commitment to WAWG, I serve on the board of my local co-op and as a port commissioner for my small town. I'm also active in my church. None of this would even be remotely possible without the support of my family.

Obviously, there's other farmers out there who are in the same position I was in when I first started this journey, and I'll bet they are wondering why they should get involved with WAWG. Every year, there are fewer and fewer of us who decide to make a living raising a crop, and if we aren't out there telling our story and supporting the people who are fighting for us, our voices are going to get lost in the crowd.

This year we'll be working on trade policy, trying to get the U.S.- Mexico-Canada Agreement signed and the trade situation with China resolved. We'll be working to educate the public on the importance of the lower Snake River dams and opposing any action that supports breaching them. We'll be watching for any potential carbon regulations, and we'll also be monitoring implementation of the 2018 Farm Bill and holding workshops to help growers understand changes to the farm bill programs. We'll be doing outreach with legislators and agencies in Olympia and Washington, D.C., and addressing issues that could impact our growers.

None of this will get done solely by myself, my fellow officers or our board. Our WAWG staff is small but mighty, and it's impressive how much they can get done. We might be the public face of WAWG, but it's the staff, working behind the scenes, that makes our successes possible.

So, consider this your invitation to join us. Our industry needs your support. WAWG needs your support, and so do I. Merry Christmas, and here's to a happy new year! ■

Cover photo: This year's Tri-State Grain Growers Convention was a huge success. There were riveting keynote presentations, informative break-out sessions and lots of good food. For more pictures, see page 26. Convention coverage can be found on pages 6 and 28. All photos are Shutterstock images or taken by *Wheat Life* staff unless otherwise noted.

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WILBUR, Wash., April 24.—(Special.)—A special request will be made to officials of the Northern Pacific company to retain the mail and express service to towns on the Central Washington branch line. The motion for such a petition was made at a meeting of 30 delegates from Davenport, Creston, Wilbur, Govan, Hartline and Coulee City here Monday night. The action was taken following a report that on expiration of the present mail contract, the company would not renew it.

A permanent committee, to be composed of members appointed by the commercial organizations of each town, will be formed to make further negotiations.

FROM THE SPOKANE CHRONICLE, APRIL 24, 1940

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WAWG MEMBERSHIP FORM

Please check level of membership

- Student \$75 Family \$200 (up to 2 members)
 Grower \$125 Partnership \$500 (up to 5 partners)
 Landlord \$125 Convention \$600
 Industry Associate \$150 Lifetime \$2,500

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Farm or Business _____

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City _____

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County Affiliation (if none, write state) _____

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LEVELS OF MEMBERSHIP

	Greensheet Newsletter	Wheat Life Magazine	National Wheat Grower Newsletter	Annual Harvest Prints	WAWG Convention Free Registration	One Vote per Member
Producer/Landowners (Voting Membership)						
Grower or Landlord \$125	X	X	X			X
Family \$200 (2 family members)	X	X	X			X
Partnership \$500 (1-5 family members)	X	X	X	X		X
Convention \$600 (2 individuals)	X	X	X		X	X
Lifetime \$2,500 (1 individual)	X	X	X	X		X
Non-Voting Membership						
Student \$75	X	X	X			
Industry Associate \$150	X	X	X			

WAWG's current top priorities are:

- ✓ Preserving the Snake River dams.
- ✓ Maintaining a safe and sound transportation system that includes rail, river and roads.
- ✓ Establishing favorable trade agreements.
- ✓ Fighting mandatory carbon emission regulations.
- ✓ Fighting unreasonable notification and reporting requirements for pesticide applications.

If these issues are important to your operation, become a member today and help us educate our legislators and advocate for agriculture.

We are making sure the wheat industry's voice is heard.

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- Greensheet ALERTS • WAWG updates
- Voice to WAWG through opinion surveys
- National Wheat Grower updates
- State and national legislative updates



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WAWG at WORK

ADVOCATING FOR THE WHEAT FARMERS OF EASTERN WASHINGTON

WAWG does business, honors members at convention

For Washington wheat growers, the 2019 Tri-State Grain Growers Convention was back on their home turf, taking place last month in Spokane at the Davenport Grand Hotel. Approximately 500 growers, agency representatives and industry supporters gathered to hear top notch speakers; establish guidance on industry concerns; and learn the latest on herbicide resistance, 2018 Farm Bill programs and other topics of interest.

“Another successful convention is in the books,” said Michelle Hennings, executive director of the Washington Association of Wheat Growers (WAWG). “Our staff, and the staff from Oregon and Idaho wheat groups, have put in hundreds of hours over the past year planning a convention that was both informative and entertaining. We were especially gratified to be able to bring in USDA Deputy Secretary Stephen Censky to talk to our growers about farm bill implementation and trade.”

Besides Censky, the convention also featured Peter Zeihan, a geopolitical strategist who predicted a future with a dramatically rearranged world order; Jim Morris, a high school teacher who made baseball’s major leagues as a 35 year old; and Mark Peterson, KXLY meteorologist who attempted to make a long-term weather forecast. To read more about these presentations, as well as a look at some of the issues national grain organizations are watching, go to page 28.

One of the major tasks WAWG members tackle during convention is to review and update resolu-



The 2019/20 leadership team of the Washington Association of Wheat Growers is (from left) Jeffrey Shawver, from Franklin County, past president; Ryan Poe, Grant County, president; Michelle Hennings, executive director; Howard McDonald, Douglas County, vice president; and Andy Juris, Klickitat County, secretary/treasurer.

tions, which provide direction to leaders and staff. This year, members focused on adding carbon regulation resolutions. Under the National Legislation Committee, growers agreed that WAWG should support recognizing agricultural practices as a benefit to the environment, and that any policy or regulation regarding practices that aid in the reduction of carbon should be administered through the farm bill. Growers also passed a resolution in the Natural Resources Committee section that said WAWG does not support any cap and trade, carbon sequestration or climate change provision without being a full partner in the development of any policy or legislation. To see the full carbon resolutions and the other new or changed resolutions, go to page 16.

Wheat growers welcomed two new Washington wheat ambassadors by awarding them scholarships. High school seniors Spencer Miller of Ritzville and Gunnar Aune of LaCrosse gave short presentations at the state’s awards banquet, after which Miller was awarded \$2,500 and Aune \$2,000. For the next year, Miller and Aune will learn how WAWG advocates for the industry and will take part in the association’s annual trip to Olympia to meet with legislators. Go to page 14 for more information about the new 2019/20 ambassadors.

But it wasn’t only students that received awards during convention. At the Washington awards banquet, Whitman County was named WAWG county of the year, and Mike Miller, a grower from Ritzville and a Washington Grain Commissioner, was named WAWG member of the year.



Incoming president, Ryan Poe (left), awards Mike Miller, a grower from Ritzville and a Washington Grain Commissioner, Washington Association of Wheat Growers' member of the year.

Jeffrey Shawver, a grower from Franklin County, wrapped up his year as WAWG president, handing the gavel over to Ryan Poe, a grower from Grant County. Howard McDonald of Douglas County moves up to vice president, and Andy Juris of Klickitat County steps into the secretary/treasurer position.

"We thank Jeff for all his hard work this past year and look forward to working with Ryan," Hennings said. "WAWG is a member-led organization, and we are fortunate that we have such capable and dedicated people who are willing to volunteer their time and efforts to help advocate for the state's wheat industry."

Continuing her winning streak, Judy Von Borstel of Grass Valley, Ore., took first place in the photo contest. She receives a free registration to the 2020 Tri-State Grain Growers Convention. A number of drawings were held throughout the four-day convention:

- Gene Claassen, Rose Harris, Karen Brown, Kevin Paulson, Hal and Nancy Johnson, HIT Inc., Barbara Carlton, Keith Kopf, Kevin Gaffney, Larry Hood and Edward Wolfe were the LAF drawing winners. LAF prizes, which included gift cards, a security system and a pellet grill, were donated by the following county wheat organizations: Adams, Benton, Columbia, Douglas, Grant, Lincoln, Walla Walla and Whitman counties.



Outgoing president Jeffrey Shawver (left) names Whitman County as Washington Association of Wheat Growers' county of the year. Accepting the award was county president Randy Suess.

- Karen Blair of Pasco, Wash., won a free night's stay at the Coeur d'Alene Resort during the 2020 Tri-State Grain Growers Convention in the early bird drawing;
- Ben Maney of Helix, Ore., won a free registration to the 2020 Tri-State Grain Growers Convention and a gift package from Dry Fly Distillery in the overall survey drawing; and
- Mary Dunkelburg of Milton-Freewater, Ore., won an annual subscription to portal access on AGI Suretrack in the exhibitor bingo drawing.

The Washington, Idaho and Oregon grower associations would like to thank all the members and industry supporters who attended this year's convention. Feedback is always welcome, as planning is already underway for next year's convention, which is scheduled for Dec. 1-4, 2020, in Coeur d'Alene, Idaho. See page 26 for more pictures from the 2019 Tri-State Grain Growers Convention. ■

Counties hold fall meetings to review policy, hear updates

Last month, a score of county wheat grower groups held their fall meetings, hearing updates on state and national legislative news, current advocacy efforts by leaders at

the Washington Association of Wheat Growers (WAWG), research and 2018 Farm Bill programs.

Adams, Columbia, Franklin and Walla Walla counties all held meetings at the end of October and early November. Benton County held their annual fall meeting earlier in October (see the October 2019 issue of *Wheat Life* for the Benton County report).

“These fall meetings are extremely helpful to WAWG, because it helps us understand the concerns and issues growers are dealing with in their counties. This information helps direct our advocacy efforts,” said Michelle Hennings, executive director of WAWG.

“In return, the officers and staff of WAWG can inform growers on what the association is working on and get their feedback. As a grower-led organization, our county groups are one of our greatest assets.”

Hennings was able to attend most of the meetings. She spoke about the state-funded study on the impacts of breaching the lower Snake River dams, saying WAWG opposes this effort, believing it is duplicative of the current federal environmental impact statement process. Hennings was interviewed for the study in September, as was Glen Squires, CEO of the Washington Grain Commission (WGC).

Carbon regulations and the need for grower direction was another topic Hennings addressed. She asked growers to attend the all-committee meeting during the

Changes and sign-up information for the Price Loss Coverage and Agriculture Risk Coverage programs were discussed at nearly every county meeting. While farmers have until March 15, 2020, to elect a farm bill program for the 2019 and 2020 crop year, growers were repeatedly advised to start exploring the available online decision aid tools now at farmdocdaily.illinois.edu/2019/08/introducing-the-gardner-farmdoc-payment-calculator.html or afpc.tamu/.

upcoming 2019 Tri-State Grain Growers Convention to help the organization craft a resolution regarding the association’s stance on carbon regulation, especially in light of the fact that carbon-related legislation is likely to be on the agenda for the state’s 2020 Legislative Session.

“(Potential carbon regulation) is big, and we need to have that conversation,” she said at the Franklin County meeting.

Other topics Hennings discussed included working with the Washington State Department of Natural Resources to come up with a plan to lessen the impact on farmers when leases are terminated early and the association’s annual trip to Olympia in January to meet with legislators.

Diana Carlen, WAWG’s lobbyist, also attended most of the meetings to give a state legislative update. Like Hennings, carbon and potential carbon legislation topped Carlen’s list of topics. She said that with Democratic majorities in the state House and Senate, as well as the governor’s office, carbon regulation, in the form of cap and trade or a low carbon fuel standard, is still very much on the agenda for the 2020 Legislative Session. She also touched on the 100 percent carbon-free energy bill that was passed last session, saying that it will be challenging to meet the goal by 2045. Fortunately, hydropower is classified as renewable, but without the lower Snake River dams, it will be impossible to get to 100 percent carbon free.

“We are lucky to have that carbon-free resource,” she

PLANNING THE WAY FORWARD.

With a number of new growers on the board, the Washington Association of Wheat Growers’ leadership team decided to meet the day before the 2019 Tri-State Grain Growers Convention to review the association’s strategic plan.



told the Columbia County group. "It is important to get our message out there, that dams and salmon can coexist."

The 2020 Legislative Session is a short one—60 days—and Carlen said she doesn't anticipate it running long as legislators will be eager to start election campaigning. She also noted that the House has a new speaker, Laurie Jenkins (D-Tacoma), who is the first female speaker in state history.

Each county meeting also included different speakers. Summaries of the individual county meetings follow.

At the **ADAMS COUNTY** meeting, Sen. Mark Schoesler (R-Ritzville) also focused on potential carbon regulation action in the upcoming legislative session.

Ritzville-area farmer Michele Keisz talked a bit about the problems irrigators in the Odessa Subarea are experiencing as the state struggles to replace deep-water wells with Columbia River surface water. Keisz has been involved in pushing the federal government to complete the Columbia Basin Project.

County president Jake Klein said the meeting was "good and concise."

COLUMBIA COUNTY wheat growers president David McKinley welcomed an overflowing crowd to the county's fall meeting. Nearly 50 people gathered to hear updates from the Farm Service Agency (FSA) and the Natural Resources Conservation Service (NRCS).

Kelly Betts, Columbia County's FSA county executive director, told growers that there's no information yet on a general Conservation Reserve Program (CRP) signup. She also reminded growers of upcoming reporting deadlines.

Nicole Armijo, FSA's Walla Walla County key program technician, talked about the Market Facilitation Program and 2018 Farm Bill program changes. She told growers that the county FSA office won't have a lot of time to sit down with individuals to go over Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, so she encouraged producers to explore the available online tools first and then call the county office with any questions. She also explained that a new weed control provision was added to the farm bill programs that requires producers to control noxious weeds. Failure to comply could jeopardize a producer's payments. For those producers who have expiring CRP that won't be re-enrolled in the conservation program (voluntarily or otherwise), they can restore those base acres for ARC or PLC. Producers in this situation should contact the local FSA office.

Tracy Hangar, NRCS's Washington state agronomist, talked about vacancies throughout the state, including several openings in the Dayton field office. She touched briefly on the Conservation Stewardship Program and Environmental Quality Incentives Program (EQIP), telling producers that the program may be a good fit for those

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with expiring CRP acres. She encouraged producers to give the local NRCS field office a call.

Finally, after all the agency updates, Columbia County growers held a short county meeting to hear a treasury report and to review minutes from the last meeting. McKinley told producers that he'd like to see the county be more active in funding local activities.

At a prime rib lunch, sponsored by the Ed Poe Agency, **FRANKLIN COUNTY** growers heard an overview of 2018 Farm Bill programs from Shannon Neibergs, a Washington State University Extension economist and director of the Western Center for Risk Management Education. Neibergs told growers that most producers signed up for ARC under the 2014 Farm Bill because payments were predictable for the first few years. Unfortunately, because commodity prices began to fall shortly after, PLC became a better choice in later years. With prices still low, it is expected that growers will overwhelmingly choose the PLC program under the 2018 Farm Bill. He also summarized the changes between the 2014 and 2018 farm bills, including:

- Base acres will not change from 2014 Farm Bill enrollment.
- Growers will choose either ARC or PLC for 2019 and 2020 program years, and there will be an annual re-enrollment for 2021, 2022 and 2023.
- The ARC-County payment cap is 10 percent of the County Benchmark Revenue (no change). PLC also has a cap that is equal to \$5.50 reference price minus the \$3.38 loan rate equal to \$2.12/bu cap (no change), and the national loan rate increased from \$2.94 to \$3.38.
- 2018 introduces a reference price escalator.



Kelly Betts, Columbia County's Farm Service Agency county executive director, talked about Conservation Reserve Program and upcoming reporting deadlines at the Columbia County meeting.



Adams County wheat growers met at a local restaurant for breakfast to talk about potential carbon legislation and problems deep well irrigators are having.

- ARC-County yields are based on data from the Risk Management Agency rather than data from the National Agricultural Statistics Service, and ARC-County yields are trend adjusted.
- Producers will have a one-time opportunity to update PLC program payment yields that take effect beginning with the 2020 crop year.

Neibergs encouraged producers to take advantage of the online decision aid tools (see pull-out box on page 8). While the tools are still being updated, he said he didn't think the calculations in the tools will change to the point where it would change a producer's decision.

"Time won't be wasted working on them now," he said. ▶



At a prime rib lunch, sponsored by the Ed Poe Agency, Franklin County growers heard an overview of 2018 Farm Bill programs from Shannon Neibergs (left), a Washington State University Extension economist and director of the Western Center for Risk Management Education.

Wireworm

A pest that's more than just a nuisance

Wireworms are pests that have never left. For decades, cereal growers have produced wheat with a growing threat beneath their feet.

Growers in North Dakota, Montana, the Pacific Northwest and Canada have suffered a surge in wireworm populations and subsequent crop damage, according to university researchers. There aren't official surveys, but anecdotal evidence from growers, entomologists and researchers throughout the region points toward a growing population that is only likely to get worse.

Wireworms, the larvae of click beetles, typically live three to five years, a life cycle that exacerbates the problem. First, click beetles move into a field from surrounding permanent habitats — grassy ditches, pastures and undisturbed field borders — and lay eggs. That cycle repeats each year, with additional eggs being laid every year. Meanwhile, the first wireworms are growing and maturing underground. When that generation reaches adulthood, the pests begin laying their own eggs, and then the growth takes off exponentially.

"All of a sudden the population can just explode," says Dr. Bob Vernon, a research scientist who recently retired from Agriculture and Agri-Food Canada. "This is starting to happen, and it's a real concern."



Retailers are taking notice as well. More than 80% said wireworms are the biggest problem pest in their area, according to a 2018 Ag Retail survey conducted in Idaho, Montana, Oregon and Washington.

"Increasing populations are leading to greater damage, from shredded stems to thin stands," says Dr. Ruhyyih Dyrdaahl-Young, BASF Technical Representative for the northern Great Plains. "A single large wireworm can eat two or more germinating seedlings, and there is no solution after planting. Growers need to be proactive and plan ahead when managing the pest."

Extremely large populations — it's possible to have more than 1 million wireworms per acre, Vernon says — can destroy the majority of an emerging crop that was seeded around 1.5 million seeds per acre.

Growers can face a loss of more than 50% of seedlings, and those that survive may be stunted, further reducing yield in a field already taking a hit.

In the last five years, it has become more common for damage to be severe enough that the surviving crop can't compensate by producing more tillers, forcing growers to replant the field. That's added seed, added time, added labor and added wear on the equipment.

"It can be an added expense growers have to incur," says Dyrdaahl-Young.

Wireworms can cause other management headaches by making herbicide application much more difficult. Ongoing feeding can cause plants to mature at different rates and different heights. Areas that are bare or have patchy growth are also at a higher risk for weeds all season — and even into the next year. A grower may have to choose whether to make additional applications or leave part of a field more susceptible to weeds.

Lost Control

Why, after such a long period of relatively easy management, are wireworms a problem again?

Wireworms have been on the radar of growers and crop scientists dating back to the early 20th century. But the development of lindane and other organochlorine insecticides pushed the focus on the pest to the back burner.

By 2007, most of the organochlorine insecticides were banned by the U.S. EPA, and the products that took their place — neonicotinoid insecticides — do not cause direct mortality but instead cause intoxication of the wireworm. This intoxication can protect initial stand establishment and seedling development, but the lack of direct mortality allows the larval development and life cycle progression to continue — leading to population growth.

Researchers are starting to see wireworm populations on the rise. Current neonicotinoid insecticides are unable to reduce wireworm populations and these high wireworm infestations are causing more damage to the crop treated with a neonicotinoid insecticide.

"You can plant your cereal crops in those fields with current technology, and wireworms will still take down your crop," Dyrdaahl-Young says. "Luckily, we have Teraxxa™ insecticide seed treatment coming soon with a novel mode of action to control wireworm populations."

To learn more about wireworms, reach out to your local BASF representative.

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Ian Burke, a professor of weed science at Washington State University, kicked off the Walla Walla County meeting at the Marcus Whitman Hotel in Walla Walla by addressing herbicide resistance in weeds, especially in downy brome.

Nicole Berg, a Benton County grower and treasurer of the National Association of Wheat Growers (NAWG), gave a national legislative update and talked about the national issues NAWG is currently working on, including trying to secure disaster funding for quality problems caused by excess moisture. Many parts of the Midwest and northern Plains have experienced severe low falling numbers (FN) this year to due excessive moisture, and NAWG is trying to convince the U.S. Department of Agriculture to recognize low FN as a weather-caused issue, much like flooding.

Berg also talked about CRP, telling growers that there is likely to be a lot of changes in CRP, especially in rental rates, cost share and acreage changes in priority areas.

Glen Squires, CEO of the Washington Grain Commission (WGC), gave an update on trade and transportation. He talked about the most recent GE event and the steps Japan is taking to test for the presence of glyphosate-resistant wheat in their shipments (of which none has been found so far). He also touched on the upcoming research review, saying there is about \$300,000 worth of new proposals and that grower input is needed to determine where assessment dollars are to be spent.

At the end of lunch, the growers held a short county meeting to review minutes from the last meeting. A change in officers will be considered at the next county meeting, which is scheduled for Jan. 9 at Star School.

Ian Burke, a professor of weed science at Washington State University, kicked off the **WALLA WALLA COUNTY** meeting at the Marcus Whitman Hotel in Walla Walla. Burke addressed herbicide resistance in weeds, especially in downy brome. He told growers that

the future of herbicides doesn't look very promising as there are very few new modes of action being developed since the 1990s.

"What I'm telling you is that we aren't getting herbicides with new modes of action any time soon," he said, adding that as more weeds develop resistance to the herbicides that are available, the situation is getting "perilous."

Burke said growers have been living with downy brome—also known as cheatgrass—since the 1920s, and it has shaped and influenced how crops are grown in the Pacific Northwest. Burke's research has shown that downy brome can cause a 90 percent yield loss if it germinates at the same time as the wheat. In 2012, he started testing for glyphosate-resistant downy brome, which he is now starting to see, and he said he fully expects to see resistance to multiple modes of herbicide action soon. According to Burke, tillage may be the only effective answer, and growers will need to consider alternative crops to wheat, saying that it likely won't be possible for growers to continue growing wheat the way they have been.

Burke is currently studying how a combination of herbicides and the timing of application impacts downy brome and how different "flavors" of downy brome have different vernalization requirements. He had some best management practice tips for growers including:

- Planting into weed-free fields and keeping them weed free;
- Planting weed-free crop seed;
- Preventing field-to-field and within-field movement by starting equipment usage in weed-free areas and by cleaning equipment after use;
- Controlling weeds in borders to prevent weed influx into field;
- Understanding weed biology, particularly timing of seed germination, seed dormancy and seed longevity;
- Diversifying weed management practices;
- Using crop competitiveness to suppress weeds;
- Using mechanical management practices as needed; and
- Monitoring weed management strategies to ensure effectiveness and early detection of resistant weeds.

Kevin Duling from KDI Investors talked about world stocks versus production, comparing the top six wheat exporting countries (Argentina, Australia, Canada, EU, Black Sea and the U.S.) and explaining that the U.S. is about the only country that has an excess of grain to export. He also said that the market is more dynamic than the numbers show, but nobody is sure what will get it moving. Duling also touched on the corn market, saying that potential problems there could be a boost for wheat.

Rod Hamilton, programs chief at the FSA Washington state office, talked about CRP, the Market Facilitation Program and 2018 Farm Bill programs. ■

WAWG leadership team attends NAWG fall conference

At the beginning of November, the leadership team of the Washington Association of Wheat Growers (WAWG)

attended the fall conference of the National Association of Wheat Growers (NAWG) in Sante Fe, N.M., to take part in committee meetings and discuss national issues.

At the Environment and Research Committee, board members received an update on FY2020 agriculture appropriations, reviewed wheat production issues and pests and got an update on the implementation of conservation programs authorized by the 2018 Farm Bill. Additionally, the committee discussed climate policy and pesticides.

During the Domestic and Trade Policy Committee



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meeting, members discussed congressional action on the U.S.-Mexico-Canada Agreement and tariffs, 2018 Farm Bill implementation and U.S. Department of Agriculture (USDA) disaster aid implementation. Additionally, a variety of USDA programming issues were discussed, and staff provided an update on Grain Standards Act reauthorization and transportation/infrastructure policy.

One of the main topics of discussion was the sale of the Wheat Growers Building in Washington, D.C. A resolution was passed to support the sale of the building and moving forward with a lease agreement on a new office space for both NAWG and the National Wheat Foundation.

The fall conference is held jointly with U.S. Wheat Associates. ■

WAWG welcomes two new wheat ambassadors

Two new high school seniors have been selected as the 2019/20 Washington Wheat Ambassadors: Gunnar Aune of LaCrosse and Spencer Miller of Ritzville. Both ambassadors were awarded scholarships at last month's Tri-State Grain Growers Convention. Aune will receive \$2,000, and Miller will receive \$2,500. Both seniors will spend the next year representing Washington wheat growers at various events and learning how to advocate for the industry.

Gunnar Aune

Aune is the son of Leonard and Stacy Aune. He attends Colfax High School where he is involved in football, basketball and track, not to mention being very active in FFA, ASB, Honor Society and WIAA LEAP, a student leadership committee. He grew up on his family's LaCrosse wheat farm where he and his three siblings are the fourth generation. While he would like to eventually take up farming one day, Aune said first he'd like to get some experience working as an ag or mechanical engineer, but "...coming back to farm is definitely one of my life goals."



Aune heard about the ambassador program from his ag advisor. In addition, he said several of his close friends are former wheat ambassadors. He decided to apply for the experience because his FFA activities have taught him that there's more to agriculture than sitting behind a tractor. He also sees this as an opportunity to develop leadership skills.

"I think this is going to be a unique experience to work with Spencer and to see a different side of agriculture than the traditional side," he explained. "I'm really excited about the Olympia Days trip. Some people might be intimidated (meeting with legislators), but I'm looking forward to it. I'm super excited for this experience."

Spencer Miller

Miller is the son of Mike and Marci Miller. He's had a front-row seat to the ambassador program as his sister is a past ambassador. Miller is a senior at Ritzville High School where he is captain of the football team and is a five-time baseball letterman. He is also active in FBLA and FFA. In his free time, when he isn't "paying dues" out on his family's multigenerational farm, he loves to hunt and fish.



Miller plans to study mechanical engineering and to eventually serve in the U.S. Army before possibly returning to the family farm, where his least favorite part of farm work is rod weeding, because "...it's break down after break down." Harvest is his favorite part.

"It's long hours and hard work, but at 7 or 8 p.m. in July, the sun starts setting over the stubble and makes it all worth it," he explained.

Miller hopes his ambassador experience gives him new connections in the industry and helps him learn about interacting with people. He is particularly looking forward to participating in the industry's Olympia Days advocacy trip in January.

"I think the wheat ambassador program is an amazing program. It's a great way to get the younger generation involved in the industry. It's about outreach, and it's about kids learning, which I think is great," he said. ■

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Members add carbon direction to 2020 resolutions

During the annual meeting at the 2019 Tri-State Grain Growers Convention, the Washington Association of Wheat Growers (WAWG) membership updated and approved the 2020 resolutions that direct policy for the next 12 months. The updated resolutions are listed here. For the complete set of resolutions, visit wawg.org.

NATIONAL LEGISLATION COMMITTEE

- WAWG opposes mandated climate change policy, such as the “Green New Deal” that would suggest or propose to change farm size, farming practices, or current equipment. Additionally, we oppose regulation of agriculture for social engineering.
- WAWG supports recognizing agricultural practices as a benefit to the environment. Further, any policy or regulation regarding conservation practices and technological advancements that aid in the reduction of carbon emissions should be administered through the farm bill or the private sector. The wheat industry should be fully involved in discussions and development of any policy or legislation relating to climate change.
- WAWG supports allowing producers to form health insurance purchasing cooperatives and/or associations, including across state lines.
- WAWG encourages the buildout of broadband internet infrastructure in rural America.

RISK MANAGEMENT

- WAWG supports additional flexibility in prevented planting provisions which favor history of participation instead of current year planting requirements for eligibility of the Enterprise Unit structure.

TAXES

- WAWG supports the elimination of the Federal estate tax or a minimum level of \$11.4 million per individual estate tax exemption indexed to inflation, retaining a step up in basis.
- WAWG supports reinstatement of the following for C-Corps: the 15% corporate tax rate for the first \$50,000 in taxable income, the 100% deduction for farm meals, and the domestic production activities deductions (199a) for C-Corps with less than \$1 million gross revenue.
- WAWG supports a provision to allow for current year income to be 100% offset by a net operating loss carried forward.
- WAWG supports an increase in the mileage exemption for heavy highway vehicle use tax from 7,500 to 20,000 miles for agricultural vehicles, and the simplification of applying for exemption.

MARKETING COMMITTEE

TRADE

- WAWG supports increased funding for the Market Access Program (MAP) and Foreign Market Development (FMD) and continued funding for the Ag Trade Promotion (ATP) Program.
- WAWG supports bilateral and multilateral trade agreements that are favorable to the U.S. wheat industry as a top priority for USTR (US Trade Representative). WAWG opposes any withdrawal prior to any new trade agreement ratification.

NATURAL RESOURCES COMMITTEE

CONSERVATION RESERVE PROGRAM (CRP)

- WAWG supports the Secretary of Ag to have the authority to waive the 25% CRP cap in a county that has designated CPA (Critical Priority Areas) in that county.
- WAWG supports the continual maintenance of CRP and the mid-management practice cost share.

AIR

- WAWG does not support any cap and trade, carbon sequestration, or climate change provisions without being a full partner in the development of any policy or legislation. WAWG supports market-based legislation that is fair, affordable, and achievable using the best scientific information, and does not make wheat growers less competitive in the global market, or add undue costs.

ENERGY

- WAWG supports opportunities to increase hydropower, nuclear energy, biomass, biogas, hydrogen, renewable natural gas, renewable propane, and other low-carbon emitting sources of energy.
- WAWG supports the continued use of natural gas for grid reliability if the state adopts carbon reduction legislation limiting the type of resources electric utilities are eligible to acquire and serve their customers.

CROP PROTECTION

- WAWG supports the continued use of glyphosate for all applications.
- WAWG opposes cancelling crop protection product labels or uses unless equivalent replacement products are available.

RESEARCH COMMITTEE

- WAWG strongly encourages the prioritization of wheat and barley research, including discussions with all interested parties, in the following areas:
 10. Explore and develop new weed control strategies that minimize development of herbicide resistance in weeds.

STATE LEGISLATION COMMITTEE

LEGISLATION

- WAWG encourages the buildout of broadband internet infrastructure in Washington state.

STATE AGENCIES

Department of Agriculture

- WAWG supports WSDA/WSU/WSCIA wheat seed quality assurance program that includes continued screening to validate the integrity of our certified seed supply.
- WAWG supports legislation to allow a producer to choose to have their submitted grain sample inspected and graded by Washington State Department of Agriculture when delivering to warehouse operator or commodity dealer for storage or sale.

TRANSPORTATION COMMITTEE

ROAD

- WAWG opposes road usage charges based on a pay-per-mile system which disproportionately impacts rural areas. ■

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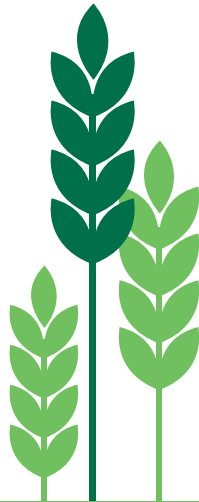


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POLICY MATTERS

Production, policy, politics: Perspectives for the PNW

By Trista Crossley

One of the break-out sessions at the 2019 Tri-State Grain Growers Convention last month took a look at what's happening on the policy front at the national level.

Presented by Chandler Goule, CEO of the National Association of Wheat Growers (NAWG), and Josh Tonsager, NAWG vice president of policy and communications, the presentation covered NAWG's role; production trends and economic conditions in farm country; policy issues and implications for wheat farmers; and upcoming political challenges.

NAWG works with 20 state associations and many coalition partners on federal farm policy issues and environmental regulations and seeks to unite the wheat industry around common goals. It offers leadership development training, education for legislators on wheat industry issues and works with its state partners to address concerns at the national level.

Goule touched on current wheat production trends, noting that since 1920, acres planted has dropped from 77 million acres to 45 million acres today, while production has doubled in that same time period from 952 million bushels to 1.9 billion bushels. Average yields have also

dramatically increased, from 12.9 bushels per acre in 1920 to 51.6 bushels per acre in 2019. Unfortunately, despite those gains, wheat is still running behind other commodities, such as corn and soy, due to the lack of genetically engineered (GE) varieties.

"When you compare with other commodities that have adopted GE or GMOs, we are still falling behind on how much we can produce per acre," Goule said, adding that while many growers are ready to adopt GE varieties, neither export markets nor the public are. That's primarily because wheat is thought of as a "food" grain, rather than a "feed" grain, like corn.

Any farmer will tell you that economic conditions right now aren't great. Goule pointed out that chapter 12 bankruptcy filings have increased 24 percent in agriculture over the last 12 months, and in the northwest (Washington, Oregon, Idaho, Montana and Wyoming) that number has risen by 74 percent. The U.S. Department of Agriculture (USDA) projects 2019 net farm income at \$88 billion, but 2019 farm debt is projected to be a record high \$416 billion. To put a pin in it, 40 percent of this year's income to farmers (\$33 billion) will come from trade assistance, disaster aid, farm bill programs and crop insurance indemnities.



Chandler Goule (left), CEO of the National Association of Wheat Growers (NAWG), and Josh Tonsager, NAWG vice president of policy and communications, headed a break-out session at the 2019 Tri-State Grain Growers Convention that covered NAWG's role; production trends and economic conditions in farm country; policy issues and implications for wheat farmers; and upcoming political challenges.

“We’ve presented these numbers to the Senate and House agriculture committees,” Goule said. “We’ve been very clear with the administration, that even with MFP (the Market Facilitation Program) and crop insurance, we are just barely keeping our growers from going out of business. Nobody is making money in this situation, and we are going to have to do something, primarily to fix our trade agenda so we can continue to export and pull these prices up.”

Turning to policy issues, Tonsager touched on the tough harvesting conditions growers in the northern Plains states have encountered this year. NAWG is working to get disaster assistance for quality loss issues in wheat caused by excess moisture. NAWG is also closely monitoring 2018 Farm Bill implementation, including changes to conservation programs and working with the Risk Management Agency to implement a provision to help growers deal with quality adjustments when no indemnity payment is triggered. And even though the ink is barely dry on the 2018 Farm Bill, Tonsager said NAWG is already preparing for the next farm bill.

“The current farm bill expires in 2023. We have to start anticipating what additional changes we want to pursue. If there’s things we want to take a look at that require studies and analysis, that takes time and takes money, so there are maybe things we need to start looking at over the course of the next couple of years,” he explained.

Other policy issues that NAWG is working on include full funding of agricultural priorities in the current appropriations bill and, of course, trade policy issues, such as passing the U.S.-Mexico-Canada Agreement, the tariff battle with China and re-authorization of the Grain Standards Act.

Finally, both Tonsager and Goule



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discussed possible leadership changes in the House and Senate ag committees. There is a possibility that all four of the ranking members may leave the committees. Rep. Mike Conaway (R-Texas) and Sen. Pat Roberts (R-Kan.) are both retiring, while Rep. Collin Peterson (D-Minn.) is facing a potentially tough re-election campaign. While Sen. Debbie Stabenow (D-Mich.) is not retiring or up for re-election, Tonsager said she has an opportunity to become ranking member on other committees, so she could potentially leave the ag committee.

“There’s just going to be a number of different challenges and a number of different changes in the political dynamic that we are going to have to face going through the next farm bill cycle and defending farm programs,” Tonsager said, “So it’s important to have your engagement.” ■



Kristin Meira, executive director of the Pacific Northwest Waterways Association, gave a convention break-out session on the important role the river system plays in shipping products to market.

The importance of grain shipping on our river system

By Trista Crossley

While there was much talk of trade during the 2019 Tri-State Grain Growers Convention, the importance of the Columbia-Snake River System was also on growers’ minds.

Kristin Meira, executive director of the Pacific Northwest Waterways Association, gave a break-out session on the important role the river system plays in shipping products to market. She said lots of bulk products move on the river and offered some facts:

- It is the top wheat export gateway in the U.S.;
- It is the third largest grain export gateway in the world;
- It is second in the nation for soybean exports;
- It is the top gateway in mineral bulk shipments on the West Coast; and
- It is #1 in wood exports on the West Coast.

Regarding the role the dams play in salmon populations, Meira said that juvenile salmon survival at the dams now averages 97 percent, which is higher than some undammed rivers, according to the National Oceanic and Atmospheric Administration (NOAA). She also said poor ocean conditions are having a large impact on salmon survival.

“We need to learn more about the oceans and make sure we are realistic about the role we can play (in increasing salmon populations),” she said.

Meira also talked about the lower Snake River dams and the push by some environmental groups to tear down the dams to provide orcas with more food, specifically the Southern Resident Killer Whales, which are home based in Puget Sound but range from southeast Alaska down to California. She said NOAA, the agency that is responsible for the recovery of the species, has highlighted several factors that impact orca populations, including contaminants and vessel traffic in Puget Sound and other species that prey on salmon, such as seals.

“NOAA has said Snake River Chinook is not the most important run for orca survival,” Meira said. “Certainly the Snake River Chinook play a role, but it’s not their only food source.”

Nearly 10 percent of all U.S. wheat exports move through the Snake River dams, and they are an important source of clean energy via hydropower. Meira said some dam breaching proponents have suggested that Bonneville Power Administration (BPA) doesn’t need the power from the Snake River dams anymore, but BPA has made it very clear “that those dams are important to their portfolio.”

BPA, the U.S. Army Corps of Engineers and the U.S. Bureau of Reclamation are currently wrapping up a federally mandated environmental impact statement (EIS) on salmon and the Columbia-Snake River System. A draft EIS is scheduled to be released in February 2020 with the final draft expected in June or July. The public will be able to comment on the draft EIS, and Meira said it is extremely important that growers weigh in, not only on the EIS, but to their legislators as well.

“This is your time to use your voice and tell the agencies and the governors (of Idaho, Oregon and Washington) how you feel,” she said. ■

Letter alleges MFP payments ‘treating farmers unfairly’

Last month, the minority staff on the Senate Agriculture Committee released a report saying the U.S. Department of Agriculture’s (USDA) Market Facilitation Program (MFP) is treating farmers unfairly.

The report alleges that the MFP:

- Is picking winners and losers between regions and crops. Nearly 95 percent of top payment rates have gone to southern farmers;
- Is helping wealthy farms and foreign companies instead of small farms. Payments have been made to billionaires and foreign-owned companies, including \$90 million to JBS, a Brazilian company; and
- Is failing to recover market access as there is no long-term investment or plan for rebuilding markets.

The report says that farmers in Washington state in the first round of MFP payments received on average less than \$10 per acre. The top five states, Georgia, Mississippi, Alabama, Tennessee and Arkansas, saw first-round payment averages that ranged from \$35 to more than \$50.

In response to the report, a group of democratic senators sent a letter to USDA Secretary Sonny Perdue asking the administration to provide equal assistance to all American farmers harmed by the administration’s trade policies and to pursue a focused, consistent trade policy to rebuild markets already lost. Both of Washington state’s senators, Patty Murray and Maria Cantwell, signed onto the letter.

“Despite the unprecedented scale of the USDA’s ad-hoc trade assistance...there are significant gaps and flaws that create inequity, fail to account for the actual damage to producers and even leave some producers shut out. The formula and methodologies result in wide differences in payment rates between regions, counties and even farmers in the same county that are difficult to explain or understand,” the letter states.

In a joint statement, Sens. Murray and Cantwell called on the administration to help all farmers harmed by unfair trade.

“This administration’s chaotic trade agenda has irreparably harmed farmers, on top of the market instability and extreme weather challenges they already face,” the senators wrote. “All farmers harmed by unfair trade should be eligible for assistance to help them weather the storm caused by this administration.” ■

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NORTH BY NORTHWEST SOCIAL MEDIA CAMPAIGN UPDATE

October set some records! We focused on some strong messaging on social media and also started preparing our consumer survey to launch in November. Our Farmer's Day post reached people around the globe, reaching more than 350,000 in less than 24 hours! It was shared more than 3,400 times. This amazing post will, however, skew data for a while, as it's number hit way above the norm and reached people outside the main targets. We had an increase in web visits which was a direct result of our Facebook activity.

NATIONAL WHEAT FOUNDATION SCHOLARSHIP ACCEPTING APPLICATIONS

The National Wheat Foundation officially began accepting applications for the Jerry Minore Scholarship, honoring students pursuing a career in agriculture. The scholarship is available to both graduating high school seniors and college students for the 2020-21 academic year with an application deadline of Dec. 31, 2019.

"The scholarship is meant to aid those students who have shown a passion for agriculture both inside and outside the classroom," said Wayne Hurst, chairman of the National Wheat Foundation. "These students can then educate the next generation on the importance of wheat and agriculture and the significant role both play in society."

The late Jerry Minore was a BASF senior market manager and a liaison to the wheat industry. Since his unexpected death in 2012, BASF has partnered with the National Wheat Foundation to fund scholarships and honor his advocacy efforts for wheat growers. This year the Foundation will be issuing two scholarships for \$2,500 each.

"We are proud to partner with the National Wheat Foundation to find students who have shown a commitment to our industry and a willingness to honor Jerry's legacy and enthusiasm for agriculture," said Scott Kay, vice president U.S. Crop, BASF Agricultural Solutions. "We will continue to invest in the best and brightest ag students to help them achieve their career goals. We look forward to seeing their impact."

For information on how to apply, visit wheatfoundation.org/education-and-scholarships/.

2019 CONVENTION AUCTION SUCCESSFUL

While the final numbers haven't been tabulated quite yet, the Washington Wheat Foundation greatly appreciates the generous donations to the 2019 auction at the Tri-State Grain Growers Convention in November. From gift baskets to BBQs and farm toys to fine wines, there was something for everyone to bid on. Donations and those who bid on and purchase the items make it possible for us to support the educational programs and scholarships administered by the Foundation. ■



Reminders:

- The National Wheat Foundation is now accepting applications for the Jerry Minore Scholarship, honoring students pursuing a career in agriculture. The scholarship is available to both high school and college students for the 2019-2020 academic year with an application deadline of **Dec. 31, 2019**. For more information, visit wheatfoundation.org/education-and-scholarships/.
- Remember the Foundation in your charitable giving. Go to wawheat.org to find out more about ways that you can support your industry.

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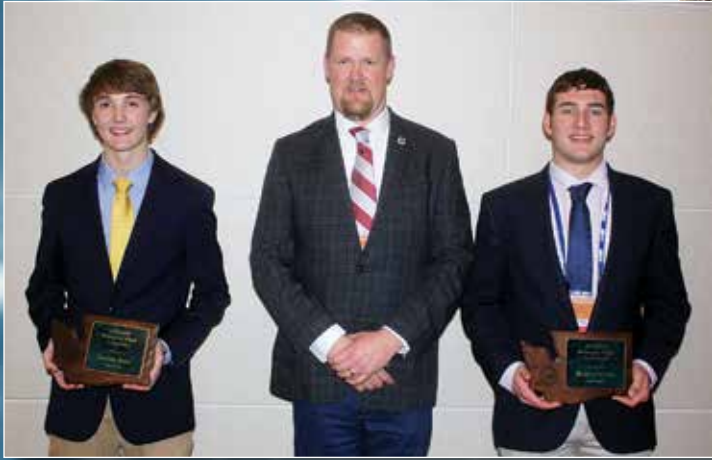
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TALKING TRADE

Convention presentations repeatedly return to world commerce | By Trista Crossley

What do you get when you add a dash of farm bill implementation and trade to a new global order, served with a side of national wheat issues and topped off with a long-term weather forecast? An informative, engaging 2019 convention agenda, of course.

National organizations focus on trade as top issue

Agri-Pulse Executive Editor Philip Brasher is no stranger to national food and agricultural policy, having covered those issues for more than 15 years. He moderated a national organization panel featuring Darren Padget, vice chairman of U.S. Wheat Associates (USW); Scott Brown, representing the National Barley Growers Association (NBGA); Dave Milligan, vice president of the National Association of Wheat Growers (NAWG); and Jerry Brown, a member of the board of directors for the Wheat Foods Council (WFC).

Trade and trade-related issues dominated the panel's discussion, with Brasher jumping right into the confusing swirl of news around China, saying there are indications that negotiations are moving along. Statements have been made by Trump officials that China has promised to buy up to \$50 billion in U.S. commodities, nearly twice the amount they were purchasing before the trade war began. No other details have been released.

"That's obviously the biggest single issue that I know all of you are waiting for, some sort of commitment for significant purchases by China," Brasher said.

Brasher also touched on the U.S.-Mexico-Canada Agreement (USMCA). House Democrats continue to meet with U.S. Trade Representative Robert Lighthizer to

work out differences so the bill can move forward. He said that once the administration submits the formal implementing bill to Congress, "... you will see this thing move." He explained that they already have the votes to pass it, and Speaker of the House Nancy Pelosi (D-Calif.) is getting pressure from rural Democrats ("There aren't that many, but there are some") to take action on the bill.

Brasher also talked about a different trade-related issue, biotechnology, saying it's a significant concern in wheat because export markets have generally been resistant to accepting genetically engineered (GE) varieties. He said another issue agriculture loves to hate may have a potential influence on attitudes against GE varieties, namely climate change. He postulated that gene editing may be able to produce wheat varieties that are more resilient to a changing climate. The U.S. Department of Agriculture (USDA) is scheduled to propose rules that would streamline regulation of gene-edited traits in June, but Brasher noted two major issues with the proposed regulations:

- The regulations would allow companies to determine themselves if the traits should be subject to regulation, and
- There's no requirement that companies notify the industry that these products are going to market.

"As you can imagine, there's lots of concern about that in the ag sector as well as the food sector and elsewhere," Brasher said, adding that exporters in particular have to know what biotech traits may be in their shipments.



Leaders of the grain industry's national organizations updated growers on what their groups are focusing on. From left are Jerry Brown, a member of the board of directors for the Wheat Foods Council; Scott Brown, representing the National Barley Growers Association; Dave Milligan, vice president of the National Association of Wheat Growers; Darren Padget, vice chairman of U.S. Wheat Associates; Philip Brasher, *Agri-Pulse* executive editor, who moderated the panel.

Brasher then asked panel members to introduce themselves and their organizations. He then asked several questions, ending the discussion by asking each panel member what issue they are most optimistic about or worried about:

- **USW.** “Trade” was Padgett’s answer to the questions of what he was most concerned about and what he was most optimistic about, explaining that there are things getting done in trade, and that there are “some victories” out there, such as the bilateral with Japan, and recent news that Brazil has agreed to implement a duty-free tariff quota for U.S. wheat, which will give Midwest producers a boost. “If you think things are bad here, it’s not pleasant there,” he said. “Wheat off the market is off the market. It doesn’t matter what color or what class it is, that’s a good thing.”
- **NAWG.** Milligan pointed to the influence social media has on the public’s perception of agriculture, and how sound science has taken a back seat to that. He said he has lots of faith in what the American farmer can do; they just need to get the message out there. Milligan also talked about damaging the Chinese market for U.S. wheat and wondered what the long-term effects of disrupting that market might be.
- **NBGA.** Mexico is an important market for U.S. barley, so getting USMCA across the finish line is an important issue for the NBGA, Brown said. He also touched on the Market Facilitation Program (MFP), saying the association has expressed displeasure with the way funds were allocated. He said he was most concerned about keeping Americans and the world educated on where food comes from. “We have to speak out and lobby for our policies and our way of life. There are so few of us anymore, that’s the challenge. We can’t be a silent minority,” he said.
- **WFC.** Brown explained his organization is dedicated to increasing the consumption of wheat-based foods, and they’ve seen research that shows talk about low-carb and gluten-free diets trending lower. The WFC has recently updated their website and is focusing on partnering with the personal trainer industry as a way to influence a wider audience.

USDA’s Censky touches on china, USMCA, farm bill implementation

While USDA Deputy Secretary Stephen Censky touched on multiple topics during his convention presentation, he focused much of his time on trade, especially China, Japan and the USMCA.

“I know how important trade is to the success of



U.S. Department of Agriculture Deputy Secretary Stephen Censky gave a keynote presentation focused on, of course, trade.

American agriculture,” he said. “On average, about 20 percent of net farm income comes from trade. Here in the Pacific Northwest, it’s much, much higher than that. I know how active this whole region has been in caring for and nurturing and developing those export markets over time.”

He called the potential trade deal with China “good news,” and said the administration is close to having a phase one deal, which has some really positive aspects for agriculture.

“We are working hard to finalize that agreement and hope to announce it in the very near future,” he said.

Censky said for agriculture, the USMCA has all the advantages of the original NAFTA (North American Free Trade Agreement) plus some benefits, like greater market access in Canada for dairy, as well as a revision to Canada’s wheat policy that stops Canada from automatically downgrading U.S. wheat to feed quality.

“Your organizations have been very strong in pushing Congress to pass USMCA. Thank you, and please keep the pressure on as well. We need to have it pass. We need it done this year so we can lock in those gains and move on to other trade agreements,” he said. “We are working to develop other market opportunities around the world... We are leaving no rock unturned to see how we can export more of our products overseas.”

The day before he spoke, Censky flew into Pullman and visited the Agricultural Research Service’s (ARS) research and breeding facilities at Washington State University. He said one of the points that was stressed to him was how

successful the cooperative relationship between WSU, ARS and the region's industry groups is.

Censky also touched briefly on implementation of the 2018 Farm Bill, saying USDA was very pleased with its progress. The agency is moving forward with the rural development part of the farm bill, including working on rural housing, community facility loans and rural broadband, where the USDA is investing \$1 billion in grants and loans to build broadband and internet connections in rural areas.

End of world order should bring opportunities to American growers

When Peter Zeihan sees a map of the world, he sees it just a bit differently. Most people see continents, countries and oceans. Zeihan sees the political, economic and strategic currents that keep the global economy humming. During his convention keynote presentation, he explained how it's all going to break down and why.

He started by laying the stage for the current world order, which began after WWII, when the U.S. brought its allies together and promised to patrol the global oceans so, as Zeihan put it, "...anyone can go anywhere at any time, purchase any raw commodity, ship it home safely, metabolize it into a finished good and then export it." In return, the U.S. expected them to be on our side against the Soviet Union. That worked well, until the Berlin Wall fell. Suddenly, the global order the U.S. created to fight the Soviets no longer served American strategic needs. A "bribe" Zeihan called it, adding that when you no longer need anything from a bribe, you stop paying, and that's exactly what the U.S. is doing.



Geopolitical strategist Peter Zeihan laid out his case for why and how the world's economic and political order is on the verge of changing to something radically different.

If America is stepping back, can anyone replace the U.S. as the sole super power? According to Zeihan, they will need to do two things: They need to provide security on the seas, where something like 95 percent of international trade happens, and consumption. He explained that the combined navies of the world might equal American naval fire power in a



WHAT'LL THE WEATHER BE? KXLY Meteorologist Mark Peterson closed out the convention with a long-term weather forecast for the Pacific Northwest. According to most models, this winter will bring slightly warmer temperatures with slightly above average precipitation, but people should still be prepared for major weather events, such as a heavy snowstorm or windstorm. "No major changes this year other than a little more mild than what it is on average, but Mother Nature can still come in and kick your butt," he said.

century or more at current levels of global naval build out.

"As an American, I won't lose a lot of sleep over this. There's no country, there's no coalition of countries that could even theoretically displace the U.S. this century," he said.

The other piece is consumption, because ultimately, trade doesn't work without a buyer. Zeihan tied consumption to demographics, saying most countries' birth rates are slowing and their populations are growing older. A younger population generally means more spending (think raising a family, buying a car). Thanks to the millennials, in the next decade, the average American will be younger than almost everyone else among advanced nations.

Zeihan also took a look at how the U.S. is interacting with other countries, using energy, steel/aluminum and auto tariffs and the dollar to get favorable trade terms. He took apart some of the recent trade deals with South Korea, Mexico, Canada and Japan to explain how the U.S.

was able to use those tools to push the other side to the negotiating table. In nearly every case, agriculture was the sector that was given the most access. He also touched on China, saying we are in the final years of China because of its geography. China is surrounded by island nations that can block their access to the rest of the world. Zeihan said the only reason China is flourishing is because the U.S. has forced everybody to be on the same side.

“All the U.S. has to do to destroy China as an entity is to go home. That we can handle,” he said.

Zeihan said most of the U.S. economy is immune to what happens abroad, except for Silicon Valley and agriculture. Technology manufacturing is mostly done overseas, and China isn’t targeting that sector because it will hurt them as much as the U.S., so instead, they’ve gone after agriculture.

“Bottom line, you are just too damn good at what you do,” he explained. “Out of every four calories the average American farmer produces, one of those calories has to be exported. That is where our weakness is in trade talks. It’s the only sector where there’s really exposure, so it’s the sector everybody goes after. I can guarantee that on the backside of this, when the global order is gone, we will see collapses in agriculture output around the world, collapses that won’t hit you at all.”

Expanding on agriculture, Zeihan said that thanks to U.S. assistance and security, any country that has questionable and marginal land has been able to grow wheat. He explained that the U.S. used economic means in order to achieve a security goal, and now that that security goal has been achieved, the U.S. is breaking away from the system.

“We changed the way the world

works. We provided the inputs, the finances, the market and the security to allow everyone to expand. They’ve been able to expand their agriculture systems under this environment to get a degree of food security. None of this is sustainable. You have been living in an environment almost custom designed to cause you problems,” he said, adding that the U.S. withdrawal will be an unmitigated disaster for most of the globe. “That means between trade talks and the end of the order, the pendulum is shifting back to you.”

Two other factors will play into this scenario where the U.S. is mainly insulated from the collapse of the world order, Zeihan said. Many countries are either still recovering from a recession or are overdue for a financial correction.

Next, Zeihan turned to energy. He had a night-time satellite picture that showed a large cluster of lights in western North Dakota where there shouldn’t be any lights. He explained that those lights are the result of excess natural gas being burned off the oil fields as a waste product. He explained that the U.S. has retooled many of its systems to use natural gas instead of crude oil to take advantage of this huge supply, including fertilizer and herbicides. Very few other countries have the resources to do this.

“That means inputs you use for every product you produce are going to be stable,” he said. “In this environment, very, very few countries can play. If it’s not a transport risk, it’s a security risk. If it’s not a security risk, it’s an energy risk. If it’s not an energy risk, it’s an input risk. If it’s not an input risk, it’s a financial risk.”

Finally, Zeihan took a quick look at the markets of the future. Mexico, Columbia, Vietnam, Myanmar and Indonesia top the list for him with U.S. competition mostly coming from Australia. ■



FIELDS OF DREAMS. A former high school teacher who became a major league pitcher at the age of 35 and had a movie made about his life, Jim Morris kept the audience’s attention riveted on him as he discussed how people can either be dream killers or dream makers. He implored listeners to remember that any time they have a face-to-face interaction, they are making an impression that will last a lifetime. He also told the audience to respect themselves and go out and chase their dreams.

FSA: No 2018 ARC-Co payment for wheat

HIGH YIELDS IN EASTERN WASHINGTON SCUTTLE FARM BILL PAYMENTS FOR LAST YEAR'S CROP

By Trista Crossley

The Washington state Farm Service Agency (FSA) office has confirmed that thanks to high yields, Eastern Washington wheat growers who elected the Agriculture Risk Coverage County option (ARC-Co) will not be receiving a payment for their 2018 wheat crop.

Only five Washington counties qualified for an ARC-Co wheat payment: Chelan, Island, Skagit, Snohomish and Whatcom. The official 2018 yield figures for Eastern Washington from fsa.usda.gov are shown at right.

Gerri Richter, program specialist at the Washington State FSA office, said it was unusual not to have a single Eastern Washington county get an ARC-Co payment. The data used by FSA to calculate program payments for 2018 came primarily from National Agricultural Statistics Service (NASS) surveys. In previous years, the wheat yield has been calculated using primarily winter wheat. According to Richter, that appears to be the case as well for 2018 for many counties.

In the past, growers have complained that the data provided by NASS, which relies on growers voluntarily completing surveys, is incomplete. Under the 2018 Farm Bill, FSA will use Risk Management Agency (RMA) data first, rather than NASS, a change

County	Yield Type	2018 Benchmark	2018 Actual Yield
Adams	All	51	65
Asotin	All	54	69
Benton	All	51	57
Columbia	All	72	90
Douglas	All	44	53
Franklin	Nonirrigated	35	56
Franklin	Irrigated	121	116*
Garfield	All	64	75
Grant	Nonirrigated	47	64
Grant	Irrigated	115	116
Klickitat	All	35	43
Lincoln	All	58	62
Spokane	All	59	67
Walla Walla	All	75	90
Whitman	All	70	82
Yakima	Irrigated	113	120
Yakima	Nonirrigated	16	18

*While the irrigated wheat yield in Franklin County fell below the benchmark, it did not fall below the revenue guarantee that is also part of the ARC-Co program.

DATA FROM FARM SERVICE AGENCY

Richter thinks will be especially beneficial to Eastern Washington growers because nearly all the wheat grown here is insured.

"I'm looking forward to RMA data being used," she said. "We did get more yields from RMA for 2013-2017 for our 2018 Farm Bill, which is wonderful, because it gave the state committee a lot less yields to have to try to find info for."

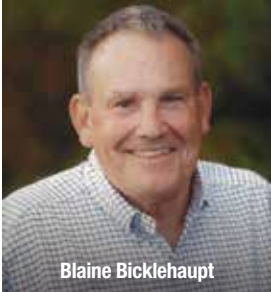
Wheat producers who elected the Price Loss Coverage (PLC) got some better news for their 2018 crop. The final rate for wheat is \$.34/bushel, while barley is at \$.33/bushel.

Producers who have questions about their 2018 crops and the ARC-Co or PLC programs should contact their county office. More information can also be found at fsa.usda.gov/programs-and-services/arcplc_program/index. ■

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Bruce Nelson, Whitman County Farmer

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WASHINGTON GRAIN COMMISSION

By Gary Bailey



Remember the “Save Our Dams” bumper stickers that could be seen on almost every wheat farmer’s pickup a few years ago? Removal of the Snake River dams to save salmon has been debated for many years. But recently, the push by environmentalists has increased substantially, and now two tribes have added the Columbia River dams to the debate.

Extreme measures like dam breaching have been studied and rejected numerous times. Nevertheless, it’s time again for Columbia-Snake River System users to join with a unified voice to remind the public of the benefits the rivers’ dam and lock system provides.

Except for the token farmer dam breachers trot out whenever they want to demonstrate the wheat industry is not united in opposition to breaching dams, I’d argue there are few issues with as much consensus as keeping the multiuse river system intact. That appreciation extends to those Eastern Washington farmers who ship primarily by rail, because they know, without the barge system, their cost of moving grain to export would rise.

The Pacific Northwest Waterways Association is not only a great resource for facts about transportation and fish along the Columbia-Snake River System (visit their website at pnwa.net) they are an effective advocate for dams and locks in Washington, D.C. Along with others, they understand that for listed species to ever be delisted, all four “Hs” of salmon recovery—hydro, habitat, harvest and hatcheries—are necessary.

Funding for salmon recovery has been ongoing since the inception of the dams. It’s estimated that fish and wildlife related costs are typically one-third of the Bonneville Power Administration (BPA) wholesale rate—or about 8 percent of a typical power bill.

Since 1978, about \$17 billion has gone into upgrading facilities to improve salmon runs, and the results have been nothing short of miraculous. Thanks to efforts to retrofit the lower Snake River dams, more than 96 percent of salmon smolt pass the dams on their way to the sea. In terms of predation, sea lions and seagulls have more of an impact.

Given that fully 53 percent of all U.S. wheat bound for export moves on the river system, farmers have an important voice in the battle to ensure the dams and locks

stay in place. But we can’t be the only group supporting that outcome, and I’m happy to see that others are joining with us. Recently, 30 public utility districts passed resolutions of support for the dams. My own electric cooperative, Inland Power & Light, was one of those issuing a proclamation.

Among the key points Inland Power cited in their support of the Lower Snake River Dams:

- They produce 1,000 megawatts of carbon-free power or enough to power half a million Northwest businesses, industries and households;
- BPA recognizes the dams as critical components to support peak power generation;
- Removing the dam’s firm winter capacity would add to a forecasted Northwest shortfall in energy capacity;
- Removing the dams would do irreparable damage to the Pacific Northwest’s role as a leader in clean, carbon-free energy; and
- In 2014, more chinook, sockeye and coho returned through Bonneville Dam than any year since the dam was built in 1938.

The resolution wraps up by asserting that removal of the dams would “negatively impact Inland Power & Light’s responsibility to provide reliable, efficient, clean and affordable power to its customers.” Because of that, the cooperative resolved to “undertake the task of educating its customers and others as to the benefits of hydropower to Inland Power & Light, the state of Washington and the Pacific Northwest.” That last line is huge, as farmers represent a single digit percentage of those who live in the Pacific Northwest, and we need allies.

All of you reading this column should consider it a call to arms. It will take all users of the river system to help beat back the latest—and largest—threat to our river system and our way of life. The Dam Hero sticker you see here is part of the Washington Grain Commission’s effort to remind people of the qualities it takes to swim against the current of public perception, much as a salmon does in the river. Become a dam hero and help “save our dams.” Contact the Commission office at (509) 456-2481 for your stickers. ■



REPORTS

WASHINGTON GRAIN COMMISSION

Raised with a passion for milling

Editor's Note: This is the fifth in a series of posts profiling U.S. Wheat Associates (USW) technical experts in flour milling and wheat foods production. USW Vice President of Global Technical Services Mark Fowler says technical support to overseas customers is an essential part of export market development for U.S. wheat. "Technical support adds differential value to the reliable supply of U.S. wheat," Fowler says. "Our customers must constantly improve their products in an increasingly competitive environment. We can help them compete by demonstrating the advantages of using the right U.S. wheat class or blend of classes to produce the wide variety of wheat-based foods the world's consumers demand."

By Amanda Spoo

U.S. Wheat Associates (USW) Milling and Baking Technologist Tarik Gahi has spent his entire career working with millers from around the world. But the first person to really make his career a passion was his own mother.

"The main element on the breakfast, lunch and dinner table in Morocco is bread. Growing up, my role at home was to follow my mom's instructions while helping her turn the wheat into bread. We would weigh 100 kilograms of the wheat stored in the roof, which was carefully hand cleaned, water washed and spread under the day sun for two days to dry out," said Gahi. "Then, I would take it to a traditional flour mill—meters from our house—and pass on the message that mom sent with me, 'Please make the flour coarser and separated from the bran.' Because if you didn't ask for it, the worker at the mill would produce whole wheat flour, and my mom didn't want the additional job of separating the bran. Without being aware of it, she was a miller."

Gahi grew up in Beni Mellal, a small city in Morocco at the base of Taseemit Mountain and near the plains



Name: Tarik Gahi

Title: Milling and Baking Technologist

Office: USW Middle Eastern, East and North African Region, Casablanca Office

Providing Service to: North Africa and the Middle East

of Tadla, a region known for its olive, wheat and orange production. He and his two sisters were raised by their father, a philosophy teacher and later a school director, and mother, a homemaker. Growing up, math was Gahi's favorite subject, so he pursued and received a bachelor's degree in mathematics from Ibn Sinaa School in Beni Mellal. When trying to decide what to pursue next, Gahi turned to his uncle, who had previously been the president of the first wheat importing group after the Moroccan wheat market liberalization in the late 1990s. His uncle introduced him to the Moroccan Milling Training Institute (IFIM) and shared with him something that he would never forget.

He said, "Tarik, if you ask any Moroccan in the street why he wakes up every morning and goes to work, his answer is always going to be 'for a piece of bread, son.' This means that wheat, flour and bread are in our blood, and any business related to these three

may lose at times, but never dies."

Following his uncle's advice, Gahi studied milling engineering for two and a half years at IFIM, where he was introduced to USW, seeing its logo displayed throughout the school and meeting USW Regional Technical Director Peter Lloyd. After graduation, the top five students from the class, including Tarik, were offered a job in the United Arab Emirates (UAE) with Al-Ghurair, one of the largest milling companies in the Middle East.

"At Al-Ghurair, I learned to be patient and never underestimate the people around you, no matter what their position," said Gahi.

After six years with Al-Ghurair, Gahi worked as a mill operation manager at Seaboard West Africa Limited in Sierra Leone for two years, which challenged his

managerial skills and taught him the importance of building relationships with customers. Next, Gahi decided to return to his home country and served as a chief miller at a milling company in Casablanca for three years before finally joining USW in 2015.

An ambassador for U.S. wheat

The first wheat that Gahi ever milled was U.S. hard red winter donated by USW through the U.S. Department of Agriculture's Foreign Agricultural Service's Quality Samples Program (QSP).

"That marked my professional life a lot. The USW logo was engraved in my mind from my time at IFIM," said Gahi. "I learned the basics of milling in a school built by USW and to come back and work with the man who helped train me (Peter Lloyd), was something special. To technically convince people to use a product (wheat) that is a beautiful story for me is a job that I want to do for the rest of my life. My story is with U.S. wheat."

As a milling and baking technologist, Gahi is involved in the development, service and expansion of technical service for U.S. wheat and wheat products. He conducts cake and cookie courses in USW's Middle East, East and



Tasting a roti type of bread made in the Mill Lab at Bakhresa flour mills in Tanzania.



(From left) Tarik Gahi with U.S. Wheat Associates colleagues Mark Fowler, Ian Flagg and Peter Lloyd at the IAOM MEENA meeting in 2017.

North Africa (MEENA) region, inviting major regional soft wheat flour users to share with them the quality of U.S. soft wheat and demonstrate its functionality as an ingredient.

The MEENA region is a wide geographic area and is made up of widely differing milling and baking industries. From bakers in large cookie processing companies in Egypt, to large flour mills in the UAE, north and west Africa, Gahi is equally at home carrying the message of what benefits U.S. wheat can provide to customers.

"My job is to represent U.S. wheat growers in our region, and USW provides the necessary tools and conditions to help me pass on the farmer message to both existing and potential customers," said Gahi.

Through QSP, the same program that Gahi encountered in his first milling training, he now trains other young millers in processing U.S. wheat and helps introduce bakers and biscuit manufacturers to the right flour ingredient for their products.

"Tarik has a really good basic grounding in flour milling technology, upon which he has added layers of technical experience both overseas and in Morocco," said Lloyd. "He has worked in both large and small mills, both new and older plants and has furthermore added layers of mill management, quality control and baking expertise to his basket of skills."

"Tarik is doing a great job providing technical support," said a research and development regional manager with a large snack food company in Morocco. "He brings positive and great values to the baking industry through his regular visits and always supports us when



Tarik and his son, AJ, somewhere in Morocco.

needed. We have benefitted from his bakery seminars and biscuit trainings.”

Gahi also spends time meeting with bakers and millers across the MEENA region to get updates on each country’s market and help troubleshoot their technical problems. These meetings give him the opportunity to build stronger relationships among U.S. wheat customers and helps identify new needs and possible customers in each market.

“Gahi brings a lot of clarification and precious advice to cereals professionals along the supply chain by emphasizing the advantages of U.S. wheat, compared to other origins, and helps them adapt their practices to extract the most value. And he does that all in three languages,” said a supply chain manager with a grain agency in Algeria. “It is a great honor to work and collaborate with Tarik. His value is characterized by a great education, a great dedication in his work and a developed professional sense, which all make him an excellent ambassador for U.S. wheat.”

Family

As his mentor, Peter Lloyd has watched Gahi interact with customers and how his unique blend of skills as a “people person” and his ability to communicate in English, Arabic and French has had a positive impact across a range of cultures and markets.

“A major part of the job is the ability to communicate effectively across a very wide range of people, from millionaire industry giants to cleaners in a mill—and here Tarik once again excels,” said Lloyd. “He has an innate ability to communicate with people in our region, putting all at ease, and, most importantly, listening effectively. He is just a great guy to work with.”

Lloyd is very proud that as his student and now colleague and understudy Gahi has become a part of the legacy Lloyd will eventually leave behind.

“As the person who has helped introduce Tarik to U.S. Wheat Associates and perhaps worked more closely with him than anyone, I can say that the future of technical support into the MEENA region and across Africa is in excellent hands with Tarik.”

For Gahi, who enjoys playing chess and cycling in his free time (though he says he is tired of being beaten every time he plays chess), family is his most important interest. He is a husband and a father of two small children, but family will always be also woven into his passion for his career.

“Every time I think about my career history, I think about my mom, uncle, U.S. Wheat Associates and Peter Lloyd. If I was asked to give U.S. Wheat Associates a new name, I would simply add the word “family”—U.S. Wheat Associates Family,” said Gahi. “Since I joined USW, I have felt like a member of a family. People care, people respect each other, and people do what it takes to make the family happy.” ■

Amanda J. Spoo is U.S. Wheat Associates Director of Communications



Touring the Bakhresa Mill in Zanzibar, Tanzania, and answering one of the chief miller’s questions about flour extraction and bran.

Sun never sets on PNW wheat export promotion

PUBLIC-PRIVATE PARTNERSHIP IS KEY TO SUCCESSFUL MARKETING SYSTEM

By Joe Bippert

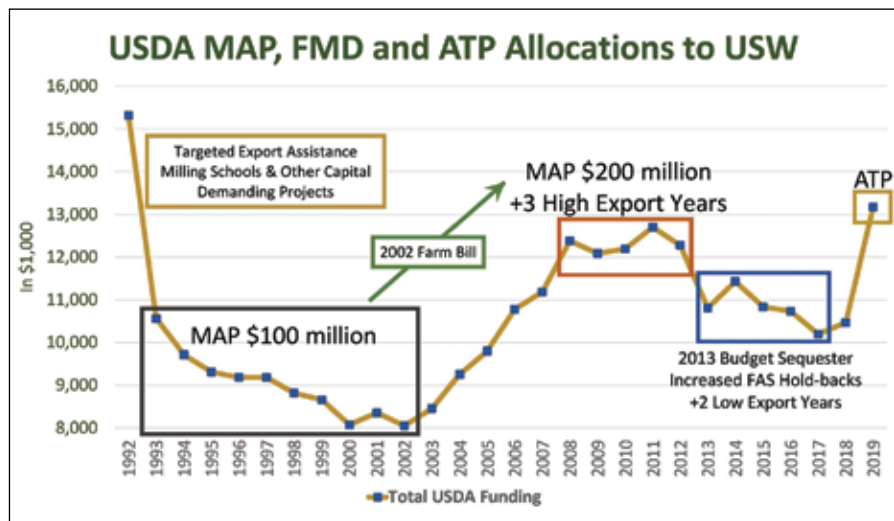
As Vince Peterson, the president of U.S. Wheat Associates (USW), often says, at any given hour of the day, there is someone, somewhere, talking about the quality, reliability and value of U.S. wheat.

Peterson would know. USW is the export market development organization for the U.S. wheat industry, working through its 15 offices around the world to promote all six U.S. wheat classes to wheat buyers, millers, bakers, food processors and government officials in more than 100 countries.

Historically, wheat farmers in post-World War II America were producing more wheat than ever before. But, with a poorly standardized marketing system, farmers needed a new way to improve their marketing opportunities. To do so, state wheat leadership created two regional organizations to coordinate export market development—Great Plains Wheat Market Development Association and Western Wheat Associates.

The Great Plains Wheat Market Development Association, chartered in 1958, was tasked with promoting wheat exports from the Plains states. Western Wheat Associates was formed in April 1959 to expand international markets for wheat from the Pacific Northwest.

With the world wheat market transforming into a global juggernaut, combined with an overlapping demand for purchasing a diversity of U.S. wheat classes, the two organizations merged in 1980 to form the single overseas wheat promotion organization that we



have today. USW remains fixed on the mission of the farmers who created these legacy organizations to “develop, maintain and expand international markets to enhance wheat’s profitability for U.S. wheat producers and its value for their customers.”

Public-private partnership

USW is supported by a successful public-private partnership between its 17 state wheat commission members, including the Washington Grain Commission, as well as cost-share funding from the U.S. Department of Agriculture’s (USDA) Foreign Agricultural Service (FAS). U.S. wheat producers contribute a portion of their wheat sales (either by bushel or by production value) to their state wheat commission through a checkoff program. On average, U.S. farmers whose states are members of USW, contribute about one third of a penny on each bushel of grain they produce.

This contribution qualifies USW to apply for matching funds from FAS, which primarily comes from the Market Access Program (MAP) and the Foreign Market Development (FMD) program. While FAS funding varies, its average match has recently been about \$2 for every \$1 in state funding. The application process requires extensive strategic planning that carefully examines every market, identifying opportunities for export growth and recognizing trends or policies that could threaten existing or prospective markets.

Working with buyers

The U.S. grain marketing system is reliable and transparent but can be complicated. USW works directly with overseas customers to provide them with the trade servicing, technical assistance, market information and consumer promotion efforts that creates value for them.

USW helps to resolve issues in purchasing, shipping or using U.S. wheat through its 13 overseas offices. Meanwhile, trade delegations to the U.S. are treated to regular crop and market condition updates, quality surveys and weather forecasts. ▶

USW regularly analyzes relevant market data and shares information with buyers on trade policy, standards or specifications that may affect imports and projections for future wheat production and consumption. USW publishes regular reports, covering wheat export prices, commercial sales, world supply and demand and crop quality.

Through technical assistance, USW sponsors customer participation in technical courses, workshops and seminars to help strengthen global milling, storage, handling and end-product industries. Other activities include personalized consulting in milling technology, baking, snack food and pasta production.

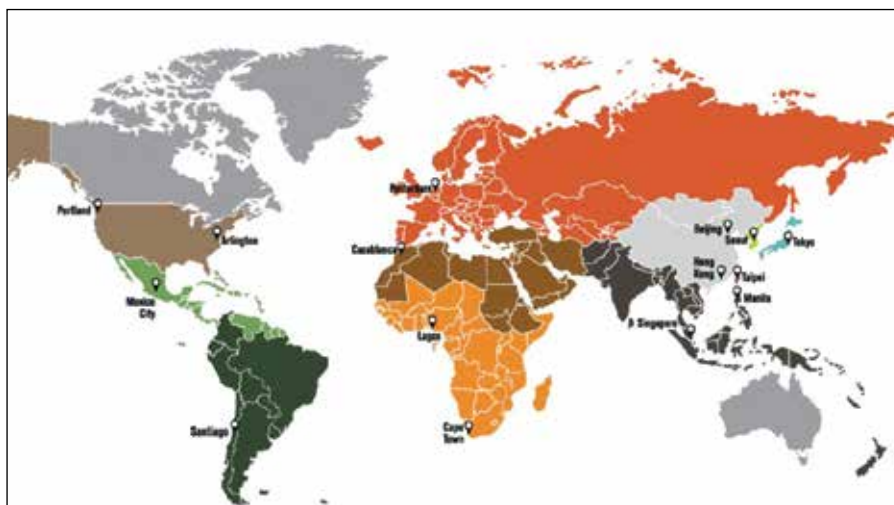
Trade policy

USW works with the U.S. government and other governments to overcome trade barriers and promote rules-based free trade. USW also supports free trade through multilateral, regional and bilateral agreements and works closely with FAS and the Office of the U.S. Trade Representative (USTR) to provide input on trade negotiations to improve market access and monitor existing trade agreements to ensure rules are implemented properly. USW actively seeks to bring down trade barriers or change policies that may prevent an overseas customer from choosing U.S. wheat.

Return on investment

These partnerships make it possible for U.S. wheat farmers to have representatives who work directly with customers and translate their needs back to wheat commissions that, in turn, direct research for wheat variety development in their states. The return on investment is evident.

A 2016 econometric study of export demand showed that between



This map shows U.S. Wheat Associates (USW) offices and sales regions. USW is supported by a successful public-private partnership between its 17 state wheat commission members, as well as cost-share funding from the U.S. Department of Agriculture's Foreign Agricultural Service. U.S. wheat producers contribute a portion of their wheat sales (either by bushel or by production value) to their state wheat commission through a checkoff program. On average, U.S. farmers whose states are members of USW, contribute about one third of a penny on each bushel of grain they produce.

2001 and 2014, MAP and FMD provided a return of \$24 in export gains for every additional \$1 spent on foreign market development (the ratio is \$28 to \$1 between 1977 and 2014). More importantly, USW's efforts increased average annual farm income by \$2.1 billion and created 239,000 new full and part-time U.S. jobs.

These results were consistent with a 2016 economic analysis of wheat export promotion. It showed U.S. wheat farmers received \$45 in net revenue for every \$1 they invested in export promotion between 2007 and 2014.

ATP funds

President Donald Trump authorized up to \$12 billion in programs to help U.S. agriculture through a trade mitigation package announced by U.S. Secretary of Agriculture Sonny Perdue on Sept. 4, 2018. Of the aid package, \$200 million was awarded to 57 organizations through the Agricultural Trade Promotion Program (ATP) to help U.S. farmers and ranchers identify and access new markets. USW was awarded a total of \$10.8 million, which will be distributed over the next three years.

While only a one-time aid package, ATP funds came at a critical time. The agricultural industry had been asking for an increase to MAP and FMD funds which hadn't seen an increase since the 2002 Farm Bill, when MAP funding increased from \$100 million to \$200 million. Since then, however, inflation has reduced the real, effective promotional power of U.S. agricultural market development programs by almost 30 percent.

The sun never sets

As the global demand for wheat food grows stronger every year, the Washington Grain Commission works closely with USW on promotional efforts on behalf of Washington farmers. The support for export market development starts with farmers who listen to the needs of their customers and believe in the differential advantage of U.S. wheat. ■

Wheat Industry Briefs

Letter thanks Doud for trade deal work

President Trump made the announcement and received the kudos for signing the agricultural deal with Japan that will help U.S. farmers maintain their 50 percent share of the Japanese wheat market, but it was the negotiators in the trenches who put in the time and effort to secure the agreement, including Ambassador **Gregg Doud**, the



U.S. Trade Representative's agricultural negotiator—and former Kansas farm boy. Honoring his efforts, Gary Bailey, chairman of the Washington Grain Commission, wrote a personal letter to Doud, who appeared at the 2018 Tri-State Grain Growers Convention in Portland (and was the focus of episode 108 of the *Wheat All About It!* podcast). In the letter Bailey wrote, he described the collective sigh of relief that thousands of farmers, landlords, agribusinesses and others heaved upon hearing news of the pact. Describing the Japan issue as the one that kept him awake over the last year, Bailey said, “Thanks to your efforts, the U.S. wheat industry will not only maintain its long-time Japanese customers, but farmers everywhere will get a much better sleep!”

Bailey closed by asking Doud to thank his boss, U.S. Trade Representative Robert Lighthizer and his boss, President Trump. The U.S. exports about \$600 million of wheat to Japan, which accounts for more than 10 percent of U.S. wheat exports. The country is the Pacific Northwest's No. 2 export market. ■

Grossly inaccurate reporting

A deeply disappointed administrator and CEO of the Bonneville Power Administration (BPA) took the time to react to a Sept. 3, 2019, article released by *Greenwire*, which bills itself as the leader in energy and environment news.

Elliot Mainzer took issue with the article on a number of fronts. As he put it, the article painted a “grossly inaccurate picture of BPA's current financial condition” while failing to acknowledge the steps Bonneville and its partners are taking to ensure the power provider remains the choice of public power customers.

“The inaccuracies in this article mislead readers on the true nature of our finances and do not help policymakers and stakeholders understand what is happening in the electricity market,” he said, adding that far from being on the verge of going broke, as the article indicated, BPA is “in very sound financial condition.”

While noting that BPA has a debt obligation of \$15 billion, Mainzer said the article failed to put that number in context. BPA repays its debt to the U.S. Treasury with revenue from power and transmission sales and has made those payments for 35 years on time and in full—\$29.8 billion so far and counting. ■



Keep your ammo dry—and handy

As criticism of the Columbia-Snake River System dam and lock infrastructure heats up, the Pacific Northwest Waterways Association (PNWA) is gearing up to combat the misinformation with new websites, Facebook pages and print advertising. Sketches of those who depend on the river system, including **Marci Green**, past president of the Washington Association of Wheat Growers, can be found online at snakeriverfaces.com and on Facebook. Full color print ads will appear in *Seattle Magazine*, *Seattle Met* and *425 Magazine*, all westside publications. Glen Squires, CEO of the Washington Grain Commission who serves on PNWA's executive board, commended the organization's efforts.

“If river users don't respond with accurate information about the benefits of the locks and dams, we leave the field wide open to those who would cripple the Eastern Washington wheat industry,” he said. ■

Making the most of enhanced decision-making

By Haiying Tao

A best management practice results in maximum yield balanced against minimum inputs, a small environmental footprint and overall production system sustainability. But, knowing how to decide which management practices are best, is complicated.

Recent technological advances, however, are making these decisions easier because they enable researchers to conduct on-farm research and collect large amounts of data with greater efficiency. In turn, researchers can develop tools and software to help farmers make the most of superior, data-driven, decision making. These new tools should allow farmers to easily optimize precision management decisions in real time.

Most farmers are familiar with combine-mounted GPS and yield monitors. Geo-referenced, historical yield monitor data is used by farmers to develop variable rate nitrogen (VRN) prescriptions. The VRN prescriptions are developed using a yield-goal method that involves a core piece of information—unit N requirement (UNR) (e.g., 2.7 lbs N/acre per bushel soft white winter wheat, 3.0 lbs N/acre per bushel hard red winter wheat, or 5.7 lbs N/acre per 100 lbs winter canola seeds). UNR, however, can vary substantially within and across fields due to differences in annual rainfall, amount of rainfall per event, soil type, soil drainage class or drain tile system. Crop rotation, tillage and other management factors also influence UNR. Washington State University’s (WSU) Dr. Bill Pan found that spring canola’s UNR varied from six to 15 lbs N/ac per 100 lbs seeds across 12 site years. Using an average UNR for all fields across Washington does not constitute “precision” or “site-specific” management.

Some farmers have combine-mounted protein monitors that allow them to collect grain protein concentrations on the go. These geo-referenced data help farmers visualize within-field variation in grain protein concentration. When paired with yield monitor data, farmers can calculate N removal due to grain harvest at any location of the field by the equation (grain yield × percent grain protein concentration)/(5.7×100). I’ve found that winter wheat exhibits a consistent relationship between grain protein concentration and N utilization efficiency across different classes of wheat grown in different soil and weather conditions in Washington. Using this relationship, the total N uptake by winter wheat at any location of a field can be calculated. Figure 1 shows a total N uptake map derived from yield and protein monitor data. For farmers who harvest wheat straw, a precision

N removal map from straw harvest can also be created using this relationship. The protein monitor data and post-harvest indicators derived from them (e.g., N uptake and N removal from grain and residue harvest) have potential for developing VRN prescriptions with better precision and for identifying site-specific stress.

Remote sensing imagery, including high-resolution satellite imagery (e.g., RapidEye, PlanetScope, SkySat and free Google Earth Engine) and aerial imagery (multispectral cameras mounted on airplanes or drones), is another type of data commonly used for precision management. The vegetation indices, such as Normalized Difference Vegetation Index (NDVI) and Normalized Difference Red Edge index (NDRE), derived from these images, are useful for in-season monitoring of crop growth, nutrient sufficiency levels and weed pressure. Images taken between the flag leaf and middle of grain-filling stages can also be used to confidently predict yield and total N uptake. The best time for taking images to make such predictions is at peak greenness. Peak greenness is when

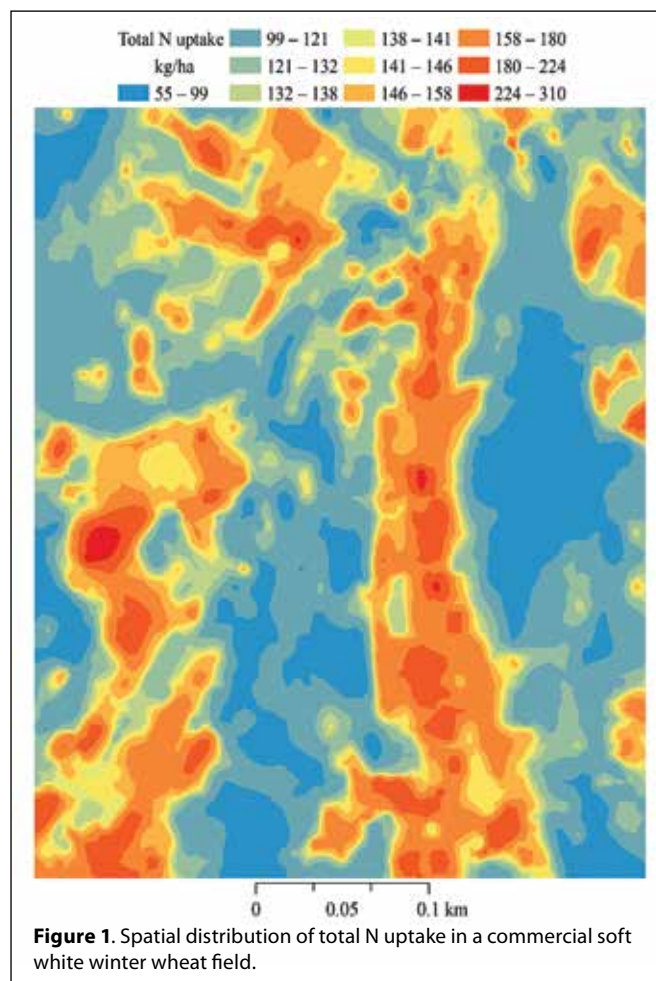


Figure 1. Spatial distribution of total N uptake in a commercial soft white winter wheat field.



Students take remote sensing images using a drone.

a majority of N uptake has occurred but prior to remobilization of N from leaves and stems to grain. Current VRN prescriptions derived from remote sensing imagery are mostly created using historical or single-year images. Similar to VRN prescriptions developed using the yield-goal method, these imagery-based prescriptions also ignore spatial and temporal causes of variability in NDVI or NDRE and do not constitute precision or site-specific management. Additionally, using vegetation indices to create VRN prescriptions requires an algorithm that determines relationships between the indices and management practices (e.g., between NDRE and crop N sufficiency levels and N fertilization rates). Although researchers have studied the usefulness of these indices for predicting crop yield, quality and leaf chlorophyll concentration, a specific algorithm has yet to be developed for Washington wheat.

Increasing confidence in precision agriculture requires capturing within- and across-field spatial and temporal variability, and their causes, by collecting an extremely large amount of on-farm, field-specific data across many different farms. Furthermore, this data collection must continue for a minimum of five years. In addition to yield and protein monitor data and remote sensing imagery, much more data are necessary, including:

- Precision soil property data that can be collected using on-the-go sensors (e.g., the Veris machine that collects high-resolution electrical conductivity, pH and soil organic matter data);
- Site-specific weather data available at WSU's AgWeatherNet or from the National Climate Data Center;

- Precision elevation data (farmers' yield monitors can collect this information; otherwise, elevation data are freely available from the U.S. Geological Survey), which are useful for calculating indices such as slope, aspect, topographic wetness index, total solar radiation and total terrain surface curvature; and
- Site-specific crop and soil management data (e.g., tillage, crop rotation and fertility management). Current technological advances allow such data collection in shorter amounts of time and at lower costs compared with traditional data collection approaches using small-plot research.

For farmers wondering how to use this vast amount of data (also known as "big data"), agribusinesses worldwide are selling "data-driven" management advice software for "smart farming," including Ag Leader's SMS, SMART!

Fertilizer Management, Farmers Edge's Smart Solutions, DuPont Pioneer's Encirca, Bayer's FieldView Pro and Yara International's Adapt-N. Yet, many of these tools have the drawbacks mentioned above, and some are not calibrated for wheat. In addition, current crop growth models used by these tools need significant improvement before they are capable of reliably predicting management practices for a field. Adapt-N is one of the best decision-making tools because it uses sophisticated analytical methods and crop models capable of making VRN prescriptions that consider spatial and temporal variables. Adopting this system for Washington wheat farmers, however, would require proper calibration using local wheat data.

A transdisciplinary, multistate team from WSU (led by myself) and eight other land-grant universities is currently leading this effort to make real smart farming come true for wheat farmers. The team has conducted more than 200 large-scale, on-farm research trials in the past four years and thousands more of such trials are being planned for the next few years. With this big data and advanced cyberinfrastructure and computational approaches, scientists from different disciplines can collaboratively develop sophisticated, user-friendly decision-making tools and software for precision management of many crops. In turn, farmers and consultants can create precision prescriptions for fields with specific soil properties; crop and soil management practices; yield potentials; and weather conditions. Ultimately, these efforts will help Washington's wheat farmers confidently determine which best management practices are truly the best. ■

WHEAT WATCH

WASHINGTON GRAIN COMMISSION

Markets await USDA wake-up call



By Mike Krueger

The markets remain in a deep slumber, and November U.S. Department of Agriculture (USDA) reports did nothing to wake them, which might mean they won't wake until January at the earliest. See

Chart 1.

Corn and soybean markets have been waiting for the USDA to reduce planted and harvested acres and yields since midsummer. Those expectations were based on the super wet spring planting season that resulted in the latest planting date in history.

The late season also resulted in big prevent plant acreage of wheat, corn and soybeans. But there have yet to be any significant adjustment in acreage. The November USDA yield estimates left the soybean yield unchanged from the October estimate and only reduced the corn yield estimate by 1.2 bushels per acre from their October estimates.

Not only did USDA not reduce production estimates in November, it reduced demand forecasts for corn and soybeans. The corn ending supply estimate was trimmed just slightly. The soybean ending supply estimate was increased slightly. That left the few remaining bullish opinions based on a sharp reduction in production expectations mumbling again.

The USDA did resurvey selected states that still had significant acres of spring wheat, white wheat and durum unharvested when the September small grains summary was released. Primary adjustments were made in Montana and North Dakota. Hard red spring wheat production was reduced by 37 million bushels, durum was reduced by 4 million bushels and white wheat production was reduced by 1 million bushels. U.S. wheat ending supplies were reduced by 29 million bushels, but are still just above a billion bushels.

The USDA has also gone slowly in making downwards adjustments in world wheat production. They have left Canada's wheat production at 33 million metric tons (mmt) despite the same late planting/late harvesting issues as in the U.S.

They reduced Australia from 18 mmt in October to 17.2 mmt in November. Most analysts now have

Chart 1: Prices received for wheat by month—U.S.



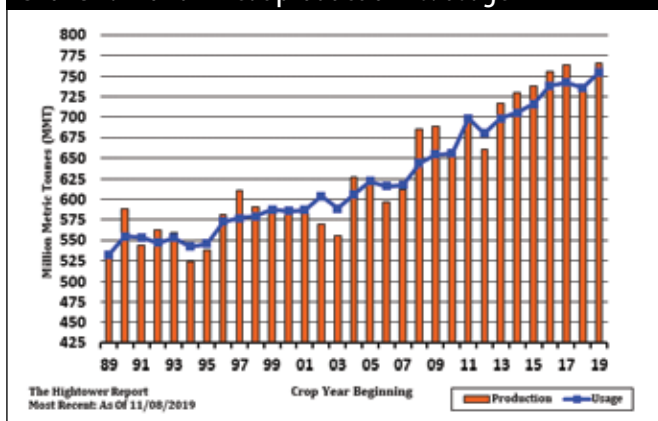
Australia's wheat crop closer to 15 mmt than 17 mmt because of the drought. Australia won't be much of a player in the world wheat export market. Grain companies on the eastern side of the country are modifying grain handling facilities to unload wheat from West Australia for feed.

Argentina was projected to have a record wheat crop of 20 mmt or more this year. Drought has trimmed that to around 18 mmt. The USDA dropped their estimate from 20.5 to 20 mmt. The USDA increased the wheat production estimates for the EU and Russia. See Chart 2 on next page.

The lack of any significant downward adjustments to 2019 U.S. production despite the very unusual growing season has left any bullish onus on the export markets. The U.S. export picture has not been supportive. Total U.S. wheat exports are running about 7 percent ahead of last year's pace. The USDA is forecasting an annual increase of 2 percent over last year.

The problem is that last year's wheat export total was historically small. The USDA is projecting white wheat exports to drop from 196 million bushels last season to 190 this marketing year despite production problems in Australia. White wheat export sales are currently about 14 million bushels below the same period last year. We expect that pace to improve in the last half of this marketing year because of the small Australian crop.

U.S. corn export sales have been dismal. Corn export sales are almost 50 percent below this time last year. The USDA is forecasting a decline of 10 percent. You need a big supply drop to offset that poor export situation. Record corn crops

Chart 2: World wheat production vs. usage

in Brazil and the Ukraine, coupled with the strong dollar, have hurt U.S. corn exports badly.

The lack of any agreement on a trade deal with China has also been a bearish factor. The market has grown tired of the day-to-day rumors and talk of potential deals. It has decided to ignore the China mess until not only a deal is signed, but that deal results in actual export activity, including sales of corn and wheat.

All of this leaves the markets starved for fundamentally bullish news. Funds continue to sell wheat and corn futures, but are long soybeans. Very dry conditions across much of Argentina and Brazil have delayed soybean planting. Rains improved the first half of November, but conditions are not perfect. It's interesting to note that most analysts, public and private, are already forecasting huge corn and soybean crops in South America even before they're planted.

The USDA does not make changes to U.S. yield and production estimates in their December reports. That won't happen until the "final" row crop numbers are released on Jan. 10. One third of the corn crop, almost 5 billion bushels, was still in the field when the November crop surveys were completed.

The moisture content of these unharvested bushels was still very high. Corn and soybean basis levels have been very strong because the late harvests left the pipeline empty. The USDA will also release their Dec. 1 quarterly stocks estimates and the first "official" winter wheat planting estimate on Jan. 10. Markets will likely continue to be lackluster with light trading volume until then. Basis will have to do the work to attract farmer selling.

The overall market psychology remains bearish. We're already starting to hear chatter about big increases in wheat, corn and soybean acres next spring and that 2020 yields will be record high. That kind of talk is followed by predictions for sharp increases in U.S. ending supplies.

We're more concerned that most of the northern Plains and western Corn Belt are saturated. That could mean another late planting season. Meanwhile, conditions in eastern Oregon and Washington have turned dry as the market waits for that USDA wake-up call. ■

Mike Krueger is president and founder of The Money Farm, a grain advisory service located in Fargo, N.D. A licensed commodity broker, Krueger is a past director of the Minneapolis Grain Exchange and a senior analyst for World Perspectives, a Washington, D.C., agricultural consulting group.



BARRELING DOWN THE TRACK

The golden years of mail by rail in Central Washington | By Heidi Scott

On May 10 of this year, the Golden Spike celebration was held in northern Utah to commemorate the 150th anniversary of the Transcontinental Railroad connecting the nation from coast to coast in 1869. Inadvertently, the ceremony also marked the moment when the United States Postal Service began leaving behind wagons and ponies in favor of mail by rail.

That year, U.S. Postal Service clerks began to be trained to collect, sort and deliver mail while inside train cars. Railway Post Office (RPO) train cars were custom built as fully functioning mobile post offices, equipped with everything needed to keep the mail in place while trains swayed down the tracks. According to the National Postal Museum Library at the Smithsonian, "For those living along the new rail lines, the difference in mail delivery was stunning. Instead of waiting weeks, even months... letters, newspapers, magazines and other communication links with the outside world were suddenly in their hands only days after being put in the mail."

Bruce Butler of Spokane Valley, Wash., currently works as an engineer for the Washington Eastern Railroad. He grew up in Pullman, a community served by an RPO line. "I recall many times when my dad would mail a letter from Pullman to my grandmother in Spokane. She would receive it the next day at her home." Even more impressive, a letter from Coulee City, Wash., could get to Spokane, Wash., in only four hours. That's faster than today.



Northern Pacific Railway Engine B-18 at Centralia, Wash., when it was assigned to the Greys Harbor branch. Taken by Jim Frederickson, a well known Northern Pacific Railway photographer. Photo courtesy of Bruce Butler.

The Northern Pacific Railway Company served Washington and surrounding states. One particularly important line for grain growers and passengers was the Central Washington (CW) line connecting Cheney to Coulee City. The track was completed from Spokane Falls to Almira on June 15, 1890. Five months later, the train was making the 217.6 mile round trip every day.

When Northern Pacific (NP) signed a contract with the federal government to deliver mail, an RPO car was added to passenger trains already active on the lines. Pulled by a steam engine, these trains had a high cost of upkeep, including the price of coal and a large crew. As time passed and passenger traffic dwindled in favor of automobiles, the company needed cheaper options to keep from losing money on this postal service contract. Northern Pacific experimented with a single car train called a Gas-Electric. Only two men instead of five were required to run these trains. A simple, one-car train, it had separate sections for the engineer, post office, baggage and passengers/conductor.

According to the book, "Northern Pacific Railway," "...This unit performed well and met the road's need for low-cost passenger operations on lightly used branch lines. Consequently, between 1924 and 1929, the NP purchased 22 rail cars. The cars...varied extensively in size, internal configuration and power. Many of [them] operated successfully into the early 1960s, in part because most of the units were converted to diesel power in the 1950s."

Regional railway historian Dan Bolyard of Coulee City remembers his late

uncle, Wayne Bolyard, reminiscing about the RPO trains he saw as a boy in Coulee City. Wayne and his sister, Irene, splurged once and paid a quarter each to ride Train 316 from Coulee City to Hartline. Schoolchildren took field trips to neighboring towns with their classes on the train. It was an important part of everyday life. Locals were accustomed to trains 315 and 316 going by twice a day. If those trains needed to be serviced, steam engine 2256 was substituted, with a baggage car and coach.

Washington native Grant Gauger, who is “currently exiled to the Bay Area, Calif.” was among the countless young people who worked in the summer wheat fields of the Inland Northwest. He fondly remembers watching the dark red RPO train go by the fields near Davenport, Wash. “I was aware all the time that there was this special train car. Each day it went through Davenport enroute to Coulee City, and then again in returning from Coulee City.” In the region, it was affectionately referred to as the

“galloping goose” or “doodlebug.”

“It was streamlined and good looking,” Gauger said. “I remember there was a cowcatcher in front. No doubt it hit animals now and then. That couldn’t have been avoided back then. In bad weather, it would have been a snowplow. The train ran in all kinds of weather.”

In order to keep to the timetable, the train travelled at a very fast clip. Gauger described watching it come into Davenport. “It came in very fast, stopped briefly at the depot for transfer of mail and other items, then accelerated quickly out of town. By the time it reached the edge of town, it seemed to be approaching highway speed.” He had an encounter with the train one afternoon. “It very



Interior of a railway post office car from other areas of the country that used the rail to deliver mail. Photo from the National Postal Museum, Smithsonian Institution. (Inset picture) Railroad post office clerks hard at work sorting mail. Central Washington’s RPO likely only had one mail clerk rather than a group. Photo from the Smithsonian’s National Postal Museum.



Train #316 at Deep Creek, Wash., showing the train ready to snatch the mail sack from the mail crane circa 1950-51. Photo by Philip Hastings, courtesy of Bruce Butler.

nearly hit me one time when I had a full load of wheat pulling into town. I was nearing the crossing, and out of nowhere came this railcar. There was no collision because I put the brakes on. I was always careful. Good thing I was. If I'd have been going fast, I wouldn't be alive. That thing was really moving!"

Speed was important, but efficiency was key. Mail clerks learned to master the art of grabbing the mail "on the fly." This was a particularly specialized skill because trains did not stop or even slow down at many of the stations. According to the National Postal Museum, "As tremendously successful as it was, mail 'on-the-fly' still had its share of glitches. Clerks had to pay special attention to raising the train's catcher arm. If they hoisted it too soon, they risked hitting switch targets, telegraph poles or semaphores which would rip the catcher arm right off the train. Too late, and they would miss an exchange. Each missed exchange would net a clerk five demerits."

Collecting mail was only half of the exchange at each station. Delivery was equally important. "[A]fter the clerk snagged the mail bag with the catcher arm, he had to toss out that station's mailbag. If a clerk did not kick the mailbag out far enough, it could get trapped beneath the wheels of the train, bursting open and sending letters flying everywhere. The clerks called such small disasters 'snowstorms.' On the other hand, too much 'oomph' could also be a problem. One poor clerk tossed the mailbag out with such force that it sailed through the bay window of the station house. Another kicked off his shoe along with the bag."

Bruce Butler worked during his college years on an RPO line that exchanged mail on the fly. "One Christmas, I spent two weeks in Thompson Falls, Mont. The train came by at night and didn't stop to pick up mail. They just threw it off. We had to step out every time the train went by to see if anything was wrong. I was warned when I took the job. They said, 'Watch out! That bag comes out at 50 miles an hour. If you get in the way of that mail sack, it will be like a bowl-



Dan Bolyard



Bruce Butler



Grant Gauger

ing ball, and you're the ten pins.' One night the sack went right by me. I stepped away just in time. It hit with a thump on the building. I sure hoped nothing fragile was in there!"

On the train, the bags that had been snagged then had to be sorted before the next station. RPO clerks were highly intelligent, highly skilled men. Sorting had to be done quickly and efficiently by memory. Zip codes weren't introduced until 1963, long after mail delivery was switched to trucks. Sometimes, the mail was a little more complicated than just letters and parcels. Butler remembers a stop at Moscow, Idaho, when he was working there. "There was a white pig in a big crate that must have been about 400 pounds. I was sure thankful the pig didn't get off there, or I'd have had to help unload that!"

Clerks contended with risks much worse than pigs, including wrecks, fire, bandits and extreme weather. "The work these clerks undertook was among the hardest, and certainly the most dangerous, in the postal system. The years between 1880-1920 were especially dangerous for RPO clerks, and many of them were seriously injured, or lost their lives, in train wrecks." Between the years of 1875 and 1916, 10,901 postal clerks were injured, and 316 were killed.

After 1916, risks were better addressed. Wooden cars were replaced with metal, gas lanterns switched to electric lights, and postal clerks were armed when needed.

No armed clerks appear to have ever been needed on the CW line, but one man did shoot the trains—with a camera. Wade Stevenson was a Milwaukee Road (another name for the Chicago, Milwaukee, St. Paul & Pacific Railroad) employee living in Othello, Wash. An amateur and enthusiastic railroad photographer, in 1953 or early 1954, he shot some of the only pictures that exist today of the CW line. These pictures are archived in the Northern Pacific Railway Historical Society records. Stevenson's passion for the railroad proved a blessing because RPO trains stopped running not long after he photographed them.

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<https://postalmuseum.si/rms/life/mail.html>

<https://postalmuseumblog.si/2010/05/railway-mail-service-and-national-train-day.html>



School children getting ready for a trip on train #316 from Coulee City likely to Almira. Photo by Wade Stevenson, courtesy of Milwaukee Road Historical Association and the Northern Pacific Railway Historical Association Archives.



This picture shows the apparatus on the outside of the train that was used to hand mail off to the station. Photo by Wade Stevenson, courtesy of Milwaukee Road Historical Association and the Northern Pacific Railway Historical Association Archives.

A boom of more affordable vehicles and more accessible highways after WWII led to the inevitable decline in rail traffic. The U.S. Postal Service began pulling contracts in the 1940s from railroad companies in favor of trucks and planes. This was the death knell for the RPO lines.

The CW line ran longer than many in the nation. From a news story published in the Spokane Chronicle on April 24, 1940, a group of citizens from Davenport, Creston, Wilbur, Govan, Hartline and Coulee City signed a petition to request Northern Pacific to retain the mail contract. It must have been successful because mail delivery wasn't discontinued for another 14 years. RPO service on the CW line ended with the discontinuance of trains 315 and 316 on Feb. 28, 1954.

Even as they are relegated to history, trains continue to hold a magic about them. Museums and displays around the country provide a glimpse into a time when the clatter of wheels on tracks made up the heartbeat of America. ■

2018 Farm Bill program basics for landlords

By Trista Crossley

The talk about farm bill program sign-up decisions may be leaving nonfarming landlords wondering what all the fuss is about, but remaining ignorant could come with a hefty price tag.

The 2018 Farm Bill reauthorized two safety net programs created in the 2014 Farm Bill to help protect growers from changes in market conditions. The Agriculture Risk Coverage (ARC) program provides payments when actual crop revenue declines below a specified guaranteed level. ARC comes in two variations. The first is a county option (ARC-Co) that compares the county's average yield against a historical average. When the county's yield falls below that historical average and below an established revenue guarantee, an ARC-Co payment is triggered for growers in that county. Under the individual option (ARC-IC), a payment is made if the actual revenue from all covered commodities on a farm is less than the ARC-IC guarantee.

The other support program, the Price Loss Coverage (PLC) program, makes a payment when a covered commodity's national average marketing year price is below its reference price.

Under the 2018 Farm Bill, growers need to make the same program election for crop years 2019 and 2020. Beginning with the 2021 crop year, however, growers will be able to make a yearly election. Landlords with crop share agreements must make the same program election as their operator. Landlords with cash rent agreements are not eligible for either ARC or PLC payments, but their operators are.

So if a landlord has to make the same farm program election as their operator, what's the big deal? Shannon Neibergs, a Washington State University Extension economist and director of the Western Center for Risk Management Education, has a couple of reasons landlords should be paying attention, not the least is protecting farm revenue for both landlord and operator. If no program election is made by the deadline—March 15 for 2019 and 2020—the farm program defaults to whatever program was chosen in 2014. In addition, the acreage will be ineligible for a payment in 2019.

(Because this isn't confusing enough, landlords and operators should be aware that making a program election is not the same thing as an enrollment. An election for 2019 and 2020 has to be made by March 15, 2020, but the enroll-

ment deadline for 2019 is through March 15, 2020, and the enrollment deadline for 2020 is through June 30, 2020.)

The majority of Washington farms signed up for the ARC-Co option in 2014. Due to changes in the wheat market, analysts predict PLC will have larger payments than ARC-Co in 2019 and 2020. Landowners may "leave money on the table" if they don't update their program election.

"Because marketing prices have challenged profitability, all sources of revenue become critically important. When profitable times are challenged, it is important that all sources of revenue are protected," he explained. "A landlord that has a risk in the crop and the producer have to come to an agreement on one program. That gets back to why landlords need to be involved. Landowners and operators have to come into the Farm Service Agency (FSA) office with one election per FSA farm number."

In other words, different farm numbers can have different program elections. So an operator with multiple landlords can likely elect different programs, and a landlord with multiple farm numbers (not necessarily operators) can elect different programs. One thing that remains consistent, however, is that in all cases, unless a power of attorney form has been signed, both landlord and operator have to sign the program election form for each farm number unless the landlord has executed a power of attorney form with FSA. That power of attorney form could have been filed under the 2014 Farm Bill program signups, but unless a specific box was checked that included power of attorney for all future programs and actions, the operator no longer has the authority to sign for their landlord(s). Landlords and operators who previously filed a power of attorney form should check with their local FSA office to see if the form is eligible to make 2018 sign-up decisions.

Another point landlords need to be aware of is what to do about land that is coming out of the Conservation Reserve Program (CRP) and going back into production as that might affect their base acres. Base acres reflect the historical plantings on an FSA farm number and are tied directly to ARC and PLC. As Neibergs pointed out, it doesn't matter what the current crop rotation on a farm is, any ARC and PLC payments are tied to the base acres.

The 2018 Farm Bill also included an opportunity for a farm yield update. Neibergs said that while the yield update is not expected to have a lot of impact in the Pacific Northwest, it is primarily the responsibility of the land-

owner to file the form, even for those landlords who are doing a cash rent lease. Once again, an operator may use a valid power of attorney to do this.

“Everybody needs to evaluate their own farm records to see if that yield update would help. The tenant may be involved, but the execution of the form has to be signed by the landowner,” he said. “Maintaining future options for farm number/ farm is important as well. You don’t know what ties in the future may come back to these program enrollments and payments. In challenging times, those payments could be quite important.” ■

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THE BOTTOM LINE

Making the QBI deduction work for you

By Jared King, CPA
Leffel, Otis and Warwick, PS

How do I put money in my own pocket, while at the same time, sharing as little as possible with Uncle Sam? When we were introduced to the Tax Cuts and Jobs Act of 2017, one area of opportunity discovered by accountants benefitting many farmers was the Qualified Business Income Deduction.

The Qualified Business Income Deduction (QBID) is a 20 percent reduction of Qualified Business Income (QBI) for taxpayers other than C Corporations. This includes sole proprietors, partnerships, LLCs and S Corporations. Like any tax regulation, hours of conversation could be spent on the nuances and limitations that could affect this deduction. This brief discussion will be limited to two major considerations for farmers:

- What income qualifies as QBI?
- What is the threshold amount of adjusted gross income?

QBI is income, ordinary gain,

Old Approach	New Approach
Utilize C-Corporation as tenant farmer	Utilize C-Corporation as tenant farmer
Hold land personally or in LLC and rent land to C-Corporation.	Hold land personally or in LLC and rent land to C-Corporation—structure lease to utilize 20 percent QBID.
Utilize fringe benefits in C-Corporations such as: -Board for Labor (Groceries) -Housing -Utilities -Furniture and Appliances -Medical expenses	Utilize fringe benefits in C-Corporations such as: -Board for Labor (Groceries) -Housing -Utilities -Furniture and Appliances -Medical expenses
Tax a limited amount of income at the 15 percent C-Corporation tax rate (taxable income \$50,000 or less).	Leave little or no income in C-Corporation to be taxed at new 21 percent rate.
Limit exposure to self-employment tax.	Take reasonable wage for owner/employee (Possible commodity wage)
	Utilize the 12 percent individual tax bracket to the extent it is available.

deduction and loss from any qualified trade or business. For the typical farmer, QBI will be the net income from your active farming operation or perhaps farm rentals. Types of income that will not qualify are interest, dividends and capital gain income.

Farm rental income may qualify as QBI if the lease is properly structured by you and your accountant. For farm rental income to qualify in most cases, it needs to be deemed a qualified trade or business. In other words, the landlord needs to be actively involved with the operation. Landlords who simply receive cash rent and are not involved with the farm will not likely qualify for a QBI deduction. We encourage farmers to structure leases so landlords are more actively involved; spraying road edges, supervising irrigation systems and maintenance of buildings are all good examples of active involvement by the landlord. Crop share leases requiring the landlord to share in some expenses can also assist in qualifying for QBI.

The limitations of the QBID are based on the taxpayer's filing status and their level of taxable income. Taxpayers that file as married filing jointly begin to phase out of the deduction at \$321,400. With today's \$5 wheat price, in combination with rising input costs, few wheat farmers will need to worry about being phased out of the QBID.

The QBID, along with changing tax rates at both the corporate level and individual level, has required practitioners to rethink many tax planning strategies. Above is a comparison between the "old" and "new" approach of a farm operating with a C Corporation as the tenant.

The above table illustrates a planning strategy that works well for many farmers. The new thought process is to distribute income out of the C Corporation

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(21 percent rate) to the individual (12 percent) rate in the form of rents that will likely receive the QBID as well. Rents are obviously limited to what is deemed to be fair market value for the property. In this example, the farmer enjoys the fringe benefit deductions, limited exposure to self-employment taxes and potentially a significant portion of the income qualifying as QBI. This strategy will likely minimize the individual's taxes.

So, how do you put money in your pocket and keep Uncle Sam's share to a minimum? Consider a simple modification to your existing farm structure to take advantage

of the QBID and reduce the impact of taxes. Keep in mind, every farm situation is different, and every farmer should sit down with their tax professional to cover the specifics of their operation. This new law provides an opportunity for the proactive farmer to tailor his or her operation to fit the specifics of the new law. ■

Jared King grew up on a family farm in Odessa, Wash. He has worked in and around ag all his life. Jared works primarily with farmers and agriculture-based businesses out of the Davenport office. He can be reached at jkking@leffelotiswarwick.com.



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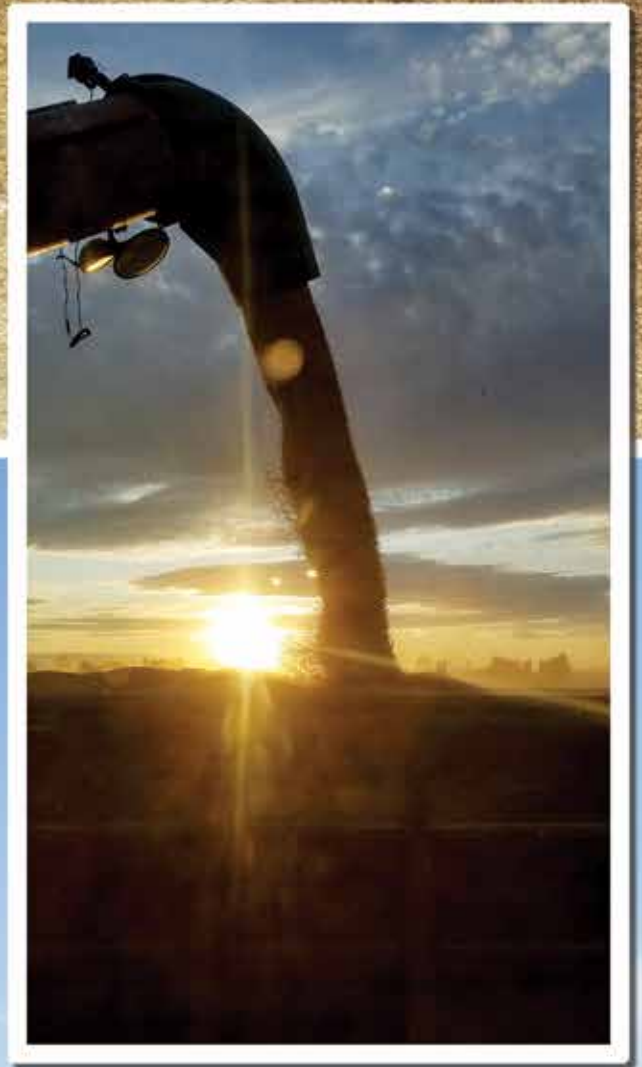
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Harvesting in Grant County.
Photo by Cierra Schimke.



Larry Miller of St. John turned 80 in October. He does all his own farm work and runs this combine during a 16-day marathon every harvest. Retirement is not in his vocabulary! Photo by Sheri Miller.



Sidney Wolf (7) at Four Aces Farms Partnership in Pomeroy watches dad, Bob Wolf, and uncle, Rick Wolf, move combines. Photo Jessica Wolf.



Harvest 2019 at Alpowa Ridge Farms LLC. Photo by Nate Gilbert.



Brian Heitstuman and Craig Heitstuman holding his son, Merritt (1), who was going for his first combine ride in Pomeroy. Photo by Hannah Winberg.

Email pictures to editor@wawg.org. Include location, names of all people appearing in the picture and ages children.

HAPPENINGS

All dates and times are subject to change. Please verify event before heading out.

DECEMBER 2019

6-8 CHRISTMAS LIGHTING FESTIVAL.

Sleigh rides, carolers, roasted chestnuts. Leavenworth, Wash. leavenworth.org

7-8 HOMETOWN CHRISTMAS. Santa, parade, shopping. Waitsburg, Wash. cityofwaitsburg.com

10-11 WSU WHEAT ACADEMY.

Increase your knowledge of the science behind wheat management recommendations. Limited to 75 participants, and registration is required. Pullman, Wash. smallgrains.wsu

13-15 CHRISTMAS LIGHTING FESTIVAL.

Sleigh rides, carolers, roasted chestnuts. Leavenworth, Wash. leavenworth.org

20-22 CHRISTMAS LIGHTING FESTIVAL.

Sleigh rides, carolers, roasted chestnuts. Leavenworth, Wash. leavenworth.org

JANUARY 2020

7-8 2019 CROPPING SYSTEMS CONFERENCE.

Three Rivers Convention Center in Kennewick, Wash. Presentations on integrated nitrogen management, drought resistant soil and implementing regenerative ag practices.

Breakout sessions will include cover crops, precision ag, soil health, ag business and consumer trends. Registration and more information is online at directseed.org/events/annual-conference/

9 WAWG BOARD MEETING. Meeting starts at 10 a.m. at Washington Wheat Foundation Building, Ritzville, Wash. (509) 659-0610, wawg.org

15-16 NORTHWEST HAY EXPO. Three Rivers Convention Center, Kennewick, Wash. Come and join us for breakout sessions about alfalfa, timothy, market trends, current industry issues and more. wa-hay.org/nwhayexpo/

17-18 CASCADIA GRAINS CONFERENCE.

Connecting growers, processors, brokers, investors and policymakers across the grain value chain. Olympia, Wash. Registration required. cascadiagrains.com

17-26 LAKE CHELAN WINTERFEST. An event for the whole family! Winterfest is two weekends of ice sculptures, music, wine tasting, ale tasting, kids activities, polar bear splash, beach bonfire, fireworks and more! Chelan, Wash. lakechelan.com/winterfest/

18-19 BAVARIAN ICE FEST. Snow sculptures, games and fireworks. Leavenworth, Wash. leavenworth.org

FEBRUARY 2020

4-6 SPOKANE AG EXPO. The largest farm machinery show in the Inland Northwest. More than 250 ag suppliers and service companies all under one roof. Held at the Spokane Convention Center. greaterspokane.org/ag-expo/

11 WAWG BOARD MEETING. Meeting starts at 10 a.m. at Washington Wheat Foundation Building, Ritzville, Wash. (509) 659-0610, wawg.org

27 3RD ANNUAL PALOUSE ALTERNATIVE CROPPING SYMPOSIUM.

This event will promote healthy soils and profitable farming. Local farmers will share experiences on cover cropping, intercropping and integrating livestock. 10 a.m.-4 p.m., View Room, Gladish Community Center in Pullman. More information at palousecd.org/symposium ■

Submissions

Listings must be received by the 10th of each month for the next month's *Wheat Life*. Email listings to editor@wawg.org. Include date, time and location of event, plus contact info and a short description.



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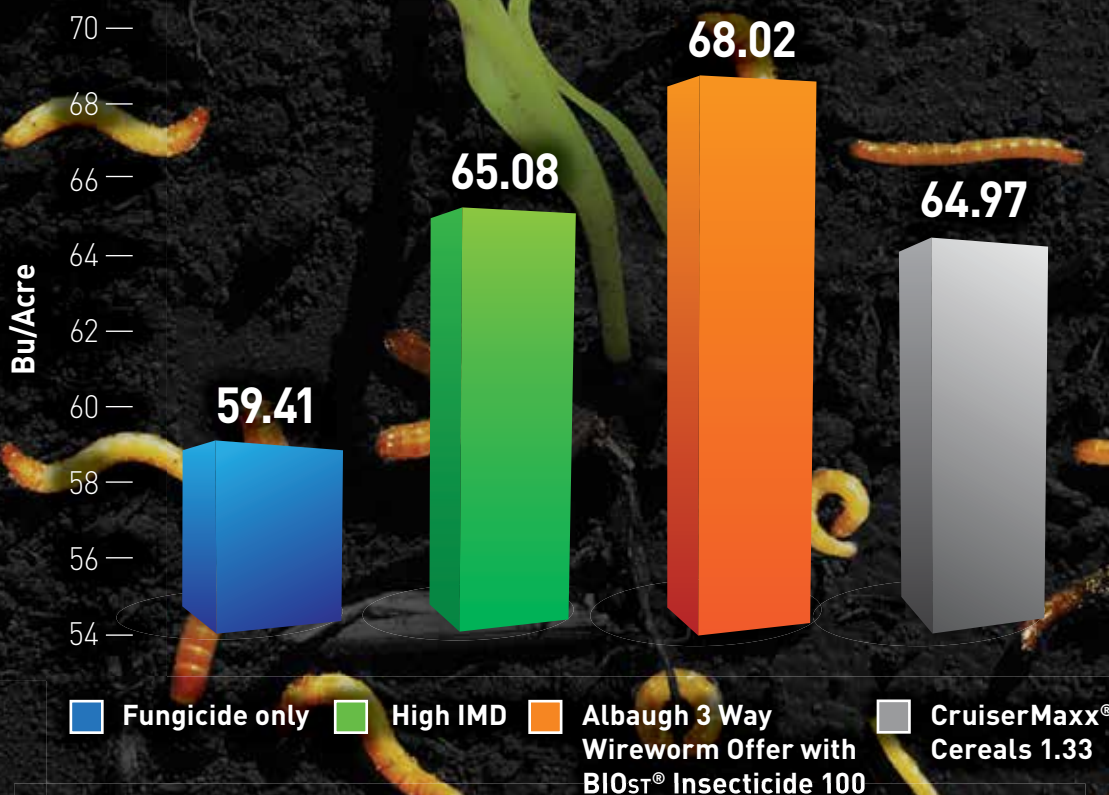
GET ALBAUGH'S 3 WAY WIREWORM SEED TREATMENT INSECTICIDE WITH BIOst® INSECTICIDE 100

Albaugh's 3 Way seed treatment insecticide offer kills wireworms DEAD*.

Albaugh's BIOst® Insecticide 100 seed treatment provides a second mode of action that results in DEAD Wireworms.

Over the past three years Albaugh's 3 way wireworm offer with BIOst® Insecticide 100 has been successfully used on 1 million acres providing growers with improved stands, DEAD wireworms and increased profits.

3 Year Wireworm Summary (Bu/A)



Yield data from University and 3rd party trials (7 trials) - 2017-2019. Trials conducted in WA, ID & MT



BIOst® Insecticide 100 Proven Field Performance providing growers with increased stands, DEAD wireworms and increased profits:

1. BIOst® Insecticide 100 has proven commercial wireworm performance over the last 3 years on spring and winter wheat.
2. Albaugh's 3-way insecticide seed treatment offer kills wireworms DEAD.
3. Growers have had success over the past 3 years using Albaugh's 3 Way Wireworm offer with BIOst® Insecticide 100.

Contact your local seed retailer for more information on the 3 Way Wireworm offer with BIOst® Insecticide 100

Refer to each product label for complete use directions and restrictions. BIOst® and Resonate® are trademarks of Albaugh, LLC. NipIt Inside® Insecticide is a trademark of Valent USA, LLC. *Dead wireworms have been observed in Albaugh's 3 Way wireworm seed treatment offer both in replicated trials and commercial seed treatment applications. CruiserMaxx® is a registered trademark of Syngenta Participations AG. Always read and follow label directions. EPA Reg. No. 84059-14-42750 AD No. 100616, EPA Reg. No. 42750-133 AD No. 110316, EPA Reg. No. 59639-151

Bred to Dominate the Field



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