

# IDAHO GRAIN

THE IDAHO GRAIN PRODUCERS ASSOCIATION MAGAZINE Winter 2005



**Idaho State Wheat  
Growers Association**

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# Views

BY RAY BUTTARS, IGPA PRESIDENT

## Time for Change



In 1981, my father opined to his friend, "Ray needs to go to college or find something else to do for a year or two until farming gets back to how it ought to be." WOW! How would it be if farming was as simple as it was in 1981! Or 1961. Or, whenever.

But it isn't.

### Competition Changes Everything

We didn't see it in 1981, but farmers worldwide were continually adapting to make a living for themselves and their families. Changing so that their business' would survive.

Most farmers around the world can produce wheat for less than we can. Over a \$1/bu less. If you were an end user who would you buy from. Would it matter, at a \$1/bu how friendly the marketing agents are?! What does this mean to the wheat farmer in my Country? State? County? What will I do to survive?

Consistent quality is one area where the US and especially Idaho have been able to maintain a competitive advantage. So far.

Remember the time when we wouldn't even consider buying a radio made in Japan. Then Japan began setting the standards and now China and Korea are dominating the market.

Wheat farming is not the same as it was over 20 years ago. In another 20 years is it likely to be the same as today?

SO...

Now, this being my last turn on this little soapbox, I'd like to offer some parting suggestions that I think apply to all of us as farmers and as members and leaders of our groups:

**FIRST:** It's a given that weather, prices and regulation determine how much money we make. But, competition (our ability to adapt/compete) determines whether we survive!

**SECOND:** It's so easy to become convinced of the "righteousness" of our situation. That is, once we find ourselves in a position of control over a specific domain, we believe that to be the "best and only way." But too many people change only when they feel the heat rather than because they see the light.

**THIRD:** Doing things right versus doing the right things. A lot of failures have occurred in both businesses and organizations that were doing something very well, but something that was no longer relevant or what the market rewarded.

**FOURTH:** When the rate of change inside a business becomes slower than the rate of change outside, the end is in sight.

**FIFTH:** Flying with the eagles and not scratching with the turkeys is a very real issue. Seek out and interact with successful people in your industry, not the laggards. This is essential for stimulation, motivation, organizational growth and personal growth.

Successful people challenge you and force you to think; cause you to consider alternatives and inspire you! Complainers tend to blame everything that goes wrong on someone/thing else. They're jealous of success, tradition bound, and can't see alternatives and often drag you down to their level.

**SIXTH:** It's not survival of the fittest. It's not the fastest, strongest or smartest who survives. It's those able to adapt and change.

### Thanks and Good Luck!

"Life comes at you fast!" says Nationwide Insurance. They're right. And we've all got to be better prepared for continual change.

Time has truly flown by in the one year since the IGPA board members from around the state asked me to serve as president. What an honor! So much has been learned, so much has been done, so much has happened. I'm grateful to each of you for putting up with me and allowing me to learn so much from you.

The best thing I've learned is: "It's not "what you don't know" that impedes your success, it's "what you do know that just ain't so!"

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WHEAT



BARLEY



WHEAT & BARLEY

Look for these symbols in headlines throughout the magazine to see at a glance whether an article pertains to wheat issues, barley issues, or both.

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## Editor's Note

BY STEVE JOHNSON

# Good Legislation Requires Good Input



es it is that time of year again. The crop is in the bin and the winter wheat is growing for the 2006 harvest. As regular as planting and harvest is, so is the annual Idaho legislative session. It's time to begin thinking and preparing for the 2006 Idaho legislature.

Working for Idaho's wheat and barley growers the Idaho Grain Producers Association (IGPA) attends every day of the Idaho legislative session monitoring the actions of the Idaho legislature. IGPA uses the policies and resolutions that were established during the annual convention in late November and early December to guide its efforts each day. IGPA also seeks input from members throughout the year and during the legislative session. We ask every IGPA member to tell us what he or she thinks about the issues.

For the IGPA membership the three major issue will be, Property taxes, Idaho's Right to Farm Law, and renewable fuel standards for Idaho fuels. IGPA will need to hear from members throughout the session for us to insure a successful legislative session.

The continued outcry from communities around the state angry about the increases in local property taxes will force this year's legislature to take some actions on property taxes. While the legislature has limited solutions constitutionally they will however need to find some solutions. The major solutions they have available are raising the homeowner's exemption, replacing the schools M&O levy with sales tax and increasing the property tax reduction program (circuit breaker) and perhaps some local option sales tax.

Increasing the homeowners exemption is popular with urban home owners but is a serious tax shift to rural property tax payers and IGPA will need help from wheat and barley growers to convey this message to the legislature.

If Property Tax relief is truly the goal then replacing the three-mill School M&O tax with sales tax is the best solution. It reduces property taxes for all taxpayers and doesn't shift the burden to rural properties. Agriculture and business must however be vigilant to protect the current sales tax exemptions for production. Again we will need help from wheat and barley growers to pass good legislation.

Idaho's Right to Farm law could be in line for some strengthening. During the summer and fall of 2005 farm groups and the Idaho Department of Agriculture have been reviewing ways to add strength to the current law. The main focus will be to find ways to add recourse for farmers who are sued and fend off the lawsuit. One option is to require those who file a lawsuit and loose to pay court costs and damages. IGPA will likely lead any effort on this legislation.

Requiring Idaho to use renewable fuels will be a major issue before the Idaho legislature in 2006. The Idaho Farm Bureau is proposing legislation that will require all gasoline in Idaho to contain 10% ethanol in the blend. If legislation is written IGPA will play an active role in developing this legislation so that agriculture will benefit from the regulation.

The 2006 legislature will see IGPA again play a major role in the development and passage of any legislation that will affect wheat and barley growers. In put from IGPA members will be vital in our effort to insure that good laws are passed and bad laws are defeated.





## The Idaho Grain Producers Association delivered several important benefits to Idaho growers in 2005.



### IGPA GETS QUALITY LOSS DISASTER PAYMENT FOR IDAHO GROWERS:

In 2005 congress authorized a disaster assistance package for crop losses in either 2003 or 2004. Part of the disaster package included a quality loss adjustment for low protein hard red wheat.

During the summer of 2005 IGPA asked the Idaho Farm Service Agency (FSA) to develop a quality loss schedule for low protein hard red wheat produced in either 2003 or 2004. Idaho's state FSA office agreed and during the summer of 2005 Idaho wheat growers statewide received several million dollars in quality loss assistance.

FSA State Director Wayne Hammon said, "Idaho was the only state that received a quality loss payment for protein wheat and the only reason Idaho received a quality loss adjustment was because IGPA requested it".

IGPA President Ray Buttars said "any grower in Idaho who received a quality loss payment can justify paying IGPA membership dues for the next 20 years or more".

### IGPA PLAYS KEY ROLE IN 2007 FARM BILL DEBATE:

The Idaho Grain Producers Association was a major participant during 2005 and will continue to play a key role as the debate for the 2007 farm bill moves forward.

- IGPA President Ray Buttars is chairman of the National Association of Wheat Growers (NAWG) domestic policy committee (DPC). NAWG's domestic policy committee will develop wheat grower policy for the 2007 farm bill.

Buttars testified at the Secretary of Agriculture's listening session held in Blackfoot Idaho. Buttars told Assistant Secretary Mark Ray that the farm safety net continues to be a vital tool to growers in Idaho. Buttars also told the Sec. that WTO negotiations should be secondary to a strong farm safety net.



- IGPA Past President Evan Hayes is currently serving as President of the National Barley Growers Association (NBGA). As NBGA President, Hayes chairs the NBGA Farm Program Committee that will

**NBGA President and IGPA Past President Evan Hayes present testimony at the USDA Farm Bill Hearing.**



**IGPA President Ray Buttars, Weston Idaho outlines wheat and barley grower needs during the USDA farm bill hearing in Blackfoot Idaho.**

set barley grower policy for the 2007 farm bill.

Hayes also testified before Assistant Secretary of Agriculture Mark Ray and expressed concern that if the 2007 farm bill doesn't provide a good safety net for barley growers the US barley industry could disappear.

- IGPA Executive Director Steve Johnson serves as the lead staff member for both the NAWG domestic policy committee and the NBGA Farm Program Committee. Johnson also chairs the Food Producers of Idaho Farm Bill Committee.

### IGPA HELPS PASS LEGISLATION TO IMPROVE IDAHO ROADS:

IGPA was a leader in bringing all of agriculture together in support of the GARVEE bonding legislation during the 2005 Idaho legislative session. The IGPA membership voted to support the GARVEE bonding concept during the annual convention and IGPA went to work developing support from other AG groups for GARVEE.

In a letter to IGPA following the legislative session Governor Kempthorn commended IGPA for its effort in passing the GARVEE Bond legislation.

### IGPA HELPED GRAIN GROWERS DURING THE 2005 LEGISLATIVE SESSION:

- IGPA joined with other agriculture groups and supported passage of the Snake River / Nez Perce agreement.

- IGPA provided critical input into HB 33. The bill added the term "Economically Viable" to the decision making process the Director of Agriculture can use when determining if there is an alternative to crop residue burning.

- IGPA helped pass HB 238. This legislation protects university research projects from public disclosure requests while the research is in progress. ♦





## Senate Defeats Payment Limitations Proposal

**T**he US Senate rejected an amendment that would have seriously and disproportionately affected the nations wheat and barley growers, when by a vote of 46-53 it rejected a Grassley-Dorgan amendment on payment limitations.

"This is a terrible time to be whacking away at the remains of our farm safety net," said NAWG President Sherman Reese. "This fall, farmers are facing debilitating cost increases for fuel and fertilizer, and unlike other businesses, we can't pass on these costs through surcharges. In fact, everybody else's fuel surcharges are passed on to us."

National Barley Growers Association President Evan Hayes said, "US barley growers are very lucky to have enough supportive members in congress to reject such devastating proposals as the Grassley-Dorgan amendment was."

NAWG and NBGA have historically opposed lower payment limitations out of a belief that the marketplace, not the government, should dictate the size and structure of farm businesses. NAWG supported the payment limit levels established in the 2002 bill, but opposes further reductions from those levels.

"I can tell you that we're way beyond the point of targeting aid to the stereotypical family farm," Reese continued. "My family farm, and my wife and children,

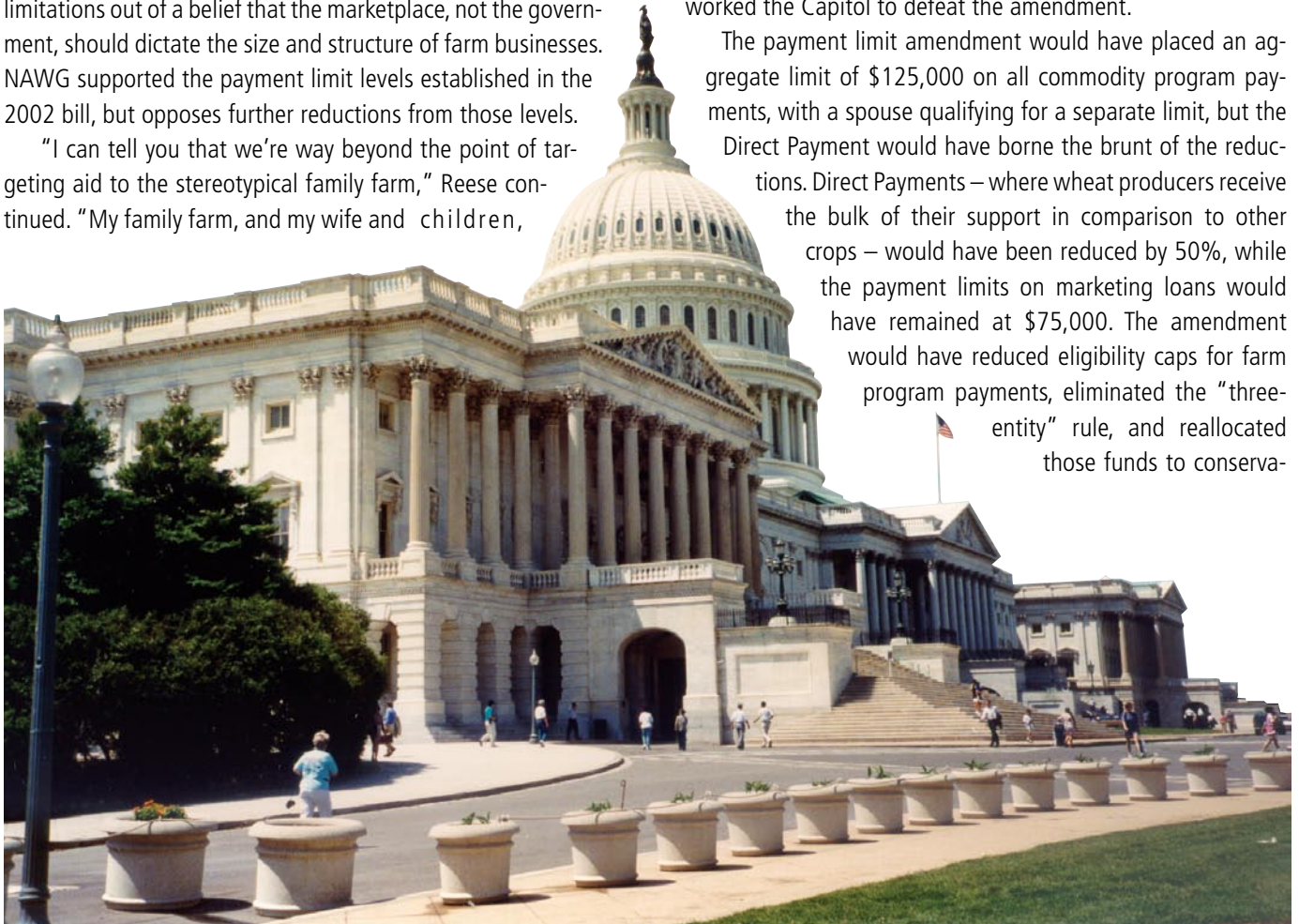
would have seen a huge impact had that misguided amendment become law."

"If anybody thinks that farmers are on the gravy train and would like to get on board themselves, I invite them to give me a call," he said. "There are a number of farms for sale across the country, so there is ample opportunity to buy one and experience firsthand the necessity of a farm safety net."

NBGA's Hayes, who is also past president of the Idaho Grain Producers Association said, current farm structures and economic situations should have congress considering an increase in payment limitations not a decrease."

NAWG, NBGA and other farm groups played a key role in defeat of the amendment. Delegations from the Kansas Association of Wheat Growers and Colorado Association of Wheat Growers, along with NAWG Past President Mark Gage and NAWG staff, worked the Capitol to defeat the amendment.

The payment limit amendment would have placed an aggregate limit of \$125,000 on all commodity program payments, with a spouse qualifying for a separate limit, but the Direct Payment would have borne the brunt of the reductions. Direct Payments – where wheat producers receive the bulk of their support in comparison to other crops – would have been reduced by 50%, while the payment limits on marketing loans would have remained at \$75,000. The amendment would have reduced eligibility caps for farm program payments, eliminated the "three-entity" rule, and reallocated those funds to conserva-





tion programs and Direct Payments; but since the Direct Payment limit had been reduced, those who lost the payments would have no way of recovering them.

NAWG appreciates the support of the following Senators who voted against the amendment.

### Senators Voting No on Grassley-Dorgan Payment Limit Amendment

#### NAYS -53

- |                  |                    |
|------------------|--------------------|
| Akaka (D-HI)     | Gregg (R-NH)       |
| Alexander (R-TN) | Hutchison (R-TX)   |
| Allen (R-VA)     | Inhofe (R-OK)      |
| Baucus (D-MT)    | Inouye (D-HI)      |
| Bennett (R-UT)   | Isakson (R-GA)     |
| Biden (D-DE)     | Jeffords (I-VT)    |
| Bond (R-MO)      | Kohl (D-WI)        |
| Boxer (D-CA)     | Kyl (R-AZ)         |
| Bunning (R-KY)   | Landrieu (D-LA)    |
| Burns (R-MT)     | Leahy (D-VT)       |
| Burr (R-NC)      | Lieberman (D-CT)   |
| Carper (D-DE)    | Lincoln (D-AR)     |
| Chambliss (R-GA) | Lott (R-MS)        |
| Coburn (R-OK)    | Martinez (R-FL)    |
| Cochran (R-MS)   | McCain (R-AZ)      |
| Coleman (R-MN)   | McConnell (R-KY)   |
| Cornyn (R-TX)    | Murkowski (R-AK)   |
| Craig (R-ID)     | Nelson (D-FL)      |
| Crapo (R-ID)     | Pryor (D-AR)       |
| DeMint (R-SC)    | Roberts (R-KS)     |
| Dodd (D-CT)      | Rockefeller (D-WV) |
| Dole (R-NC)      | Sessions (R-AL)    |
| Domenici (R-NM)  | Shelby (R-AL)      |
| Feinstein (D-CA) | Stevens (R-AK)     |
| Frist (R-TN)     | Talent (R-MO)      |
| Graham (R-SC)    | Vitter (R-LA)      |
|                  | Warner (R-VA)      |

## Wheat Industry Calls for Major results in WTO Negotiations

In testimony before the House Committee on Agriculture on the World Trade Organization Agriculture Negotiations, Christopher Shaffer warned that "if the wheat industry is going to accept painful changes in the U. S. domestic support system, it must see major results in other areas of the negotiations."

Shaffer spoke to the Committee as the elected grower spokesperson for the WTO negotiations representing the nations three wheat organizations, the Wheat Export Trade Education Committee, U.S. Wheat Associates and the National Association of Wheat Growers. He told the Committee that the wheat indus-

try is watching closely to make sure that the Doha negotiations result in reform of trade distorting practices used by our competitors. Noting that opening markets by lowering tariff was not enough, Shaffer called for "true disciplines that remove the monopolistic practices of export state trading enterprise." He also called for the protection of U.S. food aid and export credit programs.

In wrapping up his comments, Shaffer applauded the U.S. demand for litigation protection for programs that stay within their WTO commitments. He said that there must be a safe harbor for those countries that abide by their commitments.

The link for Shaffer's complete testimony is supplied below.

<http://www.wetec.org/filecabinet/wtoagrhearingshouse110205shaffer.doc>

## IGPA Working to Postpone EPA Fuel Containment Rules

New EPA rules that require containment structure for above ground fuel storage tanks are scheduled to be in place in early 2006. With the deadline looming NAWG and NBGA is partnering with other agriculture groups in Washington DC working to postpone and change EPA's new secondary fuel containment regulations.

The coalition

of agriculture groups is working with EPA to remove the new rule that would require any farm with more than 1100 Gallons of on farm storage to have secondary containment professionally engineered and built for every storage tank on the farm.

NAWG, NBGA and the coalition are also working with congress to ready legislation should EPA fail to make the need changes to the new rule.

IGPA has provided critical information to NAWG, NBGA and the Idaho congressional delegation about on farm fuel storage in Idaho and the need to change the regulation. ♦



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# Expanding and Maintaining Market Share: *Trade Teams*



According to an old Japanese saying, "opportunities multiply as they are seized."

That is exactly what the IWC has been doing this year, seizing the opportunities to promote export sales of Idaho wheat by hosting wheat buyers from around the world.

The IWC, in conjunction with US Wheat Associates (USW), provided foreign representatives a first hand look at the quality wheat grown in Idaho and an opportunity to interact directly with the growers who provide that wheat.

"End users need to make the connection from the farm to their production line," says Jim McDonald, IWC Chairman. "Our goal is to sustain and expand sales. The more information we share, the better our working relationship becomes."

Japan, Taiwan, Korea and the Philippines have been customers for many years. To maintain a good working relationship with these valued buyers takes an investment of time, personnel and programs. New markets are important too. For team members from Ecuador, this was their first exposure to the US system.

There are 3 major objectives for each team:

1. Gain information about the US grain system from the farm through the entire supply chain, including loading of the export vessel.
2. Observe the quality and versatility of the classes of wheat produced here, by highlighting the consistency and profitability potential of using US (Idaho) wheat.
3. Build strong, positive relationships with current and future wheat food indus-

try decision makers from overseas markets.

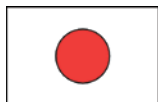
The travel itinerary for each team is carefully developed according to particular interests and market focus. Commission representatives also meet with teams in Portland when foreign visitors are not able to visit Idaho due to time limitations.

These exchanges provide an opportunity to reinforce that Idaho farmers raise high quality wheat and that it's available to customers as long as they specify their wishes in bid requests. The IWC welcome's these opportunities to help build market share.

**The IWC staff and Board of Directors would like to especially thank all the growers who helped welcome and provide input to our overseas guests. Direct contact with growers is one of our best marketing efforts.**



# Japan is Loyal to Soft White Wheat from Idaho



In August, a group of Japanese Flour Millers began their visit to our area by flying into Salt Lake City and touring Horizon Milling in Ogden. Discussions at the mill provided first hand information on the use of Idaho soft white in high quality flour mixes.

One-third of the wheat imported by Japan is used for noodles. During a meeting with UI wheat breeder Ed Souza and Mary Guttieri, Aberdeen, millers learned that the wheat-breeding program at Aberdeen had produced more cultivars for Asian-style noodles than any other breeding program in the western United States.



Japanese millers tour Aberdeen wheat-breeding facilities.

Visits to the Dave Harris farm in Malad, McNabb Grain in American Falls, and the National Plant Germplasm Seed Bank in Aberdeen provided more in-depth understanding of the local wheat industry. A BBQ and western shootout at the Hayden farm in Arbon Valley sent the team off with a 'bang'.



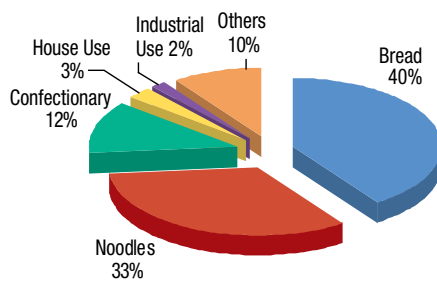
Idaho Barley Commissioner Evan Hayes instructs Mr. Ito how to skeet shoot.

## Keys to Building Our Market in Japan

- Japanese millers like to have direct contact with growers and are interested in seeing the entire distribution chain. Take advantage of opportunities to interact with Japanese customers.
- Japan is very sensitive to pesticide residues in food products. Growers are encouraged to apply pesticides properly.
- Grow quality hard red wheats. See the IWC website for the list of preferred varieties. Varieties that have caused past problems in Japan include Garland, Columbia 1, Semper, Weston, and Symphony.

The U.S. currently supplies more than half of Japanese wheat imports and Japan ranks as Idaho's largest overseas customer. The primary class of wheat exported from Idaho to Japan is Soft White Wheat and Japan enjoys the year-in and year-out dependability of Idaho's Soft White.

### Wheat Flour Uses in Japan



Among issues of concern expressed by team members were the need to limit pes-

ticide residues and to source hard red wheat with quality milling characteristics. They complimented growers' efforts to provide more quality hard reds and encouraged further work in that area.

The system for buying wheat in Japan is gradually moving away from government control, making direct contact between millers and growers even more important. A new system called Simultaneous Buy & Sell (SBS) will allow more direct deals. The Ministry of Agriculture, Forestry's, & Fisheries (MAFF) currently purchases more than 90% of Japan's imported wheat. In the future MAFF hopes to use SBS to meet WTO obligations, while trying to maintain its own food security targets by helping Japanese wheat and rice growers survive through cost-pooling.

## Taiwan 2005 Agricultural Goodwill Trade Mission



IWC had the privilege to host officials representing Taiwan's Flour Milling Association (TFMA) in September. The delegation led by Mr. Hsin-Hong Kuo, managing director of Hong Ming Enterprise, expressed TFMA's intent to purchase a total of 1.7 million metric tons of wheat during 2006 and 2007. The purchase is valued at approximately \$372 million and continues a tradition developed over the last 15 years. However, an unexpected – but very welcome – part of the tradition has been the tendency for Taiwan to purchase even more than first indicated in their letters. The U.S. wheat industry has had a healthy working relationship with

Taiwan for more than 40 years.

"We are proud to describe the Taiwan Flour Millers Association as a very high-end, faithful, cash customer for our wheats," said Boyd Schwieder, Chairman US Wheat Association, and Idaho Falls wheat grower. "We value their friendship and look forward to having a strong relationship for many years to come."



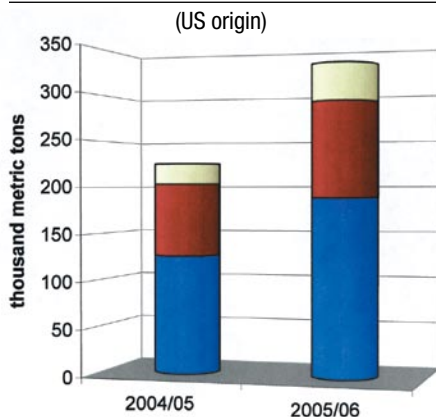
Jim McDonald, IWC Chairman, Boyd Schwieder, Governor Dirk Kempthorne and Mr. Hsin-Hong Kuo sign the letter of intent.



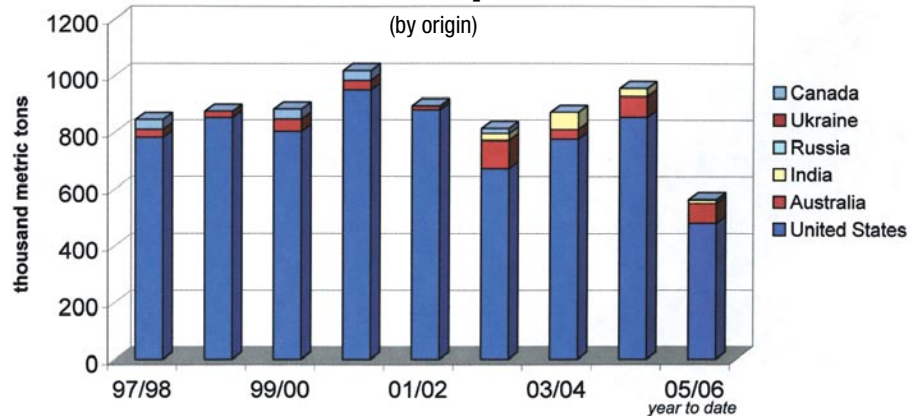
# Expanding and Maintaining Market Share *Trade Teams...continued*

Taiwan, which is approximately the size of Maryland and Delaware combined, has an estimated population of 22.5 million people. The U.S. regularly supplies one-third of the island's total food import needs. In 2004, Taiwan purchased \$2.6 billion worth of US Agricultural products, making it the sixth largest export market for US ag products.

## Taiwan Year to Date Imports



## Taiwan Imports



Our Taiwanese guests were interested in learning about other agricultural products and industries while in Idaho. Among industries showcased on a tour of Canyon County were: Crookham Seed Company, Symms Fruit Ranch, the UI Parma Extension Station and potato harvest and storage on the Doug Gross farm in Wilder. The tour ended with a grower-hosted dinner in Caldwell at the home of Dr. Wilbur and Peggy Waterman.



Idaho potato grower Doug Gross explains his potato operation in Wilder to the Taiwanese trade team delegation.

## The Philippines Looking for Hard White Wheat



The Philippines has continually been among the top 5 largest importers of wheat off the PNW coast. During the 2004-05 marketing year the country imported 1.79 million metric tons (65.6 million bushels). Harvest activities were well underway when the delegation of Philippine millers visited north Idaho during August.

The Philippine flour milling industry is divided into 2 associations. This year's trade team was composed of PAFMIL (Philippine Association of Flour Millers) member mills and led by Mr. Ric Pinca, Executive Director of PAFMIL. The companies represented buy wheat on their own and at times purchase

jointly to save on ocean freight costs.

Meetings with representatives of Genesee Union Cooperative and Central Washington Grain Growers Inc, along with visits to growers' fields provided information on the status of the new crop. Discussions between researchers and millers at the Western Wheat Quality Lab in Pullman, and at the UI Biotechnology Lab in Moscow, highlighted current research initiatives and new varieties, including soft and hard white wheat developed for Asian noodles. A dinner with local growers



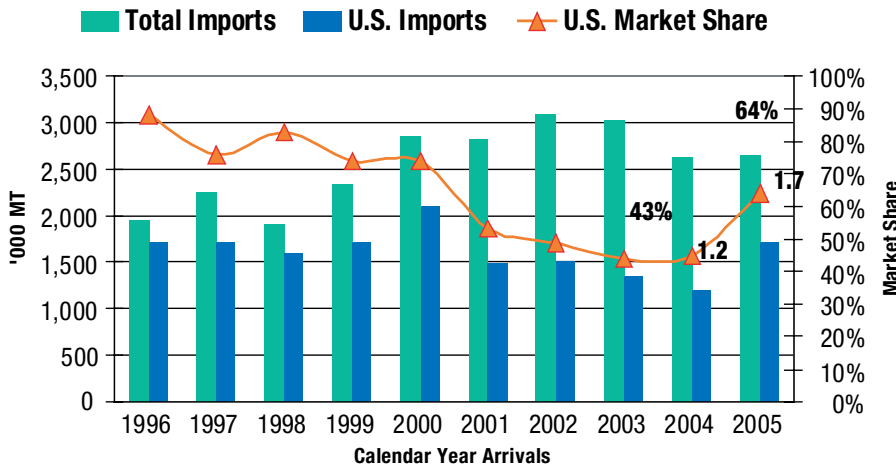
At the Lewis-Clark Terminal, team members learn about the important role that local elevators and barges play in assuring quality from production areas to export facilities.

### Keys to Building Our Market in the Philippines

- The development of Hard White Wheat production was of major interest to the millers. Team members reviewed both hard and soft white variety development programs at the UI. It was made clear that if the US does not increase production of Hard White Wheat in the near future, market share will be lost to Australia and Canada. Once US market share is lost it will be very difficult to regain.



## Philippine Wheat Imports



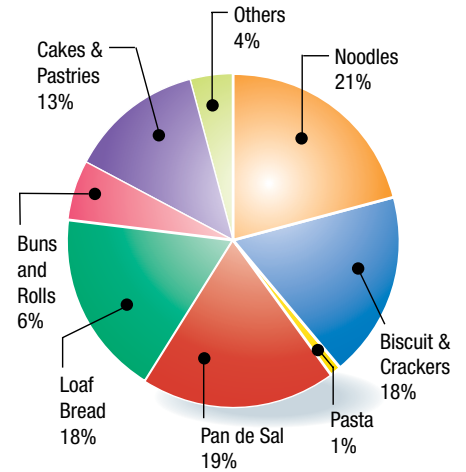
at the home of Gary and Mary Hasenoehrl in Lewiston concluded the visit.

The US has lost some market share in recent years. There has been a big increase in feed wheat usage, to the point that 1/3 of the wheat imported is now used for feed. Overall the US market share of total wheat imports has dropped below the 50% level. However, when considering wheat imports

for **food processing** the US still dominates this market with a 68% market share. The Philippines has a high preference for NS/DNS and SW/WW. But, there is increasing frustration with not being able to source sufficient supplies of Hard White Wheat in the US.

Quality parameters are increasingly important as mass production of bakery products increases. Instant noodles are the

## Wheat Flour Distribution



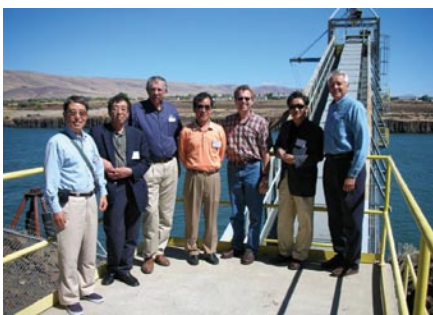
fastest growing wheat-based product in the Philippines and with insufficient supplies of hard white wheat in the US, Australia has captured the lion's share of growth in this market segment.

The biscuit, cookie and cracker industry is growing rapidly. This industry now consumes about 18% of the total wheat imports, which has resulted in increased soft wheat sales.

## Korean Flour Millers Tour River Facilities



The Korean Flour Millers Association (KOFMIA) sent a five-member trade team to tour the Columbia River grain shipping facilities during the last week of August. Idaho and Oregon co-hosted the trade team.



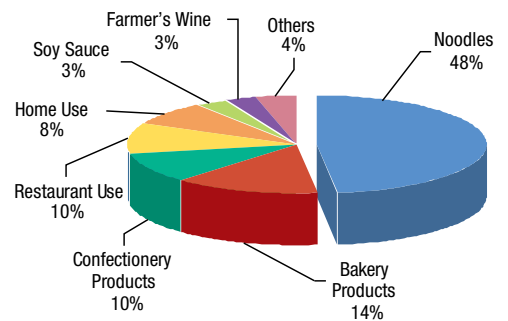
Korean millers tour barge landing facility in Portland.

South Korea is among the three largest buyers of soft white wheat from the PNW. The U.S. supplies about half of the wheat imported each year into Korea. However, fifteen years ago the United States enjoyed an 80% market share.

The reason for the decline is the rapid growth of the noodle industry throughout Asia. Korea has established itself as a leading maker of Asian noodles, not only for the Korean market, but also for Japan, China, Indonesia and other part of Asia. Hard White Wheat is preferred for noodles because its low ash content results in a brighter noodle. Not being able to source their hard white purchases from the PNW, Korean manufacturers have turned to Australia.

Today, soft white wheat from the United States goes into Korean cookies, crackers, pastries, and other baked goods, while hard

## Wheat Flour Uses in Korea



white wheat from Australia is used for the growing noodle industry. Team members encouraged PNW growers to continue their efforts to get hard white wheat established. "We would like to combine classes of wheat and ship them in one vessel", explained Mr. Sang Hee Kim, leader of the KOFMIA team.

The KOFMIA team was also interested in the ability of various grain handlers along



# Expanding and Maintaining Market Share *Trade Teams...continued*

the Columbia and Snake rivers to load wheat into containers. There is an increasing demand for specific-trait wheat in Korea and they need to be able to identify, segregate, and purchase this wheat before it becomes mixed into other export wheat in Portland.

Like Japan, Korea has recently tightened its testing standards for pesticide residue. Korean millers are particularly concerned with the pesticides Malathion and Reldan, which have sometimes been used in grain storage.

## Keys to Building Our Market in Korea

- South Korea continues to ask for large quantities of quality hard white wheat that can be shipped from Portland in the same ocean vessels as their soft white wheat direct to Pusan or Incheon.
- Due to new regulations implemented by the Korean FDA, PNW grain handlers are encouraged to be cautious in their use of Malathion and Reldan.
- Idaho grain handlers who are equipped to load wheat in containers may be able to do some direct shipments of specific-trait wheat.

## Ecuador an Idaho First

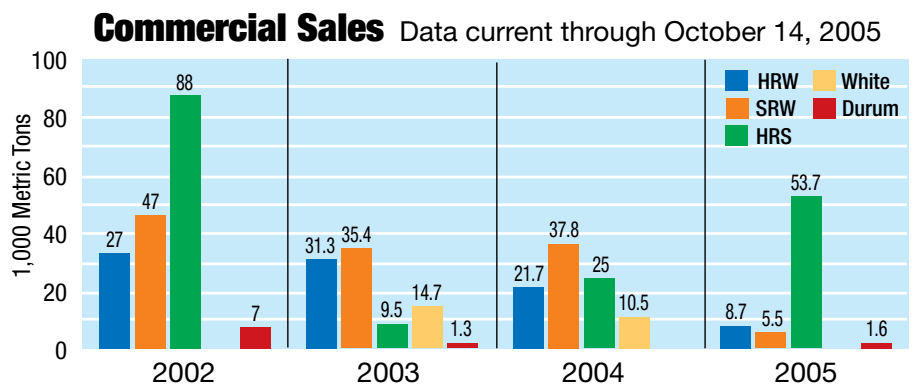


The Ecuadorian Trade mission to southern Idaho in July represented millers responsible for about 65% of Ecuador's total wheat imports. Ecuador, which is the size of Colorado, is a country of 13.7 million people located on the equator. Annual wheat imports are around 390,000 metric tons. The country's per capita annual wheat consumption is estimated at 66 pounds compared to 133 pounds per capita in the U.S. Wheat consumption has trended downward in Ecuador because of economic instability, depressed consumer purchasing power and a major emigration of Ecuadorians.



**Attending the UI Field Day in Aberdeen gave the delegation an opportunity to see first hand the wide variety of quality wheats grown in Idaho.**

Team members were interested in comparing the profitability of using US wheat with the Canadian and Argentine wheat they were currently using. Of particular interest



was Idaho's low moisture and its impact on the grain in this region.

The Ecuador team members were fascinated with the efficiency and size of the Blackfoot Pendleton mill, seen during a tour organized by Reuben McLean. Discussions revolved around topics near and dear to flour millers: wheat quality, moisture and ash.

The Ecuador trade team had the unique opportunity to visit three farming operations: Ron Murdock, Blackfoot (irrigated), Hans Hayden, Arbon Valley (dryland) and Gordon Gallup, Swan Valley (dryland).

"If a customer knows you and has figured out that you have a quality product and feels you have integrity, then he'll want to buy your product," said Ron Murdock. "It was enjoyable to spend time with the Ecuador trade team and hopefully they'll want to buy our wheat."

Approximately 50 area farmers and their families attended the grower dinner hosted



**Interest in combines, tractors and semi's transcend borders and are always interesting. Commissioner Hans Hayden (right) visits with Pedro Ruiz, Miguel Galdos-Tanguis and Juan Karlo Gonzalez.**

by Hans and Julie Hayden in Arbon. "The millers were eager to learn how our marketing system worked so they could get the wheat they needed at a competitive price," noted Hayden. "The time spent with this team is a good long term investment." ♦

*\*Charts and graphs courtesy of U.S. Wheat Associates*



# How To Deliver Premium-Earning Protein Levels

## Nitrogen Management for Hard Wheat Protein Enhancement

*A new publication from the Pacific Northwest land-grant universities*

### BMPs for Profitability

This publication, covering nitrogen management for Hard Wheat Protein, is just one example of the Energy BMPs that producers will need to utilize in managing rising costs in 2006.

IBC and IWC have initiated a project with UI cereal agronomists, economists and county extension faculty on Developing Best Management Practices for Managing Rising Fuel and Fertilizer Costs.

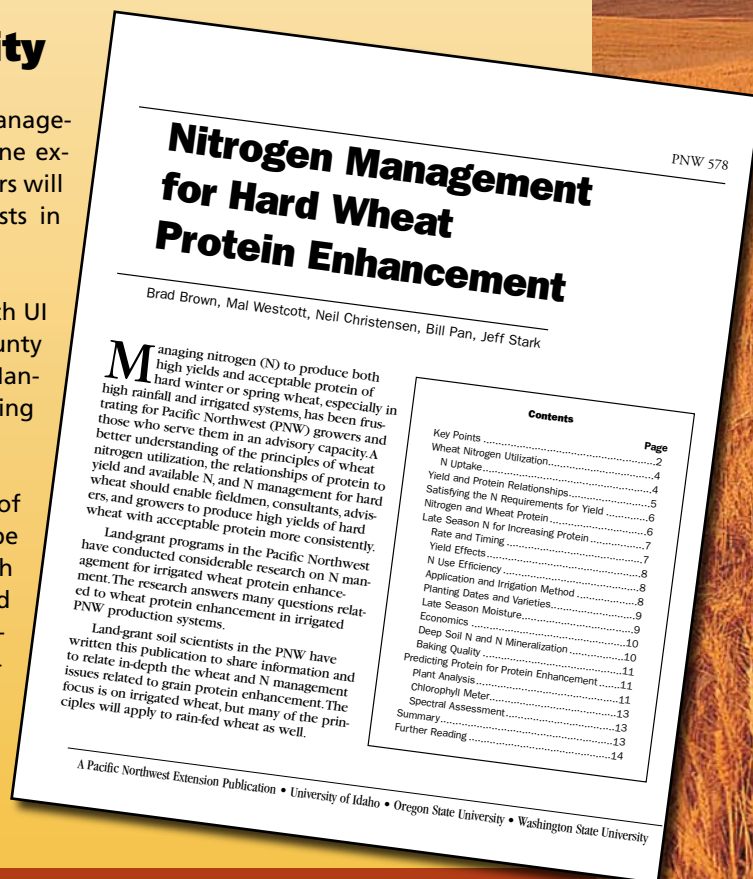
The project will result in a specific list of 2006 BMP Recommendations that will be widely distributed to producers through our websites ([www.idahobarley.org](http://www.idahobarley.org) and [www.idahowheat.org](http://www.idahowheat.org)), grain newsletters, Idaho Grain Magazine, winter cereal schools and other agricultural publications and meetings.

Since 1982, hard red spring wheat with 14% protein, has brought an average \$47/acre more in gross returns than soft white spring wheat. Hard red winter wheat with 12% protein, has returned an average \$12/acre more than soft white winter wheat.

The problem is that PNW hard wheats don't consistently reach protein levels that the market-

place will reward. Penalties for falling short can be up to 3x the premiums and managing nitrogen for both high yields and high proteins has proven especially frustrating in the region's high rainfall and irrigated systems.

This new 16-page publication will help growers minimize the uncertainties associated with producing high-protein hard wheats.



Available on-line at:

<http://info.ag.uidaho.edu/PDF/PNW/PNW0578.pdf>

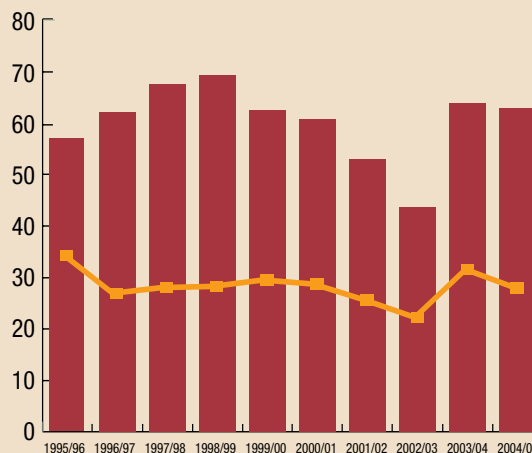
To order by phone: 208.885.7982.

# U.S. WHEAT ASSOCIATES 25<sup>TH</sup> ANNIVERSARY

## A proud tradition of producer commitment to export market development

U.S. Wheat Associates, the industry's export market development organization, is celebrating our 25th anniversary this year. USW was constituted in January 1980, the result of a merger between Great Plains Wheat Market Development Association – formed in 1958 – and Western Wheat Associates, which held its organizational meeting in April 1959. After half a century of supplying the world with this essential staff of life, American farmers should be proud of the role they have played in promoting the world's most reliable source of wheat.

### U.S. Wheat Production and Exports



### USW OFFICERS AND BOARD OF DIRECTORS 2004/05



**Keith Kisling**  
Chairman  
OKLAHOMA



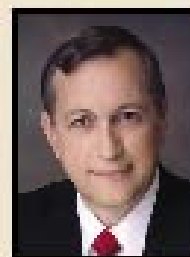
**Boyd Schwieder**  
Vice Chairman  
IDAHO



**Leonard Schock**  
Secretary-Treasurer  
MONTANA



**Alan Lee**  
Past Chairman  
NORTH DAKOTA



**Alan Tracy**  
President



Boyd Schwieder entertains Philippine wheat buyers at a traditional American picnic in southern Idaho.



President Alan Tracy observes students at the USW-supported Sino-America Baking School in China.



## WHITE WHEAT

**Soft white: Versatility and brightness of pastries to flatbreads**

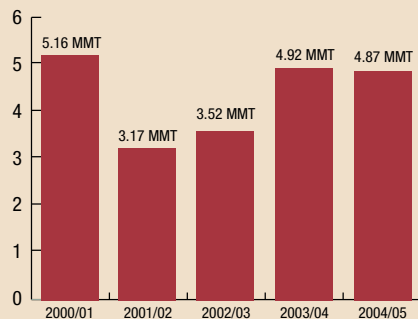
**Hard white: White bran for a wide range of first-rate products**

For the year, the U.S. commercially exported 4.87 MMT of white wheat, a 1 percent drop from last year but more than the two previous years.

### SW & HW Commercial Exports

*Top white wheat customers in 2004/05:*

1. Egypt, 943 TMT
2. Philippines, 757 TMT
3. Japan, 687 TMT
4. Yemen, 640 TMT
5. South Korea, 620 TMT



## Yemen buyer uses “American Quality Wheat” logo

Last summer, USW/Cairo conducted a market test to assess the viability of using the American Quality Wheat seal in Yemen. Although the logo has been successful in Egypt, USW needed to measure the reactions of both Yemeni consumers and traders to the logo. The largest U.S. wheat buyer printed the logo on 30,000 wheat bags, and the researchers tracked sales in wholesale and retail outlets, to gauge consumer preferences.



**A Yemeni wheat retailer tests the consumer market with the American Quality Wheat logo.**

The result of the market test were positive, and so Al Awdi and Sons, the main buyer of U.S. soft white wheat, signed on to launch the program in April. Al Awdi imports nearly 85% of total U.S. wheat shipments to Yemen, but he doesn't mill it – his company sells raw wheat at retail levels. (Yemeni consumers will typically go to their neighborhood shop and pick up a 100 pound bag of wheat to take home for the family.) The wheat bags will prominently display the American Quality Wheat logo and both USW and Al Awdi will measure market reaction in terms of premiums and increased U.S. soft white wheat sales.

## USW pursues complicated market factors in China

While China was only the 6th largest white wheat customer this year, the reopening of the China market played a big part in keeping sales at this year's level, as China's imports of U.S. white wheat were more than two and a half times the previous year imports. The list of USW activities throughout the year in China would make your head spin; so we're listing the white wheat related activities, JUST IN THE MONTH OF APRIL 2005:

- USW/Singapore technical baking consultant Roy Chung conducted a three-day seminar for Lam Soon Flour Mills, covering technical and practical aspects of milling and processing of flour for frozen dough products. Lam Soon is a major user of both western white and northern spring/dark northern spring wheat.

- In a series of bakery promotions, USW consultant Heinz Fischer trained staff from a chain of bakeries, teaching them recipes used in the promotions. This bakery chain uses flour primarily from a company which is purchasing U.S. HRS, western white, and SRW for their flour blends.

- USW/Hong Kong milling consultant Mark Lyons accompanied representatives of flour mills, food processors, and a grain transfer facility at the Wheat Marketing Center. The group evaluated flour samples from HW, HRS, HRW and SW, and assessed their use in making noodles and steamed bread products which constitute over 80% of flour consumption in China.



**U.S. Wheat Associates and major U.S. wheat customer Lam Soon Flour Mills joined with Walmart and Sam's Club bakeries near Hong Kong, giving a health twist to in-store bread and cake promotional demonstrations. Hundreds of Chinese consumers discovered healthy new whole grain hearth bread and muffin products.**

- USW/Beijing country director Andy Zhao and regional director Matt Weimar met with private flour mills and grain trading companies who wanted advice on appropriate contract specifications to get the best quality of U.S. wheat based on the prices they are willing to pay. Bearing immediate results, Matt and Andy worked with one company which contracted for 35,000 MT of soft white wheat and 15,000 MT of NS/DNS, and with two others who were tendering for up to 100,000 metric tons of additional tonnage for shipment in 2005/06.



## Collaboration with Koreans has never been stronger

Thanks to the hard work of staff based at a Western Wheat Associates/U.S. Wheat Associates office in Seoul since 1970, led by the able Dr. Won Bang Koh for the last 13 years, USW and the milling companies have developed and maintained a highly collegial and collaborative exchange of research and analysis, especially on the development of soft and hard white wheat. Today, extensive technical Korean evaluations of U.S. wheat varieties help guide American wheat breeders as develop varieties with properties desired by bakers and noodle makers in Korea and throughout north Asia.

The U.S. wheat relationship with Korea is a long one. In 1945, there were only four flour mills in the south part of Korea, and they were completely destroyed during the Korean War. As one mill was rebuilt in 1953, and another in 1954, the U.S. government and wheat

industry were there to help. Indeed, the very first shipment of PL 480 wheat donation was to South Korea in 1956, and the country depended on U.S. wheat for many years. The South Korean wheat market is now one of the most sophisticated in the world, and the deep friendship between the American wheat industry and the Korean Flour Mills Industrial Association, KOFMIA, continues to grow.

Korea is always one of our top customers, annually buying more than 1.2 million tons. They are constantly among the top 5 customers for U.S. white wheat.



USW senior technical marketing specialist Woojoon Park (center) often leads the teams during projects at the Wheat Marketing Center.

## Reopening doors that were slammed shut by politics

Once a country is shut out of markets, especially by embargoes or hostilities, it takes dedicated efforts to regain the lost market. Never was this so true as with efforts to reestablish U.S. wheat in Iraq and Sudan.

Iraq holds potential for U.S. wheat, but the market was firmly in the hands of the Australian Wheat Board (AWB) during the last decade of Saddam Hussein's regime. After the war, USW regional vice president Dick Prior spent months trying to meet with Grain Board of Iraq (GBI) officials. Some officials joined USW for a meeting in Jordan, but they lost

USW and USDA staff met in Cairo with representatives from the Grain Board of Iraq.

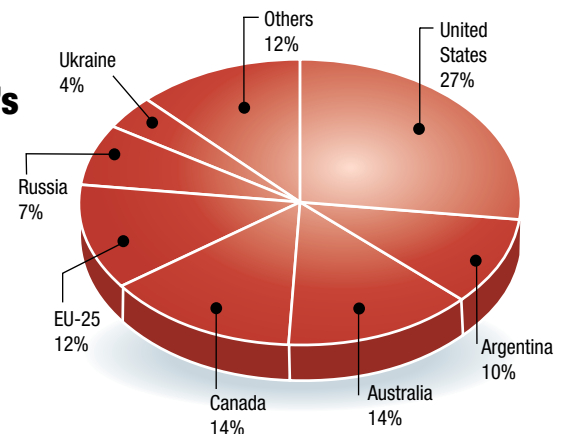
their posts after the Coalition Provisional Authority turned the reins of government over to the Iraqis. Finally, in January 2005, USW/Cairo hosted three Iraq Grain Board officials at a meeting with trade representatives, to review Iraq's tender terms and specifications – which favored Australian imports to the point where the U.S. trade could not participate in the tenders. Although more progress is needed on these, Prior sees some improvements, which will encourage the legitimate trade's participation in tenders and give U.S. wheat a competitive entry into the market.

Iraq's bread needs hard red winter wheat, but while the U.S. was

absent from the scene they grew accustomed to Australian white wheat. When they tendered for U.S. wheat, then, they asked for hard white wheat – which is not available for export in the amounts and with the terms specified. But because Prior and others had met the Iraqis and discussed the various classes of U.S. wheat, USW and the Foreign Agricultural Service were able to successfully urge the Grain Board to add HRW as an option in the tender – which resulted in a sale.

At the same time, the GBI was prepared to travel to Australia to sign a contract for a very large amount of AWB wheat. Prior and James Smith, the U.S. agricultural counselor in Iraq, convinced the GBI officials that they needed to maintain an open and competitive market. Their success means that the GBI has continued to seek U.S. wheat in their tenders.

## The world's largest wheat exporters, 2004/05





Post-war sales of HRW to Iraq are improving steadily, coming in at 387 thousand metrics in 2004/05, up from 245 TMT in 2003/04, and 57 TMT the year before.

**The U.S. ban on agricultural exports to Sudan was lifted** in 1999 after eight years of sanctions, but U.S. government restrictions still exist that make trade difficult. USW estimates that U.S. wheat could achieve a 30% to 40% market share if sanctions were totally

lifted and if trade could flow normally. That would be an important market for the favored hard red winter wheat, because in the past five years wheat imports have grown at an annual average of close to 8%, and are currently close to 1.1 MMT. Now, after 21 years of civil war, the demand is growing in the southern parts of the country and there is a potential for the Sudan wheat market to reach 3 MMT within a few years.

## Producer funding garners USDA support

**U**.S. Wheat Associates is a "cooperator" with the U.S. Department of Agriculture, which means that the organization works with the support of USDA's Foreign Agricultural Service to create, expand and maintain overseas markets for wheat grown in the U.S. USW presents an annual marketing strategy and demonstrates state wheat commission support in order to qualify for federal funds, leveraging each dollar of producer financial support into more funding from various USDA market development programs. This year, \$2.56 was committed by USDA for every \$1.00 from producer funds; a match that allows USW to spend almost \$15,000,000 in foreign market development.

### Overseas Operations

USDA support accounted for 73% of USW's FY2005 revenue. USW received the following budget allocations from five USDA programs for fiscal year 2005: Foreign Market Development Program: \$6,115,446; Market Access Program: \$3,686,703; Section 108 Program (PL480): \$477,045; Quality Sample Program: \$320,500; and Emerging Markets Program: \$60,000. The total from USDA is thus \$10,659,694, almost all of which is expended by USW's 16 foreign offices on many overseas market development activities.

### Domestic Operations

After USW develops a domestic budget, member states are assessed dues based on their wheat production over five years, minus the highest and lowest years. The total revenue from membership dues for FY2005, which ended June 30, was \$3,932,938, which is less than ¼ of a penny per bushel of wheat produced in USW's member states. In general, producer funds support USW's two domestic offices – the headquarters in Washington, D.C. and the West coast office in Portland, Oregon. In FY2005, USW expended \$3,817,775 for domestic activities, ending the fiscal year with about \$183,153 in surplus (unaudited).

By accessing as much funding as possible from a variety of sources and sound fiscal management of those funds, U.S. Wheat is carrying out its responsibility to maximize markets on behalf of the U.S. wheat producer.

**Total producer support \$4,168,728**  
**USDA support \$10,659,694**  
**Total USW funding \$14,828,422**  
**USDA match of producer dollar: \$2.56**



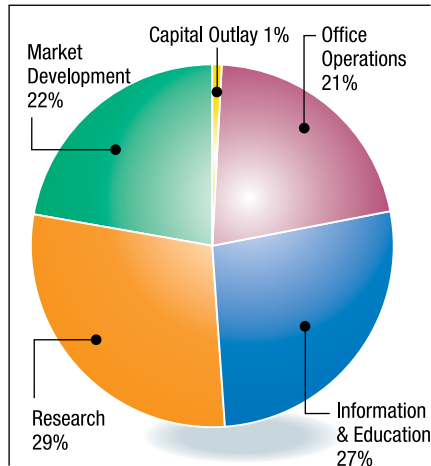
1620 I Street, N.W., Suite 801 • Washington, DC 20006202.463.0999  
 info@uswheat.org • www.uswheat.org





# Wheat Highlights

## Idaho Wheat Commission FY06 Approved Budget



IDAHO WHEAT COMMISSION 2006 APPROVED BUDGET AS OF JULY 1, 2005	
CATEGORY	2006 Approved
<b>MARKET DEVELOPMENT</b>	<b>377,035</b>
FOREIGN MARKET DEVELOPMENT INCLUDES ALL USW PROJECTS, TRADE TEAMS AND WETEC	289,575
DOMESTIC MARKET DEVELOPMENT	20,000
TRANSPORTATION	17,140
ADDITIONAL PROJECTS	50,320
<b>RESEARCH</b>	<b>506,600</b>
VARIETY DEVELOPMENT - U of I	215,000
PEST MANAGEMENT - U of I	79,500
PRODUCTION PRACTICES/TECH TRANSFER - U of I	40,000
CAPITAL OUTLAY - U of I	12,000
ADDITIONAL PROJECTS	160,100
<b>INFORMATION &amp; EDUCATION</b>	<b>475,119</b>
PRODUCER INFO & EDUCATION	393,750
ENVIRONMENTAL SERVICES	6,000
CONSUMER INFO & EDUCATION	75,369
<b>OFFICE OPERATIONS</b>	<b>368,950</b>
SALARY, BENEFITS & PAYROLL TAX EXPENSE - STAFF	252,300
TRAVEL - STAFF & MISC.	20,000
BOARD MEMBERS - SALARY, BENEFITS, PAYROLL TAX EXPENSE & TRAVEL	53,750
OFFICE OVERHEAD	42,900
<b>CAPITAL OUTLAY</b>	<b>5,000</b>
<b>TOTAL BUDGET</b>	<b>1,732,704</b>

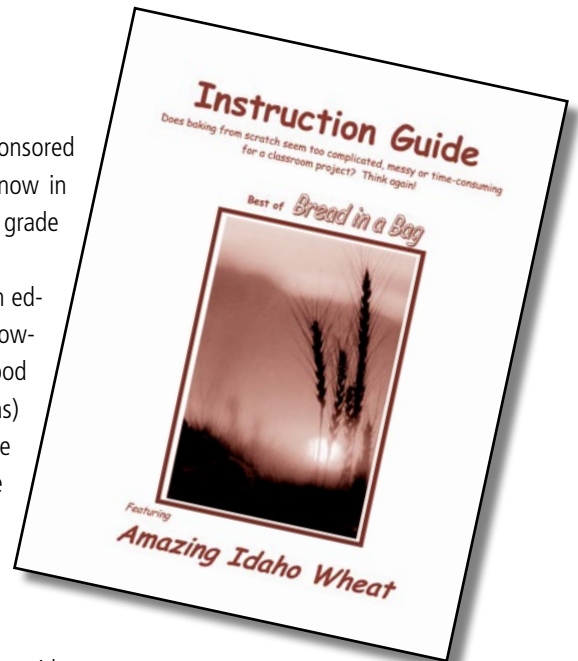
## Bread in a Bag!

The Bread in a Bag program, sponsored by the wheat growers of Idaho, is now in its 20th year with over 11,000 fourth grade students participating last year.

The Bread in a Bag program is an educational, fun, hands-on activity allowing kids to make their own wheat food product (bread, pizza, pretzels, tortillas) from scratch that can be baked in the school's cafeteria, or at home while they learn the history of wheat, its nutritional importance, and the economic benefits of Idaho's wheat industry to the state of Idaho.

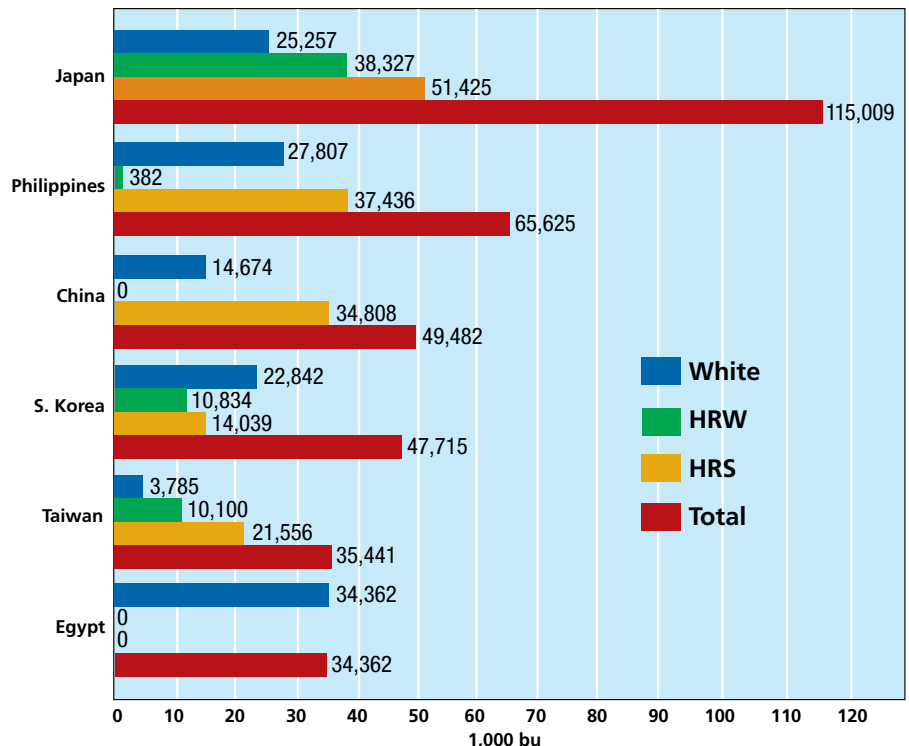
The Idaho Wheat Commission provides a Teacher's Guide with detailed instructions on how to conduct the activity and Student Guides, which include 7 recipes and fun facts about wheat.

Do you know if Fourth Grade classes in



your area schools participate in this educational program? Contact your local school or Tereasa Wateman at the Idaho Wheat Commission to find out. For more information about this program e-mail [ts@idahowheat.org](mailto:ts@idahowheat.org) or call (208) 334-2353.

## Top Six Destinations for PNW Wheat Exports 2004/05

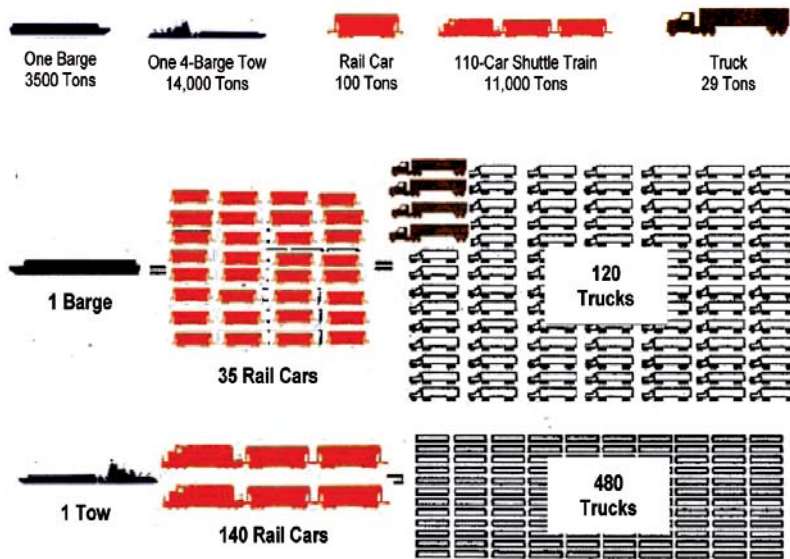




# Columbia Snake River System Navigation

Navigation is the lowest cost, least polluting form of transportation

## Freight Comparison of Barges, Trains and trucks on the CSRS



One 60,000 ton Panamax vessel = 4 - 5 barge tows = 600 rail cars = 2,400 semi-trucks

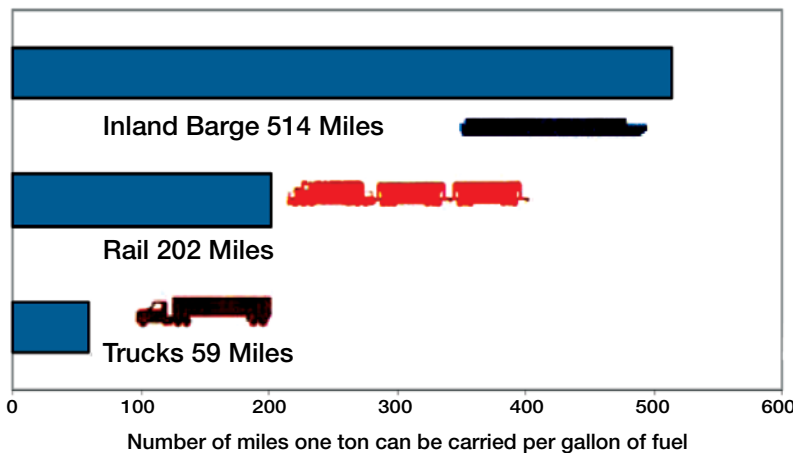
Source: Columbia River Towboaters Association

## Columbia Snake River Trade

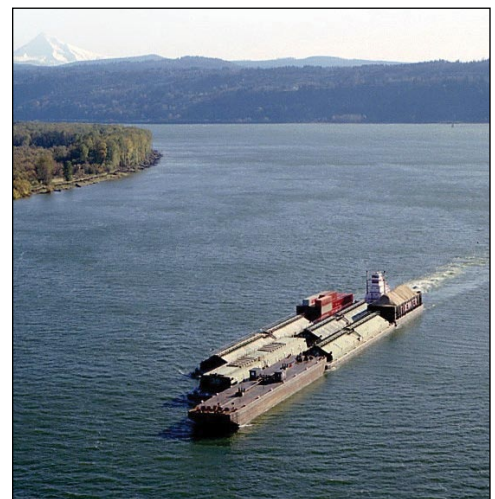
- #1 U.S. wheat export gateway
- #1 U.S. barley export gateway
- #1 West Coast paper and paper product exports
- #1 West Coast mineral bulk exports
- #1 West Coast auto imports

Annually, barging keeps 700,000 trucks off the interstate which runs through the sensitive airshed of the Columbia River Gorge

## Relative Energy Efficiencies



Source: US Maritime Administration



Barges can carry more freight, and are the most fuel efficient mode of transportation.



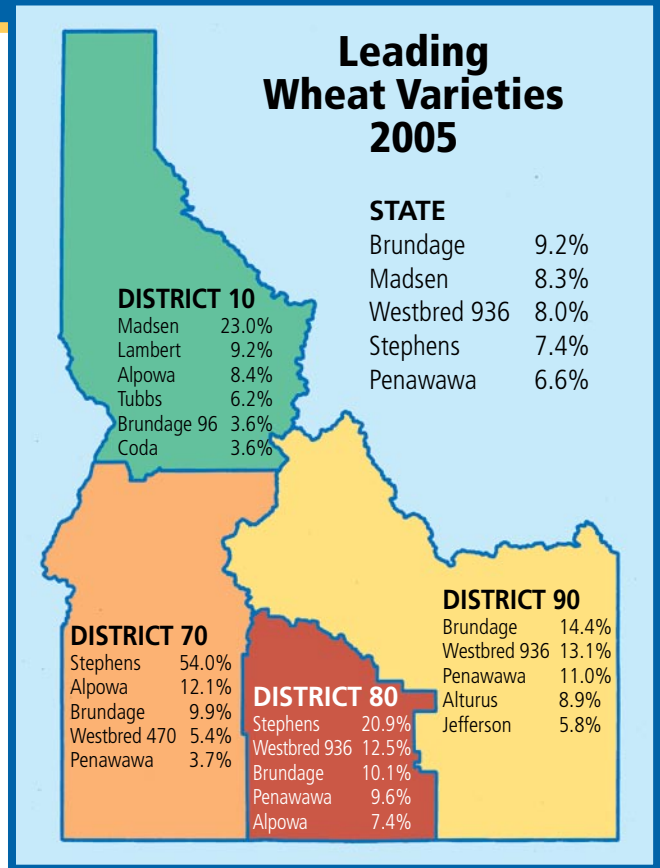
## Leading Wheat Varieties 2005

Producers indicate that Brundage is Idaho's most popular variety for 2005, followed closely by Madsen and Westbred 936. Growers in each Ag Statistics District favor different varieties that meet local growing conditions.

This yearly survey of growers, funded in part by the IWC, helps track the percent of acres planted to the several classes of wheat grown in Idaho. The information is used in many different ways to help increase the supply and demand for our wheat.

A special thank you is extended to all growers who have taken time to provide input on this valuable information. Tracking the varieties planted throughout Idaho helps focus funding for IWC programs and the information is used by all phases of the wheat industry.

For a complete listing of varieties planted and share of acreage contact IWC or visit Idaho Ag Statistics at <http://www.nass.usda.gov/id/publications/pubtoc.htm>.



## Sorghum and Wheat Associations Adding Value through Second North American Grain Congress

*Hyatt Regency  
San Antonio, TX  
February 4-8, 2006*

*To learn more about the first North American Grain Congress or to register, go to [www.graincongress.org](http://www.graincongress.org).*

The National Association of Wheat Growers (NAWG) and the National Sorghum Producers (NSP) are looking to provide added value to producers and sponsors through their second North American Grain Congress to be held February 4-8, 2006 at the Hyatt Regency in San Antonio, Texas.

"A sorghum and wheat joint conference makes good business sense because so many producers grow both crops," said NSP Executive Director Tim Lust. "Taking a pro-active, collaborative approach will strengthen both industries while saving producers money."

The opening reception is scheduled for Sunday, February 5th with the general session Monday morning. The WheatPAC dinner and auction will be held Monday evening at the Sunset Station.

Speakers will include Senator Saxby Chambliss, (invited) Chairman of the Senate Committee on Agriculture, Nutrition and Forestry; U.S. Trade Representative Rob Portman (invited); and Jim Wiesemeyer, vice president, policy and trade issues, Informa Economics.

"We have a good lineup of speakers who will help us understand what the future may hold for ethanol, farm policy, the world agricultural market and keeping pace with complex change," said Daren Coppock, NAWG Chief Executive Officer.

On Tuesday afternoon, producers can attend research sessions on stripe rust, genome sequencing and progress toward commercialization of fusarium tolerant biotech wheat. On Tuesday evening, producers will attend the joint closing banquet.





# Pendleton Mills a Large Buyer of Idaho Wheat

**P**endleton Mills in Blackfoot is one of the largest users of Idaho wheat. They purchase and mill approximately 10% of Idaho's wheat crop each year. This puts them among the three largest customers in the state.

Although Idaho is noted for its soft white wheat, 85% of the wheat milled in the Pendleton Mill in Blackfoot is hard red and hard white wheat. "Our Oregon mill focuses on soft white wheat", explained Reuben McLean, Quality Assurance Manager. "So the Blackfoot mill became the location for the company's hard wheat milling."

At one time, Pendleton Mills sourced about 40% of its hard red requirements out-of-state, mostly from Montana and Nebraska. However, as area growers shifted to the varieties and protein levels needed by Pend-

leton Mills, Idaho's share increased. Today southeast Idaho growers supply 75% of Pendleton Mill's needs. The mill purchases around twelve million bushels of wheat each year. They no longer source to Nebraska, but still bring three million bushels of high-protein hard red wheat in from Montana annually.

When asked what southeast Idaho growers needed to do to supply all of the mills wheat needs company officials replied that they were forced to source out-of-state due to protein. However, they are currently encouraged that Moreland for an irrigated variety and Deloris for a dryland variety might enable them to replace their out-of-state purchases with locally grown wheat.

Pendleton Mills is also seeking good protein hard white wheat. "We can't get



enough hard white wheat at the desired protein level", said McLean.

Pendleton Mills purchases their wheat through General Mills. In fact, General Mills has a grain handling facility adjacent to Pendleton Mills and stores the Pendleton wheat until it is milled. Pendleton Mills has very little storage capacity of their own.

The Pendleton Mill in Blackfoot is running near capacity. They use 35,000 bushels of wheat each day and yield 1.7 million pounds of flour daily. Flour is shipped to customers throughout the entire western United States. About 70% of their flour is moved to their customers by rail. The remainder goes by truck.

Cattle feed operations are an important secondary market for wheat by-products.

"We are anxious to work with area growers and be able to source more of our wheat needs locally",

said McLean. "Growers who are interested in having a sample of their wheat evaluated are encouraged to bring us a five-pound sample." McLean noted that Pendleton is working with area growers right now to increase the acreage planted to Moreland Hard Winter Wheat.

There is optimism that Idaho growers will soon be able to supply all of Pendleton Mill's needs and that out-of-state wheat will no longer be used right here in our own backyard. Then a large market for Idaho's wheat growers will become even more important. ♦

## **Pendleton flours are used in a wide variety of finished products:**

- Cakes
- Pancakes
- Noodles
- Pastries
- Cookies
- Crackers
- Pretzels
- Flour Tortillas
- Flat breads
- Bread
- Pizza
- Bagels





# Global Barley Market Report

## US Barley S&D Projections

(million bushels, USDA, Nov. 10, 2005)

	MY 02/03	MY 03/04	MY 04/05	MY 05/06
Beg. Stocks	92	69	120	128
Production	227	278	280	212
Imports	18	21	12	15
Total Supply	337	368	412	356
Feed	84	84	116	80
Food/Malt	154	145	145	140
Exports	30	19	23	25
Total Use	268	248	284	245
Ending stocks	69	120	128	111
Ave. farm price	\$2.72	\$2.83	\$2.48	\$2.30-2.60

## Barley Competitors in MY 2005-06

million metric tones (MMT) – USDA Nov. 10, 2005)

	Production	Exports	Carryover
US	4.6 (-24.1%)	.3 (-60.0%)	2.4 (-13.9%)
EU-25	52.9 (-14.2%)	3.3 (-13.2%)	7.7 (-26.6%)
Can.	12.1 (-8.2%)	2.0 (+33.3%)	2.8 (-19.2%)
Aust.	7.2 (+2.9%)	4.3 (-4.4%)	.7 (-36.8%)
Rus.	16.0 (-7.0%)	.8 (-46.2%)	1.3 (-41.6%)
Ukraine	9.0 (-18.9%)	4.0 (+0%)	1.0 (-17.8%)

## World Malting Barley Trade, 000 MT, MY 05-06

Exports		Imports	
Australia	2,200	China	2,200
Canada	400	USA	200
Argentina/Uruguay	300	Mexico	50
EU-25	980	South America	600
Total	3,880	Russia + Croatia	400
		Africa	135
		Turkey	55
		Others	400
		Total	4,040

Source: Industry experts at U.S. Malt & Malting Barley Buyers Conference, Oct. 2005

## World Malt Production, Consumption and Trade

	Production 2005-06 000 MT	Consumption 2005-06 000 MT	Consumption Growth, 2010 000 MT	Exports 2005-0 000 MT
North America	3,000	3,000	+ 100	500 Canadian
Latin America	1,700	1,850	+ 330	
EU-25	8,500	6,950	+ 36	2,400
Russia	725	775	+ 420	
Asia	2,500 (China)	3,850	+ 270	
Australia/New Zealand	775	750	+ 12	460
Middle East/Africa/ Others	1,500	950	+ 192	

Source: Industry experts at U.S. Malt & Malting Barley Buyers Conference, Oct. 2005

## Trends in World Malting Barley and Malt Trade...

Experts speaking at the first ever U.S. Malt and Malting Barley Buyers Conference held October 30-November 2 in Portland, OR, shared their views on world malting and malt trade in Marketing Year 2005-06 and forecasted malt demand in Year 2010. Most of the demand growth for malting barley and malt during the next five years will be in countries with rapidly ex-

panding beer production, including the Far East, particularly China (18% growth), Russia and Eastern Europe (17% growth), South America (17% growth) and Africa (21% growth). The U.S. malt industry currently has excess processing capacity and is well positioned to meet the needs of the expanding Asian and Latin American markets.

## World Outlook for Coarse Grains and Barley in MY 2005-06 (MMT)

	World Coarse Grains 2005/06 USDA	2005/06 IGC	World Coarse Grains 2004/05 USDA	2004/05 IGC	US Coarse Grains 2005/06 USDA	2004/05 USDA	World Barley 2005/06 USDA	2004/05 USDA	US Barley 2005/06 USDA	2004/05 USDA
Production	946	953	1,008	1,009	297	319	134	153	4.6	6.1
Supply	1,118	1,126	1,143	1,147	355	348	165	175	7.4	8.7
Use	968	959	971	974	238	240	141	143	4.8	5.7
Trade	100	103	102	102	57	50	16	18	.3	.75
Carryover	149	167	172	173	63	59	24	32	2.4	2.8

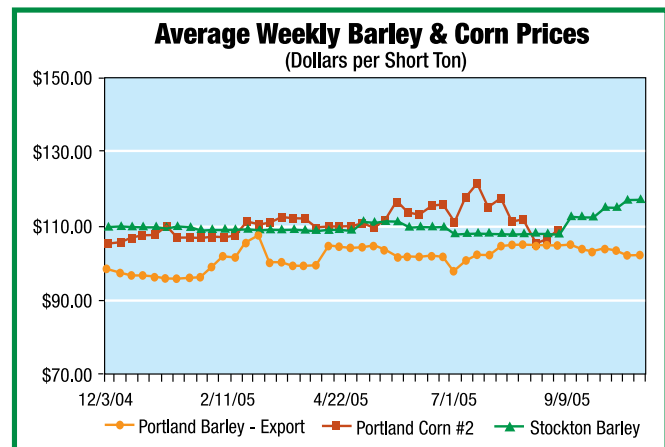
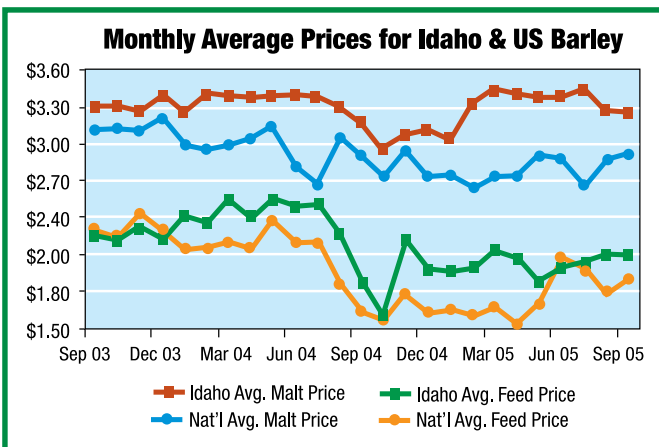
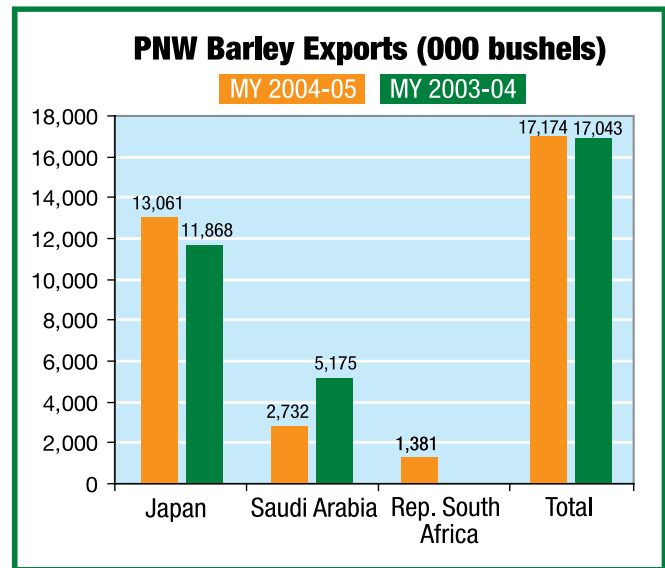
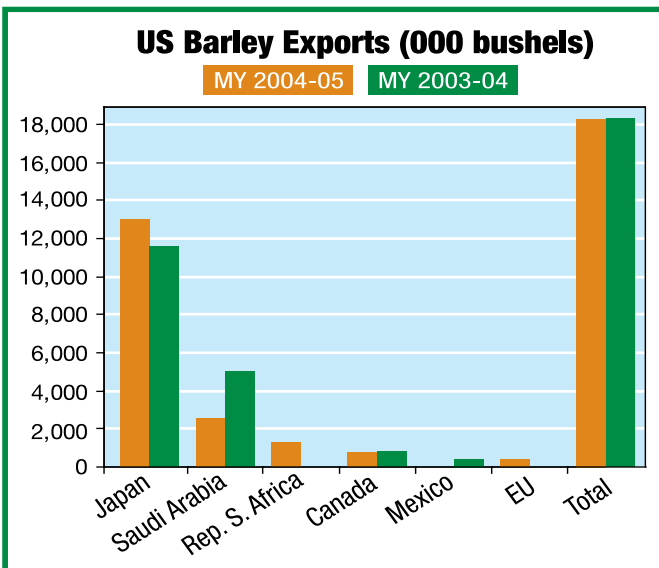
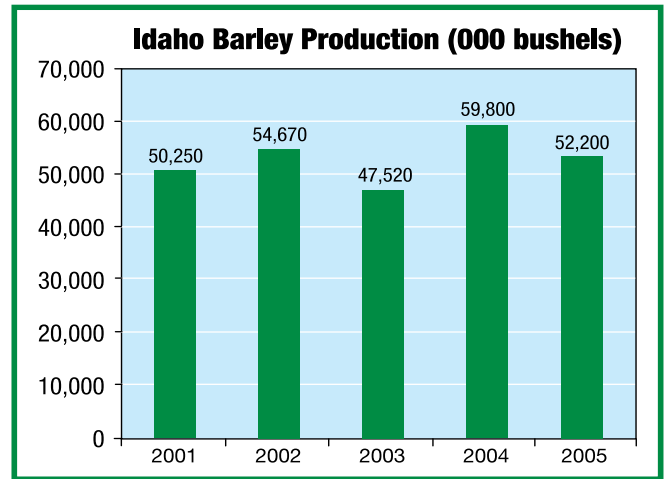
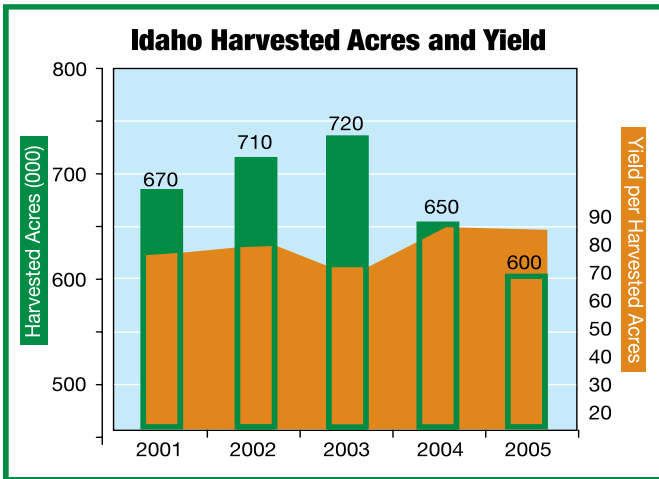
Source: USDA WASDE, November 10, 2005 and International Grains Council (IGC), October 27, 2005

(Note: Marketing Year in these reports is October to September)





# Barley Statistics



*Shown is an 1890 No-Till Air Drill – designed for work in heavy residue. When paired with the 430-bushel 1910 Commodity Cart you can cover 350 acres or more in a 10-hour day.*



## ***Reduce your drive time, boost your pass-to-pass efficiency.***

**Reduce your drive time and increase your operating efficiency.** You can with a 500-horsepower 9620, an 1890 No-till Air Seeder, and the 1910 Commodity Air Cart. Add GreenStar guidance products for the ultimate John Deere air-seeding solution.

**The 500-horsepower 9620 or 9620T tractors** are equipped with an 18-speed PowerShift Transmission. You get smooth, clutchless shifting. Include the optional ActiveSeat™ (wheel tractors only) and FieldVision™ lighting for unmatched operator comfort, day or night.

**Add GreenStar™ Parallel Tracking or AutoTrac** assisted steering and make extra-wide swaths with minimal overlap. University ag economists estimate AutoTrac-type systems can boost field speed up to 20 percent, saving you hours of work in the field.\*

**And for even greater efficiency** you can set the 9620's Automatic PowerShift button for auto shifting that matches changing conditions. Engine load, throttle position, and gear selection are measured to keep the tractor working at the optimum speed during field work or transport.

**It's a complete John Deere air-seeding solution** that's sure to reduce your drive time, increase your pass-to-pass efficiency, and boost your profits. Visit your local dealer today for more information and to schedule a demonstration.

\*Source: Watson and Lowenber-DeBoer, Purdue University.



*John Deere GreenStar AutoTrac guidance is a hands-free assisted steering system that helps reduce overlap and drive down input costs like fuel or seed. Utilize the three common components shown above and an AutoTrac keycard for maximum productivity and value.*



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