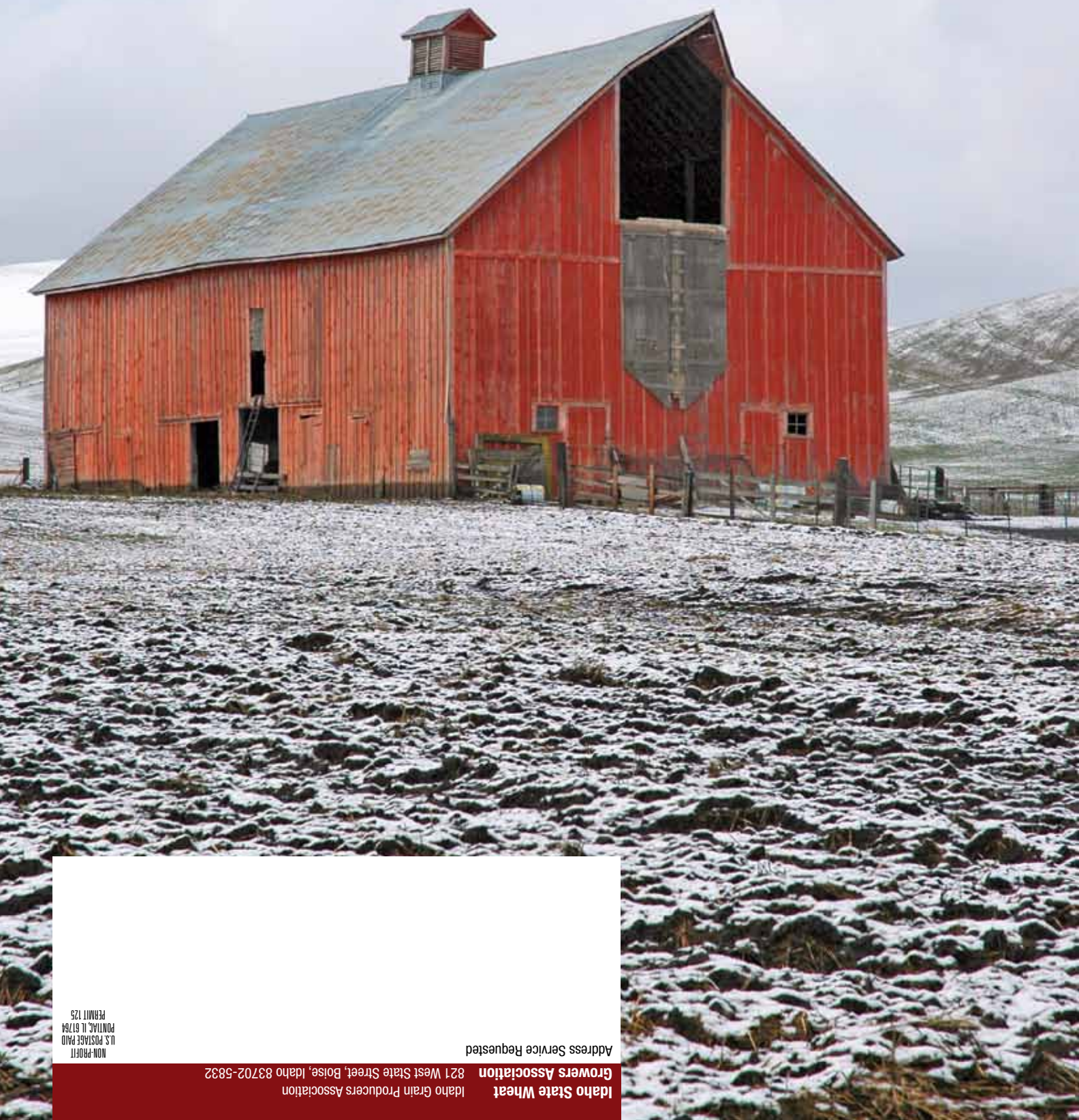


IDAHO GRAIN

THE IDAHO GRAIN PRODUCERS ASSOCIATION MAGAZINE

Winter 2012



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Timing

Whether it's the punch line to a well delivered joke, or a rain for our crops, Timing is everything. For instance, this article is due now, and though you won't read it for a month, if it were even a week or two later, I might be able to recap what we did at Full Board next week, or Convention the following week, or

how a pending Farm Bill may impact the Idaho Grain industry.

But the timing for action in Congress is off for that, and though over 90 different Farm groups have come together calling for action on a farm bill, and held a rally in DC in September called "Farm Bill Now", leadership in Congress kicked the can down the road again and we can only hope they will work on it in a lame duck session after the election. Maybe we will have something by the time you read this. As for convention and full board, I hope to report that IGPA has done a good job listening to and representing your needs and interests, on the local, state, and national level.

Back to that timing thing, lack of rain in the Midwest caused a projected 14 Billion bushel corn crop to shrink to about 10 billion bushels. So what you ask. Anyone care to guess where wheat and barley prices would be now if normal rains had come in a timely manner in the Corn Belt? My guess is around \$5, so once again the timing of rain either benefited or dealt a blow to Agriculture. Seems like a good thing that we have Multi-peril crop insurance available to buffer against the forces of nature. And the timing of cold air masses, high tides, and tropical storms has dealt a blow to the East coast this past week. I think there will be many in Agriculture and the rest of America that may be glad to see 2012 in the rearview mirror. Much of Idaho agriculture had average or better crops, thanks to irrigation or timely rains in the northern part of the state, and will again be the main contributor to the economic health of the state.

On a final note, it has been a pleasure and an honor to serve you this year as President of IGPA. The friendships and connections developed are the best payment for this job, as well as the education gained through the years of going up the chairs. I wish I could report that it has been a perfect year, but though we had good crops, our family has dealt with personal losses this year. Here's to hoping 2013 is better for us all.

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WHEAT



BARLEY



WHEAT & BARLEY

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Reflection



The fall season is here and, like it or not, Old Man Winter has cracked open his front door.

Idaho farmers spend countless hours in the tractor and out in the fields prepping and planting their fields for the winter. From the information I've gathered from growers across the state, this fall proved tricky. Most were waiting on some moisture to soften up the ground. Some had no choice but to plant deep in soil that was essentially dust.

The weather problems and general timing certainly affected my work as well. Every fall I embark on a tour of the state with a mission to visit the meetings of each "organized" count in Idaho – those 21 counties in which a nexus of farmer-leaders exists to represent and advocate for the area's growers.

The challenges of this year's fall weather coupled with the sugar beet and potato harvest definitely impacted the ability of some counties to host their meeting. Out of these 21 counties, 14 found a way to squeeze in their meeting while stressing about preparing for the winter.

Even with Mother Nature's curveball, the meetings were quality ones. It's humbling to see the efforts made by county farmer-leaders, and in many cases their spouses, to ensure the meeting happens and is successful. I enjoy seeing the faces of those who understand the importance of, and value, their membership with the IGPA.

I provide to county attendees a report of the IGPA's activities and priority issues, while attempting to impress upon each person present that engaging in the often bizarre and confusing world of public policy is relevant and vital to their livelihoods. Some folks I do reach with my message. Some farmers, not previously members, sign up right on the spot. Others are simply not interested and come for the free meal.

Regardless of the latter, I learn from the farmers attending these meetings as much or more as they might glean from me. That's the whole point of these meetings – to serve as an "intelligence gathering" event where county leaders and I can hear what issues and challenges Idaho growers are facing. With direction from the IGPA Board of Directors, my job is to turn that intelligence into action.

The action begins with the next step – the fall meeting of the Board. The Board and the IGPA's four main formal committees meet just before the annual convention. Committees discuss and debate a wide variety of issues – some of which result in policy statements or resolutions.

I compile these proposals from each committee and place them in front of the IGPA's general membership at the annual convention. The membership gets their shot at evaluating the work of the committees, and the opportunity to add their own input.

The IGPA's business culminates with a round of voting during the annual banquet and membership meeting. By the end of the night, the IGPA has approved a list of priorities and a general direction governing its activities and priorities for 2013.

This sequence of events can be overwhelming and exhausting for your IGPA staff – but the process and outcome is gratifying. While not perfect, the process is effective at providing each Idaho grain farmer an opportunity to voice his or her opinion about how the Association can best keep them profitable and secure for the future.

I have had some active farmers and Idaho-based industry executives quizzically approach me wondering why more Idaho farmers aren't involved with the IGPA. I smile and respond that we share the same puzzlement. There's nothing new to the cliché phrase, "20% of the people doing 80% of the work".

As we each prepare for the winter season and the New Year, I hope that Idaho's grain farmers seize the opportunity to join the IGPA in 2013. There is a support infrastructure in place to engage growers in the issues that impact their future. That infrastructure slowly crumbles with every farmer who does not do their part to maintain it.

I am grateful for those county and state farmer-leaders who have and continue to sacrifice a little time and effort in support of the Association and its mission.

Happy Holidays!



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IGPA President Attends National Rally for Farm Bill Passage

On September 12, 2012 farmers from around the country put on business suits and headed to the Capitol lawn Wednesday, united with nutrition, energy and conservation advocates in a clear message: pass a farm bill, now.

IGPA President “Genesee” Joseph Anderson was one of 400 supporters representing more than 90 groups at the rally. With the U.S. Capitol building serving as the backdrop, farm leaders gave speeches pressing the need for congressional passage of the comprehensive legislation.

National Association of Wheat Growers (NAWG) First Vice President Bing Von Bergen, a Montana wheat and barley farmer, spoke to the message alongside representatives of the American Farm Bureau Federation, American Farmland Trust, National Association of Conservation Districts, and trade associations for producers of soybeans, corn, milk and fresh fruits and vegetables.

Von Bergen spoke on trade policies and programs vital to the wheat industry.

“Each year, we export about half of the total wheat crop produced in this country. Eighty percent of wheat from my



Idaho grain leaders shared a simple, yet important message with Congress.



IGPA president Joseph Anderson with Solara Linehan, agricultural policy advisor to Rep. Mike Simpson (R-ID).

home state goes overseas,” he said. “To me, trade means money in farmers’ pockets, growth in our economy and doing my part to feed hungry people around the world.”

Other advocate representatives spoke on the importance of farm bill policies to providing growers a safety net, feeding hungry Americans and conserving U.S. lands, as well as the certainty a long-term farm bill provides to the agriculture sector, which supports 1 in 12 American jobs.

Several Members of Congress joined the crowd, with remarks delivered by Senate Agriculture Committee Chairwoman Debbie Stabenow (D-Mich); Sen. Jerry Moran (R-Kan.); House Agriculture Committee Ranking Member Collin Peterson (D-Minn.); and Rep. Kristi Noem (R-S.D.).

The rally was part of the larger Farm Bill Now effort launched in August at www.farmbillnow.com. The call to action included nearly 90 signatory groups, with an additional 1,350 individuals signing a petition to support the statement.

Quick congressional approval of a new farm bill is essential to farmers and the larger economy. Wheat farmers are planting next year’s crop without a clear understating of how farm policy will affect their businesses when harvest arrives.

President Joseph Anderson was one of ten farmers from Pacific Northwest state grain associations attending the rally.

“We were happy to be able to come out to D.C. this week to inject a little bit of reality into the political debate around the farm bill,” said Anderson. “We’ve been home doing our jobs, and we expect Congress to do theirs.”

National Farm Groups Issue Statement on Expiration of '08 Farm Bill

The IGPA's national affiliates the National Association of Wheat Growers and the National Barley Growers Association, joined with a host of other U.S. commodity groups in explaining the impact of the expiration of the 2008 Farm Bill. Below is the statement jointly issued by the groups.

The 2008 law governing many of our nation's farm policies expired on Sunday, September 30th, and the 2012 Farm Bill needed to replace it is bottled up in Congress. While the Senate and the House Agriculture Committees were both able to pass their versions of the new farm bill, the full House was unable to do so. While expiration of farm bill program authorities has little or no effect on some important programs, it has terminated a number of important programs and will very adversely affect many farmers and ranchers, as well as ongoing market development and conservation efforts. Following is a summary of these impacts.

PROGRAMS AFFECTED BY EXPIRATION OF THE 2008 FARM BILL

Dairy producers will face considerable challenges. The Milk Income Loss Contract (MILC) program expired on Sunday. That program compensated dairy producers when domestic milk prices fall below a specified level. Without a new farm bill, dairy farmers are left with uncertainty and inadequate assistance. While milk prices are high enough that the price support program doesn't kick in; unfortunately, there is no other safety net to help battle the highest feed costs on record.

Many farmers, ranchers and agribusiness or agricultural processors benefit from the Foreign Market Development Program (FMD). FMD is a cost-sharing trade promotion partnership between USDA and U.S. agricultural producers and processors. The program pools technical and financial resources to conduct overseas market development. FMD helps maintain and increase market share by addressing long-term foreign market import constraints and by identifying new markets or new uses for the agricultural commodity or product in the foreign market. That funding, as well as specific funding for personnel to run the program at USDA, will run out at the end of October. Since 31 percent of our gross farm income comes from exports which also make a positive contribution to our Nation's trade balance, trade promotion

is an important part of our safety net. Other countries will most certainly take advantage of the fact that the program is rendered inoperable and will do what they can to steal our markets – and everyone knows, the hardest market to get is the one you lost.

About 6.5 million acres rotates out of the Conservation Reserve Program (CRP) this year. While current contracts are protected, no new sign up will be allowed for CRP or the Conservation Reserve Enhancement Program (CREP). Both of these programs are voluntary land retirement programs that helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water. In addition, there cannot be sign up for the Wetlands Reserve Program or the Grasslands Reserve Program.

Both versions of the new Farm Bill contain funding for the disasters facing the livestock industry due to the drought. However, programs are currently only available for lack of forage, as well as death of animals.



Most producers of fruits and vegetables do not have a safety net, but instead receive funding to augment the competitiveness of specialty crops through programs that enhance trade, promote cutting-edge research, and implement on-the-ground projects to protect crops from disease and invasive species. Funding for these programs ended when the Farm Bill expired.

Numerous other programs, including energy, agricultural research, rural development and funding for new and beginning farmers could be added to this list of affected programs. The bottom line is that while expiration of the Farm Bill causes little or no pain to some, others face significant challenges.

PROGRAMS NOT AFFECTED BY EXPIRATION OF THE 2008 FARM BILL

Almost 80 percent of the Farm Bill's cost is for nutrition programs – primarily the Supplemental Nutrition Assistance Program (SNAP), formerly commonly known as food stamps. Most recipients of nutrition program benefits will not be affected because the SNAP program did not need to be extended. Funds for nutrition assistance programs will continue to be provided to those Americans without issue.

Farmers and ranchers who manage their risks using the farm bill's crop insurance provisions will be unaffected because, like SNAP, those programs don't expire. Nor do some of the conservation-related programs. In addition, most commodity-specific programs are largely covered by the 2008 Farm Bill since it applies to the 2012 crop year, rather than the 2012 fiscal year. The main challenge, however, will be in planning for 2013. This includes lining up the critical financial assistance needed from lending institutions which prefer, if not demand, to see business plans presented in black and white. That will be difficult when producers don't know when to expect a new Farm Bill – or what type of financial safety net is likely to be included in that bill.

Congress will return in mid-November for a lame-duck session prior to final adjournment in December. We will work to have the first order of business for the House of Representatives be to consider a new Farm Bill. We are urging our members to seek out their House members between now and the elections and remind them of the consequences of not having a new bill in place prior to adjournment at the end of the year. ■

IGPA ISSUES

Idaho Grain Leader Attends National Wheat Foundation Meeting



“Potlatch” Joe Anderson, a North Idaho wheat farmer and District 1 representative of the Idaho Wheat Commission is hard at work with a relatively new duty on his long list.

Joe serves as a director on the recently formed National Wheat Foundation's Board of Directors which met on October 16 in Fort Worth, Texas. The day-long meeting focused on refining the organization's messages for forthcoming fundraising and outreach campaigns as well as resource allocation to help facilitate the Foundation's activities.

“I appreciate the opportunity to help get this group off the ground,” said Anderson. “I'm honored to be a part of creating a sustainable future for the U.S. wheat industry — one that brings all stakeholders to the table.” Added Anderson, *“There's a long way to go yet, but I think we've made a strong start.”*



Governed by a nine-member Board of Directors including Anderson, the non-profit National Wheat Foundation's mission is to purposefully advance the wheat industry through strategic research, education and outreach collaborations, guided by core values of grower centeredness, integrity, honesty and trustworthiness.

The Foundation's Board of Directors is seeking to aggressively expand the Foundation's outreach and partnerships with other national and state wheat organizations, individuals and allied corporate sponsors.

Current projects undertaken by the Foundation include leadership training programs, wheat innovation coordination and education and management of the Wheat Growers Building on Capitol Hill. The heart of the National Wheat Foundation's work is in its projects and programs. Included in those categories are the following:

LEADERSHIP TRAINING

The Foundation has historically played a key role in training the next generation of wheat leaders. The NWF currently works with industry partners to put on four leadership training programs.

EDUCATION

The NWF is passionate about grower, student and consumer education, offering an undergraduate scholarship and regularly sponsor educational activities.

FUTURE PROJECTS

The NWF is currently seeking partners large and small for new projects within its mission areas of education, research coordination and outreach.

More information on the Foundation and its programs can be found here: www.wheatfoundation.org

Why Join the IGPA?

The mission of the Idaho Grain Producers Association is 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.

For over 55 years IGPA's wheat and barley farmer members have had a strong and trusted voice in Congress and Idaho's Capitol on governmental decisions, rules, and regulations impacting their livelihoods.

Members of the IGPA are those growers willing to speak up about the issues affecting their operations. The Association provides the

opportunity to address these challenges, and to bring to bear the collective clout of one of Idaho's most significant industries.

As a state affiliate of the National Association of Wheat Growers (NAWG) and the National Barley Growers Association based in Washington, DC, the IGPA stays engaged at the highest levels of decision-makers and industry experts.

Our farmer-members are constantly working to improve Idaho grain production by being involved in and leading coalitions, alliances, advisory boards and task forces on issues ranging from climate change, to crop insurance, field burning and

the Farm Bill.

From the farm land to the legislature, the IGPA is the only grassroots policy organization solely representing Idaho's grain farmers. Membership is crucial to the IGPA's future ability to represent the Idaho wheat and barley farmer. We hope you will join us in our goal to protect and improve your way of life.

To become a member and for more information, please visit the IGPA's website at www.idahograin.org. You can also keep in touch with the IGPA and other Idaho farmers through social media on Facebook at www.facebook.com/IdahoGrain.





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Panama Canal expansion *a game changer*

by Arvin Donley
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With the expansion of the Panama Canal targeted for completion in 2015, the shipping industry and those who export and import agricultural products are speculating about how trade flows will be impacted by this development.

John Vickerman, president of Vickerman and Associates, LLC, spoke about the Panama Canal expansion and other important shipping topics during his presentation, “Impact of Investment in Port Facilities on New Origin and Destination Markets,” at the Soy and Grain Trade Summit on Sept. 19 in New Orleans, Louisiana, U.S.

The expansion of the Panama Canal, which is scheduled to be completed in 2015, will double that waterway’s capacity by allowing larger ships to come through. Between 1970 and 2009, the number of vessels going through the Panama Canal leveled off but the size of the vessels continued to get larger, which is what prompted Panama to invest in this current expansion.

“Panama is spending \$5.2 billion, which is 16% of its GDP, on this expansion,” Vickerman said. “That’s a huge expenditure.”

The project includes:

- The construction of two lock complexes, each with three chambers, which includes three water-saving basins. The expanded locks will be able to accommodate vessels carrying over 250% of present maximum capacities.

- Excavation of new access channels to the new locks and widening of existing navigational channels.

- Deepening of the navigation channels and the elevation of Gatun Lake’s maximum operating level.

In terms of its impact on one of the world’s largest grain traders, the United States, the expansion is expected to increase the amount of agricultural dry bulk going through the Panama Canal from the U.S., he said. As of today, 55% of U.S. agricultural products are shipped through the Panama Canal. After the expansion, up

Allowing larger ships to navigate through this crucial waterway will have a major impact on agricultural trade flows

to 80% of those products are expected to be shipped through that waterway.

“It is the primary gateway for all agricultural products in North America,” Vickerman said.

But even with the expansion, the amount of shipments going through the Panama Canal may not increase significantly unless the toll rates are set to be competitive with the Suez Canal, which has gained more shipping traffic in recent years.

“We don’t have the new rates from Panama yet so we are waiting to see if they adjust their rates,” he said. “If the new Panama Canal tolls are set to maximize revenue and not volume, we may not see a dramatic change in shipping patterns.”

The Suez Canal, an artificial sea-level waterway in Egypt, connecting the Mediterranean Sea and Red Sea, has become in recent years an emerging new corridor for movement of freight from Europe to Asia.

“A couple of years ago there was a



shipping line, Neptune Orient Lines, which realized that they could go from Southeast Asia through the Suez and get shipments to New York one day faster than going across the Pacific Ocean,” Vickerman said.

“Today, we have seen reverse flow through the Suez as big as it has ever been in the history of that canal. The Suez is basically a big river with a trench in the middle of it. There are no locks. There are two convoys every day to the north and one convoy every day to the south.”

The Suez Canal is 193 kilometers long, 24 meters deep and 205 meters wide. Vickerman noted that the new Maresk Triple-E vessels, which have a container capacity of 18,000 TEUs, can fit through the Suez Canal but will be too large for the Panama Canal, even after it is expanded.

Vickerman said there is no guarantee that current shipping patterns to and from the United States will be dramatically altered once the Panama Canal is expanded.

“If the West Coast ports and rail system remains congested, if the East Coast ports are expanded to accommodate the new larger vessels, if the Panama Canal remains competitive from a pricing standpoint with the Suez and doesn’t get greedy, then carriers are going to cram as much cargo through the Panama Canal as humanly possible,” he said.

“But if the Panama Canal tolls are set to maximize revenue and not volume, if the East Coast ports cannot accommodate the new larger vessels, and if the Class I railroads exert their pricing flexibility, then you will have a Y2K event ... nothing happens.”

Port of Singapore, Singapore Harbor

Massive Asian ports

One factor that will impact trade patterns in the coming years is the shift in economic power that is occurring on a global basis.

Vickerman pointed to the great recession of 2009 in which developed economies such as the U.S., Canada and Japan compressed while developing companies maintained positive GDP growth, albeit at a slower rate, during the recession.

“In the 20 years through 2009, the NAFTA countries (primarily the U.S. and Canada) were two-thirds of the economic engine of the world and the emerging economies were one-third,” Vickerman said. “When you look 20 years into the future, the NAFTA

countries will decline as economic engines and the emergence of the BRIC countries (Brazil, Russia, India and China) will comprise more than two-thirds of the world’s economic power. When you are planning a port system, you will pay attention to that dynamic.”

In addition to the growing economies in the BRIC countries, another emerging driver in world trade is the Association of Southeast Asian Nations (ASEAN) trading bloc that includes 10 countries: Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Brunei, Burma, Cambodia and Laos.

In 2010, its combined nominal GDP

Nine of the 10 busiest ports are located in Asia, with China being home to six of the largest ports, all of which had record-breaking volumes last year.

was \$1.8 trillion. If ASEAN was a single entity, it would rank as the ninth largest economy in the world behind the U.S., China, Japan, Germany, France, Brazil, the U.K., and Italy.

“The ASEAN common trading bloc will create a mega trading giant the equivalent of the European common market, and it will have an influence on vessel traffic,” Vickerman said. “The ASEAN nations serve China and India from a trade standpoint. They do transshipment, what we call ‘feeder volumes.’ They are forming a trading bloc that will impress the world.”

Without question, this part of the world, with its enormous population and growing economies, has become the epicenter of world trade.

Nine of the 10 busiest ports are located in Asia, with China being home to six of the largest ports, all of which had record-breaking volumes last year.

“Last year the Port of Shanghai overtook the Port of Singapore in terms of volume,” Vickerman

said. “Do you know how large those ports are? There are 380 public port authorities in North America. If you add their throughput up and double it, you get the volume of the Port of Singapore.”

PSA International of Singapore is world’s largest terminal operator, having handled 47.6 million TEUs in 2011

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Northwest FCS Regional Vice President Paul Nelson visits with customers at a financial analysis seminar

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PANAMA CANAL

continued from page 11

for an 8.1% world throughput share.

"That's a single company that moved the equivalent of 4.4 times the volume of all U.S. ports combined last year," he said. "It also made a profit last year that was about \$1.2 billion."

The world's largest container port was recently completed on Yangshan Island which features a 20-mile bridge that connects it to Shanghai.

"It's the second largest ocean bridge in the world and it took just three years to construct it," he said. "the port has 20 container frames on a single key. The biggest terminal in North America, for instance, is a terminal in Los Angeles that has seven berths. This has 54 berths on a single key."

Port selection factors

Vickerman said a recent survey published in the Journal of Commerce, the top 1,000 shippers were asked what their criteria were for port selection. Of the respondents, 43% listed reliable, consistent service, 38% put competitive freight rates as their top priority, and 12% said moving the product on time.

"Those three factors make up 90 percent of the decision to move any product through any port," he said. "They will dictate both container and dry bulk trade."

Of course, there are other factors that must be considered.

"You have to increase the velocity of that commodity going through the port, you must do it securely and you must do it as an environmental steward," he said. "Gone are the days of thinking about environmental compliance afterward. It is now the first step in accomplishing a project."

The bottom line, he said, is customers are looking at ports where the cost is the lowest and the service is the best.

"Anyone who achieves that balance will achieve the desired volume in the logistics chain," Vickerman said. ■