

# IDAHO GRAIN

THE IDAHO GRAIN PRODUCERS ASSOCIATION MAGAZINE Summer 2006



**Idaho State Wheat  
Growers Association**

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# Views

BY WAYNE HURST, IGPA PRESIDENT

## Transportation: Key to Prosperity



**I**n order to create wealth, we have to ship what we produce. There's no way Idahoans can eat all the wheat we produce; and even though some may try, we can't drink all the beer from the barley produced in our state. Transportation is vital to our prosperity, and has been since the West was settled back in the 1800's. We compete in the "global economy" only if we efficiently ship our products to the marketplace.

The Idaho Grain Producers Association has worked for years on transportation issues crucial to our success. There are three main systems in our state for shipping wheat and barley. They are barge traffic on the rivers to Portland, trucking on our roads and interstate highways, and railroad transportation.

The barge system on the Snake and Columbia River's is one of the most efficient, environmentally friendly ways to ship bulk commodities. The dams and locks used to make it possible need to be maintained, and the channel should be kept deep to allow the barges to be fully loaded in order to maximize efficiencies and reduce resources expended.

Our interstate highway system has contributed greatly to the economic strength of this country in the past fifty years. Some restrictions on truck weights are antiquated. They need to be increased in Idaho and across the country to reduce energy and resources used to get our products to the consumer.

Our railroad system was crucial to the development of the West. In the past 25-years, we have seen a dramatic consolidation of railroads in the country. There are now only four major railroads in the United States; and many areas including Southern Idaho are served by only one carrier. Legal and physical barriers leave us as "captive shippers," forcing us to pay over twice the rates allowed by law. We also suffer from extremely poor service. If the only railroad doesn't ship today, it can always ship "tomorrow." Grain not shipped in a timely manner creates cash flow problems for our valued buyers, delivery schedule headaches for the mills and breweries, and leaves piles of wheat exposed to the elements much too long. All this inefficiency drains us economically and reduces our ability to compete in the domestic and world markets. Legislation needs to be passed to allow us to access rail competition. The railroads need to be brought into the 21st century. A good start would be to build more than the single-track system still in use for much of the country.

We have been at work for many years on these issues. We enjoy the full cooperation of our entire congressional delegation, our state government leaders, and the wheat and barley commissions. IGPA has led the efforts in bringing other shippers together to address these concerns. Transportation not only affects farmers, but it also affects the prosperity of our communities and our state. It is a key component of economic development. We will continue to press forward to address transportation challenges.

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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

## Idaho's Power Shift



he control and power in the Idaho legislature is rapidly changing and the results of this year's legislative session vividly point out those less than subtle changes. Urban legislators from the treasure valley and Kootenia County discovered new powers during this session. For rural Idahoans those newly discovered powers would result in far less influence by rural legislators. For rural Idaho and the people making a living from a natural resource industry the trend will only get worse.



Two major decisions in this year's legislature demonstrate Idaho's power shift. Property taxes kept this session going an extra two weeks. Rural legislators worked hard to move School M and O funding from property taxes to sales tax by increasing the sales tax 1.5 cents to pay the bill, while legislators from the populated areas were only concerned about increasing the home owners exemption to \$75,000.00 and including the land in that exemption. In the end urban legislators prevailed and the only property tax relief passed in the 2006 session was for homeowners.

The other major issue that signaled the changing power structure was the water legislation. HB 800 was drafted to insure that the State of Idaho maintained control of its water not Idaho Power Co. HB 800 didn't reduce Idaho Powers water right for power production by one drop. It simply allowed the state to control the excess water spilling over the dams and use it as they determined was needed. Aquifer recharge was one of those uses. Following nearly five and a half hours of testimony in the Senate Resources committee where 95% of those speaking before the committee favored the legislation, the committee voted down the HB 800. What would have been a party line vote in previous years suddenly became an urban coalition vote against agricultures interest.

Subtle changes are also on the way. Looking ahead to the 2007 legislature there will be a new Speaker of the House. For as long as I can remember the Speaker of the Idaho House of Representatives has come from a rural district of Idaho where agriculture was the biggest industry in the district. The 2007 Speaker of the House could come from one of the rapidly growing urban districts. The speaker has tremendous power. The Speaker controls the legislative agenda. More importantly he decides who is the chairman of committees like Agriculture, Resources, Environment, Revenue and Tax and Transportation All of these committees address issues vital to agriculture and each chairman must have a solid understanding of our issues.

What does all this mean for agriculture. It means we need to bring Idaho farm groups together more than ever. We still need each and every agriculture organization; in fact we need them now more than ever. One group cannot cover all the issues agriculture faces during a legislative session. Idaho agriculture needs to work even harder at supporting each other. We must renew our efforts to work together and develop joint policies for agriculture. Working together agriculture will survive Idaho's power shift.

# Weed Management Helps Profit Margins

## *Highlights of a Decade of Research*

by Donn Thill, Professor, University of Idaho



Helping wheat growers become more competitive means using a wide variety of tools. One of the most important is cost-effective control of weeds.

The following are highlights from IWC Weed Research Projects from FY97-06. This on-going research provides growers with the most up-to-date, cost-effective, long-term, integrated weed management practices for wheat and other crops grown in rotation with wheat.

Well over 50% of the experiments are conducted in growers' fields. A site is selected based mostly on uniformity of a particular

weed situation. Other studies are conducted on the UI Research Farms near Moscow and at the Kimberly Research Center.

### Why this Research is Important

Weeds are the major pest problem affecting wheat production in Idaho.

- About 98% of all land seeded to winter wheat is sprayed at least once each growing season to control weeds.
- Losses due to weeds exceed \$14 million annually for Idaho's wheat growers when current pest management practices are used to control weeds in all classes of wheat.
- This amount is likely much greater when

dockage discount levels are included in loss calculations.

- If herbicides are not used to control weeds in wheat, losses will exceed \$86 million.

Growers must overcome a variety of factors to effectively address weed problems and remain competitive in world markets. The cost of herbicides continues to increase. Herbicide-resistant weed populations continue to increase as EPA concerns make it increasingly difficult to obtain new herbicide registrations.

As potential new weed control chemicals and application techniques become avail-



UI Weed Scientist, Donn Thill, explains how plants become resistant to herbicides.

able, they need to be evaluated under Idaho production conditions. IWC provides funds to this project to ensure growers have a local, unbiased evaluation of weed control technologies.

**From FY97-06 total IWC Funding was \$432,706, while the chemical industry provided funds totaling \$857,575.**

Chemical companies also rely on independent University testing for information on the effectiveness of herbicides under local conditions. Without this information, companies will not write labels for use in Idaho.

*Most projects are multi-year in duration. This overview summarizes select weed research projects in 6 different areas funded during the past 10 years and the impact of this research on Idaho grain growers.*

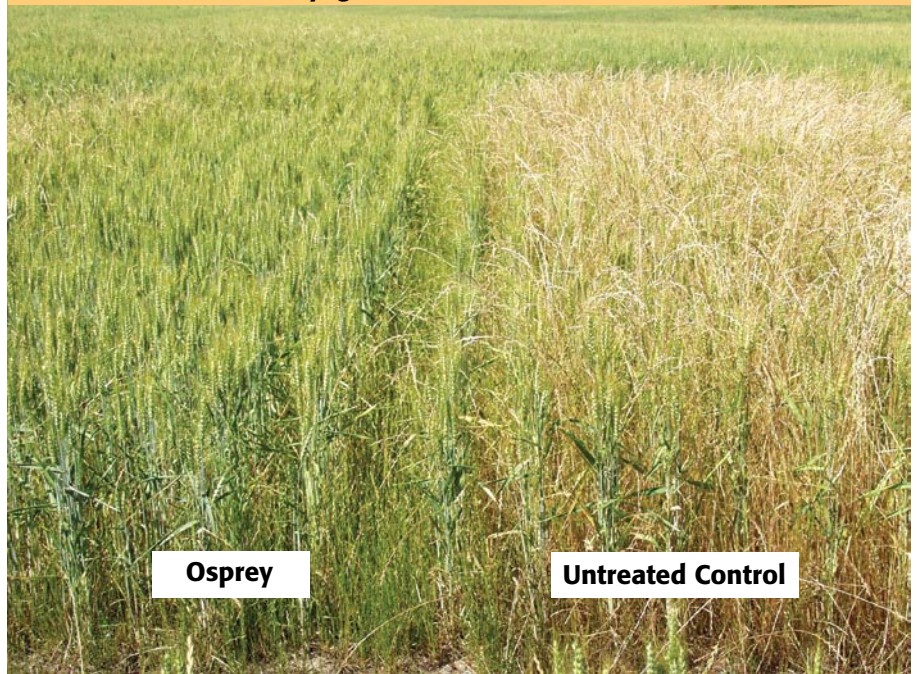
### **Development of Prevention and Control Tactics for Herbicide-Resistant Weeds**

Herbicide-resistant weeds are one of the most serious threats to sustainable wheat production.

In Idaho, Group 2 sulfonylurea (Glean, Amber) resistant kochia is widespread (well over 50% of the samples tested contained plants resistant to Glean) and infestations of resistant prickly lettuce, mayweed chamomile and Russian thistle occur frequently on Idaho's farmlands. Group 2 resistant populations of mayweed chamomile and mustard species have been reported in the northern Latah County. Hoelon resistant wild oat and Italian ryegrass occur in several fields in northern Idaho and FarGo resistant wild oat continues to spread in southeastern Idaho. The FarGo resistant wild oat is also resistant to Avenge. Triazine-resistant (e.g. atrazine) pigweed, kochia and common lambsquarters infest fields and roadsides.

It is very important for growers to know what group a particular herbicide belongs, or how herbicides kill plants, to avoid selecting herbicide resistant weeds on the farm. PNW

### **Italian ryegrass control in winter wheat**



**Osprey**

**Untreated Control**

Bulletin 437 – Herbicide-Resistant Weeds and Their Management, provides a color chart to help growers avoid selecting for herbicide resistant weeds. Herbicides from the same color group should not be used more than once within a 3-year time period. The Bulletin is available at County Extension offices or online at <http://info.ag.uidaho.edu/pdf/PNW0437.pdf>.

Nearly 25% of the wheat acreage in northern Idaho is infested with Group 2 herbicide resistant prickly lettuce. The added cost of control of this weed is estimated to be \$2/A/year. Group 2 resistant mayweed chamomile infests about 5% of farmland in north Idaho, which adds about \$10/A/year in control costs. About 5% of fields are infested with Group 1 resistant Italian ryegrass, which costs growers an additional \$5 – \$16/A/year to control.

The impact of research in this area has reduced the selection and spread of herbicide resistant weeds and helped save cost of control.

### **Assist in Registration of New Herbicides, Preserve and Expand Current Herbicide Registrations**

As new herbicides are developed and new weed infestations threaten local crops, research in this area has resulted in registration

or re-registration of cereal herbicides, which provide effective and affordable control.

Projects have included research on Axial, Discover, Puma, Olympus, Osprey, Everest, Achieve, Beyond, Maverick, 2,4-D to name a few. Work has also been done to get aerial application labels for several herbicides.

### **Determine Soil Persistence of New Herbicides Used in Wheat**

Close to 2 million acres of wheat and barley are harvested yearly. Industry doesn't always do a good job of determining herbicide rotational crop restrictions for a given area, such as the use of Everest in southern Idaho. Without proper rotational crop information, crop loss caused by herbicide carryover could be huge. Uniform crop injury of 5% is almost impossible to visibly detect.

Recently, soil persistence studies have been done for Maverick, Olympus, Beyond, Everest, Osprey, and Pursuit. These and other studies have helped develop locally adapted information on rotational crops plant back restrictions for most new cereal herbicides. PNW Bulletin 571 (<http://info.ag.uidaho.edu/pdf/PNW/PNW0571.pdf>) contains a chart of most herbicides used in dryland wheat production systems and their rotational crop

restrictions to help growers determine when follow crops can be safely planted. It also discusses factors that affect how long herbicides remain active in the soil.

### Determine Effect of Crop Rotation, Seeding Rate, and Herbicide use on Weed Control in Winter Wheat Production Systems

Some findings in this research determined that a 1x versus 1.3x seeding rate had no effect on grain yield or weed control. Additionally, it was found that 75% of labeled herbicide use rate is usually as effective as 100% rate and that a 3-yr rotation results in better weed control and often higher crop yields than shorter time periods.

Due to this research some growers switched from 2 year to 3 year crop rotation to improve sustainability.

### Assist in Development of Herbicide Resistant Wheat

This project has assisted UI wheat breeders in the development of herbicide resistant winter wheat varieties, by testing the tolerance of new cultivars to Beyond herbicide. ID587 Clearfield resistant winter wheat can be planted and sprayed with Beyond herbicide to control problem weeds like jointed goatgrass, downy brome and Italian ryegrass. Additional cultivars currently are being tested for tolerance to Beyond herbicide. PNW Bulletin 572 (<http://info.ag.uidaho.edu/pdf/PNW/>

PNW0572.pdf) was published to help growers best understand how to use Clearfield herbicide resistant wheat technology.

### Develop Control Tactics for Specific Weeds

Experiments have been run to study the economics of control for weeds such as wild oat, Italian ryegrass, rattail fescue, annual brome and jointed goatgrass. With jointed goatgrass, one plant/sq yd reduces winter wheat yields about 1%. On 720,000 acres of winter wheat, an annual yield loss at 10 plants / sq yd is about \$810,000 plus dockage loss.

Bulletins are being developed to highlight effective controls developed from these experiments for several of the weeds. With reduced yield loss and reduced dockage integrated control is more effective.

### Future Challenges

Resistant challenges lie ahead to try to cost effectively control weeds in wheat. Market acceptance of GM wheat would help improve options for growers. Registration of new herbicides needs to continue, especially ones with new modes of action. There is a need to keep the herbicides we have and expend registration of existing ones. Lastly we need to develop control tactics for weeds such as rattail fescue, jointed goatgrass, Italian ryegrass and others.

On-going research in cost-effective weed control is a major focus for the IWC. Growers benefit by the development of weed management systems, which minimize herbicide inputs, and help maintain yields and profitability.

Information on these and other weed research projects can be found in the Idaho Weed Control Report, which is published annually. Updates on projects are provided during grower field days, cereal schools and extension-related presentations, in various extension bulletins and local news releases. Additional information can be found in Wheat Management Guides. ♦

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**Herbicide Rotation**  
To avoid selecting for herbicide-resistant weeds, do not use herbicides from the same color group more than once within three years. Rather, rotate to a different group every year of the production system.

Group number and site of action	Chemical family	Common name(s)	Trade name(s)	Resistant weeds in the PNW	States with resistant weeds
<b>Group 1</b> Acetyl CoA carboxylase (ACCase) inhibitors	cyclohexanediones aryloxyphenoxy propanoates	clethodim tralkoxydim sethoxydim diclofop clodinafop fenoxaprop flazasulfop quizalofop	Prism, Select Achieve Poast Hoxton Discover Puma, Tiller, Whip, Acclaim Furilade DX Assure II	Italian ryegrass Wild oat	ID, OR, WA ID, OR, WA ID, OR
<b>Group 2</b> Acetolactate synthase (ALS) inhibitors	imidazolinones sulfonylureas	*imazamethabenz *imazapic *imazapyr *imazethapyr *imazamox *chlorosulfuron	Assert Plateau Arsenal Pursuit Raptor, Beyond Glean, Talar	Prickly lettuce Kochia Prickly lettuce Kochia Russet thistle Italian ryegrass Mayweed thimistle Smallseed falseflax	ID ID, OR, WA ID, OR, WA ID, OR, WA ID, WA OR ID
		*chlorosulfuron/ metasulfuron *metasulfuron *metazasulfuron tribenuron tribenuron/ tribenuron/ tribenuron/ metasulfuron *metasulfuron *acetosulfuron *primisulfuron *prosaulfuron *tribenuron *metasulfuron *trifluralin *sulfentrazone *sulfentrazone	Finesse Ally, Escort Muster Harmony Express Harmony Extra Canvas Permit Accent Beacon Peak Amber Merix UpBeat Oust Maverick Staple Everest	Prickly lettuce Downy brome Downy brome	OR OR
	pyrimidinobenzoxazole sulfonamidecarbamoyl triazolinone triazolopyrimidines	pyrithiobac flucarbazone propoxycarbazone flumetsulam	Triflan Sonsati Proval Staryn Surflan Kerb		
<b>Group 3</b> Microtubule assembly inhibitors	benzamide	*trifluralin	Triflan		
<b>Group 4</b> Synthetic auxins	phenoxy acetic acids benzoic acid triazolines	2,4-D 2,4-DB MCP mecoprop cloxandic *picloram *glyphosate *glyphosate *glyphosate	several several several Barvel, Clarity Turdin Stinger Stinger Stinger Garon Pestaward	Kochia Yellow starthistle	ID, OR, WA ID, WA, OR OR OR OR
	pyridine carboxylic acid	*atrazine	Aatrex		Common lambsquarters Pigweed (8 species) Common groundsel Annual bluegrass Kochia ID OR WA
<b>Group 5</b> Photosystem II inhibitors	triazines ureas	*cyanazine *metolachlor *metolachlor *metolachlor	Bladex Princap Velpar Leona, Sencor Stribar		Common groundsel OR ID, WA OR OR

# *Idaho Straw and Ethanol: A Winning Combination*

## **\$450,000 USDA Grant helps growers demonstrate ability to meet industrial demands.**



Energy issues continue to make news headlines, along with our increasing dependence on foreign oil. One way to help combat this problem is to use biofuels, ethanol being the major component. The EPA expects production of ethanol from domestic crops to double by 2012. The U.S. currently produces nearly 4 billion gallons of ethanol a year, mainly from corn. However, interest in ethanol made from cellulosic (wheat & barley straw) feedstocks is increasing.

Idaho wheat and barley growers have long recognized the value of straw residues. With funds from a USDA Grant a group of Idaho growers have shown that Idaho has a stable, surplus supply of biomass and that the technology exists to sustain delivery of high quality straw, year after year, to a plant making ethanol from straw.

### **About the group:**

The Idaho Straw Value Added Committee, led by Grant 4D Farms, Rupert, Idaho, consists of an 86-member steering committee of wheat and barley growers in the southern and eastern third of the State. The group is pursuing the formation of a cooperative or producer-owned Limited Liability Co. (LLC) to develop advanced harvesting, storage, pre-processing and transportation systems to supply straw to industrial processors. The systems are being designed to meet indus-

try standards for feedstock for ethanol and other bio-products.

The committee's objective is to have member-growers supply nearly one million tons of high quality straw annually to a cellulose ethanol biorefinery. Iogen Corporation, a Canadian firm partially owned by Royal Dutch Shell, is considering the construction of such a refinery in Idaho. Current plans call for a facility capable of processing 600,000 to 800,000 tons of straw annually with an output of approximately 55 to 65 million gallons of ethanol. Iogen, with significant investment from Petro-Canada, began producing the world's first cellulose ethanol fuel for commercial use in 2004. After looking around the world, it identified southern Idaho as one of the best locations for a straw-to-ethanol facility.

Idaho's assets include a highly productive

and relatively dry climate as well as proximity to INL's energy research center. Having dry straw is important because moisture makes the straw heavier and more costly to transport and more difficult to process.

If the committee is successful in forming a cooperative and meeting its production goals farmers could collectively earn an additional \$25 to \$30 million annually by selling straw products to Iogen.

The Idaho Wheat Commission funded a 1995 study to quantify the tonnage of straw available across Idaho. Building upon the base knowledge that over 2 million tons of straw was available for development, the Commission conducted several outreach programs to raise awareness of the unused asset. A group of interested growers and industry members began exploring new markets. These efforts culminated in a "straw tour" of Idaho, during which Iogen – as an invited participant – saw the potential of a plant in southern Idaho.

### **USDA Value-Added Producer Grant funding:**

Questions remained about the long term availability and suitability of Idaho straw and logistical issues associated with harvesting and delivering the required 800,000 tons of straw annually.

A group of growers decided to seek a USDA Rural Development grant for a feasibility study on whether they could supply a large bio-refinery. Grant 4D Farms, serving as



**In a test of the new process, Idaho farmers have already shipped 40 tons of wheat and barley straw to Iogen Corporation's Ottawa, Ontario, Canada processing plant for conversion to cellulose ethanol. (Photo courtesy of Iogen Corporation.)**

lead for the project, was awarded \$450,000 through USDA's Value-Added Producer Grant (VAPG) program. Funds will be used for planning purposes, including a feasibility analysis, marketing and business operations plans. This initial funding was supplemented by \$475,000 in cash and in-kind contributions by project partners, including Iogen, Diamond Z Corporation, Trinity Trailer Corporation, MacRae Custom, D&L Custom, KM Custom and CaselH Corporation and others.

**Collaborative efforts:**

Under this partnership, growers and other collaborators have identified and resolved several major issues. The University of Idaho characterized and quantified aspects of feedstock production. Southern Idaho farmers

worked with INL and others to understand and resolve harvesting, storing and pre-processing the feedstock, protecting the integrity of the straw while in temporary storage and to clarify methods to transport biofeedstock in compliance with a refinery's product specifications.

Apart from these dealings, Iogen is working with investors to secure financing to build a biorefinery. The company is also working to qualify for loan guarantees made available for new energy technologies through provisions of U.S. energy legislation enacted by Congress in 2005. Current development plans call for an investment of approximately \$300 million for the cellulose ethanol plant plus cogeneration and enzyme facilities.

According to Duane Grant, Grant 4D Farms, "USDA's Rural Development grant provided us with the boost we needed to demonstrate how ideal Idaho is for sighting a straw bio-refinery. We can consistently supply straw on an industrial scale to a commercial



**Project Partners**

- CNH
- Jones Waldo Holbrook & McDonough
- Straw Value-Add Committee (represents 56 Idaho Farms)
- D&L Custom
- K&M Custom
- Trinity Trailer
- Diamond Z Mfg.
- LP Corp.
- University of Idaho
- Grant 4-D Farms
- MacCray Custom
- Holm Farms
- ORNL
- INL
- Sebs Feed Mill
- Iogen Corp.

bio-refinery. The grant is also helping to demonstrate that cellulose-based ethanol has a place in the nation's energy portfolio."

**Major challenge/opportunity:**

The major problem facing producers is how to best assemble, store, prepare and deliver nearly one million tons of straw that would be required by a cellulosic ethanol facility each year. The availability and cost of the feedstock, the lack of confidence in the conversion technology and the hesitancy of financial backers to lend capital are still seen as barriers to this business venture. With USDA's assistance and the persistence of Idaho farmers, these barriers are being overcome.

Perhaps the greatest opportunity offered to farmers, other than that of a brand new agricultural market, is the opportunity to make tremendous gains in productivity over time. Assessments conducted as part of the VAPG indicate that by shifting from a bale system to a modified loaf system, growers can significantly lower per-ton straw harvest

costs. Additional modifications to the transportation system promise further improvements in efficiency. Put simply, there will be ample opportunities for farmer ingenuity to fine-tune the collection system. ♦

**For more information contact:**

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NOTE: The Value Added Producer Grant (VAPG) Program was authorized in the 2002 Farm Bill. Through the VAPG program, USDA Rural Development provides competitive grants to independent producers and agricultural producer groups for either planning activities or working capital to add value to their agricultural product through further processing. General information can be found on the USDA website under Value-Added Producer Grants.





## 2006 Federal Farm Program Priorities for NBGA

**1. Equity in program crop support levels** – In the past 20 years, U.S. barley acreage has declined by 73% and production by 65%. 2005 harvested acres of 3.3 million were the lowest since USDA began collecting statistics in 1890. We believe U.S. barley has lost significant competitiveness in its traditional Northern Tier growing region due, in large part, to distortions in federal farm program supports, which favor plantings of corn, soybeans and wheat.

Program Crop	Direct Payment Rate \$	Marketing Loan Rate	Target Price
Corn	0.28	1.95	2.63
Sorghum	0.35	1.95	2.57
Barley	0.24	1.85	2.24
Oats	0.024	1.33	1.44
Wheat	0.52	2.75	3.92
Rice	2.35	6.50	10.50
Upland Cotton	0.0667	0.52	0.724
Soybeans	0.44	5.00	5.80

*Farm Security and Rural Investment Act of 2002*

**USDA Baseline Projections** - In its recent 2006/07 – 2015/16 Baseline Projections, USDA has estimated that U.S. barley acres will remain relatively stable at 3.6 million acres, but well below the 1990s average of 6.4 million acres.

**FAPRI analysis** – NBGA and AMBA have asked members of the Senate and House Agriculture Committee to request an analysis by the Food and Agriculture Policy Research Institute (FAPRI) of these competitiveness issues:

1. *Is the US Farm Bill contributing to declining U.S. barley acres?*
2. *What will it require in a future farm bill to provide barley equity with other program crops?*

**2. Financial support for barley producers** – We support federal programs that provide direct income support for U.S. barley producers, particularly during this period of rising production costs:

- Direct Payments;
- Crop disaster payments (Minnesota barley producers alone suffered an estimated \$30 million in 2005 crop losses);
- Proposed emergency energy assistance payment.

### 3. Transportation

- We support passage of the Rail Competition Act;
- Immediate passage of the Water Resources Development Act;
- Funding for channel deepening on the Columbia River;
- Removal of the freeze on truck weight limits on interstate highways.

### 4. Risk Management

- We support maintaining an affordable and accessible crop insurance with a Malting Barley Quality Endorsement. We oppose RMA's proposed changes to Option B, but we support proposed adjustments to quality factors that reflect actual malt quality standards.
- We oppose the President's proposed FY 2007 cuts to the federal crop insurance program.

## Economic Impacts of U.S. Barley, Malting, Brewing and Feed Industries

\$ 0.7	Barley raw material
162.2	Brewing industry business activity
2.4	Value-added use as feed
3.7	Federal excise tax revenue
12.4	Federal income tax

**\$181.4 BILLION**

# An up-close look at federal barley policy with National Barley Growers President Evan Hayes



Evan Hayes, a barley producer from American Falls, ID (farms in Soda Springs area) is currently serving a two-year term as president of the National Barley Growers Association (NBGA), a non-profit national commodity organization representing U.S. barley producers' interests in Washington, D.C. Evan also is serving his second, three-year term as the Idaho barley commissioner from southeastern Idaho.

## **Q. Why has U.S. barley production declined in recent years and what is NBGA doing to address this negative trend?**

**Hayes:** U.S. barley acreage and production have been declining for the past two decades. U.S. barley acreage has fallen 73% in the past 20 years – from 11.9 million acres in 1986 to less than 3.3 million in 2005. This is a huge concern to the National Barley Growers Association and to our U.S. and overseas customers who need a reliable supply of barley that meets their quality specifications. We believe one of biggest factors behind this sharp decline is inequities in federal farm support programs which favor planting other program crops like wheat, corn and soybeans. That is certainly not the only culprit, but it is certainly a big one. We also have seen several years of adverse growing conditions in some of our traditional barley growing regions, ranging from excessive moisture and disease to drought. NBGA can't do anything about the weather but we can, and will, tackle federal farm policies that are working against U.S. barley production.

Stronger market prices also will help boost production, so we are working closely with our industry partners on that vital part of the equation. To quote my North Dakota friends, "another quarter a bushel and acres wouldn't be going down."

## **Q. What do you think are the biggest challenges facing Idaho and U.S. barley producers today?**

**Hayes:** In the case of barley, I think the list is long and growing longer every year. For 2006, I think crop insurance that provides better protection against crop and quality losses would top my list of challenges. The cost and availability of fertilizer and diesel fuel also are significant constraints. We have lost ammonium nitrate because of security concerns (U.S. Patriot Act) so our producers will have to look to other forms of nitrogen which may be more expensive and not as effective in producing a quality malting barley crop. Tighter sulfur emission standards that take effect for diesel in the next year will put additional pressure on availability and cost of diesel fuel for on-farm uses. I have real concerns whether our older farm equipment will work effectively on these new diesel formulations. Regulators tell us they will with the proper fuel additives, but will these additives be affordable for farm use.

Our growers' bottom-line also is taking a big hit from increasingly uncompetitive transportation modes we use to move our barley to market. For example, monopoly rail pricing strategies in the past decade have all but destroyed what was once a dynamic feed barley market in the California dairy shed. These monopoly prices and service bottlenecks are now preventing the movement of Western U.S. malting barley to malting facilities located in the mid-west.

We also are looking at large inventories of malting barley and tough economic conditions in the U.S. malting and brewing industries that have forced some of our malting customers to cut contracted acreage and lower contract prices this year. These are all big concerns for 2006, but I am optimistic that our barley producers in Idaho – and across the U.S. – will be

resilient enough to compete.

## **Q. How is the National Barley Growers Association responding to these challenges?**

**Hayes:** The NBGA is a national grower organization with somewhat limited resources due to declining U.S. production, so we try to intensely focus our energies on federal farm and trade issues. However, we work closely with our state barley commission and grain grower members and industry partners to confront many of these regional production and marketing issues. Our number one priority is to maintain barley competitiveness in the U.S. so we will look at every issue that affects barley production and demand. We have established joint grower and malting industry task forces to address both federal farm policy and risk management concerns and priorities, but we still have a lot of work ahead of us to keep barley issues on the front-burner.

## **Q. What are NBGA's priorities in the 2007 Farm Bill?**

**Hayes:** Developing our priorities for the new farm bill is an ongoing and very dynamic process. At this time, it is not clear whether Congress will rewrite the farm bill before the current bill expires in September 2007 or extend the 2002 Farm Bill (FSRIA) for another year while WTO trade issues are resolved. I have some real concerns about extending the current farm bill for both budgetary and equity reasons. With a worsening federal budget deficit, a delay in setting the farm bill baseline could mean fewer dollars are available for commodity and conservation programs in the future. A delay in addressing the equity concern between program crops also works against barley.

Regardless of the exact timetable for completing the farm bill, the debates have already begun. USDA held farm bill listening

***“U.S. barley acreage has been declining for the past two decades and is a huge concern to the NBGA and customers who need a reliable supply of barley that meets their quality specifications”***



sessions throughout the country last fall and congressional agriculture committees are beginning to hold field hearings this summer.

At the current time, the NBGA board has established some broad farm bill priorities, including:

- More equity between program crops
- More money into the producers' pockets (focus on preserving direct payments and other vital safety net components)
- A flexible safety net that helps offset energy costs
- Strengthen conservation funding for working lands.

For Idaho, I want to see adjustments in how USDA calculates their county loan rates and posted county prices. Several eastern Idaho counties have seen a cut in loan rates at the same time as the national average barley loan rate was increased and that is not right.

**Q. Do you think farm support payments will decline under the next farm bill?**

**Hayes:** I am not overly optimistic we will be able to maintain the current farm spending baseline because of ballooning federal deficits. Plus we expect more commodities will be vying for a piece of that shrinking pie. It is NBGA's goal, working alongside other national farm organizations, to hold the agricultural budget steady, but frankly it will be an uphill battle.

Most Americans may not realize that agriculture is only about one half to one percent of all mandatory spending in the federal budget. Furthermore, spending authorized under the 2002 Farm Bill is projected to be 40% less than what would have occurred under the 1996 Act. Meanwhile, agriculture con-

tributes 15% of our nation's Gross Domestic Product and generates 25 million jobs.

**Q. Why should Americans care whether these farm support programs are maintained?**

**Hayes:** U.S. farm programs have had a long and successful record of delivering benefits not only to producers, but to consumers, taxpayers and the environment. Farm programs have ensured the American consumer an abundant, safe and affordable food supply. U.S. consumers spend less than 11% of their disposable income on food – the lowest level of any industrialized country in the world. At the same time, federal farm spending has actually decreased as a percentage of total federal spending since the mid-1980s.

Because of the somewhat unique market structure of agriculture – millions of independently operated production units throughout the world – farmers have very little influence over their commodity prices. U.S. farm support programs offer our producers an income safety net when global commodity prices fluctuate widely, which they inevitably will year to year.

American agriculture also is using improved technologies to help alleviate many environmental concerns and to improve resource sustainability, including reducing pesticide usage, soil erosion, water contamination and global warming while improving national security by the production of clean burning biofuels.

**Q. What is a stake for U.S. barley producers in the ongoing WTO agricultural trade negotiations?**

**Hayes:** The Doha Development Round (of multilateral trade negotiations) was launched

in late 2001 and an agreement still has not been reached, primarily because there is a wide division between industrialized countries who are major exporters, like the U.S., and developing countries who want to protect their markets from imports which they claim are subsidized. The issues are very complex in these trade negotiations and NBGA has been very vigilant in protecting our interests. Our biggest concerns are to guard against foreign competitors re-writing our domestic farm programs. We know that we must move toward less trade distorting support in the future and that will be considered in the farm bill debates, but overall support levels should be decided by Congress and not the WTO. We also realize it is important to eliminate export subsidies and gain wider access to foreign markets in these negotiations, but the U.S. barley priority is to defend a strong and flexible domestic farm program.

**Q. What is your outlook for the future of the U.S. Barley Industry?**

**Hayes:** I am both optimistic and concerned. There are plenty of challenges ahead in maintaining a viable barley industry, but barley offers some unique advantages for both producers and the end users. For producers, barley has relatively lower input costs and requires less water to produce than many other competing crops. Barley has many versatile uses - as livestock feed, as a key ingredient in beverages and more recently as a healthy human food. I think there will be a lot more attention on barley's food uses, as Americans pay more attention to nutrition and health, particularly in reducing the risk of coronary heart disease, which is the number one killer of Americans today. ♦



# 2006 in Review

## A brief look at how the Idaho Barley Commission has invested your barley check-off dollars

### Serving Idaho Barley Growers

**IBC develops best management practices to help growers weather current cost-price squeeze** – Recognizing that growers will face increasing financial stress under rising costs and stagnant prices, IBC convened a group of university and industry experts last fall to identify **2006 Best Management Practices** that will help our producers fine-tune their production practices. We identified many areas where producers can maximize fuel and fertilizer efficiency and better control input costs.

**IBC offers 6th year of risk management workshops** – With grant funding from the WSU Western Center for Risk Management Education, the IBC implemented another round of marketing and risk management workshops for Idaho grain producers this year. We sponsored two Advanced Grain Marketing Workshops in Burley and Idaho Falls on January 11 and 12, attended by more than 120 producers. Additional local workshops and marketing sessions were held from November through March in Rupert, Soda Springs, Blackfoot, Ashton, Lewiston, Moscow, Greencreek and Bonners Ferry. More than 350 producers have participated in the 2006 sessions.

### Promoting food barleys

**Its Official – the U.S. Food and Drug Administration has approved a Barley Foods Health Claim** – The U.S. Food and Drug Administration has authorized the use of a health claim for the role of barley beta-glucan soluble fiber in reducing the risk of coronary heart disease. The FDA ruling was in response to a health claim petition sub-

mitted by the National Barley Foods Council in late 2004.

In approving this barley health claim, FDA noted that five clinical trials testing the impact of consuming whole grain barley and dry milled barley products consistently reported statistically significant lower serum total and LDL cholesterol levels. A study published in 2004, for example, reported a 6% and 8% reduction in LDL cholesterol following consumption of diets containing barley with 3 grams and 6 grams of beta-glucan soluble fiber.

**TVRR is moving ahead with construction of fractionation plant to extract barley beta-glucan fiber** – Final planning for a first-of-its kind grain fractionation and ethanol plant is underway by a group of Treasure Valley farmers. Sponsored

by Treasure Valley Renewable Resources (TVRR), this innovative facility will process at least 5 to 8 million bushels specialty barley (waxy) annually. TVRR completed final site and environmental permitting in May 2006 and will break ground in 2006. TVRR expects to be operational in 2007.

**IBC touts health benefits to Idaho consumers** – For the second consecutive year, IBC has participated in a major event to promote barley consumption to women in Idaho. This year, IBC participated in the annual St. Luke's Idaho Women's Celebration Fitness Event in mid Sept. 2005, which was attended by an estimated 18,000 – 20,000 women. We served 4,000 1oz samples of barley salad as well as conducted a benchmark survey of attendees on their current knowledge of barley nutrition and whole grains.

IBC also participated in the annual Idaho Dietetics Convention in Idaho Falls on April 27-28, 2006. IBC sponsored keynote speaker Dr. Joan Conway, research scientist from the USDA ARS Human Nutritional Laboratory in Beltsville, MD, who is coordinating food barley clinical studies.

### Raising the bar on exports

**Strengthening U.S. Barley market share in Japanese feed market** – IBC continues to take a leadership role in promoting U.S. feed barley exports to Japan, our leading export customer for the past four years. Japan purchased more than 280 TMT of U.S. feed barley in MY 2004-05 and 173 TMT so far in MY 2005-06 (marketing year ends May 31).

Japan has taken steps in the past six years to liberalize their feed barley imports through what they call a Si-

US Barley S&D Projections (million bushels, USDA, Apr. 10, 2006)				
	MY 02/03	MY 03/04	MY 04/05	MY 05/06
Beg. Stocks	92	69		128
Production	227	278	280	212
Imports	18	21	12	5
<b>Total Supply</b>	<b>337</b>	<b>368</b>	<b>412</b>	<b>345</b>
Feed	84	74	105	55
Food/Malt	154	155	155	155
Exports	30	19	23	30
<b>Total Use</b>	<b>268</b>	<b>248</b>	<b>284</b>	<b>240</b>
Ending stocks	69	120	128	105
Ave. farm price	\$2.72	\$2.83	\$2.48	\$2.45-2.50
Barley Competitors in MY 2005-06 million metric tones (MMT) – USDA Apr. 10, 2006)				
	Production	Exports	Carryover	
US	4.6 (-24%)	.4 (-47%)	2.3 (-18%)	
EU-25	53.1 (-14%)	3.3 (-15%)	8.1 (-24%)	
Can.	12.5 (-5%)	2.3 (+56%)	2.7 (-22%)	
Aust.	9.9 (+28%)	5.5 (+23%)	2.5 (+38%)	
Rus.	15.8 (-8%)	1.3 (-13%)	1.0 (-52%)	
Ukraine	9.0 (-19%)	4.0 (+.2%)	.9 (-19%)	

multaneous-Buy-Sell system. In the mostly recently completed year, 1.0 MMT, or about three-fourths of their total feed barley imports, were imported under this SBS system. This amount is increasing to 100% of Japan's feed barley imports this year, or about 1.1 MMT. **The PNW barley has generally benefited under these SBS tenders**, as our high quality barley competes well against competitors' product. The U.S. captured about 47% of the SBS tenders in its first year of operation in 1999, increasing to a high of 51% in 2001. This past year our SBS share fell to 19%, due to a number of factors, including a smaller U.S. crop, very competitive pricing from Canada and some green pea commingling concerns with U.S. barley shipments during the past year.

IBC Chairman Dan Mader participated in a U.S. barley producers mission to Japan last November and learned first hand about the green pea commingling concerns. Following this mission, Mader held two meetings with feed barley exporters in Portland to discuss ways to minimize green pea commingling and meet the Japanese customers' quality preferences.

**Sponsorship of U.S. Malt and Malting Barley Buyers Conference** – The IBC helped organize and fund this country's first-ever International Malt and Malting Barley Buyers Conference on October 30-November 2, 2005 in Portland, OR. The conference attracted 28 buyers from more than 13 foreign countries. Industry experts shared their views on world malting and malt trade projections through 2010. Most of the demand growth for malting barley and malt during the next five years will be in countries with rapidly expanding 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. ♦

**EPA approves Section 18 emergency exemption to use Warrior insecticide on the 2006 Idaho barley crop** – For the 9th consecutive year, the US Environmental Protection Agency has approved the IBC's application for a Section 18 emergency exemption to use Warrior insecticide on the 2006 Idaho barley crop. The allowable use period is **May 1 through July 30** and target pests include aphids, cereal leaf beetles, armyworms and cutworms. IBC reports that 2006 should be the last year that Idaho will need to request an emergency exemption to use this insecticide because EPA has scheduled review of the full registration package on barley later this year

**UI launches new Barley for Rural Development collaborative research effort** – With a special federal research grant awarded jointly to the University of Idaho and Montana State University in 2006, the UI has launched a **Barley for Rural Development Project**. This barley research effort is being spearheaded by Dr. Juliet Windes, SE/SC Idaho cereal agronomist and pathologist based in Idaho Falls.

A total of \$340,000 was awarded to the UI in FY 2006 under this Special Research Grant. Funding will be allocated to the following projects that will directly benefit ongoing state and federal barley research programs in Idaho:

- Purchase new planter (UI, Aberdeen)
- Purchase new plot combine (ARS, Aberdeen)
- Hire scientific aide to support UI and ARS barley research
- 8 pass-through grants awarded to scientists in several locations in Idaho –
  - Development of production practices and variety evaluations for novel food and malting barleys in Northern Idaho – Dr. Stephen Guy, Moscow

- Barley value-added trait response to nitrogen management – Dr. Brad Brown, Parma
- Evaluation of new fertilizer and fertilization technologies to enhance malting barley production – Drs. Juliet Windes and Bryan Hopkins, Idaho Falls
- Expedited development of feed barleys with novel end-use traits – Dr. Phil Breigitzer, ARS, Aberdeen
- Effect of seeding rate and seed size on competitiveness of malt barley with broad-leaf weeds in organic production system – Dr. Don Morishita, Twin Falls
- Demonstrating best management practices for traditional and organic barley production – Drs. Juliet Windes and Bryan Hopkins, Idaho Falls
- Develop a rapid evaluation of ruminal digestibility of barley protein and identifying barley varieties with slower rate of ruminal degradation suitable for daily diets – Drs. Alex Hristov and Carl Hunt, Moscow
- Assessment of production/market risk management in Idaho barley – Dr. Chris McIntosh and Paul Patterson, UI

**Barley scientists awarded a multi-million dollar National Research Initiative grant for barley genome research, education and extension** – USDA has awarded a \$5 million research grant to a consortium of 30 scientists at 19 research institutions led by the University of Minnesota to identify genes that produce higher yielding, higher quality, disease-resistant barley.

The goal of this 4-year research effort is to develop and use genomics tools to develop new competitive barley varieties. Scientists will develop a detailed genetic "road map" of barley and then identify genes linked to important traits with molecular markers in 10 breeding programs across the country. Target genes include those controlling yield, food and malt quality and disease resistance.

### Global barley market in 2006-07

- World barley production is expected to increase from 138.7 MMT this year to 146 MMT, up 7 MMT from 2005.
- Despite planting delays, barley production is expected to be significantly higher in the EU than in 2005, when yields were low.
- Ukraine is expected to increase spring barley plantings by about 10%, replacing winter wheat acreage lost to winterkill.
- Canadian farmers are expected to switch acreage out of canola into barley, taking advantage of opportunities to market malting

barley to the U.S. One source at Ag Canada says that Canadian exports to the U.S. could hit as high as 700 TMT, up from 150 TMT in 2005-06.

*International Grains Council S&D projections, March 31, 2006*

### USDA Prospective Planting Report

At the end of March, USDA was projecting another record low barley acreage for the U.S., falling 5% to 3.667 million acres. If realized that would be the lowest barley acres recorded since USDA began collecting statistics in 1890, and a 68% drop in the past 20 years.



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A glass of water with pink bubbles and purple thistles. The glass is partially filled with water, and the water is filled with numerous small, pink, spherical bubbles. Two purple thistles are submerged in the water, one on the left and one on the right. The background is a dark, gradient background that transitions from black at the top to white at the bottom. The bottom of the image features a curved, golden-yellow, textured band that resembles a field of wheat or corn.

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# Whole Grain Foods Provide Numerous Health Benefits

by Marcia Scheideman, President, Wheat Foods Council



Health experts agree that grains are an essential part of a healthy diet. It's important to eat at least half our grains as "whole grains". So, what is a whole grain food?

Whole grains include grains like wheat, corn, rice, oats, barley, quinoa, sorghum, spelt and rye when these foods are eaten in their whole form. The seed, or kernel, is made up of three parts: the bran, endosperm and germ. When food contains all three parts present in the same proportion found in the original seed, it is considered a whole grain. Even popcorn is considered a whole grain.

The bran is a multi-layered outer shell that protects the kernel from sunlight, pests, water and disease. It contains important phytochemicals, antioxidants, vitamins and fiber. The endosperm is the largest portion of the kernel and contains carbohydrates, protein as well as vitamins and minerals. The germ is the powerhouse of the kernel, which will form a new plant under the right circumstances. It is a rich source of B vitamins, protein, minerals and fats. Whole grains can be eaten whole, cracked, split or ground. They are often milled into flour or used to make bread, cereal and other processed foods.

So, how much is needed and why is it such a good idea? The 2005 Dietary Guidelines for Americans recommend that all adults eat at least half their grains as whole grains. That

translates into about three to five servings of whole grains depending on individual calorie needs. One serving is defined as containing 16 grams of whole grains. Therefore, three servings would be 48 grams of whole grain ingredients. The most calorie efficient way of accomplishing this is to consume three ounces of breads, rolls, cereals or other grain foods made with 100% whole grains. A slice of bread, one-half of cooked grain (pasta, bulgur, rice, cooked cereal) or one cup of ready to eat cereal usually weighs about an ounce.

You can also get the whole grains you need from foods made with a mix of whole

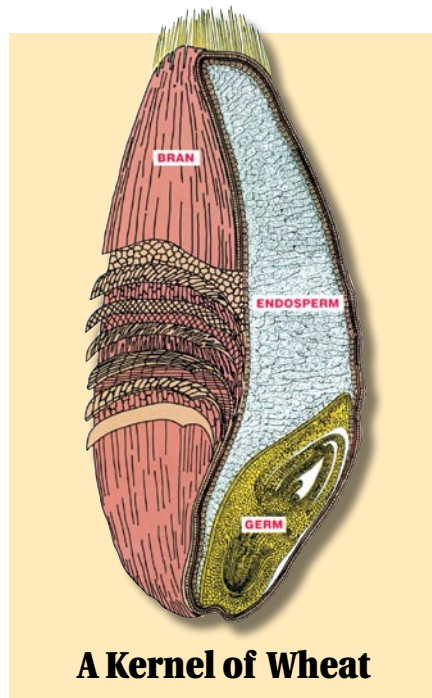
grains and enriched grains. This means that you have a lot of choices available that match your taste preferences.

## Easy Ways to Add More Whole Grains

You can add whole grains to your meals by using your favorite recipes and adjusting them to incorporate whole grains. Try these ideas:

- Substitute half the enriched white flour with whole wheat flour in your recipes for cookies, muffins, quick breads and pancakes.
- Add ½ cup cooked bulgur, wild rice or barley to bread stuffing
- Add ½ cup cooked wheat or rye berries, wild rice brown rice or barley to your favorite canned or home-made soup
- Make risottos pilafs and other rice-like dishes with whole grains such as bulgur, barley, brown rice, millet, quinoa or sorghum.
- Enjoy whole grain salads like tabbouleh or whole grain pasta salads
- Try whole grain breads including pita and tortillas that are whole grain.
- Buy whole grain pasta or one of the blends that's part whole grain and part enriched
- Look for cereals that are both whole grain and high in fiber

**Eating whole grains has been shown to reduce the risks of heart disease, stroke, cancer, diabetes and**



**A Kernel of Wheat**



**obesity.** Whole grains are an excellent source of disease-fighting phytochemicals and antioxidants. Many of these nutrients are found in fruits and vegetables however many are unique to grain. In addition whole grains have antioxidants not found in other foods and are a rich source of B vitamins, vitamin E, magnesium, iron and fiber.

People who eat whole grains regularly have a lower risk of obesity. They also have lower cholesterol levels. By consuming at least three daily servings of whole grains, individuals can reduce their risk of heart disease by over 30%, stroke by 37%, type 2 diabetes by over 25%, stomach and colon cancers by over 30% and hormone related cancers from 10 – 40%.

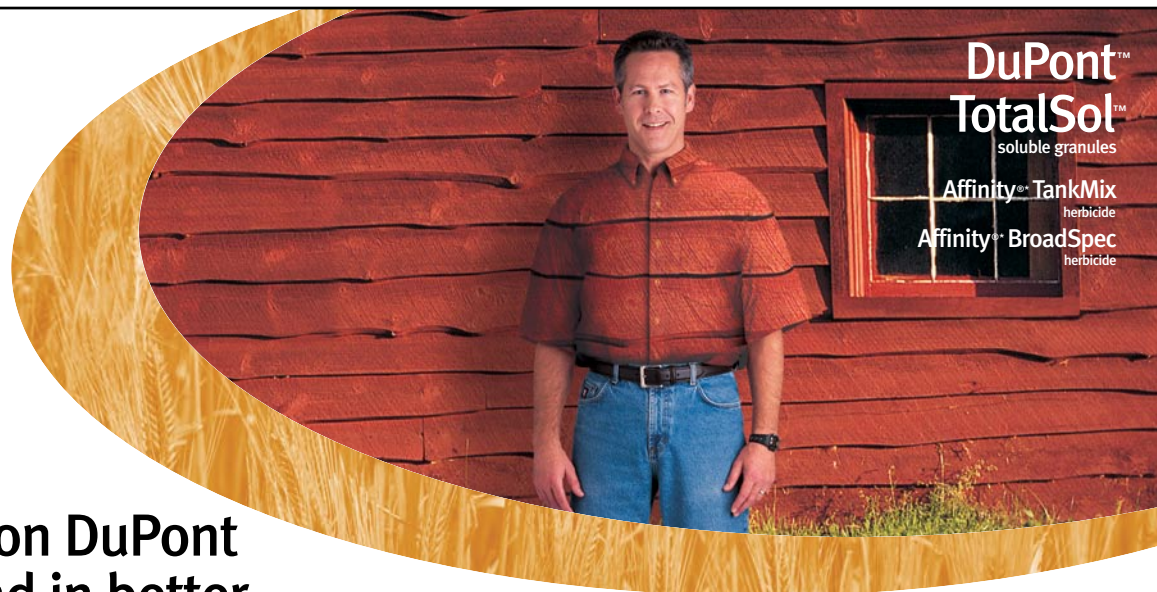


Three out of four of these products are made with whole grains. Which item is **NOT** a source of 100% whole grain? Answer: *Wheat Thins*

Much of the health benefits can be attributed to the high level of antioxidant activity in whole grains. The level of antioxidant activity in whole grains often exceeds that of fruits

and vegetables. For example, wheat and oats rival broccoli and spinach in antioxidant activity. Often the specific antioxidants found in whole grains are the same type found in fruits and vegetables however there are some that are unique to whole grains. Manufacturers are currently exploring ways to use whole grains in a variety of different products that can help consumers increase the level of whole grains in their diet.

The data have convinced the American Heart Association, the Dietary Guidelines for Americans and Healthy People 2012, to eat three daily servings of whole grains, however, the average American eats less than one daily serving of whole grains and over 30% of Americans never eat any at all. ♦



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\*Affinity® TankMix and Affinity® BroadSpec are not available in all states. See your local DuPont retailer or representative for details and availability in your area. Always read and follow all label directions and precautions for use. The DuPont Oval Logo, DuPont™, The miracles of science™, Affinity® and TotalSol™ are trademarks or registered trademarks of DuPont or its affiliates. Copyright © 2006 E.I. du Pont de Nemours and Company. All Rights Reserved. TOTL001700P330BVA



The miracles of science™

# Interest in Whole Grains Drives Changes for UI Wheat Breeding Program

by Marlene Fritz,  
(208) 384-0649, mfritz@uidaho.edu.



ABERDEEN, Idaho— For 40 years, the University of Idaho's wheat breeding program at Aberdeen has evaluated hard and soft white wheats for their refined flour properties. Most Pacific Northwest wheat is milled into refined white flours for breakfast cereals, breads, crackers, cookies and noodles.

As interest in whole-grain products heats up among manufacturers—including those who make pastries and crackers—the UI wheat-breeding team has begun to evaluate wheat lines and varieties not only for the quality of the starch-rich “endosperms” within their kernels but for the characteristics of the kernels' fibrous seed coats or brans.

Because the oily embryo, or germ, of a wheat kernel spoils readily, millers had historically removed the seed coat and its attached embryo. Today's improved milling processes allow millers to remove the oil rich embryo, stabilize the oils, then grind the germ and bran right into the resulting whole-grain flour.

At the Aberdeen wheat breeding program, researchers are observing a surprising range of two particular qualities in wheat brans. In initial observations, the bread wheats in their statewide and regional trials revealed a four-fold range in the activity of phytase—an enzyme that breaks down phytic acid, thus making phosphorus and minerals more



available to the humans and livestock who consume the wheat. They also measured a two-fold range in the brans' moisture-holding capacity—a critical factor for snack food manufacturers, who must bake out every drop of moisture over 3 percent.

“When you add bran, you dramatically increase the water-holding capacity of flour,” says Mary Guttieri, support scientist working on the project. “But wet snacks don't store well and don't have that crisp bite and snap.” That means manufacturers must bake them longer, at higher temperatures, running a greater risk of discolored, over-baked products.

Research indicates that selection may be possible for varieties that would perform better in both a standard cookie and in non-

traditional whole-grain flour products. But it will take several years to see if this can actually be done.

Meanwhile, as consumer demand for whole-grain products intensifies, the Pacific Northwest wheat industry is better positioned to take advantage of it than its Midwestern competitors. That's because most of the region's research and variety development has focused on white wheats, whose flours are more attractive, less bitter and thus generally more appealing to consumers than red wheats. Interest in whole-grain flour from the region's white wheat is building among the breakfast cereal manufacturers who have long purchased white wheat from the Pacific Northwest. That interest is also expanding to pastry and cracker manufacturers. ♦



## Agriculture Groups Working Together to Resolve Railroad Issues

The Department of Agriculture and the Idaho Wheat Commission recently hosted a roundtable discussion on railroad issues facing agriculture shippers in Idaho. Terry Whiteside, representing the Alliance for Rail Competition, discussed strategies to help increase competition with railroads.

“Rail captivity happens when a customer depends on a single railroad for his transportation needs at any point on a route,” said Whiteside. “This control allows the railroad company to dictate price and service conditions for the entire shipment.”

According to Whiteside, the most alarming trend that the captive rail customer is seeing today is the movement by railroads to establish and control the pricing of commodities. “Traditionally industries competed in order to set their prices, but with the captivity of rail customers, the railroads now believe that it is their right to set the prices of com-

modities in the market place,” said Whiteside. “In other words, if there is extra value on the table it is pocketed by the railroad and not the farmer. It was never US Transportation policy to allow railroads the ability to dominate the markets as they do today.”

Blaine Jacobson, Executive Director of the Idaho Wheat Commission



helped organize the meeting because he wants to help facilitate the discussion on how to improve rail transportation in Idaho. “It was a well attended meeting, with representatives from across agriculture, including the railroad,” said Jacobson. “Idaho’s ability to compete in the global market-

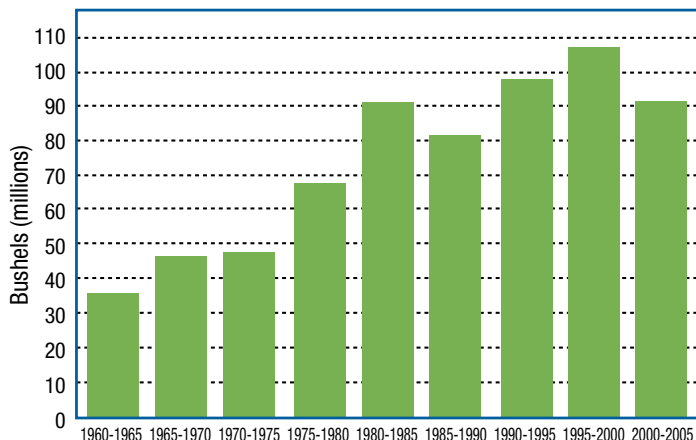
place is dependent on how efficiently we can move our product to market. Idaho is a substantial distance from major markets and if our rail costs get too high Idaho loses those markets to a grower in Australia or China.”

Steps being discussed by the group include a more active role by the Idaho Shipper’s Alliance and examining tax rates on surface transportation carriers. The Idaho State Department of Agriculture is also working on obtaining a grant to look at rail alternatives.

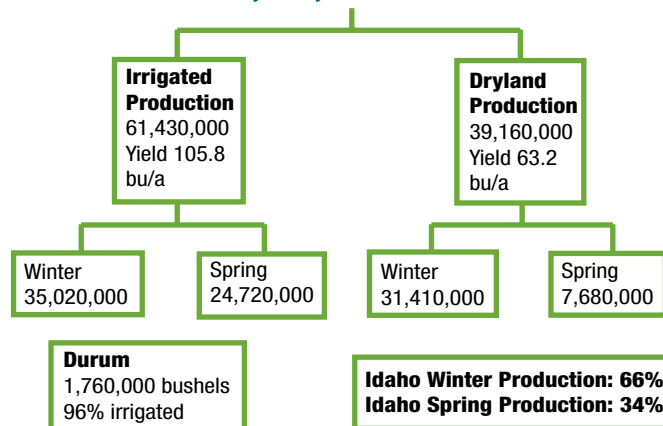
Jacobson and Idaho Grain Producers Association (IGPA) Executive Director, Steve Johnson and IGPA representatives Wayne Hurst

and Evan Hayes also participated in the ‘Captive Rail Customer Day’ in Washington, D.C More than 220 representative from the agriculture, energy, chemical and other industries came from around America to talk with Members and their staffs about rail captivity.

### Idaho Wheat Production History 1960-2005 Average yearly production



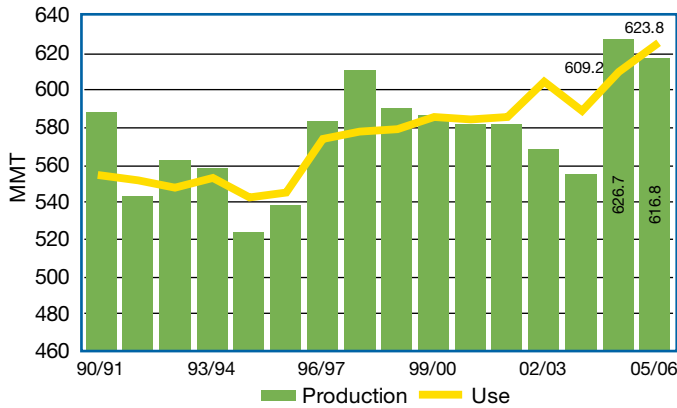
### Total production 2005 100,590,000 Bushels





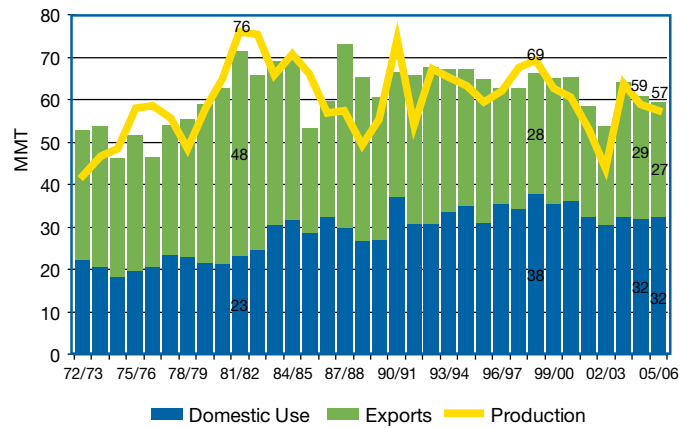
# Wheat Highlights

## World Production and Use



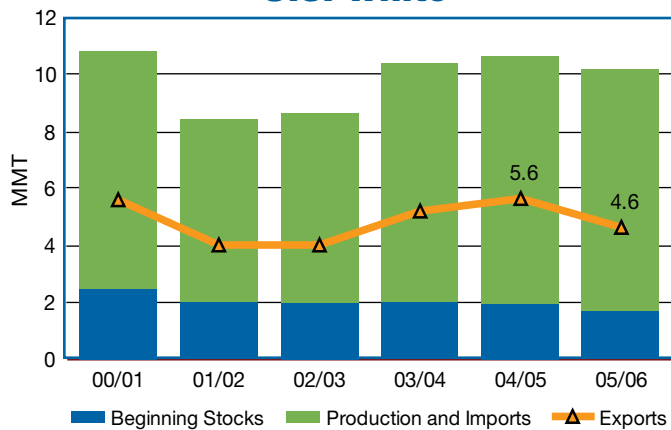
Source: all data is from USDA, World Agricultural Supply and Demand Estimates, March 10, 2006 release (unless otherwise noted)

## U.S. Production, Exports and Use

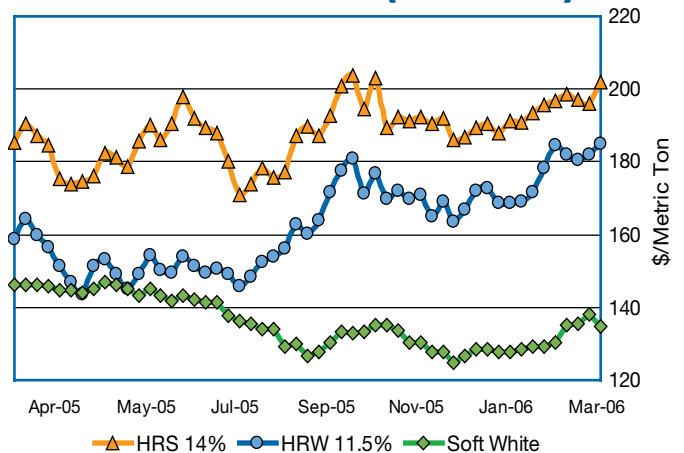


Domestic Use Exports Production

## U.S. White



## U.S. Wheat Prices (FOB PNW)



Source: U.S. Wheat Associates, Price Report as of March 10, 2006

## SAVE-THE-DATE Pacific Northwest Grains Conference

Idaho Grain Producers Association, Oregon Wheat Growers League, Washington Association of Wheat Growers will come together again for the 2006 conference.

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## IGPA Leadership Team Providing National Leadership

IGPA President Wayne Hurst has spent the first half of his year as IGPA President providing strategic leadership to the nations wheat and barley organizations. This page points out the leadership team's efforts.

## IGPA Leadership Team Leads Joint NAWG, US Wheat, And WETEC Meeting

During the Tri State grain convention in Coeur D'Alene the leadership of NAWG, US Wheat and IGPA met to discuss the need for joint industry meetings at the national level. As a result IGPA President Wayne Hurst and IGPA Past President Ray Buttar were charged with drafting an agenda for the first joint meeting of the boards of directors of NAWG, US Wheat and WETEC. The meeting took place during the annual meetings of NAWG/US Wheat and WETEC.



IGPA past Pres. Wayne Hurst and IGPA's Ray Buttar (top left) listen as US Wheat's Allen Tracy addresses the joint meeting.

Hurst and Buttar opened the first joint wheat industry board session with comments about the need for the wheat industry organizations to maximize cooperation.

There were no official actions taken at the meeting. The three boards did however agree to the following.

1. The organizations will try to meet jointly three times each year.
2. The organizations will pursue co-location of NAWG and US Wheat offices.

3. The group confirmed the need to consolidate the responsibilities of WETEC into both NAWG and US Wheat.

## NAWG's Budget Committee

During this years National Association of Wheat Growers annual convention the NAWG board of directors elected IGPA President Wayne Hurst to serve a three-year term on the NAWG budget committee. The committee is charged with creating the annual budget for the national association.

## Consolidation Of Wheat Export Trade Education Committee (WETEC)

In March, during the NAWG spring board meeting IGPA President Wayne Hurst was appointed by NAWG President Dale Schuler to the WETEC consolidation committee and then asked by NAWG and US Wheat to chair the joint wheat industry committee charged with creating a plan to consolidate the functions of WETEC in to the current functions of NAWG and US Wheat. The wheat industry has been discussing consolidation options for the past 4 years and agreed in February to develop a joint plan for NAWG and US Wheat to assume WETEC's duties.

Hurst's committee has submitted a proposal to all three wheat groups for consideration.

## Gallup Recognized By Governor For Environmental Stewardship

IGPA Past President and current Idaho Wheat Commissioner Gordon Gallup received the Governor's Award for Excellence in Agriculture at this year's Idaho Agriculture Summit Conference. Gallup's award from the Governor was in the Environmental Stewardship category.

Governor Kempthorne recognized Gallup's long-term commitment to conservation farming. "The Gallup farm has been a continuous no-till farming operation for more than 20 year", Kempthorne said. "In addition he has given back to his industry as an active

member of the grain organizations", added the Governor.



Idaho Governor Dirk Kempthorne congratulates IGPA Past President Gordon Gallup upon receiving the Governors award for "Environmental Stewardship".

The Idaho Grain Producers Association, The Idaho Wheat Commission and The Idaho Barley Commission nominated Mr. Gallup.

## Buttar's Leading Domestic Wheat Policy Committee

Buttar's continues to play a major role in setting national wheat policy for the 2007 farm bill. Buttar's served as chairman of NAWG domestic policy committee in 2005 and has been asked to continue in 2006. Buttar is leading the development of NAWG's 2007 farm bill proposal. Buttar and his NAWG committee plan to have NAWG's farm bill policy completed by early fall 2006.

## Buttar's Helping Lead Wheat Industry Unification

IGPA Past President Ray Buttar continues to help shape national wheat organization unification. As a co-organizer of the joint NAWG, US Wheat and WETEC board meeting. Buttar's and Hurst worked together with NAWG and US Wheat to make the joint meeting happen and to create the agenda.

## National Barley Growers Association

IGPA Vice President Tim Dillin represents Idaho on the NBGA board of directors. As a member of that NBGA board, Dillin has been given several committee assignments that include serving on the domestic policy committee and the trade policy committee.



# National Association of Wheat Growers Issues

## IGPA/NAWG Participate in Captive Rail Customer Day

More than 220 representatives from the agriculture, energy, chemical and other industries came from around the U.S. to Washington D.C., to talk with Members and their staffs about the perils of railroad captivity. IGPA President Wayne Hurst led a delegation from Idaho that included IGPA Past President Evan Hayes who is also current President of the National Barley Growers Association. Also attending was IGPA Executive Director Steve Johnson.

Rail captivity happens when a customer depends on a single railroad for their transportation needs at any point on a route. This control allows the railroad company to dictate price and service condi-

tions for the entire shipment.

Often, remedies from the government body charged with mediating disputes between railroads and customers, the Surface Transportation Board, are so time consuming, complicated and expensive that they provide no relief for customers. These cases generally take years and millions of dollars to resolve.

In addition, railroads are not subject to federal antitrust provisions.

Two bills before Congress, S. 919 and H.R. 2047, would mitigate these problems by:

- Requiring rail carriers, upon shipper request, to provide a rate quote for service;
- Preventing the creation of "paper barriers," which restrict the ability of Class II and Class III rail carriers to interchange traffic with Class I carriers;
- Allowing the STB to designate a state as an "Area of Inadequate Rail Competition" and requiring the STB to remedy the issue; and
- Allowing either a shipper or a rail carrier to submit a dispute over rail rates, rail service and other matters under the jurisdiction of the STB for "final offer" arbitration.

The day's work started with a breakfast rally addressed by Sen. Conrad Burns (R-Mont.), Sen. John D. Rockefeller IV (D-W. Va.) And Sen. Craig Thomas (R-Wyo.).

Burns said it was necessary for captive rail customers to "tell the story" to Members and that the fight for rail equity was necessary for a strong economy.

"Your presence here this morning has impact beyond belief," the Senator told attendees.

Sen. Rockefeller noted that his great-grandfather might have appreciated the railroad's monopoly-like activities, but that he did not.

"I will never give up on this subject because my state is getting killed by it," he said.

IGPA and NAWG have been deeply involved in the fight to pass S. 919 and H.R. 2047.

## Stevenson-Lancaster Receives Friend of Wheat Award

The Friend of Wheat Award is also given annually by NAWG for superior efforts in support of the goals and policies of the wheat industry. This award is given to congressional and administrative staff from any party who has demonstrated support for the wheat industry above and beyond the norm.

Major issues for NAWG this year included rail competition advocacy; the Central America-Dominican Republic Free Trade Agreement; the estate tax repeal; energy and disaster assistance; reform of the Endangered Species Act; the Transportation Reauthorization Act; the Energy Policy Act; and the Water Resources Development Act reauthorization.



**Matt Gellings presenting Stacy Stevenson-Lancaster, Senator Mike Crapo's Leg. Asst., the NAWG Friend of Wheat Award.**

Recipients of the NAWG awards are chosen by the NAWG Domestic Policy Committee.

Stacy Stevenson-Lancaster, Idaho Senator Mike Crapo's legislative advisor for Agriculture issues was chosen this year to receive a NAWG Friend of Wheat Award.

IGPA Secretary/Treasurer Matt Gellings, presented this year's awards to Stacy during the week of March 6, when the NAWG board held its annual spring board meeting.



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Gellings thanked Stevenson-Lancaster for her tremendous support for wheat growers in Idaho and around the nation. "Your efforts have truly helped preserve the vitality of the nations wheat growers, Thank you from all of us." Gellings said.

## NAWG SETS EMERGENCY FARM ENERGY ASSISTANCE AS A PRIORITY:

In the wake of Gulf Coast hurricanes and other energy market pressures, farmers are faced with skyrocketing prices for two of their critical, high-volume inputs.

Farmers face this impact uniquely because, unlike any other participant in the food chain, they have no ability to pass along these costs in the form of surcharges. In fact, farmers end up paying increased fuel costs to get goods delivered to their farms and pay fuel surcharges to get their goods to market – in

- **Staggering increases in fuel and fertilizer costs are leading to loss of operating credit and profitability and, ultimately, the loss of farm businesses in rural America.**
- **NAWG recommends and requests Emergency Farm Energy Assistance to ensure that the American agriculture industry can continue to provide consumers with the safest and cheapest food and fiber in the world.**

short, they pay everybody else's fuel surcharges in addition to their own increased costs.

One such farmer is Dale Schuler of Carter, Mont. Schuler is a professional farm businessman and family farmer as well as the President



Schuler

of the National Association of Wheat Growers (NAWG) – like all wheat growers he is finding it difficult to make a profit.

Because of these concerns NAWG is calling for Emergency Farm Energy Assistance. In April the Senate Appropriations Committee unanimously approved an amendment to an appropriation bill that would provide much-needed disaster and economic loss assistance to America's farmers.

The \$3.9 billion amendment, offered by Sens. Byron Dorgan (D-N.D.) and Conrad Burns (R-Mont.), was attached to the \$110 billion supplemental bill that will largely fund military activities in Iraq and Afghanistan and hurricane relief efforts.

NAWG and IGPA are hopeful this proposal will pass a Senate vote in late May and then be included in a joint Senate and House conference committee recommendation with approval soon thereafter. ♦

## How To Deliver Premium-Earning Protein Levels

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.

There has been an increase in contracted Hard White wheat this spring; it's essential that proper protein be achieved with Hard White wheat. 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.

The *Nitrogen Management for Hard Wheat Protein Enhancement* publication will help growers minimize the uncertainties associated with producing high-protein hard wheats. The publication is available on-line at: <http://info.ag.uidaho.edu/PDF/PNW/PNWO578.pdf>  
Or order by phone: 208-885-7982.

# IGPA IS YOUR VOICE IN THE WHEAT AND BARLEY INDUSTRY

## Mission Statement

To serve the grain producers of Idaho by representing their production interests at the county, state and federal levels in order to enhance their profitability and long term viability.

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