

# IDAHO GRAIN

THE IDAHO GRAIN PRODUCERS ASSOCIATION MAGAZINE Winter 2007

**Idaho State Wheat  
Growers Association**

Idaho Grain Producers Association  
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# Views

BY TIM DILLIN, IGPA PRESIDENT

## President's Note



Has it really been a year? There have been quite a few issues for us to keep track of this year. We started by saying goodbye to a long time friend and executive director Steve Johnson. He moved on to the University of Idaho and we started a search for a new E/D. Steve wasn't easy to replace but I believe we made a very good choice in Travis Jones. Travis has jumped right in and has done a tremendous job. He is going to be a staunch advocate for Idaho agriculture.

We have been actively involved for the last several years on the national level in trying to get a new farm bill passed. By the time this magazine comes to your door step, hopefully we will have, or be well along the way to getting one passed. Our goal was to make sure farmers have the tools to be profitable. While not perfect, the versions that have been put forth are quite workable. Rest assured, we will continue to work on your behalf.

The next issue that caught us somewhat off guard was the 9th circuit decision to halt burning in Idaho. Since that time we have spent countless hours and resources to get this important practice back. We are currently in the final stages of negotiations on how to work through the process to get a new implementation plan in place. We realize that this has been going at a slower pace than some would have liked, but by doing this we hope to have an agreement that will keep us moving in the right direction. We do work for you, the growers interests are our top priority.

The outlook for farming looks fairly bright but there are a few clouds on the horizon. We have seen record prices for wheat and barley this year. If someone would have said we would see \$10 wheat and \$300 ton barley I would have said they were nuts. Prices for new crop are very attractive as well. The storm clouds are on the horizon though. Fuel and fertilizer prices are going up just as fast or faster. \$4 dollar diesel is just a few cents away. If there happens to be a blip in commodity prices we will be in for a very rough ride.

We celebrated our 50th anniversary this year. Thanks to a few insightful individuals, the growers of Idaho are represented by one of the best grass roots organizations in the country. We are a team in every sense of the word. My wife tells me that when I took on this job four years ago that I told her this would require just a few days a year. Well, I made elite status with air miles the first three months of the year.

I would like to thank my wife for her support and understanding without which I couldn't have done this job. I would also like to thank my Dad for his support on the farming front. Who could not walk away from this opportunity without gaining so much respect for all in this industry.

I would like to express my deepest gratitude to the Executive Board. I'm proud to consider them my friends. Thanks also to the crew in the office. Travis, you are going to bring a fresh perspective to this organization and take it to the next level. Sue. You made me feel like I belonged from the very first minute I walked through the door. Without you we would all be lost. Thanks for a wonderful year.

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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 TRAVIS JONES

## Plowing Ahead



hew! What a summer! It was only three mere months ago that I wrote about the amazingly high prices that wheat and barley were fetching in the marketplace...when quotes were at \$6 per bushel. Probably like you, I would never have guessed that the \$10 threshold would ever be eclipsed in this lifetime. Certainly this news was finally of the pleasant kind. While this "perfect market storm" was a nice reprieve from years of historic lows, many growers were still unable to cash in.

It's safe to say that high prices are what we all pray for in this business. The often-used cliché is that farmers are "price takers, not price makers." At long last, this summer's prices allowed some farmers to wear that stigma with pride. However, many of Idaho's grain growers were only able to sit idly by as prices escalated seemingly exponentially.

Who to blame? Mother Nature herself might be in the police line-up of perpetrators. Extreme temperatures took their toll on producers across Idaho. Freeze and drought caused calamities that proved unrecoverable, especially for dryland production. Irrigated crops were not left out as quality losses wreaked havoc for some.

As I listened to producers from different areas of the state, I was amazed at the diversity of crop reports. The only area where Mother Nature seemed to smile instead of smirk was in the Bonners Ferry area – home to IGPA President Tim Dillin. President Dillin may wish to extend his IGPA servitude through the upcoming crop year.

This summer's erratic weather pattern and historic prices could not have timed itself better. The U.S. Senate commenced action in September on its version of the new Farm Bill, following the House's passage in July. The conundrum of high prices, but low yields helped to shape the Senate debate about the effectiveness of past commodity programs. In response, legislation was developed creating a "permanent" account dedicated to paying producers for crop disasters.

This proposed permanent disaster legislation complements the Farm Bill compromise reached on October 25 by the Senate Agriculture Committee. The permanent disaster proposal, coupled with significant changes reflected in the current House and Senate farm bill versions, is acknowledgement of the challenges producers face even when prices have skyrocketed.

These challenges will continue to be ignored or downplayed by outside groups and the media. We can be assured that these groups will continue to write stories condemning Congress for taxpayer support of farmers. But thanks to the efforts of you and those that represent you, Congress listens to our concerns and understands the importance agriculture plays in the nation's economic health and national security. With that in mind, we must continue to plow ahead.





## Don Dixon Named Idaho Farm Service Agency State Executive Director

WASHINGTON, Oct. 23, 2007 - U.S. Department of Agriculture Farm Service Agency (FSA) Administrator Teresa Lasseter today announced the appointment of Don Dixon to serve as FSA state executive director for Idaho.

"Don Dixon is a well-known family farmer whose knowledge and passionate commitment to family farming is hard to surpass," said Lasseter. "Don's extensive agriculture experience will be of great value to our agency." Lasseter said.



Dixon owns and operates his family farm where he grows potatoes, alfalfa hay, grain and grain seeds on 800 acres of irrigated land. He also operates a cow/calf business consisting of 200 mother cows. Dixon served on numerous boards and committees for a wide variety of organizations and has received various awards and recognition during his long career in agriculture. Prior to his appointment, Dixon served on the staff of U.S. Senator Mike Crapo (R-Idaho), working on statewide agricultural and natural resource issues. Dixon served in the U.S. Army. He earned a bachelor degree in business administration from Idaho State University and is a 2000 graduate of the Leadership

Idaho Agriculture Program.

FSA ensures the well-being of American agriculture, the environment and the American public through efficient and equitable administration of numerous farm programs. Each state executive director oversees FSA's responsibilities to farmers and ranchers within the state's boundaries and contributes

feedback to assist the agency with policy decisions. FSA's farm programs include commodity programs; farm ownership, operating and emergency loans; conservation and environmental programs; emergency and disaster assistance; domestic and international food assistance and international export credit programs.

## IGPA Past President Wayne Hurst Candidate for NAWG Executive Board

Burley farmer and 2006 IGPA President Wayne Hurst has declared his candidacy for a seat on the National Association of Wheat Growers (NAWG) executive board. If elected, Hurst would fill the open slot for Secretary/Treasurer of NAWG beginning in 2008. Currently, Hurst is a member of the NAWG Budget Committee and executive board member of the IGPA.



The Secretary/Treasurer position rotates to an eventual position as NAWG President. The IGPA has not held an NAWG executive board seat since 1998. On September 19, 2007 the IGPA sent a letter to Joe Kejr, NAWG Nomination Committee Chair, formally declaring Hurst's intent to run for the position. The body of the letter is included below.

Dear Mr. Kejr,

The Idaho Grain Producers Association (IGPA) is pleased to submit this letter to you in support of the nomination of Wayne Hurst to the National Association of Wheat Growers Executive Board Secretary/Treasurer position.

Since 1980, Wayne and his family have owned and operated a diversified row crop and dairy farm located in Burley, Idaho. Wayne has held several local, state, and national leadership positions in agriculture, currently serving as Past President of the IGPA and a member of NAWG's Budget Committee.

Wayne brings many skills to any position he holds. His broad perspective, attention to detail, and outside-the-box thinking has greatly benefitted the IGPA for several years. As a diversified producer, Wayne's experience in nearly all phases and sectors of production agriculture is a unique and invaluable asset to NAWG's Executive Board.

The IGPA appreciates your consideration of our nomination of Wayne Hurst to the NAWG Executive Board Secretary/Treasurer position. If I can be of further assistance for any questions or additional material in support of Wayne, please contact me or Travis Jones at (208) 345.0706.

Respectfully,

Tim Dillin, President

Idaho Grain Producers Association

# Idaho Irrigators Could See Significant Rate Increases in 2008

**B**oth Idaho Power Company and Rocky Mountain Power have general rate cases pending before the Idaho Public Utilities Commission. If approved, these base rate increases would become effective in 2008.

However, the far greater impact comes from the suspension of Bonneville Power Administration's residential and small farm program (REP) in May 2007. Irrigators on the Rocky Mountain

Power system report increases as high as 50 to 80% following the suspension of the credit in mid-July.

The impact to Idaho Power customers is unclear at this time. A surplus in Rocky Mountain's balancing account kept the credit in place through mid-July so the effects of the suspension were delayed. While Rocky Mountain disbursed its REP credit on a monthly basis, eligible irrigators on the Idaho Power system receive a one-time annual credit to their accounts each December. Since the benefits accrue from October 1, Idaho Power irrigators should receive a reduced credit based on the small farm account balance and customer usage.

BPA suspended an estimated \$328 million in annual benefits to six Northwest investor owned utilities following the outcome of lawsuits in the 9th Circuit Court of Appeals. The 9th Circuit ruled in favor of public utilities' claims that, under the terms of year 2000 settlement agreement, BPA improperly allocated REP benefits to the detriment of their customers. In a later decision, the Court



Hells Canyon Dam

also ruled that BPA failed to adequately address its fish and wildlife obligations in that same time period.

On the advice of the U.S. Department of Justice, BPA chose not to appeal the Court's decision. Instead it embarked upon a series of formal and informal settlement discussions aimed at implementing a new REP process that would be equitable and acceptable to both the public and private utilities in the region. If successful, a new REP would be implemented in 2009.

These settlement talks have been unproductive. At this time, a tentative settlement may have been reached, but has not been ratified. The details and the impact to Idaho remain unknown.

Some effort is being made to find an interim solution that would allow BPA to implement at least a partial credit in 2008. Regardless of timing, future REP benefits are expected to be a fraction of what they have been and never return to previous levels. This is a critical factor for irrigators who are examining the impact of future energy costs

to their operations.

Interestingly enough, the Residential and Small Farm Credit is rooted in a situation not unlike the one that exists today. During the 1970's energy crisis, the Pacific Northwest faced potential electrical supply shortages and rising rates.

Then BPA suspended firm power sales, not monetary benefits, to the region's investor-owned utilities (IOUs). The resulting squabble between public and private utilities led Congress to enact the Northwest Power Act of 1980. The Power Act sought to ensure that all Northwest electricity consumers shared in the "at cost" benefits of the federal system and paid similar rates whether their energy comes from public or private sources.

The REP was the vehicle to that end, allowing BPA to "exchange" some of its lower cost power for a utilities' more expensive power. The difference is passed on to the utilities' residential and small farm customers via a credit. According to BPA, the Residential Exchange Program has always been controversial. This is not the first court challenge to the REP, but the outcome is increasingly important as BPA defines its future role in the region and moves forward with long-term contracts for its post-2011 rate period.

**Regional Dialogue:** As it prepares to set long-term contracts for the post 2011 rate period, BPA proposes no longer acquiring new resources and fully allocating existing ones among customers. Its intent is to





encourage other utilities to invest in conservation and other resources to meet the region's future needs.

This dialogue is already complicated by increased demand, higher rates, hydropower's diminishing role in meeting regional energy needs, and projected shortages. Changing regulatory, environmental, market and political conditions add to the uncertainty.

BPA rejected a suggestion to halt the Regional Dialogue until the REP issue is resolved.

The discussions were moved forward on parallel paths to lessen the potential impact to future rates. BPA is trying to negotiate a short-term solution that would allow the credit to be at least partially reinstated soon and a long-term solution that identifies a new REP formula that would be accepted to the region for the 2012-2027 rate period. More information about BPA's Residential Exchange Program is available at [www.bpa.gov/corporate/pubs/fact\\_sheets/07fs/fs061507.pdf](http://www.bpa.gov/corporate/pubs/fact_sheets/07fs/fs061507.pdf) or BPA's Regional Dialogue at [www.bpa.gov/corporate/pubs/fact\\_sheets/07fs/fs071907.pdf](http://www.bpa.gov/corporate/pubs/fact_sheets/07fs/fs071907.pdf) ♦



**Lynn Tominaga is Executive Director and Brenda Tominaga is the Editor of Idaho Irrigation Pumpers Association. IIPA's mission is to ensure the availability of an adequate, reliable and reasonably-priced electrical supply for irrigated agriculture. For more information, contact Lynn at (208) 381-0294.**

## It's the Senate's Turn

Nearly three months after the U.S. House of Representatives passed their version of the Farm Bill, the Senate Agriculture Committee kicked into action. On October 26, the Senate Agriculture Committee voted out the new farm legislation by a simple voice vote. The committee took less than two full days to debate, amend, and ultimately send the legislation to the Senate floor for consideration.

As I write this article, the Senate has already spent one week debating the bill on the floor in an attempt to pass a bill that can be conferenced with the House version (HR 2419) and ultimately signed into law by President Bush. The first week of Senate debate can be summarized in one word: gridlock. Senate Majority Leader Harry Reid (D-Nevada) employed a procedural maneuver that limited the number and scope of amendments to be considered by the full Senate.

Senator Reid's action was met with objections by the Republican minority and the Farm Bill legislation screeched to a halt. The Senate plans to spend the November 12-16 week attempting to reach a compromise that will end the gridlock. However, time is running out before the congressional holiday break in December, and further delays only hurt the very group that it is meant to help – farmers.

While the Farm Bill remains in limbo at this juncture, there is good news in the Senate committee-passed legislation for Idaho's wheat and barley industry. The table included shows a comparison between the current 2002 Farm Bill law, the House version, and the Senate Agriculture Committee legislative commodity support levels.

A closer look shows that Congress moved the "three-legged stool" of loan rates, target prices, and direct payments in a positive direction for wheat and barley. The new wheat and barley loan rates were updated to better reflect producer needs in this current market environment. However, direct payments were not given an increase over the 2002 law.

While this is a concern to our industry, there were many attempts made behind the scenes to sever this vital leg of the stool. Thanks to the help of Senator Crapo and Senator Craig, direct payments of 52¢ per bushel for wheat and 24¢ per bushel for barley were maintained in the committee bill. This result can be considered a success, as aggressive efforts to shift direct payment funds to other priorities were thwarted by our counter efforts.

Tight federal budgets, heightened interest in renewable energy, conservation, and nutrition, and increased competition from new interest groups added pressure to the funding behind commodity support programs. The best way to summarize the situation: more people engaged, a highly diverse agenda, and the same dollars available as in the 2002 bill.



The Senate committee bill includes a new optional commodity support program primarily endorsed by the National Corn Growers Association and the American Farmland Trust. The "Average Crop Revenue" (ACR) optional program provides participating producers with a state-level revenue countercyclical payment in place of the current marketing loan and countercyclical programs.

The new program generates payments on a crop-specific basis whenever average per-acre revenue at the state level falls below the per-acre state guarantee. In addition, a \$15 per acre fixed payment would be paid on the lesser of your base acres or acres planted to all covered commodities over 2002 to 2007.

During committee debate, the ACR program raised many questions and concerns resulting in its optional designation. Beginning in 2010, farmers will have a one-time only option to shift to this new program. If the ACR is eventually incorporated into law, producers will have a few years to closely evaluate his or her individual situation to see if it best fits their operation.

The IGPA supports the ACR program as an option, but agrees that many questions remain unanswered. However the bigger question is, will farmers be able to take advantage of a new Farm Bill anytime soon? Many farmers have already made planting decisions without this certainty. I hope that as you read this article, these questions will be resolved. One thing is certain, the IGPA is working for you in sending your message to Congress and our Idaho delegation. ♦

## IGPA On Top of It

By Travis Jones

**A**fter representing Idaho's grain producers for over fifty years, I'm guessing you are fairly aware of what the IGPA generally does. But do you really know the full level of the IGPA engagement on a daily basis as it represents you and the industry?

As producers, you are inherently subject to many factors that affect your operation. You deal with everything from equipment, chemicals, facility maintenance, energy (use and production), water, seed, environmental regulations, best management practices, farm programs, trade completion, crop quality, and the list goes on. Your head probably spins whenever you think too deeply about all of these things at once.

When these areas are tabulated, it only proves the depth of knowledge that producers must have to succeed in today's grain industry. The IGPA knows that each of these issues and topics are separate but equal for producers.

In that regard, the IGPA works to gather information, track, and represent you on these issues and bevy of others affecting the wheat and barley industry. I felt it was a good time to provide an overview for you of some of the organizations, advisory groups, and activities that the IGPA is a member of, or engage in. You might be surprised.

### • Coalition for Idaho Water (CIW):

The Coalition for Idaho Water is formed from more than 50 groups of which the IGPA is included. The CIW represents Idaho irrigation, agricultural, and business interests and Idaho cities and counties. The mission of the CIW is to unite groups interested and determined to safeguard the sovereignty of Idaho's water.

...continued on page 8

### Comparison of Support Levels— Current Law / HR 2419 / Senate Committee

Commodity	Loan Rates			Target Prices			Direct Payments	
	Current	HR 2419	Senate Committee	Current	HR 2419	Senate Committee	House/Senate Direct	Senate ACR Fixed
Wheat (bu.)	2.75	2.94	2.94	3.92	4.15	4.20	\$0.52	\$15 / Ac
Corn (bu.)	1.95	1.95	1.95	2.63	2.63	2.63	\$0.28	\$15 / Ac
Soybeans (bu.)	5.00	5.00	5.00	5.80	6.10	6.00	\$0.44	\$15 / Ac
Cotton (lb.)	0.52	0.52	0.52	0.7240	0.70	0.7225	\$0.0667	\$15 / Ac
Rice (cwt.)	6.50	6.50	6.50	10.50	10.50	10.50	\$2.35	\$15 / Ac
All Barley (bu.)	1.85	—	1.95	2.24	2.73	2.63	\$0.24	\$15 / Ac
Feed Barley (bu.)	1.85	1.90	—	—	—	—	—	—
Malt Barley (bu.)	1.85	2.50	—	—	—	—	—	—
Grain Sorghum (bu.)	1.95	1.95	1.95	2.57	2.57	2.63	\$0.35	\$15 / Ac
Oats (bu.)	1.33	1.44	1.39	1.44	1.50	1.83	\$0.02	\$15 / Ac
Minor Oilseeds (cwt.)	9.30	10.70	10.09	10.10	11.50	12.74	\$0.80	\$15 / Ac
Peanuts (lb.)	0.1775	0.1775	0.1775	0.2475	0.2475	0.2475	\$0.018	\$15 / Ac
Dry Peas (cwt.)	6.22	5.40	5.40	—	—	8.33	—	\$15 / Ac
Lentils (cwt.)	11.72	11.28	11.28	—	—	12.82	—	\$15 / Ac
Small chickpeas (cwt.)	7.43	8.54	7.43	—	—	10.36	—	\$15 / Ac
Large chickpeas (cwt.)			11.28	—	—	12.82	—	\$15 / Ac



• **Idaho Council on Industry and the Environment (ICIE):**

The Idaho Council on Industry and the Environment (ICIE) is a nonprofit, non-partisan group formed in 1989 to focus discussion of the environment on the facts. The mission of the Idaho Council on Industry and the Environment (ICIE) is to facilitate the use of science and facts in shaping public policy on environmental issues. The ICIE's goal is to establish reasonable, balanced dialogue and to create support for factual, open discussion of environmental issues.

• **University of Idaho, College of Agriculture Dean's Advisory Board (DAB):**

The UI-CALS DAB is a diverse, statewide group of agriculture leaders, legislators, extension educators, and agribusinesses formed to provide advice and direction for the UI-CALS Dean. The group meets twice annually to receive updates on the UI-CALS and its departments particularly in the areas of extension, research, student activities, financial status, and industry outreach.

• **Council for Agricultural Research, Extension, & Teaching (CARET):**

The CARET is a national grassroots organization created in 1982 by the National Association of State Universities and Land Grant Colleges (NASULGC) Division of Agriculture. CARET is composed of representatives from the 50 states, the U.S. territories, and the District of Columbia. CARET offers testimony in support of land-grant agricultural programs of research, extension, and teaching to Congressional committees and Executive Branch agencies. It also works with national agricultural organizations to tell agriculture's "story." The IGPA serves as an Idaho CARET representative in cooperation with the University of Idaho, College of Agriculture.

• **Alliance for Rail Competition (ARC):**

The Alliance for Rail Competition is a diverse group of shippers and industry trade associations that formally organized in March 1997 in response to growing concerns over deteriorating rail service. Members of ARC include businesses representing a broad cross-section of industry segments, including agriculture (including the IGPA), coal, consumer and industrial products, chemicals, minerals and petrochemicals.

• **NRCS Idaho State Technical Advisory Committee:**

The 1985 Farm Bill established state technical advisory committees of which the IGPA holds a seat. The 1996 Farm Bill expanded the membership and roles. The purpose of the Idaho State Technical Advisory Committee is to provide advice to the NRCS Idaho State Conservationist on a number of issues within a variety of conservation programs. Although the Committee has no implementation or enforcement authority, the State Conservationist gives serious consideration to the Committee's advice.

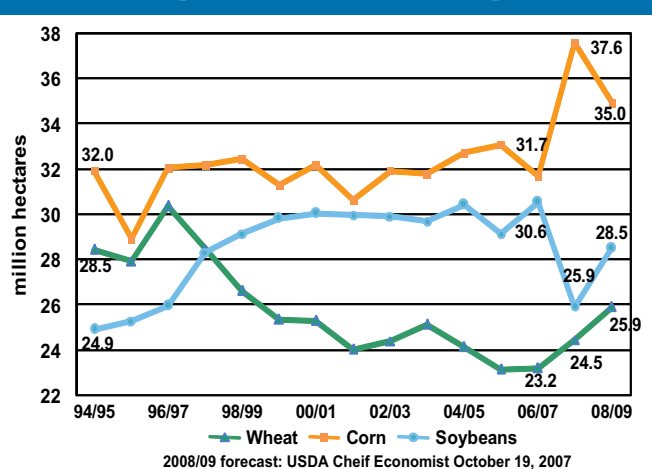
• **Other Groups & Organizations:**

Idaho Commodity Indemnity Fund (CIF) Advisory Committee, Idaho State Department of Agriculture (ISDA) Pesticide Management Plan Rule Advisory Committee, ISDA Transportation Advisory Committee, Idaho Agriculture Lobbyists organization, Northwest Irrigation and Soils Research lab advisory member, Food Producers of Idaho, Ag Summit Planning Committee, Leadership Idaho Agriculture, Agriculture & Natural Resources Industry Political Action Committee (ANRIPAC), and others. ♦

**World Wheat Supply and Demand**

	05/06	06/07	07/08
		MMT	
<b>SUPPLY: Beginning Stocks</b>	150	148	124
<b>Production</b>	622	594	603
<b>Supply Total</b>	772	741	727
<b>TRADE: Exports / Imports</b>	116	111	106
<b>DEMAND: Food &amp; Seed</b>	513	512	519
<b>Feed &amp; Residual</b>	111	106	98
<b>Use Total</b>	624	617	618
<b>ENDING STOCKS:</b>	148	124	110

**U.S. Crop Planted Area Comparison**



USDA predicts U.S. corn plantings will fall off a very high peak in MY 2007/08, with wheat and soybeans taking up much of that land in MY 2008/09.



# Consumers Demanding Identity Preservation in U.S. Grain Markets

By Aziz Elbehri



Modified-starch corn is one of the fiber-rich grains developed in response to consumer demand for low-carbohydrate food. This development and others like it have led to a growing number of specialty crops requiring either segregation or full-scale identity preservation (IP) to differentiate them from conventional commodities. These IP, or differentiated, crops include products with specific traits, like waxy corn, nongenetically engineered, organic, or pharmaceutical crops.

Many other factors have also favored the expansion of differentiated grains. Biotechnology has led to innovations such as low-phytate corn, which is high in digestible phosphorus. When fed to hogs, it contributes to lower phosphorous pollution from manure. Advances in industrial processing and enzymes also play a role. The corn wet milling industry is increasingly able to process starches tailored to specific industrial and food uses, creating demand for specialty crops, such as waxy and high-amylose corn.

Cereal makers contract for variety-specific wheat and oats with exacting milling and baking attributes. The current expansion of ethanol production is spurring research into new energy crops capable of more efficient cellulose-to-ethanol conversion. Meeting these demands requires producers not only to change production practices but also to work with buyers, certifiers, and others to ensure identity preservation.

Differentiated crops often have higher costs than generic crops to meet segregation and transaction costs for contract compliance, such as testing and/or third-party certification. The cost of segregating specialty crops from conventional commodities can be influenced by the volume shipped, shipping method, tolerance levels for foreign materials, testing, and documentation requirements.

IP-specific risks also contribute to higher costs. These risks vary depending on the purity level required, and include price discounts



or rejections depending on the type and level of foreign material in the crop.

Nongenetically engineered crops (including organic) can be subjected to testing and run the risk of being rejected if they were accidentally contaminated. Pharmaceutical crops are not licensed for food or feed use, so isolating them from the food supply can make handling them far more costly.

Differentiated grains also command price premiums that are affected by such factors as the proximity of suppliers to buyers and the cost and availability of substitutes. Price premiums also rise or fall depending on supply conditions for the generic commodity. The trait-specific quality attributes of IP grains require more coordination between growers and handlers/processors and more sharing of information, often through contracts.

Purchasers often demand assurance of product quality and authentication of process/product claims. Suppliers of farm products (for example, seeds) must demonstrate that product attributes are verifiable and show supporting documentation. Thus, a key to IP grain markets is the growing role of third party services for auditing, verification, and quality assurance.

*The Changing Face of the U.S. Grain System: Differentiation and Identity Preservation Trends, by Aziz Elbehri, ERR-35, USDA, Economic Research Service, February 2007* ♦



# Fusarium Head Blight in Idaho — What, Me Worry?



By Juliet M. Windes,  
Cereals Agronomist and  
Pathologist, University of Idaho

Cropping systems and crops vary tremendously in Idaho. In cooler, upper elevation areas of Soda Springs, continuous grain has been grown for decades. In the areas around the Treasure Valley, a tremendous diversity of crops from onions to sweet corn flourish under controlled irrigation. The fertile grounds of the Palouse are a perfect niche for soft white winter wheat, legumes and grass seed production. But times they are a'changin'.

Hard red winter wheat is gaining in acreage in the northern areas. In the Treasure Valley, the TVRR will require at least 80,000 acres of high beta-glucan barley. Currently, only about 9,000 acres of feed barley are grown. The Magic Valley is becoming the Wallace and Gromit Valley. ("Cheese, please Gromit — is it Wensleydale?") While in Southeastern Idaho, corn tassels bounce in the wind all the way up the valley to St. Anthony and Ririe.

Change is good. Rotation is good. Diversity is good. I know corn is an excellent feed stock for cattle. However, I want to see **less** of it.

I am a plant pathologist. What do plant pathologists like? Why, a great plant disease epidemic, of course! Well, yes, within reason. Some plant diseases are especially frightening; (1) because once they take hold in an area, it is hard to rid ourselves of the scourge; (2) some diseases will spread rapidly in the air when the right weather conditions occur; (3) some diseases result in accumulation of vile toxins that make grain fit for neither man nor beast, bread nor beer; (4) some diseases thrive on multiple crops, causing problems over many growing seasons.

I am not worried about "some" diseases. I am worried about one disease. One disease that can be characterized by all of the descriptions above. One disease that can increase under corn production. That disease is Fusarium Head Blight (FHB), aka, Scab.

## Environmental Impacts

Conditions in Idaho produce high quality, toxin free grain that meets the needs of many industries — food, feed, fuel, and malt, mainly. The environmental conditions here favor healthy plants, and we usually have minimal disease problems, especially if you compare us with the Midwest or eastern production areas.

Meet *Fusarium graminearum*, the causal organism for Fusarium head blight of wheat and barley. You can find him almost wherever wheat, barley and corn are grown. But not in Idaho - Yet.

Previous studies have found that the most commonly isolated Fu-

sarium found in southern Idaho is *Fusarium culmorum* and it prefers cooler climates. Usually, this fungus causes foot and crown rot in dry-land grain. However, over the past five years, it is occurring with higher frequency in irrigated production, and sometimes can be found causing head blight. *F. graminearum*, on the other hand, causes head blight in lower elevation areas throughout the world where wheat and barley are grown in more humid areas.

The conditions that promote Fusarium head blight in wheat and barley are well documented: humid and rainy environmental conditions at and after flowering, a source of inoculum of various *Fusarium* species, and susceptible host cultivars.

## Changing Conditions

While FHB occurs sporadically and at limited incidence, epidemics have occurred in only a few years in south central and eastern Idaho. There are several factors that may substantially be increasing the risk of FHB occurrence.

### 1) Increasing temperatures and precipitation.

*F. culmorum* is favored by cooler climates and is the most frequently isolated pathogen causing foot and crown rot and FHB in southeastern Idaho. Under very similar environments, Montana has regularly occurring FHB outbreaks in wheat and barley production caused by *F. graminearum*, while southeast Idaho maintains relatively FHB free.



Scab in Wheat.

Environmental conditions, such as very dry southwesterly winds coming off the high plains desert, may effectively prevent infection in southeast Idaho. Various climate models are predicting an increase in temperatures in the Pacific Northwest and Intermountain West regions. Precipitation may increase 20%, with a decrease in snowpack duration. This changing environment may enhance the potential for FHB development, with conditions in Idaho becoming more similar to Montana, where estimates of FHB related damage occurred on up to 250,000 acres in 2006.

### 2) Increasing acreage of corn production.

The dairy industry in Idaho has continued to expand and ranked 4th in the nation for production in 2006. As a result, the corn acreage planted in the last ten years has more than doubled.

Corn acreage in Montana has been rising, and is predicted to keep

increasing in response to the needs of the biofuels industry. *F. graminearum* multiplies and persists on corn residues, FHB yield loss is greater when wheat follows corn or wheat, and DON toxins were highest when wheat followed corn.

With the increase in corn acreage in the Netherlands, a shift from *F. culmorum* to *F. graminearum* occurred. Scab has increased with no-till wheat and corn acreage in the upper Midwest, the West and Australia. The addition of corn to the rotation in Idaho and Montana's crop production may place wheat and barley production at an increased risk.

### 3) Increased aggressiveness of Fusarium Crown Rot and FHB.

Outbreaks in Montana of FHB have been severe only within the last four years. It's possible that the increase in Montana may be related to an introduction or increase of the same *F. graminearum* strains that are prevalent in the Upper Midwest. It may be that those strains are not yet prevalent in Idaho. In addition, research indicates that *F. graminearum* is causing disease in potatoes and sugar beets.

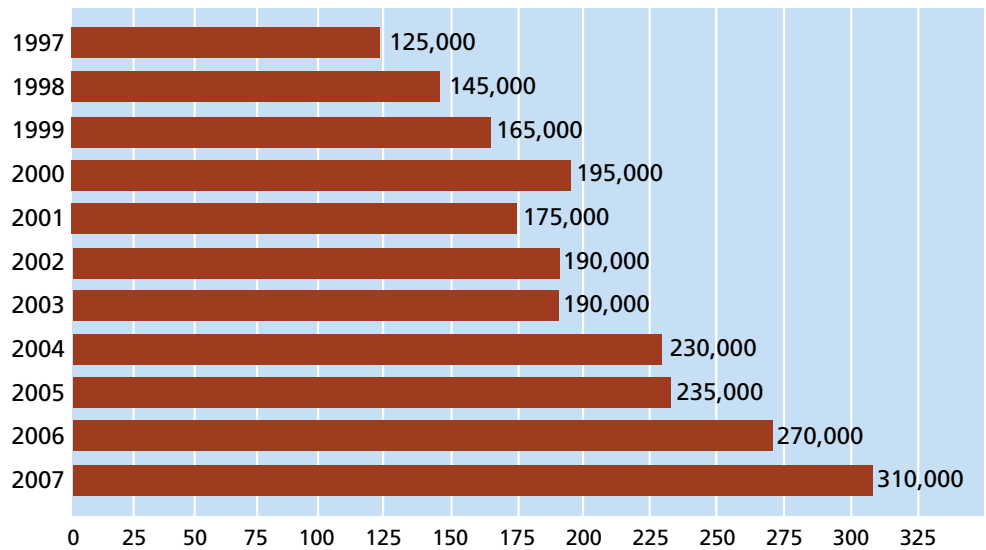
Fusarium foot and crown rot, normally a dryland production disease, has been increasing in incidence and aggressiveness in irrigated winter and spring wheat production in southeast Idaho and Montana. Head infections of *F. culmorum* resulting from heavily infected crowns and stems are also increasing under irrigation. Are both of these pathogens becoming more aggressive? If so, why?

### Control Options

With the risk factors changing for small grains production in southeast Idaho, we need research to investigate the environmental conditions under irrigated and dryland conditions that are or are not conducive to FHB. Currently available models should be tested and modified for the Intermountain West, and then utilized to predict how the change in climate, crop rotation and/or pathogen aggressiveness and prevalence of fungal strains may influence the development of FHB in the future.

What's the prognosis if the disease becomes a problem here? Controlling infection during wet weather at flowering is critical. Modifying the irrigation cycle may be possible. If the weather is favorable, fungicides applied to the head at flowering will reduce infection. Timing and coverage is critical. Some cultural practices (rotation, residue destruction) may reduce the fungus on and in the soil.

## Field Corn: Acres Planted – Idaho



The best option would be the use of resistant varieties. Since FHB hasn't been a consistent problem here in the past, few of the currently grown cultivars are resistant. However, Jianli Chen, the University of Idaho wheat breeder at Aberdeen, is screening, selecting, and breeding for resistance in many of her lines.

All of these practices will be critical to fighting the disease as there is zero tolerance for the toxins associated with the fungus. Deoxynivalenol, also called vomitoxin for obvious reasons, can accumulate in grain even at low levels of fungal grain infection.

I am not predicting that Fusarium head blight will become a serious threat to Idaho grain production. I cannot be sure. However, my opinion is "prevention is worth a ton of cure". Maybe those hot dry winds will always be there to discourage the disease. But times they are a'changin'. And I wouldn't bet the farm on it.

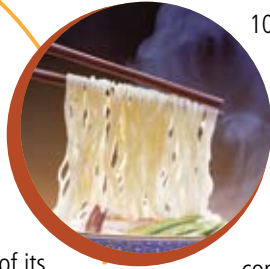
*NOTE: For additional information or references to materials included please contact Dr. Juliet Windes, [jwindes@uidaho.edu](mailto:jwindes@uidaho.edu), (208) 529.8376. ♦*





# Idaho Wheat Commission

## MARKETING REPORT



Country Director Won Bang Koh and Senior Technical Marketing Specialist Woojoon Park worked closely with the largest noodle company in Korea to develop a new flour formulation for instant fried noodle products. As a result, the company replaced a 100 percent Australian flour with a 50/50 blend of Australian and U.S. SW flour.

### IWC Marketing Report

The Idaho Wheat Commission designates a portion of its budget each year to U.S. Wheat Associates (USW), a national organization that helps promote and maintain U.S. wheat markets around the world. The following update on Soft white wheat and Hard white wheat is provided by USW.

### A Reliable, Quality Supply for Import Customers

U.S. soft white (SW) wheat exports trended up in 2006/07. At the start of the year, U.S. SW carry-in stocks were nearly 24 percent higher than in 2005/06 and even though the new U.S. crop was down, the market reacted to a strong global supply of white wheat. While challenging for U.S. producers, SW prices looked good to overseas buyers. The severe Australian drought opened new market opportunities abroad (and helped increase prices at home) and SW exports ended the year up more than 11 percent.

### Taking Advantage of Unmet Needs

In the vacuum created by Australia's short crop, USW held technical short courses for three large Indonesian biscuit manufacturers who then implemented flour specifications favoring SW and other U.S. white wheat sub-classes. Indonesia's U.S. wheat imports surged nearly 320 percent in 2006/07, including increases of more than 500,000 MT for SW and 30,000 MT for HRS.

When Sri Lankan millers tendered early in 2007 for white wheat, monopoly exporter AWB int. could not fill the order because it decided to serve other, "more important" customers first. U.S. growers consider all their customers important and USW seized the opportunity to discuss U.S. reliability, quality and choice. The result: 114,000 MT of SW sold for the first time in many years in a growing market.

South Korea has gradually reduced Australian wheat imports since November 2006. To take advantage of this opportunity, USW

### Opening New Soft White Markets In Latin America

USW works closely with Pacific Northwest wheat commissions, as well as federal and independent organizations such as the Wheat Marketing Center in Portland, Ore., to open new SW markets.

U.S. SW sales in Latin America in 2005/06 grew to 293,000 MT, an increase worth at least \$50 million, as USW and its partners helped Central and South American processors meet a growing demand for Asian-style noodles. USW also helped Guatemala and El Salvador import high-quality white wheat in "grocery boats" that help reduce freight costs for smaller volume purchases. SW exports to Guatemala doubled in 2006/07 to 84,000 MT and increased 30 percent to El Salvador.

### Additional Market Development Activities

Responding quickly to a request for advice on tender specifications yielded a nearly 200,000 MT jump in SW imports by The Yemen Economic Corp (YECO).

Helping Oman Flour Mills promptly solve some critical business challenges paid off handsomely when Oman Flour Mills bought a large shipment of SW — a purchase made, the buyer said, as a direct result of USW support.

Among countries importing U.S. white wheat in 2006/07, the five largest customers were:

#### Top 5 PNW Wheat Exports by Destination June 2006-May2007

Country	White (1,000 bu)	HRW (1,000 bu)	HRS (1,000 bu)	HWW (1,000 bu)	Total (1,000 bu)
Japan	24,202	32,385	61,516		118,103
Philippines	28,185	407	34,508		63,100
South Korea	22,018	8,223	13,204		43,445
Taiwan	4,299	10,585	21,758	703	37,345
Egypt	30,089				30,089

# RESEARCH REPORT

## VARIETY SURVEY REVEALS GROWERS' PREFERENCES

A large portion of IWC's research budget goes toward the development of new varieties. Cultivars having improved disease and insect resistance, increased yield potential and good end-use quality, help increase the profitability of wheat production in Idaho.

The Wheat Variety Survey conducted by USDA's Idaho field office details the popularity and distribution of wheat varieties across the state. This information helps focus IWC priorities.

### The 2007 Variety Mix

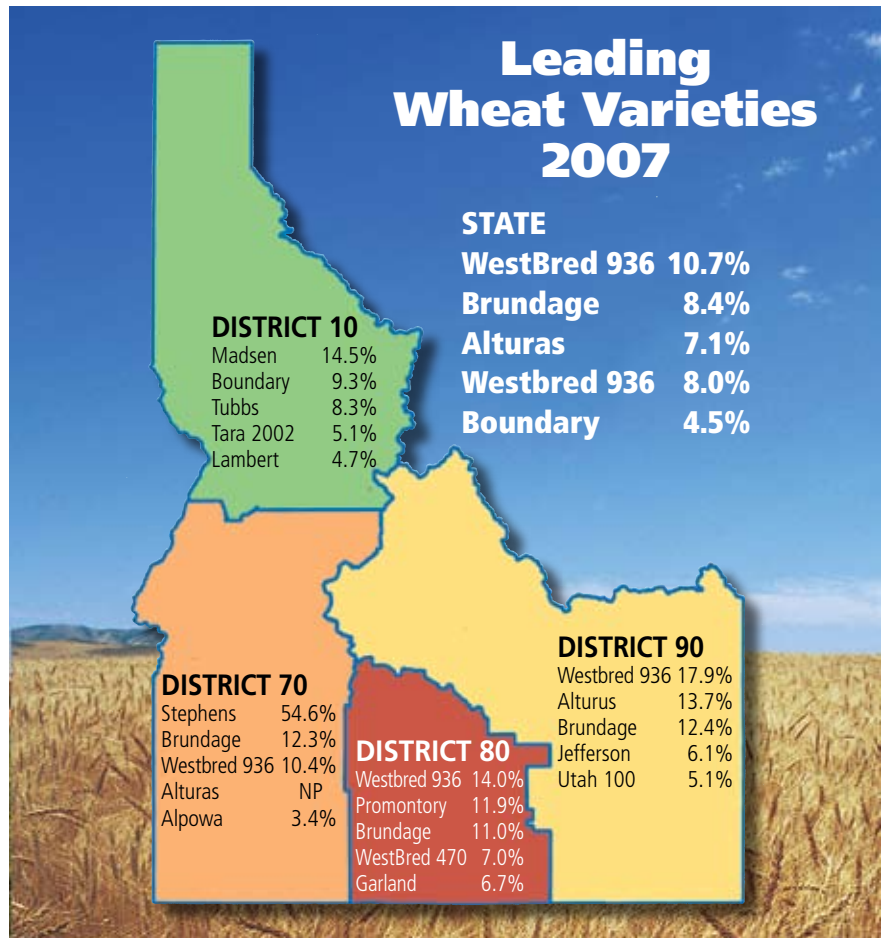
Westbred 936, a hard red spring, was the most popular variety in Idaho for the second consecutive year. Statewide it accounted for 10.7% of all wheat planted. Brundage, soft white winter, came in second, with 8.4% of wheat seeded acres. Other varieties in the top 5 included Alturas, soft white spring, Madsen, a soft white winter and Boundary, a hard red winter. Local favorites are shown on the map.

One variety of note in the top 10 was Stephens, now 30 years old. It was grown in all 4 Idaho districts. Although it hasn't been among the top 3 varieties since 1999, this year's survey indicates it was planted on 52,000 acres, and is still the record to beat for longevity.

### Unique Benefits

There are dozens of wheat varieties available, each providing a different package of benefits depending on individual farming conditions.

The most recently released variety in the top 20 list was released in 2004, followed closely by several released in 2002. Once a variety is released it takes time to make its way through the system. Over half of the top 20 favored varieties were released



nearly a decade ago. Twenty (20) varieties account for over 70% of planted acres.

### Class Mobility

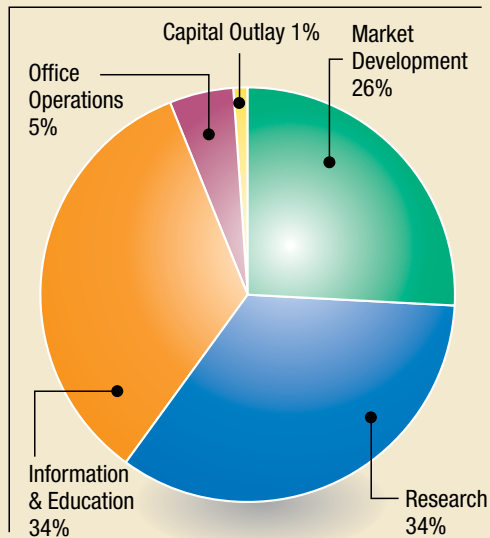
Favored varieties also denote changes in supply/demand ratios, pests, global weather trends and cost of inputs. Varieties are class specific.

Idaho is one of the few places in the world where 5 different classes of wheat can be grown: hard red winter, hard red spring, hard white, soft white and durum. Growers are quick to change to address local concerns and accommodate market demand. The following table provides a snapshot of the flexibility that growers used to meet changing conditions.

Markets change, farming techniques change, consumer demand changes. A diversity of varieties within each class, suited to Idaho's many environmental challenges is imperative for growers' success.

Year	HRW	HRS	Soft White	Hard white/other
1987	19%	17%	60%	4%
1997	12%	12%	75%	1%
2007	22%	19%	50%	9%

## Idaho Wheat Commission FY 08 Budget \$1,858,198



### DID YOU KNOW? *Hard White Demand is Growing*

In May, the Taiwan Flour Mills Association announced it would sign a letter of intent to buy 60,000 MT of U.S. hard white (HW) wheat in 2008 and 90,000 MT of HW in 2009 — additional evidence of growing demand for this emerging class. Major milling groups in Mexico want to buy up to 100,000 MT of HW in 2007/08. South Africa and other countries in the region are also very interested in HW. “The trading company for a large South African milling company wants to buy 100,000 MT of HW if it is available at acceptable quality and competitive prices,” said USW’s Regional Vice President, Sub-Saharan Africa, Ed Wiese.

The USW Hard White Wheat Committee is working with both private and public resources to develop strategies to help bring the HW supply chain to a point where producers know there is reliable, profitable demand and buyers know there is a reliable, high-quality supply at a competitive price.



Taiwan Flour Miller’s Association met with Governor Otter, Idaho Wheat Commissioners Gordon Gallup, Jim McDonald and Idaho State Director of Agriculture, Celia Gould in July to discuss contracting more Hard White Wheat from Idaho farmers.

## INFORMATION & EDUCATION REPORT

**T**he Idaho Wheat Commission invests in the Idaho Grain Producers Association (IGPA) and National Association of Wheat Growers (NAWG) to help advocate for positive government policy for Idaho’s wheat growers.

IGPA serves the grain producers of Idaho by representing their production interests at the county, state, and federal levels. “When the 9th Circuit Court of Appeals effectively pulled the rug out from under open field burning in Idaho, IGPA took the reins in working with state and federal agencies to reinstate responsible crop residue burning,” said Travis Jones, IGPA Executive director. “Although we’ve not yet accomplished our goal, IGPA continues to play a major role in the negotiating process to restore this important management tool for Idaho growers.”

IGPA is also actively involved in shaping policy at the national level. “We’ve been instrumental in working on the Farm Bill,” said Jones. “IGPA members have been involved in meetings with Members of Congress and USDA to communicate their needs and concerns for the Farm Bill.”

“The Idaho Wheat Commission would like to congratulate IGPA on their 50th year anniversary,” said Chairman Gordon Gallup. “As a Past-President of IGPA, I am keenly aware of the outstanding work IGPA does on a daily basis for Idaho wheat growers. Without IGPA we’d all have less money in our pockets.”



Dar Olberding, IGPA Lobbyist, Tim Dillin, IGPA President and Wayne Hurst, IGPA Past President discuss Field Burning prior to meeting with Governor Otter.

At the national level, NAWG serves as the eyes and ears for state wheat organizations from its office on Capitol Hill. NAWG is in daily communication with state associations and those in Congress, the USDA and other government agencies and organizations.

NAWG has been at the forefront in working with Congress to ensure that wheat growers’ interests are represented in the Farm Bill. NAWG will continue to work with the Senate Ag Committee and USDA to help achieve a Farm Bill that will

be equitable to wheat growers.

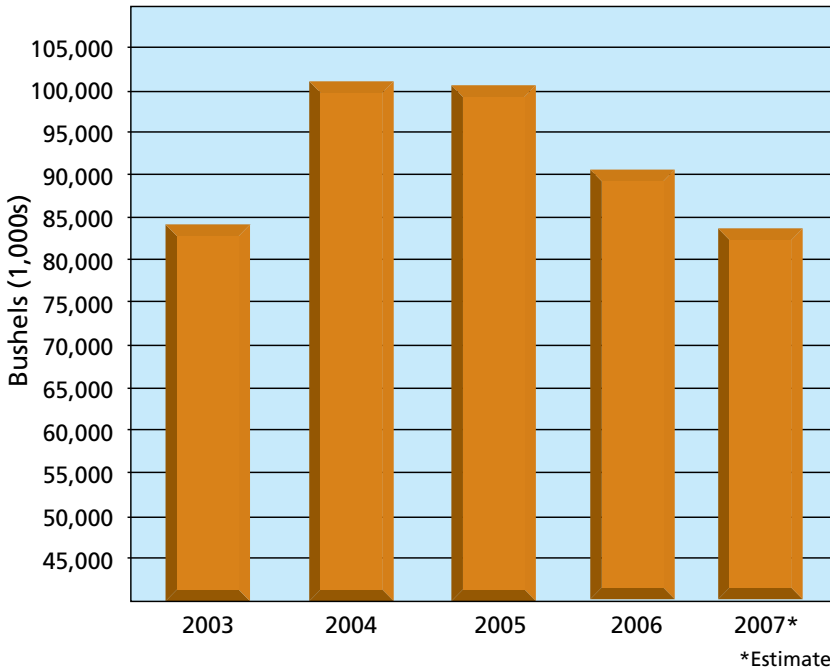
If you’re interested in learning more about farm policy, legislation or the work that NAWG is doing for wheat growers, check out their website at [www.wheatworld.org](http://www.wheatworld.org).





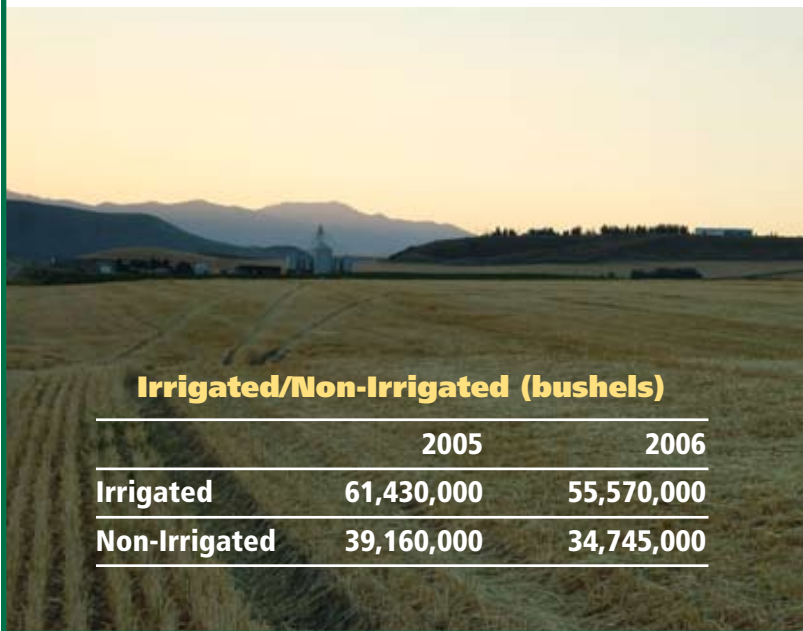
# 2007 Idaho Wheat Facts

## Wheat Production in Idaho (Crop Year)



## Consistency is Important

Nearly two-thirds of Idaho's wheat is grown under irrigation in the high desert of southern Idaho. The availability of such tightly controlled growing conditions over such a large acreage produces a reliable supply of wheat — a commodity much sought after by buyers worldwide.



### Irrigated/Non-Irrigated (bushels)

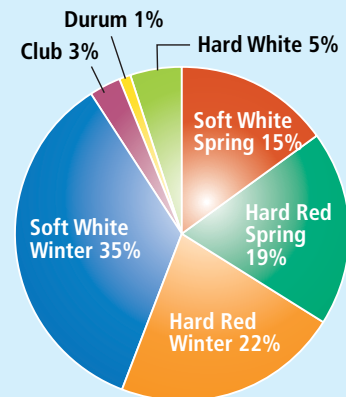
	2005	2006
Irrigated	61,430,000	55,570,000
Non-Irrigated	39,160,000	34,745,000

Idaho is one of the few places in the world where buyers can find five different classes of wheat in one place.

The class is determined by its hardness, the color of its kernels and by its planting time. Each class of wheat has its own characteristics related to milling, baking or other food use.

- Soft white winter and spring: pastries, cakes, crackers, cookies, cereals, snack foods
- Hard Red Spring, Hard Red Winter: pan/flat breads, Asian noodles, bagels
- Hard White: yeast breads, Asian noodles
- Durum: pasta

### 2007 Acres Planted by Class: % of Wheat Crop



## 2007 Crop Quality Reports Completed

Knowing how milling and baking characteristics of our wheat classes may differ from previous years helps wheat importers and domestic users adjust contract specifications and production lines.

US Wheat Associates works closely with state wheat commissions and other industry partners to complete annual benchmark comparisons.

To view crop quality data check the US Wheat Associates website [www.uswheat.org](http://www.uswheat.org).

Also see the Idaho Wheat Commission website under 'links' click on US Wheat Associates.





# Why Participate in USDA-NASS Surveys?



By Bill Meyer, Director Idaho Field Office



Those 'government' surveys! Why should I participate? I often get asked that question.

My answer is always the same — because the results of the surveys are used for decisions and programs that directly affect growers in ways that can influence the production, marketing and sale of crops.

Let's face it, no one likes filling out surveys. However, to ensure that decisions and policy are based on sound data we need your help. Regulations, policy, and other decisions will continue to be made with or without factual data to back them up.

## How is the Data Used?

### **Farm Bill.**

For recommendations to carry any weight in Congress, they have to be based on facts. How could you write a good Farm Bill policy proposal without accurate information on the current state of your industry, as well as its past history? Furthermore, the House and Senate Agriculture committee economists and other staffers heavily re-

lied upon NASS data as they considered the many Farm Bill proposals.

### **Direct and Counter Cyclical Programs.**

Do you participate in any FSA farm programs? FSA directly uses NASS commodity price and crop acreage, production, and yield estimates for calculating commodity loan rates and disaster payments, used in the Direct and Counter Cyclical Program and for administering the Loan Deficiency Payment Program.

### **Wheat Costs & Returns Survey.**

Every 5 years NASS collects data on the cost of production for raising wheat. The results of this study provide valuable insights into the economic health of Idaho's wheat farms, including the determination of what it really costs to produce a bushel of wheat to-

day. Decision makers working on legislation, proposed regulations, and numerous other policies and programs affecting wheat farmers need this information!

The wheat costs and returns study complements a production practices

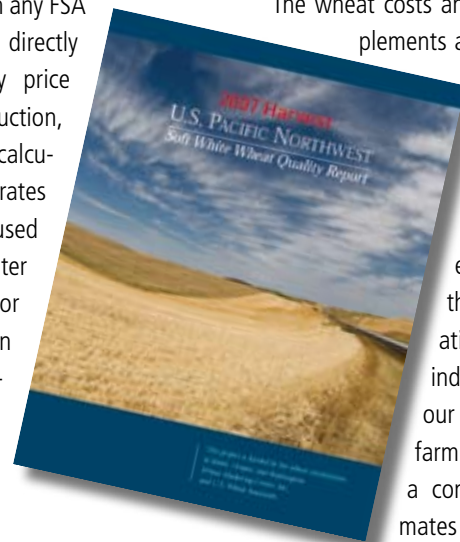
and chemical use study. The results of these two comprehensive surveys are the 'go-to' sources for information on the farm financial situation, which is also an indicator of the state of our rural economics. The farm income estimates are a component in the estimates of personal income, which are used to allocate billions of dollars in Federal funds and matching grant monies to States. It is also used in the assessment of tax policy changes.

Consider if that information were not available, analysis would be based on only personal financial information reflecting urban and suburban populations.

### **Wheat Quality Survey.**

Have you ever provided a bucket of wheat to one of our field staff to send to the Wheat Marketing Center (WMC) in Portland to be tested? Each year the WMC, U.S. Wheat Associates, and the Wheat Commissions of Idaho, Oregon, and Washington fund the Soft White Wheat Quality Survey.

In 2007 almost 500 wheat samples were graded and put through multiple wheat and flour quality, physical dough properties, and finished product tests, based on production zones and protein levels. This information is used to market Pacific Northwest (PNW) wheat to foreign and domestic buyers.



### Who Else Uses NASS Data?

- Federal Crop Insurance: NASS statistical data including average annual prices, acreage and production play an integral part in the development and maintenance of each individual crop insurance program. Data is also a critical element for the disaster year's mitigation procedures, which put a floor on coverage for producers impacted by multi-year losses.

- Bankers use the data for trend analysis, risk assessment and to make branch agricultural loan allocations.

- Land use planners and regulators use the data for assessing the impact to agriculture of proposed land use changes.

- Economists and policy makers evaluate losses from disease and pest outbreaks with the data and assess the impacts of volatility in the cost of inputs, such as the price of nitrogen fertilizers.

- Decision makers use the data to make processing, transportation, storage allocations and biofuel facilities decisions.

We want to provide the facts—tell the story—as best we possibly can, accurately and on time. We do not project into the future, or make speculations. We leave that for the economists and analysts. But we need your continued cooperation and support to ensure that the statistics are representative and accurate.

All information provided for the surveys and for the Census of Agriculture (mailed out on December 28, 2007) is kept confidential by law under Title 7. It is never shared.

Finally, and most importantly, I want to "thank you" for your continued help and support. It is something that we cannot say often enough. We could not do our job serving agriculture without growers' input.

*For more information please contact the NASS Idaho Field Office; 800.691.9987. ♦*



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# Increasing Donut Demand in the Philippines



Evaluating test donuts at the Wheat Marketing Center in Portland.



Whether dipping them in coffee or milk for breakfast, getting a quick energy boost during the day, or serving them a la mode after dinner, donuts have served US consumers well over the years.

Donuts have been around since pre-historic times, although the first recipes recorded come from the Dutch who took sweet dough balls and fried them in pork fat. Removing the centers ensured they would be cooked throughout. By World War I the doughnut in America was well established. By the 1940's and 50's we had Krispy Kreme and Dunkin' Doughnuts. The rest is (recent) history.

Now this favorite food is expanding in the Philippines with the help of US Wheat



Associates, the Wheat Marketing Center in Portland and the Idaho Wheat Commission.

## Asian Products Collaborative

The Asian Products Collaborative (APC) program is an on going joint project of US Wheat Associates, the Wheat Marketing Center, and several state wheat commissions including the Idaho Wheat Commission. The APC brings millers and wheat product manufacturers to Portland so they can get hands on experience using our wheats in new ways. Recently a group from the Philippines tested some of our wheat varieties in donuts, focusing on hard white wheats.

Although the US has market share in the Philippines, continued market development



Team members see how flour quality affects donuts.



A donut stand in Manila is a favorite stop for merienda, a mid-afternoon snack.

efforts are needed to identify new market opportunities and expand use. Understanding the unique qualities of our varieties and the best ways to use them, help offset the freight and price advantages of other suppliers.

There are yeast style and cake style donuts. The yeast type is closer to its origins with a good deal of air between layers. The cake style has a heavy, dense body. Yeast donuts make up 70% of the market in the Philippines, while cake donuts make up the remaining 30%.

### The Philippine Potential

According to Mike Spier, Assistant Re-

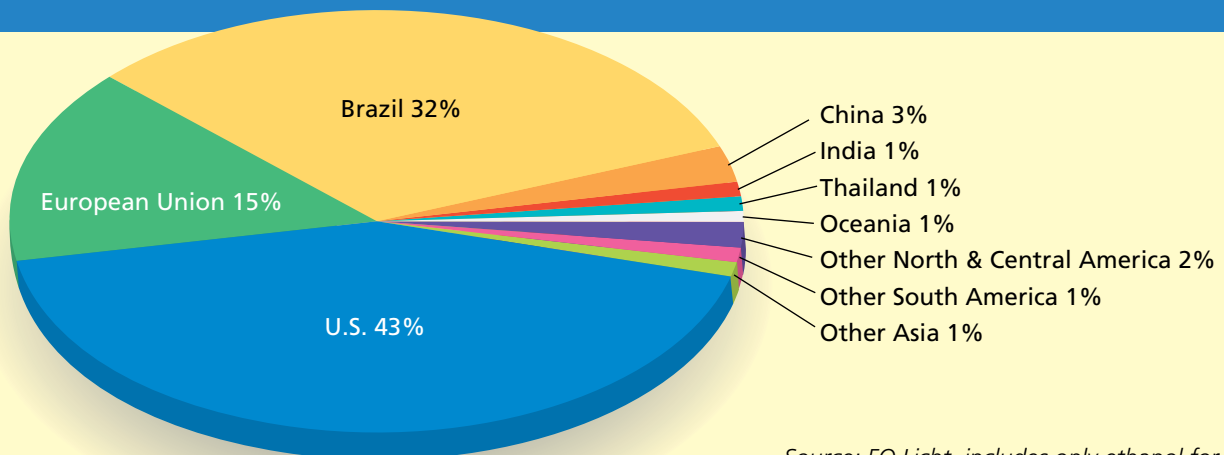
gional Director US Wheat Associates in Manila, the donut industry has grown over the past five years. The main players consist of several local companies and some familiar names like Mr. Donut (the largest with 1,140 outlets) and Dunkin Donuts.

Krispy Kreme entered the market last year and already has 5 outlets set up. Spier says that "there is a local tradition that someone traveling abroad brings back a gift called "pasalubong." Krispy Kreme donuts were a popular pasalubong gift prior to the company entering the local market. At the airport it was not unusual to see lots of Filipinos returning from the US with 2-3 boxes of Krispy Kreme donuts for family and friends."

Local manufactures use the same equipment and ingredients as we do, but there are some interesting local variations. Top selling local flavors include mango cream, pandan and ube (a sweet, purple yam). Strawberry and chocolate cream filled donuts are also very popular.

In 2006 The Philippines imported a total of 2.08 million metric tons of wheat, mainly from the US. While donuts represented only a small portion of total flour consumption, indications are that there is room for maybe another 1-2% growth. With a population of 86 million and growing – helping to improve industry expertise using Idaho wheat will continue to be a 'sweet' deal. ♦

## About 90 percent of global biofuel production is concentrated in U.S., Brazil, and Europe, 2007



Source: FO Licht, includes only ethanol for fuel.

# Rust Proof! Idaho Experts Search for Stem-Rust-Resistant Wheat



Somewhere, village farmers might still grow traditional wheats that could hold the remedy for stem rust. Killer races of that plant disease newly threaten wheat around the world.

The traditional, locally grown wheats may just happen to have genes that could fend off rusts now emerging in east Africa. That's according to plant pathologist J. Michael Bonman, who leads the ARS Small Grains and Potato Germplasm Research Unit at Aberdeen, Idaho.

Scientists refer to these local wheats as "landraces." These plants are targets of

the Idaho team's fast-paced, high-intensity search for untapped sources of stem-rust resistance.

That's the case even though local wheats have their share of drawbacks. "They tend to be too tall for what we need in modern agriculture," says Bonman. And though they're well adapted to certain regions, local wheats are generally unadapted to the soils and climates of America's major wheat-growing ecosystems, he says.

But local wheats are, in general, easier to work with than wild wheats. Notes Bonman, "If you crossbreed, or hybridize, a local wheat with a commercial wheat, you'll be closer to getting a market-ready wheat than if you started by crossing a wild wheat with that same commercial wheat."

Bonman and others are confident that local wheats warrant careful attention as potential reservoirs of rust-resistance genes that could rescue other wheats from the threat of this formidable fungal disease. And thanks to years of work by generations of plant explorers, breeders, and others, seeds of 25,000 different kinds of local wheats are already at hand in Aberdeen. They're among the nearly 60,000 wheat types stored there. The collection serves as America's official genebank of wheat—and wheat relatives like emmer and spelt—from around the planet. Curator and agronomist Harold E. Bockelman manages this treasure trove of wheat seeds and plants.

## The Collection: Is an Answer Hidden Within?

To learn more about the rust resistance of the genebank's local wheats, Bonman and colleagues combed decades-old records of the disease-fighting prowess of nearly 8,500 specimens. Plant pathologist Don V. McVey, now retired from ARS's Cereal Disease Lab

in St. Paul, Minnesota, created those records when he tested the plants, beginning in 1988.

Though McVey couldn't have exposed the plants to the new races now damaging wheatfields of east Africa, his test results are nonetheless relevant and are an important starting point, says Bonman.

The new analyses of McVey's findings revealed notable resistance in wheats from several places, including Chile, Ethiopia, Turkey, and Bosnia and Herzegovina. "We need to intensify our analyses of genebank landraces that originated from these areas," says Bonman.

In related work, Bonman and coinvestigators used a computerized, math-based model to evaluate 10 telling traits of nearly 3,000 local wheats. Those traits included resistance to stem rust relatives, such as stripe rust and bunt, and the ability to fend off attack by a devastating insect foe, the Hessian fly.

The analysis pinpointed more than 200 wheats that had "anywhere from a 50-percent to a 70-percent probability of being resistant to stem rust," says Bonman. He did the work with Bockelman and with ARS plant pathologist Yue Jin of the St. Paul lab; mathematician Ann Inez Gironella, Idaho State University-Pocatello; and Geographic Information Systems researcher Robert J. Hijmans at the International Rice Research Institute, Manila, Philippines. They documented their results in a recent issue of *Crop Science*.

## Wanted: Survivors

The new geographical data and data from the model help the scientists choose wheats to ship from Aberdeen to Africa. There, special research nurseries—in Kenya and, more recently, Ethiopia—operate in the heart of the rust epidemic.



Plant pathologist Mike Bonman, left, and molecular biologist Eric Jackson examine wheat plants from the National Small Grains Collection in a stem rust screening plot at Aberdeen, Idaho.



But not all seeds will make the trip. "There isn't enough space in the nurseries to test all our landraces at once," says Bockelman.

For the tests, Aberdeen plant pathologist Blair J. Goates has solicited seeds from dozens of companies and university and government plant breeders throughout the United States. It's one way to ensure that the best of their best, along with promising landraces from the Aberdeen genebank, are among those considered for a coveted planting space abroad. Goates is doing the work with members of U.S. committees organized to create superior wheats and barleys for future use.

Once the tough choices are made, Goates makes certain the selected seeds are free of insect pests and diseases before they are shipped.

The Kenyan nursery is now in its third year. The Ethiopian research plots were planted for the first time this spring. Both are managed by the International Maize and Wheat Improvement Center, or CIMMYT, and Ethiopian and Kenyan collaborators. Already the nursery studies are yielding timely, reliable results about rust resistance.

These findings should benefit not only wheat, but also several other kinds of grain-bearing plants growing in the nurseries—all likely to be vulnerable to the new stem rusts. Among them are barley and triticale, a wheat-and-rye hybrid. Like the wheats, some of these other grains are from the Aberdeen genebank.

ARS's involvement in foreign nurseries situated where a plant disease is at its worst has already proven its worth in other preparedness projects. In the early 1990s, for instance, ARS agronomist Darrell M. Wesenberg, now retired from Aberdeen, helped orchestrate tests of genebank barleys in fields near Cochabamba, Bolivia. A fungus that causes barley stripe rust was out of control there.

The upstart rust eventually invaded the United States. But thanks to the Bolivia research and to parent plants conserved at Aberdeen, Wesenberg and Colorado coinvestigators were able to offer barley



**Cages used to enhance rust-disease development for resistance testing at Aberdeen, Idaho. Testing is over, so the cage lids have been removed.**

breeders and seed producers a new, stripe-rust-resistant barley called "Bancroft."

### **Partial Resistance: Best Bet?**

Now Aberdeen scientists are augmenting the overseas tests with additional experiments closer to home. Molecular biologist Eric W. Jackson is putting some promising traditional wheats through their paces to see how plants react to Idaho races of stem rust.

Jackson hopes to pinpoint resilient plants that can tolerate a low level of infection. Though infected and colonized by the rust microbe, the ideal plants "wouldn't have any economic damage," he says.

It's a "live and let live" strategy that Jackson says may offer a longer lasting solution than absolute resistance.

"If you go with complete resistance," he explains, "you're putting selection pressure—survival of the fittest—on the rust fungus. You're forcing it to evolve so that it can overcome the plants' resistance. This pressure means you may end up with a more virulent strain of rust than you had in the first place." Partial resistance may be the work of several genes, not just one, he notes. That could further broaden and deepen this eco-friendly defense.

Seeds from the Aberdeen collection are commanding a starring role in Jackson's tests, just as they are doing in the faraway fields of Africa. Rich and diverse, the collection offers new hope of protecting the world's amber



**Plant pathologist Blair Goates (left) and agronomist Harold Bockelman prepare seed samples from the National Small Grains Collection to be sent to east Africa for testing against new races of the stem rust pathogen.**

waves of grain.—By Marcia Wood, ARS. ♦

*This research is part of Plant Genetic Resources, Genomics, and Genetic Improvement, an ARS national program (#301) described on the World Wide Web at [www.nps.ars.usda.gov](http://www.nps.ars.usda.gov).*

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# Global Barley Market Report

## MY 2007-08 Grain Market Outlook Remains Bullish but Volatile

- MY 2007-08 supply and demand fundamentals have supported a sharp price rally this year, with wheat leading the gains last spring as world carryover projections fell to 30 year lows. Soybeans have been the recent price leader.
- Corn has held strong values this fall despite seasonal harvest pressure due to extraordinarily strong domestic (ethanol) and export demand, along with a need to secure sufficient acres to fuel the ethanol boom next year.
- Quality malting barley supplies are in short support globally, with prices rising sharply through harvest and into the fall.
- Many analysts believe current global grain fundamentals will prevent a near-term price slide, but are not considered strong enough to drive prices higher.
- Outside market influences – crude oil at an all time high and the US dollar at an all-time low – have provided supportive market psychology, but a downside correction is expected at some point. The trick is knowing when.

### ■ Barley

- World barley production is estimated down 2% this year to 134.5 MMT, with consumption outpacing production. US production is 18% bigger at 4.6 MMT.
- World barley supplies are estimated 6% lower at 155 MMT. US supplies are down 3% to 6.1 MMT.
- World barley trade is expected to increase 4% to 15 MMT. US exports are projected to increase by a full 100% to 1 MMT.
- World barley consumption is pegged to decrease 4% to 139.6 MMT. US usage is expected to decrease 5% to 4.4 MMT.
- World barley carryover stocks are estimated to decline for the third consecutive year by 25% to 15.5 MMT. US carryout is projected to also decline by 26% to 1.1 MMT.

## US Grain Balance Sheet, USDA, Nov. 9, 2007 (million bu)

	BARLEY		WHEAT		CORN	
	2006-07	2007-08 Nov. 9	2006-07	2007-08 Nov 9	2006-07	2007-08 Nov. 9
<b>Beg stocks</b>	108	69	571	456	1,967	1,304
<b>Production</b>	180	212	1,812	2,067	10,535	13,168
<b>Imports</b>	12	20	122	90	12	15
<b>Total Supply</b>	300	301	2,505	2,613	12,514	14,487
<b>Food, seed &amp; industrial</b>	156	150	1,015	1,026	3,488	4,590
<b>Ethanol</b>		50			2,117	3,200
<b>Feed</b>	56		125	125	5,598	5,650
<b>Exports</b>	20	50	1,140	1,151	2,125	2,350
<b>Total usage</b>	231	250	2,049	2,301	11,210	12,590
<b>End stocks</b>	69	51	456	312	1,304	1,897
<b>Ave. farm price</b>	\$2.85	\$3.55-4.15	\$4.26	\$5.90-6.30	\$3.04	\$3.20-3.80

USDA World Supply & Demand Estimates, Nov. 9, 2007

### ■ Coarse Grains

- World coarse grain production is estimated 8% higher at 1,054.4 MMT. The US crop is now pegged to increase 26% to a record 354 MMT.
- World coarse grain supplies are estimated to be 4% bigger at 1,189 MMT. US supplies are estimated to increase 15% to 390 MMT.
- World coarse grain trade is expected to increase 5% to 119.4 MMT. US exports are expected to increase 15% to 68 MMT.
- World coarse grain consumption is pegged to increase by 4% to 1,054 MMT. US usage is expected to jump 13% to 274 MMT.
- World coarse grain carryover stocks are estimated to increase just slightly to 135.2 MMT. US stocks are expected to increase by 42% to 51.4 MMT.

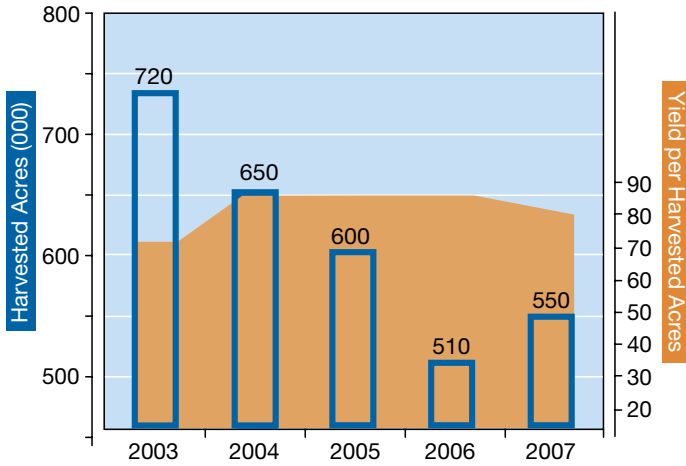
### ■ Wheat

- World wheat production is estimated 2% higher at 603.3 MMT, with consumption staying about right in line with production. The US wheat crop is estimated 14% bigger at 56.2 MMT.
- World wheat supplies are expected to decline 2% to 727 MMT. US supplies are 6% higher at 68.7 MMT.
- World wheat trade is expected to fall 8% to 105.5 MMT. U.S. exports are estimated to increase 26% to 31.5 MMT.
- World wheat consumption is projected to increase moderately to 618 MMT. U.S. consumption is expected to remain steady at 31.3 MMT.
- World wheat carryover stocks are estimated to decline again this year by 11% to 110 MMT. US stocks are pegged to fall 32% to 8.5 MMT.

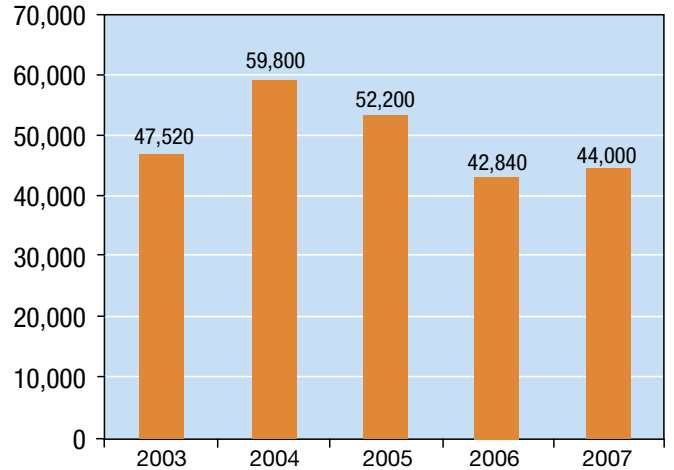


# Barley Statistics

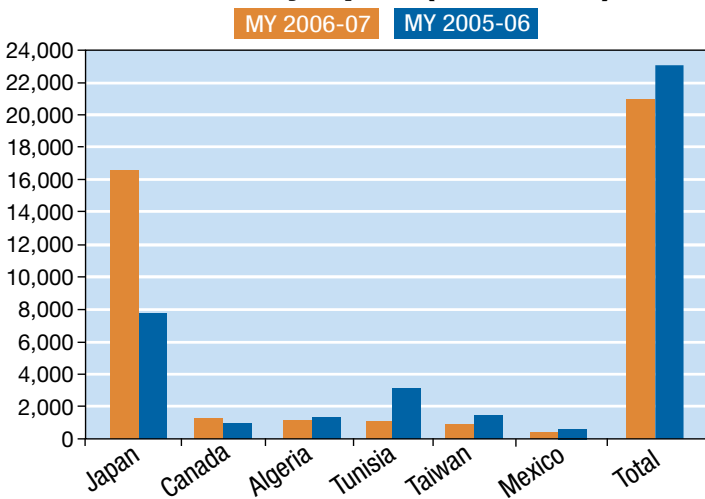
### Idaho Harvested Acres and Yield



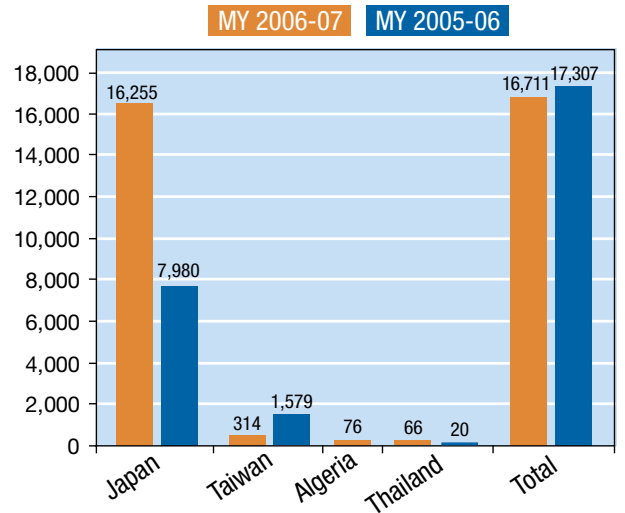
### Idaho Barley Production (000 bushels)



### US Barley Exports (000 bushels)



### PNW Barley Exports (000 bushels)



### Monthly Average Prices for Idaho & US Barley

